

**NORTH CENTRAL COMMUNITY
FUTURES DEVELOPMENT
CORPORATION INC.**

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2011

NORTH CENTRAL COMMUNITY FUTURES DEVELOPMENT CORPORATION

YEAR ENDED MARCH 31, 2011

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KENDALL & PANDYA

Chartered Accountants

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* Operating as professional corporations

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of North Central Community Futures
Development Corporation Inc.:**

Report on the Financial Statements

We have audited the statement of financial position of NORTH CENTRAL COMMUNITY FUTURES DEVELOPMENT CORPORATION INC. as at March 31, 2011 and the statements of operations, changes in net assets 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 controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian 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 judgement, including 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 in our audit 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 the North Central Community Futures Development Corporation Inc., as at March 31, 2011 and its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Thompson, Manitoba
June 4, 2011

Kendall & Pandya
CHARTERED ACCOUNTANTS

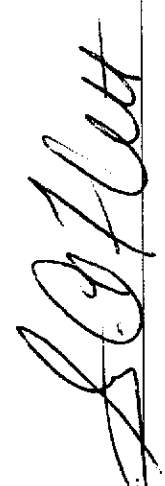
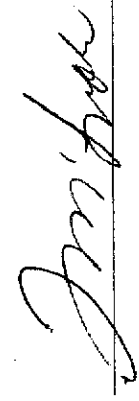
NORTH CENTRAL COMMUNITY FUTURES DEVELOPMENT CORPORATION INC.
(Incorporated under the laws of Manitoba)
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2011

	Investment Fund	Administrative Fund	Capital Fund	2011 Total	2010 Total
ASSETS					
Current Assets					
Cash	\$ -	\$ 200	\$ -	\$ 200	\$ 200
Bank – Youth Fund	1	-	-	1	1
– Disabled Entrepreneur Fund	131,306	-	-	131,306	40,407
– Investment Fund	359,375	-	-	359,375	252,592
– Peer Credit Fund	31,782	-	-	31,782	32,242
– Skate Park	-	7,543	-	7,543	19,468
Loans receivables (Note 3)	820,614	-	-	820,614	1,030,328
Accounts receivable	-	7,403	-	7,403	7,349
GST receivable	-	3,367	-	3,367	3,861
Grants receivable (Note 5)	-	60,882	-	60,882	127,567
Prepaid expenses	-	9,482	-	9,482	9,546
Capital assets (Note 4)	-	-	194,457	194,457	198,599
Interfund receivable	32,574	24,756	-	57,330	55,418
TOTAL ASSETS	\$1,375,652	\$113,633	\$194,457	\$1,683,742	\$1,777,578

NORTII CENTRAL COMMUNITY FUTURES DEVELOPMENT CORPORATION INC.
(Incorporated under the laws of Manitoba)
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2011

	Investment Fund	Administrative Fund	Capital Fund	2011 Total	2010 Total
LIABILITIES AND FUND BALANCES					
Current Liabilities					
Bank advances	\$ -	\$ 49,712	\$ -	\$ 49,712	\$ 81,838
Accounts payables and accrued liabilities	-	48,187	-	48,187	70,356
Deferred income	-	12,635	-	12,635	24,560
Deferred contributions	-	-	2,271	2,271	3,746
Interfund payable	-	32,574	24,756	57,330	55,418
Current portion of long term debt	49,096	-	-	49,096	70,049
	49,096	143,108	27,027	219,231	305,967
Long Term Debt (Note 8)	103,494	-	-	103,494	152,590
TOTAL LIABILITIES	152,590	143,108	27,027	322,725	458,557
FUND BALANCES					
Invested in capital assets	-	-	167,430	167,430	173,048
Unrestricted	183,062	(29,475)	-	153,587	105,973
Restricted	1,040,000	-	-	1,040,000	1,040,000
Total Fund Balances	1,223,062	(27,475)	167,430	1,361,017	1,319,021
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,375,652	\$ 113,633	\$ 194,457	\$ 1,683,742	\$ 1,777,578

Approved by the Board:

NORTH CENTRAL COMMUNITY FUTURES DEVELOPMENT CORPORATION
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2011

	<u>Invested in Capital Assets</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>2011 Total</u>	<u>2010 Total</u>
Balances, beginning of year	\$ 173,048	105,973	1,040,000	1,319,021	1,215,447
Excess (deficiency) of revenues over expenses for the year	(7,921)	49,917	-	41,996	103,574
Add: Purchases during year	2,303	(2,303)	-	-	-
Interfund transfers (Note 1)	-	-	-	-	-
Balances, end of year	\$ 167,430	153,587	1,040,000	1,361,017	1,319,021

Note 1:

\$12,000 was an approved transfer from the Investment fund to the Administration fund during the 2011 fiscal year (\$15,000 – 2010)

**NORTH CENTRAL COMMUNITY FUTURES
DEVELOPMENT CORPORATION INC.**

STATEMENT OF INCOME (LOSS) AND SURPLUS (DEFICIT)

YEAR ENDED MARCH 31, 2011

	Investment Fund	Administration Fund	Total <u>2011</u>	Total <u>2010</u>
REVENUE				
Grants - Western Economic Diversification Canada (Note 6)	\$ -	\$ 340,892	\$ 340,892	\$ 340,892
Other (Note 7)	<u>-</u>	<u>510,012</u>	<u>510,012</u>	<u>640,920</u>
	<u>-</u>	<u>850,904</u>	<u>850,904</u>	<u>981,812</u>
EXPENSES				
Advertising	\$ -	\$ 9,527	\$ 9,527	\$ 9,444
Amortization	-	6,445	6,445	8,442
Bad debts	1,444	-	1,444	2,136
Bank and service charges	798	4,017	4,815	5,705
Computer repair and maintenance	-	1,844	1,844	2,042
Contract expenses	-	12,408	12,408	24,264
Equipment repair & maintenance	-	-	-	6,665
Group benefits	-	48,282	48,282	45,477
Insurance	-	3,187	3,187	3,117
Interest on long term debt	6,375	-	6,375	2,441
Internet	-	-	-	-
Meetings	-	10,508	10,508	7,929
Membership fees	-	3,971	3,971	3,308
Miscellaneous	-	7,649	7,649	7,900
Office	-	12,850	12,850	15,779
Other programs and conferences	-	62,524	62,524	92,309
Professional fees	-	17,241	17,241	15,132
Rent	-	45,887	45,887	46,456
Telephone	-	22,019	22,019	20,300
Training	-	5,320	5,320	2,273
Travel - board	-	23,602	23,602	10,464
- staff and other	-	78,315	78,315	87,456
Vehicle	-	10,434	10,434	15,154
Wages and benefits	-	491,494	491,494	518,424
	<u>8,617</u>	<u>877,524</u>	<u>886,141</u>	<u>952,617</u>
Income (loss) from operations	(8,617)	(26,620)	(35,237)	29,195
Interest income	<u>77,133</u>	<u>100</u>	<u>77,233</u>	<u>74,379</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ 68,516</u>	<u>\$ (26,520)</u>	<u>\$ 41,996</u>	<u>\$103,574</u>

See accompanying notes.

**NORTH CENTRAL COMMUNITY FUTURES
DEVELOPMENT CORPORATION INC.**

**STATEMENT OF CASH FLOW
INVESTMENT, CAPITAL AND ADMINISTRATION FUNDS**

YEAR ENDED MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
FUNDS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Cash receipts from clients, programs and grants	\$1,127,313	\$ 938,439
Cash paid to suppliers, programs and employees	(915,265)	(1,254,454)
Cash received on taxes	494	(544)
Interest received	<u>77,233</u>	<u>74,379</u>
Funds provided by/used in operating activities	\$ 289,775	\$ (242,180)
FUNDS PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Purchase of capital assets	<u>(2,303)</u>	<u>(1,394)</u>
Funds used in investing activities	(2,303)	(1,394)
FUNDS PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Issuance of long-term debt	\$ -	\$200,000
Repayment of long-term debt	<u>(70,049)</u>	<u>(65,865)</u>
Funds provided by (used in) financing activities	\$ (70,049)	\$134,135
INCREASE (DECREASE) IN FUNDS	217,423	(10,439)
Cash and cash equivalents at beginning of year	<u>263,072</u>	<u>372,511</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 480,495</u>	<u>\$263,072</u>

Cash and cash equivalents, consist of cash on hand and balances with banks.

See accompanying notes.

**NORTH CENTRAL COMMUNITY FUTURES
DEVELOPMENT CORPORATION INC.**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2011

1. SIGNIFICANT ACCOUNTING POLICIES

CAPITAL ASSETS AND AMORTIZATION

Commencing in the year March 31, 2003, the organization began amortizing capital assets based on the following policy:

AMORTIZATION

Capital Assets

Amortization has been calculated using the declining balance method at the following rates:

Furniture and Equipment	20%
Computer hardware	30%
Leasehold Improvements	5 years

In the year of acquisition, assets are amortized at half the corresponding rate.

Prior to this fiscal year, the organization followed the policy of capitalizing assets in the Capital Fund and expensing them in the Administration Fund. The total purchases in 2011 were \$2,304 (2010-\$1,394).

FINANCIAL INSTRUMENTS

The Canadian Institute of Chartered Accountants issued new recommendations for the recognition and measurement of financial instruments, and amendments to presentation and disclosure standards, for financial statements with fiscal years beginning on or after October 1, 2006. These changes are contained primarily in sections 3855, 3861, 3865, 1530 and 3251 of the CICA Handbook.

North Central Community Futures Development Corporation Inc. has elected to continue to apply Section 3861, the main requirements of which are set out below:

Financial assets should be classified as "Held for trading", "Available for sale", "Held to maturity", or "Loans and receivables". Financial liabilities should be classified as "Held for trading", or "Other". Financial assets and liabilities are initially recognized at fair value. The Development Corporation has followed the guidance and has classified loans as "Loans and receivables" and therefore they should be accounted for using the amortized cost method. Other financial assets and liabilities of the Development Corporation (including accounts receivable and accounts payable) have also been accounted for in accordance with the new standards however fair value is deemed to equal cost so there has been no impact on reported figures.

NORTH CENTRAL COMMUNITY FUTURES DEVELOPMENT CORPORATION INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2011

The valuation techniques used to determine the fair value of financial instruments have remained substantially the same despite the adoption of these new accounting standards.

Transaction costs for financial instruments are nominal, therefore are not capitalized but taken into income when the loan is disbursed.

Derivative financial instruments, including embedded derivatives which are required to be accounted for separately, are recorded on the balance sheet at fair market value. Changes in the value of derivative instruments (solely embedded derivatives) are recognized directly in income for the period under "Investment income".

The adoption of these new accounting standards has not resulted in any significant change in the risk management policies of the Development Corporation. Moreover, as provided in the transitional provisions, the financial statements for prior periods were not restated following the adoption of these new standards.

FINANCIAL RISK MANAGEMENT

The organization's activities are exposed to a variety of financial risks, which include:

- a) Interest Rate Risk- The Organization does not have a significant concentration of interest rate risk.
- b) Credit Risk – Credit risk arises from non-performance by counterparties of contractual financial obligations and is managed on a group basis. Credit risk arises from cash and deposits with banks, as well as credit exposures to customers for committed transactions. The Organization does not have a significant concentration of credit risk with any one group.
- c) Liquidity Risk – As at March 31, 2011, the Organization had \$551,946 in cash and amounts receivable and \$481,187 in accounts payable. Prudent liquidity management implies maintaining sufficient cash through available funding via an adequate amount of committed credit facilities and the ability to close out financing positions. The Organization manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.
- d) Concentration of credit risk – exposure to credit risk arises through the failure of a customer or third party to meet its contractual obligations to the Company. The Company's maximum exposure to credit risk as at March 31, 2011 is its loans receivable.

CAPITAL RISK MANAGEMENT

The organization's objective when managing capital is to maintain significant capital to cover its cost of operations. The organization's capital consists of net assets.

There were no changes to the organization's approach to capital management during the period.

**NORTH CENTRAL COMMUNITY FUTURES
DEVELOPMENT CORPORATION INC.**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2011

2. INCORPORATION AND INCOME TAXES

The organization was incorporated without share capital, and accordingly is non-taxable under Sec. 149 (1) (e) of the Income Tax Act.

3. LOANS RECEIVABLE

	<u>2011</u>	<u>2010</u>
Regular	\$ 681,307	\$ 808,503
Youth	-	728
Disability	151,058	221,873
Peer Credit	<u>2,983</u>	<u>3,076</u>
	\$ 835,348	\$1,034,180
Less: Allowance for doubtful accounts	<u>(14,734)</u>	<u>(3,862)</u>
	<u>\$ 820,614</u>	<u>\$1,030,328</u>

Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from 6.25 % to 10.50% with monthly blended principal and interest repayments amortized from terms between 36 and 60 months. Security is taken on these loans as appropriate to the situation and includes personal guarantees, general security agreements covering business assets and mortgages on land and building.

4. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2011 Net Book Value</u>	<u>2010 Net Book Value</u>
Furniture & Equipment	\$ 55,920	\$ 10,896	\$ 45,024	\$ 43,997
Computer Equipment	187,010	50,255	136,755	139,357
Vehicles	15,983	14,385	1,598	2,283
Leasehold Improvements	20,488	9,408	11,080	12,962
	\$ 279,401	\$ 84,944	\$ 194,457	\$198,599

**NORTH CENTRAL COMMUNITY FUTURES
DEVELOPMENT CORPORATION INC.**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011**

5. GRANTS RECEIVABLE

	<u>2011</u>	<u>2010</u>
Aboriginal Business Canada	\$ 29,776	\$ 74,144
C.F.P.M.	2,500	1,963
Manitoba Education & Training	10,120	9,958
NACCA	5,989	15,580
Province of Manitoba	1,076	4,160
Tourism North	6,391	5,814
T.U.A.S.	5,030	15,205
York Factory Learning Institute	<u>-</u>	<u>743</u>
	<u>\$ 60,882</u>	<u>\$127,567</u>

6. GRANTS - WESTERN ECONOMIC DIVERSIFICATION CANADA

	<u>2011</u>	<u>2010</u>
Operating Grant	<u>\$340,892</u>	<u>\$340,892</u>

7. OTHER REVENUE

	<u>2011</u>	<u>2010</u>
Grants:		
Indian and Northern Affairs	\$ 40,991	\$100,607
Western Diversification	1,476	4,653
Aboriginal Business Canada	238,007	198,775
Province of Manitoba – MCTT	55,203	64,938
Province of Manitoba – Other	62,912	69,956
Other – CFPM	6,182	2,700
Other – Kidnetic	-	3,972
NAACA	<u>509</u>	<u>9,640</u>
	<u>413,280</u>	<u>455,241</u>
Earned Revenues	68,204	148,406
Administrative Revenues	<u>28,468</u>	<u>37,273</u>
	<u>\$ 510,012</u>	<u>\$640,920</u>

**NORTH CENTRAL COMMUNITY FUTURES
DEVELOPMENT CORPORATION INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011**

8. LONG TERM DEBT	<u>2011</u>	<u>2010</u>
Loan Payable – Community Futures Investment Funds monthly installments of \$5,692 including interest at 4.5% secured by a general security agreement, Principal payments to commence one year after disbursement of loan proceeds, Due July 1, 2011	\$ -	\$ 22,639
Loan Payable – Community Futures Investment Funds, Monthly installments of \$4,471 including interest at 3.50%, secured by a general security agreement. Due March 1, 2014.	\$ 152,590	\$200,000
Less portion due within one year	<u>(49,096)</u>	<u>(70,049)</u>
	<u>\$ 103,494</u>	<u>\$152,590</u>

Amount due in next 5 years:

2012	\$ 49,096
2013	50,842
2014	52,652
2015	-
2016	-
	<u>\$152,590</u>

9. RESTRICTED FUNDS

These funds were provided by repayable contributions from Western Economic Diversification Canada. There is no specific date for repayment. Repayment will not include interest.

10. ECONOMIC DEPENDENCE

North Central Community Futures Development Corporation Inc. is dependent on ongoing funding from Western Economic Diversification Canada.

11. ASSET / LIABILITY MANAGEMENT

The Development Corporation has established policies and related reporting to manage its exposure to fluctuating interest rates (referred to as interest rate risk). In the absence of these policies, the Development Corporation earnings would be impacted, either positively or negatively, as interest rates change. Additionally, the Development Corporation is potentially exposed to financial loss from the failure of a party to fully honor its financial or contractual obligations (referred to as credit risk).

**NORTH CENTRAL COMMUNITY FUTURES
DEVELOPMENT CORPORATION INC.**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011**

12. OTHER COMPREHENSIVE INCOME

All gains and losses, including those arising from all financial instruments, have been recognized in net income for the period. There are no items giving rise to other comprehensive income, nor is there any accumulated balance of other comprehensive income.