

COMMUNITY FUTURES WEST YELLOWHEAD

FINANCIAL STATEMENTS

MARCH 31, 2013



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June 19, 2013

Community Futures West Yellowhead
221 Pembina Avenue
Hinton, AB
T7V 2B3

Attention: Board Members

Dear Board Members:

Re: 2013 AUDIT

The purpose of this communication is to summarize certain matters arising from the audit that we believe would be of interest to the Board. This communication should be read in conjunction with the financial statements and our report thereon, and it is intended solely for the use of the Board and should not be distributed to external parties without our prior consent. Carlson Roberts Seely LLP accepts no responsibility to a third party who uses this communication.

AUDIT FINDINGS

We are pleased to advise that during the course of our audit we did not identify any of the following matters:

- ✓ fraud;
- ✓ material misstatement arising from error;
- ✓ illegal or possibly illegal acts;
- ✓ significant weaknesses in internal control; or
- ✓ related party transactions, which are not in the normal course of operations and which involve significant judgments made by management concerning measurement or disclosure.

The audit findings contained in this letter did not have a material effect on the Corporation's financial statements, and as such, our audit report is without reservation.

Our audit procedures were performed to form an opinion on the financial statements and although they might bring possible fraudulent or illegal activities to our attention, our audit procedures were not designed to detect fraudulent or illegal activities.

We obtained a sufficient understanding of internal controls to enable us to plan the audit. In certain areas we assessed control risk below maximum and obtained sufficient appropriate audit evidence through tests of control to support that assessment. However, our study and evaluation of internal controls was not sufficient to express an opinion on the effectiveness of the Corporation's internal control systems.

Significant Accounting Policies and Estimates

Management is responsible for determining the significant accounting policies. The choice of different accounting policy alternatives can have a significant effect on the financial position and results of the Corporation. The application of those policies often involves significant estimates and judgments by management.

We are of the opinion that the significant accounting policies, estimates and judgments made by management do not materially misstate the financial statements taken as a whole.

Unrecorded Misstatements

During the course of our audit we did not discover any unadjusted errors which had not yet been recorded.

Difficulties Encountered During the Audit

We encountered no difficulties during our audit that should be brought to the attention of the Board.

Disagreements with Management

We are required to communicate any disagreements with management, whether or not resolved, about matters that are individually or in aggregate significant to the Corporation's financial statements or auditor's report. Disagreements may arise over:

- a. Selection or application of accounting principles;
- b. Assumptions and related judgments for accounting estimates;
- c. Financial statement disclosures;
- d. Scope of the audit; or
- e. Wording of the auditor's report.

We are pleased to inform you that we had no disagreements with management during the course of our audit.

AUDITOR INDEPENDENCE

We have been engaged to audit the financial statements of the Corporation for the year ending March 31, 2013.

Canadian generally accepted auditing standards (GAAS) require that we communicate at least annually with the Board regarding all relationships between the Corporation and our firm that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by the Institute of Chartered Accountants of Alberta and applicable legislation, covering such matters as:

- (a) holding a financial interest, either directly or indirectly, in a client;
- (b) holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- (c) personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- (d) economic dependence on a client; and
- (e) provision of services in addition to the audit engagement.

We have prepared the following comments to facilitate our discussion with you regarding independence matters.

We are not aware of any relationships between the Corporation and ourselves that, in our professional judgment, may reasonably be thought to bear on our independence that have occurred from May 10, 2012 – June 19, 2013.

The total audit fee quoted for the 2013 audit was \$6,762.60 plus out of pocket expenses. The total fees for non-audit services during 2013 were \$Nil.

GAAS requires that we confirm our independence to the audit committee (or equivalent) in the context of the Rules of the Institute of Chartered Accountants of Alberta. We hereby confirm that we are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta as of June 19, 2013.

Community Futures West Yellowhead
June 19, 2013
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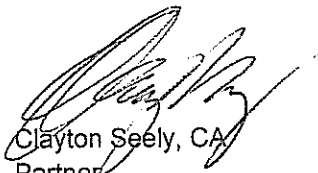
MANAGEMENT LETTER

We have submitted a letter to management on internal controls and other matters that we feel should be brought to their attention.

We wish to express our appreciation for the co-operation we received during the audit from all Corporation staff.

Yours very truly,

Carlson Roberts Seely LLP



Clayton Seely, CA
Partner

cc: Nancy Robbins, Executive Director

COMMUNITY FUTURES WEST YELLOWHEAD

FINANCIAL STATEMENTS

MARCH 31, 2013

COMMUNITY FUTURES WEST YELLOWHEAD

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
COMMUNITY FUTURES WEST YELLOWHEAD

We have audited the accompanying financial statements of Community Futures West Yellowhead, which comprise the statement of financial position as at March 31, 2013 and the statements of revenues and expenditures, changes in net assets and cash flows 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 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community Futures West Yellowhead as at March 31, 2013 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Comparative Information

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes that Community Futures West Yellowhead adopted Canadian Accounting Standards for Not-for-Profit Organizations on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at March 31, 2012 and April 1, 2011 and the statements of revenues and expenditures, changes in net assets and cash flows for the year ended March 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Drayton Valley, Alberta
June 19, 2013

Carlson Roberts Seely LLP

CHARTERED ACCOUNTANTS

COMMUNITY FUTURES WEST YELLOWHEAD
Statement of Financial Position
March 31, 2013

	General Fund	Loan Investment Funds			March 31 2013 Total	March 31 2012 Total	April 1 2011 Total
		Non-repayable	Repayable	Disabled			
ASSETS							
CURRENT							
Cash and short term investments (Note 3)	\$ 274,618	\$ 395,192	\$ (14,239)	\$ 271,887	\$ 927,458	\$ 892,945	\$ 1,029,659
Accounts receivable (Note 4)	3,694	-	-	-	3,694	10,359	18,514
Prepaid expenses	6,714	-	-	-	6,714	-	-
Accrued interest receivable (Note 5)	-	12,400	4,581	-	16,981	13,896	10,489
Current portion of investment loans receivable (Note 7)	-	291,552	237,579	-	529,131	634,370	708,623
	285,026	699,144	227,921	271,887	1,483,978	1,551,570	1,767,285
PROPERTY AND EQUIPMENT (Note 6)	7,486	-	-	-	7,486	10,715	16,409
INVESTMENT LOANS RECEIVABLE (Note 7)	-	803,565	617,003	-	1,420,568	1,167,308	958,718
	\$ 292,512	\$ 1,502,709	\$ 844,924	\$ 271,887	\$ 2,912,032	\$ 2,729,593	\$ 2,742,412

COMMUNITY FUTURES WEST YELLOWHEAD
Statement of Financial Position (cont'd)
March 31, 2013

	General Fund	Loan Investment Funds			March 31 2013 Total	March 31 2012 Total	April 1 2011 Total
		Non-repayable	Repayable	Disabled			
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Short-term debt (Note 8)	\$ -	\$ -	\$ 495,578	\$ -	\$ 495,578	\$ 250,000	\$ 250,000
Accounts payable and accrued liabilities	14,556	-	-	-	14,556	33,165	19,116
Reserve for leadership West Yellowhead	-	-	-	-	-	-	159,845
Deferred revenue (Note 9)	73,138	-	-	-	73,138	39,270	47,406
	87,694	-	495,578	-	583,272	322,435	476,367
NET ASSETS							
Externally restricted (Note 10)	-	1,502,709	349,346	271,887	2,123,942	2,174,811	2,114,834
Unrestricted	204,818	-	-	-	204,818	232,347	151,211
	204,818	1,502,709	349,346	271,887	2,328,760	2,407,158	2,266,045
	\$ 292,512	\$ 1,502,709	\$ 844,924	\$ 271,887	\$ 2,912,032	\$ 2,729,593	\$ 2,742,412

ON BEHALF OF THE BOARD

 Director

 Director

The accompanying notes are an integral part of this statement

COMMUNITY FUTURES WEST YELLOWHEAD
Statement of Income and Changes in General Fund Balance
Year Ended March 31, 2013

	2013	2012
REVENUE		
Federal contracts	\$ 294,963	\$ 294,963
Rural Alberta Business Centre contract	99,619	13,192
Leadership West Yellowhead	14,545	247,608
Loan fees	9,070	12,866
Other	5,705	10,459
Interest	2,848	3,180
Other contracts	2,410	48,018
Rural Community Adaptation Program contract	-	37,117
	429,160	667,403
EXPENSES		
Advertising and promotion	1,628	3,188
Amortization	3,229	5,694
Bank charges, loan costs	2,829	7,971
Board member expense	10,379	18,110
Books and publications	1,553	1,590
Convention expense	1,710	1,850
GST not recovered	601	6,060
Insurance	3,964	3,779
Leadership West Yellowhead	57,817	168,595
Maintenance and repairs	2,449	1,045
NAYEC	1,350	1,350
Office rent	32,995	34,433
Office supplies	3,399	6,258
Postage and delivery	628	622
Professional, accounting and audit	10,547	7,237
Programs	560	1,795
Rural Alberta Business Centre	99,619	13,192
Rural Community Adaptation Program	-	37,117
Salaries and benefits	202,420	237,334
Seminars, training	1,200	866
Telephone	5,695	10,385
Travel	7,192	14,196
Utilities, janitorial	4,925	3,600
	456,689	586,267
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(27,529)	81,136
NET ASSETS, BEGINNING OF YEAR (Note 2)	232,347	151,211
NET ASSETS, END OF YEAR	\$ 204,818	\$ 232,347

The accompanying notes are an integral part of this statement

COMMUNITY FUTURES WEST YELLOWHEAD
Statement of Income and Changes in Restricted Fund Balance
Year Ended March 31, 2013

	Loan Investment Funds			2013 Total	2012 Total
	Non - repayable	Repayable	Disabled		
REVENUE					
Bank interest	\$ 6,718	\$ 2,731	\$ 1,214	\$ 10,663	\$ 12,708
Investment interest	104,716	59,898	-	164,614	147,168
	111,434	62,629	1,214	175,277	159,876
EXPENSES					
Provision (recovery) for investment losses	14,786	196,414	-	211,200	85,077
Interest on credit facility	5,604	4,373	-	9,977	7,525
Portfolio recovery expense	1,371	3,598	-	4,969	7,297
	21,761	204,385	-	226,146	99,899
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	89,673	(141,756)	1,214	(50,869)	59,977
EARNED NET ASSETS, BEGINNING OF YEAR	305,917	41,102	70,673	417,692	357,715
EARNED NET ASSETS, END OF YEAR	395,590	(100,654)	71,887	366,823	417,692
ORIGINAL CONTRIBUTIONS	1,107,119	450,000	200,000	1,757,119	1,757,119
NET ASSETS, END OF YEAR	\$ 1,502,709	\$ 349,346	\$ 271,887	\$ 2,123,942	\$ 2,174,811

The accompanying notes are an integral part of this statement

COMMUNITY FUTURES WEST YELLOWHEAD
Statement of Cash Flow
Year Ended March 31, 2013

	General Fund	Loan Investment Funds			2013 Total	2012 Total
		Non - repayable	Repayable	Disabled		
SOURCES OF CASH						
Government funding	\$ 294,963	\$ -	\$ -	\$ -	\$ 294,963	\$ 294,963
Investment income	2,848	109,428	61,550	1,214	175,040	103,470
Loan repayments	-	574,815	153,883	-	728,698	765,173
Proceeds from short-term debt	-	-	250,000	-	250,000	-
Other contracts	135,897	-	-	-	135,897	186,109
Other revenue and loan fees	35,985	-	-	-	35,985	23,326
	469,693	684,243	465,433	1,214	1,620,583	1,373,041
USES OF CASH						
Salaries and benefits	202,420	-	-	-	202,420	237,334
Materials and services	276,363	-	-	-	276,363	329,191
Interest and portfolio expenses	-	6,975	7,971	-	14,946	14,822
Repayment of short-term debt	-	-	4,422	-	4,422	-
Capital asset purchases	-	-	-	-	-	-
Investment loan advances	-	405,919	682,000	-	1,087,919	928,408
	478,783	412,894	694,393	-	1,586,070	1,509,755
NET INCREASE (DECREASE) IN CASH	(9,090)	271,349	(228,960)	1,214	34,513	(136,714)
CASH, BEGINNING	283,708	301,563	37,001	270,673	892,945	1,029,659
INTERFUND TRANSFER	-	(177,720)	177,720	-	-	-
CASH, ENDING	\$ 274,618	\$ 395,192	\$ (14,239)	\$ 271,887	\$ 927,458	\$ 892,945

The accompanying notes are an integral part of this statement.

COMMUNITY FUTURES WEST YELLOWHEAD
Notes to the Financial Statements
March 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES

The Corporation is a community-based non-profit organization incorporated under the Alberta Corporations Act as a non-profit organization and accordingly is exempt from income taxes under the Income Tax Act. With the financial support of the Government of Canada, it provides loans and financial services to small businesses otherwise unable to obtain financing, delivers government services and programs related to employment and economic development, provides training and business advisory services, and contributes leadership and expertise in economic development to local communities.

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Fund Accounting

The Corporation follows the restricted fund method of accounting.

The General Fund accounts for the organization's operating costs, operating grants and general revenues. Project funding is reported as revenue and the related project costs are included in various categories of expense. Cash balances in excess of those required to fund loans approved are retained in the general fund for efficient investment in short term securities. Net transfers of cash appear as inter-fund transfers and the accumulated balance is reflected as inter-fund receivables and payables.

The Loan Investment Funds report 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 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 that can be made according to its agreement with the Government of Canada.

Recognition of Contributions

Federal contracts and grants are included in revenue in the year in which they are received or become receivable, with the exception that amounts received to fund specific expenditures are included in revenue in the year the funds are expended.

Recognition of Other Revenues

Revenue from all other sources is included in revenue in the year in which it is received or becomes receivable.

Contributed Services

The Corporation would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Because of the difficulty of compiling these hours, contributed services are not recognized in the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of balances with banks and short-term investments with maturities not exceeding 90 days.

Investment Loans and Accrued Interest Receivable

Investment loans receivable are classified as held to maturity financial instruments and are recorded at the lower of principal plus accrued interest and estimated realizable value.

Interest income from loans is recorded on the accrual basis for all loans not classified as impaired. Loans are classified as impaired when there is reasonable doubt as to the timely collection of some portion of principal or interest. This assessment is made by management and the Board of Directors.

When a loan is classified as impaired, recognition of interest income in accordance with the original loan agreement ceases. Any subsequent payments received on an impaired loan are applied to reduce the recorded investment in the loan.

COMMUNITY FUTURES WEST YELLOWHEAD
Notes to the Financial Statements
March 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Allowance for Doubtful Loans

The Allowance for Doubtful Loans is calculated by management based on specific doubtful loans plus 3% (3% - 2012) of the rest of the portfolio.

Property and Equipment

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Equipment is amortized over their estimated useful lives on a declining balance basis at the following rates.

Office equipment, furniture	20% declining-balance method
Computer equipment	55% declining-balance method
Leasehold improvements	20% declining-balance method
S.E.A. equipment	20% declining-balance method

Amortization expense is reported in the General Fund.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial Instruments

Held for trading

The Corporation has classified the following financial assets and liabilities as held for trading: cash and short term investments. These instruments are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

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 net income.

Loans and receivables

The Corporation has classified the following financial assets as loans and receivables: trade accounts receivable and long term loans receivable. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

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 method, 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 the initial amount and the maturity amount, and less any reduction for impairment or uncollectibility. Gains or losses arising from changes in fair value are recognized in net income from derecognition or impairment.

COMMUNITY FUTURES WEST YELLOWHEAD
Notes to the Financial Statements
March 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Con't)

Other financial liabilities

The Corporation has classified the following financial liabilities as other financial liabilities: accounts payable and accruals. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

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 carry 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 the initial amount and the maturity amount. Gains and losses arising from the changes in fair value are recognized in net income upon derecognition or impairment.

2. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

The Corporation has elected to apply Canadian accounting standards for not-for-profit organizations. These financial statements are the first financial statements for which the organization has applied Canadian accounting standards for not-for-profit organizations. The financial statements for the year ended March 31, 2012 were prepared in accordance with the accounting principles and provisions set out in Section 1501, *First-time Adoption by Not-for-Profit Organizations*, for first-time adopters of this basis of accounting. The impact of adopting these standards resulted in no changes to net assets at April 1, 2011.

3. CASH

Cash is comprised of:

	2013 Total	2012 Total
Cash	\$ 284,538	\$ 297,155
Short term investments	642,920	595,790
	\$ 927,458	\$ 892,945

4. ACCOUNTS RECEIVABLE

Accounts receivable is comprised of:

	2013 Total	2012 Total
Trade	\$ 2,250	\$ 9,365
GST receivable	1,444	994
	\$ 3,694	\$ 10,359

5. ACCRUED INTEREST RECEIVABLE

Loan Investment Funds

	Non - repayable	Repayable	Disabled	2013 Total	2012 Total
Interest in arrears	\$ 12,400	\$ 7,002	\$ -	\$ 19,402	\$ 39,565
Less: provision for loan losses	-	(2,421)	-	(2,421)	(25,669)
	\$ 12,400	\$ 4,581	\$ -	\$ 16,981	\$ 13,896

COMMUNITY FUTURES WEST YELLOWHEAD
Notes to the Financial Statements
March 31, 2013

6. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	NBV 2013	NBV 2012
Office equipment, furniture	\$ 89,756	\$ (88,204)	\$ 1,552	\$ 1,941
Computer equipment	120,852	(119,456)	1,396	3,102
Leasehold improvements	29,037	(24,499)	4,538	5,672
S.E.A. equipment	15,437	(15,437)	-	-
	\$ 255,082	\$ (247,596)	\$ 7,486	\$ 10,715

When taking the fixed asset inventory, the S.E.A. equipment was included in the various other categories. Original investment reflects amounts invested since inception.

7. INVESTMENT LOANS RECEIVABLE

Loan Investment Funds

	Non - repayable	Repayable	Disabled	2013 Total	2012 Total
Loans receivable	\$ 1,128,987	\$ 1,022,024	\$ -	\$ 2,151,011	\$ 2,063,859
Less: allowance for loan impairment	(33,870)	(167,442)	-	(201,312)	(262,181)
Less: current portion	(291,552)	(237,579)	-	(529,131)	(634,370)
	\$ 803,565	\$ 617,003	\$ -	\$ 1,420,568	\$ 1,167,308

ALLOWANCE FOR LOAN IMPAIRMENT:

Balance beginning of year	\$ (182,755)	\$ (79,426)	\$ -	\$ (262,181)	\$ (190,210)
Provision for loan losses	(14,014)	(193,994)	-	(208,008)	(71,971)
Amounts written off to the allowance	162,899	105,978	-	268,877	-
Amounts recovered from the allowance	-	-	-	-	-
Balance end of year	\$ (33,870)	\$ (167,442)	\$ -	\$ (201,312)	\$ (262,181)
Total recorded investment on impaired loans		\$ 141,058	\$ -	\$ 141,058	\$ 205,035

In accordance with the Corporation's objectives, the Corporation has provided loans to small businesses. Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from 3% to 9% per annum with monthly blended principal and interest repayments amortized for terms between 12 and 120 months. Security is taken on these loans as appropriate to the situation and includes personal guarantees, general security agreements covering business assets and mortgages on property.

8. SHORT TERM DEBT

The Corporation has a credit facility of \$750,000 from Community Futures Network of Alberta. As at March 31, 2013, the Corporation used \$495,578 (\$250,000 in 2012) from its credit facility. As a security for the repayment, the Society provided a general security agreement and a promissory note for the total amount of the loan.

COMMUNITY FUTURES WEST YELLOWHEAD
Notes to the Financial Statements
March 31, 2013

9. DEFERRED REVENUE

Deferred revenues represent the amount of the restricted contributions that are related to disbursements of future periods. During the year, the corporation received funds for the Rural Alberta Business Centre "RABC" from the Government of Alberta. These funds are disbursed in accordance with the signed grant agreement.

	2013 Total	2012 Total
Rural Alberta Business Centre	\$ 73,138	\$ 34,308
Rural Community Adaptation Program	-	2,962
Leadership West Yellowhead	-	2,000
	\$ 73,138	\$ 39,270

10. EXTERNALLY RESTRICTED NET ASSETS

Loan funds contributed by the government are classified as non-repayable, repayable and disabled according to the nature of the restrictions placed on their use and the term of the program for which they were advanced. Externally imposed restrictions on loan investment fund balances are as follows:

	2013	2012
Non-Repayable	\$ 1,502,709	\$ 1,413,036
Repayable	349,346	491,102
Disabled	271,887	270,673
	\$ 2,123,942	\$ 2,174,811

Repayable and disabled funds, as of the balance sheet date, are repayable on demand under certain conditions. Under the terms and conditions of the contribution agreement with the Department of Western Economic Diversification, loan investment funds include Conditionally Repayable Loan Funds in the amount of \$1,757,119 that are repayable if any of the following conditions occur:

- a) The Conditionally Repayable Investment fund is not administered according to the terms and conditions specified in the Agreement; or
- b) Based on review and evaluations of the operations and the Conditionally Repayable Investment Fund of the Corporation, the Conditionally Repayable Investment Fund is not provision a satisfactory level of benefits in terms of employment creation, the development of community-owned or controlled businesses and strengthening of the Western Canadian economy; or
- c) 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
- d) The Agreement is terminated as described in Section 12 of the Agreement; or
- e) An event of default occurs as described in Section 7 of the Agreement; or
- f) The Minister does not approve terms and conditions to extend the project beyond March 31, 2013.

12. ECONOMIC DEPENDENCE

The Corporation receives a significant portion of its operating revenues from the Federal and Provincial governments and is economically dependent upon them.

COMMUNITY FUTURES WEST YELLOWHEAD
Notes to the Financial Statements
March 31, 2013

13. FINANCIAL INSTRUMENTS

The Corporation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Corporation's risk exposure and concentration as of March 31, 2013.

Credit risk

The Corporation is exposed to credit risk on investment loans receivable from its applicants. In order to reduce its risk, the Corporation has adopted credit policies and all loans are approved by the Board of Directors. The corporation also provides for doubtful accounts based on estimated realizable value of the investment loans receivable.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company is exposed to this risk mainly in respect of its receipt of funds from its loan clients and other related sources, short-term debt and accounts payable.

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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.

In seeking to minimize the risks from interest rate fluctuations, the Corporation manages exposure through its normal operating and financing activities. The Corporation is exposed to interest rate risk primarily through its floating interest rate on short-term debt.

Changes in risk

There have been no changes in the Corporation's risk exposures from the prior year.