

NORTH CENTRAL COMMUNITY FUTURES DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

**NORTH CENTRAL COMMUNITY FUTURES DEVELOPMENT CORPORATION INC.
YEAR ENDED MARCH 31, 2021**

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FINANCIAL STATEMENTS

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NORTH CENTRAL COMMUNITY FUTURES DEVELOPMENT CORPORATION INC.
(Incorporated under the laws of Manitoba)
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021

ASSETS	FUND				2021 Total	2020 Total
	RRRF Investment	NACCA Investment	C.F.I.F Investment	Administrative / Capital		
Current Assets						
Cash	\$ -	\$ -	\$ -	\$ 200	\$ 200	\$ 200
Bank						
Operating	-	-	-	77,196	77,196	14,524
Youth Fund	-	-	1	-	1	1
Disabled Entrepreneur Fund	-	-	197,180	-	197,180	318,430
Investment Fund	-	-	35,221	-	35,221	265,772
Peer Credit Fund	-	-	30,661	-	30,661	30,753
Loans receivable (Note 6)	805,000	643,250	1,205,471	-	2,653,721	960,955
Accounts receivable (Note 7)	40,000	160,000	-	188,580	388,580	31,597
Fees and charges receivable	-	-	569	-	569	19
Other receivables	-	-	-	-	-	30,000
GST receivable	-	-	-	13,735	13,735	12,895
Prepaid expenses	-	-	-	4,672	4,672	1,909
Capital assets (Note 3)	-	-	-	1,457	1,457	3,380
TOTAL ASSETS	<u>\$ 845,000</u>	<u>\$ 803,250</u>	<u>\$ 1,469,103</u>	<u>\$ 285,840</u>	<u>\$ 3,403,193</u>	<u>\$ 1,670,435</u>

Approved by the Board:

See accompanying notes.

NORTH CENTRAL COMMUNITY FUTURES DEVELOPMENT CORPORATION INC.
(Incorporated under the laws of Manitoba)
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021

LIABILITIES AND FUND BALANCES	FUND				2021 Total	2020 Total
	RRRF Investment	NACCA Investment	C.F.I.F Investment	Administrative / Capital		
Current Liabilities						
Bank indebtedness - NACCA	\$ -	\$ 140,000	\$ -	\$ -	\$ 140,000	\$ -
Accounts payable and accrued liabilities	-	-	-	88,729	88,729	73,625
Deferred income	-	-	-	-	-	37,987
Current portion of long term debt (Note 10)	-	-	62,420	-	62,420	60,277
Current portion of repayable funds (Note 15)	-	20,000	-	-	20,000	-
	-	160,000	62,420	88,729	311,149	171,889
Long Term Liabilities						
Long term debt (Note 10)	-	-	53,710	-	53,710	116,130
Repayable Funds (Note 14)						
National Aboriginal Capital Corporations Association	-	643,250	-	-	643,250	-
Regional Relief and Recovery Fund	845,000	-	-	-	845,000	-
	845,000	803,250	116,130	88,729	1,853,109	288,019
TOTAL LIABILITIES	845,000	803,250	116,130	88,729	1,853,109	288,019
FUND BALANCES						
Invested in capital assets	\$ -	\$ -	\$ -	\$ 1,457	\$ 1,457	\$ 3,380
Unrestricted	-	-	312,973	195,654	508,627	339,036
Restricted (Note 11)	-	-	1,040,000	-	1,040,000	1,040,000
	-	-	1,352,973	197,111	1,550,084	1,382,416
TOTAL FUND BALANCES	-	-	1,352,973	197,111	1,550,084	1,382,416
TOTAL LIABILITIES AND FUND BALANCES	\$ 845,000	\$ 803,250	\$ 1,469,103	\$ 285,840	\$ 3,403,193	\$ 1,670,435

See accompanying notes.

NORTH CENTRAL COMMUNITY FUTURES DEVELOPMENT CORPORATION INC.
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2021

	<u>Invested in Capital Assets</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>2021 Total</u>	<u>2020 Total</u>
Fund balances, beginning of year	\$ 3,380	\$ 339,036	\$ 1,040,000	\$ 1,382,416	\$ 1,477,442
Excess (deficiency) of revenue over expenses for year	(1,923)	169,591	-	167,668	(95,026)
Capital additions, during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 1,457</u></u>	<u><u>\$ 508,627</u></u>	<u><u>\$ 1,040,000</u></u>	<u><u>\$ 1,550,084</u></u>	<u><u>\$ 1,382,416</u></u>

See accompanying notes.

NORTH CENTRAL COMMUNITY FUTURES DEVELOPMENT CORPORATION INC.
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2021

	FUND				2021 Total	2020 Total
	RRRF Investment	NACCA Investment	C.F.I.F Investment (Schedule 1)	Administration / Capital		
REVENUE						
WED Operating Grant (Note 8)	\$ -	\$ -	\$ -	\$ 340,892	\$ 340,892	\$ 340,892
NACCA Support Funding (Note 8)	-	971,000	-	-	971,000	-
Regional Recovery Relief Funding (Note 8)	845,000	-	-	-	845,000	-
Other (Note 9)	66,000	228,843	14,700	320,161	629,704	409,528
	<u>\$ 911,000</u>	<u>\$ 1,199,843</u>	<u>\$ 14,700</u>	<u>\$ 661,053</u>	<u>\$ 2,786,596</u>	<u>\$ 750,420</u>
EXPENSES						
Advertising	\$ 251	\$ 1,170	\$ -	\$ 5,283	6,704	\$ 6,095
Amortization	-	-	-	1,923	1,923	2,774
Bad debt (recovery)	-	-	(5,810)	-	(5,810)	143,589
Bank and service charges	-	172	853	2,148	3,173	3,105
Computer expense	2,504	-	-	3,822	6,326	2,872
Contract expenses	1,538	26,804	-	14,606	42,948	25,055
COVID related expense	1,180	-	-	-	1,180	-
Credit and property fees	61	-	2,718	-	2,779	1,181
Equipment purchase	10,547	-	-	2,485	13,032	-
Group insurance	-	269	-	15,683	15,952	13,591
Group RRSP	-	820	-	15,752	16,572	17,196
Hospitality	-	-	-	375	375	1,403
Insurance	-	-	-	2,278	2,278	2,863
Interest on long term debt	-	-	5,214	-	5,214	7,284
Meetings	508	286	-	3,993	4,787	6,769
Membership fees	-	-	-	3,587	3,587	3,546
Miscellaneous	-	-	-	2,613	2,613	6,167
	<u>16,589</u>	<u>29,521</u>	<u>2,975</u>	<u>74,548</u>	<u>123,633</u>	<u>243,490</u>
Expenses continued next page:						

See accompanying notes.

NORTH CENTRAL COMMUNITY FUTURES DEVELOPMENT CORPORATION INC.
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2021

	FUND				2021 Total	2020 Total
	RRRF Investment	NACCA Investment	C.F.I.F Investment (Schedule 1)	Administration / Capital		
Expenses continued:						
NACCA administration fees	-	-	-	58,579	58,579	-
NACCA support	-	971,000	-	-	971,000	-
Office	282	717	-	10,886	11,885	13,617
Professional development	1,691	2,442	-	-	4,133	850
Professional fees						
Accounting and legal	1,643	1,643	-	6,022	9,308	11,058
Other	-	-	-	65	65	40
Programs	29,202	128,688	-	11,174	169,064	160,116
Promotional material	45	-	-	2,638	2,683	16,242
RRRF support	845,000	-	-	-	845,000	-
Rent	-	-	-	34,973	34,973	34,712
Telephone	719	739	-	12,650	14,108	12,201
Travel						
Board	-	-	-	1,384	1,384	5,581
Executive	-	-	-	-	-	8,495
Staff and Other	-	-	-	3,040	3,040	56,905
Wages and benefits	15,829	52,676	-	363,605	432,110	369,744
	<u>\$ 911,000</u>	<u>\$ 1,187,426</u>	<u>\$ 2,975</u>	<u>\$ 579,564</u>	<u>\$ 2,680,965</u>	<u>\$ 933,051</u>
Income (loss) from operations	-	12,417	11,725	81,489	105,631	(182,631)
Interest Income	-	-	61,699	338	62,037	87,565
EXCESS OF REVENUE OVER EXPENSES	<u>\$ -</u>	<u>\$ 12,417</u>	<u>\$ 73,424</u>	<u>\$ 81,827</u>	<u>\$ 167,668</u>	<u>\$ (95,066)</u>

See accompanying notes.

NORTH CENTRAL COMMUNITY FUTURES DEVELOPMENT CORPORATION INC.
STATEMENT OF CASH FLOW
INVESTMENT, CAPITAL AND ADMINISTRATION FUNDS
YEAR ENDED MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Excess (deficiency) revenue for the year	\$ 167,668	\$ (95,026)
Items not affecting cash:		
Recognition of bad debt	(5,810)	143,589
Depreciation of capital assets	1,923	2,774
Amortization of deferred contributions	-	(21)
	<u>(3,887)</u>	<u>146,342</u>
Changes in non-cash working capital:		
Loans receivable	(1,686,956)	3,536
Grants receivable	(356,983)	49,591
Other receivable	28,610	(34,850)
Prepaid expenses	(2,763)	319
Accounts payable and accrued liabilities	15,065	52,722
Deferred income	(37,987)	9,579
	<u>(2,041,014)</u>	<u>80,897</u>
Cash flows from investing activities		
Purchase of capital assets	-	-
	<u>-</u>	<u>-</u>
Cash flows from financing activities		
Contribution - NACCA	643,250	-
Contribution - RRRF	845,000	-
Repayment of long-term debt	(60,277)	(58,207)
Repayment of repayable funds	20,000	-
	<u>1,447,973</u>	<u>(58,207)</u>
Net increase in cash	(429,260)	74,006
Cash, beginning of year	<u>629,680</u>	<u>555,674</u>
Cash, end of year	<u><u>\$ 200,420</u></u>	<u><u>\$ 629,680</u></u>

NORTH CENTRAL COMMUNITY FUTURES DEVELOPMENT CORPORATION INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

1. NATURE OF ORGANIZATION

North Central Community Futures Development Corporation Inc. is a community based organization that provides loans and financial services to small businesses in the North Central region of Manitoba. The Government of Canada, through the Department of Western Diversification, provides financial assistance to the organization pursuant to an agreement. The purpose of the Corporation is to bring together to support, develop and promote communities, individuals, organizations, businesses and other appropriate stakeholders within the North Central region, to encourage self-reliance and viability of the social and economic quality of life.

The Corporation was incorporated under the Manitoba Companies Act as a non-profit organization on January 20, 1997. It is exempt from income taxes under the *Income Tax Act section 149(1)(d)* as a non-profit

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and include the following significant accounting policies:

FUND ACCOUNTING

The Administrative Fund accounts for the program delivery and administration activities of the organization. This fund reports unrestricted resources and operating grants.

The 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. The Fund includes the restricted repayable contribution of \$1,040,000 by Western Diversification.

CAPITAL ASSETS AND AMORTIZATION

Commencing in the year March 31, 2003, the Corporation began amortizing capital assets based on the following policy:

AMORTIZATION

Amortization has been calculated using the declining balance method at the following rates:

Furniture and Equipment	20%
Computer Hardware	30% or 45%

Note: In the year of acquisition, assets are amortized at half the corresponding rate.

Total capital purchases in 2021 are \$NIL (2020-\$NIL).

REVENUE RECOGNITION

The organization follows the restricted fund method of accounting for contributions. Restricted contributions related to general operations are recognized as revenue of the unrestricted fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate fund. Unrestricted contributions are recognized as revenue of the operating fund in the year received or receivable of the amount to be received can be reasonably estimated and collection is reasonably assured. Interest and all other revenues are recorded as income when earned.

LOANS RECEIVABLE

Loans receivable are stated net of an allowance for loan impairment. Loans are considered to be impaired when, in management's option, there is a reasonable doubt as to the ultimate collectibility of some portion of the principal or interest. Impaired loans are recorded at their estimated realizable amounts.

NORTH CENTRAL COMMUNITY FUTURES DEVELOPMENT CORPORATION INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

FINANCIAL INSTRUMENTS

The organization initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include: cash, accounts receivable and loans receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The fair value of cash, accounts receivable, loans receivable, and accounts payable and accrued liabilities approximates their carrying values due to their short-term maturity.

i. Impairment

At the end of each reporting period North Central Community Futures Development Corporation Inc. assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that come to the attention of the organization, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract such as a default or delinquency in interest or principal payments or bankruptcy or other financial reorganization proceedings.

When there is an indication of impairment, the organization determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

When the organization identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the asset to the highest of the following:

- i) the present value of the cash flow expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset.
- ii) the amount that could be realized by selling the asset at the statement of financial position date and
- iii) the amount the organization expects to realize by exercising its rights to any collateral held to secure repayment of the asset net of all costs necessary to exercise those rights

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Areas of the financial statements subject to estimates and assumptions include: allowance for doubtful loans, and the useful life of capital assets. These estimates are reviewed periodically, and where necessary, adjustments are made and reported in earnings in the period in which they become known.

NORTH CENTRAL COMMUNITY FUTURES DEVELOPMENT CORPORATION INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

FINANCIAL RISK MANAGEMENT

The organization is exposed to a various risks through its financial instruments.

- a) Interest Rate Risk - The organization does not have a significant concentration of interest rate risk.
- b) Credit Risk - Credit risk arises from non-performance by counterparties of contractual financial obligations and is managed on a group basis. Exposure to credit risk arises through the failure of a customer or third party to meet its contractual obligations to the organization. The organization's maximum exposure to credit risk as at March 31, 2021 is its loans receivable, net of allowance for doubtful loans of \$2,653,721 (2020-\$960,955).
- c) Liquidity Risk - As at March 31, 2021, the organization had \$603,304 (2020-\$704,191) in cash and accounts receivable and \$171,149 (2020-\$133,902) in accounts payable, accrued liabilities and current debt obligations. Prudent liquidity management implies maintaining sufficient cash through available funding via an adequate amount of committed credit facilities and the ability to close out financing positions. The organization manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

CAPITAL RISK MANAGEMENT

The organization's objective when managing capital is to maintain significant capital to cover its cost of operations. The organization's capital consists of net assets.

North Central Community Futures Development Corporation Inc. has established policies and related reporting to manage its exposure to fluctuating interest rates (referred to as interest rate risk). In the absence of these policies, the organization's earnings would be impacted, either positively or negatively, as interest rates change. Additionally, the organization is potentially exposed to financial loss from the failure of a party to fully honor its financial or contractual obligations (referred to as credit risk).

There were no changes to the organization's approach to capital management during the period.

CONTRIBUTED SERVICES

Volunteers on the board of directors contribute significant time to assist in control and supervision of program delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

3 CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2021 Net Book Value</u>
Furniture & Equipment	\$ 17,154	16,483	\$ 671
Computer Equipment	80,976	80,190	786
	<u>\$ 98,130</u>	<u>\$ 96,673</u>	<u>\$ 1,457</u>

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2020 Net Book Value</u>
Furniture & Equipment	\$ 17,154	\$ 16,314	\$ 840
Computer Equipment	82,258	79,718	2,540
	<u>\$ 99,412</u>	<u>\$ 96,032</u>	<u>\$ 3,380</u>

NORTH CENTRAL COMMUNITY FUTURES DEVELOPMENT CORPORATION INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

4 PROVISIONS FOR DOUBTFUL LOANS

The organization has created an account for potential doubtful loans. Loans that are determined to be uncollectible will be offset against the allowance for doubtful loans.

5 NON-PERFORMING LOANS

There are non-performing loans that have been reviewed by management. It is the opinion of management that the allowance for doubtful loans at present is sufficient to cover any potential loan loss.

6 LOANS RECEIVABLE

CFIF loans have been made to 8 (2020 - 6) residents of the North Central region. Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from 1.45 % to 7.95% with monthly blended principal and interest repayments amortized from terms between 12 and 60 months. Security is taken on these loans as appropriate to the situation and includes personal guarantees, general security agreements covering business assets and mortgages on land and building.

Regional Relief and Recovery Fund (RRRF) loans have been made to 14 residents of the North Central region to provide support to small and medium size businesses that have been negatively impacted by the COVID-19 pandemic. The maximum assistance available to eligible small and medium sizes businesses is \$60,000. The loan is 0% interest with no principal payments until December 31, 2022; however, principal repayments can be voluntarily made at any time. On the first \$40,000 portion of the loan, provided that 75% of the loan principal is repaid on or before December 31, 2022, the maximum of \$10,000 is forgiven with no requirement for repayment. On the portion of the loan between \$40,001 and \$60,000 portion of the loan, provided that 50% of the loan principal is repaid on or before December 31, 2022, the maximum of \$10,000 is forgiven with no requirement for repayment. If the client is unable to repay the loan by December 31, 2022, the loan will be converted to a three-year term loan with interest rates up to 5%, effective January 1, 2023. The full balance must be repaid no later than December 31, 2025.

National Aboriginal Capital Corporations Association (NACCA) loans have been made to 19 residents of the North Central region to ensure that Indigenous business owners impacted by the COVID-19 pandemic have access to the support they require. The Emergency Loan Program is assisted by the Government of Canada, and is a component of the Indigenous Business Stabilization program. The maximum assistance available to eligible Indigenous owned businesses is \$40,000. The loan is 0% interest with terms of up to 48 months. No payments are required in the first 12 months; however, principal repayments can be made voluntarily at anytime after six months of issuance; without fees or penalties. Loan payments begin in month 13 and are fully amortized over the remainder of the term. The full balance must be repaid no later than March 31, 2025.

	2021	2020
Regular	\$ 1,201,343	\$ 1,093,532
Regional Relief and Recovery Fund	805,000	-
NACCA	643,250	-
Disability	179,928	55,082
Peer Credit	-	325
	\$ 2,829,521	\$ 1,148,939
Less: Allowance for doubtful loans	(175,800)	(187,984)
	\$ 2,653,721	\$ 960,955

NORTH CENTRAL COMMUNITY FUTURES DEVELOPMENT CORPORATION INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

7 ACCOUNTS RECEIVABLE	<u>2021</u>	<u>2020</u>
National Aboriginal Capital Corporations Association	\$ 160,000	\$ -
Regional Relief and Recovery Fund	40,000	-
Community Futures Manitoba	158,773	2,984
Western Diversification	24,611	-
Province of Manitoba - Entrepreneurship, Training and Trade	4,970	847
Other	226	117
Tourism North	-	14,643
Ducks Unlimited	-	12,127
Citizenship & Immigration	-	879
	<u>\$ 388,580</u>	<u>\$ 31,597</u>
 8 GRANTS AND FUNDING SUPPORT		
Western Economic Diversification Canada		
Operating Grant	<u>\$ 340,892</u>	<u>\$ 340,892</u>
 National Aboriginal Capital Corporations Association		
Indigenous Business Stabilization (Emergency Loan Program)	<u>\$ 971,000</u>	<u>\$ -</u>
 Government of Canada		
Regional Relief and Recovery Fund	<u>\$ 845,000</u>	<u>\$ -</u>
 9 OTHER REVENUE		
Grants		
National Aboriginal Capital Corporations Association	\$ 228,843	\$ -
Western Economic Diversification Canada	118,579	97,421
Government of Canada - IRCC	69,841	54,311
Community Futures Manitoba	31,273	52,472
Tourism North	15,000	-
Ducks Unlimited	10,224	54,964
Province of Manitoba – Entrepreneurship, Training and Trade	8,322	23,209
	<u>482,082</u>	<u>282,377</u>
 Business Development Services	\$ 73,813	\$ 800
Economic Development Services	22,377	500
Fees and Administration	20,153	3,895
NCD Reimbursement	16,579	104,404
NACCA Interest Relief	14,700	-
Travel Reimbursement	-	15,596
Miscellaneous	-	1,957
	<u>147,622</u>	<u>127,152</u>
	<u>\$ 629,704</u>	<u>\$ 409,529</u>

NORTH CENTRAL COMMUNITY FUTURES DEVELOPMENT CORPORATION INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

10 LONG TERM DEBT	2021	2020
Loan payable – Community Futures Investment Funds: Monthly installments of \$5,458 including interest at 3.50% Secured by a general security agreement. Due January 1, 2023	\$ 116,130	\$ 176,407
Less amount due in one year	(62,420)	(60,277)
	\$ 53,710	\$ 116,130
Amount due in next 5 years	2022 62,420	
	2023 53,710	
	2024 -	
	2025 -	
	2026 -	
	\$ 116,130	

11 RESTRICTED FUNDS

These funds were provided by repayable contributions from Western Economic Diversification Canada (\$1,000,000) and the Business Development Bank of Canada (\$40,000). There is no specific date for repayment. Repayment will not include interest.

	FUND				Total
	Regular	Disabled Entrepreneur	Youth	Peer Credit	
Amount advanced	600,000	200,000	200,000	40,000	\$ 1,040,000

12 ECONOMIC DEPENDENCE

North Central Community Futures Development Corporation Inc. is dependent on ongoing funding from Western Economic Diversification Canada, a sub-division of the federal government. The organization received 47% (2020-58%) of its operating fund revenue from this source.

13 INVESTMENT FUND POLICY

The organization assists small and medium size businesses to access capital through use of its Investment Fund and other activities.

In administering its Investment Fund, the organization adheres to policies outlined by Western Economic Diversification Canada.

The organization is required to disclose the number and value of any loans issued over \$150,000. For the fiscal year March 31, 2021 the organization issued one loan in the amount of \$225,000.

The organization is required to disclose the number and value of any loans issued with interest rates between prime and prime plus two percent. For the fiscal year March 31, 2021 the organization issued three loans with an interest rate of 1.45%.

The loans disclosed are issued to the same organization with a combined balance outstanding at March 31, 2021 of \$136,220.

NORTH CENTRAL COMMUNITY FUTURES DEVELOPMENT CORPORATION INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

14 REPAYABLE FUNDS

Regional Relief and Recovery Fund (RRRF)

The organization is in receipt of funds from the Government of Canada's Regional Relief and Recovery Fund (RRRF) through the Community Futures Investment Fund Inc. (CFIF) to provide financing to support small and medium size businesses that have been negatively impacted by the COVID-19 pandemic. Total repayable advances received was \$845,000 where \$805,000 was loaned out as of March 31, 2021.

Term and repayment:

- i. From disbursement until December 31, 2022, no principal payments of the loan will be required.
- ii. All loan proceeds received that have not been loaned to business entities by June 30, 2021 are to be returned to the CFIF.
- iii. CFIF will not be requiring repayment of its loan prior to January 1, 2023.
- iv. Repayable balance will be reduced by any loan write-offs or allowance for doubtful loan receivable determined by the management of the organization on or before January 1, 2023 and reasonable costs, charges and expenses incurred by the organization in connection with enforcing payment of any monies or in performance of any other obligation owing under any secondary loan.
- v. Outstanding loan amounts must be repaid in full by December 31, 2025.

National Aboriginal Capital Corporations Association

The organization is in receipt of funds from the National Aboriginal Capital Corporations Association (NACCA), in association with the Government of Canada, as a member Aboriginal Financial Institution (AFI). The contributions are distributed to eligible small and medium size businesses for the purpose of executing the Indigenous Business Stabilization Program Emergency Loan Program. Each Emergency Loan Program loan may only be used to fund eligible small and medium size enterprises in order to meet immediate needs arising from the COVID-19 pandemic for working capital to maintain their operations. Total repayable advances received was \$663,250 and where the full amount was loaned out as of March 31, 2021.

Term and repayment:

- i. From disbursement until June 30, 2021 no principal payments of the loan will be required.
- ii. All contributions received that have not been loaned to business entities by March 31, 2021 are to be returned to NACCA.
- iii. NACCA will not be requiring repayment of its loan prior to June 30, 2021.
- iv. On the 30th business day of each month it is required to repay NACCA all Emergency Loan Program loans for which a corresponding repayment of repayable loan contributions during the prior month have been received by the AFI from the participating loan clients.
- v. Any mandatory repayment required under the agreement that is not paid when due will incur interest at a rate equal to interest accruing on debts due to the Crown under the '*Interest and Administrative Charges Regulations*'.
- vi. Outstanding loan amounts must be repaid in full by April 30, 2025.

NORTH CENTRAL COMMUNITY FUTURES DEVELOPMENT CORPORATION INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

15 CURRENT PORTION OF REPAYABLE FUNDS

The organization is required to repay NACCA all Emergency Loan Program loans for which a corresponding repayment of repayable loan contributions during the prior month have been received from the participating loan clients. As at March 31, 2021 the organization was in receipt of a loan repayment of \$20,000 which is due to NACCA on the 30th business day of the following month.

16 SUBSEQUENT EVENT

In March 2021, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

As a direct result of COVID-19, the organization has approved an in-house COVID-19 loan policy to offer relief to existing loan clients. In addition, the organization has received approval from WED to lower interest rates for new and existing clients. The organization administered emergency loan programs through the National Aboriginal Capital Corporations Association assisted by the Government of Canada - Indigenous Business Stabilization Program and Western Economic Diversification Canada - Regional Relief and Recovery Fund.

Although the likelihood of recognizing additional bad debt on existing loans for the fiscal year ending March 31, 2021 is probable - it is not possible to quantify at the financial statement date.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

17 COMMITMENTS

As at March 31, 2021 the organization had no outstanding commitments.

18 COMPARATIVE FIGURES

Comparative figures may have been adjusted to conform to the current year financial statement presentation.

**NORTH CENTRAL COMMUNITY FUTURES DEVELOPMENT CORPORATION INC.
SUPPLEMENTARY SUPPORTING STATEMENT OF OPERATIONS - INVESTMENT FUND
YEAR ENDED MARCH 31, 2021**

Schedule 1

	Investment Fund			2021	2020
	Regular	Disabled Entrepreneur	Peer		
REVENUE					
Interest income	\$ 59,176	\$ 2,523	\$ -	\$ 61,699	\$ 87,402
NACCA Interest Relief	13,815	885	-	14,700	-
	<u>\$ 72,991</u>	<u>\$ 3,408</u>	<u>\$ -</u>	<u>\$ 76,399</u>	<u>\$ 87,402</u>
EXPENSES					
Bad debt (recovery)	(5,200)	(610)	-	(5,810)	143,589
Bank and service charges	761	-	92	853	861
Credit and property fees	2,718	-	-	2,718	1,181
Interest on long term debt	5,214	-	-	5,214	7,284
	<u>\$ 3,493</u>	<u>\$ (610)</u>	<u>\$ 92</u>	<u>\$ 2,975</u>	<u>\$ 152,915</u>
Approved interest transfer (Note 1)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>
Excess (deficiency) of revenue over expenses	<u>\$ 69,498</u>	<u>\$ 4,018</u>	<u>\$ (92)</u>	<u>\$ 73,424</u>	<u>\$ (75,513)</u>

1 APPROVED INTEREST TRANSFER

Prior to the fiscal year ending March 31, 2020 the organization received approval from Western Economic Diversification Canada for a transfer of interest in the amount of \$5,000 from each of the Regular and Disability funds to the Administration fund. As at March 31, 2021 no request for a transfer of interest between funds had been made.

See accompanying notes.