

Financial Statements of

**3PLUS ECONOMIC  
DEVELOPMENT CORPORATION**

And Independent Auditors' Report thereon

Year ended December 31, 2021



KPMG LLP  
774 Main Street, Suite 600, PO Box 827  
Moncton NB E1C 8N6  
Canada  
Tel 506-856-4400  
Fax 506-856-4499

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of 3plus Economic Development Corporation

### **Opinion**

We have audited the financial statements of 3plus Economic Development Corporation (the Corporation), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' 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 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 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 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 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.

### ***Auditors' 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 auditors' 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 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.



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- 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 auditors' 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 auditors' 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 represents the underlying transactions and events in a manner that achieves fair presentation.
- 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.

*KPMG LLP*

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Chartered Professional Accountants

Moncton, Canada

March 30, 2022

# 3PLUS ECONOMIC DEVELOPMENT CORPORATION

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# 3PLUS ECONOMIC DEVELOPMENT CORPORATION

## Statement of Financial Position

December 31, 2021, with comparative information for 2020

	Operating Fund	Impact Fund	2021	2020
<b>Assets</b>				
Current assets:				
Cash	\$ 427,465	\$ 285,948	\$ 713,413	\$ 412,103
Short-term investments (note 2)	250,000	–	250,000	254,799
Accounts receivable	116,855	164	117,019	140,436
Prepaid expenses	59,631	–	59,631	13,841
	853,951	286,112	1,140,063	821,179
Capital assets (note 3)	22,989	–	22,989	12,947
Impact Loans Program (note 4)	–	611,610	611,610	650,434
	\$ 876,940	\$ 897,722	\$ 1,774,662	\$ 1,484,560

## Liabilities and Net Assets

### Liabilities:

Accounts payable and accrued liabilities	\$ 178,119	\$ 887	\$ 179,006	\$ 57,568
Deferred revenue	287,536	–	287,536	139,700
	465,655	887	466,542	197,268

### Net assets:

Externally restricted (note 4)	–	896,835	896,835	875,306
Unrestricted	411,285	–	411,285	411,986
	411,285	896,835	1,308,120	1,287,292

### Commitments (note 5)

	\$ 876,940	\$ 897,722	\$ 1,774,662	\$ 1,484,560
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See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director \_\_\_\_\_ Director

# 3PLUS ECONOMIC DEVELOPMENT CORPORATION

## Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	Operating Fund	Impact Fund	2021	2020
<b>Revenues:</b>				
City of Moncton	\$ 403,356	\$ –	\$ 403,356	\$ 403,356
City of Dieppe	149,101	–	149,101	149,101
Town of Riverview	78,074	–	78,074	78,074
Workforce development	710,850	–	710,850	158,035
Driving Force	160,521	–	160,521	121,041
Business immigrant mentorship program	121,925	–	121,925	102,100
Impact Loans Program	75,148	–	75,148	71,299
Interest income	1,487	36,552	38,039	47,880
Marketing and communications	5,248	–	5,248	33,143
Other income	61,653	–	61,653	24,160
Access employment revenue	–	–	–	7,407
	<u>1,767,363</u>	<u>36,552</u>	<u>1,803,915</u>	<u>1,195,596</u>
<b>Expenses:</b>				
Administration	266,117	–	266,117	347,104
Workforce development	732,169	–	732,169	237,907
Marketing and communications	253,696	–	253,696	206,302
Impact Loans Program	91,805	15,023	106,828	115,836
Business immigrant mentorship program	122,192	–	122,192	102,896
Driving Force	103,189	–	103,189	82,546
Entrepreneurship	22,184	–	22,184	37,897
Strategic initiative	84,673	–	84,673	37,409
Regional Service Model	79,440	–	79,440	31,202
Amortization of capital assets	12,599	–	12,599	10,910
	<u>1,768,064</u>	<u>15,023</u>	<u>1,783,087</u>	<u>1,210,009</u>
Excess (deficiency) of revenues over expenses before the undernoted item	(701)	21,529	20,828	(14,413)
Government assistance	–	–	–	82,867
Excess (deficiency) of revenues over expenses	<u>\$ (701)</u>	<u>\$ 21,529</u>	<u>\$ 20,828</u>	<u>\$ 68,454</u>

See accompanying notes to financial statements.

# 3PLUS ECONOMIC DEVELOPMENT CORPORATION

## Statement of Changes in Net Assets

December 31, 2021, with comparative information for 2020

	Operating Fund	Impact Fund	2021	2020
Balance, beginning of year	\$ 411,986	\$ 875,306	\$ 1,287,292	\$ 1,218,838
Excess (deficiency) of revenues over expenses	(701)	21,529	20,828	68,454
Balance, end of year	\$ 411,285	\$ 896,835	\$ 1,308,120	\$ 1,287,292

See accompanying notes to financial statements.



# 3PLUS ECONOMIC DEVELOPMENT CORPORATION

## Statement of Cash Flows

December 31, 2021, with comparative information for 2020

	Operating Fund	Impact Fund	2021	2020
Cash provided by (used in):				
Operating activities:				
Excess (deficiency) of revenues over expenses	\$ (701)	\$ 21,529	\$ 20,828	\$ 68,454
Items not involving cash:				
Amortization	12,599	–	12,599	10,910
Gain on disposal of capital assets	–	–	–	(250)
Loan loss provision	–	12,507	12,507	31,946
	11,898	34,036	45,934	111,060
Changes in non-cash operating working capital:				
Accounts receivable	23,417	–	23,417	(47,250)
Prepaid expenses	(45,790)	–	(45,790)	35,984
Accounts payable and accrued liabilities	120,551	887	121,438	(52,710)
Deferred revenue	147,836	–	147,836	53,289
	257,912	34,923	292,835	100,373
Financing and investing activities:				
Decrease (increase) in short-term investments	4,799	–	4,799	(2,364)
Purchase of capital assets	(22,641)	–	(22,641)	(12,043)
Proceeds on disposal of capital assets	–	–	–	250
Loans issued to clients	–	(230,000)	(230,000)	(175,000)
Loans repaid by clients	–	256,317	256,317	255,768
	(17,842)	26,317	8,475	66,611
Increase in cash	240,070	61,240	301,310	166,984
Cash, beginning of year	187,395	224,708	412,103	245,119
Cash, end of year	\$ 427,465	\$ 285,948	\$ 713,413	\$ 412,103

See accompanying notes to financial statements.

# 3PLUS ECONOMIC DEVELOPMENT CORPORATION

## Notes to Financial Statements

Year ended December 31, 2021

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3plus Economic Development Corporation (the "Corporation") is a non-profit organization incorporated under the Province of New Brunswick Companies Act. The mission of the Corporation is to provide leadership to enhance the quality of life and harmonious well-being of the people of the Greater Moncton area through sustainable economic development.

### 1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Canada Handbook.

#### (a) Investments:

Investments are recorded at fair value. Unrealized gains and losses as a result of fair value adjustments at year end are included in investment income for the year.

#### (b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Corporation has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Corporation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Corporation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

# 3PLUS ECONOMIC DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 1. Significant accounting policies (continued):

### (c) Capital assets

Capital assets are stated at cost, less accumulated amortization. Amortization is provided using the straight-line method at the following annual rates:

Assets	Rate
Furniture and fixtures	20%
Computer hardware	55%
Leasehold improvements	10%

### (d) Revenue recognition:

The Corporation follows the deferral method of accounting for contributions, which include government grants and Greater Moncton Driving Force contributions.

Operating grants, special projects funding and Driving Force funding are recorded as revenue in the period to which the services are provided. Funding received for future periods is recorded as deferred revenue.

Investment income on restricted and unrestricted cash is available for operations and is recognized as revenue when earned.

Revenue from fees, contracts and other services is recognized when the services are provided.

Restricted contributions are recognized as direct increases in net assets.

### (e) Government assistance:

Government assistance related to current expenses and revenue is included in the determination of net income for the period. Government assistance related to capital expenditures is recorded as a reduction of the cost of the related item of capital assets.

### (f) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the year. Actual results could differ from those estimates.

# 3PLUS ECONOMIC DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 2. Short-term investments:

	2021	2020
Guaranteed investment certificate	\$ 250,000	\$ 254,799

The guaranteed investment certificate has an effective interest rate of 0.80% and matures after one year of purchase on December 6, 2022. Interest is paid on maturity.

## 3. Capital assets:

			2021	2020
	Cost	Accumulated depreciation	Net book value	Net book value
Furniture and fixtures	\$ 107,797	\$ 96,977	\$ 10,820	\$ 3,010
Computer hardware	140,772	133,597	7,175	9,937
Leasehold improvements	119,002	114,008	4,994	–
	\$ 367,571	\$ 344,582	\$ 22,989	\$ 12,947

## 4. Impact Loans Program:

	2021	2020
Loans receivable	\$ 712,134	\$ 745,219
Allowance for doubtful accounts	(100,524)	(94,785)
	\$ 611,610	\$ 650,434

The Impact Loans Program provides access to capital and counselling/training support for those who are starting, expanding or modernizing a business in Greater Moncton. The Impact Loans Program provides loans to individuals for amounts up to \$25,000 and will be fully repayable, but unsecured, with flexible interest and repayment terms. The loan advances under the program are limited to cash on hand.

# 3PLUS ECONOMIC DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 5. Commitments:

The Corporation is committed to payments under an operating lease for office space until October 31, 2026, with minimum annual rent of \$31,219. Additional rent of approximately \$35,525 per year will be incurred for operating costs.

## 6. Financial risks:

### (a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Corporation deals with credit-worthy counterparties to mitigate the risk of financial loss from defaults.

### (b) Concentration of business risk:

A substantial portion of the Corporation's revenue is derived from Municipalities including the City of Moncton, the City of Dieppe and the Town of Riverview. These municipalities account for 35% (2020 - 49%) of revenues and the loss of these relationships would have a significant effect on the Corporation's operations.

### (c) Other risks:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had significant financial, market and societal impacts in Canada and around the world.

The current challenging economic climate may lead to adverse changes in the cash flows, revenue streams and/or debt balances, which may also have a direct impact on the operating results and financial position of the business in the future.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the business are not known at this time.

## 7. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year's excess of revenues over expenses.