South Coast Community Development Corporation

CBDC South Coast

Annual Report

April 1st, 2019 to March 31st, 2020

Serving the South Coast for More Than Thirty Years

(Working with entrepreneurs and businesses since 1988)

Think Business… Think CBDC

*For more info about **CBDC South Coast** visit:* ***www.CBDCSouthCoast.ca***

Providing Flexible Financing and Advice to Business

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 serves Bay d'Espoir, Connaigre Peninsula to Hermitage Bay and Fortune Bay North Shore. It is my pleasure to highlight the results for the 2019-2020 year ending March 31st, 2020.

The loan review committee approved 16 business loans with a total value of $1,381,205. The corporation disbursed 12 small business loans totaling $623,030 contributing to the support of 39 jobs. The organization started in 1988 and has been doing locally administered business lending since the late 1990s during which time $18.5 million (to Mar 31st, 2020) has been provided in business loans to entrepreneurs and businesses.

The value of loans managed by the organization as at year ending March 31st, 2020, was $3.1 million. It is a successful revolving loan fund as during the year, in addition to the funds disbursed in new business loans, over $1 million was received in loan payments from clients from April 1st, 2019 to March 31st, 2020.

During the last three fiscal years, the Board of Directors has approved over $4 million in business loans of which over $3.2 million has been disbursed by the management and staff of the organization. The forgoing loans disbursed to our clients impacted upon 132 jobs (existing and/or new) connected to their businesses and enterprises.

I would also like to thank everyone that contributed to the goals of the organization in the last year. That includes our 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 ongoing support and commitment.

The board and staff both look forward to continuing to fulfill a role supporting businesses and the economy of the region.

Sincerest Regards,

Allan Spencer

Chairperson

Activities and Results

SUMMARY STATISTICS (Apr 1, 2019 – Mar 31, 2020)

Year: 2018-2019	$	#
BUSINESS SUPPORT		
Business Loans/Accounts Disbursed ($/#)	623,030	12
Total Principal Repayment ($ total paid/# paid in full)	790,972	14
Total Interest Payment ($)	209,283	
Jobs Created/Maintained (#)		**39**

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.

SUMMARY STATISTICS (Inception to March 31, 2020)

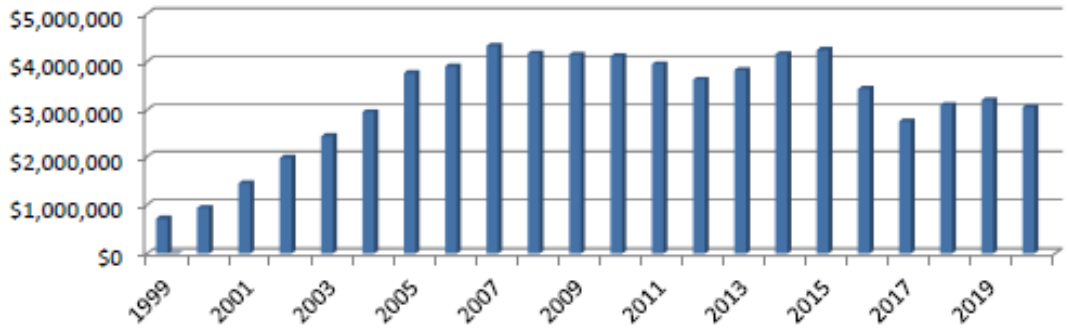
Years: 1996 to 2018 (Since Local Loan Fund Inception)	$	#
BUSINESS SUPPORT		
Business Loans/Accounts Disbursed ($/#)	18,481,400	410
Total Principal Repayment ($ total paid/# paid in full)	14,014,293	348
Total Interest Payment ($)	4,922,959	
Jobs Created/Maintained (#)		**1323**

Loans from 1988 to 1995 came via recommendation to the business development organization located in central. The statistics above are from 1996 to March 31st, 2020.

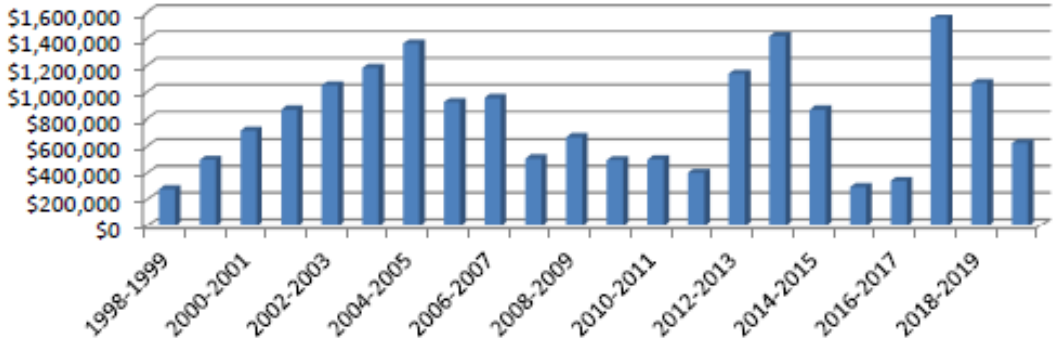
BUSINESS LENDING BY YEAR

Business Lending Activity by Year

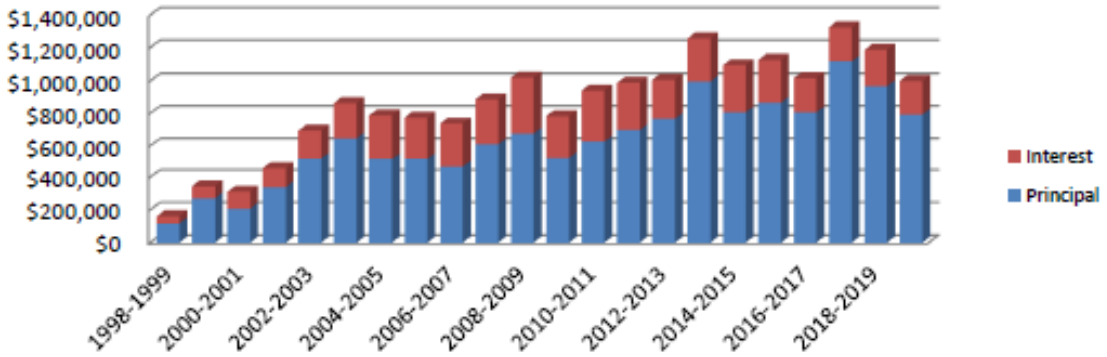
Annual Loan Portfolio Principal Balance at March 31st (year end)



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 268 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 business 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.
CBDC Clean Tech Loan - Financing for adaptation or provision of clean technology.
More information about CBDC Loan Products can be found at www.CBDCSouthCoast.ca .

GENERAL BUSINESS LOAN OPTIONS (For Existing Businesses/Entrepreneurs)

Loans can be used for start-up or business purchase, maintenance or expansion, share or asset purchase, and/or working capital. There are also "new" options available:
Ready Capital - "Just in time" working capital via pre-approved credit with a loan that is ready when your business requires it. Funds match your business plans on your terms.
Operating Capital - Revolving working capital pre-approved operating line giving the business operating capacity on the go with funds to maintain and grow the business.

SMALL BUSINESS COUNSELING, CLIENT SERVICES, AND TRAINING

Small business counseling and client services are provided to individuals and businesses. There are also partner agencies to which clients can be referred as required/beneficial.

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.

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.

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 (Excerpt of Financial Statements)

SOUTH COAST COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2020

	Operating Fund	Investment Fund	FRAM Fund	2020	2019
Revenues					
ACOA Contribution-Community Futures	$ 188,013	$ 0	$ 0	$ 188,013	$ 178,253
Investment income-loan portfolio	$ 0	$ 103,635	$ 108,838	$ 212,473	$ 232,746
Investment income-other interest	$ 0	$ 29,257	$ 24,677	$ 53,934	$ 23,350
Self Employment Assistance Program	$ 55,728	$ 0	$ 0	$ 55,728	$ 59,257
Recovery of accounts written off	$ 0	$ 0	$ 17,623	$ 17,623	$ 0
Fees for service	$ 19,212	$ 0	$ 0	$ 19,212	$ 18,780
Recoveries Entrepreneur Training Fund	$ 1,618	$ 0	$ 0	$ 1,618	$ 0
Recoveries CAS	$ 4,500	$ 0	$ 0	$ 4,500	$ 0
Total Revenues	**$ 269,071**	**$ 132,892**	**$ 151,138**	**$ 553,101**	**$ 512,386**
Expenses					
Advertising	$ 3,360	$ 0	$ 0	$ 3,360	$ 7,362
Amortization	$ 1,743	$ 0	$ 0	$ 1,743	$ 2,179
Bank charges	$ 548	$ 774	$ 0	$ 1,322	$ 1,327
Insurance	$ 3,035	$ 0	$ 0	$ 3,035	$ 2,869
Loan loss provision	$ 0	$ 192,807	$ 18,767	$ 211,574	$ 7,520
Memberships, dues, fees	$ 2,459	$ 0	$ 0	$ 2,459	$ 2,756
Office supplies, equipment leases, service fees	$ 16,800	$ 0	$ 0	$ 16,800	$ 12,296
Professional fees	$ 9,740	$ 0	$ 0	$ 9,740	$ 4,837
Rent	$ 29,444	$ 0	$ 0	$ 29,444	$ 29,444
Salaries, wages, and employee benefits	$ 201,949	$ 0	$ 0	$ 201,949	$ 240,281
Telecommunications	$ 7,300	$ 0	$ 0	$ 7,300	$ 7,029
Meetings and seminars	$ 31,113	$ 0	$ 0	$ 31,113	$ 33,275
Board travel	$ 6,014	$ 0	$ 0	$ 6,014	$ 7,308
Staff travel	$ 0	$ 0	$ 0	$ 0	$ 759
Vehicle insurance reimbursement	$ 187	$ 0	$ 0	$ 187	$ 215
Entrepreneur Training Fund costs	$ 1,618	$ 0	$ 0	$ 1,618	$ 0
CAS Program costs	$ 4,500	$ 0	$ 0	$ 4,500	$ 0
Total Expenses	**$ 319,810**	**$ 193,581**	**$ 18,767**	**$ 532,158**	**$ 359,457**
Excess of Revenue over Expenses	**$ (50,739)**	**$ (60,689)**	**$ 132,371**	**$ 20,943**	**$ 152,929**
Net Assets-Beginning of year	$ 128,073	$ 2,849,762	$ 2,309,834	$ 5,287,669	$ 5,134,740
Excess of Revenue over Expenses	$ (50,739)	$ (60,689)	$ 132,371	$ 20,943	$ 152,929
Transfer	$ 0	$ 0	$ 0	$ 0	$ 0
Fund Balances-end of year	**$ 77,334**	**$ 2,789,073**	**$ 2,442,205**	**$ 5,308,612**	**$ 5,287,669**

Balance Sheet (Excerpt of Financial Statements)

SOUTH COAST COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2020

		Operating Fund	Investment Fund	FRAM Fund	2020	2019
Assets						
Current Assets						
Cash (see Note 4)		$ 67,341	$ 917,140	$ 543,788	$ 1,528,269	$ 1,147,558
Accounts Receivable	Harmonized Sales Tax	$ 6,229	$ 0	$ 0	$ 6,229	$ 4,733
	Other	$ 3,760	$ 0	$ 0	$ 3,760	$ 2,287
	Loan interest	$ 0	$ 34,152	$ 80,745	$ 114,897	$ 111,706
Sub-total Current Assets		$ 77,330	$ 951,292	$ 624,533	$ 1,653,155	$ 1,266,284
Investments	Loans & equity investments (see note 5)	$ 0	$ 1,300,281	$ 1,317,672	$ 2,617,953	$ 2,979,846
	ACCBIF (see Note 6)	$ 0	$ 537,500	$ 500,000	$ 1,037,500	$ 1,037,500
Sub-total Long Term Assets		$ 0	$ 1,837,781	$ 1,817,672	$ 3,655,453	$ 4,017,346
Tangible Capital Assets (see Note 7)		$ 6,974	$ 0	$ 0	$ 6,974	$ 8,717
Total Assets		**$ 84,304**	**$ 2,789,073**	**$ 2,442,205**	**$ 5,315,582**	**$ 5,292,347**
Liabilities						
Current Liabilities						
Short Term liabilities	Trade	$ 6,970	$ 0	$ 0	$ 6,970	$ 4,678
Total Liabilities		**$ 6,970**	**$ 0**	**$ 0**	**$ 6,970**	**$ 4,678**
Net Assets	Invested in Capital Assets	$ 6,974	$ 0	$ 0	$ 6,974	$ 8,717
	Externally Restricted (see Note 9)	$ 0	$ 2,789,073	$ 2,442,205	$ 5,231,278	$ 5,159,596
	Unrestricted	$ 70,360	$ 0	$ 0	$ 70,360	$ 119,356
Fund Balances		$ 77,334	$ 2,789,073	$ 2,442,205	$ 5,308,612	$ 5,287,669
		$ 84,304	**$ 2,789,073**	**$ 2,442,205**	**$ 5,315,582**	**$ 5,292,347**

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 (As At March 31st, 2020)

Allan Spencer
Chair

Wilfred Roberts,
Vice Chair

Derrick Baker,
Treasurer

Ann Crant,
Secretary

Edwin Hillier,
Director

Hubert Langdon,
Director

Clarence Kelly,
Director

Bernetta Delaney,
Director

Herb Dunphy,
Director

STAFF

Jamie LeRoux, the organization's Executive Director, has been with the corporation for more than 18 years. He is responsible for the management and administration of the organization as well as directly serving business clients. He provides support to the Board of Directors on the governance of the organization.

Geraldine Willcott, the organization's Development Officer, has also been with the corporation for more than 18 years. She is responsible for business lending administration and business support programs & services as well as directly serving business clients. She provides support with the management and administration of the organization.

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

Over Thirty Years of "Community Futures"

Historical Timeline & Key Time Periods

In 1988, a Community Futures Organization was established to foster employment and opportunity for the region stemming in part from economic downturn in part of the region.

From 1991 to 2009, there was support provided to the Gaultois Community Development Fund (CDF).

Up until 1995, there were two committees and legal corporate entities that evolved. The Community Futures Committee (and organization) was focused on employment via training and economic development and the Business Development Centre business advisory committee (and organization) focused on business development. The business committee made recommendations through which the final approval and funds came from the Grand Falls Business Development Centre. At the time, it was the same for Baie Verte and area in which final approval went through central region.

In 1995, the two legal entities of Community Futures and Business Development Centre were amalgamated into one organization, the South Coast Community Development Corporation (SCCDC). The resulting one board and organization receiving $980,000 in funds for a local loan fund.

In 1997, the SCCDC on behalf of ACOA administered additional funds (Seed Program) repayable to ACOA for youth loans and later over the years included first time entrepreneur loans. The end result was a rollover of funds in 2011 to the SCCDC of $305,000 (as per the new investment model).

In 1998, the SCCDC began to be the deliverer of the Employment Assistance Services (EAS) program. Over the years the SCCDC has been involved in other projects, programs, and services with many funders. The EAS program concluded in 2013 (after devolution by the federal gov't to the province).

Around 1999, the marketing efforts of Atlantic and provincial association branded the trade name of CBDC where it became the prefix in the trade name (CBDC South Coast, CBDC Central, etc.).

Around 2000, with no new monies from ACOA to put into loans, the Atlantic Canada Community Business Investment Fund (ACCBIF) was created whereby all 41 CBDCs became members. CBDCs with surplus investment funds lent to the fund and those needing additional funds to meet demand borrowed from the fund. The CBDC South Coast has borrowed and subsequently repaid in the more than half dozen years or so to follow about $1.5 million. In recent years to the present time, the CBDC South Coast had invested up to $2 million at one time into this fund for other CBDCs to borrow.

In 2001, the Fisheries Restructuring Adjustment Measures – for Economic Diversification (FRAM-ED) was created from a federal-provincial agreement (80/20) where many CBDCs operating in fishery sector areas received additional loan funds. The CBDC South Coast obtained $1.1 million.

In 2011, 39 of 41 CBDCs while working with ACOA began operating in a new investment and operational model which was voted on by the Atlantic CBDC membership. This model specifies a funding formula for the operational contract amounts and moved from loan programs to loan products.

As of 2020, the CBDC South Coast has done $18.5 million in loans and the organization has grown to well in excess of $5.3 million (loan portfolio and funds available for lending, etc.).

Summary: Since 1995 (establishment of local loan fund), a total $2.38 million was received in funds for business loans and $18.5 million in lending was done to March 31st, 2020 while also leveraging $1.5 million in borrowed funds as well at times to meet loan demand (now since repaid). In recent years, the organization has lent up to $2 million to other CBDCs via the Atlantic investment fund.

Special Acknowledgements

Board of Directors – Directors Joining the Board

The CBDC South Coast in the past year have recruited two members, Derrick Baker and Herb Dunphy. The board welcomes Derrick and Herb and looks forward to working with them ongoing.

Board of Directors – Departed Directors

Mr. Doug Rose and Linwood Hunt have completed maximum consecutive board terms serving 3 terms of 3 years (9 years) serving from 2010 to 2019.

Doug has served in varying committees and capacities on the board executive including as Board Chairperson most recently. Doug is from Hermitage. Linwood has also served in varying committees and capacities including as Board Treasurer most recently. Linwood is from English Harbour West.

The CBDC South Coast board and staff wishes all the best to Doug and Linwood upon completion of their board service. The organization most sincerely thanks them for serving the organization and the region. Their dedication and service is most certainly acknowledged and appreciated.

Board, Staff & Clients (Past and Present) – All In It for "Community Futures"

Over the last three decades there has been many hundreds of people that were a part of the local "community futures" movement and contributing in their own way to the organization and/or region. First, it started with some concerned citizens worried about employment and economic opportunity, or rather lack of, during a period of downturn that led to the creation of what was the beginning of the organization that continues today. Their approach was not to do nothing but try something, explore all the options, and they indeed did that!

Following their success in starting the "Community Futures" organization, in the years and decades that followed many dozens of folks were volunteers serving on associated boards and committees connected to and within the organization. All of the volunteers had one thing in common – they cared about their region and communities and lent their knowledge and experience to keep communities moving forward by their support of business development.

There are also the many dozens of different folks that worked on staff with the many different offices, programs and services, and/or projects and activities over three decades. The common goal – "to work and live in strong communities" while helping others to be able to do the same through the results of their work.

Last but not least, there are the many clients. All clients want to do well for themselves, their businesses, and communities. All involved played a significant role in "Community Futures".

Over Thirty Years of Community Futures!!!

Grass roots decision making and local expertise making a difference!

Tough Times, Strong People and Perseverance (Through the Decades)

The downturn in post construction period of hydro development took its toll on the Bay d'Espoir area of the region. In the 1980s, many folks and local committees came together to determine options for employment and economic opportunity as many construction jobs were concluded. The forestry sector had also significantly declined over the decades previous. One of the results of the effort of the folks that organized was the establishment of the Community Futures movement for the entire south coast by the setting up of two organizations/committees in legal name called "The Bay d'Espoir Connaigre – Fortune Bay North Community Futures Committee Inc." and "South Coast Business Development Centre Inc.". These organizations focus on support of employment and business in the region and would later by 1995 amalgamate into one entity the "South Coast Community Development Corporation" also known as the local Community Business Development Corporation, CBDC South Coast.

Since the struggles of the 1980s in Bay d'Espoir, the other areas of the south coast region including Connaigre and Forth Bay North Shore have seen challenges in the fishery sector. In the entire region, economic troubles and loss of employment in various industries have been met head on via local people, communities, sub-regional and regional development associations, and many others. The Community Futures organization in this region, as is done all across Canada in like organizations, focused on providing access to business capital, counselling, and various business support programs and services. The major focus has been on business development as pertains to maintaining and growing business capacity particularly where other options were less available. The Community Futures organization has been known over the years as character lenders as well as developmental lenders. The organization serves new and existing businesses and all entrepreneurs.

The Board of Directors the CBDC South Coast always made decisions in support of contributing to businesses in all sectors in both good times and bad times. In good times the role is about helping seize opportunities and during bad times the role is about getting through to the better times. The board and staff (past and present) of the CBDC South Coast first hand have seen the entrepreneurial spirit of the business sector and the resolve of industries in action supporting "community futures".

Much More Than Business Development (During Thirty Years of Community Futures)

In the thirty year history of the organization, there have been much more than purely a business focus. The mandate is about supporting employment via supporting the business sector. However, the organization is very proud to have also been a part of so many other programs and services. This includes especially the Employment Assistance Services (EAS) or outreach offices as there were also known. The EAS offices were career counselling offices focused on supporting folks with improving their employment and careers through counselling, training, and other services. They were invaluable over the years and particularly during more difficult times when many folks were impacted by economic downturn in the region. Some of these type services evolved into Service Canada Community Partner Offices providing access points to information on all of the government of Canada programs and services for business, individuals, and families. The EAS offices and Service Canada Community Offices were delivered together for a significant period of time. The EAS offices existed in the region even before the CBDC South Coast became involved. Changes to government approaches in the last decade, at both federal and provincial levels, combined with use of technology via services online have led to the conclusion of community service delivery across the province and the country. The CBDC South Coast was one of a few CBDCs that were involved in the delivery of these activities to the respective region. The EAS was the most significant service delivered outside of the core CBDC services. Many individuals and thus families were impacted positively by this service especially in economic downturn.