

**COMMUNITY FUTURES DEVELOPMENT  
CORPORATION OF PEACE LIARD**

**Financial Statements  
Year Ended March 31, 2007  
and Auditors' Report**

## CONTENTS

	<b>Page</b>
<b>Auditors' Report</b>	<b>1</b>
<b>Consolidated Statement of Financial Position</b>	<b>2</b>
<b>Consolidated Statement of Operations and Changes in Net Assets</b>	<b>3</b>
<b>Consolidated Statement of Expenditures</b>	<b>4</b>
<b>Consolidated Statement of Cash Flows</b>	<b>5</b>
<b>Notes to the Consolidated Financial Statements</b>	<b>6</b>

## AUDITORS' REPORT

1.

To the Directors of the Community Futures Development Corporation of Peace Liard


We have audited the consolidated statement of financial position of the Community Futures Development Corporation of Peace Liard as at March 31, 2007, and the related consolidated statements of financial activities and cash flows for the year then ended. These financial statements are the responsibility of the Community Futures Development Corporation of Peace Liard'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 common with many organizations, the Community Futures Development Corporation of Peace Liard derives some of its revenue from registrations and sponsorships, the completeness of which are not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to agreeing amounts recorded in the records of the Community Futures Development Corporation of Peace Liard to bank deposit slips. We were unable to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses, current assets and unrestricted net assets

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Community Futures Development Corporation of Peace Liard as at March 31, 2007, and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Dawson Creek, BC  
May 25, 2007



Chartered Accountants

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF PEACE LIARD  
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 MARCH 31, 2007

2.

	ASSETS			
	Loan Funds (Note 8)	Operating Fund	Total	Total
<b>CURRENT</b>				
Cash - externally restricted (Note 3)	\$ 177,967	\$ 49,850	\$ 227,817	\$ 1,540,958
- unrestricted	-	122,197	122,197	53,492
Investments - externally restricted (Note 3)	1,400,000	-	1,400,000	-
Receivables - trade	1,039	40,017	41,056	64,466
- ACE	-	5,000	5,000	-
- WD	-	-	-	23,210
Prepaid expenses	1,059	7,929	8,988	10,824
Loan advances (Note 4)	1,034,917	-	1,034,917	873,486
	2,614,982	224,993	2,839,975	2,566,436
<b>EQUIPMENT</b>	-	97,925	97,925	98,950
	\$ 2,614,982	\$ 322,918	\$ 2,937,900	\$ 2,665,386
	<b>LIABILITIES</b>			
<b>CURRENT</b>				
Payables - trade	\$ -	\$ 14,967	14,967	\$ 51,467
- other (Note 5)	-	54,000	54,000	54,000
Deferred revenue	-	34,288	34,288	13,306
Repayable fund contributions (Note 6)	1,300,000	-	1,300,000	1,300,000
	1,300,000	103,255	1,403,255	1,418,773
	<b>CORPORATION'S NET ASSETS</b>			
<b>INVESTMENT IN CAPITAL ASSETS</b>	-	97,925	97,925	98,950
<b>EXTERNALLY RESTRICTED</b> (Note 7)	1,314,982	-	1,314,982	1,061,839
<b>UNRESTRICTED</b>	-	121,738	121,738	85,824
	1,314,982	219,663	1,534,645	1,246,613
	\$ 2,614,982	\$ 322,918	\$ 2,937,900	\$ 2,665,386

See accompanying notes to the financial statements

Approved by

  
 Director

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF PEACE LIARD**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
**YEAR ENDED MARCH 31, 2007**

3.

	2007			2006
	Loan Funds	Operating Fund	Total	Total
<b>REVENUE</b>				
Grants - W.D.	\$ -	\$ 313,308	\$ 313,308	\$ 282,655
- other (Note 9)	-	48,182	48,182	108,004
Interest - loans	108,998	-	108,998	55,205
- bank	38,852	965	39,817	30,412
Bad debt recovery	126,672	-	126,672	90,716
Other	7,210	84,975	92,185	110,226
	281,732	447,430	729,162	677,218
<b>EXPENSES (Page 4)</b>	28,589	411,516	440,105	476,268
<b>EXCESS OF REVENUE OVER EXPENSES</b>	253,143	35,914	289,057	200,950
<b>NET ASSETS, beginning of year</b>	1,061,839	85,824	1,147,663	946,713
<b>NET ASSETS, end of year</b>	\$ 1,314,982	\$ 121,738	\$ 1,436,720	\$ 1,147,663

*See accompanying notes to the financial statements*

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF PEACE LIARD**  
**CONSOLIDATED STATEMENT OF EXPENSES**  
**YEAR ENDED MARCH 31, 2007**

4.

	2007			2006
	Loan Funds	Operating Fund	Total	Total
Accounting and legal	\$ 7,277	\$ 4,400	\$ 11,677	\$ 7,832
Administration	-	-	-	12,233
Advertising and promotion	-	22,653	22,653	12,417
Bank charges	916	2,352	3,268	3,706
Capital expenditures	-	6,565	6,565	7,133
Collection fees	20,396	-	20,396	4,952
Contract fees	-	11,548	11,548	18,492
Insurance	-	4,533	4,533	4,313
Meetings	-	3,769	3,769	16,026
Office	-	10,100	10,100	18,232
Photocopy	-	558	558	720
Rent	-	14,938	14,938	13,541
Repairs and maintenance	-	1,496	1,496	2,929
Special projects	-	55,412	55,412	99,905
Subscriptions and memberships	-	5,260	5,260	3,933
Telephone and postage	-	8,246	8,246	9,137
Training	-	15,336	15,336	8,856
Travel and conferences	-	30,649	30,649	29,025
Wages and benefits	-	213,701	213,701	202,886
	\$ 28,589	\$ 411,516	\$ 440,105	\$ 476,268

*See accompanying notes to the financial statements*

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF PEACE LIARD**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31, 2007**

5.

	2007	2006
<b>OPERATING ACTIVITIES</b>		
Excess of income over expenses	\$ 289,057	\$ 200,950
Changes in non-cash working capital components (Note 10)	32,938	14,856
	321,995	215,806
<b>FINANCING ACTIVITIES</b>		
Increase in loan advances, net	(166,431)	(559,334)
	(166,431)	(559,334)
<b>INVESTING ACTIVITIES</b>		
Purchase of investments (externally restricted)	(1,400,000)	-
Acquisition of capital assets	4,991	9,097
Disposal of capital assets	(6,016)	-
Decrease (increase) in equity in capital assets	1,025	(9,097)
	(1,400,000)	-
<b>INCREASE IN CASH</b>	<b>(1,244,436)</b>	<b>(343,528)</b>
<b>CASH AND EQUIVALENTS,</b> beginning of year	1,594,450	1,937,978
<b>CASH AND EQUIVALENTS,</b> end of year	\$ 350,014	\$ 1,594,450

**CASH AND EQUIVALENTS CONSIST OF:**

Externally restricted cash	\$ 227,817	\$ 1,540,958
Unrestricted cash	122,197	53,492
	\$ 350,014	\$ 1,594,450

*See accompanying notes to the financial statements*

*Supplemental disclosure of cash flow information (Note 11)*

**1. PURPOSE OF ORGANIZATION**

The Community Futures Development Corporation of Peace Liard is a federally funded, not-for-profit organization which was established to provide loans, loan guarantees and equity investments in small businesses. The Community Futures Development Corporation of Peace Liard's mandate also provides business counselling and training for small and medium-sized enterprises. The Corporation is incorporated under the Canada Corporations Act as a Not for Profit Corporation.

**2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following policies:

**Fund Accounting**

Community Futures Development Corporation of Peace Liard follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for the corporation's program delivery and administrative activities. The fund reports unrestricted resources and restricted operating grants.

The Loan Funds report the assets, liabilities, revenues and expenses related to the activities of the respective funds as follows:

The General Loan Fund was established to provide loans, loan guarantees or equity participation to small business. The assistance must be used for the purpose of local investment in the community including development and diversification of the local economy, creating and maintaining employment, or to help entrepreneurs to create new local business.

The Western Youth Entrepreneur Investment Fund was established to help develop job opportunities by providing funding assistance, in the form of loans, loan guarantees or equity participation, to entrepreneurs in Western Canada.

The Forest Community Business Fund may provide loans, business consulting and training to small and medium sized forest sector enterprises in British Columbia.

The Disabled Entrepreneur Investment Fund's purpose is to assist the disabled in overcoming barriers to self-employment and entrepreneurship. Assistance can be provided by way of loans, loan guarantees or equity participation to disabled entrepreneurs in Western Canada.

The Investment Fund assists small business through loans, loan guarantees, equity participation and other means. The purpose of the assistance is to develop and diversify the economy by assisting entrepreneurs to create new businesses or to stabilize or expand existing businesses.

## 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest revenues earned from the loan funds are recognized as revenue of the respective Loan Fund on an accrual basis.

### Measurement uncertainty

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 period. Actual results could differ from those estimates.

### Financial instruments

The company's financial instruments consist of cash, receivables, loan advances and payables. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

### Prepaid expenses

Prepaid expenses consist of insurance and supplies and are amortized as follows:

Supplies - as they are consumed

Insurance - over the term of the policies

### Equipment

The capital assets are stated at cost and amortization has not been taken, additions are expensed in the year of acquisition and also are recorded as an asset on the balance sheet.

### Use of estimates

These financial statements have been prepared in accordance with accounting practices generally accepted in Canada. In preparing these financial statements management has made estimates and assumptions that affect the amounts prepared. Actual results could differ from those estimates.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF PEACE LIARD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

8.

**3. CASH & INVESTMENTS - EXTERNALLY RESTRICTED**

Externally restricted cash and investments consists of funds available for loans, loan guarantees, equity investments, and business counselling and training. These funds are subject to the various restrictions mandated by their respective Fund contributors.

**4. LOAN ADVANCES**

Loan advances are made from the Corporation's Loan Funds in accordance with the criteria set out by the respective contributors. All loans are secured by a general security agreement. In addition certain loans have specific equipment mortgages in place. Management has reviewed loan advances on an individual basis to estimate the reserve for uncollectable loans; one hundred percent of the loans determined to be uncollectable are included in the reserve.

	2007	2006
<b>GENERAL LOAN FUND</b>		
Loans receivable	\$ 633,726	\$ 705,575
Less: Reserve for uncollectible loans	(4,910)	(114,088)
	628,816	591,487
<b>WESTERN YOUTH ENTREPRENEUR INVESTMENT FUND</b>		
Loans receivable	9,421	116,546
Less: Reserve for uncollectible loans	(9,421)	(14,547)
	-	101,999
<b>FOREST COMMUNITY BUSINESS FUND</b>		
Loans receivable	407,376	407,354
Less: Reserve for uncollectible loans	(1,275)	(227,354)
	406,101	180,000
<b>DISABLED ENTREPRENEUR INVESTMENT</b>		
Loans receivable	-	48,873
Less: Reserve for uncollectible loans	-	(48,873)
	-	-
<b>TOTAL ADVANCES</b>	<b>\$ 1,034,917</b>	<b>\$ 873,486</b>

**5. ACE LOAN FUND**

The Community Futures Development Corporation of Peace Liard has entered into an agreement with the City of Dawson Creek to provide loans from the Arts & Cultural Endowment Fund (ACE). The ACE Fund was established by the City of Dawson Creek under which repayable financial assistance may be provided to help individuals and organization in Dawson Creek who want to host a revenue generating event but do not have the funding required for the start up expenses. Community Futures Development Corporation of Peace Liard will manage the process, selection and collection of the loan fund subject to the approval of the appointed City Councilor who has been delegated authority by City Council to approve all loans. The term of the agreement between Community Futures Development Corporation of Peace Liard and the City of Dawson Creek is June 30, 2005 to July 1, 2007. No specific date is set for the repayment of the contribution back to the City of Dawson Creek.

**6. REPAYABLE FUND CONTRIBUTION**

The Community Futures Development Corporation of Peace Liard has entered into agreements with the Western Economic Diversification and Forest Renewal B.C. The repayable funding received from Western Economic Diversification is reported in the Western Youth Entrepreneur Investment Fund, Disabled Entrepreneur Investment Fund and the Investment Fund. On April 1, 2005 the cash and principle loan amounts were due for repayment to the Ministry as per the contract. Western Economic Diversification has extended the contract date to March 31, 2010. Repayable funding received from Forest Renewal B.C. is reported in the Forest Community Business Fund. Matching funds were also transferred from the General Loan Fund as part of the agreement. No specific date is set for the termination of the agreement and subsequent repayment of contributions. However, upon mutual agreement, or ninety days written notice by either party, the Forest Renewal B.C. agreement can be terminated and all cash and loan principle amounts will become due as per the agreement.

**7. EXTERNALLY RESTRICTED NET ASSETS**

Externally restricted net assets are subject to the restrictions mandated by the respective contributors as described in Note 2 and Note 5.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF PEACE LIARD  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 MARCH 31, 2007

10.

8. LOAN FUNDS - STATEMENT OF FINANCIAL POSITION

	2007					2006	
	General Loan Fund	Disability Loan Fund	Youth Loan Fund	Forestry Loan Fund	Investment Loan Fund	Total	Total
<b>ASSETS</b>							
CASH, externally restricted (Note 3)	\$ 159,231	\$ 36	\$ 627	\$ 18,035	\$ 38	\$ 177,967	\$ 1,486,944
INVESTMENTS, externally restricted (Note 3)	253,700	90,500	177,200	757,200	121,400	1,400,000	-
ACCOUNTS RECEIVABLE	220	585	32	170	32	1,039	812
PREPAID EXPENSES	548	-	7	504	-	1,059	628
LOAN ADVANCES (Note 4)	628,816	-	-	406,101	-	1,034,917	873,486
INTERNAL FUND TRANSFER	149,294	(2,096)	-	(147,198)	-	-	-
DUE FROM RELATED FUND (Note 6)	661,000	-	-	-	-	661,000	500,000
	<b>\$ 1,852,809</b>	<b>\$ 89,025</b>	<b>\$ 177,866</b>	<b>\$ 1,034,812</b>	<b>\$ 121,470</b>	<b>\$ 3,275,982</b>	<b>\$ 2,861,870</b>
<b>LIABILITIES</b>							
PAYABLES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31
REPAYABLE FUND CONTRIBUTION (Note 6)	-	200,000	200,000	1,361,000	200,000	1,961,000	1,800,000
	-	200,000	200,000	1,361,000	200,000	1,961,000	1,800,031
<b>NET ASSETS</b>							
EXTERNALLY RESTRICTED (Note 7)	1,852,809	(110,975)	(22,134)	(326,188)	(78,530)	1,314,982	1,061,839
	1,852,809	(110,975)	(22,134)	(326,188)	(78,530)	1,314,982	1,061,839
	<b>\$ 1,852,809</b>	<b>\$ 89,025</b>	<b>\$ 177,866</b>	<b>\$ 1,034,812</b>	<b>\$ 121,470</b>	<b>\$ 3,275,982</b>	<b>\$ 2,861,870</b>

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF PEACE LIARD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**11.**

9. GRANTS - Other	2007	2006
Projects:		
Project # 5731 Northern Rockies Alaska Highway		
Tourism Association	\$ 16,706	\$ 17,294
Project #5959 Chetwynd Women's Resource Society	32,077	15,981
Project # 4617 Tumbler Ridge Museum	(601)	74,729
	<b>\$ 48,182</b>	<b>\$ 108,004</b>

**10. CHANGES IN NON-CASH WORKING CAPITAL COMPONENTS**

	2007	2006
Receivables - decrease (increase)	\$ 46,620	\$ (48,272)
Prepaid expenses - decrease (increase)	1,836	(5,978)
Payables - (decrease) increase	(36,500)	55,800
Deferred revenue - increase	20,982	13,306
	<b>\$ 32,938</b>	<b>\$ 14,856</b>

**11. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

	2007	2006
Interest paid	\$ 3,268	\$ 3,706

**12. LEASE COMMITMENTS**

The Community Futures Development Corporation of Peace Liard's lease commitments for the next two years are as follows:

2008	\$16,800
2009	4,200

The building lease, with monthly payments of \$1,400 expires on June 31, 2008 and to be negotiated by March 31, 2008.

**13. ECONOMIC DEPENDENCE**

The Corporation's primary source of funding is from Western Economic Diversification Canada.