

COMMUNITY FUTURES EAST KOOTENAY

Financial Statements

Year Ended March 31, 2011

COMMUNITY FUTURES EAST KOOTENAY

STATEMENT OF FINANCIAL POSITION
For the Year Ended March 31, 2011

	Loan Investment Funds										
	General Fund	Repayable	Non-Repayable	Forest Renewal BC	Disabled	Youth	Pooled Asset Lending 2010	Pooled Asset Lending	Growth Start	2011 Total	2010 Total
ASSETS											
CURRENT											
Cash	\$ 34,660	\$ 68,341	\$ 597,824	\$ 125,754	\$ 15,383	\$ 46,065	\$ 135,415	\$ 37,826	\$ 125,712	\$ 1,186,980	\$ 975,772
Short-Term Investments (Note 3)	88,920	-	60,249	-	-	-	-	-	-	149,169	148,467
Accounts Receivable	129,453	325	23,377	-	-	-	-	-	-	153,155	124,886
Accrued Interest Receivable (Note 4)	-	9,665	1,832	31,249	25,792	2,808	2,006	772	-	74,124	115,340
Prepaid Expenses	3,397	-	-	-	-	-	-	-	-	3,397	-
Inter-fund Receivable	-	4,600	-	-	-	-	42,722	-	-	47,322	267,192
Current Portion of Investment Loans Receivable (Note 4)	-	81,986	245,432	212,821	34,821	73,541	22,697	12,579	-	683,877	1,139,209
	256,430	164,917	928,714	369,824	75,996	122,414	202,840	51,177	125,712	2,298,024	2,770,866
DUE FROM RELATED PARTY (NOTE 12)	-	-	-	-	-	-	-	-	-	-	-
CAPITAL ASSETS (Notes 2 and 5)	10,386	-	-	-	-	-	-	-	-	10,386	21,581
OTHER											
Investment Loans Receivable, Net of Allowance for Credit Loss (Note 4)	-	353,863	1,613,114	1,188,714	265,950	319,302	555,746	159,612	-	4,456,301	4,046,845
	-	353,863	1,613,114	1,188,714	265,950	319,302	555,746	159,612	-	4,456,301	4,046,845
	\$ 266,816	\$ 518,780	\$ 2,541,828	\$ 1,558,538	\$ 341,946	\$ 441,716	\$ 758,586	\$ 210,789	\$ 125,712	\$ 6,764,711	\$ 6,839,292

COMMUNITY FUTURES EAST KOOTENAY

STATEMENT OF FINANCIAL POSITION
For the Year Ended March 31, 2011

	Loan Investment Funds										2011	2010
	General Fund	Repayable	Non-Repayable	Forest Renewal BC	Disabled	Youth	Pooled Asset Lending 2010	Pooled Asset Lending	Growth Start	Total	Total	
LIABILITIES												
CURRENT												
Bank Indebtedness	\$ 182,310	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 182,310	\$ 182,730
Accounts Payable and Accrued Liabilities	52,402	-	-	-	-	-	-	-	-	-	52,402	84,700
Deferred Contributions	-	-	-	-	-	-	-	-	-	-	-	7,336
Current Portion of Loans Repayable (Note 5)	-	-	-	-	-	-	-	-	-	-	-	270,842
Inter-fund Payable	8,786	-	2,709	124	-	658	-	-	35,045	-	47,322	267,192
	243,498	-	2,709	124	-	658	-	-	35,045	-	282,034	812,800
LONG-TERM												
Loans Repayable (Note 6)	-	500,000	-	-	200,000	200,000	750,000	-	-	-	1,650,000	1,099,468
	-	500,000	-	-	200,000	200,000	750,000	-	-	-	1,650,000	1,099,468
	243,498	500,000	2,709	124	200,000	200,658	750,000	-	35,045	-	1,932,034	1,912,268
FUND BALANCES												
Invested in Capital Assets	10,386	-	-	-	-	-	-	-	-	-	10,386	21,581
Contributed Funds (Note 7)	-	-	1,492,197	525,000	-	-	-	-	-	-	2,017,197	2,367,197
Externally Restricted (Note 8)	-	18,780	1,046,922	1,033,414	141,946	241,058	8,586	210,789	90,667	-	2,792,162	2,544,854
Unrestricted	12,932	-	-	-	-	-	-	-	-	-	12,932	(6,608)
	23,318	18,780	2,539,119	1,558,414	141,946	241,058	8,586	210,789	90,667	-	4,832,677	4,927,024
	266,816	518,780	2,541,828	1,558,538	341,946	441,716	758,586	210,789	125,712	-	6,764,711	6,839,292

APPROVED BY THE BOARD:



COMMUNITY FUTURES EAST KOOTENAY

GENERAL FUND

STATEMENT OF OPERATIONS AND CHANGES IN GENERAL FUND BALANCE

For the Year Ended March 31, 2011

	<u>BUDGET</u> <u>2011</u>	<u>ACTUAL</u> <u>2011</u>	<u>ACTUAL</u> <u>2010</u>
REVENUE			
Contribution from WED (core)	\$ 305,954	\$ 305,955	\$ 305,594
Loan Administration Fees	45,000	29,035	36,717
Interest from Bank Accounts	1,000	5,379	6,908
Authorized WED Interest Transfer from Investment Fund	95,000	95,000	110,000
PAL Administration Fees	20,000	45,000	25,000
Growthstart Administration Fees	20,000	-	35,000
Other Income	15,500	51,300	24,134
	<u>502,454</u>	<u>531,669</u>	<u>543,353</u>
EXPENSES (Per Statement II, Page 2)	<u>502,454</u>	<u>523,480</u>	<u>541,788</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER PROGRAMS AND AMORTIZATION	<u>-</u>	<u>8,189</u>	<u>1,565</u>
OTHER PROGRAMS			
Self Employment (Schedule A)	-	19,965	5,492
Other (Schedule B)	-	-	(12,603)
	<u>-</u>	<u>19,965</u>	<u>(7,111)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE AMORTIZATION	<u>-</u>	<u>28,154</u>	<u>(5,546)</u>
OTHER REVENUE (EXPENSES)			
Gain (Loss) on Sale of Investments	-	(4,924)	-
Amortization of Capital Assets	-	(14,885)	(21,728)
	<u>-</u>	<u>(19,809)</u>	<u>(21,728)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>-</u>	8,345	(27,274)
FUND BALANCE, BEGINNING OF YEAR		(6,608)	5,736
NET CHANGE IN INVESTMENT IN CAPITAL ASSETS		<u>11,195</u>	<u>14,930</u>
FUND BALANCE, END OF YEAR		<u>\$ 12,932</u>	<u>\$(6,608)</u>

The accompanying notes are an integral part of these financial statements.

COMMUNITY FUTURES EAST KOOTENAY

GENERAL FUND

STATEMENT OF OPERATIONS AND CHANGES IN GENERAL FUND BALANCE

SCHEDULE OF EXPENSES

For the Year Ended March 31, 2011

	<u>BUDGET</u> <u>2011</u>	<u>ACTUAL</u> <u>2011</u>	<u>ACTUAL</u> <u>2010</u>
EXPENSES			
Accounting and Audit	\$ 22,000	\$ 13,999	\$ 19,330
Advertising	12,000	11,706	11,048
Bank Charges	1,500	4,443	2,566
Credit Bureau Charges	2,000	1,538	516
Dues, Licenses and Fees	4,000	2,975	7,418
Education and Training	6,000	11,168	11,343
Equipment Maintenance	1,000	-	33
Insurance and Legal	6,000	16,565	9,374
Office Rent	33,000	31,375	30,165
Office Supplies	6,000	14,846	(2,565)
Online Registration Fees	650	-	2,278
Postage and Shipping	2,200	891	629
Repairs and Maintenance	250	260	-
Salaries and Benefits	358,204	373,061	403,825
Strategy Workshop	1,500	-	819
Subscriptions	150	-	46
Technical Assistance	-	235	474
Telephone	9,000	11,029	11,809
Network Service Contract	6,000	2,294	4,540
Travel	31,000	27,095	28,140
	<u>\$ 502,454</u>	<u>\$ 523,480</u>	<u>\$ 541,788</u>

The accompanying notes are an integral part of these financial statements.

COMMUNITY FUTURES EAST KOOTENAY

STATEMENT OF OPERATIONS AND CHANGES IN RESTRICTED FUND BALANCES
For the Year Ended March 31, 2011

	Loan Investment Funds							2011	2010
	Repayable	Non- Repayable	Forest Renewal BC	Disabled	Youth	Pooled Asset Lending 2010	Pooled Asset Lending	Growth Start	Total
REVENUE									
Bank Interest	\$ 324	\$ 3,099	\$ 938	\$ 264	\$ 630	\$ -	\$ 295	\$ 72	\$ 5,622
Investment Loans Interest	35,041	149,222	104,108	28,140	30,227	15,453	17,264	39,271	418,726
Recoveries on Written-Off Loans	-	-	-	-	-	-	-	-	-
Other	7,708	5,267	7,881	955	1,170	-	250	608	23,839
	<u>43,073</u>	<u>157,588</u>	<u>112,927</u>	<u>29,359</u>	<u>32,027</u>	<u>15,453</u>	<u>17,809</u>	<u>39,951</u>	<u>448,187</u>
EXPENSES									
Bank Charges	312	2,525	-	438	2,867	-	304	509	6,955
Interest Transfers	-	36,726	62,811	-	-	-	45,613	20,413	165,563
Provision for Investment Losses	(21,836)	(5,966)	8,290	31,203	132	-	-	-	11,823
Interest on Long-Term Debt	-	-	-	-	-	6,867	-	4,596	11,463
Other	1,508	1,228	1,628	-	104	-	-	607	5,075
	<u>(20,016)</u>	<u>34,513</u>	<u>72,729</u>	<u>31,641</u>	<u>3,103</u>	<u>6,867</u>	<u>45,917</u>	<u>26,125</u>	<u>200,879</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	63,089	123,075	40,198	(2,282)	28,924	8,586	(28,108)	13,826	247,308
FUND BALANCES, BEGINNING OF YEAR	(44,309)	923,847	993,216	144,228	212,134	-	238,897	76,841	2,544,854
FUND BALANCES, END OF YEAR	\$ 18,780	\$ 1,046,922	\$ 1,033,414	\$ 141,946	\$ 241,058	\$ 8,586	\$ 210,789	\$ 90,667	\$ 2,792,162
									\$ 2,544,854

The accompanying notes are an integral part of these financial statements.

COMMUNITY FUTURES EAST KOOTENAY

STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2011

	Loan Investment Funds							2011	2010		
	General Fund	Repayable	Non-Repayable	Forest Renewal BC	Disabled	Youth	Pooled Asset Lending 2010	Pooled Asset Lending	Growth Start	Total	Total
CASH FLOWS FROM OPERATING ACTIVITIES											
Excess (Deficiency) of Revenue Over Expenses	\$ 8,345	\$ 63,089	\$ 123,075	\$ 40,198	\$ (2,282)	\$ 28,924	\$ 8,586	\$ (28,108)	\$ 13,826	\$ 255,653	\$ 63,366
Add (Deduct) Non-Cash Items:											
Amortization of Capital Assets	14,885	-	-	-	-	-	-	-	-	14,885	21,728
	23,230	63,089	123,075	40,198	(2,282)	28,924	8,586	(28,108)	13,826	270,538	85,094
Decrease (Increase) in:											
Accounts Receivable	(27,993)	(99)	(176)	-	-	-	-	-	-	(28,268)	163,024
Prepaid Expenses	(3,397)	-	-	-	-	-	-	-	-	(3,397)	-
Increase (Decrease) in:											
Accounts Payable and Accrued Liabilities	(6,265)	-	(26,034)	-	-	-	-	-	-	(32,299)	(20,325)
Deferred Revenue	(7,336)	-	-	-	-	-	-	-	-	(7,336)	4,546
Inter-fund Balances	19,062	24,305	(47,797)	213,757	-	658	(42,722)	14,378	(181,641)	-	-
	(2,699)	87,295	49,068	253,955	(2,282)	29,582	(34,136)	(13,730)	(167,815)	199,238	232,339
CASH FLOWS FROM FINANCING ACTIVITIES											
Loans Repayable	-	-	-	-	-	-	750,000	-	(470,310)	279,690	(302,769)
Due to/from Related Party	-	-	-	-	-	-	750,000	-	(470,310)	279,690	223
CASH FLOWS FROM INVESTING ACTIVITIES											
Additions to Capital Assets	(3,690)	-	-	-	-	-	-	-	-	(3,690)	(6,798)
Accrued Interest Receivable	-	(8,663)	(1,082)	47,062	(15,065)	6,346	(2,006)	7,600	7,024	41,216	(79,087)
Net Investment Loans Receivable	-	(68,401)	(141,492)	148,222	(37,909)	(70,201)	(578,443)	41,016	753,084	45,876	(604,443)
Transfer to (from) Contributed Funds	-	-	-	(350,000)	-	-	-	-	-	(350,000)	310,697
	(3,690)	(77,064)	(142,574)	(154,716)	(52,974)	(63,855)	(580,449)	48,616	760,108	(266,598)	(379,631)
Net increase (decrease) in cash	(6,389)	10,231	(93,506)	99,239	(55,256)	(34,273)	135,415	34,886	121,983	212,330	(449,838)
Cash, beginning	(52,341)	58,110	751,579	26,515	70,639	80,338	-	2,940	3,729	941,509	1,391,347
Cash, end of year	\$(58,730)	\$68,341	\$658,073	\$125,754	\$15,383	\$46,065	\$135,415	\$37,826	\$125,712	\$1,153,839	\$941,509
Comprised of:											
Cash	\$ 34,660	\$ 68,341	\$ 597,824	\$ 125,754	\$ 15,383	\$ 46,065	\$ 135,415	\$ 37,826	\$ 125,712	\$ 1,186,980	\$ 975,772
Short-Term Investments	88,920	-	60,249	-	-	-	-	-	-	149,169	148,467
Bank Indebtedness	(182,310)	-	-	-	-	-	-	-	-	(182,310)	(182,730)
	\$(58,730)	\$68,341	\$658,073	\$125,754	\$15,383	\$46,065	\$135,415	\$37,826	\$125,712	\$1,153,839	\$941,509

The accompanying notes are an integral part of these financial statements.

COMMUNITY FUTURES EAST KOOTENAY

SELF EMPLOYMENT PROGRAM
SCHEDULE OF REVENUE AND EXPENSES

For the Year Ended March 31, 2011

	<u>BUDGET</u> <u>12/1/09 to</u> <u>11/30/10</u>	<u>ACTUAL</u> <u>2011</u>	<u>ACTUAL</u> <u>2010</u>
REVENUE			
Human Resources Development Canada	\$ 436,154	\$ 469,852	\$ 536,649
EXPENSES			
Accounting and Audit	8,645	6,000	6,000
Advertising and Publicity	-	4,990	7,566
Bank Charges and Interest	460	5,543	860
Dues, Licenses and Fees	900	1,352	556
Education and Training	-	1,773	1,280
Office Rent	15,250	24,898	24,898
Office Supplies	2,440	1,686	1,106
Postage and Shipping	894	454	1,328
Salaries and Costs	107,474	190,506	164,125
Self Employment Development	-	4,642	25,786
Skills Development	282,480	178,152	266,382
Strategy Workshop	-	-	306
Subscriptions	-	-	80
Technical Assistance	-	266	445
Telephone	4,411	6,889	11,934
Network Service Contract	-	2,640	-
Travel	13,200	20,096	18,505
	<u>436,154</u>	<u>449,887</u>	<u>531,157</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ -</u>	<u>\$ 19,965</u>	<u>\$ 5,492</u>

The accompanying notes are an integral part of these financial statements.

SCHEDULE B**COMMUNITY FUTURES EAST KOOTENAY****SELF EMPLOYMENT PROGRAM
SCHEDULE OF OTHER PROGRAMS
For the Year Ended March 31, 2011**

	<u>CAP</u> <u>2011</u>	<u>CAP</u> <u>2010</u>
REVENUE		
Interest and Sundry	\$ -	\$ 12
Other	-	3,708
	<u>-</u>	<u>3,720</u>
EXPENSES		
Office Expenses	-	15,154
Telephone	-	1,169
	<u>-</u>	<u>16,323</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ -</u>	<u>\$(12,603)</u>

The accompanying notes are an integral part of these financial statements.

COMMUNITY FUTURES EAST KOOTENAY

NOTES TO FINANCIAL STATEMENTS

March 31, 2011

NOTE 1 PURPOSE OF THE ORGANIZATION

Community Futures East Kootenay is a community-based organization that provides loans and financial services to small businesses that are otherwise unable to obtain financing. It was incorporated by Letters Patent dated March 24, 1995, under the Canada Corporations Act, and was registered as an extraprovincial society on September 15, 1995 under the Society Act of B.C. Effective July 27, 2007, Supplementary Letters Patent were issued under the Canada Corporations Act authorizing the corporation's name to be changed to "Community Futures East Kootenay" (formerly "Community Futures Development Corporation of the S.E. Region of B.C."). The corporation is exempt from income tax under the Income Tax Act as a nonprofit corporation.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

a) Fund Accounting

Community Futures East Kootenay follows the Restricted Method of accounting for contributions.

The General Fund accounts for the corporation's operating costs, and general revenues and the loan management expenses. This fund reports unrestricted resources and restricted operating grants.

The Loan Investment Funds report restricted resources that are to be used for assistance to small businesses and entrepreneurs in the form of loans, loan guarantees or equity participation. Loans from the Loan Investment Fund for the Disabled and the Loan Investment Fund for Youth are limited to businesses owned and operated by disabled and youth entrepreneurs respectively. The corporation is restricted in the types of loans that can be made according to its agreement with the federal government.

b) Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straightline basis over the estimated useful lives of the assets as follows:

Furniture and Fixtures	5 years
Computer Equipment	3 years
Computer Software	1 year
Leasehold Improvements	5 years (or life of lease)

One half the regular rate of amortization is recorded in the year of acquisition. Amortization expense is reported in the General Fund.

COMMUNITY FUTURES EAST KOOTENAY

NOTES TO FINANCIAL STATEMENTS

March 31, 2011

NOTE 3 SHORT-TERM INVESTMENTS

GENERAL FUND

	<u>2011</u>	<u>2010</u>
Preferred Shares		
CIBC 4.7% Non-Cum	\$ -	\$ 25,000
Dividend 15 Split Corp II (Market value = \$10,160)	10,000	10,000
Fortis Inc. 4.9%	-	25,000
 Fixed Income		
Australian Banc Capital Securities (Market value = \$51,000)	50,000	-
 Common Equity		
Commerce Split Corp. Class A (Market value = \$103)	1,693	1,693
Commerce Split Corp. Capital Shares (Market value \$563)	4,307	4,307
Dividend 15 Split Corp. II (Market value = \$12,000)	15,000	15,000
Transcanada Corporation (Market value = \$9,434)	<u>7,920</u>	<u>7,920</u>
	<u>\$ 88,920</u>	<u>\$ 88,920</u>

NON-REPAYABLE FUND

Investments

	<u>Broker</u>	<u>Rate</u>	<u>2011</u>	<u>2010</u>
Income Fund	Sunrich Mgmt.	1.18%	<u>\$ 60,249</u>	<u>\$ 59,134</u>

COMMUNITY FUTURES EAST KOOTENAY

NOTES TO FINANCIAL STATEMENTS

March 31, 2011

NOTE 4 INVESTMENT LOANS RECEIVABLE

Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from 8.0% to 13.0% with monthly blended principal and interest repayments amortized for terms between 12 and 60 months. Security is taken on these loans as appropriate to the situation and includes personal guarantees, and general security agreements covering business assets and mortgages on land and building.

	2011			2010		
	Investment Loans Receivable	Allowance for Credit Loss	Net	Investment Loans Receivable	Allowance for Credit Loss	Net
Repayable	\$ 466,959	\$ 31,110	\$ 435,849	\$ 420,443	\$ 52,995	\$ 367,448
Non-Repayable	1,858,546	-	1,858,546	1,722,661	5,607	1,717,054
Forest Renewal B.C.	1,424,702	23,167	1,401,535	1,564,757	15,000	1,549,757
Disabled	331,971	31,200	300,771	262,862	-	262,862
Youth	392,843	-	392,843	322,642	-	322,642
Pooled Asset Lending 2010	578,443	-	578,443	-	-	-
Pooled Asset Lending	172,191	-	172,191	213,207	-	213,207
Growth Start	-	-	-	753,084	-	753,084
	<u>\$ 5,225,655</u>	<u>\$ 85,477</u>	<u>\$ 5,140,178</u>	<u>\$ 5,259,657</u>	<u>\$ 73,602</u>	<u>\$ 5,186,054</u>
Less Current Portion			<u>(683,877)</u>			<u>(1,139,209)</u>
			<u>\$ 4,456,301</u>			<u>\$ 4,046,845</u>

The current portion of investment loans receivable is management's estimate of the principal portion of loans expected to be received within the next 12 months.

Accrued Interest Receivable is management's estimate of the interest accumulated from the last payment date on the loans to March 31, 2011.

The allowance for losses on investment loans is made based on expected loan default rates, potential loss ratios and review of loans portfolio, as determined by management.

COMMUNITY FUTURES EAST KOOTENAY

NOTES TO FINANCIAL STATEMENTS

March 31, 2011

NOTE 5 CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2011 Net Book Value</u>	<u>2010 Net Book Value</u>
Furniture and Fixtures	\$ 105,416	\$ 98,523	\$ 6,893	\$ 6,325
Computer Equipment	263,552	260,059	3,493	15,256
Computer Software	18,374	18,374	-	-
Leasehold Improvements	<u>44,589</u>	<u>44,589</u>	<u>-</u>	<u>-</u>
	<u>\$ 431,931</u>	<u>\$ 421,545</u>	<u>\$ 10,386</u>	<u>\$ 21,581</u>

NOTE 6 LOANS REPAYABLE

Western Economic Diversification

Repayment was due to start on April 1, 2004; however, the terms of repayment have been extended without an official amendment to the contract. The new repayment date has not been set.

		<u>2011</u>	<u>2010</u>
Repayable	\$ 500,000		
Youth	200,000		
Disabled	<u>200,000</u>		
		<u>\$ 900,000</u>	<u>\$ 900,000</u>

The loan from Western Economic Diversification is due as follows:

The cash balances of the loan investment funds at April 1, 2011 will be paid to Western Economic Diversification. Principal repayments of investment loans receivable after March 31, 2011 will be forwarded to Western Economic Diversification. When all loans are collected, Western Economic Diversification is entitled to 50% of the net interest received on the restricted loan investment funds.

60% of the income from the loan investment funds is repayable.

Cont'd...

COMMUNITY FUTURES EAST KOOTENAY

NOTES TO FINANCIAL STATEMENTS

March 31, 2011

NOTE 6 LOANS REPAYABLE cont'd

	<u>2011</u>	<u>2010</u>
Pooled Asset Lending 2010		
Community Futures Development Association Loan bearing interest at prime minus 2.25% or a minimum of 1.25% per annum. Payments are interest only and are due on the last working day of each month. The loan is secured by a General Security Agreement	<u>\$ 750,000</u>	<u>\$ -</u>
 Growth Start		
Community Futures Development Association Loan CU2-004 bearing interest at 5.25% per annum, repayable in monthly payments of \$2,467. The loan is secured by all present and future property interests. Loan is due in full July, 2019.	\$ -	\$ 218,067
Community Futures Development Association Loan CU1-010 bearing interest at 3.75% per annum, repayable in monthly payments of \$6,454. The loan is secured by all present and future property interests.	-	38,301
Community Futures Development Association Loans CU1-036 and CU1-037 bearing interest at 1.50% per annum, repayable in monthly payments of \$17,974. The loans are secured by all present and future property interests.	<u>-</u>	<u>213,942</u>
Amount payable within one year	<u>-</u>	<u>470,310</u> <u>(270,842)</u>
	<u>\$ -</u>	<u>\$ 199,468</u>

COMMUNITY FUTURES EAST KOOTENAY

NOTES TO FINANCIAL STATEMENTS

March 31, 2011

NOTE 7 CONTRIBUTED FUNDS

An investment fund agreement was entered into on June 1, 1994 whereby the Corporation received a grant over time totaling \$1,450,000 to be used to assist in creating new small business and to expand, stabilize and protect existing businesses, resulting in the generation and maintenance of permanent employment. Financial assistance may be in the form of loans, guarantees and equity participation.

The Corporation also entered into an agreement on May 21, 1996 with Forest Renewal B.C. whereby the Corporation received a \$400,000 grant, which was matched by the Corporation with existing loans and cash. The funds must be used to provide loans, business counseling and training to small and medium size forest sector enterprises in B.C. An additional \$125,000 was provided on January 25, 2001. Forest Renewal B.C. was wound up in 2003 and has ceased operations. No additional loans are to be made through this program.

NOTE 8 EXTERNALLY RESTRICTED NET ASSETS

Major categories of externally imposed restrictions on net assets are as follows:

Loan Investment Funds

Loan Investment Funds restricted to loans and equity investments to entrepreneurs

Repayable	\$ 18,780
Non-Repayable	1,046,922
Forest Renewal B.C.	1,033,414
Disabled	141,946
Youth	241,058
Pooled Asset Lending 2010	8,586
Pooled Asset Lending	210,789
Growth Start	<u>90,667</u>
	<u>\$ 2,792,162</u>

NOTE 9 LEASE COMMITMENTS

The corporation has leased office space with the following minimum lease payments:

Office Lease

2012 \$27,532

COMMUNITY FUTURES EAST KOOTENAY

NOTES TO FINANCIAL STATEMENTS

March 31, 2011

NOTE 10 FINANCIAL INSTRUMENTS

The Corporation's financial assets and liabilities at March 31, 2011 include all current assets, investment loans receivable, accrued liabilities and long term liabilities. Due to the short-term nature of these items, carrying amounts are considered to approximate fair value.

NOTE 11 ECONOMIC DEPENDENCE

The Corporation receives the majority of its operating revenues from the provincial and federal governments and is economically dependent upon both.

NOTE 12 RELATED PARTY TRANSACTIONS

The Corporation's board of directors controls Rocky Mountain Business Development Centre Society, a not-for-profit corporation, whose purpose is to oversee the operations of the premises. During the year, the corporation had the following transactions with Rocky Mountain Business Development Centre Society:

There were no outstanding amounts receivable or payable at March 31, 2011 from/to Rocky Mountain Business Development Centre Society (2010- nil).

The corporation leases its premises from Rocky Mountain Business Development Centre Society. Annual lease payments for the year ended March 31, 2011 were \$56,273 (2010 - \$55,063).