

Form 1
Offering Document

(Pursuant to the *Community Economic-Development Corporations Regulations*)

[This document is to be used only by Associations and Corporations as defined herein that are community economic-development corporations.]

Glossary

In this offering document:

1. “Act” means the *Securities Act*;
2. “Association” means an association as defined in the *Co-operative Associations Act*;
3. “CEDC” means a Community Economic-Development Corporation, as defined herein;
4. “Community Economic-Development Corporation” means a Corporation or Association that meets the criteria prescribed by the regulations made pursuant to the *Equity Tax Credit Act* and is registered as a Community Economic-Development Corporation by the Minister of Finance pursuant to Section 11 of the *Equity Tax Credit Act*;
5. “Community Economic-Development Plan” means the community economic-development plan proposed by the Issuer which contains the information prescribed by the regulations made pursuant to the *Equity Tax Credit Act*;
6. “Corporation” means a corporation incorporated pursuant to the laws of the Province of Nova Scotia, another province of Canada or Canada that has its head office located in the Province of Nova Scotia;
7. “Finders” means persons who, for compensation or without compensation, act as intermediaries in obtaining selling agents or otherwise make introductions in furtherance of this Offering;
8. “Issuer” means [exact] legal name of the Corporation or Association which is a CEDC;
9. “Investee Corporation” means a corporation in which the Issuer proposes to invest 20% or more of the net proceeds of the offering and where all or substantially all of the fair market value of the corporation’s property is attributable to property used in an active business;

10. "Offering" means this offering of Shares of the Issuer;
11. "Promoter" has the same meaning as in the Act, except that pursuant to subsection 3(3) of the *Community Economic-Development Corporations Regulations* no individual shall be considered as a promoter unless a promoter at the time the offering document is filed with the Director of Securities;
12. "Securities Rules" means the rules of the Nova Scotia Securities Commission made pursuant to the Act;
13. "Security holder" means a person who purchases Shares under this Offering;
14. "Shares" means [name the shares being offered for sale by the Issuer as set forth in the constitutional documents of the Issuer] of the Issuer that qualify as a specified issue as defined in subclause 2(k)(iii) of the Equity Tax Credit Act.

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CAUTIONS

The Nova Scotia Securities Commission has not assessed:

- the reasonableness or merit of the Issuer or the Offering;
- whether the Issuer has sufficient financing and managerial expertise to accomplish its stated objectives;
- whether management of the Issuer has the reputation and commitment to conduct the Issuer's business with integrity and in the best interest of the Security holders;
- whether the Promoters and management of the Issuer are receiving unconscionable benefits at the expense of the Security holders; or
- whether any financial forecast or projection contained in this offering document has a reasonable basis;

Investment in small business involves a high degree of risk, and investors should not invest any funds in this Offering unless they can afford to lose a substantial portion of their investment. Potential investors should read all of this offering document, particularly the risk factors on page [insert appropriate page number].

Potential investors should review the information concerning the background of the Issuer's officers, directors and other key personnel and consider whether or not these persons have adequate background and experience to develop and operate the Issuer and to make it successful. In this respect, the experience and ability to manage are often considered among the most significant factors in the success of a business.

After reviewing the "Use of Proceeds" on page [insert appropriate page number] potential investors should consider whether the amounts available for future development of the Issuer's business and operations will be adequate.

A Security holder may have rights of rescission or an action for damages in circumstances which are described in this offering document beginning on page [insert appropriate page number].

THERE IS NO ORGANIZED MARKET THROUGH WHICH THE SHARES MAY BE SOLD. IT MAY BE DIFFICULT OR EVEN IMPOSSIBLE FOR THE INVESTOR TO SELL THEM.

Potential investors should also consult their professional advisors before investing.

This offering document, together with the documents incorporated herein by reference and forming part of this offering document, and the attachments thereto contain all of

the representations by the Issuer concerning this Offering and no person shall make different or broader statements than those contained herein. Investors are cautioned not to rely on any information not expressly set forth in or attached to this offering document.

All promotional material is incorporated by reference into this offering document as per section 15 of the CEDC Regulations.

This offering document, together with financial statements and other attachments, consists of a total of ____ pages.

THE OFFERING

1. The Shares being offered are:

[Describe the Shares being offered including the price of the Shares and the material attributes of the Shares.]

The minimum number of shares to be purchased by each subscriber under this Offering is:

2. The offering price was established by the following method:

negotiation with the investor

arbitrarily by the Issuer

otherwise (explain)

3. Maximum number of Shares offered:

4. Total proceeds if maximum sold:

5. Minimum number of Shares offered:

6. Total proceeds if minimum sold:

7. Reasons for the selection of the minimum number of Shares offered:

[Issuers are required to explain why the total proceeds raised if the minimum number of securities offered is sold is a reasonable amount taking into consideration the business of the Issuer as described in either item 21 or 22; or 23 or 24 and the use that will be made of the proceeds of the offering as described in item 27.]

8. Minimum number of investors required:

[A CEDC is required to indicate how the minimum number of investors required meets the concept of a "community based" project.]

9. Total estimated costs of the Offering:

RISK FACTORS

10. Taking into consideration the factors noted below, list in the order of importance the factors which the Issuer considers to be the most substantial risks to an investor in this Offering in view of all known facts and circumstances (i.e., those factors which constitute the greatest threat that the investment will be lost in whole or in part, or not provide an adequate return).

- (a)
- (b)
- (c)
- (d)
- (e)

In addition to the above risks, potential investors should consider the following risks before they decide to purchase the Shares being offered:

(f) The Shares are speculative in nature. An investment is appropriate only for investors who are prepared to have their money invested for a long period of time, and who have the capacity to absorb a loss of some or all of their investment.

(g) There is no organized market through which the Shares may be sold. Therefore, investors may find it difficult or even impossible to sell their Shares.

(h) There are restrictions on the resale of the Shares. See item 57 for details.

(i) The Issuer may not achieve a level of profitability to permit dividends to be paid. Investors should not count on any return from these Shares.

(j) Investors who deposit the Shares in a self-directed RRSP should not depend on selling the Shares or income from the Shares to fund their retirement.

(k) Tax laws frequently change.

PLAN OF DISTRIBUTION

11. (a) The following people (the “selling agents”) are authorized to sell Shares under the Offering:

Name	Address	Business Phone #	Fax #

11. (b) The following people are the Finders under the Offering:

Name	Address	Business Phone #	Fax #

12. (a) Describe any compensation to selling agents or Finders, including cash, securities, contracts or other consideration of any kind direct or indirect.
- (b) Also indicate whether the Issuer will indemnify the selling agents or Finders against liabilities, if any, under the securities laws.
13. Describe any material relationship between any of the selling agents or Finders and the Issuer or its management.

NOTE: After reviewing the amount of compensation to the selling agents or Finders for selling the Shares, and the nature of the relationship between the selling agents or Finders and the Issuer, a potential investor should carefully consider the following points when evaluating any recommendation by the selling agents or Finders to buy the Shares:

- (a) Amount of compensation received by the selling agents or Finders to sell the shares;
- (b) The nature of the relationship between the selling agents or Finders and the Issuer; and
- (c) Unlike most securities offerings, the selling agents and Finders are not required to be registered under the Act to trade securities and therefore, when investors purchase the Shares through unregistered selling agents or Finders, they should be aware that:

i) They will not have the protections afforded by certain requirements and standards imposed on “registrants” under the Act, including proficiency

standards, reporting requirements, “know your client” requirements and “suitability” requirements; and

ii) Unregistered selling agents and Finders are generally prohibited by the Act from giving investment advice to potential investors unless permitted to do so by an exemption expressly set out in the Act or granted by the Nova Scotia Securities Commission under the Act.

Please refer to #45 & #54 for additional information on the relationship between parties.

14. Describe the procedure by which investors subscribe for Shares under the Offering.
15. The subscription funds will be held in trust by [here state name of the lawyer or financial institution that will hold money in trust] and will only become available to the Issuer when the conditions of closing described below have been met and the Offering has closed.
16. The following are conditions of the initial closing of this Offering:
 - (a) the Issuer has received the minimum offering amount of \$_____;
 - (b) all material contracts have been signed, and all material consents of third parties have been obtained;
 - (c) all necessary and required certificates under the *Equity Tax Credit Act* and regulations and other applicable laws have been obtained and are current including:
 - (i) a non-objection letter issued by the Director of Securities that has not been subsequently revoked; and
 - (ii) the Equity Tax Certificate that has not lapsed or been revoked by the Minister of Finance;
 - (d) additional conditions of the initial closing are:
 - (i) A minimum of ____ shareholders having subscribed (per #8)
 - (ii) All subscription funds must be in the possession of the Trustee at the time of the initial closing
 - (iii)
17. The minimum offering amount and all other conditions of the initial closing must be achieved on or before __/__/__ (dd/mm/yy). [Unless the Director has granted an extension, this date must be not more than 90 days from the date of issuance of a letter of non-objection in respect of the offering document by the Director of

Securities pursuant to the *Community Economic-Development Corporation Regulations*.]

18. If the minimum offering amount and all other conditions of the initial closing are not achieved on or before the time specified in item 17, and no extension has been granted by the Director, the Offering will be withdrawn and all of the proceeds of subscription, without interest, will be returned to the subscriber within 30 days of the date that the Offering was to close.
19. The following are conditions of each subsequent closing of this Offering:
 - (i) there has been no material change in material contracts referred to in item #16(b);
 - (ii) all necessary and required certificates under the *Equity Tax Credit Act* and regulations and other applicable laws have been obtained and are current including
 - (i) a non-objection letter issued by the Director of Securities that has not been subsequently revoked; and
 - (ii) the Equity Tax Certificate that has not lapsed or been revoked by the Minister of Finance;
 - (iii) all subscription funds must be in the possession of the Trustee at the time of each subsequent closing

THE ISSUER

20. Issuer’s exact name as it appears in the incorporating document:

Name of CEDC:

Jurisdiction and Date of Incorporation	
Address of Registered Office	
Address of Principal Business Address	
Issuer’s Telephone Number	
Issuer’s Fax Number	
Contact Person at Issuer with Respect to the Offering	
Telephone Number of Contact Person (if different number from above) and e-mail	
Fiscal Year End (month/day)	

BUSINESS AND PROPERTIES OF A CEDC THAT IS A CORPORATION

When the Issuer is a Corporation and now operates or proposes to operate an active business or to invest all or substantially all of the proceeds of the offering in shares of a corporation where all or substantially all of the fair market value of that corporation is

attributable to property used in an active business (the “Investee Corporation”) please complete item 21.

NOTE: If the Issuer proposes to invest or has invested 20% or more of the net proceeds of the total offerings to date or of the contemplated offering, in an Investee Corporation, the most recent financial statements of the Investee Corporation must be attached and form part of this document.

[When the Issuer is a Corporation and has a constitution that restricts it to making specified investments in eligible local business entities in accordance with its Community Economic-Development Plan please go to item 22.]

21. With respect to the business of the Issuer and its properties:
- (a) Describe in detail what business(es) the Issuer or Investee Corporation now operates and proposes to operate, including what products are or will be produced or services that are or will be rendered.
 - (b) Describe how these products or services are to be produced or rendered and how and when the Issuer intends to carry out its activities. If the Issuer or Investee Corporation plans to offer a new product(s), state the present stage of development including whether a working prototype(s) is in existence. Indicate if completion of development of the product will require a material amount of the resources of the Issuer, and the estimated amount. Describe any major existing supply contracts.
 - (c) Describe the industry in which the Issuer or Investee Corporation is selling or expects to sell its products or services and, where applicable, any recognized trends within the industry. Describe that part of the industry and the geographic area in which the business competes or will compete. Indicate whether competition is or is expected to be by price, service or other basis.
 - (d) If the Issuer’s or Investee Corporation’s business, products or properties are subject to material regulation by federal, provincial or municipal governmental agencies, indicate the nature and extent of regulation and its effects or potential effects upon the Issuer.
 - (e) State the number and types of employees the Issuer or Investee Corporation has and the number and type of employees it anticipates it will have within the next twelve months.
 - (f) Describe generally the principal properties (such as real estate, plant and equipment, patents, etc.) that the Issuer or Investee Corporation owns, indicating also what properties it leases and a summary of the terms of those leases, including the amounts of payments, expiration dates and the

terms of any renewal options. Indicate what properties the Issuer or Investee Corporation intends to acquire in the next twelve months, the costs of such acquisitions and the sources of financing it expects to use in obtaining those properties, whether by purchase, lease or otherwise.

- (g) State the name of any subsidiaries of the Issuer or Investee Corporation, their business purpose and ownership. If none, so indicate.
- (h) Summarize the material events in the development of the Issuer or Investee Corporation during the last 5 years or for whatever lesser period the Issuer has been in existence. Include both positive and negative facts. Also include details on profits and losses, including the causes of any losses. Include as well any material acquisitions or arrangements. [A “material event” or “material acquisition or arrangement” is one that is fundamental to the business and day-to-day operations of the Issuer or Investee Corporation.]

SPECIFIED INVESTMENTS IN ELIGIBLE LOCAL BUSINESS ENTITIES BY A CEDC THAT IS A CORPORATION

NOTE: If the Issuer proposes to invest or has invested 20% or more of the net proceeds of the total offerings to date or of the contemplated offering, in an Investee Corporation, the most recent financial statements of the Investee Corporation must be attached and form part of this document.

- 22. [Item 22 must be completed by a CEDC that is a Corporation with a constitution that restricts it to making specified investments in eligible local business entities in accordance with its Community Economic-Development Plan.]
 - (a) Set out restrictions as described in the Issuer’s constitution.
 - (b) Describe the Issuer’s investment strategy and objectives as set forth in the Issuer’s Community Economic-Development Plan.
 - (c) Describe any intended specified investments in eligible local business entities which the Issuer plans to make with the proceeds of the Offering and how they fall within the Issuer’s Community Economic-Development Plan. If no such specified investments are planned at the time of the Offering or if further specific investments are contemplated please indicate that fact.
 - (d) (i) Does the Issuer have an exit strategy for the investments?
(ii) Please describe, if any.

[Potential investors should note that where specified investments in eligible local business entities are not described in this offering document the Issuer must make such investments in compliance with Section 20 of the *Community Economic-Development Corporations Regulations*.]

BUSINESS AND PROPERTIES OF A CEDC THAT IS AN ASSOCIATION

When the Issuer is an Association and now operates or proposes to carry on business or operate as a marketing, producer or employee co-operative as those activities are defined in the regulations to the *Equity Tax Credit Act*, please complete item 23.

NOTE: If the Issuer proposes to invest or has invested 20% or more of the net proceeds of the total offerings to date or of the contemplated offering, in an Investee Corporation, the most recent financial statements of the Investee Corporation must be attached and form part of this document.

[When the Issuer is an Association that has a constitution that restricts it to investing in eligible investments in accordance with the regulations made pursuant to the *Equity Tax Credit Act*, please go to item 24.]

23. With respect to the business of the Issuer and its properties:
- (a) Describe in detail what business(es) the Issuer now operates and proposes to operate, including what products are or will be produced or services that are or will be rendered.
 - (b) Describe how these products or services are to be produced or rendered and how and when the Issuer intends to carry out its activities. If the Issuer plans to offer a new product(s), state the present stage of development including whether or not a working prototype(s) is in existence. Indicate if completion of development of the product will require a material amount of the resources of the Issuer, and the estimated amount. Describe any major existing supply contracts.
 - (c) Describe the industry in which the Issuer is selling or expects to sell its products or services and, where applicable, any recognized trends within the industry. Describe that part of the industry and the geographic area in which the business competes or will compete. Indicate whether competition is or is expected to be by price, service or other basis.
 - (d) If the Issuer's business, products or properties are subject to material regulation by federal, provincial or municipal governmental agencies, indicate the nature and extent of regulation and its effects or potential effects upon the Issuer.

24. Item 24 must be completed by a CEDC that is an Association that has a constitution that restricts it to investing in eligible investments in accordance with the regulations made pursuant to the *Equity Tax Credit Act*.

NOTE: If the Issuer proposes to invest or has invested 20% or more of the net proceeds of the total offerings to date or of the contemplated offering, in an Investee Corporation, the most recent financial statements of the Investee Corporation must be attached and form part of this document.

- (a) Set out restrictions on investments as described in the Issuer's constitution:
- (b) Describe the Issuer's investment strategy and objectives as set forth in the Issuer's Community Economic-Development Plan.
- (c) Describe any intended specified eligible investments which the Issuer plans to make with the proceeds of the offering. If no such specific eligible investments are planned at the time of the Offering or if further specific eligible investments are contemplated, please indicate that fact.
- (d) (i) Does the Issuer have an exit strategy for the investments?
(ii) Please describe, if any.

[Potential investors should note that where specific eligible investments are not described in this offering document the Issuer must comply with Section 21 of the *Community Economic-Development Corporations Regulations*.]

CAPITAL STRUCTURE

25. The following table describes the authorized capital of the Issuer:

Name Of Security	Description of Attributes

[In the table, please name and describe the classes of securities of the Issuer, if any, exactly as set out in the constitutional documents of the Issuer. If these details are lengthy, then refer to the constitutional documents by reference and attach them to the offering document. The reference should state: "The constitutional documents attached to this offering document describe the authorized capital of the Issuer".]

26. The following table describes the capital structure of the Issuer at a date not more than 30 days preceding the date of the offering document and also what the capital structure will be on the conclusion of the Offering:

Name of Security	Number Authorized	Total \$Value and # Outstanding at YYYYYY	Total \$Value and # Outstanding at Initial Closing @ Minimum @ Maximum
[Loans/ Other Indebtedness]			
[Preferred Shares]			
[Common Shares]			

[In columns 3 and 4, state \$ amount first and number of securities in brackets after.]

USE OF PROCEEDS

27. The funds raised in the Offering will be used as indicated in the following table:

	If Minimum Sold	%	If Maximum Sold	%
Total Proceeds		100		100
Less: Offering Expenses				
Commissions				
Promoter Fees				
Legal & Accounting				
Copying & Other Expenses				
Total Cost of Offering				
Net Proceeds from Offering				
Use of Net Proceeds				
Investments				
Administration				
Total Use of Net Proceeds				

[The information concerning "Use of Net Proceeds" must be meaningful and in reasonable detail. Normally, it is not sufficient to say only that "the proceeds of this offering will be used for general corporate or association purposes." Describe any projects in reasonable detail and their location.]

28. Describe the order of priority in which the proceeds set forth under the column "If Minimum Sold" will be used.
29. If material amounts of funds from sources other than the Offering are to be used in conjunction with the proceeds from the Offering, state the amounts and sources of such other funds, and whether funds are firm or contingent. If contingent, explain the contingent event(s).
30. Indicate whether the Issuer is having or anticipates having within the next 12 months any cash flow or liquidity problems and whether it is in default or in

breach of any note, loan, lease or other indebtedness or financing arrangement requiring the Issuer to make payments. Indicate if a significant amount of the Issuer's trade payables have not been paid within the stated trade term. State whether the Issuer is subject to any unsatisfied judgments, liens or settlement obligations and the amount thereof. Indicate the Issuer's plans to resolve any such problems.

31. Indicate whether proceeds from the Offering will satisfy the Issuer's cash requirements for the next 12 months, and whether it will be necessary to raise additional funds. State the source of additional funds, if known.

FINANCIAL FORECASTS OR PROJECTIONS

32. If future-oriented financial information such as forecasts or projections will be provided to potential investors, such information must be attached to the offering document and referred to in this section. The forecast or projection must include all of the assumptions used to calculate the figures shown and be prepared in accordance with section 17 of the *Community Economic-Development Corporations Regulations*.

DIVIDENDS, DISTRIBUTIONS AND REDEMPTIONS

33. Provide particulars of the Issuer's dividend policy, if any.
34. Give details of dividends and other distributions paid by the Issuer to its security holders during the last 5 years.

PROMOTERS OF THE ISSUER

35. The Promoters of the Issuer are:

Name:

Business street address:

Business telephone number: (____)

Business fax number: (____)

Names of employers, titles and dates of positions held during the last five years with an indication of job responsibilities:

Education (degrees, schools and dates):

Nature of projects during the last five years if not described above:

[Provide this information for each Promoter of the Issuer.]

OFFICERS OF THE ISSUER

36. The officers of the Issuer are:

Name:

Business street address:

Business telephone number: (____)

Business fax number: (____)

Names of employers, titles and dates of positions held during the last five years with an indication of job responsibilities:

Education (degrees, schools and dates):

Nature of projects during the last five years if not described above:

Also a director of the Issuer Yes No

Indicate amount of time to be spent on Issuer's matters if less than full time:

[Provide this information for each officer of the Issuer.]

DIRECTORS OF THE ISSUER

37. (a) There are [#] directors of the Issuer, **six of which must come from the community.**

(b) At least two directors of the Issuer must be independent. Please name them and explain how they are independent.

38. Information concerning each director of the Issuer, other than those already listed under the heading "Officers of the Issuer" are: [If there are no directors in addition to those listed under the heading "Officers of the Issuer", state: "There are no directors of the Issuer other than those listed under the heading "Officers of the Issuer".]

Name:

Business street address:

Business telephone number: (____)

Business fax number: (____)

Names of employers, titles and dates of positions held during the last 5 years with an indication of job responsibilities:

Education (degrees, schools, dates):

Nature of projects during the last five years if not described above:

[Provide this information for each director of the Issuer who is not an officer.]

KEY PERSONNEL OF THE ISSUER

39. For each key person (i.e. one who is essential to the operations of the Issuer) who is not already named as an officer, director or promoter, please provide the following information:

Name:

Business street address:

Business telephone number: ()

Business fax number: ()

Names of employers, titles and dates of positions held during the last 5 years with an indication of job responsibilities:

40. Describe any arrangements to assure that each key person will remain with the Issuer and not compete with the Issuer upon termination of their relationship with the Issuer.
41. Have any of the officers, directors or other key personnel ever worked for or managed a company (including a separate subsidiary or division of a larger enterprise) in the same business as the Issuer? [] Yes [] No

If yes, please explain including relevant dates:

42. If the Issuer has never conducted business or is otherwise in the development stage, indicate whether any of the officers or directors or other key personnel has ever managed any other business in the start-up or development stage and describe the circumstances, including relevant dates.
43. If any of the Issuer's key personnel are not employees but are consultants or other independent contractors, state the details of their engagement by the Issuer.

44. If a petition under the *Bankruptcy and Insolvency Act* has been filed against any officer, director, key personnel or Promoter, or a receiver or receiver-manager has been appointed by a court for the business or estate of any such persons, or any partnership in which any of such persons was general partner, or any corporation or business association of which any such person was an executive officer within the last 5 years, set forth below the name of such persons, and the nature and date of such actions.

PRINCIPAL SECURITY HOLDERS

45. List below the principal security holders of the Issuer, if any. Principal security holders are those who beneficially own directly or indirectly 10% or more of any securities of the Issuer presently outstanding. Start with the largest common shareholder. If a principal security holder is not an individual, please disclose the ownership of the principal security holder by a footnote to the table. If the Issuer has no principal security holder state: "There are no security holders of the Issuer who own directly or indirectly more than 10% of any securities of the Issuer" and do not complete the remainder of this item.

Name	
Business Street Address	
Business Telephone Number	
Date(s) of Purchase	
Type of Share	
Average Price Per Share	
Number of Shares Now Held	
Percent of Total	

[Provide this information for each principal security holder.]

46. Number of shares beneficially owned by officers and directors as a group.
 Before Offering: _____ shares (_____ % of total outstanding)

Note: The officers and directors of the Issuer may subscribe for shares during the offering, in which case the number of shares beneficially owned by officers and directors as a group after the offering will increase.

MANAGEMENT RELATIONSHIPS, TRANSACTIONS AND REMUNERATION

47. If any of the officers, directors, key personnel, Promoters or principal security holders are related by blood or marriage, please describe:
48. If the Issuer has made loans to, or received loans from, or is doing business with any of its officers, directors, key personnel, Promoters or principal security

holders, or any of their relatives (or any entity controlled directly or indirectly by any such person) within the last two years or is contemplating doing so, explain. (This includes sales or leases of goods, property or services to or from the Issuer, employment contracts, or share, option or other purchase contracts, etc.) State the principal terms of any significant loans, agreements, leases, financing or other arrangements.

49. Give details of any payments to officers, directors, key personnel and Promoters of the Issuer, including salary, bonuses, director's fees, honoraria and reimbursement of expenses.
50. If any employment agreements with officers, directors, key personnel or Promoters exist or are contemplated, please describe:
51. (a) Does the Issuer have a Conflict of Interest Policy?

(b) Give details of all business or personal interests that the officers, directors, key personnel, Promoters, principal security holders or any related parties such as any of their relatives (or any entity controlled directly or indirectly by any such person) of the Issuer may have which could conflict with the interests of the Issuer even if it is described in answers to other questions.

LITIGATION

52. Describe any past, current, pending or threatened litigation or administrative action which has had or may have a material effect upon the Issuer's business, financial condition or operations. State the name of the court or tribunal, the names of the principal parties, the date any proceedings were started, the nature and current status of the proceedings and amounts involved.

Include any litigation or action involving the Issuer's Promoters, officers, directors or other key personnel which relates to or has or could affect the Issuer. Give an evaluation by management or counsel, to the extent feasible, of the merits of the proceedings or litigation and the potential impact on the Issuer's business, financial condition or operations.

[If there is no such litigation or action to disclose state: "The Issuer and its Promoters, officers, directors and key personnel are not currently and have not been subject to any litigation or administrative or criminal action which is or has been material to the Issuer. Nor is the Issuer or its Promoters, officers, directors or key personnel aware that any such litigation or action is pending or threatened."]

CANADIAN INCOME TAX ACT CONSIDERATIONS

53. This commentary is of a general nature only and is not intended to be tax advice to any particular investor. Prospective investors are urged to consult with their own professional advisors regarding the tax consequences applicable to them.

[Add narrative with respect to the significant income tax consequences to individuals who are residents of Canada under the *Income Tax Act* and the *Equity Tax Credit Act*. The narrative should address the following, if applicable:

- **transfer of Shares to a Registered Retirement Savings Plan (RRSP);**
- **transfer of Shares to a Tax Free Savings Account (TFSA);**
- **taxation of dividends or income received by Security holders on the Shares;**
- **treatment of capital gains or losses realized by Security holders on disposition;**
- **applicability of alternative minimum tax to Security holders;**
- **deductibility of interest expense on money borrowed to purchase Shares;**
- **availability of tax credits; and**
- **repayment of tax credits.]**

[Provide the name and address of the professional advisors, if any, involved in the preparation of the answer to item 53.]

[If no professional advisors have been used, please state “No professional advisors have been used in the preparation of the tax disclosure”]

MATERIAL CONTRACTS

54. Give particulars of every material contract entered into by the Issuer or, if applicable, any of its significant subsidiaries within two years prior to the date of the offering document. If a material contract is of a confidential nature, provide a summary of it.

Date	Name of Contract	Description

[A “material contract” is any contract that is fundamental to the business and day-to-day operations of the Issuer. Examples are: contracts for the purchase of property, equipment or inventory; marketing

contracts; financing agreements; management agreements; shareholder agreements; copyright or patent agreements.]

Under the heading “Description”, include details as to the parties to the contract, what the contract is for and the important terms of the contract. Please state a time and place at which those material contracts or copies thereof may be inspected during the distribution of the Shares.

FINANCIAL STATEMENTS

55. Annual financial statements of the Issuer for the period ending [insert last fiscal year] are attached and which form part of this document. Interim financial statements covering the period from [insert appropriate date] to [insert appropriate date] are also attached and which form part of this document.

NOTE: If the Issuer proposes to invest or has invested 20% or more of the net proceeds of the total offerings to date or of the contemplated offering, in an Investee Corporation, the most recent financial statements of the Investee Corporation must be attached and form part of this document.

[If the Issuer has carried on business but has not completed a financial year, state this, delete the first sentence above and attach an unaudited financial statement of the Issuer for the period ending not more than 60 days prior to the date of the offering document.

If the Issuer has completed one or more fiscal years, attach the financial statements complete with either an audit report or a review engagement report for the most recent completed fiscal year and unaudited financial statements for the period ending not more than 60 days prior to the date of the offering document.

If the Issuer does not have a prior operating history, state this and attach an opening balance sheet with either a completed audit report or a review engagement report and also state “and which form part of this document”].

CONTINUOUS REPORTING OBLIGATIONS

56. (a) The Issuer will file with the Nova Scotia Securities Commission and **send to Security holders** annual financial statements and semi annual interim financial statements as required by the *Community Economic-Development Corporations Regulations*.

(b) If a material change has occurred in the operation of the CEDIF, a press release along with a material change report must be filed with the Nova Scotia Securities Commission within ten (10) days of the date on which the change has occurred.

RESTRICTIONS ON RESALE OF SECURITIES

57. Under the provisions of the *Equity Tax Credit Act*, a person who disposes of a share in respect of which a tax credit has been allowed within five years from the date of purchase is liable to repay the Minister of Finance an amount equal to the tax credits received in respect of the share purchased, including interest thereon where interest is prescribed by the regulations made pursuant to that Act, or a lesser amount that is determined pursuant to the regulations to that Act.

Under Nova Scotia securities laws, trades by a Security holder of Shares of the Issuer purchased under this Offering will be restricted and, pursuant to subsection 80(5) of the Act, each first trade and each subsequent trade will be a distribution unless:

- (a) the Issuer is and has been a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the trade;
- (b) the Shares have been held for the 4 month hold period from the date of the initial exempt trade;
- (c) the certificate representing the Shares carries a legend as set out in paragraph 2.5(2) 3 of National Instrument 45-102 *Resale of Securities*;
- (d) the trade is not a control distribution as defined in subclause 2(1)(l)(iii) of the Act;
- (e) no unusual effort is made to prepare the market or to create a demand for such Shares;
- (f) no extraordinary commission or consideration is paid to anyone in respect of such trade; and
- (g) If the vendor is an insider or officer of the Issuer, the vendor has no reasonable grounds to believe that the Issuer is in default of securities legislation.

However, first and subsequent trades by a Security holder of Shares of the Issuer purchased under this Offering are permitted in the following circumstances:

- (a) to the Issuer;
- (b) to a self-directed registered retirement savings plan of the Security holder or the Security holder's spouse or to the spouse of Security holder;
- (c) from a self-directed registered retirement savings plan of the Security holder or the Security holder's spouse to the Security holder;

(d) to a purchaser who owns Shares of the Issuer and who is advised in writing by or on behalf of the vendor prior to entering into an agreement of purchase and sale that the purchaser shall not accrue any advantage under the *Equity Tax Credit Act* as a result of such purchase; or

(e) to a purchaser who purchases pursuant to a trade made in compliance with the Act and any applicable Securities Rules.

Caution: The Shares are not listed on a stock exchange. There is no organized market through which these Shares may be sold. Therefore, investors may find it difficult or even impossible to sell their Shares.

RIGHTS OF ACTION

58. (1) Where

(a) an offering memorandum sent or delivered to a purchaser, together with any amendment to the offering memorandum; or

(b) advertising or sales literature as defined by subsection (2) of Section 56,

contains a misrepresentation, a purchaser who purchases a security referred to in it is deemed to have relied on that misrepresentation, if it was a misrepresentation at the time of purchase, and

(c) has a right of action for damages against

(i) the seller,

(ii) every director of the seller at the date of the offering memorandum, and

(iii) every person who signed the offering memorandum; or

(d) may elect to exercise a right of rescission against the seller, in which case the purchaser has no right of action for damages against any person or company under clause (c).

(2) No person or company is liable under subsection (1) if the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

(3) No person or company is liable under subsection (1) if the person or company proves that

(a) the offering memorandum or the amendment to the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;

(b) after delivery of the offering memorandum or the amendment to the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the offering memorandum, or

amendment to the offering memorandum, the person or company withdrew the person's or company's consent to the offering memorandum, or amendment to the offering memorandum, and gave reasonable general notice of the withdrawal and the reason for it; or

(c) with respect to any part of the offering memorandum or amendment to the offering memorandum purporting

(i) to be made on the authority of an expert, or

(ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that

(iii) there had been a misrepresentation, or

(iv) the relevant part of the offering memorandum or amendment to the offering memorandum

(A) did not fairly represent the report, opinion or statement of the expert, or

(B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

(4) No person or company is liable under subsection (1) with respect to any part of an offering memorandum or amendment to the offering memorandum not purporting

(a) to be made on the authority of an expert; or

(b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company

(c) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or

(d) believed that there had been a misrepresentation.

(5) Subsections (3) and (4) do not apply to the seller if the seller is also the issuer.

(6) In an action for damages under clause (c) of subsection (1), the defendant is not liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the security resulting from the misrepresentation.

(7) The liability of all persons or companies referred to in clause (c) of subsection (1) is joint and several with respect to the same cause of action.

(8) A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable under this Section to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

(9) The amount recoverable by a plaintiff under this Section may not exceed the price at which the securities were offered under the offering memorandum or amendment to the offering memorandum.

(10) The right of action for rescission or damages conferred by this Section is in addition to and not in derogation from any other right the purchaser may have.

(11) If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into, an offering memorandum or amendment to the offering memorandum, the misrepresentation is deemed to be contained in the offering memorandum or amendment to the offering memorandum.

(12) For the purpose of subsection (1), advertising or sales literature is deemed not to contain a misrepresentation unless the advertising or sales literature

(a) contains an untrue statement of material fact; or

(b) omits to state a material fact that is necessary to prevent a statement contained in the advertising or sales literature from being misleading in light of the circumstances in which the statement was made.

(13) In this Section, for greater certainty, "seller" includes the issuer where the securities are distributed by the issuer.

59. No action shall be commenced to enforce the rights described in item 58 above more than 120 days after the date on which payment was made for the Shares or after the date on which the initial payment for the Shares was made where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment.

60. The rights described in item 58 above are in addition to and without derogation from any other right or remedy which a Security holder might have at law.

CERTIFICATE

61. This offering document, which has been prepared as prescribed by Form 1 of the *Community Economic-Development Corporations Regulations*, does not:

contain an untrue statement of material fact;

omit to state a material fact required by Form 1, or

omit to state a material fact necessary to make a statement in this offering document not misleading.

DATED at _____, this _____ day of _____, ____ (yy).

[This certificate must be signed: by the chief executive officer and chief financial officer; on behalf of the board of directors by any 2 directors of the issuer, other than the foregoing, duly authorized to sign; and by all promoters of the issuer.]