

COMMUNITY FUTURES WINNIPEG RIVER

FINANCIAL STATEMENTS

MARCH 31, 2010

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AUDITORS' REPORT

To the Directors of Community Futures Winnipeg River

We have audited the balance sheet of Community Futures Winnipeg River, as at March 31, 2010 and the statements of income, retained earnings and cash flow for the year then ended. These financial statements are the responsibility of the Corporation'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 Corporation as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba
14-Jun-10

Stefanson Lee Romaniuk
Chartered Accountants

COMMUNITY FUTURES WINNIPEG RIVER

Balance Sheet
March 31, 2010

	General Fund	Investment Funds			2010	2009
		Regular	Disabled	Youth		
Assets						
Current						
Cash and short-term deposits	\$ 81,067	152,261	101,780	123,622	458,730	622,557
Accounts receivable	8,454	-	-	-	8,454	11,740
Prepays	3,659	-	-	-	3,659	6,267
Deposit, Community Futures					-	
Investment Fund (Note 3)	-	238,147	-	-	238,147	230,513
	93,180	390,408	101,780	123,622	708,990	871,077
Capital assets (Note 4)	147,932	-	-	-	147,932	154,484
Client loans (Note 5)	-	1,297,714	27,878	177,245	1,502,837	1,412,178
Total assets	\$ 241,112	1,688,122	129,658	300,867	2,359,759	2,437,739
Liabilities						
Current						
Accounts payable and accruals	\$ 6,425	1,785	-	-	8,210	17,852
Fund balances	234,687	1,686,337	129,658	300,867	2,351,549	2,419,887
Total liabilities and fund balances	\$ 241,112	1,688,122	129,658	300,867	2,359,759	2,437,739

Contingency (Note 8)

APPROVED BY THE BOARD:

_____ DIRECTOR

_____ DIRECTOR

COMMUNITY FUTURES WINNIPEG RIVER

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GENERAL FUND - Statement of Operations and Fund Balances

March 31, 2010

	2010	2009
Revenue		
Western Economic Diversification - core funding	\$ 294,983	289,199
Western Economic Diversification - project funding	-	-
Community Futures Partners of Manitoba	3,532	468
Fees for service	23,317	19,221
Self-Employment Assistance Program	24,490	15,190
Rental income	9,000	7,050
Interest	432	508
	355,754	331,636
Expenses		
Amortization	6,552	6,552
Community economic development - projects	5,288	3,459
Computer upgrades/maintenance	4,806	5,237
Conferences and training	8,825	5,859
Directors' expenses	15,556	13,661
Insurance	1,761	1,628
Maintenance and repairs	29,014	1,352
Marketing, advertising and promotion	1,476	4,396
Meetings	5,781	3,562
Memberships and subscriptions	1,623	1,771
Migration Network Project	-	125
Non-refundable GST	2,020	1,350
Office	14,484	16,307
Postage	2,344	2,138
Professional fees	5,243	5,701
Property taxes	6,270	6,183
Salaries and benefits	239,038	239,974
Telephone, facsimile and internet	6,835	7,096
Travel and automobile	6,298	4,242
Utilities	5,035	4,784
	368,249	335,377
Excess revenue (expense)	(12,495)	(3,741)
Fund balance, beginning of year	247,182	250,923
Fund balance, end of year	\$ 234,687	247,182

COMMUNITY FUTURES WINNIPEG RIVER

INVESTMENT FUNDS - Statement of Operations and Fund Balances

March 31, 2010

	Investment Funds			2010	2009
	Regular	Disabled	Youth		
Revenue					
Interest - loans	71,749	1,668	11,576	84,993	107,000
Interest - credit union	1,481	89	1,555	3,125	10,680
Interest - Community Futures				-	
Investment Fund	7,633	-	-	7,633	7,871
Credit recoveries	-	-	-	-	26,873
	80,863	1,757	13,131	95,751	152,424
Expense					
Bad debts	139,530	11,214	-	150,744	2,154
Bank charges	-	-	-	-	64
Professional fees	850	-	-	850	918
	140,380	11,214	-	151,594	3,136
Excess revenue	(59,517)	(9,457)	13,131	(55,843)	149,288
Fund balances, beginning of year	1,745,854	139,115	287,736	2,172,705	2,023,417
Fund balances, end of year	\$ 1,686,337	129,658	300,867	2,116,862	2,172,705

Cash Flow Statement

March 31, 2010

	2010	2009
Sources of cash		
Western Economic Diversification - core funding	\$ 294,983	289,199
Western Economic Diversification - project funding		86,964
Self-Employment Assistance Program	23,491	15,311
Interest received on loans and funds on deposit	100,905	115,668
Other	40,134	57,873
	459,513	565,015
Uses of cash		
Payments to suppliers	369,581	448,384
Client loans net of repayments	246,125	223,759
Community Futures Investment Fund	7,634	7,870
	623,340	680,013
Change in cash	(163,827)	(114,998)
Cash and short-term deposits, beginning of year	622,557	737,555
Cash and short-term deposits, end of year	\$ 458,730	622,557

1 Purpose and funding:

Community Futures Winnipeg River (CFWR) is a non-profit community based organization funded by Western Diversification Canada (WD). The Corporation provides loans and financial services to small businesses in order to achieve sustained growth in employment opportunities within the Winnipeg River Brokenhead area of Eastern Manitoba pursuant to a contribution agreement with WD. Community Futures Winnipeg River recognizes its commitment for repayment of investment funds back to WD as per the contribution agreement.

2 Summary of accounting policies:

The Corporation follows the restricted fund method of accounting for contributions.

General Fund

WD contributions are recognized as revenue when program delivery and administrative expenses are incurred. Excess contributions, if any, are deferred until subsequent accounting periods.

Unrestricted resources are recognized as revenue when received or become receivable.

Investment Funds

WD contributions are recognized as revenue when received.

Interest income is recorded on the accrual basis.

3 Deposit, Community Futures Investment Fund (CFIF):

CFIF was created by Community Futures Manitoba (CFM) to take advantage of surplus investment funds within the system in Manitoba Community Futures (CF) organizations. CFIF serves as an investment vehicle for CFs with surplus investment funds whereas CFs with shortages of investment funds may borrow from CFIF. CFIF pays interest on deposits at competitive rates. Deposits are payable on demand. Borrowers pay interest at RBC prime rate plus 1/4%. Participation in CFIF is voluntary.

4 Capital assets:

	Cost	Accum. Amort.	2010 Net	2009 Net
Land	\$ 30,000	-	30,000	30,000
Buildings	218,103	100,171	117,932	124,484
Office furniture and computer equipment	111,102	111,102	-	-
	<u>\$ 359,205</u>	<u>211,273</u>	<u>147,932</u>	<u>154,484</u>

Amortization policy

Building - straight-line method over 40 years

Office furniture and computer equipment - straight-line method over 5 years

5 Client loans:

General security agreements and personal guarantees secure client loans. Loans are payable over up to five years at interest rates from 6.75% to 9.50%.

	2010	2009
Client loans including interest due and accrued	1,916,150	1,674,746
Allowance for doubtful loans	(413,313)	(262,568)
	<u>1,502,837</u>	<u>1,412,178</u>

6 Fair value of financial instruments

Cash and short-term deposits and accounts payable and accruals:

Carrying amounts approximate fair value because of their short-term maturities.

Client loans:

Carrying amounts approximate fair values because interest rates on these instruments approximate current market rates.

7 Economic dependence:

Western Diversification has agreed to fund the Corporation through March 31, 2011.

8 Contingency:

Certain contributions advanced by Western Economic Diversification for purposes of establishing Investment Funds are conditionally repayable should the funding agreement not be extended beyond March 31, 2011. At March 31, 2010 the conditionally repayable amount is \$108,115.

9 Controlled entities:

The Whiteshell Community Adjustment Program, funded by Western Economic Diversification was created to assist communities affected by the closure of AECL's Whiteshell Laboratories. The Program was intended to provide support to business development but not to directly profit private enterprise. A steering committee comprised of certain directors of the Corporation and others has been established to manage the fund. As a result of an agreement signed March 31, 1999, \$3,750,000 in support was available under the program, and a total of \$3,742,264 was provided to eligible projects.

A summary (unaudited) of the activities of the Program is as follows:

	To Date March 31/09	Current Year Activity	To Date March 31/10
Revenue			
Western Economic Diversification	\$ 3,626,479	108,843	3,735,322
Interest Earned	199,017	368	199,385
	3,825,496	109,211	3,934,707
Expense			
Projects funded			
Beasejour Development Corporation	114,703	-	114,703
Lac du Bonnet Community Centre	93,196	-	93,196
La Verendrye Trail Association	305,655	-	305,655
Pinawa Heritage Sundial	15,168	-	15,168
W.B. Lewis Business Centre	424,797	-	424,797
Deep River Science Academy	116,932	-	116,932
Lac du Bonnet Airport	108,826	-	108,826
Pinawa Economic Development Strategy	180,500	-	180,500
Beasejour Sports Plex	250,000	-	250,000
Regional Marketing Project	13,400	-	13,400
Town and RM of LDB - industrial park	53,768	-	53,768
Town LDB - water line enhancement	82,500	-	82,500
Mrs. Lucci Resource Centre	250,000	-	250,000
Garson Arena	119,402	-	119,402
Regional Economic Development Strategy	89,650	-	89,650
Regional Broadband Initiative	133,000	-	133,000
Pinawa Hydro Infrastructure	7,349	-	7,349
Pinawa Business Attraction Strategy	244,814	3,186	248,000
North Eastern Regional Recycling Facility	81,941	-	81,941
Seven Sisters Sewer/Lagoon	208,000	-	208,000
Manitoba Science Academy	110,500	-	110,500
Eastman Ethonal Cooperative	9,625	-	9,625
Co-op Feasibility Study	100,000	-	100,000
PCDC Office Relocation	10,000	-	10,000
Pinawa Business Incubator	93,002	3,754	96,756
Winnipeg River Learning Centre	335,000	-	335,000
Pinawa Business Park	8,595	-	8,595
Pinawa Housing Project	100,000	-	100,000
Whitemouth Water Treatment	75,000	-	75,000
Tourism study	30,635	-	30,635
Administrative expenses	133,276	17,741	151,017
	3,899,234	24,681	3,923,915
Excess revenue and surplus, March 31, 2010	\$ (73,738)	84,530	10,792