

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THOMPSON COUNTRY

Non-Consolidated Financial Statements

Year Ended March 31, 2019

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THOMPSON COUNTRY
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Year Ended March 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Community Futures Development Corporation of Thompson Country

Opinion

We have audited the non-consolidated financial statements of Community Futures Development Corporation of Thompson Country (the Corporation), which comprise the non-consolidated statement of financial position as at March 31, 2019, and the non-consolidated statements of changes in fund balances, revenues and expenses and cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(continues)

Independent Auditor's Report to the Board of Directors of Community Futures Development Corporation of Thompson Country *(continued)*

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Kamloops, British Columbia
July 30, 2019

CHARTERED PROFESSIONAL ACCOUNTANTS

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THOMPSON COUNTRY
Non-Consolidated Statement of Financial Position
March 31, 2019

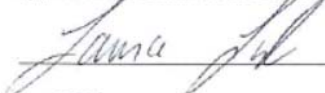
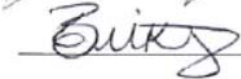
	Operating Fund	SE Fund	ESC Fund	Investment Funds <i>(Schedule 1)</i>	Capital Fund	Total 2019	Total 2018
ASSETS							
CURRENT							
Cash	\$ 108,706	\$ 199,096	\$ 538,875	\$ 219,208	\$ -	\$ 1,065,885	\$ 1,723,539
Accounts receivable <i>(Note 3)</i>	25,980	33,822	159,686	9,058	-	228,546	195,321
Interest receivable	-	-	-	244	-	244	255
Prepaid expenses	1,379	-	4,263	-	-	5,642	5,437
	<u>136,065</u>	<u>232,918</u>	<u>702,824</u>	<u>228,510</u>	<u>-</u>	<u>1,300,317</u>	<u>1,924,552</u>
LOANS RECEIVABLE, NET <i>(Note 4)</i>	-	-	-	2,101,299	-	2,101,299	1,689,646
INVESTMENT IN SUBSIDIARY <i>(Note 5)</i>	150,392	-	-	-	-	150,392	128,880
DUE FROM SUBSIDIARY <i>(Note 6)</i>	-	-	580,146	-	-	580,146	580,146
TANGIBLE CAPITAL ASSETS <i>(Note 7)</i>	-	-	-	-	70,138	70,138	27,100
	<u>\$ 286,457</u>	<u>\$ 232,918</u>	<u>\$ 1,282,970</u>	<u>\$ 2,329,809</u>	<u>\$ 70,138</u>	<u>\$ 4,202,292</u>	<u>\$ 4,350,324</u>
LIABILITIES							
CURRENT							
Accounts payable and accrued liabilities <i>(Note 8)</i>	\$ 41,685	\$ 12,474	\$ 53,519	\$ 3,463	\$ -	\$ 111,141	\$ 190,625
Government remittances payable <i>(Note 9)</i>	9,690	-	9,807	-	-	19,497	22,537
Unused project funds <i>(Note 10)</i>	110,256	-	-	-	-	110,256	174,709
SIDIT payable <i>(Note 11)</i>	-	-	-	47,265	-	47,265	54,880
Current portion of long term debt <i>(Note 12)</i>	-	-	-	-	-	-	5,134
	<u>161,631</u>	<u>12,474</u>	<u>63,326</u>	<u>50,728</u>	<u>-</u>	<u>288,159</u>	<u>447,885</u>
LONG TERM DEBT <i>(Note 12)</i>	-	-	-	-	-	-	196,420
GOVERNMENT ASSISTANCE <i>(Note 13)</i>	-	-	-	526,669	-	526,669	526,669
	<u>161,631</u>	<u>12,474</u>	<u>63,326</u>	<u>577,397</u>	<u>-</u>	<u>814,828</u>	<u>1,170,974</u>
NET ASSETS							
EXTERNALLY RESTRICTED FUND BALANCES <i>(Note 14)</i>	-	-	-	1,650,000	-	1,650,000	1,650,000
FUND BALANCES	124,826	220,444	1,219,644	102,412	70,138	1,737,464	1,529,350
	<u>124,826</u>	<u>220,444</u>	<u>1,219,644</u>	<u>1,752,412</u>	<u>70,138</u>	<u>3,387,464</u>	<u>3,179,350</u>
	<u>\$ 286,457</u>	<u>\$ 232,918</u>	<u>\$ 1,282,970</u>	<u>\$ 2,329,809</u>	<u>\$ 70,138</u>	<u>\$ 4,202,292</u>	<u>\$ 4,350,324</u>
COMMITMENTS <i>(Note 15)</i>							
SUBSEQUENT EVENTS <i>(Note 20)</i>							

See notes to financial statements

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THOMPSON COUNTRY
Non-Consolidated Statement of Changes in Fund Balances
Year Ended March 31, 2019

	Operating Fund	SE Fund	ESC Fund	Investment Funds	Capital Fund	Total 2019	Total 2018
FUND BALANCES - BEGINNING OF YEAR	\$ 115,107	\$ 198,576	\$ 1,092,024	\$ 96,543	\$ 27,100	\$ 1,529,350	\$ 1,383,413
TANGIBLE CAPITAL ASSET PURCHASES	-	-	-	-	64,033	64,033	26,020
AMORTIZATION	-	-	-	-	(20,995)	(20,995)	(23,667)
EXCESS OF REVENUES OVER EXPENSES	9,719	21,868	127,620	5,869	-	165,076	143,584
FUND BALANCES - END OF YEAR	\$ 124,826	\$ 220,444	\$ 1,219,644	\$ 102,412	\$ 70,138	\$ 1,737,464	\$ 1,529,350

Approved on behalf of the Board of Directors

 Director
 Director

See notes to financial statements

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THOMPSON COUNTRY
Non-Consolidated Statement of Revenues and Expenses
For the Year Ended March 31, 2019

	Operating Fund	SE Fund <i>(Schedule 4)</i>	ESC Fund <i>(Schedule 3)</i>	Investment Funds <i>(Schedule 2)</i>	Capital Fund	Total 2019	Total 2018
REVENUES							
Federal Government contributions	\$ 295,128	\$ -	\$ -	\$ -	\$ -	\$ 295,128	\$ 295,128
Interest from deposits	3,720	-	-	-	-	3,720	3,388
Loan processing fee revenue	22,855	-	-	-	-	22,855	10,733
Management fees <i>(Note 16)</i>	76,000	-	-	-	-	76,000	72,000
Other	12,018	-	-	-	-	12,018	4,991
Regional Co-operatives	157	-	-	-	-	157	83
Income from subsidiary <i>(Note 5)</i>	21,512	-	-	-	-	21,512	44,726
Junior Dragons Den	12,500	-	-	-	-	12,500	-
Wildfire business transition project <i>(Note 10)</i>	94,345	-	-	-	-	94,345	10,250
Investment Funds <i>(Schedule 2)</i>	-	-	-	143,576	-	143,576	144,451
Employment Services Centre (ESC) <i>(Schedule 3)</i>	-	-	1,500,025	-	-	1,500,025	1,426,513
Open Door Group Service Agreement (ODG) <i>(Schedule 4)</i>	-	218,540	-	-	-	218,540	248,040
	538,235	218,540	1,500,025	143,576	-	2,400,376	2,260,303
EXPENSES							
Accounting and legal	15,877	-	-	-	-	15,877	18,509
Advertising	11,602	-	-	-	-	11,602	10,425
Capital purchases	5,237	-	-	-	-	5,237	13,353
Community support projects	12,517	-	-	-	-	12,517	21,665
Conferences	2,378	-	-	-	-	2,378	5,927
Consulting	5,100	-	-	-	-	5,100	-
Insurance	4,928	-	-	-	-	4,928	2,908
Interest and bank charges	2,552	-	-	-	-	2,552	2,228
Office	33,287	-	-	-	-	33,287	28,079
Rent	25,865	-	-	-	-	25,865	50,931
Repairs and maintenance	37,818	-	-	-	-	37,818	38,654
Telephone and utilities	17,704	-	-	-	-	17,704	13,256
Travel and training	7,663	-	-	-	-	7,663	6,018
Wages and employee benefits	250,059	-	-	-	-	250,059	184,978
Junior Dragons Den	1,584	-	-	-	-	1,584	-
Wildfire business transition project <i>(Note 10)</i>	94,345	-	-	-	-	94,345	10,250
Investment Funds <i>(Schedule 2)</i>	-	-	-	137,707	-	137,707	207,299
Employment Services Centre (ESC) <i>(Schedule 3)</i>	-	-	1,367,405	-	-	1,367,405	1,315,281
Employment Services Centre (ESC) - Other Items <i>(Schedule 3)</i>	-	-	5,000	-	-	5,000	3,130
Open Door Group Service Agreement (ODG) <i>(Schedule 4)</i>	-	196,672	-	-	-	196,672	183,828
	528,516	196,672	1,372,405	137,707	-	2,235,300	2,116,719
EXCESS OF REVENUES OVER EXPENSES	\$ 9,719	\$ 21,868	\$ 127,620	\$ 5,869	\$ -	\$ 165,076	\$ 143,584

See notes to financial statements

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THOMPSON COUNTRY
Non-Consolidated Statement of Cash Flows
Year Ended March 31, 2019

	Operating Fund	SE Fund	ESC Fund	Investment Funds	Capital Fund	Total 2019	Total 2018
OPERATING ACTIVITIES							
Excess of revenues over expenses	\$ 9,719	\$ 21,868	\$ 127,620	\$ 5,869	\$ -	\$ 165,076	\$ 143,584
Item not affecting cash:							
Income from subsidiary (Note 5)	(21,512)	-	-	-	-	(21,512)	(44,726)
	(11,793)	21,868	127,620	5,869	-	143,564	98,858
Changes in non-cash working capital (Note 17)	(7,667)	(16,453)	(148,143)	(15,759)	-	(188,022)	(292,776)
Cash flows from (used by) operating activities	(19,460)	5,415	(20,523)	(9,890)	-	(44,458)	(193,918)
INVESTING ACTIVITIES							
Decrease (increase) in loans receivable	-	-	-	(411,654)	-	(411,654)	649,073
Decrease (increase) in interest receivable	-	-	-	11	-	11	1,419
Cash flows from (used by) investing activities	-	-	-	(411,643)	-	(411,643)	650,492
FINANCING ACTIVITY							
Repayment of long term debt	-	-	-	(201,553)	-	(201,553)	(522,429)
Cash flows used by financing activities	-	-	-	(201,553)	-	(201,553)	(522,429)
INCREASE (DECREASE) IN CASH FLOW	(19,460)	5,415	(20,523)	(623,086)	-	(657,654)	(65,855)
CASH - BEGINNING OF YEAR	128,166	193,681	559,398	842,294	-	1,723,539	1,789,394
CASH - END OF YEAR	\$ 108,706	\$ 199,096	\$ 538,875	\$ 219,208	\$ -	\$ 1,065,885	\$ 1,723,539

See notes to financial statements

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THOMPSON COUNTRY

Notes to Non-Consolidated Financial Statements

Year Ended March 31, 2019

1. GENERAL

Community Futures Development Corporation of Thompson Country (the "Corporation") was incorporated under the Canada Corporations Act on March 31, 1995 without share capital. As a not-for-profit Corporation, the Corporation is exempt from income tax. The Corporation serves communities in the Thompson Country catchment area and operates out of Kamloops, B.C.

The Corporation entered into agreements with Western Economic Diversification ("WED") whereby investment funds and contributions are provided to support their purpose. The purpose of the Corporation is to assist the unemployed, the under-employed and employers to develop projects and services which are designed to provide employment opportunities and to remove employment barriers. This will be accomplished by identifying the viable employment development investment opportunities in the Thompson Country area, and providing counselling and financial and technical assistance necessary to develop such opportunities. The Corporation is also involved in delivering and administering programs geared to strengthen economic development initiatives within the communities it serves.

A significant portion of the Corporation's revenue is derived from the Federal and Provincial Government.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The non-consolidated financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

(b) Fund Accounting

Community Futures Development Corporation of Thompson Country follows the restricted fund method of accounting for contributions.

Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Current funds in use are as follows:

Operating Fund

To account for the Corporation's program delivery and administrative activities.

SE Fund

To account for the Corporation's subcontract services provided to two external self-employment contracts.

Employment Services Centre (ESC) Fund

To account for the contract held in Merritt, BC for employment programming services for the Employment Program of British Columbia.

Capital Fund

To account for all tangible capital assets of the Corporation.

Investment Funds

To account for loan funds (Investment, Investment II, Youth Investment, Community Business Program Investment, and Disabled Investment) received.

(continues)

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THOMPSON COUNTRY

Notes to Non-Consolidated Financial Statements

Year Ended March 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Cash

The Corporation's policy is to disclose bank balances under cash, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn.

(d) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the non-consolidated financial statements and the reported amounts of revenues and expenses during the period. Examples of significant estimates include providing for amortization of tangible capital assets, estimated useful lives of assets, and the allowance for loan impairments. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(e) Investment in Subsidiary

The Corporation issues only non-consolidated financial statements and its investment in its wholly owned subsidiary, TCK Holdings Ltd., is accounted for using the equity method (*Note 5*).

Under the equity method, the investment is initially recorded at cost and is increased for the share of any post-acquisition earnings and is decreased by any post-acquisition losses.

(f) Tangible Capital Assets

Tangible capital assets is stated at cost or deemed cost less accumulated amortization. Tangible capital assets is amortized over its estimated useful life on a straight-line basis over the following years:

Furniture, fixtures and equipment	5 years
Computer equipment and software	2 years
Leasehold improvements	5 years

The Corporation regularly reviews its tangible capital assets to eliminate obsolete items.

(g) Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest on loans to clients is recognized as revenue of the applicable Investment Fund when received or receivable. Interest is not accrued on loans which have been classified as impaired.

Other revenue including management fees, other contract revenue, interest from deposits and loan processing fees are recognized when received.

The Wildfire revenues are recognized when received.

(continues)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Loans Receivable

The loans receivable represent the outstanding principal at year end.

The Corporation has provided for credit risk, as defined in *(Note 4)*, by establishing allowances for impaired loans and netting the allowances against the carrying value of certain impaired loans. Loans are considered impaired as soon as collection of the full principal and interest on the loan becomes doubtful. The allowance for losses on loans is determined on the basis of historical allowance requirements and specific loans which, in management's opinion, may not be fully collectible. Amounts considered uncollectible are written off through operating expenses and written down to the fair market value of any security held in the appropriate loan fund in the applicable period.

The Corporation is the lead administrator of a syndicated loan with two other Community Futures Development Corporations. The full syndicated loan and related transactions are reflected in the loans receivable, long term debt, revenues and expenses.

Loans are secured by one, or a combination, of debentures, personal guarantees, promissory notes, general security agreements, mortgages and other charges on property.

(i) Financial Instruments Policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Measurement of Financial Instruments

The Corporation initially measures its financial assets and liabilities at fair value.

The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost includes cash, accounts receivable, interest receivable and loans receivable.

Financial liabilities measured at amortized cost includes the accounts payable, SIDIT payable, unused project funds, Government assistance and long term debt.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenues over expenses.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THOMPSON COUNTRY

Notes to Non-Consolidated Financial Statements

Year Ended March 31, 2019

3. ACCOUNTS RECEIVABLE

	<u>2019</u>	<u>2018</u>
Operating Fund		
GST rebate	\$ 4,675	\$ 5,028
General	911	39
Receivable from Employment Services Centre (ESC) Fund	10,809	75,547
Receivable from Investment Funds	270	4,167
Receivable from SE Fund	9,315	14,154
	<u>25,980</u>	<u>98,935</u>
SE Fund		
GST rebate	90	995
General	20,903	16,853
Receivable from Employment Services Centre (ESC) Fund	12,829	2,380
	<u>33,822</u>	<u>20,228</u>
Employment Services Centre (ESC) Fund		
General	-	6,580
Province of BC - Employment Services Centre (ESC) Contract	159,686	67,961
	<u>159,686</u>	<u>74,541</u>
Investment Funds		
Charges receivable	9,058	417
Insurance receivable	-	1,200
	<u>9,058</u>	<u>1,617</u>
	<u>\$ 228,546</u>	<u>\$ 195,321</u>

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THOMPSON COUNTRY

Notes to Non-Consolidated Financial Statements

Year Ended March 31, 2019

4. LOANS RECEIVABLE, NET

	<u>2019</u>	<u>2018</u>
Investment Fund		
Loans receivable	\$ 2,185,956	\$ 1,869,376
Less: allowance for loan impairment	<u>(615,780)</u>	<u>(443,564)</u>
	<u>\$ 1,570,176</u>	<u>\$ 1,425,812</u>
 Investment II Fund		
Loans receivable	\$ 104,587	\$ 88,597
Less: allowance for loan impairment	<u>(49,536)</u>	<u>(28,352)</u>
	<u>\$ 55,051</u>	<u>\$ 60,245</u>
 Youth Investment Fund		
Loans receivable	\$ 195,672	\$ 77,661
Less: allowance for loan impairment	<u>(21,519)</u>	<u>-</u>
	<u>\$ 174,153</u>	<u>\$ 77,661</u>
 Community Business Program Investment Fund		
Loans receivable	\$ 232,105	\$ 122,780
	<u>\$ 232,105</u>	<u>\$ 122,780</u>
 Disabled Entrepreneur Investment Fund		
Loans receivable	\$ 72,890	\$ 7,943
Less: allowance for loan impairment	<u>(3,076)</u>	<u>(4,795)</u>
	<u>\$ 69,814</u>	<u>\$ 3,148</u>
 Total		
Loans receivable	\$ 2,791,210	\$ 2,166,357
Less: allowance for loan impairment	<u>(689,911)</u>	<u>(476,711)</u>
	<u>\$ 2,101,299</u>	<u>\$ 1,689,646</u>

The loans bear interest at rates established by contract varying from 5.70% to 10.50%. The minimum interest rate that can be charged is generally the bank prime rate plus 2.00%. Certain underperforming loans have been subsequently restructured to bring the interest rates as low as 0.00%. The scheduled maturities range from a period of less than one year to a maximum of five years. Security is taken on these loans as appropriate to the situation and includes personal guarantees, general security agreements covering business assets and mortgages on land and building. The Corporation's revenue may be significantly impacted by the varying interest rates available.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THOMPSON COUNTRY

Notes to Non-Consolidated Financial Statements

Year Ended March 31, 2019

5. INVESTMENT IN SUBSIDIARY

	<u>2019</u>	<u>2018</u>
TCK Holdings Ltd.		
Balance, beginning of year	\$ 128,880	\$ 84,154
Net income	<u>21,512</u>	<u>44,726</u>
Balance, end of year	<u>\$ 150,392</u>	<u>\$ 128,880</u>

The Corporation owns 100% of the shares of the subsidiary. The Corporation and TCK Holdings Ltd. share the same Board.

TCK Holdings Ltd. was incorporated under the Business Corporations Act of British Columbia on May 22, 2012.

TCK Holdings Ltd. owns the building and land in Merritt, B.C. that services the Employment Services Centre (ESC) contract.

The amounts below have not been consolidated into these non-consolidated financial statements. Financial summaries of the subsidiary as at March 31, 2019 and March 31, 2018 and for the years then ended are as follows:

	<u>2019</u>	<u>2018</u>
Assets	<u>\$ 1,241,699</u>	<u>\$ 1,299,077</u>
Liabilities	<u>1,091,307</u>	1,170,197
Shareholder's equity	<u>150,392</u>	128,880
	<u>\$ 1,241,699</u>	<u>\$ 1,299,077</u>

	<u>2019</u>	<u>2018</u>
Revenues	\$ 100,933	\$ 113,573
Expenses	<u>79,421</u>	<u>68,847</u>
Net income	<u>\$ 21,512</u>	<u>\$ 44,726</u>
Cash flows from operating activities	\$ 53,964	\$ 61,731
Cash flows from financing activities	(82,155)	857,137
Cash flows used by investing activities	<u>-</u>	<u>(928,693)</u>
Net cash outflow	<u>\$ (28,191)</u>	<u>\$ (9,825)</u>

6. DUE FROM SUBSIDIARY

The amount due from TCK Holdings Ltd. is non-interest bearing, unsecured and has no specified terms of repayment.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THOMPSON COUNTRY

Notes to Non-Consolidated Financial Statements

Year Ended March 31, 2019

7. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Operating				
Furniture, fixtures, and equipment	\$ 35,145	\$ 33,986	\$ 1,159	\$ 2,140
Computer equipment and software	92,864	85,709	7,155	9,682
ESC Contract				
Furniture, fixtures, and equipment	6,104	4,981	1,123	1,572
Computer equipment and software	132,118	72,045	60,073	11,565
Leasehold improvements	20,429	19,801	628	2,141
	<u>\$ 286,660</u>	<u>\$ 216,522</u>	<u>\$ 70,138</u>	<u>\$ 27,100</u>

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Operating Fund		
Audit accrual	\$ 15,000	\$ 15,000
General	12,365	36,445
Vacation payable	14,320	10,015
	<u>41,685</u>	<u>61,460</u>
SE Fund		
General	3,159	1,179
Payable to Operating Fund	9,315	14,154
	<u>12,474</u>	<u>15,333</u>
Employment Services Centre (ESC) Fund		
Audit accrual	14,000	14,000
General	11,473	11,761
Payable to Operating Fund	10,809	75,547
Payable to SE Fund	12,829	2,380
Vacation payable	4,408	5,978
	<u>53,519</u>	<u>109,666</u>
Investment Funds		
Payable to Operating Fund	270	4,166
Miscellaneous	3,193	-
	<u>3,463</u>	<u>4,166</u>
	<u>\$ 111,141</u>	<u>\$ 190,625</u>

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THOMPSON COUNTRY

Notes to Non-Consolidated Financial Statements

Year Ended March 31, 2019

9. GOVERNMENT REMITTANCES PAYABLE

	<u>2019</u>	<u>2018</u>
Operating Fund		
Employee deductions payable	\$ 9,690	\$ 8,157
Employment Services Centre (ESC) Fund		
Employee deductions payable	6,308	5,836
GST payable	3,499	8,544
	<u>9,807</u>	<u>14,380</u>
	<u>\$ 19,497</u>	<u>\$ 22,537</u>

10. UNUSED PROJECT FUNDS

	<u>2019</u>	<u>2018</u>
Operating Fund		
<u>Wildfire Relief</u>		
Opening balance	\$ 84,332	\$ 84,332
Funds spent	-	-
Ending balance	<u>84,332</u>	<u>84,332</u>
<u>Wildfire Business Transition Project</u>		
Opening balance	90,377	-
Funds received	5,298	100,622
Funds spent	(94,345)	(10,250)
Ending balance	<u>1,330</u>	<u>90,372</u>
<u>Federal Government (WD)</u>		
Opening balance	-	24,594
Funds received	24,594	-
Funds spent	-	(24,594)
Ending balance	<u>24,594</u>	<u>-</u>
	<u>\$ 110,256</u>	<u>\$ 174,704</u>

11. SIDIT (SOUTHERN INTERIOR DEVELOPMENT INITIATIVE TRUST) PAYABLE

	<u>2019</u>	<u>2018</u>
Funds are loaned to the Corporation in order to partner in client loans. Principal repayments proportionate to SIDIT's involvement in client loans, as well as a portion of the interest earned on the client loans are paid to SIDIT on a quarterly basis. SIDIT bears the risk on the loan in proportion to their involvement	\$ 47,265	\$ 54,880

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THOMPSON COUNTRY

Notes to Non-Consolidated Financial Statements

Year Ended March 31, 2019

12. LONG TERM DEBT

	<u>2019</u>	<u>2018</u>
Community Futures Development Association of BC - BC Futures Fund, loan (#260), repaid during the year	\$ -	\$ 100,777
Community Futures Development Association of BC - BC Futures Fund, loan (#120), repaid during the year	-	100,777
	-	201,554
Amounts payable within one year	-	(5,134)
	<u>\$ -</u>	<u>\$ 196,420</u>

13. GOVERNMENT ASSISTANCE

Investment II Fund

In 1998, the Corporation received a repayable contribution in the amount of \$150,000 from the Government of Canada to administer, through the Investment Fund, loans, loan guarantees and equity participation in small businesses. Effective April 2001, the contribution became conditionally repayable.

Youth Investment Fund

In 1996, the Corporation received a repayable contribution in the amount of \$200,000 from the Government of Canada to administer, through the Youth Investment Fund, loans, loan guarantees and equity participation in businesses owned and operated by youths. Effective April 2001, the contribution became conditionally repayable.

Disabled Entrepreneur Investment Fund

In 1998, the Corporation received a repayable contribution in the amount of \$200,000 from the Government of Canada to administer, through the Disabled Entrepreneur Investment Fund, loans, loan guarantees and equity participation in businesses owned and operated by disabled entrepreneurs. Effective April 2001, the contribution became conditionally repayable. In 1999, the repayable amount was reduced by \$23,331 to \$176,669.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THOMPSON COUNTRY

Notes to Non-Consolidated Financial Statements

Year Ended March 31, 2019

14. EXTERNALLY RESTRICTED FUND BALANCES

Investment Fund

Thompson Enterprise Centre Society, a predecessor to the Corporation, received a \$1,400,000 grant from the Government of Canada to administer, through the Investment fund, loans, loan guarantees and equity participation in order to create new small businesses and to expand, stabilize and protect existing businesses resulting in the generation and maintenance of employment. This grant was transferred to the Corporation as part of an asset transfer agreement on March 31, 1995. As a condition of funding, the Corporation agrees to retain its non-profit status and to continue to administer the Investment Fund in conformity with criteria outlined in the original contribution agreement. Upon dissolution of the Corporation, any assets to which the Minister contributed, remaining after payment of debts and liabilities, and any records necessary to deliver the Program, can be transferred to another organization with similar objectives, as approved by the Minister.

Community Business Program Investment Fund

In 1996, the Corporation received a contribution in the amount of \$250,000 from Forest Renewal British Columbia which was matched by \$250,000 in funding transferred from the Corporation's Investment Fund. The \$500,000 in funds are to be used by the Corporation to provide loans to businesses in the forest, aquaculture, manufacturing or tourism sector, or businesses that are developing or using clean or renewable energy, or are developing innovative technology, or are beginning the export of goods or services from British Columbia. As a condition of the funding, the Corporation has agreed to administer the funds in accordance with the contribution agreement. If these conditions are not met, the agreement will be terminated and the funds will be disbursed as described in the terms of the contribution agreement.

15. COMMITMENTS

The Corporation rents office space in Kamloops, B.C. from its subsidiary under a long term lease which expires July 31, 2019. There is an option to extend the lease a further two years, which has been accepted and included in the future minimum payments below. Future minimum lease payments for the use of office space will aggregate \$61,666 over the next three years:

2020	\$	26,338
2021		26,496
2022		<u>8,832</u>
	\$	<u>61,666</u>

The Corporation rents office space in Merritt, B.C. from its subsidiary under a long term lease which expires July 31, 2019. There is an option to extend the lease a further two years, which has been accepted and included in the future minimum payments below. Future minimum lease payments for the use of office space will aggregate \$192,723 over the next three years:

2020	\$	64,241
2021		64,241
2022		<u>64,241</u>
	\$	<u>192,723</u>

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THOMPSON COUNTRY

Notes to Non-Consolidated Financial Statements

Year Ended March 31, 2019

16. MANAGEMENT FEES

	<u>2019</u>	<u>2018</u>
Operating Fund		
Employment Services Centre (ESC) Contract	\$ 76,000	\$ 67,000
Self Employment Program	-	5,000
	<u>\$ 76,000</u>	<u>\$ 72,000</u>

17. CHANGES IN NON-CASH WORKING CAPITAL

	<u>2019</u>	<u>2018</u>
Operating Fund		
Accounts receivable	\$ 72,955	\$ (56,663)
Accounts payable and accrued liabilities	(19,776)	21,204
Government remittances payable	1,533	2,633
Prepaid expenses	2,073	3,381
Unused project funds	(64,452)	65,783
	<u>(7,667)</u>	<u>36,338</u>
SE Fund		
Accounts receivable	(13,593)	(3,265)
Accounts payable and accrued liabilities	(2,860)	9,644
	<u>(16,453)</u>	<u>6,379</u>
ESC Fund		
Accounts receivable	(85,145)	7,278
Accounts payable and accrued liabilities	(56,147)	39,631
Due from subsidiary	-	(271,533)
Government remittances payable	(4,573)	1,262
Prepaid expenses	(2,278)	1,642
Unused project funds	-	(14,515)
	<u>(148,143)</u>	<u>(236,235)</u>
Investment Funds		
Accounts receivable	(7,441)	(317)
Accounts payable and accrued liabilities	(703)	(2,610)
SIDIT payable	(7,615)	(96,331)
	<u>(15,759)</u>	<u>(99,258)</u>
	<u>\$ (188,022)</u>	<u>\$ (292,776)</u>

18. REGISTERED RETIREMENT SAVINGS PLAN CONTRIBUTIONS

The Corporation matches employee contributions to a Registered Retirement Savings Plan ("RRSP") up to 5.00%. The employer contributions for the year were \$26,025 (2018- \$23,547). The Corporation does not have any further obligations in respect of these contributions.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THOMPSON COUNTRY

Notes to Non-Consolidated Financial Statements

Year Ended March 31, 2019

19. RELATED PARTY TRANSACTIONS

Included in the expenses of the Corporation for the year was rent paid to its wholly owned subsidiary, TCK Holdings Ltd., in the amount of \$84,205 (2018 - \$81,754).

Transactions with related parties are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

20. SUBSEQUENT EVENTS

The following events occurred subsequent to the fiscal year end:

Promissory Note Payable

On July 5, 2019, Community Futures Development Corporation of B.C. issued a promissory note to the Corporation in the principal sum of \$500,000. The promissory note is due on demand. The Corporation shall repay \$500,000 over five years with principal payments of \$8,333 per month plus interest at the RBC prime interest rate for commercial lending plus 0%, floating. The purpose of this promissory note is to obtain additional funds for the investment loans.

WorkBC Employment Service Agreement

The Employment Program of British Columbia ("EPBC") contract that commenced on April 2, 2012, was replaced on April 1, 2019 by the WorkBC Employment Services, WorkBC Apprentice Services and WorkBC Assistive Technology Services contract. The contract commences April 1, 2019 and ends March 31, 2024 with an extension term of up to four years to March 31, 2028. The catchment size has increased and has WorkBC offices located in Merritt, Ashcroft, and Lillooet.

The Corporation has also entered into a contract with Community Futures Development Corporation of Sun Country commencing April 1, 2019 and ending March 31, 2024 with an opportunity to extend up to four years. Community Futures Development Corporation of Sun Country will sub-contract to provide self-employment services to eligible WorkBC clients in the Lillooet and Ashcroft storefront locations in British Columbia and will receive financial contributions, according to the contract, from the Corporation for the services provided.

21. FINANCIAL INSTRUMENTS

The Corporation is exposed to various risks through its financial instruments. The following analysis provides information about the Corporation's risk exposure and concentration as of March 31, 2019.

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long term debt and accounts payable.

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Corporation manages exposure through its normal operating and financing activities. The Corporation is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant other price risks arising from these financial instruments.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THOMPSON COUNTRY
Statement of Financial Position - Investment Funds
Year Ended March 31, 2019

(Schedule 1)

	Investment Fund	Investment II Fund	Youth Investment Fund	Community Business Program Investment Fund	Disabled Investment Fund	Total 2019	Total 2018
ASSETS							
CURRENT							
Cash	\$ 148,972	\$ 16,954	\$ 11,506	\$ 26,594	\$ 15,182	\$ 219,208	\$ 842,294
Accounts receivable (Note 3)	9,058	-	-	-	-	9,058	1,617
Interest receivable	244	-	-	-	-	244	255
	158,274	16,954	11,506	26,594	15,182	228,510	844,166
LOANS RECEIVABLE, NET (Note 4)	1,570,176	55,051	174,153	232,105	69,814	2,101,299	1,689,646
	<u>\$ 1,728,450</u>	<u>\$ 72,005</u>	<u>\$ 185,659</u>	<u>\$ 258,699</u>	<u>\$ 84,996</u>	<u>\$ 2,329,809</u>	<u>\$ 2,533,812</u>
LIABILITIES							
Accounts payable and accrued liabilities (Note 8)	\$ 3,000	\$ 463	\$ -	\$ -	\$ -	\$ 3,463	\$ 4,166
SIDIT payable (Note 11)	47,265	-	-	-	-	47,265	54,880
Current portion of long term debt (Note 12)	-	-	-	-	-	-	5,134
	50,265	463	-	-	-	50,728	64,180
LONG TERM DEBT (Note 12)	-	-	-	-	-	-	196,420
GOVERNMENT ASSISTANCE (Note 13)	-	150,000	200,000	-	176,669	526,669	526,669
	50,265	150,463	200,000	-	176,669	577,397	787,269
NET ASSETS							
EXTERNALLY RESTRICTED FUND BALANCES (Note 14)	1,400,000	-	-	250,000	-	1,650,000	1,650,000
FUND BALANCES (DEFICIENCIES)	278,185	(78,458)	(14,341)	8,699	(91,673)	102,412	96,543
	1,678,185	(78,458)	(14,341)	258,699	(91,673)	1,752,412	1,746,543
	<u>\$ 1,728,450</u>	<u>\$ 72,005</u>	<u>\$ 185,659</u>	<u>\$ 258,699</u>	<u>\$ 84,996</u>	<u>\$ 2,329,809</u>	<u>\$ 2,533,812</u>

See notes to financial statements

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THOMPSON COUNTRY
Statement of Revenues and Expenses - Investment Funds
Year Ended March 31, 2019

(Schedule 2)

	Investment Fund	Investment II Fund	Youth Investment Fund	Community Business Program Investment Fund	Disabled Investment Fund	Total 2019	Total 2018
REVENUES							
Interest from deposits	\$ 4,642	\$ 382	\$ 626	\$ 893	\$ 506	\$ 7,049	\$ 7,896
Interest from loans	107,471	4,280	8,867	12,672	3,237	136,527	136,555
	112,113	4,662	9,493	13,565	3,743	143,576	144,451
EXPENSES							
Interest on long term debt	10,616	-	-	-	-	10,616	23,400
Professional fees	550	-	-	-	-	550	2,197
Reserve for loan impairment and write-offs (recovery)	171,333	21,184	(47,320)	(16,937)	(1,719)	126,541	181,702
	182,499	21,184	(47,320)	(16,937)	(1,719)	137,707	207,299
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (70,386)	\$ (16,522)	\$ 56,813	\$ 30,502	\$ 5,462	\$ 5,869	\$ (62,848)

See notes to financial statements

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THOMPSON COUNTRY

Statement of Revenues and Expenses - Employment Services Centre (ESC)

(Schedule 3)

Year Ended March 31, 2019

	2019	2018
REVENUES		
Fixed Operating Fee Contributions	\$ 656,760	\$ 656,760
Variable Service Fee Contributions	444,135	453,450
Financial Support and Purchased Service Contributions	356,978	282,692
Administrative fees	25,000	25,000
Interest from deposits	9,077	3,986
Outcome fees	8,075	4,625
TOTAL REVENUES	1,500,025	1,426,513
EXPENSES		
Fixed Operating Fee Expenses		
Accounting and legal	14,000	15,500
Advertising	20,969	9,888
Capital purchases	58,796	12,667
Insurance	1,990	2,001
Interest and bank charges	946	1,035
Office	87,063	70,040
Rent	58,340	48,137
Repairs and maintenance	9,123	7,965
Telephone	9,742	12,695
Utilities	6,698	8,662
Wages and benefits	269,678	338,495
	537,345	527,085
Variable Service Fee Expenses		
Variable service fees	277,500	279,675
Wages and benefits	101,840	112,263
	379,340	391,938

(continues)

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THOMPSON COUNTRY

Statement of Revenues and Expenses - Employment Services Centre (ESC) (continued)

(Schedule 3)

Year Ended March 31, 2019

	2019	2018
Financial Support and Purchased Service Expenses		
Dependent care expenses	117	7,459
Disability support	20,035	20,183
Food costs	1,593	325
Job search	4,853	4,552
Job start	22,759	11,807
Living supports	105,603	104,941
Training support	158,196	90,055
Transportation support	16,498	33,167
Wage subsidy support	27,324	10,203
	<u>356,978</u>	<u>282,692</u>
Administrative Expenses		
AGM expenses	-	762
Conference expenses	1,231	1,025
General manager business development	1,900	251
Human resources consultant	-	6,700
Management fees (Note 16)	76,000	67,000
Marketing	20	200
Miscellaneous	-	37
Moving expenses	-	13,936
Outcome fees	1,839	1,633
Staff events	1,958	2,893
Strategic planning	-	3,000
Training for staff and board	2,370	7,566
Travel for staff and board	8,424	8,563
	<u>93,742</u>	<u>113,566</u>
TOTAL EXPENSES	<u>1,367,405</u>	<u>1,315,281</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER ITEMS	<u>132,620</u>	<u>111,232</u>
OTHER ITEMS		
Expenses - Community support projects	<u>(5,000)</u>	<u>(3,130)</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 127,620</u>	<u>\$ 108,102</u>

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THOMPSON COUNTRY
Statement of Revenues and Expenses - Open Door Group Service Agreement (ODG) - SE Fund
(Schedule 4)

Year Ended March 31, 2019

	2019	2018
REVENUES	\$ 218,540	\$ 248,040
EXPENSES		
Administrative fees	18,768	21,701
Advertising	3,134	2,335
Interest and bank charges	131	40
Management fees <i>(Note 16)</i>	-	5,000
Office	2,753	4,119
Professional fees	2,344	36,126
Telephone	550	1,050
Travel and promotion	2,974	1,397
Wages and benefits	166,018	112,060
	196,672	183,828
EXCESS OF REVENUES OVER EXPENSES	\$ 21,868	\$ 64,212