



Primrose Lake Economic Development Corporation
Financial Statements
March 31, 2018



Primrose Lake Economic Development Corporation

Contents

For the year ended March 31, 2018

	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




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, an independent firm of Chartered Professional Accountants, 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.



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, 2018, 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, 2018 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
August 14, 2018

MNP LLP


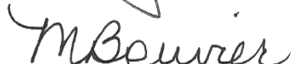
Chartered Professional Accountants



Primrose Lake Economic Development Corporation
Statement of Financial Position
As at March 31, 2018

	<u>Operating</u>	<u>Restricted Investment Funds</u>			2018 Total	2017 Total
	Fund	CED	CEI	SED		
Assets						
Current						
Cash	30,347	176,988	326,070	118,553	651,958	453,747
Prepaid expenses	1,334	-	-	-	1,334	1,385
Due from Primrose Lake Economic Development Trust (Note 3)	207,715	319,489	313,859	98,143	939,206	783,268
Inter-fund	(166,406)	48,875	163,924	(46,393)	-	-
Term deposit (Note 4)	10,000	-	-	-	10,000	10,000
	82,990	545,352	803,853	170,303	1,602,498	1,248,400
Liabilities						
Current						
Accounts payable and accrued liabilities	10,065	-	-	-	10,065	10,065
Grants payable	-	149,628	48,103	18,934	216,665	64,544
	10,065	149,268	48,103	18,934	226,730	74,609
Fund balances						
Externally restricted (Note 5)	-	395,724	755,750	151,369	1,302,843	1,090,571
Unrestricted	72,925	-	-	-	72,925	83,220
	72,925	395,724	755,750	151,369	1,375,768	1,173,791
	82,990	545,352	803,853	170,303	1,602,498	1,248,400

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, 2018

	<u>Operating Fund</u>		<u>Restricted Investment Funds</u>				
	2018 Total	2017 Total	CED	CEI	SED	2018 Total	2017 Total
Revenues							
Trust distribution (Note 3)	-	-	406,989	401,359	130,858	939,206	783,268
Interest income	416	270	1,649	2,099	685	4,433	1,554
	416	270	408,638	403,458	131,543	943,639	784,822
Expenses							
Grants	-	-	344,107	158,127	7,418	509,652	225,965
Wages and benefits	96,400	77,446	-	-	-	-	-
Professional fees	58,971	25,492	-	-	-	-	-
Travel and meetings	37,352	80,447	-	-	-	-	-
Scholarships	-	-	-	-	14,000	14,000	14,000
Office	12,611	8,097	-	-	-	-	-
Rent	6,000	6,000	-	-	-	-	-
Telephone	3,015	3,728	-	-	-	-	-
Insurance	2,052	2,129	-	-	-	-	-
Advertising and promotions	1,094	4,970	-	-	-	-	-
Bank charges	931	1,112	-	-	-	-	-
	218,426	209,421	344,107	158,127	21,418	523,652	239,965
Excess (deficiency) of revenues over expenses before inter-fund transfers	(218,010)	(209,151)	64,531	245,331	110,125	419,987	544,857
Inter-fund transfers (Note 6)	207,715	178,759	(87,500)	(87,500)	(32,715)	(207,715)	(178,759)
Excess (deficiency) of revenues over expenses	(10,295)	(30,392)	(22,969)	157,831	77,410	212,272	366,098
Fund balances, beginning of year	83,220	113,612	418,693	597,919	73,959	1,090,571	724,473
Fund balances, end of year	72,925	83,220	395,724	755,750	151,369	1,302,843	1,090,571



Primrose Lake Economic Development Corporation
Statement of Cash Flows
For the year ended March 31, 2018

	Operating Fund	Restricted Investment Funds			2018 Total	2017 Total
		CED	CEI	SED		
Cash provided by (used for) the following activities:						
Operating activities						
Excess (deficiency) of revenues over expenses	(10,295)	(22,969)	157,831	77,410	201,977	335,706
Changes in working capital accounts:						
Prepaid expenses	51	-	-	-	51	-
Accounts payable and accrued liabilities	-	-	-	-	-	(224)
Grants payable	-	123,742	13,116	15,263	152,121	(532,874)
	(10,244)	100,773	170,947	92,673	354,149	(197,392)
Investing activities						
Due from Primrose Lake Economic Development Trust (net)	(28,957)	(60,642)	(54,472)	(11,867)	(155,938)	109,614
Financing activities						
Change in inter-fund accounts	25,000	(12,500)	(12,500)	-	-	-
Increase (decrease) in cash	(14,201)	27,631	103,975	80,806	198,211	(87,778)
Cash, beginning of year	44,548	149,357	222,095	37,747	453,747	541,525
Cash, end of year	30,347	176,988	326,070	118,553	651,958	453,747



Primrose Lake Economic Development Corporation

Notes to the Financial Statements

As at March 31, 2018

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

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:

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.



Primrose Lake Economic Development Corporation

Notes to the Financial Statements

As at March 31, 2018

2. Significant accounting policies (continued)

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.

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.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less.

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.



Primrose Lake Economic Development Corporation

Notes to the Financial Statements

As at March 31, 2018

2. Significant accounting policies (continued)

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.

Revenue recognition

Trust distribution is recognized as distributions of annual income are declared by the Trust. Interest income is recorded when earned.

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 excess (deficiency) of revenues over expenses 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.

	2018	2017
Annual income allocation as of March 31	939,206	783,268

4. Term deposit

Term deposit is comprised of a Bank of Montreal term investment earning interest at 0.90%, maturing December 2018. 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 2).



Primrose Lake Economic Development Corporation

Notes to the Financial Statements

As at March 31, 2018

6. Inter-fund transfers

During the year, \$87,500 (2017 - \$75,000) from each of the CED and CEI funds was transferred to the operating fund. As well, \$32,715 (2017 - \$28,759) which is 25% of the annual income allocation was transferred from the SED fund to the operating fund.

7. Financial instruments

The Corporation, as part of its operations, carries a number 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

The financial instrument that potentially subjects the Corporation to concentrations of credit risk is the balance due from Primrose Lake Economic Development Trust. Management believes the risk is limited since the amounts due are from a related party that is required to make payment per the Trust Agreement and 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 to 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.