Prince Edward Island
CANADA

ISLAND INVESTMENT DEVELOPMENT INC.
2018-2019 Annual Report

Message from the Minister

Matthew MacKay was elected to the Prince Edward Island Legislature on April 23, 2019 as the representative for District 20, Kensington – Malpeque. He was sworn in as Minister of Economic Growth, Tourism and Culture on May 9, 2019.

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Charlottetown, PE C1A 7N8
North 5th Floor
(902) 368-4230
ministeregtc@gov.pe.ca

September 30, 2019

The Honourable Antoinette Perry
Lieutenant Governor of Prince Edward Island

May It Please Your Honour:

Pursuant to the Annual Reporting Framework of the Financial Administration Act governing Crown Corporations, I am pleased to present to you, the Annual Report of Island Investment Development Inc. for the fiscal year ending March 31, 2019.

Sincerely yours,

Hon. Matthew MacKay
Minister of Economic Growth, Tourism and Culture

Message from the Chairperson

September 19, 2019

The Honourable Matthew MacKay
Minister of Economic Growth, Tourism and Culture
Province of Prince Edward Island

Dear Minister:

I take pleasure in presenting you with the Annual Report for the fiscal year ending March 31, 2019.

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

Sincerely yours,

Johnny Flynn
Chairperson, Board of Directors - Island Investment Development Inc.

Message from the Executive Director

September 19, 2019

The Honourable Matthew MacKay
Minister of Economic Growth, Tourism and Culture
Province of Prince Edward Island

Dear Minister:

I present to you the Annual Report for the fiscal year ending March 31, 2019.

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

Sincerely yours,

Jamie Aiken, CPA, CA
Executive Director

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Island Investment Development Inc. (IIDI) is a crown corporation within the Department of Economic Growth, Tourism and Culture*. Operating as the PEI Office of Immigration, IIDI is responsible for provincial immigration as outlined in the Canada-Prince Edward Island Co-operation on Immigration agreement. This responsibility includes the delivery of the Prince Edward Island Provincial Nominee Program (PNP) as well as the promotion, recruitment, selection, settlement and integration of immigrants to the province. IIDI is also responsible for administering the Atlantic Immigration Pilot Program in collaboration with IRCC.

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

The Prince Edward Island Provincial Nominee Program (PNP) nominates individuals to the federal government for permanent residency. Individuals are chosen based on their ability to economically establish and their intent to live and work in PEI. If approved by the federal government, they receive permanent residence. Additionally, the province has signed a 3 year agreement with IRCC to implement the Atlantic Immigration Pilot Program (AIPP). The AIPP is designed to support Atlantic Canada with an additional 2,500 newcomers and their families annually. During the 2018/2019 year, a two year extension to the Pilot was announced expiring in December 2021.

Key highlights from the 2018-19 year include:

- **In Fiscal 2018/19, Prince Edward Island's population is estimated to have grown 2.2% to 153,318. This was the largest percentage change of all provinces in Canada.**
- **The number of employed persons in PEI increased by 3.1 percent in 2018 - the highest growth rate among provinces; as a result, the unemployment rate decreased 0.4% to 9.4%, which is the lowest annual average since 1976.**
- **Approximately 87% of all nominations are in support of workforce development.**
- **In 2018-19, Prince Edward Island continued to see strong diversification seeing newcomers from India, China, the Philippines, Vietnam, and Taiwan to name a few.**
- **The growth of the Atlantic Immigration Pilot Program has continued to support Island Employers filling job vacancies in Prince Edward Island with 200 new positions in 2018. There are 250 Island employers currently participating in the AIPP.**
- **In September 2018, a program review of the business/entrepreneur streams was completed resulting in the closure of the 100% Ownership and Partial Ownership Streams. Read the program review at https://www.princeedwardisland.ca/sites/default/files/publications/program_review_entrepreneur_stream_oct_2018.pdf**
- **In November 2018, a new 5 year Federal/ Provincial Agreement on Immigration was signed.**
- **In March 2019, a 2 year extension of the Atlantic Immigration Pilot was announced. The Pilot will now run until December 2021.**

*Effective May 9, 2019, the Department of Economic Development and Tourism became the Department of Economic Growth, Tourism and Culture.

Island Investment Development Inc. (IIDI) est une société de la Couronne qui fait partie du ministère de la Croissance économique, du Tourisme et de la Culture*. Sous le nom du Bureau de l'immigration de l'Î.-P.-É., IIDI est responsable de l'immigration provinciale conformément à l'Accord de collaboration Canada–Île-du-Prince-Édouard sur l'immigration. Cette responsabilité comprend la prestation du Programme des candidats de l'Î.-P.-É. ainsi que la promotion, le recrutement, la sélection, l'établissement et l'intégration d'immigrants dans notre province. IIDI est aussi responsable de l'administration du Programme pilote d'immigration au Canada atlantique auprès d'Immigration, Réfugiés et Citoyenneté Canada (IRCC).

Vers la fin des années 1990, IRCC a mis sur pied des programmes de candidats provinciaux pour permettre aux provinces et territoires de désigner des ressortissants étrangers qui satisfont aux exigences liées à l'immigration économique et qui s'intéressent à s'établir sur leur territoire. L'Île-du-Prince-Édouard a signé l'accord en juin 2008. L'un des objectifs principaux des nouveaux accords était d'appuyer la réorientation des nouveaux arrivants vers les provinces plus petites, notamment l'Île-du-Prince-Édouard.

Le Programme des candidats de l'Île-du-Prince-Édouard est un programme de sélection qui propose des candidats pour la résidence permanente au gouvernement fédéral. La province choisit des candidats en fonction des critères du programme, y compris leur capacité à s'établir économiquement et leur intention de vivre et de travailler à l'Île-du-Prince-Édouard. Si le gouvernement fédéral approuve leur candidature, ils obtiennent la résidence permanente. De plus, la province a signé une entente triennale avec IRCC pour mettre en œuvre le Programme pilote d'immigration au Canada atlantique (PPIA). Le PPIA a été conçu afin d'appuyer le Canada atlantique avec un autre 2 500 nouveaux arrivants et leur famille annuellement. Au cours de l'année financière 2018-2019, une prolongation au programme pilote de deux ans a été annoncée, prenant fin en décembre 2021.

Voici quelques faits saillants pour 2018-2019 :

- **Au cours de l'année financière 2018-2019, on estime que la population de l'Île-du-Prince-Édouard a augmenté de 2,2 pour cent, se chiffrant à 153 318. Il s'agit du plus important changement démographique de toutes les provinces du Canada.**
- **Le nombre de travailleurs à l'Î.-P.-É. a augmenté de 3,1 pour cent en 2018 – le plus important taux de croissance parmi les provinces; le taux de chômage a donc diminué de 0,4 pour cent, passant à 9,4 pour cent, la moyenne annuelle la plus basse depuis 1976.**
- **Environ 87 pour cent de toutes les nominations visent le développement de la main-d'œuvre.**
- **En 2018-2019, l'Île-du-Prince-Édouard a continué de constater une forte diversification, accueillant de nouveaux arrivants de l'Inde, de la Chine, des Philippines, du Vietnam et de Taiwan, entre autres.**
- **La croissance du Programme pilote d'immigration au Canada atlantique a continué d'aider les employeurs de l'Île à pourvoir des postes à l'Île-du-Prince-Édouard – un total de 200 nouveaux postes en 2018. À l'heure actuelle, 250 employeurs de l'Île participent au PPIA.**
- **En septembre 2018, un examen du volet commercial/entrepreneurial a été réalisé, ce qui a entraîné la fermeture des volets Propriétaire à 100 % et Propriétaire partiel. Consultez l'examen à l'adresse suivante : https://www.princeedwardisland.ca/sites/default/files/publications/program_review_entrepreneur_stream_oct_2018**
- **En novembre 2018, le gouvernement fédéral et le gouvernement provincial ont signé un nouvel accord de collaboration quinquennale sur l'immigration.**
- **En mars 2019, une prolongation de deux ans du Programme pilote d'immigration au Canada atlantique a été annoncée. Le programme se poursuivra maintenant jusqu'en décembre 2021.**

**Le 9 mai 2019, le ministère du Développement économique et du Tourisme est devenu le ministère de la Croissance économique, du Tourisme et de la Culture.*

Overview

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

Legislative Responsibility

Island Investment Development Inc. is responsible for administering the Island Investment Development Act. Through the administration of this Act, IIDI's responsibilities are to raise capital in foreign and domestic markets and to provide investment opportunities for projects that have a significant economic benefit to PEI. Furthermore, to promote PEI as a premier destination for offshore investment and to attract entrepreneurs to establish business in the province are also key responsibilities for IIDI.

Mission

The mission of IIDI is to deliver adaptive programs and services that facilitate the economic and social growth of PEI by attracting and retaining newcomers to the province and to attract immigration applications that are best suited to positively contribute to the province`s unique economy and culture. IIDI continues to focus on this while working with other Departments to promote and implement population retention strategies.

Vision

The vision of IIDI is to establish and maintain Prince Edward Island as a destination of choice for newcomers and current residents.

Mandate

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

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

- **Administer the PEI PNP and AIPP and select immigrants who fulfill a labour market need, and will make a contribution to PEI's economy;**
- **Develop, implement and deliver immigration programs that encourage the integration and retention of newcomers;**
- **Promote relationships and support services for connecting employers with foreign national employees;**
- **Market all of the immigration pathways to Prince Edward Island, and promote PEI as an attractive immigration destination for both working opportunities and community building;**
- **Provide coordination and funding to stakeholders that are delivering various services to newcomers;**
- **Stimulate economic development through lending, to support the growth and needs of the private sector in PEI;**
- **Support immigrant entrepreneurs in the establishment of their business.**

Programs & Initiatives

Expression of Interest (EOI)

In 2018, IIDI launched an Expression of Interest (EOI) system for receiving applications. All foreign nationals interested in applying for permanent residency through the Business Impact Category, Express Entry or Labour Impact Category must first create an account and profile through our on-line Expression of Interest System.

On a monthly basis, applicants who meet our program criteria, and meet the minimum established point threshold will receive an Invitation to Apply to the PEI Provincial Nominee Program. During fiscal 2018/2019, IIDI invited 268 applicants to the Business program and 1,470 applicants to our Labour programs (total 1,738).

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

Program Review – Business Streams

In 2018, IIDI carried out a review of our business/entrepreneur streams. The results of this review were nine recommendations intended to improve outcomes under the business program. The main recommendation was the closure of the 100% Ownership and Partial Ownership streams of the Provincial Nominee Program. On September 20, 2018 these streams were closed leaving the Work Permit Stream as the only business/entrepreneur category available.

The Program Review can be found on our website at: **www.princeedwardisland.ca/sites/default/files/publications/program_review_entrepreneur_stream_oct_2018.pdf**

Immigration Categories

Through the Province of Prince Edward Island PNP, foreign nationals have the ability to apply through the following three different categories:

Business Impact Category

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

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

Labour Impact Category

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

The three streams from which an applicant can choose, are as followed:

Skilled Worker

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

Critical Worker

This program is designed to retain workers, primarily those currently with a valid work permit, to fill long-term labour market shortages in occupations that typically require a high school education and/or on-the-job training. Transportation and Logistics, Seafood Processing, and Health Care are sectors that typically use this stream to help address their labour shortages.

International Graduate

This program is designed to provide a pathway for those students that attended a publicly funded PEI University or College to obtain permanent residency, so long as they find employment on PEI with an employer who has demonstrated a labour shortage in a high-skill position.

Prince Edward Island continues to be a destination of choice of international students. PEI post-secondary institutions are attended each year by thousands of international students because of its culture and community. It is imperative that we make sure that these talented, bright, young individuals have the opportunity to stay on PEI and build their lives here and contribute to growing the PEI economy after graduation.

Express Entry

IRCC has an electronic application management system that was started in 2015 called Express Entry. The programs that are administered through this system are the Federal Skilled Worker, the Federal Skilled Trades, and the Canadian Experience Class. Applicants are ranked on a number of human capital factors and the top scoring applicants are then invited to apply for permanent residency. The primary goals of the Express Entry Category are to eliminate backlogs that IRCC had in these programs, to eliminate the requirement to process files on a first-in, first-out basis, and to improve overall processing times. Through this system, only the top ranked applicants are selected to apply. IRCC has committed to a process that will see 80% of applicants processed within six months.

Each province is given an enhanced allocation to use through Express Entry in order to nominate individuals who intended to live and work in that province. Applicants through this stream are required to meet the criteria of at least one of

Office of Immigration Staff addressing the crowd at an International Graduate event.

the federal programs mentioned above that are administered through the system, as well as having expressed their interest to live and work in PEI. IIDI then selects the individuals that meet the specific needs of the province's labour market and invites them to make a formal application.

Atlantic Immigration Pilot Program

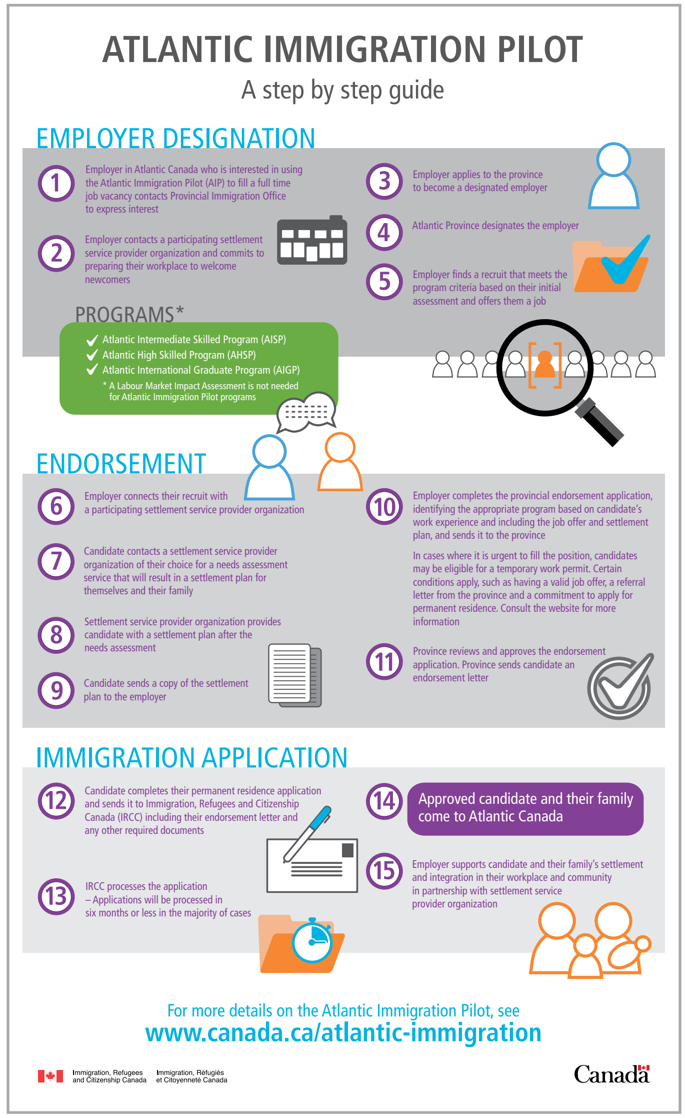
In July 2016 a partnership between the federal government and the four Atlantic Canadian provinces was announced to launch a new Atlantic Growth Strategy. The partnership was aimed at increasing job opportunities and stimulating economic development in Atlantic Canada. Included in the plan was a three year immigration pilot program which is aimed to increase the number of new immigrants establishing in the region by 2,000 additional nominations annually. Due to the demand, IRCC has extended the program until December 2021 as well as increased the annual allocation by five hundred.

The Atlantic Immigration Pilot Program (AIPP) is an employer-driven federal immigration pilot program that is designed to help PEI businesses fill permanent labour shortages and skill gaps by endorsing foreign nationals for permanent residency. The AIPP includes three different streams that aim to address different needs:

Atlantic High Skilled Program: allows employers to attract highly skilled individuals

Atlantic Intermediate Skilled Program: allows employers to attract semi-skilled individuals

Atlantic International Graduate Program: allows employers to attract recent graduates from Atlantic Canadian post-secondary institutions



Program Statistics

The Province of Prince Edward Island is given an allocation from IRCC every year, which is the maximum number of nomination certificates IIDI can use in a year. A nomination certificate represents a family unit and is given out on a calendar year basis. The Provinces allocation for 2018 is 850. The allocation given to the Province is then further divided between the PEI PNP streams, also known as “base allocation” of 500 and the Express Entry stream, called “enhanced allocation” of 350. In fiscal 2018/19 there was an additional alocation of 220 under the Atlantic Immigration Pilot.

April 1, 2018- March 31, 2019 Nominations by Category

Stream	#	%
Labour Streams	286	30%
Business/Entrepreneur Streams	127	13%
Express Entry	347	36%
Atlantic Immigration Pilot	197	21%
Total	**957**	**100%**

87% of Nominations were for Employer Driven Programs

There are a number of selection factors that are used by IIDI to ensure that all candidates meet the program criteria. This allows for the best chance for successful candidates to economically establish themselves in Prince Edward Island. Age, education, language ability, work experience, and community endorsement, are all key factors that influence the success of an immigrant after their landing. The following tables reflect an overview of IIDI’s nominations for age and education:

April 1, 2018 - March 31, 2019 Nominations by Level of Education

Level of Education	#	%
Ph.D	7	1%
Master's Degree	116	12%
Bachelor's Degree	201	21%
Certificate/Diploma	369	39%
Trade/Apprenticeship	11	1%
Secondary	253	26%
Total	**957**	**100%**

Note – Minimum education requirement for the AIPP is Secondary. All have been included in this line.

April 1, 2018 - March 31, 2019 Nominations by Age All Categories

Age at Nomination	#	%
21-29	495	52%
30-39	261	27%
40-49	160	17%
50-59	37	4%
60+	4	0%
Total	**957**	**100%**

79% of Nominations are Under the Age of 40

Creating familiar communities and strong cultural surroundings for newcomers is important in the successful settlement and retention of immigrants in PEI. The countries of origin that have been nominated by PEI have remained fairly consistent over the past number of years.

72 **Countries Represented by Program Applicants**

April 1, 2018 - March 31, 2019 Nominations by Country

Country	#	%
India	401	42%
China	117	12%
Philippines	89	9%
Vietnam	60	6%
Taiwan	52	6%
All Other Countries	238	25%
Total	**957**	**100%**

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

Prince Edward Island Landings	2016	2017	2018
Family Class	80	85	110
Economic Immigration– Federal	40	120	310*
Economic Immigration - Provincial	1,930	2,050	1,630
Refugees (Protected Persons)	265	90	85
Total	**2,315**	**2,350**	**2,135**

* The increase in the 2018 "Economic Immigration – Federal" is primarily from the Atlantic Immigration Pilot Program.

** Landings are expected to be approximately 2,300 in 2019

Settlement Initiatives

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

IIDI is a funding partner with the Greater Charlottetown Area Chamber of Commerce for the PEI Connectors Program and the PEI Network Program. The PEI Connectors program connects newcomer entrepreneurs to local business and community leaders to help them build networks and establish or purchase a business. They do this through hosting one on one meetings, business workshops, community outreach bus tours, and networking events as part of their programming. PEI Connectors Program has a presence in all three counties with offices in Charlottetown, Summerside and Montague.

The PEI Network Program is a pay-it-forward program that taps engaged community and business leaders to help employment-ready local and international graduates and newcomers build professional networks and break into the local labour market. Through direct referrals, participants learn about the local job market and rapidly grow their business network which increases their likelihood of finding a job in their field and staying in Prince Edward Island.

IIDI has funded a Settlement Worker position at the PEI Association for Newcomers (PEIANC). This individual is responsible for travelling across the province visiting businesses and meeting with both employers and employees who are part of the AIPP. This person delivers presentations to employers to help them understand their role and responsibilities in the AIPP and provides detailed information on PEIANC programs and services as well referrals for additional settlement support, integration activities, language learning supports, transportation, etc.

IIDI also funds PEIANC's annual DiverseCity Multicultural Festival which celebrates multiculturalism on PEI. DiverseCity is PEI's largest, family-friendly, free, outdoor street festival and provides a multicultural meeting-place which is accessible to all Islanders — new and established — and helps to create a more welcoming community for immigrants. DiverseCity festivals are held annually in Alberton, Montague and Charlottetown.

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

There are currently close to over 1,500 international students enrolled at PEI post secondary institutions. The retention of International graduates is a priority of the Province of PEI. IIDI has dedicated staff who work closely with Holland College, UPEI, and Collège de l'Île assisting international students who may wish to stay on PEI to live and work upon graduation.

Prince Edward Island is proud of the accomplishments of our Immigration Programs. We continue to support integration efforts and showcase success achieved and work with our ethno-cultural groups and partners to support integration efforts. There are currently over twenty active ethno-cultural groups that call the Island home. It is important to celebrate the success of our newcomers and we will continue to profile these successes on our website and YouTube channel. We have included some of these profiles on the following page.

Newcomer Profiles

Marie Antoinette Guevarra PANGAN
(Philippines)

- Came to PEI in 2010 as a temporary foreign worker
- Nominated under the Critical Worker stream as a seafood processing plant worker
- In 2015, she chased her dream to complete the Nursing program at UPEI and is currently employed at the Queen Elizabeth Hospital

Fei CHEN
(China)

- Came to PEI in 2007 as an exchange student and then returned to complete her Computer Science degree in 2015
- Supported by her employer, Somru Bioscience Inc. under the Atlantic International Graduate Stream

Peta-gaye REECE
(Jamaica)

- Came to PEI in January 2014
- Nominee under the PEI Express Entry stream
- Working at UPEI as Business Process Project Officer
- Now that she is settled and integrated into PEI, her cousin and niece are now studying in PEI as international students

Tang TANG & Ni Guo
(China)

- Tang came to PEI in 2009, as a nominee under the Skilled Worker stream. Ni came to PEI in 2008, as a nominee under the International Graduate Stream
- They fell in love on campus and married after they each graduated with business degrees
- They both worked in PEI to gain valuable experience before they confidently started their own restaurants, the MadWok. They are now successfully operating two locations in Charlottetown.

Anne Jamieson
(Scotland)

- Entrepreneur – Riverdale Orchard Ltd.
- Arrived in PEI in 2014 with her husband Alex and established their company.
- The operation consists of several orchards with over 3,000 trees, a Cidery with a viewing and tasting room and a Deck offering Cider and Food.
- Riverdale's signature cider, "2 Scots 3 Apples" won several Gold Awards at the 2018 Atlantic Canadian Beer Awards and is available in establishments all across PEI and in Halifax, NS.

Fund Management, Lending & Strategic Initiatives

IIDI also administers the PEI Century 2000 Fund Inc. (PEICF), which was created to support the growth and needs of the private sector and stimulate economic development. Through this fund, IIDI invests federal immigrant funds through strategic low interest financing to PEI businesses where there will be significant economic benefit to the Province.

General lending conditions associated with PEICF loans are as follows:

- **Loans are available for a term of five years;**
- **Loans bear interest at an annual rate of 4%. The annual rate is comprised of PEICF's cost of borrowing from the Federal Immigration Fund, the cost to administer the loan portfolio and the risk associated with the lending activities;**
- **Renewal financing is available for existing loans for one additional five-year term, using either a floating rate of prime plus a minimum of 1.25% pending on eligibility or a fixed rate equal to the posted five-year rate at a chartered bank;**
- **PEICF seeks similar security packages as would be ordinarily sought by a traditional chartered bank.**
- **At the end of 2018/19 fiscal year the loan portfolio was $172,284,907.**

PEICF's lending activities are aligned with provincial priorities and Innovation PEI's Strategic Sectors. On occasion, PEICF may also finance certain projects that may fall outside of PEI's Strategic Sectors, which have significant economic benefits to the provincial economy.

At fiscal year-end, IIDI had $6,454,267 in financing approved for several projects that remained undisbursed and therefore is not reflected in the value of loans outstanding. In many instances PEICF works in partnership with traditional lending institutions, Federal Government agencies and other local economic development agencies to complete financing packaged for a variety of projects.

Slemon Park is a private corporation and is owned 100% by IIDI. IIDI works collaboratively with Slemon Park Corporation on key initiatives to support economic growth.

In 2019 a report was completed outlining the economic impact of Slemon Park on the PEI economy. This study reported that the estimated impact of Slemon Park on Prince Edward Island's GDP is $141.3M, equating to approximately 2.6% of PEI's total GDP. The full report can be found at **www.slemonpark.com/wp-content/uploads/2019/07/Slemon-Park_Economic-Impact-Study.pdf**

Aerial view of Slemon Park.

Appendix A | Board of Directors

Johnny Flynn | Chairperson
Member at Large

Brendon McCloskey
Member at Large

Leticia LaRosa
Member at Large

Pamela Montgomery
Member at Large

David Keedwell**
Deputy Minister | *Department of Economic Development and Tourism*

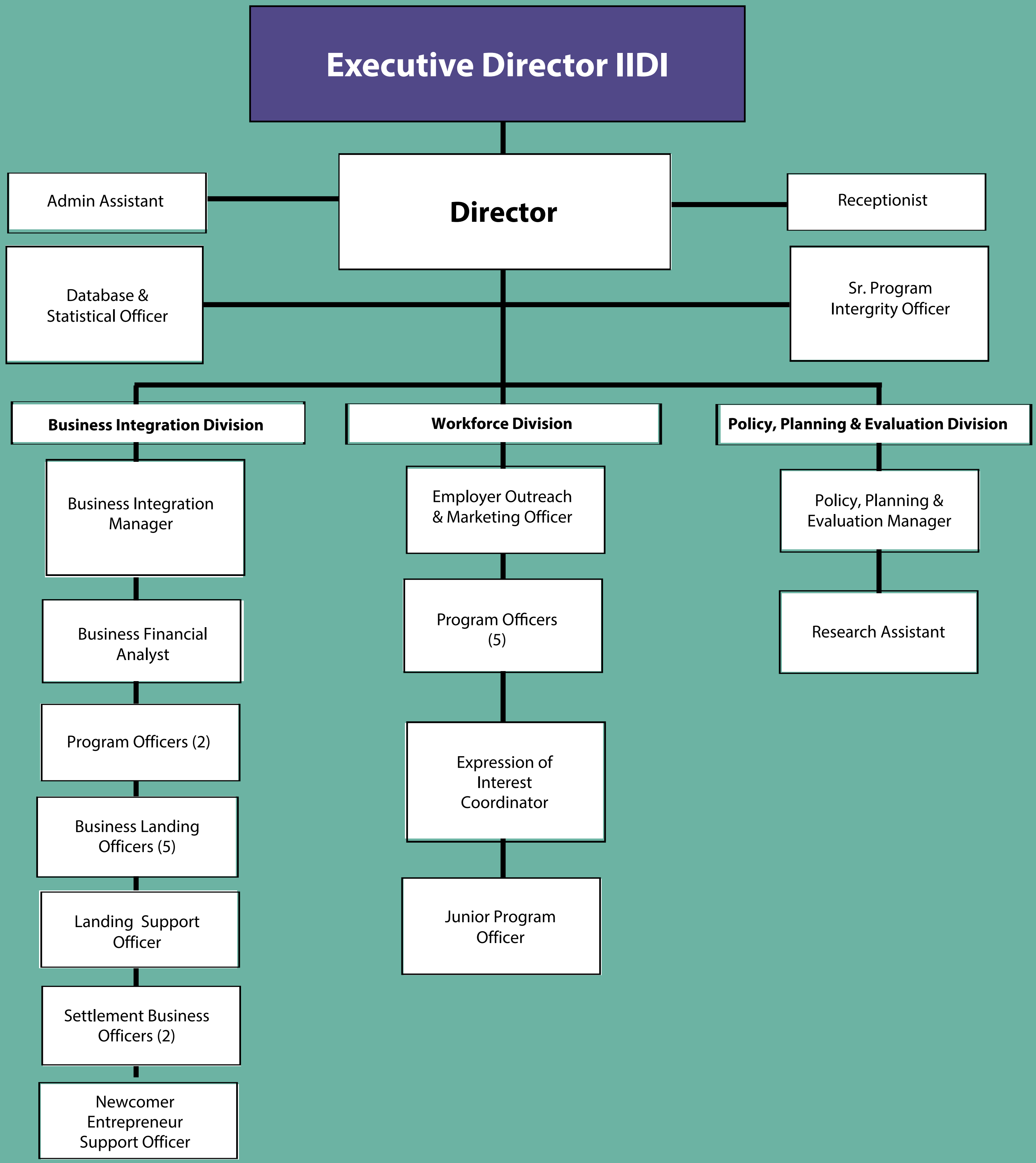
Jamie Aiken
Executive Director | *IIDI*

Dan Campbell**
Secretary | *Treasury Board*

** During the Spring 2019 Legislative Session the Province announced changes to the board of directors for IIDI. The information can be found at* **https://www.princeedwardisland.ca/en/news/community-business-leaders-will-improve-transparency-investment-board**

** On May 9, 2019, changes were made to senior management. On the board, David Keedwell was replaced with Erin McGrath-Gaudet and Dan Campbell was replaced with Cindy Harris.

Appendix B | Organizational Chart



Appendix C | AIPP Infographic

Office Of Immigration

ATLANTIC IMMIGRATION PILOT

The AIPP has been extended to 2021 and is expected to attract an additional 7,000 Newcomers and their families to Atlantic Canada to help address unique labour market challenges. Learn more about AIPP at **https://www.princeedwardisland.ca/en/topic/atlantic-immigration-pilot**.

PEI EMPLOYER PARTICIPATION

DESIGNATED COMPANIES
250

COMPANIES WITH ENDORSEMENTS
50%

↑ TOP 5 SECTORS ↑

1. Processing & Manufacturing
2. Truck & Transport
3. Specialized Service Occupations
4. Service Supervisors
5. Trades

ENDORSEMENT ALLOCATION

2017	2018*	2019
120	**220**	**158**

*An extra 100 allocations were added in July 2018

ENDORSEMENTS ISSUED*

	2017	2018	2019	TOTAL
Atlantic High-Skilled Program	70	103	13	186
Atlantic International Graduate Program	13	24	4	41
Atlantic Intermediate-Skilled Program	37	94	19	150
TOTAL	120	221	36	377

*Endorsements Issued to Mar 31, 2019

LANDINGS

APPLICANTS
154

TOTAL LANDED*
358

*Total number of landed Foreign Nationals including Applicants and their family members up until March 31st, 2019.

OUTCOME DATA

77%
Still Residing and Working in PEI

68.5%
Still Working with AIPP Employer

8.5%
Working in PEI with New Employer

*Numbers based on 145 Permanent Residents that were surveyed between June 2019 and August 2019.

Appendix D | International Grads Infographic

International graduates from UPEI, Holland College and Collège de l'Île continue to be a priority for integration and retention for the Province of Prince Edward Island. From 2015 to July 31, 2019, the province of PEI has nominated 218 international students from the PEI institutions. Surveys were conducted with 154 nominees who have obtained Pernamnet Residence (2015-2018) in June, July and August 2019.

GRADUATES FROM PEI INSTITUTIONS WHO RECEIVED A PROVINCIAL NOMINATION/ENDORSEMENT

	2015	2016	2017	2018	2019*
PEI Nominations	7	15	47	86	63

*63 Nominations as of July, 2019. Estimating 125 Nomiations for 2019.

KEY STATISTICS

94%
Response Rate

81%
Continue to Reside in PEI

75%
Continue to Work in PEI
(60% with the Same Employer)

62% **of respondents* feel they have progressed in their work since the date of their nomination.**

This progress could be related to a promotion or a pay raise in addition to an increase to minimum wage.

* 11 respondents did not reply to this question.

Appendix E | Audited Financial Statements

Island Investment Development Inc.

Consolidated Financial Statements
March 31, 2019

ArsenaultBestCameronEllis
CHARTERED PROFESSIONAL ACCOUNTANTS

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

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June 12, 2019

Independent Auditor's Report

To the Board of Directors of
Island Investment Development Inc.

Opinion

We have audited the accompanying consolidated financial statements of Island Investment Development Inc., which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Island Investment Development Inc. as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Financial Reporting 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 Island Investment Development Inc. in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting 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 Island Investment Development Inc.’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Island Investment Development Inc. or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated 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:

- 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 Island Investment Development Inc.'s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Island Investment Development Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Island Investment Development Inc. to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

Arsenault Best Cameron Ellis

Chartered Professional Accountants

	2019 $	2018 $
Assets		
Cash	19,115,551	13,019,938
Marketable securities	8,254,707	58,058,707
Accounts receivable (notes 7 and 17)	2,422,072	1,173,258
Prepaid expense	71,723	15,868
Inventory (note 15)	148,890	118,553
Demand loan receivable (note 9)	7,009,549	7,006,444
Notes receivable (note 10)	139,028,791	127,222,270
Advances to related company (note 17)	2,520,284	3,431,483
Investment in private companies (note 11)	3,287,094	2,440,511
Deferred financing costs (note 12)	137,269	570,336
Property and equipment (Schedule and note 15)	2,728,079	2,655,394
Investment properties (notes 8 and 15)	11,619,161	8,852,423
Restricted funds (note 13)		
Cash and marketable securities	173,406,536	215,097,010
	369,749,706	439,662,195
Liabilities		
Accounts payable and accrued liabilities (notes 14 and 17)	3,117,824	4,031,429
Notes payable (note 15)	22,865,078	70,429,498
Restricted funds (note 13)	173,406,536	215,097,010
	199,389,438	289,557,937
Contingent liabilities (note 19)		
Retained earnings	170,360,268	150,104,258
	369,749,706	439,662,195

Approved by the Board of Directors

_______________ Director

_______________ Director

(3)

ArsenaultBestCameronEllis
CHARTERED PROFESSIONAL ACCOUNTANTS

Island Investment Development Inc.

Consolidated Statement of Changes in Equity

For the year ended March 31, 2019

	2019 $	2018 $
Retained earnings - Beginning of year	150,104,258	124,628,107
Net earnings for the year	20,256,010	25,476,151
Retained earnings - End of year	170,360,268	150,104,258

(4)

Island Investment Development Inc.

Consolidated Statement of Comprehensive Income

For the year ended March 31, 2019

	2019 $	2018 $
Revenue		
Interest on notes and loan receivable (note 17)	5,685,883	5,461,300
Investment income on marketable securities	5,081,795	5,263,371
Provincial Nominee Program fees	2,011,693	2,390,170
Provincial Nominee Program defaults	17,445,000	17,649,983
Property operations (notes 16 and 17)	8,984,346	9,218,997
Miscellaneous revenue	-	350,000
	39,208,717	40,333,821
Expenses		
Doubtful accounts	400,923	270,946
Education contribution	585,180	1,507,687
Equipment	6,659	11,225
Grants - private companies	449,518	244,261
Interest and bank charges	1,162	1,153
Interest on notes payable (note 17)	132,598	179,931
Management fees (note 17)	535,000	535,000
Meetings and conferences	9,440	11,521
Office	72,999	47,763
Professional fees	217,206	221,463
Promotion and advertising	19,137	8,308
Property operations (note 17)	7,732,227	7,612,025
Provision for possible losses	5,998,972	1,045,357
Rent (note 17)	50,000	50,000
Salaries (note 17)	1,652,903	1,631,074
Travel	37,521	38,698
Amortization	713,452	539,124
Amortization of deferred financing costs	433,067	904,058
	19,047,964	14,859,594
Operating earnings	20,160,753	25,474,227
Other income		
Gain on sale of property and equipment	95,144	929
Interest income	113	995
	95,257	1,924
Net earnings for the year	20,256,010	25,476,151

Island Investment Development Inc.
Consolidated Statement of Cash Flows
For the year ended March 31, 2019

	2019 $	2018 $
Cash provided by (used in)		
Operating activities		
Net earnings for the year	20,256,010	25,476,151
Items not affecting cash		
Amortization	713,452	539,124
Amortization of deferred financing costs	433,067	904,058
Gain on sale of property and equipment	(95,144)	(929)
Provision for possible losses	5,998,972	1,045,357
	27,306,357	27,963,761
Net change in non-cash working capital items		
Decrease (increase) in accounts receivable	(1,248,814)	17,944
Decrease (increase) in prepaid expense	(55,855)	26,892
Increase in inventory	(30,337)	(3,606)
Increase (decrease) in accounts payable and accrued liabilities	(913,605)	975,276
	25,057,746	28,980,267
Financing activities		
Decrease in bank indebtedness	-	(100,756)
Decrease in notes payable - net	(47,564,420)	(27,829,672)
Decrease (increase) in advances to related company	911,199	(797,545)
	(46,653,221)	(28,727,973)
Investing activities		
Increase in investment in private companies	(846,583)	(1,006,138)
Decrease (increase) in marketable securities - net	49,804,000	(9,281,925)
Decrease in restricted funds - cash and marketable securities	(41,690,474)	(6,772,549)
Decrease in restricted funds - liability	41,690,474	6,772,549
Decrease (increase) in notes receivable - net	(17,805,493)	2,701,066
Increase in demand loan receivable	(3,105)	-
Additions to property and equipment	(369,655)	(1,990,622)
Additions to investment properties	(6,727,454)	(911,266)
Capital grants received	3,544,234	560,728
Proceeds on disposal of property and equipment	95,144	7,806
Increase in deferred financing costs	-	(9,696)
	27,691,088	(9,930,047)
Increase (decrease) in cash	6,095,613	(9,677,753)
Cash - Beginning of year	13,019,938	22,697,691
Cash - End of year	19,115,551	13,019,938

1 Reporting entity

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

The company is the corporate administrator of government-administered venture capital funds in the Province of Prince Edward Island with its purpose to invest in active business operations. The investments are made in typically new or expanding companies.

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

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

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

These financial statements have been approved for issue by the Board of Directors on June 12, 2019.

2 Basis of presentation

(a) Basis of consolidation

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgments

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

The judgments that have the most significant effect on the amounts recognized in the financial statements are detailed in note 5.

3 Summary of significant accounting policies

(a) Change in accounting policy

The company has adopted IFRS 9 on a modified retrospective basis as issued by the IASB with a date of transition of April 1, 2018, which resulted in a change in accounting policy. The company did not early adopt any of IFRS 9 in previous periods.

As permitted by the transitional provisions of IFRS 9, the company elected not to restate comparative figures. The company determined that there is no material impact to the company's financial statements upon adoption.

Consequently, for note disclosures, the consequential amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period notes disclosures repeat those disclosures made in the prior year.

The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures.

Refer to note 22, Transition to IFRS 9, for the impact on the opening statement of financial position at April 1, 2018.

(b) Financial instruments

i) *Classification and measurement of financial assets*

From April 1, 2018, the company has applied IFRS 9 and classifies its financial assets into one of the following measurement categories:

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

Financial assets include both debt and equity instruments.

Debt instruments

Classification and subsequent measurement of debt instruments depend on:

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

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

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

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

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

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

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

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

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

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

Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI"), and that are not designated at FVTPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured in note 10. Interest income form these financial assets is included in 'Interest on notes and loans receivable' using the effective interest rate method.

Fair value through profit or loss

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

Fair value through other comprehensive income (FVOCI)

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

Equity instruments

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

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

ii) *Classification and measurement of financial liabilities*

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

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

Financial liabilities measured at amortized cost

Notes payable and restricted funds are accounted for at amortized cost. Interest on notes payable, calculated using the effective interest rate method, is recognized as interest expense.

Financial liabilities measured at FVTPL

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

Financial liabilities designated at FVTPL

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

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

- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or

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

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

iii) *Determination of fair value*

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

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

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

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

iv) *Derecognition of financial assets and liabilities*

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

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

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

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

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

v) *Impairment*

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

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

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

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

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

Details of these statistical inputs are as follows:

- PD – the probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life.
- EAD – the exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities and accrued interest from missed payments.
- LGD – the loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

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

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

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

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

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

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

Financial instruments effective prior to April 1, 2018

i) Recognition and measurement

Financial assets and financial liabilities were initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired or issued. At initial recognition, the company classifies its financial instruments as follows:

- Financial instruments at fair value through profit or loss (FVTPL)

  Financial assets held for trading were reported at FVTPL with changes in fair value reported through the statement of comprehensive income. A financial asset was classified in this category if acquired principally for the purpose of selling in the short-term, if so designated by management or it was a derivative that is not designated and effective as a hedging instrument. Transaction costs are expensed.

  Assets in this category included marketable securities.

- Available for sale ("AFS")

  Available for sale investments were non-derivatives that were either designated in this category or not classified in any of the other categories. Available for sale investments were recognized initially at fair value plus transactions costs, and were subsequently carried at fair value, other than the company's investment in certain shares as their fair value cannot be reliably measured. Upon such time that their fair value can be reliably measured, the carrying amount of these financial assets will be adjusted to fair value. Gains and losses arising from remeasurement were recognized in other comprehensive income.

  Dividends or distributions on available for sale investments were recognized in the statement of comprehensive income as investment income, when the company's right to receive payment is established.

  Assets in this category included investment in private companies.

- Loans and receivables

  Loans and receivables were non-derivative financial assets with fixed or determinable payments that were not quoted in an active market. Loans and receivables were recorded at fair value on initial recognition and subsequently at amortized cost using the effective interest method.

  Assets in this category included cash, accounts receivable, demand loan receivable, notes receivable and advances to related company.

- Other financial liabilities

  Other financial liabilities were initially measured at fair value, net of transaction costs, and were subsequently measured at amortized cost using the effective interest method.

  Liabilities in this category included accounts payable and accrued liabilities, notes payable and restricted funds.

ii) Impairment of financial instruments

The company determined, at each statement of financial position date, whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired, and impairment losses are recorded, only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and the loss event had an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that financial assets were impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the company on non-market terms that the company would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as conditions that correlate with defaults in the group.

- Financial assets classified as loans and receivables

  For the purposes of individual evaluation of impairment, the amount of the impairment loss on a loan or receivable was measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss was recognized in the statement of earnings. The calculation of the carrying value reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure was probable.

  The methodology and assumptions used for estimating future cash flows were reviewed regularly by the company to reduce any differences between loss estimates and actual loss experience. When a loan was uncollectible, it was written off after all the necessary procedures have been completed and the amount of loss has been determined. If, in a subsequent period, the amount of the impairment loss decreased and the decrease was related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss was reversed by adjusting the allowance account. The amount of the reversal was recognized in the statement of earnings in provision for possible losses expense.

  Loans that were past due and either subject to collective impairment assessment or were individually significant and whose terms have been renegotiated are not longer considered to be past due but are treated as new loans. In subsequent years, if the loan becomes past due, this will be disclosed only if renegotiated again.

- Assets classified as available for sale

  At each statement of financial position date, the company assessed if there was objective evidence that an AFS financial asset may be impaired. A significant or prolonged decline in the fair value of an AFS security below its costs was considered objective evidence in determining whether the assets were impaired. If any such evidence exists for AFS financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, was reclassified from equity and recognized in the statement of comprehensive income. Impairment losses recognized in the statement of comprehensive income on equity instruments were not reversed.

(c) Cash

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

(d) Inventory

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

(e) Deferred financing costs

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

(f) Borrowing costs

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

(g) Property and equipment

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

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

Water and sewer infrastructure	2% - 4%	declining balance
Runways and taxiways	8%	declining balance
Paving	8%	declining balance
Buildings	4% - 20%	declining balance
Heavy equipment	20%	declining balance
Furniture and equipment	20%	declining balance
Motor vehicles	30%	declining balance
Computer equipment and software	30%	declining balance

As asset's carrying value is written down immediately to its recoverable amount if the asset's carrying amount is higher than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the value in use. No property and equipment were identified as impaired as at March 31, 2019.

(h) Investment properties

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

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

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

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

(i) Capitalization policy

Acquisition, construction or development over time:

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

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

Betterment:

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

Government assistance:

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

Buildings and renovations:

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

(j) Impairment of long-lived assets

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

(k) Revenue recognition

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

Investment income is recorded in the period earned.

Provincial Nominee Program fees are recorded as revenue when earned.

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

Accommodation, food and beverage, sports centre, retail and airport operation revenues, included in property operations, are measured at the fair value of the consideration received or receivable less any trade discounts or volume rebates. Revenues are recognized when the goods or services have been provided to the customer, it is probable that the associated economic benefit will flow to the company and the amount of revenue can be reliably measured.

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

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

(l) Government assistance and other grants

The Governments of Canada and Prince Edward Island have contributed money to fund renovations to existing facilities of Slemon Park Corporation. Grants are not recognized until there is reasonable assurance that the entity will comply with the conditions attaching to it, and that the grant will be received. These funds, along with other grants received, are credited to the operating expenses or capital assets to which they relate. During the year, $3,544,234 (2018 - $560,728) in grants were received or receivable related to capital projects and credited to investment properties property and equipment.

(m) Provisions

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

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

(n) Future accounting standards and other reporting changes adopted during the year

In addition to IRFS9 Financial Instruments as detailed in note 3(b), the company adopted the following new standard and amendment effective April 1, 2018 in accordance with their application transaction provisions.

IFRS 15 Revenue from Contact s with Customers ("IFRS 15")

IFRS 15 introduced a single model for recognizing revenue from contacts with customers that superseded the previous revenue recognition guidance in IAS 18. Revenue ("IAS 18") and various related standards. IFRS 15 excludes contracts entered into related to leasing commercial or residential properties (investment properties). These contracts are accounted for in accordance with IAS 17, Leases. The adoption of IFRS 15 did not have a significant impact on the company's financial statements.

The following are future changes in accounting policies not yet effective as of March 31, 2019.

IFRS 16 was issued by the IASB on January 13, 2016. The new standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. The company has not yet begun the process of evaluating the impact of the standard on its financial instruments.

4 Agent agreement

Prince Edward Island Century 2000 Fund Inc.

The Federal Minister of Citizenship and Immigration acts as an Agent for the company and Crown corporations of other participating provinces by receiving investments from immigrant investors and disbursing them to the provincial Crown corporations in accordance with the allocation formula set out in the federal Immigration Regulations, 1978. All monies received by the Agent pursuant to the issuance of debt obligations are held by the Agent in a separate account from the moment such monies are received, on behalf of the company and the provincial designates. Investments are subject to a commission agreement whereby a 5% commission is paid to the party that facilitates an investment. These commissions are paid out of the special account by the Agent on the first day of the second month following the issuance of a visa to the investor to the party that made the facilitated investment, and are recorded as deferred financing charges by the company.

The Agent disburses the provincial allocation, less applicable commissions, to the company at the beginning of the five-year allocation period. The Agent issues a promissory note to the investor on behalf of the company. The company is obligated to repay the note, bearing interest at 0%, within 30 days after the expiry of the allocation period.

The company is required to repay the investor, through the Agent, the investor's promissory note within 90 days of receipt by the Agent of a request by the investor to withdraw his/her application for permanent residence, or upon the refusal of the application by the Minister.

In the 2014 Federal Government Budget, it was disclosed that Citizenship Immigration Canada (CIC) would be terminating the Federal Immigrant Investor Programs during the 2014 calendar year. Subsequently, CIC has communicated to all provinces that there will be no accelerated repayment schedule for funds received through the Immigrant Investor Program.

5 Critical accounting estimates and judgments

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

(a) Allowance for credit losses

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

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

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

(b) Fair value of financial instruments

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

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

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

The fair value for the company’s investments as detailed in note 11 is determined as follows:

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

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

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

(d) Investment properties fair value

The fair market value of investment property is disclosed on an annual basis as of the statement of financial position date. This fair value information is also used to identify potential impairment losses as of the statement of financial position date. The valuations are prepared using recognized valuation techniques and the principles of IFRS 13, Fair Value Measurement. The determination of the fair value requires the use of estimates and judgments on future cash flows from assets, discount rates applicable to those assets due to their nature and location, the unit of account, and assumptions with respect to highest and best use. These estimates are based on local market conditions existing at the statement of financial position date, including the impact of recent market transactions. The valuation techniques and significant unobservable inputs used in determining the fair value of investment properties are set out in note 8.

(e) Investment properties and property and equipment

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

6 Financial instruments

Fair values versus carrying amounts

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

		March 31, 2019		March 31, 2018	
	Fair level hierarchy	**Carrying amount $**	**Fair value $**	**Carrying amount $**	**Fair value $**
Financial assets					
Cash	Level 1	19,115,551	19,115,551	13,019,938	13,019,938
Marketable securities	Level 1	8,254,707	8,254,707	58,058,707	58,058,707
Accounts receivable	Level 2	2,422,072	2,422,072	1,173,258	1,173,258
Demand loan receivable	Level 2	7,009,549	7,009,549	7,006,444	7,006,444
Notes receivable	Level 2	139,028,791	139,028,791	127,222,270	127,222,270
Advance to related company	Level 2	2,520,284	2,520,284	3,431,483	3,431,483
Investments in private companies	Level 3	3,287,094	3,287,094	2,440,511	2,440,511
Restricted funds	Level 1	173,406,536	173,406,536	215,097,010	215,097,010
		355,044,584	355,044,584	427,449,621	427,449,621
Financial liabilities carried					
Accounts payable and accrued liabilities	Level 2	3,117,824	3,117,824	4,031,429	4,031,429
Note payable	Level 2	22,865,078	22,865,078	70,429,498	70,429,498
Restricted funds	Level 2	173,406,536	173,406,536	215,097,010	215,097,010
		199,389,438	199,389,438	289,557,937	289,557,937

7 Accounts receivable

	2019 $	**2018 $**
Trade	1,971,665	1,534,009
Related party	1,345,257	411,165
Other	347,255	-
Less: Allowance for doubtful accounts	(1,242,105)	(771,916)
	2,422,072	1,173,258

8 Investment properties

The fair market value of investment properties as of March 31, 2019 is $13,942,683 (2018 - $11,054,068). The Investment properties have been valued using a capitalized net operating income method and a market approach. Under this method, capitalization rates are applied to net operating income (revenues less property operating expenses). The key assumption is the capitalization rate of 10% to 14 % (2018 - 10% to 14%). The rate was further calibrated by applying a discount to reflect a recent orderly transaction occurring at arm's length under current market conditions. This discount is to reflect the nature of these specialized assets and their location.

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

	Land $	Buildings, roads and paving $	Total $
Cost			
Balance - March 31, 2018	1,414,252	8,512,032	9,926,284
Additions	57,253	6,670,201	6,727,454
Grants received	-	(3,520,000)	(3,520,000)
Balance - March 31, 2019	1,471,505	11,662,233	13,133,738
Accumulated amortization			
Balance - March 31, 2018	-	(1,073,861)	(1,073,861)
Amortization expense	(2,290)	(438,426)	(440,716)
Balance - March 31, 2019	(2,290)	(1,512,287)	(1,514,577)
Net carrying value			
March 31, 2018	1,414,252	7,438,171	8,852,423
March 31, 2019	1,469,215	10,149,946	11,619,161

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

	$
Under 1 year	2,294,257
2 to 5 years	7,342,937
Over 5 years	8,234,708
Total	17,871,902

9 Demand loan receivable

	2019 $	2018 $
Demand note receivable from Finance PEI	6,998,482	6,998,502
Accrued interest receivable	11,067	7,942
	7,009,549	7,006,444

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

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

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

10 Notes receivable

(a) Loans at amortized cost

	IFRS 9			IAS 39		
			2019			**2018**
	Gross loans $	**Allowance for credit losses $**	**Net carrying amount $**	**Gross loans $**	**Allowance for credit losses $**	**Net carrying amount $**
Manufacturing and processing - general	48,693,753	10,048,679	38,645,074	49,987,943	8,553,806	41,434,137
Manufacturing and processing - steel	7,226,971	-	7,226,971	6,715,381	-	6,715,381
Information and communication technology	201,589	157,554	44,035	200,822	-	200,822
Aerospace	2,494,287	2,493,664	623	2,540,157	828,377	1,711,780
Tourism	29,635,167	3,657,498	25,977,669	22,355,343	1,029,243	21,326,100
General business	74,106,473	14,158,174	59,948,299	63,770,733	15,533,630	48,237,103
Agriculture	1,757,911	-	1,757,911	1,757,911	-	1,757,911
Fisheries/aquaculture	2,064,310	978,357	1,085,953	2,004,968	412,088	1,592,880
Bioscience	6,104,446	1,762,190	4,342,256	5,146,156	900,000	4,246,156
	172,284,907	33,256,116	139,028,791	154,479,414	27,257,144	127,222,270

(b) Impaired loans

	IFRS 9			IAS 39		
			2019			**2018**
	Gross impaired loans $	**Allowance for credit losses $**	**Net carrying amount $**	**Gross impaired loans $**	**Allowance for credit losses $**	**Net carrying amount $**
Manufacturing and processing - general	13,558,732	9,976,813	3,581,919	9,590,681	8,553,806	1,036,875
Manufacturing and processing - steel	7,226,971	-	7,226,971	-	-	-
Information and communication technology	201,589	157,554	44,035	-	-	-
Aerospace	2,494,287	2,493,664	623	2,354,426	828,377	1,526,049
Tourism	17,954,081	3,656,591	14,297,490	3,157,590	1,029,243	2,128,347
General business	35,070,541	13,948,910	21,121,631	40,701,211	15,533,630	25,167,581
Fisheries/aquaculture	2,064,310	978,358	1,085,952	1,475,353	412,088	1,063,265
Bioscience	3,217,193	1,762,190	1,455,003	2,964,062	900,000	2,064,062
	81,787,704	32,974,080	48,813,624	60,243,323	27,257,144	32,986,179

(c) Allowance for credit losses

	IFRS 9			
				2019
	Balance as at April 1, 2018 $	**Provision for credit losses $**	**Net write-offs $**	**Net $**
Manufacturing and processing - general	8,553,806	1,494,873	-	10,048,679
Information and communication technology	-	157,554	-	157,554
Aerospace	828,377	1,665,287	-	2,493,664
Tourism	1,029,243	2,628,254	-	3,657,497
General business	15,533,630	(1,375,455)	-	14,158,175
Fisheries/aquaculture	412,088	566,269	-	978,357
Bioscience	900,000	862,190	-	1,762,190
	27,257,144	5,998,972	-	33,256,116

	IFRS 9			
As at March 31, 2019	**Stage 1 $**	**Stage 2 $**	**Stage 3 $**	**Total $**
Manufacturing and processing - general	71,865	575,025	9,401,788	10,048,678
Information and communication technology	-	-	157,554	157,554
Aerospace	-	2,493,664	-	2,493,664
Tourism	906	3,051,319	605,272	3,657,497
General business	209,265	13,214,432	734,478	14,158,175
Fisheries/aquaculture	-	888,507	89,851	978,358
Bioscience	-	1,762,190	-	1,762,190
	282,036	21,985,137	10,988,943	33,256,116

Continuity of allowance for doubtful accounts

	IAS 39 2018 $
Balance - Beginning of year	26,429,311
Increase in provision	1,045,357
Write-offs	(217,524)
Balance - End of year	27,257,144

Loans past due but not impaired

At March 31, 2019, all loans that were past due have been considered impaired by the company.

	31 - 90 days	91+ days $	2019 Total $	31 - 90 days $	91+ days $	2018 Total $
Manufacturing and processing - general	-	2,884,828	2,884,828	-	2,893,675	2,893,675

Related party notes:

Included in manufacturing and processing are unsecured notes receivable due from Finance PEI of $3,762,085 (2018 - $3,076,822).

Included in notes receivable is accrued interest of $739,797 (2018 - $747,707) from Finance PEI.

11 Investment in private companies

	2019 $	2018 $
Investment in private companies:		
Atlantic Canada Regional Venture Fund LP	1,887,094	1,740,511
Island Capital Partners Seed Investment Fund	1,400,000	700,000
	3,287,094	2,440,511

12 Deferred financing costs

			2019	2018
	Cost $	Accumulated amortization $	Net $	Net $
Commissions	1,616,391	1,479,122	137,269	570,336

13 Restricted funds

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

	2019 $	2018 $
Good Faith deposits	104,073	179,073
Language deposits	21,665	41,665
Escrow deposits - business impact category	172,580,798	214,576,272
Intermediary deposits	700,000	300,000
	173,406,536	215,097,010

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

14 Accounts payable and accrued liabilities

	2019 $	2018 $
Trade payables and accruals	2,479,109	2,164,208
Government remittances	38,456	-
Related entities	240,122	265,680
Province of Prince Edward Island	-	1,422,630
Other	360,137	178,911
	3,117,824	4,031,429

15 Notes payable

		2019 $	2018 $
Prince Edward Island Century 2000 Fund Inc.			
Non-interest bearing notes payable, nominally dated with commencement dates ranging from April 1, 2013 to April 1, 2018, repayable in full in five years from the commencement date pursuant to the federally administered Immigrant Investor Program		16,483,081	64,416,711
Island Investment Development Inc.			
2.95% term loan, due August 2023, to the Province of Prince Edward Island, payable in quarterly payments of $155,574 including interest, unsecured	4,663,348	5,155,214	
2.46% term loan, due November 2022, to the Province of Prince Edward Island, payable in quarterly payments of $47,962 including interest, unsecured		685,238	857,573
Slemon Park Corporation			
Non-interest bearing loan, payments of $6,250, commencing on July 1, 2019 for 120 consecutive months		675,000	-
Non-interest bearing loan, payments of $4,100, commencing on July 1, 2019, followed by payments of $4,275 for all remaining periods		358,411	-
		22,865,078	70,429,498

Prince Edward Island Century 2000 Fund Inc.
All notes payable are pursuant to the Immigrant Investor Regulations.

The Province of Prince Edward has provided a guarantee of the notes payable to the Minister of Citizenship and Immigration (Agent) in the event of the failure of Prince Edward Island Century 2000 Fund Inc. to repay the notes payable to the Agent within 30 days following the end of the allocation period.

Slemon Park Corporation

As additional security for certain long-term debt and an authorized operating line of credit of $900,000, Slemon Park Corporation has provided a location specific general security agreement over all present and future personal property of certain buildings, a floating charge over inventory and appliances of the residential units, an assignment of residential rents, an assignment of specific commercial rents, a first fixed charge mortgage with cash value insurance coverage over the residential units, a collateral mortgage over certain properties and a general assignment of book debts.

The principal payments due on the notes payable over the next five years are as follows:

	$
Year ending March 31, 2020	15,306,354
2021	2,242,266
2022	1,191,373
2023	951,708
2024	2,739,716

16 Revenue from contracts with customers

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

	2019 $	2018 $
Accommodations	1,030,896	1,100,540
Food and beverage	1,164,190	1,225,854
Airport	657,454	918,549
Retail	284,378	269,018
	3,136,918	3,513,961

The company has recognized the following amounts related to revenue in accordance with IAS 17 on the statement of income and comprehensive income:

	2019 $	2018 $
Accommodations	3,362,005	3,283,615
Food and beverage	2,485,423	2,421,421
	5,847,428	5,705,036
	8,984,346	9,218,997

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

17 Related party transactions

Related parties

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

Related party balances

Included in accounts receivable is $1,156,172 (2018 - nil) from Finance PEI.

Included in accounts payable and accrued liabilities is $86,304 (2018 - $85,887) to Innovation P.E.I., nil (2018 - $123,793) to Finance PEI, nil (2018 - $56,000) to Tourism PEI and nil (2018 - $1,231,856) to the Province of Prince Edward Island.

Advances to related company:

	2019 $	2018 $
Finance PEI	2,520,284	3,431,483

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

Transactions

Included in interest on notes and loan receivable is $160,270 (2018 - $196,873) from Finance PEI.

Included in expenses are management fees of $535,000 (2018 - $535,000) and rent of $50,000 (2018 - $50,000) to Finance PEI and interest on notes payable of $136,056 (2018 - $133,156) to the Province of Prince Edward Island.

Included in property operations is revenue of $1,068,085 (2018 - $1,381,955) and purchases of $617,891 (2018 - $606,879) from enterprises controlled by the Province of Prince Edward Island.

Included in capital grants received is $1,520,000 from the Province of Prince Edward Island.

Compensation of directors and key management personnel

The remuneration of directors and key management personnel during 2019 and 2018 were as follows:

	2019 $	2018 $
Salaries	615,693	552,136

Key management personnel consist of the executive director, directors and manager needed to administer the programs in Island Investment Development Inc. Certain members of key management are employed under Innovation PEI and the portion of their salary which pertains to the work performed for Island Investment Development Inc. is reflected in the $535,000 (2018 - $535,000) management fee paid to Finance PEI.

18 Commitments

Prince Edward Island Century 2000 Fund Inc. loans approved but not disbursed at March 31, 2019 amount to $6,454,267 (2018 - $4,205,170).

Island Investment Development Inc. has committed to, but not disbursed $3,680,520 (2018 - $2,059,487) in advances to private companies.

19 Contingent liabilities

(a) A statement of claim has been filed against the company that deals with the question of priority interest that the company has in a mortgage that is held as collateral on their notes receivable to a specific organization. There is no amount recorded in these financial statements for the possible effect on the calculation of the allowance for possible credit losses as the potential outcome of the claim is uncertain at this time.

(b) During the year, individuals commenced legal action against the company and other individuals for total damages up to $1,800,000. The specific allegations against the company include breach of confidence, negligence of private and breach of fiduciary duty. Neither the possible outcome nor the amount of possible settlement can be foreseen. Therefore, no provision has been recognized in the financial statements.

20 Comparative figures

Certain comparative figures presented for the 2018 fiscal year have been restated to conform with the financial statement presentation adopted in the current year.

21 Financial risk management objectives and policies

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

(a) Credit risk

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

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

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

	2019 $	2018 $
Cash	19,115,551	13,019,938
Marketable securities	8,254,707	58,058,707
Accounts receivable	2,422,072	1,173,258
Demand loan receivable	7,009,549	7,006,444
Notes receivable	139,028,791	127,222,270
Advances to related companies	2,520,284	3,431,483
Investment in private company	3,287,094	2,440,511
Restricted funds	173,406,536	215,097,010
	355,044,584	427,449,621

i) Notes receivable

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

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

ii) Cash and marketable securities

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

(b) Liquidity risk

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

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

					2019
	Under 1 year $	**Between 1 - 2 years $**	**Between 2 - 5 years $**	**Over 5 years $**	**Total $**
Accounts payable and accrued liabilities	3,117,824	-	-	-	3,117,824
Note payable	15,306,354	2,242,266	5,316,458	-	22,865,078
Restricted funds	173,406,536	-	-	-	173,406,536
	191,830,714	2,242,266	5,316,458	-	199,389,438

2018

	Under 1 year $	Between 1 - 2 years $	Between 2 - 5 years $	Over 5 years $	Total $
Accounts payable and accrued liabilities	4,031,429	-	-	-	4,031,429
Note payable	53,442,963	14,439,116	2,547,419	-	70,429,498
Restricted funds	215,097,010	-	-	-	215,097,010
	272,571,402	14,439,116	2,547,419	-	289,557,937

As at March 31, 2019, the company has $200,776,794 (2018 - $286,175,655) in cash and marketable securities that is readily available to be used to meet the cash outflows of the company's financial liabilities.

(c) Market risk

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

(i) Price risk

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

(ii) Interest rate risk

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

	Under 1 year $	Over 1 to 5 years $	Over 5 years $	Not interest rate sensitive $	Total $
Assets					
Cash	19,115,551	-	-	-	19,115,551
Marketable securities	8,254,707	-	-	-	8,254,707
Accounts receivable	-	-	-	2,422,072	2,422,072
Prepaid expenses	-	-	-	71,723	71,723
Inventory	-	-	-	148,890	148,890
Demand loan receivable	6,998,482	-	-	11,067	7,009,549
Effective interest rate	1.34%				
Note receivable (net of allowance for losses)	21,590,294	100,141,627	17,296,870	-	139,028,791
Effective interest rate	4.13%	4.33%	2.00%		
Advances to related company	-	-	-	2,520,284	2,520,284
Investment in private companies	-	-	-	3,287,094	3,287,094
Deferred financing costs	-	-	-	137,269	137,269
Property and equipment	-	-	-	2,728,079	2,728,079
Investment properties	-	-	-	11,619,161	11,619,161
Restricted funds	-	-	-	173,406,536	173,406,536
Total assets	55,959,034	100,141,627	17,296,870	196,352,175	369,749,706
Liabilities and surplus					
Accounts payable and accrued liabilities	-	-	-	3,117,824	3,117,824
Note payable	15,306,354	7,558,724	-	-	22,865,078
Restricted funds	30,738			173,375,798	173,406,536
Effective interest rate	0.94%				
Surplus	-	-	-	170,360,268	170,360,268
Total liabilities and surplus	15,337,092	7,558,724	-	346,853,890	369,749,706
Interest rate sensitivity gap	40,621,942	92,582,903	17,296,870	(150,501,715)	-

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

22 Transition to IFRS 9

Set out below is the impact of the adoption of IFRS 9 on the company. Further details of the specific IFRS 9 accounting policies applied in the current period (as well as the previous IAS 39 accounting policies applied in the comparative period) are described in more detail in note 3.

i) Classification and measurement of financial instruments

The measurement category and the carrying amount of financial assets and liabilities in accordance with IAS 39 and IFRS 9 at April 1, 2018 are compared as follows:

	IAS 39		IFRS 9	
	Measurement category	**Carrying amount $**	**Measurement category**	**Carrying amount $**
Financial assets				
Cash	Amortized cost (loans and receivables)	13,019,938	Amortized cost	13,019,938
Marketable securities	FVTPL (held for trading)	58,058,707	FVTPL	58,058,707
Accounts receivable	Amortized cost (loans and receivables)	1,173,258	Amortized cost	1,173,258
Demand loan receivable	Amortized cost (loans and receivables)	7,006,444	Amortized cost	7,006,444
Notes receivable	Amortized cost (loans and receivables)	127,222,270	Amortized cost	127,222,270
Advance to related company	Amortized cost (loans and receivables)	3,431,483	Amortized cost	3,431,483
Investment in private companies	Amortized cost (available for sale)	2,440,511	FVTPL	2,440,511
Restricted funds	FVTPL (held for trading)	215,097,010	Amortized cost	215,097,010

There were no changes to the classification and measurement of financial liabilities.

ii) Reconciliation of statement of financial position balances from IAS 39 to IFRS 9:

The following table reconciles the carrying amounts of financial assets from their previous measurement category in accordance with IAS 39 to their new management categories upon transition to IFRS 9 on April 1, 2018:

	IAS 39 carrying amount March 31, 2018 $	**Reclassifications**	**Remeasurements**	**IRFS 9 carrying amount April 1, 2018 $**
Amortized cost				
Cash				
Opening balance under IAS 39 and opening balance under IFRS 9	13,019,938	-	-	13,019,938
Accounts receivable				
Opening balance under IAS 39 and opening balance under IFRS 9	1,173,258	-	-	1,173,258
Notes and loans receivable				
Opening balance under IAS 39 and opening balance under IFRS 9	134,228,714			134,228,714
Advances to related company				
Opening balance under IAS 39 and closing balance under IFRS9	3,431,483	-	-	3,431,483
Total financial assets measured at amortized cost	151,853,393	-	-	151,853,393
Fair value through profit or loss (FVTPL)				
Investments				
Opening balance under IAS 39	273,155,717			
Add: from available for sale (IAS 39)		2,440,511		
Opening balance under IFRS 9	273,155,717	2,440,511	-	275,596,228

Available for sale				
Investment in private companies				
Opening balance under IAS 39	2,440,511			
Less: to FVTPL (IRFS 9)		(2,440,511)		
Opening balance under IFRS 9	2,440,511	(2,440,511)	-	-

Island Investment Development Inc.

Schedule of Property and Equipment

For the year ended March 31, 2019 **Schedule**

	Cost 2019				Accumulated amortization 2019			2019
	Beginning $	Additions $	Grants Received $	Ending $	Beginning $	Amortization $	Ending $	Net book value $
Land	30,043	-	-	30,043	-	-	-	30,043
Buildings and improvements	879,644	51,341	-	930,985	177,075	31,065	208,140	722,845
Paving and water and sewer	1,357,417	60,525	-	1,417,942	100,594	87,714	188,308	1,229,634
Furniture and equipment	994,609	181,451	(24,234)	1,151,826	421,742	118,884	540,626	611,200
Motor vehicles	100,447	63,286	-	163,733	38,341	23,821	62,162	101,571
Computer equipment and software	92,845	13,052	-	105,897	61,859	11,252	73,111	32,786
	3,455,005	369,655	(24,234)	3,800,426	799,611	272,736	1,072,347	2,728,079

	Cost 2018				Accumulated amortization 2018			2018
	Beginning $	Additions $	Grants Received $	Ending $	Beginning $	Amortization $	Ending $	Net book value $
Land	30,043	-	-	30,043	-	-	-	30,043
Buildings and improvements	758,577	121,067	-	879,644	149,315	27,760	177,075	702,569
Paving and water and sewer	215,071	1,703,074	(560,728)	1,357,417	51,736	48,858	100,594	1,256,823
Furniture and equipment	895,963	98,646	-	994,609	305,888	115,854	421,742	572,867
Motor vehicles	49,856	50,591	-	100,447	24,711	13,630	38,341	62,106
Computer equipment and software	75,601	17,244	-	92,845	52,275	9,584	61,859	30,986
	2,025,111	1,990,622	(560,728)	3,455,005	583,925	215,686	799,611	2,655,394