

**CBDC TRINITY CONCEPTION CORPORATION**

**Financial Statements**

**Year Ended March 31, 2024**

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## INDEPENDENT AUDITOR'S REPORT

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To the Board Members of CBDC Trinity Conception Corporation

*Qualified Opinion*

I have audited the financial statements of CBDC Trinity Conception Corporation (the corporation), which comprise the statement of financial position as at March 31, 2024, and the statements of revenues and expenditures, 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 and other explanatory information.

In my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

*Basis for Qualified Opinion*

CBDC Trinity Conception 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 Corporation 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. This basis of accounting used in these financial statements differs from Canadian generally accepted accounting principles for not for profit organizations.

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

*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 ASNPO, 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 corporation'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 corporation or to cease operations, or has no realistic alternative but to do so.

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

(continues)

*Auditor's Responsibilities for the Audit of the Financial Statements*

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

*Martin & Associates*

Mount Pearl, Newfoundland and Labrador  
July 10, 2024

Chartered Professional Accountant

**CBDC Trinity Conception Corporation**  
**Statement of Revenue and Expenditure**  
**Year Ended March 31, 2024**

	Operating Fund	Investment Fund	FRAM-ED Fund	2024 Total	2023 Total
<b>Revenues</b>					
- ACOA operating contribution	302,300	-	-	302,300	276,113
- AES CYC contract	105,000	-	-	105,000	105,000
- Interest income	13,312	921,758	1,118	936,188	831,122
- Loan administration and application fees	20,100	-	-	20,100	29,440
- Loan forgiveness, RRRF, AACBDC (Note 13)	-	153,750	-	153,750	10,000
- Miscellaneous	24,850	-	-	24,850	32,383
- AES - SEA	116,825	-	-	116,825	116,825
- Youth Ventures	17,200	-	-	17,200	17,300
<b>Total Revenues</b>	<b>599,587</b>	<b>1,075,508</b>	<b>1,118</b>	<b>1,676,213</b>	<b>1,418,183</b>
<b>Expenditures</b>					
Advertising	11,064	-	-	11,064	14,322
AES CYC Contract	54,203	-	-	54,203	53,176
Bank charges	2,540	4,032	191	6,763	6,848
Credit bureau reports	987	-	-	987	786
Fees, memberships and taxes	1,793	-	-	1,793	2,204
Insurance	5,456	-	-	5,456	5,580
Interest expense - ACCBIF	-	50,884	-	50,884	58,698
Janitorial	4,135	-	-	4,135	3,817
Loan loss provision (recovery)	-	192,072	(5,964)	186,108	(68,302)
Miscellaneous	8,383	22	-	8,405	11,737
Office supplies	6,061	-	-	6,061	3,058
Postage and courier	706	-	-	706	267
Professional Fees	19,240	10	-	19,250	31,276
Rent	66,445	-	-	66,445	65,874
Resource materials and supplies	3,209	-	-	3,209	2,448
RRRF loan forgiveness	-	153,750	-	153,750	10,000
Salaries and benefits	406,950	-	-	406,950	402,161
Travel, meetings and conference	23,305	-	-	23,305	21,403
Telephone	8,149	-	-	8,149	8,035
Youth Programs	5,909	-	-	5,909	7,658
<b>Total Expenses</b>	<b>628,535</b>	<b>400,770</b>	<b>(5,773)</b>	<b>1,023,532</b>	<b>641,046</b>
 Excess (deficiency) of revenue over expenses	 \$ (28,948)	 \$ 674,738	 \$ 6,891	 \$ 652,681	 \$ 777,137

See accompanying notes to the financial statements

**CBDC Trinity Conception Corporation**  
**Statement of Changes in Fund Balances**  
**Year Ended March 31, 2024**

	<b>Operating Fund</b>	<b>Investment Fund</b>	<b>FRAM E-D Fund</b>	<b>2024 Total</b>	<b>2023 Total</b>
<b>Fund balances, beginning of year</b>	182,254	7,019,502	336,820	<b>7,538,576</b>	\$ 6,761,439
Excess (deficiency) of revenue over expenses	(28,948)	674,738	6,891	<b>652,681</b>	777,137
<b>Fund balances, end of year</b>	<b>\$ 153,306</b>	<b>\$ 7,694,240</b>	<b>\$ 343,711</b>	<b>\$ 8,191,257</b>	<b>\$ 7,538,576</b>

See accompanying notes to the financial statements

**CBDC Trinity Conception Corporation**  
**Statement of Financial Position**  
**Year Ended March 31, 2024**

	Operating Fund	Investment Fund	FRAM-ED FUND	2024 Total	2023 Total
<b>Assets</b>					
<b>Current</b>					
Cash (Note 5)	\$ 171,364		-	\$ 171,364	\$ 241,820
Cash reserved for investment purposes (Note 5)	-	1,993,409	6,034	1,999,443	1,178,898
Receivables - Other	12,300	-	-	12,300	28,550
Prepaid expenses	2,705	-	-	2,705	2,692
	186,369	1,993,409	6,034	2,185,812	1,451,960
Long term deposits	106,229	-	-	106,229	-
Investment - ACCBIF (Note 8)	-	37,500	-	37,500	37,500
RRRF loans receivable, (Note 9)	-	793,834	-	793,834	1,212,825
Investments - Loan Advances, (Note 6)	-	8,892,897	-	8,892,897	9,604,793
Capital assets (Note 11)	1,344	-	-	1,344	-
	\$ 293,942	\$ 11,717,640	\$ 6,034	\$ 12,017,616	\$ 12,307,078
<b>Liabilities</b>					
<b>Current</b>					
Payables and accruals (Note 12)	\$ 55,032	\$ 27,185	-	\$ 82,217	\$ 51,246
Current portion payable to NLACBDC (Note 10)	-	12,715	-	12,715	14,307
Current portion of ACCBIF loan (Note 13)	-	555,513	-	555,513	415,287
Interfund payable (receivable)	85,604	252,073	(337,677)	-	-
	140,636	847,486	(337,677)	650,445	480,840
<b>Long Term</b>					
Due to NLACBDC - Kickstart (Note 10)	-	36,337	-	36,337	32,724
Due to AACBDC - RRRF (Note 14)	-	793,850	-	793,850	1,220,625
Due to ACCBIF (Note 13)	-	2,345,727	-	2,345,727	3,034,313
	-	3,175,914	-	3,826,359	4,768,502
<b>FUND BALANCES</b>					
Surplus - Restricted (Note 15)	-	7,694,240	343,711	8,037,951	7,356,322
Surplus - Unrestricted	153,306	-	-	153,306	182,254
	153,306	7,694,240	343,711	8,191,257	7,538,576
	\$ 293,942	\$ 11,717,640	\$ 6,034	\$ 12,017,616	\$ 12,307,078

Commitments (Note 18)

On Behalf of the Board:

 Chairperson

See accompanying notes to the financial statements

**CBDC Trinity Conception Corporation**  
**Statement of Cash Flow**  
**Year Ended March 31, 2024**

	Operating Fund	Investment Fund	FRAM-ED Fund	2024	Total	2023 Total
<b>Operating activities</b>						
Excess (deficiency) of revenue over expenses	(28,948)	674,738	6,891	652,681		777,137
Loan loss provision (recovery)	-	192,072	(5,964)	186,108		(68,302)
Changes in:						
Receivables						
HST	-	-	-	-		8,829
Other	16,250	-	-	16,250		(3,874)
RRRF loans receivable	-	353,366	-	353,366		30,300
Inter fund receivable	44,602	(150)	(126,100)	(81,648)		(21,077)
Prepaid expense	(13)	-	-	(13)		(220)
Payables and accruals	10,085	20,885	-	30,970		(10,227)
Deferred revenue	-	-	-	-		(30,655)
RRRF loans due to AACBDC	-	(337,925)	-	(337,925)		(22,500)
Inter fund payable	-	81,649	-	81,649		21,077
	41,976	984,635	(125,173)	901,438		680,488
<b>Financing activities</b>						
Purchase of capital assets	(1,344)	-	-	(1,344)		-
ACCBIF loan proceeds	-	-	-	-		500,000
ACCBIF loan repayments	-	(548,360)	-	(548,360)		(548,000)
	(1,344)	(548,360)	-	(549,704)		(48,000)
<b>Investing activities</b>						
Purchase of long term deposits	(106,228)	-	-	(106,228)		-
Investment advances	-	(1,278,499)	-	(1,278,499)		(1,643,205)
Investment repayments	-	1,657,899	125,183	1,783,082		1,585,825
	(106,228)	379,400	125,183	398,355		(57,380)
<b>Increase in cash and cash equivalents</b>	(65,596)	815,675	10	750,089		582,308
<b>Cash and cash equivalents, beginning of period</b>	241,820	1,172,874	6,024	1,420,718		838,410
<b>Cash and cash equivalents, end of period</b>	\$ 176,224	\$ 1,988,549	\$ 6,034	\$ 2,170,807		\$ 1,420,718
<b>Consists of:</b>						
Cash	171,364	-	-	171,364		241,280
Cash reserved for investment purposes	-	1,993,409	6,034	1,999,443		1,178,898
	171,364	1,993,409	6,034	2,170,807		1,420,178

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



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**CBDC TRINITY CONCEPTION CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2024**

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**1. NATURE OF OPERATIONS**

CBDC Trinity Conception Corporation's (CBDC TC) mission statement is to provide entrepreneurs with financial assistance, business counselling and development. It is governed by a volunteer Board of Directors comprised of business leaders from Baccalieu Trail. The Corporation provides business support in the areas of start-up, expansion and modernization.

CBDC Trinity Conception Corporation's (CBDC TC) is a community-based and community-controlled Corporation with a mandate to provide lending and other investment to small businesses in the Trinity Conception area who have had difficulty obtaining financing from conventional sources. CBDC TC is incorporated under the Newfoundland Companies Act as a not-for-profit Corporation and as such, is exempt from income tax by virtue of Paragraph 149(1)(1) of the Income Tax Act.

**2. Departure from Accounting Standards for not-for-profit organizations (ASNPO)**

CBDC TC's financial statements have not adopted the CPA Canada Handbook Section 3856 - Financial Instruments, and as a result, depart from the Canadian standards for not-for-profit organizations. The effects of these sections have not been recorded or disclosed in these financial statements.

The Atlantic Canada Opportunities Agency has confirmed, within the 2024 CF agreement to all Atlantic CBDCs, it will accept qualified financial statements from CBDC when not prepared in full compliance with the CPA Canada Handbook Section 3856 - Financial Instruments.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of accounting**

The Corporation's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit Corporations.

**Fund Accounting**

CBDC TC follows the restricted fund method of accounting for the Investment and Operating Fund.

The Operating Fund accounts for the Corporation's program delivery and administrative activities. This fund reports unrestricted resources and operating contributions.

The Investment Fund reports all restricted resources of the Investment fund. The investment income resulting from investing activities is retained in the Investment Fund.

The FRAM-ED Fund reports all restricted resources of the FRAM-ED fund. The investment income resulting from investing activities of this fund is retained in the FRAM-ED fund.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of one year or less. Bank borrowings are considered to be financing activities.

**Capital Assets**

Capital assets are recorded at cost. Amortization is provided on a declining balance method, using rates indicated in Note 11. In the year of acquisition, net additions are amortized at one half the normal rates. Amortization expense is recorded in the Operating Fund.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

**Interest income**

Interest income on loans is recorded on an accrual basis at the rate specified in the loan agreement when collection is reasonably assured. Accruals of interest income are not recorded on non-performing loans.

**Government grants**

Government grants are recorded when there is a reasonable assurance that the organization had complied with and will continue to comply with, all necessary conditions to obtain the grants.

**Revenue from contributions**

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year which the related expenses are incurred.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

**Fee revenue**

Fee revenue is recorded at the time the service is rendered in the normal course of business.

**Other revenue**

Other revenue is recognized when earned.

**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' instalments 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. Principal and/or interest are no more than 6 months in arrears.

**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 projects, the CBDC 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;

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**CBDC TRINITY CONCEPTION CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2024**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The situation has reached 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, judgement pursuant of 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.

**Measurement uncertainty**

When preparing financial statements according to ASNPO, management makes estimates and assumptions relating to:

- reported amounts of revenues and expenses
- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities

Estimates are based on a number of factors including historical experience, current events and actions that the organization may undertake in the future, and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. In particular, estimates are used in accounting for certain items such as revenues, allowance for doubtful accounts, useful lives of capital assets and asset impairments.

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**4. Contributed services**

The operations of the Corporation depend on the contribution of time by volunteers. The fair value of services cannot be reasonably determined and are therefore not reflected in these financial statements.

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**5. Cash and cash equivalents**

	Operating Fund	Investment Fund	FRAM-ED Fund	Total 2024
Operating bank account	\$119,134	\$986,190	\$6,034	<b>\$1,111,358</b>
Term deposits maturing prior to March 31, 2025 and earning interest at rates between 2% and 3%	52,230	1,007,219	-	<b>\$1,059,449</b>
	<u>\$171,364</u>	<u>\$1,993,409</u>	<u>\$6,034</u>	<u><b>\$2,170,807</b></u>

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**CBDC TRINITY CONCEPTION CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2024**

**6. Loans - Investment fund**

	<u>2024</u>	<u>2023</u>
Loans - Investment Fund (excluding RRRF)	<b>\$9,441,605</b>	\$9,981,646
Less allowance for doubtful loans	<b>(548,708)</b>	(496,072)
	<b><u>\$8,892,897</u></b>	<u>\$9,485,574</u>

The loans are at varying interest rates and terms of repayment. Certain loans are in arrears and others are non-active.

Included in the loans receivable at March 31, 2024 are 19 (2023 - 22) delinquent loans totaling \$1,379,483 (2023 - \$1,327,577) of which \$182,070 (2023 - \$173,043) has been allowed for. Management believes the balance of these loans will be collectible.

**Loans receivable**

**The loans receivable balance is comprised of:**

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	<b>\$9,981,646</b>	\$9,946,588
Loans advanced during the year	<b>1,278,499</b>	1,643,205
Loans repaid during the year	<b>(1,783,082)</b>	(1,575,027)
Recovery of loans written-off	<b>265,920</b>	113,015
Loans written-off during the year	<b>(301,378)</b>	(146,135)
Balance, Principal	<b>9,441,605</b>	9,981,646
Allowance for doubtful accounts	<b>(548,708)</b>	(496,072)
Balance, end of year	<b><u>\$ 8,892,897</u></b>	<u>\$ 9,485,574</u>

**The activity in the Allowance for Doubtful Loans account is as follows:**

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	<b>\$496,072</b>	\$597,000
Loans written-off during the year	<b>(405,356)</b>	(146,135)
Recovery of loans written-off in previous periods	<b>265,920</b>	113,015
Current year's loan loss provision	<b>192,072</b>	(67,808)
Balance, end of year	<b><u>\$ 548,708</u></b>	<u>\$ 496,072</u>

**Loan loss provision and bad debt expense:**

	<u>2024</u>	<u>2023</u>
Current year loans written off	<b>405,356</b>	146,135
Loans written off previously recovered during the year	<b>(265,920)</b>	(113,015)
	<b>139,436</b>	33,120
Change in allowance		
Allowance for doubtful accounts, end of year	<b>548,708</b>	496,072
Allowance for doubtful accounts, beginning of year	<b>(496,072)</b>	(597,000)
Total loan loss provision and bad debt expense	<b><u>52,636</u></b>	<u>(100,928)</u>
Loan (recovery) loss provision	<b><u>192,072</u></b>	<u>(67,808)</u>

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**CBDC TRINITY CONCEPTION CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2024**

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**7. Loans - Canadian Fisheries Restructuring & Adjustment Initiative (FRAM-ED) Fund**

	<u>2024</u>	<u>2023</u>
Loans - Investment Fund (excluding RRRF)	-	\$125,182
Less allowance for doubtful loans	-	(5,964)
	-	<u>\$119,218</u>

**The loans receivable balance is comprised of:**

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	<b>\$119,218</b>	\$135,981
Loans repaid during the year	<b>(125,182)</b>	(10,798)
Recovery of loans written-off	<b>5,964</b>	-
Balance, Principal	-	125,182
Allowance for doubtful accounts	-	(5,964)
Balance, end of year	<b>-</b>	<b>\$ 119,218</b>

**The activity in the Allowance for Doubtful Loans account is as follows:**

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	<b>\$5,964</b>	\$6,458
Current year's loan loss (recovery) provision	<b>(5,964)</b>	(494)
Balance, end of year	<b>-</b>	<b>\$ 5,964</b>

**Loan loss provision and bad debt expense:**

	<u>2024</u>	<u>2023</u>
Current year loans written off	-	-
Loans written off previously recovered during the year	<b>(5,964)</b>	-
	<b>(5,964)</b>	-

**Change in allowance**

Allowance for doubtful accounts, end of year	<b>5,964</b>	5,964
Allowance for doubtful accounts, beginning of year	<b>(5,964)</b>	(6,458)
Total loan loss provision and bad debt expense	-	(494)
Loan (recovery) loss provision	<b>(5,964)</b>	(494)

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**8. Investment - ACCBIF**

The Corporation advanced \$37,500 as a subscription loan to Atlantic Canada Community Business Investment Fund (ACCBIF) in the form of a promissory note. The note is non-interest bearing and has not set terms of repayment.

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**CBDC TRINITY CONCEPTION CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2024**

**9. COVID-19 Relief Loans**

The Corporation along with the other members of the Atlantic Association of CBDC's (AACBDC) were contracted by the Federal government to deliver COVID-19 relief loans to qualifying businesses, the Regional Relief Recovery Fund ("RRRF").

The RRRF provides funding to support business that have been approved for supports through the Canada Emergency Business Account (CEBA) for the Emergency Loan Program delivered through Aboriginal Financial Institutions.

The Organization manages these loans on behalf of the AACBDC. All funds and loans are property of the AACBDC and as a result, the amounts due to AACBDC for the loans issued under the RRRF program. Interest is accruable at no more than 5.0% per annum on the principal balance outstanding beginning January 19, 2024 (or March 29, 2024 if an extension has been granted), said interest to be enjoyment of the lending CBDC. Loans issued under the RRRF program outstanding at March 31, 2024 are interest bearing with repayment due on or before December 31, 2026.

<b>Loans Receivable</b>	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 1,634,700	\$ 1,691,250
Loans repaid during the year	(572,741)	(56,550)
Balance, Principal	<u>1,061,959</u>	1,634,700
Allowance for doubtful loans	(114,375)	(82,625)
Loan forgiveness	(153,750)	(339,250)
Balance, end of year	<u>\$ 793,834</u>	<u>1,212,825</u>

During the year, the Corporation recognized an expense of \$153,750 (2023 - \$10,000) for loan forgiveness on the RRRF loans administered. This represents the portion of each loan advanced that qualifies for forgiveness based on the parameters set by the Federal government, up to a maximum of \$10,000 on the original RRRF loan program, further extended to a maximum of \$20,000 if the loanee qualified for the RRRF expansion. The amount recognized as loan forgiveness is offset by guaranteed matching funds from the AACBDC's, which results in no financial impact on the Corporation. The loans are government guaranteed.

**The activity in the RRRF loan forgiveness (loss) provision account is as follows**

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$421,875	\$448,125
Current year's loan loss provision	(153,750)	(26,250)
Balance, end of year	<u>\$ 268,125</u>	<u>\$ 421,875</u>

**10. Due to NLACBDC - Kickstart**

	<u>2024</u>	<u>2023</u>
Principal	\$49,052	\$47,031
Less: Current portion	(12,715)	(14,307)
	<u>\$ 36,337</u>	<u>\$ 32,724</u>

Newfoundland and Labrador Association of Community Business Development Corporations - Kickstart Program Loans are investment loans, are unsecured and non-interest bearing, with principal collections for clients repayable quarterly and interest receipts to be retained by the Corporation

**CBDC TRINITY CONCEPTION CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2024**

**11. Capital Assets**

	<b>Rate</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>NBV 2024</b>	<b>NBV 2023</b>
Furniture and equipment	20%	\$62,544	\$61,200	1,344	\$NIL

**12. Accounts payable and accruals**

	<b>Operating Fund</b>	<b>Investment Fund</b>	<b>2024 Total</b>	<b>2023 Total</b>
Trade payables	\$37,207	3,960	41,167	33,568
Accruals	17,825	23,225	41,050	17,678
	<b>\$55,032</b>	<b>\$27,185</b>	<b>\$82,217</b>	<b>\$51,246</b>

**13. Long term debt - ACCBIF**

ACCBIF lends money to CBDCs Investment Funds throughout Atlantic Canada. To be a member CBDC must lend \$37,500 to ACCBIF. Loans from ACCBIF carry an interest charge which is set every two years by the ACCBIF Board of Governance.

	<b>2024</b>	<b>2023</b>
Atlantic Canada Community Business Investment fund loan repayable in monthly instalments of \$50,000 including interest at 1.6%. Matures April 1, 2029. Secured by a general service agreement in favour of ACCBIF and a promissory note.	\$ 2,901,240	\$ 3,449,600
Less: current portion	555,513	415,287
	<b>\$2,345,727</b>	<b>\$3,034,313</b>

Principal repayments over each of the next four years are as follows: 2025 - \$555,513; 2026 - \$564,467; 2027 - \$573,565; and 2028 - \$652,182.

**14. Long term debt - COVID-19 Relief loans**

	<b>2024</b>	<b>2023</b>
Atlantic Association of CBDC's, non-interest bearing term loan, repayable in monthly instalments equal to the principal repayments received from RRRF loanees.	\$ 817,075	\$ 1,220,625

The RRRF debt from the Atlantic Association of CBDC's is reported net of loan forgiveness of \$153,750 (2023 - \$339,250) which is equal to the loan forgiveness granted to recipients of these loans. Given that the principal repayments are contingent upon repayments received on the corresponding loans, no current portion has been recorded as the amount is not determinable.

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**CBDC TRINITY CONCEPTION CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2024**

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**15. Externally restricted funds**

**Investment Fund**

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

	<u>2024</u>	<u>2023</u>
Restricted for investing in business:		
Capital contributions received, beginning of year	\$ 7,019,502	\$ 6,211,079
Surplus (deficit)	674,738	808,423
End of the year	<u>\$ 7,694,240</u>	<u>\$ 7,019,502</u>

Article of agreement:

9.1 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 or received from ACCBIF.

9.2 Notwithstanding (9.1), funds credited to the Investment Fund account may be transferred to the Eligible Costs 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 Eligible Costs account within 90 days of the end of each fiscal year.

**FRAM-ED Fund**

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

	<u>2024</u>	<u>2023</u>
Restricted for investing in business:		
Capital contributions received, beginning of year	\$ 336,820	\$ 326,039
Surplus (deficit)	6,891	10,781
End of the year	<u>\$ 343,711</u>	<u>\$ 336,820</u>

Article of agreement:

9.1 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 or received from ACCBIF.

9.2 Notwithstanding (9.1), funds credited to the Investment Fund account may be transferred to the Eligible Costs 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 Eligible Costs account within 90 days of the end of each fiscal year.

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**CBDC TRINITY CONCEPTION CORPORATION****NOTES TO THE FINANCIAL STATEMENTS****March 31, 2023**

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**16. Economic dependence**

The CBDC TC receives an annual contribution from the Atlantic Canada Opportunities Agency to cover operating expenses of the Operating Fund. Although the Corporation is working toward achieving self-sufficiency, the continued operation of the Corporation depends on the receipt of the annual operating contribution.

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**17. Financial instruments**

The types of risk inherent in the Corporation's environment in which it operates include credit, liquidity, and market rate risk:

**Credit risk**

Credit risk is the risk that the Corporation will incur a loss because the receivables are not recovered. The Corporation's financial instruments that are exposed to credit risk include receivables and loans.

The maximum credit risk exposure at March 31, 2024 is equal to the carrying value of the receivables and loans as at the balance sheet date.

**Concentrations of credit risk**

Concentrations of credit risk exist if a number of borrowers are engaged in similar economic activities or are located in the same geographic region and indicate the relative sensitivity of the CBDC's performance to developments affecting a particular segment of borrowers or geographic region. Geographic credit risk exists for the CBDC due to most of its activities being primarily provided in the Trinity Conception area of Newfoundland and Labrador.

The exposure to credit risk associated with the non-performance of these borrowers can be directly impacted by a decline in economic conditions which would impair CBDC client's ability to satisfy their obligations to the CBDC. In order to reduce this economic risk, the CBDC has comprehensive credit procedures in place whereby analyses are performed to control the granting of credit to all borrowers. Additionally, CBDC is a member of a Risk Mitigation Fund whereby they will be entitled to receive up to 35% of specified loans losses.

**Liquidity risk**

Liquidity risk is the risk that the Corporation may not have cash available to satisfy financial liabilities as they come due. To mitigate this risk, the Corporation is internally monitoring this level of liquidity on a regular basis.

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument, that is short-term investments, will fluctuate because of changes in market prices. For purposes of this disclosure, the Corporation segregates market risk into two categories: fair value risk and interest rate risk. The Corporation is exposed to interest rate risk.

Interest rate risk is the potential for loss arising from changes in interest rates. Financial instruments that potentially subject the Corporation to interest rate risk are loans and long-term debt. The Corporation does not hedge interest rate risk.

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**18. Commitments**

On April 1, 2020, the Corporation entered into a lease for premises rental at the rate of \$4,583 per month plus HST. The lease expires on March 31, 2029 pending funding and to be renegotiated on April 1, 2023 and April 1, 2026.

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**19. Comparative Figures**

Certain comparative figures have been adjusted to conform to current year financial statement presentation.

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**CBDC TRINITY CONCEPTION CORPORATION**  
**Schedule 1 ALLOWANCE FOR LOAN IMPAIRMENT**  
**March 31, 2023**

	<u>2023</u> Category A	<u>2023</u> Category B	<u>2023</u> Category C	<u>2023</u> Category D	<u>2023</u> Total
<b><u>Investment Fund</u></b>	\$ 6,499,967	\$ 2,029,746	\$ 659,508	\$ 34,097	\$ 9,223,318
<b>Allowance for loan impairment Investment Fund</b>	\$ 297,204	\$ 181,217	\$ 54,989	\$ 15,298	\$ 548,708

**Allowance Percentage** 5.9%

	<u>2023</u> Category A	<u>2023</u> Category B	<u>2023</u> Category C	<u>2023</u> Category D	<u>2022</u> Total
<b><u>Investment Fund</u></b>	\$ 6,369,671	\$ 1,607,386	\$ 657,963	\$ 274,397	\$ 8,909,417
<b><u>Youth Fund</u></b>	827,927	159,682	80,481	-	1,068,090
	\$ 7,197,598	\$ 1,767,068	\$ 738,444	\$ 274,397	\$ 9,977,507
<b>Allowance for loan impairment Investment Fund</b>	\$ 231,741	\$ 87,121	\$ 26,445	\$ 128,168	\$ 473,475
<b>Youth Fund</b>	20,577	7,984	-	-	28,561
	\$ 252,318	\$ 95,105	\$ 26,445	\$ 128,168	\$ 502,036

**Allowance Percentage** 5.0%

**CBDC TRINITY CONCEPTION CORPORATION**  
**Schedule 2 NUMBER OF LOANS APPROVED / UNDER MANAGEMENT**  
**March 31, 2024**

<u>Investment fund</u>	<u>#</u>	<u>2024</u>	<u>#</u>	<u>2023</u>
Total number of investment loans approved	12	\$ 1,420,000	32	\$ 1,898,295
Total number of investment loans under management	153	\$ 9,277,575	157	\$ 10,022,506

**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: include 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 CBDC refinances a loan for the sole purpose of restructuring of an existing CBDC 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 for the total are:

Community Development Fund (CDF) loans

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

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

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.

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

Newfoundland and Labrador: include FRAM-ED.

Excluded from the total are:

- Community Development Fund (CDF) loans
- 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

**CBDC TRINITY CONCEPTION CORPORATION**

**Schedule 3 - OPERATING FUND VERSUS OTHER FUNDING AND INCOME**

March 31, 2024

Schedule 3 - Operating fund - Community Futures versus other funding and income	Community Futures (A)	Self Employment Benefits	Other	Restigouche Project	CAS (Consulting Advisory Services)	Youth Community Coordinator	Youth Ventures	Total Other Funding and Income (B)	CBDC Consolidated Operating Fund (A + B = C)
<b>Revenue</b>									
ACOA Contribution	302,300	-	-	-	-	-	-	-	302,300
Provincial Project Funding	-	116,825	-	-	-	105,000	-	221,825	221,825
Administration/Application fees	-	-	20,100	-	-	-	-	20,100	20,100
NLACBDC	-	-	-	-	-	-	17,000	17,000	17,000
Interest	-	-	13,312	-	-	-	-	13,312	13,312
Other revenue	-	-	748	20,250	3,852	-	200	25,050	25,050
<b>Total</b>	<b>302,300</b>	<b>116,825</b>	<b>34,160</b>	<b>20,250</b>	<b>3,852</b>	<b>105,000</b>	<b>17,200</b>	<b>297,287</b>	<b>599,587</b>
<b>Expenses</b>									
Advertising	990	7,987	-	-	-	1,588	499	10,074	11,064
AES CYC Contract	-	-	-	-	-	54,203	-	54,203	54,203
Bank Charges	2,257	283	-	-	-	-	-	283	2,540
Dues, Fees, Membership	2,780	-	-	-	-	-	-	-	2,780
Insurance	3,837	1,619	-	-	-	-	-	1,619	5,456
Janitorial	4,135	-	-	-	-	-	-	-	4,135
Equipment	-	2,862	-	-	-	-	-	2,862	2,862
Miscellaneous	50	11,893	-	-	-	-	-	11,893	11,943
Office Supplies	4,106	3,193	-	-	-	-	2,677	5,870	9,976
Professional Fees	9,103	9,422	715	-	-	-	-	10,137	19,240
Rent	54,583	3,000	-	-	-	6,000	-	9,000	63,583
Salaries and Benefits	273,215	72,320	-	-	-	45,744	12,111	130,175	403,390
Travel & Meetings	18,689	3,548	-	-	-	413	655	4,616	23,305
Telephone	4,750	2,707	-	-	-	692	-	3,399	8,149
Contribution to Youth Ventures	3,909	-	-	-	-	-	2,000	2,000	5,909
<b>Total</b>	<b>382,404</b>	<b>118,834</b>	<b>715</b>	<b>-</b>	<b>-</b>	<b>108,640</b>	<b>17,942</b>	<b>246,131</b>	<b>628,536</b>
<b>Excess deficiency of revenues over expenses</b>	<b>(80,104)</b>	<b>(2,009)</b>	<b>33,445</b>	<b>20,250</b>	<b>3,852</b>	<b>(3,640)</b>	<b>(742)</b>	<b>51,156</b>	<b>(28,948)</b>

(A) Revenues and expenses specific to the contribution agreement for the Community Futures Program