



Non-consolidated Financial Statements

Community Futures Development Corporation
of Greater Trail

March 31, 2019

Contents

	Page
Independent Auditor's Report	1 - 2
Non-consolidated Statement of Financial Position	3 - 4
Non-consolidated Statement of Operations	5 - 6
Non-consolidated Statement of Changes in Fund Balances	7
Non-consolidated Statement of Cash Flows	8
Notes to the Non-consolidated Financial Statements	9 - 18
Schedule 1 - Externally Restricted Investments - Statement of Financial Position	19 - 20
Schedule 2 - Externally Restricted Investments - Statement of Operations	21

Independent Auditor's Report

Grant Thornton LLP

1440 Bay Ave
Trail, BC
V1R 4B1

T +1 250 368 6445
F +1 250 368 8488
www.GrantThornton.ca

To the Board of Directors of
Community Futures Development Corporation of Greater Trail

Opinion

We have audited the non-consolidated financial statements of Community Futures Development Corporation of Greater Trail (the "Corporation"), which comprise the non-consolidated statement of financial position as at March 31, 2019, and the non-consolidated statements of operations, changes in fund balances, and cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Corporation as at March 31, 2019, and its non-consolidated results of operations and 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 Non-consolidated Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the non-consolidated financial statements

Management is responsible for the preparation and fair presentation of the non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditor's Report (continued)

Auditor's responsibilities for the audit of the non-consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated 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 non-consolidated 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 Corporation'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 Corporation'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 non-consolidated 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 Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated 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.

Trail, Canada
July 23, 2019

Grant Thornton LLP

Chartered Professional Accountants

Community Futures Development Corporation of Greater Trail

Non-Consolidated Statement of Financial Position
As at March 31, 2019

ASSETS

	GENERAL FUND						
	OPERATING FUND	SOUTH KOOTENAY BUSINESS CENTRE					
CURRENT							
Cash	\$ 119,160	\$ 13,767	\$ 975,442	\$ 1,377,836	\$ -	\$ 2,486,205	\$ 2,086,711
Accounts receivable	11,205	601	4,420	26,952	-	43,178	88,747
Accrued interest receivable	-	-	5,696	86,512	-	92,208	71,842
Prepaid expenses and deposits	12,679	-	-	-	-	12,679	4,679
Interfund receivable	4,778	-	-	-	(4,778)	-	-
	147,822	14,368	985,558	1,491,300	(4,778)	2,634,270	2,251,979
Tangible Capital Assets (Notes 2(b) and 3)	6,631	133,884	-	-	-	140,515	168,176
Investment loans receivable net of allowance for credit loss (Note 5 and 6)	-	-	632,355	4,132,976	-	4,765,331	5,098,203
	\$ 154,453	\$ 148,252	\$ 1,617,913	\$ 5,624,276	\$ (4,778)	\$ 7,540,116	\$ 7,518,358

Continued on next page

SEE ACCOMPANYING NOTES

Community Futures Development Corporation of Greater Trail

Non-Consolidated Statement of Financial Position
As at March 31, 2019

LIABILITIES

	GENERAL FUND							
	OPERATING FUND	SOUTH KOOTENAY BUSINESS CENTRE						
CURRENT								
Accounts payable and accrued liabilities (Note 7)	\$ 37,227	\$ 677	\$ -	\$ -	\$ -	\$ -	\$ 37,904	\$ 47,954
Deferred revenue	23,605	2,137	-	-	-	-	25,742	20,540
Interfund payable	-	292	-	-	4,486	(4,778)	-	-
Repayable loan funds (Note 8)	-	-	-	1,151,501	-	-	1,151,501	1,151,501
	60,832	3,106	-	1,155,987	(4,778)	-	1,215,147	1,219,995
FUND BALANCES								
Internally restricted net assets (Note 9)	-	-	1,617,913	-	-	-	1,617,913	1,553,769
Invested in tangible capital assets	6,631	133,884	-	-	-	-	140,515	168,176
Externally restricted net assets (Note 9)	-	-	-	4,468,289	-	-	4,468,289	4,492,547
Unrestricted	86,990	11,262	-	-	-	-	98,252	83,871
	93,621	145,146	1,617,913	4,468,289	-	-	6,324,969	6,298,363
	\$ 154,453	\$ 148,252	\$ 1,617,913	\$ 5,624,276	\$ (4,778)	\$ -	\$ 7,540,116	\$ 7,518,358

Commitments (Notes 15)

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

SEE ACCOMPANYING NOTES

Community Futures Development Corporation of Greater Trail

Non-Consolidated Statement of Operations
For the year ended March 31, 2019

	<u>GENERAL FUND</u>					TOTAL	TOTAL
	OPERATING FUND	SOUTH KOOTENAY BUSINESS CENTRE	INTERNALLY RESTRICTED INVESTMENTS	EXTERNALLY RESTRICTED INVESTMENTS (SCHEDULE 2)	INTERFUND	2019	2018
REVENUE							
WD Contribution	\$ 283,258	\$ -	\$ -	\$ -	\$ -	\$ 283,258	\$ 283,258
Rent	-	71,640	-	-	-	71,640	47,434
Interest and other investment income	2,256	5	12,746	19,770	-	34,777	15,182
Investment loan receivable interest (Note 13)	-	-	45,121	312,921	-	358,042	399,908
Loan fees (Note 13)	44,998	-	-	-	(17,898)	27,100	30,178
Reduction of provision for investment losses	-	-	6,274	3,219	-	9,493	59,710
Other (Note 13 and Note 14)	266,351	40	6	2,304	(24,457)	244,244	125,354
Unrealized gain on marketable securities	-	-	-	-	-	-	2,813
	596,863	71,685	64,147	338,214	(42,355)	1,028,554	963,837

Continued on next page

Community Futures Development Corporation of Greater Trail

Non-Consolidated Statement of Operations
For the year ended March 31, 2019

	<u>GENERAL FUND</u>	<u>SOUTH KOOTENAY BUSINESS CENTRE</u>	<u>INTERNALLY RESTRICTED INVESTMENTS</u>	<u>EXTERNALLY RESTRICTED INVESTMENTS (SCHEDULE 2)</u>	<u>INTERFUND</u>	<u>TOTAL 2019</u>	<u>TOTAL 2018</u>
EXPENSES							
Accounting and audit	33,577	-	-	-	-	33,577	32,324
Administration	-	24,457	-	17,898	(42,355)	-	-
Advertising and promotion	17,771	-	-	-	-	17,771	10,438
Amortization	4,167	27,056	-	-	-	31,223	36,034
Bank charges and interest	1,336	-	3	106	-	1,445	1,335
Board member expenses	3,149	-	-	-	-	3,149	3,377
Books and publications	137	-	-	-	-	137	101
Conferences and workshops	3,438	-	-	-	-	3,438	4,121
Dues and fees	4,031	-	-	-	-	4,031	3,349
Equipment rental	232	-	-	-	-	232	2,313
Insurance	5,629	-	-	-	-	5,629	5,593
Investment fees	-	-	-	-	-	-	821
Legal	2,138	-	-	-	-	2,138	1,824
Office rent (Note 13)	39,827	47,789	-	-	-	87,616	96,558
Office supplies	5,369	4	-	-	-	5,373	7,133
Program delivery	81,851	-	-	-	-	81,851	22,785
Provision for investment losses	-	-	-	294,468	-	294,468	21,684
Realized loss on sale of marketable securities	-	-	-	-	-	-	4,423
Repairs and maintenance	2,455	11	-	-	-	2,466	2,215
Salaries and benefits	413,319	-	-	-	-	413,319	408,864
Telephone and utilities	8,110	-	-	-	-	8,110	7,008
Travel	5,975	-	-	-	-	5,975	11,981
Unrealized loss on marketable securities	-	-	-	-	-	-	15
	632,511	99,317	3	312,472	(42,355)	1,001,948	684,296
NET REVENUE (EXPENSE)	\$ (35,648)	\$ (27,632)	\$ 64,144	\$ 25,742	\$ -	\$ 26,606	\$ 279,541

SEE ACCOMPANYING NOTES

Community Futures Development Corporation of Greater Trail

Non-Consolidated Statement of Changes in Fund Balances

For the year then ended March 31, 2019

	GENERAL FUND			INTERNALLY RESTRICTED INVESTMENTS	EXTERNALLY RESTRICTED INVESTMENTS (SCHEDULE 2)	TOTAL 2019	TOTAL 2018
	OPERATING FUND	BUSINESS CENTRE	SOUTH KOOTENAY BUSINESS CENTRE				
Fund balance, beginning of year	\$ (128,939)	\$ 208,208	\$ 172,778	\$ 1,553,769	\$ 4,492,547	\$ 6,298,363	\$ 6,018,822
Net revenue (expense)	\$ (35,648)		(27,632)	\$ 64,144	\$ 25,742	\$ 26,606	\$ 279,541
Interfund transfers (Note 10)	258,208	(208,208)	-	-	(50,000)	-	-
Fund balance, end of year	\$ 93,621	\$ -	\$ 145,146	\$ 1,617,913	\$ 4,468,289	\$ 6,324,969	\$ 6,298,363

SEE ACCOMPANYING NOTES

Community Futures Development Corporation of Greater Trail

Non-Consolidated Statement of Cash Flows
March 31, 2019

	Operating Activities		Financing and Investing Activities		2019	2018
	General Fund	General Fund	Internally Restricted Funds	Externally Restricted Funds		
SOURCES OF CASH						
Interest and other investment income	\$ 2,261	\$ -	\$ 12,751	\$ 19,770	\$ 34,782	\$ 15,614
WD contribution	283,258	-	-	-	283,258	283,375
Rent	71,640	-	-	-	71,640	47,434
Investment loan receivable interest	-	-	47,365	340,506	387,871	551,770
Loan fees	44,998	-	-	-	44,998	47,655
Proceeds on disposition of marketable securities	-	-	-	-	-	147,253
Other	272,226	-	-	-	272,226	134,544
Investment loan receivable repayments (net of provisions)	-	-	441,801	1,059,874	1,501,675	2,301,810
	674,383	-	501,917	1,420,150	2,596,450	3,529,455
USES OF CASH						
Bank charges and investment fees	-	-	3	106	109	1,129
Salaries and benefits	417,944	-	-	-	417,944	409,412
Materials and services	300,712	-	-	-	300,712	211,536
Purchase of tangible capital assets	-	3,562	-	-	3,562	-
Investment loan receivable advances	-	-	190,831	1,265,900	1,456,731	2,085,697
Loans administration fees	-	-	-	17,898	17,898	26,458
	718,656	3,562	190,834	1,283,904	2,196,956	2,734,232
INCREASE (DECREASE) IN CASH	(44,273)	(3,562)	311,083	136,246	399,494	795,223
CASH, beginning of year	81,550	-	719,359	1,285,802	2,086,711	1,291,488
INTERFUND TRANSFER	99,212	-	(55,000)	(44,212)	-	-
CASH, end of year	\$ 136,489	\$ (3,562)	\$ 975,442	\$ 1,377,836	\$ 2,486,205	\$ 2,086,711

SEE ACCOMPANYING NOTES

Community Futures Development Corporation of Greater Trail

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

1. PURPOSE OF ORGANIZATION

The purpose of the Community Futures Development Corporation of Greater Trail (the "Corporation") is to support community plans for the generation of additional private sector employment through the provision of investment and technical services to small businesses in accordance with the Corporation's overall economic development plan and strategy for employment growth and recovery. The Corporation was incorporated as a non-profit organization on April 1, 1987 under the Society Act of British Columbia. It is exempt from income taxes under S149(1) of the Income Tax Act as a non-profit organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These non-consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Corporation's significant accounting policies are as follows:

(a) Fund Accounting

The Corporation follows the restricted fund method of accounting for contributions. The operations of the Corporation are divided into a number of funds with specific purposes. The funds are briefly described as follows.

(i) Community Futures Operating Fund

This fund is a general operating fund utilized for the purposes of normal operating activities. Within the general operating fund the following program is administered:

South Kootenay Business Centre - This fund is used to administer a business incubation program located on Spokane Street in Trail, BC.

(ii) Investment Fund

This fund reports restricted resources that are to be used to provide assistance to small businesses and entrepreneurs in the form of loans, loan guarantees or equity participation. Loans from the Repayable and Regular fund are to be made within the terms and conditions specified in the Corporation's funding agreement with Western Economic Diversification Canada. Loans from the DEIP Fund are limited to businesses owned and operated by disabled entrepreneurs. Loans from the Community Business Loan Fund are limited to businesses related to the forestry, aquiculture, manufacturing, tourism, clean/renewable energy, exporting and innovative technology industries. Capital provided for the Investment Fund is to be used to provide repayable financing to assist existing businesses or to help entrepreneurs and community organizations to create or expand new business and support social enterprises. No grants, contributions or forgivable loans shall be made from the Investment Fund.

(iii) Internally Restricted Fund

This fund reports internally restricted resources that are to be used to provide assistance to small businesses and entrepreneurs in the form of loans, loan guarantees or equity participation. These funds are not subject to restrictions of outside funding agencies.

Community Futures Development Corporation of Greater Trail

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

(b) Tangible Capital Assets

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the assets' estimated useful lives, which vary from 3 to 15 years as follows:

Computer hardware	3 years straight-line
Computer software	3 years straight-line
Data-Centre hardware	5 years straight-line
Equipment	5 years straight-line
Furniture and fixtures	5-10 years straight-line
Leasehold improvements	5-15 years straight-line

Amortization expense is reported in the fund owning the related tangible capital asset. No amortization is claimed until an asset is available for use.

(c) Revenue Recognition

Restricted contributions related to general operations are recognized as revenue in the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

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

Revenue earned on term loans is accrued on a daily basis. Rental income is recognized on a monthly basis. Fee-for-service revenue is recognized upon delivery of the service to the customer. Loan administration fees are recognized at the time the loan is issued.

(d) Syndicated Loans

The Corporation is an administrator of various syndicated loans with several other community futures development corporations. These non-consolidated financial statements reflect only Community Futures Development Corporation of Greater Trail's portion of the assets, liabilities, revenue and expenses of these syndicated loans.

(e) Cash

Cash consists of cash on hand and balances with financial institutions.

Community Futures Development Corporation of Greater Trail

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

(f) Financial Instruments

The Corporation's financial instruments consist of cash, accounts receivable, accrued interest receivable, deferred revenue, investment loans receivable net of allowance for credit loss, accounts payable and accrued liabilities and repayable loan funds.

Financial instruments are recorded at fair value on initial recognition. Subsequently, marketable securities that are quoted in an active market are measured at their fair value, and all other financial instruments are recorded at cost or amortized cost. Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

(g) Use of Estimates

The preparation of non-consolidated financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the non-consolidated financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the estimated useful lives of tangible capital assets and related amortization; the valuation of allowances for doubtful accounts receivable; and the valuation of investment loans receivable. Actual results could differ from those estimates.

Community Futures Development Corporation of Greater Trail

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

3. TANGIBLE CAPITAL ASSETS

			2019	2018
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
South Kootenay Business Centre				
Leasehold improvements	\$ 302,795	\$ 178,544	\$ 124,251	\$ 144,437
Data-Centre hardware	19,757	19,757	-	-
Equipment	11,813	11,813	-	-
Furniture and fixtures	68,693	59,060	9,633	16,503
	403,058	269,174	133,884	160,940
Community Futures Operating Fund				
Leasehold improvements	13,713	13,713	-	-
Computer hardware	46,296	44,248	2,048	-
Computer software	22,390	22,063	327	851
Equipment	5,370	3,222	2,148	3,222
Furniture and fixtures	49,923	47,815	2,108	3,163
	137,692	131,061	6,631	7,236
	\$ 540,750	\$ 400,235	\$ 140,515	\$ 168,176

4. BRITISH COLUMBIA SOCIETIES ACT

On November 28, 2016 the new British Columbia Societies Act (the "Act") came into effect. Included in the Act is a requirement to disclose the remuneration paid to all directors, the ten highest paid employees and all contractors who were paid at least \$75,000 annually. The Corporation has two individuals that fall into this category for the year ending March 31, 2019. They are as follows:

Executive Director with an annual remuneration of approximately \$97,000

Loans Manager with an annual remuneration of approximately \$83,000

Community Futures Development Corporation of Greater Trail

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

5. INVESTMENT LOANS RECEIVABLE AND RELATED ALLOWANCES FOR CREDIT LOSSES

Outstanding loans to entrepreneurs are interest bearing at fixed and variable rates varying from 4.70% to 10.95% per annum with monthly blended principal and interest payments amortized for terms between 12 and 180 months. Security is taken on these loans as appropriate to the situation and includes personal guarantees, general security agreements covering business assets and mortgages. The Corporation does not guarantee any loans or hold any equity positions.

Impaired loans and the related allowance for credit losses are as follows:

	Year	Gross Carrying Amount	General Allowance	Specific Allowance	Net Carrying Amount
Loans to small business	2019	\$ 5,394,612	\$ 122,188	\$ 507,093	\$ 4,765,331
Loans to small business	2018	\$ 5,556,995	\$ 130,723	\$ 328,069	\$ 5,098,203
Loans to small business	2017	\$ 5,889,095	\$ 138,264	\$ 358,555	\$ 5,392,276

6. ALLOWANCE FOR CREDIT LOSSES

An allowance for losses on investment loans is made based on expected loan default rates, potential loss ratios and a review of the loan portfolio, as determined by management, as follows:

	2018 Ending Balance	Provision For Credit Losses (Recoveries)	Loans Written Off	2019 Ending Balance
Repayable Fund	\$ 197,583	\$ 29,870	\$ (112,309)	\$ 115,144
Regular Fund	104,033	105,887	-	209,920
Community Business Fund	123,537	156,004	(2,177)	277,364
Special Fund	22,488	(6,274)	-	16,214
Disabled Fund	11,151	(512)	-	10,639
	\$ 458,792	\$ 284,975	\$ (114,486)	\$ 629,281

Actual write-offs, net of recoveries, will be deducted from the allowance for credit losses. The provision for credit losses in the Statement of Operations and Changes in Fund Balances is charged with an amount sufficient to keep the balance in the allowance for credit losses adequate to absorb all credit related losses. These credit losses have been deducted from investment loans receivable.

Community Futures Development Corporation of Greater Trail

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of \$7,697 (2018 - \$13,760).

8. REPAYABLE LOAN FUNDS

	2019	2018
Repayable Investment Fund	\$ 450,000	\$ 450,000
Disabled Entrepreneur Fund	200,000	200,000
<p>In the Repayable Investment Fund and the Disabled Entrepreneur Fund, the funds may become repayable to Western Economic Diversification if:</p> <p>(a) The Conditionally Repayable Investment Fund is not administered according to the terms and conditions specified in the Agreement between the Corporation and the Minister; or</p> <p>(b) Based on reviews and evaluations of the operations and the Conditionally Repayable Investment Fund of the Corporation, the Conditionally Repayable Investment Fund is not providing a satisfactory level of benefits in terms of employment creation, the development of community-owned or controlled businesses, and strengthening of the western Canadian economy; or</p> <p>(c) In the opinion of the Minister, the Conditionally Repayable Investment Fund is no longer necessary or relevant to the development of the western Canadian economy.</p>		
Community Business Loan Program (formerly Forest Renewal B.C.) - Any portion of the fund not committed is repayable as mutually agreed by Community Business Loan Program and the Corporation.	501,501	501,501
	\$ 1,151,501	\$ 1,151,501

Community Futures Development Corporation of Greater Trail

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

9. RESTRICTED NET ASSETS

Major categories of internally and externally restricted net assets are as follows:

	2019	2018
Externally restricted		
Loan Investment Fund - Repayable	\$ 978,141	\$ 924,820
Loan Investment Fund - Regular	1,695,889	1,748,741
Loan Investment Fund - Community Business Loan	1,438,163	1,496,253
Loan Investment Fund - DEIP	356,096	322,733
	\$ 4,468,289	\$ 4,492,547
Internally restricted		
Loan Investment Fund - Special	\$ 1,617,913	\$ 1,553,769

10. INTERFUND AND INTRAFUND TRANSFERS

In 2019, the following interfund transfers occurred:

- 1) \$50,000 (2018 - \$NIL) was transferred from the Regular externally restricted fund to the Operating fund for the purpose of assisting with operations funding.
- 2) \$NIL (2018 - \$50,000) was transferred from the Special Internally restricted fund to the Operating fund for the purpose of assisting with operations funding.

In 2019, the following intrafund transfer occurred:

- 1) \$208,208 (2018 - \$NIL) was transferred from the Business Centre fund to the Operating fund to amalgamate funds as per Board motion.

Community Futures Development Corporation of Greater Trail

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

11. ECONOMIC DEPENDENCE

The Corporation receives 47% of its operating fund revenue from the federal government and is economically dependent upon it.

12. FINANCIAL INSTRUMENT RISKS

Fair value

The Corporation's carrying value of cash, accounts receivable, accrued interest receivable, accounts payable and accrued liabilities approximates its fair value due to the immediate or short term maturity of these instruments.

The carrying value of the investment loans receivable net of allowance for credit loss and repayable loan funds are consistent with the current rates offered by the Corporation for debt with similar terms.

Interest rate risk

Interest rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Corporation's interest-bearing financial instruments consist solely of cash held at Kootenay Savings Credit Union. Cash is short term in nature and not generally subject to significant interest rate risk.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Corporation is exposed to credit risk from its customers. In order to reduce its credit risk, the Corporation reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customer's credit performance. Allowances for doubtful accounts and loan losses are established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Corporation has a significant number of customers, which minimizes concentration of credit risk.

Currency risk

Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant currency risks arising from these financial instruments.

Market risk

Market risk is the risk that the fair value of future cash flows of marketable securities will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Corporation manages this risk by utilizing professional investment managers.

Community Futures Development Corporation of Greater Trail

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

13. RELATED PARTY TRANSACTIONS

During the 2019 fiscal year, the Corporation carried out the following transactions with the Greater Trail Community Development Corporation ("GTCDC"), an organization controlled by the same board of directors as the Corporation:

- lease payments made by the Corporation to the GTCDC for the rental of its premises totaled \$86,106 plus taxes (2018 - \$92,747);
- the Corporation charged the GTCDC management fees of \$24,000 (2018 - \$24,000); and
- the Corporation charged the GTCDC interest of \$23,690 (2018 - \$26,106) on loans it had advanced to the GTCDC.

These transactions were recorded at their exchange amounts which approximated their fair market value.

As at March 31, 2019, accounts receivable include \$2,000 (2018 - \$NIL) owing from the GTCDC and accounts payable include \$NIL (2018 - \$4,009) owing to the GTCDC.

As at March 31, 2019, the GTCDC has loans with the Corporation with an outstanding balance of \$398,806 plus accrued interest of \$433 (2018 - \$506,843 loan outstanding plus accrued interest of \$395). Of the outstanding loans, balances totaling \$51,463 required payments of \$6,035 per month including interest. The remainder of the loans require minimum payments of interest only with additional payments made as cash flow allows. Interest is being charged at the rate of prime plus 2% per annum. As at March 31, 2019, the prime rate was 3.95% per annum. These loans are secured by a promissory note, mortgage on land and building and assignment of rents.

14. OTHER OPERATING FUND INCOME

	2019	2018
Building management fees	\$ 24,000	\$ 24,000
Self employment program	73,150	59,165
Dragon's Den funding	28,500	22,883
Basin business advisor	9,216	9,216
Rural dividend fund grant	100,000	1,000
Miscellaneous income	31,485	11,008
	\$ 266,351	\$ 127,272

Community Futures Development Corporation of Greater Trail

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

15. COMMITMENTS

- i) Prior to the year end date, the CFDC Board of Directors approved two loans and one line of credit totaling \$540,000 that had not been advanced as of the year end date.
- ii) The Corporation has entered a rental lease agreement with the GTCDC (a related party described in Note 13). Minimum lease payments (excluding taxes) over the term of the lease that expires in the next fiscal year are \$28,000.
- iii) The Corporation has entered into a rental lease agreement with the Greater Trail Community Development Corporation for the South Kootenay Business Centre. The terms of the lease allow for monthly payments based on the amounts received from the participants in the program, up to a maximum of \$4,000 per month. The lease agreement expires March 31, 2021.

16. CONTROLLED ORGANIZATION

The Corporation controls another non-profit organization, the Greater Trail Community Development Corporation. For the year ending March 31, 2019, it reported the following:

	2019	2018
Assets	\$ 808,964	\$ 827,613
Liabilities	414,968	520,500
Net Assets	393,996	307,113
	\$ 808,964	\$ 827,613
Revenues	\$ 319,902	\$ 312,906
Expenses	233,018	236,650
Excess revenue over expenses	\$ 86,884	\$ 76,256
Cash flows from operating activities	\$ 104,223	\$ 96,438
Cash flows from financing activities	(108,432)	(93,588)
Decrease (increase) in cash	\$ (4,209)	\$ 2,850

The above amounts have not been consolidated into these non-consolidated financial statements.

Community Futures Development Corporation of Greater Trail

SCHEDULE 1 - EXTERNALLY RESTRICTED INVESTMENTS - STATEMENT OF FINANCIAL POSITION (Unaudited)

AS AT March 31, 2019

ASSETS

	REPAYABLE FUND	REGULAR FUND	COMMUNITY BUSINESS LOAN FUND	DEIP FUND	INTRAFUND	TOTAL 2019	TOTAL 2018
CURRENT							
Cash	\$ 302,773	\$ 398,990	\$ 546,621	\$ 129,452	\$ -	\$ 1,377,836	\$ 1,285,802
Accounts receivable	10,053	9,332	6,661	906	-	26,952	69,570
Accrued interest	13,066	30,138	32,507	10,801	-	86,512	66,220
Interfund receivable	-	-	-	-	-	-	5,000
	325,892	438,460	585,789	141,159	-	1,491,300	1,426,592
OTHER ASSETS							
Investment loans receivable net of allowance for credit loss (Notes 5 and 6)	1,102,249	1,257,429	1,358,361	414,937	-	4,132,976	4,221,153
	\$ 1,428,141	\$ 1,695,889	\$ 1,944,150	\$ 556,096	\$ -	\$ 5,624,276	\$ 5,647,745

Community Futures Development Corporation of Greater Trail

SCHEDULE 1 - EXTERNALLY RESTRICTED INVESTMENTS STATEMENT OF FINANCIAL POSITION (Unaudited)

AS AT March 31, 2019

LIABILITIES AND FUND BALANCES

	REPAYABLE FUND	REGULAR FUND	COMMUNITY BUSINESS LOAN FUND	DEIP FUND	INTRAFUND	TOTAL 2019	TOTAL 2018
CURRENT LIABILITIES							
Interfund payable	-	-	4,486	-	-	4,486	3,697
Loan from Western Economic Diversification (Note 8)	450,000	-	-	200,000	-	650,000	650,000
Loan from CBL (Note 8)	-	-	501,501	-	-	501,501	501,501
	450,000	-	505,987	200,000	-	1,155,987	1,155,198
FUND BALANCES							
Externally restricted (Note 9)	978,141	1,695,889	1,438,163	356,096	-	4,468,289	4,492,547
	\$ 1,428,141	\$ 1,695,889	\$ 1,944,150	\$ 556,096	-	5,624,276	5,647,745

Community Futures Development Corporation of Greater Trail

SCHEDULE 2 - EXTERNALLY RESTRICTED INVESTMENTS STATEMENT OF OPERATIONS (Unaudited)

FOR THE YEAR ENDED March 31, 2019

	REPAYABLE FUND	REGULAR FUND	COMMUNITY BUSINESS LOAN FUND	DEIP FUND	TOTAL 2019	TOTAL 2018
REVENUE						
Interest and other investment income	\$ 4,710	\$ 6,321	\$ 7,684	\$ 1,055	\$ 19,770	\$ 8,534
Investment loan receivable interest	78,377	94,948	108,109	31,487	312,921	316,264
Other	140	1,816	28	320	2,304	536
Reduction of provision for investment loan receivable losses	-	-	2,707	512	3,219	51,202
	83,227	103,085	118,528	33,374	338,214	376,536
EXPENSES						
Provision for investment loan receivable losses	29,870	105,887	158,711	-	294,468	21,684
Loan administration fees	-	-	17,898	-	17,898	17,477
Bank charges	36	50	9	11	106	260
Investment fees	-	-	-	-	-	120
Realized loss on sale of marketable securities	-	-	-	-	-	57
Unrealised loss on marketable securities	-	-	-	-	-	15
	29,906	105,937	176,618	11	312,472	39,613
NET INCOME	53,321	(2,852)	(58,090)	33,363	25,742	336,923
FUND BALANCES, beginning of year	924,820	1,748,741	1,496,253	322,733	4,492,547	4,155,624
INTRAFUND TRANSFER (Note 10)	-	-	-	-	-	-
INTERFUND TRANSFER (Note 10)	-	(50,000)	-	-	(50,000)	-
FUND BALANCES, end of year	\$ 978,141	\$ 1,695,889	\$ 1,438,163	\$ 356,096	\$ 4,468,289	\$ 4,492,547