

*CENTRAL COMMUNITY  
DEVELOPMENT CORPORATION*

*FINANCIAL STATEMENTS*

*MARCH 31, 2015*

Blair J. Jewer  
Chartered Professional Accountant

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## INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Board of Directors  
Central Community Development Corporation

I have audited the accompanying financial statements of Central Community Development Corporation, which comprise the statement of financial position as at March 31, 2015, and the statement of operations and changes in fund balances, statement of cash flows, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with Canadian generally accepted 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 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 presentation of the financial statements.

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Basis for Qualified Opinion

Central Community Development Corporation has not identified and classified all its financial instruments, and recorded its financial instruments at fair value. Rather, all financial instruments are recorded at historic cost. The corporation has not specifically disclosed information that enables users of its financial statements to evaluate the significance of financial instruments for its financial position and performance, including exposure to risks, methods of determining fair value and other relevant information. This basis of accounting used in these financial statements differs from the provisions of Part II Section 3856 (and elsewhere) of the Chartered Professional Accountants Canada Handbook Accounting as it relates to generally accepted accounting standards for not-for-profit organizations.

### Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Central Community Development Corporation as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting standards for not-for-profit organizations.

July 15, 2015  
Grand Falls-Windsor, NL

  
Chartered Professional Accountant  
Chartered Accountant

Central Community Development Corporation  
Statement of Financial Position  
March 31, 2015

Assets	Operating Fund	Investment Fund	2015	2014
<b>Current Assets</b>				
Cash and Term Deposits (see Note 4)	\$ 6,504	\$ 654,945	\$ 661,449	\$ 985,350
Accounts Receivable				
Atlantic Canada Opportunities Agency	\$ 15,000	\$ 0	\$ 15,000	\$ 15,000
Other project grants	\$ 0	\$ 0	\$ 0	\$ 1,501
Other	\$ 0	\$ 0	\$ 0	\$ 2,961
Harmonized Sales Tax	\$ 11,898	\$ 0	\$ 11,898	\$ 7,049
Accrued investment income	\$ 0	\$ 382	\$ 382	\$ 211
Loan interest receivable	\$ 0	\$ 27,988	\$ 27,988	\$ 25,749
<b>Sub-total Current Assets</b>	<b>\$ 33,402</b>	<b>\$ 683,315</b>	<b>\$ 716,717</b>	<b>\$ 1,037,821</b>
<b>Investments</b>				
Loans & equity investments (see note 5)	\$ 0	\$ 5,270,089	\$ 5,270,089	\$ 4,661,394
ACCBIF (see Note 6)	\$ 0	\$ 1,400,000	\$ 1,400,000	\$ 1,500,000
<b>Sub-total Long Term Assets</b>		<b>\$ 6,670,089</b>	<b>\$ 6,670,089</b>	<b>\$ 6,161,394</b>
Restricted cash - severance fund	\$ 0	\$ 0	\$ 0	\$ 42,173
<b>Total Assets</b>	<b>\$ 33,402</b>	<b>\$ 7,353,404</b>	<b>\$ 7,386,806</b>	<b>\$ 7,241,388</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	\$ 2,985	\$ 0	\$ 2,985	\$ 3,150
Deferred revenue	\$ 3,687	\$ 0	\$ 3,687	\$ 0
<b>Sub-total Short Term Liabilities</b>	<b>\$ 6,672</b>	<b>\$ 0</b>	<b>\$ 6,672</b>	<b>\$ 3,150</b>
<b>Long Term Liabilities</b>				
ACCBIF - Technology Fund	\$ 0	\$ 2,097	\$ 2,097	\$ 33,381
Newfoundland and Labrador Association of CBDCs	\$ 0	\$ 9,767	\$ 9,767	\$ 12,215
Accrued Severance Liability	\$ 0	\$ 0	\$ 0	\$ 43,371
<b>Sub-total Long Term Liabilities</b>	<b>\$ 0</b>	<b>\$ 11,864</b>	<b>\$ 11,864</b>	<b>\$ 88,967</b>
<b>Total Liabilities</b>	<b>\$ 6,672</b>	<b>\$ 11,864</b>	<b>\$ 18,536</b>	<b>\$ 92,117</b>
<b>Fund Balances</b>				
Externally Restricted (see Note 7)		\$ 7,341,540	\$ 7,341,540	\$ 7,137,718
Unrestricted	\$ 26,730		\$ 26,730	\$ 11,553
<b>Fund Balances</b>	<b>\$ 26,730</b>	<b>\$ 7,341,540</b>	<b>\$ 7,368,270</b>	<b>\$ 7,149,271</b>
	<b>\$ 33,402</b>	<b>\$ 7,353,404</b>	<b>\$ 7,386,806</b>	<b>\$ 7,241,388</b>

Signed on behalf of the Board

*Rose Bungay*

Chairperson

Treasurer

See accompanying notes to the financial statements

**Central Community Development Corporation**  
**Statement of Operations and Change in Fund Balances**  
**March 31, 2015**

	Operating Fund	Investment Fund	2015	2014
<b>Revenues</b>				
ACOA Contribution-Community Futures	\$ 150,000		\$ 150,000	\$ 150,000
Government of Newfoundland and Labrador Department of Advanced Education and Skills				
- Self Employment Assistance program	\$ 72,146		\$ 72,146	\$ 72,362
- Micro Business program	\$ 40,919		\$ 40,919	\$ 52,147
- Linkages program			\$ 0	\$ 9,557
Investment income loan portfolio - Investment		\$ 366,870	\$ 366,870	\$ 331,585
Investment income-other interest	\$ 493	\$ 31,669	\$ 32,162	\$ 31,416
Loan loss recoveries		\$ 9,484	\$ 9,484	\$ 21,812
Youth Ventures	\$ 14,000		\$ 14,000	\$ 13,439
Other administration fees	\$ 19,442		\$ 19,442	\$ 22,011
Loan administration fees	\$ 21,021		\$ 21,021	\$ 27,051
<b>Total Revenues</b>	<b>\$ 318,021</b>	<b>\$ 408,023</b>	<b>\$ 726,044</b>	<b>\$ 731,380</b>
<b>Expenses</b>				
Advertising	\$ 10,136		\$ 10,136	\$ 10,267
Bank Charges	\$ 1,857		\$ 1,857	\$ 1,970
Credit Bureau reports	\$ 293		\$ 293	\$ 461
Equipment rental	\$ 2,766		\$ 2,766	\$ 2,165
Insurance	\$ 2,435		\$ 2,435	\$ 3,221
Loan Loss Provision		\$ 59,201	\$ 59,201	\$ 93,787
Memberships, dues, fees	\$ 3,070		\$ 3,070	\$ 3,752
Office supplies	\$ 10,896		\$ 10,896	\$ 15,714
Professional fees-audit & accounting	\$ 4,277		\$ 4,277	\$ 3,039
Rent & Utilities	\$ 19,800		\$ 19,800	\$ 18,450
Salaries & Wages	\$ 192,518		\$ 192,518	\$ 178,607
Employee benefits-statutory & group	\$ 32,358		\$ 32,358	\$ 31,222
Telecommunications	\$ 4,663		\$ 4,663	\$ 7,590
Training & development	\$ 1,840		\$ 1,840	\$ 0
Non-recoverable HST	\$ 4,676		\$ 4,676	\$ 5,081
Board meetings and travel	\$ 15,182		\$ 15,182	\$ 9,614
Travel	\$ 8,447		\$ 8,447	\$ 11,669
Severance accrual	\$ 17,341		\$ 17,341	\$ 10,256
Self Employment Assistance program	\$ 63,278		\$ 63,278	\$ 63,899
Linkages program	\$ 71		\$ 71	\$ 8,231
Micro business program	\$ 38,813		\$ 38,813	\$ 52,045
Youth Ventures program	\$ 13,127		\$ 13,127	\$ 12,140
<b>Total Expenses</b>	<b>\$ 447,844</b>	<b>\$ 59,201</b>	<b>\$ 507,045</b>	<b>\$ 543,180</b>
<b>Results of Operations</b>	<b>\$ (129,823)</b>	<b>\$ 348,822</b>	<b>\$ 218,999</b>	<b>\$ 188,200</b>
<b>Results of Discontinued Operations (Note 11)</b>			<b>\$ 0</b>	<b>\$ 15,882</b>
<b>Surplus/Loss</b>	<b>\$ (129,823)</b>	<b>\$ 348,822</b>	<b>\$ 218,999</b>	<b>\$ 204,082</b>
Fund Balances-Beginning of year	\$ 11,553	\$ 7,137,718	\$ 7,149,271	\$ 6,945,189
Transfers	\$ 145,000	\$ (145,000)	\$ 0	\$ 0
<b>Fund Balances-end of year</b>	<b>\$ 26,730</b>	<b>\$ 7,341,540</b>	<b>\$ 7,368,270</b>	<b>\$ 7,149,271</b>

See accompanying notes to the financial statements

**Central Community Development Corporation**

**Statement of Cash Flows**

**March 31, 2015**

	Operating Fund	Investment Fund	2015	2014
<b>Operating Activities:</b>				
Excess of revenues over expenses (Excess of expenses over revenues)	\$ (129,823)	\$ 348,822	\$ 218,999	\$ 204,082
Items which do not involve cash:				
Amortization	\$ 0	\$ 0	\$ 0	\$ 0
Loan Loss Provision	\$ 0	\$ 59,201	\$ 59,201	\$ 93,787
Loss on disposal of equipment	\$ 0	\$ 0	\$ 0	\$ 0
	\$ (129,823)	\$ 408,023	\$ 278,200	\$ 297,869
<b>Changes in non-cash working capital:</b>				
Receivable from ACOA	\$ 0	\$ 0	\$ 0	\$ 25,108
Other project grants receivable	\$ 1,501	\$ 0	\$ 1,501	\$ 11,499
Other receivables	\$ 2,961	\$ 0	\$ 2,961	\$ (2,961)
Harmonized Sales Tax receivable	\$ (4,849)	\$ 0	\$ (4,849)	\$ 2,688
Accrued interest	\$ 0	\$ (2,239)	\$ (2,239)	\$ (11,114)
Accrued investment income	\$ 0	\$ (171)	\$ (171)	\$ 2,021
Payables & accrued liabilities	\$ (165)	\$ 0	\$ (165)	\$ 825
Deferred revenue	\$ 3,687	\$ 0	\$ 3,687	\$ (7,095)
Cash provided by (used in) operating activities	\$ 3,135	\$ (2,410)	\$ 725	\$ 20,971
<b>Investing Activities:</b>				
Purchase of capital assets (net)	\$ 0	\$ 0	\$ 0	\$ 0
Investment in ACCBIF	\$ 0	\$ 100,000	\$ 100,000	\$ (500,000)
Loans to clients	\$ 0	\$ (1,717,037)	\$ (1,717,037)	\$ (2,162,171)
Repayments from clients, net of recoveries	\$ 0	\$ 1,021,770	\$ 1,021,770	\$ 1,227,098
Cash provided by (used in) investing activities	\$ 0	\$ (595,267)	\$ (595,267)	\$ (1,435,073)
<b>Financing activities:</b>				
Loans from Newfoundland and Labrador Association of	\$ 0	\$ 0	\$ 0	\$ 10,000
Repayments to Newfoundland and Labrador Association of	\$ 0	\$ (2,448)	\$ (2,448)	\$ (4,878)
Repayments to ACCBIF Technology fund	\$ 0	\$ (3,913)	\$ (3,913)	\$ (3,042)
Severance liability net of restricted cash	\$ (1,198)	\$ 0	\$ (1,198)	\$ 6,779
Inter-fund transfer	\$ 145,000	\$ (145,000)	\$ 0	\$ 0
Cash provided by (used in) financing activities	\$ 143,802	\$ (151,361)	\$ (7,559)	\$ 8,859
Increase (decrease) in cash and cash equivalents	\$ 17,114	\$ (341,015)	\$ (323,901)	\$ (1,107,374)
Cash and cash equivalents-Beginning of year	\$ (10,610)	\$ 995,960	\$ 985,350	\$ 2,092,724
<b>Cash and cash equivalents-End of year</b>	<b>\$ 6,504</b>	<b>\$ 654,945</b>	<b>\$ 661,449</b>	<b>\$ 985,350</b>

Cash resources are comprised of cash in bank and short-term investments

See accompanying notes to the financial statements

**Central Community Development Corporation**

**Notes to Financial Statements**

**March 31, 2015**

**1) Purpose of the organization**

Central Community Development Corporation's mission statement is to "Create sustainable employment through promoting business development in our communities by providing capital and mentoring assistance."

Central Community Development Corporation is a community-based and community controlled corporation with a mandate to provide lending and other investments to small businesses in your community who have difficulty obtaining financing from conventional sources. Central Community Development Corporation is incorporated under the Corporation Act of Newfoundland and Labrador as a not-for-profit organization and as such exempt from income tax by virtue of paragraph 149(1)(1) of the Income Tax Act.

**2) Departure from Generally Accepted Accounting Principles (GAAP)**

Central Community Development Corporation financial statements have not adopted the Chartered Professional Accountants Canada Handbook Accounting policies regarding Financial Instruments-Recognition and Measurement as set out in Part II of the Handbook relating to not for profit organizations, and as a result, depart from Canadian generally accepted accounting principles. The effects of these sections have not been recorded or disclosed in these financial statements

The Atlantic Canada Opportunities Agency has confirmed, within the 2014-15 CF agreement to all Atlantic CBDCs, it will accept qualified financial statements from CBDCs when not prepared in full compliance with the provisions of the Chartered Professional Accountants Canada Handbook Accounting relating to Financial Instruments, including provisions set out in Part II Section 3856, and elsewhere.

Central Community Development Corporation does not follow the accounting policy of capitalizing and depreciating its equipment. Instead, equipment additions are recorded as an expense in the year acquired. This is contrary to Canadian generally accepted accounting principles. The corporation's only property, plant, and equipment consists of office furniture and computer equipment.

**3) Significant accounting policies**

The financial statements have been prepared in accordance with Canadian generally accepted accounting standards for not for profit organizations. A summary of the significant accounting policies is described below.

**a) Use of Estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The Corporation makes such estimates and assumptions in valuing its loan portfolio to establish a provision for doubtful accounts.

Central Community Development Corporation

Notes to Financial Statements

March 31, 2015

**b) Fund Accounting**

Central Community Development Corporation follows the restricted fund method of accounting for contributions. The externally imposed restrictions are specifically described in Note 8. The Operating Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and operating contributions. Expenses of the Operating fund are limited to those agreed upon in the contribution agreement between ACOA, or other funding partners and Central Community Development Corporation.

The Investment Fund reports all restricted resources of the Investment Fund and the investment income resulting from investing activities employing the fund.

**d) Impaired loans**

Provision for impaired loans and collection costs related thereto are reported in the investment fund. When loans are identified as impaired their carrying amounts are reduced to estimated realizable amounts. The Corporation cannot reasonably estimate future cash flows associated with impaired loans and as such the estimated realizable amount of impaired loans is measured as the fair value of security underlying the loans, net of expected costs of realizations.

A provision for loan impairment is established on a loan by loan basis and arises when there is a current prolonged default in making interest or principal payments when due and financial statements portray a decline in the current financial position of the borrower or guarantor, particularly its liquidity as evidenced by severe losses in the current year or recent years, or a serious deficiency in working capital or cash flow.

**e) Revenue recognition**

Revenue is recognized using the restricted fund basis of accounting. Specific policies for various transaction streams are identified below.

Interest income from mortgaged loans is recognized on an accrual basis. Most mortgaged loans have scheduled payment dates of the 15th of the month. An accrual is made for interest earned on loans not considered impaired from the date of last payment (usually March 15th) to year end. No accrual is made for interest on impaired loans.

Interest earned on deposits with financial institutions is recognized on an accrual basis.

Revenue from government grants is recognized on an accrual basis as qualifying expenses are incurred.

Revenue from all other sources is recognized on a cash basis.

Central Community Development Corporation  
Notes to Financial Statements  
March 31, 2015

		2015	2014
<b>4. Cash</b>			
General Fund	Cash	\$ 6,504	\$ (10,610)
Investment Fund	Cash	\$ 654,945	\$ 995,960
	Guaranteed Investment Certificates	\$ 0	\$ 0
	Subtotal	\$ 654,945	\$ 995,960
	Grand Total-Cash	\$ 661,449	\$ 985,350
General Fund - Restricted	Guaranteed Investment Certificates	\$ 0	\$ 42,173

Restricted cash was previously held to fund accumulated severance liability to employees. See Note 7.

**5. Investments-Loans and equity investments**

	General Business	Youth	First Time Entrepreneur	Innovation &Technology	Social Enterprise	2015 Total	2014 Total
Loans to Business	\$ 4,691,891	\$ 164,303	\$ 178,091	\$ 354,209	\$ 36,243	\$ 5,424,737	\$ 4,857,221
Equity Investments	\$ 100,000					\$ 100,000	\$ 100,000
	\$ 4,791,891	\$ 164,303	\$ 178,091	\$ 354,209	\$ 36,243	\$ 5,524,737	\$ 4,957,221
Less allowance for doubtful accounts	\$ 220,371	\$ 34,277	\$ 0	\$ 0	\$ 0	\$ 254,648	\$ 295,827
	\$ 4,571,520	\$ 130,026	\$ 178,091	\$ 354,209	\$ 36,243	\$ 5,270,089	\$ 4,661,394



**Central Community Development Corporation**  
**Notes to Financial Statements**  
**March 31, 2015**

(Note 5 Con't)

**Loans and Mortgages Receivable**

The loans and mortgages & equity receivable balance is comprised of :

	General Business	Youth	First Time		Social		Total
			Entrepreneur	Innovation	Enterprise		
Balance, beginning of year	\$ 4,414,831	\$ 202,553	\$ 62,074	\$ 263,734	\$ 14,029	\$ 4,957,221	
Loans advanced during the year	\$ 1,396,771	\$ 9,266	\$ 126,000	\$ 150,000	\$ 35,000	\$ 1,717,037	
Loans repaid during the year	\$ (953,319)	\$ (23,013)	\$ (9,983)	\$ (32,153)	\$ (12,786)	\$ (1,031,254)	
Loan written-off against liability to ACCBIF technology fund	\$ 0	\$ 0	\$ 0	\$ (27,372)	\$ 0	\$ (27,372)	
Recovery of loans written-off	\$ 9,484	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,484	
Loans written-off during the year	\$ (75,876)	\$ (24,503)	\$ 0	\$ 0	\$ 0	\$ (100,379)	
<b>Balance, Principal</b>	<b>\$ 4,791,891</b>	<b>\$ 164,303</b>	<b>\$ 178,091</b>	<b>\$ 354,209</b>	<b>\$ 36,243</b>	<b>\$ 5,524,737</b>	
Allowance for doubtful accounts	\$ (220,371)	\$ (34,277)	\$ 0	\$ 0	\$ 0	\$ (254,648)	
<b>Balance, end of year</b>	<b>\$ 4,571,520</b>	<b>\$ 130,026</b>	<b>\$ 178,091</b>	<b>\$ 354,209</b>	<b>\$ 36,243</b>	<b>\$ 5,270,089</b>	

The activity in the Allowance for Doubful Loans account is as follows:

Balance, beginning of year	\$ 259,120	\$ 36,707	\$ 0	\$ 0	\$ 0	\$ 295,827
Loans written off during the year	\$ (75,876)	\$ (24,503)	\$ 0	\$ 0	\$ 0	\$ (100,379)
Current year's loan loss provision	\$ 37,127	\$ 22,073	\$ 0	\$ 0	\$ 0	\$ 59,200
<b>Balance, end of year</b>	<b>\$ 220,371</b>	<b>\$ 34,277</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 254,648</b>

Allowance for Doubtful Loans is determined by providing specific loan losses by loan, after reviewing outstanding loans on a loan-by-loan basis, plus a percentage of loans not otherwise specifically identified.

**6. Investments-ACCBIF**

Promissory notes due after March 2015, from Atlantic Community Business Investment Fund (ACCBIF).

2016	\$912,500	1.80%-2.00%
2017	\$100,000	2.00%
2018	\$350,000	1.75%
	<u>\$1,362,500</u>	
No set terms	\$37,500	Long term subscription fee, non-interest bearing
	<u>\$1,400,000</u>	

**7. Employee future benefits**

During the year the corporation discontinued its policy for the payment of severance pay upon an employee leaving the corporation. All accumulated severance liability to the date of discontinuance was paid in full. Employees are no longer entitled to severance pay, unless awarded by a court or other similar competent body.

Central Community Development Corporation

Notes to Financial Statements

March 31, 2015

**8. Externally restricted funds**

Funds advanced to the CBDC in respect of its Eligible Costs and the CBDCs Investment Fund capitalization costs shall be deposited and maintained in two separate accounts.

**8.1** Funds credited to the Investment Fund shall not be used for purposes other than Investment Fund activities without the prior written approval of Atlantic Canada Opportunities Agency (ACOA). This includes funds lent to or received from Atlantic Canada Community Business Investment Fund (ACCBIF).

**8.2** Notwithstanding (9.1), funds credited to the Investment Fund account may be transferred to the Eligible Costs account of the CBDC where the following conditions are met:

**8.2.1** the CBDCs Annual Budget submitted with the Business Plan projects a deficit (the "Deficit") and is accepted by ACOA;

**8.2.2** the Deficit was in fact incurred as projected; and,

**8.2.3** the CBDC shall provide to ACOA written confirmation of the transfer of the funds from the Investment Fund account to the Eligible Costs account within 90 days of the end of each fiscal year.

**Central Community Development Corporation**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2015**

**9. Economic dependence**

Central Community Development Corporation receives an annual operating contribution from ACOA to cover a portion of the operating expenses of the Operating fund. The continued operation of the organization currently depends on the receipt of the annual operation contribution.

**10. Financial Instruments**

The company's financial instruments consist of cash, receivables, loan investments, other investments, payables, and long term liabilities. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair market value of these financial instruments approximates their carrying value.

**INTEREST RATE RISK**

The portfolio of mortgaged loans bear fixed interest rates. The corporation is exposed to interest rate risk on these loans if rates in the general economy begin to rise.

**CREDIT RISK**

The Corporation's exposure to credit risk is on an individual loan basis however all loans are concentrated in one geographic area. The maximum credit risk exposure is measured in the financial statements as the provision for doubtful accounts.

The Corporation maintains cash with its chartered bank in excess of federally insured limits. Consequently the Corporation is exposed to credit risk on the uninsured amounts.

The Corporation has invested funds with ACCBIF. The Corporation is exposed to credit risk associated with this investment based on the amount of funds invested.

**FINANCIAL RISK MANAGEMENT**

The Corporation has established financial risk management objectives and policies to minimize exposure to financial risk. These policies include thorough evaluation of business proposals prior to granting loans, frequent discussions with debtors regarding business activities, and annual review of financial results of debtors.

**11. Discontinued Operations**

During the corporation's 2014 fiscal year the Government of Newfoundland and Labrador discontinued funding of the Employment Assistance Support program. No gain or loss was realized by the corporation in connection with the discontinuance of this program.

The Revenue and Expenses relating to that program are detailed below. The net difference is reported on the Statement of Operations as "Results of Discontinued Operations."

	<u>2015</u>	<u>2014</u>
Revenue		
Government of Newfoundland and Labrador		
Department of Advanced Education and Skills		
- Employment Assistance Service program	\$ 0	\$ 121,124
Expenses		
Employment Assistance Service program	\$ 0	\$ 105,242
Results of discontinued operations	<u>\$ 0</u>	<u>\$ 15,882</u>

**Central Community Development Corporation**  
**SCHEDULE OF ALLOWANCE FOR LOAN IMPAIRMENT**  
**March 31, 2015**

	<u>2015</u> Category A	<u>2015</u> Category B	<u>2015</u> Category C	<u>2015</u> Category D	<u>2015</u> Total
<b>GENERAL BUSINESS</b>	\$ 3,582,091	\$ 792,970	\$ 154,057	\$ 162,773	\$ 4,691,891
Equity investments				\$ 100,000	\$ 100,000
	\$ 3,582,091	\$ 792,970	\$ 154,057	\$ 262,773	\$ 4,791,891
<b>YOUTH</b>	\$ 70,981	\$ 23,154	\$ 44,039	\$ 26,130	\$ 164,304
<b>FIRST TIME ENTREPRENEUR</b>	\$ 82,285	\$ 75,174	\$ 20,632	\$ 0	\$ 178,091
<b>INNOVATION</b>	\$ 204,209	\$ 150,000	\$ 0	\$ 0	\$ 354,209
<b>SOCIAL ENTERPRISE</b>	\$ 36,243	\$ 0	\$ 0	\$ 0	\$ 36,243
	\$ 3,975,809	\$ 1,041,298	\$ 218,728	\$ 288,902	\$ 5,524,737

Allowance for loan impairment					
GENERAL BUSINESS	\$ 0	\$ 30,371	\$ 15,000	\$ 175,000	\$ 220,371
YOUTH	\$ 0	\$ 3,500	\$ 18,277	\$ 12,500	\$ 34,277
FIRST TIME ENTREPRENEUR	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
INNOVATION	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SOCIAL ENTERPRISE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
	\$ 0	\$ 33,871	\$ 33,277	\$ 187,500	\$ 254,648

Allowance Percentage 4.6%

	<u>2014</u> Category A	<u>2014</u> Category B	<u>2014</u> Category C	<u>2014</u> Category D	<u>2014</u> Total
<b>GENERAL BUSINESS</b>	\$ 3,243,147	\$ 469,616	\$ 371,487	\$ 230,582	\$ 4,314,832
Equity investments	\$ 0	\$ 0	\$ 0	\$ 100,000	\$ 100,000
	\$ 3,243,147	\$ 469,616	\$ 371,487	\$ 330,582	\$ 4,414,832
<b>YOUTH</b>	\$ 67,829	\$ 32,964	\$ 68,342	\$ 33,418	\$ 202,553
<b>FIRST TIME ENTREPRENEUR</b>	\$ 40,000	\$ 0	\$ 22,074	\$ 0	\$ 62,074
<b>INNOVATION</b>	\$ 234,266	\$ 0	\$ 0	\$ 29,468	\$ 263,734
<b>SOCIAL ENTERPRISE</b>	\$ 14,029	\$ 0	\$ 0	\$ 0	\$ 14,029
	\$ 3,599,271	\$ 502,580	\$ 461,903	\$ 393,468	\$ 4,957,222

Allowance for loan impairment					
GENERAL BUSINESS	\$ 0	\$ 30,371	\$ 53,749	\$ 175,000	\$ 259,120
YOUTH	\$ 0	\$ 3,500	\$ 20,707	\$ 12,500	\$ 36,707
FIRST TIME ENTREPRENEUR	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
INNOVATION	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SOCIAL ENTERPRISE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
	\$ 0	\$ 33,871	\$ 74,456	\$ 187,500	\$ 295,827

Allowance Percentage 6.0%