
**NORTHWEST COMMUNITY FUTURES
DEVELOPMENT CORPORATION**

FINANCIAL STATEMENTS

MARCH 31, 2022

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DEVELOPMENT CORPORATION**

FINANCIAL STATEMENTS

MARCH 31, 2022

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MANAGEMENT REPORT

Northwest Community Futures Development Corporation
Report of Management

Management has the responsibility for preparing the accompanying financial statements. This responsibility includes selecting appropriate accounting principles in making objective judgements and estimates in accordance with Canadian accounting standards for not-for-profit organizations.

In discharging its responsibilities for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records maintained.

Ultimate responsibility for the financial statements to members lies with the board of directors.

Vantage, an independent firm of Chartered Professional Accountants, is appointed by the board as external auditors to audit the financial statements. The external auditors report directly to the board and their report follows. The external auditors have full and free access to the board of directors to discuss their audit and their findings as to the integrity of the board's financial reporting and the adequacy of the system of internal controls.



Chairperson



General Manager

October 4, 2022

INDEPENDENT AUDITORS' REPORT

To the Board Members
Northwest Community Futures Development Corporation
North Battleford, Saskatchewan

Opinion

We have audited the accompanying financial statements of the Northwest Community Futures Development Corporation, which comprise the statement of financial position as at March 31, 2022, 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 Northwest Community Futures Development Corporation as at March 31, 2022, 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Northwest Community Futures Development 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.

Other Matters

The financial statements of the Northwest Community Futures Development Corporation for the year ended March 31, 2021 were audited by other auditors who expressed an unmodified opinion on those statements in their report dated August 17, 2021.

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 Northwest Community Futures Development 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 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.


Auditors' 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 auditors' 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 judgement 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 auditors' 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 auditors' 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.

The logo for Vantage Chartered Professional Accountants, featuring the word "Vantage" in a stylized, cursive script font.

Chartered Professional Accountants

North Battleford, Saskatchewan
October 4, 2022

NORTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2022

ASSETS

	OPERATIONS	NON-REPAYABLE	DEIP	SBLA	FRONTIER	RRRF	2022 TOTAL	2021 TOTAL
CURRENT ASSETS								
Cash	\$ 120,582	\$ 2,934,302	\$ 95,364	\$ 38,381	\$ 2,414	\$ 142,544	\$ 3,333,587	\$ 3,061,293
Accounts receivable	1,596	42,264		4,242	3,538		51,640	33,560
Interest receivable		70,336					70,336	63,036
Current portion of loans receivable (Note 17)		304,542	27,126	1,380			333,048	653,951
Goods and services tax recoverable	605			2		33	640	641
Prepaid expenses	319						319	8,140
Interfund receivable (payable)	<u>48,512</u>			<u>5,106</u>	<u>(53,512)</u>	<u>(106)</u>	<u>NIL</u>	
	171,614	3,351,444	122,490	49,111	(47,560)	142,471	3,789,570	3,820,621
LOANS AND NOTES RECEIVABLE (Note 17)		854,937	53,176	3,877		2,963,000	3,874,990	3,434,827
TANGIBLE CAPITAL ASSETS (Note 4)	<u>9,737</u>				<u>1,277,069</u>	<u>12,003</u>	<u>1,298,809</u>	<u>1,334,199</u>
TOTAL ASSETS	<u>\$ 181,351</u>	<u>\$ 4,206,381</u>	<u>\$ 175,666</u>	<u>\$ 52,988</u>	<u>\$ 1,229,509</u>	<u>\$ 3,117,474</u>	<u>\$ 8,963,369</u>	<u>\$ 8,589,647</u>

APPROVED ON BEHALF OF THE BOARD

D. Lynn Bates

Chairperson

John Tenebak

Second Chairperson

NORTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2022

LIABILITIES AND NET ASSETS

	<u>OPERATIONS</u>	<u>NON-REPAYABLE</u>	<u>DEIP</u>	<u>SBLA</u>	<u>FRONTIER</u>	<u>RRRF</u>	<u>2022 TOTAL</u>	<u>2021 TOTAL</u>
CURRENT LIABILITIES								
Bank indebtedness (Note 5)					\$ 299,185		\$ 299,185	\$ 298,515
Accounts payable and accrued liabilities	\$ 26,050				1,437		27,487	47,584
Interest payable					3,324		3,324	2,711
Good and services tax payable					488		488	2,055
Deferred income (Note 6)				\$ 6,394	500		6,894	9,171
Current portion of long term debt (Note 7)					41,556		41,556	39,416
	<u>26,050</u>			<u>6,394</u>	<u>346,490</u>		<u>378,934</u>	<u>399,452</u>
LONG TERM DEBT (Note 7)					706,257	\$ 82,472	788,729	747,802
CONDITIONAL REPAYABLE INVESTMENT FUND CONTRIBUTION (Note 8)			200,000				200,000	200,000
LONG TERM ACCRUED PAYABLE				5,257			5,257	6,578
RRRF LOAN PAYABLE (Note 14)						3,023,000	3,023,000	2,673,000
TOTAL LIABILITIES	<u>26,050</u>		<u>200,000</u>	<u>11,651</u>	<u>1,052,747</u>	<u>3,105,472</u>	<u>4,395,920</u>	<u>4,026,832</u>
CONTRIBUTED SURPLUS (Note 9)		\$ 1,840,000					1,840,000	1,840,000
INVESTED IN CAPITAL ASSETS (Note 10)	9,737				529,256	12,002	550,995	546,981
NET ASSETS	<u>145,564</u>	<u>2,366,381</u>	<u>(24,334)</u>	<u>41,337</u>	<u>(352,494)</u>		<u>2,176,454</u>	<u>2,175,834</u>
	<u>155,301</u>	<u>4,206,381</u>	<u>(24,334)</u>	<u>41,337</u>	<u>176,762</u>	<u>12,002</u>	<u>4,567,449</u>	<u>4,562,815</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 181,351</u>	<u>\$ 4,206,381</u>	<u>\$ 175,666</u>	<u>\$ 52,988</u>	<u>\$ 1,229,509</u>	<u>\$ 3,117,474</u>	<u>\$ 8,963,369</u>	<u>\$ 8,589,647</u>

See accompanying notes

NORTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2022

	OPERATIONS	NON-REPAYABLE	DEIP	SBLA	FRONTIER	RRRF	2022 TOTAL	2021 TOTAL
REVENUE								
Bank interest		\$ 18,872	\$ 461	\$ 644	\$ 2,032		\$ 22,009	\$ 19,420
Workshops and events				14,584			14,584	
Loan interest		93,219	3,183	471			96,873	128,550
Other grants	\$ 6,356						6,356	6,000
Rental income					110,318		110,318	105,506
Self employment benefits funding (SEB)				1,028			1,028	15,718
Service and loan fees		650		3,892		\$ 688	5,230	11,124
Western Economic Diversification contributions	297,669						297,669	362,772
	<u>304,025</u>	<u>112,741</u>	<u>3,644</u>	<u>20,619</u>	<u>112,350</u>	<u>688</u>	<u>554,067</u>	<u>649,090</u>
EXPENSES								
Advertising	17,887			82	46		18,015	13,336
Amortization	7,722				26,289	4,001	38,012	41,416
Annual general meeting	2,812						2,812	
Bad Debts		103,252					103,252	76,294
Bank charges and interest	48				9,858		9,906	9,643
Insurance	9,759				3,897		13,656	10,090
Interest on long term debt					35,165		35,165	36,176
Meetings and conventions	5,100						5,100	525
Memberships	8,221						8,221	8,944
Miscellaneous	2,459				671		3,130	426
Office supplies	15,182				112		15,294	23,613
Professional fees	13,258						13,258	15,372
Professional fees - loans	566					688	1,254	1,483
Program delivery costs				1,382			1,382	3,633
Property taxes					27,495		27,495	24,990
Rent	51,600						51,600	51,600
Repairs and maintenance					8,212		8,212	9,629
Special events	6,873						6,873	3,385
Sub-contracts	16,411						16,411	16,455
Telephone					1,228		1,228	1,228
Training	1,946						1,946	4,480
Travel	2,417						2,417	938
Utilities	6,441				5,786		12,227	12,004
Wages and benefits	152,934						152,934	153,373
	<u>321,636</u>	<u>103,252</u>	<u>3,644</u>	<u>1,464</u>	<u>118,759</u>	<u>4,689</u>	<u>549,800</u>	<u>519,033</u>
OF REVENUE OVER EXPENSES	<u>(17,611)</u>	<u>9,489</u>	<u>3,644</u>	<u>19,155</u>	<u>(6,409)</u>	<u>(4,001)</u>	<u>4,267</u>	<u>130,057</u>
OTHER INCOME								
Loss on disposal of tangible capital assets								(1,199)
Other income					368		368	409
					<u>368</u>		<u>368</u>	<u>(790)</u>
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	<u>\$ (17,611)</u>	<u>\$ 9,489</u>	<u>\$ 3,644</u>	<u>\$ 19,155</u>	<u>\$ (6,041)</u>	<u>\$ (4,001)</u>	<u>\$ 4,635</u>	<u>\$ 129,267</u>

See accompanying notes

NORTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2022

	<u>OPERATIONS</u>	<u>NON-REPAYABLE</u>	<u>DEIP</u>	<u>SBLA</u>	<u>FRONTIER</u>	<u>RRRF</u>	<u>2022</u> <u>TOTAL</u>	<u>2021</u> <u>TOTAL</u>								
NET ASSETS																
- beginning of year	\$	158,076	\$	2,356,892	\$	(27,978)	\$	446,398	\$	(757,554)	\$	2,175,834	\$	2,069,432		
Excess (deficit) of revenue over expenses		(17,611)		9,489		3,644		19,155		(6,041)		(4,001)		4,635		129,267
Change in equity in tangible capital assets (Note 10)		5,099								(13,115)		4,001		(4,015)		(22,865)
Interfund interest transfer (Note 12)						(424,216)		424,216						NIL		
NET INCREASE (DECREASE)																
- end of year	\$	<u>145,564</u>	\$	<u>2,366,381</u>	\$	<u>(24,334)</u>	\$	<u>41,337</u>	\$	<u>(352,494)</u>	\$	<u>NIL</u>	\$	<u>2,176,454</u>	\$	<u>2,175,834</u>

NORTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2022

	<u>OPERATIONS</u>	<u>NON-REPAYABLE</u>	<u>DEIP</u>	<u>SBLA</u>	<u>FRONTIER</u>	<u>RRRF</u>	<u>2022 TOTAL</u>	<u>2021 TOTAL</u>	
CASH FLOWS PROVIDED (USED)									
BY OPERATING ACTIVITIES									
Excess (deficit) of revenue over expenses	\$	(17,611)	\$ 9,489	\$ 3,644	\$ 19,155	\$ (6,041)	\$ (4,001)	\$ 4,635	\$ 129,267
Items not requiring cash									
Provision for credit losses			103,252				103,252	76,294	
Amortization		7,722			26,289	4,001	38,012	41,416	
Interest and dividend revenue			(112,092)	(3,644)	(1,114)	(2,032)	(118,882)	(147,971)	
Interest expense		49				45,022	45,071	45,818	
Gain on disposal of equipment								1,199	
		<u>(9,840)</u>	<u>649</u>	<u>NIL</u>	<u>18,041</u>	<u>NIL</u>	<u>72,088</u>	<u>146,023</u>	
Net change in non-cash working capital									
Decrease (increase) in accounts receivable and prepaid		6,260	(10,652)		(4,244)	(1,589)	(34)	(10,259)	48,607
in payables		7,011	(1,461)		(2,277)		826	(28,041)	(23,942)
Decrease (increase) in loans receivable			155,923	60,243	1,321		(440,000)	(222,513)	(2,600,976)
		<u>13,271</u>	<u>143,810</u>	<u>60,243</u>	<u>(5,200)</u>	<u>(763)</u>	<u>(468,075)</u>	<u>(256,714)</u>	<u>(2,533,125)</u>
		<u>3,431</u>	<u>144,459</u>	<u>60,243</u>	<u>12,841</u>	<u>62,475</u>	<u>(468,075)</u>	<u>(184,626)</u>	<u>(2,387,102)</u>
Cash generated from operations									
Interest received			104,118	4,318	1,114	2,034	111,584	148,043	
Interest paid		(48)				(44,410)	(44,458)	(45,839)	
		<u>(48)</u>	<u>104,118</u>	<u>4,318</u>	<u>1,114</u>	<u>(42,376)</u>	<u>67,126</u>	<u>102,204</u>	
		<u>3,383</u>	<u>248,577</u>	<u>64,561</u>	<u>13,955</u>	<u>20,099</u>	<u>(468,075)</u>	<u>(117,500)</u>	<u>(2,284,898)</u>
CASH FLOWS USED BY INVESTING ACTIVITIES									
Purchase of tangible capital assets		(2,623)					(2,623)	(27,722)	
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES									
Issuance of long term debt						83,160	83,160		
Repayment of long term debt					(39,404)	(688)	(40,092)	(37,760)	
Investment loan advances						370,000	370,000	2,673,000	
Investment Loan repayment				(1,321)			(1,321)	(1,221)	
Loans forgiven						(20,000)	(20,000)		
				<u>(1,321)</u>	<u>(39,404)</u>	<u>432,472</u>	<u>391,747</u>	<u>2,634,019</u>	

See accompanying notes

NORTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2022 (Continued)

	OPERATIONS	NON-REPAYABLE	DEIP	SBLA	FRONTIER	RRRF	2022 TOTAL	2021 TOTAL
OTHER CASH FLOW ITEMS								
Interfund interest transfer (Note 12)				(424,216)	424,216		NIL	
Change in interfund payable/receivable	(28,028)			404,188	(404,229)	28,069	NIL	
	(28,028)	NIL	NIL	(20,028)	19,987	28,069	NIL	NIL
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS during the year								
	(27,268)	248,577	64,561	(7,394)	682	(7,534)	271,624	321,399
CASH AND CASH EQUIVALENTS (DEFICIT) - at beginning of year								
	147,850	2,685,725	30,803	45,775	(297,453)	150,078	2,762,778	2,441,379
CASH AND CASH EQUIVALENTS (DEFICIT) - at end of year								
	<u>\$ 120,582</u>	<u>\$ 2,934,302</u>	<u>\$ 95,364</u>	<u>\$ 38,381</u>	<u>\$ (296,771)</u>	<u>\$ 142,544</u>	<u>\$ 3,034,402</u>	<u>\$ 2,762,778</u>
CASH AND CASH EQUIVALENTS CONSIST OF:								
Cash	\$ 120,582	\$ 2,934,302	\$ 95,364	\$ 38,381	\$ 2,414	\$ 142,544	\$ 3,333,587	\$ 3,061,293
Bank indebtedness					(299,185)		(299,185)	(298,515)
	<u>\$ 120,582</u>	<u>\$ 2,934,302</u>	<u>\$ 95,364</u>	<u>\$ 38,381</u>	<u>\$ (296,771)</u>	<u>\$ 142,544</u>	<u>\$ 3,034,402</u>	<u>\$ 2,762,778</u>

See accompanying notes

NORTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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 not-for-profit, 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

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

(a) Fund Accounting

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

(i) Operating Fund

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

(ii) Investment Fund

The investment funds account 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.

The Regional Relief and Recovery (RRRF) fund consists of an interest free loan from the Community Futures Association (CFA). Loan losses reduce the amount to be repaid to the CFA.

(b) 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.

NORTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) 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.

(d) 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.

(e) Tangible Capital Assets

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

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

NORTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Tangible Capital Assets (continued)

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.

(f) 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.

(g) Measurement Uncertainty

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the organization's best information and judgement. 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

(h) 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.

NORTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the period they became known. Significant estimates include the useful life of tangible capital assets and allowance for credit loss.

3. 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 \$398,924 (2021 - \$405,000) 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. During the year, \$103,252 in loan balance was written off as bad debt (2021 - \$76,294).

4. TANGIBLE CAPITAL ASSETS

	Cost	2022 Accumulated amortization	Net	2021 Net
Operating				
Computer hardware	\$ 42,617	\$ 40,519	\$ 2,098	\$ 3,284
Equipment	<u>58,097</u>	<u>50,458</u>	<u>7,639</u>	<u>11,552</u>
	<u>100,714</u>	<u>90,977</u>	<u>9,737</u>	<u>14,836</u>
Frontier				
Land	171,985		171,985	171,985
Buildings	1,310,424	205,340	1,105,084	1,131,374
Equipment	1,709	1,709	NIL	
RRRF				
Computer hardware	<u>20,005</u>	<u>8,002</u>	<u>12,003</u>	<u>16,004</u>
	<u>1,504,123</u>	<u>215,051</u>	<u>1,289,072</u>	<u>1,319,363</u>
	<u>\$ 1,604,837</u>	<u>\$ 306,028</u>	<u>\$ 1,298,809</u>	<u>\$ 1,334,199</u>

NORTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

5. CREDIT FACILITY AGREEMENT

The corporation has a credit facility agreement with the Innovation Credit Union its 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 \$299,185 (2021 - \$298,515).

Interest on the line of credit is prime plus 0.5%, currently at 3.2% (2021 - 2.95%). Security for the line of credit is a general security agreement covering other accounts with the Innovation Credit Union.

Financial covenants exist in the credit facility agreement and include:

- Maintaining a minimum debt service ratio of 1.25
- Maintaining a minimum current ratio of 1.25
- Maintaining a maximum debt to equity ratio of 3.0

The corporation was in compliance with the covenants at March 31, 2022 and March 31, 2021.

6. DEFERRED REVENUE

	<u>SBLA</u>	<u>FRONTIER</u>	<u>2022</u>	<u>2021</u>
Damage deposit		\$ 500	\$ 500	\$ 500
Self Employed Business (SEB) program replacement	\$ 6,394	_____	6,394	8,671
	<u>\$ 6,394</u>	<u>\$ 500</u>	<u>\$ 6,894</u>	<u>\$ 9,171</u>

7. LONG TERM DEBT

	<u>2022</u>	<u>2021</u>
(a) Mortgage	\$ 747,813	\$ 787,218
(b) RRRF operating loan	82,472	
Less current portion	41,556	39,416
	<u>\$ 788,729</u>	<u>\$ 747,802</u>

(a) The Innovation Credit Union mortgage is secured by land and buildings with a net book value of \$1,277,069; payable at \$6,163 per month including interest at 4.49%, due September 2022.

(b) The RRRF operating loan is a discretionary-use, forgivable loan from Community Futures Saskatchewan intended to offset the costs of administering the Regional Relief and Recovery Fund loan program on their behalf. The loan balance is reduced by the administrative costs incurred during the year and forgiven by Community Futures Saskatchewan at the same rate. The loan matures December 31, 2025 by which time the entirety of the loan balance is expected to be used and forgiven. The loan is repayable at \$Nil per month including interest at Nil%.

NORTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

7. LONG TERM DEBT (continued)

(c) The estimated principal repayments on long term debt in each of the next five fiscal years are as follows:

2023	\$	41,556	2026	\$	47,477
2024		43,442	2027		49,632
2025		45,415			

8. CONDITIONALLY REPAYABLE INVESTMENT FUND CONTRIBUTIONS

	<u>2022</u>	<u>2021</u>
Western Economic Diversification Canada	\$ <u>200,000</u>	\$ <u>200,000</u>

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, 2022 and March 31, 2021.

9. 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.

10. INVESTED IN TANGIBLE CAPITAL ASSETS

	<u>2022</u>	<u>2021</u>
Operating		
Balance - beginning of year	\$ 14,836	\$ 27,161
Deficit of revenue over expenses		
Amortization	(7,722)	(11,126)
Loss on disposal of capital asset		(1,199)
Transfer to invested in tangible capital assets		
Purchase of tangible capital assets	<u>2,623</u>	<u> </u>
	<u>9,737</u>	<u>14,836</u>
Frontier		
Balance - beginning of year	516,141	496,954
Excess (deficit) of revenue over expenses		
Amortization	(26,289)	(26,289)
Repayment of long term debt	39,404	37,760
Transfer to invested in tangible capital assets		
Purchase of tangible capital assets	<u> </u>	<u>7,716</u>
	<u>529,256</u>	<u>516,141</u>

NORTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

10. INVESTED IN TANGIBLE CAPITAL ASSET (continued)

RRRF		
Balance - beginning of year	16,003	
Deficit of revenue over expenses		
Amortization	(4,001)	(4,001)
Transfer to invested in tangible capital assets		
Purchase of tangible capital assets	<u> </u>	<u>20,004</u>
	<u>12,002</u>	<u>16,003</u>
	<u>\$ 550,995</u>	<u>\$ 546,980</u>

11. ECONOMIC DEPENDENCE

The organization receives 97% (2021 - 98%) 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.

12. INTERFUND TRANSFERS

During the year, Western Economic Diversification Canada requested a transfer reversal of \$Nil (2021 \$26,052) from the non-repayable investment funds to the operating fund to be used to pay for operating expenses in the 2021/2022 fiscal year.

During the year, \$424,216 (2021 - Nil) was transferred from the Small Business Loan Assistance fund to the Frontier fund to meet internal policy requirements .

13. 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, 2022.

(a) 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.

(b) 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.

NORTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

13. FINANCIAL INSTRUMENTS (continued)

(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 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.

(d) 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.

14. REGIONAL RELIEF AND RECOVERY FUND (RRRF)

Purpose is to provide eligible small and medium sized enterprises with an interest free loan of up to \$60,000 to ease financial hardship due to the COVID-19 pandemic. No repayment of the loan is required until after December 31, 2023 and the loan shall bear no interest until after December 31, 2023. If the loan is repaid prior to December 31, 2023 there is a forgivable portion. For \$60,000 loans, \$20,000 is forgiven if repaid by December 31, 2023. For \$40,000 loans, \$10,000 is forgiven if repaid by December 31, 2023.

15. SUBSEQUENT EVENTS

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern." The coronavirus continues to spread throughout the world and has adversely impacted global commercial activity and has contributed to significant declines and volatility in financial markets. The extent of COVID-19's effect on the organization's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict. The rapid development and fluidity of this situation make it impossible to ascertain the ultimate adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the organization, its performance, and its financial results.

16. COMPARATIVE FIGURES

The previous year's financial statements were not prepared by this office and are provided for information purposes only.

NORTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

17. 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	RRRF	2022	2021
Loans Receivable						
Performing	\$ 1,196,369	\$ 80,302	\$ 5,257	\$ 2,963,000	\$ 4,244,928	\$ 4,176,135
Non-performing	<u>362,034</u>	<u> </u>	<u> </u>	<u> </u>	<u>362,034</u>	<u>317,643</u>
	<u>1,558,403</u>	<u>80,302</u>	<u>5,257</u>	<u>2,963,000</u>	<u>4,606,962</u>	<u>4,493,778</u>
Less current portion	(304,542)	(27,126)	(1,380)		(333,048)	(653,951)
Allowance for credit losses	<u>(398,924)</u>	<u> </u>	<u> </u>	<u> </u>	<u>(398,924)</u>	<u>(405,000)</u>
	<u>(703,466)</u>	<u>(27,126)</u>	<u>(1,380)</u>	<u> </u>	<u>(731,972)</u>	<u>(1,058,951)</u>
	<u>\$ 854,937</u>	<u>\$ 53,176</u>	<u>\$ 3,877</u>	<u>\$ 2,963,000</u>	<u>\$ 3,874,990</u>	<u>\$ 3,434,827</u>

Non-performing loans receivable is made up of nine individual loans ((2021 - 10 loans). As of March 31, 2022 nine loans have been sent to collections (2021 - 10). The board is attempting to recover the remaining loans through alternative payment methods.