



# 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 six possible forms: Youth Loan, First-Time Entrepreneur Loan, General Business Loan, Social Enterprise Loan, Clean Tech 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 30th year of operation. Being one of the smallest population based, we are still very active in our community having disbursed over \$40M in loans since inception, and have helped in the creation of 1,269 jobs and maintained 3,081. The results of this past year have been similar to the previous year having disbursed 37 loans resulting in investing almost \$1.8M of new funds.



In addition to our main activities that we will present later, this year, we have given new momentum to our youth initiatives. These improvements are still work in progress, but since November 2018, with the hiring of a full-time Youth Coordinator, we have able to meet with all parties involved in our youth programs to fully understand the needs in our community and our role. Several partnerships were formed with schools and other organizations sharing our mission. A strategic plan has been developed taking into account the different needs of all youths from 5 to 34 years of age. At the CBDC Victoria Madawaska-South we know that to develop youth entrepreneurial spirit, we must be present at all important stages of their journey, and

this, as soon as they start school. This CBDC aims at real business development by offering youth initiatives that meet the needs and demands of our entrepreneurs by being present in their path and their businesses in order to ensure the survival and their successes. Furthermore, an intense update of our CAM (Community Asset Mapping) was conducted.

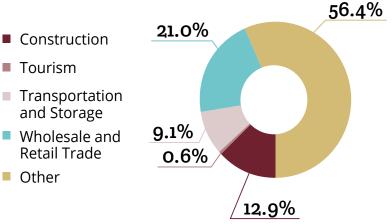
Please search our social media for: #CommunityAssetMapping



Requests processed	
Applications received	59
Applications approved	40
Amounts invested \$1,78	9,597
Number of business counselling sessions	
Number of clients	46
Impact on businesses	
New businesses	2
Existing businesses	35
Total	37
Impact on employment	
Jobs created	10
Jobs maintained	120
Total	130

# Loans by Sector

investments in the region



Training sessions	
Number of sessions	55
Amounts granted	\$29,517
Self-Employment B	enefit
Applications approve	ed 11
Value of assistance	\$229,663
Consulting Advisory Services	
Number of clients	2
	Z
Amounts granted	\$10,750

# Building strong entrepreneurial leverage in the Victoria Madawaska-South region

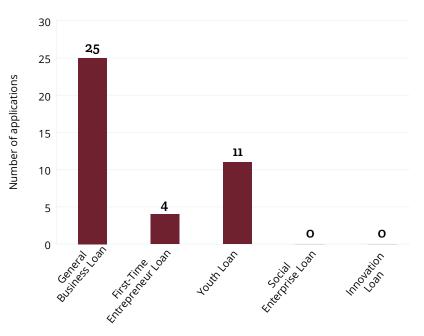
The total value of assistance from the CBDC and financial leverage over the past five years



The results of this past year are showing comparable results to the previous year.

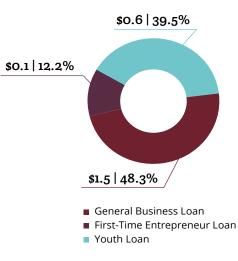
Since inception, the CBDC Victoria Madawaska-South has injected over \$40 million dollars in the community.

# Number of applications approved for each CBDC loan product

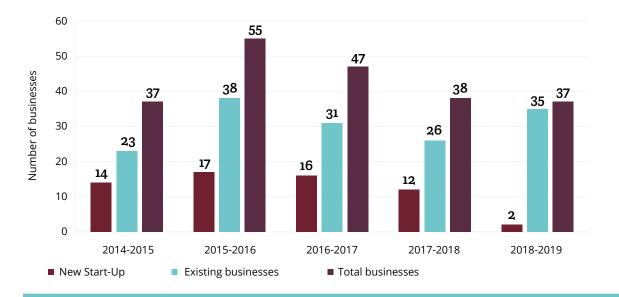


Breakdown of amounts approved per loan product

(in millions of dollars)

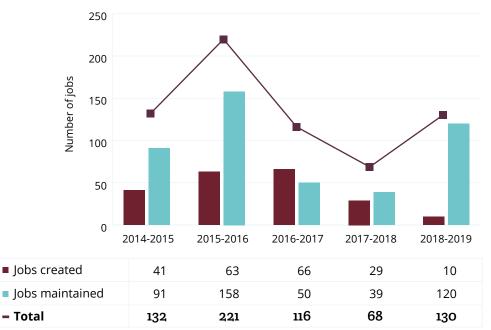


# The number of businesses who received financial assistance over the past five years



The number of businesses who received financial assistance is comparable to the previous year. At March 31, 2019, we had three loans approved totalling \$353,000 that were not disbursed. Although jobs created have decrease, jobs maintained have increased considerably, we suggest that it is simply due to cyclic results; moreover, our total investments outstanding of about \$7.7M are contributing to the long-term employability in the region.

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



# **President's report**

#### For the year ending March 31, 2019



Having the opportunity to talk about the CBDC Victoria Madawaska-South is always a pleasure for me. The CBDC Victoria Madawaska-South is an organization that works with entrepreneurs in our region to facilitate a start-up or an expansion of their business. This is possible through the programs and services we offer our clients. Through our quality programs and services, 2018-2019 was a year that allowed us to contribute to the economic growth of our region.

The CBDC continues to provide financial assistance and consulting services to small and medium-sized businesses as a community-based organization.

The board truly reflects the entrepreneurial makeup of the region. Our mandate is to promote the economic dynamism of our region and to provide assistance to entrepreneurs who wish to develop and grow their businesses.

This past year has been another year of great accomplishments. I would like to express my sincere appreciation to the board members, for their contribution of time and talent throughout the year. Their knowledge, experience and dedication towards this organization and entrepreneurs is instrumental to our success. I would also like to thank the province of New Brunswick, especially the Department of Post- Secondary Education, Training and Labour and the Regional Development Corporation for their ongoing financial support and their commitment to the CBDC Victoria Madawaska- South.

The government of Canada, through ACOA, is clearly committed to helping rural communities become strong and vibrant. Their continued support is a clear signal of their desire to nurture the business community through ACOA's vision and support.

We would like to thank ACOA's team of professionals for their understanding, their support, their guidance and their assistance. We are very grateful.

I would like to extend a huge thank you to our Executive Director, Denise Lagacé Rioux, for having worked with the Provincial and Atlantic Associations to improve and promote the CBDC programs. This year, Denise has completed a certificate in Financial Management from Saint Mary's University. 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 dedicated staff: Denise, Lise, Renée, Tania, Gaëtane, Britney, Gabrielle and Camilla. Your professionalism and dedication are key elements that contribute to our successes.

Thank You!

# **Executive Director's report**



It gives me great pleasure to share with all stakeholders and you the public in general, a summary of this Corporation's accomplishments during this past fiscal year.

Our focus is and remains to foster the growth of our region's business community and entrepreneurial climate by investing both time and money through our financial services and programs.

The results of this past year are similar to the previous year.

Since inception in September 1989, this CBDC has disbursed over to \$40M in terms of loans and have disbursed \$1,789,597 of new funds this past year. Concurrently, the Investment Committee reviewed 59 requests for assistance of which 40 were approved for a total investment of \$2,142,597. At March 31st, 2019, 37 loans had been disbursed, resulting in creating 10 new jobs and maintaining 120 in the region. This investment levered \$624,101 from clients, financial institutions and both levels of government for a total investment in our region of \$2,766,698.

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 55 clients have granted two Consultant Advisory Services to two clients resulting in a total investment in terms of training of \$40,267 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, Accountants and both Associations, thank you all for your excellent collaboration in the development and delivery of our programs and assistance. It is a great pleasure working 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. Thanks to our Chairman, Mr. Gaitan Michaud for his great representation and Member at Large of the Atlantic Association of CBDCs.

Finally, I strongly believe that 85% of the success of a company is made up of people, hardworking professional individuals and as Executive Director of this Corporation, I would like to offer my very sincere gratitude to all staff members: Lise, Renée, Tania, Gaëtane, Britney, Gabrielle and Camilla for their remarkable accomplishments.

Thank you!

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



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).

#### **Clean Technology Initiative**

Loan or advisory services ideas for a clean technology process, and products or services that reduce negative environmental impacts.

#### **Youth Initiatives**

Educate Youth on entrepreneurship as a viable career option. Supporting and enhancing the value of youth are our high priorities.

#### **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. 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 knowledgebased 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!



Community Business Development Corporation

#### **Contact Us**

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



439 Terrace Street, Grand Falls, NB E3Z 1B3



www.madviccbdc.ca

CBDC Victoria Madawaska-Sud

NB CBDC / CBDCAtlantic



506.473.6446

# VICTORIA MADAWASKA-SOUTH BUSINESS DEVELOPMENT CENTRE INC. NON-CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

# VICTORIA MADAWASKA-SOUTH BUSINESS DEVELOPMENT CENTRE INC. NON-CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

#### SUMMARY

	Page
Independent auditor's report	2 - 5
Non-consolidated statement of operations	6
Non-consolidated changes in net assets	7
Non-consolidated Statement of financial position	8 - 9
Non-consolidated statement of cash flow	10
Notes to non-consolidated financial statements	11 - 20
Non-consolidated additional information	21 - 22



#### **INDEPENDENT AUDITOR'S REPORT**

To the Directors of Victoria Madawaska-South Business Development Centre Inc.

#### **Report on the Audit of the Non-Consolidated Financial Statements**

#### Opinion

We have audited the non-consolidated financial statements of Victoria Madawaska-South Business Development Centre Inc. (the Organization), which comprise the nonconsolidated statement of financial position as at March 31, 2019, and the nonconsolidated statements of operations, changes in net assets and cash flow for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Organization as at March 31, 2019, and the results of its non-consolidated operations and its non-consolidated cash flows for the year then ended in accordance with the contractual agreement between the Organization and the ACOA.

#### **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 Non-Consolidated Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the non-consolidated 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.

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#### Emphasis of Matter – Basis of Accounting and Restriction on Use

We draw attention to Note 2 of the non-consolidated financial statements, which describes the basis of accounting. The non-consolidated financial statements are prepared to assist the Organization to comply with the contract referred to above. As a result, the non-consolidated financial statements may not be suitable for another purpose. Our report is intended solely for the Organization and the ACOA and should not be used by parties other than the Organization and the ACOA. Our opinion is not modified in respect of this matter.

#### Responsibilities of Management and Those Charged with Governance for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the nonconsolidated financial statements in accordance with the contractual agreement between the Organization and the ACOA, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

# Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated 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 non-consolidated financial statements.

3

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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:

- Identify and assess the risks of material misstatement of the non-consolidated 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 Organization'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 Organization'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 non-consolidated 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 Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

4

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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.

Nachene Presid + Associa, CPA

Nadeau Picard & Associés, CPA Chartered Professional Accountants

Grand Falls, NB May 30, 2019

796, boul. Evérard H. Daigle Blvd. Grand-Sault/Grand Falls NB E3Z 3C8 T : (506) 473-4240 F : (506) 473-9450 25, rue Carrier St. Edmundston NB E3V 4A3 T : (506) 735-1820 F : (506) 735-1821 www.npaca.ca

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5

### NON-CONSOLIDATED STATEMENT OF OPERATIONS

#### FOR THE YEAR ENDED MARCH 31, 2019

	Operating Fund	Investment Fund	2019 Total	2018 Total
REVENUES				
Operating - Government funding <b>\$</b> Investment income - loan	392,533 \$	5 - \$	<b>392,533</b> \$	6 431,449
portfolio Investment income - other	-	520,031	520,031	510,217
interests Young entrepreneur	-	16,790	16,790	10,624
development initiative (YEDI)	66,223	-	66,223	60,215
Human Resources Program	25,632	-	25,632	-
Rentals	=	7,725	7,725	9,020
Other revenues	72,454	-	72,454	44,240
	556,842	544,546	1,101,388	1,065,765
EXPENSES				
Operating (Schedule A) Operating - YEDI	442,250	191,710	633,960	760,642
Program (Schedule B) Operating - Human Resources	66,223	-	66,223	60,215
Program (Schedule C)	25,370	-	25,370	-
Operating - AM program	-	-	-	4,159
Interest on long-term debt	-	4,801	4,801	9,479
Other expenses	21,482		21,482	21,819
	555,325	196,511	751,836	856,314
EXCESS OF REVENUES OVER				
EXPENSES \$	1,517 \$	5	5	5 209,45 <sup>-</sup>

#### NON-CONSOLIDATED CHANGES IN NET ASSETS

#### FOR THE YEAR ENDED MARCH 31, 2019

	Investment in capital assets	Restricted	Contributed Surplus	Unrestricted	2019 Total	2018 Total
Balance, beginning of year	\$ 20,565	\$ 7,765,965	\$ 781,468	\$ 120,717	\$ 8,688,715	\$ 8,479,264
Excess of revenues over expenses	-	348,035	-	1,517	349,552	209,451
Acquisition of capital assets	6,304	-	-	(6,304)	-	-
Amortization of capital assets	(6,763)	-	-	6,763	-	
Balance, end of year	\$ 20,106	\$ 8,114,000	\$ 781,468	\$ 122,693	\$ 9,038,267	\$ 8,688,715

### NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

# AS AT MARCH 31, 2019

	Operating Fund	Investment Fund	2019 Total	2018 Total
ASSETS				
CURRENT ASSETS Cash Accounts receivable (note 4) Accrued interest - loans	\$ 10,154 \$ 137,162 -	5 1,626,136 \$ - 116,452	1,636,290 \$ 137,162 116,452	1,408,993 112,566 110,019
Accounts receivable from Operating Fund Accounts receivable from company under common	-	10,862	10,862	10,862
control Prepaid expenses	57,239 5,297	-	57,239 5,297	53,143 <u>6,787</u>
	209,852	1,753,450	1,963,302	1,702,370
RESTRICTED CASH	397,878	-	397,878	-
INVESTMENTS - ACCBIF (note 5)	-	37,500	37,500	37,500
INVESTMENTS - LOANS (note 6)	-	7,147,527	7,147,527	7,178,336
CAPITAL ASSETS (note 7)	20,106	-	20,106	20,566
ASSETS HELD FOR SALE (note 8)	-	135,000	135,000	262,500
	417,984	7,320,027	7,738,011	7,498,902
	\$ 627,836 \$	5    9,073,477   \$	9,701,313 \$	9,201,272

# NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### AS AT MARCH 31, 2019

	Operating Fund	Investment Fund	2019 Total	2018 Total
LIABILITIES				
CURRENT LIABILITIES Bank Loan (note 9) Accounts payable (note 10) Accounts payable to	\$ - 32,398	\$ - \$ 25,180	- \$ 57,578	20,000 34,068
Investment Fund Current portion of long-term	10,862	-	10,862	10,862
debt (note 11)		152,829	152,829	294,999
	43,260	178,009	221,269	359,929
DEFERRED FUND	441,777	-	441,777	-
LONG-TERM DEBT (note 11)	-	-	-	152,628
#1796	 441,777	<b>10</b>	441,777	152,628
	 485,037	178,009	663,046	512,55 <b>7</b>
NET ASSETS				
Invested in capital assets	20,106	-	20,106	20,565
Restricted	-	8,114,000	8,114,000	7,765,965
Contributed surplus	-	781,468	781,468	781,468
Unrestricted	 122,693	 -	122,693	120,717
	142,799	8,895,468	9,038,267	8,688,715
	\$ 627,836	\$ 9,073,477 \$	9,701,313 \$	9,201,272

Signed for the Board, \_\_\_\_\_, Director

\_\_\_\_\_, Director

### NON-CONSOLIDATED STATEMENT OF CASH FLOW

#### FOR THE YEAR ENDED MARCH 31, 2019

(Indirect method)	2019	2018
Operating activities		
Excess of revenues over expenses	\$ 349,552	\$ 209,451
Non-cash items: Amortization of capital assets Loss on disposal of assets held for sale	6,763 22,461	5,254 56,284
	378,776	270,989
Net change in non-cash working capital items (note 3)	(6,029)	159
	372,747	271,148
Investing activities		
Acquisition of capital assets Proceeds from disposal of assets held for sale Changes in investments - loans	(6,304) 105,040 30,809	(11,986) 22,316 350,396
	129,545	360,726
Financing activities		
Net change in bank loan Repayment of long-term debt Variation in advance to a company under common	(20,000) (294,798)	20,000 (290,075)
control Variation in restricted fund	(4,096) 43,899	(53,143) -
	(274,995)	(323,218)
Increase in cash and cash equivalents	227,297	308,656
Cash, beginning of year	1,408,993	1,100,337
Cash, end of year	\$ 1,636,290	\$ 1,408,993

#### NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT MARCH 31, 2019

#### 1. STATUES 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 Madawaska-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 prepare 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 non-consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenses for the periods covered. The main estimates relate to the net realizable value of 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 know.

#### NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT MARCH 31, 2019

#### 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 they are 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.

#### NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT MARCH 31, 2019

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Capital assets**

Capital assets are accounted for at cost. Amortization is calculated using the straight-line method at the following rates:

- -

	Rates
Furniture & equipment	10%
Computer equipment	12.5% - 25%

#### Interfund advances

The interfund advances are non-interest bearing, with no set terms of payment.

#### Cash and cash equivalents

The Organization's policy is to present bank balances under cash and cash equivalents, including bank overdrafts when bank balances that fluctuate frequently from being positive to overdrawn, and temporary investments with a maturity period of three months or less from the date of acquisition.

#### Controlled organisation

Victoria Madawaska-South Business Development Center Inc. controls CBDC VMS Holdings Inc. by virtue of its ability to appoint all of the Organization's board of directors. The Organization was established to purchase a building which is occupied by Victoria Madawaska-South Business Development Center Inc. Financial details are presented and disclosed at Note 17 for the year end March 31, 2019.

#### NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT MARCH 31, 2019

#### 3. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	2019			2018	
Accounts receivable	\$	(24,596)	\$	6,838	
Allowance for doubtful accounts		-		(13,680)	
Accrued interest - loans		(6,433)		9,762	
Prepaid expenses		1,490		(3,833)	
Accounts payable		23,510		1,072	
	\$	(6,029)	\$	159	

#### 4. ACCOUNTS RECEIVABLE

	Operating Fund		1	nvestment Fund		2019		2018		
SEB Program	\$	28,493	\$	_	\$	28,493	\$	23,518		
YEDI Program	Ŧ	20,165	Ŧ	-	Ŧ	20,165	Ŧ	5,020		
HR Program		5,331		-		5,331		-		
ACOA		55,042		-		55,042		69,515		
Harmonized sales tax		5,738		-		5,738		12,083		
Other		22,393		-		22,393		2,430		
	\$	137,162	\$	-	\$	137,162	\$	112,566		

#### 5. INVESTMENTS - ACCBIF

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

#### NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT MARCH 31, 2019

#### 6. INVESTMENTS - LOANS

		2019	2018
Loans Allowance for doubtful accounts	\$	7,587,339 (439,812)	\$ 7,631,046 (452,710)
	\$	7,147,527	\$ 7,178,336
The loans receivable balance is comprised of:			
Balance, begining of year Loans advanced during the year Loans repaid during the year Recovery of loans written-off Loans written-off during the year			\$ 7,631,046 1,789,597 (1,674,185) 6,690 (165,809)
Balance, principal Allowance for doubtful accounts			7,587,339 (439,812)
			\$ 7,147,527
The activity in the allowance for doubtful loans acc follows:	coun	t is as	
Balance, beginning of year Loans written off during the year Recovery of loans written off in previous periods Current year loans losses provision			\$ 452,710 (165,809) 6,690 146,221
Balance, end of year			\$ 439,812

During the fiscal year, a total of 41 loans were approved and as at March 31, 2019, a total of 193 loans were active.

#### NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT MARCH 31, 2019

#### 7. CAPITAL ASSETS

	2019					2018			
	Accumulated Cost amortization			bo	Net ok value	Net book value			
Furniture & equipment Computer equipment	\$ 15,894 29,500	\$	4,009 21,279	\$	11,885 8,221	\$	10,671 9,895		
	\$ 45,394	\$	25,288	\$	20,106	\$	20,566		

#### 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, 2019, the Organization had \$135,000 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 \$9,701,313 (2018 - \$9,201,272).

#### 10. ACCOUNTS PAYABLE

	Operating Fund		Investment Fund		2019	2018	
Trade Salaries and vacations Accrued liabilities Accrued interests Harmonized sales tax	\$	8,043 15,945 8,410 - -	\$	8,082 - 223 16,875	\$ 16,125 15,945 8,410 223 16,875	\$ 11,477 12,737 9,231 623 -	
	\$	32,398	\$	25,180	\$ 57,578	\$ 34,068	

#### NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT MARCH 31, 2019

#### 11. LONG-TERM DEBT

	2019	2018
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 \$9,701,313, maturing in September, 2019	\$ 152,829	\$ 447,627
Current portion of long-term debt	152,829	294,999
	\$ -	\$ 152,628

#### 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 follows:

Restricted for investing in businesses as at March 31, 2019 :\$8,895,468 (\$8,547,433 in 2018).

The net assets of the Investment Fund and the Contributed Surplus are restricted by ACOA to be used 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.

#### NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT MARCH 31, 2019

#### 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 expenses of the Operating Fund. The going concern of the Organization's operations currently depends on the reception of the annual operating contribution.

#### 16. RELATED PARTY TRANSACTIONS

During the year, the Organization paid \$34,125 (2018 - \$16,875) to a company under common control for the rental of its building. These transactions were concluded in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The Organization is related to CBDC VMS Holdings Inc. due to the fact that they are under common control.

The balances that have arisen from transactions with this related party are shown separately in the financial statements.

#### NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT MARCH 31, 2019

#### 17. CONTROLLED ORGANIZATION

The CBDC VMS Holding Inc., a not-for-profit organization, is controlled by Victoria Madawaska-South Business Development Center Inc. given that they have majority of the control over the operations. Victoria Madawaska-South Business Development Center Inc. is closely involved in the development of policies of CBDC VMS Holdings Inc. and has the capacity to influence on the content of these policies and by having 100% interest in the Organization.

The CBDC VMS Holdings Inc. owns a building which is occupied by Victoria Madawaska-South Business Development Center Inc.

	2019	2018
Statement of financial position Current assets		
Cash Acccounts receivable	\$ 22,343 1,662	\$ 9,999 1,336
Capital assets	24,005 245,088	11,335 253,975
	\$ 269,093	\$ 265,310
Liabilities Current liabilities Accounts payable Payable to a company under control Deferred income Current portion of long term debt	\$ 8,371 57,239 1,874 11,475 78,959	\$ 2,228 53,143 1,875 11,478 68,724
Long-term debt	192,841	204,310
	271,800	273,034
Net assets		
Net assets deficiency	 (2,707)	(7,724)
Cash Acccounts receivable Capital assets Capital assets Current liabilities Accounts payable Payable to a company under control Deferred income Current portion of long term debt	\$ 269,093	\$ 265,310

The summarized financial statements of CBDC VMS Holdings Inc. are:

#### NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT MARCH 31, 2019

#### 17. CONTROLLED ORGANIZATION (continued)

	2019	2018
Statement of Operations		
Rental income	\$ 37,015	\$ 17,719
Expenses	31,998	25,443
Excess (deficiency) of revenues over expenses	\$ 5,017	\$ (7,724)

#### 18. 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.

### NON-CONSOLIDATED ADDITIONAL INFORMATION

### FOR THE YEAR ENDED MARCH 31, 2019

	Operating Fund	Investment Fund	2019 Total	2018 Total
SCHEDULE A				
OPERATING				
Salaries	\$ 270,718	\$-\$	270,718 \$	270,515
Fringe benefits	45,181	-	45,181	47,787
Insurance	3,340	3,713	7,053	6,913
Dues and subscriptions	4,713	-	4,713	4,399
Doubtful accounts and bad				
debts	-	146,222	146,222	251,050
Electricity	3,933	2,754	6,687	5,599
Repairs and maintenance -	,	,	,	,
equipment	3,609	-	3,609	2,794
Repairs and maintenance -	,		,	,
building	-	3,453	3,453	3,707
Training	11,304	-	11,304	7,610
Office supplies and stationery	5,506	-	5,506	8,149
Travelling and entertainment	21,422	-	21,422	15,309
Interest and bank charges	3,007	-	3,007	2,397
Property tax	, _	11,511	11,511	15,082
Rent	30,234	- -	30,234	19,713
Equipment rental	626	-	626	2,262
Advertising and promotion	7,484	-	7,484	8,131
Meeting	3,299	-	3,299	5,775
Professional fees	7,732	-	7,732	7,526
Bookkeeping services	4,185	-	4,185	9,959
Legal fees	5,376	1,596	6,972	491
Telecommunications	3,818	, -	3,818	3,936
Loss on assets held for sale	-	22,461	22,461	56,284
Amortization of capital assets	6,763	-	6,763	5,254
	\$ 442,250	<u>\$ 191,710 \$</u>	633,960 \$	760,642

# NON-CONSOLIDATED ADDITIONAL INFORMATION

### FOR THE YEAR ENDED MARCH 31, 2019

		Operating Fund		Investment Fund		2019 Total	2018 Total
SCHEDULE B							
OPERATING - YEDI PROGRAM							
Salaries and fringe benefits	\$	25,770	\$	-	\$	25,770 \$	25,105
Management fees		5,593		-		5,593	5,263
Office supplies and stationery		1,953		-		1,953	1,135
Travelling and entertainment		3,016		-		3,016	1,037
Professional fees		1,236		-		1,236	2,150
Rent		6,450		-		6,450	5,319
Advertising and promotions		4,079		-		4,079	5,656
Recognition event		16,886		=		16,886	13,293
Telecommunications		1,240		-		1,240	1,257
	\$	66,223	\$	-	\$	66,223 \$	60,215
SCHEDULE C OPERATING - HUMAN RESOUR	CE.	S PROGRAI	м				
Salaries and fringe benefits	<u>\$</u>	10,500			\$	10,500 \$	
Management fees	Ψ	3,640	Ψ	-	Ψ	3,640	_
Office supplies and		0,040		_		0,040	
stationnery		2,558		_		2,558	_
Travelling and entertainment		2,000		_		44	_
Professional fees		1,513		-		1,513	_
Rent		283		-		283	_
Training		6,038		-		6,038	_
Telecommunications		794		-		794	-
	\$	25,370	¢		\$	25,370 \$	