

**Dakota Ojibway Community  
Futures Development Corporation**

**Financial Statements**  
For the year ended March 31, 2018

# Dakota Ojibway Community Futures Development Corporation

## Financial Statements

For the year ended March 31, 2018

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## Independent Auditor's Report

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### To the Directors of Dakota Ojibway Community Futures Development Corporation

We have audited the accompanying financial statements of **Dakota Ojibway Community Futures Development Corporation**, which comprise the statement of financial position as at March 31, 2018, and the statements of operations and 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.

### 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



#### **Basis for Qualified Opinion**

As disclosed in note 2, the organization has loans receivable bearing interest at rates from 0% to 10%. These amounts were not measured at fair value at their inception, which constitutes a departure from Canadian accounting standards for not-for-profit organizations which require that when a financial asset is originated or assumed in an arm's length transaction, an entity measure it at its fair value. A fair value determination would have taken into account the market rate of interest for similar assets over the expected life of these instruments. The difference between the face value of the instruments and their fair value at inception would have been recorded as revenue over the term of the instrument. As information on the fair value of these instruments was not available to us, we were unable to quantify the effects of this departure on the loans receivable and as at March 31, 2018 and 2017, accrued interest income, and the excess of revenues over expenses for the years then ended, and net assets as of April 1 and March 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of this matter.

#### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of **Dakota Ojibway Community Futures Development Corporation** as at March 31, 2018, and the results of its operations, fund balances and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### **Unaudited Information**

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedules on pages 13 through 18 of the organization's financial statements.

*BDO Canada LLP*

Chartered Professional Accountants

Brandon, Manitoba  
June 20, 2018

**Dakota Ojibway Community Futures Development Corporation  
Statement of Financial Position**

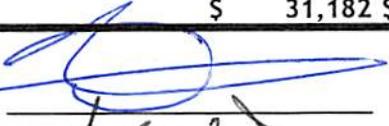
March 31	General	Non Repayable	Repayable	2018 Total	2017 Total
<b>Assets</b>					
<b>Current Assets</b>					
Cash	\$ 23,500	\$ 241,626	-	\$ 265,126	\$ 153,923
Restricted cash (Note 2)	-	-	217,489	217,489	213,780
Accounts receivable	4,734	-	-	4,734	25,165
Prepaid expenses	2,948	-	-	2,948	3,001
Current portion of loans receivable (Note 3)	-	61,384	27,966	89,350	221,655
	<u>31,182</u>	<u>303,010</u>	<u>245,455</u>	<u>579,647</u>	<u>617,524</u>
Loans receivable (Note 3)	-	30,561	105,260	135,821	52,853
Equity investment (Note 3)	-	28,643	-	28,643	28,643
	<u>\$ 31,182</u>	<u>\$ 362,214</u>	<u>\$ 350,715</u>	<u>\$ 744,111</u>	<u>\$ 699,020</u>

**Liabilities and Fund Balances**

**Current Liabilities**

Accounts payable (Note 4)	\$ 24,997	-	-	\$ 24,997	\$ 16,733
Salaries payable	3,400	-	-	3,400	-
Deferred revenue (Note 5)	2,813	-	-	2,813	25,207
	<u>31,210</u>	<u>-</u>	<u>-</u>	<u>31,210</u>	<u>41,940</u>

<b>Fund Balances</b>	<u>(28)</u>	<u>362,214</u>	<u>350,715</u>	<u>712,901</u>	<u>657,080</u>
	<u>\$ 31,182</u>	<u>\$ 362,214</u>	<u>\$ 350,715</u>	<u>\$ 744,111</u>	<u>\$ 699,020</u>

Director 

Director 



## Dakota Ojibway Community Futures Development Corporation Statement of Operations and Fund Balances

For the year ended March 31, 2018	Revenue (Note 9)	Expenditures	Surplus	Fund Balance Beginning of Year	Fund Balance End of Year
<b>General fund</b>					
Operations	\$ 316,507	\$ 314,185	\$ 2,322	\$ (2,350)	\$ (28)
Special Projects	54,905	54,905	-	-	-
	<u>371,412</u>	<u>369,090</u>	<u>2,322</u>	<u>(2,350)</u>	<u>(28)</u>
<b>Non-repayable loan fund</b>	<u>5,156</u>	<u>-</u>	<u>5,156</u>	<u>357,058</u>	<u>362,214</u>
<b>Repayable loan fund</b>					
Repayable Investment Fund	43,617	46	43,571	(82,967)	(39,396)
Youth Entrepreneur Fund	-	-	-	130,817	130,817
Disabled Entrepreneur Fund	4,772	-	4,772	254,522	259,294
	<u>48,389</u>	<u>46</u>	<u>48,343</u>	<u>302,372</u>	<u>350,715</u>
	<u>\$ 424,957</u>	<u>\$ 369,136</u>	<u>\$ 55,821</u>	<u>\$ 657,080</u>	<u>\$ 712,901</u>

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

## Dakota Ojibway Community Futures Development Corporation Statement of Cash Flows

<b>For the year ended March 31</b>	<b>2018</b>	<b>2017</b>
<b>Cash Flows from Operating Activities</b>		
Surplus (deficit) for the year	\$ 55,821	\$ (10,682)
Changes in non-cash working capital balances		
Accounts receivable	20,431	(9,003)
Prepaid expenses	53	(1,390)
Accounts payable	11,664	(1,396)
Due to Dakota Ojibway Tribal Council Inc.	-	(3,463)
Deferred revenue	(22,394)	-
	<u>9,754</u>	<u>(15,252)</u>
	<u>65,575</u>	<u>(25,934)</u>
<b>Cash Flows from Investing Activities</b>		
Change in investments	(82,968)	165,638
Loans issued (collected) in year	132,305	(221,655)
	<u>49,337</u>	<u>(56,017)</u>
<b>Increase (decrease) in cash and cash equivalents during the year</b>	<b>114,912</b>	<b>(81,951)</b>
Cash and cash equivalents, beginning of year	<u>367,703</u>	<u>449,654</u>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 482,615</b>	<b>\$ 367,703</b>
<b>Represented by</b>		
Cash	\$ 265,126	\$ 153,923
Restricted cash	<u>217,489</u>	<u>213,780</u>
	<u>\$ 482,615</u>	<u>\$ 367,703</u>

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

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# Dakota Ojibway Community Futures Development Corporation

## Notes to Financial Statements

**March 31, 2018**

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### 1. Nature of Operations and Summary of Significant Accounting Policies

<b>Nature of Operations</b>	Dakota Ojibway Community Futures Development Corporation is an economic development corporation that invests in First Nations' entrepreneurs. The organization was incorporated with no authorized share capital, to be carried on without gain to its members, with any profits to be used in furthering its undertaking. Upon the liquidation of the corporation, the net assets of the corporation shall be distributed to a corporation of similar undertaking. Any surplus it generates is non-taxable.
<b>Basis of Accounting</b>	These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.
<b>Financial Instruments</b>	Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument for those measured at amortized cost.
<b>Fund Accounting</b>	<p>In order to ensure observance of limitations and restrictions placed on use of resources available to the not-for-profit organization, the accounts are maintained on a fund accounting basis. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the contributors or in accordance with the directives issued by the Board of Directors.</p> <p>Three funds are maintained - unrestricted fund, repayable restricted investment fund and non-repayable restricted investment fund.</p> <p>The unrestricted fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.</p> <p>The restricted investment fund accounts for the investment activities to promote new business or the expansion of existing businesses. Investment funds are segregated into repayable and non-repayable funds. These amounts are externally restricted by Western Economic Diversification.</p>

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# Dakota Ojibway Community Futures Development Corporation

## Notes to Financial Statements

**March 31, 2018**

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### 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

#### Revenue Recognition

The organization follows the restricted fund method of accounting for restricted contributions. Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred.

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

Investment income earned on the non-repayable portion of the Investment Fund is recognized as revenue in the Investment Fund when earned.

Repayable Investment Funds are recognized as liabilities when received.

#### Loans Receivable

Loans receivable are stated net of an allowance for loan impairment and net of any unearned interest.

Interest income is recorded on an accrual basis unless the loan is classified as an impaired loan. Loans receivable are considered to be impaired when, in management's opinion, there is a reasonable doubt as to the ultimate collectability of some portion of the principal or interest. When a loan is classified as impaired, recognition of interest in accordance with the original loan agreement ceases.

Impaired loans are recorded at their estimated realizable amounts.

#### Investments

Investments are accounted for using the cost method of accounting as they are not subject to significant influence.

#### Allowance For Impairment

The allowance for loan impairment is maintained in an amount considered adequate to absorb anticipated credit losses. This account is increased by the provision for impaired loans charged to income in the case of non-repayable investment fund loans or to the liability in the case of repayable investment fund loans, and reduced by write-offs, net of recoveries.

Specific provisions are established on a loan by loan basis to absorb losses on all doubtful accounts that have been identified as a result of the corporation's regular review of its loan portfolio.

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# Dakota Ojibway Community Futures Development Corporation

## Notes to Financial Statements

March 31, 2018

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### 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

#### Allowance For Impairment (continued)

Write-offs are recorded after all restructuring or collection activities have taken place and the possibility of further recovery is considered to be remote.

#### Capital Assets

Capital assets are recorded at cost but are not reflected on the statement of financial position but are expensed against the related funding. Accordingly, no amortization is charged. Capital assets purchased in the year totaled \$- (2017 - \$-).

#### 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.

Estimates are made by management regarding the allowance for doubtful loans.

#### Measurement Uncertainty

The organization provides loans to small businesses. As the valuation of the underlying security cannot be ascertained with any degree of accuracy, measurement uncertainty exists in the valuation of loans and the allowance for loan impairment.

## Dakota Ojibway Community Futures Development Corporation Notes to Financial Statements

**March 31, 2018**

### 2. Restricted Cash

	2018	2017
Repayable	\$ 114,678	\$ 70,428
Disabled / entrepreneur	102,811	143,352
	\$ 217,489	\$ 213,780

Cash amounts are restricted by Western Economic Diversification (WD) for use on the related loan fund.

### 3. Loans Receivable

Loans are receivable from various Aboriginal business ventures with various maturity dates not exceeding February 28, 2023. At March 31, 2018 there were 20 loans outstanding (22 in 2017). Interest rates range from 0 - 7% (2017 - 0 - 7%).

	Non- Repayable	Repayable	2018	2017
Loans receivable	\$ 167,488	\$ 328,238	\$ 495,726	\$ 587,190
Less: allowance for loan impairment	(75,543)	(195,012)	(270,555)	(312,682)
	91,945	133,226	225,171	274,508
Less: current portion	(61,384)	(27,966)	(89,350)	(221,655)
Loan receivable	30,561	105,260	135,821	52,853
Equity investment	28,643	-	28,643	28,643
	\$ 59,204	\$ 105,260	\$ 164,464	\$ 81,496

### 4. Accounts Payable

There were no government remittances included in accounts payable at March 31, 2018.

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## Dakota Ojibway Community Futures Development Corporation Notes to Financial Statements

**March 31, 2018**

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### 5. Deferred Revenue

	2018	2017
Deferred revenue, opening	\$ 25,207	\$ 25,207
Received during the year	2,813	25,207
Recognized	(25,207)	(25,207)
Deferred revenue, ending	\$ 2,813	\$ 25,207

### 6. Repayable Investment Funds

The fund balances include amounts that under certain circumstances could be required to repay the funder.

#### Regular Repayable Investment Funds

The Dakota Ojibway Community Futures Development Corporation has received regular repayable investment funds in the amount of \$275,000 from Western Economic Diversification to be used for loans, loan guarantees and equity investments in a new business or expansion of an existing business. The maximum amount of the loan is \$150,000 for a term not exceeding five years.

#### Disabled Entrepreneur Investment Fund

The Dakota Ojibway Community Futures Development Corporation received a repayable contribution of \$200,000 from Western Economic Diversification to be used for loans, loan guarantees and equity investments in businesses owned by persons with disabilities. The maximum amount of the loan is \$150,000 for a term not exceeding five years.

### 7. Economic Dependence

The company receives a major portion of its revenues pursuant to a funding arrangement with Western Economic Diversification.

# Dakota Ojibway Community Futures Development Corporation

## Notes to Financial Statements

**March 31, 2018**

### 8. Commitments

The Dakota Ojibway Community Futures Development Corporation has an operating lease for its premises at \$1,275 per month, under a lease expiring in April 30, 2021.

The minimum annual lease payments for the next three years are as follows:

2019	\$	15,300
2020		15,300
2021		<u>15,300</u>
	\$	<u>45,900</u>

### 9. Revenue

Revenue presented by major funding source is as follows:

	<u>2018</u>	<u>2017</u>
<b>General fund</b>		
Grants	\$ 370,935	\$ 379,388
Application fees	427	403
Interest income	50	200
	<u>371,412</u>	<u>379,991</u>
<b>Non-repayable loan fund</b>		
Interest income	<u>5,156</u>	<u>5,907</u>
<b>Repayable loan fund</b>		
Bad debts recovery	42,174	-
Interest income	6,215	3,091
	<u>48,389</u>	<u>3,091</u>
<b>Total</b>	<u>\$ 424,957</u>	<u>\$ 388,989</u>

Total interest revenue earned in the year was \$11,421 (2017 - \$9,198).

### 10. Related Party Transactions

Dakota Ojibway Community Futures Development Corporation is related to Dakota Ojibway Tribal Council (DOTC) as their board of directors is appointed by the same group of Chief and Councils that appoint the Council of Chiefs that control DOTC. Administration fees were paid to DOTC in year for payroll services in the amount \$6,713 (2017 - \$6,853).

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# Dakota Ojibway Community Futures Development Corporation

## Notes to Financial Statements

**March 31, 2018**

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### 11. Financial Risk Management

The organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise noted.

#### **Market Risk**

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises: interest rate risk.

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The loans receivable of the entity are exposed to interest rate risk.

#### **Credit Risk**

Credit risk is the risk that one party of a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises principally from receivables. The entity's receivables are the result of loans to small businesses. The credit risk is high. It is the entity's policy to assess the collectibility of the loans on a regular basis to appropriately account for uncollectible amounts.

**Dakota Ojibway Community Futures Development Corporation  
Statement of Operations - Operations  
(Unaudited)**

<b>For the year ended March 31</b>	<b>2018</b>		<b>2017</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Revenue</b>			
Western Economic Diversification	\$ 302,483	\$ 302,483	\$ 302,483
Summer Career Placement	-	4,416	4,431
Administration fees	6,161	9,131	4,566
Application fee	-	50	200
Interest	480	427	403
	<b>309,124</b>	<b>316,507</b>	<b>312,083</b>
<b>Expenditures, per schedule</b>	<b>309,124</b>	<b>314,185</b>	<b>319,660</b>
<b>Surplus (deficit) for year</b>	<b>\$ -</b>	<b>\$ 2,322</b>	<b>\$ (7,577)</b>

**Dakota Ojibway Community Futures Development Corporation**  
**Schedule of Expenditures - Operations**  
**(Unaudited)**

<b>For the year ended March 31</b>	<b>2018</b>		<b>2017</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
Administration	\$ 6,853	\$ 6,713	\$ 6,853
Application processing	-	21	104
Audit	6,500	8,032	7,712
Bank charges	-	274	275
Benefits	29,474	28,870	30,875
Board - travel/meetings	9,000	9,391	8,550
Computer maintenance	7,350	11,200	7,631
Dues and subscriptions	3,446	3,461	3,683
Equipment lease	-	791	1,206
Insurance	3,310	1,879	3,064
Legal	500	-	-
Moving costs	-	-	11,731
Office supplies	3,600	3,470	3,039
Photocopy	400	301	246
Postage	250	115	188
Rent	18,408	19,125	17,411
Telephone / fax / internet	5,340	4,987	5,156
Travel	12,700	9,794	8,873
Wages	198,993	202,761	201,475
Workshops, seminars, training	3,000	3,000	1,588
	<b>\$ 309,124</b>	<b>\$ 314,185</b>	<b>\$ 319,660</b>

**Dakota Ojibway Community Futures Development Corporation  
Statement of Operations - Special Projects  
(Unaudited)**

<b>For the year ended March 31</b>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>		
Vision Quest	\$ 48,252	\$ 47,837
N.A.C.C.A. training	2,696	12,227
Vision Quest reimbursements	936	2,344
A.B.S.N. / E.D.P.	1,187	4,000
C.F.M. / E.D.P.	1,834	1,500
	54,905	67,908
<b>Expenses</b>		
Vision Quest	48,252	47,837
N.A.C.C.A. training	2,696	12,227
Vision Quest special expense	936	2,344
A.B.S.N. / E.D.P.	1,187	4,000
C.F.M. / E.D.P.	1,834	1,500
	54,905	67,908
<b>Surplus for year</b>	\$ -	\$ -

**Dakota Ojibway Community Futures Development Corporation  
Statement of Operations - Non-Repayable Loan Fund  
(Unaudited)**

<b>For the year ended March 31</b>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>		
Interest	\$ 2,021	\$ 1,189
Loan interest - cash	3,135	4,718
	<u>5,156</u>	<u>5,907</u>
<b>Expenses</b>		
	<u>-</u>	<u>-</u>
<b>Surplus for year</b>	<b>\$ 5,156</b>	<b>\$ 5,907</b>

**Dakota Ojibway Community Futures Development Corporation**  
**Statement of Operations - Repayable Investment Fund**  
**(Unaudited)**

<b>For the year ended March 31</b>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>		
Bad debts recovery	\$ 42,174	\$ -
Interest	842	401
Loan interest - cash	601	877
	<u>43,617</u>	<u>1,278</u>
<b>Expenses</b>		
Bad debts	<u>46</u>	<u>12,103</u>
<b>Surplus (deficit) for year</b>	<b>\$ 43,571</b>	<b>\$ (10,825)</b>

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**Dakota Ojibway Community Futures Development Corporation**  
**Statement of Operations - Disabled Entrepreneur Fund**  
**(Unaudited)**

<b>For the year ended March 31</b>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>		
Interest	\$ 1,271	\$ 1,033
Loan interest	3,501	780
	<hr/> 4,772	<hr/> 1,813
<b>Expenses</b>	<hr/> -	<hr/> -
<b>Surplus for year</b>	<hr/> \$ 4,772	<hr/> \$ 1,813

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## Management's Responsibility for Financial Reporting

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The accompanying financial statements of Dakota Ojibway Community Futures Development Corporation and all the information in this annual report are the responsibility of management and have been approved by the Chairman on behalf of the Board of Directors.

The financial statements have been prepared in accordance with accounting standards for not-for-profit organizations. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The organization maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the organization's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the statements.

The Board of Directors reviews and approves the organization's financial statements. The Board of Directors meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report. The Board of Directors also considers the engagement of the external auditors.

The financial statements have been audited by BDO Canada LLP in accordance with accounting standards for not-for-profit organizations on behalf of the members. BDO Canada LLP have full and free access to the Board of Directors.

Chairman \_\_\_\_\_