

Heath MacDonald was first elected to the provincial legislature on May 4, 2015 representing District 16 - Cornwall/Meadowbank. He was subsequently appointed Minister of Economic Development and Tourism on May 19, 2015.

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Message from the Minister

September 20, 2016

The Honourable H. Frank Lewis

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 Finance PEI for the fiscal year ending March 31, 2016.

As the Minister responsible for Finance PEI, I am pleased with the results the Agency has accomplished in the past year in the interests of supporting and growing the economy.

Sincerely yours,

Hon. J. Heath MacDonald

Minister of Economic Development and Tourism

Message from the Chairperson

September 20, 2016

The Honourable J. Heath MacDonald

Minister of Economic Development and Tourism Province of Prince Edward Island

Dear Minister:

I take pleasure in presenting you with the Annual Report for the fiscal year ending March 31, 2016.

This annual report is being presented pursuant to the Finance PEI Act.

Sincerely yours,

Gordon MacInnis

Chairperson, Board of Directors - Finance PEI

Message from the CEO

September 20, 2016

The Honourable J. Heath MacDonald

Minister of Economic Development and Tourism Province of Prince Edward Island

Dear Minister:

I present to you the Annual Report for the fiscal year ending March 31, 2016.

The annual report is being presented pursuant to the Finance PEI Act.

Sincerely yours,

Jamie Aiken

Chief Executive Officer - Finance PEI

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Executive Summary

Finance PEI (FPEI) is a crown corporation under the Ministry of Economic Development and Tourism. Finance PEI administers business financing programs for the provincial government. FPEI was created to consolidate the government's financing and strategic infrastructure services for the province of Prince Edward Island.

FPEI, along with its subsidiary companies, is the leading financing and strategic infrastructure division for the province of Prince Edward Island.

FPEI is segregated into three divisions including: Commercial and Resource Lending, Developmental Lending, and Strategic Initiatives and Properties.

This report covers the activities of FPEI from April 1, 2015 to March 31, 2016.

FPEI provides both term and working capital loans to eligible borrowers in the following sectors:

- Small Business
- Manufacturing and Processing
- Information Technology
- Agriculture
- Fisheries / Aquaculture
- Tourism

In May 2015, as part of an overall government departmental re-organization, FPEI operates as part of the *Department of Economic Development* and *Tourism*.

The priority sectors for financing in FPEI is Small Business, Manufacturing and Processing, Information Technology, Agriculture, Fisheries and Aquaculture, and Tourism. FPEI's emphasis includes businesses involved in exporting to domestic and international markets, import replacement, and value-added processing. Small and medium sized businesses are the key generators that drive PEI's economy and access to financial capital is critical for those businesses to prosper and grow to their full potential.

FPEI has more than 1,100 clients with a loan portfolio exceeding \$206 million. The largest sector of the loan portfolio remains the fisheries and aquaculture industry with loans totaling close to \$84.2 million.

FPEI also administers specific programs including: the Farmland Financing Program, the Cattle Loan Program, the Fishers Low Interest Loan Program, the Micro-Loan Program, the Entrepreneur Loan Program, the Century 2000 Fund, and the Winter Production Financing Program which is now part of the Micro-Loan Program.

In addition, FPEI is responsible for operations of various strategic facilities and properties owned by the Province including business parks, land and buildings.

Résumé

Finances Î. P. É. est une société de la Couronne qui relève du ministère du Développement économique et du Tourisme. Finances Î. P. É. administre des programmes de financement d'entreprises pour le gouvernement provincial. La société a été créée afin de regrouper les services gouvernementaux de financement et d'infrastructure stratégique pour la province de l'Île-du-Prince-Édouard.

Finances Î. P. É., en plus de ses filiales, est l'unité principale de financement et d'infrastructure stratégique de la province. La société est répartie en trois divisions: Prêts commerciaux et de ressources, Prêts au développement, Initiatives stratégiques et propriétés. Ce rapport couvre les activités de Finances Î. P. É. allant du 1er avril 2015 au 31 mars 2016.

En mai 2015, Finances Î. P. É. a été intégré au *ministère du Développement économique et du Tourisme* dans le cadre d'une réorganisation des ministères provinciaux.

Finances Î. P. É. offre des prêts à terme et des prêts pour les fonds de roulement aux emprunteurs admissibles des secteurs suivants :

- Petite entreprise
- Fabrication et transformation
- Technologie de l'information
- Agriculture
- Pêches et aquaculture
- Tourisme

Les secteurs admissisbles pour les prêts de FPEI sont petite entreprise, fabrication et transformation, technologie de l'information, agreiculture, pêches et aquaculture, et tourisme, plus particulierement les entreprises qui s'intéressent à l'exportation ver les marchés nationaux et internationaux. Les petites et moyennes entreprises sont des moteurs clés qui stimulent l'économie de l'Île-du-Prince-Édouard et l'accès au capital financier est essentiel pour que les entreprises puissent prendre de l'expansion et atteindre leur plein potentiel.

Finances Î. P. É. compte plus de 1 100 clients, ce qui équivaut à un portfolio de prêt qui vaut plus de 206 millions de dollars. Le secteur le plus important du portfolio de prêt demeure l'industrie de la pêche et de l'aquaculture, représentant un total d'environ 79 millions de dollars en prêts.

Finances Î. P. É. administre également des programmes précis, y compris le Programme de financement des terres agricoles, le Programme de prêts pour les éleveurs de bovins, le Programme pour les pêcheurs à faible revenu, le Programme de microprêts, le Programme de prêts à l'entrepreneuriat, le Fonds Century 2000, et le Programme de financement pour la production hivernale, qui fait maintenant partie du Programme de microprêts.

De plus, Finances Î. P. É. est responsable des opérations de diverses infrastructures et propriétés stratégiques qui appartiennent à la province y compris les parcs commerciaux, les terres et les bâtiments.

Overview

Finance PEI (FPEI) is a crown corporation under the Department of Economic Development and Tourism. FPEI, along with its subsidiary companies, is the leading financing and strategic infrastructure division for the Province of Prince Edward Island (PEI).

The directives of FPEI include: to source, manage and supply financial capital for strategic business opportunities; balance risk with economic return; work collaboratively with traditional finance institutions and government agencies; and operate as a professional lender.

In May 2015, as part of an overall governmental re-organization, FPEI operates as part of the *Department of Economic Development and Tourism*. Further information on FPEI and all available programs can be found on the website **www.financepei.ca**.

Legislative Responsibility

FPEI is responsible for administering the Finance PEI Act.

Objectives

FPEI operates under the following mandated objectives:

- To provide leadership in the support and implementation of the government's development strategy;
- To operate as a responsible, professional lender providing prudent and necessary assistance to firms and individuals pursuing the economic development objectives of government;
- To provide loans and credit assistance to PEI enterprises to maintain or expand development activity on PEI;

- To provide loans and credit assistance to sectors of the PEI economy identified by the government as being of strategic importance for economic development;
- To assist in the planning and implementation of economic development projects sponsored by the government; and
- To provide such financial counseling assistance as may be required to borrowers from the Corporation to ensure repayment terms are fulfilled.

Mission Statement of Finance PEI

FPEI has three divisions, each of which has their own mission statement.

Commercial and Resource Lending Division

provides financial assistance through loan agreements in support of economic development enterprises to support viability; that demonstrate reasonable and maintaining expanding or economic development.

Developmental Lending Division

Provides financing, strategic investment, and loan guarantees in support of businesses that create, maintain, or expand priority sectors with emphasis on businesses involved in exporting to domestic and international markets, import replacement, and value-added processing.

Strategic Initiatives and Properties Division

Promotes the establishment of new business opportunities and encourages the expansion of existing businesses through the provision of readily accessible infrastructure.

Year in Review | Financing Portfolio

FPEI provides both term and working capital loans to eligible borrowers in the following sectors: small business; agriculture; tourism; manufacturing and processing; information technology; and, fisheries and aquaculture.

The 2015-2016 fiscal year saw both the total value of the financing portfolio and the total number of clients served increase slightly. Most sectors saw a slight increase in the portfolio and the following analysis provides a more detailed look at the larger portfolios and includes information and statistics for the *Commercial and Resource Lending Division* and the *Developmental Lending Division* combined.



Agriculture

The agriculture portfolio contains over 100 clients representing a variety of farming operations including dairy, beef, poultry, cultivated blueberries, cranberries and potatoes. As of March 31, 2016, outstanding loans in the agriculture portfolio totaled over \$46 million, representing an increase of \$5 million over the prior year. Loans are available for the purchase of farm lands and buildings, livestock, farm equipment, storage facilities, construction and repairs to barns and land improvements.

Operating credit is also available for annual cropping expenses such as seed, fertilizer, spray materials, fuels, repairs to machinery, labour, living allowances, and utilities. This type of credit is short-term and is repayable in full on an annual basis.

In January 2015 FPEI launched the *Farmland Financing Program* aimed to provide financing to new and expanding Island farmers seeking to purchase farmland in PEI, as well as farmers involved in farmland succession.

In April 2015 FPEI launched the *Cattle Feeder Program* that is made available to eligible farmers to stimulate economic growth and expansion of the beef industry. This new program will support the breeding and raising of animals destined for the *Atlantic Beef Plant*.



Fisheries and Aquaculture

The fisheries and aquaculture sector remains the largest sector of Finance PEI's lending portfolio.

Most of the over 600 borrowers in this portfolio represent the three major fisheries in Prince Edward Island: lobster, mussels, and oysters.

The total loan portfolio for fisheries and aquaculture totaled close to \$84.2 million, representing an increase of 8.9% over last year. In February 2014 the province reintroduced the *Low Interest Loan Program* to all fishing areas, mainly due to the low shore price that had been experienced by the fishers. The original program, released in 2007, targets assistance to fishers who have suffered from rising operational costs and a decrease in shore price. Qualified fishers receive an interest rate of 4%.

FPEI has considerable loan exposure to this sector and maintains a higher level of risk. As such, FPEI is diligent and works closely with clients in developing effective plans that ensure repayment is achieved while being mindful of lower shore prices and how it may impact Island fishing families.



Manufacturing and Processing

FPEI provides both term financing for fixed asset acquisitions and operating capital to finance the accounts receivable and inventory for manufacturing and processing clients. This portfolio has 76 clients, a 26.6% increase from the prior year and is quite diverse including businesses involved in furniture, fixture and equipment manufacturing, food and wood processing, fruit processing, as well as metal and machine fabricating.

Capital loans are provided for fixed asset acquisitions and are amortized over the life expectancy of the asset. Working capital loans are provided for the purpose of acquiring inventory and access to capital primarily against contracts and signed purchase orders.

This loan portfolio totals \$16 million, representing a slight decrease from the prior year.



Small Business

The small business program is designed to meet the special needs of local business owners for purposes such as business purchase and/ or acquisition, expansion, debt consolidation, and new construction. The program does not provide working capital to businesses in this sector.

This loan portfolio has more than 100 clients with approximately \$22 million in loans outstanding, a slight decrease from the prior year, attributable mostly to the normal amortization of the loans, although there was a 17% increase in the number of clients served in this portfolio.



Tourism

FPEI provides capital financing to clients in this sector for the acquisition, renovation and expansion of tourism related businesses. The existing portfolio is made up primarily of loans for fixed roof accommodations (motels/cottage operations) and campgrounds. 50 clients make up this portfolio, with close to \$33 million currently outstanding in loans which is a 3.1% increase from the prior year.

Projects to expand the shoulder tourist season and the development of integrated recreational complexes are encouraged. Loans may be granted for accommodation units which are converted to other uses during the off-season period.

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Entrepreneur Loan

The newly revised Entrepreneur Loan Program that was launched in 2013 is an initiative of the Province of Prince Edward Island designed to help increase the availability of financing for the purpose of helping new businesses get started and established firms make improvements and expand. More specifically, the Program is designed to assist small businesses throughout the Province by providing entrepreneurs with up to \$100,000 in financing for business ventures with solid business plans and markets. Five loans are currently sourced for a total of close to \$100,000 directly through Finance PEI with terms up to a maximum of 7 years. Interest is charged at a floating rate of TD Bank prime plus 3%.



Winter Production Financing

The Winter Production Financing Program provides financial assistance to Prince Edward Island craft and giftware manufacturers for inventory production. The primary objective of this program is to provide new and expanding craft and giftware manufacturers in all areas of Prince Edward Island with the financing required to increase production of their products during the winter months for sale in the peak selling periods.

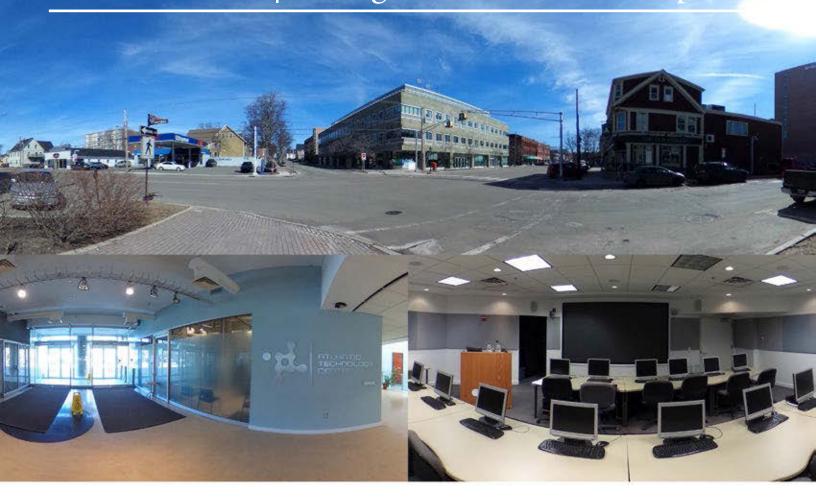
In March 2015 the Winter Production Financing Program became part of the newly announced Micro-Loan Program.



Micro-Loan Program

The newly implemented Micro-Loan Program acknowledges and supports entrepreneurship on Prince Edward Island. This new loan initiative helps assist entrepreneurs with financing and working capital requirements with FPEI providing loans up to a maximum of \$15,000 per applicant for new and expanding businesses to further respond to the needs of local entrepreneurs. New micro-loans will be sourced directly through FPEI with repayment terms of up to a maximum of 5 years at an interest rate of TD Bank Prime + 4.5%. Examples of categories eligible for this new financing program are: trades, qualification recognition, small-scale food production, business start-up, and winter production financing.

Year in Review | Strategic Initiatives and Properties



The Strategic Initiatives and Properties Division is responsible for all real estate held by Finance PEI and its subsidiary companies. The portfolio includes properties, land and business parks as well as the agency's corporate offices located at 94 Euston Street in Charlottetown. This portfolio includes: the Atlantic Technology Centre in Charlottetown, the BioCommons Research Park in West Royalty, the Fabrication Yard in Borden-Carleton, Gateway Village Business Park in Borden-Carleton, Slemon Park in Summerside, Souris Food Park in Souris, West Prince Business Park in Bloomfield, and the Summerside and West Royalty Business Parks in their respective communities.

Other business Parks in Prince Edward Island include: the Airport Business Park, the Borden-Carleton Business Park, the Cornwall Business Park, the Kensington Industrial Park, the Kinkora Area Business Centre, and the Stratford Business Park.

The land holdings of FPEI includes approximately 10 acres surrounding Gateway Village in Borden-Carleton for future development, as well as land in Malpeque Bay, Cousins Shore, St. Peters, Borden-Carleton, Brudenell, and Lakeside.

Appendix A | Board of Directors

Gordon MacInnis | Chairperson

Tourism

Neil Stewart

Deputy Minister | Department of Economic Development and Tourism

Jamie Aiken

CEO | Finance PEI (non-voting member)

Dan Campbell

Secretary | Treasury Board

Cora Lee Dunbar

General and Small Business

Don Godfrey

Agriculture

Laird King

Agriculture

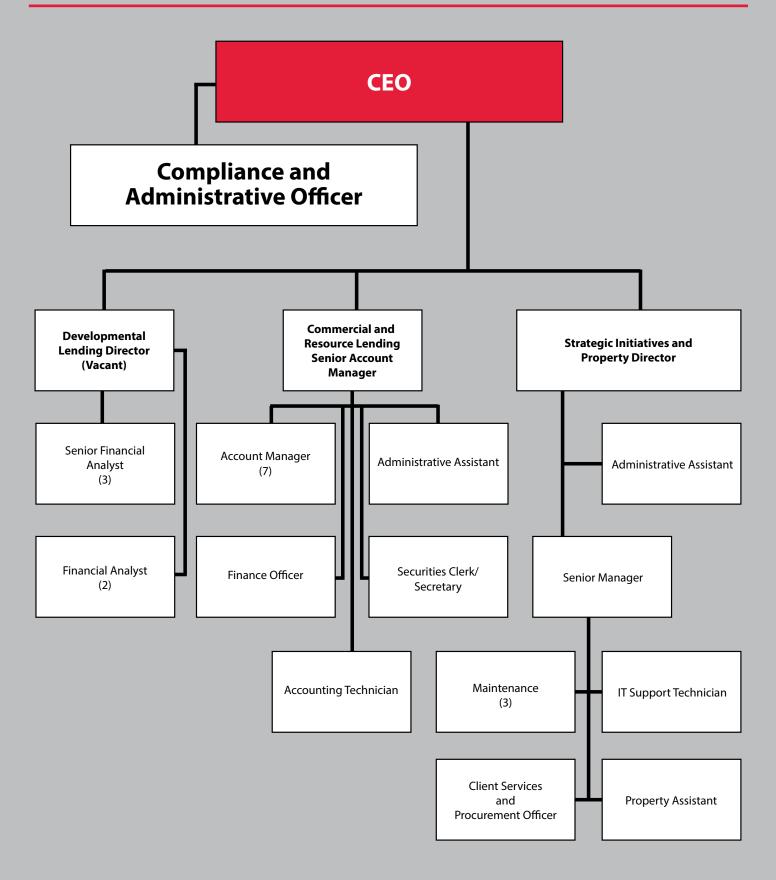
Muncey Harris

Agriculture

John Sullivan

Fisheries

Appendix B | Organizational Chart



Appendix C | Audited Financial Statements

Consolidated Financial Statements **March 31, 2016**

Management's Report

The integrity, relevance and comparability of the data in the accompanying consolidated financial statements are the responsibility of management.

The consolidated financial statements are prepared by management in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies is disclosed in note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current period cannot be finalized with a certainty until future periods.

To meet its responsibility, management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Management is accountable to the Board of Directors of Finance PEI on matters of financial reporting and internal controls. Management provides the Board with internal consolidated financial statements on a monthly basis and externally audited consolidated financial statements annually. The Board also discusses any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by ArsenaultBestCameronEllis, independent external auditors appointed by the Corporation. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the consolidated financial statements.

On behalf of Finance PEI

Jamie Aiken, CPA, CA

Clfief Executive Officer of Finance PEI



Member of The AC Group of Independent Accounting Firms

Chartered Professional Accountants & Business Advisors Prince Edward Place 18 Queen Street, Suite 100 PO Box 455 Charlottetown, Prince Edward Island Canada C1A 7L1 Telephone (902) 368-3100 Fax (902) 566-5074 www.acgca.ca

June 7, 2016

Independent Auditor's Report

To the Board of Directors of Finance PEI

We have audited the accompanying consolidated financial statements of **Finance PEI**, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations, accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of **Finance PEI** as at March 31, 2016, and the consolidated results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

arsenault Best Cameron Ellis

Chartered Professional Accountants

Consolidated Statement of Financial Position

As at	March	31,	2016		
					-

2016 \$	2015 \$
2,667,408	2,809,449
559,757	622,320
169,036,247	173,492,981
71,147	318,257
11,163,650	11,163,650
150,001	290,002
183,648,210	188,696,659
1.400.509	1,590,147
	1,303,277
	11,401,734
15,537,246	12,618,502
156,725,823	166,609,509
187,523,534	193,523,169
(3,875,324)	(4,826,510)
108,609	116,998
	957,030
	. 217,630
27,968,677	27,994,377
28,915,944	29,286,035
	\$ 2,667,408 559,757 169,036,247 71,147 11,163,650 150,001 183,648,210 1,400,509 1,266,511 12,593,445 15,537,246 156,725,823 187,523,534 (3,875,324) 108,609 694,840 143,818 27,968,677

Approved by the Roard of Directors

Director

Director

ArsenaultBestCameronEllis

Consolidated Statement of Accumulated Surplus

For the year ended March 31, 2016

	2016 \$	2015 \$
Accumulated surplus - Beginning of year	24,459,525	22,684,756
Operating surplus for the year	581,095	1,774,769
Accumulated surplus - End of year	25,040,620	24,459,525

Finance PEI Consolidated Statement of Operations For the year ended March 31, 2016

	Budget (Unaudited)	Actual 2016	Actual 2015
	\$	\$	\$
Revenue			
Government contributions	-	20,154	_
Interest from borrowers	10,116,200	9,475,258	9,417,047
Interest from deposits	40,000	47,752	41,538
Property operations (note 11)	3,925,000	3,923,278	4,068,375
Service fees	200,000	124,540	253,261
Post-receivership income	· -	9,185	49,773
Management fees (note 11)	500,000	500,000	500,000
Miscellaneous	25,000	5,809	25,304
	14,806,200	14,105,976	14,355,298
Expenses (notes 6 and 11) (Schedule 1)			
Administration	844,900	493,934	490,596
Lending operations	7,689,400	5,770,324	6,774,898
Property operations (note 1)	5,098,100	5,443,225	5,131,077
Provision for possible losses	1,500,000	1,817,398	183,958
	15,132,400	13,524,881	12,580,529
Operating surplus (deficit)	(326,200)	581,095	1,774,769

Consolidated Statement of Changes in Net Debt

For the year ended March 31, 2016

	2016 \$	2015 \$
Annual surplus	581,095	1,774,769
Acquisition of property holdings Amortization of property holdings Loss on disposal of property holdings Proceeds on disposal of property holdings Additions to foreclosed properties Decrease in provision for foreclosed properties Disposal of foreclosed properties	(2,241,499) 1,358,519 306,702 601,976 (12,081) - 85,895	(747,423) 1,345,671 - (327,595) (693,000) 1,226,473
	99,512	804,126
Change in net investment in lease	262,190	(43,000)
Increase in prepaid expenses	8,389	10,079
	370,091	771,205
Decrease in net debt	951,186	2,545,974
Net debt - Beginning of year	(4,826,510)	(7,372,484)
Net debt - End of year	(3,875,324)	(4,826,510)

Consolidated Statement of Cash Flows

For the year ended March 31, 2016

	2016 \$	2015 \$
Cash provided by (used in)		
Operating activities		
Operating surplus	581,095	1,774,769
Items not affecting cash	1 250 510	1 245 671
Amortization Change in net investment in lease	1,358,519 262,190	1,345,671 (43,000)
Provision for possible losses	1,817,398	183,958
Loss on sale of property holdings	306,702	-
	4,325,904	3,261,398
Net change in non-cash working capital items	, ,	, ,
Decrease (increase) in accounts receivable	62,563	(210,520)
Decrease in prepaid expenses	8,389	10,079
Increase (decrease) in accounts payable and accrued liabilities	(191,348)	196,625
Increase (decrease) in deferred revenue	(36,766)	21,645
	4,168,742	3,279,227
Financing activities		
Increase (decrease) in advances from related companies	1,193,421	(2,603,491)
Increase in short-term notes payable	2,918,744	-
Repayment of short-term notes payable	· · · · -	(19,585,000)
Increase in long-term debt	1,510,000	67,941,133
Repayment on long-term debt	(11,393,686)	(57,346,572)
	(5,771,521)	(11,593,930)
Investing activities		
Decrease in advances to related companies	247,110	1,014,182
Decrease in investment in private companies	220,000	- (7.47. 422)
Additions to and purchases of property holdings Reductions and proceeds on disposal of property holdings	(2,241,499)	(747,423)
Additions to foreclosed properties	601,976 (12,081)	(327,595)
Disposal of foreclosed properties	85,895	1,226,473
Decrease in loans receivable	2,559,337	3,893,217
Decrease in foreclosed properties	_	(693,000)
	1,460,738	4,365,854
Change in cash	(142,041)	(3,948,849)
Cash - Beginning of year	2,809,449	6,758,298
Cash - End of year	2,667,408	2,809,449

Notes to Consolidated Financial Statements **March 31, 2016**

1 Summary of significant accounting policies

The financial statements of the corporation have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of CPA Canada. The following is a summary of significant accounting policies used in the preparation of these statements:

a) General

These consolidated financial statements include the accounts of the wholly-owned subsidiaries, Atlantic Technology Centre Inc., P.E.I. Biocommons Inc. and 100417 P.E.I. Inc., all having March 31, 2016 year ends.

b) Financial instruments

All financial assets and financial liabilities are initially recognized at fair value and subsequently measured at cost or amortized cost.

c) Cash

Cash is comprised of cash on hand and cash in banks and is recorded at cost.

d) Accounts receivable

Accounts receivable arise from tenant rents, trade sales, staff advance and Harmonized Sales Tax receivable. An allowance for doubtful accounts has been calculated through discussions with management, assessment of the other circumstances influencing the collectibility of amounts, and using historical loss experience. Amounts deemed uncollectible are written off and deducted from the carrying value of the receivable. Amounts subsequently recovered from accounts previously written off are credited to the allowance account in the period of recovery.

e) Loans receivable

Loans are recorded at amortized cost less an allowance for possible losses.

An impaired loan is a loan where in management's opinion there is no longer reasonable assurance as to the timely collection of the full amount of principal and interest. Allowances for possible losses are calculated on loans receivable as outlined in note 1j).

f) Due from Province of Prince Edward Island

The amount due from Province of Prince Edward Island is funding receivable related to the allowance for possible credit losses. The due from the Province of Prince Edward Island is reduced when a write-off is recognized by Finance PEI and the Province with notes payable reduced correspondingly. This amount is also reduced by any payment received from the Province on payment by the Corporation to satisfy guarantees.



Notes to Consolidated Financial Statements

March 31, 2016

g) Investments in private companies

Investment in private companies, except for two preferred share investments not considered to be concessionary, are recorded at one-half of cost. An expense of 50% was charged to development programs when the funds were invested. The remaining cost is reduced by any applicable allowance for possible losses. Any recovery exceeding the balance in share investment is taken into revenue when received.

The two investments in preferred shares of private companies that are not being carried at one-half of their cost are being carried at the lower of cost and estimated realizable value.

Investment in private companies are reviewed annually for potential declines in value and are written down or an allowance is recorded if a decline in value is considered evident. Write downs are included in lending operations expense.

It is not practical within the constraints of timeliness and cost to determine the fair market value of the investment in private companies as these investments are in closely held private companies that have no organized financial market. The estimated realizable value of these investments is based on expected future cash flows.

h) Property holdings, foreclosed properties and amortization

i) Property holdings

Property holdings are reported at the lower of cost and estimated realizable value. Property holdings are amortized using the straight-line method at the following annual rates:

Land improvements	10%
Leasehold improvements	7%
Buildings	14 - 30 years
Equipment	20%, 33% and 100%
Test cell	5%

Proceeds on the sale of land included in industrial sites is recorded as a reduction in the carrying value of the asset.

Included in property operations expense is amortization of \$1,358,519 (2015 - \$1,345,671).

ii) Foreclosed properties

Foreclosed properties are carried at the lower of cost of the impaired asset prior to realization of the related security and the underlying estimated realizable value of the security.

Reductions from the carrying value of the impaired asset to estimated realizable value is recorded as a provision for possible losses.



Notes to Consolidated Financial Statements

March 31, 2016

iii) Fair value

Fair value for land, buildings and equipment held for resale or under lease purchase options and industrial malls, is its property tax assessed value. Fair value for industrial sites is the expected proceeds on resale. Fair value for the test cells is the net cost to construct the assets supported by payments under a long-term lease agreement. If property and equipment carrying value should exceed fair value, additional amortization or a writedown is provided.

i) Net investment in lease

Net investment in lease represents the net present value of the minimum lease payments receivable over the term of the lease plus the purchase option for leases with a deferred purchase option.

j) Allowance for possible losses

An allowance for possible losses is maintained which is considered adequate to absorb all credit and investment related losses of financial position items including guarantees. The allowance is deducted from the applicable asset on the statement of financial position, except for guarantees. The allowance for guarantees is included in accounts payable and accrued liabilities.

The allowance consists of specific and general provisions.

Specific provisions include the accumulated allowances for losses on particular assets required to reduce the book values to estimated realizable amounts. Specific provisions for loans receivable and investments in private companies and foreclosed properties total \$25,365,429 (2015 - \$23,090,666).

The Corporation does not accrue interest on a loan receivable once a specific provision has been recorded against the loan.

The Corporation reviews its loans portfolio, investments and advances, foreclosed properties and property holdings and guarantees on an ongoing basis to assess whether an allowance is required.

A variety of methods are used to determine the amount expected to be recovered from investments in and advances to private companies and property holdings, including estimated future cash flows and the estimated fair value of the underlying security and value of any collateral security taken.

A general provision of \$15,000,209 (2015 - \$15,433,383) includes accumulated allowances for losses which are prudential in nature and are not specifically identified. The general provision is based on past performance of similar assets, the level of the specific provision, management's judgment, the economic climate and the maturity and financial strength of the investee.

k) Employee pension plan

The Corporation's staff are members of the Province of Prince Edward Island pension plan. The pension plan obligation is a liability of the Province and not Finance PEI and no liability for these costs has been accrued by the Corporation at March 31, 2016.



Notes to Consolidated Financial Statements

March 31, 2016

1) Post retirement benefits

The Corporation provides retirement benefits to eligible employees. The benefit is based on one week's salary per year of service to a maximum of 26 weeks and is expensed on an accrual basis.

m) Deferred revenue

Contributions received and not expended on land purchases and grants to finance infrastructure costs and contributions to occupants of the Biocommons park are recorded as deferred revenue.

n) Revenue recognition

Interest on loans from borrowers is recognized as revenue in the period earned except where a loan is classified as impaired. Interest earned on an impaired loan is recognized as revenue only when it has been received.

Revenue from property operations are recorded when collection is reasonably assured and all other significant conditions of service are met.

Revenue from service fees, post-receivership income, management fees and miscellaneous income are recorded when earned and collection is reasonably assured.

Government contributions and interest from deposits are recorded in the period earned.

o) Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return. Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates on the amounts can be determined.

p) Management estimates

The presentation of financial statements in conformity with Canadian public sector standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the year. Actual results could differ from the following estimates:

- The amount recorded regarding the allowance for possible credit losses is subject to management's assessment of the performance of the company's loans receivable, investments and accounts receivable as well as the valuation of the assets placed as security;
- The amount recorded for amortization of property holdings on the statement of operations is subject to management's assessment of the estimated useful life of the company's property holdings; and
- The recognized amounts of potential claims and liabilities depend on management's assessment of future costs and the probability these events will occur.



2 Accounts receivable

The accounts receivable have been reduced by an allowance for possible losses of \$456,080 (2015 - \$428,984).

3 Loans receivable

				2016	2015
	Total	Allowance for possible losses General	Allowance for possible losses Specific	Net	Net
	\$	\$	\$	\$	\$
Working capital loans					
Agriculture	3,278,036	1,400,000	1,625,000	253,036	360,056
Tourism	2,288,246	184,946	50,000	2,053,300	661,875
Manufacturing and processing	3,456,445	943,418	1,140,060	1,372,967	1,519,242
Fisheries	1,162,260	162,069	=	1,000,191	1,038,143
Small business	2,443,814	594,125	93,000	1,756,689	1,572,029
	12,628,801	3,284,558	2,908,060	6,436,183	5,151,345
Long-term loans					
Agriculture	42,397,852	2,432,167	7,236,883	32,728,802	35,323,724
Tourism	30,598,862	809,402	6,596,000	23,193,460	23,484,802
Manufacturing and processing	14,046,595	2,210,347	1,652,361	10,183,887	10,962,903
Fisheries	82,961,699	5,025,000	1,800,000	76,136,699	73,934,969
Aquaculture	95,256	_	-	95,256	24,639
Small business	22,258,038	1,238,735	1,751,703	19,267,600	22,361,764
Shipbuilding/Shipping	10,000	-	10,000	-	599,997
Eco energy	726,883	-	-	726,883	1,409,623
	193,095,185	11,715,651	19,046,947	162,332,587	168,102,421
Accrued interest	415,551	<u>-</u>	148,074	267,477	239,215
	206,139,537	15,000,209	22,103,081	169,036,247	173,492,981

Working capital loans are repayable over various terms to a maximum of 5 years with interest rates ranging from 5.45% to 6.7%.

Long-term loans are repayable over various terms to a maximum of 10 years with interest rates ranging from 2.70% to 8.5%.

Security for working capital loans and long-term loans consists of promissory notes, land, building, inventory and personal guarantees from the borrowers.



Notes to Consolidated Financial Statements

March 31, 2016

	Continuity of allowance for possible losses		
		2016	2015
		\$	\$
	Allowance for possible losses - Beginning of year	35,208,797	35,528,233
	Less: Loans written off Add: Provision recorded during year	3,422,742	(32,083) 1,507,559
	Less: Transferred to foreclosed properties	-	(462,323)
	Less: Recoveries during year	(1,528,249)	(1,332,589)
	Allowance for possible losses - End of year	37,103,290	35,208,797
4	Investment in private companies		
		2016	2015
		\$	\$
	Investment in private companies		
	Small Business and Venture Capital Equity Program investments	438,910	438,910
	Less: Allowance for possible losses	(438,910)	(438,910)
	56,000 common shares of Slemon Park Corporation at cost	_	1
	Investment in preferred shares of private companies	552,812	772,812
	Less: Allowance for possible losses	(402,811)	(482,811)
		150,001	290,002
		150,001	290,002
		,	, , , , , , , , , , , , , , , , , , ,
	Continuity of allowance for possible losses	2016	2015
		\$	\$
	Allowance for possible losses - Beginning of year	921,721	921,721
	Less: Recovery during the year	(80,000)	
	Allowance for possible losses - End of year	841,721	921,721

Notes to Consolidated Financial Statements **March 31, 2016**

5 Short-term notes payable

1 0	2016 \$	2015 \$
Demand note payable to Island Investment Development Inc. Demand notes payable to Province of Prince Edward Island	6,998,502 8,538,744	6,998,502 5,620,000
	15,537,246	12,618,502

The demand notes payable to Island Investment Development Inc. includes a \$15,000,000 available operating line of credit with an outstanding balance March 31, 2016 of \$6,998,502 (2015 - \$6,998,502).

The demand note to Island Investment Development Inc. is secured by a promissory note for \$15,000,000 and a revolving credit agreement. The demand notes to Province of Prince Edward Island are unsecured.

Interest paid by Finance PEI is included in the expenditure category to which it relates. Included is interest for 2016 in the amount of \$147,200 (2015 - \$238,491).

Demand notes payable are issued by the Province of Prince Edward Island and Island Investment Development Inc. with interest set monthly based on the Province's short-term lending rate in existence at the first day of the month. These notes are renewed on an ongoing basis with interest payable monthly.

6 Long-term debt

	2016 \$	2015 \$
4.00% note payable to Island Investment Development Inc.	556,846	556,846
4.00% note payable to Island Investment Development Inc.	1,430,499	1,430,499
4.00% note payable to Island Investment Development Inc., due		
April 2018, repayable \$8,165 monthly including		
principal and interest	1,194,598	1,243,604
6.62% Bank of Nova Scotia mortgage, repayable \$40,333		
monthly plus interest, maturing August 2017	5,525,667	6,009,667
6.01% note payable, due December 2024, repayable \$88,025		
monthly including principal and interest	7,195,454	7,804,848
5.54% note payable, due December 2024, repayable \$7,969	((2,(10	521 102
monthly including principal and interest	663,619	721,182
3.46% note payable to Province of Prince Edward Island, due		
March 31, 2031, repayable in \$32,366 quarterly	1 510 000	
payments including principal and interest	1,510,000	-
Notes payable to Province of Prince Edward Island with interest		
rates from 1.65% to 3.45%, maturing at various dates between 2016 and 2019	138,649,140	148,842,863
Uctween 2010 and 2019	130,049,140	140,042,003
	156,725,823	166,609,509

Notes to Consolidated Financial Statements

March 31, 2016

Island Investment Development Inc. is a provincial Crown corporation. The repayment terms of the \$556,846 and \$1,430,499 loans are to be determined at a future date.

The 6.62% mortgage is secured by a full guarantee provided by the Province of Prince Edward Island.

The 6.01% and 5.54% notes payable are secured by a general security agreement covering certain property holdings with a net book value of nil.

All other notes payable are unsecured.

The aggregate amount of principal payments estimated to be required in each of the next five years to meet retirement provisions is as follows:

Year ending March 31, 2017	31,409,114
2018	34,159,638
2019	22,984,750
2020	34,501,963
2021	15,858,122

Interest paid by Finance PEI and its subsidiaries are included in the expenditure category to which it relates. Included is interest on long-term debt in the amount of \$4,422,881 (2015 - \$5,260,732).

7 Net investment in lease

Net investment in lease representing the purchase option receivable from a lessee, due December 2035.

The net investment in this lease is recorded at the net present value of the total lease payments using a discount rate of 3.75%, calculated as follows:

		2016 \$	2015 \$
	Total of lease payments to be received to December 2035 Less: Portion representing interest at 3.75%	1,000,030 (305,190)	1,000,030 (43,000)
	Net present value of net investment in lease	694,840	957,030
8	Foreclosed properties	2016 \$	2015 \$
	Foreclosed projects - land, buildings and equipment held for resale Less: Allowance for possible losses	2,108,365 (1,964,547) 143,818	2,182,177 (1,964,547) 217,630

\$

Notes to Consolidated Financial Statements **March 31, 2016**

Continuity of allowance for possible losses		
	2016	2015
	\$	\$
Allowance for possible losses - Beginning of year	1,964,547	2,824,923
Add: Transferred from loans receivable	-	462,323
Less: Recovery during the year	-	8,988
Less: Write-offs during the year	<u> </u>	(1,331,687)
Allowance for possible losses - End of year	1,964,547	1,964,547

9 Contingent liabilities

- a) A counterclaim has been commenced against the Corporation in response to an action for a deficiency remaining after realization on collateral held by the P.E.I. Lending Agency. The claimant has not provided any details as to the nature and extent of damages or loss for which they seek compensation. There is no liability recorded in these financial statements as it is management's opinion that no liability is likely to arise as a result of this counterclaim. The counterclaim is presently still ongoing.
- b) The Corporation is contingently liable under loan guarantees at March 31 as follows:

	2016 \$	2015 \$	
Loan guarantees	983,458	1,116,033	

The Corporation is also contingently liable under entrepreneur loan program guarantees of \$28,728.

The above guarantees have various expiry dates ranging from July 2019 to May 2023.

The guarantees are secured by various assets and proceeds from liquidation are expected to cover the net carrying amount of the guarantees.

There is no provision for possible losses included in the financial statements for the guarantees.

10 Commitments

Loans approved but not disbursed at March 31, 2016 total \$5,904,355 (2015 - \$4,500,019).

11 Related party account balances and transactions

Related parties

The related companies are provincial Crown corporations or subsidiaries of provincial Crown corporations.

Statement of Financial Position

	2016 \$	2015 \$
Advances to related companies:		
F.T.C. Enterprises Limited	31,855	18,465
Biocommons Development Inc.	39,292	39,292
Island Investment Development Inc.	<u>-</u>	260,500
	71,147	318,257
Advances from related companies:		
Innovation PEI	11,130,677	11,198,838
Island Investment Development Inc.	39,900	-
Prince Edward Island Century 2000 Fund Inc.	1,422,868	202,896
	12,593,445	11,401,734

The advances to/from related companies and due from the Province of Prince Edward Island, are non-interest bearing and have no specific terms of repayment. Innovation PEI and Island Investment Development Inc. are provincial Crown corporations. Prince Edward Island Century 2000 Fund Inc. and F.T.C. Enterprises Limited are subsidiaries of provincial Crown corporations. Biocommons Development Inc. is a non-profit company with a similar Board of Directors as P.E.I. Biocommons Inc.'s Board of Directors. P.E.I. Biocommons Inc is a wholly owned subsidiary of Finance PEI.

Included in accounts receivable, accounts payable and accrued liabilities are the following amounts due from/due to related parties:

•	2016 \$	2015 \$	
Accounts receivable:			
Due from Province of Prince Edward Island	34,265	52,600	
Accounts payable and accrued liabilities:			
Due to Province of Prince Edward Island	57,645	129,279	
Due to related companies	585,983	506,537	
	643,628	635,816	

Notes to Consolidated Financial Statements March 31, 2016

Property holdings

The Province of Prince Edward Island conveys land to the Corporation periodically to be used for development purposes. The exchange and carrying amounts of land when transferred into the Corporation is nil.

Statement of operations

Included in property operations revenue is \$399,327 (2015 - \$440,582) from related parties.

During the year, management fees of \$500,000 (2015 - \$500,000) and rent of \$50,000 (2015 - \$50,000) were received from Island Investment Development Inc., a provincial Crown corporation, and rent of \$75,000 (2015 - \$75,000) was received from Innovation PEI, a provincial Crown corporation.

Included in expenditures is \$3,519,680 (2015 - \$4,335,403) in interest paid to Province of Prince Edward Island and \$180,586 (2015 - \$207,369) in interest paid to Island Investment Development Inc., a provincial Crown corporation.

The above transactions were recorded in the normal course of operations and measured at exchange amounts.

Other

The Corporation rents land for the annual amount of \$2,120 plus applicable taxes from Slemon Park Corporation under a fifty-year lease agreement, effective for the term September 28, 2001 to September 28, 2051.

Slemon Park Corporation is a wholly-owned subsidiary of Island Investment Development Inc.

12 Financial risk management objectives and policies

Finance PEI'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 Finance PEI manage these risks through comprehensive and integrated control processes and models, including regular review and assessment of risk measurement and reporting processes.



Notes to Consolidated Financial Statements

March 31, 2016

(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 loans receivable.

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:

	2016	2015
	\$	\$
Accounts receivable	559,757	622,320
Loans receivable	169,036,247	173,492,981
Advances to related companies	71,147	318,257
Investment in subsidiaries and private company	150,001	290,002
Due from the Province of Prince Edward Island	11,163,650	11,163,650
Loan guarantees	983,458	1,116,033
	181,964,260	187,003,243

(i) Loans receivable

For the loans 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 assets 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 and loans in excess of \$2.5 million requiring approval by Executive Council. The company factors the financial strength of each borrower, the security available, their position in industry and past payment history when assessing all potential loans.

A loan is considered past due when a party has not made a payment by the contractual due date. The following table presents the carrying value of loans that are past due but not classified as impaired:

	0 - 60 days \$	60 - 120 days \$	+120 days \$	Total \$
As at:				
March 31, 2016	165,211	102,657	7,015,261	7,283,129
March 31, 2015	133,769	775,210	6,456,569	7,365,548

(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, advances from related companies, notes payable and mortgages 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.

	Under 1 year \$	Between 1 - 5 years	Over 5 years \$	2016 Total \$
	4	ð	Ф	4
Accounts payable and				
accrued liabilities	1,400,509	-	-	1,400,509
Advances from related				
companies	12,593,445	-	-	12,593,445
Short-term notes payable	15,537,246	-	-	15,537,246
Long-term debt	31,409,114	107,504,473	17,812,236	156,725,823
_				
_	60,940,314	107,504,473	17,812,236	186,257,023

	Under 1 year \$	Between 1 - 5 years \$	Over 5 years \$	2015 Total \$
Accounts payable and accrued liabilities Advances from related	1,590,147	-	-	1,590,147
companies	11,401,734	-	-	11,401,734
Short-term notes payable	12,618,502	-	-	12,618,502
Long-term debt	29,445,434	117,870,574	19,293,501	166,609,509
_	55,055,817	117,870,574	19,293,501	192,219,892

(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) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. For the Corporation, mismatches in the balances of assets, liabilities and off-statement of financial position financial instruments that mature and reprice in varying reporting periods generate interest rate risk. These mismatches will arise through the ordinary course of business as the Corporation manages member portfolios of loans and deposits with changing term preferences and through the strategic positioning of the credit union to enhance profitability.

The following table provides the potential impact of an immediate and sustained 1% increase or decrease in interest rates on net interest income, assuming no further hedging is undertaken. These measures are based on assumptions made by management. All interest rate risk measures are based upon interest rate exposures at a specific time and continuously change as a result of business activities and the Corporation's management initiatives.

	Net interest income change \$	Interest expense change \$
Impact of		
1% increase in interest rates	61,630	126,185
1% decrease in interest rates	(61,630)	(126,185)

Notes to Consolidated Financial Statements March 31, 2016

(d) Operational risk

Operational risk is the risk of direct or indirect loss 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 Finance PEI's capital management is to ensure that it maintains a healthy financial position in order to support its business. Finance PEI manages its capital structure and makes changes to it in light of changes in economic conditions.

Non-consolidated Schedule of Expenses by Type For the year ended March 31, 2016

Schedule 1

							2016
	Salaries Benefits \$	Operating Goods & Services \$	Property Operations \$	Lending Operations \$	Interest Expense \$	Amortization \$	Total \$
Expenses							
Administration	246,529	247,405	-	-	-	-	493,934
Lending operations	1,363,592 793,456	160 222	2,693,639	269,863	4,136,869 437,288	1,358,519	5,770,324
Property operations Provision for possible losses	793,430	160,323	2,093,039	1,817,398	437,288	1,338,319	5,443,225 1,817,398
	2,403,577	407,728	2,693,639	2,087,261	4,574,157	1,358,519	13,524,881
							2015
	Salaries Benefits S	Operating Goods & Services \$	Property Operations \$	Lending Operations \$	Interest Expense S	Amortization \$	Total \$
Expenses							
Administration	296,541	194,055	-	-	-	-	490,596
Lending operations	1,346,638	-	-	393,886	5,034,374	-	6,774,898
Property operations Provision for possible losses	749,879	173,866	2,441,885	183,958	464,849	1,300,598	5,131,077 183,958
	2,393,058	367,921	2,441,885	577,844	5,499,223	1,300,598	12,580,529

Finance PEI

Schedule of Property Holdings
As at and for the year ended March 31, 2016

Schedule 2

	Cost Accumulated amortization							2016	
	Beginning \$	Additions \$	Transfers \$	Disposals/ Ending \$	Beginning \$	Amortization \$	Disposals/ adjustments \$	Ending \$	Net book value \$
General									
Land	981,500	-	-	981,500	-	-	-	-	981,500
Land improvements	44,765	-	-	44,765	44,765	-	-	44,765	-
Building	1,686,373	1,543,600	-	3,229,973	918,808	97,655	-	1,016,463	2,213,510
	2,712,638	1,543,600	-	4,256,238	963,573	97,655	-	1,061,228	3,195,010
Property holdings held for resale									
Land	1,584,302	-	_	1,584,302	-	_	_	-	1,584,302
Buildings	2,700,000	-	(1,500,000)	1,200,000	836,580	48,000	(740,580)	144,000	1,056,000
	4,284,302	-	(1,500,000)	2,784,302	836,580	48,000	(740,580)	144,000	2,640,302
Industrial Sites									
Land	4,037,384	165,107	(143,676)	4,058,815	-	_	_	=	4,058,815
Land improvements	2,769,648	20,154	-	2,789,802	2,727,383	5,429	=	2,732,812	56,990
Leasehold improvements	1,001,339	· -	-	1,001,339	157,119	70,094	_	227,213	774,126
Building	23,268,067	464,841	-	23,732,908	7,354,184	808,534	5,584	8,168,302	15,564,606
Equipment	7,140,535	47,797	-	7,188,332	7,058,579	81,957	-	7,140,536	47,796
	38,216,973	697,899	(143,676)	38,771,196	17,297,265	966,014	5,584	18,268,863	20,502,333
Test cell	4,937,000	-	-	4,937,000	3,059,118	246,850	-	3,305,968	1,631,032
	50,150,913	2,241,499	(1,643,676)	50,748,736	22,156,536	1,358,519	(734,996)	22,780,059	27,968,677

Finance PEI

Schedule of Property Holdings
As at and for the year ended March 31, 2015

Schedule 2

	Cost			Accumulated amortization				2015	
	Beginning \$	Transferred in \$	Additions \$	Ending \$	Beginning \$	Amortization \$	Disposals \$	Ending \$	Net book value \$
General									
Land	981,500	-	-	981,500	-	=	-	=	981,500
Land improvements	44,765	-	-	44,765	44,765	=	-	44,765	-
Building	1,679,503	6,870	-	1,686,373	851,490	67,318	-	918,808	767,565
	2,705,768	6,870	-	2,712,638	896,255	67,318	_	963,573	1,749,065
Property holdings held for	resale								
Land	1,584,302	-	-	1,584,302	-	-	-	-	1,584,302
Buildings	2,700,000	-	-	2,700,000	683,580	153,000	-	836,580	1,863,420
	4,284,302	-	-	4,284,302	683,580	153,000	-	836,580	3,447,722
Industrial Sites									
Land	4,037,384	-	-	4,037,384	-	-	-	-	4,037,384
Land improvements	2,769,648	-	-	2,769,648	2,722,718	4,665	-	2,727,383	42,265
Leasehold improvements	997,799	3,540	-	1,001,339	87,149	69,970	-	157,119	844,220
Building	22,580,854	687,213	-	23,268,067	6,586,572	767,612	-	7,354,184	15,913,883
Equipment	7,090,735	49,800	-	7,140,535	7,022,323	36,256	-	7,058,579	81,956
	37,476,420	740,553	-	38,216,973	16,418,762	878,503	-	17,297,265	20,919,708
Test cell	4,937,000	-	-	4,937,000	2,812,268	246,850	-	3,059,118	1,877,882
	49,403,490	747,423	-	50,150,913	20,810,865	1,345,671	-	22,156,536	27,994,377