

***SOUTH COAST
COMMUNITY DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS
AS AT MARCH 31, 2019***

INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

I have audited the financial statements of South Coast Community Development Corporation (the Organization), which comprise the statement of financial position as at March 31, 2019, and the statement of operations, statement of net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

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 Organization in accordance with the 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 opinion.

The Organization 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 Organization 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.

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

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 South Coast Community Development 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 South Coast Community Development 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 South Coast Community Development 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.

Grand Falls-Windsor, NL
June 13, 2019


Chartered Professional Accountant
Chartered Accountant

SOUTH COAST COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2019

		Operating	Investment	FRAM		
		Fund	Fund	Fund	2019	2018
Assets						
Current Assets						
Cash (see Note 4)		\$ 117,014	\$ 724,799	\$ 305,745	\$ 1,147,558	\$ 605,428
Accounts Receivable	Harmonized Sales Tax	\$ 4,733	\$ 0	\$ 0	\$ 4,733	\$ 4,222
	Other	\$ 2,287	\$ 0	\$ 0	\$ 2,287	\$ 0
	Loan interest	\$ 0	\$ 33,500	\$ 78,206	\$ 111,706	\$ 97,756
Sub-total Current Assets		\$ 124,034	\$ 758,299	\$ 383,951	\$ 1,266,284	\$ 707,406
Investments	Loans & equity investments (see note 5)	\$ 0	\$ 1,553,963	\$ 1,425,883	\$ 2,979,846	\$ 2,886,076
	ACCBIF (see Note 6)	\$ 0	\$ 537,500	\$ 500,000	\$ 1,037,500	\$ 1,537,500
Sub-total Long Term Assets		\$ 0	\$ 2,091,463	\$ 1,925,883	\$ 4,017,346	\$ 4,423,576
Tangible Capital Assets (see Note 7)		\$ 8,717	\$ 0	\$ 0	\$ 8,717	\$ 10,896
Total Assets		\$ 132,751	\$ 2,849,762	\$ 2,309,834	\$ 5,292,347	\$ 5,141,878
Liabilities						
Current Liabilities						
Short Term liabilities	Trade	\$ 4,678	\$ 0	\$ 0	\$ 4,678	\$ 7,138
	NLACBDC - KickStart Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Sub-total Short Term Liabilities		\$ 4,678	\$ 0	\$ 0	\$ 4,678	\$ 7,138
ACCBIF - Technology Fund		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Sub-total Long Term Liabilities		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Liabilities		\$ 4,678	\$ 0	\$ 0	\$ 4,678	\$ 7,138
Net Assets						
	Invested in Capital Assets	\$ 8,717	\$ 0	\$ 0	\$ 8,717	\$ 10,896
	Externally Restricted (see Note 9)	\$ 0	\$ 2,849,762	\$ 2,309,834	\$ 5,159,596	\$ 5,006,423
	Unrestricted	\$ 119,356	\$ 0	\$ 0	\$ 119,356	\$ 117,421
Fund Balances		\$ 128,073	\$ 2,849,762	\$ 2,309,834	\$ 5,287,669	\$ 5,134,740
		\$ 132,751	\$ 2,849,762	\$ 2,309,834	\$ 5,292,347	\$ 5,141,878

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, 2019

	Operating Fund	Investment Fund	FRAM Fund	2019	2018
Revenues					
ACOA Contribution-Community Futures	\$ 178,253	\$ 0	\$ 0	\$ 178,253	\$ 199,475
Investment income-loan portfolio	\$ 0	\$ 118,256	\$ 114,490	\$ 232,746	\$ 213,594
Investment income-other interest	\$ 0	\$ 13,474	\$ 9,876	\$ 23,350	\$ 17,156
Self Employment Assistance Program	\$ 59,257	\$ 0	\$ 0	\$ 59,257	\$ 50,896
Recovery of accounts written off	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fees for service	\$ 18,780	\$ 0	\$ 0	\$ 18,780	\$ 31,312
Sundry	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	\$ 256,290	\$ 131,730	\$ 124,366	\$ 512,386	\$ 512,433
Expenses					
Advertising	\$ 7,362	\$ 0	\$ 0	\$ 7,362	\$ 2,617
Amortization	\$ 2,179	\$ 0	\$ 0	\$ 2,179	\$ 1,957
Bank charges	\$ 374	\$ 923	\$ 30	\$ 1,327	\$ 1,500
Insurance	\$ 2,869	\$ 0	\$ 0	\$ 2,869	\$ 2,849
Loan loss provision	\$ 0	\$ (11,042)	\$ 18,562	\$ 7,520	\$ 60,883
Memberships, dues, fees	\$ 2,756	\$ 0	\$ 0	\$ 2,756	\$ 2,541
Office supplies, equipment leases, service fees	\$ 12,296	\$ 0	\$ 0	\$ 12,296	\$ 12,017
Professional fees	\$ 4,837	\$ 0	\$ 0	\$ 4,837	\$ 4,838
Rent	\$ 29,444	\$ 0	\$ 0	\$ 29,444	\$ 19,282
Salaries, wages, and employee benefits	\$ 240,281	\$ 0	\$ 0	\$ 240,281	\$ 288,780
Telecommunications	\$ 7,029	\$ 0	\$ 0	\$ 7,029	\$ 7,958
Meetings and seminars	\$ 33,275	\$ 0	\$ 0	\$ 33,275	\$ 26,303
Board travel	\$ 7,308	\$ 0	\$ 0	\$ 7,308	\$ 7,930
Staff travel	\$ 759	\$ 0	\$ 0	\$ 759	\$ 1,094
Vehicle insurance reimbursement	\$ 215	\$ 0	\$ 0	\$ 215	\$ 188
Total Expenses	\$ 350,984	\$ (10,119)	\$ 18,592	\$ 359,457	\$ 440,737
Excess of Revenue over Expenses	\$ (94,694)	\$ 141,849	\$ 105,774	\$ 152,929	\$ 71,696
Net Assets-Beginning of year	\$ 128,317	\$ 2,802,363	\$ 2,204,060	\$ 5,134,740	\$ 5,063,044
Excess of Revenue over Expenses	\$ (94,694)	\$ 141,849	\$ 105,774	\$ 152,929	\$ 71,696
Transfer	\$ 94,450	\$ (94,450)	\$ 0	\$ 0	\$ 0
Fund Balances-end of year	\$ 128,073	\$ 2,849,762	\$ 2,309,834	\$ 5,287,669	\$ 5,134,740

See accompanying notes to the financial statements

SOUTH COAST COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2019

	Operating Fund	Investment Fund	FRAM Fund	2019	2018
Operating Activities:					
Excess of revenue over expenses					
(Excess of expenses over revenue)	\$ (94,694)	\$ 141,849	\$ 105,774	\$ 152,929	\$ 71,696
Items which do not involve cash:					
Amortization	\$ 2,179	\$ 0	\$ 0	\$ 2,179	\$ 1,957
Loan loss provision	\$ 0	\$ (11,042)	\$ 18,562	\$ 7,520	\$ 60,883
	\$ (92,515)	\$ 130,807	\$ 124,336	\$ 162,628	\$ 134,536
Changes in non-cash working capital:					
Receivable Atlantic Canada Opportunites Agency	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,149
Receivable Self Employment Assistance Program	\$ (2,287)	\$ 0	\$ 0	\$ (2,287)	\$ 1,161
Other receivables	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Harmonized Sales Tax receivable	\$ (511)	\$ 0	\$ 0	\$ (511)	\$ 122
Accrued interest on loans	\$ 0	\$ 10,315	\$ (24,265)	\$ (13,950)	\$ (9,888)
Prepaid expenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Payables & accrued liabilities	\$ (2,460)	\$ 0	\$ 0	\$ (2,460)	\$ 3,134
Cash provided by (used in) operating activities	\$ (5,258)	\$ 10,315	\$ (24,265)	\$ (19,208)	\$ 17,678
Investing Activities:					
Purchase of capital assets (net)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (6,139)
Decrease in restricted cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Purchase of ACCBIF Notes	\$ 0	\$ 200,000	\$ 300,000	\$ 500,000	\$ (500,000)
Loans to clients	\$ 0	\$ (170,693)	\$ (896,979)	\$ (1,067,672)	\$ (1,558,041)
Repayments from clients	\$ 0	\$ 456,192	\$ 510,190	\$ 966,382	\$ 1,120,062
Cash provided by (used in) investing activities	\$ 0	\$ 485,499	\$ (86,789)	\$ 398,710	\$ (944,118)
Financing activities:					
Loans from NLACBDC	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Debt forgiveness by NLACBDC	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Debt forgiveness by ACCBIF Technology Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Severance liability net of restricted cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributed surplus from EAS Project for severance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Inter-fund transfer	\$ 94,450	\$ (94,450)	\$ 0	\$ 0	\$ 0
Cash provided by (used in) financing activities	\$ 94,450	\$ (94,450)	\$ 0	\$ 0	\$ 0
Increase (decrease) in cash and cash equivalents	\$ (3,323)	\$ 532,171	\$ 13,282	\$ 542,130	\$ (791,904)
Cash and cash equivalents-Beginning of year	\$ 120,337	\$ 192,628	\$ 292,463	\$ 605,428	\$ 1,397,332
Cash and cash equivalents-End of year	\$ 117,014	\$ 724,799	\$ 305,745	\$ 1,147,558	\$ 605,428

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

**SOUTH COAST COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 2019**

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 2018-19 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, 2019

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, 2019

4. Cash		2019	2018
General Fund	Cash	\$ 117,014	\$ 120,337
Investment Fund	Cash	\$ 724,799	\$ 192,628
	Cash-FRAM Fund	\$ 305,745	\$ 292,463
	Subtotal	\$ 1,030,544	\$ 485,091
	Grand Total-Cash	\$ 1,147,558	\$ 605,428

5. Investments-Loans and equity investments

	Investment	FRAM	Technology	2019 Total	2018 Total
Loans to Business	\$ 1,680,397	\$ 1,518,680	\$ 0	\$ 3,199,077	\$ 3,097,787
Less allowance for doubtful accounts	\$ 126,434	\$ 92,797	\$ 0	\$ 219,231	\$ 211,711
	\$ 1,553,963	\$ 1,425,883	\$ 0	\$ 2,979,846	\$ 2,886,076

SOUTH COAST COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 2019

5. Investments-Loans and equity investments (Continued)

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

	Investment	FRAM	Technology	Total 2019	Total 2018
Balance, beginning of year	\$ 1,965,896	\$ 1,131,891	\$ 0	\$ 3,097,787	\$ 2,762,189
Loans advanced during the year	\$ 170,693	\$ 896,979	\$ 0	\$ 1,067,672	\$ 1,558,041
Loans repaid during the year	\$ (456,192)	\$ (510,190)	\$ 0	\$ (966,382)	\$ (1,120,062)
Recovery of loans written-off	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Loans written-off during the year	\$ 0	\$ 0	\$ 0	\$ 0	\$ (102,381)
Balance, Principal	\$ 1,680,397	\$ 1,518,680	\$ 0	\$ 3,199,077	\$ 3,097,787
Allowance for doubtful accounts	\$ (126,434)	\$ (92,797)	\$ 0	\$ (219,231)	\$ (211,711)
Balance, end of year	\$ 1,553,963	\$ 1,425,883	\$ 0	\$ 2,979,846	\$ 2,886,076

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

Balance, beginning of year	\$ 137,476	\$ 74,235	\$ 0	\$ 211,711	\$ 253,209
Loans written off during the year	\$ 0	\$ 0	\$ 0	\$ 0	\$ (102,381)
Accrued interest written off during the year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Recovery of loans written off in previous periods	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Current year's loan loss provision	\$ (11,042)	\$ 18,562	\$ 0	\$ 7,520	\$ 60,883
Balance, end of year	\$ 126,434	\$ 92,797	\$ 0	\$ 219,231	\$ 211,711

Total number of loans approved	19	23
Total number of loans under active management	64	61

6. Investments-ACCBIF

Promissory notes due after March 2018, from Atlantic Community Business Investment Fund (ACCBIF).

		2019	2018
Due 2022	0.95%-1.40%	\$1,000,000	\$1,500,000
		\$1,000,000	\$1,500,000
Long term subscription fee, non-interest bearing, no set terms of repayment		\$37,500	\$37,500
		\$1,037,500	\$1,537,500

7. Tangible Capital Assets

	Cost	Accumulated Amortization	Net 2019	Net 2018
Furniture & Equipment	\$ 102,009	\$ 93,292	\$ 8,717	\$ 10,896

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.

Risk Mitigation Fund

As part of its credit risk reduction procedures, the Corporation participates in ACCBIF Risk Mitigation Fund for qualifying loans. The program provides for a reimbursement of written off qualifying loans, to a maximum of 35% of the net loss amount of the principal.

SOUTH COAST COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 2019

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. 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.

11. 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.

SOUTH COAST COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 2019

11. Financial Instruments (Continued)

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.

SOUTH COAST COMMUNITY DEVELOPMENT CORPORATION
SCHEDULE OF ALLOWANCE FOR LOAN IMPAIRMENT
AS AT MARCH 31, 2019

	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>
	Category A	Category B	Category C	Category D	Total
<u>Investment</u>	\$ 1,271,598	\$ 344,356	\$ 64,443	\$ 0	\$ 1,680,397
<u>FRAM</u>	\$ 1,348,291	\$ 140,638	\$ 29,751	\$ 0	\$ 1,518,680
	\$ 2,619,889	\$ 484,994	\$ 94,194	\$ 0	\$ 3,199,077

Allowance for loan impairment					
Investment	\$ 63,579	\$ 17,218	\$ 45,637	\$ 0	\$ 126,434
FRAM	\$ 67,414	\$ 7,032	\$ 18,351	\$ 0	\$ 92,797
	\$ 130,993	\$ 24,250	\$ 63,988	\$ 0	\$ 219,231

Allowance Percentage 6.9%

	<u>2018</u>	<u>2018</u>	<u>2018</u>	<u>2018</u>	<u>2018</u>
	Category A	Category B	Category C	Category D	Total
<u>Investment</u>	\$ 1,479,618	\$ 416,535	\$ 69,743	\$ 0	\$ 1,965,896
<u>FRAM</u>	\$ 1,100,690	\$ 632	\$ 30,569	\$ 0	\$ 1,131,891
	\$ 2,580,308	\$ 417,167	\$ 100,312	\$ 0	\$ 3,097,787

Allowance for loan impairment					
Investment	\$ 73,981	\$ 20,827	\$ 42,668	\$ 0	\$ 137,476
FRAM	\$ 55,034	\$ 32	\$ 19,169	\$ 0	\$ 74,235
	\$ 129,015	\$ 20,859	\$ 61,837	\$ 0	\$ 211,711

Allowance Percentage 6.8%