



CBDC Central PEI

27<sup>th</sup>

# Annual Report

2017 - 2018

April 1 to March 31

**Providing Flexible Financing  
and Advice to Business**

*Think Business... Think CBDC*

# President's Message



## President's Message

CBDC Central PEI is proud to be part of an Atlantic Canada network of 41 CBDC's. For 27 years now we have fostered entrepreneurship development and together with our economic development partners assisted in the growth of the Prince Edward Island economy. Our goal is to 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 each year makes an impressive contribution to the Island's economy and to the development and growth of Island entrepreneurs. We strive to ensure as a community development lender we are different from traditional lenders. Positive feedback for our clients makes note we are indeed non-traditional and we have made access to capital less challenging and more expedient.

- Approved and disbursed 694 of 837 loan applications received for a total of \$19,983,492
- Levered another \$9,927,892
- Directly impacted 3,940 jobs in the communities we serve in 1,229 businesses
- Provided business counselling and business skills development training to hundreds of entrepreneurs
- As a non-traditional high risk character lender loan 'write-offs' in the past year as a percentage of loans approved and disbursed was 2.16%
- 45% 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 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. Despite a number of negative global set backs in the past year, Prince Edward Island has been most fortunate to be recognized as a leader in economic growth and immigration. We are confident this positive provincial report card (our Premier says PEI is on a tare) will positively impact business growth and opportunities in the new year.

Harnessing this positive wave and at the same time being cognisant of the global uncertainties; we will continue to work with ACOA, the Rural Action Centres and other development organization to foster economic growth and job creation.

We partner with the Greater Charlottetown Area Chamber of Commerce to deliver ACOA's Seed Capital Initiative program in the greater Charlottetown area which includes the communities of Stratford and Cornwall. This program offers access to capital along with business skills training dollars to assist the growth and development of new and expanding small businesses. Program demand continues to be strong. The program has been re-branded and marketed as 'impact MORE THAN A START UP LOAN'.

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### CBDC Central PEI

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Atlantic Canada  
Opportunities  
Agency

Agence de  
promotion économique  
du Canada atlantique

Canada

We are pleased to be contracted 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 only three applications short of last year's exceptionably strong demand. This program is a valuable resource to SME's and provides increased branding and revenue for our CBDC.

The stewardship and success of our corporations falls to our dedicated volunteer Board of Directors. Our Directors come to the 'table' with proven entrepreneurship credentials as each of them successfully manage a business of their own. 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.

In closing, on behalf of our Board of Directors I would like to say a special thank you to our soon to retire Executive Director - Ron Holley. Ron has demonstrated dedication to growing not only the communities we serve but also growing our own corporations during his 27 years of service.

Respectfully yours,



Wayne Gallinger  
President

# Portfolio Status

## **CBDC Loans**

Prior Loan Programs – March 31 <sup>st</sup> , 2011	\$211,914
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### **New Loan Products – April 1<sup>st</sup>, 2011 – March 31<sup>st</sup>, 2018**

Youth Loans	\$296,598
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First Time Entrepreneurs Loans	\$724,883
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General Business Loans	\$2,532,225
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Total (95 loans)	\$3,765,620
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## **impact Atlantic**

impact – Loans (21)	\$318,733
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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.**



Damien Packwood – dMD damien Morris Designs

Participated in our impact Atlantic promotional videos, produced by Cranky Goat Entertainment from Newfoundland.

## 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.



Joanne Wigston – Island Gelato

- 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
  - impact Atlantic Initiative, up to \$25,000 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, 2018**



**East Prince Development Inc.  
Financial Statements  
For the Year Ended March 31, 2018**

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## Independent Auditor's Report

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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, 2018, 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.



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#### 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, 2018, 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 6, 2018

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

## East Prince Development Inc. Statement of Financial Position

March 31	Operating Fund	Investment Fund	SCI Fund	2018 Total	2017 Total
<b>Assets</b>					
Current:					
Cash and short-term investments	\$ 74,097	\$ 390,448	\$ 115,403	\$ 579,948	\$ 511,097
Internally restricted cash (Note 8)	8,216	-	-	8,216	106,708
Accounts receivable					
ACOA	24,382	-	-	24,382	41,639
Advances	28,496	-	-	28,496	28,568
H.S.T.	3,275	-	-	3,275	2,817
Loan interest	-	30,418	560	30,978	30,373
Prepaid expenses	219	-	-	219	-
	138,685	420,866	115,963	675,514	721,202
Investments					
Loans receivable (Note 2)	-	3,389,059	286,860	3,675,919	3,152,183
ACCBIF deposit (Note 3)	-	37,500	-	37,500	37,500
Capital assets (Note 4)	1	-	-	1	1
	\$ 138,686	\$ 3,847,425	\$ 402,823	\$ 4,388,934	\$ 3,910,886
<b>Liabilities and Fund Balances and Reserves</b>					
Current:					
Accounts payable and accrued liabilities	\$ 2,002	\$ -	\$ -	\$ 2,002	\$ 739
Current portion of long-term debt (Note 3)	-	275,772	-	275,772	274,932
	2,002	275,772	-	277,774	275,671
ACCBIF long-term debt (Note 3)	-	693,178	-	693,178	369,847
	2,002	968,950	-	970,952	645,518
Fund Balances and Reserves					
Invested in property and equipment	1	-	-	1	1
Externally restricted (Note 5)	-	2,878,475	402,823	3,281,298	3,040,044
Unrestricted	128,467	-	-	128,467	118,615
Employee severance reserve (Note 8)	8,216	-	-	8,216	106,708
	136,684	2,878,475	402,823	3,417,982	3,265,368
	\$ 138,686	\$ 3,847,425	\$ 402,823	\$ 4,388,934	\$ 3,910,886

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

	2018				2017
For the year ended March 31	Operating Fund	Investment Fund	SCI Fund	Total	Total
Fund balances, beginning of the year	\$ 118,615	\$ 2,776,231	\$ 263,813	\$3,158,659	\$ 3,009,197
Excess (deficiency) of revenues over expenses	(3,382)	115,736	(990)	111,364	15,232
Capital contribution	-	-	140,000	140,000	140,000
Transfer from (to) employee severance reserve (Note 8)	(258)	-	-	(258)	(5,770)
Transfer of 2018 ACOA deficit	13,492	(13,492)	-	-	-
Fund balances, end of the year	\$ 128,467	\$ 2,878,475	\$ 402,823	\$3,409,765	\$ 3,158,659



## East Prince Development Inc. Statement of Operations

	2018				2017
For the year ended March 31	Operating Fund	Investment Fund	SCI Fund	Total	Total
<b>Revenue</b>					
ACOA contribution	\$ 235,024	\$ -	\$ -	\$ 235,024	\$ 241,010
ACOA SCI contribution	-	-	65,748	65,748	68,749
Investment income					
Loan portfolio	-	204,250	10,207	214,457	184,334
Other interest	81	175	-	256	313
Other revenue (Note 9)	30,261	456	-	30,717	39,616
	265,366	204,881	75,955	546,202	534,022
<b>Expenses</b>					
Advertising	18,565	-	-	18,565	14,502
Board expenses	14,179	-	-	14,179	12,246
Credit services	1,326	-	-	1,326	1,463
Capital assets	1,579	-	-	1,979	-
Insurance	1,773	-	-	1,773	1,698
Office and postage	3,658	-	-	3,658	5,000
Professional fees	12,746	-	-	12,746	14,798
Real estate rental	34,073	-	-	34,073	33,948
Equipment rental	2,355	-	-	2,355	2,909
Repairs and maintenance	651	-	-	651	459
Subscriptions and memberships	2,058	-	-	2,058	1,662
SCI Wages	-	-	37,000	37,000	37,000
SCI Administration fees	-	-	8,750	8,750	8,750
SCI Training	-	-	9,561	9,561	10,104
SCI Marketing and translation	-	-	6,071	6,071	7,864
SCI Software and equipment	-	-	545	545	545
SCI Travel and memberships	-	-	3,821	3,821	4,486
Telephone and Internet	6,750	-	-	6,750	6,034
Travel	7,216	-	-	7,216	5,807
Wages and benefits	160,746	-	-	160,746	161,096
Interest and bank charges	273	12,428	-	12,701	11,693
Loan loss provision (Note 2)	-	76,717	11,197	87,914	176,726
	268,748	89,145	76,945	434,838	518,790
<b>Excess (deficiency) of revenues over expenses</b>	\$ (3,382)	\$ 115,736	\$ (990)	\$ 111,364	\$ 15,232

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	2018	2017
<b>Cash flows from operating activities</b>		
Excess of revenues over expenses	\$ 111,364	\$ 15,232
Items not affecting cash:		
Loan loss provision	87,914	176,726
	199,278	191,958
Changes in working capital:		
Accounts receivable	16,266	(7,232)
Prepaid expenses	(219)	-
Accounts payable and accrued liabilities	1,263	(7,932)
Severance payable	(98,750)	-
	117,838	176,794
<b>Cash flows used in financing activities</b>		
SCI capital contribution	140,000	140,000
Proceeds from ACCBIF long-term debt	600,000	-
Repayment of ACCBIF long-term debt	(275,829)	(115,221)
	464,171	24,779
<b>Cash flows used in investing activities</b>		
Loans to clients	(1,206,500)	(956,500)
Principal repayments from clients	706,822	687,893
SCI loan disbursements	(172,500)	(153,000)
SCI principal repayments	60,528	22,939
	(611,650)	(398,668)
<b>Net decrease in cash and cash equivalents</b>	(29,641)	(197,095)
<b>Cash and cash equivalents, beginning of the</b>	<b>617,805</b>	<b>814,900</b>
<b>Cash and cash equivalents, end of the year</b>	<b>\$ 588,164</b>	<b>\$ 617,805</b>
<b>Cash and cash equivalents consists of:</b>		
Cash and short-term investments	\$ 579,948	\$ 511,097
Internally restricted cash	8,216	106,708
	\$ 588,164	\$ 617,805

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

## East Prince Development Inc. Notes to Financial Statements

March 31, 2018

### 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(l)(i) 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, 2018

### 1. Significant Accounting Policies (continued)

<b>Departure from ASNPO</b>	<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>
<b>Capital Assets</b>	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.
<b>Use of Estimates</b>	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. Such estimates include the determination of loan loss provisions. Actual results could differ from management's best estimates as additional information becomes available in the future.
<b>Investments</b>	The investments are recorded at the lower of cost or market value.
<b>Inter-Fund Advances</b>	The inter-fund advances are non-interest bearing, with no set terms of repayment.
<b>Financial Instruments</b>	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. Transaction costs are charged to the financial instrument for those measured at amortized cost. 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, 2018

### 2. Investments

	Investment Fund	SCI Fund	2018	2017
Loans to clients	\$ 3,765,621	\$ 318,733	\$ 4,084,354	\$ 3,502,426
Less: allowance for doubtful loans	(376,562)	(31,873)	(408,435)	(350,243)
	<u>\$ 3,389,059</u>	<u>\$ 286,860</u>	<u>\$ 3,675,919</u>	<u>\$ 3,152,183</u>

The activity in the loans to clients is comprised of:

Balance, beginning of year	\$ 3,295,665	\$ 206,761	\$ 3,502,426	\$ 3,247,301
Loans advanced during the year	1,206,500	172,500	1,379,000	1,109,500
Loans repaid during the year	(706,822)	(60,528)	(767,350)	(710,832)
Loans written off during the year	(29,722)	-	(29,722)	(143,543)
Balance, end of year	<u>\$ 3,765,621</u>	<u>\$ 318,733</u>	<u>\$ 4,084,354</u>	<u>\$ 3,502,426</u>

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

Balance, beginning of year	\$ 329,567	\$ 20,676	\$ 350,243	\$ 317,060
Loans written off during the year	(29,722)	-	(29,722)	(143,543)
Loan loss provision, current year	76,717	11,197	87,914	176,726
Balance, end of year	<u>\$ 376,562</u>	<u>\$ 31,873</u>	<u>\$ 408,435</u>	<u>\$ 350,243</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, 2018:

A) Total number of investment loans approved during the year	<u>24</u>
B) Total number of active Investment loans under management	<u>94</u>

## East Prince Development Inc. Notes to Financial Statements

March 31, 2018

### 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.

In 2016/2017 the organization was approved for \$1,360,000 through ACCBIF by way of a demand loan. 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.

	2018	2017
ACCBIF demand loan - 2016/2017	\$ 968,950	\$ 644,779
Less: portion repayable within one year	(275,772)	(274,932)
	<u>\$ 693,178</u>	<u>\$ 369,847</u>

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

2019	\$ 275,772
2020	278,949
2021	283,445
2022	<u>130,784</u>
	<u>\$ 968,950</u>



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**East Prince Development Inc.**  
**Notes to Financial Statements**

March 31, 2018

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**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:

	2018	2017
Computer equipment	\$ 1,979	\$ -
SCI software and equipment	545	545
	<u>\$ 2,524</u>	<u>\$ 545</u>

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**East Prince Development Inc.  
Notes to Financial Statements**

**March 31, 2018**

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**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.

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## East Prince Development Inc. Notes to Financial Statements

March 31, 2018

### 6. Related Party Transactions

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

	2018	2017
Rent	\$ 34,073	\$ 33,948

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, 2018 and 2017 are as follows:

	(Unaudited) 2018	(Unaudited) 2017
<b>Financial position</b>		
Total assets	\$ 206,171	\$ 209,865
Total liabilities	259,266	266,146
Total deficiency	(53,095)	(56,281)
	\$ 206,171	\$ 209,865
	(Unaudited) 2018	(Unaudited) 2017
<b>Results of operations</b>		
Total revenues	\$ 57,300	\$ 60,200
Total expenses	(54,144)	(56,100)
Net income	\$ 3,186	\$ 4,100
	(Unaudited) 2018	(Unaudited) 2017
<b>Cash flows</b>		
Cash provided by (used in) operations	\$ 11,233	\$ 9,362
Cash provided by (used in) financing and investing activities	(9,021)	(8,579)
	\$ 2,212	\$ 783



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**East Prince Development Inc.  
Notes to Financial Statements**

**March 31, 2018**

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**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.

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**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.

	2018	2017
Employee future severance reserve, beginning of year	\$ 106,708	\$ 100,938
Transfer from (to) surplus	258	5,770
Employee severance payout	(98,750)	-
	<u>\$ 8,216</u>	<u>\$ 106,708</u>

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**East Prince Development Inc.  
Notes to Financial Statements**

March 31, 2018

**9. Other Revenue**

	<u>2018</u>	<u>2017</u>
Admin Fee CASP	\$ 3,350	\$ 9,845
Bad Debt Recovery	456	1,200
Creditor Life Insurance	164	380
Project Admin Fees	500	-
Entrepreneurship Forum	17,497	13,441
Property Management Fee	-	6,000
SCI Admin Fee	8,750	8,750
	<u>\$ 30,717</u>	<u>\$ 39,616</u>





## Community Business Development Corporations



**NEW BRUNSWICK**  
Campbellton, Edmundston, Grand Falls, Bathurst, Tracadie-Sheila, Miramichi, Bouctouche, Shediac, Amherst, New Glasgow, Guysborough, Windsor, Digby, Yarmouth, Sherburne, St. Stephen, Harvey.

**PRINCE EDWARD ISLAND**  
Alberton, Summerside, Montague, Inverness, Sydney, Victoria.

**NOVA SCOTIA**  
Bridgetown, Liverpool, Musquodoboit Harbour.

**NEWFOUNDLAND & LABRADOR**  
Goose Bay, Plum Point, Baie Verte, Corner Brook, Grand Falls/Windsor, St. Alban's, Clarendville, Carleton Place, Port Aux Basques, Marystown, Placentia, Ferryland, Manuels.

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Please Note: Areas that are grayed out are urban areas that are not covered by CBDCs



CBDC Central PEI

Annual Report 2017-2018

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Atlantic Canada Opportunities Agency

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