





## VISION STATEMENT

A Manitoba where all our communities can develop to their full economic potential.

## MISSION

Through strategic relationship building, expert business coaching, and client-centered lending, we support the economic development of Manitoba communities.



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# Transmittal Letter



Honourable Clifford Cullen  
Minister Responsible for the  
Communities Economic Development Fund Act  
Province of Manitoba  
Room 352, Legislative Building  
Winnipeg MB R3C 0V8

Dear Sir:

It is my pleasure to forward to you, the Communities Economic Development Fund's Annual Report for the year ended March 31<sup>st</sup>, 2016.

Respectfully submitted,

Rosann Wowchuk  
Chairperson



# Corporate Profile



**MINISTER RESPONSIBLE:** The Honourable Clifford Cullen

## BOARD OF DIRECTORS:

### Chairperson:

Rosann Wowchuk Cowan

### Directors:

Chris Baker	South Indian Lake
Yvonne Ballantyne	Grand Rapids
Rob Barbe	Winnipegosis (Term ended July 31, 2015)
Darlene Beck	Cross Lake (Term ended July 31, 2015)
Lori Lathlin	The Pas
Reg Mead	Wabowden
Terence Stover	Churchill
Ellen Young	Bloodvein

### Officers:

Oswald Sawh	Chief Executive Officer
Chris Thevenot	Manager of Finance & Fisheries Loans Program

## HEAD OFFICE:

15 Moak Crescent  
Thompson, Manitoba R8N 2B8  
Telephone: (204) 778-4138  
Fax: (204) 778-4313  
Toll Free: 1-800-561-4315 (In Manitoba only)

## FIELD OFFICES:

### Business Loans:

P.O. Box 87, #16-120 6th Avenue N., Swan River, MB R0L 1Z0  
Bay 8, 1680 Ellice Avenue, Winnipeg, MB R3H 0Z2

### Fisheries Loans:

Box 1277, 101-120 Centre Ave., Gimli, MB R0C 1B0  
Box 10548, Opaskwayak, MB R0B 2J0  
Bay 8, 1680 Ellice Avenue, Winnipeg, MB R3H 0Z2

The Communities Economic Development Fund (also referred to in legislation as “the fund”) is a Manitoba Crown Corporation, incorporated under the Communities Economic Development Fund Act (C155 of the Consolidated Statutes of Manitoba).

## LEGISLATED MANDATE:

The object of the fund, as stated in section 3(1) of the Act is as follows:

*“The objects of the fund are to encourage the economic development of*  
*(a) northern Manitoba;*  
*(b) aboriginal people in the province outside of the City of Winnipeg; and*  
*(c) the fishing industry in Manitoba.”*

Section 3(2) of the Act states the focus of the fund:

*“In carrying out its objects, the fund is to*  
*(a) give emphasis to the needs of small business, community development corporations and corporations without share capital; and*  
*(b) seek to provide its financial assistance in a way that encourages other lending and financial institutions to provide additional financing.”*

Forms of financial assistance are described in Section 8(1) of the Act:

*“The fund may provide financial assistance in such forms as it may decide; including making loans to borrowers for the provision of fixed capital or working capital or for both.”*

The activities of the fund are outlined in Section 6.1(1) of the Act:

*“For the purpose of achieving its objects, the fund may*  
*(a) provide financial assistance to persons or economic enterprises;*  
*(b) provide information, advice and training respecting the administration and operation of economic enterprises; and*  
*(c) promote good management practices in economic enterprises.”*

## PROGRAMS:

CEDF provides loans and guarantees to small to medium enterprises through its Business Loan Program and to the commercial fishery through its Fisheries Loan Program. It provides support for community economic development through its community based programming which includes the delivery of programs delivered under a Memo of Understanding (MOU) with the Department of Growth, Enterprise, and Trade.



# Corporate Report



## OVERVIEW:

CEDF, for the fourth consecutive year achieved higher than average annual loan activity, with \$5.78 million in developmental loans approved. Total fisheries loans approved in the amount of \$3.96 million is the highest in the last seven years and shows a continued upward trend in total loan volumes approved in the program. CEDF, for its 17th consecutive year, achieved its operating budget.

## Performance Measurement:

CEDF strategic business units remain unchanged.

- Business Loans - providing loans and guarantees to economic enterprises.
- Fisheries Loans – providing loans to the commercial fishing industry.
- Administration - accounting, finance, management information services, and treasury management.
- Community Economic Development - community level programming to assist Northern Manitoba communities in expanding economic opportunities.

Each unit is measured on key objectives which are noted below with outcomes.

## BUSINESS LOAN PROGRAM:

The Business Loan Program had its fourth highest year with \$5.78 million in lending. Over its 44 year history, CEDF has had an annual lending average of \$2.99 million. The last four years have seen unprecedented increases with these years ranking in the top five highest in lending activity. The four years have an annual average lending at \$6.27 million or more than double the historical average. The three main factors that fueled this growth are CEDF's lending limit increase from \$1 to \$2 million, more presence in Southern Manitoba and higher activity in First Nations communities. Some key industries such as Forestry and Transportation are still below historical levels, but the hospitality and service industry continues to perform well for CEDF.

## Program Objectives:

- \$4.5 million in annual loan activity – during fiscal 2016, CEDF approved \$5.78 million in new lending. The result is a year over year decrease of \$1.4 million, but is on par with the 5-year average of \$5.64 million. CEDF continues to monitor demand factors such as the arrival of new capital in the market as well as industry conditions. It also continues to work with other developmental lenders in order to help complement rather than compete against other programs.

- Account management to reduce loan losses – during fiscal year 2015/16, CEDF's loan loss provision was \$109,763 or approximately 1.90% of new activity. This is significantly lower than CEDF's 5-year loan loss average of \$382,637 and the 5-year average of 6.78% of new activity. The loan loss provisions for the year for both programs remain within budget.

At year end, the Business Loan portfolio stood at \$20.2 million down slightly from \$21.5 million in 2015.

## FISHERIES LOAN PROGRAM:

CEDF continues to be a major source of financing to the industry where many participants do not have access to conventional financing. The loans are for assets such as boats, motors, ATVs, snowmobiles, quotas, and nets. CEDF caters its loan payments to reflect the seasonality of the industry.

Payments for fisheries loans are remitted to CEDF by way of a 25% assignment of fish delivered to FPMC agents. There is a strong relationship between the availability of capital to support the fishing industry and the surety of payments offered by FPMC's check-off.

CEDF continues to monitor fishery conditions and work with fishers to address issues as part of its risk mitigation approach.

## Program Objectives:

- Lending activity \$4.5 million annually – New lending activity during 2015/2016 was \$3.96 million, an increase from 2014/2015 fiscal year (\$3.56 million), and the highest since 2009.
- Successful loan management practice – Management made a loan loss provision of \$599,117 this year to reflect a decline in the overall value of the portfolio on an NPV basis as well as a more aggressive approach to addressing non-performing loans. The Fund's provision for loan loss under both programs is within budget.

At fiscal year end, the Fisheries Loan portfolio was at \$11.7 million, down from \$12.66 million in 2015, due in part to a higher amount of payments received in the year. CEDF is monitoring both payment levels and amortization terms to ensure that portfolio quality is accurately reported.

In September 2014, CEDF, in partnership with Training and Employment Services department of the Manitoba Government, began to administer the Fisher Helper Training program. The program provided individuals with exposure to the commercial fishing industry through work experience under an experienced fisher. The program concluded in the 2015/16 fiscal year. It resulted in over 131 applicants trained in 42 communities.



## ADMINISTRATION:

The unit is headed by the Manager of Finance & Fisheries Loan Program, and has one staff. It is responsible for the production of financial reports, accurate recording of transactions, and managing budget. The accounting department handled in excess of \$31 million in transactions including loan disbursements, payments from clients, and operating expenditures. In addition, the unit manages CEDF's Treasury supply.

### Accounting Objectives:

- Budget management – CEDF achieved budget for the 17th consecutive year.
- Timely reporting of performance and regulatory reporting - CEDF has met its filing objectives throughout the year and has provided regular (monthly) reporting to Board and Management.

CEDF borrows its loan funds from the Department of Finance at Crown rates. It is important for CEDF to manage this supply to ensure it can provide an efficient source of capital to its clients. Treasury is also responsible for ensuring an adequate supply of capital under the Loan Act. The key objectives and outcomes of Treasury Management are to obtain capital at rates enabling the fund to offer stable rates at market levels. The fund routinely confirms its rates in the market place and offers loans at competitive rates. As CEDF shifts from being a lender of last resort, its goal is to position its rates slightly higher than those available from conventional sources.

## COMMUNITY PROGRAMS:

CEDF's Community Economic Development Officer (CEDO) provides community economic development technical assistance and consultative services to individuals in northern communities, community development corporations, and northern economic development practitioners.

The CEDO delivers various programs under the Department of Growth, Enterprise and Trade and helps to facilitate access for northern entrepreneurs to various business support programs.

CEDF's CEDO program recently changed its priority focus to technical support for individuals looking at starting or expanding their business. Primary activities during this period included technical support to individuals, and business planning with a secondary priority on community planning, community facilitation, and strategic planning.

Activities included business planning workshops, presentations to students regarding self-employment as a career option, presentations to Mayor/Chiefs and Councils, and one-on-one technical support. CEDF also held the second annual Business Developer's Forum in Thompson that showcased the various developmental funders in the Province. Participation in this year's forum included Community Futures North Central Development, Louis Riel Capital Corporation, First People's Economic Development Growth Fund, Futurpreneur, Entrepreneurship Manitoba, and the Business Development Bank of Canada. CEDF will also be installing informational kiosks in communities in order to facilitate the availability of information on grants, loans, and technical support from various developers at the community level. CEDF also continues to work with Mayors and Councils to help develop local community economic strategic plans.





# Client Testimonials



## AURORA INN Churchill

"A couple of years back, a great opportunity presented itself here in Churchill. The owners of the Aurora Inn were looking to sell their hotel and they wanted it to stay locally owned and operated. We had known the owners for years, and they approached us to see if there was an interest in purchasing it. We thought it was an amazing opportunity and started looking into the financing we would need. The previous owner recommended talking with the CEO and the Business Loans Consultant at the CEDF as he had been dealing with them for years. It sounded like a great fit for what we needed so I contacted the CEDF. We went over some questions about what the CEDF represented and what was expected of us if we did get the loan and took over ownership of the Aurora Inn. During the discussions, we stated that we all live and work year round in Churchill, that we would be staying open 12 months of the year, and we would maintain the staff levels to help create job opportunities within our community. CEDF was great with helping move the process along with quick responses to questions we had, and even going so far as to help quickly fix some paperwork when the scope of the loan request had to be amended. The whole experience with CEDF made this stressful and life changing purchase a lot easier to complete. Thanks to the CEDF we are the proud owners of a 22 room apartment style suite hotel in the community we love. I recommend CEDF to anyone that I hear is looking to start a business or purchase an existing business in Churchill."

Bill Dingwall and David Daley



## SPRUCE COUNTRY COMPUTER Swan River

"I have had a mortgage on a commercial building with CEDF since 2006. CEDF saw the potential and benefit to owning the building my business was in. Thank you CEDF for being so great to work with!"

Heather Nielsen



## DAWSON BAY FISH PACKERS Mafeking

"I have been dealing with CEDF business and Fishermans program for over 20 years now. Never has there been a time where CEDF Business Loan Consultant Pat Morden and Tom Bignell, CEDF Fish Loans Consultant, have refused to take time and help me when I was stuck and needing assistance. CEDF has been very helpful expanding my business when I had an opportunity to grow, especially with the fish packing plant that I am operating today. The program is very helpful for small business ventures like mine."

Jamie Parker





## 7 ACRE WOOD ANIMAL BOARDING KENNEL Rural Municipality of Morris

*"Four years ago my family and I began planning a business located south of Winnipeg that would provide direct handling and care of companion animals i.e... cats, dogs, and small critters. The first year involved developing a business plan strategy, visiting kennels, shelters, building contractors, accountants, lawyers, and networking with various lenders. Today, we operate a new facility that can care for up to 18 dogs, 6-8 cats, and small critters. Our 2400 sq. ft. building includes a temperature controlled kennel for dogs, a furnished cat room which also accommodates small critters, grooming room and large fenced yard.*

*Our clientele and services continue to expand. Our business has partnered with three RM's, one town, two rescue shelters, and the Provincial Veterinarian's Office to provide care and housing to animals in distress, stray animals, and animals that have been seized by an authority. Currently, we are in talks with a First Nations Band in developing an animal control program which would involve our facility. Many valuable people and agencies have made this all possible, one being CEDF. Their knowledgeable and very open-minded staff have helped to make 7 Acre Wood Kennel become reality. I am very confident that as the future unfolds and whatever new directions we pursue, CEDF will help us make things happen. I'd like to say thanks for all their wisdom, efforts and financial support."*

Robert Zacharias and Staff



## IRON FITNESS Thompson

*"Thank you to the CEDF family for your help with getting my business going. The support and knowledge that I have received is very much appreciated."*

Lindsay Stadnek and Kevin Stadnek



## SNOW LAKE MOTOR HOTEL Snow Lake

*"CEDF has helped us to achieve our goals in business in our home town of Snow lake and continue to support us in our upcoming projects! We can not say enough about CEDF's business loans staff as they offer a level of expertise that is greatly appreciated! Our hotel operation is running smoothly and we are now expanding with them into a brand new motel a couple of steps away! CEDF's CEDO has also been instrumental in guidance for other future ventures! These are exciting times for northern Manitoba and all entrepreneurs can grow with CEDF! Thank You!"*

Gerard Lamontagne



# Business Loans Approved



AMOUNT	NAME	BUSINESS	LOCATION	RATE	TERM
\$46,100	William Martin & Tiffany Beaver	Design Trail	Thompson MB	5.73%	60
46,100	Gordon McLean	Trucking Business	Norway House MB	5.23%	48
261,766	Blair Owen	Grocery Store w/Gas Bar	Selkirk MB	5.73%	120
265,000	Johannson Fishing Ltd.	Commerical Fishing	Riverton MB	5.86%	108
99,525	Burton Bee	Water & Sewer	Norway House MB	5.23%	60
79,294	4011916 MB Ltd. (McBeth)	Commerical Fishing	Koostatak MB	5.73%	60
52,190	Alexander de Vries-Magnifico	The Churchill Expenience	Churchill MB	5.23%	120
49,301	Dawson Bay Fish Packers Ltd.	Commerical Fishing	Mafeking MB	5.22%	60
14,847	Jamie Parker	Parker's Minnows	Mafeking MB	5.22%	12
70,000	JB Johnston Ventures Ltd.	Commerical Property	Thompson MB	5.10%	60
63,750	Wynne's Place (Hugh & Marlene)	Grocery Store & Restaurant	Bissett MB	5.72%	60
33,070	Pukatawagan Fisherman's Assoc.	Commerical Fishing	Pukatawagan MB	5.22%	60
70,852	Deon Oliver Clarke	Water Delivery	Norway House MB	5.22%	36
18,770	Lakeside Fisheries	Commerical Fishing	Winnipegosis MB	5.22%	12
30,945	Sterling Fobister	Water Delivery	Norway House MB	5.21%	60
128,806	P & M Transport	Trucking	Pine River MB	5.88%	36
203,425	4927401 MB Ltd. (Thompson Auto Wash)	Car Wash	Thompson MB	5.19%	60
203,425	Churchill River Lodge	Hunting Lodge	Leaf Rapids MB	5.18%	120
104,774	Lindsay & Kevin Stadnek	Fitness Catre	Thompson MB	5.18%	60
108,930	William N Folster	Logging	Norway House MB	5.18%	60
75,000	Thompson Chiropractic Clinic	Chiropractic Clinic	Thompson MB	4.95%	60
291,598	Owen's Cash & Carry	Grocery Store	Selkirk MB	5.71%	120
75,000	5624046 MB Ltd. (Bob's Hauling)	Trucking	The Pas MB	5.19%	60
1,002,526	Amik Aviation	Air Service	St. Andrews MB	5.84%	84
196,330	South Bay Construction Ltd.	Construction	South Indian Lake MB	5.19%	24
189,114	Denise Ashcroft	Hair Salon	Swan River MB	5.19%	180
128,000	Cindy Woodhouse	Pizza / Chicken Take Out	Pinaymootang MB	5.70%	60
620,000	Laban Fitness Inc. (Chris Byrne)	Fitness Centre	Thompson MB	5.85%	180
75,000	Norway House Fishermen's Co-op Ltd.	Fish Plant	Norway House MB	4.95%	60
9,560	William N. Folster	Hauling	Norway House MB	5.20%	24
32,450	Neggian Fishing Station	Commerical Fishing	Poplar River MB	5.69%	60
13,500	Tony Shorting	Snow Removal & Landscaping	Gypsumville MB	5.69%	36
5,500	Color Me Native	Traditional Native Crafts	Thompson MB	5.19%	36
630,200	2626391 MB Ltd. (Lamontagne)	Hotel, Restaurant & Bar	Snow Lake MB	5.50%	120
407,500	4927401 MB Ltd. (Thompson Auto Wash)	Car Wash	Thompson MB	5.19%	120
75,000	Goodman's Landing	Fish Plant	Dallas MB	5.69%	60
\$5,777,148	Total Active Loan Approval - 36 Clients				
-	Loans Approved / Withdrawn (listed) - 0 Clients				
\$5,777,148	Total Approvals - 36 Clients				



# Performance Data



	2016	2015	2014	2013	2012	2011
No. of Loans Approved - Business	36	32	23	24	21	15
Dollar Value - Business	\$5,777,148	\$7,177,420	\$5,545,616	\$6,562,214	\$3,150,028	\$1,238,133
Dollar Value - Fisheries Approvals	\$3,956,817	\$3,563,302	\$3,149,351	\$2,853,817	\$2,922,493	\$3,201,487
No. of Active Loans - Business	111	113	114	108	109	116
No. of Active Loans - Fisheries	907	1016	1072	1010	1189	1073
Portfolio Value - Total	\$31,920,361	\$34,120,541	\$29,831,813	\$28,491,599	\$25,929,394	\$26,483,870
Total Subsidy	\$1,429,974	\$1,469,442	\$1,469,450	\$1,469,451	\$1,469,454	\$1,469,208
As a percentage of Approvals	14.69%	13.68%	16.90%	15.61%	24.20%	33.09%
Bad Debt Expense - Business	\$109,763	\$580,451	\$538,825	\$357,880	\$326,264	\$455,100
Bad Debt Expense - Fisheries	\$599,117	\$142,938	\$106,720	\$187,500	\$207,402	\$100,000
Combined Bad Debt Expense - Business & Fisheries as a percentage of current year approvals	7.28%	6.74%	7.42%	5.79%	8.79%	12.50%
Bad Debt Expense as a Percentage of Loan Activity Historial	10.13%					
Last 10 Years	7.50%					
Last 5 Years	7.06%					
Last 3 Years	7.10%					



# Economic Impact



We present the following data which reflects our impact on the regional economy within our mandated area.

## JOBS

Number of persons directly employed in business supported by CEDF loans	494
Number of Fishers supported by CEDF loans	907
Total Employment	1401

## REVENUE

Total revenue of Business Loan clients:	\$ 49,970,917
Total revenues of Fisheries Loan clients (before final payment and transfer income)	18,557,272
Total Revenue	\$ 68,528,189
Direct Wages Paid	\$ 10,710,557

## Funds Leveraged

	Equity	Vendor / Client Financing	Other Financial Organizations	Total
2015/16	\$384,298	\$564,570	\$938,000	\$1,886,868
2014/15	893,455	130,730	850,294	1,874,479
2013/14	297,775	341,264	543,749	1,182,788
2012/13	2,314,934	103,550	3,712,125	6,130,609
2011/12	900,569	127,000	0	1,027,569
	\$4,791,031	\$1,267,114	\$6,044,168	\$12,102,313

CEDF developmental loans totalling \$28,212,426 in the last five years has leveraged an additional \$12,102,313, or 43%, in other financing and equity investment.



# Summary of Business Loans & Jobs Created



Year Approved	Amount Approved	Applications Approved	Jobs Created &/or Retained	Jobs Supported by Business	Direct Wages Paid by Business	Total Business Revenue
1972-1987	\$24,593,247	625	2025			
1988	3,550,050	70	210			
1989	725,243	22	31			
1990	1,681,090	38	136			
1991	1,737,344	30	80			
1992	1,183,686	19	102			
1993	5,406,375	36	120			
1994	1,427,220	21	88			
1995	4,811,247	51	135			
1996	6,134,635	64	252			
1997	4,321,829	53	198			
1998	4,387,457	45	230	Note #1		Note #1
1999	5,188,498	41	178	466	Note #2	\$37,540,000
2000	2,062,664	36	165	488	\$10,364,000	41,096,000
2001	2,797,419	28	170	511	10,310,000	41,395,000
2002	2,787,386	28	166	533	11,859,000	42,283,000
2003	5,174,099	39	213	460	11,755,000	49,738,000
2004	4,721,154	41	267	508	11,433,000	53,860,000
2005	2,834,888	33	359	697	13,964,061	60,541,432
2006	4,961,588	35	155	750	14,701,713	59,203,128
2007	4,123,999	31	233	787	14,573,467	59,999,057
2008	1,687,381	27	242	767	13,155,686	49,602,280
2009	2,590,197	27	132	899	14,668,639	47,399,488
2010	3,207,171	23	167	933	16,180,196	50,334,854
2011	1,238,133	15	20	860	15,233,119	44,158,425
2012	3,150,028	21	228	1125	15,834,769	44,602,662
2013	6,562,214	24	236	874	13,279,922	50,958,422
2014	5,545,616	23	148	498	12,324,224	53,111,166
2015	7,177,420	32	266	581	13,400,379	53,831,916
2016	5,777,148	36	165	494	10,710,557	49,970,917
	\$131,546,426	1614	7117		\$223,747,732	\$889,625,747

Note 1 - Statistics on jobs supported and revenue earned by individual businesses was not recorded prior to 1999.

Note 2 - Statistics on wages paid by individual businesses was not recorded prior to 2000.

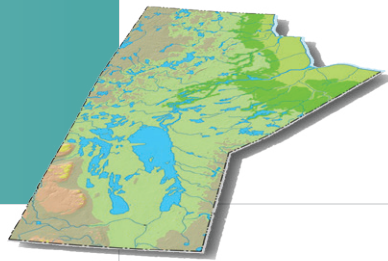


## A red plastic tray containing several whole, cooked fish, likely salmon, arranged in a row. The fish are golden-brown and appear to be steamed or baked.

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# Loans by Community 1993 - 2016





# Loans by Industry 1993 - 2016



	\$0	\$100,000	\$1,000,000	\$2,000,000	\$3,000,000	\$4,000,000	\$5,000,000	OVER \$6,000,000
AGRICULTURE		\$197,715						
ART	\$34,105							
COMMERCIAL FISHING						\$4,404,922		
COMMERCIAL RENTALS			\$1,211,279					
CONSTRUCTION								\$6,929,576
ENTERTAINMENT			\$1,307,576					
FARMING	\$71,939							
FOOD			\$1,201,233					
FORESTRY								\$22,303,974
HARVESTING			\$1,688,997					
HOTEL								\$16,516,705
LODGE					\$3,292,104			
MANUFACTURING		\$393,559						
MECHANIC		\$496,012						
MINING	\$32,000							
OFFICE SUPPLIES	\$25,800							
OTHER								\$7,668,244
PRINTING/PUBLISHING	\$84,575							
REAL ESTATE	\$37,980							
RESTAURANT				\$2,950,897				
RETAIL			\$1,883,754					
SERVICES								\$11,474,663
TOURISM				\$2,990,910				
TRANSPORTATION								\$7,288,648
TRUCKING					\$3,508,049			
WHOLESALE	\$80,560							



## KENDALL & PANDYA

### Chartered Accountants

300-31 Main Street., P.O.Box 175, Flin Flon, MB R8A1M7 (204)687-8211 Fax 687-2957  
118 Cree Road, Thompson, MB R8N 0C1 (204) 778-7312 Fax 778-7919

Partners... David Kendall, FCA\*

Manisha Pandya, CA\*

\*Operating as professional corporations

To the Board of Directors of COMMUNITIES ECONOMIC DEVELOPMENT FUND

### Report on the Financial Statements

We have audited the statement of financial position of COMMUNITIES ECONOMIC DEVELOPMENT FUND as at March 31, 2016 and the statements of operations, 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 generally accepted accounting principles, and for such internal controls 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.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Communities Economic Development Fund as at March 31, 2016 and its operations and cash flows for the year then ended in accordance with Canadian auditing standards for not-for-profit organizations.



CHARTERED ACCOUNTANTS

Thompson, Manitoba

May 17, 2016



# Statement of Financial Position

AS AT MARCH 31, 2016

## ASSETS

### CURRENT ASSETS

	2016	2015
Cash	\$ 1,138,600	\$ 948,451
Trust Deposits - Province of Manitoba	612,094	1,298,770
Due from the Province of Manitoba (Note 2)	4,083,036	3,179,793
Accounts Receivable	198,584	10,813
Property Held for Resale	4,419	4,419
Prepaid Expenses	11,010	4,444
	<u>6,047,743</u>	<u>5,446,690</u>

Loans Receivable (Note 3)	26,791,512	27,885,300
Capital Assets (Note 4)	923,821	959,278
	<u>27,715,333</u>	<u>28,844,578</u>
	<u>\$ 33,763,076</u>	<u>\$ 34,291,268</u>

## LIABILITIES

### CURRENT LIABILITIES

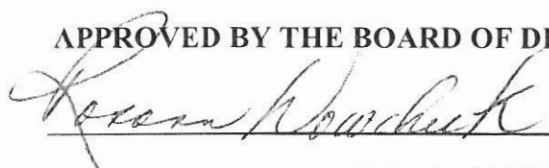
Accounts payable and Accrued Liabilities	\$ 1,382,740	\$ 1,180,452
Deferred Contributions (Note 5)	145,784	157,233
Interest Payable to the Province of Manitoba	232,857	267,500
	<u>1,761,381</u>	<u>1,605,185</u>


Accrued Pension Liability (Note 6)	2,569,697	2,419,610
Advances by the Province of Manitoba (Note 7)	29,431,998	30,266,473
	<u>33,763,076</u>	<u>34,291,268</u>

NET ASSETS	-	-
	<u>\$ 33,763,076</u>	<u>\$ 34,291,268</u>

Commitments (Note 8)

APPROVED BY THE BOARD OF DIRECTORS:





KENDALL & PANDYA, Chartered Accountants

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# Statement of Operations and Changes in Net Assets

YEAR ENDED MARCH 31, 2016

REVENUE	2016	2015
Loan Interest		
Business Program	\$ 1,125,751	\$ 879,772
Fisheries Program	677,752	673,917
Investment Income	26,856	57,964
	<u>1,830,359</u>	<u>1,611,653</u>
<b>COST OF FUNDS</b>		
Interest paid to the Province of Manitoba		
Business Program	476,231	437,166
Fisheries Program	288,907	300,067
Life Insurance	112,895	117,783
Trust Line of Credit	-	-
	<u>878,033</u>	<u>855,016</u>
<b>GROSS MARGIN</b>	<b>952,326</b>	<b>756,637</b>
<b>OPERATING EXPENDITURES (Note 12)</b>	<b>(2,108,260)</b>	<b>(1,764,725)</b>
	<u>(1,155,934)</u>	<u>(1,008,088)</u>
<b>OTHER REVENUE</b>		
Administration fees	180,158	183,729
Program Revenues	254,700	78,342
	<u>434,858</u>	<u>262,071</u>
<b>Deficiency of Revenue Over Expenditures</b>		
Before Provision for Doubtful Loans	(721,076)	(746,017)
<b>Provisions for Doubtful Loans</b>		
Regular Operations	708,880	723,389
<b>Deficiency of Revenue Over Expenditures before</b>		
Subsidy due from Province of Manitoba	(1,429,956)	(1,469,406)
Subsidy due from Province of Manitoba	<u>1,429,956</u>	<u>1,469,406</u>
<b>Excess of Revenue Over Expenditures</b>	<b>-</b>	<b>-</b>
Net Assets, beginning of Year	<u>-</u>	<u>-</u>
<b>Net Assets, end of Year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



# Statement of Cash Flows

## YEAR ENDED MARCH 31, 2016

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of Revenue over Expenditures for the year	\$ -	\$ -
Adjustments for Non-cash Items	-	-
Amortization of Capital Assets	44,467	29,792
Provision for Doubtful Loans	708,880	723,389
	<u>753,347</u>	<u>753,181</u>
Net Changes in Working Capital Balances		
Accounts Receivable	(187,771)	58,055
Prepaid Expenses	(6,566)	843
Accounts Payable and Accrued Liabilities	202,288	676,166
Deferred Contributions	(11,449)	(31,813)
Interest Payable to the Province of Manitoba	(34,643)	8,250
Accrued Pension Liability	150,087	(374,721)
Property for Resale	-	6
	<u>865,293</u>	<u>1,089,967</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Increase (Decrease) in Amounts Due from Province of Manitoba	(903,243)	(234,749)
Net Increase (Decrease) in Advance by the Province of Manitoba	(834,475)	3,956,574
	<u>(1,737,718)</u>	<u>3,721,825</u>
<b>CASH FLOWS FROM CAPITAL ACTIVITY</b>		
Acquisition of Capital Assets	<u>(9,010)</u>	<u>(45,789)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Change in Loans Receivable Net of Repayments	<u>384,908</u>	<u>(4,669,304)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(496,527)</b>	<b>96,699</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<b><u>2,247,221</u></b>	<b><u>2,150,522</u></b>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<b><u>\$ 1,750,694</u></b>	<b><u>\$ 2,247,221</u></b>
<b>REPRESENTED BY:</b>		
Cash and Bank	\$ 1,138,600	\$ 948,451
Term Deposits - Province of Manitoba	612,094	1,298,770
	<u>\$ 1,750,694</u>	<u>\$ 2,247,221</u>



AS AT MARCH 31, 2016

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## 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Nature of Organization

The Communities Economic Development Fund (the "Fund") was established in 1971 (Ch. C155) as a Crown Corporation to encourage the optimum economic development of remote and isolated communities within the Province of Manitoba. With an act revision passed in July 1991, the object of the Fund is to encourage the economic development of northern Manitoba, aboriginal people outside the City of Winnipeg, and the fishing industry in Manitoba. The Business and Fisheries Loans Programs are administered under the CEDF Act.

### b) Basis of Accounting

The financial statements have been prepared using Canadian public sector accounting standards for not-for-profit organizations as established by the Public Sector Accounting Board.

### c) Management's Responsibility for the Financial Statements

The financial statements of the Fund are the responsibility of management.

### d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and short-term deposits with a duration of less than ninety days from the date of acquisition.

### e) Revenue Recognition

The Fund follows the deferral method of accounting for contributions. Interest on loans is recorded as revenue on an accrual basis except for loans which are considered impaired. When a loan becomes impaired, recognition of interest revenue ceases when the carrying amount of the loan including accrued interest exceeds the estimated realizable amount of the underlying security. Investment revenue is recorded on an accrual basis. Other revenue including administration fees is recorded when the related services or activity is provided.

### f) Allowance for Doubtful Loans

#### Business Loans Program

The loans are reviewed quarterly to assess potential impairment or loss of value. Impaired loans are defined as those which are greater than three payments in arrears, no plans in place to address arrears, and for which the value of realizable security is less than the value of the loan outstanding. In these cases, a specific allowance is accrued equal to the value of the potential security shortfall or impairment. In all other cases, including loans that are both current and for which there is excess security value, a non-specific allowance equal to 5% of the outstanding loan balance is recorded.



### **Fisheries Loans Program**

The allowance for doubtful loans on fisheries loans and interest receivable is calculated based on the present value of future cash flows for those loans which, if they maintain their past payment history, will fail to retire their debt completely within the agreed term. The net present value ("NPV") formula used for calculating the allowance for doubtful loans is recognized by the Canadian Institute of Chartered Accountants, however, it does not account for closure of a fishery or regulated reduction of production. In the event of the closure of a fishery or regulated reduction of production, the NPV formula may not adequately provide for doubtful loans.

The amount of initial impairment and any subsequent changes are recorded through the provision for doubtful loans as an adjustment of the specific allowance.

Loans considered uncollectable are written off. Recoveries on loans previously written off are taken into revenue.

### **g) Financial Instruments**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at a fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items re-measured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

### **h) Capital Assets**

Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated on a straight-line basis as follows:

Building		2%
Office Furniture and Equipment	10% to	30%
Parking Lot		50%

### **i) Employment and Post-Employment Benefits**

The Fund provides pension, retirement allowance and sick leave benefits to its employees. Employees of the Fund are provided pension benefits by The Civil Service Superannuation Fund ("the CSSF"). The cost of the pension benefits earned by the employee is charged to expenses as services are rendered. The cost is actuarially determined using the projected benefit method and reflects management's best estimate of salary increases and the age at which the employee will retire. Retirement allowances are provided to certain qualifying employees. The benefits are provided under a final pay plan. The costs of benefits earned by the employees are charged to expenses as services are rendered. The costs are actuarially determined using projected benefit payments and reflect management's best estimates of future payouts. Adjustments to the allowance are recognized in income immediately.



**AS AT MARCH 31, 2016**

Employees of the Fund are entitled to sick pay benefits that accumulate but do not vest. The cost of the anticipated future sick pay benefits that will be required by the employee is charged to expenses as services are rendered. The cost is determined using present value techniques.

**j) Use of Estimates and Measurement Uncertainty**

These financial statements have been prepared in accordance with Canadian Public Sector accounting standards which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reported period. Significant estimates are involved in the valuation of loans receivable and the accrued pension liability. Actual results may differ from those estimates.

**2. DUE FROM THE PROVINCE OF MANITOBA**

Annually, the Province of Manitoba provides a grant for the Fund's anticipated subsidy requirements for the year. The amount of \$4,083,036 (\$3,179,793 in 2015) represents additional funds needed to fund the actual requirements for the year including the pension liability. The balance is comprised of the following:

	<b>2016</b>	<b>2015</b>
Department of Aboriginal and Northern Affairs		
- Subsidy Refundable	\$ 579,132	\$ (44,643)
Order in Council Pending	700,390	593,907
Pension, Unfunded	2,540,447	2,389,537
Pension, Funded	30,012	27,891
Severance Accrued, Unfunded	233,055	213,101
	<b>\$ 4,083,036</b>	<b>\$ 3,179,793</b>

**3. LOANS RECEIVABLE**

Loans receivable by program are as follows:

**Business Loans Program**

Interest rates applied range from 4.95% to 8.77%

Principal	\$ 19,367,358	\$ 20,216,389
Accrued interest	845,356	1,242,640
	<b>20,212,714</b>	<b>21,459,029</b>
Allowance for doubtful loans	<b>(2,264,499)</b>	<b>(3,250,287)</b>
Total Business Loans Program	<b>\$ 17,948,215</b>	<b>\$ 18,208,742</b>



**AS AT MARCH 31, 2016**

**Fisheries Loans Program**

Interest rates applied range from 4.109% to 6.314%

Principal	\$ 11,146,648	\$ 11,810,502
Accrued interest	<u>560,998</u>	<u>852,218</u>
	<b>11,707,646</b>	<b>12,662,720</b>
Allowance for doubtful loans	<b>(2,853,606)</b>	<b>(2,986,162)</b>
Unallocated payments	<u>(10,743)</u>	<u>-</u>
Total Fisheries Loans Programs	<u><b>8,843,297</b></u>	<u><b>9,676,558</b></u>
<b>Total Business and Fisheries Loan Programs</b>	<u><b>\$ 26,791,512</b></u>	<u><b>\$ 27,885,300</b></u>

Gross amount of loans together with the allowance for doubtful loans are as follows:

	2016		2015	
	Gross Loan Balances	Total Allowance	Gross Loan Balance	Total Allowance
Business Loans Program				
Impaired	\$ 3,539,014	\$ 1,029,082	\$ 3,529,450	\$ 2,349,365
Performing	<u>16,673,700</u>	<u>1,235,417</u>	<u>17,929,579</u>	<u>900,922</u>
	<u><b>20,212,714</b></u>	<u><b>2,264,499</b></u>	<u><b>21,459,029</b></u>	<u><b>3,250,287</b></u>
Fisheries Loans Program				
Impaired	\$ 2,853,607	\$ 2,853,606	\$ 2,986,162	\$ 2,986,162
Performing	<u>8,854,039</u>	<u>-</u>	<u>9,676,558</u>	<u>-</u>
	<u><b>\$ 11,707,646</b></u>	<u><b>\$ 2,853,606</b></u>	<u><b>\$ 12,662,720</b></u>	<u><b>\$ 2,986,162</b></u>

The change in the allowance for doubtful loans are as follows:

	Specific	Non-Specific	Total 2016	Total 2015
Business Loans Program				
Balance, beginning of year	\$ 2,349,365	\$ 900,922	\$ 3,250,287	\$ 2,760,481
Provision for the year	<u>(998,293)</u>	<u>334,495</u>	<u>(663,798)</u>	<u>791,646</u>
	<u><b>\$ 1,351,072</b></u>	<u><b>\$ 1,235,417</b></u>	<u><b>\$ 2,586,489</b></u>	<u><b>\$ 3,552,127</b></u>
Loans written off	<u>(321,990)</u>	<u>-</u>	<u>(321,990)</u>	<u>(301,840)</u>
Balance, end of year	<u><b>\$ 1,029,082</b></u>	<u><b>\$ 1,235,417</b></u>	<u><b>\$ 2,264,499</b></u>	<u><b>\$ 3,250,287</b></u>
Fisheries Loan Program				
Balance, beginning of year			\$ 2,986,162	\$ 3,131,947
(Recovery) provision for the year			<u>599,117</u>	<u>151,052</u>
			<u><b>\$ 3,585,279</b></u>	<u><b>\$ 3,282,999</b></u>
Loans written off			<u>(731,673)</u>	<u>(296,837)</u>
			<u><b>\$ 2,853,606</b></u>	<u><b>\$ 2,986,162</b></u>



## AS AT MARCH 31, 2016

The provision for fisheries loans losses recorded by the Fund exceeds the value derived by the net present value formula as at March 31, 2016 by NIL (Nil in 2015).

	2016	2015
Loan Loss Provision		
Per accounts	\$ 2,853,606	\$ 2,986,162
Per net present value calculation	(2,853,606)	(2,986,162)
	<u>\$ -</u>	<u>\$ -</u>

### 4. CAPITAL ASSETS

	Costs	Accumulated Amortization	2016 Net Book Value
Land	\$ 92,482	\$ -	\$ 92,482
Building	931,236	135,029	796,207
Office Furniture and Equipment	222,140	187,008	35,132
Parking Lot	73,000	73,000	-
Total	<u>\$ 1,318,858</u>	<u>\$ 395,037</u>	<u>\$ 923,821</u>

	Costs	Accumulated Amortization	2015 Net Book Value
Land	\$ 92,482	\$ -	\$ 92,482
Building	931,236	116,405	814,831
Office Furniture and Equipment	213,130	161,165	51,965
Parking Lot	73,000	73,000	-
Total	<u>\$ 1,309,848</u>	<u>\$ 350,570</u>	<u>\$ 959,278</u>

### 5. DEFERRED CONTRIBUTIONS

The Government of Manitoba has contributed \$200,000 to the Fund in prior years to establish the Non-Timber Forest Products Program. Transactions for the year and deferred contributions at year end are as follows:

	2016	2015
Balance, beginning of year	\$ 157,233	\$ 189,046
Recognized during the year	(11,449)	(31,813)
	<u>\$ 145,784</u>	<u>\$ 157,233</u>



## **6. EMPLOYMENT AND POST-EMPLOYMENT BENEFITS PAYABLE**

### **Pension Benefits**

The employees of the Fund are not members of the Civil Service of the Province of Manitoba but they contribute to and are pensionable under, The Civil Service Superannuation Fund. In accordance with the provisions of The Civil Service Superannuation Act, the Fund is a "non-matching employer" and contributes 50% of the pension payments made to retired employees. The current pension expense consists of the Fund's share of pension benefits paid to retired employees, as well as the increase in the unfunded pension liability during the fiscal year. The liability is determined every year. The most recent actuarial valuation available is as at March 31, 2016.

The significant actuarial assumptions adopted in measuring the Fund's pension liability are as follows:

	<u>2016</u>	<u>2015</u>
Benefit costs for the year ended March 31		
Discount Rate	<b>6.00%</b>	6.00%
Rate of Compensation Increase	<b>3.75%</b>	3.75%

In fiscal years prior to 1989, the Fund charged to operations contributions to the Manitoba Civil Service Superannuation Fund which amounted to 50% of the pension payments made to retired employees. Beginning in the 1989 fiscal year the Fund has recorded a provision to fund current service obligations. In fiscal years prior to 2015, the pension liability was calculated using the solvency method. Beginning in the 2015 fiscal year the pension liability is calculated using the going concern method in order to comply with Canadian public sector accounting standards.

### **Pre-Retirement Benefits**

Employees may be eligible for a pre-retirement benefit provided specific criteria are met. The pre-retirement liability is estimated, based on a first time commissioned actuarial report dated March 31, 2016, to be \$ 233,055 (\$213,100 in 2015) and is included in accounts payable and accrued liabilities.

### **Sick Leave Benefits**

Employees of the Fund are entitled to sick leave benefits during employment. Sick leave benefits, which accumulate but do not vest are estimated to be a liability as at March 31, 2016 of \$11,914 (\$10,727 in 2015). The amount is not considered to be significant by management and as such has not been recorded as a liability in the financial statements of the Fund.

## **7. ADVANCES BY THE PROVINCE OF MANITOBA**

The Communities Economic Development Fund is included under the Province of Manitoba's Loan Act Authority. Advances from the Province of Manitoba bear interest at rates established by the Minister of Finance pursuant to The Loan Act 2015. The advances are repayable at any time in whole or in part at the option of the Lieutenant Governor in Council.



**AS AT MARCH 31, 2016**

Advances by the Province of Manitoba by program are as follows:

	<u>2016</u>	<u>2015</u>
<b>Business Loan Program</b>		
Advances, beginning of year	\$ 22,477,817	\$ 18,826,176
Loan Advances	6,700,000	8,640,000
Loan Advances Repayments	<u>(6,835,317)</u>	<u>(4,988,359)</u>
Advances, end of year	\$ 22,342,500	\$ 22,477,817
Unfunded allowance for doubtful loans, beginning of year	\$ 2,990,833	\$ 2,392,442
Provision for doubtful loans	109,763	791,646
Loans written off as approved by Order in Council	(243,522)	(193,255)
Loans written off as approved by Board of Directors	<u>(773,562)</u>	<u></u>
Unfunded allowance for doubtful loans, end of year	2,083,512	2,990,833
Net advances balance, end of year	<u>\$ 20,258,988</u>	<u>\$ 19,486,984</u>

	<u>2016</u>	<u>2015</u>
<b>Fisheries Loans Program</b>		
Advances, beginning of year	\$ 13,757,375	\$ 12,659,793
Loan Advances	3,000,000	4,506,000
Loan Advances Repayments	<u>(4,683,506)</u>	<u>(3,408,418)</u>
Advances, end of year	\$ 12,073,869	\$ 13,757,375
Unfunded allowance for doubtful loans, beginning of year	3,839,340	3,671,226
(Recovery) Provision for doubtful loans	599,117	168,114
Loans written off as approved by Order in Council	<u>(703,656)</u>	<u>-</u>
Unfunded allowance for doubtful loans, end of year	3,734,801	3,839,340
Net advances balance, end of year	<u>\$ 8,339,068</u>	<u>\$ 9,918,035</u>

**Net Advances due by the Province of Manitoba are as follows:**

	<u>2016</u>	<u>2015</u>
Business Loans Program	\$ 20,258,988	\$ 19,486,984
Fisheries Loans Program	8,339,068	9,918,035
Building Mortgage	<u>833,942</u>	<u>861,454</u>
	<u>\$ 29,431,998</u>	<u>\$ 30,266,473</u>



## AS AT MARCH 31, 2016

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The Fund obtains capital, through its Loan Act, for the purpose of carrying out its mandate of providing financial assistance in the form of loans and guarantees through loans provided by the Department of Finance. Term loans bear interest at the rates posted by the Department of Finance at time of issue. The Fund has the option to draw annually approved Loan Act funds on floating rates periodically at the Royal bank prime rate minus 0.75%. At year end, the advances bore rates ranging from 1.625% to 2.750% with a weighted cost of capital of 2.19%.

Principal payments due in each of the next five fiscal years on advances by the Province of Manitoba that exclude unfunded allowances for doubtful loans are as follows:

2017	\$	10,600,603
2018	\$	11,728,317
2019	\$	9,112,372
2020	\$	5,718,505
2021	\$	4,018,165

### 8. COMMITMENTS

Total undisbursed balances of approved loans are \$3,033,361 as at March 31, 2016 (\$1,069,635 at March 31, 2015).

### 9. LOAN ACT AUTHORITY

Amounts authorized for advances under The Loan Act 2015 are as follows:

	<u>2016</u>	<u>2015</u>
The Loan Act, 2015	\$ 18,000,000	\$ 13,146,000
Authority used	5,000,000	13,146,000
Unused Loan Act Capital Available	<u>\$ 13,000,000</u>	<u>\$ -</u>

The 2015 Loan Act approval of \$18,000,000 does not include the \$4,700,000 incremental authority provided and fully used during the current fiscal year under section 63 of the Financial Administration Act.

### 10. ECONOMIC DEPENDENCE

The ongoing operations of the Fund depends on obtaining adequate financing and funding from the Province of Manitoba.

### 11. FINANCIAL INSTRUMENT RISK MANAGEMENT AND EXPOSURES

There have been no substantive charges in the Fund's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or methods used to measure them from previous periods.

The board has overall responsibility for the determination of the Fund's risk management objectives and policies and has identified significant exposure to credit risk.



## AS AT MARCH 31, 2016

### Credit Risk

Credit risk is the risk of loss to the Fund if a counterparty to a financial instrument fails to meet its contractual obligations. The Fund has significant outstanding loans and is mainly exposed to credit risk through the credit quality of the individuals and businesses to whom the Fund has loaned funds. Credit risk rating systems are designed to assess and quantify the risk inherent in credit activities in an accurate and consistent manner. To assess credit risk, the Fund takes into consideration the individual's and business' ability to pay, and value of collateral available to secure the loan. The Fund's maximum exposure to risk, without taking into account any collateral or other credit enhancements is \$27,000,839 (\$27,896,113 in 2015) which consists of loans and accounts receivable.

### Interest Rate Risk

Interest rate risk is the impact that changes in market interest rates will have on the operations of the Fund. The Fund holds \$27,414,349 (\$29,184,070 in 2015) in interest bearing deposits and loans receivable at March 31, 2016. The Fund has mitigated this risk by adjusting interest rates for fish loans on a quarterly basis and interest rates for business loans on a monthly basis on its weighed average cost of capital.

### Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting financial obligations as they becomes due, and arises from the Fund's management of working capital and collections of loans receivable. The Fund's policy is to ensure that it will have sufficient cash to allow it to meet its liabilities when they become due.

## 12. SCHEDULE OF OPERATING EXPENDITURES FOR THE YEAR ENDED MARCH 31

	2016	2015
Amortization of Capital Assets	\$ 44,467	\$ 29,792
Collection Costs	39,639	113,311
Communications	47,566	44,567
Credit Reports	4,164	4,146
Directors' Fees and Expenses	69,055	81,563
Government Vehicle	39,927	38,863
Insurance	6,518	8,569
Legal Costs	24,790	13,336
MAFRI	86,719	95,206
Mortgage Interest	44,699	46,031
Office Supplies and Expenses	48,164	37,717
Pension	233,109	58,391
Professional Fees	50,982	65,627
Program Expenses	225,118	74,386
Rent and Utilities	29,039	30,066
Repair and Maintenance	21,616	11,542
Salaries and Benefits	1,029,876	961,833
Sundry	17,690	14,016
Travel	45,122	35,763
	<u>\$ 2,108,260</u>	<u>\$ 1,764,725</u>



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**AS AT MARCH 31, 2016**

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**13. OPERATING LEASE**

The organization has entered into an operating lease for office equipment. Lease commitments for the next five years is as follows:

March 31, 2017	\$	8,152
2018	\$	8,152
2019	\$	6,114
2020	\$	-
2021	\$	-

Aggregate figure minimum operating lease payments total \$22,418.







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