



Financial Statements

North Simcoe Community Futures  
Development Corporation

March 31, 2022

**NORTH SIMCOE COMMUNITY FUTURES  
DEVELOPMENT CORPORATION  
Index to Financial Statements**

Year ended March 31, 2022

Contents

INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations and Changes in Fund Balances	4
Statement of Cash Flows	5
Schedule of Expenses	6
Notes to Financial Statements	7 - 13



# Independent Auditor's Report

---

**Grant Thornton LLP**

600 Hugel Avenue

Midland, ON

L4R 1W4

T +1 705 527 6555

F +1 705 528 7050

[www.GrantThornton.ca](http://www.GrantThornton.ca)

To the Board of Directors of North Simcoe Community Futures Development Corporation

## **Qualified Opinion**

We have audited the financial statements of North Simcoe Community Futures Development Corporation ("the Organization"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our audit report, the accompanying financial statements present fairly, in all material respects, the financial position of North Simcoe Community Futures Development Corporation as at March 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## **Basis for Qualified Opinion**

As described in Note 2, the Organization has not recorded their Regional Relief and Recovery Fund ("RRRF") loans receivable at fair value upon initial recognition but rather recorded them at face value. This constitutes a departure from Canadian accounting standards for not-for-profit organizations which require that when a financial asset is originated or acquired or a financial liability is issued or assumed in an arm's length transaction, an entity shall measure it at its fair value. The impact of this departure from Canadian accounting standards for not-for-profit organizations has not been determined and therefore, we were unable to determine whether any adjustments might be necessary to loans receivable, revenues, expenditures, excess of revenues over expenditures, fund balances and cash flows from operations for the year ended March 31, 2022.

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 Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these 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 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.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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:

- Identify and assess the risks of material misstatement of the 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 Organization'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 Organization'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 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 Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Midland, Canada  
January 10, 2023

Chartered Professional Accountants  
Licensed Public Accountants

# NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

## Statement of Financial Position

Year ended March 31, 2022

	Operating Funds		Restricted Fund	2022 Total	2021 Total
	General Fund	Board Fund	Investment Fund		
<b>Current assets</b>					
Cash	\$ 84,555	\$ 15,978	\$ 603,805	\$ 704,338	\$ 323,208
Accounts receivable	13,911	-	-	13,911	8,884
Accrued interest receivable	-	-	91,797	91,797	81,145
Prepaid expenses	11,436	-	-	11,436	4,432
Loans receivable - current portion (note 4)	-	-	450,417	450,417	129,858
Interfund balances (note 9)	(50,172)	50,172	-	-	-
	59,730	66,150	1,146,019	1,271,899	547,527
<b>Capital assets (note 3)</b>	12,367	-	-	12,367	13,214
<b>Loans receivable (note 4)</b>	-	-	4,325,732	4,325,732	4,770,750
<b>Investment (note 6)</b>	-	-	250,000	250,000	250,000
	\$ 72,097	\$ 66,150	\$ 5,721,751	\$ 5,859,998	\$ 5,581,491
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	\$ 11,485	\$ -	\$ -	\$ 11,485	\$ 6,565
<b>Deferred capital contributions (note 7)</b>	-	-	-	-	790
<b>Fund balances</b>					
<b>Restricted</b>					
Externally	-	-	5,721,751	5,721,751	5,507,986
Internally	-	66,150	-	66,150	66,150
	-	66,150	5,721,751	5,787,901	5,574,136
<b>Unrestricted</b>	60,612	-	-	60,612	-
	60,612	66,150	5,721,751	5,848,513	5,574,136
	\$ 72,097	\$ 66,150	\$ 5,721,751	\$ 5,859,998	\$ 5,581,491

The notes to financial statements form an integral part of this report.

Approved on behalf of the Board:

*Daniel Laurin*

Director

DocuSigned by:

*Chris Johnston*

Director

# NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

## Statement of Operations and Changes in Fund Balances

Year ended March 31, 2022

	Operating Funds		Restricted Fund		
	General Fund	Board Fund	Investment Fund	2022 Total	2021 Total
<b>Revenue</b>					
Contributions					
- Federal government (note 5)	\$ 279,522	\$ -	\$ -	\$ 279,522	\$1,781,452
- Other	-	-	-	-	54,979
Amortization of deferred capital contributions (note 7)	790	-	-	790	1,868
Investment income	-	-	1,027	1,027	1,761
Other income (note 8)	66,374	-	-	66,374	24,250
Loans recovered	-	-	125,000	125,000	-
Loan interest income	-	-	267,179	267,179	229,748
Dividend income	-	-	9,997	9,997	10,007
	346,686	-	403,203	749,889	2,104,065
<b>Expenses (see attached schedule)</b>					
Amortization of capital assets	3,484	-	-	3,484	4,372
Provision for doubtful loans (note 4)	-	-	165,040	165,040	21,102
Salaries & benefits	235,336	-	-	235,336	289,893
Occupancy & equipment	50,408	-	-	50,408	50,977
Director & community meetings expense	200	-	-	200	92
Loan management	1,458	-	865	2,323	14,240
Community development	6,246	-	-	6,246	57,082
Administration	61,442	-	566	62,008	48,759
Grant (recovery) expense (note 4(ii))	-	-	(49,533)	(49,533)	261,945
Adjustment to loans receivable due to changes to contractual loan terms	-	-	-	-	26,331
	358,574	-	116,938	475,512	774,793
<b>Excess (deficiency) of revenue over expenses for the year</b>	(11,888)	-	286,265	274,377	1,329,272
<b>Fund Balances</b>					
Beginning of year	-	66,150	5,507,986	5,574,136	4,244,864
Interfund transfers:					
PIFT Transfer	72,500	-	(72,500)	-	-
	72,500	-	(72,500)	-	-
<b>End of year</b>	<b>\$ 60,612</b>	<b>\$ 66,150</b>	<b>\$5,721,751</b>	<b>\$5,848,513</b>	<b>\$5,574,136</b>

The notes to financial statements form an integral part of this report.

# NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

## Statement of Cash Flows

Year ended March 31, 2022

	Operating Funds		Restricted Fund	2022	2021
	General Fund	Board Fund	Investment Fund	Total	Total
Cash provided by (used in)					
Operating activities					
Excess (deficiency) of revenue over expenses for the year	\$ (11,888)	\$ -	\$ 286,265	\$ 274,377	\$1,329,272
Add - amortization of capital assets	3,484	-	-	3,484	4,372
- amortization of deferred capital contributions	(790)	-	-	(790)	(1,868)
	(9,194)	-	286,265	277,071	1,331,776
Changes in non-cash working capital balances					
Accounts receivable	(5,177)	-	150	(5,027)	1,261
Accrued interest receivable	-	-	(10,652)	(10,652)	(26,773)
Prepaid expenses	(7,004)	-	-	(7,004)	1,586
Accounts payable and accrued liabilities	4,919	-	-	4,919	(24,972)
	(16,456)	-	275,763	259,307	1,282,878
Investing activities					
Transfer of funds	72,500	-	(72,500)	-	-
Loans receivable, net	-	-	124,459	124,459	(1,493,479)
Purchase of capital assets	(2,636)	-	-	(2,636)	(14,745)
	69,864	-	51,959	121,823	(1,508,224)
Cash position					
Cash increase (decrease) during the year	53,408	-	327,722	381,130	(225,346)
Cash balance, beginning of year	31,147	15,978	276,083	323,208	548,554
Cash balance, end of year	\$ 84,555	\$ 15,978	\$ 603,805	\$ 704,338	\$ 323,208

The notes to financial statements form an integral part of this report.

# NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

## Schedule of Expenses

Year ended March 31, 2022

	Operating Funds		Restricted Fund			
	General Fund	Board Fund	Investment Fund	2022 Total	2021 Total	
Salaries and benefits						
Salaries	\$ 203,100	\$ -	\$ -	\$ 203,100	\$ 246,881	
Benefits	32,236	-	-	32,236	43,012	
	<b>\$ 235,336</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 235,336</b>	<b>\$ 289,893</b>	
Occupancy & equipment						
Rent & taxes	\$ 31,992	\$ -	\$ -	\$ 31,992	\$ 33,314	
Repairs & maintenance	2,819	-	-	2,819	3,287	
Equipment maintenance	785	-	-	785	533	
Capital expenditures under \$1,000	415	-	-	415	1,491	
Insurance	3,460	-	-	3,460	2,248	
Telephone and internet	6,380	-	-	6,380	5,093	
Utilities expense	4,557	-	-	4,557	5,011	
	<b>\$ 50,408</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 50,408</b>	<b>\$ 50,977</b>	
Director & community meetings expense						
Meetings	\$ 200	\$ -	\$ -	\$ 200	\$ 92	
Loan management						
Collection costs	\$ 1,458	\$ -	\$ 865	\$ 2,323	\$ 14,240	
Community development						
Public relations & marketing	\$ 2,320	\$ -	\$ -	\$ 2,320	\$ 9,800	
Memberships/dues/conferences	3,926	-	-	3,926	3,252	
Consulting fees	-	-	-	-	34,430	
Business & community development	-	-	-	-	9,600	
	<b>\$ 6,246</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,246</b>	<b>\$ 57,082</b>	
Administration						
Bank charges and interest	\$ 899	\$ -	\$ 566	\$ 1,465	\$ 603	
Software and technical upgrades	3,369	-	-	3,369	10,936	
Office supplies	4,739	-	-	4,739	14,669	
Professional/administrative fees	43,342	-	-	43,342	18,053	
Bilingual expense	959	-	-	959	3,498	
Travel expense	696	-	-	696	99	
Training	2,871	-	-	2,871	35	
Miscellaneous	4,567	-	-	4,567	866	
	<b>\$ 61,442</b>	<b>\$ -</b>	<b>\$ 566</b>	<b>\$ 62,008</b>	<b>\$ 48,759</b>	

The notes to financial statements form an integral part of this report.



# NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

## Notes to Financial Statements

Year ended March 31, 2022

---

### 1. Purpose of the Organization

The North Simcoe Community Futures Development Corporation's primary purpose is to provide community economic development services in the region of North Simcoe. The Organization's mandate is to support rural communities by providing strategic community planning and implementation, repayable financing for local businesses and a variety of business services for small and medium sized enterprises. The Organization was incorporated without share capital on April 16, 1986 under provisions of the Ontario Corporations Act. The Organization is to carry on business without purposes of gain for its members and any profits or other accretion to the Organization shall be used in promoting its objects.

If the Organization were to dissolve and after the payment of all debts, the remaining assets of the Organization would be distributed or disposed of to another organization with similar goals and objectives as approved by the Federal Economic Development Agency for Southern Ontario ("FedDev Ontario").

The Organization is exempt from income tax as per section 149(1)(L) of the Income Tax Act of Canada.

### 2. Significant accounting policies

#### Basis of presentation

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The following is a summary of the more significant accounting policies:

#### Revenue recognition

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

Restricted contributions related to the Operating Funds, which consist of the General Fund and Board Fund, are recognized as revenue in the year in which the related expenses are incurred. Any unspent restricted funds at year-end relating to the Operating Funds are recorded as deferred revenue.

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

Restricted contributions related to the Restricted Fund, which consists of the Investment Fund, are recognized as revenue upon receipt.

Funding received by the Operating Funds for the purpose of the purchase of capital assets are deferred and recorded as deferred capital contributions on the Statement of Financial Position. The amortization of deferred capital contributions is recorded as revenue in the Statement of Operations on the same basis as the amortization of the underlying capital assets (see note 7).

Interest and investment revenue are recognized into revenue on the accrual basis. Restricted interest and investment revenue are recorded in the Investment Fund. Unrestricted interest and investment revenue is recognized in the Operating Funds. The Organization accrues interest on loans and mortgages in arrears until collection becomes doubtful.

Other income is recognized when earned.

# NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

## Notes to Financial Statements

Year ended March 31, 2022

### 2. Significant accounting policies (continued)

#### Fund accounting

The Organization uses fund accounting. A description of the funds are described below:

The General Fund accounts for the Organization's program delivery and administrative activities. This fund primarily reports unrestricted resources and operating contributions from FedDev Ontario.

The Investment Fund was established to provide financing for new and existing enterprises in order to protect or create new jobs. Income generated by the Investment Fund must be used for the purposes of the Investment Fund and may not be transferred to other funds unless authorized by FedDev Ontario by way of a Sustainable Investment Fund Transfer.

The Board Fund consists of internally restricted funds which may be used for the benefit of the Organization and the community at large as determined by the Board of Directors.

#### Loans receivable

Loans receivable includes traditional loans and Regional Relief and Recovery Fund ("RRRF") loans (note 4). Traditional loans are recorded at fair value upon initial recognition. RRRF loans are recorded at face value which constitutes a departure from Canadian accounting standards for not-for-profit organizations which require that when a financial asset is originated or acquired or a financial liability is issued or assumed in an arm's length transaction, an entity shall measure it at its fair value.

#### Capital assets and amortization

Capital assets are recorded at cost less accumulated amortization and impairment. Amortization is calculated on a straight-line basis based on the estimated useful lives of the assets as follows:

Assets	Expected useful life
Furniture and fixtures	10 years
Computer equipment	4 years

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate an asset might be impaired. The assets are tested for impairment by comparing their net carrying value to their fair value or replacement cost. If the asset's value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported on the statement of operations. Any impairment recognized is not reversed.

#### Investments

Portfolio investments are recorded at cost.

#### Management uncertainty

Management reviews the carrying amounts of items in the financial statements at each balance sheet 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.

# NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

## Notes to Financial Statements

Year ended March 31, 2022

---

### 2. Significant accounting policies (continued)

#### Management uncertainty (continued)

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 estimate include the valuation of loans receivable and the useful lives of capital assets.

#### Financial instruments

The Canadian Accounting Standards Board recently issued amendments to Section 3856 *Financial Instruments*, which outline the accounting guidelines related to financial assets and financial liabilities in related party transactions.

The Organization adopted these amendments on April 1, 2021, and applied the new accounting policy retroactively, subject to certain transitional provisions. The adoption of the amendments did not have a significant impact on the Organization's financial statements.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. When the cash consideration paid or received is different than the fair value at initial consideration, the difference is recognized in the statement of operations. All financial instruments are subsequently measured at cost or amortized cost less impairment. The initial fair value is adjusted for financing fees and transactions costs that are directly attributable to its origination, acquisition, issuance or assumption.

A financial asset (or group of similar financial assets) measured at cost or amortized cost is tested for impairment when there are indicators of impairment. Impairment losses are recognized in the statement of operations. The amounts of any write-downs or reversals are recognized in the statement of operations.

Financial instruments include cash, receivables, loan receivable, investment in Future Health Services and accounts payable.

#### Financial instruments in related party transactions

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The Organization does not have any financial assets or financial liabilities in related party transactions which are initially measured at fair value.

Gains or losses arising on initial measurement differences are generally recognized in the statement of operations when the transaction is in the normal course of operations, and in equity when the transaction is not in the normal course of operations, subject to certain exceptions.

Financial assets and liabilities recognized in related party transactions are subsequently measured based on how the Organization initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value, of which the Organization has none, would be subsequently measured at amortized cost or fair value based on certain conditions.

# NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

## Notes to Financial Statements

Year ended March 31, 2022

### 3. Capital assets

			2022	2021
	Cost	Accumulated Amortization	Net book value	Net book value
Furniture and fixtures - General Fund	\$ 27,696	\$ 19,149	\$ 8,547	\$ 8,982
Furniture and fixtures - Enhanced Operations	6,507	6,507	-	-
Computer equipment - General Fund	21,544	17,724	3,820	4,232
	<b>\$ 55,747</b>	<b>\$ 43,380</b>	<b>\$ 12,367</b>	<b>\$ 13,214</b>

### 4. Loans receivable

The loans receivable balance comprises:

	2022	2021
Loans outstanding:		
Balance, beginning of year	\$ 5,300,608	\$ 3,807,129
Add - new traditional loans advanced in the year (i)	1,405,000	867,500
- amortization of adjustment due to contractual changes of loan terms	12,860	64,000
- RRRF loans advanced in the year (ii)	40,000	1,317,635
	<b>6,758,468</b>	<b>6,056,264</b>
Less - principal repayments - traditional loans	1,372,614	459,749
- principal repayments - RRRF loans	94,238	-
- loans written off	-	21,102
- estimated RRRF loans to be forgiven	(49,533)	261,945
- adjustment due to contractual changes to loan terms	-	12,860
	<b>1,417,319</b>	<b>755,656</b>
Balance, end of year	<b>5,341,149</b>	<b>5,300,608</b>
Allowance for doubtful loans:		
Balance, beginning of year	400,000	400,000
Add: charges (recoveries) to operations	40,040	21,102
	<b>440,040</b>	<b>421,102</b>
Less: loans, interest and fees (recovered) written off	(124,960)	21,102
	<b>565,000</b>	<b>400,000</b>
Balance, end of year	<b>565,000</b>	<b>400,000</b>
Loans receivable	<b>\$ 4,776,149</b>	<b>\$ 4,900,608</b>

# NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

## Notes to Financial Statements

Year ended March 31, 2022

### 4. Loans receivable (continued)

(i) Traditional loans receivable bear interest at varying rates from 5% to 10.5% at fixed terms of twelve months to sixty months.

(ii) During the 2021 fiscal year, the Organization received \$1,357,635 from FedDev Ontario as part of the Regional Relief and Recovery Fund ("RRRF"). In turn, the Organization provided eligible small and medium-sized enterprises with interest-free loans of up to \$60,000 to help alleviate financial hardship resulting from COVID-19 during the period of March 15, 2020 to September 30, 2021. The interest-free period ends on December 31, 2023.

Loans repaid on or before December 31, 2023 will result in loan forgiveness of 25% to 33% depending on the loan amount. If the non-forgivable portion of the RRRF loans are not repaid by December 31, 2023, the balance owing will be converted to a two-year loan bearing interest 5% and repayable monthly including principal and interest. The loan must be fully repaid by December 31, 2025.

The face value of the loans issued at their initial recognition was \$1,357,635 (2021 - \$1,317,635). The estimated amount of the loans to be forgiven by December 31, 2023 is \$212,412. The amount charged to the Statement of Operations as a grant (recovery) expense in the current fiscal year is (\$49,533) (2021 - \$261,945). The actual amount of loans forgiven during the year was \$26,413 (2021 - \$nil).

The Board of Directors determines the allowance for doubtful loans by providing for specific loan losses after reviewing outstanding loans on a loan-by-loan basis plus the use of an estimated percentage based on past experience for all loans for which no specific provision has been established.

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

2023	\$ 450,417
2024	1,988,943
2025	1,021,832
2026	662,150
2027	514,743
Thereafter	703,064
	<b>\$ 5,341,149</b>

### 5. Government contributions

During the 2022 fiscal year, the Organization received funding of \$279,522 from FedDev Ontario (2021 - \$402,517), for general operations, all of which was recognized as revenue in the General Fund.

### 6. Investment

The investment in Future Health Services ("FHS") consists of 250 Class A non-voting Preference shares at a carrying amount of \$1,000 per share. These shares pay a 4% non-cumulative dividend. In addition, the investment consists of 1 voting Class G Common share at a carrying amount of \$0.10. This investment represents 16.7% of the total issued and outstanding Class A Preference shares and 6.7% of the total issued and outstanding Common shares of FHS.

# NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

## Notes to Financial Statements

Year ended March 31, 2022

### 7. Deferred capital contributions

Deferred capital contributions related to capital assets represent the unamortized amount of government contributions received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2022	2021
Balance, beginning of year	\$ 790	\$ 2,658
Less: amounts recognized as amortization of deferred capital contribution for the year	(790)	(1,868)
Balance, end of year	\$ -	\$ 790

### 8. Other income

Other income in the General Fund consists of loan fees, rental income and office support fees charged to a third party.

### 9. Interfund balances

Interfund balances are non-interest bearing and have no fixed terms of repayment.

### 10. Commitments

No loans had been approved but not advanced at March 31, 2022 (March 31, 2021 - \$290,000).

### 11. Financial instruments

The Organization's main financial instrument risk exposure is detailed as follows:

#### Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk from its loan receivable. Outstanding balances are reviewed for any long outstanding accounts on a regular basis and the financial statements take into account an allowance for doubtful accounts. The Organization has a significant number of loan clients which minimizes the concentration of credit risk.

#### Liquidity risk

The Organization is exposed to liquidity risk to the extent that it must meet its financial obligations as they fall due. The Organization is exposed to liquidity risk with respect to its accounts payable and commitments. The Organization's approach to managing liquidity risk is to ensure that it has sufficient cash to met its obligations when due.

# NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

## Notes to Financial Statements

Year ended March 31, 2022

---

### 11. Financial instruments (continued)

#### Market risk

Market risk is the risk that the fair value of expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: currency risk, interest rate risk and other price risk. The Organization is mainly exposed to interest rate risk and other price risk.

#### (i) Interest rate risk

The Organization is exposed to interest rate risk with respect to financial assets bearing fixed and variable interest rates.

#### (ii) Other price risk

The Organization is exposed to other price risk due to investments since changes in market prices could result in changes in fair value of these instruments.

There have been no changes in risk exposure from the previous year.