

**COMMUNITY FUTURES HIGHWOOD**  
Financial Statements  
March 31, 2010

**COMMUNITY FUTURES HIGHWOOD**  
**TABLE OF CONTENTS**  
**MARCH 31, 2010**

---

|  | <b>Page</b> |
|--|-------------|
| <b>Auditors' Report on Compliance</b>                | 3           |
| <b>Auditors' Report</b>                              | 4           |
| <b>Financial Statements</b>                          |             |
| Statement of Financial Position                      | 5           |
| Statement of Operations and Changes in Fund Balances | 6           |
| Statement of Cash Flows                              | 7           |
| Notes to the Financial Statements                    | 8           |
| Schedule of Administrative Costs                     | 16          |

---

## AUDITORS' REPORT ON COMPLIANCE

---

**To: Western Economic Diversification**

We have audited Community Futures Highwood's compliance as at March 31, 2010 with the criteria established in the Contribution Agreement between Western Economic Diversification and Community Futures Highwood effective April 1, 2006 and the interpretation of the Agreement as set out in note 2 attached. Compliance with the criteria established by the provisions of the agreement is the responsibility of the Board of Directors of Community Futures Highwood. Our responsibility is to express an opinion on this compliance 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 Community Futures Highwood complied with the criteria established by the provisions of the agreement referred to above. Such an audit includes examining, on a test basis, evidence supporting compliance, evaluating the overall compliance with the agreement, and where applicable, assessing the accounting principles used and significant estimates made by management.

In our opinion, Community Futures Highwood is in compliance, in all material respects, with the criteria established by the Contribution Agreement.

**CALGARY, ALBERTA  
MAY 26, 2010**

**CATALYST LLP**

**ACCOUNTANTS**

---

## AUDITORS' REPORT

---

**To: The Shareholders  
Community Futures Highwood**

We have audited the statement of financial position of Community Futures Highwood (the "Corporation") as at March 31, 2010 and the statement of operations and changes in fund balances and the statement of cash flows 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, 2010 and the results of its operations and changes in fund balances and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**CALGARY, ALBERTA  
MAY 26, 2010**

**CATALYST LLP  
ACCOUNTANTS**

**COMMUNITY FUTURES HIGHWOOD**

Statement of Financial Position  
March 31, 2010

|  | General Fund      | General             | Restricted Loan Funds | Disabled          | Total               | Total               |
|--|-------------------|---------------------|-----------------------|-------------------|---------------------|---------------------|
|  |                   |                     | Youth                 |                   | March 31, 2010      | March 31, 2009      |
| <b>Current assets</b>                        |                   |                     |                       |                   |                     |                     |
| Cash   | \$ 103,421        | \$ 160,502          | \$ 13,774             | \$ 164,356        | \$ 442,053          | \$ 751,255          |
| Marketable securities (Note 4)               | -                 | 19,503              | -                     | -                 | 19,503              | 512,424             |
| Accounts receivable                          | 5,076             | -                   | -                     | -                 | 5,076               | 1,189               |
| Prepaid expense                              | 10,010            | -                   | -                     | -                 | 10,010              | 8,271               |
| Interfund balances                           | -                 | -                   | 150,000               | -                 | 150,000             | 85,215              |
| Current portion of loans receivable (Note 5) | -                 | 678,526             | 54,218                | 6,222             | 738,966             | 901,475             |
|  | 118,507           | 858,531             | 217,992               | 170,578           | 1,365,608           | 2,259,829           |
| <b>Loans receivable (Note 5)</b>             |                   | 1,705,237           | 35,958                | -                 | 1,741,195           | 1,018,822           |
| <b>Property and equipment (Note 6)</b>       |                   |                     |                       |                   |                     |                     |
|  | 58,070            | -                   | -                     | -                 | 58,070              | 51,283              |
| <b>Total assets</b>                          | <u>\$ 176,577</u> | <u>\$ 2,563,768</u> | <u>\$ 253,950</u>     | <u>\$ 170,578</u> | <u>\$ 3,164,873</u> | <u>\$ 3,329,934</u> |
| <b>Current liabilities</b>                   |                   |                     |                       |                   |                     |                     |
| Accounts payable and accrued liabilities     | \$ 12,063         | \$ 41               | \$ 3                  | \$ -              | \$ 12,107           | \$ 12,145           |
| Deferred revenue                             | 5,186             | -                   | -                     | -                 | 5,186               | 5,186               |
| Funds held in trust (Note 7)                 | 2,968             | -                   | -                     | -                 | 2,968               | 2,968               |
| Interfund balances                           | -                 | 150,000             | -                     | -                 | 150,000             | 85,215              |
|  | 20,217            | 150,041             | 3                     | -                 | 170,261             | 105,514             |
| <b>Share capital (Note 8)</b>                | <u>10</u>         | <u>-</u>            | <u>-</u>              | <u>-</u>          | <u>10</u>           | <u>10</u>           |
| <b>Fund balances</b>                         |                   |                     |                       |                   |                     |                     |
| Invested in property and equipment           | 58,070            | -                   | -                     | -                 | 58,070              | 51,283              |
| Externally restricted (Note 9)               | -                 | 2,413,727           | 253,947               | 170,578           | 2,838,252           | 3,065,737           |
| Internally restricted (Note 10)              | 55,318            | -                   | -                     | -                 | 55,318              | 79,898              |
| Unrestricted                                 | 42,962            | -                   | -                     | -                 | 42,962              | 27,492              |
|  | 156,350           | 2,413,727           | 253,947               | 170,578           | 2,994,602           | 3,224,410           |
| <b>Commitments (Note 11)</b>                 | <u>\$ 176,577</u> | <u>\$ 2,563,768</u> | <u>\$ 253,950</u>     | <u>\$ 170,578</u> | <u>\$ 3,164,873</u> | <u>\$ 3,329,934</u> |

**COMMUNITY FUTURES HIGHWOOD**  
Statement of Operations  
and Changes in Fund Balances  
For the year ended March 31, 2010

|   | General Funds     |                   | Restricted Loan Funds |                   |                   |                     | Total<br>2009       |
|---|-------------------|-------------------|-----------------------|-------------------|-------------------|---------------------|---------------------|
|   | 2010              | 2009              | General<br>2010       | Youth<br>2010     | Disabled<br>2010  | Total<br>2010       |                     |
| <b>Revenues</b>   |                   |                   |                       |                   |                   |                     |                     |
| Other government contracts  | \$ -              | \$ 40,393         | \$ -                  | \$ -              | \$ -              | \$ -                | \$ -                |
| Expense recovery  | -                 | 57,040            | -                     | -                 | -                 | -                   | -                   |
| Federal contracts   | 294,963           | 289,179           | -                     | -                 | -                 | -                   | -                   |
| Other   | 35,435            | 24,181            | 1,979                 | 189               | 45                | 2,213               | 694                 |
| Other interest  | 1,607             | 1,851             | 2,266                 | 668               | 573               | 3,507               | 9,490               |
| Interest on investments   | -                 | -                 | 180,502               | 4,212             | 403               | 185,117             | 147,476             |
| Unrealized gain (loss) on investments (Note 4)                    | -                 | -                 | 4,084                 | -                 | -                 | 4,084               | (6,359)             |
|   | <u>332,005</u>    | <u>412,644</u>    | <u>188,831</u>        | <u>5,069</u>      | <u>1,021</u>      | <u>194,921</u>      | <u>151,301</u>      |
| <b>Expenses</b>   |                   |                   |                       |                   |                   |                     |                     |
| Salaries and benefits   | 225,102           | 257,794           | -                     | -                 | -                 | -                   | -                   |
| Costs relating to other government contracts and special projects | -                 | 72,178            | -                     | -                 | -                 | -                   | -                   |
| Administrative costs (Schedule 1)                                 | 155,733           | 177,821           | 1,205                 | 120               | 30                | 1,355               | 904                 |
| Allowance for loan impairment (recovery)                          | -                 | -                 | 359,448               | (3,397)           | -                 | 356,051             | (18,602)            |
| Amortization of property and equipment                            | 18,493            | 19,036            | -                     | -                 | -                 | -                   | -                   |
|   | <u>399,328</u>    | <u>526,829</u>    | <u>360,653</u>        | <u>(3,277)</u>    | <u>30</u>         | <u>357,406</u>      | <u>(17,698)</u>     |
| Excess (deficiency) of revenues over expenses                     | (67,323)          | (114,185)         | (171,822)             | 8,346             | 991               | (162,485)           | 168,999             |
| Fund balances, beginning of year as previously stated             | 158,673           | 260,733           | 2,650,549             | 245,601           | 169,587           | 3,065,737           | 2,908,863           |
| Inter-fund transfers (Note 13)                                    | <u>65,000</u>     | <u>12,125</u>     | <u>(65,000)</u>       | -                 | -                 | <u>(65,000)</u>     | <u>(12,125)</u>     |
| <b>Fund balances, end of year</b>                                 | <u>\$ 156,350</u> | <u>\$ 158,673</u> | <u>\$ 2,413,727</u>   | <u>\$ 253,947</u> | <u>\$ 170,578</u> | <u>\$ 2,838,252</u> | <u>\$ 3,065,737</u> |

**COMMUNITY FUTURES HIGHWOOD**

Statement of Cash Flows

For the year ended March 31, 2010

|                                 | Operating Activities |                 | Financing and Investing Activities |                                |                   | Total<br>2010     | Total<br>2009     |
|---------------------------------|----------------------|-----------------|------------------------------------|--------------------------------|-------------------|-------------------|-------------------|
|                                 | General<br>Fund      | General<br>Fund | General<br>Fund                    | Youth<br>Restricted Loan Funds | Disabled          |                   |                   |
| <b>Sources of cash</b>          |                      |                 |                                    |                                |                   |                   |                   |
| Federal contracts               | \$ 294,963           | \$ -            | \$ -                               | \$ -                           | \$ -              | \$ 294,963        | \$ 289,179        |
| Investment income               | 1,607                | -               | 2,266                              | 668                            | 573               | 5,114             | 11,341            |
| Other income                    | 31,548               | -               | -                                  | -                              | -                 | 31,548            | 180,646           |
| Loan repayments                 | -                    | -               | 1,211,071                          | 83,372                         | 1,115             | 1,295,558         | 555,769           |
|                                 | <u>328,118</u>       | <u>-</u>        | <u>1,213,337</u>                   | <u>84,040</u>                  | <u>1,688</u>      | <u>1,627,183</u>  | <u>1,036,935</u>  |
| <b>Uses of cash</b>             |                      |                 |                                    |                                |                   |                   |                   |
| Operating costs                 | 391,440              | -               | 1,205                              | 120                            | 30                | 392,795           | 517,162           |
| Purchases of capital assets     | -                    | 16,405          | -                                  | -                              | -                 | 16,405            | -                 |
| Loan advances                   | -                    | -               | 1,455,816                          | 71,369                         | -                 | 1,527,185         | 989,358           |
|                                 | <u>391,440</u>       | <u>16,405</u>   | <u>1,457,021</u>                   | <u>71,489</u>                  | <u>30</u>         | <u>1,936,385</u>  | <u>1,506,520</u>  |
| Net increase (decrease) in cash | (63,322)             | (16,405)        | (243,684)                          | 12,551                         | 1,658             | (309,202)         | (469,585)         |
| Cash beginning of year          | 118,148              | -               | 233,971                            | 236,438                        | 162,698           | 751,255           | 1,220,840         |
| Interfund adjustments           | <u>48,595</u>        | <u>16,405</u>   | <u>170,215</u>                     | <u>(235,215)</u>               | <u>-</u>          | <u>-</u>          | <u>-</u>          |
| Cash end of year                | <u>\$ 103,421</u>    | <u>\$ -</u>     | <u>\$ 160,502</u>                  | <u>\$ 13,774</u>               | <u>\$ 164,698</u> | <u>\$ 442,053</u> | <u>\$ 751,255</u> |

Supplemental cash flow information (Note 14)

**COMMUNITY FUTURES HIGHWOOD**  
Notes to the Financial Statements  
For the year ended March 31, 2010

---

**1. Nature of operations**

Community Futures Highwood (the 'Corporation') is a community based not for profit organization incorporated under the laws of Alberta. The Government of Canada, through the Department of Western Economic Diversification, provides financial assistance to the Corporation pursuant to an Agreement effective April 1, 2006. The purpose of the organization is to support community economic development, diversify the economy, support the creation and expansion of small and medium sized enterprises, maintain and create new employment and maintain the Minister's capacity to deliver business services to rural communities in western Canada. The corporation is exempt from federal or provincial income taxes under paragraph 149 (1) (e) of the Income Tax Act.

**2. Significant accounting policies**

The Corporation follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

**a) Measurement uncertainty**

Preparation of these financial statements requires management to make certain estimates and assumptions that affect amounts reported and disclosed in the financial statements and related notes. Actual amounts could differ from those estimates.

**b) Financial instruments**

The Corporation's financial instruments consist of cash, marketable securities, accounts receivable, loans receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The Corporation has designated its cash and marketable securities as held-for-trading which are measured at fair value and are described in Note 4 of these financial statements. Accounts receivable and loans receivable are designated as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are designated as other financial liabilities. The Corporation had neither available for sale, nor held to maturity instruments during the year ended March 31, 2010.

**c) Credit risk**

The Corporation manages its credit risk by ensuring all loan applications are reviewed by management and subsequently reviewed and approved by the loan committee prior to drafting of a loan.

**COMMUNITY FUTURES HIGHWOOD**  
Notes to the Financial Statements  
For the year ended March 31, 2010

---

**2. Significant accounting policies (continued)**

**d) Loans receivable**

Loans receivable are stated net of an allowance for loan impairment and net of any unearned interest. Interest income is recorded on an accrual basis. Loans receivable are considered to be impaired when, in management's opinion, there is a reasonable doubt as to the ultimate collectability of some portion of the principal or interest. Impaired loans are recorded at their estimated realizable amounts.

**e) Allowance for loan impairment**

The allowance for loan impairment is maintained in an amount considered adequate to absorb anticipated credit related losses. This account is increased by the provision for impaired loans charged to income in the case of non-repayable investment fund loans, and reduced by write-offs, net of recoveries.

Specific provisions are established on a loan by loan basis to absorb losses on all doubtful accounts that have been identified as a result of the Corporation's regular review of its loan portfolio.

Write-offs are recorded after all restructuring or collection activities have taken place and possibility of further recovery is considered to be remote.

**f) Property and equipment**

Property and equipment are recorded at cost. Amortization of property and equipment is provided using the declining balance method at the following annual rates:

|                                |           |
|--------------------------------|-----------|
| Furniture and Office Equipment | 20% - 30% |
|--------------------------------|-----------|

Amortization is recorded at half of the annual rate in the year of acquisition of an asset. Amortization expense is reported in the General Fund.

**g) Deferred revenue**

Deferred revenue includes funds received for administration of a conference. The amounts will be not be recognized as revenue until a similar event is held.

## COMMUNITY FUTURES HIGHWOOD

Notes to the Financial Statements  
For the year ended March 31, 2010

---

### 2. Significant accounting policies (continued)

#### h) Current changes in accounting policies

For its March 31, 2010, year end the Corporation adopted CICA Handbook Section 1535 – Capital Disclosures. This section requires discussion of the nature of any externally imposed restriction on the Corporation's capital, the Corporation's compliance with these restrictions and the consequences of any non-compliance with the restrictions. The capital disclosures are included in Note 15 of these financial statements.

Also for its March 31, 2010 year end, the Corporation adopted CICA Handbook Sections 3862 – Financial Instruments – Disclosures and Section 3863 Financial Instruments – Presentation. These sections revise and enhance disclosure requirements, while still requiring current presentation requirements. Additional disclosure regarding nature and extent of risks arising from financial instruments and how the entity manages those risks are also required. The required discussion is included in Notes 2b and c.

Lastly for its March 31, 2010 year end, the Corporation adopted certain amendments to Section 4400 – Financial Statement Presentation by Not-For-Profit Organizations. The applicable amendments include:

- (i) ensuring certain revenues and expenses are presented on a gross basis on the statement of operations and changes in fund balances
- (ii) ensuring each component of revenue, expense, gain and/or loss that is required under primary GAAP is identified separately
- (iii) ensuring that statement of cash flows is properly presented and
- (iv) eliminating the requirement to treat net assets invested in capital assets as a separate component of net assets.

There are no changes to the accompanying financial statements and limited additional disclosure requirements as a result of the adoption.

**COMMUNITY FUTURES HIGHWOOD**  
Notes to the Financial Statements  
For the year ended March 31, 2010

---

**i) Contributions**

The Corporation's financial statements are prepared using the restricted fund method of accounting for contributions.

- i) The General Fund accounts for the Corporation's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.
- ii) The Restricted Loan Funds accounts for 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 and Loan Investment Fund for Youth are limited to businesses owned and operated by disabled and youth entrepreneurs respectively. The Corporation is restricted in the types of loans that can be made according to its agreement with the federal government.

**j) 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.

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 assured.

Investment income earned on the General Restricted Fund is recognized as revenue in the General Restricted Fund when earned.

**3. Western Economic Diversification Contribution Agreement Interpretation**

Subsequent to the inception of the Western Economic Diversification Contribution Agreement, the Department of Western Economic Diversification amended the terms and conditions of the contribution agreement with the Corporation. Under the new terms and conditions the Western Youth Entrepreneurship Fund was discontinued. The Board Members of Community Futures Highwood have decided to continue reporting the Youth Fund as a separate restricted fund.

**4. Marketable securities**

Marketable securities held by the Corporation have been classified as held for trading. As a result of this classification, an unrealized gain on investments of \$4,084 (2009 – [\$6,359]) has been recorded in the General Restricted Fund for the current year.

**COMMUNITY FUTURES HIGHWOOD**

Notes to the Financial Statements  
For the year ended March 31, 2010

**5. Loans receivable**

|                          | <u>General</u>      | <u>Youth</u>     | <u>Disabled</u> | <u>2010</u>         | <u>2009</u>         |
|--------------------------|---------------------|------------------|-----------------|---------------------|---------------------|
| Loans receivable \$      | 2,856,636           | \$ 90,176        | \$ 6,222        | \$ 2,953,034        | \$ 2,037,119        |
| Allowance for impairment | <u>472,873</u>      | <u>-</u>         | <u>-</u>        | <u>472,873</u>      | <u>116,822</u>      |
|                          | 2,383,763           | 90,176           | 6,222           | 2,480,161           | 1,920,297           |
| Current portion          | <u>678,526</u>      | <u>54,218</u>    | <u>6,222</u>    | <u>738,966</u>      | <u>901,475</u>      |
| Long term portion        | \$ <u>1,705,237</u> | \$ <u>35,958</u> | \$ <u>-</u>     | \$ <u>1,741,196</u> | \$ <u>1,018,822</u> |

In most cases a chattel mortgage, personal guarantees, or a second mortgage secures the loans. As the valuation of the underlying security cannot be ascertained with any degree of accuracy, a measurement of uncertainty exists in the valuation of loans and the allowance for loan impairment.

At March 31, 2010 the corporation assessed each loan to determine its ultimate collectability and made specific provisions totalling \$472,873 (2009 - \$116,822) for loan impairment based on this review.

Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from 0% to 9.50% with monthly blended principal and interest repayments for terms between 12 and 180 months.

Included in loans receivable are approved operating loans totalling \$386,000 (2009 - \$836,235). All operating loans are approved for a 12 month period and bear interest at rates varying from 4.25% to 9.50%. As at year end borrowers had drawn a combined total of \$366,938 (2009 - \$650,884).

**6. Property and equipment**

|                              | <u>2010</u>       |                      |                       | <u>2009</u>           |
|------------------------------|-------------------|----------------------|-----------------------|-----------------------|
|                              | <u>Cost</u>       | <u>Accum. Amort.</u> | <u>Net Book Value</u> | <u>Net Book Value</u> |
| Furniture & office equipment | \$ <u>110,111</u> | \$ <u>52,041</u>     | \$ <u>58,070</u>      | \$ <u>51,283</u>      |

**7. Funds held in trust**

This balance represents funds that are held and to be administered by the Corporation for a project that is being operated under the Rural Communities Economic Development initiative. The money has not been segregated from the Corporation's operating funds.

**COMMUNITY FUTURES HIGHWOOD**  
Notes to the Financial Statements  
For the year ended March 31, 2010

**8. Share capital**

|                             | <u>2010</u>  | <u>2009</u>  |
|-----------------------------|--------------|--------------|
| Authorized:                 |              |              |
| 50 shares with no par value |              |              |
| Issued:                     |              |              |
| 10 shares                   | \$ <u>10</u> | \$ <u>10</u> |

**9. Externally restricted fund balances**

Major categories of externally imposed restrictions on net assets are as follows:

|   | <u>2010</u>         | <u>2009</u>         |
|---|---------------------|---------------------|
| <u>Loan Investment Funds</u>                                |                     |                     |
| Restricted to loans and equity investments to entrepreneurs |                     |                     |
| - General   | 2,413,727           | 2,650,549           |
| - Youth   | 253,947             | 245,601             |
| - Disabled  | <u>170,578</u>      | <u>169,587</u>      |
|   | \$ <u>2,838,252</u> | \$ <u>3,065,737</u> |

During a prior year the Department of Western Economic Diversification amended the terms and conditions of its contribution agreement with the Corporation. Under the revised terms and conditions the Conditionally Repayable Loan Funds are repayable if any of the specified conditions occur. No such conditions were present during the year.

**10. Internally restricted funds**

Reserves were established to set aside surpluses for future operating and capital expenditures. Future use of these reserves is at the discretion of the Board of Directors.

**COMMUNITY FUTURES HIGHWOOD**  
Notes to the Financial Statements  
For the year ended March 31, 2010

---

**11. Commitments**

- a) The Corporation's annual obligation under an operating lease for office equipment is as follows:

|      |          |
|------|----------|
| 2011 | \$ 3,909 |
| 2012 | \$ 3,909 |
| 2013 | \$ 2,932 |

- b) The Corporation's annual obligations under operating leases, exclusive of occupancy costs, for office space is as follows:

|      |           |
|------|-----------|
| 2011 | \$ 19,000 |
| 2012 | 3,167     |

As of the report date, a new office lease was under negotiation with terms similar to the current lease.

**12. Bank financing arrangement**

The Corporation has available a \$25,000 authorized overdraft line of credit for the operating fund bearing interest at bank prime plus 1% and secured by a borrowing resolution. The Corporation also has a line of credit on a credit card of \$12,000. At year end, there was no balance outstanding on either line of credit.

**13. Inter-fund transfer**

During the year, Western Economic Diversification authorized the following transfers from the restricted funds to the general fund:

|                              | <u>2010</u> | <u>2009</u> |
|------------------------------|-------------|-------------|
| General Restricted Loan Fund | \$ 65,000   | \$ 12,125   |

**14. Supplemental cash flow information**

|                   | <u>2010</u> | <u>2009</u> |
|-------------------|-------------|-------------|
| Interest received | \$ 190,231  | \$ 158,817  |

**15. Capital disclosures**

The Corporation defines its capital as the amounts included in its net asset balances.

The Corporation's objective when managing its capital is to safeguard the Corporation's ability to continue as a going concern so that it can continue to provide the appropriate level of benefits to its stakeholders.

The Corporation sets the amount of net asset balances in proportion to risk, manages the net asset structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

## COMMUNITY FUTURES HIGHWOOD

Notes to the Financial Statements  
For the year ended March 31, 2010

---

### 16. Economic dependence

The Corporation receives over 85% of its operating revenue from federal government contracts and is therefore economically dependent on the federal government.

### 17. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

**COMMUNITY FUTURES HIGHWOOD**  
 Schedule of Administrative Costs  
 For the year ended March 31, 2010

---

**Schedule 1**

|                           | 2010       | 2009       |
|---------------------------|------------|------------|
| Professional fees         | \$ 27,729  | \$ 28,785  |
| Rent                      | 26,118     | 26,840     |
| Office                    | 19,241     | 18,316     |
| Meetings and conventions  | 16,450     | 20,536     |
| Repairs and maintenance   | 15,574     | 7,533      |
| Travel                    | 11,205     | 13,983     |
| Telephone                 | 10,730     | 10,108     |
| Sundry                    | 9,349      | 23,350     |
| Advertising and promotion | 9,137      | 16,716     |
| Insurance                 | 4,239      | 4,373      |
| Non-refundable GST        | 3,976      | 3,924      |
| Professional development  | 1,125      | 540        |
| CEDO and CED              | 860        | 2,817      |
|                           | \$ 155,733 | \$ 177,821 |