

Community Futures Grande Prairie & Region
Financial Statements
For the year ended March 31, 2009

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Financial Statements
March 31, 2009

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Auditors' Report

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

We have audited the statements of financial position of the operating and investment funds of Community Futures Grande Prairie & Region as at March 31, 2009 and the 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, 2009 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 15, 2009

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

March 31			2009	2008
	Operating Fund	Investment Fund	Total	Total
Assets				
Current				
Cash	\$ 171,701	\$ 538,046	\$ 709,747	\$ 1,198,979
Temporary investments (Note 1)	-	434,979	434,979	668,461
Accounts receivable	54,375	-	54,375	58,578
Accrued interest receivable	-	1,115	1,115	7,806
Prepaid expenses	7,584	-	7,584	5,546
Interfund receivable	55,496	-	55,496	72,889
	289,156	974,140	1,263,296	2,012,259
Loans receivable (Note 2)	-	3,228,633	3,228,633	2,272,110
Capital assets (Note 3)	47,755	-	47,755	87,475
	\$ 336,911	\$ 4,202,773	\$ 4,539,684	\$ 4,371,844
Liabilities				
Current				
Accounts payable and accrued liabilities	\$ 31,271	\$ -	\$ 31,271	\$ 55,150
Interfund payable	-	55,496	55,496	72,889
	31,271	55,496	86,767	128,039
Investment grants payable (Note 4)	-	601,296	601,296	617,819
	31,271	656,792	688,063	745,858
Net assets				
Fund balances	305,640	3,545,981	3,851,621	3,625,986
	\$ 336,911	\$ 4,202,773	\$ 4,539,684	\$ 4,371,844

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, 2009

	<u>Operating Fund</u>			Total
	Invested in Capital Assets	Unrestricted	Investment Fund	
Balance , beginning of year	\$ 87,475	\$ 215,850	\$ 3,322,661	\$ 3,625,986
Excess (deficiency) of revenue over expenses for the year	-	(53,300)	278,935	225,635
Purchase of capital assets	4,789	(4,789)	-	-
Disposal of capital assets, net book value	(62)	62	-	-
Amortization	(44,447)	44,447	-	-
Transfers (Note 7)	-	55,615	(55,615)	-
Balance , end of year	\$ 47,755	\$ 257,885	\$ 3,545,981	\$ 3,851,621

For the year ended March 31, 2008

	<u>Operating Fund</u>			Total
	Invested in Capital Assets	Unrestricted	Investment Fund	
Balance , beginning of year	\$ 99,399	\$ 150,135	\$ 3,272,498	\$ 3,522,032
Excess (deficiency) of revenue over expenses for the year	-	(25,998)	129,952	103,954
Purchase of capital assets	13,081	(13,081)	-	-
Disposal of capital assets, net book value	(271)	271	-	-
Amortization	(24,734)	24,734	-	-
Transfers (Note 7)	-	79,789	(79,789)	-
Balance , end of year	\$ 87,475	\$ 215,850	\$ 3,322,661	\$ 3,625,986

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	2009	2008
Assets		
Current		
Cash	\$ 171,701	\$ 133,987
Accounts receivable	54,375	58,578
Due from Investment Fund	55,496	72,889
Prepaid expenses	7,584	5,546
	<u>289,156</u>	<u>271,000</u>
Capital assets (Note 3)	<u>47,755</u>	<u>87,475</u>
	\$ 336,911	\$ 358,475
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 31,271	\$ 55,147
Net assets		
Fund balances		
Unrestricted	257,885	215,850
Invested in capital assets	47,755	87,475
	<u>305,640</u>	<u>303,325</u>
	\$ 336,911	\$ 358,475

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	2009	2008
Unrestricted Fund Balance		
Balance , beginning of year	\$ 215,850	\$ 150,136
Deficiency of revenues over expenses	(53,300)	(25,998)
Transfer from investment fund (Note 7)	55,615	79,789
Transfer of net operating funds invested in capital assets	39,720	11,923
Balance , end of year	\$ 257,885	\$ 215,850
Fund Balance Invested In Capital Assets		
Balance , beginning of year	\$ 87,475	\$ 99,399
Amortization	(44,447)	(24,734)
Purchase of capital assets	4,789	13,081
Net book value on disposal of capital assets	(62)	(271)
Balance , end of year	\$ 47,755	\$ 87,475

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				2009	2008
	Regular Non-Repayable	Regular Repayable	Disabled Repayable	Total	Total
Assets					
Current					
Cash	\$ 323,112	\$ 125,675	\$ 89,259	\$ 538,046	\$1,064,992
Temporary investments (Note 1)	50,000	320,815	64,164	434,979	668,461
Accrued interest receivable	-	1,115	-	1,115	7,806
Interfund receivable (payable)	(34,461)	(76,314)	110,775	-	-
	338,651	371,291	264,198	974,140	1,741,259
Loans receivable (Note 2)	2,859,369	369,264	-	3,228,633	2,272,110
	\$ 3,198,020	\$ 740,555	\$ 264,198	\$ 4,202,773	\$4,013,369
Liabilities					
Current					
Due to Operating Fund	\$ 55,496	\$ -	\$ -	\$ 55,496	\$ 72,889
Investment grants payable (Note 4)	-	494,048	107,248	601,296	617,819
	55,496	494,048	107,248	656,792	690,708
Net assets					
Fund balances					
Investment Fund	3,142,524	246,507	156,950	3,545,981	3,322,661
	\$ 3,198,020	\$ 740,555	\$ 264,198	\$ 4,202,773	\$4,013,369

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				2009	2008
	Regular Non-Repayable	Regular Repayable	Disabled Repayable	Total	Total
Balance, beginning of year	\$ 3,022,908	\$ 165,623	\$ 134,132	\$ 3,322,661	\$ 3,272,498
Excess of revenues over expense for the year	175,231	80,884	22,820	278,935	129,952
Transfer to operating fund (Note 7)	(55,615)	-	-	(55,615)	(79,789)
Balance, end of year	\$ 3,142,524	\$ 246,507	\$ 156,952	\$ 3,545,981	\$ 3,322,661

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	2009	2008
Revenues		
Contributions from federal government - operating	\$ 302,444	\$ 306,514
Grant Specialist Initiative	10,000	-
Self Employment program	66,850	62,200
Youth Connections program	224,745	227,950
Other - projects and services	31,644	49,061
HRDC Peer Skills Link (recovery)	-	(84)
Rural Community Economic Development Program	10,577	48,305
Rent	5,012	628
2008 Energy Symposium	-	34,424
NADC Stay in School project	-	10,000
NADC Ventures Program	25,000	-
RCED Podcast project	-	51,500
Next Steps 2009 Symposium	35,522	-
RADF Agri Food Project	5,000	-
	716,794	790,498
Expenses		
General and administrative (Schedule)	770,082	816,225
Deficiency of revenues over expenses before the undernoted	(53,288)	(25,727)
Loss on disposal of capital assets	(12)	(271)
Deficiency of revenues over expenses	\$ (53,300)	\$ (25,998)

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

2009

2008

	Regular Non-Repayable	Regular Repayable	Disabled Repayable	Total	Total
Revenues					
Interest and fees	\$ 258,691	\$ 33,316	\$ 1,883	\$ 293,890	\$ 254,458
Investment income and bank Interest	6,040	1,262	6,040	13,342	49,711
Debt forgiven (Note 4)	-	1,432	15,091	16,523	85,864
	264,731	36,010	23,014	323,755	\$ 390,033
Expenses					
GST expense	359	-	-	359	401
Bad debts (recovery)	65,302	(45,068)	-	20,234	244,939
Bank charges and other	194	194	194	582	166
Collection	23,645	-	-	23,645	-
Other	-	-	-	-	14,575
	89,500	(44,874)	194	44,820	260,081
Excess of revenues over expenses	\$ 175,231	\$ 80,884	\$ 22,820	\$ 278,935	\$ 129,952

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	<u>Financing and Investing Activities</u>				Total 2009	Total 2008
	Operating Fund	Non- Repayable	<u>Loan Investment Fund</u>			
			Repayable	Disabled		
Operating activities						
Cash received from government contracts	\$ 594,036	\$ -	\$ -	\$ -	\$ 594,036	\$ 596,580
Cash received from other revenue	126,958	-	-	-	126,958	201,490
Cash paid to suppliers for goods and services	(751,430)	(24,198)	(194)	(194)	(776,016)	(1,010,251)
Interest received	-	264,611	41,272	7,921	313,804	300,601
	(30,436)	240,413	41,078	7,727	258,782	88,420
Financing activities						
Transfer (to) from other funds	72,889	(137,151)	70,902	(6,640)	-	-
Investing activities						
Purchase of capital assets	(4,789)	-	-	-	(4,789)	(13,081)
Proceeds from disposal of capital assets	50	-	-	-	50	-
Investment loans repaid (advanced)	-	(820,770)	(155,987)	-	(976,757)	196,420
	(4,739)	(820,770)	(155,987)	-	(981,496)	183,339
Net change in cash	37,714	(717,508)	(44,007)	1,087	(722,714)	271,759
Cash, beginning of year	133,987	1,090,620	490,497	152,336	1,867,440	1,595,681
Cash, end of year	\$ 171,701	\$ 373,112	\$ 446,490	\$ 153,423	\$ 1,144,726	\$ 1,867,440
Cash, represented by:						
Cash	\$ 171,701	\$ 323,112	\$ 125,675	\$ 89,259	\$ 709,747	\$ 1,198,979
Temporary investments	-	50,000	320,815	64,164	434,979	668,461
	\$ 171,701	\$ 373,112	\$ 446,490	\$ 153,423	\$ 1,144,726	\$ 1,867,440

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, 2009

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 Canadian 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, accrued interest receivable, loans 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 notes 2. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

All financial instruments are classified as either held to maturity, loans and receivables, held for trading, available for sale or liabilities other than held for trading. Financial instruments are initially recorded at their fair value.

Assets available for sale and either assets or liabilities designated as held for trading are subsequently measured at fair value at each balance sheet date. All other financial assets and liabilities are carried at cost or amortized cost using the effective interest rate method where applicable.

The fair value of all financial instruments approximate their carrying values because of the short-term maturity of these instruments, except as explained in notes 2 and 4.

Community Futures Grande Prairie & Region Summary of Significant Accounting Policies

March 31, 2009

Financial Instruments (continued)

The Organization has made the following classifications:

Cash	Held for trading
Temporary investments	Held for trading
Accounts receivable	Loans and receivables
Accrued interest receivable	Loans and receivables
Loans receivable	Loans and receivables
Accounts payable and accrued liabilities	Liabilities other than held for trading
Investment grants payable	Liabilities other than held for trading

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 externally 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.

Capital Assets

Capital assets 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:

Furniture and fixtures	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.

Community Futures Grande Prairie & Region Summary of Significant Accounting Policies

March 31, 2009

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.

Capital Disclosures

The Organization considers its capital to be its net assets. The operating fund balance consists of unrestricted net assets available for future use as considered appropriate by the Board. The investment fund balance consists primarily of the loan portfolio net of grants payable and cash and temporary investments available for specific types of future loans and for loan guarantees as described in the fund accounting significant accounting policy and Note 1 respectively. The Organization's objectives when managing its capital are to safeguard its ability to continue as a going concern so that it can continue to provide service to small business in the Grande Prairie region. Management and the Board monitor the levels of cash and temporary investments needed to support future operations. They also regularly review lending policies and loans in arrears to minimize the Organization's exposure to bad debt. The Organization's exposure to bad debt is further reduced since Western Economic Diversification bears some of the risk related to bad debts as described in Note 4.

Community Futures Grande Prairie & Region Notes to the Financial Statements

March 31, 2009

1. Temporary Investments

Community Futures Grande Prairie & Region has one guaranteed investment certificate of \$50,000 (2008 - \$290,000) with a financial institution. This investment is for a loan guarantee for a customer who needed to obtain a loan from another Community Futures organization (lender). The purpose of this loan guarantee is to provide confidence to the lender that in the event that the customer defaults on the loan, Community Futures Grande Prairie & Region will repay the loan.

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.

	<u>2009</u>	<u>2008</u>
Guaranteed investment certificates	\$ 50,000	\$ 290,000
Community Futures Lending & Investment Pool of Alberta (CFLIP)	<u>384,979</u>	<u>378,461</u>
	<u>\$ 434,979</u>	<u>\$ 668,461</u>

Interest rate on the GIC is 2.3% and it matures 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, 2009

2. 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, 2009 to May 31, 2014. Substantially all loans have required monthly repayments. The three loan categories are summarized as follows:

	Regular Non-Repayable	Regular Repayable	Disabled Repayable	2009 Total	2008 Total
Loan portfolio	\$3,096,649	\$ 454,071	\$ -	\$3,550,720	\$2,619,471
Allowance for doubtful loans	(237,280)	(84,807)	-	(322,087)	(347,361)
	\$2,859,369	\$ 369,264	\$ -	\$3,228,633	\$2,272,110

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 within the constraints of timeliness or cost to reliably measure the actual fair value of these loans.

There are securities held against the loans advanced to all the borrowers. Generally the securities include borrowers' personal and/or company assets, and there is always a continuing personal guarantee from the shareholders for all the loans.

3. Capital Assets

	2009			2008	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization	
Furniture and fixtures	\$ 63,117	\$ 54,304	\$ 58,330	\$ 52,098	
Computer equipment	84,705	72,722	85,781	68,603	
Computer software	17,889	17,889	17,889	17,889	
Leasehold improvements	134,952	107,993	134,952	70,887	
	\$ 300,663	\$ 252,908	\$ 296,952	\$ 209,477	
Net book value		\$ 47,755		\$ 87,475	

Community Futures Grande Prairie & Region Notes to the Financial Statements

March 31, 2009

4. Investment Grants Payable

Investment grants payable consist of funds advanced from the Western Economic Diversification Fund that are repayable on dissolution of Community Futures Grande Prairie & Region. Interest would be payable at the Bank of Canada rate plus 3%. As it is highly unlikely that dissolution would occur, no interest amount has been accrued in these financial statements. The investment grants payable balance consists of the following:

	Regular	Disabled	2009 Total	2008 Total
Balance , beginning of year	\$ 495,480	\$ 122,339	\$ 617,819	\$ 703,683
Debt forgiven during the year 85,864		1,432	15,091	16,523
Balance , end of year	\$ 494,048	\$ 107,248	\$ 601,296	\$ 617,819

Under the agreement with Western Economic Diversification, when loans are considered uncollectable, the loan amount reduces the investment payable respectively. Since the balance payable is non-interest bearing and it is unknown when the balance will be repaid, the fair value of the balance is less than the carrying amount. Management has determined that it is not practicable within the constraints of timeliness or cost to reliably measure the actual fair value.

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, 2012. 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 39% of its operating revenues from the federal department of Western Economic Diversification, 38% from Alberta Employment and Immigration and the balance by way of outside contracts including other levels of government and fees for service programs.

Community Futures Grande Prairie & Region Notes to the Financial Statements

March 31, 2009

7. Inter-fund Transfers

During the year, the Board of Directors authorized a transfer of \$55,615 (2008 - \$79,789) from the Non-Repayable Regular Investment Fund to the Operating Fund to be used to cover operating expenditures. The Organization submitted a request for this transfer to the Western Economic Diversification and approval was received during the year.

8. Commitments

The Organization is in the fourth year of 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:

2010	\$ 62,640
2011	<u>66,555</u>
	<u>\$ 129,195</u>

Subsequent to year end, the Organization has entered into a two year lease for another premise. The lease requires monthly payments of \$1,250 for the duration of the lease agreement.

The minimum annual lease payments until maturity are as follows:

2010	\$ 15,000
2011	<u>15,000</u>
	<u>\$ 30,000</u>

9. 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	2009	2008
Amortization	\$ 44,447	\$ 24,734
Advertising	26,421	22,234
Bank charges	2,306	1,890
Books and publications	2,142	1,351
CEDO and special projects:		
- 2008 Energy Symposium	3,825	40,409
- 2009 Next Steps Symposium	36,670	-
- CAP Site	550	-
- Community Economic Development Fund Project	10,577	40,494
- N A B Youth Entrepreneur camp	6,850	18,309
- RCED Podcast project	102	51,768
- Seminars	2,192	700
- Skills Link	-	195
- Ventures/NADC project	-	930
- Video Conferencing	2,039	485
Consultants' fees	2,350	12,600
Credit investigation	4,168	1,640
Equipment rental	16,712	9,936
GST expense	5,846	7,027
Insurance	2,551	4,649
Office	19,521	17,054
Postage and freight	1,524	3,787
Professional fees	16,562	16,481
Rent	39,128	21,834
Repairs and maintenance	25,439	22,614
Self-employment program expenses	40,511	47,544
Telephone	17,522	14,708
Travel and conferences:		
- board travel and expense	10,102	9,852
- staff travel and expense	14,506	18,356
- conference and training	6,742	7,930
Wages and benefits	234,613	214,561
Youth Connections program expenses	174,164	182,153
	770,082	816,225