

**Mid Sask Community Futures Development Corp.
Annual Financial Statements & Supporting Notes
For the year ended March 31, 2016**

AUDITOR'S REPORT
ON COMPLIANCE WITH AGREEMENT

To Western Economic Diversification Canada,

I have audited Mid Sask Community Futures Development Corporation compliance as at March 31, 2016 with the criteria established in the Contribution Agreement between Western Economic Diversification Canada and the Community Futures Development Corporation, dated March 17, 2007, and the Interpretation of the Agreement as set out in note 1 of the financial statements attached. Compliance with the criteria established by the provisions of the agreement is the responsibility of the Board of Directors of the Mid Sask Community Futures Development Corporation. My responsibility is to express an opinion on this compliance based on my audit.

I conducted my audit in accordance with Canadian auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether Mid Sask Community Futures Development Corporation complied with the criteria established by the provisions of the agreement referred to above. Such an audit includes examining, on a test basis, evidence supporting compliance, evaluating the overall compliance with the agreement, and where applicable, assessing the accounting principles used and significant estimates made by management.

In my opinion, Mid Sask Community Futures Development Corporation is in compliance, in all material respects, with the criteria established by the Contribution Agreement.

Central Butte, Saskatchewan
June 28, 2016



Chartered Professional Accountant

INDEPENDENT AUDITOR'S REPORT

To council,

I have audited the statement of financial position of Mid Sask Community Futures Development Corporation as at March 31, 2016 and the statement of operations, statement of fund balances, and statement of cash flows for the year then ended. These financial statements are the responsibility of the municipality's management. My responsibility is to express an opinion on these financial statements based on my audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with not for profit accounting standards, and for such, internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on my judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, I 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 the accounting policies used and reasonableness of accounting estimates made by management, as well as, evaluating the overall financial statement presentation.

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

Opinion

In my opinion, the financial statements of Mid Sask Community Futures Development Corporation for the year ended March 31, 2016 are prepared, in all material respects, in accordance with not for profit accounting standards.


Chartered Professional Accountant

Central Butte, Saskatchewan
June 28, 2016

Mid Sask Community Futures Development Corporation
Statement of Financial Position

As at March 31,				2016	2015	
	Restricted Funds			General Funds	Total	Total
	Regular	Disabled	SBL			
Assets						
Cash	336,363	-	14,300	77,144	427,807	379,485
Short Term Investments		46,426			46,426	46,380
Prepaid Expenses				1,420	1,420	4,659
Accounts Receivable				2,614	2,614	2,188
GST Receivable				1,880	1,880	1,584
Current Portion of Investment Funds	241,085	-	26,647		267,732	263,666
Total Current Assets	577,448	46,426	40,946	83,059	747,880	697,962
Capital Assets (Note 3)				13,168	13,168	18,201
Investment Funds						
Investment loans receivable (Note 6)	1,342,967	-	78,621	-	1,421,588	1,243,631
Less Allowance for Credit Loss (Note 4)	5,139	-	-	-	5,139	-
Net Investment loans receivable	1,337,828	-	78,621	-	1,416,449	1,243,631
Less Current Portion	241,085		26,647		267,732	263,666
Total Investments	1,096,743	-	51,974	-	1,148,717	979,965
Total Assets	\$1,674,191	\$46,426	\$92,921	\$96,226	\$1,909,764	\$1,696,128
Liabilities and Fund Balances						
Current Liabilities						
Accounts Payable	-	-	-	-	0	2,952
Current Portion of Investment Fund	-	-	26,647	-	26,647	32,051
Total Current	-	-	26,647	-	26,647	35,003
CFSIP Loan	515,112				515,112	323,000
Investment Fund Repayable	1,216,000	92,000	51,974	-	1,359,974	1,377,746
Total Long Term Liabilities						
Total Liabilities	1,731,112	92,000	78,620	-	1,901,732	1,735,749
Fund Balances						
Invested in Capital Assets	-	-	-	13,168	13,168	18,201
Unrestricted	-	-	-	83,059	83,059	60,477
Externally Restricted (Note 5)	(56,921)	(45,574)	14,300	-	(88,195)	(118,299)
Total Fund Balances	(56,921)	(45,574)	14,300	96,227	8,032	(39,621)
Total Liabilities and Fund Balances	\$1,674,191	\$46,426	\$92,920	\$96,227	\$1,909,765	\$1,696,128

Community Futures Development Corporation Inc.
Statement of Changes in Fund Balances

For the year ended March 31,				2016	2015	
	Restricted Funds			General Funds	Total	Total
	Regular	Disabled	SBL			
Balances, Beginning of year	-\$91,141	-\$34,888	\$7,730	\$78,678	-\$39,621	-\$71,544
Add: Excess (deficiency of revenue over expenses)	23,486	48	6,570	17,549	47,653	31,923
Adjust: Transfer from Disabled to Regular	10,734	- 10,734			-	-
					-	0
Balances, End of year	-\$56,921	-\$45,574	\$14,300	\$96,227	\$8,032	-\$39,621

Mid Sask Community Futures Development Corporation
Statement of Operations

For the year ended March 31,

2016 2015

	Restricted Funds			General Funds	Total	Total
	Regular	Disabled	SBL			
Revenue						
Contribution from WD				297,668	297,668	297,668
Recovery of Bad Debt	345				345	1,102
Bank Interest	511	48		8	567	1,643
Loan Investment Income	40,785		6,630		47,415	71,818
Loan Application Fees	1,007			5,135	6,142	5,750
Other Income				14,730	14,730	15,238
Total Revenue	\$42,648	\$48	\$6,630	\$317,541	\$366,867	\$393,219
Expenses						
Salaries and Benefits				191,083	191,083	192,094
<u>Professional Expenses:</u>						
Audit and Legal				6,075	6,075	4,970
Credit Reports				529	529	1,675
Education and Training				2,436	2,436	7,029
<u>Administration:</u>						
Advertising and Promotion				2,399	2,399	1,986
Interest and Bank Charges	14,022		60	439	14,521	9,165
Board Member Expenses				5,433	5,433	2,619
Memberships and Subscriptions				574	574	530
Computers Software and Support				4,808	4,808	4,756
Videoconferencing and Equipment				2,625	2,625	2,625
Insurance				1,392	1,392	2,159
Maintenance and Repairs				2,638	2,638	2,346
Miscellaneous				0	0	1,209
LTD Project Expense				0	0	7,514
Other Project Expense				11,760	11,760	6,480
Non-refundable GST				1,810	1,810	1,584
Rent				13,106	13,106	13,106
Supplies				2,177	2,177	1,704
Photocopying and Printing				9,414	9,414	7,687
Seminars and Conferences				2,302	2,302	1,034
National Conference				9,081	9,081	0
Postage and Courier				1,890	1,890	1,554
Travel				9,708	9,708	13,561
Telephone				7,956	7,956	7,532
Utilities				5,324	5,324	4,977
Total Expenses	\$14,022	\$0	\$60	\$294,958	\$309,041	\$299,896
Excess (Deficiency) of Revenue over cash Expenses	\$28,625	\$48	\$6,570	\$22,582	\$57,826	\$93,323
Amortization	-	-	-	5,034	5,034	7,039
Provision for Bad Debt	5,139	-	-	-	5,139	0
Bad Debt	-	-	-	-	-	54,363
Excess (Deficiency) of Revenues over Total Expenses	\$23,486	\$48	\$6,570	\$17,549	\$47,653	\$31,921

Mid Sask Community Futures Development Corporation
Statement of Cash Flows

	Restricted Funds (Investing)			General Funds (Operating)	Total	Total
	Regular	Disabled	SBL			
For the year ended March 31,						
					2016	2015
Sources of Operating Cash						
WD Contribution	-	-	-	297,668	297,668	297,668
Less: Change in Working Capital	-	-	-	(435)	(435)	
Total Sources of Operating	-	-	-	297,233	297,233	297,668
Uses of Operating Cash						
Salaries & Benefits	-	-	-	191,083	191,083	192,094
Materials & Services	14,022	0	60	103,875	117,958	106,182
Purchase of Capital	-	-	-	-	0	4,831
Total Uses of Operating Cash	14,022	0	60	294,958	309,041	303,107
Net Use of Operating Cash	- 14,022	- 0	- 60	2,274.58	- 11,808	- 5,439
Sources of Investment Cash						
Investment Income	511	48	-	-	559	1,598
Investment Loan	40,785	-	6,630	-	47,415	71,818
CFSIP Loan	192,112	-	-	-	192,112	323,000
Repayments	373,101	-	-	-	373,101	168,284
Other	1,352	-	-	19,873	21,224	22,090
Total Sources of Cash	607,861	48	6,630	19,873	634,412	586,790
Uses of Investment Cash						
Investment Loans	563,500	-	-	-	563,500	576,000
Transfer of funds	-	10,780	-	-	10,780	
Total Uses of Cash	563,500	10,780			574,280	576,000
Net Use of Investment Cash	44,361	- 10,732	6,630	19,873	60,132	10,790
Net Increase in cash	30,338	(10,732)	6,570	22,147	48,324	5,350
Cash, Beginning of Year	306,025	10,732	7,730	54,997	379,484	374,134
Cash, End of Year	\$336,363	\$0	\$14,300	\$77,144	\$427,808	\$379,484

Approved by:

Per:

Per:

Janet P. Poiryphym
Janet P. Poiryphym

Title:

Title:

Director

Director

Mid Sask Community Futures Development Corporation

Notes to the Financial Statements

March 31, 2016

1. PURPOSE OF THE ORGANIZATION

Mid Sask Community Futures Development Corporation is a community based organization that provides loans and financial services to small businesses that are otherwise unable to obtain financing. The corporation is incorporated as a non-profit organization under the "Non-Profit Corporations Act, 1995". It is exempt from income taxes under the Income Tax Act as a non-profit organization.

2. SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

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

The general fund accounts for the organization'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.

Accrual Accounting

Assets, liabilities, income and expense are recorded in the accounts using the accrual basis of accounting.

Cash and Cash Equivalents

Cash is defined as cash on hand, cash on deposit, and short term deposits with maturity dates of less than 90 days, net of cheques issued and outstanding at the reporting date.

Revenue Recognition

Revenue is earned when services have been rendered to the client or when interest on loans is received, not accrued. Funding is recorded when reasonably assured it will be received.

3. CAPITAL ASSETS

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a declining basis over the assets' estimated useful lives, which varies from 20 – 30%. Amortization expense is reported in the General Fund.

2016	Cost	Accumulated Amortization	Net Book Value	Rate
Office Furniture and Fixtures	56,521	53,174	3,347	20%
Computer Hardware	134,908	128,877	6,031	30%
Computer Software	60,867	57,141	3,726	30%
Leasehold Improvements	3,804	3,742	62	20%
	<u>256,100</u>	<u>242,934</u>	<u>13,166</u>	

2015	Cost	Accumulated Amortization	Net Book Value	Rate
Office Furniture and Fixtures	56,521	52,337	4,184	20%
Computer Hardware	134,908	126,293	8,615	30%
Computer Software	60,867	55,544	5,323	30%
Leasehold Improvements	3,804	3,726	79	20%
	<u>256,100</u>	<u>237,900</u>	<u>18,201</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	2016 (Net)	2015 (Net)
Repayable Loan Fund	1,337,828	5,139	1,332,689	1,141,834
Disability Loan Fund	0	0	0	0
SBL Loan Fund	78,621	0	78,621	101,797
Total	<u>1,416,449</u>	<u>5,139</u>	<u>1,411,310</u>	<u>1,246,631</u>

5. EXTERNALLY RESTRICTED NET ASSETS

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

Restricted Funds:

	2016 Ending Cash & Equivalents Balance	2015 Ending Cash & Equivalents Balance
Repayable Loan Fund	\$336,363	\$306,025
Disability Loan Fund	46,426	57,112
SBL Loan Fund	14,300	7,730
Total	<u>\$397,089</u>	<u>\$370,867</u>

6. LOANS 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.

7. INTERFUND TRANSFERS

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

8. FINANCIAL INSTRUMENTS

The corporation's financial assets and liabilities at March 31, 2016 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 approximate their recorded amounts.

9. LEASE COMMITMENTS

The organization has leased office space and a photocopier with the following minimum lease payments:

	Office Space	Postage Meter	Printer & Photocopier
2017	13,106	0	6,888
2018	13,106	0	5,166
2019	13,106	0	0
2020	13,106	0	0
2021	13,106	0	0

10. ECONOMIC DEPENDENCE

The corporation receives 75% of its operating revenues from the federal government and is economically dependent upon it.

11. RELATED PARTY TRANSACTIONS

WaterWolf Planning Inc. (WW) and Lake Diefenbaker Tourism (LDT) are both related parties with Mid Sask Community Futures Development Corporation as they share some of the same board members, as well as, management. WW had paid \$371 for consulting fees at market rate and LDT paid \$17,627 for fees at market rate. There were no outstanding balances between either of the corporations.

12. FINANCIAL RISKS AND CONCENTRATION OF RISK

(a) Credit Risk – Credit Risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss. The accounts receivable and loans receivable are due from clients and there could be bad debts or lost security. There has not been a change to the risk exposures since 2015.

(b) Liquidity Risk – Liquidity Risk is the risk that the company will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The company's exposure to liquidity risk is dependent on fees paid by members in a timely manner. There has not been a change to the risk exposure since 2015.

(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.

Mid Sask Community Futures Development Corporation
Adjusting Entries
March 31, 2016

Following are the adjusting entries determined through the course of the audit. Please review and sign below if you are in approval of them.

Capital Assets

To adjust to reclass purchase of vacuum etc to repairs and maintenance:

Repairs & Maintenance	\$773.49
Capital Expenditures	\$773.49


To adjust for amortization for all assets (30% of computer hardware & software; 20% for furniture, fixtures & leasehold improvements)

Amortization Expense	\$5,034
Accumulated Amortization	\$5,034

To adjust Bad Debt to reflect in expense

Bad Debt Expense	\$5,139
Allowance for Bad Debt	\$5,139

Approved by:

Per:  Title: Director

Per:  Title: Director