



CENTRAL PEI

Community Business Development Corporation
Corporations au bénéfice du développement communautaire

**ANNUAL
REPORT
2021 - 2022**



“

Dawn and I have said numerous times throughout our journey “We’ve been guided home to PEI from far beyond this world”. Coming home 2 years ago was an absolute blessing and buying community care nursing homes has been one of the most rewarding experiences of our lives. It is an absolute honour to care for our most vulnerable fellow Islanders on a day to day basis. When it was time for renovations on a couple of our homes we reached out to CBDC Central PEI and right away we were welcomed with open arms and respect and understanding for what we were undertaking and why . The compassion for what we were doing was appreciated from the first phone call; professionalism, courtesy and direction was always at the table. With our partnership, we have taken these homes to the next level for all these beautiful souls we care for, who deserve it so much. It has been an absolute pleasure!

Thank you CBDC Central PEI - together we are changing lives.

”

Dawn & Steve Piccott
Owners, PiccottCare



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CBDC CENTRAL PEI



Overview

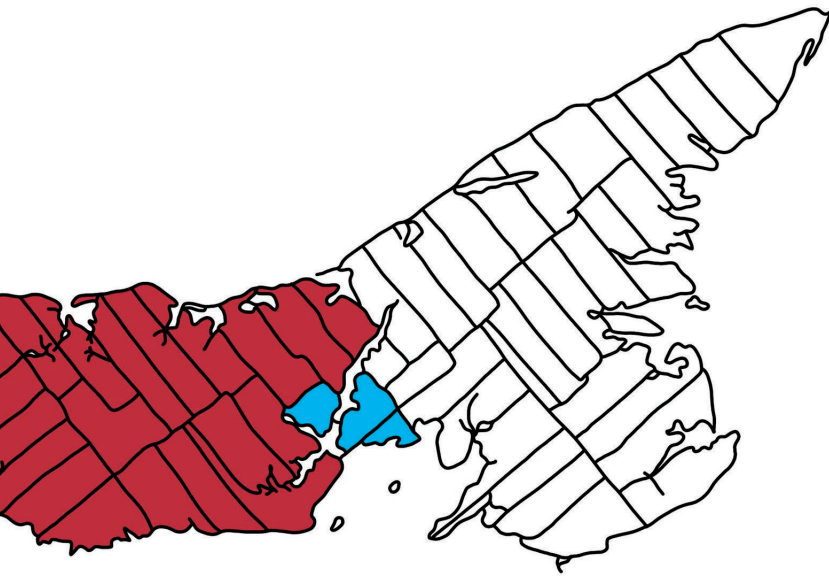
CBDC Central PEI is a not-for-profit organization working to support the creation and expansion of small and medium-sized businesses. We are part of the Community Business Development Corporations (CBDCs), a network of 41 independent, not-for-profit organizations that work in cooperation with all levels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

We provide new and existing entrepreneurs tools that will help ensure their stability and growth through financial assistance, technical assistance, and counselling services. Financial assistance includes character-based loans for business purposes, social enterprise loans, and urban financing through the Impact Atlantic Program. Simultaneously, technical assistance more commonly takes the following forms: business skills training, workshops, and connecting clients to partner organizations.

We deliver the ACOA funded Consultant Advisory Services (CAS) program, a cost-shared program for business owners to access professional consulting services. These professional services enable businesses to acquire the expertise required to grow their business, increase their bottom line, and expand into new markets.

This report, along with presenting our audited 2021/22 financial statements, will concentrate on the major activities undertaken by CBDC Central PEI during its 32nd year of operation. PEI experienced impressive economic growth, and as such, our office had an increase in activity in all areas. We invested \$2,780,525 of new funds into the region this year while creating 119 new jobs, maintaining 111 and assisting 9 businesses through our CAS program. We have disbursed over \$25M in loans since inception and have helped in the creation and maintenance of 4,407 jobs and impacted over 1,372 businesses. We continued to deliver emergency relief programs disbursing a combined \$1,328,000 in funding. Additionally, we disbursed \$1,000,000 of non-repayable contributions through the Tourism Activation Grant funded by the Department of Economic Growth, Tourism and Culture.

Finally, We launched the Momentum HR Program to assist businesses in the Central Queens region in partnership with SkillsPEI, ACOA and CBDC Eastern PEI.



Mission Statement

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 & Responsive
- Strategic Use of Resources
- Partnerships & Collaborations

PRESIDENT'S MESSAGE

At the beginning of 2022, I took on the role of Chair for CBDC Central PEI. Once again, it has been a year full of surprises, including successes and sadness and, of course, the pandemic is still lurking around. After presenting our 2020-2021 Annual Report, who would have thought our businesses would have endured another fall/winter of restrictions and closures? Throughout year two of the pandemic, CBDC Central PEI provided a steady hand to local businesses and entrepreneurs. Therefore, I am pleased to report on the success of our organization for the 2021/22 fiscal year.

CBDC Central PEI primarily seeks to help entrepreneurs throughout the region to start or develop their business. Our CBDC has continued to offer guidance and play a very active role during the COVID-19 pandemic. We provide high-quality services while supporting local entrepreneurs' efforts. We understand rural areas and in particular, the realities and challenges they face.

As a community-oriented organization, our mandate is to promote economic growth through private investment while supporting entrepreneurs throughout their journey. 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 has diversity but reflects our region's industries and the demographic makeup as well.

The past year was a very busy one, not only for CBDC Central PEI but for all 267 Community Future Network of Canada (CFNC) Organizations across Canada. The CBDCs/CFOs delivered the Regional Relief and Recovery Fund (RRRF), the small-business version of the Canada Business Emergency Account (CEBA) provided by traditional lenders. As of March 31st, 2022, Atlantic CBDCs processed 4064 applications and approved 2108, injecting \$84,481,945 of emergency relief funds into our region.

While CBDC staff were busy delivering emergency assists, they continued to provide our regular services. In 21/22, the 41 CBDCs throughout Atlantic Canada supported 1,413 Atlantic Canadian Entrepreneurs. Collectively, we injected more than \$80 million into our economy. Since the inception of the Community Futures Program, the CBDCs have assisted 37,942 entrepreneurs and invested over 1.5 billion into rural communities throughout Atlantic Canada.

Through Atlantic Canada Opportunities Agency (ACOA), the Government of Canada is committed to helping rural communities become healthy and vibrant. Thank you to their hardworking team for their ongoing support, guidance, and assistance.

We work jointly with community partners at the provincial and regional levels to fulfill our mandate and ensure entrepreneurs

utilize the programs and services available. Thank you to the Chambers of Commerce in Summerside, Kensington, South Shore, Charlottetown, RDÉE ÎPÉ and the Chambre de commerce acadienne et francophone de l'Î.-P.-É. 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 team. 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 thank all our hardworking staff - Krista, Claus, Julia, Rebecca and Gabrielle. Your dedication to CBDC Central PEI does not go unnoticed, and we appreciate the pride you take in each of your roles. We recognize that your workload increased vastly throughout the pandemic, and you worked diligently to ensure our clients received uninterrupted exceptional service. Thank you! This year, we welcomed Rebecca Curley, Administrative Officer, to our team, and Julia Smith took over the Executive Officer position. We look forward to having you both continue to grow CBDC Central PEI and provide our clients with professional service!

Under the guidance of our Executive Director, Tina Dickieson, we built a strong team of committed professionals who strengthened our CBDC's presence in the region, which led to stronger strategic relationships and increased our loan volume. It was not an easy feat amidst all the challenges. Thank you for your leadership skills, Tina, and your ability to act quickly and efficiently!

However, amid all our success, our Board was faced with a devastating loss this past December. With heavy hearts and great sadness, we had to say goodbye to our beloved Chair, Jamie Caseley. Jamie joined our Board in 2017 and became Chair in June 2019. He was a passionate, committed leader, and he led our organization through the worst of the pandemic. He was always a positive force for our team. We feel his loss deeply; however, we remain committed to delivering our mandate to promote economic growth in our local communities.

Last but not least, I want to express my sincere appreciation to our board members for their time and talent throughout the year. Whether we met virtually or face-to-face, it was always a pleasure to work with you. Your knowledge, experience, and dedication to this organization and its entrepreneurs are instrumental to our success.

In closing, I am humbled and honoured to lead such a strong and committed organization. While we know that we continue to face uncertainties and challenges in our world, I am confident that we have the organizational strength through our volunteers and staff to do what we do best - help our clients succeed!

Sincerely,



Karen MacDonald



EXECUTIVE DIRECTOR MESSAGE

I am pleased to share with the community CBDC Central PEI's enormous accomplishments 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, supports economic development within the central region of our province. Our role is to inform small and medium-sized business owners (SMEs) to "Come in, We're Open" and support them along their journey to success through lending, training, and business counselling.

Our core values include being client-focused as well as flexible, agile, and responsive. These values continue to inform how we serve our community in a climate of ongoing uncertainty. With each challenge, we ask ourselves how we can help our business community, and, from there, we do our best to meet their needs.

We continued to deliver emergency relief for business owners through the Regional Relief and Recovery Fund (RRRF) and the Urban Main Street Loan Initiative (UMSLI) for urban SMEs throughout this fiscal year. Additionally, the Island CBDC's partnered with the Department of Economic Growth, Tourism and Culture to deliver the Tourism Activation Grant (TAG), a new program developed to assist the Island's hardest-hit industry by providing grants to help offset the costs of reopening for the summer season and assist with new investments required to adapt to the new normal.

In May 2021, we launched the Momentum HR Program in partnership with SkillsPEI, ACOA and CBDC Eastern PEI. We welcomed Gabrielle Blanchard as our HR specialist to work with local SMEs to help attract new employees, develop human resource plans and provide training on human resource issues.

Alongside these new initiatives, we continued with our regular business lending through our CBDC general business loans and the Impact Atlantic program for urban borrowers.

In 21/22, we approved 12 RRRF loans and disbursed \$660,000 in funds. Likewise, we approved 13 loans through UMSLI for \$668,000. In total, our CBDC approved 85 RRRF loans for \$2,907,500 and 79 UMSLI loans for \$2,599,000. Together, we injected \$5,506,500 of emergency relief to clients in our region.

Despite the challenges presented by the pandemic, our region experienced impressive economic growth. As a result, we saw new and exciting businesses emerge that will enhance the services in our communities while diversifying our portfolio. We had 46 completed loan applications at the end of our fiscal year and approved 34 loans for a total investment of \$2,497,525 through our CBDC lending programs.

Our urban-based Impact Atlantic Program, which we deliver on behalf of ACOA PEI to the Greater Charlottetown Area, well exceeded our loan targets with 21 applications received and 16 approved for \$283,000.

Since our inception in August 1990, CBDC Central PEI has disbursed \$25,088,855.00 in loans. On March 31st, 28 loans (\$2,080,525.00) were disbursed through our CBDC lending services and 17 (\$298,000) through Impact, injecting a total of

\$2,378,525 into our economy while creating 119 jobs and maintaining 111 through both programs. In addition, these investments levered \$5,041,501 from clients, financial institutions, and both levels of government for a total investment in our region of \$7,420,026.

For client training, we assisted 104 entrepreneurs and hosted 17 workshops. We counselled 197 business owners while infusing \$19,558 of investment training dollars locally. The CAS program remained popular this fiscal year, with 9 assisted companies and \$34,280 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. We owe a special thank you to our ACOA PEI representatives, Marilyn Murphy, Director, Communities & Inclusive Growth, and Shelley Clark, former Account Manager, Communities, and Inclusive Growth. They worked tirelessly alongside our team and numerous other organizations to be proactive and ensure Island businesses received much-needed support and relief. Shelley took a well-deserved retirement this year, and while we were sad to see her go, we are happy for her as she enters this new stage in her life.

Thank you to Basil Ryan, Chief Operating Officer of the Atlantic Association, and the staff for their ongoing guidance and support. We are fortunate to belong to such a strong network continually working to make the Atlantic region economically attractive and make our voices heard at the national level.

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 and insight to the table. Your valuable input and perspective allow us to serve our community enthusiastically and confidently.

We lost our beloved Chair, Jamie Caseley, after a short but courageously fought battle with cancer. Jamie became Chair during my first year with the organization and was always there as the world around us changed rapidly. He was a shining ray of light – always positive, always with a smile. He was so proud of his wife and daughter. We feel his absence deeply.

Our CBDC finds its strength through our devoted and dedicated staff. This past year was tough on all our staff members. Nevertheless, their creativity and remarkable accomplishments exceeded our expectations. Krista, Claus, Julia, Rebecca and Gabrielle – thank you for your tenacity and ability to find humour, bringing much-needed levity during these tumultuous times.

While 2021/22 was another challenging year, I am proud of our accomplishments. I am confident that CBDC Central PEI is well-positioned to meet our community's flourishing needs and continue to follow our mission – to help our clients build success.

Thank you!



Tina Dickieson

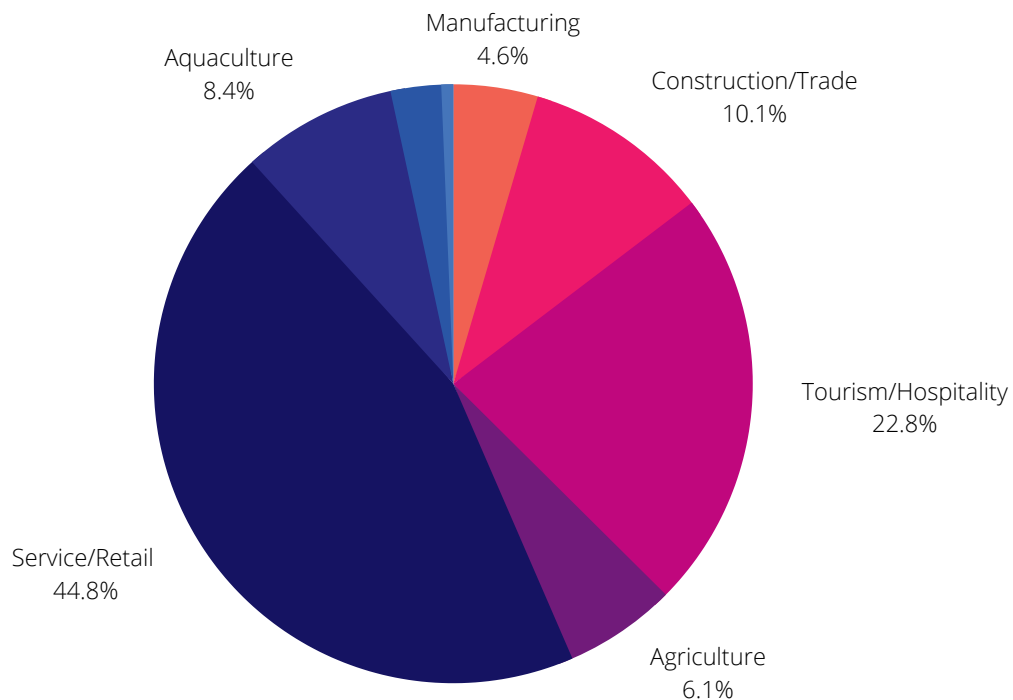


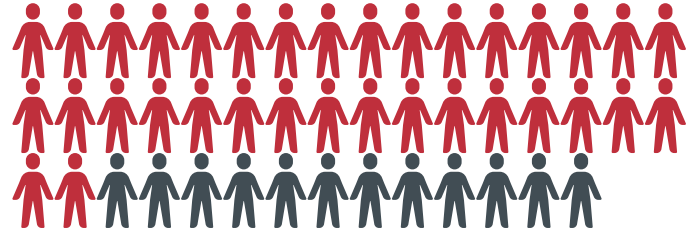
INVESTMENTS IN THE REGION



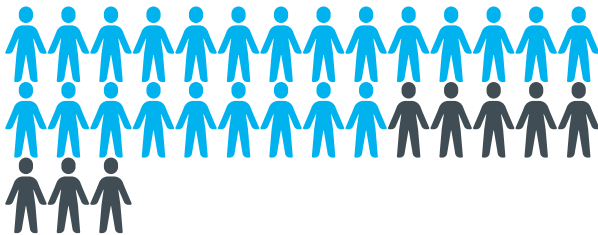
Since our inception in August 1990, CBDC Central PEI has disbursed approximately \$25M into the community while creating and maintaining 4,407 jobs and assisting 1,372 businesses

Loans by Sector Since Inception





impact



REQUESTS PROCESSED

Applications received	21
Applications approved	16
Amount invested	\$283,000

COUNSELLING SESSIONS

Number of clients	16
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EMPLOYMENT

Jobs created	42
Jobs maintained	53
Total	95

TRAINING SESSIONS

Number of individuals	42
Number of workshops	6
Total invested	\$12,754

over
\$8.7M
injected
into Region
in 2021

REQUESTS PROCESSED

Applications received	46
Applications approved	34
Amount invested	\$2,497,525

COUNSELLING SESSIONS

Number of clients	181
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BUSINESSES ASSISTED

New businesses	20
Existing businesses	8
Total	28

EMPLOYMENT

Jobs created	77
Jobs maintained	58
Total	135

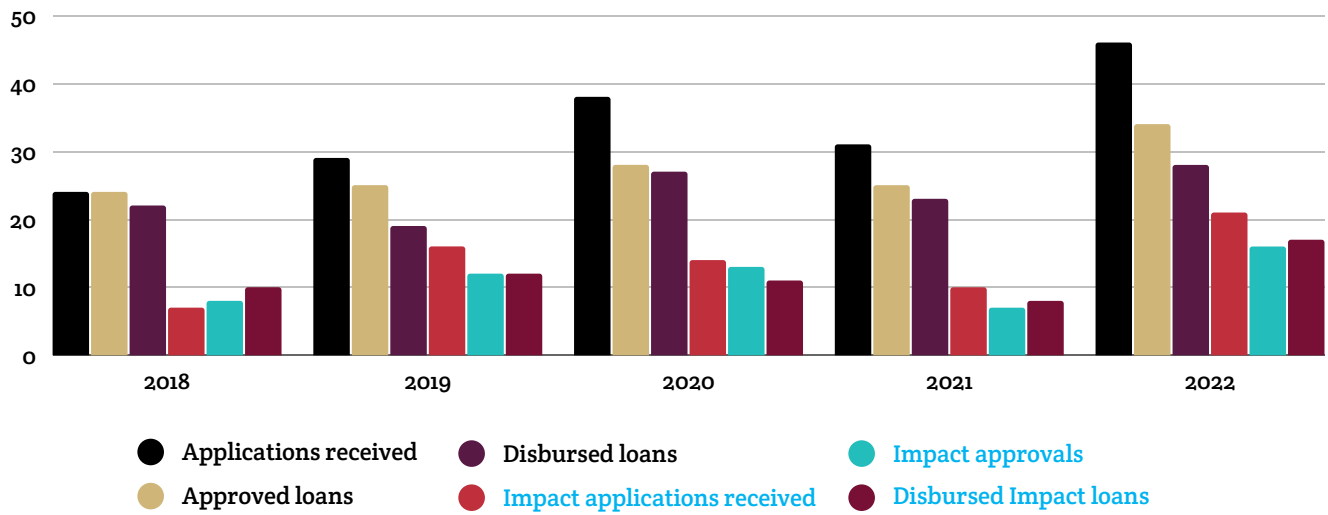
TRAINING SESSIONS

Number of individuals	62
Number of workshops	11
Total invested	\$6,804

CONSULTING ADVISORY SERVICES

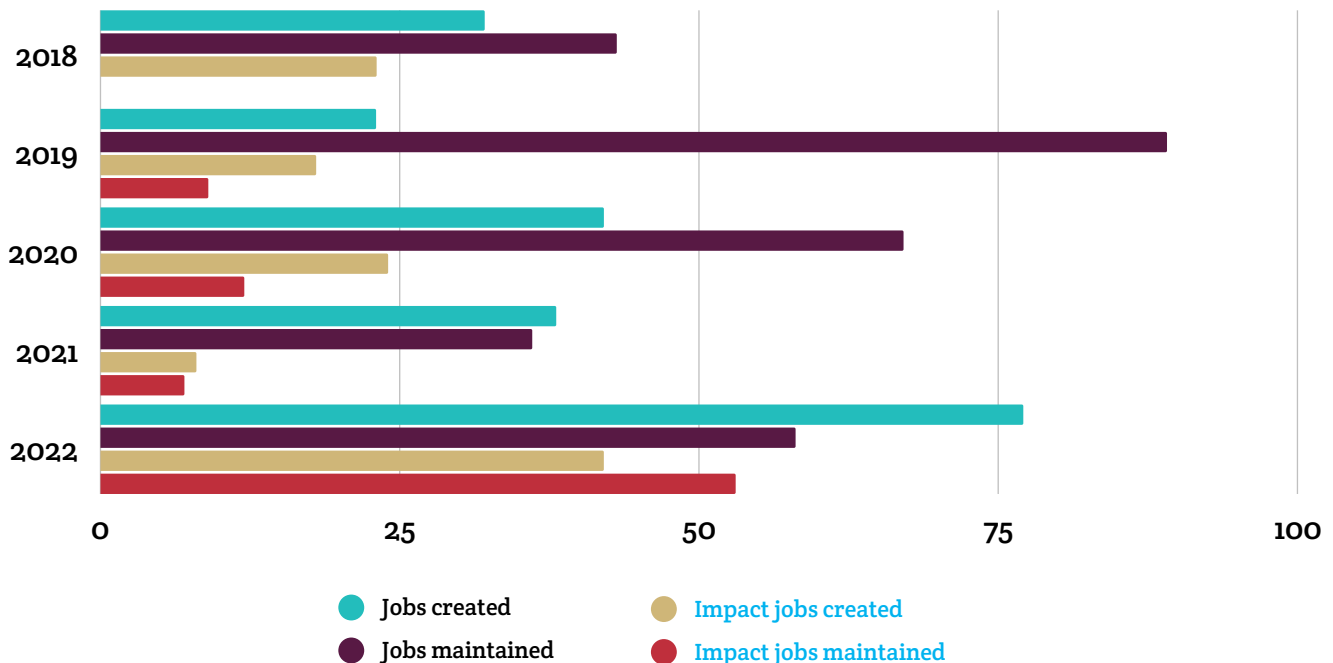
Number of businesses	9
Amount granted	\$34,280

Number of applications approved and disbursed over the past 5 years



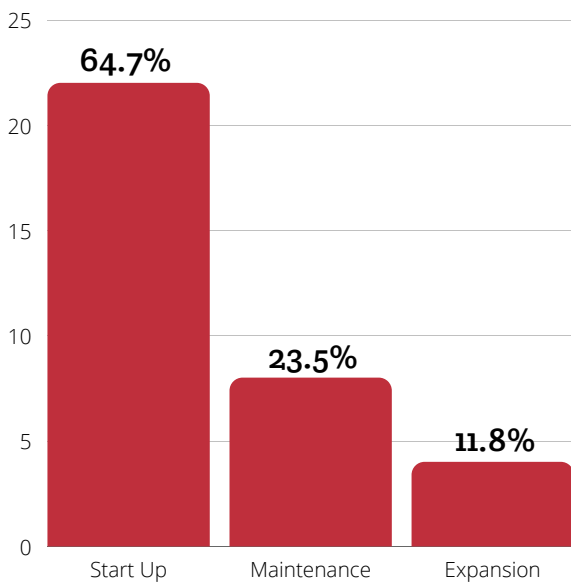
Average CBDC loan approval amount was \$73,457
 Average Impact loan approval amount was \$17,688

Jobs created and maintained over the last 5 years

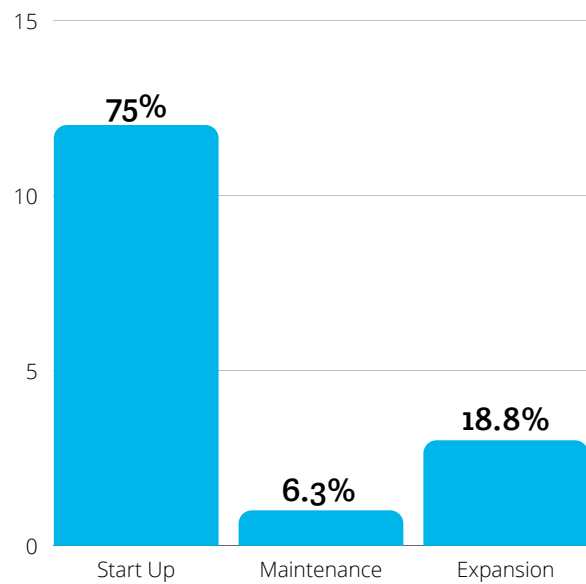


BUSINESSES ASSISTED

CBDC Loans



Impact Loans



OUR TEAM

We see challenge as an opportunity!

Executive Director, Tina Dickieson, has led the team through some of the most unpredictable years yet using her strategic and forward thinking management skills.



Account Manager, Krista Thompson, has been with CBDC Central PEI for 16 years and shares her extraordinary knowledge with clients and staff.



Bilingual Loans Officer, Claus Schmidt, has an extensive background in accounting and is a small business owner.



Executive Officer, Julia Smith, brings a wealth of knowledge from working with the local business community in her past roles.

Administrative Officer, Rebecca Curley, joined the team and shares her exceptional client service experience and technical skills.





Felix Arsenault
Rosemary Larkin

Karen MacDonald
Jamie Caseley

Tara Simmons

CBDC Central PEI Board of Directors

missing:
Glenn Saldanha
Jillian Robinson

Impact Committee

Ben Howard
Mandy Fraser
Patrick Cullen



A quote from our newest team member....



I must say, starting with CBDC Central PEI was something I will never forget! From the start I was working from home during a shut down due to Covid 19 running wild in the Province. I was working with people I had never met, and yet they all went above and beyond to help me learn the ropes of CBDC! It has been an amazing experience so far, and I've really just gotten started. Knowing what we do to help our community is nothing short of heartwarming. Hearing the success stories, seeing businesses being created simply from a dream, and being able to be a part of it, really gives my heart that warm fuzzy feeling.

- Rebecca Curley, Administrative Officer



COVID-19 EMERGENCY RESPONSE

The RRRF is administered by the Atlantic Association of CBDCs and is delivered through local CBDCs across Atlantic Canada. The UMSLI program is for urban centers, and CBDC Central PEI is proud to deliver it in the Greater Charlottetown Area.

Like CEBA, these emergency working capital relief funds provide interest-free loans of up to \$60,000 to help cover operating costs during periods where revenues have been temporarily reduced due to the economic impacts of COVID-19.

UMSLI (Urban Main Street Loan Initiative) and RRRF (Regional Relief and Recovery Fund) are federal initiatives that provide funding to support SMEs that have not been approved or are ineligible for supports through CEBA (Canada Emergency Business Account).



May 2020 to September 2021:

- RRRF - 85 approved, \$2,907,500 disbursed
- UMSLI - 79 approved, \$2,599,000 disbursed

Combined we injected \$5,506,500 to 164 business owners in our region.

The Tourism Activation Grant (TAG) was administered through a partnership between Tourism PEI and the 3 PEI CBDCs to provide relief for the hard hit Tourism Industry.

TAG provided PEI tourism businesses with a grant to assist with the costs associated with opening for the 2021 season. This program supported investments that helped tourism businesses adapt to a new normal and positioned them to capitalize on future economic recovery.

The clients that we were able to assist were appreciative of the support and many felt that it gave them a boost towards being able to survive the sudden decrease in revenues caused by COVID-19.



CBDC CLIENT SUCCESS



Dawn and Steve Piccott started buying PEI Long Term Care facilities with the focus to provide the best quality of life to our senior population. To date, they have purchased: Bayview Lodge in Souris (was the original Souris Hospital), Emerson Lodge in Charlottetown, WoodLand Home in Souris and the latest purchase was Villa Marguerite in North Rustico. This gives them a total of 87 community care rooms in their 4 newly renovated facilities.

The Piccott family has proudly been in business in PEI since 1985. Respect, loyalty and trust has always been at the forefront of their day-to-day business, so when the opportunity arose to become community care providers, they were very excited. The love and compassion that comes with each and every day in this special industry is one of the most rewarding experiences of their lives. They thrive each day as a team to bring the absolute best care to each and every one of their residents at all of their facilities. Perfection is the only standard they accept for every department of PiccottCare from meals and activities to social and community life – they thrive to bring the best to all of their homes everyday.



“

We are so proud to be home and look forward to the future as PiccottCare continues to flourish!

- Steve Piccott, Owner

”





Arsenault Family Lumber



Franky Arsenault



The Original Saw Mill

Arsenault Sawmill was originally started by Janelle and Janine Arsenault's grandfather (Pepe Franky Arsenault) in 1948 after he got back from serving in WWII. In the early 1980's, Leonce Arsenault, Pepe's son, took it over with the help of his brothers and cousins.

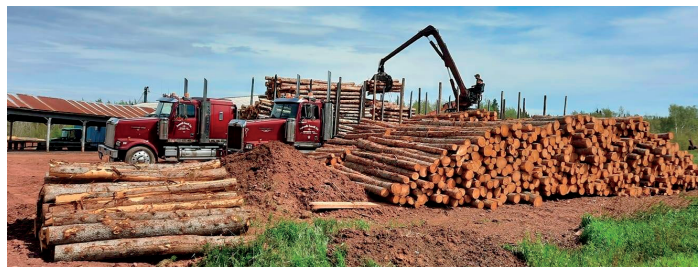
The Mill ceased the sawing of lumber in 2007 but continued in the other aspects of the logging and chipping industry.

The Mill is now into its 3rd generation. After 14 years of not sawing lumber, bilingual twin sisters Janine and Janelle, made a family decision to restart the milling operations.

With lots of hard work and support from their family, this became reality in May 2021. The Mill, located in St. Chrysostome, PE has been rebranded and is now known as Arsenault Family Lumber. Business is booming and they have already made plans to hire additional staff to meet the market demands.



**Janelle & Janine Arsenault
Owners**



Current day Log Yard

CBDC CLIENT TESTIMONIALS

“ I just wanted to thank you for all your help and patience with me and this project. You were an integral part of keeping it off the ground and financing me to the point where it had real legs. I just want you to know that I appreciate all your time, effort, support and most of all belief in my vision.

*- Kris Taylor, Sticks & Stones Development
Construction Industry*

”

“ Tout en haut de ma liste, avec le Centre d'action rural, se trouve la CBDC, qui m'a apporté un soutien phénoménal!

*- Andrew Fisk, A La Cuisine
Tourism/Hospitality Industry*

”

“ We are very thankful to have had the support from CBDC to help us start this business. They believed in us and our vision and helped us turn our vision into reality.

*- Janine Arsenault, Arsenault Family Lumber
Construction & Retail Industry*

”

**“ It has been an absolute pleasure!
Thank you CBDC Central PEI together we are changing lives.**

*- Steve & Dawn Piccott, PiccottCare
Tourism/Hospitality Industry*

”

IMPACT ATLANTIC PROGRAM



Impact Your Knowledge

Focus on your brilliant business idea, while Impact equips you for success. More than just a loan, Impact clients are connected to business skills development opportunities. By attending Impact's training sessions, entrepreneurs can gain essential knowledge to help them as a business owner, learning topics ranging from marketing strategy and human resources, to accounting and planning.



Impact Your Business

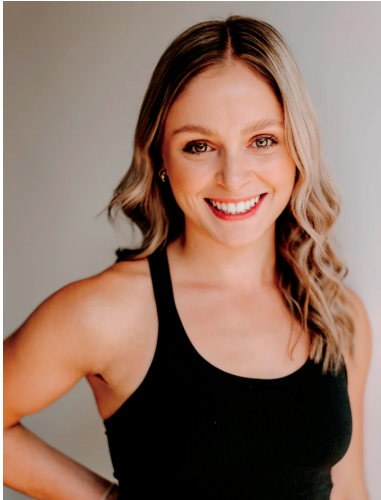
The Impact loan helps foster small and medium-sized businesses in urban Atlantic Canada. Entrepreneurs of all ages can apply for a business start-up loan, while established business owners between 19 and 39 can avail of expansion financing. Low-interest loans of up to \$25,000 are available, with flexible repayment terms and no penalty for early repayment of the principal. The application process is fast and straightforward so entrepreneurs can reach their goals more quickly and take their business to the next level.



Impact Your Future

With a simple application process and flexible repayment options, Impact gives you the freedom to make your business into what you want, the way you want. More adventurous than a traditional bank loan, Impact can work with varied credit histories or unusual business ideas. Impact is more than just a check, it's also a lifeline, where you'll find on-going business support and advice throughout your entrepreneurial journey.

IMPACT CLIENT SUCCESS



Lacey Keoghan, Owner

24STRONG

Empowering Prince Edward Island youth through dance, performance and confidence building programs.

Lacey Keoghan is the proud founder of 24STRONG. She grew up dancing and performing across PEI. She started her professional career with the Charlottetown Festival in their production of Anne of Green Gables the musical and later, the 2015 Young Company. Most recently, Lacey was the dance captain and ensemble member of Mamma Mia, the musical in Tulsa, Oklahoma.

Lacey was awarded the "Young Humanitarian of the Year" award by the Canadian Red Cross and has been recognized by PM Justin Trudeau for her impact on youth in her community.

24STRONG exists to empower youth to be ACTIVE, CREATIVE, STRONG and KIND!



IMPACT CLIENT TESTIMONIAL



“*CBDC Central PEI Personnel were "Very helpful and encouraging."*

Before starting my business I had spent 16 Years in the HVAC trade to ensure I understood how these machines worked. I like to challenge myself to progress and felt I would like to understand the business side of the HVAC industry. Since the second year of my apprenticeship it crossed my mind to start my own business and it was mostly a matter of time.

My definition of success is having customers speak of me as skilled tradesmen and trust worthy. Northmen HVAC Installs, services and repairs energy saving HVAC equipment such as Heat Pumps, Heat Recovery Ventilation and Hybrid Heat Pump/Electric Water Heaters.

I am enjoying the total experience of many roles, customer relations, engineering, sales, installation and service. Recently Northmen HVAC had been recognized by the brand I install as a Tosot heat pump Champion.

CBDC Central PEI helped give me the confidence that I could go out on my own and the ability to do so with the IMPACT Loan.

In the next few years I hope to employ 2 more technicians to assist with the installation and service of HVAC equipment.

*- Adam Deveaux, Northmen HVAC
Construction Industry*



BUILDING CLIENT SUCCESS

At CBDC Central PEI, client success is more than money in their bank account. We pride ourselves on working with our clients to build success for as long as we can and one of the ways we do this is through training.

Throughout the year, we partner with local businesses and organizations to host events and training sessions to foster skills development in crucial areas related to business development and growth.

WE SUPPORT THE CLIENTS...



FINANCIAL

SUCCESS SERIES

Rodney Payne, CPA, CGA

Rodney has a lifetime of accounting experience and he offers financial advice in sessions using a question and answer conversation type format. He helps each client to understand the financial side of business in such a way that it makes sense. Rodney's Financial Success Series sessions cover topics ranging from starting your business, setting your business up, taxes and exit procedures for your business.

Jennifer, a PEI native and past CBDC Central PEI client, hosted a multi session Social Media Success series geared toward helping business owners learn how to use Facebook to their advantage. This fresh new series guided business owners through creating successful social content, gaining clarity with Facebook Ads and things that are needed to know for when it comes to converting audiences to what matters most – SALES!



SOCIAL MEDIA

SUCCESS SERIES 2.0

Jennifer Waugh, Owner



HUSTLE

HANGOVER

Judy Urquhart, Speaker

CBDC Central PEI and CBDC Eastern PEI proudly presented a hilarious and inspirational session called "Hustle Hangover – Make Passion your Priority & Leave Struggle Behind!" led by one of Canada's top keynote speakers, Judy Urquhart. You CAN get more done with less stress.

Jody provided a virtual conversation where she lead the attendees through various ways of dealing with the stresses of today using relatable stories and humor to help us find the lighter side of life and to show us that even though life is busy and filled with stress, we can choose to find healthier ways to exist and that we don't need to take life so seriously.



Momentum
Human Resources Program
“supporting *you* and *your people*”

By working one-on-one with small-medium-sized businesses (SMEs), the Momentum HR Program has led to a significant increase in rural job creation, as it helps rural business owners understand the importance of HR through hands-on, interactive training and consulting. From onboarding to conflict resolution to management training, this year-long program helps five local SMEs attract and retain employees and enforce robust HR strategies and policies.

We assist companies with:

- Recruitment & Selection
- HR Planning & Leadership
- HR Policy Manuals
- Employee & Labour Relations
- Organizational Behaviour
- Compensation & Benefits
- Training & Development

In July 2021, Gabrielle Blanchard was contracted to deliver the Momentum HR Program in the rural Central Queens region. She collaborated with 5 SME's to offer human resource training for a one year term using the best practices and business model that is currently successful in Eastern PEI.

Gabrielle works with local SMEs to help attract new employees, develop human resource plans and provide training on human resource issues. The project results in better engaged employees, improved leadership, increased productivity and builds the management capacity of participating companies located in central PEI.

“*Why is this program so important.... HR is a component that is missing for a large number of SMEs around rural Queens County. In doing this program you see how a year of providing these HR services can have a positive outcome on these businesses.*”
- Gabrielle Blanchard
Human Resource Specialist



The Momentum HR Program is proudly presented in partnership with:



MOMENTUM HR CLIENT TESTIMONIAL



Teresa Duffy (CAO), William Duffy (COO), and Patrick Duffy (Founder)



Somerset Gardens is located in Kinkora, PEI and has been participating in the Momentum HR Program this year and they state that the program has helped them get organized as a business by providing day-to-day processes to follow. It has also given them access and knowledge to business skills upgrades to assist with a better of the business.

Patrick Duffy, a university graduate, started a small landscaping business 35 plus years ago assisting customers with flower bed maintenance and spring/fall yard clean up. He and his wife Amy then expanded to include a garden center retail location mainly to support their landscaping business. Today, their daughter and son (William and Teresa) assist in maintaining and expanding the family business. They now grow nursery grown sod, industrial landscaping and have expanded the garden center to a larger diversified retail outlet.

“ We absolutely recommend that other businesses participate in the Momentum HR Program! Prior to doing the Momentum HR Program we struggled as a small, expanding business to create and complete an employee handbook. This program has helped us in completing this; as well as, specific training for our employees. ”

- Teresa Duffy, CAO



SMALL BUSINESS WEEK

We proudly sponsored the following events with these community partners!

Monday

- Greater Charlottetown Chamber of Commerce Lunch & Learn - Ins and Outs of Social Media



- Greater Charlottetown Chamber of Commerce Luncheon - Importance of Digitalization in the Workplace
- Kensington and Area Chamber of Commerce Coffee Session - Human Resource Management and Grant/Funding Proposal Writing
- Chambre de commerce acadienne et francophone de l'Î.-P.-É. et Centre d'action rural - la Matinée des entrepreneurs et coopérateurs

Tuesday

Wednesday

- Greater Charlottetown Chamber of Commerce Mega Mixer



- Greater Summerside Chamber of Commerce Breakfast with the Premier
- Greater Charlottetown Chamber of Commerce Lunch & Learn - Taking a Risk Based Approach to Digital Marketing



Thursday

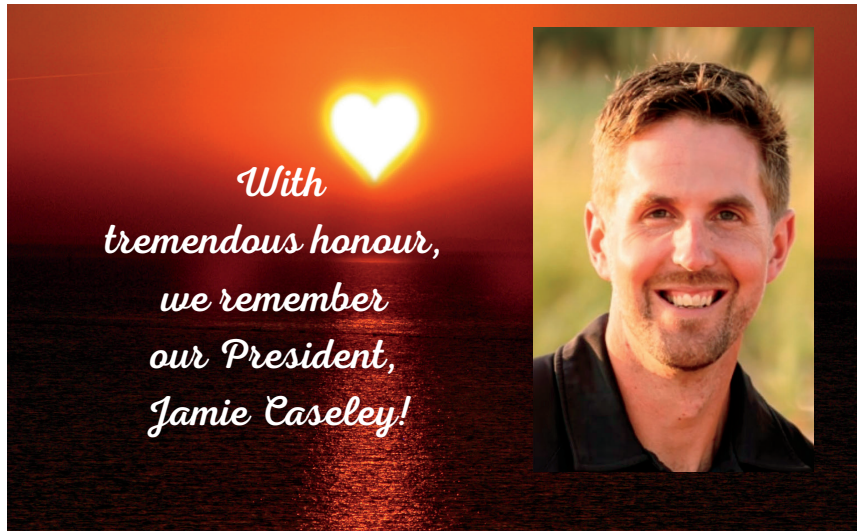
Friday

- Client Site Visits - We surprised clients with gift baskets of goodies
- Greater Charlottetown Chamber of Commerce Key Note Address - Enable or Disrupt - New Innovation Economy



IN THE COMMUNITY





A life so beautifully lived deserves to be beautifully remembered. After a short, but very brave battle with sarcoma, Jamie's earthly life ended before we were ready. The time that he spent in our lives was memorable. Jamie was known by nearly everyone. When the news of Jamie's illness was announced, the community quickly rallied to arrange a Go Fund Me page that ultimately raised over \$110,000 in support.

Jamie grew up in the world of customer service through his parents businesses, (Caseley's Bridal Boutique and Caseley's Tent and Party Rentals). He became the General Manager of Caseley's Tent and Party Rentals and was integral in shaping the lives of the many students and staff who were fortunate enough to work with him.

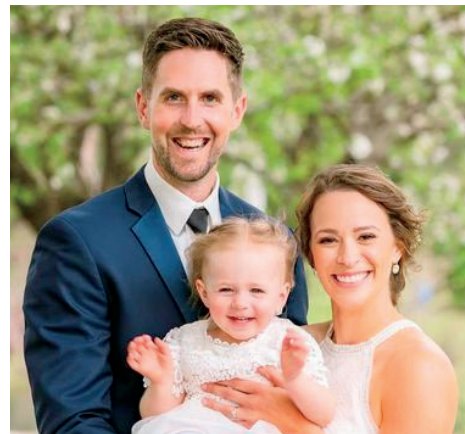
He was actively involved in the community and supported many local associations, in addition to his position as President with CBDC Central PEI. He had been a member of the Board of Directors since 2017 and was President from June 2019 to December 23, 2021.

He was a positive, loyal and fun loving husband and father, who married the love of his life, Jonel Caseley, in June of 2021. They have one precious daughter, Logan.

Jamie said, "I have always felt strongly about community development and being a part of this organization has allowed me to connect with others in rural business on PEI".

We were very blessed to have been a part of his life and we will continue to honour his dream of building a strong and inclusive Island. His dedication was evident in everything he did, even while in the hospital, he joined the Board meetings virtually and was able to create some life long memories with this family during the Christmas season.

We will miss you, Jamie.



PRODUCTS & SERVICES

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 is time to purchase new equipment and additional materials in order to fulfill increased customer demand for your product. This flexible loan can even facilitate the acquisition of an existing business.

Consulting Advisory Program

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

Business Management Skills Training

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

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.

Business Counselling

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

First Time Entrepreneur Loan

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

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 startup loan, while established business owners between ages 19-39 can avail of expansion financing. Low interest loans of up to \$25,000.00 are available.

CONTACT US



902-888-3793



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www.cbdc.ca



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Canada

FINANCIAL STATEMENTS

**East Prince Development Inc.
Non-consolidated Financial
Statements
For the Year Ended March 31, 2022**

East Prince Development Inc.
Non-consolidated Financial Statements
For the Year Ended March 31, 2022

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BDO Canada LLP
107 Walker Avenue
PO Box 1347
Summerside, PE C1N 4K2

Independent Auditor's Report

To the Board of Directors of East Prince Development Inc.

Qualified Opinion

We have audited the non-consolidated accompanying financial statements of East Prince Development Inc. (the "Organization"), which comprise the non-consolidated statement of financial position as at March 31, 2022, the non-consolidated statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the non-consolidated 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 non-consolidated financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2022 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 non-consolidated 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 non-consolidated 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 2022 and 2021 years, nor income and expenses, excess of revenue over expenses and change in fund balances for the years ended March 31, 2021 and 2022.

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 non-consolidated 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.



Responsibilities of Management and Those Charged with Governance for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated 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 Non-consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated 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 non-consolidated 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 non-consolidated 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.



- 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 non-consolidated 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 non-consolidated financial statements, including the disclosures, and whether the non-consolidated 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
June 8, 2022

East Prince Development Inc.
Non-consolidated Statement of Financial Position

March 31	Operating Fund	Investment Fund	SCI Fund	UMSLI Fund	TAG Fund	2022 Total	2021 Total
Assets							
Current							
Cash and short-term investments	\$ 845,328	\$ 1,059,834	\$ 338,011	\$ -	\$ 452,776	\$ 2,695,949	\$ 1,631,848
Internally restricted cash (Note 9)	14,518	-	-	-	-	14,518	11,152
Accounts receivable							
ACOA	6,854	-	-	-	-	6,854	48,402
Advances	41,988	-	-	-	-	41,988	102,498
H.S.T.	1,496	-	-	-	-	1,496	4,768
Loan interest	-	29,259	1,054	-	-	30,313	38,183
	<u>910,184</u>	<u>1,089,093</u>	<u>339,065</u>	<u>-</u>	<u>452,776</u>	<u>2,791,118</u>	<u>1,836,851</u>
Investments							
Loans receivable (Note 2)	-	6,723,361	560,055	1,479,024	-	8,762,440	7,398,954
ACCBIF deposit (Note 3)	-	37,500	-	-	-	37,500	37,500
Capital assets (Note 4)	1	-	-	-	-	1	1
	<u>\$ 910,185</u>	<u>\$ 7,849,954</u>	<u>\$ 899,120</u>	<u>\$ 1,479,024</u>	<u>\$ 452,776</u>	<u>\$ 11,591,059</u>	<u>\$ 9,273,306</u>
Liabilities and Fund Balances and Reserves							
Current							
Accounts payable and accrued liabilities	\$ 12,651	\$ -	\$ -	\$ -	\$ -	\$ 12,651	\$ 1,165
Deferred revenue (Note 13)	87,292	-	-	-	452,776	540,068	-
Current portion of long-term debt (Note 3)	-	381,295	-	-	-	381,295	264,498
	<u>99,943</u>	<u>381,295</u>	<u>-</u>	<u>-</u>	<u>452,776</u>	<u>934,014</u>	<u>265,663</u>
ACCBIF long-term debt (Note 3)	-	2,004,640	-	-	-	2,004,640	1,199,318
Other long-term debt (Note 5)	-	2,027,347	-	-	-	2,027,347	1,746,563
	<u>99,943</u>	<u>4,413,282</u>	<u>-</u>	<u>-</u>	<u>452,776</u>	<u>4,966,001</u>	<u>3,211,544</u>
Fund Balances and Reserves							
Invested in property and equipment	1	-	-	-	-	1	1
External restricted (Note 6)	-	3,436,672	899,120	1,479,024	-	5,814,816	5,485,236
Unrestricted	795,723	-	-	-	-	795,723	565,373
Employee severance reserve (Note 9)	14,518	-	-	-	-	14,518	11,152
	<u>810,242</u>	<u>3,436,672</u>	<u>899,120</u>	<u>1,479,024</u>	<u>-</u>	<u>6,625,058</u>	<u>6,061,762</u>
	<u>\$ 910,185</u>	<u>\$ 7,849,954</u>	<u>\$ 899,120</u>	<u>\$ 1,479,024</u>	<u>\$ 452,776</u>	<u>\$ 11,591,059</u>	<u>\$ 9,273,306</u>

On behalf of the Board:

_____ Director

_____ Director

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

East Prince Development Inc.
Non-consolidated Statement of Changes in Fund Balances

For the year ended March 31	2022					2021	
	Operating Fund	Investment Fund	SCI Fund	UMSLI Fund	TAG Fund	Total	Total
Fund balances, beginning of the year	\$ 565,373	\$ 3,355,475	\$ 799,248	\$ 1,330,513	\$ -	\$ 6,050,609	\$ 4,049,185
Excess (deficiency) of revenues over expenses	112,116	202,797	(9,350)	(311,767)	-	(6,204)	(172,229)
Capital contribution - net	-	-	-	569,500	1,500,000	2,069,500	2,169,500
Transfer to employee severance reserve (Note 9)	(3,366)	-	-	-	-	(3,366)	4,153
Principal repayments	-	-	109,222	(109,222)	-	-	-
Transfer of 2022 deficit	121,600	(121,600)	-	-	-	-	-
Transfer of admin fees	-	-	-	-	(150,000)	(150,000)	-
Fund distributions	-	-	-	-	(897,224)	(897,224)	-
Deferred revenue	-	-	-	-	(452,776)	(452,776)	-
Fund balances, end of the year	\$ 795,723	\$ 3,436,672	\$ 899,120	\$ 1,479,024	\$ -	\$ 6,610,539	\$ 6,050,609

East Prince Development Inc. Non-consolidated Statement of Operations

For the year ended March 31	2022					2021	
	Operating Fund	Investment Fund	SCI Fund	UMSLI Fund	TAG Fund	Total	Total
Revenue							
ACOA contribution	\$ 273,736	\$ -	\$ -	\$ -	\$ -	\$ 273,736	\$ 273,736
ACOA SCI contribution	-	-	68,655	-	-	68,655	68,025
Investment income							
Loan portfolio	-	328,734	22,441	-	-	351,175	265,490
Other interest	302	5,854	-	-	-	6,156	4,087
Other revenue (Note 10)	287,321	4,626	-	-	897,224	1,189,171	413,974
Forgivable portion of loans - AACBDC	-	218,963	-	-	-	218,963	483,187
	561,359	558,177	91,096	-	897,224	2,107,856	1,508,499
Expenses							
Advertising	30,814	-	-	-	-	30,814	29,091
Board expenses	5,280	-	-	-	-	5,280	6,499
Capital assets	3,107	-	-	-	-	3,107	7,469
Credit services	3,588	-	-	-	-	3,588	5,564
Equipment rental	2,261	-	-	-	-	2,261	2,261
Forgivable portion of loans - clients	-	218,963	-	212,200	-	431,163	910,524
HR project	50,595	-	-	-	-	50,595	-
Insurance	1,896	-	-	-	-	1,896	2,039
Interest and bank charges	1,137	32,119	-	-	-	33,256	20,683
Loan loss provision (Note 2)	-	104,298	31,791	99,567	-	235,656	348,763
Office and postage	8,210	-	-	-	-	8,210	9,203
Professional fees	19,309	-	-	-	-	19,309	19,415
Real estate rental	34,073	-	-	-	-	34,073	34,073
SCI administration fees	-	-	8,750	-	-	8,750	8,750
SCI marketing and translation	-	-	7,985	-	-	7,985	10,229
SCI training	-	-	12,754	-	-	12,754	10,292
SCI travel and memberships	-	-	1,572	-	-	1,572	1,251
SCI wages	-	-	37,000	-	-	37,000	37,000
Software and equipment	-	-	594	-	-	594	545
Subscriptions and memberships	1,618	-	-	-	-	1,618	1,190
TAG disbursements	-	-	-	-	897,224	897,224	-
Telephone and internet	8,544	-	-	-	-	8,544	8,421
Travel	6,629	-	-	-	-	6,629	4,373
Wages and benefits (Note 11)	272,182	-	-	-	-	272,182	203,093
	449,243	355,380	100,446	311,767	897,224	2,114,060	1,680,728
Excess (deficiency) of revenues over expenses	\$ 112,116	\$ 202,797	\$ (9,350)	\$ (311,767)	\$ -	\$ (6,204)	\$ (172,229)

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

East Prince Development Inc. Non-consolidated Statement of Cash Flows

For the year ended March 31	2022	2021
Cash flows from operating activities		
Excess of revenues over expenses	\$ (6,204)	\$ (172,229)
Items not affecting cash:		
Loan loss provision and forgiveness	447,857	776,100
	<u>441,653</u>	<u>603,871</u>
Changes in working capital:		
Accounts receivable	113,200	(85,408)
Accounts payable and accrued liabilities	11,485	718
Deferred revenue	87,292	-
	<u>653,630</u>	<u>519,181</u>
Cash flows used in financing activities		
SCI capital contribution	-	140,000
Proceeds from ACCBIF long-term debt	1,200,000	400,000
Repayment of ACCBIF long-term debt	(277,881)	(204,051)
Proceeds from RRRF long-term debt	780,000	2,127,500
Repayment of RRRF long-term debt	(281,500)	-
Proceeds from EWC long-term debt	-	350,000
Repayment of EWC long-term debt	(25,972)	-
	<u>1,394,647</u>	<u>2,813,449</u>
Cash flows used in investing activities		
Loans advanced	(2,860,525)	(3,564,338)
Loans repaid	1,695,502	780,540
SCI loans advanced	(298,000)	(137,200)
SCI loans repaid	138,715	79,984
UMSLI capital contribution	569,500	2,029,500
UMSLI loans advanced	(788,000)	(1,811,000)
UMSLI loans repaid	109,222	-
TAG funds received	1,500,000	-
TAG distribution of funds	(897,224)	-
TAG admin fees transferred	(150,000)	-
	<u>(980,810)</u>	<u>(2,622,514)</u>
Net increase in cash and cash equivalents	1,067,467	710,116
Cash and cash equivalents, beginning of the	1,643,000	932,884
Cash and cash equivalents, end of the year	\$ 2,710,467	\$ 1,643,000
Cash and cash equivalents consists of:		
Cash and short-term investments	\$ 2,695,949	\$ 1,631,848
Internally restricted cash	14,518	11,152
	<u>\$ 2,710,467</u>	<u>\$ 1,643,000</u>

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

East Prince Development Inc. Notes to Non-consolidated Financial Statements

March 31, 2022

1 . Significant Accounting Policies

Nature and Purpose of Organization

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."

The Organization is a community-based and community controlled corporation with a mandate to provide lending and other investments to small businesses in 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)(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 Atlantic Canada Opportunities Agency ("ACOA"), or other funding partners and the Organization.

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.

The Urban Main Street Loan Initiative Fund ("UMSLI Fund") reports all restricted resources of the SCI Fund and the investment income and expenses resulting from investing activities employing the fund.

The Tourism Activation Grant Fund ("TAG Fund") reports all restricted resources of the TAG Fund and the investment income and expenses resulting from investing activities employing the fund.

East Prince Development Inc. Notes to Non-consolidated Financial Statements

March 31, 2022

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>ACOA has confirmed, within the 2022 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>
Employee Future Benefits	<p>The Organization has defined contribution pension plans for their employees. Contributions are a defined amount based upon a set percentage of salary.</p>
Capital Assets	<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>
Use of Estimates	<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>
Investments	<p>The investments are recorded at the lower of cost or market value.</p>
Inter-Fund Advances	<p>The inter-fund advances are non-interest bearing, with no set terms of repayment.</p>
Financial Instruments	<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 Non-consolidated Financial Statements

March 31, 2022

1. Significant Accounting Policies (continued)

Related Party

The financial position and results of operations of the related party, E.K. Holdings Ltd., has not been consolidated in the Organization's financial statements. Refer to Note 7 for disclosure of E.K. Holdings Ltd.'s financial information.

East Prince Development Inc.
Notes to Non-consolidated Financial Statements

March 31, 2022

2. Investments

	Investment Fund	SCI Fund	UMSLI Fund	2022	2021
Loans to clients	\$ 8,167,651	\$ 622,283	\$ 2,474,778	\$ 11,264,712	\$ 9,333,364
Less: allowance for doubtful loans	(816,765)	(62,228)	(371,217)	(1,250,210)	(1,023,886)
Less: allowance for forgivable loans	(627,525)	-	(624,537)	(1,252,062)	(910,524)
	<u>\$ 6,723,361</u>	<u>\$ 560,055</u>	<u>\$ 1,479,024</u>	<u>\$ 8,762,440</u>	<u>\$ 7,398,954</u>

The activity in the loans to clients is comprised of:

Balance, beginning of year	\$ 7,041,741	\$ 480,623	\$ 1,811,000	\$ 9,333,364	\$ 4,726,641
Loans advanced during the year	2,860,525	298,000	788,000	3,946,525	5,512,538
Loans repaid during the year	(1,695,502)	(138,715)	(109,222)	(1,943,439)	(860,524)
Loan forgiveness	-	-	(15,000)	(15,000)	-
Loans written off during the year	(39,113)	(17,625)	-	(56,738)	(45,291)
Balance, end of year	<u>\$ 8,167,651</u>	<u>\$ 622,283</u>	<u>\$ 2,474,778</u>	<u>\$ 11,264,712</u>	<u>\$ 9,333,364</u>

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

Balance, beginning of year	\$ 704,174	\$ 48,062	\$ 271,650	\$ 1,023,886	\$ 472,664
Loans written off during the year	(39,113)	(17,625)	-	(56,738)	(45,291)
Loan loss provision, current year	104,298	31,791	99,567	235,656	348,763
Loan loss provision, RRRF and EWC	47,406	-	-	47,406	247,750
Balance, end of year	<u>\$ 816,765</u>	<u>\$ 62,228</u>	<u>\$ 371,217</u>	<u>\$ 1,250,210</u>	<u>\$ 1,023,886</u>

The allowance for doubtful loans in the Investment and SCI Funds are calculated at the rate of 10% of the total loans outstanding. The allowance for doubtful loans in the UMSLI Fund is calculated at the rate of 15% of the total loans outstanding. The allowance for the forgivable portion of loans is calculated as the total possible amount to be forgiven, adjusted for loans that are considered doubtful.

Other Information:

As at March 31, 2022:

A) Total number of investment loans (excluding RRRF, UMSLI & EWC loans) approved during the year	<u>32</u>
B) Total number of active investment loans (excluding RRRF, UMSLI & EWC loans) under management	<u>111</u>

**East Prince Development Inc.
Notes to Non-consolidated Financial Statements**

March 31, 2022

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 1.75%, 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.

	2022	2021
ACCBIF demand loan - 2017/2018	\$ 2,385,935	\$ 1,463,816
Less: portion repayable within one year	(381,295)	(264,498)
	\$ 2,004,640	\$ 1,199,318

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

2023	\$	381,295	
2024		388,021	
2025		394,866	
2026		401,832	
2027		408,921	
Thereafter		411,000	
		\$ 2,385,935	

East Prince Development Inc.
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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:

	<u>2022</u>	<u>2021</u>
Computer equipment	\$ 3,107	\$ 7,469
SCI software and equipment	594	545
	<u>\$ 3,701</u>	<u>\$ 8,014</u>

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5. Other Long-Term Debt

	2022	2021
RRRF Loan payable, 0%, no principal payments due until February 15, 2024	\$ 2,626,000	\$ 2,127,500
EWC Loan payable, 0%, no principal payments due until February 15, 2024	324,028	350,000
	2,950,028	2,477,500
Less:		
Allowance for doubtful loans	(295,156)	(247,750)
Allowance for forgivable loans	(627,525)	(483,187)
	\$ 2,027,347	\$ 1,746,563

Regional Relief & Recovery Fund (RRRF)

The RRRF was established to help mitigate the adverse effect of the COVID-19 pandemic on the working capital needs of small to medium size business enterprises (SMEs) in Atlantic Canada by enabling CBDCs to make emergency working capital loans. AACBDC and the Organization have agreed that the Organization will administer the loan program using RRRF funds. RRRF funds that have been disbursed by the Organization have an initial term and an extended term. The initial term of the loan is interest-free, does not require principal payments, and ends on December 31, 2023. The extended term is for the following 2 years, requiring monthly payments and accruing 5% interest. A portion of the principal loan is forgivable if repaid by the end of the initial term.

The Organization shall on the 15th day of each and every month, commencing February 15, 2024 remit to the AACBDC 100 percent of the principal paid by borrowers up to and including the 31st day of the preceding month.

Emergency Working Capital (EWC) Loan Program

Finance PEI had established the EWC loan program to provide emergency working capital financing to assist rural Prince Edward Island small businesses to overcome the financial challenges resulting from the COVID-19 pandemic. Finance PEI and the Organization have agreed that the Organization will administer the loan program using Finance PEI funds.

EWC funds that have been disbursed by the Organization are for a term of 6 years, with an interest rate of 4%, repayable monthly beginning one year after the initial disbursement. All amounts, on account of principal and interest, collected by the Organization from borrowers pursuant to the EWC loan program shall be paid to Finance PEI within 30 days of receipt.

The following security has been provided on the funds disbursed: a promissory note for the amounts disbursed to the Organization (up to \$1,500,000) from the Organization to Finance PEI, and assignment of the debts of small business borrowers under the EWC loan program equal to the amount of the loan.

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6. 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 written approval of ACOA. This program is offered exclusively in the Greater Charlottetown area.

Urban Main Street Loan Initiative

Pursuant to a contract signed with ACOA under the UMSLI, funds advanced to the Organization in respect to the UMSLI Fund shall be used solely to make distributed payments by way of interest-free, conditionally repayable loans to borrowers in need of working capital related to economic impacts arising from the COVID-19 pandemic. All principal payments on UMSLI loans collected by the Organization must be redistributed into the SCI fund. All interest collected on loans will remain property of the Organization.

Tourism Activation Grant

Pursuant to a contract signed with Tourism PEI under the TAG, funds advanced to the Organization in respect to the TAG Fund shall be used solely to make distributed non-repayable payments to businesses in need funding for eligible project expense within underlying conditions.

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7. Related Party Transactions

E.K. Holdings Ltd. is a non-profit organization incorporated under Part II of the Companies Act of PEI and is exempt from tax under section 149(1)(l) of the Income Tax Act. Its main business activity is the rental of commercial properties in the East Prince area of P.E.I. and provides office facilities for administration and program delivery for East Prince Development Inc.

E.K. Holdings Ltd. is controlled by East Prince Development Inc. since the Organization has the power to appoint the board of directors of E.K. Holdings Ltd., which is required to be the same as the Organization's board of directors.

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.

During the year the Organization had the following transactions with E.K. Holdings Ltd.:

	2022	2021
Rent	\$ 34,073	\$ 34,073

Financial summaries of the unconsolidated company as of March 31, 2022 and 2021 are as follows:

	(Unaudited) 2022	(Unaudited) 2021
Financial position		
Total assets	\$ 165,918	\$ 181,083
Total liabilities	212,394	224,466
Total deficiency	(46,476)	(43,383)
	\$ 165,918	\$ 181,083
	(Unaudited) 2022	(Unaudited) 2021
Results of operations		
Total revenues	\$ 46,860	\$ 55,985
Total expenses	(49,953)	(48,191)
Net income (loss)	\$ (3,093)	\$ 7,794
	(Unaudited) 2022	(Unaudited) 2021
Cash flows		
Cash provided by operations	\$ 1,675	\$ 8,044
Cash used in financing and investing activities	(12,030)	(11,434)
	\$ (10,355)	\$ (3,390)

East Prince Development Inc. Notes to Non-consolidated Financial Statements

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8. 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.

9. 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.

	2022	2021
Employee future severance reserve, beginning of year	\$ 11,152	\$ 15,305
Transfer from surplus (deficit)	3,366	(4,153)
	\$ 14,518	\$ 11,152

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10. Other Revenue

	2022	2021
Bad debt recovery	\$ 4,626	\$ 205
Admin fee capital loan project	-	35,000
Admin fee CASP	3,658	5,521
Admin fee revenue - RRRF	27,000	167,500
Admin fee revenue - UMSLI	66,800	193,100
Creditor life insurance	403	459
Entrepreneurship forum & workshops	4,115	3,439
Hire for talent project	17,000	-
HR momentum project	50,595	-
SCI admin fee	8,750	8,750
TAG admin fee	109,000	-
TAG revenue	897,224	-
	\$ 1,189,171	\$ 413,974

11. Employee Future Benefits

The Organization matches employee contributions to the defined contribution pension plans. Total pension expense for the year was \$9,860 (2021 - \$6,872) which is included in wages and benefits.

12. COVID-19

The recent outbreak of the Coronavirus Disease 2019, or COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the Organization or its clients, employees, contractors, suppliers, and other partners may be unable to conduct regular business activities for an indefinite period of time. While it is not possible at this time to estimate the impact that COVID-19 could have on the company's business, the continued spread of COVID-19 and the measures taken by the federal, provincial and municipal governments to contain its impact could adversely impact the company's business, financial condition or results of operations. The extent to which the COVID-19 outbreak impacts the company's results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the spread of the virus and government actions.

East Prince Development Inc.
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13. Deferred Revenue

TAG Fund

During 2021, the Organization had received \$1,000,000 from Tourism PEI for the Tourism Activation Grant (TAG). Of this grant, \$100,000 was used for administration fees (10%), and \$897,224 was distributed to businesses. Therefore, the remaining \$2,776 of the fund that has not been used is recognized as deferred revenue.

During 2022, the Organization had received an additional \$500,000 from Tourism PEI for the Tourism Activation Grant. Of this grant, \$50,000 was used for administration fees (10%), and no funds have yet been distributed to businesses as of March 31, 2022. Therefore, the remaining \$450,000 of the fund that has not been used is recognized as deferred revenue.

In total, there is a deferred revenue of \$452,776 for the Tourism Activation Grant between 2021 and 2022.

Operating Fund

As two months of the eleven month project for the TAG contract had been incurred, \$9,000 of the \$50,000 administration fee had been recognized in revenue, leaving the remaining \$41,000 deferred. As well, there had been \$46,292 deferred for the Skills PEI HR program. In total, there is a deferred revenue of \$87,292 for the operating fund.

