

Mid Sask Community Futures Development Corporation

Financial Statements

For the year ended March 31, 2013

Michelle Tucker, Chartered Accountant
Box 502
Central Butte, SK S0H 0T0

Board of Directors
Mid Sask Community Futures Development Corporation
500 Progress Avenue
Outlook SK, S0L 2N0

June 26, 2013

Re: Audit of Financial Statements for the period ending March 31, 2013

Dear Board of Directors

The objective of my audit was to express an opinion on the financial statements. Included in my audit was the consideration of internal control relevant to the preparation and fair presentation of the financial statements. This consideration of internal control was for the purpose of designing audit procedures that were appropriate in the circumstances. It was not for the purpose of expressing an opinion on the effectiveness of internal control or for identifying all significant control deficiencies that might exist.

Since the 2012 audit, you have implemented some strong controls to help improve your oversight of financial information. I commend your efforts to help ensure that accounting records are accurate and that expenses are appropriate. Any financial statement or director training would further enhance this oversight role and I encourage you to participate in such professional development programs.

Yours truly,



Michelle Tucker, Chartered Accountant

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, 2013 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 26, 2013


Chartered Accountant

AUDITOR'S REPORT

To the Board of Directors,

I have audited the statement of financial position of Mid Sask Community Futures Development Corporation as at March 31, 2013 and the statement of operations, the changes in fund balances, and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2013 and the results of its operations and changes in fund balances, and changes in cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Central Butte, Saskatchewan
June 26, 2013


Chartered Accountant

Mid Sask Community Futures Development Corporation
Statement of Financial Position

As at March 31,					2013	2012
	Restricted Funds			General		
	Repayable	Disabled	SBL	Funds	Total	Total
Assets						
Cash	285,360	62,063	458	28,816	376,697	202,790
Short Term Investments	-	46,288	-	-	46,288	46,241
Accounts Receivable	-	-	-	3,794	3,794	26,418
Accounts Receivable - WD	-	-	-	7,415	7,415	18,926
GST Receivable	-	-	-	4,277	4,277	2,235
Current Portion of Investment Funds	120,377	-	3,897	-	124,274	87,079
Total Current Assets	405,737	108,351	4,355	44,302	562,745	383,689
Capital Assets (Note 3)	-	-	-	25,560	25,560	27,192
Investment Funds						
Investment loans receivable (Note 6)	734,727	-	5,891	-	740,618	979,672
Less Allowance for Credit Loss (Note 4)	44,933	-	-	-	44,933	225,482
Net Investment loans receivable	689,794	-	5,891	-	695,685	754,190
Less Current Portion	120,377	-	3,897	-	124,274	87,079
Total Investments	569,417	0	1,994	0	571,411	667,111
Total Assets	\$975,154	\$108,351	\$6,349	\$69,862	\$1,159,716	\$1,077,992
Liabilities and Fund Balances						
Current Liabilities						
Accounts Payable	-	-	-	3,550	3,550	4,010
Inter-Fund Payable (Note 7)	-	-	-	-	-	-
Total Current	-	-	-	3,550	3,550	4,010
Investment Fund Repayable	1,216,000	92,000	5,891	-	1,313,891	1,313,682
Total Liabilities	1,216,000	92,000	5,891	3,550	1,317,441	1,317,692
Fund Balances						
Invested in Capital Assets	-	-	-	25,560	25,560	27,192
Unrestricted	-	-	-	40,752	40,752	-15,400
Externally Restricted (Note 5)	-240,846	16,351	458	-	-224,037	-251,492
Total Fund Balances	-240,846	16,351	458	66,312	-157,725	-239,700
Total Liabilities and Fund Balances	\$975,154	\$108,351	\$6,349	\$69,862	\$1,159,716	\$1,077,992

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

For the year ended March 31,					2013	2012
	Restricted Funds			General		
	Repayable	Disabled	SBL	Funds	Total	Total
Balances, Beginning of year	-\$286,861	\$16,024	\$420	\$43,726	-\$226,691	-\$266,637
Add: Excess (deficiency of revenue over expenses)	46,015	327	38	22,586	68,966	-162,892
Add: Other Transfers & Adjustments	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	189,829
Balances, End of year	-\$240,846	\$16,351	\$458	\$66,312	-\$157,725	-\$239,700

Mid Sask Community Futures Development Corporation
Statement of Operations

For the year ended March 31,				2013	2012	
	Restricted Funds			General Funds	Total	Total
	Repayable	Disabled	SBL			
Revenue						
Contribution from WD	-	-	-	297,668	297,668	297,668
Recovery of Bad Debt	18,557	-	-	21,572	40,129	-
Bank Interest	736	327	-	1,500	2,563	1,151
Loan Investment Income	71,201	-	45	-	71,246	51,747
Loan Application Fees	-	-	-	5,000	5,000	1,050
Other Income	475	-	-	5,203	5,678	5,075
Total Revenue	\$90,969	\$327	\$45	\$330,943	\$422,284	\$356,691
Expenses						
Salaries and Benefits	-	-	-	190,990	190,990	205,800
<u>Professional Expenses:</u>						
Audit and Legal	-	-	-	10,165	10,165	11,173
Credit Reports	-	-	-	1,014	1,014	1,060
Education and Training	-	-	-	935	935	1,808
<u>Administration:</u>						
Advertising and Promotion	-	-	-	5,092	5,092	8,312
Bank Charges	21	-	7	1,606	1,634	1,026
Board Member Expenses	-	-	-	6,110	6,110	8,860
Memberships and Subscriptions	-	-	-	285	285	2,444
Computers Software and Support	-	-	-	1,913	1,913	3,311
Videoconferencing and Equipment	-	-	-	2,625	2,625	2,625
Insurance	-	-	-	2,109	2,109	2,109
Maintenance and Repairs	-	-	-	4,620	4,620	7,337
Miscellaneous	-	-	-	3,332	3,332	246
Non-refundable GST	-	-	-	2,018	2,018	2,284
Rent	-	-	-	15,506	15,506	14,676
Supplies	-	-	-	2,627	2,627	3,364
Photocopying and Printing	-	-	-	8,755	8,755	9,064
Seminars and Conferences	-	-	-	555	555	2,341
Halifax Conference	-	-	-	16,097	16,097	4,817
Postage and Courier	-	-	-	1,540	1,540	2,143
Travel	-	-	-	5,671	5,671	17,402
Telephone	-	-	-	10,333	10,333	7,854
Utilities	-	-	-	4,704	4,704	6,167
Total Expenses	\$21	\$0	\$7	\$298,602	\$298,630	\$326,223
Excess (Deficiency) of Revenue over cash Expenses						
	\$90,948	\$327	\$38	\$32,341	\$123,654	\$30,468
Amortization	-	-	-	9,755	9,755	10,168
Provision for Bad Debt	44,933	-	-	-	44,933	179,952
Bad Debt	-	-	-	-	-	3,240
Excess (Deficiency) of Revenues over Total Expenses						
	\$46,015	\$327	\$38	\$22,586	\$68,966	-\$162,892

Mid Sask Community Futures Development Corporation
Statement of Cash Flows

For the year ended March 31,					2013	2012
	Restricted Funds (Investing)			General Funds	Total	Total
	Repayable	Disabled	SBL	(Operating)		
Sources of Cash						
WD Contribution	-	-	-	309,179	309,179	297,668
Investment Income	736	280	45	1,500	2,561	1,480
Investment Loan	71,201	-	-	-	71,201	55,514
Repayments	312,906	-	-	21,572	334,478	406,006
Other	475	-	-	42,850	43,325	5,075
Total Sources	384,843	280	45	375,101	760,269	765,743
Uses of Cash						
Salaries & Benefits	-	-	-	190,990	190,990	205,800
Materials & Services	21	-	7	107,152	107,180	113,283
Purchase of Capital	-	-	-	8,100	8,100	13,114
Investment Loans	280,000	-	92	-	280,092	404,861
Total Uses	280,021	-	99	306,242	586,362	737,058
Net Increase in cash	104,822	280	-54	68,859	173,907	28,685
Cash, Beginning of Year	180,538	61,783	512	-40,043	202,790	174,105
Cash, End of Year	\$285,360	\$62,063	\$458	\$28,816	\$376,697	\$202,790

Approved by:

Per: *[Signature]*

Title: Director

Per: *[Signature]*

Title: DIRECTOR

Mid Sask Community Futures Development Corporation
Notes to the Financial Statements
March 31, 2013

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.

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 straight line basis over the assets' estimated useful lives, which varies from 3 to 5 years. Amortization expense is reported in the General Fund.

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value	Rate
Office Furniture and Fixtures	56,521	49,984	6,537	20%
Computer Hardware	127,432	119,395	8,037	30%
Computer Software	60,867	50,004	10,863	30%
Leasehold Improvements	3,804	3,681	123	20%
	<u>248,624</u>	<u>223,087</u>	<u>25,560</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	2013 Ending Loan Balance
Repayable Loan Fund	734,727	44,933	689,794
Disability Loan Fund	0	0	0
SBL Loan Fund	5,891	0	5,891
Total	<u>740,618</u>	<u>44,933</u>	<u>695,685</u>

5. EXTERNALLY RESTRICTED NET ASSETS

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

Restricted Funds:

	2013 Ending Cash & Equivalents Balance	2012 Ending Cash & Equivalents Balance
Repayable Loan Fund	\$285,360	\$108,538
Disability Loan Fund	108,351	108,024
SBL Loan Fund	458	512
Total	<u>\$394,169</u>	<u>\$217,074</u>

6. LOANS RECEIVABLE

Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from prime plus 2% - 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, 2013 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.

9. LEASE COMMITMENTS

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

	Office Space	Postage Meter	Photocopier
2014	15,506	1,017	7,144
2015	15,506	1,017	7,144
2016	15,506	1,017	7,144
2017	15,506	1,017	7,144
2018	15,506	1,017	7,144

10. ECONOMIC DEPENDENCE

The corporation receives 85% of its operating revenues from the federal government and is economically dependent upon it.

11. RELATED PARTY TRANSACTIONS

WaterWolf Planning Inc. is a related party with Mid Sask Community Futures Development Corporation as they share some of the same board members, as well as, management. The following reflect related party amounts for the period ending March 31, 2013:

	<u>Total</u>
Accounts Receivable	\$3,330.93

The accounts receivable relate to WaterWolf expenses paid by Mid Sask Community Futures Development Corporation. Payment has since been received.

Mid Sask Community Futures Development Corporation

Adjusting Entries

March 31, 2013

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 remove capital purchases from expense account

Computer Hardware	\$8,100
Capital Expenditures	\$8,100

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

Amortization Expense	\$9,755
Accumulated Amortization	\$9,755

Approved by:

Per:  Title: Director

Per: _____ Title: _____