



2018-2019
Annual report



WESTMORLAND ALBERT



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.



Corporations au bénéfice du développement communautaire

WESTMORLAND ALBERT

CBDC Westmorland Albert 32nd Anniversary

Over the past 32 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 32 years.

Investments in the region

Requests processed

Applications received	53
Applications approved	38
Amounts invested	\$1,241,436

Number of business counselling sessions

Number of clients	141
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Impact on businesses

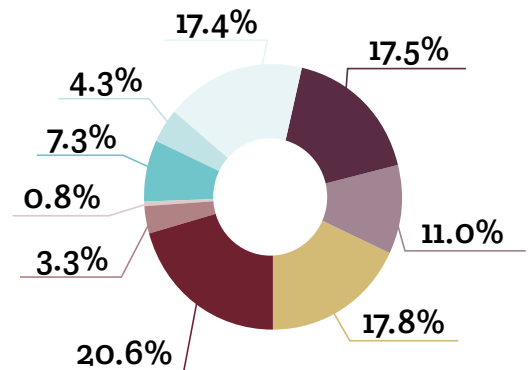
New businesses	20
Existing businesses	17
Total	37

Impact on employment

Jobs created	79
Jobs maintained	55
Total	134

Loans by Sector

- Agriculture
- Construction
- Fish Harvesting
- Forestry
- Health / Holistic
- Restaurants / Food
- Service
- Tourism / Hospitality
- Wholesale and Retail Trade



Client training

Clients trained	330
Training cost	\$102,524

Self-Employment Benefit

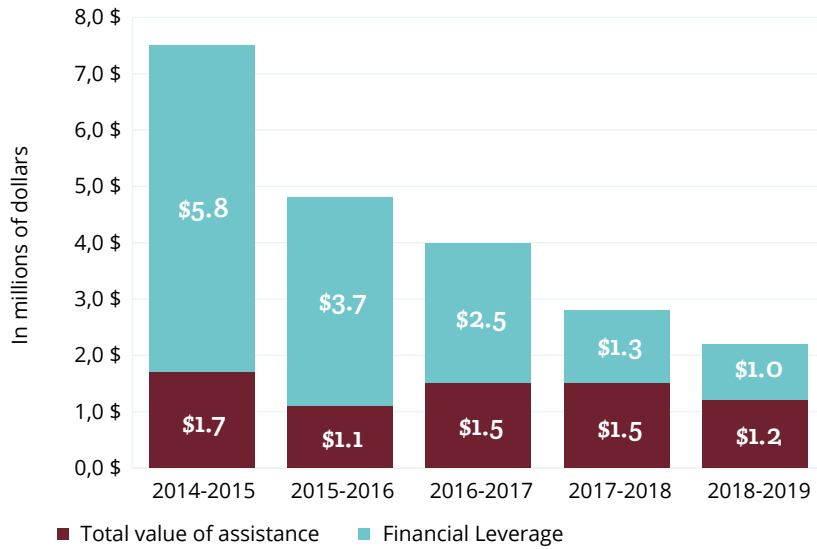
Applications approved	66
Value of assistance	\$1,056,000

Consulting Advisory Services

Number of clients	6
Investments	\$35,000

Building strong entrepreneurial leverage in the Westmorland Albert region

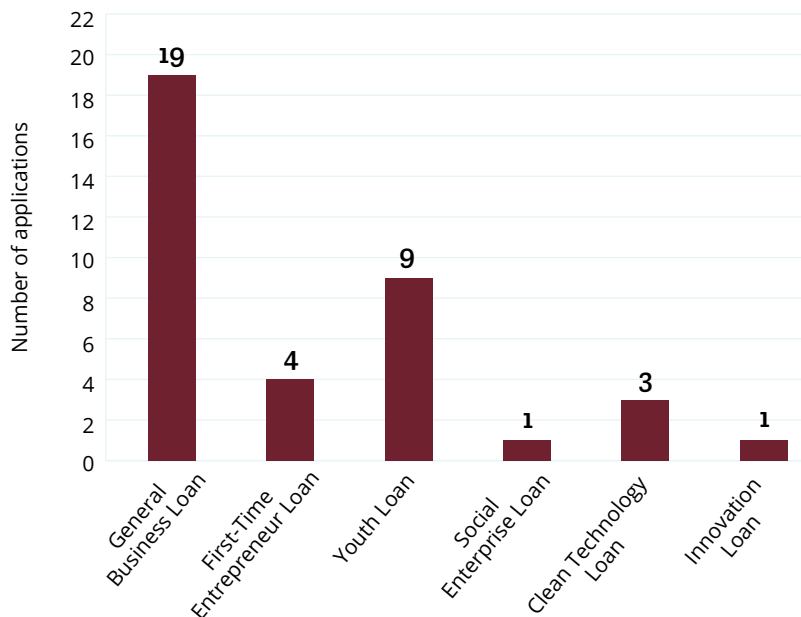
The total value of assistance from the CBDC and financial leverage over the past five years



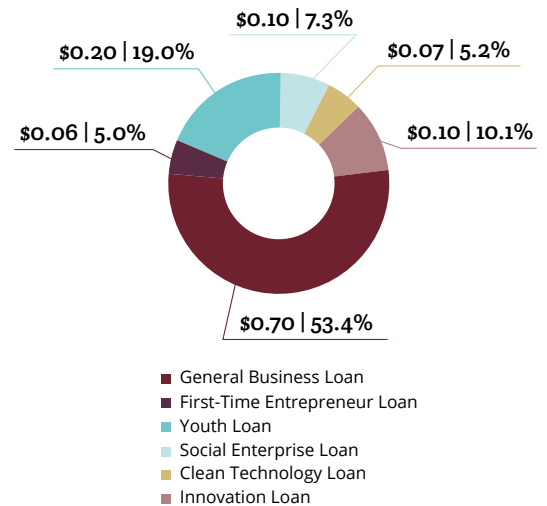
Over the past 32 years, CBDC Westmorland Albert has injected 32.9 million dollars in the form of loans in the community.

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

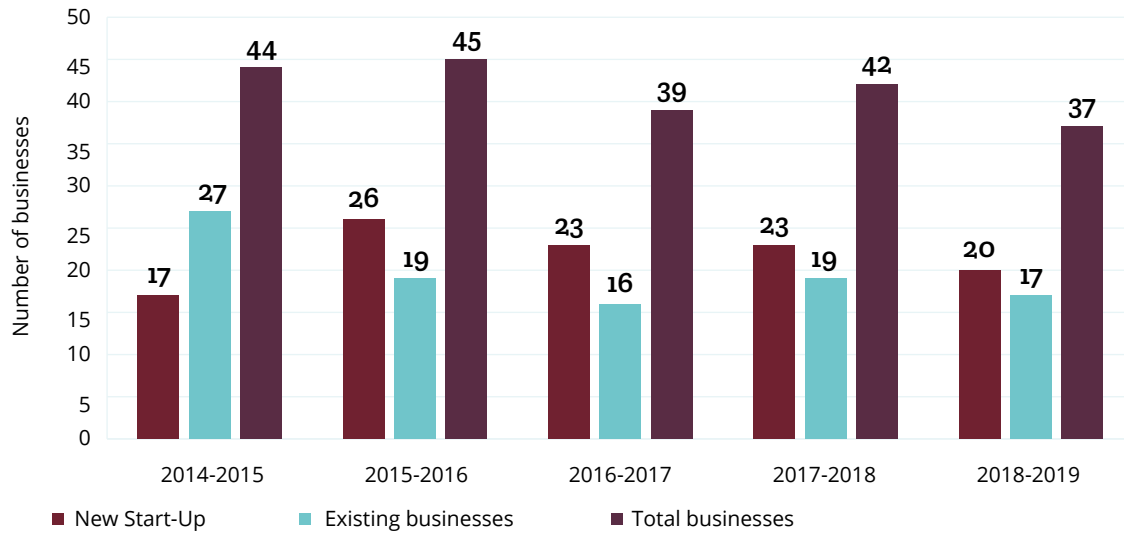
Number of applications approved for each CBDC loan product



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



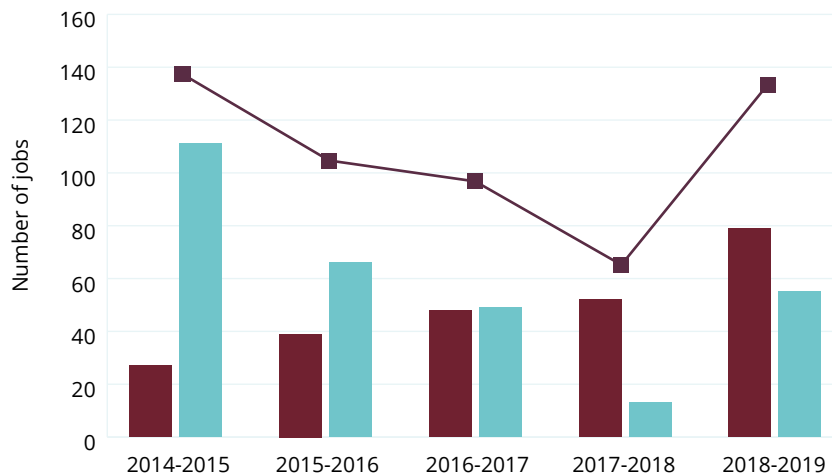
The number of businesses who received financial assistance over the past five years



While a total of 37 loans have been disbursed, there is one remaining loan yet to be disbursed, during the fiscal year.

Jobs created and maintained have increased dramatically from the previous year, indicating that our programs are assisting existing businesses in maintaining their workforce.

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



■ Jobs created	27	39	48	52	79
■ Jobs maintained	111	66	49	13	55
— Total	138	105	97	65	134

Board Members



Front row (left to right): **Janice Laturus for Shediac** • **Stephanie Carver for Albert County** • **Janice Doiron for Shediac** • **Klaus Sudbrack for Port Elgin**
 Back row (left to right): **Joyce MacDonald for Salisbury-Petitcodiac** • **Brian LeBlanc for Memramcook** • **Ruth Bradford (at large)** • **Conrad LeBlanc for Cap-Pelé** • **Janice Ryan (at large)**
 Absent: **Chris Mackay for Sackville** • **Chris Patterson for Sackville** • **Kara Feindel for Dorchester**

32 Year Snapshot (results from 1987 to 2019)

Programs	Amounts disbursed	Number of clients
Business Loans	\$32.9M	947
Self-Employment Benefit (since 1992)	\$17.9M	1,226
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	-	13,722

Since inception, CBDC Westmorland Albert has invested **\$59.6M** in **3,026 businesses**, assisting in the creation or maintenance of over **5,800 jobs** in the region.

Our Staff



Nathalie Gallant
Executive Director



Marc-André Thériault
Project Analyst



Michel Gallant
Project Analyst



Kynan Philippe
Project Analyst



Mathieu Gaudet
Project Analyst



Taha Maarous
Project Analyst



Bernice Clements
Administrative Assistant



Joanne McMaster
Loan Administrator



Rick Nicholson
Business Development
Seminar Coordinator

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.

Funded through the provincial Department of Post-Secondary Education, Training and Labour, the CBDC Westmorland Albert delivers this important course to Westmorland, Albert and Kent Counties. 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 are some of the benefits gained by attending this week long session.

- Learn firsthand the truth about the risks and dedication needed to start and become a successful business owner;
- Networking with other potential business owners in the class, and discovering how important networking is in small/medium businesses especially when getting started;
- 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.

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



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.



Community Business
Development Corporation

Contact Us

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

✉ 337 Main Street,
Shediac, NB E4P 2B1

☎ 506.532.8312

🌐 www.cbdcwestmorlandalbert.ca

📘 CBDC Westmorland Albert inc.

🐦 NB CBDC / CBDCAtlantic

Canada
New Brunswick
Nouveau Brunswick

CBDC WESTMORLAND ALBERT INC.

Non-Consolidated Financial Statements

Year ended March 31, 2019

CBDC WESTMORLAND ALBERT INC.

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Year ended March 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Directors of CBDC Westmorland Albert Inc.

Qualified Opinion

We have audited the financial statements of CBDC Westmorland Albert Inc. (the "Organization"), which comprise the statement of non-consolidated financial position as at March 31, 2019, the statement of non-consolidated operations and changes in fund balances and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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.

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the applicable financial reporting framework, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to a 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 to do so.

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

(Continued)

INDEPENDENT AUDITORS' REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Boudreau Albert Savoie and Associates

Chartered Professional Accountants

Dieppe, New Brunswick

May 28, 2019

CBDC WESTMORLAND ALBERT INC.

Statement of non-consolidated financial position

As at March 31

	Operating Fund	Investment Fund	2019 Total	2018 Total
Assets				
Current assets				
Cash	\$ 158,707	\$ 1,275,473	\$ 1,434,180	\$ 1,168,784
Term deposits (note 3)	30,880	-	30,880	30,605
Current portion of promissory notes receivable (note 4)	-	1,700,000	1,700,000	1,700,000
Accounts receivable				
ACOA	34,918	-	34,918	36,257
HST	9,936	-	9,936	12,254
Other	59,977	2,605	62,582	52,566
Loan interest receivable	-	39,152	39,152	38,614
Interfund	-	460	-	-
Prepaid expenses	711	-	711	711
Sub-total current assets	295,129	3,017,690	3,312,359	3,039,791
Investments				
Loans (note 5)	-	5,420,345	5,420,345	5,765,204
ACCBIF (note 6)	-	37,500	37,500	37,500
Promissory notes receivable (note 4)	-	1,300,000	1,300,000	800,000
Due from related party (note 7)	178,000	-	178,000	178,000
Capital assets (note 8)	39,000	-	39,000	35,211
Total assets	\$ 512,129	\$ 9,775,535	\$ 10,287,204	\$ 9,855,706
Liabilities				
Current liabilities				
Accounts payable				
Trade	\$ 25,981	\$ 3,686	\$ 29,667	\$ 23,105
AACBDC (note 10)	-	1,060	1,060	8,636
Accrued expenses	101,509	-	101,509	88,977
Due to related party (note 7)	-	-	-	2,056
Interfund	460	-	-	-
Current portion of obligations under capital lease (note 12)	1,994	-	1,994	-
Sub-total current liabilities	129,944	4,746	134,230	122,774
Long-term liabilities AACBDC (note 10)	-	-	-	1,060
Obligations under capital lease (note 12)	4,444	-	4,444	-
Deferred contributions related to capital assets (note 11)	3,864	-	3,864	4,830
Total liabilities	138,252	4,746	142,538	128,664
Fund balances				
Invested in capital assets	28,698	-	28,698	30,381
Externally restricted (note 10)	-	9,770,789	9,770,789	9,342,835
Unrestricted net assets	345,179	-	345,179	353,826
Fund balances	373,877	9,770,789	10,144,666	9,727,042
	\$ 512,129	\$ 9,775,535	\$ 10,287,204	\$ 9,855,706

Commitments (note 15)

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	2019 Total	2018 Total
Revenues				
Investment income - loan portfolio	\$ -	\$ 400,260	\$ 400,260	\$ 432,251
ACOA contribution - Community Futures	346,788	-	346,788	362,574
Self employment benefits	268,597	-	268,597	261,361
Investment income and other revenues	64,467	72,717	137,184	114,088
Business development seminars	123,547	-	123,547	107,836
Administration fees	12,995	-	12,995	14,673
Amortization of deferred contribution related to capital assets	966	-	966	1,207
Sundry	750	-	750	791
	818,110	472,977	1,291,087	1,294,781
Expenses				
Salaries & wages	422,743	-	422,743	392,849
Training & development	145,246	-	145,246	147,108
Professional fees and subcontractors	67,525	-	67,525	61,965
Rent & utilities	51,761	-	51,761	48,310
Travel and meetings	47,336	-	47,336	47,053
Advertising	33,665	-	33,665	36,838
Bad debts on loans	-	25,237	25,237	181,411
Sundry	20,162	-	20,162	12,794
Professional fees - legal	-	18,718	18,718	24,613
Amortization	11,640	-	11,640	11,863
Office supplies	9,985	-	9,985	8,332
Telecommunications	9,732	-	9,732	9,528
Equipment rental	2,790	-	2,790	2,745
Memberships, dues and fees	2,483	-	2,483	2,211
Bank charges	1,357	1,068	2,425	2,014
Insurance	1,940	-	1,940	4,780
Interest on capital lease	75	-	75	-
Loss on disposal of capital assets	-	-	-	61,080
Total expenses	828,440	45,023	873,463	1,055,494
Excess (deficit) of revenues over expenses	\$ (10,330)	\$ 427,954	\$ 417,624	\$ 239,287
Fund balances, beginning of the year	384,207	9,342,835	9,727,042	9,487,755
Fund balances, end of year	\$ 373,877	\$ 9,770,789	\$ 10,144,666	\$ 9,727,042

Related party transactions (note 14)

CBDC WESTMORLAND ALBERT INC.

Statement of non-consolidated cash flow

For the year ended March 31

	Operating Fund	Investment Fund	2019 Total	2018 Total
Operating activities				
Excess (deficit) of revenues over expenses	\$ (10,330)	\$ 427,954	\$ 417,624	\$ 239,287
Items which do not involve cash				
Amortization of deferred contribution related to capital assets	(966)	-	(966)	(1,207)
Amortization of capital assets	11,640	-	11,640	11,863
Loss on disposal of capital assets	-	-	-	61,080
Loan loss provision	-	25,237	25,237	181,411
	344	453,191	453,535	492,434
Change in non-cash working capital				
Accounts receivable	(6,163)	(133)	(6,296)	135,348
Accounts payable and accruals	14,808	1,630	16,438	(81,731)
Cash provided by (used in) operating activities	8,989	454,688	463,677	546,051
Investing activities				
Purchase of capital assets	(15,430)	-	(15,430)	(13,195)
Proceeds on disposal of capital assets	-	-	-	38,920
Acquisition of term deposits	(275)	-	(275)	(306)
Acquisition of promissory notes receivable	-	(500,000)	(500,000)	-
Loans to clients	-	(1,275,500)	(1,275,500)	(1,464,245)
Repayments from clients	-	1,586,787	1,586,787	1,370,697
Recovery of loans written-off in previous periods	-	8,335	8,335	55,301
Cash provided by (used in) investing activities	(15,705)	(180,378)	(196,083)	(12,828)
Financing activities				
Changes in bank loan	-	-	-	(10,000)
Repayments to AACBDC-TDF	-	(8,636)	(8,636)	(8,095)
Addition of obligations under capital lease	6,822	-	6,822	-
Repayment of obligations under capital lease	(384)	-	(384)	-
Cash provided by (used in) in financing activities	6,438	(8,636)	(2,198)	(18,095)
Increase (decrease) in cash	(278)	265,674	265,396	515,128
Cash beginning of year	158,985	1,009,799	1,168,784	653,656
Cash end of year	\$ 158,707	\$ 1,275,473	\$ 1,434,180	\$ 1,168,784

CBDC WESTMORLAND ALBERT INC.

Notes to non-consolidated financial statements

For the year ended March 31, 2019

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 CPA 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 CPA 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-for-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.

(continues)

CBDC WESTMORLAND ALBERT INC.

Notes to non-consolidated financial statements

For the year ended March 31, 2019

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 10.

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 17, for the year end March 31, 2019.

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 %
Equipment under capital lease	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.

(continues)

Notes to non-consolidated financial statements

For the year ended March 31, 2019

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.

Capital leases

Capital leases are leases where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Organization.

A capital lease is accounted for as an asset as well as an obligation. Accordingly, capital leases are recognized by recording an asset and a liability at the present value of the minimum lease payments, excluding the portion thereof relating to executor costs. However, the maximum value recorded for the asset and obligation will not exceed the leased asset's fair value.

The capitalized value of a depreciable asset is amortized over the lease term. However, if the ownership is to eventually pass to the Organization, or a bargain purchase option is allowed, the amortization period will be the economic useful life of the asset

An obligation under a capital lease is like a loan. Lease payments are allocated to a reduction of the obligation, interest expense and any related executor costs. The interest expense is calculated using the discount rate used in computing the present value of the minimum lease payments applied to the remaining balance of the obligation.

CBDC WESTMORLAND ALBERT INC.

Notes to non-consolidated financial statements

For the year ended March 31, 2019

3. TERM DEPOSITS

	2019	2018
Operating Fund		
Term deposit bearing interest of 1.40% per annum and maturing on December 13, 2019.	\$ 30,880	\$ -
Term deposit matured during the year.	-	30,605
	\$ 30,880	\$ 30,605

CBDC WESTMORLAND ALBERT INC.

Notes to non-consolidated financial statements

For the year ended March 31, 2019

4. PROMISSORY NOTE RECEIVABLE

	2019	2018
Investment Fund		
Promissory note receivable bearing interest of 2.80% per annum and maturing on January 27, 2022.	\$ 600,000	\$ -
Promissory note receivable bearing interest of 2.40% per annum and maturing on September 5, 2020.	500,000	-
Promissory note receivable bearing interest of 2.30% per annum and maturing on September 10, 2019.	500,000	-
Promissory note receivable bearing interest of 1.50% per annum and maturing on July 20, 2019.	500,000	500,000
Promissory note receivable bearing interest of 2.00% per annum and maturing on July 20, 2019.	400,000	-
Promissory note receivable bearing interest of 1.45% per annum and maturing on May 13, 2019.	300,000	300,000
Promissory note receivable bearing interest of 2.15% per annum and maturing on April 1, 2020.	200,000	-
Promissory note receivable matured during the year.	-	600,000
Promissory note receivable matured during the year.	-	500,000
Promissory note receivable matured during the year.	-	400,000
Promissory note receivable matured during the year.	-	200,000
	3,000,000	2,500,000
Promissory notes receivable maturing within one year	(1,700,000)	(1,700,000)
	\$ 1,300,000	\$ 800,000

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

For the year ended March 31, 2019

5. INVESTMENTS – LOANS

	2019	2018
	Total	Total
Loans to business	\$ 5,952,399	\$ 6,492,239
Less allowance for doubtful loans	(532,054)	(727,035)
	\$ 5,420,345	\$ 5,765,204

Loans receivable

The loans receivable balance is reconciled as follows:

	2019	2018
Principal balance, beginning of year	\$ 6,492,239	\$ 6,475,590
Loans advances during the year	1,275,500	1,464,245
Loans repaid during the year	(1,586,787)	(1,370,697)
Loans written-off during the year	(228,553)	(76,899)
Principal balance, end of the year	5,952,399	6,492,239
Allowance for doubtful loans	(532,054)	(727,035)
Net balance, end of year	\$ 5,420,345	\$ 5,765,204

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

	2019	2018
Balance, beginning of year	\$ 727,035	\$ 567,222
Loans written-off during the year	(228,553)	(76,899)
Recovery of loans written-off in previous periods	8,335	55,301
Current year's loan loss provision	25,237	181,411
Balance, end of year	\$ 532,054	\$ 727,035

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 38 loans, disbursed a total of 37 loans and as of March 31st, 2019, there was a total of 174 active loans under management.

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

For the year ended March 31, 2019

6. INVESTMENTS - ACCBIF

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

7. DUE TO/FROM RELATED PARTY

	2019	2018
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.

8. CAPITAL ASSETS

	2019		2018	
	Cost	Accumulated amortization	Net value	Net value
Equipment	\$ 181,005	\$ 148,279	\$ 32,726	\$ 35,044
Leasehold improvements	14,477	14,343	134	167
Equipment under capital lease	6,822	682	6,140	-
	\$ 202,304	\$ 163,304	\$ 39,000	\$ 35,211

9. 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 (2018 - \$0).

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, 2019

10. 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.

	2019	2018
Loan from AACBDC - Technology Development	\$ 1,060	\$ 9,696
Current portion	(1,060)	(8,636)
Long-term	\$ -	\$ 1,060

11. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

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

	2019	2018
Balance, beginning of year	\$ 4,830	\$ 6,037
Realized during the year	(966)	(1,207)
Balance, end of year	\$ 3,864	\$ 4,830

CBDC WESTMORLAND ALBERT INC.

Notes to non-consolidated financial statements

For the year ended March 31, 2019

12. OBLIGATION UNDER CAPITAL LEASE

	2019	2018
Operating Fund		
DLL Financial Solutions Partner lease bearing interest at 15.02% per annum, repayable in monthly blended payments of \$214 + HST. The lease matures on Jan 15th, 2022.	\$ 6,438	\$ -
Current portion of obligations under capital lease	<u>(1,994)</u>	-
	\$ 4,444	\$ -
Future minimum capital lease payments including interest are approximately:		
2020	\$ 2,759	
2021	2,759	
2022	<u>2,299</u>	
Total minimum lease payments	7,817	
Less: amount representing interest at 15.02%	<u>(1,380)</u>	
Present value of minimum lease payments	\$ 6,438	

13. 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.

14. RELATED PARTY TRANSACTIONS

During the year, the organization paid \$48,150 + HST (2018 - \$44,940 + HST) 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.

CBDC WESTMORLAND ALBERT INC.

Notes to non-consolidated financial statements

For the year ended March 31, 2019

15. 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 three years are as follows:

2020 – \$ 4,928

2021 – 4,928

2022 – \$ 1,643

16. 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 Organization 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, 2019

17. 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:

	2019	2018
Statement of financial position		
Assets	\$ 338,477	\$ 330,381
Liabilities	217,950	215,890
Net assets	120,527	114,491
Operations		
Revenue	52,097	45,901
Expenses	46,061	48,349
Cash flows		
Operating activities	14,114	4,299
Investing activities	(395)	-
Financing activities	\$ 2,056	\$ (2,056)

18. COMPARATIVE FIGURES

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