ISLAND INVESTMENT DEVELOPMENT INC.

ANNUAL REPORT

2023-2024

TABLE OF CONTENTS

Contents

Island Investment Development Inc.

Minister's Message

THE HONOURABLE ANTOINETTE PERRY
Lieutenant Governor of Prince Edward Island

May It Please Your Honour:

Pursuant to the Annual Reporting Framework of the Financial Administration Act governing Crown Corporations, I am pleased to present to you, the Annual Report of Island Investment Development Inc. for the fiscal year ending March 31, 2024.

Sincerely Yours,

Hon. Gilles Arsenault
Minister of Economic Development, Innovation and Trade
September 18, 2024

Island Investment Development Inc.

Message from the Chairperson

TO THE HONOURABLE GILLES ARSENAULT
Minister of Economic Development, Innovation and Trade
Prince Edward Island

Dear Minister,

I take pleasure in presenting you with the Annual Report for the fiscal year ending March 31, 2024.

This Annual Report is being presented pursuant to the *Island Investment Development Act*.

Sincerely Yours,

Jacinthe Lemire

Chairperson, Board of Directors – Island Investment Development Inc.
September 18, 2024

Island Investment Development Inc.

Message from the Executive Director

TO THE HONOURABLE GILLES ARSENAULT
Minister of Economic Development, Innovation and Trade
Prince Edward Island

Dear Minister,

I present to you the Annual Report for the fiscal year ending March 31, 2024.

This Annual Report is being presented pursuant to the *Island Investment Development Act*.

Sincerely Yours,

Natalie Mitton
Executive Director
September 18, 2024

Island Investment Development Inc.

Government Entity Overview

Island Investment Development Inc. (IIDI) is a crown corporation administered by a board reporting to the Minister of Economic Development, Innovation and Trade. IIDI's mandate is authorized under the *Island Investment Development Act* (*1990, c.13 R.S.P.E.I. 1988, 1-10.1*). IIDI's responsibilities are as follows:

- promote the province as a destination for offshore investment;
- attract entrepreneurial expertise and skilled labour to the province;
- provide financing to projects of significant economic benefit to the province and;
- invest in Venture Capital Funds that invest in the province.

Mission

The mission of IIDI is to support immigrants who choose to live and work in Prince Edward Island. IIDI continues to focus on this by working with Island employers and other external stakeholders and working with other Departments to promote and implement population retention strategies.

Vision

The vision of IIDI is supporting a vibrant and growing population, through immigration, contributing to the economy and culture across PEI.

Mandate

IIDI is responsible for immigration, settlement and retention while working collaboratively with other departments toward the overall economic and population growth of PEI. IIDI's programs and services also extend to Islanders, both within and outside of the province, and to Canadians looking for opportunities in Prince Edward Island.

IIDI is committed to its vision of establishing and maintaining Prince Edward Island as a destination of choice for newcomers and current residents. It is through our commitment to this vision, which IIDI will work to:

- Administer the PEI Provincial Nominee Program (PNP) and Atlantic Immigration Program (AIP) and select immigrants who fulfill a labour market need, and will make a contribution to PEI's economy;
- Develop, implement and deliver immigration programs that encourage the integration and retention of newcomers;
- Promote relationships and support services for connecting employers with foreign national employees;

- Market all of the immigration pathways to Prince Edward Island, and promote PEI as an attractive immigration destination for both working opportunities and community building;
- Provide coordination and funding to stakeholders that are delivering various services to newcomers;
- Stimulate economic development through lending, to support the growth and needs of the private sector in PEI; and
- Support immigrant entrepreneurs in the establishment of their business.

IIDI has provided lending support to private projects that contribute to the overall economic mandate of the province. In addition, IIDI is the corporate administrator of government investments made into Venture Capital funds in the Province of PEI with its purpose to invest in active business operations. The investments are made in typically new or expanding companies.

IIDI is the sole shareholder of Slemon Park, the former Canadian Armed Base Summerside. Slemon Park rents real property to commercial and residential tenants and operates airport, accommodation, food and beverage and retail divisions.

PEI Office of Immigration

Operating as the PEI Office of Immigration, IIDI is responsible for provincial immigration as outlined in the Canada-Prince Edward Island Co-operation on Immigration agreement. This responsibility includes the delivery of the Prince Edward Island Provincial Nominee Program (PNP) as well as the promotion, recruitment, selection, settlement and integration of immigrants to the province. IIDI is also responsible for administering the Atlantic Immigration Program in collaboration with Immigration Refugee and Citizenship Canada (IRCC).

The Provincial Nominee Programs were established by Immigration, Refugees and Citizenship Canada (IRCC) formerly Citizenship Immigration Canada (CIC), beginning in the late 1990's to allow provinces and territories to nominate foreign nationals who met the requirements for economic immigration and were interested in settling in their province. Prince Edward Island signed the agreement in June 2008. One of the primary goals of the new agreements was to support a shift in the destination of newcomers to benefit smaller provinces, such as Prince Edward Island.

The Prince Edward Island Provincial Nominee Program (PNP) nominates individuals to the federal government for permanent residency. Individuals are chosen based on their ability to economically establish and their intent to live and work in PEI. If approved by the federal government, they receive permanent residence. The Province has also signed an agreement with IRCC to implement the Atlantic Immigration Program (AIP). This is a permanent immigration program that is based on a successful pilot that ran for five years. The AIP was launched on January 1, 2022.

Island Investment Development Inc.

The process of receiving permanent residency through the immigration pathway can be a lengthy process with average processing times ranging from six months to two years. The Office of Immigration accepts and reviews applications for PNP, and if approved, the candidate is then nominated to the federal government for permanent residency. After being approved by IRCC for permanent residency, the candidates (and family members) are recorded as permanent residency admissions for PEI.

Programs and Initiatives

Expression of Interest

All foreign nationals interested in applying for permanent residency through the Business Impact Category, Express Entry or Workforce Category must first create an account and profile through our on-line Expression of Interest (EOI) System.

The PEI EOI system gathers important information about applicants in order to rank and select those who are most likely to meet Prince Edward Island's economic and labour market needs. During fiscal 2023/2024, IIDI issued 50 invitations to the Business program and 2,065 applicants to our Labour programs (total 2,115).

Details on our Expression of Interest draws can be found on our website at: www.princeedwardisland.ca/en/topic/expression-interest.

Immigration Categories

Business Impact Category- Foreign nationals who are planning to establish a business on PEI use this pathway to gain Permanent Residency. The Business Impact Category aims to attract applicants with sufficient financial resources and either a history of business ownership or a high-level of management experience. This category helps to stimulate economic development and helps diversify the market opportunities through attracting new business owners to PEI.

This stream allows applicants to come to PEI on a Work Permit to purchase and/or start their business prior to being nominated by the Province. Nomination for permanent residency is then dependent on the performance of the applicant.

Workforce Category- The labour driven category of PEI programs is called the Workforce Category. The Workforce Category is designed to help fill permanent labour shortages and skill gaps for PEI businesses who have exhausted all other avenues of finding a PEI resident, or other Canadian, willing and able to perform the job. This category provides support pathways to permanent residency for foreign nationals who have a valid long-term job offer from a company located in PEI. The Workforce Category ensures that island businesses can find suitable employees when labour shortages arise due to required skill sets or seasonality.

The five streams from which an applicant can choose, are as follows:

I. **Skilled Worker**: This program is designed to attract and retain highly skilled workers that have completed the appropriate training, work experience and language ability to fill employer-identified labour market shortages. This stream is typically used by the Information Technology, Tourism, Aerospace, Agriculture, Transportation and Logistics, and Health Care Sectors to help address their labour shortages.

II. **Critical Worker**: This program is also designed to attract and retain workers to fill long-term labour market shortages in occupations that typically require a high school education and/or on-the-job training. Seafood Processing, Tourism, and Health Care are sectors that typically use this stream to help address their labour shortages.

III. **International Graduate**: This program is designed to provide a pathway for those students that attended a publicly funded PEI University or College to obtain permanent residency, so long as they find full time employment with a PEI employer.
Prince Edward Island continues to be a destination of choice of international students. PEI post-secondary institutions are attended each year by thousands of international students because of its culture and community. It is imperative that we make sure that these talented, bright, young individuals have the opportunity to stay on PEI and build their lives here and contribute to growing the PEI economy after graduation.

IV. **Intermediate Experience Stream:** This program allows Island employers to fill intermediate-skilled positions that they are unable to fill through the local job market. This program is designed to attract and retain workers with relevant Canadian work experience in occupations that typically require a high school education and/or on-the-job training. Food Processing and Construction are sectors that typically use this stream to help address their labour shortages.

V. **Occupations in Demand**: This program is designed to attract and retain workers to fill long-term labour market shortages in specific priority sectors in PEI. These sectors include Transportation and Logistics, Tourism and Hospitality, Construction, Health Care, Food Processing, and Manufacturing.

Express Entry- IRCC maintains an electronic application management system called Express Entry for their Federal Skilled Worker, the Federal Skilled Trades, and the Canadian Experience Class immigration programs. Applicants are ranked on a number of human capital factors and the top scoring applicants are then invited to apply for permanent residency. The primary goals of the Express Entry Category are to eliminate backlogs that IRCC had in these programs, to eliminate the requirement to process files on a first-in, first-out basis, and to improve overall processing times. Through this system, only the top ranked applicants are selected to apply.

Island Investment Development Inc.

Each province is given an enhanced allocation to use through Express Entry in order to nominate individuals who intend to live and work in that province. Applicants through this stream are required to meet the criteria of at least one of the federal programs mentioned above that are administered through the system, as well as having expressed their interest to live and work in PEI. IIDI then selects the individuals that meet the specific needs of the province's labour market and invites them to make a formal application.

Atlantic Immigration Program- The Atlantic Immigration Program (AIP) was launched on January 1, 2022 and is an employer-driven federal immigration program that is designed to help PEI businesses fill permanent labour shortages and skill gaps by endorsing foreign nationals for permanent residency. It is based on the success of the previous pilot program that aimed to increase the number of new immigrants establishing in the Atlantic region.

Fund Management, Lending and Strategic Initiatives

IIDI also administers the PEI Century 2000 Fund Inc. (PEICF), which was created to support the growth and needs of the private sector and stimulate economic development. Through this fund, IIDI loans funds through interest bearing financing programs to PEI businesses where there is significant economic benefit to the Province.

General lending conditions associated with PEICF loans are as follows:

- Loans are available for a term of five years;
- Loans bear interest at an annual rate of 4% for the initial term of the loan;
- PEICF seeks similar security packages as would be ordinarily sought by a traditional chartered bank;
- At the end of 2023/24 fiscal year the loan portfolio was $183,532,352.

The PEICF ceased accepting new applications in January 2023.

Slemon Park Corporation

Slemon Park is a private corporation and is owned 100% by IIDI. IIDI works collaboratively with Slemon Park Corporation (SPC) on key initiatives to support economic growth. The Vision for Slemon Park Corporation (SPC) as identified in the 2024-27 strategic plan is to be An Active and Vibrant Community Building Prosperity for Islanders with a purpose to create prosperity and sustainable jobs in Prince Edward Island by leveraging the assets of Slemon Park and facilitating strategic private and public sector economic development investments in aerospace, training, and commercial and residential development. Slemon Park is governed by a Board of Directors, of which the CEO reports to.

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Key Indicators

The Province of Prince Edward Island is given an allocation from IRCC every year, which is the maximum number of permanent resident nomination certificates IIDI can use in a year. A nomination certificate represents a family unit and is given out on a calendar year basis. The Province's allocations for 2023-2024 are presented in the table below.

Table 1: Allocations 2023-2024

Stream	2023	2023*	2024
Base PNP	1,150	1,400	1,200
Express Entry	450	400	400
Atlantic Immigration Program	450	450	450
Total	**2,050**	**2,250**	**2,050**

*Revised from 2022/23 Annual Report

The allocation given to the Province is divided between the PEI PNP streams, also known as "base allocation", the Express Entry stream called "enhanced allocation", and the Atlantic Immigration Program. In 2023, we were granted an increase under our PNP during the year and were able to redistribute between the various programs to help meet the labour needs of Island businesses.

There are several selection factors that are used by IIDI to ensure that all candidates meet program criteria and allow for the best chance for successful candidates to economically establish themselves in Prince Edward Island. Age, education, language ability, work experience, and connection to the workforce are all key factors that influence the success of a newcomer after their landing. The following tables reflect an overview of IIDI's nominations for 2023-2024.

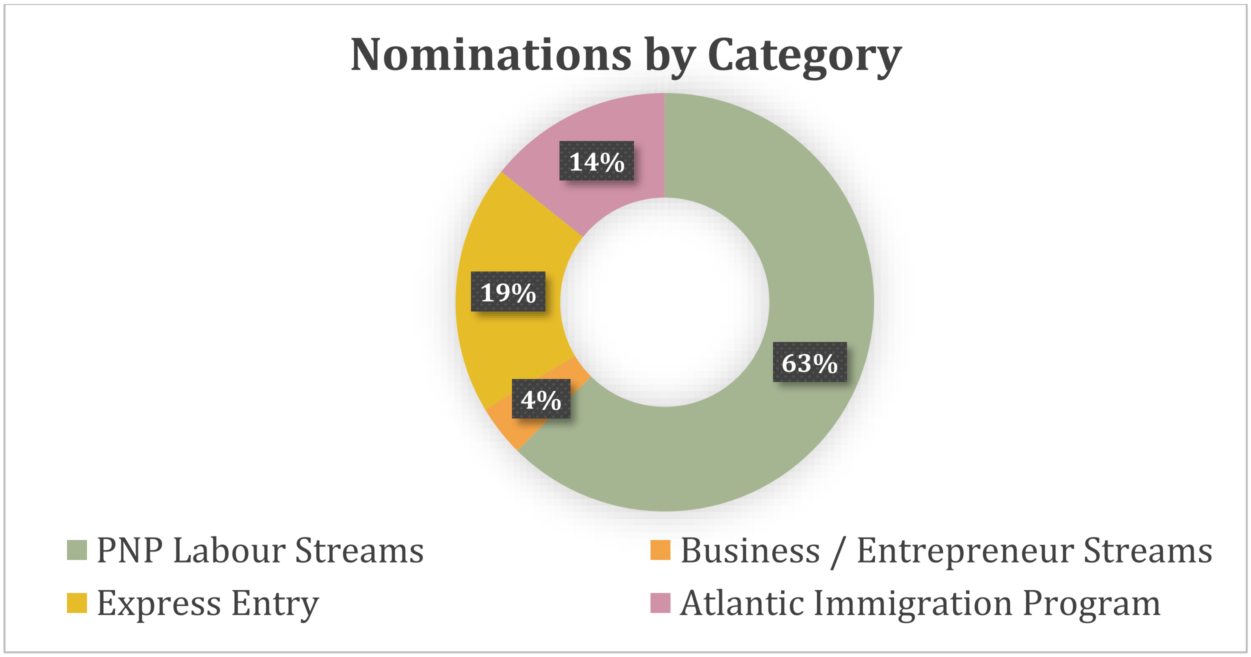
Island Investment Development Inc.

In 2023-2024, 96% of nominations were for workforce driven programs to support employers in PEI. Employers in our province have turned to immigration to assist with labour shortages that cannot be filled with the existing domestic workforce. We continue to support Island employers facing labour challenges through our immigration programs.

There were 46 Work Permit Support Letters issued to entrepreneur applicants in 2023-2024. Upon completion of Performance Agreements, these entrepreneur applicants will then be nominated by the Province to apply to the Federal government for permanent residence.

Table 2: 2023-24 Nominations by Category

Stream	# Families	%
PNP Workforce Streams	1,282	63%
Business / Entrepreneur Stream	82	4%
Express Entry	396	19%
Atlantic Immigration Program	293	14%
Total	**2,053**	**100%**

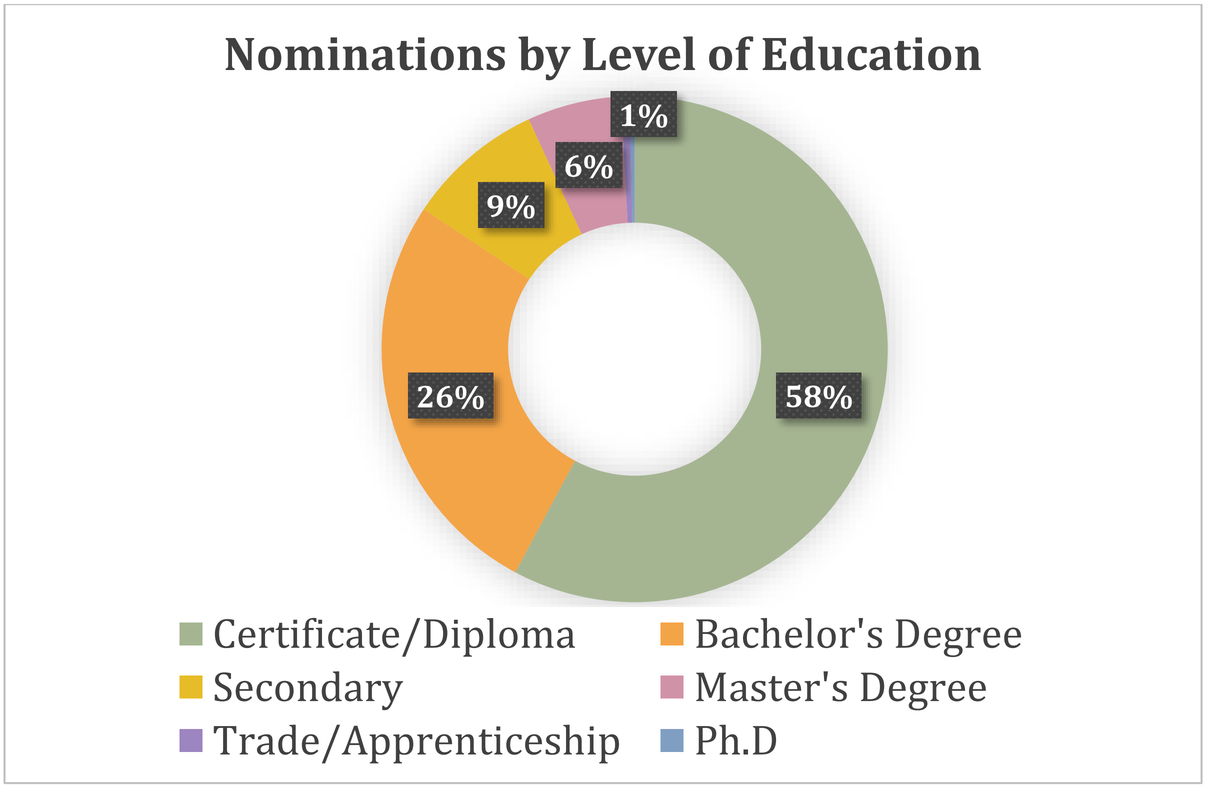


Island Investment Development Inc.

Level of education is one factor that IIDI evaluates when determining the likelihood of an applicant to economically establish in the province. The table below summarizes the highest level of education achieved by our program applicants in 2023-2024.

Table 3: 2023-24 Nominations by Level of Education

Level of Education	# Applicants	%
Ph.D.	6	0%
Master's Degree	123	6%
Bachelor's Degree	544	26%
Certificate / Diploma	1,187	58%
Trade / Apprenticeship	12	1%
Secondary	181	9%
Total	**2,053**	**100%**



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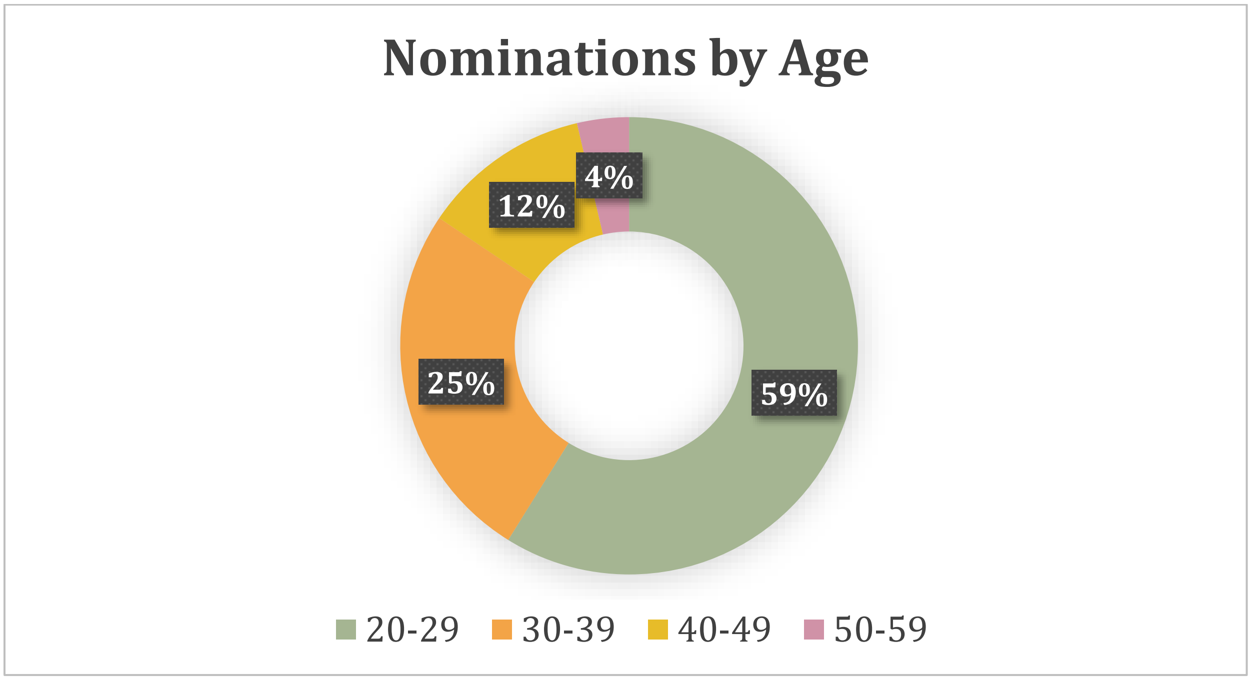
An aging population has a direct effect on the economy and the overall labour market. The table below summarizes our nominations by age over all our immigration streams. In 2023-2024, 84% of our nominations were under the age of 40. These high percentages of newcomers under the age of 40 settling in Prince Edward Island have helped the decline of the Province's median age over the last 3 years.

Table 4: 2023-24 Nominations by Age All Categories

Age at Nomination	# Applicants	%
20-29	1,206	59%
30-39	524	25%
40-49	244	12%
50-59	75	4%
60+	4	0%
Total	**2,053**	**100%**



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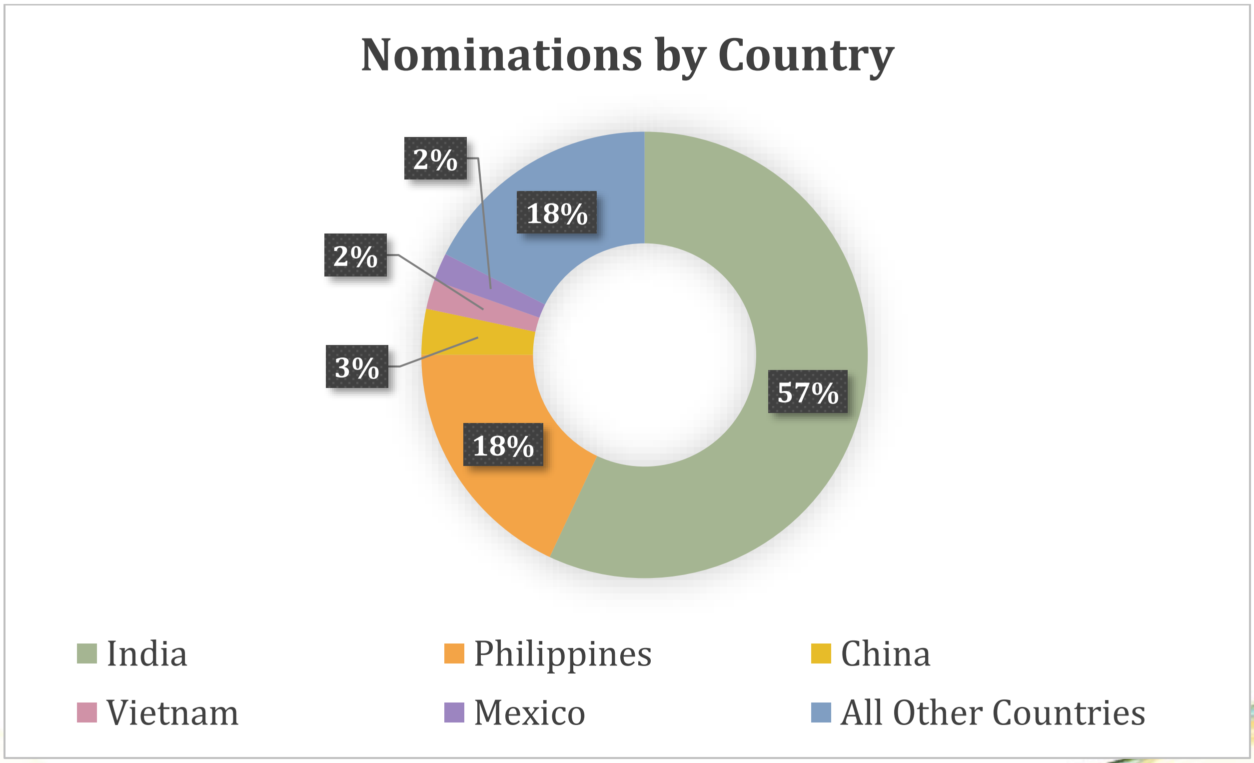
Creating familiar communities and strong cultural surroundings for newcomers is important in the successful settlement and retention of newcomers in PEI. The countries of origin that have been nominated by PEI have diversified over the past number of years. A total of 80 different countries of origin are represented by our program applicants.

Table 5: 2023-24 Nominees by Country

Country	# Families	%
India	1,170	57%
Philippines	370	18%
China	68	3%
Vietnam	43	2%
Mexico	42	2%
All Other Countries	360	18%
Total	**2,053**	**100%**



Island Investment Development Inc.

Our immigration programs are helping the Province increase its population, reduce its median age and provide economic benefits to the entire province. Immigration programs have been a key contributor towards regional and rural development as new families move into communities across PEI. The table below summarizes the increased percentage of newcomers who have settled in rural communities over the last several years.

Table 6: Rural Landings Percentage*

	2019	2020	2021	2022	2023
Rural	22%	31%	31%	35%	36%
Urban (Charlottetown)	78%	69%	69%	65%	64%

** IRCC - Admissions of Permanent Residents by Province/Territory and Census Metropolitan Area of Intended Destination (2023 ranking), January 2015 - March 2024*

The table below reflects the immigration landings (permanent residence for all family members) in Prince Edward Island for all immigration programs.

Table 7: Prince Edward Island Landings*

	2019	2020	2021	2022	2023
Family Class	135	65	130	165	155
Economic Immigration - Federal	505	170	925	720	660
Economic Immigration - Provincial	1,725	1,005	1,480	1,685	2,620
Refugees (Protected Persons)	80	55	65	90	160
Total	2,445	1,295	2,600	2,660	3,595

**IRCC- Admissions of Permanent Residents by Province/Territory of Intended Destination and Immigration Category, January 2015 - March 2024*

Island Investment Development Inc.

During the year, our immigration programs supported approximately 400 employers in PEI across a variety of sectors including healthcare, trucking, manufacturing and processing, agriculture, information technology, and service.

We are working hard to improve retention rates for new immigrants and our rates have been improving. We continue to review our immigration programs and redesign and improve where necessary and continue to support settlement service providers and initiatives across the Province in an effort to continue to improve retention rates.

On February 22, 2024, the Province released the provincial population framework and introduced a refocused approach to PEI's immigration programs to align nominations with provincial pressures and priorities. This approach includes:

- Targeted and more balanced approach for international recruitment/immigration;
- Aligns current immigration nominations with the workforce needs in the province;
- Focus on Construction and Health immigration nominations to support critical infrastructure and services as population continues to grow;
- Increases in Construction and Health have been offset by reductions in Sales and Services (i.e. quick service / call centres) where nominations are much higher than current employment levels on PEI;
- Quarterly reporting to the IIDI Board on progress toward the targets.

The PEI Office of Immigration has aligned nominations with provincial pressures and priorities. Targets for 2024 by sector as announced in February are reflected in the table below:

Sector	2024 Targets
Construction	185
Healthcare	300
Early Childhood & Education	80
Manufacturing & Processing	435
Tourism/Agriculture/Fisheries	120
Professional Services & Sciences	85
Trucking & Transport	170
Sales & Services	215
	1,590

Island Investment Development Inc.

Summary of the Strategic Plan and Future Direction

IIDI continues to deliver adaptive programs and services that facilitate and stimulate economic and social growth on Prince Edward Island. Immigration continues to be an important part of addressing the overall demographics that our province and our region is facing (ie. aging populations, declining workforce, smaller family sizes).

PEI has several success stories where immigrant workers and entrepreneurs have chosen PEI as their place to live and work. The intent is that these and other successes will continue into the future. This is critical to growing PEI's population and enriching our community, economy and culture.

IIDI recognizes the importance of continuing to align immigrant recruitment with labour market needs, simplifying the navigation of pathways to permanent residency, and putting in place—directly and through partnerships—the supports for successful integration and retention of immigrant workers, entrepreneurs and their families.

Some of the activities that the Office of Immigration has engaged in over the last year in an effort to meet these goals include:

- Continuing to work with IRCC to leverage current programs or develop new streams to assist with labour market needs;
- Organizing and facilitating multiple recruitment missions, which enabled PEI employers to connect with and recruit workers in sectors including healthcare, transportation, construction and manufacturing;
- Refocus our immigration programs to ensure that priority sectors are supported to assist with future population growth and workforce needs;
- Participating in the execution of the PEI Francophone Immigration Strategic Action Plan 2023-2028 (released June 2023);
- As Chair of the Atlantic Immigration and Attraction Table, our Office has worked with Atlantic colleagues to develop and present recommendations to IRCC on potential changes to immigration programs that would improve processes and address region specific needs;
- Providing professional development opportunities to staff including sessions on improving teamwork, communication, and productivity in the workplace;
- Over 120 outreach activities, engagement, and presentations with employers, industry associations, post-secondary institutions, and settlement providers.

We continue to see immigration as an important factor in our economic and social growth in years to come and will continue to carry out activities in an effort to meet the goals of our strategic plan. Through these efforts, PEI will continue to experience a vibrant and growing population through immigration that contributes to PEI's economy and culture.

Island Investment Development Inc.

Highlights and Accomplishments

Despite a number of economic challenges during the year, the PEI economy remained strong in 2023. Population growth provided a steady supply of additional labour to the province throughout the year and demand for Island products remained strong. Prince Edward Island's economy was estimated to have increased 2.2% in 2023, the largest increase in Atlantic Canada. Nationally, the economy experienced growth of 1.1% in GDP driven by strong growth in the West.

In fiscal 2023/24, PEI's population is estimated to have increased 3.1% to 177,081 (the highest population in the history of the province), while nationally, population grew by 3.2%.

Employment on Prince Edward Island increased by 5.7 per cent in 2023 to an all-time high of 89,000. This is the second consecutive year PEI has seen record growth in employment in terms of both percentage and number. The annual average unemployment rate declined from 7.6 per cent in 2022 to 7.3 per cent in 2023.

IIDI recognizes the importance of international recruitment for seeking and attracting talented individuals from around the world to live and work in PEI, with the goal of addressing skills shortages, promoting economic growth, and enhancing the diversity of the provincial workforce. As Island employers continuously request recruitment solutions and additional support for immigration, the Office of Immigration has taken proactive steps to facilitate multiple recruitment missions, which enabled employers to connect and recruit international talent.

These missions focused on providing a skilled workforce within high-priority industries, such as healthcare, trucking, tourism, manufacturing, and construction. Attracting talent from all over the world will build a strong and vibrant community and workforce that drives growth and development for years to come.

As part of its mandate, IIDI continues to provide settlement support for entrepreneurs that immigrate to PEI through the Business Impact Category. Much of this support is provided in-house through the Business Integration Unit. The staff in this unit meets with newcomers within one month of their arrival date in Canada and they continue to engage with them and answer any questions in order to ensure the newcomers compliance with their escrow or performance agreements.

IIDI provides funding to the Greater Charlottetown Area Chamber of Commerce for the PEI Connectors Program. The PEI Connectors program offers support services to businesses owned and operated by immigrants. The initiative also connects new Islanders and new graduates to business and community leaders in order to grow professional networks and expand career opportunities on the Island. They do this through hosting one on one meetings, business workshops, and networking events as part of their programming. PEI Connectors offers services at no cost to encourage connections and provide necessary resources to job seekers and entrepreneurs. PEI Connectors Program has a presence in all three counties with offices in Charlottetown, Summerside and Three Rivers. Ultimately, PEI Connectors is designed to aid integration, success, and retention of immigrants on Prince Edward Island.

IIDI also funds language classes specific to the needs of both entrepreneur and labour clients. The basic language level of PNP applicants has been increasing over the years and a need was identified for more specific training in business and workplace language as opposed to basic English language training. On-site workplace language classes have been funded through Study Abroad Canada to meet this need.

The retention of international graduates from our PEI post-secondary institutions is a priority of the Province of PEI. IIDI staff work closely with Holland College, UPEI, and Collège de l'Île, assisting international students who may wish to stay on PEI to live and work upon graduation.

Prince Edward Island is proud of the accomplishments of our immigration programs. We continue to support integration efforts and showcase success achieved and work with our ethno-cultural groups and partners to support integration efforts. Immigration continues to be an important contributor to our economy and culture as we continue to align our immigration programs to meet provincial pressures and priorities.

Island Investment Development Inc.

Fund Management, Lending and Strategic Initiatives

IIDI administers the PEI Century 2000 Fund Inc. (PEICF), which was created to support the growth and needs of the private sector and stimulate economic development. Sectors that are supported include Aerospace, Agriculture, Biosciences, Fisheries/Aquaculture, Housing, Small Business, Information Technology, Advanced Manufacturing, Tourism.

At the end of the 2023/24 fiscal year the loan portfolio was $183,532,352. The portfolio includes

- 73 loans to privately owned enterprises to enable growth and expansion.
- 17 Multi Unit Residential Loans
- 10 loans for the 1st Housing Challenge that was launched in 2022/23
- Lending to Slemon Park Corporation that is utilized for property upgrades, repairs, etc.

The PEICF ceased accepting new loan applications in January 2023.

IIDI is the corporate administrator of the government's investments into Venture Capital funds that support entrepreneurs in the province. These investments are typically made into early-stage companies that require capital to take their products to market.

As of March 31, 2023/24, IIDI has made investments into the following funds:

- Atlantic Capital Regional Venture Fund I and II
- Island Capital Partners Seed Investment Fund I and II
- Sandpiper Ventures Fund Limited

Slemon Park Corporation

In 2016, IIDI became the sole shareholder of Slemon Park Corporation (SPC). SPC oversees the former Canadian Forces Based that's located just outside the City of Summerside. The park encompasses a mixture of commercial and residential properties that are leased. The commercial portion of the park supports the growth of local businesses. The Residential portion of the park includes 250 single family homes that are fully leased.

Island Investment Development Inc.

SPC rebounded strongly in 2023-24 from fiscal year 2022-23 in which SPC had experienced the impact of high heating fuel prices and Hurricane Fiona related losses.

Financial Highlights	2023-24	2022-23	% Change	2021-22
Commercial rent	$5,014,934	$4,737,664	5.9%	$4,629,206
Residential rent	$3,791,409	$3,589,534	5.6%	$3,024,018
Food & Beverage revenue	$2,403,088	$1,969,037	22.0%	$1,466,974
Accommodations revenue	$1,807,424	$1,848,575	-2.2%	$1,590,717
Total revenue	$13,801,643	$12,931,993	6.7%	$11,409,745
Wages and benefits	$4,162,513	$3,930,601	5.9%	$3,574,611
Heating fuel	$1,634,847	$2,029,515	-19.4%	$1,429,639
Total expenses	$12,499,431	$12,500,085	0.0%	$10,729,679
Operating income	$1,302,212	$431,908	201.5%	$680,066
Other income (loss)	$44,329	($677,515)		$6,246
Net income (loss)	$1,346,541	($245,607)		$686,312

SPC has long hosted Atlantic Police Academy (APA) training and in partnership with APA began hosting Correctional Service Canada (CSC) training in 2019-20 and Department of Fisheries and Oceans (DFO) training in 2022-23. APA, CSC and DFO training contribute significantly to income from commercial, residential, accommodations, and food and beverage operations. Training days increased from 20,492 in 2020-21, to 31,133 in 2021-22, to 40,361 in 2022-23, and to 43,824 in 2023-24. In 2023-24. Commercial space was at 95% occupancy and residential homes were at 99% occupancy. The fluctuation in heating fuel expenses is due to changes in fuel prices and to a conversion from heating oil to propane in a number of buildings. In 2023-24, there was a 6.7% increase in total revenue which, combined with total expenses remaining relatively constant, resulted in the strong operating income of $1,302,212.

Other income (loss) over the past two fiscal years is primarily related to the damage caused by Hurricane Fiona. Over the past two fiscal years, $1,265,398 in costs were incurred because of Hurricane Fiona and these costs were partially offset by $838,391 in combined insurance recoveries and the funding from the federal Hurricane Fiona Recovery Fund. In addition, a capital asset impairment charge of $275,228 related to Hurricane Fiona was recorded in 2022-23.

The maintenance and updating of the aging building, water, wastewater, and airport infrastructure assets at Slemon Park continues to be a major challenge. Over the past four fiscal years, $11,695,083 has been invested in capital assets, an average of over $2.9 million per year.

Island Investment Development Inc.

Board of Directors

Johnny Flynn* | Chairperson
Member at Large

Brendon McCloskey
Member at Large

Jacinthe Lemire
Member at Large

Pamela Montgomery
Member at Large

Stefanie Corbett
Deputy Minister | Economic Development, Innovation & Trade

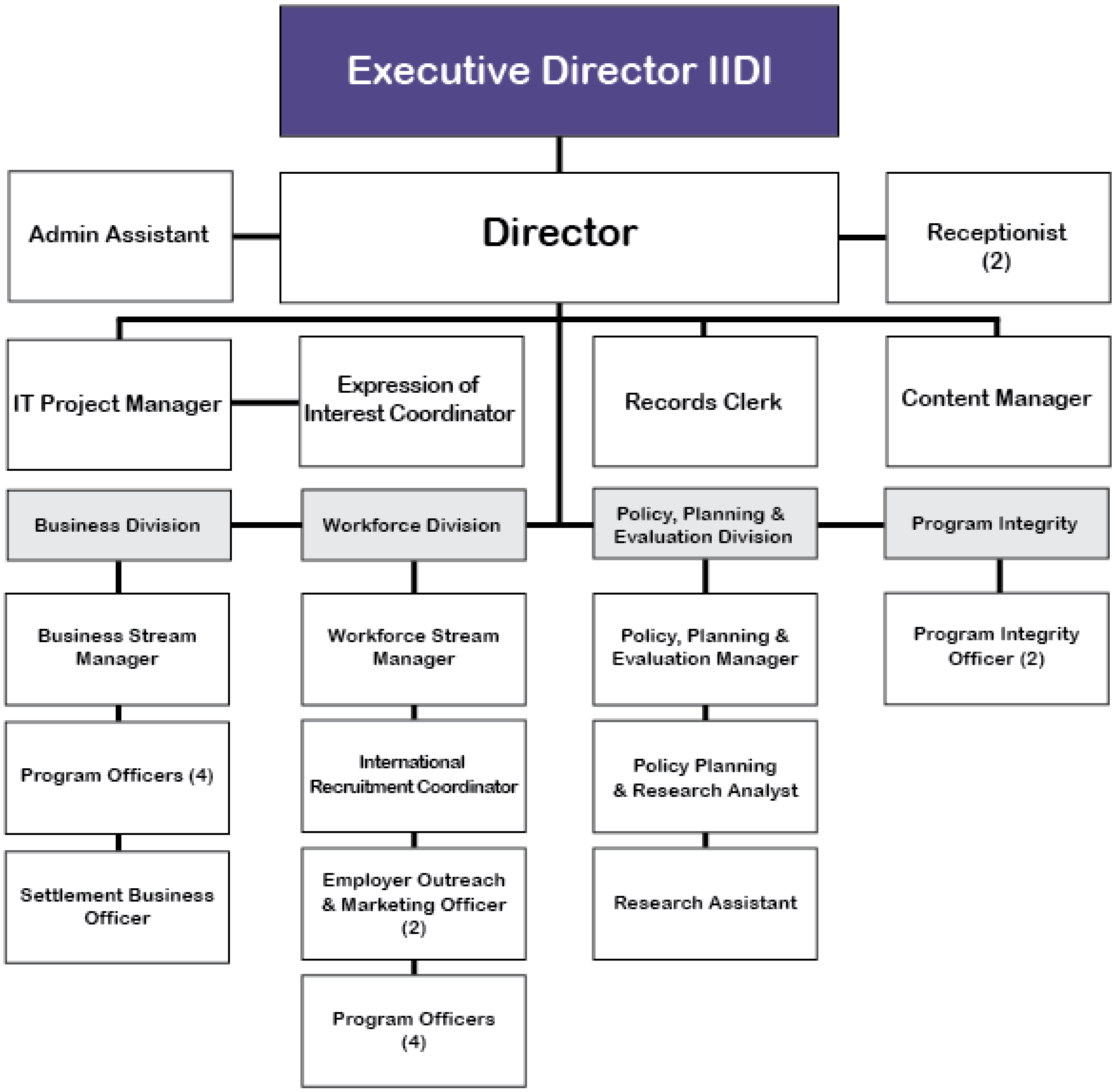
Natalie Mitton
Executive Director | IIDI

Denise Lewis-Fleming
Deputy Minister | Department of Finance

* On September 18, 2024, Jacinthe Lemire was appointed Chair of the Board of Directors, replacing Johnny Flynn.

Island Investment Development Inc.

Organizational Chart



Island Investment Development Inc.

Consolidated Financial Statements
March 31, 2024

ArsenaultBestCameronEllis
CHARTERED PROFESSIONAL ACCOUNTANTS

ArsenaultBestCameronEllis
CHARTERED PROFESSIONAL ACCOUNTANTS
Member of The AC Group of Independent Accounting Firms

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Canada C1E 3K2
Telephone (902) 368-3100
Fax (902) 566-5074
www.acgca.ca

June 27, 2024

Independent Auditor's Report

To the Board of Directors of Island Investment Development Inc.

Opinion
We have audited the accompanying consolidated financial statements of Island Investment Development Inc., which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Island Investment Development Inc. as at March 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted audited standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Island Investment Development Inc. 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 opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Island Investment Development Inc.'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 Island Investment Development Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Island Investment Development Inc.'s financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Island Investment Development Inc.'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 Island Investment Development Inc.'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 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 Island Investment Development Inc. 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 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.

ArsenaultBestCameronEllis

Chartered Professional Accountants

Island Investment Development Inc.
Consolidated Statement of Financial Position
As at March 31, 2024

	2024 $	2023 $
Assets		
Cash	25,580,219	19,139,730
Marketable securities	26,477,747	48,890,720
Accounts receivable (notes 6 and 15)	7,539,269	6,836,143
Prepaid expense	74,538	50,194
Inventory	389,597	188,928
Demand loan receivable (note 8)	7,028,524	7,026,112
Notes receivable (note 9)	155,166,546	133,717,762
Advances to related company (note 15)	10,066,584	10,056,402
Investment in private companies (note 10)	6,127,348	3,790,723
Investment properties (notes 7 and 13)	18,010,267	17,002,946
Property and equipment (Schedule and note 13)	4,289,427	3,944,855
Restricted funds (note 11)		
Cash and marketable securities	13,390,833	25,155,833
	274,140,899	275,800,348
Liabilities		
Accounts payable and accrued liabilities (notes 12 and 15)	3,383,622	3,163,236
Long-term debt (note 13)	4,244,242	3,535,665
Restricted funds (note 11)	13,390,833	25,155,833
	21,018,697	31,854,734
Commitments (note 18)		
Retained earnings	253,122,202	243,945,614
	274,140,899	275,800,348

Approved by the Board of Directors

Director

Director

Island Investment Development Inc.

Consolidated Statement of Changes in Equity

For the year ended March 31, 2024

	2024 $	2023 $
Retained earnings - Beginning of year	243,945,614	226,009,321
Net earnings for the year	9,176,588	17,936,293
Retained earnings - End of year	253,122,202	243,945,614

Island Investment Development Inc.
Consolidated Statement of Comprehensive Income
For the year ended March 31, 2024

	2024 $	2023 $
Revenue		
Interest on notes and loan receivable (note 15)	6,715,671	7,025,145
Investment income	4,133,717	2,789,565
Provincial Nominee Program fees	945,200	1,283,800
Provincial Nominee Program defaults	1,275,000	2,650,000
Property operations (notes 14 and 15)	13,801,643	12,931,993
	26,871,231	26,680,503
Expenses		
Doubtful accounts (recovery)	97,299	(156,650)
Education contribution	541,569	641,423
Equipment	7,053	12,607
Grants for settlement funding	644,517	726,928
Interest and bank charges	1,828	2,618
Interest on long-term debt (note 15)	119,444	99,710
Management fees (note 15)	537,500	537,500
Meetings and conferences	57,713	100,207
Office	165,450	130,910
Professional fees	99,472	82,927
Promotion and advertising	4,419	17,785
Property operations (note 15)	10,856,484	10,976,237
Provision for possible losses (recovery)	807,376	(8,511,268)
Rent (note 15)	117,368	116,023
Salaries (note 15)	2,311,292	1,914,231
Travel	89,033	77,364
Amortization	1,281,155	1,298,143
	17,738,972	8,066,695
Operating earnings	9,132,259	18,613,808
Other income (expense)		
Gain on sale of property and equipment	-	69,049
Impairment of capital assets due to hurricane	-	(275,228)
Loss from hurricane damages	(664,970)	(600,428)
Insurance recovery from hurricane damages	709,299	129,092
	44,329	(677,515)
Net earnings for the year	9,176,588	17,936,293

Island Investment Development Inc.
Consolidated Statement of Cash Flows
For the year ended March 31, 2024

	2024 $	2023 $
Cash provided by (used in)		
Operating activities		
Net earnings for the year	9,176,588	17,936,293
Items not affecting cash		
Amortization	1,281,155	1,298,143
Gain on sale of property and equipment	-	(69,049)
Provision for (recovery of) possible losses	807,376	(8,511,268)
Impairment of capital assets due to hurricane	-	275,228
	11,265,119	10,929,347
Net change in non-cash working capital items		
Decrease (increase) in accounts receivable	(703,126)	377,974
Decrease (increase) in prepaid expense	(24,344)	35,062
Decrease (increase) in inventory	(200,669)	19,181
Increase (decrease) in accounts payable and accrued liabilities	220,386	(248,986)
	10,557,366	11,112,578
Financing activities		
Decrease (increase) in advances to related company	(10,182)	48,086
Decrease in long-term debt - net	(668,405)	(1,095,297)
Proceeds from issuance of long-term debt	1,376,982	-
	698,395	(1,047,211)
Investing activities		
Decrease (increase) in marketable securities - net	22,412,973	(25,296,520)
Increase in demand loan receivable	(2,412)	(22,181)
Decrease (increase) in notes receivable - net	(22,256,160)	2,966,747
Increase in investment in private companies	(2,336,625)	(497,416)
Additions to investment properties	(1,863,072)	(2,271,263)
Additions to property and equipment	(779,290)	(371,694)
Decrease in restricted funds - cash and marketable securities	11,765,000	13,275,000
Decrease in restricted funds - liability	(11,765,000)	(13,275,000)
Capital grants received	9,314	24,932
Proceeds on disposal of property and equipment	-	69,049
	(4,815,272)	(25,398,346)
Increase (decrease) in cash	6,440,489	(15,332,979)
Cash - Beginning of year	19,139,730	34,472,709
Cash - End of year	25,580,219	19,139,730

1 Reporting entity

The company is a provincial Crown corporation established under the provisions of the Island Investment Development Inc. Act and is therefore a non-taxable entity under the provisions of the Income Tax Act.

The company is the corporate administrator of government-administered venture capital funds in the Province of Prince Edward Island with its purpose to invest in active business operations. The investments are made in typically new or expanding companies. The company also develops and commercializes the real property assets of the former Canadian Forces Base Summerside. It rents real property to commercial and residential tenants and operates airport, accommodations, food and beverage and retail divisions.

The company administers the Prince Edward Island Provincial Nominee Program on behalf of the Province of Prince Edward Island, and charges applicants under the program various fees to process the applications received.

Island Investment Development Inc.'s head office is located in Charlottetown, Prince Edward Island.

Island Investment Development Inc. prepares its consolidated financial statements in compliance with Canadian International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These consolidated financial statements have been approved for issue by the Board of Directors on June 27, 2024.

2 Basis of presentation

(a) Basis of consolidation

These consolidated financial statements include the operations of Island Investment Development Inc. and its wholly-owned subsidiaries, Prince Edward Island Century 2000 Fund Inc. (Century 2000 Fund) and Slemon Park Corporation.

(b) Basis of measurement

These consolidated financial statements have been presented on the historical cost basis except for certain financial instruments as indicated in note 3(a).

(c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the company's functional currency.

(d) Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses during the period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The estimates and judgments that have the most significant effect on the amounts recognized in the consolidated financial statements are detailed in note 4.

3 Summary of significant accounting policies

(a) Financial instruments

i) *Classification and measurement of financial assets*

The company applies IFRS 9 and classifies its financial assets into one of the following measurement categories:

- Amortized cost;
- Fair value through profit or loss (FVTPL); or
- Fair value through other comprehensive income (FVOCI).

Financial assets include both debt and equity instruments.

<u>Debt instruments</u>

Classification and subsequent measurement of debt instruments depend on:

- the company's business model for managing the asset; and
- the cash flow characteristics of the asset.

Business model assessment involves determining how financial assets are managed in order to generate cash flows. The company's business model assessment is based on the following categories:

- Held to collect: The objective of the business model is to hold assets and collect contractual cash flows. Any sales of the asset are incidental to the objective of the model.
- Held to collect and for sale: Both collecting contractual cash flows and sales are integral to achieving the objectives of the business model.
- Other business model: The business model is neither held-to-collect nor held-to-collect and for sale.

The company assesses the business model at a portfolio level reflective of how groups of assets are managed together to achieve a particular business objective. For the assessment of a business model, the company takes into consideration the following factors:

- Whether the assets are held for trading purposes (ie. assets that the company acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking);
- The risks that affect the performance of assets held within a business model and how those risks are managed; and
- The revenue of prior periods and expectations about future revenue activity.

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending arrangement. Contractual cash flows are consistent with a basic lending arrangement if they represent cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instrument due to repayments or amortization of premium/discount.

Interest is defined as the consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), and a profit margin.

If the company identifies any contractual features that could significantly modify the cash flows of the instrument such that they are no longer consistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Based on these factors, the company classifies its debt instruments into one of the following three measurement categories:

Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured in note 9. Interest income form these financial assets is included in "Interest on notes and loans receivable" using the effective interest rate method.

Fair value through profit or loss

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognized in profit or loss and presented in the profit or loss statement within "Investment income" in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in "Investment income". Interest income from these financial assets is included in "Investment income" using the effective interest method.

Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVTPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through other comprehensive income (OCI), expect for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified form equity to profit or loss and recognized in "Investment income". Interest income from these financial assets is included in "Investment income" using the effective interest rate method.

Equity instruments

The company subsequently measures all equity investments at FVTPL, except where the company's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses and reversals of impairment losses are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the company's right to receive payments is established.

Gains and losses on equity investments at FVTPL are included in "Investment income" in the statement of comprehensive income.

ii) *Classification and measurement of financial liabilities*

Financial liabilities are classified into one of the following measurement categories:

- Amortized cost;
- Fair value through profit or loss (FVTPL);
- Designated at FVTPL.

Financial liabilities measured at amortized cost

Long-term debt and restricted funds are accounted for at amortized cost. Interest on long-term debt, calculated using the effective interest rate method, is recognized as interest expense.

Financial liabilities measured at FVTPL

Financial liabilities measured at FVTPL are held principally for the purpose of repurchasing in the near term, or form a part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-making. Financial liabilities are recognized on a trade date and are accounted for at fair value, with changes in fair value and any gains or losses recognized in the Statement of Comprehensive Income as part of the non-interest income. Transaction costs are expensed as incurred.

Financial liabilities designated at FVTPL

Financial liabilities classified in this category are those that have been designated by the company upon initial recognition, and once designated, the designation is irrevocable. The FVTPL designation is only available for those financial liabilities for which a reliable estimate of fair value can be obtained.

Financial liabilities are designated at FVTPL when one of the following criteria is met:

- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- A group of financial liabilities are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy; or
- The financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required.

Financial liabilities designated at FVTPL are recorded in the Statement of Financial Position at fair value and any changes in fair value are recognized in the Statement of Comprehensive Income.

iii) *Determination of fair value*

Fair value of a financial asset or liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal, or in its absence, the most advantageous market to which the company has access at the measurement date.

The company measures instruments carried at fair value under the following fair value hierarchy. The different levels have been defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

iv) *Derecognition of financial assets and liabilities*

The derecognition criteria are applied to the transfer of part of an asset rather than the asset as a whole, only if such part comprises specifically identified cash flows from the asset, a fully proportionate share of the cash flows from the asset, or a fully proportionate share of specifically identified cash flows from the asset.

A financial asset is derecognized when the contractual rights to the cash flows from the asset has expired or the company transfers the contractual rights to receive the cash flows from the financial asset; or has assumed an obligation to pay those cash flows to an independent third-party, or the company has transferred substantially all the risks and rewards of ownership of that asset to an independent third-party. Management determines whether substantially all the risk and rewards of ownership have been transferred by quantitatively comparing the variability in cash flows before and after the transfer. If the variability in cash flows remains significantly similar subsequent to the transfer, the company has retained substantially all of the risks and rewards of ownership.

Where substantially all the risks and rewards of ownership of the financial asset are neither retained nor transferred, the company derecognizes the transferred asset only if it has lost control over the asset. Control over the asset is represented by the practical ability to sell the transferred asset. If the company retains control over the asset, it will continue to recognize the asset to the extent of its continuing involvement.

On derecognition of a financial asset, the difference between the carrying amount and the sum of (i) the consideration received and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in the Statement of Comprehensive Income.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. If an existing financial liability is replaced by another from the same counterparty on substantially different terms or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability at fair value. The difference in the respective carrying amount of the existing liability and the new liability is recognized as a gain/loss in the Statement of Comprehensive Income.

v) *Impairment*

The company applied a three-stage approach to measure allowance for credit losses, using an expected credit loss approach as required under IFRS 9 for the financial assets measured at amortized cost.

The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either (i) over the following 12 months or (ii) over the expected life of a financial instrument.

The impairment model measures credit loss allowances using a three-stage approach based on the extent of credit deterioration since origination:

- Stage 1 – where there has not been a significant increase in credit risk since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.
- Stage 2 – when a financial instrument experiences a credit risk subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.
- Stage 3 – financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

The probability of default (PD), exposure at default (EAD) and loss given default (LGD) inputs used to estimate expected credit losses are modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio.

Details of these statistical inputs are as follows:

- PD – the probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life.
- EAD – the exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities and accrued interest from missed payments.

- LGD – the loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

At each reporting date, the company assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral and the impact of forward-looking macroeconomic factors. Common assessments for credit risk include management judgment, delinquency and monitoring.

When measuring expected credit loss, the company considers the maximum contractual period over which the company is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment and extension and rollover options.

The company considers a financial instrument to be in default as a result of one or more loss events that occurred after the date of initial recognition of the instrument and the loss event has a negative impact on the estimated future cash flows of the instrument that can be reliably estimated. This includes events that indicate:

- Significant financial difficulty of the borrower;
- Default or delinquency in interest or principal payments;
- High probability of the borrower entering a phase of bankruptcy or a financial recognition;
- Measurable decrease in the estimated future cash flows from the loan or the underlying assets that back the loan.

The company considers that default has occurred and classifies the financial asset as impaired when it is more than 90 days past due.

The company writes off an impaired financial asset, either partially or fully, when there is no realistic prospect of recovery. Where financial assets are secured, write-off is generally after receipt of any proceeds from the realization of security. In circumstances where the net realizable value of any collateral has been determine and there is no reasonable expectation of further recover, write-off may be earlier.

(b) Cash

Cash consists of cash held in banks and cash on hand. Bank indebtedness is considered to be a financing instrument.

(c) Inventory

Inventories are valued at the lower of cost and net realizable value. Costs are assigned using the specific item formula for food inventory. Costs include all expenses directly attributable to the purchase and delivery of the product to the Company's location. Oil inventory is valued at the lower of cost and net realizable value and is recorded at invoice cost on a first-in, first-out basis. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

(d) Deferred financing costs

The costs incurred in obtaining financing have been capitalized and are being amortized using the straight-line basis over the term of the long-term debt, which is 60 months.

(e) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are added to the cost of the assets until they are substantially ready for their intended use. Other borrowing costs are expensed in the period in which they are incurred.

(f) Property and equipment

Property and equipment are recorded at the fair value on the transition date of April 1, 2015 to IFRS for Slemon Park Corporation, a subsidiary, as deemed cost, with additions since that time measured at historic cost. Subsequent to initial recognition, property and equipment is recorded at cost less accumulated amortization and accumulated impairment losses. The company allocates the amount recognized in respect of each item in property and equipment to its significant components and amortizes each component separately.

Amortization is recognized so as to write-off the cost less residual values over the useful lives of the assets. The estimated useful lives, residual values and amortization method are reviewed at each year-end with the effect of any changes in estimates accounted for on a prospective basis. Amortization rates are as follows:

Sewer and water infrastructure	2% - 4%	declining balance
Runways and taxiways	8%	declining balance
Roads and parking areas	8%	declining balance
Buildings	4% - 20%	declining balance
Heavy equipment	20%	declining balance
Furniture and equipment	20%	declining balance
Motor vehicles	30%	declining balance
Computer equipment and software	30%	declining balance

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying amount is higher than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the value in use. No property and equipment were identified as impaired as at March 31, 2024.

(g) Investment properties

Investment properties include land and buildings, roads and paving held to earn rental income. Investment properties are recorded at the fair value on the transition date of April 1, 2015 to IFRS of Slemon Park Corporation, a subsidiary, as deemed cost, with additions since that time measured at historic cost. Subsequent to its initial recognition, investment properties are recorded at cost less accumulated amortization and accumulated impairment losses. The company allocates the amount recognized in respect of each item in investment properties to its significant components and amortizes each component separately.

Amortization is recognized so as to write-off the cost less residual values over the useful lives of the assets. The estimated useful lives, residual values and amortization method are reviewed at each year-end with the effect of any changes in estimates accounted for on a prospective basis. Amortization rates are as follows:

Building	4%	declining balance
Building - roof/shingles	6%	declining balance
Building - equipment	8%	declining balance
Building - painting	10%	declining balance
Building - tenant improvements - based on lease term 1 - 5 years	20%	declining balance
Building - tenant improvements - based on lease term 6 - 15 years	10%	declining balance

Investment properties are derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on retirement or disposal of investment properties are recognized in the income statement in the year of retirement or disposal.

(h) Capitalization policy - property and equipment and investment properties

Acquisition, construction or development over time:

The cost of constructing a capital asset includes direct construction or development costs (such as materials and labour) and overhead costs directly attributable to the construction or development activity.

The cost of capital assets includes the purchase price and other acquisition costs such as installation costs including architectural, design and engineering fees, legal fees, survey costs, site preparation costs, freight charges, transportation insurance costs, duties, testing and preparation charges.

Betterment:

The cost incurred to enhance the service potential of a capital asset is a betterment. Service potential may be enhanced when there is an increase in the previously assessed physical output or service capacity, associated operating costs are lowered, the life or useful life is extended, or the quality of output is improved. The cost incurred in the maintenance of the service potential of a capital asset is a repair, not a betterment. If a cost has the attributes of both a repair and a betterment, the portion considered to be a betterment is included in the cost of the capital asset.

Government assistance:

Government assistance towards acquisition of capital assets is deducted from the related capital assets with any amortization calculated on the net amount.

Buildings and renovations:

All expenditures that provide future benefit beyond the annual operating period and which are an integral component of the building are classified as an addition to the building.

(i) Impairment of long-lived assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash generating unit level. The company tests long-lived assets for impairment on an annual basis or whenever events or changes in circumstances indicate that its carrying amount of the asset is not recoverable. An impairment loss is recognized when the carrying amount of the asset is not recoverable and exceeds its fair value. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its recoverable amount. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the higher of fair value less costs to disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows.

(j) Revenue recognition

Interest on notes and loans receivable is recognized as revenue in the period earned.

Investment income is recorded in the period earned.

Provincial Nominee Program fees are recorded as revenue when earned.

Provincial Nominee Program defaults are recorded as revenue in the year in which the deposit period ends and the applicant does not meet the conditions for repayment.

Property operations revenue arises mainly from the rental of commercial, residential and hotel accommodation and food and beverage revenues. Revenue from these contracts is recognized in accordance with the five step model in IFRS 15:

1. identify the contract with a customer;
2. identify the performance obligations in the contract;
3. determine the transaction price, which is the total consideration provided by the customer;
4. allocate the transaction price among the performance obligations in the contact based on their relative fair values; and
5. recognize revenue when the relevant criteria are met for each performance obligation.

Accommodation revenues are recognized over time as the accommodation service is provided. Food and beverage, retail and airport operations are recognized at a point in time. The transaction price is measured at the fair value of the consideration received or receivable less any trade discounts or volume rebates.

Revenues are recognized when the goods or services have been provided to the customer, it is probable that the associated economic benefit will flow to the company and the amount of revenue can be reliably measured.

Revenue from commercial and residential rental operations, included in property operations, is recognized straight-line over the terms of the leases when collection is reasonably assured. The difference between the rental revenue recognized and the amounts contractually due under the lease agreements is recorded in trade receivables. The company retains substantially all of the benefits and risks of ownership of its income properties and, therefore, accounts for its leases with tenants as operating leases. Realty tax and operating cost recoveries, and other incidental income are recognized on an accrual basis.

Miscellaneous revenue is recognized in the period in which the transaction or events that give rise to the revenue occur and collection is reasonably assured.

(k) Government assistance and other grants

The Governments of Canada and Prince Edward Island have made grants to fund renovations to existing facilities of Slemon Park Corporation. Grants are not recognized until there is reasonable assurance that the entity will comply with the conditions attaching to the grant, and that the grant will be received. These funds, along with other grants received, are credited to the operating expenses or capital assets to which they relate. During the year, $9,314 (2023 - $45,199) in grants were received or receivable related to capital projects and credited to investment properties and property and equipment.

(l) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

A provision for onerous contracts is recognized when the expected benefits to be derived by the company from a contract are lower than the unavoidable costs of meeting its obligations under the contract. No provisions meeting the criteria for recognition exist for the periods presented.

4 Critical accounting estimates and judgments

The company makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. These estimates and judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the period the assumptions change. The principal areas involving a higher degree of judgment or complexity and/or area which require significant estimates is described below:

(a) Allowance for credit losses

The expected credit loss model requires the recognition of credit losses based on up to 12 months of expected losses for performing loans and the recognition of lifetime losses on performing loans that have experienced a significant credit risk since origination.

The determination of a significant increase in credit risk takes into account many different factors since origination, and certain other criteria, such as delinquencies. The assessment of a significant increase in credit risk requires experienced credit judgment.

In determining whether there has been a significant increase in credit risk and in calculating the amount of expected credit losses, we must rely on estimates and exercise judgment regarding matters for which the ultimate outcome is unknown. These judgments include changes in circumstances that may cause future assessments of credit risk to be materially different from current assessments, which could require an increase or decrease in the allowance for credit losses.

(b) Fair value of financial instruments

Fair value measurement techniques are used to value various financial assets and financial liabilities and are used in impairment testing on certain non-financial assets.

The fair values of the company's financial instruments were estimated using the valuation methods and assumptions described below. Since many of the company's financial instruments lack an available trading market, the fair values represent estimates of the current market value of instruments, taking into account changes in interest rates that have occurred since their origination. Due to the use of subjective assumptions and uncertainties, the fair value amounts should not be interpreted as being realizable in an immediate settlement of the instruments.

Fair values of floating loans and deposits approximate book value as the interest rates on these instruments automatically re-price to market and the spread remains appropriate. Fixed rate loans are valued by discounting the contractual future cash flows at current market rates for loans with similar credit risks. Fixed rate deposits are valued by discounting the contractual future cash flows using market rates currently being offered for deposits with similar terms. A credit valuation adjustment is applied to the calculated fair value of uninsured deposits to account for the company's own risk.

The fair value for the company's investments as detailed in note 10 is determined as follows:

- Atlantic Canada Regional Venture Fund LP, Island Capital Partners Seed Investment Fund LP, and Sandpiper Ventures Fund LP do not trade in a public market. Fair value is determined by using Level 3 indicators.

(c) Estimated useful lives of investment properties and property and equipment

Management estimates the useful lives of investment properties and property and equipment based on the period during which assets are expected to be available for use. The amounts and timing of recorded amortization expense of investment properties and property and equipment for any period are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear, legal and other limits to use. It is possible that changes in these factors may cause changes in the estimated useful lives of the company's investment properties and property and equipment in the future.

(d) Investment properties fair value

The fair market value of investment properties is disclosed on an annual basis as of the statement of financial position date. This fair value information is also used to identify potential impairment losses as of the statement of financial position date. The valuations are prepared using recognized valuation techniques and the principles of IFRS 13, Fair Value Measurement. The determination of the fair value requires the use of estimates and judgments on future cash flows from assets, discount rates applicable to those assets due to their nature and location, the unit of account, and assumptions with respect to highest and best use. These estimates are based on local market conditions existing at the statement of financial position date, including the impact of recent market transactions. The valuation techniques and significant unobservable inputs used in determining the fair value of investment properties are set out in note 7.

(e) Investment properties and property and equipment

The company's accounting policies related to investment properties and property and equipment are described in note 3. In applying these policies, judgment is applied to determine the significant components of each asset, including the useful lives over which componentized assets are to be amortized. Judgment is also required in determining what assets are classified as property, plant and equipment and what assets are classified as investment property.

5 Financial instruments

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

		March 31, 2024		April 1, 2023	
	Fair value hierarchy	**Carrying amount $**	**Fair value $**	**Carrying amount $**	**Fair value $**
Financial assets					
Cash	Level 1	25,580,219	25,580,219	19,139,730	19,139,730
Marketable securities	Level 1	26,477,747	26,477,747	48,890,720	48,890,720
Accounts receivable	Level 2	7,539,269	7,539,269	6,836,143	6,836,143
Demand loan receivable	Level 2	7,028,524	7,028,524	7,026,112	7,026,112
Notes receivable	Level 2	155,166,546	155,166,546	133,717,762	133,717,762
Advance to related company	Level 2	10,066,584	10,066,584	10,056,402	10,056,402
Investments in private companies	Level 3	6,127,348	6,127,348	3,790,723	3,790,723
Restricted funds	Level 1	13,390,833	13,390,833	25,155,833	25,155,833
		251,377,070	251,377,070	254,613,425	254,613,425
Financial liabilities carried					
Accounts payable and accrued liabilities	Level 2	3,383,622	3,383,622	3,163,236	3,163,236
Long-term debt	Level 2	4,244,242	4,244,242	3,535,665	3,535,665
Restricted funds	Level 2	13,390,833	13,390,833	25,155,833	25,155,833
		21,018,697	21,018,697	31,854,734	31,854,734

6 Accounts receivable

	2024 $	**2023 $**
Trade	2,223,829	1,949,320
Related party (note 15)	6,721,502	6,257,057
Other	390,420	299,609
Less: Allowance for doubtful accounts	(1,796,482)	(1,669,843)
	7,539,269	6,836,143

7 Investment properties

The fair market value of investment properties as of March 31, 2024 is $38,569,229 (2023 - $40,575,341). The investment properties have been valued by using a capitalized net operating income method and a market approach. Under this method, capitalization rates are applied to net operating income (revenues less property operating expenses). The key assumption is the capitalization rate of 11% to 14% (2023 - 11% to 14%) for commercial assets and 8% for residential assets (2023 - 8%). The rate was further calibrated by applying a 20% discount to reflect a recent orderly transaction occurring at arm's length under current market conditions. This discount is to reflect the nature of these specialized assets and their location.

This valuation process is classified as Level 3 of the fair value hierarchy and represents the estimated price that would be received to sell the asset in an orderly transaction between market participants at the measurement dates. The fair value is based on each asset group's current use as a revenue generating investment property. The current use is considered to be the highest and best use. The company utilized capitalization and discount rates based on recent market transactions and past appraisals. To the extent that rates change from one reporting period to the next, or should another rate be more appropriate than the rate previously used, the fair value of the investment properties would increase or decrease accordingly.

	Land $	Buildings, roads and paving $	Total $
Cost			
Balance - March 31, 2023	1,590,495	19,990,042	21,580,537
Additions	3,246	1,859,826	1,863,072
Balance - March 31, 2024	1,593,741	21,849,868	23,443,609
Accumulated amortization			
Balance - March 31, 2023	(46,484)	(4,531,107)	(4,577,591)
Amortization expense	(10,511)	(845,240)	(855,751)
Balance - March 31, 2024	(56,995)	(5,376,347)	(5,433,342)
Net carrying value			
March 31, 2023	1,544,011	15,458,935	17,002,946
March 31, 2024	1,536,746	16,473,521	18,010,267

The future minimum lease payments to be received under non-cancelable operating leases in aggregate for each of the following periods:

	$
Under 1 year	3,567,156
2 to 5 years	9,843,561
Over 5 years	1,765,991
Total	15,176,708

8 Demand loan receivable

	2024 $	2023 $
Demand note receivable from Finance PEI	6,998,482	6,998,482
Accrued interest receivable	30,042	27,630
	7,028,524	7,026,112

The company entered into an agreement with Finance PEI, a provincial Crown corporation, to receive a $15,000,000 revolving line of credit.

Interest is charged monthly at a rate equal to the Department of Provincial Treasury of Prince Edward Island's short-term lending rate and the total amount is repayable on demand.

The demand loan is secured by a promissory note for $15,000,000 and a revolving credit agreement.

9 Notes receivable

(a) Loans at amortized cost

	2024			2023		
	Gross loans $	Allowance for credit losses $	Net carrying amount $	Gross loans $	Allowance for credit losses $	Net carrying amount $
Manufacturing and processing - general	33,474,805	9,971,122	23,503,683	35,920,535	8,108,416	27,812,119
Aerospace	2,455,950	2,455,950	-	2,485,618	2,405,581	80,037
Tourism	23,575,294	1,736,760	21,838,534	25,795,263	1,727,173	24,068,090
General business	62,562,007	13,620,705	48,941,302	63,653,650	13,991,768	49,661,882
Agriculture	1,722,054	-	1,722,054	1,763,228	-	1,763,228
Fisheries/aquaculture	581,269	581,269	-	588,042	588,042	-
Residential	48,804,746	-	48,804,746	20,616,879	-	20,616,879
Bioscience	10,356,227	-	10,356,227	10,452,977	737,450	9,715,527
	183,532,352	28,365,806	155,166,546	161,276,192	27,558,430	133,717,762

(b) Impaired loans

	2024			2023		
	Gross impaired loans $	Allowance for credit losses $	Net carrying amount $	Gross impaired loans $	Allowance for credit losses $	Net carrying amount $
Manufacturing and processing - general	21,117,136	9,971,122	11,146,014	22,579,866	8,107,515	14,472,351
Aerospace	2,455,950	2,455,950	-	2,485,618	2,405,581	80,037
Tourism	3,432,648	1,736,760	1,695,888	3,677,022	1,727,173	1,949,849
General business	32,046,866	13,435,391	18,611,475	33,512,742	13,755,945	19,756,797
Agriculture	1,722,056	-	1,722,056	1,763,228	-	1,763,228
Fisheries/aquaculture	581,269	581,269	-	588,042	588,042	-
Bioscience	5,196,544	-	5,196,544	1,535,883	-	1,535,883
	66,552,469	28,180,492	38,371,977	66,142,401	26,584,256	39,558,145

(c) Allowance for credit losses

				2024
	Balance as at April 1, 2023 $	**Provision for (recovery of) credit losses $**	**Net write-offs $**	**Net $**
Manufacturing and processing - general	8,108,416	1,862,706	-	9,971,122
Aerospace	2,405,581	50,369	-	2,455,950
Tourism	1,727,173	9,587	-	1,736,760
General business	13,991,768	(371,063)	-	13,620,705
Fisheries/aquaculture	588,042	(6,773)	-	581,269
Bioscience	737,450	(737,450)	-	-
	27,558,430	807,376	-	28,365,806

				2023
	Balance as at April 1, 2022 $	**Provision for (recovery of) credit losses $**	**Net write-offs $**	**Net $**
Manufacturing and processing - general	15,570,214	(7,461,798)	-	8,108,416
Aerospace	2,660,438	(254,857)	-	2,405,581
Tourism	1,876,663	(149,490)	-	1,727,173
General business	16,224,705	(2,232,937)	-	13,991,768
Fisheries/aquaculture	572,418	15,624	-	588,042
Bioscience	165,259	572,191	-	737,450
	37,069,697	(9,511,267)	-	27,558,430

As at March 31, 2024	**Stage 1** $	**Stage 2** $	**Stage 3** $	**Total** $
Manufacturing and processing - general	-	-	9,971,121	9,971,121
Aerospace	-	-	2,455,950	2,455,950
Tourism	-	-	1,736,760	1,736,760
General business	185,315	13,196,593	238,798	13,620,706
Fisheries/aquaculture	-	-	581,269	581,269
	185,315	13,196,593	14,983,898	28,365,806

As at March 31, 2023	**Stage 1** $	**Stage 2** $	**Stage 3** $	**Total** $
Manufacturing and processing - general	901	-	8,107,515	8,108,416
Aerospace	-	-	2,405,581	2,405,581
Tourism	-	-	1,727,173	1,727,173
General business	235,823	13,517,634	238,311	13,991,768
Fisheries/aquaculture	-	-	588,042	588,042
Bioscience	737,450	-	-	737,450
	974,174	13,517,634	13,066,622	27,558,430

Loans past due but not impaired

			2024			**2023**
	31 - 90 days	**91+ days** $	**Total** $	**31 - 90 days** $	**91+ days** $	**Total** $
Manufacturing and processing - general	-	2,724,119	2,724,119	-	2,724,119	2,724,119

Related party notes:

Included in manufacturing and processing are unsecured notes receivable due from Finance PEI of $3,471,847 (2023 - $3,529,073).

Included in notes receivable is accrued interest of $740,882 (2023 - $740,924) from Finance PEI.

10 Investment in private companies

	2024 $	2023 $
Investment in private companies:		
Atlantic Canada Regional Venture Fund LP	4,940,547	2,603,922
Island Capital Partners Seed Investment Fund	1,882,353	1,882,353
Sandpiper Ventures Fund Limited	304,448	304,448
	7,127,348	4,790,723
Less: allowance for possible losses	(1,000,000)	(1,000,000)
	6,127,348	3,790,723

11 Restricted funds

Restricted funds held in trust consist of the following amounts held under the Provincial Nominee Program:

	2024 $	2023 $
Good Faith deposits	54,073	54,073
Language deposits	21,665	21,665
Escrow deposits - Business Impact category	12,315,095	24,080,095
Intermediary deposits	1,000,000	1,000,000
	13,390,833	25,155,833

The company has internally restricted cash and marketable securities to meet or exceed the restricted funds payable.

12 Accounts payable and accrued liabilities

	2024 $	2023 $
Trade payables and accrued liabilities	2,520,478	2,016,359
Government remittances	32,270	119,748
Related entities (note 15)	159,656	148,950
Other	671,218	878,179
	3,383,622	3,163,236

13 Long-term debt

	2024 $	2023 $
Island Investment Development Inc.		
4.83% term loan, due August 2027, to the Province of Prince Edward Island, payable in quarterly payments of $161,698 including interest, unsecured	2,071,310	2,613,415
Slemon Park Corporation		
Non-interest bearing loan, payments of $6,250, commenced on September 1, 2019 for 120 consecutive months	462,500	537,500
Non-interest bearing loan, payments of $4,275, commencing on July 1, 2020, for 116 consecutive months	333,450	384,750
5.00% fixed rate loan, maturing in 2028, repayable in blended quarterly installments of principal and interest of $85,340. Loan will be $4,300,000 when fully drawn down	225,909	-
5.91% fixed rate loan, maturing in 2028, repayable in blended quarterly installments of principal and interest of $31,776. Loan will be $1,500,000 when full drawn	1,151,073	-
	4,244,242	3,535,665

Slemon Park Corporation

As security for the 5.00% and 5.91% loans noted above, Slemon Park Corporation has provided an agreement granting first security interest in all present and after acquired personal property, an open-ended collateral mortgage, giving first charge over land and buildings located at Aerospace Blvd, Slemon Park, PE, general assignment of rents and leases and a promissory note for the full amount of the loan.

The principal payments due on the long-term debt over the next five years are as follows:

	$
Year ending March 31, 2025	683,030
2026	710,411
2027	739,138
2028	443,931
2029	126,300

14 Revenue from contracts with customers

The company has recognized the following amounts related to revenue from property operations in accordance with IFRS 15 on the statement of comprehensive income:

	2024 $	2023 $
Accommodations	2,403,088	1,848,575
Food and beverage	1,807,424	1,969,037
Airport	395,374	424,163
Retail	389,414	363,020
	4,995,300	4,604,795

The company has recognized the following amounts related to revenue from property operations in accordance with IFRS 17 on the statement of comprehensive income:

	2024 $	2023 $
Commercial rent	5,014,934	4,737,664
Residential rent	3,791,409	3,589,534
	8,806,343	8,327,198
	13,801,643	12,931,993

The revenue from contracts with customers is included in property operations on the Consolidated Statement of Comprehensive Income.

The above revenues recognized in accordance with IFRS 15 were derived from hotel, restaurant, airport and retail sites which are located at Slemon Park, Prince Edward Island. The company has not recognized any additional contract assets or liabilities associated with this revenue.

15 Related party transactions

Related parties

Finance PEI and Innovation PEI are Crown corporations of the Province of Prince Edward Island.

Related party balances

Included in accounts receivable is $5,689,260 (2023 - $5,696,630) from Finance PEI and $1,032,242 (2023 - $560,427) from other enterprises owned or controlled by the Province of Prince Edward Island.

Included in accounts payable and accrued liabilities is nil (2023 - $9,461) to the Province of Prince Edward Island and $159,656 (2023 - $139,489) to other enterprises owned or controlled by the Province of Prince Edward Island.

Advances to related company:

	2024 $	2023 $
Finance PEI	10,066,584	10,056,402

Advances to related company are non-interest bearing with no specific terms of repayment.

Transactions

Included in interest on notes and loan receivable is $417,963 (2023 - $286,558) from Finance PEI.

Included in property operations is revenue of $5,978,627 (2023 - $5,146,640) and purchases of $589,479 (2023 - $644,025) from enterprises controlled by the Province of Prince Edward Island.

Included in expenses are management fees of $537,500 (2023 - $537,500) and rent of $50,000 (2023 - $50,000) to Finance PEI and interest on long-term debt of $94,350 (2023 - $87,054) to the Province of Prince Edward Island.

Included in capital grants received is $9,314 (2023 - $24,932) from the Province of Prince Edward Island or enterprises controlled by the Province of Prince Edward Island.

These transactions are in the normal course of operations and are measured at the amount of consideration established and agreed to by the two parties and approximate fair market value.

Compensation of directors and key management personnel

Remuneration of directors and key management personnel were as follows:

	2024 $	2023 $
Salaries	744,625	627,318

Key management personnel consist of the executive director, directors and manager needed to administer the programs in Island Investment Development Inc. Certain members of key management are employed under Innovation PEI and the portion of their salary which pertains to the work performed for Island Investment Development Inc. is reflected in the $537,500 (2023 - $537,500) management fee paid to Finance PEI.

16 Commitments

Prince Edward Island Century 2000 Fund Inc. loans approved but not disbursed at March 31, 2024 amount to $28,496,418 (2023 - $11,386,338).

Island Investment Development Inc. has committed to, but not disbursed $4,652,707 (2023 - $2,453,405) in advances to private companies.

17 Financial risk management objectives and policies

Island Investment Development Inc.'s principal business activities result in a statement of financial position that consists primarily of financial instruments. The principal financial risks that arise from transacting financial instruments include credit, liquidity, market and operational risk. Authority for all risk-taking activities rests with the Board of Directors (Board), which approves risk management policies, delegates' limits and regularly reviews management's risk assessments and compliance with approved policies. Qualified professionals throughout Island Investment Development Inc. manage these risks through comprehensive and integrated control processes and models, including regular review and assessment of risk measurement and reporting processes.

(a) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty of a financial instrument fails to meet its contractual obligations. Credit risk arises primarily from the company's notes receivable and marketable securities.

The company's maximum exposure to credit risk at the statement of financial position date in relation to each class of recognized financial assets is the carrying amount of those assets indicated in the statement of financial position. The maximum credit exposure does not take into account the value of any collateral or other security held, in the event other entities/parties fail to perform their obligations under the financial instruments in question.

The company's maximum exposure to credit risk at the reporting date was:

	2024 $	2023 $
Cash	25,580,219	19,139,730
Marketable securities	26,477,747	48,890,720
Accounts receivable	7,539,269	6,836,143
Demand loan receivable	7,028,524	7,026,112
Notes receivable	155,166,546	133,717,762
Advances to related company	10,066,584	10,056,402
Investment in private companies	6,127,348	3,790,723
Restricted funds	13,390,833	25,155,833
	251,377,070	254,613,425

i) Notes receivable

For the notes receivable portfolio, the company uses risk modelling that is customer based rather than product based. The company reviews the borrowers capacity to repay the loan rather than relying exclusively on collateral, although it is an important component in establishing credit risk. Typically, collateral consists of capital assets held by the borrower but can extend to working capital such as inventory when warranted. Any shortfall in collateral as compared to the carrying value of the loan is considered when analyzing the loan for the provision that needs to be applied to it.

Credit is approved by staff and the company's Board of Directors with loans in excess of $1 million requiring approval by Treasury Board. The company factors in the financial strength of each borrower, the security which is available, their position in industry and past payment history when assessing all potential loans.

ii) Cash and marketable securities

Cash and marketable securities have a low credit risk exposure as the assets are high quality investments with low risk counterparties.

(b) Liquidity risk

Liquidity risk is the risk that the company may not be able to meet its financial obligations as they come due. Specifically, the company needs to ensure it has adequate resources to repay all accounts payable and accrued liabilities, long-term debt and to pay back any deposits under the Provincial Nominee Program as they come due. The company's approach to manage liquidity risk is to closely monitor its cash flows and forecast the expected receipts and obligations.

The table below analyzes the company's financial liabilities into relevant groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

					2024
	Under 1 year $	**Between 1 - 2 years $**	**Between 2 - 5 years $**	**Over 5 years $**	**Total $**
Accounts payable and accrued liabilities	3,383,622	-	-	-	3,383,622
Long-term debt	683,030	710,411	1,309,369	1,541,432	4,244,242
Restricted funds	13,390,833	-	-	-	13,390,833
	17,457,485	710,411	1,309,369	1,541,432	21,018,697

					2023
	Under 1 year $	**Between 1 - 2 years $**	**Between 2 - 5 years $**	**Over 5 years $**	**Total $**
Accounts payable and accrued liabilities	3,163,236	-	-	-	3,163,236
Long-term debt	2,739,715	126,300	378,900	290,750	3,535,665
Restricted funds	25,155,833	-	-	-	25,155,833
	31,058,784	126,300	378,900	290,750	31,854,734

As at March 31, 2024, the company has $65,448,798 (2023 - $93,186,283) in cash and marketable securities that is readily available to be used to meet the cash outflows of the company's financial liabilities.

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

(i) Price risk

The company is exposed to price risk because of the marketable securities held by the company that are classified as fair value through profit or loss. The company is not exposed to commodity price risk. To manage its price risk arising from marketable securities the company diversifies its portfolio.

(ii) Interest rate risk

The following table sets out the assets and liabilities on the earlier of contractual maturity or repricing date. Use of the table to derive information about the company's interest rate risk position is limited by the fact that borrowers may choose to terminate their financial instruments at a date earlier than contractual maturity or repricing date. For example, notes receivable are shown at contractual maturity but could prepay earlier.

					2024
	Under 1 year $	**Between 1 to 5 years $**	**Over 5 years $**	**Not interest rate sensitive $**	**Total $**
Assets					
Cash	25,580,219	-	-	-	25,580,219
Marketable securities	26,477,747	-	-	-	26,477,747
Accounts receivable	-	-	-	7,539,269	7,539,269
Prepaid expenses	-	-	-	74,538	74,538
Inventory	-	-	-	389,597	389,597
Demand loan receivable	7,000,894	-	-	27,630	7,028,524
Effective interest rate	4.77%				
Notes receivable (net of allowance for losses)	48,845,358	106,321,188	-	-	155,166,546
Effective interest rate	2.39%	3.82%			
Advances to related company	-	-	-	10,066,584	10,066,584
Investment in private companies	-	-	-	6,127,348	6,127,348
Investment properties	-	-	-	18,010,267	18,010,267
Property and equipment	-	-	-	4,289,427	4,289,427
Restricted funds	-	-	-	13,390,833	13,390,833
Total assets	107,904,218	106,321,188	-	59,915,493	274,140,899
Liabilities and surplus					
Accounts payable and accrued liabilities	-	-	-	3,383,622	3,383,622
Long-term debt	683,030	3,396,762	164,450	-	4,244,242
Effective interest rate	3.94%	2.34%	0.00%		
Restricted funds	-			13,390,833	13,390,833
Retained earnings	-	-	-	253,122,202	253,122,202
Total liabilities and retained earnings	683,030	3,396,762	164,450	269,896,657	274,140,899
Interest rate sensitivity gap	107,221,188	102,924,426	(164,450)	(209,981,164)	-

					2023
	Under 1 year $	**Between 1 to 5 years** $	**Over 5 years** $	**Not interest rate sensitive** $	**Total** $
Assets					
Cash	19,139,730	-	-	-	19,139,730
Marketable securities	48,890,720	-	-	-	48,890,720
Accounts receivable	-	-	-	6,836,143	6,836,143
Prepaid expenses	-	-	-	50,194	50,194
Inventory	-	-	-	188,928	188,928
Demand loan receivable	6,998,482	-	-	27,630	7,026,112
Effective interest rate	4.77%				
Note receivable (net of allowance for losses)	30,792,054	86,608,020	16,317,688	-	133,717,762
Effective interest rate	4.07%	4.42%	2.43%		
Advances to related company	-	-	-	10,056,402	10,056,402
Investment in private companies	-	-	-	3,790,723	3,790,723
Investment properties	-	-	-	17,002,946	17,002,946
Property and equipment	-	-	-	3,944,855	3,944,855
Restricted funds	-	-	-	25,155,833	25,155,833
Total assets	105,820,986	86,608,020	16,317,688	67,053,654	275,800,348
Liabilities and surplus					
Accounts payable and accrued liabilities	-	-	-	3,163,236	3,163,236
Long-term debt	2,739,715	505,200	290,750	-	3,535,665
Effective interest rate	2.81%	0.00%	0.00%		
Restricted funds	-			25,155,833	25,155,833
Retained earnings	-	-	-	243,945,614	243,945,614
Total liabilities and retained earnings	2,739,715	505,200	290,750	272,264,683	275,800,348
Interest rate sensitivity gap	103,081,271	86,102,820	16,026,938	(205,211,029)	-

(d) Operational risk

Operational risk is the risk of direct or indirect losses arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management.

(e) Capital management

The primary objective of Island Investment Development Inc.'s capital management is to ensure that it maintains a healthy financial position in order to support its business. Island Investment Development Inc. manages its capital structure and makes changes to it in light of changes in economic conditions.

18 Commitments and contingent gains

On September 24, 2022 the Province of Prince Edward Island was hit by Hurricane Fiona. The storm caused significant damage to property as it passed over the Island. The Slemon Park Corporation ("SPC") had significant damage to a number of its buildings. As a result, the SPC has recorded and impairment on these properties of $275,228, which is reflection in the March 31, 2023 statement of income (loss) and comprehensive income (loss).

The estimated cost to repair the damage to the buildings is $1,348,461 which will be offset by an expected insurance recovery of $289,951. In addition, $71,546 has been approved by the insurance provider for the business interruption claim. Of the expected repair costs, $600,428 were incurred in 2022-23 and another $664,970 were incurred in 2023-24, which have been recorded as an expense. This has been offset by the expected insurance recovery of $129,092 in 2022-23 and $208,942 in 2023-24, which as been recorded as a receivable. In addition, the SPC received $500,357 of funding from the Atlantic Canada Opportunities Agency (ACOA) through their Hurricane Fiona Recovery Fund, to recover a portion of the costs not covered by the insurance policy. The amount of the final insurance cost and insurance recovery will be determined as the repair work progresses and are the subject of ongoing discussions and information sharing between the SPC and the insurance provider, as is normally the case in these situations.

Island Investment Development Inc.

Schedule of Property and Equipment

For the year ended March 31, 2024

Schedule

	Cost 2024				Accumulated amortization 2024			2024
	Beginning $	Additions $	Grants Received $	Ending $	Beginning $	Amortization $	Ending $	Net book value $
Land	47,543	-	-	47,543	-	-	-	47,543
Buildings and improvements	1,779,362	360,944	-	2,140,306	413,953	79,751	493,704	1,646,602
Paving and water and sewer	1,955,286	184,337	(9,314)	2,130,309	530,883	88,951	619,834	1,510,475
Furniture and equipment	1,895,836	103,610	-	1,999,446	1,159,153	145,671	1,304,824	694,622
Motor vehicles	463,650	87,228	-	550,878	259,823	54,459	314,282	236,596
Computer equipment and software	462,189	43,171	-	505,360	295,199	56,572	351,771	153,589
	6,603,866	779,290	(9,314)	7,373,842	2,659,011	425,404	3,084,415	4,289,427

	Cost 2023				Accumulated amortization 2023			2023
	Beginning $	Additions $	Grants Received $	Ending $	Beginning $	Amortization $	Ending $	Net book value $
Land	47,543	-	-	47,543	-	-	-	47,543
Buildings and improvements	1,685,761	93,601	-	1,779,362	344,231	69,722	413,953	1,365,409
Paving and water and sewer	1,864,464	115,754	(24,932)	1,955,286	443,546	87,337	530,883	1,424,403
Furniture and equipment	1,788,718	107,118	-	1,895,836	1,002,022	157,131	1,159,153	736,683
Motor vehicles	416,241	47,409	-	463,650	208,418	51,405	259,823	203,827
Computer equipment and software	454,377	7,812	-	462,189	225,306	69,893	295,199	166,990
	6,257,104	371,694	(24,932)	6,603,866	2,223,523	435,488	2,659,011	3,944,855

Island Investment Development Inc.

Contact Information

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