CBDC South Coast Annual Report

April 1st, 2015 to March 31st, 2016

Providing Flexible Financing and Advice to Business

Think Business… Think CBDC

*For more information about **CBDC South Coast** visit us at:*

www.CBDCSouthCoast.ca

Chairperson's Message

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Atlantic Canada Opportunities Agency | Agence de promotion économique du Canada atlantique

Canada

The Community Business Development Corporation (CBDC) South Coast has been serving individuals and businesses for 28 years. The area served is the Coast of Bays Region of the south coast of Newfoundland which includes Bay d'Espoir, Connaigre Peninsula to Hermitage Bay and Fortune Bay North Shore sub-regions.

It is my pleasure to highlight the activities and results of CBDC South Coast for the 2015-2016 year ending March 31st, 2016.

The loan review committee approved 18 business loans with a total value of $402,247. The business office of the corporation disbursed 15 small business loans totaling $296,917 contributing to the creation and/or maintenance of 35 jobs. There were also Self Employment Benefit approvals to individuals starting or taking over a business. The organization has been doing locally administered business lending since the late 1990s during which time over $14.7 million has been provided in business loans to entrepreneurs and businesses in the region.

The value of loans managed by the organization as at year ending March 31st, 2016, was $3.4 million. It is a successful revolving loan fund as during the year, in addition to the funds disbursed in new business loans, $1.1 million was received in loan payments from business clients from April 1st, 2015 to March 31st, 2016.

Lending activity has been much lower than average in the past fiscal year but at year end the corporation had nearly $1.7 million available for lending. In the past, the corporation borrowed funds from an Atlantic-wide credit facility to meet the demand of local businesses and now the organization is making investments in support of the Atlantic CBDC network ($1 million). Funds provided to the Atlantic fund are available to meet local demand in the future (and remains an asset to this region).

I would like to thank everyone that contributed to the goals of the organization in support of the region. That includes our important partners, our valued clients, our professional staff and our dedicated volunteer Board of Directors. I would particularly like to acknowledge a key partner, the Atlantic Canada Opportunities Agency (ACOA), for their valuable ongoing support.

Sincerest Regards,

HERB DUNPHY

Chairperson

Activities and Results

SUMMARY STATISTICS (Apr 1, 2015 – Mar 31, 2016)

Year: 2015-2016	$	#
BUSINESS SUPPORT		
Business Loan Applications Approved	402,247	18
Total Loan Applications ($/#)	**884,732**	**19**
CBDC General Business Loan	296,917	15
Total Loans Disbursed/First Disbursed	**296,917**	**15**
Total Principal Repayment	866,474	25
Total Interest Payment	262,130	
Total Loan Payments/Paid in Fulls	**1,128,604**	**25**
SEB Program Approvals		**1**
Monitoring Contacts/Items		**100**
Jobs Created/Maintained		**35**

Note 1: The amounts in the above report cover lending activity. Please refer to the Financial Report section (page 6) for an excerpt from the audited financial statements.

COMMUNIITES IN THE COAST OF BAYS REGION

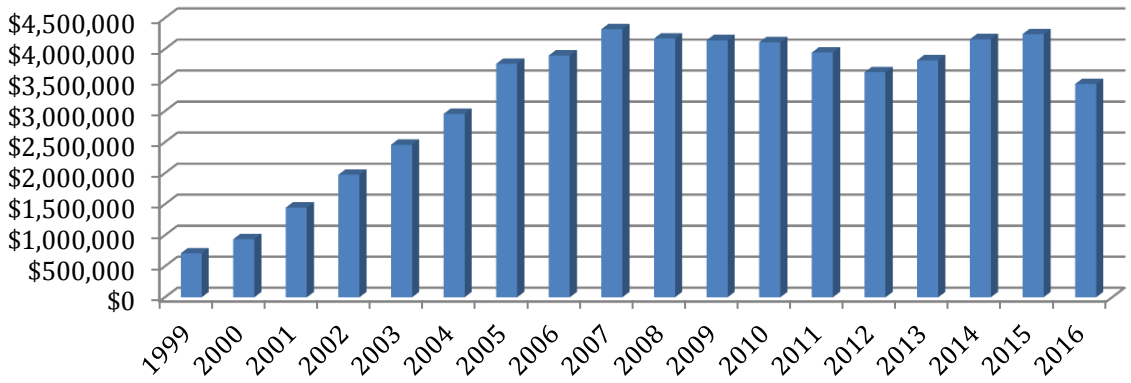
Bay D'Espoir Sub-Region
St. Alban's (including Swanger's Cove), St. Joesph's Cove, St. Veronica's, Milltown-Head Bay d'Espoir, Morrisville, Conne River (Miawpukek First Nation)

ConHer Sub-Region
Harbour Breton, Hermitage-Sandyville, Seal Cove, Gaultois, McCallum

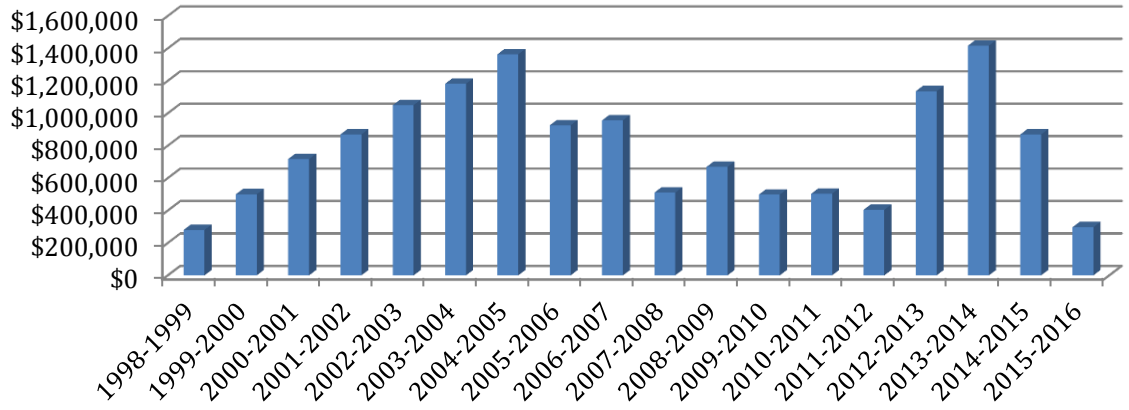
Fortune Bay North Shore Sub-Region
Pool's Cove, Belleoram, St. Jacques-Coomb's Cove (St. Jacques, English Harbour West, Mose Ambrose, Boxey, Coomb's Cove, Wreck Cove), Rencontre East

BUSINESS LENDING BY YEAR

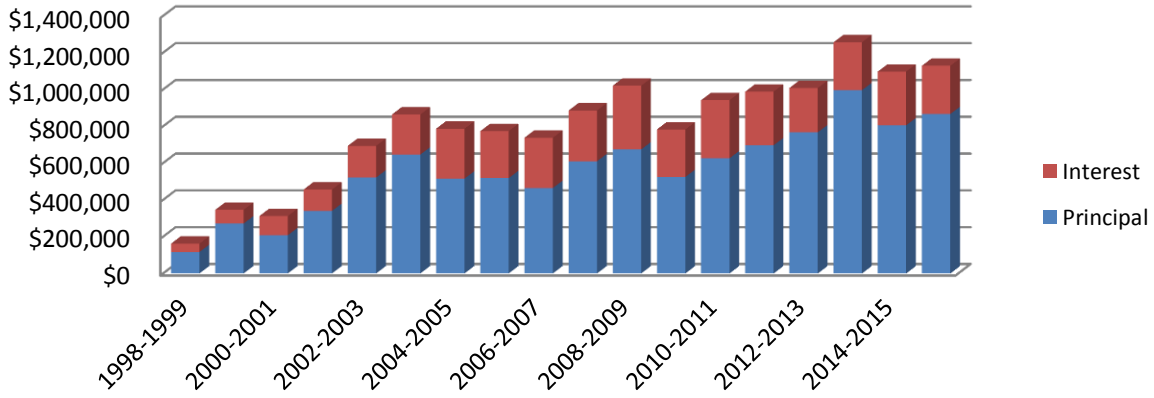
Annual Loan Portfolio Principal Balance at March 31st (year end)



Annual Loan Disbursements (To Loan Clients)



Annual Loan Payments (From Loan Clients)



Who We Are

We are part of Community Business Development Corporations (CBDCs), a network of independent, not-for profit organizations that work in cooperation with all levels of government and the private sector to meet the needs of small business. In Newfoundland and Labrador, there are 15 corporations, each dedicated to small business development and job creation. There are 41 CBDCs in Atlantic Canada and 269 like organizations across Canada collectively known as the Community Futures Network of Canada.

MANDATE

CBDC South Coast has a mandate to stimulate private sector employment within its geographical jurisdiction of the Coast of Bays by providing small businesses with financial assistance, information support, advisory and counseling services, and general business advice.

APPROACH

The CBDC South Coast strives to maintain existing businesses and support new viable business opportunities that will not have an adverse negative impact on existing businesses. The CBDC South Coast also engages in other activities that support the business sector and/or employment.

VISION

To foster and support small business development thus increasing the value of the regional economy, enhancing local employment opportunities, and building stronger communities.

ABOUT US

The CBDC South Coast has been helping businesses since 1988, proudly serving the entrepreneurs and the communities of the south coast of Newfoundland, the Coast of Bays region. We offer tailored business financing solutions and extensive business support services that makes us different than your typical business lending institution and/or typical business service organization. The primary goal of our organization is to help entrepreneurs, businesses, and social enterprises to do business.

What We Offer

BUSINESS LOANS

Business loans to both new and existing businesses. Business loans can be provided for business start-up, expansion, and/or improvement.

BUSINESS LOAN PRODUCTS (Tailored to Clients, Businesses, and Projects)

CBDC First-Time Entrepreneur Loan - Financing and support for first-time business owners.
CBDC General Business Loan - Financing for existing businesses and entrepreneurs.
CBDC Innovation Loan - Financing for development and/or adoption of new technology.
CBDC Youth Loan - Financing for young entrepreneurs from 19-34 years of age.
CBDC Social Enterprise Loan - Financing for not-for-profits conducting business activities.
More information about CBDC Loan Products can be found at www.CBDCSouthCoast.ca .

GENERAL BUSINESS LOAN OPTIONS (For Existing Businesses/Entrepreneurs)

CBDC Ready Capital - Credit line and cash ready financing to keep pace with opportunities.
CBDC Asset Capital - Equipment and/or critical asset financing to keep the business moving.
CBDC Grow Venture - Maintenance, expansion and/or business modernization loans.
CBDC Start Venture - New business concept and/or new business opportunity loans.

SMALL BUSINESS COUNSELING, CLIENT SERVICES, AND TRAINING

Small business counseling and client services are provided to individuals and businesses. There are also various other programs and services provided by the CBDC South Coast and/or partner agencies to which clients can be referred.

ENTREPRENEURIAL TRAINING FUND (ETF)

Eligible clients and entrepreneurs may be able to avail of non-repayable contribution toward the cost of business skills training.

CONSULTING ADVISORY SERVICES (CAS)

Eligible businesses and non-for-profit organizations may be able to avail of non-repayable contribution toward a portion of consultant fees for eligible projects (subject to CAS funds availability and per project limits) for project planning, technical expertise, etc.

SELF-EMPLOYMENT ASSISTANCE (SEA)

Qualifying unemployed individuals looking to start or take over an existing business can receive non-repayable financial assistance and counseling support during the first year of operating a business. The SEA Program is provided with the support of the Dept. of Advanced Education & Skills through a federal/provincial funding agreement.

LENDING TO NON-PROFIT ORGANIZATIONS (Social Enterprise Loans)

Business financing can be provided to community recreational facilities, community enterprises, service clubs, tourism attractions, and various other non-profit producers or providers of revenue generating products and services.

Financial Report

Statement of Revenues and Expenditures

SOUTH COAST COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2016

	Operating Fund	Investment Fund	FRAM Fund	2016	2015
Revenues					
ACOA Contribution-Community Futures	$ 222,872	$ 0	$ 0	$ 222,872	$ 150,000
Investment income-loan portfolio	$ 0	$ 129,594	$ 110,031	$ 239,625	$ 261,793
Investment income-other interest	$ 0	$ 3,937	$ 2,574	$ 6,511	$ 2,804
Self Employment Assistance Program	$ 53,572	$ 0	$ 0	$ 53,572	$ 52,910
CAS Program	$ 0	$ 5,650	$ 0	$ 5,650	$ 0
Debt forgiveness ACCBIF RE: Tecnology Fund	$ 0	$ 149,638	$ 0	$ 149,638	$ 0
Debt forgiveness NLACBDC RE: KickStart Program	$ 0	$ 1,182	$ 0	$ 1,182	$ 0
Fees for service	$ 17,248	$ 0	$ 0	$ 17,248	$ 23,382
Sundry	$ 0	$ 0	$ 0	$ 0	$ 0
Total Revenues	**$ 293,692**	**$ 290,001**	**$ 112,605**	**$ 696,298**	**$ 490,889**
Expenses					
Advertising	$ 4,040	$ 0	$ 0	$ 4,040	$ 2,793
Amortization	$ 1,765	$ 0	$ 0	$ 1,765	$ 1,943
Bank charges	$ 576	$ 850	$ 52	$ 1,478	$ 1,416
CAS Program	$ 0	$ 5,650	$ 0	$ 5,650	$ 0
Equipment rental	$ 0	$ 0	$ 0	$ 0	$ 1,693
Insurance	$ 2,512	$ 0	$ 0	$ 2,512	$ 2,557
Loan loss provision	$ 0	$ (4,711)	$ 48,638	$ 43,927	$ 40,379
Memberships, dues, fees	$ 2,502	$ 0	$ 0	$ 2,502	$ 2,498
Office supplies	$ 8,759	$ 0	$ 0	$ 8,759	$ 9,311
Professional fees	$ 6,286	$ 0	$ 0	$ 6,286	$ 6,722
Rent	$ 19,271	$ 0	$ 0	$ 19,271	$ 18,991
Salaries, wages, and employee benefits	$ 277,453	$ 0	$ 0	$ 277,453	$ 267,453
Telecommunications	$ 7,471	$ 0	$ 0	$ 7,471	$ 5,824
Meetings and seminars	$ 24,635	$ 0	$ 0	$ 24,635	$ 23,226
Board travel	$ 4,412	$ 0	$ 0	$ 4,412	$ 5,511
Staff travel	$ 2,020	$ 0	$ 0	$ 2,020	$ 2,629
Vehicle insurance reimbursement	$ 462	$ 0	$ 0	$ 462	$ 662
Total Expenses	**$ 362,164**	**$ 1,789**	**$ 48,690**	**$ 412,643**	**$ 393,608**
Excess of Revenue over Expenses	**$ (68,472)**	**$ 288,212**	**$ 63,915**	**$ 283,655**	**$ 97,281**
Net Assets-Beginning of year	$ 82,803	$ 2,620,767	$ 1,970,159	$ 4,673,729	$ 4,576,448
Excess of Revenue over Expenses	$ (68,472)	$ 288,212	$ 63,915	$ 283,655	$ 97,281
Prior period adjustment (Note 10)	$ 0	$ 0	$ 0	$ 0	$ 0
Transfer	$ 105,288	$ (105,288)	$ 0	$ 0	$ 0
Fund Balances-end of year	**$ 119,619**	**$ 2,803,691**	**$ 2,034,074**	**$ 4,957,384**	**$ 4,673,729**

Balance Sheet

SOUTH COAST COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2016

		Operating Fund	Investment Fund	FRAM Fund	2016	2015
Assets						
Current Assets						
Cash (see note 4)		$ 90,669	$ 411,594	$ 485,576	$ 987,839	$ 1,011,131
Accounts Receivable	Atlantic Canada Opportunites Agency	$ 22,287	$ 0	$ 0	$ 22,287	$ 15,000
	Harmonized Sales Tax	$ 3,211	$ 0	$ 0	$ 3,211	$ 3,201
	Other	$ 0	$ 0	$ 0	$ 0	$ 5
	Loan interest	$ 0	$ 48,632	$ 52,031	$ 100,663	$ 123,168
Sub-total Current Assets		$ 116,167	$ 460,226	$ 537,607	$ 1,114,000	$ 1,152,505
Investments	Loans & equity investments (see note 5)	$ 0	$ 1,805,965	$ 1,196,467	$ 3,002,432	$ 3,615,916
	ACCBIF (see Note 6)	$ 0	$ 537,500	$ 300,000	$ 837,500	$ 37,500
Sub-total Long Term Assets		$ 0	$ 2,343,465	$ 1,496,467	$ 3,839,932	$ 3,653,416
Tangible Capital Assets (see note 7)		$ 7,061	$ 0	$ 0	$ 7,061	$ 8,826
Restricted cash - severence fund		$ 0	$ 0	$ 0	$ 0	$ 13,715
Total Assets		**$ 123,228**	**$ 2,803,691**	**$ 2,034,074**	**$ 4,960,993**	**$ 4,828,462**
Liabilities						
Current Liabilities						
Short Term liabilities	Trade	$ 3,609	$ 0	$ 0	$ 3,609	$ 3,914
	Severence liability	$ 0	$ 0	$ 0	$ 0	$ 0
	NLACBDC - KickStart Program	$ 0	$ 0	$ 0	$ 0	$ 1,181
Sub-total Short Term Liabilities		$ 3,609	$ 0	$ 0	$ 3,609	$ 5,095
ACCBIF - Technology Fund		$ 0	$ 0	$ 0	$ 0	$ 149,638
Sub-total Long Term Liabilities		$ 0	$ 0	$ 0	$ 0	$ 149,638
Total Liabilities		**$ 3,609**	**$ 0**	**$ 0**	**$ 3,609**	**$ 154,733**
Net Assets	Invested in Capital Assets	$ 7,061	$ 0	$ 0	$ 7,061	$ 8,826
	Externally Restricted (see Note 9)	$ 0	$ 2,803,691	$ 2,034,074	$ 4,837,765	$ 4,590,926
	Unrestricted	$ 112,558	$ 0	$ 0	$ 112,558	$ 73,977
Fund Balances		$ 119,619	$ 2,803,691	$ 2,034,074	$ 4,957,384	$ 4,673,729
		$ 123,228	**$ 2,803,691**	**$ 2,034,074**	**$ 4,960,993**	**$ 4,828,462**

Accountability

STAKEHOLDER REPORTING

Activities and results of the corporation are reported at an annual public stakeholder meeting, in various media including on-line methods, in publications distributed such as this annual report and in reports to funding partners. The clients of the corporation are kept confidential unless authorized by the client for promotional purposes only.

FUDICIARY RESPONSIBILITY

Well defined policies, procedures, and safeguards are in place covering the receipt and disbursement of all funds. All activities, programs, services, and funds administered by the Corporation are audited annually. Financial results are reported to funding partners such as the Atlantic Canada Opportunities Agency and public authorities such as the Canada Revenue Agency (and others). Statistical results are reported monthly and/or quarterly as defined by contractual agreements with funding partners. Budgets are approved by funding partners and monitored regularly.

LOAN PORTFOLIO MANGEMENT AND PROVISION OF SERVICES

Grass root investment decisions are made by the local volunteer Board of Directors. The Board of Directors collectively governs the organization as defined by the corporation by-laws. Management and staff follow established policies and procedures to guide the administration of the loan portfolio and the provision of client services.

SERVICE TO CLIENTS

Continually striving to improve to better serve clients is the goal. Staff of the organization work and live in the region served thus having an invested interest.

BOARD MEMBER RECRUITMENT

Board member terms are three years and board members can serve a maximum of three terms consecutively (nine years). Board member opportunities are publicly advertised regularly as openings become available and a candidate selection process occurs. Interested individuals can contact the CBDC South Coast Executive Director to inquire about current and/or future openings.

EMPLOYMENT OPPORTUNITIES

The corporation requires professional staff to manage, administer, and deliver the corporation's programs and services. External employment opportunities are publicly advertised. Interested individuals can contact the CBDC South Coast Executive Director to inquire about careers.

QUESTIONS OR COMMENTS

To seek more information on any program or service, contact the staff at the CBDC South Coast offices. Should you not be satisfied with any part of your interaction with our services, please contact the Executive Director.

The Organization

BOARD OF DIRECTORS

Pictured Above (left to right): Linwood Hunt, Allan Spencer, Sandra Hynes, Hubert Langdon, Herb Dunphy, Doug Rose, and Bernetta Delaney
Missing From Main Photo: Clarence Kelly and Ted Hillier (Side Photos)

REGULAR STAFF

Pictured on The Left (left to right):
Jamie LeRoux - Executive Director,
Juanita Organ - Development Officer,
Jean Haggerty - Financial Administrator,
and Geraldine Willcott - Client Services Officer

HOW TO CONTACT US

Visit the CBDC South Coast business office located at the Regional Resource Centre in St. Alban's or call us at (709) 538-3846 or call 1-888-303-2232 (toll free from anywhere in the Coast of Bays Region).

For **on-line information** visit our website at: www.CBDCSouthCoast.ca

Executive Director's Overview

The "Chairperson's Message" in this document, highlights the activity of the past year. However, I will elaborate on our activities in more detail.

Organization's Experience

The Community Business Development Corporation (CBDC) South Coast, in the twenty eight years since first being formed, has served thousands of clients and individuals over the years in the areas of business development, employment services, information services, as well as from all the various other programs, projects, and initiatives the organization has delivered. The primary purpose of the CBDC is in the area of business development (financing and services).

The CBDC South Coast has grown $2.4 million in public contributions into a $4.8 million revolving loan fund and organization. This is the result of the prudent stewardship by both the dedicated board of directors and professional staff. Over $14.7 million in revolving repayable business investments have been made with the $2.4 million in public funds since 1997 (establishment of local loan fund with initial government contribution of $930k). The local board governed model is working really well and both businesses and communities of the region benefit.

Hundreds of business loans have been provided to businesses and entrepreneurs in sectors that include retail, wholesale, manufacturing, services, fishery, forestry, aquaculture and agriculture. Annually, in the range of 15 to 40 new loans are disbursed. The most significant activities are those of our clients. Our business clients can be individuals exploring entrepreneurship, a one person sole proprietorship, a business with a few employees, a company with many employees or a non-profit social enterprise. All of our clients help make our communities stronger.

Helping Businesses Do Business

The CBDC business office provides business loans and services throughout the Coast of Bays. The CBDC South Coast strives to maintain existing businesses and support new viable business opportunities that will not have an adverse negative impact on existing businesses.

The CBDC office can help individuals and entrepreneurs explore new business opportunities, existing businesses to maintain and/or expand operations, and can also assist social enterprises with the same financing and service options as available to businesses. If you need business financing or other types of business services, let the CBDC help you do business!

Opportunity For New and Existing Businesses

The goal of the CBDC South Coast is to help maintain and grow the businesses in the region. This includes start-ups where viable, assisting with changes in business ownership, business modernization and expansion, and assisting with a changing business environment or industry. Social enterprises which are those organizations and non-profits that provide goods and services to generate revenue are eligible for financing and support as well.

JAMIE LEROUX

Special Acknowledgements

Board of Directors – New Director

The CBDC South Coast is recruiting a new director and the process is underway as of the publication of this report (September 2016). The sub-region in which a new director is being recruited includes the communities of Harbour Breton, Hermitage-Sandyville, Seal Cove, Gaultois, and McCallum.

Board of Directors – Departing Director

Ms. Sandra Hynes completes maximum board terms serving 3 terms of 3 years (9 years) as at end of September 2016. The CBDC South Coast board and staff wishes all the best to Sandra and most sincerely thanks her for serving the organization and the region. Sandra's dedication and service is most certainly acknowledged.

Board Executive –Executive

A new Board Executive took effect in the 2015-2016 year ending March 2016. The following service in executive positions concluded as follows: Ms. Sandra Hynes - Chairperson, Mr. Herb Dunphy – Treasurer, and Mr. Linwood Hunt Secretary. The position of Vice Chairperson was temporarily vacant.

The bi-annual elections of the Board in 2015 resulted in the following Board Executive: Chairperson – Mr. Herb Dunphy, Vice Chairperson – Mr. Doug Rose, Treasurer – Mr. Linwood Hunt, and Secretary – Allan Spencer. The executive members and the entire Board of Directors play a very important role in the grass roots governance through both investment and policy decision making of the organization.

Board of Directors – Commitment to Good Governance

The management and staff of the CBDC South Coast would like to recognize the professionalism and commitment of the CBDC South Coast volunteer Board of Directors. The Board of Directors of the CBDC South Coast have collectively attended several governance training sessions on topics including legal, financial, and organizational topics. The Board is always pleased upon return from these sessions as they find that the organization, board, and staff are consistent with the recommended policies and procedures. In addition, when new things are learned that can strengthen the organization further, they are reviewed and applied.

What Can CBDC South Coast Do For Local Businesses

We can help start, takeover, modernize, and/or grow your business!

CBDC General Business Loans

- **CBDC Ready Capital** - Available line of credit and/or working capital to be ready for whatever your business cash flow needs will be at any time. Stay in control of your business.
- **CBDC Asset Capital** - Financing for equipment or asset purchases either now or if you want to be pre-approved to help with ease the process of not having to negotiate financing/leasing at time of purchase.
- **CBDC Start Venture** - It takes time and resources to get a business off the ground. Financing is critical.
- **CBDC Grow Venture** – Modernize, diversify, and/or expand your business on your terms. Ongoing investment is not always an option – sometimes it is essential.

Small Business Grants – For Training and Services

The Entrepreneurial Training Fund (ETF) can provide non-repayable funds for business management related training and Consultant Advisory Services (CAS) can provide funds toward getting expert services required for your business.

Small Business Services and Referrals

Get answers to questions and/or information on planning, starting, and/or operating a business including help finding any other information and referrals you need.

Social Enterprise Loans

Financing is available for business oriented activities of non-profit based organizations that provide products and services in local communities and/or the region.

Self-Employment Support

Business counseling and advice is available to new and existing entrepreneurs and businesses. Some new entrepreneurs exploring business (not yet planned or started their business) may potentially qualify for non-repayable financial support while planning and starting their business (subject to eligibility and criteria).

Businesses and Industries Served

The CBDC South Coast since 1988 has served both new and well established businesses in every type of business and industry in the Coast of Bays. Businesses served include those in fishery, aquaculture, retail/wholesale, services, agriculture/forestry, manufacturing, etc. The CBDC South Coast has been involved in financing projects from as small as $10,000 and under even all the way up to more than $1 million. Clients served include the one person sole proprietorship, corporations with many employees, and even consortiums of related companies. All are equally very important to the region and local economy.

In the next ten years many businesses will be changing ownership due to retirement, grooming of successors, intergeneration changes in family owned businesses, and/or selling of businesses or business assets. The CBDC South Coast can play an integral role via our financing and services (along with financial and legal opinions required to be sought from professionals) to assist both the new owner and existing owner to realize their goals.