

South Central Community Futures

Development Corporation

Financial Statements

March 31, 2014

Table of Contents

Auditor's Report.....	1
Balance Sheet.....	2
Income Statement and Changes in Loan Funds.....	3
Income Statement and Changes in General Fund Balance	4
Notes to the Financial Statements.....	5
Schedule 1 – Professional, Program, and Administration expenses.....	8

Sutherland Accounting
Lynn G. Sutherland, CGA
Prof. Corp.

Box 190 Lafleche, Saskatchewan S0H 2K0
lgs.cga@sasktel.net

Phone: (306) 472-3252
Fax: (306) 472-5958
Toll free 1-866-472-3250

Auditor's Report

**To the Directors of
South Central Community Futures
Development Corporation**

We have audited the balance sheet of South Central Community Futures Development Corporation as at March 31, 2014 and the statements of income (loss) and changes in fund balances for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2014 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

June 13, 2014
Lafleche, Saskatchewan



Sutherland Accounting
Certified General Accountant

Sutherland Accounting
Lynn G. Sutherland, CGA
Prof. Corp.

Box 190 Lafleche, Saskatchewan S0H 2K0
lgs.cga@sasktel.net

Phone: (306) 472-3252
Fax: (306) 472-5958
Toll free 1-866-472-3250

Auditor's Report on Compliance with the Agreement

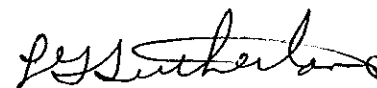
To Western Economic Diversification:

We have audited the South Central Community Futures Development Corporation's compliance as at March 31, 2014 with the criteria established in the Agreement between Western Economic Diversification and the SCCFDC dated March 31, 1999, and the interpretation of the Agreement as set out in note 1 attached. Compliance with the criteria established by the provisions of the agreement is the responsibility of the Board of Directors of the SCCFDC. Our responsibility is to express an opinion on this compliance based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the SCCFDC complied with the criteria established by the provisions of the agreement referred to above. Such an audit includes examining, on a test basis, evidence-supporting compliance, evaluating the overall compliance with the agreement, and where applicable, assessing the accounting principles used and significant estimates made by management.

In our opinion, the SCCFDC is in compliance, in all material respects, with the criteria established by the Agreement.

June 24, 2014
Lafleche, Saskatchewan



Sutherland Accounting
Certified General Accountant

South Central Community Futures Development Corporation
 Balance Sheet
 March 31, 2014

Assets	Loan Investment Funds					2014 Total	2013 Total
	Non-repayable			Repayable			
	General Fund	Business Development Fund	Moose Jaw Fund	Term Fund	Disabled Fund		
\$	\$	\$	\$	\$	\$	\$	
Current Assets							
Cash	175,053	58,871	130,763	70,196	5,258	440,141	415,830
GST receivable	1,260	-	-	-	-	1,260	1,604
Accounts receivable	1,500	-	-	-	-	1,500	-
Inter fund receivable	100,000	134,000	-	130,000	160,000	524,000	160,000
Blue Goose Energy Inc.	-	24,000	-	-	-	24,000	24,000
Accrued interest (Note 3)	-	12,932	2,340	5,770	-	21,042	50,650
	277,813	229,803	133,103	205,966	165,258	1,011,943	652,084
Prepaid	-	-	-	-	-	-	-
Capital assets (Note 4)	1,908	-	-	-	-	1,908	-
Other assets							
Investment loans (Notes 5, 6)	-	788,129	211,413	642,326	10,016	1,651,884	1,351,207
	<u>279,721</u>	<u>1,017,932</u>	<u>344,516</u>	<u>848,292</u>	<u>175,274</u>	<u>2,665,735</u>	<u>2,003,291</u>
Liabilities and Fund Balances							
Current liabilities							
Accounts payable	30,357	-	-	-	-	30,357	31,173
Loans payable other CF	-	212,244	-	-	-	212,244	-
Inter fund payable		323,000	201,000			524,000	293,990
	<u>30,357</u>	<u>535,244</u>	<u>201,000</u>	<u>-</u>	<u>-</u>	<u>766,601</u>	<u>325,163</u>
Long term liabilities							
Loans from Western Diversification (Note 7)	-	-	-	520,864	147,328	668,192	642,901
Fund Balances	249,364	482,688	143,516	327,428	27,946	1,230,942	1,035,229
	<u>279,721</u>	<u>1,017,932</u>	<u>344,516</u>	<u>848,292</u>	<u>175,274</u>	<u>2,665,735</u>	<u>2,003,293</u>

Approved by the Board

South Central Community Futures Development Corporation
 Statement of Income (Loss) and Changes in Loan Funds
 For the Year Ended March 31, 2014

	Loan Investment Funds				2014 Total	2013 Total
	Non-repayable		Repayable			
	Business Development Fund	Moose Jaw Fund	Term Fund	Disabled Fund		
	\$	\$	\$	\$	\$	
Income						
Bank interest	712	958	913	37	2,620	1,828
Bad debt recovery	-	7,984	78,147	320	86,451	239,370
Investment interest	44,123	19,080	49,630	-	112,833	85,982
Other	-	-	-	-	-	906
	<u>44,835</u>	<u>28,022</u>	<u>128,690</u>	<u>357</u>	<u>201,904</u>	<u>328,086</u>
Expenses						
Administrative expenses	183	71	-	-	254	2,764
Interest on borrowed funds	880	-	-	-	880	-
Life insurance/disability premiums	79	-	16	-	95	-
Provision for interest losses	400	63	-	-	463	(631)
Provision for investment losses	12,846	-	-	-	12,846	13,531
	<u>14,388</u>	<u>134</u>	<u>16</u>	<u>-</u>	<u>14,538</u>	<u>15,664</u>
Income before following items	30,447	27,888	128,674	357	187,366	312,422
Federal Government share of interest (Note 7)	-	-	(25,272)	(19)	(25,291)	(14,276)
Loans written off	(4,334)	-	-	-	(4,334)	-
	<u>(4,334)</u>	<u>-</u>	<u>(25,272)</u>	<u>(19)</u>	<u>(29,625)</u>	<u>(14,276)</u>
Net Income (loss) for the year	26,113	27,888	103,402	338	157,741	298,146
Fund balance, beginning of year	456,575	115,628	224,026	27,608	823,837	525,692
Fund balance, end of year	482,688	143,516	327,428	27,946	981,578	823,838

South Central Community Futures Development Corporation
Statement of Income and Changes in General Fund Balance
For the year ended March 31, 2014

	General Fund	Youth Initiative	Self- employment Program	SBLA BH Funding	CEDO Initiative	2014 Total	2013 Total
	\$	\$	\$	\$	\$	\$	\$
Income							
Western Diversification	297,669	-	-	-	-	297,669	297,669
Can/Sask career services Project	-	-	5,596	9,750	1,125	16,471	17,687
Bank interest	2,386	-	-	-	-	2,386	2,270
Loan fees	13,709	-	-	-	-	13,709	10,804
Contracted services	22,005	-	-	-	-	22,005	-
Other	4,359	-	-	-	-	4,359	13,411
Disposal of assets	-	-	-	-	-	-	-
	<u>340,128</u>	<u>-</u>	<u>5,596</u>	<u>9,750</u>	<u>1,125</u>	<u>356,599</u>	<u>346,953</u>
Expenses							
Salaries and benefits	228,830	-	-	-	-	228,830	212,990
Professional expenses (schedule 1)	13,332	-	-	-	-	13,332	11,918
Program expenses (schedule1)	-	-	-	-	-	-	18,461
Administration (schedule 1)	71,987	-	-	-	-	71,987	79,309
Scholarships/Awards	4,000	-	-	-	-	4,000	4,000
	<u>318,149</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>318,149</u>	<u>326,678</u>
Income (loss) before following items	21,979	-	5,596	9,750	1,125	38,450	20,275
Add: Capital expenditures	-	-	-	-	-	-	-
Less: Amortization	477	-	-	-	-	477	3,583
	<u>(477)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(477)</u>	<u>(3,583)</u>
Net income for the year	21,502	-	5,596	9,750	1,125	37,973	16,692
Fund balance, beginning of year	211,391	-	-	-	-	211,391	194,699
Fund balance, end of year	232,893	-	5,596	9,750	1,125	249,364	211,391

1 Purpose of the organization

South Central Community Futures Development Corporation is a community based organization that provides loans and financial services to small businesses that are otherwise unable to obtain financing. The corporation is incorporated under the Saskatchewan Companies Act as a non-profit corporation. It is exempt from income taxes under the Income Tax Act as a non-profit organization.

2 Significant accounting policies

South Central Community Futures Development Corporation follows the restricted method of fund accounting for contributions.

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

The Loan Investment funds report 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 Loan Investment Fund for the Disabled are limited to businesses owned and operated by the disabled. The organization is restricted in the types of loans that can be made according to its agreement with the Federal Government.

Property, plant and equipment

Property, plant and equipment are recorded at cost. Amortization is provided on a straight-line basis over the assets estimated useful lives as follows:

Furniture and equipment	5 years
Leasehold improvements	5 years

Amortization expense is reported in the General Fund.

3 Accrued interest

			2014	2013
	Accrued Interest	Allowance	Carrying Amount	Carrying Amount
	\$	\$	\$	\$
Business Development Fund	13,332	400	12,932	12,254
Moose Jaw Fund	2,417	77	2,340	1,494
Term Fund	5,949	179	5,770	36,902
Disabled Fund	-	-	-	-
	21,698	656	21,042	50,650

4 Property, plant and equipment

	2014		2013	
Cost	Accumulated Amortization	Net Book Value	Net Book Value	
Furniture and equipment	\$ 33,912	\$ 32,004	\$ 1,908	-
	33,912	32,004	1,908	-

5 Investment loans

	2014		2013	
Loans Due	Credit Allowance	Carrying Amount	Carrying Amount	
Business Development Fund	\$ 815,722	\$ 27,593	\$ 788,129	\$ 476,844
Moose Jaw Fund	219,515	8,102	211,413	247,938
Term Fund	696,977	54,651	642,326	613,984
Disabled Fund	10,326	310	10,016	12,441
	1,742,540	90,656	1,651,884	1,351,207

The Credit Allowance details are shown in Note 6.

Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from 6.25% to 11% with monthly, quarterly, and semi-annual blended principal and interest repayments amortized for terms between 12 and 60 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.

6 Allowance for credit losses

	2014		2013	
General Allowance	Specific Allowance	Total Allowance	Total Allowance	
Business Development fund	\$ 23,921	\$ 3,672	\$ 27,593	\$ 14,748
Moose Jaw Fund	5,936	2,166	8,102	16,086
Term Fund	16,308	38,343	54,651	121,452
Disabled Fund	310	-	310	385
	46,475	44,181	90,656	152,671

Provision for credit losses is made based on expected loan default rates, potential ratios and review of loans portfolio, as determined by management.

7 Loans from Western Diversification (Term Fund and Disabled Fund)

	2014		2013	
	Term Fund	Disabled Fund	Term Fund	Disabled Fund
Balance, beginning of year	\$ 495,592	\$ 147,309	\$ 702,455	\$ 153,670
Investment interest	24,815	-	13,928	-
Bank interest	457	19	341	7
	<u>520,864</u>	<u>147,328</u>	<u>716,724</u>	<u>153,677</u>
Loans written off	-	-	(221,132)	(6,368)
Balance, end of year	<u>520,864</u>	<u>147,328</u>	<u>495,592</u>	<u>147,309</u>

8 Economic dependence

The Corporation receives 90% of its operating revenues from the federal government and is economically dependant upon it.

South Central Community Futures Development Corporation
 Schedule I - Professional, Program and Administration Expenses
 For the year ended March 31, 2014

	General Fund	Self- employment Program	2014 Total	2013 Total
	\$	\$	\$	\$
Professional expenses				
Audit and legal	7,154	-	7,154	8,021
Board Training	-	-	-	1,261
Credit reports	1,505	-	1,505	630
Loan registration	810	-	810	1,150
Other	3,863	-	3,863	856
Total professional expenses	13,332	-	13,332	11,918
Program expenses				
Awards	4,000	-	4,000	4,000
Others	-	-	-	17,372
Training	-	-	-	357
Travel	-	-	-	-
Youth Initiative	-	-	-	732
Total program expenses	4,000	-	4,000	22,461
Administration expenses				
Advertising	2,054	-	2,054	7,968
Board	9,650	-	9,650	9,450
Community programs	37	-	37	196
Equipment rental	1,767	-	1,767	1,767
Insurance	1,550	-	1,550	1,715
Memberships and dues	560	-	560	507
Office	4,377	-	4,377	3,029
Postage and freight	359	-	359	353
Rent	12,293	-	12,293	12,293
Repairs and maintenance	2,911	-	2,911	2,911
Special events	8,703	-	8,703	5,978
Telecommunications	5,339	-	5,339	5,917
Conferences	5,700	-	5,700	2,688
Travel	16,687	-	16,687	24,537
	71,987	-	71,987	79,309