



WAUBETEK

BUSINESS DEVELOPMENT CORPORATION

Celebrates

20 Years of

Investing in the Aboriginal Business Spirit

2009/2010 ANNUAL REPORT



WAUBETEK
 Business Development Corporation
Investing in the Aboriginal Business Spirit
 A Community Futures Development Corporation



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CHAIRPERSON'S REPORT: MARTIN BAYER

August 2010 marked 21 years of service by Waubetek in supporting in the Aboriginal business spirit!! Throughout these 21 years, Waubetek has invested \$44 million directly in Aboriginal businesses through commercial loans as well as through the Aboriginal Business Canada Program. On behalf of the Waubetek Board of Directors, we are pleased to celebrate the significant impact that this organization has had in assisting nearly 1,100 Aboriginal businesses throughout North East Ontario! In this past year alone, we have invested \$2.875 million in 48 business projects (fewer projects, but larger total investment dollars than last year), helping to create 105 much needed new jobs and maintain 75 existing jobs for the Aboriginal people of our region.

Over the past year, Waubetek strengthened our core business development services by hiring two new Business Development Officers with commercial/mortgage lending experience who can greatly assist our clients with practical business advice and guidance. We have continued to provide our support to the Great Spirit Circle Trail in their negotiations to become recognized as the province-wide Aboriginal Tourism Marketing Organization. Waubetek also prepared an Economic Development Officers Tool Kit for access by member First Nation economic personnel which is now available on our website via password. For the second year in a row, we also hired and placed 52 Aboriginal Youth summer students during the summer of 2010. We also continued as a partner in a children's business camp offered in Sault Ste. Marie. These initiatives have helped build capacity amongst our people in business and in the workplace.

Over the past year, we have also provided significant input into both the federal and provincial governments proposed new economic programming. The federal government is in the midst of developing new programs to support First Nation/Aboriginal economies and lands development, while the provincial government is developing a Growth Plan for Northern Ontario which includes a section on Aboriginal peoples. On our side, there is still a need for the local First Nations to adopt the Anishinabek Nation Economic Blueprint and to utilize its' recommendations to make economic development a major priority for First Nation communities to create the climate necessary to support the businesses, jobs, infrastructure and services required by our people.

For the upcoming year, we will see program changes as Indian and Northern Affairs Canada helps to implement a New Federal Aboriginal Economic Framework. It is expected that the Aboriginal Financial Institutions in Canada, such as Waubetek, may be given a larger role in support Aboriginal business development at a much larger level. Improved access to larger levels of financing will also provide more opportunities for groups of First Nations to work together to acquire and build new businesses that provide regional services. Waubetek is more than willing to provide an important advisory and support role in this work.

I personally believe that the founders who established this organization in 1989 must take pride in the fact that this organization has assisted Aboriginal businesses to the tune of \$44 million in addition to helping build greater capacity amongst our people in the field of business and finance. I take this opportunity to personally thank our founders, the community leaders, the business leaders, the economic development officers, our government partners, our corporate partners and all past and present board members and staff. G'Chi-Miigwetch once again to everyone who has helped us, and continues to help us, advance the Aboriginal entrepreneurial spirit!

WAUBETEK BUSINESS DEVELOPMENT CORPORATION

The Waubetek Business Development Corporation is an Aboriginal-owned and controlled organization that delivers business financing and economic development services to First Nations and Aboriginal businesses located in North-Eastern Ontario.

MISSION STATEMENT

Our Mission is to improve the economies of the First Nation communities through the proactive, professional and meaningful provision of *business and economic services*.

SERVICE STANDARDS

- Waubetek will provide helpful, friendly service to every person who contacts our office
- Waubetek will maintain the confidentiality of each client's business or finances
- Waubetek will assist to create 40 new businesses a year
- Waubetek will help to expand or support 20 existing businesses a year
- Waubetek will respond to inquiries from potential clients in writing within 10 working days
- Waubetek will provide written feedback on business plans submitted to our office within 10 working days of the date the plan is received
- Waubetek will issue letters of offers to clients approved for financing within 5 working days of a board meeting
- Waubetek will issue payments for fully completed claims within 7 working days of receipt of the completed claims

WAUBETEK PROGRAMS AND SERVICES

COMMERCIAL LOANS

TERM LOANS

- Up to \$500,000
- Equity Requirement of 15% (10% for youth)

ABORIGINAL STUDENT BUSINESS LOANS

For summer businesses – maximum \$1,500

Equity Requirement of 5%

- Interest rates are prime plus 2% to 4% depending on risk

BRIDGE FINANCING

- Short-term loans to carry/bridge project until receipt of confirmed funds from other sources (i.e. grant programs) – maximum \$250,000
- Equity Requirement of 10%

CONDITIONAL CONTRIBUTIONS

WAUBETEK BUSINESS EQUITY FUND

Contributions to Aboriginal businesses up to \$50,000

Areas Include:

- Business Plans (Client Equity required 25%)
- General Business Capital for a new business or to expand an existing business (Client Equity required 15%) (Youth 18-35 is 10%)
- Marketing (Client Equity requirement is 40%)
- Business Support for Bookkeeping, Mentoring, Legal costs (Client Equity requirement is 25%)

Waubetek also provides Access to the ABORIGINAL BUSINESS DEVELOPMENT PROGRAM

- Contributions to individuals (Status, non-Status, Metis, or Inuit) from \$50,000 up to \$99,999; or First Nation communities up to \$1 million
- Equity Requirement is 15% (10% for youth)
- Applications from North East Ontario are processed through Waubetek with approvals through INAC in Toronto or Ottawa depending on the amount requested.

BUSINESS AND ECONOMIC SERVICES

- **BUSINESS INFORMATION & SUPPORT SERVICES** - Business resource and research centre available to clients
- **BUSINESS COUNSELLING SERVICES** - Experienced staff available to provide guidance and review your proposals
- **GENERAL ADVISORY ASSISTANCE** - Regarding community projects (i.e. Sources of funding, development terms of reference, project review, etc.)

LOCAL INITIATIVES FUND

A maximum of \$5,000 is available for community economic development projects within Waubetek's Community Futures Region. Applicants must be a Non-profit Organization located within one of the following First Nations: Aundeck Omni Kaning, M'Chigeeng, Sagamok, Sheguiandah, Sheshegwaning, Whitefish River, Wikwemikong, and Zhiibaahaasing.

HIGHLIGHTS OF THE YEAR

BUSINESS AWARDS GALA 2009

Entertainers:



Crystal Shawanda



Keith McLeod



Murray Sylvester



Taabik Singers



Nicolas McGregor



Waubetek Staff

HIGHLIGHTS OF THE YEAR

BUSINESS AWARDS GALA 2009

AWARD WINNERS



Derek Debassige
Manitoulin Physio Centre
Youth Entrepreneur of the Year



George Sopher
GWS Tree Service & Contracting
New Entrepreneur of the Year



Anishinabek Nation Credit Union
Business Merit Award



Niigon Technologies Ltd.
Business Achievement Award

HIGHLIGHTS OF THE YEAR

2010 YOUTH BURSARY AWARD WINNERS



Matthew McGregor



Clara Restoule



Wendy Debassige



Teresa Pitawanakwat

For the past nine years Waubetek has hosted a Charity Golf Classic as a fundraising effort for the Waubetek Youth Bursary Fund. Each year, post-secondary students attending a business related program of study are selected to be awarded a bursary scholarship of \$500 each. For 2010, Waubetek distributed 4 bursaries!

Check the Waubetek website for more information if you know someone who may qualify!

HIGHLIGHTS OF THE YEAR

WAUBETEK'S 9TH ANNUAL CHARITY GOLF CLASSIC

The 9th Annual Waubetek Charity Golf Classic was held on June 17, 2010 at the Rainbow Ridge Golf Course on the lovely Manitoulin Island. There were 96 golfers in the categories of Men's Division (11 Teams), Women's Division (4 Teams) and Mixed Division (9 Teams). Congratulations to Daniel George who received a big cheque for his Hole-in-one! Congratulations also to the Division Champs!



A Hole-in-one at the Waubetek Golf Tourney!



Women's Division Winners:
Kathleen Migwanabe, Patsy Migwanabe,
Anita McGregor, Chasity Toulouse



Mixed Division Winners:
Tim Ominika,
Brandon Ominika
Lucy Francis
Dana Ominika

Men's Division Winners:
Jeffrey Eshkakogan
Daniel George
Francis Trudeau
David Lavallee



All funds raised support Aboriginal Business Students!

HIGHLIGHTS OF THE YEAR

CONFERENCES AND WORKSHOPS



Aboriginal Youth Business Conference March 2010
Waubetek in partnership with Gezhtoojig
Host this event involving more than 150 Aboriginal Youth



Summer Jobs for Youth Program
Waubetek in partnership with Manitoulin-Sudbury District Social Services Board
Employed 50 Aboriginal Youth

FINANCIAL STATEMENTS

WAUABETEK BUSINESS DEVELOPMENT CORPORATION

For the Year Ended August 31, 2010

Auditor's Report

Financial Statements:

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Statement of Operations/Changes in Fund Balances

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Investment Funds

Schedule of Assets, Liabilities and Fund Balances

Schedule of Revenue, Expenses and Changes in Fund Balances

AUDITORS' REPORT

To the Board of Directors of Waubetek Business Development Corporation

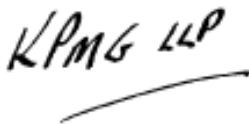
We have audited the statement of financial position of **Waubetek Business Development Corporation** as at August 31, 2010 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, 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.

Because of complexities in the administration and risk assessment of the loans held in the North Eastern Ontario Investment Pool (the "Pool"), we were unable to obtain sufficient information to assess the appropriateness of the estimate for the allowance for doubtful loans related to the Pool. Accordingly, we were not able to determine whether adjustments might be necessary to allowance for doubtful loans related to this Pool.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves with respect to the allowance for doubtful loans related to the Pool as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Corporation as at August 31, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in the Schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Chartered Accountants, Licensed Public Accountants

Sudbury, Canada
November 9, 2010

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
August 31, 2010 with comparative figures for 2009

	2010			2009
	Operating	Investment	Total	Total
Assets				
Current assets:				
Cash	\$ 143,123	-	143,123	-
Accounts receivable (note 3)	229,644	-	229,644	265,861
Prepaid expenses	4,237	-	4,237	5,311
	377,004	-	377,004	271,172
Capital assets (note 5)	21,580	-	21,580	38,848
Restricted assets:				
Cash	-	4,353,547	4,353,547	4,165,896
Term deposit (0.9% maturing January 23, 2011)	-	113,366	113,366	111,526
Interest receivable (note 4)	-	18,769	18,769	20,062
Loans receivable (note 6)	-	3,180,845	3,180,845	3,207,161
Due from National Aboriginal Capital Corporation Association (note 7)	-	589,986	589,986	672,434
	-	8,256,513	8,256,513	8,177,079
	\$ 398,584	8,256,513	8,655,097	8,487,099
Liabilities, Contributions and Fund Balances				
Current liabilities:				
Bank indebtedness	\$ -	-	-	19,902
Accounts payable and accrued liabilities	79,853	-	79,853	159,785
Current portion due to National Aboriginal Capital Corporation Association (note 7)	-	1,072,010	1,072,010	1,538,630
Interfund balances	(3,470)	3,470	-	-
	76,383	1,075,480	1,151,863	1,718,317
Due to National Aboriginal Capital Corporation Association (note 7)	-	2,248,474	2,248,474	1,585,610
Deferred operating contributions (note 8)	234,324	259,860	494,184	559,177
Deferred capital contributions (note 9)	-	-	-	14,823
	310,707	3,583,814	3,894,521	3,877,727
Fund balances	87,877	4,672,699	4,760,576	4,809,372
Commitments (note 10)				
Contingent liabilities (note 11)				
	\$ 398,584	8,256,513	8,655,097	8,487,099

See accompanying notes to financial statements.

Approved by the Board:

 Director

**WAUBETEK BUSINESS DEVELOPMENT CORPORATION STATEMENT OF
OPERATIONS/CHANGES IN FUND BALANCES
August 31, 2010 with comparative figures for 2009**

	2010			2009
	Operating	Investment	Total	Total
Revenue:				
Government contributions	\$ 1,034,283	816,384	1,850,667	2,488,658
Investment income:				
Loan interest	-	214,164	214,164	264,813
Bank interest	-	18,715	18,715	74,464
Other	172,998	6,488	179,486	121,584
Amortization of deferred capital contributions	14,623	-	14,623	15,638
	1,221,904	1,055,751	2,277,655	2,965,157
Expenditure:				
Advertising	26,986	-	26,986	16,664
Amortization of capital assets	17,268	-	17,268	15,638
Bad debts	155	-	155	59
Bank charges	1,887	254	2,141	5,158
Conferences	86,547	-	86,547	118,090
Contributions (note 12)	-	796,345	796,345	1,189,018
Contributions to programs	10,304	-	10,304	11,937
Directors' training and travel	18,666	-	18,666	26,398
Employee benefits	69,943	-	69,943	74,775
Business award dinner	70,626	-	70,626	-
General	3,243	-	3,243	8,563
Insurance	8,645	-	8,645	10,191
Office supplies	32,749	-	32,749	35,299
Professional fees	92,339	-	92,339	97,970
Rent	16,200	-	16,200	16,200
Salaries	637,467	-	637,467	625,440
Telephone	11,680	-	11,680	17,115
Community economic development initiatives	50,142	-	50,142	42,365
Youth bursary	17,758	-	17,758	8,770
Travel	35,807	-	35,807	104,733
Provision for doubtful loans and interest	-	121,440	121,440	420,264
	1,208,412	918,039	2,126,451	2,844,647
Excess of revenue over expenditure	\$ 13,492	137,712	151,204	120,510

See accompanying notes to financial statements.

	2010			2009
	Operating	Investment	Total	Total
Balance, beginning of year	\$ 74,385	4,534,987	4,609,372	4,488,862
Excess of revenue over expenditure	13,492	137,712	151,204	120,510
Balance, end of year	\$ 87,877	4,672,699	4,760,576	4,609,372

See accompanying notes to financial statements.

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
August 31, 2010 with comparative figures for 2009

	2010			2009
	Operating	Investment	Total	Total
Cash provided by (used for)				
Cash flow from operating activities:				
Excess of revenue over expenditure	\$ 13,492	137,712	151,204	120,510
Items not involving cash:				
Amortization of capital assets	17,268	-	17,268	15,638
Loss on disposal of capital assets	-	-	-	9,656
Provision for doubtful loans and interest	-	121,440	121,440	420,264
	30,760	259,152	289,912	566,068
Change in non-cash working capital balances:				
Decrease in accounts receivable	36,217	-	36,217	61,277
Decrease (increase) in prepaid expenses	1,074	-	1,074	(4,061)
Decrease in interest receivable	-	1,293	1,293	23,099
Decrease in accounts payable and accrued liabilities	(79,321)	(612)	(79,933)	(27,489)
	(11,270)	259,833	248,563	618,894
Financing activities:				
Repayment of interfund balances	56,605	(56,605)	-	-
Deferred operating contributions	132,313	(197,305)	(64,992)	(692,573)
Deferred capital contributions	(14,623)	-	(14,623)	(7,919)
Net advances from National Aboriginal Capital Corporation Association	-	278,692	278,692	(282,916)
	174,295	24,782	199,077	(983,408)
Investing activities:				
Purchase of capital assets	-	-	-	(9,147)
Loan advances net of repayments	-	(95,124)	(95,124)	(699,056)
	-	(95,124)	(95,124)	(708,203)
Net increase (decrease) in cash	163,025	189,491	352,516	(1,072,717)
Cash and cash equivalents (bank indebtedness), beginning of year	(19,902)	4,277,422	4,257,520	5,330,237
Cash and cash equivalents, end of year	\$ 143,123	4,466,913	4,610,036	4,257,520
Represented by:				
Cash	\$ 143,123	4,353,547	4,496,670	4,165,896
Term deposit	-	113,366	113,366	111,526
Bank indebtedness	-	-	-	(19,902)
	\$ 143,123	4,466,913	4,610,036	4,257,520

See accompanying notes to financial statements.

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year ended August 31, 2010

Waubetek Business Development Corporation (the "Corporation") was incorporated without share capital under Part II of the Canada Corporation Act, R.S.C. 1970, c. C32. The Corporation's principal purpose is to encourage job creation in the First Nation communities. If the Corporation were to dissolve, after the payment of all debts, the remaining assets of the Corporation would be distributed or disposed of to another organization with similar goals and objectives as approved by Industry Canada. The Corporation is exempt from income taxes under the Income Tax Act, R.S.C. 1985, c. 1.

1. Significant accounting policies:

(a) Fund accounting:

The operating fund reports the Corporation's program delivery and administrative activities.

The investment fund reports resources that are used to provide financing to new and existing aboriginal small businesses in order to protect existing or create new jobs.

(b) Cash and cash equivalents:

Cash and cash equivalents consist of cash, term deposit and bank indebtedness.

(c) Allowance for doubtful loans:

The Corporation establishes an allowance for doubtful loans by providing specific loan losses by loan after reviewing outstanding loans on a loan by loan basis. In addition, a provision is estimated at 10%, based on past experience for all loans for which no specific provision has been established.

(d) Capital assets:

Capital assets are stated at cost less accumulated amortization. Amortization is provided over the estimated useful life of the asset, using the straight-line method over the following number of years:

Furniture and fixtures	10 years
Computer equipment	4 years

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year ended August 31, 2010

1. Significant accounting policies (continued):

(e) Revenue recognition:

The Corporation follows the deferral method of accounting for contributions.

Contributions are recognized as revenue in the year of receipt except for the following:

- i) Contributions relating to capital assets are credited to deferred capital contribution and recognized as revenue on the same basis as amortization on the related asset is charged against operations.
- ii) Contributions relating to approved expenditures not yet incurred are credited to deferred operating contribution.
- iii) Unexpended funds at the end of the year from contributions by Industry Canada/FedNor to the Operating Fund reduce contribution revenue and are reported as amounts due to Industry Canada/FedNor unless approval has been received to use excess funds for specific upcoming expenditures. Over expenditures may not be reimbursed by Industry Canada/FedNor.

Interest revenue in the investment fund is recognized on the accrual basis. The Corporation accrues interest on loans and mortgages in arrears until collection becomes doubtful.

(f) Interfund balances:

Interfund balances represent amounts advanced between the various funds.

(g) 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 disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amount of capital assets and valuation allowances for loans and interest receivable. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year ended August 31, 2010

1. Significant accounting policies (continued):

(h) Financial instruments:

The Corporation accounts for its financial assets and liabilities in accordance with Canadian generally accepted accounting principles.

The financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in the statement of operations; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in the statement of changes in fund balances until the investment is derecognized or impaired at which time the amounts would be recorded in the statement of operations.

In accordance with Canadian generally accepted accounting principles the Corporation has undertaken the following:

- (i) Designated cash and cash equivalents as held-for-trading, being measured at fair value.
- (ii) Short-term investments are classified as held-to-maturity, which are measured at amortized cost.
- (iii) Other accounts receivable, contributions receivable, and loans receivable are classified as loans and receivables, which are measured at amortized cost.
- (iv) Bank indebtedness and accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.
- (v) The Corporation has elected to expense transaction costs related to financial instruments.

The Corporation also complies with CICA 3861, "Financial Instruments – Disclosure and Presentation", for the presentation and disclosure of financial instruments and non-financial derivatives.

No financial statement recognition is given to embedded derivatives or non-financial contracts with derivative characteristics.

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year ended August 31, 2010

2. Impact of new accounting standards:

Effective September 1, 2009, the Corporation adopted the Canadian Institute of Chartered Accountants ("CICA") amendments to the 4400 Sections of the CICA Handbook. These amendments eliminate the requirement to show net assets invested in capital assets as a separate component of net assets, clarify the requirement for revenue and expenses to be presented on a gross basis when the not-for-profit organization is acting as principal and require a statement of cash flow. Adoption of these recommendations had no significant impact on the financial statements for the year ended August 31, 2010.

3. Accounts receivable:

	2010	2009
Operating Fund:		
Industry Canada / FedNor	\$ 121	-
Indian and Northern Affairs Canada / Aboriginal Business Canada	161,919	151,540
Indian and Northern Affairs Canada	48,404	54,688
National Aboriginal Capital Corporation Association	-	13,289
Canada Revenue Agency	6,255	7,671
Communities - fees and tourism project	900	1,800
Northern Ontario Heritage Fund Corporation	4,000	4,000
Great Spirit Circle Trail	3,798	3,798
Miscellaneous	4,247	29,075
	\$ 229,644	265,861

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year ended August 31, 2010

4. Interest receivable:

	Community Futures Investment Fund	North Eastern Ontario Investment Pool	Aboriginal Youth Business Fund	Enhanced Access Fund	2010 Total	2009 Total
The interest receivable balance is comprised of:						
Interest	\$ 78,487	12,919	24	55,852	147,282	196,345
Allowance for doubtful interest receivable	(76,527)	–	–	(51,986)	(128,513)	(176,283)
	\$ 1,960	12,919	24	3,866	18,769	20,062

The activity in the allowance for doubtful interest receivable is as follows:

Balance, beginning of year	\$ 110,524	–	1,762	63,997	176,283	123,366
Current year's provision for interest losses (recovery)	4,879	–	–	(8,345)	(3,466)	52,917
Interest written-off during the year	(38,876)	–	(1,762)	(3,866)	(44,304)	–
Balance, end of year	\$ 76,527	–	–	51,986	128,513	176,283

5. Capital assets:

			2010	2009
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Community Futures				
Operating:				
Furniture and fixtures	\$ 125,371	118,545	6,826	15,349
Equipment	149,398	134,644	14,754	23,499
	274,769	253,189	21,580	38,848
Alternative Service Delivery Computer equipment	1,883	1,883	–	–
	\$ 276,652	255,072	21,580	38,848

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year ended August 31, 2010

6. Loans receivable:

The loans and mortgages receivable bear various interest rates ranging from 0% to 10.25% and are fixed for terms of up to ten years.

	Community Futures Investment Fund	North Eastern Ontario Investment Pool	Aboriginal Youth Business Fund	Enhanced Access Fund	Business Planning Initiative Fund	2010 Total	2009 Total
The loans and mortgages receivable balance is comprised of:							
Balance, beginning of year	\$ 1,180,057	1,636,992	26,525	1,838,478	4,500	4,686,552	4,105,481
Loans advanced during the year	250,011	252,509	30	519,157	–	1,021,707	1,950,349
Loans repaid during the year	(376,941)	(94,263)	(12,874)	(439,039)	–	(923,117)	(1,304,210)
Loans written-off during the year	(27,231)	(64,308)	(10,008)	(102,993)	–	(204,540)	(85,068)
Gross balance, end of year	1,025,896	1,730,930	3,673	1,815,603	4,500	4,580,602	4,686,552
Allowance for doubtful loans for all amounts considered	(450,975)	(236,344)	–	(453,806)	(4,500)	(1,145,625)	(1,245,339)
Additional allowance on all other balances outstanding at year-end (10%)	(57,492)	(60,093)	(367)	(136,180)	–	(254,132)	(234,052)
Total allowance	(508,467)	(296,437)	(367)	(589,986)	(4,500)	(1,399,757)	(1,479,391)
Net balance, end of year	\$ 517,429	1,434,493	3,306	1,225,617	–	3,180,845	3,207,161
The activity in the allowance for doubtful loans is as follows:							
Balance, beginning of year	\$ 514,468	275,508	11,659	673,256	4,500	1,479,391	1,177,112
Loans written-off during the year	(27,231)	(64,308)	(10,008)	(102,993)	–	(204,540)	(85,068)
Current year's provision (recovery) for loan losses	21,230	85,237	(1,284)	19,723	–	124,906	367,347
Balance, end of year	\$ 508,467	296,437	367	589,986	4,500	1,399,757	1,479,391

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year ended August 31, 2010

7. Due to National Aboriginal Capital Corporation Association (NACCA):

The Corporation has entered into agreements with NACCA, the purpose of which is to provide loans to aboriginals for high risk, or start up businesses outside of the Community Futures Agreement. The substance of the agreement is that Waubetek is disbursed funds to administer the above-noted loans. This debt is non-interest bearing and is repayable to NACCA when (i) the underlying loans receivable are repaid by the applicant (ii) when it has been determined that the loan proceeds will not be disbursed to the applicant or (iii) when the funds are not utilized in a manner consistent with the funding applications. As loans become uncollectible, this portion becomes non-repayable by the Corporation to NACCA. In connection with these loans, the Corporation receives a non-repayable administration fee which is used to cover the cost of administering these loans to the applicants.

The current portion represents the portion relating to anticipated principal repayments and any funding received which has not been disbursed to the applicant.

	2010	2009
Note payable	\$ 3,320,484	3,124,240
Less portion due within one year	1,072,010	1,538,630
	\$ 2,248,474	1,585,610

The five year repayments were not presented since the information is not readily available.

During the year the Corporation identified doubtful loans amounting to \$19,723 (2009 - \$194,025). In accordance with the agreements an accumulated amount receivable from NACCA in the amount of \$589,986 (2009 - \$672,434) has been reflected.

8. Deferred operating contributions:

	<u>Operating</u>		<u>Investment</u>	2010 Total	2009 Total
	Community Futures Operating Fund	Special Projects Fund	Alternative Service Delivery Fund		
Balance, beginning of year	\$ 22,247	79,765	457,165	559,177	1,251,750
Contributions received	313,150	406,759	599,041	1,318,950	903,872
Recognized during the year	(300,000)	(287,597)	(796,346)	(1,383,943)	(1,596,445)
Balance, end of year	\$ 35,397	198,927	259,860	494,184	559,177

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year ended August 31, 2010

9. Deferred capital contributions:

	Community Futures Operating Fund	2010 Total	2009 Total
Balance, beginning of year	\$ 14,623	14,623	22,542
Capital contributions received	-	-	7,719
Recognized during the year	(14,623)	(14,623)	(15,638)
Balance, end of year	\$ -	-	14,623

Deferred capital contributions represent the balance remaining from government contributions received for the purchase of capital assets. The amount of the annual charge is on the same basis as amortization on the related asset.

10. Commitments:

Total loans approved by the Corporation, which had not been disbursed are as follows:

	2010	2009
Community Futures	\$ 351,824	53,604
Enhanced Access	770,575	142,622
	\$ 1,122,399	196,226

Total contributions approved by the Corporation, which had not been disbursed are as follows:

	2010	2009
Alternative Service Delivery	\$ 572,417	468,741

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year ended August 31, 2010

11. Contingent liabilities:

- (a) The Corporation receives subsidies and contributions from various funding agencies. Pursuant to the related agreements, if the Corporation does not meet established objectives, the funding agencies are entitled to seek refunds. Should any amount become refundable, the refunds would be charged to operations in the period in which the refund is determined to be payable.
- (b) The Corporation has been named as a co-defendant in a legal action claiming damages in the amount of \$5,118,150.

In the opinion of management the claim is without substantial merit and no provision has been made in the accounts of the Corporation for this matter.

12. Contributions:

During the year, the following amounts were disbursed to small businesses, through the Alternate Service Delivery program, for the following purposes:

	2010	2009
Capital	\$ 602,603	891,510
Marketing	25,819	117,728
Business plans	14,720	53,155
Business support	153,203	126,625
	\$ 796,345	1,189,018

These amounts are non-repayable and are conditional upon the satisfactory completion of the related projects.

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year ended August 31, 2010

13. Financial instruments:

(a) Fair value:

The carrying values of the Corporation's cash, accounts receivable, term deposit and accounts payable and accrued liabilities approximate their fair value due to the relative short periods to maturity or because they are receivable or due on demand.

The fair value of balances due to and from National Aboriginal Capital Corporation Association cannot be reliably determined due to the uncertainty and potentially broad range of outcomes pertaining to the underlying loans.

(b) Interest rate risk:

The Corporation's financial instruments do not expose the Corporation to significant interest rate risk.

(c) Credit risk:

Loans receivable have been provided to borrowers, who would otherwise not qualify for other forms of funding or commercial financing. The maximum credit risk exposure to the Corporation assuming that the borrowers fail to perform their obligations under the agreements, without consideration of the fair value of any collateral, is \$3,199,614 (2009 - \$3,227,223).

14. Comparative Figures:

Certain 2009 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
SUPPLEMENTARY FINANCIAL INFORMATION - OPERATING FUNDS
Schedule of Revenue, Expenses and Changes in Fund Balance
August 31, 2010 with comparative figures for 2009

	Community Futures Operating Fund	Special Projects Fund	Alternate Service Delivery Fund	2010 Total	2009 Total
Revenue:					
Government Contributions (page 16)	\$ 300,000	412,879	321,404	1,034,283	1,129,690
Other (page 16)	61,670	111,283	45	172,998	115,361
Amortization of deferred capital contributions	14,623	-	-	14,623	15,638
Investment income - bank investments	-	-	-	-	201
	376,293	524,162	321,449	1,221,904	1,260,890
Expenditure:					
Advertising	3,126	19,716	4,144	26,986	16,664
Amortization of capital assets	17,268	-	-	17,268	15,638
Bank charges	794	-	1,093	1,887	4,871
Conferences	7,148	79,399	-	86,547	118,090
Directors' training and travel	9,310	-	9,356	18,666	26,398
Employee benefits	24,933	20,150	24,860	69,943	74,775
Business awards dinner	70,626	-	-	70,626	-
General	26	3,183	34	3,243	8,563
Insurance	3,717	-	4,928	8,645	10,191
Office supplies	12,782	2,989	16,978	32,749	35,299
Professional fees	12,956	53,967	25,416	92,339	97,970
Rent	6,966	-	9,234	16,200	16,200
Salaries	200,128	235,897	201,442	637,467	625,440
Telephone	4,979	101	6,600	11,680	17,115
Transfers to First Nations	-	50,142	-	50,142	42,365
Contributions to programs	3,302	5,253	1,749	10,304	11,937
Youth bursary	-	17,758	-	17,758	8,770
Bad debts	155	-	-	155	59
Travel	6,638	13,554	15,615	35,807	104,733
	384,854	502,109	321,449	1,208,412	1,235,078
Excess (deficiency) of revenue over expenditure	(8,561)	22,053	-	13,492	25,812
Fund balance, beginning of year	(1,466)	75,280	571	74,385	48,573
Fund balance, end of year	\$ (10,027)	97,333	571	87,877	74,385

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
SUPPLEMENTARY FINANCIAL INFORMATION
Schedule of Assets, Liabilities and Fund Balances – Investment Funds
August 31, 2010 with comparative figures for 2009

	Community Futures Investment Fund	North Eastern Ontario Investment Pool	Aboriginal Youth Business Fund	Enhanced Access Fund	Alternative Service Delivery Fund	2010 Total	2009 Total
Assets							
Current assets:							
Cash	\$ 4,353,547	-	-	-	-	4,353,547	4,165,896
Term deposit	113,366	-	-	-	-	113,366	111,526
Interest receivable	1,960	12,919	24	3,866	-	18,769	20,062
	4,468,873	12,919	24	3,866	-	4,485,682	4,297,484
Loans receivable	517,429	1,434,493	3,306	1,225,617	-	3,180,845	3,207,161
Due from NACCA	-	-	-	589,986	-	589,986	672,434
	\$ 4,986,302	1,447,412	3,330	1,819,469	-	8,256,513	8,177,079
Liabilities and Fund Balances							
Current liabilities							
Accounts payable and accrued liabilities	\$ -	-	-	-	-	-	612
Deferred contributions	-	-	-	-	259,860	259,860	457,165
Current portion of amount due to NACCA	-	-	-	1,072,010	-	1,072,010	1,538,630
Interfund balances	1,342,877	1,372,489	(280,978)	(2,171,058)	(259,860)	3,470	60,075
	1,342,877	1,372,489	(280,978)	(1,099,048)	-	1,335,340	2,056,482
Due to NACCA	-	-	-	2,248,474	-	2,248,474	1,585,610
Fund balances	3,643,425	74,923	284,308	670,043	-	4,672,699	4,534,987
	\$ 4,986,302	1,447,412	3,330	1,819,469	-	8,256,513	8,177,079

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
SUPPLEMENTARY FINANCIAL INFORMATION
Schedule of Revenue, Expenses and Changes in Fund Balances – Investment Funds
August 31, 2010 with comparative figures for 2009

	Community Futures Investment Fund	North Eastern Ontario Investment Pool	Aboriginal Youth Business Fund	Enhanced Access Fund	Alternative Service Delivery Fund	2010 Total	2009 Total
Revenue:							
Indian and Northern Affairs Canada / Aboriginal Business Canada	\$ -	-	-	-	796,345	796,345	1,164,942
National Aboriginal Capital Corporation Association	-	-	-	20,039	-	20,039	194,026
Investment income							
Loan investments	44,429	98,687	654	70,394	-	214,164	264,813
Bank investments	18,715	-	-	-	-	18,715	74,263
Other	4,436	-	60	1,992	-	6,488	6,223
	67,580	98,687	714	92,425	796,345	1,055,751	1,704,267
Expenditure:							
Bank charges	254	-	-	-	-	254	287
Contributions	-	-	-	-	796,345	796,345	1,189,018
Provision for (recovery of) doubtful interest (note 4)	4,879	-	-	(8,345)	-	(3,466)	52,917
Provision for (recovery of) doubtful loans (note 6)	21,230	85,237	(1,284)	19,723	-	124,906	367,347
	26,363	85,237	(1,284)	11,378	796,345	918,039	1,609,569
Excess of revenue over expenditure	41,217	13,450	1,998	81,047	-	137,712	94,698
Fund balance, beginning of year	3,602,208	61,473	282,310	588,996	-	4,534,987	4,440,289
Fund balance, end of year	\$ 3,643,425	74,923	284,308	670,043	-	4,672,699	4,534,987

WAUBETEK BUSINESS DEVELOPMENT CORPORATION

ORGANIZATIONAL CHART

FIRST NATION COMMUNITY MEMBERSHIP

Atikameksheng, Aundeck Omni Kaning, Batchewana, Beausoleil, Dokis, Garden River, Georgina Island, Henvey Inlet, M'Chigeeng, Mississauga, Nipissing, Sagamok, Serpent River, Shawanaga, Sheguiandah, Sheshegwaning, Temagami, Thessalon, Wahnapiatae, Wahta, Wausausking, Whitefish River, Wikwemikong and Zhiibaahaasing

DIRECTORS

R. Martin Bayer, Chairperson - Member at Large
Harry Jones, Vice-Chairperson - North Shore Region
Kathy Bebamash, Secretary/Treasurer - Aundeck Omni Kaning
Lucy Francis - Wikwemikong Unceded Indian Reserve
Kevin Mossip - Zhiibaahaasing First Nation
Gerald McGregor - Whitefish River First Nation
Perry McLeod-Shabogesic - Nipissing First Nation
Late - Edward Williams - Moose Deer Point

Dawn Madahbee
General Manager

BUSINESS SERVICES
Evelyn Aguonia
Business Services Manager

ADMINISTRATION
Maureen Aiabens
Finance Officer

Valerie Assinewai
A/Loans & Contributions
Administrator

Barret Dokis
Business Development Officer

Scott Flamand
Business Development Officer

Jason Peltier
Business Development Officer

Angela McLeod
Finance Assistant

Cathy Mishibinjima
Receptionist/Secretary



WAUBETEK STAFF



Scott Flamand, Maureen Aiabens, Barret Dokis, Evelyn Aguonia, Angela McLeod, Andrea McGregor, Jason Peltier, Valerie Assinewai, Dawn Madahbee, Cathy Mishibinjima

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