

**MID SASK COMMUNITY FUTURES DEVELOPMENT CORPORATION**  
**Financial Statements**  
**Year Ended March 31, 2018**

**MID SASK COMMUNITY FUTURES DEVELOPMENT CORPORATION**

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**Year Ended March 31, 2018**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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The financial statements of Mid Sask Community Futures Development Corporation have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Mid Sask Community Futures Development Corporation's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Executive Committee. The Executive Committee is appointed by the Board and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Executive Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by Cogent Chartered Professional Accountants LLP, in accordance with Canadian accounting standards for not-for-profit organizations.



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Josh Welz, Board Chair



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Russ McPherson, General Manager

Outlook, SK  
June 26, 2018

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Mid Sask Community Futures Development Corporation

We have audited the accompanying financial statements of Mid Sask Community Futures Development Corporation, which comprise the statement of financial position as at March 31, 2018 and the statements of operations, changes in fund balances 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 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 Mid Sask Community Futures Development Corporation as at March 31, 2018 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.

### Other Matter

We would like to draw your attention to the Statement of Changes in Fund Balances which summarizes prior period adjustments. Our opinion has not been qualified as a result of these restatements.

Rosthern, SK  
June 27, 2018

  
Chartered Professional Accountants

**MID SASK COMMUNITY FUTURES DEVELOPMENT CORPORATION**

Statement of Financial Position

March 31, 2018

	Restricted Funds			General Fund	Total 2018	Total 2017
	Regular	Disabled	SBL			
<b>ASSETS</b>						
<b>CURRENT</b>						
Cash	\$ 418,290	\$ -	\$ 18,658	\$ 138,094	\$ 575,042	\$ 263,798
Short term investments	-	46,542	-	-	46,542	46,473
Accounts receivable	26,317	-	1,572	4,416	32,305	93,592
Current portion of investment funds receivable (Note 3)	294,739	-	40,391	-	335,130	342,071
Goods and services tax recoverable	-	-	-	1,292	1,292	1,529
Prepaid expenses	-	-	-	5,000	5,000	-
Due from other funds	-	-	640	-	640	67,237
	739,346	46,542	61,261	148,802	995,951	814,700
<b>TANGIBLE CAPITAL ASSETS (Note 5)</b>						
INVESTMENT FUNDS RECEIVABLE (Note 3)	1,252,020	-	3,965	-	1,255,985	1,328,397
	1,991,366	46,542	65,226	155,766	2,258,900	2,152,656
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT</b>						
Accounts payable	\$ 1,923	\$ -	\$ -	\$ 5,533	\$ 7,456	\$ 13,278
Current portion of long term debt (Note 6)	183,488	-	-	59,847	243,335	169,820
Current portion of repayable investment fund	-	-	40,391	-	40,391	30,506
Due to other funds	253,002	-	-	(252,362)	640	67,237
	438,413	-	40,391	(186,982)	291,822	280,841
Long term debt (Note 6)	177,717	-	-	193,440	371,157	361,199
INVESTMENT FUND REPAYABLE	1,216,000	92,000	3,965	-	1,311,965	1,335,541
	1,832,130	92,000	44,356	6,458	1,974,944	1,977,581
<b>FUND BALANCES</b>						
Invested in tangible capital assets	-	-	-	6,964	6,964	9,559
Unrestricted	-	-	-	142,344	142,344	133,692
Externally restricted	159,236	(45,458)	20,870	-	134,648	31,824
	159,236	(45,458)	20,870	149,308	283,956	175,075
	1,991,366	46,542	65,226	155,766	2,258,900	2,152,656

ON BEHALF OF THE BOARD  Director

See notes to financial statements

MID SASK COMMUNITY FUTURES DEVELOPMENT CORPORATION

Statement of Operations

Year Ended March 31, 2018

	Restricted Funds			General Fund	Total 2018	Total 2017
	Regular	Disabled	SBL			
<b>REVENUES</b>						
Contribution from WD	\$ -	\$ -	\$ -	\$ 272,863	\$ 272,863	\$ 322,475
Loan investment income	127,006	-	2,076	-	129,082	139,274
Elevate Program	-	-	-	15,637	15,637	9,000
Other income	-	-	-	9,300	9,300	11,543
Loan application fees	-	-	-	4,246	4,246	5,408
Shared services contract	-	-	-	1,200	1,200	6,000
Interest income	-	69	-	(4)	65	4,486
	127,006	69	2,076	303,242	432,393	498,186
<b>EXPENSES</b>						
Salaries and wages	-	-	-	200,504	200,504	186,616
Professional Expenses:						
Audit and legal	-	-	-	8,960	8,960	4,780
Credit reports	-	-	-	1,007	1,007	100
Education and training	-	-	-	9,207	9,207	3,677
Administration:						
Advertising and promotion	-	-	-	1,791	1,791	3,533
Interest and bank charges	19,911	-	-	2,020	21,931	16,156
Board member expenses	-	-	-	3,045	3,045	2,943
Memberships and subscriptions	-	-	-	368	368	233
Computers software and support	-	-	-	3,001	3,001	3,372
Videoconferencing and equipment	-	-	-	-	-	656
Insurance	-	-	-	1,667	1,667	1,462
Repairs and maintenance	-	-	-	1,906	1,906	4,606
Other project expense	-	-	-	11,942	11,942	32,926
Non-refundable GST	-	-	-	1,652	1,652	1,529
Rent	-	-	-	13,151	13,151	13,106
Supplies	-	-	-	4,609	4,609	3,529
Photocopying and printing	-	-	-	11,028	11,028	13,000
Seminars and conferences	-	-	-	649	649	1,311
Postage and courier	-	-	-	166	166	1,221
Travel	-	-	-	4,754	4,754	10,231
Telephone	-	-	-	7,374	7,374	8,173
Utilities	-	-	-	5,789	5,789	5,495
Non-cash expenditures:						
Amortization	-	-	-	2,595	2,595	3,608
Provision for bad debts (Note 4)	6,416	-	-	-	6,416	64,819
	26,327	-	-	297,185	323,512	387,082
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ 100,679	\$ 69	\$ 2,076	\$ 6,057	\$ 108,881	\$ 111,104



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See notes to financial statements

**MID SASK COMMUNITY FUTURES DEVELOPMENT CORPORATION**

**Statement of Changes in Fund Balances**

**Year Ended March 31, 2018**

	Restricted Funds			General Fund	Total 2018	Total 2017
	Regular	Disabled	SBL			
<b>FUND BALANCES - BEGINNING OF YEAR</b>						
As previously reported	\$ 42,112	\$ (45,527)	\$ 18,794	\$ 143,251	\$ 158,630	\$ 63,971
Increase in loan interest income	16,445	-	-	-	16,445	-
As restated	58,557	(45,527)	18,794	143,251	175,075	63,971
Excess of revenues over expenses	100,679	69	2,076	6,057	108,881	111,104
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 159,236</b>	<b>\$ (45,458)</b>	<b>\$ 20,870</b>	<b>\$ 149,308</b>	<b>\$ 283,956</b>	<b>\$ 175,075</b>

**MID SASK COMMUNITY FUTURES DEVELOPMENT CORPORATION**  
**Statement of Cash Flows**  
**Year Ended March 31, 2018**

	Restricted Funds			General Fund	Total 2018	Total 2017
	Regular	Disabled	SBL			
<b>OPERATING ACTIVITIES</b>						
Excess Of Revenues Over Expenses	\$ 100,679	\$ 69	\$ 2,076	\$ 6,057	\$ 108,881	\$ 111,104
Item not affecting cash:						
Amortization of tangible capital assets	-	-	-	2,595	2,595	3,608
	100,679	69	2,076	8,652	111,476	114,712
Changes in non-cash working capital:						
Accounts receivable	(5,787)	-	(1,572)	68,645	61,286	(88,481)
Accounts payable	(2,513)	-	-	(3,309)	(5,822)	10,760
Prepaid expenses	-	-	-	(5,000)	(5,000)	1,420
Goods and services tax payable	-	-	-	237	237	351
Due from other funds	63,151	-	3,446	-	66,597	(67,237)
Current portion of investment funds receivable	16,826	-	(9,885)	-	6,941	(91,307)
Due to other funds	253,002	-	-	(319,599)	(66,597)	67,237
Loans and notes receivable	48,836	-	23,576	-	72,412	(106,814)
	373,515	-	15,565	(259,026)	130,054	(274,071)
Cash flow from operating activities	474,194	69	17,641	(250,374)	241,530	(159,359)
<b>INVESTING ACTIVITY</b>						
Short term investments	-	(69)	-	-	(69)	(47)
Cash flow from (used by) investing activity	-	(69)	-	-	(69)	(47)
<b>FINANCING ACTIVITIES</b>						
Proceeds from long term financing	-	-	9,886	300,000	309,886	150,000
Repayment of long term debt	(169,815)	-	(23,577)	(46,711)	(240,103)	(154,645)
Cash flow from (used by) financing activities	(169,815)	-	(13,691)	253,289	69,783	(4,645)
<b>INCREASE (DECREASE) IN CASH FLOW</b>	304,379	-	3,950	2,915	311,244	(164,051)
Cash - beginning of year	113,911	-	14,708	135,179	263,798	427,849
<b>CASH - END OF YEAR</b>	\$ 418,290	\$ -	\$ 18,658	\$ 138,094	\$ 575,042	\$ 263,798



# MID SASK COMMUNITY FUTURES DEVELOPMENT CORPORATION

## Notes to Financial Statements

Year Ended March 31, 2018

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### 1. PURPOSE OF THE CORPORATION

Mid Sask Community Futures Development Corporation (the "Corporation") is a not-for-profit organization incorporated provincially under the Non-profit Corporations Act of Saskatchewan. Management has determined that they are exempt from payment of income tax under Section 149(1) of the Income Tax Act.

The Corporation operates as a community based organization that provides loans and financial services to small businesses that are otherwise unable to obtain financing.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### Revenue recognition

The Corporation recognizes revenues when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to customers
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the ability to collect is reasonably assured.

#### Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are term deposits and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

#### Fund accounting

Mid Sask Community Futures Development Corporation follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Corporation's operating costs and general revenues. This fund reports unrestricted resources and restricted operating grants.

The Restricted Funds accounts are for resources restricted for loans to small businesses, with the disability fund restricted to loans for persons with disabilities.

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**MID SASK COMMUNITY FUTURES DEVELOPMENT CORPORATION**

**Notes to Financial Statements**

**Year Ended March 31, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Computer hardware	30%
Computer software	30%
Furniture and fixtures	20%
Leasehold improvements	20%

The Corporation regularly reviews its tangible capital assets to eliminate obsolete items. Government grants are treated as a reduction of tangible capital assets cost.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Additions during the year are amortized at one-half of the above stated rates and no amortization is taken in the year of disposition.

**3. INVESTMENT FUNDS RECEIVABLE**

Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from prime plus 5% - 6%, with monthly blended principal and interest repayments amortized for terms between 5 and 10 years. Security is taken on these loans as appropriate to the situation and includes personal guarantees, general security agreements covering business assets, and mortgages on land and building.

	Outstanding Loans	Current Portion	Allowance	Total Column
Regular loans	\$ 1,553,174	\$ 294,739	\$ 6,415	\$ 1,252,020
SBL loans	44,356	40,391	-	3,965
	<u>\$ 1,597,530</u>	<u>\$ 335,130</u>	<u>\$ 6,415</u>	<u>\$ 1,255,985</u>

**4. ALLOWANCE FOR CREDIT LOSS**

An allowance for losses on loans is made based on expected loan default rates, potential loss ratios and review of loans portfolio, as determined by management, as follows:

	Total Loans Outstanding	Provision	2018	2017
Repayable loan fund	\$ 1,553,174	\$ 6,415	\$ 1,546,759	\$ 1,612,421
Disability loan fund	-	-	-	-
SBL loan fund	44,356	-	44,356	58,047
	<u>\$ 1,597,530</u>	<u>\$ 6,415</u>	<u>\$ 1,591,115</u>	<u>\$ 1,670,468</u>

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**MID SASK COMMUNITY FUTURES DEVELOPMENT CORPORATION**

**Notes to Financial Statements**

**Year Ended March 31, 2018**

**5. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Computer hardware	\$ 134,908	\$ 131,953	\$ 2,956	\$ 4,223
Computer software	60,867	59,041	1,826	2,608
Furniture and fixtures	56,521	54,379	2,142	2,678
Leasehold improvements	3,804	3,764	40	50
	<u>\$ 256,100</u>	<u>\$ 249,137</u>	<u>\$ 6,964</u>	<u>\$ 9,559</u>

**6. LONG TERM DEBT**

	2018	2017
CF Sunrise loan bearing interest at 2.45% per annum, repayable in monthly blended payments of \$5,450. The loan matures on April 1, 2022 and is secured by a general security agreement which has a carrying value of \$1,255,985.	\$ 252,430	\$ -
CFSIP loan bearing interest at 2.6% per annum, repayable in monthly blended payments of \$5,490. The loan matures on April 1, 2020 and is secured by a general security agreement which has a carrying value of \$1,255,985.	133,468	195,002
CFSIP loan bearing interest at 2.45% per annum, repayable in monthly blended payments of \$3,284. The loan matures on June 1, 2021 and is secured by a general security agreement which has a carrying value of \$1,255,985.	122,982	150,000
CFSIP loan bearing interest at 2.75% per annum, repayable in monthly blended payments of \$7,114. The loan matures on June 1, 2019 and is secured by a general security agreement which has a carrying value of \$1,255,985.	104,771	186,017
	<u>613,651</u>	<u>531,019</u>
Amounts payable within one year	<u>(243,335)</u>	<u>(169,820)</u>
	<u>\$ 370,316</u>	<u>\$ 361,199</u>

Principal repayment terms are approximately:

2019	\$ 243,373
2020	185,161
2021	107,017
2022	74,259
2023	3,839
Thereafter	2
	<u>\$ 613,651</u>

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MID SASK COMMUNITY FUTURES DEVELOPMENT CORPORATION

Notes to Financial Statements

Year Ended March 31, 2018

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7. EXTERNALLY RESTRICTED NET ASSETS

Major categories of externally imposed restrictions on net assets are as follows:

	2018	2017
<b>Restricted Funds</b>		
Repayable loan fund	\$ 418,290	\$ 113,910
Disability loan fund	46,542	46,473
SBL loan fund	18,658	14,708
	<b>\$ 483,490</b>	<b>\$ 175,091</b>

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8. INTERFUND TRANSFERS

During the year, there were no interfund transfers. Any interfund transfers are to be approved by Western Economic Diversification Canada.

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9. FINANCIAL INSTRUMENTS

The Corporation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Corporation's risk exposure and concentration as of March 31, 2018.

The Corporation's financial assets and liabilities at March 31, 2017 include all current assets, investment loans receivable, accrued liabilities, and long term liabilities. Due to the short term nature of the items, carrying amounts are considered to approximate fair value.

Financial instruments are initially recorded at historical cost. If subsequent circumstances indicate that a decline in the fair value of a financial asset is other than temporary, the financial asset is written down to its fair value. Unless otherwise indicated, the fair value of financial instruments approximates their recorded amounts.

*(a) Credit risk*

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Corporation is exposed to credit risk with regards to its accounts receivable and loans receivable. In order to reduce its credit risk, the Corporation 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. There has not been a change to the risk exposure since 2016.

*(b) Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation is exposed to this risk mainly in respect of its fees paid by members in a timely manner. There has not been a change to the risk exposure since 2016.

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MID SASK COMMUNITY FUTURES DEVELOPMENT CORPORATION

Notes to Financial Statements

Year Ended March 31, 2018

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9. FINANCIAL INSTRUMENTS *(continued)*

*(c) Interest rate risk*

Clients are charged a fixed interest rate throughout the term of their loan. If interest rates go down, they could see a decline in clients who seek financial aid elsewhere.

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10. LEASE COMMITMENTS

The Corporation has a long term lease with respect to its premises. The lease contains renewal options and provides for payment of utilities and maintenance costs. Future minimum lease payments as at March 31, 2018, are as follows:

2019	\$	13,106
2020		13,106
2021		13,106
2022		13,106
2023		13,106
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	\$	65,530

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11. COMPARATIVE FIGURES

Some of the comparative figures may have been reclassified to conform to the current year's presentation.

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