

# Cumberland Development Corporation Limited

# AGM

*Annual General Meeting*

## 2019-2020



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## Agenda

1. Call to order
2. Adoption of Agenda
3. Adoption of minutes Annual General Meeting - June 25<sup>th</sup>, 2019
4. Reports:
  - a) Chairperson's Report .....Doug Marshall
  - b) Executive Director's Report .....Carys Wood
  - c) Treasurer's Report .....Diane Campbell  
- Audited Financial Statements presented by Jorgensen & Bickerton
  - d) Personnel Report .....Diane Campbell
  - e) Investment Report .....Doug Marshall
  - f) Nominating Report .....Nicholas Trenholm
5. New Business
6. Comments
7. Adjournment

## Minutes 2018/2019

### **Cumberland Development Corporation Limited P.O. Box 487, Amherst, Nova Scotia B4H 4A1**

Annual General Meeting  
Tuesday, June 25, 2019  
Ratchford Street, Amherst Nova Scotia

#### **In Attendance:**

Doug Marshall .....	Chairperson
Kathy Morash .....	Past-Chairperson
Diane Campbell .....	Treasurer
Jeff Brennan .....	Director
Tracy Black .....	Director
Larry Pederson .....	Director
Cheryl Harrison .....	Director
Sandra Watts-Wilson .....	Account Manager, ACOA
Funmi Joseph .....	Economic Development Manager, ACOA
Denise Smith .....	CA of Jorgensen & Bickerton Inc.
Sabrina Wolthers .....	Employment Nova Scotia
Tonda Higgins .....	Employment Nova Scotia
Tory Rushton .....	MLA Cumberland South
Allison Gillis .....	Warden - Municipality of Cumberland County
David McNairn .....	CDC Corporate Lawyer, Hicks LeMoine
Jonathan McClelland .....	CEO - Cumberland Business Connector
Ron Furlong and Guest .....	Amherst and Area Chamber of Commerce
Carys Wood .....	CDC Executive Director
Darren Pickering .....	CDC Business Development Analyst
Breanne Murphy .....	CDC Administration Clerk
Shawn Mitton .....	CDC Project Analyst
Helen Henwood .....	CDC Executive Assistant

#### **Absent:**

Harry Moore .....	Director
Nick Trenholm .....	Vice-Chairperson

Executive Director Carys Wood formally welcomed everyone to the Annual General Meeting for Cumberland Development Corporation Limited. After introductions Ms. Wood thanked everyone for coming to celebrate another year of assisting small business in Cumberland County.

1. Call To Order

Cumberland Development Corporation Limited held its Annual General Meeting at the Community Credit Union Business Innovation Centre at 5 Ratchford Street, Amherst, Nova Scotia on Tuesday, June 25, 2019. The business meeting was called to order at 11:05 a.m. by Chairperson Doug Marshall.

2. Adoption of Agenda

MOTION: It was moved by Kathy Morash and seconded by Diane Campbell the agenda be approved as presented. Motion Carried

3. Adoption of Minutes of Last Annual General Meeting – June 28, 2018:

MOTION: It was moved by Jeff Brennan and seconded Kathy Morash the Minutes of the previous Annual General Meeting of June 28, 2018 be approved as presented. Motion Carried

4. Reports

A) Chairperson's Report

Chairperson Doug Marshall presented a written report for fiscal 2018-2019.

Mr. Marshall reported that during the past year, the Board had reviewed 22 applications for financing and 16 of those applications are now loans valued at over \$961,000. Mr. Marshall also reported that the Entrepreneurship Training Fund program and the Consulting Advisory Services Initiative Program assisted businesses in the amount of \$31,100 in training and consulting during 2018-2019.

Chairperson Doug thanked Executive Director Carys Wood and staff, the members of the Board, funding partners and the community partners for the hard work and support over the past year.

MOTION: It was moved by Doug Marshall and seconded by Jeff Brennan the Chairperson's report be adopted as presented. Motion Carried

B) Executive Director's Report

Executive Director Carys Wood presented a written report for 2018-2019 Annual General Meeting. Ms. Wood briefly reviewed the highlights of the past year including the continuing role of managing partner at the Community Credit Union Business Innovation Centre.

The relocation has brought more opportunities and resources for CBDC Cumberland to build on relationships with like-minded organizations and has led to be more fully engaged with the Cumberland Team.

Executive Director Carys Wood thanked CDC's funding partner, ACOA, for all their support and guidance over the past year, the Board of Directors, and also thanked all the entrepreneurs for entrusting CDC to be a part of their goals to become small business owners.

Ms. Wood thanked CDC's corporate lawyer, David McNairn, LL.B. of Hicks LeMoine law office, Denise Smith of Jorgensen & Bickerton Inc. and all the key partners who continue to support CDC's efforts to assist small businesses in Cumberland

MOTION: It was moved by Kathy Morash and seconded by Jeff Brennan the Executive Director's report for the Annual General Meeting of 2018-2019 be adopted as presented. Motion Carried

C) Treasurer's Report/Auditor's report and presentation of Audited Financial Statements

CDC Treasurer Diane Campbell reported the audited financial statements for fiscal year ending March 31, 2019 were included in the booklet and introduced Denise Smith of Jorgensen & Bickerton Inc. to present the audited statements.

Ms. Smith thanked CDC for the invitation to attend the 2019 Annual General Meeting and reported an audit had been performed on the accounts for Cumberland Development Corporation Limited and those statements had been previously submitted to the CDC Finance Committee for review.

Ms. Smith reviewed both the Management's Responsibility for Financing Reporting and the Independent Auditor's Report pages.

The Notes to Financial Statements were briefly reviewed including Accounts Receivables, Investment Loans notes and Accounts Payable and Accrued Liabilities. Ms. Smith indicated there an outstanding receivable of \$20,000 in the Investment Account and amounts due from the Province of Nova Scotia regarding the Self Employment Benefit Program accounted for the higher receivables from previous year.

Ms. Smith noted the transfer of \$24,169 from the Investment Fund Account represented the Operating deficit from the previous fiscal year and 2019 Operating ended with an excess of \$6,239.

Treasurer Diane Campbell thank Denise for presenting the audited statements and called for the following motion:

MOTION: It was moved by Diane Campbell and seconded by Kathy Morash the audited Financial Statements for fiscal year-end March 31, 2019 be approved and adopted as presented. Motion Carried

D) Personnel Committee Report

Personnel Committee Chairperson Diane Campbell presented the Personnel Report for fiscal year 2018-2019.

Ms. Campbell reported the Personnel Committee had met regularly during the year to deal with staff changes. Long-term employee Bruce Burbine retired in December 2018 and his position of Business Development Manager was replaced with Project Analyst. Notification for the new position was posted and interviews were completed. Ms. Campbell was pleased to announce that Shawn Mitton had been hired and welcomed him to CDC.

Matt Cove, who had been hired for a one-year term position, left CDC early in 2019 to accept a full-time position elsewhere and staff and Board welcomed back Breanne Murphy who was returning from maternity leave.

The Personnel Committee continues to focus on succession planning and ensuring the evaluations are completed and personnel policies are up to date.

Committee Chairperson Diane thanked the committee members and the Board members for all their hard work and dedication to small business in Cumberland County.

MOTION: It was moved by Diane Campbell and seconded by Jeff Brennan the Personnel Committee reported be adopted as presented. Motion Carried

E) Investment Committee Report

Investment Committee Chairperson Doug Marshall presented a written report for the 2018-2019 Annual General Meeting. Mr. Marshall noted the Investment Committee had been formed in March of 2012 to assist in carrying out the new strategy and action plan to enable a faster turnaround time for clients.

During 2018-2019 the Investment Committee met twice and reviewed nine loan and SEB applications. Many of these applications either received their funding within days of their approval or were given time to submit additional information to be further reviewed.

Chairperson Doug thanked the committee members for the dedication during the past year.

MOTION: It was moved by Doug Marshall and seconded by Jeff Brennan the Investment Committee report for 2019 Annual General Meeting be adopted as presented. Motion Carried

F) Nominating Committee Report

Nominating Committee Chairperson Kathy Morash presented a report summarizing the activities of the nominating committee during the 2018-2019 fiscal year. A Nominating Committee meeting was held on June 20, 2019 to prepare for the recommendations to bring to the Annual General Meeting.

Nomination of Officers:

The following recommendation for the list of Officers to serve during 2019-2020 was brought forward from the Nominating Committee meeting of June 20, 2019:

Chairperson .....	Doug Marshall
Past-Chairperson .....	Kathy Morash
Vice-Chairperson .....	Nick Trenholm
Treasurer .....	Diane Campbell

Committee Chairperson Kathy asked three times if there were further nominations to be brought forward from the floor.

Hearing no further nominations, Committee Chairperson Kathy declared the nominating for officers closed.

MOTION: It was moved by Kathy Morash and seconded by Diane Campbell the recommendation brought forward by the Nominating Committee for officers be approved as presented. Motion Carried

As per policy/job description Executive Director Carys Wood would fill the position of CDC Secretary (Non-Voting) for 2019-2020.

Member at large: The Nominating Committee brought forward the recommendation to nominate Harry Moore to serve at Member-at-large on the Executive Committee for 2019-2020.

MOTION: It was moved by Kathy Morash and seconded by Jeff Brennan the recommendation for Member-at-Large be approved as presented. Motion Carried

MOTION: It was moved by Jeff Brennan and seconded by Diane Campbell the Nominating Committee report be approved as presented. Motion carried

6. Comments:

Comments were received from Sandra Watts-Wilson of ACOA and Sabrina Wolthers of Employment Nova Scotia, Jonathon McClelland of Cumberland Connector; Ron Furlong of Amherst and Area Chamber of Commerce, Dave McNairn of Hicks Lemoine Law office, Tory Rushton, MLA Cumberland South, and Allison Gillis, Warden – Cumberland County.

Executive Director Carys Wood thanked Dan Corbett of D&E's Smoked Meats Kitchen and Catering Services for the wonderful meal and wished everyone a safe and wonderful upcoming summer.

7. Adjournment

There being no further business for the Annual General Meeting of June 25, 2019 a motion to 'adjourn was made by Diane Campbell at 12:05 p.m.

\_\_\_\_\_  
CDC Chairperson

\_\_\_\_\_  
Date

\_\_\_\_\_  
CDC Secretary, Carys Wood

\_\_\_\_\_  
Date

\_\_\_\_\_  
CDC Recording Secretary, Helen Henwood

\_\_\_\_\_  
Date



# Message from the Chairperson

As I finish off my last year as Chairperson, it's been a pleasure working with staff and board directors. It has been encouraging to see several of the newer board members rise to the challenges associated with dealing with the applications and all directors supporting staff and clients amidst a pandemic.

CBDC Cumberland values our volunteers and we make certain they feel comfortable and understand the roles and responsibilities of being part of Cumberland Development Corporation's Board.

This past year, we at CBDC Cumberland have reviewed 30 applications for financing which includes new startups, expansions and modernization of business. We approved 12 of those applications, which are now loans valued over \$606,206. The average size of the loans approved were \$50,517 with \$441,050 in leveraged funds.

This fiscal year now more than ever we want entrepreneurs and aspiring entrepreneurs to know we are here to help. We help resource information, skill training to enhance management skills, review current business models and consultant match ups. We will do what we can to help clients through COVID-19.

The Entrepreneurship Training Fund (ETF) program we deliver provides necessary resources to enable entrepreneurs to strengthen their overall management skills. Loan and non-loan clients can access this program in startup or expansion phases of their business. This year under the ETF program, we assisted 57 clients in skill development. We also offer the Consultant Advisory Services. The objective of the Consulting Advisory Services Initiative (CAS) is to help foster the growth and sustainability of small and medium-sized enterprises, strategic industry sectors, social enterprises and other key not-for-profit organizations in rural areas.

I would like to thank the staff, returning board directors and funding partners for continuing to support Cumberland Development Corporation to continue to fulfill our mandate of helping small and medium sized businesses in Cumberland County.

Respectfully submitted,

Doug Marshall, Board Chair  
Cumberland Development Corporation Ltd.

# Executive Director's Report

Cumberland Development Corporation Limited was established in 1985 by a community group of individuals interested in the further economic development of Cumberland County by assisting small business startups and expansions. With the assistance of Community Futures Program then managed by HRSDC and now ACOA, a Board of Directors from this group of community leaders was developed. We are celebrating 35 years strong in Cumberland County!

Located in the Community Credit Union Business Innovation Centre as managing partner. We are co-located with ACOA, Amherst Chamber of Commerce, the Cumberland Business Connector and Business Development Officer for the Town of Amherst. This co-location has brought more opportunities and resources for CBDC Cumberland to assist entrepreneurs, clients and the community and build on our relationship with partners.

In the 35 years of operations to March 31, 2020, CBDC Cumberland invested in 813 businesses within Cumberland County totaling in the amount of \$25.6 million dollars. The average loan size since inception is \$31,600.

In 2011 an important piece to our role in helping small business was added to our suite of programs. The Entrepreneurial Training Program and the Consultant Advisory Services program. Over the past 9 years delivering the Entrepreneurial Training program we have invested in building management skills of business owners in the amount of \$150,841. With the Consultant Advisory Services program we have matched business owners with consultants and invested \$91,593 to help grow businesses.

As we move forward in the new fiscal year our dedication is to our clients, future entrepreneurs and the community. We strive to continue to build our partnerships to be an effective resource for entrepreneurs on Cumberland County.

We would like to thank our funding partner, ACOA for their support and guidance over the past year and for their continued support. I would also like to extend a thank you to key partners, Cumberland Business Connector, Employment Nova Scotia, NSCC, CANSA, the Chambers and our Community Partners who continue to support our efforts in assisting entrepreneurs in Cumberland County to grow healthy businesses.

A most sincere thank you to Helen, Darren, Breanne and Shawn for all your hard work and dedication this past year. To our Volunteer Board of Directors, Thank you. The on-going support and commitment to CBDC Cumberland is what makes us strong and effective in our communities especially this year.

Last but certainly not least, the entrepreneurs, thank you for entrusting CBDC to be a part of your dreams and goals of your future. As we move into this fiscal year we move with uncertainty due to COVID-19. As an organization that works with those that are the backbone of our economy and most impacted by the pandemic, know that we are here to help. Help navigate through the onslaught of information and supports. We are an ear to listen, we will get through this together.

Respectively submitted,

Carys Wood  
Executive Director

# Investment Committee Report

The Investment Committee was established when it was noticed many loan and SEB applicants had timing issues that required a faster turn-around on applications. The CDC Board's continued commitment to serve the business community and to help alleviate this situation led to the formation of the Investment Committee. The Terms of Reference give power to the Committee to review and make decisions on loans requested under \$150,000 and SEB applications and meetings are called on an as-needed basis.

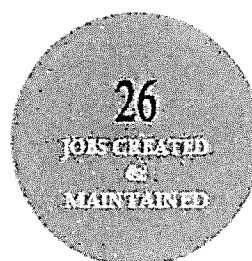
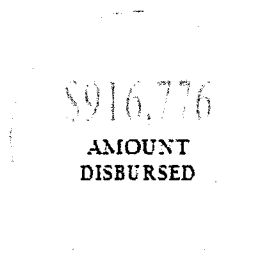
Since its formation in 2012 the Investment Committee has become an important part of Cumberland Development Corporation Limited's process in assisting small business owners and new entrepreneurs to access funding. The Committee's rapid turn-around is especially important to those business applicants that are seasonally based and others that require equipment replacement or repairs.

During 2019-2020 there a number of Investment Committee meetings held with loan and SEB applications processed. A number of these applications had been advanced to the Investment Committee to further assist the applicant after being tabled by the full Board.

As CDC Chairperson, I would like to thank the members of the Investment Committee for their dedication to small business in Cumberland County

Respectfully submitted

Doug Marshall  
Board Chairperson



## Nominating Committee Report

As Chairperson of the Nominating Committee I am pleased to bring forward the following report. The Committee has been active during the fiscal 2019-20 year reviewing terms and geographical structure in conjunction with the Corporation's By-laws and Policy and Procedures that the Board considers an on-going action.

**Nomination of Officers:** The following recommendations for Officers for fiscal 2020-21 are brought forward for nomination:

CDC Past Chairperson .....Doug Marshall  
 CDC Chairperson .....Nicholas Trenholm  
 CDC Vice-Chairperson .....Jeff Brennan  
 CDC Treasurer .....Diane Campbell

**CDC Secretary:** As per policy/job description, Executive Director Carys Wood will fill the position of CDC Secretary (non-voting) for 2020-21.

### Member-At-Large:

The terms of reference for the Executive Committee state that one member-at-large serve with on that Committee each year. The Nominating Committee brings forward the recommendation to nominate Harry Moore to serve as Member-at-large on the Executive Committee for 2020-21.

The Board voted to extend Kathy Morash's seat on the Board for 1 year and to be listed as a director due to the unprecedented circumstances of COVID-19. We move into the 200-2021 fiscal year with a full Board.

### Committee Structure and List for 2020-21:

A Committee Structure List for 2020-21 will be brought forward as New Business at the first regular monthly meeting scheduled after the 2020 Annual General Meeting.

Respectfully submitted,

Nicholas Trenholm  
 Nominating Committee

## Personnel Committee Report

As Chairperson of the Personnel Committee I am pleased to submit the following report for 2019-2020.

The Personnel Committee met regularly during the year to oversee the transition of staff changes, policy development and implementation to adapt to working conditions throughout COVID-19 pandemic. The staff stayed available via virtual and telephone to CBDC Cumberland clients and other businesses as a point of resource throughout COVID. Since September 2020 staff have been meeting with those who prefer appointments in person following the NS Health protocol to protect staff and public.

We are very pleased to announce that Shawn Mitton completed his 1 year probationary period and was offered a permanent position to CBDC Cumberland.

The Personnel continue to focus on succession planning and ensuring the evaluations are completed. The Committee also works with the Policy Committee to ensure the personnel policies are up to date.

As Chairperson of the Personnel Committee, I wish to thank the Committee members and the Board members for their hard work and dedication to small business in Cumberland County.

Respectfully submitted

Diane Campbell  
 Personnel Committee

**CUMBERLAND DEVELOPMENT  
CORPORATION LIMITED**

**Financial Statements**

**Year Ended March 31, 2020**

**CUMBERLAND DEVELOPMENT CORPORATION LIMITED**

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**Year Ended March 31, 2020**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

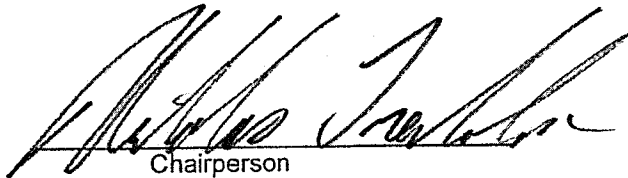
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The financial statements of Cumberland Development Corporation Limited have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Cumberland Development Corporation Limited's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Audit Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the member by Jorgensen & Bickerton Inc., in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).



Chairperson



Executive Director

Amherst, NS  
October 29, 2020

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## INDEPENDENT AUDITOR'S REPORT

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To the Chairperson and Members of Cumberland Development Corporation Limited

### *Opinion*

We have audited the financial statements of Cumberland Development Corporation Limited (the Corporation), which comprise the statement of financial position as at March 31, 2020, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(continues)



Independent Auditor's Report to the Members of Cumberland Development Corporation Limited  
(continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Amherst, Nova Scotia  
October 29, 2020

*Jorgensen & Bickerton Inc.*

Jorgensen & Bickerton Inc.  
Chartered Professional Accountants

# CUMBERLAND DEVELOPMENT CORPORATION LIMITED

## Statement of Financial Position

March 31, 2020

	SEB Fund 2020	Operating Fund 2020	Investment Fund 2020	Total 2020	Total 2019
<b>ASSETS</b>					
<b>CURRENT</b>					
Cash	\$ 8,219	\$ 33,234	\$ 1,339,515	\$ 1,380,968	\$ 948,075
Accounts receivable (Note 3)	1,947	1,215	21,817	24,979	54,882
Public service bodies rebate	-	4,018	-	4,018	3,425
Prepaid expenses	-	1,919	-	1,919	1,938
Due from Investment Fund	-	4,153	-	4,153	8,035
Due from SEB Fund	-	10,166	-	10,166	1,021
<b>CAPITAL ASSETS (Note 5)</b>	10,166	54,705	1,361,332	1,426,203	1,017,376
<b>INVESTMENTS - LOANS (Note 6)</b>	-	1,033	-	1,033	2,449
<b>INVESTMENTS - ACCBIF (Note 7)</b>	-	-	3,194,465	3,194,465	3,268,455
<b>CASH &amp; INVESTMENTS - RESTRICTED</b>	-	-	37,500	37,500	37,500
	-	27,270	-	27,270	22,500
<b>\$</b>	<b>10,166</b>	<b>\$ 83,008</b>	<b>\$ 4,593,297</b>	<b>\$ 4,686,471</b>	<b>\$ 4,348,280</b>
<b>LIABILITIES</b>					
<b>CURRENT</b>					
Accounts payable (Note 8)	\$ -	\$ 15,833	\$ -	\$ 15,833	\$ 16,097
Employee deductions payable	-	5,672	-	5,672	4,559
Deferred income (Note 9)	-	-	-	-	8,478
Unearned administration fees	-	-	-	-	300
Due to Operating Fund	10,166	-	-	10,166	1,021
Due to Operating Fund	-	-	4,153	4,153	8,035
	10,166	21,505	4,153	35,824	38,490
<b>NET ASSETS</b>					
<b>OPERATING FUND - UNRESTRICTED</b>	-	34,233	-	34,233	63,482
<b>INTERNALLY RESTRICTED</b>	-	27,270	-	27,270	22,500
<b>INVESTMENT FUND</b>	-	-	4,589,144	4,589,144	4,223,808
	-	61,503	4,589,144	4,650,647	4,309,790
<b>\$</b>	<b>10,166</b>	<b>\$ 83,008</b>	<b>\$ 4,593,297</b>	<b>\$ 4,686,471</b>	<b>\$ 4,348,280</b>

ON BEHALF OF THE BOARD

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Member

SEE NOTES TO FINANCIAL STATEMENTS

**CUMBERLAND DEVELOPMENT CORPORATION LIMITED**  
**Statement of Revenues and Expenditures**  
**Year Ended March 31, 2020**

	SEB Fund 2020	Operating Fund 2020	Investment Fund 2020	Total 2020	Total 2019
<b>REVENUES (Schedule 1)</b>	\$ 66,900	\$ 274,069	\$ 307,145	\$ 648,114	\$ 614,431
<b>EXPENSES</b>					
Advertising	5,335	4,446	-	9,781	4,074
Amortization	-	1,416	-	1,416	3,259
Audit and accounting fees	-	6,558	-	6,558	6,450
Collection costs	-	-	45,405	45,405	1,379
Credit check reports	-	390	-	390	480
Employee benefits	4,358	28,945	-	33,303	33,873
Equipment leasing	1,241	1,458	-	2,699	2,863
Insurance	1,163	1,902	-	3,065	2,973
Interest and bank charges	1	-	909	910	1,089
Loan loss provision (recovery)	-	-	(124,931)	(124,931)	40,398
Meeting expenses	300	2,237	-	2,537	2,277
Memberships and licenses	-	5,873	-	5,873	4,904
Office	1,039	2,283	-	3,322	2,463
Postage and courier	-	740	-	740	652
Rent	3,490	28,109	-	31,599	30,196
Repairs and maintenance	-	5,906	-	5,906	5,794
Salaries and wages	43,594	176,784	-	220,378	204,947
Telephone	1,733	4,298	-	6,031	5,937
Training and development	3,568	504	20,426	24,498	35,439
Travel	1,078	9,025	-	10,103	11,300
Workplace Initiative	-	17,674	-	17,674	-
	66,900	298,548	(58,191)	307,257	400,747
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	\$ -	\$ (24,479)	\$ 365,336	\$ 340,857	\$ 213,684

SEE NOTES TO FINANCIAL STATEMENTS

**CUMBERLAND DEVELOPMENT CORPORATION LIMITED**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2020**

	Restricted Fund	SEB Fund	Operating Fund	Investment Fund	2020	2019
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 22,500	\$ -	\$ 63,482	\$ 4,223,808	\$ 4,309,790	\$ 4,096,106
Excess of revenues over expenses	-	-	(24,479)	365,336	340,857	213,684
Transfer to Restricted Fund	4,500	-	(4,500)	-	-	-
Interest Earned on Restricted Fund	270	-	(270)	-	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 27,270	\$ -	\$ 34,233	\$ 4,589,144	\$ 4,650,647	\$ 4,309,790

SEE NOTES TO FINANCIAL STATEMENTS

# CUMBERLAND DEVELOPMENT CORPORATION LIMITED

## Statement of Cash Flows

Year Ended March 31, 2020

	SEB Fund 2020	Operating Fund 2020	Investment Fund 2020	Total 2020	Total 2019
<b>OPERATING ACTIVITIES</b>					
Excess (deficiency) of revenues over expenses	\$ -	\$ (24,479)	\$ 365,336	\$ 340,857	\$ 213,684
Items not affecting cash:					
Amortization of capital assets	-	1,416	-	1,416	3,259
Loan provision	-	-	(116,060)	(116,060)	36,871
	-	(23,063)	249,276	226,213	253,814
Changes in non-cash working capital:					
Accounts receivable	4,307	1,553	24,043	29,903	(25,438)
Accounts payable	(1)	1,086	(1,349)	(264)	8,274
Deferred government assistance	(8,478)	-	-	(8,478)	1,713
Prepaid expenses	-	19	-	19	(213)
Public service bodies rebate	-	(593)	-	(593)	1
Employee deductions payable	-	1,113	-	1,113	(1,436)
Unearned administration fees	-	(300)	-	(300)	(700)
Due to (from) related parties	9,145	(5,263)	(3,882)	-	-
	4,973	(2,385)	18,812	21,400	(17,799)
Cash flow from (used by) operating activities	4,973	(25,448)	268,088	247,613	236,015
<b>INVESTING ACTIVITIES</b>					
Loan advances	-	-	(606,206)	(606,206)	(916,776)
Loan repayments	-	-	796,256	796,256	961,209
Cash flow from investing activities	-	-	190,050	190,050	44,433
<b>FINANCING ACTIVITY</b>					
Restricted fund transfer	-	(4,770)	-	(4,770)	(4,500)
Cash flow from (used by) financing activity	-	(4,770)	-	(4,770)	(4,500)
<b>INCREASE (DECREASE) IN CASH FLOW</b>	4,973	(30,218)	458,138	432,893	275,948
<b>CASH - BEGINNING OF YEAR</b>	3,246	63,452	881,377	948,075	672,127
<b>CASH - END OF YEAR</b>	\$ 8,219	\$ 33,234	\$ 1,339,515	\$ 1,380,968	\$ 948,075

SEE NOTES TO FINANCIAL STATEMENTS

# CUMBERLAND DEVELOPMENT CORPORATION LIMITED

## Notes to Financial Statements

Year Ended March 31, 2020

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### 1. NATURE OF OPERATIONS

The Cumberland Development Corporation's mission statement is to "Create sustainable employment through promoting business development in our communities by providing capital and mentoring assistance."

Cumberland Development Corporation Limited is a community-based and community controlled corporation with a mandate to provide lending and other investments to small business in Cumberland County who have had difficulty obtaining financing from conventional sources. The Cumberland Development Corporation is incorporated under the Nova Scotia Companies Act as a non-profit organization and as such is exempt from income tax by virtue of paragraph 146(1)(1) of the Income Tax Act.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

#### (b) Fund accounting

Cumberland Development Corporation Limited follows the restricted fund method of accounting for contributions.

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

The Investment Fund reports all restricted resources of the Investment Fund and the income resulting from the investment activities employing the fund. Provision for loan losses, collection and other costs related thereto are reported in the Investment Fund.

The SEB fund reports all funding and expenses related to the Self Employment Benefit Program project.

#### (c) Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	4 years straight-line method
Furniture and equipment	4 - 5 years straight-line method

The corporation regularly reviews its capital assets to eliminate obsolete items.

(continues)

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**CUMBERLAND DEVELOPMENT CORPORATION LIMITED**

**Notes to Financial Statements**

**Year Ended March 31, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) Revenue recognition**

Cumberland Development Corporation Limited follows the restricted fund method of accounting for contributions.

The funding provided by ACOA and SEB for the purchase of new equipment is deferred in the Operating Fund and recognized as revenue on the same basis as amortization is recorded on the related equipment.

Funding is recognized when approval has been provided in written agreements.

Revenue from fees is recorded at the time the service is rendered in the normal course of business.

Interest income is recognized when earned.

**(e) Measurement uncertainty**

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

The Corporation estimates the recovery of investment loans when determining the allowance for loan losses. A provision is made for specific loan losses based on individual client circumstances.

**(f) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand and balances with banks.

**3. ACCOUNTS RECEIVABLE**

	SEB Fund	Operating Fund	Investment Fund	2020	2019
Loan interest	\$ -	\$ -	\$ 17,311	\$ 17,311	\$ 36,103
Nova Scotia Association of CBDC's	-	-	-	-	2,600
Atlantic Association of CBDC's	-	587	4,858	5,445	7,340
Other receivables	1,947	628	1,017	3,592	26,422
	1,947	1,215	23,186	26,348	72,465

*(continues)*

**CUMBERLAND DEVELOPMENT CORPORATION LIMITED**

**Notes to Financial Statements**

**Year Ended March 31, 2020**

**3. ACCOUNTS RECEIVABLE (continued)**

	SEB Fund	Operating Fund	Investment Fund	2020	2019
Less: Allowance for doubtful accounts	-	-	(1,369)	<b>(1,369)</b>	(17,583)
	\$ 1,947	\$ 1,215	\$ 21,817	\$ <b>24,979</b>	\$ 54,882

**4. INTER-FUND TRANSFERS**

With the written approval of ACOA, the Cumberland Development Corporation has transferred \$0 (2019 - \$24,169) from the Investment Fund to the Operating Fund. Transfers are approved to cover operating deficits and become a permanent part of Operating Fund surplus.

**5. CAPITAL ASSETS**

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer equipment	\$ 38,413	\$ 38,213	\$ 200	\$ 2,449
Equipment	23,649	22,816	833	-
	\$ 62,062	\$ 61,029	\$ 1,033	\$ 2,449

**6. INVESTMENT LOANS**

The business loans receivable balance is comprised of:

	2020	2019
<b><u>Business loans</u></b>		
Balance, beginning of year	\$ 3,696,994	\$ 3,770,429
Loans advanced during the year	606,206	916,776
Loans repaid during the year	(796,256)	(961,209)
Loans written off during the year	(260,410)	(29,002)
Subtotal	<b>3,246,534</b>	3,696,994
Less: Allowance for doubtful accounts	<b>(52,069)</b>	(428,539)
	<b>\$ 3,194,465</b>	\$ 3,268,455

Loans receivable have maturity dates ranging from 2020 to 2035 (2019 - maturing between 2019 and 2033) and interest rates ranging from 4.35% to 9% (2019 - 4.35% to 9%). There were 10 (2019 - 16) investment loans approved during the year. Total number of investment loans under management are 74 (2019 - 92).

*(continues)*



**CUMBERLAND DEVELOPMENT CORPORATION LIMITED**

**Notes to Financial Statements**

**Year Ended March 31, 2020**

The activity in the allowance for doubtful loans are as follows:

**Allowance for doubtful loans**

Balance, beginning of year	\$ 428,539	\$ 420,670
Loans written off during the year	(260,410)	(29,002)
Recovery of loans written off previously	(279,115)	(96,922)
Current year's loan loss provision	163,055	133,793
	<u>\$ 52,069</u>	<u>\$ 428,539</u>

Allowance for doubtful loans is determined by providing specific loan losses by loan, after reviewing outstanding loans on a loan by loan basis.

Investment loans are measured at fair value on initial recognition and subsequently measured at amortized cost less impairment losses.

**7. INVESTMENT - ACCBIF**

Atlantic Canada Community Business Investment Fund promissory note is non-interest bearing with no set terms of repayment. The note is recorded at cost.

**8. ACCOUNTS PAYABLE**

	Operating Fund	Investment Fund	2020	2019
Trade payables	\$ 9,688	\$ -	\$ 9,688	\$ 10,409
Wages payable	6,145	-	6,145	5,688
	<u>\$ 15,833</u>	<u>\$ -</u>	<u>\$ 15,833</u>	<u>\$ 16,097</u>

**9. DEFERRED GOVERNMENT ASSISTANCE**

	Deferred revenue, beginning	Funds received	Revenue recognized	2020	2019
SEB Program	\$ 8,478	\$ 58,422	\$ (66,900)	\$ -	\$ 8,478

## CUMBERLAND DEVELOPMENT CORPORATION LIMITED

### Notes to Financial Statements

Year Ended March 31, 2020

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#### 10. RESTRICTED SURPLUS

The Board of the Corporation has approved an internal transfer of \$4,500 (2019 - \$4,500) from the unrestricted surplus in the Operating Fund to be internally restricted within the Operating Fund.

Funds advanced to the Cumberland Development Corporation Limited in respect of its eligible costs and Cumberland Development Corporation Limited's Investment Fund capitalization costs must be deposited and maintained in separate accounts.

Funds credited to the Investment Fund shall not be used for purposes other than Investment Fund activities without the prior written approval of ACOA. This includes funds lent to or received from ACCBIF.

Notwithstanding the above, funds credited to the Investment Fund account may be transferred to the eligible costs account of the Cumberland Development Corporation Limited where the following conditions are met:

1. The Cumberland Development Corporation Limited's annual budget submitted with the business plan projects a deficit (the "Deficit");
  2. The deficit was in fact incurred as projected and;
  3. The Cumberland Development Corporation Limited provides written confirmation to ACOA of the transfer of the funds from the Investment Fund to the eligible costs accounts within 90 days of the end of each fiscal year.
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#### 11. COMMITMENTS

Cumberland Development Corporation Limited has entered into a five year lease agreement for seven offices at 5 Ratchford Street, Amherst, Nova Scotia expiring September 31, 2021, renewable for a further five year term.

The monthly lease payment is \$2,480.63 plus HST.

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#### 12. FINANCIAL INSTRUMENTS

The corporation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the corporation's risk exposure and concentration as of March 31, 2020.

##### *(a) Credit risk*

Credit risk arises from the potential that a counter party will fail to perform its obligations. The corporation is exposed to credit risk from customers. In order to reduce its credit risk, the corporation reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The corporation has a significant number of customers which minimizes concentration of credit risk, however all are in the same geographic area.

##### *(b) 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 rates. The corporation is exposed to interest rate risk through its loans to customers.

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**CUMBERLAND DEVELOPMENT CORPORATION LIMITED**

**Notes to Financial Statements**

**Year Ended March 31, 2020**

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**13. SUBSEQUENT EVENTS**

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which could negatively impact future revenues. CBDC's in Atlantic Canada have eliminated interest on loans for the months of April, May and June with the Atlantic Association of CBDC's providing funding to the individual CBDC's a rate of 4.5% per annum on the outstanding loan balance at February 29, 2020.

Other financial impact could occur though such potential impact is unknown at this time. The impacts will be reported when they are known and may be assessed.

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CUMBERLAND DEVELOPMENT CORPORATION LIMITED

(Schedule 1)

Revenue

Year Ended March 31, 2020

	SEB Fund 2020	Operating Fund 2020	Investment Fund 2020	Total 2020	Total 2019
ACOA Contribution - Community Futures	\$ -	\$ 228,270	\$ -	\$ 228,270	\$ 233,070
Investment income - loan portfolio	-	-	240,064	240,064	221,896
Investment income - other	-	1,739	44,611	46,350	28,534
Creditor Insurance commissions	-	518	-	518	2,242
Administration fees	-	10,500	2,044	12,544	14,689
Training fee	-	-	20,426	20,426	31,174
Rental revenue	-	10,485	-	10,485	10,485
Sundry	-	3,963	-	3,963	5,542
Other government assistance	-	920	-	920	1,088
Self Employment Program	66,900	-	-	66,900	65,711
Workplace Initiative Program	-	17,674	-	17,674	-
	\$ 66,900	\$ 274,069	\$ 307,145	\$ 648,114	\$ 614,431

SEE NOTES TO FINANCIAL STATEMENTS