



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



2010/2011 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 \$46 million through commercial loans and through our delivery of the Aboriginal Business Development Program!! In addition, we have invested more than \$400,000 directly in community economic development through the Local Initiative Fund over the past 8 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 \$2.535 million in 47 business projects, helping to create much needed new jobs for Aboriginal and non-Aboriginal people throughout our region.

Over the past year, 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. An action plan is needed to better develop this capacity amongst Aboriginal people in the region.

For the third year in a row, we also hired and placed 58 Aboriginal youth during the summer of 2011. 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.

Over the past year, we continued to provide significant input into both the federal and provincial governments proposed new economic programming. 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. 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. Waubetek will be developing a Community Economic Scorecard which is one of the recommendations of the blueprint.

For the upcoming year, we will see program changes 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 support of Aboriginal business development at a much larger level. Waubetek will also be developing capacity in the resource development industries to ensure the First Nations and Aboriginal businesses are engaged in 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

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 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. 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

POST SECONDARY STUDENT BURSARY AWARD WINNERS 2011



Dallas Bondy



Jasmine Recollet

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 2011, Waubetek distributed 5 bursaries!

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



Quansance Boissoneau



Lyndsay Brisard



Santana Francis

HIGHLIGHTS OF THE YEAR

WAUBETEK'S 10TH ANNUAL CHARITY GOLF CLASSIC

The 10th Annual Waubetek Charity Golf Classic was held on August 12, 2011 at the Rainbow Ridge Golf Course on Manitoulin Island. There were 98 golfers in total. The Men's Division had 12 Teams, the Women's Division had 5 Teams and the Mixed Division had 8 Teams.

Congratulations to the Division Champs!

Men's Division: Chris Pheasant, Albert Jr. Peltier, Thomas Assiniwe, Ephram Webkamigad

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

Mixed Division: Tim Ominika, Dana Ominika, Brandon Ominika, Crystal Pitawanakwat (missing in photo).



Longest Drive and Closest to the Pin Winners!



All funds raised support Aboriginal Business Students!

HIGHLIGHTS OF THE YEAR

SUMMER JOBS FOR YOUTH PROGRAM 2011



For the third consecutive year, the Summer Jobs for Youth Program 2011 was hosted by Waubetek Business Development Corporation in partnership with the Manitoulin-Sudbury District Social Services Board. A total of 107 employment applications were received of which 58 youth were placed. A total of 32 local businesses and organizations hired the youth. Ninety percent of the youth completed their placement. Eleven percent of the employers offered their youth continued part-time employment after their placement.



FINANCIAL STATEMENTS

WAUBETEK BUSINESS DEVELOPMENT CORPORATION

For the Year Ended August 31, 2011

Auditor's Report

Financial Statements:

Statement of Financial Position

Statement of Operations/Changes in Fund Balances

Statement of Cash Flows

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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 statement of financial position as at August 31, 2011, the statements of operations and changes in fund balances and cash flows for the year then ended August 31, 2011, 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.

AUDITOR'S REPORT

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.

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 the Corporation as at August 31, 2011 and the results of its operations and 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

December 15, 2011

Sudbury, Canada

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
August 31, 2011 with comparative figures for 2010

	2011			2010
	Operating	Investment	Total	Total
Assets				
Current assets:				
Cash	\$ 9,736	-	9,736	143,123
Accounts receivable (note 2)	296,968	-	296,968	229,644
Prepaid expenses	11,635	-	11,635	4,237
	<u>318,339</u>	<u>-</u>	<u>318,339</u>	<u>377,004</u>
Capital assets (note 4)	38,538	-	38,538	21,580
Restricted assets:				
Cash	-	4,389,990	4,389,990	4,353,547
Term deposit (0.9% matured January 23, 2011)	-	-	-	113,366
Interest receivable (note 3)	-	21,166	21,166	18,789
Loans receivable (note 5)	-	3,552,470	3,552,470	3,180,845
Due from National Aboriginal Capital Corporation Association (note 6)	-	497,949	497,949	589,985
	<u>-</u>	<u>8,461,575</u>	<u>8,461,575</u>	<u>8,256,513</u>
	<u>\$ 356,877</u>	<u>8,461,575</u>	<u>8,818,452</u>	<u>8,655,097</u>
Liabilities, Contributions and Fund Balances				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 10,565	-	10,565	79,853
Current portion due to National Aboriginal Capital Corporation Association (note 6)	-	735,162	735,162	1,072,010
Interfund balances	(3,084)	3,084	-	-
	<u>7,481</u>	<u>738,246</u>	<u>745,727</u>	<u>1,151,863</u>
Due to National Aboriginal Capital Corporation Association (note 6)	-	2,450,913	2,450,913	2,248,474
Deferred operating contributions (note 7)	241,962	375,449	617,401	494,184
Deferred capital contributions (note 8)	-	-	-	-
	<u>249,433</u>	<u>3,564,608</u>	<u>3,814,041</u>	<u>3,894,521</u>
Fund balances	107,444	4,896,967	5,004,411	4,760,575
Commitments (note 9)				
Contingent liabilities (note 10)				
	<u>\$ 356,877</u>	<u>8,461,575</u>	<u>8,818,452</u>	<u>8,655,097</u>

See accompanying notes to financial statements.

Approved by the Board:

 Director

**WAUBETEK BUSINESS DEVELOPMENT CORPORATION STATEMENT OF
OPERATIONS/CHANGES IN FUND BALANCES
August 31, 2011 with comparative figures for 2010**

	2011			2010
	Operating	Investment	Total	Total
Revenue:				
Government contributions	\$ 928,402	899,076	1,827,478	1,850,667
Investment income:				
Loan interest	-	241,922	241,922	214,164
Bank interest	-	50,812	50,812	18,715
Other	92,011	5,000	97,011	179,486
Amortization of deferred capital contributions	-	-	-	14,623
	1,020,413	1,196,810	2,217,223	2,277,655
Expenses:				
Advertising	13,086	-	13,086	26,986
Amortization of capital assets	15,903	-	15,903	17,268
Bad debts	-	-	-	155
Bank charges	1,160	242	1,402	2,141
Conferences	36,269	-	36,269	86,547
Contributions (note 11)	-	884,411	884,411	796,345
Contributions to programs	189	-	189	10,304
Directors' training and travel	19,478	-	19,478	18,666
Employee benefits	62,146	-	62,146	69,943
Business award dinner	-	-	-	70,626
General	2,106	-	2,106	3,243
Insurance	8,716	-	8,716	8,645
Office supplies	23,117	-	23,117	32,749
Professional fees	99,155	-	99,155	92,339
Rent	16,200	-	16,200	16,200
Salaries	598,592	-	598,592	637,467
Telephone	11,876	-	11,876	11,680
Local initiatives	33,000	-	33,000	50,142
Youth bursary	5,291	-	5,291	17,758
Travel	54,562	-	54,562	35,807
Provision for doubtful loans and interest	-	87,889	87,889	121,440
	1,000,846	972,542	1,973,388	2,126,451
Excess of revenue over expenses	\$ 19,567	224,268	243,835	151,204

	2011			2010
	Operating	Investment	Total	Total
Balance, beginning of year	\$ 87,877	4,672,699	4,760,576	4,609,372
Excess of revenue over expenses:	19,567	224,268	243,835	151,204
Balance, end of year	\$ 107,444	4,896,967	5,004,411	4,760,576

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
August 31, 2011 with comparative figures for 2010

	2011			2010
	Operating	Investment	Total	Total
Cash provided by (used for)				
Cash flow from operating activities:				
Excess of revenue over expenses	\$ 19,567	224,268	243,835	151,204
Items not involving cash:			-	
Amortization of capital assets	15,903	-	15,903	17,268
Loss on disposal of capital assets	-	-	-	-
Provision for doubtful loans and interest	-	87,889	87,889	121,440
	35,470	312,157	347,627	289,912
Change in non-cash working capital balances:				
Decrease (increase) in accounts receivable	(67,324)	-	(67,324)	36,217
Decrease (increase) in prepaid expenses	(7,388)	-	(7,388)	1,074
Decrease in interest receivable	-	(2,397)	(2,397)	1,293
Decrease in accounts payable and accrued liabilities	(69,288)	-	(69,288)	(79,933)
	(108,530)	309,760	201,230	248,563
Financing activities:				
Repayment of interfund balances	386	(386)	-	-
Deferred operating contributions	7,628	115,589	123,217	(64,992)
Deferred capital contributions	-	-	-	(14,623)
Net advances from National Aboriginal Capital Corporation Association	-	(42,372)	(42,372)	278,602
	8,014	72,831	80,845	199,077
Investing activities:				
Purchase of capital assets	(32,871)	-	(32,871)	-
Loan advances net of repayments	-	(459,514)	(459,514)	(95,124)
	(32,871)	(459,514)	(492,385)	(95,124)
Net increase (decrease) in cash	(133,387)	(76,923)	(210,310)	352,516
Cash and cash equivalents, beginning of year	143,123	4,466,913	4,610,036	4,257,520
Cash and cash equivalents, end of year	\$ 9,736	4,389,990	4,399,726	4,610,036
Represented by:				
Cash	\$ 9,736	4,389,990	4,399,726	4,496,670
Term deposit	-	-	-	113,366
	\$ 9,736	4,389,990	4,399,726	4,610,036

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year ended August 31, 2011

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, 2011

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, 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:

	2011	2010
Operating Fund:		
Industry Canada / FedNor	\$ 15,617	121
Aboriginal Affairs and Northern Development Canada	182,029	210,323
National Aboriginal Capital Corporation Association	61,980	–
Canada Revenue Agency	14,282	6,255
Communities - fees and tourism project	3,600	900
Northern Ontario Heritage Fund Corporation	–	4,000
Great Spirit Circle Trail Inc.	3,798	3,798
Miscellaneous	15,662	4,247
	\$ 296,968	229,644

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year ended August 31, 2011

3. Interest receivable:

	Community Futures Investment Fund	North Eastern Ontario Investment Pool	Aboriginal Youth Business Fund	Enhanced Access Fund	2011 Total	2010 Total
The interest receivable balance is comprised of:						
Interest	\$ 98,099	12,919	-	51,038	162,056	147,282
Allowance for doubtful interest receivable	(94,042)	-	-	(48,848)	(140,890)	(128,513)
	\$ 4,057	12,919	-	4,190	21,166	18,769

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

Balance, beginning of year	\$ 76,525	-	-	51,984	128,509	176,283
Current year's provision for interest losses (recovery)	18,244	-	-	(51)	18,183	(3,466)
Interest written-off during the year	(727)	-	-	(5,075)	(5,802)	(44,304)
Balance, end of year	\$ 94,042	-	-	48,848	140,890	128,513

4. Capital assets:

			2011	2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Community Futures				
Operating:				
Furniture and fixtures	\$ 125,371	121,891	3,480	6,826
Equipment	182,277	147,219	35,058	14,754
	307,648	269,110	38,538	21,580
Alternative Service Delivery				
Computer equipment	1,883	1,883	-	-
	\$ 309,531	270,993	38,538	21,580

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year ended August 31, 2011

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	Aboriginal Youth Business Fund	Enhanced Access Fund	2011 Total	2010 Total
The loans and mortgages receivable balance is comprised of:						
Balance, beginning of year	\$ 1,030,396	1,730,930	3,673	1,815,603	4,590,602	4,686,552
Loans advanced during the year	311,811	269,632	-	671,098	1,252,541	1,021,707
Loans repaid during the year	(204,097)	(165,851)	(3,673)	(430,445)	(904,066)	(923,117)
Loans written-off during the year	(17,796)	(16,200)	-	(212,163)	(246,159)	(204,540)
Gross balance, end of year	1,120,314	1,818,511	-	1,844,093	4,782,918	4,580,602
Allowance for doubtful loans for all amounts considered	(369,325)	(353,874)	-	(241,433)	(964,682)	(1,145,625)
Additional allowance on all other balances outstanding at year-end (10%)	(75,454)	(31,078)	-	(159,234)	(265,766)	(254,132)
Total allowance	(444,779)	(384,952)	-	(400,717)	(1,230,448)	(1,399,757)
Net balance, end of year	\$ 675,535	1,433,559	-	1,443,376	3,552,470	3,180,845
The activity in the allowance for doubtful loans is as follows:						
Balance, beginning of year	\$ 512,967	296,437	367	589,966	1,399,757	1,479,391
Loans written-off during the year	(17,782)	-	-	(210,820)	(228,602)	(204,540)
Current year's provision (recovery) for loan losses	(50,406)	88,515	(367)	21,551	59,293	124,906
Balance, end of year	\$ 444,779	384,952	-	400,717	1,230,448	1,399,757

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year ended August 31, 2011

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.

	2011	2010
Note payable	\$ 3,186,075	3,320,484
Less portion due within one year	- 735,162	1,072,010
	\$ 2,450,913	2,248,474

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

2012	\$ 375,727
2013	339,798
2014	298,134
2015	197,877
2016	121,340

During the year, the Corporation identified doubtful loans amounting to \$21,551 (2010 - \$19,723). In accordance with the agreements an accumulated amount receivable from NACCA in the amount of \$497,949 (2010 - \$589,986) has been reflected.

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year ended August 31, 2011

7. Deferred operating contributions:

	<u>Operating</u>		<u>Investment</u>	2011 Total	2010 Total
	Community Futures Operating Fund	Special Projects Fund	Alternative Service Delivery Fund		
Balance, beginning of year	\$ 35,387	188,927	259,860	484,184	558,177
Contributions received	262,235	155,732	1,000,000	1,417,967	1,318,950
Recognized during the year	(297,632)	(112,707)	(884,411)	(1,294,750)	(1,383,943)
Balance, end of year	\$ -	241,952	375,449	617,401	494,184

8. Deferred capital contributions:

	Community Futures Operating Fund	2011 Total	2010 Total
Balance, beginning of year	\$ -	-	14,623
Capital contributions received	-	-	-
Recognized during the year	-	-	(14,623)
Balance, end of year	\$ -	-	-

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.

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year ended August 31, 2011

9. Commitments:

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

	2011	2010
Community Futures	\$ 444,832	351,824
Enhanced Access	359,435	770,575
	\$ 804,267	1,122,399

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

	2011	2010
Alternative Service Delivery	\$ 702,058	572,417

10. 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.

WAUBETEK BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year ended August 31, 2011

11. Contributions:

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

	2011	2010
Capital	\$ 681,646	602,603
Marketing	50,077	25,819
Business plans	37,512	14,720
Business support	115,176	153,203
	\$ 884,411	796,345

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

12. 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 \$3,573,636 (2010 - \$3,199,614).

13. Comparative figures:

Certain 2010 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, 2011 with comparative figures for 2010

	Community Futures Operating Fund	Special Projects Fund	Alternate Service Delivery Fund	2011 Total	2010 Total
Revenue:					
Government contributions (page 15)	\$ 297,632	298,986	331,784	928,402	1,034,283
Other (page 15)	21,242	70,769	-	92,011	172,998
Amortization of deferred capital contributions	-	-	-	-	14,623
	318,874	369,755	331,784	1,020,413	1,221,904
Expenses:					
Advertising	4,997	1,465	6,624	13,086	26,986
Amortization of capital assets	15,903	-	-	15,903	17,268
Bank charges	521	-	639	1,160	1,887
Conferences	10,221	26,048	-	36,269	86,547
Directors' training and travel	8,788	1,592	9,098	19,478	18,666
Employee benefits	25,398	14,692	22,066	62,146	69,943
Business awards dinner	-	-	-	-	70,626
General	-	2,106	-	2,106	3,243
Insurance	3,748	-	4,968	8,716	8,645
Office supplies	8,601	2,260	12,256	23,117	32,749
Professional fees	10,667	54,403	34,085	99,155	92,339
Rent	6,966	-	9,234	16,200	16,200
Salaries	223,952	170,633	204,007	598,592	637,467
Telephone	5,107	-	6,769	11,876	11,680
Transfers to First Nations	-	33,000	-	33,000	50,142
Contributions to programs	81	-	108	189	10,304
Youth bursary	-	5,291	-	5,291	17,758
Bad debts	-	-	-	-	155
Travel	9,747	22,875	21,940	54,562	35,807
	334,697	334,365	331,784	1,000,846	1,208,412
Excess (deficiency) of revenue over expenses	(15,823)	35,390	-	19,567	13,492
Fund balance, beginning of year	(10,027)	97,333	571	87,877	74,385
Fund balance, end of year	\$ (25,850)	132,723	571	107,444	87,877

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

	Community Futures Investment Fund	North Eastern Ontario Investment Pool	Aboriginal Youth Business Fund	Enhanced Access Fund	Alternative Service Delivery Fund	2011 Total	2010 Total
Assets							
Current assets:							
Cash	\$ 4,389,990	-	-	-	-	4,389,990	4,353,547
Term deposit	-	-	-	-	-	-	113,388
Interest receivable	4,057	12,919	-	4,190	-	21,166	18,769
	4,394,047	12,919	-	4,190	-	4,411,156	4,485,682
Loans receivable	675,535	1,433,559	-	1,443,376	-	3,552,470	3,180,845
Due from NACCA	-	-	-	497,949	-	497,949	589,986
	\$ 5,069,582	1,446,478	-	1,945,515	-	8,461,575	8,256,513
Liabilities and Fund Balances							
Current liabilities							
Deferred contributions	\$ -	-	-	-	375,449	375,449	259,860
Current portion of amount due to NACCA	-	-	-	735,162	-	735,162	1,072,010
Interfund balances	1,280,296	1,372,573	-	(2,274,336)	(375,449)	3,084	3,470
	1,280,296	1,372,573	-	(1,539,174)	-	1,113,696	1,335,340
Due to NACCA	-	-	-	2,450,913	-	2,450,913	2,248,474
Fund balances	3,789,286	73,905	-	1,033,776	-	4,896,967	4,672,699
	\$ 5,069,582	1,446,478	-	1,945,515	-	8,461,575	8,256,513

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

	Community Futures Investment Fund	North Eastern Ontario Investment Pool	Aboriginal Youth Business Fund	Enhanced Access Fund	Alternative Service Delivery Fund	2011 Total	2010 Total
Revenue:							
Aboriginal Affairs and Northern Development Canada	\$ -	-	-	-	884,411	884,411	796,345
National Aboriginal Capital Corporation Association	-	-	-	14,665	-	14,665	20,039
Investment income:							
Loan investments	58,826	103,697	-	79,389	-	241,922	214,164
Bank investments	50,812	-	-	-	-	50,812	18,715
Other	3,590	-	-	1,410	-	5,000	6,488
	113,228	103,697	-	80,799	884,411	1,198,810	1,055,751
Expenses:							
Bank charges	242	-	-	-	-	242	254
Contributions	-	-	-	-	884,411	884,411	796,345
Provision for (recovery of) doubtful interest	17,488	-	-	(5,135)	-	12,353	(3,466)
Provision for (recovery of) doubtful loans	(50,363)	104,715	(367)	21,551	-	75,536	124,906
	(32,633)	104,715	(367)	16,416	884,411	972,542	918,039
Excess (deficiency) of revenue over expenses	145,861	(1,018)	367	79,658	-	224,268	137,712
Fund balance, beginning of year	3,643,425	74,923	284,308	670,043	-	4,672,699	4,534,987
Permanent transfer of funds	-	-	(284,675)	284,675	-	-	-
Fund balance, end of year	\$ 3,789,286	73,905	-	1,033,776	-	4,896,967	4,672,699

WAUBETEK BUSINESS DEVELOPMENT CORPORATION

ORGANIZATIONAL CHART

FIRST NATION COMMUNITY MEMBERSHIP

Atikameksheng, Aundeck Omni Kaning, Batchewana, Beausoleil, Dokis, Garden River, Georgina Island, Henvey Inlet, Magnetawan, M'Chigeeng, Mississauga, Nipissing, 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
Lucy Francis - Wikwemikong Unceded Indian Reserve
Kevin Mossip - Zhiibaahaasing First Nation
Gerald McGregor - Whitefish River First Nation
Nikki Manitowabi - Sagamok Anishnawbek
Thomas Lambert - North East Region Rep
Jessie Debassige - M'Chigeeng First Nation

Dawn Madahbee
General Manager

BUSINESS SERVICES

Evelyn Aguonia
Business Services Manager

Jason Peltier

Business Development Officer

Kevin Rose

Business Development Officer

Shannon Manitowabi

Business Development Officer
Intern

Irene Altiman
AYEC Coordinator

Valerie Assinewai
A/Loans & Contributions
Administrator

ADMINISTRATION

Margaret Harding
Manager of Finance &
Administration

June Assiniwe
Finance Assistant

Cathy Mishibinjima
Receptionist/Secretary

WAUBETEK BOARD OF DIRECTORS



Front row left: Nikki Manitowabi, Harry Jones, Lucy Francis, Kathy Bebamash
Back row left: Gerald McGregor, Thomas Lambert, Kevin Mossip, Jessie Debassige
Missing in photo Martin Bayer

WAUBETEK STAFF



Left to right: Jason Peltier, June Assiniwe, Cathy Mishibinijima, Dawn Madahbee, Evelyn Aguonia, Irene Altiman, Maggie Harding, Valerie Assinewai, and Kevin Rose (missing: Shannon Manitowabi)

MEMBER FIRST NATIONS:

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