

ANNUAL REPORT



2016-17

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Camille Bourque, Manager, Talent
Recruitment



Michel Landry, Director, Credit & Valuations



Opportunities NB (ONB) is New Brunswick's lead business development corporation working with companies inside and outside the province to drive economic growth and job creation in the province.

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

Consistently exceeding targets, ONB is delivering on its mandate by:

- Attracting new business and investment by leveraging New Brunswick's many advantages including geography, natural resources, cost effectiveness, skilled workforce, infrastructure, and changing the way companies think about their own operations. We make saying "yes" to New Brunswick easy.
- Supporting the retention and growth of domestic businesses by helping them diversify their markets and build their capacity to become world-class exporters.
- Fostering a spirit of entrepreneurship within the start up community.

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

Top to bottom: Erica Ward, Employee Engagement Specialist; Paul Fudge, CFO & VP of Deal Structuring; Robert Guerette, Business Development Executive, Business Growth.



MINISTER'S MESSAGE

Job creation remains a top priority for our government. The New Brunswick Economic Growth Plan is the framework for driving the province's economy forward, and Opportunities NB plays a critical role in ensuring that our plan is successful.

In its second year, ONB once again surpassed its job creation and economic development targets. Results like this are possible because of the hard work and dedication of a talented, creative and agile team with a clear vision. This business-focused organization has worked to identify new opportunities for sustained economic growth – attracting exciting companies to the province while supporting our traditional industries and made-in New Brunswick success stories.

ONB's impact is felt in every corner of the province, from our growing technology hubs to the farmers' fields and manufacturing factories. I am proud of ONB's results, and I am confident that ONB will continue to build on the great foundation it has established.

A handwritten signature in blue ink that reads "Francine Landry".

Hon. Francine Landry
Minister of Economic Development
Minister Responsible for Opportunities NB



BOARD OF DIRECTORS

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



Roxanne Fairweather
(Chair) Innovatia



Stephen Lund
(CEO) Opportunities NB



Lynn Albert
LA Trading



Jim Baumgartner
Retired



Michael J. Campbell
McCain Foods



Lily Durepos
Alliance Assurance



Dennis Flood
ScotiaMcLeod



Gloria Jollymore
Mount Allison University



Jacques Pinet
NB Jobs Board



Raymond Th  berge
Universit   de Moncton

BOARD CHAIR MESSAGE



Opportunities NB experienced another successful year, significantly exceeding its targets in a challenging and uncertain global economic climate.

The board of directors is equally encouraged by the positive feedback from clients, partners and stakeholders.

External recognition in fiscal 2016-2017 further demonstrates that ONB is outpacing its peers in other jurisdictions for its culture, creativity and success:

- ONB was named one of Atlantic Canada's Top Employers (2017)
- ONB's NB Tech Jobs campaign won a Canadian Digital Campaign of the Year Award from the Canadian Public Relations Society
- Site Selection Magazine ranked ONB number two in the 2016 Canadian Competitiveness Rankings, in a field of competitors who are starting with bigger institute players and a much larger percentage budget.

ONB is a driven, professional organization that produces measureable, transparent results. Its targets are set based on historical data, results from competing jurisdictions and the current economic climate. Thanks to the great work of executive management and the entire team, ONB continues to build a strong foundation for future economic prosperity in New Brunswick.

Speaking for the entire board of directors, a group of accomplished business professionals from a wide variety of sectors across New Brunswick and North America, I can assure you that we take great pride in being associated with ONB, and have great confidence in its leadership. We thank our stakeholders for their continued support.

Roxanne Fairweather
Board Chair

EXECUTIVE MANAGEMENT TEAM



Stephen Lund, CEO



Paul Fudge
Chief Financial Officer &
Vice President, Deal Structuring



Traci Simmons
Vice President, Strategy &
Stakeholder Relations & Acting
Vice President, Business Growth



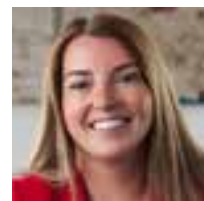
Heather Libbey
Vice President &
Chief Culture & Brand Officer



Nora Lacey
Vice President, Government
Relations



JP Robicheau
Vice President, Investment
Attraction



Carolyn McCormack
Director, Corporate
Communications

CEO MESSAGE

Opportunities NB exists to bring New Brunswick to the world and the world to New Brunswick and I am pleased to report that we have had another successful year of attracting new business to the province and helping our homegrown businesses connect to new export markets.

We supported emerging entrepreneurs and were a resource to New Brunswick companies that required guidance and expertise as they navigated their own opportunities and challenges over the last year.

As you will see in this report, ONB's efforts resulted in 3,357 new job commitments from companies in 2016/2017, well above our target of 1,900 and 13 per cent more than the 2,965 new job commitments in our first year of operation. Once again, ONB's results have far exceeded any economic development organization in New Brunswick in recent memory.

These are impressive numbers, but it is important to recognize that the impact of these results goes far beyond these jobs.

By providing new job opportunities in a variety of sectors across New Brunswick, we are supporting families and the communities they call home. We are creating opportunities for recent graduates and new immigrants. We are helping businesses flourish both directly and indirectly. Simply put, we are improving the lives of New Brunswickers and building a foundation for future generations.

We are doing this with a fresh approach. ONB brings a long-term strategic approach and a private sector mentality of moving quickly and nimbly to

respond to the unique needs of each of our clients. We seek to find and create winning opportunities for New Brunswick.

When new challenges present themselves, we respond and more importantly, we act. In the last year, we launched an Entrepreneurship Strategy aimed at building upon the creativity and skills of New Brunswickers. We created a Talent Recruitment Executive Team – a team that works directly with federal and provincial education and industry partners

to create, develop, and sustain a skilled workforce in all sectors and industries.

We also launched CyberNB, with a dedicated team and growth plan aimed at creating high-value jobs and having a positive impact on New Brunswick's GDP over the next five years. Cybersecurity is a critical issue around the world, and New Brunswick has assumed a leadership position in this sector.

We will continue to adapt and respond as needed to ensure New Brunswick is well positioned for further economic growth.

Our focus has been and will continue to be on creating value. Value for our clients. Value for our province. Value for New Brunswickers.

Thank you,

Stephen Lund
CEO, Opportunities NB

**OPPORTUNITIES NB
EXISTS TO BRING
NEW BRUNSWICK
TO THE WORLD AND
THE WORLD TO
NEW BRUNSWICK.**

OUR IMPACT IN FISCAL 2016-2017

While collaborating on projects, signing deals, and providing access to capital are vital components of the work we do at ONB, at the end of the day our primary focus is ensuring we are creating real opportunities for the people who live and work in our province.

BRINGING NEW MONEY AND NEW JOBS TO NEW BRUNSWICK

Line Of Business	Projects	Up To # Jobs To Be Created Over The Next 5 Years
Investment Attraction: Companies expanding into New Brunswick	23	1,881
Business Growth: Local New Brunswick companies	286	1,476
TOTAL	309	3,357

We know that companies who choose New Brunswick as a place to do business are in it for the long haul. The majority of investors to the province remain and continue to invest in New Brunswick well beyond the terms of their original plans.

We work with clients to help support them in achieving their job commitment numbers. Through our Talent Recruitment Executive Team (TREs), we actively support and monitor our clients' growth.

Actual Jobs Created in F2016-17 **1,942**

Actual Jobs Created represents the total number of people employed as a result of ONB's support.

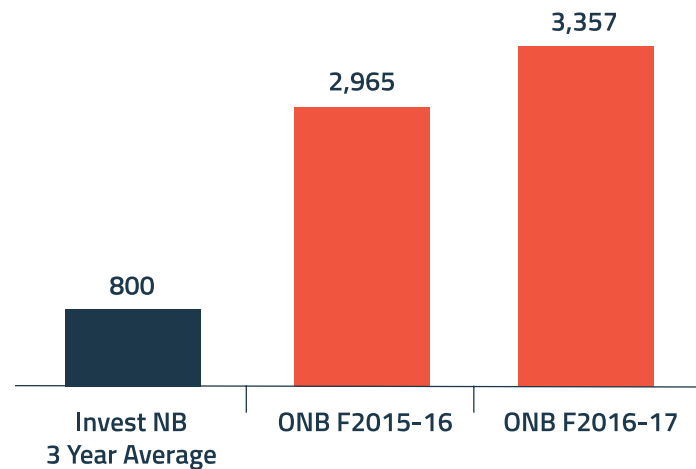
DID YOU KNOW for every 100 new jobs created in the private sector:

- 55 jobs will be created by the expansion of existing local businesses
- 44 jobs will be created by new start-up companies
- 1 new job will be created by a "greenfield" corporate relocation.

Source: EDAC - Performance Measurement in Economic Development, 2011

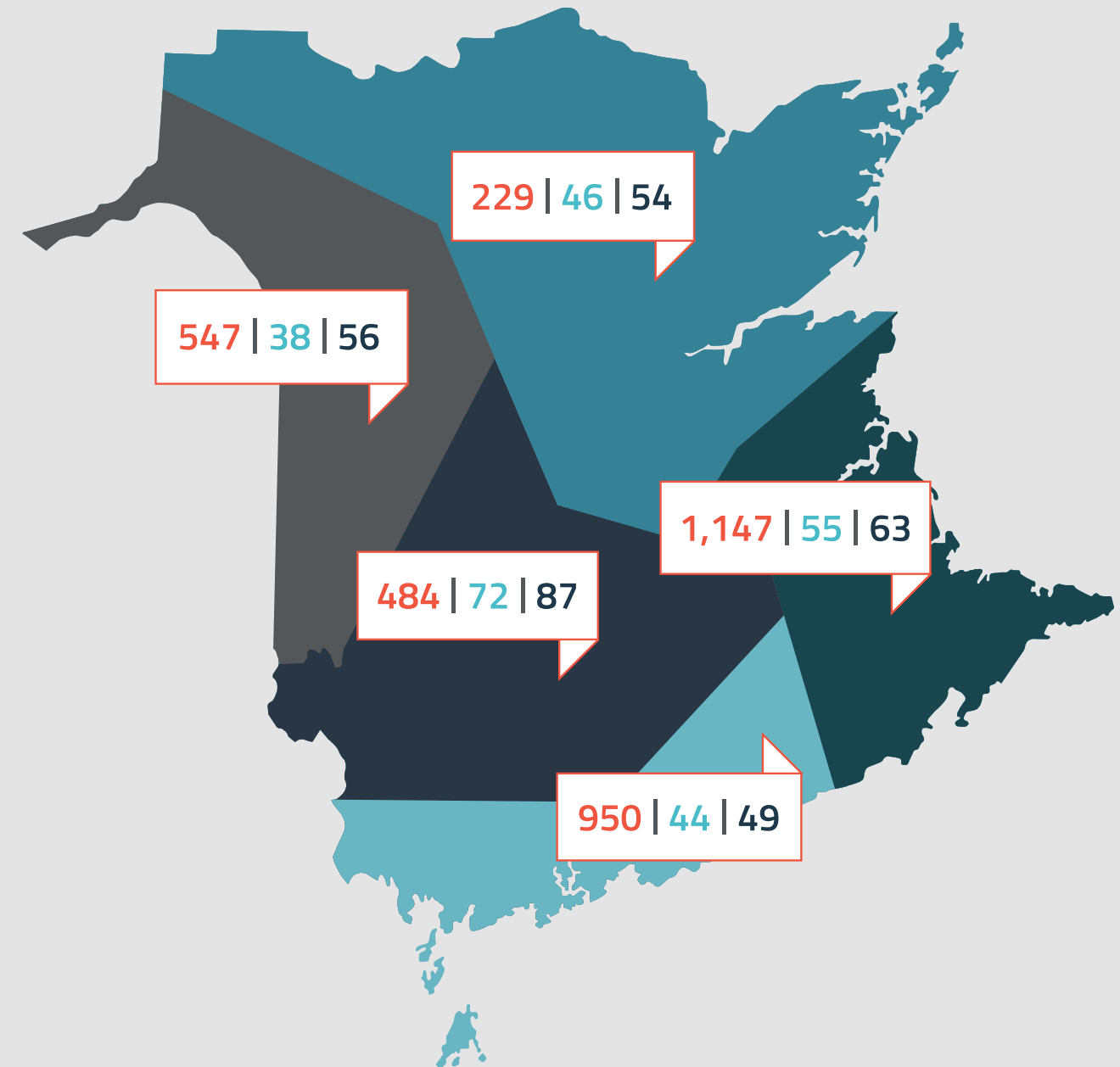
JOBS TO BE CREATED OVER 5 YEARS

Since our inception on April 1, 2015, ONB projects supported 6,322 job commitments that are expected to be filled over the next five years.



The ONB strategic model of investment attraction works. By focusing on attracting companies that are leaders in their sector, we are signalling to the world that New Brunswick is a destination for corporate expansion. This in turn creates a global reputation of having a sector cluster or centre of expertise.

OUR ENTIRE PROVINCE IS SHARING IN THE SUCCESS



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

TOTALS
3,357 | 255 | 309

INVESTING IN NEW BRUNSWICK BUSINESSES

With regional teams located in communities across the province, and a provincial mandate to support economic and business development projects, ONB is making a very real impact in growing local economies. We provide support for job creation as well as productivity and market development which in turn results in additional jobs created.

In fiscal 2016-2017, ONB worked with 847 unique New Brunswick based companies on growth opportunities. That means the majority of New Brunswick businesses with export potential benefitted from ONB led investments, consulting, training, and/or referrals.

Investing in Productivity and Innovation: ONB works with companies to accelerate their growth through strategic investments in productivity and innovation projects. In fiscal 2016-2017, ONB invested \$975,430 in 38 productivity and innovation projects across the province.

Growing Exports: ONB also helps New Brunswick companies with new market and export development initiatives so they can sell more products and/or services on the world stage. Improving our province's export performance is critical to bringing new money into the New Brunswick economy. We also recognize that entering a new market can be risky. By partnering with companies, ONB is helping to reduce the risk and better equip companies for long-term success. In fiscal 2016-2017, ONB invested over \$2.49 million into market development support to 144 New Brunswick companies.

The knowledgeable and experienced experts on ONB's Export Development Team worked with 349 unique companies and organized, partnered and supported 94 export development activities including trade missions and workshops. Projected sales outcomes from participation in ONB supported activities was \$277.4 million. This number is calculated based on participating companies' disclosure of information on their immediate- and short-term anticipated sales.

DID YOU KNOW that with a return on investment of 41%, for every dollar ONB invested, the province receives \$1.41 back in provincial income taxes.

GENERATING WEALTH FOR THE PROVINCE

The 2015 Real GDP in New Brunswick was \$28.9 billion. Anticipated GDP from jobs to be created with ONB support over the next 5 years is over \$301 million.

(Source: Statistics Canada, CANSIM Tables 206-0053 and 384-0038).

DID YOU KNOW that the average salary in New Brunswick is currently \$36,900. The average salary of new ONB supported jobs over the next 5 years is projected to be \$42,955.

TRANSPARENCY AND ACCOUNTABILITY

As the lead economic development agency for New Brunswick, ONB takes its obligation to be transparent and accountable to New Brunswickers seriously. ONB is continuing its work to fulfil the Office of the Auditor General of New Brunswick's recommendations to ensure meaningful and effective policies and procedures are in place to protect public funds. ONB is also committed to improving access and proactive disclosure of how it manages and invests public funds.



Lizotte Machine Vision, Rivière-Verte

OUR CULTURE

ONB hires for fit and believes that the character of its team and quality of relationships they develop with clients and key stakeholders is the foundation for its success. ONB is a dynamic organization of business professionals who are passionate about growing New Brunswick's economy, are committed to giving back to the community, and know how to have fun.



Inem Nsimah, originally from Nigeria, was working in Kenya when she decided to pursue her Master Degree in Business Administration in Canada. She chose New Brunswick for its affordable cost of living and because the University of New Brunswick Saint John offered a one-year MBA program.

"It was quite easy to fit in at ONB - the systems and processes are very similar to what I had experienced at the multinational corporation I worked with. ONB's culture was a plus! In just one week as an intern, I could see ONB living its core values. My personal initiative to improve on a process was encouraged and supported. It felt empowering to see some recommendations from my project being implemented. It goes to show that ONB is in constant pursuit of excellence."

— Inem Nsimah, Strategic Planning Specialist, ONB

Upon completing her internship and MBA, Inem accepted a position with ONB.



STUDENTS BRING NEW IDEAS, FRESH PERSPECTIVES, AND EXCITING ENERGY TO ONB

As New Brunswick's lead business development corporation, ONB's goal is to create jobs and grow the economy. That includes retaining top talent in the province. We want to show New Brunswick's young professionals that there are great career opportunities right here at home and to help prepare the next generation of this province's leaders.

Last fiscal, ONB welcomed nine summer, co-op and MBA students, who participated in a distinct and tailored curriculum led by our Employee Engagement Specialist, Erica Ward. The ONB experience allows students to build on their education, experience a professional workplace, and prepare for their future careers while providing hands-on management experience for ONB employees.

At ONB, we hire for fit — not what you have done but what you have the potential to do.

- On March 31, 2017, ONB employed 108 permanent employees with 17 additional resources providing casual, contract, or seconded support.
- 54% of our team work in our Regional and Satellite Offices located across the province.
- ONB welcomed all new employees into our organization with our unique and personal onboarding approach.

ONB BUILDS FUTURE LEADERS

ONB not only wants to help empower New Brunswick entrepreneurs, we believe we have an accountability to empower our employees.

After an open call in September 2016, eight employees were selected to participate in our inaugural Emerging Leaders program — a rigorous eight-month curriculum that helps individuals build their leadership skills and learn to better plan, prioritize, set and achieve goals for both their personal and professional lives.

This program is not only an investment in our employees but also an investment in ONB's future — by building the next generation of managers and leaders.

Camille Bourque, Manager, Talent Recruitment, said the program helped her learn to better communicate and made her a more strategic leader.

"The Certificate provides us with a framework for evaluating the financial risk of a business as part of a business's overall credit risk assessment, thereby improving the consistency and quality of our assessments. Having the opportunity to complete the Certificate with my peers was a lot of fun and provided for a friendly level of competition. Most importantly, we have taken what we learned through the Certificate in Commercial Credit and applied it directly to ONB."

— Michael Melanson, Business Development Executive, ONB



"This has been a challenging professional experience for me; you have to rethink the way you work, the way you plan and the way you communicate everything. Overall, I am a believer that you are only as good as the people around you and going through this leadership training with this team has been an incredibly enriching experience, both professionally and personally."

— Camille Bourque, Manager, Talent Recruitment, ONB

CONTINUOUS IMPROVEMENT IS CRITICAL TO SUCCESS AT ONB

As an organization, we strive to continuously improve how we work by tweaking everything from organizational structure to policies and procedures. We also invite our employees to seek ways to improve on their own strengths and abilities. Challenging and supporting employees to reach their potential through formal and informal development is at the core of ONB.

In December 2016, a group of 15 Business Development Executives within our Finance Line of Business completed their Certificate in Commercial Credit (CICC) from Moody's Analytics. This certificate leverages Moody's deep expertise in risk management to certify the achievement of the highest standards of competence in credit analysis and loan decision making.

CELEBRATING OUR CLIENTS' SUCCESS

ONB IS AGILE

JMN ENTERPRISES

ONB works at the speed of business. JMN Enterprises Inc. is a family-owned company in Saint-François-de-Madawaska that produces a wide variety of value-added wood products. The company was founded in 1998 and has grown exponentially with the help of ONB:

- July 2015** ● Travels to the Association of Woodworking & Furnishings Suppliers Fair in Las Vegas to explore new markets and technologies.
- September 2015** ● A consultant assists with developing growth and marketing plans. Within weeks, JMN secures new contracts.
- May 2016** ● Purchases more equipment to meet growing demand from the U.S.
- June 2016** ● Attends trade shows where they presented their products to 20 potential clients. Additional equipment is required to keep pace with demand.
- March 2017** ● Attends the International Home & Housewares Show in Chicago and lands another major contract.
- May 2017** ● Explores export opportunities in Europe and attends trade shows in Germany to assess new equipment to help them continue to grow.



"We have taken an enormous step forward in the last couple of years. Our dedicated employees are very important to our success. We are also surrounded by incredible people who care about the success of our company, including ONB, ACOA and Economic Development Minister Francine Landry, who have believed in our potential since the beginning." – Jean-Francois Landry, Vice President, JMN Enterprises

Since ONB began working with JMN Enterprises in 2015, the company has:

- Grown from eight employees to 27.
- Increased year-over-year sales by 262 per cent.
- Won Business of the Year in northwest New Brunswick in October 2016.

"The entire New Brunswick community—business and personal—has really embraced our business. From customers to other business owners to government, there is a real desire from others to see people succeed here."

– Dawn Marie Pottier, Founder & CEO, Lulujo

ONB HELPS NB COMPANIES GROW

LULUJO

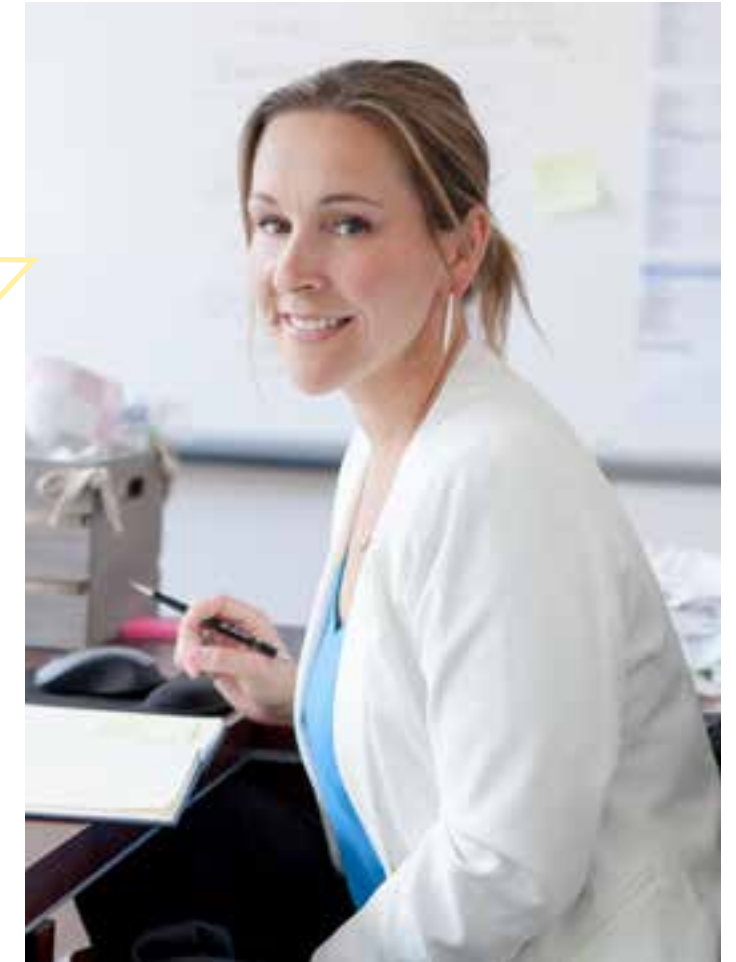
Many great ideas are born out of necessity. Lulujo is no exception.

The company was launched in 2009 by Dawn Marie Pottier. While on maternity leave, Dawn made a ring sling for her child. Realizing she had a great business idea, Dawn soon launched Lulujo; the name is a combination of nicknames she had for her two children.

She transitioned from IT project manager to entrepreneur and by 2012, Lulujo products could be found in hundreds of retail locations across Canada.

With support from ONB, Lulujo began to attend international trade shows. As a result, Lulujo's products are now sold across the U.S. and recently broke into Asian markets via Alibaba.com, one of the world's largest online retailers. Lulujo has secured distribution to over 20 countries and its products are available at major retailers like Toys"R"Us and Indigo Canada locations.

In 2016, Dawn received national recognition when Profit Guide W100 named her one of Canada's Top Female Entrepreneurs. Lulujo's Baby's First Year Blanket and Cards set captured the ABC Kids Expo's New Product Showcase Award for Distinction.



Exporting is part of New Brunswick's economic DNA

In 2016, New Brunswick exports were worth more than \$10 billion. In fact, 42 per cent of Atlantic Canadian exports in 2016 came from New Brunswick.

We recognize the critical role New Brunswick exporters play in the economy, and we are helping more companies in the province to diversify and break into new markets. In 2016-17, ONB's Export Development Team assisted 349 companies and supported missions to 19 countries.

In 2016, ONB led Premier Brian Gallant's mission to China which saw 17 New Brunswick companies and two universities participate. Since their return, these companies have secured agreements to sell their products and services in China and are making plans to return.



ONB HELPS CONNECT WITH THE WORLD

LIZOTTE MACHINE VISION

From Rivière-Verte in northwestern New Brunswick, family-owned Lizotte Machine Vision exports to the world.

Bringing innovation to the traditional food sector in New Brunswick, the company's leading edge technology provides personalized sorting, grading, and quality control equipment for the food processing industry. The company exports across Canada, the U.S., Chili, Mexico, Japan, Europe, Australia, Tunisia, and India.

The company was founded in 1985 by Marcel Lizotte and today employs 18 full-time employees, including engineers, welders, machinists, laborers, and executives. With assistance from ONB, the company has accelerated its growth, diversified its client base and increased export markets and overall sales. They also created four new high skilled jobs in rural New Brunswick. Its success in 2016-2017 led the company to being named the recipient of the Global Diversification Award at the 2017 Export Awards.

"We've really developed a strong partnership with ONB, and we've received a lot of support from their Business Development Executives in terms of helping us find niche markets and ways to better invest in marketing by pinpointing the most vital trade shows and missions to attend."

— Steve Lizotte, Vice President, Lizotte Machine Vision



DID YOU KNOW with our Talent Recruitment Executive Team, ONB offers unique workforce strategy and talent recruitment support for local businesses and companies looking to establish in New Brunswick. Since the team's inception, our TREs have attended more than 170 job fairs and worked with over 2100 employers and job seekers.

ONB CREATES OPPORTUNITY

CARDINAL PATH

Cardinal Path is an award-winning, international digital analytics consulting company with corporate offices in Vancouver, Toronto, Chicago, New York City and now Saint John.

When an ONB team was set to visit Vancouver in 2016, they researched and sought out potential technology sector clients in the city to help build New Brunswick's growing digital economy cluster. Cardinal Path was on ONB's radar, and the two sides connected, discovering a shared entrepreneurial spirit and common emphasis on client-focused, proactive innovation to drive business results.

Soon, ONB was leading Cardinal Path co-founders John Hossack and Alex Langshur on a tour of New Brunswick, meeting local leaders, assessing city infrastructure, cost-effectiveness, staffing resources, proximity of air and road transportation, and access to amenities and housing. ONB's Talent Recruitment Team arranged meetings with New Brunswick's post-secondary institutions so the company could truly understand New Brunswick's value proposition.

"ONB was fantastic. They made it super easy for us by addressing all the key points that we care about when making a decision to establish an office; recruitment assistance, locating office space, making key introductions across the local business and education ecosystem, and government engagement. They clearly demonstrated the region's ability to offer top-tier talent for our near-shore marketing analytics hub."

— Alex Langshur, co-founder of Cardinal Path

Only a few months later, Cardinal Path — which counts Google, Mattel and LG among its clients — signed an agreement to come to New Brunswick. They have since announced a five-year plan to create up to 100 new full-time jobs in Saint John.

"I like that Cardinal Path offers continuous improvement and the chance to learn something new every day. This is a company I can stick with and grow within." — Nicole Merrithew, Digital Project Co-ordinator, Cardinal Path



Meet Nicole Merrithew Digital Project Co-ordinator, Cardinal Path

Nicole Merrithew knew she wanted to move home to Saint John after graduating from university. But she didn't think she would be able to find the right job.

"I didn't want to settle for a job that I wasn't going to be happy with. I was prepared to move out-of-province. And then I saw the Cardinal Path job advertisement and knew it was right for me. To know that I worked hard and to come out of university with this job is amazing."

Nicole was among the first six people hired when Cardinal Path opened its Saint John office. She found her dream job right here at home.

ONB BUILDS PARTNERSHIPS

DREAM PAYMENTS

Dream Payments, a financial technology company based in Toronto, was looking for a Canadian home for its offshore development centre. ONB and its partners came to the table with creative solutions to demonstrate the New Brunswick value proposition.

It was critical that Dream Payments' new location be cost competitive, offer access to great talent, and be able to embrace newcomers. By working with Post-Secondary Education, Training and Labour (PETL), the City of Moncton, the Multicultural Association of the Greater Moncton Area (MAGMA), and educational institutions in the Moncton area, ONB showed Dream Payments' leadership that New Brunswick was the ideal choice.

The result is that Dream Payments decided to move its development centre from Russia and Vietnam to Canada. The company's senior developers are immigrating to Canada with their families, and Dream Payments is looking to hire additional New Brunswick talent to fill key roles.

ONB's Talent Recruitment Team and our partners prepared an Employment Settlement plan designed to ensure Dream Payments' employees were embraced and welcomed to their new home.

The Dream Payments story touches New Brunswick in so many positive ways. It puts New Brunswick on the world stage in the financial technology sector, it helps grow our population, and it will ultimately create new skilled jobs for New Brunswickers.

"Without the ONB team, we would not be here in New Brunswick."

— Brent Ho-Young, CEO of Dream Payments



"Bringing Dream Payments to Moncton has really hit the priorities identified in our Action Plan such as job creation, population growth, and downtown revitalization. The partnership with ONB has allowed us to assist the client in a number of areas, from immigration streams to settlement to workforce development and site selection. We are looking forward to ongoing collaboration with ONB to attract more investment to our region moving forward." — Dawn Arnold, Mayor, City of Moncton

Partnering to improve productivity

ONB helps small and medium-sized businesses by supporting upgrades to their facilities and equipment so they can be more productive and efficient, which allows them to better compete globally.

With that in mind, ONB is working with the Business Development Bank of Canada (BDC) to enhance opportunities to increase financing and advisory support for New Brunswick companies. An agreement signed by the BDC and Government of New Brunswick aims to assist small and medium-sized businesses with their understanding of future trade agreements and prepare companies to take advantage of them.

This agreement, administered by ONB on behalf of the government, will support sectors identified in the Atlantic Growth Strategy and will focus resources on competitiveness including initiatives aimed at improving business productivity, export performance and succession planning.

ONB'S PERSISTENCE PAYS OFF

WESTJET

ONB saw a chance to bring a leading national airline and global brand to New Brunswick and worked diligently over a number of years to show WestJet exactly what the province's value proposition is — low cost of business, the right infrastructure, and most importantly a highly skilled, bilingual workforce.

That persistence paid off when ONB and WestJet announced in April 2016 that the airline would create 400 new home-based jobs over four years in the Moncton area. These jobs draw on our province's reputation for customer service excellence.

With companies like WestJet offering home-based work options, New Brunswickers can find rewarding work whether they live in urban or rural regions.

"We couldn't have asked for a better partner. ONB has been fantastic to work with. In the early days, it was ONB reaching out to us asking 'is there something we can do?' and whether we saw a reason to do business together in New Brunswick. Our thinking evolved over time, with some coaxing from ONB, and what we found was a great partner who helped us think through the advantages of locating a sizeable piece of our business in New Brunswick."

— Gregg Saretsky, President & CEO, WestJet



GLOBAL LEADERS CHOOSE NEW BRUNSWICK

IBM

Anything is possible in New Brunswick. Global technology firm IBM knows this and has successfully expanded its footprint in the province over the years.

The company's Global Technology Services division in New Brunswick is located primarily in Saint John, but expanded into Florenceville-Bristol in 2015 through a long-term agreement with McCain Foods. This division's employment level grew 240 per cent over a 15 month period by early 2017.

IBM's Security Systems division came to Fredericton through the purchase of Q1 Labs in 2011. The Security

Division in New Brunswick has grown from 110 full-time positions to 176 as of December 2016 – a 60 per cent increase in five years.

Companies like IBM are central to New Brunswick's cybersecurity initiative, CyberNB, a division of ONB. In purchasing Q1 Labs, IBM helped cement New Brunswick's cybersecurity industry and continues to be a leader through its recent expansions and support for the IBM Centre for Advanced Studies at the University of New Brunswick (UNB). New Brunswick is now the Canadian epicentre and a world leader in mitigating global cyber risks and threats.

"Globally, IBM considers its location in Fredericton as a key innovation hub for cybersecurity and IT services. We have a rich history of driving security innovation in New Brunswick, through the birth of Q1 Labs in 2011 with the University of New Brunswick, and collaborating with McCain Foods."

– Dino Trevisani, President, IBM Canada

Meet Geoff Clark, Delivery Executive, IBM Client Innovation Center

Woodstock native Geoff Clark expected he would finish his career in Western Canada. After spending 27 years supporting IBM Canada's major New Brunswick clients as a systems engineer and project manager in the company's Saint John office, Geoff was promoted to a senior role in the company's Calgary office. From there, he supported a large credit union and assisted with the delivery of several western Canadian accounts.

However, New Brunswick soon called him back. McCain Foods had recently entered into an agreement with IBM Canada to provide the food giant's global operations with system infrastructure support, resiliency, security, and mobility. McCain Foods wanted someone with not only the business and technical expertise to run their systems; they wanted someone with a deep understanding of New Brunswick and its people.

IBM knew that person was Geoff Clark. He was offered the job in New Brunswick and soon returned home to work closely with IBM's client McCain Foods.

DID YOU KNOW that the IBM Security QRadar analyzes data across an organization's IT infrastructure to identify potential security threats. It also serves as the "brains" of IBM's 10 security operation centres around the globe. The technology is primarily designed, built, tested, and supported in New Brunswick.



"I now live five minutes from where my grandfather had a potato farm and where my grandparents raised my father. The Saint John River runs behind my house, and I can fish and pick fiddleheads in my backyard. One of the things ONB is great at is showing global companies that, while New Brunswick is seen as mostly rural and small, that doesn't limit us. And for expatriates, you can come back home and work for a number of organizations and rise there through the ranks. I grew my career in New Brunswick and, while I left for a few years, I am continuing it in a senior role in my home province. That's my story. And it could be other people's stories too, if they want it." – Geoff Clark, Delivery Executive, IBM Client Innovation Center



CyberNB

Estimates have suggested there will be more than 1.5 million unfilled cybersecurity positions in the world by 2020. With an extensive history in cybersecurity already, New Brunswick is well prepared to take advantage of this opportunity, and ONB through its CyberNB division is leading the way.

Launched in 2016, CyberNB is a strategic economic development initiative aimed at creating high-value jobs and having a positive impact on New Brunswick's GDP over the next five years. Components of this strategy include CyberSecureNB, CyberInnovateNB, CyberSparkNB, CyberSmartNB and the Canadian Institute of Cybersecurity, an innovative hub for research, training, and industry collaboration launched in partnership with IBM, the University of New Brunswick, and the Atlantic Canada Opportunities Agency (ACOA). CyberNB

is also working with the United Kingdom-based Cyber Essentials Direct Limited, an organization that provides a toolset for small and medium-sized businesses to help mitigate the risk of a cyberattack.

In addition, CyberNB is working with educational institutions in New Brunswick, including the K-12 education system, colleges, and universities, to help prepare the workforce of tomorrow.

While some elements of this initiative may fall outside a business development organization's mandate, ONB is proactive and always looking to make smart investments that build for the future.



Carolyn Connors, Business Development Executive, Business Growth;
Raphaël Albert, Business Development Associate, Business Growth



FINANCIAL STATEMENTS OF OPPORTUNITIES NEW BRUNSWICK MARCH 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Members of
Opportunities New Brunswick

I have audited the accompanying financial statements of Opportunities New Brunswick, which comprise the statement of financial position as at March 31, 2017, and the statement of operations, statement of change in net debt, statement of change in accumulated deficit and statement of cash flow 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 Opportunities New Brunswick as at March 31, 2017, and the results of its operations, changes in its net debt, changes in its accumulated deficit and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Kim MacPherson

Kim MacPherson, CPA, CA, FCGA
Auditor General

June 28, 2017

Opportunities New Brunswick Statement of financial position as at March 31, 2017

	2017	2016
	\$	\$
Assets		
Due from Province of New Brunswick	136,111,115	121,921,683
General receivable	135,849	943,010
Interest receivable	830,064	893,885
Loans receivable (Note 7)	136,898,464	122,925,381
Investments (Note 8)	11,948,153	8,331,514
	285,923,645	255,015,473
Liabilities		
Accounts payable and accrued liabilities (Note 10)	14,469,872	15,784,256
Provision for loss on loan guarantees (Note 12)	18,459,153	17,030,348
Due to Province of New Brunswick (Note 13)	349,085,146	305,181,824
	382,014,171	337,996,428
Net debt	(96,090,526)	(82,980,955)
Non-financial assets		
Prepaid assets	-	19,304
Accumulated deficit, end of year	(96,090,526)	(82,961,651)

Contingent liabilities (Note 12)
Commitments (Note 15)

Approved by the Board


Roxanne Fairweather, Chair - Board of Directors


Michael Campbell, Chair - Audit Committee

Opportunities New Brunswick Statement of operations year ended March 31, 2017

	Budget 2017	2017	2016
	\$	\$	\$
Revenue			
Province of New Brunswick	35,053,000	35,053,000	39,374,000
Interest on loans (Note 4)	8,983,000	8,625,530	7,111,327
Other	1,906,000	4 20,492	406,230
Designated	550,000	393,780	310,761
Recovery of doubtful accounts (Note 6)	-	-	8,629,260
Income from investments (Note 5)	-	-	1,837,811
	46,492,000	44,492,802	57,669,389
Expenses			
Administration and business development services (Note 14)	16,308,000	18,048,023	12,824,865
Financial assistance	23,684,000	17,403,376	15,437,606
Bad debt expense (Note 6)	6,500,000	12,333,968	-
Loss on loan transfers (Note 17)	-	9,836,310	-
Loss from restructuring (Note 16)	-	-	112,368,569
	46,492,000	57,621,677	140,631,040
Annual operating deficit	-	(13,128,875)	(82,961,651)

Opportunities New Brunswick Statement of change in net debt year ended March 31, 2017

	2017	2016
	\$	\$
Net debt, beginning of year	(82,980,955)	-
Annual operating deficit	(13,128,875)	(82,961,651)
Net change in prepaid expenses	19,304	(19,304)
Net debt, end of year	(96,090,526)	(82,980,955)

Opportunities New Brunswick Statement of change in accumulated deficit year ended March 31, 2017

	2017	2016
	\$	\$
Accumulated deficit, beginning of year	(82,961,651)	-
Annual deficit	(13,128,875)	(82,961,651)
Accumulated deficit, end of year	(96,090,526)	(82,961,651)

Opportunities New Brunswick Statement of cash flows year ended March 31, 2017

	2017	2016
	\$	\$
Operating transactions		
Deficit	(13,128,875)	(82,961,651)
Non-cash items		
Increase (decrease) in provision for doubtful accounts	10,906,629	(3,283,310)
Capitalized interest on new loans	(4,840,797)	(1,948,791)
Amortization of concessionary interest	(918,110)	(913,150)
Concessionary interest on new loans	413,356	-
Changes in non-cash working capital balances		
General receivable	807,161	(943,010)
Interest receivable	63,821	(893,885)
Prepaid expenses	19,304	(19,304)
Guarantees payable	1,428,805	17,030,348
Accounts payable and accrued liabilities	(1,314,384)	15,784,256
	(6,563,090)	(58,148,497)
Investing transactions		
Loan advances	(40,866,538)	(137,231,177)
Loan repayments	21,332,377	20,451,047
Investment	(3,616,639)	(8,331,514)
	(23,150,800)	(125,111,644)
Financing transactions		
Loan payable to province of New Brunswick	43,903,322	305,181,824
	14,189,432	121,921,683
Increase in cash during the year		
	121,921,683	-
Cash, beginning of the year		
	136,111,115	121,921,683
Cash, end of year	136,111,115	121,921,683
Cash is represented by: Due from Province of NB	136,111,115	121,921,683

1. Nature of operations

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

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

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

2. Summary of significant accounting policies

Basis of accounting

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

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 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.

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 2016 and 2017.

Prepaid expenses

Prepaid expenses include travel advances, salary advances, and media subscriptions and are charged to expense over the periods expected to benefit from it.

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.

2. Summary of significant accounting policies (continued)

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

Expenses

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

Pension expenses

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

Retirement allowances

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

Opportunities NB expenses paid by other parties

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

Accrued post-closing costs

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

Financial instruments

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

Financial instruments are initially recognized at fair value, plus any directly attributable transaction costs, when ONB becomes a party to the contractual rights and obligations of the financial instrument. Fair value represents the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Financial instruments are derecognized when the contractual rights to the cash flows from the financial asset have expired or have been transferred, and ONB has transferred substantially all risks and rewards of ownership, or are derecognized when the contractual obligation has been discharged, cancelled, or has expired.

ONB classifies its financial instruments in the following groups:

2. Summary of significant accounting policies (continued)

Cost or amortized cost

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

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

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

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

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

Fair value category

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

Measurement uncertainty

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the period. The most significant areas requiring the use of management estimates relate to the determination of valuation allowances on loans receivable and loan guarantees, accrued post-closing costs, concessionary interest, accrued expenses and future year commitments. Actual results could differ from management's best estimates, as additional information becomes available in the future.

Harmonized Sales Tax Receivable

ONB does not record Harmonized Sales Tax ("HST") in its financial statements because all HST paid is reimbursed to the Province by Canada Revenue Agency ("CRA").

Government transfers

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

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

Forgivable loans

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

Valuation allowances

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

2. Summary of significant accounting policies (continued)

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.

ONB is economically dependent on the Province. During the fiscal year, ONB received funding of \$35.1 million (2016 - \$39.4 million) from the Province. ONB uses an office for which rent is paid by the Province. The Province contributes certain other services, such as accounting and payroll services.

4. Interest revenue on loans

	2017	2016
	\$	\$
Amortization of concessionary loan interest	918,110	913,150
Less: reversed late fees on loan guarantees	-	(13,993)
Loan interest	7,707,420	6,212,170
	8,625,530	7,111,327

5. Income from investments

Dividend payments received of \$Nil (2016 - \$1,837,811) were recorded during the year.

Opportunities New Brunswick Notes to the financial statements March 31, 2017

6. Recovery of doubtful accounts and bad debt expense

	2017	2016
	\$	\$
Recoveries - loans & guarantees	883,512	2,889,670
Change in provision allowance	(13,217,480)	5,739,590
	(12,333,968)	8,629,260

7. Loans receivable

	2017	2016
	\$	\$
Opening balance	216,916,340	213,694,288
Loans advanced	40,866,538	21,461,158
Capitalized interest	4,840,797	1,948,791
Amortize interest free portion into revenue	918,110	913,150
Concessionary interest on new loans	(413,356)	-
Repayments received	(21,332,377)	(20,451,047)
Loan forgiveness	-	(650,000)
	241,796,052	216,916,340
Valuation allowance		
Opening balance	(93,990,959)	(97,924,269)
(Increase) decrease provision	(10,906,629)	3,283,310
Loan forgiveness	-	650,000
	(104,897,588)	(93,990,959)
Loans receivable (net)	136,898,464	122,925,381

Interest charged on these loans ranges from 0% to 12%. Repayment terms are negotiated on specific loans and would normally not exceed 20 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, 2017

8. Investments

	2017	2016
	\$	\$
Opening balance	8,331,514	5,404,881
New investments, net	3,616,639	2,926,633
	11,948,153	8,331,514
	2017	2016
	\$	\$
Partnership units	8,606,239	5,664,770
Preferred shares	3,341,914	2,666,744
	11,948,153	8,331,514

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 applicants and the monitoring of payments from debtors. ONB's maximum exposure to credit risk at March 31, 2017 is equal to the loans receivable balance of \$136,898,464 (2016 - \$122,925,381).

(b) *Liquidity risk*

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

(c) *Interest rate risk*

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

9. Risk management (continued)

(d) Concentration risk

Concentration risk occurs when a lender's loan portfolio has a higher concentration of value towards either (1) one entity or group of entities ("Name Risk") or (2) a particular region, product, industry or sector ("Sector Risk"). Due to the nature of the New Brunswick economy's reliance on primary industries, ONB's loan portfolio is over weighted in primary industries, most notably the forestry industry. As at March 31, 2017 ONB faced the following concentration risks (gross portfolio exposure net of allowance):

- Name Risk of \$158.7 million (80%) for eight corporate entities/groups (2016 - \$137.0 million (81%) for eight corporations);
- Sector Risk of \$89.6 million (45%) for eleven corporate entities/groups within the forestry sector (2016 - \$97.1 million (57.4%) for fifteen corporations).

10. Accounts payable and accrued liabilities

	2017	2016
	\$	\$
Trade accounts payable	5,554,524	5,262,817
Financial assistance	4,727,719	6,969,986
Accrued post-closing costs (Note 11)	3,480,000	3,183,635
Salary and benefits	379,995	138,624
Vacation liability	326,304	167,757
Goods and Services Tax/Harmonized Sales Tax	1,330	1,233
Property tax	-	60,204
	14,469,872	15,784,256

11. 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 postclosing costs has been determined based on estimated post-closing costs of \$3,480,000 (2016 - \$3,183,635).

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, 2017.

At March 31, 2017 the estimated annual monitoring costs are \$46,000 which is 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.

12. Contingent liabilities

(a) Guaranteed debt

ONB has provided guarantees in respect of the credit facilities of various entities. As at March 31, 2017, there were 19 guarantees outstanding for a total value of \$47,952,408 (2016 - \$51,310,873) and with a provision of \$18,459,153 (2016 - \$17,030,348). The guarantees are secured by various assets and proceeds from liquidation 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.

13. Due to Province of New Brunswick

	2017	2016
	\$	\$
Face value of total portfolio	351,233,076	307,834,508
Concessionary Interest	(9,900,928)	(9,487,572)
Amortized portion	7,752,998	6,834,888
Book value of total portfolio	349,085,146	305,181,824

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.

14. Administration and business development services

	2017	2016
	\$	\$
Salaries and benefits	9,765,009	7,548,784
Other services	7,912,608	4,616,066
Materials and supplies	190,926	118,046
Property and equipment	179,480	541,969
	18,048,023	12,824,865

15. Commitments

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

	Commitment
Year ending March 31	
2018	21,548,545
2019	10,488,053
2020	15,222,373
2021	7,889,437
2022	8,716,549

16. Restructuring transaction

On April 1, 2015 a restructuring transaction was completed which resulted in the creation of a new corporation, ONB. ONB was created from the restructuring of the former New Brunswick Department of Economic Development and Invest New Brunswick. ONB was created to lead and facilitate the execution of high growth opportunities that will accelerate private sector growth and job creation in New Brunswick and to provide assistance and facilitate access to Government of New Brunswick assets and services to support the opportunities. Provisions of the Opportunities New Brunswick Act provided for the transfer to ONB of all the assets, liabilities, rights and obligations of the predecessor organizations. The restructuring-related costs were minimal and therefore not separately identified. Any restructuring-related costs were charged to operations when incurred. As a result of the restructuring, assets and liabilities in the following financial statement classifications were recognized by ONB at the restructuring date:

16. Restructuring transaction (continued)

	Transfer carrying value
	\$
Due from Province of New Brunswick	8,566,371
Receivable on guaranteed loans	2,733,894
Provision for interest on loans	(3,927,849)
Provisions for doubtful loans	(97,924,269)
Provision on general receivable	(818,047)
Interest on loans	5,122,750
Loans receivable	213,694,288
Other receivable	1,758,765
Prepaid expenses	9,330
Investments	5,404,881
Total assets recognized	134,620,114
Accounts payable and accrued liabilities	7,143,083
Guarantee provision	22,585,478
Loans payable to Province of New Brunswick	217,260,122
Total liabilities recognized	246,988,683
Loss recognized in the statement of operations due to restructuring	(112,368,569)

The adjustments noted above occurred to 1) align with the accounting policy of ONB relating to the threshold for recognition of tangible capital assets and 2) to reflect the transfer of employee future benefit liabilities, sick leave and vacation liabilities to the Province of New Brunswick.

17. Loss on loan transfers

In the year, government departments transferred existing loans it held to ONB. The corresponding loans and interest and provisions were recorded resulting in a loss on recognition of \$9,836,310.

18. Comparative figures

Certain of the 2016 figures have been reclassified to conform to the presentation for 2017.



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ONB'S FIVE REGIONAL OFFICES AND SEVEN SATELLITE OFFICES

