
Bruce Community Futures Development Corporation

Financial Statements

For the Year ended March 31, 2015

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BEN T. COLE

PROFESSIONAL CORPORATION

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INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of Bruce Community Futures Development Corporation:

Report on the Financial Statements

I have audited the accompanying financial statements of Bruce Community Futures Development Corporation, which comprise the balance sheet as at March 31, 2015, and the statements of operations, fund balances and cash flows 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

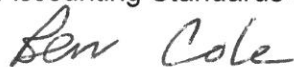
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Bruce Community Futures Development Corporation as at March 31, 2015, and its results of operations and cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.



Ben T. Cole, CPA, CA, Professional Corporation
Authorized to practice public accounting by the Institute of Chartered Accountants of Ontario.

July 28, 2015
Orillia, Ontario

Bruce Community Futures Development Corporation

Balance Sheet

March 31, 2015	General Fund	Project Funds	Investment Fund	March 31 2015	March 31 2014
Assets					
Current					
Cash	\$ 13,480	\$ 32,754	\$ -	\$ 46,234	\$ 119,474
Accounts Receivable - (OSEB)	20,940	-	-	20,940	5,144
Accounts Receivable - Other	518	100	-	618	100
Contributions Receivable - Fed Dev	-	-	-	-	33,470
HST Receivable	1,066	-	354	1,420	560
Interfund Balances - Note 7	-	-	35,515	-	-
	<u>36,004</u>	<u>32,854</u>	<u>35,869</u>	<u>69,212</u>	<u>158,748</u>
Property, Plant & Equipment - Note 5	<u>23,401</u>	<u>-</u>	<u>-</u>	<u>23,401</u>	<u>34,068</u>
Restricted Assets					
Cash (Overdraft)	-	-	77,174	77,174	(110,912)
Loans Receivable - Note 6	-	-	4,665,121	4,665,121	3,919,426
Non-Loan Investments - Note 12	-	-	1,709,125	1,709,125	2,240,410
Equity Investments - Note 13	-	-	1,038	1,038	1,038
Wholly Owned Subsidiary - Note 14	-	-	10	10	10
Loan to Subsidiary - Note 15	-	-	74,990	74,990	149,990
Accrued Interest	-	-	46,821	46,821	14,975
Accrued Charges	-	-	16,348	16,348	12,099
	<u>-</u>	<u>-</u>	<u>6,590,627</u>	<u>6,590,627</u>	<u>6,227,036</u>
Total Assets	<u>\$ 59,405</u>	<u>\$ 32,854</u>	<u>\$ 6,626,496</u>	<u>\$ 6,683,240</u>	<u>\$ 6,419,852</u>
Liabilities and Fund Balances					
Current liabilities					
Accounts Payable	\$ 8,334	\$ 100	\$ 812	\$ 9,246	\$ 10,966
Interfund Balances - Note 7	35,515	-	-	-	-
	<u>43,849</u>	<u>100</u>	<u>812</u>	<u>9,246</u>	<u>10,966</u>
Deferred Contributions - Operating- Note 8	-	31,674	-	31,674	11,118
Deferred Contributions - Capital - Note 8	23,401	-	-	23,401	41,096
Total Liabilities	<u>67,250</u>	<u>31,774</u>	<u>812</u>	<u>64,321</u>	<u>76,708</u>
Fund Balances					
Restricted	-	1,080	6,625,684	6,626,764	6,350,945
Unrestricted	(7,845)	-	-	(7,845)	(7,801)
	<u>(7,845)</u>	<u>1,080</u>	<u>6,625,684</u>	<u>6,618,919</u>	<u>6,343,144</u>
Total Liabilities and Fund Balances	<u>\$ 59,405</u>	<u>\$ 32,854</u>	<u>\$ 6,626,496</u>	<u>\$ 6,683,240</u>	<u>\$ 6,419,852</u>

On behalf of the Board:

Barbara Givson

Director.

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Bruce Community Futures Development Corporation

Statement of Operations

March 31, 2015	General Fund	Project Funds	Investment Fund	March 31 2015	March 31 2014
Revenues					
Government Contributions					
Federal Contributions - Note 11	\$ 270,189	\$ -	\$ -	\$ 270,189	\$ 252,886
Trillium Grant - Senior Needs Project	-	-	-	-	9,444
Amortization of deferred contributions	10,667	-	-	10,667	10,666
Ontario Self Employed Benefit	68,500	-	-	68,500	71,803
Interest Income - Loans	-	-	310,796	310,796	210,682
Interest Income - Other	-	-	49,066	49,066	46,439
Other Revenue	5,587	240	-	5,827	6,510
	<u>354,943</u>	<u>240</u>	<u>359,862</u>	<u>715,045</u>	<u>608,430</u>
Expenses					
Amortization	10,667	-	-	10,667	10,666
Provision for Doubtful Loans	-	-	81,360	81,360	14,844
Trillium Grant - Senior Needs Project	-	-	-	-	9,444
Skills Enhancement	1,543	-	-	1,543	9,265
Community Development Projects	9,845	-	-	9,845	9,233
Salaries - Schedule 1	217,965	-	-	217,965	195,893
Occupancy - Schedule 1	76,319	-	-	76,319	74,601
Director's Expense - Schedule 1	7,590	-	-	7,590	4,248
Library - Schedule 1	1,233	-	-	1,233	869
Loan Management - Schedule 1	-	-	2,923	2,923	16,104
Administration - Schedule 1	29,825	-	-	29,825	37,307
	<u>354,987</u>	<u>-</u>	<u>84,283</u>	<u>439,270</u>	<u>382,474</u>
Surplus (Deficit) For the Year	\$ (44)	\$ 240	\$ 275,579	\$ 275,775	\$ 225,956

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Bruce Community Futures Development Corporation

Statement of Changes in Fund Balances

March 31, 2015	General Fund	Project Funds	Investment Fund	March 31 2015	March 31 2014
Fund Balance - Beginning of Year	\$ (7,801)	\$ 840	\$ 6,350,105	\$ 6,343,144	\$ 6,117,188
Surplus (Deficit) For the Year	(44)	240	275,579	275,775	225,956
Inter Fund Transfers (Note 10)	-	-	-	-	-
Fund Balance - End of Year	\$ (7,845)	\$ 1,080	\$ 6,625,684	\$ 6,618,919	\$ 6,343,144

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Bruce Community Futures Development Corporation**Statement of Cash Flows**

March 31, 2015	March 31 2015	March 31 2014
Cash provided by (used in) Operating Activities:		
Surplus (Deficit) for the Year	\$ 275,775	\$ 225,956
Items not involving cash		
Amortization - Property, Plant & Equipment	10,667	10,666
Amortization - Deferred Contributions	(10,667)	(10,666)
	<u>275,775</u>	<u>225,956</u>
Changes in non-cash working capital balances		
Accounts Receivable	(16,314)	9,220
Accrued Interest	(31,846)	-
Accrued Charges	(4,249)	-
HST Receivable	(860)	899
Contributions Receivable - Fed Dev	33,470	(19,931)
Prepays	-	5,842
Accounts Payable	(1,720)	(21,650)
	<u>254,256</u>	<u>200,336</u>
Financing Activities		
Deferred Contributions	-	24,194
Interfund Loans	-	(184)
	<u>-</u>	<u>24,010</u>
Investing Activities		
Asset Purchases	-	(3,638)
Proceeds from Sale of Non-Loan Investments	531,285	150,000
Loan to Subsidiary	75,000	-
Loan Principal - net change	(745,695)	(606,751)
	<u>(139,410)</u>	<u>(460,389)</u>
Increase (decrease) in cash	114,846	(236,043)
Cash - beginning of year	8,562	244,605
Cash - end of year	\$ 123,408	\$ 8,562
Represented by		
Unrestricted Cash	\$ 46,234	\$ 86,960
Restricted Cash	77,174	(78,398)
	<u>\$ 123,408</u>	<u>\$ 8,562</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Bruce Community Futures Development Corporation

Schedule 1 - Expenses

March 31, 2015	General Fund	Project Funds	Investment Fund	March 31 2015	March 31 2014
Salaries and Benefits					
Salaries	\$ 186,104	\$ -	\$ -	\$ 186,104	\$ 176,459
Contract Services	5,508	-	-	5,508	6,084
Benefits	23,436	-	-	23,436	11,217
Training	2,917	-	-	2,917	2,133
	<u>\$ 217,965</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217,965</u>	<u>\$ 195,893</u>
Occupancy and Equipment					
Rent	\$ 36,093	\$ -	\$ -	\$ 36,093	\$ 35,651
Repairs & maintenance	17,751	-	-	17,751	11,340
Insurance	3,520	-	-	3,520	5,758
Telephone	9,976	-	-	9,976	10,151
Utilities	8,979	-	-	8,979	11,701
	<u>\$ 76,319</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,319</u>	<u>\$ 74,601</u>
Directors' Expense					
General	\$ 6,596	\$ -	\$ -	\$ 6,596	\$ 3,362
Meetings	994	-	-	994	886
	<u>\$ 7,590</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,590</u>	<u>\$ 4,248</u>
Library					
Resource Centre	\$ 511	\$ -	\$ -	\$ 511	\$ 869
Other	722	-	-	722	-
	<u>\$ 1,233</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,233</u>	<u>\$ 869</u>
Loan Management					
Collections	\$ -	\$ -	\$ -	\$ -	\$ -
Legal Fees & Other Expenses	-	-	2,923	2,923	16,104
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,923</u>	<u>\$ 2,923</u>	<u>\$ 16,104</u>
Administration					
Advertising	\$ 187	\$ -	\$ -	\$ 187	\$ 468
Bank charges	528	-	-	528	1,551
Computer software	2,456	-	-	2,456	1,404
Memberships and Dues	1,418	-	-	1,418	1,689
Office, General & Equipment	3,451	-	-	3,451	10,053
Professional fees	8,984	-	-	8,984	9,684
Travel & Auto	12,801	-	-	12,801	12,458
	<u>\$ 29,825</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,825</u>	<u>\$ 37,307</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Bruce Community Futures Development Corporation

Notes to Financial Statements

March 31, 2015

1. Purpose of the Corporation

The corporation is incorporated without share capital under the laws of Ontario as a non-profit organization with the principle purpose to encourage job creation in Bruce & Grey Counties, as well as the City of Owen Sound. 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 objects as approved by the Federal Economic Development Agency for Southern Ontario (FedDev). The corporation is exempt from Income Taxes as a non-profit corporation under the Income Tax Act of Canada.

2. Economic Dependence

The corporation is dependent on annual contributions from FedDev in order to finance its general fund operations. Should these contributions cease, the corporation would be unable to continue its operations in its current form.

3. Significant Accounting Policies

Basis of Accounting

The Bruce Community Futures Development Corporation prepares its financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, (Part III of the CICA Handbook).

Fund Accounting

The corporation follows the restricted fund method of accounting for contributions.

The general fund accounts for the corporation's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating contributions.

The investment fund was established to provide financing for new and existing enterprises in order to protect or create new jobs.

The project fund reports contributions restricted by various funding agencies for other projects that are consistent with the operating objectives of the Bruce CFDC.

Property, Plant & Equipment

Property, Plant & Equipment are valued at cost. Amortization is based on the estimated useful life of the asset and is provided at the following rates and methods:

Furniture and equipment	10% straight line basis
Vehicles	20% straight line basis
Leaseholds	20% straight line basis
Computers	25% straight line basis

Bruce Community Futures Development Corporation

Notes to Financial Statements

March 31, 2015

3. Significant Accounting Policies - Continued

Investment - Wholly Owned Subsidiary

The company has accounted for its investment in a wholly owned "profit oriented" subsidiary using the equity method. Under the equity method, the initial investment is recorded at cost, and the carrying value is adjusted thereafter to include the investor's pro rata share of post-acquisition earnings of the investee. Dividends received from the investee are recorded as a reduction in the carrying value of the investment.

Revenue Recognition

Contributions from FedDev are recognized as revenue in the year of receipt except for the following:

- 1) Contributions relating to capital assets are credited to deferred capital contribution and recognized as revenue on the same basis as amortization on the related asset is charged against operations.
- 2) Contributions relating to approved expenditures not yet incurred are credited to deferred operating contribution.
- 3) Unexpended funds at the end of the year from contributions by Fed Dev to the general fund are reported as amounts due to Fed Dev in the period that a request for repayment is made by Fed Dev. Over expenditures may not be reimbursed by Fed Dev.

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.

Use of Estimates

The preparation of financial statements in accordance 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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of bank balances and term deposits with maturities of three months or less as of the date of purchase.

Bruce Community Futures Development Corporation

Notes to Financial Statements

March 31, 2015

4. Financial Instruments

The company has various financial instruments. Unless otherwise noted, it is management's opinion that the fair values of these financial instruments approximate their carrying values.

Credit Risk: The company provides credit to its loan portfolio clients in the normal course of its operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent credit losses.

Interest Rate Risk: The company is exposed to interest rate risk on its cash balances, GIC Investments and its loan portfolio. Investment returns from these financial instruments fluctuate as interest rates increase or decrease.

Currency Risk: The company does not conduct any significant transactions that are denominated in foreign currency.

5. Property, Plant & Equipment

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture & Equipment	\$ 61,648	\$ 47,729	\$ 61,648	\$ 45,091
Vehicle	13,258	13,258	13,258	13,258
Leaseholds	26,557	19,790	26,557	14,479
Computers	10,865	8,150	10,865	5,432
Total	\$ 112,328	\$ 88,927	\$ 112,328	\$ 78,260
Net Book Value	\$ 23,401		\$ 34,068	

Bruce Community Futures Development Corporation

Notes to Financial Statements

March 31, 2015

6. Loans Receivable

Loans receivable bear interest rates that are set in accordance with the corporation's lending policy and Fed Dev guidelines. The loan balance receivable is comprised of the following:

	2015	2014
Balance, beginning of year	\$ 4,085,336	\$ 3,776,574
Loans advanced during the year	1,299,967	1,003,448
Loan principal repaid during the year	(472,899)	(694,686)
Recovery of loans written off	--	--
Loans written off during the year	(77,107)	--
Balance, principal	4,835,297	4,085,336
Allowance for Doubtful Loans	(170,176)	(165,910)
Balance, principal	\$ 4,665,121	\$ 3,919,426

The activity in the Allowance for Doubtful Loans account is as follows:

Balance - beginning of the year	\$ 165,910	\$ 151,066
Loans written off previously included in reserve	(5,571)	--
Recovery of loans reserved in previous periods	--	--
Current provision (recovery) for losses	9,837	14,844
Balance - end of the year	\$ 170,176	\$ 165,910

The corporation determines the allowance for doubtful loans by providing specific loan losses by loan after reviewing outstanding loans on a loan-by-loan basis.

The loan principal payments due to be received over the next five years are as follows:

2016	\$ 605,260
2017	543,166
2018	550,850
2019	543,727
2020	388,245
Thereafter	2,204,049
Total	\$ 4,835,297

7. Interfund Loans

The General Fund owes the Investment Fund \$ 35,515 at March 31, 2015. The loan is interest free and has no specific terms of repayment.

Bruce Community Futures Development Corporation

Notes to Financial Statements

March 31, 2015

8. Deferred Contributions

<i>Capital - General Fund</i>	2015	2014
Balance - beginning of the year	\$ 34,067	\$ 41,096
Fed-Dev - funding used to buy assets	-	3,637
Charged to general fund revenues during the year	(10,666)	(10,666)
Balance - end of year	<u>\$ 23,401</u>	<u>\$ 34,067</u>
 <i>Project Fund</i>		
Balance - beginning of Year	\$ 31,674	\$ 11,118
Funds received	-	30,000
Recognized as revenue during the year	-	(9,444)
Balance - end of the Year	<u>\$ 31,674</u>	<u>\$ 31,674</u>

9. Loan Commitments & Contributions

Commitments:

A total of \$168,750 of loans had been approved but not yet advanced at March 31, 2015.

Contributions:

The corporation receives contributions for its operations from FedDev. Pursuant to the related agreements, if the corporation does not meet established objectives, FedDev is entitled to seek refunds. Should any amounts become refundable, the refunds would be charged to operations in the period in which the refund is determined to be payable.

10. Interfund Transfers

No inter-fund transfers have been recorded during the current fiscal year.

Bruce Community Futures Development Corporation

Notes to Financial Statements

March 31, 2015

11. FedDev Revenue - Operating Fund

	2015	2014
Funds Received	\$ 270,189	\$ 256,524
Used To Purchase Assets	-	(3,638)
Recognized as Revenue During the Period	<u>\$ 270,189</u>	<u>\$ 252,886</u>

12. Non-Loan Investments - RBC Dominion Securities

	2015	2014
Cash	\$ 8,594	\$ --
Mutual Fund - RBC Investment Savings Account	125,793	375,622
Fixed Income Investments	1,574,738	1,864,788
	<u>\$ 1,709,125</u>	<u>\$ 2,240,410</u>

The fixed income investments consist of GIC's deposit notes and bonds. Interest rates vary from 1.90% to 3.61%. Maturity dates vary from 2015 to 2019.

13. Equity Investments

	2015	2014
Bruce Ecology Centre Ltd.	\$ 1,036	\$ 1,036
South Bruce Equity	1	1
Integrated Energy Development Corporation	1	1
	<u>\$ 1,038</u>	<u>\$ 1,038</u>

The investments in the three companies listed above, represent minority ownership percentages in the common shares. There is no liquid market for these shares.

Bruce Community Futures Development Corporation

Notes to Financial Statements

March 31, 2015

14. Investment in Wholly Owned Subsidiary

100 Common Shares	\$	10	\$	10
Investor share of operating income (loss)		-		-
Balance - end of the year	\$	10	\$	10

The company acquired 100 common shares of 2239724 Ontario Inc., on April 8, 2010 at a price of 10 cents per share, (\$ 10.00 total). Bruce Community Futures Development Corporation is the only shareholder. 2239724 Ontario Inc. is a "profit oriented enterprise" with a March 31'st year end.

2239724 Ontario Inc. has not been consolidated into these financial statements. Financial Summaries for this unconsolidated entity as at March 31, 2015 and for the year then ended are approximately as follows:

	2015	2014
Balance Sheet		
Assets	\$ 390,000	\$ 464,562
Liabilities	388,000	463,005
Equity	2,000	1,557
Results of Operations		
Revenues	\$ 35,000	\$ 51,293
Expenses	35,000	50,004
Income (Loss) from Operations	-	1,289
Cash Flows		
Operations	-	28,000
Financing & Investing Activities	(12,000)	(11,000)
Increase (Decrease) in Cash	\$ (12,000)	\$ 17,000

15. Loan to Wholly Owned Subsidiary

The corporation has provided a loan to a wholly owned subsidiary, (2239724 Ontario Inc.), in the amount of \$ 74,990. The funds have been used by the subsidiary to secure a mortgage for a building in which Bruce CFDC is the tenant. The loan is interest free, unsecured and has no specific terms of repayment.

Bruce Community Futures Development Corporation

Notes to Financial Statements

March 31, 2015

16. Other Related Party Transactions

The corporation has advanced two "social enterprise" loans totalling \$ 225,000 to Future Heath Services Inc. (FHS). FHS is a wholly owned subsidiary of the South Central Community Development Corporation, (SCCDC), and is a for profit, share capital corporation. Bruce CFDC also exercises significant influence over FHS by virtue of its ability to appoint 1/7'th of the parent company's board of directors, (SCCDC).

17. Commitment

Bruce CFDC has signed a five year lease for office space. The building is owned by a wholly owned subsidiary corporation. The lease expires on June 30, 2015, and the rent is \$ 2,228 per month plus HST.
