



*Inspiring innovation,
collaboration and
growth*



2008-2009
ANNUAL REPORT



**RURAL
ALBERTA'S**
DEVELOPMENT FUND



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Message from the Board Chair and Managing Director

The year of 2008-2009 represented a year of maturing for Rural Alberta's Development Fund. With policies, procedures and administrative management well in hand, Board and staff took the opportunity to check our program direction and progress. We did this primarily through a series of regional discussions and a provincial forum with key stakeholders. We also sought feedback from government and elected officials.

This assessment confirmed that there continues to be a significant need for an organization like ours to provide investment and leadership in rural development. Community capacity and engagement, connectivity and local access to technology, coordination of community services and supports, and economic diversification dominated the list of areas that stakeholders said RADF's support would be most welcome.

We also found rural organizations, particularly smaller ones, need help with the basics: community planning, how to identify and develop leaders, and how to work with other groups and individuals to achieve common goals. Suggestions for improving our service delivery included providing more support and follow-up throughout our application process and increasing awareness of our services and the projects we fund.



We actioned this input in a number of ways. We developed our own community capacity framework as a guide for us and an education tool for others. We enhanced our support in the community with new project officers. We introduced an on-line application process. We produced and distributed video vignettes highlighting diverse examples of projects we have funded. And we committed to be more of a catalyst in bringing rural development people, information and ideas together. Some initiatives related to this are in the planning stages and will be launched in 2009-2010.

We were pleased to invest \$26.7 million in 22 worthwhile projects during the year. A brief summary of each project is provided later in this annual report. This brought the total dollars invested by RADF at the end of March, 2009 to \$55.3 million for 52 projects.



Although we were not able to say yes to all the requests made to us, it was rewarding to see the level of commitment to rural Alberta that



Bob Clark

all applicants showed. We thank everyone who took the time to apply.

Our second full year of operation saw us begin the process of developing and implementing our performance measurement reporting framework.

Howard Research and Management Consulting Inc. was contracted to work with us over the next three years to assess the impact and benefits of our sponsored projects. This data will provide the objective measurement we need to assess the true value of our investments and to fulfill our contractual commitment to accountability and transparency.

Four projects funded by RADF were completed in 2008-2009. The Rural Integrated Community Clerkship was a tremendous success, with 38 University of Alberta and University of Calgary medical students experiencing – for nine months - a family medical practice in several small rural Alberta communities. Of the first 16 who participated, 60% have decided to do their

residencies in rural family medicine. The program has received permanent funding support from the Government of Alberta.

The Sunchild E-Learning Centre in Rocky Mountain House was successful on a number of fronts in developing and expanding Cree and other on-line learning services for Aboriginal communities. The Killam Regional Economic Development Initiative accomplished its goal of attracting additional, permanent economic development to the region. The Alberta Fish and Game Association was able to recruit more than 100 volunteer stewards for major wetlands in 20 Alberta communities thanks to our support. And while the Agrivalue Investor Network voluntarily ceased operations on March 31, 2009 before the pilot project funded by RADF was completed, a number of valuable lessons were learned about what it takes to establish such a network in Alberta. Arrangements have been made for the unused portion of RADF's contribution to be returned.

The feedback we have received from stakeholders, and the on-going need for more support and leadership in rural development, inspired the Board of Directors to ponder the future and develop a strategic direction that proposes a future role for RADF after its contract ends in 2012.





The strategic direction, approved in March 2009, sets a path for RADF that would see it focus on building community capacity and promoting innovation and collaboration by being a:

- Strategic, targeted funder
- Delivery agent for rural development programs
- Centre for rural development information and knowledge
- Advocate for rural development issues

After a province-wide recruitment, Marc Butikofer of Island Lake South (near Athabasca) and Keith Ryder of Stettler were selected in November to fill the two vacant seats on the Board. Despite a steep learning curve, they have quickly become strong contributors.

Our company works closely with a number of organizations with rural development mandates to ensure we are not duplicating efforts. Of particular note is the working relationship we have with the Honourable George Groeneveld, Minister of Alberta Agriculture and Rural Development and his staff and the Honourable Iris Evans, Minister of Finance and Enterprise and her staff. Special thanks to them and to Ray Prins, MLA for Lacombe-Ponoka and our other Board observers for their support and guidance.

Of course it is the dedication and ability of Board and staff members that ultimately makes RADF successful. Their effort is very much appreciated and is the main reason why RADF has been able to help so many rural Albertans grow and prosper.

Bob Clark, Chairman of the Board

Terry Keyko, Managing Director



Terry Keyko

It is our intent to share the direction with key stakeholders throughout the fall and winter of 2009-2010 to ensure it complements and supports the plans of our rural development partners in government and elsewhere.

The 2008-2009 fiscal year saw the departure of two original Board members: Susan Aris and former co-chair Fred Estlin. They both made valuable contributions to the Board, particularly during RADF's formative months. Along with Bob Clark, Fred was a 'founding father' of RADF and was instrumental in establishing the organization and selecting the first Board of Directors.





Rural Alberta's Development Fund Funded Projects



In fiscal 2008-2009, RADF's Board of Directors approved 22 projects for a total of \$26.7 million in funding support. The projects are diverse and benefit a large number of rural communities and Albertans. A snapshot of each project and the amount of RADF's investment is listed here. A more complete description is available at www.ruralalbertasfund.com

Aboriginal Community Enterprise Project – \$900,000

RADF funding is helping to develop a long-term, grass-roots economic growth and partnership model for Aboriginal communities in the St. Paul region. The project's focus is the creation of Aboriginal owned and operated businesses that are economically viable and self-sustainable, while building collaborative relationships with non-Aboriginal businesses.

www.albertahub.com

Alberta 4-H Development – \$960,000

Our support of this project is enabling the 4-H Foundation of Alberta to become self-sufficient. A new funding model for Alberta 4-H has been introduced that will nearly triple its program income in 10 years and substantially reduce its reliance on government funding. A newly created governance model and operational practices plus a new fund development organizational structure supports this new direction.

www.4h.ab.ca



"Funding from RADF has helped us move from the dialogue process to actually establishing relationship agreements which will lead us to self sustainability."

*Alvaro Loyola, Past Executive Director,
Alberta Native Friendship Centre
Association*



Alberta Energy Corridor Marketing Initiative – \$244,300

This investment is being used to attract traditional and alternative energy sector industries to the Alberta Energy Corridor running along Highway 63 from Boyle to Wandering River for 84 kilometres. The Alberta Energy Corridor Marketing Initiative promotes the Corridor locally, nationally and globally as a viable economic alternative to higher cost regions.

www.athabascacounty.com

Alberta Rural Development Network – \$5 million

Our funding is allowing the Alberta Rural Development Network, a coalition of post-secondary institutions to develop new promotional strategies, improve communication between its members and enhance information access. For the first time, network members will have full access to data, information, knowledge and wisdom held by all members of the network.

www.northernlakescollege.ca



Applied Research and Rural Health – \$565,700

Support for this new applied research and rural health initiative is helping to identify health needs and priorities in central Alberta. Red Deer College is managing the project through the auspices of a Rural Health Chair. The Chair oversees research that tests, evaluates and demonstrates innovative rural health practices. The project also involves providing information and training to physicians, residents and service providers.

www.rdc.ab.ca

Buffalo Adventures Marketing Initiative – \$344,965

RADF funding provided to the Wainwright Buffalo National Park Interpretive Centre Foundation is allowing a rural tourism program in east-central Alberta to become self-sustaining. A new three year marketing plan aims to draw visitors to the Wainwright and Provost regions to take part in multi-day rural and historical experiences. Tour packages are being fully customized to provide unique, authentic and entertaining Alberta experiences for each visitor.

www.buffaloalberta.ca



“Our program would not have happened without our partners like RADF. Our whole organization is dependent on partnerships.”

*Randal Nickel, Executive Director,
Camrose Open Door Association*



Central Alberta Rural Manufacturers Network – \$372,360

Our investment is helping the not-for-profit Central Alberta Rural Manufacturers Association develop a sustainable business-directed network. This marketing network will promote and foster growth, development, competitiveness and economic efficiency of rural manufacturing in and around Red Deer.

www.centralalbertamanufacturers.ca

Common Ground Program – \$272,330

Funding provided to the Alberta Native Friendship Centres Association (ANFCA) is allowing them to initiate an innovative program called Common Ground. This new program is an Aboriginal relationship plan and tool kit. The kit provides tools and resources to help facilitate relationships between local municipal governments and Aboriginal groups so community needs can be addressed. Once completed, Common Ground resources will be made available to Aboriginal groups or governments across the province.

www.anfca.com

Communities Leading Regional Recruitment & Retention – \$255,000

Funding from RADF is helping the Cold Lake region develop a unique recruitment and retention model that may become a template for other rural communities to follow. Called Communities Leading Regional Recruitment & Retention, the project aims to recruit and retain more highly skilled professionals to northeast Alberta. The project includes creation of specialized resources, communication and promotional tools.

www.coldlakechamber.ca

Creative Campus Development – \$315,000

This investment is supporting the development of sustainable and vibrant year-round arts and culture programs for the West Yellowhead region of Alberta. The program is centred in Hinton and brings together smaller urban and cultural arts organizations. The program will deliver arts programs such as theatre, visual arts and music throughout the region.

www.yraf.com



“(RADF funding) has allowed us to move to the next step which is to develop Creative Campus into a truly regional program. This means that our whole region will come together to develop a huge communications model that can then be used elsewhere.”

*Janet Russell, Business Manager,
Yellowhead Regional Arts Festival Society*



Eagle Point/Blue Rapids Parks and Recreation Partnership – \$1.29 million

Our funding is helping to develop a community based and community lead parks management model for the newly established Eagle Point Provincial Park and Blue Rapids Provincial Recreation Area. This unique management model will be the catalyst for environmentally sustainable economic, education and tourism development in the area while building partnerships between all users of public lands.

www.epbrparkscouncil.org

Growing a Culture of Innovation in Northwest Alberta – \$3.4 million

This project is helping entrepreneurs in northwest Alberta turn ideas and innovations into commercially viable services or products. The Centre for Research and Innovation in Grande Prairie is developing the systems, operations and the people necessary to develop a 'culture of innovation' amongst Peace Region residents. The project is contributing to a knowledge based economy in the region and reducing economic dependence on natural resources.

www.gprc.ab.ca

Learning & Work Connections – \$428,409

Our investment is being used by the Horizon School Division and its partners to develop a Learning & Work Connections program. This program gives students who are facing financial, cultural or family pressure to drop out of school the opportunity to finish high school while earning an income. Project staff liaise with employers and project students and provide coaching and support for students and their families.

www.horizon.ab.ca

Mountain Pine Beetle Response – \$562,500

Our funding is helping Grande Alberta Economic Region (GAER) develop action plans, relationships and strategies for economic diversification in response to the devastation of the forestry industry caused by the mountain pine beetle. As part of the program GAER is developing an information website, educational materials and conducting community outreach sessions.

www.grandealberta.com




“With the funding that RADF provided we are able to help more innovation clients in our region, in a far more meaningful way towards getting their ideas and new products successfully into the marketplace. Where can we go from here? Stay tuned!”

*Bruce Rutley PhD PAg, Director,
Centre for Research & Innovation*



Northern Alberta GeoTourism – \$1.57 million

Funding from RADF is helping Grimshaw-based GeoTourism Canada to create a unique, cost-effective and self-sustaining marketing program. This program aims to attract more tourism dollars to the north by highlighting 800 tourist destinations such as museums, forts and trading posts, ghost towns, historical churches, community landmarks and Aboriginal sites. Visitors will be able to explore the region at their own pace with the help of on-line field guides and GPS devices.

www.geotourismcanada.com

Peer Connections – \$1 million

Our support is allowing the Camrose Open Door Association to develop a PEER Connections program. PEER Connections is an innovative social enterprise program that combines development of employability and supported work experience with skills learning and support for at-risk youth aged 15 to 24. It is the first of its kind in rural Alberta.

www.camroseopendoor.com

Project Summit – \$1 million

This investment is allowing the non-profit Albertafirst.com to offer a new set of on-line tools, technical resources and training materials for its members. Called Project Summit, these new tools and resources level the economic development playing field for rural economic development officers who currently find it difficult to compete with their urban counterparts. This new capacity gives rural communities the ability to quickly and accurately respond to economic growth opportunities.

www.albertafirst.com

Rural Artistic Initiatives – \$1.43 million

Our funding is allowing the Empress Theatre Society in Fort MacLeod to grow the Windy Mountain Music Festival, train rural-based classical musicians, tour other rural Alberta communities and provide off-season residencies for artistic partners. The project includes developing a system for restoring and screening historical films, developing a world music series and modernizing booking, promotional and ticket sales systems.

www.empresstheatre.ab.ca



“Partnerships like the one with RADF are very important and not just in times of recession. As a rule for not-for-profit organizations to maximize the level of service to the community it’s much more efficient to pool resources with other partners in order to offer something of quality.”

*Gerard Gibbs, Executive Director,
Empress Theatre Society*

Rural Cooperative Outreach and Development – \$140,500

RADF support is allowing the Alberta Community & Co-operative Association (ACCA) Leadership Foundation to assess the need for co-op development training across Alberta. Based on this research, it is developing new co-op development training and support materials and systems for community use.

www.acca.coop

Rural Information Services Initiative –\$3.6 million

The Rural Information Services Initiative is a partnership between Chinook Arch, Shortgrass and Marigold library systems in southern Alberta. Our investment supports the project's goal of establishing, for the first time, virtual meeting rooms with high speed video Internet access at 80 rural libraries and other public locations. This gives rural residents more opportunities for on-line learning and skill development and increased access to public services such as Service Canada and Service Alberta.

www.chinookarch.ab.ca

Vauxhall Baseball Academy – \$1.5 million

Our investment in the Vauxhall Academy of Baseball is resulting in a permanent, self-funding sports academy at Vauxhall High School. To reach self-sufficiency, the Academy plans to triple its enrollment to 60 student-athletes and develop a public access fitness and treatment program that includes physiotherapy and other healthcare services.

www.vauxhallbaseball.com

Vulcan Innovation Project – \$1.45 million

RADF funding provided to the Vulcan Business Development Society is allowing them to develop several home grown technology projects, including a virtual rural college and 'green' energy projects. This three year project focuses on developing skills and technologies through workshops, training sessions and peer support.

www.vulcanbusiness.ca




"Simply put, RADF funding has allowed us to develop a program that attracts an additional 20 kids to our school each year which keeps a teacher around. When we lose kids we lose staff and lose programs, and that's how a lot of rural schools end up hitting rock bottom."

*Shane Mazutinic, General Manager,
Vauxhall Baseball Academy*



Completed Projects

Four projects funded by RADF were completed in 2008-2009. Each one achieved its goals and realized a number of additional benefits for local communities, a local region or the province as a whole.



Integrated Community Clerkship

RADF committed \$2.4 million to the Rural Integrated Community Clerkship program in June of 2007. This program is a joint venture of the University of Calgary's Faculty of Medicine and the University of Alberta's Faculty of Medicine and Dentistry. Through this program third year medical students were, for the first time in Canada, given the chance to participate in a nine month comprehensive clerkship in which the students experience all of the daily duties of a general practice doctor at a rural hospital in Alberta. RADF expected the project to:

- Increase the number of medical students who choose to practice in rural communities.
- Increase the number of graduates who choose family or general practice.
- Enhance the quality of medical service for rural Albertans.
- Increase the number of doctors who choose to stay in rural Alberta.

Outcomes

- In the program's first year 16 students successfully completed their clerkship in the towns of Edson, Hinton, St. Paul, Sylvan Lake, Drumheller, High River, Pincher Creek, Sundre and Taber.

- In addition to 16 first year students, 22 more students were either engaged in or beginning the second year of clerkships at the end of March 2009.
- Prior to the end of the first year the Government of Alberta announced four additional years of funding for this program.
- Approximately 60% of the first group of students chose rural family medicine residencies.

Additional Benefits

- Increased levels of cooperation between the University of Alberta Faculty of Medicine and Dentistry and the University of Calgary Faculty of Medicine.
- Medical clinics in program communities added dedicated clerkship work space to improve the learning conditions for students.

Sustainability

- RADF funding allowed the Rural Integrated Community Clerkship program to launch while still in the process of applying for funding from the Government of Alberta. In total the program was able to secure funding for five years.



"We're just so thankful for the RADF funding for our program. I see it as the first step in series of new initiatives from the faculty that will help to turn the tide of graduate students who choose to stay in urban areas."

Dr. Jill Konkin, Associate Dean for Rural and Regional Health, University of Alberta

Killam Regional Economic Development Initiative

RADF invested \$234,000 in the Killam Regional Economic Development Initiative to help the Killam and Region Economic Development Association attract new agri-industry and business to the region. RADF expected the project to:

- Enhance the region's agricultural base, generating increased crop demands and revenue.
- Increase local economic activity and employment.
- Attract secondary value-added services for residents.
- Increase local business ownership and provide a return on investment for regional groups.

Outcomes

- A new business outreach program for the region including a multi-media information package to promote the region to targeted agri-business prospects.
- One attracted company is proceeding with plans to locate in the area. This could potentially lead to \$20 million spent in the region in initial start up costs, the creation of up to 60 full time jobs and up to \$28.7 million in annual regional economic benefits.

Additional Benefits

- The program focus was expanded to include all of Flagstaff County.
- Three new companies may develop an agricultural business park which has the potential to attract additional businesses.

Sustainability

- A new organization, the Battle River Agri-Ventures Co-Op, has evolved from the Killam Regional Economic Development Initiative and will continue to promote agri-industry in the region.
- The easily modified multi-media information package is part of a legacy information collection that will benefit businesses large and small in the region for many years to come.



"The funding from RADF helped us make a major jump forward in regional promotion. It has had a major impact already; people are working together who had never sat around a table together before."

Bill Gibb, President, Killam & District Business Development Association



Recreation and Habitat Lands Access and Stewardship Training

Rural Alberta's Development Fund invested \$100,000 in the Alberta Fish and Game Association's (AFGA) Recreation and Habitat Lands Access and Stewardship Training program. The goal of the program was to develop volunteer stewards for 20 of the Association's 80 properties across Alberta. RADF expected the project to:

- Create new stewardship training text books and educational videos.
- Train a new generation of stewards to help maintain and protect 30,000 acres of wildlife habitat in Alberta.
- Provide better access to detailed information on recreational opportunities in Alberta.

Outcomes

- The project produced an educational DVD which aired over seven weeks on the ACCESS network. One hundred and fifty DVDs were distributed across Alberta.

- Five hundred volunteer stewardship manuals were printed and distributed across the province. The manual was also made available online.
- The Volunteer Stewardship Open House and Training sessions were attended by 319 people in 20 rural Alberta communities.

Additional Benefits

- A complete atlas of AFGA's Wildlife Trust Fund properties was created and is available online at www.afga.org.

Sustainability

- The program resulted in 102 committed volunteer stewards, a number AFGA expects to double over the course of the summer of 2009. Plans are now underway to expand the program, building on the existing training materials to cover the remaining 60 Wildlife Trust Fund properties.



"It was a huge undertaking basically from day one. We couldn't have done this without the funding from RADF."

T.J. Schwanky, Provincial Habitat Facilitator, Alberta Fish and Game Association



Sunchild E-Learning Community

The Sunchild E-Learning Centre in Rocky Mountain House received \$220,000 in support from RADF so it could expand skills training for Aboriginal learners and develop new on-line programming that was in demand but not easily accessible. RADF expected the project to:

- Enable learners to access the specialized courses they wanted regardless of where they were living in Alberta.
- Adapt course content and delivery so it fit with Aboriginal cultural and learning needs.
- Ensure the courses and students met industry's needs.

Outcomes

- Three levels of Cree (10, 20, 30) that meet University of Alberta standards were approved by Alberta Education and are now available throughout the province via the Internet. The courses can be taken even if there is no on-site Cree language instructor. Launched in the fall of 2008, students in 20 schools across Alberta used the on-line service in 2008-2009.
- An adult literacy distance learning program (course levels 1, 2 and 3) was developed and launched in January, 2008. Initial enrolment was 25 students. It marked the first time such a program was available to individuals in remote Alberta communities.

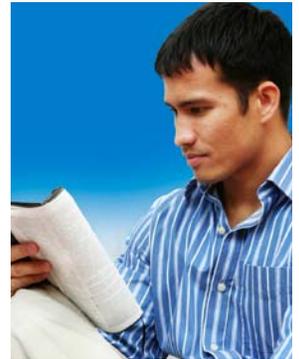
- Sunchild staff has involved mentors in Aboriginal communities to ensure course content and delivery is meeting the needs of the community and existing/prospective students. Elders have on-going involvement in course and cultural language development.
- New marketing materials were developed to promote Sunchild E-Learning and encourage use of its newly developed programs.

Additional Benefits

- Greater exposure and awareness of Sunchild E-learning and its products.
- Development of new markets for an adult literacy distance learning program amongst Canadian communities and in the international marketplace.
- Increased knowledge of the best way to market Sunchild E-Learning and its new products. For example, offering its Spark Live E-Learning and Conferencing software as open source freeware rather than selling it.

Sustainability

- Sunchild has created a new, for-profit company called U-Train to sell and market its Cree and adult literacy programs at home and internationally. This will ensure that the programs are self-sustaining.



"The RADF funding allowed us to get together with mentors in the communities so that we could help set up our program in their communities. Without the funding none of that would have taken place."

*Martin Sacher, Chief Executive Officer,
Sunchild E-Learning*



Measures and Outcomes



RADF's contractual obligations with the Government of Alberta include reporting on a set of performance and outcome measures. Desired outcomes align with the four pillars of RADF's business plan and answer the following question: "What is the realized benefit of the \$100M invested as expressed by rural Albertans?"

There are three long-term key outcomes:

1. 90-95% of the communities impacted by RADF approved projects will experience an improvement to their quality of life.
2. 90-95% of all projects approved by RADF will increase community capacity.
3. 95-100% of all projects approved by RADF will generate a positive economic impact in excess of the direct contribution of RADF and the fund recipients.

In October 2008, RADF contracted one of Alberta's leading evaluation firms Howard Research and Management Consulting Inc. to begin developing and implementing a performance measurement reporting framework. During the next three years, Howard will work with RADF and the administrators of the various projects RADF has funded (proponents) to develop, gather and analyze qualitative and quantitative evaluative data.

Proponents have been asked to work with Howard on the development of achievement plans that focus on project outcomes. Original and existing research plus proponents' reports will be employed to track achievements against objectives. Performance data collection, evaluation and reporting focus on six core areas:

- **Quality of Life:** are projects having an impact on rural Albertans' quality of life?
- **Community Capacity:** has the capacity of rural Albertan communities or regions to grow and develop, deal with problems and pursue opportunities improved because of RADF funded projects?
- **Access to Health Services:** has access to health services for rural Albertans improved because of projects funded by RADF?
- **Access to Education and Training:** has access to education and training improved for rural Albertans because of projects funded by RADF?

- **Return on Investment:** have the projects generated more value for rural Alberta than the sum total of the investments made by RADF and the proponents?
- **Program Awareness:** are rural Albertans aware of projects' programs and the services they provide?

Howard spent the first six months developing the framework and working with proponents on achievement plans. Full implementation with a first term report will occur in 2009-2010. Future projects approved for funding will be automatically added to the performance measurement framework.

2008/09 Management Performance Targets

In addition to good fiscal management of RADF's budget, a number of management and organizational performance targets exist. These are the 2008/2009 targets and results.

In 2008/09 we saw a dramatic decrease in the number of Expressions of Interest. This was primarily due to two factors: Rural Albertans have a clearer understanding of RADF's funding priorities and RADF provides more direct support to prospective applicants at the Expression of Interest stage.



2008/2009 (year ending March 31, 2009)		
Performance Measure	Target	Actual
Number of Expressions of Interest approved to go to proposal stage	70	32
Number of proposals reviewed	See note below	29
Number of proposals approved/ projects funded	50	22
Proposal approval rate	71%	76%
Investment committed	\$45M	\$26.6M
Investment allocated	\$32.5M	\$13.7M
Fund investment return prior to allocation	4.25%	4.17%

Note: The Number of Proposals Reviewed category was added this year to reflect the approval process and the actual proposals reviewed.

Activity Statistics

(for the year ended March 31, 2009)

Expressions of Interest

Received	127
Capital only	23
Approved to full application stage (Approved – 8; Declined – 3; Withdrawn – 3; Under review – 18)	32
Total funding requested	\$118 million
Total value of projects	\$208 million



Funded Proposals

(by type of project)

	Total: 22
6	Economic and Social Development
5	Health, Recreation, Arts & Culture
4	Education
4	Aboriginal, Seniors and Youth
3	Technology



Board of Directors



Front row (l. to r.) Jann Beeston, Claudia Buck, Bob Clark (Chair), Eva Urlacher, Brad Ferguson

Back row (l. to r.): Glenn Taylor, Ken Nicol, Marc Butikofer, Keith Ryder, Alden Armstrong

Not pictured: Jon Close, Marie Logan

Location of Board of Directors



- Alden Armstrong Paddle Prairie
- Jann Beeston Hanna
- Marc Butikofer Island Lake South
- Claudia Buck Grande Prairie
- Bob Clark Carstairs
- Jon Close Cochrane
- Brad Ferguson Sturgeon County
- Marie Logan Lomond
- Ken Nicol Coalhurst
- Keith Ryder Stettler
- Glenn Taylor Hinton
- Eva Urlacher Cold Lake
- ★ Office Located at the Ukranian Cultural Heritage Village, 25 minutes east of Edmonton on the Yellowhead Highway



RURAL ALBERTA'S DEVELOPMENT FUND
FINANCIAL STATEMENTS

Auditor's Report



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To the Shareholders of Rural Alberta's Development Fund

We have audited the statement of financial position of Rural Alberta's Development Fund as at March 31, 2009 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Fund'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 Fund as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Fund taken as a whole. The supplementary information included in the Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Accountants

Edmonton, Canada

June 18, 2009



Statement of Financial Position

March 31, 2009, with comparative figures for 2008

	2009	2008
Assets		
Current assets:		
Cash	\$ 28,645	\$ 80,301
Shortterm term deposits (note 2)	19,008,171	42,803,687
Accrued interest receivable on term deposits	65,219	753,842
GST recoverable	62,083	36,840
Prepaid expense	6,229	-
Amounts recoverable	874,684	-
	20,045,031	43,674,670
Capital assets (note 3)	91,521	116,621
Deferred rental expense (note 4)	250,463	327,529
Investments (note 5)	65,628,499	52,696,992
	\$ 86,015,514	\$ 96,815,812
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 983,523	\$ 787,272
Deferred revenue (note 6)	85,031,991	96,028,540
	86,015,514	96,815,812
Commitments (note 7)		
Subsequent events (note 8)		
	\$ 86,015,514	\$ 96,815,812

See accompanying notes to financial statements.

On behalf of the Board:

Claudia Buck

Director

Claudia Buck

Brad Ferguson

Director

Brad Ferguson



Statement of Operations

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008
Revenue:		
Grant revenue	\$ 12,946,849	\$ 6,997,868
Grants paid	12,946,849	6,997,868
	-	-
Investment income (note 5)	2,103,930	1,685,437
	2,103,930	1,685,437
Expenses:		
Wages and benefits	843,537	638,986
Consulting fees	353,322	245,954
Board administration and honoraria	195,407	248,891
Advertising	154,986	90,478
Professional fees	139,423	125,568
Travel	117,950	56,031
Rent	81,266	57,799
Fund investment costs	50,374	50,610
Office and general	43,148	62,501
Amortization of capital assets	33,063	21,167
Recruitment	28,921	35,630
Telephone	26,815	23,079
Non-recoverable GST	25,243	22,995
Training	4,586	-
Insurance	4,500	4,233
Repairs and maintenance	830	1,049
Bank charges	559	466
	2,103,930	1,685,437
Excess revenue, being net assets, beginning and end of year	\$ -	\$ -

See accompanying notes to financial statements.



Statement of Cash Flows

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008
Cash provided by (used in):		
Operations:		
Excess revenue, being net assets	\$ -	\$ -
Items not involving cash:		
Rent expense	77,066	57,799
Amortization of capital assets	33,063	21,167
Change in non-cash operating working capital:		
Decrease (increase) in accrued interest receivable on term deposits	688,623	(753,842)
Increase in GST recoverable	(25,243)	(27,797)
Decrease (increase) in prepaid expense	(6,229)	7,420
Increase in amounts recoverable	(874,684)	-
Increase in accounts payable and accrued liabilities	196,251	587,488
Decrease in deferred revenue	(10,996,549)	(3,666,918)
	(10,907,702)	(3,774,683)
Investments:		
Investment in (redemption of) short-term term deposits, net	23,795,516	(42,803,687)
Purchase of investments, net of bond maturities	(12,931,507)	(2,644,991)
Addition to capital assets	(7,963)	(97,411)
Costs associated with rental arrangement	-	(385,328)
	10,856,046	(45,931,417)
Decrease in cash position	(51,656)	(49,706,100)
Cash position, beginning of year	80,301	49,786,401
Cash position, end of year	\$ 28,645	\$ 80,301

During the year, the Fund received \$11,800,000 related to the maturity of bonds (2008 - nil).

See accompanying notes to financial statements.



Notes to Financial Statements

Year ended March 31, 2009

Alberta's Development Fund (the "Fund") is a Part IX corporation that was incorporated on July 17, 2006 under the Alberta Companies Act. The Fund commenced operations in September of 2006. The Fund is a non-profit organization as defined in Section 149(1)(l) of the Income Tax Act and is exempt from income taxes.

The purposes of the Fund are:

- (a) to promote growth, prosperity and the quality of life in rural Alberta by fostering, funding, and facilitating activities in rural Alberta;
- (b) to ensure the fiscally responsible expenditure of all financial resources available to the Company in accordance with sound and comprehensive business plan including, without limitation, the fiscally responsible expenditure of all grant funding received by the company from the Province of Alberta or from other sources;
- (c) to encourage collaboration and community spirit within and among communities for the benefit of rural Alberta;
- (d) to attract other sponsors or persons who may participate in the activities fostered, funded, or facilitated by the Fund for the benefit of rural Alberta; and
- (e) to conduct such operations as may be required from time to time to give effect to the objects of the Fund and to otherwise do all acts reasonably necessary, ancillary and/or incidental to carrying out of the objects described above.

1. Significant accounting policies:

(a) Capital assets:

Capital assets are recorded at cost which includes goods and services taxes incurred that are not eligible for recovery. Capital assets are amortized on the straight-line basis over their estimated useful life as follows:

Asset	Rate
Furniture and fixtures	5 years
Computer	3 years

1. Significant accounting policies (continued)

(b) Revenue recognition:

The Fund follows the deferral method of accounting for contributions.

Under the terms of an Agreement, the Province of Alberta, in accordance with budget arrangements established by the Alberta Ministry of Agriculture, Food and Rural Development, advanced a one time grant of \$100 million dollars to the Fund. The Agreement notes the following:

- interest and other income earned on the grant shall also form a part of the grant;
- the grant can only be used for administrative expenses and to support approved projects;
- a minimum of \$100 million must be spent on approved projects;
- approved projects cannot include loans, loan guarantees or equity positions; and
- any unspent grant monies at the end of the five year term (being June 30, 2012) are to be refunded to the Province (see note 8).

Accordingly, the grant and subsequent interest and other income earned has been deferred. These receipts are recorded as revenue in the period in which qualifying expenditures, including amortization of capital assets, are incurred.

(c) Financial instruments and investments:

The Fund has designated cash and investments as held-for-trading financial assets. All other financial assets are classified as loans and receivables. All financial liabilities are classified as other financial liabilities. The Fund has elected to not apply the requirements of Section 3855, Financial-Instruments-Recognition and Measurement for contracts to buy or sell non-financial items, including any derivatives which may be embedded within these contracts.

Transaction costs are recognized immediately in the statement of operations. Financial instruments are recorded on a trade date basis.

The fair values of the Fund's financial instruments do not differ significantly from their carrying values unless otherwise noted. The fair values of the investments represent the year end estimated market bid prices based upon publicly available index services.



Notes to Financial Statements (continued)

Year ended March 31, 2009

1. Significant accounting policies (continued)

(d) Risk management and fair value:

The risks that arise from transacting financial instruments include credit risk, liquidity risk, and market risk. Market risk arises from changes in interest rates, foreign currency exchange rates and other market factors. The Fund does not use derivative financial instruments to alter the effects of these risks. The Fund manages these risks through the use of prudent risk management policies and practices.

Changes in interest rates and credit ratings are the main cause of change in the fair value of Fund's investments resulting in a favourable or unfavourable variance compared to book value. Credit risk is mitigated by investing in only high grade bonds and debentures issued by government and government backed entities, financial institutions and large publicly-traded corporate entities. Credit risk associated with cash positions, short-term deposits and bankers acceptances is mitigated by investing in short-term or demand-type instruments with large, nationally insured Canadian financial institutions. Further, to mitigate investing in high-yield, lower grade investment instruments, the Fund has established an average rate of return target of 3.97% which management and the Board deem to be a reasonable and feasible target while minimizing risk. Interest rate risk is mitigated by managing maturity dates, payment frequency and maintaining a portion in short-term accounts and instruments. A change in benchmark interest rates would result in a change in the fair value of the investment portfolio but exposure to loss is capped with management's intention to hold, when practicable, the investments to their maturity dates.

A portion of the bond investments held by the Fund are issued in US dollars which are subject to foreign currency risk. All other investments are issued in Canadian dollars. A one percent change in foreign exchange rates between the Canadian and US dollars would effect the fair value of the investment portfolio at March 31, 2009 by \$26,402.

Liquidity risk is primarily managed through the laddering of maturity dates, payment frequency of interest receipts and ensuring sufficient funds are maintained in demand-type instruments to meet any immediate cash demands. In addition, management establishes cash flow needs through the budget process which is approved by the Board.

The amounts recoverable represent overfunding of projects. At year end, a substantial portion of the receivable relates to one project. Management is of the opinion that the likelihood of loss is remote.

1. Significant accounting policies (continued)

(e) Use of estimates:

The preparation of financial statements 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 year. Actual results could differ from those estimates.

(f) Capital management:

The Fund's objectives when managing capital are, in part, outlined under the Fund's purpose which is to ensure the fiscally responsible expenditure of the Fund's financial resources to promote growth, prosperity and the quality of life in rural Alberta. The Fund's capital is the deferred revenue, representing those monies received through a onetime grant from the Province of Alberta. As the Fund executes its purpose, these monies will be drawn down until their expiry or the Fund's set term of existence (see note 8).

(g) Future accounting changes:

The CICA has issued several amendments to the not-for-profit accounting standards. Under these amended standards, there will no longer be a requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit such an amount as a category of internally restricted net assets when an organization chooses to do so. The amended standards also clarify that revenues and expenses must be recognized and presented on a gross basis when an organization is acting as a principal in the transactions and create greater consistency with other sections of the CICA Handbook.

The CICA has also issued a new standard, Section 4470, Disclosure of allocated expenses by not-for-profit organizations. This Section establishes disclosure standards for those organizations that choose to classify their expenses by function and allocate expenses from one function to another. These requirements are effective for fiscal years beginning on or after January 1, 2009.



Notes to Financial Statements (continued)

Year ended March 31, 2009

2. Short-term term deposits:

The term deposits bear interest at rates ranging from 0.76% to 2.10% with maturities ranging from April 6, 2009 to January 5, 2010.

3. Capital assets:

	Cost	Accumulated amortization	2009 Net book value	2008 Net book value
Furniture and fixtures	\$ 105,108	\$ 33,036	\$ 72,072	\$ 93,093
Computer	41,598	22,149	19,449	23,528
	\$ 146,706	\$ 55,185	\$ 91,521	\$ 116,621

The funding for capital assets is provided by way of the grant fundings previously received [see note 1(b)] and the subsequent income earned from this funding.

4. Deferred rental expense:

The Fund leased its premises under an operating lease arrangement with The Minister of Infrastructure and Transportation. The rent for the five month period to June 30, 2007 was \$1. Subsequent to this initial lease period, the Fund entered into a seven year lease with The Friends of the Ukrainian Cultural Heritage Village Society for the same premises. Under the terms of the leasing agreement, the basic rent is the costs incurred by the Fund relating to construction of usable space in an existing building of the Society.

The Fund completed the construction during fiscal 2008 at a cost of \$385,328 which included non-recoverable goods and services taxes. As these costs are in exchange for basic rent, the costs are deferred and being amortized to rental expense over the shorter of the lease term or the period the Fund will operate (see note 1(b)). Accordingly, the rental expense for the current year is \$77,066 (2008 - \$57,799).

5. Investments:

	2009	2008
Government and government backed bonds with coupon rates from 3.75% to 4.75% with maturity dates from May 2009 to December 2011, principal amount of \$20,113,099	\$ 21,059,558	\$ 23,210,018
Corporate bonds with coupon rates from 3.65% to 11.95% with maturity dates from June 2009 to November 2012, principal amount of \$10,753,635	10,667,721	5,060,125
Foreign issued bonds with coupon rates from 5.13% to 7.88% with maturity dates from November 2010 to May 2011, principal amount of \$3,886,811	3,886,811	-
Financial institution bonds with coupon rates from 3.75% to 4.92% with maturity dates from January 2011 to January 2016, principal amount of \$13,354,155	13,533,249	21,589,985
	49,147,339	49,860,128
Bankers Acceptances maturing from April 20, 2009 to June 25, 2009	15,548,719	2,386,789
Accrued interest	515,170	463,304
Cash	417,271	370
Investment fee payable	-	(13,599)
	\$ 65,628,499	\$ 52,696,992

The Fund is operating under a five year mandate (see note 8) with an intention to have all monies committed within three years. Accordingly, there is no intention or ability to hold all bonds to maturity.

Approximately 23% of the bonds mature in less than a year, 36% mature in two years, 30% mature in three years and 11% mature thereafter. Of the total investments, 41% is of a demand nature or matures in the next fiscal year. Based on March 31 fair value, the bond portfolio's weighted average rate of return approximates 4.6% (2008 - 4.3%). Changes in market interest rates will cause change in the fair value of Fund's bond portfolio and weighted average rate of return.



Notes to Financial Statements (continued)

Year ended March 31, 2009

5. Investments (continued)

Investment income is comprised of the following:

	2009	2008
Appreciation of fair market value of investments	\$ 712,760	\$ 146,913
Interest on investments, term deposits and cash	3,389,184	4,707,160
Loss realized on maturity of investments	(47,714)	-
	4,054,230	4,854,073
Less amounts deferred (note 6)	1,950,300	3,168,636
	\$ 2,103,930	\$ 1,685,437

6. Deferred revenue:

Deferred revenue at year end is as follows:

	Grant	Investment	Total
Balance, July 17, 2006	\$ -	\$ -	\$ -
Funding received	100,000,000	558,376	100,558,376
Expense	(304,542)	(558,376)	(862,918)
Balance, March 31, 2007	99,695,458	-	99,695,458
Change in accounting policy for investments	-	162,314	162,314
Deferral of investment income	-	3,168,636	3,168,636
Grant expenditures	(6,997,868)	-	(6,997,868)
Allocation for prior year administration expenses	304,542	(304,542)	-
Balance, March 31, 2008	93,002,132	3,026,408	96,028,540
Deferral of investment income (note 6)	-	1,950,300	1,950,300
Grant expenditures	(12,946,849)	-	(12,946,849)
Balance, March 31, 2009	\$ 80,055,283	\$ 4,976,708	\$ 85,031,991

7. Commitments:

	2009/10	2010/11	2011/12	Total
Projects approved for funding with agreements in place	\$ 17,818,988	\$ 8,327,656	\$ 3,977,425	\$ 30,124,069
Consulting agreements	245,000	110,000	138,700	493,700
Total	\$ 18,063,988	\$ 8,437,656	\$ 4,116,125	\$ 30,617,769

Since inception to March 31, 2009, the Fund has approved 52 projects for a total of \$55,377,923. Agreements for 47 of these 52 projects are in place by March 31, 2009 for a total of \$50,068,885 net of amounts recoverable of which \$19,944,717 has been advanced at March 31, 2009. Subsequent to year end, the Fund has approved an additional 6 projects for a total of \$11,808,713.

8. Subsequent events:

Effective April 3, 2009, and executed on May 12, 2009, the Fund signed an amendment to the Agreement [see note 1(b)] with the Province of Alberta which extends the initial term under the Agreement by one year to June 30, 2013.

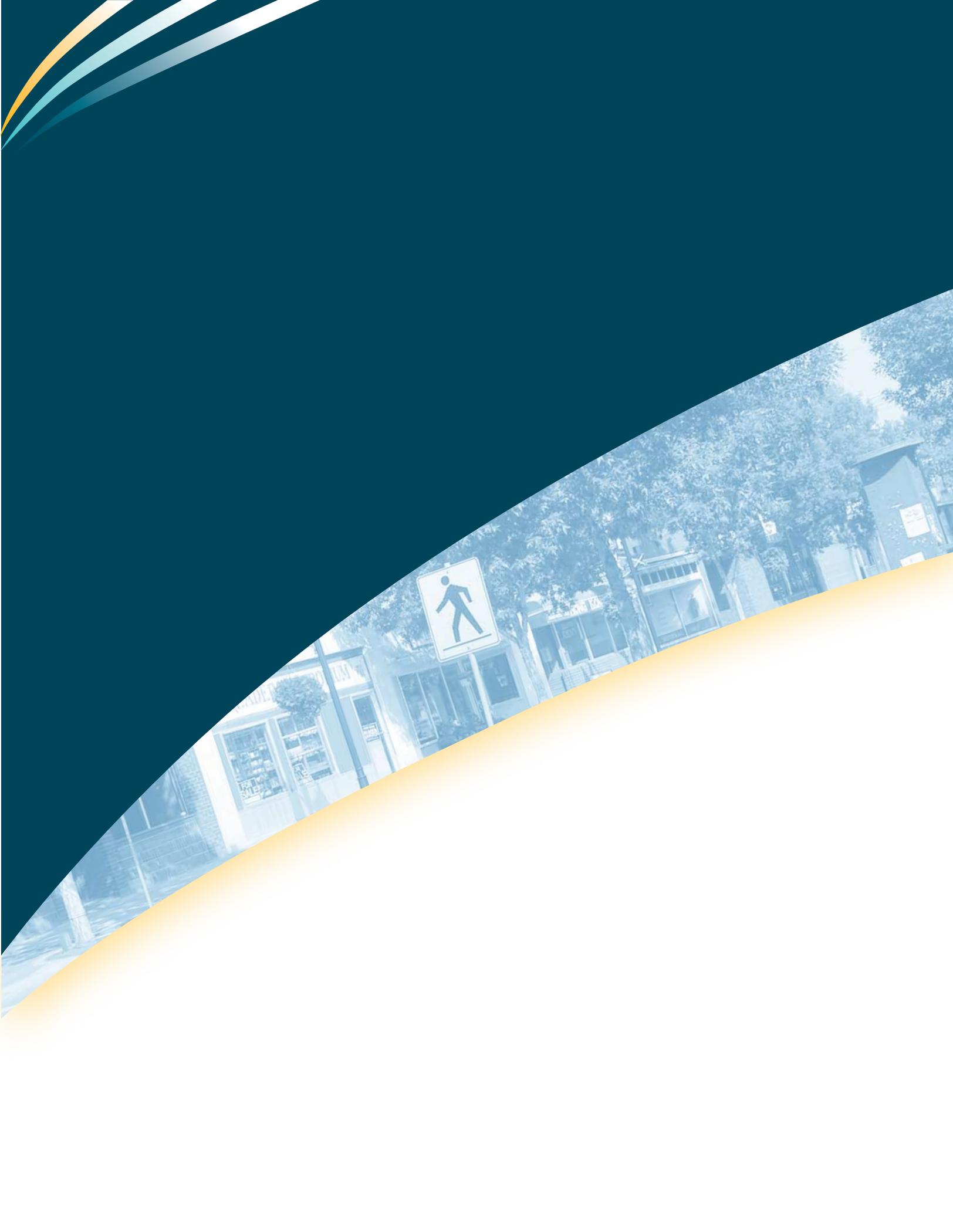


Schedule of Salary and Benefits Disclosure

Year ended March 31, 2009, with comparative figures for 2008

	Salaries and honoraria (1)	Benefits and allowances (2,3)	2009 total	2008 total
Chair:				
Clark, Bob	\$ 21,563	\$ -	\$ 21,563	\$ 19,975
Vice Chair:				
Ferguson, Brad	9,200	-	9,200	-
Estlin, Fred	-	-	-	23,675
Board Members:				
Aris, Susan	200	-	200	8,600
Armstrong, Alden	4,788	-	4,788	2,375
Beeston, Jann	6,138	-	6,138	10,440
Buck, Claudia	8,175	-	8,175	13,190
Butikofer, Marc	1,850	-	1,850	-
Close, Jon	5,525	-	5,525	6,275
Estlin, Fred	7,637	-	7,637	-
Ferguson, Brad	-	-	-	6,275
Logan, Marie	5,325	-	5,325	7,338
Nicol, Ken	7,137	-	7,137	7,215
Ryder, Keith	1,975	-	1,975	-
Taylor, Glenn	7,250	-	7,250	10,975
Urlacher, Eva	4,750	-	4,750	9,087
	91,513	-	91,513	125,420
Managing Director	164,460	37,249	201,709	196,625
Employees reporting to Managing Director	590,297	51,531	641,828	442,361
	754,757	88,780	843,537	638,986
	\$ 846,270	\$ 88,780	\$ 935,050	\$ 764,406

- (1) Salary includes regular base pay, lump sum payments, gross honoraria, and other remuneration.
- (2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including retirement pension, Canada pension plan (CPP), employment insurance (EI), health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.
- (3) Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including travel and car allowances.





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