



During 2017 – 2018, CBDC Cabot received 253 inquiries from prospective and existing entrepreneurs. 43 loan applications were subsequently received and 30 approved, in addition to other applications for training, consulting and other non-loan related programming. Loans were provided to 10 new start-ups, and 18 existing businesses, resulting in the direct creation/ maintenance of 70 jobs.

Loan Products	Applications Received	Value	Applications Approved	Value	Disbursed	Approval Percentage
General Business	7	491,500	5	246,500	306,500	72%
First Time Entrepreneur	18	1,222,796	15	902,796	424,659	84%
Youth	14	1,283,640	7	558,640	578,640	50%
Innovation	0	0	0	0	0	0%
Clean Tech	1	150,000	1	150,000	0	100%
Social Enterprise	2	146,200	1	1,200	1,200	50%
FRAM-ED	1	100,000	1	100,000	0	100%
Kickstart	0	0	0	0	14,054	0%
TOTAL	43	3,394,136	30	1,959,136	1,325,053	70%

Cabot CBDC spent \$12,994 for client training, which extended to 142 entrepreneurs, through 6 one-on-one sessions, and 9 group sessions with 136 participants.

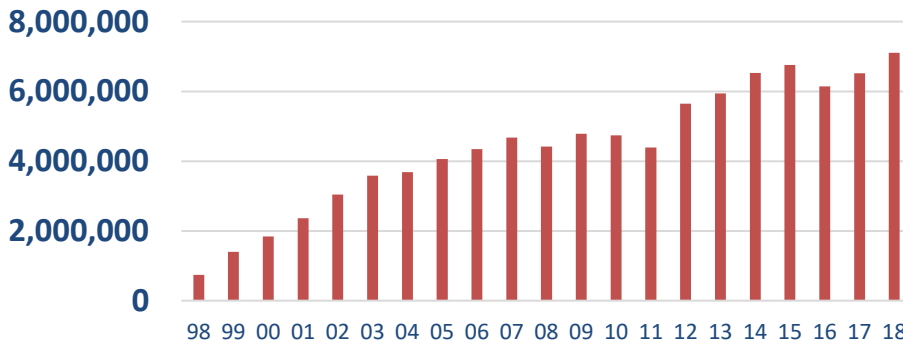
CBDC Cabot approved 12 applications for the Consulting Advisory Services program in the fiscal year.

Youth Ventures enjoyed another successful season, receiving 13 inquiries, resulting in 12 young entrepreneurs developing 9 summer ventures, with 5 operating year round.

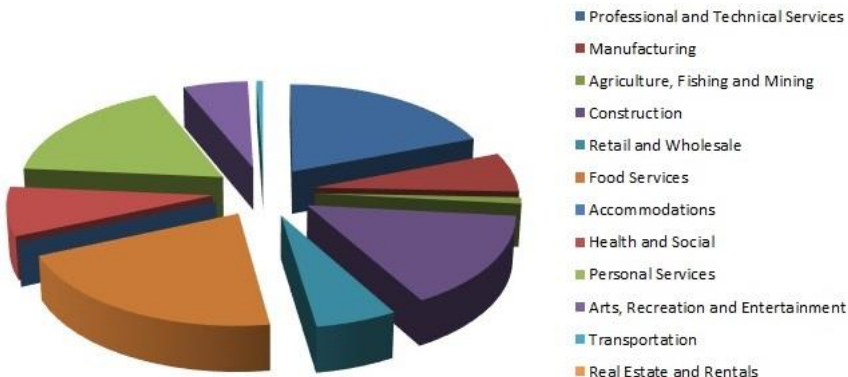
The Self Employment Assistance Program received 99 inquiries resulting in 69 orientation sessions. 33 applications were received and 21 approved.

Although Futurpreneur had no approvals at the regional level this fiscal year, the program witnessed a record number of approvals in Newfoundland and Labrador.

Investment Fund



CBDC Cabot Loan Disbursements by Sector for the Year Ended March 31, 2018



Financial Statements of

**CABOT COMMUNITY BUSINESS
DEVELOPMENT CORPORATION**

YEAR ENDED MARCH 31, 2018

CABOT COMMUNITY BUSINESS DEVELOPMENT CORPORATION
Financial Statements
For the year ended March 31, 2018

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Anthony J. Smith

Chartered Professional Accountant

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1.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Cabot Community Business Development Corporation

I have audited the accompanying financial statements of the Cabot Community Business Development Corporation, which comprise the statement of financial position as at March 31, 2018 and the statement of operations, statement of changes in fund balances and cash flow statement for the year 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 for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Cabot Community Business Development Corporation as at March 31, 2018 and its financial performance and its cash flows for the year ended in accordance with Canadian accounting standards for not-for-profit organizations.

Bay Roberts, Newfoundland and Labrador

June 18, 2018

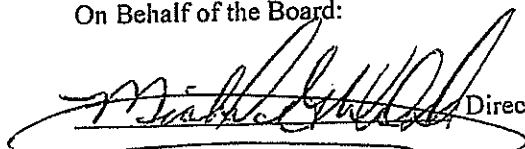
Anthony Smith
Chartered Professional Accountant

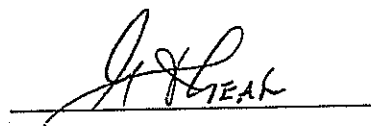
CABOT COMMUNITY BUSINESS DEVELOPMENT CORPORATION
Statement of Financial Position
As at March 31, 2018

				2018	2017
	Operating Fund	Investment Fund	FRAM-ED Fund	Total	Total
ASSETS					
Current					
Cash	\$ 25,088	\$ 221,755	\$ 160,564	\$ 407,407	\$ 710,472
Receivable from ACOA	-	-	-	-	23,048
Receivable - SEA Program	9,519	-	-	9,519	7,932
HST rebate receivable	2,988	-	-	2,988	3,240
Other receivables	-	435	-	435	283
Due from Investment Fund	87,769	-	430,000	517,769	336,768
Due from Operating Fund	-	-	110,000	110,000	140,000
Prepaid expenses	2,131	-	-	2,131	2,456
Current portion of loans receivable	-	461,959	15,030	476,989	489,371
	127,495	684,149	715,594	1,527,238	1,713,570
Capital assets (note 2)	5,008	-	-	5,008	6,560
Investment - ACCBIF (note 3)	-	37,500	-	37,500	37,500
Loans receivable (notes 4 and 5)	-	4,937,147	345,584	5,282,731	4,916,712
	\$ 132,503	\$ 5,658,796	\$ 1,061,178	\$ 6,852,477	\$ 6,674,342
LIABILITIES					
Current					
Payables and accrued liabilities	\$ 10,165	\$ -	\$ -	\$ 10,165	\$ 24,303
Statutory payroll remittances	7,330	-	-	7,330	11,473
Due to Operating Fund	-	87,769	-	87,769	106,768
Due to Fram-Ed Fund	110,000	430,000	-	540,000	370,000
Current portion of long-term debt (note 6)	-	6,791	-	6,791	13,939
	127,495	524,560	-	652,055	526,483
Long-term debt (note 6)	-	200,921	-	200,921	198,830
	127,495	725,481	-	852,976	725,313
Contingencies (note 7)					
FUND BALANCES					
Invested in capital assets	5,008	-	-	5,008	6,560
Restricted surplus (notes 4 and 5)	-	3,473,315	61,178	3,534,493	3,482,469
Contributed surplus (notes 4 and 5)	-	1,460,000	1,000,000	2,460,000	2,460,000
	5,008	4,933,315	1,061,178	5,999,501	5,949,029
	\$ 132,503	\$ 5,658,796	\$ 1,061,178	\$ 6,852,477	\$ 6,674,342

See accompanying notes to the financial statements

On Behalf of the Board:

 Director

 Director

CABOT COMMUNITY BUSINESS DEVELOPMENT CORPORATION
Statement of Operations and Changes in Fund Balances
For the year ended March 31, 2018

				2018	2017
	Operating Fund	Investment Fund	FRAM-ED Fund	Total	Total
REVENUE					
ACOA - operating grant	\$ 241,353	\$ -	\$ -	\$ 241,353	\$ 212,515
Investment income - loan portfolio	-	363,859	20,364	384,223	376,703
Investment income - other interest	-	795	-	795	-
SEA program	95,188	-	-	95,188	95,188
Youth Ventures program	16,000	-	-	16,000	16,000
Other income	24,013	-	-	24,013	21,796
	376,554	364,654	20,364	761,572	722,202
EXPENDITURE					
Advertising	6,383	-	-	6,383	6,807
Amortization	1,464	-	-	1,464	1,959
Bank charges and interest	3,462	-	-	3,462	3,390
Board travel	1,172	-	-	1,172	970
Cleaning	2,935	-	-	2,935	2,574
Collection costs	6,198	-	-	6,198	1,975
Committee meetings	4,888	-	-	4,888	6,706
Courses and training	11,232	-	-	11,232	19,659
Dues and associations	2,500	-	-	2,500	3,645
Insurance	2,496	-	-	2,496	2,141
Loan loss provision (recovery)	-	249,270	(480)	248,790	383,466
Office supplies and expenses	11,342	-	-	11,342	12,728
Professional and consulting fees	5,264	-	-	5,264	3,305
Rent	27,114	-	-	27,114	26,874
Salaries and benefits	354,786	-	-	354,786	343,484
Telephone	8,935	-	-	8,935	10,087
Training - clients (net)	-	48	-	48	(81)
Travel and meals	9,169	-	-	9,169	4,371
Utilities	2,922	-	-	2,922	2,437
	462,262	249,318	(480)	711,100	836,497
Excess of revenue over (under) expenditure	(85,708)	115,336	20,844	50,472	(114,295)
Fund balance, beginning of year	6,560	4,902,135	1,040,334	5,949,029	6,063,324
Inter-fund transfers	84,156	(84,156)	-	-	-
Fund balance, end of year	\$ 5,008	\$ 4,933,315	\$ 1,061,178	\$ 5,999,501	\$ 5,949,029

See accompanying notes to the financial statements

CABOT COMMUNITY BUSINESS DEVELOPMENT CORPORATION
Cash Flow Statement
For the year ended March 31, 2018

				2018	2017
	Operating Fund	Investment Fund	FRAM-ED Fund	Total	Total
Operating activities:					
Excess of revenue over (under) expenditure	\$ (85,708)	\$ 115,336	\$ 20,844	\$ 50,472	\$ (114,295)
Items which do not involve cash:					
Amortization	1,464	-	-	1,464	1,959
Loan loss provision	-	249,273	(480)	248,793	383,466
Loss on disposal of capital assets	89	-	-	89	317
	(84,155)	364,609	20,364	300,818	271,447
Changes in non-cash working capital					
Accounts receivable	535	(435)	-	100	10,379
Receivable - ACOA	23,048	-	-	23,048	(11,986)
Receivable - SEA Program	(1,587)	-	-	(1,587)	(2,781)
Due to/from other funds	(11,001)	181,001	(170,000)	-	-
Prepaid expenses	325	-	-	325	(262)
Payables and accrued liabilities	(18,282)	-	-	(18,282)	(6,503)
Cash provided by (used in) operating activities	(91,117)	545,175	(149,636)	304,422	260,294
Investing activities:					
Purchase of capital assets	-	-	-	-	(1,381)
Loans receivable - advances	-	(1,324,921)	-	(1,324,921)	(1,233,243)
Loans receivable - repayments	-	755,737	11,650	767,387	764,626
Decrease (increase) in accrued interest	-	(43,552)	(1,344)	(44,896)	(27,126)
Cash provided by (used in) investing activities	-	(612,736)	10,306	(602,430)	(497,124)
Financing activities:					
Proceeds of long-term debt	-	9,054	-	9,054	20,000
Repayment of long-term debt	-	(14,111)	-	(14,111)	(34,645)
Inter-fund transfers	84,156	(84,156)	-	-	-
Cash provided by (used in) financing activities	84,156	(89,213)	-	(5,057)	(14,645)
Increase (decrease) in cash and cash equivalents	(6,961)	(156,774)	(139,330)	(303,065)	(251,475)
Cash and cash equivalents, beginning of year	32,049	378,529	299,894	710,472	961,947
Cash and cash equivalents, end of year	\$ 25,088	\$ 221,755	\$ 160,564	\$ 407,407	\$ 710,472

Cash and cash equivalents are comprised of cash in bank.

See accompanying notes to the financial statements

CABOT COMMUNITY BUSINESS DEVELOPMENT CORPORATION
Notes to the Financial Statements
For the year ended March 31, 2018

The Cabot Community Business Development Corporation (the 'Corporation') is a community-based and community-controlled organization with a mandate to provide lending and other investment to small businesses in its area who have had difficulty obtaining financing from conventional sources. The Corporation is a not-for-profit organization incorporated under "The Corporations Act" of Newfoundland and Labrador and is exempt from income tax by virtue of Subsection 149(1) of "The Income Tax Act" of Canada.

1. Significant Accounting Policies

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

Capital assets

Capital assets are recorded at cost and amortized on the diminishing balance method at the rates indicated in note 2. Funding agents may direct the disposition of property and equipment which were financed through their contributions to the Corporation.

Contributed services

Contributed services, consisting primarily of time contributed by volunteers, are not recognized in these financial statements due to the difficulty of determining their fair value.

Financial Instruments

The Corporation initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and financial liabilities at amortized cost. The financial assets and liabilities measured at amortized cost include cash, accounts receivable, loans receivable and accounts payable.

Fund accounting

The Corporation follows the restricted fund method of accounting for the Investment Fund and the FRAM-ED Fund. These Funds report all restricted resources of the Funds as well as the investment income resulting from investing activities utilizing the fund assets. The Operating Fund accounts for program delivery and administrative activities. This Fund reports unrestricted resources and operating contributions. Expenses of the Operating Fund are limited to those agreed upon in the contribution agreement between the Atlantic Canada Opportunities Agency (ACOA), or other funding partners and the Corporation.

Investments

Investments are recorded at the lower of cost and net realizable value. Provision for loan losses are reported in the Investment Fund and FRAM-ED Fund.

Revenue recognition

The corporation uses the restricted fund method of accounting for contributions. Contributions from funding agencies are recognized when the contributions are due or the funded activity has been completed. Other revenues including interest are recognized when earned.

CABOT COMMUNITY BUSINESS DEVELOPMENT CORPORATION
Notes to the Financial Statements (Continued)
For the year ended March 31, 2018

1. Significant Accounting Policies (Continued)

Use of Accounting 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 date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known. A significant estimate included in these financial statements is the provision for doubtful loans as stated in notes 4 and 5.

2. Capital Assets

				2018	2017
	Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture & equipment	20%	\$ 31,264	\$ 27,445	\$ 3,819	\$ 4,773
Computer equipment	30%	12,361	11,172	1,189	1,787
		<u>\$ 43,625</u>	<u>\$ 38,617</u>	<u>\$ 5,008</u>	<u>\$ 6,560</u>

3. Investment

Investment Fund

The Corporation has invested \$37,500 in the Atlantic Canada Community Business Investment Fund (ACCBIF). The investment is secured by a promissory note, is non-interest bearing, and is due on or after March, 2011, with no set terms of repayment.

CABOT COMMUNITY BUSINESS DEVELOPMENT CORPORATION
Notes to the Financial Statements (Continued)
For the year ended March 31, 2018

4. Loans Receivable - Investment Fund

	2018	2017
Loans receivable	\$ 6,369,061	\$ 5,767,218
Less: allowance for impaired loans	969,955	731,575
	5,399,106	5,035,643
Less: current portion of loans receivable	461,959	476,135
	<u>\$ 4,937,147</u>	<u>\$ 4,559,508</u>

Loans receivable includes accrued interest receivable in the amount of \$88,158 (2017 - \$133,006). There are 27 impaired loans as of March 31, 2018 totalling \$1,611,924 (2017 - 22 impaired loans totalling \$928,251). The current portion of loans receivable assumes required loan payments will be received during the year. Loans written off during the year total \$10,892 (2017 - \$120,875).

The investment fund has externally imposed restrictions on net assets as well as the income earned from those net assets as follows:

	2018	2017
Restricted for investing in business	<u>\$ 4,933,315</u>	<u>\$ 4,902,135</u>

All investment income earned by the organization from net assets of the investment fund must be reinvested in the fund unless written consent is obtained from ACOA, including funds lent to or received from ACCBIF.

Investment funds may be transferred to the operating fund to cover an annual operating deficit provided certain conditions have been met, as set out by ACOA.

CABOT COMMUNITY BUSINESS DEVELOPMENT CORPORATION
Notes to the Financial Statements (Continued)
For the year ended March 31, 2018

5. Loans Receivable - Canadian Fisheries Adjustment & Restructuring Initiative (FRAM-ED) Fund

	2018	2017
Loans receivable	\$ 741,212	\$ 751,518
Less: allowance for impaired loans	380,598	381,078
	360,614	370,440
Less: current portion of loans receivable	15,030	13,236
	<u>\$ 345,584</u>	<u>\$ 357,204</u>

Loans receivable includes accrued interest receivable in the amount of \$88,159 (2017 - \$86,815). There are 3 impaired loans as of March 31, 2018 totalling \$502,302 (2017 - 3 impaired loans totalling \$502,302). The current portion of loans receivable assumes required loan payments will be received during the year. There were no loans written off during the year (2017 - no write offs).

The FRAM-ED fund has externally imposed restrictions on net assets as well as the income earned from those net assets as follows:

	2018	2017
Restricted for investing in business	<u>\$ 1,061,178</u>	<u>\$ 1,040,334</u>

6. Long-term Debt

	2018	2017
Atlantic Association of Community Business Development Corporations - Technology Development Fund		
Loans for investment purposes, non-interest bearing, with principal collections from clients repayable annually and interest receipts to be retained by the Corporation	\$ 156,391	\$ 157,109
Newfoundland and Labrador Association of Community Business Development Corporations - Kickstart Program Loans		
Loans for investment purposes, unsecured and non-interest bearing, with principal collections from clients repayable semi-annually and interest receipts to be retained by the Corporation	<u>51,321</u>	<u>55,660</u>
	207,712	212,769
Less estimated current portion	<u>6,791</u>	<u>13,939</u>
	<u>\$ 200,921</u>	<u>\$ 198,830</u>

CABOT COMMUNITY BUSINESS DEVELOPMENT CORPORATION
Notes to the Financial Statements (Continued)
For the year ended March 31, 2018

7. Contingencies

Any surplus of the operating fund may be subject to repayment to the Receiver General of Canada after a review of program expenses and revenues by ACOA. Investment funding provided by government agencies under the FRAM-ED agreement which has not been utilized at the end of the contract period may be subject to repayment at the discretion of the funding agent. Any amounts determined to be repayable will be accounted for in the year that such a determination is made.

8 Allowance for Impaired Loans

Impaired loans are recognized on a case by case basis. When a loan is deemed to be impaired, its carrying amount is reduced to its estimated realizable amount. The estimated realizable amount is determined by management based on its assessment of factors including the estimated realizable value of the underlying security, the client's payment history and industry considerations. The allowance for impaired loans includes a general 5% reserve applied to the balance of non-impaired loans. Within each investment fund, the change in the loan portfolio's estimated realizable amount is recorded as a bad debt expense.

9 Economic Dependence

The Corporation receives an annual contribution from the Atlantic Canada Opportunities Agency to cover operating expenses of the Operating Fund. At this time the continued operation of the organization is dependent on the receipt of this annual contribution.

10 Financial Risk Management

Financial risk factors

The Corporation has exposure to credit risk and liquidity risk as a result of holding financial instruments. The Board of Directors has overall responsibility for the oversight of these risks and reviews the Corporation's policies on an ongoing basis to ensure that these risks are appropriately managed. The source of risk exposure and how each is managed is outlined below.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligation. The Corporation's credit risk is primarily attributable to accounts receivable and loans receivable. Management believes that the credit risk with respect to accounts receivable is remote as the majority is due from government funding agencies. The Corporation's loans receivable are recorded at net realizable value and a determination of fair value for these financial instruments is not considered possible. Management's policies relating to credit risk from loans receivable is discussed in note 8.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. As at March 31, 2018, the Corporation had unrestricted cash of \$25,088, which is sufficient to cover its short-term financial obligations.