2016-2017 Annual Report

financepei

94 Euston Street | Charlottetown, PE | **http://financepei.ca**

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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North
5th Floor
(902) 368-4230
hmacdonald@gov.pe.ca

Message from the Minister

September 19, 2017

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, 2017.

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 19, 2017

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, 2017.

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 19, 2017

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, 2017.

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 consists of three divisions including:

- **Commercial and Resource Lending,**
- **Developmental Lending, and**
- **Strategic Initiatives and Properties.**

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

- **Small Business**
- **Manufacturing and Processing**
- **Information Technology**
- **Bioscience**
- **Aerospace**
- **Renewable Energy**
- **Agriculture**
- **Fisheries / Aquaculture**
- **Tourism**

FPEI supports economic development via the provision of repayable loans to the Island business community with a focus on *Fisheries/Aquaculture, Agriculture, Tourism, Manufacturing & Processing, Small Business and the strategic sectors which include Aerospace, Biosciences, Information & Communication Technologies and Renewable Energy.* The primary focus for FPEI includes providing support for island entrepreneurs, 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. Access to financial capital is critical for those businesses to prosper and grow to their full potential.

During 2016/17, FPEI supported 975 business operators across PEI with a loan portfolio of approximately $200 million.

Programs administered by FPEI include: *the Farmland Financing Program, the Cattle Loan Program, the Fishers Low Interest Loan Program, the Micro-Loan Program, and the Entrepreneur 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. Créée afin de regrouper les services gouvernementaux de financement et d'infrastructure stratégique pour la province de l'Île-du-Prince-Édouard, la société est chargée d'administrer des programmes de financement d'entreprises pour le gouvernement provincial.

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**

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**
- **Sciences biologiques**
- **Aérospatiale**
- **Énergie renouvelable**
- **Agriculture**
- **Pêches et aquaculture**
- **Tourisme**

Finances Î.-P.-É. favorise le développement économique en fournissant des prêts remboursables au milieu des affaires de l'Île dans des domaines clés : *pêches et aquaculture, agriculture, tourisme, fabrication et transformation, et petite entreprise,* ainsi que dans les secteurs stratégiques : *aérospatiale, sciences biologiques, technologies de l'information et de la communication, et énergie renouvelable*. La société cherche surtout à appuyer les entrepreneurs de l'Île, les entreprises qui s'intéressent à l'exportation vers les marchés nationaux et internationaux, le remplacement des importations et la transformation à valeur ajoutée. 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.

En 2016-2017, Finances Î.-P.-É. a appuyé quelque 1 030 exploitants commerciaux de l'Île. Son portfolio de prêt valait environ 200 millions de dollars.

La société administre également plusieurs programmes, dont le *Programme de financement des terres agricoles*, le *Programme de prêts pour les éleveurs de bovins*, le *Programme de prêts à intérêt réduit pour les pêcheurs*, le *Programme de microprêts* et le *Programme de prêts à l'entrepreneuriat.*

De plus, Finances Î.-P.-É. est responsable des opérations de diverses infrastructures et propriétés stratégiques appartenant 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.*

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 to support enterprises that demonstrate reasonable viability; and are maintaining or expanding 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; aerospace; bioscience; information technology; and, fisheries and aquaculture.*

FPEI assisted 1,030 businesses in 2016/17 to grow and prosper. Many sectors experienced significant economic growth. Some of the PEI economic indicators noted international exports were at $1,256B in 2016, manufacturing shipments experienced 4.7% growth and farm cash receipts grew by 2.1%.

The Seafood industry in PEI, fisheries and aquaculture, represents 3% of our GDP and contributes significantly to our economy. We are more reliant on the fishery than any other province in Canada. FPEI supports 633 fishers with a portfolio valued at $86.2. *Some of the key highlights of the fisheries include:*

- **PEI Seafood Industry has an economic value of approx $483 M**
- **Value of fish landings in 2016 was $261.7M (lobster landings of 32 M lbs valued at $193.6M)**
- **International Exports were $222M (17.7% of total)**
- **In Canada, on an annual basis PEI accounts for 80% of mussel production, 26% of oyster production, 15% of lobster production and 3% of crab these products are exported around the world and are critical to market agreements such as (Canadian European Trade Agreement, Canada-Korea Trade Agreements, Trans Pacific Strategic Economic Partnership)**

We are proud to support a diverse range of businesses across PEI. Companies that we support help communities prosper, with approximately 75% of our loans classified as rural PEI assistance.

The following analysis provides a detailed look at the portfolios and includes information and statistics for the Commercial and Resource Lending Division and the Developmental Lending Division combined.

Agriculture

The agriculture portfolio supported 112 farmers representing a variety of operations including dairy, beef, poultry, cultivated blueberries, cranberries and potatoes. As of March 31, 2017, loans in the agriculture portfolio were approximately $33 million. The agriculture portfolio declined in 2016-17, however the client base increased by 12%. 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 April 2015 FPEI launched the Cattle Feeder Program for eligible farmers to stimulate economic growth and expansion of the beef industry. This new program supports the breeding and raising of animals destined for the Atlantic Beef Plant. In 2016-17, five farmers participated in the program with loans of $209,000.

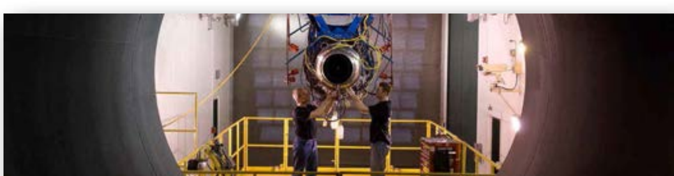
The Agriculture sector had a strong year with farm cash receipts totaling $487M, an increase of 2.1% over the last year.

Fisheries and Aquaculture

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

The majority of the 633 clients in 2016-17 represent the three major fisheries in Prince Edward Island: *lobster, mussels, and oysters.*

The total loan portfolio for fisheries and aquaculture was approximately $86.2 million in 2016/17, representing an increase of 2.4% over last year. In addition to the growth in the portfolio, the client base increased by 33 clients. FPEI is diligent and works closely with clients in developing effective plans that ensure repayment is achieved.



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. In 2016/17 this portfolio had 68 clients with a loan portfolio of approximately $16 million. This portfolio 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.

Manufacturing shipments have increased annually in PEI since 2010. In 2016, shipments incrased by 4% to $1.686M, an all time high.

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.

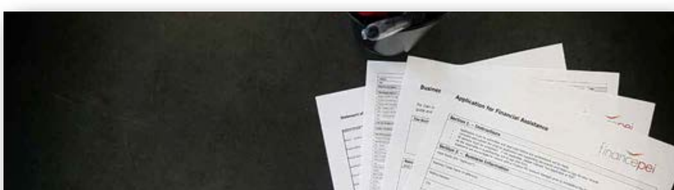
This loan portfolio has 100 clients with approximately $22 million in loans outstanding, a slight decrease from the prior year, attributable mostly to the normal amortization of the loans, although there was a 17% increase in the number of clients served in this portfolio.

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. This loan portfolio supports 49 businesses, with approximately $31 million in loans which is a 6.1% decrease 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.

Since 2010, Tourism continues to have record seasons for visitation and spending. In 2016 visitation was approximately 1.5M tourists, exceeding the previous year.



Entrepreneur Loan

The 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. The program supported 19 entrepreneurs in 2016/17.

Micro-Loan Program

In March 2016, the Micro-Loan Program was implemented to support entrepreneurship on Prince Edward Island. The 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. During the first year of operation, the program supported 23 entrepreneurs with loans of $252,000. Examples of categories eligible for this new financing program are: trades, qualification recognition, small-scale food production, business start-up, and winter production financing.

Loan Write-Offs

Government lending provides important support to Island businesses as we expand, develop new products, and grow our economy. At the same time, good government means ensuring Islanders are kept informed of these investments and any change in status. As our part of our ongoing commitment to enhance transparency, FPEI is publishing loan write-offs within annual reports. At the end of 2016/17 the loan portfolio was $200,641,650 with approximately $1.9M loans written off during the year. This represents less than 1% of the portfolio.

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.

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

In addition to corporate offices, the properties include:

- **Atlantic Technology Centre in Charlottetown,**
- **BioCommons Research Park in West Royalty,**
- **Fabrication Yard in Borden-Carleton,**
- **Gateway Village Business Park in Borden-Carleton,**
- **Souris Food Park in Souris,**
- **West Prince Business Park in Bloomfield,**
- **Summerside Business Park,**
- **West Royalty Business Park,**
- **Bloomfield Business Park, and**
- **Georgetown Timber Yard**

Appendix A | Board of Directors

Gordon MacInnis | Chairperson
Tourism

David Keedwell
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

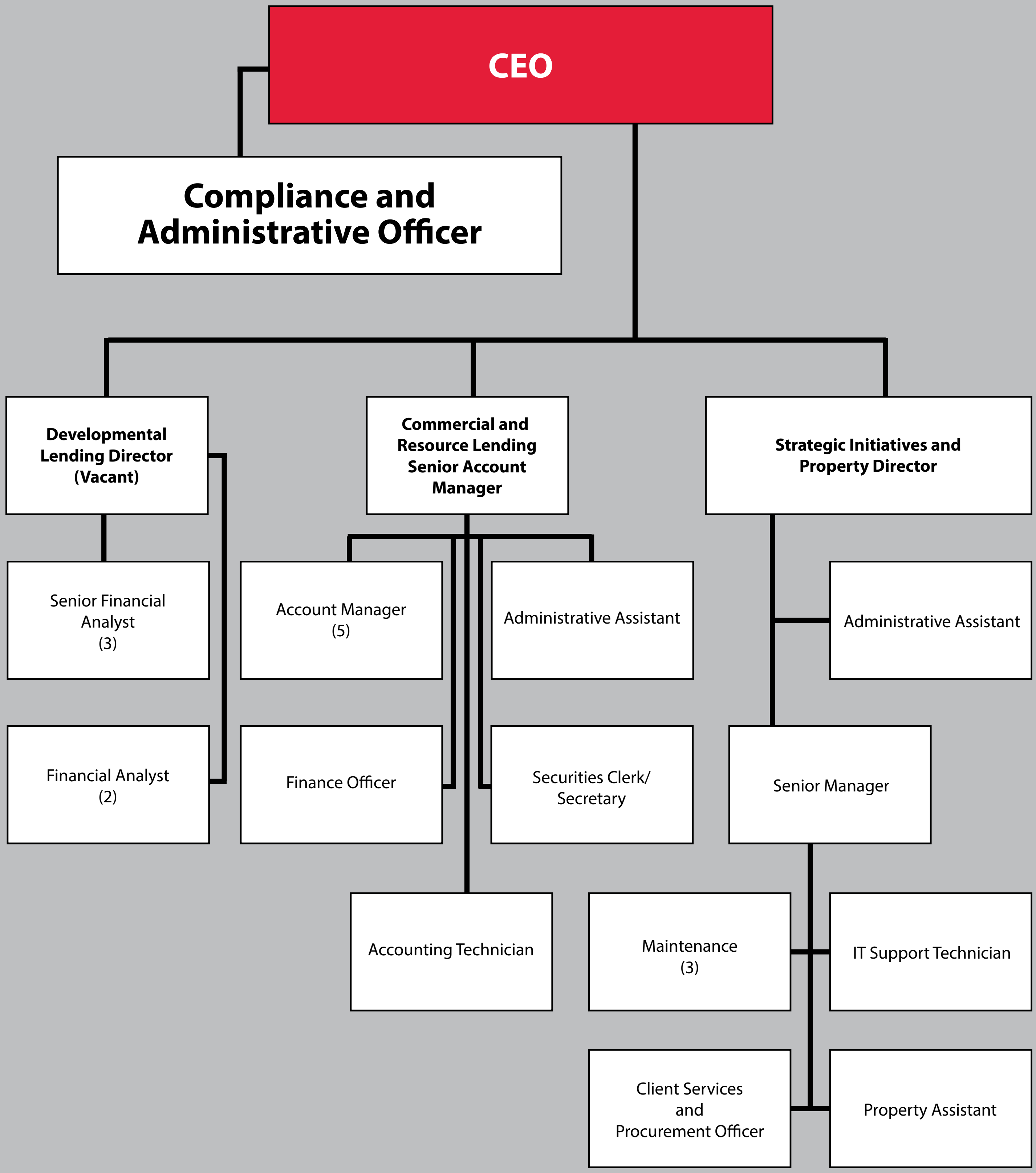
Don Godfrey
Agriculture

Laird King
Agriculture

Muncey Harris
Agriculture

John Sullivan
Fisheries

Appendix B | Organizational Chart



Appendix C | Audited Financial Statements

Finance PEI

Consolidated Financial Statements
March 31, 2017

ArsenaultBestCameronEllis
CHARTERED PROFESSIONAL ACCOUNTANTS

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
Chief Executive Officer of Finance PEI

ArsenaultBestCameronEllis
CHARTERED PROFESSIONAL ACCOUNTANTS

Member of The AC Group of Independent Accounting Firms

Chartered Professional Accountants & Business Advisors
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Canada C1A 7L1
Telephone (902) 368-3100
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June 20, 2017

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, 2017, 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, 2017, and the consolidated results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

ArsenaultBestCameronEllis

Chartered Professional Accountants

Finance PEI

Consolidated Statement of Financial Position

As at March 31, 2017

	2017 $	2016 $
Assets		
Financial assets		
Cash	1,038,614	2,667,408
Accounts receivable (notes 2 and 11)	932,265	559,757
Loans receivable (note 3)	166,362,914	169,036,247
Advances to related companies (note 11)	39,292	71,147
Due from the Province of Prince Edward Island (note 11)	11,163,650	11,163,650
Investment in private companies (note 4)	120,001	150,001
	179,656,736	183,648,210
Liabilities		
Accounts payable and accrued liabilities (note 11)	1,584,298	1,400,509
Deferred revenue	1,266,236	1,266,511
Advances from related companies (notes 11 and 12)	13,909,214	13,416,991
Short-term notes payable (note 5)	20,558,618	15,537,246
Long-term debt (note 6)	146,669,074	156,725,823
	183,987,440	188,347,080
Net debt	(4,330,704)	(4,698,870)
Contingent liabilities (note 9)		
Non-financial assets		
Prepaid expenses	109,350	108,609
Net investment in lease (note 7)	670,896	694,840
Foreclosed properties (note 8)	600,260	143,818
Property holdings (note 11) (Schedule 2)	29,203,215	27,968,677
	30,583,721	28,915,944
Accumulated surplus	26,253,017	24,217,074

Approved by the Board of Directors

_______________ Director

_______________ Director

Finance PEI

Consolidated Statement of Accumulated Surplus

For the year ended March 31, 2017

	2017 $	2016 $
Accumulated surplus - Beginning of year		
As previously reported	25,040,620	24,459,525
Prior period adjustment (note 12)	(823,546)	(823,546)
As restated	24,217,074	23,635,979
Operating surplus	2,035,943	581,095
Accumulated surplus - End of year	26,253,017	24,217,074

Finance PEI

Consolidated Statement of Operations

For the year ended March 31, 2017

	Budget (Unaudited) $	Actual 2017 $	Actual 2016 $
Revenue			
Government contributions	-	-	20,154
Interest from borrowers	10,116,200	8,767,874	9,475,258
Interest from deposits	40,000	36,146	47,752
Property operations (note 11)	3,925,000	4,605,126	3,923,278
Service fees	200,000	108,539	124,540
Post-receivership income	-	1,648	9,185
Management fees (note 11)	500,000	500,000	500,000
Gain on disposal of property holdings	-	58,261	-
Miscellaneous	25,000	3,766	5,809
	14,806,200	14,081,360	14,105,976
Expenses (notes 6 and 11) (Schedule 1)			
Administration (note 1)	773,100	644,966	561,386
Lending operations	7,768,900	5,230,349	5,770,324
Property operations (note 1)	5,100,200	4,990,454	5,375,773
Provision for possible losses	1,500,000	1,179,648	1,817,398
	15,142,200	12,045,417	13,524,881
Operating surplus (deficit)	(336,000)	2,035,943	581,095

Finance PEI

Consolidated Statement of Changes in Net Debt

For the year ended March 31, 2017

	2017 $	2016 $
Annual surplus	2,035,943	581,095
Acquisition of property holdings	(2,684,748)	(2,241,499)
Amortization of property holdings	1,400,634	1,358,519
Loss (gain) on disposal of property holdings	(58,261)	306,702
Proceeds on disposal of property holdings	107,837	601,976
Transfer to foreclosed properties	(2,851,841)	(12,081)
Transfer of provision to foreclosed properties	1,995,792	-
Payments received on foreclosed properties	268,613	-
Disposal of foreclosed properties	130,994	85,895
	(1,690,980)	99,512
Decrease (increase) in prepaid expenses	(741)	8,389
Change in net investment in lease	23,944	262,190
	(1,667,777)	370,091
Decrease in net debt	368,166	951,186
Net debt - Beginning of year	(4,698,870)	(5,650,056)
Net debt - End of year	(4,330,704)	(4,698,870)

Finance PEI

Consolidated Statement of Cash Flows

For the year ended March 31, 2017

	2017 $	2016 $
Cash provided by (used in)		
Operating activities		
Operating surplus	2,035,943	581,095
Items not affecting cash		
Amortization	1,400,634	1,358,519
Change in net investment in lease	23,944	262,190
Provision for possible losses	1,179,648	1,817,398
Loss (gain) on disposal of property holdings	(58,261)	306,702
	4,581,908	4,325,904
Net change in non-cash working capital items		
Decrease (increase) in accounts receivable	(372,508)	62,563
Decrease (increase) in prepaid expenses	(741)	8,389
Increase (decrease) in accounts payable and accrued liabilities	183,789	(191,348)
Decrease in deferred revenue	(275)	(36,766)
	4,392,173	4,168,742
Financing activities		
Increase in advances from related companies	492,223	1,193,421
Decrease in advances to related companies	31,855	247,110
Increase in short-term notes payable	5,112,242	2,918,744
Repayment of short-term notes payable	(90,870)	-
Increase in long-term debt	16,700,000	1,510,000
Repayment on long-term debt	(26,756,749)	(11,393,686)
	(4,511,299)	(5,524,411)
Investing activities		
Decrease in loans receivable	1,393,685	2,559,337
Decrease in investment in private companies	130,000	220,000
Additions to and purchases of property holdings	(2,684,748)	(2,241,499)
Reductions and proceeds on disposal of property holdings	107,837	601,976
Additions to foreclosed properties	(2,851,841)	(12,081)
Disposal of foreclosed properties	130,994	85,895
Payments received on foreclosed properties	268,613	-
Decrease in foreclosed properties	1,995,792	-
	(1,509,668)	1,213,628
Change in cash	(1,628,794)	(142,041)
Cash - Beginning of year	2,667,408	2,809,449
Cash - End of year	1,038,614	2,667,408

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. Infrastructure Inc. and 100417 P.E.I. Inc., all having March 31, 2017 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.

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 $1,333,178 (2016 - $1,291,067). Included in administration expenses is amortization of $67,456 (2016 - $67,452).

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.

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 $25,770,413 (2016 - $25,365,429).

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 $13,666,577 (2016 - $15,000,209) 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, 2017.

l) 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 $608,232 (2016 - $456,080).

3 Loans receivable

				2017	2016
	Total $	**Allowance for possible losses General** $	**Allowance for possible losses Specific** $	**Net** $	**Net** $
Working capital loans					
Agriculture	3,318,667	1,400,000	1,507,558	411,109	253,036
Tourism	2,024,361	168,405	-	1,855,956	2,053,300
Manufacturing and processing	3,273,613	894,607	860,140	1,518,866	1,372,967
Fisheries	1,011,417	-	-	1,011,417	1,000,191
Small business	2,430,842	695,773	93,000	1,642,069	1,756,689
	12,058,900	3,158,785	2,460,698	6,439,417	6,436,183
Long-term loans					
Agriculture	43,484,997	2,416,298	7,466,550	33,602,149	32,728,802
Tourism	28,665,890	613,403	7,450,000	20,602,487	23,193,460
Manufacturing and processing	12,002,351	2,308,499	208,508	9,485,344	10,183,887
Fisheries	83,443,916	3,875,000	1,818,718	77,750,198	76,136,699
Aquaculture	83,559	-	-	83,559	95,256
Small business	20,346,264	1,294,592	1,197,685	17,853,987	19,267,600
Shipbuilding/Shipping	10,000	-	10,000	-	-
Eco energy	276,695	-	-	276,695	726,883
	188,313,672	10,507,792	18,151,461	159,654,419	162,332,587
Accrued interest	269,078	-	-	269,078	267,477
	200,641,650	13,666,577	20,612,159	166,362,914	169,036,247

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.

Continuity of allowance for possible losses

	2017 $	2016 $
Allowance for possible losses - Beginning of year	37,103,290	35,208,797
Less: Loans written off	(1,946,448)	-
Add: Provision recorded during year	5,011,259	3,422,742
Less: Transferred to foreclosed properties	(2,006,050)	-
Less: Recoveries during year	(3,883,315)	(1,528,249)
Allowance for possible losses - End of year	34,278,736	37,103,290

4 Investment in private companies

	2017 $	2016 $
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)
	-	-
Investment in preferred shares of private companies	422,812	552,812
Less: Allowance for possible losses	(302,811)	(402,811)
	120,001	150,001
	120,001	150,001

Continuity of allowance for possible losses

	2017 $	2016 $
Allowance for possible losses - Beginning of year	841,721	921,721
Less: Recovery during the year	(100,000)	(80,000)
Allowance for possible losses - End of year	741,721	841,721

5 Short-term notes payable

	2017 $	2016 $
Demand note payable to Island Investment Development Inc.	6,998,502	6,998,502
Demand notes payable to Province of Prince Edward Island	13,560,116	8,538,744
	20,558,618	15,537,246

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, 2017 of $6,998,502 (2016 - $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 2017 in the amount of $155,740 (2016 - $147,200).

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

	2017 $	2016 $
4.00% note payable to Island Investment Development Inc., no specific repayment terms	556,846	556,846
4.00% note payable to Island Investment Development Inc., no specific repayment terms	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	1,143,376	1,194,598
6.62% Bank of Nova Scotia mortgage, repayable $40,333 monthly plus interest, maturing August 2017	5,041,667	5,525,667
6.01% note payable, due December 2024, repayable $88,025 monthly including principal and interest	6,548,886	7,195,454
5.54% note payable, due December 2024, repayable $7,969 monthly including principal and interest	602,824	663,619
3.46% note payable to Province of Prince Edward Island, due March 31, 2031, repayable in $32,366 quarterly payments including principal and interest	1,431,774	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 2018 and 2025	129,913,202	138,649,140
	146,669,074	156,725,823

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, 2018	38,830,550
2019	25,731,540
2020	35,420,281
2021	18,751,868
2022	22,048,948

Interest paid by Finance PEI and its subsidiaries in the amount of $3,923,730 (2016 - $4,422,881) is included in the expenditure category to which it relates.

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:

	2017 $	2016 $
Total of lease payments to be received to December 2035	950,030	1,000,030
Less: Portion representing interest at 3.75%	(279,134)	(305,190)
Net present value of net investment in lease	670,896	694,840

8 Foreclosed properties

	2017 $	2016 $
Foreclosed projects - land, buildings and equipment held for resale	4,560,599	2,108,365
Less: Allowance for possible losses	(3,960,339)	(1,964,547)
	600,260	143,818

Continuity of allowance for possible losses

	2017 $	2016 $
Allowance for possible losses - Beginning of year	1,964,547	1,964,547
Add: Provision recorded during the year	89,000	-
Add: Transferred from loans receivable	2,006,050	-
Less: Recovery during the year	(99,258)	-
Allowance for possible losses - End of year	3,960,339	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:

	2017 $	2016 $
Loan guarantees	8,250	983,458

The Corporation is also contingently liable under entrepreneur loan program guarantees of $11,335.

The above guarantees expires in July 2019.

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, 2017 total $6,336,106 (2016 - $5,904,355).

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

	2017 $	2016 $
Advances to related companies:		
F.T.C. Enterprises Limited	-	31,855
Biocommons Development Inc.	39,292	39,292
	39,292	71,147
Advances from related companies:		
Innovation PEI	11,064,367	11,130,677
Island Investment Development Inc.	210,909	39,900
Prince Edward Island Century 2000 Fund Inc.	2,633,938	2,246,414
	13,909,214	13,416,991

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. F.T.C. Enterprises Limited and Prince Edward Island Century 2000 Fund Inc. are subsidiaries of provincial Crown corporations. Biocommons Development Inc. is a non-profit company with a similar Board of Directors as P.E.I. Infrastructure Inc.'s Board of Directors. P.E.I. Infrastructure 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:

	2017 $	2016 $
Accounts receivable:		
Due from Province of Prince Edward Island	147,468	34,265
Accounts payable and accrued liabilities:		
Due to Province of Prince Edward Island	131,769	57,645
Due to related companies	665,240	585,983
	797,009	643,628

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 $577,414 (2016 - $524,327) from related parties.

During the year, management fees of $500,000 (2016 - $500,000) were received from Island Investment Development Inc., a provincial Crown corporation.

Included in expenditures is $3,093,825 (2016 - $3,519,680) in interest paid to Province of Prince Edward Island and $178,912 (2016 - $180,586) 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 Prior period adjustment

A prior period adjustment was made to report the transfer of a property from Prince Edward Island Century 2000 Fund Inc. to Innovation PEI, both related parties, at its fair market value at the time of transfer in 2011. This property was then transferred from Innovation PEI to Finance PEI in 2013. In addition, this adjustment would result in a decrease in the gain on sale of property holdings in 2014, the year the transferred property was sold by Finance PEI. As a result, certain comparative figures for 2016 have been restated as follows:

Statement of Financial Position - 2016

- advances from related companies increased by $823,546
- net debt increased by $823,546
- accumulated surplus decreased by $823,546

Statement of Accumulated Surplus - 2016

- opening accumulated surplus has decreased by $823,546
- ending accumulated surplus has decreased by $823,546

Statement of Accumulated Surplus - 2017

- opening accumulated surplus decreased by $823,546

13 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.

(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:

	2017 $	2016 $
Accounts receivable	932,265	559,757
Loans receivable	166,362,914	169,036,247
Advances to related companies	39,292	71,147
Due from the Province of Prince Edward Island	11,163,650	11,163,650
Investment in subsidiaries and private company	120,001	150,001
Loan guarantees	8,250	983,458
	178,626,372	181,964,260

(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, 2017	226,805	90,108	4,419,261	4,736,174
March 31, 2016	165,211	102,657	7,015,261	7,283,129

(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 $	2017 Total $
Accounts payable and accrued liabilities	1,584,298	-	-	1,584,298
Advances from related companies	13,909,214	-	-	13,909,214
Short-term notes payable	20,558,618	-	-	20,558,618
Long-term debt	38,830,550	101,952,637	5,885,887	146,669,074
	74,882,680	101,952,637	5,885,887	182,721,204

	Under 1 year $	Between 1 - 5 years $	Over 5 years $	2016 Total $
Accounts payable and accrued liabilities	1,400,509	-	-	1,400,509
Advances from related companies	13,416,991	-	-	13,416,991
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
	61,763,860	107,504,473	17,812,236	187,080,569

(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	61,580	205,586
1% decrease in interest rates	(61,580)	(205,586)

(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.

Finance PEI

Consolidated Schedule of Expenses by Type

For the year ended March 31, 2017 **Schedule 1**

2017

	Salaries Benefits	Operating Goods & Services	Property Operations	Lending Operations	Interest Expense	Amortization	Total
	$	$	$	$	$	$	$
Expenses							
Administration	245,203	332,240	-	-	67	67,456	644,966
Lending operations	1,401,106	-	-	147,779	3,681,464	-	5,230,349
Property operations	682,822	159,966	2,416,550	-	397,938	1,333,178	4,990,454
Provision for possible losses	-	-	-	1,179,648	-	-	1,179,648
	2,329,131	492,206	2,416,550	1,327,427	4,079,469	1,400,634	12,045,417

2016

	Salaries Benefits	Operating Goods & Services	Property Operations	Lending Operations	Interest Expense	Amortization	Total
	$	$	$	$	$	$	$
Expenses							
Administration	246,529	247,405	-	-	-	67,452	561,386
Lending operations	1,363,592	-	-	269,863	4,136,869	-	5,770,324
Property operations	793,456	160,323	2,693,639	-	437,288	1,291,067	5,375,773
Provision for possible losses	-	-	-	1,817,398	-	-	1,817,398
	2,403,577	407,728	2,693,639	2,087,261	4,574,157	1,358,519	13,524,881

Finance PEI

Schedule of Property Holdings

As at and for the year ended March 31, 2017 **Schedule 2**

	Cost				Accumulated amortization				2017
	Beginning $	Additions $	Disposals $	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	3,229,973	-	-	3,229,973	1,016,463	122,280	-	1,138,743	2,091,230
	4,256,238	-	-	4,256,238	1,061,228	122,280	-	1,183,508	3,072,730
Property holdings held for resale									
Land	1,584,302	-	-	1,584,302	-	-	-	-	1,584,302
Buildings	1,200,000	-	-	1,200,000	144,000	48,000	-	192,000	1,008,000
	2,784,302	-	-	2,784,302	144,000	48,000	-	192,000	2,592,302
Industrial Sites									
Land	4,058,815	60,336	(49,576)	4,069,575	-	-	-	-	4,069,575
Land improvements	2,789,802	-	-	2,789,802	2,732,812	6,289	-	2,739,101	50,701
Leasehold improvements	1,001,339	-	-	1,001,339	227,213	70,094	-	297,307	704,032
Building	23,780,705	2,603,782	-	26,384,487	8,168,302	903,307	-	9,071,609	17,312,878
Equipment	7,140,535	20,630	-	7,161,165	7,140,536	3,814	-	7,144,350	16,815
	38,771,196	2,684,748	(49,576)	41,406,368	18,268,863	983,504	-	19,252,367	22,154,001
Test cell	4,937,000	-	-	4,937,000	3,305,968	246,850	-	3,552,818	1,384,182
	50,748,736	2,684,748	(49,576)	53,383,908	22,780,059	1,400,634	-	24,180,693	29,203,215

Finance PEI

Schedule of Property Holdings

As at and for the year ended March 31, 2016 **Schedule 2**

	Cost				Accumulated amortization				2016
	Beginning $	Additions $	Disposals $	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	1,686,373	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	512,638	-	23,780,705	7,354,184	808,534	5,584	8,168,302	15,612,403
Equipment	7,140,535	-	-	7,140,535	7,058,579	81,957	-	7,140,536	(1)
	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