

**Dakota Ojibway Community
Futures Development
Corporation**

Financial Statements
For the year ended March 31, 2015

Dakota Ojibway Community Futures Development Corporation

Financial Statements

For the year ended March 31, 2015

Contents

Independent Auditors' Report	2
Financial Statements	
Statement of Financial Position	4
Statement of Operations and Fund Balances	5
Statement of Cash Flows	6
Notes to Financial Statements	7
Auditors' Comments on Supplementary Financial Information	13
Statement of Operations - Operations	14
Schedule of Expenditures - Operations	15
Statement of Operations - Special Projects	16
Statement of Operations - Non-Repayable Loan Fund	17
Statement of Operations - Repayable Investment Fund	18
Statement of Operations - Youth Entrepreneur	19
Statement of Operations - Disabled Entrepreneur	20
Management's Responsibility for Financial Reporting	21



Tel: 204 727 0671
Fax: 204 726 4580
Toll-Free: 800 775 3328
www.bdo.ca

BDO Canada LLP
148 - 10th Street
Brandon MB R7A 4E6 Canada

Independent Auditor's Report

To the Members 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, 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.

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 audit opinion.



Basis for Qualified Opinion

Accounting standards for not-for-profit organizations require the disclosure of fair value for loans receivable and repayable interest funds. The fair value of these amounts has not been disclosed on the financial statements.

Qualified Opinion

In our opinion, except for the limitations described in the above paragraph, the financial statements present fairly, in all material respects, the financial position of **Dakota Ojibway Community Futures Development Corporation** as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink, appearing to read 'BDO Corp'.

Chartered Accountants

Brandon, Manitoba
June 24, 2015

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

March 31	General	Non Repayable	Repayable	2015 Total	2014 Total
Assets					
Current Assets					
Cash	\$ 18,946	\$ 134,986	\$ -	\$ 153,932	\$ 205,473
Restricted cash	-	-	186,436	186,436	144,003
Accounts receivable	4,364	-	-	4,364	5,853
Prepaid expenses	2,441	-	-	2,441	2,375
Loans receivable (Note 2)	-	208,085	339,583	547,668	527,669
	<u>\$ 25,751</u>	<u>\$ 343,071</u>	<u>\$ 526,019</u>	<u>\$ 894,841</u>	<u>\$ 885,373</u>

Liabilities and Fund Balances

Current Liabilities

Accounts payable (Note 3)	\$ 7,725	\$ -	\$ -	\$ 7,725	\$ 6,975
Deferred revenue (Note 4)	-	-	-	-	25,207
	<u>7,725</u>	<u>-</u>	<u>-</u>	<u>7,725</u>	<u>32,182</u>

**Repayable investment
funds (Note 5)**

	-	-	186,439	186,439	144,003
	<u>7,725</u>	<u>-</u>	<u>186,439</u>	<u>194,164</u>	<u>176,185</u>

Fund Balances	<u>18,026</u>	<u>343,071</u>	<u>339,580</u>	<u>700,677</u>	<u>709,188</u>
	<u>\$ 25,751</u>	<u>\$ 343,071</u>	<u>\$ 526,019</u>	<u>\$ 894,841</u>	<u>\$ 885,373</u>

Director _____

Director _____

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

For the year ended March 31, 2015	Revenue	Expenditures	Surplus (Deficit)	Fund Balance Beginning of Year	Fund Balance End of Year
General fund					
Operations	\$ 311,560	\$ 300,126	\$ 11,434	\$ 6,592	\$ 18,026
Special Projects	101,909	101,909	-	-	-
	<u>413,469</u>	<u>402,035</u>	<u>11,434</u>	<u>6,592</u>	<u>18,026</u>
Non-repayable loan fund	<u>8,493</u>	<u>22</u>	<u>8,471</u>	<u>334,600</u>	<u>343,071</u>
Repayable loan fund					
Repayable Investment Fund	14,839	2,707	12,132	84,508	96,640
Youth Entrepreneur Fund	-	-	-	130,817	130,817
Disabled Entrepreneur Fund	(40,280)	269	(40,549)	152,672	112,123
	<u>(25,441)</u>	<u>2,976</u>	<u>(28,417)</u>	<u>367,997</u>	<u>339,580</u>
	<u>\$ 396,521</u>	<u>\$ 405,033</u>	<u>\$ (8,512)</u>	<u>\$ 709,189</u>	<u>\$ 700,677</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

For the year ended March 31	2015	2014
Cash Flows from Operating Activities		
Surplus (deficit) for the year	\$ (8,512)	\$ (76,997)
Changes in non-cash working capital balances		
Accounts receivable	1,490	11,930
Prepaid expenses	(66)	(43)
Accounts payable	750	(9,789)
Deferred revenue	(25,207)	(809)
	(23,033)	1,289
	(31,545)	(75,708)
Cash Flows from Investing Activities		
Loans issued in year	(19,999)	84,873
Cash Flows from Financing Activities		
Repayable investment funds	42,436	99,921
Increase (decrease) in cash and cash equivalents during the year	(9,108)	109,086
Cash and cash equivalents, beginning of year	349,476	240,390
Cash and cash equivalents, end of year	\$ 340,368	\$ 349,476
 Represented by		
Cash and short term investments	\$ 153,932	\$ 205,473
Bank indebtedness	186,436	144,003
	\$ 340,368	\$ 349,476

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

Dakota Ojibway Community Futures Development Corporation

Notes to Financial Statements

March 31, 2015

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations	Dakota Ojibway Community Futures Development Corporation is an economic development corporation that invests in First Nations' entrepreneurs. The company 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 are non-taxable.
Basis of Accounting	These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.
Financial Instruments	Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value, with any unrealized gains and losses reported in operations. All other 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 expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.
Fund Accounting	<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, restricted investment fund and invested in capital assets 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>

Dakota Ojibway Community Futures Development Corporation

Notes to Financial Statements

March 31, 2015

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. Funds received but not yet expended or funds expended but not yet received are included in the financial statements as incomplete projects.

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.

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.

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

Dakota Ojibway Community Futures Development Corporation

Notes to Financial Statements

March 31, 2015

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

Capital Assets Capital assets 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 totalled \$15,333 (2014 - \$8,786).

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, 2015

2. Loans Receivable

Loans are receivable from various Aboriginal business ventures with various maturity dates not exceeding November 30, 2019. At March 31, 2015 there were 29 loans outstanding (25 in 2014). Interest rates range from 4.5 - 7% (2014 - 4.5 - 7%).

	Loans Receivable	Allowance for Impairment	Net 2015	Net 2014
Non-repayable loan fund	\$ 257,688	\$ 78,246	\$ 179,442	\$ 131,029
Youth entrepreneur fund	-	-	-	-
Disabled entrepreneur Investment fund	149,033	17,862	131,171	171,720
Equity investment	213,369	4,957	208,412	196,277
	28,643	-	28,643	28,643
	\$ 648,733	\$ 101,065	\$ 547,668	\$ 527,669

3. Accounts Payable

There were no government remittances included in accounts payable at March 31, 2015.

4. Deferred Revenue

	2015	2014
Deferred revenue, opening	\$ 25,207	\$ 26,016
Deferred Recognized	-	25,207
	(25,207)	(26,016)
Deferred revenue, ending	\$ -	\$ 25,207

Dakota Ojibway Community Futures Development Corporation

Notes to Financial Statements

March 31, 2015

5. Repayable Investment Funds

Investment funds are repayable to Western Economic Diversification Canada (WD) as follows:

	2015	2014
Youth entrepreneur fund	\$ -	\$ -
Disabled entrepreneur fund	132,225	86,798
Repayable loan fund	54,214	57,205
	\$ 186,439	\$ 144,003

The lesser of the uncommitted cash balance remaining or the original principle balance shall be repaid to WD at the request of the Minister.

Investment funds are repayable to Western Economic Diversification (WD) as follows:

- 1) \$275,000 to provide a repayable investment fund.
- 2) \$200,000 to provide a repayable disabled persons investment fund.

	W.E.D Repayable Loan	Disabled Persons Loan	Total
Principle	\$ 275,000	\$ 200,000	\$ 475,000
Accumulated loss realized	-	-	-
	\$ 275,000	\$ 200,000	\$ 475,000

6. Economic Dependence

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

7. 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 \$5,649 (2014 - \$6,304).

Dakota Ojibway Community Futures Development Corporation

Notes to Financial Statements

March 31, 2015

8. Financial Risk Management

There have been no substantive changes in the entity's exposure to financial instrument risks. The board monitors the financial statements including its financial instruments on a regular basis to determine if there any increases or changes in its risk.

The principal financial instruments used by the entity, from which financial risk arises, are as follows: cash, accounts receivable, loans receivable, and accounts payable.

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 three types of risk: interest rate risk, foreign exchange risk and other price 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 long-term investments of the entity are exposed to interest rate risk.

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The entity is not exposed to foreign exchange risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. The entity is not exposed to other price risk.

Liquidity Risk

Liquidity risk is the risk that the entity will encounter difficulty in having available sufficient funds to meet its commitments. It is the entity's policy to ensure that it will have sufficient cash and short term investments to allow it to meet its liabilities when they come due.

Credit Risk

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.

9. Prior Year's Figures

The prior years figures have been adjusted to conform with current year presentation standards.



Tel: 204 727 0671
Fax: 204 726 4580
Toll-Free: 800 775 3328
www.bdo.ca

BDO Canada LLP
148 - 10th Street
Brandon MB R7A 4E6 Canada

Auditor's Comments on Supplementary Financial Information

To the Directors of
Dakota Ojibway Community Futures Development Corporation

We have audited the financial statements of Dakota Ojibway Community Futures Development Corporation, which comprise the statement of financial position 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, and have issued our report thereon dated June 24, 2015 which contained a qualified opinion on those financial statements. The audit was performed to form an opinion on the financial statements as a whole. The following schedules are presented for the purposes of additional analysis and are not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the financial statements.

The supplementary information has been subject to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

Chartered Accountants

Brandon, Manitoba
June 24, 2015

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

For the year ended March 31			2015	2014
	Budget		Actual	Actual
Revenue				
Western Economic Diversification	\$ 302,483	\$	302,483	\$ 302,483
Recovery - other	-		1,523	1,823
Administration fees	4,277		1,077	212
Application fee	-		300	125
Summer Career Placement	-		5,425	4,358
Interest	600		752	684
	<u>307,360</u>		<u>311,560</u>	<u>309,685</u>
Expenditures, per schedule	<u>307,360</u>		<u>300,126</u>	<u>310,341</u>
Surplus (deficit) for year	<u>\$ -</u>	\$	<u>11,434</u>	<u>\$ (656)</u>

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

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

For the year ended March 31	2015		2014
	Budget	Actual	Actual
Administration	\$ 6,779	\$ 5,649	\$ 6,304
Advertising	-	100	2,270
Application processing	-	147	41
Audit	6,200	6,942	7,629
Bank charges	-	-	25
Benefits	27,255	24,397	26,708
Board - travel/meetings	9,600	10,352	12,043
Computer maintenance	2,400	11,126	6,460
Dues and subscriptions	4,507	4,254	3,985
Equipment lease	1,560	1,610	1,616
Equipment purchase	22,946	15,333	4,804
GST	118	-	-
Insurance	2,290	2,636	2,479
Legal	500	-	-
Office supplies	5,000	7,527	5,170
Photocopy	4,300	3,752	3,832
Postage	500	502	355
Rent	18,624	18,205	18,630
Telephone / fax	5,000	5,696	5,762
Travel	13,530	11,573	17,763
Wages	170,031	165,126	178,424
Workshops, seminars, training	6,220	5,199	6,041
	\$ 307,360	\$ 300,126	\$ 310,341

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 Operations - Special Projects
(Unaudited)

For the year ended March 31	2015		2014
	Budget	Actual	Actual
Revenue			
Vision Quest	\$ 75,145	\$ 75,145	\$ 84,562
Vision Quest reimbursements	1,963	1,963	1,253
A.B.S.N. / E.D.P.	5,000	5,000	2,500
A.A.N.D.C.	-	-	18,328
N.A.C.C.A. training	10,000	19,801	12,580
	<u>92,108</u>	<u>101,909</u>	<u>119,223</u>
Expenses			
A.A.N.D.C.	-	-	18,328
N.A.C.C.A. training	10,000	19,801	12,580
Vision Quest	75,145	75,145	84,562
Vision Quest special expense	1,963	1,963	1,253
A.B.S.N. / E.D.P.	5,000	5,000	2,500
	<u>92,108</u>	<u>101,909</u>	<u>119,223</u>
Surplus for year	\$ -	\$ -	\$ -

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 Operations - Non-Repayable Loan Fund
(Unaudited)

For the year ended March 31	2015	2014
Revenue		
Bank and short term investment interest	\$ 1,905	\$ 2,035
Loan interest - cash	6,588	5,073
	8,493	7,108
Expenses		
Bad debts	22	20
Surplus for year	\$ 8,471	\$ 7,088

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 Operations - Repayable Investment Fund
(Unaudited)

For the year ended March 31	2015	2014
Revenue		
Interest	\$ 451	\$ 363
Loan interest - cash	11,397	11,077
Repayable to Western Diversification	<u>2,991</u>	<u>(40,864)</u>
	<u>14,839</u>	<u>(29,424)</u>
Expenses		
Bank interest	-	(38)
Bad debts	<u>2,707</u>	<u>-</u>
	<u>2,707</u>	<u>(38)</u>
Surplus (deficit) for year	\$ 12,132	\$ (29,386)

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 Operations - Youth Entrepreneur Fund
(Unaudited)

<u>For the year ended March 31</u>	<u>2015</u>	<u>2014</u>
Revenue	\$ -	\$ -
Surplus for year	\$ -	\$ -

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 Operations - Disabled Entrepreneur Fund
(Unaudited)

For the year ended March 31	2015	2014
Revenue		
Interest	\$ 961	\$ 441
Loan interest	4,127	6,682
Recoveries	60	-
Repayable to Western Diversification	<u>(45,428)</u>	<u>(59,056)</u>
	<u>(40,280)</u>	<u>(51,933)</u>
Expenses		
Bad debts	<u>269</u>	<u>2,110</u>
Deficit for year	\$ (40,549)	\$ (54,043)

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

Management's Responsibility for Financial Reporting

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 judgments. 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 _____