



CBDC Central PEI

26th

Annual Report

2016 - 2017

April 1 to March 31

**Providing Flexible Financing
and Advice to Business**

Think Business... Think CBDC

President's Message



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CBDC Central PEI

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Atlantic Canada
Opportunities
Agency

Agence de
promotion économique
du Canada atlantique

Canada

President's Message

CBDC Central PEI is proud to be part of an Atlantic Canada network of 41 CBDC's. For 26 years now we have fostered entrepreneurship and together with our economic development partners assisted in the growth of the Prince Edward Island economy. We will continue to impact job growth and retention by way of providing access to capital to new business start ups and business expansions, counselling businesses and offering business skills development training to entrepreneurs in our service area.

CBDC Central PEI is proud of our contribution to the Island's economy and the development and growth of Island entrepreneurs. We strive to ensure as a community development lender we are different from traditional lenders and that our differences are evident to our clients.

- Approved and disbursed 662 of 806 loan applications received for a total of \$18,604,492
- Levered another \$8,081,720
- Directly impacted 3,828 jobs in the communities we serve in 1,197 businesses
- Provided business counselling and business skills development training to hundreds of entrepreneurs
- As a non-traditional high risk character lender we have been able to retain loan write offs in the 7.0% range.
- 46% of loans approved and disbursed were directed to the Service/Retail sector of the Island's business community. This is a sector that faces many challenges in accessing capital.

We live in a global economy and year after year we recognize that we are not isolated from events that take place around the world. These events can have both positive and negative impacts on our local business community. This new reality is a challenge that the business world must rise to and manage. We need to remain positive and transition these challenges into opportunities. We are confident that the strong and diverse business climate on the Island will ensure a positive future for small business growth and the welfare of all Islanders.


Embracing these challenges we look forward to growing small businesses in the rural PEI communities we serve. In particular we are pleased to work with ACOA along with the Rural Action Centres and other business development organizations to foster economic growth and job creation.

We continue to partner with the Greater Charlottetown Area Chamber of Commerce to deliver ACOA's Seed Capital Initiative program in the greater Charlottetown area. This program offers access to capital along with business skills training dollars to assist the growth and development of new and expanding small businesses. We experienced a 100% growth this year in both the number of loan approvals and loan dollars approved. The program has been re-branded to be marketed as 'impact MORE THAN A START UP LOAN'.

We are pleased to continue to deliver the ACOA funded - Consulting Advisory Services Program (CASP). This program is a 75% / 25% cost shared program with Island wide SME's paying only 25% cost of acquiring professional consulting services. These professional services enable businesses to acquire the expertise required to grow their businesses, increase their bottom lines, create jobs and positively impact the economy. This past year's uptake was much stronger than last year. This program is a valuable resource to SME's and provides increased branding and revenue for our CBDC.

The ongoing success of our CBDC falls squarely on the shoulders of our dedicated and experienced volunteer Board of Directors. These individuals year after year demonstrate aggressive leadership and a 'common sense' business approach in the analysis of client loan applications and the management of our companies. Our CBDC staff are the face and the backbone of the day to day operation of our corporations. Thank you fellow Board members and CBDC staff for your stellar efforts.

Respectfully yours,



Wayne Gallinger
President

Portfolio Status

CBDC Loans

Prior Loan Programs – March 31 st , 2011	\$257,666
New Loan Products – April 1st, 2011 – March 31st, 2017	
Youth Loans	\$230,406
First Time Entrepreneurs Loans	\$348,737
General Business Loans	\$2,458,856
 Total (91 loans)	 \$3,295,665

SEED Capital Initiative

impact – Loans (12)	\$206,761
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Board of Directors



LOCATION

DIRECTORS

SUMMERSIDE

Wayne Gallinger – President

NORTH SHORE AREA

Mary Armellini

CARLETON/BORDEN

Chad Howatt – Secretary/Treasurer

EVANGELINE

Felix Arsenault

KINKORA

Donna Lawless – Vice-President

COVE HEAD

Anne Watts

KENSINGTON AREA

Jamie Caseley

GREATER CHARLOTTETOWN

impact Loan Committee

Emma Fugate

Matthew McMillan

Shawn MacKenzie

We are part of Community Business Development Corporations, a network of independent, not-for profit organizations that work in cooperation with all levels of government and the private sector to meet the needs of small business. On Prince Edward Island, there are 3 Corporations, each dedicated to small business development and job creation.



Darren Cousins

Twin Shores Campground

Mandate

To achieve this vision, it is CBDC Central PEI's mandate to stimulate private sector employment within its geographical jurisdiction by providing small businesses with Financial Assistance and Information Support, Advisory and Counselling Services, and to pursue the development and growth of the Region's Youth.

Vision

To encourage and support economic growth diversification, job creation and sustainable, self-reliant communities in our region. CBDC Central PEI will provide programs and services that build on our past successes and take advantage of new opportunities. We will maintain and expand strategic partnerships with other development agencies and offer services in a professional and accountable manner.



Brett Hogan, Jane Crawford and Mike Ross

Hop Yard

- Provincial Incorporation 1990 – Non for Profit Part Two Company
- Registered Name – East Prince Development Inc.
dba CBDC Central PEI
- Funder ACOA
- Other Partnerships: Innovation PEI
 Rural Action Centres
 Futurpreneur
 Local Chamber of Commerce(s)
 City of Summerside
 RDEE
 PEI WIB Association
 BDC
 Greater Charlottetown Area Chamber of Commerce
- Corporation operates under the stewardship of a volunteer board of directors. All our directors have managed their own business and each represents a geographic area served by the corporation. Refer to page 4 for a list of Board Members and impact Loan Committee.
- **STAFF:**

Ron Holley	Executive Director
Tania Bernard	Bi-lingual Loan Officer
Krista Thompson	Administration Officer

What We Offer

- Financial assistance by way of repayable loans:
 - Youth Loans, up to \$150,000
 - First Time Entrepreneur Loans, up to \$150,000
 - General Business Loans, up to \$150,000
 - Innovation Loans, up to \$150,000
 - Social Enterprise Loans, up to \$150,000
 - Futurpreneur Loan up to \$15,000
 - Under special circumstances the \$150,000 loan limit can be increased to \$225,000
 - Seed Capital Initiative, up to \$20,000 impact Loans – Greater Charlottetown Area
- Business counseling
- Skills training
- Consulting Advisory Services Program

NOTE: All loans and programs offered are subject to change and CBDC funding from our partners.

Results of the Financial Year

**East Prince Development Inc.
Financial Statements
For the Year Ended March 31, 2017**



**East Prince Development Inc.
Financial Statements
For the Year Ended March 31, 2017**

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Independent Auditor's Report

To the board of directors of
East Prince Development Inc.

We have audited the accompanying financial statements of East Prince Development Inc., which comprise the statement of financial position as at March 31, 2017, and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BDO

Basis for Qualified Opinion

East Prince Development Inc. has not identified and classified all its financial instruments, or recorded its financial instruments initially at fair value. Rather, all financial instruments are recorded at historic cost. The company has not specifically disclosed information that enables users of its financial statements to evaluate the significance of financial instruments for its financial position and performance, including exposure to risks, methods of determining fair value and other relevant information. The basis of accounting used in these financial statements differs from Canadian accounting standards for not-for profit organizations.

Qualified Opinion

In our opinion, except for the effects of matter described in the Basis of Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of East Prince Development Inc. as at March 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



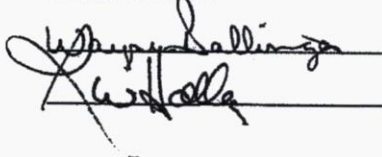
Chartered Professional Accountants

Summerside, Prince Edward Island
June 2, 2017

East Prince Development Inc. Statement of Financial Position

March 31	Operating Fund	Investment Fund	SCI Fund	2017 Total	2016 Total
Assets					
Current					
Cash and short-term investments	\$ 46,330	\$ 387,308	\$ 77,459	\$ 511,097	\$ 713,962
Internally restricted cash (Note 8)	106,708	-	-	106,708	100,938
Accounts receivable					
ACOA	41,639	-	-	41,639	50,625
Advances	28,568	-	-	28,568	18,799
H.S.T.	2,817	-	-	2,817	3,412
Loan interest	-	30,104	269	30,373	23,329
	226,062	417,412	77,728	721,202	911,065
Investments					
Loans receivable (Note 2)	-	2,966,098	186,085	3,152,183	2,930,241
ACCBIF deposit (Note 3)	-	37,500	-	37,500	37,500
Capital assets (Note 4)	1	-	-	1	1
	\$ 226,063	\$ 3,421,010	\$ 263,813	\$ 3,910,886	\$ 3,878,807
Liabilities and Fund Balances and Reserves					
Current					
Accounts payable and accrued liabilities	\$ 739	\$ -	\$ -	\$ 739	\$ 8,671
Current portion of long-term debt (Note 3)	-	274,932	-	274,932	200,000
	739	274,932	-	275,671	208,671
ACCBIF long-term debt (Note 3)					
	-	369,847	-	369,847	560,000
	739	644,779	-	645,518	768,671
Fund Balances and Reserves					
Invested in property and equipment	1	-	-	1	1
Externally restricted (Note 5)	-	2,776,231	263,813	3,040,044	2,906,849
Unrestricted	118,615	-	-	118,615	102,348
Employee severance reserve (Note 8)	106,708	-	-	106,708	100,938
	225,324	2,776,231	263,813	3,265,368	3,110,136
	\$ 226,063	\$ 3,421,010	\$ 263,813	\$ 3,910,886	\$ 3,878,807

On behalf of the Board:



The accompanying notes are an integral part of these financial statements.



East Prince Development Inc. Statement of Changes in Fund Balances

For the year ended March 31	2017			2016	
	Operating Fund	Investment Fund	SCI Fund	Total	Total
Fund balances, beginning of the year	\$ 102,348	\$ 2,766,849	\$ 140,000	\$3,009,197	\$ 2,818,922
Excess (deficiency) of revenues over expenses	17,931	13,488	(16,187)	15,232	53,509
Capital contribution	-	-	140,000	140,000	140,000
Transfer from (to) employee severance reserve (Note 8)	(5,770)	-	-	(5,770)	(3,234)
Transfer of 2017 deficit	4,598	(4,598)	-	-	-
Transfer of Investment HST Rebate	(492)	492	-	-	-
Fund balances, end of the year	\$ 118,615	\$ 2,776,231	\$ 263,813	\$3,158,659	\$ 3,009,197

The accompanying notes are an integral part of these financial statements.

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East Prince Development Inc. Statement of Operations

For the year ended March 31	2017				2016
	Operating Fund	Investment Fund	SCI Fund	Total	Total
Revenue					
ACOA SCI contribution	\$ -	\$ -	\$ 68,749	\$ 68,749	\$ 67,804
ACOA contribution	241,010	-	-	241,010	248,130
Investment income					
Loan portfolio	-	179,845	4,489	184,334	137,883
Other interest	127	186	-	313	647
Other revenue (Note 9)	38,416	1,200	-	39,616	21,747
	<u>279,553</u>	<u>181,231</u>	<u>73,238</u>	<u>534,022</u>	<u>476,211</u>
Expenses					
Advertising	14,502	-	-	14,502	8,016
Board expenses	12,246	-	-	12,246	13,549
Credit services	1,463	-	-	1,463	979
Insurance	1,698	-	-	1,698	1,635
Office and postage	5,000	-	-	5,000	9,571
Professional fees	14,798	-	-	14,798	15,153
Real estate rental	33,948	-	-	33,948	41,671
Equipment rental	2,909	-	-	2,909	3,916
Repairs and maintenance	459	-	-	459	96
Subscriptions and memberships	1,662	-	-	1,662	2,067
SCI Wages	-	-	37,000	37,000	37,000
SCI Administration fees	-	-	8,750	8,750	8,750
SCI Training	-	-	10,104	10,104	10,000
SCI Marketing and translation	-	-	7,864	7,864	2,795
SCI Software and equipment	-	-	545	545	5,773
SCI Travel and memberships	-	-	4,486	4,486	3,486
Telephone and internet	6,034	-	-	6,034	5,168
Travel	5,807	-	-	5,807	8,232
Wages and benefits	161,096	-	-	161,096	150,758
Interest and bank charges	-	11,693	-	11,693	4,095
Loan loss provision (Note 2)	-	156,050	20,676	176,726	89,992
	<u>261,622</u>	<u>167,743</u>	<u>89,425</u>	<u>518,790</u>	<u>422,702</u>
Excess (deficiency) of revenues over expenses	<u>\$ 17,931</u>	<u>\$ 13,488</u>	<u>\$ (16,187)</u>	<u>\$ 15,232</u>	<u>\$ 53,509</u>

The accompanying notes are an integral part of these financial statements.



East Prince Development Inc. Statement of Cash Flows

For the year ended March 31	2017	2016
Cash flows from operating activities		
Excess of revenues over expenses	\$ 15,232	\$ 53,509
Items not affecting cash:		
Loan loss provision	176,726	89,992
	191,958	143,501
Changes in working capital:		
Accounts receivable	(7,232)	(24,321)
Accounts payable and accrued liabilities	(7,932)	6,765
	176,794	125,945
Cash flows used in financing activities		
SCI capital contribution	140,000	140,000
Proceeds from ACCBIF long-term debt	-	600,000
Repayment of ACCBIF long-term debt	(115,221)	(80,000)
	24,779	660,000
Cash flows used in investing activities		
Loans to clients	(956,500)	(1,120,500)
Principal repayments from clients	687,893	649,807
Payments on asset held for sale	-	141,407
SCI loan disbursements	(153,000)	(77,000)
SCI principal repayments	22,939	300
	(398,668)	(405,986)
Net (decrease) increase in cash and cash equivalents	(197,095)	379,959
Cash and cash equivalents, beginning of the	814,900	434,941
Cash and cash equivalents, end of the year	\$ 617,805	\$ 814,900
Cash and cash equivalents consists of:		
Cash and short-term investments	\$ 511,097	\$ 713,962
Internally restricted cash	106,708	100,938
	\$ 617,805	\$ 814,900

The accompanying notes are an integral part of these financial statements.

East Prince Development Inc. Notes to Financial Statements

March 31, 2017

1. Significant Accounting Policies

Nature and Purpose of Organization

East Prince Development Inc.'s mission statement is to "Create sustainable employment through promoting business development in our communities by providing capital and mentoring assistance."

The organization is a community-based and community controlled corporation with a mandate to provide lending and other investments to small businesses in the East Prince County area of P.E.I. who have difficulty obtaining financing from conventional sources. The organization is incorporated in the Province of P.E.I. under Part II of the Companies Act as a non-profit organization without share capital, and as such, is exempt from income tax by virtue of paragraph 149(1)(l) of the Income Tax Act.

The organization also manages other community programs which arise from time to time which require a managing agency.

Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations (ASNPO).

The organization follows the restricted fund method of accounting for contributions. The externally imposed restrictions are specifically described in Note 5.

The Operating Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and operating contributions. Expenditures of the Operating Fund are limited to those agreed upon in the contribution agreement between ACOA, or other funding partners and the company.

The Investment Fund reports all restricted resources of the Investment Fund and the investment income resulting from investing activities employing the fund.

The Seed Capital Initiative Fund (SCI Fund) reports all restricted resources of the SCI Fund and the investment income and expenses resulting from investing activities employing the fund.

East Prince Development Inc. Notes to Financial Statements

March 31, 2017

1. Significant Accounting Policies (continued)

Departure from ASNPO	<p>These financial statements have not adopted the ASPE CPA Handbook Section 3856 - "Financial Instruments" and as a result, depart from ASNPO. The effects of not adopting these sections have not been measured, recorded or disclosed in these financial statements.</p> <p>The Atlantic Canada Opportunities Agency (ACOA) has confirmed, within the 2011 CF agreement to all Atlantic CBDCs, it will accept qualified financial statements from CBDCs when not prepared in full compliance with the above noted CPA Handbook section.</p>
Capital Assets	Capital assets are not recorded on the statement of financial position. Expenditures for capital assets in the year are recorded as expenses and disclosed in the statement of operations.
Revenue and Expenditures	Investment income is recorded on an accrual basis. Expenditures, as well as other revenues, are recorded on an accrual basis.
Use of Estimates	The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available in the future.
Investments	The investments are recorded at the lower of cost or market value.
Inter-Fund Advances	The inter-fund advances are non-interest bearing, with no set terms of repayment.
Financial Instruments	Financial instruments are recorded at cost at initial recognition. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flow of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income.

East Prince Development Inc. Notes to Financial Statements

March 31, 2017

2. Investments

	Investment Fund	SCI Fund	2017	2016
Loans to clients	\$ 3,295,665	\$ 206,761	\$ 3,502,426	\$ 3,247,301
Less: allowance for doubtful loans	(329,567)	(20,676)	(350,243)	(317,060)
	<u>\$ 2,966,098</u>	<u>\$ 186,085</u>	<u>\$ 3,152,183</u>	<u>\$ 2,930,241</u>

The activity in the loans to clients is comprised of:

Balance, beginning of year	\$ 3,170,601	\$ 76,700	\$ 3,247,301	\$ 2,747,600
Loans advanced during the year	956,500	153,000	1,109,500	1,197,500
Loans repaid during the year	(687,893)	(22,939)	(710,832)	(650,107)
Loans written off during the year	(143,543)	-	(143,543)	(47,692)
Balance, end of year	<u>\$ 3,295,665</u>	<u>\$ 206,761</u>	<u>\$ 3,502,426</u>	<u>\$ 3,247,301</u>

The activity in the allowance for doubtful loans is comprised of:

Balance, beginning of year	\$ 317,060	\$ -	\$ 317,060	\$ 274,760
Loans written off during the year	(143,543)	-	(143,543)	(47,692)
Loan loss provision, current year	156,050	20,676	176,726	89,992
Balance, end of year	<u>\$ 329,567</u>	<u>\$ 20,676</u>	<u>\$ 350,243</u>	<u>\$ 317,060</u>

The allowance for doubtful loan in the Investment and SCI Fund's are calculated at the rate of 10% of the total loans outstanding.

Other Information:

As at March 31, 2017:

A) Total number of investment loans approved during the year	<u>27</u>
B) Total number of active Investment loans under management	<u>87</u>

East Prince Development Inc. Notes to Financial Statements

March 31, 2017

3. Atlantic Canada Community Business Investment Fund (ACCBIF)

Atlantic Canada Community Business Investment Fund (ACCBIF), a division of Atlantic Association of Community Business Development Corporations, was established to pool investment funds from the federal government and cash-rich CBDCs and, in turn, loan these funds to CBDCs in Atlantic Canada.

In order to become a member of ACCBIF and receive loan funds, each subscribing CBDC must contribute \$37,500 to ACCBIF. The organization has subscribed as of the year-end date and will be refunded the deposit, at the discretion of the ACCBIF, without interest.

The organization received \$200,000 in 2013/2014 and \$600,000 in 2015/2016 from ACCBIF by way of demand loans. In 2016/2017 these loans were consolidated and the organization was approved for \$1,360,000, of which \$600,000 has not yet been drawn upon. The demand loan bears interest at 1.6%, per annum, and is secured by a promissory note signed by the Board of Directors. The loan is repayable in blended principal and interest payments of \$24,000, per month.

	2017	2016
ACCBIF demand loan - 2013/2014, consolidated during the year	\$ -	\$ 160,000
ACCBIF demand loan - 2015/2016, consolidated during the year	-	600,000
ACCBIF demand loan - 2016/2017	644,779	-
	644,779	760,000
Less: portion repayable within one year	(274,932)	(200,000)
	\$ 369,847	\$ 560,000

Principal repayments on long-term debt over the next five years are as follows:

2018	\$ 274,932
2019	274,490
2020	278,914
2021	283,409
2022	133,034

East Prince Development Inc. Notes to Financial Statements

March 31, 2017

4. Capital Assets

Due to the non-profit nature of the organization, capital assets are carried at a nominal value of \$1 on the statement of financial position with the remaining costs being expensed on the statement of operations and changes in fund balances and reserve. Lease payments on capital assets are included as equipment rent expense on the statement of operations and changes in fund balances and reserve. During the year, capital assets expenditures included the following:

	2017	2016
SCI Software and Equipment	\$ 545	\$ 5,773

5. Externally Restricted Funds

Community Futures Program

Pursuant to a contract signed with Atlantic Canada Opportunities Agency (ACOA) under the Community Futures Program, funds advanced to the organization in respect of its eligible costs and the organization's Investment Fund capitalization costs shall be deposited and maintained in two separate accounts.

Funds credited to the Investment Fund shall not be used for purposes other than Investment Fund activities without the prior written approval of ACOA. This includes funds lent to or received from Atlantic Canada Community Business Investment Fund (ACCBIF).

Notwithstanding, funds credited to the Investment Fund account may be transferred to the Eligible Costs account ("Operating Fund") of the organization where the following conditions are met:

1. the organization's Annual Budget submitted with the Business Plan projects a deficit (the "Deficit") and is accepted by ACOA;
2. the Deficit was, in fact, incurred as projected; and,
3. the organization shall provide to ACOA written confirmation of the transfer of the funds from the Investment Fund account to the Eligible Costs account within 90 days of the end of each fiscal year.

Seed Capital Initiative

Pursuant to a contract signed with Atlantic Canada Opportunities Agency (ACOA) under the Seed Capital Initiative (SCI), funds advanced to the organization in respect of its eligible costs and the organization's SCI Fund capitalization costs shall be deposited and maintained in two separate accounts.

Funds credited to the SCI Fund shall not be used for purposes other than SCI Fund activities without the prior written approval of ACOA.

This program is offered exclusively in the Greater Charlottetown area.

East Prince Development Inc. Notes to Financial Statements

March 31, 2017

6. Related Party Transactions

During the year the organization had the following transactions with a commonly controlled company, E.K. Holdings Ltd.:

	2017	2016
Rent	\$ 33,948	\$ 41,671

These transactions are in the normal course of operations and are measured at the exchange amount being the amount of consideration established and agreed to by the related parties.

Financial summaries of the unconsolidated entity as of March 31, 2017 and 2016 are as follows:

	(Unaudited) 2017	(Unaudited) 2016
Financial position		
Total assets	\$ 209,865	\$ 215,408
Total liabilities	266,146	275,789
Total deficiency	(56,281)	(60,381)
	\$ 209,865	\$ 215,408
Results of operations		
Total revenues	\$ 60,200	\$ 66,900
Total expenses	(56,100)	(54,559)
Net income (loss)	\$ 4,100	\$ 12,341
Cash flows		
Cash provided by (used in) operations	\$ 9,362	\$ 19,034
Cash provided by (used in) financing and investing activities	(8,579)	(8,272)
	\$ 783	\$ 10,762

East Prince Development Inc. Notes to Financial Statements

March 31, 2017

7. Economic Dependence

East Prince Development Inc. receives an annual operating contribution from ACOA to cover a portion of the operating expenses of the Operating Fund. The continued operation of the organization currently depends on the receipt of the annual operation contribution.

8. Employee Severance Reserve

The organization has a discretionary employee severance benefits policy. The policy adopted follows the guidelines issued by the Atlantic Association of Community Business Development Corporations in their CBDC Policies and Procedures Manual issued January 1, 1999. The organization has recognized as a reserve, the minimum future severance amounts which, subject to board approval, would be payable to the existing employee base under various severance circumstances.

The organization executed employment agreements with an employee whereby minimum future severance amounts calculated as noted in the previous paragraph were superseded by a specific future severance amount calculated with reference to their current level of remuneration.

The funding of the employee future severance is shown as a transfer from the Operating Fund balance on the statement of operations and changes in fund balances and reserve.

	2017	2016
Employee future severance reserve, beginning of year	\$ 100,938	\$ 97,704
Transfer from (to) surplus	5,770	3,234
	<u>\$ 106,708</u>	<u>\$ 100,938</u>

9. Other Revenue

	2017	2016
Admin Fee CASP	\$ 9,845	\$ 1,650
Bad Debt Recovery	1,200	63
Creditor Life Insurance	380	365
Entrepreneurship Forum	13,441	10,919
Property Management Fee	6,000	-
SCI Admin Fee	8,750	8,750
	<u>\$ 39,616</u>	<u>\$ 21,747</u>



CBDC Central PEI

Annual Report 2016-2017

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Agence de
promotion économique
du Canada atlantique

Canada