



Growing communities one idea at a time.

**Annual Report  
2010**



Meet our members: #4 Wurm Farms Ltd. \*\*\*24/7 Travel Centre\*\*\*3 Lakes Automotive Services\*\*\*

Action Services Cleaning & Restoration Specialists\*\*\*All Citizens Shop\*\*\*Armor Thane of Watrous  
Aurora Sign Works\*\*\*B & B Variety Store\*\*\*Backroads B & B\*\*\*Batoche National Historic Site of Canada\*\*\*  
Bradwell Store\*\*\*Basset Seed Cleaning\*\*\* Bregenser's Electric Ltd.\*\*\*Bruno Feeds\*\*\*Bruno Lumber Supply Ltd.  
Bruno Savings & Credit Union Limited\*\*\*C.S. Skrupski CGA Professional Corporation\*\*\*Carlton Trail Regional  
College\*\*\*Causeway Natural Health\*\*\*Chegus RV Sales Ltd.\*\*\*Chuck's Place\*\*\*Cindy Frey\*\*\*Coleen Bowman,  
CGA\*\*\*Concrete Elements\*\*\*Corry's Custom Embroidery\*\*\*Cross Borders Consulting Ltd.\*\*\*Cudworth Pork  
Investors Group Inc. \*\*\*Doepker Industries Ltd.\*\*\*Drake Meat Processors\*\*\*Draude Holdings Inc.\*\*\*Dwaymar  
Enterprises\*\*\*Carol Eaton\*\*\*City of Humboldt\*\*\*Elite Innovations Salon & Day Spa\*\*\*Fly-Hy Enterprises  
Inc.\*\*\*Gemini Ventures \*\*\*Granger's Pharmachoice\*\*\*Graphic Arts Printing Ltd.\*\*\*Gypsy Soul  
Clothing\*\*\*Hannigans Catering 2007\*\*\*Haus of Stitches\*\*\*Hemm Trucking\*\*\*High Style Floral Design\*\*\*Horizon  
Resort Store\*\*\*Humboldt & District Chamber of Commerce\*\*\*Humboldt Food Services Ltd.\*\*\*I Can Trading  
Inc.\*\*\*J & K Trucking Ltd.\*\*\*Jacquot, Stone Sculpture and Engraving\*\*\*Jadi Farms\*\*\*Miles Jorgenson\*\*\*JPK  
Computers Inc.\*\*\*Karla Barry\*\*\*Ken's "TNT" Repair\*\*\*Kevin's Electric\*\*\*King's Chicken and Pizza\*\*\*Kirk's  
Hardware & Supply\*\*\*Lonestar Oil Field Contracting Ltd.\*\*\*Midland Glass Ltd.\*\*\*Mike's Truck + Trailer  
Repair\*\*\*Mistik Acres\*\*\*Modern Meat & Abattoir Ltd.\*\*\*Moritz Construction\*\*\*Mr. Bills Screenprinting &  
Lazer\*\*\*Muenster Powder Coating & Design Ltd.\*\*\*Mumby Manufacturing Ltd.\*\*\*New Vision for Health\*\*\* North  
Grove Enterprises\*\*\*Our Lady of Lourdes Inc.\*\*\*Pilger Tavern\*\*\*Prairie Agricultural Machinery Institute\*\*\*Prairie  
Fire Grain Energy Inc.\*\*\*Prairie Home Kennels\*\*\*Prairie Innovation Enterprise Region\*\*\*Prairie Parts Plus Ltd.\*\*\*  
R & J Welding & Supplies\*\*\*Ravenheart Farms\*\*\*Reliable Excavating Plus\*\*\*RM of Rosthern\*\*\*Rootool  
Pouches\*\*\*Rosco's Mobile Welding and Repair Ltd.\*\*\*Rudichuk Agencies Ltd.\*\*\*Rustic Hills Bison Ranch\*\*\*Salty  
Surf Massage & Day Spa\*\*\*Sask Valley Publishers Inc.\*\*\*SBC Enterprises\*\*\*Schwartz Drilling Ltd.\*\*\*St. Benedict  
Millworks Graphics & Embroidery Ltd.\*\*\*St. Peter's College\*\*\*Staging Canadell Ltd.\*\*\*Stroeder Water  
Hauling\*\*\*This Is Your Computer\*\*\*Town of Bruno\*\*\*Town of Wakaw\*\*\*Town of Watrous\*\*\*U Weight Loss Clinic –  
Humboldt\*\*\*Wakaw Beauty Salon\*\*\*Wakaw Marine & Automotive\*\*\*Whitehead Hill Repair Ltd.\*\*\*Wright Insurance  
Services Ltd.\*\*\*Young Hotel

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Western Economic  
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Diversification de l'économie  
de l'Ouest Canada

Canada



*Since 1985 Sagehill has been an advocate of economic growth, diversification and job creation for every community in our region. Each of you may be familiar with a different aspect of Sagehill; some of you will know we do small business financing while others will know we work with local volunteer groups to explore opportunities for their community. Still others will know us as an HR service provider and some will have participated in our small business management workshops. Others will know that their small business questions will always be answered.*

*While the range of everyone's experience with Sagehill is different we believe that's exactly how it should be. Our programs and services are designed to meet the individual needs of each customer. The experience that our customers do share is timely, capable and professional service. I am happy to report that we are meeting both of those goals.*

*At the heart of our program is a firm belief that local, community-based decision making is key to shaping our economic future. Each member of our Board is committed to the Sagehill region and to assist where we can to ensure that each of our communities is strong, vibrant and a good place to call home. We have a duty to be good stewards; to take responsibility for creating appropriate and effective programs and services that provide the people of our region with the critical tools and support they require*

*so that they may achieve their dreams. Taking on those responsibilities has certainly been our pleasure.*

*The upcoming year, 2010, is a milestone year for Sagehill - 25 years of service. We thought we'd celebrate our communities and their collective successes by making an additional investment of \$50,000. through the newly created **Sagehill Community Spirit Fund**. The Spirit Fund is our way of giving back and will build on the strengths of each of our communities by encouraging them to create new opportunities, face new challenges and discover innovative ways to ensure our communities stay strong. We're looking forward to the future, together.*

*We live where you live. Get to know us. Together, we're growing our communities one idea at a time.*



June Vogelgesang  
Chairperson



Members of the board (l-r) Jerome Pratchler, June Vogelgesang, Alfred Washburn, Carol Marriott, Andy McNally, Janet Hering

## National HR Project



In June 2007 we were invited to participate in a national human resource pilot project. The objective of this pilot project was to develop tools and systems that would help small business owners develop comprehensive HR policies, procedures and practices.

Together with four small business owners (Wakaw Lodge Motel, Cudworth Pork Investors Group, Modern Meat & Abattoir and Elite Innovations Hair Studio & Day Spa Ltd.) we took this project on. Each business owner worked hard to ensure that the HR tools they developed were appropriate for their company.

On January 28, 2010 we celebrated the completion of the HR Project with the owners of the 4 participating small businesses. We also celebrated the results. Here's a snapshot:

- Productivity up 5%
- Employee satisfaction and engagement improved to 92%
- Absenteeism rates decreased
- Retention rates for employees on the rise

Each company that worked with us confirms positive results. And that's what we were hoping for..... Human resource management can be daunting for small business owners. We know that with a good HR management system the process becomes much easier. We're extremely pleased to announce that we'll be rolling out a package of HR services in 2010 designed specifically for small business owners.

Back row (l-r) Alfred Washburn (Elite);  
Steve Bodnarchuk (Modern Meat); Don  
Kolla (CPIG).

Front row (l-r) Kendel Bodnarchuk  
(Modern Meat); Syliva Meszaros (CPIG)  
and Heide Kolla (CPIG)



## Scholarship Program

In June, 2001 we created the *Taking Care of Business* Scholarship Program. Since then, we've invested \$10,000.00 with 20 Community Futures Sagehill students.

The applications we receive each year confirm our trust in our region's youth. They are extremely well written and the authors bright, ambitious, and each of them ready to be *Taking Care of Business* in their own way.

Meet our 2010 *Taking Care of Business* Scholarship recipients – Breanne Draude and Chantal Tremel. Breanne and Chantal were selected by the Sagehill Board to receive \$500.00 entrance scholarships.



Breanne is a Grade 12 student at Wakaw School. She has been accepted into the LPN Course at Northwest Regional College in North Battleford.

The individuals who supported Breanne's application to our program agree that she is a generous and caring person who has a strong desire to succeed, takes challenges head on and has an extremely positive attitude towards life.

**Congratulations Breanne!**



Chantal is a Grade 12 student at Bruno School. In the fall Chantal will enter the College of Arts & Sciences at the U of S. Her dream is to be an Elementary School teacher.

Those who supported Chantal's application agree she is an outstanding young leader who is a significant contributor to her community. She is a very conscientious and motivated young lady who has a great sense of personal direction and commitment.

**Best Wishes, Chantal!**

## Small Business Financing

Small business is the main driver of our Canadian economy. Small businesses create jobs and they create wealth. Yet when asked, most individuals considering small business ownership identify *financing* as the main stumbling block.

More than 50%  
of our  
customers are  
first time  
entrepreneurs.


Getting started can be tough – sometimes you're too young while other times you're too old; sometimes you have no credit history and sometimes you have too much, sometimes the down-payment requirements are hard and all too often just being new is a huge obstacle to overcome when you're starting your own business.


It's been extremely rewarding to be the small business lender of "choice" for many of the small businesses that call our rural communities home. Our credit facilities are designed to fill the gaps. What this means for our customers is that they should always consult with their own financial institution, first, to determine if their products can meet their needs. If they don't or only meet part of the requirements you may find we can fill that gap. We've found a small business financing niche that compliments the financing policies of our area's traditional lenders and together we serve our business community well.

In the marketplace we are generally known as a "developmental" lender. That means when we discuss your financing requirements our due diligence focuses *first on you, your skills, your plans for business success* and then on down payment and collateral. In some circles that kind of consideration is called "character lending". We call it good business.


Our capacity to provide financing continues to be an important service for our small business owners. This year we wrote just under \$1million in financing. Our participation allowed our customers to leverage an additional \$1.1 million from other financial institutions and private parties.


Some quick facts about our small business financing program for the past 12 months:

 50% of loan were written for business expansion; 30% of loans were written for new business start-ups; 20% to transition existing businesses from the current owner to a new owner.

 Just over one-third of financing was provided to female business owners.

 30% of financing was approved to entrepreneurs under age of 30.

 Our average turnaround time on a loan application was 5 days.

 The average loan we wrote was \$60,000.00 which is up from previous years and reflects our participation in business succession loans.

We've been able to grow the original \$1.5 million we received as a non-repayable grant from the federal government to \$2,381,341.00. And the \$400,000.00 we negotiated in 1999 with Western Economic Diversification Canada, known as the Repayable Investment Fund, has grown to \$579,410.00. Under the terms of the agreement the Repayable investment funds are repayable upon the call of the Minister. The calculation that will be used to determine the amount that could be repaid is \$400,000.00 less bad debts plus 50% of the revenue earned.

Currently, we show a liability of \$400,000.00 on our Balance Sheet. This liability reflects the capacity of the Minister to call back the funds.

Many of the loans we approve are written in partnership with area banks and credit unions as well as other agencies such as Farm Credit Canada, Women Entrepreneurs or Business Development Bank. In some circumstances we are also able to partner with other Community Futures Offices in the province. Generally, a partnership with another CF means that the business we are financing has more than a regional impact. Each of the partnerships we create allows us to extend our reach in our region and ensure that our available funds are being maximized.

Our office also operates a Small Business Loan Association (SBLA). This program also allows us to expand our lending program. Through this provincially funded program we access an interest-free revolving line of credit of \$100,000.00. Presently, we have \$15,000.00 in SBLA loans. Because there are about 10 SBLAs in the Sagehill region our policy is to refer to the “home” SBLA first. If there is no SBLA in the small business owner’s community or if they choose not to do business there, Sagehill will entertain the application. We will not compete with a local SBLA to write the financing application.

Maintaining the integrity of our investment funds is a priority for Sagehill. Partnering where we can, leveraging other resources, good stewardship, commitment to solid relationships and a vigorous monitoring regime all contribute in a positive way to the management of our investment pool and to growth in our small business community.

We’ve been lending to our small business community for 24 years and we know that access to capital, even for the greatest idea, can be a huge obstacle. We’ve made it our job to deconstruct that obstacle one loan at a time because it’s just good business.

## Business Management Workshops

Ensuring that business owners have the information they need, when they need it, is as important to us as it is to them. Last year we surveyed almost 200 business owners to determine their business management needs. The results of that survey were implemented this year. We held more than 40 workshops on the topics that were identified



by our survey respondents. Some of those workshops were delivered in person while others were delivered via video conference.

So whether a business owner needs to know how to grow his business, implement new marketing strategies, or properly remit trust taxes like the GST and PST we've got them covered and always in a timely and effective manner.

Our ability to provide video conference service has certainly increased our capacity when it comes to delivering workshops. This year we were able to bring workshops from around Canada home to the Sagehill region. Our small business owners were able to participate in workshops delivered from Vancouver and Winnipeg, to name two.

In the coming year we will work hard to ensure that our business management workshops continue to meet the needs of our small business owners. We also intend to partner with our Community Futures colleagues across Canada to bring workshops that are being delivered live in one office and fed to multiple sites. Efforts such as these are just good practice, reduce costs and effectively use our resources.



## Because It's My Home

Peter Kenyon is a social entrepreneur and a community enthusiast. Over the last 18 years he has worked with over 1000 communities seeking to facilitate fresh and creative ways that stimulate community and economic renewal. Peter became



convinced that one cannot develop communities from the top down or from the outside in. It required communities to build from the inside out, and for their residents to invest themselves, ideas, assets and resources in the process. Subsequently, he created the Bank of I.D.E.A.S. (Initiatives for the Development of Enterprising Action and Strategies), in 1990.



We were fortunate to have Peter in the Sagehill region March 18, 2010. Many community leaders were able

to participate in the workshop and had the chance, not only to talk with Peter about their community, but with each other as well.

We talked a lot about each of our communities and that the first rule of positive community economic development is that we need to appreciate what we have. Then dream what can be; design what should be; and create what will be. We're on it!



## Projects We're Working On

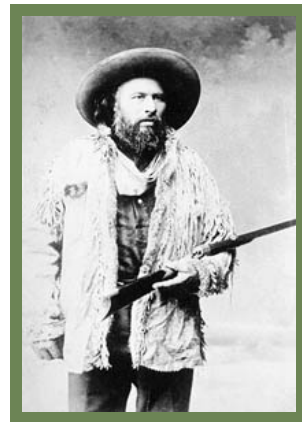
### Dizaines for Batoche Development Co-operative Ltd.

It certainly has been our pleasure to be involved with this Co-operative. Their goal is to provide diverse cultural and educational experiences of historical and contemporary Métis cultures and traditions.

Batoche is a National Symbol with historical significance to Métis and non-Métis people alike in Canada. This area of Saskatchewan is the heart and soul of the Métis homeland that stretches from Ontario to British Columbia. To date, much of the emphasis of the Métis story has been placed on the events surrounding the resistance of 1885. Despite its importance, this is only one component of the Métis story.

Dizaines is making its home at Gabriel's Crossing on the South Saskatchewan River, where Gabriel Dumont ran a small store, billiards hall, and ferry service in the late 1870s and early 1880s.

Historically, the ferry crossing has always been a meeting place.



The mandate is to develop a Centre for Métis culture and heritage preservation and development that provides economic opportunities for Métis people and other Canadians while sharing and engaging in the Métis story. The Crossing is a site for Métis to celebrate and connect with our history, our cultures, and our stories, while providing spin-offs to the community through economic development.

We're looking forward to helping the members of Dizaines for Batoche Development Co-operative Ltd. fulfill their dreams.

## Imperial – Rite Way Housing Development



In January 2010 we were asked to participate in a joint project between the Town of Imperial and Rite Way Manufacturing Co. Ltd. These two entities created a

partnership to build affordable rental housing to accommodate people who are moving to Imperial and seeking employment at the Rite Way Plant.

There is currently a housing shortage in Imperial. This additional accommodation will help Rite Way Manufacturing to maintain a stable workforce which, in turn, means a thriving manufacturing plant. The benefits for the community are many and include ensuring Rite Way can remain in the community; create new housing inventory; employing workers with families means children for the school; and increasing population will increase demand for services, goods, the hospital and the doctor.

This is a win-win project and one that we're proud to play a role.

### **The Rite Way story**

*Owner and President Les Hulicko built his first piece of farm equipment in 1972 out of his welding shop, where he fabricated miscellaneous ironworks. One of his employees encouraged him to build a rock picker, as farmers were eager to buy them. Les researched the rock picker market and found that there were two types of pickers – one to pick up small rocks, and one to pick larger rocks.*



*Les decided there must be a way to build a machine that could do both jobs, and concluded that a hydraulically-powered reel would be the answer. When others told him it simply wouldn't work, he was determined to prove them wrong. Not only was Les right – but hydraulically-powered reels are now the standard for the rock picker industry. Since then, Rite Way has led the way in the development of durable, efficient and affordable farm equipment. Its innovative designs often incorporate hydraulics.*

## **Batoche Area Regional Collaboration Project**

People working together. That collaboration built our province and our communities. In earlier days collaboration might have meant a barn raising or getting together to harvest a field. As our communities grew the projects we collaborated on changed as well – now we collaborate to create tourism opportunities, community festivals, inter-municipal fire protection agreements, regional parks and the list goes on.

Through the years how we collaborate has changed. What hasn't changed is why we collaborate.

Sagehill was asked to assist a number of municipalities and local organizations to work together to promote the their region's tourism potential. We agreed to do that. And in February 2010 organized a day-long session facilitated by Saskatchewan Tourism Education Council for about 20 community leaders representing the municipalities of Rosthern, Hague, Wakaw, Carlton, Duck Lake and Prince Albert as well as a number of local non-profits.

That session encouraged the community leaders to make a commitment to work together and next planning dates were set. Since then the group has agreed to try a number of initiatives that would ensure visitors to the Batoche region are aware of all of the community attractions, historical sites and natural vistas.

Many of the ideas generated by these good folks will be ready to go for the 2010 tourism season. Communities are excited about these initiatives, as are we.

The sky's the limit when we work together.

## Terroir Project

We told you about this project last year. A Terroir strategy encourages rural revitalization and sustainability through locally grown value-added products. The project is now up and running and a number of short term strategies have been met – establishing partnerships, encouraging exchanges and collaborations with other regions in Canada and ensuring financial support.

The organizers of this project are the Assemblée communautaire fransaskoise (ACF) and the Institut français (IF) of the University of Regina and is focused on the Bellevue region - defined by the communities of Duck Lake, Batoche, Bellevue, St. Louis and Domremy (all of which are in our CF region). Sagehill will actively support the Terroir strategy as it is implemented in our region.

The mid-term strategies 2009 – 2011 include:

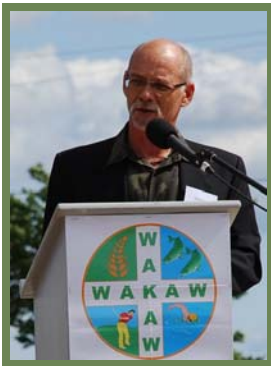
- establish the first phases of a Terroir development and interpretation center that will promote and facilitate the creation of new local products and assist entrepreneurs and communities in their initiatives for sustainable development.
- Establish alternative distribution methods (cooperatives and virtual tools) to help link producers to purchasers.
- Build education program and create tools to teach Saskatchewan youth and citizens the important of local markets and increase local food purchases
- Build entrepreneurship programs to develop new terroir products.
- Work towards getting UNESCO International Heritage recognition for this region of Saskatchewan.

We're really looking forward to being very actively engaged in this project. We know that many of our programs and services will be able to support not only the project proponents but the region's entrepreneurs as well.

## Wakaw Canal

In 2001 the Town of Wakaw and a number of local volunteers undertook a Feasibility Study to determine the opportunities of linking, more directly, Wakaw Lake to the Town of Wakaw, proper. This initial study was funded by Western Economic Diversification (\$20,000) and Sagehill Community Futures Development Corporation (\$5,000).

The feasibility study was completed and presented at a public open house. The enthusiasm for the project encouraged the Town to move to the next step. A business plan has been developed for the project and includes the following developments - construction of a 1 km long canal linking Wakaw Lake to the Town of Wakaw; an 18 hole golf course; development of 358 residential lots, a 200 boat Marina, a Hotel/Spa/Convention Center, and Senior Housing. Other related developments include unique park facilities, landscaped areas with natural planting, green space walking paths and return flow for the Canal with a series of ponds and naturalized areas.



**Mayor Edward Kidd**

We helped the community celebrate the official sod-turning for this project on August 28, 2008. Construction is expected to begin over the next year. Construction will create more than 2000 man-years of employment and when complete the project will generate 200 direct and 300 indirect jobs. It's estimated that the project will spin off 200 million dollars in the Saskatchewan economy.

The project will be called Serenity Cove and is estimated at approximately 30 million dollars. Stylo Developments (Calgary) is the developer involved in the project with the Town of Wakaw.

Growing communities one idea at a time.





Created in 1985, Community Futures is the largest, most well-established national community economic development network in the country. Nationally, Sagehill has 267 sister Community Futures Development Corporations. They can be found in every province and territory. Community Futures is a Government of Canada initiative designed to help communities develop and implement strategies for dealing with a changing economic environment.

Sagehill is also a proud member of the Business Service Network. With a network of over 100 points of service across the West, small and medium-sized businesses in most rural and urban centers can easily access a range of business services through Western Economic Diversification's (WD) Business Service Network.

The Western Canada Business Service Network consists of several integrated organizations that provide entrepreneurs with the expertise they need to start a new business or expand their existing company. The network includes Canada Business Service Centers, Community Futures Development Corporations, Women's Enterprise Initiative offices, Francophone Economic Development Organizations, and regional WD offices in Western Canada.



Western Economic  
Diversification Canada

Diversification de l'économie  
de l'Ouest Canada

Canada



MEYERS NORRIS PENNY LLP

**Sagehill Community Futures  
Development Corporation**  
**FINANCIAL STATEMENTS**  
*as at March 31, 2010*

*[www.mnp.ca](http://www.mnp.ca)*

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## MANAGEMENT'S RESPONSIBILITY

To the Directors of Sagehill Community Futures 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 generally accepted accounting principles and ensuring that all information in the annual report is consistent with the statements. 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 responsibility 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 the 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.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically with both the Board and management to discuss their audit findings.

May 7, 2010



Chief Executive Officer

## AUDITORS' REPORT

To the Directors of Sagehill Community Futures Development Corporation:

We have examined the statement of financial position of Sagehill Community Futures Development Corporation as at March 31, 2010 and the statement of operations and changes in general fund balance, statement of operations and changes in loan investment funds balances and statement of cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. 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 Sagehill Community Futures Development Corporation as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Humboldt, Saskatchewan  
May 7, 2010

*Meyers Norris Penny LLP*

Chartered Accountants



SAGEHILL COMMUNITY FUTURES DEVELOPMENT CORPORATION

STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2010

	<u>General</u>	<u>Loan Investment Funds</u>		<u>2010</u>	<u>2009</u>
	<u>Fund</u>	<u>Repayable</u>	<u>Non-repayable</u>	<u>Total</u>	<u>Total</u>
<b>ASSETS</b>					
<b>Current</b>					
Cash	\$ 218,560	\$ 255,993	\$ 323,913	\$ 798,466	\$ 503,801
Accounts receivable	15,834	866	3,673	20,373	28,319
Goods and services tax receivable	2,637	-	-	2,637	3,278
Inter-fund receivable	2,077	-	3,614	5,691	9,434
Prepaid expenses	364	-	-	364	200
Foreclosed asset	-	-	-	-	<u>15,000</u>
	<u>239,472</u>	<u>256,859</u>	<u>331,200</u>	<u>827,531</u>	<u>560,032</u>
<b>Capital assets (Note 4)</b>	10,064	-	-	10,064	9,723
<b>Loans receivable (Note 5)</b>	-	<u>322,551</u>	<u>2,050,141</u>	<u>2,372,692</u>	<u>2,699,486</u>
	<u>\$ 249,536</u>	<u>\$ 579,410</u>	<u>\$2,381,341</u>	<u>\$3,210,287</u>	<u>\$3,269,241</u>
<b>LIABILITIES</b>					
<b>Current</b>					
Accounts payable	\$ 32,720	\$ 76	\$ 44	\$ 32,840	\$ 40,449
Inter-fund payable	-	5,691	-	5,691	9,434
Unearned revenue (Note 6)	<u>7,296</u>	-	-	<u>7,296</u>	<u>2,880</u>
	<u>40,016</u>	<u>5,767</u>	<u>44</u>	<u>45,827</u>	<u>52,763</u>
<b>Loan from Western Economic Diversification (Note 7)</b>	-	400,000	-	400,000	400,000
<b>Long term debt (Note 8)</b>	-	-	<u>317,036</u>	<u>317,036</u>	<u>487,346</u>
	<u>40,016</u>	<u>405,767</u>	<u>317,080</u>	<u>762,863</u>	<u>940,109</u>
<b>Commitments (Note 9)</b>					
<b>Guarantees (Note 13)</b>					
<b>FUND BALANCES</b>					
Unrestricted	\$ 199,456	\$ -	\$ -	\$ 199,456	\$ 196,332
Restricted (Note 15)	-	173,643	2,064,261	2,237,904	2,123,077
Invested in capital assets (Note 10)	<u>10,064</u>	-	-	<u>10,064</u>	<u>9,723</u>
	<u>209,520</u>	<u>173,643</u>	<u>2,064,261</u>	<u>2,447,424</u>	<u>2,329,132</u>
	<u>\$ 249,536</u>	<u>\$ 579,410</u>	<u>\$2,381,341</u>	<u>\$3,210,287</u>	<u>\$3,269,241</u>

APPROVED BY THE BOARD:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Chief Executive Officer

*The accompanying notes are an integral part of these financial statements*

SAGEHILL COMMUNITY FUTURES DEVELOPMENT CORPORATION

STATEMENT OF OPERATIONS AND CHANGES IN GENERAL FUND BALANCE  
FOR THE YEAR ENDED MARCH 31, 2010

	<u>2010</u>	<u>2009</u>
	<u>Total</u>	<u>Total</u>
<b>REVENUES</b>		
Western Economic Diversification Contribution	297,669	291,832
Client services	53,114	62,642
Other Government contracts	25,171	41,695
Rental and other	5,994	4,419
YBEX sponsorship	3,000	5,275
Interest	2,166	3,765
Community Access Program Site Grant	1,721	1,879
Loan fees	1,225	1,756
Memberships	1,060	1,500
Gain on disposal of capital assets	600	252
Dizanies for Batoche	-	5,713
	<u>391,720</u>	<u>420,728</u>
<b>EXPENSES</b>		
Wages and employee benefits	249,174	205,042
Office utilities and repairs	20,227	25,449
Workshops and employee development	17,969	27,703
Advertising and public relations	17,029	16,165
Travel	16,877	16,645
Board training	11,027	18,337
Loan administration	10,989	4,489
Audit and legal fees	8,754	9,750
Board Honorarium	7,700	8,900
Telephone	6,981	6,667
Amortization	6,109	4,958
Insurance	5,033	4,795
Office	3,441	6,366
Caretaker	2,700	3,500
Postage	1,786	2,260
Miscellaneous	1,076	4,526
YBEX	727	12,271
Memberships	407	768
Library	249	1,178
Dizanies for Batoche	-	5,895
Community Access Program Site project	-	1,176
	<u>388,255</u>	<u>386,840</u>
<b>EXCESS OF RECEIPTS OVER DISBURSEMENTS</b>	3,465	33,888
<b>GENERAL FUND BALANCE, BEGINNING OF YEAR</b>	<u>206,055</u>	<u>172,167</u>
<b>GENERAL FUND BALANCE, END OF YEAR</b>	<u>\$ 209,520</u>	<u>\$ 206,055</u>

*The accompanying notes are an integral part of these financial statements*



SAGEHILL COMMUNITY FUTURES DEVELOPMENT CORPORATION

STATEMENT OF OPERATIONS AND CHANGES IN LOAN INVESTMENT FUNDS BALANCES  
FOR THE YEAR ENDED MARCH 31, 2010

	<u>Loan Investment Funds</u>		<u>2010</u>	<u>2009</u>
	<u>Repayable</u>	<u>Non-repayable</u>	<u>Total</u>	<u>Total</u>
<b>REVENUES</b>				
Loan investment interest	\$ 26,082	\$ 164,587	\$ 190,669	\$213,984
Members' life insurance	-	15,147	15,147	16,228
Investment charges	409	2,450	2,859	2,511
Other interest	<u>1,146</u>	<u>239</u>	<u>1,385</u>	<u>6,276</u>
	27,637	182,423	210,060	238,999
<b>EXPENSES</b>				
Provision for (Recovery of) loan investment losses	(40,005)	102,378	62,373	176,401
Provision for loan investment interest	1,805	6,096	7,901	52,227
Interest on long term debt	-	13,290	13,290	15,972
Members' life insurance	<u>-</u>	<u>11,669</u>	<u>11,669</u>	<u>11,853</u>
	<u>(38,200)</u>	<u>133,433</u>	<u>95,233</u>	<u>256,453</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	65,837	48,990	114,827	(17,454)
<b>LOAN INVESTMENT FUNDS BALANCES, BEGINNING OF YEAR</b>	<u>107,806</u>	<u>2,015,271</u>	<u>2,123,077</u>	<u>2,140,531</u>
<b>LOAN INVESTMENT FUNDS BALANCES, END OF YEAR</b>	<u>\$ 173,643</u>	<u>\$2,064,261</u>	<u>\$2,237,904</u>	<u>\$2,123,077</u>

*The accompanying notes are an integral part of these financial statements*



SAGEHILL COMMUNITY FUTURES DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2010

	<u>2010</u>	<u>2009</u>
<b>CASH PROVIDED BY (USED IN) THE FOLLOWING ACTIVITIES</b>		
<b>OPERATING</b>		
Cash receipts	\$ 423,514	\$ 432,897
Cash disbursements	(207,688)	(410,691)
Cash paid to employees	(249,174)	(205,042)
Interest received	190,669	224,025
Interest paid	<u>(13,290)</u>	<u>(15,972)</u>
	144,031	25,217
<b>FINANCING</b>		
Long term debt advances	-	572,000
Long term debt repayments	<u>(170,310)</u>	<u>(439,939)</u>
	(170,310)	132,061
<b>INVESTING</b>		
Repayment (additions) to loans receivable	326,794	(151,716)
Purchase of capital assets	(6,450)	(998)
Proceeds on disposal of capital assets	<u>600</u>	<u>600</u>
	<u>320,944</u>	<u>(152,114)</u>
<b>INCREASE IN CASH</b>	294,665	5,164
<b>CASH, BEGINNING OF YEAR</b>	<u>503,801</u>	<u>498,637</u>
<b>CASH, END OF YEAR</b>	<u>\$ 798,466</u>	<u>\$ 503,801</u>

*The accompanying notes are an integral part of these financial statements*



SAGEHILL COMMUNITY FUTURES DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS  
AS AT MARCH 31, 2010

NOTE 1: INCORPORATION

Sagehill Community Futures Development Corporation is incorporated under The Non-Profit Corporations Act of Saskatchewan. The Corporation offers lending, training, and bookkeeping services to small business. It is exempt from income taxes under The Income Tax Act.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

a) Fund Accounting

The accounts of the Corporation are maintained in accordance with the principles of fund accounting:

i) General Fund

The general fund reflects the Corporation's operating costs and reports revenues of an unrestricted nature.

ii) Loan Investment Funds

The loan investment funds report restricted resources that are to be used for assistance to small businesses and entrepreneurs in the form of loans. The repayable fund consists of a federal loan that requires repayment under certain conditions. The non-repayable fund consists of federal grants that have no repayment requirements attached to them.

b) Capital Assets

Capital assets are recorded at cost. Amortization is provided using the straight line method at rates intended to amortize the costs of the assets over their estimated useful lives as follows:

Furniture and equipment	5 years (20%)
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c) Loans Receivable

Loans receivable are recorded at the lower of principal plus accrued interest and estimated realizable amounts. Estimated realizable amounts are determined by discounting the expected future cash flows at the effective interest rate inherent in the loans. When the amount and timing of future cash flows cannot be estimated with reasonable reliability, estimated realizable amounts are measured at the fair value of the security underlying the loans, net of expected costs of realization.

SAGEHILL COMMUNITY FUTURES DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS  
AS AT MARCH 31, 2010

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (*Continued from previous page*)

d) Foreclosed Asset

The foreclosed asset held for sale is recorded at the lower of carrying amount and estimated net realizable value. Cost is comprised of the balance of the loan at the date on which the Corporation obtained title to the asset plus subsequent disbursements related to the asset, less any revenues or lease payments received. Foreclosed assets are subsequently valued at the lower of their carrying value or fair value less cost to sell.

e) Government Assistance

The Corporation receives financial assistance under available incentive programs. Government assistance relating to current expenses is included in the determination of excess of receipts over disbursements for the period. Government assistance relating to the acquisition of capital assets is deferred and amortized to income on the same basis as the related capital assets.

f) Revenue Recognition

Contributions are recognized as revenues when all significant contractual obligations have been satisfied and collectibility is reasonably assured. Government assistance revenue, including contributions and contracts, is recognized when earned. Client services fees are recognized when the service is provided. Investment income is recognized when earned.

g) Measurement Uncertainty

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Loans receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where necessary. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in income in the periods in which they become known.

h) Financial Instruments

Held for trading

Any financial instrument whose fair value can be reliably measured may be designated as held for trading on initial recognition, even if that instrument would not otherwise satisfy the definition of held for trading. The Corporation has classified the following financial assets as held for trading: cash.

Held for trading financial instruments are measured at their fair value.



SAGEHILL COMMUNITY FUTURES DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS  
AS AT MARCH 31, 2010

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES *(Continued from previous page)*

h) Financial Instruments (continued)

Available-for-sale

The Corporation has classified the following financial asset as available-for-sale: foreclosed asset. This asset is initially recognized at its fair value approximated by the instrument's initial cost in a transaction between unrelated parties.

Available-for-sale financial assets are subsequently measured at their fair value. Net gains and losses arising from changes in fair value include interest income. These gains and losses, except for impairment losses and foreign exchange translation adjustments, are recognized in fund balances, until the financial asset is sold or otherwise derecognized. Upon derecognition, the cumulative gain or loss previously recognized in accumulated gain or loss previously recognized in fund balances is transferred to excess of receipts over disbursements.

Loans and receivables

The Corporation has classified the following financial assets as loans and receivables: accounts receivable, loans receivable and accrued interest receivable. These assets are initially recognized at their fair value approximated by the instrument's initial cost in a transaction between unrelated parties.

Loans and receivables are subsequently measured at their amortized cost. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, and less any reduction for impairment or uncollectibility. Net gains and losses arising from changes in fair value include interest income and are recognized in excess of receipts over disbursements upon derecognition or impairment.

Other financial liabilities

The Corporation has classified the following financial liabilities as other financial liabilities: accounts payable, loan from Western Economic Diversification and long term debt. These liabilities are initially recognized at their fair value approximated by the instrument's initial cost in a transaction between unrelated parties.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial asset impairment

The Corporation assesses impairment of all its financial assets, except those classified as held for trading. Management considers many factors in determining whether objective evidence of impairment exists.



SAGEHILL COMMUNITY FUTURES DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS  
AS AT MARCH 31, 2010

NOTE 3: CHANGE IN ACCOUNTING POLICIES

a) Fair value measurements

In December 2006, the Canadian Institute of Chartered Accountants (CICA) issued Section 3862 Financial Instruments – Disclosures and Section 3863 Financial Instruments – Presentation to replace Section 3861 Financial Instruments – Disclosure and Presentation. The Corporation chose to adopt these sections in its March 31, 2008 financial statements.

The CICA has subsequently released a decision to allow not-for-profit organizations to defer Sections 3862 and 3863 and instead comply with the measurement and presentation requirements of Section 3861 until a final determination has been made regarding the future of standard setting for this sector. Not-for-profit organizations that early adopted Sections 3862 and 3863 are also allowed to change their accounting policies back to Section 3861. The Corporation has chosen to make this change. This change in policies only affects the extent of the financial instruments disclosures within the financial statements. There is no impact on excess of receipts over disbursements or on fund balances.

NOTE 4: CAPITAL ASSETS

	2010		2009	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture & Equipment	\$101,185	\$ 91,121	\$ 10,064	\$ 9,723
Less: Government Assistance	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>	<u>-</u>
	<u>\$ 86,185</u>	<u>\$ 76,121</u>	<u>\$ 10,064</u>	<u>\$ 9,723</u>

NOTE 5: LOANS RECEIVABLE

	2010	2009
Principal	\$2,462,938	\$2,886,807
Accrued interest	<u>22,265</u>	<u>21,840</u>
	2,485,203	2,908,647
Less: Allowance for doubtful accounts	<u>(112,511)</u>	<u>(209,161)</u>
	<u>\$2,372,692</u>	<u>\$2,699,486</u>



SAGEHILL COMMUNITY FUTURES DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS  
AS AT MARCH 31, 2010

NOTE 6: UNEARNED REVENUE

March 31, 2010 unearned revenue consists of funds received from Canada Saskatchewan Career and Services under the Self Employment Training Agreement for which the related services have not yet been provided by the Corporation as at March 31, 2010. The monies are intended to reduce the cost associated with the self employment program flyer, printing and postage costs.

March 31, 2009 unearned revenue consists of funds received from Community Futures Saskatchewan under the Video Conferencing Service Program for which the related services had not yet been provided by the Corporation as at March 31, 2009. The monies were intended to reduce the cost of hi-speed internet to support video conferencing.

NOTE 7: LOAN FROM WESTERN ECONOMIC DIVERSIFICATION

During the 1999 - 2000 fiscal year, the Corporation received \$400,000 repayable investment funds from Western Economic Diversification. The funds are to be lent to eligible borrowers with appropriate repayment terms. Interest is not charged on the outstanding loan balance. The contract with Western Economic Diversification becomes due March 31, 2011.

The loan is subject to certain criteria with respect to the approval of loans within the repayable investment fund. As at March 31, 2010, it is management's opinion that the Corporation is in compliance with the criteria and is likely to remain in compliance throughout the next 12 months.

NOTE 8: LONG TERM DEBT

	<u>2010</u>	<u>2009</u>
Bruno Savings and Credit Union Limited loan payable in monthly instalments of \$15,300, including interest at prime plus 0.25% (3.25% at March 31, 2010), secured by a general security agreement, due February 28, 2012	<u>\$ 317,036</u>	<u>\$ 487,346</u>

The principal repayments are estimated as follows:

2011	\$175,900
2012	<u>141,136</u>
	<u>\$317,036</u>

SAGEHILL COMMUNITY FUTURES DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

AS AT MARCH 31, 2010

NOTE 9: COMMITMENTS

The Corporation has approved loans amounting to \$59,000 (\$72,500 in 2009) from the repayable investment fund and \$0 (\$22,150 in 2009) from the non-repayable investment fund that have not been disbursed as at March 31, 2010.

NOTE 10: INVESTED IN CAPITAL ASSETS

	<u>2010</u>	<u>2009</u>
Opening investment in capital assets	\$ 9,723	\$ 14,031
Add: Capital asset additions	6,450	998
Add: Gain on disposal of capital assets	600	252
Less: Proceeds on disposal of capital assets	(600)	(600)
Less: Amortization	<u>(6,109)</u>	<u>(4,958)</u>
	<u>\$ 10,064</u>	<u>\$ 9,723</u>

NOTE 11: LINE OF CREDIT

The Corporation has negotiated a line of credit up to a maximum of \$125,000 with Bruno Savings and Credit Union Limited, none of which was drawn at year end. The line of credit is secured by a general security agreement and bears interest at prime plus 0.5% (3.50% at March 31, 2010).

NOTE 12: ECONOMIC DEPENDENCE

The Corporation receives funding for operating costs and financing for lending purposes from Western Economic Diversification. Its ability to continue viable operations is dependent upon compliance with its agreement with Western Economic Diversification. As at the date of these financial statements, management believes that the Corporation is in compliance with the agreement guidelines.

NOTE 13: GUARANTEES

As at March 31, 2010, the Corporation has guaranteed the line of credit of an unrelated company up to a maximum of \$100,000 (\$100,000 in 2009) with Bruno Savings and Credit Union Limited. The guarantee was provided to assist economic development within the Corporation's region. Payment under this guarantee, which will remain in place until 2014, is required if the unrelated company defaults on their set repayment terms. As at March 31, 2010, no liability has been recorded associated with this guarantee.



SAGEHILL COMMUNITY FUTURES DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS  
AS AT MARCH 31, 2010

NOTE 13: GUARANTEES (*Continued from previous page*)

As of March 31, 2010, the Corporation has guaranteed a Letter of Credit of an unrelated company to a maximum of \$5,000 with Saskatchewan Lotteries. Payments under this guarantee, which will remain in place until April 2010, is required if the unrelated company defaults on their set repayment terms. As of March 31, 2010, no liability has been recorded associated with this guarantee.

NOTE 14: 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 or credit risks arising from these financial instruments except as otherwise disclosed.

Fair value of financial instruments

The fair value of the financial instruments and their related carrying values has been summarized and included in the table below:

	2010 Carrying Amount	2010 Fair Value	2009 Carrying Amount	2009 Fair Value
Financial assets				
<i>Held for trading</i>				
Cash	798,466	798,466	503,801	503,801
<i>Available-for-sale</i>				
Foreclosed asset	-	-	15,000	n/a
<i>Loans and receivables</i>				
Accounts receivable	20,373	20,373	28,319	28,319
Loans and accrued interest receivable	2,372,692	n/a	2,699,486	n/a
<i>Other financial liabilities</i>				
Accounts payable	32,840	32,840	40,449	40,449
Loan from Western Economic Diversification	400,000	n/a	400,000	n/a
Long term debt	317,036	317,036	487,346	487,346



SAGEHILL COMMUNITY FUTURES DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS  
AS AT MARCH 31, 2010

NOTE 14: FINANCIAL INSTRUMENTS *(Continued from previous page)*

Fair value of financial instruments (continued)

Financial Assets

Held for Trading

Cash

Cash and cash equivalents are recorded at their fair value, which is approximated by their initial carrying value, due to their short-term nature.

Available-for-Sale

Foreclosed asset

Canadian generally accepted accounting principles require the disclosure of fair value of information for all financial instruments, except in cases where time and cost constraints make such information too difficult to reliably determine. Because relevant and reliable fair value information was not obtainable, the Corporation has not disclosed the fair value information for its foreclosed asset as the instrument is not traded in an active market.

Loans and Receivables

Accounts receivable

Accounts receivable are recorded at their fair value, which is approximated by their initial carrying value, due to their short-term nature.

Loans and accrued interest receivable

Canadian generally accepted accounting principles require the disclosure of fair value of information for all financial instruments, except in cases where time and cost constraints make such information too difficult to reliably determine. Because relevant and reliable fair value information was not obtainable, the Corporation has not disclosed the fair value information for its loans and accrued interest receivable as the instruments are not traded in an active market.

Financial Liabilities:

Other Financial Liabilities:

Accounts payable

Accounts payable are recorded at their fair value, which is approximated by their initial carrying value, due to their short-term nature.



SAGEHILL COMMUNITY FUTURES DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS  
AS AT MARCH 31, 2010

NOTE 14: FINANCIAL INSTRUMENTS (*Continued from previous page*)

Fair value of financial instruments (continued)

Loan from Western Economic Diversification and Long Term Debt

Loans and long-term debt are recorded at their amortized cost. The fair value of the Corporation's long term debt approximates its fair value. Fair value is estimated by the current fair value of other instruments having substantially the same terms, conditions and risk characteristics. Because relevant and reliable fair value information was not obtainable, the Corporation has not disclosed the fair value information for its loan from Western Economic Diversification as the instrument is not traded in an active market.

Credit concentrations

The Corporation is exposed to credit risk from the potential non-collection of loans receivable. Loans receivable are widely distributed among the Corporation's customer base. The Corporation performs regular credit assessments of its customers and provides allowances for potentially uncollectible loans receivable.

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 rate. 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 on its loans receivable, loan from Western Economic Diversification and long-term debt. The Corporation is at risk to future changes in the prime rate of interest.

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 lend funds to clients and borrow funds from financial institutions or other creditors, for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Corporation's future net cash flows for the possibility of a negative net cash flow. The Corporation manages the liquidity risk resulting from its accounts payable, loan from Western Economic Diversification and long term debt by establishing a \$125,000 line of credit with Bruno Savings and Credit Union Limited.

Risk management policy

The Corporation, as part of its operations, has established requirements for collateral to mitigate credit as a risk management objective. In seeking to meet this objective, the Corporation follows the lending policy approved by the Board of Directors.



SAGEHILL COMMUNITY FUTURES DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS  
AS AT MARCH 31, 2010

NOTE 15: CAPITAL MANAGEMENT

The Corporation has not adopted a formal capital management policy.

Loan investment funds are subject to external restrictions by Western Economic Diversification on the use of the Corporation's capital. Capital is required to be directed towards supporting community economic development, diversification of the economy, supporting the creation and expansion of small and medium-sized enterprises, maintaining and creating new employment and maintaining the delivery of business services to rural communities. Should the Corporation be dissolved, the capital is required to be transferred to another organization with similar objectives, as approved by Western Economic Diversification.