

**WEST YELLOWHEAD COMMUNITY FUTURES DEVELOPMENT  
CORPORATION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2007**

**WEST YELLOWHEAD COMMUNITY FUTURES DEVELOPMENT  
CORPORATION**

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**AUDITOR'S REPORT**

To the Board of Directors of the  
West Yellowhead Community Futures Development Corporation

We have audited the balance sheet of West Yellowhead Community Futures Development Corporation as at March 31, 2007, 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, 2007 and the results of its operations, changes in fund balances and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.



**RWK & Co.**  
**Chartered Accountant**

Drayton Valley, Alberta  
July 12, 2007

**WEST YELLOWHEAD COMMUNITY FUTURES DEVELOPMENT CORPORATION  
BALANCE SHEET  
MARCH 31, 2007**

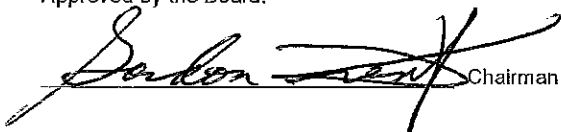
**ASSETS**

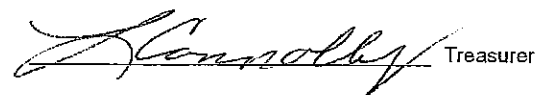
	General	<u>Loan Investment Funds</u>			2007	2006
	<u>Fund</u>	<u>Non-repayable</u>	<u>Repayable</u>	<u>Disabled</u>	<u>Total</u>	<u>Total</u>
<b>CURRENT ASSETS</b>						
Cash	\$ 149,111	-	-	-	149,111	202,585
Short term investments	1,055,409	-	-	-	1,055,409	1,121,291
Accounts receivable	43,834	-	-	-	43,834	7,212
Accrued interest						
receivable (Note 2)	-	4,342	92	59	4,493	4,412
Inter-fund receivable (payable)	(1,071,590)	432,732	473,964	164,894	-	-
Current portion of investment loans receivable	-	208,493	6,864	9,308	224,665	179,764
	<u>176,764</u>	<u>645,567</u>	<u>480,920</u>	<u>174,261</u>	<u>1,477,512</u>	<u>1,515,264</u>
<b>PROPERTY AND EQUIPMENT (Note 3)</b>						
<b>INVESTMENT LOANS RECEIVABLE (Note 4)</b>						
	-	568,865	5,665	69,880	644,410	530,778
	<u>\$ 176,764</u>	<u>1,214,432</u>	<u>486,585</u>	<u>244,141</u>	<u>2,121,922</u>	<u>2,046,042</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 6,945	-	-	-	6,945	48,054
Reserve for office completion	4,500	-	-	-	4,500	-
Deferred contributions	27,920	-	-	-	27,920	17,128
	<u>39,365</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,365</u>	<u>65,182</u>
<b>NET ASSETS</b>						
Externally restricted (Note 5)	-	1,214,432	486,585	244,141	1,945,158	1,874,966
Unrestricted	137,399	-	-	-	137,399	105,894
	<u>\$ 176,764</u>	<u>1,214,432</u>	<u>486,585</u>	<u>244,141</u>	<u>2,121,922</u>	<u>2,046,042</u>

Approved by the Board:

 Chairman

 Treasurer

The accompanying notes are an integral part of this statement.

**WEST YELLOWHEAD COMMUNITY FUTURES DEVELOPMENT CORPORATION**  
**STATEMENT OF INCOME AND CHANGES IN GENERAL FUND BALANCE**  
**YEAR ENDED MARCH 31, 2007**

	<u>2007</u>	<u>2006</u>
<b>REVENUE</b>		
Federal contracts	\$ 277,950	272,500
Interest	32,717	20,755
Loan fees	2,297	6,110
Other contracts	61,411	18,649
Interest from loan funds	50,000	38,500
Other	<u>2,810</u>	<u>515</u>
	<u>427,185</u>	<u>357,029</u>
<b>EXPENSES</b>		
Salaries and benefits	174,077	191,143
Professional, accounting and audit	4,589	12,371
Advertising and promotion	20,189	3,332
Bank charges, loan costs	1,984	2,142
Board member expense	18,868	13,271
Books and publications	1,357	-
Consultants and software	2,804	2,242
Computers, office equipment, leasehold improvements	38,217	18,530
Convention expense	4,327	8,983
GST not recovered	4,590	4,583
Insurance	4,948	5,655
Maintenance and repairs	2,375	2,411
Office rent	25,027	22,586
Office supplies	4,285	6,204
Postage and delivery	2,909	3,109
Programs	45,110	710
Seminars, training	2,823	-
Staff expenses	-	1,195
Telephone	14,233	20,646
Travel	19,300	26,108
Utilities, janitorial	<u>3,667</u>	<u>3,645</u>
	<u>395,679</u>	<u>348,866</u>
<b>INCOME BEFORE THE FOLLOWING ITEMS</b>	<b>31,506</b>	<b>8,163</b>
Add: computers and equipment capitalized	38,217	18,458
Less: amortization	<u>(38,217)</u>	<u>(18,458)</u>
<b>NET INCOME</b>	<b>31,506</b>	<b>8,163</b>
<b>GENERAL FUND BALANCE, BEGINNING OF YEAR</b>	<u>105,894</u>	<u>97,731</u>
<b>GENERAL FUND BALANCE, END OF YEAR</b>	<u>\$ 137,400</u>	<u>105,894</u>

The accompanying notes are an integral part of this statement.

**WEST YELLOWHEAD COMMUNITY FUTURES DEVELOPMENT CORPORATION  
STATEMENT OF INCOME AND CHANGES IN RESTRICTED FUND BALANCE  
YEAR ENDED MARCH 31, 2007**

	<u>Loan Investment Funds</u>			<u>2007</u>	<u>2006</u>
	<u>Non-repayable</u>	<u>Repayable</u>	<u>Disabled</u>	<u>Total</u>	<u>Total</u>
<b>REVENUE</b>					
Bank interest	\$ -	14,098	4,328	18,426	11,872
Investment interest	<u>63,729</u>	<u>2,902</u>	<u>7,488</u>	<u>74,119</u>	<u>70,663</u>
	<u>63,729</u>	<u>17,000</u>	<u>11,816</u>	<u>92,545</u>	<u>82,535</u>
<b>EXPENSES</b>					
Provision (recovery) for investment losses	(25,589)	(2,059)	-	(27,648)	2,667
Interest transfer to general fund	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>38,500</u>
	<u>24,411</u>	<u>(2,059)</u>	<u>-</u>	<u>22,352</u>	<u>41,167</u>
<b>NET INCOME FOR THE YEAR</b>	<b>39,318</b>	<b>19,059</b>	<b>11,816</b>	<b>70,193</b>	<b>41,368</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>1,175,114</u>	<u>467,526</u>	<u>232,325</u>	<u>1,874,965</u>	<u>1,833,597</u>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 1,214,432</b>	<b>486,585</b>	<b>244,141</b>	<b>1,945,158</b>	<b>1,874,965</b>

The accompanying notes are an integral part of this statement.

**WEST YELLOWHEAD COMMUNITY FUTURES DEVELOPMENT CORPORATION**  
**STATEMENT OF CASH FLOW**  
**YEAR ENDED MARCH 31, 2007**

	Operating	Financing and Investing Activities				2007 Total	2006 Total
	General Fund	General Fund	Loan Investment Funds				
			Non-repayable	Repayable	Disabled		
<b>SOURCES OF CASH</b>							
Government funding	\$ 302,739	-	-	-	-	302,739	291,149
Investment income	32,717	-	63,588	15,892	11,880	124,077	97,102
Loan repayments	-	-	330,310	20,275	9,434	360,019	359,977
Other	5,107	-	-	-	-	5,107	6,125
	<u>340,563</u>	<u>-</u>	<u>393,898</u>	<u>36,167</u>	<u>21,314</u>	<u>791,942</u>	<u>754,353</u>
<b>USES OF CASH</b>							
Salaries and benefits	174,077	-	-	-	-	174,077	191,143
Materials and services	213,704	-	-	-	-	213,704	93,674
Capital asset purchases	-	33,717	-	-	-	33,717	18,530
Investment loan advances	-	-	489,227	573	-	489,800	108,759
	<u>387,781</u>	<u>33,717</u>	<u>489,227</u>	<u>573</u>	<u>-</u>	<u>911,298</u>	<u>412,106</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(47,218)</b>	<b>(33,717)</b>	<b>(95,329)</b>	<b>35,594</b>	<b>21,314</b>	<b>(119,356)</b>	<b>342,247</b>
<b>CASH, BEGINNING</b>	<b>1,323,876</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,323,876</b>	<b>981,629</b>
<b>INTERFUND TRANSFER</b>	<b>(72,138)</b>	<b>33,717</b>	<b>95,329</b>	<b>(35,594)</b>	<b>(21,314)</b>	<b>-</b>	<b>-</b>
<b>CASH, ENDING</b>	<b>\$ 1,204,520</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,204,520</b>	<b>1,323,876</b>
<b>CASH IS COMPRISED OF:</b>							
Cash						\$ 149,111	202,585
Short term investments						1,055,409	1,121,291
						<u>\$ 1,204,520</u>	<u>1,323,876</u>

The accompanying notes are an integral part of this statement.

**WEST YELLOWHEAD COMMUNITY FUTURES DEVELOPMENT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**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>			<u>2007</u> <u>Total</u>	<u>2006</u> <u>Total</u>
	<u>Non-</u> <u>Repayable</u>	<u>Repayable</u>	<u>Disabled</u>		
Interest in arrears	\$ 4,342	8,901	59	13,302	12,116
Less: provision for loan losses	<u>-</u>	<u>(8,809)</u>	<u>-</u>	<u>(8,809)</u>	<u>(7,704)</u>
	<u>\$ 4,342</u>	<u>\$ 92</u>	<u>\$ 59</u>	<u>\$ 4,493</u>	<u>\$ 4,412</u>

**WEST YELLOWHEAD COMMUNITY FUTURES DEVELOPMENT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**3. PROPERTY AND EQUIPMENT**

	<u>2007</u>	<u>2006</u>	<u>Original Investment</u>
Office equipment, furniture	\$ 66,784	65,953	115,397
Computer equipment	23,851	13,950	113,220
Leasehold improvements	39,276	16,291	39,276
S.E.A. equipment	-	-	15,437
Leasehold accrual	4,500	-	4,500
	<u>\$ 134,411</u>	<u>96,194</u>	<u>287,830</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>Non- Repayable</u>	<u>Repayable</u>	<u>Disabled</u>	<u>2007 Total</u>	<u>2006 Total</u>
Loans receivable	\$ 777,358	28,014	79,188	884,560	754,780
Less: allowance for loan impairment	-	(15,485)	-	(15,485)	(44,238)
Less: current portion	<u>(208,493)</u>	<u>(6,864)</u>	<u>(9,308)</u>	<u>(224,665)</u>	<u>(179,764)</u>
	<u>\$ 568,865</u>	<u>5,665</u>	<u>69,880</u>	<u>644,410</u>	<u>530,778</u>
Total recorded investment on impaired loans	<u>\$ -</u>	<u>15,485</u>	<u>-</u>	<u>15,485</u>	<u>44,238</u>
Loan amounts written off to allowance for loan impairment	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,484</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.

**WEST YELLOWHEAD COMMUNITY FUTURES DEVELOPMENT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**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.