

PRINCE ALBERT AND DISTRICT COMMUNITY FUTURES DEVELOPMENT CORPORATION
Financial Statements
Year Ended March 31, 2017

PRINCE ALBERT AND DISTRICT COMMUNITY FUTURES DEVELOPMENT CORPORATION

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Year Ended March 31, 2017

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Prince Albert and District Community Futures Development Corporation have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Prince Albert and District Community Futures Development Corporation's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Audit Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by Cogent Chartered Professional Accountants LLP, in accordance with Canadian accounting standards for not-for-profit organizations.



Marlaine Hauser, Audit Chairperson



Joseph Kiunga, General Manager

Prince Albert, SK
May 30, 2017

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Prince Albert and District Community Futures Development Corporation, which comprise the statement of financial position as at March 31, 2017 and the statements of operations, changes in fund balances and cash flows 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report to the Members of Prince Albert and District Community Futures
Development Corporation *(continued)*

Opinion

In our 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, 2017 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.

Other Matter

The financial statements of the prior period were audited by another Chartered Professional Accountant. That accountant issued a unqualified opinion. The Auditor's Report was dated May 31, 2016.

We would also like to draw your attention to the Statement of Changes in Fund Balances which reflect certain prior period adjustments to the General Fund. Our opinion has not been qualified as a result.

Rosthern, SK
June 8, 2017

Cogent CPAC LLP.

Chartered Professional Accountants

PRINCE ALBERT AND DISTRICT COMMUNITY FUTURES DEVELOPMENT CORPORATION

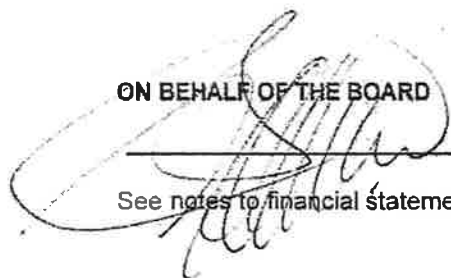
Statement of Financial Position

March 31, 2017

	Restricted Funds				2017	2016
	General Fund	Regular Investment Fund	Disabled Entrepreneur Investment Fund	Forestry Investment Fund		
ASSETS						
CURRENT						
Cash	\$ 205,474	\$ 1,153,392	\$ 308,639	\$ 255,732	\$ 1,923,237	\$ 1,576,503
Accounts receivable	2,239	-	-	-	2,239	2,811
Accrued interest receivable	-	9,995	58	-	10,053	14,011
Loans receivable	-	1,518,887	11,773	-	1,530,660	1,832,308
Prepaid expenses and deposits	3,958	-	-	-	3,958	4,334
SBLA loans receivable	23,833	-	-	-	23,833	57,685
	235,504	2,682,274	320,470	255,732	3,493,980	3,487,652
TANGIBLE CAPITAL ASSETS (Net) (Note 5)	2,258	-	-	-	2,258	3,010
	\$ 237,762	\$ 2,682,274	\$ 320,470	\$ 255,732	\$ 3,496,238	\$ 3,490,662
LIABILITIES AND NET ASSETS						
CURRENT						
Accounts payable	\$ 10,582	\$ -	\$ -	\$ -	\$ 10,582	\$ 25,293
Wages payable	6,304	-	-	-	6,304	7,616
SBLA loan payable	23,833	-	-	-	23,833	57,685
	40,719	-	-	-	40,719	90,594
FUND BALANCES						
Unrestricted fund	194,033	-	-	-	194,033	176,699
Invested in tangible capital assets	3,010	-	-	-	3,010	3,010
Externally restricted funds	-	2,682,274	320,470	255,732	3,258,476	3,220,359
	197,043	2,682,274	320,470	255,732	3,455,519	3,400,068
	\$ 237,762	\$ 2,682,274	\$ 320,470	\$ 255,732	\$ 3,496,238	\$ 3,490,662

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ON BEHALF OF THE BOARD

 Director

 Director

See notes to financial statements

PRINCE ALBERT AND DISTRICT COMMUNITY FUTURES DEVELOPMENT CORPORATION

Statement of Operations

For the Year Ended March 31, 2017

	Restricted Funds				2017	2016
	General Fund	Regular Investment Fund	Disabled Entrepreneur Investment Fund	Forestry Investment Fund		
REVENUES						
Western economic diversification funding	\$ 297,669	\$ -	\$ -	\$ -	\$ 297,669	\$ 297,669
Interest on loans	-	94,146	1,137	-	95,283	118,283
Administration fees and other	46,644	-	-	-	46,644	59,392
Interest on deposits	68	6,930	2,171	1,859	11,028	8,583
Recovery of bad debts	1,997	-	-	-	1,997	1,488
	<u>346,378</u>	<u>101,076</u>	<u>3,308</u>	<u>1,859</u>	<u>452,621</u>	<u>485,415</u>
EXPENSES						
Wages and benefits	112,409	-	-	-	112,409	105,041
Wages and benefits - management	91,783	-	-	-	91,783	97,301
Credit losses	-	68,126	-	-	68,126	34,758
Rent	30,488	-	-	-	30,488	32,765
Board travel and expenses	17,953	-	-	-	17,953	14,203
Advertising and promotion	14,524	-	-	-	14,524	19,235
Accounting, audit and legal	9,978	-	-	-	9,978	10,177
Phone and fax	7,841	-	-	-	7,841	8,025
Office equipment	6,915	-	-	-	6,915	-
Travel	6,743	-	-	-	6,743	3,279
Office supplies and postage	6,292	-	-	-	6,292	5,609
Photocopier contract	5,885	-	-	-	5,885	5,857
Computer repairs and maintenance	4,786	-	-	-	4,786	14,964
Utilities	3,993	-	-	-	3,993	4,062
Insurance	3,272	-	-	-	3,272	3,135
Leasehold improvements/signage	1,381	-	-	-	1,381	285
Bank charges and interest	1,353	-	-	-	1,353	1,406
Miscellaneous	1,006	-	-	-	1,006	798
Credit checks/collections	834	-	-	-	834	1,096
Amortization	753	-	-	-	753	7,613
Staff training	481	-	-	-	481	3,050
Memberships	374	-	-	-	374	251
	<u>329,044</u>	<u>68,126</u>	<u>-</u>	<u>-</u>	<u>397,170</u>	<u>372,910</u>
EXCESS OF REVENUES OVER EXPENSES	\$ 17,334	\$ 32,950	\$ 3,308	\$ 1,859	\$ 55,451	\$ 112,505

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See notes to financial statements

PRINCE ALBERT AND DISTRICT COMMUNITY FUTURES DEVELOPMENT CORPORATION

Statement of Changes in Fund Balances

For the Year Ended March 31, 2017

	Genral Fund 2017	Regular Investment Fund 2017	Disabled Entrepreneur Investment Fund 2017	Forestry Investment Fund 2017	Total 2017	Total 2016
FUND BALANCES - BEGINNING OF YEAR						
As previously reported	\$ 146,634	\$ 2,649,324	\$ 317,162	\$ 253,873	\$ 3,366,993	\$ 3,246,347
Decrease in loan admin revenue	(8,141)	-	-	-	(8,141)	-
Decrease in deferred revenues	41,216	-	-	-	41,216	41,216
As restated	179,709	2,649,324	317,162	253,873	3,400,068	3,287,563
Excess of revenues over expenses	17,334	32,950	3,308	1,859	55,451	112,505
FUND BALANCES - END OF YEAR	\$ 197,043	\$ 2,682,274	\$ 320,470	\$ 255,732	\$ 3,455,519	\$ 3,400,068

Prior year fund balances were restated to reflect a decrease in recorded deferred revenues and a decrease in reported loan administration revenues due to a retrospective change in the accounting policy surrounding revenue reconciliation.

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PRINCE ALBERT AND DISTRICT COMMUNITY FUTURES DEVELOPMENT CORPORATION

Statement of Cash Flows

For the Year Ended March 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess Of Revenues Over Expenses	\$ 55,451	\$ 112,505
Item not affecting cash:		
Amortization	753	7,613
	<u>56,204</u>	<u>120,118</u>
Changes in non-cash working capital:		
Accounts receivable	572	(626)
Accrued interest receivable	3,958	1,280
Accounts payable	(14,713)	569
Prepaid expenses and deposits	376	1,858
SBLA loans receivable	33,852	42,169
Wages payable	(1,312)	7,057
SBLA loan payable	(33,852)	(42,169)
Loans receivable	301,649	592,172
	<u>290,530</u>	<u>602,310</u>
Cash flow from operating activities	<u>346,734</u>	<u>722,428</u>
INVESTING ACTIVITY		
Purchase of tangible capital assets	-	(3,763)
Cash flow from (used by) investing activity	<u>-</u>	<u>(3,763)</u>
INCREASE IN CASH FLOW	346,734	718,665
Cash - beginning of year	<u>1,576,503</u>	<u>857,838</u>
CASH - END OF YEAR	\$ 1,923,237	\$ 1,576,503

PRINCE ALBERT AND DISTRICT COMMUNITY FUTURES DEVELOPMENT CORPORATION

Notes to Financial Statements

For the Year Ended March 31, 2017

1. PURPOSE OF THE CORPORATION

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

Measurement uncertainty

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 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. Such estimates 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.

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.

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.

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PRINCE ALBERT AND DISTRICT COMMUNITY FUTURES DEVELOPMENT CORPORATION

Notes to Financial Statements

For the Year Ended March 31, 2017

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 lives on a straight-line basis at the following rates and methods:

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

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.

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

	<u>2017</u>	<u>2016</u>
Loans receivable consist of the following:		
Performing loans	\$ 1,509,761	\$ 1,737,210
Non-performing loans	20,899	95,098
	<u>\$ 1,530,660</u>	<u>\$ 1,832,308</u>

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

For the Year Ended March 31, 2017

	<u>2017</u>	<u>2016</u>
The change in allowance for credit losses during the year is as follows:		
Balance, beginning of year	\$ 74,434	\$ 74,434
Amounts written off	(68,126)	(34,758)
Credit losses recognized	<u>68,126</u>	<u>34,758</u>
	<u>\$ 74,434</u>	<u>\$ 74,434</u>

Section heading	2016		2015	
	Performing	Non-Performing	Performing	Non-Performing
Current	\$ 1,414,599	\$ -	\$ 1,662,251	\$ -
31-60 days	95,162	-	74,959	-
61-90 days	-	-	-	-
120+ days	-	20,899	-	95,098
	<u>\$ 1,509,761</u>	<u>\$ 20,899</u>	<u>\$ 1,737,210</u>	<u>\$ 95,098</u>

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. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Computer equipment	\$ 107,977	\$ 107,977	\$ -	\$ -
Office furniture and equipment	133,274	131,016	2,258	3,010
Leasehold improvements	83,097	83,097	-	-
Resource library	20,629	20,629	-	-
	<u>\$ 344,977</u>	<u>\$ 342,719</u>	<u>\$ 2,258</u>	<u>\$ 3,010</u>

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PRINCE ALBERT AND DISTRICT COMMUNITY FUTURES DEVELOPMENT CORPORATION

Notes to Financial Statements

For the Year Ended March 31, 2017

6. COMPARATIVE FIGURES

The prior year comparative figures were audited by another chartered professional accountant.
