



Opportunities | OpportunitésNB

Annual Report

Fiscal 2018 – 2019

OUR NAME SAYS IT ALL

Opportunities NB (ONB) is New Brunswick's lead business development corporation working with companies inside and outside the province to energize our private sector and drive economic growth.

A nimble, results-driven, and client-centric organization, ONB is a Crown corporation, strategically led by a private sector board of directors, made up of business leaders from New Brunswick companies and academia. ONB believes strongly in the future of New Brunswick and since its inception on April 1, 2015, has successfully been the catalyst for competitive and innovative economic growth and job creation for the benefit of New Brunswick today and for generations to come.

ONB is committed to wealth creation within the province, driving new money into the New Brunswick economy and delivering a positive return on investment for both our clients and the people of New Brunswick.

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Photo: Robert Guérette, CEO Award Winner Fiscal 2018–19 with Stephen Lund

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A MESSAGE FROM OUR MINISTER

This has been a year of transition and realignment with a new focus on our government's priority to energize the private sector. In my first year as Minister of Economic Development and Small Business, and the Minister Responsible for ONB, I have had the privilege of being engaged with business owners and stakeholders to better understand their needs.

New Brunswick's private sector has asked us to cut the red tape, ensure a business-friendly tax regime, focus on workforce development, and identify the right kind of support for them to succeed. I want to thank the board of directors and the entire team at ONB for the work they have done to direct their efforts towards these priorities while maintaining the momentum in emerging economic sectors such as cybersecurity, cannabis, and digital health.

I look forward to ongoing engagement with stakeholders in the business community over the upcoming year and continuing to work with the team at ONB and across government departments to establish New Brunswick as a leader in private sector growth for 2019-2020.



A handwritten signature in black ink, appearing to read 'Mary Wilson', with a stylized flourish at the end.

Hon. Mary Wilson
Minister of Economic Development
and Small Business
Minister Responsible for Opportunities NB

A MESSAGE FROM OUR BOARD CHAIR

I am extremely proud to share the results achieved by the leadership and staff at Opportunities New Brunswick in Fiscal 2018–19.

For the fourth year in a row, and based on the ONB government mandate for those years; ONB has exceeded targets in attracting new investment, growing New Brunswick companies and helping our private sector to prosper with the development of new industries and sectors.

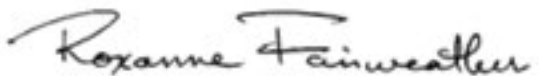
With support and oversight from ONB's private sector board of directors, ONB delivers consistently on expectations by fostering a keen internal business acumen while protecting taxpayer assets and mitigating risk. ONB's success is also helped by strong relationships with clients, partners, and stakeholders in New Brunswick and around the world.

Results for Fiscal 2018–19 demonstrate that ONB is positioned to continue to deliver growth in Economic Development that is necessary for New Brunswick's success.

I am proud of ONB's results to date and look forward to working with the province of New Brunswick on new priorities going forward.

On behalf of the entire board of directors, I would once again like to thank our many partners and stakeholders for their continued support.

Thank you,



Roxanne Fairweather
Board Chair, Opportunities NB



A MESSAGE FROM OUR CEO

Creating wealth and opportunity in changing times is hard work.

That is why I remain extremely proud of the team we've assembled at ONB, the work we do every day, and the difference we are making for all New Brunswickers. We continue to proactively reach out to companies across the province and the world, and our efforts to help companies grow and thrive here have led to another excellent fiscal year. Our organization continues to have one of the best job creation records in the country.

The words 'world-class' have become core to our culture and part of everything we do—embedded in the way we do business and what we strive to be. How do we know we are successful? We see it in our results and hear it from our partners and clients, and we continually self assess and keep an eye on our competitors. Best in class is always the goal. While experiencing rapid change and challenges this fiscal year, ONB remained focused on creating wealth and opportunity in New Brunswick, and we have accomplished just that.

We have consistently delivered on our mandate since our inception in 2015 and will continue to do so as we tackle new priorities and areas of focus moving forward. We are excited about continuing our efforts to energize the private sector and grow the New Brunswick workforce. Our strategic focus continues to emphasize the need to play to our strengths; that is why we helped create new economic sectors like cybersecurity, cannabis, and digital health.

ONB's commitment to a positive workplace culture was recognized for the third year in a row with an Atlantic Canada's Top Employers 2019 designation. In addition, we were recognized by Waterstone Human Capital as one of Canada's top 40 Most Admired Corporate Cultures for 2018. We are a dynamic, world-class organization that attracts people who



are as passionate about growing New Brunswick's economy as we are, and it shows in the attitudes our employees bring to work each day.

On behalf of the entire ONB team, I thank all of our partners, stakeholders, and board of directors for their continued support. We have great momentum and I am confident that, as we begin to execute on new priorities, we will see a continued return on investment and exceptional results again at this time next year.

Thank you,

A handwritten signature in black ink, appearing to read 'SL', written in a cursive style.

Stephen Lund
CEO, Opportunities NB

EXECUTIVE MANAGEMENT TEAM



Donald Hammond
Acting Vice-President,
Business Growth



Tyson Johnson
Chief Operating Officer,
CyberNB



Jean-Paul Robicheau
Vice-President,
Investment Attraction



Traci Simmons
Vice-President,
Strategy, Talent, Culture and
Strategic Marketing

BOARD OF DIRECTORS

Led by an experienced private-sector board of directors, comprised of business leaders from New Brunswick companies and academia, ONB uses an account management approach to business development focused on relationships, metrics, and results.



Roxanne Fairweather
(Executive, Audit & Governance)
(Chair), Innovatia



Stephen Lund
(Executive, Audit & Governance)
Chief Executive Officer



Jim Baumgartner
(Executive & Audit)
Retired



Mario Caissie
(Audit)
MACC Commercial Properties



Lynn Albert
LA Trading



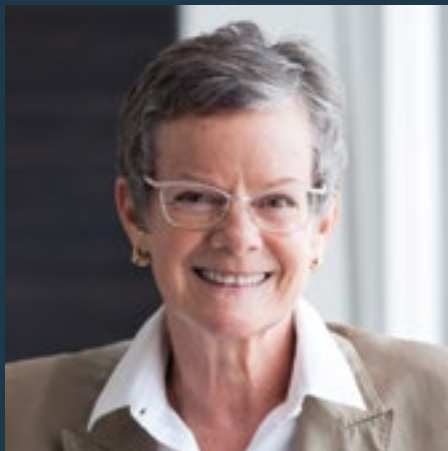
Lily Durepos
(Governance)
Alliance Assurance



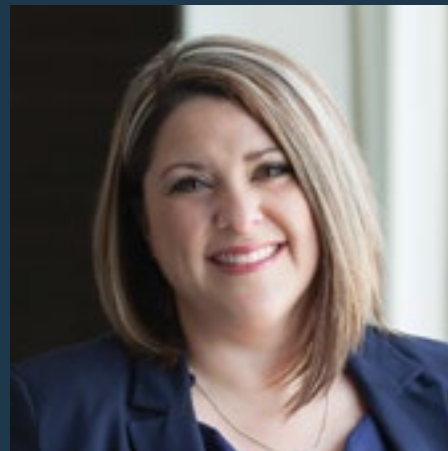
Dennis Flood
(Executive)
ScotiaMcLeod



Michael J. Campbell
(Executive & Audit)
McCain Foods



Gloria Jollymore
(Governance)
Mount Allison University



Chantal Thériault
(Governance)
UNI Financial Cooperation

OUR RESULTS

From day one, ONB has been a results-driven organization. We have created an economic development model that works; these results demonstrate our success at bringing new money and new jobs to New Brunswick. With the support of our board of directors, partners across the province, and the businesses we work with every day, we have been able to achieve great results.

ONB follows rigorous and conservative reporting standards to measure the impact of taxpayer-funded investments on the New Brunswick economy. These standards are unique to New Brunswick and in accordance with recommendations from New Brunswick's Office of the Auditor General. ONB is one of the only agencies of its kind to track impact by direct benefits alone, without using a multiplier

effect to calculate indirect benefits (secondary jobs or economic activity resulting from investments) with the exception of jobs derived from export sales. In this way, ONB is providing some of the most transparent and balanced reporting on among the strongest results for economic development performance in Canada.

This offers New Brunswick taxpayers a transparent and balanced view of ONB's actual results.



INVESTING IN NEW BRUNSWICK BUSINESS

105+

Introduced more than 105 New Brunswick companies to the Business Model Canvas

75+

Supported more than 75 export development activities

205+

Supported more than 205 unique New Brunswick based companies with financial assistance

450+

Helped more than 450 New Brunswick companies with exports

1200+

Worked with over 1200 unique New Brunswick based companies on growth opportunities

\$1.8M+

Invested over \$1.8 Million into market development support for New Brunswick companies

35+

Supported more than 35 productivity and innovation projects for New Brunswick companies

\$130M+

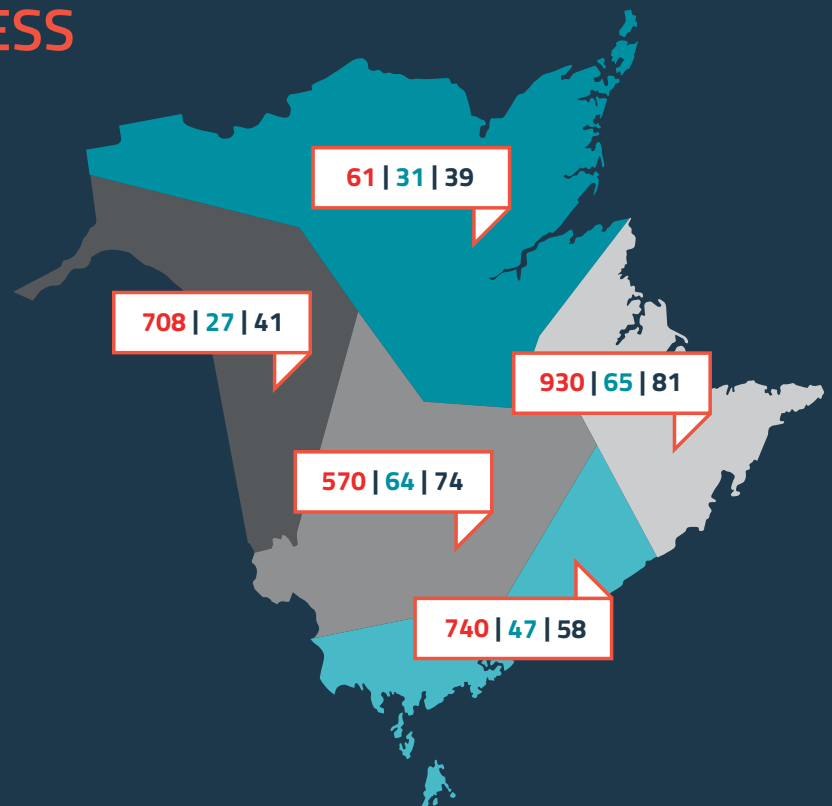
Over \$130 Million in projected new export sales

OUR ENTIRE PROVINCE IS SHARING IN THE SUCCESS

Fiscal Ended 2018 – 19

- Jobs to be Created
- Total Unique Companies
- Total Projects

Totals
3,009 | 234 | 293



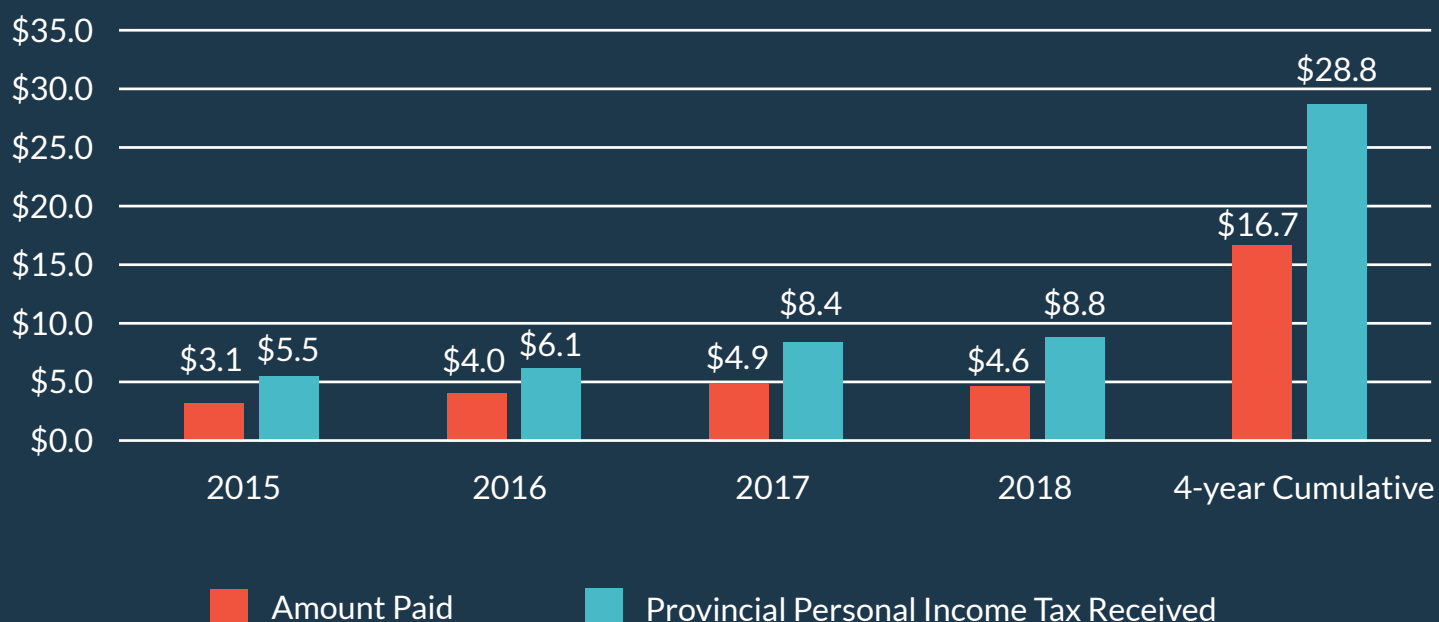
FISCAL RESULTS 2018 – 19



CUMULATIVE RESULTS AS OF FISCAL ENDED 2018 – 19



4 YEAR ROI FOR PAYROLL RELATED ASSISTANCE

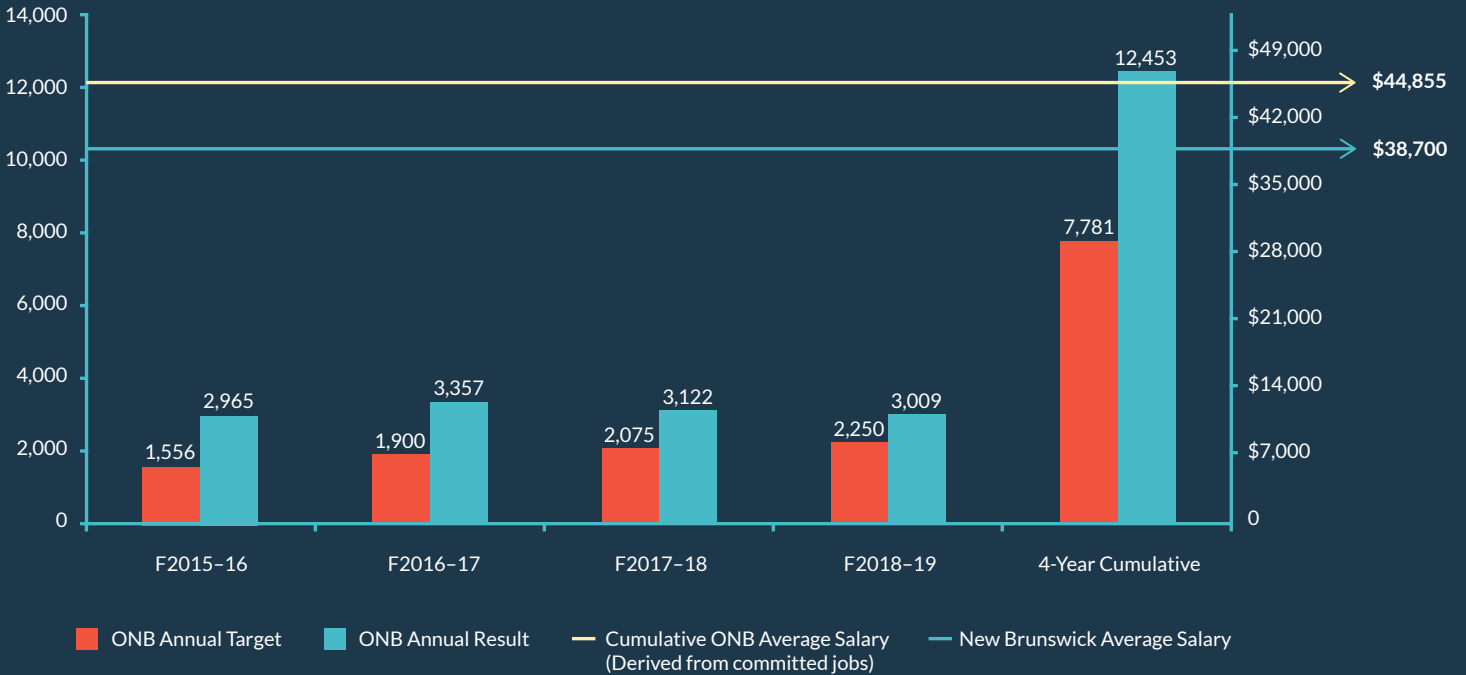


	2015	2016	2017	2018	4-year Cumulative
New Jobs Supported	665	855	838	940	3,298
Existing Jobs Supported	1,106	1,374	1,840	1,708	6,028
Provincial Personal Income Tax Received (\$M)	\$5.5	\$6.1	\$8.4	\$8.8	\$28.8
Average Assistance per Job	\$1,775	\$1,797	\$1,838	\$1,746	\$1,790
Net Return to Province (\$M)	\$2.4	\$2.1	\$3.5	\$4.1	\$12.1
Weighted Average Return on Investment (%)	76%	52%	71%	89%	72%

- Data is based on client provided annual employment information. Prior years are revised if updated client information. Amounts paid reflect calendar year payments directly attributable to the Provincial Personal Income Tax Received.
- Return on Investment is based on provincial personal income taxes generated divided by the assistance provided by ONB.
- Average assistance per Job supported is based on the assistance provided by ONB divided by the number of direct employees supported.
- The Weighted Average Return on Investment for 2018 is driven by a number of companies exceeding both hiring and average salary targets, combined with a lower average assistance per job provided by ONB.

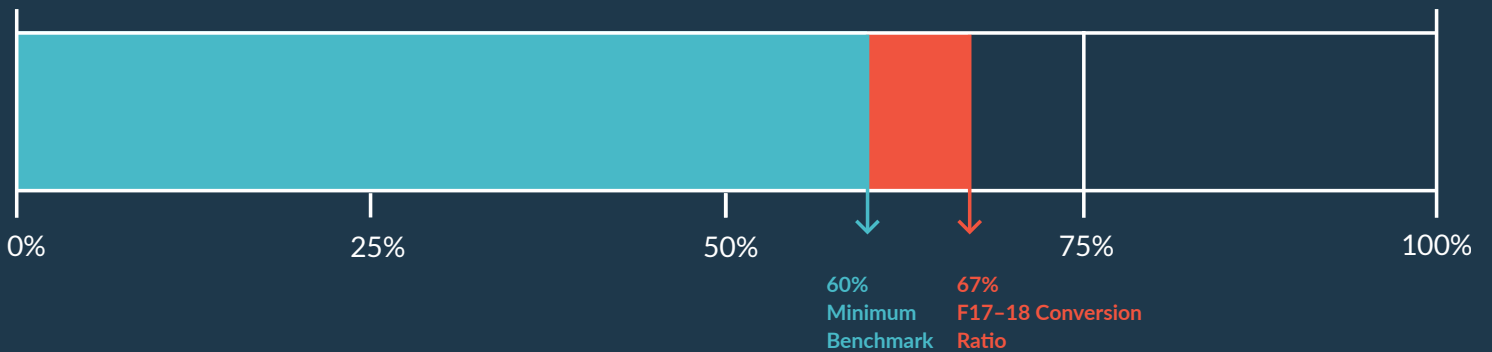
ONB JOB COMMITMENTS

Jobs committed relative to annual target.



ONB JOB CREATION

Conversion Ratio



Actual Job Creation F18-19

Forecasted Job Creation* 3,238

Actual Jobs Created 2,175

Difference from Forecasted 1,063

Conversion 67.2 %

*Client reported job forecast based on projects from previous ~ 5 years





Herb Emery, Vaughan Chair in Regional Economics, UNB

OUR PARTNERSHIPS

Through our private sector board and community-based partners, ONB collaborates with a network of passionate leaders from across New Brunswick and around the world. Together, we are connecting companies to the right partners at the right time.

At ONB, we know there is strength in numbers. With the help of our partners, stakeholders, clients, and connections, we are reinforcing New Brunswick's reputation as a great place to do business.

With New Brunswick's incredible network of decision-makers and leaders, we have created partnerships across industry, academia, and government to provide our businesses the tools, services, and products they need to succeed.

Through the collective efforts of our partners and stakeholders, our province has developed innovative

hubs that support key sectors like IT, cybersecurity, smart grid, cannabis, and digital health; sectors that are helping to recruit and retain skilled talent, attract inward investment and energize New Brunswick's economy.

We wish to thank our many partners and stakeholders in regional economic development organizations, the university and community college sector, industry associations and business advocacy groups and individuals for their hard work, investment, and dedication to our shared vision of economic growth and prosperity.

ENERGIZING THE PRIVATE SECTOR

Business Growth

The Business Growth Team's efforts continued to help small and medium-sized businesses to grow and prosper in New Brunswick last fiscal. The team supported approximately 1,900 clients, guiding business planning efforts, helping with navigation of the New Brunswick ecosystem, connecting companies with the appropriate support, and engaging ONB's Export Development Team when advanced export expertise is required. All told, funding support was provided for 263 new growth projects, creating 773 new jobs with New Brunswick companies.

"With support from your team [at ONB], we were able to invest in the design, construction, and purchase of three automated extrusion machines," says Daniel Bourgoïn, Director of Manufacturing Technology at Enflo. "These machines will help us meet increased market demand and create new full-time jobs."

Business Growth also plays a vital role in connecting New Brunswick companies with our Workforce Strategists who provide advice and action on all things related to workforce development. ONB Workforce Strategists supported the hiring needs of 153 unique companies in Fiscal 2018-19.

Fiscal 2018-19 also saw ONB partner with Startup Canada to launch a total of 10 startup communities across the province. These communities are empowering our entrepreneurs to create their own localized strategies for success. By connecting clients to these communities, ONB is ensuring that entrepreneurs are receiving the guidance, mentorship, and resources they need to launch and/or grow their business.

ONB was proud to join ACOA and the University of New Brunswick's Technology Management & Entrepreneurship (TME) Program in the launch of Scale Up Atlantic Canada. This program offers growth-oriented New Brunswick businesses the practical sales and marketing, organizational development, and finance skills experience required to take their businesses to the next level. The program was developed and trademarked by Dan Isenberg, founding Director of the Babson Entrepreneurship Ecosystem Project at Babson College in Massachusetts, recognized as one of the

most entrepreneurial universities in North America. Fourteen companies from Atlantic Canada-12 of them from New Brunswick-participated in the first cohort.

Finally, this year saw Business Growth launch the BG-100 CEO Challenge. The goal was to acquire 100 new clients-B2B companies that have had no dealings with ONB since our inception and have a global mindset. The Challenge was won: the team successfully acquired 100 new clients collectively from mid-January to mid-March. This was an outstanding beginning to 2019.



Tracy Clinch, President and CEO, Masitek Instruments



Gilles Chouinard, President, Leon Chouinard et Fils

Export Development

ONB's Export Development Team offers New Brunswick companies of all sizes guidance on finding new markets and developing their export potential. The team led or supported 23 training events and 42 trade missions in Fiscal 2018–19 including trips to China, the United Kingdom, the Netherlands, France, and Mexico. These missions, along with export counselling and training activities, supported 403 unique companies, of which 143 were introduced to new markets. Trade mission activities from Fiscal 2018–19 are projected to generate more than \$131 million in new export sales for New Brunswick companies.

One mission to Europe included Resilia Inc., a Shediac-based company that makes Uresta, a medical device for female stress urinary incontinence. Named one of *Chatelaine's* Products of the Year in 2016, Resilia is now reaching women outside of Canada.

"These missions—this was our third with ONB—have been extremely helpful," noted Carol Chapman, Acting CEO. "They allow us to meet with important partners in multiple sectors. The France mission also provided us the opportunity for excellent meetings with private sector distributors."



Carol Chapman, Acting CEO, Resilia Inc.



Corey Nutrition, Fredericton, NB

Investment and Workforce Attraction

Our Investment Attraction Team delivered its most successful year to date, attracting 30 new private sector investment projects that are projected to create 2,199 new jobs for New Brunswickers.

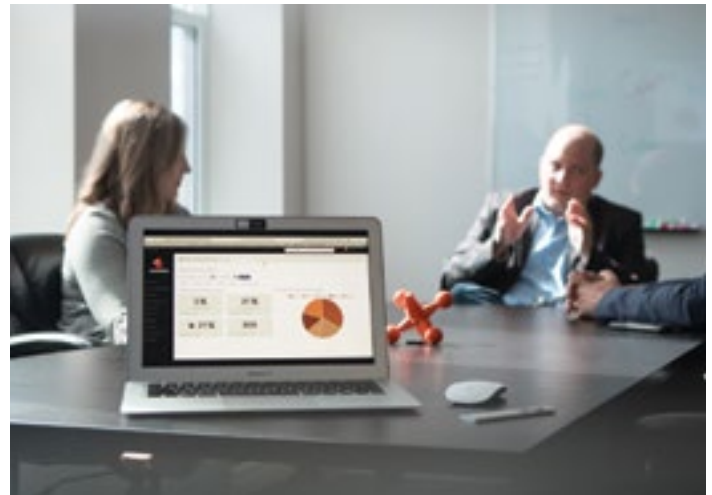
ONB is strategically hedging our competitive advantages against other provinces and economic development agencies to deliver high success rates in both investment and workforce attraction. Tech Mahindra, Purolator, Canopy Growth, Lateetud and Sedin Technologies are all recent examples of the success New Brunswick is having at attracting top international firms.

“We have offices in the U.S. and in Kolkata, India, and have worked with many other jurisdictions,” notes Pawan Jadhav, CEO and Founder of Lateetud. “No other jurisdiction offers the same level of professionalism and expertise as our experience in New Brunswick.”

ONB’s efforts towards improving retention of our skilled workforce were bolstered this year. ONB has achieved even closer alignment with our regional partners on improvement of the onboarding of newcomers to the province. ONB’s Workforce Strategists continue to partner with clients, post-secondary institutions, and other groups to attract, retain, and repatriate the skilled workforce our province needs to prosper.



Sedin Technologies, Fredericton, NB



Beauceron Security, Fredericton, NB

Deal Structuring and Finance

ONB is committed to strong financial management, and to being good stewards of public funds. With sound financial practices, policies, and controls in place, ONB is poised to deliver results, appropriately manage and mitigate risk, and remain transparent.

In Fiscal 2018–19, ONB generated a surplus of nearly \$5.2M by exceeding revenue targets and effective management within its overall expenditure budget. Additionally, net debt was reduced by \$7.6M, or 8.7%. This was driven by an increase in the value of investments, additional revenue generated from investments, and the recovery of bad debt.

Since inception on April 1, 2015, ONB has earned \$38.3M in interest and investment income. Fiscal 2018–19 alone saw interest income exceed \$6.9M, with an additional \$3.4M earned from investments.

On March 31, 2019, ONB’s managed portfolio of loans, guarantees, and investments, excluding provisions, had a total value exceeding \$425M. This includes the total value of loans, loan guarantees, and investments. During the fiscal year, \$16.1M in new loans and \$4.6M in new investments were advanced. Additionally, \$19.8M in repayments was collected, and exposure on loan guarantees was reduced by nearly \$5.6M.

ONB has the right policies, procedures, and dedicated professionals in place to ensure that public funds are safeguarded, generating a positive return for the province while also providing vital support to companies as they seek to grow and prosper in New Brunswick.

PRIORITY SECTORS

ONB has taken a strategic approach to building capacity and strength in emerging, high growth sectors. By identifying and investing in key sectors such as cybersecurity, cannabis, smart grid, and digital health, ONB is preparing New Brunswick for continued growth over the long term by building a value proposition for New Brunswick that drives private sector investment into research and innovation, infrastructure, job and workforce growth.

Cybersecurity

Via CyberNB, ONB continues to focus its efforts on attracting leading cybersecurity companies and creating a robust talent pipeline; signalling to the world that New Brunswick is a major player in the cybersecurity sector.

This fiscal year saw both Siemens and Canadian Nuclear Laboratories announce global cybersecurity operation centres in Fredericton. In addition, construction has begun on the latest addition to Knowledge Park—a specially-designed secure building dedicated to meeting the needs of New Brunswick's growing cybersecurity ecosystem.

In September 2018, the Critical Infrastructure—Security Operations Centre (CI-SOC) project was officially kicked off. The CI-SOC project is focused on innovating and developing a working model to integrate security operations centres from different industrial sectors, combining working practices and data sharing across different organizations to protect against potential cyber threats.

CyberNB's CyberSmart Summit celebrated its second year in May 2018. With over 450 attendees from around the globe, CyberSmart brought together leaders from industry, academia, and government to advance national and international collaboration in cybersecurity skills and workforce development.

Cannabis

- 1,500 new cannabis-related jobs in New Brunswick
- More than \$350 million invested into cannabis-related infrastructure and construction
- Recognized as Canada's 'Most Progressive Public Office' by Lift's Canadian Cannabis Awards for a second consecutive year
- Increased cannabis testing and commercialization efforts via the work of Research and Productivity Council (RPC), which opened its expanded cannabis sample preparation lab in summer 2018

Smart Grid

- More than 350 people employed in energy innovation projects across the province
- Increased investment in research and development including Emera Inc.'s investment of \$6.2 million in UNB to launch the Emera & NB Power Research Centre for Smart Grid Technologies
- More than \$100 million in private and public funds being invested across the province towards multiple smart grid projects

Business Service Centres

- More than 19,000 people working in the industry
- Attracted significant new private sector investment for the province via the opening of new operations (Tech Mahindra, TD Bank Group) and expansion of existing footprints (TD Insurance)
- Continued focus on workforce development via partnerships with NBCC and CCNB, PETL, and other provincial partners
- An effective workforce strategy in place to support the continuing needs of the sector's employers
- The depth and variety of roles continuing to evolve towards value-added services



Ali Ghorbani, Professor, Tier 1 Chair Cybersecurity, Director of the CIC, UNB and Tyson Johnson, COO, CyberNB



TD Bank Group, Dieppe, NB

TRANSPARENCY AND ACCOUNTABILITY

ONB takes its obligation to be transparent and accountable to New Brunswickers seriously. ONB is committed to the responsible management of public funds with increased reporting on performance. ONB continues to improve access to, and proactive disclosure of, information related to management and investment of public funds.

In Fiscal 2018–19, ONB enhanced transparency and accountability to New Brunswickers with improvements to information published on its website, www.onbcanada.ca. Under its 'Transparency' section, ONB now publishes a comprehensive table of all

signed agreements and payments to clients by fiscal year since ONB's inception in 2015. Under 'Our Results', information is now available on jobs committed and created, relative to targets, by fiscal year.

With the changes made in Fiscal 2018–19 to increase transparency and access to information, ONB now leads its peer group as one of the most transparent economic development agencies in the country.



*Acting Senior Director, Special Accounts and Internal Controls, ONB,
Jean-Bernard Guignard*

FINANCIAL STATEMENTS OF OPPORTUNITIES NEW BRUNSWICK

MARCH 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Board of Directors of Opportunities New Brunswick

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Opportunities New Brunswick (the Entity), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, change in accumulated deficit, change in net debt, remeasurement gains and losses, and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2019, and the results of its operations, changes in its net debt, changes in its accumulated deficit, changes in its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical 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 public sector accounting standards, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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 these 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.
- 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Entity 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.

We 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.



Kim MacPherson, FCPA, CA, ICD.D
Auditor General

Fredericton, New Brunswick
July 10, 2019

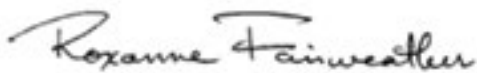
Opportunities New Brunswick – Statement of financial position, as at March 31

	2019	2018
	\$	\$
Assets		
Due from Province of New Brunswick	158,583,746	147,574,352
General receivables	834,368	501,519
Interest receivable	761,969	730,405
Loans receivable (note 7)	102,330,979	107,759,036
Investments (note 8)	20,270,767	13,140,779
	282,781,829	269,706,091
Liabilities		
Accounts payable and accrued liabilities (note 11)	19,745,079	11,042,748
Provision for loss on loan guarantees (note 13)	7,312,963	11,759,973
Due to Province of New Brunswick (note 14)	336,193,724	335,034,350
	363,251,766	357,837,071
Net debt	(80,469,937)	(88,130,980)
Non-financial assets		
Prepaid assets	87,421	31,525
Accumulated deficit, end of period	(80,382,516)	(88,099,455)

Contingent liabilities (note 13)

Commitments (note 16)

Approved by the Board



Roxanne Fairweather
Chair-Board of Directors



Mario Cassie
Director-Audit Committee

Opportunities New Brunswick – Statement of operations, year ended March 31

	Budget 2019	2019	2018
	\$	\$	\$
Revenue			
Province of New Brunswick	38,221,000	38,221,000	34,165,000
Interest on loans (note 4)	8,100,000	6,975,304	8,738,291
Other	225,000	1,716,090	518,041
Designated	640,000	859,079	839,628
Income from investments (note 5)	-	3,445,878	1,568,958
Bad debt recovery (note 6)	-	2,829,992	-
Cyber Essentials	1,800,000	22,676	-
	48,986,000	54,070,019	45,829,918
Expenses			
Administration and business development services (note 15)	17,002,000	19,116,000	18,988,566
Financial assistance	23,684,000	29,322,800	13,825,292
Bad debt expense (note 6)	6,500,000	-	5,024,989
Cyber Essentials	1,800,000	461,537	-
	48,986,000	48,900,337	37,838,847
Operating surplus	-	5,169,682	7,991,071

Opportunities New Brunswick – Statement of change in net debt, year ended March 31

	2019	2018
	\$	\$
Net debt, beginning of year	(88,130,980)	(96,090,526)
Operating surplus	5,169,682	7,991,071
Net change in prepaid expenses	(55,896)	(31,525)
Change in remeasurement gains	2,547,257	-
Net debt, end of year	(80,469,937)	(88,130,980)

Opportunities New Brunswick – Statement of change in accumulated deficit, year ended March 31

	2019	2018
	\$	\$
Accumulated deficit, beginning of year	(88,099,455)	(96,090,526)
Surplus	5,169,682	7,991,071
Change in remeasurement gains	2,547,257	-
Accumulated deficit, end of year	(80,382,516)	(88,099,455)

Opportunities New Brunswick – Statement of remeasurement gains and losses, year ended March 31

	2019	2018
	\$	\$
Accumulated remeasurement gains, beginning of year	-	-
Unrealized gains attributable to:		
Investments	2,547,257	-
Accumulated remeasurement gains, end of year	2,547,257	-

Opportunities New Brunswick – Statement of cash flows, year ended March 31

	2019	2018
	\$	\$
Operating transactions		
Surplus	5,169,682	7,991,071
Non-cash items		
Increase in provision for doubtful accounts	1,593,820	11,432,097
Capitalized interest on loans	(10,072)	(1,195,050)
Amortization of concessionary interest	(284,164)	(937,769)
Concessionary interest on new loans	498,159	421,568
Changes in non-cash working capital balances		
General receivables	(332,849)	(365,669)
Interest receivable	(31,564)	99,659
Prepaid expenses	(55,896)	(31,525)
Guarantees payable	(4,447,010)	(6,699,180)
Accounts payable and accrued liabilities	8,702,331	(3,427,124)
	10,802,437	7,288,078
Investing transactions		
Loan advances	(16,136,800)	(9,806,832)
Loan repayments	19,767,114	29,225,414
Investment	(4,582,731)	(1,192,627)
	(952,417)	18,225,955
Financing transactions		
Loan payable to province of New Brunswick	1,159,374	(14,050,796)
Increase in cash during the year	11,009,394	11,463,237
Cash, beginning of the year	147,574,352	136,111,115
Cash, end of year	158,583,746	147,574,352
Cash is represented by: Due from Province of NB	158,583,746	147,574,352

1. Nature of operations

The Opportunities New Brunswick Act was proclaimed and came into force on April 1, 2015. The new Act repealed the Invest New Brunswick Act and Economic Development Act. Under these provisions, all assets and liabilities of Invest NB and the Minister of Economic Development became the assets and liabilities of Opportunities New Brunswick on April 1, 2015.

Opportunities New Brunswick's ("ONB") mandate is to:

- Be accountable, client focused and proactive—working at the speed of business.
- Make investment decisions that support the growth of business within the Province of New Brunswick so that both parties get a return on their investment.
- Have teams that will identify and pursue strategic and viable high growth opportunities with clients.
- Promote New Brunswick business opportunities outside the province and develop strategic national and international markets for clients.
- Identify and develop sectors, areas or projects with high potential for growth.

2. Summary of significant accounting policies

Basis of accounting

These financial statements are prepared by management in accordance with Canadian public sector accounting standards ("PSAS") as issued by the Public Sector Accounting Board ("PSAB").

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Non-financial assets are acquired assets that do not normally provide resources to discharge existing liabilities, but instead are employed to deliver government services, may be consumed in the normal course of operations and are not for resale. Non-financial assets include prepaid expenses.

Due from Province of New Brunswick

As ONB does not have a separate bank account; ONB expenses and revenues flow through the Province of New Brunswick's ("the Province") bank accounts.

Investments

Investments in equity instruments of private enterprises are carried at cost, with realized gains and losses recognized in the statement of operations in the period that they are derecognized.

Investments in equity instruments of private enterprises are classified as impaired when, in the opinion of management, there has been a loss in the value of the equity instruments that is other than a temporary decline. Impairment losses are recorded in the statement of operations in the period they are incurred. The investments are reviewed annually for potential declines in value.

Investments in equity instruments that are quoted in an active market are carried at fair value. Changes in the fair value of the equity instruments are recognized in the statement of remeasurement gains and losses as a remeasurement gain or loss until the financial instrument is derecognized, at which time the gain or loss is reclassified to the statement of operations.

2. Summary of significant accounting policies (continued)

Tangible capital assets

ONB has expensed capital assets acquired with an individual value of \$40,000 or less. Accordingly, there are no tangible capital assets to record or amortize during 2018 and 2019.

Land

ONB owns land of nominal value, and as such is not recorded.

Prepaid expenses

Prepaid expenses include travel and salary advances, media subscriptions, and other cash distributions made to third parties in advance of the benefit being received. Prepaid expenses are charged to expense over the periods to which they relate.

Revenue and receivables

Revenue and receivables are recognized on an accrual basis as earned. Amounts receivable but deemed uncollectable are recognized as bad debt expenses.

Interest revenue is recognized on loans receivable when earned. Interest revenue ceases to be accrued on a loan receivable when the collectability of either principal or interest is not reasonably assured.

Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

Pension expenses

Effective January 1, 2014, the Public Service Superannuation Act (the "PSSA") was converted and replaced by the Public Service Shared Risk Plan ("PSSRP"). The PSSRP is a shared risk pension plan in accordance with New Brunswick's Pension Benefits Act. Certain employees of ONB are entitled to receive benefits under the PSSRP. This converted plan requires all employer classified full-time employees participate in this new plan, which is funded by both the employee and the employer. Employer pension contributions are paid and expensed by the Province on behalf of ONB. ONB is not responsible for any unfunded liability nor does it have access to any surplus with respect to its employee pensions. Refer to ONB expenses paid by other parties note below for further information.

Retirement allowances

Certain long serving employees receive a retirement allowance upon retirement from public service. The plan is funded by the Province. The Province made changes to its retirement allowance program in 2013 where management and non-union employees of ONB will no longer accumulate retirement allowance credits. Employees who were participating in this program were offered a choice of pay-out in lieu of a retirement allowance or, for those with more than five years of service, an option to defer the pay-out until retirement. The costs and liability associated with the plan is not the responsibility or obligation of ONB and is recorded by the Province in its financial statements.

2. Summary of significant accounting policies (continued)

Opportunities NB expenses paid by other parties

Certain employer costs such as pension contributions and Canada Pension Plan are paid and expensed by the Province on behalf of ONB. Sick leave liability is accounted for by the Province in its financial statements. These expenses and the related asset/liability balances are not presented in these financial statements. Under the agreed operating terms of ONB, these benefit plan balances will remain obligations/assets of the Province and will not be assumed by ONB.

Accrued post-closing costs

ONB accrues post-closing costs. The reported liability is based on estimates and assumptions using the best information available to management as documented in Note 11. Future events may result in significant changes to the estimated total expenses; capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate when applicable.

Financial instruments

Financial instruments consist of due from Province of New Brunswick, general receivables, interest receivable, loans receivable, investments, accounts payable and accrued liabilities, and due to Province of New Brunswick.

Financial instruments are initially recognized at fair value, plus any directly attributable transaction costs, when ONB becomes a party to the contractual rights and obligations of the financial instrument. Fair value represents the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial instruments are derecognized when the contractual rights to the cash flows from the financial asset have expired or have been transferred, and ONB has transferred substantially all risks and rewards of ownership, or are derecognized when the contractual obligation has been discharged, cancelled, or has expired.

ONB classifies its financial instruments in the following groups:

a. Cost or amortized cost

General receivables consist of guarantee fees and lease fees as well as the general provision against such receivables.

Interest receivable consists of interest on the loans receivable as well as the provision on the interest receivable. Interest is recognized using the effective interest method.

Loans receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans receivable are measured at amortized cost using the effective interest method, less any valuation allowances on the loans where management estimates amounts may be uncollectable in the future.

Investments are financial assets that are measured at cost and assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost.

Accounts payable and accrued liabilities, and Due to Province of New Brunswick are classified as financial liabilities. Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest rate method.

2. Summary of significant accounting policies (continued)

b. Fair value category

Investments are financial assets that are measured at fair value with changes in fair value recognized annually in the statement of remeasurement gains and losses until the investment is derecognized and the gain or loss is reclassified to the statement of operations.

Due from Province of New Brunswick consists of cash equivalents and are measured at fair value, which is assumed to represent the carrying value, which is historical cost.

Measurement uncertainty

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the period.

The most significant areas requiring the use of management estimates relate to the determination of valuation allowances on loans receivable and loan guarantees, accrued post-closing costs, concessionary interest, accrued expenses and future year commitments. Actual results could differ from management's best estimates, as additional information becomes available in the future.

Harmonized sales tax (HST)

ONB does not record HST on invoices paid, as HST is paid for, and subsequently reimbursed to, the Province.

Government transfers

Government transfers are transfers of money, such as grants, to an organization for which ONB does not receive any goods or services directly in return. Government transfers are comprised of financial assistance.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Forgivable loans

Loan agreements which include forgiveness provisions are charged to financial assistance expense when the forgiveness is considered likely.

Valuation allowances

Valuation allowances are used to reflect loans receivable at the lower of cost and net recoverable value. An annual review is performed on loans receivable balances and an allowance is recorded, which reflects management's best estimate of probable losses. Initial and subsequent changes in the amount of valuation allowance are recorded as a charge or credit to the statement of operations.

Concessionary loans

ONB recognizes a concessionary loan when the interest rate charged to a client is lower than the Province's borrowing rate in the capital markets. The net present value of the concessionary interest is calculated based on the difference between the interest rate charged and the Province's borrowing rate at the time the loan was issued. The concessionary portion of the loan is recorded as an expense in the year of issue. This amount is amortized to revenue on a straight-line basis over the term of the loan. The recorded value for these loans is the face value less the unamortized portion of the concessionary interest.

2. Summary of significant accounting policies (continued)

Concessionary loan interest

The foregone interest on the concessionary loans issued by ONB is expensed in the year the loans are issued and amortized into revenue over the life of the concessionary term of the loans.

Loans payable to Province of New Brunswick

The Province issues interest-free loans to ONB which are then issued to clients. Client repayments are applied against ONB's loan obligations to the Province. The Due to Province of New Brunswick is calculated at face value, less repayments received each year.

3. Related entity transactions

ONB is related to the Province and several of its departments and agencies.

Transactions with these related entities have occurred and been settled on normal trade terms, with the exception of the items noted below:

- ONB is economically dependent on the Province. During the fiscal year, ONB received funding of \$38.2 million (\$34.1 million in 2018) from the Province.
- ONB uses an office for which rent is paid for by the Province.

The Province provides certain other central services for ONB, which are recorded at the exchange amount as if the entities are dealing at arm's length.

4. Interest revenue on loans

	2019	2018
	\$	\$
Amortization of concessionary loan interest	284,164	937,769
Loan interest	6,691,140	7,800,522
	6,975,304	8,738,291

5. Income from investments

Dividend payments received of \$3,445,878 (2018-\$1,568,958) were recorded during the year.

Opportunities New Brunswick – Notes to the financial statements, March 31, 2019

6. Recovery of doubtful accounts and bad debt expense

	2019	2018
	\$	\$
Recoveries – loans and guarantees	68,010	67,819
Change in provision allowance	2,761,982	(5,092,808)
	2,829,992	(5,024,989)

7. Loans receivable

	2019	2018
	\$	\$
Opening balance	231,756,189	249,563,520
Net loans advanced	16,136,800	9,806,832
Capitalized interest	10,072	1,195,050
Amortize interest free portion into revenue	284,164	937,769
Concessionary interest on new loans	(498,159)	(421,568)
Repayments received	(19,767,114)	(29,225,414)
Loan forgiveness	264,895	(100,000)
	228,186,847	231,756,189
Valuation allowance		
Opening balance	(123,997,153)	(112,665,056)
(Increase) decrease in provision	(1,593,820)	(11,432,097)
Loan forgiveness	(264,895)	100,000
	(125,855,868)	(123,997,153)
Loans receivable (net)	102,330,979	107,759,036

A conversion option was exercised during the year, reducing net loans advanced by \$2M.

Interest charged on these loans ranges from 0% to 12%. Repayment terms are negotiated on specific loans and would normally not exceed 25 years. The level of security on loans is also negotiated between ONB and the debtor based on the risk associated with the individual loan. The security can include life insurance, company assets, personal guarantees, or the value of the parent company. Security can range from an unsecured position to a fully secured position.

8. Investments

	2019	2018
	\$	\$
Opening balance	13,140,779	11,948,153
New investments	4,589,499	2,061,837
Redemptions and transfers	(607,310)	(1,475,351)
Change in provision	600,542	606,140
Remeasurement gain (loss)	2,547,257	-
	20,270,767	13,140,779

The investments held in corporations have terms that are negotiated between ONB and the investee based on the risk associated with the individual investments.

9. Risk management

An analysis of significant risk from ONB's financial instruments is provided below:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. ONB manages this exposure through credit approval procedures for loan and investment applicants, and the monitoring of payments from debtors. ONB's maximum exposure to credit risk at March 31, 2019 is equal to the general receivables, loans receivable and investments balances of \$123,436,114 (2018-\$121,401,334).

(b) Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity requirements are managed through the receipt of provincial revenues, income generated from loans receivable and equity investments, and principal repayments received on loans receivable. These sources of funds are used to pay operating expenses and repay debt payments to the Province. In the normal course of business ONB enters into contracts that give rise to commitments for future payments which also impact ONB's liquidity. ONB also maintains cash through the Province and this account is used to pay accounts payable and accrued liabilities. ONB manages this risk by monitoring the loan repayments from debtors.

(c) Interest rate risk

Interest rate risk is the risk that the market value of ONB's investments and debt will fluctuate due to changes in the market interest rates. ONB's rate of interest charged on loans receivable are fixed as stated in legal agreements. Any change in market interest rates during the period would have no effect on the cash flows of ONB.

9. Risk management (continued)

(d) Concentration risk

Concentration risk occurs when a lender's loan portfolio has a higher concentration of value towards either (1) one entity or group of entities ("Name Risk") or (2) a particular region, product, industry or sector ("Sector Risk"). Due to the nature of the New Brunswick economy's reliance on primary industries, ONB's loan portfolio is over weighted in primary industries, most notably the forestry industry. As at March 31, 2019 ONB faced the following concentration risks (gross portfolio exposure net of allowance):

- Name Risk of \$135.7 million (86.0%) for ten corporate entities/groups (2018-\$133.2 million (87.0%) for ten corporate entities/groups);
- Sector Risk of \$61.3 million (42.9%) for eleven corporate entities/groups within the forestry sector (2018-\$70.4 million (47%) for eleven corporate entities).

10. Financial instrument classification

The following table provides cost and fair value information of financial instruments by category. The maximum exposure to credit risk would be the carrying value as shown below:

	2019		
	Fair Value	Amortized Cost	Total
	\$	\$	\$
Due from Province of New Brunswick	158,583,746	-	158,583,746
General receivables	-	834,368	834,368
Interest receivable	-	761,969	761,969
Loans receivable	-	102,330,979	102,330,979
Investments	4,547,257	15,723,510	20,270,767
Accounts payable and accrued liabilities	-	19,745,079	19,745,079
Provision for loss on loan guarantees	-	7,312,963	7,312,963
Due to Province of New Brunswick	-	336,193,724	336,193,724
	163,131,003	482,902,592	646,033,595

The following table provides an analysis of financial instruments measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

10. Financial instrument classification (continued)

	2019			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
Due from Province of New Brunswick	158,583,746	-	-	158,583,746
Investments	4,547,257	-	-	4,547,257
	163,131,003	-	-	163,131,003

11. Accounts payable and accrued liabilities

	2019	2018
	\$	\$
Trade accounts payable	7,677,208	4,204,313
Financial assistance	7,849,114	2,797,130
Accrued post-closing costs (note 12)	3,620,000	3,480,000
Vacation liability	366,117	305,231
Salary and benefits	233,377	248,534
Goods and services tax	(737)	7,540
	19,745,079	11,042,748

12. Accrued post-closing costs

ONB is responsible for the continued monitoring and treatment of 4 environmental sites used by a pulp mill, which are now closed as the sites had reached their capacity and there is currently no timeline for capping the site. The sites have been closed and require no additional funding for closure procedures. The liability recognized in the financial statement is subject to measurement uncertainty and the recognized amounts are based on ONB's best information and judgment. The accrued liability for post-closing costs has been determined based on estimated post-closing costs of \$3,620,000 (2018-\$3,480,000).

Post-closing costs are assumed not to be incurred in the near future and for this calculation's purpose are estimated as at March 31, 2019.

At March 31, 2019 the estimated annual monitoring costs of \$46,000 are unfunded by ONB as these costs are currently being covered by the pulp mill as part of their ongoing maintenance. Should the pulp mill cease these operations, ONB would assume the responsibility and fund the annual monitoring costs.

Opportunities New Brunswick – Notes to the financial statements, March 31, 2019

13. Contingent liabilities

(a) Guaranteed debt

ONB has provided guarantees in respect of the credit facilities of various entities. As at March 31, 2019, there were 9 (2018–12) guarantees outstanding for a total value of \$28,909,121 (2018–\$34,478,514) and with a provision of \$7,312,963 (2018–\$11,759,973). The guarantees are secured by various assets and proceeds from liquidation which are expected to offset a portion of any possible payments under guarantees.

(b) Legal liabilities

ONB may be subject to litigation in the course of its operations. In management's judgment, no material exposure exists at this time and accordingly, management has not recorded a provision for potential losses in the financial statements.

14. Due to Province of New Brunswick

	2019	2018
	\$	\$
Face value of total portfolio	338,039,448	336,666,079
Concessionary interest	(2,129,888)	(2,569,498)
Amortized portion	284,164	937,769
Book value of total portfolio	336,193,724	335,034,350

The Province issues interest-free loans to ONB which are then issued to clients. Client repayments are applied against ONB's loan obligations to the Province.

15. Administration and business development services

	2019	2018
	\$	\$
Salaries and benefits	12,200,608	10,841,940
Other services	6,514,321	7,870,100
Materials and supplies	233,578	212,463
Property and equipment	167,493	64,063
	19,116,000	18,988,566

Opportunities New Brunswick – Notes to the financial statements, March 31, 2019

16. Commitments

The following amounts are future financial commitments for financial assistance agreements.

	Commitment
	\$
2020	31,254,305
2021	11,233,802
2022	10,617,895
2023	5,137,289
2024	2,080,167

17. CyberNB financial information

Administration and business development services expenses include transactions related to activities associated with CyberNB, an economic development strategic initiative of ONB. CyberNB's mission is to establish New Brunswick as a leader in the domain of cyber security by creating a safe and resilient internet for citizens and businesses.

	Budget 2019	2019	2018
	\$	\$	\$
Administration and business development services			
ONB Operations	17,002,000	16,826,010	16,115,268
Cyber Operations	-	2,289,990	2,873,298
	17,002,000	19,116,000	18,988,566
Strategic assistance			
Financial assistance	19,781,000	28,986,519	13,825,292
Cyber Operations	3,903,000	336,281	-
	23,684,000	29,322,800	13,825,292

CyberNB is a strategic initiative of ONB, and as such funding comes from the strategic assistance budget as noted above for 2019 – \$3,903,000. Actual expenditures are included in operations in accordance with PSAS.

Opportunities New Brunswick – Notes to the financial statements, March 31, 2019

18. Cyber Essentials Special Operating Agency (SOA)

The Cyber Essentials SOA was established at ONB in fiscal 2019. Cyber Essentials is a segment of CyberNB, operating as an SOA for the purpose of generating revenue. The first objective of the SOA was to manage cybersecurity cluster development initiatives through its Cyber Essentials certification program, helping businesses from over 80 percent of common internet threats. Reinvestment strategies relating to any and all generated and retained revenues are reviewed annually.

Cyber Essentials Special Operating Agency

Statement of operations for the year ended March 31

	2019	2018
	\$	\$
Revenue		
Licenses	22,676	-
	22,676	-
Expenses		
Salaries and benefits	298,970	-
Other services	162,507	-
Materials and supplies	60	-
	461,537	
Operating surplus (deficit)	(438,861)	-
Operating surplus (deficit), beginning of year	-	-
Operating surplus (deficit), end of year	(438,861)	-

19. Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.



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