

Northern Opportunities For Business Limited

Financial Statements

March 31, 2014

Contents

	Page
Independent Auditors' Report	1
Operating and Restricted Funds	
Consolidated Statement of Operations and Changes in Fund Balances	2
Consolidated Statement of Financial Position	3
Consolidated Statement of Cash Flows	4
Notes to Consolidated Financial Statements	5 - 10
Schedule of Allowance for Loan Impairment	11

INDEPENDENT AUDITOR'S REPORT

**To the Members of
Northern Opportunities For Business Limited**

We have audited the accompanying financial statements of Northern Opportunities For Business Limited, which comprise the statements of financial position as at March 31, 2014 and the statements of operations and changes in fund balances and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for qualified opinion

Northern Opportunities For Business Limited 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 company 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.

Qualified opinion

In our opinion, except for the effects of the matter described above, the financial statements present fairly, in all material respects, the financial position of Northern Opportunities For Business Limited as at March 31, 2014 and the results of its operations and its cash flows for the year ended March 31, 2014 in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

New Glasgow, Nova Scotia

June 24, 2014

Kevin MacDonald
+ *Associates Inc.*
Chartered Accountants



**Kevin MacDonald
& Associates Inc.**

NORTHERN OPPORTUNITIES FOR BUSINESS LIMITED**CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES****YEAR ENDED MARCH 31, 2014**

	Restricted Funds			Total 2014	Total 2013
	Operating Fund	Investment Fund	SIB Fund		
Revenues					
ACOA contribution - core funding	\$ 340,000	\$	\$	\$ 340,000	\$ 390,000
- equipment financing					
Investment income - loan portfolio		753,121		753,121	781,930
Dept of Labour	125,412			125,412	46,087
SEB contributions	91,942			91,942	74,986
NSACBDC contributions	26,216			26,216	74,213
Sundry and fees Income	8,787	7,869		16,656	12,336
SIB fund admin fee	4,500			4,500	3,000
Canada Life commissions	3,008			3,008	2,815
Technology fund Interest	2,615			2,615	4,478
	<u>602,480</u>	<u>760,990</u>		<u>1,363,470</u>	<u>1,389,843</u>
Expenses					
Loans written off, net of recoveries		402,324		402,324	260,838
Change in bad debt allowance		(4,392)		(4,392)	(39,078)
Salaries and benefits	399,814			399,814	388,264
Labour, advanced education seminar	91,788			91,788	40,444
Travel, conferences, and memberships	30,912			30,912	30,241
Interest		30,130		30,130	40,356
Consulting and advisory services training	29,931			29,931	18,438
Rent	24,905			24,905	24,141
Professional fees	11,869			11,869	8,788
SEB training	11,461			11,461	6,856
Net HST expense	10,109			10,109	8,035
Telephone and Internet	8,888			8,888	8,324
Advertising and promotion	4,767			4,767	10,855
Repairs and maintenance	4,555			4,555	4,637
Collection costs	4,295			4,295	12,638
Partnership	3,117			3,117	1,695
Supplies	3,087			3,087	2,422
Bank charges	2,058			2,058	2,032
Insurance	1,718			1,718	1,955
Amortization	1,684			1,684	1,385
Training cost	1,567			1,567	39
Postage	1,141			1,141	1,320
Credit checks	994			994	1,176
Taxes and Insurance on repossessed properties	66			66	112
Client diagnostic training and software					27,920
	<u>648,726</u>	<u>428,062</u>		<u>1,076,788</u>	<u>861,631</u>
Excess revenues (expenses)	(46,246)	332,928		286,682	528,212
Fund balances, beginning of year	<u>188,516</u>	<u>8,676,947</u>	<u>28,820</u>	<u>8,874,283</u>	<u>8,346,071</u>
Fund balances, end of year	<u>\$ 122,270</u>	<u>\$ 9,009,875</u>	<u>\$ 28,820</u>	<u>\$ 9,160,965</u>	<u>\$ 8,874,283</u>

NORTHERN OPPORTUNITIES FOR BUSINESS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2014

	<u>Operating</u>	<u>Restricted Funds</u>			
	<u>Fund</u>	<u>Investment</u>	<u>SIB</u>	<u>2014</u>	<u>2013</u>
		<u>Fund</u>	<u>Fund</u>		
ASSETS					
Current assets					
Cash and equivalents	\$ 134,687	\$ 581,439	\$ 22,950	\$ 739,076	\$ 1,040,424
Accounts receivable					
SEB					18,109
NSACBDC	38,776			38,776	5,321
AACBDC	6,443			6,443	12,283
HST	4,868			4,868	2,539
Interfund		281		281	801
Prepaid expenses	4,342			4,342	869
	<u>189,116</u>	<u>581,720</u>	<u>22,950</u>	<u>793,786</u>	<u>1,080,346</u>
Capital assets (Note 4)	5,408			5,408	7,091
Investments					
Loan and equity investments (Note 5)		10,171,335	5,871	10,177,206	10,547,056
ACCIF (Notes 7 and 8)		37,500		37,500	37,500
	<u>\$ 194,524</u>	<u>\$ 10,790,555</u>	<u>\$ 28,821</u>	<u>\$ 11,013,900</u>	<u>\$ 11,671,993</u>
LIABILITIES					
Current					
Payables					
Trade	\$ 30,114	\$ 2,047	\$	\$ 32,161	\$ 19,953
Interfund	280		1	281	801
Funds held in trust					3,030
Callable debt due in one year (Note 8)		882,312		882,312	863,892
Deferred revenue (Note 6)	41,860			41,860	46,657
	<u>72,254</u>	<u>884,359</u>	<u>1</u>	<u>956,614</u>	<u>934,333</u>
Callable debt due thereafter (Note 8)		896,321		896,321	1,863,377
	<u>72,254</u>	<u>1,780,680</u>	<u>1</u>	<u>1,852,935</u>	<u>2,797,710</u>
FUND BALANCES					
Invested in capital assets	5,408			5,408	7,091
Unrestricted fund balances	116,862			116,862	161,425
Externally restricted (Note 9)		4,229,704		4,229,704	4,229,704
Surplus		4,780,171	28,820	4,808,991	4,476,063
	<u>122,270</u>	<u>9,009,875</u>	<u>28,820</u>	<u>9,160,965</u>	<u>8,874,283</u>
	<u>\$ 194,524</u>	<u>\$ 10,790,555</u>	<u>\$ 28,821</u>	<u>\$ 11,013,900</u>	<u>\$ 11,671,993</u>

ON BEHALF OF THE BOARD

Director

Director

NORTHERN OPPORTUNITIES FOR BUSINESS LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS****YEAR ENDED MARCH 31, 2014**

	Operating Fund	Restricted Funds		2014 Total	2013 Total
		Investment Fund	SIB Fund		
Cash derived from (applied to)					
Operations					
Excess of revenues over expenses	\$ (46,246)	\$ 332,928	\$	\$ 286,682	\$ 528,212
Amortization	1,684			1,684	1,385
Loss on disposal of capital assets					
Loans written off, net of recoveries		402,324		402,324	260,638
Change in bad debt allowance		(4,392)		(4,392)	(39,078)
Changes in:					
Interfund balance	(341)	520	(179)		
HST receivable	(2,329)			(2,329)	(2,232)
NSACBDC receivable	(33,455)			(33,455)	30,928
SEB receivable	18,109			18,109	(3,341)
Other receivables	5,840			5,840	32,309
Prepaid expenses	(3,473)			(3,473)	32,804
Payables	13,139	(932)		12,207	4,783
Net cash flows from operations	(47,072)	730,448	(179)	683,197	846,208
Financing					
Deferred revenue	(4,797)			(4,797)	(19,559)
ACCBIIF - loans from					1,000,000
- repayments to		(948,635)		(948,635)	(1,140,458)
Net cash flows from financing	(4,797)	(948,635)		(953,432)	(160,017)
Investing					
Funds held in trust		(3,030)		(3,030)	3,030
Purchase/disposal of capital assets					(1,837)
Loans to clients		(2,343,211)	(17,341)	(2,360,552)	(2,733,000)
Repayments from clients		2,308,840	23,630	2,332,470	2,465,658
Net cash flows from investing		(37,401)	6,289	(31,112)	(266,149)
Net change in cash and equivalents	(51,869)	(255,588)	6,110	(301,347)	420,042
Cash and equivalents, beginning of year	186,556	837,027	16,840	1,040,423	620,381
Cash and equivalents, end of year	\$ 134,687	\$ 581,439	\$ 22,950	\$ 739,076	\$ 1,040,423