



# **PRINCE ALBERT AND DISTRICT COMMUNITY FUTURES DEVELOPMENT CORPORATION**

**Financial Statements**

**Year Ended March 31, 2018**

**PRINCE ALBERT AND DISTRICT COMMUNITY FUTURES DEVELOPMENT  
CORPORATION**

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**Year Ended March 31, 2018**

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# North Country Accounting

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Prince Albert and District Community Futures Development Corporation

I have audited the accompanying financial statements of Prince Albert and District Community Futures Development Corporation, which comprise the balance sheet as at March 31, 2018 and the statements of income, retained earnings and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility 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.

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

### Basis for Qualified Opinion

Opening balances of the Organization were audited by another Chartered Professional Accountant. I have been unable to review working papers of this accountant and as such have been unable to obtain satisfactory evidence to conclude that the opening balances are presented fairly, in all material respects. Since opening balances of the Organization enter into the determination of the results of its operations and cash flow, I was unable to determine whether adjustments to net income for the year, opening retained earnings and cash provided from operations might be necessary.

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## Independent Auditor's Report to the Members of Prince Albert and District Community Futures Development

### Qualified Opinion

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to examine working papers related to the opening balances, as described in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of Prince Albert and District Community Futures Development Corporation as at March 31, 2018 and the the results of its operations and cash flow of the Organization for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Candice Hesje-Luchinski, CPA, CA

*North Country Accounting*


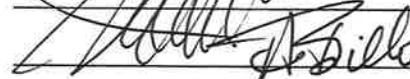
Carrot River, SK

June 26, 2018

**PRINCE ALBERT AND DISTRICT COMMUNITY FUTURES DEVELOPMENT CORPORATION**  
**Balance Sheet**  
**March 31, 2018**

	Externally Restricted Funds					
	General Fund	Regular Investment Fund	Disabled Entrepreneur Investment Fund	Forestry Investment Fund	2018	2017
<b>ASSETS</b>						
<b>CURRENT</b>						
Cash	\$ 234,544	\$ 1,491,712	\$ 323,995	\$ 258,396	\$ 2,308,647	\$ 1,923,237
Accounts receivable	-	-	-	-	-	1,313
Government remittances receivable (Note 4)	1,330	-	-	-	1,330	926
Prepaid expenses	12,289	-	-	-	12,289	3,558
Accrued interest receivable	-	16,317	-	-	16,317	10,053
SLBA Loans receivable (Note 5)	3,590	-	-	-	3,590	23,833
Inventory	400	-	-	-	400	400
Interfund amounts receivable (Note 6)	-	22,341	-	-	22,341	-
Current portion of loans receivable (Note 7)	-	498,120	-	-	498,120	404,905
	252,153	2,028,490	323,995	258,396	2,863,034	2,368,225
LOANS RECEIVABLE (Note 7)	-	824,910	-	-	824,910	1,125,755
TANGIBLE CAPITAL ASSETS (Note 8)	1,269	-	-	-	1,269	2,258
	\$ 253,422	\$ 2,853,400	\$ 323,995	\$ 258,396	\$ 3,689,213	\$ 3,496,238
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT</b>						
Accounts payable	\$ 7,744	\$ -	\$ -	\$ -	\$ 7,744	\$ 9,812
Wages payable	10,825	-	-	-	10,825	7,072
Interfund amounts payable (Note 6)	22,341	-	-	-	22,341	-
SBLA loan payable (Note 5)	3,590	-	-	-	3,590	23,833
	44,500	-	-	-	44,500	40,717
<b>FUND BALANCES</b>						
Unrestricted fund	207,653	-	-	-	207,653	194,035
Externally restricted funds	-	2,853,400	323,995	258,396	3,435,791	3,258,476
Invested in tangible capital assets	1,269	-	-	-	1,269	3,010
	\$ 253,422	\$ 2,853,400	\$ 323,995	\$ 258,396	\$ 3,689,213	\$ 3,496,238

ON BEHALF OF THE BOARD

  
 Director  
  
 Director

# PRINCE ALBERT AND DISTRICT COMMUNITY FUTURES DEVELOPMENT CORPORATION

## Statement of Income

For the Year Ended March 31, 2018

	Externally Restricted Funds				2018	2017
	General Fund	Regular Investment Fund	Disabled Entrepreneur Investment Fund	Forestry Investment Fund		
<b>REVENUE</b>						
Western economic diversification funding (Note 9)	\$ 297,669	\$ -	\$ -	\$ -	\$ 297,669	\$ 297,669
Interest on loans	1,495	94,172	231	-	95,898	99,909
Interest on deposits	17,471	14,046	3,294	2,664	37,475	40,637
Administration fees and other	10,485	-	-	-	10,485	12,410
	<b>327,120</b>	<b>108,218</b>	<b>3,525</b>	<b>2,664</b>	<b>441,527</b>	<b>450,625</b>
<b>EXPENSES</b>						
Advertising and promotion	19,744	-	-	-	19,744	14,524
Amortization	989	-	-	-	989	753
Board travel and expenses (Note 10)	10,994	-	-	-	10,994	17,953
Credit checks and collections	928	-	-	-	928	834
Credit losses	-	(62,908)	-	-	(62,908)	66,129
Insurance	3,156	-	-	-	3,156	3,169
Interest and bank charges	1,446	-	-	-	1,446	1,353
Leasehold improvements and signage	186	-	-	-	186	1,381
Management salaries	56,086	-	-	-	56,086	91,783
Memberships	1,070	-	-	-	1,070	374
Office	10,884	-	-	-	10,884	7,298
Office equipment	15,201	-	-	-	15,201	6,915
Photocopier contract	4,364	-	-	-	4,364	5,885
Professional fees	8,354	-	-	-	8,354	9,978
Rental	34,516	-	-	-	34,516	30,488
Repairs and maintenance	5,928	-	-	-	5,928	4,786
Salaries and wages	124,543	-	-	-	124,543	112,513
Staff training	835	-	-	-	835	481
Telephone and fax	7,044	-	-	-	7,044	7,839
Travel	4,471	-	-	-	4,471	6,744
Utilities	4,503	-	-	-	4,503	3,993
	<b>315,242</b>	<b>(62,908)</b>	<b>-</b>	<b>-</b>	<b>252,334</b>	<b>395,173</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 11,878</b>	<b>\$ 171,126</b>	<b>\$ 3,525</b>	<b>\$ 2,664</b>	<b>\$ 189,193</b>	<b>\$ 55,452</b>

PRINCE ALBERT AND DISTRICT COMMUNITY FUTURES DEVELOPMENT CORPORATION

Statement of Retained Earnings

Year Ended March 31, 2018

	Externally Restricted Funds				2018	2017
	<i>General Fund</i>	<i>Regular Investment Fund</i>	<i>Disabled Entrepreneur Investment Fund</i>	<i>Forestry Investment Fund</i>		
FUND BALANCES - BEGINNING OF YEAR	\$ 197,044	\$ 2,682,274	\$ 320,470	\$ 255,732	\$ 3,455,520	\$ 3,400,068
EXCESS OF REVENUE OVER EXPENSES	11,878	171,126	3,525	2,664	189,193	55,452
FUND BALANCES - END OF YEAR	\$ 208,922	\$ 2,853,400	\$ 323,995	\$ 258,396	\$ 3,644,713	\$ 3,455,520

**PRINCE ALBERT AND DISTRICT COMMUNITY FUTURES DEVELOPMENT CORPORATION****Statement of Cash Flow****Year Ended March 31, 2018**

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 189,193	\$ 55,452
Item not affecting cash:		
Amortization of tangible capital assets	989	753
	<u>190,182</u>	<u>56,205</u>
Changes in non-cash working capital:		
Accounts receivable	1,313	1,498
Government remittances receivable	(404)	(926)
Accrued interest receivable	(6,264)	3,958
Prepaid expenses	(8,731)	(14,713)
SLBA Loans receivable	20,243	33,852
Loans receivable	207,630	301,649
Accounts payable	(2,069)	376
Wages payable	3,753	(1,312)
SBLA loan payable	(20,243)	(33,852)
	<u>195,228</u>	<u>290,530</u>
<b>INCREASE IN CASH FLOW</b>	<b>385,410</b>	<b>346,735</b>
Cash - beginning of year	<u>1,923,237</u>	<u>1,576,502</u>
<b>CASH - END OF YEAR</b>	<b>\$ 2,308,647</b>	<b>\$ 1,923,237</b>



# PRINCE ALBERT AND DISTRICT COMMUNITY FUTURES DEVELOPMENT CORPORATION

## Notes to Financial Statements

Year Ended March 31, 2018

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### 1. DESCRIPTION OF OPERATIONS

Prince Albert and District Community Futures Development Corporation (the "Organization") is incorporated provincially under the Non-Profit Corporations Act of the province of Saskatchewan, and as a non-profit organization, is exempt from income taxes under the Income Tax Act. The Organization's principal business activity is to build social, community economic and entrepreneurial capacity through financing and business services, as well as, community planning and project support and implementation.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements were presented, in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) in Part III of the chartered Professional Accountants of Canada ("CPA Canada") Handbook, which sets out the generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

#### Fund accounting

Prince Albert and District Community Futures Development Corporation follows the restricted fund method of accounting for contributions.

- a) General Fund: The purpose of the General Fund is to record the administrative and operating activities of the Organization. This includes revenue received for the provision of services from the Minister of Western Economic Diversification.
- b) Investment Funds: The purpose of the Investment Funds are to provide financial assistance to qualifying small businesses and entrepreneurs in the form of loans, loan guarantees, or equity participation. The Investment Funds include the Regular Investment Fund, Disabled Entrepreneur Investment Fund, and Forestry Investment Fund. The Organization is restricted in the types of loans that may be provided from each Investment Fund according to its agreement with the Minister of Western Economic Diversification which has provided the initial funds for the Organization to redistribute as per the terms of their contract.

#### Financial instruments policy

The Organization initially recognizes its financial assets and liabilities at fair value. The Organization subsequently measures all its financial assets and liabilities at amortized cost, net of any provisions for impairment.

Financial assets are assessed for impairment on an annual basis at the end of each fiscal year for indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows. The carrying value of the financial asset is then reduced to the highest of the present value of expected cash flows, the amount that could be realized from selling the financial asset, or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

#### Inventory

Inventory consists of office supplies held for future use and is valued at cost.

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**PRINCE ALBERT AND DISTRICT COMMUNITY FUTURES DEVELOPMENT  
CORPORATION**

**Notes to Financial Statements**

**Year Ended March 31, 2018**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***

Tangible Capital Assets

Tangible capital assets with an original cost exceeding \$5,000 is stated at cost or deemed cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful life. The following summarizes the Organization's major categories of tangible capital assets, as well as, the rates and methods of amortization used for those assets which have been capitalized:

Office furniture and equipment	5 years	straight-line method
Computer equipment	5 years	straight-line method
Leasehold improvements	5 years	straight-line method
Resource library	5 years	straight-line method

Tangible capital assets purchased at a cost below \$5,000 are expensed when purchased.

Revenue recognition

Prince Albert and District Community Futures Development Corporation follows the restricted fund method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to general operations, as well as, restricted contributions received for which there is not a restricted fund established are deferred in the General Fund and recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Investment income earned on Investment Fund resources that must be spent on Investment Fund activities is recognized as revenue of the Investment Fund. Unrestricted investment income earned on Investment Fund resources is recognized as revenue of the General Fund. Other investment income is recognized as revenue of the General Fund when earned.

All other fees are recognized as revenue of the General Fund when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations (ASNPO) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. These estimates include the useful life of tangible capital assets and collectability of loans receivable and are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

**PRINCE ALBERT AND DISTRICT COMMUNITY FUTURES DEVELOPMENT  
CORPORATION**

**Notes to Financial Statements**

**Year Ended March 31, 2018**

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**3. FINANCIAL INSTRUMENTS**

The Organization is exposed to risk 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, 2018.

**(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 loan holders. In order to reduce its credit risk, the Organization reviews a prospective new loan holder's credit history and business viability before extending credit as well as conducts regular reviews of its existing loan holders' performance. An allowance for doubtful loans is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Organization has a significant number of loan holders which minimizes concentration of credit risk.

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

**4. GOVERNMENT REMITTANCES RECEIVABLE**

The following government remittances were receivable at year end:

	<u>2018</u>	<u>2017</u>
GST Remittance Receivable	\$ 1,330	\$ 926

**5. SBLA LOANS RECEIVABLE AND FUNDS PAYABLE**

The Organization provided loans under the Small Business Loans Association (SBLA) Program administered by the Ministry of the Economy. This program was terminated by the Government of Saskatchewan effective March 19, 2015. As such no new loans will be advances under this programs. Balances outstanding relate to loans lent under the program prior to termination of the program and will be repaid as repayment is received.

**6. INTERFUND AMOUNTS RECEIVABLE/PAYABLE AND TRANSFERS**

Amounts totaling \$36,825 were transferred from the Regular Investment Fund to the General Fund to finance the shortfall in operating revenues of that fund throughout the year. A remaining balance of \$22,341 is owing to the Regular Investment Fund from the General Fund relating to transfers made in excess of eligible expenditures.

**PRINCE ALBERT AND DISTRICT COMMUNITY FUTURES DEVELOPMENT CORPORATION**

**Notes to Financial Statements**

**Year Ended March 31, 2018**

**7. LOANS AND NOTES RECEIVABLE**

	<u>2018</u>	<u>2017</u>
Regular Loans Receivable	\$ 1,323,030	\$ 1,518,887
Disabled Entrepreneur Loans Receivable	-	11,773
	<u>1,323,030</u>	<u>1,530,660</u>
Amounts receivable within one year	<u>(498,120)</u>	<u>(404,905)</u>
	<u>\$ 824,910</u>	<u>\$ 1,125,755</u>

Principal and allowance

	Principal Performing	Principal Impaired	Net carrying value
March 31, 2018			
Regular Loans Receivable	\$ 1,337,098	\$ (14,068)	\$ 1,323,030
March 31, 2017			
Regular Loans receivable	\$ 1,986,453	\$ (74,434)	\$ 1,912,019
Disabled Entrepreneur Loans Receivable	11,773	-	11,773
	<u>\$ 1,998,226</u>	<u>\$ (74,434)</u>	<u>\$ 1,923,792</u>

Loans receivable are interest-bearing at fixed rates ranging from 5% - 9%. Security is taken on these loans as appropriate to the situation and use of funds. Amounts receivable within one year include expected regular loan payments and amounts called (\$20,899) due to delinquency where management is of the opinion that full payment is collectable.

**8. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Office furniture and equipment	\$ 4,945	\$ 3,676	\$ 1,269	\$ 2,258
Computer equipment	7,778	7,778	-	-
	<u>\$ 12,723</u>	<u>\$ 11,454</u>	<u>\$ 1,269</u>	<u>\$ 2,258</u>

Computer purchases totaling \$14,501 were expensed during the year.

**9. GOVERNMENT ASSISTANCE**

The Organization has received assistance from the Minister of Western Economic Diversification (the "Minister") totaling \$297,669 in support of the organization's general operations. The funding is provided to cover eligible expenditures as outlined in the agreement between the two parties. Should the Organization fail to meet the terms of the agreement repayment may be requested at the discretion of the Minister.

**PRINCE ALBERT AND DISTRICT COMMUNITY FUTURES DEVELOPMENT  
CORPORATION**

**Notes to Financial Statements**

**Year Ended March 31, 2018**

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**10. RELATED PARTY TRANSACTIONS**

The Organization pays for Board Member travel, training, and other expenses required in the course of supporting the organization. Additionally an honorarium totaling \$2,100 was paid during the course of the year. These amounts are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

**11. ECONOMIC DEPENDENCE**

The Organization obtains funding from the Minister of Western Economic Diversification as well as support in the form of restricted funds. If this support were significantly reduced, the Organization is of the opinion, that viable operations would be doubtful.

**12. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation. The comparative figures were audited by another chartered professional accountant.