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2019-2020  
**ANNUAL  
REPORT**



“What a pleasurable experience it’s been. They are so accomodating, easy to deal with and they understand you at a ground roots level.”

Darren Cousins  
Twin Shores



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# CBDC Central PEI

## Overview

CBDC Central PEI is a not-for-profit organization working to support the creation and expansion of small and medium sized businesses. We are part of the Community Business Development Corporations, a network of 41 independent, not-for-profit organizations that work in cooperation with all levels of government and the private sector to achieve our mandate.

To achieve this goal, we provide new and existing entrepreneurs tools that will help ensure their stability and growth through financial, technical assistance, and counselling services. Financial assistance can be accessed through 6 programs: Youth Loan, First Time Entrepreneur Loan, General Business Loan, Social Enterprise Loan, Innovation Loan, and urban financing through the Impact Program. Simultaneously, technical assistance more commonly takes the following forms: business plan guidance, counselling, training, workshops, and assistance in connecting clients to other sources of funding.

Also, we deliver the ACOA funded Consultant Advisory Services (CAS) program. It is a cost shared program for business to access professional consulting services. These professional services enable businesses to acquire the expertise required to grow their business, increase their bottom line, expand into new markets, and create jobs which positively impacts our economy.

This report, in addition to presenting the financial position of the Corporation, will concentrate on the major activities undertaken by CBDC Central PEI during its 30th year of operation. PEI's economy saw an unprecedented period of growth, and, as such our office had an increase in activity in all areas. We invested \$1.5M of new funds into the region this year while creating 66 new jobs, maintaining 79 and assisting 21 businesses through our CAS program. We have disbursed over \$22M in loans since inception and have helped in the creation and maintenance of 4,100 jobs and impacted over 1,290 businesses.



## Mission

We carry out our mission through the following core activities:

- Deliver flexible and character-based loans and lending (this is our core business)
- Provide value-based, complimentary business counselling and referrals
- Support clients with skills development through training, workshops, and financial support
- Build our network of connections to provide the best value for our clients and to leverage resources

## Our Core Values

The following values guide the everyday activities of CBDC Central PEI:

- Client-Focused
- Flexible, Agile and Responsive
- Strategic Use of Resources
- Partnerships and Collaborations

## PRESIDENT'S MESSAGE

As the incoming Chair of the Board of Directors, I am pleased to report on a successful year for CBDC Central PEI. It was a very active year not only with our lending but also with the introduction of new targeted training programs for our clients and the creation of new strategic partnerships.

As a community-oriented organization, the CBDC provides financial assistance and consulting services to small and medium-sized businesses, who may already be established or in the initial stages. Our mandate is to promote economic growth while providing support to entrepreneurs who wish to develop and grow their businesses. A crucial part of fulfilling this mandate is our volunteer Board of Directors. The volunteers are the backbone of the CBDCs across Atlantic Canada. We strive to have a board that not only reflects the industries of our region but the demographic makeup as well.

This year we are saying goodbye to Anne Watts and Mary Armellini. They brought incredible skills and talent to our board and will be greatly missed. It is always hard to say goodbye, but we know they are in the community continuing as CBDC Central PEI champions.

I want to express my sincere appreciation to our board members for their contribution of time and talent throughout the year. Their knowledge, experience, and dedication towards this organization and entrepreneurs are instrumental to our success.

In the 2020 fiscal year, the 41 CBDCs throughout Atlantic Canada had supported 1,330 Atlantic Canadian Entrepreneurs. Collectively, we injected more than \$74.3 million into our economy. Since the inception of the Community Futures Program, the CBDCs have assisted 35,716 entrepreneurs and invested over \$1.38 billion into rural communities throughout Atlantic Canada.

The government of Canada, through ACOA, is committed to helping rural communities become healthy and vibrant. Thank you to their hardworking team for their support, guidance, and ongoing assistance with a special thank you to our representatives, Shelley Clark, Account Manager, Communities and Inclusive Growth and Marilyn Murphy,

Director, Communities & Inclusive Growth.

We also work closely with community partners both at the provincial and regional levels to fulfil our mandate and ensure we are doing everything we can to help entrepreneurs succeed. Thank you to the Chambers of Commerce in Summerside, Kensington, South Shore, Charlottetown, and RDÉE ÎPÉ for their contributions to our region and their dedication to assisting business growth and development.

Thank you to both Innovation PEI and SkillsPEI for working closely with our clients and our team to ensure they are accessing the full range of programs and services available. These organizations not only collaborate with our staff on a day-to-day basis, but they also support us financially on special projects to augment our client services.

On behalf of the board, I would like to congratulate Tina Dickieson on her first full year as Executive Director. Tina has shown great leadership in our communities and has quickly become the face of our CBDC. Together, Tina, Tania and Krista were able to strengthen our CBDC's presence in the region, leading to stronger strategic relationships and increasing our loan volume.

I am honoured to lead such a strong and committed organization. While we know that 2020 has brought unprecedented challenges to our world, I have full confidence that we have the organizational strength through our volunteers and staff to do what we do best – help our clients succeed.

Thank you,



**Jamie Caseley**  
President

## EXECUTIVE DIRECTOR'S MESSAGE

I am pleased to share with our stakeholders and the community CBDC Central PEI's accomplishments during this past fiscal year. CBDC Central PEI's mission is, "We help our clients build success." Through our mission, we focus on delivering value to our clients, which, in turn, will support economic development within the PEI's central region and the province. Our role is to inform small and medium-sized businesses to "Come in, We're Open for Business" and to support them along their journey to success.

In the 2019/2020 fiscal year, PEI led the country in growth, and we saw a commensurate upsurge in loan activity. We had a 31% increase in completed loan applications at the end of our fiscal year and approved 28 loans through our CBDC lending programs. Our urban-based Impact Program, which we deliver on behalf of ACOA to the Greater Charlottetown area, was also in high demand. We had 14 completed loan applications with 13 approved by our fiscal year-end.

Since our inception in August 1990, our CBDC has disbursed \$22,044,492 in loans, including \$1,306,400 of new funds this year. On March 31st, 27 loans had been disbursed through our CBDC lending services and 11 through Impact, injecting a total of \$1,512,580 into our economy while creating 66 jobs and maintaining 79 through both programs. These investments levered \$4,879,320 from clients, financial institutions, and both levels of governments for a total investment in our region of \$6,391,900.

For training with both our CBDC and Impact clients, we provided 12 one-on-one training sessions, 11 workshops. We counselled 101 businesses, injecting \$21,050 of investment training dollars locally. The Consulting Advisory Services (CAS) program was extremely popular during this fiscal year, with 21 assisted companies for a total of \$91,960 in contributions.

Thank you to ACOA, the Government of PEI and the Atlantic Association of CBDCs for providing the funding to allow for these critical services to our clients. Recent studies have shown that businesses that work with CBDCs have a 71% success rate within their first 5 years of business. I firmly believe that providing these services is what makes us stand out from traditional lenders.

I want to take this opportunity to express my gratitude to our

hardworking clients for their continued support. I genuinely enjoy working with community members to assist them in their endeavours wherever possible.

Thank you to Basil Ryan, Chief Operating Officer of the Atlantic Association, and their staff for their ongoing guidance and support. We are fortunate to belong to such a strong network that is continually working to make the Atlantic region a robust entrepreneurial environment.

In closing, the staff and I would like to give a special thank you to our Board of Directors, past and present. Thank you for bringing your passion, intellect, insight, experience and resources to the table. Your valuable input and perspective allow us to serve our community with enthusiasm and confidence.

Finally, our CBDC finds its strength through our devoted and dedicated staff. They fulfil our corporate mandate each and every day and are the public face to our clients. Thank you so much to Krista Thompson and Tania Bernard for their determination, passion and humour. This is both their 15th year with our office and we, as an organization, are very lucky to have them.

This April, we welcomed Alexandra Howard to our team. She hit the ground running in unusual times and has proven to be a vital part of our organization.

We know now that 2020 is a very different year necessitating changes to how we do business and how we live. I am confident that CBDC Central PEI is well-positioned to meet the ever-changing needs of our community and to continue to follow our mission – to help our clients build success.

Thank you!



**Tina Dickieson**  
Executive Director



# INVESTMENTS IN THE REGION

## Requests Processed

Applications received . . . . .	38
Applications approved . . . . .	28
Amounts invested . . . . .	\$1,306,400

## Number of Business Counselling Sessions

Number of clients . . . . .	89
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## Businesses Assisted

New business . . . . .	13
Existing business . . . . .	14
<b>Total . . . . .</b>	<b>27</b>

## Employment

Jobs created . . . . .	42
Jobs maintained . . . . .	67
<b>Total . . . . .</b>	<b>109</b>

## Training Sessions

Number of individuals . . . . .	6
Number of workshops . . . . .	10
<b>Total . . . . .</b>	<b>\$15,650</b>

## Impact Training Sessions

Number of individuals . . . . .	6
Number of workshops . . . . .	1
<b>Total . . . . .</b>	<b>\$5,400</b>

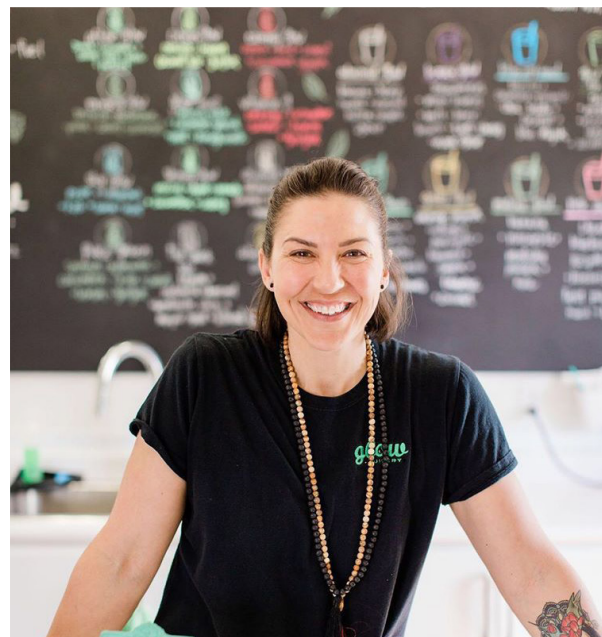
## Impact Counselling Sessions . . . . . 12

## Impact Loan Program

Applications received . . . . .	14
Applications approved . . . . .	13
Amount invested . . . . .	\$206,180

## Consulting Advisory Services

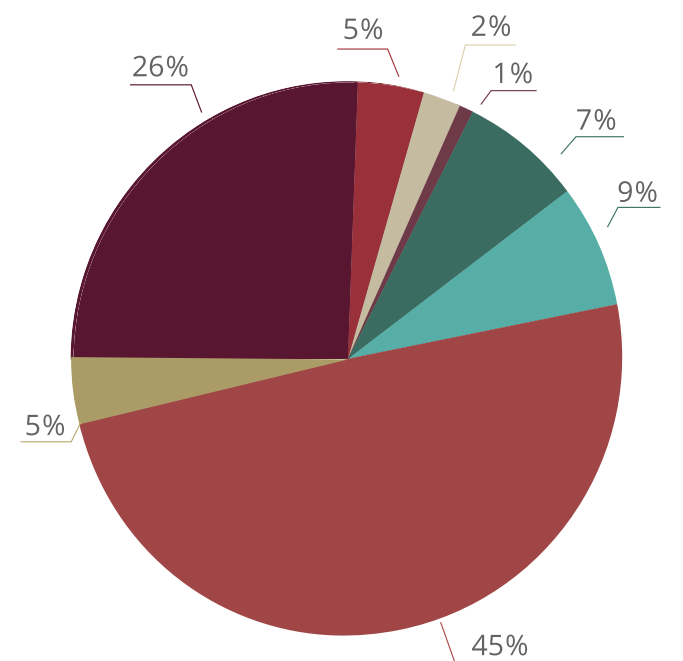
Number of businesses . . . . .	21
Amount granted . . . . .	\$91,960



Melanie Dufour, Owner  
Glow Juicery and the Recovery Studio

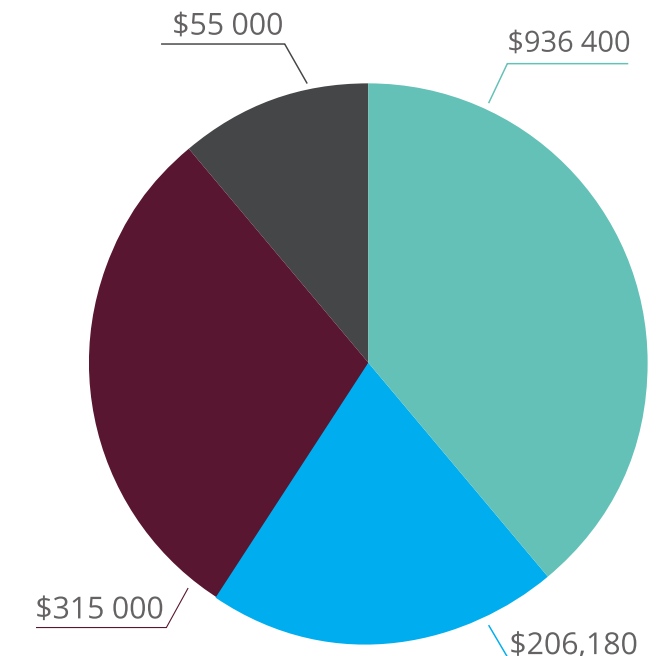
# BUILDING STRONG ENTREPRENEURIAL LEVERAGE IN OUR REGION

## Loans by Sector since inception



Service/Retail	45%	Arts/Entertainment	2%
Manufacturing	5%	Technology	1%
Tourism/Hospitality	26%	Agriculture	7%
Construction/Trade	5%	Aquaculture	9%

## Breakdown of amounts approved per loan product



General Business Loan	\$936,400
First-Time Entrepreneur Loan	\$315,000
Youth Loan	\$55,000
Impact Loan Program	\$206,180

## DID YOU KNOW?

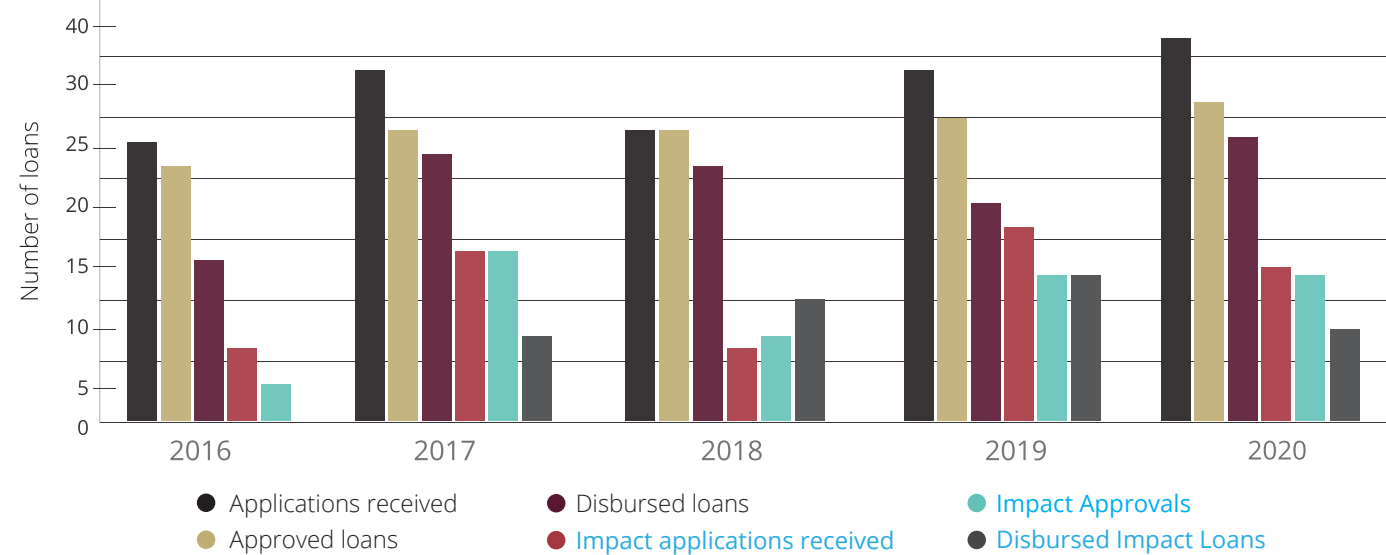
The business survival rate for CBDC assisted businesses (71%) is significantly higher than the rate for comparable businesses (47%) after the crucial fifth year following start-up.

## NUMBER OF LOANS APPROVED

General Business Loan . . . . .	14
First-Time Entrepreneur Loan . . . . .	8
Innovation Loan . . . . .	0
Social Enterprise Loan . . . . .	0
Clean Technology Loan . . . . .	0
Youth Loan . . . . .	6
<b>Impact Loan Program . . . . .</b>	<b>13</b>

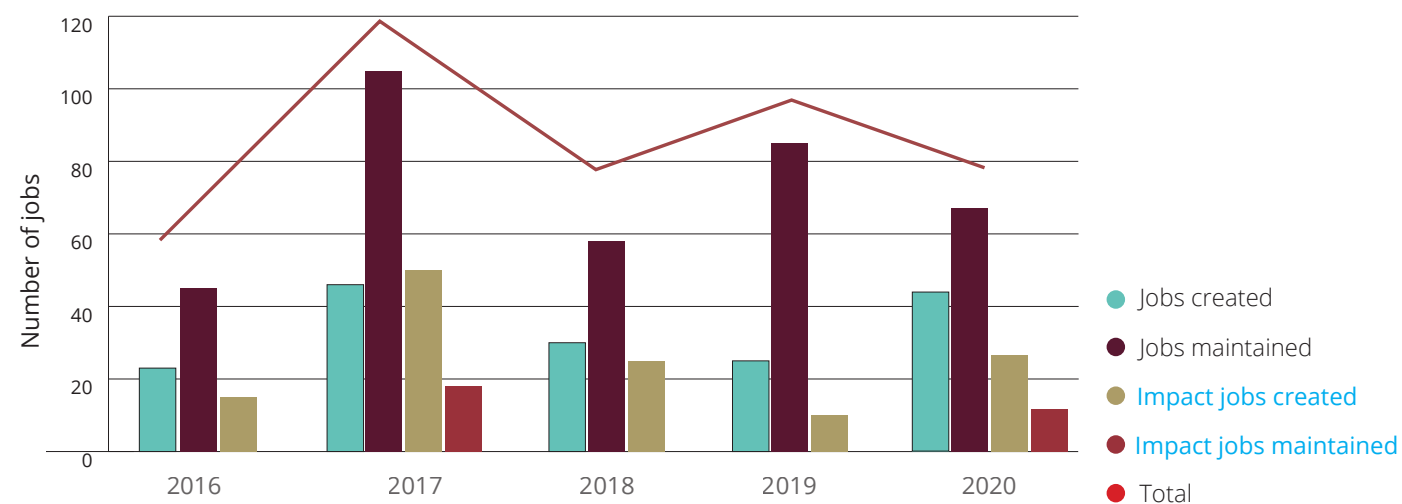
# BUILDING STRONG ENTREPRENEURIAL LEVERAGE IN OUR REGION

Number of applications, approved and disbursed over the past 5 years.



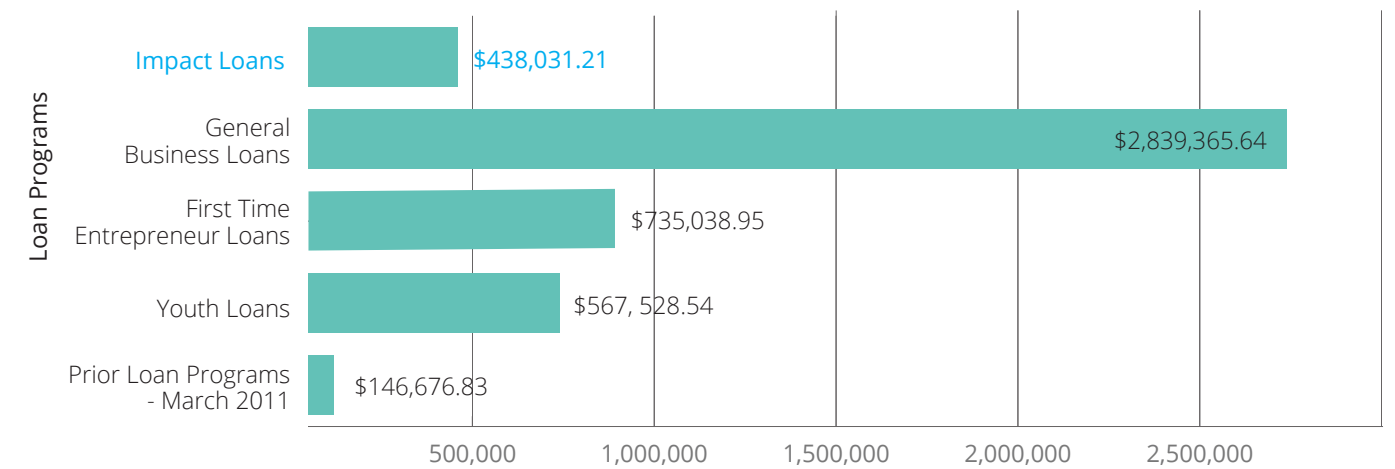
Since inception CBDC Central PEI has injected over 22 million dollars into the community. Our average loan approval this year was \$46,657, and our Impact loan program's average loan approval was \$15,860.

Jobs created and maintained over the last 5 years.



# BUILDING STRONG ENTREPRENEURIAL LEVERAGE IN OUR REGION

CBDC Central loan portfolio



# COMMUNITY MATTERS AT CBDC CENTRAL PEI

## Board of Directors

Jamie Caseley – Chair  
 Anne Watts – Vice President  
 Chad Howatt – Treasurer  
 Felix Arsenault  
 Mary Armellini  
 Dave Murrin  
 Tara Simmons  
 Karen MacDonald

## Impact Loan Committee

Emma Fugate - Chair  
 Patrick Cullen  
 Shawn Mackenzie

## CBDC Staff

Tina Dickieson - Executive Director  
 Tania Bernard - Bilingual Loans Officer  
 Krista Thompson - Administrative Officer  
 Alexandra Howard - Administrative Assistant



Tina and Margaret Magner, Executive Director of PEIBWA



Tina Dickieson and SMARdi Marketing



Board of Directors at the Culinary Institute of Canada



Tania Bernard, Krista Thompson, and Tina Dickieson



Tania Bernard and Krista Thompson, Choose Summerside



Tina Dickieson and Lt - Gov. Antoinette Perry

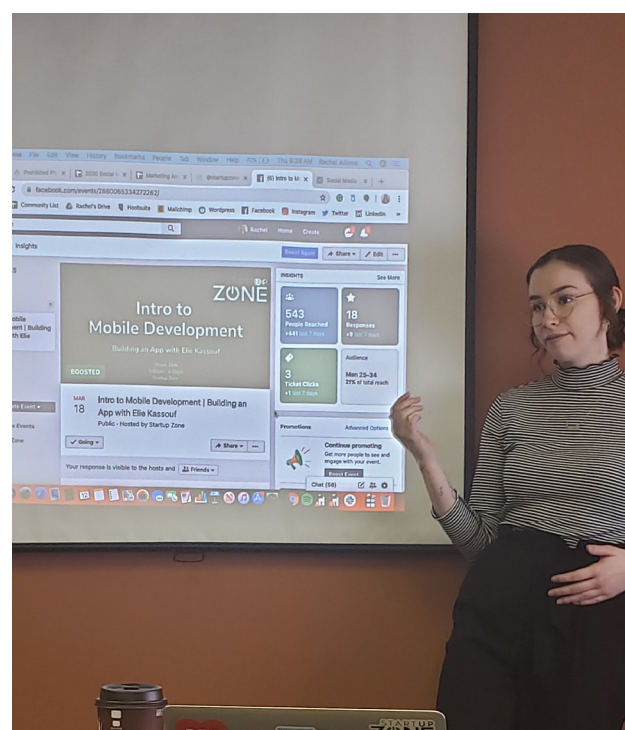
# BUILDING CLIENT SUCCESS



Chef Michael Smith hands out Micro Grant award

In March 2020, we partnered with CBDC Eastern PEI to host PEI's Premier Entrepreneurial Event: Building 5 Star Business Success. The day included many motivating moments as the attendees listened to author, innkeeper and world-renowned chef, Michael Smith. Chef Michael spoke about his journey to success in entrepreneurship and the importance of remaining authentic to being happy in your business journey. Eddie LeMoine, Canadian-born best-selling author, award-winning speaker, seminar leader and corporate trainer, finished the day with an inspiring speech, "Bring About What You Think About".

As part of our initiative to become a "Business Success Centre" to support our mission of helping clients build success, we developed the Business Success Series, adapted from CBDC Eastern PEI's Successful Business Series created in 2015.



Rachel Adams

CBDC Central PEI hosted the 2019 Entrepreneurship Forum entitled Breakthrough to Success. This one-day entrepreneurship forum was for entrepreneurs in the startup phase, growth phase, and those looking to become an entrepreneur. We provided four interactive learning sessions with topics ranging from Startups: Most Common Mistakes, Human Resource Management, Export Readiness and Managing Growth. Ron Robichaud, MBA, C&R Care and Consulting Ltd., delivered the opening keynote focusing on how to help entrepreneurs reach their true potential. Janet Ogilvie, MBA, Green Gable Alpacas, finished the day by sharing her personal journey, "How I found My True Calling in PEI".

## OUR SERIES INCLUDED:

- Financial Success Series, led by Rodney Payne, CPA, CGA and Partner of Fitzpatrick and Co: We hosted six unique sessions to augment financial literacy and help clients improve their bottom line.
- Success Social Media Series, led by Rachel Adams, Marketing & Events Coordinator for Startup Zone: This was a three-part workshop designed to teach clients how to use social media to solidify branding and drive sales.
- Successful Business Basics, led by Angela MacDonald, MBA, CPA-CMA of Angela MacDonald Management Consulting: This 5 part course developed by CBDC Eastern PEI provides clients with a classroom environment to address critical topics that will guide them through financially based planning and execution of business practices. We hosted one session in Summerside and partnered with the Startup Zone to deliver the course in Charlottetown.

The training sessions and forums provided to the entrepreneur's helped foster skills development in crucial areas related to business development and growth.



Angela MacDonald and Tina Dickieson



Janet Ogilvie

We look forward to presenting additional entrepreneurship events and workshops to support entrepreneurs in their business endeavours and ensure success.



# PRODUCTS AND SERVICES FOR THE SUCCESS OF OUR ENTREPRENEURS

## Business Management Skills Training

Tailored skills training in special areas such as market development, bookkeeping, feasibility studies, funding sources and business analysis.

## Consulting Advisory Services

Assistance provided through an external counselling agent in various fields of expertise to improve business performance. A certain financial contribution is requested from client.

## Business Counselling

Business counselling in the form of advice to new and established entrepreneurs.

## Clean Technology Initiative

Loan or advisory services ideas for a clean technology process, and products or services that reduce negative environmental impacts.

## Youth Loan

Provides start-up capital for youth between the ages of 18 to 34 who experience difficulty obtaining necessary financing.

## Innovation Loan

Helps promote the development of the knowledgebase economy and aids in the adoption or commercialization of new technologies.

## First-Time Entrepreneur Loan

Offers counselling services for individuals who wish to become a self-sufficient and profitable business owner. This is the perfect loan to put your plans into action.

## General Business Loan

Business is booming and you need funding for an expansion of your existing premises or have to construct a new building. Perhaps it's time to purchase new equipment and additional materials in order to fulfill increased customer demand for your product. This more flexible loan can even facilitate the acquisition of an existing business.

## Social Enterprise Loan

Tailored to social enterprises operating in rural communities where people are able to live, work and enjoy social activities in their region.

## Impact Loan Program

The Impact loan helps foster small and medium-sized businesses in urban Atlantic Canada. Entrepreneurs of all ages can apply for a business start-up loan, while established business owners between 19 and 39 can avail of expansion financing. Low-interest loans of up to \$25,000 are available.

## Contact Us:

For more information on the programs offered by your CBDC, contact us today:


 902.888.3793

 tina.dickieson@cbdc.ca

 www.cbdc.ca

 @CBDCpei

 Atlantic Canada Opportunities Agency

 Agence de promotion économique du Canada atlantique



 Canada

**East Prince Development Inc.**  
**Financial Statements**  
For the Year Ended March 31, 2020

**East Prince Development Inc.  
Financial Statements  
For the Year Ended March 31, 2020**

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**Independent Auditor's Report**

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To the Board of Directors of East Prince Development Inc.

**Qualified Opinion**

We have audited the accompanying financial statements of East Prince Development Inc. (the "Organization"), which comprise the statement of financial position as at March 31, 2020, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Basis for Qualified Opinion**

The Organization 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 Organization has not specifically disclosed information that enables users of its financial statement 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. This constitutes a departure from Canadian accounting standards for not-for-profit organizations. We have not determined the fair value of financial instruments and its effect on fund balances as at April 1 and March 31 for both the 2020 and 2019 years, nor income and expenses, excess of revenue over expenses and change in fund balances for the years ended March 31, 2020 and 2019.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada LLP*

Chartered Professional Accountants

Summerside, Prince Edward Island  
July 21, 2020

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<b>East Prince Development Inc. Statement of Financial Position</b>					
March 31	Operating Fund	Investment Fund	SCI Fund	2020 Total	2019 Total
<b>Assets</b>					
<b>Current</b>					
Cash and short-term investments	\$ 65,980	\$ 578,425	\$ 273,174	\$ 917,579	\$ 1,023,994
Internally restricted cash (Note 8)	15,305	-	-	15,305	8,341
Accounts receivable					
ACOA	30,636	-	-	30,636	30,466
Advances	51,869	-	-	51,869	28,042
H.S.T.	3,474	-	-	3,474	2,648
Loan interest	-	21,523	941	22,464	18,110
Prepaid expenses	-	-	-	-	207
	<u>167,264</u>	<u>599,948</u>	<u>274,115</u>	<u>1,041,327</u>	<u>1,111,808</u>
<b>Investments</b>					
Loans receivable (Note 2)	-	3,859,749	394,228	4,253,977	3,887,390
ACCBIF deposit (Note 3)	-	37,500	-	37,500	37,500
Capital assets (Note 4)	1	-	-	1	1
	<u>\$ 167,265</u>	<u>\$ 4,497,197</u>	<u>\$ 668,343</u>	<u>\$ 5,332,805</u>	<u>\$ 5,036,699</u>
<b>Liabilities and Fund Balances and Reserves</b>					
<b>Current</b>					
Accounts payable and accrued liabilities	\$ 447	\$ -	\$ -	\$ 447	\$ 1,666
Current portion of long-term debt (Note 3)	-	269,573	-	269,573	270,835
	<u>447</u>	<u>269,573</u>	<u>-</u>	<u>270,020</u>	<u>272,501</u>
<b>ACCBIF long-term debt (Note 3)</b>					
	<u>-</u>	<u>998,294</u>	<u>-</u>	<u>998,294</u>	<u>1,031,488</u>
	<u>447</u>	<u>1,267,867</u>	<u>-</u>	<u>1,268,314</u>	<u>1,303,989</u>
<b>Fund Balances and Reserves</b>					
Invested in property and equipment	1	-	-	1	1
External restricted (Note 5)	-	3,229,330	668,343	3,897,673	3,617,277
Unrestricted	151,512	-	-	151,512	107,091
Employee severance reserve (Note 8)	15,305	-	-	15,305	8,341
	<u>166,818</u>	<u>3,229,330</u>	<u>668,343</u>	<u>4,064,491</u>	<u>3,732,710</u>
	<u>\$ 167,265</u>	<u>\$ 4,497,197</u>	<u>\$ 668,343</u>	<u>\$ 5,332,805</u>	<u>\$ 5,036,699</u>
On behalf of the Board:					
_____	Director				
_____	Director				

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	2020			2019	
	Operating Fund	Investment Fund	SCI Fund	Total	Total
Fund balances, beginning of the year	\$ 107,091	\$ 3,074,736	\$ 542,541	\$3,724,368	\$ 3,409,765
Excess (deficiency) of revenues over expenses	19,796	186,183	(14,198)	191,781	174,728
Capital contribution	-	-	140,000	140,000	140,000
Transfer to employee severance reserve (Note 8)	(6,964)	-	-	(6,964)	(125)
Transfer of 2019 deficit	29,941	(29,941)	-	-	-
Transfer of 2020 deficit	1,648	(1,648)	-	-	-
<b>Fund balances, end of the year</b>	<u>\$ 151,512</u>	<u>\$ 3,229,330</u>	<u>\$ 668,343</u>	<u>\$4,049,185</u>	<u>\$ 3,724,368</u>

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

**East Prince Development Inc.  
Statement of Operations**

For the year ended March 31	2020			2019	
	Operating Fund	Investment Fund	SCI Fund	Total	Total
<b>Revenue</b>					
ACOA contribution	\$ 242,126	\$ -	\$ -	\$ 242,126	\$ 235,914
ACOA SCI contribution	-	-	64,355	64,355	68,750
Investment income					
Loan portfolio	-	264,917	15,357	280,273	248,183
Other interest	111	5,164	-	5,276	4,807
Other revenue (Note 9)	40,753	159	-	40,912	17,192
	<u>282,990</u>	<u>270,240</u>	<u>79,712</u>	<u>632,942</u>	<u>574,846</u>
<b>Expenses</b>					
Advertising	10,127	-	-	10,127	3,174
Board expenses	9,836	-	-	9,836	16,100
Capital assets	2,738	-	-	2,738	3,966
Credit services	1,990	-	-	1,990	2,244
Entrepreneurship forum & workshops	11,197	-	-	11,197	-
Equipment rental	2,801	-	-	2,801	2,354
Insurance	1,781	-	-	1,781	1,793
Interest and bank charges	646	23,544	-	24,190	20,819
Loan loss provision (Note 2)	-	60,513	29,549	90,062	37,297
Office and postage	12,311	-	-	12,311	3,167
Professional fees	20,385	-	-	20,385	19,831
Real estate rental	34,073	-	-	34,073	34,073
Repairs and maintenance	-	-	-	-	753
SCI Administration fees	-	-	8,750	8,750	8,750
SCI Marketing and translation	-	-	8,724	8,724	8,091
SCI Training	-	-	5,374	5,374	10,349
SCI Travel and memberships	-	-	3,968	3,968	3,997
SCI Wages	-	-	37,000	37,000	37,000
Software and equipment	-	-	545	545	545
Subscriptions and memberships	1,734	-	-	1,734	1,585
Telephone and internet	7,760	-	-	7,760	6,477
Travel	5,599	-	-	5,599	5,941
Wages and benefits (Note 10)	140,216	-	-	140,216	171,812
	<u>263,194</u>	<u>84,057</u>	<u>93,910</u>	<u>441,161</u>	<u>400,118</u>
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ 19,796</b>	<b>\$ 186,183</b>	<b>\$ (14,198)</b>	<b>\$ 191,781</b>	<b>\$ 174,728</b>

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

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**East Prince Development Inc.  
Statement of Cash Flows**

For the year ended March 31	2020	2019
<b>Cash flows from operating activities</b>		
Excess of revenues over expenses	\$ 191,781	\$ 174,728
Items not affecting cash:		
Loan loss provision	90,062	37,297
	<u>281,843</u>	<u>212,025</u>
<b>Changes in working capital:</b>		
Accounts receivable	(29,178)	7,865
Prepaid expenses	207	12
Accounts payable and accrued liabilities	(1,219)	(336)
	<u>251,653</u>	<u>219,566</u>
<b>Cash flows used in financing activities</b>		
SCI capital contribution	140,000	140,000
Proceeds from ACCBIF long-term debt	230,000	600,000
Repayment of ACCBIF long-term debt	(264,456)	(266,627)
	<u>105,544</u>	<u>473,373</u>
<b>Cash flows used in investing activities</b>		
Loans advanced	(1,221,400)	(1,045,600)
Loans repaid	835,164	878,082
SCI loans advanced	(176,180)	(158,000)
SCI loans repaid	105,767	76,750
	<u>(456,649)</u>	<u>(248,768)</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(99,452)</b>	<b>444,171</b>
<b>Cash and cash equivalents, beginning of the</b>	<b>1,032,335</b>	<b>588,164</b>
<b>Cash and cash equivalents, end of the year</b>	<b>\$ 932,883</b>	<b>\$ 1,032,335</b>
<b>Cash and cash equivalents consists of:</b>		
Cash and short-term investments	\$ 917,578	\$ 1,023,994
Internally restricted cash	15,305	8,341
	<u>\$ 932,883</u>	<u>\$ 1,032,335</u>

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

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

March 31, 2020

**1. Significant Accounting Policies**

<b>Nature and Purpose of Organization</b>	<p>East Prince Development Inc.'s (the "Organization") mission is to "Create sustainable employment through promoting business development in our communities by providing capital and mentoring assistance."</p> <p>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.</p> <p>The Organization also manages other community programs which arise from time to time which require a managing agency.</p>
<b>Basis of Accounting</b>	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations (ASNPO).</p> <p>The Organization follows the restricted fund method of accounting for contributions. The externally imposed restrictions are specifically described in Note 5.</p> <p>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 Atlantic Canada Opportunities Agency ("ACOA"), or other funding partners and the Organization.</p> <p>The Investment Fund reports all restricted resources of the investment Fund and the investment income resulting from investing activities employing the fund.</p> <p>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.</p>

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

March 31, 2020

**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>ACOA has confirmed, within the 2011 Community Features 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>Employee Future Benefits</b>	<p>The Organization has defined contribution pension plans for their employees. Contributions are a defined amount based upon a set percentage of salary.</p>
<b>Capital Assets</b>	<p>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.</p>
<b>Use of Estimates</b>	<p>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.</p>
<b>Investments</b>	<p>The investments are recorded at the lower of cost or market value.</p>
<b>Inter-Fund Advances</b>	<p>The inter-fund advances are non-interest bearing, with no set terms of repayment.</p>
<b>Financial Instruments</b>	<p>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.</p>

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

March 31, 2020

**2. Investments**

	Investment Fund	SCI Fund	2020	2019
Loans to clients	\$ 4,288,610	\$ 438,031	\$ 4,726,641	\$ 4,319,322
Less: allowance for doubtful loans	(428,861)	(43,803)	(472,664)	(431,932)
	<u>\$ 3,859,749</u>	<u>\$ 394,228</u>	<u>\$ 4,253,977</u>	<u>\$ 3,887,390</u>

The activity in the loans to clients is comprised of:

Balance, beginning of year	\$ 3,926,695	\$ 392,627	\$ 4,319,322	\$ 4,084,354
Loans advanced during the year	1,221,400	176,180	1,397,580	1,203,600
Loans repaid during the year	(835,164)	(105,767)	(940,931)	(954,832)
Loans written off during the year	(24,321)	(25,009)	(49,330)	(13,800)
Balance, end of year	<u>\$ 4,288,610</u>	<u>\$ 438,031</u>	<u>\$ 4,726,641</u>	<u>\$ 4,319,322</u>

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

Balance, beginning of year	\$ 392,669	\$ 39,263	\$ 431,932	\$ 408,435
Loans written off during the year	(24,321)	(25,009)	(49,330)	(13,800)
Loan loss provision, current year	60,513	29,549	90,062	37,297
Balance, end of year	<u>\$ 428,861</u>	<u>\$ 43,803</u>	<u>\$ 472,664</u>	<u>\$ 431,932</u>

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

**Other Information:**

As at March 31, 2020:

A) Total number of investment loans approved during the year	<u>31</u>
B) Total number of active investment loans under management	<u>106</u>

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

March 31, 2020

**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 2017/2018 the Organization was approved for \$1,889,497 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 monthly blended principal and interest payments of \$24,000.

	2020	2019
ACCBIF demand loan - 2017/2018	\$ 1,267,867	\$ 1,302,323
Less: portion repayable within one year	(269,573)	(270,835)
	<u>\$ 998,294</u>	<u>\$ 1,031,488</u>

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

2021	\$ 269,573
2022	274,031
2023	278,448
2024	282,936
2025	162,879
	<u>\$ 1,267,867</u>

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

March 31, 2020

**4. Capital Assets**

Due to the 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:

	2020	2019
Computer equipment	\$ 2,738	\$ 3,966
SCI software and equipment	545	545
	<u>\$ 3,283</u>	<u>\$ 4,511</u>

**5. Externally Restricted Funds**

*Community Futures Program*

Pursuant to a contract signed with 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 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 ACOA under the 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 approval of ACOA. This program is offered exclusively in the Greater Charlottetown area.

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

March 31, 2020

**6. Related Party Transactions**

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

	2020	2019
Rent	<u>\$ 34,073</u>	<u>\$ 34,073</u>

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 company as of March 31, 2020 and 2019 are as follows:

	(Unaudited) 2020	(Unaudited) 2019
<b>Financial position</b>		
Total assets	<u>\$ 189,539</u>	<u>\$ 191,095</u>
Total liabilities	240,716	249,113
Total deficiency	<u>(51,177)</u>	<u>(58,018)</u>
	<u>\$ 189,539</u>	<u>\$ 191,095</u>
	(Unaudited) 2020	(Unaudited) 2019
<b>Results of operations</b>		
Total revenues	\$ 58,385	\$ 54,930
Total expenses	(51,544)	(59,853)
Net income (loss)	<u>\$ 6,841</u>	<u>\$ (4,923)</u>
	(Unaudited) 2020	(Unaudited) 2019
<b>Cash flows</b>		
Cash provided by operations	\$ 14,320	\$ 171
Cash used in financing and investing activities	(10,595)	(9,700)
	<u>\$ 3,725</u>	<u>\$ (9,529)</u>



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

March 31, 2020

**7. Economic Dependence**

The Organization 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. In the prior year, the employee has retired and the agreement has ended.

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.

	2020	2019
Employee future severance reserve, beginning of year	\$ 8,341	\$ 8,216
Transfer from surplus	6,964	125
	<u>\$ 15,305</u>	<u>\$ 8,341</u>

**9. Other Revenue**

	2020	2019
Bad debt recovery	\$ 159	\$ 574
CASP admin fee	12,273	7,500
Creditor life insurance	576	368
Entrepreneurship forum & workshops	19,154	-
SCI admin fee	8,750	8,750
	<u>\$ 40,912</u>	<u>\$ 17,192</u>

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

March 31, 2020

**10. Employee Future Benefits**

The Organization matches employee contributions to the defined contribution pension plans. Total pension expense for the year was \$6,664 (2019 - \$7,225) which is included in wages and benefits.

**11. Subsequent Event**

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus, the "COVID-19 outbreak". In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The Government of Prince Edward Island considers the Organization's operations essential services therefore it has maintained operations. The Organization has experienced limited interruptions to its service.

Although the disruption from the virus is expected to be temporary, given the dynamic natures of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated as this time.



“Impact is not just a business loan, it’s a connection and a family and a support team that will be there”

Damien Packwood,  
Damien Morris Designs

