



**GREGORY,  
HARRIMAN  
& ASSOCIATES LLP**

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**COMMUNITY FUTURES WILD ROSE**

**Financial Statements**

**Year Ended March 31, 2013**

**COMMUNITY FUTURES WILD ROSE**

**Index to Financial Statements**

**Year Ended March 31, 2013**

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**INDEPENDENT AUDITORS' REPORT**

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**To the Shareholders of Community Futures Wild Rose**

We have audited the accompanying financial statements of Community Futures Wild Rose, which comprise the statement of financial position as at March 31, 2013 and the statements of operations and changes in fund balances and changes in financial position 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 accounting standards for not-for-profit organizations, 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian 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 of 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 auditors' 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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 Community Futures Wild Rose as at March 31, 2013 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Other Matters**

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes that Community Futures Wild Rose adopted Canadian accounting standards for not-for-profit organizations (ASNFPO) in 2012 with a transition date of April 1, 2011. The adoption of ASNFPO had no impact on the previously reported assets, liabilities and fund balances, and, accordingly, no adjustments have been recorded in the comparative statement of financial position, statement of operations and changes in fund balances and the cash flow statement. Certain disclosures included in these financial statements reflect the new disclosure requirements of ASNFPO.

Strathmore, Alberta  
June 27, 2013

*Gregory, Harriman & Assoc.*  
Gregory, Harriman & Associates LLP



**GREGORY,  
HARRIMAN  
& ASSOCIATES LLP**

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH AGREEMENT**

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To Western Economic Diversification Canada

We have audited Community Futures Wild Rose's compliance as at March 31, 2013 with the criteria established in the Contribution Agreement between Western Economic Diversification Canada and Community Futures Wild Rose dated March 29, 2006, and the interpretation of the Agreement as set out in Note 2 of the attached financial statements.

**Management's Responsibility**

Management is responsible for the compliance with the criteria established by the provisions of the agreement and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on this compliance based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether Community Futures Wild Rose complied with the criteria established by the provisions of the agreement referred to above. Such an audit includes examining, on a test basis, evidence supporting compliance, evaluating the overall compliance with the agreement, and where applicable, assessing the accounting principles used and significant estimates made by management.

**Opinion**

In our opinion, Community Futures Wild Rose is in compliance, in all material respects, with the criteria established by the contribution agreement.

Strathmore, Alberta  
June 27, 2013

*Gregory, Harriman & Assoc.*  
Gregory, Harriman & Associates LLP

**COMMUNITY FUTURES WILD ROSE  
STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2013**

	GENERAL		RESTRICTED INVESTMENT FUND		TOTAL	
	2013	2012	2013	2012	2013	2012
<b>CURRENT ASSETS</b>						
Cash (Note 4, 13)	\$ 507,091	\$ 475,520	\$ 1,426,936	\$ 769,987	\$ 1,934,027	\$ 1,245,507
Accounts receivable (Note 5)	-	-	42,858	32,347	42,858	32,347
Goods and Services Tax receivable	1,703	1,893	71	142	1,774	2,035
Prepaid expenses (Note 6)	1,993	4,471	-	-	1,993	4,471
Current portion of loans receivable (Note 7)	-	-	912,029	1,061,338	912,029	1,061,338
	510,787	481,884	2,381,894	1,863,814	2,892,681	2,345,698
<b>LONG TERM INVESTMENTS</b>						
Loans receivable (Notes 3, 7, 8, 9 and 10)	-	-	2,716,530	3,043,686	2,716,530	3,043,686
Long term investments (Note 11)	909	1,909	1,441	1,441	2,350	3,350
	909	1,909	2,717,971	3,045,127	2,718,880	3,047,036
<b>CAPITAL ASSETS (Notes 3, 12)</b>						
	298,133	315,824	-	-	298,133	315,824
	298,133	315,824	-	-	298,133	315,824
<b>TOTAL ASSETS</b>	\$ 809,829	\$ 799,617	\$ 5,099,865	\$ 4,908,941	\$ 5,909,694	\$ 5,708,558
<b>CURRENT LIABILITIES</b>						
Accounts payable and accrued liabilities (Note 14)	\$ 24,648	\$ 24,713	\$ -	\$ 227	\$ 24,648	\$ 24,940
	24,648	24,713	-	227	24,648	24,940
<b>LONG TERM LIABILITIES</b>						
Repayable contributions (Note 15)	-	-	550,000	550,000	550,000	550,000
	-	-	550,000	550,000	550,000	550,000
<b>SHARE CAPITAL (Note 16)</b>	15	15	-	-	15	15
<b>CONTRIBUTED SURPLUS (Note 17)</b>	-	-	1,182,202	1,182,202	1,182,202	1,182,202
<b>INVESTED IN CAPITAL ASSETS (Note 3)</b>	298,133	315,824	-	-	298,133	315,824
<b>INTERNALLY RESTRICTED (Note 3)</b>	-	-	-	-	-	-
<b>EXTERNALLY RESTRICTED (Note 18)</b>	-	-	3,367,663	3,176,512	3,367,663	3,176,512
<b>UNRESTRICTED (Note 3)</b>	487,033	459,065	-	-	487,033	459,065
	785,181	774,904	4,549,865	4,358,714	5,335,046	5,133,618
	809,829	799,617	5,099,865	4,908,941	5,909,694	5,708,558
<b>ECONOMIC DEPENDENCE (Note 19)</b>						
<b>COMMITMENTS (Note 20)</b>						

Approved by: \_\_\_\_\_ Director \_\_\_\_\_ Director

The accompanying notes form an integral part of these financial statements.  
Gregory, Harriman & Associates LLP

**COMMUNITY FUTURES WILD ROSE**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2013**

	GENERAL		RESTRICTED INVESTMENT FUND		TOTAL	
	2013	2012	2013	2012	2013	2012
<b>REVENUE</b>						
Government operating funding	\$ 295,145	\$ 323,906	\$ -	\$ -	\$ 295,145	\$ 323,906
Interest from operations	5,190	5,146	314,832	353,155	320,022	358,301
Other operating revenue	13,526	8,668	95	346	13,621	9,014
<b>TOTAL REVENUE</b>	<b>313,861</b>	<b>337,720</b>	<b>314,927</b>	<b>353,501</b>	<b>628,788</b>	<b>691,221</b>
<b>PROGRAM SPENDING</b>	<b>7,850</b>	<b>8,200</b>	-	-	<b>7,850</b>	<b>8,200</b>
<b>GROSS EXCESS</b>	<b>306,011</b>	<b>329,520</b>	<b>314,927</b>	<b>353,501</b>	<b>620,938</b>	<b>683,021</b>
<b>ADMINISTRATIVE EXPENSES</b>						
Salaries and wages	231,437	269,059	-	-	231,437	269,059
Provision for doubtful loans (Note 9)	-	-	61,312	30,437	61,312	30,437
Employee benefits and training	29,174	35,802	-	-	29,174	35,802
Utilities and property taxes	28,448	25,876	-	-	28,448	25,876
Amortization	17,691	18,507	-	-	17,691	18,507
Professional fees	10,313	9,976	2,812	3,012	13,125	12,988
Travel, meetings and conferences	10,808	11,526	-	-	10,808	11,526
Interest and bank charges	4,819	4,095	712	607	5,531	4,702
Office expenses	5,437	5,237	-	-	5,437	5,237
Repairs and maintenance	5,406	5,973	-	-	5,406	5,973
Insurance	4,637	2,930	-	-	4,637	2,930
Advertising and promotion	2,596	2,980	-	-	2,596	2,980
Goods and Services Tax expense	1,657	1,865	140	-	1,797	1,865
Memberships	1,324	1,741	-	-	1,324	1,741
Supplies	1,191	1,740	-	-	1,191	1,740
Rental	781	1,339	-	-	781	1,339
Loss on disposal of investments	15	-	-	-	15	-
Charge for loan impairment (Note 8, 10)	-	-	-	10,100	-	10,100
Interest on debt	-	-	-	2,507	-	2,507
Loss on disposal of capital assets	-	1,138	-	-	-	1,138
Loan impairment recovery	-	-	(1,200)	(5,213)	(1,200)	(5,213)
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>355,734</b>	<b>399,784</b>	<b>63,776</b>	<b>41,450</b>	<b>419,510</b>	<b>441,234</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ (49,723)</b>	<b>\$ (70,264)</b>	<b>\$ 251,151</b>	<b>\$ 312,051</b>	<b>\$ 201,428</b>	<b>\$ 241,787</b>

The accompanying notes form an integral part of these financial statements.  
 Gregory, Harriman & Associates

**COMMUNITY FUTURES WILD ROSE**  
**STATEMENT OF CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED MARCH 31, 2013**

	GENERAL		RESTRICTED		TOTAL
	INVESTED IN CAPITAL ASSETS 2013	OPERATING FUND UNRESTRICTED 2013	INTERNALLY RESTRICTED 2013	INVESTMENT FUND 2013	
<b>FUND BALANCES,</b>					
beginning of year	\$ 315,824	\$ 459,065	\$ -	\$ 3,170,743	\$ 3,951,401
<b>EXCESS OF REVENUE OVER EXPENSES</b>					
	-	(49,723)	-	251,151	241,787
<b>TRANSFER OF FUNDS (Note 3)</b>					
Additions to capital assets	-	-	-	-	-
Proceeds from long term debt	-	-	-	-	-
Proceeds from capital lease	-	-	-	-	-
Repayment of long term debt	-	-	-	-	-
Repayment of capital lease	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Disposal of assets	-	-	-	-	-
Amortization	(17,691)	17,691	-	-	-
<b>INTERFUND TRANSFERS (Note 3)</b>					
	-	-	-	-	-
<b>TRANSFER OF FUNDS TO INTERNALLY RESTRICTED</b>					
From internally restricted (Note 3)	-	60,000	-	(60,000)	-
To internally restricted (Note 3)	-	-	-	-	-
<b>FUND BALANCES,</b>					
end of year	\$ 298,133	\$ 487,033	\$ -	\$ 3,361,894	\$ 4,152,829
					\$ 3,951,401

The accompanying notes form an integral part of these financial statements.  
 Gregory, Harriman & Associates LLP



**COMMUNITY FUTURES WILD ROSE  
STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEAR ENDED MARCH 31, 2013**

	GENERAL 2013	RESTRICTED INVESTMENT FUND 2013	TOTAL 2013	TOTAL 2012
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Excess of revenue over expenses	\$ (49,723)	\$ 251,151	\$ 201,428	\$ 241,787
Items not requiring an outlay of cash:				
Amortization	17,691	-	17,691	18,507
Interfund transfer	60,000	(60,000)	-	-
Loss on disposal of capital assets	-	-	-	1,138
Loss on disposal of investments	15	-	15	-
	<u>27,983</u>	<u>191,151</u>	<u>219,134</u>	<u>261,432</u>
<b>Changes in non-cash working capital</b>				
Accounts payable and accrued liabilities	(64)	(227)	(291)	(10,852)
Accounts receivable	1	(10,511)	(10,510)	28,725
Goods and Services Tax receivable	188	71	259	572
Prepaid expenses	2,478	-	2,478	264
	<u>2,603</u>	<u>(10,667)</u>	<u>(8,064)</u>	<u>18,709</u>
<b>FINANCING ACTIVITIES</b>				
Line of credit	-	-	-	(500,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>
<b>INVESTING ACTIVITIES</b>				
Additions to capital assets	-	-	-	(6,667)
Proceeds on disposal of capital assets	985	-	985	-
Increase in long term investments	-	-	-	(75)
Decrease (increase) in loans receivable	-	476,465	476,465	299,087
	<u>985</u>	<u>476,465</u>	<u>477,450</u>	<u>292,345</u>
<b>INCREASE (DECREASE) IN CASH</b>	<u>31,571</u>	<u>656,949</u>	<u>688,520</u>	<u>72,486</u>
<b>CASH, beginning of year</b>	<u>475,520</u>	<u>769,987</u>	<u>1,245,507</u>	<u>1,173,021</u>
<b>CASH, end of year</b>	<u>\$ 507,091</u>	<u>\$ 1,426,936</u>	<u>\$ 1,934,027</u>	<u>\$ 1,245,507</u>
<b>SUPPLEMENTARY INFORMATION</b>				
Interest paid	-	-	-	2,507
<b>Cash is composed of the following amounts:</b>				
Petty cash	150	-	150	150
Bank	506,941	1,426,936	1,933,877	1,245,357
	<u>507,091</u>	<u>1,426,936</u>	<u>1,934,027</u>	<u>1,245,507</u>

The accompanying notes form an integral part of these financial statements.  
Gregory, Harriman & Associates LLP

# COMMUNITY FUTURES WILD ROSE

## Notes to Financial Statements

Year Ended March 31, 2013

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### 1. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

During the year the corporation adopted Canadian accounting standards for not-for-profit organizations (ASNFP). These financial statements are the first prepared in accordance with these standards. The adoption of ASNFP has no impact on fund balances as at April 1, 2011 or revenue and expenditures or cash flows for the year ended March 31, 2012 as previously reported in accordance with pre-changeover Canadian generally accepted accounting principles.

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### 2. PURPOSE OF ORGANIZATION

Community Futures Wild Rose (the "corporation") is a community based not-for-profit organization that provides loans and financial services to small businesses that are otherwise unable to obtain financing. The corporation also works to support the community's plans for the generation of additional private sector employment. It was incorporated under the *Business Corporations Act* (Alberta).

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

These financial statements are prepared using the restricted fund method of accounting.

The General Fund accounts for the corporation's program delivery, administrative activities and the purchase of capital assets. This fund reports unrestricted resources and restricted operating funds.

The Restricted Investment Fund reports the assets, liabilities, revenues and expenses related to the loan portfolio. This 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 Western Youth Entrepreneur Investment Fund and the Disabled Entrepreneurs Investment Fund are limited to businesses owned and operated by youth and disabled entrepreneurs respectively. The corporation is restricted in the types of loans that can be made according to its agreement with the federal government.

#### Loans Receivable

The loan portfolio and accrued interest receivable on the loans are stated net of provisions for impaired loans and unearned interest.

Interest income is recorded on an accrual basis unless the loan is classified as an impaired loan. Loans are considered to be impaired when, in management's opinion, there is a reasonable doubt as to the ultimate collectibility of some portion of the principal or interest.

When a loan is classified as impaired, recognition of interest in accordance with the original loan agreement ceases. Subsequent payments of interest or principal received on an impaired loan are recorded as a reduction of the recorded investment in the loan. Interest is recognized only when all allowances for loan impairment have been reversed, or the loan is restructured.

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COMMUNITY FUTURES WILD ROSE

Notes to Financial Statements

Year Ended March 31, 2013

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital Assets

Capital assets are recorded at cost, net of Government assistance. Contributed capital assets are recorded at fair market value on the date of contribution. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Building	4%	declining balance method
Building improvements	4%	declining balance method
Furniture and fixtures	20%	declining balance method
Computer equipment	30%, 45%, 55% and 100%	declining balance method
Computer software	100%	declining balance method

The half year rule is in effect in the year of acquisition. No amortization is taken in the year of disposition. Amortization expense is reported in the General Fund.

Revenue Recognition

Government operating funding is recognized as revenue of the General Fund in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured, and the related expenses are incurred.

Investment income earned on the loan portfolio is recognized as revenue of the Investment Fund. Other investment income is recognized as revenue of the General Fund when earned.

Income Taxes

Community Futures Wild Rose is a registered not-for-profit corporation and is exempt from income taxes under paragraph 149(1)(l) of the Income Tax Act.

Government Assistance

Funding to finance operating expenses is provided by the Office of Western Economic Diversification, and Alberta Employment and Immigration. This funding is recorded as revenue when earned in the Statement of Operations.

Funding to finance capital expenditures is provided by the Office of Western Economic Diversification. This funding is applied against the cost of capital assets purchased, reducing their cost for accounting purposes.

Non-repayable funding received to finance investment loans has been recorded as contributed surplus on the Statement of Financial Position.

Invested in Capital Assets

This balance represents the corporation's net investment in capital assets after deducting any applicable loans related to these assets. It is the original cost of the assets, less accumulated amortization and any deferred contributions related to the assets as well as any outstanding loans.

Transfer of Funds to Capital Assets

This account represents the cash investment required to purchase new capital assets, and the expenditure recognized regarding amortization of capital assets.

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COMMUNITY FUTURES WILD ROSE

Notes to Financial Statements

Year Ended March 31, 2013

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unrestricted Funds

These amounts are not restricted by the Board and are available for any purpose approved by the Members of the Board.

Measurement Uncertainty

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The precise value of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of approximations, which have been made using careful judgment by management. Actual results could differ from those approximations.

The provision for loan impairment is subject to a significant degree of uncertainty. A deterioration in general economic conditions may result in a much higher default rate than is currently anticipated. However, the amount is not expected to vary significantly in the next year.

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4. CASH

The corporation holds cash, which is restricted to specific program expenditures and types of investments as follows:

	2013	2013	2013	2012
	General	Investment Funds	Total	Total
Restricted cash	\$ -	\$ 512,041	\$ 512,041	\$ 478,102
Unrestricted cash	507,091	914,895	1,421,986	767,405
	<u>\$ 507,091</u>	<u>\$ 1,426,936</u>	<u>\$ 1,934,027</u>	<u>\$ 1,245,507</u>

Restricted cash represents funds externally restricted for specific lending programs.

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5. ACCOUNTS RECEIVABLE

The accounts receivable are composed of the following amounts:

	2013	2013	2013	2012
	General	Investment Funds	Total	Total
Net interest receivable from loan portfolio	\$ -	\$ 42,858	\$ 42,858	\$ 32,347

**COMMUNITY FUTURES WILD ROSE**

**Notes to Financial Statements**

**Year Ended March 31, 2013**

**6. PREPAID EXPENSES**

	<u>2013</u>	<u>2012</u>
Insurance	\$ 1,993	\$ 3,071
Maintenance agreements	-	1,400
	<u>\$ 1,993</u>	<u>\$ 4,471</u>

**7. LOANS RECEIVABLE**

The Community Futures Wild Rose loan portfolio consists of one hundred and thirty two loans at interest rates ranging from 5.00% to 10.00% per annum. Repayment agreements most commonly require monthly or semi-monthly blended principal and interest payments, and occasionally involve interest only periods. Security is taken on the loans as appropriate to the situation and may include personal guarantees, general security agreements covering business assets, mortgages on equipment, land and buildings, or assignment of accounts receivable. The loans are amortized over periods not exceeding twenty years, with an original term not exceeding five years.

The loan portfolio is composed of widely diversified business ventures located over a broad geographical area. An allowance for losses on investment loans is made based on review of the loans portfolio, as determined by management.

Net investment in the loan portfolio is summarized as follows:

	<u>2013</u>	<u>2012</u>
Performing loans to small businesses	\$ 3,511,753	\$ 4,070,989
Net impaired loans ( <i>Note 8</i> )	<u>116,806</u>	34,035
Total loan portfolio	<u>3,628,559</u>	4,105,024
Less: current portion of loans receivable	<u>(912,029)</u>	(1,061,338)
	<u>\$ 2,716,530</u>	<u>\$ 3,043,686</u>

At March 31, 2013, the corporation had approved additional loans in the amount of \$400,000, to be disbursed upon fulfillment of certain conditions by the clients.

**8. IMPAIRED LOANS**

A specific allowance for loan impairment has been established with respect to four loans, with a reported net investment included in loans receivable, as follows:

	<u>2013</u>	<u>2012</u>
Impaired loans to small businesses	\$ 178,118	\$ 125,656
Provision for doubtful loans ( <i>Note 9</i> )	<u>(61,312)</u>	(81,521)
Charge for loan impairment ( <i>Note 8, 10</i> )	-	(10,100)
Net impaired loans	<u>\$ 116,806</u>	<u>\$ 34,035</u>

**COMMUNITY FUTURES WILD ROSE**

**Notes to Financial Statements**

**Year Ended March 31, 2013**

**9. PROVISION FOR DOUBTFUL LOANS**

	2012 Ending Balance	Provision for Credit Losses	2013 Ending Balance
Loan Investment Fund - General	\$ (77,225)	\$ 64,725	\$ (141,950)
Loan Investment Fund - Disability	(4,296)	(3,413)	(883)
	<u>\$ (81,521)</u>	<u>\$ (61,312)</u>	<u>\$ (142,833)</u>

**10. CHARGE FOR LOAN IMPAIRMENT**

The charge for loan impairment represents outstanding loans where there is no longer any reasonable assurance of collection of the balance.

**11. LONG TERM INVESTMENTS**

	2013 General	2013 Investment Funds	2013 Total	2012 Total
Chinook Credit Union Ltd. equity	\$ 909	\$ 1,441	\$ 2,350	\$ 2,350
Badlands Railway	-	-	-	1,000
	<u>\$ 909</u>	<u>\$ 1,441</u>	<u>\$ 2,350</u>	<u>\$ 3,350</u>

**12. CAPITAL ASSETS**

	Cost	Accumulated amortization	2013 Net book value	2012 Net book value
Building	\$ 276,450	\$ 72,867	\$ 203,583	\$ 212,066
Building improvements	108,460	28,277	80,183	83,524
Furniture and fixtures	121,487	109,682	11,805	14,756
Computer equipment	21,261	18,699	2,562	5,478
Computer software	11,671	11,671	-	-
	<u>\$ 539,329</u>	<u>\$ 241,196</u>	<u>\$ 298,133</u>	<u>\$ 315,824</u>

**13. BANK OVERDRAFT**

The bank overdraft is secured by the loans receivable. The corporation has an authorized line of credit of \$50,000, at the Chinook Credit Union Ltd., at a rate of prime plus 1%. The unused portion at year end is \$50,000.

**COMMUNITY FUTURES WILD ROSE**

**Notes to Financial Statements**

**Year Ended March 31, 2013**

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14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2013</u>	<u>2012</u>
Accrued vacation pay	\$ 13,519	\$ 14,282
Accrued liabilities	10,080	9,712
Accounts payable	1,049	946
	<u>\$ 24,648</u>	<u>\$ 24,940</u>

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15. REPAYABLE CONTRIBUTIONS

The corporation has received repayable contributions from Her Majesty the Queen, Minister of Western Economic Diversification (Canada) totaling \$550,000. \$200,000 is reserved for loans made to the Disabled Entrepreneur Investment Fund, with the remaining \$350,000 available for the Regular Investment Fund loans.

A revised agreement was entered into, commencing April 1, 2006, with regards to these funds, which no longer required repayment of the funds, unless conditions relating to the agreement are violated. As of March 31, 2013, this agreement is still in place and has been extended indefinitely.

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16. SHARE CAPITAL

Authorized:

50 Class "A" common voting shares

2013

2012

Issued:

15 Class "A" common voting shares

\$ 15

\$ 15

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17. CONTRIBUTED SURPLUS

Since the commencement of operations, government assistance in the amount of \$1,182,202, has been received to finance loans. The funding agreement in effect through the 2013 fiscal year, requires the corporation to maintain its not-for-profit status and meet the goals set out in Note 2. The corporation is in compliance with the agreement requirements as at March 31, 2013. The contributed surplus represents externally restricted funds.

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# COMMUNITY FUTURES WILD ROSE

## Notes to Financial Statements

Year Ended March 31, 2013

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### 18. EXTERNALLY RESTRICTED ASSETS

Loan Investment Funds restricted to loans and equity investment to entrepreneurs:

	<u>2013</u>	<u>2012</u>
Externally restricted	<u>\$ 3,367,663</u>	<u>\$ 3,176,512</u>

The Community Futures Wild Rose Investment Fund assets are restricted by agreements with Her Majesty the Queen in respect of Canada, to provide loan funding for businesses that have otherwise exhausted the normal financing possibilities available to them. Additional restrictions exist on some of the cash assets, as detailed in Note 2.

During a previous year, the Department of Western Economic Diversification amended the terms and conditions of its contribution agreement with the corporation. Under the revised terms and conditions, the Conditionally Repayable Loan Funds, are repayable if any of the following conditions occur:

- i. The Conditionally Repayable Investment Fund is not administered according to the terms and conditions specified in this Agreement; or
- ii. Based on reviews and evaluations of the operations and the Conditionally Repayable Investment Fund of the corporation, the Conditionally Repayable Investment Fund is not providing a satisfactory level of benefits in terms of employment creation, the development of the Community-owned or controlled businesses, and strengthening of the western Canadian economy; or
- iii. In the opinion of the Minister, the Conditionally Repayable Investment Fund is no longer necessary or relevant to the development of the western Canadian economy; or
- iv. The Agreement is terminated as described in Section 16 of the Agreement; or
- v. An event of default occurs, as described in Section 17 of the Agreement.

As at March 31, 2013, none of the above conditions have occurred. The Minister has approved the terms and conditions to extend the project indefinitely.

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### 19. ECONOMIC DEPENDENCE

The corporation is dependent on contracts with the Federal and Alberta governments to continue operations. Contracts have terms from two to five years, as detailed in Note 20.

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**COMMUNITY FUTURES WILD ROSE**

**Notes to Financial Statements**

**Year Ended March 31, 2013**

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20. COMMITMENTS

The corporation has entered into agreements with Her Majesty the Queen with respect to Canada and Alberta to provide various programs, as follows:

The Community Futures Program agreement is the core funding provided by the Office of Western Economic Diversification, and is intended to offset the costs of operations. The amended contribution agreement dated March 18, 2013, provides a maximum amount of \$2,335,453, delivered over eight years commencing April 1, 2006, with cash payments for the program years to the corporation as follows:

March 31, 2007	\$277,950
March 31, 2008	\$293,509
March 31, 2009	\$289,179
March 31, 2010	\$294,963
March 31, 2011	\$307,254
March 31, 2012	\$282,672
March 31, 2013	\$294,963
March 31, 2014	\$294,963

The agreement expires on March 31, 2014. Any surplus realized from this funding is repayable at the government's discretion.

The corporation also has an agreement with Community Futures Network Society of Alberta, in which it has the use of a video conferencing unit for a term of ten years. There is no monetary obligation to the lessor. The corporation must return the equipment on March 31, 2015.

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# COMMUNITY FUTURES WILD ROSE

## Notes to Financial Statements

Year Ended March 31, 2013

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### 21. FINANCIAL INSTRUMENTS

The corporation has classified the following financial assets and liabilities as held for trading: cash, accounts receivable, loans receivable, long term investments, and accounts payable and accrued liabilities. The risks attached to these financial instruments are as follows:

#### Credit Risk

Credit risk arises from the possibility that the entities to which the corporation provides services may experience financial difficulty and be unable to fulfil their obligations. The corporation is exposed to financial risk that arises from the credit quality of the entities to which it provides services.

The corporation's credit risk is reflected by the amount set up as a provision for impaired loans.

#### Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The corporation is exposed to financial risk from interest rate differentials between market interest rates and the rates used on their financial instruments.

The corporation is not exposed to any significant interest rate risk, as all of their financial instruments have fixed rates.

#### Fair Value

The fair value of cash, accounts receivable and accounts payable and accrued liabilities corresponds approximately to their carrying amount because of their short term maturity dates.

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### 22. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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