

WHITE HORSE PLAINS COMMUNITY FUTURES

DEVELOPMENT CORPORATION

ELIE, MB

MARCH 31, 2016

WHITE HORSE PLAINS COMMUNITY FUTURES DEVELOPMENT CORPORATION

CONTENTS

FOR THE YEAR ENDED MARCH 31

	<u>Page</u>
Independent Auditors' Report	1 - 2
Financial Statements	
Balance Sheet	3 - 4
Statement of Revenue and Expenditure	5 - 6
Statement of Changes in Net Assets	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 16



REID & ASSOCIATES
Chartered Professional Accountants Inc.

Independent Auditors' Report

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

We have audited the accompanying financial statements of White Horse Plains Community Futures Development Corporation, which comprise the balance sheet as at March 31, 2016 and the statements of revenue and expenditure, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian 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 audit opinion.



REID & ASSOCIATES
Chartered Professional Accountants Inc.

Opinion

In our opinion these financial statements present fairly, in all material respects, the financial position of White Horse Plains Community Futures Development Corporation as at March 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

The comparative figures were reported upon by another firm of public accountants.

June 24, 2016
Winnipeg, Manitoba

Reid & Associates

Chartered Professional Accountants Inc.

WHITE HORSE PLAINS COMMUNITY FUTURES DEVELOPMENT CORPORATION
BALANCE SHEET

AS AT MARCH 31

	Externally Restricted Net Assets (note 8)					2015	2016	2015
	Regular Investment Fund	DEIP Investment Fund	EMESP Capital Fund	General Fund				
Current Assets								
Cash	43,039	145,518	-	4,281	192,838	286,163		
Accounts receivable	-	-	-	1,306	1,306	11,402		
Investment loan receivables (note 3)	388,615	67,053	-	-	455,668	334,706		
Prepaid expenses	-	-	-	588	588	266		
	<u>431,654</u>	<u>212,571</u>	<u>-</u>	<u>6,175</u>	<u>650,400</u>	<u>632,537</u>		
Tangible capital assets (note 4)	-	-	-	-	631	15,743		
Due to (from) interfunds	<u>7,854</u>	<u>(932)</u>	<u>-</u>	<u>(6,922)</u>	<u>-</u>	<u>-</u>		
	<u>439,508</u>	<u>211,639</u>	<u>-</u>	<u>(747)</u>	<u>651,031</u>	<u>648,280</u>		

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
BALANCE SHEET

AS AT MARCH 31

	Externally Restricted Net Assets (note 8)					2015
	Regular Investment Fund	DEIP Investment Fund	EMESP Capital Fund	General Fund	2016	
	\$	\$	\$	\$	\$	\$
Current Liabilities						
Accounts payable and accrued liabilities	-	-	17,474	17,474	17,474	17,882
Conditionally repayable investment funds (note 8)	532,364	200,000	-	-	732,364	732,364
	<u>532,364</u>	<u>200,000</u>	<u>-</u>	<u>17,474</u>	<u>749,838</u>	<u>750,246</u>
Net Assets						
Net assets(deficit)	<u>(92,856)</u>	<u>11,639</u>	<u>-</u>	<u>(18,221)</u>	<u>(98,807)</u>	<u>(101,966)</u>
	<u>439,508</u>	<u>211,639</u>	<u>-</u>	<u>(747)</u>	<u>651,031</u>	<u>648,280</u>

The accompanying notes are an integral part of these financial statements

WHITE HORSE PLAINS COMMUNITY FUTURES DEVELOPMENT CORPORATION
STATEMENT OF REVENUE AND EXPENDITURE

Year Ended March 31

	Externally Restricted Net Assets (note 8)				2016	2015
	Regular Investment Fund	DEIP Investment Fund	EMESP	Capital Fund		
	\$	\$	\$	\$	\$	\$
Revenue						
Federal contracts	-	-	-	-	291,832	291,832
Loan fees and interest	15,263	5,369	-	-	20,634	24,633
Miscellaneous	370	-	-	2,000	2,370	1,881
	<u>15,633</u>	<u>5,369</u>	-	<u>2,000</u>	<u>314,836</u>	<u>318,346</u>
Expenditure						
Advertising and promotion	-	-	-	5,764	5,764	23,173
Computer supplies	-	-	-	4,071	4,071	620
Contract work	-	-	-	-	-	21,986
Cleaning and janitorial	-	-	-	2,750	2,750	4,400
Equipment rental	-	-	-	7,145	7,145	5,900
Subscriptions and memberships	-	-	-	958	958	1,869
Non-refundable GST paid	-	-	-	4,668	4,668	-
Interest and service charges	-	-	-	151	314	1,222
Insurance	72	91	-	-	1,080	1,439
Miscellaneous	865	215	-	-	4,214	3,139
Professional fees	-	-	-	4,214	4,214	3,139
Office, postage and supplies	2,447	-	-	24,973	27,420	18,055
Salaries and benefits	-	-	-	1,701	1,701	2,323
Rent	-	-	-	172,926	172,926	166,472
Conferences and seminars	-	-	-	18,007	18,007	16,875
Utilities	-	-	-	2,802	2,802	2,301
Telephone	-	-	-	5,272	5,272	5,448
Travel and accomodation	-	-	-	4,825	4,825	5,285
	<u>3,384</u>	<u>306</u>	-	<u>269,756</u>	<u>273,446</u>	<u>285,323</u>

The accompanying notes are an integral part of these financial statements

Reid & Associates Chartered Professional Accountants Inc.

WHITE HORSE PLAINS COMMUNITY FUTURES DEVELOPMENT CORPORATION
STATEMENT OF REVENUE AND EXPENDITURE

	Externally Restricted Net Assets (note 8)					Year Ended March 31	
	Regular Investment Fund	DEIP Investment Fund	EMESP	Capital Fund	General Fund	2016	2015
	\$	\$	\$	\$	\$	\$	\$
Operating income	12,249	5,063	-	-	24,078	41,390	33,023
Other items							
Provision for credit loss	(9,919)	-	-	-	-	(9,919)	-
Excess of revenue over expenditure before amortization	2,330	5,063	-	-	24,078	31,471	33,023
Amortization	-	-	-	28,312	-	28,312	15,504
Excess (deficiency) of revenue over expenditure	2,330	5,063	-	(28,312)	24,078	3,159	17,519

The accompanying notes are an integral part of these financial statements

WHITE HORSE PLAINS COMMUNITY FUTURES DEVELOPMENT CORPORATION
STATEMENT OF CHANGES IN NET ASSETS

	Externally Restricted Net Assets (note 8)					Year Ended March 31	
	Regular Investment Fund	DEIP Investment Fund	EMESP	Capital Fund	General Fund	2016 Total	2015 Total
Balance, beginning of year	\$ (95,186)	\$ 6,576	\$ (432)	\$ 15,743	\$ (28,667)	\$ (101,966)	\$ (119,485)
Excess (deficiency) of revenue over expenditure	2,330	5,063	-	(28,312)	24,078	3,159	17,519
Purchase of capital assets	-	-	-	13,200	(13,200)	-	-
Interfund transfer	-	-	432	-	(432)	-	-
Balance, end of year	<u>(92,856)</u>	<u>11,639</u>	<u>-</u>	<u>631</u>	<u>(18,221)</u>	<u>(98,807)</u>	<u>(101,966)</u>

The accompanying notes are an integral part of these financial statements

WHITE HORSE PLAINS COMMUNITY FUTURES DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS

	Year Ended March 31	
	2016	2015
	\$	\$
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenditure for the year	3,159	17,519
Items not affecting cash:		
Amortization	28,312	15,504
Provision for credit loss	16,707	-
	<u>48,178</u>	<u>33,023</u>
 Net changes in non-cash working capital affecting operations <i>(note 6)</i>	 <u>9,366</u>	 <u>(28,655)</u>
	<u>57,544</u>	<u>4,368</u>
 Investing		
Purchase of tangible capital assets	(13,200)	(14,459)
Increase in investment loan receivables	(225,561)	-
Decrease in investment loan receivables	87,892	12,702
	<u>(150,869)</u>	<u>(1,757)</u>
 Increase (decrease) in cash resources	 (93,325)	 2,611
 Cash resources, beginning of Year	 <u>286,163</u>	 <u>283,552</u>
 Cash resources, end of Year	 <u>192,838</u>	 <u>286,163</u>

The accompanying notes are an integral part of these financial statements

WHITE HORSE PLAINS COMMUNITY FUTURES DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

1. Purpose of Organization

White Horse Plains Community Futures Development Corporation (the "Corporation") is incorporated under the laws of Manitoba and is exempt from income taxes under the Income Tax Act as a non-profit organization. This Corporation was established in 1997 to facilitate delivery of the Community Futures program, on behalf of Western Economic Diversification Canada, in the municipalities of Cartier, Headingley, Portage la Prairie and St. Francois Xavier. To that end, the Community Futures Development Corporation provides technical and financial assistance to entrepreneurs in the four municipalities.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian Accounting Standards for not-for-profit organizations. Outlined below are those policies considered particularly significant for the organization.

a) 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 or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

WHITE HORSE PLAINS COMMUNITY FUTURES DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

b) **Tangible Capital Assets**

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value.

The Organization has not made such an election during the year. All financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenue over expenses. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

Measurement of financial instruments

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statements of operations in the period incurred. Financial assets measured at amortized cost include cash, amounts receivable and fixed income investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities. Financial assets measured at fair value include equity instruments that are quoted in an active market.

The fair values of investments quoted in an active market are determined by reference to the latest closing transactional net asset value of each respective investment.

Impairment

At the end of each reporting period, the organization 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 comes 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.

WHITE HORSE PLAINS COMMUNITY FUTURES DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

c) Contributed materials and services

Contributed materials and services are recognized in the financial statements when their fair value can be reasonably determined and they are used in the normal course of the organization's operations and would otherwise have been purchased.

d) Use of estimates

When preparing financial statements according to Canadian accounting standards for not-for-profit organizations, the organization makes estimates and assumptions relating to reported amounts of revenue and expenses, reported amounts of assets and liabilities and disclosure of contingent assets and liabilities.

Management's assumptions are based on a number of factors, including historical experience, current events and actions that the organization may undertake in the future, and other assumptions that we believe are reasonable under the circumstances. Actual results could differ from those estimates under different conditions and assumptions. Estimates were used when accounting for certain items, such as the useful lives of capital assets and impairment of long-lived assets.

e) Fund accounting

General Fund accounts for the Corporation's operating costs and general revenues. This fund reports unrestricted resources and operating grants.

Capital Fund accounts for the Corporation's purchase of tangible capital assets.

Externally restricted funds: The Corporation is restricted in the types of loans that can be made according to its agreement with the federal government.

Regular Investment Funds report restricted resources that are used for assistance to small businesses and entrepreneurs in the forms 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.

DEIP Fund - (Entrepreneurs with Disability Program) means that portion of the Conditionally Repayable Investment Fund which has been provided by WD for the purpose of providing repayable financial assistance to disabled entrepreneurs in Western Canada to help the disabled overcome barriers to self-employment and entrepreneurship.

EMESP Fund (Excess Moisture Economic Stimulus Program) accounts for the revenues and expenditures related to the specific agreement entered into by the Corporation and the Province of Manitoba.

WHITE HORSE PLAINS COMMUNITY FUTURES DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

f) **Provision 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: provision for credit loss is \$14,707 from the Regular Investment Funds; as at March 31, 2016. (See note 3)

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 is charged with an amount sufficient to keep the balance in the allowance for credit losses adequate to absorb all credit related losses. When client loans are deemed to be uncollectable and written off as such, the amount of the write off is used to reduce the amount of the investment funds repayable in the subsequent year.

g) **Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset.

	Method	Rate
Computer equipment	Straight-line	2 years
Leasehold improvements	Straight-line	Life of lease

3. **Investment loan receivables**

Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from 5.7% to 7.4% with various blended principal and interest repayments schedules amortized for terms up to 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.

	Regular Investment Fund	DEIP Investment Fund	2016	2015
Investment loan receivables	405,322	67,053	472,375	334,706
Provision for credit loss	16,707	-	16,707	-
	<u>388,615</u>	<u>67,053</u>	<u>455,668</u>	<u>334,706</u>

4. **Tangible capital assets**

	2016		2015	
	\$	\$	\$	\$
Computer equipment	25,466	24,835	631	29,938
Leaschold improvements	41,900	41,900	-	28,700
	<u>67,366</u>	<u>66,735</u>	<u>631</u>	<u>58,638</u>
				<u>42,895</u>
				<u>15,743</u>

WHITE HORSE PLAINS COMMUNITY FUTURES DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

5. Bank indebtedness

The Organization has available an operating line of credit amounting to \$24,000 bearing interest at prime plus 1.50% (4.55% at March 31, 2016). The line of credit is secured by a General Security Agreement in first position on all assets of the Organization.

6. Cash Flow Statement

	<u>2016</u>	<u>2015</u>
	\$	\$
Net changes in non-cash working capital affecting operations		
Accounts receivable	10,096	(5,169)
Prepaid expenses	(322)	-
Accounts payable and accrued liabilities	(408)	833
Deferred contributions	-	(24,319)
	<u>9,366</u>	<u>(28,655)</u>

7. Commitments

The Organization has entered into various lease agreements with estimated minimum annual payments as follows:

2017	21,219
2018	21,572
2019	<u>1,782</u>
	<u>44,573</u>

WHITE HORSE PLAINS COMMUNITY FUTURES DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

8. Externally restricted net assets

The Department of Western Economic Diversification the terms and conditions of its contribution agreement with the Corporation. Under the terms and conditions the Conditionally Repayable Loan Funds are repayable if any of the following conditions occur:

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

Based on reviews and evaluations of the operations and the Conditionally Repayable Investment Fund of the Corporation, 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

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 The Agreement is Terminated as described in Section 16; or An event of default occurs, as described in Section 17 of the Agreement;

9. Economic dependence

The Corporation receives 93% of its operating revenues from the federal government – Canada Western Economic Diversification Corporation and is economically dependent upon it for continued operations.

WHITE HORSE PLAINS COMMUNITY FUTURES DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

10. Financial Instruments

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

Credit risk

The organization's credit risk consists principally of cash and cash equivalents, short-term and other investments, and contributions receivable. The organization maintains cash and cash equivalents with reputable and major financial institutions. The investments include commercial papers and investments issued by high-credit quality corporations and financial institutions. Management considers the risk of non-performance of these instruments to be remote.

Interest rate risk

The Organization is exposed to interest rate risk with respect to the following financial instruments:

Cash and cash equivalents

Interest bearing investments

The Organization is exposed to interest rate risk with respect to the following financial instruments: cash and cash equivalents, and investments in interest bearing securities. Changes in interest rates can affect the fair value of investments and the cash flows related to interest income and expense.

Liquidity risk

The Organization is exposed to liquidity risk in meeting its obligations associated with financial liabilities, which is dependent on receipt of funds from contributors and continued support by financial institutions providing sufficient operating lending facilities.

Market risk

The Organization is exposed to market risk as the investments in publicly traded securities are subject to fluctuations due to price changes on the market. The prices can also be affected by changes in interest rates and foreign currency exchange rates.

WHITE HORSE PLAINS COMMUNITY FUTURES DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

11 Retirement benefits

The majority of the employees of the organization are members of the Municipal Employees' Pension Plan (MEPP), which is a multi-employer defined benefit pension plan. MEPP members will receive benefits based on 1.5% of their final average yearly Canada Pension Plan (CPP) earnings times years of service, plus 2% of their final average yearly non-CPP earnings times years of service. The costs of the retirement plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of the Chartered Professional Accountants of Canada Handbook section PS3250.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by MEPP by placing plan assets in trust and through MEPP investment policy. The pension expense is based on the contribution rate. The MEPP requires that employees contribute 8.3% of basic annual earnings up to the CPP ceiling plus 9.5% of basic annual earnings in excess of the CPP ceiling, plus an additional 0.1% of earnings below and in excess of the CPP ceiling from employees that are not members of the Municipal Disability Income Plan. The employers are required to match the employee contributions to the MEPP. Actual contributions to MEPP made during the year by the Organization on behalf of its employees amounted to \$11,817 (2015 - \$11,858) and are included in the statement of operations.

Subject to the following paragraph, any unfunded liabilities are to be funded by the participating employers. The most recent actuarial valuation as of December 31, 2014 indicated the plan was 95.2% funded on a going concern basis and had an unfunded solvency liability of \$237.2 million. The solvency position of the plan is determined by comparing the plan assets to the actuarial present value of the benefits accrued in respect of credited service up to the valuation date, calculated as if the plan were wound up on December 31, 2014.

In 2010, the Government of Manitoba enacted a regulation which permits sponsors of public sector pension plans, including MEPP, to elect permanent exemption from solvency funding requirements subject to certain conditions stated in the regulation. MEPP has elected permanent exemption from solvency funding requirements. As a result, solvency funding is no longer required by MEPP.

