

Form 45-501F9
Offering Document for Community Economic Development Corporations and Associations (New Brunswick)

Date: [Insert the date from the certificate page.]

The CEDC

Name	
Registered office address	
Address of principal business	
Phone #	
Contact person/position	
E-mail address	
Website URL	
Fax #	
Financial year end (month/day)	

The Offering

Securities offered	
Price per security	
Minimum subscription amount	
Minimum # of shares offered	
Total proceeds if minimum sold	
Maximum # of shares offered	
Total proceeds if maximum sold	
Minimum # of investors required	
Payment terms	
Proposed closing date(s)	

Tax Consequences

State in bold type: **“There are important tax consequences to these securities. See item 6.”**

Resale restrictions

State in bold type: **“You are restricted from selling your securities. See item 10”.**

Purchaser’s rights

State: “You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this offering document, you have the right to sue either for damages or to cancel the agreement. See item 11.”

Include the following statement, in bold type:

“Neither the Capital Markets Regulatory Authority nor the Government of New Brunswick has assessed, reviewed or approved the merits of these shares or reviewed this offering document. This is a risky investment.”

If the CEDC is an investment fund, include the following statement, in bold type:

“WARNING” Unlike most investment funds, this fund will not be required to comply with the requirements of an investment fund manager provided that the fund complies with Part 2, Division 6 [New Brunswick Community Economic Development Corporations and Associations] of CMRA Regulation 45-501 *Prospectus and Registration Exemptions*. Other investment funds are required to have registered investment fund managers to afford investors a level of protection that is not present in this investment. When investors purchase or own shares in this fund they should be aware that they will not have the protections of the requirements and standards imposed on investment fund managers under capital markets law, which include:

- **meeting experience and education requirements**
- **complying with investment fund reporting requirements,**
- **employing a chief compliance officer,**
- **maintaining minimum levels of working capital,**
- **maintaining specified levels of insurance or bonding, and undergoing compliance reviews**

Item 1 Use of Available Funds

1.1 Funds

[Instructions: Using the following table, disclose the funds available as a result of the offering. If the CEDC plans to combine additional sources of funding with the available funds from the offering to achieve its principal capital-raising purpose, please provide details about each additional source of funding.]

The funds available from the offering are as follows:

		If minimum sold	If maximum sold
A.	Amount to be raised by this offering	\$	\$
B.	Legal and accounting expenses	\$	\$
C.	Administrative and other expenses	\$	\$

D.	Available funds: $D = A - (B+C)$	\$	\$
E.	Additional sources of funding required	\$	\$
F.	Total: $F = (D+E)$	\$	\$

1.2 Use of Available Funds

[Instructions: Using the following table, provide a detailed breakdown of how the CEDC will use the available funds in order of priority. If the CEDC has a working capital deficiency, disclose the portion, if any, of the available funds to be applied against the working capital deficiency.]

State: The funds raised in the offering will be used as follows:

Description of intended use of available funds listed in order of priority	Assuming min. offering	Assuming max. offering
	\$	\$
	\$	\$
	\$	\$
	\$	\$
Total: Equal to F in the Funds table above	\$	\$

State: The proceeds from the Offering will/will not satisfy the CEDC's cash requirements for the next 12 months, and it will/will not be necessary to raise additional funds. [Instructions: If applicable, state the source of additional funds, if any.]

Item 2 Business of [name of the CEDC or other term used to refer to the CEDC]

2.1 Structure

State the business structure and statute under which the CEDC is incorporated, continued or organized, and the date of incorporation, continuance or organization.

2.2 Our Business

[Instructions: Describe the CEDC's business. The disclosure must provide sufficient information to enable a prospective purchaser to make an informed investment decision. This disclosure may include principal products or services, operations, market, marketing plans and strategies and a discussion of the CEDC's current and prospective competitors.]

2.3 Development of Business

[Instructions: Describe (generally, in one or two paragraphs) the general development of the CEDC's business over at least its two most recently completed financial years and any subsequent period. Include the major events that have occurred or conditions that have influenced (favourably or unfavourably) the development of the CEDC.]

2.4 Dividends and Distributions

[Instructions: Describe the particulars of the CEDC's dividend policy. If there are none, so indicate. Include the details of dividends and other distributions paid by the CEDC to its security holders during the last 5 years.]

2.5 Long Term Objectives

Describe each significant event that must occur to accomplish the CEDC's long term objectives, state the specific time period in which each event is expected to occur, and the costs related to each event.

2.6 Short Term Objectives and How We Intend to Achieve Them

- (a) Disclose the CEDC's objectives for the next 12 months.
- (b) Using the following table, disclose how the CEDC intends to meet those objectives for the next 12 months.

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our cost to complete
		\$
		\$

2.7 Insufficient Funds

If applicable, disclose that the funds available as a result of the offering either may not or will not be sufficient to accomplish all of the CEDC's proposed objectives and there is no assurance that alternative financing will be available. If alternative financing has been arranged, disclose the amount, source and all outstanding conditions that must be satisfied.

2.8 Material Agreements

Disclose the key terms of all material agreements to which the CEDC is currently a party, or with a related party.

Item 3 Interests of Directors, Management and Principal Holders

3.1 Compensation and Securities Held

[Instructions: Using the following table, provide the specified information about each director, officer and promoter of the CEDC and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the CEDC (a “principal holder”). If the CEDC has not completed its first financial year, then include any kind of compensation paid since inception.]

Name and municipality of principal residence	Positions held (e.g., director, officer, promoter and/or principal holder) and the date of obtaining that position	Compensation paid by CEDC or related party in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the CEDC held after completion of min. offering	Number, type and percentage of securities of the CEDC held after completion of max. offering

3.2 Management Experience

[Instructions: Using the following table, disclose the principal occupations of the directors, executive officers and promoters over the past five years. In addition, for each individual, describe any relevant education and experience in a business similar to the CEDC’s and details of any education and experience with other CEDCs.]

Name	Principal occupation and related education and experience

3.3 Management Relationships

[Instructions: Provide a description of any personal relationships (e.g. related family members, marriage between individuals) that exist between the officers, directors, key personnel and principal security holders. If there are no such personal relationships, so indicate.]

3.4 Litigation, Penalties or Sanctions, Cease Trade Orders and Bankruptcy

Disclose whether each person listed in item 3.1, or the CEDC, as the case may be:

- (a) has ever, pled guilty to or been found guilty of:
 - (i) a summary conviction or indictable offence under the *Criminal Code* (R.S.C., 1985, c. C-46) of Canada,
 - (ii) a quasi-criminal offence in any jurisdiction of Canada or a foreign jurisdiction,
 - (iii) a misdemeanour or felony under the criminal legislation of the United States of America, or any state or territory therein, or
 - (iv) an offence under the criminal legislation of any other foreign jurisdiction,
- (b) is or has been the subject of an order (cease trade or otherwise), judgment, decree, sanction, or administrative penalty imposed by a government agency, administrative agency, self-regulatory organization, civil court, or administrative court of Canada or a foreign jurisdiction in the last ten years related to his or her involvement in any type of business, securities, insurance or banking activity,
- (c) is or has been the subject of a bankruptcy or insolvency proceeding,
- (d) is a director or executive officer of an issuer that is or has been subject to a proceeding described in paragraphs (a), (b) or (c) above.

Item 4 Capital Structure

4.1 Capital Structure

The following table describes the outstanding securities of the CEDC: [Instructions: Using the following table, provide the required information about outstanding securities of the CEDC (including options, warrants and other securities convertible into shares). If necessary, notes to the table may be added to describe the material terms of the securities.]

Description of security	Number authorized to be issued	Total dollar value and number outstanding as at [a date not more than 30 days prior to the offering document date]	Total dollar value and number outstanding after minimum offering	Total dollar value and number outstanding after maximum offering
<i>(Preferred Shares)</i>				
<i>(Common Shares)</i>				
<i>Other</i>				

4.2 Prior Sales

[Instructions: If the CEDC has issued any shares of the class being offered under the offering document within the last 12 months, complete the following table.]

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received

Item 5 Securities Offered

5.1 Terms of Securities

Describe the material terms of the securities being offered, including:

- (a) voting rights or restrictions on voting,
- (b) rights of redemption,
- (c) dividend rates,
- (d) rights on dissolution, and
- (d) other.

5.2 Subscription Procedure

- (a) Describe how a purchaser can subscribe for the securities and the method of payment.
- (b) State that the consideration will be held in trust for the purchaser and will become available to the CEDC only after the conditions of closing described below have been met and the Offering has closed.
- (c) The following are conditions of the initial closing of the Offering:
 - (i) the CEDC has received the minimum offering amount of \$_____;
 - (ii) all material contracts have been signed, and all material consents of third parties have been obtained;
 - (iii) all necessary and required certificates under the *Small Business Investor Tax Credit Act* (New Brunswick) and its regulations and other applicable laws have been obtained and are current, including:

- A. a non-objection letter issued by the Chief Regulator that has not been subsequently revoked; and
 - B. a certificate of registration that has not lapsed or been revoked by the Minister of Finance for New Brunswick;
- (iv) at least 3 shareholders have subscribed.

5.3 Failure to Meeting Conditions of Closing

If the minimum offering amount and all other conditions of the initial closing are not achieved on or before the closing date, and no extension has been granted by the Chief Regulator, the Offering will be withdrawn and all of the proceeds of subscription, without interest, will be returned to the subscribers no later than 30 days after the closing date.

5.4 Concurrent Offering

[Instructions: If the CEDC proposes to distribute securities under a prospectus exemption other than through a specified issue, describe the details of such distribution, otherwise, omit this section.]

Item 6 Canadian Income Tax Considerations

6.1 State:

“This commentary is of a general nature only and is not intended to be tax advice to any particular investor. You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.”

[Instructions: In addition, *(Add narrative with respect to the significant income tax consequences to investors)*].

(Provide the name and address of the professional advisors, if any, involved in the preparation of the answer to this section. If no professional advisors have been used, please state “No professional advisors have been used in the preparation of the tax disclosure”.)]

Item 7 Promoters

7.1 The following persons are authorized to sell shares under the Offering:

Name	Address	Business Phone #	Email Address

Item 8 Risk Factors

The following, listed in order of importance, are the risk factors that the CEDC considers to be the most substantial risks to an investor in this offering:

- (a)
- (b)
- (c)
- (d)
- (e)

In addition, potential investors should consider the following risk factors before they decide to purchase the shares being offered:

- (f) The shares are speculative in nature. An investment is appropriate only for investors who are prepared to have their money invested for a minimum of 4 years, and who have the capacity to absorb a loss of some or all of their investment and all of their tax credit.
- (g) There is no organized market through which the shares may be sold. Therefore, investors may find it difficult or even impossible to sell their shares.
- (h) There are restrictions on the resale of the shares. See item 10 for details.
- (i) The CEDC may not achieve a level of profitability to permit dividends to be paid. Investors should not count on any return from these shares.
- (j) Tax laws may change.
- (k) Investors who redeem their securities before the minimum time period of 4 years will lose some or all of their tax credit.

Item 9 Reporting Obligations

9.1 State:

“The CEDC will file with the Capital Markets Regulatory Authority and the New Brunswick Department of Finance, and send to shareholders, annual financial statements and in certain circumstances, a notice of specified events, the latter of which within 10 days after the date on which the specified event occurs.”

[Other instructions: Disclose any other documents required by the CEDC’s governing legislation, constating documents, or other documents under which the CEDC is organized, that will be sent to purchasers on an annual or on-going basis.]

Item 10 Resale Restrictions

- 10.1** [Instructions: State: “These securities will be subject to a number of resale restrictions, including a restriction on trading.”]

If the CEDC is a corporation, state: “Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation. Unless permitted under securities legislation, you cannot trade the securities before the date that is 4 months and a day after (name of CEDC) becomes a reporting issuer in any province or territory of Canada.”

If the CEDC is an association, state: “You will not be able to trade the securities unless the trade is made in compliance with the *Co-operative Associations Act* (New Brunswick).”]

- 10.2** [Instructions: State: “Under the *Small Business Investor Tax Credit Act* (New Brunswick), a person who disposes of a share in respect of which a tax credit has been allowed within 4 years from the date of purchase is liable to repay the Minister of Finance for New Brunswick an amount equal to the tax credits received in respect of the share purchased, including interest, if interest is prescribed by the regulations made under that Act, or a lesser amount that is determined in accordance with the regulations under that Act.”]

Item 11 Purchasers’ Rights

State the following:

“Purchasing this share gives you certain rights, some of which are described below. For information about your rights you should consult a lawyer.

- Two Day Cancellation Right – You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the 2nd business day after:
 - (a) the day you signed the subscription agreement;
 - (b) the day the CEDC has notified you of an amendment to the offering document.
- Statutory Rights of Action in the Event of a Misrepresentation – If there is a misrepresentation in this offering document, you have a statutory right to sue:
 - (a) [name of the CEDC] to cancel your agreement to buy these shares, or

- (b) for damages against [name of the CEDC], every director of the CEDC as of the date of this offering document and every person who signed the offering document.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the right to sue described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 6 months after the date of the transaction which gave rise to the cause of action. You must commence your action for damages within the earlier of 6 months after you first had knowledge of the facts giving rise to the cause of action, and 3 years after the date of the transaction that gave rise to the cause of action.

Item 12 Promotional Materials

[Instructions: State the following: “All promotional materials relating to each distribution under this offering document, including those prepared after the date of this offering document, are incorporated by reference into the offering document and are deemed to form part of the offering document.”]

Item 13 Financial Statements

[Instructions: Include in the offering document immediately before the certificate page of the offering document all required financial statements.]

Item 14 Date and Certificate

[Instructions: State the following on the certificate page of the offering document:]

“This offering document does not contain a misrepresentation.”

“Dated at _____, on _____(date)

[Instructions: This certificate must be signed by all of the following:

- the chief executive officer
- the chief financial officer
- on behalf of the board of directors, any 2 directors of the CEDC who are authorized to sign, other than the foregoing