

**Cabot Community Business Development Corporation**  
**Financial Statements**

**March 31, 2024**

# Cabot Community Business Development Corporation

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## Independent Auditors' Report

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To the Board of Directors  
Cabot Community Business Development Corporation

**Qualified Opinion**

We have audited the financial statements of Cabot Community Business Development Corporation, which comprise the statement of financial position as at March 31, 2024 and the Statements of operations and changes in fund balances and 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 possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Cabot Community Business Development Corporation as at March 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with the Canadian Accounting Standards for Not-for-Profit Organizations.

**Basis for Qualified Opinion**

We conducted our audit in accordance with Canadian generally accepted accounting 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 Corporation 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.

The Cabot Community Business Development Corporation has not identified and classified all its financial instruments, and 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 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. The basis of accounting used these financial statements differs from Canadian generally accepted accounting principles for Not for Profit Organizations.

**Other Information**

The comparative figures were audited by another Chartered Professional Accountant and a qualified opinion was issued on October 11, 2023.

**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 Canadian Accounting Standards for Not for Profit Organizations, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative to do so.

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

### **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 Corporation'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 Corporation'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 Corporation 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.



Chartered Professional Accountants

Paradise, Newfoundland and Labrador  
June 19, 2024

# Cabot Community Business Development Corporation

Statement of Financial Position  
For the Year Ended March 31, 2024

	Operating Fund	Investment Fund	FRAM-ED Fund	RRR Fund	2024	2023
<b>ASSETS</b>						
Current						
Cash	\$ 17,328	\$ 327,103	\$ 152,520	\$ -	\$ 496,951	\$ 1,447,148
Harmonized sales tax recoverable	-	-	-	-	-	15,418
Accounts receivable	66,015	-	-	-	66,015	28,342
Due from operating fund	-	73,113	-	-	73,113	43,562
Due from investment fund	-	-	577,627	189,513	767,140	612,407
Due from FRAM-ED fund	-	-	-	-	-	50
Prepaid expenses	2,670	-	-	-	2,670	2,483
Current portion of loans receivable (Notes 4, 5 and 6)	-	706,816	109,960	-	816,776	1,009,328
	86,013	1,107,032	840,107	189,513	2,222,665	3,158,738
Capital assets (Note 2)	24,606	-	-	-	24,606	22,446
Investments (Note 3)	-	37,500	-	-	37,500	37,500
Loans receivable (Notes 4, 5 and 6)	-	6,413,029	548,349	770,947	7,732,325	8,019,024
	\$ 110,619	\$ 7,557,561	\$ 1,388,456	\$ 960,460	\$ 10,017,096	\$ 11,237,708
<b>LIABILITIES</b>						
Current						
Accounts payable	\$ 40,301	\$ -	\$ -	\$ -	\$ 40,301	\$ 36,899
Government remittances	15,956	-	-	-	15,956	10,926
Due to operating fund	-	-	-	-	-	50
Due to investment fund	73,113	-	-	-	73,113	43,562
Due to FRAM-ED fund	-	577,627	-	-	577,627	577,627
Due to RRR fund	-	189,513	-	-	189,513	34,780
Current portion of long term debt	-	-	-	184,928	184,928	324,546
	129,370	767,140	-	184,928	1,081,438	1,028,390
Long-term debt (Notes 7 and 8)	-	180,862	-	768,572	949,434	2,361,868
	129,370	948,002	-	953,500	2,030,872	3,390,258
<b>FUND BALANCES</b>						
Unrestricted	(43,357)	-	-	-	(43,357)	-
Investment in capital assets	24,606	-	-	-	24,606	22,446
Restricted surplus (Notes 4, 5 and 6)	-	5,149,559	388,456	6,960	5,544,975	5,365,004
Contributed surplus (Notes 4 and 5)	-	1,460,000	1,000,000	-	2,460,000	2,460,000
	(18,751)	6,609,559	1,388,456	6,960	7,986,224	7,847,450
	\$ 110,619	\$ 7,557,561	\$ 1,388,456	\$ 960,460	\$ 10,017,096	\$ 11,237,708

On behalf of the Board: \_\_\_\_\_ Director \_\_\_\_\_ Director

**Contingencies (Note 10) Commitments (Note 11)**

The accompanying notes are an integral part of these financial statements.

# Cabot Community Business Development Corporation

## Statement of Operations and Changes in Fund Balances

March 31, 2024

	Operating Fund	Investment Fund	FRAM-ED Fund	RRR Fund	2024	2023
<b>REVENUE</b>						
ACOA - operating grant	\$ 286,527	\$ -	\$ -	\$ -	\$ 286,527	\$ 231,350
Investment income - loan portfolio	-	503,441	38,051	4,585	546,077	574,212
Province of NL - SEA program	95,188	-	-	-	95,188	95,188
NLACBDC - YV program	17,000	-	-	-	17,000	17,000
Entrepreneurial training fund	-	-	-	-	-	13,199
Loan application fees	23,401	-	-	-	23,401	9,876
Other income	124,281	-	-	-	124,281	22,619
	546,397	503,441	38,051	4,585	1,092,474	963,444
<b>EXPENDITURE</b>						
Advertising	4,656	-	-	-	4,656	5,246
Bank charges and interest	2,786	3,557	79	-	6,422	5,585
Cleaning	3,225	-	-	-	3,225	3,225
Collection costs	30	4,408	-	-	4,438	-
Courses and training	48,035	-	-	-	48,035	17,949
Depreciation	5,616	-	-	-	5,616	4,447
Dues and associations	2,968	-	-	-	2,968	2,661
Entrepreneurial training	-	-	-	-	-	11,394
Insurance	2,638	-	-	-	2,638	2,523
Interest on long term debt	-	1,500	-	-	1,500	7,346
Loan loss provision (recovery)	-	390,277	10,120	(60,000)	340,397	190,701
Non-refundable HST	22,267	801	-	-	23,068	-
Office supplies	7,866	-	-	-	7,866	8,985
Professional and consulting fees	27,211	15,364	-	-	42,575	9,236
Rent	38,383	-	-	-	38,383	38,382
Salaries and benefits	397,287	-	-	-	397,287	391,346
Telephone	7,945	-	-	-	7,945	8,694
Travel	12,129	-	-	-	12,129	9,831
Utilities	2,552	-	-	-	2,552	2,328
Youth Ventures program contribution	2,000	-	-	-	2,000	2,000
	587,594	415,907	10,199	(60,000)	953,700	721,879
(Deficiency) excess of revenue over expenditure	(41,197)	87,534	27,852	64,585	138,774	241,565
Fund balance, beginning of year	22,446	6,464,400	1,360,604	-	7,847,450	7,605,885
Interfund transfers	-	57,625	-	(57,625)	-	-
Fund balance, end of year	\$ (18,751)	\$6,609,559	\$1,388,456	\$ 6,960	\$7,986,224	\$7,847,450

The accompanying notes are an integral part of these financial statements.

# Cabot Community Business Development Corporation

## Statement of Cashflow

For the Year Ended March 31, 2024

	Operating Fund	Investment Fund	FRAM-ED Fund	RRR Fund	2024	2023
<b>Cash provided by (used in)</b>						
<b>Operating activities:</b>						
Excess (deficiency) of revenue over expenditures	\$ (41,197)	\$ 87,534	\$ 27,852	\$ 64,585	\$ 138,774	\$ 241,565
Depreciation	5,616	-	-	-	5,616	4,447
Loss on disposal of capital assets	401	-	-	-	401	57
Loan loss provision (recovery)	-	390,277	10,120	(60,000)	340,397	190,701
	(35,180)	477,811	37,972	4,585	485,188	436,770
<b>Changes in non-cash working capital items:</b>						
Accounts receivable	(50,906)	13,007	-	-	(37,899)	4,091
Due to/from other funds	29,826	125,183	(50)	(154,734)	225	-
Harmonized sales tax recoverable	14,934	484	-	-	15,418	(7,513)
Prepays	(188)	-	-	-	(188)	(154)
Employee deductions payable	5,030	-	-	-	5,030	2,281
Accounts payable and accrued liabilities	5,202	(1,800)	-	-	3,402	12,000
	(31,282)	614,685	37,922	(150,149)	471,176	447,475
<b>Investing activities:</b>						
Purchase of capital assets	(8,176)	-	-	-	(8,176)	-
Loans - advances	-	(2,228,632)	(226,053)	-	(2,454,685)	1,448,659
Loans - repayment	-	1,047,113	23,658	1,411,524	2,482,295	1,631,397
Decrease (increase) in accrued interest	-	42,296	(1,775)	(2,375)	38,146	(74,250)
	(8,176)	(1,139,223)	(204,170)	1,409,149	57,580	108,488
<b>Financing activities:</b>						
Inter-fund transfers	-	57,625	-	(57,625)	-	-
Proceed of long-term debt	-	40,000	-	-	40,000	25,000
Repayment of long-term debt	-	(317,578)	-	(1,201,375)	(1,518,953)	(396,912)
	-	(219,953)	-	(1,259,000)	(1,478,953)	(371,912)
(Decrease) increase in cash	(39,458)	(744,491)	(166,248)	-	(950,197)	184,051
Cash and equivalents, beginning of year	56,786	1,071,594	318,768	-	1,447,148	1,263,097
Cash and equivalents, end of year	\$ 17,328	\$ 327,103	\$ 152,520	\$ -	\$ 496,951	\$ 1,447,148

The accompanying notes are an integral part of these financial statements.

# Cabot Community Business Development Corporation

Notes to the Financial Statements  
For the Year Ended March 31, 2024

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## 1. Significant Accounting Policies

### Nature of business/basis of preparation

Cabot Community Business Development Corporation (the Corporation) is a community-based and community-controlled organization with a mandate to encourage and support economic growth, diversification, job creation and sustainable, self-reliant communities in its region. The Corporation's services to the small business sector include financial assistance, advisory and counselling services, development and growth of the region's youth, and information resources. The Corporation is a not-for-profit organization incorporated under "The Corporations Act" of Newfoundland and Labrador and is exempt from income tax by virtue of Subsection 149(1) of "The Income Tax Act" of Canada.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for Not for Profit Organizations.

### Cash and cash equivalents

Cash and cash equivalents includes cash held in the bank and short-term guaranteed investment certificates.

### Capital assets

Capital assets are recorded at cost. Depreciation is provided for using various methods over the estimated useful lives as follows for the major classes of assets. Funding agencies may, in some cases, direct the disposition of capital assets which were financed through their contributions to the Corporation.

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Furniture and equipment	20% declining balance
Computer hardware	30% declining balance
Leasehold improvements	10 years
Signage	10 years

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### Impairment of long lived assets

In the event that facts and circumstances indicate that the Corporation's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow value is required. The Corporation considers that no circumstances exist that would require such an evaluation.

### Contributed services

Contributed services, consisting primarily of time contributed by volunteers, are not recognized in these financial statements due to the difficulty of determining their fair value.

### Financial instruments

The Corporation initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and financial liabilities at amortized cost. The financial assets and liabilities measured at amortized cost include cash, accounts receivable, loans receivable, long-term debt and accounts payable.

# Cabot Community Business Development Corporation

Notes to the Financial Statements  
For the Year Ended March 31, 2024

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## 1. Significant Accounting Policies continued

### Fund accounting

The Corporation uses Fund Accounting to segregate and account for its most significant activities. A description of each Fund is as follows:

#### *Operating Fund*

Accounts for all administrative activities and includes all contributions for core operations. The Operating Fund reports all program delivery and other activities not included in other Funds. Certain program expenditures may be restricted to those agreed upon with significant contributors including the Atlantic Canada Opportunities Agency (ACOA) and the Province of Newfoundland and Labrador.

#### *Investment Fund*

Accounts for a group of loan products and reports the loan portfolio balance and all loan activities. The resources of this Fund, including the annual excess of revenue over expenditure, are subject to an external restriction that they be used as loan capital available for lending, unless permission is granted for other uses.

#### *FRAM-ED Fund*

Accounts for one loan product that is required to be segregated for reporting purposes by the original contributors of the loan capital. The Fund reports the loan portfolio balance and all loan activities. The resources of this Fund, including the annual excess of revenue over expenditure, are subject to an external restriction that they be used as loan capital available for lending, unless permission is granted for other uses.

#### *Regional Relief and Recovery Fund (RRR Fund)*

Accounts for one loan product that is required to be segregated for reporting purposes by the original contributors of the loan capital. The loan products purpose is to assist small business experiencing difficulties due to the impact of the Covid 19 pandemic. The Fund reports the loan portfolio balance and all loan activities. The resources of this Fund, including the annual excess of revenue over expenditure, are subject to an external restriction that they be used as loan capital available for lending.

### Investments

Investments are recorded at the lower of cost and net realizable value. Provision for loan losses are reported in the Investment Fund and FRAM-ED Fund.

### Revenue recognition

The Corporation uses the restricted fund method of accounting for contributions. Contributions from funding agencies are recognized when the contributions are due or the funded activity has been completed. Other revenues including interest are recognized when earned.

# Cabot Community Business Development Corporation

Notes to the Financial Statements  
For the Year Ended March 31, 2024

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## 1. Significant Accounting Policies continued

### Provision for loan losses

Provision for loan losses are determined based on delinquent loans that are deemed doubtful by management less estimated amounts recoverable from security, net of estimated costs associated with converting the security into cash.

#### Category "A" Accounts

Accounts which are entirely satisfactory as to credit risk and performance, i.e. proven or established earnings and management, and on which loan arrears, if any, would represent less than two months' installments of principal and interest. It should be noted that all accounts are automatically classified as category "A" upon authorization.

#### Category "B" Accounts

Accounts in which it is expected that, in spite of undesirable developments, the difficulties will be overcome, and the loan will in time be recovered in full without the need to call the loan and/or realize on the security, either directly by the organization or through some other lender/creditor.

#### Category "C" Accounts

Accounts in which serious adverse developments have occurred, difficulties are unlikely to be overcome, or there is little, or no chance, of the loan being repaid from earnings and one or more of the following conditions apply:

- operations have ceased and are unlikely to recommence under existing ownership;
- voluntary liquidation of assets has started with a view to winding up the business;
- on current prospects, the CCBDC may have to realize on its security and or the loan has been called;
- other creditors, regardless of rank, may be expected to realize on their security, even when the security involved covers assets other than those pledged to the organization;
- a proposal either formal or informal to secured creditors has been made, or is under preparation;
- the situation has reached such an impasse that it may be necessary for the organization or other creditors to take stronger measures to protect their position; and
- the business has been unable to generate earnings/cash flow sufficient to meet term debt commitments in the last two consecutive fiscal years and no principal payments on the loan or insured loan have been made for a one year period.

#### Category "D" Accounts

Accounts in which the owners of the business have lost control due to bankruptcy, appointment of a receiver or Bailiff, judgment pursuant to a Mortgage Bond held by another secured mortgagee, seizure of any assets, or where the assets have been abandoned. Sometimes referred to as "non-productive" accounts since interest accrual is Definitely ceased.

# Cabot Community Business Development Corporation

Notes to the Financial Statements  
For the Year Ended March 31, 2024

## 1. Significant Accounting Policies continued

### Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known. A significant estimate included in these financial statements is the provision for doubtful loans as stated in Notes 4, 5 and 6

## 2. Capital assets

	Cost	Accumulated Depreciation	2024 Net Book Value	2023 Net Book Value
Furniture and equipment	\$ 24,728	\$ 22,280	\$ 2,448	\$ 3,061
Computer hardware	15,722	12,777	2,945	1,699
Leasehold improvements	28,637	10,878	17,759	15,870
Signage	3,548	2,094	1,454	1,816
	<b>\$ 72,635</b>	<b>\$ 48,029</b>	<b>\$ 24,606</b>	<b>\$ 22,446</b>

## 3. Investments

The Corporation has invested \$37,500; (2023 - \$37,500) in the Atlantic Canada Community Business Investment Fund (ACCBIF). The investment is secured by a promissory note, is non-interest bearing, with no set terms of repayment. A determination of fair value for this financial instrument is not considered possible.

## 4. Loans receivable - Investment Fund

	2024	2023
Loans receivable, beginning of year	\$ 7,279,090	\$ 7,481,653
Disbursements during the year	2,228,632	1,298,659
Repayments during the year	(1,047,113)	(1,312,060)
Loans written off during the year	(271,279)	(261,968)
Change in year end accrued interest	(42,295)	72,806
	<b>8,147,035</b>	<b>7,279,090</b>
Allowance for impaired loans	(1,027,190)	(835,093)
	<b>7,119,845</b>	<b>6,443,997</b>
Current portion of loans receivable	(706,816)	(991,586)
	<b>\$ 6,413,029</b>	<b>\$ 5,452,411</b>

# Cabot Community Business Development Corporation

Notes to the Financial Statements  
For the Year Ended March 31, 2024

## 4. Loans receivable - Investment Fund continued

Loans receivable includes accrued interest receivable in the amount of \$441,284 (2023 - \$481,206). There are 23 impaired loans as of March 31, 2024 totaling \$1,281,491 (2023 - 21 impaired loans totaling \$1,383,046) The current portion of loans receivable assumes required loan payments will be received during the year.

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

	2024	2023
Allowance, beginning of year	\$ 835,093	\$ 864,355
Loans written off during the year	(175,223)	(93,553)
Adjustment to loan loss provision	367,320	64,291
	<b>\$ 1,027,190</b>	<b>\$ 835,093</b>

The investment fund has externally imposed restrictions on net assets as well as the income earned from those net assets as follows:

	2024	2023
Loan capital contributed	\$ 1,460,000	\$ 1,460,000
Accumulated surplus	5,149,559	5,004,400
	<b>\$ 6,609,559</b>	<b>\$ 6,464,400</b>

All investment income earned by the organization from net assets of the Investment Fund must be reinvested in the fund for business investment purposes unless written consent is obtained from ACOA, including funds lent to or received from ACCBTF. Investment funds may be transferred to the operating fund to cover an annual operating deficit provided certain conditions have been met, as set out by ACOA.

## 5. Loans receivable - Canadian Fisheries Restructuring & Adjustment Initiative (FRAM-ED) Fund

	2024	2023
Loans receivable, beginning of year	\$ 845,025	\$ 868,901
Disbursements during the year	226,053	150,000
Repayments during the year	(23,658)	(175,320)
Change in year end accrued interest	1,775	1,444
	<b>1,049,195</b>	<b>845,025</b>
Allowance for impaired loans	(390,886)	(380,766)
	<b>658,309</b>	<b>464,259</b>
Current portion of loans receivable	(109,960)	(17,742)
	<b>\$ 548,349</b>	<b>\$ 446,517</b>

# Cabot Community Business Development Corporation

Notes to the Financial Statements  
For the Year Ended March 31, 2024

## 5. Loans receivable - Canadian Fisheries Restructuring & Adjustment Initiative (FRAM-ED) Fund continued

Loans receivable includes accrued interest receivable in the amount of \$188,334 (2023 - \$186,560). There are three impaired loans as of March 31, 2024 totaling \$602,540 (2023 - three impaired loans totaling \$601,584). The current portion of loans receivable assumes required loan payments will be received during the year.

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

	2024	2023
Allowance, beginning of year	\$ 380,766	\$ 382,033
Adjustment to loan loss provision	10,120	(1,267)
	<b>\$ 390,886</b>	<b>\$ 380,766</b>

The FRAM-ED fund has externally imposed restrictions on net assets as well as the income earned from those net assets as follows:

	2024	2023
Loan capital contribution	\$ 1,000,000	\$ 1,000,000
Accumulated surplus	388,456	360,604
	<b>\$ 1,388,456</b>	<b>\$ 1,360,604</b>

## 6. Loans receivable - Regional Relief and Recovery

The Regional Relief and Recovery Fund was established in May, 2020 pursuant to an agreement between the Corporation and the Atlantic Association of Community Business Development Corporations (AACBDC). The purpose of the Fund is to provide term loans to eligible businesses that were impacted by the Covid-19 pandemic and resulting public health restrictions. During the year, there were no advances to clients (2023 - \$NIL) and during the year the organization received principal repayments of \$1,351,524 (2023 - \$144,017), resulting in a portfolio balance of \$770,947 (2023 - \$2,120,096).

The loans are interest free and non-repayable until January 18, 2024. Clients who repay 75% of the amount borrowed under Phase I of the program on or before January 18, 2024 will have 25% of their loans forgiven, up to a maximum of \$10,000. Clients who received an advance under Phase 2 of the program may be eligible for additional loan forgiveness. Clients were provided with a refinance grace period from January 19 to March 28, 2024 to still qualify for loan forgiveness. 37 clients comprising 52 loans repaid in full on or before March 28, 2024 and received loan forgiveness amounting to \$484,662. Management estimates that five loans totaling \$85,000 may be doubtful as at March 31, 2024. The RRR Fund has externally imposed restrictions on the net assets of the Fund. Fund assets may be used only for loans to approved clients and to repay loan capital to the AACBDC.

# Cabot Community Business Development Corporation

Notes to the Financial Statements  
For the Year Ended March 31, 2024

## 7. Long-term debt

Long-term debt consists of the following:

	2024	2023
<b>Atlantic Canada Community Business Investment Fund</b>		
Loan for investment purposes, with interest at 1.75%, repayable in blended monthly installments of \$25,000, matured during the year.	\$ -	\$ 283,834
<b>Atlantic Association of Community Business Development Corporations - Technology Development Fund</b>		
Loan for investment purposes, non-interest bearing, with principal collections from clients repayable annually and interest receipts to be retained by the Corporation	75,557	156,391
<b>Newfoundland and Labrador Association of Community Business Development Corporations - Kickstart Program Loans</b>		
Loans for investment purposes, unsecured and non-interest bearing, with principal collections from clients repayable quarterly and interest receipts to be retained by the Corporation	105,305	91,314
	180,862	531,539
Less: current portion	-	(289,766)
	\$ 180,862	\$ 241,773

## 8. Long-term debt - Regional Relief and Recovery Fund

The loan capital for the Regional Relief and Recovery Fund is provided to the Corporation by the Atlantic Association of Community Business Development Corporations (AACBDC). Principal will be repaid to the AACBDC when it is repaid to the Corporation by the client. Under the terms of the program, principal repayments from clients are not due until December 31, 2026 with certain amounts being forgivable if the client meets the established criteria on or before March 28, 2024. The forgivable amounts will reduce the amount repayable by the Corporation to the AACBDC and will be confirmed on a case-by-case basis as determined by the clients' repayments. For balances remaining on March 28, 2024, clients enter into interest bearing repayments (4%) until December 31, 2026 when remaining balances are to be paid in full. See Note 6 for more information on the Regional Relief and Recovery Fund.

## 9. Allowance for impaired loans

Impaired loans are recognized on a case-by-case basis. When a loan is deemed to be impaired, its carrying amount is reduced to its estimated realizable amount. The estimated realizable amount is determined by management based on its assessment of factors including the estimated realizable value of the underlying security, the client's payment history and the nature of the industry in which the client operates. The allowance for impaired loans includes a general 5% reserve applied to the balance of non-impaired loans. Within each investment fund, the change in the loan portfolio's estimated realizable amount is recorded as a bad debt expense.

# Cabot Community Business Development Corporation

Notes to the Financial Statements  
For the Year Ended March 31, 2024

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## 10. Contingencies

Any surplus of the operating fund may be subject to repayment to the Receiver General of Canada after a review of program expenses and revenues by ACOA. Investment funding provided by government agencies under the FRAM-ED agreement which have not been utilized at the end of the contract period may be subject to repayment at the discretion of the funding agent. Any amounts determined to be repayable will be accounted for in the year that such a determination is made.

## 11. Commitment

The Corporation leases office space for a term which expires in November, 2029. The annual base rent during year one to five of the lease is \$29,873 plus HST. The lessor charges an additional rent for the tenant's proportional share of real estate taxes, insurance and building maintenance. Additional rents may be adjusted on an annual basis by the lessor.

## 12. Economic dependence

The Corporation receives an annual contribution from the Atlantic Canada Opportunities Agency which partially covers the Corporation's operating expenses. At this time the continued operation of the organization is dependent on the receipt of this annual contribution.

## 13. Financial risk management

### *Financial risk/actors*

The Board of Directors has overall responsibility for the oversight and management of financial risk factors which arise from holding financial instruments. The Board reviews the Corporation's policies on an ongoing basis to ensure that these risks are appropriately managed. The primary sources of risk exposure for the Corporation and how each is managed is outlined below.

### *Credit risk*

The Corporation has exposure to credit risk as a result of holding financial instruments. Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligation. The Corporation's credit risk is primarily attributable to accounts receivable and loans receivable. Management believes that the credit risk with respect to accounts receivable is remote as the majority is due directly from government or government-funded entities. The Corporation's loans receivable are recorded at net realizable value and a determination of fair value for these financial instruments is not considered possible. Management's policies relating to credit risk from loans receivable is discussed in Note 9.

# Cabot Community Business Development Corporation

## Allowance for Loan Impairment - Schedule 1

For the Year Ended March 31, 2024

	Category A 2024	Category B 2024	Category C 2024	Category D 2024	2024
Investment fund	\$ 6,952,263	\$ 575,462	\$ 666,206	\$ 280,441	\$ 8,474,372
FRAM-ED	444,272	-	146,717	269,871	860,860
	7,396,535	575,462	812,923	550,312	9,335,232
<b>Allowance for loan impairment</b>					
Investment fund	45,000	15,000	204,000	242,387	506,387
FRAM-ED	-	-	15,000	351,150	366,150
	45,000	15,000	219,000	593,537	872,537
Allowance percentage					9.35

	Category A 2023	Category B 2023	Category C 2023	Category D 2023	2023
Investment Fund	7,429,929	460,100	714,311	313,641	8,917,981
FRAM-ED	241,876	-	146,707	269,871	658,454
	7,671,805	460,100	861,018	583,512	9,576,435
<b>Allowance for loan impairment</b>					
Investment fund	45,000	65,000	279,000	259,888	648,888
FRAM-ED	-	-	15,000	351,150	366,150
	\$ 45,000	\$ 65,000	\$ 294,000	\$ 611,038	\$ 1,015,038
Allowance percentage					10.60

The accompanying notes are an integral part of these financial statements.

# Cabot Community Business Development Corporation

## Number of Loans Approved/Under management - Schedule 2

For the Year Ended March 31, 2024

	#	2024	#	2023
<b>Investment fund</b>				
Total number of investment loans approved	33	\$ 2,906,344	21	\$ 1,717,000
Total number of investment loans under management	121	\$ 7,879,231	140	\$ 7,370,435

### Total Number of Investment Loans Approved:

The total number of Investment Fund loans (term and equity) approved between April 1 and March 31.

Newfoundland and Labrador: includes FRAM-ED.

If a loan was approved and paid off within the period of April 1 to March 31, it is included in the total as it is based on the activity for the year.

If a new loan is approved for a new business activity and results in refinancing an existing CBDC loan, it is considered a new loan and can be counted as part of the CFoT model.

If a CCBDC refinances a loan for the sole purpose of restructuring of an existing CCBDC loan with no new loan advance to the client, it is not considered a new loan and cannot be counted as part of the CFoT model.

If a new loan is approved for the sole purpose of paying out another lender, the loan is not considered a new loan and cannot be counted as part of the CFoT model.

### Excluded from the total are:

Community Development Fund (CDF) loans

Student in Business (SIB) loans (applicable in Nova Scotia)

Kick Start loans (applicable in Newfoundland and Labrador only).

### Total Number of Active Investment Loans under Management:

In line with the definition above, the number of active loans (term and equity) managed by the CCBDC portfolio as of March 31.

Newfoundland and Labrador: includes FRAM-ED.

For use in the CFoT model, a loan is considered "active" when it meets the following criteria:

- A regular payment has been received (not NSF) within the fiscal year
- If the terms of the loan do not call for a regular payment within the fiscal year.

Excluded from the total are:

- Community Development Fund (CDF) loans
- Student in Business (SIB) loans (applicable in Nova Scotia)
- Kick Start loans (applicable in Newfoundland and Labrador only)
- Loans that were recommended for write-off or written off within the fiscal year
- Loans paid off prior to March 31

The accompanying notes are an integral part of these financial statements.

# Cabot Community Business Development Corporation

Core vs Non-Core - Schedule 3

For the Year Ended March 31, 2024

	Core Operating Fund	SEA	Youth Ventures	2024
<b>Revenue</b>				
ACOA Contribution - Community Futures	\$ 286,527	\$ -	\$ -	<b>286,527</b>
Other contributions - Youth Ventures	-	-	17,000	<b>17,000</b>
Other Government revenue - SEA	-	95,188	-	<b>95,188</b>
Other revenue	147,682	-	-	<b>147,682</b>
	<b>434,209</b>	<b>95,188</b>	<b>17,000</b>	<b>546,397</b>
<b>Expenses</b>				
Advertising	3,125	363	1,168	<b>4,656</b>
Bank charges and interest	2,229	557	-	<b>2,786</b>
Cleaning	2,580	645	-	<b>3,225</b>
Collection costs on loans	30	-	-	<b>30</b>
Courses and training	48,035	-	-	<b>48,035</b>
Depreciation	5,616	-	-	<b>5,616</b>
Dues and associations	2,577	391	-	<b>2,968</b>
Insurance	2,109	527	-	<b>2,638</b>
Non-refundable HST	22,267	-	-	<b>22,267</b>
Office supplies and expenses	5,538	1,116	1,212	<b>7,866</b>
Professional and consulting fees	27,211	-	-	<b>27,211</b>
Rent	31,859	6,524	-	<b>38,383</b>
Salaries and employee benefits	301,775	83,387	12,127	<b>397,287</b>
Telephone	6,837	1,108	-	<b>7,945</b>
Travel	11,636	-	493	<b>12,129</b>
Utilities	1,982	570	-	<b>2,552</b>
Youth Ventures Program Contribution	-	-	2,000	<b>2,000</b>
	<b>475,406</b>	<b>95,188</b>	<b>17,000</b>	<b>587,594</b>
Deficiency of revenue over expenses	\$ (41,197)	\$ -	\$ -	<b>(41,197)</b>

The accompanying notes are an integral part of these financial statements.