

**FORM 45-509F1
OFFERING DOCUMENT FOR COMMUNITY ECONOMIC DEVELOPMENT CORPORATIONS AND
COOPERATIVES**

General Instructions for Completing Form 45-509F1:

1. *Draft the offering document so that it is easy to read and understand. Be concise and use clear, plain language. Avoid technical terms. If technical terms are necessary, provide definitions or explain the terms.*
2. *In the order set out in Form 45-509F1, provide details for the items required by the offering document. Omit items that do not apply.*
3. *Instructions for preparing the offering document are italicized and in square brackets. Do not include these general instructions, or any specific instructions outlined below, in the completed offering document.*
4. *In the offering document, include all information below found in quotation marks. Remove the quotation marks when copying into the offering document.*
5. *It is an offence to make a misrepresentation in the offering document. This applies both to information that is required by the form and to additional information that is provided.*

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 per investor	
Minimum # of shares offered	<i>[If there is no minimum, state in bold type: "There is no minimum."]</i>
Total proceeds if minimum sold	
Maximum # of shares offered	
Total proceeds if maximum sold	
Minimum # of investors required	
Payment terms	
Proposed closing date(s)	

Cautions

[Include the statements below in bold.]

“Tax Consequences

There are important tax consequences to these securities. See item 6.

Resale Restrictions

You are restricted from selling your securities. See item 10.

Purchasers’ Rights

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.

Neither the Financial and Consumer Services Commission (the Commission) 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 this statement in bold.]

“WARNING: Unlike most investment funds, this fund will not be required to comply with the investment fund manager registration requirement provided that the fund complies with Local Rule 45-509 *Community Economic Development Corporations and Cooperatives*. 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 New Brunswick securities 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 Commission compliance reviews.”**

Item 1: Use of Available Funds

1.1 Funds – *[Include the following statement and table to disclose the funds available from 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, 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 – [Include the following statement and table to 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.]

“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	\$	\$

[Include the following completed statement.]

“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.” [If applicable, state the source of additional funds, if any.]

1.3 Reallocation – [The available funds must be used for the purposes disclosed in the offering document. The board of directors can reallocate the proceeds to other uses only for sound business reasons. All funds must be used in compliance with the Small Business Investor Tax Credit Act.]

[If the available funds are to be reallocated, include the following statement]

“We intend to spend the available funds as stated in the offering document. We will reallocate funds only for sound business reasons and in compliance with the Small Business Investor Tax Credit Act.”

Item 2: Business of CEDC

2.1 Structure – [Indicate the business structure and statute under which the CEDC is incorporated, continued or organized, and the date of incorporation, continuance or organization. Include an organization chart if helpful to describe the structure.]

2.2 Our Business – [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 – [Describe 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 Short-Term Objectives and How We Intend to Achieve Them

(a) [Disclose in sufficient detail the CEDC's short-term business objectives for the next 12 months.]

(b) [Include the following table to describe each significant event and disclose how the CEDC intends to meet those business objectives for the next 12 months. Explain how the funds raised by the offering will meet those business objectives.]

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
		\$
		\$

2.5 Long-Term Objectives – [Describe the CEDC's long-term objectives (for example, objectives for 2-3 years in the future), each significant event that must occur to accomplish the CEDC's long-term objectives, the specific time period in which each event is expected to occur, and the costs related to each event.]

2.6 Insufficient Funds

[If applicable, disclose that the funds available from the offering either may not or will not be sufficient to accomplish all the CEDC's proposed objectives and no assurance exists that alternative financing will be available. If alternative financing has been arranged (for example, grants, loans, donations etc.), disclose the amount, source and all outstanding conditions that must be satisfied.]

2.7 Dividends and Distributions – [Describe the particulars of the CEDC’s dividend policy. If there are none, please indicate. Include the details of dividends and other distributions paid by the CEDC to its security holders during the last five years.]

2.8 Material Agreements – [Disclose the key terms of all material agreements to which the CEDC is currently a party (for example, lease agreements, service agreements, key supply agreements, management agreements, etc.).]

Item 3: Interests of Directors, Management, Promoters and Principal Holders

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

Name of security holder and principal residence	Positions held by security holder and date of obtaining position	Compensation paid by CEDC in last financial year and anticipated to be paid in current financial year	Securities (#, % and type) held after completion of min. offering	Securities (#, % and type) held after completion of max. offering

3.2 Management Experience – [Using the following table, disclose the principal occupations, with dates (Month/Year), of the directors and executive officers 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 Conflicts of Interest – [Provide a description of any personal relationships (such as related family members, marriage between individuals, etc.) that exist between the officers, directors, key personnel, promoters and principal security holders. If there are no such personal relationships, so indicate.]

[State whether the CEDC has adopted a conflict of interest policy, who it applies to, and describe how potential conflicts are managed.]

3.4 Litigation, Penalties or Sanctions, Cease Trade Orders and Bankruptcy – [Disclose if a 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 or tribunal of Canada or a foreign jurisdiction in the last ten years related to his or her involvement in any type of professional activity, such as securities, insurance, banking or other type of financial or consumer services activity,
- (c) is or has been the subject of a bankruptcy or insolvency proceeding,
- (d) is a director or 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 - [Include the following statement and table to provide the required information about the CEDC's outstanding securities (including options, warrants and other securities convertible into shares). If necessary, add notes to the table to describe the material terms of the securities.]

"The following table describes the outstanding securities of the CEDC:"

Description of security	Number authorized to be issued as per CEDC's by-laws and constating documents	Total dollar value and number issued and 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
(Preferred Shares)				

<i>(Common Shares)</i>				
<i>Other</i>				

4.2 Prior Sales – [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
- (e) other.]

5.2 Subscription Procedure

- (a) [Describe how a purchaser can subscribe for the securities, including the name of a contact person, and the method of payment.]
- (b) [State] “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) [State] “The following are conditions of the initial closing of the offering:
 - (i) the CEDC has received the minimum offering amount of \$[insert amount];
 - (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* and its regulations and other applicable laws have been obtained and are current, including:
 - A. a letter of non-objection issued by the Executive Director that has not been subsequently revoked; and
 - B. a certificate of registration that has not lapsed or been revoked by the Minister of Finance; and
 - (iv) at least 3 shareholders have subscribed.”

5.3 Failure to Meeting Conditions of Closing

[State] “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 Executive Director, 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

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

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.”

6.2 [If income tax consequences are a material aspect of the securities being offered, provide a summary of 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 advisers have been used, include the statement below.]

“No professional advisers have been used in the preparation of the tax disclosure.”

Item 7: Promoters

7.1 [Include the following statement and table.] “The following persons are authorized to sell shares under the offering:”

Name	Address	Business Phone #	Email Address

Item 8: Risk Factors

8.1 [Include the following statement and list the most substantial risks to an investor in this offering (for example, common types of risk include investment risk, issuer risk, industry risk, etc.,).]

“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:

-
-
-
-
-
-

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

- 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.
- 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.
- There are restrictions on the resale of the Shares. See item 10 for details.
- 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.
- Tax laws may change.
- 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 deliver to the Financial and Consumer Services Commission (Commission) and the Department of Finance and send to security holders, 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.”

[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 [State]

“These securities will be subject to a number of resale restrictions under National Instrument 45-102 *Resale Restrictions*, including a restriction on trading. 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.

Securities issued by a cooperative, may be subject to further resale restrictions under cooperatives legislation, and the by-laws of the cooperative.”

10.2 [State]

“Under the *Small Business Investor Tax Credit Act*, 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 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

[Include these statements.]

“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 either of the following:
 - (a) the CEDC received the completed 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 the following:
 - (a) [name of the CEDC] to cancel your agreement to buy these shares;
 - (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 180 days 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 one year after you first had knowledge of the facts giving rise to the cause of action, and 6 years after the date of the transaction that gave rise to the cause of action.”

Item 12: Promotional Materials

[State]

“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

[In the offering document, immediately before the certificate page, include all required financial statements.]

Item 14: Date and Certificate

[State the following on the certificate page of the offering document.]

“This offering document does not contain a misrepresentation.

Dated at _____, on _____ (date)”

[This certificate must be signed by the following persons:

- *the chief executive officer (or a person acting in a similar capacity if the CEDC does not have a CEO), and*
- *the chief financial officer (or a person acting in a similar capacity if the CEDC does not have a CFO),*
- *on behalf of the board of directors, any 2 directors of the CEDC who are authorized to sign, other than the foregoing.]*