

COMMUNITY FUTURES ST. PAUL-SMOKY LAKE REGION

FINANCIAL STATEMENTS

Year Ended March 31, 2016



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June 8, 2016

Community Futures St. Paul – Smoky Lake
Box 1484
4802 – 50 Ave
St. Paul, AB
T0A 3A0

Attention: Board Members

Dear Board Members:

Re: 2016 AUDIT

The purpose of this communication is to summarize certain matters arising from the audit that we believe would be of interest to the Board. This communication should be read in conjunction with the financial statements and our report thereon, and it is intended solely for the use of the Board and should not be distributed to external parties without our prior consent. Carlson Roberts Seely LLP accepts no responsibility to a third party who uses this communication.

AUDIT FINDINGS

We are pleased to advise that during the course of our audit we did not identify any of the following matters:

- ✓ fraud;
- ✓ material misstatement arising from error;
- ✓ illegal or possibly illegal acts;
- ✓ significant weaknesses in internal control; or
- ✓ related party transactions, which are not in the normal course of operations and which involve significant judgments made by management concerning measurement or disclosure.

The audit findings contained in this letter did not have a material effect on the Corporation's financial statements, and as such, our audit report is without reservation.

Our audit procedures were performed to form an opinion on the financial statements and although they might bring possible fraudulent or illegal activities to our attention, our audit procedures were not designed to detect fraudulent or illegal activities.

We obtained a sufficient understanding of internal controls to enable us to plan the audit. In certain areas we assessed control risk below maximum and obtained sufficient appropriate audit evidence through tests of control to support that assessment. However, our study and evaluation of internal controls was not sufficient to express an opinion on the effectiveness of the Corporation's internal control systems.

Significant Accounting Policies and Estimates

Management is responsible for determining the significant accounting policies. The choice of different accounting policy alternatives can have a significant effect on the financial position and results of the Corporation. The application of those policies often involves significant estimates and judgments by management.

We are of the opinion that the significant accounting policies, estimates and judgments made by management do not materially misstate the financial statements taken as a whole.

Unrecorded Misstatements

During the course of our audit we did not discover any unadjusted errors which had not yet been recorded.

Difficulties Encountered During the Audit

We encountered no difficulties during our audit that should be brought to the attention of the Board.

Disagreements with Management

We are required to communicate any disagreements with management, whether or not resolved, about matters that are individually or in aggregate significant to the Corporation's financial statements or auditor's report. Disagreements may arise over:

- a. Selection or application of accounting principles;
- b. Assumptions and related judgments for accounting estimates;
- c. Financial statement disclosures;
- d. Scope of the audit; or
- e. Wording of the auditor's report.

We are pleased to inform you that we had no disagreements with management during the course of our audit.

AUDITOR INDEPENDENCE

We have been engaged to audit the financial statements of the Corporation for the year ending March 31, 2016.

Canadian generally accepted auditing standards (GAAS) require that we communicate at least annually with the Board regarding all relationships between the Corporation and our firm that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by the Institute of Chartered Accountants of Alberta and applicable legislation, covering such matters as:

- (a) holding a financial interest, either directly or indirectly, in a client;
- (b) holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- (c) personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- (d) economic dependence on a client; and
- (e) provision of services in addition to the audit engagement.

We have prepared the following comments to facilitate our discussion with you regarding independence matters.

We are not aware of any relationships between the Corporation and ourselves that, in our professional judgment, may reasonably be thought to bear on our independence that have occurred from June 18, 2015 – June 8, 2016.

The total audit fee quoted for the 2016 audit was \$7,350 plus out of pocket expenses. The total fees for non-audit services during 2016 were \$Nil.

GAAS requires that we confirm our independence to the audit committee (or equivalent) in the context of the Rules of the Institute of Chartered Accountants of Alberta. We hereby confirm that we are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta as of June 8, 2016.

Community Futures St. Paul – Smoky Lake
June 8, 2016

MANAGEMENT LETTER

We have submitted a letter to management on internal controls and other matters that we feel should be brought to their attention.

We wish to express our appreciation for the co-operation we received during the audit from all Corporation staff.

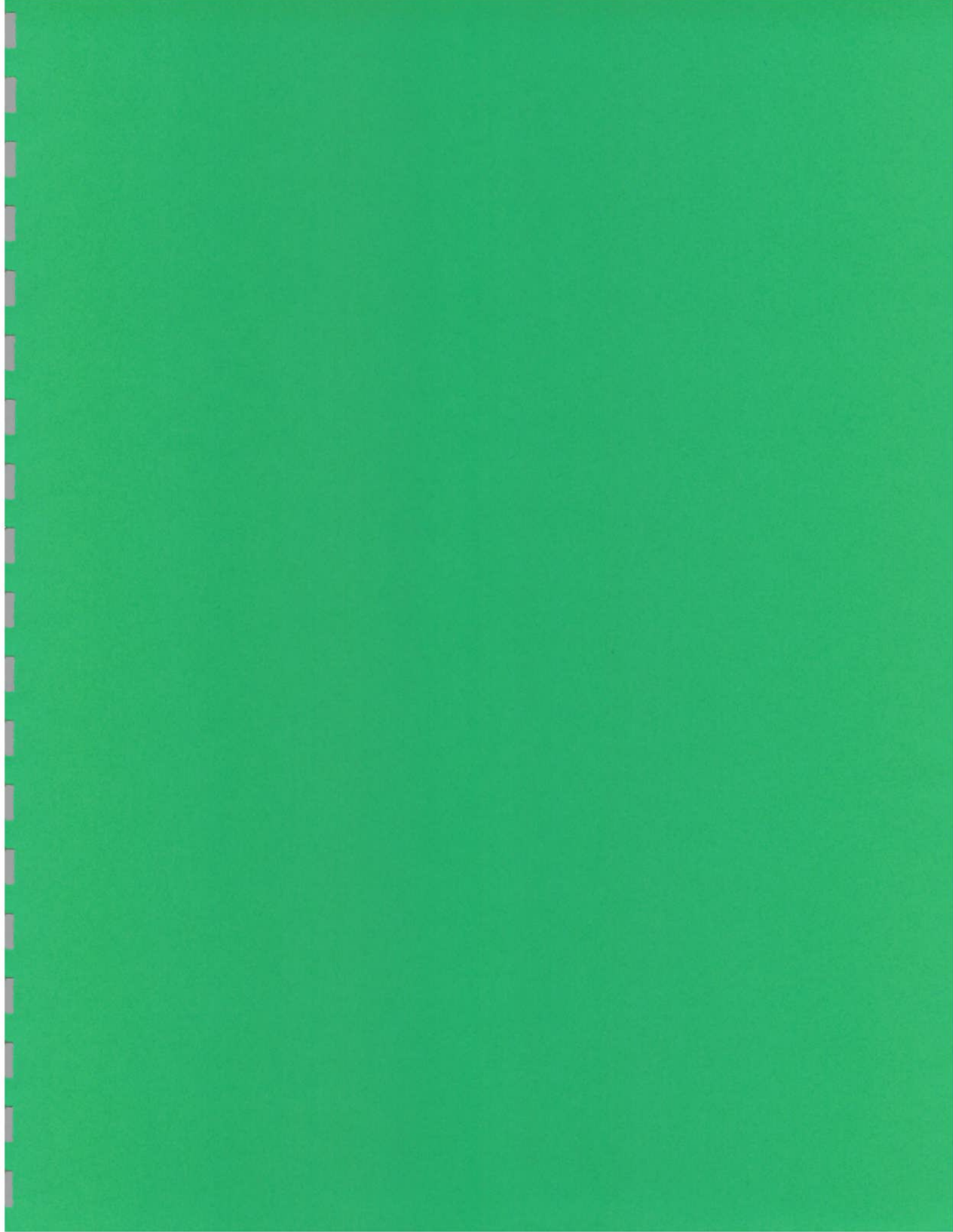
Yours very truly,

Carlson Roberts Seely LLP

A handwritten signature in cursive script that reads "Clayton Seely, CPA, CA".

Clayton Seely, CPA, CA
Partner

cc: Penny Fox, Executive Director



COMMUNITY FUTURES ST. PAUL - SMOKY LAKE REGION

Financial Statements

Year Ended March 31, 2016

COMMUNITY FUTURES ST. PAUL - SMOKY LAKE REGION

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Year Ended March 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Members of Community Futures St. Paul - Smoky Lake Region

We have audited the accompanying financial statements of Community Futures St. Paul - Smoky Lake Region, which comprise the statement of financial position as at March 31, 2016 and the statements of revenues and expenditures, 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 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 audit opinion.

(continues)

Independent Auditor's Report to the Members of Community Futures St. Paul - Smoky Lake Region *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community Futures St. Paul - Smoky Lake Region as at March 31, 2016 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.



Drayton Valley, Alberta
June 8, 2016

CHARTERED PROFESSIONAL ACCOUNTANTS

COMMUNITY FUTURES ST. PAUL - SMOKY LAKE REGION

Statement of Financial Position

March 31, 2016

	General Fund 2016	Capital Asset 2016	Restricted Non- repayable 2016	Restricted Repayable 2016	Restricted Disabled 2016	Total 2016	Total 2015
ASSETS							
CURRENT							
Cash and short term deposits (Note 3)	\$ 161,723	\$ -	\$ 553,589	\$ 90,981	\$ 277,994	\$ 1,084,287	\$ 900,419
GST and accounts receivable	3,706	-	-	-	-	3,706	2,300
Current portion of investment loans receivable (Note 5)	-	-	159,657	293,262	-	452,919	467,641
Prepaid expenses	4,683	-	-	-	-	4,683	4,683
	170,112	-	713,246	384,243	277,994	1,545,595	1,375,043
EQUIPMENT (Net of accumulated amortization) (Note 4)	-	-	-	-	-	-	893
LOANS AND NOTES RECEIVABLE (Note 5)	-	-	799,316	920,038	-	1,719,354	2,108,978
	\$ 170,112	\$ -	\$ 1,512,562	\$ 1,304,281	\$ 277,994	\$ 3,264,949	\$ 3,484,914

COMMUNITY FUTURES ST. PAUL - SMOKY LAKE REGION

Statement of Financial Position

March 31, 2016

	General Fund 2016	Capital Asset 2016	Restricted Non- repayable 2016	Restricted Repayable 2016	Restricted Disabled 2016	Total 2016	Total 2015
LIABILITIES AND NET ASSETS							
CURRENT							
Accounts payable and accrued liabilities	\$ 11,355	\$ -	\$ -	\$ -	\$ -	\$ 11,355	\$ 12,123
Callable CFNA loan (Note 8)	-	-	-	500,000	-	500,000	650,000
Deferred revenue (Note 6)	24,580	-	-	-	-	24,580	-
Current portion of long term debt (Note 7)	-	-	-	7,449	-	7,449	156,964
	35,935	-	-	507,449	-	543,384	819,087
LONG TERM DEBT (Note 7)	-	-	-	122,014	-	122,014	129,463
	35,935	-	-	629,463	-	665,398	948,550
NET ASSETS	134,177	-	1,512,562	674,818	277,994	2,599,551	2,536,364
	\$ 170,112	\$ -	\$ 1,512,562	\$ 1,304,281	\$ 277,994	\$ 3,264,949	\$ 3,484,914

ON BEHALF OF THE BOARD

 Director
 Director

COMMUNITY FUTURES ST. PAUL - SMOKY LAKE REGION
Statement of General and Capital Asset Fund Revenues and Expenses

Year Ended March 31, 2016

	General Fund 2016	Capital Asset 2016	Total 2016	Total 2015
REVENUE				
Federal contracts	\$ 294,963	\$ -	\$ 294,963	\$ 294,963
Community Futures (RCED)	372	-	372	2,197
Projects and other	20,908	-	20,908	12,506
Loan fees and cost recoveries	5,386	-	5,386	5,372
Bank interest	949	-	949	1,354
	<u>322,578</u>	<u>-</u>	<u>322,578</u>	<u>316,392</u>
EXPENSES				
Advertising and promotion	8,352	-	8,352	18,025
Amortization	-	893	893	1,785
Bank charges and interest	1,777	-	1,777	1,144
Board member expenses	9,228	-	9,228	9,002
Insurance	2,330	-	2,330	2,330
Non-recoverable GST	2,353	-	2,353	2,147
Office supplies and postage	15,389	-	15,389	13,075
Professional development	6,497	-	6,497	1,224
Professional fees	10,714	-	10,714	10,751
Projects	4,383	-	4,383	2,841
Rent	30,997	-	30,997	27,120
Salaries and benefits	212,049	-	212,049	199,783
Staff exercises	6,311	-	6,311	6,541
Telephone, utilities and internet	7,953	-	7,953	8,369
Video conferencing	1,076	-	1,076	1,508
	<u>319,409</u>	<u>893</u>	<u>320,302</u>	<u>305,645</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ 3,169</u>	<u>\$ (893)</u>	<u>\$ 2,276</u>	<u>\$ 10,747</u>

See notes to financial statements

COMMUNITY FUTURES ST. PAUL - SMOKY LAKE REGION

Statement of Loan Investment Fund Revenues and Expenses

Year Ended March 31, 2016

	Restricted Non-repayable 2016	Restricted Repayable 2016	Restricted Disabled 2016	Total 2016	Total 2015
REVENUE					
Bank interest	\$ 1,688	\$ 2,628	\$ 120	\$ 4,436	\$ 3,560
Investment interest	65,756	110,235	115	176,106	194,714
Loan fees and cost recoveries	450	800	-	1,250	2,445
	67,894	113,663	235	181,792	200,719
EXPENSES					
Bank charges	50	134	-	184	353
Interest on CFNA loan	-	17,040	-	17,040	24,722
Interest on long-term debt	-	11,856	-	11,856	11,752
Professional fees	-	-	-	-	1,037
Provision (recovery) for investment losses	36,628	55,173	-	91,801	176,695
	36,678	84,203	-	120,881	214,559
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 31,216	\$ 29,460	\$ 235	\$ 60,911	\$ (13,840)

See notes to financial statements

COMMUNITY FUTURES ST. PAUL - SMOKY LAKE REGION

Statement of Changes in Net Assets

Year Ended March 31, 2016

	General Fund 2016	Capital Asset 2016	Restricted Non- repayable 2016	Restricted Repayable 2016	Restricted Disabled 2016	Total 2016	Total 2015
NET ASSETS - BEGINNING OF YEAR	\$ 131,008	\$ 893	\$ 1,481,346	\$ 645,358	\$ 277,759	\$ 2,536,364	\$ 2,539,456
Excess of trade sales over expenses	3,169	(893)	31,216	29,460	235	63,187	(3,092)
NET ASSETS - END OF YEAR	134,177	-	1,512,562	674,818	277,994	2,599,551	2,536,364

Breakdown of Net Assets

Year Ended March 31, 2016

	General Fund 2016	Capital Asset 2016	Restricted Non- repayable 2016	Restricted Repayable 2016	Restricted Disabled 2016	Total 2016	Total 2015
Original contributions	-	-	\$ 581,497	\$ 600,000	\$ 200,000	\$ 1,381,497	\$ 1,381,497
Earned net assets	134,177	-	931,065	74,818	77,994	1,218,054	1,154,867
	\$ 134,177	\$ -	\$ 1,512,562	\$ 674,818	\$ 277,994	\$ 2,599,551	\$ 2,536,364

COMMUNITY FUTURES ST. PAUL - SMOKY LAKE REGION

Statement of Cash Flows

Year Ended March 31, 2016

	General Fund 2016	Capital Asset 2016	Restricted Non- repayable 2016	Restricted Repayable 2016	Restricted Disabled 2016	Total 2016	Total 2015
OPERATING ACTIVITIES							
Excess (deficiency) of revenues over expenses	\$ 3,169	\$ (893)	\$ 31,216	\$ 29,460	\$ 235	\$ 63,187	\$ (3,092)
Amortization	-	893	-	-	-	893	1,785
Bad Debts	-	-	-	62,233	-	62,233	109,363
	3,169	-	31,216	91,693	235	126,313	108,056
Changes in non-cash working capital:							
GST and accounts receivable	(1,406)	-	-	-	-	(1,406)	1,914
Accounts payable and accrued liabilities	(767)	-	(1)	1	-	(767)	(2,982)
Deferred revenue	24,580	-	-	-	-	24,580	(24,580)
Loan receivable accruals	-	-	(4,911)	37,021	-	32,110	(12,418)
Allowance for doubtful accounts	-	-	36,628	(708)	-	35,920	53,254
	22,407	-	31,716	36,314	-	90,437	15,188
Cash flow from operating activities	25,576	-	62,932	128,007	235	216,750	123,244
INVESTING ACTIVITIES							
Repayment of loans and notes receivable	-	-	195,335	626,858	-	822,193	869,109
Addition to loans and notes receivable	-	-	(175,000)	(373,110)	-	(548,110)	(586,800)
Cash flow from investing activities	-	-	20,335	253,748	-	274,083	282,309
FINANCING ACTIVITIES							
Repayment of long term debt	-	-	-	(156,964)	-	(156,964)	(6,511)
Proceeds from callable debt financing	-	-	-	(150,000)	-	(150,000)	(300,000)
Cash flow from (used by) financing activities	-	-	-	(306,964)	-	(306,964)	(306,511)
INCREASE IN CASH FLOW	25,576	-	83,267	74,791	235	183,869	99,042
Cash - beginning of year	136,147	-	470,322	16,190	277,759	900,419	801,377
CASH - END OF YEAR (Note 3)	\$ 161,723	\$ -	\$ 553,589	\$ 90,981	\$ 277,994	\$ 1,084,287	\$ 900,419

See notes to financial statements

COMMUNITY FUTURES ST. PAUL - SMOKY LAKE REGION

Notes to Financial Statements

Year Ended March 31, 2016

1. PURPOSE OF THE ORGANIZATION

Community Futures St. Paul - Smoky Lake Region (the "organization") is a not-for-profit organization incorporated provincially under the Not-for-profit Corporations Act of Alberta. Management has determined that they are exempt from payment of income tax under Section 149(1) of the Income Tax Act.

With the financial support of the Government of Canada, it provides loans and financial services to small businesses otherwise unable to obtain financing, delivers government services and programs related to employment and economic development, provides training and business advisory services, and contributes leadership and expertise in economic development to local communities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Fund accounting

Community Futures St. Paul - Smoky Lake Region follows the restricted fund method of accounting for contributions.

The General Fund accounts for the organization's operating costs, operating grants and general revenues. This fund reports unrestricted resources and restricted operating grants.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to Corporation's acquisition of capital assets.

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 Government of Canada.

Recognition of Contributions

The organization follows the deferral method in accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount received can be reasonably estimated and collection is reasonably assured. Restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred.

Recognition of Other Revenues

Revenue from all other sources is included in revenue in the year in which it is received or becomes receivable.

Contributed services

The organization would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Because of the difficulty of compiling these hours, contributed services are not recognized in the financial statements.

(continues)

COMMUNITY FUTURES ST. PAUL - SMOKY LAKE REGION

Notes to Financial Statements

Year Ended March 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and cash equivalents

Cash and cash equivalents consist of balances with banks and short-term investments with banks.

Investment Loans and Accrued Interest Receivable

Investment loans receivable are classified as held to maturity financial instruments and are recorded at the lower of principal plus accrued interest and estimated realizable value.

Interest income from loans is recorded on the accrual basis for all loans not classified as impaired. Loans are classified as impaired when there is reasonable doubt as to the timely collection of some portion of principal or interest. This assessment is made by management and the Board of Directors.

When a loan is classified as impaired, recognition of interest income in accordance with the original loan agreement ceases. Any subsequent payments received on an impaired loan are applied to reduce the recorded investment in the loan.

Allowance for Doubtful Loans

The organization maintains an allowance for doubtful loans that reduces the carrying value of loans to their estimated realizable amount. The allowance is increased by a provision for investment losses which is charged to income and reduced by write-offs, net of recoveries.

A specific allowance is established on an individual loan basis, to reduce the carrying book values to estimated realizable values. Estimated realizable values are determined by discounting the expected future cash flows at the effective interest rate inherent in the loans. When the amounts and timing of future cash flows cannot be reliably established, estimated realizable values are determined by reference to market prices for the loans of their underlying security.

Equipment

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Equipment is amortized over their estimated useful lives on a declining balance basis at the following rates.

Computer equipment	3 years	straight-line method
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Measurement uncertainty

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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(continues)

COMMUNITY FUTURES ST. PAUL - SMOKY LAKE REGION

Notes to Financial Statements

Year Ended March 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial Instruments Policy

Held for trading

The organization has classified the following financial assets and liabilities as held for trading: cash and short term investments. These instruments are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Held for trading financial instruments are subsequently measured at their fair value. Gains and losses arising from changes in fair value are recognized immediately in net income.

Loans and receivables

The organization has classified the following financial assets as loans and receivables: trade accounts receivable and long term loans receivable. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate method, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, and less any reduction for impairment or uncollectibility. Gains or losses arising from changes in fair value are recognized in net income from derecognition or impairment.

Other financial liabilities

The organization has classified the following financial liabilities as other financial liabilities: accounts payable and accruals. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carry value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount. Gains and losses arising from the changes in fair value are recognized in net income upon derecognition or impairment.

3. CASH

	<u>2016</u>	<u>2015</u>
Cash	\$ 1,050,287	\$ 865,919
ATB Financial redeemable GICs	34,000	34,500
	<u>\$ 1,084,287</u>	<u>\$ 900,419</u>

The GIC bears interest at 1.35% and matures on December 21, 2016.

COMMUNITY FUTURES ST. PAUL - SMOKY LAKE REGION

Notes to Financial Statements

Year Ended March 31, 2016

4. EQUIPMENT

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Computer equipment	\$ 51,338	\$ 51,338	\$ -	\$ 893

5. INVESTMENT LOANS RECEIVABLE

Loan Investment Funds

Start 54 + 12 - 10 = 55 -

	Non-repayable	Repayable	Disabled	2016	2015
Loan Receivable	\$ 1,103,675	\$ 1,495,816	\$ -	\$ 2,599,491	\$ 2,970,911
Less: allowance for loan impairment	(144,702)	(282,516)	-	(427,218)	(394,292)
Less: current portion	(159,657)	(293,262)	-	(452,919)	(467,641)
	<u>\$ 799,316</u>	<u>\$ 920,038</u>	<u>\$ -</u>	<u>\$ 1,719,354</u>	<u>\$ 2,108,978</u>

An allowance for impairment 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:

ALLOWANCE FOR LOAN IMPAIRMENT:

Balance, beginning of year	\$ (108,074)	\$ (286,218)	\$ -	\$ (394,292)	\$ (341,037)
Provision for loan losses	(36,628)	(132,300)	-	(168,928)	(176,696)
Amounts written off to the allowance	-	62,233	-	62,233	123,441
Amounts recovered from the allowance	-	73,769	-	73,769	-
Balance at end of year	<u>\$ (144,702)</u>	<u>\$ (282,516)</u>	<u>\$ -</u>	<u>\$ (427,218)</u>	<u>\$ (394,292)</u>
Total recorded investment on impaired loans	<u>\$ 144,702</u>	<u>\$ 365,010</u>	<u>\$ -</u>	<u>\$ 509,712</u>	<u>\$ 632,020</u>

In accordance with the Corporation's objectives, the Corporation has provided loans to small businesses. Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from 5.0% to 8.0% per annum with monthly blended principal and interest repayments amortized for 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 property.

COMMUNITY FUTURES ST. PAUL - SMOKY LAKE REGION

Notes to Financial Statements

Year Ended March 31, 2016

6. DEFERRED REVENUE

Deferred revenues represent the amount of the restricted contributions that are related to disbursements of future periods. During the 2016 fiscal year, the corporation received an advance payment from Western Diversification for its federal contract contribution pertaining to the 2017 fiscal year.

	<u>2016</u>	<u>2015</u>
Western Diversification federal contribution	\$ 24,580	\$ -

7. LONG TERM DEBT

Community Futures - Lac La Biche loan bearing interest at 6.75% per annum, repayable in monthly blended payments of \$1,330. The loan matures on February 25, 2018 and is unsecured.

	<u>2016</u>	<u>2015</u>
	\$ 129,463	\$ 136,427

Community Futures - Lac La Biche loan repaid during the year.

	<u>-</u>	<u>150,000</u>
	129,463	286,427

Amounts payable within one year

	<u>(7,449)</u>	<u>(156,964)</u>
	\$ 122,014	\$ 129,463

Principal repayment terms are approximately:

2017	\$ 7,449
2018	<u>122,014</u>
	<u>\$ 129,463</u>

These loans were made under a memorandum of understanding between the Corporation and Community Futures Lac La Biche which sets out the terms and conditions of the loan. The loans are a result of loans made to new clients in excess of the \$150,000 limit.

8. CALLABLE CFNA LOAN

The corporation has obtained a callable loan which is authorized to a limit of \$1,400,000. The loan bears interest at the bank prime rate and is secured by a first charge on the loan portfolio of the corporation. Interest is payable monthly with the principal balance due November 30, 2018.