



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



# 2011/2012 ANNUAL REPORT

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**Waubetek Business Development Corporation**

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## CHAIRPERSON'S REPORT MARTIN BAYER



The Waubetek Business Development Corporation has supported the Aboriginal business spirit to the tune of \$52 million through commercial loans and through our delivery of the Aboriginal Business Development Program!! In addition, we have invested more than \$550,000 directly in community economic development through the Local Initiative Fund over the past 10 years. The Waubetek Board of Directors, management and staff proudly assisted 1,100 Aboriginal businesses throughout North East Ontario! In this past year alone, we have invested \$2.3 million in 40 business projects, helping to create much needed new jobs for Aboriginal and non-Aboriginal people throughout our region.

For the second year in a row, Waubetek has operated with fewer Business Development Officers as we have struggled to find individuals with the core experience in commercial/mortgage/developmental lending who can best assist our clients with practical business advice and guidance. We did hire a Business Support Officer to assist existing businesses who are struggling and needing guidance. This new initiative is starting to show some progress.

For the fourth year in a row, we hired and placed 60 Aboriginal Youth summer students during the summer of 2012. The most important component of this initiative is the pre-employment training that we provide to give our youth a head-start in developing proper work habits. Waubetek is also employing an additional 12 students part-time from September to December 2012.

The federal government is in the midst of renovating their 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. Both external levels of government are looking at major cut-backs in programming. With these program changes and cutbacks, it is so imperative for First Nations and Aboriginal organizations/businesses to look at alternate ways to generate sources of revenues. 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.

As the Canadian government implements their 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 delivering Aboriginal business programs. Waubetek has completed the development of the Aboriginal Fisheries Strategy that focuses on business opportunities for our people in commercial and recreational fisheries as well as aquaculture. We are also at the start of developing a strategy for our region on mining to ensure the First Nations and Aboriginal businesses are more engaged in both of these sectors.

As we go forward, 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 who deserve the recognition for helping us to build a strong business base. G'Chi-Miigwetch once again to everyone who has helped us, and continues to help us, to advance the Aboriginal entrepreneurial spirit!

**R. Martin Bayer**  
**Chairperson**

# 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 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 business plan is received
- Waubetek will inform clients of approval or refusal of the their projects within 4 weeks of submitting a complete business plan
- Waubetek will issue letters of offers to clients approved for financing within 5 business days of a board meeting
- Waubetek will issue payments for fully completed claims within 7 working days of receipt of completed claims

Rev. May 25, 2011

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# WAUBETEK PROGRAMS AND SERVICES

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## 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 of 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 CANADA 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

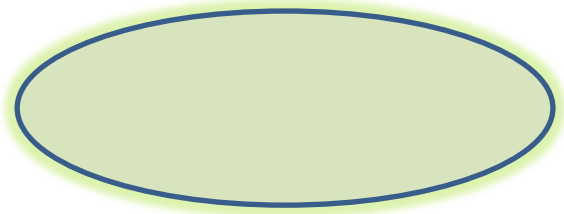
- **BUSINESS INFORMATION & SUPPORT SERVICES** - Business resource and research centre available to clients
- **BUSINESS COUNSELLING SERVICES** - Experienced staff available to provide guidance and review your proposals
- **GENERAL ADVISORY ASSISTANCE** - Regarding community projects (i.e. Sources of 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 of Manitoulin Island and Sagamok. Applicants must be First Nations Communities and/or Not for profit Organizations serving one or more of the communities in our Community Futures Region.

# HIGHLIGHTS OF THE YEAR

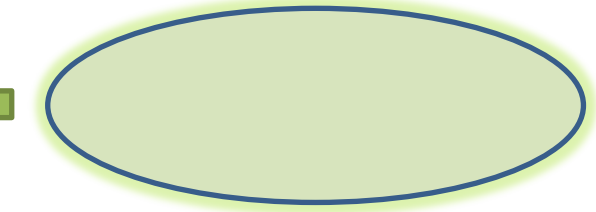
## POST SECONDARY STUDENT BURSARY AWARD WINNERS 2012



For the past ten years Waubetek has hosted a Charity Golf Classic to raise funds for the Waubetek Youth Bursary Fund. Each year, post-secondary students attending a business related program of study are selected to receive a bursary scholarship of \$500 each. For 2012, Waubetek distributed 3 bursaries!



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



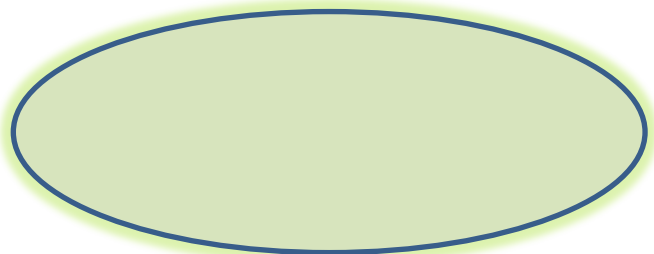
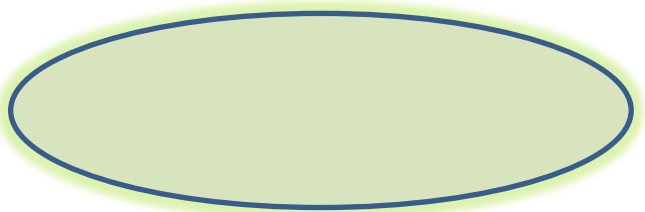
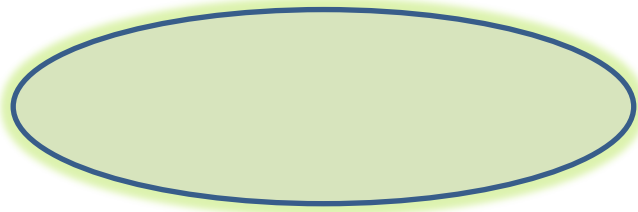


# HIGHLIGHTS OF THE YEAR

## WAUBETEK'S 11<sup>TH</sup> ANNUAL CHARITY GOLF CLASSIC

The 11<sup>th</sup> Annual Waubetek Charity Golf Classic was held on August 12, 2012 at the Rainbow Ridge Golf Course on Manitoulin Island. There were 104 golfers in total. The Men's Division had 11 Teams, the Women's Division had 5 Teams and the Mixed Division had 10 Teams.

Congratulations to the Division Champs!



*All funds raised support Aboriginal Business Students!*

## HIGHLIGHTS OF THE YEAR

### SUMMER JOBS FOR YOUTH PROGRAM 2012



In the fourth year delivering the Summer Jobs for Youth Program, the Waubetek Business Development Corporation oversaw the hiring, training and placement of fifty-six (56) local Aboriginal youth placed with thirty-five (35) local businesses and organizations. Waubetek used some of the program administrative budget to hire additional youth over and above the approved fifty (50) positions as Waubetek had received eighty-three (83) applications from local youth. Of these fifty-six youth brought into the program, fifty (50) successfully completed their placements. These work placements in diverse fields of industry were made available for the youth through the cooperation of local employers. Through training provided by Waubetek, the youth received certificates in workplace safety, food handling and customer service.



# **FINANCIAL STATEMENTS**

## **WAUBETEK BUSINESS DEVELOPMENT CORPORATION**

For the Year Ended August 31, 2012

Auditor's Report

Financial Statements:

Statement of Financial Position

Statement of Operations/Changes in Fund Balances

Statement of Cash Flows

Notes to Financial Statements

Supplementary Financial Information

Operating Funds

Schedule of Revenue, Expenses and Changes in Fund Balances

Investment Funds

Schedule of Assets, Liabilities and Fund Balances

Schedule of Revenue, Expenses and Changes in Fund Balances



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# AUDITOR'S REPORT

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To the Board of Directors of Waubetek Business Development Corporation

We have audited the accompanying financial statements of **Waubetek Business Development Corporation** which comprise the statement of financial position as at August 31, 2012, the statements of operations and changes in fund balances and cash flows for the year then ended, and notes, comprising 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.

## *Auditors' 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 our 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, we consider 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 qualified audit opinion.

## *Basis for Qualified Opinion*

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.

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## AUDITOR'S REPORT

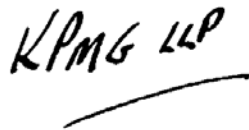
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### *Qualified Opinion*

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 Waubetek Business Development Corporation as at August 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

### *Other Matters*

Our audit was made for the purpose of forming an opinion on the 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Accountants, Licensed Public Accountants

November 14, 2012  
Sudbury, Canada

**WAUBETEK BUSINESS DEVELOPMENT CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**  
 August 31, 2012 with comparative figures for 2011

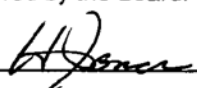
Statement of Financial Position

August 31, 2012, with comparative figures for 2011

	2012			2011
	Operating	Investment	Total	Total
<b>Assets</b>				
Current assets:				
Cash	\$ 261,277	-	261,277	9,736
Accounts receivable (note 2)	195,904	-	195,904	296,968
Prepaid expenses	2,833	-	2,833	11,635
	460,014	-	460,014	318,339
Capital assets (note 4)	22,864	-	22,864	38,538
Restricted assets:				
Cash	-	3,725,624	3,725,624	4,389,990
Interest receivable (note 3)	-	15,947	15,947	21,166
Loans receivable (note 5)	-	4,253,219	4,253,219	3,552,470
Due from National Aboriginal Capital Corporation Association (note 6)	-	597,205	597,205	497,949
	-	8,591,995	8,591,995	8,461,575
	\$ 482,878	8,591,995	9,074,873	8,818,452
<b>Liabilities, Contributions and Fund Balances</b>				
Current liabilities				
Accounts payable and accrued liabilities	\$ 13,989	-	13,989	10,565
Current portion due to National Aboriginal Capital Corporation Association (note 6)	-	781,140	781,140	735,162
Interfund balances	(52,345)	52,345	-	-
	(38,356)	833,485	795,129	745,727
Due to National Aboriginal Capital Corporation Association (note 6)	-	2,486,890	2,486,890	2,450,913
Deferred operating contributions (note 7)	402,506	199,770	602,276	617,401
	364,150	3,520,145	3,884,295	3,814,041
Fund balances	118,728	5,071,850	5,190,578	5,004,411
Commitments (note 8)				
Contingent liabilities (note 9)				
	\$ 482,878	8,591,995	9,074,873	8,818,452

See accompanying notes to financial statements.

Approved by the Board:

 Director

**WAUBETEK BUSINESS DEVELOPMENT CORPORATION STATEMENT OF  
OPERATIONS/CHANGES IN FUND BALANCES**  
August 31, 2012 with comparative figures for 2011

Statement of Operations

Year ended August 31, 2012, with comparative figures for 2011

	2012			2011
	Operating	Investment	Total	Total
<b>Revenue:</b>				
Government contributions	\$ 1,025,907	1,274,934	2,300,841	1,827,478
Investment income:				
Loan interest	-	250,500	250,500	241,922
Bank interest	-	50,595	50,595	50,812
Other	223,139	9,925	233,064	97,011
	1,249,046	1,585,954	2,835,000	2,217,223
<b>Expenses:</b>				
Advertising	20,148	-	20,148	13,086
Amortization of capital assets	15,676	-	15,676	15,903
Bank charges	1,298	265	1,563	1,402
Conferences	104,615	-	104,615	36,269
Contributions (note 10)	-	1,175,679	1,175,679	884,411
Contributions to programs	-	-	-	189
Directors' training and travel	21,358	-	21,358	19,478
Employee benefits	63,811	-	63,811	62,146
Business award dinner	54,168	-	54,168	-
General	3,790	-	3,790	2,106
Insurance	6,802	-	6,802	8,716
Office supplies	28,400	-	28,400	23,117
Professional fees	139,889	-	139,889	99,155
Rent	16,200	-	16,200	16,200
Salaries	606,485	-	606,485	598,592
Telephone	11,308	-	11,308	11,876
Local initiatives	80,224	-	80,224	33,000
Youth bursary	12,508	-	12,508	5,291
Travel	51,082	-	51,082	54,562
Provision for doubtful loans and interest	-	235,127	235,127	87,889
	1,237,762	1,411,071	2,648,833	1,973,388
<b>Excess of revenue over expenses</b>	<b>\$ 11,284</b>	<b>174,883</b>	<b>186,167</b>	<b>243,835</b>

See accompanying notes to financial statements.



**WAUBETEK BUSINESS DEVELOPMENT CORPORATION**  
**STATEMENT OF CASH FLOWS**  
August 31, 2012 with comparative figures for 2011

Statement of Cash Flows

Year ended August 31, 2012, with comparative figures for 2011

	2012			2011
	Operating	Investment	Total	Total
Cash provided by (used for)				
Cash flow from operating activities:				
Excess of revenue over expenses	\$ 11,284	174,883	186,167	243,835
Items not involving cash:				
Amortization of capital assets	15,676	-	15,676	15,903
Provision for doubtful loans and interest	-	235,127	235,127	87,889
	26,960	410,010	436,970	347,627
Change in non-cash working capital balances:				
Decrease (increase) in accounts receivable	101,064	-	101,064	(67,324)
Decrease (increase) in prepaid expenses	8,802	-	8,802	(7,388)
Decrease (increase) in interest receivable	-	5,219	5,219	(2,397)
Increase (decrease) in accounts payable and accrued liabilities	3,417	-	3,417	(69,288)
	140,243	415,229	555,472	201,230
Financing activities:				
Repayment of interfund balances	(49,256)	49,256	-	-
Deferred operating contributions	160,554	(175,679)	(15,125)	123,217
Net advances from National Aboriginal Capital Corporation Association	-	(17,301)	(17,301)	(42,372)
	111,298	(143,724)	(32,426)	80,845
Investing activities:				
Purchase of capital assets	-	-	-	(32,871)
Loan advances net of repayments	-	(935,871)	(935,871)	(459,514)
	-	(935,871)	(935,871)	(492,385)
<b>Net increase (decrease) in cash</b>	251,541	(664,366)	(412,825)	(210,310)
Cash and cash equivalents, beginning of year	9,736	4,389,990	4,399,726	4,610,036
<b>Cash and cash equivalents, end of year</b>	\$ 261,277	3,725,624	3,986,901	4,399,726

See accompanying notes to financial statements.

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WAUBETEK BUSINESS DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
Year ended August 31, 2012

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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:

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Furniture and fixtures	10 years
Computer equipment	4 years

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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, 2011

**1. Significant accounting policies (continued):**

(h) Financial instruments:

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 statement of financial position 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 operations; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in the statement of operations and changes in fund balances until the instrument is derecognized or impaired at which time the amounts would be recorded in the statement of operations.

The Corporation designated its cash and investments as held-for-trading, which are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The Corporation has selected to account for transactions at the trade date.

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

**2. Accounts receivable:**

	2012	2011
Operating Fund:		
Industry Canada / FedNor	\$ 20,517	15,617
Aboriginal Affairs and Northern Development Canada	120,581	182,029
National Aboriginal Capital Corporation Association	22,346	61,980
Canada Revenue Agency	21,391	14,282
Communities - fees and tourism project	3,600	3,600
Great Spirit Circle Trail Inc.	3,798	3,798
Miscellaneous	3,671	15,662
	<b>\$ 195,904</b>	<b>296,968</b>

WAUBETEK BUSINESS DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
Year ended August 31, 2012

**3. Interest receivable:**

	Community Futures Investment Fund	North Eastern Ontario Investment Pool	Enhanced Access Fund	2012 Total	2011 Total
The interest receivable balance is comprised of:					
Interest	\$ 113,097	-	55,537	168,634	162,056
Allowance for doubtful interest receivable	(102,263)	-	(50,424)	(152,687)	(140,890)
	\$ 10,834	-	5,113	15,947	21,166

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

Balance, beginning of year	\$ 94,042	-	46,848	140,890	128,509
Current year's provision for interest losses	8,239	-	3,576	11,815	18,183
Interest written-off during the year	(18)	-	-	(18)	(5,802)
Balance, end of year	\$ 102,263	-	50,424	152,687	140,890

**4. Capital assets:**

	Cost	Accumulated Amortization	2012 Net Book Value	2011 Net Book Value
<b>Community Futures</b>				
Operating:				
Furniture and fixtures	\$ 125,371	124,554	817	3,480
Equipment	182,277	160,230	22,047	35,058
	307,648	284,784	22,864	38,538
Alternative Service Delivery Computer equipment	1,883	1,883	-	-
	\$ 309,531	286,667	22,864	38,538



WAUBETEK BUSINESS DEVELOPMENT CORPORATION  
 NOTES TO FINANCIAL STATEMENTS  
 Year ended August 31, 2012

Notes to Financial Statements

Year ended August 31, 2012

**5. 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	Enhanced Access Fund	2012 Total	2011 Total
The loans and mortgages receivable balance is comprised of:					
Balance, beginning of year	\$ 1,120,314	1,818,511	1,844,093	4,782,918	4,580,602
Loans advanced during the year	877,130	383,896	666,516	1,927,542	1,252,541
Loans repaid during the year	(378,236)	(197,114)	(427,484)	(1,002,834)	(804,066)
Loans written-off during the year	(2,146)	(25,000)	–	(27,416)	(246,159)
Gross balance, end of year	1,617,062	1,980,293	2,083,125	5,680,210	4,782,918
Allowance for doubtful loans for all amounts considered	(408,044)	(387,492)	(324,143)	(1,119,679)	(964,682)
Additional allowance on all other balances outstanding at year-end (10%)	(93,467)	(38,016)	(175,829)	(307,312)	(265,766)
Total allowance	(501,511)	(425,508)	(499,972)	(1,426,991)	(1,230,448)
Net balance, end of year	\$ 1,115,551	1,554,785	1,583,153	4,253,219	3,552,470

The activity in the allowance for doubtful loans is as follows:

Balance, beginning of year	\$ 444,779	384,952	400,717	1,230,448	1,399,757
Loans written-off during the year	(1,788)	(25,000)	–	(26,788)	(228,602)
Current year's provision for loan losses	58,520	65,556	99,255	223,331	59,293
Balance, end of year	\$ 501,511	425,508	499,972	1,426,991	1,230,448

WAUBETEK BUSINESS DEVELOPMENT CORPORATION  
 NOTES TO FINANCIAL STATEMENTS  
 Year ended August 31, 2012

**6. 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 the Corporation 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.

	2012	2011
Note payable	\$ 3,268,030	3,186,075
Less portion due within one year	781,140	735,162
	<b>\$ 2,486,890</b>	<b>2,450,913</b>

Principal payments due within each of the next five years on the debt to NACCA are as follows:

2013	\$ 390,530
2014	401,284
2015	308,914
2016	232,389
2017	163,036

During the year, the Corporation identified doubtful loans amounting to \$99,255 (2011 - \$21,551). In accordance with the agreements an accumulated amount receivable from NACCA in the amount of \$499,971 (2011 - \$497,949) has been reflected.

WAUBETEK BUSINESS DEVELOPMENT CORPORATION  
 NOTES TO FINANCIAL STATEMENTS  
 Year ended August 31, 2012

**7. Deferred operating contributions:**

	<u>Operating</u>		<u>Investment</u>	2012 Total	2011 Total
	Community Futures Operating Fund	Special Projects Fund	Alternative Service Delivery Fund		
Balance, beginning of year	\$ -	241,952	375,449	617,401	494,184
Contributions received	-	899,085	1,000,000	1,899,085	1,417,967
Recognized during the year	-	(738,531)	(1,175,679)	(1,914,210)	(1,294,750)
<b>Balance, end of year</b>	<b>\$ -</b>	<b>371,736</b>	<b>199,770</b>	<b>602,276</b>	<b>617,401</b>

**8. Commitments:**

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

	2012	2011
Community Futures	\$ 426,268	444,832
Enhanced Access	310,690	359,435
<b>Balance, end of year</b>	<b>\$ 816,878</b>	<b>804,267</b>

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

	2012	2011
<b>Alternative Service Delivery</b>	<b>\$ 335,180</b>	<b>702,058</b>

**WAUBETEK BUSINESS DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
Year ended August 31, 2012

**9. 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.

**10. Contributions:**

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

	2012	2011
Capital	\$ 850,920	681,646
Marketing	147,319	50,077
Business plans	71,399	37,512
Business support	106,041	115,176
<b>Balance, end of year</b>	<b>\$ 1,175,679</b>	<b>884,411</b>

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

**11. Provision for doubtful loans and interest:**

The provision for doubtful loans and interest is set by management based on an estimate. Management has determined, due to the nature of the customers, history of collection, and other known factors relating to specific accounts, that the provision be set between 10% and 100% based on which investment pool the loan was issues from.

Regardless of account, any loan issued from the Enhanced Access or Community Futures Investment Fund has a set provision of 10%.



**12. Financial instruments:**

(a) Fair value:

The carrying values of the Corporation's cash, accounts receivable 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 \$4,269,166 (2011 - \$3,573,636).

**13. Comparative figures:**

Certain 2011 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, 2012 with comparative figures for 2011

Supplementary Financial Information  
 Detailed Schedule of Special Projects Fund - Operating Funds

Year ended August 31, 2012, with comparative figures for 2011

	NACCA Enhanced Access	FedNor Local Initiative Fund	FedNor Regional Economic Initiatives	Fisheries	Other Projects	NACCA Board Training	NACCA Planning Session	FedNor Youth Intern	Summer Jobs for Youth	Youth Entrepreneurship Program	NACCA Staff Training	2012 Total	2011 Total
<b>Revenue:</b>													
Government Contributions:													
Industry Canada / FedNor	\$ -	80,224	17,460	52,320	-	-	-	24,308	-	-	-	174,312	38,701
Aboriginal Affairs and Northern Development Canada	-	-	-	-	-	-	-	-	-	17,418	-	17,418	-
Ministry of Community and Social Services	-	-	-	-	-	-	-	-	193,827	-	-	193,827	213,260
National Aboriginal Capital Corporation Association	4,300	-	-	-	-	7,534	9,613	-	-	-	13,894	35,341	47,025
Other	8,745	-	-	10,000	53,018	-	-	-	-	81,155	-	152,918	70,769
	13,045	80,224	17,460	62,320	53,018	7,534	9,613	24,308	193,827	98,573	13,894	573,816	369,755
<b>Expenses:</b>													
Advertising	-	-	123	-	2,930	-	-	-	714	326	-	4,093	1,465
Conferences	-	-	-	8,776	2,562	3,928	9,021	-	20,248	51,544	4,437	100,516	26,048
Directors' training and travel	-	-	-	-	-	3,144	-	-	-	-	-	3,144	1,592
Employee benefits	-	-	1,180	-	-	-	-	2,172	11,175	1,206	-	15,733	14,692
General	-	-	-	-	-	-	-	-	1,795	-	-	1,795	2,106
Office supplies	24	-	-	-	67	-	-	-	490	1,724	-	2,305	2,260
Professional fees	5,484	-	-	53,867	840	-	-	-	21,440	17,381	5,000	104,012	54,403
Salaries	-	-	16,667	-	-	-	-	24,837	136,800	17,500	-	195,804	170,633
Transfers to First Nations	-	80,224	-	-	-	-	-	-	-	-	-	80,224	33,000
Youth bursary	-	-	-	-	12,508	-	-	-	-	-	-	12,508	5,291
Travel	7,537	-	409	2,958	-	462	592	250	1,165	8,892	4,457	26,722	22,875
	13,045	80,224	18,379	65,601	18,907	7,534	9,613	27,259	193,827	98,573	13,894	546,856	334,365
Excess (deficiency) of revenue over expenses	-	-	(919)	(3,281)	34,111	-	-	(2,951)	-	-	-	26,960	35,390
Fund balance, beginning of year	-	-	124,109	-	8,614	-	-	-	-	-	-	132,723	97,333
Waubetek contributions	-	-	919	3,281	(7,151)	-	-	2,951	-	-	-	-	-
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>-</b>	<b>124,109</b>	<b>-</b>	<b>35,574</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>159,683</b>	<b>132,723</b>

WAUBETEK BUSINESS DEVELOPMENT CORPORATION  
 SUPPLEMENTARY FINANCIAL INFORMATION  
 Schedule of Assets, Liabilities and Fund Balances – Investment Funds  
 August 31, 2011 with comparative figures for 2010

Supplementary Financial Information  
 Schedule of Assets, Liabilities and Fund Balances - Investment Funds

Year ended August 31, 2012, with comparative figures for 2011

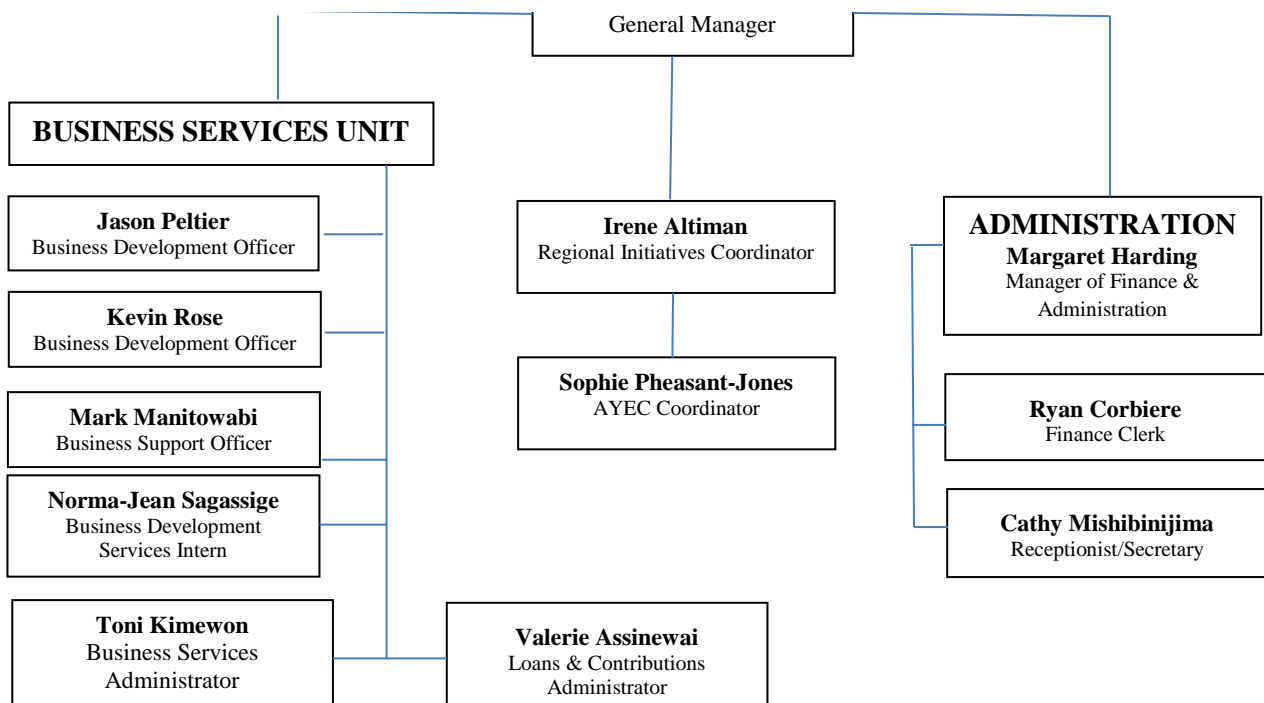
	Community Futures Investment Fund	North Eastern Ontario Investment Pool	Enhanced Access Fund	Alternative Service Delivery Fund	2012 Total	2011 Total
<b>Assets</b>						
Current assets:						
Cash	\$ 3,725,624	-	-	-	3,725,624	4,389,990
Interest receivable	10,834	-	5,113	-	15,947	21,166
	3,736,458	-	5,113	-	3,741,571	4,411,156
Loans receivable	1,115,279	1,554,786	1,583,154	-	4,253,219	3,552,470
Due from NACCA	-	-	597,205	-	597,205	497,949
	\$ 4,851,737	1,554,786	2,185,472	-	8,591,995	8,461,575
<b>Liabilities and Fund Balances</b>						
Current liabilities						
Deferred contributions	\$ -	-	-	199,770	199,770	375,449
Current portion of amount due to NACCA	-	-	781,140	-	781,140	735,162
Interfund balances	1,007,024	1,456,781	(2,211,690)	(199,770)	52,345	3,084
	1,007,024	1,456,781	(1,430,550)	-	1,033,255	1,113,695
Due to NACCA	-	-	2,486,890	-	2,486,890	2,450,913
Fund balances	3,844,713	98,005	1,129,132	-	5,071,850	4,896,967
	\$ 4,851,737	1,554,786	2,185,472	-	8,591,995	8,461,575

WAUBETEK BUSINESS DEVELOPMENT CORPORATION  
 SUPPLEMENTARY FINANCIAL INFORMATION  
 Schedule of Revenue, Expenses and Changes in Fund Balances – Investment Funds  
 August 31, 2012 with comparative figures for 2011

Supplementary Financial Information  
 Schedule of Revenue, Expenses and Changes in Fund Balances - Investment Funds  
 Year ended August 31, 2012, with comparative figures for 2011

	Community Futures Investment Fund	North Eastern Ontario Investment Pool	Enhanced Access Fund	Alternative Service Delivery Fund	2012 Total	2011 Total
<b>Revenue:</b>						
Aboriginal Affairs and Northern Development Canada	\$ -	-	-	1,175,679	1,175,679	884,411
National Aboriginal Capital Corporation Association	-	-	99,255	-	99,255	14,665
Investment income:						
Loan investments	63,823	89,656	97,021	-	250,500	241,922
Bank investments	50,595	-	-	-	50,595	50,812
Other	8,015	-	1,910	-	9,925	5,000
	122,433	89,656	198,186	1,175,679	1,585,954	1,196,810
<b>Expenses:</b>						
Bank charges	265	-	-	-	265	242
Contributions	-	-	-	1,175,679	1,175,679	884,411
Provision for doubtful interest	8,221	-	3,575	-	11,796	12,353
Provision for doubtful loans	58,520	65,556	99,255	-	223,331	75,536
	67,006	65,556	102,830	1,175,679	1,411,071	972,542
Excess (deficiency) of revenue over expenses	55,427	24,100	95,356	-	174,883	224,268
Fund balance, beginning of year	3,789,286	73,905	1,033,776	-	4,896,967	4,672,699
<b>Fund balance, end of year</b>	<b>\$ 3,844,713</b>	<b>98,005</b>	<b>1,129,132</b>	<b>-</b>	<b>5,071,850</b>	<b>4,896,967</b>

# WAUBETEK BUSINESS DEVELOPMENT CORPORATION





# WAUBETEK BOARD OF DIRECTORS



**Front row left:** Kathy Bebamash, Harry Jones, Lynda Trudeau  
**Back row left:** Gerald McGregor, Thomas Lambert, Kevin Mossip, Martin Bayer  
**Missing from Photo:** James Rice

## WAUBETEK STAFF

**Back Row (L-R):** Ryan Corbiere, Toni Kimewon, Kevin Rose, Jason Peltier, Valerie Assinewai, Sophie Pheasant-Jones, Mark Manitowabi

**Front Row (L-R):** Irene Altiman, Cathy Mishibinjima, Dawn Madahbee, Margaret Harding, Norma-Jean Sagassige



**FIRST NATIONS IN WAUBETEK'S SERVICE AREA:**

Atikameksheng Anishnawbek  
25 Reserve Road  
Naughton, ON  
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Chippewas of Georgina Island  
R.R. # 2 Box N-13  
Sutton West, Ontario  
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Sagamok Anishnawbek  
P.O. Box 610  
Massey, ON  
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Wahnapiatae First Nation  
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Fax: (705) 753-0207  
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