

**COMMUNITY FUTURES WILD ROSE**

**Financial Statements**

**Year Ended March 31, 2014**

**COMMUNITY FUTURES WILD ROSE  
STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2014**

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**INDEPENDENT AUDITOR'S 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 are comprised of the statement of financial position as at March 31, 2014, 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.

**Auditor's Responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*(continues)*

Independent Auditor's Report to the Shareholders of Community Futures Wild Rose *(continued)*

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, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

The financial statements for the year ended March 31, 2013 were audited by another accounting firm and are presented for comparative purposes only.

Calgary, Alberta  
July 17, 2014

*Dorward & Company LLP*  
CHARTERED ACCOUNTANTS

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**INDEPENDENT AUDITOR'S 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, 2014 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 the financial information that is free from material misstatement, whether due to fraud or error.

**Auditor's 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.

Calgary, Alberta  
July 17, 2014

*Dorward & Company LLP*  
CHARTERED ACCOUNTANTS

**COMMUNITY FUTURES WILD ROSE**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2014**

	GENERAL		RESTRICTED INVESTMENT FUND		TOTAL	
	2014	2013	2014	2013	2014	2013
<b>CURRENT ASSETS</b>						
Cash (Note 3, 10)	\$ 490,850	\$ 507,091	\$ 1,870,988	\$ 1,426,936	\$ 2,361,838	\$ 1,934,027
Accrued interest receivable	-	-	21,605	42,858	21,605	42,858
Goods and Services Tax receivable	1,675	1,703	19	71	1,694	1,774
Prepaid Expenses (Note 4)	4,179	1,993	-	-	4,179	1,993
Current portion of loans receivable (Note 5)	-	-	790,453	912,029	790,453	912,029
	496,704	510,787	2,683,065	2,381,894	3,179,769	2,892,681
<b>LONG TERM INVESTMENTS</b>						
Loans receivable (Notes 2, 5, 6, and 7)	-	-	2,620,641	2,716,530	2,620,641	2,716,530
Long term investments (Note 8)	955	909	1,514	1,441	2,469	2,350
	955	909	2,622,155	2,717,971	2,623,110	2,718,880
<b>CAPITAL ASSETS (Notes 2, 9)</b>						
	286,362	298,133	-	-	286,362	298,133
	286,362	298,133	-	-	286,362	298,133
	784,021	809,829	5,305,220	5,099,865	6,089,241	5,909,694
<b>TOTAL ASSETS</b>						
	\$ 22,024	\$ 24,648	\$ -	\$ -	\$ 22,024	\$ 24,648
	22,024	24,648	-	-	22,024	24,648
<b>CURRENT LIABILITIES</b>						
Accounts payable and accrued liabilities (Note 11)	-	-	550,000	550,000	550,000	550,000
	-	-	550,000	550,000	550,000	550,000
<b>LONG TERM LIABILITIES</b>						
Repayable contributions (Note 12)	15	15	-	-	15	15
<b>SHARE CAPITAL (Note 13)</b>						
CONTRIBUTED SURPLUS (Note 14)	-	-	1,182,202	1,182,202	1,182,202	1,182,202
INVESTED IN CAPITAL ASSETS (Note 2)	286,360	298,133	-	-	286,360	298,133
INTERNALLY RESTRICTED (Note 2)	-	-	-	-	-	-
EXTERNALLY RESTRICTED (Note 15)	-	-	3,573,018	3,367,663	3,573,018	3,367,663
UNRESTRICTED (Note 2)	475,622	487,033	-	-	475,622	487,033
	761,997	785,181	4,755,220	4,549,865	5,517,217	5,335,046
<b>TOTAL LIABILITIES AND NET FUNDS</b>						
	\$ 784,021	\$ 809,829	\$ 5,305,220	\$ 5,099,865	\$ 6,089,241	\$ 5,909,694
<b>ECONOMIC DEPENDANCE (Note 16)</b>						
COMMITMENTS (Note 17)						

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

Director

\_\_\_\_\_

Director

The accompanying notes form an integral part of these financial statements.  
 Dorward & Company LLP Chartered Accountants

**COMMUNITY FUTURES WILD ROSE**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

	GENERAL			RESTRICTED INVESTMENT FUND			TOTAL	
	2014	2013	2014	2014	2013	2014	2013	2013
<b>REVENUE</b>								
Government operations funding	\$ 294,976	\$ 295,145	\$ -	\$ -	-	\$ 294,976	\$ 295,145	
Interest from operations	5,482	5,190	268,362	314,832	314,832	273,844	320,022	
Other operating revenue	9,225	13,526	-	95	95	9,225	13,621	
<b>TOTAL REVENUE</b>	<b>309,683</b>	<b>313,861</b>	<b>268,362</b>	<b>314,927</b>	<b>314,927</b>	<b>578,045</b>	<b>628,788</b>	
<b>PROGRAM SPENDING</b>	<b>6,340</b>	<b>7,850</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,340</b>	<b>7,850</b>	
<b>GROSS EXCESS</b>	<b>303,343</b>	<b>306,011</b>	<b>268,362</b>	<b>314,927</b>	<b>314,927</b>	<b>571,705</b>	<b>620,938</b>	
<b>ADMINISTRATIVE EXPENSES</b>								
Salaries and wages	215,287	231,437	-	-	-	215,287	231,437	
Provision for doubtful loans	-	-	52,834	61,312	61,312	52,834	61,312	
Utilities and property taxes	26,349	28,448	-	-	-	26,349	28,448	
Employee benefits	21,602	25,075	-	-	-	21,602	25,075	
Amortization	18,583	17,691	-	-	-	18,583	17,691	
Travel, meetings and conferences	9,835	7,365	-	-	-	9,835	7,365	
Office expenses	8,616	8,284	19	140	140	8,635	8,424	
Professional fees	7,352	10,313	5,154	2,812	2,812	12,506	13,126	
Repairs and maintenance	5,321	5,406	-	-	-	5,321	5,406	
Advertising and promotions	5,088	2,596	-	-	-	5,088	2,596	
Insurance	4,152	5,612	-	-	-	4,152	5,612	
Training	3,438	3,123	-	-	-	3,438	3,123	
Memberships & conferences	3,072	4,767	-	-	-	3,072	4,767	
Supplies	2,498	4,677	-	-	-	2,498	4,677	
Loss on disposal of capital assets	639	-	-	-	-	639	-	
Interest and bank charges	195	142	600	712	712	795	854	
Rental	-	781	-	-	-	-	781	
Loss on disposal of investments	-	-	-	-	15	-	15	
Loan impairment recovery	-	-	(1,100)	(1,200)	(1,200)	(1,100)	(1,200)	
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>332,027</b>	<b>355,719</b>	<b>57,507</b>	<b>63,791</b>	<b>63,791</b>	<b>389,534</b>	<b>419,510</b>	
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ (28,684)</b>	<b>\$ (49,708)</b>	<b>\$ 210,855</b>	<b>\$ 251,136</b>	<b>\$ 251,136</b>	<b>\$ 182,171</b>	<b>\$ 201,428</b>	

The accompanying notes form an integral part of these financial statements.  
Dorward & Company LLP Chartered Accountants

**COMMUNITY FUTURES WILD ROSE  
STATEMENT OF CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED MARCH 31, 2014**

	GENERAL				TOTAL
	2014	2014	2014	2014	
INVESTED IN CAPITAL ASSETS	OPERATING FUND UNRESTRICTED	INTERNALLY RESTRICTED	RESTRICTED INVESTMENT FUND	2014	2013
<b>FUND BALANCES</b>					
Beginning of year	\$ 298,133	\$ 487,033	\$ -	\$ 3,367,663	\$ 3,951,401
<b>EXCESS OF REVENUE OVER EXPENSES</b>	-	(28,684)	-	210,855	182,171
<b>TRANSFER OF FUNDS (Note 2)</b>					
Additions to capital assets	7,450	(7,450)	-	-	-
Disposal of assets	(640)	640	-	-	-
Amortization	(18,583)	18,583	-	-	-
<b>INTERFUND TRANSFERS (Note 2)</b>	-	-	-	-	-
<b>TRANSFER OF FUNDS TO INTERNALLY RESTRICTED</b>					
From internally restricted (Note 2)	-	10,000	-	(10,000)	-
To internally restricted (Note 2)	-	(4,500)	-	4,500	-
<b>FUND BALANCES, end of year</b>	<b>\$ 286,360</b>	<b>\$ 475,622</b>	<b>\$ -</b>	<b>\$ 3,573,018</b>	<b>\$ 4,335,000</b>
				<b>\$ 4,152,829</b>	<b>\$ 4,152,829</b>

The accompanying notes form an integral part of these financial statements.  
Dorward & Company LLP Chartered Accountants



**COMMUNITY FUTURES WILD ROSE**  
**STATEMENT OF CHANGES IN FINANCIAL POSITION**  
**FOR THE YEAR ENDED MARCH 31, 2014**

	GENERAL	RESTRICTED INVESTMENT FUND	TOTAL
	2014	2014	2013
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Excess of revenue over expenses	\$ (28,684)	\$ 210,855	\$ 182,171
<b>Items not requiring an outlay of cash:</b>			
Amortization	18,583	-	18,583
Interfund transfer	10,000	(10,000)	-
Interfund transfer	(4,500)	4,500	-
Loss on disposal of capital assets	638	-	638
Loss on disposal of investments	-	-	15
	<u>(3,963)</u>	<u>205,355</u>	<u>201,392</u>
			<u>219,134</u>
<b>Changes in non-cash working capital</b>			
Accrued payable and accrued liabilities	(2,624)	-	(2,624)
Accounts receivable	-	21,253	21,253
Goods and Services Tax receivable	28	52	80
Prepaid expenses	(2,186)	-	(2,186)
	<u>(4,782)</u>	<u>21,305</u>	<u>16,523</u>
	-	-	-
	-	-	-
<b>FINANCING ACTIVITIES</b>			
<b>INVESTING ACTIVITIES</b>			
Additions to capital assets	(7,450)	-	(7,450)
Proceeds on disposition of capital assets	-	-	985
Increase in long term investments	(46)	(73)	(119)
Decrease (increase) in loans receivable	-	217,465	217,465
	<u>(7,496)</u>	<u>217,392</u>	<u>209,896</u>
	(16,241)	444,052	427,811
<b>INCREASE (DECREASE) IN CASH</b>	507,091	1,426,936	1,934,027
CASH, beginning of year	490,850	1,870,988	2,361,838
CASH, end of year	\$ 490,850	\$ 1,870,988	\$ 2,361,838
			<u>1,934,027</u>
<b>Cash is composed of the following amounts:</b>			
Petty cash	-	-	150
Bank	490,700	1,870,988	2,361,688
	<u>490,850</u>	<u>1,870,988</u>	<u>2,361,838</u>
	\$ 490,850	\$ 1,870,988	\$ 2,361,838
			<u>1,934,027</u>

The accompanying notes form an integral part of these financial statements.  
Dorward & Company LLP Chartered Accountants

# COMMUNITY FUTURES WILD ROSE

## Notes to Financial Statements

Year Ended March 31, 2014

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### 1. NATURE OF OPERATIONS

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 support. It was incorporated under the Business Corporations Act of Alberta.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

Community Futures Wild Rose follows the restricted fund method of accounting for contributions.

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

The Restricted Investment Fund reports the assets, liabilities, revenues and expenditures 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, 2014

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Capital assets

Capital assets are stated at cost, net of government assistance. Contributed capital assets are recorded at fair market value on the date of contribution. Capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

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

The corporation regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

#### Revenue recognition

Community Futures Wild Rose follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Seminar fees are recognized as revenue when the seminars are held.

#### 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. The 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 the 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.

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COMMUNITY FUTURES WILD ROSE

Notes to Financial Statements

Year Ended March 31, 2014

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 rate than is currently anticipated. However, the amount is not expected to vary significantly in the next year.

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3. CASH

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

	2014	2014	2014	2013
	General	Investment Funds		
Restricted cash	\$ -	\$ 956,093	\$ 956,093	\$ 512,041
Unrestricted cash	490,850	914,895	1,405,745	1,421,986
	<u>\$ 490,850</u>	<u>\$ 1,870,988</u>	<u>\$ 2,361,838</u>	<u>\$ 1,934,027</u>

Restricted cash represents funds externally restricted for specific lending programs.

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COMMUNITY FUTURES WILD ROSE

Notes to Financial Statements

Year Ended March 31, 2014

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4. PREPAID EXPENSES

	2014	2013
Insurance	\$ 2,629	\$ 1,993
Maintenance contracts	1,550	-
	<u>\$ 4,179</u>	<u>\$ 1,993</u>

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5. LOANS RECEIVABLE

The Community Futures Wild Rose loan portfolio consists of 110 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 extending 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:

	2014	2013
Performing loans to small businesses	\$ 3,158,865	\$ 3,511,753
Net impaired loans (Note 6)	252,229	116,806
	3,411,094	3,628,559
Amounts receivable within one year	<u>(790,453)</u>	<u>(912,029)</u>
	<u>\$ 2,620,641</u>	<u>\$ 2,716,530</u>

At March 31, 2014, the corporation had approved additional loans in the amount of \$190,000, to be disbursed upon fulfillment of certain conditions by the clients.

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**COMMUNITY FUTURES WILD ROSE**

**Notes to Financial Statements**

**Year Ended March 31, 2014**

6. 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>2014</u>	<u>2013</u>
Impaired loans to small businesses	\$ 193,763	\$ 178,118
Recovery (provision) for doubtful loans	<u>58,466</u>	<u>(61,312)</u>
Net impaired loans	<u>\$ 252,229</u>	<u>\$ 116,806</u>

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. RECOVERY (PROVISION) FOR IMPAIRED LOANS

	2013 Ending Balance	Recovery (Provision) for credit losses	2014 Ending Balance
Loan Investment Fund - General	\$ (141,950)	\$ 52,834	\$ (89,116)
Loan Investment Fund - Disability	<u>(883)</u>	<u>-</u>	<u>(883)</u>
	<u>\$ (142,833)</u>	<u>\$ 52,834</u>	<u>\$ (89,999)</u>

8. LONG TERM INVESTMENTS

	2014 General	2014 Investment Funds	2014	2013
Chinook Credit Union equity	\$ 955	\$ 1,514	\$ 2,469	\$ 2,350
	<u>\$ 955</u>	<u>\$ 1,514</u>	<u>\$ 2,469</u>	<u>\$ 2,350</u>

**COMMUNITY FUTURES WILD ROSE**

**Notes to Financial Statements**

**Year Ended March 31, 2014**

9. CAPITAL ASSETS

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Buildings	\$ 276,450	\$ 81,010	\$ 195,440	\$ 203,583
Computer equipment	7,116	6,138	978	2,562
Computer software	19,121	15,396	3,725	-
Furniture and fixtures	119,938	110,695	9,243	11,805
Building improvements	108,460	31,484	76,976	80,183
	<u>\$ 531,085</u>	<u>\$ 244,723</u>	<u>\$ 286,362</u>	<u>\$ 298,133</u>

10. 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.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013
Accrued vacation pay	\$ 13,948	\$ 13,519
Accrued liabilities	7,245	10,080
Accounts payable	831	1,049
	<u>\$ 22,024</u>	<u>\$ 24,648</u>

12. REPAYABLE CONTRIBUTIONS

The corporation has received repayable contributions from Her Majesty the Queen, Minister of Western Economic Diversification (Canada) totaling \$550,000, of which \$200,000 is reserved for loans made to the Disabled Entrepreneur Investment Fund, 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, 2014, this agreement is still in place and has been extended indefinitely.

13. SHARE CAPITAL

Authorized:

50 Class "A" common voting shares

Issued:

15 Class "A" common voting shares

2014

2013

\$	15	\$	15
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# COMMUNITY FUTURES WILD ROSE

## Notes to Financial Statements

Year Ended March 31, 2014

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### 14. 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 2014 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, 2014. The contributed surplus represents externally restricted funds.

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### 15. EXTERNALLY RESTRICTED ASSETS

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

	2014	2013
Externally restricted	<u>\$ 3,573,018</u>	<u>\$ 3,367,663</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:

1. The Conditionally Repayable Investment Fund is not administered according to the terms and conditions specified in this Agreement; or
2. 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
3. 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
4. The Agreement is terminated as described in Section 16 of the Agreement; or
5. An event of default occurs, as described in Section 17 of the Agreement.

As of March 31, 2014, none of the above mentioned conditions has occurred. The Minister has approved the terms and conditions to extend the project indefinitely.

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### 16. 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 17.

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# COMMUNITY FUTURES WILD ROSE

## Notes to Financial Statements

Year Ended March 31, 2014

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### 17. 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 amendment 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 of \$2,630,416 delivered over nine years commencing April 1, 2006, with cash payments for the program years to be distributed to the corporation as per the schedule below.

The agreement expires on March 31, 2015. 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.

2007	\$ 277,950
2008	293,509
2009	289,179
2010	294,963
2011	307,254
2012	282,672
2013	294,963
2014	294,963
2015	294,963

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### 18. COMPARATIVE FIGURES

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

The prior year comparative figures were audited by another firm of public accountants.

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