

ANNUAL REPORT

2016-2017



Investing in the
Entrepreneurial Spirit



Community Business Development Corporation
Corporation au bénéfice du développement communautaire
Charlotte/Kings

CBDC Charlotte-Kings



Having been in existence for the past thirty years, CBDC Charlotte-Kings has contributed to the creation or maintenance of over a thousand plus jobs in our region, as well as having invested over **\$33.8** million in the form of Community Futures small business loans.

The CBDC is dedicated to helping create or maintain jobs by providing financial and advisory services to small and medium sized businesses (SMEs) within its geographical jurisdiction. In 2016 - 17 our Corporation **disbursed** 39 loans and facilitated delivery of a total of **\$2,516,633.05** to SMEs, with the breakdown as follows:

- **14** General Business Loans (**\$605,321.33**)
- **9** Youth Loans (**\$328,705.72**)
- **13** First-Time Entrepreneur Loans (**\$1,202,606**)
- **3** Social Enterprise Loans (**\$380,000**)

- **42** SEB Program (**\$787,258**)

We are also very pleased to have provided **31** clients with on-going training for a total of **\$23,305.46** spent on training.

As a result of these services being provided to potential or existing businesses during the past 12 months, our CBDC clients created or maintained **196** full time or part time jobs and in the Charlotte and Kings region. The SEB Program created or maintained **85** full or part time jobs in the Charlotte, Kings and Saint John Region.

The Atlantic Canada Opportunity Agency (ACOA) is an important partner in the work the CBDC provides in our rural areas. We are grateful for ACOA's support and vision. The Government of Canada, through ACOA, is clearly committed to helping rural communities become strong and vibrant. Over the past year CBDCs through its support of activities through the Community Futures of Tomorrow, the Entrepreneurial Training Fund, and the Women in Business Program. We have been pleased to administer many important initiatives on the Agency's behalf.

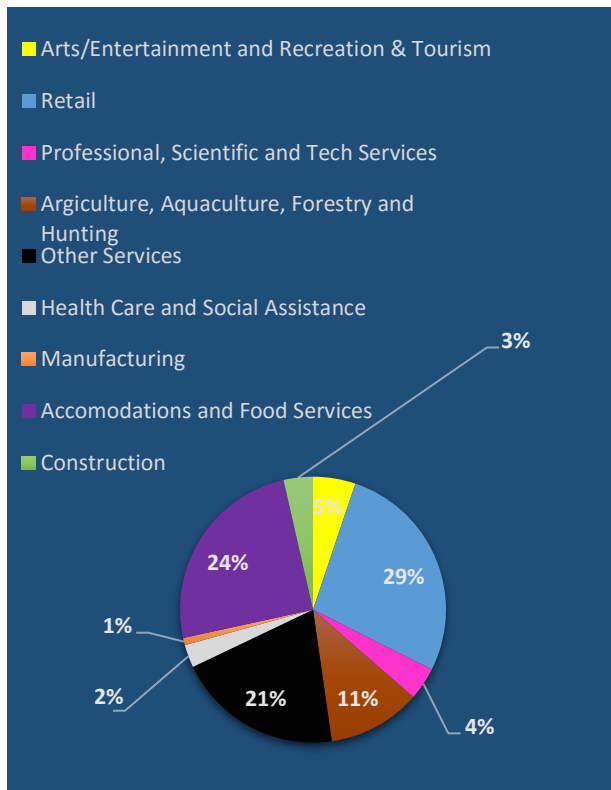


Community Business Development Corporation
 Corporation au bénéfice du développement communautaire
 Charlotte/Kings



Investments in the region

Loans by Sector



Requests processes

Applications received	49
Applications approved	45
ACOA eligible approvals	42
Amounts invested	\$2,516,633.05
Loans managed	159

Number of business Counselling sessions

Number of clients	75
-------------------	----

Impact on businesses

New businesses	23
Existing business	16

Impact on employment

Jobs created	90
Jobs maintained	106

Training Sessions

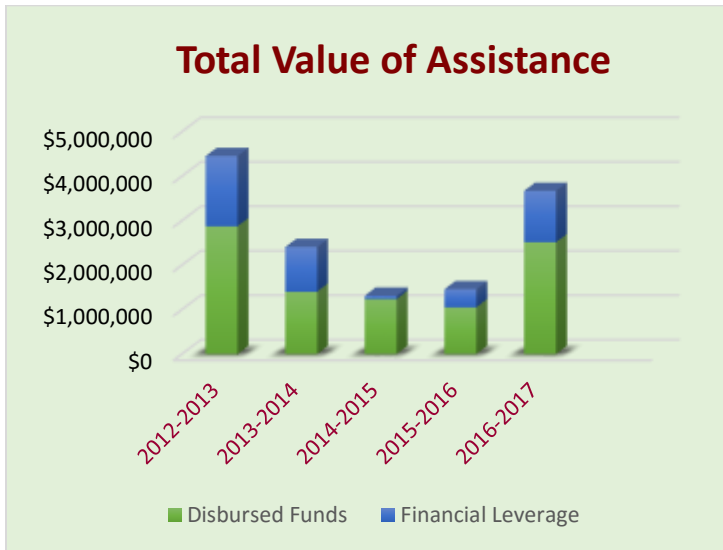
Number of sessions	31
Amounts Granted	\$23,305.46

Self-Employment Benefits

Applications approved	42
Amounts granted	\$787,258

Building strong entrepreneurial leverage in rural communities of Charlotte and Kings

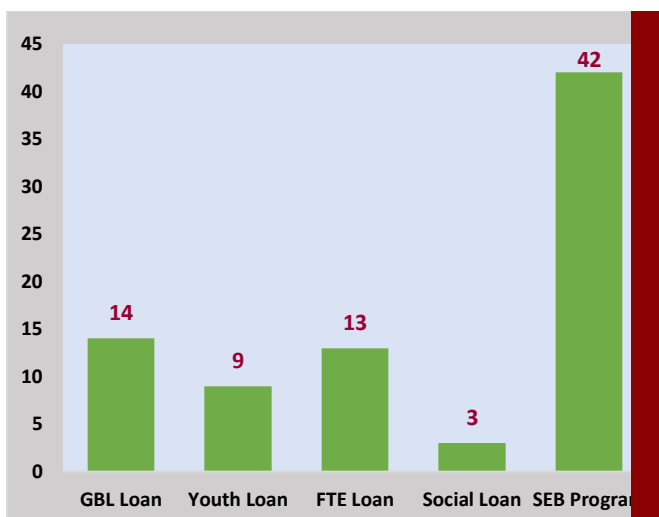
The total value of assistance from the CBDC and financial leverage over the past five years



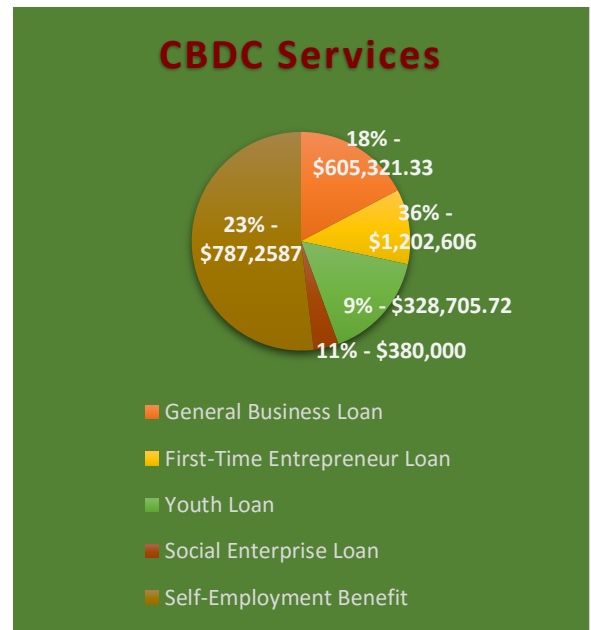
Since inception, CBDC Charlotte-Kings have injected **\$33.8 million dollars** in the community.

Over the last year, CBDC Charlotte-Kings has disbursed a total amount of **\$2,516,633.05** in loans to small and medium sized businesses.

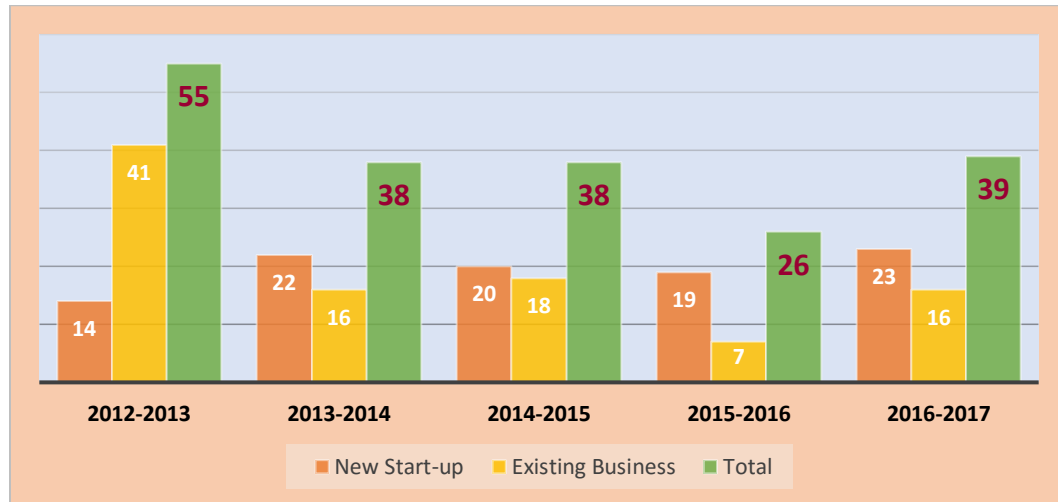
Number of financial clients (disbursed) by type of CBDC service



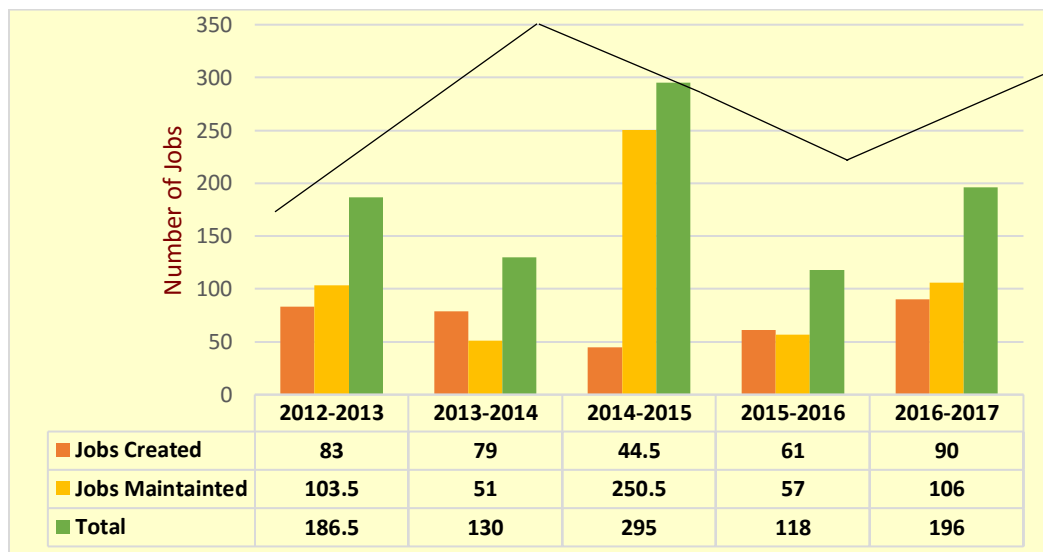
Breakdown by type of CBDC Services



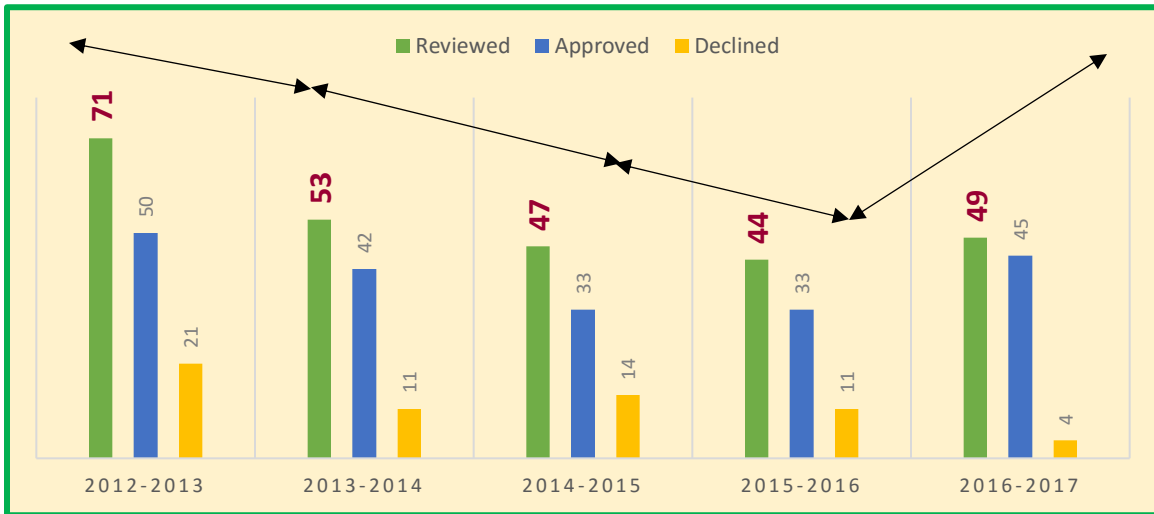
The number of businesses who received financial assistance over the past five years in the region



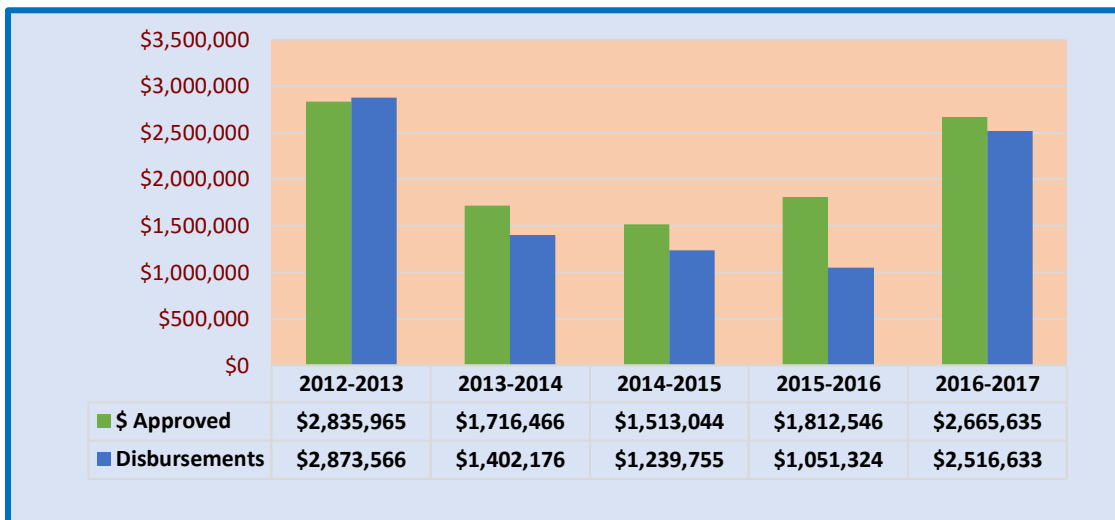
Jobs created and maintained in the rural communities of Charlotte and Kings over the last five years



The number of businesses loan applications (reviewed, approved and declined) over the past five years in the region



The number of businesses approved for financial assistance over the past five years in the region



A variety of products and services for the success of our entrepreneurs



Community Business Development Corporation
Corporation au bénéfice du développement communautaire
Charlotte/Kings

Business Management Skills Training

Tailored skills training in special areas such as Market development, bookkeeping, feasibility studies, funding sources and business analysis.

Consulting Advisory Services

Assistance provided through an external counselling agent in various fields of expertise to improve business performance. A certain financial contribution is requested from client.

Business Counselling

Business counselling in the form of advice to new and established entrepreneurs.

Self-Employment Benefit Program

Allows participants to continue to receive their Employment Insurance Benefits while they are getting their business up and running. Also offers a weekly allowance for the business start-up if the person has received Employment Insurance Benefits over the past few years (according to existing policy).

General Business Loan

Business is booming and you need funding for an expansion of your existing premises or have to construct a new building. Perhaps it's time to purchase new equipment and additional materials in order to fulfill increased customer demand for your product. This more flexible loan can even facilitate the acquisition of an existing business.

First-Time Entrepreneur Loan

Offers counselling services for individuals who wish to become a self-sufficient and profitable business owner. Do you currently reside in a rural area and have recently made the decision to take the plunge into becoming a business owner? If your answer is yes, this is the perfect loan to put your plan into action!

Youth Loan

Provides start-up for youth between the ages of 18-34 who experience difficulty obtaining necessary financing.

Social Enterprise Loan

Tailored to social enterprises operating in rural communities where people are able to live, work and enjoy social activities in their region.

Innovation Loan

Helps promote the development of the knowledge-based economy and aids in the adoption or commercialization of new technologies. You have an idea for a new product or service, or an idea to modify an existing product or service? Contact your CBDC!

Contact Us

For more information on the programs offered by your CBDC, contact us or visit the following:

1-888-303-CBDC (2232)

www.cbdc.ca

Audited Financial Statements of

**CHARLOTTE COUNTY DEVELOPMENT
CORPORATION INC.**

March 31, 2017

Auditors' Report

To the Board of Directors of Charlotte County Development Corporation Inc.

We have audited the accompanying financial statements of Charlotte County Development Corporation Inc., which comprise the statement of financial position as at March 31, 2017, and the statements of changes in net assets, operations, and cash flows for the year ended, and a summary of significant accounting policies and other explanatory information. These financial statements were prepared by management in accordance with the basis of accounting described in Note 2 to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting as described in Note 2 to the financial statements, 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.

Auditors' responsibility

Our responsibility is to express an opinion of 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 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.

Opinion

In our opinion, the financial statements of Charlotte County Development Corporation Inc. for the year ended March 31, 2017 are prepared, in all material respects, in accordance with the basis of accounting as disclosed in Note 2 to the financial statements.

Basis of Accounting and Restriction of Use and Distribution

Without modifying our opinion, we draw attention to Note 2 to these financial statements, which describes the basis of accounting. These financial statements are prepared for Charlotte County Development Corporation Inc. to meet the reporting requirements of the Atlantic Association of Community Business Development Corporations and the Atlantic Canada Opportunity Agency. As a result, these financial statements may not be suitable for other purposes. Our report is intended solely for the information and use of the Charlotte County Development Corporation Inc., the Atlantic Association of Community Business Development Corporations and the Atlantic Canada Opportunity Agency and should not be distributed to nor used by other parties.

Beers Neal LLP

Chartered Professional Accountants

June 13, 2017

CHARLOTTE COUNTY DEVELOPMENT CORPORATION INC.

Statement of Financial Position

as at March 31, 2017

	Operational and Capital Fund	Investment Fund	Trust Fund	2017	2016
CURRENT ASSETS					
Cash	\$ 385,508	\$ 879,132	\$ 15,949	\$ 1,280,589	\$ 1,783,874
Short-term investments	11,959	-	104,906	116,865	125,891
Receivables (Note 4)	114,919	55,791	150	170,860	316,745
Interfund receivables	-	1,264	-	1,264	1,415
Prepays	2,906	-	-	2,906	2,775
	515,292	936,187	121,005	1,572,484	2,230,700
LOANS RECEIVABLE (Note 5)	-	6,826,527	-	6,826,527	5,723,409
INVESTMENT ACCBIF (Note 6)	-	37,500	-	37,500	37,500
CAPITAL ASSETS (Note 7)	23,606	-	-	23,606	26,370
	\$ 538,898	\$ 7,800,214	\$ 121,005	\$ 8,460,117	\$ 8,017,979
CURRENT LIABILITIES					
Payables	\$ 213,154	\$ 3,234	\$ -	\$ 216,388	\$ 83,176
Unearned revenue	16,400	-	-	16,400	81,233
Interfund payables	1,264	-	-	1,264	1,415
Current portion of long-term debt ACCBIF (Note 8)	-	150,000	-	150,000	80,000
Current portion of long-term debt AACBDC (Note 9)	-	205,159	-	205,159	205,159
	230,818	358,393	-	589,211	450,983
LONG-TERM DEBT ACCBIF (Note 8)	-	360,000	-	360,000	160,000
	230,818	718,393	-	949,211	610,983
FUND BALANCES	308,080	7,081,821	121,005	7,510,906	7,406,996
	\$ 538,898	\$ 7,800,214	\$ 121,005	\$ 8,460,117	\$ 8,017,979

Notes 10, 11, 12 and 13

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

CHARLOTTE COUNTY DEVELOPMENT CORPORATION INC.

Statement of Changes in Net Assets
year ended March 31, 2017

	<u>Restricted</u>		<u>Unrestricted</u>		<u>2017</u>	<u>2016</u>
	<u>Invested in</u>	<u>Investment</u>	<u>Trust</u>	<u>Operational</u>		
<u>Capital Assets</u>						
Balance, beginning of year	\$ 26,370	\$ 7,030,805	\$ 114,366	\$ 235,455	\$ 7,406,996	\$ 7,396,151
Excess (deficiency) of revenues over expenditures	(6,897)	51,016	6,639	53,152	103,910	10,845
Invested in capital assets	4,133	-	-	(4,133)	-	-
<u>Balance, end of year</u>	<u>\$ 23,606</u>	<u>\$ 7,081,821</u>	<u>\$ 121,005</u>	<u>\$ 284,474</u>	<u>\$ 7,510,906</u>	<u>\$ 7,406,996</u>

CHARLOTTE COUNTY DEVELOPMENT CORPORATION INC.

Statement of Operations year ended March 31, 2017

	Operational and Capital Fund	Investment Fund	Trust Fund	2017	2016
Revenues					
Contribution funding	\$ 325,931	\$ -	\$ -	\$ 325,931	\$ 335,144
Fees for service	-	-	4,750	4,750	3,400
Notes and investment certificates	-	445,472	-	445,472	451,203
Temporary investments	-	-	1,914	1,914	984
Sundry	63,008	-	-	63,008	23,019
Projects	713,492	-	-	713,492	700,476
	1,102,431	445,472	6,664	1,554,567	1,514,226
Expenditures					
Advertising	6,975	-	-	6,975	13,848
Amortization of capital assets	6,897	-	-	6,897	7,683
Bank charges and interest	1,610	4,180	25	5,815	6,635
Insurance	3,428	-	-	3,428	3,365
Loan loss provision	-	345,644	-	345,644	354,346
Office and miscellaneous	11,329	41,604	-	52,933	49,749
Professional fees	14,135	-	-	14,135	14,223
Rent	17,978	-	-	17,978	21,362
Repairs and maintenance	19,354	-	-	19,354	14,360
Salaries and benefits	252,926	-	-	252,926	235,318
Telephone	10,011	-	-	10,011	12,371
Training and publications	8,792	3,028	-	11,820	13,437
Travel	32,575	-	-	32,575	31,857
Projects	670,166	-	-	670,166	724,827
	1,056,176	394,456	25	1,450,657	1,503,381
EXCESS OF REVENUES OVER EXPENDITURES					
	\$ 46,255	\$ 51,016	\$ 6,639	\$ 103,910	\$ 10,845
Excess of expenditures over revenues					
Operational Fund	\$ 53,152				
Invested in capital assets	(6,897)				
	\$ 46,255				

CHARLOTTE COUNTY DEVELOPMENT CORPORATION INC.Statement of Cash Flows
year ended March 31, 2017

	Operational and Capital Fund	Investment Fund	Trust Fund	2017	2016
CASH INFLOWS (OUTFLOWS)					
OPERATING					
Excess of revenues over expenditures	\$ 46,255	\$ 51,016	\$ 6,639	\$ 103,910	\$ 10,845
Amortization of capital assets	6,897	-	-	6,897	7,683
Provision for doubtful loans receivable	-	345,644	-	345,644	354,346
Changes in non-cash working capital:					
Receivables	84,333	61,652	(100)	145,885	(80,484)
Prepays	(131)	-	-	(131)	(157)
Payables and accruals	138,612	(5,400)	-	133,212	49,412
Unearned revenue	(64,833)	-	-	(64,833)	(26,209)
	211,133	452,912	6,539	670,584	315,436
FINANCING					
Proceeds from long-term debt	-	350,000	-	350,000	-
Repayment of long-term debt	-	(80,000)	-	(80,000)	(120,000)
Interfund (repayment) advance	(151)	151	-	-	-
	(151)	270,151	-	270,000	(120,000)
INVESTING					
Advance of loans receivable	-	(2,516,633)	-	(2,516,633)	(1,051,324)
Purchase of capital assets	(4,133)	-	-	(4,133)	(4,314)
Purchase of short term investments	(196)	-	-	(196)	(4,811)
Proceed on sale of short term investments	-	-	9,222	9,222	-
Proceeds from repayment of loans receivables	-	1,067,871	-	1,067,871	1,275,130
	(4,329)	(1,448,762)	9,222	(1,443,869)	214,681
NET CASH (OUTFLOW) INFLOW	206,653	(725,699)	15,761	(503,285)	410,117
CASH POSITION, BEGINNING OF YEAR	178,855	1,604,831	188	1,783,874	1,373,757
CASH POSITION, END OF YEAR	\$ 385,508	\$ 879,132	\$ 15,949	\$ 1,280,589	\$ 1,783,874

CHARLOTTE COUNTY DEVELOPMENT CORPORATION INC.

Notes to the Financial Statements
year ended March 31, 2017

1. DESCRIPTION OF BUSINESS

The Charlotte County Development Corporation Inc. (the "Corporation") mission statement is to "Create sustainable employment through promoting business development in our communities by providing capital and mentoring assistance."

The Corporation is a community-based and community controlled corporation with a mandate to provide lending and other investments to small businesses in Charlotte County, Kings County and Saint John County who have difficulty obtaining financing from conventional sources. The Corporation is incorporated as a non-profit organization and as such is exempt from income tax by virtue of paragraph 149(1)(l) of the *Income Tax Act*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations with the exception that all financial instruments have not been recorded at fair value. Rather, all financial instruments have been recorded at historic cost as required by the Atlantic Association of Community Business Development Corporations and the Atlantic Canada Opportunity Agency.

The financial statements include the following significant accounting policies:

Fund accounting

The Corporation follows the restricted fund method of accounting.

The Operational and Capital Fund accounts for the Corporation's program delivery and administration activities. This fund reports unrestricted, restricted resources, capital items and operating contributions. Expenses of the Operational Fund are limited to those agreed upon in the contribution agreements between Atlantic Canada Opportunities Agency (ACOA) and the Corporation and between the Department of Training and Employment Development and the Corporation.

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

The Trust Fund represents resources restricted for future use by the Corporation. The specific purposes of future use is to be authorized by the Board of Directors.

Revenue and expenses

Investment income is recorded on an accrual basis. Expenses and other revenues are recorded on an accrual basis.

Interfund receivables and payables

Interfund receivables and payables are non-interest bearing with no set terms of repayment.

CHARLOTTE COUNTY DEVELOPMENT CORPORATION INC.

Notes to the Financial Statements
year ended March 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, liabilities, revenues and expenditures during the reporting period. Estimates are used for, but not limited to, determination of fair values, allowance for doubtful accounts, accruals and amortization. Actual results could differ from those estimates.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value as of the date of contribution. The cost of assets are being amortized by the declining balance method over the estimated lives of the assets at the following annual rates:

Sign	8%
Furniture and equipment	20%
Leasehold improvements	20%
Data processing equipment	30%

In the year of addition, one-half of the above rates is used. No provision for amortization is made in the year of asset disposal. Upon disposal, the asset cost and related accumulated amortization are removed from the accounts and any resulting gain or loss is included in income.

Allowance for doubtful accounts

The allowance for doubtful accounts is determined by assessing the fair value of the loan portfolio considering each loan's repayment history, security pledged and other circumstances. The allowance at year end will equal the estimated uncollectible balance of all loans considered doubtful. The allowance for doubtful accounts as a reduction of loans outstanding, including the current year's increase or decrease in the required allowance is disclosed in Note 5.

Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value. No write-down of long-lived assets was recorded in the year.

Statement of cash flows

For the purpose of the statement of cash flows, the Corporation considers cash on hand to be balances with banks, net of overdrafts, and highly liquid temporary money market instruments with original maturities of three months or less as cash or cash equivalents. Bank borrowings are considered to be financing activities.

CHARLOTTE COUNTY DEVELOPMENT CORPORATION INC.

Notes to the Financial Statements
year ended March 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Measurement of financial instruments

The Corporation initially measures its financial assets and liabilities at fair value.

The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost, except for loans receivable, investment ACCBIF, long-term debt ACCBIF and long-term debt AACBDC, which are measured at historical values, and investments in equity instruments that are quoted in an active market, which are measured at fair value.

Financial assets measured at amortized cost includes cash, short-term investments and receivables.

Financial liabilities measured at amortized cost include payables.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income.

Transaction costs

The Corporation's transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. The carrying amount of the financial instruments that will not be subsequently measured at fair value is adjusted for transaction costs directly attributable to the origination, issuance or assumption of these instruments.

3. FINANCIAL RISKS

The Corporation is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Corporation's risk exposure as at March 31, 2017.

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 main credit risk relates to its receivables and loans receivable. The Corporation provides credit to its clients in the normal course of operations.

CHARLOTTE COUNTY DEVELOPMENT CORPORATION INC.

Notes to the Financial Statements
year ended March 31, 2017

3. FINANCIAL RISKS (continued)

Interest rate risk

Interest rate risk is the risk that the fair value of 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 long-term debt ACCBIF.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation is exposed to this risk mainly in respect of its payables, long-term debt ACCBIF and long-term debt AACBDC.

4. RECEIVABLES

	<u>2017</u>	<u>2016</u>
Operational Fund		
Commodity taxes	\$ 3,329	\$ 31,262
Self-employment benefit program	48,779	48,540
Other	62,811	119,450
	<u>114,919</u>	<u>199,252</u>
Investment Fund		
Commodity taxes	-	1,134
Interest	47,511	106,100
Other	8,280	10,209
	<u>55,791</u>	<u>117,443</u>
Trust Fund		
Loan application fees	150	50
Total receivables	<u>\$ 170,860</u>	<u>\$ 316,745</u>

CHARLOTTE COUNTY DEVELOPMENT CORPORATION INC.

Notes to the Financial Statements
year ended March 31, 2017

5. LOANS RECEIVABLE

	<u>2017</u>	<u>2016</u>
Loans may be repaid at any time at the borrower's option without penalty.		
Term loans with interest rates ranging from 4.25% to 11%	\$ 7,934,094	\$ 6,710,777
Allowance for doubtful accounts	(1,107,567)	(987,368)
	<u>\$ 6,826,527</u>	<u>\$ 5,723,409</u>

The loans receivable balance is comprised of:

Balance, beginning of year	\$ 6,710,777	\$ 7,425,721
Loans advanced during the year	2,516,633	1,051,324
Loans repaid during the year	(1,067,871)	(1,275,130)
Recovery of loans written-off	13,367	11,296
Loans written-off during the year	(238,812)	(502,434)
Balance, principal	<u>7,934,094</u>	<u>6,710,777</u>
Allowance for doubtful accounts	<u>(1,107,567)</u>	<u>(987,368)</u>
Balance, end of year	<u>\$ 6,826,527</u>	<u>\$ 5,723,409</u>

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

Balance, beginning of year	\$ 987,368	\$ 1,124,160
Loans written off during the year	(238,812)	(502,434)
Recovery of loans written off in previous years	13,367	11,296
Current year's loan loss provision	<u>345,644</u>	<u>354,346</u>
Balance, end of year	<u>\$ 1,107,567</u>	<u>\$ 987,368</u>

There were 42 loans approved during the year and 159 loans under management at year end.

6. INVESTMENT - ACCBIF

Promissory note, without interest, from Atlantic Community Business Investment Fund (ACCBIF).

CHARLOTTE COUNTY DEVELOPMENT CORPORATION INC.

Notes to the Financial Statements
year ended March 31, 2017

7. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2017</u>	<u>2016</u>
Sign	\$ 2,792	\$ 532	\$ 2,260	\$ 2,457
Furniture and equipment	71,067	62,771	8,296	10,370
Leasehold improvements	18,231	17,144	1,087	1,358
Data processing equipment	63,442	51,479	11,963	12,185
	<u>\$ 155,532</u>	<u>\$ 131,926</u>	<u>\$ 23,606</u>	<u>\$ 26,370</u>

8. LONG-TERM DEBT ACCBIF

	<u>2017</u>	<u>2016</u>
ACCBIF loan, bearing interest at 1.60% maturing in November 2018, payable in annual principal instalments of \$80,000.	\$ 160,000	\$ 240,000
ACCBIF loan, bearing interest at 1.60% maturing in January 2022, payable in annual principal instalments of \$70,000.	350,000	-
	<u>510,000</u>	<u>240,000</u>
Less current portion	<u>150,000</u>	<u>80,000</u>
	<u>\$ 360,000</u>	<u>\$ 160,000</u>

ACCBIF lends monthly to the Community Business Development Corporations Investment Funds throughout Atlantic Canada. To be a member, a CBDC must lend \$37,500 to ACCBIF. Loans from ACCBIF carry an interest charge which is set every two years by the ACCBIF Board of Governance. Charlotte County Development Corporation Inc. has agreed to provide an assignment of book debts as security if requested.

Annual principal repayments for the next five years are as follows:

	\$
2018	150,000
2019	150,000
2020	70,000
2021	70,000
2022	70,000

CHARLOTTE COUNTY DEVELOPMENT CORPORATION INC.

Notes to the Financial Statements
year ended March 31, 2017

9. LONG-TERM DEBT AACBDC

	<u>2017</u>	<u>2016</u>
Technology Development Fund, non-interest bearing, maturing in November 2013, payable in variable principal instalments.	\$ 86,294	\$ 86,294
Technology Development Fund, non-interest bearing, maturing in September 2013, payable in variable principal instalments.	74,865	74,865
Technology Development Fund, non-interest bearing, maturing in October 2015, payable in variable principal instalments.	44,000	44,000
	<u>205,159</u>	<u>205,159</u>
Less current portion	<u>205,159</u>	<u>205,159</u>
	\$ -	\$ -

The Corporation has entered into an agreement with Atlantic Association of Community Business Development Corporations (AACBDC) giving access to the Technology Development Fund (TDF). Under the terms of the Corporation's agreement with AACBDC for the TDF, all interest and any return on equity under the TDF shall be retained by the Corporation. The Corporation shall pay the AACBDC, on or before March 31 of each year, the full amount of all repayments on the account of principal on any outstanding TDF financing made by way of loans, and such amounts as may have been agreed upon by the AACBDC and the Corporation against losses on loans under the TDF. The loans are all current due to the loans not being repaid when they were due. The Corporation does not have to repay these loans until they receive the money from the loans receivable.

CHARLOTTE COUNTY DEVELOPMENT CORPORATION INC.

Notes to the Financial Statements
year ended March 31, 2017

10. EXTERNALLY RESTRICTED FUNDS

Funds advanced to the CBDC in respect of its Eligible Costs and the CBDCs Investment Fund capitalization costs shall be deposited and maintained in two separate accounts.

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

10.2 Notwithstanding (10.1), funds credited to the Investment Fund account may be transferred to the Eligible Costs account of the CBDC where the following conditions are met:

10.2.1 the CBDCs Annual Budget submitted with the Business Plan projects a deficit (the "Deficit") and is accepted by ACOA;

10.2.2 the Deficit was in fact incurred as projected; and,

10.2.3 the CBDC shall provide to ACOA written confirmation of the transfer of the funds from the Investment Fund account to the Eligible costs account within 90 days of the end of the fiscal year.

The Technology Development Fund, included in the Investment fund, has externally imposed restrictions on net assets. The net assets of the Technology fund are restricted by the Atlantic Association of Community Business Development Corporations (AACBDC) to be used for financial investment for borrowers' projects qualifying under AACBDC's Technology Development Fund in the areas served by Charlotte County Development Corporation Inc. Interest earned on the fund is transferred to the Operating fund. Principal repayments by borrowers to this fund are required to be repaid to AACBDC on an annual basis.

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 agreements.

12. COMMITMENTS

The Corporation leases office equipment under a lease expiring in February 2020 and has property leases expiring April 2017 and June 2020. The annual minimum lease payments over the next four years are estimated to be as follows:

	\$
2018	21,269
2019	20,028
2020	20,028
2021	4,112

CHARLOTTE COUNTY DEVELOPMENT CORPORATION INC.

Notes to the Financial Statements
year ended March 31, 2017

13. 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 \$325,931 (2016 - \$335,144) in operating grants.