

**NORTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION**  
**Financial Statements**  
**Year Ended March 31, 2020**

**Management's Responsibility**

To the Members of Northwest Community Futures Development Corporation:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed of appointed officials who are not employees of the corporation. The Board of Directors is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board of Directors fulfils these responsibilities by reviewing the financial information prepared by the administration and discussing relevant matters with external auditors. The Board of Directors is also responsible for recommending the appointment of the corporation's external auditors.

Holm Raiche Oberg, Chartered Professional Accountants, P.C. Ltd. an independent firm of chartered professional accountants, is appointed by the Board of Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board of Directors and administration to discuss their audit findings.

August 11, 2020  
Date

  
Board Chairman

  
General Manager



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## INDEPENDENT AUDITOR'S REPORT

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To the Member of Northwest Community Futures Development Corporation

### *Opinion*

We have audited the financial statements of Northwest Community Futures Development Corporation (the Organization), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets and 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 Organization as at March 31, 2020, 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 for the Audit of the Financial Statements* section of our report. We are independent of the Organization 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 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 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

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Graham K. Holm, CPA, CA\* (Retired)    Loralie A. Raiche, CPA, CA, CFP\*    Dallan D. Oberg, CPA, CA\*

\*Denotes a professional corporation



Independent Auditor's Report to the Member of Northwest Community Futures Development Corporation  
(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 Organization'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 Organization'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 Organization 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.

North Battleford, Saskatchewan  
August 11, 2020

*Holm Raiche Oberg*

Chartered Professional Accountants



**NORTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION**  
**Statement of Financial Position**  
**March 31, 2020**

	Operations 2020	Non-Repayable 2020	DEIP 2020	SBLA 2020	Frontier 2020	Total 2020	Total 2019
<b>Current</b>							
Cash	\$ 72,824	\$ 2,495,779	\$ 198,604	\$ 59,003	\$ -	\$ 2,736,210	\$ 1,981,776
Assets held for realization	-	52,500	-	-	-	52,500	-
Accounts receivable	468	35,739	-	825	1,058	38,090	11,222
Interest receivable	-	61,568	1,491	48	-	63,107	39,757
Current portion of loans receivable (Note 3)	-	591,381	10,467	7,799	-	609,647	669,444
Goods and services tax recoverable	291	-	-	1	-	292	568
Prepaid expenses	136	-	-	-	-	136	15,069
Interfund receivable (payable)	89,429	(34,986)	-	373,382	(427,825)	-	-
<b>Loans and notes receivable (Note 3)</b>	163,148	3,201,981	120,562	441,058	(426,767)	3,499,982	2,717,836
<b>Capital assets (Note 5)</b>	-	908,398	46,051	-	-	954,449	1,802,980
	27,161	-	-	-	1,321,932	1,349,093	1,387,140
<b>Total</b>	\$ 190,309	\$ 4,110,379	\$ 166,613	\$ 441,058	\$ 895,165	\$ 5,803,524	\$ 5,907,956

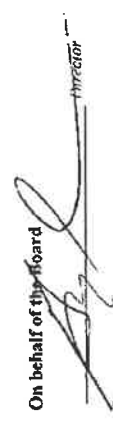
See notes to financial statements





**NORTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION**  
**Statement of Financial Position**  
**March 31, 2020**

	Operations 2020	Non-Repayable 2020	DEIP 2020	SBLA 2020	Frontier 2020	Total 2020	Total 2019
<b>Current</b>							
Bank indebtedness (Note 6)	\$ 14,993	\$ 3,326	\$ -	\$ -	\$ 294,831	\$ 294,831	\$ 289,120
Accounts payable and accrued liabilities	-	-	-	843	6,675	25,837	22,725
Interest payable	-	-	-	-	2,733	2,733	2,965
Goods and services tax payable	-	-	-	-	70	70	-
Government remittances payable	3,241	-	-	-	-	3,241	-
Deferred income (Note 7)	-	-	-	9,989	500	10,489	9,716
Current portion of long term debt (Note 8)	-	-	-	-	37,689	37,689	36,037
<b>Long term debt (Note 8)</b>	18,234	3,326	-	10,832	342,498	374,890	360,563
<b>Conditionally repayable investment fund contributions (Note 9)</b>	-	-	-	-	787,289	787,289	824,884
<b>Long term accrued payable</b>	-	-	200,000	-	-	200,000	200,000
	-	-	-	7,799	-	7,799	13,883
	18,234	3,326	200,000	18,631	1,129,787	1,369,978	1,399,330
<b>Net Assets</b>							
Contributed surplus (Note 10)	-	1,840,000	-	-	-	1,840,000	1,840,000
Invested in capital assets (Note 11)	27,161	-	-	-	496,954	524,115	526,219
<b>Net assets</b>	144,914	2,267,053	(33,387)	422,427	(731,576)	2,069,431	2,147,407
	172,075	4,107,053	(33,387)	422,427	(234,622)	4,433,546	4,508,626
	\$ 190,309	\$ 4,110,379	\$ 166,613	\$ 441,058	\$ 895,165	\$ 5,803,524	\$ 5,907,956

On behalf of the board  


See notes to financial statements



**NORTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION**  
**Statement of Operations**  
**Year Ended March 31, 2020**

	Operations 2020	Non-Repayable 2020	DEIP 2020	SBLA 2020	Frontier 2020	Total 2020	Total 2019
<b>Revenue</b>							
Bank interest	\$ 4,779	\$ 52,662	\$ 2,202	\$ 1,169	\$ 1	\$ 60,813	\$ 26,012
Community Futures Saskatchewan conference	-	-	-	43,840	-	43,840	-
Loan interest	-	150,054	3,439	866	-	154,359	171,696
Other grants	6,302	-	-	-	-	6,302	15,466
Rental income	-	-	-	-	97,908	97,908	97,874
Self employment benefits funding (SEB)	-	-	-	27,757	-	27,757	26,084
Service and loan fees	-	2,101	101	11,718	-	13,920	24,480
Western Economic Diversification contributions	296,969	-	-	-	-	296,969	322,475
	308,050	204,817	5,742	85,350	97,909	701,868	684,087

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See notes to financial statements



**NORTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION**

**Statement of Operations (continued)**

**Year Ended March 31, 2020**

	Operations 2020	Non-Repayable 2020	DEIP 2020	SBLA 2020	Frontier 2020	Total 2020	Total 2019
<b>Expenses</b>							
Advertising	9,945	-	-	-	-	9,945	10,945
Amortization	11,321	-	-	-	26,477	37,798	38,682
Annual general meeting	353	-	-	-	-	353	918
Bad debts	-	275,490	-	-	14,042	275,490	559
Bank charges	27	-	-	2	-	14,071	13,178
Insurance	9,689	-	-	-	-	9,689	9,188
Interest on long term debt	-	-	-	-	37,781	37,781	39,390
Meetings and conventions	11,215	-	-	39,070	-	50,285	25,815
Memberships	2,227	-	-	-	-	2,227	227
Miscellaneous	265	-	265	-	-	265	200
Office supplies	16,163	-	-	-	1,884	18,047	19,391
Professional fees	14,634	-	-	-	-	14,634	18,014
Professional fees - loans	792	-	-	-	-	792	960
Program delivery costs	-	-	-	6,606	-	6,606	8,700
Property taxes	-	-	-	-	24,015	24,015	26,392
Rent	55,200	-	-	-	-	55,200	51,600
Repairs and maintenance	-	-	-	-	17,938	17,938	22,881
Special events	1,528	-	-	-	-	1,528	3,359
Sub-contracts	17,045	-	-	-	-	17,045	16,659
Telephone	-	-	-	-	1,228	1,228	1,449
Training	2,840	-	-	-	-	2,840	-
Travel	6,750	-	-	-	-	6,750	16,287
Utilities	6,431	-	-	-	6,577	13,008	14,542
Wages and benefits	160,501	-	-	-	-	160,501	157,853
	326,926	275,490	-	45,678	129,942	778,036	497,189
<b>Excess (deficiency) of revenue over expenses from operations</b>	(18,876)	(70,673)	5,742	39,672	(32,033)	(76,168)	186,898
<b>Other income</b>							
Other income	-	-	-	1,088	-	1,088	410
<b>Excess (deficiency) of revenue over expenses</b>	\$ (18,876)	\$ (70,673)	\$ 5,742	\$ 40,760	\$ (32,033)	\$ (75,080)	\$ 187,308

See notes to financial statements



**NORTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION**

**Statement of Changes in Net Assets**

**Year Ended March 31, 2020**

	Operations 2020	Non-Repayable 2020	DEIP 2020	SBLA 2020	Frontier 2020	Total 2020	Total 2019
<b>Net assets - beginning of year</b>	\$ 117,234	\$ 2,372,712	\$ (39,129)	\$ 381,667	\$ (690,077)	\$ 2,142,407	\$ 1,950,866
Excess (deficiency) of revenue over expenses	(18,876)	(70,673)	5,742	40,760	(32,033)	(75,080)	187,308
Change in equity in capital assets (Note 11)	11,570	-	-	-	(9,466)	2,104	4,233
Interfund interest transfer (Note 13)	34,986	(34,986)	-	-	-	-	-
Interfund interest transfer (Note 13)	-	-	-	-	-	-	-
<b>Net assets - end of year</b>	<b>\$ 144,914</b>	<b>\$ 2,267,053</b>	<b>\$ (33,387)</b>	<b>\$ 422,427</b>	<b>\$ (731,576)</b>	<b>\$ 2,069,431</b>	<b>\$ 2,142,407</b>

See notes to financial statements





**NORTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION**  
**Statement of Cash Flows**  
**Year Ended March 31, 2020**

	Operations 2020	Non-Repayable 2020	DEIP 2020	SBLA 2020	Frontier 2020	Total 2020	Total 2019
<b>Operating activities</b>							
Cash receipts from customers	\$ 302,805	\$ (25,519)	\$ 100	\$ 84,349	\$ 99,948	\$ 461,688	\$ 479,277
Cash paid to suppliers and employees	(306,302)	3,326	-	(36,174)	(52,345)	(391,495)	(420,444)
Interest received	4,779	180,110	4,919	2,014	1	191,823	180,070
Interest paid	(28)	-	-	(2)	(51,824)	(51,854)	(52,567)
Cash flow from operating activities	1,254	157,917	5,019	50,187	(4,220)	210,162	186,336
<b>Investing activity</b>							
Proceeds on disposal of capital assets	249	-	-	-	-	249	-
<b>Financing activities</b>							
Repayment to the Ministry of the Economy	-	(254,178)	-	(6,084)	-	(260,262)	(16,665)
Investment loan advances	-	-	-	-	-	-	(966,157)
Investment loan repayment	-	827,155	1,283	6,084	-	834,522	768,129
Repayment of long term debt	-	-	-	-	(35,943)	(35,943)	(34,449)
Cash flow from (used by) financing activities	-	572,977	1,283	-	(35,943)	538,317	(249,142)
<b>Other cash flow items</b>							
Inter fund interest transfer (Note 13)	34,986	(34,986)	-	-	-	-	-
Change in inter fund payable/receivable	(40,820)	34,986	-	(28,618)	34,452	-	-
	(5,834)	-	-	(28,618)	34,452	-	-
<b>Increase (decrease) in cash flow</b>	(4,331)	730,894	6,302	21,569	(5,711)	748,728	(62,806)
<b>Cash (deficiency) - beginning of year</b>	77,155	1,764,885	102,302	37,434	(289,120)	1,692,656	1,755,462
<b>Cash (deficiency) - end of year</b>	\$ 72,824	\$ 2,495,779	\$ 108,604	\$ 59,003	\$ (294,831)	\$ 2,441,384	\$ 1,692,656
<b>Cash and cash equivalents consist of:</b>							
Cash	\$ 72,824	\$ 2,495,779	\$ 108,604	\$ 59,003	\$ -	\$ 2,736,210	\$ 1,981,776
Bank indebtedness	-	-	-	-	(294,831)	(294,831)	(289,120)
	\$ 72,824	\$ 2,495,779	\$ 108,604	\$ 59,003	\$ (294,831)	\$ 2,441,379	\$ 1,692,656

See notes to financial statements



**NORTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION****Notes to Financial Statements****Year Ended March 31, 2020**

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**1. Purpose of the organization**

Northwest Community Futures Development Corporation (the "organization") is a not-for-profit organization incorporated provincially under the Companies Act of Saskatchewan. As a registered charity the corporation is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The organization is a community based organization that provides loans and financial services to small businesses that are otherwise unable to obtain financing.

**2. Significant accounting policies**Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFP). Outlined below are those policies the corporation considered particularly significant.

Fund accounting

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

The operating fund accounts for the corporation's operating costs and general revenues. This fund reports unrestricted resources and restricted operating grants.

The investment funds accounts for the corporation's restricted resources that are to be used for assistance to small businesses and entrepreneurs in the form of loans, loan guarantees or equity participation. Loans from the investment fund for the disabled are limited to businesses owned and operated by disabled entrepreneurs. The corporation is restricted in the types of loans that can be made according to its agreement with Western Economic Diversification Canada.

The SBLA fund accounts for the corporation's Small Business Loan Assistance (SBLA) program which is funded by the Ministry of the Economy of the Province of Saskatchewan.

The DEIP fund accounts for the corporation's Disabled Entrepreneurs Investment Fund (DEIP) program which is funded by the Ministry of the Economy of the Province of Saskatchewan.

The Frontier fund accounts for the corporation's building, related expense, lease and rental revenue.

Cash and cash equivalents

Cash and cash equivalents consist primarily of deposits with the corporation's financial institutions and term deposits with a maturity of three months or less from the date of acquisition. Because of the short-term maturity of these investments, their carrying value approximates fair value.

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## NORTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION

## Notes to Financial Statements

Year Ended March 31, 2020

**2. Significant accounting policies (continued)**Loans receivable

The corporation's lending activity is centred in north western Saskatchewan. The corporation maintains a diversified portfolio with no significant industry concentrations of credit risk. Loans receivable are extended under the corporation's normal credit standards, controls, and monitoring features. Most credit commitments are short term in nature, and maturities generally do not exceed five years. Credit terms typically provide for fixed rates of interest and are generally not set for more than three to five years. The corporation evaluates each borrower's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the corporation upon extension of credit, is based on management's credit evaluation of the borrower. Collateral held varies, but may include such assets as marketable securities and cash equivalent assets, accounts receivable, inventory, capital assets, income producing commercial properties, other forms of personal property and real estate.

A loan receivable is classified as non-performing when payments fall four or more months into arrears. The allowance for credit loss is established on a loan-by-loan basis for specifically identified probable losses on loans receivable.

Financial instruments which potentially subject the corporation to concentrations of credit risk consist principally of loans receivable. Management is not aware of any concentrations of loans to classes of borrowers or industries that would be similarly affected by economic conditions. Although the corporation's loan portfolio is diversified, a substantial portion of its borrowers' ability to honour the terms of their loans is dependent on business and economic conditions in north western Saskatchewan.

Assets held for realization

Assets acquired through foreclosure proceedings in respect of loans are included in assets held for realization at the lower of the carrying value of the loan at the date of acquisition or the estimated net proceeds from the sale of the assets.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Buildings	50 years	straight-line method
Computer hardware	5 years	straight-line method
Equipment	10 years	straight-line method

Capital assets acquired during the year are amortized at one-half the annual rate.

The corporation tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

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## NORTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION

## Notes to Financial Statements

Year Ended March 31, 2020

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**2. Significant accounting policies (continued)**Revenue recognition

The organization recognizes revenues when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to customers
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the ability to collect is reasonably assured.

Interest income is recognized on the accrual basis and is based on principal balance outstanding, interest rate, and elapsed time since the last payment.

Revenues from rental properties include rent from tenants under lease agreements, property tax and operating cost recoveries, parking income and incidental income.

Measurement uncertainty

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the organization's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of capital assets;
- the estimated useful lives of assets;
- the allowance for doubtful accounts;
- the recoverability of long term investments;

Financial instruments policy

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.





## NORTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION

## Notes to Financial Statements

Year Ended March 31, 2020

**3. Investment loans receivable**

Outstanding loans to entrepreneurs are interest bearing with fixed rates varying from 5% to 8% with monthly blended principal and interest repayments amortized for terms between 6 and 120 months. 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 buildings.

	Non-repayable	DEIP	SBLA	2020	2019
Loans receivable					
-performing	\$ 1,374,723	\$ 56,518	\$ 7,799	\$ 1,439,040	\$ 2,039,799
-non performing	530,066	-	-	530,066	562,625
	1,904,789	56,518	7,799	1,969,106	2,602,424
Less:current portion	(591,381)	(10,467)	(7,799)	(609,647)	(669,444)
Allowance for credit losses	(405,000)	-	-	(405,000)	(130,000)
	\$ 908,408	\$ 46,051	\$ -	\$ 954,459	\$ 1,802,980

Non performing loans receivable is made up of 13 individual loans (2019 - 11 loans). As of March 31, 2020, 10 loans have been sent to collections (2019 - one). The board is attempting to recover the remaining loans through alternative payment methods.

**4. Allowance for credit loss**

The corporation does not have a significant exposure to any individual customer or counter party. The corporation conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific customers, historical trends and other information. An allowance for losses on investment loans is made based on expected loan default rates, potential loss ratios and review of loan portfolios, as determined by management. There is currently \$405,000 (2019 -\$130,000) provision for credit losses.

Actual accounts written-off (net of recoveries) are deducted from the allowance for credit losses. The provision for credit losses in the statement of operations and changes in net assets is charged with an amount sufficient to keep the balance in the allowance for credit losses adequate to absorb all credit related losses.



## NORTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION

## Notes to Financial Statements

Year Ended March 31, 2020

## 5. Capital assets

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
<u>Operating</u>				
Computer hardware	\$ 44,281	\$ 32,665	\$ 11,616	\$ 19,191
Equipment	58,097	42,552	15,545	19,541
	102,378	75,217	27,161	38,732
<u>Frontier</u>				
Land	171,985	-	171,985	171,985
Buildings	1,302,707	152,760	1,149,947	1,176,082
Equipment	1,709	1,709	-	341
	1,476,401	154,469	1,321,932	1,348,408
	\$ 1,578,779	\$ 229,686	\$ 1,349,093	\$ 1,387,140

## 6. Credit facility agreement

The corporation has a credit facility agreement with the Innovation Credit Union that covers its MasterCard limit of \$2,000, Frontier fund line of credit in the amount of \$300,000 and a mortgage for the Frontier fund. At year end, the line of credit was at \$294,831 (2019 - \$289,120).

Interest on the MasterCard account is prime, currently at 3.45 % (2019 - 3.95%).

Interest on the line of credit is prime plus .5%, currently at 3.95% (2019 - 4.45%). Security for the line of credit is a general security agreement covering other accounts with the Innovation Credit Union.

## 7. Deferred revenue

	SBLA	Frontier	2020	2019
Damage deposit	\$ -	\$ 500	\$ 500	\$ 500
Deposit for 2019 Community Futures Conference	-	-	-	3,000
Self Employed Business (SEB) program	9,989	-	9,989	6,216
	\$ 9,989	\$ 500	\$ 10,489	\$ 9,716



## NORTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION

## Notes to Financial Statements

Year Ended March 31, 2020

**8. Long term debt**

Details of debt instrument The Innovation Credit Union mortgage is secured by land and buildings with a net book value of \$1,348,066. Monthly payments are \$6,163 including interest at 4.49%. The mortgage is due September, 2022.

Amounts payable within one year

	<u>2020</u>	<u>2019</u>
	\$ 824,978	\$ 860,921
	<u>(37,689)</u>	<u>(36,037)</u>
	<u>\$ 787,289</u>	<u>\$ 824,884</u>

Principal repayment terms are approximately:

2021	\$ 37,689
2022	39,416
2023	<u>747,873</u>
	<u>\$ 824,978</u>

**9. Conditionally repayable investment fund contributions**

Western Economic Diversification Canada

	<u>2020</u>	<u>2019</u>
	\$ 200,000	\$ 200,000

The conditionally repayable investment fund contributions from Western Economic Diversification Canada are due on demand if the corporation fails to meet certain conditions within Schedule 1 (1.1) of the funding agreement. There are no indications that the conditions have not been met as of March 31, 2020 and March 31, 2019.

**10. Contributed surplus**

Contributed surplus consists of funding from Canadian Employment and Immigration Commission (CEIC) in the form of a federal grant under the LEDA Program (1981) and the LEAD program (1985) for the original non-repayable loan investment funds.



## NORTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION

## Notes to Financial Statements

Year Ended March 31, 2020

**11. Invested in capital assets**

	<u>2020</u>	<u>2019</u>
<u>Operating</u>		
Balance at the beginning of the year	\$ 38,731	\$ 50,936
Deficiency of revenue over expense		
Amortization	(11,321)	(12,205)
Proceeds on sale of capital assets	(249)	-
Transfer to invested in capital assets		
	<u>27,161</u>	<u>38,731</u>
<u>Frontier</u>		
Balance at the beginning of the year	487,488	479,516
Deficiency of revenue over expense		
Amortization	(26,477)	(26,477)
Repayment of long term debt	35,943	34,449
	<u>496,954</u>	<u>487,488</u>
	<u>\$ 524,115</u>	<u>\$ 526,219</u>

**12. Economic dependence**

The organization receives 96% (2019 – 95%) of its operating revenue from the federal government and agencies. Should this funding substantially change, management is of the opinion that continued viable operations would be doubtful.

**13. Inter-fund transfers**

During the year, Western Economic Diversification Canada authorized a transfer of \$34,986 (2019 - \$50,000) from the non-repayable investment funds to the operating fund to be used to pay for operating expenses in the 2019/20 fiscal year.

During the year, \$0 (2019 - \$10,000) was transferred from the operating fund to the Frontier fund to pay down the line of credit.

**14. Financial instruments**

The organization 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 organization's risk exposure and concentration as of March 31, 2020.

(continues)





**NORTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION****Notes to Financial Statements****Year Ended March 31, 2020**

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**14. Financial instruments (continued)****Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. In order to reduce its credit risk, the organization reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of customers which minimizes concentration of credit risk.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, obligations under capital leases, contributions to the pension plan, and accounts payable.

**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. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

**Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through its investment in quoted shares.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

**15. Subsequent events**

Subsequent to year-end, the board approved two loan applications totalling \$140,000 (2019 - \$nil) of which \$40,000 was advanced prior to year end.

Subsequent to year-end, there was a global outbreak of COVID-19, which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

