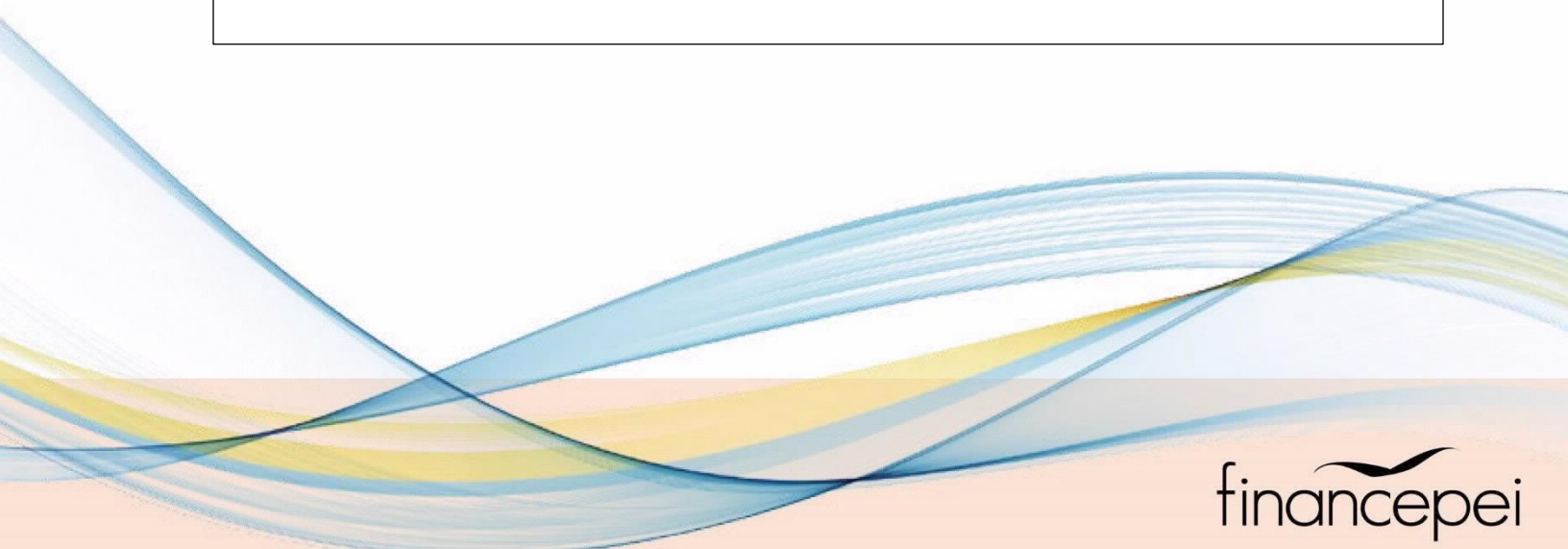
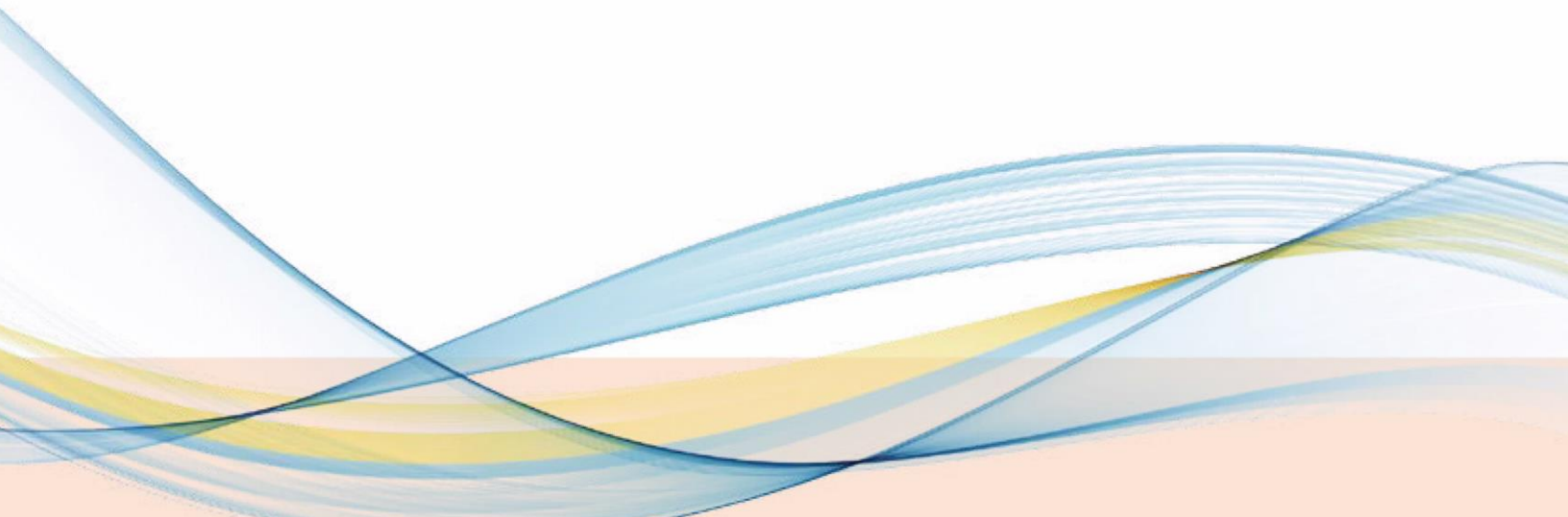


# Rapport annuel 2021-2022



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## Message du ministre



**LE 3 OCTOBRE 2022**

**À L'HONORABLE ANTOINETTE PERRY**

*Lieutenante-gouverneure de l'Île-du-Prince-Édouard*

Votre honneur,

Conformément au cadre de reddition annuelle de comptes de la *Financial Administration Act* (loi sur la gestion des finances publiques) régissant les sociétés d'État et exigeant la publication du rapport annuel avant le 30 septembre 2022, j'ai le plaisir de vous présenter le rapport annuel de Finances Î.-P.-É. pour l'exercice financier se terminant le 31 mars 2022. Veuillez agréer l'expression de mes sentiments distingués.

*Le ministre de la Croissance économique, du Tourisme et de la Culture,*

A handwritten signature in black ink, appearing to read 'Bryce Thompson', with a long horizontal stroke extending to the right.

**L'HONORABLE BLOYCE THOMPSON**

## Message de la présidente

**LE 3 OCTOBRE 2022**

**À L'HONORABLE BLOYCE THOMPSON**

*Ministre de la Croissance économique, du Tourisme et de la Culture  
Île-du-Prince-Édouard*

Monsieur le Ministre,

J'ai le plaisir de vous présenter notre rapport annuel pour l'exercice financier se terminant le 31 mars 2022.

Ce rapport annuel est déposé conformément à la *Finance PEI Act* (loi sur Finances Î.-P.-É.).

Veillez agréer l'expression de mes sentiments distingués.

*La présidente du conseil d'administration de Finances Î.-P.-É.,*



**CORA LEE DUNBAR**

## Message du président-directeur général

**LE 3 OCTOBRE 2022**

**À L'HONORABLE BLOYCE THOMPSON**

*Ministre de la Croissance économique, du Tourisme et de la Culture  
Île-du-Prince-Édouard*

Monsieur le Ministre,

J'ai le plaisir de vous présenter notre rapport annuel pour l'exercice financier se terminant le 31 mars 2022.

Ce rapport annuel est déposé conformément à la *Finance PEI Act* (loi sur Finances Î.-P.-É.).

Veillez agréer l'expression de mes sentiments distingués.

*Le président-directeur général,*



**JAMIE AIKEN, CPA, CA**

## VUE D'ENSEMBLE DE L'ENTITÉ GOUVERNEMENTALE

Finances Î.-P.-É. est une société d'État relevant du ministère de la Croissance économique, du Tourisme et de la Culture et, avec ses deux filiales, agit à titre d'organisme principal en matière de financement et d'infrastructure stratégique du gouvernement de l'Île-du-Prince-Édouard.

Les directives de Finances Î.-P.-É. sont notamment les suivantes : *mobiliser, gérer et fournir des capitaux financiers et des infrastructures dans le cadre de possibilités de développement économique et d'affaires stratégiques; voir à l'équilibre entre les risques et le rendement économique; collaborer avec des institutions financières traditionnelles et des organismes gouvernementaux; et agir à titre de prêteur professionnel.*

### Vision de la réussite

Promouvoir la croissance de l'économie et de l'emploi dans l'ensemble de l'Île-du-Prince-Édouard en fournissant le soutien nécessaire aux industries et aux entreprises pour qu'elles connaissent un succès financier durable.

### MISSION

Finances Î.-P.-É. compte trois divisions qui ont chacune leur propre centre d'intérêt :

#### PRÊTS COMMERCIAUX ET DE RESSOURCES

Fournir un soutien financier au moyen de prêts à l'appui du développement économique afin de soutenir les entreprises qui font preuve d'une viabilité raisonnable et qui maintiennent ou élargissent le développement économique.

#### PRÊTS AU DÉVELOPPEMENT

Fournir des prêts et des investissements stratégiques afin de soutenir les entreprises qui créent, maintiennent ou développent des secteurs prioritaires, en mettant l'accent sur les entreprises engagées dans l'exportation vers les marchés nationaux et internationaux, le remplacement des importations et la transformation à valeur ajoutée.

#### INITIATIVES STRATÉGIQUES ET IMMOBILIÈRES

Promouvoir la création de nouvelles possibilités d'affaires et encourager l'expansion des entreprises existantes par la mise à disposition d'infrastructures facilement accessibles, dont des parcs d'affaires, des terrains et des bâtiments.

## MANDAT

La société fonctionne selon les objectifs suivants :

- Assurer un leadership dans le soutien et la mise en œuvre de la stratégie de développement du gouvernement;
- Agir comme un prêteur responsable et professionnel fournissant une aide prudente et nécessaire aux entreprises et aux particuliers qui poursuivent les objectifs de développement économique du gouvernement;
- Fournir des prêts et une aide au crédit aux entreprises de l'Î.-P.-É. afin de maintenir ou d'étendre l'activité de développement de l'Î.-P.-É.;
- Fournir des prêts et des aides au crédit aux secteurs de l'économie de l'Î.-P.-É. déterminés par le gouvernement comme étant d'une importance stratégique pour le développement économique;
- Appuyer la planification et la mise en œuvre de projets de développement économique parrainés par le gouvernement.

Finances Î.-P.-É. fournit du financement à terme et des fonds de roulement aux emprunteurs admissibles dans de nombreux secteurs prioritaires de l'Î.-P.-É., dont les petites entreprises, la fabrication et la transformation, l'agriculture, les technologies de l'information et des communications, les biosciences, l'aérospatiale, le tourisme, la pêche et l'aquaculture, et les énergies renouvelables.

Les priorités de Finances Î.-P.-É. comprennent les entreprises engagées dans l'exportation vers les marchés nationaux et internationaux, le remplacement des importations et la transformation à valeur ajoutée. Les petites et moyennes entreprises sont les principaux générateurs de l'économie de l'Î.-P.-É. et l'accès au capital financier est essentiel pour que ces entreprises puissent prospérer et se développer à leur plein potentiel.

Finances Î.-P.-É. administre plusieurs programmes particuliers, y compris :

- Programme de financement des terres agricoles
- Programme de prêts pour le bétail
- Programme de prêts pour le développement d'immeubles d'habitation
- Programme de microcrédit
- Programme de prêts pour les entrepreneurs
- Programme d'aide à la mise de fonds
- Programme de prêts pour l'efficacité énergétique

En mars 2020, en réponse à la pandémie mondiale de COVID-19, le gouvernement de l'Île-du-Prince-Édouard a déclaré un état d'urgence de santé publique.

Pour appuyer les entreprises de l'Île-du-Prince-Édouard durant cette période perturbée, le gouvernement provincial a introduit plusieurs mesures de soutien économique et de soutien aux entreprises, y compris les programmes suivants qui sont administrés par Finances Î.-P.-É. en totalité ou en partie.

## PROGRAMME DE FONDS DE ROULEMENT D'URGENCE POUR LES PETITES ENTREPRISES

Ce programme offrait des prêts pour aider les entreprises admissibles à maintenir leurs activités durant la période difficile de pandémie de COVID-19.

Les demandeurs admissibles pouvaient obtenir un prêt de fonds de roulement d'un montant maximal de 100 000 \$ à un taux d'intérêt fixe de 4 % par année, afin de faire face aux coûts d'exploitation fixes (y compris les salaires, le loyer, les services publics, etc.). Ces prêts étaient remboursables sur 6 ans, avec un report des paiements du capital et des intérêts pour les 12 premiers mois après le décaissement.

En date du 31 mars 2022, Finances Î.-P.-É. a fourni à 155 entreprises du financement pour un total de 11 674 670 \$.

## PROGRAMME DE PRÊTS D'AIDE AU TOURISME

Établi grâce à un partenariat entre Finances Î.-P.-É. et Tourisme Î.-P.-É., ce programme venait en aide aux exploitants d'entreprises touristiques de l'Î.-P.-É. au moyen de prêts remboursables consentis aux demandeurs admissibles. Les paiements d'intérêts sur les prêts approuvés dans le cadre de ce programme étaient admissibles à une exonération d'intérêts de Tourisme Î.-P.-É. pour une période de 18 mois, Finances Î.-P.-É. offrant des reports de capital pour la même période de 18 mois.

Les demandeurs admissibles pouvaient accéder à un financement d'un montant allant jusqu'à un million de dollars, remboursable sur une période de 20 ans, avec une durée de cinq ans à un taux d'intérêt fixe de 4 %.

En date du 31 mars 2022, Finances Î.-P.-É. et Tourisme Î.-P.-É. avaient fourni à 34 entreprises de l'aide financière totalisant 9 322 112 \$.



## PROGRAMME D'EXEMPTION DES INTÉRÊTS TOURISTIQUES

Une initiative conjointe de Finances Î.-P.-É. et de Tourisme Î.-P.-É., le Programme d'exemption des intérêts touristiques offrait une contribution non remboursable aux exploitants d'entreprises touristiques de l'île afin d'alléger les frais d'intérêt de la dette à terme. Pour être admissible, l'exploitant d'une entreprise touristique devait faire la preuve soit d'une diminution minimale de 30 % des recettes liées au tourisme provenant d'opérations situées à l'Île-du-Prince-Édouard par rapport au même mois de l'année précédente, soit de l'inexistence de revenus touristiques.

En date du 31 mars 2022, Finances Î.-P.-É. et Tourisme Î.-P.-É. avaient fourni à 183 entreprises l'exemption d'intérêts pour un total de 6 909 936 \$.

## PROGRAMME DE PRÊTS D'URGENCE POUR LES PÊCHES

Le Programme de prêts d'urgence pour les pêches offrait un prêt pouvant atteindre 25 000 \$ (basé sur la propriété cumulative des entreprises sous contrôle commun aux termes de la *Loi de l'impôt sur le revenu du Canada*) et était offert à tous les pêcheurs de l'Î.-P.-É.

Les prêts approuvés reportaient les paiements du capital pour un maximum de 18 mois à partir de la date du premier décaissement, et le ministère des Pêches et des Communautés acceptait de payer la portion d'intérêts du prêt pour la même période de 18 mois, jusqu'à concurrence d'un maximum cumulatif de 2,4 millions de dollars.

En date du 31 mars 2022, Finances Î.-P.-É. et le ministère des Pêches et des Communautés avaient fourni à 33 pêcheurs de l'île une aide financière totalisant 795 847 \$.

## PROGRAMME D'EXEMPTION DES INTÉRÊTS SUR LES PÊCHES

Le Programme d'exemption des intérêts sur les pêches est administré par Finances Î.-P.-É. en partenariat avec le ministère des Pêches et des Communautés, lequel rembourse aux pêcheurs de l'Î.-P.-É. leurs dépenses en intérêts engagées pendant un maximum de 12 mois seulement sur les dettes à terme (les marges de crédit sont exclues) avec leurs institutions financières.

En date du 31 mars 2022, Finances Î.-P.-É. et le ministère des Pêches et des Communautés avaient fourni à 866 pêcheurs de l'île l'exemption d'intérêts pour un montant de 10 278 478 \$.

## FAITS SAILLANTS DANS LES PRINCIPAUX SECTEURS SOUTENUS PAR FINANCES Î.-P.-É.

### **Agriculture**

Les recettes monétaires agricoles en 2021 ont totalisé 568,1 millions de dollars, soit une baisse de 1,4 % par rapport à 2020. En comparaison, le Canada dans son ensemble a connu une hausse de 14,9 %. Les recettes de cultures à l'Î.-P.-É. ont totalisé 369,7 millions de dollars, soit une baisse de 0,5 %. Les recettes de pommes de terre, qui représentaient 63,4 % du total des recettes de cultures, ont diminué de 7,1 % pour s'établir à 234,3 millions de dollars. Le total des recettes de bétail a augmenté de 9,4 % pour atteindre 167,0 millions de dollars, en grande partie à cause des hausses de 68,1 % des recettes porcines et de 5,4 % des recettes laitières. Les recettes bovines ont aussi augmenté (1,4 %) pour atteindre 31,8 millions de dollars.

### **Exportations**

Selon Industrie Canada, la valeur totale des biens exportés est passée de 1,5 milliard de dollars en 2020 à 1,7 milliard de dollars en 2021, une hausse de 12,5 %. Les exportations de produits de la mer représentaient 26,8 % de toutes les exportations internationales en 2021. Leur valeur est passée de 252,0 millions de dollars en 2020 à 454,3 millions de dollars en 2021, une hausse de 80,3 %.

### **Commerce de détail**

Les ventes au détail à l'Île-du-Prince-Édouard ont augmenté de 19,7 % en 2021, en hausse pour une douzième année de suite. Elles étaient évaluées à 3,0 milliards de dollars. Des hausses significatives ont été enregistrées par les commerces de matériaux de construction et de matériel pour le jardinage, de l'ordre de 25,0 % ou 78,9 millions de dollars.

### **Pêches**

Le ministère des Pêches et des Communautés estime que la valeur des prises totales de poisson a presque doublé en 2021, augmentant de 92,9 % pour atteindre 478,5 millions de dollars, après une diminution de 28,9 % en 2020. Les mollusques et crustacés demeurent de loin les espèces les plus pêchées à l'Île, représentant 97,6 % de la valeur des prises totales de poisson. Les débarquements totaux de homard ont augmenté de 21,1 % en 2021, ce qui, combiné à la hausse des prix, a contribué à augmenter leur valeur totale de 123,2 %, celle-ci atteignant 370,9 millions de dollars. Le prix moyen du homard est passé à 7,86 \$/lb en 2021, un record.

## **Tourisme**

L'industrie du tourisme a été la plus gravement touchée par la pandémie de COVID-19, subissant le fardeau des restrictions de voyage, des limites de capacité et des annulations d'activités. Le printemps et l'été 2021 ont bénéficié d'un relâchement progressif des restrictions de voyage, mais le nombre de touristes est demeuré bien en dessous des niveaux pré-pandémiques. Le nombre total de chambres-nuits vendues dans les établissements d'hébergement a augmenté de 68,0 % en 2021, après une diminution de 63,9 % en 2020. Les taux d'occupation dans les établissements d'hébergement de l'Île ont augmenté à 31,5 %, comparativement à 19,4 % en 2020, mais restent en deçà des 45,6 % observés en 2019. Le nombre de nuitées vendues dans les terrains de camping est passé à 26,4 %, avec un taux d'occupation en hausse à 39,2 % par rapport à 36,0 % en 2020.

## **Industrie manufacturière**

Le total des livraisons manufacturières a augmenté de 15,3 % en 2021, pour atteindre 2,6 milliards de dollars, soit un nouveau record. Avant la pandémie, les livraisons manufacturières connaissaient une croissance annuelle depuis 2010. Les secteurs des biens durables et non durables ont enregistré une croissance de 11,5 % et 17,1 % respectivement. L'emploi dans le secteur manufacturier a progressé de 6,0 % en 2020, pour atteindre 7 100 en 2021.

## AUTRES FAITS SAILLANTS ET RÉALISATIONS

Le portefeuille de prêts de Finances Î.-P.-É. s'élevait à 263,3 millions de dollars au 31 mars 2022, fournissant des services financiers à plus de 1 500 entreprises et résidents de l'Île. Cela représente une augmentation de 5 % par rapport à la période précédente.

Voici quelques observations sectorielles :

- Les prêts accordés aux entreprises du secteur de la pêche et de l'aquaculture se sont élevés à 118,23 millions de dollars, en légère hausse par rapport à 2021. Les prêts à ce secteur représentent environ 44 % de la valeur totale du portefeuille et 60 % de sa clientèle d'affaires.
- Le portefeuille de prêts pour le développement d'immeubles d'habitation propose un programme de financement destiné à aider les promoteurs qui souhaitent construire des immeubles d'habitation à l'Î.-P.-É. Lancé en novembre 2019, ce programme de prêts a contribué à financer plus de 21 nouveaux projets qui ont permis de créer 231 nouveaux logements locatifs à l'Île, avec un financement approuvé de l'ordre de 35,7 millions de dollars.

- Le portefeuille de prêts agricoles a augmenté de 13 % au cours de l'année 2022, pour atteindre 42,4 millions de dollars, soutenant une variété d'exploitations agricoles, dont les cultures arables, pastorales et mixtes. De plus, en 2022, un nouveau programme de financement de la pomme de terre a été instauré en partenariat avec le ministère de l'Agriculture et des Terres pour aider les producteurs de pommes de terre touchés par les restrictions sur l'entrée aux États-Unis de pommes de terre de semence et de pommes de terre de table fraîches.
- Les prêts liés au tourisme ont totalisé 33,6 millions de dollars à la fin de l'exercice, ce qui représente une augmentation de 17 % par rapport à la période précédente qui est attribuable principalement aux nouveaux programmes mis en œuvre pendant la pandémie de COVID-19 pour soutenir l'industrie. Le portefeuille soutient les exploitants en leur fournissant des capitaux et des fonds de roulement afin d'aider les clients à couvrir les coûts de démarrage de la saison, d'acquisition, de rénovation et d'expansion de leurs entreprises liées au tourisme.
- Alors que les prêts au secteur de la fabrication et de la transformation ont diminué légèrement, passant de 25,7 millions à 24,3 millions de dollars, le portefeuille de prêts plus diversifié du secteur des petites entreprises a augmenté légèrement par rapport à 2021, portant ce segment du portefeuille à 43 millions de dollars et répondant aux besoins de financement de plus de 245 petites entreprises.
- Le portefeuille de Finances Î.-P.-É. comprend des programmes de prêts élaborés pour soutenir la disponibilité des logements et les initiatives en matière d'efficacité énergétique du gouvernement provincial. Au 31 mars 2022, les prêts consentis en vertu de ces programmes totalisaient :
  - 1 304 901 \$ au titre du Programme d'aide à la mise de fonds qui a aidé 161 ménages à revenu modeste à faire l'acquisition de leur première résidence;
  - 1 226 754 \$ au titre du Programme de prêts pour l'efficacité énergétique qui a aidé 325 ménages à améliorer l'efficacité énergétique de leur domicile;
  - 410 684 \$ pour aider 21 ménages à acheter de l'équipement par l'intermédiaire du Programme de prêt pour l'efficacité énergétique pour l'équipement solaire photovoltaïque.

## CONSEIL D'ADMINISTRATION

**Cora Lee Dunbar** | Présidente

**Erin McGrath-Gaudet**

Sous-ministre | Ministère de la Croissance économique, du  
Tourisme et de la Culture

**Cindy Harris**

Secrétaire | Conseil du Trésor

**Jamie Aiken**

Président-directeur général | Finances Î.-P.-É.

**Muncey Harris (mandat échu le 22 mars 2022)**

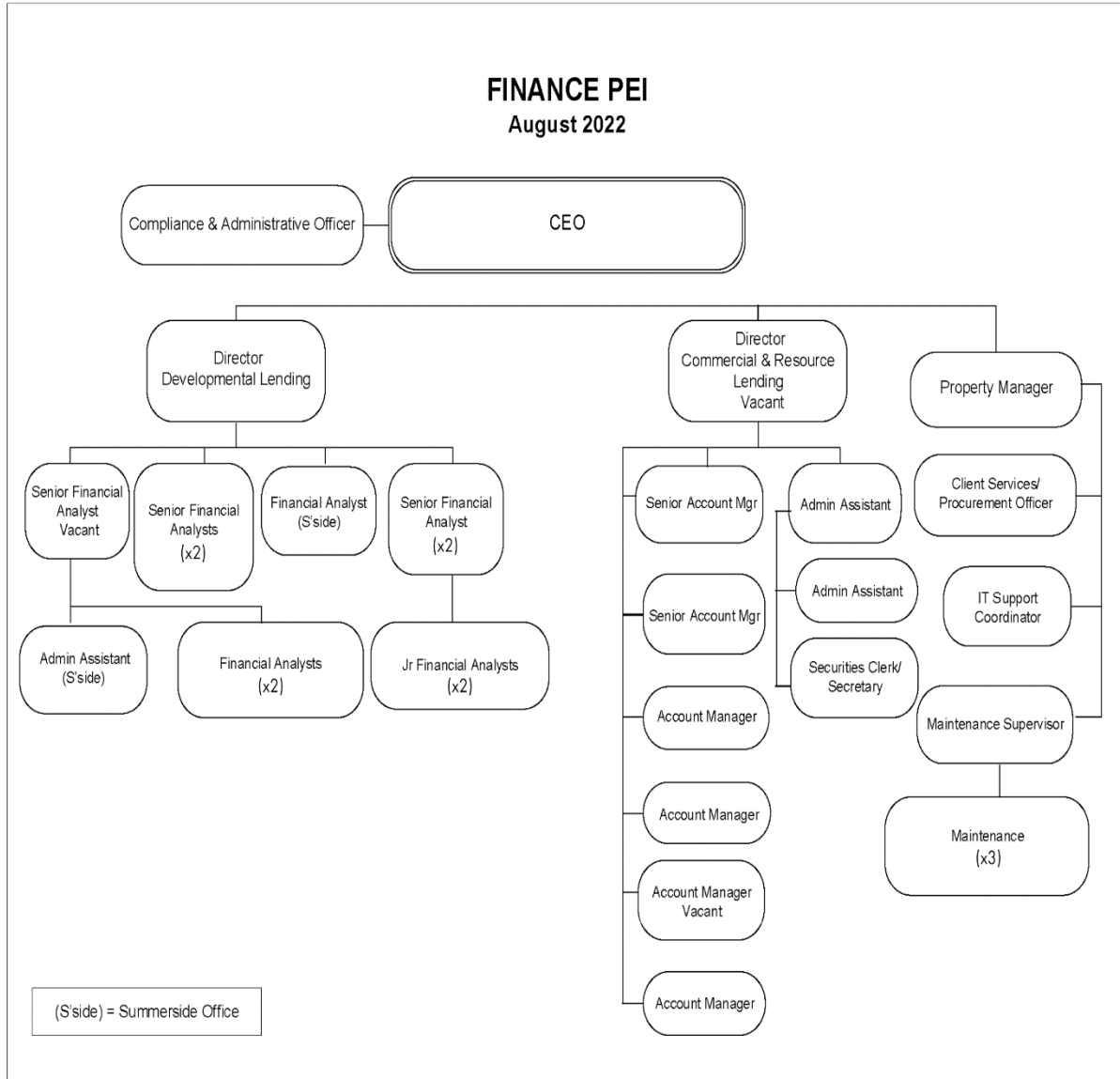
**Harold Publicover**

**Ricky Sanderson**

**Jamie Lewis**

**Brian Annear**

## STRUCTURE ORGANISATIONNELLE



Août 2022

CEO	<b>Président-directeur général</b>
Compliance & Administrative Officer	Responsable de la conformité et de l'administration
Director Developmental Lending	Directeur des prêts au développement
Director Commercial and Resource Lending (vacant)	Directeur des prêts commerciaux et des ressources (poste vacant)
Property Manager	Gestionnaire immobilier
Senior Financial Analyst (vacant)	Analyste financier principal (poste vacant)
Senior Financial Analysts	Analystes financiers principaux
Financial Analyst (S'side)	Analyste financier (Summerside)
Senior Financial Analysts	Analystes financiers principaux
Senior Account Manager	Gestionnaire de compte principal
Account Manager	Gestionnaire de compte
Account Manager (vacant)	Gestionnaire de compte (poste vacant)
Admin Assistant	Adjoint administratif
Admin Assistant (S'side)	Adjoint administratif (Summerside)
Client Services Procurement Officer	Responsable des services à la clientèle et de l'approvisionnement
Financial Analysts	Analystes financiers
Jr Financial Analysts	Analystes financiers débutants
Securities Clerk/Secretary	Commis/secrétaire aux valeurs mobilières
Maintenance Supervisor	Superviseur de la maintenance
IT Support Coordinator	Coordonnateur en soutien informatique
Maintenance	Maintenance

ÉTATS FINANCIERS VÉRIFIÉS



# **Finance PEI**

Consolidated Financial Statements  
**March 31, 2022**

## Management's Report

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

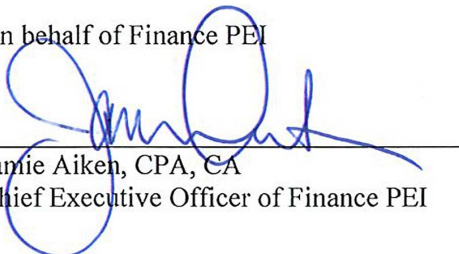
The consolidated financial statements are prepared by management in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies is disclosed in note 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 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



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Jamie Aiken, CPA, CA  
Chief Executive Officer of Finance PEI

Member of The AC Group of Independent Accounting Firms

June 28, 2022

## **Independent Auditor's Report**

### **To the Board of Directors of Finance PEI**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Finance PEI, which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations, accumulated surplus, changes in net financial assets (debt) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Finance PEI as at March 31, 2022, and the consolidated results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### ***Basis for Opinion***

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

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

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

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

Those charged with governance are responsible for overseeing Finance PEI's financial reporting process.

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

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



Member of The AC Group of Independent Accounting Firms

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Finance PEI's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Finance PEI's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Finance PEI to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

*ArsenaultBestCameronEllis*

**Chartered Professional Accountants**

# Finance PEI

## Consolidated Statement of Financial Position As at March 31, 2022

	2022 \$	2021 \$
<b>Assets</b>		
<b>Financial assets</b>		
Cash	9,013,835	2,965,903
Accounts receivable (notes 2 and 9)	3,083,094	1,611,786
Loans receivable (note 3)	222,809,624	217,387,606
Advances to related company (note 9)	39,292	39,292
Due from the Province of Prince Edward Island (note 9)	11,163,647	11,163,647
	<u>246,109,492</u>	<u>233,168,234</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 9)	2,278,601	2,156,935
Deferred revenue	1,122,141	1,159,098
Advances from related companies (note 9)	26,961,105	24,347,681
Short-term notes payable (note 4)	13,839,660	39,255,122
Long-term debt (note 5)	199,532,713	167,506,031
	<u>243,734,220</u>	<u>234,424,867</u>
<b>Net financial assets (debt)</b>	<u>2,375,272</u>	<u>(1,256,633)</u>
<b>Contingent liabilities</b>		
<b>Commitments</b> (note 8)		
<b>Non-financial assets</b>		
Prepaid expenses	41,716	70,606
Net investment in lease (note 6)	537,013	565,795
Foreclosed properties (note 7)	243,321	277,402
Property holdings (notes 5 and 9) (Schedule 2)	35,913,243	37,429,415
	<u>36,735,293</u>	<u>38,343,218</u>
<b>Accumulated surplus</b>	<u>39,110,565</u>	<u>37,086,585</u>

Approved by the Board of Directors

Director



Director

## Finance PEI

### Consolidated Statement of Accumulated Surplus For the year ended March 31, 2022

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	2022 \$	2021 \$
<b>Accumulated surplus - Beginning of year</b>	37,086,585	38,629,084
Operating surplus (deficit)	<u>2,023,980</u>	<u>(1,542,499)</u>
<b>Accumulated surplus - End of year</b>	<u>39,110,565</u>	<u>37,086,585</u>

# Finance PEI

## Consolidated Statement of Operations For the year ended March 31, 2022

	Budget (Unaudited) \$	Actual 2022 \$	Actual 2021 \$
<b>Revenue</b>			
Interest from borrowers (note 9)	10,075,000	11,561,137	11,417,091
Interest from deposits	26,200	26,216	24,904
Property operations (note 9)	4,550,000	5,459,782	5,014,457
Management fees (note 9)	500,000	500,000	500,000
Grant income	-	34,364	11,125
Gain (loss) on sale of property holdings	-	530,021	(222,001)
Miscellaneous	131,000	120,171	121,271
	<u>15,282,200</u>	<u>18,231,691</u>	<u>16,866,847</u>
<b>Expenses</b> (notes 5 and 9) (Schedule 1)			
Administration	783,200	972,111	1,022,186
Lending operations	6,694,500	6,022,968	5,999,607
Property operations	4,829,900	6,099,699	5,257,582
Provision for possible losses	4,500,000	3,112,933	6,129,971
	<u>16,807,600</u>	<u>16,207,711</u>	<u>18,409,346</u>
<b>Operating surplus (deficit)</b>	<u>(1,525,400)</u>	<u>2,023,980</u>	<u>(1,542,499)</u>

## Finance PEI

### Consolidated Statement of Changes in Net Financial Assets (Debt) For the year ended March 31, 2022

	2022 \$	2021 \$
<b>Operating surplus (deficit)</b>	2,023,980	(1,542,499)
Acquisition of property holdings	(864,450)	(11,991,139)
Amortization of property holdings	2,052,186	1,807,986
Loss (gain) on disposal of property holdings	(530,021)	222,001
Proceeds on disposal of property holdings	858,457	679,539
Transfer of provision to foreclosed properties	-	14,334
Payments received on foreclosed properties	34,673	-
Additions to foreclosed properties	(592)	(6,072)
	1,550,253	(9,273,351)
Decrease in prepaid expenses	28,890	27,298
Decrease in net investment in lease	28,782	27,743
	1,607,925	(9,218,310)
<b>Decrease (increase) in net debt</b>	3,631,905	(10,760,809)
<b>Net financial assets (debt) - Beginning of year</b>	(1,256,633)	9,504,176
<b>Net financial assets (debt) - End of year</b>	2,375,272	(1,256,633)



# Finance PEI

## Consolidated Statement of Cash Flows For the year ended March 31, 2022

	2022 \$	2021 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Operating surplus (deficit)	2,023,980	(1,542,499)
Items not affecting cash		
Amortization	2,052,186	1,807,986
Decrease in net investment in lease	28,782	27,743
Provision for possible losses	3,112,933	6,129,971
Loss (gain) on disposal of property holdings	(530,021)	222,001
	<u>6,687,860</u>	<u>6,645,202</u>
Net change in non-cash working capital items		
Increase in accounts receivable	(1,511,199)	(945,725)
Decrease in prepaid expenses	28,890	27,298
Increase (decrease) in accounts payable and accrued liabilities	121,666	(2,787)
Decrease in deferred revenue	(36,957)	(42,994)
	<u>5,290,260</u>	<u>5,680,994</u>
<b>Financing activities</b>		
Increase in advances from related companies	2,613,424	5,344,238
Increase in short-term notes payable	21,834,538	11,500,000
Repayment of short-term notes payable	(47,250,000)	(14,750,000)
Increase in long-term debt	49,770,642	36,000,000
Repayment on long-term debt	(17,743,960)	(21,649,028)
	<u>9,224,644</u>	<u>16,445,210</u>
<b>Investing activities</b>		
Increase in loans receivable	(8,476,458)	(26,779,824)
Additions to and purchases of property holdings	(864,450)	(11,991,139)
Reductions and proceeds on disposal of property holdings	858,457	679,539
Additions to foreclosed properties	(592)	(6,072)
Disposal of foreclosed properties	(18,602)	-
Payments received on investment in private companies	-	100,000
Payments received on foreclosed properties	34,673	-
	<u>(8,466,972)</u>	<u>(37,997,496)</u>
<b>Change in cash</b>	6,047,932	(15,871,292)
<b>Cash - Beginning of year</b>	<u>2,965,903</u>	<u>18,837,195</u>
<b>Cash - End of year</b>	<u>9,013,835</u>	<u>2,965,903</u>

# Finance PEI

## Notes to Consolidated Financial Statements

March 31, 2022

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### 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, 2022 year ends.

#### b) Cash

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

#### c) 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 by 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.

#### d) 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).

#### e) 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.

#### f) 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.

# Finance PEI

Notes to Consolidated Financial Statements

March 31, 2022

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## g) 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%

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

### 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) Estimated realizable value

Estimated realizable value for foreclosed properties, land and buildings held for resale and industrial site buildings, is its property tax assessed value. Estimated realizable value for industrial sites is the expected proceeds on resale. If property and equipment carrying value should exceed estimated realizable value, additional amortization or a writedown is provided.

## h) Impairment long-lived assets

The corporation tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds is fair value.

### i) Deferred revenue

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

# Finance PEI

## Notes to Consolidated Financial Statements

March 31, 2022

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### **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, accounts receivable, investments in private companies and foreclosed properties total \$16,395,742 (2021 - \$16,993,432).

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 accounts receivable, 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 accounts receivable, loans receivable, 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 \$29,686,168 (2021 - \$26,295,250) 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, 2022.

### **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.

# Finance PEI

## Notes to Consolidated Financial Statements

March 31, 2022

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### **m) 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.

### **n) Government transfers**

Government transfers are the transfer of assets from various 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.

### **o) Financial instruments**

#### **(a) Measurement of financial instruments**

Finance PEI's financial instruments consist of cash, accounts receivable, loans receivable, advances to related company, due from Province of Prince Edward Island, investment in private companies, accounts payable and accrued liabilities, short-term notes payable, long-term debt and advances from related companies.

The company initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. This fair value amount is then deemed to be the amortized cost of the financial instrument.

The company subsequently measures all its financial assets and financial liabilities at amortized cost.

#### **(b) Impairment**

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net earnings. The write-down reflects the difference between the carrying amount and the higher of:

# Finance PEI

## Notes to Consolidated Financial Statements

March 31, 2022

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- i) The present value of the cash flows expected to be generated by the asset or group of assets;
- ii) The amount that could be realized by selling the asset or group of assets;
- iii) The net realizable value of any collateral held to secure repayment of the asset or group of assets.

When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net earnings up to the amount of the previously recognized impairment.

### p) Management estimates and judgments

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;
- The recognized amounts of potential claims and liabilities depend on management's assessment of future costs and the probability these events will occur; and
- Since January 31, 2020, the outbreak of COVID-19 (coronavirus) has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruption to businesses globally resulting in an economic slowdown, and global equity markets have experienced significant volatility. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the outcome of government and central bank interventions.

In management's estimation, these events have not had a material impact on the carrying value of assets and liabilities reported in these financial statements as at March 31, 2022. The duration and impact of the COVID-19 pandemic remains unclear at this time. Therefore, it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the company for future periods.

# Finance PEI

## Notes to Consolidated Financial Statements

March 31, 2022

### 2 Accounts receivable

	2022 \$	2021 \$
Trade accounts receivable	1,037,930	1,530,161
HST receivable	897,826	558,139
Other	2,018,895	355,152
	<hr/>	<hr/>
	3,954,651	2,443,452
Allowance for possible losses	(871,557)	(831,666)
	<hr/>	<hr/>
	3,083,094	1,611,786
	<hr/>	<hr/>
<i>Continuity of allowance for possible losses</i>		
Beginning of year	831,666	841,719
Provision (recovery) during the year	39,891	(10,053)
	<hr/>	<hr/>
	871,557	831,666
	<hr/>	<hr/>

### 3 Loans receivable

				2022	2021
	Total \$	Allowance for possible losses General \$	Allowance for possible losses Specific \$	Net \$	Net \$
<b>Working capital loans</b>					
Agriculture	4,892,368	822,618	1,095,138	2,974,612	294,997
Tourism	12,401,219	1,755,107	-	10,646,112	2,200,970
Manufacturing and processing	3,343,832	364,203	263,820	2,715,809	2,589,063
Fisheries	2,461,968	-	-	2,461,968	2,719,196
Small business	17,560,837	2,696,551	646,857	14,217,429	8,737,359
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	40,660,224	5,638,479	2,005,815	33,015,930	16,541,585
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Long-term loans</b>					
Agriculture	26,693,837	4,102,974	3,422,080	19,168,783	27,026,854
Tourism	19,353,030	3,729,698	338,400	15,284,932	18,769,418
Manufacturing and processing	20,703,838	1,794,392	1,835,061	17,074,385	18,948,755
Fisheries and aquaculture	114,814,592	11,044,682	1,302,765	102,467,145	108,262,185
Small business	38,147,611	3,375,943	1,929,223	32,842,445	25,642,725
Residential	2,942,342	-	-	2,942,342	2,177,919
Shipbuilding/Shipping	10,000	-	10,000	-	-
Eco energy	13,662	-	-	13,662	18,165
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	222,678,912	24,047,689	8,837,529	189,793,694	200,846,021
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	263,339,136	29,686,168	10,843,344	222,809,624	217,387,606
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# Finance PEI

## Notes to Consolidated Financial Statements

March 31, 2022

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Working capital loans are repayable over various terms to a maximum of 5 years with interest rates ranging from 3.00% to 6.95%.

Long-term loans are repayable over various terms to a maximum of 10 years with interest rates ranging from 4.00% to 9.25%.

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*

	2022	2021
	\$	\$
<b>Allowance for possible losses - Beginning of year</b>	37,475,073	31,257,775
Add: Provision recorded during year	10,597,441	7,270,497
Less: Recoveries during year	(7,543,002)	(1,053,199)
	<hr/>	<hr/>
<b>Allowance for possible losses - End of year</b>	40,529,512	37,475,073
	<hr/>	<hr/>

#### 4 Short-term notes payable

	2022	2021
	\$	\$
Demand note payable to Island Investment Development Inc.	6,998,482	6,998,482
Demand notes payable to Province of Prince Edward Island	6,841,178	32,256,640
	<hr/>	<hr/>
	13,839,660	39,255,122
	<hr/>	<hr/>

The demand notes payable to Island Investment Development Inc. includes a \$15,000,000 available operating line of credit with an outstanding balance at March 31, 2022 of \$6,998,482 (2021 - \$6,998,482).

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.

Demand notes payable are issued by Island Investment Development Inc and the Province of Prince Edward Island 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.

Interest paid by Finance PEI on short-term notes payable is included in the expenditure category to which it relates. Included is interest for 2022 in the amount of \$189,887 (2021 - \$222,198).



# Finance PEI

## Notes to Consolidated Financial Statements

March 31, 2022

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### 5 Long-term debt

	2022 \$	2021 \$
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	860,266	935,373
2.31% note payable to Province of Prince Edward Island, due August 22, 2022, repayable in \$260,127 quarterly payments including principal and interest	515,782	1,529,695
3.03% note payable to Province of Prince Edward Island, due November 30, 2023, repayable in \$189,252 quarterly payments including principal and interest	1,285,516	1,990,176
6.01% note payable, due December 2024, repayable \$88,025 monthly including principal and interest	2,674,025	3,543,381
5.54% note payable, due December 2024, repayable \$7,969 monthly including principal and interest	243,625	323,522
2.03% note payable to Province of Prince Edward Island, due January 31, 2025, repayable \$10,541 quarterly including principal and interest	122,421	161,603
3.46% note payable to Province of Prince Edward Island, due March 31, 2031, repayable in \$32,366 quarterly payments including principal and interest	997,541	1,090,472
3.23% note payable to Province of Prince Edward Island, due June 1, 2032, repayable in \$342,453 annual payments including principal and interest	3,128,596	3,362,442
Notes payable to Province of Prince Edward Island with interest rates from 1.65% to 3.45%, maturing at various dates between 2022 and 2026	146,717,541	144,659,650
2.05% note payable to Province of Prince Edward Island, due September 30, 2036, repayable \$363,474 quarterly including principal and interest	18,143,017	-
2.36% note payable to Province of Prince Edward Island, due February 4, 2037, repayable \$302,544 quarterly including principal and interest	15,250,000	-
2.47% note payable to Province of Prince Edward Island, due October 31, 2040, repayable \$127,028 quarterly including principal and interest	7,607,038	7,922,372
	<hr/>	<hr/>
	199,532,713	167,506,031

# Finance PEI

## Notes to Consolidated Financial Statements

March 31, 2022

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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 6.01% 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, 2023	37,972,634
2024	38,806,493
2025	31,397,948
2026	35,349,562
2027	47,269,033

Interest paid by Finance PEI and its subsidiaries on long-term debt in the amount of \$3,726,070 (2021 - \$3,621,630) is included in the expenditure category to which it relates.

### 6 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:

	2022	2021
	\$	\$
Total of lease payments to be received to December 2035	700,030	750,030
Less: Portion representing interest at 3.75%	(163,017)	(184,235)
Net present value of net investment in lease	<u>537,013</u>	<u>565,795</u>

### 7 Foreclosed properties

	2022	2021
	\$	\$
Foreclosed projects - land, buildings and equipment held for resale	4,924,162	4,958,243
Less: Allowance for possible losses	(4,680,841)	(4,680,841)
	<u>243,321</u>	<u>277,402</u>

# Finance PEI

Notes to Consolidated Financial Statements

March 31, 2022

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## *Continuity of allowance for possible losses*

	2022	2021
	\$	\$
<b>Allowance for possible losses - Beginning of year</b>	4,680,841	4,666,507
Add: Provision recorded during the year	18,602	14,334
Less: Write-offs during the year	(18,602)	-
<b>Allowance for possible losses - End of year</b>	<u>4,680,841</u>	<u>4,680,841</u>

## 8 Commitments

Loans approved but not disbursed at March 31, 2022 total \$22,798,0094 (2021 - \$25,671,514).

## 9 Related party account balances and transactions

### Statement of Financial Position

	2022	2021
	\$	\$
<i>Advances to related company:</i>		
Biocommons Development Inc.	<u>39,292</u>	<u>39,292</u>
<i>Advances from related companies:</i>		
Innovation PEI	11,150,995	11,151,050
Island Investment Development Inc.	5,706,130	6,044,150
Prince Edward Island Century 2000 Fund Inc.	<u>10,103,980</u>	<u>7,152,481</u>
	<u>26,961,105</u>	<u>24,347,681</u>

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. is a subsidiary of a provincial Crown corporation. Biocommons Development Inc. is a non-profit company with a similar Board of Directors as P.E.I. Infrastructure Inc.'s Board of Directors.

# Finance PEI

## Notes to Consolidated Financial Statements

March 31, 2022

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

	2022	2021
	\$	\$
<b>Accounts receivable:</b>		
Due from Province of Prince Edward Island	359,679	551,646
Due from related companies	92,721	21,699
<b>Accounts payable and accrued liabilities:</b>		
Due to Province of Prince Edward Island	256,077	302,574
Due to related companies	743,955	738,275

### 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 \$830,263 (2021 - \$807,018) from related parties and nil (2021 - \$200,000) in capital grants received from Innovation PEI, a provincial Crown corporation.

During the year, management fees of \$500,000 (2021 - \$500,000) were received from Island Investment Development Inc., a provincial Crown corporation. Included in interest from borrowers revenue is \$146,387 (2021 - \$3,810,715) and nil (2021 - \$214,799) received from the Fisheries Interest Relief Program and Tourism Interest Relief Program, respectively. These programs were funded by the Province of Prince Edward Island.

Included in expenditures is \$3,752,599 (2021 - \$3,543,135) in interest paid to Province of Prince Edward Island and \$55,799 (2021 - \$46,035) 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.

During the year, Finance PEI administered the Fisheries Interest Relief Program on behalf of the Province of Prince Edward Island. The corporation administered \$201,417 (2021 - \$10,077,061) in funds for the program. As the corporation was acting as an agent of the Province of Prince Edward Island, this expenditure is not included as an expense of the corporation.

# Finance PEI

## Notes to Consolidated Financial Statements

March 31, 2022

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### 10 Contaminated site

On November 23, 2021, one of the properties owned by the corporation was placed on the Province of Prince Edward Island's Contaminated Site Registry, due to the fact that a portion of this property historically contained a dry cleaning business. The presence of chlorinated solvents that exceed regulatory criteria can be found in the deep groundwater aquifer on the property. No liability for remediation of the site has been recognized in these financial statements as there is no basis for a reasonable estimate.

### 11 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, 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:

	2022	2021
	\$	\$
Cash	9,013,835	2,965,903
Accounts receivable	3,083,094	1,611,786
Loans receivable	222,809,624	217,387,606
Advances to related companies	39,292	39,292
Due from the Province of Prince Edward Island	11,163,647	11,163,647
	<u>246,109,492</u>	<u>233,168,234</u>

# Finance PEI

## Notes to Consolidated Financial Statements

March 31, 2022

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(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, 2022	265,173	732,466	5,478,628	6,476,267
March 31, 2021	1,123,391	682,340	4,023,800	5,829,531

(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.

# Finance PEI

## Notes to Consolidated Financial Statements

March 31, 2022

	<b>Under 1 year \$</b>	<b>Between 1 - 5 years \$</b>	<b>Over 5 years \$</b>	<b>2022 Total \$</b>
Accounts payable and accrued liabilities	2,278,601	-	-	2,278,601
Advances from related companies	26,961,105	-	-	26,961,105
Short-term notes payable	13,839,660	-	-	13,839,660
Long-term debt	37,972,634	152,823,036	8,737,043	199,532,713
	<u>81,052,000</u>	<u>152,823,036</u>	<u>8,737,043</u>	<u>242,612,079</u>

	<b>Under 1 year \$</b>	<b>Between 1 - 5 years \$</b>	<b>Over 5 years \$</b>	<b>2021 Total \$</b>
Accounts payable and accrued liabilities	2,156,935	-	-	2,156,935
Advances from related companies	24,347,681	-	-	24,347,681
Short-term notes payable	39,255,122	-	-	39,255,122
Long-term debt	36,682,473	121,256,690	9,566,868	167,506,031
	<u>102,442,211</u>	<u>121,256,690</u>	<u>9,566,868</u>	<u>233,265,769</u>

### (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.

# Finance PEI

Notes to Consolidated Financial Statements

March 31, 2022

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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.

	<b>Net interest income change \$</b>	<b>Interest expense change \$</b>
Impact of		
1% increase in interest rates	59,438	138,397
1% decrease in interest rates	(59,438)	(138,397)

(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, 2022

Schedule 1

							2022
	Salaries Benefits \$	Operating Goods & Services \$	Property Operations \$	Lending Operations \$	Interest Expense \$	Amortization \$	Total \$
<b>Expenses</b>							
Administration	397,172	500,965	-	-	-	73,974	972,111
Lending operations	1,877,301	-	-	246,510	3,899,157	-	6,022,968
Property operations	529,832	134,629	3,452,346	-	16,300	1,966,592	6,099,699
Provision for possible losses	-	-	-	3,112,933	-	-	3,112,933
	2,804,305	635,594	3,452,346	3,359,443	3,915,457	2,040,566	16,207,711
							2021
	Salaries Benefits \$	Operating Goods & Services \$	Property Operations \$	Lending Operations \$	Interest Expense \$	Amortization \$	Total \$
<b>Expenses</b>							
Administration	407,936	542,141	-	-	-	72,109	1,022,186
Lending operations	1,686,825	-	-	489,111	3,823,671	-	5,999,607
Property operations	544,518	131,606	2,825,424	-	20,157	1,735,877	5,257,582
Provision for possible losses	-	-	-	6,129,971	-	-	6,129,971
	2,639,279	673,747	2,825,424	6,619,082	3,843,828	1,807,986	18,409,346

# Finance PEI

## Schedule of Property Holdings

As at and for the year ended March 31, 2022

Schedule 2

	Cost				Accumulated amortization				2022
	Beginning \$	Additions \$	Disposals \$	Ending \$	Beginning \$	Amortization \$	Disposals/ adjustments \$	Ending \$	Net book value \$
<b>General</b>									
Land	981,500	-	-	981,500	-	-	-	-	981,500
Land improvements	44,765	-	-	44,765	44,765	-	-	44,765	-
Building	3,421,500	20,706	-	3,442,206	1,649,784	132,666	-	1,782,450	1,659,756
	4,447,765	20,706	-	4,468,471	1,694,549	132,666	-	1,827,215	2,641,256
<b>Property holdings held for resale</b>									
Land	2,155,171	6,750	-	2,161,921	-	-	-	-	2,161,921
Buildings	1,212,434	-	-	1,212,434	385,245	48,497	-	433,742	778,692
	3,367,605	6,750	-	3,374,355	385,245	48,497	-	433,742	2,940,613
<b>Industrial Sites</b>									
Land	2,954,873	97,631	(119,396)	2,933,108	-	-	-	-	2,933,108
Land improvements	3,017,951	34,364	-	3,052,315	2,787,239	30,191	-	2,817,430	234,885
Leasehold improvements	1,024,652	269,221	-	1,293,873	578,499	81,148	-	659,647	634,226
Building	41,895,882	413,744	(358,764)	41,950,862	13,878,389	1,704,059	(149,724)	15,432,724	26,518,138
Equipment	7,384,720	22,034	-	7,406,754	7,340,112	55,625	-	7,395,737	11,017
	56,278,078	836,994	(478,160)	56,636,912	24,584,239	1,871,023	(149,724)	26,305,538	30,331,374
	64,093,448	864,450	(478,160)	64,479,738	26,664,033	2,052,186	(149,724)	28,566,495	35,913,243

# Finance PEI

## Schedule of Property Holdings

As at and for the year ended March 31, 2021

Schedule 2

	Cost				Accumulated amortization				2021
	Beginning \$	Additions \$	Disposals \$	Ending \$	Beginning \$	Amortization \$	Disposals/ adjustments \$	Ending \$	Net book value \$
<b>General</b>									
Land	981,500	-	-	981,500	-	-	-	-	981,500
Land improvements	44,765	-	-	44,765	44,765	-	-	44,765	-
Building	3,328,098	93,402	-	3,421,500	1,519,400	130,384	-	1,649,784	1,771,716
	4,354,363	93,402	-	4,447,765	1,564,165	130,384	-	1,694,549	2,753,216
<b>Property holdings held for resale</b>									
Land	1,705,171	600,000	(150,000)	2,155,171	-	-	-	-	2,155,171
Buildings	1,212,434	-	-	1,212,434	336,748	48,497	-	385,245	827,189
	2,917,605	600,000	(150,000)	3,367,605	336,748	48,497	-	385,245	2,982,360
<b>Industrial Sites</b>									
Land	3,139,663	79,448	(264,238)	2,954,873	-	-	-	-	2,954,873
Land improvements	2,923,226	94,725	-	3,017,951	2,763,312	23,927	-	2,787,239	230,712
Leasehold improvements	1,001,339	23,313	-	1,024,652	507,589	70,910	-	578,499	446,153
Building	31,505,294	11,049,104	(658,516)	41,895,882	12,566,013	1,483,590	(171,214)	13,878,389	28,017,493
Equipment	7,333,573	51,147	-	7,384,720	7,289,434	50,678	-	7,340,112	44,608
	45,903,095	11,297,737	(922,754)	56,278,078	23,126,348	1,629,105	(171,214)	24,584,239	31,693,839
	53,175,063	11,991,139	(1,072,754)	64,093,448	25,027,261	1,807,986	(171,214)	26,664,033	37,429,415

## COORDONNÉES

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