

SOUTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2008

AUDITOR'S REPORT

To the Board of Directors, Southwest Community Futures Development Corporation

We have audited the statement of financial position of the Southwest Community Futures Development Corporation as at March 31, 2008 and the statements of operations and changes in fund balances and cash flows for the year then ended. The Board's management is responsible for preparing these financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, 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 organization as at March 31, 2008 and the results of its operations and the changes in its fund balances and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Swift Current, Saskatchewan
June 18, 2008

SOUTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION

STATEMENT OF FINANCIAL POSITION

As at March 31, 2008

Statement 1

	<u>General Fund</u>	<u>Repayable</u>	<u>Non Repayable</u>	<u>Disabled</u>	<u>Small Business Enterprise</u>	<u>Total 2008</u>	<u>Total 2007</u>
ASSETS							
Current assets							
Cash in bank	\$ 6,209	\$ 190,173	\$ 119,318	\$ 192,640	\$ 27,801	\$ 536,141	\$ 571,815
Temporary investments	-	284,448	1,383,159	-	-	1,667,607	1,394,157
Accounts receivable	50,289	148	1,744	169	-	52,350	3,580
Accrued loan interest and charges receivable, net of allowance for credit loss	-	132	5,087	1,011	-	6,230	3,343
Prepaid expenses	4,563	-	-	-	-	4,563	2,721
Current portion of long term investment	-	<u>3,074</u>	<u>65,338</u>	<u>6,839</u>	-	<u>75,251</u>	<u>431,642</u>
	<u>61,061</u>	<u>477,975</u>	<u>1,574,646</u>	<u>200,659</u>	<u>27,801</u>	<u>2,342,142</u>	<u>2,407,258</u>
Other Assets							
Cooperative equity	348	-	-	-	-	348	337
Investment loans receivable, net of allowance for credit loss (Note 3)	-	18,451	341,784	49,307	-	409,542	719,547
Less current portion	-	<u>3,074</u>	<u>65,338</u>	<u>6,839</u>	-	<u>75,251</u>	<u>431,642</u>
	<u>348</u>	<u>15,377</u>	<u>276,446</u>	<u>42,468</u>	-	<u>334,639</u>	<u>288,242</u>
Total Assets	<u>61,409</u>	<u>493,352</u>	<u>1,851,092</u>	<u>243,127</u>	<u>27,801</u>	<u>2,676,781</u>	<u>2,695,500</u>
LIABILITIES & FUND BALANCES							
Current liabilities							
Accounts payable and accrued liabilities	9,913	-	-	-	-	9,913	6,455
Deferred revenue	<u>625</u>	-	-	-	-	<u>625</u>	<u>5,025</u>
	10,538	-	-	-	-	10,538	11,480
Long Term Debt (Note 4)	-	400,000	-	200,000	-	600,000	600,000
Fund balances	<u>50,871</u>	<u>93,352</u>	<u>1,851,092</u>	<u>43,127</u>	<u>27,801</u>	<u>2,066,243</u>	<u>2,084,020</u>
Total Liabilities & Fund balances	<u>61,409</u>	<u>493,352</u>	<u>1,851,092</u>	<u>243,127</u>	<u>27,801</u>	<u>2,676,781</u>	<u>2,695,500</u>

Approved on behalf of the Board

_____ Director

_____ Director

SOUTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION

STATEMENT OF OPERATIONS AND CHANGES IN GENERAL FUND BALANCES

For the year ended March 31, 2008

Statement 2

	General Fund	
	Total	Total
	<u>2008</u>	<u>2007</u>
REVENUE		
Western Economic Diversification funding	\$ 290,827	\$ 280,500
Service contracts and registration fees	-	36,300
Program income	4,150	15,638
Interest	2,703	2,829
Other	<u>1,140</u>	<u>314</u>
	298,820	335,581
Action South West	<u>125,942</u>	<u>-</u>
	<u>424,762</u>	<u>335,581</u>
EXPENSES		
Administration		
Advertising and promotion	3,392	6,402
Capital assets costs	11,030	802
Conference and projects	31,782	23,184
Contract services	34,915	81,206
Insurance and pension costs	16,466	16,560
Interest and bank charges	910	30
Maintenance and repairs	3,889	2,236
Non-refundable GST	3,495	4,853
Office supplies and equipment	6,188	18,591
Rent	20,968	20,985
Telephone	5,895	6,660
Travel	45,356	41,172
Professional fees	7,612	6,512
Salaries and benefits	<u>127,788</u>	<u>101,518</u>
	319,686	330,711
Action South West	<u>100,150</u>	<u>-</u>
	419,836	330,711
Surplus (loss) for the year	4,926	4,870
Fund balance, beginning of the year	44,403	43,393
Transfers from other Funds	<u>1,542</u>	<u>902</u>
Fund balance, end of the year	<u>\$ 50,871</u>	<u>\$ 49,165</u>

SOUTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION
STATEMENT OF INCOME AND CHANGES IN RESTRICTED FUND BALANCES
As at March 31, 2008

Statement 3

	Loan Investment Funds			Small Business Enterprise	Restricted Funds	
	<u>Repayable</u>	Non <u>Repayable</u>	<u>Disabled</u>		<u>Total 2008</u>	<u>Total 2007</u>
Revenue						
Interest	\$ 21,338	\$ 98,504	\$ 11,323	\$ 1,214	\$ 132,379	\$ 116,478
Recovery of bad debt	-	-	-	-	-	39,245
Other	<u>-</u>	<u>3,940</u>	<u>-</u>	<u>-</u>	<u>3,940</u>	<u>-</u>
	<u>21,338</u>	<u>102,444</u>	<u>11,323</u>	<u>1,214</u>	<u>136,319</u>	<u>155,723</u>
Expenses						
Provision for investment losses	-	152,783	-	-	152,783	19,500
Professional fees and other	<u>-</u>	<u>1,477</u>	<u>-</u>	<u>-</u>	<u>1,477</u>	<u>-</u>
	<u>-</u>	<u>154,260</u>	<u>-</u>	<u>-</u>	<u>154,260</u>	<u>19,500</u>
Net Income for the year	21,338	(51,816)	11,323	1,214	(17,941)	136,223
Fund balances, beginning of the year	72,014	1,902,908	31,804	28,129	2,034,855	1,899,534
Transfer to operating	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,542)</u>	<u>(1,542)</u>	<u>(902)</u>
Fund balances, end of the year	<u>\$ 93,352</u>	<u>\$1,851,092</u>	<u>\$ 43,127</u>	<u>\$ 27,801</u>	<u>\$2,015,372</u>	<u>\$2,034,855</u>

SOUTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS

As at March 31, 2008

Statement 4

	<u>General</u>	<u>Repayable</u>	<u>Non</u> <u>Repayable</u>	<u>Disabled</u>	<u>Small</u> <u>Business</u> <u>Enterprise</u>	<u>Total</u> <u>2008</u>	<u>Total</u> <u>2007</u>
Cash provided by operations							
Net income	\$ 4,926	\$ 21,338	\$ (51,816)	\$ 11,323	\$ 1,214	\$ (13,015)	\$ 141,093
Net change in current assets	(49,930)	(12,249)	(264,046)	(965)	-	(327,190)	(223,137)
Net change in current liabilities	326	(183)	(141)	(293)	-	(291)	6,234
Loan loss provision not affecting cash	<u>-</u>	<u>-</u>	<u>150,500</u>	<u>-</u>	<u>-</u>	<u>150,500</u>	<u>21,666</u>
	<u>(44,678)</u>	<u>8,906</u>	<u>(165,503)</u>	<u>10,065</u>	<u>1,214</u>	<u>(189,996)</u>	<u>(54,144)</u>
Cash provided by investment activities							
Loans advanced	-	-	(294,500)	1,213	-	(293,287)	(425,000)
Loans repaid	-	3,341	449,700	-	-	453,041	62,226
Cooperative equity	<u>(10)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10)</u>	<u>(11)</u>
	<u>(10)</u>	<u>3,341</u>	<u>155,200</u>	<u>1,213</u>	<u>-</u>	<u>159,744</u>	<u>(362,785)</u>
Cash provided by financing activities							
Interfund transfers	1,542	-	-	-	(1,542)	-	-
Advances repaid to SIR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,076)</u>
	<u>1,542</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,542)</u>	<u>-</u>	<u>(4,076)</u>
Net increase in cash	(43,146)	12,247	(10,303)	11,278	(328)	(30,252)	(421,005)
Cash, beginning of the year	<u>49,355</u>	<u>177,926</u>	<u>129,621</u>	<u>181,362</u>	<u>28,129</u>	<u>566,393</u>	<u>992,820</u>
Cash, end of the year	\$ <u>6,209</u>	\$ <u>190,173</u>	\$ <u>119,318</u>	\$ <u>192,640</u>	\$ <u>27,801</u>	\$ <u>536,141</u>	\$ <u>571,815</u>

SOUTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

As at March 31, 2008

1. Purpose

The Southwest Community Futures Development Corporation is a community based organization that provides loans and financial services to small businesses that are otherwise unable to obtain financing. The corporation is incorporated as a non-profit organization and is exempt from income taxes under the Income Tax Act.

2. Significant Accounting Policies

a) Fund Accounting

The accounts of the organization are maintained in accordance with the principles of fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funds:

Operating Fund

The operating fund reflects the primary operations of the organization including revenues received and operating costs.

Loan Investment Funds

The fund reports restricted resources to be used for assistance to small businesses and entrepreneurs in the form of loans, loan guarantees or equity participation. Loans from the Loan Investment Fund for the Disabled are limited to businesses owned and operated by disabled entrepreneurs. The organization is restricted in the types of loans it can issue according to its agreement with the federal government.

Temporary Investments

Temporary investments are valued at market value which is equal to cost.

Capital assets

Purchased capital assets are charges against current year income. Upon dissolution of the organization, all property is to be distributed to other Community Futures Development Corporations or other non-profit organizations approved by the Western Economic Diversification Canada

3. Investment loan receivable

Advances from the investment funds represent the outstanding principal on advances to new or expanding businesses under the Investment Fund Agreement with Western Economic Diversification Canada. The notes bear interest at prime plus 3%. Security can take the form of personal guarantees, personal property security agreements, chattels or a combination of both.

Advances from the Small Business Enterprise Fund represent the outstanding principle on advances under the Small Business Loans Agreement with Saskatchewan Industry and Resources. The notes are repayable on a monthly basis at an interest rate of 7%.

SOUTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

As at March 31, 2008

3. Investment loan receivable - continued

An allowance for losses on investment loans is made by management based on a review of the loan portfolio, allowing for any realization of the related security provided. The allowance is comprised of the following:

	<u>Gross Amount</u>	<u>Allowance Doubtful Loans</u>	<u>2008 Carrying Value</u>	<u>2007 Carrying Value</u>
Loan Investment Fund - Repayable	\$ <u>18,951</u>	<u>500</u>	\$ <u>18,451</u>	\$ <u>21,542</u>
Loan Investment Fund - Non Repayable	\$ <u>580,555</u>	<u>238,770</u>	\$ <u>341,784</u>	\$ <u>647,485</u>

The organization also had loan guarantees outstanding totaling \$ 14,374.

4. Long Term Debt

	<u>Small Business Enterprise</u>	<u>Repayable</u>	<u>Disabled</u>	<u>Total 2008</u>	<u>Total 2007</u>
Due to Western Economic Diversification	\$ <u>-</u>	\$ <u>400,000</u>	\$ <u>200,000</u>	\$ <u>600,000</u>	\$ <u>600,000</u>

The loans from Western Economic Diversification are due as follows:

The cash balances of the loan investment funds at April 1, 2010 will be paid to Western Economic Diversification. Principle repayments of investment loans receivable after March 31, 2010 will be forwarded to Western Economic Diversification

5. Financial Instruments

Credit Risk

The organization's loans are to new and existing small businesses, unable to obtain financing through other means, which results in a concentration of credit risk.

Interest Rate risk

The organization is exposed to interest rate risk related to interest expends on any amounts drawn on it's floating rate debt facilities.

Fair value of financial assets and liabilities

The organization has financial instruments consisting of accounts receivable, loans receivable, accounts payable, accrued liabilities and long term debt. The carrying value of these financial instruments approximate fair value due to their short term to maturity.

SOUTHWEST COMMUNITY FUTURES DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

As at March 31, 2008

6. Economic dependence

The organization received 75.0% of its funding from the federal government on which it is economically dependent.

7. Action South West

Action South West became a project of the organization April 1, 2007. Action South West is a partnership strategy whose mission is to grow a greater Southwest Saskatchewan. The operations of this project are reported under the General Operating Fund.