

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

FINANCIAL STATEMENTS

MARCH 31, 2011

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.**

REPORT ON THE FINANCIAL STATEMENTS

WE HAVE AUDITED THE ACCOMPANYING FINANCIAL STATEMENTS OF COMMUNITY FUTURES DEVELOPMENT ASSOCIATION OF B.C. (COMMUNITY FUTURES BRITISH COLUMBIA), WHICH COMPRISE THE BALANCE SHEET AS AT MARCH 31, 2011, INCOME STATEMENT AND STATEMENT OF CASH FLOWS FOR THE YEAR THEN ENDED, AND A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

MANAGEMENT IS RESPONSIBLE FOR THE PREPARATION AND FAIR PRESENTATION OF THESE FINANCIAL STATEMENTS IN ACCORDANCE WITH CANADIAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AND FOR SUCH INTERNAL CONTROL AS MANAGEMENT DETERMINES IS NECESSARY TO ENABLE THE PREPARATION OF FINANCIAL STATEMENTS THAT ARE FREE FROM MATERIAL MISSTATEMENT, WHETHER DUE TO FRAUD OR ERROR.

AUDITOR'S RESPONSIBILITY

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 COMPLY WITH ETHICAL REQUIREMENTS AND PLAN AND PERFORM THE AUDIT TO OBTAIN REASONABLE ASSURANCE ABOUT WHETHER THE FINANCIAL STATEMENTS ARE FREE FROM MATERIAL MISSTATEMENT.

AN AUDIT INVOLVES PERFORMING PROCEDURES TO OBTAIN AUDIT EVIDENCE ABOUT THE AMOUNTS AND DISCLOSURES IN THE FINANCIAL STATEMENTS. THE PROCEDURES SELECTED DEPEND ON THE AUDITOR'S JUDGMENT, INCLUDING THE ASSESSMENT OF THE RISKS OF MATERIAL MISSTATEMENT OF THE FINANCIAL STATEMENTS, WHETHER DUE TO FRAUD OR ERROR. IN MAKING THOSE RISK ASSESSMENTS, THE AUDITOR CONSIDERS INTERNAL CONTROL RELEVANT TO THE ENTITY'S PREPARATION AND FAIR PRESENTATION OF THE FINANCIAL STATEMENTS IN ORDER TO DESIGN AUDIT PROCEDURES THAT ARE APPROPRIATE IN THE CIRCUMSTANCES, BUT NOT FOR THE PURPOSE OF EXPRESSING AN OPINION ON THE EFFECTIVENESS OF THE ENTITY'S INTERNAL CONTROL. AN AUDIT ALSO INCLUDES EVALUATING THE APPROPRIATENESS OF ACCOUNTING POLICIES USED AND THE REASONABLENESS OF ACCOUNTING ESTIMATES MADE BY MANAGEMENT, AS WELL AS EVALUATING THE OVERALL PRESENTATION OF THE FINANCIAL STATEMENTS.

WE BELIEVE THAT THE AUDIT EVIDENCE WE HAVE OBTAINED IS SUFFICIENT AND APPROPRIATE TO PROVIDE A BASIS FOR OUR AUDIT OPINION.

OPINION

IN OUR OPINION, THE FINANCIAL STATEMENTS PRESENT FAIRLY, IN ALL MATERIAL RESPECTS, THE FINANCIAL POSITION OF COMMUNITY FUTURES BRITISH COLUMBIA, AS AT MARCH 31, 2011, AND ITS FINANCIAL PERFORMANCE FOR THE YEAR THEN ENDED IN ACCORDANCE WITH CANADIAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

WEST VANCOUVER, B.C.



JULY 27, 2011

CHARTERED ACCOUNTANTS

COMMUNITY FUTURES DEVELOPMENT ASSOCIATION OF B.C.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2011

	NOTE	PAL FUNDS	OPERATING FUND	2011	2010
ASSETS					
CASH		\$ -	847,003	847,003	53,931
ACCOUNTS RECEIVABLE		10,103	777,201	787,304	620,117
SALES TAXES RECEIVABLE		286	18,701	18,987	57
LOANS RECEIVABLE	4	5,000,000	-	5,000,000	250,000
PREPAID EXPENSES		-	5,954	5,954	10,179
PAL FIXED INCOME DEPOSITS	4	3,413,078	-	3,413,078	7,597,297
PAL INCOME AND GROWTH DEPOSITS	4	2,671,652	-	2,671,652	2,535,102
GROWTHSTART FUNDS		-	-	-	638,337
INVESTMENT IN GROWTHSTART TRUST		-	100	100	100
OTHER PROJECTS	7	-	71,084	71,084	141,283
EQUIPMENT, NET	5	-	111,932	111,932	221,348
				<u>\$11,095,119</u>	<u>12,067,751</u>
			<u>1,831,975</u>	<u>12,927,094</u>	
LIABILITIES					
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		\$ -	1,125,030	1,125,030	153,166
DEFERRED CONTRIBUTIONS	6	-	118,372	118,372	215,359
PAL FUNDS DUE TO DEPOSITORS	4	5,974,542	-	5,974,542	5,349,332
DUE TO WESTERN ECONOMIC DIVERSIFICATION	4	5,000,000	-	5,000,000	5,638,377
				<u>10,974,542</u>	<u>11,356,234</u>
			<u>1,243,402</u>	<u>12,217,944</u>	
NET ASSETS					
OPERATING FUND		-	314,773	314,773	338,810
PAL FUNDS		120,577	-	120,577	107,508
GROWTHSTART		-	273,800	273,800	265,199
				<u>120,577</u>	<u>711,517</u>
			<u>588,573</u>	<u>709,150</u>	
				<u>\$11,095,119</u>	<u>12,067,751</u>
			<u>1,831,975</u>	<u>12,927,094</u>	

COMMITMENTS 8

APPROVED ON BEHALF OF THE BOARD:

KEN WHITE DIRECTOR

RICK JOYCE DIRECTOR

**COMMUNITY FUTURES DEVELOPMENT ASSOCIATION OF B.C.
STATEMENT OF OPERATIONS
MARCH 31, 2011**

NOTES	OPERATING	PAL	GROWTHSTART	FISHERIES	ENTREPRENEUR DISABILITY PROGRAM	SMALL BUSINESS INTERNSHIP PROGRAM	REDI BC	PAL ADMIN.	MISC.	2011 TOTAL	2010 TOTAL
	1	2 (A) i	2 (A) ii	2 (A) iii	2 (A) iv	2 (A) v	2 (A) vi				9
REVENUE											
WD CONTRIBUTION	\$ 295,175	-	-	65,026	179,902	-	1,542,188	-	-	2,082,291	1,215,915
INDUSTRY CANADA CONTRIBUTION	-	-	-	-	-	207,028	-	-	-	207,028	-
MEMBERSHIP	-	-	-	-	-	-	-	-	33,000	33,000	33,000
BENEFIT PLAN	-	-	-	-	-	-	-	-	28,893	28,893	28,199
INTEREST REVENUE FROM PAL LOANS	-	13,098	-	-	-	-	-	-	-	13,098	89,200
EDP ADMINISTRATIVE REVENUE	12,570	-	-	-	3,204	-	-	-	-	15,774	10,764
INTEREST REVENUE FROM DEPOSITORS	452	-	14,520	-	-	-	-	-	-	14,972	21,217
REDI ADMINISTRATIVE REVENUE	14,006	-	-	-	-	-	-	-	-	14,006	41,708
OTHER	-	-	-	-	-	-	-	100	7,394	7,494	21,180
FLT ADMINISTRATIVE REVENUE	4,000	-	-	-	-	-	-	-	-	4,000	4,000
PAN WESTERN/PAN CANADIAN INITIATIVE	-	-	-	-	-	-	-	-	-	-	3,500
CANADA WEST FOUNDATION	-	-	-	-	-	-	-	-	-	-	500
GAIN ON INVESTMENTS	-	-	-	-	-	-	-	-	-	-	18,321
AMORTIZATION OF DEFERRED REVENUE	96,987	-	-	-	-	-	-	-	-	96,987	182,091
TOTAL REVENUE	\$ 423,190	13,098	14,520	65,026	183,106	207,028	1,542,188	100	69,287	2,517,543	1,669,595

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**COMMUNITY FUTURES DEVELOPMENT ASSOCIATION OF B.C.
STATEMENT OF OPERATIONS (CONTINUED)
MARCH 31, 2011**

	OPERATING	PAL	GROWTHSTART	FISHERIES	ENTREPRENEUR DISABILITY PROGRAM	SMALL BUSINESS INTERNSHIP PROGRAM	REDI/BC	PAL ADMIN.	MISC.	2011 TOTAL	2010 TOTAL
NOTES	1	2 (A) i	2 (A) ii	2 (A) iii	2 (A) iv	2 (A) v	2 (A) vi				
TOTAL REVENUE	\$ 423,190	13,098	14,520	65,026	183,106	207,028	1,542,188	100	69,287	2,517,543	1,669,595
EXPENSES											
PROJECT COSTS	-	-	-	-	-	180,216	1,230,236	-	-	1,410,452	522,168
PROJECT MGMT/ADMIN ASSISTANCE	155,162	-	-	-	64,123	18,583	180,068	-	-	417,936	473,446
CONSULTING AND CONTRACTORS FEES	31,022	-	4,254	32,811	55,856	3,750	10,140	9,433	-	147,266	112,415
TRAVEL	42,196	-	223	13,481	10,904	172	20,425	28	210	87,639	73,382
OFFICE RENTAL	34,690	-	-	9,000	11,040	-	15,703	2,750	-	73,183	75,782
OFFICE	22,575	-	87	1,029	14,110	280	28,942	99	-	67,208	50,349
MARKETING AND PROMOTIONS	8,524	-	485	4,000	14,794	3,161	11,572	-	-	42,536	96,208
CONFERENCE, MEETINGS AND TRAINING	14,042	-	-	1,788	6,638	-	9,816	688	623	33,595	44,989
LEGAL AND PROFESSIONAL FEES	9,332	-	-	2,638	-	-	2,638	2,638	-	17,246	15,768
TELEPHONE, FAX AND INTERNET	4,351	-	700	279	3,033	834	6,402	335	-	15,934	18,913
WEB MAINTENANCE	1,671	-	-	-	2,608	32	1,108	-	-	5,419	137
INSURANCE	3,386	-	-	-	-	-	-	-	-	3,386	1,161
MISCELLANEOUS	2,354	-	-	-	-	544	-	-	-	2,898	1,609
BANK CHARGES AND INTEREST	1,710	29	-	-	-	-	133	-	24	1,896	1,666
DUES AND SUBSCRIPTIONS	1,674	-	170	-	-	-	-	-	-	1,844	1,894
AMORTIZATION	114,538	-	-	-	-	-	-	-	-	114,538	201,302
TOTAL EXPENSES	\$ 447,227	29	5,919	65,026	183,106	207,572	1,517,183	15,971	943	2,442,976	1,691,189
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(24,037)	13,069	8,601	-	-	(544)	25,005	(15,871)	68,344	74,567	(21,594)
PROJECT FUNDS, BEGINNING FUNDS REPAID	-	-	-	(481)	4,902	-	(134,093)	(22,125)	3,779	-	-
PROJECT FUNDS, ENDING	-	-	-	(481)	4,902	(544)	(109,088)	(37,996)	72,123	(71,084)	(146,283)

COMMUNITY FUTURES DEVELOPMENT ASSOCIATION OF B.C.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2011

	CORE OPERATING FUND	GROWTHSTART	PAL	TOTAL 2011	TOTAL 2010
SURPLUS, BEGINNING OF YEAR	\$ 338,810	265,199	107,508	711,517	571,576
RECEIPTS	423,190	14,520	13,098	450,808	744,555
EXPENDITURES	<u>(447,227)</u>	<u>(5,919)</u>	<u>(29)</u>	<u>(453,175)</u>	<u>(604,614)</u>
SURPLUS, END OF YEAR	<u>\$ 314,773</u>	<u>273,800</u>	<u>120,577</u>	<u>709,150</u>	<u>711,517</u>

COMMUNITY FUTURES DEVELOPMENT ASSOCIATION OF B.C.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
OPERATING, FINANCING AND INVESTING ACTIVITIES		
SOURCES OF CASH		
WD CONTRIBUTIONS	\$ 1,850,823	671,066
INVESTMENTS	15,190	57,071
OTHER CONTRIBUTIONS	241,680	50,379
ADMIN FEES	33,780	56,472
MEMBERSHIP	33,000	33,000
TOTAL SOURCES	<u>2,174,473</u>	<u>867,988</u>
USE OF CASH		
PROJECT COSTS	438,588	367,905
SALARIES AND BENEFITS	422,936	455,046
GENERAL ADMIN & SERVICES	179,370	168,680
CONSULTING AND CONTRACTING	147,266	142,366
TRAVEL & COORDINATION	87,639	73,284
MARKETING AND PROMOTION	42,536	96,208
MEETINGS AND CONFERENCES	33,595	44,430
HST PAID	18,930	-
WEBSITE UPGRADES	5,419	137
PURCHASES OF EQUIPMENT	5,122	-
TOTAL USES	<u>1,381,401</u>	<u>1,348,056</u>
NET INCREASE (DECREASE) IN CASH	793,072	(480,068)
CASH, BEGINNING OF YEAR	<u>53,931</u>	<u>533,999</u>
CASH, END OF YEAR	<u>\$ 847,003</u>	<u>53,931</u>

**COMMUNITY FUTURES DEVELOPMENT ASSOCIATION OF B.C.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011**

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 (2010 – 11) PROGRAMS OR PROJECTS:

- i 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.
- ii CASH POOLING AGREEMENT – GROWTHSTART:
GROWTHSTART IS A TRUST OPERATED BY CENTRAL 1 CREDIT UNION WITH A LOAN FUNCTION ADMINISTERED, FOR A FEE, BY COMMUNITY FUTURES BRITISH COLUMBIA. IT COMPLETED ITS LENDING FUNCTION ON MARCH 31ST, 2008 AND COMMUNITY FUTURES BORROWERS RETURNED ALL LOANS TO THE TRUST IN OCTOBER 2010. THE TRUST, IN TURN, REMITTED ALL MONIES BACK TO THE TRUST INVESTORS ON DECEMBER 31ST, 2010. THE TRUST IS NOW DORMANT.
- iii COAST-WIDE FISHERIES ADJUSTMENT COORDINATOR PROGRAM:
A PROGRAM DESIGNED TO SUPPORT THE ACTIVITIES OF THE COAST-WIDE FISHERIES COORDINATOR.
- iv ENTREPRENEURS WITH DISABILITIES PROGRAM:
THIS PROGRAM PROVIDES SUPPORT TO REGIONAL COMMUNITY FUTURES TO SUPPORT ENTREPRENEURS WITH DISABILITIES.

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COMMUNITY FUTURES DEVELOPMENT ASSOCIATION OF B.C.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED...

A) FUND ACCOUNTING (CONTINUED)

- v SMALL BUSINESS INTERNSHIP PROGRAM (SBIP): A FEDERAL GOVERNMENT INITIATIVE, FUNDED THROUGH INDUSTRY CANADA AND DELIVERED BY COMMUNITY FUTURES BRITISH COLUMBIA, TO PROVIDE SME'S LOCATED IN RURAL B.C. AND VICTORIA CAPITAL REGION WITH UP TO 75% FUNDING DOLLARS TO COVER ELIGIBLE COSTS OF HIRING POST-SECONDARY STUDENTS OR RECENT POST SECONDARY GRADUATES FOR A MAXIMUM OF 420 HOURS FOR THE PURPOSE OF ASSISTING THE SME WITH ADAPTATION OF INFORMATION AND COMMUNICATION TECHNOLOGIES (ICT).
- vi 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.

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 54% OF THE HARMONIZED AND SERVICES TAX PAID ON ITS PURCHASES.

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.

COMMUNITY FUTURES DEVELOPMENT ASSOCIATION OF B.C.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

3. FINANCIAL INSTRUMENTS

COMMUNITY FUTURES BRITISH COLUMBIA'S FINANCIAL INSTRUMENTS CONSIST OF CASH, ACCOUNTS RECEIVABLE, 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.

SEVERAL COMMUNITY FUTURE MEMBERS INVESTED FUNDS TOWARDS THIS PROJECT AND THE BREAKDOWN OF THE MARKET VALUE OF THEIR INVESTMENT AS OF MARCH 31, 2011.

	<u>2011</u>	<u>2010</u>
OPENING BALANCE: DUE TO FIXED INCOME DEPOSITORS	\$ 2,847,729	2,734,829
CHANGE IN VALUE OF DEPOSITS – FIXED INCOME	457,491	115,232
LESS RECORD KEEPING FEES	<u>(2,332)</u>	<u>(2,332)</u>
ENDING BALANCE: DUE TO FIXED INCOME DEPOSITORS	<u>3,302,888</u>	<u>2,847,729</u>
OPENING BALANCE: DUE TO INCOME AND GROWTH DEPOSITORS	2,501,603	1,800,399
CHANGE IN VALUE OF INCOME AND GROWTH DEPOSITS	178,373	726,811
CHANGE IN POOL FUNDS DIVIDENDS	20,295	7,893
LESS CASH MANAGEMENT FEES	<u>(28,617)</u>	<u>(33,500)</u>
ENDING BALANCE: DUE TO INCOME AND GROWTH DEPOSITORS	<u>2,671,654</u>	<u>2,501,603</u>
PAL FUNDS DUE TO INVESTORS	<u>\$ 5,974,542</u>	<u>5,349,332</u>

CONTINUED...

COMMUNITY FUTURES DEVELOPMENT ASSOCIATION OF B.C.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

4. POOLED ASSET LENDING PROGRAM (PAL) CONTINUED...

LOANS RECEIVABLE:

PAL LOANS FROM COMMUNITY FUTURES BRITISH COLUMBIA TO COMMUNITY FUTURES NETWORK MEMBERS BEAR INTEREST AT 1.25%. PAYMENTS WILL BE VARIABLE BASED ON OUTSTANDING PAL PRINCIPAL, INTEREST RATE AND NUMBER OF DAYS AND THE PAYERS AGREE TO WAIVE THE PRE-NOTIFICATION PERIOD.

5. EQUIPMENT

	<u>COST</u>	<u>ACCUMULATED AMORTIZATION</u>	<u>2011 NET BOOK VALUE</u>	<u>2010 NET BOOK VALUE</u>
VIDEO CONFERENCING	\$ 485,113	378,583	106,530	203,552
COMPUTER EQUIPMENT	45,662	43,128	2,534	12,633
REDI BC EQUIPMENT	9,178	6,310	2,868	5,163
	<u>\$ 539,953</u>	<u>428,021</u>	<u>111,932</u>	<u>221,348</u>

6. 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>2011</u>	<u>2010</u>
DEFERRED CONTRIBUTIONS, BEGINNING BALANCE	\$ 215,359	397,450
ADD: CONTRIBUTIONS RECEIVED DURING THE YEAR	-	-
LESS: AMOUNTS RECOGNIZED AS REVENUE IN THE YEAR	<u>(96,987)</u>	<u>(182,091)</u>
DEFERRED CONTRIBUTIONS, ENDING BALANCE	<u>\$ 118,372</u>	<u>215,359</u>

7. ON GOING PROJECT LIABILITIES

	<u>2011</u>	<u>2010</u>
COAST-WIDE FISHERIES ADJUSTMENT		
COORDINATOR PROGRAM	\$ (481)	(481)
ENTREPRENEURS WITH DISABILITIES PROGRAM	4,902	4,902
EXPLORING SELF-EMPLOYMENT FOR YOUTH WITH DISABILITIES	-	77
LOAN SYNDICATION DEVELOPMENT	-	(342)
LOAN SYNDICATION	-	2,000
PAL ADMINISTRATION	(37,996)	(17,125)
REDI-BC	(109,088)	(134,093)
SMALL BUSINESS INTERNSHIP PROGRAM	(544)	-
MISCELLANEOUS	72,123	3,779
	<u>\$ (71,084)</u>	<u>(141,283)</u>

COMMUNITY FUTURES DEVELOPMENT ASSOCIATION OF B.C.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

8. COMMITMENTS

RENT

COMMUNITY FUTURES BRITISH COLUMBIA ENTERED IN AN OFFICE LEASE AGREEMENT IN 2011 EXPIRING JUNE 30, 2012 AT A BASIC RENTAL RATE OF \$2,975 PER MONTH. MINIMUM LEASE PAYMENTS ARE AS FOLLOWS:

2011	\$ 35,700
2012	8,925

9. COMPARATIVE FIGURES

THE COMPARATIVE AMOUNTS FOR INTEREST REVENUE FROM PAL LOANS AND INTEREST REVENUE FROM DEPOSITORS HAVE BEEN RESTATED TO REFLECT THE CURRENT YEAR'S GROUPING OF ACCOUNTS.