

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

Year ended March 31, 2017

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

Year ended March 31, 2017

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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, 2017, 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, 2017 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 13, 2017

CHARTERED ACCOUNTANTS
Licensed Public Accountants

NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

Statement of Financial Position

March 31, 2017, with comparative figures for 2016

	General Fund	Board Fund	SEB Fund (note 10)	Projects Fund	SSS Fund	Investment Fund	2017 Total	2016 Total
Current assets								
Cash	\$ 22,355	\$ 52,738	\$ 1,018	\$ 9,720	\$ -	\$ -	\$ 85,831	\$ 77,513
Accounts receivable	22,001	24,008	-	-	-	-	46,009	36,522
Prepaid expenses	8,243	-	-	-	-	-	8,243	10,445
	52,599	76,746	1,018	9,720	-	-	140,083	124,480
Capital assets (note 3)	6,612	-	-	1,629	-	-	8,241	11,603
Restricted assets								
Cash	-	-	-	-	38,181	697,687	735,868	916,786
Accrued interest receivable	-	-	-	-	-	20,726	20,726	22,108
Accounts receivable	-	-	1,263	-	33,600	30	34,893	85,475
Loans receivable (note 5)	-	-	-	-	-	3,484,369	3,484,369	3,193,481
	-	-	1,263	-	71,781	4,202,812	4,275,856	4,217,850
	\$ 59,211	\$ 76,746	\$ 2,281	\$ 11,349	\$ 71,781	\$ 4,202,812	\$ 4,424,180	\$ 4,353,933
Current liabilities								
Accounts payable and accrued liabilities (note 4)	\$ 53,889	\$ 478	\$ 2,281	\$ -	\$ 7,664	\$ 30	\$ 64,342	\$ 93,927
Deferred revenue	-	-	-	4,675	47,250	-	51,925	55,480
	53,889	478	2,281	4,675	54,914	30	116,267	149,407
Deferred capital contributions (note 6)	5,322	-	-	1,629	-	-	6,951	11,603
Fund balances								
Restricted	-	-	-	-	16,867	4,202,782	4,219,649	4,138,091
Unrestricted	-	76,268	-	5,045	-	-	81,313	54,832
	-	76,268	-	5,045	16,867	4,202,782	4,300,962	4,192,923
	\$ 59,211	\$ 76,746	\$ 2,281	\$ 11,349	\$ 71,781	\$ 4,202,812	\$ 4,424,180	\$ 4,353,933

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, 2017, with comparative figures for 2016

	General Fund	Board Fund	SEB Fund (note 10)	Projects Fund	SSS Fund	Investment Fund	2017 Total	2016 Total
Revenue								
Government contributions	\$ 262,213	\$ -	\$ 2,281	\$ -	\$ 65,800	\$ -	\$ 330,294	\$ 371,228
Amortization of deferred capital contributions (note 6)	4,001	-	-	651	-	-	4,652	5,163
Investment income	343	130	-	-	215	2,830	3,518	5,055
Projects	-	-	-	9,586	-	-	9,586	1,072
Other income (note 7)	32,259	-	-	-	6,435	-	38,694	24,555
Loans recovered	-	-	-	-	-	6,500	6,500	-
Loan interest income	-	-	-	-	-	211,913	211,913	206,033
	298,816	130	2,281	10,237	72,450	221,243	605,157	613,106
Expenses (see attached schedule)								
Amortization of capital assets	4,187	-	-	651	-	-	4,838	5,163
Provision for doubtful loans (note 5)	-	-	-	-	-	50,000	50,000	339,299
Salaries & benefits	251,219	-	-	-	65,591	-	316,810	320,341
Occupancy & equipment	45,249	-	2,281	-	480	-	48,010	49,810
Director & community meetings expense	2,302	-	-	12	203	-	2,517	5,014
Loan management	5,671	-	-	-	-	-	5,671	4,840
Community development	16,021	-	-	4,920	12,524	-	33,465	40,121
Administration	25,183	-	-	9	10,602	13	35,807	29,507
	349,832	-	2,281	5,592	89,400	50,013	497,118	794,095
Revenue (deficiency) over expenses for the year	(51,016)	130	-	4,645	(16,950)	171,230	108,039	(180,989)
Fund Balances								
Beginning of year	-	54,432	-	400	33,817	4,104,274	4,192,923	4,373,912
Use of surplus funds:								
Transfer of surplus	(21,706)	21,706	-	-	-	-	-	-
SIFT Transfer (note 8)	72,722	-	-	-	-	(72,722)	-	-
	51,016	21,706	-	-	-	(72,722)	-	-
End of year	\$ -	\$ 76,268	\$ -	\$ 5,045	\$ 16,867	\$ 4,202,782	\$ 4,300,962	\$ 4,192,923

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, 2017, with comparative figures for 2016

	General Fund	Board Fund	SEB Fund (note 10)	Projects Fund	SSS Fund	Investment Fund	2017 Total	2016 Total
Cash provided by (used in)								
Operating activities								
Revenue (deficiency) over expenses								
for the year	\$ (51,016)	\$ 130	\$ -	\$ 4,645	\$ (16,950)	\$ 171,230	\$ 108,039	\$ (180,989)
Add - amortization	4,187	-	-	651	-	-	4,838	5,163
- amortization of deferred capital contributions	(4,001)	-	-	(651)	-	-	(4,652)	(5,163)
	(50,830)	130	-	4,645	(16,950)	171,230	108,225	(180,989)
Changes in non-cash working capital balances								
Accounts receivable	257	(9,744)	(1,263)	-	31,800	20,045	41,095	(14,350)
Accrued interest receivable	-	-	-	-	-	1,382	1,382	25,924
Prepaid expenses	2,202	-	-	-	-	-	2,202	2,883
Accounts payable and accrued liabilities	(5,894)	478	(18,845)	-	(5,294)	(30)	(29,585)	40,386
Deferred revenue	(9,865)	-	-	4,675	1,635	-	(3,555)	(3,585)
	(64,130)	(9,136)	(20,108)	9,320	11,191	192,627	119,764	(129,731)
Investing activities								
Transfer of funds	51,016	21,706	-	-	-	(72,722)	-	-
Loans receivable, net	-	-	-	-	-	(290,888)	(290,888)	(15,985)
Purchase of capital assets	(1,476)	-	-	-	-	-	(1,476)	-
	49,540	21,706	-	-	-	(363,610)	(292,364)	(15,985)
Cash position								
Cash increase (decrease) during the year	(14,590)	12,570	(20,108)	9,320	11,191	(170,983)	(172,600)	(145,716)
Cash balance, beginning of year	36,945	40,168	21,126	400	26,990	868,670	994,299	1,140,015
Cash balance, end of year	\$ 22,355	\$ 52,738	\$ 1,018	\$ 9,720	\$ 38,181	\$ 697,687	\$ 821,699	\$ 994,299
Cash consists of:								
Unrestricted cash	\$ 22,355	\$ 52,738	\$ 1,018	\$ 9,720	\$ -	\$ -	\$ 85,831	\$ 77,513
Restricted cash	-	-	-	-	38,181	697,687	735,868	916,786
	\$ 22,355	\$ 52,738	\$ 1,018	\$ 9,720	\$ 38,181	\$ 697,687	\$ 821,699	\$ 994,299

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, 2017, with comparative figures for 2016

	General Fund	Board Fund	SEB Fund (note 10)	Projects Fund	SSS Fund	Investment Fund	2017 Total	2016 Total
Salaries and benefits								
Salaries	\$ 214,220	\$ -	\$ -	\$ -	\$ 59,411	\$ -	\$ 273,631	\$ 278,893
Benefits	36,999	-	-	-	6,180	-	43,179	41,448
	\$ 251,219	\$ -	\$ -	\$ -	\$ 65,591	\$ -	\$ 316,810	\$ 320,341
Occupancy & equipment								
Rent & taxes	\$ 30,908	\$ -	\$ 2,281	\$ -	\$ -	\$ -	\$ 33,189	\$ 30,994
Repairs & maintenance	1,043	-	-	-	-	-	1,043	3,619
Equipment maintenance	583	-	-	-	-	-	583	1,289
Capital expenditures under \$1,000	-	-	-	-	-	-	-	901
Insurance	2,633	-	-	-	-	-	2,633	2,633
Telephone and internet	4,151	-	-	-	480	-	4,631	5,251
Utilities expense	5,931	-	-	-	-	-	5,931	5,123
	\$ 45,249	\$ -	\$ 2,281	\$ -	\$ 480	\$ -	\$ 48,010	\$ 49,810
Director & community meetings expense								
Meetings	\$ 2,302	\$ -	\$ -	\$ 12	\$ 203	\$ -	\$ 2,517	\$ 5,014
Loan management								
Collection costs	\$ 5,671	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,671	\$ 4,840
Community development								
Public relations & marketing	\$ 4,125	\$ -	\$ -	\$ 190	\$ 579	\$ -	\$ 4,894	\$ 6,342
Memberships/dues/ conferences	2,883	-	-	-	-	-	2,883	5,552
Consulting fees	-	-	-	-	-	-	-	3,617
Business & community development	9,013	-	-	4,730	11,945	-	25,688	24,610
	\$ 16,021	\$ -	\$ -	\$ 4,920	\$ 12,524	\$ -	\$ 33,465	\$ 40,121
Administration								
Bank charges and interest	\$ 85	\$ -	\$ -	\$ -	\$ -	\$ 13	\$ 98	\$ 567
Software and technical upgrades	825	-	-	-	4,857	-	5,682	1,024
Office supplies	5,336	-	-	9	1,328	-	6,673	7,366
Professional/administration fees	8,092	-	-	-	2,650	-	10,742	11,205
Bilingual expense	1,567	-	-	-	-	-	1,567	1,128
Travel expense	3,233	-	-	-	1,767	-	5,000	4,923
Training	3,955	-	-	-	-	-	3,955	1,283
Miscellaneous	2,090	-	-	-	-	-	2,090	2,011
	\$ 25,183	\$ -	\$ -	\$ 9	\$ 10,602	\$ 13	\$ 35,807	\$ 29,507

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, 2017

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, 2017

2. Significant accounting policies (continued)

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. These funds do not include any contributions from FedDev Ontario.

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, 2017

3. Capital assets

			2017	2016
	Cost	Accumulated Amortization	Net book value	Net book value
Furniture and fixtures - General Fund	\$ 20,523	\$ 16,838	\$ 3,685	\$ 4,597
Furniture and fixtures - Enhanced Operations	6,507	4,878	1,629	2,279
Computer equipment - General Fund	24,464	21,537	2,927	4,727
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	-	-
	\$ 58,533	\$ 50,292	\$ 8,241	\$ 11,603

4. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities is \$nil (2016 - \$21,126) owing to the Ministry of Training Colleges and Universities and \$6,550 (2016 - \$4,996) owing to the Canada Revenue Agency.

See Auditor's report.

NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

Notes to Financial Statements

Year ended March 31, 2017

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:

	2017	2016
Loans outstanding:		
Balance, beginning of year (i)	\$ 3,543,481	\$ 3,477,496
Add - new loans advanced in the year	1,201,885	707,245
	4,745,366	4,184,741
Less - principal repayments	860,997	382,283
- loans written off	-	258,977
	860,997	641,260
Balance, end of year	3,884,369	3,543,481
(i) Included in loans outstanding is an amount to Future Health Services Inc. (a related party due to Board of Director representation) for \$200,000 (2016 - \$150,000). This amount bears interest at 3% and matures September 1, 2018.		
Allowance for doubtful loans:		
Balance, beginning of year	350,000	300,000
Add: charges to operations	43,500	339,299
	393,500	639,299
Less: loans, interest and fees written off (recovered)	(6,500)	289,299
	400,000	350,000
Balance, end of year	400,000	350,000
Loans receivable	\$ 3,484,369	\$ 3,193,481

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:

2018	\$ 1,077,678
2019	527,056
2020	95,509
2021	112,511
2022	115,367
Subsequent years	1,956,248
	\$ 3,884,369

See Auditors' report.

NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

Notes to Financial Statements

Year ended March 31, 2017

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.

	2017	2016
Balance, beginning of year	\$ 11,603	\$ 16,766
Less: amounts recognized as amortization of deferred capital contribution for the year	(4,652)	(5,163)
Balance, end of year	\$ 6,951	\$ 11,603

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 General Fund by way of a Sustainable Investment Fund Transfer (SIFT) as approved by FedDev Ontario:

	2017	2016
Salaries and benefits	\$ 44,397	\$ 24,375
Occupancy costs	6,282	3,534
Community development	6,365	6,768
Administration	9,643	4,276
Loan management	4,559	-
Furniture and equipment	1,476	-
Balance, end of year	\$ 72,722	\$ 38,953

See Auditors' report.

NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

Notes to Financial Statements

Year ended March 31, 2017

9. Commitments

A total of \$545,000 of loans had been approved but not advanced at March 31, 2017 (March 31, 2016 - \$71,800).

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:

2018	\$	31,415
2019		31,929
2020		21,517
		<hr/>
		\$ 84,861

10. Ministry of Training, Colleges and Universities funding

Funding from the Ministry of Training, Colleges and Universities for the SEB program was 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 bear 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.

12. Comparative figures

Prior year's figures have been restated to conform with current year's financial statement presentation.

See Auditors' report.