

**Community Futures Network of Alberta**  
**Financial Statements**  
*March 31, 2011*

AUDITOR'S REPORT  
ON COMPLIANCE WITH AGREEMENT

To Western Economic Diversification Canada

We have audited the Community Futures Network of Alberta compliance as at March 31, 2011 with the criteria established in the Contributed Agreement between Western Economic Diversification Canada and the Community Futures Network of Alberta dated April 1, 2006 and the interpretation of the Agreement as set out in the attached documents. Compliance with the criteria established by the provisions of the agreement is the responsibility of the Board of Directors of the Community Futures Network of Alberta. Our responsibility is to express an opinion on this compliance 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 Community Futures Network of Alberta complied with the criteria established by the provision 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.

In our opinion, the Community Futures Network of Alberta is in compliance, in all material respects, with the criteria established by the Contribution Agreement.

Medicine Hat, Alberta

August 31, 2011

*MNP LLP*

Chartered Accountants

## Management's Responsibility

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To the Members of Community Futures Network of Alberta:

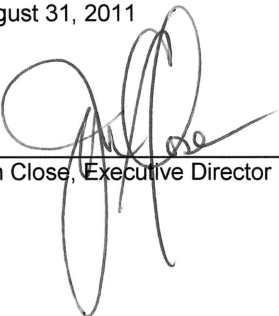
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

August 31, 2011



Jon Close, Executive Director

## Independent Auditors' Report

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To the Members of Community Futures Network of Alberta:

We have audited the accompanying financial statements of Community Futures Network of Alberta, which comprise the statement of financial position as at March 31, 2011, and the statements of operations, changes in net assets, and cash flows including related schedules 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 generally accepted accounting principles, 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 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 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 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.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community Futures Network of Alberta as at March 31, 2011 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Medicine Hat, Alberta

August 31, 2011

**MNP LLP**  
Chartered Accountants

## Community Futures Network of Alberta Statement of Financial Position

As at March 31, 2011

	CFLIP Investment Fund	CFNA Operating Fund	2011	2010
<b>Current Assets</b>				
Cash (Note 3)	9,180	277,714	286,894	23,563
Cash held in trust (Note 4)	1,436,659	-	1,436,659	759,319
Accounts receivable (Note 5)	-	316,409	316,409	128,693
Interfund advance (Note 6)	-	492,434	492,434	362,944
Accrued investment income held in trust (Note 7)	48,232	-	48,232	58,569
Investments held in trust (Note 7)	4,510,175	-	4,510,175	4,811,371
Prepaid expenses	-	342	342	11,460
Lines of credit receivable held in trust (Note 8)	9,116,754	-	9,116,754	7,310,123
	15,121,000	1,086,899	16,207,899	13,466,042
<b>Capital assets (Note 9)</b>	-	107,709	107,709	135,867
<b>Restricted cash</b>	-	3,802	3,802	10,000
<b>Total Assets</b>	15,121,000	1,198,410	16,319,410	13,611,909
<b>Current Liabilities</b>				
Accounts payable (Note 10)	12,870	284,420	297,290	68,338
Deferred contributions (Note 11)	-	219,147	219,147	27,253
Due to CFDCs (Note 12)	7,610,631	-	7,610,631	5,567,003
Interfund advance (Note 6)	492,434	-	492,434	362,944
Deferred capital contributions (Note 13)	-	81,831	81,831	102,289
Due to Pan West (Note 14)	-	33,288	33,288	99,767
	8,115,935	618,686	8,734,621	6,227,594
<b>Due to Western Diversification (Note 15)</b>	7,000,000	-	7,000,000	7,000,000
	15,115,935	618,686	15,734,621	13,227,594
<b>Commitments (Note 17)</b>				
<b>Net Assets</b>				
Share capital (Note 16)	25	-	25	25
Internally restricted (Note 2)	-	3,802	3,802	10,000
Unrestricted	5,040	550,045	555,085	340,712
Invested in capital assets	-	25,877	25,877	33,578
	5,065	579,724	584,789	384,315
<b>Total Liabilities and Net Assets</b>	15,121,000	1,198,410	16,319,410	13,611,909

Approved on behalf of the Board

Director

Rick Drabyszewski  
Sec/Treas.

# Community Futures Network of Alberta

## Statement of Operations

*For the year ended March 31, 2011*

	CFLIP Investment Fund	CFNA Operating Fund	2011	2010
<b>Revenue</b>				
Administration revenue	-	119,082	<b>119,082</b>	95,652
Amortization of capital contributions	-	20,458	<b>20,458</b>	25,572
Interest revenue	80,001	526	<b>80,527</b>	22,689
Investment income	54,108	-	<b>54,108</b>	170,680
Other	-	-	-	2,500
Project revenue	-	140,121	<b>140,121</b>	276,434
Western Diversification contributions:				
Core Funding	-	256,514	<b>256,514</b>	246,253
Professional Development Project	-	36,413	<b>36,413</b>	37,259
	134,109	573,114	<b>707,223</b>	877,039
<b>Expenditures</b>				
Amortization	-	26,320	<b>26,320</b>	34,272
Conference expenses	-	86,393	<b>86,393</b>	86,504
Cost of goods sold - store	-	2,770	<b>2,770</b>	1,070
Goods and services tax	10	5,108	<b>5,118</b>	9,210
Insurance	-	2,270	<b>2,270</b>	2,846
Interest and bank charges	70	731	<b>801</b>	1,209
MAC operations	-	15,550	<b>15,550</b>	143,454
Marketing and advertising	-	13	<b>13</b>	4,576
Office	429	15,823	<b>16,252</b>	24,316
Office lease	-	52,800	<b>52,800</b>	52,800
Professional development	-	-	-	1,994
Professional development project	-	29,580	<b>29,580</b>	36,147
Professional fees	29,063	21,374	<b>50,437</b>	47,358
Project support	-	425	<b>425</b>	975
Salaries, wages and benefits	-	164,576	<b>164,576</b>	191,311
Special projects	-	7,980	<b>7,980</b>	23,481
Telephone, fax and internet	-	17,969	<b>17,969</b>	18,789
Travel - board and office	44	44,059	<b>44,103</b>	46,903
Training	-	8,743	<b>8,743</b>	275
Utilities	-	3,378	<b>3,378</b>	2,830
	29,616	505,862	<b>535,478</b>	730,320
<b>Excess of revenue over expenditures before other operations</b>	104,493	67,252	<b>171,745</b>	146,719
<b>GOA Operations</b> (Schedule 1)	-	-	-	-
<b>EDP Operations</b> (Schedule 2)	-	2,930	<b>2,930</b>	(150)
<b>RDI - Rural Diversification Initiative</b> (Schedule 3)	-	5,627	<b>5,627</b>	1,434
<b>CAP - Sustainability Project Operations</b> (Schedule 4)	-	1,693	<b>1,693</b>	1,482
	-	10,250	<b>10,250</b>	2,766
<b>Excess of revenue over expenditures before other revenue (expenses)</b>	104,493	77,502	<b>181,995</b>	149,485
<b>Other revenue (expense)</b>				
Gain (loss) on sale of capital assets	-	(6,037)	<b>(6,037)</b>	591
Gain (loss) on change in fair value of financial instruments (Note 19)	24,516	-	<b>24,516</b>	(468)
	24,516	(6,037)	<b>18,479</b>	123
<b>Excess of revenue over expenditures</b>	129,009	71,465	<b>200,474</b>	149,608

The accompanying notes are an integral part of the financial statements.

**Community Futures Network of Alberta**  
**Statement of Changes in Net Assets**

*For the year ended March 31, 2011*

	CFLIP Investment Fund	CFNA Investment in Capital Assets	CFNA Internally Restricted	CFNA Unrestricted	2011	2010
Balance, beginning of year	5,040	33,578	10,000	335,672	<b>384,290</b>	234,685
Excess of revenue over expenditures	129,009	-	-	71,465	<b>200,474</b>	149,605
Interfund transfers ( <i>Note 6</i> )	(129,009)	-	-	129,009	-	-
Purchase of capital assets	-	6,198	(6,198)	-	-	-
Disposal of capital assets	-	(8,036)	-	8,036	-	-
Amortization of capital assets	-	(26,320)	-	26,320	-	-
Amortization of capital contributions	-	20,457	-	(20,457)	-	-
<b>Balance, end of year</b>	<b>5,040</b>	<b>25,877</b>	<b>3,802</b>	<b>550,045</b>	<b>584,764</b>	<b>384,290</b>

**Community Futures Network of Alberta**  
**Statement of Cash Flows**

*For the year ended March 31, 2011*

	2011	2010
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Cash received from funders	2,759,007	2,022,429
Cash paid to suppliers and organizations	(1,876,289)	(1,696,350)
Cash paid to employees	(556,799)	(388,759)
Interest paid	(811)	(1,010)
	325,108	(63,690)
<b>Financing activities</b>		
Advances to related parties	(450,992)	(360,113)
Advances from related parties	387,064	445,037
	(63,928)	84,924
<b>Investing activities</b>		
Purchase of capital assets	(6,047)	(500)
Proceeds on disposal of capital assets	2,000	1,000
	(4,047)	500
<b>Increase in cash resources</b>	257,133	21,734
<b>Cash resources, beginning of year</b>	33,563	11,829
	<b>Cash resources, end of year</b>	<b>33,563</b>
	290,696	33,563
<b>Cash resources are composed of:</b>		
Cash in banks (Note 3)	286,894	23,563
Restricted cash	3,802	10,000
	290,696	33,563

*The accompanying notes are an integral part of the financial statements.*

# Community Futures Network of Alberta

## Notes to the Financial Statements

For the year ended March 31, 2011

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### 1. Incorporation and operations

Community Futures Network of Alberta (the "Organization") was incorporated under the *Alberta Corporations Act* as a Not-For-Profit organization on April 1, 2006. The Organization provides assistance to non profit Community Futures Development Corporations (CFDCs) in Alberta, as well as develops and implements programs to support community development activities.

The purpose of the Organization is also to attract CFDCs to invest excess funds into a pool, which will earn a higher rate of interest and loan the funds to other CFDCs where approved.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

#### ***Fund accounting***

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts are maintained on a fund accounting basis. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the contributors or in accordance with the directives issued by the Board of Directors.

The Organization uses the deferred fund method of accounting. Two funds are maintained: CFNA Operating Fund and the Community Futures Lending and Investment Pool (CFLIP) Investment Fund.

The Operating Fund is used to account for all revenues and expenses related to general and ancillary operations of Organization.

The Investment Fund administers excess funds from CFDCs and invests these funds in a pool in order to earn a higher rate of interest and provide loans to CFDCs where approved.

#### ***Internally restricted funds***

The Organization has restricted funds to replace capital assets for future years.

#### ***Income taxes***

The Organization is registered as a charitable organization under the *Income Tax Act* (the "Act") and as such is exempt from income taxes.

#### ***Revenue recognition***

The Organization 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.

**2. Significant accounting policies** (Continued from previous page)

***Deferred contributions related to capital assets***

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the Organization's video conferencing equipment. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

***Financial instruments***

**Held for trading:**

The Organization has classified the following financial assets and liabilities as held for trading: cash, cash held in trust and investments held in trust.

Any financial instrument whose fair value can be reliably measured may be designated as held for trading on initial recognition or adoption of CICA 3855 *Financial Instruments – Recognition and Measurement*, even if that instrument would not otherwise satisfy the definition of held for trading. The Organization has designated cash and long term investments on initial recognition as held for trading in accordance with risk management strategy, as doing so allows the Organization to eliminate or significantly reduce a measurement or recognition inconsistency; as the instruments are evaluated on a fair value basis in accordance with the Organization's documented risk management strategy and reported to key management personnel on that basis.

These instruments are initially recognized at their fair value. Fair value is determined by quotations in an active market.

Held for trading financial instruments are subsequently measured at their fair value. Gains and losses arising from changes in fair value are recognized immediately in the statement of revenues and expenses.

**Loans and receivables:**

The Organization has classified the following financial assets as loans and receivables: trade receivables, accrued investment income held in trust and line of credit receivables. These assets are initially recognized at their fair value. Fair value is the amount estimated as collectable.

Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability. Gains and losses arising from changes in fair value are recognized in excess of revenues over expenses upon derecognition or impairment.

**Other financial liabilities:**

The Organization has classified the following financial liabilities as other financial liabilities: accounts payable and accruals and amount due to/from related parties. These liabilities are initially recognized at their fair value. Fair value is the amount estimated as payable.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Gains and losses arising from changes in fair value are recognized in excess of revenues over expenses upon derecognition or impairment.

***Cash and cash equivalents***

Cash and cash equivalents include balances with banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

# Community Futures Network of Alberta

## Notes to the Financial Statements

For the year ended March 31, 2011

### 2. Significant accounting policies (Continued from previous page)

#### **Capital assets**

Capital assets are recorded at cost.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	<b>Method</b>	<b>Rate</b>
Computer equipment	declining balance	30%
Leasehold improvements	declining balance	13%
Office equipment	declining balance	20%

In the year of acquisition, amortization is taken at one-half the above rates.

#### **Long-lived assets**

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Society performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of long-lived assets is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Fair value is measured using market prices. Any impairment is included in earnings for the year.

#### **Measurement uncertainty and use of estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts and notes receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

#### **Recent Accounting Pronouncements**

##### **Canadian accounting standards for not-for-profit organizations**

In October 2010, the Accounting Standards Board (AcSB) approved the accounting standards for private sector not-for-profit organizations (NPOs) to be included in Part III of the CICA Handbook-Accounting ("Handbook"). Part III will comprise:

- The existing "4400 series" of standards dealing with the unique circumstances of NFPOs, currently in Part V of the Handbook; and
- The new accounting standards for private enterprises in Part II of the Handbook, to the extent that they would apply to NFPOs.

Effective for fiscal years beginning on or after January 1, 2012, private sector NFPOs will have the option to adopt either Part III of the Handbook or International Financial Reporting Standards (IFRS). Earlier adoption is permitted. The Organization expects to adopt Part III of the Handbook as its new financial reporting standards. The Organization has not yet determined the impact of the adoption of Part III of the Handbook on its financial statements.

# Community Futures Network of Alberta

## Notes to the Financial Statements

*For the year ended March 31, 2011*

### 3. Cash

	2011	2010
Bank balance (overdraft)	204,235	(58,576)
T-Bills maturing in 3 months or less at 0.75% (0.75% in 2010)	82,659	82,139
	286,894	23,563

Included in bank balance (overdraft) is \$149,298 in outstanding cheques at year end (\$177,513 in outstanding cheques at March 31, 2010).

### 4. Cash held in trust

Of this total amount held in trust, \$492,434 (\$362,944 in 2010), may be used to repay the interfund advance.

	2011	2010
Bank balance	196,080	46,456
T-Bills maturing in 3 months or less at 0.75% (0.75% in 2010)	1,240,579	712,863
	1,436,659	759,319

### 5. Accounts receivable

	2011	2010
Trade receivables	305,884	113,032
Goods and Services Tax receivable	10,099	15,295
Other receivables	426	366
	316,409	128,693

### 6. Interfund advance

Interfund advances are unsecured, non interest bearing and due upon demand. The CFLIP Investment fund owes \$492,434 (\$362,944 in 2010) to the CFNA Operating fund for investment income designated for the CFNA operating fund.

During the year the following transfer occurred: the CFLIP Investment fund transferred \$129,009 to the CFNA Operating fund for CFNA's share of excess of revenue over expenditures. In the prior year \$166,931 was transferred from the CFLIP Investment fund to the CFNA Unrestricted fund for CFNA's share of excess of revenue over expenditures.

### 7. Investments held in trust

Community Futures Network of Alberta holds investments in trust for 25 Community Future Development Corporations. Investments include bonds and debentures with interest rates ranging from 1.25% to 8.00% (1.25% to 8.00% in 2010) and maturity dates ranging from December 1, 2011 to December 14, 2105 (May 11, 2010 to December 29, 2049 in 2010). The market value of investments held as at March 31, 2011 was \$4,510,175 (\$4,811,371 in 2010). Cost of investments held as at March 31, 2011 was \$4,455,622 (\$4,820,374 in 2010).

Related to these investments is accrued interest income of \$48,232 (\$58,569 in 2010).

# Community Futures Network of Alberta

## Notes to the Financial Statements

*For the year ended March 31, 2011*

### 8. Lines of credit receivable held in trust

Community Futures Network of Alberta issues lines of credit to its CFDC members. The corporate prime rate was 3.00% at March 31, 2011 (2.50% in 2010).

	<i>2011</i>	<i>2010</i>
Line of credit due from CF Centre West bearing interest at Royal Bank of Canada corporate prime, receivable in monthly instalments of interest only, with balance due 2014, secured by a general security agreement and a demand promissory note.	<b>600,000</b>	600,000
Line of credit due from CF East Central Alberta bearing interest at Royal Bank of Canada corporate prime minus 2%, receivable in monthly instalments of interest only, with balance due 2013, secured by a general security agreement and a demand promissory note.	<b>200,000</b>	400,000
Line of credit due from CF Elk Island bearing interest at Royal Bank of Canada corporate prime minus 2%, receivable in monthly instalments of interest only, with balance due 2013, secured by a general security agreement and a demand promissory note.	<b>650,552</b>	750,000
Line of credit due from CF Grande Prairie and Region bearing interest at Royal Bank of Canada corporate prime, receivable in monthly instalments of interest only, with balance due 2014, secured by a general security agreement and a demand promissory note.	<b>250,000</b>	500,000
Line of credit due from CF Highwood bearing interest at Royal Bank of Canada corporate prime minus 2%, receivable in monthly instalments of interest only, with balance due 2013, secured by a general security agreement and a demand promissory note.	<b>802,029</b>	-
Line of credit due from CF Lac La Biche bearing interest at Royal Bank of Canada corporate prime minus 2%, receivable in monthly instalments of interest only, with balance due 2013, secured by a general security agreement and a demand promissory note.	<b>500,425</b>	(402)
Line of credit due from CF Northwest Alberta bearing interest at Royal Bank of Canada corporate prime, receivable in monthly instalments of interest only, with balance due 2014, secured by a general security agreement and a demand promissory note.	<b>800,000</b>	300,000
Line of credit due from CF Peace Country bearing interest at Royal Bank of Canada corporate prime minus 1%, receivable in monthly instalments of interest only, with balance due 2013, secured by a general security agreement and a demand promissory note.	<b>700,000</b>	500,000
Line of credit due from CF West Yellowhead bearing interest at Royal Bank of Canada corporate prime, receivable in monthly instalments of interest only, with balance due 2015, secured by a general security agreement and a demand promissory note.	<b>250,637</b>	-
Line of credit due from CF Wild Rose bearing interest at Royal Bank of Canada corporate prime minus 2%, receivable in monthly instalments of interest only, with balance due 2013, secured by a general security agreement and a demand promissory note.	<b>499,963</b>	999,963
Line of credit due from CF Wood Buffalo bearing interest at Royal Bank of Canada corporate prime, receivable in monthly instalments of interest only, with balance due 2014, secured by a general security agreement and a demand promissory note.	<b>1,017,586</b>	1,015,000

## Community Futures Network of Alberta Notes to the Financial Statements

*For the year ended March 31, 2011*

**8. Lines of credit receivable held in trust** *(Continued from previous page)*

	<b>2011</b>	<b>2010</b>
Line of credit due from Entre-Corp Business Development Centre Ltd. Bearing interest at Royal Bank of Canada corporate prime minus 1%, receivable in monthly instalments of interest only, with balance due 2013, secured by a general security agreement and a demand promissory note.	<b>2,845,562</b>	2,245,562
	<b>9,116,754</b>	7,310,123

Principal repayments on lines of credit receivable in each of the next four years are estimated as follows:

2012	-
2013	5,396,502
2014	3,469,615
2015	250,637

**9. Capital assets**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2011 Net book value</b>	<b>2010 Net book value</b>
Computer equipment	<b>27,629</b>	<b>24,105</b>	<b>3,524</b>	5,034
Leasehold improvements	<b>6,492</b>	<b>1,897</b>	<b>4,595</b>	5,281
Office equipment	<b>409,246</b>	<b>309,656</b>	<b>99,590</b>	125,552
	<b>443,367</b>	<b>335,658</b>	<b>107,709</b>	135,867

**10. Accounts payable**

	<b>2011</b>	<b>2010</b>
Trade accounts payable	<b>273,842</b>	44,729
Payroll accounts payable	<b>10,578</b>	9,989
Investment fees payable in trust	<b>12,870</b>	13,620
	<b>297,290</b>	68,338

# Community Futures Network of Alberta

## Notes to the Financial Statements

*For the year ended March 31, 2011*

### 11. Deferred contributions

	2011	2010
Balance, beginning of year	27,253	5,953
Received during the year	213,194	21,300
Recognized as revenue during the year	(21,300)	-
<hr/>		
Balance, end of year	219,147	27,253

### 12. Due to CFDCs

This consists of funds due to the members as of the year end based on their proportionate investment in the investments held in trust. The amount payable to the individual members includes interest generated net of professional fees of the fund in proportion to their investment. This amount is classified as current due to the individual members ability to demand repayment within the year.

	2011	2010
Balance, beginning of year	5,567,003	5,287,970
Interest and investment income earned	136,624	130,303
Realized/unrealized gain (loss) on investments	58,161	(44,140)
Fees and other expenses	(25,797)	(28,719)
Net change due to investment purchases and disposals, loan advances and repayments and pool additions and distributions	1,874,640	247,078
<hr/>		
Balance, end of year	7,610,631	5,567,003

Amounts owing to each CFDC are as follows:

Community Futures Centre West	1,810	1,762
Community Futures East Parkland	710,110	522,614
Community Futures Elk Island	206,743	201,192
Community Futures Highwood	191,871	19,503
Community Futures Tawatinaw	1,431,115	1,392,685
Community Futures Chinook	954,030	635,598
Community Futures Lloydminster and Region	879,969	269,344
Community Futures Wood Buffalo	168,732	115,414
Community Futures Central Alberta	212,336	206,634
Community Futures West Yellowhead	273,039	265,707
Community Futures Alberta Southwest	1,051,439	1,023,204
Community Futures Crowsnest Pass	423,824	412,443
Community Futures Lesser Slave Lake	514,725	500,903
Community Futures Lethbridge	590,888	-
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	7,610,631	5,567,003

# Community Futures Network of Alberta

## Notes to the Financial Statements

*For the year ended March 31, 2011*

### 13. Deferred capital contributions

	2011	2010
Balance, beginning of year	<b>102,289</b>	127,861
Recognized as revenue during the year	<b>(20,458)</b>	(25,572)
Balance, end of year	<b>81,831</b>	102,289

### 14. Due to Pan West

Community Futures Network of Alberta exercises significant influence over Pan West by virtue of its significant representation on the Pan West's Board of Directors, whereby it can significantly influence the strategic, operating, and financing and investing activities of Pan West. CFNA holds funds in trust for Pan West and administers these funds based on an approved budget on behalf of Pan West. These funds are not the ownership of the CFNA and are not included in the CFNA statements.

	2011	2010
Balance, beginning of year	<b>99,767</b>	14,843
Receipts on behalf of Pan West	<b>387,064</b>	445,037
Disbursements on behalf of Pan West	<b>(453,543)</b>	(360,113)
Balance, end of year	<b>33,288</b>	99,767

### 15. Due to Western Diversification

Due to Western Diversification consists of a conditionally repayable contribution to the Organization for an eligible investment fund deposit in the amount of \$7,000,000 (\$7,000,000 in 2010). The contribution is repayable to Western Diversification when total deposits in the investment pool exceeds \$25,000,000 (\$25,000,000 in 2010) of which the Minister's portion is \$7,000,000 (\$7,000,000 in 2010) plus accrued interest. The Minister may, upon 30 days written notice, require CFNA to repay the amount of the contribution, at a rate of 25% of the total deposits and interest in excess of \$25,000,000 (\$25,000,000 in 2010) per annum, up to a maximum of \$7,000,000 (\$7,000,000 in 2010) plus accrued interest. As at year end, the pool does not exceed \$25,000,000 and management does not expect it to exceed \$25,000,000 within the year.

# Community Futures Network of Alberta

## Notes to the Financial Statements

For the year ended March 31, 2011

### 16. Share capital

	2011	2010
Authorized		
Common shares		
50 voting shares		
Issued		
Common shares		
25 voting shares	25	25

### 17. Commitments

The Organization entered into a contract to lease office space effective December 1, 2008 with minimum monthly payments of \$4,400 until November 30, 2013.

### 18. Capital management

The Organization's objectives when managing capital are to monitor amount of investments and lines of credit receivable compared to potential funding repayments and monitor the actual results compared to the annual budget every quarter with the board of directors.

The Organization sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Organization may take out a short term line of credit or request grant increases if requiring for short term funding of operations.

### 19. Financial instruments

The Organization as part of its operations carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

#### ***Risk management policy***

The Organization, as part of operations, has established avoidance of undue concentrations of risk and requirements for collateral to mitigate credit risk as risk management objectives. In seeking to meet these objectives, the Organization follows a risk management policy approved by its Board of Directors.

#### ***Credit concentration***

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of accounts receivable. The maximum credit risk exposure is from one customer 99.20% (2010 – from one customer 98.60%). However, the Organization believes that there is minimal risk associated with the collection of these amounts, as the accounts receivable is from a government agency under a funding contract.

**19. Financial instruments** (Continued from previous page)

***Fair value of financial instruments***

The carrying amount of cash, accounts receivable, interfund advances, lines of credit receivable, accounts payable and accruals is approximated by their fair value due to their short-term nature. Investments held in trust are recorded at their fair value. Fair value is determined by reference to published bid price "in an active market". Accordingly, the due to CFDCs is recorded at fair value as the balance represents an allocation of the investments held in trust balance. Fair value of the financial instruments cannot be reliably estimated because they are non-interest bearing and have no set terms of repayment.

The change in fair value of financial instruments is due to unrealized gains (losses) on held for trading investments.

***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through varying terms of maturity on fixed income investments. The Organization is exposed to interest rate risk primarily relating to the following financial asset: lines of credit receivable held in trust.

**20. Economic dependence**

The Organization's primary source of revenue is government funding. The grant funding can be canceled if the Organization does not observe certain established guidelines. The Organization's ability to continue viable operations is dependent upon maintaining its right to follow the criteria within the provincial government guidelines. As at the date of these financial statements the Organization believes that it is in compliance with the guidelines.

**21. Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation.

**Community Futures Network of Alberta**  
**Schedule 1 - GOA Operations**

*For the year ended March 31, 2011*

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	<b>2011</b>	<b>2010</b>
<hr/>		
<b>Revenue</b>		
Government of Alberta	<b>181,843</b>	-
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<b>Expenditures</b>		
Project expenses	<b>2,300</b>	-
Salaries and benefits	<b>170,312</b>	-
Travel	<b>9,231</b>	-
<hr/>		
	<b>181,843</b>	-
<hr/>		
	-	-
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# Community Futures Network of Alberta

## Schedule 2 - EDP Operations

For the year ended March 31, 2011

	2011	2010
<b>Revenue</b>		
Western Diversification contributions	165,116	145,801
<b>Expenditures</b>		
Director's contract	41,400	41,400
GST expense	3,104	3,040
Marketing and advertising	4,447	8,624
Materials	28,229	128
Overhead	13,979	13,192
Partnership agreement	-	6,764
Special projects	26,677	32,410
Training	36,783	37,991
Travel and accomodations	3,942	2,102
Web page development	3,625	300
	162,186	145,951
	2,930	(150)

**Community Futures Network of Alberta**  
**Schedule 3 - RDI Operations**

*For the year ended March 31, 2011*

	<b>2011</b>	<b>2010</b>
<b>Revenue</b>		
RDI Funding	<b>1,453,158</b>	857,455
<b>Expenses</b>		
Administration	<b>24,075</b>	24,000
Advertising	<b>931</b>	15,921
GST expense	<b>638</b>	1,434
Overhead allocation	<b>12,101</b>	10,169
Professional fees	<b>5,522</b>	4,055
Projects	<b>1,105,889</b>	527,385
Salaries and benefits	<b>222,496</b>	208,316
Training	<b>60,403</b>	39,149
Travel	<b>15,476</b>	25,592
	<b>1,447,531</b>	856,021
	<b>5,627</b>	1,434

**Community Futures Network of Alberta**  
**Schedule 4 - CAP - Sustainability Project Operations**

*For the year ended March 31, 2011*

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	<b>2011</b>	<b>2010</b>
<b>Revenue</b>		
CAP - Sustainability	<b>266,816</b>	266,816
<b>Expenses</b>		
Coordinator consulting fee	<b>20,329</b>	20,329
GST expenses	<b>509</b>	510
Postage and courier	<b>19</b>	88
Project administration	<b>4,132</b>	4,702
Project funding to sites	<b>240,134</b>	239,705
	<b>265,123</b>	265,334
	<b>1,693</b>	1,482

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