

COMMUNITY FUTURES WILD ROSE
Financial Statements
Year Ended March 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Community Futures Wild Rose

We have audited the accompanying financial statements of Community Futures Wild Rose, which comprise the , 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.

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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, 2018 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.

Doward & Company LLP

Strathmore, Alberta
July 4, 2018

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH AGREEMENT

To Western Economic Diversification Canada

We have audited Community Futures Wild Rose's compliance as at March 31, 2018 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 5, 2018

Dorward & Company LLP
CHARTERED ACCOUNTANTS

COMMUNITY FUTURES WILD ROSE
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2018

	GENERAL		RESTRICTED INVESTMENT FUND		TOTAL	
	2018	2017 (restated)	2018	2017 (restated)	2018	2017 (restated)
CURRENT ASSETS						
Cash (Note 8)	\$ 81,821	\$ 578,813	\$ 736,203	\$ 922,197	\$ 818,024	\$ 1,501,010
Accrued interest receivable	-	-	23,922	20,909	23,922	20,909
Term deposits (Note 3)	506,996	-	-	-	506,996	-
Short term investments	-	-	1,901,281	1,423,260	1,901,281	1,423,260
Goods and Services Tax receivable	1,881	1,873	-	-	1,881	1,873
Prepaid Expenses	2,762	3,057	-	-	2,762	3,057
Current portion of loans receivable (Note 4)	-	-	544,776	535,876	544,776	535,876
	593,460	583,743	3,206,182	2,902,242	3,799,642	3,485,985
LONG TERM INVESTMENTS						
Loans receivable (Notes 2, 4, and 5)	-	-	3,169,999	3,194,104	3,169,999	3,194,104
Long term investments (Note 6)	1,140	1,089	1,808	1,726	2,948	2,815
	1,140	1,089	3,171,807	3,195,830	3,172,947	3,196,919
CAPITAL ASSETS (Notes 2 and 7)						
	238,124	250,666	-	-	238,124	250,666
	238,124	250,666	-	-	238,124	250,666
TOTAL ASSETS	\$ 832,724	\$ 835,498	\$ 6,377,989	\$ 6,098,072	\$ 7,210,713	\$ 6,933,570
CURRENT LIABILITIES						
Accounts payable and accrued liabilities (Note 9)	\$ 25,506	\$ 24,191	2,052	-	27,558	24,191
Deferred contribution (Note 11)	30,000	24,580	-	-	30,000	24,580
	55,506	48,771	2,052	-	57,558	48,771
LONG TERM LIABILITIES						
Repayable contributions (Note 10)	-	-	550,000	550,000	550,000	550,000
	-	-	550,000	550,000	550,000	550,000
SHARE CAPITAL (Note 12)	15	15	-	-	15	15
CONTRIBUTED SURPLUS (Note 13)	-	-	-	-	-	-
INVESTED IN CAPITAL ASSETS (Note 2)	231,465	244,006	1,182,202	1,182,202	1,182,202	1,182,202
EXTERNALLY RESTRICTED (Note 14)	-	-	4,643,735	4,365,870	231,465	244,006
UNRESTRICTED (Note 2)	545,738	542,706	-	-	545,738	542,706
	777,218	786,727	5,825,937	5,548,072	6,603,155	6,334,799
TOTAL LIABILITIES AND NET FUNDS	\$ 832,724	\$ 835,498	\$ 6,377,989	\$ 6,098,072	\$ 7,210,713	\$ 6,933,570
ECONOMIC DEPENDANCE (Note 14)						
COMMITMENTS (Note 15)						

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, 2018

	GENERAL		RESTRICTED INVESTMENT FUND		TOTAL	
	2018	2017 (restated)	2018	2017 (restated)	2018	2017 (restated)
REVENUE						
Interest from operations	\$ 8,408	\$ 4,064	\$ 322,582	\$ 366,317	\$ 330,990	\$ 370,381
Government operations funding	332,490	299,990	-	-	332,490	299,990
Corporate services revenue	36,000	36,000	-	-	36,000	36,000
Other operating revenue	1,425	3,740	-	-	1,425	3,740
TOTAL REVENUE	378,323	343,794	322,582	366,317	700,905	710,111
PROGRAM SPENDING	38,880	7,457	-	-	38,880	7,457
GROSS EXCESS	339,443	336,337	322,582	366,317	662,025	702,654
ADMINISTRATIVE EXPENDITURES						
Salaries and wages	264,784	227,739	-	-	264,784	227,739
Utilities and property taxes	22,995	24,055	-	-	22,995	24,055
Employee benefits	29,317	22,000	-	-	29,317	22,000
Office expenses	16,177	16,090	-	-	16,177	16,090
Amortization	13,576	13,166	-	-	13,576	13,166
Advertising and promotions	10,183	6,060	-	-	10,183	6,060
Travel, meetings and conferences	8,991	9,160	-	-	8,991	9,160
Professional fees	8,400	8,200	2,624	4,139	11,024	12,339
Repairs and maintenance	4,790	11,505	-	-	4,790	11,505
Training	5,618	4,106	-	-	5,618	4,106
Memberships & conferences	5,086	3,889	-	-	5,086	3,889
Insurance	3,837	3,857	-	-	3,837	3,857
Supplies	2,678	3,298	-	-	2,678	3,298
Rental	2,400	2,400	-	-	2,400	2,400
Interest and bank charges	120	167	-	616	720	783
Provision for doubtful loans	-	-	2,661	26,980	2,661	26,980
Loan impairment recovery	-	-	(11,168)	(10,131)	(11,168)	(10,131)
TOTAL ADMINISTRATIVE EXPENDITURES	398,952	355,692	(5,283)	21,604	393,669	377,296
EXCESS OF REVENUE OVER EXPENDITURES	\$ (59,509)	\$ (19,355)	\$ 327,865	\$ 344,713	\$ 268,356	\$ 325,358

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, 2018**

	INVESTED IN CAPITAL ASSETS	GENERAL OPERATING FUND UNRESTRICTED	RESTRICTED INVESTMENT FUND	TOTAL	2017 (restated)
FUND BALANCES					
Beginning of year	\$ 244,006	\$ 542,706	\$ 4,365,870	\$ 5,152,582	\$ 4,827,224
EXCESS OF REVENUE OVER EXPENSES	-	(59,509)	327,865	268,356	325,358
TRANSFER OF FUNDS (Note 2)					
Amortization	(13,576)			-	-
Purchase of asset	1,035			-	-
TRANSFER OF FUNDS TO INTERNALLY RESTRICTED					
From internally restricted (Note 2)		50,000	(50,000)	-	-
FUND BALANCES, end of year	\$ 231,465	\$ 545,738	\$ 4,643,735	\$ 5,420,938	\$ 5,152,582

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, 2018**

	GENERAL 2018	RESTRICTED INVESTMENT FUND 2018	TOTAL 2018	TOTAL 2017 (restated)
CASH PROVIDED BY OPERATING ACTIVITIES				
Excess of revenue over expenses	\$ (59,509)	\$ 327,865	\$ 268,356	\$ 325,358
Items not requiring an outlay of cash:				
Amortization	13,576	-	13,576	13,166
Interfund transfer	50,000	(50,000)	-	-
Loss on disposal of capital assets	-	-	-	-
	<u>4,067</u>	<u>277,865</u>	<u>281,932</u>	<u>338,524</u>
Changes in non-cash working capital				
Accrued payable and accrued liabilities	1,316	1,970	3,286	(33,970)
Deferred revenue	5,420	-	5,420	24,580
Accounts receivable	-	(3,013)	(3,013)	1,070
Goods and Services Tax receivable	(8)	-	(8)	(152)
Prepaid expenses	294	-	294	(338)
	<u>7,022</u>	<u>(1,043)</u>	<u>5,979</u>	<u>(8,810)</u>
FINANCING ACTIVITIES				
INVESTING ACTIVITIES				
Additions to capital assets	(1,035)	-	(1,035)	(6,660)
Decrease (increase) in short term investments	(506,996)	(478,021)	(985,017)	(36,848)
Decrease (increase) in long term investments	(50)	-	(50)	(25)
Decrease (increase) in loans receivable	-	15,205	15,205	523,358
	<u>(508,081)</u>	<u>(462,816)</u>	<u>(970,897)</u>	<u>479,825</u>
INCREASE (DECREASE) IN CASH	<u>(496,992)</u>	<u>(185,994)</u>	<u>(682,986)</u>	<u>779,481</u>
CASH, beginning of year	578,813	922,197	1,501,010	721,529
CASH, end of year	<u>\$ 81,821</u>	<u>\$ 736,203</u>	<u>\$ 818,024</u>	<u>\$ 1,501,010</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, 2018

1. PURPOSE OF THE ORGANIZATION

Community Futures Wild Rose (the "organization") is a not-for-profit organization incorporated provincially under the Business Corporations Act of Alberta.

The organization operates to provide loans and financial services to small businesses that are otherwise unable to obtain financing. The Company also works to support the community's plans for the generation of additional private sector support in addition to community capacity building initiatives.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Basis of Accounting

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.

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

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, 2018

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
Furniture and fixtures	20%	declining balance method
Computer equipment	55%	declining balance method
Computer software	100%	declining balance method

The organization 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, 2018

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.

3. TERM DEPOSITS

The Guaranteed Investment Certificates bear interest ranging from 1.45% to 1.91% and mature from April 25, 2018 until April 27, 2020.

COMMUNITY FUTURES WILD ROSE

Notes to Financial Statements

Year Ended March 31, 2018

4. LOANS RECEIVABLE

The Community Futures Wild Rose loan portfolio consists of 80 loans at interest rates ranging from 6.00% 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 the terms of renewal 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>2018</u>	<u>2017</u>
Performing loans to small businesses	\$ 3,653,311	\$ 3,643,341
Net impaired loans (Note 5)	<u>61,464</u>	<u>86,639</u>
	3,714,775	3,729,980
Amounts receivable within one year	<u>(544,776)</u>	<u>(535,876)</u>
	<u>\$ 3,169,999</u>	<u>\$ 3,194,104</u>

5. 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>2018</u>	<u>2017</u>
Impaired loans to small businesses	\$ 64,125	\$ 113,619
Recovery (provision) for doubtful loans	<u>(2,661)</u>	<u>(26,980)</u>
Net impaired loans	<u>\$ 61,464</u>	<u>\$ 86,639</u>

6. LONG TERM INVESTMENTS

	General	Investment Fund	<u>2018</u>	<u>2017</u>
Chinook Credit Union equity	\$ 1,140	\$ 1,808	\$ 2,948	\$ 2,815
	<u>\$ 1,140</u>	<u>\$ 1,808</u>	<u>\$ 2,948</u>	<u>\$ 2,815</u>

COMMUNITY FUTURES WILD ROSE

Notes to Financial Statements

Year Ended March 31, 2018

7. CAPITAL ASSETS

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Buildings	\$ 276,450	\$ 110,454	\$ 165,996	\$ 172,912
Building improvements	108,460	43,081	65,379	68,103
Computer equipment	14,811	11,848	2,963	4,917
Furniture and fixtures	119,938	116,152	3,786	4,733
Computer software	19,121	19,121	-	-
	<u>\$ 538,780</u>	<u>\$ 300,656</u>	<u>\$ 238,124</u>	<u>\$ 250,665</u>

8. 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 (2017 - \$50,000).

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Accounts payable	\$ 4,445	\$ -
Accrued vacation pay	14,315	15,686
Accrued liabilities	8,820	8,505
	<u>\$ 27,580</u>	<u>\$ 24,191</u>

10. 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 is 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, 2018, this agreement is still in place and has been extended indefinitely.

11. DEFERRED CONTRIBUTIONS

The deferred contribution relates to funds received in the current period from the Western Economic Diversification to be matched with expenses of the next year.

COMMUNITY FUTURES WILD ROSE

Notes to Financial Statements

Year Ended March 31, 2018

12. SHARE CAPITAL

	2018	2017
Issued:		
15 Class "A" common voting shares	\$ 15	\$ 15

13. 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 2018 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, 2018. The contributed surplus represents externally restricted funds.

14. EXTERNALLY RESTRICTED ASSETS

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

	2018	2017
Externally restricted	\$ 4,609,044	\$ 4,335,812

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.

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, 2018, none of the above mentioned conditions has occurred. The Minister has approved the terms and conditions to extend the project indefinitely.

COMMUNITY FUTURES WILD ROSE

Notes to Financial Statements

Year Ended March 31, 2018

15. ECONOMIC DEPENDENCE

The organization is dependent on contracts with the Federal Government to continue operations. Contracts have terms from two to five years, as detailed in note 16.

16. COMMITMENTS

The organization 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 April 1, 2015, provides a maximum of \$884,889 delivered over three years commencing April 1, 2015, with cash payments for the program years distributed to the corporation.

The agreement expired on March 31, 2018. Any surplus realized from this funding is repayable at the government's discretion.

On March 16, 2018, the organization has signed a new agreement with Her Majesty the Queen which has extended the core funding provided by the Office of Western Economic Diversification for 3 additional years beginning April 1, 2018 until March 31, 2021.

2019	\$ 294,963
2020	294,963
2021	294,963
	<u>\$ 884,889</u>
