
**COMMUNITY FUTURES
TRIPLE R CORPORATION
FINANCIAL STATEMENTS**

March 31, 2008



Gislason Targownik Peters

Certified General Accountants

**COMMUNITY FUTURES
TRIPLE R CORPORATION**

INDEX TO FINANCIAL STATEMENTS

March 31, 2008

Auditors' Report

Statement of Financial Position

Statement 1

Statement of Operations - General Fund

Statement 2

Statement of Operations - Investment Funds

Statement 3

Statement of Cash Flow

Statement 4

Notes to Financial Statements





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Certified General Accountants

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AUDITORS' REPORT

We have audited the balance sheet of Community Futures Triple R Corporation as at March 31, 2008 and the statements of General Fund and Investment Fund revenue and expenditures, and the statement of cash flow for the year then ended. These financial statements are the responsibility of the organization'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 organization as at March 31, 2008 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Gislason Targownik Peters

CERTIFIED GENERAL ACCOUNTANTS

WINKLER, MANITOBA

June 18, 2008

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

_____ Date

**COMMUNITY FUTURES
TRIPLE R CORPORATION**

BALANCE SHEET

As at March 31, 2008

	GENERAL FUND	CAPITAL ASSET FUND	CONDITIONALLY REPAYABLE INVESTMENT FUND
ASSETS			
CURRENT			
Cash in bank and short-term investments (Note 3)	\$3,826		\$903,975
Cash in bank and short-term investments – SEMBI	22,083		
Project accounts receivable – migrations project	11,543		
Technology upgrade receivable - WD	10,000		
Goods and services tax receivable	1,489		
Accrued interest receivable			30,317
Prepaid expenses	1,336		
Current portion of loans receivable			97,745
	<u>50,277</u>		<u>1,032,037</u>
CAPITAL ASSETS (Note 2)			
Computer equipment		\$17,658	
Furniture and fixtures		47,685	
		<u>65,343</u>	
INVESTMENT LOANS RECEIVABLE (Net of current portion) (Net of allowance for loan impairment) (Note 4 & 5)			
			<u>244,450</u>
	<u>\$50,277</u>	<u>\$65,343</u>	<u>\$1,276,487</u>
LIABILITIES AND NET ASSETS			
CURRENT			
Accounts payable and accrued liabilities	\$8,413		
NET ASSETS			
Balance – Beginning of Year	\$37,904	\$50,313	\$1,219,916
Contribution from General Fund		15,030	
Reduction of capital assets			
Excess (Deficiency) of revenue over expenses (Statement 2)	3,960		
Excess (Deficiency) of revenue over expenses (Statement 3)			56,571
	<u>41,864</u>	<u>65,343</u>	<u>1,276,487</u>
Balance – End of Year	<u>\$50,277</u>	<u>\$65,343</u>	<u>\$1,276,487</u>



The accompanying notes are an integral part of these financial statements.
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NON-REPAYABLE INVESTMENT FUND	ENTREPRENEURS WITH DISABILITIES PROGRAM INVESTMENT FUND	2008 TOTAL	2007 TOTAL
\$119,126	\$48,875	\$1,075,802	\$1,153,394
		22,083	22,800
		11,543	---
		10,000	---
		1,489	1,651
118	1,084	31,519	19,081
		1,336	2,673
10,759	36,311	144,815	76,498
130,003	86,270	1,298,587	1,276,097
		17,658	11,965
		47,685	38,348
		65,343	50,313
10,650	107,421	362,521	300,489
\$140,653	\$193,691	\$1,726,451	\$1,626,899
		\$8,413	\$3,118
\$135,101	\$180,547	1,623,781	1,701,369
		15,030	956
		---	(65,526)
		3,960	12,924
5,552	13,144	75,267	(25,942)
140,653	193,691	1,718,038	1,623,781
\$140,653	\$193,691	\$1,726,451	\$1,626,899

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

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**COMMUNITY FUTURES
TRIPLE R CORPORATION**

**STATEMENT OF OPERATIONS
GENERAL FUND**

For the Year Ended March 31, 2008

	2008	2007
REVENUE		
Grants - Western Economic Diversification	\$293,088	\$277,537
Manitoba Education & Training fee for service	5,797	8,300
SEMBI Project (Note 7)	---	129,621
Interest	2,754	2,525
EDP support fund income	181	---
Projects	23,546	4,750
Other	2,448	2,977
	<u>327,814</u>	<u>425,710</u>
EXPENSES		
Advertising	7,331	11,850
Conferences	9,062	7,946
Contribution to Capital Asset Fund (net of proceeds)	15,030	8,456
Donation to Triple R Foundation Inc.	585	460
Insurance	2,730	2,590
Interest and bank charges	676	225
Office supplies and miscellaneous	21,006	26,670
Professional fees	3,786	4,139
Projects and initiatives	2,829	2,345
SEMBI project (Note 7)	1,411	126,078
Rent and improvements	17,442	17,385
Resource materials	2,389	1,887
Self-Employment Program expense	7,778	---
Telephone	11,047	7,757
Training	3,990	1,178
Travel and meetings	8,468	4,411
Utilities	2,973	3,710
Vehicle expense	8,645	6,762
Wages and employee benefits	196,676	178,937
	<u>323,854</u>	<u>412,786</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$3,960</u>	<u>\$12,924</u>

**COMMUNITY FUTURES
TRIPLE R CORPORATION**

**STATEMENT OF OPERATIONS
INVESTMENT FUNDS**

For the Year Ended March 31, 2008

	<u>2008</u>	<u>2007</u>
REVENUE		
Interest	\$82,802	\$77,816
Other	1,085	5,495
	<u>83,887</u>	<u>83,311</u>
EXPENSES		
Bank charges	387	120
Creditor life insurance	975	602
Investment loans written off	---	50,000
Provision for loan impairment, net of recovery	7,258	58,531
	<u>8,620</u>	<u>109,253</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$75,267</u>	<u>(\$25,942)</u>



The accompanying notes are an integral part of these financial statements.
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**COMMUNITY FUTURES
TRIPLE R CORPORATION**

STATEMENT OF CASH FLOW

For the Year Ended March 31, 2008

	<u>2008</u>	<u>2007</u>
OPERATING ACTIVITIES		
Excess (Deficiency) of revenue over expenses (Statement 2)	\$3,960	\$12,924
Excess (Deficiency) of revenue over expenses (Statement 3)	75,267	(25,942)
Net change in non-cash working capital balances	<u>(27,187)</u>	<u>(16,991)</u>
	52,040	(30,009)
INVESTING ACTIVITIES		
Loans receivable	<u>(130,349)</u>	<u>(32,165)</u>
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(78,309)	(62,174)
CASH AND EQUIVALENTS – Beginning	<u>1,176,194</u>	<u>1,238,368</u>
CASH AND EQUIVALENTS – Ending	<u>\$1,097,885</u>	<u>\$1,176,194</u>
CASH AND EQUIVALENTS REPRESENTED BY:		
Cash in bank and short term investments	\$1,075,802	\$1,153,394
Cash in bank and short term investments – SEMBI	<u>22,083</u>	<u>22,800</u>
	<u>\$1,097,885</u>	<u>\$1,176,194</u>



The accompanying notes are an integral part of these financial statements.
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**COMMUNITY FUTURES
TRIPLE R CORPORATION**

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2008

1. NATURE OF OPERATION

Community Futures Triple R Corporation is a community based organization that provides loans and financial services to small businesses that are otherwise unable to obtain financing. The corporation was incorporated on August 30, 1993 without share capital as a non-profit organization. It is exempt from income taxes under the Income Tax Act as a non-profit organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FUND ACCOUNTING

Community Futures Triple R Corporation follows the restricted fund method of accounting for contributions.

The General Fund accounts for the organization's operating costs and general revenues. This fund reports unrestricted resources and restricted operating grants.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to Community Futures Triple R Corporation's capital assets.

The Investment Funds of the organization are used to record the financial assistance in the form of loans, guarantees and equity participation to individuals and small businesses in the community. The purpose is to assist in the creation or maintenance of long-term employment in the community.

CAPITAL ASSETS

Capital asset purchases are recorded as an expense in the year of acquisition in the General Fund and are recorded at cost in the Capital Fund. Amortization is not recorded.

REVENUE RECOGNITION

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

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

3. CASH AND SHORT TERM INVESTMENTS

Short term investments include term deposits of \$NIL (2007 - \$25,000) which have been pledged as security for third party loans.

4. INVESTMENT LOANS RECEIVABLE

CONDITIONALLY REPAYABLE INVESTMENT FUND

	<u>2008</u>	<u>2007</u>
Loans receivable	\$397,582	\$418,091
Less: Allowance for loan impairment (Note 5)	55,387	139,732
	<u>342,195</u>	<u>278,359</u>
Less: Principal portion due within one year	97,745	56,772
	<u>\$244,450</u>	<u>\$221,587</u>

NON-REPAYABLE INVESTMENT FUND	2008	2007
Loan receivable	\$21,409	\$31,373
Less: Principal portion due within one year	10,759	9,986
	<u>\$10,650</u>	<u>\$21,387</u>
 ENTREPRENEURS WITH DISABILITIES PROGRAM INVESTMENT FUND	 2008	 2007
Loans receivable	\$143,732	\$69,755
Less: Allowance for loan impairment (Note 5)	---	2,500
	<u>143,732</u>	<u>67,255</u>
Less: Principal portion due within one year	36,311	9,740
	<u>\$107,421</u>	<u>\$57,515</u>

Outstanding loans are interest bearing at fixed rates varying from 7.0% to 9.0% with monthly blended principal and interest repayments. Security taken on these loans is dependant upon the situation and includes personal guarantees, general security agreements covering business assets and mortgages on land and building.

5. ALLOWANCE FOR LOAN IMPAIRMENT

	2008	2007
Loan # 99-09	\$3,000	\$7,000
Loan # 01-10	---	3,000
Loan # 03-14	---	4,000
Loan # 04-01	---	30,000
Loan # 04-03	30,087	17,500
Loan # 04-06	---	62,232
Loan # 05-03	16,000	16,000
Loan # 05-13	---	2,500
Loan # 06-02	3,300	---
Loan # 07-04	3,000	---
	<u>\$55,387</u>	<u>\$142,232</u>



6. EXTERNALLY RESTRICTED NET ASSETS

Under the terms and conditions of the Western Economic Diversification Canada's (WD) Contribution Agreement with the corporation, the Conditionally Repayable Loan Funds are repayable if any of the following conditions occur:

- i. The Conditionally Repayable Investment Fund is not administered according to the terms and conditions specified in the Agreement; or
- ii. Based on reviews and evaluations, by the Minister of WD, of the operations and the Conditionally Repayable Investment Fund of the Corporation, the Conditionally Repayable Investment Fund is not providing 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
- iii. In the opinion of the Minister of WD, the Conditionally Repayable Investment Fund is no longer necessary or relevant to the development of the western Canadian economy; or
- iv. The Agreement is terminated as described in Section 12 of the Agreement; or
- v. An event of default occurs, as described in Section 7 of the Agreement; or
- vi. The Minister of WD does not approve terms and conditions to extend the project beyond March 31, 2010.

7. SEMBI PROJECT

The SEMBI (South Eastern Manitoba Broadband Initiative) project is operated jointly with several municipalities in the area. Revenue and expenditures for the project are recognized as received or paid. Community Futures Triple R Corporation is the community champion for the project and as such is responsible for ensuring that the work is completed and the invoices are properly documented.

8. RELATED PARTIES

Community Futures Triple R Corporation is controlled by the same board of directors as Triple R Foundation Inc. During the year the following transactions have occurred between related parties and have been recorded at the exchange amount.

	<u>2008</u>	<u>2007</u>
Interest revenue	\$2,036	\$2,738
Rental expense	12,000	12,000
Donation paid	585	460

9. FINANCIAL INSTRUMENTS

The corporation's financial assets and liabilities at March 31, 2008 include all current assets, investment loans receivable and accrued liabilities. Management believes that the carrying amounts approximate fair value.

10. LEASE COMMITMENTS

The Organization has entered into a lease agreement until December 2010 for premises with minimum annual payments of \$12,000.

11. ECONOMIC DEPENDENCE

The corporation receives 71% (2007 - 80%) of its operating revenues from the federal government and is economically dependant upon it.