



Financial Statements

Mid Sask Community Futures Development
Corporation

March 31, 2023

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Independent Auditor's Report

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To the Members of
Mid Sask Community Futures Development Corporation

Opinion

We have audited the financial statements of Mid Sask Community Futures Development Corporation, which comprise the statement of financial position as at March 31, 2023, and the statement of operations and changes in fund balances and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Weyburn, Canada
October 30, 2023

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Chartered Professional Accountants

Mid Sask Community Futures Development Corporation Statement of Financial Position

Year ended March 31	General Fund	PrairiesCan Operating Fund	PrairiesCan Conditionally Repayable Investment Fund	PrairiesCan Conditionally Repayable EDP Fund	Other Government of Canada Fund	RRRF Investment/ Loan Fund	2023	2022
Assets								
Cash and equivalents (Note 2)	\$ 78,839	\$ -	\$ 719,173	\$ 8,934	\$ -	\$ -	\$ 806,946	\$ 548,740
Accounts receivable	25,000	8,488	-	-	-	-	33,488	2,165
Interest receivables	-	-	4,094	1,880	-	-	5,974	7,108
Prepaid expenses	-	5,216	-	-	-	-	5,216	4,124
GST payable (receivable)	4,305	-	-	-	-	-	4,305	2,652
Current portion of loans receivable (Note 4)	-	-	213,328	17,528	-	-	230,856	288,936
Total current assets	108,144	13,704	936,595	28,342	-	-	1,086,785	853,725
Restricted cash (Note 3)	-	-	-	-	-	176,738	176,738	171,680
Loans receivable (Notes 4 & 5)	-	-	906,755	88,905	-	-	995,660	936,577
Tangible capital assets (Note 6)	45,173	-	-	-	-	-	45,173	6,495
	<u>45,173</u>	<u>-</u>	<u>906,755</u>	<u>88,905</u>	<u>-</u>	<u>176,738</u>	<u>1,217,571</u>	<u>1,114,752</u>
Total assets	\$ 153,317	\$ 13,704	\$ 1,843,350	\$ 117,247	\$ -	\$ 176,738	\$ 2,304,356	\$ 1,968,477
Liabilities								
Accounts payable (Note 7)	\$ 80,234	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,234	\$ 17,952
Deferred contributions (Note 8)	4,417	-	-	-	-	-	4,417	-
Current portion of long term debt (Note 9)	-	-	-	-	-	-	-	4,812
Repayable contributions (Notes 5 & 10)	-	-	1,116,800	200,000	-	175,000	1,491,800	1,411,800
Interfund payable (receivable)	1,240	1,884	161,634	(89,718)	-	(75,040)	-	-
Total current liabilities	85,891	1,884	1,278,434	110,282	-	99,960	1,576,451	1,434,564
Total liabilities	85,891	1,884	1,278,434	110,282	-	99,960	1,576,451	1,434,564
Net assets	67,426	11,820	564,916	6,965	-	76,778	727,905	533,913
Total liabilities and Net Assets	\$ 153,317	\$ 13,704	\$ 1,843,350	\$ 117,247	\$ -	\$ 176,738	\$ 2,304,356	\$ 1,968,477

Approved on behalf of the board

Director, 

Director, 

See accompanying notes to the financial statements.

Mid Sask Community Futures Development Corporation

Statement of Operations and Changes in Net Assets

Year ended March 31	General Fund	PrairiesCan Operating Fund	PrairiesCan Conditionally Repayable Investment Fund	PrairiesCan Conditionally Repayable EDP Fund	Other Government of Canada Fund	RRRF Investment/ Loan Fund	2023	2022
Revenues								
Contributions	\$ 45,583	\$ 297,669	\$ -	\$ -	\$ -	\$ -	\$ 343,252	\$ 297,669
Interest and rental	4,342	-	79,312	6,965	-	-	90,618	58,671
Loan administration fees	4,850	-	-	-	-	-	4,850	1,400
RRRF Funding (Note 15)	-	-	-	-	-	-	-	76,680
Loan application fees	-	-	-	-	-	-	-	450
Total revenue	54,775	297,669	79,312	6,965	-	-	438,720	434,870
Expenses								
Salaries and wages	-	154,349	-	-	-	-	154,349	169,560
Other project expense	45,500	13,130	-	-	-	-	58,630	20,381
Audit and legal	-	25,334	-	-	-	-	25,334	27,657
Rent	-	12,915	-	-	-	-	12,915	13,793
Board member expenses	8,000	3,837	-	-	-	-	11,837	8,220
Education and training	-	9,565	-	-	-	-	9,565	5,758
Telephone and utilities	-	6,907	-	-	-	-	6,907	8,898
Computers software	-	5,954	-	-	-	-	5,954	7,255
Advertising and promotion	-	5,462	-	-	-	-	5,462	7,769
Travel	-	5,163	-	-	-	-	5,163	9,109
Supplies and memberships	-	4,169	-	-	-	-	4,169	2,557
Photocopying and printing	-	3,051	-	-	-	-	3,051	5,615
Amortization	2,594	-	-	-	-	-	2,594	2,241
Credit reports	-	1,705	-	-	-	-	1,705	2,477
Insurance	-	1,479	-	-	-	-	1,479	2,468
Seminars and conferences	-	1,207	-	-	-	-	1,207	3,197
Interest and bank charges	-	1,191	4	-	-	-	1,195	1,644
Repairs and maintenance	-	200	-	-	-	-	200	429
Interest on long term debt	-	-	-	-	-	-	-	1,020
Provision for bad debts	-	-	(66,987)	-	-	-	(66,987)	(87,076)
Total expenses	56,094	255,618	(66,983)	-	-	-	244,729	212,972
Excess of Revenues over Expenses	(1,319)	42,051	146,295	6,965	-	-	193,991	221,898

See accompanying notes to the financial statements.

Mid Sask Community Futures Development Corporation

Statement of Operations and Changes in Net Assets

Year ended March 31	General Fund	PrairiesCan Operating Fund	PrairiesCan Conditionally Repayable Investment Fund	PrairiesCan Conditionally Repayable EDP Fund	Other Government of Canada Fund	RRRF Investment/ Loan Fund	2023	2022
Excess of Revenues over Expenses	(1,319)	42,051	146,295	6,965	-	-	193,991	221,898
Net assets, Beginning of year	30,026	8,488	418,621	-	-	76,778	533,913	312,015
Other interfund transfers (Note 11)	<u>38,719</u>	<u>(38,719)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 67,426</u>	<u>\$ 11,820</u>	<u>\$ 564,916</u>	<u>\$ 6,965</u>	<u>\$ -</u>	<u>\$ 76,778</u>	<u>\$ 727,904</u>	<u>\$ 533,913</u>

See accompanying notes to the financial statements.

Mid Sask Community Futures Development Corporation

Statement of Cash Flows

Year ended March 31	2023	2022
Operating		
Excess of Revenues over Expenses	\$ 193,991	\$ 221,898
Adjustments for		
Amortization of tangible assets	<u>2,594</u>	<u>2,241</u>
Change in non-cash working capital items		
Accounts receivable	(31,323)	(1,237)
Interest receivable	1,134	22,698
GST payable (receivable)	(1,653)	1,488
Prepaid expenses	(1,092)	182
Accounts payable	62,283	12,234
Deferred Income/Revenue	<u>4,417</u>	<u>-</u>
	<u>230,351</u>	<u>259,504</u>
Investing		
Purchase of tangible capital assets	(41,272)	(1,801)
Loan receivable	(1,003)	18,664
Restricted cash	<u>(5,058)</u>	<u>(122,480)</u>
	<u>(47,333)</u>	<u>(105,617)</u>
Financing		
Cash advanced under the RRRF Investment Fund	80,000	45,800
Repayment of long term debt	<u>(4,812)</u>	<u>(74,277)</u>
	<u>75,188</u>	<u>(28,477)</u>
Increase (decrease) in cash	258,206	125,410
Cash		
Cash, beginning of year	<u>548,740</u>	<u>423,330</u>
Cash, end of year	<u>\$ 806,946</u>	<u>\$ 548,740</u>

Mid Sask Community Futures Development Corporation

Notes to the Financial Statements

Year ended March 31, 2023

Nature of operations

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.

1. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

Fund accounting restricted

The accounts of the Corporation are maintained in accordance with the principles of fund accounting:

- i) General Fund - Reflects the Corporation's operating costs and reports revenues of an unrestricted nature.
- ii) PrairieCan Operating Fund - Reports restricted resources that are to be used to deliver programs funded by Prairies Economic Development (PrairiesCan).
- iii) PrairiesCan Non-Repayable, PrairiesCan Conditionally Repayable, and RRRF Investment Funds - Report restricted resources that are to be used for assistance to small businesses and entrepreneurs in the form of loans. The repayable fund consists of a federal loan that requires repayment under certain conditions. The non-repayable fund consists of federal grants that have no repayment requirements attached to them. The funding agreements for the non-repayable fund contain restrictions on the use of funding including the types of loans that can be made and terms according to the agreements with PrairiesCan.
- iv) Other Government of Canada Fund - Reports restricted resources provided by the Government of Canada that are not from PrairiesCan.

Mid Sask Community Futures Development Corporation

Notes to the Financial Statements

Year ended March 31, 2023

1. Significant accounting policies, continued

Revenue recognition

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

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Restricted contributions for the purchases of capital assets that will be amortized are deferred and recognized into revenue on the same basis as the amortization expense related to the acquired assets.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest and rental income is recognized in the period when earned.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills 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 or equal to ninety days.

Loans receivable

Loans receivable are recorded at the lower of principal and estimated realizable amounts. Estimated realizable amounts are determined by discounting the expected future cash flows at the effective interest rate inherent in the loans. When the amount and timing of future cash flows cannot be estimated with reasonable reliability, estimated realizable amounts are measured at the fair value of the security underlying the loans, net of expected costs of realization.

Impaired loans and allowance for loan impairment

When a loan is deemed to be impaired, its carrying amount is reduced to its estimated realizable amount. The amount initially recognized as an impaired loan, together with any subsequent change, is charged to the allowance as an adjustment.

Mid Sask Community Futures Development Corporation

Notes to the Financial Statements

Year ended March 31, 2023

1. Significant accounting policies, continued

Tangible capital assets

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

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

The estimated useful lives of assets are reviewed by management and adjusted if necessary.

Impairment of long-lived assets

When conditions indicate that a tangible capital asset no longer contributes to the Corporation's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible asset is reduced to reflect the decline in the asset's value.

Foreclosed assets

Foreclosed assets held for sale are recorded at the lower of carrying amount and estimated net realizable value. Cost is comprised of the balance of the loan at the date on which the Corporation obtained title to the asset plus subsequent disbursements related to the asset, less any revenues or lease payments received. Foreclosed assets are subsequently valued at the lower of their carrying value or fair value less cost to sell.

Measurement uncertainty

The preparation of the 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Accrued interest receivable, accounts receivable and loans receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful loans is provided where necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in excess of revenues over expenses in the periods in which they become known.

Mid Sask Community Futures Development Corporation

Notes to the Financial Statements

Year ended March 31, 2023

1. Significant accounting policies, continued

Financial instruments

The Corporation considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The corporation accounts for the following as financial instruments:

- Cash and equivalents
- Accounts receivable and interest receivable
- Loans receivable
- Accounts payable and accrued liabilities
- Repayable contributions
- Long term debt

A financial asset or liability is recognized when the Corporation becomes party to contractual provisions of the instrument.

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial Asset Impairment

The Corporation assesses impairment of all of its financial assets measured at cost or amortized cost. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Corporation determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Corporation reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Corporation reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenues over expenses in the year the reversal occurs.

Mid Sask Community Futures Development Corporation

Notes to the Financial Statements

Year ended March 31, 2023

1. Significant accounting policies, continued

RRRF Loan Program

The “Community Futures Regional Relief and Recovery Fund (RRRF)” is an emergency relief program to be administered by the Lender and the Borrower in association with the Government of Canada (GOC) in the context of the COVID-19 pandemic. Eligible borrowers will have access to interest-free, partially forgivable loans to help cover operating costs during a period when their revenues have been temporarily reduced. Loans advanced under the RRRF program are not recognized on the statement of net assets of the entity as they are funded by the GOC and all of the resulting cash flows and associated risks and rewards, including any exposure of payment defaults and principal forgiveness are assumed by the GOC. The entity collects an administration fee which is intended to reimburse the costs of administering the loans.

2. Cash and equivalents

	<u>General Fund</u>	<u>PrairiesCan Conditionally Repayable Investment Fund</u>	<u>PrairiesCan Conditionally Repayable EDP Fund</u>	<u>RRRF Investment/ Loan Fund</u>	<u>Total 2023</u>	<u>Total 2022</u>
Cash	\$ 78,839	\$ 719,173	\$ 8,934	\$ -	\$ 806,946	\$ 548,740

3. Restricted cash

	<u>RRRF Investment/ Loan Fund</u>	<u>Total 2023</u>	<u>Total 2022</u>
Restricted cash	\$ 176,738	\$ 176,738	\$ 171,680

Restricted cash in the RRRF Investment Fund represents cash available to be used through the Regional Relief and Recovery Fund.

Mid Sask Community Futures Development Corporation

Notes to the Financial Statements

Year ended March 31, 2023

4. Loans receivable

	Loans receivable	Less: amounts receivable within one year	Less: Allowance for doubtful accounts	Total 2023	Total 2022
WD Repayable Investment Fund	\$ 1,264,360	\$ (213,328)	\$ (144,277)	\$ 906,755	\$ 936,577
WD Repayable EDP Fund	106,433	(17,528)	-	88,905	-
	\$ 1,370,793	\$ (230,856)	\$ (144,277)	\$ 995,660	\$ 936,577

During the year, there were the following changes in the allowance for doubtful accounts:

	Beginning Balance	Provisions	Write-offs	Reversals	Total 2023	Total 2022
WD Repayable Investment Fund	\$ 199,107	\$ -	\$ 11,733	\$ (66,563)	\$ 144,277	\$ 199,107

5. Loans under administration

As at March 31 2023, the Corporation was advanced \$2,710,750 (2022 - \$2,750,750) from the Community Futures Saskatchewan Investment Pool under the RRRF Investment Fund. The Corporation has administered secondary loans to qualifying borrowers totaling \$2,535,750 (2022 - \$2,655,750).

Loans advanced under the RRRF program are not recognized on the statement of net assets of the entity as they are funded by the Government of Canada and all of the resulting cash flows and associated risks and rewards, including any exposure of payment defaults and principal forgiveness are assumed by the Government of Canada.

Advanced funds that are held for transfer or to be advanced as of March 31, 2023 are recognized as a restricted cash asset and a current liability of \$175,00 (2022 - \$95,000) and \$175,000 (2022 - \$95,000) respectively.

Mid Sask Community Futures Development Corporation

Notes to the Financial Statements

Year ended March 31, 2023

6. Tangible capital assets

	Cost	Accumulated Amortization	2023 Net Book Value	2022 Net Book Value
Computer hardware	\$ 145,514	\$ 137,601	\$ 7,913	\$ 3,648
Computer software	62,121	60,742	1,379	1,970
Furniture and fixtures	77,206	55,743	21,463	877
Leasehold improvements	18,466	4,048	14,418	-
	<u>\$ 303,307</u>	<u>\$ 258,134</u>	<u>\$ 45,173</u>	<u>\$ 6,495</u>

7. Accounts payable

	2023	2022
Accounts payable	\$ 76,255	\$ 13,796
Source deduction payable	3,979	3,943
Wages payable	-	213
	<u>\$ 80,234</u>	<u>\$ 17,952</u>

8. Deferred contributions

Deferred contributions relates to capital assets and includes the unamortized portions of contributed capital assets and restricted contributions used to purchase equipment, computers, and leasehold improvements.

The changes for the year in deferred contributions are as follows:

	2023	2022
<u>Building Capacity and Responding to Growing Regional Business Demand Contributions</u>		
Balance, beginning of year	\$ -	\$ -
Add: Contribution received during the year	50,000	-
Less: Contributions recognized to revenue during the year	<u>(45,583)</u>	<u>-</u>
Balance, end of year	<u>\$ 4,417</u>	<u>\$ -</u>

Mid Sask Community Futures Development Corporation

Notes to the Financial Statements

Year ended March 31, 2023

9. Long term debt

	<u>2023</u>	<u>2022</u>
Community Futures Sunrise loan was repaid during the year	\$ -	\$ 4,818
	<u>-</u>	<u>-</u>
Amounts payable within one year	<u>-</u>	<u>(4,818)</u>
	<u>\$ -</u>	<u>\$ -</u>

10. Conditionally repayable contributions

	<u>2023</u>	<u>2022</u>
PrairieCan Conditionally Repayable Investment Fund	\$ 1,116,800	\$ 1,116,800
PrairieCan Conditionally Repayable EDP Investment Fund	200,000	200,000
RRRF Investment/Loan Fund	<u>175,000</u>	<u>95,000</u>
	<u>\$ 1,491,800</u>	<u>\$ 1,411,800</u>

Conditionally repayable contributions, within the RRRF Investment Fund, made by the Community Futures Saskatchewan Investment Pool (Investment Pool), are non-interest bearing, unsecured and repayable as follows:

- (i) no amounts shall be repayable before December 31, 2024,
- (ii) within 10 business days of December 31, 2024, any amounts not lent out to secondary borrowers by the corporation is to be repaid to the Investment Pool,
- (iii) beginning January 1, 2025 through December 31, 2025, the Corporation will be required to make equal monthly payments to the Investment Pool based on the balance owing on January 1, 2025 less any secondary loans written off and any amounts forgiven under subsection 3.1(e) of the loan agreement , and
- (iv) on December 31, 2025, the Corporation is required to repay the outstanding amount in full.

Conditionally repayable contributions, within the PrairiesCan Conditionally Repayable Investment Fund, made by Prairies Economic Development Canada (PrairiesCan) are non-interest bearing, unsecured, and repayable if the following conditions occur:

- i. The Conditionally Repayable Investment Fund is not administered according to the terms and conditions specified in this agreement; or
- ii. Based on reviews and evaluations of the operations and the Conditionally Repayable Investment Fund of the Corporation, the Conditionally Repayable Investment Fund is not providing a satisfactory level of benefits in terms of employment creation, the development of SMEs, and strengthening of the western Canadian economy; or

Mid Sask Community Futures Development Corporation

Notes to the Financial Statements

Year ended March 31, 2023

10. Conditionally repayable contributions, continued

- iii. In the opinion of the Minister, the Conditionally Repayable Investment Fund is no longer necessary or relevant to the development of the western Canadian economy; or
- iv. The Agreement is terminated; or
- v. An event of default occurs, as described in the Agreement; or
- vi. The Minister does not approve terms and conditions to extend the Project beyond the Completion Date or the Corporation does not agree to extend the Project beyond the Completion Date.

Upon 30 days written notice by the Minister, the Corporation agrees to immediately repay the lessor of:

- i. The uncommitted cash balance of the Conditionally Repayable Investment Fund, or
- ii. The total amount paid by PrairiesCan to the Corporation of the establishment and maintenance of the Conditionally Repayable Investment Fund.

11. Interfund transfer

Other interfund transfers consists of moving surplus of revenues over expenses from the PrairiesCan Operating Fund to the General Fund to cover the purchase of eligible capital assets that are recorded in the General Fund.

12. Related party transactions

During the year, the Corporation incurred expense reimbursements of \$3,837 and paid honorariums of \$8,000 to members of the Board of Directors.

The Board of Directors are related parties as they have the ability to exercise control over the corporation. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

13. Financial instruments

The Corporation, as part of its operations, carries a number of financial instruments. Its management's opinion that the Corporation exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

- (a) Credit Risk - The Corporation is exposed to credit risk from the potential non-collection of loans receivable. Loans receivable are widely distributed among the Corporation's customer base. The Corporation performs regular credit assessments of its customers and provides allowances for potentially uncollectible loans receivable.

Concentration of credit risk exists if a number of borrowers are engaged in similar economic activities or are located in the same geographical region. Geographical risk exists for the Corporation due to its primary service area being Outlook and the surrounding area.

Mid Sask Community Futures Development Corporation

Notes to the Financial Statements

Year ended March 31, 2023

13. Financial instruments, continued

- (b) Liquidity Risk - Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation enters into transactions to lend funds to clients and borrow funds from financial institutions or other creditors, for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Corporation's future net cash flows for the possibility of a negative net cash flow.
- (c) Interest Rate Risk - Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rate. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Corporation is exposed to cash flow risk on its floating rate loans receivable due to the risk of future changes in the prime rate of interest. The Corporation is exposed to price risk on its loan from Prairies Economic Development Canada and fixed-rate long-term debt.

14. Economic dependence

The Corporation receives approximately 68% (2022 - 63%) of its operating revenue from Prairies Economic Development Canada. The Corporation's continued operations are dependent on this funding agreement and on satisfying the terms of the agreement.

15. RRRF Funding

During the 2022 fiscal year, the Corporation entered into a funding agreement with Saskatchewan Community Futures whereby \$76,680 of funding was extended to the Corporation to be utilized for operating costs related to RRRF loan after care and in assisting small and medium-sized enterprises in their communities in response to COVID-19. This funding was accounted for by the Corporation as a restricted contribution in the RRRF Investment Fund as the Corporation expects to meet the condition that the entire funding will used for operating costs and therefore not be repayable. As at March 31, 2023 \$76,680 (2022 - \$76,680) of this funding was unspent and must be utilized for operating costs by December 31, 2025 or be repaid.
