

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

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2008

AUDITOR'S REPORT

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

We have audited the capital, administration, and investment fund balance sheets of North Central Community Futures Development Corporation Inc. as at March 31, 2008 and the statements of income (loss) and surplus (deficit) for the year then ended. These financial statements are the responsibility of the organization'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 organization as at March 31, 2008 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Thompson, Manitoba
June 6, 2008

CHARTERED ACCOUNTANTS

**NORTH CENTRAL COMMUNITY FUTURES
DEVELOPMENT CORPORATION INC.
(Incorporated under the laws of Manitoba)**

**INVESTMENT FUND BALANCE SHEET
AS AT MARCH 31, 2008**

| ASSETS | <u>2008</u> | <u>2007</u> |
|--|--------------------|--------------------|
| CURRENT ASSETS | | |
| YOUTH INVESTMENT FUND | | |
| Bank | <u>\$ 181,809</u> | <u>\$ 165,864</u> |
| DISABLED ENTREPRENEUR INVESTMENT FUND | | |
| Bank | <u>127,726</u> | <u>73,607</u> |
| INVESTMENT FUND | | |
| Bank | <u>273,322</u> | <u>50,882</u> |
| Due from Administration fund | <u>41,440</u> | <u>87,883</u> |
| | <u>314,762</u> | <u>138,765</u> |
| PEER CREDIT FUND | | |
| Bank | <u>28,493</u> | <u>29,384</u> |
| | <u>652,790</u> | <u>407,620</u> |
| LOANS AND RECEIVABLES (Note 3) | <u>572,077</u> | <u>815,444</u> |
| | <u>\$1,224,867</u> | <u>\$1,223,064</u> |

See accompanying notes.

**NORTH CENTRAL COMMUNITY FUTURES
DEVELOPMENT CORPORATION INC.
(Incorporated under the laws of Manitoba)**

**INVESTMENT FUND BALANCE SHEET (con't)
AS AT MARCH 31, 2008**

| | LIABILITIES | <u>2008</u> | <u>2007</u> |
|---|--------------------|--------------------|--------------------|
| Current portion of long-term debt | | \$ 62,898 | \$ 70,596 |
| LONG TERM DEBT (Note 6) | | <u>88,504</u> | <u>140,871</u> |
| | | \$ 151,402 | \$ 211,467 |
| SURPLUS | | | |
| YOUTH INVESTMENT FUND | | | |
| Funded surplus (Note 7) | | 200,000 | 200,000 |
| Earned surplus (deficit) | | <u>(27,642)</u> | <u>(35,502)</u> |
| | | <u>172,358</u> | <u>164,498</u> |
| DISABLED ENTREPRENEUR FUND | | | |
| Funded surplus (Note 7) | | 200,000 | 200,000 |
| Earned surplus | | <u>60,440</u> | <u>48,816</u> |
| | | <u>260,440</u> | <u>248,816</u> |
| INVESTMENT FUND | | | |
| Funded surplus (Note 7) | | 600,000 | 600,000 |
| Earned surplus (deficit) | | <u>6,207</u> | <u>(38,367)</u> |
| | | <u>606,207</u> | <u>561,633</u> |
| PEER CREDIT FUND | | | |
| Funded surplus | | 40,000 | 40,000 |
| Earned surplus (deficit) | | <u>(5,540)</u> | <u>(3,350)</u> |
| | | <u>34,460</u> | <u>36,650</u> |
| ACCUMULATED OTHER COMPREHENSIVE INCOME (Note 11) | | | |
| | | - | - |
| | | <u>\$1,224,867</u> | <u>\$1,223,064</u> |

APPROVED BY THE BOARD: _____

See accompanying note.

**NORTH CENTRAL COMMUNITY FUTURES
DEVELOPMENT CORPORATION INC.
(Incorporated under the laws of Manitoba)**

CAPITAL FUND BALANCE SHEET

AS AT MARCH 31, 2008

| | <u>2008</u> | <u>2007</u> |
|--------------------------------------|------------------|------------------|
| ASSETS | | |
| CAPITAL ASSETS (Note 1) | | |
| Furniture and equipment | \$ 52,221 | \$ 52,221 |
| Computer equipment | 187,010 | 174,873 |
| Leasehold improvements | 20,488 | 20,488 |
| Vehicles | <u>15,983</u> | <u>15,983</u> |
| | 275,702 | 263,565 |
| Less: accumulated amortization | <u>(57,850)</u> | <u>(43,987)</u> |
| | <u>\$217,852</u> | <u>\$219,578</u> |
| LIABILITIES | | |
| Due to administration fund | \$ 24,626 | \$ 32,876 |
| Deferred contributions | <u>10,611</u> | <u>4,087</u> |
| | <u>\$ 35,237</u> | <u>\$ 36,963</u> |
| SURPLUS | | |
| Surplus | <u>\$182,615</u> | <u>\$182,615</u> |
| TOTAL LIABILITIES AND SURPLUS | <u>\$217,852</u> | <u>\$219,578</u> |

APPROVED BY THE BOARD:

See accompanying notes.

**NORTH CENTRAL COMMUNITY FUTURES
DEVELOPMENT CORPORATION INC.
(Incorporated under the laws of Manitoba)**

ADMINISTRATION FUND BALANCE SHEET

AS AT MARCH 31, 2008

| | <u>2008</u> | <u>2007</u> |
|--|------------------|------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 200 | \$ 200 |
| Bank – NACCA | 100 | 100 |
| Accounts receivable | 15,926 | 26,689 |
| GST receivable | 3,845 | 7,556 |
| Grants receivable (Note 4) | 85,635 | 124,634 |
| Prepaid expenses | 5,018 | 4,651 |
| Due from capital fund | <u>24,626</u> | <u>32,876</u> |
| | <u>\$135,350</u> | <u>\$196,706</u> |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Bank advances | \$ 42,588 | \$ 59,071 |
| Accounts payable and accrued liabilities | 82,382 | 66,708 |
| Due to Investment fund | <u>41,440</u> | <u>87,883</u> |
| | <u>166,410</u> | <u>213,662</u> |
| SURPLUS (DEFICIT) | | |
| SURPLUS (DEFICIT) | <u>(31,060)</u> | <u>(16,956)</u> |
| | <u>\$135,350</u> | <u>\$196,706</u> |

APPROVED BY THE BOARD:

See accompanying notes.

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

INVESTMENT FUND

STATEMENT OF INCOME AND SURPLUS (DEFICIT)

YEAR ENDED MARCH 31, 2008

| | <u>2008</u> | <u>2007</u> |
|---|-------------------------|---------------------------|
| INCOME | | |
| Interest | \$ 78,011 | \$ 86,872 |
| Other income | <u>-</u> | <u>8,096</u> |
| | <u>78,011</u> | <u>94,968</u> |
| EXPENSES | | |
| Bad debts | \$ 7,155 | \$ 10,393 |
| Bank charges | 752 | 663 |
| Interest on long term debt | <u>8,241</u> | <u>8,940</u> |
| | <u>16,148</u> | <u>19,996</u> |
| NET INCOME FOR THE YEAR | \$ 61,863 | \$ 74,972 |
| OTHER COMPREHENSIVE INCOME (Note 11) | <u>-</u> | <u>-</u> |
| COMPREHENSIVE INCOME FOR THE YEAR | \$ 61,863 | \$ 74,972 |
| Surplus (Deficit) at beginning of year | <u>(28,403)</u> | <u>(103,375)</u> |
| SURPLUS (DEFICIT) AT END OF YEAR | <u>\$ 33,460</u> | <u>\$ (28,403)</u> |

See accompanying notes.

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

**ADMINISTRATION FUND
STATEMENT OF INCOME (LOSS) AND SURPLUS (DEFICIT)**

YEAR ENDED MARCH 31, 2008

| | <u>2008</u> | <u>2007</u> |
|---|---------------------------|---------------------------|
| INCOME | | |
| Grants - Western Economic Diversification Canada (Note 5) | \$ 329,208 | \$ 323,536 |
| Other | <u>574,527</u> | <u>874,232</u> |
| | <u>903,735</u> | <u>1,197,768</u> |
| EXPENSES | | |
| Advertising | 5,100 | 5,977 |
| Amortization | 13,863 | 13,826 |
| Bad debts | 15,552 | 31,003 |
| Bank and service charges | 3,225 | 3,854 |
| Computer repair and maintenance | 1,460 | 1,762 |
| Contract expenses | 4,769 | 48,410 |
| Equipment repair & maintenance | 1,316 | 1,043 |
| Group benefits | 35,622 | 30,586 |
| Insurance | 3,198 | 2,694 |
| Internet | 3,271 | 2,768 |
| Meetings | 7,611 | 16,168 |
| Membership fees | 3,509 | 3,536 |
| Miscellaneous | 3,110 | 5,466 |
| Office | 17,816 | 21,436 |
| Other programs and conferences | 147,499 | 285,585 |
| Professional fees | 8,893 | 10,586 |
| Rent | 46,436 | 46,406 |
| Telephone | 23,551 | 27,867 |
| Training | 4,144 | 4,929 |
| Travel - board | 13,416 | 15,668 |
| - staff and other | 62,979 | 117,176 |
| Vehicle | 32,112 | 38,610 |
| Wages and benefits | <u>459,757</u> | <u>519,196</u> |
| | <u>918,209</u> | <u>1,254,552</u> |
| Income (loss) from operations | (14,474) | (56,784) |
| Interest income | <u>370</u> | <u>1,139</u> |
| NET INCOME (LOSS) FOR THE YEAR | (14,104) | (55,645) |
| Surplus at beginning of year | <u>(16,956)</u> | <u>38,689</u> |
| SURPLUS (DEFICIT) AT END OF YEAR | <u>\$ (31,060)</u> | <u>\$ (16,956)</u> |

See accompanying notes.

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

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

YEAR ENDED MARCH 31, 2008

| | <u>2008</u> | <u>2007</u> |
|---|--------------------------|--------------------------|
| FUNDS PROVIDED BY (USED IN) OPERATING ACTIVITIES | | |
| Cash receipts from clients, programs and grants | \$1,248,228 | \$ 936,655 |
| Cash paid to suppliers, programs and employees | (959,987) | (1,206,411) |
| Cash received on taxes | 3,711 | 5,524 |
| Interest received | <u>78,381</u> | <u>88,011</u> |
| Funds provided by/used in operating activities | \$ 370,333 | \$ (187,269) |
| FUNDS PROVIDED BY (USED IN) INVESTING ACTIVITIES | | |
| Purchase of capital assets | <u>(12,138)</u> | <u>(6,596)</u> |
| Funds used in investing activities | (12,138) | (6,596) |
| FUNDS PROVIDED BY (USED IN) FINANCING ACTIVITIES | | |
| Issuance of long-term debt | \$ - | \$ - |
| Repayment of long-term debt | <u>(60,065)</u> | <u>(38,533)</u> |
| Funds provided by (used in) financing activities | \$ (60,065) | \$ (38,533) |
| INCREASE (DECREASE) IN FUNDS | 298,130 | (232,398) |
| Cash and cash equivalents at beginning of year | <u>260,966</u> | <u>493,364</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ 559,096</u> | <u>\$ 260,966</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, 2008

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 2008 were \$6,596 (2007-\$15,983).

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.

On April 1, 2007, North Central Community Futures Development Corporation Inc. implemented these new standards, 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, 2008

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.

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 AND RECEIVABLES

| | <u>2008</u> | <u>2007</u> |
|---------------------------------------|-------------------------|-------------------------|
| Regular | \$520,051 | \$676,524 |
| Youth | 4,599 | 12,558 |
| Disability | 148,610 | 186,961 |
| Peer Credit | <u>10,090</u> | <u>8,322</u> |
| | \$683,350 | \$884,365 |
| Less: Allowance for doubtful accounts | <u>(111,263)</u> | <u>(68,921)</u> |
| | <u>\$572,087</u> | <u>\$815,444</u> |

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2008**

| 4. GRANTS RECEIVABLE | <u>2008</u> | <u>2007</u> |
|---------------------------------|-------------------------|--------------------------|
| Aboriginal Business Canada | \$ 8,178 | \$ 16,330 |
| CVRD Inco | - | 18,720 |
| Environment Canada | - | 9,100 |
| HRDC Canada | 1,248 | 1,782 |
| Indian and Northern Affairs | - | 1,300 |
| Junior Achievement | 21,000 | - |
| Ma-Mow-We-Tak Friendship Centre | - | 11,003 |
| Manitoba Conservation | - | 4,491 |
| Manitoba Education & Training | 36,012 | 14,306 |
| Natural Resources Canada | - | 30,603 |
| NACCA | 5,597 | - |
| Province of Manitoba | 3,395 | 5,000 |
| Tourism North | 205 | 1,400 |
| Western Diversification | 10,000 | 8,842 |
| Y.W.C.A. | <u>-</u> | <u>1,757</u> |
| | <u>\$ 85,635</u> | <u>\$ 124,634</u> |

5. GRANTS - WESTERN ECONOMIC DIVERSIFICATION CANADA

| | <u>2008</u> | <u>2007</u> |
|-----------------|-------------------------|-------------------------|
| Operating Grant | <u>\$329,208</u> | <u>\$323,536</u> |

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

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2008

| 6. LONG TERM DEBT | <u>2008</u> | <u>2007</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, 2010 | \$151,402 | \$211,467 |
| Less portion due within one year | <u>(62,898)</u> | <u>(70,596)</u> |
| | <u>\$ 88,504</u> | <u>\$140,871</u> |

Amount due in next 5 years:

| | |
|------|------------------|
| 2009 | 62,898 |
| 2010 | 65,865 |
| 2011 | <u>22,639</u> |
| | <u>\$151,402</u> |

7. REPAYABLE 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.

8. ECONOMIC DEPENDENCE

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

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

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2008

9. DISCOVER MANITOBA CONFERENCE AND EXPO INC.

The corporation was incorporated October 30, 2002 mainly to facilitate, aid and promote interest in and the development of tourism for northern and rural community and regions within Manitoba. North Central Community Futures Development Corporation Inc. has incurred net expenditures of \$47 during the year ended March 31, 2008 (\$845 - 2007) to assist this project with it's endeavours.

10. 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).

11. 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.