

STRONGER TOGETHER.

Annual Report
Fiscal 2019 – 2020





Stronger Together

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. ONB believes strongly in the future of New Brunswick. As our province and our country recover from a global pandemic, we remain focused on being a catalyst for real transformational change.

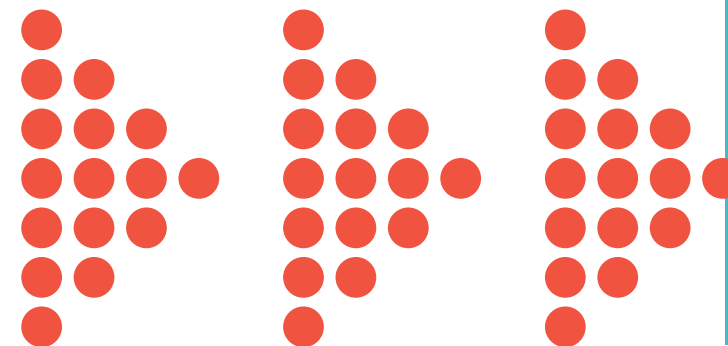
Our organization has faced a year of transition; on top of COVID-19, a new strategic plan reset our course for the future with an eye towards doing our part to close the prosperity gap between New Brunswick and the rest of Canada. The ONB team has embraced this mandate. After all, we firmly believe in the potential that exists within this province. We have the unique privilege of working with businesses from every corner of the province. We see their passion, their creativity and their commitment to this province. It is their innovation and creativity that will propel New Brunswick forward and unlock a more prosperous future.

At ONB, we understand very well the importance of hard work, commitment, and a strong sense of purpose. Our focus on culture helps make that possible. It’s the foundation we build on and the force that guides us. Because of that strong commitment to positive culture, ONB was named one of *Atlantic Canada’s Top Employers* for the fourth consecutive year, attracting top talent that care passionately about this province and its future.

ONB recognizes that **we are all stronger together**. The months and years ahead will require large shifts in thinking and innovative approaches to doing business. Most importantly, it will require meaningful collaboration. We are committed to maintaining strong partnerships with industry, regional development partners and community leaders. It is through these relationships that we will continue to move New Brunswick forward.



CEO Award Winner Fiscal 2019 – 2020,
Melissa Gottschall, Manager, ONB Business
Navigators



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A Message from Our Minister

Over the course of the last year, ONB worked diligently within its new mandate to define a pro-growth agenda that will energize the private sector, strengthen companies, and grow our economy.

As your new Minister responsible of Economic Development and Small Business, and the Minister responsible for ONB, I look forward to working with industry leaders across the province to further identify the changing needs of our businesses and our economy. Together, we will continue to implement our strategic plan to close the gap in one generation; a plan with a clear focus on immigration, private sector investment, growing exports, embracing new technologies, and globalizing the New Brunswick brand. Both my Immigration and Aboriginal Affairs portfolios are also closely linked with economic development and the overall prosperity of the province. We are stronger together and will only succeed at closing the gap via collaboration with our Indigenous communities and a commitment to helping newcomers thrive.

ONB and its dedicated network of leaders took immediate action to support New Brunswick businesses impacted by COVID-19. New Brunswick has received national recognition for its success in responding to and recovering from the pandemic. This is the result of outstanding leadership within the Government of New Brunswick, including ONB, as well as our business community. I want to thank the board of directors and the entire team at ONB for their continued commitment to ensuring business growth and success. Now more than ever, we understand the vital role small business plays in our economy and our efforts to energize the private sector. That is why we have strategically aligned ONB's resources to offer even stronger support for small business.

I look forward to working with ONB as they continue to deliver positive results for our people and our province throughout 2020 – 21. Together, with the continued support of our partners and stakeholders, we can re-open, recover, and grow our economy.

Hon. Arlene Dunn
Minister responsible for Economic Development and Small Business
Minister responsible for Opportunities NB



Boise Cascade, Engineered Wood Products,
Saint-Jacques, New Brunswick



A Message from Our Board Chair

I am extremely proud to have joined ONB this spring as Interim Chair of its board of directors. ONB has achieved the results it has this past fiscal year thanks in part to the dedication, expertise, and support of both management and my new board colleagues.

We are excited to share with you the results achieved by ONB in Fiscal 2019 – 2020. ONB focused on attracting new investment, growing New Brunswick companies, and helping our private sector prosper. With continued support and oversight from its private sector board, ONB will continue to deliver on its expectations while protecting taxpayer assets and mitigating risk.

Strong, resilient businesses are central to ensuring New Brunswick's economy not only rebounds from the pandemic impacts but grows over the mid to long term. Now more than ever, it is vital that we continue to invest in our businesses and work with government partners to improve the business climate and ensure the conditions for growth exist to energize the province's private sector.

Working with the team at ONB as they embark on a new strategic direction has been an exciting and rewarding experience. On behalf of the entire board of directors, I would like to thank ONB's many provincial partners and stakeholders for their continued support.

Thank you,

Derek G. Pannell
Board Chair, Opportunities NB



A Message from Our CEO

Over the past year, ONB has worked to refresh our mandate and deliver strong results for New Brunswick. Throughout this process, the organization has remained focused on the government's priority of energizing the private sector. The results you will see in this report speak to our team's continued commitment to generating a positive return on investment for the province.

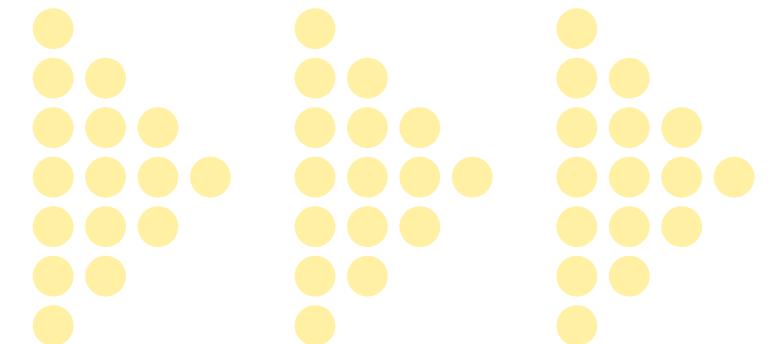
In my time with the organization, I have witnessed incredible collaboration amongst our team, our board of directors, our many partners across the province, and the businesses we work with every day. This past fiscal year, ONB facilitated a stakeholder-led engagement process which resulted in a new economic strategy for the province, culminating in a refreshed mandate for ONB. An independent team was engaged to oversee this work, which laid out an ambitious plan that would see New Brunswick address the prosperity gap between New Brunswick and the rest of Canada.

The end of this fiscal year saw New Brunswick and the rest of the world enter extraordinary times. It should go without saying that a large part of our work this coming year will focus on leading New Brunswick's recovery from the COVID-19 pandemic. Now more than ever, we understand how important a strong, resilient economy is, and the vital role we and our partners play in supporting businesses and industries as they recover from the impact of the pandemic.

A full recovery will not be quick or easy for this province or any other jurisdiction. However, with the continued collaboration from government, provincial partners, and resourceful and innovative business owners, we will thrive.

On behalf of the entire ONB team, thank you for your ongoing dedication and support as we work to support our business community throughout New Brunswick. We are truly stronger together.

Sadie Perron
Interim CEO, Opportunities NB





The New Brunswick Centre for Precision Medicine, Moncton, New Brunswick

Senior Leadership Team



Sadie Perron
Interim Chief
Executive Officer



Traci Simmons
Chief Operating
Officer



Neil Blanchard
Chief Financial
Officer



Donald Hammond
Vice President
NB Business
Growth



Steve Milbury
Vice President
Investment & Trade

Board of Directors

Chosen for their business expertise, their experience developing local and international markets, and their passion for change, ONB's board of directors represent a collection of accomplished business professionals from a variety of sectors across New Brunswick and North America. The one thing they have in common – they take great pride in our province and all its people and businesses have to offer the world.



Derek Pannell
(Executive, Audit
& Governance)
Interim Chair



Sadie Perron
(Executive, Audit &
Governance) Chief
Executive Officer



Jim Baumgartner
(Executive & Audit)
Retired



Mario Caissie
(Vice Chair,
Executive & Audit)
MACC Commercial
Properties



Michael J. Campbell
(Executive & Audit)
McCain Foods



Lily Durepos
(Governance)
Alliance Assurance



Gloria Jollymore
(Governance)
Mount Allison
University



Cade Libby
(Executive)
Deputy Minister,
Environment and
Climate Change, and
Intergovernmental
Affairs and President
of RDC



Chantal Thériault
(Governance)
UNI Financial
Cooperation



Results Driven

Purpose-driven and accountable since its inception, ONB has worked to create a culture that fosters accountability, ownership, and a deep commitment to making an impact. Every employee at ONB understands the importance of ONB's mandate and cares deeply about doing their part to make a difference and effect positive change. As a results-driven organization, we have been able to deliver strong results in Fiscal 2019 – 2020, building on the work done in years prior. The impact of ONB's work can be felt in communities throughout the province.

HCL Canada Inc. opened its first Canadian Global Delivery Centre in New Brunswick which focuses on providing technology support for its clients. In the first year, the company has seen 55 Digital Engineers arrive in Moncton from both India and the US. HCL anticipates the number of employees to grow to 300. This presents a significant return on investment for the province through increased tax revenues and general population growth.

Max Steel, an equipment manufacturer based in Clair, has seen a 160 per cent increase in sales from 2017 to 2019. This impressive growth has been possible thanks in part to ONB support with various productivity improvement and innovation projects. In accepting the Business of the Year award from the Haut-Madawaska Chamber of Commerce, the company noted ONB assistance as a crucial ingredient in their success.

Transparency in Reporting

ONB follows rigorous and conservative reporting standards to measure the impact of taxpayer-funded investments on the New Brunswick economy. These standards stem from recommendations from New Brunswick's Office of the Auditor General.

ONB tracks and reports on its return to the province conservatively, looking at only direct and measurable benefits. While economic principles dictate that every direct impact has a corresponding indirect effect, ONB does not currently take into effect additional indirect or induced benefits, such as resulting business to business transactions and secondary job creation. In the coming fiscal, ONB will be working to improve upon its reporting, specifically around how it tracks and reports on the results it is driving.

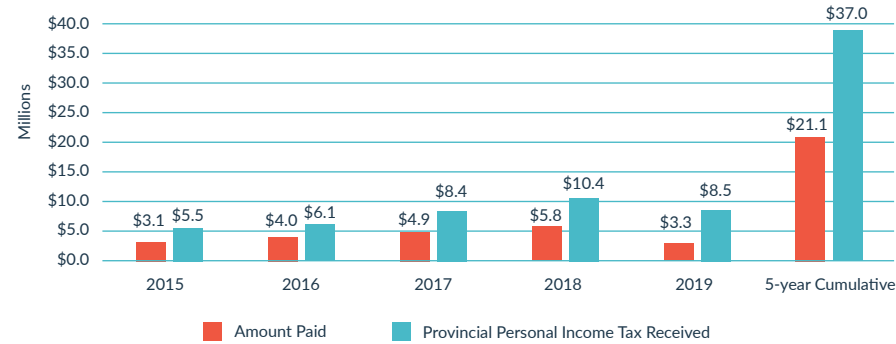


Top: HCL Technologies,
Moncton, New Brunswick

Bottom: Max Steel, Clair, New Brunswick

Our Results

Performance of Payroll Assistance 5-Year Return on Investment



	2015	2016	2017	2018	2019	5-year Cumulative
New Jobs Supported	665	855	838	1,479	1,318	5,155
Existing Jobs Supported	1,106	1,374	1,840	1,599	936	6,855
Provincial Personal Income Tax Received (\$M)	\$5.5	\$6.1	\$8.4	\$10.4	\$6.6	\$37.0
Average Assistance per Job	\$1,775	\$1,797	\$1,838	\$1,875	\$1,469	\$1,761
Net Return to Province (\$M)	\$2.4	\$2.1	\$3.5	\$4.6	\$3.3	\$15.8
Weighted Average Return on Investment (%)	76%	52%	71%	80%	99%	75%

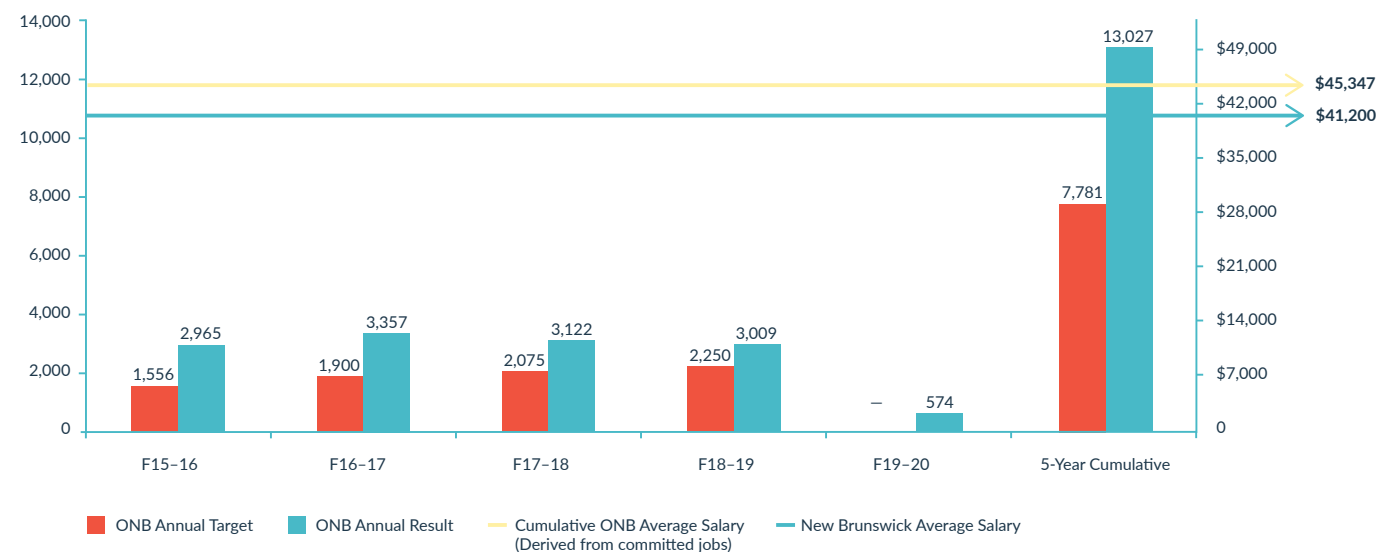
Return on Investment is based on provincial personal income taxes received divided by the assistance provided by ONB.

Average Assistance per job supported is based on the Assistance provided by ONB divided by the Direct Employees Supported.

The above average return on investment realized in 2018 is due to a number of companies exceeding both hiring and average salary targets, combined with a lower average assistance per job provided from ONB.

Data is based on client provided annual employment information. Prior years are revised if updated client information is received subsequent to publication.

Performance to Target: for Fiscals 2016 – 2020 Job Commitments relative to Annual Target



Annual Results: for Fiscal 2019 – 2020



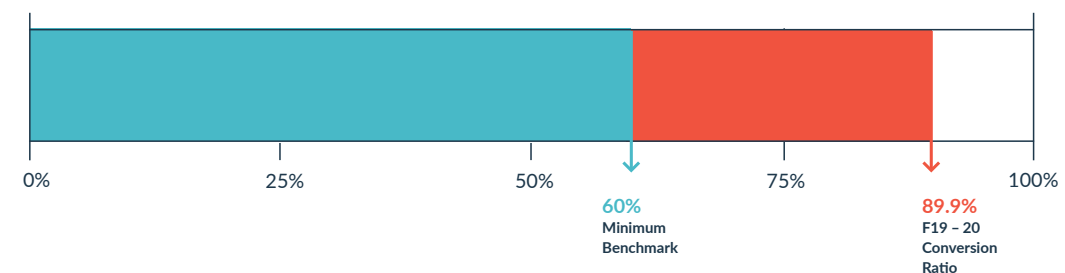
Notes: "Actual Jobs Created" are client reported and reconciled based on year end T4 summaries. Targets were not established in Fiscal 2019 – 20 due to a mandate review that was underway therefore comparison to target is not possible.

Cumulative Results: for Fiscals 2016 – 2020



Notes: "Actual Jobs Created" are client reported and reconciled based on year end T4 summaries. Targets were not established in Fiscal 2019 – 2020 due to a mandate review that was underway therefore comparison to target is not possible.

Job Creation Agreements Conversion Ratio: Commitments to Actuals



Actual Job Creation FY19 – 20	
Forecasted Job Creation	2,194
Actual Jobs Created	1,972
Difference from Forecasted	222
Conversion Ratio	89.9%



Strength in Numbers

At ONB, we have long understood the power of collaboration and the importance of working together. By working in tandem with our partners and stakeholders, we provide businesses across the province with the support and tools they need to succeed.

Our province is home to an incredible network of entrepreneurs and decision makers; leaders that are bringing New Brunswick-made skills and expertise to the table.

Over the last fiscal year, we worked closely with our partners and stakeholders to energize the private sector, grow the economy, and increase our population base. From engagement sessions with provincial leaders in Toronto to local roundtables with our private sector partners, ONB is advancing a collaborative pro-growth agenda that strengthens New Brunswick's position on the world stage.

There is strength in numbers. By working together to face the challenges ahead, we can embrace the unique opportunity to reinvent the way we do business to effectively optimize the strength of our regions, our people, and our province and to show the rest of Canada and the world that New Brunswick is poised for success.



Leaders in Toronto (from left to right) – Blaine Higgs (NB Premier), Larry Shaw (CEO, Ignite Fredericton), Stephen Lund (Former ONB CEO), Dawn Arnold (Mayor of Moncton), Traci Simmons (ONB Chief Operating Officer), Mike O'Brien (Mayor of Fredericton), Don Darling (Mayor of Saint John)



Closing the Gap in One Generation

We recognize that shifts in global market conditions and environmental concerns are forcing change in traditional resource-based industries. Meanwhile, exciting new technologies are further disrupting the status quo in every sector, every day. These factors were considered during the creation of the province's Closing the Gap strategy. That strategy's recommendations, developed by a private sector led committee led by the ONB Board, have set ambitious targets for growing New Brunswick's economy over the next 10 years. It has committed to investing for the future; a future that will see New Brunswick close the prosperity gap with the rest of Canada within a generation. By building on our natural strengths, and prioritizing investments that are transformational, New Brunswick can become a natural magnet for private sector investment and population growth.

Through this new lens, ONB will continue its work to energize New Brunswick's private sector and grow our economy with a clear focus on 1) population growth, 2) private sector investment, 3) export growth, 4) technological advancements, and 5) globalizing the New Brunswick brand.

Fiscal 2020 – 2021 will see ONB continue its work in operationalizing its new strategic direction and service offering; all while continuing to provide exceptional service to our clients and tangible results for government.

Process, Timeline & Engagement

Four Work Phases – July 2019 to April 2020 Implementation



100 subject matter experts were engaged in the fall of 2019 to develop the Province of New Brunswick's strategy for closing the gap: connecting businesses, growing through technology, and attracting emerging sectors.



ONB's Contribution to Energizing the Private Sector

Business Growth

Through our Business Growth Team, we support small and medium-sized businesses across every region of the province. In Fiscal 2019 – 2020, the team supported approximately 1,425 clients, guiding business planning efforts, helping to navigate the New Brunswick ecosystem, connecting companies with the appropriate support via referrals, and providing access to advanced export expertise.

ONB's support for New Brunswick companies is aimed at spurring private sector investment. To that end, ONB signed letters of offer to provide 21 companies with capital expenditure support totalling \$538,146; 51 companies with export market development support totalling \$341,457; 11 companies with productivity project support totalling \$211,575; and five companies with payroll support totalling \$1,042,359. These investments further leveraged \$26,243,996 in additional private sector investment.

ONB's Business Growth team plays a vital role in connecting New Brunswick-based companies with the talent required to fuel their growth. By taking a proactive, client management approach, ONB's Workforce leads connect into the Department of Post-Secondary Education, Training and Labour's WorkingNB offices to ensure New Brunswick companies have access to the proper supports to meet their current and anticipated talent needs. In Fiscal 2019 – 2020, ONB's Workforce team supported the hiring needs of 105 unique clients.

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. The program offers growth-oriented New Brunswick businesses practical sales and marketing, organizational development, and finance skills experience required to take their businesses to the next level.

September 2019 saw the graduation of the first Scale Up Atlantic cohort, which included Moncton's Missing Link Technologies. "Scale Up Atlantic came at just the right time because it allowed us to share our challenges with a great peer group. That was my biggest takeaway—the value of connecting with companies at the same stage you are. The collaboration, sharing of challenges and successes, and the resulting partnerships," said Charles Gervais, Owner and President.

Finally, New Brunswick entrepreneurs now have access to one-on-one support in navigating the regulatory requirements of running a business thanks to ONB's Business Navigators that launched in October 2019. With this initiative, ONB is working to ensure that entrepreneurs in our province spend less time navigating regulations and more time running their businesses.

As COVID-19 began to play havoc with economies across the globe, ONB quickly expanded the Business Navigation team to answer increased inquiries about new pandemic guidelines, provincial and federal relief measures, necessary resources, and more.



Top: Scale Up Atlantic Canada Graduation at UNB Fredericton – Dhirendra Shukla, Charles Gervais, Vicent Onyemah, Dan Isenberg (photo by UNB Photographer, Rob Blanchard)

Bottom: Kathryn Dimock, ONB Business Navigator



"I was actually blown away with the awesome help I received and I must say that it was very professional and well beyond what I was hoping for."

Business Navigator Client

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 participated in 65 export-related activities throughout Fiscal 2019 – 2020 including trade shows, trade missions, workshops, conferences, training events, and more. These activities supported 482 unique companies. In Fiscal 2019–2020, the Export team introduced 90 New Brunswick companies to new markets. ONB's Export Development activities from Fiscal 2019 – 2020 are projected to generate more than \$28.2M in new export sales for New Brunswick companies.

"We have attended ONB led missions to Jamaica. In the format that was used, our company had the opportunity to meet with over 175 architects, not just in a trade show setting but on a one-on-one basis," notes Bob Lennon, International Marketing & Sales Director, ThermalWood Canada. "The opportunity to develop personal relationships with this number of potential clients would not have been possible without the work behind the scenes and on the ground from ONB."

"ClairiTech Innovations has been able to exhibit in the Atlantic Canada Pavilion at the International Builders Show (IBS) every year since 2015 thanks to ONB," said Serge Colin, President. "Without help in organizing and setting up the right hosting and exhibition conditions, we would simply not be able to participate assiduously in this major event. ONB's involvement contributes to the promotion of our know-how as well as increased visibility of our products and technologies in North American markets."



"The opportunity to develop personal relationships with this number of potential clients would not have been possible without the work behind the scenes and on the ground from ONB."

Bob Lennon, International Marketing & Sales Director, ThermalWood Canada

Bob Lennon, ThermalWood Canada, Bathurst, New Brunswick



Chijioke Egbuogu (CJ), The Co-operators, Moncton, New Brunswick

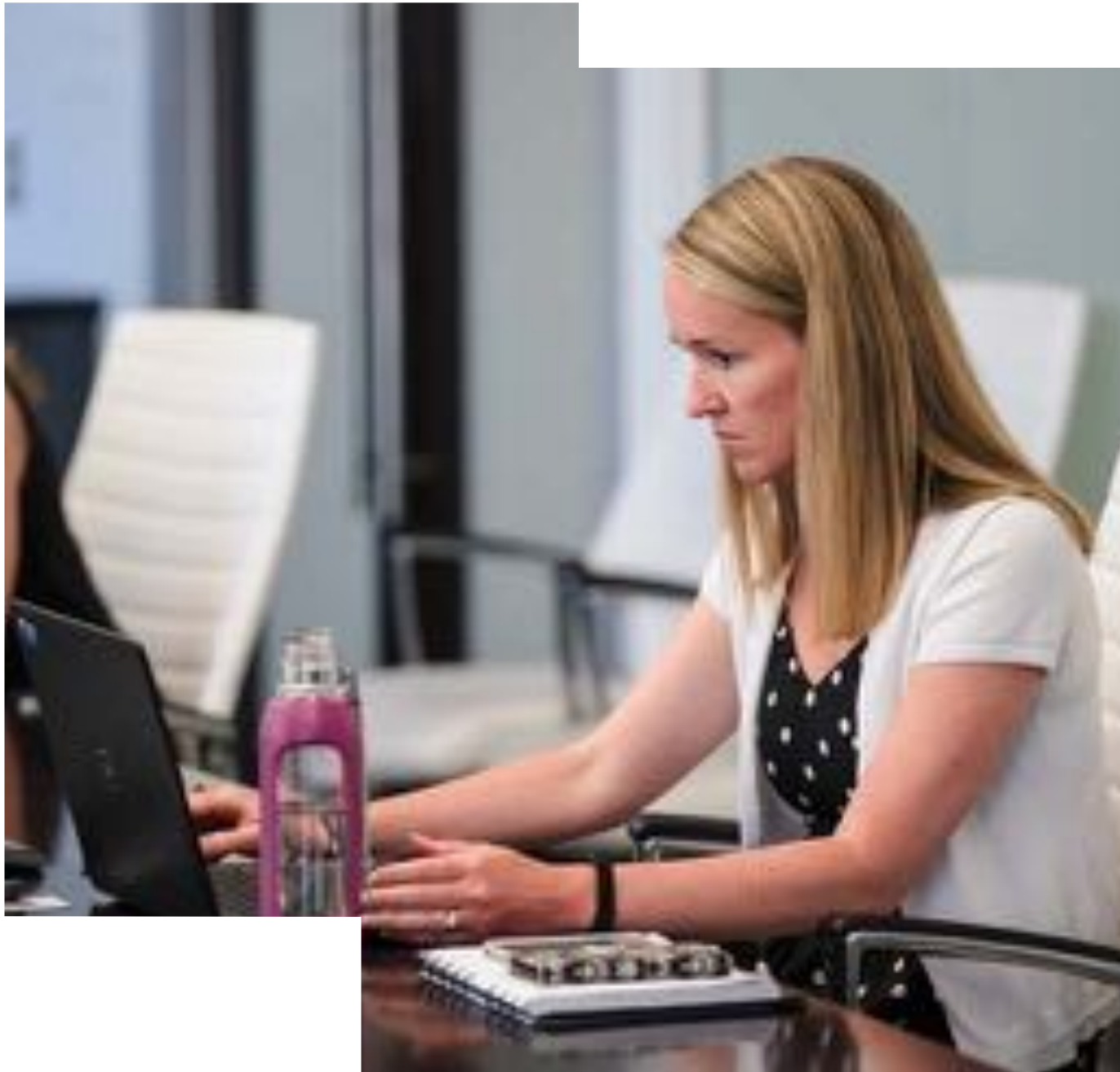
Investment Attraction

New Brunswick is strategically hedging our competitive advantages – our people, infrastructure, innovation, and agility – to deliver improved success rates in both investment and workforce attraction.

ONB Investment Attraction had a strong year, attracting new companies to the province while helping already established companies grow their workforce in New Brunswick. These businesses offer New Brunswickers diverse job opportunities, competitive salaries, and good benefits.

Access to skilled talent is a major consideration factor for companies and immigration often plays a key role in ensuring their needs can be met within the Province. By attracting world class companies, and high-quality talent to the province, ONB is supporting the province's population growth and student retention objectives.

HCL Technologies and Cam Tran are just two examples of the success New Brunswick has had at attracting top international companies in Fiscal 2019 – 2020. "The launch of this global delivery centre champions our next decade of growth in Canada and the region," said Jagadeshwar Gattu, HCL's Corporate Vice-President of Infrastructure Delivery, Americas. "The area is a key one for HCL and we have been extremely fortunate to have partners such as Opportunities NB; the Department of Post-Secondary Education, Training and Labour; the Moncton Multicultural Association, and the City of Moncton to help manage this growth. We look forward to many years of success."



Jennifer Mulherin, ONB Director of Finance

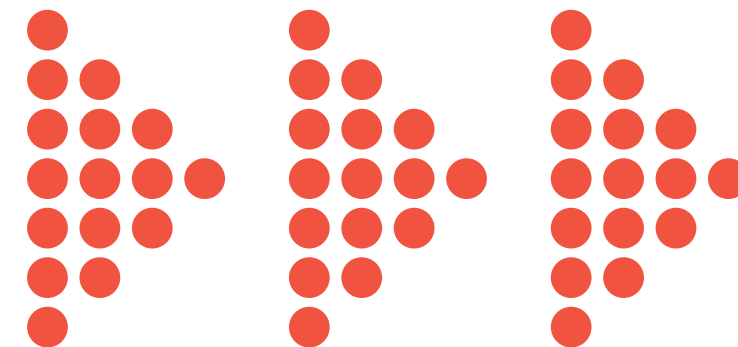
Deal Structuring and Finance

ONB remains committed to strong financial management and being responsible 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 continuously improve transparency.

In Fiscal 2019 – 2020, a surplus of \$1.2M was generated. ONB successfully managed a reduced expenditure budget, with expenses down \$10M year over year. ONB issued nearly \$24M in direct financial assistance to businesses; providing vital support to companies as they sought to grow and prosper in New Brunswick.

At March 31, 2020, ONB's managed portfolio of loans, investments, and guarantees (excluding provisions), had a total value of \$425M. During the year, \$43M in new loans and investments was advanced, with over \$41M in loan repayments collected. Additionally, exposure on loan guarantees was reduced by over \$12M. Since inception on April 1, 2015, ONB has generated more than \$45M in interest and investment income.

ONB continuously strives to ensure alignment with the strategic direction and priority initiatives of the Government of New Brunswick through regular reviews of policies and processes. With a focus on generating positive returns for the province, ONB's team of dedicated professionals remain committed to ensuring that public funds are safeguarded, while continuing to support New Brunswick companies as they pursue growth opportunities.





Emerging Growth Sectors

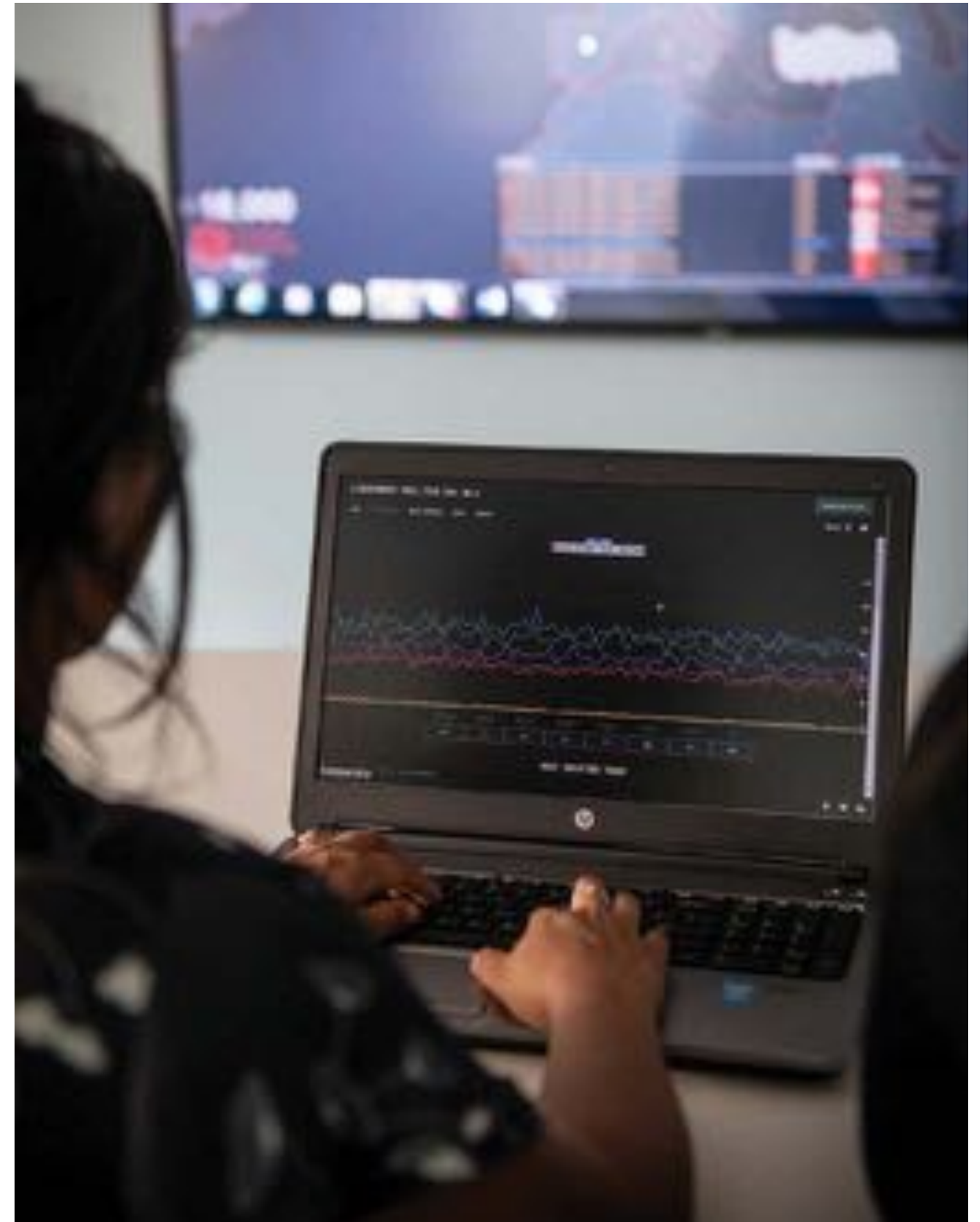
ONB has taken a strategic approach to building capacity and strength in emerging, high-growth sectors. By identifying and investing in key sectors such as cybersecurity, energy innovation, and digital health, ONB is preparing New Brunswick for continued growth over the long term by building a value proposition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

Cybersecurity

ONB continues its efforts to attract leading cybersecurity companies to the province and strengthening our robust talent pipeline.

Fiscal 2019 – 2020 saw:

- New Brunswick's cybersecurity cluster grow with CT4, Deloitte, SafeGuard Cyber, and EC-Council establishing cybersecurity operations in the province. ONB and its partners at CyberNB continue to support further growth of IBM Canada, Siemens, Canadian Nuclear Laboratories, Kognitiv Spark, and Sonrai Security.
- ONB support CyberNB's transition to a not-for-profit industry association, allowing the organization to expand and grow opportunities for New Brunswick-based cybersecurity partners across industry and academia through its many collaborative efforts.
- Ongoing work to strengthen and expand the cybersecurity ecosystem in New Brunswick by building linkages and fostering new relationships in the U.S., Denmark, France and the UK.
- Over 5,000 students across anglophone and francophone schools learning and interacting with content and programs created by CyberNB through continued support.



Critical Infrastructure Security Operating Centre (CI-SOC),
Fredericton, New Brunswick



Top: Sentrex Wind Services,
Rothesay, New Brunswick

Bottom: The New Brunswick
Centre for Precision Medicine,
Moncton, New Brunswick

Energy Innovation

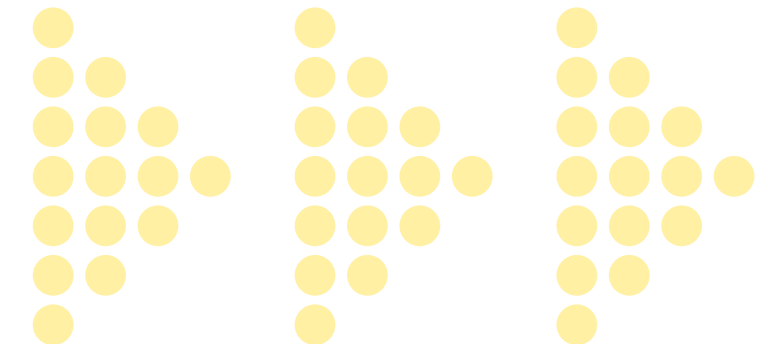
Fiscal 2019 – 2020 saw:

- ONB participate in the Energy Innovation Mission to Europe in conjunction with partners at NB Power, UNB, and the Smart Grid Innovation Network (SGIN), attending European Utility Week.
- New Brunswick sign a memorandum of understanding (MOU) with the provinces of Saskatchewan and Ontario to collaborate on the development and deployment of Small Modular Reactors (SMRs).
- UNB and Bangor University in Bangor, Wales sign a letter of intent to collaborate on the development of SMRs.
- Smart Grid Atlantic Project, a partnership between Siemens, NB Power, and NS Power, launch. This is a \$92.7M project aimed at analyzing challenges and opportunities posed by Canada's energy transition.
- Saint John Energy announce an \$11M dollar smart grid plan and investment in 5–10 wind turbines.

Digital Health

Fiscal 2019 – 2020 saw:

- ONB continue its work with partners on advancing the growth of the Digital Health footprint in the province.
- ONB become a core player in the establishment of the Atlantic hub for the CAN Health Network. This pan-Canadian network helps Digital Health companies scale by providing streamlined procurement pathways across the country.
- Rural-focused Healthy at Home project planning commence, bringing together New Brunswick-based broadband connectivity, provincial virtual care, and target companies looking to expand in the province.





Traci Simmons,
ONB Chief Operating Officer



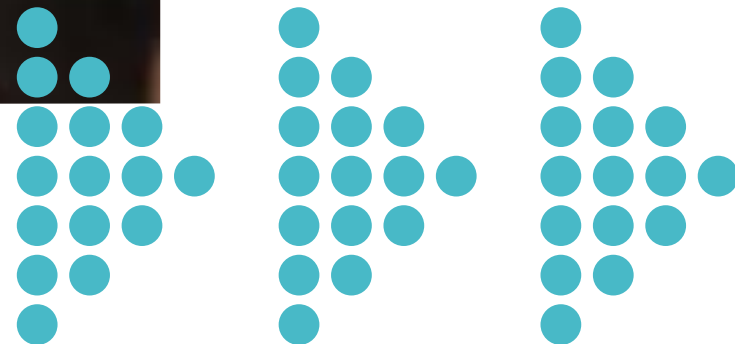
Transparency and Accountability

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 2019 – 2020, ONB further enhanced transparency and accountability to New Brunswickers with improvements to information published on its website, onbcanada.ca. Under its 'Transparency' section, ONB has published a comprehensive 10-year look back on the direct return on investments to the province. Additionally, ONB added a clause to its letters of offer to enable future reporting of client specific information. This will enable ONB to further improve its ability to be transparent.

As provided under section 18(1) of the Public Interest Disclosure Act, the chief executive shall prepare a report of any disclosures of wrongdoing that have been made to a supervisor or designated officer of the portion of the public service for which the CEO is responsible. Opportunities NB received no disclosures of wrongdoing in the 2019 – 2020 fiscal year.

ONB takes pride in being one of the most transparent economic development agencies in the country.





*Hugh John Flemming Bridge,
Hartland, New Brunswick*

Financial Statements of Opportunities New Brunswick

March 31, 2020

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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

I have audited the financial statements of Opportunities New Brunswick (the Entity), which comprise the statement of financial position as at March 31, 2020, 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 my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020, 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

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

Emphasis of Matter

I draw users' attention to Note 2 – Measurement Uncertainty and Note 20 – Subsequent Events describing measurement uncertainty in the financial statements as a result of the COVID-19 global pandemic. My opinion is not modified in respect of this matter.

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

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 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 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 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.

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.



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

Fredericton, New Brunswick, Canada
June 25, 2020

**Opportunities New Brunswick
Statement of financial position
as at March 31**

	2020	2019
Assets		
Due from Province of New Brunswick	\$ 153,074,707	\$ 158,583,746
General receivables	590,379	834,368
Interest receivable	511,241	761,969
Loans receivable (note 7)	105,440,880	102,330,979
Investments (note 8)	17,571,503	20,270,767
	277,188,710	282,781,829
Liabilities		
Accounts payable and accrued liabilities (note 11)	12,853,884	19,745,079
Provision for loss on loan guarantees (note 13)	10,346,884	7,312,963
Due to Province of New Brunswick (note 14)	335,778,153	336,193,724
	358,978,921	363,251,766
Net debt	(81,790,211)	(80,469,937)
Non-financial assets		
Prepaid assets	87,479	87,421
Accumulated deficit, end of period	\$ (81,702,732)	\$ (80,382,516)

Contingent liabilities (note 13)

Commitments (note 16)

Subsequent events (note 20)

Approved by the Board:



Derek Pannell
Chair - Board of Directors



Michael Campbell
Chair - Audit Committee

**Opportunities New Brunswick
Statement of operations
for the year ended March 31**

	Budget 2020	2020	2019
Revenue			
Province of New Brunswick	\$ 29,643,000	\$ 29,643,000	\$ 38,221,000
Interest on loans (note 4)	8,900,000	7,064,827	6,975,304
Other	100,000	264,896	1,716,090
Designated recoveries	1,390,000	2,219,041	859,079
Income from investments (note 5)	-	430,233	3,445,878
Bad debt recovery (note 6)	-	299,431	2,829,992
Cyber Essentials (note 18)	400,000	96,478	22,676
	40,433,000	40,017,906	54,070,019
Expenses			
Administration and business development services (note 15)	15,139,880	14,468,842	19,116,000
Financial assistance	20,000,000	23,944,743	29,322,800
Bad debt expense (note 6)	5,000,000	-	-
Cyber Essentials (note 18)	400,000	377,280	461,537
	40,539,880	38,790,865	48,900,337
Annual surplus	\$ (106,880)	\$ 1,227,041	\$ 5,169,682

**Opportunities New Brunswick
Statement of change in net debt
for the year ended March 31**

	2020	2019
Net debt, beginning of year	\$ (80,469,937)	\$ (88,130,980)
Annual surplus	1,227,041	5,169,682
Net change in prepaid expenses	(58)	(55,896)
Change in remeasurement gains	(2,547,257)	2,547,257
Net debt, end of year	\$ (81,790,211)	\$ (80,469,937)

**Opportunities New Brunswick
Statement of change in accumulated deficit
for the year ended March 31**

	2020	2019
Accumulated deficit, beginning of year	\$ (80,382,516)	\$ (88,099,455)
Annual surplus	1,227,041	5,169,682
Change in remeasurement gains	(2,547,257)	2,547,257
Accumulated deficit, end of year	\$ (81,702,732)	\$ (80,382,516)

**Opportunities New Brunswick
Statement of remeasurement gains and losses
for the year ended March 31**

	2020	2019
Accumulated remeasurement gains, beginning of year	\$ 2,547,257	\$ -
Unrealized (loss) gain attributable to:		
Investments	(2,129,242)	2,547,257
Realized gain on investments, reclassified to operations	(418,015)	-
Accumulated remeasurement gains, end of year	\$ -	\$ 2,547,257

**Opportunities New Brunswick
Statement of cash flows
for the year ended March 31**

	2020	2019
Operating transactions		
Annual surplus	\$ 1,227,041	\$ 5,169,682
Non-cash items		
(Decrease) increase in provision for doubtful accounts	(3,292,266)	1,593,820
Capitalized interest on loans	-	(10,072)
Amortization of concessionary interest	(413,201)	(284,164)
Concessionary interest on new loans	379,688	498,159
Changes in non-cash working capital balances		
General receivables	243,989	(332,849)
Interest receivable	250,728	(31,564)
Prepaid expenses	(58)	(55,896)
Guarantees payable	3,033,921	(4,447,010)
Accounts payable and accrued liabilities	(6,891,195)	8,702,331
	(5,461,353)	10,802,437
Investing transactions		
Loan advances	(41,245,936)	(16,136,800)
Loan repayments	41,461,814	19,767,114
Investment	152,007	(4,582,731)
	367,885	(952,417)
Financing transactions		
Loan payable to province of New Brunswick	(415,571)	1,159,374
(Decrease) increase in cash during the year	(5,509,039)	11,009,394
Cash, beginning of the year	158,583,746	147,574,352
Cash, end of year	153,074,707	158,583,746
Cash is represented by: Due from Province of NB	\$ 153,074,707	\$ 158,583,746

Opportunities New Brunswick
Notes to the financial statements
March 31, 2020

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.

As a Crown corporation, Opportunities New Brunswick ("ONB") is the focal point for all of New Brunswick's economic development activities. Client-focused, proactive, professional and accountable, ONB is the single point of contact for local and foreign businesses looking to grow, expand or locate. ONB performs critical functions focused on performance, high-growth opportunities and growing New Brunswick.

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.

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 2019 and 2020.

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.

Opportunities New Brunswick
Notes to the financial statements
March 31, 2020

2. Summary of significant accounting policies (continued)

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

The Public Service Superannuation Act (the "PSSA") was converted and replaced by the New Brunswick Public Service Pension Plan (the "NBPSPP"). The NBPSPP 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 NBPSPP. 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.

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 12. 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.

Opportunities New Brunswick
Notes to the financial statements
March 31, 2020

2. Summary of significant accounting policies (continued)

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 (details in Note 10).

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.

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 (details in Note 10).

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. A sensitivity analysis indicates that the impact of a +/- 5% change in the overall valuation allowance on loans receivable could impact net loans receivable and bad debt expense by +\$9.1 million or -\$11.4 million.

Additional information is provided under Subsequent events, Note 20.

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.

Opportunities New Brunswick
Notes to the financial statements
March 31, 2020

2. Summary of significant accounting policies (continued)

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.

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 \$29.6 million (\$38.2 million in 2019) 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

	2020		2019
Amortization of concessionary loan interest	\$ 413,201	\$	284,164
Loan interest	6,651,626		6,691,140
	\$ 7,064,827	\$	6,975,304

Opportunities New Brunswick
Notes to the financial statements
March 31, 2020

5. Income from investments

Income from investments of \$430,233 (2019 – \$3,445,878) was recorded during the year.

6. Recovery of doubtful accounts and bad debt expense

	2020		2019
Recoveries – loans and guarantees	\$ 47,686	\$	68,010
Changes in provision allowance	251,745		2,761,982
	\$ 299,431	\$	2,829,992

7. Loans receivable

	2020		2019
Opening balance	\$ 228,186,847	\$	231,756,189
Net loans advanced	41,245,936		16,136,800
Capitalized interest	-		10,072
Amortized interest free portion into revenue	413,201		284,164
Concessionary interest on new loans	(379,688)		(498,159)
Repayments received	(41,461,814)		(19,767,114)
Loan forgiveness	-		264,895
	228,004,482		228,186,847
Valuation allowance			
Opening balance	(125,855,868)		(123,997,153)
(Increase) decrease in provision	3,292,266		(1,593,820)
Loan forgiveness	-		(264,895)
	(122,563,602)		(125,855,868)
Loans receivable (net)	\$ 105,440,880	\$	102,330,979

A conversion option was exercised in 2019, reducing net loans advanced by \$2M.

Interest charged on these loans ranges from 0% to 10%. Repayment terms are negotiated on specific loans and would normally not exceed 30 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.

Opportunities New Brunswick
Notes to the financial statements
March 31, 2020

8. Investments

	2020	2019
Opening balance	\$ 20,270,767	\$ 13,140,779
New investments	1,841,235	4,589,499
Redemptions and transfers	(2,001,546)	(607,310)
Impairment	8,304	600,542
Change in remeasurement (loss) gain	\$ (2,547,257)	2,547,257
	\$ 17,571,503	\$ 20,270,767

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, 2020 is equal to the general receivables, loans receivable and investments balances of \$123,602,762 (2019 – \$123,436,114).

(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.

(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, 2020 ONB faced the following concentration risks (gross portfolio exposure net of allowance):

- Name Risk of \$138.5 million (88.0%) for ten corporate entities/groups (2019 – \$135.7 million (86.0%) for ten corporate entities/groups);
- Sector Risk of \$32.4 million (26.3%) for eight corporate entities/groups within the forestry sector (2019 – \$61.3 million (42.9%) for eleven corporate entities/groups).

Opportunities New Brunswick
Notes to the financial statements
March 31, 2020

10. Financial instrument classification

The following table provides cost and fair value information of financial instruments by category.

	Fair Value	2020 Amortized Cost	Total
Due from Province of New Brunswick	\$ 153,074,707	\$ -	\$ 153,074,707
General receivables	-	590,379	590,379
Interest receivable	-	511,241	511,241
Loans receivable	-	105,440,880	105,440,880
Investments	-	17,571,503	17,571,503
Accounts payable and accrued liabilities	-	12,853,884	12,853,884
Provision for loss on loan guarantees	-	10,346,884	10,346,884
Due to Province of New Brunswick	-	335,778,153	335,778,153
	\$ 153,074,707	\$ 483,092,924	\$ 636,167,631

	Fair Value	2019 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

Opportunities New Brunswick
Notes to the financial statements
March 31, 2020

10. Financial instrument classification (continued)

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).

	2020			
	Level 1	Level 2	Level 3	Total
Due from Province of New Brunswick	\$ 153,074,707	\$ -	\$ -	\$ 153,074,707
Investments	-	-	-	-
	\$ 153,074,707	\$ -	\$ -	\$ 153,074,707

	2019			
	Level 1	Level 2	Level 3	Total
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

	2020	2019
Trade accounts payable	\$ 2,104,040	\$ 7,677,208
Financial assistance	6,366,573	7,849,114
Accrued post-closing costs (Note 12)	3,700,000	3,620,000
Vacation liability	286,815	366,117
Salary and benefits	391,475	233,377
Goods and services tax	4,981	(737)
	\$ 12,853,884	\$ 19,745,079

Opportunities New Brunswick
Notes to the financial statements
March 31, 2020

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 \$3,700,000 (2019 – \$3,620,000).

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, 2020.

At March 31, 2020 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.

13. Contingent liabilities

(a) Guaranteed debt

ONB has provided guarantees in respect of the credit facilities of various entities. As at March 31, 2020, there were 7 (2019 – 9) guarantees outstanding for a total value of \$16,499,884 (2019 – \$28,909,121) and with a provision of \$10,346,884 (2019 – \$7,312,963). 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

	2020	2019
Face value of total portfolio	\$ 337,590,364	\$ 338,039,448
Concessionary interest	(2,225,412)	(2,129,888)
Amortized portion	413,201	284,164
Book value of total portfolio	\$ 335,778,153	\$ 336,193,724

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.

Opportunities New Brunswick
Notes to the financial statements
March 31, 2020

15. Administration and business development services

	2020	2019
Salaries and benefits	\$ 10,482,265	\$ 12,200,608
Other services	3,766,326	6,514,321
Materials and supplies	141,194	233,578
Property and equipment	\$ 79,057	167,493
	\$ 14,468,842	\$ 19,116,000

16. Commitments

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

	Commitment
2021	\$ 17,112,742
2022	\$ 12,056,414
2023	\$ 7,639,953
2024	\$ 4,326,797
2025	\$ 686,000

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 2020	2020	2019
Administration and business development services			
ONB Operations	\$ 13,389,880	\$ 12,903,237	\$ 16,826,010
Cyber Operations	1,750,000	1,565,605	2,289,990
	\$ 15,139,880	\$ 14,468,842	\$ 19,116,000
Strategic assistance			
Financial assistance	\$ 24,872,000	\$ 22,625,331	\$ 28,986,519
Cyber Projects	128,000	1,319,412	336,281
	\$ 25,000,000	\$ 23,944,743	\$ 29,322,800

CyberNB is transitioning from ONB into an independently governed and funded not-for-profit association, effective during the first quarter of fiscal 2021.

Opportunities New Brunswick
Notes to the financial statements
March 31, 2020

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 to protect 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

	2020	2019
Revenue		
Licenses and fees	\$ 96,478	\$ 22,676
	96,478	22,676
Expenses		
Salaries and benefits	161,070	298,970
Other services	214,665	162,507
Materials and supplies	1,544	60
	377,279	461,537
Operating surplus (deficit)	\$ (280,801)	\$ (438,861)
Operating surplus (deficit), beginning of year	(438,861)	-
Operating surplus (deficit), end of year	\$ (719,662)	\$ (438,861)

Cyber Essentials is transitioning from ONB into an independently governed and funded not-forprofit association, effective during the first quarter of fiscal 2021.

19. Budget

Budget figures included in these financial statements are the amounts published in Main Estimates and approved by ONB's board of directors, adjusted for transfers from the Province of New Brunswick under their Supplementary Funding Provision Program. During the year, ONB received a transfer of \$106,880 under Administration and business development services for costs associated with contract settlements.

20. Subsequent events

In March 2020, as a result of the COVID-19 virus, a global pandemic was declared. Across the Province and beyond, companies in a wide range of industries have been impacted. While the disruption is expected to be temporary, the duration and impact on the economy and on the operations and financial performance of ONB clients remains uncertain. As a result, ONB expects that COVID-19 may impact its financial results, particularly around loan repayments, valuation allowances and investment values subsequent to year end, as the related financial impacts cannot be reasonably estimated at this time. ONB is continuing to closely monitor and evaluate the associated impacts on clients, and on internal financial results.



Port of Belledune, Belledune, New Brunswick



Where You'll Find Us

We are Stronger Together

Provincial collaboration has never been stronger. Efforts to lead New Brunswick back from the COVID-19 slowdown are ongoing, and a path forward has already begun. ONB continues to work with our local, provincial, and federal partners to support New Brunswick's business community and aid in COVID-19 response and recovery efforts.

For resources, recovery best practices, and contact information including our Business Navigators visit onbcanada.ca/covid-19/.



> ONB's regional and satellite offices

Tel: +1 (506) 453-5471
Toll Free: +1 (855) 746-4662
(North America)
Fax: +1 (506) 444-4277
Email: info@onbcanada.ca
Place 2000, 250 King Street,
Fredericton, NB, E3B 9M9
Canada
onbcanada.ca

