

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

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2009

NORTH CENTRAL COMMUNITY FUTURES DEVELOPMENT CORPORATION

YEAR ENDED MARCH 31, 2009

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AUDITOR'S REPORT

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

We have audited the statement of financial position of North Central Community Futures Development Corporation Inc. as at March 31, 2009 and the statement of operations, the changes in fund balances, and the statement of cash flows 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, 2009 and the results of its operations, changes in fund balances, and changes in cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Thompson, Manitoba
May 26, 2009

CHARTERED ACCOUNTANTS

NORTH CENTRAL COMMUNITY FUTURES DEVELOPMENT CORPORATION INC.
(Incorporated under the laws of Manitoba)
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2009

	Investment Fund	Administrative Fund	Capital Fund	2009 Total	2008 Total
ASSETS					
Current Assets					
Cash	-	200	-	200	200
Bank – Youth Fund	191,526	-	-	191,526	181,809
– Disabled Entrepreneur Fund	52,083	-	-	52,083	127,726
– Investment Fund	126,758	-	-	126,758	273,322
– Peer Credit Fund	31,326	-	-	31,326	28,493
– NAACA	-	100	-	100	100
– Skate Park	-	15,141	-	15,141	-
Loans receivables (Note 3)	762,375	-	-	762,375	572,077
Accounts receivable	-	6,715	-	6,715	15,926
GST receivable	-	3,317	-	3,317	3,845
Grants receivable (Note 5)	-	87,060	-	87,060	85,635
Prepaid expenses	-	8,364	-	8,364	5,018
Capital assets (Note 4)	-	-	205,645	205,645	217,852
Interfund receivable	36,998	16,765	-	53,763	66,066
TOTAL ASSETS	1,201,066	137,662	205,645	1,544,373	1,578,069

NORTH CENTRAL COMMUNITY FUTURES DEVELOPMENT CORPORATION INC.

(Incorporated under the laws of Manitoba)
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2009

	Investment Fund	Administrative Fund	Capital Fund	2009 Total	2008 Total
LIABILITIES AND FUND BALANCES					
Current Liabilities					
Bank advances		44,624	-	44,624	42,588
Accounts payables and accrued liabilities		67,921	-	67,921	82,384
Deferred income		67,849	-	67,849	-
Deferred contributions		-	6,265	6,265	10,611
Interfund payable		36,998	16,765	53,763	66,066
Current portion of long term debt	65,865	-	-	65,865	62,898
	65,865	217,392	23,030	306,287	264,547
Long Term Debt (Note 8)	22,639			22,639	88,504
TOTAL LIABILITIES	88,504	217,392	23,030	328,926	354,049
FUND BALANCES					
Invested in capital assets	=	-	182,615	182,615	182,615
Unrestricted	72,562	(79,730)	-	(7,168)	2,403
Restricted	1,040,000	-	-	1,040,000	1,040,000
Total Fund Balances	1,112,562	(79,730)	182,615	1,215,447	1,225,018
TOTAL LIABILITIES AND FUND BALANCES	1,201,066	137,662	205,645	1,544,373	1,578,069

Approved by the Board: _____

NORTH CENTRAL COMMUNITY FUTURES DEVELOPMENT CORPORATION

**STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2009**

	<u>Invested in Capital Assets</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>2009 Total</u>	<u>2008 Total</u>
Balances, beginning of year	\$ 182,615	2,403	1,040,000	1,225,018	1,272,777
Excess (deficiency) of revenues over expenses for the year	-	(9,571)	-	(9,571)	(47,759)
Interfund transfers (Note 1)	-	-	-	-	-
Balances, end of year	<u>\$ 182,615</u>	<u>(7,168)</u>	<u>1,040,000</u>	<u>1,215,447</u>	<u>1,225,018</u>

Note 1

\$15,000 was an approved transfer from the Investment fund to the administration fund during the 2009 fiscal year.

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

STATEMENT OF INCOME (LOSS) AND SURPLUS (DEFICIT)

YEAR ENDED MARCH 31, 2009

	Investment Fund	Administration Fund	Total <u>2009</u>	Total <u>2008</u>
REVENUE				
Grants - Western Economic Diversification Canada (Note 6)	\$ -	\$ 334,992	\$ 334,992	\$ 329,208
Other (Note 7)	<u>-</u>	<u>651,914</u>	<u>651,914</u>	<u>574,527</u>
	<u>-</u>	<u>986,906</u>	<u>986,906</u>	<u>903,735</u>
EXPENSES				
Advertising		10,279	10,729	5,100
Amortization		12,207	12,207	13,863
Bad debts	13,373	7,231	20,604	22,707
Bank and service charges	720	3,524	4,244	3,977
Computer repair and maintenance		651	651	1,460
Contract expenses		16,676	16,676	4,769
Equipment repair & maintenance		-	-	1,316
Group benefits		46,093	46,093	35,622
Insurance		3,129	3,129	3,198
Interest on long term debt	5,408	-	5,408	8,241
Internet		3,258	3,258	3,271
Meetings		9,328	9,328	7,611
Membership fees		3,748	3,748	3,509
Miscellaneous		5,002	5,002	3,110
Office		19,844	19,844	17,816
Other programs and conferences		176,670	176,670	147,499
Professional fees		13,408	13,408	8,893
Rent		46,450	46,450	46,436
Telephone		21,014	21,014	23,551
Training		5,917	5,917	4,144
Travel - board		15,745	15,745	13,416
- staff and other		70,715	70,715	62,979
Vehicle		34,155	34,155	32,112
Wages and benefits	<u>-</u>	<u>526,140</u>	<u>526,140</u>	<u>459,757</u>
	<u>19,501</u>	<u>1,051,634</u>	<u>1,071,135</u>	<u>918,209</u>
Income (loss) from operations	(19,501)	(64,728)	(84,229)	(30,622)
Interest income	<u>73,600</u>	<u>1,058</u>	<u>74,658</u>	<u>78,381</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>54,099</u>	<u>(63,670)</u>	<u>(9,571)</u>	<u>(47,759)</u>

See accompanying notes.

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

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

YEAR ENDED MARCH 31, 2009

	<u>2009</u>	<u>2008</u>
FUNDS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Cash receipts from clients, programs and grants	\$1,062,834	\$ 1,248,228
Cash paid to suppliers, programs and employees	(1,271,662)	(950,032)
Cash received on taxes	528	3,711
Interest received	<u>74,658</u>	<u>78,381</u>
Funds provided by/used in operating activities	\$ (133,642)	\$ 380,288
FUNDS PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Purchase of capital assets	<u>-</u>	<u>(12,138)</u>
Funds used in investing activities	-	(12,138)
FUNDS PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Issuance of long-term debt	\$ -	\$ -
Repayment of long-term debt	<u>(62,898)</u>	<u>(60,065)</u>
Funds provided by (used in) financing activities	\$ (62,898)	\$ (60,065)
INCREASE (DECREASE) IN FUNDS	(196,540)	308,085
Cash and cash equivalents at beginning of year	<u>569,051</u>	<u>260,966</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 372,511</u>	<u>\$ 569,051</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, 2009

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 2009 were \$ 0 (2008-\$6,596).

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, 2008, 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
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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2009

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, 2009, the Organization had \$ 469,601 in cash and amounts receivable and \$ 27,232 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, 2009 is its loans receivable.

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

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2009

GOING CONCERN

AcSB amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity's ability to continue as a going concern. The adoption had no impact on the Company's financial statements.

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>2009</u>	<u>2008</u>
Regular	\$577,992	\$ 520,051
Youth	728	4,599
Disability	212,313	148,610
Peer Credit	<u>2,888</u>	<u>10,090</u>
	\$ 793,921	\$683,350
Less: Allowance for doubtful accounts	<u>(31,546)</u>	<u>(111,273)</u>
	<u>\$ 762,375</u>	<u>\$ 572,077</u>

Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from 7.75 % 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>Net Book Value</u>	<u>2008 Net Book Value</u>
	\$	\$	\$	\$
Furniture & Equipment	52,221	8,487	43,734	44,977
Computer Equipment	187,010	43,204	143,806	151,489
Vehicles	15,983	12,721	3,262	4,660
Leasehold Improvements	20,488	5,645	14,843	16,726
	275,702	70,057	205,645	217,852

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2009**

5. GRANTS RECEIVABLE	<u>2009</u>	<u>2008</u>
Aboriginal Business Canada	\$ -	\$ 8,178
Childcare Coalition of Manitoba	2,500	-
C.F.P.M.	1,000	-
HRDC Canada	-	1,248
Junior Achievement	-	21,000
Manitoba Education & Training	9,735	36,012
NACCA	1,589	5,597
Province of Manitoba	3,639	3,395
Tourism North	2,088	205
T.U.A.S.	9,760	-
Western Diversification	-	10,000
Vision Quest	1,247	-
York Factory Learning Institute	<u>55,502</u>	<u>-</u>
	<u>\$ 87,060</u>	<u>\$ 85,635</u>
 6. GRANTS - WESTERN ECONOMIC DIVERSIFICATION CANADA		
	<u>2009</u>	<u>2008</u>
Operating Grant	<u>\$334,992</u>	<u>\$329,208</u>

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

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2009

7. OTHER REVENUE

	<u>2009</u>	<u>2008</u>
Grants:		
Indian and Northern Affairs	\$ 97,905	-
Western Diversification	4,345	3,476
Aboriginal Business Canada	201,552	145,433
Province of Manitoba – MCTT	37,955	19,077
Province of Manitoba – Other	20,525	15,318
Other – Skate Park	98,890	8,675
Other – CFPM	4,000	4,116
Other – Commuter Project	12,240	880
Junior Achievement	<u>5,250</u>	<u>29,750</u>
	<u>482,662</u>	<u>226,725</u>
 Earned Revenues	 72,096	 80,913
 Administrative Revenues	 <u>97,156</u>	 <u>266,889</u>
	<u>\$ 651,914</u>	<u>\$ 574,527</u>

8. LONG TERM DEBT

	<u>2009</u>	<u>2008</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	\$ 88,504	\$151,402
 Less portion due within one year	 <u>(65,865)</u>	 <u>(62,898)</u>
	<u>\$ 22,639</u>	<u>\$ 88,504</u>

Amount due in next 5 years:

2010	65,865
2011	<u>22,639</u>
	<u>\$ 88,504</u>

**NORTH CENTRAL COMMUNITY FUTURES
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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2009

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. 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 NIL during the year ended March 31, 2009 (\$ 47 - 2008) to assist this project with its endeavours.

12. 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).

13. 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.