

2016 - 2017 ANNUAL REPORT



Community Futures Saskatchewan Inc.

Presented at:

2017 Annual General Meeting
November 16, 2017
Saskatoon, Saskatchewan

Community Futures Saskatchewan Inc. is supported by the Government of Canada
through Western Economic Diversification Canada



Western Economic
Diversification Canada

Diversification de l'économie
de l'Ouest Canada

Canada 

CHAIRPERSON'S MESSAGE

2016-2017 was another very busy year for CF Saskatchewan, as the organization continued to serve CFs on multiple fronts.

Our partnership with Community Futures Manitoba for the provision of association management services continued to provide benefits. Both boards of directors feel that the arrangement is working well, and has generated efficiencies and the ability to deliver additional services for both organizations.

CF Saskatchewan's involvement on a national and western scale continued to bring Saskatchewan CFs the benefit of strength in numbers and a collective CF voice. The Community Futures Network of Canada continued to provide a national forum to share ideas and best practices for program delivery and took an active role as the chief advocate for program renewal following the new government's shift of the Regional Development Agencies (including WD) to the responsibility of a single Minister: Navdeep Singh Bains, the Minister of Industry, Science and Economic Development (ISED). Much of the year was spent developing an excellent advocacy document that makes a strong case for the renewal of our program and its potential role to help the government deliver on its priorities. We look forward to a positive response from the Minister.

The CF Pan West Network expanded the access to training opportunities to build the skills of our CF volunteers through the Community Futures Leadership Institute and our staff through the Staff Development program. CF Pan West also played a key role in CF advocacy by conducting an operational costs survey to support the national network's document.

Saskatchewan CF volunteers and staff got together in Yorkton to celebrate the program's achievements at the annual Saskatchewan CF Conference and Awards Gala, which was held at Elkhorn Resort. Congratulations to Andria Brady from CF Sunrise, who received the Community Futures Award for Volunteerism and to CF Mid-Sask, who received the Community Futures Award for Excellence in Innovation for their Chief Whitecap Waterway initiative.

In closing, thanks to all of the volunteers and staff involved in the CF program in Saskatchewan for their continued hard work and dedication. Thanks also to WD, our primary funding partner, for their ongoing support.

I look forward to chairing this organization through what will undoubtedly be an exciting year to come. Thanks again to everyone who contributed to our success in 2016-2017.

Sincerely,

Patty Hughes
Chairperson

1.0 OVERVIEW OF 2016-17

1.1 Structure

BOARD

The board of directors of CF Saskatchewan consists of one director appointed by each member CF organization. The officers of the corporation, consisting of a chairperson, vice-chairperson, and secretary-treasurer are elected by the board.

Meetings of the board of directors are held approximately quarterly or at the call of the chairperson. Meetings are often in person, by Adobe Connect, or by conference call in emergency situations or to deal with specific matters. Travel and meeting expenses of the directors and committees are covered under CF Saskatchewan's budget.

The directors of Community Futures Saskatchewan at March 31, 2017 were:

| | | |
|--|--|--|
| Patricia Hughes <u>Chairperson</u> CF Prince Albert & District | Cal Jorstad <u>Vice-Chairperson</u> CF South Central | Greg Lightfoot <u>Secretary-Treasurer</u> CF Northwest |
| Vacant <u>Director</u> CF East Central | Lorne Janzen <u>Director</u> CF Meridian | Vacant <u>Director</u> CF Mid-Sask |
| Elvina Rumak <u>Director</u> CF Newsask | Barry Elderkin <u>Director</u> CF Southwest | Andria Brady <u>Director</u> CF Sunrise |
| Kendra Busch <u>Director</u> CF Ventures | Vacant <u>Director</u> CF Visions North | |

STAFF

Core staffing is provided by Community Futures Manitoba under a contractual agreement. Billings for services, including staff time, under the contract are submitted and paid quarterly.

The staff allocated to Saskatchewan initiatives in 2016-2017 were:

| Staff Member | Position Title | Core Staff | Non-Core Staff | Salary by Funding Program |
|-----------------|-----------------------------|------------|----------------|---|
| Jason Denbow | Executive Director | X | | 50% MB/50% SK (48% SK Core, 2% SK EDP) |
| Susan Bater | Elevate/EDP Program Manager | | X | 53% Elevate, 23% MB EDP, 24% SK EDP |
| Jessica Sandell | Elevate/EDP Coordinator, SK | | X | 25% SK Core, 25% SK EDP, 50% Elevate |
| Carly Forbister | Office Manager | X | | 75% MB, 13% Elevate, 12% SK Core/SK EDP |

1.2 CF Saskatchewan Role and Responsibility to Members

Community Futures Saskatchewan was formed in 1996 as an association of Community Futures organizations. The object of the Corporation is to provide an organized mechanism that will strengthen all Saskatchewan CF organizations and assist them in achieving their mandate of community and economic development through:

- Communications;
- Common voice for all CFs;
- Developing alliances; and
- Negotiating

2.0 2016-2017 YEAR IN REVIEW

2.1 Organizational Activities Overview

The organization sets its priorities every three years as part of a strategic planning process; with all member Saskatchewan CFs invited to participate. The most recent session; conducted in Saskatoon in February 2014; identified three areas of focus:

1. Provincial Marketing Initiative
2. Operational Issues (Governance)
3. Communication (WD Relationship)

Short-term activities to achieve the long-term action areas and goals are determined annually as part of CF Saskatchewan's operational planning process. The following section details CFS's priority areas and specific goals, actions, and results from the 2016-2017 corporate year.

| Core Services | Desired Outcome | Specific Activity | Results to Date |
|---|--|--|--|
| 1.1 Coordination Consultation & Liaison | | | |
| Consultation with CF members | CF Saskatchewan activities and positions are driven by our member CFs. | Saskatchewan CFs are supported in delivery of CF services to rural Saskatchewan entrepreneurs and communities. | Board and managers received prompt e-mail communication of any pressing information; board members were key conduit for consultations with the CFs. Draft minutes circulated to CF offices in addition to board of directors after each meeting. |
| Information on all services posted on a website | Enhanced awareness of the value and services provided to SK CFs. | http://cfsask.ca/ maintained | Website committee meets monthly and updates information on site. Site was fully redesigned/refreshed with a modern look. |
| Liaison with WD Region | Ensure WD is aware of current issues facing CFS and individual CF in the province. Gain a better understanding of WD's priorities and program management goals. | Continued and improved communication with WD senior management. | Contact as required with Regional Manager Mark Nicholson and Senior Business Officer Ronda Gadd. |
| | Partner to add value to the CF program. | Continue to build relationships with stakeholders | Discussions at Pan West level around western meetings with CBSC deliverers; continue to partner with Square One and WES. |
| Liaison with other CF Associations in western Canada | Provide input into CF issues at the regional and national level. Two-way sharing of best practices with other CF associations across the country. Access opportunities for our members for efficiencies from economies of scale. | Continued participation with Pan West and its objectives, programs and advocacy. | Board met in June and February; executive directors met several times by phone. Jason was author of the CF Operational Costs Survey Results and Recommendations Report that helped support national advocacy efforts. |
| | | Continued participation with CFNC and its objectives, programs and advocacy. | CFNC full board met five times. Advocacy document finalized and sent to Minister's office. Jason and Lori Ries served as the two western representatives on the CFNC board of directors until Lori's departure from the CFS board. |
| 1.2 Representation of Members | | | |
| Stewards of the program | Saskatchewan CF's interests are promoted, and opinions are represented to persons and bodies of influence over the CF | Saskatchewan CFs' positions on issues are made clear to elected officials as necessary | Newsletter sent to all MLAs. |

| | | | |
|---|--|--|---|
| | program in Saskatchewan. | Newsletter issued at least once per year highlighting CF successes. Sent to all federal and provincial elected officials and other stakeholders | Newsletter sent out in August. Success stories collected for marketing campaign and CFNC Annual Review. |
| | | Annual report issued and made publicly available. | Annual report will be posted on our website as our performance report |
| 1.3 Provide service, information, coordination, training and skills development to build the capacity of program support & development | | | |
| Provincial training development & delivery. | CF leaders are well supported and trained. Long-term we would like to see a minimum of 75% of boards with 50% of the governance modules. | Make available at least 2 modules of the CF Leadership Institute's Board Development program. Promote value of the CFLI modules to SK CFs. | 2 in-person modules delivered at CF Conference. SK delivery numbers still trail other provinces, but are improving. |
| | CF organization staff members are well supported and trained. | Deliver staff training on at least two topics | Staff training held on business counselling and TEA use. CFS made available \$3,000/CF to support board and staff training; most accessed it. |
| Provincial initiatives e.g. loan fund pooling, CED | Effective management of Provincial Loan Pool | Review policy to ensure pool is being utilized effectively and ensures CF's can access funds to meet their needs. | Policies in place and pool operation ongoing. Target for 2016-17 is to approach past depositors about returning to CFSIP. |
| | More idle capital is put to work supporting businesses and creating jobs in rural Saskatchewan. | Advance capital to needy CFs through term loans or lines-of-credit | 6 active loans worth about \$1.43M at year end. One new loan was issued, and one loan paid out in the fiscal year. |
| Group purchasing initiatives | Saskatchewan CF's realize savings that enhance financial sustainability. Opportunities for centralized efficiencies are realized. | Investigate willingness/value of Saskatchewan CFs joining national D & O/E & O insurance policy, adopting national toll-free number, and other group buying initiatives. | CFS is coordinating the group purchase of a cloud-based document management system. 7 CFs are participating. |

| | | | |
|--|--|--|--|
| Partnership development | CFS gains resources for itself and Saskatchewan CFs through strategic partnerships and collaborations, and belonging to other like-minded organizations in the province. | Partner with only those companies or organizations which add value to the CF program and organization. | Renewed our membership in SEDA. BDC made a concerted effort to improve their partnership with CF's and provided sponsorship to the conference. More contact with both WES and Square One this year. |
| 1.4 Marketing & Visibility | | | |
| Promotion of the CF Program | Build the brand of the CF program. Increase the number of qualified leads to CF offices across the province. | Continued support for provincial marketing campaign, associated task force and website committee. | Marketing committee meets monthly and has representation from the CF SK board; CF SK provided \$9k for initiative. Program offerings result in marked bumps in website traffic. Ambassador program development nearing completion; rack cards and window clings purchased and distributed. |
| | Increase awareness of the CF program's services and supports to entrepreneurs. | Utilize CF Pan West marketing campaign materials as a stand-alone campaign or in concert with the existing provincial social media campaign. | CF PW marketing campaign materials didn't fit well with the SK campaign this year. |
| Recognition of federal contribution | Ensure compliance with WD operating agreement. | Ensure the federal government of Canada logo is included on all media and print utilized by CFS. | In compliance. |
| 1.5 Administration of the Corporation | | | |
| Management | CFS is managed and governed effectively. | CFS to review contract with CF Manitoba for association management services | Contract extended through mutual agreement. Claims made quarterly. Jessica Sandell employed by CF MB, but based in SK and working 25% on CF SK activities and 75% on EDP and Elevate. Jessica visited 12 of the 13 CFs in SK to talk about Elevate and EDP. |
| | CFS is accountable to the public, CF's, WD, and other stakeholders. Maintained respectability and credibility. | Executive Director reports against the Operating Plan and Core Services at every board meeting. | Executive Director delivered a full package of reports at all meetings. |

| | | | |
|---|---|---|---|
| Coordination of CF activities | Staff and board members enhance their abilities to serve clients by sharing best practices. CFS is recognized as an integral support to the CF organizations in Saskatchewan. | Provide a platform for CF managers, staff and Boards to aggregate common ideas and activities and see them through to fruition. | Two Manager reps (John Parker & Russ McPherson) invited to all CF SK board meetings. Funded a custom report for TEA that Meridian and Sunrise are working with Common Goals to produce. Hosted operational efficiencies session with Dale Botting and CF managers in October. |
| Governance | Enhanced policy regarding financial reporting and governance leading to un-qualified audit. | Activate Finance and Governance Committees. | All policy changes necessitated by WD's revitalization requirements are in place. Audited statements formally adopted at AGM. |
| 1.6 Revitalization | | | |
| Actions in support of the new appeals/redress mechanism | WD policy requirements met. | As per CFSIP's policies and procedures, the Investment Pool Committee serves as the provincial loan redress body. | No appeals received. |
| Provincial Loan Fund Investment Pool transfers from CFs. | CF Program investment fund capital is used to support entrepreneurship in rural Saskatchewan. | Deposits requested from CFs with excess of 25% cash on hand in their portfolio in the event of a shortfall in the Pool's funds. | Demand was sustainable; no deposits requested. |
| 1.7 Other | | | |
| Special Projects | Non-core projects delivered to support or provide resources to CFs and/or CF Saskatchewan. | Deliver projects that support or complement the CF program mandate in Saskatchewan. | EDP project approved 6 capacity building projects worth \$14,571. Just Watch Me! contest successful once again. Elevate intakes have ceased as the full allotment of 123 seats across MB, AB and SK was reached, with 44 of those signed agreements with clients served by 10 different Saskatchewan CFs. SK CFs claimed more than \$60,000 through March 31, 2017 through Elevate. |

2.2 Treasurer's Report

Community Futures Saskatchewan's finances remained stable this year with revenues of \$350,312 and expenditures of \$314,139 for an operating surplus of \$36,173. The vast majority of this surplus (90% or \$32,511) was earned through interest revenues from the Community Futures Saskatchewan Investment Pool (CFSIP) project, with the small remaining surplus of \$3,662 earned through our core and EDP contracts.

Core revenues (\$189,426) represented 54% of total revenues, with the remainder being generated by special projects. Non-core projects included Elevate, the Entrepreneurs with Disabilities Program, and the administration of the CFSIP fund. These projects were undertaken to increase the amount of resources available to CF Saskatchewan to meet its goals and enhance the services available to CFs to deliver their mandates.

These projects contributed to a healthy balance sheet, with \$168,589 of non-CFSIP current assets against only \$44 of current liabilities.

It was my pleasure to serve as Secretary-Treasurer for the 2016-2017 fiscal year.

Respectfully submitted,

Greg Lightfoot
Secretary-Treasurer

**COMMUNITY FUTURES
PARTNERS OF
SASKATCHEWAN INC.**

Financial Statements

March 31, 2017

COMMUNITY FUTURES PARTNERS OF SASKATCHEWAN INC.

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March 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Members of Community Futures Partners of Saskatchewan Inc.

We have audited the accompanying financial statements of Community Futures Partners of Saskatchewan Inc., which comprise the balance sheet as at March 31, 2017 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 accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 Community Futures Partners of Saskatchewan Inc. as at March 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Regina, Saskatchewan

Dudley & Company LLP
Chartered Professional Accountants

COMMUNITY FUTURES PARTNERS OF SASKATCHEWAN INC.
Balance Sheet
As at March 31, 2017

| | <i>March 31</i> 2017 | <i>March 31</i> 2016 |
|--|--------------------------------|-------------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 161,491 | \$ 119,327 |
| Accounts receivable | 452 | 22,535 |
| CFSIP loan receivable (<i>Note 6</i>) | 1,005,772 | 1,354,505 |
| Prepaid expenses | 1,559 | 1,774 |
| GST receivable | <u>5,087</u> | <u>4,144</u> |
| | 1,174,361 | 1,502,285 |
| INVESTMENT POOL FUND | <u>852,039</u> | <u>482,985</u> |
| | <u>\$ 2,026,400</u> | <u>\$ 1,985,270</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 44 | \$ 419 |
| INVESTMENT POOL FUND | <u>1,772,652</u> | <u>1,767,320</u> |
| | 1,772,696 | 1,767,739 |
| NET ASSETS | <u>253,704</u> | <u>217,531</u> |
| | <u>\$ 2,026,400</u> | <u>\$ 1,985,270</u> |

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

COMMUNITY FUTURES PARTNERS OF SASKATCHEWAN INC.

**Statement of Operations
Year Ended March 31, 2017**

| | Budget 2017 | 2017 | 2016 |
|--|----------------|------------------|------------------|
| REVENUE | | | |
| Western Economic Diversification funding | \$ 301,544 | \$ 298,897 | \$ 277,729 |
| Other | 35,000 | 18,801 | 22,527 |
| Interest | 3,592 | 32,614 | 36,206 |
| | <u>340,136</u> | <u>350,312</u> | <u>336,462</u> |
| EXPENSES | | | |
| Bad debts | - | 600 | - |
| Bank charges | 950 | 434 | 460 |
| Conference and seminars | 1,250 | 575 | 80 |
| Contract fees and services | 136,779 | 131,274 | 119,132 |
| Education and training | 4,250 | 1,570 | 1,400 |
| Special project | 49,211 | 43,250 | 26,869 |
| Insurance | 1,956 | 1,477 | 980 |
| Marketing and promotion | 50,831 | 51,592 | 63,258 |
| Meetings and travel | 24,857 | 17,879 | 26,260 |
| Memberships and subscriptions | 500 | 950 | 500 |
| Non-refundable GST | 1,311 | 1,114 | 1,626 |
| Office supplies | 3,751 | 3,910 | 909 |
| CF training | 39,000 | 37,411 | 8,142 |
| Postage and courier | 700 | 41 | 534 |
| Professional fees | 7,000 | 5,145 | 5,166 |
| CF Awards and Annual Conference | 11,000 | 10,000 | 12,872 |
| Rental | 3,540 | 3,640 | 6,729 |
| Telephone and fax | 3,000 | 2,793 | 3,707 |
| Worker's compensation | 250 | 484 | - |
| Other | - | - | 1,000 |
| | <u>340,136</u> | <u>314,139</u> | <u>279,624</u> |
| EXCESS OF REVENUE OVER EXPENSES | <u>\$ -</u> | <u>\$ 36,173</u> | <u>\$ 56,838</u> |

COMMUNITY FUTURES PARTNERS OF SASKATCHEWAN INC.
Statement of Changes in Net Assets
Year Ended March 31, 2017

| | 2016 | Excess of revenue over expenses | 2017 |
|------------|-------------|--|-------------------|
| | Balance | | Balance |
| Net assets | \$ 217,531 | \$ 36,173 | \$ 253,704 |

COMMUNITY FUTURES PARTNERS OF SASKATCHEWAN INC.
Statement of Cash Flows
Year Ended March 31, 2017

| | 2017 | 2016 |
|---|-------------------|-------------------|
| CASH FLOWS FROM (FOR) OPERATING ACTIVITIES | | |
| Cash receipts from grants | \$ 320,380 | \$ 241,796 |
| Cash paid to suppliers and employees | (314,641) | (256,175) |
| Interest received | 32,614 | 36,206 |
| Cash receipts from other revenue | <u>18,801</u> | <u>22,110</u> |
| Cash Flows From (For) Operating Activities | <u>57,154</u> | <u>43,937</u> |
| CASH FLOWS FROM (FOR) INVESTING ACTIVITIES | | |
| Loan advances to Community Futures organizations | (150,000) | (675,000) |
| Repayment of loan advances to Community Futures organizations | 498,733 | 166,883 |
| Net change in Investment Pool Fund | <u>(363,722)</u> | <u>493,115</u> |
| Cash Flows From (For) Investing Activities | <u>(14,989)</u> | <u>(15,002)</u> |
| INCREASE IN CASH | 42,165 | 28,935 |
| CASH - BEGINNING OF YEAR | <u>119,327</u> | <u>90,392</u> |
| CASH - END OF YEAR | \$ 161,492 | \$ 119,327 |

COMMUNITY FUTURES PARTNERS OF SASKATCHEWAN INC.
Notes to Financial Statements
Year Ended March 31, 2017

1. BASIS OF PRESENTATION

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

2. NATURE OF OPERATIONS

Community Futures Partners of Saskatchewan Inc. (the "organization") was incorporated under the Non-Profit Corporations Act of Saskatchewan. Its mission is to advocate on behalf of, and to support, member Community Futures Development Corporations in Saskatchewan in accomplishing their goals. The main activity is the provision of a process for information dissemination for its members.

The organization is a not-for-profit organization, as described in Section 149 of the *Income Tax Act*, and therefore is not subject to either federal or provincial income taxes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

- a) Grants - Revenue from grants that relate to specific projects are recognized as revenue when the related expenses are incurred.
- b) Conference and other - Revenue is recognized at the time the service is rendered.
- c) Interest - Revenue is recognized on an accrual basis. Interest on fixed income investments is recognized over the terms of these investments using the effective interest method.

Fund accounting

Community Futures Partners of Saskatchewan Inc. follows the restricted fund method of accounting for contributions.

The Operations Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The EDP Project, Investment Pool Fund and Elevate Project Funds report the revenues and expenses related to each fund. If overhead expenses relate to more than one fund and cannot be directly attributed to a particular fund, they split using the revenue ratio of the corresponding funds.

Financial instruments

- a) Measurement of financial instruments - The organization initially measures its financial assets and financial liabilities at fair value and subsequently measures them at amortized cost. Financial assets measured at amortized cost include cash, accounts receivable and investments. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(continues)

COMMUNITY FUTURES PARTNERS OF SASKATCHEWAN INC.
Notes to Financial Statements
Year Ended March 31, 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)
- b) Impairment - At the end of each reporting period, the organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the association, including but not limited to the following events: significant financial difficulty of the issuer; delinquency in payments; or bankruptcy. When there is an indication of impairment, the organization determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset. If identified, the organization reduces the carrying amount of the asset to the present value of cash flows expected to be received. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as a bad debt in the statement of operations. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, directly or by adjusting the allowance account. The amount of the reversal is recognized in the statement of operations in the period the reversal occurs.

Capital assets

Capital assets are recorded as a charge against income in the year of acquisition.

Management estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. Significant estimates include those used when accounting for the impairment of financial assets. All estimates are reviewed periodically, and adjustments are made to the statement of operations as appropriate in the year they become known.

Non-refundable GST

Non-refundable GST is expensed as a separate line item on the statement of operations. In previous periods, the non-refundable GST was included as part of the various applicable expenses that attracted the tax to begin with, which is the policy recommended under Canadian accounting standards for not-for-profit organizations. Although the new policy is not in accordance with those standards, the primary users (management and funder) of the financial statements consider it adequate for their purposes. There is no effect on total expenses by adopting the new policy.

COMMUNITY FUTURES PARTNERS OF SASKATCHEWAN INC.
Notes to Financial Statements
Year Ended March 31, 2017

4. FINANCIAL INSTRUMENTS

The company is exposed to various risks through its financial instruments and has a risk management framework to monitor, evaluate and manage these risks on an annual basis. The following analysis provides information about the company's risk exposure and concentration as of March 31, 2017.

Credit risk

Credit risk arises from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the association could incur a financial loss. The company is exposed to credit risk from its customers. In order to reduce its credit risk, the company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

The maximum exposure of the organization to credit risk is represented by the balance as shown on the balance sheet for cash, investments and accounts receivable.

Cash and investments: Credit risk associated with cash and fixed income investments is minimized substantially by ensuring that these assets are invested in major financial institutions.

Accounts receivable: Credit risk associated with accounts receivable is minimized by the organization's diverse customer base. The organization monitors the amount of credit extended when deemed necessary. Management assesses annually whether potential credit losses should be recognized based on existing factors.

Liquidity risk

Liquidity risk is the risk that the organization will not be able to meet a demand for cash or fund its obligations as they come due. The company is exposed to this risk on accounts payable.

The organization meets its liquidity requirements by monitoring cash flows from operations and holding assets that can be readily converted into cash.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk. The organization is exposed to market risk on its cash and investments.

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. In seeking to minimize the risks from interest rate fluctuations, the company manages exposure through its normal operating and financing activities.

(continues)

COMMUNITY FUTURES PARTNERS OF SASKATCHEWAN INC.
Notes to Financial Statements
Year Ended March 31, 2017

4. FINANCIAL INSTRUMENTS *(continued)*

The exposure of the organization to interest rate risk arises from its interest-bearing assets. Fluctuations in market rates of interest on investments do not have a significant impact on the association's results of operations.

Changes in risk

There have been no changes in the organization's risk exposures from the prior year.

5. ECONOMIC DEPENDENCE

The organization receives the majority of its revenue from the Western Economic Diversification Fund and is therefore economically dependent on it.

6. RELATED PARTY TRANSACTIONS

The company has loans outstanding at March 31, 2017 to member organizations for \$1,005,772 (2016 - \$1,354,505). The interest rate is 2.5% - 2.6%. There was interest on the loans of \$28,742 for 2017 (2016 - \$34,716). The maturity of the loans are 2018 to 2021. During the year ended March 31, 2017, loans totalling \$150,000 were granted to member organizations with an interest rate of 2.45%.

7. CONTRIBUTION AGREEMENTS

The organization has the following multi-year contribution agreements with Western Economic Diversification:

| | 2017 | 2016 |
|---|--------------------------|--------------------------|
| Operating to 2018 | \$ 189,426 | \$ 189,426 |
| Entrepreneurs with Disabilities (EDP) to 2018 | 100,000 | 100,000 |
| Total Contribution Agreements | <u>\$ 289,426</u> | <u>\$ 289,426</u> |

In 2016, the organization signed a new multi-year contribution agreement to secure financing.

COMMUNITY FUTURES PARTNERS OF SASKATCHEWAN INC.

**Operations
(Schedule 1)**

Year Ended March 31, 2017

| | Actual | Actual |
|--|-----------------|------------------|
| | 2017 | 2016 |
| REVENUE | | |
| Western Economic Diversification funding | \$ 198,897 | \$ 177,729 |
| CF Awards | 8,000 | 8,000 |
| Provincial Marketing Initiative | - | - |
| Other | 7,655 | 12,720 |
| | <u>214,552</u> | <u>198,449</u> |
| EXPENSES | | |
| Bad debts | 600 | - |
| Bank charges | 333 | 325 |
| Conference and seminars | 288 | - |
| CF training | 36,411 | 8,142 |
| Contract fees and services | 77,142 | 67,259 |
| Education and training | 1,570 | 1,100 |
| Insurance | 1,300 | 843 |
| Marketing and promotion | 39,400 | 54,268 |
| Meetings and travel | 14,639 | 19,539 |
| Memberships and subscriptions | 950 | 500 |
| Non-refundable GST | 742 | 1,007 |
| Office supplies | 1,834 | 199 |
| Other | - | 1,000 |
| Postage and courier | 41 | 466 |
| Professional fees | 2,145 | 3,451 |
| CF Awards and Annual Conference | 10,000 | 12,372 |
| Telephone and fax | 1,256 | 2,254 |
| Rent | 1,213 | 4,254 |
| Sponsorship | - | 750 |
| Special project | 21,286 | - |
| Worker's compensation | 161 | - |
| | <u>211,311</u> | <u>177,729</u> |
| EXCESS OF REVENUE OVER EXPENSES | <u>\$ 3,241</u> | <u>\$ 20,720</u> |

The accompanying notes form an integral part of these financial statements 10 10

COMMUNITY FUTURES PARTNERS OF SASKATCHEWAN INC.

**EDP Project
(Schedule 2)**

Year Ended March 31, 2017

| | Actual 2017 | Actual 2016 |
|--|------------------------|------------------------|
| REVENUE | | |
| Western Economic Diversification funding | \$ 100,000 | \$ 100,000 |
| EXPENSES | | |
| Conference and seminars | 163 | 80 |
| Contract fees | 54,132 | 51,873 |
| Education and training | 1,000 | 300 |
| Insurance | 114 | 70 |
| Marketing and promotion | 12,112 | 8,240 |
| Meetings and travel | 3,240 | 6,098 |
| Non-refundable GST | 371 | 619 |
| Office supplies | 2,076 | 607 |
| Bank charges | - | 47 |
| Postage and courier | - | 68 |
| Professional fees | 2,000 | 1,715 |
| Telephone and fax | 1,071 | 1,339 |
| Rent | 1,213 | 2,075 |
| Worker's compensation | 161 | - |
| EDP Special Project | 21,964 | 26,869 |
| | 99,617 | 100,000 |
| EXCESS OF REVENUE OVER EXPENSES | \$ 383 | \$ - |

COMMUNITY FUTURES PARTNERS OF SASKATCHEWAN INC.

**Investment Pool Fund
(Schedule 3)**

Year Ended March 31, 2017

| | Actual 2017 | Actual 2016 |
|--|------------------------|------------------------|
| REVENUE | | |
| Interest | \$ 3,872 | \$ 1,490 |
| Loan interest | <u>28,742</u> | <u>34,716</u> |
| | 32,614 | 36,206 |
| EXPENSES | | |
| Bank charges | 103 | 88 |
| Meetings and travel | <u>-</u> | <u>-</u> |
| | 32,511 | 36,118 |
| EXCESS OF REVENUE OVER EXPENSES | \$ 32,511 | \$ 36,118 |

The accompanying notes form an integral part of these financial statements12 10

COMMUNITY FUTURES PARTNERS OF SASKATCHEWAN INC.

**Elevate Project
(Schedule 4)**

Year Ended March 31, 2017

| | Actual 2017 | Actual 2016 |
|--|------------------------|------------------------|
| REVENUE | | |
| Elevate recovery | <u>\$ 3,146</u> | <u>\$ 1,807</u> |
| EXPENSES | | |
| Annual Conference/Gala | - | - |
| Insurance | 125 | 500 |
| Marketing and promotion | 63 | 67 |
| Meeting and travel | 81 | - |
| Office supplies | - | 623 |
| Professional fees | - | 103 |
| Rent | 1,000 | - |
| Telephone and fax | 1,213 | 400 |
| Worker's compensation | 466 | 114 |
| | <u>161</u> | <u>-</u> |
| | <u>3,109</u> | <u>1,807</u> |
| EXCESS OF REVENUE OVER EXPENSES | <u>\$ 37</u> | <u>\$ -</u> |

2.3 Saskatchewan CF Results

Below represents a summary of Saskatchewan CF organization 2016-2017 results through lending and client service, as gathered from their quarterly submissions to Western Economic Diversification Canada.

| SK CFs 2016-17 | New and on-going community-based projects | Clients Served | Training / Advisory Services | Jobs from Loans | # of Loans | \$ Loans | \$ Leveraged from Loans |
|----------------|---|----------------|------------------------------|-----------------|------------|---------------------|-------------------------|
| Beaver River | 11 | 371 | 745 | 269 | 118 | \$ 3,820,997 | \$ 3,769,877 |
| East Central | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Meridian | 8 | 160 | 439 | 37 | 21 | \$ 1,229,360 | \$ 426,000 |
| Mid-Sask | 7 | 67 | 696 | - | 16 | \$ 432,662 | \$ 3,500 |
| Newsask | 22 | 166 | 275 | 9 | 11 | \$ 743,906 | \$ 50,000 |
| Northwest | 2 | 354 | 513 | 47 | 18 | \$ 887,569 | \$ 604,170 |
| Prince Albert | 32 | 197 | 266 | 38 | 6 | \$ 331,800 | \$ 378,610 |
| Sagehill | 7 | 226 | 1,545 | 8 | 11 | \$ 629,553 | \$ 22,500 |
| South Central | 4 | 933 | 899 | 59 | 20 | \$ 815,575 | \$ 638,800 |
| Southwest | 30 | 112 | 299 | 6 | 10 | \$ 444,500 | \$ 65,000 |
| Sunrise | 24 | 282 | 1,115 | 12 | 4 | \$ 148,481 | \$ 2,000 |
| Ventures | 45 | 276 | 545 | 23 | 9 | \$ 314,607 | \$ 952,654 |
| Visions North | 53 | 269 | 388 | 12 | 17 | \$ 1,021,073 | \$ 3,420 |
| Totals | 245 | 3,413 | 7,725 | 520 | 261 | \$10,820,083 | \$ 6,916,531 |

3.0 Closing Comments

Community Futures Saskatchewan is grateful for its strong working relationship with Community Futures Organizations. CFS would not exist without the support of these organizations; the members' vision and dedication for this organization are what makes it strong.

Community Futures Saskatchewan also wishes to acknowledge the support of Western Economic Diversification. Thanks to Bram Strain, Doug Zolinsky, Mark Nicholson, and Ronda Gadd for their assistance and input into strengthening the efforts of Saskatchewan CFs.

Thanks also to the following for their contributions to CFS in 2016-2017:

- Marketing Committee – Verna O'Neill, Corinne Lubiniecki, Les Mielke, Russ McPherson, and Jessica Sandell
- Website Committee – Verna O'Neill, Brenda Airth, Susan Bater, Jessica Sandell
- DocuWare Project – Vickie Newmeyer
- Provincial Conference Hosts: CF Ventures
- Managers' Meeting Host: CF Sunrise
- CF Network of Canada and CF Pan West Network Representative – Patty Hughes

Thank you to all others who contributed to our successes in 2016-2017.