



Financial Statements

North Simcoe Community Futures
Development Corporation

March 31, 2020

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

Year ended March 31, 2020

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Independent Auditor's Report

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

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, 2020, 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, the accompanying financial statements present fairly, in all material respects, the financial position of North Simcoe Community Futures Development Corporation as at March 31, 2020, 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 Opinion

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.

Emphasis of matter – restated comparative information

We draw attention to Note 5 to the financial statements, which explains that certain comparative information presented for the year ended March 31, 2019 has been restated. Our opinion is not modified in respect of this matter.

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.

Independent Auditor's Report (continued)

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
November 23, 2020

Chartered Professional Accountants
Licensed Public Accountants

NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

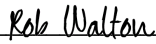

Statement of Financial Position

Year ended March 31, 2020

	Operating Funds			Restricted Funds			
	General Fund	Board Fund	Projects Fund	SSS Fund	Investment Fund	2020 Total	2019 Total Restated
Current assets							
Cash	\$ 77,186	\$ 15,977	\$ -	\$ 19,304	\$ 436,086	\$ 548,553	\$ 869,823
Accounts receivable	9,516	-	-	-	629	10,145	43,974
Accrued interest receivable	-	-	-	-	54,372	54,372	31,411
Prepaid expenses	6,018	-	-	-	-	6,018	3,583
Loans receivable - current portion (note 6)	-	-	-	-	654,554	654,554	481,717
Interfund balances (note 11)	(73,384)	2,891	-	-	70,493	-	-
	19,336	18,868	-	19,304	1,216,134	1,273,642	1,430,508
Capital assets (note 3)	1,674	-	-	1,167	-	2,841	5,016
Loans receivable (note 6)	-	-	-	-	2,752,575	2,752,575	2,980,193
Investment (note 8)	-	-	-	-	250,000	250,000	-
	\$ 21,010	\$ 18,868	\$ -	\$ 20,471	\$ 4,218,709	\$ 4,279,058	\$ 4,415,717
Current liabilities							
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,568
Accounts payable and accrued liabilities	19,519	-	-	12,017	-	31,536	19,187
Deferred revenue	-	-	-	-	-	-	9,916
	19,519	-	-	12,017	-	31,536	32,671
Deferred capital contributions (note 9)	1,491	-	-	1,167	-	2,658	4,463
Fund balances							
Restricted							
Externally	-	-	-	7,287	4,218,709	4,225,996	4,323,599
Internally	-	18,868	-	-	-	18,868	54,984
	-	18,868	-	7,287	4,218,709	4,244,864	4,378,583
Unrestricted	-	-	-	-	-	-	-
	-	18,868	-	7,287	4,218,709	4,244,864	4,378,583
	\$ 21,010	\$ 18,868	\$ -	\$ 20,471	\$ 4,218,709	\$ 4,279,058	\$ 4,415,717

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

Approved on behalf of the Board:

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 Director
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 Director
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NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2020

	Operating Funds			Restricted Funds		2020 Total	2019 Total Restated
	General Fund	Board Fund	Projects Fund	SSS Fund	Investment Fund		
Revenue							
Government contributions (note 7)	\$ 276,985	\$ -	\$ -	\$ -	\$ -	\$ 276,985	\$ 412,885
Amortization of deferred capital contributions (note 9)	1,027	-	-	779	-	1,806	2,128
Investment income	725	581	-	473	7,204	8,983	9,759
Community development	14,387	-	668	-	-	15,055	7,019
Other income (note 10)	24,315	-	-	-	-	24,315	22,766
Loans recovered	-	-	-	-	5,342	5,342	-
Loan interest income	-	-	-	-	273,694	273,694	231,447
	317,439	581	668	1,252	286,240	606,180	686,004
Expenses (see attached schedule)							
Amortization of capital assets	1,396	-	-	779	-	2,175	2,497
Provision for doubtful loans (note 6)	-	-	-	-	248,350	248,350	132,355
Salaries & benefits	231,639	33,039	-	48,420	-	313,098	364,243
Occupancy & equipment	46,051	1,080	-	2,520	-	49,651	46,408
Director & community meetings expense	2,685	-	-	19	-	2,704	4,311
Loan management	4,637	-	-	-	10,214	14,851	5,745
Community development	14,889	2,115	-	312	-	17,316	38,778
Administration	23,728	47	-	3,892	87	27,754	37,285
Adjustment to loans receivable due to changes to contractual loan terms (note 15)	-	-	-	-	64,000	64,000	-
	325,025	36,281	-	55,942	322,651	739,899	631,622
Revenue (deficiency) over expenses for the year	(7,586)	(35,700)	668	(54,690)	(36,411)	(133,719)	54,382
Fund Balances							
Beginning of year	-	52,039	2,945	61,977	4,261,622	4,378,583	4,254,653
Prior period adjustment (note 5)	-	-	-	-	-	-	69,548
Revised beginning of year	-	-	2,945	61,977	4,261,622	4,378,583	4,324,201
Use of surplus funds:							
SIFT Transfer (note 12)	6,502	-	-	-	(6,502)	-	-
Interfund transfer	1,084	2,529	(3,613)	-	-	-	-
	7,586	2,529	(3,613)	-	(6,502)	-	-
End of year	\$ -	\$ 18,868	\$ -	\$ 7,287	\$ 4,218,709	\$ 4,244,864	\$ 4,378,583

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, 2020

	Operating Funds			Restricted Funds		2020 Total	2019 Total Restated
	General Fund	Board Fund	Projects Fund	SSS Fund	Investment Fund		
Cash provided by (used in)							
Operating activities							
Revenue (deficiency) over expenses for the year	\$ (7,586)	\$ (35,700)	\$ 668	\$ (54,690)	\$ (36,411)	\$ (133,719)	\$ 54,382
Add - amortization	1,396	-	-	779	-	2,175	2,497
- amortization of deferred capital contributions	(1,027)	-	-	(779)	-	(1,806)	(2,128)
	(7,217)	(35,700)	668	(54,690)	(36,411)	(133,350)	54,751
Changes in non-cash							
working capital balances							
Accounts receivable	3,858	-	-	30,600	(629)	33,829	7,394
Accrued interest receivable	-	-	-	-	(22,961)	(22,961)	(12,473)
Prepaid expenses	(2,435)	-	-	-	-	(2,435)	3,058
Accounts payable and accrued liabilities	4,640	-	-	7,710	-	12,350	(29,810)
Deferred revenue	-	-	(668)	(9,248)	-	(9,916)	5,655
Interfund balances	74,322	(3,829)	-	-	(70,493)	-	-
	73,168	(39,529)	-	(25,628)	(130,494)	(122,483)	28,575
Investing activities							
Transfer of funds	7,586	2,529	(3,613)	-	(6,502)	-	-
Loans receivable, net	-	-	-	-	54,781	54,781	(298,800)
Purchase of investments	-	-	-	-	(250,000)	(250,000)	-
	7,586	2,529	(3,613)	-	(201,721)	(195,219)	(298,800)
Cash position							
Cash increase (decrease) during the year	80,754	(37,000)	(3,613)	(25,628)	(332,215)	(317,702)	(270,225)
Cash balance, beginning of year	(3,568)	52,977	3,613	44,932	768,301	866,255	1,136,480
Cash balance, end of year	\$ 77,186	\$ 15,977	\$ -	\$ 19,304	\$ 436,086	\$ 548,553	\$ 866,255

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, 2020

	Operating Funds			Restricted Funds		2020 Total	2019 Total
	General Fund	Board Fund	Projects Fund	SSS Fund	Investment Fund		
Salaries and benefits							
Salaries	\$ 191,602	\$ 27,749	\$ -	\$ 35,393	\$ -	\$ 254,744	\$ 317,400
Benefits	40,037	5,290	-	13,027	-	58,354	46,843
	\$ 231,639	\$ 33,039	\$ -	\$ 48,420	\$ -	\$ 313,098	\$ 364,243
Occupancy & equipment							
Rent & taxes	\$ 29,688	\$ -	\$ -	\$ 2,520	\$ -	\$ 32,208	\$ 31,653
Repairs & maintenance	3,332	-	-	-	-	3,332	2,818
Equipment maintenance	1,183	-	-	-	-	1,183	338
Capital expenditures under \$1,000	-	1,080	-	-	-	1,080	-
Insurance	2,970	-	-	-	-	2,970	2,884
Telephone and internet	3,663	-	-	-	-	3,663	4,418
Utilities expense	5,215	-	-	-	-	5,215	4,297
	\$ 46,051	\$ 1,080	\$ -	\$ 2,520	\$ -	\$ 49,651	\$ 46,408
Director & community meetings expense							
Meetings	\$ 2,685	\$ -	\$ -	\$ 19	\$ -	\$ 2,704	\$ 4,311
Loan management							
Collection costs	\$ 4,637	\$ -	\$ -	\$ -	\$ 10,214	\$ 14,851	\$ 5,745
Community development							
Public relations & marketing	\$ 753	\$ -	\$ -	\$ 312	\$ -	\$ 1,065	\$ 7,429
Memberships/dues/ conferences	2,963	-	-	-	-	2,963	8,732
Consulting fees	-	-	-	-	-	-	4,289
Business & community development	11,173	2,115	-	-	-	13,288	18,328
	\$ 14,889	\$ 2,115	\$ -	\$ 312	\$ -	\$ 17,316	\$ 38,778
Administration							
Bank charges and interest	\$ 39	\$ -	\$ -	\$ -	\$ 87	\$ 126	\$ 205
Software and technical upgrades	433	-	-	3,127	-	3,560	9,463
Office supplies	2,783	-	-	81	-	2,864	5,127
Professional/administration fees	13,990	-	-	-	-	13,990	13,389
Bilingual expense	986	-	-	-	-	986	736
Travel expense	776	-	-	684	-	1,460	6,685
Training	-	47	-	-	-	47	1,123
Miscellaneous	4,721	-	-	-	-	4,721	557
	\$ 23,728	\$ 47	\$ -	\$ 3,892	\$ 87	\$ 27,754	\$ 37,285

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, 2020

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, Board Fund and Projects 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 Funds, which consist of the Severn Sound Sustainability ("SSS") Fund and the Investment Fund, are recognized as revenue of the appropriate Restricted Fund upon receipt.

Interest and investment revenue are recognized into revenue on the accrual basis. Restricted interest and investment revenue are recorded in the SSS Fund and 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.

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 9).

Other income is recognized when earned.

NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

Notes to Financial Statements

Year ended March 31, 2020

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 (see note 12).

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

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.

The Severn Sound Sustainability (SSS) Fund reports externally 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 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

The Company tests long-lived assets for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

Notes to Financial Statements

Year ended March 31, 2020

2. Significant accounting policies (continued)

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.

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

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. All financial instruments are subsequently measured at 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 net income.

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

3. Capital assets

			2020	2019
	Cost	Accumulated Amortization	Net book value	Net book value
Furniture and fixtures - General Fund	\$ 20,523	\$ 19,033	\$ 1,490	\$ 2,189
Furniture and fixtures - Enhanced Operations	6,507	6,507	-	328
Computer equipment - General Fund	24,464	24,280	184	553
Computer equipment - SSS (Trillium)	3,114	1,947	1,167	1,946
	\$ 54,608	\$ 51,767	\$ 2,841	\$ 5,016

NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

Notes to Financial Statements

Year ended March 31, 2020

4. Adoption of new accounting standards

On April 1, 2019, the Organization adopted new accounting standards Section 4433 Tangible capital assets held by not-for-profit organizations and Section 4434 Intangible assets held by not-for-profit organizations (the "standards"). The most significant requirements include:

- Tangible capital assets must be separated into their component parts, when practicable, and when estimates can be made of the lives of the separate components
- Tangible capital assets and intangible assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to an organization's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible capital assets are less than their net carrying amounts; and
- Additional disclosures when an impairment has occurred.

The adoption of the new accounting standards was applied prospectively, except the Organization was permitted to recognize an adjustment to opening net assets at April 1, 2019 to reflect partial impairments of tangible and intangible assets existing at that date. The adoption of these standards did not have any impact on the statement of financial position as at April 1, 2019 and the changes in financial position for the current period.

5. Prior period adjustment

During the year, the Organization determined that it had been recognizing revenue for contributions in the Investment Fund using the restricted fund method instead of its disclosed policy of applying the deferral method. Under the deferral method, contributions in the Investment Fund should have been deferred and only recognized as revenue in the period in which related expenses are incurred. Instead, the Organization had been recognizing revenue in the Investment Fund upon receipt of the funds, which is in line with the restricted fund method.

The Organization decided to change its revenue recognition policy for contributions, from the deferral method to the restricted fund method, in order to maintain the presentation of the Investment Fund, which comprises the majority of its operations. This change in accounting policy was applied retrospectively. While no adjustments were required in the Investment Fund, the fiscal 2019 figures in the Severn Sound Sustainability ("SSS") Fund, which had previously applied the deferral method, were adjusted as follows.

	Previously Reported	Adjustments	Restated
Statement of Financial Position			
Deferred revenue - SSS Fund	\$ 55,148	\$ (45,900)	\$ 9,248
Statement of Operations			
Government contributions - SSS Fund	\$ 159,548	\$ (23,648)	\$ 135,900
Revenue (deficiency) over expenses - SSS Fund	\$ 8,933	\$ (23,648)	\$ (14,715)
Statement of Changes in Fund Balances			
Fund balance at April 1, 2018 - SSS Fund	\$ 7,144	\$ 69,548	\$ 76,692
Fund balance at March 31, 2019 - SSS Fund	\$ 16,077	\$ 45,900	\$ 61,977

NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

Notes to Financial Statements

Year ended March 31, 2020

6. Continuity of loans and provision for losses on loans

The loans receivable bear interest at varying rates from 5% to 10.7% at fixed terms of twelve months to sixty months.

The loans receivable balance comprises:

	2020	2019
Loans outstanding:		
Balance, beginning of year	\$ 3,811,910	\$ 3,563,110
Add - new loans advanced in the year	979,206	878,274
	4,791,116	4,441,384
Less - principal repayments	529,593	450,150
- loans written off	190,394	179,324
- loans exchanged to equity (i)	200,000	-
- adjustment due to contractual changes to loan terms (note 15)	64,000	-
	983,987	629,474
Balance, end of year	3,807,129	3,811,910
(i) During the year, the Future Health Services Inc. ("FHS") loan outstanding of \$200,000 was exchanged for 200 Class A Preferred shares of FHS. (see note 8).		
Allowance for doubtful loans:		
Balance, beginning of year	350,000	400,000
Add: charges to operations	243,008	132,355
	593,008	532,355
Less: loans, interest and fees written off	193,008	182,355
	400,000	350,000
Balance, end of year	400,000	350,000
Loans receivable	\$ 3,407,129	\$ 3,461,910

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:

2021	\$ 654,554
2022	566,780
2023	254,704
2024	158,780
2025	334,786
Thereafter	1,437,525
	\$ 3,407,129

NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

Notes to Financial Statements

Year ended March 31, 2020

7. Government contributions

During the 2020 fiscal year, the Organization received funding of \$276,985 from FedDev Ontario (2019 - \$276,985), all of which was recognized as revenue in the General Fund.

8. Investment

The investment in Future Health Services ("FHS") consists of 250 Class A non-voting Pref shares at a fair value of \$1,000 per share. The Preference shares were paid for by exchanging a \$200,000 loan receivable from FHS plus \$50,000 in cash. There was no gain or loss on the exchange. In addition, 1 voting Class G Common share was purchased at a cost 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.

9. 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.

	2020	2019
Balance, beginning of year	\$ 4,463	\$ 6,591
Less: amounts recognized as amortization of deferred capital contribution for the year	(1,805)	(2,128)
Balance, end of year	\$ 2,658	\$ 4,463

10. 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.

11. Interfund balances

Interfund balances are non-interest bearing and have no fixed terms of repayment. During the 2020 fiscal year a temporary Investment Fund transfer was made in the amount of \$70,493 from the Investment Fund to the General Fund.

12. 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:

	2020	2019
Occupancy costs	\$ 3,333	\$ 10,600
Community development	-	2,154
Administration	3,169	8,446
Balance, end of year	\$ 6,502	\$ 21,200

NORTH SIMCOE COMMUNITY FUTURES DEVELOPMENT CORPORATION

Notes to Financial Statements

Year ended March 31, 2020

13. Commitments

A total of \$250,000 of loans had been approved but not advanced at March 31, 2020 (March 31, 2019 - \$500,000).

The Organization's lease agreement for office space for its current location matured on October 31, 2019 and was not renewed. Rent for the office space is paid on a monthly with payments consisting of base rent of \$1,960 and taxes, maintenance and insurance of \$421.

14. 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 customers. 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 customers 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.

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.

(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.

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Notes to Financial Statements

Year ended March 31, 2020

15. COVID-19

The outbreak of a novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The current COVID-19 pandemic has impacted the operations of the Organization and is expected to have a medium term impact. The financial impact is primarily on the loans receivable balance where there is an increased risk that loan clients could default on principal and/or interest payments in the future. In March 2020, the Organization granted a waiver for clients' loan payments in the period from April 1, 2020 to September 30, 2020 whereby interest will not be charged during the waiver period and the terms of the loans will be extended for another 6 months from the original maturity dates. Due to the changes in the contractual terms of the loans to forego interest charges during the waiver period, the carrying amount of the loans receivable has been adjusted by \$64,000 to reflect the change in contractual cash flows with a corresponding expense to net income.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences as well as their impact on the financial position and results of the Organization for future periods.

16. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.