

Primrose Lake Economic Development Corporation
Financial Statements

March 31, 2016

Primrose Lake Economic Development Corporation
Contents

For the year ended March 31, 2016

	Page
Management's Responsibility	
Independent Auditors' Report	
Financial Statements	
Statement of Financial Position.....	1
Statement of Operations and Changes in Fund Balances.....	2
Statement of Cash Flows	3
Notes to the Financial Statements	4

Management's Responsibility

To the Members of Primrose Lake Economic Development Corporation:

Management is responsible for the preparation and presentation 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 selecting appropriate accounting principles and methods, and 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 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 fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management, and external auditors. The Board is also responsible for appointing the Corporation's external auditors.

MNP LLP is appointed by the Board to audit the financial statements and report directly to the Members of Primrose Lake Economic Development Corporation; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

September 8, 2016



Executive Director



To the Members of Primrose Lake Economic Development Corporation:

We have audited the accompanying financial statements of Primrose Lake Economic Development Corporation which comprise the statement of financial position as at March 31, 2016, and the statements of operations and 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.

Auditors' 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 auditors' judgement, 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 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Primrose Lake Economic Development Corporation as at March 31, 2016 and the results of its operations, changes in fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

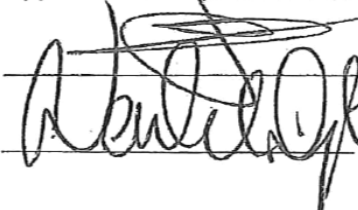
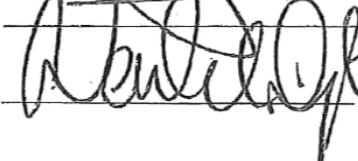
Saskatoon, Saskatchewan
September 8, 2016

MNP LLP
Chartered Professional Accountants

Primrose Lake Economic Development Corporation
Statement of Financial Position
As at March 31, 2016

	<u>Operating</u>	<u>Restricted Investment Funds</u>			2016 Total	2015 Total
	Fund	CED	CEI	SED		
Assets						
Current						
Cash	48,141	134,433	259,358	99,593	541,525	175,600
Prepaid expenses	1,385	-	-	-	1,385	1,385
Due from Primrose Lake Economic Development Trust (Note 3)	182,543	308,113	304,596	97,630	892,882	1,132,579
Inter-fund	(118,168)	29,517	55,000	33,651	-	-
Term deposit (Note 4)	10,000	-	-	-	10,000	10,000
	123,901	472,063	618,954	230,874	1,445,792	1,319,564
Liabilities						
Current						
Accounts payable and accrued liabilities	10,289	-	-	-	10,289	17,765
Grants payable	-	312,735	179,088	105,595	597,418	240,160
	10,289	312,735	179,088	105,595	607,707	257,925
Fund balances						
Restricted (Note 5)	-	159,328	439,866	125,279	724,473	933,459
Unrestricted	113,612	-	-	-	113,612	128,180
	113,612	159,328	439,866	125,279	838,085	1,061,639
	123,901	472,063	618,954	230,874	1,445,792	1,319,564

Approved on behalf of the Board:

 Director
 Director

Primrose Lake Economic Development Corporation
Statement of Operations and Changes in Fund Balances

For the year ended March 31, 2016

	<u>Operating Fund</u>		<u>Restricted Investment Funds</u>				
	2016 Total	2015 Total	CED	CEI	SED	2016 Total	2015 Total
Revenues							
Trust distribution (Note 3)	-	-	383,113	379,596	130,173	892,882	1,132,579
Interest income	330	505	584	905	364	1,853	2,638
	330	505	383,697	380,501	130,537	894,735	1,135,217
Expenses							
Grants	-	-	502,393	281,451	121,334	905,178	829,095
Wages and benefits	85,719	85,035	-	-	-	-	-
Travel and meetings	68,341	68,692	-	-	-	-	-
Professional fees	25,836	28,068	-	-	-	-	-
Scholarships	-	-	-	-	16,000	16,000	18,000
Rent	6,000	6,000	-	-	-	-	-
Office	3,822	2,033	-	-	-	-	-
Telephone	3,527	3,488	-	-	-	-	-
Insurance	1,975	1,975	-	-	-	-	-
Advertising and promotions	1,589	2,936	-	-	-	-	-
Bank charges	632	264	-	-	-	-	-
Grant repayment	-	7,489	-	-	-	-	-
	197,441	205,980	502,393	281,451	137,334	921,178	847,095
Excess (deficiency) of revenues over expenses before inter-fund transfers	(197,111)	(205,475)	(118,696)	99,050	(6,797)	(26,443)	288,122
Inter-fund transfers (Note 6)	182,543	215,768	(75,000)	(75,000)	(32,543)	(182,543)	(215,768)
Excess (deficiency) of revenues over expenses	(14,568)	10,293	(193,696)	24,050	(39,340)	(208,986)	72,354
Fund balances, beginning of year	128,180	117,887	353,024	415,816	164,619	933,459	861,105
Fund balances, end of year	113,612	128,180	159,328	439,866	125,279	724,473	933,459

Primrose Lake Economic Development Corporation
Statement of Cash Flows
For the year ended March 31, 2016

	Operating Fund	Restricted Investment Funds			2016 Total	2015 Total
		CED	CEI	SED		
Cash provided by (used for) the following activities:						
Operating activities						
Excess (deficiency) of revenues over expenses	(14,568)	(193,696)	24,050	(39,340)	(223,554)	82,647
Changes in working capital accounts:						
Accounts receivable	-	-	-	-	-	12,917
Prepaid expenses	-	-	-	-	-	500
Accounts payable and accrued liabilities	(7,476)	-	-	-	(7,476)	1,404
Grants payable	-	203,575	89,088	64,595	357,258	122,659
	(22,044)	9,879	113,138	25,255	126,228	220,127
Investing activities						
Due from Primrose Lake Economic Development Trust (net)	8,225	94,565	112,234	24,673	239,697	(638,275)
Financing activities						
Change in inter-fund accounts (net)	43,410	20,000	(45,000)	(18,410)	-	-
Increase (decrease) in cash	29,591	124,444	180,372	31,518	365,925	(418,148)
Cash, beginning of year	18,550	9,989	78,986	68,075	175,600	593,748
Cash, end of year	48,141	134,433	259,358	99,593	541,525	175,600

Primrose Lake Economic Development Corporation

Notes to Financial Statements

As at March 31, 2016

1. Incorporation and nature of the corporation

Primrose Lake Economic Development Corporation (the "Corporation") was incorporated on February 14, 2006 in the Province of Saskatchewan under the *Non-Profit Corporations Act, 1995*. The Corporation has been established by the northern municipalities of Beauval, Cole Bay, Ile-a-la-Crosse and Jans Bay ("Primrose Lake Communities").

The Corporation was established to be the beneficiary of the Primrose Lake Economic Development Trust Agreement (the "Trust Agreement") dated June 17, 2007. As the beneficiary of the Trust Agreement the Corporation is to support and advance economic development for its communities and membership through management, utilization and investment of the annual income it receives from a trust fund. The trust fund was established from a \$15,000,000 settlement with Canada and a \$4,500,000 settlement with Saskatchewan. The Canada portion was equally invested (\$7,500,000 each) into the Canada Economic Development Trust Account and the Canada Economic Infrastructure Trust Account. Upon settlement, \$2,000,000 of the Saskatchewan portion was allocated to the Elders Economic Initiatives and has been spent in prior years. The remaining \$2,500,000 is being maintained in the Saskatchewan Economic Development Trust Account.

The trust accounts are being held and managed by the Primrose Lake Economic Development Trust (the "Trust"). The annual income is allocated to the restricted investment funds of the Corporation, and the use of the annual income is governed by the following agreements:

1. Canada-Primrose Lake Community Economic Development Agreement
2. Saskatchewan-Primrose Lake Community Economic Development Agreement
3. Primrose Lake Economic Development Trust Agreement
4. Organizational Bylaw of the Primrose Lake Economic Development Corporation

Basis of presentation

The Primrose Lake Economic Development Agreements with Canada and Saskatchewan refer to the allocation and use of the annual income from the Trust. In order to ensure observance of limitations placed on the use of the annual income available to the Corporation, the accounts are maintained on a fund accounting basis. Accordingly, resources are classified for accounting and reporting purposes into the following funds:

Operating Fund and the Restricted Investment Funds - Canada Economic Development Initiatives Fund, Canada Economic Infrastructure Initiatives Fund, and Saskatchewan Economic Development Initiatives Fund.

The Trust is not controlled by the Board of Directors of the Corporation and has not been included in the financial statements of the Corporation.

The objectives of the funds maintained are:

Restricted investment funds

Canada Economic Development Initiatives

The Canada Economic Development ("CED") fund is available for projects or programs which are intended and expected to create, produce, or promote new or increased economic activity or opportunities in the nature of business enterprises, industry, professions and trades, scholarships, commercial resource development, employment, tourism, transportation, communications and traditional economies for the long-term benefit of the Primrose Lake Communities.

Canada Economic Infrastructure Initiatives

The Canada Economic Infrastructure ("CEI") fund is available for projects or programs which are intended and expected to result in new or improved infrastructure works within or connecting to the Primrose Lake Area that will facilitate or promote any new or increased economic activity for the long-term benefit of the Primrose Lake Communities. Eligible projects or programs under the CEI fund shall include roads and highways, public transport service facilities, public or industrial water or sewer service facilities, electronic telecommunication service facilities, pipelines, trades and other employment skills training facilities, any specialized infrastructure for major industrial developments and any other buildings, facilities and physical structures of a like nature.

Primrose Lake Economic Development Corporation

Notes to Financial Statements

As at March 31, 2016

1. Incorporation and nature of the corporation (continued)

Saskatchewan Economic Development Initiatives

The Saskatchewan Economic Development ("SED") fund is available for projects or programs which are intended and expected to create, produce or promote new or increased economic activity or opportunities in the nature of business enterprises, industry, professions and trades, scholarships, commercial resource development, employment, tourism, transportation, communications and traditional economies for the long-term benefit of the Primrose Lake Communities.

Operating Fund

The Operating Fund accounts for the Corporation's operating costs and general revenue. This fund reports unrestricted resources and restricted operating grants. As per the Canada-Primrose Lake Community Economic Development Agreement, the Corporation can draw from the annual income generated by the federal portion of the trust fund an amount for operating costs up to the greater of \$175,000 or 15% of the annual income generated by the federal portion of the trust fund. Pursuant to the Saskatchewan-Primrose Lake Community Economic Development Agreement, the Corporation can draw from the annual income generated by the provincial portion of the trust fund an amount for operating costs that shall not exceed 25% of the annual income. Draws from the annual income are reflected as transfers to the Operating Fund from the Restricted Investment Funds.

2. Significant accounting policies

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

Financial instruments

The Corporation recognizes its financial instruments when the Corporation 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 any such election.

The Corporation subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. All other financial assets and liabilities are subsequently measured at amortized 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 (deficiency) 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.

Financial asset impairment

The Corporation assesses impairment of all of its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Corporation determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Corporation reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenues over expenses.

The Corporation reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess (deficiency) of revenues over expenses in the year the reversal occurs.

Primrose Lake Economic Development Corporation
Notes to Financial Statements
As at March 31, 2016

2. Significant accounting policies (continued)

Revenue recognition

Trust distribution is recognized as distributions of annual income are declared by the Trust. Restricted operating grant revenue is recognized in the year in which the related expenses are incurred.

Use of estimates

The preparation of financial statements in accordance 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

3. Due from Primrose Lake Economic Development Trust

Pursuant to the Trust Agreement, the "Annual Income" of the Trust shall be transferred to the beneficiary, Primrose Lake Economic Development Corporation, to be used to promote economic development, investment in strategic infrastructure, enhancement of economic viability and sustainability of the Primrose Lake area and to provide programs, services and other benefits to residents of the Primrose Lake Communities.

The Trust has a December 31st fiscal year end.

	2016	2015
Annual income allocation as of March 31	892,882	1,132,579

4. Term deposit

Term deposit is comprised of a Bank of Montreal term investment earning interest at 1.15%, maturing December 2016. This has been classified as current as the investment matures in the upcoming fiscal year.

5. Fund balances externally restricted

Use of the Corporation's fund balances is externally restricted by the terms contained within the Trust Agreement and its agreements with Canada and Saskatchewan.

The Corporation's fund balances are to be used in accordance with initiatives set out in the agreements (see Note 1).

6. Inter-fund transfers

During the year, \$75,000 (2015 - \$87,500) from each of the CED and CEI funds was transferred to the operating fund. As well, \$32,543 (2015 - \$40,768) which is 25% of the annual income allocation was transferred from the SED fund to the operating fund.

Primrose Lake Economic Development Corporation

Notes to Financial Statements

As at March 31, 2016

7. Financial instruments

The Corporation as part of its operations carries various forms of financial instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency, credit, liquidity or other price risk arising from these financial instruments except as otherwise disclosed.

Credit concentration

Financial instruments that potentially subject the Corporation to concentrations of credit risk are due from Primrose Lake Economic Development Trust. Management believes the risk is limited since the amounts due are from a related party that has maintained liquid assets to be able to make payment.

Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation enters into transactions purchase goods and services on credit, for which repayment is required at various maturity dates. The Corporation manages liquidity risk resulting from its accounts payable and accrued liabilities and grants payable by maintaining liquid assets.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Corporation is exposed to interest rate risk with respect to its term deposit. The term deposit has limited exposure to risk as the interest rate is fixed.

8. Economic dependence

The Corporation is economically dependent on the Primrose Lake Economic Development Trust to transfer "Annual Income" pursuant to the Primrose Lake Economic Development Trust Agreement.