



CEDIF

Invest in Your Community

**Annual General Meeting
August 24th, 2011**



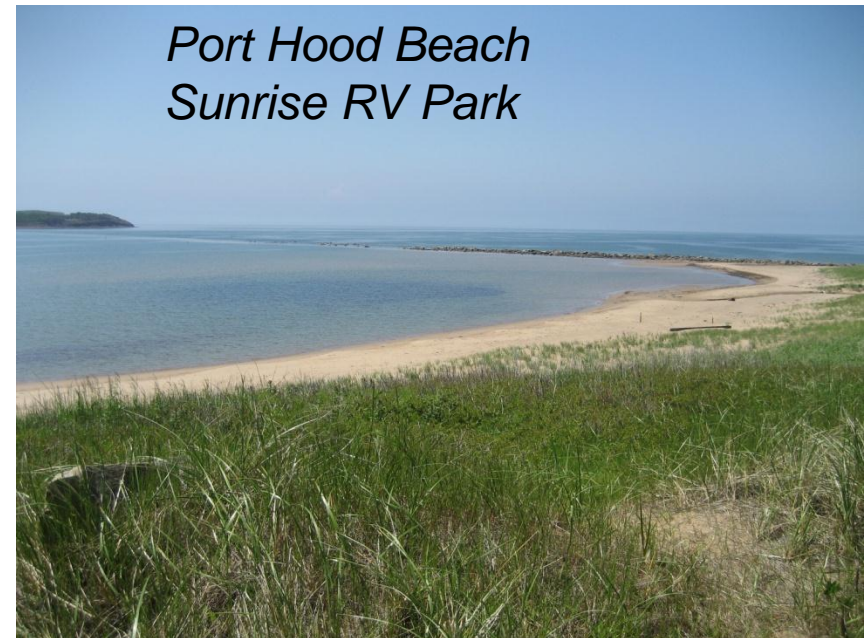
Economic and Rural Development

www.gov.ns.ca/econ/cedif

The Basics...

what is a CEDIF?

- A for-profit company or co-operative
- Set up to raise investment capital
- Minimum 6 directors from defined community
- Directors elected at the AGM and make investment decisions on behalf of the shareholders
- Minimum effective fund size \$100,000 and 25 investors
- Average Fund is about \$500,000
- *Active Business Income*



Why CEDIF?

Access to “patient” Capital
Invest at Home
Capital Retention



Whycocomagh Investment Co-operative Limited raised \$568,000 to help finance the building of its new store.



- For-profit company or co-operative, set up to raise/invest capital
- *Active Business Income*
- Provincial Income Tax credit of 35%
[\$50,000/ \$17,500]
- Rollovers
- Carryback (3 yrs.)/ forward (7 yrs.)
- Adjusted Cost Base



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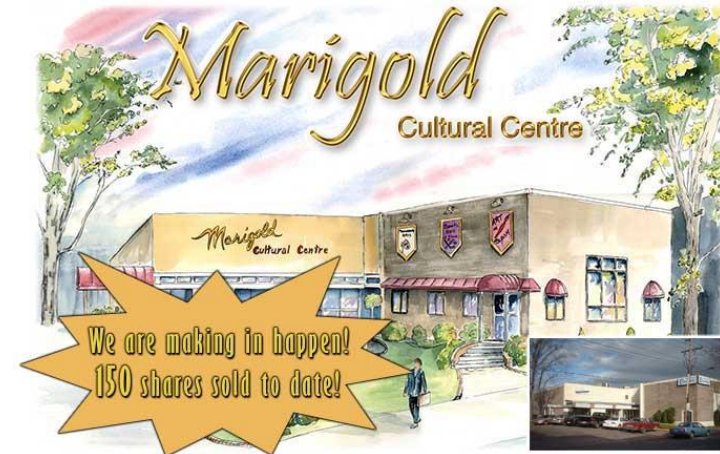


Investment *Incentives to Investors*

- NS personal income tax credit of 35%- *as of January 1, 2010*
- Rollovers (10 years min)= 20%; (15 years min)= 10%
- Carry back (3 yrs.)/ forward (7 yrs.)
- Maximum annual tax credit now \$17,500 (\$50,000 investment)
- Does not reduce the adjusted cost base of investment.



Marigold Cultural Centre, Truro



Paying Dividends for Communities

There are now 48 CEDIFs:

- Manage more than **\$40 million in assets**
- Invested by more than **5,000** individual's
- 9 Funds paying dividends annually

Community owned and controlled

After money is raised, the REAL work and accountability begins



** Blind Pools raise capital to invest into business in the community but do not know the investments prior to raising capital*

vs.

other Funds which invest into one business

Potential CEDIF Setups

Specific Investment(s)

Template Documents

Partners

Pilot Example:

- Just Us
- Unique
- Cranberries
- Watts Wind Energy

Blind Pool

Define Community

Directors

Development Team Examples:

- BCA and New Dawn
- Baie Chedabucto
- Black Business
- Northeastern Community Investment Inc.

Will People Invest in this venture?

- Tax credits – financial incentives
- Business response to a community need
- Bringing business approach and fiscal prudence to a community opportunity
- Community owned and controlled
- About community and business leadership for economic opportunities



7 Lessons Learned

Business Leadership

- Board of Directors

Requirements to Create

- Defined community
- Min 6 directors; \$100K; 25 investors

Expect the Unexpected

- Delay, unforeseen challenges, unforeseen costs

Successes & Failures

Additional Rounds of Financing

- Many CEDIF examples

Market for Shares

- CEDIF shares are not very liquid

Valuation

- Difficulty finding valuation for CEDIFs

Closing Comments

- CEDIF-> unique to Nova Scotia but not for much longer
 - Prince Edward Island launches its program over the last few days
 - New Brunswick
 - Alberta
- Getting through the process is not quick or easy...nor should it be
- Understand the CEDIF program, rules, requirements, and nuances
- Partnerships very important; **community buy-in**
- Identified financing gap at \$100,000 to \$1,000,000; capital needs outside this range may be better served by other tools

Processing Applications – Fall 2011

- Offering document should be submitted by September 6th to avoid delays
- COMFIT will create additional CEDIF applications in the fall

“CEDIF is a wonderful and innovative community investment tool”

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