

Annual Report

Small and medium-sized businesses play a vital role in our communities. For generations they have contributed significantly to the prosperity of our region by fueling economic growth and spurring innovation. Coastal Business, as a Community Business Development Corporation (CBDC), strives to eliminate barriers for entrepreneurs in starting or expanding their local small businesses.

As Chair of this corporation, it gives me great pleasure to share some highlights from our past year.

For the year ending March 31, 2017, Coastal Business provided \$1,068,348 in repayable loans to new and existing entrepreneurs and counselling to 99 clients. Through the issuance of loans and the delivery of other programs we assisted in the development and growth of 120 businesses which resulted in the creation of 176 employment positions in our community.

During the past operating year Coastal Business CBDC disbursed 21 investments totaling \$1,068,348 and reported a cumulative net cost per job of \$1,099. This figure clearly designates Coastal Business as one of the most economic and efficient job creation programs in the area.

The dedication and professionalism of our staff and directors have been prime factors in our success. Coastal Business is comprised of an extremely competent and dedicated group of people. Their diligence and care for their clients and community is second to none. I wish to thank and congratulate each of you for your efforts. I would also like to acknowledge the support provided by the Atlantic Canada Opportunities Agency (ACOA). Its continued assistance allows us to deliver valuable business services throughout the community.

Let us continue to be aggressive in our vision as we concentrate on working with our partners and expanding our horizons. With these thoughts in mind we reflect on our operating results for the year ending March 31, 2017 and our financial position at that date.

John Nash
Chair

“Local people know where the ice is thin.”

Coastal Business is governed by a volunteer Board of Directors – local entrepreneurs and business professionals dedicated to the development and growth of our community.

We have always believed the local decision making is more informed and provides a better risk/return assessment than those made remotely. Recent reports from Statistics Canada suggest this may be the case. A number of years ago, as a requirement to ensure continuation of the Community Futures Program (CFP), the regional development agencies developed a performance measurement strategy to demonstrate whether or not CFP expected results were being achieved.

The performance measurement strategy used key indicators to evaluate results for CFP-assisted firms: growth in sales, employment growth, business survival rate, labour productivity growth and diversification index, all of which were measured using Statistics Canada data. The performance results for CFP-assisted firms were then evaluated against a “comparable group” of firms similar in size and age that operate in the same industrial sector and geographical location. The statistical analysis consistently reveals that CFP-assisted firms outperform the comparable group in all of the key indicators. The most notable results in the 2015 study* follow:

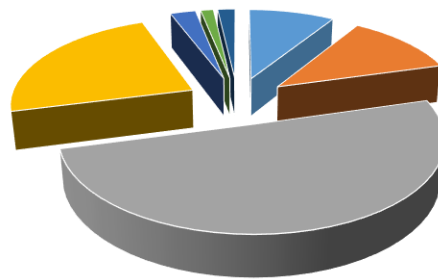
- Employment growth in CBDC-assisted firms averaged 4.2% per year over the five-year period, compared to only 0.1% for the comparable group.
- CBDC-assisted firms expanded at a faster pace – an average of 7.4% per year – than that of the comparable group, at 3.7%.
- Start-ups by CBDC-assisted firms were more successful at staying in business than the comparable group of firms. The business survival rate for CBDC-assisted firms (71%) was significantly higher than the rate for comparable firms (47%) after the crucial fifth year following start-up.
- Sales by CBDC-assisted firms increased by 6.3% on average per year. In comparison, sales by comparable firms increased by 1.6% per year.

Knowledgeable and dedicated local volunteer Board Members who make investment decisions for our community are central to this success. Under their governance Coastal Business issued loans totaling \$30,667,883 of which \$3,374,999 was provided by Canada. This means that for every dollar invested in local businesses by this CBDC, the Government of Canada contributed \$0.11.

**Source CFP Performance Report 2015 Strategic Policy Development, September 2015*

In the thirty-two years of operation to 31 March, 2017, Coastal Business Opportunities Incorporated invested \$30,667,883 in 606 businesses loosely classified below. While there were 1,054 actual loans disbursed, 42% of those were to repeat borrowers.

<u>Sector</u>	<u>Number</u>	<u>Dollars</u>	<u>%</u>
Food & Beverage	54	\$ 2,557,393	8.3%
Manufacturing	71	3,878,592	12.7%
Service	305	16,145,364	52.6%
Wholesale/Retail	141	5,849,412	19.1%
Primary	16	582,265	1.9%
Culture & Tourism	8	753,292	2.5%
Information Tech.	11	901,565	2.9%
	606	\$30,667,883	100.0%



- Food & Beverage
- Manufacturing
- Service
- Wholesale/Retail
- Primary
- Culture & Tourism
- Information Technology

Of the \$30,667,883 invested, 93% was via loans and 7% was via equity financing (fixed dividend redeemable preferred shares for the most part). These funds also leveraged \$33,559,520 for local business.

For the fiscal year ending 31 March, 2017 Coastal Business disbursed \$1,068,348. This resulted in 21 investments, 10 of which were to new clients.

After allowing for job losses due to business failures, Coastal Business was instrumental in the cumulative creation/maintenance of 2,352 employment positions at a net investment of \$1,099 per job:

	<u>Amount Invested</u>	<u>Jobs (FTE)</u>	<u>Cost per job</u>
2016/17	\$ 1,068,348	124.0	\$ 8,616
Cumulative	\$30,667,883	2,352.0	\$13,039
Cumulative investment		\$30,667,883	\$13,039
Recoveries & Revenues:			
Loan principal & Equity	\$20,986,381		
Investment revenues	<u>7,095,719</u>	<u>28,082,100</u>	<u>11,940</u>
Net		<u>\$ 2,585,783</u>	<u>\$ 1,099</u>

In addition to the jobs reported above, the delivery of other programs resulted in the creation of an additional 52 jobs from the Self-Employment (SE) program.

As well, Coastal delivered training to 53 businesses under programs supported by ACOA, not including training directed to SE and general clients which boasts 341 training interventions.

Practical Training Assistance

Coastal Business more than adequately addressed its training mandate during the year with 394 training interventions. This was achieved via the delivery of relevant training through SE, Entrepreneurship Training Fund (ETF) and Management Training Support for Women (MTSW) programs. The SE program's training component complements Coastal Business's practical training seminars while ETF and MTSW are more customized training.

While the majority of attendees were in the general/SE category, the majority of the dollars came from the MTSW program as illustrated below.

