

**COMMUNITY FUTURES DEVELOPMENT
CORPORATION OF NADINA**

Non-consolidated Financial Statements

March 31, 2017

Independent Auditors' Report

Exhibit "A"	Non-consolidated Statement of Financial Position
Exhibit "B"	Non-consolidated Statement of Changes in Net Assets
Exhibit "C"	Non-consolidated Statement of Operations - General Operating Fund
Exhibit "D"	Non-consolidated Statement of Operations - Loan Portfolio Funds
Exhibit "E"	Non-consolidated Statement of Cash Flows
	Notes to Non-consolidated Financial Statements

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INDEPENDENT AUDITORS' REPORT

To the directors:
COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA
Houston, B.C.

Report on the Financial Statements

We have audited the accompanying non-consolidated financial statements of COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA which comprise the statement of financial position as at March 31, 2017 and the non-consolidated statements of operations, changes in net assets 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.

Auditors' 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 auditors' 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.

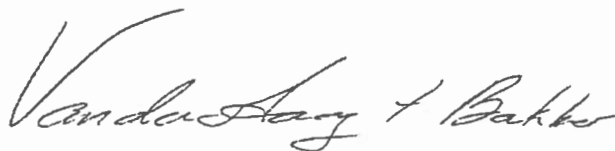
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our modified audit opinion.

Basis for qualified opinion

Note 2(d) states that the corporation has adopted the policy of expensing tangible capital assets in the year of acquisition, rather than capitalizing and amortizing them over time. The financial statement effect of not amortizing the assets is less than the cumulative capital assets expensed in Note 5. Note 2(g) & 4 indicate that the company has a wholly owned subsidiary which is not being recorded on a consolidated basis. The effects of non-consolidated statements have not been quantified. These treatments do not conform to Canadian accounting standards for not-for-profit organizations.

Qualified opinion

In our opinion, except for the effects of the matters described in the Basis for qualified opinion paragraph, these non-consolidated financial statements present fairly, in all material respects, the financial position of COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA as at March 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



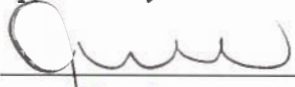
Chartered Professional Accountants

Smithers, B.C.
May 26, 2017

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA
(Combined Funds)
NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2017

	General Fund	Loan Investment Funds			B.C. Futures	2017	2016 (Note 18)
		W.E.D. Repayable	W.E.D. Non-repayable	W.E.D. D.E.L.P.			
ASSETS							
CURRENT							
Cash and short-term deposits	\$ 84,111	\$ 285,256	\$ 108,397	\$ 69,280	\$ 8,595	\$ 555,639	\$ 478,966
Accounts receivable	248	-	-	-	-	248	1,083
Due from government agencies	322	-	-	-	-	322	2,555
Prepaid expenses	497	-	-	-	-	497	-
Current portion of loans receivable (Note 3)	-	202,224	45,679	20,325	26,813	295,041	325,227
	85,178	487,480	154,076	89,605	35,408	851,747	807,831
LOANS RECEIVABLE (Notes 3 & 7)	-	953,392	212,887	97,637	125,151	1,389,067	1,524,035
INVESTMENTS (Note 4)	2	-	-	-	-	2	2
TANGIBLE CAPITAL (Notes 2(d) & 5)	1	-	-	-	-	1	1
INTERFUND RECEIVABLE	20,000	170,000	-	-	-	190,000	229,997
DUE FROM WHOLLY OWNED SUBSIDIARY (Note 6)	79,465	-	-	-	-	79,465	62,465
	<u>\$ 184,646</u>	<u>\$ 1,610,872</u>	<u>\$ 366,963</u>	<u>\$ 187,242</u>	<u>\$ 160,559</u>	<u>\$ 2,510,282</u>	<u>\$ 2,624,331</u>
LIABILITIES							
CURRENT							
Accounts payable and accrued liabilities	\$ 25,201	\$ 45	\$ -	\$ -	\$ -	\$ 25,246	\$ 19,927
Wages and benefits	13,862	-	-	-	-	13,862	13,968
Deferred revenue (Note 14)	27,495	-	-	-	-	27,495	27,495
Current portion of long-term debt (Note 7)	-	61,155	-	-	-	61,155	79,084
	66,558	61,200	-	-	-	127,758	140,474
LONG-TERM DEBT (Note 7)	-	1,848,889	-	200,000	-	2,048,889	2,121,232
INTERFUND PAYABLE	-	-	-	-	190,000	190,000	229,997
	<u>66,558</u>	<u>1,910,089</u>	<u>-</u>	<u>200,000</u>	<u>190,000</u>	<u>2,366,647</u>	<u>2,491,703</u>
NET ASSETS							
EXTERNALLY RESTRICTED NET ASSETS, per Exhibit "B"	<u>118,088</u>	<u>(299,217)</u>	<u>366,963</u>	<u>(12,758)</u>	<u>(29,441)</u>	<u>143,635</u>	<u>132,628</u>
	<u>\$ 184,646</u>	<u>\$ 1,610,872</u>	<u>\$ 366,963</u>	<u>\$ 187,242</u>	<u>\$ 160,559</u>	<u>\$ 2,510,282</u>	<u>\$ 2,624,331</u>

Approved by the board:

 Director
 Director

The attached notes are an integral part of these financial statements.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA
(Combined Funds)
NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended March 31, 2017

	General Fund	Loan Investment Funds			B.C. Futures	2017	2016 (Note 18)
		W.E.D. Repayable	W.E.D. Non-repayable	W.E.D. D.E.I.P.			
BALANCE, beginning of year	\$ 104,841	\$ (277,148)	\$ 351,217	\$ (6,566)	\$ (39,716)	\$ 132,628	\$ 85,395
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE), per Exhibits "C" and "D"	13,247	(22,069)	15,746	(6,192)	10,275	11,007	47,233
TRANSFERS FROM LOAN PORTFOLIO FUNDS (Note 13)	-	-	-	-	-	-	50,000
TRANSFERS TO GENERAL OPERATING FUND (Note 13)	-	-	-	-	-	-	(50,000)
BALANCE, end of year, to Exhibit "A"	<u>\$ 118,088</u>	<u>\$ (299,217)</u>	<u>\$ 366,963</u>	<u>\$ (12,758)</u>	<u>\$ (29,441)</u>	<u>\$ 143,635</u>	<u>\$ 132,628</u>

The attached notes are an integral part of these financial statements.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA
(General Operating Fund)
NON-CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended March 31, 2017

	<u>2017</u>	<u>2016</u> (Note 18)
REVENUE		
Government funding	\$ 329,939	\$ 329,939
Rental income	26,220	15,750
Fee for service (Note 10)	21,000	17,200
Miscellaneous	449	2,601
Interest income	<u>76</u>	<u>63</u>
	<u>377,684</u>	<u>365,553</u>
ADMINISTRATIVE AND GENERAL EXPENSES		
Advertising and promotion	7,001	3,025
Capital expenditures (Note 2(d))	7,959	7,201
Community Economic Development	5,325	-
Employee benefits	22,229	28,269
Insurance	2,881	5,118
Interest and bank charges	1,206	491
Licences, fees and dues	1,921	1,891
Office supplies	21,945	32,672
Professional fees	26,157	44,243
Rent (Note 10)	45,551	43,428
Repairs and maintenance	9,994	7,604
Telephone	9,805	14,021
Training and education	16,743	5,599
Travel	8,103	36,818
Wages	177,481	185,534
Workers' compensation	<u>136</u>	<u>142</u>
	<u>364,437</u>	<u>416,056</u>
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE), to Exhibit "B"	<u>\$ 13,247</u>	<u>\$ (50,503)</u>

The attached notes are an integral part of these financial statements.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA
(Loan Portfolio Funds)
NON-CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended March 31, 2017

	<u>Loan Investment Funds</u>				<u>2017</u>	<u>2016</u> (Note 18)
	W.E.D. Repayable	W.E.D. Non-repayable	W.E.D. D.E.I.P.	B.C. Futures		
REVENUE						
Loan interest (Note 10)	\$ 76,446	\$ 15,687	\$ 3,765	\$ 10,290	\$ 106,188	\$ 108,181
Bank interest	174	84	76	58	392	891
Miscellaneous	-	-	-	-	-	8.052
	<u>76,620</u>	<u>15,771</u>	<u>3,841</u>	<u>10,348</u>	<u>106,580</u>	<u>117,124</u>
ADMINISTRATIVE AND GENERAL EXPENSES						
Bad debts	91,572	-	10,008	48	101,628	13,570
Interest and bank charges	2,875	25	25	25	2,950	1,072
Interest on long-term debt	3,696	-	-	-	3,696	3,740
Professional fees	546	-	-	-	546	1,006
	<u>98,689</u>	<u>25</u>	<u>10,033</u>	<u>73</u>	<u>108,820</u>	<u>19,388</u>
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE), to Exhibit "B"	<u>\$ (22,069)</u>	<u>\$ 15,746</u>	<u>\$ (6,192)</u>	<u>\$ 10,275</u>	<u>\$ (2,240)</u>	<u>\$ 97,736</u>

The attached notes are an integral part of these financial statements.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA
(Combined Funds)
NON-CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2017

	<u>Loan Investment Funds</u>					<u>2017</u>	<u>2016</u> (Note 18)
	General Fund	W.E.D. Repayable	W.E.D. Non-repayable	W.E.D. D.E.I.P.	B.C. Futures		
CASH PROVIDED BY (USED IN)							
OPERATING ACTIVITIES							
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE),							
per Exhibits "C" and "D"	\$ 13,247	\$ (22,069)	\$ 15,746	\$ (6,192)	\$ 10,275	\$ 11,007	\$ 47,233
Net (increase) decrease in non-cash current assets							
Accounts receivable	833	-	-	-	-	833	(605)
Due from government agencies	2,233	-	-	-	-	2,233	285
Prepaid expenses	(497)	-	-	-	-	(497)	9,529
	<u>2,569</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,569</u>	<u>9,209</u>
Net increase (decrease) in non-cash current liabilities							
Accounts payable	5,276	45	-	-	-	5,321	3,313
Wages, benefits and deductions	(106)	-	-	-	-	(106)	(1,667)
Due to government agencies	-	-	-	-	-	-	(4,514)
Deferred revenue	-	-	-	-	-	-	27,495
	<u>5,170</u>	<u>45</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,215</u>	<u>24,627</u>
Net increase in total non-cash working capital balances	<u>7,739</u>	<u>45</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,784</u>	<u>33,836</u>
INVESTING ACTIVITIES							
Investment in loans receivable	-	(486,500)	(45,000)	-	-	(531,500)	(717,829)
Repayment of loans receivable	-	624,740	16,644	30,878	24,392	696,654	577,677
Advance to wholly owned subsidiary	(17,000)	-	-	-	-	(17,000)	(13,964)
	<u>(17,000)</u>	<u>138,240</u>	<u>(28,356)</u>	<u>30,878</u>	<u>24,392</u>	<u>148,154</u>	<u>(154,116)</u>
FINANCING ACTIVITIES							
Proceeds from issue of long-term debt	-	-	-	-	-	-	125,000
Repayment of long-term debt	-	(90,272)	-	-	-	(90,272)	(61,047)
Interfund borrowing (net)	28,997	11,000	-	1	(39,998)	-	-
	<u>28,997</u>	<u>(79,272)</u>	<u>-</u>	<u>1</u>	<u>(39,998)</u>	<u>(90,272)</u>	<u>63,953</u>
NET CASH INCREASE (DECREASE)	32,983	36,944	(12,610)	24,687	(5,331)	76,673	(9,094)
CASH POSITION, beginning of year	51,128	248,312	121,007	44,593	13,926	478,966	488,060
CASH POSITION, end of year	<u>\$ 84,111</u>	<u>\$ 285,256</u>	<u>\$ 108,397</u>	<u>\$ 69,280</u>	<u>\$ 8,595</u>	<u>\$ 555,639</u>	<u>\$ 478,966</u>
CASH POSITION REPRESENTED BY							
Cash and short-term deposits	<u>\$ 84,111</u>	<u>\$ 285,256</u>	<u>\$ 108,397</u>	<u>\$ 69,280</u>	<u>\$ 8,595</u>	<u>\$ 555,639</u>	<u>\$ 478,966</u>

The attached notes are an integral part of these financial statements.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

1. PURPOSE OF THE ORGANIZATION

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA is an organization operating programs aimed at stimulating community based small business and employment development on a not-for-profit basis and as such is not subject to taxation. COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA was incorporated by Letters Patent under the Canada Corporations Act on March 30, 1995 and was transitioned under the Canada Not-for-profit Corporations Act on June 10, 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and short-term deposits

Cash and short-term deposits are comprised of bank account balances net of any outstanding withdrawals and highly liquid short-term deposits.

(b) Financial instruments

Financial assets and liabilities are measured initially at fair value. Subsequent measurement is at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

(c) Investments in subsidiaries

The organization elected to account for its investments in subsidiaries using the cost method. The investment is recorded at its cost and dividends received or receivable are reported in income. Impairment of the investment is determined when events or changes in circumstances indicate that there is possible impairment. Subsequent reversals of impairment are recorded if its fair value improves.

(d) Tangible capital assets

The corporation has adopted the policy to expense tangible capital assets in the year of acquisition. Tangible capital assets are being carried on the statement of financial position at a nominal value of \$1.

(e) Revenue recognition

Government funding is recognized as revenue in the year in which the funding contract relates.

Rental revenue is recognized over the term of the related agreements. Property taxes, insurance and other operating costs recovered from lessees are recognized as revenue in the period in which the applicable costs are incurred.

Fee for service revenue is recognized under the completed contract method and when there is persuasive evidence that an arrangement exists and collection is reasonably assured.

Loan interest income is recognized in the period in which it is earned and when there is persuasive evidence that an arrangement exists and collection is reasonably assured.

(f) Fund accounting

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA follows the restricted fund method of accounting for contributions.

The General Operating Fund accounts for the organization's program delivery and administrative activities. This fund reports the restricted operating grants and unrestricted resources available to pay for eligible administrative expenses.

The Loan Portfolio Funds report only the restricted resources that are to be used for loans to small businesses.

(g) Non-consolidated financial statements

Consolidated financial statements have not been prepared as required by Canadian accounting standards for non-profit organizations due to the fact that all pertinent information regarding the company and its subsidiary is

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

available to the directors. Some users of these financial statements may require further information.

(h) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses for the reporting period. Significant areas requiring the use of management estimates are the collectibility of loans receivable. Actual results could differ from these estimates.

3. LOANS RECEIVABLE

<u>Loan Investment Funds</u>					
W.E.D. Repayable	W.E.D. Non-repayable	W.E.D. D.E.I.P.	B.C. Futures	<u>2017</u>	<u>2016</u>
\$ 1,155,616	\$ 258,566	\$ 117,962	\$ 151,964	\$ 1,684,108	\$ 1,849,262
<u>202,224</u>	<u>45,679</u>	<u>20,325</u>	<u>26,813</u>	<u>295,041</u>	<u>325,227</u>
<u>\$ 953,392</u>	<u>\$ 212,887</u>	<u>\$ 97,637</u>	<u>\$ 125,151</u>	<u>\$ 1,389,067</u>	<u>\$ 1,524,035</u>

Loans receivable are due from various clients and advances by the corporation as part of their mandate to create and maintain regional employment. Normal lending practices are followed and security is registered when deemed appropriate. The loans have been disclosed net of an allowance for loan impairment (2016 - \$104,849; 2015 - \$15,070).

Less, principal portion due within ensuing year

Included in the above W.E.D. Repayable loans receivable is a loan advanced under normal lending practice to the subsidiary company, Skeena Nechako Communications Inc. At March 31, 2017, the balance of the loan receivable was \$68,407 (2016 - \$68,083). During the year interest income was charged to the subsidiary company in the amount of \$3,824 (2016 - \$3,996).

Based on the terms of the loans receivable disclosed above, the estimated amount of principal portions due in each subsequent year are as follows:

2018	\$ 295,041
2019	\$ 314,590
2020	\$ 335,436
2021	\$ 357,667
2022	\$ 381,374

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

4. INVESTMENT

Skeena Nechako Communications Inc. - 100% ownership representing 2 Class "A" common shares, at cost.

General Fund	Loan Investment Funds				2017	2016
	W.E.D. Repayable	W.E.D. Non-repayable	W.E.D. D.E.I.P.	B.C. Futures		
\$ <u>2</u>	\$ -	\$ -	\$ -	\$ -	\$ <u>2</u>	\$ <u>2</u>

5. TANGIBLE CAPITAL ASSETS

Equipment
Furniture & fixtures
Computer hardware
Computer software

Capital items expensed

General Fund	Loan Investment Funds				2017	2016
	W.E.D. Repayable	W.E.D. Non-repayable	W.E.D. D.E.I.P.	B.C. Futures		
\$ 8,814	\$ -	\$ -	\$ -	\$ -	\$ 8,814	\$ 8,814
49,198	-	-	-	-	49,198	53,649
13,549	-	-	-	-	13,549	11,438
<u>10,865</u>	-	-	-	-	<u>10,865</u>	<u>10,865</u>
82,426	-	-	-	-	82,426	84,766
<u>82,425</u>	-	-	-	-	<u>82,425</u>	<u>84,765</u>
\$ <u>1</u>	\$ -	\$ -	\$ -	\$ -	\$ <u>1</u>	\$ <u>1</u>

6. DUE FROM WHOLLY OWNED SUBSIDIARY

Amounts due from Skeena Nechako Communications Ltd., the wholly owned subsidiary corporation, non-interest bearing, unsecured, with no specific terms of repayment.

General Fund	Loan Investment Funds				2017	2016
	W.E.D. Repayable	W.E.D. Non-repayable	W.E.D. D.E.I.P.	B.C. Futures		
<u>79,465</u>	-	-	-	-	<u>79,465</u>	<u>62,465</u>

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

7. LONG-TERM DEBT

	General Fund	Loan Investment Funds			B.C. Futures	2017	2016
		W.E.D. Repayable	W.E.D. Non-repayable	W.E.D. D.E.I.P.			
Funds advanced through Western Economic Diversification to provide funding for the loan portfolio as indicated. The funds are non-secured, non-interest bearing, no terms of repayment and no maturity date.	\$ -	\$ 1,590,000	\$ -	\$ 200,000	\$ -	\$ 1,790,000	\$ 1,790,000
Community Futures Development Corporation of Stuart Nechako - two reducing term loans with a total monthly payment of \$1,734 which includes interest at a maximum rate of bank prime plus 4%, secured by loans receivable having a net carrying amount of \$296,350, maturing on December 7, 2040.	-	146,788	-	-	-	146,788	167,920
Community Futures Development Association of BC - promissory note repayable at \$4,355 per month, including interest at 1.85%, maturing March 31, 2020.	-	173,256	-	-	-	173,256	221,947
Comfor Management Services Ltd.	-	-	-	-	-	-	20,449
	\$ -	\$ 1,910,044	\$ -	\$ 200,000	\$ -	\$ 2,110,044	\$ 2,200,316
Less, principal portion due within ensuing year	-	61,155	-	-	-	61,155	79,084
	\$ -	\$ 1,848,889	\$ -	\$ 200,000	\$ -	\$ 2,048,889	\$ 2,121,232

Based on the terms of the debt disclosed above, the estimated amount of principal portions due in each subsequent year are as follows:

2018	\$	61,155
2019	\$	62,643
2020	\$	64,423
2021	\$	35,508
2022	\$	14,806

Under the repayment terms of the Repayable Investment Fund and Disabled Entrepreneurial Investment Fund, the amounts repayable will be reduced by losses incurred under the loan portfolios. The estimated amount of loans repayable at March 31, 2017 is \$1,619,043 (2016 - \$1,677,839). The long-term debt has not been reduced to this amount as there are future events which will affect the final loan repayment amount at the due dates of the loans. Repayment of these loans is contingent upon certain events or conditions occurring as stipulated in the funding agreements, and not actual repayment dates.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

8. EXTERNALLY RESTRICTED NET ASSETS

Externally imposed restrictions have been placed on the net assets which require that the contributions received and any monies earned while the contributions may be on deposit are to be used for eligible expenses of the Funds of the Corporation as defined in certain contracts.

9. NON-REPAYABLE GRANTS

Since the inception of COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA the corporation has received capital grants which have been recorded as a contribution to net assets. The amount of capital grants received to date is \$750,000 and has been received from the following:

Government of Canada (1996)	\$ 250,000
Forest Renewal British Columbia (1997)	\$ 250,000
Forest Renewal British Columbia (1999)	\$ 250,000

10. RELATED PARTY TRANSACTIONS

The transactions recorded below were carried out in the normal course of operations and are measured at the exchange amount.

	Loan Investment Funds					<u>2017</u>	<u>2016</u>
	General Fund	W.E.D. Repayable	W.E.D. Non-repayable	W.E.D. D.E.I.P.	B.C. Futures		
During the year, the corporation was charged by Skeena Nechako Communications Inc., a subsidiary company, for fees and services as follows:							
Rent	\$ <u>43,428</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>43,428</u>	\$ <u>43,428</u>
During the year, the corporation charged Skeena Nechako Communications Inc., a subsidiary company, for fees and services as follows:							
Interest	\$ 3,824	\$ -	\$ -	\$ -	\$ -	\$ 3,824	\$ 3,996
Fee for services	<u>17,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,000</u>	<u>17,000</u>
	<u>\$ 20,824</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,824</u>	<u>\$ 20,996</u>

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

11. OPERATING COMMITMENTS

The corporation is liable for future minimum operating lease payments and sundry operating commitments as follows:

2018	\$	2,683
2019	\$	2,683
2020	\$	2,683
2021	\$	2,012

12. CONTINGENT LIABILITY

On March 31, 2007, a building was purchased by the subsidiary company, Skeena Nechako Communications Inc. The company has guaranteed two loans each in an amount of \$150,000 totalling \$300,000. Both loans were advanced on the purchase date. As of March 31, 2017, the amount outstanding on the loans that has been guaranteed by Community Futures Development Corporation of Nadina amounted to \$71,247 (2016 - \$99,463).

13. INTERFUND TRANSFERS

Approval to make an interest transfer for up to \$50,000 from the non-repayable investment fund to the general fund for the year ended March 31, 2016 was carried by the directors on October 20, 2015. The purpose was to address shortages in the general fund account.

14. DEFERRED REVENUE

Deferred revenue of \$27,495 at March 31, 2017 (2016 - \$27,495) has been recorded for April 2017 revenue received in advance from Western Economic Diversification as it relates to the contract for 2017-2018.

15. STATUTORY REPORTING

A condition of the agreement with the Government of Canada requires an opinion on the administration for the funding detailed in Note 7. We have reviewed the agreements between COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA and HER MAJESTY THE QUEEN IN THE RIGHT OF CANADA dated March 31, 1995 and subsequent amendments. Nothing has come to our attention which would indicate that there has been any breach of the terms or conditions of the agreement for the current year.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

16. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and short-term investments, receivables, payables, long-term debt, and related-party loans. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant credit, interest rate, liquidity, or market (other price) risks arising from these financial instruments. Market risks result from changes in interest rates, exchange rates of foreign currencies and market prices of financial instruments.

Credit risk

The Company's exposure to credit risk consists principally of cash and short-term investments and loans receivable. The Company maintains cash and short-term investments with reputable and major financial institutions. The loans receivable balances are reviewed on a periodic basis and management maintains relationships with clients to reduce risk of uncollectible loans. Management considers the risk of non-performance of these instruments to be remote.

Interest rate risk

The Company is exposed to interest rate risk with respect to its long-term debt.

Interest rate risk is minimized through management's constant review of maturing debt. The Company structures its finances as to be able to meet its current debt obligations under the current terms through cash flow analysis.

Liquidity risk

The Company is exposed to liquidity risk in meeting its obligations associated with financial liabilities, which is dependent on receipt of funds on outstanding loans and on the securement of government funding.

17. ECONOMIC DEPENDENCE

The corporation's operations consist of operating programs aimed at stimulating community based small business and employment development by securing funds from the Government of Canada, which in the current year amounted to 68% (2016 - 68%) of total revenues. Generally these contracts come due for renewal in April of each year.

18. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with Accounting Standards for Not-for-Profit Organizations.