

**COMMUNITY FUTURES DEVELOPMENT ASSOCIATION OF B.C.
(OPERATING AS COMMUNITY FUTURES BRITISH COLUMBIA)
AUDITORS' REPORT**

FINANCIAL STATEMENTS

MARCH 31, 2010

MacCormac & Company
(D.T. MacCormac, Inc., an incorporated professional)
Chartered Accountants
www.maccormac.ca

AUDITORS' REPORT

***TO THE DIRECTORS,
COMMUNITY FUTURES DEVELOPMENT ASSOCIATION OF B.C.***

WE HAVE AUDITED THE STATEMENT OF FINANCIAL POSITION OF COMMUNITY FUTURES BRITISH COLUMBIA DEVELOPMENT ASSOCIATION OF B.C. (COMMUNITY FUTURES BRITISH COLUMBIA) AS AT MARCH 31, 2010 AND THE STATEMENTS OF OPERATIONS, CHANGES IN NET ASSETS AND CASH FLOWS FOR THE YEAR THEN ENDED. THESE FINANCIAL STATEMENTS ARE THE RESPONSIBILITY OF COMMUNITY FUTURES BRITISH COLUMBIA'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 COMMUNITY FUTURES BRITISH COLUMBIA AS AT MARCH 31, 2010, AND THE RESULTS OF ITS OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR THEN ENDED IN ACCORDANCE WITH CANADIAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

WEST VANCOUVER, B.C.

MacCormac & Company

OCTOBER 6, 2010

CHARTERED ACCOUNTANTS

COMMUNITY FUTURES DEVELOPMENT ASSOCIATION OF B.C.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2010

	NOTE	PAL FUNDS	OPERATING FUND	2010	2009
ASSETS					
CASH		\$ -	53,931	53,931	533,999
ACCOUNTS RECEIVABLE		74,384	545,733	620,117	150,936
ACCOUNTS RECEIVABLE (TAXES RECEIVABLE)		57	-	57	-
LOANS RECEIVABLE	4	250,000	-	250,000	-
PREPAID EXPENSES		-	10,179	10,179	4,179
PAL FIXED INCOME DEPOSITS	4	7,597,297	-	7,597,297	-
PAL INCOME & GROWTH DEPOSITS	4	2,535,102	-	2,535,102	5,000,000
GROWTHSTART FUNDS	5	-	638,337	638,337	673,213
INVESTMENT IN GROWTHSTART TRUST	6	-	100	100	100
OTHER PROJECTS	9	-	141,283	141,283	-
EQUIPMENT, NET	7	-	221,348	221,348	421,037
				<u>\$10,456,840</u>	<u>1,610,911</u>
				<u>12,067,751</u>	<u>6,783,464</u>
LIABILITIES					
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		\$ 5,000	148,166	153,166	74,896
DEFERRED CONTRIBUTIONS	8	-	215,359	215,359	397,450
PAL FUNDS DUE TO DEPOSITORS	4	5,349,332	-	5,349,332	5,000,000
DUE TO WESTERN ECONOMIC DIVERSIFICATION	5	5,000,000	638,377	5,638,377	681,148
OTHER PROJECTS	9	-	-	-	58,394
		<u>5,354,332</u>	<u>1,001,902</u>	<u>11,356,234</u>	<u>6,211,888</u>
NET ASSETS					
OPERATING FUND		-	338,810	338,810	340,531
PAL FUNDS		107,508	-	107,508	-
GROWTHSTART		-	265,199	265,199	231,045
		<u>107,508</u>	<u>604,009</u>	<u>711,517</u>	<u>571,576</u>
				<u>\$10,461,840</u>	<u>1,610,911</u>
				<u>12,067,751</u>	<u>6,783,464</u>

COMMITMENTS 10

APPROVED ON BEHALF OF THE BOARD:

_____ DIRECTOR

_____ DIRECTOR

COMMUNITY FUTURES DEVELOPMENT ASSOCIATION OF BC

STATEMENT OF OPERATIONS

MARCH 31, 2010

Revenue	Exploring												2010 Total	2009 Total
	Operating	PAL	GrowthStart	Fisheries	Entrepreneur	Community	Self Employment	Syndicated	REDI BC	Syndication	PAL Administration	Miscellaneous		
					Disability Program	Adjustment Fund	For Disabled Youth	Loan Development						
WD Contribution	295,174	-	-	60,000	200,000	8,431	582	-	649,728	2,000	-	-	1,215,915	531,875
Membership	33,000	-	-	-	-	-	-	-	-	-	-	-	33,000	32,800
Benefit Plan	28,199	-	-	-	-	-	-	-	-	-	-	-	28,199	22,104
Other	16,880	-	-	-	-	-	-	-	-	-	1,800	2,500	21,180	282,343
REDI Administrative Revenue	12,000	-	29,708	-	-	-	-	-	-	-	-	-	41,708	5,383
FLT Administrative Revenue	4,000	-	-	-	-	-	-	-	-	-	-	-	4,000	-
EDP Admin Revenue	10,764	-	-	-	-	-	-	-	-	-	-	-	10,764	7,176
Pan Western/ Pan Canadian Initiative	3,500	-	-	-	-	-	-	-	-	-	-	-	3,500	-
Interest Revenue from depositors	1,692	88,181	19,525	-	-	-	-	-	-	-	-	-	109,398	2,648
Interest Revenue from PAL Loans	-	1,019	-	-	-	-	-	-	-	-	-	-	1,019	-
Canada West Foundation	500	-	-	-	-	-	-	-	-	-	-	-	500	15,000
Amortization of Deferred Revenue	182,091	-	-	-	-	-	-	-	-	-	-	-	182,091	49,683
Gain on Investments	-	18,321	-	-	-	-	-	-	-	-	-	-	18,321	-
Video Conference Rentals	-	-	-	-	-	-	-	-	-	-	-	-	-	6,275
Total Revenue	587,800	107,521	49,233	60,000	200,000	8,431	582	-	649,728	2,000	1,800	2,500	1,669,595	955,287
Expenses														
Project Management/Administration Assistance	179,435	-	-	41,091	58,706	600	-	-	193,614	-	-	-	473,446	363,470
Marketing and Promotions	52,064	-	-	-	35,284	-	-	-	8,860	-	-	-	96,208	51,086
Office Rental	35,384	-	7,000	9,000	11,040	-	-	-	13,358	-	-	-	75,782	71,320
Consulting and Contractors Fees	32,617	-	5,881	-	56,292	-	-	-	270	-	17,355	-	112,415	193,581
Travel	30,880	-	2,009	12,501	8,648	-	-	-	19,246	-	98	-	73,382	52,980
Office	27,158	-	138	10,068	12,618	-	5	-	-	-	362	-	50,349	30,446
Telephone, Fax and Internet	10,990	-	52	-	1,867	-	-	-	5,453	-	550	-	18,913	14,517
Legal and Professional Fees	8,204	-	-	2,564	-	-	-	-	-	-	5,000	-	15,768	15,281
Dues and Subscriptions	1,894	-	-	-	-	-	-	-	-	-	-	-	1,894	6,066
Conference, Meetings and Training	1,685	-	-	-	16,203	125	-	-	26,417	-	559	-	44,989	18,464
Bank Charges and Interest	1,610	13	-	-	-	-	-	-	43	-	-	-	1,666	337
Insurance	1,161	-	-	-	-	-	-	-	-	-	-	-	1,161	3,361
Web Maintenance	137	-	-	-	-	-	-	-	-	-	-	-	137	462
Video Workshop	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	1,609	1,609	-
Amortization	201,302	-	-	-	-	-	-	-	-	-	-	-	201,302	54,299
Project Costs	-	-	-	-	-	7,706	-	-	514,462	-	-	-	522,168	-
Total Expenses	584,521	13	15,080	75,224	200,658	8,431	5	-	781,723	-	23,925	1,609	1,691,189	875,670
Excess (Deficiency) of Revenue over Expenses	3,279	107,508	34,153	(15,224)	-658	-	577	-	(131,995)	2,000	(22,125)	891	(21,594)	79,617
Project Funds Beginning	-	-	-	14,743	43,743	-	(500)	(342)	(2,098)	-	-	2,888	-	-
Funds Repaid	-	-	-	-	(38,183)	-	-	-	-	-	-	-	-	-
Project Funds Ending	-	-	-	(481)	4,902	-	77	(342)	(134,093)	2,000	(22,125)	3,779	(146,283)	58,394

COMMUNITY FUTURES DEVELOPMENT ASSOCIATION OF B.C.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2010

	CORE OPERATING FUND	GROWTHSTART	PAL	TOTAL 2010	TOTAL 2009
SURPLUS, BEGINNING OF YEAR	\$ 340,531	231,045	-	571,576	496,029
RECEIPTS	587,800	49,234	107,521	744,555	499,934
EXPENDITURES	(589,521)	(15,080)	(13)	(604,614)	(426,318)
TRANSFERS FROM/(TO) PROJECTS TO/(FROM) OPERATIONS (SEE BELOW)	-	-	-	-	1,931
SURPLUS, END OF YEAR	<u>\$ 338,810</u>	<u>265,199</u>	<u>107,508</u>	<u>711,517</u>	<u>571,576</u>

COMMUNITY FUTURES DEVELOPMENT ASSOCIATION OF B.C.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2010

	<u>2010</u>	<u>2009</u>
FINANCING AND INVESTING ACTIVITIES		
SOURCES OF CASH		
WD CONTRIBUTIONS	\$ 671,066	\$ 608,233
INVESTMENT INCOME	57,071	2,648
OTHER CONTRIBUTIONS	50,379	109,328
GST RECEIVED	-	57,171
ADMIN FEES	56,472	53,923
FUNDS RECEIVED TOWARDS LLR	-	-
MEMBERSHIP	33,000	35,800
OTHER	-	77,247
TOTAL SOURCES	<u>867,988</u>	<u>944,350</u>
USE OF CASH		
SALARIES AND BENEFITS	455,046	256,295
CONSULTING AND CONTRACTING	142,366	141,651
MARKETING AND PROMOTION	96,208	49,613
WEBSITE UPGRADES	137	16,167
GENERAL ADMIN & SERVICES	168,680	186,899
TRAVEL & COORDINATION	73,284	56,410
MEETINGS AND CONFERENCES	44,430	10,664
ORGANIZATIONAL DEVELOPMENT	-	80,412
PURCHASES OF CAPITAL	-	-
ASSETS	-	93,678
INVESTMENT OF LLR FUNDS	-	-
RETURN OF CEIF FUNDS	-	2,439
PROJECT COSTS	367,905	-
TOTAL USES	<u>1,348,056</u>	<u>894,228</u>
NET INCREASE (DECREASE) IN CASH	<u>\$(480,068)</u>	<u>50,122</u>
CASH, BEGINNING OF YEAR	<u>\$ 533,999</u>	<u>483,877</u>
CASH, END OF YEAR	<u>\$ 53,931</u>	<u>533,999</u>

COMMUNITY FUTURES DEVELOPMENT ASSOCIATION OF B.C.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010

1. OPERATIONS

THE COMMUNITY FUTURES DEVELOPMENT ASSOCIATION OF B.C. (COMMUNITY FUTURES BRITISH COLUMBIA) WAS INCORPORATED IN APRIL 1995 WITH CAPITAL STOCK UNDER PART II OF THE CANADIAN CORPORATIONS ACT. THE COMMUNITY FUTURES DEVELOPMENT CORPORATIONS (COMMUNITY FUTURES) FORMED COMMUNITY FUTURES BRITISH COLUMBIA TO PROMOTE AND ENCOURAGE UNDERSTANDING AND COOPERATION AMONG ITS MEMBERS. OTHER OBJECTIVES INCLUDE PUBLIC AND GOVERNMENT EDUCATION ABOUT THE IMPORTANCE OF COMMUNITY ECONOMIC DEVELOPMENT; ACTING AS A LIAISON BETWEEN MEMBERS AND GOVERNMENT SERVICES AND OTHER INTERESTED PARTIES; AND PROMOTING THE DEVELOPMENT OF, AND PROVIDING THE FRAMEWORK FOR, A COMMUNITY-BASED ECONOMIC STRATEGY THAT REFLECTS THE DISTINCT NEEDS OF THE VARIOUS REGIONS OF BC.

2. SIGNIFICANT ACCOUNTING POLICIES

A) FUND ACCOUNTING

FUNDING FOR COMMUNITY FUTURES BRITISH COLUMBIA IS PROVIDED BY CONTRIBUTIONS FROM WESTERN ECONOMIC DIVERSIFICATION ("WD"), MEMBERSHIP REVENUES, OTHER FEDERAL AND PROVINCIAL ECONOMIC DEVELOPMENT FUNDING PROGRAMS, AND PRIVATE CONTRACTS.

PROGRAM EXPENDITURES INCLUDE AN OPERATING FUND AND (2009 – 10) PROGRAMS OR PROJECTS:

- I CASH POOLING AGREEMENT – GROWTHSTART:
SINCE 1998 COMMUNITY FUTURES BRITISH COLUMBIA HAS BEEN MAINTAINING PROGRAMS TO ASSIST COMMUNITY FUTURES OFFICES THROUGHOUT THE PROVINCE TO DEAL WITH CAPITAL FUND SHORTAGES, AND FACILITATING THE GRANTING OF LARGER LOANS. GROWTHSTART COMPLETED ITS COMMUNITY FUTURES LENDING FUNCTIONS ON MARCH 31, 2008 AND IS NOW ONLY IN A COLLECTION/ ADMINISTRATIVE STAGE BEFORE IT MUST RETURN ALL FUNDS TO ITS CONTRIBUTORS IN DECEMBER 2010.
- II POOLED ASSET LENDING - (PAL):
IN FISCAL 2008 / 2009 PAL WAS USED ONLY AS AN INVESTMENT POOL; HOWEVER, WITH A \$5 MILLION INJECTION FROM THE WD ON MARCH 31, 2009, PAL IS NOW USED AS AN ACTIVE LENDING INVESTMENT TOOL.
- III COAST-WIDE FISHERIES ADJUSTMENT COORDINATOR PROGRAM:
A PROGRAM DESIGNED TO SUPPORT THE FISHERIES ACTIVITIES COORDINATOR (THE COAST-WIDE COORDINATOR)
- IV ENTREPRENEURS WITH DISABILITIES PROGRAM:
THIS PROGRAM PROVIDES SUPPORT TO REGIONAL COMMUNITY FUTURES TO SUPPORT DISABLED ENTREPRENEURS.

CONTINUED...

**COMMUNITY FUTURES DEVELOPMENT ASSOCIATION OF B.C.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A) FUND ACCOUNTING (CONTINUED)

- V RURAL ECONOMIC DIVERSIFICATION INITIATIVE OF BRITISH COLUMBIA (REDI-BC):
A PROGRAM FUNDED BY WESTERN ECONOMIC DIVERSIFICATION AND ADMINISTERED BY
COMMUNITY FUTURES BRITISH COLUMBIA TO STIMULATE RURAL ECONOMIC
DIVERSIFICATION. COMMUNITY FUTURES IN BRITISH COLUMBIA ARE ABLE TO MAKE
APPLICATION TO THE PROGRAM FOR FUNDING FOR RURAL DIVERSIFICATION PROJECTS
IN THEIR REGION.
- VI EXPLORING SELF-EMPLOYMENT FOR YOUTH WITH DISABILITIES:
A PROJECT TO INVESTIGATE, DEVELOP AND DISTRIBUTE AN ELECTRONIC AND HARD
COPY TOOLKIT FOR YOUTH LIVING WITH A DISABILITY THAT WOULD ENCOURAGE THEM
TO CONSIDER SELF EMPLOYMENT AS A VIABLE CAREER OPTION AND EMPLOYMENT
SOLUTION.
- VII LOAN SYNDICATION PROGRAM:
26 BRITISH COLUMBIA COMMUNITY FUTURES ESTABLISHED AND PARTICIPATED IN
SYNDICATION LOAN POOLS WHICH PROVIDE A PLATFORM FOR SYNDICATING LARGE
LOANS OF UP TO \$500,000, AND/OR PROVIDING THE INVESTMENT FUNDS NEEDED TO
CONTINUE SMALL LOAN ACTIVITY TO THOSE COMMUNITY FUTURES WHOSE INVESTMENT
FUNDS ARE FULLY LENT OUT . THE SYNDICATION LOAN PROGRAM IS ADMINISTERED BY
COMMUNITY FUTURES BRITISH COLUMBIA ON A FEE FOR SERVICE BASIS.
- VIII COMMUNITY ADJUSTMENT FUND (CAF):
FUNDING WAS PROVIDED BY WESTERN ECONOMIC DIVERSIFICATION TO DELIVER
COMMUNITY OUTREACH TRAINING ON THE CAF AND RINC APPLICATION PROCESS.

B) REVENUE RECOGNITION

CONTRIBUTIONS FROM FUNDING SOURCES ARE PURSUANT TO SPECIFIC APPROVED
EXPENDITURE BUDGETS. COMMUNITY FUTURES BRITISH COLUMBIA MUST PROVIDE ONGOING
FINANCIAL FEEDBACK TO THE PROGRAM FUNDERS TO ENSURE CONTINUED PROGRAM FUNDING
AND COMPLIANCE WITH THE PROGRAM CONTRACT. ELIGIBLE AND INELIGIBLE OPERATING COSTS
ARE DEFINED IN THE CONTRACTS. RECEIPTS ARE DEFERRED AND MATCHED WITH RELATED
EXPENDITURES.

C) INCOME TAXES

COMMUNITY FUTURES BRITISH COLUMBIA IS EXEMPT FROM CORPORATE INCOME TAXES AND
RECOVERS ONE-HALF OF THE GOODS AND SERVICES TAX PAID ON ITS PURCHASES.

CONTINUED...

COMMUNITY FUTURES DEVELOPMENT ASSOCIATION OF B.C.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D) AMORTIZATION

EQUIPMENT IS STATED AT COST LESS ACCUMULATED AMORTIZATION WHICH IS RECORDED OVER THE USEFUL LIFE OF THE ASSETS USING THE FOLLOWING METHOD:

COMPUTER EQUIPMENT	3 YEARS STRAIGHT LINE METHOD
VIDEO CONFERENCING EQUIPMENT	5 YEARS STRAIGHT LINE METHOD
REDI BC EQUIPMENT	4 YEARS STRAIGHT LINE METHOD

E) USE OF ESTIMATES

THE PREPARATION OF FINANCIAL STATEMENTS IN CONFORMITY WITH CANADIAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES REQUIRES MANAGEMENT TO MAKE ESTIMATES AND ASSUMPTIONS THAT AFFECT THE REPORTED AMOUNTS OF ASSETS AND LIABILITIES AND DISCLOSURES OF CONTINGENT ASSETS AND LIABILITIES AT THE DATE OF THE FINANCIAL STATEMENTS, AND THE REPORTED AMOUNTS OF RECEIPTS AND EXPENDITURES DURING THE REPORTING PERIOD. ACTUAL RESULTS COULD DIFFER FROM THOSE ESTIMATES AND WOULD IMPACT FUTURE RESULTS OF OPERATIONS AND CASH FLOWS.

3. FINANCIAL INSTRUMENTS

COMMUNITY FUTURES BRITISH COLUMBIA'S FINANCIAL INSTRUMENTS CONSIST OF CASH, ACCOUNTS RECEIVABLE, LOAN LOSS RESERVE, ACCOUNTS PAYABLE AND ACCRUED LIABILITIES AND AMOUNTS DUE TO WD.

IN MANAGEMENT'S OPINION, COMMUNITY FUTURES BRITISH COLUMBIA IS NOT EXPOSED TO SIGNIFICANT INTEREST RATE RISK, OR CREDIT RISK ARISING FROM THESE FINANCIAL INSTRUMENTS. THE FAIR VALUES OF THESE FINANCIAL INSTRUMENTS APPROXIMATE THEIR CARRYING VALUES DUE TO THEIR SHORT-TERM MATURITY DATES.

4. POOLED ASSET LENDING PROGRAM (PAL)

THE POOLED ASSET LENDING PROGRAM IS AN INITIATIVE OF COMMUNITY FUTURES BRITISH COLUMBIA. FUNDS ARE ADMINISTERED BY COMMUNITY FUTURES BRITISH COLUMBIA ON BEHALF OF COMMUNITY FUTURES UNDER THE TERMS OF A CASH POOLING AGREEMENT. CAPITAL PROVIDED FOR THE POOLED ASSET LENDING FUND IS TO BE USED TO PROVIDE REPAYABLE FINANCING TO COMMUNITY FUTURES TO ENABLE THEM TO ASSIST EXISTING BUSINESSES OR TO HELP CREATE NEW BUSINESSES.

WESTERN DIVERSIFICATION CONTRIBUTED \$5,000,000 TOWARDS THIS INITIATIVE. THE CONTRIBUTION IS REPAYABLE TO WESTERN DIVERSIFICATION IN ACCORDANCE WITH THE TERMS OF THE AGREEMENT FOR A PERIOD OF SEVEN YEARS FOLLOWING THE COMPLETION DATE, OR IN THE CASE OF A TERMINATION UNDER SECTION 7.4 OF THE AGREEMENT FOR A PERIOD OF SEVEN YEARS THEREAFTER FROM THE TERMINATION DATE.

CONTINUED...

COMMUNITY FUTURES DEVELOPMENT ASSOCIATION OF B.C.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010

POOLED ASSET LENDING PROGRAM (PAL) CONTINUED...

SEVERAL COMMUNITY FUTURE MEMBERS INVESTED FUNDS TOWARDS THIS PROJECT AND THE BREAKDOWN OF THE MARKET VALUE OF THEIR INVESTMENT AS OF MARCH 31, 2010.

	2010	2009
OPENING BALANCE: DUE TO FIXED INCOME DEPOSITORS	2,734,829	-
CHANGE IN VALUE OF DEPOSITS – FIXED INCOME	115,232	-
LESS RECORD KEEPING FEES	(2,332)	-
ENDING BALANCE: DUE TO FIXED INCOME DEPOSITORS	<u>2,847,729</u>	-
OPENING BALANCE: DUE TO INCOME AND GROWTH DEPOSITORS	1,800,399	-
CHANGE IN VALUE OF INCOME AND GROWTH DEPOSITS	726,811	-
CHANGE IN POOL FUNDS DIVIDENDS	7,893	-
LESS CASH MANAGEMENT FEES	(33,500)	-
ENDING BALANCE: DUE TO INCOME AND GROWTH DEPOSITORS	<u>2,501,603</u>	-
PAL FUNDS DUE TO INVESTORS	5,349,332	-

LOANS RECEIVABLE:

THE LOAN FROM CFDA TO COMMUNITY FUTURES STO:LO BEARS INTEREST AT 1.25%. PAYMENTS WILL BE VARIABLE BASED ON OUTSTANDING PAL PRINCIPAL, INTEREST RATE AND NUMBER OF DAYS AND THE PAYOR AGREES TO WAIVE THE PRE-NOTIFICATION PERIOD.

CONTINUED...

COMMUNITY FUTURES DEVELOPMENT ASSOCIATION OF B.C.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010

4. LOAN LOSS RESERVE

GROWTHSTART WAS CAPITALIZED IN OCTOBER 2003 AT \$11,100,100. AN ADDITIONAL \$500,000 WAS CONTRIBUTED DURING 2005 BY WD AS A LOSS RESERVE. THE RESERVE BALANCE OF \$673,213 (2009 - \$681,148) IS KEPT IN A SEGREGATED INVESTMENT ACCOUNT.

	<u>2010</u>	<u>2009</u>
LOAN LOSS RESERVE – GROWTHSTART	630,346	673,213
INTEREST AND RETURN OF CAPITAL ON INVESTMENT	7,991	7,935
DUE TO WESTERN ECONOMIC DIVERSIFICATION	<u>\$ 638,337</u>	<u>681,148</u>

5. INVESTMENT IN GROWTHSTART TRUST

AS THE ADMINISTRATOR OF THE GROWTHSTART TRUST, COMMUNITY FUTURES BRITISH COLUMBIA WAS REQUIRED TO SUBSCRIBE FOR ONE UNIT. COMMUNITY FUTURES BRITISH COLUMBIA ADMINISTERS AN \$11 MILLION FUND, WHICH IS NOT HELD BY COMMUNITY FUTURES BRITISH COLUMBIA.

6. EQUIPMENT

	<u>COST</u>	<u>ACCUMULATED AMORTIZATION</u>	<u>2010 NET BOOK VALUE</u>	<u>2009 NET BOOK VALUE</u>
VIDEO CONFERENCING	\$ 485,113	281,561	203,552	397,220
COMPUTER EQUIPMENT	40,540	27,907	12,633	16,934
REDI BC EQUIPMENT	9,178	4,015	5,163	6,883
	<u>\$ 534,831</u>	<u>313,483</u>	<u>221,348</u>	<u>421,037</u>

CONTINUED...

COMMUNITY FUTURES DEVELOPMENT ASSOCIATION OF B.C.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010

7. DEFERRED CONTRIBUTIONS

DEFERRED CONTRIBUTIONS REPRESENT RESTRICTED CONTRIBUTIONS RELATED TO THE PURCHASE OF VIDEO CONFERENCING EQUIPMENT. THE MAJORITY OF THIS EQUIPMENT HAS BEEN LEASED TO MEMBERS OF THE BC COMMUNITY FUTURES BRITISH COLUMBIA NETWORK AT A NOMINAL RATE.

CHANGES IN THE DEFERRED CONTRIBUTIONS BALANCE ARE AS FOLLOWS:

	<u>2010</u>	<u>2009</u>
DEFERRED CONTRIBUTIONS, BEGINNING BALANCE	\$ 397,450	340,206
ADD: CONTRIBUTIONS RECEIVED DURING THE YEAR	-	106,927
LESS: AMOUNTS RECOGNIZED AS REVENUE IN THE YEAR	<u>(182,091)</u>	<u>(49,683)</u>
DEFERRED CONTRIBUTIONS, ENDING BALANCE	<u>\$ 215,359</u>	<u>397,450</u>

8. ON GOING PROJECT LIABILITIES

	<u>2010</u>	<u>2009</u>
COAST-WIDE FISHERIES ADJUSTMENT		
COORDINATOR PROGRAM	\$ (481)	14,703
ENTREPRENEURS WITH DISABILITIES PROGRAM	4,920	43,743
EXPLORING SELF-EMPLOYMENT FOR YOUTH WITH DISABILITIES	77	(500)
LOAN SYNDICATION DEVELOPMENT	(342)	(342)
REDI-BC	(134,093)	(2,098)
LOAN SYNDICATION	2,000	-
PAL ADMINISTRATION	(17,125)	-
MISCELLANEOUS	3,779	2,888
	<u>\$ (141,283)</u>	<u>58,394</u>

9. COMMITMENTS

GROWTHSTART

IN ACCORDANCE WITH THE PROJECT AGREEMENT DATED SEPTEMBER 25, 2003 BETWEEN COMMUNITY FUTURES BRITISH COLUMBIA AND WD, THERE EXISTS A POTENTIAL FINANCIAL COMMITMENT ON BEHALF OF COMMUNITY FUTURES BRITISH COLUMBIA TO PAY WD A DISTRIBUTION OF RETURNS BASED ON A SPECIFIED FORMULA WITHIN THE CONTRACT. THE POTENTIAL MAXIMUM LIABILITY IS \$9,808.

RENT

COMMUNITY FUTURES BRITISH COLUMBIA ENTERED IN AN OFFICE LEASE AGREEMENT IN 2007 EXPIRING FEBRUARY 28, 2011 AT A BASIC RENTAL RATE OF \$2,975 PER MONTH. MINIMUM LEASE PAYMENTS ARE AS FOLLOWS:

2010	35,700
2011	32,725

CONTINUED...

COMMUNITY FUTURES DEVELOPMENT ASSOCIATION OF B.C.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010

10. CHANGE IN ACCOUNTING ESTIMATE

DEFERRED CONTRIBUTIONS:

THE COMPANY HAS REVISED THE RATE OF WHICH IT RECOGNIZES THE REVENUE WITH RESPECT TO THE VIDEO CONFERENCING EQUIPMENT AS OF MARCH 31, 2010. CONSEQUENTLY THE REVENUE WILL BE RECOGNIZED OVER 5 YEARS, STRAIGHT LINE BASIS, AS OPPOSED TO THE ORIGINAL ESTIMATE OF 10 YEARS. THE EFFECT OF THIS CHANGE IN ESTIMATE WILL BE THE RECOGNITION OF \$ 182,091 IN REVENUE FOR THE CURRENT PERIOD COMPARED TO \$ 49,683 UNDER THE OLD ESTIMATE. THIS ALSO REDUCES THE DEFERRED REVENUE LIABILITY BY \$ 182,091 TO A TOTAL OF \$ 215,359 FOR THE YEAR ENDING MARCH 31, 2010, OPPOSED TO A DEFERRED REVENUE LIABILITY OF \$ 348,064 UNDER THE ORIGINAL ESTIMATE.

PROPERTY PLANT AND EQUIPMENT:

THE COMPANY HAS ALSO REVISED ITS AMORTIZATION RATE FOR VIDEO EQUIPMENT. THE EQUIPMENT AS OF MARCH 31, 2010 WILL BE AMORTIZED OVER 5 YEARS OPPOSED TO THE ORIGINAL AMORTIZATION PERIOD OF 10 YEARS. THE EFFECT OF THIS CHANGE HAS INCREASED AMORTIZATION BY \$ 173,991 FOR THE PERIOD. THIS ALSO REDUCES THE NET BOOK VALUE OF EQUIPMENT BY \$ 173,991 IN THE CURRENT PERIOD.