

# CBDC Cabot

ANNUAL  
REPORT  
2012 - 13  
2012 - 13



**CBDC**

*Building Stronger Communities*

APRIL 1 – MARCH 31

Providing Flexible Financing  
and Advice to Business



**Think Business...Think CBDC**

# CHAIRPERSON'S MESSAGE

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**Curtis Mercer**  
Chairperson

Community Business Development Corporations (CBDCs) are established throughout Atlantic Canada to promote economic development within their representative jurisdictions. These corporations are non-profit organizations operated by a professional support staff under the direction of volunteer Boards of Directors appointed from within the community. This organizational structure is beneficial in that it provides for the active participation of individuals in the development of their local economies where they have a vested interest.

Cabot Community Business Development Corporation is one of fifteen such organizations established to serve specific areas throughout the Province. Our Board services all communities located in the Northeast Avalon between Marysvalle in the east and Logy Bay in the west. Our jurisdiction also includes Bell Island. It excludes St. John's and Mount Pearl because of their urban nature.

Our Board consisted of the following volunteers at March 31, 2013:

### **Chairperson**

Curtis Mercer, Bachelor of Commerce, MUN, resident of Flatrock, Newfoundland, currently employed as General Manager, K&P Contracting Limited.

### **Vice Chairperson**

Vincent Burton, retired labour leader, resident of Paradise, Newfoundland, councilor with the Town of Paradise and an active community volunteer.

### **Secretary/Treasurer**

Elizabeth Strapp, self employed – Bed and Breakfast/Gift Shop – Strapp's Heritage House,



*CBDC Cabot*  
*P.O. Box 14067, Station Manuels*  
*Conception Bay South, Newfoundland*  
*A1W 3J1*  
*Phone (709) 834-1000*  
*Fax (709) 834-1180*  
*Toll Free 1-888-303-CBDC (2232)*

resident of Harbour Main, Newfoundland and active community volunteer.

**Director**

Gerald Lear, retired Provincial government – Department of Social Services, resident of Conception Bay South, Newfoundland and active community volunteer.

**Director**

Bill Scott, resident of St. Philips/Portugal Cove, Newfoundland, currently employed as a Formation Evaluation Specialist with Exxon Mobil Canada and an active community volunteer.

William Scott rejoined our Board in June 2012 after sitting out for one year in accordance with our Board guidelines. He has been an active contributor to our organization for many years and I look forward to his continued contribution in the years to come.

**Director**

Carla Riggs. MBA/B. COMM, MUN, resident of Paradise, Newfoundland, most recently employed as Director Corporate & Marketing Communications, Inmarsat and active community volunteer.

Joan Butler, a former Chairperson, retired from our Board in July 2012 having served her maximum term. I would like to thank Joan for her valuable contribution to our organization and wish her well in her future endeavors.

A key focus for 2012-2013 was the issue of governance standards. Our Board has been very proactive in this area over the past several years having adopted Board guidelines in 2005 to clearly define roles and responsibilities and set terms of appointment to provide for an orderly succession of Directors. These guidelines also established the introduction of a public annual general meeting to enhance our visibility and accountability to stakeholders and the community at large. This year ACOA and the CBDC network adopted minimum standards for Board governance for implementation by March 31, 2014. This was a relatively seamless exercise because of our earlier initiatives, but afforded the opportunity to review and update our existing policies. As a result, a Selection Committee was established and an application process was developed for the recruitment of new Directors. In addition, the maximum term of appointment for Directors was increased from six to nine years.

During this fiscal year, we continued to provide business and financial support as well as counseling and training to clients within our jurisdiction. These were provided through various loan products. In addition, other services and programs were provided including the Self-Employment Assistance Program, Youth Ventures Program and the Canada Business Service Network.

The corporation enjoyed another successful 2012 – 2013 fiscal year as detailed in the report which follows.

I would like to take the opportunity to thank our staff and fellow Directors for their dedication and support in helping us achieve these results. I appreciate the opportunity of working with an outstanding group of individuals who serve this organization.

Sincerely,

Curtis Mercer  
Chairperson

# OUR ORGANIZATION

We are part of Community Business Development Corporations, 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.

## VISION

To maximize economic development and job creation within our region.

## MANDATE

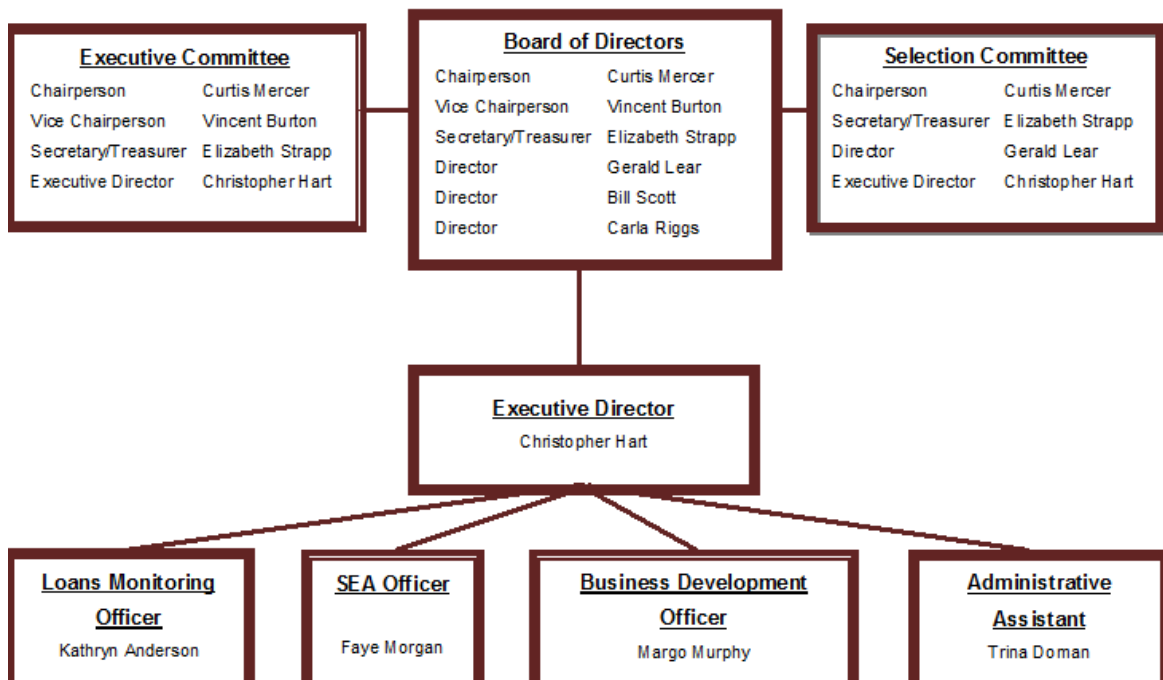
To achieve this vision, it is CBDC Cabot's mandate to stimulate private sector employment within its geographical jurisdiction by providing small businesses and social enterprises with financial assistance, information, support and advisory and counseling services. Our organization also encourages and supports youth in the development of entrepreneurial skills. The Corporation will maintain and nurture strategic partnerships with other development agencies and offer services in a professional and accountable manner.

## JURISDICTION

CBDC Cabot provides business development services to all communities in the Northeast Avalon region between Marysvalle in the east and Logy Bay in the west. Our jurisdiction also includes Bell Island. St. John's and Mount Pearl are excluded because of their urban nature.

### Cabot Community Business Development Corporation

#### Organizational Chart



# PROGRAMS AND SERVICES

## Investment

Our organization provides financial assistance through the following loan products:

	<u>Maximum Loan</u>
Kickstart	\$5,000
Youth	\$20,000
First Time Entrepreneur	\$150,000
General Business	\$150,000
Innovation	\$150,000
Social Enterprise	\$150,000
FRAM-ED	\$150,000

Loans are repayable at competitive interest rates and flexible repayment terms.

We also provide the following programs:

### Self-Employment Assistance (SEA) Program

This program is administered on behalf of the Provincial Department of Advanced Education and Skills. It enables participants to continue to receive employment insurance benefits to assist with the establishment of new business ventures and provides access to business counseling and training.

### Youth Ventures Program

This program is designed to assist students, aged 12 – 29, to initiate small business enterprises during the summer months by providing a support network including training, marketing and financing.

### Canadian Youth Business Foundation Start-up Program

This program is delivered in partnership with the Canadian Youth Business Foundation (CYBF) a national non-profit which provides youth entrepreneurs, aged 18-39, access to start up financing.

### Canada/Newfoundland and Labrador Business Service Network

This service is delivered in partnership with the Canada Business Service Centre. It provides potential entrepreneurs with access to resources including the internet and library materials, to assist in the development of business plans.

### Entrepreneurial Training Fund

This program is delivered through the Atlantic Association of CBDCs and provides training to eligible clients to enhance business management skills. Participating clients are required to contribute 10% of the training costs.

# AUDITED FINANCIAL STATEMENTS

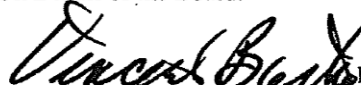
Cabot Community Business Development Corporation  
 Consolidated Statement of Financial Position  
 March 31, 2013

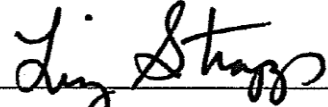
**CABOT COMMUNITY BUSINESS  
 DEVELOPMENT CORPORATION  
 Consolidated Statement of Financial Position  
 March 31, 2013 and March 31, 2012**

				2013	2012
	Operating Fund	Investment Fund	FRAM-ED Fund	Total	Total
<b>ASSETS</b>					
Current					
Cash	\$ 68,640	\$ 371,928	\$ 202,339	\$ 642,907	\$ 188,514
Temporary investments (note 3)	25,000	-	-	25,000	375,000
Receivable from ACOA	42,459	-	-	42,459	40,919
Receivable - SEA Program	151	-	-	151	16,556
HST rebate receivable	4,907	-	-	4,907	4,923
Other receivables	455	6,665	-	7,120	-
Due from Investment Fund	-	-	185,000	185,000	86,200
Due from Operating Fund	-	4,858	70,000	74,858	50,000
Prepaid expenses	2,399	-	-	2,399	2,167
Current portion of loans receivable	-	426,153	24,465	450,618	404,652
	144,011	809,604	481,804	1,435,419	1,168,931
Capital assets (note 4)	12,609	-	-	12,609	11,460
Investment - ACCBIF (note 5)	37,500	-	-	37,500	37,500
Loans receivable (notes 6 and 7)	-	3,987,171	688,368	4,675,539	4,492,013
	\$ 194,120	\$ 4,796,775	\$ 1,170,172	\$ 6,161,067	\$ 5,709,904
<b>LIABILITIES</b>					
Current					
Payables and accrued liabilities	\$ 17,619	\$ -	\$ -	\$ 17,619	\$ 28,434
Statutory payroll remittances	10,909	-	-	10,909	9,558
Due to Operating Fund	-	-	-	-	16,200
Due to Investment Fund	4,858	-	-	4,858	-
Due to Fram-Ed Fund	70,000	185,000	-	255,000	120,000
Current portion of long-term debt (note 9)	-	53,425	-	53,425	49,740
	103,386	238,425	-	341,811	223,932
Severance payable (note 8)	78,125	-	-	78,125	72,315
Long-term debt (note 9)	-	298,319	-	298,319	456,151
	181,511	536,744	-	718,255	752,398
Contingencies (note 10)					
Commitment (note 11)					
<b>FUND BALANCES</b>					
Invested in capital assets	12,609	-	-	12,609	11,460
Restricted surplus (notes 6 and 7)	-	2,800,031	170,172	2,970,203	2,486,046
Contributed surplus (notes 6 and 7)	-	1,460,000	1,000,000	2,460,000	2,460,000
	12,609	4,260,031	1,170,172	5,442,812	4,957,506
	\$ 194,120	\$ 4,796,775	\$ 1,170,172	\$ 6,161,067	\$ 5,709,904

See accompanying notes to the financial statements

On Behalf of the Board:

 Director

 Director

# AUDITED FINANCIAL STATEMENTS

Cabot Community Business Development Corporation  
 Consolidated Statement of Operations and Changes in Fund Balances  
 March 31, 2013

**CABOT COMMUNITY BUSINESS DEVELOPMENT CORPORATION**  
**Consolidated Statement of Operations and Changes in Fund Balances**  
**For the years ended March 31, 2013 and 2012**

				2013	2012
	Operating Fund	Investment Fund	FRAM-ED Fund	Total	Total
<b>REVENUE</b>					
ACOA - operating grant	\$ 244,500	\$ -	\$ -	\$ 244,500	\$ 251,250
Investment income – loan portfolio	-	362,734	41,537	404,271	312,645
Investment income – other interest	-	577	762	1,339	6,776
Loan forgiveness	-	-	-	-	-
SEA program	99,657	-	-	99,657	99,868
Youth Ventures program	14,000	-	-	14,000	14,000
Other income	7,815	-	-	7,815	55,959
	365,972	363,311	42,299	771,582	740,498
<b>EXPENDITURE</b>					
Advertising	2,764	-	-	2,764	3,012
Amortization	3,805	-	-	3,805	3,189
Bank charges and interest	3,664	-	-	3,664	3,837
Board travel	1,046	-	-	1,046	1,110
Cleaning	2,609	-	-	2,609	2,556
Collection costs	75	-	-	75	665
Committee meetings	6,070	-	-	6,070	4,626
Courses and training	12,994	-	-	12,994	20,892
Dues and associations	2,739	-	-	2,739	3,805
Insurance	13,528	-	-	13,528	15,922
Loan loss provision	-	(19,267)	49,049	29,782	118,217
Office supplies and expenses	14,928	-	-	14,928	17,769
Professional and consulting fees	4,964	-	-	4,964	5,672
Rent	24,665	-	-	24,665	24,218
Salaries and benefits	253,863	-	-	253,863	284,220
Telephone	8,199	-	-	8,199	10,773
Training – clients	-	2,088	-	2,088	1,788
Travel and meals	5,899	-	-	5,899	7,525
Utilities	3,212	-	-	3,212	3,300
	365,024	(17,179)	49,049	396,894	533,096
Excess of revenue over (under) expenditure	948	380,490	(6,750)	374,688	207,402
Fund balance, beginning of year	11,460	3,769,124	1,176,922	4,957,506	4,071,321
Consolidation with SEED Fund	-	-	-	-	678,783
Inter-fund transfers	201	(201)	-	-	-
Loan forgiveness (Note 9)	-	110,618	-	110,618	-
Fund balance, end of year	\$ 12,609	\$ 4,260,031	\$ 1,170,172	\$ 5,442,812	\$ 4,957,506

See accompanying notes to the financial statements

# PERFORMANCE RESULTS

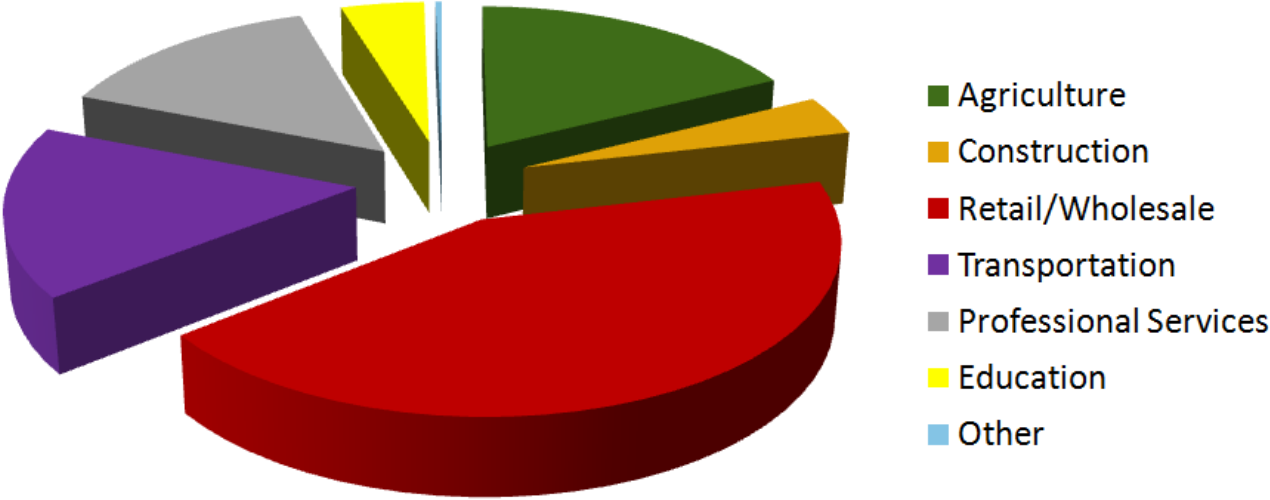
## Loan Activity

During the fiscal year April 1, 2012 to March 31, 2013, CBDC Cabot assessed nineteen business plans for financing, under our various loan products, twelve of which were approved representing an overall approval percentage of 63%. Financial assistance was provided to seven new businesses and eight existing businesses, with disbursements of \$908,000.

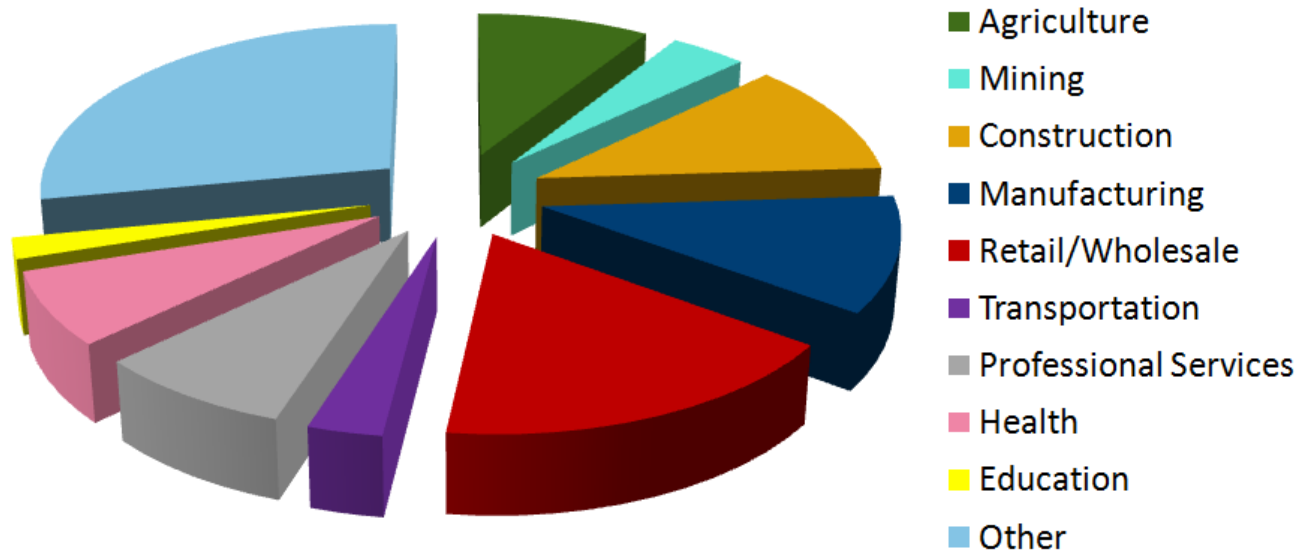
As at March 31, 2013, there were 142 loans outstanding with a balance of \$6,440,158 including accrued interest of \$214,258. An allowance for impaired loans of \$1,314,001 has been provided against these loans resulting in net collectible loans of \$5,126,157. Cabot CBDC achieved a net income of \$373,739 from these investments for the fiscal year ended March 31, 2013. This represented an improvement from the previous fiscal year of \$174,323 when a net income of \$199,416 was achieved.

This was accomplished by an increase in interest earned of \$86,188 and a reduction in expenditures of \$88,135 primarily in the area of bad debts.

CBDC Cabot Loan Disbursements by Sector for Year Ended March 31, 2013







## Self-Employment Assistance Program (SEA)

During the fiscal year April 1, 2012 to March 31, 2013, 62 inquiries were received relating to this program resulting in 31 orientation sessions. A total of 16 applications were submitted to the Provincial Department of Advanced Education and Skills of which 14 were approved, resulting in assistance of 87 clients since the program was transferred to the Provincial Government.

## Partnerships

During the fiscal year April 1, 2012 to March 31, 2013, CBDC Cabot worked with a variety of government agencies, departments, business support groups, lending institutions and community based organizations toward furthering entrepreneurial development. Recent partnership efforts include participation in the Silver Economy Summit with the Northeast Avalon Regional Economic Development Board, the Bright Business Series with the Town of Conception Bay South, CYBF networking events and hosting a CBDC Lunch and Learn for the Canada Business Service Centre.

## Client Success

During the course of the year we assist many clients through the provision of training, counseling and financial support. It is rewarding to be part of a process that results in clients realizing their dreams of establishing successful businesses and stimulating economic development within our region. For this reason, we plan to profile client success stories on an annual basis. This year we are profiling the following clients:

# Client Success

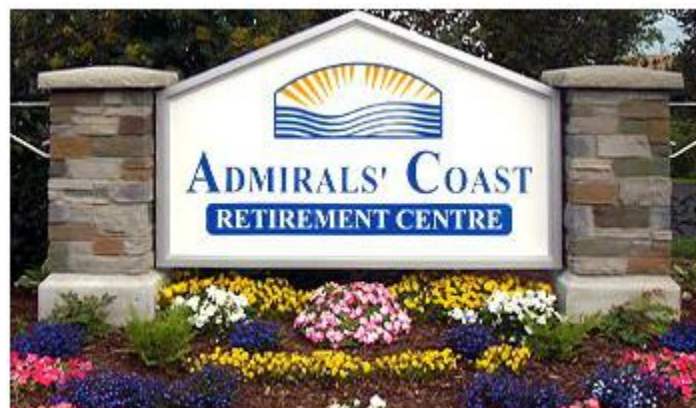
## Admirals' Coast Retirement Centre

Admirals' Coast Retirement Centre is a state-of-the-art licensed personal-care facility like no other. Operated by Betty and Laura Morgan, the venture is in its seventh year in operation. Admirals Coast is a 5 star accommodation centre by any standard, providing ideal living for seniors who no longer want to maintain their own homes, but desire an independent lifestyle.

The Morgan's had developed a clear vision for their Company that made it easy for the CBDC to share their enthusiasm toward seeing their dream through to fruition. Since 1962, the family has been involved in the healthcare field and devoted to providing improved health care for seniors. The Morgan's have set high standards for other providers to follow and took no short cuts in their centre's development. Betty and Laura Morgan give much credit to their team of dedicated and loving staff for the Centre's great reputation.

The Centre is what every retirement complex should aspire to be – from the amenities provided, to the obvious compassion of its engaged owners and dedicated staff. The business is closely connected to the community and is a major employer in the Town, currently employing 40 staff. The work is demanding, but equally rewarding, and the facility boasts a strong retention rate, this in spite of the many human-resource challenges most personal care homes are facing. All staff members take pride in their work, a claim which is backed by the Morgan's and the residents. All confirm the warm, loving, professional care delivery each and every shift.

With eldercare services becoming an increasingly vital component of the economy, input from passionate entrepreneurs like the Morgan's, is key in advancing the policy making and regulation setting practices in the healthcare field. They also exemplify how good business practices can impact the entire community and recognize the importance of being active, involved community members. The staff and Board of Directors of CBDC Cabot agree and are delighted to partner with this community-minded Company. They have consistently raised the bar for eldercare service standards in the region and the Province.



# Client Success

## Jumping Bean Coffee

Currently in its seventh year of operation, Jumping Bean Coffee has become a dominant player in the coffee manufacturing industry. Importing raw products worldwide, its premium beans are roasted locally, and to order, in its Paradise based facility. The Company boasts a growing number of coffee blends, including their popular Newfoundland Screech coffee, fair trade blends and newest lines on CO<sub>2</sub> reduced emission blends. In addition to these roasts, JBC offers a wide array of specialty teas, pastas, oils, vinegars, rice, spices, and even espresso machines, which can be purchased online or from their café on Harvey Road. JBC has established a strong client base of cafés, grocers and specialty stores, including major chains like Sobeys, Costco, Co-op and Coleman's.

Mr. LeDrew, and his General Manager, Lori Bragg, have been working tirelessly on developing the Jumping Bean brand. Jeff is a dedicated, aggressive businessperson who possesses a drive and energy that is well suited to the products being roasted. He has worked hard to build his company, and at any time you can find him working at JBC business stations in virtually any capacity. He has a strong advisory team surrounding him, and has a good grasp on the financial affairs of the Company.

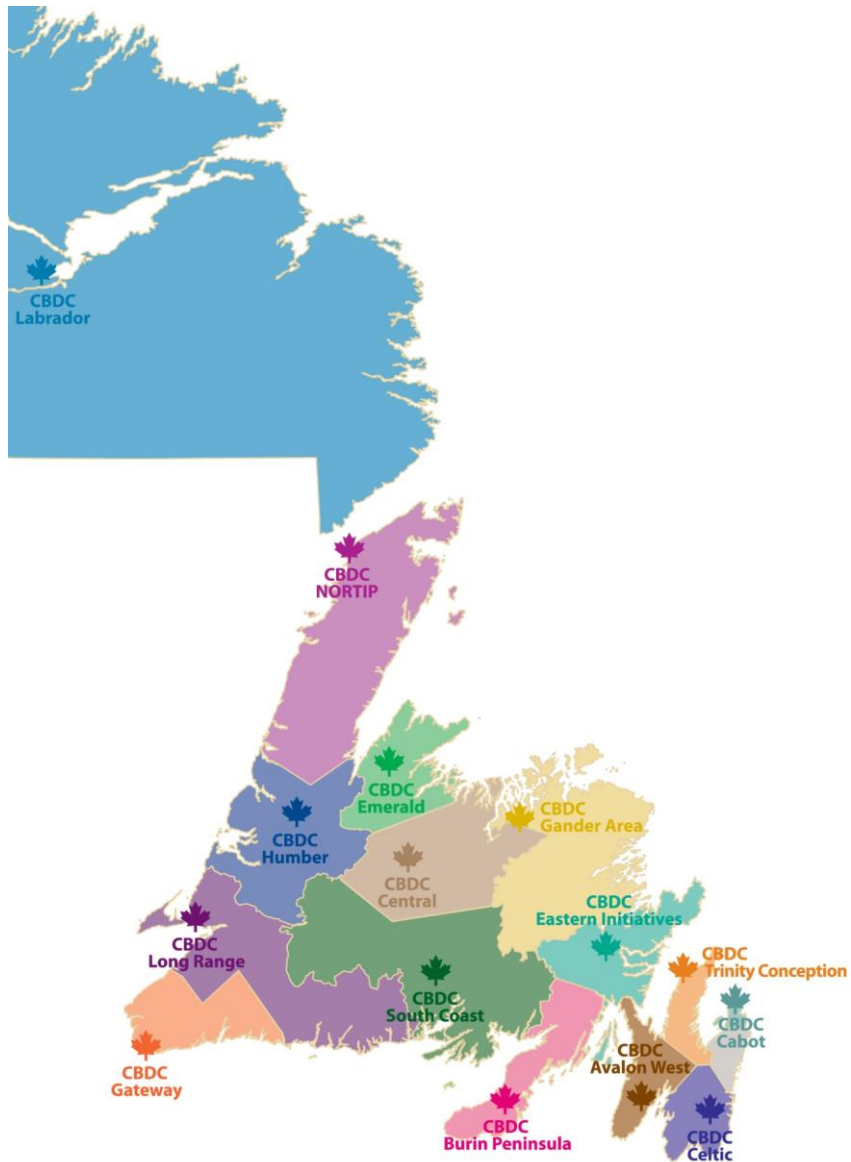
Depending on the operating season, the company employs anywhere from 10 to 15 individuals, and all seem to share Jeff's affinity for the company and its products. He keeps a close eye on his business affairs and maintains a close relationship with his staff, whom he attributes to playing a key role in the Company's success.

He is an exemplary client of CBDC Cabot, and has always worked closely with the organization, checking in regularly to keep them apprised of his progress and to inquire on new programs and incentives on the horizon. In 2009, CBDC Cabot was successful in its nomination to award Jeff and his company the title of Provincial CBDC Business Award of Distinction.

Both Jeff and his wife are passionate entrepreneurs that believe in giving back to the community. Jeff serves as an active director with the St. John's Board of Trade and is constantly involved in projects with the mission of protecting the environment. Jumping Bean Coffee responds regularly to fundraising requests and often offers its products, on a donation basis, to support local charities and non-profit organizations.



# CBDC Locations



## **CBDC Cabot**

*P.O. Box 14067, Station Manuels  
Conception Bay South, Newfoundland A1W 3J1  
Phone (709) 834-1000  
Fax (709) 834-1180  
Toll Free 1-888-303-CBDC (2232)*

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