

Community Futures Grande Prairie & Region
(Formerly SMEDA Business Development Corporation)
Financial Statements
For the year ended March 31, 2008

Community Futures Grande Prairie & Region
Financial Statements
March 31, 2008

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Auditors' Report

To the Board of Directors of Community Futures Grande Prairie & Region

We have audited the combined statement of financial position of the operating and investment funds of Community Futures Grande Prairie & Region as at March 31, 2008 and the combined statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the organization'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 the 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 organization as at March 31, 2008 and the results of its operations and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Grande Prairie, Alberta
June 24, 2008

Community Futures Grande Prairie & Region
Statement of Financial Position - Combined

March 31			2008	2007
	Operating Fund	Investment Fund	Total	Total
Assets				
Current				
Cash	\$ 133,986	\$ 1,064,992	\$ 1,198,978	\$ 1,024,643
Temporary investments (Note 2)	-	668,460	668,460	571,036
Accounts receivable	58,578	-	58,578	66,153
Accrued interest receivable	-	7,808	7,808	4,251
Other receivables	-	-	-	297
Prepaid expenses	5,546	-	5,546	10,253
Interfund receivable	72,889	-	72,889	-
	270,999	1,741,260	2,012,259	1,676,633
Loans receivable (Note 3)	-	2,272,110	2,272,110	2,468,529
Property and equipment (Note 1)	87,477	-	87,477	99,400
	\$ 358,476	\$ 4,013,370	\$ 4,371,846	\$ 4,244,562
Liabilities				
Current				
Accrued liabilities	\$ 55,152	\$ -	\$ 55,152	\$ 18,845
Interfund payable	-	72,889	72,889	-
	55,152	72,889	128,041	18,845
Investment grants payable (Note 4)	-	617,819	617,819	703,684
	55,152	690,708	745,860	722,529
Net assets				
Fund balances	303,324	3,322,662	3,625,986	3,522,033
	\$ 358,476	\$ 4,013,370	\$ 4,371,846	\$ 4,244,562

Approved by the Board:

_____ Director

_____ Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Community Futures Grande Prairie & Region Statement of Changes in Fund Balances - Combined

For the year ended March 31, 2008

	Operating Fund			Total
	Invested in Capital Assets	Unrestricted	Investment Fund	
Balance , beginning of year	\$ 99,400	\$ 150,133	\$ 3,272,500	\$ 3,522,033
Excess of revenue over expenses for the year	-	(25,998)	129,950	103,952
Purchase of property and equipment	13,080	(13,081)	-	-
Disposal of property and equipment	(271)	271	-	-
Amortization	(24,732)	24,732	-	-
Transfers	-	79,789	(79,789)	-
Balance , end of year	\$ 87,477	\$ 215,846	\$ 3,322,661	\$ 3,625,985

For the year ended March 31, 2007

	Operating Fund			Total
	Invested in Capital Assets	Unrestricted	Investment Fund	
Balance , beginning of year	\$ 89,001	\$ 177,180	\$ 3,065,669	\$ 3,331,850
Excess of revenue over expenses for the year	-	(53,159)	243,342	190,183
Purchase of property and equipment	46,073	(46,073)	-	-
Disposal of property and equipment	(62)	62	-	-
Amortization	(35,612)	35,612	-	-
Transfers	-	36,511	(36,511)	-
Balance , end of year	\$ 99,400	\$ 150,133	\$ 3,272,500	\$ 3,522,033

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Community Futures Grande Prairie & Region
Statement of Financial Position - Operating Fund

March 31	2008	2007
Assets		
Current		
Cash	\$ 133,986	\$ 92,570
Accounts receivable	58,578	66,153
Due from Investment Fund	72,889	-
Prepaid expenses	5,546	10,253
	270,999	168,976
Property and equipment (Note 1)	87,477	99,400
	\$ 358,476	\$ 268,376
Liabilities		
Current		
Accrued liabilities	\$ 55,152	\$ 18,843
Net assets		
Fund balances		
Unrestricted	215,847	150,133
Invested in capital assets	87,477	99,400
	303,324	249,533
	\$ 358,476	\$ 268,376

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Community Futures Grande Prairie & Region
Statement of Changes in Fund Balances - Operating Fund**

For the year ended March 31	2008	2007
Unrestricted Fund Balance		
Balance, beginning of year	\$ 150,133	\$ 177,182
Deficiency of revenues over expenses	(25,998)	(53,159)
Transfer from investment fund (Note 7)	79,789	36,511
Transfer of net operating funds invested in property and equipment	11,923	(10,401)
Balance, end of year	\$ 215,847	\$ 150,133
Fund Balance Invested In Property and Equipment		
Balance, beginning of year	\$ 99,400	\$ 89,001
Amortization	(24,733)	(35,612)
Purchase of property and equipment	13,081	46,073
Disposal of property and equipment	(271)	(62)
Balance, end of year	\$ 87,477	\$ 99,400

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Community Futures Grande Prairie & Region
Statement of Financial Position - Investment Fund

March 31	2008	2007	
	Non-Repayable Regular Repayable	Disabled Repayable	Total
Assets			
Current			
Cash	\$ 800,619	\$ 175,114	\$ 975,733
Temporary investments (Note 2)	290,000	315,384	605,384
Accrued interest receivable	-	7,808	7,808
Other receivables	-	-	-
Interfund receivable (payable)	(98,723)	(5,412)	(104,135)
	\$ 991,896	492,894	1,484,790
Loans receivable (Note 3)	2,103,901	168,209	2,272,110
	\$ 3,095,797	\$ 661,103	\$ 3,756,900
Liabilities			
Current			
Due to Operating Fund	\$ 72,889	-	\$ 72,889
Investment grants payable (Note 4)	-	495,480	495,480
	72,889	495,480	568,369
Net assets			
Fund balances			
Investment Fund	3,022,908	165,623	3,188,531
	\$ 3,095,797	\$ 661,103	\$ 3,756,900

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Community Futures Grande Prairie & Region
Statement of Changes in Fund Balances - Investment Fund

For the year ended March 31	2008		2007	
	Non-Repayable Regular	Repayable	Disabled Repayable	Total
Balance, beginning of year	\$ 2,991,788	\$ 151,457	\$ 129,255	\$ 3,272,500
Excess of revenues over expense for the year	110,909	14,166	4,876	129,951
Transfer to operating fund (Note 7)	(79,789)	-	-	(79,789)
Balance, end of year	\$ 3,022,908	\$ 165,623	\$ 134,131	\$ 3,322,662
				\$ 3,272,500

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Community Futures Grande Prairie & Region
Statement of Operations - Operating Fund**

For the year ended March 31	2008	2007
Revenues		
Contributions from federal government - operating	\$ 306,514	\$ 291,000
Community Futures Network Society of Alberta	-	518
2006 SMEDA Conference	-	92,860
Self Employment program	62,200	44,425
Youth Connections program	227,950	214,060
Other - projects and services	49,061	25,784
HRDC Peer Skills Link (recovery)	(84)	71,221
Human Resources Development Canada	-	2,663
Rural Community Economic Development Program	48,305	54,550
Rent	628	180
2008 Energy Symposium	34,424	-
NADC Stay in School project	10,000	-
RCED Podcast project	51,500	-
	<u>790,498</u>	<u>797,261</u>
Expenses		
General and administrative (Schedule)	\$ 816,225	\$ 850,358
Deficiency of revenues over expenses before the undernoted	(25,727)	(53,097)
Loss on disposal of equipment	(271)	(62)
Deficiency of revenues over expenses	\$ (25,998)	\$ (53,159)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Community Futures Grande Prairie & Region
Statement of Operations - Investment Fund

For the year ended March 31	2008		2007	
	Non-Repayable Regular	Regular Repayable	Disabled Repayable	Total
Revenues				
Interest and fees	\$ 212,590	\$ 37,393	\$ 4,473	\$ 303,908
Bank Interest	15,549	15,549	15,549	46,647
Debt forgiven	-	85,864	-	85,864
Other	-	-	-	5,174
	228,139	138,806	20,022	386,967
				\$ 337,761
Expenses				
GST expense	401	-	-	401
Bad debts	102,199	127,649	15,091	244,939
Bank charges and other	55	55	55	166
Other	14,575	-	-	14,575
	117,230	124,640	15,146	257,017
				94,419
Excess of revenues over expenses before other comprehensive income				
	-	(3,064)	-	(3,064)
Other comprehensive income				
Loss (gain) on investment				262
Excess of revenues over expenses	\$ 110,909	\$ 14,166	\$ 4,876	\$ 243,342

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Community Futures Grande Prairie & Region Statement of Cash Flows

For the year ended March 31	Financing and Investing Activities				Total 2008	Total 2007
	Operating Fund	Non- Repayable	Repayable	Disabled		
Operating activities						
Cash received from government contracts	\$ 596,580	\$ -	\$ -	\$ -	\$ 596,580	\$ 621,224
Cash received from other revenue	201,490	-	-	-	201,490	158,914
Cash paid to suppliers for goods and services	(750,473)	(116,929)	(127,704)	(15,145)	(1,010,251)	(927,655)
Interest received	-	228,136	49,381	20,020	297,537	333,398
	<u>47,597</u>	<u>111,207</u>	<u>(78,323)</u>	<u>4,875</u>	<u>85,356</u>	<u>185,881</u>
Financing activities						
Transfer (to) from other funds	6,900	20,524	(12,443)	(14,981)	-	-
Investing activities						
Purchase of property and equipment	(13,081)	-	-	-	(13,081)	(46,075)
Investment loan repayments	-	72,655	74,448	49,317	196,420	(303,930)
Gain (loss) on temporary investment	-	-	3,064	-	3,064	(262)
	<u>(13,081)</u>	<u>72,655</u>	<u>77,512</u>	<u>49,317</u>	<u>186,403</u>	<u>(350,267)</u>
Net change in cash	41,416	204,386	(13,254)	39,211	271,759	(164,386)
Cash, beginning of year	92,570	886,233	503,751	113,125	1,595,679	1,760,065
Cash, end of year	<u>\$ 133,986</u>	<u>\$ 1,090,619</u>	<u>\$ 490,497</u>	<u>\$ 152,336</u>	<u>\$ 1,867,438</u>	<u>\$ 1,595,679</u>
Cash, represented by:						
Cash	\$ 133,986	\$ 800,619	\$ 175,114	\$ 89,259	\$ 1,198,978	\$ 1,024,643
Temporary investments	-	290,000	315,383	63,077	668,460	571,036
	<u>\$ 133,986</u>	<u>\$ 1,090,619</u>	<u>\$ 490,497</u>	<u>\$ 152,336</u>	<u>\$ 1,867,438</u>	<u>\$ 1,595,679</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Community Futures Grande Prairie & Region Summary of Significant Accounting Policies

March 31, 2008

Purpose of the Organization	Community Futures Grande Prairie & Region has a mandate to increase economic and social well-being throughout the region by assisting, supporting and investing in small business. The main focus is to maximize job creation and maintenance by providing small business consulting services and management of an investment fund. Community Futures Grande Prairie & Region is exempt from income taxes under Section 149 of the Income Tax Act.
Management Estimates	The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the 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 management's best estimates as additional information becomes available in the future.
Financial Instruments	Community Futures Grande Prairie & Region's financial instruments consist of cash, temporary investments, accounts receivable, loans receivable, accrued interest receivable, accounts payable, and investment grants payable. It is management's opinion that Community Futures Grande Prairie & Region is not exposed to significant interest, currency or credit risks arising from these financial instruments except as described in note 8. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.
Fund Accounting	Community Futures Grande Prairie & Region follows the restricted fund method of accounting for contributions. The Operating Fund accounts for the Organization's operating costs and general revenues. This fund reports unrestricted resources and restricted operating grants. The Investment Fund reports 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 and youth are limited to businesses owned and operated by disabled and youth entrepreneurs, respectively. The Organization is restricted in the types of loans that can be made according to its agreement with the federal government.
Temporary Investments	Temporary investments are valued at the lower of cost and market value.

Community Futures Grande Prairie & Region Summary of Significant Accounting Policies

March 31, 2008

Property and Equipment

Property and equipment are stated at cost less accumulated amortization. Amortization is recorded on the diminishing balance basis at rates designed to amortize the cost of the capital assets over their estimated useful lives. Amortization rates are as follows:

Building	4 %
Furniture and equipment	20 %
Computer equipment	30 %
Computer software	100 %
Leasehold improvements	20 % straight line

Contributed Services

Volunteers contribute many hours annually to assist Community Futures Grande Prairie & Region in carrying out specific program activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Revenue Recognition

The Organization recognizes operating fund revenue when received.

Interest revenue is recorded when received as the amount cannot be reasonably estimated and collectability cannot be reasonably assured.

Community Futures Grande Prairie & Region Notes to the Financial Statements

March 31, 2008

1. Property and Equipment

	2008		2007	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Building	\$ 1,356	\$ 378	\$ 978	\$ 1,020
Furniture and equipment	56,974	51,718	5,256	6,678
Computer equipment	85,781	68,603	17,178	12,766
Computer software	17,889	17,889	-	-
Leasehold improvements	134,952	70,887	64,065	78,936
	\$ 296,952	\$ 209,475	\$ 87,477	\$ 99,400

2. Temporary Investments

Community Futures Grande Prairie & Region has five guaranteed investment certificates totaling \$190,000 (2007 - \$210,000) with other lending institutions. \$190,000 of this is for loan guarantees. The purpose of these loan guarantees is to leverage loan dollars for Community Futures Grande Prairie & Region customers in the amounts of the GICs, and accordingly, \$190,000 in term deposits has been allocated to reflect this commitment. Should these customers default on the loans, Community Futures Grande Prairie & Region would be responsible for the paying them. The other \$100,000 is additional cash on hand from the investment fund.

Community Futures Lending and Investment Pool of Alberta is designed to help other equivalent lending institutions that have all of their funds loaned out give loans to qualifying entrepreneurs. The amount is repayable on demand.

	2008	2007
Guaranteed investment certificates	\$ 290,000	\$ 210,000
Community Futures Lending & Investment Pool of Alberta (CFLIP)	378,460	361,036
	\$ 668,460	\$ 571,036

Interest rates on all remaining GICs ranges from 2.3% to 3.5% and all amounts mature in the subsequent year. CFLIP earns interest within the investment at varying rates.

Community Futures Grande Prairie & Region Notes to the Financial Statements

March 31, 2008

3. Loans Receivable

Loans receivable are classified as long-term assets. No current portion has been set up as it is difficult to estimate the amount that can be reasonably considered to be collectible within a one-year period. Loans bear interest at fixed rates from 9% to 10%. Fixed rate loans are subject to interest rate risk as the value of the loans will fluctuate based on changes in market interest rates. Loans receivable, consisting of loans to businesses have varying maturity dates ranging from May 31, 2008 to May 31, 2013. Substantially all loans have required monthly repayments. The four loan categories are summarized as follows:

	Non-Repayable Regular	Regular Repayable	Disabled Repayable	2008 Total	2007 Total
Loan portfolio	\$2,304,864	\$ 299,516	\$ 15,091	\$2,619,471	\$2,733,924
Allowance for doubtful loans	(200,963)	(131,307)	(15,091)	(347,361)	(265,395)
	\$2,103,901	\$ 168,209	\$ -	\$2,272,110	\$2,468,529

The fair value of these loans is impacted by the actual rate charged compared to the market rate of interest for loans with similar risk. Since the Organization is a government supported not-for-profit organization, the interest rates charged may be lower than market. As a result, the fair value of these loans is less than their carrying amount. Management has determined that it is not practicable with the constraints of timeliness or cost to reliably measure that actual fair value of these loans.

4. Investment Grants Payable

Investment grants repayable consist of funds advanced from the Western Economic Diversification Fund that are repayable on dissolution of Community Futures Grande Prairie & Region. The grants repayable investment fund consists of the following:

	Regular	Disabled	2008 Total	2007 Total
Balance , beginning of year	\$ 581,344	\$ 122,339	\$ 703,683	\$ 715,890
Debt forgiven during the year	85,864	-	85,864	12,206
Balance , end of year	\$ 495,480	\$ 122,339	\$ 617,819	\$ 703,684

Under the agreement with Western Economic Diversification, when loans are considered uncollectable, the loan amount reduces the investment payable respectively.

Community Futures Grande Prairie & Region Notes to the Financial Statements

March 31, 2008

5. Funding

Community Futures Grande Prairie & Region has been formally reselected as a Community Futures Project by the Department of Western Economic Diversification. Community Futures Grande Prairie & Region has contracts in place for funding until March 31, 2011. Contracts for renewal are approved annually upon review of operations.

In the event that Community Futures Grande Prairie & Region's contract is not renewed, Community Futures Grande Prairie & Region may cease operations and its loan portfolio will be transferred to another agency.

6. Economic Dependence

The Organization receives 60% of its operating revenues from the federal department of Western Economic Diversification with the balance by way of outside contracts including other levels of government and fees for service programs.

7. Inter-fund Transfers

During the year, the Board of Directors authorized a transfer of \$79,789 (2007 - \$36,511) from the Non-Repayable Regular Investment Fund to the Operating Fund to be used to cover operating expenditures.

8. Cash

The Organization's bank accounts are held at one chartered bank and bear annual interest at 0.05% which is paid monthly. The Organization is subject to the same credit risk as the chartered bank. The Organization has available \$20,000 overdraft which bears interest at 19.25% calculated and payable monthly.

Community Futures Grande Prairie & Region Notes to the Financial Statements

March 31, 2008

9. Commitments

The Organization has entered into a five year lease for its premises. The lease requires monthly payments of \$4,894 for the first two years, \$5,220 for the third and fourth year and \$5,546 for the final year.

The minimum annual lease payments until maturity are as follows:

2009	\$ 62,640
2010	62,640
2011	<u>66,555</u>
	<u>\$ 191,835</u>

10. Comparative Figures

Certain comparative figures have been reclassified in order to conform with the current year financial presentation.

**Community Futures Grande Prairie & Region
Schedule of General and Administrative Expenses - Operating Fund**

For the year ended March 31	2008	2007
Amortization	\$ 24,734	\$ 35,612
Advertising	22,234	17,281
Bank charges	1,890	2,789
Books and publications	1,351	1,372
CEDO and special projects:		
- 2006 CF Conference	-	80,087
- 2008 Energy Symposium	40,409	-
- Community Economic Development Fund Project	40,494	65,389
- N A B Youth Entrepreneur camp	18,309	-
- RCED Podcast project	51,768	-
- Seminars	700	1,720
- Skills Link	195	62,401
- Ventures/NADC project	930	-
- Video Conferencing	485	3,520
Consultants' fees	12,600	45,808
Credit investigation	1,640	2,559
Equipment rental	9,936	9,670
Freight	280	258
GST expense	7,027	10,615
Insurance	4,649	6,399
Office	17,054	10,376
Postage	3,507	2,464
Professional fees	16,481	21,074
Rent	21,834	25,179
Repairs and maintenance	22,614	23,336
Self-employment program expenses	50,153	38,788
Telephone	14,708	9,727
Travel and conferences:		
- board travel and expense	9,852	6,827
- staff travel and expense	18,356	14,476
- conference and training	5,321	5,383
Utilities	-	104
Wages and benefits	214,561	204,775
Youth Connections program expenses	182,153	142,369
	\$ 816,225	\$ 850,358

