



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



2012/2013 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 invested \$53.4 million in the Aboriginal business spirit through commercial loans and through our delivery of the Aboriginal Business Development Program!! In addition, we have invested more than \$600,000 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 2,000 Aboriginal businesses throughout North East Ontario! In this past year alone, we have invested \$1.83 million in 42 business projects, helping to create much needed new jobs for Aboriginal and non-Aboriginal people throughout our region.

In April of this year, Waubetek undertook to deliver the Aboriginal Business Development Program throughout southern Ontario in addition to our own region. For this, we hired two new Business Development Officers to service southern Ontario. We also extended the services of our Business Support Officer for another year to assist existing businesses who are struggling and needing guidance. This new initiative has shown significant progress in helping clients get on track.

For the fifth year in a row, we hired, trained and placed 60 Aboriginal Youth summer students during the summer of 2013. The most important component of this initiative is the pre-employment training that we provide to give our youth credentials in food handling, customer service, workplace safety, first aid and a head-start in developing proper work habits.

The federal government is still renovating their programs to support First Nation/Aboriginal economies and lands development, while the provincial government is implementing their Growth Plan for Northern Ontario which includes a section on Aboriginal peoples. Both external levels of government have implemented 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 also completed the Aboriginal Fisheries Strategy for our region that focuses on business opportunities for our people in commercial and recreational fisheries as well as aquaculture. We will be hiring a full-time technician to help implement the aquaculture component of this strategy. We are also at the start of developing a strategy for our region on mining to ensure the First Nations and Aboriginal businesses are better engaged in this sector.

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 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

WAUBETEK PROGRAMS AND SERVICES

COMMERCIAL LOANS

TERM LOANS

- Up to \$500,000
- Equity Requirement of 10%
- Interest rates are prime plus 2% to 4% depending on risk

ABORIGINAL STUDENT BUSINESS LOANS

For summer businesses – maximum \$1,500
Equity Requirement of 5%

BRIDGE FINANCING

- Short-term bridge financing loans to carry/bridge project until receipt of confirmed funds from other sources (i.e. grant programs) – maximum \$250,000
- Must provide an approved funding agreement (i.e. NOHFC approval) with your budget financing application.

CONDITIONAL CONTRIBUTIONS

WAUBETEK BUSINESS EQUITY FUND

Contributions to Aboriginal businesses for:

- Business Planning, Bookkeeping, Mentoring, Marketing, and/or Legal costs (Client Equity required is 25%)
- Capital for a new businesses or to acquire an existing business (Client Equity required is 10% plus the project requires a loan component)

- First Nation, Metis, or Inuit entrepreneurs may be eligible for up to \$99,999; or First Nation community-owned businesses may be eligible for up to \$250,000
- Waubetek delivers this Fund throughout North East and Southern Ontario.

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.)
- **ABORIGINAL AQUACULTURE INITIATIVE** – Technical expertise available to develop aquaculture projects.

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 2013



Danielle Toulouse
Sagamok Anishinebek

For the past eleven 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 2013, Waubetek distributed 3 bursaries!

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



Jamey Lynn Trudeau
Wikwemikong Unceded Reserve



Santanna Francis
Aundeck Omni Kaning First Nation

HIGHLIGHTS OF THE YEAR

WAUBETEK'S 12TH ANNUAL CHARITY GOLF CLASSIC

The 12th Annual Waubetek Charity Golf Classic was held on August 16, 2013 at the Rainbow Ridge Golf Course on Manitoulin Island. There were 120 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!

Men's Division: Tim Ominika, Jonas Bondy, Branden Ominika and Bruce Recollet.



Women's Division: Anita McGregor, Pat Migwanabe, Kathleen Migwanabe and Robina Kitchemokman.



Mixed Division: Ashley Migwans, Derek Debassige, Todd Fox and Joanna Rosenbaum



All funds raised support Aboriginal Business Students!

HIGHLIGHTS OF THE YEAR

SUMMER JOBS FOR YOUTH PROGRAM 2013



In Waubetek's fifth year of administering the Jobs for Youth Program in the Manitoulin Island Region, the organization hired, found work placements, provided support services, and administered the payroll for fifty-eight (58) local Aboriginal youth placed within twenty-seven (27) local businesses and organizations. Waubetek hired more than the allotted fifty (50) youth through recognizing that a small number of youth may not complete their placement and through being prepared to use some of our program administrative budget if necessary to cover the additional youth over and above the approved fifty (50) positions. As Waubetek had received seventy-four (74) applications from local youth, we felt it was necessary to exceed the allotted number of positions. Of these fifty-eight (58) youth brought into the program to date, eleven (11) did not complete their placements. All of these work placements in diverse fields of industry were made available for the youth through the cooperation of local employers.



HIGHLIGHTS OF THE YEAR

Funded through FedNor, the Regional Initiatives program over the past year has assisted Aboriginal entrepreneurs and Band Economic Development Officers through a variety of business related workshops and information sessions. Workshop topics included Understanding Business Financials, Aboriginal Women in Business Day as well as an Innovation and Procurement session. The Regional Initiatives Coordinator (RIC) has also assisted in the development of a Regional Fisheries Strategy that looks at developing commercial and recreational fisheries, aquaculture and related industries. As a result of the strategy, Waubetek is now a partner organization with the Department of Fisheries and Oceans in the Aboriginal Aquaculture in Canada Initiative. The RIC has been an integral part of Waubetek's programs and services and strives to assist our Aboriginal entrepreneurs to not only develop their businesses but to expand and create lasting employment for our people.



**ECONOMIC DEVELOPMENT OFFICERS
INFO SESSION DECEMBER 2012**

**ABORIGINAL WOMAN IN BUSINESS DAY
FEBRUARY 2013**



FINANCIAL STATEMENTS

WAUBETEK BUSINESS DEVELOPMENT CORPORATION

For the Year Ended August 31, 2013

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

INDEPENDENT AUDITORS' REPORT

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 statements of financial position as at August 31, 2013, August 31, 2012 and September 1, 2011, the statements of operations, changes in net assets and cash flows for the years ended August 31, 2013 and August 31, 2012, 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 public sector accounting standards, 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 audits. We conducted our audits 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 in our audits 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, excess of revenue over expenses and net assets.

AUDITOR'S REPORT

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Waubetek Business Development Corporation as at August 31, 2013, August 31, 2012 and September 1, 2011, and its results of operations and its cash flows for the years ended August 31, 2013 and August 31, 2012, and the remeasurement gains and losses for the year then ended August 31, 2013, in accordance with Canadian public sector accounting standards.

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 21, 2013
Sudbury, Canada

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
August 31, 2013 with comparative figures for 2012

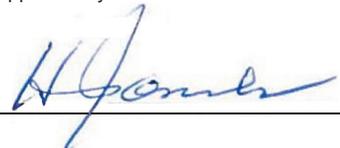
Statements of Financial Position

August 31, 2013, August 31, 2012 and September 1, 2011

	August 31, 2013			August 31, 2012			September 1, 2011
	Operating	Investment	Total	Operating	Investment	Total	Total
Assets							
Current assets:							
Cash	\$ 262,042	-	262,042	261,277	-	261,277	9,736
Accounts receivable (note 3)	68,252	-	68,252	195,904	-	195,904	296,968
Prepaid expenses	6,313	-	6,313	2,833	-	2,833	11,635
	336,607	-	336,607	460,014	-	460,014	318,339
Capital assets (note 5)	27,423	-	27,423	22,864	-	22,864	38,538
Restricted assets:							
Cash	-	5,279,927	5,279,927	-	3,725,624	3,725,624	4,389,990
Interest receivable (note 4)	-	51,414	51,414	-	15,947	15,947	21,166
Loans receivable (note 6)	-	4,219,344	4,219,344	-	4,253,219	4,253,219	3,552,470
Due from National Aboriginal Capital Corporation Association (note 7)	-	495,766	495,766	-	597,205	597,205	497,949
	-	10,046,451	10,046,451	-	8,591,995	8,591,995	8,461,575
	\$ 364,030	10,046,451	10,410,481	482,878	8,591,995	9,074,873	8,818,452
Liabilities and Net Assets							
Current liabilities:							
Accounts payable and accrued liabilities	\$ 44,619	-	44,619	13,989	-	13,989	10,565
Current portion due to National Aboriginal Capital Corporation Association (note 7)	-	647,839	647,839	-	781,140	781,140	735,162
Interfund balances	(177,680)	177,680	-	(52,345)	52,345	-	-
	(133,061)	825,519	692,458	(38,356)	833,485	795,129	745,727
Due to National Aboriginal Capital Corporation Association (note 7)	-	2,698,940	2,698,940	-	2,486,890	2,486,890	2,450,913
Deferred contributions (note 8)	79,521	1,045,106	1,124,627	164,969	199,770	364,739	440,322
	79,521	3,744,046	3,823,567	126,613	3,520,145	3,646,758	3,636,962
Net assets:							
Restricted	277,543	-	277,543	237,537	-	237,537	177,079
Unrestricted	140,027	5,476,886	5,616,913	118,728	5,071,850	5,190,578	4,258,684
Commitments (note 9)							
Contingent liabilities (note 10)							
	\$ 364,030	10,046,451	10,410,481	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, 2013 with comparative figures for 2012**

Statements of Operations

Years ended August 31, 2013 and August 31, 2012

	2013			2012
	Operating	Investment	Total	Total
Revenue:				
Government contributions	\$ 1,162,154	602,960	1,765,114	2,361,299
Investment income:				
Loan interest	-	280,688	280,688	250,500
Bank interest	-	51,813	51,813	50,595
Other	174,351	4,649	179,000	233,064
	1,336,505	940,110	2,276,615	2,895,458
Expenses:				
Advertising	9,657	-	9,657	20,148
Amortization of capital assets	10,642	-	10,642	15,676
Bank charges	991	248	1,239	1,563
Conferences	146,706	-	146,706	104,615
Contributions (note 11)	-	602,960	602,960	1,175,679
Directors' training and travel	12,371	-	12,371	21,358
Employee benefits	79,139	-	79,139	63,811
Business award dinner	-	-	-	54,168
General	2,424	-	2,424	3,790
Insurance	7,223	-	7,223	6,802
Office supplies	30,316	-	30,316	28,400
Professional fees	101,916	-	101,916	139,889
Rent	21,000	-	21,000	16,200
Salaries	757,662	-	757,662	606,485
Telephone	21,174	-	21,174	11,308
Local initiatives	26,967	-	26,967	80,224
Youth bursary	11,421	-	11,421	12,508
Travel	75,591	-	75,591	51,082
Provision for doubtful loans and interest	-	(108,134)	(108,134)	235,127
	1,315,200	495,074	1,810,274	2,648,833
Excess of revenue over expenses	\$ 21,305	445,036	466,341	246,625

See accompanying notes to financial statements.

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
August 31, 2013 with comparative figures for 2012

Statements of Cash Flows

Years ended August 31, 2013 and August 31, 2012

	2013			2012
	Operating	Investment	Total	Total
Cash provided by (used for)				
Cash flow from operating activities:				
Excess of revenue over expenses	\$ 21,305	445,036	466,341	246,625
Items not involving cash:				
Amortization of capital assets	10,642	-	10,642	15,676
Provision for doubtful loans and interest	-	(108,134)	(108,134)	235,127
	31,947	336,902	368,849	497,428
Change in non-cash working capital balances:				
Decrease in accounts receivable	127,652	-	127,652	101,064
Decrease (increase) in prepaid expenses	(3,480)	-	(3,480)	8,802
Decrease (increase) in interest receivable	-	(35,467)	(35,467)	5,219
Increase in accounts payable and accrued liabilities	30,630	-	30,630	3,417
	186,749	301,435	488,184	615,930
Financing activities:				
Repayment of interfund balances	(125,335)	125,335	-	-
Increase (decrease) in deferred operating contributions	(85,448)	845,336	759,888	(75,583)
Net advances from National Aboriginal Capital Corporation Association	-	180,188	180,188	(17,301)
	(210,783)	1,150,859	940,076	(92,884)
Investing activities:				
Purchase of capital assets	(15,201)	-	(15,201)	-
Loan advances net of repayments	-	142,009	142,009	(935,871)
	(15,201)	142,009	126,808	(935,871)
Net increase (decrease) in cash	(39,235)	1,594,303	1,555,068	(412,825)
Cash and cash equivalents, beginning of year	261,277	3,725,624	3,986,901	4,399,726
Cash and cash equivalents, end of year	\$ 222,042	5,319,927	5,541,969	3,986,901
Represented by:				
Cash	\$ 222,042	-	222,042	261,277
Restricted cash	-	5,319,927	5,319,927	3,725,624
	\$ 222,042	5,319,927	5,541,969	3,986,901

See accompanying notes to financial statements.

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year ended August 31, 2013

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.

On September 1, 2012, the Corporation adopted Canadian Public Sector Accounting Standards. The Corporation has also elected to apply the 4200 standards for government not-for-profit organizations. These are the first financial statements prepared in accordance with these Canadian Public Sector Accounting Standards.

In accordance with the transitional provisions in Canadian Public Sector Accounting Standards, the Corporation has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is September 1, 2011 and all comparative information provided has been presented by applying Canadian public sector accounting standards.

A summary of transitional adjustments recorded to net assets and excess of revenue over expenses is provided in note 2.

1. Significant accounting policies:

(a) Basis of accounting:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations. A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

The Corporation uses fund accounting to record the transactions for each fund established by legal, contractual or voluntary actions. The Corporation maintains the following funds.

(i) Operating Fund:

The operating fund reports the Corporation's program delivery and administrative activities. The restricted funds consist of funds set aside by management specifically for the construction of a new administration building.

(ii) Investment Fund:

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.

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year ended August 31, 2013

1. Significant accounting policies (continued):

(b) 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.

(c) 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

(d) Revenue recognition:

The financial statements are prepared according to the restricted fund method of accounting. Under this method, the following principles have been applied:

- i) Contributions are recorded as revenue in the respective funds based on their nature, source and the restrictions stipulated by the funder.
- ii) Contributions are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.
- iii) 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.

(e) Interfund balances:

Interfund balances represent amounts advanced between the various funds.

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year ended August 31, 2013

1. Significant accounting policies (continued):

(f) Use of estimates:

The preparation of the financial statements 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 revenues and expenses during the reporting periods. Items subject to such estimates and assumptions include the valuation allowances for receivables. 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.

(g) Financial instruments:

All financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis. Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

The Standards require the Corporation to classify fair value measurements using a fair value hierarchy, which included three levels of information that maybe be used to measure fair value:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Observables or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

(h) Funding adjustments:

The Corporation has entered into accountable contribution arrangements with several government funding agencies. These programs are subject to audit with adjustments repayable to the government. Adjustments made under financing arrangements are recorded in the year during which the adjustments are made.

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year ended August 31, 2013

2. Transitional adjustments:

(a) Net assets:

The following table summarizes the impact of the transition to public sector accounting standards on the Corporation's net assets as of September 1, 2011.

As previously reported under Canadian generally accepted accounting principles, August 31, 2011	\$ 5,004,411
Adjustment to recognize NACCA loan administration revenue	177,079
<hr/> Restated, September 1, 2011	<hr/> \$ 5,181,490

(b) Statement of operations:

As a result of the above noted adjustments and the retrospective application of Canadian public sector accounting standards, the Corporation recorded the following adjustments to excess of revenue over expenses for the year ended August 31, 2012.

As previously reported under Canadian generally accepted accounting principles, August 31, 2012	\$ 186,167
Adjustment to recognize NACCA loan administration revenue	60,458
<hr/> Restated, August 31, 2012	<hr/> \$ 246,625

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year ended August 31, 2013

3. Accounts receivable:

	August 31, 2013	August 31, 2012	September 1, 2011
Industry Canada / FedNor Aboriginal Affairs and Northern Development Canada	\$ 12,433	\$ 20,517	\$ 15,617
National Aboriginal Capital Corporation Association	93	120,581	182,029
Canada Revenue Agency Communities	12,988	22,346	61,980
Great Spirit Circle Trail Inc.	27,790	21,391	14,282
Miscellaneous	9,000	3,600	3,600
	3,798	3,798	3,798
	2,150	3,671	15,662
	\$ 68,252	\$ 195,904	\$ 296,968

4. Interest receivable:

	Community Futures Investment Fund	North Eastern Ontario Investment Pool	Enhanced Access Fund	August 30, 2013 Total	August 30, 2012 Total	September 1, 2011 Total
The interest receivable balance is comprised of:						
Interest	\$ 76,736	15,350	61,298	153,384	168,634	162,056
Allowance for doubtful interest receivable	(51,936)	(1,391)	(48,643)	(101,970)	(152,687)	(140,890)
	\$ 24,800	13,959	12,655	51,414	15,947	21,166

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

Balance, beginning of year	\$ 102,263	-	50,424	152,687	140,890	128,509
Current year's provision for interest losses	(50,327)	1,391	(1,705)	(50,641)	11,815	18,183
Interest written-off during the year	-	-	(76)	(76)	(18)	(5,802)
Balance, end of year	\$ 51,936	1,391	48,643	101,970	152,687	140,890

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year ended August 31, 2013

5. Capital assets:

August 31, 2013	Cost	Accumulated Amortization	Net Book Value
Community Futures			
Operating:			
Furniture and fixtures	\$ 128,872	124,951	3,921
Equipment	193,961	170,459	23,502
	322,833	295,410	27,423
Alternative Service Delivery/PDP			
Computer equipment	1,883	1,883	-
	\$ 324,716	297,293	27,423

August 31, 2012	Cost	Accumulated Amortization	Net Book Value
Community Futures			
Operating:			
Furniture and fixtures	\$ 125,371	124,554	817
Equipment	182,277	160,230	22,047
	307,648	284,784	22,864
Alternative Service Delivery/PDP			
Computer equipment	1,883	1,883	-
	\$ 309,531	286,667	22,864

September 1, 2011	Cost	Accumulated Amortization	Net Book Value
Community Futures			
Operating:			
Furniture and fixtures	\$ 125,371	121,891	3,480
Equipment	182,277	147,219	35,058
	307,648	269,110	38,538
Alternative Service Delivery/PDP			
Computer equipment	1,883	1,883	-
	\$ 309,531	270,993	38,538

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year ended August 31, 2013

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	Enhanced Access Fund	August 30, 2013 Total	August 30 2012 Total	September 1, 2011 Total
The loans and mortgages receivable balance is comprised of:						
Balance, beginning of year	\$ 1,617,062	1,980,293	2,082,855	5,680,210	4,782,918	4,580,602
Loans advanced during the year	374,631	317,367	503,674	1,195,672	1,927,542	1,252,541
Loans repaid during the year	(351,071)	(196,146)	(741,191)	(1,288,408)	(1,002,834)	(804,066)
Loans written-off during the year	(48)	(106,299)	-	(106,347)	(27,416)	(246,159)
Gross balance, end of year	1,640,574	1,995,215	1,845,338	5,481,127	5,680,210	4,782,918
Allowance for doubtful loans for all amounts considered	(356,621)	(290,965)	(363,132)	(1,010,718)	(1,119,679)	(964,682)
Additional allowance on all other balances outstanding at year-end (10%)	(80,586)	(37,844)	(132,635)	(251,065)	(307,312)	(265,766)
Total allowance	437,207	328,809	495,767	1,261,783	(1,426,991)	(1,230,448)
Net balance, end of year	\$ 1,203,367	1,666,406	1,349,571	4,219,344	4,253,219	3,552,470
The activity in the allowance for doubtful loans is as follows:						
Balance, beginning of year	\$ 501,511	425,508	499,972	1,426,991	1,230,448	1,399,757
Loans written-off during the year	-	(106,299)	-	(106,299)	(26,788)	(228,602)
Current year's provision for (recovery of) loan losses	(64,304)	9,600	(4,205)	(58,909)	223,331	59,293
Balance, end of year	\$ 437,207	328,809	495,767	1,261,783	1,426,991	1,230,448

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year ended August 31, 2013

7. Due to/from 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.

	August 31, 2013	August 31, 2012	September 1, 2011
Note payable	\$ 3,346,779	3,268,030	3,186,075
Less portion due within one year	647,839	781,140	735,162
	\$ 2,698,940	2,486,890	2,450,913

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

2014	\$ 647,839
2015	364,626
2016	289,790
2017	214,825
2018	95,281

During the year, the Corporation identified net recoveries from loans previously written off of \$4,205 (2012 - (\$99,255)). In accordance with the agreements an accumulated amount receivable from NACCA in the amount of \$495,766 (2012 - \$499,971) has been reflected.

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year ended August 31, 2013

8. Deferred contributions:

	Operating		Investment	August 31, 2013 Total	August 31, 2012 Total	September 1, 2011 Total
	Community Futures Operating Fund	Special Projects Fund	Alternative Service Delivery Fund/PDP			
Balance, beginning of year	\$ 20,992	143,977	199,770	364,739	440,322	317,105
Contributions received	279,008	436,145	1,448,296	2,163,449	1,899,085	1,417,967
Recognized during the year	(300,000)	(500,601)	(602,960)	(1,403,561)	(1,974,668)	(1,294,750)
Balance, end of year	\$ —	79,521	1,045,106	1,124,627	364,739	440,322

Within the deferred contributions relating to Special Projects is an amount deferred from FedNor for \$6,978.

9. Commitments:

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

	August 31, 2013	August 31, 2012	September 1, 2011
Community Futures	\$ 166,202	335,897	189,078
Enhanced Access	184,058	21,334	170,357
	\$ 350,260	357,231	359,435

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

	August 31, 2013	August 31, 2012	September 1, 2011
Alternative Service Delivery/PDP	\$ 390,610	335,180	702,058

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year ended August 31, 2013

10. Contingent liabilities:

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.

11. Contributions:

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

	2013	2012
Capital	\$ 437,362	850,920
Marketing	83,998	147,319
Business plans	22,667	71,399
Business support	58,933	106,041
	<u>\$ 602,960</u>	<u>1,175,679</u>

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

12. Provision for doubtful loans and interest:

The provision for doubtful loans and interest is set by management based on an estimate. Management has determined the value of provision based on the nature of the customers, history of collection, and other known factors relating to specific accounts.

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

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year ended August 31, 2013

13. 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 \$4,270,758 (2012 - \$4,269,166).

14. Restricted operating net assets:

	2013	2012
Building construction	\$ 237,543	237,537
Investment portfolio performance	40,000	-
	\$ 277,543	237,537

The restricted net assets for building construction are to be used by the Corporation to replace the existing administration building. The Investment portfolio performance restricted net assets are to support activities leading to an increase in the overall performance of the Investment Fund Portfolio.

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
SUPPLEMENTARY FINANCIAL INFORMATION - OPERATING FUNDS
Schedule of Revenue, Expenses and Changes in Net Assets
August 31, 2013 with comparative figures for 2012

	NACCA Enhanced Access	FedNor Local Initiative Fund	FedNor Regional Economic Initiatives	Other Projects	NACCA Board Training	FedNor Youth Intern Program	Summer Jobs for Youth	Entrepreneurship Program	NACCA Staff Training	2013 Total	2012 Total
Revenue:											
Government Contributions:											
Industry Canada / FedNor	\$ -	26,967	53,388	-	-	16,042	-	-	-	96,397	174,312
Aboriginal Affairs and Northern Development Canada	-	-	-	-	-	-	-	20,812	-	20,812	17,418
Ministry of Community and Social Services	-	-	-	-	-	-	246,550	-	-	246,550	193,827
National Aboriginal Capital Corporation Association	25,442	-	-	-	12,988	-	-	-	17,207	55,637	95,799
Other	19,300	-	10,040	42,960	-	-	-	83,708	-	156,008	152,918
	44,742	26,967	63,428	42,960	12,988	16,042	246,550	104,520	17,207	575,404	634,274
Expenses:											
Advertising	1,077	-	1,078	-	-	-	-	1,233	-	4,385	4,093
Conferences	10,448	-	17,610	-	6,258	-	33,327	62,417	4,436	134,496	100,516
Directors' training and travel	-	-	-	-	-	-	-	-	-	-	3,144
Employee benefits	829	-	2,857	-	-	1,134	14,805	2,785	-	22,410	15,733
General	-	-	-	-	-	-	-	-	-	-	1,795
Office supplies	3,651	-	-	2,123	26	-	5,268	2,239	-	13,307	2,305
Professional fees	17,955	-	-	4,146	2,165	-	25,378	400	3,256	53,300	104,012
Salaries	-	-	40,000	-	-	16,108	164,555	27,003	-	247,666	195,804
Local initiatives	-	26,967	-	-	-	-	-	-	-	26,967	80,224
Youth bursary	-	-	-	11,421	-	-	-	-	-	11,421	12,508
Travel	10,776	-	4,693	-	4,539	-	4,027	-	9,515	41,993	26,722
	44,736	26,967	66,238	17,690	12,988	17,242	248,357	104,520	17,207	555,945	546,856
Excess (deficiency) of revenue over expenses	6	-	(2,810)	25,270	-	(1,200)	(1,807)	-	-	19,459	87,418
Net assets, beginning of year	-	-	124,109	35,574	-	-	-	-	-	159,683	132,723
Waubetek contributions	-	-	2,810	(5,817)	-	1,200	1,807	-	-	-	-
Transfer to restricted	(6)	-	-	-	-	-	-	-	-	(6)	(60,458)
Net assets, end of year	\$ -	-	124,109	55,027	-	-	-	-	-	179,136	159,683

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
SUPPLEMENTARY FINANCIAL INFORMATION
Schedule of Assets, Liabilities and Fund Balances – Investment Funds
August 31, 2013 with comparative figures for 2012

Assets						
Current assets:						
Cash	\$	5,279,927	-	-	5,279,927	3,725,624
Interest receivable		24,800	13,959	12,655	51,414	15,947
		5,304,727	13,959	12,655	5,331,341	3,741,571
Loans receivable		1,203,367	1,666,406	1,349,571	4,219,344	4,253,219
Due from NACCA		-	-	495,766	495,766	597,205
	\$	6,508,094	1,680,365	1,857,992	10,046,451	8,591,995

Liabilities and Net Assets						
Current liabilities						
Deferred contributions	\$	-	-	-	1,045,106	199,770
Current portion of amount due to NACCA		-	-	647,839	647,839	781,140
Interfund balances		2,461,844	1,480,082	(2,719,140)	177,680	52,345
		2,461,844	1,480,082	(2,071,301)	1,870,625	1,033,255
Due to NACCA		-	-	2,698,940	2,698,940	2,486,890
Net assets		4,046,250	200,283	1,230,353	5,476,886	5,071,850
	\$	6,508,094	1,680,365	1,857,992	10,046,451	8,591,995

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
SUPPLEMENTARY FINANCIAL INFORMATION
Schedule of Revenue, Expenses and Changes in Fund Balances – Investment Funds
August 31, 2013, 2012 with comparative figures for 2012

	Community Futures Investment Fund	North Eastern Ontario Investment Pool	Enhanced Access Fund	Alternative Service Delivery/Program Delivery Partner	2013 Total	2012 Total
Revenue:						
Aboriginal Affairs and Northern Development Canada	\$ -	-	-	602,960	602,960	1,175,679
Investment income:						
Loan investments	70,081	113,269	97,338	-	280,688	250,500
Bank investments	51,813	-	-	-	51,813	50,595
Other	2,299	-	2,350	-	4,649	9,925
	124,193	113,269	99,688	602,960	940,110	1,585,954
Expenses:						
Bank charges	-	-	248	-	248	265
Contributions	-	-	-	602,960	602,960	1,175,679
Provision for doubtful interest	(50,327)	1,391	(1,781)	-	(50,717)	11,796
Provision for doubtful loans	(2,713)	9,600	-	-	6,887	223,331
Recovery of previously written-off loans	(64,304)	-	-	-	(64,304)	-
	(117,344)	10,991	(1,533)	602,960	495,074	1,411,071
Excess of revenue over expenses	241,537	102,278	101,221	-	445,036	174,883
Net assets, beginning of year	3,844,713	98,005	1,129,132	-	5,071,850	4,896,967
Transfer of funds	(40,000)	-	-	-	(40,000)	-
Net assets, end of year	\$ 4,046,250	200,283	1,230,353	-	5,476,886	5,071,850

WAUBETEK BUSINESS DEVELOPMENT CORPORATION

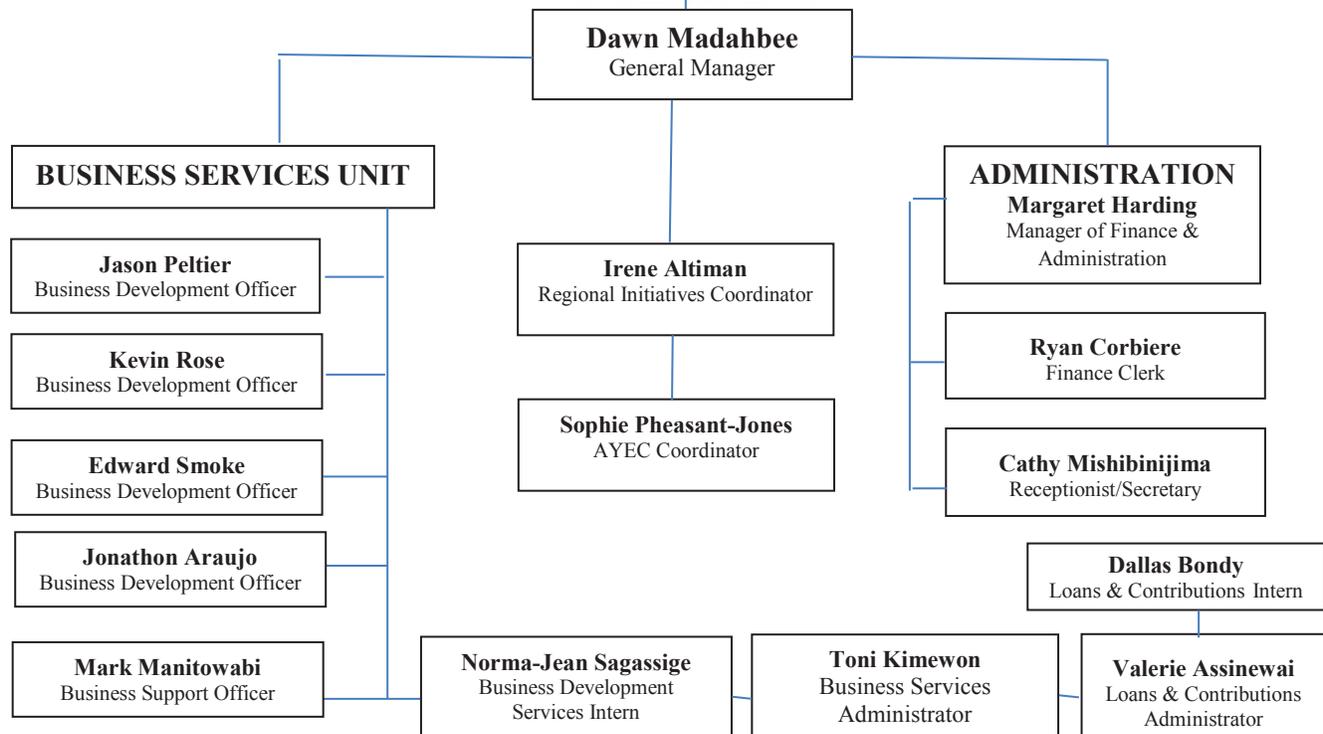
ORGANIZATIONAL CHART

FIRST NATION'S IN WAUBETEK'S SERVICE AREA

Atikameksheng, Aundeck Omni Kaning, Batchewana, Beausoleil, Dokis, Garden River, Georgina Island, Henvey Inlet, Magnetawan, M'Chigeeng, Mississauga, Moose Deer Point, Nipissing, Chippewas of Rama, Sagamok, Serpent River, Shawanaga, Sheguiandah, Sheshegwaning, Temagami, Thessalon, Wahnapiatae, Wahta, Wasauksing, 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
Lynda Trudeau - Wikwemikong Unceded Indian Reserve
Kevin Mossip - Zhiibaahaasing First Nation
Gerald McGregor - Whitefish River First Nation
James Rice - Wasauksing First Nation
Thomas Lambert - North East Region Rep
Jesse Debassige - M'Chigeeng First Nation



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: Jesse Debassige, James Rice

WAUBETEK STAFF

Back Row (L-R): Dallas Bondy, Sophie Pheasant, Toni Kimewon, Jason Peltier

Front Row (L-R): Cathy Mishibinijima, Ryan Corbiere, Dawn Madahbee, Margaret Harding, Norma-Jean Sagassige, Valerie Assinewai, Mark Manitowabi, Irene Altiman, Kevin Rose.

Missing from Photo:



Edward Smoke



Jonathon Araujo



FIRST NATIONS IN WAUBETEK'S SERVICE AREA:

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25 Reserve Road
Naughton, ON
P0M 2M0
Phone: (705) 692-3651
Fax: (705) 692-5010
www.wlfn.com

Aundeck Omni Kaning
13 Hill St.
RR#1, Comp. 21
Little Current, ON
P0P 1K0
Phone: (705) 368-2228
Fax: (705) 368-3563
www.aundeckomnikaningfn.com

Batchewana First Nation
236 Frontenac Street
Sault Ste. Marie, ON
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Phone: (705) 759-0914
Fax: (705) 759-9171
Toll Free: 1-877-236-2632
www.batchewana.ca

Beausoleil First Nation
1 Ogema Street
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Phone: (705) 247-2051
Fax: (705) 247-2239
www.chimnissing.ca

Chippewas of Rama First Nation
5884 Rama Road, Suite 200
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Phone: (705) 325-3611
Toll: (866) 854-2121
Fax: (705) 325-0879
<http://www.mnjikaning.ca>

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940 A Main Street
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Phone: (705) 763-2200
Fax: (705) 763-2087
www.dokisfirstnation.com

Garden River First Nation
7 Shingwauk St.
Garden River, ON
P6A 5K9
Phone: (705) 946-6300
Fax: (705) 945-1415
www.gardenriver.org

Chippewas of Georgina Island
R.R. # 2 Box N-13
Sutton West, Ontario
L0E 1R0
Phone: (705) 437-1337
Fax: (705) 437-4597
www.georgianisland.com

Henvey Inlet
295 Pickeral River Road
Pickeral, ON
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Fax: (705) 857-3021
www.hifn.ca

Magnetawan First Nation
RR#1, PO Box 15
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Fax: (705) 383-2566
www.magnetawanfirstnation.com

M'Chigeeng First Nation
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M'Chigeeng, ON
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Toll: (877) 356-1621
Fax: (705) 356-1740
www.mississaugi.com

Moose Deer Point First Nation
P.O. Box 119
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Fax: 705-375-0532
<http://moosedeerpoint.com>

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36 Semo Road
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www.sagamok.ca

Serpent River First Nation
P.O. Box 14
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Phone: (705) 844-2418
Fax: (705) 844-2757
www.serpentriverfirstnation.ca
Shawanaga First Nation
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www.wahnapiataefirstnation.com

Wahta Mohawks
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Fax: (705) 762-2376
www.wahta.ca

Wasauksing First Nation
P.O. Box 250
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Fax: (705) 746-5984
www.wasauksing.ca

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46 Bay of Islands Road
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