2018-2019

Annual report

CBDC KENT

Kent

Among our accomplishments for 2018-2019, CBDC Kent granted funding to 77 business people, for a total of $3,548,325 in the Kent county region and the Rogersville civil parish. These investments helped create 82 jobs and maintain 152 jobs in the region.

The service sector is the business sector where the corporation invested the most, with $710,340, followed by the fishing sector ($677,750), the wholesale and retail sector ($447,374) and the agricultural sector ($252,850).

A total of 52 participants were approved for the Self-Employment Benefit (SEB) program. This program assisted in the start-up of 52 new businesses and the creation of 92 full-time and part-time jobs.

Over the last year, we also focused on training for entrepreneurs. As for training provided as part of the Atlantic Association of CBDCs Entrepreneurial Fund, 18 clients benefited from it, for a total of $27,646.

Furthermore, 3 participants benefited from the Consulting Advisory Services program, for an investment of $14,779. These different trainings assisted business people in becoming more efficient in their respective fields.

Since 2012, the loan portfolio has seen an annual growth. The Board of Directors is pleased to announce that the corporation has a portfolio of almost $11 million.

CBDC Community Business Development Corporation KENT

Investments in the region

Requests processed

Applications received	87
Applications approved	77
Amounts invested	$3,548,325

Number of business counselling sessions

Number of clients	289

Impact on businesses

New businesses	35
Existing businesses	38
Total	73

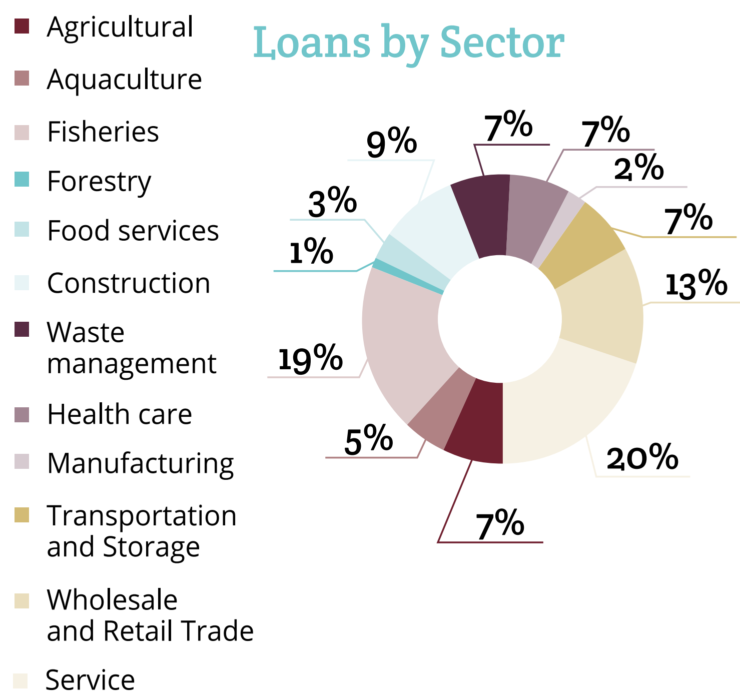
Impact on employment

Jobs created	82
Jobs maintained	152
Total	234

Twelve (12) seminars for the year 2018-2019

In addition to the general services and programs presented below, CBDC Kent offers Business Development Seminars to individuals considering starting their own business.

The topics covered include: financing, marketing, cash flow and accounting. A total of 173 individuals benefited from this program.



Training sessions

Number of sessions	18
Number of clients	18
Amounts granted	$27,646

Self-Employment Benefit

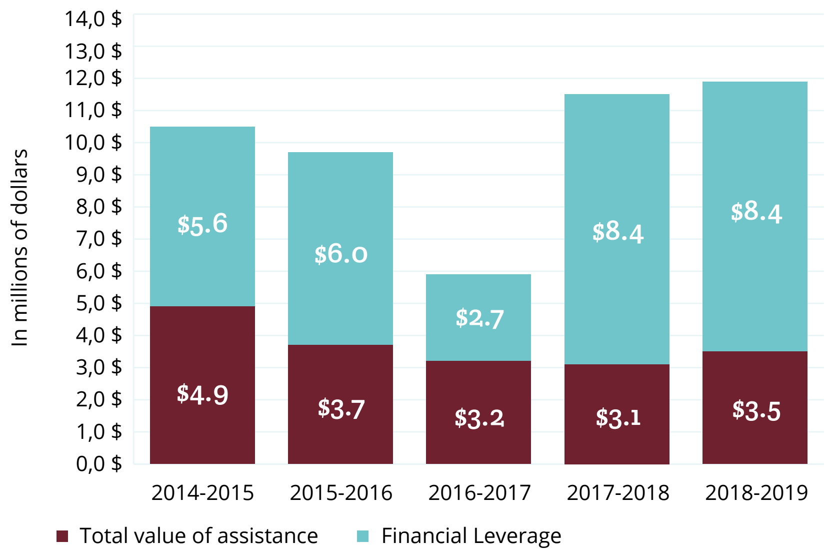
Applications approved	52
Value of assistance	$910,000

Consulting Advisory Services

Number of clients	3
Amounts granted	$14,779

Building strong entrepreneurial leverage in the Kent region

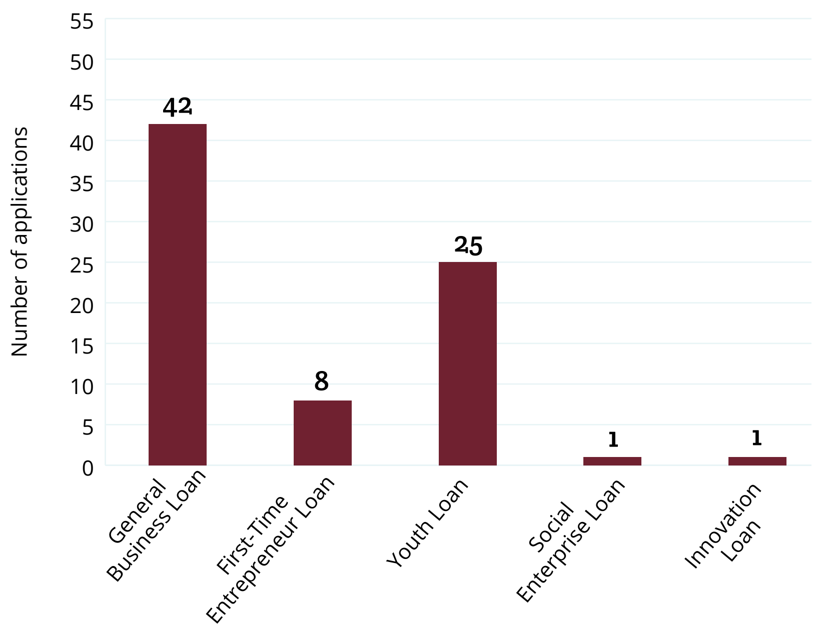
The total value of assistance from the CBDC and financial leverage over the past five years



Since its inception in 1981, CBDC Kent injected over $50M in the community.

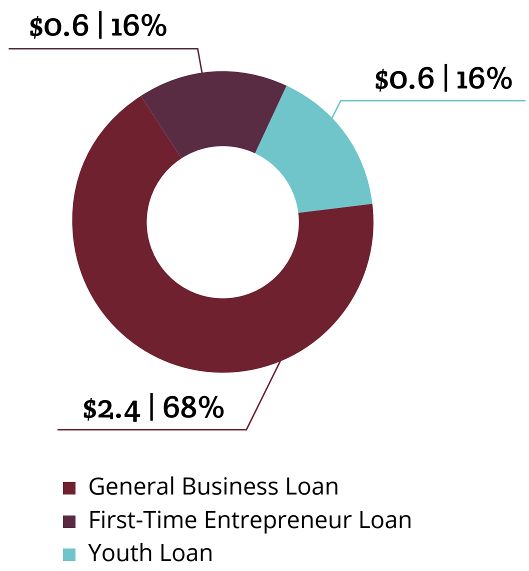
Compared to the previous year, an additional amount of $469,154 was disbursed, which suggests a greater need for the support of our entrepreneurs.

Number of applications approved for each CBDC loan product

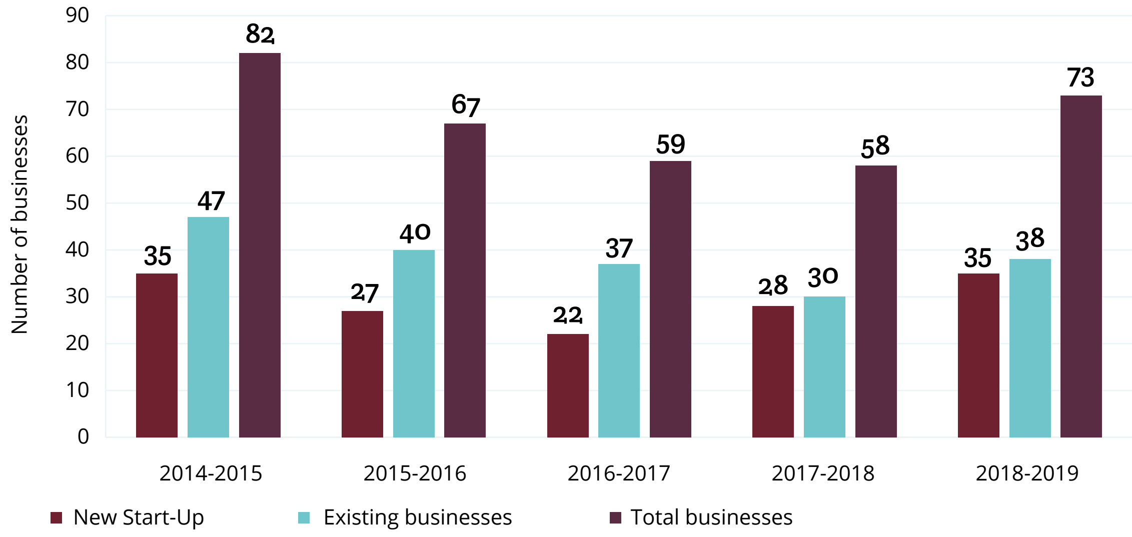


Breakdown of amounts disbursed per loan product

(in millions of dollars)



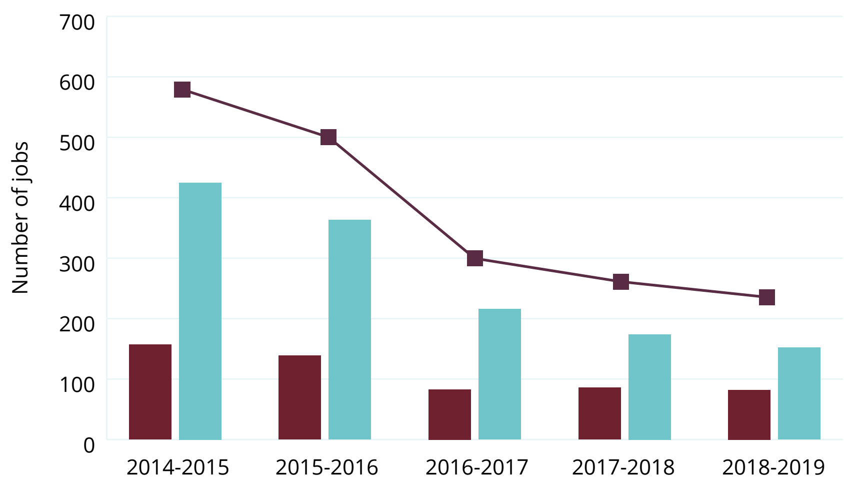
The number of businesses who received financial assistance over the past five years



The number of new businesses has increased by 25%, an upward trend observed over the last 2 years.

New job creation has been fairly stable over the last 3 years.

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



Jobs created	157	139	83	86	82
Jobs maintained	425	363	216	174	152
Total	**582**	**502**	**299**	**260**	**234**

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.

CBDC Community Business Development Corporation

Contact Us

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

190 Irving Blvd.,
Bouctouche, NB E4S 3L7

506.743.2422

www.cbdckent.ca

Atlantic Association of CBDCs / NB CBDC

Atlantic Association of CBDCs / NB CBDC

Canada

New Nouveau Brunswick

CBDC KENT

Financial Statements

March 31, 2019

L. Bourque & Associates P. C. Inc.

Chartered Professional Accountants | Comptables professionnels agréés

L. BOURQUE & ASSOCIATES P. C. INC.
CHARTERED PROFESSIONAL ACCOUNTANTS | COMPTABLES PROFESSIONNELS AGRÉÉS

INDEPENDENT AUDITOR'S REPORT

To the Directors of
CBDC KENT

Qualified Opinion

We have audited the financial statements of CBDC KENT organization (the organization), which comprise the balance sheet as at March 31, 2019, and the statements of revenues and expenses, changes in net assets 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 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 the organization as at March 31, 2019, and the results of its operations 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 Kent initially records its long-term debt, which bears interest at a non-market rate, at the amount of cash consideration received. Canadian accounting standards for not-for-profit organizations require that long-term debt with a non-market rate of interest be initially measured at fair value on the balance sheet. The effects of this departure from Canadian accouting standards for not-for-profit organizations have not been determined. Futhermore, CBDC Kent has loans receivable on the balance sheet. Canadian accounting standards for not-for-profit organizations require disclosure of maturity dates of accounts maturing beyond one year. CBDC Kent has not provided this disclosure. Further, Canadian accounting standards for not-for-profit organizations require that assets ordinarily realizable within one year from the date of the balance sheet be classified as current assets on the balance sheet. CBDC Kent has not classified the current portion of its loans receivable as at March 31, 2019 in current assets on the balance sheet. The effects of these departures from Canadian accounting standards for not-for-profit organizations have not been determined.

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 organization 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 audit opinion.

443, boul. Adélard-Savoie Blvd, Dieppe, NB E1A 0N7 Canada | Tél. : (506) 857-2290 | info@lbourque.ca | Fax : (506) 857-8468

Other Matter

The financial statements of the organization for the year ended March 31, 2018 were audited by another auditor who expressed a qualified opinion on those financial statements on May 22, 2018.

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

Management is responsible for the preparation and fair presentation of the 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 the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the 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.

A further description of our responsibilities for the audit of the financial statements is included in the appendix of this auditor's report. This description, which is located at page 4, forms part of our auditor's report.

L. Bourque & Associates P.C. Inc.,

L. Bourque & Associates P.C. Inc.
Chartered Professional Accountants

Dieppe (New-Brunswick)
June 3, 2019

APPENDIX TO INDEPENDENT AUDITOR'S REPORT

Description of the Auditor's Responsibilities for the Audit of the 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.

CBDC KENT
Statement of Revenues and Expenses
Year Ended March 31, 2019

	Operating Fund	Investment Fund	2019 Total	2018 Total
Revenues				
ACOA - Community Futures	$ 358,945	$ -	$ 358,945	$ 353,113
Project LEAN	55,307	-	55,307	32,295
Investment income - loan portfolio	-	829,361	829,361	762,323
Investment income - other interest	65	2,358	2,423	2,470
Province of New Brunswick Department of Post-secondary Education, Training and Labour - Self Employment Benefits	104,103	-	104,103	116,776
Administration fees	1,470	-	1,470	1,490
Service Canada - Youth Intern Program	3,591	-	3,591	3,510
Miscellaneous (note 13)	91,370	-	91,370	110,173
Risk Mitigation Fund	-	95,073	95,073	23,443
	614,851	926,792	1,541,643	1,405,593
Expenses				
Advertising	8,388	-	8,388	11,248
Amortization	12,888	-	12,888	13,618
Bank charges	1,884	1,846	3,730	3,589
Credit bureau reports	2,483	-	2,483	2,176
Equipment rental	4,846	-	4,846	9,929
HST Provision	26,754	1,558	28,312	48,137
Insurance	29,201	-	29,201	29,642
Interest expenses - ACCBIF	-	63,916	63,916	66,559
Loan loss provision	-	217,255	217,255	188,920
Miscellaneous	25,489	-	25,489	42,379
Office supplies	4,814	-	4,814	5,113
Professional fees – audit & accouting	15,050	3,648	18,698	16,236
Professional fees - legal	-	5,168	5,168	3,224
Project LEAN	52,039	-	52,039	31,486
Property taxes and utilities	21,073	-	21,073	21,602
Repairs and maintenance	18,232	-	18,232	16,682
Salaries and employee benefits	408,048	-	408,048	354,873
Pension plan contribution (defined contributions)	17,521	-	17,521	15,011
Telecommunication and postage	12,244	-	12,244	12,448
Training	44,483	-	44,483	58,496
Training – Self Employment Benefits	15,059	-	15,059	7,217
Travel	26,657	-	26,657	25,381
	747,153	293,391	1,040,544	983,966
Interfund Transfer	86,000	(86,000)	-	-
Excess (deficiency) of revenues over expenses	$ (46,302)	$ 547,401	$ 501,099	$ 421,627

CBDC KENT
Statement of Changes in Net Assets
Year Ended March 31, 2019

	Externally restricted	Invested in capital assets	Contributed surplus	Unrestricted fund	2019 Total	2018 Total
Balance, beginning of year	$ 5,736,981	$ 220,671	$ 1,013,968	$ (42,427)	$ 6,929,193	$ 6,507,566
Excess (deficiency) of revenues over expenses	547,401	-	-	(46,302)	501,099	421,627
Amortization	-	(12,888)	-	12,888	-	-
Acquisition of capital assets	-	5,966	-	(5,966)	-	-
Balance, end of year	$ 6,284,382	$ 213,749	$ 1,013,968	$ (81,807)	$ 7,430,292	$ 6,929,193

CBDC KENT
Balance Sheet
March 31, 2019

	Operating Fund	Investment Fund	2019 Total	2018 Total
Assets				
Current assets				
Cash (note 3)	$ 245	$ 548,058	$ 548,303	$ 496,644
Accounts receivable (note 4)	65,173	277,905	343,078	259,665
Prepaid expenses	11,893	-	11,893	11,303
	77,311	825,963	903,274	767,612
Loans (note 5)	-	10,298,027	10,298,027	9,954,692
Note - ACCBIF (note 6)	-	37,500	37,500	37,500
Capital assets (note 7)	213,749	-	213,749	220,671
	$ 291,060	$ 11,161,490	$ 11,452,550	$ 10,980,475
Liabilities				
Current liabilities				
Bank overdraft	$ 22,879	$ -	$ 22,879	$ 23,851
Bank loan (note 8)	42,810	-	42,810	53,886
Accounts payable (note 9)	93,429	5,300	98,729	79,670
Current portion of long-term debt (note 10)	-	547,283	547,283	541,654
	159,118	552,583	711,701	699,061
Long-term debt (note 10)	-	3,310,557	3,310,557	3,352,221
	159,118	3,863,140	4,022,258	4,051,282
Net assets				
Externally restricted (note 11)	-	6,284,382	6,284,382	5,736,981
Invested in capital assets	213,749	-	213,749	220,671
Contributed surplus	-	1,013,968	1,013,968	1,013,968
Unrestricted fund	(81,807)	-	(81,807)	(42,427)
	131,942	7,298,350	7,430,292	6,929,193
	$ 291,060	$ 11,161,490	$ 11,452,550	$ 10,980,475

Commitment (note 12)

On behalf of the Board

_______________ Director

_______________, Director

CBDC KENT
Statement of Cash Flows
Year Ended March 31, 2019

	2019	2018
Operating activities		
Excess of revenues over expenses	$ 501,099	$ 421,627
Non-cash items:		
Amortization	12,888	13,618
Loan loss provision	217,255	188,920
HST Provision	28,312	48,137
	759,554	672,302
Net change in non-cash items related to operating activities:		
Accounts receivable	(111,725)	16,083
Prepaid expenses	(590)	(259)
Accounts payable	19,059	7,987
Deferred revenue	-	(24,593)
	(93,256)	(782)
	666,298	671,520
Investing activities		
Loans to clients	(3,548,325)	(3,079,171)
Repayments from clients	2,965,268	3,067,290
Recovery of loans written off in previous periods	22,467	5,256
Acquisition of capital assets	(5,966)	-
	(566,556)	(6,625)
Financing activities		
Changes in bank loans	(11,076)	29,517
Long-term borrowings	500,000	-
Repayment of long-term debt	(536,035)	(533,309)
	(47,111)	(503,792)
Increase in cash and cash equivalents	52,631	161,103
Cash and cash equivalents, beginning of year	472,793	311,690
Cash and cash equivalents, end of year	$ 525,424	$ 472,793
Cash and cash equivalents		
Cash	$ 548,303	$ 496,644
Bank overdraft	(22,879)	(23,851)
	$ 525,424	$ 472,793

1. Purpose of the organization

The mission statement of CBDC Kent (the organization) is to create sustainable employment through promoting business developmnent in our communities by provinding capital and mentoring assistance.

The organization is a community-based and community-controlled corporation with a mandate to provide lending and other investments to small businesses in Kent County and the civil parish of Rogersville who have difficulty obtaining financing from traditional sources. The organization is incorporated under the Canada Corporations Act as a not-for-profit organization and as such is exempt from income tax by virtue of paragraph 149(1)(l) of the Income Tax Act.

2. Significant accounting policies

The organization applies the Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenses for the periods covered. The main estimates relate to the loan loss provision and the useful life of capital assets.

Fund accounting

The Operating Fund reports 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 the Atlantic Canada Opportunities Agency (ACOA) or other funding partners and the organization.

The Investment Fund reports all of the restricted activities of the organization's loan programs. The externally restricted fund balance is further described in note 11.

Revenue recognition

The organization follows the restricted fund method of accounting for contributions. Contributions are recognized when received or receivable if the amount to be received can be reasonable estimated and collection is reasonably assured. Unrestricted contributions are recognized as revenue in the Operating Fund when initially received. Externally restricted contributions are recorded in the Investment Fund when initially received. Externally restricted contributions for which no corresponding fund exists are recorded as revenue in the Operating Fund in the year in which the related expenses are incurred.

Investments and other income is recorded on an accrual basis in the appropriate fund.

2. Significant accounting policies (continued)

Financial instruments

Initial and subsequent measurement

The organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The organization subsequently measures all its financial assets and liabilities at cost or amortized cost.

Financial assets measured at amortized cost on a straight-line basis include cash, trade and other accounts receivable and notes receivable.

Financial liabilities measured at amortized cost on a straight-line basis include the bank overdraft, the bank loan, accounts payable and long-term debt.

Cash and cash equivalents

The organization's policy is to present bank balances, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn, under cash and cash equivalents.

Loans

Loans are recorded at their principal amount, net of anticipated losses. A loan is classified as doubtful when management has determined that there is a reasonable doubt as to the ultimate collectability of principal or interest. The allowance for doubtful loans is established on a loan-by-loan basis for specifically identified probable losses on loans receivable. In addition, a general allowance is provided against unidentified future losses. The general allowance rate is based on the historic losses of the portfolio.

The organization evaluates each borrower's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary, by the organization upon extension of credit is based on management's credit evaluation of the borrower. Collateral held varies but may include accounts receivable, inventory, property, plant and equipment and income-producing commercial properties.

There is no further accrual of interest on loans when there is a doubt by management regarding the collectability of principal or interest. At that time, the reversal of any accrued and unpaid interest is reported as a reduction of current year's earnings. Subsequent collection of amounts due are reported as interest income only when management determines the collectability of the loan is no longer in doubt.

Seed loans are those that were disbursed under ACOA's Seed Capital Program. Investment loans represent all other loans disbursed by the Investment Fund.

2. Significant accounting policies (continued)

Capital assets

Capital assets are accounted for at cost. Amortization is calculated using the declining balance method at the following rates:

	Rates
Land improvements	8%
Building	4%
Equipment	20%
Sign	20%
Computer equipment	30%

Impairment

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset to be held and used with the total of the undiscounted cash flows expected from its use and disposition. If the asset is impaired, the impairment loss to be recognized is measured as the amount by which the carrying amount of the asset exceeds its fair value, generally determined on a discounted cash flow basis. Any impairment results in a write-down of the asset and a charge to income during the year. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

Recognition of deferred contributions related to capital assets

The funding provided by ACOA for the purchase of new equipment is being recorded as revenue at the same rates as the related capital assets.

3. Cash

		2019		2018
Petty cash	$	300	$	300
Bank - Social fund		40		3,228
Bank - Contingencies		5		5,831
Bank - ACOA		-		3,896
Bank - Investment		547,858		483,289
Bank - ACCBIF		100		100
	$	548,303	$	496,644

4. Accounts receivable

		2019		2018
ACOA	$	35,894	$	35,311
Loan interest receivable		198,900		172,915
Other		10,827		13,575
Risk Mitigation Fund		78,525		-
Sales tax receivable		18,932		37,864
	$	343,078	$	259,665

5. Loans

	2019	2018
Loans to businesses	$ 10,962,456	$ 10,570,650
Less: allowance for doubtful loans	(664,429)	(615,958)
Net balance	10,298,027	9,954,692
The loans receivable balance is comprised of:		
Gross balance, beginning of the year	10,570,650	10,739,084
Loans advanced during the year	3,548,325	3,079,171
Loans repaid during the year	(2,965,268)	(3,067,290)
Loans written off during the year	(191,251)	(180,315)
Allowances for doubtful loans	(664,429)	(615,958)
Net balance, end of year	10,298,027	9,954,692
The change in the allowances for doubtful loans is as follows:		
Balance, beginning of year	615,958	602,097
Loans written off during the year	(191,251)	(180,315)
Recovery of loans written off in previous periods	22,467	5,255
Current year's loan loss provision	217,255	188,921
Balance, end of year	664,429	615,958
The allowances for doubtful loans include the following:		
Specific allowances	363,190	326,985
General allowance	301,239	288,973
	$ 664,429	$ 615,958

A total of 77 new loans representing $4,212,186 were approved during the year ended March 31, 2019, at which time 271 loans were being managed by the organization.

Doubtful loans represented $1,878,324 at March 31, 2019 (2018 - $1,881,394)

6. Note - ACCBIF

Promissory note, without interest and without maturity, from the Atlantic Community Business Investment Fund (ACCBIF). Refer to note 10 for more details.

7. Capital assets

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Land	$ 7,931	$ -	$ 7,931	$ 7,931
Land improvements	22,443	17,406	5,037	5,475
Building	338,420	159,057	179,363	186,837
Equipment	109,887	90,548	19,339	17,462
Sign	650	635	15	18
Computer equipment	101,064	99,000	2,064	2,948
	580,395	366,646	213,749	220,671
Deferred contributions	20,000	20,000	-	-
	$ 560,395	$ 346,646	$ 213,749	$ 220,671

8. Bank loans

The organization has an authorized line of credit of $200,000 for the Investment Fund, bearing interest at the prime rate plus 1%, payable monthly and renewable annually. This line of credit is secured by a general assignment of book debts for $200,000.

A line of credit of $66,000 is also authorized for the Operating Fund. It bears interest at the prime rate plus 1%, is payable monthly and is renewable annually. It is also secured by a general assignment of book debts.

9. Accounts payable

	2019	2018
Trade	$ 3,750	$ 3,749
Accrued retirement allowance	89,679	69,969
Accrued interest and other	5,300	5,952
	$ 98,729	$ 79,670

10. Long-term debt

The ACCBIF lends money to CBDCs' Investment Funds throughout Atlantic Canada. To be a member, a CBDC must lend $37,500 to the ACCBIF (note 6). The loan from the ACCBIF carries an interest charge which is set every two years by the ACCBIF Board of Governance. At the last meeting, the rate was set at 1.6%. The loan is repayable in equal monthly instalments of principal and interest of $50,000 until January 2026 with a final payment of $23,800 in February 2026. The loan is guaranteed by a general security agreement and a promissory note.

	2019	2018
Balance of the loan	$ 3,857,840	$ 3,893,875
Current portion of long-term debt	547,283	541,654
	$ 3,310,557	$ 3,352,221

Long-term debt principal estimated repayments over the next five years are the following:

2020	$ 547,283
2021	$ 551,061
2022	$ 559,943
2023	$ 568,968
2024	$ 578,138

11. Externally restricted funds

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

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

Notwithstanding the previous paragraph, funds credited to the Investment Fund account may be transferred to the Operating Fund where the following conditions are met:

- the organization's annual budget submitted with the business plan projects a deficit and is accepted by ACOA;
- the deficit was in fact incurred as projected; and
- the organization provides 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.

12. Commitments

The commitment of the organization under a lease agreement aggregates to $9,270. The instalments over the next four years are the following:

2020	$	3,392
2021	$	2,663
2022	$	2,143
2023	$	1,072

13. Miscellaneous revenues

Miscellaneous revenues include various revenues arising from rental, training and coaching activities as well as various administrative revenues.

14. Interfund Transfer

A transfer of $86,000 (2018 - $30,000) was made from the Investment Fund to alleviate a cash shortfall in the Operating Fund. This transfer was approved by ACOA.

15. Economic dependence

The organization receives an annual operating contribution from ACOA to cover a portion of the operating expenses of the Operating Fund. The continued operation of the organization currently depends on the receipt of this annual operation contribution.

16. Financial Instruments

Financial risks

The organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The main risks are broken down below.

16. Financial instruments (continued)

Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the organization by failing to discharge an obligation. The organization's credit risk is mainly related to loans and interest receivable. Management is not aware of any concentrations of loans to classes of borrowers or industries that would be similarly affected by economic conditions. Although the organization's loan portfolio is diversified, a substantial portion of its borrowers' ability to honour the terms of their loans is dependent on business economic conditions in New Brunswick. The organization is also exposed to credit risk with respect to credit commitments, which are disclosed below.

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its bank loans and its long-term debt and when it has credit commitments. Credit commitments represent loans that the organization has approved but has not yet disbursed; these commitments amount to $1,201,061 at March 31, 2019 (2018 - $833,475).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed interest rate instruments subject the organization to a fair value risk, since fair value fluctuates inversely to changes in market interest rates. Floating interest rate instruments subject the organization to related cash flow risk.

17. Comparative figures

Certain figures for 2018 have been reclassified to make their presentation identical to that adopted in 2019.