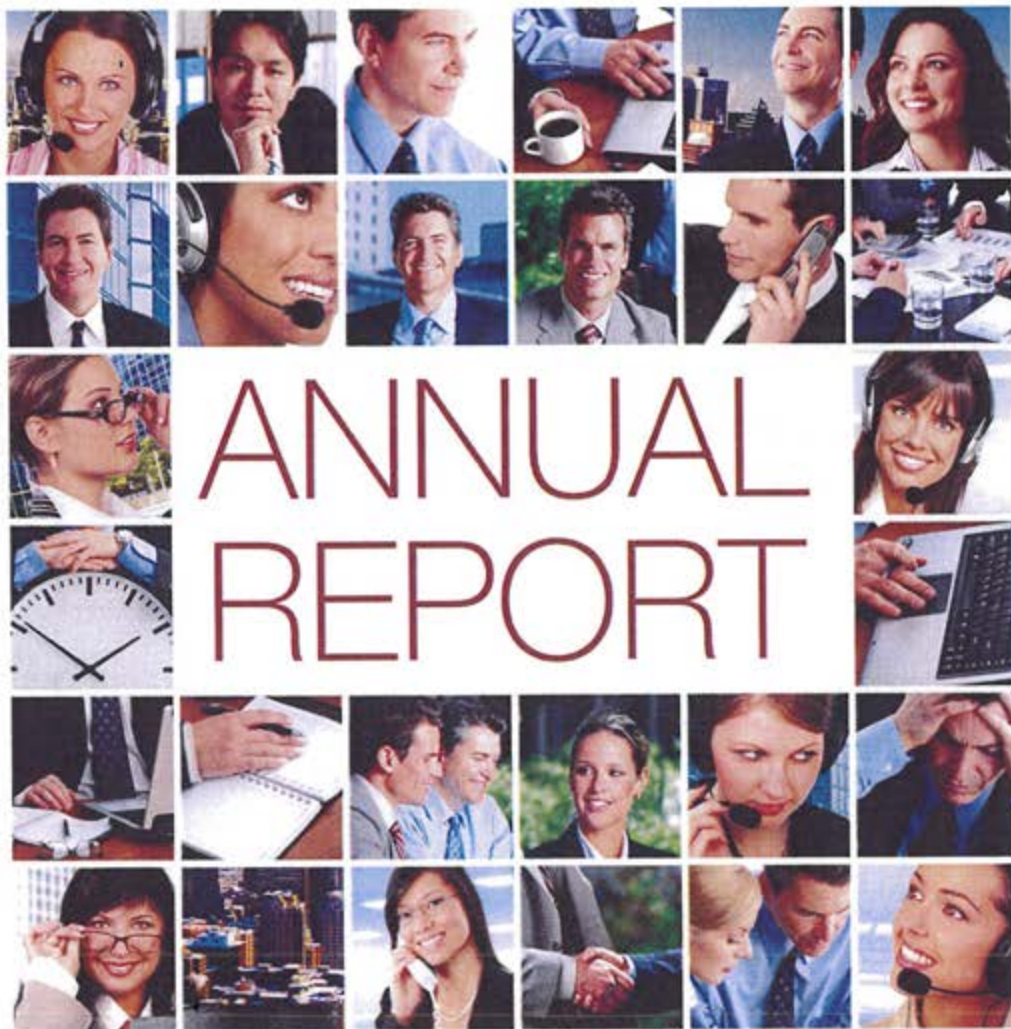


2013 - 2014



Community Business Development Corporation
Corporation au bénéfice du développement communautaire
Chaleur



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Our Mission

CBDC Chaleur is a non-profit organization working in cooperation with different government departments and the private sector to meet the needs of our region's small and medium-sized enterprises.

Agenda

*Annual General Meeting, CBDC Chaleur Inc.
Tuesday September 30, 2014
Pointe-Verte NB*

1. Call to Order
2. Determination of Quorum
3. Approval of the Agenda
4. Approval of the Minutes of June 20, 2013 Meeting
5. Business Arising from the Minutes
6. Chairman's report
7. Executive Director's Report
8. Auditor's Report
9. Accounting firm
10. Bylaws and regulations modifications
11. Adjournment

Message from the Chairman of the Board

As chairman of the CBDC Chaleur, it gives me great pleasure to welcome you to our 27th annual meeting. The CBDC is proud of its role in supporting businesses in the Chaleur region. Like any other organization, we face some major challenges and we strive to provide our clients with efficient, exceptional service. Our mission is always to help the business community in the region by investing time and money through our services and financial programs.

In 2013-2014, CBDC Chaleur provided financial assistance to 46 small and medium-sized enterprises in our region, for a total amount of \$1,286,900 allocated as follows:

- \$971,900 was distributed as loans to 18 small and medium enterprises;
- 25 applicants were provided with aid under the Workforce Expansion Self-Employment Benefit Program, which included an investment of \$315,000;
- \$18,959.84 was invested in training programs for our business clients.

Over the last year, services we have provided to our clients resulted in the creation or maintenance of 116 full and part-time jobs. Our total assets exceed \$7,371,911. Here is an overview of important activities that occurred over the past year:

- Update of our Governance policy in accordance with financial partners' requirements;
- Development of a three-year strategic plan.

Speaking for our Board of Directors, I would like to thank our financial partners. Their support is greatly appreciated and we hope that our collaboration with them will be a lasting one.

I must, of course, also thank all our employees. Their contribution is critical to the success of our operation.

In conclusion, I would like to extend special thanks to the board members for their commitment, their contribution and their constant support over the past year.



Alain Guitard, Chairman

Message from the Executive Director

It is my pleasure to welcome you to the Annual General Meeting for the 2013-2014 fiscal year of the CBDC Chaleur. The past year has certainly been filled with challenges and changes for the CBDC Chaleur. However, despite the challenges our organization has achieved satisfactory results. Of the 18 projects disbursed during the past year, nine (9) consisted of start-ups, four (4) involved young entrepreneurs aged between 19 and 34 years, and five (5) consisted of ordinary commercial projects. We gratefully acknowledge our financial partner, the Atlantic Canada Opportunities Agency, for its continued support during the last 27 years.

It has also been a good year for the Self-Employment Benefit (SEB) program for which 25 approvals have been granted. Once again, we wish to thank the Province of New Brunswick and the federal government for their continued support that enables us to continue to offer the Self-Employment Benefit (SEB) program. The program allows clients to receive their unemployment benefits for up to 50 weeks while working to start their own business.

As you will see, the CBDC Chaleur has reported a profit of over \$ 247,000 in 2013-2014. In March 2014, our organisation's total assets were greater than \$ 7.3 million. As you know, the CBDC Chaleur was caught off-guard last spring when it lost its executive director and loan officer. For that reason, since February 2014, the Chaleur CBDC is receiving support from the CBDC Restigouche who has assigned a team of employees to maintain and improve the business services in order to continue to meet the needs of our financial partners and the business community in the Chaleur region. Over the coming weeks and months, the CBDC Chaleur will be hiring a loan officer and an executive director.

During 2013-2014, we have continued to offer the Young Entrepreneur Development Initiative (YEDI) program. This program aims to initiate high school youths to entrepreneurship through various activities. One of the program's activity « Chaleur My Home, My Future! » supports repatriation of young graduates in our region. This program has been in operation primarily through our partners: ACOA, Service Canada, the Province of New Brunswick with the Department of Post-Secondary Education, Training and Labour, and the Regional Development Corporation.

I would like to take this opportunity to express my gratitude to our loyal customers who continue to put their faith in us. I encourage business people of the Chaleur region to continue to share their business ideas with us. Finally, I want to thank the staff of the CBDC Chaleur for their support and cooperation, the board and its president, Alain Guitard, for their trust and cooperation.



Michel Guitard, Acting Executive Director

Board of Directors

CBDC Chaleur is a non-profit organization managed by a Board of Directors comprised of business people from the Chaleur region, who volunteer their time and experience to serve our community. The Board of Directors elects the CBDC Chaleur executive at our Annual General Meeting. The 2013-2014 Board Members include:

Alain Guitard, President

Chemist Technician / Chemical control - Energy New Brunswick

René Gaudet, Vice-president

Financial Planer - Haché, Dumaresq & Gaudet Financial Services

Ronnie Arseneau, Secretary/Treasurer

Assessor Evaluation Manager - Service New Brunswick

Jean-Paul Arseneau, Director

Retired Owner Manager - Poissonnerie Arseneau Fish Market

Maurice Arseneau, Director

Retired Supervisor - Xstrata Zinc

Claude Boudreau, Director

Owner Manager - Arthur Boudreau & Fils Ltd

John Kowtaluk, Director

Retired Director of Financial Services and Administration - School District 15

Marc McGraw, Director

Owner Manager - Chaussures Orthèses McGraw Inc.

Donald McLaughlin, Director

Municipal Planning Officer - City of Bathurst

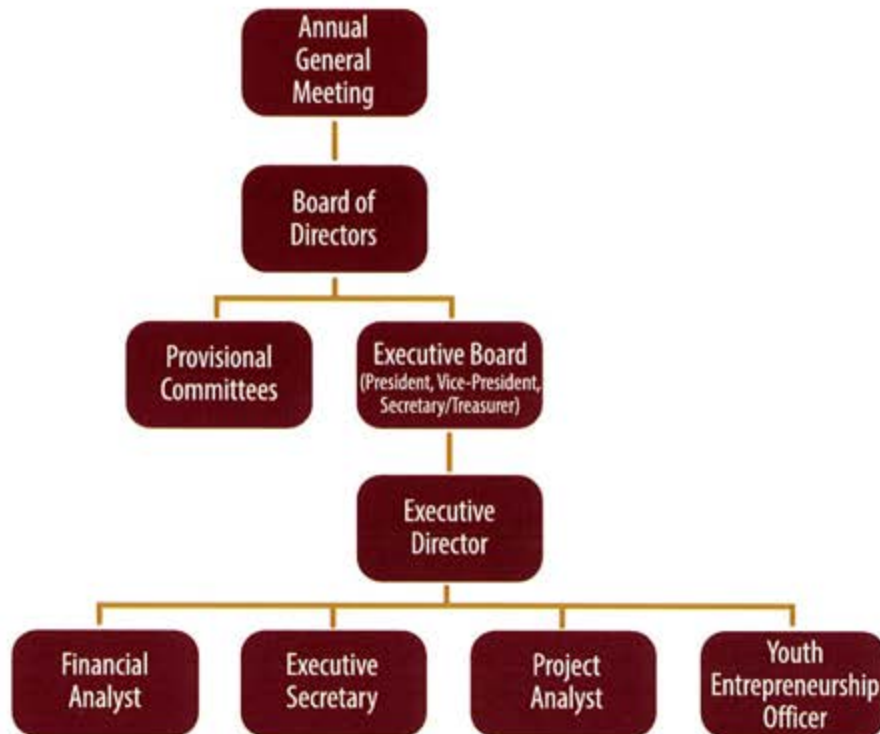
Kim Chamberlain, Director

Coordinator of the mentoring program for immigrant entrepreneur

Luc Roy, Director

Lawyer - Chiasson & Roy Lawyers

CBDC Organization Chart



Our Services

The role of CBDC Chaleur is to encourage the creation of new companies as well as the expansion, stabilization and protection of existing ones. These actions help create or maintain permanent jobs while giving out financial support and technical help to small or medium-sized enterprises (SMEs) within our geographical area (from Pokeshaw to Belledune inclusively).

CBDC Chaleur offers technical services that can include training, analysis, research or any other measure that can help a new or the expansion of an existing business.

CBDC Chaleur Programs	Received Files	Approved Files	Jobs Created		Type of Business		Amount Granted
			Full Time	Maintained	Start-up	Existing	
Business Loan	36	18	48	40	9	9	\$971,900
SEB Program	30	25	26	2	24	1	\$315,000

**Please note that the data in this table was calculated while taking into account that one entrepreneur can benefit from several programs when requesting financial assistance.*

Staff

The CBDC Chaleur staff is as follow:

Michel Guitard, Acting Executive Director

Mr. Guitard is responsible for general management of the office, implementing the decisions made by the Board of Directors, and working in close collaboration with financial partners and his staff to deliver various programs and services.

Line Cormier St-Cyr, Executive Secretary

Mrs. Cormier St-Cyr is responsible for support services, Operations and commercial loans accounting.

Pascal Frenette, Youth Entrepreneurship Officer

Mr. Frenette is responsible for delivering the youth entrepreneurship program in the Chaleur, Miramichi and Peninsula regions. This program helps young entrepreneurs and others who aspire to become entrepreneurs by offering coaching, mentoring and counselling.

Allain Hachey, Project Analyst

Mr. Hachey coordinates and delivers the Workforce Expansion Self-Employment Benefit Program and performs various other general duties for CBDC Chaleur.

Our programs

1. Business Loan Program

General Business Loan

We can provide up to \$150,000 per eligible borrower in the form of a repayable loan with competitive interest rates and repayment terms. This financing can be in the form of a term loan, demand loan, loan guarantee, or equity investment.

First-Time Entrepreneur Loan

The First-Time Entrepreneur Loan can provide up to \$150,000 per eligible borrower. This includes sole proprietors, partnerships (whereby the majority of the care and control is vested with the new entrepreneur), or limited companies.

Youth Loan

The Youth Loan can offer up to \$20,000 per eligible borrower in the form of a repayable commercial loan while offering competitive interest rates and repayment terms. Loans are secured only through the borrower's personal endorsement.

The main objectives of the Youth Loan are to improve access to capital opportunities and financial leveraging abilities for a business start-up, expansion or modernization for youth aged 18 to 34.

Social Enterprise Loan

A social enterprise is a business directly involved in the production and/or selling of goods and services for the purpose of generating earned income and achieving or contributing to social aims. It can take the form of a non-profit organization, a cooperative, or a membership organization characterized by an entrepreneurial philosophy (i.e. the production of goods and services and revenue generation that is separate from public grants).

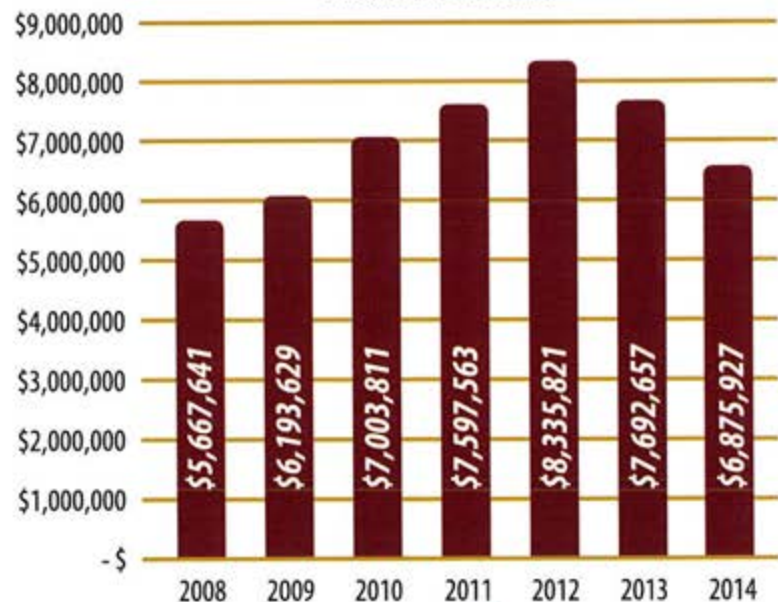
Social Enterprise Loans are available to non-profits including societies, charities, and cooperatives in need of business support (in the form of a loan or loan guarantee) that will be used to purchase assets, renovate existing assets, or expand a social enterprise.

We can provide up to \$150,000 per eligible borrower in the form of a repayable loan with competitive interest rates and repayment terms. The Social Enterprise Loan can be used to finance the purchase of equipment or other items that are necessary to continue business activities.

Innovation Loan

We can provide up to \$150,000 per eligible borrower in the form of a repayable loan with competitive interest rates and repayment terms. Financing can be provided in the form of a term loan or a repayable loan. Equity investment may also be considered.

Loan Portfolio



Our programs

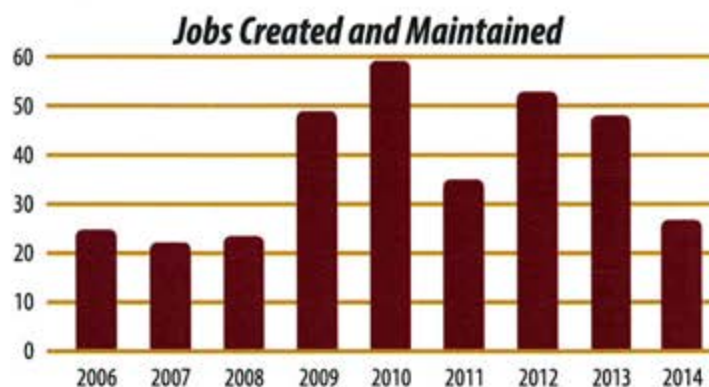
2. Self-Employment Benefit (SEB) Program

This program is subsidized by the Department of Post-Secondary Education, Training and Labour of New Brunswick. Its goal is to assist unemployed individuals in launching and managing their own business, or in buying an existing business, while continuing to receive Employment Insurance Benefits. In order to qualify for the SEB Program, the applicant must already be receiving Employment Insurance benefits, or be eligible to receive them.

Part 1 of the program enables clients receiving Employment Insurance benefits to continue receiving them until their allowed numbers of weeks has expired. A \$350 weekly allowance represents Part 2 of the compensation system in order to complete the 50-week aid.

The program also allows participants to receive training in the areas that will help ensure that their company will be successfully launched. For example, the training can consist of private consultations in the fields of accounting, bookkeeping, marketing and human resources management.

This year, we have received 30 requests and approved 25. This has allowed us to participate in the creation of 26 new jobs and maintaining 2 jobs.



3. Young Entrepreneur Development Initiative

In the beginning of year 2013, the ACOA office in New Brunswick along with its provincial funding partners (the department of Post-Secondary Education, Training and Labour and the Regional Development Corporation), has conducted an assessment of the funding allocated to youth entrepreneurship in New Brunswick, its delivery mechanisms, and the priority activities carried out under the program. The assessment included extensive consultation with funding partners and organizations who offer similar or varied entrepreneurial activities. They also looked at other dynamic programs offered in other provinces.

Based on the results of this review, the ACOA office in New Brunswick, supported by partners in the field of entrepreneurship in the Province proposes a new way to continue to support young entrepreneurs with the establishment of six (6) regional offices each having a Youth Entrepreneurship Officer in each respective regions. Therefore, the CBDC Chaleur has been chosen to deliver the Young Entrepreneurship Program in the Chaleur, Miramichi, and Acadian Peninsula regions.

Key responsibilities of the Youth Entrepreneurship Officer

- Exploring initiatives in favor of youth entrepreneurship and identifying opportunities for activities (primarily outside of the public school system);
- Helping existing and aspiring young entrepreneurs with coaching, mentoring, and advice;
- Supporting local networks for young entrepreneurs;
- Becoming the contact person for all youth entrepreneurship activities in his region;
- Establishing appropriate partnerships with municipalities as well as provincial, and federal government departments and agencies, and ensure participation of the private sector.

Our programs

Key Activities

- Networking events
- Promotion of start-up funding
- Repatriation events
- Young entrepreneur recognition
- Succession planning
- Business skills development training/workshops (in partnership with organizations such as LearnSphere)
- Link clients to mentors, consultants, and funding programs (i.e. ACOA, CBDC, PETL, etc.)

Young Entrepreneur of the Year Award

The Young Entrepreneur of the Year Award is given to an entrepreneur who showed consistent growth in running his or her business. This award pays tribute to the excellence of his work, commitment, perseverance, and contribution to the economic development of the Chaleur region.

René Vienneau from **René's Lawn & Property Maintenance** in Bathurst is the recipient of the 2013 Young Entrepreneur of the Year award, presented by the CBDC Chaleur. This business has been in operation since April 2003 and provides landscaping services to residential and commercial clients.



Young Entrepreneur of the Year:
René Vienneau

Our programs

Chaleur my home, my future!

The main objective of "**Chaleur my home, my future!**" is to bring back young postsecondary graduates in the Chaleur region by providing job search, business start-up, and networking tools. The Youth Entrepreneurship Officer, present in three regions since 2014, has delegated the organisation of this event to an employee. The project coordinator was hired to organise the 11th edition under the Officer's supervision from January to March. The event "**Chaleur my home, my future!**" was held on March 22nd, 2014, at the Bathurst Atlantic Host Hotel. Changes were made to the program this year as the activity consisted of a one-day event instead of two and the banquet was eliminated. Our goal was to organize a new activity where each participant had the chance to meet employers or business people. With this in mind, "Speed Networking" was added as a new activity that permitted participants to experience a 30 minute one-on-one discussion with potential employers.



Participants of the 11th Edition "Chaleur my home, my future!"
On the extreme right: Vanessa Blanchard, project coordinator



Since 2004, over 53% of the "Chaleur my home, my future!" participants have remained or returned to the region to pursue a career in their field of study.

Statistics: Chaleur my home, my future!

Edition	Number of participants	Return in the region	Participants at the Banquet
2004	32	19	65
2005	30	13	60
2006	9	6	72
2007	25	15	106
2008	20	16	130
2009	20	13	71
2010	20	10	83
2011	11	3	60
2012	19	9	94
2013	18	7	75
Lunch and Learn			
2014	13	4	30
Total	217	115	846

* Please take note that an update on returns to the region is made annually during the summer.

Community involvement

The Youth Entrepreneurship Officer has provided support to the young business owner networks established in the Peninsula, Miramichi, and Chaleur region to raise awareness and promote entrepreneurship.

- Chaleur: Synergies Chaleur
- Miramichi: MYPIE (Miramichi Young Professionals & Involved Entrepreneurs)
- Acadian Peninsula: Réseau des jeunes en affaires de la Péninsule acadienne

Partnership with the youth

The promotion of financial programs offered by the CBDC was held with business programs at the community colleges (Bathurst, Miramichi, and Shippagan). A partnership with the Bizness club was established between the CCNB Bathurst business program and the CBDC Chaleur to allow students to participate in various workshops and activities related to entrepreneurship in the region during the school year.



**CHALEUR COMMUNITY BUSINESS
DEVELOPMENT CORPORATION**

FINANCIAL STATEMENTS

AS AT MARCH 31, 2014

CHALEUR COMMUNITY BUSINESS DEVELOPMENT CORPORATION
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FOR THE YEAR ENDED MARCH 31, 2014

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CHANGES IN FUND BALANCES

STATEMENT 2

STATEMENT OF CASH FLOWS

STATEMENT 3

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SCHEDULE I - ALLOWANCE FOR LOAN IMPAIRMENT

SCHEDULES TO STATEMENT OF REVENUE AND EXPENSES



COMPTABLES
GÉNÉRAUX ACCRÉDITÉS

CERTIFIED GENERAL
ACCOUNTANTS

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INDÉPENDANT AUDITOR'S REPORT

To the Chairperson and Board of Directors of Chaleur Community Business Development Corporation

We have audited the accompanying financial statements of Chaleur Community Business Development Corporation, which comprise the balance sheets of the administrative and investment funds as at March 31, 2014 and the revenue and expenses, changes in fund balance and cash flows of the administrative and investment funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles 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 an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain 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 misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion

The Chaleur Community Business Development Corporation has not identified and classified all its financial instruments, and recorded its financial instruments at fair value. Rather, all financial instruments are recorded at historic cost. The company has not specifically disclosed information that enables users of its financial statements to evaluate the significance 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 used in these financial statements differs from Canadian generally accepted accounting policies.

Qualified opinion

In our opinion, except for the effects of matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Chaleur Community Business Development Corporation as at March 31, 2014 and its financial performance and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

EPR - Bathurst / Péninsule

EPR - BATHURST / PÉNINSULE
CERTIFIED GENERAL ACCOUNTANTS
Bathurst, New Brunswick
August 11, 2014

CHALEUR COMMUNITY BUSINESS DEVELOPMENT CORPORATION
BALANCE SHEET
AS AT MARCH 31, 2014

STATEMENT 1

	Administrative fund	Investment fund	2014 Total	2013 Total
ASSETS				
CURRENT ASSETS				
Cash	\$ 8,801	\$ 755,292	\$ 764,093	\$ 1,138,032
Accounts receivable	1,974	6,607	8,581	29,097
Harmonized sales taxes receivable	9,765	267	10,032	8,817
Grants receivable	91,284	-	91,284	104,263
Loan Interest receivable	-	64,402	64,402	147,947
Prepaid expenses	710	-	710	9,098
	112,534	826,568	939,102	1,437,254
Investments (Note 4)	-	37,500	37,500	37,500
Loans, nets from allowance (Note 5)	-	6,394,612	6,394,612	6,585,128
Property, plant and equipment (Note 6)	697	-	697	911
	\$ 113,231	\$ 7,258,680	\$ 7,371,911	\$ 8,060,793
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Accounts payable and accruals	\$ 4,190	\$ -	\$ 4,190	\$ 9,120
Current portion of long-term debt	-	600,000	600,000	600,000
	4,190	600,000	604,190	609,120
Long-term debt (Note 7)	-	281,288	281,288	1,213,085
	4,190	881,288	885,478	1,822,205
FUND BALANCES				
Contributed Surplus	-	1,850,000	1,850,000	1,850,000
Externally restricted fund (Note 8)	-	4,092,965	4,092,965	3,836,479
Capitalization	-	434,427	434,427	434,427
Unrestricted	109,041	-	109,041	117,682
	109,041	6,377,392	6,486,433	6,238,588
	\$ 113,231	\$ 7,258,680	\$ 7,371,911	\$ 8,060,793

APPROVED ON BEHALF OF THE BOARD:

_____, director

The accompanying notes are an integral part of these financial statements.

ED

CHALEUR COMMUNITY BUSINESS DEVELOPMENT CORPORATION
STATEMENT OF REVENUE AND EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2014

STATEMENT 2

	Administrative fund	Investment fund	2014 Total	2013 Total
REVENUE				
Contribution agreement-ACOA	\$ 258,000	\$ -	\$ 258,000	\$ 277,000
Other revenue	65,522	2,243	67,765	39,364
Interest revenue	-	493,291	493,291	681,637
Interest revenue - other	7,842	-	7,842	5,804
	331,364	495,534	826,898	1,003,805
EXPENSES				
Depreciation	216	-	216	287
Meetings expenses	10,685	-	10,685	8,922
Insurance	1,460	-	1,460	2,558
Subscriptions	12,500	747	13,247	8,960
Material and supplies	14,665	-	14,665	16,512
Travel and accommodations	19,571	-	19,571	6,587
Miscellaneous	18,677	55,800	74,477	21,632
Personal training and development	20,138	-	20,138	285
Legal and accounting	3,737	-	3,737	9,618
Interest and bank charges	2,302	19,081	21,383	33,266
Rent	13,631	-	13,631	11,246
Bad debts	-	163,420	163,420	1,308,411
Advertising	17,993	-	17,993	10,757
Wages and benefits	198,448	-	198,448	248,471
Telephone	7,346	-	7,346	6,956
	341,369	239,048	580,417	1,694,468
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE PROJECTS	(10,005)	256,486	246,481	(690,663)
Self Employment Assistance Program (schedule II)	(1,961)	-	(1,961)	24,806
Youth Internship Program (schedule II)	3,325	-	3,325	17,601
	1,364	-	1,364	42,407
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(8,641)	256,486	247,845	(648,256)
FUND BALANCES, beginning of year	117,682	3,836,479	3,954,161	4,602,418
FUND BALANCES, end of year	\$ 109,041	\$ 4,092,965	\$ 4,202,006	\$ 3,954,162

The accompanying notes are an integral part of these financial statements.

CHALEUR COMMUNITY BUSINESS DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2014

STATEMENT 3

	Administrative fund	Investment fund	2014 Total	2013 Total
OPERATING ACTIVITIES				
Excess (Deficiency) of revenue over expenses	\$ (8,641)	\$ 256,486	\$ 247,845	\$ (648,257)
Item which do not involve cash:				
Depreciation	216	-	216	287
Bad debts	-	294,098	294,098	1,308,411
	(8,425)	550,584	542,159	660,441
Net change in non-cash working capital items:				
Accounts receivable	13,103	20,313	33,416	(28,826)
Interest receivable	-	83,544	83,544	(41,016)
Prepaid expenses	8,387	-	8,387	809
Accounts payable	(4,930)	(1,134)	(6,064)	238
CASH PROVIDED BY OPERATING ACTIVITIES	8,135	653,307	661,442	591,646
FINANCING ACTIVITIES				
Long-term debt	-	(931,798)	(931,798)	178,369
CASH PROVIDED BY FINANCING ACTIVITIES	-	(931,798)	(931,798)	178,369
INVESTING ACTIVITIES				
Increase in investments	-	(1,038,172)	(1,038,172)	(1,823,751)
Repayment on loans receivable	-	934,590	934,590	1,502,370
CASH PROVIDED BY INVESTING ACTIVITIES	-	(103,582)	(103,582)	(321,381)
INCREASE (DECREASE) IN CASH	8,135	(382,073)	(373,938)	448,634
CASH POSITION, beginning of year	666	1,137,365	1,138,031	689,398
CASH POSITION, end of year	\$ 8,801	\$ 755,292	\$ 764,093	\$ 1,138,032
AS REPRESENTED BY:				
Cash and bank	\$ 8,801	\$ 755,292	\$ 764,093	\$ 1,138,032
	\$ 8,801	\$ 755,292	\$ 764,093	\$ 1,138,032

The accompanying notes are an integral part of these financial statements.



CHALEUR COMMUNITY BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS

1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

Chaleur Community Business Development Corporation is a private, Not-for-Profit community development corporation, serving Chaleur Region. Operating as a Community Future Development Corporation, Chaleur Community Business Development Corporation's goal is to stimulate private sector employment by providing small businesses with advisory and counselling services, technical assistance and investment funds. Chaleur Community Business Development Corporation is incorporated under the Canada Corporation Act as a Not-for-Profit organization and as such is exempt from income tax by virtue of Paragraph 149.1(1) of the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Fund accounting

Chaleur Community Business Development Corporation follows the restricted fund method of accounting for the investment fund.

The Administrative Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and operating contributions. Expenses of the Administrative Fund are limited to those agreed upon in the contribution agreement between the Atlantic Canada Opportunities Agency (ACOA), or other funding partners and Chaleur Community Business Development Corporation.

The Investment Fund reports all restricted resources of investment fund and the investment income resulting from investing activities employing the fund.

b) Loans

Loans investments are recorded at principal amounts.

c) Allowance for losses

A charge is made in the Investment Fund for probable losses on loans and shares investments which can be specifically identified as being non-recoverable, as well as for unidentified future losses.

d) Property, plant and equipment

Purchased capital assets are recorded at cost in the administration funds. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a declining balance method at the rate of 30%. Amortization expense is reported in the Administration Fund.

e) Cash and cash equivalents

The policy of the association is to disclose bank balances under cash and cash equivalents, including bank overdrafts and temporary investments with a maturity of three months or less from the date of acquisition. Also, bank borrowings are considered as financing activities.

CHALEUR COMMUNITY BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Use of estimates

The preparation of the financial statements in accordance with Canadian generally accepted accounting policies 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 expenses for the reporting periods. Actual results could differ from those estimates.

3. DEPARTURE FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

Your CBDC financial statements have not adopted the new CICA Handbook Section 3855 - *Financial Instruments - Recognition and Measurement* and Section 3861 - *Financial Instruments - Disclosure and Presentation*, and as a result, depart from Canadian generally accepted accounting principles. The effects of these sections have not been recorded or disclosed in these financial statements.

The Atlantic Canada Opportunities Agency has confirmed, within the 2011 CF agreement to all Atlantic CBDCs, it will accept qualified financial statements from CBDCs when not prepared in full compliance with the new CICA Handbook Section 3855 - *Financial Instruments - Recognition and Measurement* and Section 3861 - *Financial Instruments - Disclosure and Presentation* inclusively.

4. INVESTMENTS

	2014	2013
Atlantic Canada Community Business Investment Fund, without interest	\$ 37,500	\$ 37,500

5. LOANS RECEIVABLE

	2014	2013
Commercial loans	\$ 6,875,927	\$ 7,692,657
Less: Allowance for losses	481,315	1,107,529
	\$ 6,394,612	\$ 6,585,128

The loans and mortgages and equity receivable balance is comprised of :

Balance, beginning of year	\$ 7,692,657	\$ 8,223,214
Loans advanced during the year	1,038,172	1,823,751
Loans repaid during the year	(975,777)	(1,661,336)
Recovery of loans written-off	91,929	39,694
Loans written-off during the year	(971,054)	(732,666)
Balance, Principal	6,875,927	7,692,657
Allowance for doubtful accounts	(481,315)	(1,107,529)
Balance, end of year	\$ 6,394,612	\$ 6,585,128

CHALEUR COMMUNITY BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS

5. LOANS RECEIVABLE (CONTINUED)

The activity in the Allowance for doubtful loans account is as follows :

Balance, beginning of year	\$ (1,107,529)	\$ (651,056)
Loans written-off during the year	971,054	732,666
Recovery of loans written-off in previous periods	(181,420)	119,272
Current year's loan loss provision	(163,420)	(1,308,411)
Balance, end of year	\$ (481,315)	\$ (1,107,529)

Allowance for doubtful loans is determined by providing specific loan losses by loan, after reviewing outstanding loans on a loan-by-loan basis, plus the use of an estimated percentage based on past experience for all loans for which no specific provision has been established.

6. PROPERTY, PLANT AND EQUIPMENT

	2014		2013	
	Cost	Accumulated amortization	Net book value	Net book value
Equipment	\$ 1,006	\$ 542	\$ 464	\$ 579
Computer equipment	1,140	907	233	332
	\$ 2,146	\$ 1,449	\$ 697	\$ 911

7. LONG-TERM DEBT

	2014	2013
Atlantic Canada Community Business Investment Funds, bearing interest at a rate of 1.5% payable monthly. Repayable by monthly installments of \$50,000, starting May 1 st , 2012, maturing in september 2016.	\$ 881,288	\$ 1,813,085
Less: Current portion of long-term debt	600,000	600,000
	\$ 281,288	\$ 1,213,085

Principal payments required during the next two years are as follows, assuming the loans are renewed under the same terms:

2015	\$ 600,000
2016	\$ 281,288

CHALEUR COMMUNITY BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS

8. EXTERNALLY RESTRICTED FUND

Investment Fund

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

	2014	2013
Restricted for investing in business	\$ 5,942,965	\$ 5,686,479

The net assets of the Investment Fund are restricted by the Atlantic Canada Opportunities Agency (ACOA) to use only for financial investment to business clients in the area served by Chaleur Community Business Development Corporation. All investment income earned by the organization from net assets of the Investment Fund must be reinvested in the fund, unless authorized in writing by ACOA and cannot be used to cover administrative expenses of the organization.

9. COMMITMENT

The company leases their premises under a lease starting May 1, 2014 expiring April 30, 2024. Future minimum lease payments will aggregate \$399,960 including the following payments: \$36,300 over the next years, \$39,600 over the four following years, \$40,326 for the year ending March 31, 2020, \$40,392 over the next four years and \$3,366 for the year ending March 31, 2025.

10. ECONOMIC DEPENDENCE

Chaleur Community Business Development Corporation receives an annual operating contribution from the Atlantic Canada Opportunities Agency (ACOA) to cover operating expenses of the Administrative Fund. Although the organization is working toward achieving self-sufficiency, the continued operation of the organization currently depends on the receipt of the annual operating contribution.

11. FINANCIAL INSTRUMENTS

a) Credit risk

The Corporation provides credit to its clients in the normal course of its operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent credit losses which, once they materialize, are consistent with management's forecasts.

For the other debts, the Corporation determines, on a continuing basis, the probable losses and sets up a provision for losses based on the estimated realizable value.

Concentration of credit risk arises when a group of clients having a similar characteristic such that their ability to meet their obligations is expected to be affected similarly by changes in economic or other conditions. For the Corporation, significant concentrations of credit risk are related to industries. As for the accounts receivable, the Corporation does not run any significant risk with respect to a single client.

The Corporation minimizes its credit risk by concluding transactions with a large number of clients in various industries.

11. FINANCIAL INSTRUMENTS (CONTINUED)

b) Currency risk

The Corporation does not realize activities in foreign currency. Consequently, the assets and revenues are not exposed to foreign exchange fluctuations.

c) Interest rate risk

The receivable loans bears fixed interest rates for most of the loans. Consequently, the receivable loans risk exposure is minimal.

d) Fair value

The fair value of cash, accounts receivable, receivable from operating funds, the bank indebtedness, accounts payable and payable to other funds is approximately equal to their carrying value due to their short-term maturity date.

The fair value of investments, loans receivable and long-term debt items is determined using the present value of future cash flows under current financing agreements, based on market interest rates for loans with similar conditions and maturities.

CHALEUR COMMUNITY BUSINESS DEVELOPMENT CORPORATION DEVELOPMENT CORPORATION
SCHEDULE I - ALLOWANCE FOR LOAN IMPAIRMENT
FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
INVESTMENT FUND		
Category - CBDC Loan	\$ 6,875,927	\$ 7,692,657
	\$ 6,875,927	\$ 7,692,657
Allowance for loan impairment		
Category - CBDC Loan	\$ 481,315	\$ 1,107,529
	\$ 481,315	\$ 1,107,529
Allowance percentage	7.0 %	14.4 %

CHALEUR COMMUNITY BUSINESS DEVELOPMENT CORPORATION
SCHEDULE II TO STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 2014

	Administrative Fund	
	2014	2013
SELF EMPLOYMENT ASSISTANCE PROGRAM		
REVENUE		
Post-Secondary Education, Training and Labor	\$ 90,116	\$ 94,405
Post-Secondary Education, Training and Labor	11,267	5,907
	101,383	100,312
EXPENSES		
Operating	48,333	25,364
Training	11,267	5,907
Wages and benefits	43,744	44,235
	103,344	75,506
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (1,961)	\$ 24,806

YOUTH INTERNSHIP PROGRAM

REVENUE		
Contribution agreement ACOA	\$ 50,740	\$ 55,000
Training and Employment Development	20,787	30,000
Canada Human Resource	-	10,000
Regional development corporation - My home, my future	15,000	20,000
Contribution ACOA - My home, my future	10,009	-
Training and Employment Development - My home, my future	15,510	-
REED contract - My home, my future	2,500	-
	114,546	115,000
EXPENSES		
Others	8,659	24,302
Banquet and business lunch	-	(99)
Equipments	4,516	1,618
Training	4,175	58
Youth in Action	32,527	25,250
Advertising	-	748
Wages and benefits	61,344	45,522
	111,221	97,399
EXCESS OF REVENUE OVER EXPENSES	\$ 3,325	\$ 17,601