

ANNUAL REPORT

2016-2017

Investing in the
Entrepreneurial Spirit



Community Business Development Corporation
Corporation au bénéfice du développement communautaire
Victoria Madawaska-South/Sud

CBDC Victoria Madawaska-South



Vision: We envision a future where all small and medium sized businesses contribute to the sustainable development of the Victoria Madawaska-South Region.

Mission: The mission of the CBDC Victoria Madawaska-South is to support the growth of small and medium sized businesses in the region.

Our CBDC: The Victoria Madawaska-South Business Development Centre Inc. is a not-for-profit organization working to support the creation and expansion of small and medium sized businesses. In order to offer existing and new entrepreneurs the tools that will help ensure their stability and growth, the CBDC provides financial, technical assistance and counselling services. Financial assistance can be found in five possible forms: Youth Loan, First-Time Entrepreneur Loan, General Business Loan, Social Enterprise Loan, and Innovation Loan. Simultaneously, technical assistance more commonly takes the following forms: assistance of proforma financial statements, counselling, training and assistance in requests for other government funds.

Also, in collaboration with the Provincial Department of Post-Secondary Education, Training and Labour, we deliver the Self-Employment Benefit Program.

This report, in addition to presenting the financial position of the Corporation, will also concentrate on the major activities undertaken by the Victoria Madawaska-South Business Development Centre Inc. during its 28th year of operation. Being one of the smallest population based, we are still very active in our community having disbursed over \$38M in loans since inception, and have helped in the creation of 1,230 jobs and maintained over 2,922. We are proud to say that this past year has been one of our greatly accomplishment having disbursed 47 loans resulting in investing of almost \$2.3M of new funds.



*Community Business Development Corporation
Corporation au bénéfice du développement communautaire*
Victoria Madawaska-South/Sud

In addition to our main results shown below, we also deliver the **Youth Entrepreneur Development Initiative** that resulted in creating awareness to 133 youth by showing entrepreneurship as a career choice. Furthermore, we did the official launching of our Asset Map & Business Directory. The **Community Asset Mapping (CAM)** is a process where participants make a map (inventory) of resources, skills and talents of individuals, associations, organizations and agencies with the aim of learning about their community. By discovering and assembling the links between the

different parts of the community, the knowledge is used to revitalize relationships and mutual support, rebuild communities and neighborhoods, and rediscover collective power. The process of CAM provides a critical element of community development, which is the engagement of people in the shaping of their community. People can collectively strategize about how to build on the assets in order to sustain and enhance them for future generations to enjoy.

Please go search our social media for:
#CommunityAssetMapping

Investments in the region

Requests processes

Applications received	69
Applications approved	49
Amounts invested	\$2,280,490

Number of business counselling sessions

Number of clients	70
-------------------	----

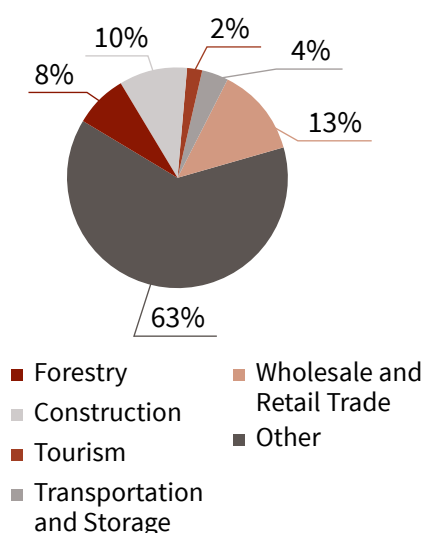
Impact on businesses

New businesses	16
Existing businesses	31
Total	47

Impact on employment

Jobs created	66
Jobs maintained	50
Total	116

Loans by Sector



Training sessions

Number of sessions	24
Amounts granted	\$33,599

Self-Employment Benefit

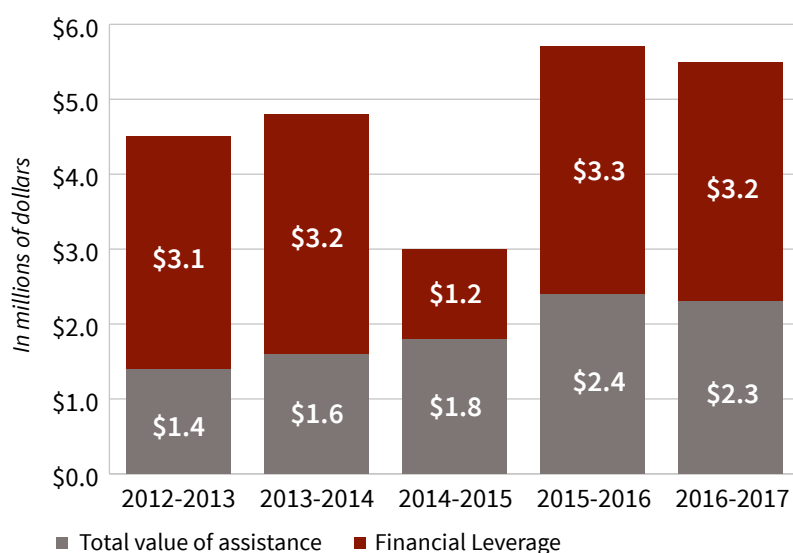
Applications approved	16
Value of assistance	\$323,682

Consulting Advisory Services

Number of clients	2
Amounts granted	\$9,475

Building strong entrepreneurial leverage in the Victoria Madawaska-South region

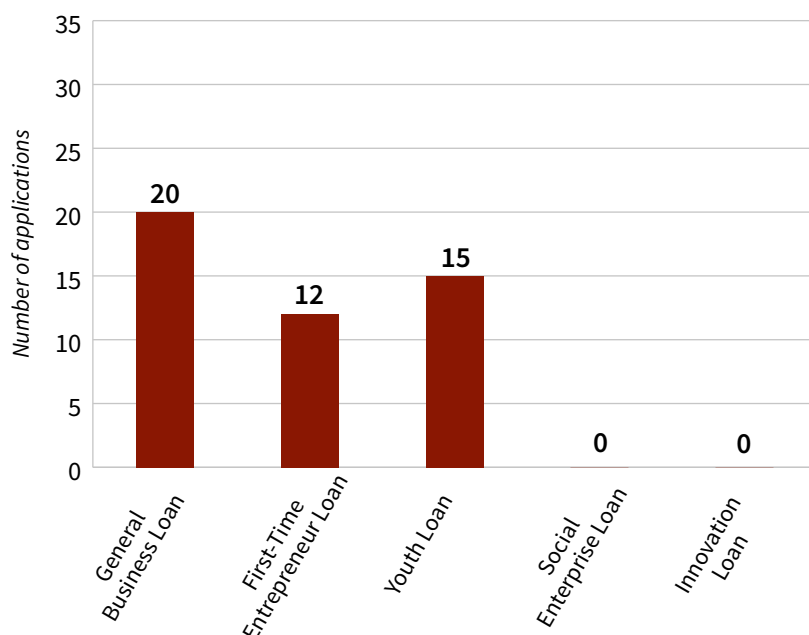
The total value of assistance from the CBDC and financial leverage over the past five years



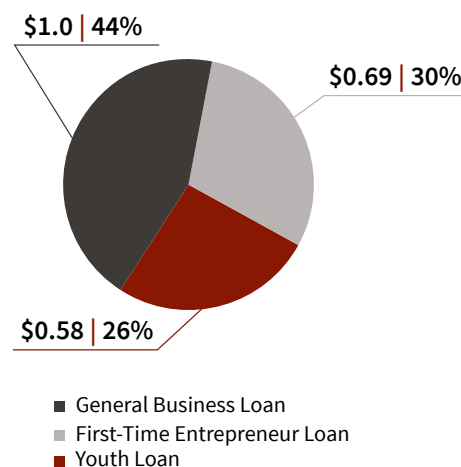
This year has seen a significant increase in youth loans compared to the previous year resulting in disbursing approximately **\$288,000** extra of new funds.

Since inception, the CBDC Victoria Madawaska-South has injected over **\$38 million** dollars in the community.

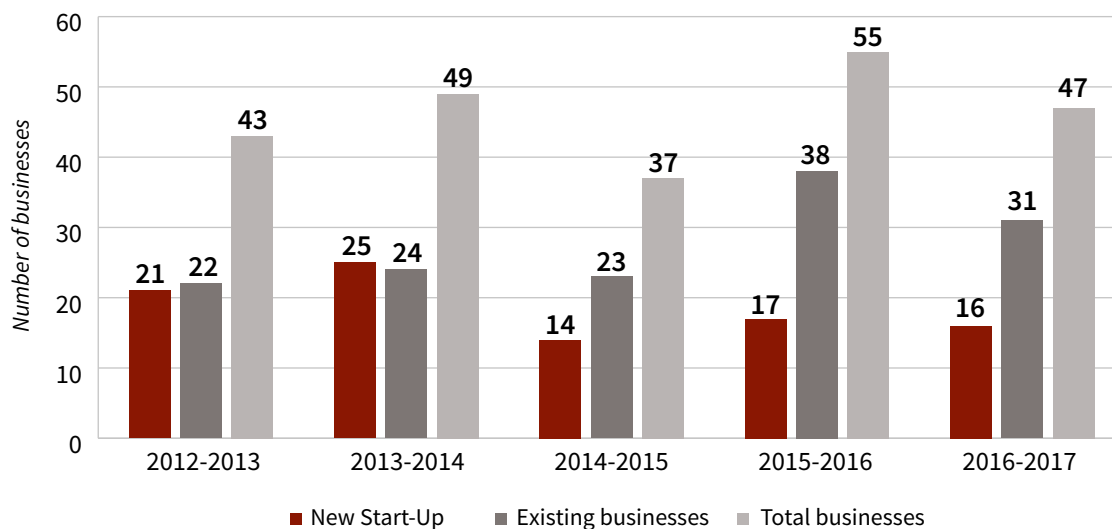
Number of applications approved for each CBDC loan product



Breakdown of amounts disbursed per loan product (in millions of dollars)



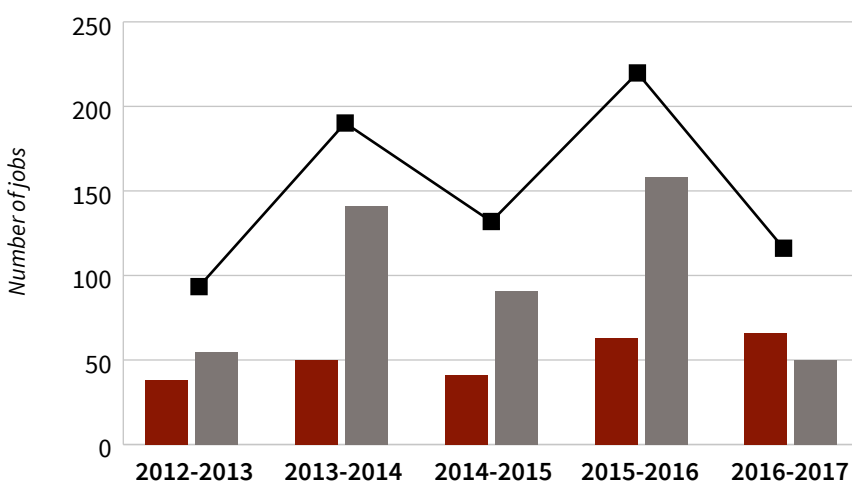
The number of businesses who received financial assistance over the past five years



A significant increase of **16.6%** of the number of youth loans who received financial assistance during the 2016-2017 fiscal year compared to the previous year.

This year, the CBDC Victoria Madawaska-South preserves the level of new jobs created by a slight increase of **4.8%** compared to the previous year.

Jobs created and maintained in the community over the last five years



Jobs created	38	50	41	63	66
Jobs maintained	55	141	91	158	50
- Total	93	191	132	221	116

PRESIDENT'S REPORT

FOR THE YEAR ENDING MARCH 31, 2017

As Chairman of the Board of Directors, I am pleased to say that this Corporation is committed to offering superior quality programs and services to the business community in order to enhance the region's economic growth while providing opportunities to businesses that are having difficulties accessing funding through traditional lenders.

The CBDC provides financial assistance and counselling to present and potential small and medium sized businesses through a community based organization. The Board of Directors is truly representative of the business makeup of the region. Our aim is always to preserve the economic dynamism of our region and assist those entrepreneurs who desire to pursue their development and growth.

This past year has been another year of great accomplishments. I would like to express my sincere appreciation to the board members, past and present, for the contribution of time and talent they make throughout the year. Their knowledge, experience and dedication towards this organization are invaluable to our successes.

I would like to thank the Province of New Brunswick, through the Department of Post-Secondary Education, Training and Labour, le Regional Development Corporation and the Réseau de développement économique et d'employabilité for their continued

financial support and commitment towards the CBDC Victoria Madawaska-South.

The government of Canada, through ACOA, is clearly committed to helping rural communities become strong and vibrant. Our commitment is to continue to nurture the business community through ACOA's vision and support.

Thanks to Dale Giberson, for his great representation, acting as Chairman of the New Brunswick Association of CBDCs.

Our gratitude to the ACOA Team of Professionals, for their patience, assistance, guidance and support. There are no words to describe our gratitude.

I would like to extend many thanks to our Executive Director, Denise Lagacé Rioux, for having created two new initiatives, that will benefit the whole population. Denise is always looking out for the best interest of the CBDC and its members.

Finally, on behalf of the Board of Directors, I would like to say "Thank You" to our committed staff; Denise, Laurie Ann, Lise and Lee. Your professionalism and dedication are key elements that contribute to our successes.

Thank you!



Gaitan Michaud
President

EXECUTIVE DIRECTOR'S REPORT

It gives me great pleasure to share with you, CBDC members, local Politicians, Financing Partners and you the public in general, a summary of this Corporation's accomplishments during this past fiscal year. This past year has been another year of great accomplishments with changes that will benefit the corporation and its membership.

A new partnership was created with the Town of Grand Falls and the Grand Falls Central Business Development Corporation where we are offering a new initiative that will benefit commercial building owners. Furthermore, I'm excited to say that we have recently launched our new Asset Mapping and Business Directory Project that can be accessed through our website (#CommunityAssetMapping). I wish to express my sincere thanks to Lee Bourgoin for his expertise in creating these two new databases.

I'm very proud to say that this CBDC has disbursed over \$38M in terms of loans since inception and has disbursed \$2,280,490 of new funds this past year. Concurrently, the Investment Committee reviewed 69 requests for assistance of which 49 were approved. At March 31st, 2017, 47 had been disbursed, resulting in creating 66 new jobs and maintaining 50 in the region. This investment levered \$3,166,880 from clients, financial institutions and both levels of government for a total investment in our region of \$5,447,370.



**Denise
Lagacé Rioux**
Executive Director

In terms of training, thanks to ACOA, making funds available through both Associations and thanks to the Department of Post-Secondary Education, Training and Labour, we were able to provide one-on-one training to 15 regular clients, nine SEB clients and have granted two Consultant Advisory Services to two clients resulting in a total investment in terms of training of \$43,074 in the region. I would like to take this opportunity to express my gratitude toward our faithful customers for their continued support.

To our financing partners, thank you all for your excellent collaboration in the development and delivery of our programs.

Also, a special thank you to our Accountants; Lucie, Chantal and Annick, they always make themselves available when needed and it's a pleasure working with them.

To Line Doiron and Basil Ryan, Executive Directors of our two Associations and their staff, it is a pleasure working closely with all of them.

In closing, the staff joins me in offering a special thank you to our Board of Directors past and present; they have been the cornerstone of our organization, they continue to be the catalyst for the sustained growth of our organization and contribute countless hours towards this organization that cannot be measured. We want to thank each and every volunteer for their ongoing guidance, commitment and determination.

Finally, I strongly believe that 85% of the success of a company is made up of people, hard working professional individuals and as Executive Director of this Corporation, I would like to offer my very sincere gratitude to all staff members; Laurie Ann, Lise and Lee for their remarkable accomplishments.

Thank you!



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



*Community Business Development Corporation
Corporation au bénéfice du développement communautaire*

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 the 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 a resounding yes, this is the perfect loan to put your plans into action!

Youth Loan

Provides start-up capital for youth between the ages of 18 to 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 link:

 **(506) 473-6446**

 **www.madviccbdca.ca**

 **Atlantic Association of CBDCs / NB CBDC**

 **CBDCAtlantic / NB CBDC**

 **551 Main Street, Suite 300, Grand Falls, NB
E3Z 1G5**

Canada 

New Brunswick 

***VICTORIA MADAWASKA-SOUTH
BUSINESS DEVELOPMENT CENTER INC.***

FINANCIAL STATEMENTS

Year ended March 31, 2017

VICTORIA MADAWASKA-SOUTH BUSINESS DEVELOPMENT CENTER INC.

TABLE OF CONTENTS

Year ended March 31, 2017

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS :	
Operations	3
Changes in net assets	4
Financial position	5
Cash flows	6
Notes to financial statements	7
Additional information:	
Schedule A - Operating expenses	14
Schedule B - Operating - YEDI program	15
Schedule C - Operating - AM program	15



INDEPENDENT AUDITOR'S REPORT

To the Directors of
VICTORIA MADAWASKA-SOUTH BUSINESS DEVELOPMENT CENTER INC.

We have audited the accompanying financial statements of **VICTORIA MADAWASKA-SOUTH BUSINESS DEVELOPMENT CENTER INC.**, which comprise the financial position as at March 31, 2017, and the statement of operations, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements were prepared by the management of **VICTORIA MADAWASKA-SOUTH BUSINESS DEVELOPMENT CENTER INC.** to satisfy the contractual agreement between the **VICTORIA MADAWASKA-SOUTH BUSINESS DEVELOPMENT CENTER INC.** and the Atlantic Canada opportunities Agency (ACOA).

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements established to satisfy the contractual agreement between **VICTORIA MADAWASKA-SOUTH BUSINESS DEVELOPMENT CENTER INC.** and the ACOA, 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 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 judgement, 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 present fairly, in all material respects, the financial position of **VICTORIA MADAWASKA-SOUTH BUSINESS DEVELOPMENT CENTER INC.** as at March 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with the contractual agreement between **VICTORIA MADAWASKA-SOUTH BUSINESS DEVELOPMENT CENTER INC.** and ACOA.

Basis of accounting and restriction on use

Without modifying our opinion, we draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared to comply with the contract referred to above. As a result, the financial statements may not be suitable for another purpose. Our auditor's report is intended solely for **VICTORIA MADAWASKA-SOUTH BUSINESS DEVELOPMENT CENTER INC.** and ACOA and should not be used by parties other than **VICTORIA MADAWASKA-SOUTH BUSINESS DEVELOPMENT CENTER INC.** and ACOA.



Nadeau Picard & Associés
Chartered Professional Accountants

Grand Falls, New Brunswick
May 11, 2017

VICTORIA MADAWASKA-SOUTH BUSINESS DEVELOPMENT CENTER INC.**OPERATIONS**

Year ended March 31, 2017

	Operating Fund	Investment Fund	Total 2017	Total 2016
REVENUES				
Operating - government funding	\$ 415,869	\$ -	\$ 415,869	\$ 418,249
Investment income - loan portfolio	-	543,574	543,574	452,205
Investment income - other interests	-	3,286	3,286	3,441
Young entrepreneur development initiative (YEDI)	49,789	-	49,789	52,776
Asset Management (AM)	47,542	-	47,542	774
Rentals	-	9,020	9,020	5,350
Other revenues	4,689	-	4,689	24,428
	517,889	555,880	1,073,769	957,223
EXPENSES				
Operating (schedule A)	412,573	223,026	635,599	743,607
Operating - YEDI program (schedule B)	45,855	-	45,855	51,710
Operating - AM program (schedule C)	50,464	-	50,464	774
Interest on long-term debt	-	16,002	16,002	-
	508,892	239,028	747,920	796,091
EXCESS OF REVENUES OVER EXPENSES	\$ 8,997	\$ 316,852	\$ 325,849	\$ 161,132

VICTORIA MADAWASKA-SOUTH BUSINESS DEVELOPMENT CENTER INC.**CHANGES IN NET ASSETS**

Year ended March 31, 2017

	Invested in capital assets	Restricted	Contributed Surplus	Unrestricted	Total 2017	Total 2016
Beginning balance	\$ 10,536	\$ 7,264,662	\$ 781,468	\$ 96,751	\$ 8,153,417	\$ 7,992,285
Excess of revenues over expenses	-	316,852	-	8,997	325,849	161,132
Acquisition of capital assets	8,350	-	-	(8,350)	-	-
Amortization of capital assets	(5,054)	-	-	5,054	-	-
	3,296	316,852	-	5,701	325,849	161,132
Ending balance	\$ 13,832	\$ 7,581,514	\$ 781,468	\$ 102,452	\$ 8,479,266	\$ 8,153,417

VICTORIA MADAWASKA-SOUTH BUSINESS DEVELOPMENT CENTER INC.**FINANCIAL POSITION**

March 31, 2017

	Operating Fund	Investment Fund	Total 2017	Total 2016
ASSETS				
CURRENT ASSETS				
Cash	\$ 12,108	\$ 1,088,229	\$ 1,100,337	\$ 486,276
Accounts receivable (note 4)	119,404	-	119,404	43,187
Accrued interest - loans	-	119,781	119,781	91,201
Accounts receivable from Operating Fund	-	10,862	10,862	10,862
Prepaid expenses	2,954	-	2,954	3,019
	134,466	1,218,872	1,353,338	634,545
INVESTMENTS - ACCBIF (note 5)	-	37,500	37,500	37,500
INVESTMENTS - LOANS (note 6)	-	7,515,052	7,515,052	6,992,134
CAPITAL ASSETS (note 7)	13,834	-	13,834	10,536
ASSETS HELD FOR SALE (note 8)	-	341,100	341,100	591,435
	\$ 148,300	\$ 9,112,524	\$ 9,260,824	\$ 8,266,150
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable (note 10)	\$ 21,154	\$ 11,840	\$ 32,994	\$ 91,808
Accounts payable to Investment Fund	10,862	-	10,862	10,862
Deferred revenues	-	-	-	10,063
Current portion of long-term debt	-	290,399	290,399	-
	32,016	302,239	334,255	112,733
LONG-TERM DEBT (note 11)	-	447,303	447,303	-
	32,016	749,542	781,558	112,733
NET ASSETS				
Restricted	-	7,581,514	7,581,514	7,264,662
Contributed Surplus (note 12)	-	781,468	781,468	781,468
Unrestricted	102,452	-	102,452	96,751
Invested in capital assets	13,832	-	13,832	10,536
	116,284	8,362,982	8,479,266	8,153,417
	\$ 148,300	\$ 9,112,524	\$ 9,260,824	\$ 8,266,150

FOR THE BOARD OF DIRECTORS

....., director

....., director

VICTORIA MADAWASKA-SOUTH BUSINESS DEVELOPMENT CENTER INC.**CASH FLOWS**

Year ended March 31, 2017

(Indirect method)	Operating Fund	Investment Fund	Total 2017	Total 2016
OPERATING ACTIVITIES:				
Excess of revenues over expenses	\$ 8,997	\$ 316,852	\$ 325,849	\$ 161,132
Items which do not involve cash :				
Amortization of capital assets	5,054	-	5,054	4,756
Loss (gain) on disposal of assets held for sale	-	(28,345)	(28,345)	30,000
	14,051	288,507	302,558	195,888
Net changes in non-cash working capital items (note 3)	(87,283)	(12,722)	(100,005)	192,505
	(73,232)	275,785	202,553	388,393
INVESTING ACTIVITIES				
Acquisition of capital assets	(8,350)	-	(8,350)	(6,066)
Acquisition of assets held for sale	-	(11,320)	(11,320)	-
Proceeds from disposal of assets held for sale	-	290,000	290,000	-
Changes in investments - loans	-	(596,524)	(596,524)	(830,944)
	(8,350)	(317,844)	(326,194)	(837,010)
FINANCING ACTIVITIES				
Long-term debt	-	1,500,000	1,500,000	-
Repayment of long-term debt	-	(762,298)	(762,298)	-
INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS				
	(81,582)	695,643	614,061	(448,617)
CASH, BEGINNING OF YEAR	93,690	392,586	486,276	934,893
CASH, END OF YEAR	\$ 12,108	\$ 1,088,229	\$ 1,100,337	\$ 486,276

VICTORIA MADAWASKA-SOUTH BUSINESS DEVELOPMENT CENTER INC.

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

The Victoria Madawaska-South Business Development Center Inc.'s mission statement is to create sustainable employment through promoting business development in our communities by providing capital and mentoring assistance.

The Victoria Maddawaska-South Business Development Center Inc. is a community controlled corporation with a mandate to provide lending and other investments to small businesses in the region who have difficulty obtaining financing from conventional sources. The Victoria Madawaska-South Business Development Center Inc. is incorporated under the New Brunswick Companies Act as a not-for-profit organization and as such exempt from income tax by virtue of paragraph 149(1)(1) of the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared to conform in all material respects to the accounting principles prescribed in the written contractual agreement between the organization and the Atlantic Canada Opportunities Agency (ACOA) and are intended for the use of the organization's Board of Directors and the ACOA.

The basis of accounting used in these financial statements differs materially from Canadian accounting standards for not-for profit organizations because:

- a) The organization recorded all its financial instruments at historic cost instead of fair value;
- b) The organization 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.

Use of estimates

The preparation of these 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates. The main estimates relate to the fair value of the assets held for sale and the allowance for doubtful accounts of the loans. These estimates are reviewed periodically and adjustments are made to income, as appropriate, in the year they become known.

VICTORIA MADAWASKA-SOUTH BUSINESS DEVELOPMENT CENTER INC.

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or they become receivable if the amount can be reasonably estimated and collection is reasonably assured. Contributions received for endowment are recognized as direct increases in net assets.

Investment income is recognized using the accrual basis of accounting.

Rental revenue and other revenues are recognized in the period in which it is earned.

Fund accounting

The Victoria Madawaska-South Business Development Center Inc. follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and operating contributions. Expenses of the Operating fund are limited to those agreed upon in the contribution agreement between ACOA, or other funding partners and the Victoria Madawaska-South Business Development Center Inc.

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

Investments

Investments are recorded at lower of cost or market value. Provisions for loans are reported in the applicable fund. Accrued interest receivable on loans includes only amounts receivable on loans that are not in arrears. Accrued interest not recorded is recognized as revenue at the time of collection.

Capital assets

Capital assets are accounted for at cost.

Amortization is based on their estimated useful lives using following methods and rates. They are also tested for impairment.

	Methods	Rates
Furniture and equipment	straight line	10 %
Computer equipment	straight line	12,5% - 25 %

VICTORIA MADAWASKA-SOUTH BUSINESS DEVELOPMENT CENTER INC.**NOTES TO FINANCIAL STATEMENTS**

March 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**Cash and cash equivalents**

The organization's policy is to present bank balances and term deposits with a maturity period of three months or less from the date of acquisition under cash and cash equivalents.

3. ADDITIONAL INFORMATION ON THE STATEMENT OF CASH FLOWS

	Operating Fund	Investment Fund	Total 2017	Total 2016
Net changes in non-cash working capital items is as follows:				
Accounts receivable	\$ (76,217)	\$ -	\$ (76,217)	\$ 21,646
Allowance for doubtful accounts	-	73,606	73,606	58,599
Accrued interests - investment loans	-	(28,580)	(28,580)	30,976
Prepaid expenses	63	-	63	(687)
Accounts payable	(1,066)	(57,748)	(58,814)	71,908
Deferred revenues	(10,063)	-	(10,063)	10,063
	\$ (87,283)	\$ (12,722)	\$ (100,005)	\$ 192,505

4. ACCOUNTS RECEIVABLE

	Operating Fund	Investment Fund	Total 2017	Total 2016
SEB program	\$ 11,131	\$ -	\$ 11,131	\$ 21,783
YEDI program	6,152	-	6,152	11,638
AM program	19,801	-	19,801	-
ACOA	69,792	-	69,792	2,252
Harmonized sales tax	5,296	-	5,296	4,994
Other	7,232	-	7,232	2,520
	\$ 119,404	\$ -	\$ 119,404	\$ 43,187

VICTORIA MADAWASKA-SOUTH BUSINESS DEVELOPMENT CENTER INC.

NOTES TO FINANCIAL STATEMENTSMarch 31, 2017

5. INVESTMENTS - ACCBIF

Promissory note, without interest or terms of repayment from Atlantic Community Business Investment Fund (ACCBIF).

6. INVESTMENTS - LOANS	2017	2016
Loans	\$ 7,981,442	\$ 7,384,918
Allowance for doubtful accounts	(466,390)	(392,784)
	\$ 7,515,052	\$ 6,992,134

The loans receivable balance is comprised of :

Balance, beginning of year	\$ 7,384,918
Loans advanced during the year	2,280,490
Loans repaid during the year	(1,542,318)
Recovery of loans written-off	3,155
Loans written-off during the year	(144,803)
Balance, principal	7,981,442
Allowance for doubtful accounts	(466,390)
Balance, end of year	\$ 7,515,052

The activity in the Allowance of Doubtful Loans account is as follows:

Balance, beginning of year	\$ 392,784
Loans written off during the year	(144,803)
Recovery of loans written off in previous periods	3,155
Current year loans losses provision	215,254
Balance, end of year	\$ 466,390

During the fiscal year, a total of 69 loans were approved and as at March 31, 2017, 214 loans were active.

VICTORIA MADAWASKA-SOUTH BUSINESS DEVELOPMENT CENTER INC.**NOTES TO FINANCIAL STATEMENTS**

March 31, 2017

7. CAPITAL ASSETS		2017		2016	
	Cost	Accumulated Amortization	Net value		Net value
Furniture & equipment	\$ 10,868	\$ 5,830	\$ 5,038	\$	1,391
Computer equipment	29,968	21,172	8,796		9,145
	\$ 40,836	\$ 27,002	\$ 13,834	\$	10,536

8. ASSETS HELD FOR SALE

The organization can exercise their rights on unrecoverable loans and proceed to seize the assets. Those assets are classified as short term or long term based on whether or not they have been sold at the date of the financial statements. Gains or losses related to the sale of these assets will be recognized at the time of the sale. As at March 31, 2017, the organization had \$341,100 of assets held for sale.

9. BANK LOAN

The organization has an authorized line of credit of \$240,000, bearing interest at prime rate plus 1.3%, renewable annually. The bank loan is secured by a general security agreement on all assets of the organization having a net carrying value of \$9,260,824 (2016 - \$8,266,150).

10. ACCOUNTS PAYABLE

	Operating Fund	Investment Fund	Total 2017	Total 2016
Trade	\$ 518	\$ 10,771	\$ 11,289	\$ 72,135
Salaries and vacations	11,636	-	11,636	10,673
Accrued liabilities	9,000	-	9,000	9,000
Accrued interests	-	1,069	1,069	-
	\$ 21,154	\$ 11,840	\$ 32,994	\$ 91,808

VICTORIA MADAWASKA-SOUTH BUSINESS DEVELOPMENT CENTER INC.

NOTES TO FINANCIAL STATEMENTSMarch 31, 2017

11. LONG TERM DEBT	2017	2016
Advance from ACCBIF, repayable in monthly instalments of \$25,000 bearing interest at 1.6%, secured by a general security on all assets of the organization in the amount of \$9,260,824, maturing in September, 2019	<u>737,702</u>	-
	737,702	-
Current portion of long-term debt	<u>290,399</u>	-
	\$ 447,303	\$ -

Long-term debt principal over the next three years are the following:

2018 - \$ 290 399

2019 - \$ 295 000

2020 - \$ 152 303

12. CONTRIBUTED SURPLUS

The contributed surplus was created in 2011 and relates to the funds received from the ACOA for the SEED Capital Program which were no longer reimbursable to the ACOA.

13. EXTERNALLY RESTRICTED FUNDS

The investment fund and the contributed surplus includes the external restrictions on net assets and their revenues as following:

Restricted for investing in businesses as at March 31, 2017 :\$8,362,982 (\$8,046,130 in 2016).

The net assets of the Investment Fund and the Contributed Surplus are restricted by ACOA to use only for financial investment in small businesses in the area served by Victoria Madawaska-South Business Development Center Inc. All investment income earned by the organization from net assets of these funds must be reinvested in the funds, unless authorized in writing by ACOA, and cannot be used to cover administrative expenses of the organization.

VICTORIA MADAWASKA-SOUTH BUSINESS DEVELOPMENT CENTER INC.

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

14. CONTINGENCIES

The organization received two claims from the Canada Revenue Agency for a total amount of \$129,807. They alleged that the organization has received proceeds of sale of assets or assets to be liquidated, divided or attributed from their clients that were in default of payment for the payroll withholdings and the harmonized sales tax. The organization has contested these claims. In management's opinion, neither the possible outcome nor the amount of possible payment, if any, can be foreseen. Therefore, no provision has been made in the financial statements.

15. ECONOMIC DEPENDENCE

Victoria Madawaska-South Business Development Center Inc. receives an annual operating contribution to cover operating expenses of the Administration Fund. The going concern of the organization's operations currently depends on the reception of the annual operating contribution.

16. CAPITAL DISCLOSURES

The organization's capital is comprised of its net assets. The organization's objective for managing its capital is to control its expenses and to secure sufficient financial resources to allow it to continue its operations and provide investment funds to small businesses in the region. The organization manages its capital by establishing and following an annual budget and annual financial statements approved by the Board of Directors as well as an investment management policy, which is maintained by the investment committee.

17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation used in the current year.

VICTORIA MADAWASKA-SOUTH BUSINESS DEVELOPMENT CENTER INC.**SCHEDULE A - OTHER INFORMATION**

Year ended March 31, 2017

A - OPERATING EXPENSES	Operating Fund	Investment Fund	Total 2017	Total 2016
Salaries	\$ 263,342	\$ -	\$ 263,342	\$ 252,445
Fringe benefits	41,959	-	41,959	38,654
Insurance	3,293	6,486	9,779	11,225
Dues and subscriptions	4,254	-	4,254	4,020
Doubtful accounts and bad debts	-	215,253	215,253	164,387
Electricity	-	6,590	6,590	8,463
Repairs and maintenance - equipment	353	-	353	761
Repairs and maintenance - building	-	5,209	5,209	8,022
Training	15,427	-	15,427	27,695
Office supplies and stationery	5,586	-	5,586	5,342
Travelling and entertainment	21,135	-	21,135	19,039
Interest and bank charges	2,508	-	2,508	2,173
Property tax	-	16,285	16,285	83,549
Rent	18,909	-	18,909	20,194
Rental	1,517	-	1,517	1,631
Advertising and promotion	8,783	-	8,783	9,239
Meeting	3,993	-	3,993	4,027
Professional fees	9,557	1,548	11,105	35,488
Legal fees	3,639	-	3,639	3,674
Telecommunications	3,264	-	3,264	8,823
Loss (gain) on assets held for sale	-	(28,345)	(28,345)	30,000
Amortization of capital assets	5,054	-	5,054	4,756
	\$ 412,573	\$ 223,026	\$ 635,599	\$ 743,607

VICTORIA MADAWASKA-SOUTH BUSINESS DEVELOPMENT CENTER INC.**SCHEDULE B & C - OTHER INFORMATION**

Year ended March 31, 2017

B - OPERATING - YEDI PROGRAM

	Total 2017	Total 2016
Salaries and fringe benefits	\$ 18,191	\$ 10,109
Management fees	3,349	11,831
Office supplies and stationery	370	488
Travelling and entertainment	280	818
Rent	2,625	1,500
Advertising and promotions	2,183	4,798
Recognition event	17,487	19,357
Training	634	869
Telecommunications	736	940
Yedi Camp	-	1,000
	\$ 45,855	\$ 51,710

C - OPERATING - AM PROGRAM

	Total 2017	Total 2016
Salaries and fringe benefits	\$ 34,613	\$ -
Management fees	2,548	212
Office supplies and stationery	1,365	-
Travelling and entertainment	1,174	-
Rent	4,500	375
Professional fees	2,000	-
Telecommunications	2,244	187
Other	2,020	-
	\$ 50,464	\$ 774