



Growing communities one idea at a time.

**Annual Report
2011**



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Canada

From the Chair

I've always believed that one of the main things that makes Sagehill different is our ability to focus on the person in front of us. Whether you're a volunteer, a small business owner or a prospective business owner we never lose sight of what you need and how we might best serve you. That commitment to each of you is one we value the most.



Like you, each member of our Board has experience with small business ownership and volunteering in our home communities. We know what it takes to start and grow a business, to raise money for a community project or organize to provide a much needed community service. Each of us brings our collective experience to the Board and from that experience comes our commitment to you and to the communities we call home.

As a not-for-profit we reinvest all of our earnings back into our communities through new and/or additional programs and services. We're proud about that, too!

This year, in celebration of our 25th anniversary we created the Sagehill Spirit Fund. The Spirit Fund provided funding for projects, within our region, that focused on ideas that built on community assets to promote local advantage. We were able to fund 6 projects for a total investment of \$37,950.00. Those same projects were able to leverage an additional \$600,000.00. That's great and a testament to the commitment of local folks working on local projects. The projects we supported are detailed later in this report.

Another thing that makes Sagehill different is that we set our sights high. We have never been satisfied with settling for second best or following the rest of the pack. The launch of the *Business Starts Here* campaign earlier this year was tremendous for us. We continue to experience solid growth in all areas of programming and service.

Through each of our 25 years we've been a champion for economic growth, diversification, job creation and community strength. We are results-oriented. And as we make our way forward we will continue to draw on the guidance of the Board, on the commitment and the dedication of our staff and the support of our members, partners, and stakeholders.

Integrity. Commitment. With these two words we are more and are proud to serve you.



June Vogelgesang
Chairperson

Meet our Directors



Carol Marriott



Jerome Pratchler



Tyler Brett



Janet Hering



Alfred Washburn



Cecile Pajot

Sagehill is governed by a 7-person board. Each individual is elected to a two year term, by our members, during an Annual General Meeting. That term may be repeated twice. After serving 3 consecutive 2-year terms a member must step off the Board for a minimum 1-year period. A listing of our Directors including their tenure on the Board can be found in the table to the right.

Director	Term		
Vogelgesang, June	1	June/07	June/09
	2	June/09	June/11
Hering, Janet	1	June/08	June/10
	2	June/10	June/12
Washburn, Alfred	1	June/08	June/10
	2	June/10	June/12
Marriott, Carol	1	June/08	June/10
	2	June/10	June/12
Pratchler, Jerome	1	June/09	June/11
Brett, Tyler	1	June/10	June/12
Pajot, Cecile	1	June/10	June/12

Business Starts Here



This year we launched a new marketing campaign in partnership with the 12 other Community Futures offices in our province.

You may have noticed the billboards, the newspaper advertising and the posters or you may have heard the campaign in the radio spots we placed.

Our goals in this campaign were to:

1. Increase the total value and number of business loans.



The value of the loans we wrote this year is up 48% while the number of loans is up more than 85% over target.

2. Contribute to increased economic development in our region



The number of businesses we supported through our business or financing services is up more than 600% and the number of community projects is up 160%.

3. Communicate the CF advantage



The number of inquiries in our office was up 42% this year. We chalk that up to getting the word out.

4. Increase awareness of the scope of our services



We hit our target in terms of total customers but the number of services we provided to those customers was up 164%.

The response to our campaign was just great. We've reached new service levels and we're extremely pleased about that. We're setting our sites higher for next year!

We're creating a better environment for Small Business

with Access to Capital:

In 1988, three years after Sagehill was created, we secured the capacity to provide financing to small business owners. Our original capitalization of \$1,156,000. was provided as a grant by the Government of Canada. When we received that money we were certain the sky was the limit. And then...we started thinking, a million bucks – how were we ever going to lend that kind of money?

As it turns out hindsight does indeed have twenty-twenty vision. Our Board needn't have worried how we were going to get that money out into the business community. We purposefully targeted a niche in the market; one that would support and recognize the small business financing provided by our traditional lender and then we filled in the gaps. That's a spot we maintain today. Since those early lending days in 1988 we have provided financing in the amount of \$14,110,003.00.

We've been able to take that initial capitalization and turn it just over 12 times.

We're extremely proud of that.

Our financing has been able to leverage an additional \$19,074,778.00 from traditional sources of financing as well as owners equity.

We're extremely proud of that.

The 472 small business owners we financed have created 1,280 jobs.

We're extremely proud of them.

Today we manage just over 3.3 million dollars in our financing pool. And while times may have changed the folks who pursue small business ownership haven't. They're still determined, passionate, and eager. We're really glad for that because we wouldn't have it any other way.

We've helped to change the face of the business community in every community in our region.

We're extremely proud of that.

We've helped people realize their dreams.

We're extremely proud of that, too.



Whether we're assisting a small business just getting started or financing an existing business owner with expansion plans we've participated in most sectors of our local economy. And historically, more than 90% of our investment funds, at any one time, have been invested with our small business community. That's just how it should be.

with Small Business Management support:

The opportunity to work with small business owners each day is a pleasure. Over the years we've listened to the folks who call, email or drop in to see us. Really listened. We know what they need, when they need it and how they would like to get that information. The range of products, service and areas of expertise in our office has certainly grown with our customer base.

Celebrating 25 years of service encourages you to pause and take a look at where you've been. When we looked we realized we have impacted more than 50% of the small businesses in each community in our region. And when we looked further we realized that we had provided more than 24,000 advisory and information services. That's talking with 4 small business owners each day our office has been open. No wonder each day has been such a pleasure!

Along side our advisory and information services we also provide management training opportunities. So whether it's learning how to master all of the regulatory issues (GST, PST, LCT, Worker's Comp, and the list goes on) or



learning various pricing and marketing strategies or learning how to ensure that social media is your friend we're there. Through the years we've offered more than 600 workshops; most of those delivered in person.

While many things have stayed the same certainly some have changed. During the past couple of years we've had a new opportunity to present management training using video-conference technology. That equipment has extended our reach almost everywhere in the world. Now instead of experts coming from down the road they can come from a world away, if we like, and our small business owners benefit from that experience, too.

And in each of the last 22 years we have successfully negotiated a contract to deliver the Self-Employment Program. This program, originally created by the federal government, assists qualifying individuals with training and support as they open their own business or purchase an existing business. More than 350 individuals have been able to access this program and we've been there every step of the way.

with HR Management support:

Finding, hiring, motivating, coaching, disciplining, and developing employees has become the number one priority for most small business owners.

That means helping a small business owner put systems in place so that they can find, hire, motivate, coach, discipline and develop employees has become a priority for us, as well.

While establishing a well-functioning staff may not appear straightforward it is a process. From hiring through orientation and development a business owner has the ability to select and nurture employees to closely fit their company's culture and performance requirements.

Human resource management is a process that can be effectively and productively managed. We're helping small business owners get that done. This year we introduced our Human Resources Program for Business Owners.



We help small business owners identify any roadblocks that may be preventing them from taking adequate and appropriate steps necessary for a positive employer-employee relationship and builds on all of their existing practices that are working. We can help - alleviate roadblocks, increase employee engagement, create positive tactics for retaining and recruitment of staff, increase productivity and customer satisfaction.

Here's a snapshot of the results being experienced by the Small Business Owners who have chosen to participate in the HR Program:

- o Productivity up 5%

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

Those types of numbers and results are the outcome of hard work and effort by a small business owner. We're extremely proud of the work we are doing with the small business owners in our region and we're looking forward to working with many more through the coming years.

We're helping to build stronger communities

by Creating Funding Opportunities:

Our Board considered a number of options when they were looking for a way to mark our 25th Anniversary. They decided that making an additional investment of \$50,000.00 in our communities was exactly the right way. They created the Sagehill Community Spirit Fund because it provided an opportunity to build on the strong and vibrant communities in our region.

The Spirit Fund was open to each community group and municipality in our region. The program focused on those projects there were community driven, displayed significant community support and provided an opportunity to create jobs and economic wealth in the Sagehill region.

The Board approved 7 projects:

1. Rosthern Medical Health Professionals Recruitment Project:

The Towns of Rosthern, Hague, Duck Lake and Waldheim, the RMs of Duck Lake No. 463, Rosthern No. 403, and Laird No. 404, and the Villages of Hepburn and Laird got together in response to a request from local physicians that the community invest in a living quarters for nursing, medical and lab technicians as well as students. These nine municipalities formed a partnership to renovate the historic Rosthern Post Office into a residence for medical professionals.

It was our pleasure to provide \$7,500.00 as a Spirit Fund contribution to this project. The municipal partners contributed more than \$50,000.00. The project was successfully completed. The community has on-call doctors, x-ray lab techs and nurses who use this facility as it provides them with a safe, comfortable, convenient place to stay while doing work at the hospital and medical clinic.

In the spring of this year these trend leaders were awarded the Regional Leadership and Partnership Award at the annual Saskatchewan Municipal Awards Ceremony. The award recognizes municipal practice



that exemplifies efforts to consult and cooperate with other municipalities, non-governmental organizations, community groups, First Nations, other governments and citizens for the purpose of delivering benefits to citizens. Congratulations!

2. Imperial Housing Development Project:

A partnership was created between the Town of Imperial and Riteway Manufacturing to build affordable rental housing. There is a housing shortage in Imperial and the additional accommodation will assist Riteway to maintain a stable workforce, which in turn, will mean a thriving manufacturing plant. For the 'town' it means more residents, more children to help ensure the survival of the school, hospital, doctor, businesses and in general a prosperous community. That's something we are all striving for.

The Board supported their application with a \$7,500.00 commitment. The community and Riteway Manufacturing invested more than \$500,000.00 in cash and in-kind. Two duplexes were built and 4 new living spaces were created in Imperial.

Well done!

3. Keep our Lakeshore Clean Project:

Traditionally many people have enjoyed the healing waters of Little Manitou Lake for therapeutic and recreational purposes. However, one constant complaint from those who enjoy the water is the algae that fixes itself to the bottom of the lake and grows to the top of the water starting at the shoreline and going out about thirty feet.

The community approached us to assist them with this project. The community raised \$11,900.00 and we contributed \$7,500.00 so that they could purchase a boat and motor and then design and attach a raking system to the front end of the unit to harvest the algae mass.

That harvest will be completed each year by dedicated volunteer members of the community.

It was our pleasure to play a small part in the future of Little Manitou Lake!

4. Gabriel's Crossing: A Home For Dizaines Project:

Dizaines is a co-operative whose members represent a number of Métis organizations in the northwest portion of our region. The group proposed to develop Gabriel's Crossing in the Batoche region – the closest thing to a Métis homeland in Western Canada.

Their long-term vision 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. This group contributed more than \$20,000.00 in cash and in-kind while we contributed \$7,500.00 to the project.

Since that approval Dizaines has made improvements to the site, created a Chokecherry Festival and erected a plaque honoring Gabriel Dumont. In May of each year

one name will be added to that plaque representing an individual who is being recognized for their significant contribution to the Métis community.

5. Rosthern Tourism Map Project:

The Sask River Valley area is rich in arts, history and recreation. There are more than three-dozen tourism venues in the region. The Tourism Committee for the Town of Rosthern felt it would be beneficial to promote all of the venues in one place. This project created a map and an information sheet that detailed each of the communities and the tourism assets in the Sask. River Valley area.

The Town of Rosthern, Village of St. Louis and Fort Carlton matched our \$1,000.00 contribution.

Now, each of the tourism gems in the Sask. Valley area is easily within reach of each traveler.

6. Laird Arboretum (Performance Gazebo) Project:

The Laird Arboretum was started in 1996 on property in the center of the village that had been abandoned by CN rail and the elevator companies. The community made a decision to clean up the property and create an Arboretum. They started with 100 trees and eventually will display a sample of each tree and shrub in their zone.

The Arboretum now includes a one-kilometer walking path and a playground. The next phase of the project was to build an 18 foot stage performance gazebo. The RM of Laird, Affinity Credit Union, Laird Lutheran and Mennonite Churches and many private donations matched our \$7,500.00 contribution to the project. Future plans include lighting, a community orchard and tree labeling.

We're extremely proud of each of the projects approved for Spirit Funding. The dedication of community members is really great and the determination to make their community a great place to live is second to none.

by Supporting Volunteer and Community Efforts:

Through the years we've been fortunate to work with folks in every community in our region. The projects have been as diverse as the folks who championed the cause. And, we're good with that.

Here's a sample of the projects we worked on this past year:

1. Humboldt Big Brothers & Big Sisters - the national BBBS requires that each local Big Brothers Big Sisters organization have a strategic plan in place. It is the components of that plan (fund raising, programming, etc.) that secures accreditation by the national organization. Sagehill worked with the Humboldt chapter to develop their strategic plan. Accreditation was secured by Humboldt Big Brothers & Big Sisters. Congratulations!
2. Resort Village of Manitou Beach - the council of the Resort Village asked us to work with them to facilitate a number of community meetings. The objective was to determine the priorities and goals of both the permanent and seasonal residents. We were glad to help.

3. Rural Health Recruitment – During the SUMA Convention held January 2011 Mayor Ed Kidd invited his colleagues throughout the province to a meeting to discuss the opportunities for rural communities to recruit and retain doctors. We were invited to facilitate that February 2011 meeting. The outcome of that meeting was presented to Health Minister Don McMorris.

4. Humboldt SPCA – this volunteer group of animal lovers is considering the need for a new home. They are experiencing a number of constraints in their existing facility. The group asked if we would assist with the development of a business case for new construction. We were happy to lend a hand.

While these are not all of the projects we assisted with during these past twelve months the listing does give an idea of the range of community interest. We will continue to work hard each year to earn the trust and respect of each of our communities. We look forward to working with you.

We're supporting our youth

Since June, 2001 we've invested \$11,000.00 with 22 students through the *Taking Care of Business* Scholarship Program. 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 2011 *Taking Care of Business* Scholarship recipients – Kathryn Sarauer and Tessa Turner. Kathryn and Tessa were selected by the Sagehill Board to receive \$500.00 entrance scholarships.



Kathryn is a Grade 12 student at Anaheim School. She will be studying Environmental & Soil Sciences at the University of Saskatchewan.

The individuals who supported Kathryn's application to our program agree that she sets a high standard both academically and for community leadership. She believes in making a difference.

Congratulations Kathryn!



Tessa is a Grade 12 student at Nokomis School. In the fall Tessa will enter the College of Social Work at the University of Regina.

Those who supported Tessa's application agree she is an excellent role model for her siblings and others. She is a very conscientious and motivated young lady who has a great sense of personal direction and commitment.

Best Wishes, Tessa!

National Coverage

We were fortunate this year to meet Rick Spence. Rick Spence is a writer, consultant and speaker specializing in entrepreneurship. We hired Rick to facilitate our Corporate Retreat. Imagine our surprise when several weeks later this column appeared in the Financial Post.

It's still a wonderful life in the Prairies.

By Rick Spence



Everyone loves *It's a Wonderful Life*, the classic 1946 Christmas flick in which Jimmy Stewart learns that his pleasant hometown of Bedford Falls would have been a terrible place if he had never been born. Without the plucky little Savings & Loan Association run by Stewart's character, George Bailey, the entire town would have been tyrannized and degraded by nasty banker Mr. Potter.

Bedford Falls was a fictional all-American town created for the movie by director Frank Capra. But Bedford Falls is also real. I know, because I was there last week. In Saskatchewan.

I discovered an idealized all-Canadian community where timeless small-town values meet 21st-century economics — and where the caring custodianship of a small group of business lenders and advisors who see beyond the bottom line has made a huge difference in people's lives.

Playing the part of Bailey's Savings & Loan is Sagehill Community Futures Development Corp., headquartered in Bruno, a 500-person town 90 kilometres east of Saskatoon. Under the direction of an all-volunteer board, Sagehill's five-member staff provide loans no one else will make, hand out free business advice, offer management training and development, and help new or insecure entrepreneurs navigate the bureaucracies of banks and governments. They also play a key community-building role co-ordinating the economic development activities of more than 50 small towns in an area three times the size of Prince Edward Island.

Is Sagehill any different from the nearly 300 other Community Futures offices across Canada, all supported by the federal government and providing local and provincially funded services as well? I can't tell you. But I got an inside look at Sagehill when I was invited to facilitate a two-day strategy session for its staff and board. The non-profit corporation is celebrating its 25th anniversary, and Dianne Olchowski, its energetic chief executive, wanted to celebrate by exploring new levels of service that Sagehill might provide. We came up with several exciting ideas, but I was already profoundly impressed by the professionalism and ambition this small team demonstrates every day. Here are just some of the things they've been working on:

- Providing loans averaging \$60,000 to startups and other risky ventures that make banks and even local credit unions break into a sweat. Sagehill practises "character lending," which means it ranks an applicant's skills, attitudes and plans ahead of things like down payment and collateral. Yet Sagehill's track record is so strong that when it invests in a business, other lenders often follow suit;
- Creating a package of human resources tools and services to sell to employers who need something more than free advice over the phone, but something less than a four-

- figure bill from professional consultants. Tests showed this program can boost productivity 5%, increase employee retention and reduce absenteeism;
- Celebrating its 25th anniversary with the creation of a \$50,000 Sagehill Community Spirit Fund, to support local communities with new development projects;
 - Helping co-ordinate multi-community sessions to develop a more integrated tourism strategy for local municipalities;
 - Working to help develop a centre for Metis culture and heritage preservation at Gabriel's Crossing on the South Saskatchewan River, where Metis military leader Gabriel Dumont ran a store, billiards hall and ferry service in the 1870s.
 - Providing backing for a feasibility study of a bold proposal to build a 1-km-long canal (with 350 housing lots) to connect the town of Wakaw (home of John Diefenbaker's first law office) to Wakaw Lake, one of the region's most popular playgrounds.

If this isn't Bedford Falls in spirit, it's the next best thing. With a budget of \$400,000, Sagehill lends \$1-million a year to local businesses — an act of faith that allows its clients to leverage another \$1.1-million from other investors.

To prepare for the strategy session, I asked Olchowski to describe the strengths of her organization. Here are a few: We respect our customers; are always trying to get to "yes"; have a good time and enjoy each other's company; nothing scares us; we anticipate, meet, and exceed our customers' growing expectations; we actively seek opportunities to develop and improve our products, service and systems; we don't have an expiry date — it doesn't occur to us that Sagehill wouldn't continue even if there was no federal funding.

I eventually asked Sagehill's board the George Bailey question: How many entrepreneurs in its service area would be out of business had Sagehill not been around to lend money, teach or encourage them? About half, they decided.

When you serve small business, it can truly be a wonderful life.

We couldn't agree more!

Growing communities one idea at a time.





**Sagehill Community Futures
Development Corporation**
Financial Statements
March 31, 2011



Sagehill Community Futures Development Corporation
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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, and for approving the annual financial statements. The Board fulfils these responsibilities by reviewing the financial information and discussing relevant matters with management. The Board is also responsible for recommending the appointment of the Corporation's external auditors.

MNP 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 management and the Board to discuss their audit findings.

June 14, 2011



Chief Executive Officer

Auditors' Report

To the Directors of Sagehill Community Futures Development Corporation:

We have audited the accompanying financial statements of Sagehill Community Futures Development Corporation, which comprise the statement of financial position as at March 31, 2011, and the statements of operations and changes in general fund balance, operations and changes in loan investment funds 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 generally accepted accounting principles, 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' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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, 2011 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

June 14, 2011

MNP LLP

Chartered Accountants

MNP

Sagehill Community Futures Development Corporation
Statement of Financial Position
As at March 31, 2011

	<i>General Fund</i>	<i>Loan Investment Funds</i>		<i>2011 Total</i>	<i>2010 Total</i>
		<i>Repayable</i>	<i>Non-repayable</i>		
Assets					
Current					
Cash	193,295	159,272	488,539	841,106	798,466
Accounts receivable	15,954	537	7,275	23,766	20,373
Goods and services tax receivable	2,625	-	-	2,625	2,637
Inter-fund receivable	4,933	1,321	-	6,254	5,691
Prepaid expenses	2,506	-	-	2,506	364
	219,313	161,130	495,814	876,257	827,531
Capital assets (Note 3)	6,385	-	-	6,385	10,064
Loans receivable (Note 4)	-	445,168	1,984,051	2,429,219	2,372,692
	225,698	606,298	2,479,865	3,311,861	3,210,287
Liabilities					
Current					
Accounts payable	48,276	-	-	48,276	32,840
Inter-fund payable	-	-	6,254	6,254	5,691
Unearned revenue (Note 5)	9,321	-	-	9,321	7,296
Current portion of long term debt (Note 7)	-	-	176,958	176,958	175,900
	57,597	-	183,212	240,809	221,727
Loan from Western Economic Diversification (Note 6)	-	400,000	-	400,000	400,000
Long term debt (Note 7)	-	-	235,960	235,960	141,136
	57,597	400,000	419,172	876,769	762,863
Commitments (Note 8)					
Guarantees (Note 12)					
Fund Balances					
Unrestricted	161,716	-	-	161,716	199,456
Restricted (Note 14)	-	206,298	2,060,693	2,266,991	2,237,904
Invested in capital assets (Note 9)	6,385	-	-	6,385	10,064
	168,101	206,298	2,060,693	2,435,092	2,447,424
	225,698	606,298	2,479,865	3,311,861	3,210,287

Approved on behalf of the Board


Director

The accompanying notes are an integral part of these financial statements


Chief Executive Officer

Sagehill Community Futures Development Corporation
Statement of Operations and Changes in General Fund Balance
For the year ended March 31, 2011

	2011 <i>Total</i>	2010 <i>Total</i>
Revenues		
Western Economic Diversification Contribution	297,669	297,669
Small Business Internship Program	55,546	-
Other Government contracts	49,700	25,171
Client services	46,010	53,114
Rental and other	4,780	5,994
HR Program	3,100	-
Interest	2,579	2,166
Community Access Program Site Grant	1,800	1,721
Loan fees	1,590	1,225
Memberships	1,400	1,060
Gain on disposal of capital assets	-	600
YBEX sponsorship	-	3,000
	464,174	391,720
Expenses		
Wages and employee benefits	271,319	249,174
Small Business Internship Program	48,300	-
Community Spirit Fund (Note 15)	38,500	-
Office utilities and repairs	31,801	20,227
Advertising and public relations	27,075	17,029
Travel	15,230	16,877
Workshops and employee development	14,829	17,969
Board training	12,420	11,027
Audit and legal fees	8,879	8,754
Board Honorarium	8,100	7,700
Telephone	5,551	6,981
Insurance	5,013	5,033
Amortization	3,679	6,109
Office	3,404	3,441
Caretaker	2,775	2,700
Postage	2,106	1,786
Loan administration	1,897	10,989
Community Access Program Site project	1,669	-
Youth Programming	1,100	727
Miscellaneous	867	1,076
Library	636	249
Memberships	443	407
	505,593	388,255
Excess (deficiency) of receipts over disbursements	(41,419)	3,465
General fund balance, beginning of year	209,520	206,055
General fund balance, end of year	168,101	209,520

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, 2011

	<u>Loan Investment Funds</u>		2011	2010
	<u>Repayable</u>	<u>Non-repayable</u>	<u>Total</u>	<u>Total</u>
Revenues				
Loan investment interest	32,930	162,022	194,952	190,669
Members' life insurance	75	15,401	15,476	15,147
Other interest	1,930	3,230	5,160	1,385
Investment charges	116	415	531	2,859
	35,051	181,068	216,119	210,060
Expenses				
Provision for loan investment losses	2,130	160,085	162,215	62,373
Members' life insurance	-	11,661	11,661	11,669
Interest on long term debt	-	9,595	9,595	13,290
Provision for loan investment interest	267	3,295	3,562	7,901
	2,397	184,636	187,033	95,233
Excess (deficiency) of receipts over disbursements	32,654	(3,568)	29,086	114,827
Loan investment funds balances, beginning of year	173,644	2,064,261	2,237,905	2,123,077
Loan investment funds balances, end of year	206,298	2,060,693	2,266,991	2,237,904

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, 2011

	2011	2010
Cash provided by (used for) the following activities		
Operating activities		
Cash receipts	483,986	423,514
Cash disbursements	(394,739)	(207,688)
Cash paid to employees	(271,319)	(249,174)
Interest received	194,952	190,669
Interest paid	(9,595)	(13,290)
	3,285	144,031
Financing activities		
Long term debt advances	500,000	-
Long term debt repayments	(404,118)	(170,310)
	95,882	(170,310)
Investing activities		
Repayment (additions) to loans receivable	(56,527)	326,794
Purchase of capital assets	-	(6,450)
Proceeds on disposal of capital assets	-	600
	(56,527)	320,944
Increase in cash resources	42,640	294,665
Cash resources, beginning of year	798,466	503,801
Cash resources, end of year	841,106	798,466

The accompanying notes are an integral part of these financial statements



Sagehill Community Futures Development Corporation
Notes to the Financial Statements
For the year ended March 31, 2011

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.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles as issued by the Accounting Standards Board 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.

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.

Sagehill Community Futures Development Corporation
Notes to the Financial Statements
For the year ended March 31, 2011

2. **Significant accounting policies** *(Continued from previous page)*

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 collectability 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 collectability 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.

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.

Sagehill Community Futures Development Corporation
Notes to the Financial Statements
For the year ended March 31, 2011

2. **Significant accounting policies** *(Continued from previous page)*

h) **Financial Instruments** *(continued)*

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.

i) **Recent Accounting Pronouncements**

Canadian accounting standards for not-for-profit organizations

In October 2010, the Accounting Standards Board (AcSB) approved the accounting standards for private sector not-for-profit organizations (NFPOs) to be included in Part III of the CICA Handbook-Accounting ("Handbook"). Part III will comprise:

- The existing "4400 series" of standards dealing with the unique circumstances of NFPOs, currently in Part V of the Handbook; and
- The new accounting standards for private enterprises in Part II of the Handbook, to the extent that they would apply to NFPOs.

Effective for fiscal years beginning on or after January 1, 2012, private sector NFPOs will have the option to adopt either Part III of the Handbook or International Financial Reporting Standards (IFRS). Earlier adoption is permitted. The Corporation expects to adopt Part III of the Handbook as its new financial reporting standards for its financial statements dated March 31, 2013. The Corporation has not yet determined the impact of the adoption of Part III of the Handbook on its financial statements.

Sagehill Community Futures Development Corporation
Notes to the Financial Statements
For the year ended March 31, 2011

3. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2011 Net book value</i>	<i>2010 Net book value</i>
Furniture & Equipment	101,185	94,800	6,385	10,064
Less: Government Assistance	(15,000)	(15,000)	-	-
	86,185	79,800	6,385	10,064

4. Loans receivable

	<i>2011</i>	<i>2010</i>
Principal	2,652,283	2,462,938
Accrued interest	22,738	22,265
	2,675,021	2,485,203
Less: Allowance for doubtful accounts	(245,802)	(112,511)
	2,429,219	2,372,692

5. Unearned revenue

March 31, 2011 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, 2011. The monies are intended to reduce the cost associated with administration of the self employment program.

6. 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, 2012.

The loan is subject to certain criteria with respect to the approval of loans within the repayable investment fund. As at March 31, 2011, 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.

Sagehill Community Futures Development Corporation
Notes to the Financial Statements
For the year ended March 31, 2011

7. Long term debt

	<i>2011</i>	<i>2010</i>
Bruno Savings and Credit Union Limited loan repaid during the year	-	317,036
Beaver River Community Futures Development Corporation loan payable in monthly instalments of \$15,300, including interest at a fixed rate of 2%, secured by a general security agreement and promissory note, due July 31, 2013	412,918	-
	412,918	317,036
Less: current portion	176,958	175,900
	235,960	141,136

The principal repayments are estimated as follows:

2012	176,958
2013	180,530
2014	<u>55,430</u>
	<u>412,918</u>

8. Commitment

The Corporation has approved loans amounting to \$33,950 (\$59,000 in 2010) from the repayable investment fund and \$5,235 (\$0 in 2010) from the non-repayable investment fund that have not been disbursed as at March 31, 2011.

9. Invested in capital assets

	<i>2011</i>	<i>2010</i>
Opening investment in capital assets	10,064	9,723
Add: Capital asset additions	-	6,450
Add: Gain on disposal of capital assets	-	600
Less: Proceeds on disposal of capital assets	-	(600)
Less: Amortization	(3,679)	(6,109)
	6,385	10,064

10. 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% (3.75% at March 31, 2011).

Sagehill Community Futures Development Corporation
Notes to the Financial Statements
For the year ended March 31, 2011

11. 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.

12. Guarantees

As at March 31, 2011, the Corporation has guaranteed the line of credit of an unrelated company up to a maximum of \$100,000 (\$100,000 in 2010) 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 of March 31, 2011, no liability has been recorded associated with this guarantee.

As of March 31, 2011, 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 2011, is required if the unrelated company defaults on their set repayment terms. As of March 31, 2011, no liability has been recorded associated with this guarantee.

13. 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:

	<i>Carrying Amount</i>	<i>2011 Fair Value</i>	<i>Carrying Amount</i>	<i>2010 Fair Value</i>
Financial assets				
<i>Held for trading</i>				
Cash	841,106	841,106	798,466	798,466
<i>Loans and receivables</i>				
Accounts receivable	23,766	23,766	20,373	20,373
Loans and accrued interest receivable	2,429,219	n/a	2,372,692	n/a
Financial liabilities				
<i>Other financial liabilities</i>				
Accounts payable	48,276	48,276	32,840	32,840
Loan from Western Economic Diversification	400,000	n/a	400,000	n/a
Long term debt	412,918	412,918	317,036	317,036

Sagehill Community Futures Development Corporation
Notes to the Financial Statements
For the year ended March 31, 2011

13. 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.

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.

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.

Sagehill Community Futures Development Corporation
Notes to the Financial Statements
For the year ended March 31, 2011

13. Financial instruments *(Continued from previous page)*

Fair value of financial instruments *(continued)*

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.

14. 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.

15. Sagehill Community Spirit Fund

During the year, the Board of Directors decided to create an economic development initiative program in the Region named the "Sagehill Community Spirit Fund" with a maximum commitment of \$50,000. As at March 31, 2011, \$38,500 of the commitment has been allocated. The implication of this decision was that the Corporation increased the deficiency of receipts over disbursements during the year and resulted in the use of the unrestricted general fund balance to fund this allocation.



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