

Mid Sask Community Futures Development Corporation
Annual Financial Statements
For the year ended March 31, 2015

INDEPENDENT AUDITOR'S REPORT

I have audited the statement of financial position of the MidSask Community Futures Development Corporation at March 31, 2015 and the statement of operations, statement of change in 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 public sector 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 present fairly, in all material respects, the financial position of the MidSask Community Futures Development Corporation as at March 31, 2015 and the results of its operations for the year then ended in accordance with public sector accounting standards.



Chartered Professional Accountant

Central Butte, Saskatchewan
June 24, 2015

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, 2015 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 24, 2015


Chartered Accountant

Mid Sask Community Futures Development Corporation
Statement of Financial Position

As at March 31,				2015	2014	
	Restricted Funds			General		
	Regular	Disabled	SBL	Funds	Total	Total
Assets						
Cash	306,025	10,732	7,730	54,997	379,485	374,133
Short Term Investments	-	46,380	-	-	46,380	46,334
Prepaid Expenses	-	-	-	4,659	4,659	-
Accounts Receivable	-	-	-	2,188	2,188	14,236
GST Receivable	-	-	-	1,584	1,584	3,984
Current Portion of Investment Funds	231,615	-	32,051	-	263,666	164,378
Total Current Assets	537,640	57,112	39,781	63,428	697,962	603,065
Capital Assets (Note 3)				18,201	18,201	20,409
Investment Funds						
Investment loans receivable (Note 6)	1,141,834	-	101,797	-	1,243,631	858,113
Less Allowance for Credit Loss (Note 4)	-	-	-	-	-	-
Net Investment loans receivable	1,141,834	-	101,797	-	1,243,631	858,113
Less Current Portion	231,615	-	32,051	-	263,666	164,378
Total Investments	910,220	-	69,746	-	979,966	693,735
Total Assets	\$1,447,859	\$57,112	\$109,528	\$81,630	\$1,696,129	\$1,317,209
Liabilities and Fund Balances						
Current Liabilities						
Accounts Payable	-	-	-	2,952	2,952	11,121
Current Portion of Investment Fund	-	-	32,051	-	32,051	-
Total Current	-	-	32,051	2,952	35,003	11,121
CFSIP Loan	323,000				323,000	
Investment Fund Repayable	1,216,000	92,000	69,746	-	1,377,746	1,377,632
Total Long Term Liabilities						
Total Liabilities	1,539,000	92,000	101,798	2,952	1,735,750	1,388,753
Fund Balances						
Invested in Capital Assets	-	-	-	18,201	18,201	20,409
Unrestricted	-	-	-	60,477	60,477	38,610
Externally Restricted (Note 5)	-91,141	-34,888	7,730	-	-118,299	-130,563
Total Fund Balances	-91,141	-34,888	7,730	78,678	-39,621	-71,544
Total Liabilities and Fund Balances	\$1,447,859	\$57,112	\$109,528	\$81,630	\$1,696,129	\$1,317,209

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

For the year ended March 31,				2015	2014	
	Restricted Funds			General		
	Regular	Disabled	SBL	Funds	Total	Total
Balances, Beginning of year	-\$149,657	\$17,412	\$1,682	\$59,019	-\$71,544	-\$157,725
Add: Excess (deficiency of revenue over expenses)	58,516	-52,300	6,048	19,659	31,923	86,032
Add: Other Transfers & Adjustments						
Prior Year Adjustment	-	-	-	-	-	149
Balances, End of year	-\$91,141	-\$34,888	\$7,730	\$78,678	-\$39,621	-\$71,544

Mid Sask Community Futures Development Corporation
Statement of Operations

For the year ended March 31,				2015	2014	
	Restricted Funds			General Funds	Total	Total
	Regular	Disabled	SBL			
Revenue						
Contribution from WD				297,668	297,668	297,670
Recovery of Bad Debt	1,102				1,102	58,032
Bank Interest	1,586	58			1,643	2,683
Loan Investment Income	65,641		6,177		71,818	41,708
Loan Application Fees				5,750	5,750	3,450
Other Income				15,238	15,238	7,770
Total Revenue	\$68,328	\$58	\$6,177	\$318,656	\$393,219	\$411,313
Expenses						
Salaries and Benefits				192,094	192,094	193,994
<u>Professional Expenses:</u>						
Audit and Legal				4,970	4,970	6,468
Credit Reports				1,675	1,675	257
Education and Training				7,029	7,029	6,950
<u>Administration:</u>						
Advertising and Promotion				1,986	1,986	3,216
Interest and Bank Charges	7,678	129	129	1,228	9,165	1,019
Board Member Expenses				2,619	2,619	4,254
Memberships and Subscriptions				530	530	1,294
Computers Software and Support				4,756	4,756	6,653
Videoconferencing and Equipment				2,625	2,625	2,950
Insurance				2,159	2,159	2,134
Maintenance and Repairs				2,346	2,346	2,849
Miscellaneous				1,209	1,209	2,516
LTD Project Expense				7,514	7,514	15,104
Other Project Expense				6,480	6,480	4,177
Non-refundable GST				1,584	1,584	1,951
Rent				13,106	13,106	13,706
Supplies				1,704	1,704	1,871
Photocopying and Printing				7,687	7,687	14,319
Seminars and Conferences				1,034	1,034	985
National Conference				0	0	0
Postage and Courier				1,554	1,554	2,214
Travel				13,561	13,561	15,091
Telephone				7,532	7,532	7,840
Utilities				4,977	4,977	4,974
Total Expenses	\$7,678	\$129	\$129	\$291,958	\$299,895	\$316,786
Excess (Deficiency) of Revenue over cash Expenses						
	\$60,650	-\$72	\$6,047	\$26,698	\$93,325	\$94,527
Amortization	-	-	-	7,039	7,039	8,495
Provision for Bad Debt				-	0	0
Bad Debt	2,135	52,228	-	-	54,363	0
Excess (Deficiency) of Revenues over Total Expenses						
	\$58,516	-\$52,300	\$6,047	\$19,659	\$31,922	\$86,032

Mid Sask Community Futures Development Corporation
Statement of Cash Flows

	For the year ended March 31,				2015	2014
	Restricted Funds (Investing)			General Funds	Total	Total
	Regular	Disabled	SBL	(Operating)		
Sources of Cash						
WD Contribution	-	-	-	297,668	297,668	297,670
Investment Income	1,586	12	-	-	1,598	3,962
Investment Loan	65,641	-	6,177	-	71,818	40,395
CFSIP Loan	323,000	-	-	-	-	-
Repayments	168,284	-	-	-	168,284	254,350
Other	1,102	-	-	20,988	22,090	65,058
Total Sources	559,612	12	6,177	318,656	884,457	661,435
Uses of Cash						
Salaries & Benefits	-	-	-	192,094	192,094	193,994
Materials & Services	7,678	130	129	98,245	106,182	122,360
Purchase of Capital	-	-	-	4,831	4,831	2,645
Investment Loans	576,000	-	-	-	576,000	345,000
Total Uses	583,678	130	129	295,170	879,107	663,999
Net Increase in cash	-24,066	-118	6,047	23,486	5,350	-2,564
Cash, Beginning of Year	330,091	10,850	1,682	31,511	374,134	376,697
Cash, End of Year	\$306,025	\$10,732	\$7,730	\$54,997	\$379,485	\$374,133

Approved by:

Per: Jacalyn D. He

Title: Vice-Chair

Per: Donald Shurtz

Title: Board Member

Mid Sask Community Futures Development Corporation

Notes to the Financial Statements

March 31, 2015

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.

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>251,270</u>	<u>237,900</u>	<u>18,201</u>	

2014	Cost	Accumulated Amortization	Net Book Value	Rate
Office Furniture and Fixtures	56,521	51,291	5,230	20%
Computer Hardware	130,077	122,600	7,477	30%
Computer Software	60,867	53,263	7,604	30%
Leasehold Improvements	3,804	3,706	98	20%
	<u>251,270</u>	<u>230,860</u>	<u>20,410</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	2015 (Net)	2014 (Net)
Repayable Loan Fund	1,141,834	0	1,141,834	736,252
Disability Loan Fund	0	0	0	52,229
SBL Loan Fund	101,797	0	101,797	69,632
Total	<u>1,243,631</u>	<u>0</u>	<u>1,246,631</u>	<u>858,113</u>

5. EXTERNALLY RESTRICTED NET ASSETS

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

Restricted Funds:

	2015 Ending Cash & Equivalents Balance	2014 Ending Cash & Equivalents Balance
Repayable Loan Fund	\$306,025	\$330,091
Disability Loan Fund	57,112	57,183
SBL Loan Fund	7,730	1,682
Total	<u>\$370,867</u>	<u>\$388,956</u>

6. LOANS RECEIVABLE

Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from prime plus 5%, 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, 2015 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
2016	13,106	626	6,888
2017	13,106	0	6,888
2018	13,106	0	5,166
2019	13,106	0	0
2020	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. The transactions occur at market rate and are receivable as follows:

Accounts Receivable from WW	\$198.79
Accounts Receivable from LDT	\$22.34

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 2014.

(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 2014.

(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.