

**White Horse Plains Community Futures
Development Corporation**

Financial Statements

March 31, 2019

White Horse Plains Community Futures Development Corporation

March 31, 2019

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George & Associates Chartered Professional Accountants Inc.
Box 567, 113 2nd Street SW
Carman, Manitoba
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Independent Auditors' Report

To the Board of Directors
White Horse Plains Community Futures Development Corporation

Opinion

We have audited the financial statements of White Horse Plains Community Futures Development Corporation, which comprise the statement of financial position as at March 31, 2019, and the statements of operations and changes in fund balances and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of White Horse Plains Community Futures Development Corporation as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with the applicable financial reporting framework.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the applicable financial reporting framework, 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.

In preparing these financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Lorna George.



George & Associates Chartered Professional Accountants Inc.

Carman, Manitoba
June 12, 2019

White Horse Plains Community Futures Development Corporation

Statement of Financial Position

March 31, 2019

	General Fund	Loan Investment Funds Repayable	Disabled	2019	2018
Assets					
Current Assets					
Cash and bank (note 2)	\$ 36,994	\$ 88,349	\$ 218,519	\$ 343,862	\$ 325,732
GST receivable (note 3)	3,426	-	-	3,426	1,760
Accounts receivable (note 6)	-	-	-	-	1,800
Accrued interest receivable	-	2,189	-	2,189	2,189
Prepaid expense	14,196	-	-	14,196	14,531
Inter-fund receivable	-	2,468	-	2,468	2,317
Current portion of long-term investments	-	70,110	-	70,110	65,431
	54,616	163,116	218,519	436,251	413,760
Capital Assets (note 2 and 4)					
Cost	67,274	-	-	67,274	67,274
Accumulated amortization	(64,961)	-	-	(64,961)	(63,805)
	2,313	-	-	2,313	3,469
Investment Funds					
Accounts receivable (note 2, 7, 11 and 13)	-	402,030	-	402,030	372,384
Demand loans receivable	-	(70,110)	-	(70,110)	(65,431)
	-	331,920	-	331,920	306,953
Total Assets	\$ 56,929	\$ 495,036	\$ 218,519	\$ 770,484	\$ 724,182

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

White Horse Plains Community Futures Development Corporation

Statement of Financial Position

March 31, 2019

	General Fund	Loan Investment Funds Repayable	Disabled	2019	2018
Liabilities and Fund Balances					
Current Liabilities					
Accrued liabilities	\$ 7,416	\$ -	\$ -	\$ 7,416	\$ 6,583
Inter-fund payable	1,892	-	575	2,467	2,317
	9,308	-	575	9,883	8,900
Long-term Liabilities					
Investment funds repayable	-	532,364	200,000	732,364	732,364
Total Liabilities	9,308	532,364	200,575	742,247	741,264
Fund Balances					
Invested in capital assets	2,313	-	-	2,313	3,469
Unrestricted	45,308	-	-	45,308	27,192
Non repayable grant	-	-	-	-	-
Externally restricted	-	(37,328)	17,944	(19,384)	(47,743)
	47,621	(37,328)	17,944	28,237	(17,082)
Total Liabilities and Fund Balances	\$ 56,929	\$ 495,036	\$ 218,519	\$ 770,484	\$ 724,182

Approved on Behalf of the Board:

_____, Director

_____, Director

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

White Horse Plains Community Futures Development Corporation

Statement of Operations and Changes in General Fund Balances

For the Year Ended March 31, 2019

	General		
	Fund	2019	2018
Revenue			
WD Contributions	\$ 291,832	\$ 291,832	\$ 267,513
Other government contracts	3,000	3,000	2,500
Bank interest	1	1	1
Other	5,740	5,740	400
Total revenues	300,573	300,573	270,414
Expenses			
Professional Expenses			
Accounting and audit	6,578	6,578	8,207
Management fees	160,000	160,000	153,000
Other	920	920	4,145
Administration			
Advertising and promotion	23,054	23,054	16,172
Board member expenses	588	588	501
Books and publications	-	-	75
Casual labour	495	495	400
Insurance	281	281	108
Non-refundable GST	1,666	1,666	1,760
Office rent	24,340	24,340	23,907
Office supplies	7,829	7,829	5,884
Photocopying and printing	3,963	3,963	3,901
Postage and delivery	260	260	306
Special projects	29,659	29,659	38,036
Staff expenses	16,546	16,546	10,811
Telephone	6,278	6,278	5,492
Total Expenses	282,457	282,457	272,705
Income (loss) before the following items:	18,116	18,116	(2,291)
Add back: Computers and equipment capitalized	-	-	-
Less: Amortization	(1,156)	(1,156)	(1,156)

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

White Horse Plains Community Futures Development Corporation

Statement of Operations and Changes in General Fund Balances

For the Year Ended March 31, 2019

	General		
	Fund	2019	2018
Net Income (loss) for the year	16,960	16,960	(3,447)
Transfer (to) from invested in capital	1,156	1,156	1,156
General Fund balance, beginning of year	27,192	27,192	29,483
General Fund, end of year	\$ 45,308	\$ 45,308	\$ 27,192

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

White Horse Plains Community Futures Development Corporation

Statement of Operations and Changes in General Fund Balances

For the Year Ended March 31, 2019

	Loan Investment Funds		2019	2018
	Repayable	Disabled		
Revenue				
Bank interest	\$ 608	\$ 1,554	\$ 2,162	\$ 1,466
Investment interest	26,125	-	26,125	18,434
Fee revenue	72	-	72	-
Total revenues	26,805	1,554	28,359	19,900
Expenses				
Provision (recovery) for investment losses	-	-	-	205
Income (loss) before the following items:	26,805	1,554	28,359	19,695
Net Income (loss) for the year	26,805	1,554	28,359	19,695
General Fund balance, beginning of year	(64,133)	16,390	(47,743)	(67,438)
General Fund, end of year	\$ (37,328)	\$ 17,944	\$ (19,384)	\$ (47,743)

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

White Horse Plains Community Futures Development Corporation

Statement of Cash Flows

For the Year Ended March 31, 2019

	Operating Activities			Financing and Investing Activities	
	General Fund	Repayable	Disabled	2019	2018
Sources of Cash					
WD Contributions	\$ 291,832	\$ -	\$ -	\$ 291,832	\$ 267,513
Investment income	-	26,125	-	26,125	17,520
Bank interest	1	608	1,554	2,163	1,467
Fee revenue	-	72	-	72	-
Other contributions	3,000	-	-	3,000	2,500
Other	5,740	-	-	5,740	400
Investment loan repayments	-	119,867	-	119,867	105,155
	300,573	146,672	1,554	448,799	394,555
Use of Cash					
Management fees	160,000	-	-	160,000	153,000
Materials and services	122,457	-	-	122,457	119,705
Investment loan advances	-	149,514	-	149,514	177,607
	282,457	149,514	-	431,971	450,312
Net increase (decrease) in cash	18,116	(2,842)	1,554	16,828	(55,757)
Cash, beginning	17,262	91,341	217,129	325,732	385,099
Changes in payables	471	-	(164)	307	(6,403)
Change in receivables and prepaids	1,145	(150)	-	995	2,793
Cash, end of year	\$ 36,994	\$ 88,349	\$ 218,519	\$ 343,862	\$ 325,732

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

White Horse Plains Community Futures Development Corporation

Notes to the Financial Statements

For the Year Ended March 31, 2019

1 Purpose of the Association

The corporate body has been constituted under White Horse Plains Community Futures Development Corporation, and its objective is to stimulate employment in the community by providing funds to small businesses in the form of loans, loan guarantees and share capital. The organization is incorporated under the Manitoba Corporations Act as a not-for-profit organization and is exempt under the Income Tax Act as a not-for-profit organization.

2 Significant Accounting Policies

a. Basis of Presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook, on a going-concern basis, which assumes that the organization will be able to realize its assets and discharge its liabilities in the normal course of business. Outlined below are those policies considered significant for the organization.

b. Revenue Recognition

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

Unrestricted contributions are recognized as revenue in the general fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions and interest are recognized as revenue in the investment funds when received and receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

c. Fund Accounting

White Horse Plains Community Futures Development Corporation follows the restricted method of accounting for contributions. The General Fund accounts for the organization's operating costs and general revenues. This fund reports unrestricted resources and restricted operating grants. The Loan Investment Funds report restricted resources that are to be used for assistance to small businesses and entrepreneurs in the form of loans, loan guarantees or equity participation. Loans from the Loan Investment Fund for the Disabled are limited to businesses owned and operated by disabled entrepreneurs. The organization is restricted in the types of loans that can be made according to its agreement with the federal government.

d. Cash and Bank

Cash and bank are made up of cash on hand and bank account balances.

White Horse Plains Community Futures Development Corporation

Notes to the Financial Statements

For the Year Ended March 31, 2019

2 Significant Accounting Policies continued

e. Financial Instruments

Measurement of financial instruments:

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

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

Financial liabilities measured at amortized cost include accounts payable and long-term debt.

Impairment:

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

f. Allowance for Losses on Loans

The allowances are established on a specific case analysis basis.

g. Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the assets' estimated useful lives, which varies from 2 to 10 years. Amortization expense is reported in the General Fund.

h. Use of Estimates

The preparation of financial statements, in conformity with Canadian accounting standards for not-for-profit organizations 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 reported amounts of revenues and expenses during the reported period. Differences in actual results from prior estimates are taken into account at the time the differences are determined.

Significant items subject to such estimates and assumptions include the valuation of investment loans receivable and the estimated useful life of capital assets. Actual results could differ from those estimates.

3 Processing of the Goods and Service Tax

The organization claimed a 50% refund of the input tax credits. An amount of \$1,666 remains included in the expenses.

White Horse Plains Community Futures Development Corporation

Notes to the Financial Statements

For the Year Ended March 31, 2019

4 Property, Plant and Equipment

	2019	2019	2019	2018
	Cost	Accumulated Amortization	Net Value	Net Value
Computer equipment (50%)	\$ 18,493	\$ (18,493)	\$ -	\$ (45,312)
Leasehold improvements (10%)	43,000	(43,000)	-	43,000
Software (20%)	5,781	(3,468)	2,313	5,781
	<u>\$ 67,274</u>	<u>\$ (64,961)</u>	<u>\$ 2,313</u>	<u>\$ 3,469</u>

5 Investment Loans Receivable

Outstanding loans to entrepreneurs are interest bearing at varying rates between 5.7% and 7% with monthly blended principle and interest repayments amortized for terms of 60 months and 120 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 buildings. At the year end, the organization had not approved any additional loans pending certain conditions.

6 Accounts Receivable

Accounts receivable consist of the following:

	2019	2018
Trade Receivables	\$ -	\$ 1,800
Total	<u>\$ -</u>	<u>\$ 1,800</u>

7 Allowance for Credit Loss

An allowance for losses on investment loans is made based on expected loan default rates, potential loss ratios and review of loans portfolio, as determined by management, as follows:

	2019	Provision for Credit Losses	2018
Loan Investment Fund			
Repayable	\$ -	\$ -	\$ 16,947
Disabled	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,947</u>

White Horse Plains Community Futures Development Corporation

Notes to the Financial Statements

For the Year Ended March 31, 2019

7 Allowance for Credit Loss continued

Actual write-offs, net of recoveries, will be deducted from the allowance for credit losses. The provision for credit losses in the statement of operations and changes in fund balances is charged with an amount sufficient to keep the balance in the allowance for credit losses adequate to absorb all credit related losses.

8 Bank Indebtedness

The organization has available an operating line of credit of up to \$24,000 bearing interest at prime plus 1.5%. The line of credit is secured by a general security agreement in first position on all assets of the organization.

9 Long Term Debt

Long Term debt consists of:

	2019	2018
Investment funds repayable	\$ 732,364	\$ 732,364
Total	\$ 732,364	\$ 732,364

The loan from Western Economic Diversification is due as follows:

In the event that the organization is not in compliance with the agreement, dated April 1, 2018 or the project is not approved by the minister, the minister is entitled to take steps described in sections 2, 3 or 4 of the agreement.

10 Changes in Repayable Investments

	2019	2018
Starting balance	\$ 389,331	\$ 295,266
Disbursed loans	149,513	177,607
Capitalized interest	26,125	17,301
Collected reimbursements	(145,992)	(100,843)
Written-off loans	(16,947)	-
	\$ 402,030	\$ 389,331

White Horse Plains Community Futures Development Corporation

Notes to the Financial Statements

For the Year Ended March 31, 2019

11 Repayable Investments

Repayable investments consists of the following:

	<u>2019</u>	<u>2018</u>
Loan granted, guaranteed by mortgages, pledge or personal endorsement, between 5.7% and 7% falling due between 2019 and 2027	\$ 402,030	\$ 389,331
Less: allowance losses on loans	-	(16,947)
	<u>\$ 402,030</u>	<u>\$ 372,384</u>

Redeemable amounts from investments for the next five years are as follows:

2020	\$ 70,110
2021	74,917
2022	80,054
2023	85,542
2024	91,407
Total	<u>\$ 402,030</u>

12 Changes in Disabled Investments

	<u>2019</u>	<u>2018</u>
Starting balance	\$ -	\$ 21,610
Disbursed loans	-	-
Capitalized interest	-	226
Collected reimbursements	-	(21,836)
Written-off loans	-	-
	<u>\$ -</u>	<u>\$ -</u>

13 Disabled Investments

	<u>2019</u>	<u>2018</u>
Loans granted, guaranteed by mortgages, pledge or personal endorsement, between 4% and 7.4%	\$ -	\$ -
Less: allowance losses on loans	-	-
	<u>\$ -</u>	<u>\$ -</u>

White Horse Plains Community Futures Development Corporation

Notes to the Financial Statements

For the Year Ended March 31, 2019

14 Financial Instruments

Risk and concentrations:

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the balance sheet date.

Liquidity risk:

Liquidity risk is the risk that a organization will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. The organization is exposed to this risk mainly in respect of its accounts payable.

Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risks relate to accounts receivable and investment loans receivable. The organization provides credit to its clients in the normal course of its operations.

Market risk:

Market risk is the risk that financial instrument fair values will fluctuate due to changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is not exposed to these risks.

15 Commitments

The organization's total obligations, under various lease agreements is:

<u>Year</u>	<u>Amount</u>
2020	\$28,141

16 Economic Dependence

The organization received 98% of its operating revenues from the federal government and is economically dependent upon it.

17 Management Services

For the 2018 operations the corporation retained Community Futures Heartland Inc. to provide administrative services. There is an agreement in place for 2020 in the amount of \$172,000.

White Horse Plains Community Futures Development Corporation

Notes to the Financial Statements

For the Year Ended March 31, 2019

18 Externally Restricted Fund Balances

Major categories of externally imposed restrictions on net assets are as follows:

Restricted Funds:

Repayable Funds	\$532,364
Disabled Funds	\$200,000

The department of Western Economic Diversification has set the terms and conditions of its contribution with the organization in the April 1, 2018 agreement. Under the terms and conditions the Conditionally Repayable Loan Funds are repayable if any of the following occur:

i. The Conditionally Repayable Investment Fund is not administered according to the terms and conditions specified in this Agreement

ii. Based on reviews and evaluations of the operations and the Conditionally Repayable Investment Fund of the organization, the Conditionally Repayable Investment Fund is not providing a satisfactory level of benefits in terms of employment creation, the development of Community-owned or controlled businesses and strengthening of the western Canadian economy; or

iii. In the opinion of the Minister, the Conditionally Repayable Investment Fund is no longer necessary or relevant to the development of the western Canadian economy; or

iv. The agreement is terminated as described in Section 7; or

v. An event of default occurs, as described in Section 7 of the agreement; or

vi. The Minister does not approve terms and conditions to extend the project beyond March 31, 2021.

George & Associates Chartered Professional Accountants Inc.
Box 567, 113 2nd Street SW
Carman, Manitoba
R0G 0J0

Independent Auditors' Report on Compliance with Agreement

To Western Economic Diversification

We have audited White Horse Plains Community Futures Development Corporation's compliance as at March 31, 2019 with the criteria established in the Contribution Agreement between Western Economic Diversification and White Horse Plains Community Futures Development Corporation dated April 1, 2018. Compliance with the criteria established by the provisions of the agreement is the responsibility of the Board of Directors of White Horse Plains Community Futures Development Corporation. Our responsibility is to express an opinion on this compliance based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether White Horse Plains Community Futures Development Corporation has complied with the criteria established by the provisions of the agreement referred to above. Such an audit includes examining, on a test basis, evidence supporting compliance, evaluating the overall compliance with the agreement, and where applicable, assessing the accounting principles used and significant estimates made by management.

In our opinion, as at March 31, 2019 White Horse Plains Community Futures Development Corporation is in compliance, in all material respects with the criteria established by the Contribution Agreement.

George & Associates Chartered Professional Accountants Inc.

Carman, Manitoba
June 12, 2019