

ANNUAL REPORT

2017-2018

Investing in the
Entrepreneurial Spirit



Community Business Development Corporation
Corporation au bénéfice du développement communautaire
Westmorland Alberta

CBDC Westmorland Albert



As Shediac is world renowned for its lobster fishing, processing plants, live-lobster tanks, and famous Lobster Festival, in 1989 the Shediac Rotary Club decided to create a monument that would promote one of the area's main resource.

After drawing various designs which reflected the precise real-life measurements of a typical lobster, the artist then proceeded to erect a paper-mâché replica of the monument. The same process was used to create the fisherman, proportionate to a human being measuring 6 feet. Mr. Winston Bronnum, originally from Penobsquis, NB, was a very conscious artist. It was mandatory for him to reproduce this wonderful shellfish without modifying a single thing.

The Giant Lobster measures 11 metres (35 ft) in length, 5 metres (16 ft) in width and stands at 5 metres (16 ft) in height. Why is this THE WORLD'S LARGEST LOBSTER? Because it weighs approximately 90 tonnes (55 tonnes for the lobster and 35 tonnes for its pedestal).

The giant lobster is located In Rotary Park where it figures as a focal point at the town's entrance. Knowing this masterpiece would attract a large number of people (300,000 annually), stairs on the pedestal were specially designed to accommodate visitors.

The Atlantic Canada Opportunities 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, ACOA has demonstrated ongoing confidence in the 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
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Westmorland Albert

CBDC Westmorland Albert 31st Anniversary

Over the past 31 years, the CBDC has been dedicated to fostering the success of local entrepreneurs within the communities that we serve. Our history has seen many different changes within the economic development landscape but our CBDC has remained a constant pillar, often having to adapt to the changing times in

order to better serve our clients.

Our annual report outlines the programs we offer and the results of our assistance in developing the economy in our territory during the past 31 years.

Investments in the region

Requests processed

Applications received	60
Applications approved	45
Amounts invested	\$1,464,245

Number of business counselling sessions

Number of clients	128
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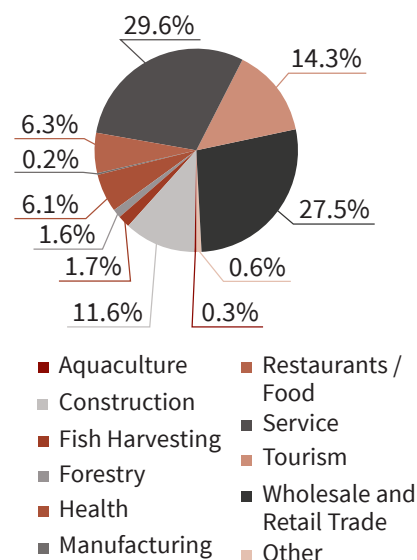
Impact on businesses

New businesses	23
Existing businesses	19
Total	42

Impact on employment

Jobs created	52
Jobs maintained	13
Total	65

Loans by Sector



Client training

Clients trained	376
Training cost	\$111,854

Self-Employment Benefit

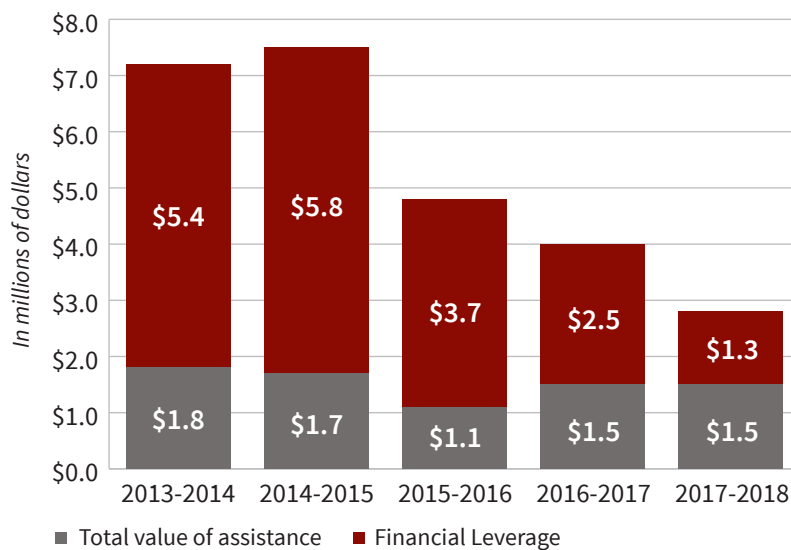
Applications approved	83
Value of assistance	\$1,312,000

Consulting Advisory Services

Number of clients	10
Investments	\$48,461

Building strong entrepreneurial leverage in the Westmorland Albert region

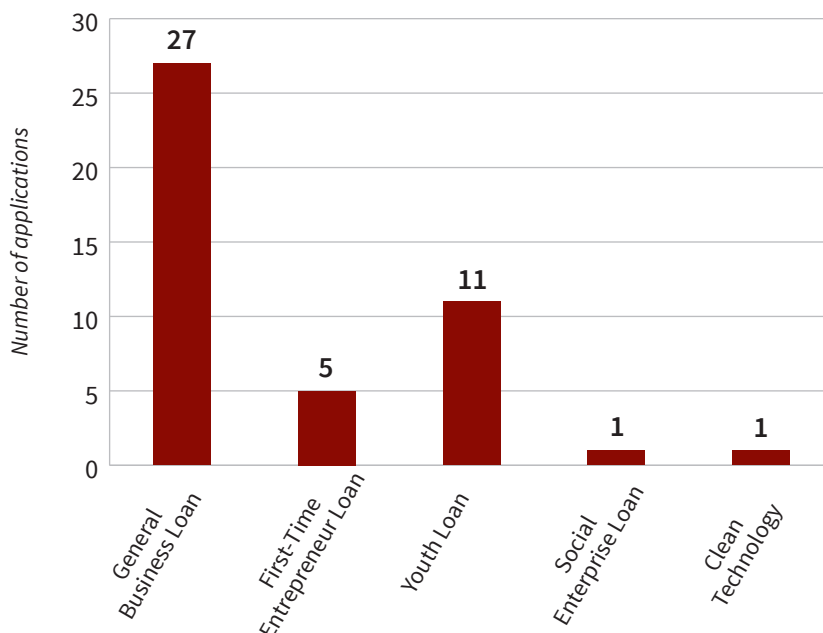
The total value of assistance from the CBDC and financial leverage over the past five years



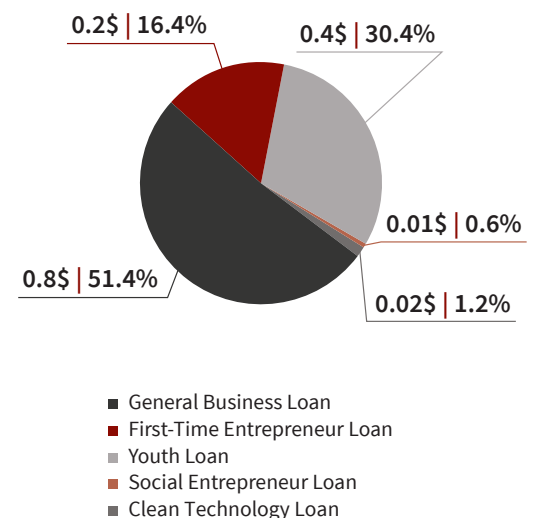
The decrease in financial leverage observed since couple years may reflect the importance of having CBDC Westmorland Albert to provide small business owners with flexible loans.

Since the past 31 years, CBDC Westmorland Albert has injected **31.7 million dollars** in the community.

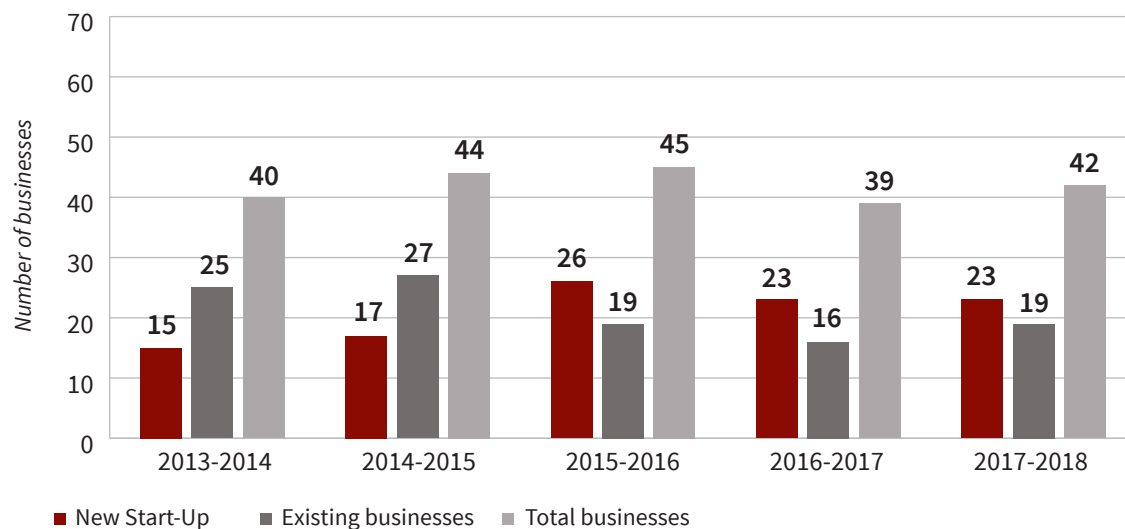
Number of applications approved for each CBDC loan product



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



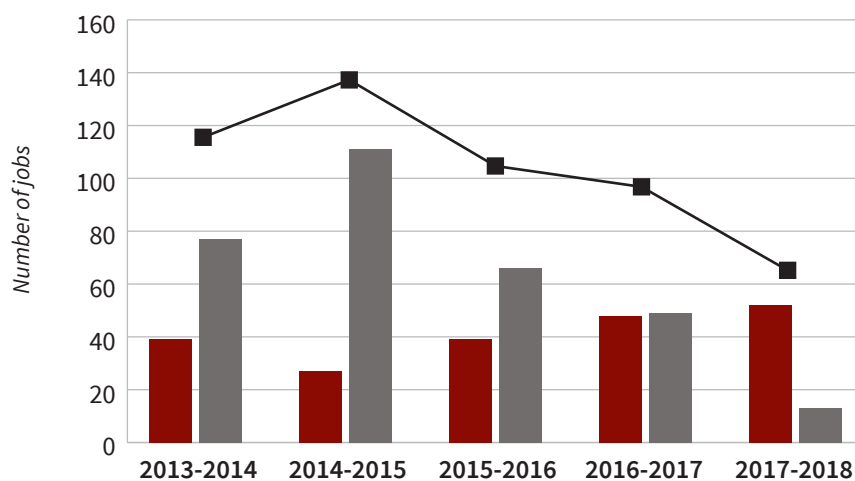
The number of businesses that received financial assistance over the past five years



While a total of 42 loans have been disbursed, there are **three remaining loans** that have been approved during the fiscal year.

Although jobs created and maintained have slightly decreased, we suggest that our total investments outstanding of **\$6.5M** are contributing to the long-term employability in the region.

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



Jobs created	39	27	39	48	52
Jobs maintained	77	111	66	49	13
- Total	116	138	105	97	65

Board Members



Front row (left to right): **Ron Cormier** for Memramcook; **Darlene Teahen** for Sackville; **Janice Ryan** (at large); **Stephanie Carver** for Albert County; back row (left to right): **David Kitchen** for Salisbury-Petitcodiac; **Jim Bateman** for Shediac; **Ruth Bradford** (at large); **Debbie Wiggins-Colwell** for Dorchester; **Janice Laturnus** for Shediac; **Klaus Sudbrack** for Port Elgin; **Conrad LeBlanc** for Cap-Pelé
Absent: **Chris Mackay** for Sackville

31 Year Snapshot (results from 1987 to 2018)

Programs	Amounts disbursed	Number of clients
Business Loans	\$31.7M	910
Self-Employment Benefit (since 1992)	\$16.8M	1,160
SEED Capital Loans (from 1997 to 2011)	\$3.5M	528
Entrepreneur Loans (from 2001 to 2009)	\$2.8M	307
Agriculture Fixed Link Fund (special project)	\$0.5M	17
HRDC Fixed Link Fund (special project)	\$2.0M	1
Training and Counselling	-	13,245

Since inception, CBDC Westmorland Albert has invested **\$57.3M** in **2,923 businesses**, assisting in the creation or maintenance of over **5,588 jobs** in the region.

Our Staff



Front row (left to right): **Bernice Clements**, Administrative Assistant; **Nathalie Gallant**, Executive Director; **Joanne McMaster**, Loan Administrator; back row (left to right): **Mathieu Gaudet**, Project Analyst; **Marc-André Thériault**, Project Analyst; **Kynan Philippe**, Project Analyst; **Rick Nicholson**, Business Seminar Coordinator; **Michel Gallant**, Project Analyst

Business Development Seminars

One of the most beneficial courses offered through CBDC Westmorland Albert is the Business Development Seminar (BDS).

The primary purpose of the BDS is to assist entrepreneurs by providing them with necessary information to form a solid foundation for their business, and increase their awareness of the personal, financial, and social risks of becoming self-employed.

The BDS is funded through the provincial Department of Post-Secondary Education, Training and Labour, and CBDC Westmorland Albert administers this important course to three regions. There are twelve courses held throughout the calendar year in Moncton and Bouctouche.

Presentations and training modules offered in the BDS courses are provided by leading local experts in their respective field of business, and cover a varied list of relevant topics necessary for every entrepreneur to succeed in their endeavours. Here is just a partial list of subject matter that is covered by this entrepreneurial business preparation course:

- Learn firsthand the truth about the risks and dedication needed to start and become a successful business owner;
- The financial requirements needed by banks, governmental agencies, as well as in-house accounting practices;
- Discover what and why a business plan is necessary to achieve success;
- Networking with other potential business owners in the class, and discovering how important networking is in small/medium businesses especially when getting started;
- Establishing a winning “elevator speech” or pitch to use while networking;
- Gain positive exposure of your business project to others in class and to the presenters;
- Meeting 15 to 25 other potential entrepreneurs with a shared likeness about starting a business and forming a bond for utilizing each other businesses in the future;
- Confidence building skills to foster increased belief in yourself and your business model.

Anyone who is considering opening a business can attend the BDS course, as well as those who are already entrepreneurs yet feel their business skills need updating. The BDS is also a requirement in the Southeast region for those who are applying for the Self-Employment Benefit (SEB) program.



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).

Clean Technology Initiative

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

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 knowledgebase economy and aids in the adoption or commercialization of new technologies.

Contact Us

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

 **(506) 532-8312**

 **www.cbdcwestmorlandalbert.ca**

 **CBDC Westmorland Albert inc.**

 **CBDCAtlantic / NB CBDC**

 **337 Main Street, Shediac, NB E4P 2B1**



CBDC WESTMORLAND ALBERT INC.

Non-Consolidated Financial Statements

Year ended March 31, 2018

CBDC WESTMORLAND ALBERT INC.

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Year ended March 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Directors of CBDC Westmorland Albert Inc.

We have audited the accompanying non-consolidated financial statements of CBDC Westmorland Albert Inc., which comprises the statement of financial position as at March 31, 2018, and the statement of operations and changes in fund balances and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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

Auditors' responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated 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 non-consolidated financial statements.

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

Basis for qualified opinion

CBDC Westmorland Albert Inc. has not identified and classified all its financial instruments, and has not recorded its financial instruments at fair value. Rather, all financial instruments are recorded at historical cost. The organization has not specifically disclosed information that enables users of its non-consolidated financial statements to evaluate the significance of financial instruments on its financial position and performance, including exposure to risks, methods of determining fair value and other relevant information. This basis of accounting used in these non-consolidated financial statements differs from Canadian accounting standards for not-for-profit organizations.

INDEPENDENT AUDITORS' REPORT (continued)

Qualified opinion

In our opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph, the non-consolidated financial statements present fairly, in all material respects, the financial position of CBDC Westmorland Albert Inc. as at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Boudreau Albert Savie and Associates
Chartered Professional Accountants

Dieppe, New Brunswick
May 29, 2018



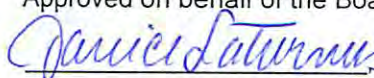
CBDC WESTMORLAND ALBERT INC.
Statement of non-consolidated financial position

As at March 31

	Operating Fund	Investment Fund	2018 Total	2017 Total
Assets				
Current assets				
Cash and term deposits (note 3)	\$ 189,590	\$ 3,509,799	\$ 3,699,389	\$ 3,183,955
Accounts receivable				
ACOA	36,257	-	36,257	37,535
HST	12,254	-	12,254	10,859
Other	50,157	2,409	52,566	80,485
Loan interest receivable	-	38,614	38,614	46,698
Interfund	-	1,061	-	-
Prepaid expenses	711	-	711	711
Sub-total current assets	288,969	3,551,883	3,839,791	3,360,243
Investments				
Loans (note 4)	-	5,765,204	5,765,204	5,908,368
ACCBIF (note 5)	-	37,500	37,500	37,500
Due to related party (note 6)	178,000	-	178,000	178,000
Capital assets (note 7)	35,211	-	35,211	133,879
Total assets	\$ 502,180	\$ 9,354,587	\$ 9,855,706	\$ 9,617,990
Liabilities				
Current liabilities				
Bank loan (note 8)	\$ -	\$ -	\$ -	\$ 10,000
Accounts payable				
Trade	23,105	-	23,105	19,585
AACBDC (note 9)	-	8,636	8,636	8,095
Accrued expenses	88,977	-	88,977	76,822
Due to related party (note 6)	-	2,056	2,056	-
Interfund	1,061	-	-	-
Sub-total current liabilities	113,143	10,692	122,774	114,502
Long-term liabilities AACBDC (note 9)	-	1,060	1,060	9,696
Deferred contributions				
related to capital assets (note 10)	4,830	-	4,830	6,037
Total liabilities	117,973	11,752	128,664	130,235
Fund balances				
Invested in capital assets	30,381	-	30,381	127,842
Externally restricted (note 9)	-	9,342,835	9,342,835	9,134,643
Unrestricted net assets	353,826	-	353,826	225,270
Fund balances	384,207	9,342,835	9,727,042	9,487,755
	\$ 502,180	\$ 9,354,587	\$ 9,855,706	\$ 9,617,990

Commitments (note 13)

Approved on behalf of the Board

 Director

 Director

CBDC WESTMORLAND ALBERT INC.
Statement of non-consolidated operations and changes in fund balances

For the year ended March 31

	Operating Fund	Investment Fund	2018 Total	2017 Total
Revenues				
Investment income - loan portfolio	\$ -	\$ 432,251	\$ 432,251	\$ 439,761
ACOA contribution - Community Futures	362,574	-	362,574	375,350
Self employment benefits	261,361	-	261,361	270,100
Investment income and other revenues	67,097	46,991	114,088	126,066
Business development seminars	107,836	-	107,836	134,629
Administration fees	14,673	-	14,673	16,225
Amortization of deferred contribution related to capital assets	1,207	-	1,207	1,509
Sundry	791	-	791	645
Mentorship revenue	-	-	-	10,883
	815,539	479,242	1,294,781	1,375,168
Expenses				
Salaries & wages	392,849	-	392,849	461,018
Bad debts on loans	-	181,411	181,411	80,815
Training & development	147,108	-	147,108	165,844
Professional fees and subcontractors	61,965	-	61,965	66,014
Rent & utilities	48,310	-	48,310	50,040
Travel and meetings	47,053	-	47,053	43,706
Advertising	36,838	-	36,838	35,065
Professional fees - legal	-	24,613	24,613	25,041
Sundry	12,794	-	12,794	13,427
Amortization	11,863	-	11,863	11,895
Telecommunications	9,528	-	9,528	9,921
Office supplies	8,332	-	8,332	8,288
Insurance	1,836	2,944	4,780	1,603
Equipment rental	2,745	-	2,745	2,780
Memberships, dues and fees	2,211	-	2,211	2,123
Bank charges	1,012	1,002	2,014	1,842
Professional fees - other	-	-	-	569
Loss on disposal of capital assets	-	61,080	61,080	6,103
Total expenses	784,444	271,050	1,055,494	986,094
Excess of revenues over expenses	\$ 31,095	\$ 208,192	\$ 239,287	\$ 389,074
Fund balances, beginning of the year	353,112	9,134,643	9,487,755	9,098,681
Fund balances, end of year	\$ 384,207	\$ 9,342,835	\$ 9,727,042	\$ 9,487,755

Related party transactions (note 12)

CBDC WESTMORLAND ALBERT INC.
Statement of non-consolidated cash flow

For the year ended March 31

	Operating Fund	Investment Fund	2018 Total	2017 Total
Operating activities				
Excess of revenues over expenses	\$ 31,095	\$ 208,192	\$ 239,287	\$ 389,074
Items which do not involve cash				
Amortization of deferred contribution related to capital assets	(1,207)	-	(1,207)	(1,509)
Amortization of capital assets	11,863	-	11,863	11,895
Loss on disposal of capital assets	-	61,080	61,080	6,103
Loan loss provision	-	181,411	181,411	80,815
	41,751	450,683	492,434	486,378
Change in non-cash working capital				
Accounts receivable	27,549	107,799	135,348	(2,957)
Accounts payable and accruals	(80,495)	(1,236)	(81,731)	(20,799)
Other items	-	-	-	(3,010)
Cash provided by (used in) operating activities	(11,195)	557,246	546,051	459,612
Investing activities				
Purchase of capital assets (net of deferred contributions)	(13,195)	-	(13,195)	(8,752)
Proceeds on disposal of capital assets	-	38,920	38,920	1,430
Loans to clients	-	(1,464,245)	(1,464,245)	(1,565,070)
Repayments from clients	-	1,370,697	1,370,697	1,220,798
Recovery of loans written-off in previous periods	-	55,301	55,301	44,550
Cash provided by (used in) investing activities	(13,195)	673	(12,522)	(307,044)
Financing activities				
Changes in bank loan	(10,000)	-	(10,000)	100
Repayments to AACBDC-TDF	-	(8,095)	(8,095)	(15,366)
Interfund transfer	100,000	(100,000)	-	-
Cash provided by (used in) in financing activities	90,000	(108,095)	(18,095)	(15,266)
Increase in cash and term deposits	65,610	449,824	515,434	137,302
Cash and term deposits, beginning of year	123,980	3,059,975	3,183,955	3,046,653
Cash and term deposits, end of year	\$ 189,590	\$ 3,509,799	\$ 3,699,389	\$ 3,183,955

CBDC WESTMORLAND ALBERT INC.

Notes to non-consolidated financial statements

For the year ended March 31, 2018

1. PURPOSE OF THE ORGANIZATION

CBDC Westmorland Albert Inc.'s mission statement is to promote entrepreneurial growth within our region by providing financial programs, services and training to small and medium-sized businesses.

CBDC Westmorland Albert Inc. (the organization) is a private, non-profit community development corporation, serving Westmorland Albert County. Operating as a Community Business Development Corporation, its goal is to stimulate private sector employment by providing small businesses with advisory and counseling services, technical assistance and investment funds. CBDC Westmorland Albert Inc. is incorporated under the New Brunswick Companies Act as a not-for-profit organization and as such is exempt from income tax by virtue of Paragraph 149(1)(1) of the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

With an exception, these financial statements were prepared in accordance with Part III of the Chartered Professional Accountants of Canada (CPA Canada) Accounting Handbook – Accounting Standards for Not-for-Profit Organizations, which sets out generally accepted accounting principles (GAAP) for not-for-profit organizations in Canada and includes the significant accounting policies described hereafter.

CBDC Westmorland Albert Inc. financial statements have not adopted the CICA Handbook Section "3856, Financial Instruments", and as a result, depart from Canadian generally accepted accounting principles. The effects of these sections have not been recorded or disclosed in these financial statements.

The Atlantic Canada Opportunities Agency has confirmed, within the 2014 CF agreement to all Atlantic CBDCs, it will accept qualified financial statements from CBDCs when not prepared in full compliance with CICA Handbook Section "3856, Financial Instruments".

Unconsolidated basis

These non-consolidated financial statements are presented on a non-consolidated basis. They do not include the accounts of the controlled entity South East Entrepreneur Centre Entrepreneur Sud-Est Inc.

Use of estimates

The presentation of these financial statements in conformity with Canadian accounting standards for non-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the non-consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CBDC WESTMORLAND ALBERT INC.

Notes to non-consolidated financial statements

For the year ended March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund accounting

CBDC Westmorland Albert Inc. follows the restricted fund method of accounting for contributions. The externally imposed restrictions are specifically described in Note 9.

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 Atlantic Canada Opportunities Agency (ACOA) or other funding partners and CBDC Westmorland Albert Inc.

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

Controlled organization

CBDC Westmorland Albert Inc. controls South East Entrepreneur Centre Entrepreneur Sud-Est Inc. by virtue of its ability to appoint some of the organization's board of directors. The organization was established to purchase a building which is occupied by CBDC Westmorland Albert Inc. Financial details are presented and disclosed at note 15, for the year end March 31, 2018.

Investments - Loan

Investments are recorded at their principal amount, net of any provisions for loan losses. A charge is recorded in the Investment fund for probable losses on loans which can be specifically identified as being non-recoverable, as well as for unidentified future losses.

Capital assets

Capital assets are accounted for at cost.

Amortization is based on their estimated useful life using the diminishing balance method at the following rates:

Equipment	20 % - 50 %
Leasehold improvements	20 %

Recognition of deferred contributions related to capital assets

The funding provided by ACOA for the purchase of new equipment is being recorded as revenue on the same basis as amortization is recorded on the equipment.

CBDC WESTMORLAND ALBERT INC.**Notes to non-consolidated financial statements**For the year ended March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**Revenue and expenses**

Investment income is recorded on an accrual basis. Expenses, as well as other revenues are also recorded on an accrual basis.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Interfund advances

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

Cash and cash equivalents

Cash and cash equivalents includes bank indebtedness with balances that fluctuate frequently from being positive to overdrawn. It also includes cash on hand, demand deposits, deposits held on call with banks, and other short-term highly liquid investments which are readily convertible to known amounts of cash. Bank indebtedness are shown within short-term borrowings in current liabilities on the balance sheet.

Operating leases

An operating lease is a lease where substantially all the benefits and risks incidental to ownership of the property are not transferred to the organization.

3. CASH AND TERM DEPOSITS

	2018	2017
Operating Fund		
Cash	\$ 158,985	\$ 93,681
Term deposits, 0.90% (2017 - 1.00%)	30,605	30,299
	<u>189,590</u>	<u>123,980</u>
Investment Fund		
Cash	1,009,799	559,975
Term deposits, 1.25 % to 1.65 %	2,500,000	2,500,000
	<u>3,509,799</u>	<u>3,059,975</u>
	<u>\$ 3,699,389</u>	<u>\$ 3,183,955</u>

CBDC WESTMORLAND ALBERT INC.**Notes to non-consolidated financial statements**

For the year ended March 31, 2018

4. INVESTMENTS – LOANS

	2018	2017
	Total	Total
Loans to business	\$ 6,492,239	\$ 6,475,590
Less allowance for doubtful loans	(727,035)	(567,222)
	\$ 5,765,204	\$ 5,908,368

Loans receivable

The loans receivable balance is reconciled as follows:

	2018	2017
Principal balance, beginning of year	\$ 6,475,590	\$ 6,268,688
Loans advances during the year	1,464,245	1,565,070
Loans repaid during the year	(1,370,697)	(1,220,798)
Loans written-off during the year	(76,899)	(137,370)
Principal balance, end of the year	6,492,239	6,475,590
Allowance for doubtful loans	(727,035)	(567,222)
Net balance, end of year	\$ 5,765,204	\$ 5,908,368

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

	2018	2017
Balance, beginning of year	\$ 567,222	\$ 579,227
Loans written-off during the year	(76,899)	(137,370)
Recovery of loans written-off in previous periods	55,301	44,550
Current year's loan loss provision	181,411	80,815
Balance, end of year	\$ 727,035	\$ 567,222

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

During the year, CBDC Westmorland Albert Inc. approved a total of 45 loans, disbursed a total of 42 loans and as of March 31st, 2018, there was a total of 196 active loans under management.

CBDC WESTMORLAND ALBERT INC.**Notes to non-consolidated financial statements**

For the year ended March 31, 2018

5. INVESTMENTS - ACCBIF

The promissory note from Atlantic Community Business Investment Fund (ACCBIF) is without interest and without maturity.

6. DUE TO/FROM RELATED PARTY

	2018	2017
Operating Fund		
Long term portion due from South East Entrepreneur Centre Entrepreneur du Sud-Est Inc.	\$ 178,000	\$ 178,000
Investment Fund		
Current portion due to South East Entrepreneur Centre Entrepreneur du Sud-Est Inc.	\$ 2,056	\$ -

The amounts due to/from related party are non-interest bearing, unsecured and have no set repayment terms.

The South East Entrepreneur Centre Entrepreneur Sud-Est Inc., a non-profit organization, is controlled by CBDC Westmorland Albert Inc. and is therefore related.

7. CAPITAL ASSETS

	2018		2017	
	Cost	Accumulated amortization	Net value	Net value
Foreclosed asset - land	\$ -	\$ -	\$ -	\$ 100,000
Equipment	172,398	137,354	35,044	33,670
Leasehold improvements	14,477	14,310	167	209
	\$ 186,875	\$ 151,664	\$ 35,211	\$ 133,879

8. BANK LOAN

The organization has an authorized line of credit of \$100,000, available in multiples of \$5,000, bearing interest at prime rate plus 2% and renewable annually. At year end, the line of credit was unused (2017 - \$10,000).

The bank loan is secured by a term deposit, general security agreement and office equipment.

CBDC WESTMORLAND ALBERT INC.**Notes to non-consolidated financial statements**For the year ended March 31, 2018

9. EXTERNALLY RESTRICTED FUNDS

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

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

9.2 Notwithstanding (9.1), funds credited to the Investment Fund account may be transferred to the Operating Fund account of the CBDC where the following conditions are met:

- 9.2.1 The CBDCs Annual Budget submitted with the Business Plan projects a deficit (the "Deficit") and is accepted by ACOA;
- 9.2.2 The Deficit was in fact incurred as projected; and,
- 9.2.3 The CBDC shall provide to ACOA written confirmation of the transfer of the funds from the Investment Fund account to the Operating Fund account within 90 days of the end of each fiscal year.

Technology Development Loans

The Technology Development Loans included in the Investment Fund have externally imposed restrictions on net assets. The net assets of the Technology Development Loans are restricted by the Atlantic Association of Community Business Development Corporations (AACBDC) to be used for financial investment in borrowers' projects qualifying under AACBDC's Technology Development Fund in the areas served by CBDC Westmorland Albert Inc. Interest earned on the loans is transferred to the Operating Fund. Principal repayments by borrowers on these loans are required to be repaid to AACBDC on an annual basis. The AACBDC indemnifies the organization against losses on loans under the Technology Development Fund.

	2018	2017
Loan from AACBDC - Technology Development	\$ 9,696	\$ 17,791
Current portion	(8,636)	(8,095)
Long-term	\$ 1,060	\$ 9,696

10. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

This account represents the unamortized portion of ACOA contributions towards the purchase of equipment, as follows:

	2018	2017
Balance, beginning of year	\$ 6,037	\$ 7,546
Realized during the year	(1,207)	(1,509)
Balance, end of year	\$ 4,830	\$ 6,037

CBDC WESTMORLAND ALBERT INC.

Notes to non-consolidated financial statements

For the year ended March 31, 2018

11. ECONOMIC DEPENDENCE

CBDC Westmorland Albert Inc. receives an annual operating contribution from ACOA to cover a portion of the expenses of the Operating Fund. The continued operation of the organization currently depends on the receipt of these annual contributions.

12. RELATED PARTY TRANSACTIONS

During the year, the organization paid \$48,310 (2017 - \$50,040) to South East Entrepreneur Centre Entrepreneur du Sud-Est Inc., an organization controlled by CBDC Westmorland-Albert Inc., for the rental of its office. These transactions are incurred in the ordinary course of business and are measured at the exchange amount.

13. LEASE COMMITMENT

The organization has entered into a long-term lease with respect to some of its office equipment which will expire on June 2021. Under the lease, the organization is required to make monthly payments in the amount of \$411+ HST (\$4,928 annually) commencing in June 2016.

Future minimum lease payments for the next four years are as follows:

2019 – \$ 4,928
2020 – 4,928
2021 – 4,928
2022 – \$ 1,643

14. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash and term deposits, account receivable, investments, bank loan, accounts payable, and long term liabilities AACBDC. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency, liquidity or credit risks with respect to a single client or supplier arising from financial instruments. For its loans receivable, the organization determines, on a continuing basis, the probable losses and sets up a provision for losses based on the estimated realizable value.

CBDC WESTMORLAND ALBERT INC.

Notes to non-consolidated financial statements

For the year ended March 31, 2018

15. CONTROLLED ORGANIZATION

The South East Entrepreneur Centre Entrepreneur Sud-Est Inc., a non-profit organization, is controlled by CBDC Westmorland Albert Inc. given that they have majority of the control over the operations. CBDC Westmorland Albert Inc. is closely involved in the development of policies of South East Entrepreneur Centre Entrepreneur Sud-Est Inc. and has the capacity to influence on the content of these policies and by having 100% interest in the organization.

The South East Entrepreneur Centre Entrepreneur Sud-Est Inc. was established to purchase a building which is occupied by CBDC Westmorland Albert Inc.

The summarized unaudited financial statements of the South East Entrepreneur Centre Entrepreneur Sud-Est Inc. are:

	2018	2017
Statement of financial position		
Assets	\$ 330,381	\$ 337,352
Liabilities	215,890	220,413
Net assets	114,491	116,939
Operations		
Revenue	45,901	47,626
Expenses	48,349	52,733
Cash flows		
Operating activities	4,299	4,323
Financing activities	\$ (2,056)	\$ -

16. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
