

Financial Statements of

**CAPE BRETON BUSINESS
PARTNERSHIP INC.**

Year ended March 31, 2011

INDEPENDENT AUDITORS' REPORT

To the Directors of Cape Breton Business Partnership Inc.

We have audited the accompanying financial statements of Cape Breton Business Partnership Inc. which comprise the statement of financial position as at March 31, 2011 and the statements of operations and changes in net assets and cash flows for the period 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 auditors' 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 auditors 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 audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Cape Breton Business Partnership Inc. as at March 31, 2011 and its financial performance and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Sydney, Canada

August 24, 2011

CAPE BRETON BUSINESS PARTNERSHIP INC.

Statement of Financial Position

March 31, 2011, with comparative figures for 2010

	2011	2010
Assets		
Current assets:		
Cash	\$ -	\$ 20,762
Accounts receivable (note 2)	458,507	440,888
Prepaid expenses	1,929	1,554
	460,436	463,204
Capital assets (note 3)	20,195	23,771
	\$ 480,631	\$ 486,975

Liabilities, Deferred Contributions and Net Assets

Current liabilities:		
Cheques issued in excess of funds on deposit	\$ 45,997	\$ -
Accounts payable and accrued liabilities	56,688	174,434
Deferred revenue	99,534	16,200
	202,219	190,634
Deferred capital contributions (note 4)	20,195	23,771
Net assets	258,217	272,570
Commitments (note 8)		
	\$ 480,631	\$ 486,975

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

CAPE BRETON BUSINESS PARTNERSHIP INC.

Statement of Operations and Changes in Net Assets

Year ended March 31, 2011, with comparative figures for 2010

	2011	2010
Revenue:		
Federal government funding (note 5)	\$ 938,217	\$ 750,545
Investor dues	171,482	202,577
Amortization of deferred contributions (note 4)	6,602	8,767
Event fees	25,251	58,440
Other income	2,742	8,155
Rental income	-	4,125
	1,144,294	1,032,609
Expenditures:		
Program costs	779,329	572,672
Wages and employee benefits	195,157	182,116
Business development	43,248	47,030
Rent	33,750	33,450
Professional fees	16,381	6,113
Advertising and promotion	15,587	30,935
Travel	14,473	33,610
Telephone	14,225	16,736
Consulting fees	12,820	9,425
Office and general	10,006	14,827
Bad debts	10,000	-
Amortization of capital assets	6,602	8,767
Utilities	2,955	2,469
Insurance	2,664	2,168
Repairs and maintenance	1,450	3,276
Marketing fees	-	4,046
Membership development	-	1,912
Training	-	3,600
	1,158,647	973,152
Excess of revenue over expenditures (expenditures over revenue)	(14,353)	59,457
Net assets, beginning of year	272,570	213,113
Net assets, end of year	\$ 258,217	\$ 272,570

See accompanying notes to financial statements.

CAPE BRETON BUSINESS PARTNERSHIP INC.

Statement of Cash Flows

Year ended March 31, 2011, with comparative figures for 2010

	2011	2010
Cash provided by (used in):		
Operations:		
Excess of revenue over expenditures (expenditures over revenue)	\$ (14,353)	\$ 59,457
Items not involving cash:		
Amortization of capital assets	6,602	8,767
Amortization of deferred contributions	(6,602)	(8,767)
Change in non-cash operating working capital:		
Increase in accounts receivable	(17,619)	(64,849)
Increase in prepaid expenses	(375)	(252)
Increase (decrease) in accounts payable and accrued liabilities	(117,746)	87,540
Increase (decrease) in deferred revenue	83,334	(12,217)
	(66,759)	69,679
Financing:		
Capital contributions received	3,026	4,567
Investments:		
Additions to capital assets	(3,026)	(4,567)
Increase (decrease) in cash position	(66,759)	69,679
Cash position, beginning of year	20,762	(48,917)
Cash position, end of year	\$ (45,997)	\$ 20,762
Supplemental cash flow information:		
Interest paid	\$ 3,216	3,829
Interest received	105	42

Cash position is defined as cash less cheques issued in excess of funds on deposit.

See accompanying notes to financial statements.

CAPE BRETON BUSINESS PARTNERSHIP INC.

Notes to Financial Statements

Year ended March 31, 2011

Company biography:

Cape Breton Business Partnership Inc. (Partnership) was incorporated under the Companies Act of the Province of Nova Scotia on November 24, 2004. The Partnership's primary purpose is to establish a leading economic development organization which will identify, research and implement activities to enhance economic activity in the Cape Breton and Strait Region. The Partnership is exempt from income taxes.

1. Significant accounting policies:

(a) Revenue recognition:

The Partnership follows the deferral method of accounting for contributions, which includes government grants.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the period in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a diminishing-balance basis, at rates corresponding with the amortization rate for the related capital assets.

(b) Capital assets:

Capital assets are stated at cost less accumulated amortization. Amortization is provided for over the estimated useful lives of the assets using the diminishing-balance basis at the following rates:

Asset	Basis	Rate
Furniture and equipment	Declining balance	20%
Computer equipment	Declining balance	45%

Leasehold improvements are amortized on a straight-line basis over the three year lease term.

CAPE BRETON BUSINESS PARTNERSHIP INC.

Notes to Financial Statements (continued)

Year ended March 31, 2011

1. Significant accounting policies (continued):

(c) Financial instruments:

Held for trading financial assets and liabilities comprise cash (cheques issued in excess of funds on deposit) and accounts receivable as well as accounts payable and accrued liabilities. These financial assets and liabilities are measured at their carrying amount since it is comparable to their fair value due to the approaching maturity of these financial instruments.

All transactions related to financial instruments are recorded on a settlement date basis.

The Partnership utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the Partnership is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.

(d) Use of estimates:

The preparation of 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 date of the financial statements and the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.

2. Accounts receivable:

	2011	2010
Due from Enterprise Cape Breton Corporation	\$ 205,263	\$ 115,218
Harmonized sales tax	25,796	104,535
Investor dues and other	227,038	212,837
Service Canada	10,410	8,298
	468,507	440,888
Provision for doubtful accounts	(10,000)	-
	\$ 458,507	\$ 440,888

CAPE BRETON BUSINESS PARTNERSHIP INC.

Notes to Financial Statements (continued)

Year ended March 31, 2011

3. Capital assets:

			2011			2010
	Cost	Accumulated amortization	Net book value		Net book value	
Furniture and equipment	\$ 52,883	\$ 35,421	\$ 17,462	\$	18,801	
Computer equipment	27,015	24,282	2,733		4,970	
Leasehold improvements	30,309	30,309	-		-	
	\$ 110,207	\$ 90,012	\$ 20,195	\$	23,771	

4. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations and changes in net assets.

	2011	2010
Balance, beginning of year	\$ 23,771	\$ 27,971
Contributions received	3,026	4,567
Less amounts amortized to revenue	(6,602)	(8,767)
Balance, end of year	\$ 20,195	\$ 23,771

5. Federal government funding:

	2011	2010
ECBC/ACOA	\$ 351,595	\$ 208,619
Service Canada	357,046	541,926
Province of Nova Scotia	182,040	-
Government of Canada	47,536	-
	\$ 938,217	\$ 750,545

CAPE BRETON BUSINESS PARTNERSHIP INC.

Notes to Financial Statements (continued)

Year ended March 31, 2011

6. Investment in capital assets:

a) Investment in capital assets is calculated as follows:

	2011	2010
Capital assets acquired	\$ 20,195	\$ 23,771
Less amount financed by deferred contributions	(20,195)	(23,771)
	\$ -	\$ -

b) Change in net assets invested in capital assets is calculated as follows:

	2011	2010
Excess of revenue over expenditure:		
Amortization of capital assets	\$ (6,602)	\$ (8,767)
Amortization of deferred contributions	6,602	8,767
	\$ -	\$ -
Net change in investment in capital assets:		
Capital assets acquired	\$ 3,026	\$ 4,567
Capital contributions received	(3,026)	(4,567)
	\$ -	\$ -

7. Fair value of financial assets and liabilities:

The carrying value of cheques issued in excess of funds on deposits, accounts receivable, and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments.

8. Commitments:

The Partnership occupies office premises under an operating lease that extended this year and will expire December 31, 2011. The minimum lease payments are \$23,625 to the end of the lease term.

CAPE BRETON BUSINESS PARTNERSHIP INC.

Notes to Financial Statements (continued)

Year ended March 31, 2011

9. Capital management:

The Partnership's objective when managing its capital is to safeguard its ability to continue operations which includes providing the highest quality of service. The Partnership's capital is comprised of its net assets.

The Partnership's capital management practices include: monitoring cash flows and actual operating results as compared to the budget; compliance with requirements set forth by government and other agencies and maintaining the Partnership's capital assets.

Governance is exercised at the level of the Board of Directors and includes approval of the annual operating budget, major capital projects and strategic operating plans.

10. New accounting pronouncements:

The Accounting Standards Board has issued a set of standards for not-for-profit organizations as part of the CICA Handbook – Accounting. Not-for-profit organizations have a choice to report in accordance with International Financial Reporting Standards or the new standards for not-for-profit organizations.

The effective date for application in annual financial statements is for fiscal year ends beginning on or after January 1, 2012; however, early adoption is permitted.