

COMMUNITY FUTURES WEST YELLOWHEAD

FINANCIAL STATEMENTS

MARCH 31, 2009

# COMMUNITY FUTURES WEST YELLOWHEAD

## CONTENTS

**AUDITOR'S REPORT**

**FINANCIAL STATEMENTS**

BALANCE SHEET

STATEMENT OF INCOME AND CHANGES IN GENERAL FUND BALANCE

STATEMENT OF INCOME AND CHANGES IN RESTRICTED FUND BALANCE

STATEMENT OF CASH FLOW

NOTES TO THE FINANCIAL STATEMENTS



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## AUDITOR'S REPORT

To the Board of Directors of the  
COMMUNITY FUTURES WEST YELLOWHEAD

We have audited the balance sheet of Community Futures West Yellowhead as at March 31, 2009 and the statements of income and changes in fund balances and the statement of cash flow 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 the Corporation as at March 31, 2009 and the results of its operations, changes in fund balances and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Carlson Roberts Seely*  
Chartered Accountants

Drayton Valley, Alberta  
May 15, 2009

**COMMUNITY FUTURES WEST YELLOWHEAD  
BALANCE SHEET  
MARCH 31, 2009**

**ASSETS**

	General	Loan Investment Funds			2009	2008
	Fund	Non-repayable	Repayable	Disabled	Total	Total
<b>CURRENT ASSETS</b>						
Cash	\$ 165,569	-	-	-	165,569	106,511
Short term investments	680,761	-	-	-	680,761	1,073,280
Accounts receivable	8,000	-	-	-	8,000	71,353
Accrued interest receivable (Note 2)	-	5,680	74	-	5,754	5,056
Inter-fund receivable (payable)	(686,182)	(56,748)	476,191	266,739	-	-
Current portion of investment loans receivable	-	314,783	14,597	-	329,380	256,028
	<u>168,148</u>	<u>263,715</u>	<u>490,862</u>	<u>266,739</u>	<u>1,189,464</u>	<u>1,512,228</u>
<b>PROPERTY AND EQUIPMENT (Note 3)</b>						
<b>INVESTMENT LOANS RECEIVABLE (Note 4)</b>						
	-	<u>1,068,567</u>	<u>33,644</u>	-	<u>1,102,211</u>	<u>677,997</u>
	<u>\$ 168,148</u>	<u>1,332,282</u>	<u>524,506</u>	<u>266,739</u>	<u>2,291,675</u>	<u>2,190,225</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 7,317	-	-	-	7,317	6,316
Reserve for leadership West Yellowhead	-	-	-	-	-	5,566
Deferred contributions	20,000	-	-	-	20,000	6,450
	<u>27,317</u>	-	-	-	<u>27,317</u>	<u>18,332</u>
<b>NET ASSETS</b>						
Externally restricted (Note 5)	-	1,332,282	524,506	266,739	2,123,527	2,017,961
Unrestricted	140,831	-	-	-	140,831	153,932
	<u>\$ 168,148</u>	<u>1,332,282</u>	<u>524,506</u>	<u>266,739</u>	<u>2,291,675</u>	<u>2,190,225</u>

Approved by the Board:

\_\_\_\_\_ Chairman

\_\_\_\_\_ Treasurer

The accompanying notes are an integral part of this statement.

**COMMUNITY FUTURES WEST YELLOWHEAD  
STATEMENT OF INCOME AND CHANGES IN GENERAL FUND BALANCE  
YEAR ENDED MARCH 31, 2009**

	<u>2009</u>	<u>2008</u>
<b>REVENUE</b>		
Federal contracts	\$ 289,179	\$ 293,509
Rural Community Economic Development Initiative	-	86,000
Other contracts	51,862	81,647
Leadership West Yellowhead	57,941	53,872
Interest from loan funds	-	33,000
Interest	5,597	19,994
Loan fees	4,491	2,690
Other	312	1,697
	<u>409,382</u>	<u>572,409</u>
<b>EXPENSES</b>		
Salaries and benefits	206,535	209,844
Leadership West Yellowhead	76,702	73,872
Rural Community Economic Development Initiative	-	66,000
NAYEC	24	43,168
Office rent	26,801	25,249
Travel	14,769	23,411
Computers, office equipment, leasehold improvements	-	14,403
Board member expense	21,504	13,698
Advertising and promotion	7,000	12,885
Telephone	12,998	12,513
Programs	10,370	9,558
Office supplies	6,554	7,648
Books and publications	3,379	6,806
Convention expense	5,928	6,735
Professional, accounting and audit	7,535	6,190
Insurance	6,453	5,861
Seminars, training	3,588	4,799
GST not recovered	2,622	3,950
Utilities, janitorial	3,914	3,664
Bank charges, loan costs	1,948	2,476
Postage and delivery	1,697	1,582
Maintenance and repairs	2,162	1,565
	<u>422,483</u>	<u>555,877</u>
<b>INCOME BEFORE THE FOLLOWING ITEMS</b>	<b>(13,101)</b>	<b>16,532</b>
Add: computers and equipment capitalized	-	14,403
Less: amortization	-	(14,403)
	<u>          </u>	<u>          </u>
<b>NET INCOME</b>	<b>(13,101)</b>	<b>16,532</b>
<b>GENERAL FUND BALANCE, BEGINNING OF YEAR</b>	<b><u>153,932</u></b>	<b><u>137,400</u></b>
<b>GENERAL FUND BALANCE, END OF YEAR</b>	<b><u>\$ 140,831</u></b>	<b><u>\$ 153,932</u></b>

The accompanying notes are an integral part of this statement.

**COMMUNITY FUTURES WEST YELLOWHEAD  
STATEMENT OF INCOME AND CHANGES IN RESTRICTED FUND BALANCE  
YEAR ENDED MARCH 31, 2009**

	<u>Loan Investment Funds</u>			<u>2009 Total</u>	<u>2008 Total</u>
	<u>Non-repayable</u>	<u>Repayable</u>	<u>Disabled</u>		
<b>REVENUE</b>					
Bank interest	\$ 9,572	4,001	2,014	15,587	37,968
Investment interest	<u>82,564</u>	<u>2,540</u>	<u>3,921</u>	<u>89,025</u>	<u>83,664</u>
	<u>92,136</u>	<u>6,541</u>	<u>5,935</u>	<u>104,612</u>	<u>121,632</u>
<b>EXPENSES</b>					
Provision (recovery) for investment losses	(954)	-	-	(954)	15,829
Interest transfer to general fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,000</u>
	<u>(954)</u>	<u>-</u>	<u>-</u>	<u>(954)</u>	<u>48,829</u>
<b>NET INCOME FOR THE YEAR</b>	<b>93,090</b>	<b>6,541</b>	<b>5,935</b>	<b>105,566</b>	<b>72,803</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>1,239,192</u>	<u>517,965</u>	<u>260,804</u>	<u>2,017,961</u>	<u>1,945,158</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 1,332,282</u>	<u>524,506</u>	<u>266,739</u>	<u>2,123,527</u>	<u>2,017,961</u>

The accompanying notes are an integral part of this statement.

**COMMUNITY FUTURES WEST YELLOWHEAD  
STATEMENT OF CASH FLOW  
YEAR ENDED MARCH 31, 2009**

	Operating Activities General Fund	Financing and Investing Activities			2009 Total	2008 Total
		General Fund	Loan Non-repayable	Investment Repayable		
<b>SOURCES OF CASH</b>						
Government funding	\$ 289,179	-	-	-	289,179	265,990
Investment income	4,881	-	92,136	6,541	109,493	141,063
Loan repayments	-	-	228,235	10,089	309,406	329,246
Other contracts	186,706	-	-	-	186,706	205,615
Other	4,803	-	-	-	4,803	4,387
	<u>485,569</u>	<u>-</u>	<u>320,371</u>	<u>16,630</u>	<u>899,587</u>	<u>946,301</u>
<b>USES OF CASH</b>						
Salaries and benefits	238,156	-	-	-	238,156	228,394
Materials and services	188,892	-	-	-	188,892	313,708
Capital asset purchases	-	-	-	-	-	18,903
Investment loan advances	-	-	781,000	25,000	806,000	410,025
	<u>427,048</u>	<u>-</u>	<u>781,000</u>	<u>25,000</u>	<u>1,233,048</u>	<u>971,030</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>58,521</b>	<b>-</b>	<b>(460,629)</b>	<b>(8,370)</b>	<b>(333,461)</b>	<b>(24,729)</b>
<b>CASH, BEGINNING</b>	<b>1,179,791</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,179,791</b>	<b>1,204,520</b>
<b>INTERFUND TRANSFER</b>	<b>(391,982)</b>	<b>-</b>	<b>460,629</b>	<b>8,370</b>	<b>(77,017)</b>	<b>-</b>
<b>CASH, ENDING</b>	<b>\$ 846,330</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>846,330</b>	<b>1,179,791</b>
<b>CASH IS COMPRISED OF:</b>						
Cash					\$ 165,569	106,511
Short term investments					680,761	1,073,280
					<u>\$ 846,330</u>	<u>\$ 1,179,791</u>

The accompanying notes are an integral part of this statement.

**COMMUNITY FUTURES WEST YELLOWHEAD  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2009**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The Corporation is a community-based nonprofit organization incorporated under the Alberta Corporations Act. With the financial support of the Government of Canada, it provides loans and financial services to small businesses otherwise unable to obtain financing, delivers government services and programs related to employment and economic development, provides training and business advisory services, and contributes leadership and expertise in economic development to local communities.

Following are accounting policies of particular significance which have been used by the Corporation in preparing these financial statements.

**Fund Accounting**

The Corporation follows the restricted fund method of accounting.

The General Fund accounts for the organization's operating costs, operating grants and general revenues. Project funding is reported as revenue and the related project costs are included in various categories of expense. Cash balances in excess of those required to fund loans approved are retained in the general fund for efficient investment in short term securities. Net transfers of cash appear as inter-fund transfers and the accumulated balance is reflected as inter-fund receivables and payables.

The Loan Investment Funds report restricted resources that are to be used for assistance to small businesses and entrepreneurs in the form of loans, loan guarantees or equity participation. Loans from the Loan Investment Fund for the Disabled are limited to businesses owned and operated by disabled entrepreneurs. The organization is restricted in the types of loans that can be made according to its agreement with the Government of Canada.

**Investment Loans and Accrued Interest Receivable**

Loans and interest in arrears on loans are reviewed by management and the Board of Directors and provisions for losses are recorded annually. When all reasonable efforts are exhausted in attempting to collect a doubtful balance, write-off of the balance will be presented to and approved by the Board of Directors.

**Capital Assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. In the 2004 fiscal year a comprehensive inventory of assets was taken and, to avoid the cost and delay involved in researching the original costs of the assets on hand, an estimate of the value was used. Therefore, some of the assets are included at a depreciated replacement value. Assets are fully amortized in the year of acquisition. Amortization is reported in the General Fund. Assets which have been sold, scrapped, or otherwise retired are removed from both the cost and accumulated amortization accounts.

**2. ACCRUED INTEREST RECEIVABLE**

	<u>Loan Investment Funds</u>			2009	2008
	<u>Non- Repayable</u>	<u>Repayable</u>	<u>Disabled</u>	<u>Total</u>	<u>Total</u>
Interest in arrears	\$ 5,680	169	-	5,849	5,132
Less: provision for loan losses	-	(95)	-	(95)	(76)
	<u>\$ 5,680</u>	<u>\$ 74</u>	<u>\$ -</u>	<u>\$ 5,754</u>	<u>\$ 5,056</u>

**COMMUNITY FUTURES WEST YELLOWHEAD  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2009**

**3. PROPERTY AND EQUIPMENT**

	<u>2009</u>	<u>2008</u>	<u>Original Investment</u>
Office equipment, furniture	\$ 67,246	67,246	115,859
Computer equipment	32,680	32,680	122,049
Leasehold improvements	48,888	48,888	48,888
S.E.A. equipment	-	-	15,437
Leasehold accrual	-	-	-
	<u>\$ 148,814</u>	<u>\$ 148,814</u>	<u>\$ 302,233</u>

When taking the fixed asset inventory, the S.E.A. equipment was included in the various other categories. Original investment reflects amounts invested since inception.

**4. INVESTMENT LOANS RECEIVABLE**

	<u>Loan Investment Funds</u>			<u>2009 Total</u>	<u>2008 Total</u>
	<u>Non- Repayable</u>	<u>Repayable</u>	<u>Disabled</u>		
Loans receivable	\$ 1,398,484	48,241	-	1,446,725	950,132
Less: allowance for loan impairment	(15,134)	-	-	(15,134)	(16,107)
Less: current portion	(314,783)	(14,597)	-	(329,380)	(256,028)
	<u>\$ 1,068,567</u>	<u>33,644</u>	<u>-</u>	<u>1,102,211</u>	<u>677,997</u>
Total recorded investment on impaired loans	<u>\$ 15,134</u>	<u>-</u>	<u>-</u>	<u>15,134</u>	<u>16,107</u>
Loan amounts written off to allowance for loan impairment	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Outstanding loans to entrepreneurs are interest bearing at rates varying from a fixed rate of 2% to 4% above prime with monthly blended principal and interest repayments amortized for terms between 12 and 120 months. Security is taken on these loans as appropriate to the situation and includes personal guarantees, general security agreements and mortgages on property.

**5. EXTERNALLY RESTRICTED NET ASSETS**

Loan funds contributed by the government are classified as non-repayable, repayable and disabled according to the nature of the restrictions placed on their use and the term of the program for which they were advanced. Repayable and disabled funds, as of the balance sheet date, are repayable on demand under certain conditions. These conditions include non-compliance with the terms of the agreements, default, or the government's decision to terminate the particular program.

The net asset balance shown on the Balance Sheet is comprised of the original contributions, interest earned on the loans and investments from the time of the original receipt of the contributions, less provisions for losses of principal and interest on loans.

**COMMUNITY FUTURES WEST YELLOWHEAD  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2009**

**6. FINANCIAL INSTRUMENTS**

The Corporation is exposed to risks inherent in extending loans to entrepreneurs in fulfilling its mandate set forth by the Government of Canada. Short-term investments carry market risk.

**7. ECONOMIC DEPENDENCE**

The Corporation is funded by the federal government and is economically dependent upon it.