

**SOUTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2009**

## **AUDITOR'S REPORT**

To the Board of Directors, Southwest Community Futures Development Corporation

We have audited the statement of financial position of the Southwest Community Futures Development Corporation as at March 31, 2009 and the statements of operations and changes in fund balances and cash flows for the year then ended. The Board's management is responsible for preparing these financial statements. 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 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 organization as at March 31, 2009 and the results of its operations and the changes in its fund balances and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Swift Current, Saskatchewan  
May 25, 2009

**SOUTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION**

**STATEMENT OF FINANCIAL POSITION**

**As at March 31, 2009**

**Statement 1**

|  | Loan Investment Funds |                   |                     |                   |                                 | Total<br>2009       | Total<br>2008       |
|--|-----------------------|-------------------|---------------------|-------------------|---------------------------------|---------------------|---------------------|
|  | General<br>Fund       | Repayable         | Non<br>Repayable    | Disabled          | Small<br>Business<br>Enterprise |                     |                     |
| <b>ASSETS</b>  |                       |                   |                     |                   |                                 |                     |                     |
| <b>Current assets</b>  |                       |                   |                     |                   |                                 |                     |                     |
| Cash in bank   | \$ 34,783             | \$ 21,109         | \$ 10,919           | \$ 10,072         | \$ 27,566                       | \$ 104,449          | \$ 536,141          |
| Temporary investments  | -                     | 462,855           | 1,227,434           | 200,273           | -                               | 1,890,562           | 1,667,607           |
| Accounts receivable  | 9,103                 | -                 | 1,235               | 83                | -                               | 10,421              | 26,320              |
| Accrued loan interest and charges<br>receivable, net of allowance<br>for credit loss | -                     | 112               | 42,549              | 361               | -                               | 43,022              | 6,230               |
| Prepaid expenses   | 12,343                | -                 | -                   | -                 | -                               | 12,343              | 4,563               |
| Current portion of long term<br>investment   | -                     | 3,345             | 54,262              | 7,351             | -                               | 64,958              | 75,251              |
|  | <u>56,229</u>         | <u>487,421</u>    | <u>1,336,399</u>    | <u>218,140</u>    | <u>27,566</u>                   | <u>2,125,755</u>    | <u>2,316,112</u>    |
| <b>Other Assets</b>  |                       |                   |                     |                   |                                 |                     |                     |
| Cooperative equity   | 354                   | -                 | -                   | -                 | -                               | 354                 | 348                 |
| Investments - Note 3   | -                     | -                 | 174,000             | -                 | -                               | 174,000             | -                   |
| Investment loans receivable,<br>net of allowance for credit<br>loss (Note 3)         | -                     | 15,115            | 459,581             | 39,575            | -                               | 514,271             | 409,542             |
| Less current portion   | -                     | 3,345             | 54,262              | 7,351             | -                               | 64,958              | 75,251              |
|  | <u>354</u>            | <u>11,770</u>     | <u>579,319</u>      | <u>32,224</u>     | <u>-</u>                        | <u>623,667</u>      | <u>334,639</u>      |
| <b>Total Assets</b>  | <u>\$ 56,583</u>      | <u>\$ 499,191</u> | <u>\$ 1,915,718</u> | <u>\$ 250,364</u> | <u>\$ 27,566</u>                | <u>\$ 2,749,422</u> | <u>\$ 2,650,751</u> |
| <b>LIABILITIES &amp; FUND BALANCES</b>   |                       |                   |                     |                   |                                 |                     |                     |
| <b>Current liabilities</b>   |                       |                   |                     |                   |                                 |                     |                     |
| Accounts payable and<br>accrued liabilities  | \$ 4,408              | \$ -              | \$ -                | \$ -              | \$ -                            | \$ 4,408            | \$ 9,913            |
| Deferred revenue   | <u>7,138</u>          | <u>-</u>          | <u>-</u>            | <u>-</u>          | <u>-</u>                        | <u>7,138</u>        | <u>625</u>          |
|  | 11,546                | -                 | -                   | -                 | -                               | 11,546              | 10,538              |
| Investment Loans payable ( Note 4 )  | -                     | 400,000           | -                   | 200,000           | -                               | 600,000             | -                   |
| <b>Fund balances</b>   | <u>45,037</u>         | <u>99,191</u>     | <u>1,915,718</u>    | <u>50,364</u>     | <u>27,566</u>                   | <u>2,137,876</u>    | <u>2,640,213</u>    |
| <b>Total Liabilities &amp; Fund balances</b>   | <u>\$ 56,583</u>      | <u>\$ 499,191</u> | <u>\$ 1,915,718</u> | <u>\$ 250,364</u> | <u>\$ 27,566</u>                | <u>\$ 2,749,422</u> | <u>\$ 2,650,751</u> |

Approved on behalf of the Board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**SOUTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION**

**STATEMENT OF OPERATIONS AND CHANGES IN GENERAL FUND BALANCES**

**For the year ended March 31, 2009**

**Statement 2**

|  | <b>General Fund</b> |                    |
|--|---------------------|--------------------|
|  | <b>Total</b>        | <b>Total</b>       |
|  | <b><u>2009</u></b>  | <b><u>2008</u></b> |
| <b>REVENUE</b>   |                     |                    |
| Western Economic Diversification funding               | \$ 291,832          | \$ 290,827         |
| Program income   | 16,936              | 4,150              |
| Service contracts and registration fees                | 5,283               | -                  |
| Interest   | 1,218               | 2,703              |
| Other  | <u>845</u>          | <u>1,141</u>       |
|  | 316,114             | 298,821            |
| <br>   |                     |                    |
| Action South West - <b>Statement 5</b>                 | <u>27,387</u>       | <u>99,912</u>      |
|  | <u>343,501</u>      | <u>398,733</u>     |
| <br><b>EXPENSES</b>                                    |                     |                    |
| Administration   |                     |                    |
| Advertising and promotion                              | 10,043              | 3,392              |
| Capital assets costs                                   | -                   | 11,030             |
| Conference and projects                                | 31,510              | 31,782             |
| Contract services                                      | 52,325              | 34,915             |
| Insurance and pension costs                            | 19,405              | 16,466             |
| Interest and bank charges                              | 338                 | 910                |
| Maintenance and repairs                                | 4,283               | 3,889              |
| Non-refundable GST                                     | 3,343               | 3,495              |
| Office supplies and equipment                          | 9,730               | 6,188              |
| Rent   | 20,985              | 20,968             |
| Telephone  | 7,785               | 5,895              |
| Travel   | 42,531              | 45,356             |
| Professional fees                                      | 7,750               | 7,612              |
| Salaries and benefits                                  | <u>160,859</u>      | <u>127,788</u>     |
|  | 370,887             | 319,686            |
| <br>   |                     |                    |
| Action South West - <b>Statement 5</b>                 | <u>17,766</u>       | <u>100,150</u>     |
|  | <u>388,653</u>      | <u>419,836</u>     |
| <br>   |                     |                    |
| Surplus for the year                                   | (45,152)            | (21,103)           |
| <br>   |                     |                    |
| Fund balance, beginning of the year, General Fund      | 29,842              | 49,165             |
| Fund balance, beginning of the year, Action South West | (5,000)             | (4,762)            |
| Prior period adjustments                               | (1,542)             | -                  |
| Transfers from other Funds - Note 10                   | <u>66,889</u>       | <u>1,542</u>       |
| <br>   |                     |                    |
| Fund balance, end of the year                          | <u>\$ 45,037</u>    | <u>\$ 24,842</u>   |

**SOUTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION**

**STATEMENT OF INCOME AND CHANGES IN RESTRICTED FUND BALANCES**

**As at March 31, 2009**

**Statement 3**

|   | Loan Investment Funds |                          |                  | Small<br>Business<br>Enterprise | Restricted Funds      |                       |
|---|-----------------------|--------------------------|------------------|---------------------------------|-----------------------|-----------------------|
|   | <u>Repayable</u>      | <u>Non<br/>Repayable</u> | <u>Disabled</u>  |                                 | <u>Total<br/>2009</u> | <u>Total<br/>2008</u> |
| <b>Revenue</b>                              |                       |                          |                  |                                 |                       |                       |
| Interest                                    | \$ 5,839              | \$ 113,263               | \$ 7,237         | \$ 654                          | \$ 126,993            | \$ 132,379            |
| Recovery of bad debt                        | -                     | 17,363                   | -                | -                               | 17,363                | -                     |
| Other                                       | <u>-</u>              | <u>-</u>                 | <u>-</u>         | <u>-</u>                        | <u>-</u>              | <u>3,940</u>          |
|   | <u>5,839</u>          | <u>130,626</u>           | <u>7,237</u>     | <u>654</u>                      | <u>144,356</u>        | <u>136,319</u>        |
| <b>Expenses</b>                             |                       |                          |                  |                                 |                       |                       |
| Provision for investment losses             | -                     | -                        | -                | -                               | -                     | 152,783               |
| Professional fees and other                 | <u>-</u>              | <u>-</u>                 | <u>-</u>         | <u>-</u>                        | <u>-</u>              | <u>1,477</u>          |
|   | <u>-</u>              | <u>-</u>                 | <u>-</u>         | <u>-</u>                        | <u>-</u>              | <u>154,260</u>        |
| <b>Net Income for the year</b>              | 5,839                 | 130,626                  | 7,237            | 654                             | 144,356               | (17,941)              |
| <b>Fund balances, beginning of the year</b> | 93,352                | 1,851,092                | 43,127           | 27,801                          | 2,015,372             | 2,034,855             |
| <b>Transfer of funds - Note 10</b>          | <u>-</u>              | <u>(66,000)</u>          | <u>-</u>         | <u>(889)</u>                    | <u>(66,889)</u>       | <u>(1,542)</u>        |
| <b>Fund balances, end of the year</b>       | <u>\$ 99,191</u>      | <u>\$1,915,718</u>       | <u>\$ 50,364</u> | <u>\$ 27,566</u>                | <u>\$2,092,839</u>    | <u>\$2,015,372</u>    |

**SOUTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION**

**STATEMENT OF CASH FLOWS  
As at March 31, 2009**

**Statement 4**

|   | <u>General<br/>Fund</u> | <u>Repayable</u> | <u>Non<br/>Repayable</u> | <u>Disabled</u>  | <u>Small<br/>Business<br/>Enterprise</u> | <u>Total<br/>2009</u> | <u>Total<br/>2008</u> |
|---|-------------------------|------------------|--------------------------|------------------|--|-----------------------|-----------------------|
| <b>Cash provided by operations</b>            |                         |                  |                          |                  |  |                       |                       |
| Net income                                    | \$ (45,152)             | \$ 5,839         | \$ 130,626               | \$ 7,237         | \$ 654                                   | \$ 99,204             | \$ (13,015)           |
| Net change in current assets                  | 5,829                   | (178,239)        | 118,571                  | (189,805)        | -  | (243,644)             | (327,190)             |
| Net change in current liabilities             | 1,008                   | -                | -                        | -                | -  | 1,008                 | (291)                 |
| Loan loss provision not<br>affecting cash     | <u>-</u>                | <u>-</u>         | <u>-</u>                 | <u>-</u>         | <u>-</u>                                 | <u>-</u>              | <u>150,500</u>        |
|   | <u>(38,315)</u>         | <u>(172,400)</u> | <u>249,197</u>           | <u>(182,568)</u> | <u>654</u>                               | <u>(143,432)</u>      | <u>(189,996)</u>      |
| <b>Cash provided by investment activities</b> |                         |                  |                          |                  |  |                       |                       |
| Loans advanced                                | -                       | -                | (358,168)                | -                | -  | (358,168)             | (293,287)             |
| Loans repaid                                  | -                       | 3,336            | 66,572                   | -                | -  | 69,908                | 453,041               |
| Cooperative equity                            | <u>-</u>                | <u>-</u>         | <u>-</u>                 | <u>-</u>         | <u>-</u>                                 | <u>-</u>              | <u>(10)</u>           |
|   | <u>-</u>                | <u>3,336</u>     | <u>(291,596)</u>         | <u>-</u>         | <u>-</u>                                 | <u>(288,260)</u>      | <u>159,744</u>        |
| <b>Cash provided by financing activities</b>  |                         |                  |                          |                  |  |                       |                       |
| Interfund transfers                           | 66,889                  | -                | (66,000)                 | -                | (889)                                    | -                     | -                     |
| Advances repaid to SIR                        | <u>-</u>                | <u>-</u>         | <u>-</u>                 | <u>-</u>         | <u>-</u>                                 | <u>-</u>              | <u>-</u>              |
|   | <u>66,889</u>           | <u>-</u>         | <u>(66,000)</u>          | <u>-</u>         | <u>(889)</u>                             | <u>-</u>              | <u>-</u>              |
| <b>Net increase (decrease) in cash</b>        | 28,574                  | (169,064)        | (108,399)                | (182,568)        | (235)                                    | (431,692)             | (30,252)              |
| <b>Cash, beginning of the year</b>            | <u>6,209</u>            | <u>190,173</u>   | <u>119,318</u>           | <u>192,640</u>   | <u>27,801</u>                            | <u>536,141</u>        | <u>566,393</u>        |
| <b>Cash, end of the year</b>                  | <u>\$ 34,783</u>        | <u>\$ 21,109</u> | <u>\$ 10,919</u>         | <u>\$ 10,072</u> | <u>\$ 27,566</u>                         | <u>\$ 104,449</u>     | <u>\$ 536,141</u>     |

**SOUTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION**  
**STATEMENT OF OPERATIONS AND CHANGES FOR ACTION SOUTHWEST**  
**For the year ended March 31, 2009**

**Statement 5**

|                                       | <u>Total</u><br><u>2009</u> | <u>Total</u><br><u>2008</u> |
|---------------------------------------|-----------------------------|-----------------------------|
| <b>REVENUE</b>                        |                             |                             |
| Cypress Hill REDA                     | \$ 26,029                   | \$ 26,030                   |
| Miscellaneous income                  | 658                         | 630                         |
| Great Plains College                  | 500                         | 15,000                      |
| City of Swift Current                 | 200                         | -                           |
| Southwest Community Futures           | -                           | 11,250                      |
| Government of Saskatchewan            | -                           | 9,550                       |
| Government of Canada                  | -                           | 28,040                      |
| Sandhills Credit Union                | -                           | 9,412                       |
|                                       | <u>27,387</u>               | <u>99,912</u>               |
| <b>EXPENSES</b>                       |                             |                             |
| Advertising and promotion             | 400                         | 4,544                       |
| Contract services                     | -                           | 48,720                      |
| Interest and bank charges             | 25                          | 186                         |
| Miscellaneous expenses                | 1,113                       | 1,700                       |
| Non-refundable GST                    | 132                         | 2,670                       |
| Office supplies and equipment         | 1,917                       | 638                         |
| Professional fees                     | 1,526                       | 681                         |
| Project expenses                      | 12,635                      | 39,944                      |
| Telephone                             | -                           | 16                          |
| Training and professional development | 18                          | 600                         |
| Travel                                | -                           | 451                         |
|                                       | <u>17,766</u>               | <u>100,150</u>              |
| Surplus (deficit) for the year        | <u>\$ 9,621</u>             | <u>\$ (238)</u>             |

# **SOUTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS**

**As at March 31, 2009**

### **1. Purpose**

The Southwest 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 as a non-profit organization and is exempt from income taxes under the Income Tax Act.

### **2. Significant Accounting Policies**

#### **a) Fund Accounting**

The accounts of the organization 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:

#### Operating Fund

The operating fund reflects the primary operations of the organization including revenues received and operating costs.

#### Loan Investment Funds

The fund reports restricted resources 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 disabled entrepreneurs. The organization is restricted in the types of loans it can issue according to its agreement with the federal government.

#### Temporary Investments

Temporary investments are valued at market value which is equal to cost.

#### Capital assets

Purchased capital assets are charges against current year income. Upon dissolution of the organization, all property is to be distributed to other Community Futures Development Corporations or other non-profit organizations approved by the Western Economic Diversification Canada

### **3. Investment loan receivable**

Advances from the investment funds represent the outstanding principal on advances to new or expanding businesses under the Investment Fund Agreement with Western Economic Diversification Canada. The notes bear interest at prime plus 3%. Security can take the form of personal guarantees, personal property security agreements, chattels, a combination of both or the issuance of preferred shares.

Advances from the Small Business Enterprise Fund represent the outstanding principle on advances under the Small Business Loans Agreement with Saskatchewan Industry and Resources. The notes are repayable on a monthly basis at an interest rate of 7%.

**SOUTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**As at March 31, 2009**

**3. Investment loan receivable (continued)**

An allowance for losses on investment loans is made by management based on a review of the loan portfolio, allowing for any realization of the related security provided. The allowance is comprised of the following:

|                                      | <u>Gross<br/>Amount</u> | <u>Allowance<br/>Doubtful<br/>Loans</u> | <u>2009<br/>Carrying<br/>Value</u> | <u>2008<br/>Carrying<br/>Value</u> |
|--------------------------------------|-------------------------|---|------------------------------------|------------------------------------|
| Loan Investment Fund - Repayable     | \$ <u>15,615</u>        | <u>500</u>                              | \$ <u>15,115</u>                   | \$ <u>18,451</u>                   |
| Loan Investment Fund - Non Repayable | \$ <u>698,151</u>       | <u>238,570</u>                          | \$ <u>459,581</u>                  | \$ <u>341,748</u>                  |
| Investments - preferred shares       | \$ 174,000              |   |                                    |                                    |

Advances were also provided to the Great Sand Hill Railway - \$150,000 and Blue Goose Energy - \$24,000 for which preferred shares were issued to SCFDC. These shares are redeemable on demand or may be converted to an Investment Loan.

The organization also had loan guarantees outstanding totalling \$6,307.

**4. Long Term Debt**

The loans from Western Economic Diversification are due as follows:

|               | <u>Small<br/>Business<br/>Enterprise</u> | <u>Repayable</u>  | <u>Disabled</u>   | <u>Total<br/>2008</u> | <u>Total<br/>2007</u> |
|---------------|--|-------------------|-------------------|-----------------------|-----------------------|
| Due to W.E.D. | \$ <u>-</u>                              | \$ <u>400,000</u> | \$ <u>200,000</u> | \$ <u>600,000</u>     | \$ <u>600,000</u>     |

The cash balances of the loan investment funds will be payable to Western Economic Diversification at April 1, 2010. Principle repayments of investment loans receivable after March 31, 2010 will be forwarded to Western Economic Diversification.

When the loans are collected, any remaining assets of the repayable investment fund may be retained by SCFDC at the discretion of the Minister.

**5. Financial Instruments**

**Credit Risk**

The organization's loans are to new and existing small businesses, unable to obtain financing through other means, which results in a concentration of credit risk.

**Interest Rate risk**

The organization is exposed to interest rate risk related to interest expends on any amounts drawn on it's floating rate debt facilities.

**Fair value of financial assets and liabilities**

The organization has financial instruments consisting of accounts receivable, loans receivable, accounts payable, temporary and long term investments, accrued liabilities and long term debt. The carrying value of these financial instruments approximate fair value due to their short term to maturity.

# **SOUTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS As at March 31, 2009**

### **6. Economic dependence**

The organization received 98.0% of its funding from the federal government on which it is economically dependent.

### **7. Action South West**

Action South West became a project of the organization April 1, 2007. Action South West is a partnership strategy whose mission is to grow a greater Southwest Saskatchewan. The balance sheet and operation results for this project are reported under the General Operating Fund.

The comparative statement of operations for 2008 was adjusted by \$26,030 due to an accounting adjustment after the completion of the audit and preparation of the financial statements for the fiscal year ended March 31, 2008.

### **8. Prior period adjustments**

Adjustments, related to interfund transfers in 2008, was required to the Operating fund for \$1,542.

### **9. Transfer of Funds**

The Board received approval from Western Diversification to transfer \$66,000 from the Non Repayable (Investment) Fund to General operating for anticipated shortfalls. The Board also approved the transfer of \$889 from the Small Business Loan Fund to General operating to cover the cost of non-WD supported expenditures.