



PRINCE ALBERT COMMUNITY FUTURES DEVELOPMENT CORPORATION
Financial Statements
Year Ended March 31, 2020

PRINCE ALBERT COMMUNITY FUTURES DEVELOPMENT CORPORATION

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Year Ended March 31, 2020

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INDEPENDENT AUDITOR'S REPORT

June 23, 2020

**To the Members of
PRINCE ALBERT COMMUNITY FUTURES DEVELOPMENT CORPORATION**

I have audited the accompanying financial statements of PRINCE ALBERT COMMUNITY FUTURES DEVELOPMENT CORPORATION, which comprise the balance sheet as at March 31, 2020 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 controls 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 audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of PRINCE ALBERT COMMUNITY FUTURES DEVELOPMENT CORPORATION as at March 31, 2020 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

PRINCE ALBERT COMMUNITY FUTURES DEVELOPMENT CORPORATION
Statement of Financial Position as at
March 31, 2020

	Externally Restricted Funds					
	General Fund	Regular Investment Fund	Disabled Entrepreneur Investment Fund	Forestry Investment Fund	2020	2019
ASSETS						
Current						
Cash and cash equivalents	\$ 243,805	\$ 1,842,429	\$ 276,559	\$ 268,532	\$ 2,631,325	\$ 2,547,335
Accounts receivable	-	-	-	-	-	75
Government remittances receivable (note 4)	819	-	-	-	819	994
Accrued interest receivable	-	13,687	334	-	14,021	13,159
Current portion of loans receivable (notes 7)	-	254,559	15,904	-	270,463	287,237
Prepaid expenses	7,289	374	-	-	7,663	10,305
Assets taken as settlement of debt (note 5)	-	23,495	-	-	23,495	-
Office supplies	400	-	-	-	400	400
	252,313	2,134,544	292,797	268,532	2,948,186	2,859,505
LOANS RECEIVABLE (note 7)	-	827,342	47,055	-	874,397	824,084
TANGIBLE CAPITAL ASSETS (note 8)	-	-	-	-	-	280
	\$ 252,313	\$ 2,961,886	\$ 339,852	\$ 268,532	\$ 3,822,583	\$ 3,683,869
LIABILITIES AND NET ASSETS						
Current liabilities						
Accounts payable and accrued liabilities	10,408	-	-	-	10,408	7,244
Wages payable	10,236	-	-	-	10,236	11,784
Interfund amounts payable (receivable)	(28,265)	28,265	-	-	-	-
Unearned income & deposits	24,106	-	-	-	24,106	75
	16,485	28,265	-	-	44,750	19,103
FUND BALANCES						
Unrestricted fund	235,828	-	-	-	235,828	221,765
Externally restricted fund	-	2,933,621	339,852	268,532	3,542,005	3,442,721
Invested in tangible capital assets	-	-	-	-	-	280
	235,828	2,933,621	339,852	268,532	3,777,833	3,664,766
	\$ 252,313	\$ 2,961,886	\$ 339,852	\$ 268,532	\$ 3,822,583	\$ 3,683,869

ON BEHALF OF THE BOARD

 Director
 Kristie Steen
 Director

PRINCE ALBERT COMMUNITY FUTURES DEVELOPMENT CORPORATION

Statement of Net Assets for the year ended

March 31, 2020

	Externally Restricted Funds					
	<i>General Fund</i>	<i>Regular Investment Fund</i>	<i>Disabled Entrepreneur Investment Fund</i>	<i>Forestry Investment Fund</i>	2020	2019
FUND BALANCES - BEGINNING OF YEAR (note 12)	222,045	2,850,085	329,694	262,942	\$ 3,664,766	\$ 3,644,713
EXCESS OF REVENUE OVER EXPENSES	4,273	93,046	10,158	5,590	113,067	20,053
INTERFUND TRANSFER (note 6)	9,510	(9,510)	-	-	-	-
FUND BALANCES - END OF YEAR	<u>\$ 235,828</u>	<u>\$ 2,933,621</u>	<u>\$ 339,852</u>	<u>\$ 268,532</u>	<u>\$ 3,777,833</u>	<u>\$ 3,664,766</u>

PRINCE ALBERT COMMUNITY FUTURES DEVELOPMENT CORPORATION

Statement of Income for the year ended

March 31, 2020

	Externally Restricted Funds				2020	2019
	General Fund	Regular Investment Fund	Disabled Entrepreneur Investment Fund	Forestry Investment Fund		
REVENUE						
Western economic diversification funding (note 9)	\$ 297,669	\$ -	\$ -	\$ -	\$ 297,669	\$ 297,669
Interest on deposits	5,872	34,726	6,365	5,590	52,553	43,374
Interest on loans	-	82,672	2,793	-	85,465	80,543
Administration fees and other	9,528	-	1,000	-	10,528	10,992
	313,069	117,398	10,158	5,590	446,215	432,578
EXPENSES						
Advertising and promotion	14,044	-	-	-	14,044	8,042
Amortization	280	-	-	-	280	989
Bank charges and interest	1,477	-	-	-	1,477	1,212
Board honorariums and gifts (note 10)	1,337	-	-	-	1,337	1,972
Board travel, meeting and training expenses (note 10)	6,153	-	-	-	6,153	11,071
Business licenses, fees and memberships	259	-	-	-	259	259
Computer repairs and maintenance	4,712	-	-	-	4,712	5,103
Credit checks and collections	1,648	-	-	-	1,648	1,226
Credit losses (note 5)	-	24,352	-	-	24,352	102,208
Employee salaries, wages and benefits	118,019	-	-	-	118,019	121,545
Insurance	3,921	-	-	-	3,921	3,449
Lease and rental expense	35,469	-	-	-	35,469	35,429
Leasehold improvements	527	-	-	-	527	-
Management salaries and benefits	85,023	-	-	-	85,023	77,214
Office equipment	2,787	-	-	-	2,787	448
Office supplies	5,846	-	-	-	5,846	6,877
Photocopier contract	1,393	-	-	-	1,393	1,343
Professional fees	8,068	-	-	-	8,068	9,287
Staff training	3,305	-	-	-	3,305	4,335
Staff travel expenses	1,186	-	-	-	1,186	4,520
Telephone	6,548	-	-	-	6,548	6,923
Utilities	4,019	-	-	-	4,019	4,445
Workshop expenses	2,775	-	-	-	2,775	4,628
	308,796	24,352	-	-	333,148	412,525
EXCESS OF REVENUE OVER EXPENSES	\$ 4,273	\$ 93,046	\$ 10,158	\$ 5,590	\$ 113,067	\$ 20,053

PRINCE ALBERT COMMUNITY FUTURES DEVELOPMENT CORPORATION

Statement of Cash Flows for the year ended

March 31, 2020

	2020	2019
Cash flows from operating activities		
Net income	\$ 113,067	\$ 20,053
Items not affecting cash:		
Amortization	280	989
Changes in non-cash working capital:		
Accounts receivable	75	(75)
Government remittances receivable (note 4)	175	336
Accrued interest receivable	(862)	3,158
Prepaid expenses	2,642	1,984
Loans receivable (note 7)	(33,539)	215,299
Accounts payable and accrued liabilities	3,164	(500)
Wages payable	(1,548)	959
Unearned income & deposits	24,031	75
Loans payable	-	(3,590)
Cash flows from investing activities		
Assets taken as settlement of debt (note 5)	(23,495)	-
Net cash provided by (used in) investing activities	(23,495)	-
Net increase in cash and cash equivalents	83,990	238,688
Cash and cash equivalents at the beginning of the year	2,547,335	2,308,647
Cash and cash equivalents at the end of the year	<u>\$ 2,631,325</u>	<u>\$ 2,547,335</u>

PRINCE ALBERT COMMUNITY FUTURES DEVELOPMENT CORPORATION

Notes to Financial Statements

Year Ended March 31, 2020

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.

PRINCE ALBERT COMMUNITY FUTURES DEVELOPMENT CORPORATION
Notes to Financial Statements
Year Ended March 31, 2020

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

Tangible capital assets

Tangible capital assets are 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

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 earned.

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

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, 2020.

(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>2020</u>		<u>2019</u>
GST remittance receivable	\$ 819	\$	994

5. ASSETS TAKEN AS SETTLEMENT OF DEBT

The Organization has taken possession of a building in lieu of cash repayment of a debt which is to be sold in the coming year. The building is recorded at its expected saleable value less estimated selling costs. The building's operating costs net of rental income have been recorded to Credit loss expense totaling \$11,839.

6. INTERFUND AMOUNTS RECEIVABLE/PAYABLE AND TRANSFERS

Amounts totaling \$9,510 have been approved to be transfered from the Regular Investment Fund to the General Fund relating to the current year interest revenue available for transfer as per the term of the agreement between Western Diversification Canada and the organization. A remaining balance of \$28,265 is owing to the General Fund from the Regular Investment Fund relating to transfers approved but not yet made and Regular Investment Fund expenses paid by the General Fund.

PRINCE ALBERT COMMUNITY FUTURES DEVELOPMENT CORPORATION
Notes to Financial Statements
Year Ended March 31, 2020

7. LOANS AND NOTES RECEIVABLE

	Long Term	Current	2020	2019
Regular loans receivable	827,342	254,557	1,081,899	1,111,321
Disabled entrepreneur loans receivable	47,055	15,904	62,959	-
	\$ 874,397	\$ 270,461	\$1,144,858	\$ 1,111,321

Principal and allowance

March 31, 2020	Principal Performing	Principal impaired	Net carrying value
Regular Loans	\$ 1,081,899	\$ -	\$ 1,081,899
Disabled entrepreneur loans receivable	62,959	-	62,959
	\$ 1,144,858	\$ -	\$ 1,144,858

March 31, 2019	Principal Performing	Principal impaired	Net carrying value
Regular Loans	1,209,950	98,629	1,111,321
	\$ 1,209,950	\$ 98,629	\$ 1,111,321

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 or expected to be called (\$52,462) due to delinquency where management is of the opinion that full payment is collectable.

8. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2020 Net Book Value	2019 Net Book Value
Furniture and fixtures	\$ 4,945	\$ 4,945	\$ -	\$ 280

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.

10. RELATED PARTY TRANSACTIONS

The Organization pays for board member travel, training, and other expenses required in the course of supporting the organization. These amounts are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

PRINCE ALBERT COMMUNITY FUTURES DEVELOPMENT CORPORATION
Notes to Financial Statements
Year Ended March 31, 2020

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. CORRECTION OF AN ERROR

An adjustment has been prepared to correct errors in the organization's opening balance as shown below. This error relates to the interest transfer previously reported as a reduction to the net assets of General Fund and and increase to the net assets of the Regular Investment Fund when it should have been reported as an increase to the net assets of the General Fund and a decrease to the net assets of the Regular Investment Fund.

	2019 Previously report	Adjustment	2019 Restated
GENERAL FUND			
Interfund amounts payable (receivable)	9,717	(19,374)	(9,657)
Total liabilities	208,662	(19,374)	189,288
Interfund transfer	(9,687)	19,374	9,687
Fund balances - End of Year	202,671	19,374	222,045
REGULAR INVESTMENT FUND			
Interfund amounts payable (receivable)	(9,717)	19,374	9,657
Total liabilities	208,662	19,374	228,036
Interfund transfer	9,687	(19,374)	(9,687)
Fund balances - End of Year	2,869,459	(19,374)	2,850,085