

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

Financial Statements

Year Ended March 31, 2016

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

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Year Ended March 31, 2016

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes making decisions affecting the measurement of transactions in which objective judgment is required.

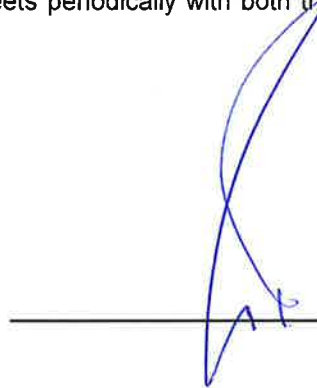
In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records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

The Board of Directors of Prince Albert and District Community Futures Development Corporation is composed entirely of Directors who are neither management nor employees of the Corporation. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management. The Board is also responsible for appointing the Corporation's external auditor.

C.S. Skrupski CPA Professional Corporation, an independent Chartered Professional Accountant firm, has been appointed by the Board to audit the financial statements and report directly to them. The report of the auditing firm is on the following page. The external auditor has full and free access to, and meets periodically with both the Board and management to discuss its audit findings.



Board Chair



General Manager

May 31, 2016

C.S. Skrupski
CPA Professional Corporation

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
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 are comprised of the statement of financial position as at March 31, 2016 and the statement of operations and changes in fund balances, and statement of cash flows for the year then ended, and a summary of significant account 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 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 audit opinion.

Opinion

In my opinion, 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, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Rosthern, Saskatchewan
May 31, 2016


CPA Professional Corporation

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

Statement of Financial Position

As at March 31, 2016

	Restricted Funds				2016	2015
	General Fund	Regular Investment Fund	Disabled Entrepreneur Investment Fund	Forestry Investment Fund		
ASSETS						
CURRENT						
Cash	\$ 202,463	\$ 830,355	\$ 289,812	\$ 253,873	\$1,576,503	\$ 857,838
Accounts receivable	2,811	-	-	-	2,811	2,185
Accrued interest receivable	-	13,877	134	-	14,011	15,292
Prepaid expenses and deposits	4,334	-	-	-	4,334	6,192
Loans receivable (Note 3)	-	1,805,092	27,216	-	1,832,308	2,424,480
SBLA loans receivable (Note 4)	57,685	-	-	-	57,685	99,854
	267,293	2,649,324	317,162	253,873	3,487,652	3,405,841
CAPITAL ASSETS (Note 5)	3,010	-	-	-	3,010	6,861
	\$ 270,303	\$ 2,649,324	\$ 317,162	\$ 253,873	\$ 3,490,662	\$ 3,412,702
LIABILITIES AND FUND BALANCES						
CURRENT						
Accounts payable	\$ 32,908	\$ -	\$ -	\$ -	\$ 32,908	\$ 25,285
SBLA loan payable (Note 4)	57,685	-	-	-	57,685	99,854
Deferred revenue	33,074	-	-	-	33,074	41,216
	123,667	-	-	-	123,667	166,355
FUND BALANCES						
Unrestricted fund balance	143,626	-	-	-	143,626	111,269
Investment in capital assets	3,010	-	-	-	3,010	6,861
Externally restricted fund balance (Note 7)	-	2,649,324	317,162	253,873	3,220,359	3,128,217
	146,636	2,649,324	317,162	253,873	3,366,995	3,246,347
	\$ 270,303	\$ 2,649,324	\$ 317,162	\$ 253,873	\$ 3,490,662	\$ 3,412,702

ON BEHALF OF THE BOARD:



Director



Director

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

Statement of Operations and Changes in Fund Balances

Year Ended March 31, 2016

	<u>Restricted Funds</u>				2016	2015
	General Fund	Regular Investment Fund	Disabled Entrepreneur Investment Fund	Forestry Investment Fund		
REVENUES						
Contribution - Western						
Economic Diversification	\$ 297,669	\$ -	\$ -	\$ -	\$ 297,669	\$ 297,669
Interest on loans	-	114,423	2,042	1,819	118,284	158,815
Interest on deposit accounts	1,750	3,619	2,194	1,020	8,583	10,310
Administration fees and other	67,533	-	-	-	67,533	22,441
Recovery of doubtful accounts	1,488	-	-	-	1,488	468
	<u>368,440</u>	<u>118,042</u>	<u>4,236</u>	<u>2,839</u>	<u>493,557</u>	<u>489,703</u>
EXPENSES						
Accounting, audit, and legal	10,177	-	-	-	10,177	13,978
Advertising and promotion	19,235	-	-	-	19,235	18,003
Amortization	7,613	-	-	-	7,613	3,190
Bank charges and interest	1,406	-	-	-	1,406	1,737
Board travel and expenses	14,203	-	-	-	14,203	11,835
Computer repairs and maintenance	14,964	-	-	-	14,964	3,368
Credit checks / collections	1,096	-	-	-	1,096	1,473
Credit losses	-	34,758	-	-	34,758	13,514
Insurance	3,135	-	-	-	3,135	3,113
Leasehold improvements / signage	285	-	-	-	285	1,358
Memberships	251	-	-	-	251	218
Miscellaneous	798	-	-	-	798	940
Office equipment	-	-	-	-	-	702
Office supplies	5,202	-	-	-	5,202	5,230
Phone and fax	8,025	-	-	-	8,025	12,944
Photocopier copy contract	5,857	-	-	-	5,857	5,853
Postage	407	-	-	-	407	296
Rent	32,765	-	-	-	32,765	39,656
Staff training	3,050	-	-	-	3,050	794
Travel	3,278	-	-	-	3,278	3,294
Utilities	4,062	-	-	-	4,062	4,450
Wages and benefits	105,041	-	-	-	105,041	98,963
Wages and benefits - management	97,301	-	-	-	97,301	95,977
	<u>338,151</u>	<u>34,758</u>	<u>-</u>	<u>-</u>	<u>372,909</u>	<u>340,886</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES						
	30,289	83,284	4,236	2,839	120,648	148,817
Fund balances - beginning of year	118,130	2,564,256	312,926	251,035	3,246,347	3,097,530
Internal transfers	(1,783)	1,784	-	(1)	-	-
FUND BALANCES - END OF YEAR	\$ 146,636	\$ 2,649,324	\$ 317,162	\$ 253,873	\$ 3,366,995	\$ 3,246,347

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

Statement of Cash Flows

Year Ended March 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 120,648	\$ 148,817
Amortization	7,613	3,190
	<u>128,261</u>	152,007
Changes in non-cash working capital balances related to operations		
Decrease (increase) in accounts receivable	(626)	445
Decrease (increase) in accrued interest receivable	1,280	(3,016)
Decrease (increase) in prepaid expenses and deposits	1,858	1,104
Decrease (increase) in accounts payable	7,625	(57,240)
Increase (decrease) in deferred revenue	(8,142)	(16,345)
	<u>1,995</u>	(75,052)
Cash flow from operating activities	<u>130,256</u>	76,955
INVESTING ACTIVITIES		
Purchase of capital assets	(3,763)	(1,182)
Decrease (increase) in loans receivable	592,172	(247,416)
Decrease (increase) in SBLA loans receivable	42,169	(17,823)
Increase (decrease) in SBLA loans payable	(42,169)	17,823
	<u>588,409</u>	(248,598)
Cash flow used by investing activities	<u>588,409</u>	(248,598)
INCREASE (DECREASE) IN CASH FLOW	718,665	(171,643)
Cash - beginning of year	<u>857,838</u>	1,029,481
CASH - END OF YEAR	\$ 1,576,503	\$ 857,838
CASH CONSISTS OF:		
Cash	<u>\$ 1,576,503</u>	<u>\$ 857,838</u>

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

Notes to Financial Statements

Year Ended March 31, 2016

1. PURPOSE OF ORGANIZATION

Prince Albert and District Community Futures Development Corporation, (the "Corporation"), is incorporated 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 Corporation was established as part of a federal government initiative called the *Community Futures Program*, and commenced operations in June, 1997. The Corporation receives funding from the Department of Western Economic Diversification Canada. The mission of the Corporation is to function as a "Small Business Assistance Centre", providing no-charge business plan help, access to the Community Futures Loan Funds, small business training and education, and access to its business resource library, internet, and computer facilities.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant policies:

a) Measurement Uncertainty

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

b) Fund Accounting

The accounts of Prince Albert and District Community Futures Development Corporation are maintained in accordance with the principles of fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funds:

i) General Fund

The General Fund reflects the primary operations of the Corporation including revenues received for the provision of services from the Department of Western Economic Diversification Canada.

ii) Investment Funds

The Investment Funds report the restricted resources that are to be used for assistance to small businesses and entrepreneurs in the form of loans, loan guarantees, or equity participation. The Funds report the activities of the Regular, Disabled Entrepreneur, and Forestry Investment Funds. The Corporation is restricted in the types of loans that can be made according to its agreement with the federal government.

c) Revenue

The Corporation utilizes the deferral method of recording and accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Loan interest income is recognized on an accrual basis in the statement of operations and changes in fund balances using the effective interest method.

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

Notes to Financial Statements

Year Ended March 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Normal maintenance and repairs are expensed as incurred. Donated capital assets are recorded at their fair value at the date of contribution (if fair value can be reasonably determined.) Amortization is recorded at the following rates and methods:

Computer equipment	-	5-year straight-line
Leasehold improvements and signage	-	5-year straight-line
Office furniture and equipment	-	5-year straight-line
Resource library	-	5-year straight-line

e) Financial Instruments

The Corporation recognizes its financial instruments when the it becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

At initial recognition, the Corporation may irrevocably elect to subsequently measure any financial instrument at fair value. The Corporation has not made such an election during the year. All other financial assets and liabilities are subsequently measured at amortized cost or cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

f) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The key areas of management estimates are allowance for credit losses and useful lives of capital assets. Actual results could differ from these estimates.

3. LOANS RECEIVABLE

Loans receivable consist of the following:

	2016	2015
Loans receivable - performing	\$ 1,737,210	\$ 2,346,205
Loans receivable - non-performing	95,098	78,275
	\$ 1,832,308	\$ 2,424,480

Loans receivable are interest-bearing at fixed rates ranging from 4.5% to 9.0%. Security is taken on these loans as appropriate to the situation and use of funds.

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

Notes to Financial Statements

Year Ended March 31, 2016

3. LOANS RECEIVABLE (continued)

The change in allowance for credit losses during the year is as follows:

	2016	2015
Balance, beginning of year	\$ 74,434	\$ 110,093
Amounts written off	(34,758)	(49,173)
Credit losses recognized	34,758	13,514
	\$ 74,434	\$ 74,434

Loans receivable consist of the following:

	2016		2015	
	Performing	Non-Performing	Performing	Non-Performing
Current	\$ 1,662,251	\$ -	\$ 2,346,205	\$ -
31 - 60 days	74,959	-	-	-
61 - 90 days	-	-	-	-
91 - 120 days	-	-	-	-
120+ days	-	95,098	-	78,275
	\$ 1,737,210	\$ 95,098	\$ 2,346,205	\$ 78,275

4. SBLA LOANS RECEIVABLE AND FUNDS PAYABLE

The Corporation may access up to \$200,000 to provide loans to qualifying small businesses under The Small Business Loans Association (SBLA) Program regulations as administered by the Ministry of the Economy. Principal payments recovered on these loans is required to be repaid to the Ministry of the Economy. The maximum amounts which may be advanced to a business is \$20,000, with interest charged at no more than 10%, and repayment due within two to five years.

The SBLA program was terminated by the Government of Saskatchewan effective March 19, 2015. No future loans will be advanced under this program.

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value	
			2016	2015
Computer equipment	\$ 107,977	\$ (107,977)	\$ -	\$ 4,668
Leasehold improvements and signage	83,097	(83,097)	-	1,252
Office furniture and equipment	133,274	(130,264)	3,010	941
Resource library	20,629	(20,629)	-	-
	\$ 344,977	\$ (341,967)	\$ 3,010	\$ 6,861

6. FINANCIAL INSTRUMENTS

Interest Rate Risk

The interest rate risk is the potential adverse impact on earnings due to changes in interest rates. The Corporation's exposure to interest rate risk arises due to loans receivable with fixed rates. Loans receivable with fixed rates subject the Corporation to fair value risk.

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

Notes to Financial Statements

Year Ended March 31, 2016

6. FINANCIAL INSTRUMENTS (continued)

Credit Risk

The business of the Corporation necessitates the management of credit risk. Credit risk arises from a counterparty's inability or unwillingness to fulfill its payment obligations. Credit risk may arise from principal and interest amounts on loans. The General Manager coordinates policy setting on risk management issues, assesses the risk exposure of the Corporation, and reviews the effectiveness of internal control procedures. The Corporation uses a disciplined lending approach with standard underwriting parameters.

Credit risk also may arise from cash and accounts receivable which are subject to credit risk. The carrying amount of financial assets on the statement of financial position represents the Corporation's maximum credit exposure at the statement of financial position date.

The Corporation is not exposed to significant credit risk.

Liquidity Risk

The Corporation's objective is to have sufficient liquidity to meet its liabilities when due. The Corporation monitors its cash balances and cash flows generated from operations and contributions from Western Economic Diversification to meet its requirements. At year end, the most significant financial liabilities are accounts payable and the SBLA loan payable.

7. CONTINGENCY

In accordance with the Community Futures Program Agreement signed May 2, 2006 with Western Economic Diversification Canada, any cash balance of each loan investment fund may be repayable to the Government of Canada at any time at the discretion of the Minister. Investment loans receivable at this date will be liquidated via sale to a third party or other means satisfactory to the Minister and forwarded to Western Economic Diversification Canada. This would result in a repayment of \$785,000 from the Regular Investment Fund, \$200,000 from the Disabled Entrepreneur Investment Fund, and \$500,000 from the Forestry Investment Fund, plus interest earned on the funds to date.

8. COMMITMENTS

The Corporation leases the operating premises under a lease arrangement which expires March 31, 2019. Future lease payments will aggregate \$95,622 including the following amounts over the next three years:

2017 -	\$31,115
2018 -	\$31,874
2019 -	\$32,633

The Corporation leases photocopier equipment under a lease arrangement which expires August 14, 2017. Future lease payments include \$1,616, payable in the 2017 fiscal year.

9. COMMITMENTS

The Corporation is economically dependent upon the Government of Canada represented by the Minister of Western Economic Diversification for annual contributions under the Community Futures Program to fund the eligible operating expenditures of the Corporation. The current agreement may be terminated by the Minister upon 60 days notice to the Corporation. On March 19, 2015, the Corporation signed an amendment to the original contribution agreement to extend funding for an additional three years to March 31, 2018.

10. COMPARATIVE FIGURES

The prior year figures were audited by Deloitte LLP Chartered Professional Accountants, Chartered Accountants, Licensed Professional Accountants. Certain figures have been reclassified to conform to current presentation.