

CANADIAN RURAL REVITALIZATION FOUNDATION

Attn: William Ashton
Selkirk College, 301 Frank Beinder Way
Castlegar, BC

June 1, 2012

Harris Ryan Chartered Accountants
Suite 202
120 Stavanger Drive
St. John's Newfoundland and Labrador A1A 5E8

Attention: Sean F Handrigan, CA

Dear Sir / Madam:

This representation letter is provided in connection with your audit of the financial statements of Canadian Rural Revitalization Foundation for the year ended December 31, 2011, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian generally accepted accounting principles.

We confirm that (to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves):

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated June 1, 2012, for the preparation of the financial statements in accordance with Canadian generally accepted accounting principles; in particular, the financial statements are fairly presented in accordance therewith.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian generally accepted accounting principles.
- All events subsequent to the date of the financial statements and for which Canadian generally accepted accounting principles require adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.

Information Provided

- We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters,
 - Additional information that you have requested from us for the purpose of the audit, and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - Management,
 - Employees who have significant roles in internal control, or

- Others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.

General

1. We have reviewed, approved and recorded all of the following:
 - a) Adjusting journal entries you prepared or changed;
 - b) Account codes you determined or changed;
 - c) Transactions you classified; and
 - d) Accounting records you prepared or changed.
2. We have responded fully to all inquiries made to us and have made available to you all accounting and financial records and related data of the company during your audit.
3. We believe the effects of the uncorrected financial statement misstatements summarized in the accompanying schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
4. We believe that the significant assumptions used in arriving at the fair values of financial instruments as measured and disclosed in the financial statements are reasonable and appropriate in the circumstances.
5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
6. The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
7. We have informed you of all outstanding and possible claims, whether or not they have been discussed with legal counsel.
8. The company has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

Where the value of any asset has been impaired, an appropriate provision has been made in the financial statements. This includes:

 - a) Appropriate provisions for idle, abandoned, destroyed or obsolete assets or where site restoration costs will be necessary; and
 - b) Impairments in the value of goodwill or intangible assets.
9. We have disclosed to you, and the company has complied with, all aspects of contractual agreements that would have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
10. There have been no events subsequent to the balance sheet date up to the date hereof that would require recognition or disclosure in the financial statements. Further, there have been no events subsequent to the date of the comparative financial statements that would require adjustment of those financial statements and the related notes.
11. We have disclosed to you all significant customers and/or suppliers of the company who individually represent a significant volume of transactions with our company. We are of the opinion that the volume of transactions (e.g., sales, services, purchases, borrowing and lending) done by the company with any one party is not of sufficient magnitude that discontinuance would have a material negative effect on the ongoing operations of the company.

12. Provision has been made for any material loss to be sustained in the fulfillment of, or from an inability to fulfill, any sales commitments.
13. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance sheet date and have been appropriately reduced to their estimated net realizable value.
14. There were no inventories on consignment, bill-and-hold, or other arrangements, either owned by us or by our suppliers. Provision, when material, has been made (i) to reduce excess or obsolete inventories to their estimated net realizable value and (ii) for any loss to be sustained as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of the prevailing market prices.
15. There are no material unrecorded assets or contingent assets (such as claims relating to patent infringements or unfulfilled contracts whose value depends on satisfying conditions regarded as uncertain), that have not been disclosed to you.
16. We have disclosed to you all significant estimates and fair value measurements. We are of the opinion that:
 - a) The measurement methods used are permitted under Canadian generally accepted accounting principles and appropriate in the circumstances;
 - b) The underlying assumptions are reasonable and reflect management's best estimates considering existing market information;
 - c) The method of valuation has been applied consistently;
 - d) The assumptions are consistent with management's intended courses of action; and
 - e) Financial statement disclosures are in accordance with Canadian generally accepted accounting principles.
17. We have obtained all consents that are required under applicable privacy legislation for the collection, use, and disclosure to you of personal information.
18. The minute books of the company are a complete record of all meetings and resolutions of shareholders and directors throughout the period and to the present date.
19. We are aware of the environmental laws and regulations that have an impact on our company and we are in compliance. There are no known environmental liabilities that have not been accrued for or disclosed in the financial statements.

Other

1. None of the directors, officers or shareholders were in debt to the company, other than in the ordinary course of business at the year-end or at any time during the year.
2. The company did not make any related party transactions during the year that have not been disclosed to you.
3. All management fees, bonuses or other remuneration paid to or accrued on behalf of shareholders or related parties represent the fair market value of services performed for, or goods provided to, the company.
4. There is no share capital reserved for options, warrants, conversions or other requirements that has not been disclosed.
5. No irregularities or shortages have occurred and nothing has come to light which might reflect upon the honesty of any employee or officer of the company.
6. We hereby acknowledge that Harris Ryan Chartered Accountants have made us aware of your legal obligations under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act. We hereby acknowledge that we are aware of potential conflict of interest that may arise as a result of your legal obligations under this Act and authorize Harris Ryan Chartered Accountants to release and disclose information about Canadian Rural Revitalization Foundation as required by statute.

Other *(continued)*

7. We are aware of the provisions of sections 158(1) and (2) of the Canada Business Corporations Act, or the equivalent sections of other provincial or territorial Business Corporations Acts, which require the financial statements to be approved by the board of directors, such approval being evidenced by the signature at the foot of the balance sheet by two directors duly authorized to sign or by the director, where there is only one. We also undertake not to issue, publish or circulate copies of the financial statements unless these are approved and signed as aforementioned and are accompanied by the Audit Opinion.

Yours truly,

CANADIAN RURAL REVITALIZATION FOUNDATION



HARRIS RYAN

Chartered Accountants

Canadian Rural Revitalization Foundation
270 – 18th Street
Brandon, MB
R7A 6A9

Invoice No: IN029321
Date: 2012/06/14
Terms: Due upon receipt
HST No: R121359087
Code: CANAR

Invoice for Professional Services

Accounting services relating to the period January 1, 2011 to December 31, 2011.

Preparation and audit of financial statements for the year ended December 31, 2011.

Preparation of 2011 T-3010 charity income tax return and supporting schedules.

Discussions concerning business matters.

Our Fee:	\$	1675.00
HST:		<u>217.75</u>
Total Invoice:	\$	<u>1892.75</u>

Payment may be made online through the Bill Payment feature of the major Chartered Banks. Your Account Number is the "Code" in the top right section of this invoice.

OFFICE FILE COPY
PLEASE SIGN AND RETURN

CANADIAN RURAL REVITALIZATION FOUNDATION
Financial Statements
Year Ended December 31, 2011

HARRIS RYAN
Chartered Accountants

CANADIAN RURAL REVITALIZATION FOUNDATION

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Year Ended December 31, 2011

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Canadian Rural Revitalization Foundation

We have audited the accompanying financial statements of Canadian Rural Revitalization Foundation, which comprise the balance sheet as at December 31, 2011 and the statements of loss, fund balance and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Rural Revitalization Foundation as at December 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

St. John's, Newfoundland and Labrador
June 12, 2012

Harris Ryan
CHARTERED ACCOUNTANTS

CANADIAN RURAL REVITALIZATION FOUNDATION

Balance Sheet

December 31, 2011

	2011	2010
ASSETS		
CURRENT		
Cash	\$ 9,404	\$ 10,394
Accounts receivable	500	1,277
	\$ 9,904	\$ 11,671
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Accounts payable	\$ 2,199	\$ 2,199
RETAINED EARNINGS	7,705	9,472
LIABILITIES AND FUND BALANCE	\$ 9,904	\$ 11,671

ON BEHALF OF THE BOARD

Director

Director

CANADIAN RURAL REVITALIZATION FOUNDATION

Statement of Fund Balance

Year Ended December 31, 2011

	2011		2010	
UNRESTRICTED SURPLUS - BEGINNING OF YEAR	\$	9,472	\$	10,934
NET LOSS FOR THE YEAR		(1,767)		(1,462)
UNRESTRICED SURPLUS - END OF YEAR	\$	7,705	\$	9,472

CANADIAN RURAL REVITALIZATION FOUNDATION

Statement of Loss

Year Ended December 31, 2011

	2011	2010
EXPENSES		
Interest and bank charges	\$ -	\$ 13
Conferences and workshops	5,935	13,868
Professional fees	2,103	7,280
	8,038	21,161
LOSS FROM OPERATIONS	(8,038)	(21,161)
OTHER INCOME		
Interest income	21	18
Miscellaneous revenue	-	1,030
Annual Fall Conference (<i>Schedule 1</i>)	4,750	23,071
Services Canada Contract (<i>Schedule 2</i>)	1,500	(4,420)
	6,271	19,699
NET LOSS	\$ (1,767)	\$ (1,462)

CANADIAN RURAL REVITALIZATION FOUNDATION

Statement of Cash Flows

Year Ended December 31, 2011

	2011	2010
OPERATING ACTIVITIES		
Net loss	\$ (1,767)	\$ (1,462)
Changes in non-cash working capital:		
Accounts receivable	777	16,357
Accounts payable	-	(9,108)
	777	7,249
INCREASE (DECREASE) IN CASH FLOW	(990)	5,787
Cash - beginning of year	10,394	4,607
CASH - END OF YEAR	\$ 9,404	\$ 10,394
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	\$ (21)	\$ (18)
Interest paid	\$ -	\$ 12

CANADIAN RURAL REVITALIZATION FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2011

1. DESCRIPTION OF OPERATIONS

The Foundation promotes research on the changes in the rural soci-economic conditions of Canada. The Foundation is a registered charity. As such, it is exempt from income tax under Section 149(1)(l) of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Revenue Recognition

The foundation follows the deferral method of accounting for contributions. Restricted revenue from grants is recorded when the related expenses are incurred.

Membership revenue is deferred and recognized in the year it is earned.

Fundraising revenue is recognized in the year it is earned.

Investment income is recognized on the accrual basis.

Capital assets

Capital assets are expensed in the year of acquisition. Currently the foundation does not own any capital assets.

CANADIAN RURAL REVITALIZATION FOUNDATION

Annual Fall Conference

(Schedule 1)

Year Ended December 31, 2011

	2011	2010
REVENUE		
Fall workshop and conference	\$ 4,750	\$ 23,071

CANADIAN RURAL REVITALIZATION FOUNDATION

Services Canada Contract

(Schedule 2)

Year Ended December 31, 2011

	2011	2010
REVENUE		
Services Canada	\$ 1,500	\$ 51,483
EXPENSES		
Project expenses	-	55,903
INCOME (LOSS) FROM OPERATIONS	\$ 1,500	\$ (4,420)