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CEDAR LAKE COMMUNITY FUTURES  
DEVELOPMENT CORPORATION  
FINANCIAL STATEMENTS  
MARCH 31, 2011

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# CEDAR LAKE COMMUNITY FUTURES DEVELOPMENT CORPORATION

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MARCH 31, 2011

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Experienced Leadership.  
Entrepreneurial Thinking.  
Exceptional Results.

CHARTERED ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To The Directors  
Cedar Lake Community Futures Development Corporation

We have audited the accompanying financial statements of Cedar Lake Community Futures Development Corporation which comprise the balance sheet as at March 31, 2011 and the operating and investment fund statements of revenue, expenditures and surplus and cash flows for the year then ended, and 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 the auditor's 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, the auditor considers 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 audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Cedar Lake Community Futures Development Corporation as at March 31, 2011 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Heather Moravick Argen*  
CHARTERED ACCOUNTANTS

The Pas, Manitoba  
June 17, 2011



Experienced Leadership.  
Entrepreneurial Thinking.  
Exceptional Results.

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## AUDITORS' REPORT ON COMPLIANCE WITH AGREEMENT

To Western Economic Diversification

We have audited Cedar Lake Community Futures Development Corporation's compliance as at March 31, 2011 with the criteria established in the Contribution Agreement between Western Economic Diversification and the corporation dated March 24, 2006 and amended February 27, 2008. Compliance with the criteria established by the provisions of the agreement is the responsibility of the Board of Directors of the corporation. Our responsibility is to express an opinion on this compliance 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 corporation complied with the criteria established by the provisions of the agreement referred to above. Such an audit includes examining, on a test basis, evidence supporting compliance, evaluating the overall compliance with the agreement, and where applicable, assessing the accounting principles used and significant estimates made by management.

In our opinion Cedar Lake Community Futures Development is in compliance, in all material respects, with the criteria established by the Contribution Agreement.

*Haugen Mannix Anglin*  
CHARTERED ACCOUNTANTS

The Pas, Manitoba  
June 17, 2011

# CEDAR LAKE COMMUNITY FUTURES DEVELOPMENT CORPORATION

STATEMENT 1

## BALANCE SHEET

MARCH 31

	Operating Fund	Investment Fund	R.M. of Kelsey Investment Fund	Combined	
				2011	2010
<b>ASSETS</b>					
<b>CURRENT</b>					
Cash	\$ 58,789	\$ 250,108	\$ 29,112	\$ 338,009	\$ 239,958
Accounts receivable	15,241			15,241	18,772
Prepaid expenses	9,813			9,813	4,619
Due from Investment Fund (Note 7)	1,014			1,014	1,223
Current portion of loans receivable	...	<u>211,334</u>	<u>33,206</u>	<u>244,540</u>	<u>226,318</u>
	<u>84,857</u>	461,442	62,318	<u>608,617</u>	490,890
LOANS RECEIVABLE (Note 4)		291,569	33,180	<u>324,749</u>	410,612
CAPITAL ASSETS (Note 5)	<u>3,788</u>	...	...	<u>3,788</u>	<u>5,364</u>
	\$ <u>88,645</u>	\$ <u>753,011</u>	\$ <u>95,498</u>	\$ <u>937,154</u>	\$ <u>906,866</u>
<b>LIABILITIES</b>					
<b>CURRENT</b>					
Accounts payable and accrued liabilities	\$ 5,089	\$ 1,014	\$	\$ 5,089	\$ 6,431
Due to Operating Fund (Note 7)		1,014		1,014	1,223
Deferred revenue (Note 8)	1,896			1,896	20,169
Repayable contribution from R.M. of Kelsey (Note 9)	...	...	<u>85,143</u>	<u>85,143</u>	<u>85,143</u>
	<u>6,985</u>	1,014	85,153	<u>93,142</u>	112,966
<b>SURPLUS</b>					
FUND SURPLUS	<u>81,660</u>	<u>751,997</u>	<u>10,355</u>	<u>844,012</u>	<u>793,900</u>
	\$ <u>88,645</u>	\$ <u>753,011</u>	\$ <u>95,498</u>	\$ <u>937,154</u>	\$ <u>906,866</u>

Approved on behalf of the Board:

HMA

# CEDAR LAKE COMMUNITY FUTURES DEVELOPMENT CORPORATION

STATEMENT 2

## STATEMENT OF REVENUE, EXPENDITURES AND SURPLUS

YEAR ENDED MARCH 31

OPERATING FUND	2011	2010
<b>REVENUE</b>		
Grants - Western Economic Diversification	\$ 311,116	\$ 311,116
Deferred revenue	<u>790</u>	<u>1,756</u>
	<b><u>311,906</u></b>	<b><u>312,872</u></b>
<b>EXPENDITURES</b>		
Advertising and promotion	2,456	6,182
Amortization of capital assets	1,576	2,738
Bank charges and interest	529	469
Insurance	1,941	2,669
Office and general	11,772	13,305
Professional fees	5,704	7,518
Rent	10,080	11,869
Telephone	12,501	13,934
Travel - board	30,756	38,561
- staff	41,391	48,077
Utilities	1,977	1,778
Wages and benefits	191,601	195,390
Workshops and conferences	<u>8,102</u>	<u>18,650</u>
	<b><u>320,386</u></b>	<b><u>361,140</u></b>
EXCESS OF EXPENDITURES OVER REVENUE BEFORE SUPPLEMENTARY PROJECTS	( 8,480)	( 48,268)
Supplementary Projects ( <i>Schedule 1</i> )	<u>34,097</u>	<u>44,767</u>
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	25,617	( 3,501)
SURPLUS, <i>beginning of year</i>	<u>56,043</u>	<u>59,544</u>
SURPLUS, <i>end of year</i>	\$ <u>81,660</u>	\$ <u>56,043</u>

HMA

# CEDAR LAKE COMMUNITY FUTURES DEVELOPMENT CORPORATION

STATEMENT 3

## STATEMENT OF REVENUE, EXPENDITURES AND SURPLUS

YEAR ENDED MARCH 31

INVESTMENT FUND	General	Disability	Total	
			2 0 1 1	2 0 1 0
<b>REVENUE</b>				
Interest income	\$ <u>54,841</u>	\$ <u>14,197</u>	\$ <u>69,038</u>	\$ <u>55,256</u>
<b>EXPENDITURES</b>				
Bank charges	339		<b>339</b>	42
Other loan expenses	3,794	886	<b>4,680</b>	772
Provision for doubtful loans (recovery)	<u>52,666</u>	( <u>6,321</u> )	<u>46,345</u>	( <u>39,983</u> )
	<u>56,799</u>	( <u>5,435</u> )	<u>51,364</u>	( <u>39,169</u> )
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	( 1,958 )	19,632	<b>17,674</b>	94,425
EARNED DEFICIT, <i>beginning of year</i>	(138,367)	( 59,674 )	<b>(198,041)</b>	(292,466)
EARNED DEFICIT, <i>end of year</i>	\$ ( <u>140,325</u> )	\$ ( <u>40,042</u> )	\$ ( <u>180,367</u> )	\$ ( <u>198,041</u> )
EARNED DEFICIT	\$ (140,325)	\$ ( 40,042 )	\$ (180,367)	\$ (198,041)
FUNDED SURPLUS	<u>732,364</u>	<u>200,000</u>	<u>932,364</u>	<u>932,364</u>
TOTAL SURPLUS, <i>end of year</i>	\$ <u>592,039</u>	\$ <u>159,958</u>	\$ <u>751,997</u>	\$ <u>734,323</u>

HMA

# CEDAR LAKE COMMUNITY FUTURES DEVELOPMENT CORPORATION

STATEMENT 4

## STATEMENT OF REVENUE, EXPENDITURES AND SURPLUS

YEAR ENDED MARCH 31

R.M. OF KELSEY	2011	2010
<b>REVENUE</b>		
Interest income	\$ 7,441	\$ 3,356
Recoveries	...	<u>276</u>
	<u>7,441</u>	<u>3,632</u>
<b>EXPENDITURES</b>		
Bank charges		98
Other loan expenses	<u>620</u>	...
	<u>620</u>	<u>98</u>
EXCESS OF REVENUE OVER EXPENDITURES	6,821	3,534
EARNED SURPLUS, <i>beginning of year</i>	<u>3,534</u>	...
EARNED SURPLUS, <i>end of year</i>	\$ <u>10,355</u>	\$ <u>3,534</u>
EARNED SURPLUS	\$ 10,355	\$ 3,534
FUNDED SURPLUS	...	...
TOTAL SURPLUS, <i>end of year</i>	\$ <u>10,355</u>	\$ <u>3,534</u>

FMA



# CEDAR LAKE COMMUNITY FUTURES DEVELOPMENT CORPORATION

STATEMENT 5

## STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

<b>ALL FUNDS</b>	<b>2011</b>	<b>2010</b>
<b>CASH FLOW FROM</b>		
<b>OPERATING ACTIVITIES</b>		
Cash received from funding sources and clients	\$ 374,121	\$ 451,831
Cash paid to suppliers and employees	(419,322)	(399,707)
Interest	<u>75,611</u>	<u>58,003</u>
	<u>30,410</u>	<u>110,127</u>
<b>INVESTING ACTIVITIES</b>		
Repayment of loans	389,491	268,549
Issuance of loans	(321,850)	(361,100)
	<u>67,641</u>	<u>(92,551)</u>
NET INCREASE IN CASH DURING YEAR	98,051	17,576
CASH, <i>beginning of year</i>	<u>239,958</u>	<u>222,382</u>
CASH, <i>end of year</i>	\$ <u>338,009</u>	\$ <u>239,958</u>
<b>CASH COMPRISED OF</b>		
Cash	\$ <u>338,009</u>	\$ <u>239,958</u>

HMA

# CEDAR LAKE COMMUNITY FUTURES DEVELOPMENT CORPORATION

SCHEDULE 1

## SCHEDULE OF REVENUE AND EXPENDITURES

YEAR ENDED MARCH 31

<u>SUPPLEMENTARY PROJECTS</u>	<u>2011</u>	<u>2010</u>
REVENUE	\$ <u>76,957</u>	\$ <u>86,095</u>
EXPENSES		
Project costs	35,025	36,363
Training	<u>7,835</u>	<u>4,965</u>
	<u>42,860</u>	<u>41,328</u>
EXCESS OF REVENUE OVER EXPENDITURES	\$ <u>34,097</u>	\$ <u>44,767</u>

# CEDAR LAKE COMMUNITY FUTURES DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2011

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### 1. PURPOSE OF ORGANIZATION

Cedar Lake Community Futures Development Corporation is a community based not-for-profit organization incorporated without share capital under the laws of the Province of Manitoba. The Government of Canada, through the Department of Western Economic Diversification, provides financial assistance to the organization pursuant to an agreement. The purpose of the organization is to support community economic development, diversify the economy, support the creation and expansion of small and medium sized enterprises, maintain and create new employment and maintain the Minister's capacity to deliver business services to rural communities in western Canada.

The organization is exempt from federal or provincial income taxes.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies adopted by Cedar Lake Community Futures Development Corporation include:

- a) Cedar Lake Community Futures Development Corporation follows the restricted method of accounting for contributions.

The Operations Fund accounts for the organization's operating costs and general revenues. This fund reports unrestricted resources and restricted operating grants.

The Investment Fund reports restricted resources that are to be used for assistance to small business and entrepreneurs in the form of loans, loan guarantees or equity participation. The organization is restricted in the types of loans that can be made according to its agreement with the federal government. When all loans are collected, the remaining assets of the investment fund may be returned by Cedar Lake Community Futures Development Corporation, at the discretion of the Minister.

- i) **General Investment Fund**

A repayable contribution of \$732,364 by Western Diversification to be used for loans, loan guarantees and equity investment in a new business or expansion of an existing business. The maximum amount of the loan is \$150,000 for a term not exceeding 5 years. Any unencumbered cash balance in the fund as at April 1, 2011 and subsequent principal collections on loans up to a maximum of original contribution by Canada will become payable to Canada.

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**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2011**

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2. SIGNIFICANT ACCOUNTING POLICIES *continued*

l) Financial Instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instructions were acquired or issued, their characteristics and the corporation's designation of such instruments. Settlement date accounting is used.

Classification

Cash	Held for trading
Accounts receivable	Loans and receivables
Loans receivable	Loans and receivables
Accounts payable and accrued charges	Other liabilities
Loan from R.M. of Kelsey	Other liabilities

Held for trading

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the statement of financial position date.

Available-for-sale

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale, or that are not classified as loans and receivables, held to maturity or held for trading investments. Available-for-sale financial assets are carried at fair value with unrealized gains and losses included in fund balances until realized when the cumulative gain or loss is transferred to other income. Equity instruments designated as available for sale that do not have a quoted market price are measured at cost. Interest on interest-bearing available-for-sale financial assets is calculated using the effective interest method.

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

Other liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities other than derivative instruments.

Transaction costs

Transaction costs are expensed as incurred.

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# CEDAR LAKE COMMUNITY FUTURES DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2011

### 3. CHANGES IN ACCOUNTING POLICIES

The CICA has issued a new accounting framework applicable to Canadian not-for-profit organizations. Effective for the annual reporting period that commences on or after January 1, 2012, not-for-profit organizations will have the ability to choose between International Financial Reporting Standards ("IFRS") and Canadian accounting standards for not-for-profit organizations. Early adoption of these standards is permitted. The Organization currently plans to adopt the new Canadian accounting standards for not-for-profit organizations for its fiscal year beginning April 1, 2012 and has not yet determined the impact of adoption.

### 4. LOANS RECEIVABLE

	R.M. of Kelsey	General	Disability	TOTAL	
				2 0 1 1	2 0 1 0
Loans receivable	\$ 66,386	\$ 478,532	\$ 137,373	\$ 682,291	\$ 704,078
Less provision for doubtful loans	<u>...</u>	<u>(101,273)</u>	<u>( 11,729)</u>	<u>(113,002)</u>	<u>( 67,148)</u>
	66,386	377,259	125,644	569,289	636,930
Less current portion	<u>33,206</u>	<u>161,572</u>	<u>49,762</u>	<u>244,540</u>	<u>226,318</u>
	\$ <u>33,180</u>	\$ <u>215,687</u>	\$ <u>75,882</u>	\$ <u>324,749</u>	\$ <u>410,612</u>

Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from 7.25% to 12% with monthly blended principal and interest repayments amortized for terms up to 60 months. Security is taken on these loans as appropriate to the situation and includes personal guarantees, general and specific security agreements covering business assets and mortgages on land and building.

### 5. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value	
			2 0 1 1	2 0 1 0
Furniture, fixtures and equipment	\$ 48,173	\$ 45,031	\$ 3,142	\$ 3,928
Computer and electronic equipment	<u>9,785</u>	<u>9,139</u>	<u>646</u>	<u>1,436</u>
	\$ <u>57,958</u>	\$ <u>54,170</u>	\$ <u>3,788</u>	\$ <u>5,364</u>

### 6. LINE OF CREDIT

The company has an authorized line of credit with Westoba Credit Union to a maximum of \$25,000 at bank prime rate plus 1.0%, which remained unused as at March 31, 2011.

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# CEDAR LAKE COMMUNITY FUTURES DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2011

7. DUE TO/FROM OPERATING FUND / DUE TO/FROM INVESTMENT FUND

The balance of \$1,014 represents expenses of the investment fund paid by the operating fund.

8.	DEFERRED REVENUE	2 0 1 1	2 0 1 0
	Western Economic Diversification - capital contribution	\$ 861	\$ 1,651
	Emedia Project Revenue	<u>1,035</u>	<u>18,518</u>
		<u>\$ 1,896</u>	<u>\$ 20,169</u>

9. R.M. OF KELSEY INVESTMENT FUND

Repayable Community Works Loan Program funds are available from CLCFDC to start or expand small business within the rural municipality of Kelsey.

The R.M.'s contribution of \$85,143 is repayable on demand with a 2 month notice as follows:

- a) the cash balance of the fund, and
- b) the rights to the loan receivable portfolio will be assigned.

10. W.E.D. OPERATING CONTRIBUTIONS AND ECONOMIC DEPENDENCE

The current year operating funding approved by W.E.D. was \$311,116. The corporation is economically dependent upon W.E.D. for annual contributions to fund eligible operating expenditures of the corporation. The current agreement expires on March 31, 2012 and may be terminated by the Minister upon 60 days notice to the corporation.

11. COMMITMENT

The organization has entered into an annual lease for office space expiring March 31, 2013 with a minimum annual payment of \$9,900.

12. FINANCIAL INSTRUMENTS

*FAIR VALUE*

The following methods and assumptions were used to estimate the fair values of each class of financial instruments:

The fair value of cash, accounts receivable and accounts payable and accrued liabilities approximate their respective carrying amounts due to the short term maturity of these financial instruments.

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2011**

12. FINANCIAL INSTRUMENTS *continued*

Loans receivable are measured net of impairment allowances and bear interest rates and other terms consistent with those that would be offered to third parties with a similar risk profile. Consequently the fair value of these financial instruments approximates their respective carrying amount.

The Loan from R.M. of Kelsey is non-interest bearing and is repayable on demand with two months notice by transferring or assigning the assets of the R.M. of Kelsey Investment Fund to the R.M. of Kelsey. As a result the fair value of this financial instrument is equal to the loan amount +/- the related fund surplus. Consequently, at March 31, 2011 the fair value of this financial instrument exceeds the carrying amount by \$10,355.

**THREE LEVEL HIERARCHY**

Certain financial instruments are recorded at fair value or at amounts that approximate fair value. These financial instruments are then categorized under a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quotes prices in active markets for identical assets and liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that management has the ability to access at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgment or estimation.

The fair value hierarchy of financial instruments measured at fair value on the balance sheet date is as follows:

	Level 1	Level 2	Level 3
Cash	\$ 338,009		

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

In the normal course of business, CLCFDC is exposed to credit risk, liquidity risk and market risk. CLCFDC does not undertake hedging transactions to manage risk. As part of its overall risk assessment process, management takes steps to identify and mitigate undue concentrations of risk.

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**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2011**

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *continued*

*CREDIT RISK*

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Financial instruments that subject CLCFDC to concentrations of credit risk consist of cash, accounts receivable and loans receivable. The maximum exposure to credit risk at the balance sheet date is the fair value of these instruments.

CLCFDC's primary exposure to credit risk arises from its lending activities. To reduce its exposure to credit risk on lending activities the Corporation:

- Adheres to internal policies and procedures related to credit risk management
- Obtains promissory notes, security agreements and life insurance coverage from borrowers
- Has implemented prescribed maximum loan amounts for individual borrowers
- Conducts and documents on-going monitoring and review procedures

CLCFDC has a concentration of credit risk in the Northwestern Manitoba region. A general decline in regional economic conditions would increase overall credit risk exposure.

*LIQUIDITY RISK*

Liquidity risk is the risk that CLCFDC will encounter difficulty in meeting obligations associated with financial liabilities.

The following table shows the timing of cash outflows relating to accounts payable and accrued liabilities.

	2 0 1 1		2 0 1 0	
	Current	Non-Current	Current	Non-Current
Accounts payable and accrued liabilities	\$ <u>5,089</u>	\$	\$ <u>6,431</u>	\$

CLCFDC manages liquidity risk as a component of its overall budgeting, financial reporting and financial monitoring processes. As CLCFDC has a significant working capital surplus management does not believe it is exposed to significant liquidity risk.

*MARKET RISK*

Market risk is comprised of the following three types of risk:

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.



**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2011**

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13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *continued*

CLCFDC operates domestically and does not have significant financial instruments denominated in a foreign country. Consequently, CLCFDC is not exposed to significant currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

CLCFDC's loans receivable bear interest at fixed rates and all other financial assets and liabilities are non-interest bearing. Consequently, management does not believe that the near term cash flow impact of interest rate fluctuations will be significant. Assuming all other factors hold constant if an immediate and sustained increase or decrease in interest rates were to occur the loan portfolio would be subject to a corresponding increase or decrease in fair value based on the magnitude of the interest rate change and weighted average duration of the loan portfolio at that time.

Other Price Risk

Other price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market.

CLCFDC does not hold any financial assets or liabilities subject to this type of fluctuation and consequently is not exposed to significant other price risk.

14. CAPITAL MANAGEMENT

CLCFDC manages the following as capital:

	2 0 1 1	2 0 1 0
Fund Surplus	\$ <u>843,962</u>	\$ <u>793,900</u>

CLCFDC manages capital in order to safeguard its ability to continue as a going concern, to ensure that adequate returns are provided to continue its loan programs and to ensure an appropriate balance between risk and return.

CLCFDC manages capital as a component of its overall budgeting, financial reporting and financial monitoring processes through internal use of GAAP and non-GAAP financial measures.