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**NORTH SIMCOE COMMUNITY FUTURES  
DEVELOPMENT CORPORATION**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Directors of  
North Simcoe Community Futures Development Corporation  
MIDLAND  
Ontario

### *Qualified Opinion*

We have audited the accompanying financial statements of North Simcoe Community Futures Development Corporation which comprise the statement of financial position as at March 31, 2023 and the statement of operations and changes in fund balances, statement of cash flows and schedule of operating expenses for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at March 31, 2023 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 Qualified Opinion*

As described in Note 1c, 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 adjustment 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, 2023.

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 entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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 qualified 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 entity'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 entity or to cease operations, or has no realistic alternative but to do so.

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

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### *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 entity'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 entity'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 entity 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.



NORTON McMULLEN LLP

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

January 9, 2024

# NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

## STATEMENT OF FINANCIAL POSITION

As at March 31,

	Operating Funds		Restricted Fund	Total	Total
	General Fund	Board Fund	Investment Fund	2023	2022
<b>ASSETS</b>					
<b>Current</b>					
Cash	\$ 67,456	\$ 14,822	\$ 2,519,018	\$ 2,601,296	\$ 704,338
Accounts receivable	5,816	-	-	5,816	4,792
HST recoverable	9,185	-	-	9,185	9,119
Accrual interest receivable	-	-	101,740	101,740	91,797
Prepaid expenses and other assets	12,760	-	-	12,760	11,436
Loans and advances receivable					
- current portion (Note 2)	-	-	1,040,849	1,040,849	450,417
Interfund balances	-	46,782	-	46,782	50,172
	<u>\$ 95,217</u>	<u>\$ 61,604</u>	<u>\$ 3,661,607</u>	<u>\$ 3,818,428</u>	<u>\$ 1,322,071</u>
<b>Capital Assets (Note 3)</b>	9,322	-	-	9,322	12,367
<b>Investment (Note 5)</b>	-	-	250,000	250,000	250,000
<b>Loans and Advances Receivable</b>					
- Long-Term (Note 2)	-	-	2,131,821	2,131,821	4,325,732
	<u>\$ 104,539</u>	<u>\$ 61,604</u>	<u>\$ 6,043,428</u>	<u>\$ 6,209,571</u>	<u>\$ 5,910,170</u>
<b>LIABILITIES</b>					
<b>Current</b>					
Accounts payable and accrued liabilities	\$ 22,422	\$ -	\$ 9,853	\$ 32,275	\$ 11,485
Interfund balances	46,782	-	-	46,782	50,172
	<u>\$ 69,204</u>	<u>\$ -</u>	<u>\$ 9,853</u>	<u>\$ 79,057</u>	<u>\$ 61,657</u>
<b>FUND BALANCES</b>					
Restricted	\$ -	\$ 61,604	\$ 6,033,575	\$ 6,095,179	\$ 5,787,901
Unrestricted	35,335	-	-	35,335	60,612
	<u>\$ 35,335</u>	<u>\$ 61,604</u>	<u>\$ 6,033,575</u>	<u>\$ 6,130,514</u>	<u>\$ 5,848,513</u>
	<u>\$ 104,539</u>	<u>\$ 61,604</u>	<u>\$ 6,043,428</u>	<u>\$ 6,209,571</u>	<u>\$ 5,910,170</u>

**Contingencies (Note 6)**

Approved by the Board:

\_\_\_\_\_ Director \_\_\_\_\_ Directo

See accompanying notes

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# NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

## STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

For the year ended March 31,

	Operating Funds		Restricted Fund	Total	Total
	General Fund	Board Fund	Investment Fund	2023	2022
<b>REVENUES</b>					
Government contributions (Note 4)	\$ 288,966	\$ -	\$ -	\$ 288,966	\$ 279,522
Loan interest income	-	-	251,486	251,486	267,179
Loans recovered	-	-	129,178	129,178	125,000
Investment income	2,360	324	45,427	48,111	1,027
Other income	33,309	-	-	33,309	66,374
Capitalization	-	-	-	-	790
Dividend income	-	-	-	-	9,997
	<u>\$ 324,635</u>	<u>\$ 324</u>	<u>\$ 426,091</u>	<u>\$ 751,050</u>	<u>\$ 749,889</u>
<b>EXPENSES (Schedule A)</b>					
Salaries and benefits	\$ 214,217	\$ -	\$ -	\$ 214,217	\$ 235,336
Grant expense (recovery) (Note 2)	-	-	76,996	76,996	(49,533)
Administration	67,126	61	422	67,609	68,410
Occupancy and equipment	48,015	-	-	48,015	44,006
Loan management (recovery)	1,517	-	28,324	29,841	2,323
Community development	11,748	1,419	-	13,167	6,246
Amortization of capital assets	7,231	-	-	7,231	3,484
Provision for doubtful loans (Note 2)	-	-	6,548	6,548	165,040
Director and community meetings expense	58	2,968	-	3,026	200
Change in accrued interest	-	-	1,977	1,977	-
Donations	-	422	-	422	-
	<u>\$ 349,912</u>	<u>\$ 4,870</u>	<u>\$ 114,267</u>	<u>\$ 469,049</u>	<u>\$ 475,512</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<u>\$ (25,277)</u>	<u>\$ (4,546)</u>	<u>\$ 311,824</u>	<u>\$ 282,001</u>	<u>\$ 274,377</u>
<b>FUND BALANCE - Beginning</b>	<u>60,612</u>	<u>66,150</u>	<u>5,721,751</u>	<u>5,848,513</u>	<u>5,574,136</u>
<b>FUND BALANCE - Ending</b>	<u>\$ 35,335</u>	<u>\$ 61,604</u>	<u>\$ 6,033,575</u>	<u>\$ 6,130,514</u>	<u>\$ 5,848,513</u>

See accompanying notes

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# NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

## STATEMENT OF CASH FLOWS

For the year ended March 31,

	Operating Funds		Restricted Fund		
	General Fund	Board Fund	Investment Fund	Total 2023	Total 2022
<b>CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):</b>					
<b>OPERATING ACTIVITIES</b>					
Excess (deficiency) of revenues over expenses	\$ (25,277)	\$ (4,546)	\$ 311,824	\$ 282,001	\$ 274,377
Items not affecting cash:					
Amortization of capital assets	7,231	-	-	7,231	3,484
Amortization of deferred capital contributions	-	-	-	-	(790)
	<u>\$ (18,046)</u>	<u>\$ (4,546)</u>	<u>\$ 311,824</u>	<u>\$ 289,232</u>	<u>\$ 277,071</u>
Net change in non-cash working capital balances:					
Accounts receivable	(1,024)	-	-	(1,024)	(3,792)
HST recoverable	(66)	-	-	(66)	(1,235)
Accrued interest receivable	-	-	(9,943)	(9,943)	(10,652)
Prepaid expenses	(1,324)	-	-	(1,324)	(7,004)
Accounts payable and accrued liabilities	10,937	-	9,853	20,790	4,919
	<u>\$ (9,523)</u>	<u>\$ (4,546)</u>	<u>\$ 311,734</u>	<u>\$ 297,665</u>	<u>\$ 259,307</u>
<b>INVESTING ACTIVITIES</b>					
Transfer of funds	\$ (3,390)	\$ 3,390	\$ -	\$ -	\$ -
Loans receivable, net	-	-	1,603,479	1,603,479	124,459
Purchase of capital assets	(4,186)	-	-	(4,186)	(2,636)
	<u>\$ (7,576)</u>	<u>\$ 3,390</u>	<u>\$ 1,603,479</u>	<u>\$ 1,599,293</u>	<u>\$ 121,823</u>
<b>INCREASE (DECREASE) IN CASH</b>	<b>\$ (17,099)</b>	<b>\$ (1,156)</b>	<b>\$ 1,915,213</b>	<b>\$ 1,896,958</b>	<b>\$ 381,130</b>
<b>CASH - Beginning</b>	<b>84,555</b>	<b>15,978</b>	<b>603,805</b>	<b>704,338</b>	<b>323,208</b>
<b>CASH - Ending</b>	<b><u>\$ 67,456</u></b>	<b><u>\$ 14,822</u></b>	<b><u>\$ 2,519,018</u></b>	<b><u>\$ 2,601,296</u></b>	<b><u>\$ 704,338</u></b>

See accompanying notes

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# NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

### MARCH 31, 2023

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#### NATURE OF OPERATIONS

North Simcoe Community Futures Development Corporation (the "Corporation") is incorporated without share capital under the laws of Ontario as a not-for-profit organization with its principle purpose to provide community economic development services in the region of North Simcoe. If the Corporation were to dissolve, subsequent to the payment of all outstanding debt, the remaining assets of the Corporation would be distributed or disposed of to another Corporation with similar goals and objects as approved by the Federal Economic Development Agency for Southern Ontario ("FedDev Ontario"). The Corporation is exempt from income taxes under the Income Tax Act of Canada.

#### 1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

##### a) Fund Accounting

Resources are classified into funds according to the activities or objectives specified as follows:

The **General Fund** accounts for the Corporation's program delivery and administrative activities. This fund reports unrestricted resources.

The **Investment Fund** was established to provide financing for new and existing enterprises in order to protect or create new jobs. The contributions to the Investment Fund are externally restricted for use in achieving those objectives.

The **Board Fund** reports funds raised by activities carried out by the Board of Directors and other volunteers. The Board Fund monies are internally restricted to activities designated by the Board of Directors.

##### b) Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in the bank.

##### c) Loans receivable

Loans receivable consists of traditional loans and Regional Relief and Recovery Fund ("RRRF") loans (note 2). 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.

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**NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

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**1. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**d) Contributed Services**

Volunteers contribute a significant amount of their time to the Corporation each year. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

**e) Revenue Recognition**

The Corporation follows the restricted fund method whereby restricted contributions are recognized as revenue in the appropriate fund in the current period. All other unrestricted operating contributions are recognized as revenue of the General Fund in the current period. Operating contributions and other restricted contributions are recorded in the General Fund in accordance with the deferral method as follows:

- i) 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.
- ii) Restricted contributions related to the Restricted Fund, which consists of the Investment Fund, are recognized as revenue upon receipt.
- iii) 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.
- iv) Contributions related to capital assets are credited to deferred capital contributions and recognized as revenue on the same basis as amortization on the related asset is charged against operations.

Interest income is recognized as revenue in the Investment Fund on the accrual basis. The Corporation accrues interest on loans in arrears until the collection becomes doubtful.

Other income is recognized as revenue in the appropriate fund when earned and measurable.

Private sector contributions are recorded as revenue in the appropriate fund in the period received except when they relate to upcoming expenditures.



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# NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

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### 1. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### f) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for private enterprises requires management to make estimates and assumptions based on currently available information. Such estimates and assumptions affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the estimates used.

Significant estimates used in the preparation of these financial statements include the determination of the allowance for loan losses and accrued liabilities.

#### g) Capital Assets

Capital assets are recorded at cost. Amortization is being provided over the estimated useful life of the assets using the following rates and methods:

	<u>Rate</u>	<u>Method</u>
Furniture and fixtures	10%	straight-line
Computer equipment	40%	straight-line

#### h) Financial Instruments

##### Measurement of Financial Instruments

The Corporation initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets subsequently measured at amortized cost include cash, accounts receivable, accrued interest receivable, and loans and advances receivable. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

The Corporation has no financial assets measured at fair value and has not elected to carry any financial asset or liability at fair value.

##### Transaction Costs

The Corporation recognizes its transaction costs in the excess of revenues over expenses in the period incurred except for financial instruments that will not be subsequently measured at fair value. The carrying amounts of these instruments are adjusted by the transaction costs that are directly attributable to their issuance.

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**NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

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**1. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**h) Financial Instruments - Continued**

**Impairment**

Financial assets measured at amortized cost are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in the excess of revenues over expenses and may be subsequently reversed to the extent that the net effect after the reversal is the same as if there had been no write-down.

**2. LOANS AND ADVANCES RECEIVABLE**

Loans and advances receivable consist of the following:

	<b>Relief Loans</b>	<b>Traditional Loans</b>	<b>Total 2023</b>
<b>Loans Receivable:</b>			
Balance - Beginning	\$ 1,050,985	\$ 4,290,164	\$ 5,341,149
Advanced during the year	-	61,600	61,600
Repaid during the year	(65,000)	(1,516,534)	(1,581,534)
Loans written off	-	(3,843)	(3,843)
Estimated loans to be forgiven	<u>(191,996)</u>	<u>-</u>	<u>(191,996)</u>
Balance - Ending	<u>\$ 793,989</u>	<u>\$ 2,831,387</u>	<u>\$ 3,625,376</u>
<b>Allowance for loan losses:</b>			
Balance - Beginning	\$ 115,000	\$ 450,000	\$ 565,000
Reclassification to loans to be forgiven	(115,000)	-	(115,000)
Loan losses during the year	-	(3,843)	(3,843)
Provision for future loan losses	<u>-</u>	<u>6,548</u>	<u>6,548</u>
Balance - Ending	<u>\$ -</u>	<u>\$ 452,705</u>	<u>\$ 452,705</u>
<b>Loans Receivable (net)</b>	<u><b>\$ 793,989</b></u>	<u><b>\$ 2,378,682</b></u>	<u><b>\$ 3,172,670</b></u>
<b>Less: Current portion</b>			<u><b>1,040,849</b></u>
			<u><b>\$ 2,131,821</b></u>

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**NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

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**2. LOANS AND ADVANCES RECEIVABLE - Continued**

Loans and advances receivable consist of the following:

	Relief Loans	Traditional Loans	Total 2022
<b>Loans Receivable:</b>			
Balance - Beginning	\$ 1,055,690	\$ 4,244,918	\$ 5,300,608
Advanced during the year	40,000	1,405,000	1,445,000
Amortization of adjustment due to contractual changes	-	12,860	12,860
Repaid during the year	(94,238)	(1,372,614)	(1,466,852)
Loans written off	-	-	-
Estimated loans to be forgiven (recovery)	<u>49,533</u>	<u>-</u>	<u>49,533</u>
Balance - Ending	<u>\$ 1,050,985</u>	<u>\$ 4,290,164</u>	<u>\$ 5,341,149</u>
<b>Allowance for loan losses:</b>			
Balance - Beginning	\$ -	\$ 400,000	\$ 400,000
Provision for future loan losses	<u>115,000</u>	<u>50,000</u>	<u>165,000</u>
Balance - Ending	<u>\$ 115,000</u>	<u>\$ 450,000</u>	<u>\$ 565,000</u>
<b>Loans Receivable (net)</b>	<u>\$ 935,985</u>	<u>\$ 3,840,164</u>	<u>\$ 4,776,149</u>
<b>Less: Current portion</b>			<u>450,417</u>
			<u><u>\$ 4,325,732</u></u>

Traditional loans receivable bear interest at varying rates from 5% to 10.5% at fixed terms of twelve months to sixty months. Relief loans are non-interest bearing with no principal payments due until January 18, 2024. For forgivable relief loans, 25% to 33% of the loan will be forgiven provided the loan has been repaid in full prior to January 18, 2024. Clients are eligible to submit a refinancing application prior to January 18, 2024, to repay the non-forgivable portion of the original loan amount by March 28, 2024, and will still be granted partial loan forgiveness. If any loan is not repaid by January 18, 2024, or by the extension period of March 28, 2024, the loan will automatically convert into a three-year term loan with an interest rate of up to 5%. The loan must be fully repaid by December 31, 2026.

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**NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

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**2. LOANS AND ADVANCES RECEIVABLE - Continued**

The face value of loans issued at their initial recognition was \$1,357,635 (2022 - \$1,357,635). The estimated amount of the loans to be forgiven by January 18, 2024 is \$357,996 (2022 - \$212,412). The amount charged to the Statement of Operations as a grant expense (recovery) in the current fiscal year is \$76,996 (2022 - (\$49,533)). The actual amount of loans forgiven during the year was \$Nil (2022 - \$26,413).

The Corporation determines the provision for loan losses by reviewing outstanding loans on a loan-by-loan basis plus an estimate 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:

2024	\$ 1,040,849
2025	246,366
2026	227,340
2027	394,747
2028	189,830
Thereafter	<u>1,073,538</u>
	<u>\$ 3,172,670</u>

**3. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	<u>2023</u>			<u>2022</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures				
- General Fund	\$ 38,390	\$ 29,068	\$ 9,322	\$ 8,547
Furniture and fixtures				
- Enhanced Operations	6,507	6,507	-	-
Computer equipment				
- General Fund	<u>21,543</u>	<u>21,543</u>	<u>-</u>	<u>3,820</u>
	<u>\$ 66,440</u>	<u>\$ 57,118</u>	<u>\$ 9,322</u>	<u>\$ 12,367</u>

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# **NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS**

### **MARCH 31, 2023**

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#### **4. GOVERNMENT CONTRIBUTIONS**

During the 2023 fiscal year, the Corporation received funding of \$170,981 (2022 - \$279,522) from FedDev Ontario, for general operations, and \$117,985 (2022 - \$Nil) from the Orillia Area Community Development Corp., to run the BizLink program, all of which was recognized as revenue in the General Fund.

#### **5. INVESTMENT**

The investment in Future Health Services ("FHS") consists of 250 (2022 - 250) Class A non-voting Preference shares at a carrying amount of \$1,000 (2022 - \$1,000) per share. These shares pay a 4% non-cumulative dividend. In addition, the investment consists of 1 (2022 - 1) voting Class G Common share at a carrying amount of \$0.10 (2022 - \$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.

#### **6. CONTINGENCIES**

##### **Contributions**

The Corporation receives contributions for its operations from Industry Canada. Pursuant to the related agreements, if the Corporation does not meet established objectives, Industry Canada 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. As at year-end, the corporation had no specific requirement to repay any amounts to Industry Canada.

#### **7. FINANCIAL INSTRUMENTS**

##### **Risks and Concentrations**

The Corporation is exposed to various risks through its financial instruments. The following analysis provides a summary of the Corporation's exposure to and concentrations of risk at March 31, 2023:

##### **a) Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Corporation's main credit risks relate to its accounts receivable and loans and advances receivable. The Corporation provides credit to its clients in the normal course of operations and the Corporation manages its credit risk by performing credit checks and obtaining security, where available, on its loans receivable. There were no concentrations of credit risk as at March 31, 2023. There has been no change in the assessment of credit risk from the prior year.

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**NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

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**7. FINANCIAL INSTRUMENTS - Continued**

**b) Liquidity Risk**

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation is exposed to this risk mainly with respect to its accounts payable and accrued liabilities. The Corporation manages this risk by managing its working capital and by generating sufficient cash flow from operations. There has been no change in the assessment of liquidity risk from the prior year.

**c) Market Risk**

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

**i) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As described in Note 2, the Corporation is exposed to interest rate risk with respect to its loans and advances receivable. The Corporation does not currently hold any financial instruments to mitigate this risk. The exposure to this risk fluctuates as the assets and related interest rates change from year to year.

**8. ECONOMIC DEPENDENCE**

The Corporation is dependent on Industry Canada - FedNor funding for annual operational costs.

**9. COMPARATIVE FIGURES**

Certain of the comparative figures have been restated in order to conform with the presentation adopted in the current year.

# NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

## SCHEDULE A - OPERATING EXPENSES

For the year ended March 31,

	Operating Funds		Restricted Fund	Total	Total
	General Fund	Board Fund	Investment Fund	2023	2022
<b>Salaries and Benefits</b>					
Salaries	\$ 186,380	\$ -	\$ -	\$ 186,380	\$ 203,100
Benefits	27,837	-	-	27,837	32,236
	<u>\$ 214,217</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,217</u>	<u>\$ 235,336</u>
<b>Administration</b>					
Telephone, fax, internet and IT	\$ 31,235	\$ -	\$ -	\$ 31,235	\$ 10,809
Professional fees	26,192	-	-	26,192	43,343
Office supplies and general	5,516	50	-	5,566	8,267
Bank charges	1,899	11	422	2,332	1,465
Staff travel and expenses	1,198	-	-	1,198	696
Bilingual expense	887	-	-	887	959
Employee training	199	-	-	199	2,871
	<u>\$ 67,126</u>	<u>\$ 61</u>	<u>\$ 422</u>	<u>\$ 67,609</u>	<u>\$ 68,410</u>
<b>Occupancy and Equipment</b>					
Rent	\$ 31,802	\$ -	\$ -	\$ 31,802	\$ 31,992
Repairs and maintenance	5,811	-	-	5,811	3,582
Insurance	4,920	-	-	4,920	3,460
Utilities	4,606	-	-	4,606	4,557
Equipment	876	-	-	876	415
	<u>\$ 48,015</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,015</u>	<u>\$ 44,006</u>
<b>Community Development</b>					
Memberships	\$ 9,596	\$ -	\$ -	\$ 9,596	\$ 3,926
Public relations and marketing	2,152	1,419	-	3,571	2,320
	<u>\$ 11,748</u>	<u>\$ 1,419</u>	<u>\$ -</u>	<u>\$ 13,167</u>	<u>\$ 6,246</u>
<b>Director and Community Meetings Expense</b>					
Meetings expense	\$ 58	\$ 2,968	\$ -	\$ 3,026	\$ 200
<b>Loan Managements</b>					
Collection costs	\$ 1,517	\$ -	\$ 28,324	\$ 29,841	\$ 2,323

See accompanying notes

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