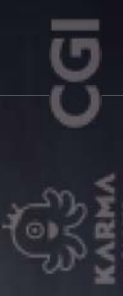
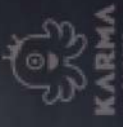
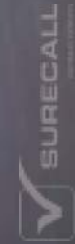
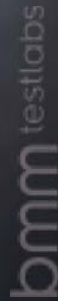


2013-2014



ANNUAL REPORT



ABOUT US

Invest New Brunswick is a single point of contact for companies and site selection professionals exploring business location and expansion opportunities in New Brunswick, Canada.

Our one-stop service includes everything you need to get your business up and running:

Dedicated account team to provide turnkey services

Recruitment and training consultation and assistance

Sourcing of realtors, developers, contractors, shippers and utilities

Tailor-made financial incentive packages

Liaison with local communities

ISBN: 978-1-4605-0349-2
ISSN: 1929-8730

Our Mission

Guided by a private-sector board of directors, Invest NB delivers a business-focused approach to creating jobs and attracting business investment in New Brunswick.

The Corporation focuses on four key activities:

- Promote New Brunswick as an attractive location for business investment;
- Identify and pursue opportunities for strategic and commercially viable investment;
- Negotiate and provide financial assistance when required and as appropriate to secure investments; and
- Prudently manage its portfolio of investments.

Our Vision

Attracting investments New Brunswickers value.

Our Values

- Trust
- Respect
- Integrity
- Communication
- Empathy
- Ownership
- Effectively Managing Risk



CONTENTS

Invest NB Leadership Team



Back left to right:

Mark Haines-Lacey – Executive Vice-President; *Robert MacLeod* – President and Chief Executive Officer;
Jonathan Barteaux – Director of Foreign Investment; *Louis-Philippe Gauthier* – Vice-President, Strategic Initiatives.

Front left to right:

Nora Lacey – Director, Research and Marketing; *Luc Paulin* – Senior Director, Finance and Corporate Affairs

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520 King Street,
Suite 850
Fredericton, New Brunswick Canada
E3B 5H1
www.inbcanada.ca

A Message from the Minister

As a model, Invest NB has demonstrated what can be achieved when investment promotion is continuously focused on achieving targets, measuring success and streamlining internal processes to ensure optimal efficiency.

New Brunswickers can take pride in the fact that our province is viewed with increasing favourability as a destination for business expansion. New Brunswick cities have been named the lowest overall cost leaders for business among Canadian and U.S. destinations according to the 2012 and 2014 KPMG's Competitive Alternatives studies. New Brunswick also brings high value to the cost equation. Consider our skilled, bilingual workforce, our network of post-secondary institutions, our world-class communications infrastructure and competitive tax structure.

Invest NB has performed commendably in a highly competitive environment and has exceeded the majority of its targets. This model provides a valuable learning ground, demonstrating that a business-led entity, operating as a sales organization promoting the province to national and international companies can be nimble in its response to clients and streamlining the sales cycle.

The Honourable Rick Doucet
MINISTER OF ECONOMIC DEVELOPMENT
MINISTER RESPONSIBLE FOR INVEST NB

A Message from the Chairman and the President and CEO

Invest NB has reached an important milestone - the conclusion of our first three-year business plan - and we are proud of our accomplishments. In the 2013-2014 fiscal year, Invest NB contributed \$250.3 million to the province's gross domestic product and attracted \$31.6 million in capital expenditures. We achieved a return on taxpayer investment of \$2.36 for every tax dollar invested. A total of 1,013 full time jobs were created in the fiscal year. Our work in 2013-2014 allowed us to exceed four of our six performance targets in the three-year business plan.

We analyzed with interest the global foreign direct investment (FDI) flow trends over the course of the last three years. The weak economic recovery characterized this period, as the number of FDI projects into North America declined by 9.48 per cent in 2012, and total FDI into North America dropped by 1.36 per cent in 2013 according to fDi Intelligence's "The fDi Report 2014."

In its 2014 report "How Canada Performs: A Report Card on Canada", the Conference Board of Canada ranked New Brunswick favourably with a 'B' rating on its Inward Greenfield

Foreign Direct Investment Performance Index. New Brunswick was tied with Alberta in third position amongst all Canadian provinces and territories.

KPMG's 2014 Competitive Alternatives study once again confirmed New Brunswick as the lowest cost business location in Canada and the United States. The study revealed that labour costs in New Brunswick are 16 per cent lower than the United States average and 15 per cent lower than the G7 average, while European companies can potentially reach up to 20 per cent savings on their total operating costs. New Brunswick's cost advantage continues to provide foreign companies with opportunities for a stronger bottom line.

One of the year's highlights was our investment mission to India. Senior members of our team joined Economic Development Minister Bruce Fitch and Energy and Mines Minister Craig Leonard for a productive five day trip to three cities: Mumbai, Ahmedabad and New Delhi. We promoted many of our key sectors: energy, mining, advanced manufacturing, business process outsourcing and information technology. We also discussed the existing synergies between New Brunswick and India.

During the mission, Minister Fitch signed two separate memorandums of understanding (MOU) while in Ahmedabad - one with the Gujarat Chamber of Commerce and Industry, and another with the Indo-Canadian Business Chamber. These MOUs will support further collaboration between these respective chambers and Invest NB. We look forward to future opportunities to enhance our relationship with India.

Here in New Brunswick, we negotiated a loan for the largest ever private sector investment on the Acadian Peninsula. Oxford Frozen Foods will invest \$184 million in the construction of a wild blueberry processing facility in Saint-Isidore, the development of wild blueberry fields and the creation of up to 300 jobs over a 10-year period. It is an exciting opportunity for local growers and for the New Brunswickers who will ultimately benefit from employment with the Nova Scotia-based company.

A niche subsector of information technology (IT) experienced significant growth this past year. This was anchored by BMM Testlabs Canada, which provides compliance and testing services to the regulated lottery industry. BMM Testlabs announced two expansions over



Robert MacLeod
PRESIDENT AND CEO

Denis Losier
CHAIRMAN

the course of six months creating up to 200 IT jobs in the Greater Moncton area. We also announced the expansion of GLI Testlabs, also specializing in gaming compliance, and attracted Karma Gaming, which develops mobile games for regulated lotteries.

This is an exciting development for the IT sector in New Brunswick: a subsector specializing in providing product development, testing and quality assurance for the regulated gaming industry. This subsector is creating excellent jobs for New Brunswickers.

Our mandate is not simply to support growth in foreign companies in the province, but to attract new companies as well. We attracted new foreign-owned companies in the knowledge industry this year, including Appnovation Technologies and GuestLogix. We also invested in expansions at CGI, Calian Technologies, MarketWired and Valcom Consulting. The business processing sector in New Brunswick saw the additions of Hogg Robinson Group and Surecall. Investments were also made in the growth of Accenture in Fredericton and customer care centres for Air Canada, Dealermine, The Co-operators and TD Insurance.

We were proud to support McKesson Canada's partnership with the provincial government to help increase cost savings to the health care system; and we were proud to support manufacturer CE3 Electronics as they plan for future growth in a new facility to be built in Dieppe in 2015.

An investment in New Brunswick's mining sector was made. Trevali Mining Corporation's expansion project near Bathurst is expected to create dozens of jobs in the region. We also strengthened our province's strategic position as a destination for aerospace and defence projects through investments in B-Temia and DEW Engineering.

There are various reasons companies choose to locate in New Brunswick: historically strong business relationships, our skilled workforce and a reputation for excellence in the business services sector. Here is what a few of the companies we have attracted this year have said about their decision to locate in New Brunswick:

"It is now 45 years since I have been buying wild blueberries in this area. I worked directly with two pioneers of the wild blueberry industry in this area... 10 years ago, we took over the operations of what is now Peninsula Foods. I am extremely pleased with the association we have with many growers."

John Bragg, founder, chair, co-chief executive officer and president of Oxford Frozen Foods Ltd



"As we envisioned, our New Brunswick office has quickly become a strength in the BMM Testlabs global network. We have been particularly impressed with the high level of qualified engineering candidates in the Greater Moncton area."

Travis Foley, BMM Testlabs, executive vice-president of operations in North America



"I am delighted that Invest NB was able to assist us in setting up this new office in New Brunswick. Actively seeking new hires to our business is fundamental to both our strategy and our success. Our 50 new recruits in New Brunswick will be joining a successful global business, each delivering the first-class service we are famous for to our clients as they provide the very best corporate travel counsel!"

Greg Treasure, Hogg Robinson Group, North America president



Invest NB's performance-driven culture has grown stronger year after year. We thank our partner network for providing us with leads, opportunities and regional insights as we continue to find innovative ways to work together to attract new investment. We recognize the dedication of the Invest NB staff, unwavering in their commitment to attracting investments New Brunswickers value.

HIGHLIGHTS

Investment Highlights 2013-2014

In 2013-2014, Invest NB exceeded its targeted number of new investments; delivering 23 on a target of 20. We are proud to have invested in the following foreign-owned companies this fiscal year.

(Note: impact on New Brunswick's gross domestic product – or GDP – is based on all positions being filled.)

Accenture Inc. is a global management consulting, technology services and outsourcing company with more than 257,000 employees worldwide. The company will add 48 fulltime employees to its Fredericton office. Impact on New Brunswick GDP: \$2.3 million annually.

Air Canada, the country's largest domestic and international airline, is expanding operations at its Saint John customer contact centre. It will add up to 50 fulltime employees in 2014 to help improve response times and provide bilingual customer service. Impact on New Brunswick GDP: \$1.5 million annually.

Appnovation Technologies Inc., based in Vancouver, specializes in mobile, web, and intranet applications using open source technologies. The company plans on creating 63 new full-time positions in Saint John over the next three years. Impact on New Brunswick GDP: \$7.5 million annually.

BMM Testlabs Canada, a Las Vegas-based systems expert company servicing the gaming industry, will create up to 200 full-time positions during the next four years at its new office in Dieppe. BMM has been providing professional, technical and regulatory compliance services to the gaming industry since 1981. Impact on New Brunswick GDP: \$11 million annually.

B-Temia Inc., specializes in leading-edge dermoskeletal technology for military and medical purposes. B-Temia is creating research and development alliances in New Brunswick that are expected to create five jobs. Impact on New Brunswick GDP: \$250,000 annually.

Calian Technologies Ltd. is a leading program delivery partner for both public and private sector customers, with a diverse range of service offerings, including training and information technology. The Ottawa-based company will create 27 full-time positions at its location in Oromocto. Impact on New Brunswick GDP: \$3.1 million annually.

CE3 Electronics Inc. designs and manufactures electrical components and assemblies at its two facilities in Dieppe. An expansion will add 25 positions to its current workforce. Impact on New Brunswick GDP: \$1.3 million annually.

Co-operators General Insurance Co. will create up to 30 new full-time jobs at its agency contact centre in Moncton. This is in addition to the 25 positions created in 2013 with support from Invest NB. Impact on New Brunswick GDP: \$6.2 million annually.

CGI Information Systems and Management Consultants Inc. will create up to 125 full-time positions within the next three years at its Fredericton and Moncton locations. CGI Group is the fifth-largest independent information technology and business process services firm in the world. Impact on New Brunswick GDP: \$11.8 million annually.

Dealermine Inc. provides customer relationship management software and business development center solutions to automobile dealers in Canada and the United States. The company will add up to 135 fulltime positions at its Saint John office to assist with its growing client base. Impact on New Brunswick GDP: \$6 million annually.



DEW Engineering and Development ULC specializes in aerospace and defence-related services. The company has over 300 employees across Canada, and expects to create at least 20 new full-time positions in Miramichi during the next year. Impact on New Brunswick GDP: \$1 million annually.

GLI Testlabs Canada ULC provides independent testing, inspection and certification services to the gaming, wagering and lottery industry. It has committed to the creation of up to 26 fulltime positions at its Moncton office by the end of 2015. Impact on New Brunswick GDP: \$3 million annually.

GuestLogix Inc. is a leading global provider of onboard retail and payment technology solutions to airlines, rail operators and the passenger travel industry. It is among the top three Canadian mobile technology companies on the 2014 Branham300 List. The Toronto-based company is opening a new product innovation lab in Moncton and plans to hire 35 new full-time employees by the end of 2016. Impact on New Brunswick GDP: \$3.4 million annually.

Hogg Robinson Canada Inc. specializes in corporate travel, expense and data management services. The company has committed to establishing a new training facility in Moncton and creating up to 50 travel consultant positions within the next two years. Impact on New Brunswick GDP: \$1.8 million annually.

Karma Gaming International, based in Halifax, develops next-generation games which are licensed to regulated lotteries around the world. The company will create up to 26 full-time jobs over the next three years as they establish a technical development studio in Moncton. Impact on New Brunswick GDP: \$1.4 million annually.

MarketWired L.P. is a social communications company offering news distribution and reporting and state-of-the-art social media monitoring and analytics. The Toronto-based company will add 40 fulltime employees to the Fredericton team. Impact on New Brunswick GDP: \$5.5 million annually.

McKesson Canada entered into a new partnership with the Government of New Brunswick to increase patient safety with the introduction of a new pharmaceutical supply chain model. The partnership will result in the creation of up to 53 new full-time jobs at its Moncton facility over the next three years. The initiative is expected to save New Brunswick's health-care system \$3 million annually, which is being invested in medication dispensing cabinets. Impact on New Brunswick GDP: \$3.2 million annually.

Oxford Frozen Foods Ltd. is the world's largest grower and processor of wild blueberries with manufacturing facilities in the Maritimes and the United States. The company will strengthen its long-time relationship with the Acadian Peninsula with the construction of a new processing facility in Saint-Isidore, the development of wild blueberry fields and the creation of up to 300 jobs over the next 10 years in the region. Oxford Frozen Foods Limited's arrival marks the largest-ever private sector investment on the Acadian Peninsula. Impact on New Brunswick GDP: \$8.6 million annually.

Surecall has provided business processing outsourcing and remote customer contact solutions for more than 30 years. The company has committed to creating up to 20 jobs. Impact on New Brunswick GDP: \$968,000 annually.

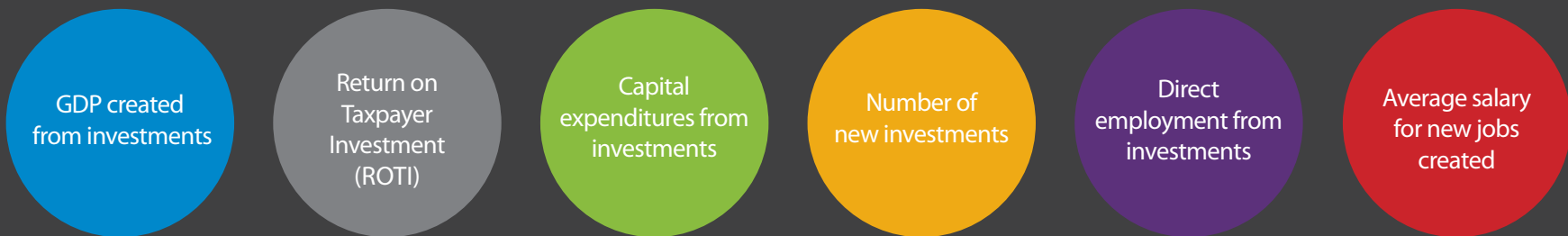
TD Home and Auto Insurance is expanding its operations to provide continued service excellence to its customers at its Saint John Client Service and Claims Response Centre. The company has committed to creating up to 275 jobs by the end of 2016. Impact on New Brunswick GDP: \$40 million annually.

Trevali Mining Corporation specializes in zinc mining. Its expansion project near Bathurst is expected to create 89 full-time positions in the next 12 months. Impact on New Brunswick GDP: \$54 million annually.

Valcom Consulting Group Inc. is an Ottawa-based firm providing consulting, project management and professional services to assist government and industry. The company will add seven fulltime positions to its Oromocto office to expand the services they offer. Impact on New Brunswick GDP: \$895,000 annually.

MEASUREMENTS

Invest NB measures the success of its efforts using the following key performance indicators:



Invest NB is focused on attracting investment that contributes to New Brunswick's GDP and delivers a positive ROTI. The goal of economic development is to increase the tax base in New Brunswick and fund essential public services.

For the purposes of internal performance measures and annual reporting, Invest NB monitors all agreements with its clients on a quarterly basis for status and compliance. All performance measurements used by the corporation are based on actual results from client agreements at the time of reporting.

2011-2014 Cumulative Results

\$450 million
contributed to
New Brunswick's GDP

154% of target
achieved

\$98.6 million
in capital
expenditures

116% of target
achieved

Invest NB has
returned
\$2.14 for every
taxpayer
dollar invested

113% of target
achieved

48 new investments
created

107% of target
achieved

\$37,352 average
salary

91% of average salary
goal achieved

2,399 jobs
created

79% of target
achieved

PERFORMANCE

Invest NB Corporate Scorecard of Key Performance Indicators

Invest NB measures its results using a corporate scorecard of key performance indicators that assesses the economic impact of the corporation on the New Brunswick economy. It also uses a variety of internal measures to assess its productivity and attention to customer service.

2013-2014

Performance Indicator	Target	Results
Contribution to GDP ¹	\$138 million	\$250.3 million
ROTI	\$2.40	\$2.36
Capital Expenditures	\$47 million	\$31.6 million
Number of New Investments	20	23
Direct Employment	1,400	1,013
Average Salary ²	\$43,000	\$38,968

Cumulative Result on Three Year Plan 2011-2014

Three Year Target	Three Year Results	% of Target Achieved
\$293 million	\$450 million	154%
\$1.90	\$2.14	113%
\$85 million	\$98.6 million	116%
45	48	107%
3,050	2,399	79%
\$41,000 ³	\$37,352	91%

¹ Invest NB estimates each investment project's GDP contribution based on employment income using Statistics Canada's Provincial Input-Output Tables.

² Average individual income for New Brunswick per Statistics Canada 2010 was \$26,610.

³ Target restated due to recalculation of targeted weighted average salaries.

The Invest NB Board of Directors

The Invest NB Board of Directors is comprised of senior executives selected on the basis of their essential competencies and their experiences developing international markets. Other factors include gender, linguistic and regional representation and location in and out of province.

The board administers the business and affairs of Invest NB, with all decisions and actions based on sound business practices, as outlined in the Invest New Brunswick Act. The Invest NB corporation reports to the Legislature via the Minister of Economic Development. The board consists of the President and CEO, the Deputy Minister of Economic Development and not fewer than eight and no more than 10 other members. In 2013-2014, the Board and its committees met 18 times.

Denis Losier, Chairman

President and CEO (Retired)
Assumption Life
Moncton, NB
Committees: Executive (Chair), Lead Generation

Helena Cain, Vice Chair

Vice-President, Customer Care
Bell Aliant
Saint John, NB
Committees: Executive

Robert MacLeod

President and CEO
Invest NB
Fredericton, NB
Committees: Executive

James Baumgartner

President and CEO (Retired)
Moneris Solutions Corporation
Toronto, ON
Committees: Audit

Dr. Eddy Campbell

President and Vice-Chancellor
University of New Brunswick
Fredericton, NB

Michael J. Campbell

Vice-President and General Counsel
McCain Foods Limited
Florenceville, NB
Committees: Executive

Denis Caron

Deputy Minister
Department of Economic Development
Fredericton, NB
Committees: Executive

René Collette

Director
Financial Business Centre
Caisses Populaires Acadiennes
Moncton, NB
Committees : Audit (Chair), Executive, Lead Generation

Lily Durepos

President
Alliance Insurance
Grand Falls, NB
Committees: Executive

Martin LeBlanc

President and CEO
Caprion Proteome Inc.
Montreal, QC

Denis Mallet

Assistant General Manager
Sun Gro Horticulture Canada
Inkerman, NB
Committees: Audit

Jeffrey Mitchell

Head of Research
Global Asset Allocation
Fidelity Investments
Boston, MA

Our Partner Network

Provincial Partners

Coastal Zones Research Institute
Collège communautaire du Nouveau-Brunswick
Conseil économique du Nouveau-Brunswick
New Brunswick Business Council
New Brunswick's industry and sector councils for aerospace and defence, bioscience and information and communications technology
New Brunswick Community College
New Brunswick Innovation Foundation
Private sector employers in New Brunswick
Université de Moncton
University of New Brunswick

Federal Partners

Atlantic Canada Opportunities Agency
Canadian Consulates
Foreign Affairs, Trade and Development Canada
Industry Canada

Provincial Government Partners

Department of Agriculture, Aquaculture and Fisheries
Department of Energy and Mines
Department of Environment and Local Government
Department of Finance
Department of Natural Resources
Department of Post-Secondary Education, Training and Labour
Executive Council Office
Department of Economic Development
Department of Tourism, Heritage and Culture



Atlantic Canada
Opportunities
Agency

Agence de
promotion économique
du Canada atlantique





AUDITOR GENERAL OF NEW BRUNSWICK

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Invest New Brunswick

I have audited the accompanying financial statements of Invest New Brunswick, which comprise the statement of financial position as at March 31, 2014, and the statement of operations, statement of changes in net debt and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Invest New Brunswick as at March 31, 2014, and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Kim MacPherson, CA
Auditor General

Fredericton, N.B.
June 11, 2014

6th Floor, HSBC Place
P.O. Box 758
Fredericton, NB E3B 3B4

Financial Statements

Statement of Financial Position

As at March 31

Financial Assets	2014	2013
Due from Province of New Brunswick	\$ 8,200,827	\$ 5,843,922
Other Receivable	13,708	-
Loans Receivable (Note 5)	7,881,644	10,242,243
Total Financial Assets	16,096,179	16,086,165
Liabilities		
Accounts Payable and Accrued Liabilities (Note 8)	603,711	839,124
Loans Payable to Province of New Brunswick (Note 2)	15,493,752	15,250,000
Total Liabilities	16,097,463	16,089,124
Net Debt	(1,284)	(2,959)
Non-Financial Assets		
Prepaid Expenses	1,284	2,959
Accumulated Surplus	\$ -	\$ -

Contingent Liabilities (Note 7)

Commitments (Note 10)

The accompanying notes are an integral part of these Financial Statements.



Denis Losier
Chair - Board of Directors



Robert N. MacLeod
President and Chief Executive Officer

Statement of Operations

For the year ended March 31

Revenue	Budget 2014	2014	2013
Province of New Brunswick	\$ 13,994,245	\$ 8,845,059	\$ 9,070,735
Other Revenues	-	33,234	-
Loan Interest (Note 4)	644,000	658,997	620,198
Total Revenue	14,638,245	9,537,290	9,690,933
Expense			
Administration (Note 9)	4,413,245	4,144,890	3,432,500
Strategic Assistance	9,725,000	2,847,400	1,258,433
Provision for Doubtful Loans (Note 5)	500,000	2,545,000	5,000,000
Total Expense	14,638,245	9,537,290	9,690,933
Annual Surplus	-	-	-
Accumulated Surplus, Beginning of Year	-	-	-
Accumulated Surplus, End of Year	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these Financial Statements.

Statement of Change in Net Debt

For the year ended March 31

	2014	2013
Net Debt, Beginning of Year	\$ (2,959)	\$ (2,369)
Net Change in prepaid expenses	1,675	(590)
Net Debt, End of Year	\$ (1,284)	\$ (2,959)

The accompanying notes are an integral part of these Financial Statements.

Statement of Cash Flows

For the year ended March 31

Cash Equivalents * generated by (used by)	2014	2013
Operating Activities		
Non-cash items:		
Provision for doubtful loans (Note 5)	\$ 2,545,000	\$ 5,000,000
Concessionary interest on new loans	69,193	11,895
Amortization of concessionary interest	(9,842)	(357,659)
Changes in Non-Cash Working Capital Balances:		
Other receivable	(13,708)	-
Prepaid expenses	1,675	(590)
Accounts Payable and Accrued Liabilities (Note 8)	(235,413)	277,055
	2,356,905	4,930,701
Investing Activities		
New Loans Advanced	(1,000,000)	(250,000)
Repayment of Loans Receivable	756,248	-
	(243,752)	(250,000)
Financing Activities		
Proceeds of new loans	1,000,000	250,000
Repayment of Loans Payable to Province of New Brunswick	(756,248)	-
	243,752	250,000
Net increase in Cash Equivalents	2,356,905	4,930,701
Net Cash Equivalents at beginning of year	5,843,922	913,221
Net Cash Equivalents at end of year	\$ 8,200,827	\$ 5,843,922

* Cash Equivalents is represented by Due from Province of New Brunswick
The accompanying notes are an integral part of these Financial Statements.

Notes to the Financial Statements

March 31, 2014

1. Invest New Brunswick - Nature of Operations

Invest New Brunswick's ("Invest NB") mandate is to:

- a. aggressively promote New Brunswick as an attractive location for investment;
- b. identify and pursue opportunities for strategic and commercially viable investment in New Brunswick;
- c. negotiate and provide financial assistance when required and as appropriate to secure such investments; and
- d. prudently manage its portfolio of investments.

The *Invest New Brunswick Act* was proclaimed and came into force June 16, 2011.

2. Summary of Significant Accounting Policies

General

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

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 (Cash equivalents)

Cash equivalents consist of amounts due from the Province of New Brunswick ("the Province"). Invest NB does not have a separate bank account; Invest NB expenses and revenues flow through the Province's bank accounts.

Tangible capital assets

Invest NB has adopted the policy of expensing capital assets acquired with an individual value of \$25,000 or less. Accordingly, there are no tangible capital assets to record or amortize.

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.

Pension expenses

Employees of Invest NB are entitled to receive pension benefits under the New Brunswick Public Service Superannuation Plan. Effective January 1, 2014 the Province converted this plan to the Public Service Shared Risk Plan. This converted plan requires all employer classified full-time employees to participate in this new plan. The plan continues to be a defined benefit multi-employer plan under which contributions are made by both the employee and employer. Invest NB is not responsible for any unfunded liability nor does it have access to any surplus with respect to its employee pensions. Invest NB's costs and liability related to employee pensions are not included as part of its budget but are recorded by the Province in its financial statements. Refer to Invest NB 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 of New Brunswick. The Province made changes to its retirement allowance program during the year where management and non-union employees of Invest NB 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. Invest NB's costs and liability associated with the plan and its recent changes are not included as part of its budget but are recorded by the Province in its financial statements.

Invest NB expenses paid by other parties

Certain employer costs such as Pension contributions (\$193,350) and Canada Pension Plan (\$64,202) are paid and expensed by the Province on behalf of Invest NB. 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 Invest NB, these benefit plan balances will remain obligations/assets of the Province and will not be assumed by Invest NB.

Financial instruments

Financial instruments consist of Due from Province of New Brunswick, Other Receivable, Loans Receivable, Accounts Payable and Accrued Liabilities, and Loans Payable to Province of New Brunswick.

Financial instruments are initially recognized at fair value, plus any directly attributable transaction costs, when Invest NB 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 derecognised when the contractual rights to the cash flows from the financial asset have expired or have been transferred, and Invest NB has transferred substantially all risks and rewards of ownership, or are derecognized when the contractual obligation has been discharged, cancelled, or has expired.

Notes to the Financial Statements

March 31, 2014

Invest NB classifies its financial instruments in the following groups:

a. Due from Province of New Brunswick

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

b. Loans receivable

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.

c. Account Payable and Accrued Liabilities, and Loans Payable to Province of New Brunswick

Accounts Payable and Accrued Liabilities, and Loans Payable 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.

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, 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

Invest NB does not record Harmonized Sales Tax (HST) in its financial statements because all HST paid is reimbursed to the Province.

Government Transfers

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

Government transfers are recognized in Invest NB's financial statements as expenses in the period the events underlying the transfer occurred, as long as the transfer is authorized and eligibility criteria have been met. Government transfers are comprised of strategic assistance.

Forgivable Loans

Loan agreements which include forgiveness provisions are charged to strategic 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.

Concessionary Loans

Loans that are concessionary because they earn a rate of return lower than the Province's borrowing rate are originally recorded as assets at the net present value of the expected future cash flows. The net present value is calculated at each year end using the Province's borrowing rate at the time the loan was issued.

Concessionary loan interest

The foregone interest on the concessionary loans issued by Invest NB 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

Invest NB issues loans that are payable to the Province upon repayment by clients. The Loans Payable to Province of New Brunswick are calculated at face value, less repayments received each year.

3. Related Entity Transactions

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

Certain services are provided by departments in the normal course of operations and are recorded in these financial statements. During the fiscal year, Invest NB received \$260,000 in services from provincial departments and agencies

Invest NB is economically dependent on the Province. During the fiscal year, Invest NB received funding of \$8.8 million from the Province. Invest NB uses an office for which rent is paid by the Province. The Province contributes certain other services, such as accounts payable and payroll services.

4. Loan Interest

	2014	2013
Amortization of concessionary loan interest	\$ 9,842	\$ 357,658
Loan Interest	649,155	262,540
	\$ 658,997	\$ 620,198

Notes to the Financial Statements

March 31, 2014

5. Loans Receivable

	2014	2013
Opening Balance	\$ 10,242,243	\$ 14,646,480
Plus: Loans advanced	1,000,000	250,000
Less: Repayments received	756,248	-
Less: Interest free portion of concessionary loan	69,193	11,895
Plus: Amortized interest free portion into revenue	9,842	357,658
	10,426,644	15,242,243
Less: Provision for doubtful loans (Current year expense)	2,545,000	5,000,000
Loans Receivable	\$ 7,881,644	\$ 10,242,243
Loans Receivable consists of:		
Loans Receivable (gross)	\$ 15,493,752	\$ 15,250,000
Less: Unamortized concessionary interest	67,108	7,757
Less: Valuation allowance*	7,545,000	5,000,000
Loans Receivable (net)	\$ 7,881,644	\$ 10,242,243

* cumulative provision for doubtful loans

6. Risk Management

An analysis of significant risk from Invest NB'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. Invest NB manages this exposure through credit approval procedures for loan applicants and the monitoring of payments from debtors. Invest NB's maximum exposure to credit risk at March 31, 2014 is equal to the loans receivable balance of \$7,881,644. Credit risk is not disbursed as there are only four debtors included in the loans receivable balance.

b. Liquidity risk: Liquidity risk is the risk of not being able to settle or meet an obligation on time or at a reasonable price. Invest NB repays the Province when debtors make loan repayments, therefore if a debtor fails to meet their obligations, Invest NB may be unable to repay the Province. Invest NB manages this risk by monitoring the loan repayments from debtors.

c. **Interest rate risk:** Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Invest NB'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 Invest NB.

7. Contingent Liabilities

Invest NB 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 loss in the financial statements.

8. Accounts Payable and Accrued Liabilities

	2014	2013
Regular accounts payable	\$ 134,743	\$ 164,158
Salary and benefits	16,298	1,500
Vacation liability	62,559	61,983
Strategic assistance	390,111	611,483
	\$ 603,711	\$ 839,124

9. Expenses by Object

	2014	2013
Personal services	\$ 2,387,794	\$ 2,207,700
Other services	1,645,797	1,118,219
Materials and supplies	37,096	21,209
Property and equipment	62,841	64,219
Grants and contributions	11,281	20,910
Other charges	81	243
Administration	4,144,890	3,432,500
Provision for doubtful loans	2,545,000	5,000,000
Strategic assistance	2,847,400	1,258,433
	\$ 9,537,290	\$ 9,690,933

Notes to the Financial Statements

March 31, 2014

10. Commitments

The following amounts have been committed subsequent to March 31, 2014 for Strategic Assistance agreements.

Year ending March 31	Commitment
2015	\$ 6,629,903
2016	5,730,339
2017	6,206,336
2018	4,458,263
2019	808,125
2020	37,500

The following amounts have been committed subsequent to March 31, 2014 for Loan Assistance.

Year ending March 31	Commitment
2015	\$ 3,750,000
2016	12,975,000
2017	20,775,000

Such commitments are subject to funds being approved by the Legislative Assembly of New Brunswick.