

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

Year ended March 31, 2016

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

Year ended March 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of **NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION**

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, 2016, and the statement of operations and changes in fund balances, the statement of cash flows and the schedule of expenses 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

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 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.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of **NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION** as at March 31, 2016 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.

Sedgwick Post & Hogg LLP

Midland, Ontario
June 7, 2016

CHARTERED ACCOUNTANTS
Licensed Public Accountants

NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

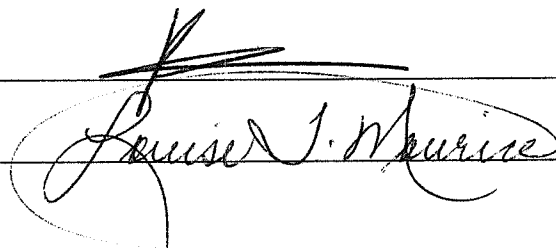
Statement of Financial Position

March 31, 2016, with comparative figures for 2015

	General Fund	Board Fund	SEB Fund	Projects Fund	SSS Fund	Investment Fund	2016 Total	2015 Total
Current assets								
Cash	\$ 36,945	\$ 40,168	\$ -	\$ 400	\$ -	\$ -	\$ 77,513	\$ 74,279
Accounts receivable	22,258	14,264	-	-	-	-	36,522	10,789
Prepaid expenses	10,445	-	-	-	-	-	10,445	13,328
	69,648	54,432	-	400	-	-	124,480	98,396
Capital assets (note 3)	9,324	-	-	2,279	-	-	11,603	16,766
Restricted assets								
Cash	-	-	21,126	-	26,990	868,670	916,786	1,065,736
Accrued interest receivable	-	-	-	-	-	22,108	22,108	48,032
Accounts receivable	-	-	-	-	65,400	20,075	85,475	96,858
Loans receivable (note 5)	-	-	-	-	-	3,193,481	3,193,481	3,177,496
	-	-	21,126	-	92,390	4,104,334	4,217,850	4,388,122
	\$ 78,972	\$ 54,432	\$ 21,126	\$ 2,679	\$ 92,390	\$ 4,104,334	\$ 4,353,933	\$ 4,503,284
Current liabilities								
Accounts payable and accrued liabilities (note 4)	\$ 59,783	\$ -	\$ 21,126	\$ -	\$ 12,958	\$ 60	\$ 93,927	\$ 53,541
Deferred revenue	9,865	-	-	-	45,615	-	55,480	59,065
	69,648	-	21,126	-	58,573	60	149,407	112,606
Deferred capital contributions (note 6)	9,324	-	-	2,279	-	-	11,603	16,766
Fund balances								
Restricted	-	-	-	-	33,817	4,104,274	4,138,091	4,338,712
Unrestricted	-	54,432	-	400	-	-	54,832	35,200
	-	54,432	-	400	33,817	4,104,274	4,192,923	4,373,912
	\$ 78,972	\$ 54,432	\$ 21,126	\$ 2,679	\$ 92,390	\$ 4,104,334	\$ 4,353,933	\$ 4,503,284

The Auditor's opinion and notes to financial statements form an integral part of this report.

Approved on behalf of the Board:


 _____ Director
 _____ Director

NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2016, with comparative figures for 2015

	General Fund	Board Fund	SEB Fund	Projects Fund	SSS Fund	Investment Fund	2016 Total	2015 Total
Revenue								
Government contributions	\$ 253,958	\$ -	\$ 53,570	\$ -	\$ 63,700	\$ -	\$ 371,228	\$ 385,579
Amortization of deferred capital contributions (note 6)	4,512	-	-	651	-	-	5,163	5,163
Investment income	447	73	260	-	304	3,971	5,055	12,660
Projects	-	-	-	1,072	-	-	1,072	3,852
Other income (note 7)	19,120	-	-	-	5,435	-	24,555	13,648
Loan interest income	-	-	-	-	-	206,033	206,033	208,804
	278,037	73	53,830	1,723	69,439	210,004	613,106	629,706
Expenses (see attached schedule)								
Amortization of capital assets	4,512	-	-	651	-	-	5,163	5,163
Provision for doubtful loans (note 5)	-	-	-	-	-	339,299	339,299	126,737
Salaries & benefits (note 8)	185,818	-	49,886	-	60,262	24,375	320,341	313,664
Occupancy & equipment	38,254	-	7,822	-	200	3,534	49,810	54,286
Director & community meetings expense	2,657	1,329	-	-	1,028	-	5,014	3,108
Loan management	4,840	-	-	-	-	-	4,840	4,270
Community development	11,817	300	6,141	672	14,423	6,768	40,121	36,453
Administration	15,875	-	3,177	-	6,179	4,276	29,507	31,745
	263,773	1,629	67,026	1,323	82,092	378,252	794,095	575,426
Revenue over expenses for the year	14,264	(1,556)	(13,196)	400	(12,653)	(168,248)	(180,989)	54,280
Fund Balances								
Beginning of year	6,524	35,200	13,196	-	46,470	4,272,522	4,373,912	4,319,632
Use of surplus funds:								
Transfer of surplus	(20,788)	20,788	-	-	-	-	-	-
	(20,788)	20,788	-	-	-	-	-	-
End of year	\$ -	\$ 54,432	\$ -	\$ 400	\$ 33,817	\$ 4,104,274	\$ 4,192,923	\$ 4,373,912

The Auditor's opinion and 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, 2016, with comparative figures for 2015

	General Fund	Board Fund	SEB Fund	Projects Fund	SSS Fund	Investment Fund	2016 Total	2015 Total
Cash provided by (used in)								
Operating activities								
Revenue over expenses for the year	\$ 14,264	\$ (1,556)	\$ (13,196)	\$ 400	\$ (12,653)	\$ (168,248)	\$ (180,989)	\$ 54,280
Add - amortization	4,512	-	-	651	-	-	5,163	5,163
- amortization of deferred capital contributions	(4,512)	-	-	(651)	-	-	(5,163)	(5,163)
	14,264	(1,556)	(13,196)	400	(12,653)	(168,248)	(180,989)	54,280
Changes in non-cash working capital balances								
Accounts receivable	(11,469)	(14,264)	-	-	200	11,183	(14,350)	(64,856)
Accrued interest receivable	-	-	-	-	-	25,924	25,924	(14,198)
Prepaid expenses	2,883	-	-	-	-	-	2,883	2,646
Accounts payable and accrued liabilities	6,452	-	21,126	-	12,868	(60)	40,386	8,779
Deferred revenue	-	-	-	-	(3,585)	-	(3,585)	5,964
	12,130	(15,820)	7,930	400	(3,170)	(131,201)	(129,731)	(7,385)
Investing activities								
Absorption/ transfer of surplus	(20,788)	20,788	-	-	-	-	-	-
Loans receivable, net	-	-	-	-	-	(65,985)	(65,985)	(90,966)
	(20,788)	20,788	-	-	-	(65,985)	(65,985)	(90,966)
Cash position								
Cash increase (decrease) during the year	(8,658)	4,968	7,930	400	(3,170)	(197,186)	(195,716)	(98,351)
Cash balance, beginning of year	45,603	35,200	13,196	-	30,160	1,015,856	1,140,015	1,238,366
Cash balance, end of year	\$ 36,945	\$ 40,168	\$ 21,126	\$ 400	\$ 26,990	\$ 818,670	\$ 944,299	\$ 1,140,015
Cash consists of:								
Unrestricted cash	\$ 36,945	\$ 40,168	\$ -	\$ 400	\$ -	\$ -	\$ 77,513	\$ 74,279
Restricted cash	-	-	21,126	-	26,990	868,670	916,786	1,065,736
	\$ 36,945	\$ 40,168	\$ 21,126	\$ 400	\$ 26,990	\$ 868,670	\$ 994,299	\$ 1,140,015

The Auditor's opinion and notes to financial statements form an integral part of this report.

NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

Schedule of Expenses

Year ended March 31, 2016, with comparative figures for 2015

	General Fund	Board Fund	SEB Fund	Projects Fund	SSS Fund	Investment Fund	2016 Total	2015 Total
Salaries and benefits								
Salaries (note 8)	\$ 164,834	\$ -	\$ 43,288	\$ -	\$ 55,234	\$ 15,537	\$ 278,893	\$ 273,279
Benefits (note 8)	20,984	-	6,598	-	5,028	8,838	41,448	40,385
	\$ 185,818	\$ -	\$ 49,886	\$ -	\$ 60,262	\$ 24,375	\$ 320,341	\$ 313,664
Occupancy & equipment								
Rent & taxes	\$ 24,994	\$ -	\$ 6,000	\$ -	\$ -	\$ -	\$ 30,994	\$ 30,268
Repairs & maintenance	-	-	477	-	-	3,142	3,619	4,887
Equipment maintenance	1,236	-	53	-	-	-	1,289	2,404
Capital expenditures under \$1,000	901	-	-	-	-	-	901	644
Capital expenditures over \$1,000	-	-	-	-	-	-	-	1,985
Insurance	1,793	-	448	-	-	392	2,633	2,633
Telephone and internet	4,207	-	844	-	200	-	5,251	5,318
Utilities expense	5,123	-	-	-	-	-	5,123	6,147
	\$ 38,254	\$ -	\$ 7,822	\$ -	\$ 200	\$ 3,534	\$ 49,810	\$ 54,286
Director & community meetings expense								
Meetings	\$ 2,657	\$ 1,329	\$ -	\$ -	\$ 1,028	\$ -	\$ 5,014	\$ 3,108
Loan management								
Collection costs	\$ 4,840	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,840	\$ 4,270
Community development								
Public relations & marketing	\$ 1,488	\$ 300	\$ 713	\$ -	\$ 3,171	\$ 670	\$ 6,342	\$ 10,204
Memberships/dues/ conferences	-	-	-	-	-	5,552	5,552	5,576
Consulting fees	-	-	3,071	-	-	546	3,617	6,958
Business & community development	10,329	-	2,357	672	11,252	-	24,610	13,715
	\$ 11,817	\$ 300	\$ 6,141	\$ 672	\$ 14,423	\$ 6,768	\$ 40,121	\$ 36,453
Administration								
Bank charges and interest	\$ 567	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 567	\$ 664
Software and technical upgrades	120	-	-	-	478	426	1,024	519
Office supplies	5,023	-	1,025	-	1,256	62	7,366	7,274
Professional/administration fees	6,963	-	832	-	2,200	1,210	11,205	13,973
Bilingual expense	1,128	-	-	-	-	-	1,128	227
Travel expense	2,074	-	130	-	2,152	567	4,923	3,999
Training	-	-	1,190	-	93	-	1,283	5,089
Miscellaneous	-	-	-	-	-	2,011	2,011	-
	\$ 15,875	\$ -	\$ 3,177	\$ -	\$ 6,179	\$ 4,276	\$ 29,507	\$ 31,745

The Auditor's opinion and 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, 2016

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 Corporation'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 Corporation was incorporated without share capital on April 16, 1986 under provisions of the Ontario Corporations Act. The Corporation is to carry on business without purposes of gain for its members and any profits or other accretion to the Corporation shall be used in promoting its objects.

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 objectives as approved by FedDev Ontario.

The Corporation 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. The significant policies are detailed as follows:

Revenue recognition

The Corporation follows the deferral method of accounting for contributions. Restricted contributions related to expenses for future periods are deferred and recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. 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 8).

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.

Fund accounting

The Corporation uses fund accounting. A description of the funds is described below:

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

The SEB Fund reports restricted resources from the Ministry of Training, Colleges and Universities that are to be used for support of new entrepreneurs who were previously unemployed.

The Projects Fund reports restricted resources that are to be used for support of community initiatives.

See Auditor's report.

NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

Notes to Financial Statements

Year ended March 31, 2016

2. Significant accounting policies (continued)

The Board Fund reports monies raised by activities carried out by the Board of Directors and other volunteers. These funds do not include any contributions from FedDev Ontario. The Board Fund is "internally restricted" and may be used for the benefit of the organization and the community at large as determined by the Board of Directors.

The Severn Sound Sustainability (SSS) Fund reports restricted resources that are to be used for activities related to the implementation of the Severn Sound Sustainability Plan. This plan addresses the goals, strategic directions and actions that ensure the sustainability of the Severn Sound watershed and to achieve a sustainable quality of life for all citizens by developing a common culture of environmental, economic and social balance.

Capital assets and amortization

Capital assets are recorded at cost. Amortization is calculated on a straight-line basis over the expected useful life of the assets as follows:

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

Additions during the year are amortized at one half of the above rates.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale or issue of financial instruments are expensed when incurred.

See Auditor's report.

NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

Notes to Financial Statements

Year ended March 31, 2016

3. Capital assets

			2016	2015
	Cost	Accumulated Amortization	Net book value	Net book value
Furniture and fixtures - General Fund	\$ 20,523	\$ 15,926	\$ 4,597	\$ 5,496
Furniture and fixtures - Enhanced Operations	6,507	4,228	2,279	2,930
Computer equipment - General Fund	22,988	18,261	4,727	8,340
Computer equipment - Enhanced Operations	3,601	3,601	-	-
Computer equipment - CAF Administration (RCDF)	1,918	1,918	-	-
Computer equipment - Regional Network	1,520	1,520	-	-
	\$ 57,057	\$ 45,454	\$ 11,603	\$ 16,766

4. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities is \$21,126 (2015 - \$6,917) owing to the Ministry of Training Colleges and Universities and \$4,996 (2015 - nil) owing to the Canada Revenue Agency.

See Auditor's report.

NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

Notes to Financial Statements

Year ended March 31, 2016

5. Continuity of loans and provision for losses on loans

The loans receivable bear interest at varying rates from 3% to 8% at fixed terms of twelve months to sixty months.

The loans receivable balance comprises:

	2016	2015
Loans outstanding:		
Balance, beginning of year (i)	\$ 3,477,496	\$ 3,311,530
Add - new loans advanced in the year	707,245	735,495
	4,184,741	4,047,025
Less - principal repayments	382,283	518,894
- loans written off	258,977	50,635
	641,260	569,529
Balance, end of year	3,543,481	3,477,496
(i) Included in loan advances is an amount to Future Health Services Inc. (a related party due to Board of Director representation) for \$150,000. This amount bears interest at 3% and matures September 1, 2018.		
Allowance for doubtful loans:		
Balance, beginning of year	300,000	225,000
Add: charges to operations	339,299	126,737
	639,299	351,737
Less: loans, interest and fees written off	289,299	51,737
	350,000	300,000
Balance, end of year	350,000	300,000
Loans receivable	\$ 3,193,481	\$ 3,177,496

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 are as follows:

2017	\$ 390,868
2018	947,476
2019	200,631
2020	244,023
2021	685
Subsequent years	1,759,798
	\$ 3,543,481

See Auditors' report.

NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

Notes to Financial Statements

Year ended March 31, 2016

6. 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.

	2016	2015
Balance, beginning of year	\$ 16,766	\$ 21,929
Less: amounts recognized as amortization of deferred capital contribution for the year	(5,163)	(5,163)
Balance, end of year	\$ 11,603	\$ 16,766

7. Other income

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

8. Sustainable Investment Fund Transfer

The following amounts were paid for and expensed through the Investment Fund by way of a Sustainable Investment Fund Transfer (SIFT) as approved by FedDev Ontario:

	2016	2015
Salaries and benefits	\$ 24,375	\$ 29,156
Occupancy costs	3,534	-
Community development	6,768	6,173
Administration	4,276	-
Furniture and equipment	-	1,985
Balance, end of year	\$ 38,953	\$ 37,314

See Auditors' report.

NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

Notes to Financial Statements

Year ended March 31, 2016

9. Commitments

A total of \$71,800 of loans had been approved but not advanced at March 31, 2016 (March 31, 2015 - \$208,075).

The Organization leases office space for its current location which matures on October 31, 2019.

The future minimum lease payments under this lease are as follows:

2017	\$	30,911
2018		31,415
2019		31,929
2020		21,517
		<hr/>
		\$ 115,772

10. Ministry of Training, Colleges and Universities funding

The Organization has been informed by the Ministry of Training, Colleges and Universities that their SEB funding will be discontinued as of March 31, 2016.

11. Financial instruments

(a) Credit risks

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 customers. It is the management's opinion that the Organization is not exposed to any significant credit risks arising from accounts receivable. Due to the nature of the Organization, the loans receivable are subject to significant credit risk.

(b) Interest rate risks

Loans receivable bears fixed interest rates on all loans. Consequently, there is no interest rate risk exposure.

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

See Auditors' report.