COMMUNITY FORWARD FUND ASSISTANCE CORP.

FINANCIAL STATEMENTS

DECEMBER 31, 2013

COMMUNITY FORWARD FUND ASSISTANCE CORP.

CONTENTS

DECEMBER 31, 2013

Logan Katz LLP
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Members of the
Community Forward Fund Assistance Corp.:

Report on the Financial Statements

We have audited the accompanying financial statements of the Community Forward Fund Assistance Corp. (the "Organization"), which comprise the statement of financial position as at December 31, 2013 and the statements of revenue and expenditures, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider 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 the Organization as at December 31, 2013, and its results of operations and cash flows for the year then ended in accordance with IFRS.

Logan Katz LLP

Chartered Accountants
Licensed Public Accountants

Ottawa, Canada
March 7, 2014

COMMUNITY FORWARD FUND ASSISTANCE CORP.

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2013

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash	$ 110,717	$ 419,929
Short term investments (Note 5)	202,933	301,579
Accounts receivable	500	-
Prepaid expenditures	8,210	5,734
Due from related party (Note 10)	26,133	-
	348,493	727,242
NON-CURRENT ASSETS		
Loan receivable (Note 7)	6,331	9,334
Property and equipment (Note 6)	10,924	15,637
	17,255	24,971
	$ 365,748	$ 752,213
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 12)	$ 16,501	$ 20,196
Due to related party (Note 10)	-	760
	16,501	20,956
NON-CURRENT LIABILITIES		
Loan payable (Note 8)	100,000	100,000
TOTAL LIABILITIES	116,501	120,956
DEFERRED CONTRIBUTIONS (Note 9)	250,384	484,906
(DEFICIENCY IN) NET ASSETS		
Unrestricted	(12,061)	130,714
Invested in property and equipment	10,924	15,637
	(1,137)	146,351
	$ 365,748	$ 752,213

Commitments (Note 11)
Financial instruments and risk management (Note 12)

ON BEHALF OF THE BOARD:

_______________, Director _______________, Director

Logan Katz LLP s.r.l.
CHARTERED ACCOUNTANTS / COMPTABLES AGRÉÉS
www.logankatz.com

COMMUNITY FORWARD FUND ASSISTANCE CORP.

STATEMENT OF REVENUE AND EXPENDITURES

YEAR ENDED DECEMBER 31, 2013

	2013	2012
REVENUE		
Grants (Note 9)	$ 363,698	$ 388,928
Project (Note 9)	70,324	-
Management fees (Note 10)	35,000	-
Consulting	-	36,989
Subscription fees	-	102,025
Interest	9,463	2,995
	478,485	530,937
EXPENDITURES		
Advertising and promotion	29,800	42,738
Amortization (Note 6)	4,713	4,600
Bank charges	112	-
Insurance	5,462	5,290
Interest on loan payable	2,000	2,000
Occupancy	27,404	21,275
Office expenses	24,809	24,049
Professional fees	35,769	42,355
Project expenses	70,324	-
Subcontractors (Note 10)	280,691	173,215
Travel	28,225	14,680
Trust management expenses (Note 10)	36,733	83,928
Unrecoverable sales tax	51,131	-
Wages and benefits	28,800	55,747
	625,973	469,877
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES	$ (147,488)	$ 61,060

COMMUNITY FORWARD FUND ASSISTANCE CORP.

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2013

	2013			2012
	Invested in property and equipment	Unrestricted	Total	Total
BALANCES AT BEGINNING OF YEAR	$ 15,637	$ 130,714	$ 146,351	$ 85,291
(Deficiency) excess of revenue over expenditures	-	(147,488)	(147,488)	61,060
Amortization of property and equipment	(4,713)	4,713	-	-
BALANCES AT END OF YEAR	$ 10,924	$ (12,061)	$ (1,137)	$ 146,351

COMMUNITY FORWARD FUND ASSISTANCE CORP.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2013

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenditures	$ (147,488)	$ 61,060
Items not involving cash:		
Amortization	4,713	4,600
Accrued interest revenue	(1,354)	(1,579)
Revenue recognized from deferred revenue	(434,022)	(388,928)
	(578,151)	(324,847)
Changes in non-cash operating working capital:		
Accounts receivable	(500)	11,971
Prepaid expenditures	(2,476)	1,055
Accounts payable and accrued liabilities	(3,695)	9,149
Due (from)/to related party	(26,893)	760
	(611,715)	(301,912)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(812)
Redemption (purchase) of investments	100,000	(300,000)
	100,000	(300,812)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt of loan repayments	3,003	2,815
Contributions received	199,500	853,000
	202,503	855,815
(DECREASE) INCREASE IN CASH	(309,212)	253,091
Cash at beginning of year	419,929	166,838
CASH AT END OF YEAR	$ 110,717	$ 419,929
Supplementary cash flow information:		
Interest paid	$ 2,000	$ 2,000

1. NATURE OF OPERATIONS

The Community Forward Fund Assistance Corp. (the "Organization") was incorporated on February 2, 2011 under Part II of the Ontario Business Corporations Act. Its principal activity consists of helping to improve the financial stability of Canadian non-profit and charitable organizations ("NPOs").

The Organization assists NPOs to obtain financing, whether through loans, loan guarantees, grants or other forms of investment, and to enhance the financial and business management of NPOs, through the provision, on a not-for-profit basis, of services including:

(a) financial services and/or management services to NPOs;

(b) loans to, or guarantee of loans to, NPOs;

(c) information and/or services to persons or entities ("NPO Supporters") in respect of their loans to, guarantee of loans to, donations to, and/or investments in, NPOs;

(d) assisting in the creation of one or more entities which will make loans to, or guarantee loans to, NPOs; and

(e) the creation, maintenance and dissemination of research and information regarding NPOs and NPO Supporters.

The Organization is registered with the Ontario Securities Commission ("OSC") under the categories of "Restricted Dealer", "Restricted Portfolio Manager" and "Investment Fund Manager".

The Organization is a not-for-profit organization and is exempt from income taxes.

2. BASIS OF PREPARATION

The financial statements of the Organization have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

2. BASIS OF PREPARATION (continued)

Basis of Measurement

The financial statements have been prepared on a historical cost basis except for held-for-trading financial assets which are measured at fair value.

The financial statements are presented in Canadian dollars, which is also the Organization's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying its accounting policies. There are no areas that have been identified as having a higher degree of complexity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand.

Property and Equipment

Recognition and Measurement
On initial recognition, property and equipment are valued at cost, being the purchase price.

Property and equipment is subsequently measured at cost less accumulated amortization, less any accumulated impairment losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment (continued)

Amortization

Amortization is recognized in the statement of revenue and expenditures and is provided on a straight-line basis over the estimated useful life of the assets as follows:

Computer equipment	3 years
Computer software	5 years

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Financial Instruments

Financial instruments are initially recognized at fair value and then subsequently measured at amortized cost with gains and losses recognized in the statement of revenue and expenditures in the period in which the gain or loss occurs. Changes in fair value of financial instruments classified as held-for-trading are recorded in the statement of revenue and expenditures.

The Organization's accounting policy for each category is as follows:

Financial Asset/Liability	*Category*	*Measurement*
Cash and cash equivalents	Held-for-trading	Fair value
Short term investments	Held-for-trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Loan receivable	Loans and receivables	Amortized cost
Loan payable	Financial liabilities	Amortized cost
Accounts payable and accrued liabilities	Financial liabilities	Amortized cost
Due to/from related party	Financial liabilities	Amortized cost

Transaction Costs

Transaction costs are comprised primarily of legal, accounting and other costs directly attributable to the acquisition, issuance or disposal of a financial asset or liability.

Transaction costs related to held-for-trading financial liabilities are expensed as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Grant and project revenue
The Organization receives funding in the form of grants with restrictions on the use of funds. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Funds received from funders that exceed the costs of the purposes for which they were granted, are reported as deferred contributions.

Consulting revenue
Consulting revenue is recognized as revenue when the service has been rendered, revenue has been earned and collection is reasonably assured.

Management fees revenue
Management fees revenue is recognized as revenue when the service has been rendered, revenue has been earned and collection is reasonably assured.

Subscription fees revenue
Subscription fees revenue is recognized as revenue when the service has been rendered, revenue has been earned and collection is reasonably assured.

Interest revenue
Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Organization and the amount of income can be measured reliably.

Loan Receivable

Loan receivable is recorded at the principal amount of loans outstanding less an allowance for loan impairment. Loans are classified as impaired when there is no longer reasonable assurance of the timely collection of the full amount of principal and interest.

Loans usually bear interest at approximate market rates and have fixed repayment schedules.

Contributed Services and In-Kind Materials and Services

Volunteers contribute several hours per year to assist the Organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Services and In-Kind Materials and Services (continued)

Furthermore, the Organization benefits from various donations of materials, the fair value of which is recognized in the financial statements, when determinable. Donated services are not recognized in the financial statements.

Impairment on Financial Assets

At each reporting date the Organization assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the assets and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Comprehensive Income

Revenue and expenditures are reported in the statement of revenue and expenditures. Items that would otherwise be reported in the statement of comprehensive income do not apply to the Organization and, as such there is no comprehensive income statement embedded in the statement of revenue and expenditures.

4. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting years beginning January 1, 2013 or later years. None of these is expected to have a significant effect on the financial statements, except for the following:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is part of an IASB wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains, but simplifies, the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015. The Organization does not plan to adopt this standard early.

There are no other IFRS's or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Organization.

5. SHORT TERM INVESTMENT

The short term investment consists of a redeemable term deposit, which earns interest at annual rate of 1.60% and matures January 2014. Given the investment is interest-bearing, carrying value approximates fair value.

6. PROPERTY AND EQUIPMENT

	Computer Equipment	Computer Software	Total
Cost			
Balance at December 31, 2012	$ 3,222	$ 18,193	$ 21,415
Additions	-	-	-
Balance at December 31, 2013	3,222	18,193	21,415
Accumulated amortization			
Balance at December 31, 2012	1,229	4,549	5,778
Amortization for the year	1,074	3,639	4,713
Balance at December 31, 2013	2,303	8,188	10,491
Carrying amounts			
December 31, 2012	1,993	13,644	15,637
December 31, 2013	$ 919	$ 10,005	$ 10,924

7. LOAN RECEIVABLE

The loan receivable bears interest at 6.5% per annum and is receivable in blended monthly installments of $293 and matures December 21, 2015. No security has been obtained on the loan.

8. LOAN PAYABLE

The Organization borrowed $100,000 from Greater Vancouver Community Assistance Foundation, maturing December 31, 2021. The note bears interest a 2% per annum and is payable only on the last day of June and December each year. All principal amounts outstanding shall be repayable on demand at the end of the term. This loan was obtained in order to meet the working capital requirements as set out by the OSC. Given the loan is similar to loans offered in the market, carrying value approximates fair value.

9. DEFERRED CONTRIBUTIONS

Deferred contributions consist of grants that have been received by the Organization with certain restrictions for their use.

Ontario Trillium Foundation
The Organization has received this grant specifically for expenditures related to its initial operations. These expenditures are expected to be incurred evenly over the period of the grant and, as such, related grant revenue is recognized evenly over the same period. This grant was fully utilized during the 2013 year.

VanCity Credit Union
The Organization received this grant to help with future projects and to offset trust management fees incurred, and startup costs. Grant revenue is recognized when related costs are incurred.

Citizens Bank
The Organization has received this grant to offset trust management fees incurred, and startup costs. Grant revenue is recognized when related costs are incurred. This grant was fully utilized during the 2013 year.

Macquarie Group Foundation
The Organization has received this grant to offset expenditures related to the Canadian Financial Leadership Clinic. Grant revenue is recognized when related costs are incurred.

	Ontario Trillium Foundation	VanCity Credit Union	Citizens Bank	Macquarie Group Foundation	Total
Balance at beginning of year	$ 20,834	$ 375,000	$ 89,072	$ -	$ 484,906
Restricted contributions received	125,000	-	-	74,500	199,500
Amounts recognized as revenue	(145,834)	(128,792)	(89,072)	(70,324)	(434,022)
Balance at the end of the year	$ -	$ 246,208	$ -	$ 4,176	$ 250,384

10. RELATED PARTY TRANSACTIONS

The following is a summary of the Organization's related party transactions during the year:

The Organization acts as a Manager to the Community Forward Fund (the "Fund"), under the terms of a Management Agreement dated June 8, 2012. The Fund is a trust operated under the terms of a Trust Agreement dated June 8, 2012. Under this agreement, the Organization charges management fees to the Fund determined on a monthly basis for managing the Fund.

a) During the year, the Organization advanced funds to, and obtained repayments of advances from, the Trust. In addition, a management fee of $35,000 plus applicable taxes (Nil - 2012) was charged to the Trust for the year.

Balances due to related parties consist of the following:

	2013	2012
Due from (to) Trust	$ 26,133	$ (760)

b) Key Management Compensation

The Organization paid fees to companies owned by executive officers and directors of the Organization as follows:

DKGI INC.	Management fee
NEWMAN & ASSOCIATES	Management fee

The Organization incurred the following fees in the normal course of operations in connection with companies owned by key management and directors. Expenses have been measured at the exchange amount which is determined on a cost recovery basis.

10. RELATED PARTY TRANSACTIONS (continued)

b) Key Management Compensation (continued)

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors. Key management personnel compensation includes:

	2013	2012
Payments reported as subcontractors expenditures	$ 154,119	$ 127,833

11. COMMITMENTS

Office premises

The Organization leases office premises under a lease which expires in May 2015. The aggregate future minimum annual lease payments to expiry, including an estimate of the operating costs, are as follows:

2014	$ 30,780
2015	$ 12,825

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Organization is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

The Organization is exposed to risks that arise from its use of financial instruments. This note describes the Organization's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

There have been no substantive changes in the Organization's exposure to financial instrument risk, its objectives, polices and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Organization's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Organization's finance function. The Board of Directors receives regular reports from the Organization's Chief Executive Officer and Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as much as possible without unduly affecting the Organization's competitiveness and flexibility. Further details regarding these policies are set out below.

Market Risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risks: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

Interest Rate Risk
Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with Alterna Savings and Credit Union (ASCU). The Organization considers this risk to be immaterial.

Credit Risk
Credit risk is the risk of financial loss to the Organization if a customer, funder, or a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Organization consist primarily of cash and cash equivalents, short term investments and loan receivable. Cash and cash equivalents are maintained with ASCU, a reputable, well capitalized institution and may be redeemed upon demand. Short term investments are refundable term deposits purchased with ASCU.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit Risk (continued)
The carrying amount of financial assets represents the maximum credit exposure. The Organization has gross credit exposure at December 31, 2013 and December 31, 2012 relating to cash and cash equivalents of $110,717 and $419,929, respectively.

The Organization has gross credit exposure at December 31, 2013 and December 31, 2012 relating to short term investments of $202,933 and $301,579, respectively. The investments are held with ASCU, a reputable financial institution. The risk that the invested funds will not be returned is low.

The Organization has gross credit exposure at December 31, 2013 and December 31, 2012 relating to loans receivable of $6,331 and $9,334, respectively. The Organization has considered the impact of these funds not being repaid to be minimal.

Liquidity Risk
Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they become due. The Organization's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Organization's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

Typically, the Organization ensures that it has sufficient cash on hand to meet expected operational expenses for a period of 90 days. To achieve this objective, the Organization prepares annual operating budgets, which are regularly monitored and updated as considered necessary.

The Organization monitors its risk of shortage of funds by monitoring the maturity dates of existing accounts payable and accrued liabilities.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity Risk (continued)
The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities.

	Up to 3 months
Accounts payable and accrued liabilities	
December 31, 2012	$ 20,196
December 31, 2013	$ 16,501

Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Statement of Financial Position carrying amounts for cash and cash equivalents, short term investments and accounts payable and accrued liabilities approximate fair value due to their short term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values, these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Fair Value Hierarchy (continued)

The fair value of loans receivable and payable is determined using the present value of future cash flows under current financing agreements, based on market interest rates for loans with similar conditions and maturities. The fair value of loans receivable is derived from inputs other than quoted prices and is therefore considered to be level 2.

13. CAPITAL DISCLOSURES

The Organization's objective when managing capital is to maintain its ability to continue as a going concern in order to deliver the services required under its constitutional documents. The Organization includes net assets and deferred contributions in the definition of capital. The Organization's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to continue to fulfil its mandate and to broaden the spectrum under which its mandate is delivered. To secure the additional capital necessary to pursue such plans, the Organization continuously attempts to identify potential new services and/or sources of revenue within its mandate, and also attempts to identify potential new sources of revenue. The Organization is subject to regulated imposed capital requirements due to the Minimum Capital Requirements imposed by the OSC. There has been no change with respect to the overall capital risk management strategy during the current period.