

**ECONOMIC DEVELOPMENT  
REGINA INC.**

**(FORMERLY REGINA REGIONAL  
OPPORTUNITIES COMMISSION)**

***FINANCIAL STATEMENTS***

***December 31, 2016***

## Independent Auditor's Report

To the Chairman and Members of the Board of Directors of Economic Development Regina Inc.:

We have audited the accompanying financial statements of Economic Development Regina Inc., which comprise the statement of financial position at December 31, 2016, and the statements of operations, changes in net financial assets 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 public sector accounting standards, 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.

### Auditor's 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 auditor's 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, the financial statements present fairly, in all material respects, the financial position of Economic Development Regina Inc. as at December 31, 2016, and the results of its operations, changes in its net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Professional Accountants  
Licensed Professional Accountants

April 27, 2017  
Regina, Saskatchewan

# ECONOMIC DEVELOPMENT REGINA INC.

## Statement of Financial Position

As at December 31, 2016

	2016	2015
<b>FINANCIAL ASSETS</b>		
Cash	\$ 370,219	\$ 407,971
Short-term investment (Note 5)	200,000	-
Accounts receivable	103,804	114,221
<b>Total financial assets</b>	<b>674,023</b>	<b>522,192</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued charges	111,316	131,834
Deferred revenue (Note 7)	146,098	41,170
<b>Total financial liabilities</b>	<b>257,414</b>	<b>173,004</b>
<b>Net financial assets</b>	<b>416,609</b>	<b>349,188</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 6)	77,614	92,822
Prepaid expenses	7,220	9,545
	<b>84,834</b>	<b>102,367</b>
<b>ACCUMULATED SURPLUS (Note 9)</b>	<b>\$ 501,443</b>	<b>\$ 451,555</b>

See accompanying notes

APPROVED BY THE BOARD

..... Director

..... Director

**ECONOMIC DEVELOPMENT REGINA INC.****Statement of Operations**

Year Ended December 31, 2016

	<b>2016 Budget</b>	<b>2016</b>	<b>2015</b>
<b>REVENUE</b>			
City of Regina core funding	\$ 1,719,500	\$ 1,719,500	\$ 1,719,500
Project funding	104,110	168,379	170,302
Partner contributions	739,800	782,067	533,678
Other income	35,155	37,294	37,220
	<b>2,598,565</b>	<b>2,707,240</b>	<b>2,460,700</b>
<b>EXPENSES</b>			
Administration (Schedule 1)	548,945	552,751	554,295
Enterprise (Schedule 2)	1,043,705	965,162	741,789
Tourism, Events, Conventions & Tradeshow (Schedule 3)	754,340	806,775	680,154
Corporate (Schedule 4)	301,575	332,664	246,875
Gain on disposal of asset	-	-	(220)
	<b>2,648,565</b>	<b>2,657,352</b>	<b>2,222,893</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>(50,000)</b>	<b>49,888</b>	<b>237,807</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>451,555</b>	<b>451,555</b>	<b>213,748</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 401,555</b>	<b>\$ 501,443</b>	<b>\$ 451,555</b>

*See accompanying notes*

**ECONOMIC DEVELOPMENT REGINA INC.****Statement of Changes in Net Financial Assets****Year Ended December 31, 2016**

	<b>2016</b>	<b>2015</b>
	<b>Total</b>	<b>Total</b>
Excess of revenue over expenses	\$ 49,888	\$ 237,807
Acquisition of tangible capital assets	(5,240)	(70,430)
Amortization of tangible capital assets	20,448	16,483
Disposal of asset at net book value	-	3,780
	<b>15,208</b>	<b>(50,167)</b>
Acquisition of prepaid expenses	(7,220)	(9,545)
Use of prepaid expenses	9,545	3,182
	<b>2,325</b>	<b>(6,363)</b>
Increase in net financial assets	<b>67,421</b>	181,277
Net financial assets, beginning of year	<b>349,188</b>	167,911
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 416,609</b>	<b>\$ 349,188</b>

*See accompanying notes*

**ECONOMIC DEVELOPMENT REGINA INC.****Statement of Cash Flows****Year Ended December 31, 2016**

	2016	2015
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 49,888	\$ 237,807
Add non-cash items:		
Amortization of tangible capital assets	20,448	16,483
Gain on disposal of asset	-	(220)
Changes in non-cash working capital items:		
Accounts receivable	10,417	(26,014)
Prepaid expenses	2,325	(6,363)
Accounts payable and accrued charges	(20,518)	57,932
Deferred revenue	104,928	1,908
<b>Cash provided by operating activities</b>	<b>167,488</b>	<b>281,533</b>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(5,240)	(70,430)
Proceeds on disposal of tangible capital asset	-	4,000
<b>Cash (applied to) capital activities</b>	<b>(5,240)</b>	<b>(66,430)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of short-term investment	(200,000)	-
<b>Cash provided by investing transactions</b>	<b>(200,000)</b>	<b>-</b>
<b>NET (DECREASE) INCREASE IN CASH</b>	<b>(37,752)</b>	<b>215,103</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>407,971</b>	<b>192,868</b>
<b>CASH, END OF YEAR</b>	<b>\$ 370,219</b>	<b>\$ 407,971</b>

*See accompanying notes*



# ECONOMIC DEVELOPMENT REGINA INC.

## Notes to the Financial Statements

December 31, 2016

---

### 1. DESCRIPTION OF OPERATIONS

On January 1, 2016, Economic Development Regina Inc. ("EDR") incorporated under *The Non-Profit Corporations Act, 1995*, with the City of Regina its sole voting member. Prior to its incorporation, EDR operated as the Regina Regional Opportunities Commission, which was created on April 27, 2009 by Bylaw 2009-20.

The broad mandate of EDR is to create and implement an economic development strategy to grow and sustain prosperity in the Regina region.

### 2. BASIS OF ACCOUNTING

The financial statements of EDR are the representation of management and have been prepared in accordance with Canadian Public Sector Accounting Standards, as recommended by the Chartered Professional Accountants of Canada ("CPA"). The financial statements are included in the consolidated financial statements of the City of Regina.

### 3. SIGNIFICANT ACCOUNTING POLICIES

EDR's significant accounting policies are as follows:

#### a) *Measurement uncertainty*

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards ("PSAS") requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the amortization of tangible capital assets.

#### b) *Tangible capital assets*

Tangible capital assets are recorded at cost. Amortization has been provided using the straight-line method over the following years:

Leasehold improvements	3 years
Furniture and equipment	10 years
Highway turnouts	10 years
Computer hardware	5 years
Computer software	2-3 years

When conditions indicate that a tangible capital asset no longer contributes to EDR's ability to provide goods or services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value an impairment loss is recognized against the cost of the tangible capital asset and an expense is recognized in the Statement of Operations.

# **ECONOMIC DEVELOPMENT REGINA INC.**

## **Notes to the Financial Statements**

**December 31, 2016**

---

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### *c) Revenue recognition*

Government transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized. Government transfers with eligibility criteria but without stipulations are recognized as revenue when the transfer is authorized and all eligibility criteria have been met. Government transfers with or without eligibility criteria but with stipulations are recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability.

Donations in kind are recorded at fair market value when received.

Grant revenue is recognized in the period in which the funds are received unless the grant is restricted. If the grant is restricted by the contributor, the revenue is deferred and recognized when the conditions of the grant have been met.

#### *d) Financial instruments*

All financial instruments are initially recognized at fair value. The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received.

All financial instruments are subsequently measured at cost. Losses on financial instruments are written down to reflect other than temporary declines in value and are included in the Statement of Operations.

### **4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

#### *a) Currency risk*

EDR is not exposed to significant foreign currency risk.

#### *b) Interest rate risk*

EDR is not exposed to significant interest rate risk.

#### *c) Credit risk*

EDR's credit risk is primarily attributable to its accounts receivable. The amounts disclosed in the Statement of Financial Position are net of allowance for doubtful accounts.

#### *d) Liquidity risk*

EDR's objective is to have sufficient liquidity to meet its liabilities when due. EDR manages liquidity risk through cash flow forecasting and regular monitoring of cash requirements to ensure that it has sufficient funds to fulfill its obligations.



# ECONOMIC DEVELOPMENT REGINA INC.

## Notes to the Financial Statements

December 31, 2016

### 5. SHORT-TERM INVESTMENT

Short-term investment consists of a term deposit with an interest rate of 0.95% maturing on December 1, 2017.

### 6. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	Net Book Value	
	2016	2015
Furniture and equipment	\$ 39,167	\$ 42,465
Computer hardware	26,624	35,265
Computer software	3,578	5,877
Leased Asset - Copier	8,245	9,215
	<u>\$ 77,614</u>	<u>\$ 92,822</u>

For additional information, refer to Schedule 5.

### 7. DEFERRED REVENUE

Deferred revenues represent unspent resources externally restricted for specific projects.

EDR managed several projects during the year which were funded by various governments and other parties. At the year end, not all funds received were expended on the related projects. These amounts will be included in income as the related expenses are incurred.

Changes in the deferred revenue balance are as follows:

	Think Big / CMC	Ministry of Economy (SINP)	SREDA (Square One)	Special Event	Infrastructure Audit	Regina Advantage	2016	2015
Balance, beginning of year	\$ 26,170	\$ -	\$ 7,500	\$ 7,500	\$ -	\$ -	\$ 41,170	\$ 39,262
Accounts received	15,000	135,025	30,000	7,500	10,000	125,000	322,525	134,184
Amounts recognized as revenue	(26,118)	(128,775)	(30,000)	(7,500)	-	(25,204)	(217,597)	(132,276)
Balance, end of year	\$ 15,052	\$ 6,250	\$ 7,500	\$ 7,500	\$ 10,000	\$ 99,796	\$ 146,098	\$ 41,170

### 8. LEASE COMMITMENT

On June 15, 2016, EDR renewed their lease for one year at the location on Rose Street. The minimum annual lease payment is \$96,240 plus common area costs plus applicable taxes, paid monthly on the 15th of the month. EDR is granted one option to renew the lease for a period of three years and is currently in discussions with the landlord regarding renewal.

# ECONOMIC DEVELOPMENT REGINA INC.

## Notes to the Financial Statements

December 31, 2016

### 9. ACCUMULATED SURPLUS

	Unrestricted	Invested In Property and Equipment	Restricted Surplus Capital Improvements	Restricted Surplus Special Projects	2016 Actual	2015 Actual
Balance, beginning of the year	\$ 100,338	\$ 92,822	\$ 108,395	\$ 150,000	\$ 451,555	\$ 213,748
Excess (deficiency) of revenue over expense	70,336	(20,448)	-	-	49,888	237,807
Tangible capital assets investment	(2,811)	2,811	-	-	-	-
Internally restricted by board for:						
Capital Office Improvements	-	2,429	(2,429)	-	-	-
Special Projects	(117,863)	-	-	117,863	-	-
<b>Balance, end of the period</b>	<b>\$ 50,000</b>	<b>\$ 77,614</b>	<b>\$ 105,966</b>	<b>\$ 267,863</b>	<b>\$ 501,443</b>	<b>\$ 451,555</b>

a) *Capital Improvements*

The purpose of the Capital Improvements internally restricted surplus is to update old equipment and furniture for EDR's office and other capital requirements, subject to a Board approved budget.

b) *Special Projects*

The purpose of the Special Projects internally restricted surplus is for Special Project initiatives that would advance EDR's strategic business plan, subject to a Board approved project business case and budget.

# ECONOMIC DEVELOPMENT REGINA INC.

## Schedule 1 - Administration

Year Ended December 31, 2016

	2016 Budget	2016	2015
Salaries & benefits	\$ 163,590	\$ 162,689	\$ 182,426
Occupancy	234,110	218,795	223,219
General & administration	73,045	73,829	59,408
Professional services	26,295	49,748	51,265
Conference, seminar & staff development	16,500	19,290	22,326
Meetings & promotion	20,405	17,077	9,436
Board & committee	5,000	1,824	2,253
Staff travel	10,000	9,499	3,962
	\$ 548,945	\$ 552,751	\$ 554,295

# ECONOMIC DEVELOPMENT REGINA INC.

## Schedule 2 - Enterprise

Year Ended December 31, 2016

	2016 Budget	2016	2015
Salaries & benefits	\$ 578,910	\$ 564,104	\$ 500,827
Sector development	79,500	134,061	69,936
Investment attraction	22,000	11,138	-
Entrepreneurship	15,000	16,662	32,045
Square One program	-	1,147	941
Saskatchewan Immigrant Nominee program	32,795	76,070	39,536
Strategic & competitive intelligence	90,500	44,362	59,443
Marketing & communications	30,000	21,850	12,551
Think Big project	195,000	95,768	26,510
	\$ 1,043,705	\$ 965,162	\$ 741,789

# ECONOMIC DEVELOPMENT REGINA INC.

## Schedule 3 - Tourism, Events, Conventions & Tradeshow

Year Ended December 31, 2016

	2016 Budget	2016	2015
Salaries & benefits	\$ 415,840	\$ 416,362	\$ 309,860
Tourism marketing	213,500	185,278	144,643
Events, conventions & tradeshow	95,000	176,501	193,621
Local activation program	20,000	5,170	9,409
Visitor services	10,000	23,464	22,621
	\$ 754,340	\$ 806,775	\$ 680,154



# ECONOMIC DEVELOPMENT REGINA INC.

## Schedule 4 - Corporate

Year Ended December 31, 2016

	2016 Budget	2016	2015
Salaries & benefits	\$ 206,765	\$ 201,465	\$ 189,850
Stakeholder & partnership engagement	22,310	31,912	27,035
Strategic planning	25,000	31,059	25,000
Branding	7,500	38,418	2,490
Funding assessment model	10,000	13,207	2,500
Opportunities assessment	30,000	16,603	-
	\$ 301,575	\$ 332,664	\$ 246,875

**ECONOMIC DEVELOPMENT REGINA INC.****Schedule 5 - Tangible Capital Assets****As at December 31, 2016**

Tangible capital asset cost:

	<u>December 31, 2015</u>	<u>Additions</u>	<u>Disposals and write downs</u>	<u>December 31, 2016</u>
Leasehold improvements	\$ 107,679	\$ -	\$ -	\$ 107,679
Furniture and equipment	123,056	3,175	-	126,231
Computer hardware	70,587	1,317	-	71,904
Highway turnout	21,049	-	-	21,049
Computer software	59,681	748	-	60,429
Leased Asset - Copier	9,700	-	-	9,700
Balance, end of year	\$ 391,752	\$ 5,240	\$ -	\$ 396,992

Accumulated amortization:

	<u>December 31, 2015</u>	<u>Amortization charged during year</u>	<u>Disposals and write downs</u>	<u>December 31, 2016</u>
Leasehold improvements	\$ 107,679	\$ -	\$ -	\$ 107,679
Furniture and equipment	80,590	6,474	-	87,064
Computer hardware	35,323	9,957	-	45,280
Highway turnout	21,049	-	-	21,049
Computer software	53,804	3,047	-	56,851
Leased Asset - Copier	485	970	-	1,455
Balance, end of year	\$ 298,930	\$ 20,448	\$ -	\$ 319,378

Net book value	\$ 92,822			\$ 77,614
----------------	-----------	--	--	-----------