

***NEWSASK COMMUNITY FUTURES
DEVELOPMENT CORPORATION***

ANNUAL FINANCIAL STATEMENT

MARCH 31, 2011

AUDITOR'S REPORT

TO THE DIRECTORS OF
NEWSASK COMMUNITY FUTURES
DEVELOPMENT CORPORATION

We have audited the statement of financial position of Newsask Community Futures Development Corporation (the "Corporation") as at March 31, 2011 and the related statements of operations and changes in fund balances and cash flows 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 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, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Woolley, Armstrong

Woolley, Armstrong
Certified General Accountants
Prof. Corp.

Tisdale, Sask
May 17, 2011

NEWSASK COMMUNITY FUTURES DEVELOPMENT CORPORATION
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
Year ended March 31, 2011

	General Fund		Regular Investment Fund		WD Repayable Investment Fund		Disabled Entrepreneur Investment Fund		SBLA Investment Fund		North East Supported Employment Program		2011 Total		2010 Total	
REVENUES																
WD Contributions	\$	297,669	\$	-	\$	-	\$	-	\$	-	\$	-	\$	297,669	\$	285,690
Other government contracts		15,716		-		-		-		-		-		148,962		146,302
Interest on loans		-		73,210		29,416		2,361		1		-		104,988		103,768
Interest on deposit accounts		3,946		9,540		3,294		3,181		-		282		20,243		14,596
Administration fees and other income		6,016		51		75		-		-		32		6,174		3,419
Equipment rental		1,799		-		-		-		-		-		1,799		-
Recovery of doubtful accounts		-		-		1,042		104		-		-		3,603		8,457
Y8EX Awards program		8,590		-		-		-		-		-		8,590		14,389
EXPENDITURES																
Advertising and Promotion		333,736		82,801		33,827		5,646		2,458		133,560		592,028		576,621
Audit and legal		16,001		-		-		-		-		547		16,548		15,989
Bad debts		9,040		-		-		-		-		1,971		11,011		16,921
Bank charges and interest		-		7,588		-		-		25		-		7,613		55,244
Board travel and expenses		379		-		-		-		-		-		379		226
Capital expenditure - regular		24,550		-		-		-		-		-		24,550		21,542
CED Expenses		10,092		-		-		-		-		-		10,092		22,026
Credit checks/collections		648		-		-		-		-		-		648		-
Dues and subscriptions		1,799		-		-		-		-		-		1,799		2,196
Equipment rental		2,406		-		-		-		-		-		2,756		1,927
GST expense		-		-		-		-		-		-		3,758		6,830
Insurance		2,469		-		-		-		-		2		2,471		2,963
Janitorial		5,107		-		-		-		-		2,112		7,219		7,147
Office		3,083		-		-		-		-		480		3,563		3,845
Repairs and maintenance		6,499		-		-		-		-		26		7,570		11,016
Resource library		6,172		-		-		-		-		1,045		7,570		11,016
SEP Expenses		9,511		-		-		-		-		5,974		12,146		12,098
Supporting administration cost		164		-		-		-		-		334		9,845		5,716
Travel and training		5,414		-		-		-		-		164		5,414		1,627
Telephone		17,874		-		-		-		-		24,824		24,824		33,428
Utilities		5,832		-		-		-		-		12,103		29,977		22,683
Wages and benefits		771		-		-		-		-		864		6,696		8,341
Y8EX awards program		223,867		-		-		-		-		771		301,906		202,008
		17,562		-		-		-		-		-		17,562		15,937
SURPLUS (DEFICIT) BEFORE CAPITAL ADJUSTMENTS		369,240		7,588		-		25		26		132,403		509,282		470,962
CAPITAL ADJUSTMENTS																
Add back: capital assets expensed		-35,504		75,213		33,827		5,621		2,432		1,157		82,746		105,659
Less: amortization		10,092		-		-		-		-		-		10,092		22,026
		-14,449		-		-		-		-		-		-14,562		-13,623
SURPLUS (DEFICIT)		-39,861		75,213		33,827		5,621		2,432		1,044		78,276		114,062
FUND BALANCES, BEGINNING OF YEAR		377,922		2,201,311		195,290		89,004		-2,359		16,814		2,877,982		2,768,920
FUND BALANCES, END OF YEAR		338,061		2,276,524		229,117		94,625		73		17,858		2,956,258		2,877,982

**NEWSASK COMMUNITY FUTURES DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION**

as at March 31, 2011

	General Fund		Regular Investment Fund		WD Repayable Investment Fund		Disabled Entrepreneur Investment Fund		SBLA Investment Fund		North East Supported Employment Program		2011 Total		2010 Total	
CURRENT ASSETS																
Cash	\$	347,308	\$	840,599	\$	133,045	\$	257,960	\$	72	\$	31,783	\$	1,610,767	\$	1,920,449
Accounts receivable		2,897		-		-		-		1		7,341		10,239		54,548
Accrued interest receivable		-		27,181		5,762		110		-		-		33,053		40,648
Interfund receivable (payable)		5,463		-3,050		-750		-200		-		-1,463		-		-
Prepaid expenses		596		-		-		-		-		-		596		1,264
CFS lending pool		-		-		200,000		-		-		-		200,000		-
Current portion of loans receivable (Note #4)		-		262,665		39,200		2,400		-		-		304,265		291,291
LOANS RECEIVABLE (Note#4)		356,264		1,127,395		377,257		260,270		73		37,661		2,158,920		2,308,200
ALLOWANCE FOR DOUBTFUL LOANS		-		1,195,560		394,758		34,355		-		-		1,624,673		1,433,349
CAPITAL ASSETS (Note#5)		44,851		-46,431		-42,898		-		-		-		-89,329		-118,904
	\$	401,115	\$	2,276,524	\$	729,117	\$	294,625	\$	73	\$	37,935	\$	3,739,389	\$	3,672,240
CURRENT LIABILITIES																
Accounts payable and accrued charges	\$	46,730		-		-		-		-		4,494	\$	51,224	\$	58,352
Deferred revenue		16,324		-		-		-		-		15,583		31,907		35,906
DUE TO WESTERN ECONOMIC DIVERSIFICATION		63,054		-		-		-		-		20,077		83,131		94,258
		-		-		500,000		200,000		-		-		700,000		700,000
FUND BALANCES																
Investment in capital assets		44,851		-		-		-		-		274		45,125		49,595
Externally restricted fund balance (Note#6)		-		2,276,524		229,117		94,625		73		-		2,600,339		2,483,246
Unrestricted Fund Balance		293,210		-		-		-		-		17,584		310,794		345,141
		338,061		2,276,524		229,117		94,625		73		17,858		2,956,258		2,877,982
	\$	401,115	\$	2,276,524	\$	729,117	\$	294,625	\$	73	\$	37,935	\$	3,739,389	\$	3,672,240

APPROVED BY THE BOARD



Chairperson



General Manager



NEWSASK COMMUNITY FUTURES DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS

Year ended March 31, 2011

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	Fund						Total	2011 Total	2010 Total
	General	Regular Investment	WD Repayable Investment	Disabled Entrepreneur Investment	SBLA Investment	North East Supported Employment Program			
Surplus (deficit) for year	\$ (39,861)	\$ 75,213	\$ 33,827	\$ 5,621	\$ 2,432	\$ 1,044	\$ 78,276	\$ 114,062	
Item not affecting cash	14,449	-	-	-	-	113	14,562	13,623	
Amortization of capital assets	-25,412	75,213	33,827	5,621	2,432	1,157	92,838	127,685	
Changes in non-cash working capital	36,221	-	-	-	-1	8,089	44,309	-32,527	
Accounts receivable	-	11,107	-3,955	443	-	1,218	7,595	-2,931	
Accrued interest receivable	-5,218	3,050	750	200	-	-	-	-	
Interfund receivable (payable)	668	-	-	-	-	-	668	-124	
Prepaid expenses	-6,668	-	-	-	-2,457	1,997	-7,128	52	
Accounts payable and deferred charges	4,091	-	-	-	-	-8,090	-3,999	-17,148	
Deferred revenue	3,682	89,370	30,622	6,264	-26	4,371	134,283	75,007	
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES									
Additions to capital assets	-10,092	-	-	-	-	-	-10,092	-22,026	
(Increase) in CFS lending pool	-	-198,233	-200,000	-	-	-	-200,000	-	
(Increase) decrease in loans receivable (net)	-	-	-23,067	-12,573	-	-	-233,873	165,869	
	-10,092	-198,233	-223,067	-12,573	-	-	-443,965	143,843	
NET INCREASE (DECREASE) IN CASH	-6,410	-108,863	-192,445	-6,309	-26	4,371	-309,682	218,850	
CASH, BEGINNING OF YEAR	353,718	949,462	325,490	264,269	98	27,412	1,920,449	1,701,599	
CASH, END OF YEAR	\$ 347,308	\$ 840,599	\$ 133,045	\$ 257,960	\$ 72	\$ 31,783	\$ 1,610,767	\$ 1,920,449	

NEWSASK COMMUNITY FUTURES DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
year ended March 31, 2011

1. PURPOSE OF ORGANIZATION

The corporation was incorporated May 14, 1990 under the Non-Profit Corporations Act of Saskatchewan and as a non-profit organization is exempt from income taxes under the Income Tax Act. The Corporation was established as part of a federal government initiative called the Community Futures Program and commenced operations in May 1990. The corporation receives funding from the department of Western Economic Diversification Canada. The mission of the corporation is to "be the region's leader in fostering sustainable development", providing business plan help, access to Community Futures Loan Funds, small business training and education, and access to its business resource library, internet and computer facilities.

2. CHANGES IN ACCOUNTING POLICIES

Not-for-profit organizations (NPO's)

On April 1, 2009 the Corporation adopted changes made to Sections 1540, 4400, 4430 and 4460 and the new recommendations of Section 1470 of the Canadian Institute of Chartered Accountants (CICA) Handbook.

Section 1540 has been amended to include NPO's within its scope. As a result, Investing and financing activities are now presented separately.

Section 4400 has been amended in order to eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit a NPO to present such an amount as a category of internally restricted net assets when it chooses to do so. It also clarifies that revenue and expenses must be recognized and presented on a gross basis when a NPO is acting as a principal in transactions.

Section 4430 has been amended to specify that smaller organizations that capitalize their assets shall capitalize all classes of capital assets and amortize or write down those assets in accordance with relevant Handbook Sections.

Section 4460 has been amended to make the language in Section 4460 consistent with related party transactions, Section 3840.

Section 4470 establishes disclosure standards for a NPO that classifies its expenses by function and allocates its expenses to a number of functions to which the expenses relate.

The adoption of those new standards had no impact on the financial statements.

3. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

Fund Accounting

The accounts of the corporation are maintained in accordance with the principles of fund accounting. For accounting and reporting purposes, resources are classified into funds in accordance with specific activities or objectives:

(i) General Fund

The General Fund reports the Corporation's general revenue and operating costs related to the service delivery and operating activities of the Corporation.

(ii) Investment Funds

The Investment Funds report the restricted resources that are to be used for assistance to small businesses and entrepreneurs in the form of loans, loan guarantees or equity participation. The Funds report the activities of the Regular, Western Economic Diversification Repayable, Disabled Entrepreneur, and SBLA Investment Funds. The corporation is restricted in the types of loans that can be made according to its agreement with the federal government.

(iii) North East Supported Employment Program

This unrestricted fund reports the Corporation's funding and operating costs related to the service delivery and operating of the North East Supported Employment Program.

Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect reported assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Loans Receivable

Loans are stated at their principal amount. A loan is classified as impaired when management has determined that there is a reasonable doubt as to the ultimate collectability of principal and interest. The provision for impaired loans is established on a loan-by-loan basis for specifically identified probable losses on loans receivable.

NEWSASK COMMUNITY FUTURES DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
year ended March 31, 2011

Capital Assets

Capital assets are recorded at cost and amortized using the straight line method over the assets estimated useful life as follows:

Office furniture and equipment	10 years
Computer hardware and software	5 years
Leasehold improvements and signage	5 years

The Government of Canada requires that capital asset purchases be expensed at the time of purchase and capital asset sale proceeds recorded as revenue when sold. To accommodate this requirement proceeds from capital asset sales and the cost of new capital assets purchased are initially shown as revenue and expenditures on the statement of operations and changes in fund balances to arrive at a preliminary surplus figure for the Government of Canada purposes. Adjustments after this preliminary surplus figure to remove proceeds from the sale of capital assets and capital asset purchases and to record the amortization and any gain or loss on the sale of capital assets.

Financial Instruments

The Corporation has elected to use the exemption provided by the CICA permitting NPO's not to apply Sections 3862 and 3863 of the CICA Handbook which would otherwise have applied to the financial statements of the Corporation for the year ended March 31, 2011. The Corporation applies the requirements of Section 3861 of the CICA Handbook.

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Corporation's designation of such instruments. Settlement date accounting is used.

Classification

Cash	Held-for-trading
Accounts receivable	Loans and receivables
Accrued interest receivable	Loans and receivables
Interfund receivable	Loans and receivables
Loans receivable	Loans and receivables
Accounts payable and accrued charges	Other liabilities
Interfund payable	Other liabilities
Due to Western Diversification	Other liabilities

Held for Trading

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the statement financial position date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains are included in income.

Loans and Receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

Other Liabilities

Other liabilities are accounted for at amortized cost using the effective interest method and include all financial liabilities other than derivative instruments.

Transaction costs

Transaction costs are expensed as incurred.

Revenue Recognition

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the fund when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Concentration of Credit Risk

Financial instruments, which potentially subject the Corporation to concentrations of credit risk consist primarily of loans receivable. Management is not aware of any concentration of loans to classes of borrowers or industries that would be similarly affected by economic conditions. Although the Corporation's loan portfolio is diversified, a substantial portion of its borrowers' ability to honor the terms of their loans is dependent on business and economic conditions in Saskatchewan.

Interest Rate Policy

Interest rates on all loans are fixed at the time of approval. There is further accrual of interest on loans when there is doubt by management regarding the collectability of principal or interest. At that time, the reversal of any accrued and unpaid interest is reported as a reduction of the current year's earnings. Subsequent collection of amounts due are reported as interest income only when management determines the collectability of the loan is no longer in doubt.

NEWSASK COMMUNITY FUTURES DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
year ended March 31, 2011

Impairment of Long-lived Assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of impairment is determined as the excess of the carrying value of the assets over their fair value.

4. LOANS RECEIVABLE

Investment loans receivable from entrepreneurs are interest bearing at fixed rates with monthly blended principal and interest repayments. Security is taken on these loans as appropriate to the situation and use of funds.

Loans receivable consist of the following:

	2011	2010
Loans receivable - performing	\$ 1,928,938	\$ 1,692,011
Loans receivable - non-performing	0	32,629
	1,928,938	1,724,640
Current portion	304,265	291,291
Loans receivable, end of year	\$ 1,624,673	\$ 1,433,349

At March 31, 2010 the Corporation had approved, but not disbursed, loans in the amount of \$240,750.

5. CAPITAL ASSETS

	Accumulated		Net Book Value	
	Cost	Amortization	2011	2010
General Fund				
Office Furniture and equipment	\$ 95,166	\$ 75,054	\$ 20,112	\$ 23,618
Computer hardware	86,791	74,407	12,384	18,274
Computer software	22,893	21,674	1,219	1,991
Leasehold improvements and signage	78,297	67,161	11,136	5,325
	283,147	238,296	44,851	49,208
North East Supported Employment Program				
Office Furniture and equipment	2,139	1,865	274	387
Computer hardware	3476	3476	0	0
Computer software	1005	1005	0	0
	6,620	6,346	274	387
Total	\$ 289,767	\$ 244,642	\$ 45,125	\$ 49,595

6. CONTINGENCY

In accordance with the Community Futures Program Agreement signed May 29, 2006 with Western Economic Diversification Canada any cash balance of the Regular Investment Fund may be repayable to the Government of Canada at any time at the discretion of the Minister. Investment loans receivable at this date will be liquidated via sale to a third party or other means satisfactory to the Minister and forwarded to Western Economic Diversification. This would result in a maximum repayment of \$1,438,975 (2010 - \$1,251,009).

7. FINANCIAL INSTRUMENTS

Credit Risk

The Corporation is exposed to credit risk from the potential non-payment of loans receivable. Credit risk is mitigated by ensuring that all loans are fully secured at the time of disbursement.

Interest Rate Risk

The Corporation grants loans at fixed rates not to be less than the prime lending rate plus 2% at the time of disbursement. Interest rate risk is not significant as loans are approved and advanced throughout the course of the year and therefore re-price often.

Fair Value

The fair value of cash, accounts receivable, accrued interest receivable, Interfund receivable and payable and accounts payable and accrued charges is approximately equal to their carrying value due to their short-term maturity.

The loans receivable are interest bearing at fixed rates varying from 4.25% to 9.0% amortized for a term up to 120 months. The fair value of the loans outstanding at March 31, 2011 is not readily determinable.

NEWSASK COMMUNITY FUTURES DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
year ended March 31, 2011

8. COMMITMENTS

The corporation leases the operating premises under a lease arrangement, which expires March 31, 2012. Future lease payments will aggregate \$12,000.

9. ECONOMIC DEPENDENCE

The Corporation is economically dependent upon the Government of Canada represented by the Minister of Western Economic Diversification for annual contributions under the Community Futures Program to fund the eligible operating expenditures of the Corporation. The current agreement expired on March 31, 2011 and may be terminated by the Minister upon 60 days notice to the Corporation. The Corporation has since signed an amendment to the original contribution agreement extending funding for an additional year to March 31, 2012.

10. CAPITAL MANAGEMENT

The corporation's objectives when managing capital are to maintain sufficient fund balances to achieve the purposes of the funds and to ensure compliance with external restrictions placed on these funds.

In the management of capital, the Corporation includes fund balances in the definition of capital. As at March 31, 2011 the Corporation has \$2,956,258 (2010 - \$2,877,982) in capital.

Capital management objectives, policies and procedures are unchanged since the preceding year.

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

12. LOAN ADMINISTRATION FEES

Loan administration fees are charged on each new loan issued and are added to the principal amount of the loan. Payment of these fees is therefore part of the loan repayment process. For financial statement purposes the revenue generated is treated as general fund revenue.