

COMMUNITY FUTURES WINNIPEG RIVER

FINANCIAL STATEMENTS

MARCH 31, 2008

Page

1	Auditors' Report
2	Balance Sheet
3	General Fund - Statement of Operations and Fund Balance
4	Investment Funds - Statements of Operations and Fund Balances
5	Cash Flow Statement
6 - 8	Notes to Financial Statements
9	Schedule 1 - Migration Network Project



AUDITORS' REPORT

To the Directors of Community Futures Winnipeg River

We have audited the balance sheet of Community Futures Winnipeg River as at March 31, 2008 and the statements of operations and fund balances and cash flow statement for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2008 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba
May 23, 2008

Stefanson Lee Romaniuk
Chartered Accountants

COMMUNITY FUTURES WINNIPEGBalance Sheet
March 31, 2008

	<u>General</u>	<u>Investment Funds</u>			<u>2008</u>	<u>2007</u>
	<u>Fund</u>	<u>Regular</u>	<u>Disabled</u>	<u>Youth</u>		
Assets						
Current						
Cash and short-term deposits	\$ 87,936	379,411	109,499	160,709	737,555	892,661
Accounts receivable	129,959	-	-	-	129,959	31,923
Prepays	1,158	-	-	-	1,158	268
Deposit, Community Futures Investment Fund (note 3)	-	222,643	-	-	222,643	213,480
	219,053	602,054	109,499	160,709	1,091,315	1,138,332
Capital (note 4)	161,036	-	-	-	161,036	167,588
Client loans (note 5)	-	1,012,768	25,139	113,248	1,151,155	846,008
Total assets	\$ 380,089	1,614,822	134,638	273,957	2,403,506	2,151,928
Liabilities						
Current						
Accounts payable and accruals	\$ 129,166	-	-	-	129,166	5,155
Fund balances	250,923	1,614,822	134,638	273,957	2,274,340	2,146,773
Total liabilities and fund balances	\$ 380,089	1,614,822	134,638	273,957	2,403,506	2,151,928

Contingency (note 8)

APPROVED BY THE BOARD:

DIRECTOR_____
DIRECTOR

COMMUNITY FUTURES WINNIPEG RIVERGENERAL FUND - Statement of Operations and Fund Balance
for the year ended March 31, 2008

	<u>2008</u>	<u>2007</u>
Revenue		
Western Economic Diversification - core funding	\$ 293,528	277,969
Western Economic Diversification - projects	76,964	-
Migration Network Project (Schedule 1)	128,462	-
Fees for service	22,856	26,235
Self-Employment Assistance Program	18,546	17,635
Rental income	6,000	6,000
Interest	602	167
	<hr/> 546,958	<hr/> 328,006
Expenses		
Amortization	6,552	6,552
Community economic development - projects	74,599	(2,108)
Computer upgrades/maintenance	15,534	5,003
Conferences and training	4,301	8,620
Directors' expenses	9,694	9,925
Insurance	1,548	1,499
Maintenance and repairs	310	1,020
Marketing, advertising and promotion	1,163	2,925
Meetings	3,087	2,082
Memberships and subscriptions	1,602	1,564
Migration Network Project (Schedule 1)	125,582	-
Non-refundable GST	2,558	1,869
Office	11,129	13,345
Postage	2,765	2,812
Professional fees	4,815	4,815
Property taxes	6,094	5,591
Salaries and benefits	261,267	216,892
Telephone, facsimile and internet	8,313	7,125
Travel and automobile	5,394	3,658
Utilities	4,519	2,917
	<hr/> 550,826	<hr/> 296,106
Excess revenue (expense)	(3,868)	31,900
Fund balance, beginning of year	254,791	222,891
Fund balance, end of year	<hr/> <hr/> \$ 250,923	<hr/> <hr/> 254,791

COMMUNITY FUTURES WINNIPEG RIVER

INVESTMENT FUNDS - Statements of Operations and Fund Balances
for the year ended March 31, 2008

	<u>Investment Funds</u>			<u>2008</u>	<u>2007</u>
	<u>Regular</u>	<u>Disabled</u>	<u>Youth</u>		
Revenue					
Interest - loans	\$ 76,723	139	9,222	86,084	57,174
Interest - credit union	13,048	4,367	5,958	23,373	30,702
Interest - Community Futures Investment Fund	9,163	-	-	9,163	9,376
Credit recoveries	14,362	-	25	14,387	1,378
	113,296	4,506	15,205	133,007	98,630
Expense					
Professional fees	1,572	-	-	1,572	1,066
	1,572	-	-	1,572	1,066
Excess revenue	111,724	4,506	15,205	131,435	97,564
Fund balances, beginning of year	1,503,098	130,132	258,752	1,891,982	1,794,418
Fund balances, end of year	\$ 1,614,822	134,638	273,957	2,023,417	1,891,982

COMMUNITY FUTURES WINNIPEG RIVERCash Flow Statement
for the year ended March 31, 2008

	<u>2008</u>	<u>2007</u>
Sources of cash		
Western Economic Diversification	\$ 283,528	277,969
Self-Employment Assistance Program	21,327	17,686
Interest received on loans and funds on deposit	118,217	95,794
Other	143,465	31,668
	<hr/> 566,537	<hr/> 423,117
Uses of cash		
Payments to suppliers and employees	422,725	293,885
Client loans net of repayments	289,755	145,575
Community Futures Investment Fund	9,163	9,377
	<hr/> 721,643	<hr/> 448,837
Change in cash	(155,106)	(25,720)
Cash and short-term deposits, beginning of year	892,661	918,381
Cash and short-term deposits, end of year	<hr/> <hr/> \$ 737,555	<hr/> <hr/> 892,661

COMMUNITY FUTURES WINNIPEG RIVER

Notes to Financial Statements
March 31, 2008

1. Purpose and funding:

Community Futures Winnipeg River (CFWR) (formerly Winnipeg River Brokenhead Community Futures Development Corporation) is a non-profit community based organization funded by Western Economic Diversification Canada (WD). The Corporation provides loans and financial services to small businesses in order to achieve sustained growth in employment opportunities within the Winnipeg River Brokenhead area of Eastern Manitoba pursuant to a contribution agreement with WD. Community Futures Winnipeg River recognizes its commitment for repayment of investment funds back to WD as per the contribution agreement.

The Corporation is exempt from income tax under section 149(1)(l) of the Income Tax Act.

2. Summary of accounting policies:

The Corporation follows the restricted fund method of accounting for contributions.

General Fund

WD contributions are recognized as revenue when program delivery and administrative expenses are incurred. Excess contributions, if any, are deferred until subsequent accounting periods.

Unrestricted resources are recognized as revenue when received or become receivable.

Investment Funds

WD contributions are recognized as revenue when received.

Interest income is recorded on the accrual basis.

3. Deposit, Community Futures Investment Fund (CFIF):

CFIF was created by Community Futures Manitoba (CFM) to take advantage of surplus investment funds within the system of Manitoba Community Futures (CF) organizations. CFIF serves as an investment vehicle for CFs with surplus investment funds whereas CFs with shortages of investment funds may borrow from CFIF. CFIF pays interest on deposits at competitive rates. Deposits are payable on demand. Borrowers pay interest at RBC prime rate plus 1/4%. Participation in CFIF is voluntary.

4. Capital assets:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2008 Net</u>	<u>2007 Net</u>
Land	\$ 30,000	-	30,000	30,000
Building	218,103	87,067	131,036	137,588
Office furniture and computer equipment	111,102	111,102	-	-
	\$ <u>359,205</u>	<u>198,169</u>	<u>161,036</u>	<u>167,588</u>

Amortization policy

Building - straight-line method over 40 years

Office furniture and computer equipment - straight-line method over 5 years

COMMUNITY FUTURES WINNIPEG RIVER

Notes to Financial Statements

March 31, 2008

5. Client loans:

General security agreements and personal guarantees secure client loans. Loans are payable over terms up to five years at interest rates ranging from 6.75% to 9.50%.

	<u>2008</u>	<u>2007</u>
Client loans including interest due and accrued	\$ 1,438,267	1,146,948
Allowance for doubtful loans	<u>(287,112)</u>	<u>(300,940)</u>
	<u>\$ 1,151,155</u>	<u>846,008</u>

6. Fair value of financial instruments:

Cash and short-term deposits and accounts payable and accruals

Carrying amounts approximate fair value because of their short-term maturities.

Loans receivable

Carrying amounts approximate fair values because interest rates on these instruments approximate current market rates.

7. Economic dependence:

Western Diversification has agreed to fund the Corporation through March 31, 2010.

8. Contingency:

Certain contributions advanced by Western Economic Diversification for purposes of establishing Investment Funds are conditionally repayable should the funding agreement not be extended beyond March 31, 2010. At March 31, 2008 conditionally repayable amounts are as follows:

Regular Investment Fund	\$ 107,363
Disabled Investment Fund	109,499
Youth Investment Fund	160,709

9. Regional economic development strategy:

In 2005 the Corporation began to implement a multi-year economic development strategy in the North Eastman region of the province. The strategy was developed in conjunction with various Municipalities, Chambers of Commerce, CDC's and the Eastman Regional Development Corporation. These financial statements do not include the accounts of the regional economic development strategy.

COMMUNITY FUTURES WINNIPEG RIVER

Notes to Financial Statements
March 31, 2008

10. Controlled entities:

The Whiteshell Community Adjustment Program, funded by Western Economic Diversification was created to assist communities affected by the closure of AECL's Whiteshell Laboratories. The Program is intended to provide support to business development but not to directly profit private enterprise. A steering committee comprised of certain directors of the Corporation and others has been established to manage the fund. As a result of an agreement signed March 31, 1999, \$3,750,000 may be made available under the Program.

A summary (unaudited) of the activities of the Program is as follows:

Revenue

Western Economic Diversification	\$	2,856,836	305,360	3,162,196
Interest earned		197,295	887	198,182
		3,054,131	306,247	3,360,378

Expenses

Projects funded				
Beausejour Development Corporation	\$	114,703	-	114,703
Lac du Bonnet Community Centre		93,196	-	93,196
La Verendrye Trail Association		305,655	-	305,655
Pinawa Heritage Sundial		15,168	-	15,168
W.B. Lewis Business Centre		424,797	-	424,797
Deep River Science Academy		116,932	-	116,932
Lac du Bonnet Airport		108,826	-	108,826
Pinawa Economic Development Strategy		180,500	-	180,500
Beausejour Sports Plex		250,000	-	250,000
Regional Marketing Project		13,400	-	13,400
Town & RM of LDB - industrial park		53,768	-	53,768
Town LDB - water line enhancement		-	82,500	82,500
Mrs. Lucci's Resource Centre		250,000	-	250,000
Garson Arena		91,158	28,244	119,402
Regional Economic Development Strategy		81,135	8,515	89,650
Regional Broadband Initiative		158,000	(25,000)	133,000
Pinawa Hydro Infrastructure		7,349	-	7,349
Pinawa Business Attraction Strategy		244,814	-	244,814
North Eastern Regional Recycling Facility		81,941	-	81,941
Seven Sisters Sewer/Lagoon		153,854	54,146	208,000
Manitoba Science Academy		33,490	77,010	110,500
Eastman Ethanol Cooperative		9,625	-	9,625
Co-op Feasibility Study		-	100,000	100,000
Pinawa Business Incubator		-	39,090	39,090
Winnipeg River Learning Centre		-	9,218	9,218
Tourism study		30,635	-	30,635
Administrative expenses		106,414	15,352	121,766
		2,925,360	389,075	3,314,435
Excess revenue and surplus, March 31, 2008	\$	128,771	(82,828)	45,943

COMMUNITY FUTURES WINNIPEG RIVER

Schedule 1 - Migration Network Project

March 31, 2008

	<u>CFWR</u>
Revenue	
Agriculture and Agri-Food Canada	\$ 97,062
Showcasing exhibitors	9,800
Showcasing sponsors	21,000
Workshop delegates	600
	<u>\$ 128,462</u>

	<u>CFWR</u>
Expenses	
Reimbursable expenses	
Project coordinator salary	\$ 53,456
Coordinator travel, meals, accommodation	9,900
Website development and hosting	3,128
Translation and printing fees	2,142
Information sessions	619
"Showcasing" meeting costs	1,432
Networking/training seminars at "Showcasing"	14,674
Promotional material productions/distribution	2,311
Professional services	840
Administrative fees	7,203
Participatory evaluation - meeting costs	1,357
	<u>\$ 97,062</u>

	<u>CFWR</u>	<u>Other Agencies</u>	<u>In-Kind</u>	<u>Total</u>
Non-reimbursable expenses				
Local supervision of project coordinator	\$ -	-	6,077	6,077
Coordinator travel, meals, accommodation	492	524	-	1,016
Administrative support	-	-	14,928	14,928
Office space	-	-	4,059	4,059
Computer	-	-	1,200	1,200
Internet	-	-	600	600
Prov. coordination committee involvement/support	-	-	73,343	73,343
"Showcasing" meeting costs	140	-	3,249	3,389
Promotional material production/distribution	2,519	-	-	2,519
"Showcasing" facility rental	8,979	-	-	8,979
"Showcasing" display contractor	6,213	-	-	6,213
"Showcasing" advertising/promotion to urban	6,313	-	17,950	24,263
Other trade show costs	3,864	2,297	150	6,311
	<u>28,520</u>	<u>2,821</u>	<u>121,556</u>	<u>152,897</u>
Total expenses	<u>\$ 125,582</u>	<u>2,821</u>	<u>121,556</u>	<u>249,959</u>