

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH AGREEMENT**

To Western Economic Diversification,

We have audited the Community Futures Development Corporation of Thompson Country's (the Corporation) compliance as at March 31, 2016 with the criteria described in Sections 12.1 to 12.4 (Conflict of Interest) and Attachment B, Section II (Investment Fund Terms and Conditions) of the Contribution Agreement between Western Economic Diversification and the Corporation. Compliance with the criteria established by the provisions of the agreement is the responsibility of the Board of Directors of the Corporation. Our responsibility is to express an opinion on this compliance based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the Corporation complied with the criteria established by the provisions of the agreement referred to above. Such an audit includes examining, on a test basis, evidence supporting compliance, evaluating the overall compliance with the agreement, and where applicable, assessing the accounting principles used and significant estimates made by management.

Attachment B, Section II, Paragraph vii of the agreement states that:

"the minimum rate of interest charged on any loan from the Investment Fund shall not normally be less than the prime rate plus two percent"

The Corporation has a program where it provides maximum loans of \$1,500 to 4H Club members to fund their projects for the year. The loan is interest free until November 1, at which point interest at 5% is charged if the loan remains unpaid.

Attachment B, Section II, Paragraph iii of the agreement states that:

"the maximum amount of financial assistance provided by a local CFDC in respect of any SME or Social Enterprise shall not normally exceed \$150,000 outstanding at any one time"

As at March 31, 2016, the Corporation had three clients that had loan balances in excess of \$150,000.

In our opinion, with exception to the previous paragraphs, as at March 31, 2016, Community Futures Development Corporation of Thompson Country is in compliance in all material respects with the criteria established in Sections 12.1 to 12.4 (Conflict of Interest) and Attachment B, Section II (Investment Fund Terms and Conditions) of the Contribution Agreement.

Kamloops, B.C.
July 19, 2016


Chartered Professional Accountants