



COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA
Financial Statements
Year Ended March 31, 2018

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Financial Statements

March 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Directors of Community Futures Development Corporation of Boundary Area

We have audited the accompanying non-consolidated financial statements of Community Futures Development Corporation of Boundary Area, which comprises the non-consolidated statement of financial position as at March 31, 2018, and the non-consolidated statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(continues)

INDEPENDENT AUDITORS' REPORT (continued)

Opinion

In our opinion, these non-consolidated financial statements present fairly, in all material respects, the financial position of the Community Futures Development Corporation of Boundary Area as at March 31, 2018, and the results of its operations, changes in fund balances and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting principles have been applied on a basis consistent with that of the preceding year.

Grant Thornton LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Penticton, British Columbia
June 26, 2018

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Non-Consolidated Statement of Financial Position
Year Ended March 31, 2018

ASSETS	Operating Fund	Portfolio Fund	Employment Labour Market (ELMS)	March 31 2018	March 31 2017
	\$	\$	\$	\$	\$
CURRENT					
Cash (Note 3)	764,843	930,196	100	1,695,139	1,618,987
Short-term investments (Note 4)	608,504	-	-	608,504	579,994
Accounts receivable (Note 5)	95,293	10,866	-	106,159	207,916
Prepaid expenses	1,425	-	-	1,425	1,425
	1,470,065	941,062	100	2,411,227	2,408,322
LOANS RECEIVABLE, net of allowance for doubtful loans of \$135,639 (2017 - \$130,827) (Note 6)	-	2,577,138	-	2,577,138	2,485,686
INVESTMENT IN SUBSIDIARY (Note 7)	10	-	-	10	10
TANGIBLE CAPITAL ASSETS (Note 8)	151,896	-	18,797	170,693	201,923
	1,621,971	3,518,200	18,897	5,159,068	5,095,941
LIABILITIES AND FUND BALANCES					
CURRENT					
Accounts payable & accrued liabilities (Note 9)	17,177	-	22,751	39,928	69,134
Deferred revenue	9,902	300	-	10,202	2,126
Interfund balances	1,476,482	(4,811)	(1,471,671)	-	-
Current portion of loans payable (Note 10)	-	184,253	-	184,253	178,964
	1,503,561	179,742	(1,448,920)	234,383	250,224
INVESTMENT LOANS PAYABLE (Note 10)	-	357,789	-	357,789	542,215
FUND BALANCES					
Investment in Tangible Capital Assets	151,896	-	18,797	170,693	201,923
Externally Restricted Funds (Note 11)	-	2,980,669	-	2,980,669	2,880,831
Unrestricted	(33,486)	-	1,449,020	1,415,534	1,220,748
	118,410	2,980,669	1,467,817	4,566,896	4,303,502
	1,621,971	3,518,200	18,897	5,159,068	5,095,941

LEASE COMMITMENTS (Note 12)

ECONOMIC DEPENDENCE (Note 13)

On behalf of the Board:



Director



Director

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Non-Consolidated Statement of Operations Year Ended March 31, 2018

	Operating Fund	Portfolio Fund	Employment Labour Market (ELMS)	2018	2017
REVENUE	\$	\$	\$	\$	\$
Project funding	136,127	-	1,415,631	1,551,758	1,661,347
Operating contributions	291,882	-	-	291,882	288,796
Interest from investments	-	156,717	-	156,717	140,811
Interest transfers	50,000	-	-	50,000	-
Interest from banks	28,444	10,208	-	38,652	34,727
Fee for service	-	-	36,015	36,015	32,572
Loan administration fees	4,552	-	-	4,552	8,638
Rental income	4,359	-	-	4,359	525
Loan collections (losses)	-	378	-	378	(171)
	515,364	167,303	1,451,646	2,134,313	2,167,245
EXPENSES					
Wages and benefits	252,820	-	655,961	908,781	876,928
Project expenses	23,247	-	474,305	497,552	635,260
Rent	29,228	-	53,833	83,061	81,096
Interest transfer	-	50,000	-	50,000	-
Advertising and promotion	44,190	-	5,380	49,570	77,542
Office and sundry	13,721	-	34,705	48,426	53,375
Amortization	31,306	-	6,913	38,219	37,172
Training	14,735	-	19,562	34,297	19,921
Consulting	29,404	-	63	29,467	20,768
Repairs and maintenance	11,659	-	17,535	29,194	38,540
Directors' expenses	24,334	-	521	24,855	23,987
Professional fees	4,840	-	15,509	20,349	23,650
Telephone	5,167	-	10,220	15,387	16,004
Travel	12,237	-	499	12,736	6,864
Loan losses and collections recovered	-	11,038	-	11,038	(59,606)
Loan admin, insurance and registration	-	6,427	-	6,427	9,229
Licences, dues and fees	3,367	-	1,186	4,553	8,368
Bank charges and interest	3,852	-	225	4,077	4,072
Insurance	957	-	1,973	2,930	2,897
	505,064	67,465	1,298,390	1,870,919	1,876,067
EXCESS OF REVENUE OVER EXPENSES	10,300	99,838	153,256	263,394	291,178

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Non-Consolidated Statement of Changes in Fund Balances Year Ended March 31, 2018

	Operating Fund	Portfolio Fund	Employment Labour Market (ELMS)	2018	2017
FUND BALANCES, beginning of year	\$ 108,110	\$ 2,880,831	\$ 1,314,561	\$ 4,303,502	\$ 4,012,324
EXCESS OF REVENUE OVER EXPENSES	10,300	99,838	153,256	263,394	291,178
FUND BALANCES, end of year	118,410	2,980,669	1,467,817	4,566,896	4,303,502
Included in Fund Balances:					
	\$	\$	\$	\$	\$
INVESTMENT IN TANGIBLE CAPITAL ASSETS, beginning of year	181,330	-	20,593	201,923	188,750
Amortization of tangible capital assets	(31,306)	-	(6,913)	(38,219)	(37,172)
Purchase of tangible capital assets	1,872	-	5,117	6,989	50,345
INVESTMENT IN TANGIBLE CAPITAL ASSETS, end of year	151,896	-	18,797	170,693	201,923

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Non-Consolidated Statement of Cash Flows Year Ended March 31, 2018

	Operating Fund	Portfolio Fund	Employment Labour Market (ELMS)	2018	2017
	\$	\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Operations:					
Excess of revenue over expenses	10,300	99,838	153,256	263,394	291,178
Amortization	31,306	-	6,913	38,219	37,172
	41,606	99,838	160,169	301,613	328,350
Net Change in Non-cash Working Capital Items (Note 16)	110,217	(18,590)	(10,998)	80,629	23,084
	151,823	81,248	149,171	382,242	351,434
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of investment loans payable	-	(179,137)	-	(179,137)	(174,778)
CASH FLOWS FROM INVESTING ACTIVITIES					
Tangible capital assets acquired	(1,872)	-	(5,117)	(6,989)	(50,345)
Short term investments acquired and distributions	(28,511)	-	-	(28,511)	(324,029)
Net increase in loans receivable	-	(91,453)	-	(91,453)	(123,059)
	(30,383)	(91,453)	(5,117)	(126,953)	(497,433)
NET INCREASE (DECREASE) IN CASH	121,440	(189,342)	144,054	76,152	(320,777)
CASH, beginning of year	499,449	1,119,538	-	1,618,987	1,939,764
Interfund transfers	143,954	-	(143,954)	-	-
CASH, end of year	764,843	930,196	100	1,695,139	1,618,987

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Notes to Non-Consolidated Financial Statements Year Ended March 31, 2018

1. NATURE OF OPERATIONS

The Community Futures Development Corporation of Boundary Area (the company) is incorporated under Part 2 of the Canada Corporations Act without share capital.

The company has entered into agreements with Western Economic Diversification (WED) whereby investment funds and contributions are provided to support the community's plans for the generation of additional private sector employment through the provision of advisory counselling, technical services and investment services to small businesses and to individuals in accordance with the Community Futures Committee's overall economic development plan and strategy for employment growth and recovery.

The company may administer investment funds in the form of loans, loan guarantees and equity participation to create small businesses and to expand, stabilize and protect existing businesses resulting in the generation and maintenance of permanent employment.

The Employment Labour Market Program (ELMS) is designed to assist individuals in becoming employed. The ELMS program targets employment insurance and social benefits recipients and provides job search services, training and workshops, consulting services, and financial support for self-employment and individuals.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These unconsolidated financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) in Part III of the CPA Canadian Handbook.

Financial instruments policy

The company considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The company accounts for the following as financial instruments:

- Cash
- Short-term investments
- Accounts receivable
- Loans receivable
- Accounts payable and accrued liabilities
- Loans payable

A financial assets or liability is recognized when the company becomes party to contractual provisions of the instrument.

Measurement

The company initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. Financial assets and financial liabilities, which are not subsequently measured at fair value, are initially adjusted for transaction costs and financing fees directly attributable to their origination, acquisition, issuance or assumption. All other transaction costs are recognized in net income in the period incurred.

Financial assets or liabilities obtained in related party transactions are measured in accordance with the accounting policy for related party transactions except for those transactions that are with a person or entity whose sole relationship with the company is in the capacity of management in which case they are accounted for in accordance with accounting policies for financial instruments.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Notes to Non-Consolidated Financial Statements Year Ended March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments policy (continued)

The company subsequently measures all of its financial assets and financial liabilities at cost or amortized cost less any reduction for impairment, except for investments in equity instruments that are quoted in an active market, which are measured at fair value; derivative contracts, which are measured at fair value; and certain financial assets and financial liabilities which the company has elected to measure at fair value. Changes in fair value are recognized in net income.

Financial assets measured at cost or amortized cost less any reduction for impairment include cash, term deposits, accounts receivables and long term investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long term debt.

Financing fees and transaction costs related to the origination, acquisition, issuance or assumption of financial assets and financial liabilities, subsequently measured at cost or amortized cost, are included as part of the adjusted fair value of the financial asset or financial liability on initial measurement. Subsequent to initial measurement the fees and costs are amortized into net income on a straight-line basis over the term of the related debt. All other transaction costs are recognized in net income in the period incurred.

The company removes financial liabilities, or a portion thereof, when the obligation is discharged, cancelled or expires.

A financial asset (or group of similar financial assets) measured at cost or amortized cost are tested for impairment when there are indicators of impairment. Impairment losses are recognized in the statement of operations. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

Short term investments

Short term investments are investments in mutual funds, GIC's, and highly liquid investments.

Loans receivable

All interest income is recorded on an accrual basis. The company ceases to accrue interest on doubtful loans.

An allowance for doubtful loans is determined in the following manner:

Loans in Default - If there is a significant doubt as to the ultimate collection of principal, a specific provision is established at a level sufficient to provide for the estimated impairment of the loan principal.

Loans not in Default - A general provision of 5% has been established.

The establishment of the allowance for doubtful loans relies on the judgment of management, on historical precedent and expectations as to the future collections. It is reasonably possible that changes in future conditions could require a material change in the recognized amount of the allowance for doubtful loans.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Notes to Non-Consolidated Financial Statements Year Ended March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment in subsidiary

The investment in the subsidiary is recorded using the cost method.

Tangible capital assets

Tangible capital assets are recorded at cost. When an asset no longer contributes to services, its carrying amount is written down to its residual value. Amortization is provided over the estimated useful life of the capital property using the straight-line method at the following annual rates:

Leasehold improvements	10 years straight line
Computer equipment	33 months straight line
Equipment	4 years straight line
Furniture and fixtures	4 years straight line
Computer software	33 months straight line

Impairment of long lived assets

The company tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Revenue recognition

Community Futures Development Corporation of Boundary Area follows the restricted fund method of accounting for contributions.

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.

Revenue earned on term loans is accrued on a daily basis.
Revenue earned on equity loans is deferred until the date of maturity of the loan.

Fund accounting

The Operating Fund accounts for the organization's operating costs and general revenues. This fund reports unrestricted resources and restricted operating grants. The Operating Fund includes the ELMS program that is being presented separately.

The Portfolio Fund reports restricted resources that are to be used for assistance to small businesses and entrepreneurs in the form of loans, loan guarantees or equity participation. Loans from the Loan Fund for the Disabled are limited to businesses owned and operated by disabled entrepreneurs. The organization is restricted in the types of loans that can be made according to its agreement with the federal government.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Notes to Non-Consolidated Financial Statements
Year Ended March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty

Management reviews the carrying amounts of items in the financial statements at each reporting date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

Items subject to significant management estimates include tangible capital assets useful lives and amortization rates as well as the allowance for doubtful loans.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Notes to Non-Consolidated Financial Statements Year Ended March 31, 2018

3. CASH

	2018	2017
	\$	\$
Cash and chequing - Operating Fund	764,843	499,449
Portfolio Fund		
Portfolio A , Microloans and Growthstart	269,793	282,142
Portfolio B and Youth	341,841	508,882
Disabled Entrepreneur	239,702	275,231
Community Business Loans Program	78,860	53,283
Cash and chequing - Employment Services	100	-
	<u>1,695,139</u>	<u>1,618,987</u>

4. SHORT-TERM INVESTMENTS

	2018	2017
	\$	\$
Canaccord Genuity Investment Funds	284,118	267,504
Sun Life Financial	324,386	312,490
	<u>608,504</u>	<u>579,994</u>

The market value of the Canaccord Genuity Investment Funds at March 31, 2018 is \$284,607 (2017 - \$265,740). The market value of the Sun Life Financial Investment at March 31, 2018 is \$309,528 (2017 - \$309,168).

5. ACCOUNTS RECEIVABLE

	2018	2017
	\$	\$
Trade receivable	102,388	192,660
GST receivable	3,771	15,256
	<u>106,159</u>	<u>207,916</u>

6. LOANS RECEIVABLE

	2018	2017
	\$	\$
Portfolio A and Microloans	856,946	1,031,145
Portfolio B and Youth	1,222,452	979,331
Disabled Entrepreneur	46,534	-
Community Business Loans Program	586,845	606,037
	<u>2,712,777</u>	<u>2,616,513</u>
Less allowance for doubtful loans		
General provision	<u>(135,639)</u>	<u>(130,827)</u>
	<u>(135,639)</u>	<u>(130,827)</u>
	<u>2,577,138</u>	<u>2,485,686</u>

The loans receivable are due in monthly payments including interest at rates varying from 5% to 10% and are secured by one, or a combination of debentures, personal guarantees, promissory notes, mortgages and other charges on property.

A significant portion of the loans are to individuals or corporations involved in or starting a small business and as such, the company is exposed to all of the risks associated with that segment of the industry.

The allowance as a percentage of total loans is 5.00% (2017 - 5.00%).

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Notes to Non-Consolidated Financial Statements Year Ended March 31, 2018

7. INVESTMENT IN SUBSIDIARY

Grand Forks & Boundary Enterprise Holdings Centre Ltd., a wholly owned subsidiary, is incorporated under the British Columbia Business Corporations Act and is a non-profit organization not subject to income tax under Section 149(1) of the Income Tax Act. The subsidiary's principal business activity consist of the rental of real property principally to CFDC of Boundary area.

Grand Forks & Boundary Enterprise Holdings Centre Ltd. has not been consolidated into the company's financial statements. Financial summaries of this unconsolidated entity as at March 31, 2018 and 2017 and for the years then ended have been presented below. The following supplementary information has not been subject to audit procedures; however, as the investment in this wholly owned subsidiary is recorded at cost, there is no impact on the value of the investment.

Financial position:

	<u>2018</u>	<u>2017</u>
	\$	\$
Total assets	455,777	410,716
Total liabilities	649	660
Total net assets	<u>455,128</u>	<u>410,056</u>

Results of operations:

	<u>2018</u>	<u>2017</u>
	\$	\$
Total revenue	53,214	53,227
Total expenses	(8,142)	(14,483)
Excess of revenues over expenses	<u>45,072</u>	<u>38,744</u>

Cash flows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Cash from operations	49,577	43,427
Increase in cash	<u>49,577</u>	<u>43,427</u>

Investment in Grand Forks & Boundary Enterprise Holdings Centre Ltd.:

	<u>Percent owned</u>	<u>Shares</u>	<u>Advances</u>	<u>2018</u>	<u>2017</u>
		\$	\$	\$	\$
Grand Forks and Boundary Enterprise Centre Holdings Ltd.	100%	10	-	<u>10</u>	<u>10</u>

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Notes to Non-Consolidated Financial Statements Year Ended March 31, 2018

8. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value	
			2018	2017
	\$	\$	\$	\$
OPERATING FUND				
Leasehold improvements	297,512	161,057	136,455	160,136
Equipment	15,160	6,996	8,164	11,954
Furniture and fixtures	51,545	45,569	5,976	8,201
Computer equipment	10,643	9,342	1,301	1,039
Computer software	4,426	4,426	-	-
	379,286	227,390	151,896	181,330
EMPLOYMENT LABOUR MARKET (ELMS)				
Leasehold improvements	24,474	11,698	12,776	15,221
Computer equipment	51,337	46,190	5,147	4,082
Furniture and fixtures	1,926	1,052	874	1,290
	77,737	58,940	18,797	20,593
	457,023	286,330	170,693	201,923

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
	\$	\$
Accounts payable and accruals	24,928	41,134
Wages payable	15,000	28,000
	39,928	69,134

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Notes to Non-Consolidated Financial Statements Year Ended March 31, 2018

10. INVESTMENT LOANS PAYABLE

	<u>2018</u>	<u>2017</u>
	\$	\$
Community Futures British Columbia, BC Futures Fund loans received as three loans of \$250,000 each secured by a General Security Agreement due December 2019. The interest rate is variable at the RBC 5 year GIC rate plus 0.25% repayable in monthly blended payments of \$13,097.	270,695	421,339
Community Futures Development Corporation of Central Kootenay participation loan #1.	154,622	179,655
Community Futures Development Corporation of Central Kootenay participation loan #2.	116,725	120,185
	542,042	721,179
Amounts payable within one year	(184,253)	(178,964)
	357,789	542,215

Principal repayment terms are approximately:

2019	184,253
2020	149,220
2021	33,967
2022	36,045
2023	38,251
Thereafter	100,306
	542,042

Participation Loan #1

The company entered into a participation loan and administration agreement with Community Futures Development Corporation of Central Kootenay in order to advance a loan amount of \$418,000. As per the agreement, the company will provide a portion of the loan to be advanced in the amount of \$209,000 and will administer the loan. The company has granted and assigned an undivided interest in the security held in respect of the loan proportionate to the respective shares of the participants under a General Security Agreement over the assets of the corporations. The participants' share of the loan is repayable to the participants in blended monthly payments bearing interest at 5.85%. The loan matures on May 1, 2023.

Participation Loan #2

The company entered into a participation loan and administration agreement with Community Futures Development Corporation of Central Kootenay in order to advance a loan amount of \$250,000. As per the agreement, the company will provide a portion of the loan to be advanced in the amount of \$125,000 and will administer the loan. The company has granted and assigned an undivided interest in the security held in respect of the loan proportionate to the respective shares of the participants under a General Security Agreement over the assets of the corporations. The participants' share of the loan is repayable to the participants in blended monthly payments bearing interest at 6.70%. The loan matures on August 1, 2035.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Notes to Non-Consolidated Financial Statements Year Ended March 31, 2018

11. EXTERNALLY RESTRICTED FUNDS

	Original Contribution	Balance outstanding 2018	Balance outstanding 2017
Non-repayable:	\$	\$	\$
Portfolio A, Microloans and Growthstart	500,000	930,924	902,022
Conditionally repayable:			
Portfolio B and Youth Investment	1,000,000	1,575,168	1,513,531
Community Business Loans Program	250,000	272,129	264,226
Disabled Entrepreneur	200,000	199,210	197,814
Syndicate Loans	-	3,238	3,238
	1,950,000	2,980,669	2,880,831

Externally restricted funds are repayable if the following conditions occur:

- i) The Conditionally Repayable Fund ("Fund") is not administered according to the terms and conditions specified in the Agreement; or
- ii) Based on reviews and evaluations of the operations and the Fund of the Corporation, the Fund is not providing a satisfactory level of benefits in terms of employment creation, the development of Community-owned or controlled business, and strengthening of the Western Canadian economy; or
- iii) In the opinion of the Minister, the Fund is no longer necessary or relevant to the development of the Western Canadian economy; or
- iv) The Agreement is terminated; or
- v) An event of default occurs, as described in the Agreement; or
- vi) The Minister does not approve terms and conditions to extend the Project beyond the Completion Date.

Portfolio A, Microloans and Growthstart

This amount is restricted for the purpose of assisting small businesses and entrepreneurs in the form of loans, loan guarantees or equity participation.

Portfolio B

The Corporation received \$800,000 from Western Economic Diversification, Government of Canada for the purpose of creating an investment fund to assist eligible local businesses in the form of loans, loan guarantees and equity participation. Related investment loans written off as bad debts are recorded as a reduction to the restricted fund. At the termination of the agreement, the Corporation is required to repay any amount uncommitted, thereafter the loan principal and interest collected until the original principal is repaid and then 50% of the remaining interest collected.

Youth Investment

The Corporation received \$200,000 from Western Economic Diversification, Government of Canada for the purpose of creating an investment fund to assist youths (persons under the age of 30) to own and operate a business in the form of loans, loan guarantees and equity participation. Related investment loans written off as bad debts are recorded as a reduction to the restricted fund. At the termination of the agreement, the Corporation is required to repay any amount uncommitted, thereafter the loan principal and interest collected until the original principal is repaid and then 50% of the remaining interest collected.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Notes to Non-Consolidated Financial Statements Year Ended March 31, 2018

11. EXTERNALLY RESTRICTED FUNDS *(continued)*

Disabled Entrepreneur

The Corporation received \$200,000 from Western Economic Diversification, Government of Canada for the purpose of creating an investment fund to assist disabled individuals to own and operate a business in the form of loans, loan guarantees and equity participation. Related investment loans written off as bad debts are recorded as a reduction to the restricted fund. At the termination of the agreement, the Corporation is required to repay any amount uncommitted, thereafter the loan principal and interest collected until the original principal is repaid and then 50% of the remaining interest collected.

Community Business Loans Program (Formerly Forest Renewal BC)

The Corporation received \$250,000 from Community Business Loans Program which the Corporation matched creating an investment fund of \$500,000. The purpose of the fund is to loan funds to forest sector enterprises. One half of the related investment loans written off as bad debts are recorded as a reduction to the restricted fund. At the termination of the agreement, the Corporation is required to repay one half of any amount uncommitted, thereafter one half of the principal and interest collected until the original principal is repaid.

12. LEASE COMMITMENTS

The Corporation has entered into two long term lease agreements with respect to its premises. The leases contain renewal options and provide for payment of utilities, property taxes and maintenance costs.

Future minimum lease payments as at March 31, 2018 are as follows:

2019	66,000
2020	66,000
2021	66,250
2022	66,850
2023	8,400
	<u>273,500</u>

13. ECONOMIC DEPENDENCE

The Employment Services Program is entirely dependant on the Provincial Ministry of Social Development. The company received 70.0% of its total funding from the Province of BC (2017 - 70.0%).

The company receives a substantial portion of its funding from Western Economic Diversification. The company received 16.7% of its total funding from the Western Economic Diversification (2017 - 16.0%).

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Notes to Non-Consolidated Financial Statements Year Ended March 31, 2018

14. RELATED PARTY TRANSACTIONS

Related Party	Relationship	Type of Transaction	2018	Paid 2017
			\$	\$
Grand Forks and Boundary Enterprise Centre Holdings Ltd.	Subsidiary	Rent	(52,800)	(52,800)

The above transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

15. EMPLOYEE REMUNERATION

Under the new Societies Act, the company is required to disclose any remuneration to directors as well as remuneration to employees and contractors over \$75,000. During the year, only the General Manager received remuneration in excess of the reporting threshold of \$97,049.

16. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	Operating Fund	Portfolio Fund	Employment Labour Market (ELMS)	2018	2017
	\$	\$	\$	\$	\$
Decrease in:					
Accounts receivable	100,649	1,108	-	101,757	3,258
Prepaid expenses	-	-	-	-	-
Increase (decrease) in:					
Accounts payable and accrued liabilities	1,791	(19,998)	(10,998)	(29,205)	21,826
Deferred revenue	7,777	300	-	8,077	(2,000)
	110,217	(18,590)	(10,998)	80,629	23,084

17. INCOME TAX

The company is exempt from income tax under Section 149(1) of the Income Tax Act.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Notes to Non-Consolidated Financial Statements Year Ended March 31, 2018

18. FINANCIAL INSTRUMENTS

The company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the company's risk exposure and concentration as of March 31, 2018.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The company is exposed to credit risk from customers. In order to reduce its credit risk, the company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful loans is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The company has a significant number of clients, to whom loans are issued, thus minimizing concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company is exposed to this risk mainly in respect of its loans receivable.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

**SCHEDULE 1 - Non-Consolidated Statement of Financial Position by Fund - Operating
Year Ended March 31, 2018**

	Operating Fund	Other Programs	2018	2017
ASSETS				
CURRENT	\$	\$	\$	\$
Cash	764,843	-	764,843	499,449
Short-term investments	608,504	-	608,504	579,994
Accounts receivable	95,293	-	95,293	195,942
Prepaid expenses	1,425	-	1,425	1,425
	<u>1,470,065</u>	<u>-</u>	<u>1,470,065</u>	<u>1,276,810</u>
INVESTMENT IN SUBSIDIARY	10	-	10	10
TANGIBLE CAPITAL ASSETS	151,896	-	151,896	181,330
	<u>1,621,971</u>	<u>-</u>	<u>1,621,971</u>	<u>1,458,150</u>
LIABILITIES AND FUND BALANCES				
CURRENT				
Accounts payable and accrued liabilities	17,177	-	17,177	15,386
Deferred revenue	-	9,902	9,902	2,126
Interfund balances	1,931,539	(455,057)	1,476,482	1,332,528
	<u>1,948,716</u>	<u>(445,155)</u>	<u>1,503,561</u>	<u>1,350,040</u>
FUND BALANCES				
Investment in Tangible Capital Assets	151,896	-	151,896	181,330
Unrestricted	(478,641)	445,155	(33,486)	(73,220)
	<u>(326,745)</u>	<u>445,155</u>	<u>118,410</u>	<u>108,110</u>
	<u>1,621,971</u>	<u>-</u>	<u>1,621,971</u>	<u>1,458,150</u>

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

**SCHEDULE 2 - Non-Consolidated Statement of Operations by Fund - Operating
Year Ended March 31, 2018**

	Operating Fund	Other Programs	2018	2017
	\$	\$	\$	\$
REVENUE				
Operating contributions	286,797	5,085	291,882	288,796
Project funding	-	136,127	136,127	184,390
Interest transfers	50,000	-	50,000	-
Interest from banks	28,444	-	28,444	27,359
Loan administration fees	4,552	-	4,552	8,638
Other income	3,634	725	4,359	525
	373,427	141,937	515,364	509,708
EXPENSES				
Wages and benefits	230,716	22,104	252,820	181,895
Advertising and promotion	10,255	33,935	44,190	71,629
Amortization	31,306	-	31,306	27,079
Consulting	1,053	28,351	29,404	20,768
Rent	23,028	6,200	29,228	28,506
Directors' expenses	19,935	4,399	24,334	21,648
Project expenses	2,601	20,646	23,247	88,291
Training	10,951	3,784	14,735	4,274
Office and sundry	12,799	922	13,721	13,953
Travel	8,437	3,800	12,237	6,832
Repairs and maintenance	11,659	-	11,659	13,935
Telephone	4,402	765	5,167	5,722
Professional fees	4,840	-	4,840	7,052
Bank charges and interest	3,849	3	3,852	3,772
Licences, dues and fees	2,719	648	3,367	6,653
Insurance	658	299	957	725
	379,208	125,856	505,064	502,734
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(5,781)	16,081	10,300	6,974

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

SCHEDULE 3 - Non-Consolidated Statement of Financial Position by Fund - Portfolio Year Ended March 31, 2018

	Portfolio A, Microloans & Growthstart	Portfolio B & Youth	Disabled Entrepreneur	Community Business Loans	Syndicate Loans	2018	2017
ASSETS							
CURRENT	\$	\$	\$	\$	\$	\$	\$
Cash	269,793	341,841	239,702	78,860	-	930,196	1,119,538
Accounts receivable	8,906	1,960	-	-	-	10,866	11,974
	278,699	343,801	239,702	78,860	-	941,062	1,131,512
LOANS RECEIVABLE	814,097	1,161,329	44,209	557,503	-	2,577,138	2,485,686
	1,092,796	1,505,130	283,911	636,363	-	3,518,200	3,617,198
LIABILITIES AND FUND BALANCES							
CURRENT							
Accounts payable and accrued liabilities	-	-	-	-	-	-	19,998
Interfund balances	(263,444)	(70,338)	84,701	247,508	(3,238)	(4,811)	(4,810)
Deferred revenue	-	300	-	-	-	300	-
Current portion of loans payable	179,981	-	-	4,272	-	184,253	178,964
	(83,463)	(70,038)	84,701	251,780	(3,238)	179,742	194,152
INVESTMENTS LOANS PAYABLE	245,335	-	-	112,454	-	357,789	542,215
FUND BALANCES							
Externally Restricted Funds	930,924	1,575,168	199,210	272,129	3,238	2,980,669	2,880,831
	1,092,796	1,505,130	283,911	636,363	-	3,518,200	3,617,198

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

SCHEDULE 4 - Non-Consolidated Statement of Operations by Fund - Portfolio Year Ended March 31, 2018

	Portfolio A, Microloans & Growthstart	Portfolio B & Youth	Disabled Entrepreneur	Community Business Loans	Syndicate Loans	2018	2017
REVENUE	\$	\$	\$	\$	\$	\$	\$
Interest from investments	59,241	70,465	771	26,240	-	156,717	140,811
Interest from banks	3,387	3,328	2,790	703	-	10,208	7,368
Loan losses and collections	217	-	161	-	-	378	(171)
	62,845	73,793	3,722	26,943	-	167,303	148,008
EXPENSES							
Interest transfer	30,000	-	-	20,000	-	50,000	-
Loan losses and collection fees (recovered)	(2,485)	12,156	2,327	(960)	-	11,038	(59,606)
Loan admin, insurance and registration	6,427	-	-	-	-	6,427	9,229
	33,942	12,156	2,327	19,040	-	67,465	(50,377)
EXCESS OF REVENUE OVER EXPENSES	28,903	61,637	1,395	7,903	-	99,838	198,385

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

SCHEDULE 5 - Non-Consolidated Statement of Financial Position by Fund - ELMS Year Ended March 31, 2018

ASSETS	Operating Fund	Variable	Fixed	2018	2017
	\$	\$	\$	\$	\$
Cash	100	-	-	100	-
TANGIBLE CAPITAL ASSETS	6,023	12,774	-	18,797	20,593
	6,123	12,774	-	18,897	20,593
LIABILITIES AND FUND BALANCES					
CURRENT					
Accounts payable and accrued liabilities	11,251	11,500	-	22,751	33,750
Interfund balances	(93,321)	(1,379,500)	1,150	(1,471,671)	(1,327,718)
	(82,070)	(1,368,000)	1,150	(1,448,920)	(1,293,968)
FUND BALANCES					
Investment in Tangible Capital Assets	6,023	12,774	-	18,797	20,593
Unrestricted	82,170	1,368,000	(1,150)	1,449,020	1,293,968
	88,193	1,380,774	(1,150)	1,467,817	1,314,561
	6,123	12,774	-	18,897	20,593

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

SCHEDULE 6 - Non-Consolidated Statement of Operations by Fund - ELMS Year Ended March 31, 2018

	Operating Fund	Variable	Fixed	2018	2017
	\$	\$	\$	\$	\$
REVENUE					
Project funding	665,439	356,459	393,733	1,415,631	1,476,957
Fee for service	36,015	-	-	36,015	32,572
	701,454	356,459	393,733	1,451,646	1,509,529
EXPENSES					
Wages and benefits	435,833	220,128	-	655,961	695,033
Project expenses	80,775	-	393,530	474,305	546,969
Rent	53,833	-	-	53,833	52,590
Office and sundry	33,234	1,268	203	34,705	39,422
Training	19,370	192	-	19,562	15,647
Repairs and maintenance	17,535	-	-	17,535	24,605
Professional fees	13,572	1,937	-	15,509	16,598
Telephone	10,199	21	-	10,220	10,282
Amortization	4,180	2,733	-	6,913	10,093
Advertising and promotion	2,751	2,629	-	5,380	5,913
Insurance	1,973	-	-	1,973	2,172
Licences, dues and fees	1,186	-	-	1,186	1,715
Directors' expenses	521	-	-	521	2,339
Travel	-	499	-	499	32
Bank charges and interest	225	-	-	225	300
Consulting	63	-	-	63	-
	675,250	229,407	393,733	1,298,390	1,423,710
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	26,204	127,052	-	153,256	85,819