

**NORTHERN OPPORTUNITIES**

**FOR BUSINESS LIMITED**

**CBDC-NOBL**

**Annual Report**

**Presented to our AGM on June 26, 2012**

## Executive Director and Chair Report

### **Operations**

I am pleased to advise you that for we have had another successful year operationally, with a surplus (\$23,260) being earned.

Our Staff continues to do a highly credible job and has a strong and positive reputation in the economic development community as well as the general communities in which we live.

Only one of our Investment Committees' membership has changed in the past year while our Board has not. We continue to have the high devotion and work ethic throughout our volunteers as we work them harder than any other CBDC. During the last year we had 61 meetings (15 Board, 12 Investment Committee meetings in Antigonish, 12 in Colchester, and 22 in Pictou County) requiring their input. On top of that, we frequently call upon our volunteers (including former members) to provide us with technical input, or comment on various industries or businesses to help Staff with our work with, and for, clients.

Blanchard Atkinson has served another strong year as Chair. He also acts as our Chair in Colchester County and is involved with both the Nova Scotia and Atlantic Associations of CBDCs.

That we have had little change in our Volunteers and Staff I have often stated as being a positive as we are in difficult economic times and we need the sage advice and experience of all twenty-four Volunteers and six Staff who serve our communities. During the year, however, ACOA has made it a priority for all CBDCs to ensure adequate governance. While this does not reflect on our volunteers and the strong effort they make on our behalf, it does reflect ACOA's wishes that CBDCs not become either stagnant or complacent. Bringing "new blood" to the table is one way of ensuring that CBDCs keep fresh in attitudes and approaches.

In fiscal year 2011/12, our operating revenues, at \$594,223, were \$30,000 more than last year. Our budget for the 2012/13 fiscal year would see us have a cash deficit of \$64,000. This is due in part to our having reduced our expectations from the Students in Business Program (down to \$12,000 from \$30,000 two years ago), and our reduced interest earned from the Technology Development Fund. This shortfall will be covered by our Operating surplus (\$193,000 at the beginning of 2012/13), while future shortfalls can be covered by the Investment Fund, which received a recapitalization contribution of \$1,017,000 during this fiscal year and a loan forgiveness of \$1,092,000 (Seed Capital Connexions).

The transfer of the SEB Program to Employment Nova Scotia from Service Canada continues to be a very good experience. Our partners there bring a solid, positive attitude to the Program. Our numbers are back down to the 20± range from the high numbers of upper-30's over the past couple of years.

### **Investment Activity**

We continue to be well in demand, with our three-year total of loans provided being just under \$10.0 million. At 91, the number of clients we helped continues to be strong at just under our three year average of 108.

	2009/10		2010/11		2011/12		Average	
Antigonish	(31)	354,700	(23)	237,372	(25)	512,800	(26)	368,290
Colchester	(8)	426,100	(11)	511,300	(13)	934,883	(11)	624,094

Pictou	(91) 2,639,853	(68) 2,190,600	(53) 1,776,433	(71) 2,202,295
Total	(130) 3,420,653	(102) 2,939,272	(91) 3,224,116	(108) 3,194,679

At the beginning of the year, the Seed Capital Program was collapsed and five new Program products (see below) were launched. Loan interest was down this year by \$30,000. This was due in part to our receiving more in payments than we disbursed and by the large write-offs we incurred. Our write-offs, after a good year last year, were the highest ever in Corporation history, at \$516,000, net of recoveries. This is a reflection of both our mandate (high risk loans) and Pictou County's economy (from where most of the write-offs emanated this year). The gain, from our clients, in the net value of our Investment Fund was over \$229,000. That ACCBIF keeps its rate at 1.5% for us as borrowers also makes a significant contribution to surpluses.

The products we now offer are noted in the following table. We do, however, not advertise or push them in any way; rather, when loans are approved, we designate which program the offer will be under. There is no essential difference from program to program, except who is eligible, and the amounts (further description under Program Development). Our rationale for siloing the loans is that loans under Youth, First Time and Innovation can qualify for the Risk Mitigation Fund with up to 35% of any sustained loss being claimable through the Atlantic Association.

By Product	Clients	Disbursed
Youth	12	\$141,500
First Time Entrepreneur	14	280,100
General Business	59	2,284,316
Innovation	3	210,000
Social Enterprise	3	260,000
Students in Business	12	53,200
SEB (Pictou)	33	

*(The above reflects disbursements to clients through these products only and does not reflect the disbursements committed to under the old regime which were disbursed after April 1. The chart is done this way to establish the basis of future year reportings.)*

Our overall activity levels included 116 clients who either were or were about to be disbursed to. Total Program approvals (using the same definition) totalled 142 (many clients qualify for inclusion under more than one program).

### **Partnerships**

We are pleased this year to announce the forming of a new alliance with the Province of Nova Scotia, here in Pictou County. Through their Department of Labour and Advanced Education, we have acted as the focal point for a number of training series for business people. Covering 10 3-hour sessions in the

evening, the training covers many concepts which successful business people must be familiar with. The response to the program has been exceptional.

Our main local partners in community economic development continue to be the RDAs. We have been serving on CoRDA's Business Retention and Expansion (BRE) program in their County for some time, are in our fourth year on the Local Action Team in Pictou County, and are similarly placed with the Antigonish RDA and their BRE team. With RDAs in a state of flux right now, it is unknown how these relationships might change.

Our partnerships with ACOA, NSBI, and Junior Achievement (Brian Patton serves on their provincial Board) continue to be strong. We are members of all three Chambers (we are the sponsor for the Chamber's Ian Spencer Award of Excellence in Antigonish). During the year the Pictou County Tourist Association joined forces with other like-minded organizations along the Northumberland Shore. While we had been sponsoring the Rising Star Award annually with PCTA, there has been no indication if such an award will exist under the new regime.

We are pleased to continue to have a strong partnership with the Bergengren Credit Union.

### **Program Development**

I mentioned above that we have revamped our programs. Where we had been offering CBDC, Seed Capital, and Tech Fund loans, we now offer Youth (replacing part of the Seed Capital Program), First Time Entrepreneur (replacing the other portion of the Seed Capital Program and expanding the limit to \$150,000), General Business (replacing the vast majority of the CBDC loan fund), Innovation (replacing the Technology Development Fund), and Social Enterprises (replacing a small portion of the CBDC fund) loan products (these last have limits of \$150,000 as well). And where we had been using funds from different pots for our different loan products, we now have all of our funds in one account, able to ensure that there are sufficient funds for any and all applications. When we borrow in the future from ACCBIF, we will be borrowing for all funds at the same time - a welcome streamlining of the system.

The Students in Business Program will continue to exist as it has, being funded by the Province and ACOA through the Nova Scotia Association of CBDCs.

With the change in government in Halifax, there is a renewed interest in our Youth Succession Program which had been developed by NOBL on behalf of all CBDCs. We have revised the partnerships for our proposed program, bringing Black Business Initiative, Centre for Entrepreneurship Education and Development, and Entrepreneurs with Disabilities Network into the mix. That Program would see us working together to identify businesses in need of succession (frequently people who are looking to retire from their business and who have no-one to take it over) and young people interested in being in business for themselves. Finding a match, providing guidance through the first 18 months, and then assisting in the buyout of the business are all parts of the proposed program. We will be asking the Province and ACOA to consider supporting this initiative.

### **Our Future**

With the adoption of the Community Futures of Tomorrow model in December, 2011, NOBL's future, and therefore the future of our communities, became a whole lot brighter. Where two years ago I advised you we had been pushing the limits of our borrowing capacity (and therefore of our ability to fully help entrepreneurs), this year I can tell you that we are exceptionally stronger financially.

At the Atlantic Association's AGM in May, Minister Valcourt gave a lengthy speech in which he praised CBDCs and the work we do at empowering rural Canadians. He displayed an awareness of CBDCs not found in previous Ministers. And finally, he indicated that CBDC funding is permanent.