

Financing economic growth in your community

Community Economic Development Investment Funds (CEDIFs) are pools of capital which are available for investment into business(es) in their communities. These funds are controlled by a local board of directors, which are chosen by the funds' investors at an annual general meeting.

The funds attract the capital (money) to invest by selling shares to individuals in their community. Individuals who choose to invest in the fund purchase common shares which must be held for a minimum of 4 years. The Province of Nova Scotia encourages the creation of these funds by providing a 30% personal income tax credit and a limited guarantee against the final 20% of the investment.

These funds have been recognized by the federal government as pre-approved holdings for a self-directed RRSP (Regulation 4900(1)(i.11) of the federal Income Tax Act). Individuals should consult their financial advisor to ensure these shares can be held in their account.

Since their inception 4 years ago, these funds have grown significantly. At the end of 2003, there were 16 CEDIFs which had raised money (a total of \$7.3 million) and reinvested that money back into their communities. More than 1,000 Nova Scotians have chosen to reinvest in their communities through CEDIFs.

Example:

\$ 1,000	Investment (non-RRSP)
-300	(30%) Nova Scotia Equity Tax Credit
\$ 700	Net Cost (non-RRSP)
-300	If new money to RRSP a deduction at the marginal tax rate for the full amount of the investment. <i>For illustration, a 30% marginal rate is used.</i>
\$ 400	Total Cost "out of pocket"
\$ 200	Partial Guarantee (final 20% for 4 years)
\$ 200	Funds at Risk/Maximum Potential Loss (with RRSP)

BBI, Halifax

PURPOSE: Create a pool of capital which will invest in businesses owned by persons in the Black community.

BCA Investment Co-operative Limited, Sydney

PURPOSE: Create a pool of capital which invests into business opportunities in Cape Breton

Just Us! Fair Trade Investment Co-op Ltd., Wolfville

PURPOSE: Invest the proceeds in their fair trade coffee business.

La Residence Acadienne, Cheticamp

Purpose: To build and operate a seniors housing facility.

New Dawn, Sydney

PURPOSE: Invest the proceeds in businesses within the New Dawn family of companies.

Vale Corporate Training, Middleton

PURPOSE: Invest the proceeds into developing the Ledgehill facility. Additional capital required to carry out next phase of the long-term development plan.

Valley Funeral Home Co-op, Coldbrook

PURPOSE: Invest the proceeds in the development of a co-operative funeral home in the Coldbrook/Kentville area.

Victoria County, Baddeck

PURPOSE: Invest the proceeds in the Victoria County Co-op store in Baddeck. The funds will be used to repatriate long term debt currently held outside the province.

Windsor Super 8, Windsor

PURPOSE: Invest the proceeds in an equity stake in a new Super 8 motel to be constructed in Windsor in 2004.

4EverSports, Sydney

PURPOSE: Invest the proceeds in the operations of 4EverSports, a Sydney based developer of wireless products and services for golf courses.

For additional information on CEDIFs please visit our website at:
www.gov.ns.ca/econ/cedif
 or call 902-424-1259.



Economic Development

