

**Community Futures  
Development Corporation of  
Central Interior First Nations -  
Investment Fund**  
For the year ended March 31, 2007

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## Management's Responsibility for Financial Reporting

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The accompanying financial information of the Community Futures Development Corporation of Central Interior First Nations - Investment Fund and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors on behalf of the Corporation.

The financial information has been prepared by management in accordance with Canadian generally accepted accounting principles. Financial information is not precise since it include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial information is presented fairly, in all material respects.

The Corporation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Corporation's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial information.

The Board of Directors reviews the Corporation's financial information and recommend their approval. The Board of Directors meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial information and the external auditors' report. The Board of Directors takes this information into consideration when approving the financial information for issuance to the Corporation. The Board of Directors also consider the engagement of the external auditors.

The financial information has been audited by BDO Dunwoody LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Dunwoody LLP has full access to the Board of Directors and management.

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Director

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Director



**BDO Dunwoody LLP**  
Chartered Accountants  
and Advisors

Driving growth

300-272 Victoria Street  
Kamloops British Columbia V2C 1Z6  
Telephone: (250) 372-9505  
Fax: (250) 374-6323  
[www.bdo.ca](http://www.bdo.ca)

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## Auditors' Report

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### **To the Members of Community Futures Development Corporation of Central Interior First Nations - Investment Fund**

We have audited the non-consolidated statement of financial position of Community Futures Development Corporation of Central Interior First Nations - Investment Fund as at March 31, 2007 and the non-consolidated statements of operations, changes in net assets and cash flows for the year then ended. This financial information is the responsibility of the organization's management. Our responsibility is to express an opinion on this financial information based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by the organization, as well as evaluating the overall presentation of the financial information.

In our opinion, this financial information presents fairly, in all material respects, the financial position of the Investment Fund of the Corporation as at March 31, 2007 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**"BDO DUNWOODY LLP"**  
Chartered Accountants

Kamloops, British Columbia  
June 18, 2007

**Community Futures Development Corporation of Central Interior First Nations - Investment Fund**  
**Exhibit A - Statement of Financial Position**

<b>As at March 31</b>	<b>General Investment Fund</b>	<b>Youth Investment Fund</b>	<b>Forest Renewal BC Fund</b>	<b>Entrepreneurs with Disabilities Fund</b>	<b>CIFN Youth Fund</b>	<b>2007</b>	<b>2006</b>
<b>Assets</b>							
Cash and bank	\$ 173,388	\$ 80,994	\$ 118,842	\$ 73,371	\$ 35,687	\$ 482,282	\$ 475,161
Temporary investments (Note 1)	489,484	87,062	335,196	42,829	-	954,571	820,740
Accounts receivable	200	-	-	-	-	200	-
Loans receivable (Note 2)	217,860	12,574	60,203	64,079	1,361	356,077	430,612
Long-term investments (Note 3)	1,000	-	-	-	-	1,000	1,000
	<b>881,932</b>	<b>180,630</b>	<b>514,241</b>	<b>180,279</b>	<b>37,048</b>	<b>1,794,130</b>	<b>1,727,513</b>
<b>Capital assets (Note 4)</b>	-	-	-	-	15,963	15,963	23,944
	<b>\$ 881,932</b>	<b>\$ 180,630</b>	<b>\$ 514,241</b>	<b>\$ 180,279</b>	<b>\$ 53,011</b>	<b>\$ 1,810,093</b>	<b>\$ 1,751,457</b>
<b>Liabilities and Net Assets</b>							
<b>Liabilities</b>							
Accounts payable & accruals	\$ 260	\$ (260)	\$ -	\$ -	\$ -	\$ -	\$ -
Repayable investment fund contributions (Note 5)	-	150,000	500,000	160,000	-	810,000	810,000
	<b>260</b>	<b>149,740</b>	<b>500,000</b>	<b>160,000</b>	<b>-</b>	<b>810,000</b>	<b>810,000</b>
<b>Net Assets</b>							
Net assets invested in capital assets	-	-	-	-	15,963	15,963	23,944
Restricted investment fund contributions	650,000	-	-	-	-	650,000	650,000
Unrestricted net assets - Exhibit B	231,672	30,890	14,241	20,279	37,048	334,130	267,513
	<b>881,672</b>	<b>30,890</b>	<b>14,241</b>	<b>20,279</b>	<b>53,011</b>	<b>1,000,093</b>	<b>941,457</b>
	<b>\$ 881,932</b>	<b>\$ 180,630</b>	<b>\$ 514,241</b>	<b>\$ 180,279</b>	<b>\$ 53,011</b>	<b>\$ 1,810,093</b>	<b>\$ 1,751,457</b>

Approved on behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Community Futures Development Corporation of Central Interior First Nations - Investment Fund  
Investment Fund**

**Exhibit B - Statement of Operations and Net Assets**

<b>For the year ended March 31</b>	<b>General Investment Fund</b>	<b>Youth Investment Fund</b>	<b>Forest Renewal BC Fund</b>	<b>Entrepreneurs with Disabilities Fund</b>	<b>CIFN Youth Fund</b>	<b>2007</b>	<b>2006</b>
<b>Revenue</b>							
Loan interest	\$ 29,788	\$ 2,361	\$ 11,218	\$ 8,349	\$ 263	\$ 51,979	\$ 59,442
Investment interest	23,180	5,815	16,538	3,994	1,239	50,766	29,969
Miscellaneous income	108	75	90	115	-	388	318
	<u>53,076</u>	<u>8,251</u>	<u>27,846</u>	<u>12,458</u>	<u>1,502</u>	<u>103,133</u>	<u>89,729</u>
<b>Expenditures</b>							
Bad loans recovery	(25,467)	-	(215)	-	-	(25,682)	(20,749)
Bad loans provision and write-off	(2,018)	(1,000)	(7,000)	(2,000)	(2,000)	(14,018)	99,577
Advertising and sundry	3,503	-	418	268	-	4,189	2,889
Audit	2,803	1,261	2,312	-	624	7,000	8,942
Legal	3,611	-	562	854	-	5,027	8,173
Addition of capital assets	-	-	-	-	-	-	31,925
	<u>(17,568)</u>	<u>261</u>	<u>(3,923)</u>	<u>(878)</u>	<u>(1,376)</u>	<u>(23,484)</u>	<u>130,757</u>
<b>Excess of revenue over expenditures</b>	<b>70,644</b>	<b>7,990</b>	<b>31,769</b>	<b>13,336</b>	<b>2,878</b>	<b>126,617</b>	<b>(41,028)</b>
<b>Net assets (deficiency), beginning of year</b>	<b>871,028</b>	<b>22,900</b>	<b>(17,528)</b>	<b>6,943</b>	<b>58,114</b>	<b>941,457</b>	<b>958,541</b>
<b>Addition of capital assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,925</b>
<b>Amortization</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,981)</b>	<b>(7,981)</b>	<b>(7,981)</b>
<b>Transfer to Operating Fund</b>	<b>(60,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(60,000)</b>	<b>-</b>
<b>Net assets, end of year</b>	<b>\$ 881,672</b>	<b>\$ 30,890</b>	<b>\$ 14,241</b>	<b>\$ 20,279</b>	<b>\$ 53,011</b>	<b>\$ 1,000,093</b>	<b>\$ 941,457</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Community Futures Development Corporation of Central Interior First Nations - Investment Fund**

**Exhibit C - Statement of Cash Flows**

<b>For the year ended March 31</b>	<b>2007</b>	<b>2006</b>
<b>Operating activities</b>		
Cash received from all sources	\$ 103,136	\$ 89,730
Cash paid to suppliers	23,483	(98,832)
<b>Cash flows from operating activities</b>	<b>126,619</b>	<b>(9,102)</b>
<b>Investing activities</b>		
Purchase of capital assets	-	(31,925)
Change in loans receivable	74,536	150,460
Change in marketable securities	(133,834)	(118,792)
Advances to/from Operating Fund	(60,200)	-
<b>Cash flows from investing activities</b>	<b>(119,498)</b>	<b>(257)</b>
<b>Increase (decrease) in cash</b>	<b>7,121</b>	<b>(9,359)</b>
<b>Cash, beginning of year</b>	<b>475,161</b>	<b>484,520</b>
<b>Cash, end of year</b>	<b>\$ 482,282</b>	<b>\$ 475,161</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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# Community Futures Development Corporation of Central Interior First Nations - Investment Fund

## Summary of Significant Accounting Policies

March 31, 2007

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**Nature of Operations** The Corporation was incorporated under the Canada Corporations Act on March 31, 1995 as a not-for-profit organization. The Community Futures Development Corporation of Central Interior First Nations promotes and provides community economic development support services to First Nations persons, businesses and communities in the Thompson-Shuswap-Nicola-Fraser Canyon-Lillooet-North Okanagan area. Through the provision of advisory, co-ordination, information, financial and program objectives, the Board will facilitate improved economic self-reliance of First Nations people in this area. The Corporation is a registered charity for income tax purposes.

**Operations** This financial information contains the transactions of Community Futures Development Corporation of Central Interior First Nations Investment Fund as per agreements with the Community Futures Program of Western Economic Diversification, Forest Renewal BC, and the National Aboriginal Capital Corporation Association. The funds are to be used to create new small businesses and to expand, stabilize and protect existing businesses resulting in the generation and maintenance of permanent employment. Specific programs have been developed for higher risk individuals, youth, entrepreneurs with disabilities and forest sector projects.

**Investments** Marketable securities are recorded at cost plus accrued interest.

Long-term investment is recorded at cost as the investment is not subject to significant influence.

**Loans Receivable** The Corporation provides an allowance for all loans that can be specifically identified to be uncollectable. The allowance is recorded as a reduction of the loans receivable on the statement of financial position.

**Capital Assets** Capital assets acquired as part of the operating or capital funds are valued at cost and are recorded in the Capital Fund.

Amortization is based on the estimated useful life of the assets. Amortization is charged at the following rates and methods:

Office equipment	4 years straight-line
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Capital assets are written down to net realizable value at the point they no longer contribute to the Corporation's ability to provide services.



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## Community Futures Development Corporation of Central Interior First Nations - Investment Fund Summary of Significant Accounting Policies

March 31, 2007

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**Fund Accounting**      The Community Futures Development Corporation of Central Interior First Nations - Investment Fund records accounting transactions using the restricted fund method of accounting for contributions. A fund is determined for the purposes of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The financial position of the Investment Fund is shown on the statement of financial position which includes the assets, liabilities and net assets of all Investment Funds presented in the financial information.

**Revenue Recognition**      Restricted contributions related to general operations are recognized as revenue of the Investment Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate fund.

Unrestricted contributions are recognized as revenue of the Investment Fund in the received or receivable under the terms of applicable funding agreements if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest revenue is recognized as it is earned by the Corporation.

**Use of Estimates**      The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make assumption and estimates that have an effect on the reported amounts of assets and liabilities and disclosure at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could be different from those estimates.

**Financial Instruments**      The Corporation's financial instruments consist of cash, marketable securities and loans receivable. The carrying values of cash and marketable securities approximate their fair value due to the relatively short periods to maturity of these items. The carrying value of loans approximates its fair value as the terms and conditions of the lending arrangements are comparable to current market terms and conditions for similar items.

The Corporation is exposed to financial risk that arises from the credit quality of the entities to which it provides loans. Credit risk arises from the possibility that these entities may experience financial difficulty and be unable to fulfil their obligations. The Corporation performs ongoing credit evaluations of the entities' financial condition and maintains provisions for potential credit losses.

It is management's opinion that the organization is not exposed to significant interest or currency risks arising from these financial instruments.

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**Community Futures Development Corporation of Central Interior First Nations - Investment Fund**  
**Notes to Financial Information**

**March 31, 2007**

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**1. Marketable securities**

	<b>2007</b>	<b>2006</b>
Treasury bills	<b>\$ 898,473</b>	\$ 766,782
Pooled Asset and Lending Program	<b>56,098</b>	53,958
	<b>\$ 954,571</b>	\$ 820,740

The Corporation has invested in a Pooled Asset and Lending Program through the Community Futures Development Association of BC. The funds are invested on a short term basis and are available on demand. The pooled funds are to be made available to other Community Futures Development Corporations throughout BC which require additional funding.

The average annual yield on invested funds was 3.55% (2006 - 2.32%). The market value of these securities is equal to the carrying value.

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**2. Loans Receivable**

	<b>Loans</b>	<b>Allowance</b>	<b>Net</b>	<b>Net</b>
	<b>receivable</b>	<b>for doubtful</b>	<b>2007</b>	<b>2006</b>
		<b>loans</b>		
Loans	<b>\$ 244,860</b>	<b>\$ 27,000</b>	<b>\$ 217,860</b>	\$ 267,671
Youth loans	<b>14,574</b>	<b>2,000</b>	<b>12,574</b>	21,233
Forest Renewal BC loans	<b>83,203</b>	<b>23,000</b>	<b>60,203</b>	84,769
Entrepreneurs with disabilities loans	<b>72,079</b>	<b>8,000</b>	<b>64,079</b>	56,086
CIFN youth fund loans	<b>1,361</b>	<b>-</b>	<b>1,361</b>	853
	<b>\$ 416,077</b>	<b>\$ 60,000</b>	<b>\$ 356,077</b>	\$ 430,612

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# Community Futures Development Corporation of Central Interior First Nations - Investment Fund

## Notes to Financial Information

March 31, 2007

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### Loans Receivable (Continued)

(a) Loans receivable:

Loans receivable are advanced pursuant to agreements with the Community Futures Program of Western Economic Diversification, Forest Renewal BC and the National Aboriginal Capital Corporation Association. The programs are aimed to provide funding to assist Aboriginal entrepreneurs in business ventures within a defined region of the central interior of British Columbia. All loans are term loans with rates at 12% compounded annually. Any exception to this is by board resolution. As of March 31, 2007, 40 loans (2006 - 58) are outstanding. The Corporation has loans to one organization and two loans to individuals comprising 12.2% (2006 - 9.5%) and 28.4% (2006 - 7.5%) respectively of its loans portfolio. Loans to the organization and the individuals are supported by charges against tangible property. The organization's loans are also guaranteed by a third party. The individual's loans are secured by a written assignment on a settlement.

Lending circle loans have no specific terms of repayment and are unsecured with varying interest rates. In the first year of the loan, no interest is charged. The rate of interest charged increases each year by 25% of the prime lending rate in effect at the anniversary of the loan, to a maximum of 150% of prime in the seventh year. This program is designed to stimulate entrepreneurial activity within the community with those individuals who would not normally be able to qualify for conventional loans.

Forestry Community Access loans of Forest Renewal BC are a provincial program to stimulate economic development and growth to forest sector businesses in British Columbia.

Youth loans are a Western Economic Diversification program to stimulate economic development and growth to youth sector businesses in British Columbia.

Entrepreneurs with disabilities loans are a Western Economic Diversification program to stimulate economic development and growth to businesses of entrepreneurs with disabilities in British Columbia.

Central Interior First Nations Youth Fund (formerly First Nations and Inuit Youth loans) was established as a result of a National Aboriginal Capital Corporation Association (NACCA) program to stimulate economic development and growth to youth sector businesses in Canada and were used to create the current CIFN Youth Fund lending program. The funds originally received from NACCA are not repayable, lending will continue out of the monies collected on previous loans. During the fiscal year, capital purchases of \$0 (2006 - \$31,925) were made out of these funds.

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**Community Futures Development Corporation of Central Interior First Nations - Investment Fund**  
**Notes to Financial Information**

**March 31, 2007**

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**2. Loans Receivable - (continued)**

(b) Allowance for doubtful loans:

Allowance for doubtful loans is provided for on the following basis:

Specific: Management has evaluated all loans in arrears with any risk of loss. Specific loans are written off when they are identified by management as uncollectable.

Non-specific: Management has calculated a non-specific provision on loans of \$60,000 for the overall loans receivable.

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**3. Long-term Investment**

The corporation's long-term investment consists of an investment in 100 Class A common shares of All Nations Trust Company, of the currently outstanding 106,907 shares.

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**4. Capital Assets**

	2007		2006	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Office Equipment	\$ 31,925	\$ 15,962	\$ 31,925	\$ 7,981
Net book value		\$ 15,963		\$ 23,944

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**Community Futures Development Corporation of Central Interior First Nations - Investment Fund**  
**Notes to Financial Information**

**March 31, 2007**

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**5. Investment Fund Contributions and Loans**

Under terms of various investment fund agreements, Western Economic Diversification, Forest Renewal BC and National Aboriginal Capital Corporation Association and Indian and Northern Affairs Canada have made the following contributions:

(a) Contributions:

	<b>2007</b>	2006
Restricted Investment Fund contributions	<b>\$ 650,000</b>	\$ 650,000

(b) Loans:

	<b>2007</b>	2006
Repayable loan program	<b>\$ 200,000</b>	\$ 200,000
Repayable youth loan program	<b>200,000</b>	200,000
Forest Renewal BC loan program	<b>250,000</b>	250,000
Repayable Entrepreneurs with Disabilities loan program	<b>160,000</b>	160,000
	<b>\$ 810,000</b>	\$ 810,000

These loans are repayable over various terms under the investment fund agreements. In addition, \$250,000 (\$200,000 repayable loan program and \$50,000 repayable youth loan program) of the funds received from Western Economic Diversification were used as matching funds regarding the Forestry Program of Forest Renewal BC loan program to provide a pool of \$500,000 of funds for this program.

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**6. NTIB Loan Administration**

The Corporation administers a loan fund on behalf of the North Thompson Indian Band which totals \$19,136 (2006 - \$17,992). During the year, the fund issued new loans totaling \$0 (2006 - \$5,000). The balance of funds administered at March 31, 2007 consists of \$16,132 (2006 - \$12,426) in cash and \$3,004 (2006 - \$5,566) in loans receivable.