



**Shelburne County Business Development
Center Limited**



Year In Review

April 1, 2013 – March 31, 2014

Think Business... Think CBDC

Providing Flexible Financing and Advice to Business

CBDC~Shelburne

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An ACOA Partner, Serving Rural Atlantic Canada



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Further information is available upon request

Chairperson's Message



Greetings from the Board of Directors

Here we are putting another fiscal year to a close. This was a busy year overall as the SCBDC continues to work towards the economic stability and growth of our county.

We offer financial assistance through a variety of loan programs as well as business training and counseling to businesses and entrepreneurs through various workshops offered by our staff as well as outside expert facilitators. Through the various programs available we have helped give locals the initiative to stay in our

area.

In this past fiscal year our office has assisted 19 entrepreneurs and small business owners with financial assistance, creating and maintaining 36 jobs.

We are still seeing an increase in applications for the local fishery - mainly for boats & licenses but for other fishery related projects as well. These are often two-sided - helping existing fishermen with their retirement plans and assisting the young individual get started.

Again this year we welcomed opportunities to partner with other agencies and organizations on projects that support economic and community development. Through partnership with Employment NS - Department of Labour & Advanced Education we delivered the Self Employment Benefit Program that resulted in financial and advisory services to 14 aspiring entrepreneurs. Also, in partnership with Department of Labour & Advanced Education and NSCC - Shelburne Campus, our office delivered valuable computer and accounting programs to 26 local small businesses.

Of special interest has been the Climate Study and the results shown to date. We have recently started the second phase with assistance from ACOA, Economic Rural Development and Tourism, various Municipal units and the 3 South West CBDC's - Yarmouth, Queens/Lunenburg and Shelburne.

I have stated the past couple years that our future looks bright in our County - the reopening of our shipyard which has been operating steadily; the Shelburne Industrial Park development is well underway thanks to ACOA and the Municipality; the Senior's Complex is now completed; Cooke Aquaculture is still growing in our area and offshore gas explorations continue.

Both Staff and Board have again this year taken advantage of training that is available by attending various workshops and seminars - training that helps us all to improve our abilities to assist development in our county.

In closing I would like to thank the SCBDC staff for their continuing hard work and the professionalism they display on a daily basis with our Board members as well as the business community and the public

Who We Are



We are part of Community Business Development Corporations, a network of 41 independent, not-for profit organizations that work with all levels of government and the private sector to meet the needs of small business. CBDC Shelburne is dedicated to the development of small business and assisting entrepreneurs in accessing financing, other business training and resources.



CBDC-Shelburne Staff (left to right): Beatti Mahaney, Financial Analyst; Grace Campbell, Self Employment Program Coordinator; Ardith Van Buskirk, Development Officer; Dixie Redmond, Executive Director; Dawn Nickerson, Administrative Assistant. Missing: Michelle Williams, Development Officer.

Vision

To contribute to the sustainable economic development of Shelburne County through the development and continued support of small business.

Mission

Provide advisory services, counseling, training and aftercare in support of entrepreneurs and small business owners.
Offer financial services in the form of repayable business loans, loan guarantees and equity participation.
Work with public and private sector with a coordinated approach for sustained economic development.

Local Decision Making

CBDC-Shelburne is driven by a dynamic volunteer Board of Directors comprised of community leaders and local business people who are sensitive to the needs of our business community. Investment decisions are based on in-depth knowledge of the local markets and business climate.



CBDC-Shelburne Board of Directors (left to right): Rahn O'Connell, Grant Redding, Wayne Williams, Percy Cox and John Shaar. Missing: Robert Baker and Beverly Cox

CBDC-Shelburne Quick Facts

Did you know? ~ CBDC-Shelburne ...

- 🍁 has worked in our communities for **23 years**;
- 🍁 has benefited from the expertise of **100s of volunteers**;
- 🍁 has assisted over **6500 entrepreneurs**;
- 🍁 has injected in excess of **\$22.5 million** into Shelburne County businesses;
- 🍁 maintains an investment portfolio of **\$5.2 million**

What We Offer

CBDC Small Business Loans offer flexible repayment terms designed to meet your individual business needs

General Business Loans offer financing up to \$150,000 in the form of repayable loans, loan guarantees and equity participation.

Youth Loans offer financial assistance to youth aged 18 – 34 for business start up, modernization or expansion. Up to \$20,000 is available per applicant in the form of a repayable personal loan.

First Time Entrepreneur Loans target entrepreneurs starting their own business or purchasing an existing business and are in need of start-up capital.

Revolving Credit Loans offer a convenient way to access working capital, whether you need to balance out cash flow or respond quickly to a new opportunity.

Innovation Loans offer financing for the adoption of innovative technology designed to enhance the productivity and competitiveness of your business.



EnergyWize Loans offer financial assistance to improve energy efficiencies in your business.

BusinessAble Loans offer financial assistance to entrepreneurs with disabilities seeking to start or expand a business.

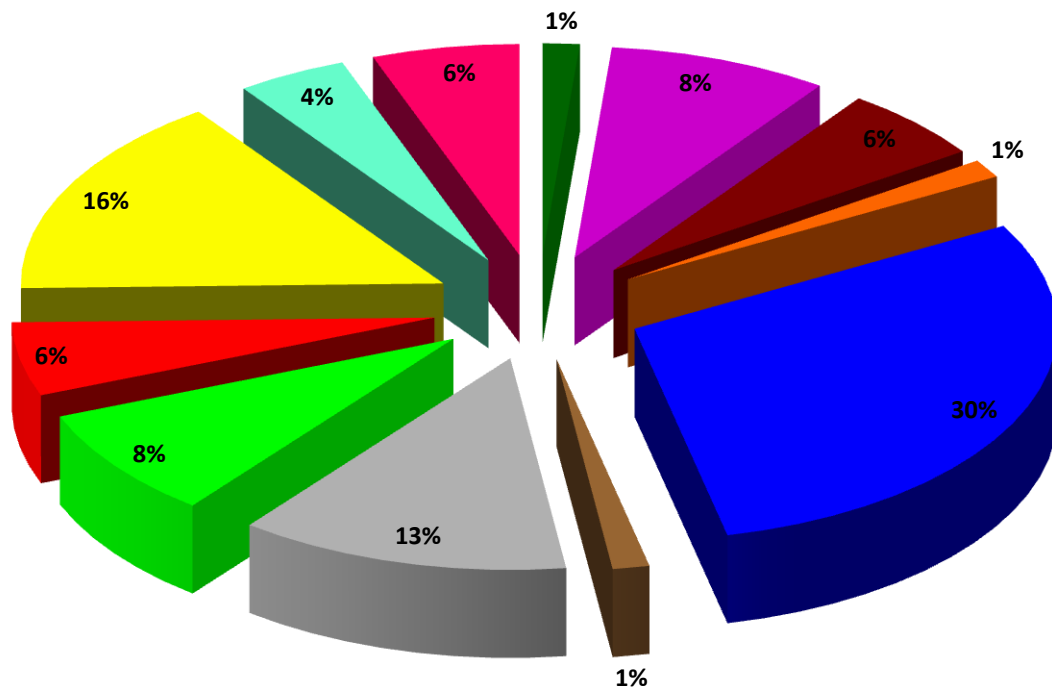
Students In Business (SIB) program is available to students age 15—34, who are presently attending or planning to return to a high school or a recognized post secondary educational institution. The SIB program offers interest free loans up to \$5,000.

Social Enterprise Loans offer financial support to non-profit organizations producing goods or services to the market economy, redirecting their surpluses in pursuit of social, environmental or community goals.

Investment Performance

April 1, 2013 – March 31, 2014	
Total Value of Assistance	\$1,425,422
Number of Loans	19
 New Business Start-up	5
 Business Expansion/Modernization	14
Jobs Created	9.25
Jobs Maintained	27
Levered Funds	\$279,976

Portfolio By Sector



- Agriculture
- Transportation
- Contractors
- Crafts/Artisans
- Fisheries/Aquaculture
- Boat Building
- Manufacturing
- Food Services
- Retail
- Services
- Tourism
- Social Enterprise

Self Employment Program

What is the Self Employment Program?

The Self-Employment Program is designed to assist eligible unemployed individuals create jobs for themselves by starting their own businesses.

During the application process, CBDC-Shelburne assesses the viability of the business plan while considering factors such as appropriate skills, experience, knowledge, demand for product or service and competitive impact.

Entrepreneurial support and financial assistance are provided to approved participants through the Self Employment Program. Support during the start-up period may include orientation, information seminars and/or workshops, business counseling and access to specific business implementation training.

Funded by Employment Nova Scotia, the Self Employment Program is an effective economic development tool for stimulating entrepreneurship and small business development in Shelburne County.



What People Are Saying About the Program...

"Your assistance has been invaluable to me during this process. Thank you so much."

Jennifer Harris

"They showed me what I needed to worry about and how to make the right choices."

Julie Ferguson – The Flying Fox Bake Shop

"Thanks again for everything. I couldn't have done it without you!"

Gale Smith – Maritime Cheerleading

"The time I spent with you was very valuable!"

Dayle Esheby – Resolve! Management

"The team at the CBDC Shelburne office helped make my dream a success."

George Gallant- Adaptable Home Solutions



Small Business Skills Development

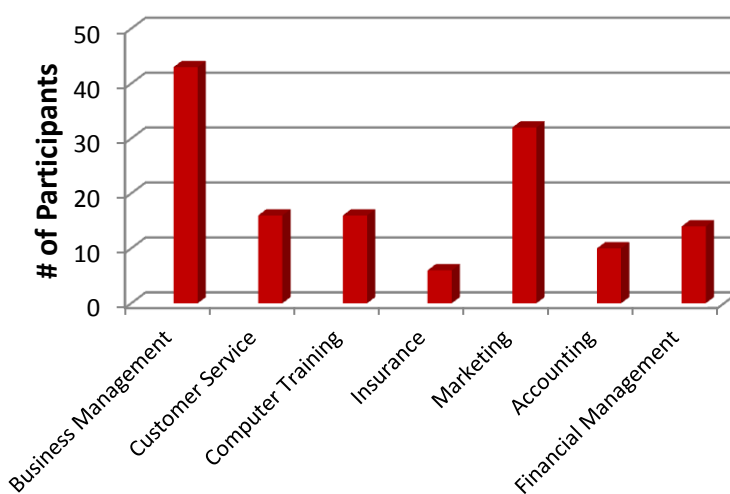
At CBDC-Shelburne we want businesses to succeed. We give high priority to business skills development that help support and grow financially strong companies in Shelburne County.

Over the past year, CBDC-Shelburne

- hosted 13 small business management training programs and workshops
- invested over \$24,000 in skills development
- supported a total of 105 participants comprised of entrepreneurs, small business owners and their employees.



Investment in Skills Development



Our Partners

The strength of our organization is in the strength of our partnerships:

- 🌿 Atlantic Canada Opportunities Agency**
- 🌿 Barrington & Area Chamber of Commerce**
- 🌿 Black Business Initiative**
- 🌿 Black Employment Partnership Committee**
- 🌿 Business Development Bank of Canada**
- 🌿 Canada Business-Nova Scotia**
- 🌿 Centre for Entrepreneurship Education & Development**
- 🌿 Center for Women in Business**
- 🌿 Department of Community Services**
- 🌿 Nova Scotia Economic & Rural Development and Tourism**
- 🌿 Employment Nova Scotia**
- 🌿 Entrepreneurs with Disabilities Network**
- 🌿 Municipality of Barrington**
- 🌿 Municipality of Shelburne**
- 🌿 Nova Scotia Business Inc.**
- 🌿 Nova Scotia Community College Shelburne Campus**
- 🌿 Nova Scotia Department of Labour and Advanced Education**
- 🌿 Nova Scotia Immigration**
- 🌿 Shelburne & Area Chamber of Commerce**
- 🌿 Shelburne County Tourism Association**
- 🌿 Town of Clarks Harbour**
- 🌿 Town of Lockeport**
- 🌿 Town of Shelburne**
- 🌿 West Nova Inclusive Employment Society**

Nova Scotia Labour and Advanced Education

This past year CBDC-Shelburne offered two business training programs in partnership with Nova Scotia Labour and Advanced Education. A total of 26 local entrepreneurs, small business owners and their employees participated in these training opportunities.



Introduction to Computers

'I've been able to apply what I learned directly to my business ...'

'I've applied my new computer skills to more efficient and effective management and use of time...'

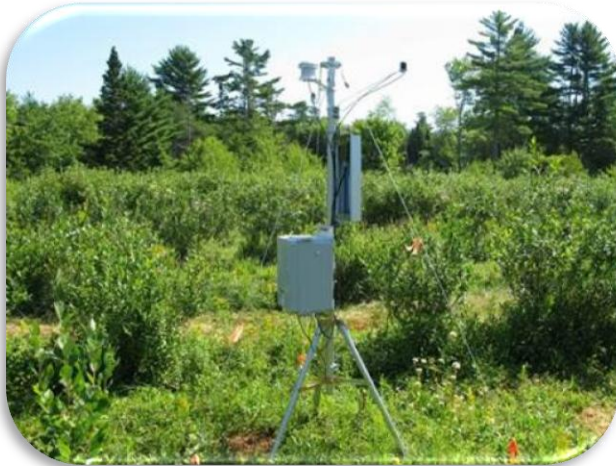


Introduction to Accounting

South West Nova Temperature and Solar Radiation Study

Growing a Positive Agricultural Investment Climate in Southwestern Nova Scotia

Phase 2 of regional climate data research project announced April 17, 2014, Shelburne, NS
Atlantic Canada Opportunities Agency



Shelburne County Business Development Center Limited (CBDC Shelburne), in a joint effort with CBDC Yarmouth and South Shore Opportunities, is investing in the second phase of its regional climate-data research project. Focused on furthering the research collected throughout 2011-2013, the second phase will provide a clearer picture of the potential for growing high-value agricultural crops (i.e. peaches, grapes, and high-bush blueberries) in southwestern Nova Scotia.

In the initial phase, three years of agricultural data was collected and analyzed by agri-food company Perennia and the Centre of Geographic Sciences (COGS) to create a micro-climate map of the region. The results of this phase were encouraging, as southwestern Nova Scotia

showed significant potential for high-value agricultural crop production. In many cases, the conditions were superior to areas in the region with an established agricultural industry. The initial phase has resulted in expressions of interest from investors.

Phase II activities include adding three new types of sensors to monitor wind speed and direction, rain, and relative humidity as well as extending the data collection period an additional two and a half years. This will provide potential investors with a more comprehensive set of data. A marketing strategy will also be created to promote these findings to prospective investors, particularly in the agriculture sector.

The Government of Canada is investing \$223,880 in the project, through ACOA's Innovative Communities Fund, as announced today by Parliamentary Secretary and local MP Gerald Keddy. The initiative also received an investment of \$56,813 from the Nova Scotia Department of Rural and Economic Development and Tourism.

Seven municipalities spanning five counties provided a combined contribution of \$52,500, making this a truly joint initiative between all levels of government. These municipalities include: Municipality of the District of Yarmouth; Municipality of the District of Argyle; Municipality of the District of Barrington; Municipality of the District of Shelburne; Region of Queens Municipality; Municipality of the

District of Lunenburg; and, Municipality of the District of Chester.

Quick Facts:

- ✿ For 24 years, CBDC Shelburne has been providing technical and financial services to clients related to small and medium enterprise start-ups growth and development.
- ✿ Throughout its history, CBDC Shelburne has assisted over 6,000 entrepreneurs.
- ✿ During the period of April 1, 2011 to December 31, 2013, three CBDCs in southwestern Nova Scotia – CBDC Shelburne, Yarmouth and South Shore Opportunities - have assisted a total of 203 businesses/social enterprises and provided \$9,118,981 in funding.
- ✿ The Government of Canada, through ACOA, invested \$242,228 in Phase 1 of the climate-data project to identify specific areas for agricultural development in southwestern Nova Scotia.

Quotes:

“Our Government is pleased to support the Shelburne County Business Development Center through our investment in the second phase of its regional climate-data research project. This project represents an important opportunity to diversify the economy and encourage new agricultural investments in southwestern Nova Scotia.”

Gerald Keddy, Parliamentary Secretary to the Minister of National Revenue and for the Atlantic Canada Opportunities Agency and Member of Parliament for South Shore-St. Margaret’s, on behalf of the Honourable Rob Moore, Minister of State (ACOA)

“When communities and governments come together to collaborate on a project with this level of potential, opportunities are quickly realized. It’s exciting to think what will come from this research, and how it could grow our agriculture sector, and help businesses expand into new markets around the world.”

Michel Samson

Nova Scotia Minister of Economic and Rural Development and Tourism

“This phase will provide us with the detailed climatic data and marketing plan we need to move forward and encourage investment. We know that southwestern Nova Scotia has an abundance of land and suitable climatic conditions for agricultural development, but now we’ll have the facts to prove it. And when entrepreneurs decide to start or expand their businesses here because of it, our CBDCs will be available to provide them with the funding, guidance and support they need to succeed.”

Dixie Redmond

Executive Director, CBDC Shelburne



(left to right) Sean Sears, co-owner of Petite Riviere Vineyards; MP Gerald Keddy; Dixie Redmond and Grant Redding, CBDC-Shelburne

CBDC-Shelburne Small Business Successes



Back on the Water



Like many fishermen in Shelburne County, Jody Dedrick has fished for most of his young life. He began lobstering with his dad at 13-years old.

"It was a lot of hard work but I loved it," said Jody.

He briefly thought about other careers for his life but ultimately realized fishing was the only path he wanted for himself.

He worked hard to provide for his young family, going out onto the water in rain, snow and wind and like many other fishermen feeling the effects of lowering prices for their catch.

In 2011, a storm hit the coast of Nova Scotia. Jody moved quickly to bring his gear to safety but the older boat could not handle the wicked waves and unrelenting wind.

"It could never be used as a fishing boat again," said Jody. "The boat was condemned."

His gear including traps and ropes, took a large beating as well.

He found himself suddenly left with nothing, no way to make a living for himself other than filling in on his uncle's boat.

It just wasn't the same.

"After having your own boat it's hard to go the other way," Jody said.

With no money to purchase another boat, Jody approached the bank. Being in good standing with his finances, he was surprised with the answer he received when he asked for a loan.

Come back in a couple years when the industry has improved was the general consensus from each bank he approached.

"I didn't know what I was going to do," he said. It seemed he was at a dead end with no place to turn.

A friend called him and suggested he call CBDC. Jody's wife encouraged him to try that path.

"You've got nothing to lose," she said. "You might find it the best way to go."

Slightly nervous, Jody did call and made an appointment.

"I felt so relaxed with CBDC," he said. "They were really easy to talk to."

Not only was CBDC willing to loan him the funds for a boat, they also were willing to approve him for a second lobster license, allowing him to once again set off to earn his living at sea.

"It is a bigger and more dependable boat," said Jody. "In a competitive fishery it is important to have these things."

The newer, more seaworthy fiberglass vessel sits at 43 by 16 feet wide and Jody feels confidence at the helm as well as a sense of pride in ownership.

He has been fishing with his new boat for two years and with the capacity to catch more lobster he has been able to hire on extra help during the busier times.

"I love it," he said proudly. "It has been a very good experience working with CBDC."

Bake Shop flying through first year with savvy success!



When Julie Ferguson decided on Shelburne as the place to open her coffee house The Flying Fox Bake Shop, she didn't see a small town. Coming from a northern town in the Yukon with a population of only 200, Shelburne seemed like the big city.

Julie and her husband left their teaching jobs and understanding the limited teaching positions available had to make a decision. Do they try to find work or take the leap and open their own business? Unfortunately neither had any experience running a business. Julie signed up for the Self-Employment Options Program who connected her with CBDC.

While she had a vision on what she wanted for a business, she needed a concrete plan on how to run it successfully.

"It was exactly what I needed," she said. "You need tough love when starting a business."

CBDC helped her to create a proper business plan, taught her how to market her business and how to reach clientele.

She also was able to take a large variety of courses including accounting, advertising, as well as reaching out on social media.

"They showed me what I needed to worry about and how to make the right choices," Julie explained.

CBDC took the stress out of starting her business and was able to focus on creating the perfect place for her clientele to enjoy.

At the Flying Fox Bake Shop, people are instantly warmed when they walk through the door. The space was transformed with help from Julie's artistic eye into a new local favorite. The colours are bright and fresh and artwork, changed regularly, lines the walls. Locals love to walk through the door for their daily fix of coffee and sweets. Students from both the local high school as well as the community college have adopted the shop as a great place to work, taking advantage of the free Wi-Fi and wide variety of coffees.

Julie is just reaching one year under her belt of successful business ownership and ideas continue to flow into her ever-growing business. "CBDC was there all the time for me," she said. "They cheer you on the whole way and really want to see your business succeed."

Windward Flutes: A business success story



Taking a block of wood and transforming it with care, precision and passion into a high quality instrument is an art; being able to turn a profit while continuously developing a consistently superior product is a business.

Yola and Forbes Christie have been finely crafting wooden Celtic flutes since 2004 for customers around the world.

It is increasingly becoming a mark of prestige and pride of ownership to play a Windward Flute.

“Our story is not a fairy tale,” said Yola. “It’s a business success story.”

The care and craftsmanship is clear when seeing how each flute is made. It begins with a block of wood carefully chosen such as African olive, mopane or even pink ivory. It is marked, set in a carefully controlled environment and then must wait at least three years before it is worked to avoid cracking.

“How long does it take to make a flute? Five years,” said Forbes, if the drying process is included. The two have honed the process down to around 130 hours for a keyed flute. They currently have a 3-year waiting list for a keyed flute and create 50 flutes per year.

The care into every detail of the flute making process from the first step to the last is evident in their business and stands out above others in an industrial era.

“I can’t bring myself to make anything but the best,” said Forbes.

Much of Forbes time is seen at the lathe, turning each block into its flute shape with detail precision.

“I work in two thousandths of an inch,” he said. “That’s less than a human hair.” Before getting a loan from CBDC for a new lathe, Forbes often spent backbreaking hours bending over the machine while attempting to separately and accurately measure the piece he was working on. “It was very painful to use the other one,” he said. The new machine helps the business run smoother with a digital readout and the ability to stop it quickly if something were to go wrong.

They were also able to get additional equipment needed for the business. Like many companies, Windward Flutes is a business banks don’t always understand and were hesitant to lend to. It is not the only time Windward Flutes has turned to CBDC to apply for a loan.

On another occasion the up and coming company needed the funds to ship their flutes down to New York City in time for a career making show.

While Windward Flutes is becoming a name in Canada, the majority of their business is export. “It is really important for getting your name out there,” said Yola. “That year we sold eight of our flutes. Shows are what’s going to propel your business.”

When the Christies encounter a problem they tend to invent a solution. This led them to patenting a new flute style.

“We have designed a convertible pitch keyless flute that can be played in two different scales,” explained Yola. “A flute that is very well tuned in both.”

Since opening in 2004 Windward Flutes has built on its quality product, operation and skill and over time become leaders in the industry.

“An overnight success takes 15 years in this business,” said Forbes.





**Atlantic Canada
Opportunities
Agency**

SHELBURNE COUNTY BUSINESS DEVELOPMENT CENTER LIMITED
Financial Statements
Year Ended March 31, 2014



Belliveau Veinotte Inc.
CHARTERED ACCOUNTANTS

A Member Firm of The AC Group of Independent Accounting Firms Limited

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CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of Shelburne County Business Development Center Limited

We have audited the accompanying financial statements of Shelburne County Business Development Center Limited, which comprise the statement of financial position as at March 31, 2014 and the statement of operations, the changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

(continues)

Independent Auditor's Report to the Members of Shelburne County Business Development Center Limited
(continued)

Basis for Qualified Opinion

Note 3 describes the amortization policy with respect to the Organization's capital assets. The note also indicates that the Organization is not amortizing its building. The note also indicates that the Organization does not amortize its other capital assets, but rather expenses them in the statement of operations in the period in which they are acquired. In this respect the financial statements are not in accordance with Canadian Accounting Standards for Not-for-Profit Organizations. These standards require the Organization to record capital assets at cost and amortize this cost over the useful life of the asset. The effect of this departure from Canadian Accounting Standards for Not-for-Profit Organizations on these financial statements is not determinable as records of the costs and useful life of assets acquired since inception are not maintained.

Note 3 describes the Organization's financial instrument policy. The note indicates that the Organization records its loans receivable at historic cost. In this respect the financial statements are not in accordance with Canadian accounting standards for not-for-profit organizations which require the Organization to initially record its financial instruments at fair value and subsequently at amortized cost at the end of each reporting period. The Organization has not specifically disclosed information that enables users of its financial statements to evaluate the significance of financial instruments for its financial position and performance, including exposure to risks, methods of determining fair value and other relevant information. This basis of accounting used in these financial statements differs from Canadian accounting standards for not-for-profit organizations.

Qualified Opinion

In our opinion, except for the effects of the failure to record amortization and except for the effects of the failure to properly record financial instruments as described in the Basis for Qualified Opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of Shelburne County Business Development Center Limited as at March 31, 2014 and the results of its operations, changes in fund balances and its cash flow for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Shelburne, Nova Scotia
June 24, 2014

Belliveau Veinotte Inc.

CHARTERED ACCOUNTANTS

Statement of Financial Position

As at March 31, 2014

	SCBDC Investment Fund	CDF Investment Fund	SCBDC Operating Fund	CDF Operating Fund	Capital Fund	March 31 2014 Total	March 31 2013 Total
ASSETS							
Current assets							
Cash	\$ 220,352	\$ 481,148	\$ 26,073	\$ -	\$ 300,546	\$ 1,028,119	\$ 1,126,845
Amounts receivable (Note 4)	-	-	148,354	-	-	148,354	34,209
Prepaid expenses	-	-	5,785	-	-	5,785	5,537
HST recoverable	-	-	17,855	-	-	17,855	3,749
	220,352	481,148	198,067	-	300,546	1,200,113	1,170,340
Loans receivable (Note 5)	4,191,178	527,302	-	-	-	4,718,480	4,180,088
Promissory note (Note 7)	37,500	-	-	-	-	37,500	37,500
Capital assets (Note 3)	-	-	-	-	317,224	317,224	317,224
	\$ 4,449,030	\$ 1,008,450	\$ 198,067	\$ -	\$ 617,770	\$ 6,273,317	\$ 5,705,152
LIABILITIES							
Current liabilities							
Amounts payable	\$ 383	\$ -	\$ 21,580	\$ -	\$ -	\$ 21,963	\$ 19,422
Deferred revenue (Note 8)	-	-	25,597	-	-	25,597	45,130
Interfund balances	491,974	(546,000)	44,491	-	9,535	-	-
Current portion of long-term debt (Note 9)	60,000	-	-	-	-	60,000	-
	552,357	(546,000)	91,668	-	9,535	107,560	64,552
Long-term debt (Note 9)	240,000	-	-	-	-	240,000	-
	792,357	(546,000)	91,668	-	9,535	347,560	64,552
FUND BALANCES							
Investment in capital assets	-	-	-	-	608,235	608,235	572,752
Externally restricted (Note 11)	3,656,673	1,554,450	-	-	-	5,211,123	4,961,449
Unrestricted	-	-	106,399	-	-	106,399	106,399
	3,656,673	1,554,450	106,399	-	608,235	5,925,757	5,640,600
	\$ 4,449,030	\$ 1,008,450	\$ 198,067	\$ -	\$ 617,770	\$ 6,273,317	\$ 5,705,152

Signed on Behalf of the Board _____ Director

_____ Director

See accompanying notes to the financial statements

Statement of Operations
Year Ended March 31, 2014

	SCBDC Investment Fund	CDF Investment Fund	SCBDC Operating Fund	CDF Operating Fund	Capital Fund	March 31 2014 Total	March 31 2013 Fund
REVENUE							
Interest - loans receivable	\$ 244,785	\$ 24,634	-	-	-	\$ 269,419	\$ 266,928
- short term investments	3,178	5,557	1,599	-	3,021	13,355	16,753
ACOA contribution	-	-	249,750	-	-	249,750	238,500
Administration charges	-	-	24,000	24,000	-	48,000	48,000
Office services, photocopies, etc	-	-	8,870	-	-	8,870	5,391
Building income	-	-	90,196	-	42,000	132,196	134,216
E-smart project	-	-	14,194	-	-	14,194	78,268
Climate data project	-	-	177,078	-	-	177,078	36,367
Loan loss recovery	9,796	-	-	-	-	9,796	17,962
Self Employment Program	-	-	147,335	-	-	147,335	164,175
Other program revenue	-	-	1,145	-	-	1,145	22,071
	257,759	30,191	714,167	24,000	45,021	1,071,138	1,028,631
EXPENDITURES							
Administration fees	-	24,000	-	24,000	-	48,000	48,000
Administration (Schedule 1)	-	-	139,492	-	-	139,492	135,099
Bank and interest charges	1,924	-	-	-	-	1,924	131
Board of Directors	-	-	8,048	-	-	8,048	8,305
Building expenses (Schedule 1)	-	-	90,196	-	-	90,196	84,239
Climate data project	-	-	176,147	-	-	176,147	37,622
Collection costs	1,317	-	-	-	-	1,317	-
E-smart project	-	-	14,220	-	-	14,220	78,236
Loan loss provision (recovery)	(21,193)	-	-	-	-	(21,193)	4,671
Repairs and maintenance	-	-	-	-	9,535	9,535	128,088
Salary and benefits	-	-	251,522	-	-	251,522	268,586
SE assistance	-	-	66,770	-	-	66,770	79,316
Other program expenses	-	-	-	-	-	-	14,997
	(17,952)	24,000	746,395	24,000	9,535	785,978	887,290
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR THE YEAR	\$ 275,711	\$ 6,191	\$ (32,228)	\$ -	\$ 35,486	\$ 285,160	\$ 141,341

See accompanying notes to the financial statements

SHELburnE COUNTY BUSINESS DEVELOPMENT CENTER LIMITED

Statement of Changes in Fund Balances

Year Ended March 31, 2014

	SCBDC Investment Fund	CDF Investment Fund	SCBDC Operating Fund	CDF Operating Fund	Capital Fund	2014	2013
Fund balances - beginning of year	\$ 3,413,190	\$ 1,548,259	\$ 106,399	\$ -	\$ 572,749	\$ 5,640,597	\$ 5,499,259
Excess (deficiency) of revenue over expenditures for the year	275,711	6,191	(32,228)	-	35,486	285,160	141,341
Interfund transfer (Note 10)	(32,228)	-	32,228	-	-	-	-
FUND BALANCES - END OF YEAR	\$ 3,656,673	\$ 1,554,450	\$ 106,399	\$ -	\$ 608,235	\$ 5,925,757	\$ 5,640,600

See accompanying notes to the financial statements

Statement of Cash Flow

Year Ended March 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess of revenue over expenditures for the year	\$ 285,160	\$ 141,341
Changes in non-cash working capital:		
Amounts receivable	(114,145)	36,772
HST recoverable	(14,106)	1,528
Prepaid expenses	(248)	135
Amounts payable	2,541	2,304
Deferred revenue	(19,533)	21,743
	(145,491)	62,482
Cash flow from operating activities	139,669	203,823
INVESTING ACTIVITIES		
Loans issued to clients	(1,425,422)	(1,359,965)
Repayments from clients	887,027	814,267
Cash flow used by investing activities	(538,395)	(545,698)
FINANCING ACTIVITY		
Proceeds from long term financing	300,000	-
Cash flow from financing activity	300,000	-
DECREASE IN CASH FLOW	(98,726)	(341,875)
Cash - beginning of year	1,126,845	1,468,720
CASH - END OF YEAR	\$ 1,028,119	\$ 1,126,845

See accompanying notes to the financial statements

Notes to Financial Statements

Year Ended March 31, 2014

1. NATURE OF OPERATIONS

The Shelburne County Business Development Center Limited (SCBDC) is a community based, independent non-profit organization dedicated to assisting in community economic development through providing advisory and investment services to small business in the area of Shelburne County, Nova Scotia. The objectives of the Organization are to create sustainable employment in the community, to provide business counselling through advisory and technical services to small business and to stimulate private sector employment in the area through the provision of loan financing and capital.

The Organization is incorporated under the Nova Scotia Companies Act as a not-for-profit organization and as such is exempt from income tax by virtue of Paragraph 149(1) (l) of the Income Tax Act (Canada).

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting estimates

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Fund accounting

Shelburne County Business Development Center Limited follows the restricted fund method of accounting for contributions. The externally imposed restrictions are specifically described in Note 11.

The SCBDC operating fund accounts for the Organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants. Expenditures of the operating fund are limited to those agreed to upon in the contribution agreement between Atlantic Canada Opportunities Agency ("ACOA"), or other funding partners and Shelburne County Business Development Center Limited.

The SCBDC investment and CDF investment funds report only restricted resources received by the Organization. Specifically, the restricted fund reports resources that are to be used for the delivery of its loan program in the area of Shelburne County, Nova Scotia. The fund balances of the restricted funds are restricted by the ACOA to use only for financial investment to business clients in the area served by the Organization. All investment income earned by the Organization from fund balances of the restricted funds must be reinvested in the funds and cannot be used to cover administrative expenses of the Organization unless authorized in writing by ACOA.

(continues)

Notes to Financial Statements

Year Ended March 31, 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Capital Asset Fund reports the assets, liabilities, revenues and expenditures related to Shelburne County Business Development Center Limited's capital assets.

Cash

Cash includes cash on hand and balances with banks, net of bank overdrafts.

Loans receivable

The Organization's loans receivable consist entirely of loans to small businesses in the area of Shelburne County, Nova Scotia.

Loans are recorded at cost when the Organization has approved the small business loan. Provisions for loan losses are reported as an expense in the statement of operations of the applicable restricted fund.

Guarantees of client bank loans are recorded on the statement of financial position as a loan receivable with a corresponding liability recorded at the time the guarantee is approved by the Organization. If it is determined that a guarantee will be called by the lender, the loan receivable will be recorded as uncollectible at that time.

Capital assets

The building is recorded at cost. The Organization does not amortize its building, but on expiry of the predetermined economic life of the asset, the building will be written off. The projected write-off will be:

<u>Asset</u>	<u>Economic Life</u>	<u>Write-off Amount</u>	<u>Year</u>
Building	40 years	\$317,224	2035

In addition to the building, Shelburne County Business Development Center Limited owns office furniture and equipment, and computer equipment. It is the Organization's policy to expense these assets in the statement of operations in the year in which they are acquired. Office expenditures in the current year included capital purchases of \$2,290.

Under the terms of its agreement with various government organizations, the Organization receives assistance towards operating costs and capital purchases. Should the Organization cease to operate, the usable capital assets are to be returned to the funding organization.

Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the operating fund in the year received. All other restricted contributions are recognized as revenue of the restricted fund in the year received.

Unrestricted contributions received from various funding agencies are recognized as revenue of the operating fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(continues)

Notes to Financial Statements

Year Ended March 31, 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment income includes unrestricted loan interest and restricted loan interest. Due to the uncertainty regarding the collectible of its loans, the Organization recognizes loan interest when collected. Restricted loan interest is recorded as income of the restricted fund and unrestricted loan interest is recorded as income of the operating fund.

Rental income and other service income are recognized as they are earned when the ability to collect is reasonably assured.

Financial instruments policy

The Organization initially measures financial assets and liabilities at fair value when acquired or issued, except for loans receivable which are recorded at historic cost. In subsequent periods, financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets measured at amortized cost include cash, amounts receivable and loans receivable.

Financial liabilities measured at amortized cost include amounts payable and long term debt.

4. AMOUNTS RECEIVABLE

	2014	2013
Trade amounts receivable	\$ 2,558	\$ 2,339
Contributions receivable - ACOA	82,918	16,516
Other	62,878	15,354
	\$ 148,354	\$ 34,209

5. LOANS RECEIVABLE

	SCBDC Investment Fund	CDF Investment Fund	2014	2013
Business loans receivable	\$ 4,687,042	\$ 552,302	\$ 5,239,344	\$ 4,896,997
Less: allowance for doubtful loans	(495,864)	(25,000)	(520,864)	(716,909)
	\$ 4,191,178	\$ 527,302	\$ 4,718,480	\$ 4,180,088

The change in the loans receivable balance is detailed in Note 6.

Notes to Financial Statements

Year Ended March 31, 2014

6. LOANS RECEIVABLE - SCBDC INVESTMENT FUND

The loans receivable balance is comprised of:

	2014	2013
Loans		
Balance, beginning of year	\$ 4,335,454	\$ 3,807,017
Loans advanced during the year	1,425,422	1,009,965
Loans repaid during the year	(908,777)	(465,391)
Loans written-off during the year	(165,057)	(16,137)
Balance principal	4,687,042	4,335,454
Allowance for doubtful accounts	(495,864)	(691,909)
	\$ 4,191,178	\$ 3,643,545

The activity in the allowance for doubtful loan accounts is as follows:

Allowance for doubtful accounts

Balance, beginning of year	\$ 691,909
Loans written-off during the year	(165,057)
Current year loan loss provision	(30,988)
	\$ 495,864

Allowance for doubtful accounts is determined by providing specific loan losses by loan, after reviewing outstanding loans on a loan-by-loan basis, plus the use of an estimated percentage based on past experience for all loans for which no specific provision has been established.

7. PROMISSORY NOTE

The Organization advanced \$37,500 as a subscription loan to Atlantic Canada Community Business Investment Fund (ACCBIF) in the form of a promissory note. The note is non-interest bearing and has no set terms of repayment.

8. DEFERRED REVENUE

Deferred revenue represents unspent government funding that will be used to fund operating expenditures of the following year. Changes in the deferred revenue balance are as follows:

	2014	2013
Balance - beginning of year	\$ 45,130	\$ 23,387
Less: amount recognized as revenue in the year	(45,130)	(23,387)
Add: amount received for subsequent years	25,597	45,130
Balance - end of year	\$ 25,597	\$ 45,130

Notes to Financial Statements

Year Ended March 31, 2014

9. LONG TERM DEBT

	2014	2013
Atlantic Canada Community Business Investment Fund loan bearing interest at 1.5% per annum, repayable in annual blended payments of \$60,000. The loan is secured by promissory note and general assignment of book debt.	\$ 300,000	\$ -
Amounts payable within one year	(60,000)	-
	<u>\$ 240,000</u>	<u>\$ -</u>

Principal repayment terms are approximately:

2015	\$ 60,000
2016	60,000
2017	60,000
2018	60,000
2019	60,000
	<u>\$ 300,000</u>

10. INTERFUND TRANSFER

Shelburne County Business Development Center Limited receives an annual operating contribution from ACOA to cover a portion of the operating expenses of the SCBDC operating fund. ACOA has approved a budgeted amount of allocation from the SCBDC investment fund to the SCBDC operating fund to assist with covering the operating expenses.

11. EXTERNALLY RESTRICTED FUNDS

Funds advanced to Shelburne County Business Development Center Limited (SCBDC) in respect of Eligible Costs and the SCBDC Investment Fund capitalization costs and CDF Investment Fund capitalization costs shall be deposited and maintained in three separate accounts.

1. Funds credited to the SCBDC Investment Fund and CDF Investment Fund shall not be used for purposes other than SCBDC Investment Fund and CDF Investment Fund activities without the prior written approval of ACOA. This includes funds lent to or received from ACCBIF.
2. Notwithstanding the preceding paragraph, funds credited to the SCBDC Investment Fund may be transferred to the Operating Fund where the following conditions are met:
 - a) the Shelburne County Business Development Center Limited annual budget submitted with the business plan projects a deficit (the deficit) and is accepted by ACOA;
 - b) the deficit was in fact incurred as projected; and,
 - c) the Shelburne County Business Development Center Limited shall provide to ACOA written confirmation of the transfer of the funds from the SCBDC Investment Fund to the Operating Fund within 90 days of the end of each fiscal year.

Notes to Financial Statements

Year Ended March 31, 2014

12. ECONOMIC DEPENDENCE

Shelburne County Business Development Center Limited receives an annual operating contribution from ACOA to cover a portion of the operating expenses of the SCBDC operating fund. The continued operation of the Organization currently depends on the receipt of the annual operation contribution.

13. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of March 31, 2014.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk from clients and loans receivable. In order to reduce its credit risk, the Organization reviews a new client's credit history before extending credit and conducts regular reviews of its existing clients' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Organization has a significant number of clients and loans receivable which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its receipt of funds from its clients and loans receivable, and accounts payable and long term debt.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Organization is exposed to interest rate risk on its fixed rate financial instruments. Fixed-rate instruments subject the Corporation to risk in changes in fair value. As at March 31, 2014, the Association had \$4,718,480 in fixed rate loans outstanding with interest rates that are below market value. The weighted average interest rate on loans receivable were 5.77% and their maturity dates range from 1 year to 5 years.

Administrative and Building Expenses

(Schedule 1)

Year Ended March 31, 2014

	2014	2013
ADMINISTRATIVE EXPENSES		
Advertising and promotion	\$ 10,730	\$ 13,653
Barrington office rent	3,231	3,044
Client training	6,969	6,610
Computer supplies	1,612	1,034
Conferences	11,575	4,686
Equipment leases	2,274	2,212
Insurance - directors liability	2,242	1,907
Insurance - staff travel	298	341
Interest and bank charges	1,187	1,502
Lockeport office rent	645	608
Miscellaneous	2,869	3,839
Postage and office	17,155	14,587
Professional fees	11,318	9,114
Shelburne office rent	42,000	45,672
Telecommunications	11,478	11,465
Travel	13,909	14,825
	\$ 139,492	\$ 135,099
BUILDING EXPENSES		
Building Insurance	\$ 4,446	\$ 4,943
Building Maintenance	23,884	391
Building Miscellaneous	1,315	-
Cleaning Supplies	1,220	972
Electricity	28,547	26,246
Janitor	7,901	10,073
Janitor Insurance	750	-
Maintenance office	-	26,596
Property Tax	11,250	11,014
Renovations	9,875	3,190
Water	1,008	814
	\$ 90,196	\$ 84,239

See accompanying notes to the financial statements

Schedule of Rental Operations

(Schedule 2)

Year Ended March 31, 2014

	2014	2013
RENTAL REVENUE	\$ 132,196	\$ 134,216
EXPENSES		
Building Insurance	4,446	4,946
Building Maintenance	23,884	27,959
Building Miscellaneous	1,315	-
Cleaning Supplies	1,220	-
Electricity	28,547	26,246
Janitor	7,901	10,073
Janitor Insurance	750	-
Property Tax	11,250	11,014
Renovations	9,875	3,190
Water	1,008	814
	90,196	84,242
EXCESS OF RENTAL REVENUE OVER EXPENSES	\$ 42,000	\$ 49,974

See accompanying notes to the financial statements

SHELBURNE COUNTY BUSINESS DEVELOPMENT CENTER LIMITED
Schedule of Allowance for Loan Impairment
Year Ended March 31, 2014

	Category A	Category B	Category C	Category D	Total
SCBDC Investment Fund					
			2014		
Loans receivable	\$3,884,354	\$ 213,260	\$ 183,562	\$ 405,866	\$4,687,042
Allowance for loan impairment	-	94,442	133,834	267,588	495,864
Allowance percentage					10.58 %
			2013		
Loans receivable	3,076,430	556,034	219,622	483,368	4,335,454
Allowance for loan impairment	75,668	211,699	30,928	373,614	691,909
Allowance percentage					15.96 %

See accompanying notes to the financial statements

SHELBURNE COUNTY BUSINESS DEVELOPMENT CENTER LIMITED
Schedule of Government Funding
Year Ended March 31, 2014

	2014	2013
Government of Canada		
Atlantic Canada Opportunities Agency	\$ 349,322	\$ 274,287
Department of Fisheries and Oceans Canada	-	1,000
	349,322	275,287
Province of Nova Scotia		
Department Labour and Advanced Education	161,529	195,700
Department of Economic and Rural Development and Tourism	56,813	-
	218,342	195,700
Municipal Governments		
Municipality of Barrington	1,500	4,500
Municipality of Argyle	1,500	550
Region of Queens Municipality	4,500	4,500
Municipality of the District of Shelburne	-	5,500
Town of Shelburne	-	2,500
Municipality of the District of Yarmouth	1,500	3,000
	9,000	20,550
	\$ 576,664	\$ 491,537

See accompanying notes to the financial statements