



Financial Statements

Blue Water Business Development  
Corporation Limited

March 31, 2018

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# Independent auditor's report

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To the directors of the  
**Blue Water Business Development Corporation Limited**

We have audited the accompanying financial statements of Blue Water Business Development Corporation Limited (“the Corporation”), which comprise the statement of financial position as at March 31, 2018 and the statement of operations, statement of changes in net assets, and statement of 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 accounting standards 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 from material misstatement, whether due to fraud or error.

## **Auditor’s 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 Corporation’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 Corporation’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 Blue Water Business Development Corporation Limited as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements of Blue Water Business Development Corporation Limited 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.



Halifax, Canada  
June 28, 2018

Chartered Professional Accountants  
Licensed Public Accountants

# Blue Water Business Development Corporation Limited

## Statement of financial position

March 31

2018

2017

	Operating Fund	Investment Fund	Total	Total
<b>Assets</b>				
<b>Current</b>				
Cash and cash equivalents	\$ 299,962	\$ 1,984,076	\$ 2,284,038	\$ 1,958,538
Receivables (Note 4)	-	98,568	98,568	75,929
HST receivable	3,704	4,919	8,623	7,076
Prepaid expense	2,890	-	2,890	2,980
Interfund receivable	-	145,894	145,894	159,932
	<u>306,556</u>	<u>2,233,457</u>	<u>2,540,013</u>	<u>2,204,455</u>
Loans receivable (Note 3)	-	5,752,667	5,752,667	6,124,028
Property and equipment (Note 5)	<u>12,978</u>	<u>-</u>	<u>12,978</u>	<u>14,449</u>
	<u>\$ 319,534</u>	<u>\$ 7,986,124</u>	<u>\$ 8,305,658</u>	<u>\$ 8,342,932</u>

### Liabilities and fund balances

#### Liabilities

##### Current

Payables and accruals	\$ 12,806	\$ -	\$ 12,806	\$ 33,933
Interfund payable	145,894	-	145,894	159,932
Unearned revenue	8,498	-	8,498	5,413
Funds collected and held in trust (Note 6)	-	4,863	4,863	4,263
Current portion of related party loan (Note 7)	-	19,299	19,299	3,000
	<u>167,198</u>	<u>24,162</u>	<u>191,360</u>	<u>206,541</u>

##### Related party loan (Note 7)

	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,691</u>
	<u>167,198</u>	<u>24,162</u>	<u>191,360</u>	<u>247,232</u>

##### Fund balances

Net assets invested in capital assets	12,978	-	12,978	14,449
Externally restricted net assets	-	7,961,962	7,961,962	7,946,433
Internally restricted net assets	200,000	-	200,000	200,000
Unrestricted net (deficit) assets	<u>(60,642)</u>	<u>-</u>	<u>(60,642)</u>	<u>(65,182)</u>
	<u>152,336</u>	<u>7,961,962</u>	<u>8,114,298</u>	<u>8,095,700</u>
	<u>\$ 319,534</u>	<u>\$ 7,986,124</u>	<u>\$ 8,305,658</u>	<u>\$ 8,342,932</u>

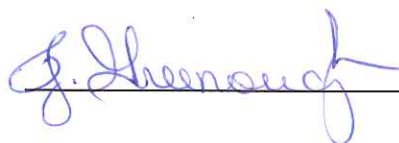
Commitments (Note 8)

Contingencies (Note 11)

On behalf of the Board



Director



Director

See accompanying notes to the financial statements.

# Blue Water Business Development Corporation Limited

## Statement of operations

Year ended March 31

2018

2017

	Operating Fund	Investment Fund	Total	Total
Revenue				
ACOA contribution	\$ 334,925	\$ -	\$ 334,925	\$ 340,247
Interest income – loan portfolio	-	538,371	538,371	583,665
Sundry revenue (Schedule 3)	125,834	21,804	147,638	130,229
	<u>460,759</u>	<u>560,175</u>	<u>1,020,934</u>	<u>1,054,141</u>
Expenses				
Advertising	3,756	-	3,756	9,454
Amortization	3,827	-	3,827	3,255
Bank charges	714	2,687	3,401	2,774
Board expenses	11,279	-	11,279	10,919
Credit checking	7,876	-	7,876	3,572
Equipment rental	3,669	-	3,669	7,128
Insurance	3,850	-	3,850	3,800
Interest expense – ACCBIFF	-	-	-	4,210
Loan write-off / provision for bad debts	-	412,980	412,980	354,635
Memberships, dues and fees	5,836	-	5,836	5,578
Office supplies	4,615	-	4,615	4,780
Postage and courier	1,041	-	1,041	884
Professional fees – audit and accounting	11,350	-	11,350	21,733
Professional fees – legal and consulting	5,251	9,840	15,091	41,624
Rent and utilities	39,924	-	39,924	38,223
Repairs and maintenance	6,968	-	6,968	4,180
Salaries, wages and benefits	378,971	-	378,971	394,342
Self employment benefit	59,029	-	59,029	58,976
Telecommunications	8,690	-	8,690	10,744
Training and development	977	-	977	5,640
Travel	19,206	-	19,206	17,698
	<u>576,829</u>	<u>425,507</u>	<u>1,002,336</u>	<u>1,004,149</u>
Excess (deficiency) of revenue over expenses	\$ (116,070)	\$ 134,668	\$ 18,598	\$ 49,992

See accompanying notes to the financial statements.

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## Blue Water Business Development Corporation Limited

### Statement of changes in net assets

Year ended March 31

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	<u>Invested in</u> <u>capital assets</u>	<u>Investment</u> <u>Fund</u>	<u>Internally</u> <u>restricted</u>	<u>Operating</u> <u>Fund</u>	<b><u>2018</u></b>	<b><u>2017</u></b>
Balance, beginning of year	\$ 14,449	\$ 7,946,433	\$ 200,000	\$ (65,182)	<b>\$ 8,095,700</b>	\$ 8,045,708
Transfers to Operating Fund	-	(119,139)	-	119,139	-	-
Excess (deficiency) of revenue over expenses	-	134,668	-	(116,070)	<b>18,598</b>	49,992
Asset additions	2,356	-	-	(2,356)	-	-
Amortization	<u>(3,827)</u>	<u>-</u>	<u>-</u>	<u>3,827</u>	<u>-</u>	<u>-</u>
Balance, end of year	<b>\$ <u>12,978</u></b>	<b>\$ <u>7,961,962</u></b>	<b>\$ <u>200,000</u></b>	<b>\$ <u>(60,642)</u></b>	<b>\$ <u>8,114,298</u></b>	<b>\$ <u>8,095,700</u></b>

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See accompanying notes to the financial statements.

# Blue Water Business Development Corporation Limited

## Statement of cash flows

Year ended March 31

2018

2017

Increase (decrease) in cash and cash equivalents	Operating Fund	Investment Fund	Total	Total
<b>Operating</b>				
Excess (deficiency) of revenue over expenses	\$ (116,070)	\$ 134,668	\$ 18,598	\$ 49,992
Items not involving cash				
Amortization	3,827	-	3,827	3,255
Loan write-off / provision for bad debt	-	426,185	426,185	354,635
	<u>(112,243)</u>	<u>560,853</u>	<u>448,610</u>	<u>407,882</u>
Change in non-cash working capital				
Receivables	-	(22,639)	(22,639)	(32,784)
HST receivable	619	(2,166)	(1,547)	23,049
Prepaid expense	90	-	90	15,655
Interfund receivable	-	14,038	14,038	(51,998)
Interfund payable	(14,038)	-	(14,038)	51,998
Payables and accruals	(14,342)	(6,785)	(21,127)	29,299
Unearned revenue	3,085	-	3,085	(24,883)
	<u>(136,829)</u>	<u>543,301</u>	<u>406,472</u>	<u>418,218</u>
<b>Investing</b>				
Purchase of property and equipment	(2,356)	-	(2,356)	(10,992)
Loan repayment	-	1,420,140	1,420,140	1,466,524
Loans and guarantees to clients	-	(1,474,964)	(1,474,964)	(1,528,541)
	<u>(2,356)</u>	<u>(54,824)</u>	<u>(57,180)</u>	<u>(73,009)</u>
<b>Financing</b>				
Payable to related party loan, net	-	(24,392)	(24,392)	(216,572)
Funds collected and held in trust	-	600	600	860
Interfund transfers	119,139	(119,139)	-	-
	<u>119,139</u>	<u>(142,931)</u>	<u>(23,792)</u>	<u>(215,712)</u>
Net increase (decrease) in cash and cash equivalents	(20,046)	345,546	325,500	129,497
Cash and cash equivalents				
Beginning of year	<u>320,008</u>	<u>1,638,530</u>	<u>1,958,538</u>	<u>1,829,041</u>
End of year	\$ <u>299,962</u>	\$ <u>1,984,076</u>	\$ <u>2,284,038</u>	\$ <u>1,958,538</u>

See accompanying notes to the financial statements.



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# Blue Water Business Development Corporation Limited

## Notes to the financial statements

March 31, 2018

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### 1. Nature of organization

Blue Water Business Development Corporation Limited (the "Corporation"), was incorporated January 20, 1989 under the Companies Act of the Province of Nova Scotia as Blue Water Business Development Corporation Limited and operates under the name Blue Water Business Development Corporation Limited. The Corporation is a community Business Development Corporation, a not-for-profit community based and community controlled corporation, working in cooperation with all levels of government and the private sector. It covers the area between Ecum Secum and Hubbards, but excluding the urban areas of Halifax, Bedford and Dartmouth. Some of the communities served include Timberlea, Sackville, Beaverbank, Eastern Passage, Preston, Porters Lake, Sheet Harbour, and Middle Musquodoboit.

The Corporation is a non-profit organization under paragraph 149(1) (l) of the Income Tax Act and, as such, is not subject to federal or provincial income taxes.

Any accumulated net assets are not to be used in promoting the Corporation's objectives and at no time will any dividends be paid. Should the Corporation be dissolved, the remaining assets would be transferred to another Community Business Development Corporation or to some other organization serving the community with similar objectives.

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### 2. Summary of significant accounting policies

#### Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The significant accounting policies are as follows:

#### Fund accounting

The Corporation follows the restricted fund method of accounting for contributions.

#### Externally restricted net assets

ACOA and other organizations have agreements in place that restrict the use of funds such that they can only be used for the purpose for which they were provided.

#### Internally restricted net assets

The Board of Directors has restricted an amount to serve as a contingency for the Corporation. The intention is to restrict funds annually until it accumulates to an amount equivalent to three months operations plus windup costs. These amounts cannot be used without prior approval of the Board of Directors.

Net assets have been restricted by the amount of loan guarantees in effect at the year end date for the Investment Fund.

#### Operating Fund

The Corporation has established an Operating Fund for the Corporation's 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 with Atlantic Canada Opportunities Agency ("ACOA") under the Community Futures dated April 13, 2014 and extensions thereto. The most recent contract dated April 13, 2017, Contract #210006, provides for the period April 1, 2017 to March 31, 2020. Funding for 2018-2019 fiscal year is \$331,629.

#### Capital Asset Fund

The Corporation has established a Capital Asset Fund for the Corporation's acquisition of and major renovations or improvements to capital assets.

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# Blue Water Business Development Corporation Limited

## Notes to the financial statements

March 31, 2018

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### 2. Summary of significant accounting policies (continued)

#### Investment Fund

The Corporation has established an Investment Fund to hold and administer the loan portfolio of the Corporation. These funds are restricted to investments meeting the mandate of the Corporation and all investments are approved and monitored by the Board of Directors. All investment income earned must be reinvested in the fund. These funds cannot be used to cover administrative expenses unless authorized in writing by ACOA, except where the conditions as outlined in the Statement of Work of the Community Futures/company agreement are met.

#### Loans receivable

Loans receivable are recorded at the lower of cost and estimated realizable value.

Provision for loan impairment and collection costs related thereto are reported in the Investment Fund.

#### Allowance for loan impairment

Loans receivable are classified for loan impairment into four categories. Category 'A' loans are loans which are deemed satisfactory as to credit risk and performance. An amount equal to 2% of the balance of these loans is used as an allowance. Category 'B' loans are loans that are experiencing undesirable developments that are expected to be temporary in nature. The allowance for these loans is 20% or as determined on a loan by loan basis. Category 'C' loans are loans where serious adverse developments have occurred and are unlikely to be overcome, or there is little or no chance of the loan being repaid from earnings. The allowance for these loans is determined on a loan by loan basis. Category 'D' loans are loans where the owners of the business have lost control due to bankruptcy, appointment of a receiver or bailiff, judgement pursuant to a mortgage bond held by another secured mortgagee, seizure of any assets, or where assets have been abandoned or deemed missing. The allowance for these loans is determined on a loan by loan basis.

#### Property and equipment

Property and equipment are stated at cost and amortized on a straight-line basis over their estimated useful lives as follows:

Furniture and equipment	20%
Computer	33%
Leaseholds	20%
Software	100%

One half year's amortization is taken in the year of acquisition.

Whenever events or changes in circumstances indicate a capital asset no longer has any long-term service potential to the Corporation, the excess of its net carrying amount over any residual value would be recognized as an expense. Such a write-down is not reversed if the service potential subsequently improves.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank indebtedness.

#### Interfund receivable and payable

The Corporation has internal loans from the Investment Fund to the Operating Fund due to the timing of when grant revenue is received. Interfund balances are non-interest bearing and have no set terms of repayment.

#### Interfund transfers

All interfund transfers require prior approval in writing from the Atlantic Canada Opportunities Agency.

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# Blue Water Business Development Corporation Limited

## Notes to the financial statements

March 31, 2018

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### 2. Summary of significant accounting policies (continued)

#### Financial instruments

The Corporation considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in limited circumstances. The Corporation's financial instruments consist of cash and cash equivalents, receivables, HST receivable, loans receivable, payables and accruals and long-term debt.

A financial asset or liability is recognized when the Corporation becomes party to contractual provisions of the instrument.

Financial assets or liabilities in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

Financial assets or liabilities obtained in related party transactions are measured in accordance with the accounting policy for related party transactions except for those transactions that are with a person or entity whose sole relationship with the Corporation is in the capacity of management in which case they are accounted for in accordance with financial instruments.

The Corporation subsequently measures all of its financial assets and financial liabilities at amortized cost. The Corporation removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. Impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amount of any write-downs or reversals are recognized in net income.

Financial assets and financial liabilities, which are not subsequently measured at fair value, are initially adjusted for transaction costs and financing fees directly attributable to their origination, acquisition, issuance or assumption.

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's credit risk arises from the possibility that customers may not fulfil their payment obligations. The Corporation mitigates this risk by performing credit checks and getting collateral over certain receivables.

#### Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting the obligations associated with its financial liabilities. The Corporation is exposed to liquidity risk in meeting their obligations associated with financial liabilities, which is dependent on receipt of funds from operations. There was no significant change in risk exposure from the prior year.

#### Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Corporation is mainly exposed to interest rate risk.

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# Blue Water Business Development Corporation Limited

## Notes to the financial statements

March 31, 2018

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### 2. Summary of significant accounting policies (continued)

#### 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. The Corporation is exposed to interest rate risk on its amounts due to related parties. There was no significant change in exposure from the prior year.

#### Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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.

Revisions to accounting estimates are recorded in the period in which the estimate reversed if the revision affects only that period or in the period of revision and in future periods if the revision affects both the current and future periods.

The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements include the allowance for impaired loans and measurements of fair value of financial instruments.

#### Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The principal sources of revenue are interest income and ACOA contribution.

Interest income is recorded on the accrual basis using the effective income method and the ACOA contribution is recorded as revenue when received each quarter.

# Blue Water Business Development Corporation Limited

## Notes to the financial statements

March 31, 2018

### 3. Loans receivable

	Loans to Business	Loan Loss Reserve Fund	Loans to Students in Business	<b>2018</b>	<b>2017</b>
Loans and guarantees	\$ 6,280,127	\$ 54,758	\$ 12,392	<b>\$ 6,347,277</b>	\$ 6,772,848
Promissory note – ACCBIF Fund	<u>37,500</u>	-	-	<b>37,500</b>	37,500
Total loan portfolio	6,317,627	54,758	12,392	<b>6,384,777</b>	6,810,348
Allowance for loan impairment	<u>(604,731)</u>	<u>(27,379)</u>	-	<b>(632,110)</b>	(686,320)
Total loans receivable	<b><u>\$ 5,712,896</u></b>	<b><u>\$ 27,379</u></b>	<b><u>\$ 12,392</u></b>	<b><u>\$ 5,752,667</u></b>	<b><u>\$ 6,124,028</u></b>

### Continuity of loans and investments

Loans and guarantees					
Balance, beginning of year	\$ 6,684,977	\$ 54,758	\$ 70,613	<b>\$ 6,810,348</b>	\$ 7,057,138
Advances during the year	1,469,964	-	5,000	<b>1,474,964</b>	1,528,541
Loans repaid during the year	(1,356,919)	-	(63,221)	<b>(1,420,140)</b>	(1,466,524)
Loans written off during the year	<u>(480,395)</u>	-	-	<b>(480,395)</b>	(308,807)
Balance, end of year	<u>6,317,627</u>	<u>54,758</u>	<u>12,392</u>	<b><u>6,384,777</u></b>	<u>6,810,348</u>
Allowance for loan impairment					
Balance, beginning of year	658,941	27,379	-	<b>686,320</b>	640,492
Loans written off to allowance	(206,896)	-	-	<b>(206,896)</b>	(160,334)
Current year loss provision	<u>152,686</u>	-	-	<b>152,686</b>	206,162
Balance, end of year	<u>604,731</u>	<u>27,379</u>	-	<b><u>632,110</u></b>	<u>686,320</u>
Total loans receivable	<b><u>\$ 5,712,896</u></b>	<b><u>\$ 27,379</u></b>	<b><u>\$ 12,392</u></b>	<b><u>\$ 5,752,667</u></b>	<b><u>\$ 6,124,028</u></b>

### 4. Receivables

	Operating Fund	Investment Fund	<b>2018</b>	<b>2017</b>
NSACBDC's – Program recoveries	\$ -	\$ 6,375	<b>\$ 6,375</b>	\$ 4,032
AACBDC's – Entrepreneurial Training Fund	-	1,555	<b>1,555</b>	3,238
Investment fees receivable	-	8,807	<b>8,807</b>	4,593
Receivables – Other	-	-	-	278
Accrued interest receivable on loans	<u>-</u>	<u>81,831</u>	<b><u>81,831</u></b>	<u>63,788</u>
	<b><u>\$ -</u></b>	<b><u>\$ 98,568</u></b>	<b><u>\$ 98,568</u></b>	<b><u>\$ 75,929</u></b>

# Blue Water Business Development Corporation Limited

## Notes to the financial statements

March 31, 2018

### 5. Property and equipment

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>2018 Net book value</u>	<u>2017 Net book value</u>
Furniture and equipment	\$ 60,789	\$ 59,343	\$ 1,446	\$ 1,329
Computer	35,729	32,113	3,616	5,397
Leaseholds	10,512	2,596	7,916	7,723
Software	<u>5,825</u>	<u>5,825</u>	<u>-</u>	<u>-</u>
	<u>\$ 112,855</u>	<u>\$ 99,877</u>	<u>\$ 12,978</u>	<u>\$ 14,449</u>

### 6. Funds collected and held in trust

The Corporation had previously been engaged to collect and administer 11 CEED loans in the amount of \$40,285 on behalf of NSACBDC's. The balance outstanding at March 31, 2018 is \$1,225 (2017 - \$1,825). The amounts collected on these loans are being held in trust.

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 4,263	\$ 3,403
Funds collected during the year	<u>600</u>	<u>860</u>
Balance, end of the year	<u>\$ 4,863</u>	<u>\$ 4,263</u>

### 7. Related party loan

The Corporation borrowed funds from the Atlantic Association of Community Business Development Corporations – Technology Fund. These loans bear no interest and are unsecured. The amount of principal collected is repayable monthly.

	<u>2018</u>	<u>2017</u>
	19,299	43,691
Less: Current portion of long-term debt	<u>(19,299)</u>	<u>(3,000)</u>
	<u>\$ -</u>	<u>\$ 40,691</u>

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# Blue Water Business Development Corporation Limited

## Notes to the financial statements

March 31, 2018

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### 8. Lease commitments

The Corporation has lease commitments for office rent. Minimum lease payments for the premises for each of the next five years are as follows:

2019	\$	40,730
2020		41,558
2021		41,558
2022		41,558
2023		41,558

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### 9. Economic dependence

The Corporation is economically dependent as it received an annual operating contribution from ACOA that covers all operating expenses of the Operational Fund that are not designated under specific programs. During the year, the Corporation received \$334,925 (2017 - \$340,247).

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### 10. Loan statistics

#### Loans approved during the year

The loans approved by the Board of Directors during the current year were 55 loans in the amount of \$1,950,529 (including re-financed loans of \$84,829).

#### Active investment loans under management

This has been defined as any loan where a regular payment has been received within the fiscal year and any loan where the terms of the loan do not call for a regular payment within the fiscal year, inclusive of rural student in business loans. Excluded from active loans are urban student in business loans, loans written off in the fiscal year, and loans repaid as of fiscal year end. There are 180 loans under active management as at March 31, 2018.

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### 11. Contingencies

Government contributions and grants received under the Community Business Development Centre contribution agreements and Investment Fund agreements are subject to repayment if the Corporation fails to comply with the terms and conditions of the agreement.

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### 12. Comparative figures

Certain of the comparative figures for the prior year have been reclassified to conform to the financial statement presentation adopted for the current period.

# Blue Water Business Development Corporation Limited

## Schedule 1 - Schedule of allowance for loan impairment

March 31, 2018

<b>2018</b>	<u>Category A</u>	<u>Category B</u>	<u>Category C</u>	<u>Category D</u>	<u>Total</u>
<b>Investment Fund</b>	\$ 5,041,221	\$ 453,948	\$ 377,362	\$ 474,746	\$ 6,347,277
Less: Student in Business	(12,392)	-	-	-	(12,392)
Add: ACCBIF Fund investment	<u>37,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,500</u>
	<b>\$ <u>5,066,329</u></b>	<b>\$ <u>453,948</u></b>	<b>\$ <u>377,362</u></b>	<b>\$ <u>474,746</u></b>	<b>\$ <u>6,372,385</u></b>
<b>Allowance for loan impairment</b>	<b>\$ <u>100,576</u></b>	<b>\$ <u>97,748</u></b>	<b>\$ <u>160,202</u></b>	<b>\$ <u>273,584</u></b>	<b>\$ <u>632,110</u></b>

Allowance as a percentage of the total loan portfolio: 9.9%

<b>2017</b>	<u>Category A</u>	<u>Category B</u>	<u>Category C</u>	<u>Category D</u>	<u>Total</u>
<b>Investment Fund</b>	\$ 5,274,415	\$ 478,368	\$ 355,592	\$ 664,473	\$ 6,772,848
Less: Student in Business	(70,613)	-	-	-	(70,613)
Add: ACCBIF Fund investment	<u>37,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,500</u>
	<b>\$ <u>5,241,302</u></b>	<b>\$ <u>478,368</u></b>	<b>\$ <u>355,592</u></b>	<b>\$ <u>664,473</u></b>	<b>\$ <u>6,739,735</u></b>
<b>Allowance for loan impairment</b>	<b>\$ <u>104,076</u></b>	<b>\$ <u>135,461</u></b>	<b>\$ <u>135,294</u></b>	<b>\$ <u>311,489</u></b>	<b>\$ <u>686,320</u></b>

Allowance as a percentage of the total loan portfolio: 10.2%



# Blue Water Business Development Corporation Limited

## Schedule 2 - Schedule of operations

March 31, 2018

	Operating Fund		
	(unaudited)		
	Budget 2018	Actual 2018	Actual 2017
<b>Revenue</b>			
ACOA contribution	\$ 334,925	\$ 334,925	\$ 340,247
Sundry revenue (Schedule 3)	<u>121,764</u>	<u>125,834</u>	<u>108,636</u>
	<u>456,689</u>	<u>460,759</u>	<u>448,883</u>
<b>Expenditures</b>			
Advertising	7,000	3,756	9,454
Amortization	-	3,827	3,255
Bank charges	410	714	382
Board expenses	16,700	11,279	10,919
Credit checking	4,200	7,876	3,572
Equipment rental	4,573	3,669	7,128
Insurance	3,697	3,850	3,800
Memberships, dues and fees	5,552	5,836	5,578
Office supplies	7,661	4,615	4,780
Postage and courier	905	1,041	884
Professional fees – audit and accounting	16,000	11,350	21,733
Professional fees – legal and consulting	3,000	5,251	8,657
Rent and utilities	43,487	39,924	38,223
Repairs and maintenance	5,878	6,968	4,180
Salaries and wages	313,539	328,589	348,130
Salaries and wages – statutory and group benefits	46,568	50,382	46,212
Self employment benefits	59,254	59,029	58,976
Telecommunications	9,404	8,690	10,744
Training and development	3,000	977	5,641
Travel	<u>25,000</u>	<u>19,206</u>	<u>17,698</u>
	<u>575,828</u>	<u>576,829</u>	<u>609,946</u>
Excess of expenditures over revenue	\$ (119,139)	\$ (116,070)	\$ (161,063)
Amounts transferred from Investment Fund	<u>119,139</u>	<u>119,139</u>	<u>85,443</u>
Excess refundable to (due from) Investment Fund	\$ -	\$ 3,069	\$ (75,620)

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# Blue Water Business Development Corporation Limited

## Schedule 3 - Schedule of sundry revenue

March 31, 2018

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	<u>Operating Fund</u>				
	(unaudited)		Investment		
	Budget	Actual	Fund	<b>Total</b>	Total
	<u>2018</u>	<u>2018</u>	<u>2018</u>	<b>2018</b>	<u>2017</u>
Sundry revenue					
Administration fees	\$ 33,600	\$ 23,711	\$ -	\$ <b>23,711</b>	\$ 3,908
Interest income	1,800	2,174	11,844	<b>14,018</b>	7,774
Loan application fees	4,800	5,500	-	<b>5,500</b>	22,052
NSACBDC support services	3,000	11,209	-	<b>11,209</b>	13,377
Other	5,100	3,335	9,960	<b>13,295</b>	6,896
Self employment benefit	<u>73,464</u>	<u>79,905</u>		<b>79,905</b>	<u>76,222</u>
	\$ <u>121,764</u>	\$ <u>125,834</u>	\$ <u>21,804</u>	\$ <b>147,638</b>	\$ <u>130,229</u>

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