



Financial Statements

Blue Water Business Development  
Corporation Limited

March 31, 2017

# Contents

	<b>Page</b>
Independent auditor's report	1-2
Statement of financial position	3
Statement of operations	4
Statement of changes in net assets	5
Statement of cash flows	6
Notes to the financial statements	7-14
Schedule 1 – Schedule of allowance for loan impairment	15
Schedule 2 – Schedule of operations	16
Schedule 3 – Schedule of sundry revenue	17

## Independent auditor's report

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, 2017 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.

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.

### **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, 2017, 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 consolidated financial statements taken as a whole.

The financial statements of Bluewater Business Development Corporation for the year ended March 31, 2015 were audited by another firm who expressed a qualified opinion on those financial statements on June 22, 2015 as follows:

The Blue Water Business Development Corporation Limited has not identified and classified all its financial instruments and recorded its financial statements at fair value. Rather, all financial instruments are recorded at historical cost. The Corporation has not specifically disclosed information that enables users of its financial statements to evaluate the significant of financial instruments for its financial position and performance, including exposure to risks, methods of determining fair value and other relevant information. This basis of accounting in these financial statements differs from Canadian accounting standards for not-for-profit organizations.

*Grant Thornton LLP*

Halifax, Canada  
June 22, 2017

Chartered Professional Accountants  
Licensed Public Accountants



# Blue Water Business Development Corporation Limited

## Statement of financial position

March 31

2017

2016

	Operating Fund	Investment Fund	Total	Total
<b>Assets</b>				
<b>Current</b>				
Cash and cash equivalents	\$ 320,008	\$ 1,638,530	\$ 1,958,538	\$ 1,829,041
Receivables (Note 4)	-	75,929	75,929	43,145
HST refundable	4,323	2,753	7,076	30,125
Prepaid expense	2,980	-	2,980	18,635
Interfund receivable	-	159,932	159,932	107,934
	<u>327,311</u>	<u>1,877,144</u>	<u>2,204,455</u>	<u>2,028,880</u>
Loans receivable (Note 3)	-	6,124,028	6,124,028	6,416,646
Property and equipment (Note 5)	<u>14,449</u>	<u>-</u>	<u>14,449</u>	<u>6,712</u>
	<u>\$ 341,760</u>	<u>\$ 8,001,172</u>	<u>\$ 8,342,932</u>	<u>\$ 8,452,238</u>

### Liabilities and fund balances

#### Liabilities

##### Current

Payables and accruals	\$ 27,148	\$ 6,785	\$ 33,933	\$ 4,634
Interfund payable	159,932	-	159,932	107,934
Unearned revenue	5,413	-	5,413	30,296
Funds collected and held in trust (Note 6)	-	4,263	4,263	3,403
Current portion of long term debt (Note 7)	-	3,000	3,000	114,800
	<u>192,493</u>	<u>14,048</u>	<u>206,541</u>	<u>261,067</u>

##### Long term debt (Note 7)

	<u>-</u>	<u>40,691</u>	<u>40,691</u>	<u>145,463</u>
	<u>192,493</u>	<u>54,739</u>	<u>247,232</u>	<u>406,530</u>

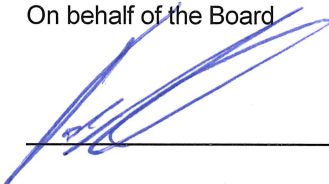
##### Fund balances

Net assets invested in capital assets	14,449	-	14,449	6,712
Externally restricted net assets	-	7,946,433	7,946,433	7,728,821
Internally restricted net assets	200,000	-	200,000	292,000
Unrestricted net (deficit) assets	<u>(65,182)</u>	<u>-</u>	<u>(65,182)</u>	<u>18,175</u>
	<u>149,267</u>	<u>7,946,433</u>	<u>8,095,700</u>	<u>8,045,708</u>
	<u>\$ 341,760</u>	<u>\$ 8,001,172</u>	<u>\$ 8,342,932</u>	<u>\$ 8,452,238</u>

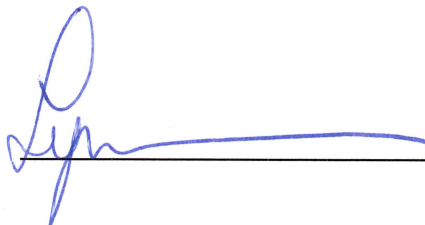
Commitments (Note 8)

Contingency (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

2017

2016

	Operating Fund	Investment Fund	Total	Total
<b>Revenue</b>				
ACOA contribution	\$ 340,247	\$ -	\$ 340,247	\$ 341,504
Investment income – loan portfolio	-	583,665	583,665	576,904
Sundry revenue (Schedule 3)	108,636	21,593	130,229	122,307
	<u>448,883</u>	<u>605,258</u>	<u>1,054,141</u>	<u>1,040,715</u>
<b>Expenses</b>				
Advertising	9,454	-	9,454	6,007
Amortization	3,255	-	3,255	3,456
Bank charges	382	2,392	2,774	3,499
Board expenses	10,919	-	10,919	15,857
Credit checking	3,572	-	3,572	3,185
Co-op expenses	-	-	-	21,012
Equipment rental	7,128	-	7,128	8,385
Insurance	3,800	-	3,800	3,485
Interest expense – ACCBIFF	-	4,210	4,210	6,126
Loan write-off / provision for bad debts	-	354,635	354,635	581,344
Memberships, dues and fees	5,578	-	5,578	5,701
Office supplies	4,780	-	4,780	5,505
Postage and courier	884	-	884	1,144
Professional fees – audit and accounting	21,733	-	21,733	15,034
Professional fees – legal and consulting	8,657	19,293	27,950	16,845
Rent and utilities	38,223	-	38,223	37,039
Repairs and maintenance	4,180	-	4,180	9,334
Salaries, wages and benefits	394,342	-	394,342	370,705
Self employment benefit	58,976	-	58,976	38,492
Telecommunications	10,744	-	10,744	17,312
Training and development	5,641	13,673	19,314	18,979
Travel	17,698	-	17,698	22,990
	<u>609,946</u>	<u>394,203</u>	<u>1,004,149</u>	<u>1,211,436</u>
Excess (deficiency) of revenue over expenses	\$ (161,063)	\$ 211,055	\$ 49,992	\$ (170,721)

See accompanying notes to the financial statements.

**Blue Water Business Development Corporation Limited**  
**Statement of changes in net assets**

Year ended March 31

	<u>Restricted</u>		<u>Internally Restricted</u>		<u>Unrestricted</u>	
	<u>Invested in</u>	<u>Capital Assets</u>	<u>Investment</u>	<u>Operational</u>	<u>Investment</u>	<u>Operational</u>
Balance, beginning of year	\$ 6,712	\$ 7,728,821	\$ 92,000	\$ 200,000	\$ 18,175	\$ 8,216,429
Transfers to Operating Fund	-	(85,443)	-	-	85,443	-
Excess (deficiency) of revenue over expenditures	-	211,055	-	-	(161,063)	(170,721)
Asset additions	10,992	-	-	-	(10,992)	-
Depreciation	(3,255)	-	-	-	3,255	-
Loan guarantees	-	92,000	(92,000)	-	-	-
Balance, end of year	\$ 14,449	\$ 7,946,433	\$ -	\$ 200,000	\$ (65,182)	\$ 8,045,708

See accompanying notes to the financial statements.

# Blue Water Business Development Corporation Limited

## Statement of cash flows

Year ended March 31

2017

2016

Increase (decrease) in cash and cash equivalents

	Operating Fund	Investment Fund	<u>Total</u>	<u>Total</u>
<b>Operating</b>				
Excess (deficiency) of revenue over expenses	\$ (161,063)	\$ 211,055	\$ 49,992	\$ (170,721)
Items not involving cash				
Amortization	3,255	-	3,255	3,456
Loan write-off / provision for bad debt	-	354,635	354,635	581,344
	<u>(157,808)</u>	<u>565,690</u>	<u>407,882</u>	<u>414,079</u>
Change in non-cash working capital				
Receivables	5,000	(37,784)	(32,784)	738
HST receivable	24,518	(1,469)	23,049	(11,769)
Prepaid expense	15,655	-	15,655	(16,635)
Interfund receivables	-	(51,998)	(51,998)	49,494
Interfund payables	51,998	-	51,998	(49,494)
Payables and accruals	22,514	6,785	29,299	2,160
Deferred revenue	(24,883)	-	(24,883)	30,296
	<u>(63,006)</u>	<u>481,224</u>	<u>418,218</u>	<u>418,869</u>
<b>Investing</b>				
Purchase of capital assets	(10,992)	-	(10,992)	(3,761)
Loan repayment	-	1,466,524	1,466,524	1,417,164
Loan recoveries previously written off	-	-	-	24,654
Loans and guarantees to clients	-	(1,528,541)	(1,528,541)	(1,826,826)
	<u>(10,992)</u>	<u>(62,017)</u>	<u>(73,009)</u>	<u>(388,769)</u>
<b>Financing</b>				
Payable to related parties, net	-	(216,572)	(216,572)	(301,362)
Funds collected and held in trust	-	860	860	1,580
Interfund transfers	85,443	(85,443)	-	-
	<u>85,443</u>	<u>(301,155)</u>	<u>(215,712)</u>	<u>(299,782)</u>
Net increase (decrease) in cash and cash equivalents	11,445	118,052	129,497	(269,682)
Cash and cash equivalents				
Beginning of year	<u>308,563</u>	<u>1,520,478</u>	<u>1,829,041</u>	<u>2,098,723</u>
End of year	\$ <u>320,008</u>	\$ <u>1,638,530</u>	\$ <u>1,958,538</u>	\$ <u>1,829,041</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, 2017

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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 organization. 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 organization'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 #2100061, provides for the period April 1, 2017 to March 31, 2020. Funding for 2017-2018 fiscal year is \$334,925.

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# Blue Water Business Development Corporation Limited

## Notes to the financial statements

March 31, 2017

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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 organization. These funds are restricted to investments meeting the mandate of the organization 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.

#### Investments – loans receivable

Investments 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 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 receivables and payables

The Corporation has internal loans from the Investment Fund to the Operating Fund due to the timing of when grant revenue is received. Interfund transfers 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, 2017

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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, harmonized sales tax receivable/payable, receivable from/payable to related companies, 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, 2017

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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 expenditures 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 on loans and a government grant.

Interest on loans is recorded on the accrual basis using the effective income method and grant revenue is recorded when received each quarter.

# Blue Water Business Development Corporation Limited

## Notes to the financial statements

March 31, 2017

### 3. Loans receivable

	Loans to business	Loan loss reserve Fund	Loans to Students in Business	<b>2017</b>	<b>2016</b>
Loans and guarantees	\$ 6,647,477	\$ 54,758	\$ 70,613	<b>\$ 6,772,848</b>	\$ 7,019,638
Promissory note – ACCBIF Fund	<u>37,500</u>	<u>-</u>	<u>-</u>	<b><u>37,500</u></b>	<u>37,500</u>
Total loan portfolio	6,684,977	54,758	70,613	<b>6,810,348</b>	7,057,138
Allowance for loan impairment	<u>(659,138)</u>	<u>(27,182)</u>	<u>-</u>	<b><u>(686,320)</u></b>	<u>(640,492)</u>
Total loans receivable	<b><u>\$ 6,025,839</u></b>	<b><u>\$ 27,576</u></b>	<b><u>\$ 70,613</u></b>	<b><u>\$ 6,124,028</u></b>	<b><u>\$ 6,416,646</u></b>

### Continuity of loans and investments

Loans and guarantees					
Balance, beginning of year	\$ 6,806,880	\$ 149,958	\$ 100,300	<b>\$ 7,057,138</b>	\$ 7,248,276
Advances during the year	1,465,991	-	62,550	<b>1,528,541</b>	1,826,826
Loans repaid during the year	(1,340,630)	(33,657)	(92,237)	<b>(1,466,524)</b>	(1,417,164)
Loans written off during the year	<u>(247,264)</u>	<u>(61,543)</u>	<u>-</u>	<b><u>(308,807)</u></b>	<u>(600,800)</u>
Balance, end of year	<u>6,684,977</u>	<u>54,758</u>	<u>70,613</u>	<b><u>6,810,348</u></b>	<u>7,057,138</u>
Allowance for loan impairment					
Balance, beginning of year	581,937	58,555	-	<b>640,492</b>	635,294
Loans written off to allowance	(112,450)	(47,884)	-	<b>(160,334)</b>	(132,909)
Current year loss provision	<u>189,651</u>	<u>16,511</u>	<u>-</u>	<b><u>206,162</u></b>	<u>138,107</u>
Balance, end of year	<u>659,138</u>	<u>27,182</u>	<u>-</u>	<b><u>686,320</u></b>	<u>640,492</u>
Total loans receivable	<b><u>\$ 6,025,839</u></b>	<b><u>\$ 27,576</u></b>	<b><u>\$ 70,613</u></b>	<b><u>\$ 6,124,028</u></b>	<b><u>\$ 6,416,646</u></b>

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# Blue Water Business Development Corporation Limited

## Notes to the financial statements

March 31, 2017

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### 4. Receivables

	Operating Fund	Investment Fund	<u>2017</u>	<u>2016</u>
NSACBDC's – Program recoveries	\$ -	\$ 4,032	\$ 4,032	\$ 8,063
AACBDC's – Entrepreneurial Training Fund	-	3,238	3,238	5,399
Receivable from employee	-	-	-	5,000
Investment fees receivable	-	4,593	4,593	870
Receivables - Other	-	278	278	-
Accrued interest receivable on loans	-	63,788	63,788	23,813
	<u>\$ -</u>	<u>\$ 75,929</u>	<u>\$ 75,929</u>	<u>\$ 43,145</u>

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### 5. Property and equipment

	Cost	Accumulated depreciation	<u>2017</u> Net book value	<u>2016</u> Net book value
Furniture and equipment	\$ 60,364	\$ 59,035	\$ 1,329	\$ 1,662
Computer	35,729	30,332	5,397	5,050
Leaseholds	8,581	858	7,723	-
Software	5,825	5,825	-	-
	<u>\$ 110,499</u>	<u>\$ 96,050</u>	<u>\$ 14,449</u>	<u>\$ 6,712</u>

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### 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, 2017 is \$1,825 (2016 - \$2,685). The amounts collected on these loans are being held in trust.

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 3,403	\$ 1,823
Funds collected during the year	<u>860</u>	<u>1,580</u>
Balance, end of the year	<u>\$ 4,263</u>	<u>\$ 3,403</u>

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# Blue Water Business Development Corporation Limited

## Notes to the financial statements

March 31, 2017

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7. Due to related parties	<u>2017</u>	<u>2016</u>
The Corporation borrowed funds from Atlantic Canada Community Business Investment Fund ("ACCBIF"). The loans bear interest at 1.5% payable monthly. The loans are secured by promissory notes and an assignment of book debts. The loans are repayable annually.	\$ -	\$ 200,000
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>43,691</u>	<u>60,263</u>
	<u>43,691</u>	260,263
Less: Current portion of long term debt	<u>(3,000)</u>	<u>(114,800)</u>
	<u>\$ 40,691</u>	<u>\$ 145,463</u>

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### 8. Lease commitments

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

2018	\$ 38,045
2019	38,321
2020	39,149
2021	39,149
2022	29,361

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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 \$340,247 (2016 - \$341,504).

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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 44 loans in the amount of \$1,459,188 (including re-financed loans of \$138,614).

#### Active investment loans under management

This is defined as any loan that had a balance and/or investment activity during the year. For example, a loan that was repaid during the year, although had no balance at year end, is deemed to be a loan under management for purposes of these statistics. Loans under active management numbered 199.

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# **Blue Water Business Development Corporation Limited**

## **Notes to the financial statements**

March 31, 2017

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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, 2017

<u>2017</u>	<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	<u>(70,613)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,613)</u>
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%

<u>2016</u>	<u>Category A</u>	<u>Category B</u>	<u>Category C</u>	<u>Category D</u>	<u>Total</u>
<b>Investment Fund</b>	\$ 5,487,931	737,313	448,091	346,303	7,019,638
Less: Student in Business	<u>(100,300)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,300)</u>
Add: ACCBIF Fund investment	<u>37,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,500</u>
	<b>\$ <u>5,425,131</u></b>	<b>\$ <u>737,313</u></b>	<b>\$ <u>448,091</u></b>	<b>\$ <u>346,303</u></b>	<b>\$ <u>6,956,838</u></b>
<b>Allowance for loan impairment</b>	<b>\$ <u>107,411</u></b>	<b>\$ <u>184,992</u></b>	<b>\$ <u>181,588</u></b>	<b>\$ <u>166,501</u></b>	<b>\$ <u>640,492</u></b>

Allowance as a percentage of the total loan portfolio: 9.2%

# Blue Water Business Development Corporation Limited

## Schedule 2 - Schedule of operations

March 31, 2017

	Operating Fund		
	(unaudited)		
	Budget <u>2017</u>	Actual <u>2017</u>	Actual <u>2016</u>
<b>Revenue</b>			
ACOA contribution	\$ 338,748	\$ 340,247	\$ 341,504
Sundry revenue (Schedule 3)	<u>154,144</u>	<u>108,636</u>	<u>98,243</u>
	<u>492,892</u>	<u>448,883</u>	<u>439,747</u>
<b>Expenditures</b>			
Advertising	10,737	9,454	6,007
Amortization	-	3,255	3,456
Bank charges	590	382	590
Board expenses	16,700	10,919	15,857
Co-op expenses	-	-	21,012
Credit checking	4,500	3,572	3,185
Equipment rental	8,287	7,128	8,385
Insurance	3,578	3,800	3,485
Memberships, dues and fees	5,628	5,578	5,701
Office supplies	4,800	4,780	5,505
Postage and courier	1,235	884	1,144
Professional fees – audit and accounting	16,000	21,733	15,034
Professional fees – legal and consulting	3,000	8,657	16,845
Rent and utilities	37,984	38,223	37,039
Repairs and maintenance	4,120	4,180	9,334
Salaries and wages	317,205	348,130	324,278
Salaries and wages – statutory and group benefits	47,180	46,212	46,427
Self employment benefits	56,014	58,976	38,492
Telecommunications	13,602	10,744	17,312
Training and development	3,000	5,641	2,878
Travel	<u>24,175</u>	<u>17,698</u>	<u>22,990</u>
	<u>578,335</u>	<u>609,946</u>	<u>604,956</u>
Excess of expenditures over revenue	\$ <u>(85,443)</u>	\$ <u>(161,063)</u>	\$ <u>(165,209)</u>
Amounts transferred from Investment Fund	<u>85,443</u>	<u>85,443</u>	<u>77,593</u>
Excess refundable to (due from) Investment Fund	\$ <u>-</u>	\$ <u>(75,620)</u>	\$ <u>(87,616)</u>



**Blue Water Business Development Corporation Limited**  
**Schedule 3 - Schedule of sundry revenue**

March 31, 2017

	<u>Operating Fund</u>		<u>Investment</u>		<u>Total</u>	<u>Total</u>
	(unaudited)		<u>Fund</u>	<u>Total</u>		
	<u>Budget</u>	<u>Actual</u>				
	<u>2017</u>	<u>2017</u>	<u>2017</u>	<u>2017</u>	<u>2016</u>	
Sundry revenue						
Administration fees	\$ 25,720	\$ 3,908	\$ -	\$ 3,908	\$ 8,701	
Co-op student	-	-	-	-	9,225	
Interest income	1,800	1,899	5,875	7,774	9,111	
Loan application fees	35,700	22,052	-	22,052	24,812	
NSACBDC support services	-	-	13,377	13,777	16,101	
Other	3,960	4,555	2,341	6,896	9,129	
Self employment benefit	73,464	76,222	-	76,222	33,078	
Student in Business Program	13,500	-	-	-	12,150	
	<u>\$ 154,144</u>	<u>\$ 108,636</u>	<u>\$ 21,593</u>	<u>\$ 130,229</u>	<u>\$ 122,307</u>	