
Bruce Community Futures Development Corporation
Financial Statements
For the Year ended March 31, 2018

Table of Contents

Independent Auditor's Report	2
Balance Sheet	3
Statement of Operations	4
Statement of Changes in Fund Balances	5
Statement of Cash Flows	6
Schedule 1 - Expenses	7
Notes to Financial Statements	8

BEN T. COLE PROFESSIONAL CORPORATION

64 Mississaga St. W. Unit 6, Orillia, Ontario L3V 3A8

Telephone: (705) 326-8172 Fax: (705) 326-8702

Email: btcole@rogers.com

INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of Bruce Community Futures Development Corporation:

Report on the Financial Statements

I have audited the accompanying financial statements of Bruce Community Futures Development Corporation, which comprise the balance sheet as at March 31, 2018, and the statements of operations, fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

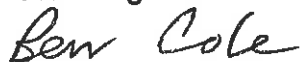
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Bruce Community Futures Development Corporation as at March 31, 2018, and its results of operations and cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.



Ben T. Cole, CPA, CA, Professional Corporation

Authorized to practice public accounting by the Chartered Professional Accountants of Ontario.

July 30, 2018
Orillia, Ontario

Bruce Community Futures Development Corporation

Balance Sheet

March 31	General Fund	Project Funds	Investment Fund	March 31 2018	March 31 2017
Assets					
Current					
Cash	\$ 9,147	\$ 1,381	\$ -	\$ 10,528	\$ 26,010
Accounts Receivable - Other	-	-	-	-	529
Due from Wholly Owned Subsidiary	-	27,508	-	27,508	7,134
Contributions Receivable - Fed Dev	-	-	-	-	-
HST Receivable	5,453	-	(303)	5,150	9,608
Interfund Balances - Note 7	-	-	-	-	-
	14,600	28,889	(303)	43,186	43,281
Property, Plant & Equipment - Note 5	8,652	-	-	8,652	9,367
Restricted Assets					
Cash	-	-	187,747	187,747	510,202
Loans Receivable - Note 6	-	-	5,268,850	5,268,850	4,953,039
Non-Loan Investments - Note 12	-	-	1,779,259	1,779,259	1,490,396
Equity Investments - Note 13	-	-	1,038	1,038	1,038
Wholly Owned Subsidiary - Note 14	-	-	10	10	10
Loan to Subsidiary - Note 15	-	-	74,990	74,990	74,990
Accrued Interest	-	-	34,101	34,101	21,777
Accrued Charges	-	-	4,239	4,239	6,068
	-	-	7,350,234	7,350,234	7,057,520
Total Assets	\$ 23,252	\$ 28,889	\$ 7,349,931	\$ 7,402,072	\$ 7,110,168
Liabilities and Fund Balances					
Current Liabilities					
Accounts Payable	\$ 11,497	\$ -	\$ 4,239	\$ 15,736	\$ 26,471
Payroll Deductions Payable	10,135	-	-	10,135	12,355
Interfund Balances - Note 7	-	-	-	-	-
	21,632	-	4,239	25,871	38,826
Deferred Contributions - Capital - Note 8	8,652	-	-	8,652	9,367
Total Liabilities	30,284	-	4,239	34,523	48,193
Fund Balances					
Restricted	-	28,889	7,345,692	7,374,581	7,069,008
Unrestricted	(7,032)	-	-	(7,032)	(7,033)
	(7,032)	28,889	7,345,692	7,367,549	7,061,975
Total Liabilities and Fund Balances	\$ 23,252	\$ 28,889	\$ 7,349,931	\$ 7,402,072	\$ 7,110,168

On behalf of the Board:

Director.

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Bruce Community Futures Development Corporation

Statement of Operations

March 31	General Fund	Project Funds	Investment Fund	March 31 2018	March 31 2017
Revenues					
Government Contributions					
Federal Contributions - Note 11	\$ 252,487	\$ -	\$ -	\$ 252,487	\$ 282,773
Trillium Grant - Senior Needs Project	-	-	-	-	19,611
Amortization of Deferred Contributions	4,248	-	-	4,248	3,367
Interest Income - Loans	-	-	398,885	398,885	357,656
Interest Income - Other	-	11	17,316	17,327	19,049
Dividend Revenue	-	20,374	-	20,374	-
Other Revenue	4,071	-	3,267	7,338	14,490
	<u>260,806</u>	<u>20,385</u>	<u>419,468</u>	<u>700,659</u>	<u>696,946</u>
Expenses					
Amortization	4,248	-	-	4,248	3,367
Provision for Doubtful Loans	-	-	65,816	65,816	128,720
Trillium Grant - Senior Needs Project	-	-	-	-	19,611
Community Development Projects	3,000	-	-	3,000	4,143
Salaries - Schedule 1	205,900	-	-	205,900	211,403
Occupancy - Schedule 1	79,475	-	-	79,475	78,592
Director's Expense - Schedule 1	6,208	-	-	6,208	2,247
Library - Schedule 1	879	-	-	879	695
Loan Management - Schedule 1	1,180	-	4,654	5,834	44,297
Administration - Schedule 1	23,725	-	-	23,725	31,395
	<u>324,615</u>	<u>-</u>	<u>70,470</u>	<u>395,085</u>	<u>524,470</u>
Surplus (Deficit) For the Year	\$ (63,809)	\$ 20,385	\$ 348,998	\$ 305,574	\$ 172,476

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Bruce Community Futures Development Corporation**Statement of Changes in Fund Balances**

March 31	General Fund	Project Funds	Investment Fund	March 31 2018	March 31 2017
Fund Balance - Beginning of Year	\$ (7,033)	\$ 8,504	\$ 7,060,504	\$ 7,061,975	\$ 6,889,499
Surplus (Deficit) For the Year	(63,809)	20,385	348,998	305,574	172,476
Inter Fund Transfers - Note 10	63,810	-	(63,810)	-	-
Fund Balance - End of Year	\$ (7,032)	\$ 28,889	\$ 7,345,692	\$ 7,367,549	\$ 7,061,975

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Bruce Community Futures Development Corporation**Statement of Cash Flows**

March 31	March 31	March 31
	2018	2017
Cash provided by (used in) Operating Activities:		
Surplus for the Year	\$ 305,574	\$ 172,476
Items not involving cash		
Amortization - Property, Plant & Equipment	4,248	3,367
Deferred Contributions	(4,248)	(3,367)
	<u>305,574</u>	<u>172,476</u>
Changes in non-cash working capital balances		
Accounts Receivable	529	158
Due From Wholly Owned Subsidiary	(20,374)	-
Accrued Interest	(12,324)	23,621
Accrued Charges	1,829	11,207
HST Receivable	4,458	(1,736)
Accounts Payable	(12,955)	10,515
	<u>266,737</u>	<u>216,241</u>
Financing Activities		
Deferred Contributions	3,533	(19,611)
Interfund Loans	-	-
	<u>3,533</u>	<u>(19,611)</u>
Investing Activities		
Asset Purchases	(3,533)	-
Proceeds from Sale of Non-Loan Investments	(288,863)	(518,114)
Loan Principal - net change	(315,811)	304,065
	<u>(608,207)</u>	<u>(214,049)</u>
Increase (decrease) in cash	(337,937)	(17,419)
Cash - beginning of year	536,212	553,631
Cash - end of year	\$ 198,275	\$ 536,212
Represented by		
Unrestricted Cash	\$ 10,528	\$ 26,010
Restricted Cash	187,747	510,202
	<u>\$ 198,275</u>	<u>\$ 536,212</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Bruce Community Futures Development Corporation

Schedule 1 - Expenses

March 31	General Fund	Project Funds	Investment Fund	March 31 2018	March 31 2017
Salaries and Benefits					
Salaries	\$ 183,292	\$ -	\$ -	\$ 183,292	\$ 183,018
Benefits	16,615	-	-	16,615	24,008
Training	5,993	-	-	5,993	4,377
	<u>\$ 205,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,900</u>	<u>\$ 211,403</u>
Occupancy and Equipment					
Rent & Property Tax	\$ 40,275	\$ -	\$ -	\$ 40,275	\$ 39,417
Repairs & maintenance	15,305	-	-	15,305	14,606
Insurance	6,046	-	-	6,046	5,940
Telephone	7,945	-	-	7,945	8,283
Utilities	9,904	-	-	9,904	10,346
	<u>\$ 79,475</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,475</u>	<u>\$ 78,592</u>
Directors' Expense					
General	\$ 5,740	\$ -	\$ -	\$ 5,740	\$ 1,772
Meetings	468	-	-	468	475
	<u>\$ 6,208</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,208</u>	<u>\$ 2,247</u>
Library					
Resource Centre	\$ 879	\$ -	\$ -	\$ 879	\$ 695
Other	-	-	-	-	-
	<u>\$ 879</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 879</u>	<u>\$ 695</u>
Loan Management					
Collections	\$ -	\$ -	\$ -	\$ -	\$ -
Legal Fees & Other Expenses	1,180	-	4,654	5,834	44,297
	<u>\$ 1,180</u>	<u>\$ -</u>	<u>\$ 4,654</u>	<u>\$ 5,834</u>	<u>\$ 44,297</u>
Administration					
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -
Bank charges	1,129	-	-	1,129	2,840
Computer software	1,821	-	-	1,821	3,831
Memberships and Dues	1,344	-	-	1,344	1,315
Office, General & Equipment	4,040	-	-	4,040	9,223
Professional fees	7,484	-	-	7,484	7,484
Travel & Auto	7,907	-	-	7,907	6,702
	<u>\$ 23,725</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,725</u>	<u>\$ 31,395</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Bruce Community Futures Development Corporation

Notes to Financial Statements

March 31, 2018

1. Purpose of the Corporation

The corporation is incorporated without share capital under the laws of Ontario as a non-profit organization with the principle purpose to encourage job creation in Bruce & Grey Counties, as well as the City of Owen Sound. If the corporation were to dissolve and after the payment of all debts, the remaining assets of the corporation would be distributed or disposed of to another organization with similar goals and objects as approved by the Federal Economic Development Agency for Southern Ontario (FedDev). The corporation is exempt from Income Taxes as a non-profit corporation under the Income Tax Act of Canada.

2. Economic Dependence

The corporation is dependent on annual contributions from FedDev in order to finance its general fund operations. Should these contributions cease, the corporation would be unable to continue its operations in its current form.

3. Significant Accounting Policies

Basis of Accounting

The Bruce Community Futures Development Corporation prepares its financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, (Part III of the CPA Handbook).

Fund Accounting

The corporation follows the restricted fund method of accounting for contributions.

The general fund accounts for the corporation's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating contributions.

The investment fund was established to provide financing for new and existing enterprises in order to protect or create new jobs.

The project fund reports contributions restricted by various funding agencies for other projects that are consistent with the operating objectives of the Bruce CFDC.

Property, Plant & Equipment

Property, Plant & Equipment are valued at cost. Amortization is based on the estimated useful life of the asset and is provided at the following rates and methods:

Furniture and equipment	10% straight line basis
Leaseholds	20% straight line basis
Computers	25% straight line basis

Bruce Community Futures Development Corporation

Notes to Financial Statements

March 31, 2018

3. Significant Accounting Policies - Continued

Investment - Wholly Owned Subsidiary

The company has accounted for its investment in a wholly owned "profit oriented" subsidiary using the equity method. Under the equity method, the initial investment is recorded at cost, and the carrying value is adjusted thereafter to include the investor's pro rata share of post-acquisition earnings of the investee. Dividends received from the investee are recorded as a reduction in the carrying value of the investment.

Revenue Recognition

Contributions from FedDev are recognized as revenue in the year of receipt except for the following:

- 1) Contributions relating to capital assets are credited to deferred capital contribution and recognized as revenue on the same basis as amortization on the related asset is charged against operations.
- 2) Contributions relating to approved expenditures not yet incurred are credited to deferred operating contribution.
- 3) Unexpended funds at the end of the year from contributions by Fed Dev to the general fund are reported as amounts due to Fed Dev in the period that a request for repayment is made by Fed Dev. Over expenditures may not be reimbursed by Fed Dev.

Interest revenue in the Investment Fund is recognized on the accrual basis. The corporation accrues interest on loans and mortgages in arrears until collection becomes doubtful.

Use of Estimates

The preparation of financial statements in accordance with Canadian Accounting Standards for Not-For-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of bank balances and term deposits with maturities of three months or less as of the date of purchase.

Bruce Community Futures Development Corporation

Notes to Financial Statements

March 31, 2018

4. Financial Instruments

The company has various financial instruments. Unless otherwise noted, it is management's opinion that the fair values of these financial instruments approximate their carrying values.

Credit Risk: The company provides credit to its loan portfolio clients in the normal course of its operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent credit losses.

Interest Rate Risk: The company is exposed to interest rate risk on its cash balances, GIC Investments and its loan portfolio. Investment returns from these financial instruments fluctuate as interest rates increase or decrease.

Currency Risk: The company does not conduct any significant transactions that are denominated in foreign currency.

5. Property, Plant & Equipment

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture & Equipment	\$ 61,648	\$ 55,647	\$ 61,648	\$ 53,007
Leaseholds	26,557	26,557	26,557	25,830
Computers	14,398	11,747	10,865	10,866
Total	\$ 102,603	\$ 93,951	\$ 99,070	\$ 89,703
Net Book Value	\$ 8,652		\$ 9,367	

Bruce Community Futures Development Corporation

Notes to Financial Statements

March 31, 2018

6. Loans Receivable

Loans receivable bear interest rates that are set in accordance with the corporation's lending policy and Fed Dev guidelines. The loan balance receivable is comprised of the following:

	2018	2017
Balance, beginning of year	\$ 5,089,789	\$ 5,480,582
Loans advanced during the year	1,177,593	1,073,400
Loan principal repaid during the year	(793,991)	(1,248,715)
Recovery of loans written off	--	--
Loans written off during the year	(80,000)	(215,478)
Balance, principal	5,393,391	5,089,789
Allowance for Doubtful Loans	(124,541)	(136,750)
Balance, principal	<u>\$ 5,268,850</u>	<u>\$ 4,953,039</u>

The activity in the Allowance for Doubtful Loans account is as follows:

Balance - beginning of the year	\$ 136,750	\$ 223,478
Loans written off previously included in reserve	--	--
Recovery of loans reserved in previous periods	--	--
Current provision (recovery) for losses	(12,209)	(86,728)
Balance - end of the year	<u>\$ 124,541</u>	<u>\$ 136,750</u>

The corporation determines the allowance for doubtful loans on a monthly basis by reviewing a Loan Delinquency report and making provision for the total arrears accumulated on non-performing loans.

The loan principal payments due to be received over the next five years are as follows:

2019	\$ 590,521
2020	575,530
2021	489,402
2022	422,001
2023	402,191
Thereafter	2,789,205
Total	<u>\$ 5,268,850</u>

7. Interfund Loans

Interfund loans are interest free and have no specific terms of repayment.

Bruce Community Futures Development Corporation

Notes to Financial Statements

March 31, 2018

8. Deferred Contributions

<i>Capital - General Fund</i>	<u>2018</u>	<u>2017</u>
Balance - beginning of the year	\$ 9,367	\$ 12,734
Fed-Dev - funding used to buy assets	3,533	-
Charged to general fund revenues during the year	(4,248)	(3,367)
Balance - end of year	<u>\$ 8,652</u>	<u>\$ 9,367</u>

9. Loan Commitments & Contributions

Commitments:

There were loans of \$ 342,000 approved, but not yet advanced, at March 31, 2018.

Contributions:

The corporation receives contributions for its operations from FedDev. Pursuant to the related agreements, if the corporation does not meet established objectives, FedDev is entitled to seek refunds. Should any amounts become refundable, the refunds would be charged to operations in the period in which the refund is determined to be payable.

10. Interfund Transfers

The corporation was approved by FedDev for a Sustainable Investment Fund Transfer, (SIFT), up to a maximum of \$ 97,360 for the 2018 fiscal year. A total of \$ 63,810 was transferred from the Investment Fund to the General Fund during the current year.

Bruce Community Futures Development Corporation

Notes to Financial Statements

March 31, 2018

11. FedDev Revenue - Operating Fund

	2018	2017
Funds Received	\$ 256,020	\$ 282,773
Used To Purchase Assets	(3,533)	-
Recognized as Revenue During the Period	<u>\$ 252,487</u>	<u>\$ 282,773</u>

12. Non-Loan Investments - RBC Dominion Securities

	2018	2017
Cash	\$ 788,210	\$ 630,664
Fixed Income Investments	991,049	859,732
	<u>\$ 1,779,259</u>	<u>\$ 1,490,396</u>

The fixed income investments consist of GIC's deposit notes and bonds. Interest rates vary from 1.35% to 2.50%. Maturity dates vary from 2019 to 2021.

13. Equity Investments

	2018	2017
Bruce Ecology Centre Ltd.	\$ 1,036	\$ 1,036
South Bruce Equity	1	1
Integrated Energy Development Corporation	1	1
	<u>\$ 1,038</u>	<u>\$ 1,038</u>

The investments in the three companies listed above, represent minority ownership percentages in the common shares. There is no liquid market for these shares.

Bruce Community Futures Development Corporation

Notes to Financial Statements

March 31, 2018

14. Investment in Wholly Owned Subsidiary

100 Common Shares	\$	10	\$	10
Investor share of operating income (loss)		-		-
Balance - end of the year	\$	10	\$	10

The company acquired 100 common shares of 2239724 Ontario Inc., on April 8, 2010 at a price of 10 cents per share, (\$ 10.00 total). Bruce Community Futures Development Corporation is the only shareholder. 2239724 Ontario Inc. is a "profit oriented enterprise" with a March 31'st year end.

2239724 Ontario Inc. has not been consolidated into these financial statements. Financial Summaries for this unconsolidated entity as at March 31, 2018 and for the year then ended are approximately as follows:

	2018	2017
Balance Sheet		
Assets	\$ 342,029	\$ 338,119
Liabilities	346,392	339,976
Equity	(4,363)	(1,857)
Results of Operations		
Revenues	\$ 60,720	\$ 47,081
Expenses	40,535	52,890
Income (Loss) from Operations	20,185	(5,809)
Cash Flows		
Operations	24,868	(5,809)
Financing & Investing Activities	634	(22,589)
Increase (Decrease) in Cash	\$ 25,502	\$ (28,398)

15. Loan to Wholly Owned Subsidiary

The corporation has provided a loan to a wholly owned subsidiary, (2239724 Ontario Inc.), in the amount of \$ 74,990. The funds have been used by the subsidiary to secure a mortgage for a building in which Bruce CFDC is the tenant. The loan is interest free, unsecured and has no specific terms of repayment.

Bruce Community Futures Development Corporation

Notes to Financial Statements

March 31, 2018

16. Other Related Party Transactions

The corporation has advanced three loans totaling \$ 250,000 to Future Heath Services Inc. (FHS). FHS is a wholly owned subsidiary of the South Central Community Development Corporation, (SCCDC), and is a for profit, share capital corporation. Bruce CFDC exercises significant influence over FHS by virtue of its ability to appoint 1/7'th of the parent company's board of directors, (SCCDC).

Bruce CFDC rents office space from a wholly owned subsidiary corporation, (2239724 Ontario Inc.). Rent charges for the current fiscal year were \$ 40,275.
