

***Community Futures  
Development Corporation  
of the North Fraser***



**Annual  
Report  
2014-2015**

Growing Communities One Idea at a Time

## Chair and Executive Director's Message



Cal Crawford

Community Futures North Fraser supports entrepreneurs and small business owners in our area with our loan program, advisory services, training and our efforts to promote community economic development. Serving Mission, Kent/Agassiz, Harrison Mills, Deroche, Dewdney and Harrison Hot Springs, this office works with entrepreneurs who invest in their business and in the communities we serve.

While we continue to support small business, last year our loans program did not meet expectations with only 6 loans completed for a total value of \$469,700. There is no clear explanation for the limited loan activity, but management and the board are looking at strategies to increase the profile of Community Futures, and to improve how we deliver services to our clients to increase loans in future years.



Allan Main

In the 2014-15 fiscal year an area of focus for management was to reduce expenses without affecting our quality of service, and this year administrative expenses were 8% less than in the previous year. The reduction in expenses resulted in a revenue surplus of \$8,867 which will be applied against our operational deficit. In an effort to improve our presence in the community and further reduce expenses this office finished the year by moving to a new office location. The new

office is more central, and is at a reduced lease rate over our previous location. The effect of the reduced expenses and the lower lease rate will provide additional funds for this office to increase our marketing activity, and look for opportunities to improve client services.

Community Futures is a non-profit organization governed by a local board of directors who volunteer their time to support the work of this organization. We are grateful for the work of the board and their commitment to providing support to the many small business owners who use the services of Community Futures North Fraser. We are equally appreciative of the work of staff and their dedication to this organization and our clients.

Cal Crawford, Chair

Allan Main, Executive Director

### *Board of Directors*

**Calvin Crawford**  
Mission, BC  
**Chair**

**Stephanie Key**  
Agassiz, BC  
**Vice-Chair**

**Grace Saris**  
Mission, BC  
**Director**

**Freddy Marks**  
Harrison Hot Springs, BC  
**Director**

**Sheri Yakashiro**  
Mission, BC  
**Director**

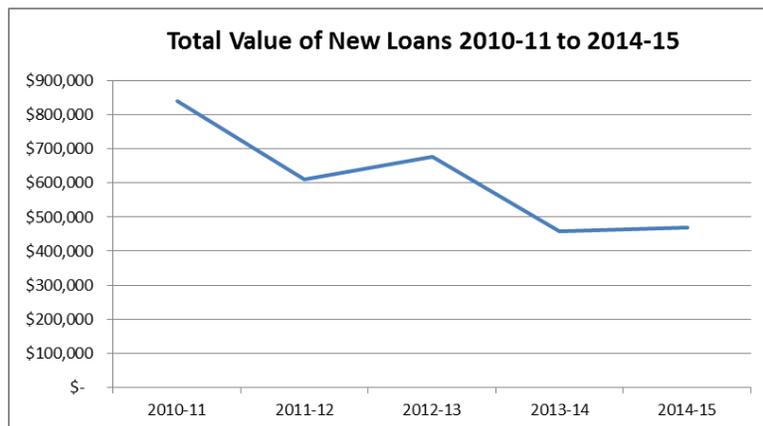
**Manny Deol**  
Mission, BC  
**Director**



## Loans

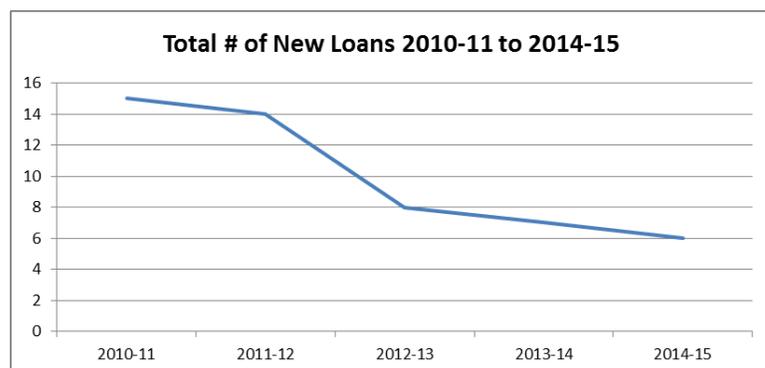
The dollar value of loans completed in 2014-15 was \$469,700, up slightly from the loans in 2013-14 with a value of \$458,430, but both years are below our five year average of \$542,445. Loan performance in the five years covered by the graph below has been on a downward trend both in value and in the number of loans completed. Only 6 loans were complete in the past fiscal, below the 7 loans completed in 2013-14, and below the five year average of 10 loans. During the year three other loans were approved, but not advanced, and are not included in the loan count. The average value of loans completed in 2013-14 was \$78,283, which is above the five year average of \$65,662.

The downward trend in loan value and number is an area of some concern. The expectation for this office, with the size of our area and demographics, is over 10 loans for the year with a value over \$600,000. With the previous two years well below this target we are looking at strategies to increase loans.



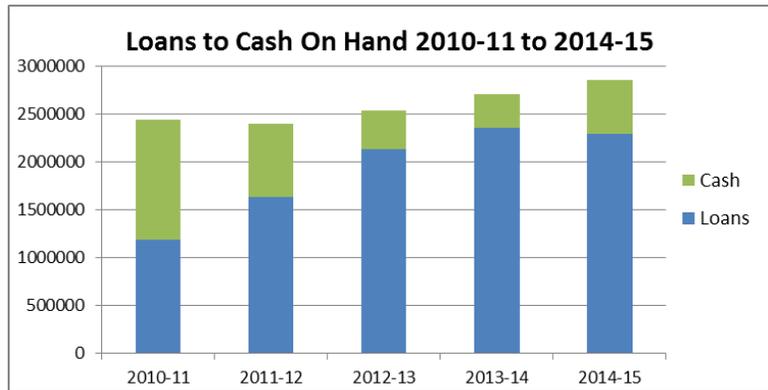
While the number of loans and the dollars loaned was below target we did continue to strengthen our loan fund over the past year. In 2014-15 our loan fund grew 6.3% to \$2,849,027. We currently have 46 loans with \$2,489,684 on loan from this Community Futures office. Our loans include \$199,039 in partnership funds provided by other Community Futures to our clients, for a net loan fund of \$2,290,645. Community Futures North Fraser has also participated in partnership loans, and the loan total on our financial statements includes \$251,078 that we have loaned to other Community Futures offices in support of their clients. At the end of the year our cash on hand in loan funds was \$558,382, which is 19.5% of our loan fund. This is an increase over last year, but is within our target range of cash on hand between 12% and 25% of our loan fund.

Our allowance for loan losses did increase 3.5% in 2014-15 from 8.2% to 11.7% of the loan portfolio. This is a measure of loans that are



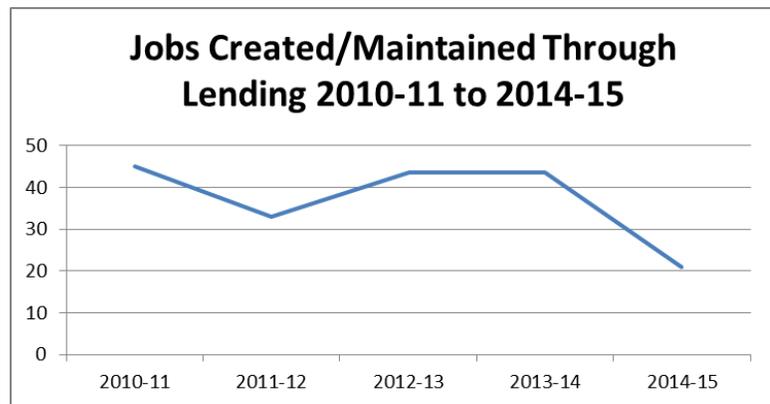
currently in default and not loan write offs. Some of this money may still be collected, but the current risk exposure is high, and this office will continue to monitor these loans and work with the clients to improve the loan status. It is expected that some of the non-performing loans will be written-off in the 2015-16 fiscal year.

Over the past 5 years this office has been effective in reducing cash on hand and getting our money working in the community. Our cash on hand is now within our target range at 19% of our portfolio, and is a sustainable level of cash for our target of keeping annual loans above the \$600,000 level. Over the past five years we have significantly reduced our cash on hand while at the same time growing our loan fund by an average of just over 4% per year to just above \$2.8 million. Even with the allowance for doubtful accounts our loan fund has grown almost 6% over the past 5 years.



### Jobs Supported Through Lending Activity

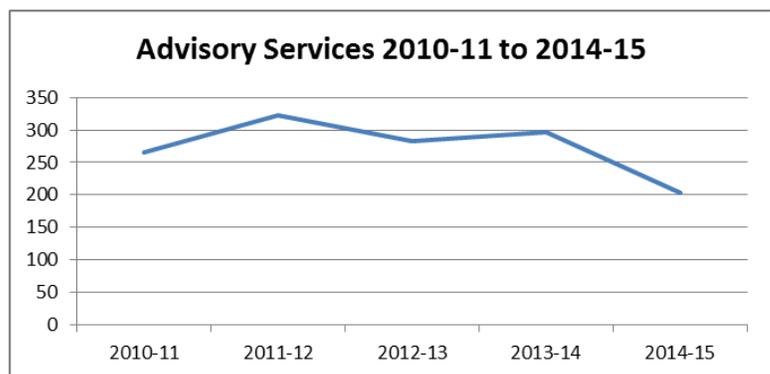
A key measure of the economic impact of Community Futures in our community is the jobs created and maintained through our lending activity. With only 6 loans in 2014-15 our impact on employment was down from previous years, with 21 jobs created or maintained. This is 3.5 jobs per loan, which is below our five year average of 4.2 jobs per loan.



### Advisory Services and Training

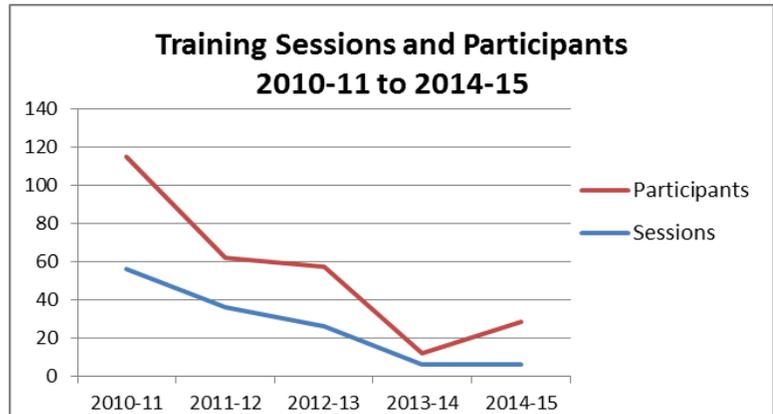
Just over 200 entrepreneurs came to us in the past fiscal year for business advice. The one-on-one support we provide to local business people is a valuable part of the services we offer.

Our advisory services were down last year and are at a five year low. This is partly a result of our reporting tool removing



advisory services related to community economic development projects from this measure. But, like loans, we do have to continue to evaluate how we promote our services to the community and look at new strategies to keep Community Futures North Fraser an essential part of the business community.

While our advisory services dipped for the year, the training sessions reversed a four year trend and increased year over year. The decline in demand for our training is seen as trend related to changes in online options for business education. We have been partly responsible for the decline by promoting the online courses offered through Small Business BC and others.



While we have encouraged clients to improve their business knowledge using online resources we have also been looking for a training model that would keep Community Futures engaged with local entrepreneurs. In the past year the increase in numbers is partly our move to partner with other organizations for delivery of business training. Through the year we worked with Ethos with their Experience Work initiative for older workers, Mission Community Services and their Settlement and Integration program for new Canadians, and Riverside College and their business training program.

## Community Economic Development

Community Futures supports local business through a number of activities including community economic development projects intended to improve the economic opportunities for all businesses in our community. Some of the activities we were involved in over the past fiscal year include:

- The Stave West initiative completed the Recreational Master Plan report and submitted it to the Mission District council for their approval. The implementation of this plan is a strategic priority for the new Mission council. This office was involved in creating this plan, and we expect to continue with some involvement in this project as the plan is implemented. A key component to the plan is the proposed establishment of a Tim Horton’s youth camp at a small lake in the Stave West, and eliminating some of the undesirable activities to make it a family friendly area, work on both of these initiatives is continuing. An additional opportunity for the area that evolved through the planning process is increased educational use of the Stave West. There was significant interest in using the area by both post-secondary and the public school system, and researching the educational potential was one of the key areas worked on by this office.
- Working with the Mission Chamber of Commerce, this office organized and hosted a Branding event to look at the potential to improve the public perception of Mission by focusing a select and narrow set of strengths. The event was intended to be a

conversation starter, and with that objective it was very effective. After the initial event the intention was to create a working group that would build a branding strategy for Mission; this second part of the project has been slow to materialize with a change in the municipal government. This project is still seen as a useful exercise for this community, and although the second phase has not been initiated to date we will continue to promote this project.

- There is a cooperative relationship between the three municipalities on this side of the Fraser River; Pitt Meadows, Maple Ridge and Mission. This past year these three municipalities formed an Educational Taskforce to look into post-secondary offerings in the North Fraser, and consider delivery models that could support improved access. The North Fraser is under-represented in access to post-secondary education for our population of young people who are forced to either commute, or leave the area to attend school. This is a drain on youth, and does not support job growth in the North Fraser. Ultimately the work of the task force was to build the business case for the establishment of a post-secondary campus in this area. The business case is complete and has been presented to government and administrators at regional educational institutions. The work of the task force is complete, but for all involved in this work there remains the continued effort to increase accessibility to post-secondary education in our communities.
- This office continued to support economic growth in this area through our participation with other organizations. The Executive Director of Community Futures North Fraser holds a position on the Mission Regional Chamber of Commerce, the Harrison/Agassiz Chamber of Commerce, the Mission Economic Development Select Committee, the Mission Tourism Committee, and participates on other sub-committees and task forces through these organizations.

## Clients

### Booster Juice

The Mission Booster Juice was a franchise that started strong when it first opened in 2008, but declining revenue was probably a key reason the original owners decided to sell. In 2012 Kim Gibson bought the Mission Booster Juice and while she knew there would be some challenges to build the business back to where it would be profitable, there were a few surprises. Some of the equipment was worn and there were other repairs she didn't budget for. She had invested all her money in the purchase of the business and found she didn't have the cash flow to meet all the unanticipated expenses.



One of the criteria Community Futures uses in assessing a loan is character, and Kim clearly has the necessary character to make the business successful. Kim first started working at a Booster Juice in Abbotsford in 2005, working part time while also holding down a full time job. After about four years working two jobs Kim was offered the position of Manager for a new franchise that opened in Abbotsford in 2009. Kim left her day job and became a fulltime Booster Juice employee building the new franchise. She is a great believer in the Booster Juice concept and highly committed to her customers, and in 2011 the Booster Juice Kim managed won the Abbotsford Chamber Business Excellence Award for Customer Service.

When the Mission Booster Juice franchise was put up for sale Kim jumped at the opportunity, and under her management revenue at the Mission store improved significantly month over month, but working through the early challenges left her struggling to meet all her expense obligations. When she came in to the Community Futures office we could see she had strong revenue and good growth, but her business expenses were accumulating and she would need more than a loan to work through the challenges. The Booster Juice franchisor has seen Kim's ability to build a franchise, and if Kim wasn't able to make the franchise successful in Mission a new owner wouldn't be any more effective. The willingness of the franchisor to work with Kim in restructuring some of her expenses was critical to allow Community Futures to make a loan to support this business and its 10 employees.

This was a partnership initiative, with Kim, the franchisor, and Community Futures all playing a role to rebuild this business. "I would have had to close the doors without Community Futures," said Kim, "with the unexpected costs and the time to reorganize I had exhausted all my resources." A warm dry spring may have also helped boost revenue, which is up significantly from last year.

## Harrison Hot Springs Preschool & Childcare

Melissa Weed is a repeat client at Community Futures. She first visited our office in 2012 when she was buying her current daycare business. This year she was back looking for our support with a grant application. The BC Government was offering funding for new licensed child care spaces, and Melissa knew there was demand for childcare in Harrison if she could add another building. In 2012 Melissa used our advisory services and was approved for a loan, but was able to find financing through a family member. In this fiscal year Community Futures provided advisory services and provided a loan to help Melissa leverage \$89,000 in a provincial grant for the additional building.



Four years ago Melissa Weed was nearing the end of her maternity leave and was looking for daycare space for her two children. With a one year old and a three year old finding space proved to be a challenge and rather than returning to her previous work Melissa opened a daycare in her home. When her older child turned four he started to go to the local preschool which was run by a non-profit society. “The woman who was running the preschool knew I had a daycare in my home, and told me the society that owned the preschool wanted to sell. She thought I should buy it!” The preschool was located on the Harrison Elementary school grounds in a portable building owned by the non-profit. Right beside the preschool was a second portable that was vacant, and Melissa decided she could buy the business and own the one portable for the preschool and afterschool program and rent the other portable from the school for her daycare kids.

With the two buildings Melissa became the owner of Harrison Hot Springs Preschool and Childcare and her business began to grow. The challenge for her wasn't the demand for daycare, but having enough space for her business and being able to balance the number of caregivers to children. Each caregiver has a set number of children they can have in their care, and optimizing this ratio is a challenge for smaller daycare facilities. When Melissa saw the BC Government announcement for Major Capital Funding to create new licensed child care spaces she saw a great opportunity to expand her business.

The grant required at least 10% of funding from other sources, and as a new business Melissa was going to need help finding the extra money. She was also at a point where she wanted to restructure her debt, and saw Community Futures North Fraser as a potential partner. We were able to make the loan and we provided support with the grant application. “Without the advice from Community Futures I wouldn't have received the grant. It was the first grant I have ever written and although your suggestions created extra hours of work, you got me asking the right questions to create a strong proposal.” said Melissa. The Community Futures loan helped

leverage \$89,000 in provincial funding, and now Melissa has 70 kids registered in her programs, and 9 staff. For a community with about 100 kids in the elementary school Melissa plays a big role in the early childhood development in her community. The extra space has also allowed her to add other programs, “We have a special needs child in our care now that I would have had to turn away before. It would have been too hard on the child without the new building – and it creates a local job for his support worker.” said Melissa.

# Financials

## Balance Sheet - condensed

	2014-15			2013-14
<b>Assets</b>	<b>Administration Fund</b>	<b>Investment Fund</b>	<b>Total</b>	<b>Total</b>
<b>Current Assets</b>				
Cash	(1,349,650)	1,908,032	558,382	347,217
Current portion of loans receivable		333,118	333,118	357,885
HST/GST receivable/Prepaid expenses	6,268	1,265	7,533	8,203
Interfund transfers	42,462	(42,462)		
	(1,300,920)	2,199,953	899,033	713,305
Loans receivable		1,887,666	1,887,666	2,027,989
Property plant & equipment	11,403		11,403	4,285
	(1,289,517)	4,087,619	2,798,102	2,745,579
<b>Liabilities &amp; Fund Balances</b>				
<b>Current Liabilities</b>				
Accounts payable/Deferred revenue	53,185		53,185	71,235
Current portion for partnership loans		22,128	22,128	20,503
	53,185	22,128	75,313	91,738
Long term debt for partnership loans		176,911	176,911	199,358
Conditionally repayable		1,540,000	1,540,000	1,540,000
Fund balances	(1,342,702)	2,348,580	1,005,878	914,483
	(1,289,517)	4,087,619	2,798,102	2,745,579

## Income Statement - condensed

	2014-15			2013-14
	<b>Administration Fund</b>	<b>Investment Fund</b>	<b>Total</b>	<b>Total</b>
<b>Revenues</b>				
Government funding	285,044	-	285,044	285,379
Interest on loans	-	171,610	171,610	169,223
Administration/Management	15,593	8,632	24,225	18,810
West coast community program	-	-	-	8,119
Bank interest	-	1,988	1,988	-
	300,637	182,230	482,867	481,531
<b>Expenses</b>				
Administrative expenses	290,913	23,996	314,909	345,026
Excess revenue over expenses	9,724	158,234	167,958	136,505
<b>Less other expenses</b>				
Amortization	857		857	1,071
Loan loss provision	-	75,891	75,891	4,738
Loan recovery	-	185	185	405
<b>Net Income</b>	<b>8,867</b>	<b>82,528</b>	<b>91,395</b>	<b>131,101</b>

