NEWSASK COMMUNITY FUTURES DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2026

TISDALE, SASKATCHEWAN

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Newsask Community Futures Development Corporation have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances to ensure the financial statements are presented fairly in all material respects.

The Corporation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. These systems are designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate and that the Corporation's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is composed of Directors who are neither management nor employees of the Corporation. The Board of Directors is responsible for overseeing management in the performance of its financial reporting responsibilities, and is ultimately responsible for reviewing and approving the financial statements. The Board fulfills its responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board of Directors is also responsible for recommending the appointment of the Corporation's external auditors.

The financial statements have been audited on behalf of the Board of Directors by Janke LLP, an independent firm of Chartered Professional Accountants, in accordance with Canadian generally accepted auditing standards.

signed: "Dara McMunn, June 17, 2026"
Dara McMunn, Chairperson

signed: "Taylor Watt, June 17, 2026"
Taylor Watt, Chief Executive Officer

Tisdale, Saskatchewan
June 17, 2026

JANKE LLP
PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Directors of Newsask Community Futures Development Corporation:

Opinion

We have audited the accompanying financial statements of Newsask Community Futures Development Corporation, which comprise the statement of financial position as at March 31, 2026, and the statement of operations and changes in fund balances, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Newsask Community Futures Development Corporation as at March 31, 2026, 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.

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 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Canadian accounting standards for not-for-profit organizations requires the Corporation assess at each reporting period whether there are indications of its loans receivables being impaired, or uncollectible in whole or in part. If impairment is evident, the Corporation is required to record an allowance for doubtful loans such that the loan is recorded at the lower of (a) its principal balance outstanding or (b) the amount the Corporation will ultimately collect from repayment, sale of the loan, or seizure and sale of the underlying assets. Necessarily, the determination of the allowance for doubtful loans is complex, highly judgemental, based on assumptions, and subject to a high degree of estimation uncertainty.

Our audit procedures included, among others, the evaluation of the methodologies, assumptions, and data used by the Corporation in determining the amounts to be recorded as allowance for doubtful loans.

The Corporation's allowance for doubtful loans, by fund, is presented on the Statement of Financial Position and in Note 3.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

Auditor's Responsibility

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.

Tisdale, Saskatchewan
June 17, 2026

Chartered Professional Accountants

JANKE LLP
PROFESSIONAL ACCOUNTANTS

INDEPENDENT PRACTITIONER'S REASONABLE ASSURANCE REPORT ON COMPLIANCE

To the Directors of Newsask Community Futures Development Corporation:

We have undertaken a reasonable assurance engagement of Newsask Community Futures Development Corporation's compliance during the period April 1, 2025 to March 31, 2026, with the requirements set out in the Contribution Agreement between Prairies Economic Development Canada and Newsask Community Futures Development Corporation effective April 1, 2021 and amended March 11, 2026.

Management's Responsibility

Management is responsible for Newsask Community Futures Development Corporation's compliance with the specified requirements. Management is also responsible for such internal control as management determines necessary to enable Newsask Community Futures Development Corporation's compliance with the specified requirements.

Our Responsibility

Our responsibility is to express a reasonable assurance opinion on Newsask Community Futures Development Corporation's compliance based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements 3531, *Direct Engagements to Report on Compliance*. This standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the entity complied with the specified requirements, in all significant respects.

Reasonable assurance is a high level of assurance but is not a guarantee that an engagement conducted in accordance with this standard will always detect a significant instance of non-compliance with specified requirements when it exists. Instances of non-compliance can arise from fraud or error and are considered significant if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report. A reasonable assurance compliance reporting engagement involves performing procedures to obtain evidence about the entity's compliance with the specified requirements. The nature, timing and extent of procedures selected depends on our professional judgment, including an assessment of the risks of significant non-compliance, whether due to fraud or error.

We believe the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Rules of Professional Conduct of Saskatchewan, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Canadian Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements* and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Opinion

In our opinion, Newsask Community Futures Development Corporation complied with the specified requirements set out in the Contribution Agreement during the period April 1, 2025 to March 31, 2026, in all significant respects.

We do not provide a legal opinion on Newsask Community Futures Development Corporation's compliance with the specified requirements.

Restriction on Distribution and Use of Our Report

Our report is intended solely for Newsask Community Futures Development Corporation and Prairies Economic Development Canada and should not be distributed to or used by parties other than Newsask Community Futures Development Corporation or Prairies Economic Development Canada.

Janke LLP

Tisdale, Saskatchewan
June 17, 2026

Chartered Professional Accountants

Newsask Community Futures Development Corporation
Statement of Financial Position
as at March 31, 2026

		PrairiesCan Operating Fund	General Operating Fund	PrairiesCan Non-Repayable Invest. Fund	PrairiesCan Conditionally Repayable Invest. Fund	PrairiesCan Conditionally Repayable EDP Fund	RRRF Invest. / Loan Fund	North East Regional EDO Committee	2026	2025
Current Assets										
Cash		58,896	39,406	433,335	114,445	54,383	944	20,937	722,346	1,398,507
Accounts receivable		3,144	-	-	-	-	-	22	3,167	1,737
Accrued interest receivable		-	-	19,759	6,568	-	-	-	26,327	13,176
Interfund receivable (payable)		(167,820)	167,820	(1,000,000)	750,000	250,000	-	-	-	-
Prepaid expenses		6,984	-	-	-	-	-	-	6,984	4,368
Loans to employees	(Note 4)	18,132	-	-	-	-	-	-	18,132	
Current portion of loans receivable	(Note 5)	-	-	808,102	25,385	5,302	12,126	-	850,915	740,248
		(80,664)	207,226	261,196	896,398	309,685	13,069	20,960	1,627,870	2,158,037
Loans receivable	(Note 5)	-	-	4,456,335	326,555	83,794	24,570	-	4,891,254	3,669,361
Allowance for doubtful loans	(Note 5)	-	-	(429,808)	(82,318)	(4,399)	-	-	(516,525)	(381,224)
Capital assets	(Note 6)	305,665	-	-	-	-	-	-	305,665	9,842
		225,001	**207,226**	**4,287,723**	**1,140,635**	**389,080**	**37,640**	**20,960**	**6,308,265**	**5,456,016**
Current Liabilities										
Accounts payable and accrued charges		32,880	-	-	-	-	-	-	32,880	30,449
Government remittances payable		149	-	-	-	-	-	(328)	(179)	(330)
Deferred revenue		5,500	-	-	-	-	-	-	5,500	6,100
Due to CF Saskatchewan Investment Pool	(Note 5)	-	-	-	-	-	36,696	-	36,696	49,024
Due to PrairiesCan	(Note 7)	-	-	-	500,000	200,000	-	-	700,000	700,000
Current portion of long-term debt	(Note 8)	7,320	-	-	-	-	-	-	7,320	-
		45,849	-	-	500,000	200,000	36,696	(328)	782,217	785,243
Long-term debt	(Note 8)	139,955	-	500,000	-	-	-	-	639,955	-
		139,955	-	500,000	-	-	-	-	639,955	-
Fund Balances										
Investment in capital assets (net of debt)		158,391	-	-	-	-	-	-	158,391	9,842
Externally restricted fund balance	(Note 9)	(119,193)	-	3,787,723	640,635	189,080	944	-	4,499,188	4,461,778
Internally restricted fund balance	(Note 10)	-	9,476	-	-	-	-	-	9,476	9,476
Unrestricted fund balance		-	197,750	-	-	-	-	21,288	219,038	189,677
		39,197	207,226	3,787,723	640,635	189,080	944	21,288	4,886,093	4,670,773
		225,001	**207,226**	**4,287,723**	**1,140,635**	**389,080**	**37,640**	**20,960**	**6,308,265**	**5,456,016**

Approved by the Board:

signed: "Dara McMunn, June 17, 2026" Chairperson

signed: "Taylor Watt, June 17, 2026" Chief Executive Officer

Newsask Community Futures Development Corporation
Statement of Operations and Changes in Fund Balances
As at March 31, 2026

		PrairiesCan Operating Fund	General Operating Fund	PrairiesCan Non-Repayable Invest. Fund	Conditionally Repayable Invest. Fund	Conditionally Repayable EDP Fund	RRRF Invest. / Loan Fund	North East Regional EDO Committee	2026	2025
Revenues										
WD contributions		297,669	-	-	-	-	-	-	297,669	297,669
Interest on loans		-	-	337,084	27,708	5,878	944	-	371,614	331,464
Interest on deposit accounts		-	4,087	16,637	2,238	2,212	-	840	26,014	50,394
Administration fees and other income		-	31,800	-	-	-	-	20,250	52,050	99,786
Recovery of doubtful accounts		-	-	2,471	5,831	-	-	-	8,302	2,257
YBEX and other project revenue		-	28,641	-	-	-	-	-	28,641	5,800
		297,669	64,528	356,192	35,777	8,090	944	21,090	784,289	787,370
Expenditures										
Administration costs									-	-
Advertising and promotion		5,013	-	-	-	-	-	48,104	53,117	28,897
Audit and legal		21,684	-	1,038	-	-	-	-	22,722	10,639
Bad debts or RRRF forgiveness		-	-	143,751	-	-	-	-	143,751	24,532
Board travel and expenses		7,233	3,775	-	-	-	-	-	11,008	14,179
Capital expenditures	(Note 3)	310,617	-	-	-	-	-	-	310,617	-
CED expenses		11,664	-	-	-	-	-	-	11,664	6,986
Computer repairs and supplies		6,250	-	-	-	-	-	-	6,250	10,981
Credit checks/ collections		6,934	-	-	-	-	-	-	6,934	5,404
Dues and subscriptions		1,025	-	-	-	-	-	-	1,025	1,213
Equipment rental		692	-	-	-	-	-	-	692	676
GST expense		4,539	-	-	-	-	-	-	4,539	2,194
Insurance		6,101	-	-	-	-	-	-	6,101	4,724
Interest and bank charges		751	-	41	-	-	-	3	795	-
Interest on long-term debt		1,849	-	-	-	-	-	-	1,849	-
Janitorial		6,500	-	-	-	-	-	-	6,500	6,500
Office		5,239	-	-	-	-	-	-	5,239	3,540
Rent and property taxes		17,046	-	-	-	-	-	-	17,046	15,600
Repairs and maintenance		18,318	-	-	-	-	-	-	18,318	106
Travel and training		10,041	-	-	-	-	-	-	10,041	18,502
Telephone		5,481	-	-	-	-	-	-	5,481	5,230
Utilities		5,421	-	-	-	-	-	-	5,421	667
Wages and benefits		203,385	4,375	-	-	-	-	-	207,760	255,594
YBEX and other program expenses		7,923	-	-	-	-	-	-	7,923	7,686
		663,706	8,150	144,831	-	-	-	48,107	864,793	423,851
Surplus (Deficit) before capital adjustments		(366,037)	56,378	211,361	35,777	8,090	944	(27,017)	(80,504)	363,518
Capital adjustments										
Add back: Capital assets expensed	(Note 3)	310,617	-	-	-	-	-	-	310,617	-
Less: Amortization		(14,794)	-	-	-	-	-	-	(14,794)	(10,945)
Surplus (Deficit)		(70,213)	56,378	211,361	35,777	8,090	944	(27,017)	215,320	352,574
Fund balances, beginning of year		28,672	150,849	3,657,101	604,858	180,990	-	48,304	4,670,773	4,318,200
Interest transfer	(Note 3)	80,739	-	(80,739)	-	-	-	-	-	-
Fund balances, end of year		39,197	207,226	3,787,723	640,635	189,080	944	21,288	4,886,093	4,670,773

Newsask Community Futures Development Corporation
Statement of Cash Flows
As at March 31, 2026

	PrairiesCan Operating Fund	General Operating Fund	PrairiesCan Non-Repayable Invest. Fund	PrairiesCan Conditionally Repayable Invest. Fund	PrairiesCan Conditionally Repayable EDP Fund	RRRF Invest. / Loan Fund	North East Regional EDO Committee	2026	2025
Cash Flows from (used in) Operating Activities									
Surplus (deficit) for year	(70,213)	56,378	211,361	35,777	8,090	944	(27,017)	215,320	352,574
Item not affecting cash									
Amortization of capital assets	14,794	-	-	-	-	-	-	14,794	10,945
	(55,420)	56,378	211,361	35,777	8,090	944	(27,017)	230,113	363,518
Changes in non-cash working capital									
Accounts receivable	(1,407)	-	-	-	-	-	(22)	(1,429)	(651)
Accrued interest receivable	-	-	(17,260)	2,992	1,117	-	-	(13,151)	(3,626)
Interfund receivable (payable)	178,764	(166,394)	387,630	(150,000)	(250,000)	-	-	-	-
Prepaid expenses	(2,615)	-	-	-	-	-	-	(2,615)	784
Loans to employees	(18,132)	-	-	-	-	-	-	(18,132)	-
Accounts payable and accrued charges	2,431	-	-	-	-	-	-	2,431	(5,495)
Government remittances payable	25	-	-	-	-	-	126	151	(294)
Deferred revenue	(600)	-	-	-	-	-	-	(600)	(20,156)
Interest and inter-fund transfers	80,739	-	(80,739)	-	-	-	-	-	-
	183,786	(110,017)	500,993	(111,231)	(240,793)	944	(26,913)	196,768	334,079
Cash Flows from (used in) Investing Activities									
Additions to capital assets	(310,617)	-	-	-	-	-	-	(310,617)	-
(Increase) decrease in loans receivable (net)	-	-	(1,280,873)	58,401	12,885	12,328	-	(1,197,259)	(246,591)
	(310,617)	-	(1,280,873)	58,401	12,885	12,328	-	(1,507,876)	(246,591)
Cash Flows from (used in) Financing Activities									
Proceeds from long-term debt	150,000	-	-	-	-	-	-	150,000	(10,362)
Repayment of long-term debt	(2,725)	-	-	-	-	-	-	(2,725)	-
Proceeds from RRRF recap loan	-	-	500,000	-	-	-	-	500,000	-
RRRF loan advanced (repaid)	-	-	-	-	-	(12,328)	-	(12,328)	(10,362)
	147,275	-	500,000	-	-	(12,328)	-	634,947	(10,362)
Net Increase (Decrease) in cash	20,444	(110,017)	(279,880)	(52,830)	(227,907)	944	(26,913)	(676,160)	77,126
Cash, Beginning of Year	38,453	149,423	713,215	167,275	282,290	-	47,851	1,398,506	1,321,381
Cash, End of Year	58,896	39,406	433,335	114,445	54,383	944	20,937	722,346	1,398,507

1. Nature of Operations

The Corporation was incorporated May 14, 1990 under the Non-Profit Corporations Act of Saskatchewan and as a non-profit organization is exempt from income taxes under the *Income Tax Act*. The Corporation was established as part of a federal government initiative called the Community Futures Program and commenced operations in May 1990. The Corporation receives funding from Prairies Economic Development Canada ("PrairiesCan"), formerly the Ministry of Western Economic Diversification Canada ("WD"), and other government or government-funded organizations. The mission of the Corporation is to "be the region's leader in fostering sustainable development", providing business plan help, access to Community Futures Loan Funds, small business training and education, and access to its business resource library, internet and computer facilities.

2. Basis of Presentation

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). Canadian accounting standards for not-for-profit organizations are part of Canadian Generally Accepted Accounting Policies (GAAP).

3. Accounting Policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following significant accounting policies:

Fund Accounting and Inter-Fund Transfers
The accounts of the Corporation are maintained in accordance with the principles of fund accounting. For accounting and reporting purposes, resources are classified into funds in accordance with specific activities or objectives.

In accordance with certain terms of the Corporation's agreement with the Minister for PrairiesCan (the "Minister"), the Corporation may transfer interest earned in the Investment Funds to the General Fund; these transfers are presented in the Statement of Operations and Changes in Fund Balances. Capital expenditures considered eligible expenditures under Regional Relief and Recovery operating funding were initially expensed against these contributions, and then transferred to the Operating Fund as the funding party has no further claim on these assets. An interest transfer of $80,739 (2025 - $82,112) was made from the Non-Repayable Investment Fund to the PrairiesCan Operating Fund in the current year to partially offset the deficiency of that Operating Fund.

PrairiesCan Operating Fund
The PrairiesCan Operating Fund reports the Corporation's restricted resources used to deliver programs funded by the PrairiesCan agreement..

General Operating Fund
The General Operating Fund reports the Corporation's general revenue and operating costs related to the service delivery and operating activities of the Corporation which are not included under the PrairiesCan Agreement.

RRRF Operating Fund
The Regional Relief and Recovery ("RRRF") Operating Fund reports the Corporation's revenue earned from the administration of RRRF loans and amounts expended by the Corporation under this particular funding agreement.

Investment Funds
The Investment Funds report the restricted resources used to assist to small businesses and entrepreneurs in the form of loans, loan guarantees or equity participation. The Funds report the activities of the following funds:

- PrairiesCan Non-Repayable Investment Fund (or "Regular Fund")
- PrairiesCan Conditionally Repayable Investment Fund (or "Repayable Fund")
- PrairiesCan Conditionally Repayable Entrepreneurs with Disability Fund (or "EDP Fund")
- RRRF Investment / Loan Fund (or "RRRF Investment Fund")

The Corporation is restricted in the types of loans that can be made according to its agreement with PrairiesCan.

North East Regional Economic Development Office Committee
This restricted fund reports the Corporation's funding and operating costs related to coordination of regional economic development initiatives in conjunction with local economic development offices.

Use of Estimates
The preparation of the financial statements requires Management to make estimates and assumptions that affect reported assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Significant estimates include:

- Estimated useful life of capital assets and appropriate amortization rates
- Anticipated loan losses and allowances for doubtful loan principal, interest, and fees
- Allocation methods and rates to allocate expenses to appropriate Funds

Due to the uncertainty involved in assessing the recoverable value of doubtful loans, given the nature of the Corporation's loans to smaller entities in rural locations and accompanying ranges of liquidation values of underlying assets, the actual amount of loan losses to be experienced upon resolution is likely to differ from the estimated allowance for doubtful loans.

Allocation of Expenses
The Corporation allocates certain indirect expenses from the Operating Fund to other Funds. The allocation of expenses is performed by Management from time to time and based on Management's determination of the most appropriate allocation formula for the period in question.

Advertising and promotion, bank charges and interest, equipment rental, repair and maintenance, supporting administrative costs, travel and training, and wages and benefits were allocated on a direct basis whereby the actual costs, or estimated actual costs, of specific goods or services were reported in the Fund to which they relate.

Insurance, janitorial, office, rent, and telephone expenses were allocated on a pro-rata basis determined by Management using an appropriate basis (i.e. usage or space allocations) and in accordance with particular funding agreements.

The basis of allocation of expenses has not changed from the previous period.

Defined Contribution Pension Plan
The Corporation maintains a defined contribution pension plan in which the corporation is required to match employee contributions to a maximum percentage of earnings, determined by total years of service of the employee to the Corporation. The Corporation's liability for the pension plan is limited to these matching contributions; the Corporation's contributions are expensed in the year and reported as wages and benefits expense.

Cash and cash equivalents
Cash and cash equivalents is comprised of petty cash on hand, bank account balances, and balances of guaranteed investments maturing within 90 days of the end of the fiscal period.

Financial Instruments
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.

Loans Receivable
Loans are stated at their principal amount. A loan is classified as impaired or doubtful (i.e. non-performing) when Management determines there is reasonable doubt as to the ultimate collectability of principal (including fees) and interest. The provision for non-performing loans is established on a loan-by-loan basis for specifically identified probable losses on loans receivable using the best information available to Management at the time of estimation. A general allowance of 3% of the principal balance of performing loans is also provided for by Management.

The current portion of loans receivable includes principal payments scheduled to be received within the next 12-month period. The current portion of loans receivable does include the scheduled principal payments of loans considered to be non-performing due to system limitations.

Capital Assets
Capital assets are recorded at cost and amortized using the straight-line method over the assets estimated useful life as follows:

Land	not amortized
Buildings	25 years
Office furniture and equipment	10 years
Computer hardware and software	5 years
Leasehold Improvements and signage	5 years

The Government of Canada requires the Corporation's capital asset purchases be expensed at the time of purchase and capital asset sale proceeds recorded as revenue when sold. To accommodate this requirement, proceeds from capital asset sales and the cost of new capital assets purchased are initially shown as revenue and expenditures on the statement of operations and changes in fund balances to arrive at a preliminary surplus figure for the Government of Canada purposes. Adjustments after this preliminary surplus figure to remove proceeds from the sale of capital assets and capital asset purchases and to record the amortization and any gain or loss on the sale of capital assets.

Revenue Recognition and Interest Rate Policies

The corporation utilizes the deferral method of revenue recognition for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the fund when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Interest rates on all loans are fixed at the time of approval. The Corporation continues to accrue interest revenue after Management determines there is reasonable doubt as to the ultimate collection of principal and interest due to limitations of the Corporation's loan system; correspondingly, the reversal of any accrued and unpaid interest on such loans is reported as bad debt expense in the same period such that the net effect on the current year's earnings is nil. Subsequent collection of amounts due are reported as interest income only when Management determines the collectability of the loan is no longer in doubt.

Loan administration fees are recognized as revenue at the time a loan is advanced and added to the principal amount of the loan. Loan administration fees are recorded as revenue of the General Fund.

Impairment of Long Lived Assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of impairment is determined as the excess of the carrying value of the assets over their fair value.

4. Loans to employees

Subsequent to March 31, 2026, the Corporation identified a cumulative overpayment to an employee of $18,132 from April 1, 2024 to March 31, 2026, resulting from a salary increase and bonus percentage being applied to an incorrect base number. The Corporation and the employee have agreed to consider this overpayment a non-interest bearing loan repayable in full by March 31, 2027.

5. Loans Receivable

Investment loans receivable from entrepreneurs are interest bearing at fixed rates with monthly blended principal and interest repayments. Interest rates on outstanding loans range from 5.95% to 10.45%. Security is taken on these loans as considered appropriate by the Corporation, and may include mortgages, personal property security agreements, general security agreements, and personal guarantees.

The Corporation received a series of loans totalling $2,110,987 under the RRRF Funding Agreement administered by Community Futures Saskatchewan Investment Pool ("CFS"). The total amount of these funds are to be re-advanced to entrepreneurs or SMEs by the Corporation. Loans advanced by the Corporation under this program are classified as Secondary Loans or Secondary Expansion Loans. The Corporation also received an interest-free loan of $61,560 from CFS to be used for operating costs of administering RRRF aftercare, with any amounts not expended in this manner by December 31, 2025 repayable to CFS; all of these amounts were expended by the corporation without any repayment.

Secondary Loans are non-secured, have no set terms of repayment, advanced to a maximum of $40,000 per loan, and are non-interest bearing until December 31, 2023. If 75% of a Secondary Loan's principal is repaid to the Corporation by December 31, 2023, the borrower is to be forgiven the remaining 25% (to a maximum of $10,000) by the Corporation, and the Corporation is forgiven a corresponding amount by CFS. Any amounts not repaid to the Corporation by December 31, 2023 shall bear interest at a rate of 5% until full repayment is required by December 31, 2025. The Corporation is obligated to pay any principal repayments to CFS within 10 business days of receipt, and the entire outstanding loan amount on December 31, 2025.

Secondary Expansion Loans are non-secured, have no set terms of repayment, advanced to a maximum of $20,000 per loan, and are non-interest bearing until December 31, 2023. If 50% of a Secondary Loan's principal is repaid to the Corporation by December 31, 2023, the borrower is to be forgiven the remaining 50% (to a maximum of $10,000) by the Corporation, and the Corporation is forgiven a corresponding amount by CFS. Any amounts not repaid to the Corporation by December 31, 2023 shall bear interest at a rate of 5% until full repayment is required by December 31, 2025. The Corporation is obligated to pay any principal repayments to CFS within 10 business days of receipt, and the entire outstanding loan amount on December 31, 2025.

As at March 31, 2026, the Corporation had Regular Fund loans of $283,529 (2025 - $544,850), Repayable Fund loans of $nil (2025 - $nil), EDP Fund loans of $nil (2025 - $nil) that had been approved but not yet disbursed.

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

	Beginning balance	Provisions	Write-offs	Reversals	2026	2025
Non-Repayable	290,057	143,751	(4,000)	-	429,808	290,057
Conditionally Repayable	88,149	-	-	(5,831)	82,318	88,149
Conditionally Repayable EDP	3,018	-	-	-	3,018	3,018

6. Capital Assets

	Cost	Accumulated amortization	Net book value 2026	Net book value 2025
Land	$ 25,000	$ -	$ 25,000	$ -
Buildings	277,716	11,109	266,608	-
Office furniture and equipment	128,572	115,715	12,857	7,875
Computer hardware	143,170	141,970	1,201	1,967
	$ 574,458	**$ 268,793**	**$ 305,665**	**$ 9,842**

7. Due to PrairiesCan

The Corporation's Community Futures Program Agreement in effect at March 31, 2026 stipulates the Corporation's obligation to, upon 60 days notice of the Minister, repay all or a portion of, depending on the actions of the Minister and the status of the Investment Funds at such time, the Conditionally Repayable Contributions made by PrairiesCan made to the Conditionally Repayable Investment Fund ($500,000) and the Conditionally Repayable EDP Entrepreneurs Investment Fund ($200,000).

Due to the ability of the Minister to demand such amounts at any time, these conditionally repayable contributions have been recorded as current liabilities of the Corporation in the applicable Funds.

8. Long-term debt

PrairiesCan Operating Fund

	2026	2025
Mortgage bearing interest at 4.54% per annum, repayable in monthly blended payments of $1,144. The loan matures on November 1, 2029 and is secured by land and building with a carrying value of $291,608.	$ 147,275	$ -
	147,275	-
Amounts payable within one year	(7,320)	-
	$ 139,955	$ -

Principal repayment terms are approximately:

2027	$ 7,320
2028	7,652
2029	8,000
2030	124,303
	$ 147,275

PrairiesCan Conditionally Repayable Investment Fund

	2026	2025
Saskatchewan Community Futures RRRF Racapitalization Loan bearing interest at 2.00% per annum, repayable in monthly interest-only payments. The loan matures on November 1, 2040 and is secured by a promissory note and general security agreement	$ 500,000	$ -
	500,000	-
Amounts payable within one year	-	-
	$ 500,000	$ -

Principal repayment terms are approximately:

2027	$ -
2028	-
2029	-
2030	-
2031	-
Thereafter	500,000
	$ 500,000

Long-term debt (continued)

Subsequent to March 31, 2026, the Corporation borrowed an additional $250,000 under the same terms and conditions of the existing Saskatchewan Community Futures RRRF Recapitalization Loan noted above.

9. Externally Restricted Fund Balances

The Corporation's Community Futures Program Agreement in effect at March 31, 2026 stipulates the Corporation's obligation to, at notice of the Minister of termination of the Agreement, transfer all net assets of the Corporation to another organization with similar objectives, as approved by the Minister, or to the Government of Canada. The Agreement also provides for contingent payments of amounts less than the total net assets of the Corporation.

At March 31, 2026, the probability of any such events occurring, the manner in which they may occur, and the amount the Corporation may be required to repay to the Government of Canada is not determinable; as such, the Corporation has not recorded any liability in excess of that recorded in accordance with Note 6 – Due to PrairiesCan. Instead, the Corporation has recorded the net fund balance of these Funds as an externally restricted balance.

10. Internally Restricted Fund Balances

The Corporation's Board of Directors uses internally restricted funds as a reserve to minimize the impact of significant unplanned expenditures on annual operations, to provide financial capacity for capital and infrastructure upgrades, and to fund one-time service and training enhancements. Funds reserved by the Corporation in this manner are reported as internally restricted.

11. 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, 2026. The Corporation's financial instruments include accounts receivable, loans and interest receivable, and accounts payable.

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 by its loan portfolio and the potential non-repayment of loans receivable. The Corporation attempts to reduce its credit risk through a rigorous loan application process, ensuring adequate security is in place prior to disbursing loans, and providing business training or advisory services, or referrals to providers of such, to its clients to increase their chance of success.

Management does not consider the Corporation to be exposed to increased credit risk through concentration of loans to classes of borrowers or industries that would be similarly affected by economic conditions. The Corporation is exposed to increased credit risk due to the concentration of its clients in North East Saskatchewan, and the resulting dependency on local and regional economic conditions for its clients to generate sufficient funds to discharge their loan obligations.

Liquidity Risk

Liquidity risk is the risk the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. Management does not consider the Corporation to be significantly exposed to liquidity risk.

Financial instruments (continued)

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 rates. The Corporation advances loans with fixed rates of interest, with the rates reviewed regularly and adjusted if market and other conditions warrant. Management does not consider the Corporation to be significantly exposed to interest rate risk, as the Corporation has borrowed at fixed rates over multi-year terms.

12. Economic Dependence

The Corporation is economically dependent upon the Government of Canada, represented by PrairiesCan, for annual contributions under the Community Futures Program to fund the eligible operating expenditures of the Corporation, and for non-termination of the Community Futures Program Agreement. The Corporation's current agreement is in effect until March 31, 2027 and may be terminated by the Minister upon 60 days' notice to the Corporation.