

***SOUTH COAST
COMMUNITY DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS
AS AT MARCH 31, 2016***

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INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Board of Directors
South Coast Community Development Corporation

I have audited the accompanying financial statements of South Coast Community Development Corporation, which comprise the statement of financial position as at March 31, 2016, and the statement of operations and changes in fund balances, statement of cash flows, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with Canadian generally accepted 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 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 presentation of the financial statements.

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Opinion

South Coast Community Development Corporation has not identified and classified all its financial instruments, and recorded its financial instruments at fair value. Rather, all financial instruments are recorded at historic cost. The corporation has not specifically disclosed information prescribed by the Chartered Professional Accountants Canada Handbook - Accounting, 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 standards for not-for-profit organizations.

Qualified Opinion

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of South Coast Community Development Corporation as at March 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting standards for not-for-profit organizations.



Grand Falls-Windsor, NL
June 16, 2016


Chartered Professional Accountant
Chartered Accountant

SOUTH COAST COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2016

		Operating	Investment	FRAM		
		Fund	Fund	Fund	2016	2015
Assets						
Current Assets						
Cash (see note 4)		\$ 90,669	\$ 411,594	\$ 485,576	\$ 987,839	\$ 1,011,131
Accounts Receivable	Atlantic Canada Opportunites Agency	\$ 22,287	\$ 0	\$ 0	\$ 22,287	\$ 15,000
	Harmonized Sales Tax	\$ 3,211	\$ 0	\$ 0	\$ 3,211	\$ 3,201
	Other	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5
	Loan interest	\$ 0	\$ 48,632	\$ 52,031	\$ 100,663	\$ 123,168
Sub-total Current Assets		\$ 116,167	\$ 460,226	\$ 537,607	\$ 1,114,000	\$ 1,152,505
Investments	Loans & equity investments (see note 5)	\$ 0	\$ 1,805,965	\$ 1,196,467	\$ 3,002,432	\$ 3,615,916
	ACCBIF (see Note 6)	\$ 0	\$ 537,500	\$ 300,000	\$ 837,500	\$ 37,500
Sub-total Long Term Assets		\$ 0	\$ 2,343,465	\$ 1,496,467	\$ 3,839,932	\$ 3,653,416
Tangible Capital Assets (see note 7)		\$ 7,061	\$ 0	\$ 0	\$ 7,061	\$ 8,826
Restricted cash - severence fund		\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,715
Total Assets		\$ 123,228	\$ 2,803,691	\$ 2,034,074	\$ 4,960,993	\$ 4,828,462
Liabilities						
Current Liabilities						
Short Term liabilities	Trade	\$ 3,609	\$ 0	\$ 0	\$ 3,609	\$ 3,914
	Severence liability	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
	NLACBDC - Kick\$tart Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,181
Sub-total Short Term Liabilities		\$ 3,609	\$ 0	\$ 0	\$ 3,609	\$ 5,095
ACCBIF - Technology Fund		\$ 0	\$ 0	\$ 0	\$ 0	\$ 149,638
Sub-total Long Term Liabilities		\$ 0	\$ 0	\$ 0	\$ 0	\$ 149,638
Total Liabilities		\$ 3,609	\$ 0	\$ 0	\$ 3,609	\$ 154,733
Net Assets						
	Invested in Capital Assets	\$ 7,061	\$ 0	\$ 0	\$ 7,061	\$ 8,826
	Externally Restricted (see Note 9)	\$ 0	\$ 2,803,691	\$ 2,034,074	\$ 4,837,765	\$ 4,590,926
	Unrestricted	\$ 112,558	\$ 0	\$ 0	\$ 112,558	\$ 73,977
Fund Balances		\$ 119,619	\$ 2,803,691	\$ 2,034,074	\$ 4,957,384	\$ 4,673,729
		\$ 123,228	\$ 2,803,691	\$ 2,034,074	\$ 4,960,993	\$ 4,828,462

Signed on behalf of the Board


 _____ Chairperson

 _____ Treasurer

See accompanying notes to the financial statements

SOUTH COAST COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2016

	Operating Fund	Investment Fund	FRAM Fund	2016	2015
Revenues					
ACOA Contribution-Community Futures	\$ 222,872	\$ 0	\$ 0	\$ 222,872	\$ 150,000
Investment income-loan portfolio	\$ 0	\$ 129,594	\$ 110,031	\$ 239,625	\$ 261,793
Investment income-other interest	\$ 0	\$ 3,937	\$ 2,574	\$ 6,511	\$ 2,804
Self Employment Assistance Program	\$ 53,572	\$ 0	\$ 0	\$ 53,572	\$ 52,910
CAS Program	\$ 0	\$ 5,650	\$ 0	\$ 5,650	\$ 0
Debt forgiveness ACCBIF RE: Tecnology Fund	\$ 0	\$ 149,638	\$ 0	\$ 149,638	\$ 0
Debt forgiveness NLACBDC RE: Kick\$tart Program	\$ 0	\$ 1,182	\$ 0	\$ 1,182	\$ 0
Fees for service	\$ 17,248	\$ 0	\$ 0	\$ 17,248	\$ 23,382
Sundry	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	\$ 293,692	\$ 290,001	\$ 112,605	\$ 696,298	\$ 490,889
Expenses					
Advertising	\$ 4,040	\$ 0	\$ 0	\$ 4,040	\$ 2,793
Amortization	\$ 1,765	\$ 0	\$ 0	\$ 1,765	\$ 1,943
Bank charges	\$ 576	\$ 850	\$ 52	\$ 1,478	\$ 1,416
CAS Program	\$ 0	\$ 5,650	\$ 0	\$ 5,650	\$ 0
Equipment rental	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,693
Insurance	\$ 2,512	\$ 0	\$ 0	\$ 2,512	\$ 2,557
Loan loss provision	\$ 0	\$ (4,711)	\$ 48,638	\$ 43,927	\$ 40,379
Memberships, dues, fees	\$ 2,502	\$ 0	\$ 0	\$ 2,502	\$ 2,498
Office supplies, equipment leases, service fees	\$ 8,759	\$ 0	\$ 0	\$ 8,759	\$ 9,311
Professional fees	\$ 6,286	\$ 0	\$ 0	\$ 6,286	\$ 6,722
Rent	\$ 19,271	\$ 0	\$ 0	\$ 19,271	\$ 18,991
Salaries, wages, and employee benefits	\$ 277,453	\$ 0	\$ 0	\$ 277,453	\$ 267,453
Telecommunications	\$ 7,471	\$ 0	\$ 0	\$ 7,471	\$ 5,824
Meetings and seminars	\$ 24,635	\$ 0	\$ 0	\$ 24,635	\$ 23,226
Board travel	\$ 4,412	\$ 0	\$ 0	\$ 4,412	\$ 5,511
Staff travel	\$ 2,020	\$ 0	\$ 0	\$ 2,020	\$ 2,629
Vehicle insurance reimbursement	\$ 462	\$ 0	\$ 0	\$ 462	\$ 662
Total Expenses	\$ 362,164	\$ 1,789	\$ 48,690	\$ 412,643	\$ 393,608
Excess of Revenue over Expenses	\$ (68,472)	\$ 288,212	\$ 63,915	\$ 283,655	\$ 97,281
Net Assets-Beginning of year	\$ 82,803	\$ 2,620,767	\$ 1,970,159	\$ 4,673,729	\$ 4,576,448
Excess of Revenue over Expenses	\$ (68,472)	\$ 288,212	\$ 63,915	\$ 283,655	\$ 97,281
Prior period adjustment (Note 10)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfer	\$ 105,288	\$ (105,288)	\$ 0	\$ 0	\$ 0
Fund Balances-end of year	\$ 119,619	\$ 2,803,691	\$ 2,034,074	\$ 4,957,384	\$ 4,673,729

See accompanying notes to the financial statements

SOUTH COAST COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2016

	Operating Fund	Investment Fund	FRAM Fund	2016	2015
Operating Activities:					
Excess of revenue over expenses					
(Excess of expenses over revenue)	\$ (68,472)	\$ 288,212	\$ 63,915	\$ 283,655	\$ 97,281
Items which do not involve cash:					
Amortization	\$ 1,765	\$ 0	\$ 0	\$ 1,765	\$ 1,943
Loan loss provision	\$ 0	\$ (4,711)	\$ 48,638	\$ 43,927	\$ 40,379
	\$ (66,707)	\$ 283,501	\$ 112,553	\$ 329,347	\$ 139,603
Changes in non-cash working capital:					
Receivable Atlantic Canada Opportunites Agency	\$ (7,287)	\$ 0	\$ 0	\$ (7,287)	\$ 0
Receivable Self Employment Assistance Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,253
Other receivables	\$ 5	\$ 0	\$ 0	\$ 5	\$ 2,661
Harmonized Sales Tax receivable	\$ (10)	\$ 0	\$ 0	\$ (10)	\$ 529
Accrued interest on loans	\$ 0	\$ 7,349	\$ 15,156	\$ 22,505	\$ 30,134
Prepaid expenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Payables & accrued liabilities	\$ (305)	\$ 0	\$ 0	\$ (305)	\$ (426)
Cash provided by (used in) operating activities	\$ (7,597)	\$ 7,349	\$ 15,156	\$ 14,908	\$ 37,151
Investing Activities:					
Purchase of capital assets (net)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (2,109)
Decrease in restricted cash	\$ 13,715	\$ 0	\$ 0	\$ 13,715	\$ 0
Purchase of ACCBIF Notes	\$ 0	\$ (500,000)	\$ (300,000)	\$ (800,000)	\$ 0
Loans to clients	\$ 0	\$ (222,478)	\$ (74,439)	\$ (296,917)	\$ (858,677)
Repayments from clients	\$ 0	\$ 501,723	\$ 364,751	\$ 866,474	\$ 804,940
Cash provided by (used in) investing activities	\$ 13,715	\$ (220,755)	\$ (9,688)	\$ (216,728)	\$ (55,846)
Financing activities:					
Loans from NLACBDC	\$ 0	\$ 1	\$ 0	\$ 1	\$ 0
Debt forgiveness by NLACBDC	\$ 0	\$ (1,182)	\$ 0	\$ (1,182)	\$ 0
Debt forgiveness by ACCBIF Technology Fund	\$ 0	\$ (149,638)	\$ 0	\$ (149,638)	\$ 0
Severance liability net of restricted cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,779
Contributed surplus from EAS Project for severance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Inter-fund transfer	\$ 105,288	\$ (105,288)	\$ 0	\$ 0	\$ 0
Cash provided by (used in) financing activities	\$ 105,288	\$ (256,107)	\$ 0	\$ (150,819)	\$ 6,779
Increase (decrease) in cash and cash equivalents	\$ 44,699	\$ (186,012)	\$ 118,021	\$ (23,292)	\$ 127,687
Cash and cash equivalents-Beginning of year	\$ 45,970	\$ 597,606	\$ 367,555	\$ 1,011,131	\$ 883,444
Cash and cash equivalents-End of year	\$ 90,669	\$ 411,594	\$ 485,576	\$ 987,839	\$ 1,011,131

Cash resources are comprised of cash in bank and short-term investments

See accompanying notes to the financial statements

SOUTH COAST COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 2016

1) Purpose of the organization

The South Coast Community Development Corporation's mission statement is to "Create sustainable employment through promoting business development in our communities by providing capital and mentoring assistance."

The South Coast Community Development Corporation is a community controlled corporation with a mandate to provide lending and other investments to small businesses in its geographic area who have difficulty obtaining financing from conventional sources. The South Coast Community Development Corporation is incorporated under the Corporations Act of Newfoundland and Labrador as a not-for-profit organization and as such exempt from income tax by virtue of paragraph 149(1)(1) of the Income Tax Act.

2) Departure from Generally Accepted Accounting Principles (GAAP)

South Coast Community Development Corporation financial statements have not adopted the Chartered Professional Accountants Canada Handbook Accounting policies regarding Financial Instruments as set out in Part II Section 3856, and elsewhere, and as a result, depart from Canadian generally accepted accounting principles. The effects of these sections have not been recorded or disclosed in these financial statements

The Atlantic Canada Opportunities Agency has confirmed, within the 2015-16 CF agreement to all Atlantic CBDCs, it will accept qualified financial statements from CBDCs when not prepared in full compliance with the provisions of the Chartered Professional Accountants Canada Handbook Accounting relating to Financial Instruments, including provisions set out in Part II Section 3856, and elsewhere.

3) Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting standards for not for profit organizations. A summary of the significant accounting policies is described below.

a) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The Corporation makes such estimates and assumptions in valuing its loan portfolio to establish a provision for doubtful accounts.

SOUTH COAST COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 2016

b) Fund Accounting

South Coast Community Development Corporation follows the restricted fund method of accounting for contributions. The externally imposed restrictions are described in Note 9.

The Operating Fund accounts for 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 ACOA, or other funding partners and South Coast Community Development Corporation.

The Investment Fund reports all restricted resources of the Investment Fund and the investment income resulting from investing activities employing the fund.

The FRAM Fund reports all restricted resources that are to be used for the delivery of this program.

c) Depreciation

Depreciation is provided on equipment at the rate of 20% per annum using the declining balance basis.

d) Allowance for Doubtful Loans

Provision for doubtful loans and collection costs related thereto are reported in the Investment Fund and the FRAM Fund. Management reviews its loan portfolio at least annually to assess the future likelihood of each loan being collected in full. When collection in full is not anticipated an allowance is established to effectively reduce the carrying amount of each loan to the estimated present value of future cash flows including proceeds from the disposal of underlying security to the loan, net of expected costs of realizations.

The change in the allowance from year to year is reflected annually in the statement of operations for the Investment Fund and the FRAM Fund.

e) Revenue recognition

Revenue is recognized using the restricted fund basis of accounting. Specific policies for various transaction streams are identified below.

Interest income from mortgaged loans is recognized on an accrual basis.

Interest earned on deposits with financial institutions is recognized on an accrual basis.

Revenue from government grants is recognized on an accrual basis as qualifying expenses are incurred.

Revenue from all other sources is recognized on a cash basis.

f) Cash

Components of cash are documented in Note 4. Cash excludes, restricted cash for special purposes.

SOUTH COAST COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 2016

4. Cash

		2016	2015
General Fund	Cash	\$ 90,669	\$ 45,970
Investment Fund	Cash	\$ 411,594	\$ 597,606
	Cash-FRAM Fund	\$ 485,576	\$ 367,555
	Subtotal	\$ 897,170	\$ 965,161
	Grand Total-Cash	\$ 987,839	\$ 1,011,131
General Fund - Restricted	Cash	\$ 0	\$ 13,715

5. Investments-Loans and equity investments

	Investment	First Time Entrepreneur	Youth	FRAM	Technology	2016 Total	2015 Total
Loans to Business	\$ 1,898,989	\$ 0	\$ 0	\$ 1,326,138	\$ 0	\$ 3,225,127	\$ 4,115,962
Less allowance for doubtful accounts	\$ 93,024	\$ 0	\$ 0	\$ 129,671	\$ 0	\$ 222,695	\$ 500,046
	\$ 1,805,965	\$ 0	\$ 0	\$ 1,196,467	\$ 0	\$ 3,002,432	\$ 3,615,916

SOUTH COAST COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 2016

(Note 5 Con't)

Loans and Mortgages Receivable

The loans and mortgages & equity receivable balance is comprised of :

	Investment	FRAM	Technology	Total 2016	Total 2015
Balance, beginning of year	\$ 2,313,205	\$ 1,653,119	\$ 149,638	\$ 4,115,962	\$ 4,157,683
Loans advanced during the year	\$ 222,458	\$ 74,439	\$ 20	\$ 296,917	\$ 858,677
Loans repaid during the year	\$ (501,723)	\$ (364,751)	\$ 0	\$ (866,474)	\$ (804,940)
Recovery of loans written-off	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Loans written-off during the year	\$ (134,951)	\$ (36,669)	\$ (149,658)	\$ (321,278)	\$ (95,458)
Balance, Principal	\$ 1,898,989	\$ 1,326,138	\$ 0	\$ 3,225,127	\$ 4,115,962
Allowance for doubtful accounts	\$ (93,024)	\$ (129,671)	\$ 0	\$ (222,695)	\$ (500,046)
Balance, end of year	\$ 1,805,965	\$ 1,196,467	\$ 0	\$ 3,002,432	\$ 3,615,916

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

Balance, beginning of year	\$ 270,045	\$ 117,702	\$ 112,299	\$ 500,046	\$ 561,789
Loans written off during the year	\$ (134,951)	\$ (36,669)	\$ (149,658)	\$ (321,278)	\$ (95,458)
Accrued interest written off during the year	\$ 0	\$ 0	\$ 0	\$ 0	\$ (6,664)
Recovery of loans written off in previous periods	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Current year's loan loss provision	\$ (42,070)	\$ 48,638	\$ 37,359	\$ 43,927	\$ 40,379
Balance, end of year	\$ 93,024	\$ 129,671	\$ 0	\$ 222,695	\$ 500,046

Total number of loans approved	18	19
Total number of loans under active management	77	84

6. Investments-ACCBIF

Promissory notes due after March 2016, from Atlantic Community Business Investment Fund (ACCBIF).

	2016	2015
Due 2019	\$800,000	\$0
	\$800,000	\$0
Long term subscription fee, non-interest bearing, no set terms of repayment	\$37,500	\$37,500
	\$837,500	\$37,500

7. Tangible Capital Assets

	Cost	Accumulated Amortization	Net 2016	Net 2015
Furniture & Equipment	\$ 94,687	\$ 87,626	\$ 7,061	\$ 8,826

8. AACBDC Reserve Funds

The Atlantic Association of Community Business Development Corporations (AACBDC) has established a number of special reserve funds to protect against loan losses of the membership. The South Coast Community Development Corporation has entered into agreements to avail of this protection.

Loan Loss Reserve Fund

The Corporation has issued a total of \$154,850 in qualifying loans under this program and has recovered \$30,970 in claims as of March 31, 2016. No active loans remain booked under this fund. All booked loans expired for eligibility under this program prior to March 31, 2012.

Risk Mitigation Fund

The Corporation has issued a total of \$771,832 in qualifying loans under this program. The program provides for a reimbursement of written off qualifying loans, to a maximum of 35% of the net loss amount of the principal. As of March 31, 2016 the Corporation has a claim in the amount of \$38,506 in progress against \$129,755 of qualifying loans.

SOUTH COAST COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 2016

9. Externally restricted funds

Funds advanced to the CBDC in respect of its Eligible Costs and the CBDCs Investment Fund capitalization costs shall be deposited and maintained in two separate accounts.

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 Atlantic Canada Opportunities Agency (ACOA). This includes funds lent to 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.

10. Prior Period Adjustment

The financial statements for 2015, which are presented for comparative purposes only have been restated to correct an error. A summary of the changes are as follows:

Statement of financial position

Accounts receivable SEA Program	\$	(13,861)
Unrestricted Net Assets	\$	(13,861)

Statement of Operations

Self Employment Assistance Program	\$	(13,861)
Excess of Revenue over Expenses	\$	(13,861)

SOUTH COAST COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 2016

11. Economic Dependence

South Coast Community Development Corporation 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 the annual operation contribution.

12. Financial Instruments

The company's financial instruments consist of cash, receivables, investments, and short term liabilities. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair market value of these financial instruments approximates their carrying value.

INTEREST RATE RISK

The portfolio of mortgaged loans bear fixed interest rates. The corporation is exposed to interest rate risk on these loans if rates in the general economy begin to rise.

CREDIT RISK

The Corporation's exposure to credit risk is on an individual loan basis however all loans are concentrated in one geographic area, with a major concentration in the fishing industry. The maximum estimated credit risk exposure is measured in the financial statements as the provision for doubtful accounts.