

**NUU-CHAH-NULTH ECONOMIC DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS
MARCH 31, 2016**

**NUU-CHAH-NULTH ECONOMIC DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS
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**practising as a professional corporation.*

'It's not what you earn, it's what you keep!'

INDEPENDENT AUDITOR'S REPORT

To the Members of Nuu-chah-nulth Economic Development Corporation

We have audited the accompanying financial statements of Nuu-chah-nulth Economic Development Corporation, which comprise the statement of financial position as at March 31, 2016 and March 31, 2015, statement of changes in net assets, statement of operations, and statement of cash flows for the years ended March 31, 2016 and March 31, 2015, 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 for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nuu-chah-nulth Economic Development Corporation as at March 31, 2016 and March 31, 2015 and the results of its operations and its cash flows for the years ended March 31, 2016 and March 31, 2015 in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.


MCINTOSH NORTON WILLIAMS
chartered professional accountants

Port Alberni, B.C.
July 23, 2016

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Nuu-chah-nulth Economic Development Corporation
Summary Statement of Financial Position
As at March 31, 2016

	2016 \$	2015 \$
ASSETS		
Current		
Cash (Note 3)	10,470,937	10,119,650
Accounts receivable	955,672	47,535
Prepaid expenses	1,251	3,220
Current portion of investment funds (Note 2(e) and 5)	<u>1,676,826</u>	<u>1,364,620</u>
	13,104,686	11,535,025
Other long term investments (Note 4)	1,094,715	1,325,766
Investment loans receivable (Note 2(e) and 5)	15,772,711	14,673,635
Restricted cash (Note 6)	715,573	664,793
Capital assets (Note 7)	12,084	20,752
Investment in Limited Partnerships	<u>-</u>	<u>300,354</u>
	<u>30,699,769</u>	<u>28,520,325</u>

APPROVED BY THE DIRECTORS


 _____, DIRECTOR


 _____, DIRECTOR

The attached notes are an integral part of these financial statements

Nuu-chah-nulth Economic Development Corporation
Summary Statement of Financial Position
As at March 31, 2016

	2016 \$	2015 \$
LIABILITIES		
Current		
Accounts payable and accrued liabilities	42,959	77,303
Wages and benefits payable	7,600	3,207
Deferred revenue	94,886	99,360
Employee deductions payable	9,221	6,143
Committed funds (Note 8)	<u>525,096</u>	<u>182,444</u>
	679,762	368,457
Funds held in trust (Note 9)	720,573	669,793
Investment funds repayable (Note 11)	<u>2,626,582</u>	<u>2,454,362</u>
	<u>4,026,917</u>	<u>3,492,612</u>
FUND BALANCES		
Administration Fund - Page 3	152,685	144,017
Restricted Loan Funds - Page 3	21,297,847	19,652,708
Invested in Capital Assets - Page 3	12,088	20,756
Contributed Net Assets (Note 12)	<u>5,210,232</u>	<u>5,210,232</u>
	<u>26,672,852</u>	<u>25,027,713</u>
	<u>30,699,769</u>	<u>28,520,325</u>

The attached notes are an integral part of these financial statements

Nuu-chah-nulth Economic Development Corporation
Statement of Changes in Net Assets
Year Ended March 31, 2016

	Administration Fund 2016 \$	Restricted Loan Funds 2016 \$	Capital Asset Fund 2016 \$	Total 2016 \$	Total 2015 \$
Balance, beginning of year	144,017	19,835,152	20,756	19,999,925	19,377,035
Excess (shortfall) of revenue over expenditure	(148,084)	2,135,875	-	1,987,791	622,890
Amortization of capital assets	10,238	-	(10,238)	-	-
Purchase of capital assets	(1,570)	-	1,570	-	-
	<u>4,601</u>	<u>21,971,027</u>	<u>12,088</u>	<u>21,987,716</u>	<u>19,999,925</u>
Transfers	<u>148,084</u>	<u>(148,084)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year - <i>Page 2</i>	<u>152,685</u>	21,822,943	<u>12,088</u>	<u>21,987,716</u>	<u>19,999,925</u>
Less committed funds		<u>525,096</u>			
		<u>21,297,847</u>			
		<i>(Note 15)</i>			

The attached notes are an integral part of these financial statements

Nuu-chah-nulth Economic Development Corporation
Statement of Operations
Year Ended March 31, 2016

	2016 \$	2015 \$
Revenue		
National Aboriginal Capital Corporations Association (Note 13)	2,111,578	1,977,287
Interest income	1,344,347	1,282,995
Western Economic Diversification	297,669	297,669
New Relationship Trust	173,722	131,278
Nuu-Chah-Nulth Tribal Council contribution	168,886	168,886
Indigenous and Northern Affairs Canada - AWBI	167,776	-
Ahousaht First Nation Contribution	85,011	85,011
Administration fees and other	73,554	63,606
Yuutu?it?ath Government Contribution	31,916	31,916
Huu-ay-aht First Nation Contribution	30,471	30,471
Kyuquot First Nation Contribution	15,489	15,489
Uchucklesaht Tribe Contribution	11,474	11,474
Primate's World Relief and Development Fund	10,558	-
Toquaht First Nation Contribution	8,919	8,919
Canadian Centre for Aboriginal Entrepreneurship	5,750	-
BC First Nation Equity Fund Limited Partnership	1,992	654
	<u>4,539,112</u>	<u>4,105,655</u>
Expenditure		
Accounting, auditing and data processing	22,440	20,080
Advertising	3,762	1,674
Amortization	10,238	8,638
Client training costs	33,453	26,537
Consulting and contract services	91,910	18,129
Contributions to projects	1,065,104	2,321,034
Equity matching grants	173,722	135,180
Forgivable loans to projects	355,397	111,344
Language Program contributions	10,558	-
Legal	8,792	9,777
Office materials, supplies and insurance	59,332	34,821
Provision for (recovery of) uncollectible loans	(27,480)	123,548
Rent	29,662	26,111
Repairs and maintenance	4,438	6,600
Scholarship	2,000	2,000
Telephone and postage	23,993	21,036
Travel and accommodation - staff	61,132	48,291
Travel and honoraria - committee	36,746	32,981
Wages and benefits	586,122	534,984
	<u>2,551,321</u>	<u>3,482,765</u>
Excess of revenue over expenditure	<u>1,987,791</u>	<u>622,890</u>

The attached notes are an integral part of these financial statements

Nuu-chah-nulth Economic Development Corporation
Statement of Cash Flows
Year Ended March 31, 2016

	2016 \$	2015 \$
Operating Activities		
Excess of revenue over expense	1,987,791	622,890
Items not involving cash		
Amortization	<u>10,238</u>	<u>8,638</u>
	<u>1,998,029</u>	<u>631,528</u>
 Changes in non-cash working capital items		
Accounts receivable	(908,136)	5,765
Accrued interest receivable	(109,608)	(180,587)
Prepaid expenses	1,969	(1,395)
Accounts payable and accrued liabilities	(34,348)	16,162
Wages and benefits payable	4,393	(4,033)
	3,078	(1,027)
Deferred revenue	(4,474)	13,916
Funds held in trust	<u>50,780</u>	<u>(1,019)</u>
	<u>1,001,683</u>	<u>479,310</u>
 Financing Activities		
Increase in loan funds repayable	300,750	420,370
Repayments of loan funds	<u>(128,530)</u>	<u>(36,008)</u>
	<u>172,220</u>	<u>384,362</u>
 Investing Activities		
Acquisition of capital assets	(1,570)	(12,870)
Increase in other long term investments	231,052	(350,232)
Investment in BC First Nation Equity Fund Limited Partnership	300,354	(655)
Decrease (increase) in loans receivable	<u>(1,301,672)</u>	<u>430,983</u>
	<u>(771,836)</u>	<u>67,226</u>
 Change in cash	402,067	930,898
 Cash - beginning of year	<u>10,784,443</u>	<u>9,853,545</u>
 Cash - end of year	<u>11,186,510</u>	<u>10,784,443</u>
 Cash consists of:		
	10,470,937	10,119,650
	<u>715,573</u>	<u>664,793</u>
	<u>11,186,510</u>	<u>10,784,443</u>

The attached notes are an integral part of these financial statements

Nuu-chah-nulth Economic Development Corporation
Notes to Financial Statements
Year Ended March 31, 2016

1. Purpose of the Organization

The Nuuchah-nulth Economic Development Corporation ("N.E.D.C.") is a regional organization operating a variety of programs to encourage rural economic development and entrepreneurship. It is incorporated under the Canada Corporations Act as a not-for-profit organization. The corporation is exempt from income tax under section 149 of the Canadian Income Tax Act.

2. Basis of Presentation and Significant Accounting Policies

a) Basis of Presentation

The Corporation prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

b) Fund Accounting

The Nuuchah-nulth Economic Development Corporation follows the restricted fund method of accounting for contributions.

The Administration Fund accounts for the corporation's operating costs and revenues. This fund reports unrestricted resources and restricted operating grants.

The Restricted Funds account for resources restricted for investment in loans receivable and related grants.

The Capital Fund accounts for the capital assets.

c) Comparative Figures

Comparative figures have been reclassified, where applicable, to conform to current presentation.

d) Capital Assets

Capital assets are stated at cost and are charged to operations in the year acquired. Amortization is recorded by applying the straight line method as follows:

Computer equipment and software	3	years
Equipment	5	years

e) Allowance for Credit Loss

The provision for uncollectible loans is estimated by management based on a review of all loans outstanding, net of recovery from security that is held on the loan. Actual write-offs, net of recoveries, will be deducted from the allowance for credit losses. The provision for credit losses in the statement of income and changes in fund balances is charged with an amount sufficient to keep the balance in the allowance for credit losses adequate to absorb all credit related losses.

Nuu-chah-nulth Economic Development Corporation
Notes to Financial Statements
Year Ended March 31, 2016

2. Significant Accounting Policies (continued)

f) Measurement Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains and losses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they became known. 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. Since a precise determination of many assets and liabilities depends on future events, actual results may differ from such estimates and approximations.

- g) The Corporation has elected to apply CICA Handbook Section 3861 in place of CICA Handbook Section 3862 "Disclosure" and Section 3863 "Presentation". Section 3862 and 3863 require extensive disclosures about the significance of financial instruments for an entity's financial position and results of operations overall, as quantitative and qualitative disclosures on the nature and extent of risks arising from financial instruments. Management believes that the cost of preparing the additional disclosures exceed any incremental benefit.

3. Cash

Cash is comprised of:

	2016	2015
	\$	\$
Administration Bank	62,224	190,768
Economic Development Grant Fund Bank	710,681	733,685
Loan Portfolio - Community Futures Loan Fund Bank	2,677,715	2,104,709
Loan Portfolio - Native Economic Development Fund Bank	2,621,630	2,839,463
Loan Portfolio - Forestry Loan Fund Bank	1,358,724	1,367,485
Loan Portfolio - Youth Fund Bank	842,641	720,529
Loan Portfolio - Disabled Entrepreneurs Fund Bank	131,633	164,465
Loan Portfolio - Fisheries Fund Bank	1,006,586	977,241
Loan Portfolio - NACCA Youth Fund Bank	111,869	110,761
Loan Portfolio - WD Fisheries Fund Bank	474,005	365,090
Loan Portfolio - Sport Fishing Fund Bank	21,226	21,018
Aboriginal Business Canada Business Equity Program	280,468	366,744
Loan Portfolio - Business Development Bank of Canada	171,535	157,692
	<u>10,470,937</u>	<u>10,119,650</u>

With the exception of the Administration Bank, all cash is restricted to being used to fund loans or contributions in the respective portfolios.

Nuu-chah-nulth Economic Development Corporation
Notes to Financial Statements
Year Ended March 31, 2016

4. Other Long Term Investments

	2016	2015
	<u>\$</u>	<u>\$</u>
All Nations Trust Company	339,621	482,512
Enhanced Access Loans	<u>755,094</u>	<u>843,254</u>
	<u>1,094,715</u>	<u>1,325,766</u>

All Nations Trust Company consists of loans to fund mortgages granted by that corporation. The agreement calls for principal repayments plus a share of the interest on the mortgages at varying rates between 5.95% and 6.84% per annum.

Enhanced Access Loans are loans administered by the corporation on behalf of National Aboriginal Capital Corporations Association ("NACCA"). The terms of the loans vary and include interest calculated at rates between 7% and 12% per annum. Various forms of security have been taken on the loans including General Security Agreements, promissory notes, and guarantees from the borrowers. The repayments from the borrowers are payable to NACCA under a promissory note (see Note 11).

5. Investment Loans Receivable

	Total Portfolio	Accrued Interest Receivable	Less Current Portion	Less Allowance for Credit Losses	Total 2016	Total 2015
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Community Futures	2,674,157	95,538	475,695	132,975	2,161,025	2,418,765
Native Economic Development	13,098,718	434,580	911,016	282,500	12,339,782	10,950,324
Forestry	532,995	3,157	70,673	-	465,479	395,598
Youth Trust	98,642	941	25,759	-	73,824	146,306
Disabled Entrepreneurs	319,140	3,138	63,078	-	259,200	201,741
Fisheries	43,937	248	14,985	-	29,200	46,144
WD Fisheries	381,692	19,160	58,953	-	341,899	410,604
Business Development Bank	<u>156,629</u>	<u>2,340</u>	<u>56,667</u>	<u>-</u>	<u>102,302</u>	<u>104,153</u>
	<u>17,305,910</u>	<u>559,102</u>	<u>1,676,826</u>	<u>415,475</u>	<u>15,772,711</u>	<u>14,673,635</u>

Loans receivable have specific terms of repayment including interest. Interest is charged at various rates ranging from prime to 12% per annum depending on certain criteria. The corporation has made provision for that portion of loans which management indicates may not be collectible. (See Note 2(e))

Various forms of security have been taken on the loans including promissory notes, personal guarantees, general security agreements and mortgages on marine equipment or land and buildings.

In addition to the loans receivable, at March 31, 2016 the Corporation had approved loans of \$1,278,270 which were not yet disbursed.

Nuu-chah-nulth Economic Development Corporation
Notes to Financial Statements
Year Ended March 31, 2016

6. Restricted Cash

Restricted cash is comprised of funds raised for the George Watts Memorial Scholarship Trust Fund and funds held in the employee savings plan.

7. Capital Assets

The capital assets consist of:

	2016			2015
	Cost \$	Accumulated Amortization \$	Net \$	Net \$
Computer equipment and software	39,920	33,763	6,157	10,442
Equipment	<u>30,568</u>	<u>24,642</u>	<u>5,927</u>	<u>10,310</u>
	<u><u>70,488</u></u>	<u><u>58,405</u></u>	<u><u>12,084</u></u>	<u><u>20,752</u></u>

8. Committed Funds

Committed funds consist of grants for the Business Equity Program (NACCA ABFP) which were approved but not disbursed at the date of the financial statements.

9. Funds Held in Trust

The Nuu-chah-nulth Economic Development Corporation holds funds in trust for the George Watts Memorial Scholarship Trust Fund and the NEDC employee contribution and savings plan.

10. Economic Development Grant Fund

The corporation has assumed the economic development granting function of the Nuu-chah-nulth Tribal Council and Nuu-chah-nulth Tribes.

Grant funds are received from the Tribal Council and other Nuu-chah-nulth Tribes and the corporation adjudicates applications for grants at the same time as it adjudicates loan applications.

At March 31, 2016, the corporation was committed to granting a further \$44,843 (for both grants and forgivable loans) but these funds had not been disbursed at that date.

Nuu-chah-nulth Economic Development Corporation
Notes to Financial Statements
Year Ended March 31, 2016

11. Investment Funds Repayable

	2016	2015
	\$	\$
	<hr/>	<hr/>
Ministry of Community and Rural Development	<u>500,000</u>	<u>500,000</u>
<p>50% of the unencumbered cash balance of the Forestry Loan Fund is to be repaid upon the termination of the agreement. The date of the termination of the agreement is not specified, but may be terminated at the mutual agreement of both parties, by either party giving notice of termination, or by default (failure of N.E.D.C. to comply with the provisions of the agreement)</p>		
Western Economic Diversification Canada*		
Youth Investments Fund	200,000	200,000
Disabled Entrepreneurs Investment Fund	200,000	200,000
Fisheries Legacy Fund	<u>420,000</u>	<u>420,000</u>
	<u>820,000</u>	<u>820,000</u>
Business Development Bank of Canada		
Business Development Bank of Canada Fund	<u>250,000</u>	<u>250,000</u>
<p>The unencumbered cash balance of these loans is to be repaid at March 31, 2015. The remainder of the outstanding loan balance is to be repaid from repayments received by the corporation on loan amounts disbursed. It is management's understanding and intent that this agreement will be extended for a minimum of one year.</p>		
National Aboriginal Capital Corporations Association ("NACCA")		
Enhanced Access Fund loan	<u>1,056,582</u>	<u>884,362</u>
<p>Repayable on demand pursuant to the terms of agreement with NACCA related to funds loaned to other organizations (see Note 4). In event of default on the loans to other organizations, the corporation will not be held responsible by NACCA provided reasonable steps to recover the outstanding loan have been made and the corporation is not in default of the agreement. Secured by a promissory note. The agreements expire on the same date as the loans to the other organizations (see Note 4).</p>		
	<u>2,626,582</u>	<u>2,454,362</u>

*Western Economic Diversification Conditionally Repayable Investment Funds

Nuu-chah-nulth Economic Development Corporation
Notes to Financial Statements
Year Ended March 31, 2016

Under an Agreement with Western Economic Diversification, the above amounts are conditionally repayable if any of the following conditions occur:

- (a) The Conditionally Repayable Investment Fund is not administered according to the terms and conditions specified in the Agreement; or
- (b) Based on reviews and evaluations of the operations and the Conditionally Repayable Investment Fund of the Corporation, the Conditionally Repayable Investment Fund is not providing a satisfactory level of benefits in terms of employment creation, the development of Community-owned or controlled businesses, and strengthening of the western Canadian economy; or
- (c) In the opinion of the Minister, the Conditionally Repayable Investment Fund is no longer necessary or relevant to the development of the western Canadian economy; or
- (d) The Agreement is terminated; or
- (e) An event of default occurs, as outlined in the Agreement; or
- (f) The Minister does not approve terms and conditions to extend the Project beyond the Completion Date.

Repayable Terms:

1. Upon 30 days written notice by the Minister, the Corporation must immediately repay the lesser of:
 - (a) The uncommitted cash balance of the Conditionally Repayable Investment Fund, or
 - (b) The total amount paid by Western Economic Diversification to the Corporation for the establishment and maintenance of the Conditionally Repayable Investment Fund.
2. Upon 30 days written notice by the Minister, the Corporation agrees to immediately give possession to the Minister all documentation evidencing investments made by the Corporation with the Conditionally Repayable Investment Fund and take immediate steps to assign all of its interest in all debts owing to it to the Minister.
3. Upon 30 days written notice by the Minister, the Corporation must liquidate all debts owing to it as a result of the Conditionally Repayable Investment Fund via sale to a third party satisfactory to the Minister, or via other means satisfactory to the Minister, and to remit the proceeds of liquidation to the Minister.
4. The debt owing as a result of the Conditionally Repayable Investment Fund will be deemed to have been fully repaid once the Corporation has repaid to the Minister the lesser of:
 - (a) The assets of the Conditionally Repayable Investment Fund, or
 - (b) The amount of the Conditionally Repayable Contribution paid by Western Economic Diversification to the Corporation.

12. Contributed Net Assets

Pursuant to various written agreements the Corporation received contributions to enable it to make loans to small businesses under prescribed formulas.

**Nuu-chah-nulth Economic Development Corporation
Notes to Financial Statements
Year Ended March 31, 2016**

13. National Aboriginal Capital Corporations Association Revenue

	2016	2015
	\$	\$
	<u> </u>	<u> </u>
Aboriginal Business Financing Program (Capital)	1,476,388	1,500,000
Aboriginal Development Lending Assistance	358,373	191,777
Aboriginal Business Financing Program (Operating)	270,817	285,510
Other revenue	<u>6,000</u>	<u>-</u>
	<u>2,111,578</u>	<u>1,977,287</u>

14. Economic Dependence

Pursuant to various written agreements with the Federal Government and other agencies, the corporation receives a majority of its operating funds through contributions which would not easily be replaced.

Nuu-chah-nulth Economic Development Corporation
Notes to Financial Statements
Year Ended March 31, 2016

15. Restricted Net Assets

	Total 2015 \$	Excess of Revenue over Expenditure and Transfers \$	Total 2016 \$
Community Futures Loan Portfolio Fund	4,347,387	277,512	4,624,899
Native Economic Development Loan Fund	11,400,177	913,497	12,313,674
Economic Development Grant Fund	609,864	41,963	651,827
Youth Loan Portfolio Fund	463,634	21,624	485,258
Forestry Loan Portfolio Fund	1,042,382	46,550	1,088,932
Disabled Entrepreneur Loan Portfolio Fund	218,388	29,869	248,257
Fisheries Loan Portfolio Fund	619,939	12,241	632,180
NACCA Youth Loan Portfolio Fund	31,755	1,108	32,863
WD Fisheries Loan Portfolio Fund	446,214	40,750	486,964
Sport Fishing Loan Portfolio Fund	22,235	210	22,445
Business Development Bank Loan Portfolio Fund	<u>64,844</u>	<u>15,759</u>	<u>80,603</u>
	19,266,819	1,401,083	20,667,902
Business Equity Program	<u>568,333</u>	<u>586,708</u>	<u>1,155,041</u>
	<u>19,835,152</u>	<u>1,987,791</u>	21,822,943
Less committed funds			<u>(525,096)</u>
			<u>21,297,847</u>

Business Equity Program:

Under an agreement with National Aboriginal Capital Corporations Association, the corporation delivers the Business Equity Program throughout Vancouver Island. All of the contribution funding provided is used to fund eligible projects.

Nuu-chah-nulth Economic Development Corporation
Notes to Financial Statements
Year Ended March 31, 2016

16. Financial Instruments

The financial instruments of the Corporation consist of cash, accounts receivable, restricted cash, investments, loans receivable, accounts payable and accruals investment funds repayable. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair value of the instruments approximates their carrying values, unless otherwise noted.

The Corporation is exposed to financial risk that arises from the fluctuation in interest rates and in the credit quality of its customers and related-parties.

Credit Risk

The Corporation's credit risk consists principally of cash and cash equivalents, accounts receivable, and loans receivable. The Corporation maintained cash and cash equivalents with reputable and major financial institutions. The Corporation mitigates risk on loans receivable through various forms of security. An allowance for credit losses has been recorded (see Note 2e)

Interest Rate Risk

The Corporation is exposed to interest rate risk with respect to cash and cash equivalents. There are no derivative financial instruments to mitigate these risks.

Fair Value

The Corporation's cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are short-term financial instruments whose fair value approximates their carrying values.