

aWe

ALBERTA WOMEN ENTREPRENEURS

Realize Success

2007/08 Annual Report

“ Helping women *Realize Success*  
through entrepreneurship”

# MESSAGE FROM THE BOARD CHAIR

Dear Stakeholders,

On behalf of the Board of Directors for Alberta Women Entrepreneurs, I would like to take this opportunity to comment on AWE's performance this past fiscal year. If I could use one word to describe the results of 2007-08, it would be "momentum" as AWE has built on past successes and taken the organization to a whole new level of achievement.

One of the most significant accomplishments over the past year has been an increase in the awareness of AWE services. This has been achieved through staff activities as well as an increase in the reach of AWE through partnerships that have been cultivated. The success of these efforts is evident in our statistics. More people know that AWE exists and more people are seeking AWE to help them establish their businesses. During the past fiscal year we have loaned nearly \$1 million to women business owners and have supported more than 2,500 women entrepreneurs through our business advising, information services, and training initiatives.

The Board has also evolved this year as we adopted the Carver Model as our form of governance. The Carver Model reflects

policy governance and is focused on 'big picture' goals, leaving the organization to operationally implement those goals. Over the past year the Board has revised its policies and objectives (ends) and is now ready and excited to make this important transition.



An important side-effect of these activities and accomplishments has been an increased understanding of the community that we serve - female entrepreneurs in Alberta. Through re-branding, increased awareness, new partnerships and improved governance we are well positioned to continue our growth and impact in support of women entrepreneurs and their contribution to the

Alberta and Canadian economy.

I am extremely proud of the achievements of AWE this past year and am very excited about another year of growth and continued momentum as we move into 2008-09.

Sincerely,

A handwritten signature in cursive script, which appears to read "Debbie Harris".

Debbie Harris  
Board Chair

# MESSAGE FROM THE CEO

Dear Stakeholders,

I am pleased to be able to say that 2007-08 was another successful year for Alberta Women Entrepreneurs. We are building on past efforts and foresee the growth to continue for years to come. As I reflect and report on the previous fiscal year, a few highlights come to mind. First, the AWE staff has exceeded my expectations. In 2007-08, they grew as a team and delivered measurable outcomes beyond my expectations.

In today's workforce, where staff is hard to come by and turnover rates are high, I'm proud to say that we have a stable and dedicated team.

Another highlight and major change came in the form of board governance. AWE's Board of Directors is now operating under the Carver Model of board governance. This is an improvement from the old system as it allows the board to set the 'big picture' goals and requires the staff to make the operational decisions. The Carver Model allows for everyone involved with AWE to be more accountable.

In addition, we've seen a steady increase in our volume of lending activity. Our 2007-08 client loan numbers are more than three times what they were in the previous year. More specifically, in 2006 we loaned \$285,000 and in 2007-08 AWE loaned \$925,000! In the last quarter

alone, AWE approved seven loans totaling approximately \$400,000. That is a tremendous increase and we are on track to accomplish this scope of lending in the next fiscal year as we already have six loans in the works for Quarter 1.

Increased market presence and general awareness of AWE continues to grow. We look forward to even bigger things in the upcoming year as we expand our loan program to target Aboriginal women, as well as newcomers to Canada. We will continue to work with various regional and program partners to provide high quality training and network development events and we will actively seek to identify other needs for women in business.



I am so proud of my team and all they have accomplished during the past year. We have a fresh new look, a fabulous new website, and we have an exciting agenda of events. Please continue to visit our website for updates and to keep on top of what AWE plans for 2008-09.

Until next year,

Tracey Scarlett, CEO

# MARKETING & SKILLS DEVELOPMENT HIGHLIGHTS

Marketing and Skills Development has had a busy year working on several large projects including the re-branding of AWE, partnership development, and organizing training and networking events. Below are some highlights resulting from these various efforts.

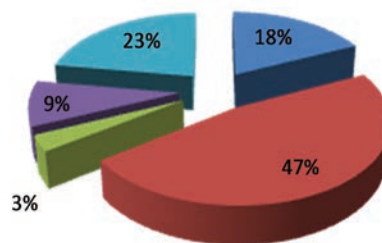
- Forty-four electronic communications were distributed during the year and our Provincial database has expanded to 3,631 active contacts.
- AWE received 226 media mentions. This number was driven as a result of marketing initiatives associated with the Women's Business Blaster.
- Numerous efforts were made across the Province to increase awareness about AWE and its services, including 19 speaking engagements, participation in 15 tradeshows, and 64 events were attended.
- AWE undertook a re-branding process and launched a new website in the fall of 2007. According to website statistics, AWE has since had 21,494 unique visits to the Home-page.
- The number of AWE sponsored/hosted events more than quadrupled this year to 22. Networking events, AWE-inspiring Women Luncheons, event sponsorship, and partnering with other organizations contributed to this increase.
- A formal partnership with BDC for loan referrals and co-hosted sessions on *Business Ownership, Transition and Accelerating Growth for Women Entrepreneurs*.
- AWE delivered 29 workshops with 348 participants throughout the year. The *Roadmap for Success* - a business planning workshop - was a very popular program for start-up businesses.
- AWE partnered with other organizations including Grande Prairie and Ponoka Chambers of Commerce, various Community Futures Development Corporations, Medicine Hat Women in Business, Meyers Norris Penney and Momentum for events and referrals.



Networking at a 2007-08 AWE event.

## Referral statistics

■ Word of mouth ■ Web Site ■ Trade Show ■ Referral ■ other



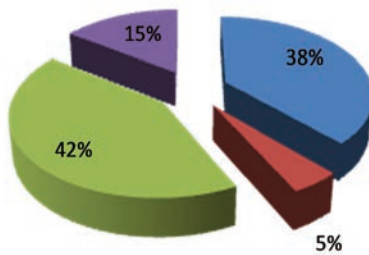
*The adjacent graph shows the various ways women have been referred to AWE. It's interesting to note that 47% of respondents identified the AWE Website as their referral point.*

# BUSINESS ADVISING & CLIENT SERVICES HIGHLIGHTS

Business Advising has seen a steady increase in the number of client advising sessions. The 2007-08 client loan numbers are more than three times what they were in the previous year. More specifically, in 2006 AWE loaned \$285,000 and in 2007-08 AWE loaned \$925,000. In the last quarter alone, seven loans have been approved amounting to approximately \$400,000.

## Client Services: region

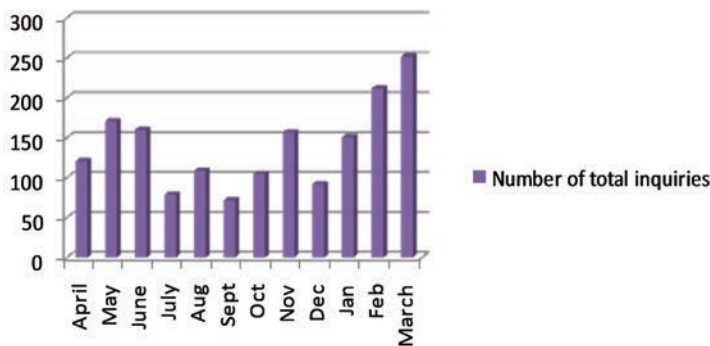
■ Edmonton Region ■ Central ■ Calgary Region ■ South Region



*This chart identifies the location throughout Alberta, in which these clients are operating.*

*\*Regions:  
Edmonton includes: Edmonton and north  
Central includes: Red Deer, Sylvan Lake, Drayton Valley etc.  
Calgary includes: Calgary and surrounding communities  
South includes: South of Calgary*

## Client Services: # of total inquiries



*This chart reflects the level of activity the Client Service department of AWE has experienced in 2007-08. According to AWE statistics, women seeking information from AWE have been utilizing \*Biz opps and e-mail inquiries to make initial contact with AWE. Phone and walk-in activity is significantly lower.*

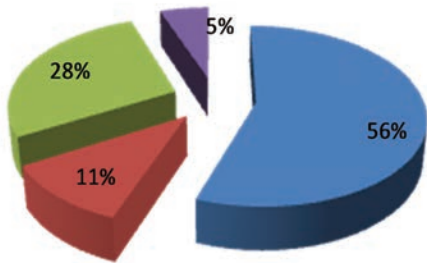
*\*A Biz Opp is an on-line form an inquirer can fill out so Client Services can identify who at AWE can best serve them.*

# LOAN PORTFOLIO

The graphs below provide a visual regarding the type of clients AWE serves, some insight into the sector of businesses they are operating and the demographics of our loan clients. All of these graphs are based on 2007-08 data.

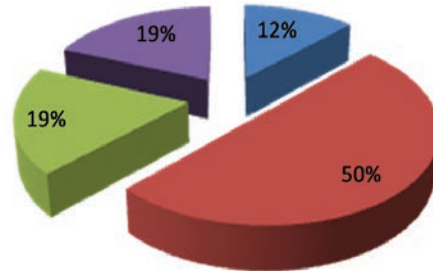
### Loans: sector

■ Service ■ Professional Services ■ Retail ■ Manufacturing



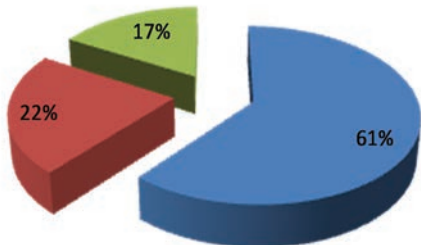
### Loans: age

■ under 30 ■ 30-40 ■ 40-50 ■ over 50



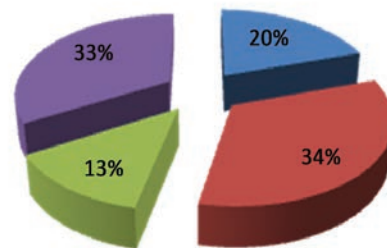
### Loans: stage of business

■ Start-up ■ Existing ■ Purchase



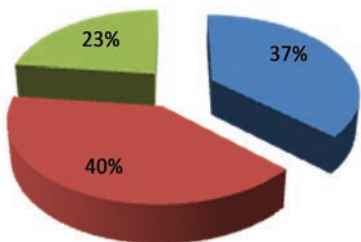
### Loans: size

■ < than \$25K ■ \$25K to \$50K ■ > than \$50K to \$75K ■ > than \$75K to \$100K



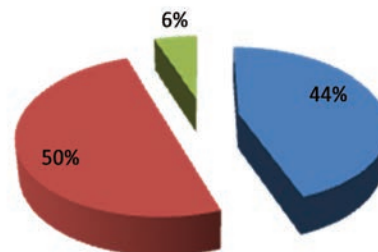
### Loans: 5-year loan summary

■ Edmonton ■ Calgary ■ South



### Loans: 2007-08 loan summary

■ Edmonton ■ Calgary ■ South



# STATISTICS AS REPORTED TO WESTERN ECONOMIC DIVERSIFICATION CANADA

2007-08

Inputs	Budget	Actual	% of Budget
# Staff	10	9	90
# Volunteer	8	10	125
# Hours Committed by Volunteers	500	672	134
# Partners*	10	25	250

Outputs	Budget	Actual	% of Budget
\$ Amount Leveraged Through Lending Activities	\$400,000.60	\$1,861,145.60	465.29
# Advisory Services Provided to Clients	2,000	1258	63
# Information Services Provided to Clients	1,200	2,893	241
# Website Visits	25,000	21,494	86
# Training Sessions Delivered	20	29	145
# Clients Trained	200	348	174
# Loans Approved	20	18	90
\$ Loans Approved	\$600,000.00	\$983,379.34	163
# Loans to New Business	15	14	93
# Speaking Engagements	20	19	95
# Communication Initiatives	35	44	125
# Media Mentions	50	226	452
# Trade Shows Attended	10	15	150
# Events Attended	60	64	106
# Events Sponsored/Hosted	25	22	88
# Loans Written Off	10	3	30
\$ Loans Written Off	\$190,000.00	\$67,145.15	35

Outcomes	Budget	Actual	% of Budget
# of jobs created/maintained/expanded	30	74.5	248

\*These must be formal partnerships: eg. jointly hosting a workshop, financial sponsorship of WEC initiatives, in-kind sponsorship of workshops, special events or publications



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## BOARD OF DIRECTORS & STAFF

### Board

Debbie Harris - Board Chair

Wendy Jossa

Maureen McMurtrie

Jennifer McNeill

Karen Robinson

Joanne Rowe

Janet Sharp

Helen Webster

### Staff

Tracey Scarlett - CEO

Cherry Ma - Loan Manager

Sheila Shand - Business Advisor

Laurie Anhorn - Financial Administrator

Cindy Wahl Braun - Client Services

Christi Millar - Marketing & Skills Development

Kathleen McCloskey - Business Advisor

Andrea Barber - Communications Coordinator

Merlina Almendra - Client Services Administrator

# A WE FINANCIAL STATEMENTS

**ALBERTA WOMEN ENTREPRENEURS ASSOCIATION  
INDEX TO THE AUDITED FINANCIAL STATEMENTS  
March 31, 2008**

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*Independent member firm of  
Porter Héту International  
Professional Services Group*

*Professional Strength*

*Personal Service*

*Practical Solutions*

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## AUDITOR'S REPORT

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To the Board of Directors  
Alberta Women Entrepreneurs Association

We have audited the statement of financial position of Alberta Women Entrepreneurs Association as at March 31, 2008 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Association'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 Association as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

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### Partners

Tenny S. Lo, MA, FCGA, CFP, CA\*

Elizabeth A. Thompson, FCGA\*

Richard J. Black, CGA\*

Alex Cheung, CGA, CPA\*

\*Professional Corporation

*Lo Porter Héту*

Calgary, Alberta  
May 24, 2008

Certified General Accountants

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Tel: (403) 283-1088

Fax: (403) 283-1044

E-mail: lph@loporterhetu.com

Website: www.porterhetu.com

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223 - 14 Street N.W.

Calgary, Alberta

Canada

T2N 1Z6

**ALBERTA WOMEN ENTREPRENEURS ASSOCIATION**  
**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES**  
**March 31, 2008**

	2008			2007
	General Fund	Restricted Loan Fund	Total	Total
<b>Revenues</b>				
Contributions from Western Economic Diversification ( <i>note 7b</i> )	\$ 743,697	\$ -	\$ 743,697	\$ 943,373
Interest on loans	-	142,603	142,603	128,301
Amortization of deferred contributions related to property and equipment	110,677	-	110,677	38,490
Session fees and other	33,786	-	33,786	38,730
Project contributions	42,012	-	42,012	12,385
Interest on short-term deposits	9,896	83,200	93,096	73,217
	<u>940,068</u>	<u>225,803</u>	<u>1,165,871</u>	<u>1,234,496</u>
<b>Expenses</b>				
Salaries and benefits	547,302	-	547,302	591,821
Professional fees	98,503	-	98,503	107,770
Rent	88,151	-	88,151	89,550
Marketing	79,379	-	79,379	22,649
Amortization of property and equipment	25,808	-	25,808	38,490
Office	22,946	-	22,946	22,644
Travel	69,251	-	69,251	24,950
Training and development	13,840	-	13,840	20,277
Telephone	16,410	-	16,410	17,420
Service delivery	22,456	-	22,456	22,257
Insurance	8,284	-	8,284	8,180
Staff recruitment	-	-	-	6,036
Board support	3,592	-	3,592	4,429
Other loan fees	1,866	-	1,866	4,266
Costs to realize on security	-	-	-	3,487
Moving expense	-	-	-	436
Bank charges	7,267	-	7,267	320
Project expenses	17,623	-	17,623	12,954
Provision for credit losses, net ( <i>note 4b</i> )	-	171,834	171,834	(34,126)
	<u>1,022,678</u>	<u>171,834</u>	<u>1,194,512</u>	<u>963,810</u>
<b>Excess of revenues over expenses (expenses over revenue) before other item</b>	(82,610)	53,969	(28,641)	270,686
<b>Other item</b>				
Loss on write-down of obsolete assets ( <i>note 12</i> )	(84,869)	-	(84,869)	-
<b>Excess of revenues over expenses (expenses over revenue)</b>	(167,479)	53,969	(113,510)	270,686
Fund balances, beginning of the year	370,631	4,220,494	4,591,125	4,320,439
Interfund transfer ( <i>note 7b</i> )	243,750	(243,750)	-	-
<b>Fund balances, end of the year</b>	<u>\$ 446,902</u>	<u>\$ 4,030,713</u>	<u>\$ 4,477,615</u>	<u>\$ 4,591,125</u>



**ALBERTA WOMEN ENTREPRENEURS ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION**  
**For the Year Ended March 31, 2008**

	2008			2007
	General Fund	Restricted Loan Fund	Total	Total
<b>Assets</b>				
Cash and cash equivalents <i>(note 3)</i>	\$ 558,806	\$ 2,034,683	\$ 2,593,489	\$ 2,765,547
Loan portfolio <i>(note 4a)</i>	-	1,993,097	1,993,097	1,888,345
Interest receivable	-	2,933	2,933	40,014
Accounts receivable	61,472	-	61,472	26,362
Prepaid expenses and deposits	16,180	-	16,180	896
Property and equipment <i>(note 5)</i>	90,358	-	90,358	156,386
	<u>\$ 726,816</u>	<u>\$ 4,030,713</u>	<u>\$ 4,757,529</u>	<u>\$ 4,877,550</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 122,472	\$ -	\$ 122,472	\$ 72,943
Unearned revenue	28,030	-	28,030	-
	<u>150,502</u>	<u>-</u>	<u>150,502</u>	<u>72,943</u>
Deferred Contributions				
Related to operations <i>(note 6)</i>	29,050	-	29,050	57,097
Related to property and equipment <i>(note 6)</i>	100,358	-	100,358	156,385
	<u>279,910</u>	<u>-</u>	<u>279,910</u>	<u>286,425</u>
<b>Fund Balances</b>				
Externally restricted <i>(note 7)</i>	-	4,030,713	4,030,713	4,220,494
Internally restricted <i>(note 8)</i>	446,902	-	446,902	370,631
	<u>446,902</u>	<u>4,030,713</u>	<u>4,477,615</u>	<u>4,591,125</u>
	<u>\$ 726,812</u>	<u>\$ 4,030,713</u>	<u>\$ 4,757,525</u>	<u>\$ 4,877,550</u>

Approved on behalf of the Board:

\_\_\_\_\_, Director

\_\_\_\_\_, Director



**ALBERTA WOMEN ENTREPRENEURS ASSOCIATION**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended March 31, 2008**

	2008	2007
<b>OPERATING ACTIVITIES</b>		
Excess of (expenses over revenue) revenue over expenses	\$ (113,510)	\$ 270,686
Add back:		
Amortization of property and equipment	25,808	38,490
Written-off obsolete property and equipment	84,869	-
Amortization of deferred contributions related to property and equipment	(110,677)	(38,490)
	<u>(113,510)</u>	270,686
Net changes in non-cash working capital:		
(Increase) decrease loan portfolio	(104,752)	297,187
Decrease (increase) interest receivable	37,081	(32,862)
(Increase) accounts receivable	(35,106)	117,449
(Increase) decrease in prepaid expenses	(15,284)	1,425
Increase (decrease) in accounts payable and accrued liabilities	49,530	(78,861)
Increase in unearned revenue	28,030	-
(Decrease) increase in deferred contributions related to operations	(28,047)	13,241
	<u>(182,058)</u>	588,265
<b>FINANCING ACTIVITIES</b>		
Increase in deferred contributions related to property and equipment	54,649	18,385
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(44,649)	(18,386)
<b>NET (DECREASE) INCREASE IN CASH</b>	<b>(172,058)</b>	<b>588,264</b>
CASH, BEGINNING OF YEAR	<u>2,765,547</u>	<u>2,177,283</u>
<b>CASH, END OF YEAR</b>	<b><u>\$ 2,593,489</u></b>	<b><u>\$ 2,765,547</u></b>
<b>Cash represented by:</b>		
Cash	\$ 2,593,489	\$ 514,526
Short term investments	-	2,251,021
	<u>\$ 2,593,489</u>	<u>\$ 2,765,547</u>



**ALBERTA WOMEN ENTREPRENEURS ASSOCIATION**  
**NOTES TO AUDITED FINANCIAL STATEMENTS**  
**March 31, 2008**

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**1. PURPOSE OF ORGANIZATION**

Alberta Women Entrepreneurs Association (the Association) was incorporated under the Companies Act of Alberta on May 23, 1995 and commenced operations June 1, 1995. Its objective is to facilitate the establishment and expansion of businesses owned or controlled by women in Alberta by providing higher risk loans and other business services in order to enhance the numbers of such businesses, their success rates and their growth rates.

The Government of Canada, through the Department of Western Economic Diversification provides financial assistance to the Association. Under the terms of the latest agreement, last amended April 12, 2005, Western Economic Diversification will make non-repayable contributions to the Association for operating costs of up to \$975,000.

The operating funds are to be disbursed to the Association in regular instalments. The loan funds are available for disbursement as required to meet demand.

Western Economic Diversification also provides funding to the Association pursuant to other contracts for specific program delivery and operating projects.

Alberta Women Entrepreneurs Association is a not-for-profit organization under the provisions of paragraph 149(1)(I) of the Income Tax Act and is, therefore, not subject to the payment of federal or provincial income taxes.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

**Fund Accounting**

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

The Restricted Loan Fund reports only restricted resources that are used to provide loans to businesses owned or controlled by women in Alberta.

**Revenue Recognition**

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

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. Restricted contributions related to property and equipment are recognized as revenue of the General Fund as the related amortization of the property and equipment is recognized.

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.

Restricted contributions related to the Association's lending activities are recognized as revenue of the Restricted Loan Fund when received.

Investment income on the Restricted Loan Fund is recognized as revenue in the Restricted Loan Fund when earned. Unrestricted investment income is recognized as revenue of the General Fund when earned.

Event fees are recognized as revenue of the General Fund when the events are held.

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**ALBERTA WOMEN ENTREPRENEURS ASSOCIATION**  
**NOTES TO AUDITED FINANCIAL STATEMENTS**  
**March 31, 2008**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Loans**

Loans are stated net of an allowance for credit losses and net of any interest on impaired loans.

Interest income is recorded on an accrual basis unless the loan is classified as an impaired loan. Loans are considered to be impaired when, in management's opinion, there is a reasonable doubt as to the ultimate collectibility of some portion of the principal or interest. However, when payment of principal or interest is 90 days past due, any previously accrued but unpaid interest on loans is reversed against income in the current year and the loans are classified as impaired.

When a loan is classified as impaired, recognition of interest in accordance with the original loan agreement ceases. Subsequent payments (of interest or principal) received on an impaired loan are recorded as a reduction of the recorded investment in the loan. Interest income is recognized only when all allowances for credit losses have been reversed.

Impaired loans are recorded at their estimated realizable amounts by discounting the expected future cash flows at the effective interest rate inherent in the loans except when the amounts and timing of future cash flows cannot be estimated with reasonable reliability, in which case estimated realizable amounts are measured at the fair value of any security underlying the loans, net of expected costs of realization.

Loan costs to realize on the value of security are charged to the Restricted Loan Fund. All other loan costs are charged to the General Fund.

**Allowance for Credit Losses**

The allowance for credit losses is maintained in an amount considered adequate to absorb anticipated credit-related losses. This account is increased by the provision for credit losses charged to income 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 which have been identified as a result of the Association's regular review of its loan portfolio.

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

**Property and Equipment**

Equipment is recorded at cost. Contributed equipment is recorded at the fair market value at the date of contribution.

Amortization of equipment is provided using the following methods and rates:

Computer hardware	5 years	Straight line
Furniture and fixtures	5 years	Straight line
Office equipment	5 years	Straight line

**Contributed Goods and Services**

Volunteers contribute many hours to the Association to assist it in carrying out its service delivery activities. Volunteer services are not recognized in the financial statements as the fair value of such services cannot be reasonably estimated.

The Association records the value of donated goods as revenue when fair market value can be reasonably estimated. The corresponding utilization of donated goods is included in expenses.

**Measurement Uncertainty**

The valuation of the loan portfolio, the amounts recorded as interest revenue, and the provision for credit losses are based on the Association's best information and judgment as to the collectibility of the loans and the value of security to be realized. These estimates are subject to measurement uncertainty and the effect on the financial statements from changes in such estimates in future periods could be significant.





**ALBERTA WOMEN ENTREPRENEURS ASSOCIATION**  
**NOTES TO AUDITED FINANCIAL STATEMENTS**  
**March 31, 2008**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Financial Instruments**

Financial assets other than loans receivable are classified as held for trading and carried at their fair value. Unrealized gains and losses on trading assets are recognized as part of the excess of revenue over expenses. Financial liabilities are carried at cost. The fair value of these instruments is based on current interest rates, market values, and pricing of financial instruments with comparative terms.

**3. CASH AND CASH EQUIVALENTS**

In the prior year cash and cash equivalents include term deposits issued by a Canadian chartered bank maturing in June 2007 and bearing interest rates ranging from 4.00% to 4.31% per annum.

**4. LOAN PORTFOLIO**

**(a) Portfolio Summary**

	<u>2008</u>	<u>2007</u>
Loans to businesses	\$ 2,214,096	\$ 2,007,200
Less: Allowance for credit losses	(220,999)	(118,855)
	<u>\$ 1,993,097</u>	<u>\$ 1,888,345</u>

The loans bear interest at a fixed rates ranging from 4.75% to 11.00% per annum. Repayment terms of the 78 individual loans within the portfolio vary significantly. All loans require monthly payments. Some loans require payment of interest only for a period of time. Most loans require blended payments of principal and interest. Monthly blended payments for individual loans at March 31, 2007 range from \$50 to \$1,980 per month. Terms to renewal range from 1 to 5 years.

**(b) Allowance for Credit Losses**

At March 31, 2008, the Association assessed each loan to determine its ultimate collectibility and reduced its loan portfolio balance by \$220,999 (2007: \$118,855) representing specific provisions for credit losses based on this review. The provision for credit losses, net, is made up as follows:

	<u>2008</u>	<u>2007</u>
Increase (decrease) in allowance for credit losses	\$ 102,144	\$ (136,088)
Loans written off during the year	75,603	104,965
Recoveries of loans written off in prior years	(5,913)	(3,003)
Provision for credit losses, net	<u>\$ 171,834</u>	<u>\$ (34,126)</u>

**5. PROPERTY AND EQUIPMENT**

	<u>Cost</u>		<u>Accumulated Amortization</u>		<u>Net Book Value</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Computer hardware	\$ 222,859	\$ 205,183	\$ 187,137	\$ 177,395	\$ 35,722	\$ 27,788
Software	195,646	301,883	170,469	213,702	25,177	88,181
Furniture and fixtures	70,625	68,830	63,764	59,033	6,861	9,797
Office equipment	65,515	64,207	42,917	33,587	22,598	30,620
	<u>\$ 554,645</u>	<u>\$ 640,103</u>	<u>\$ 464,287</u>	<u>\$ 483,717</u>	<u>\$ 90,358</u>	<u>\$ 156,386</u>



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**6. DEFERRED CONTRIBUTIONS**

The Association receives restricted contributions from Western Economic Diversification and contributions from other sponsors which fund operating activities and purchases of property and equipment. The changes in deferred contributions balances for the year are as follows:

<u>Operating</u>	<u>2008</u>	<u>2007</u>
Deferred contributions, beginning of the year	\$ 57,097	\$ 43,856
Contributions from Western Economic Diversification	731,250	956,614
Operating expenses, net of amortization	<u>(788,347)</u>	<u>(943,373)</u>
Deferred contributions, end of the year	<u>\$ -</u>	<u>\$ 57,097</u>
<u>Property and Equipment</u>		
Deferred contributions, beginning of the year	\$ 156,385	\$ 176,490
Contributions from Western Economic Diversification	54,650	18,385
Amounts amortized to revenue	<u>(110,677)</u>	<u>(38,490)</u>
Deferred contributions, end of the year	<u>\$ 100,358</u>	<u>\$ 156,385</u>

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**7. FUND BALANCES RESTRICTED BY WESTERN ECONOMIC DIVERSIFICATION**

The use of Loan Funds contributed by Western Economic Diversification is restricted to providing loans to businesses owned or controlled by women in Alberta.

(a) Pursuant to the agreement dated March 31, 2000 and last amended on January 17, 2006 between the Association and Western Economic Diversification, contributions made by Western Economic Diversification for Loan Fund costs are immediately repayable if any of the following conditions occur:

- (i) The Loan Fund is not administered according to the terms and conditions specified in the agreement;
- (ii) In the opinion of Western Economic Diversification, the Loan Fund is not providing a satisfactory level of benefits in terms of employment creation, the development of businesses owned or controlled by women, economic equality between men and women, and strengthening of the western Canadian economy;
- (iii) In the opinion of Western Economic Diversification, the Loan Fund is no longer necessary or relevant to the development of the western Canadian economy;
- (iv) In the opinion of Western Economic Diversification, the Association is no longer capable of operating the Loan fund in a satisfactory manner;
- (v) The agreement is terminated.

(b) Interest received on the Restricted Loan Fund is kept in this fund to be used for additional loans, provided that the total value of the fund, net of losses, does not exceed the funds provided by Western Economic Diversification by more than 5%. In the event that the value of the restricted Loan Fund exceeds the specified amount, the excess is to be used to fund future operating costs, replacing Western Economic Diversification's funding.

As per above, in 2008 \$243,750 was transferred to the operating fund for current operations (2007: \$nil).

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**8. INTERNALLY RESTRICTED**

The board has established a sustainability fund to be used to fund future operating costs. All excess funds in the operating fund are added to this fund at the end of each fiscal year. In the 2005 fiscal year, the board further restricted \$50,000 of the fund to cover estimated lease termination penalties in the event of early termination of the office lease in Calgary. The restriction will be reduced by \$10,000 per year of occupancy. Western Economic Diversification has approved a \$30,000 allocation for estimated lease termination penalties as well.

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**9. COMMITMENTS**

Under the terms of operating lease agreements for office space in Calgary expiring July 31, 2010, the Association is obligated to make the following minimum payments over the next two years:

2009	\$ 28,000
2010	<u>9,333</u>
	<u>\$ 37,333</u>

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**10. CONTINGENT LIABILITIES**

A contingent liability exists related to a Canada Revenue Agency (CRA) claim for GST. The GST was due to CRA from a loan recipient that did not remit the GST they collected on sales. Goods were seized from the loan recipient and sold with the proceeds being applied against the loan from the Association. CRA's position is that they are entitled to \$13,909 which is the cash amount received over and above the selling costs related to the sale of the assets.

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**11. FINANCIAL INSTRUMENTS**

The Association's financial instruments consist of cash, temporary investments, accounts receivable, loans receivable and accounts payable. Other than the credit risk related to loans receivable, it is management's opinion that the Association is not exposed to significant interest, currency or credit risk arising from these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximate their carrying value.

The credit risk on loans receivable is managed by the association through the implementation and monitoring of policies governing the loan approval process and addressing loans in default on a timely basis. As described in note 2, a provision for potential losses is recorded to ensure that loans receivable are reported at their net realizable value.

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**12. LOSS ON WRITE-DOWN OF OBSOLETE ASSETS**

The Association had replaced its existing database with The Executive Assistant (TEA) a commercially available software. The obsolete database was written off at the 2007 net book value. The TEA database is supported by Western Economic Diversification.

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**13. COMPARATIVES**

Comparative figures have been reclassified where necessary to conform with the current year's presentation.

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AWE is supported by the Government of Canada through Western Economic Diversification Canada



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Diversification Canada

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