



Community Futures Development Corporation  
of the North Fraser

*Annual Report*  
*2012-2013*

Growing communities one idea at a time

## Chair and Executive Director's Message



Cal Crawford  
Chair

This past year Community Futures North Fraser continued to support the success of local small businesses through our loan program, advisory and training services, and our economic development initiatives. Certainly small business in the area have faced challenges and continue to look for new opportunities in a changing market, but as the local economy evolves, this office has supported small business to increase local prosperity and the quality of life in the region.



Allan Main  
Executive Director

Community Futures is fortunate to work with entrepreneurs who invest in their business and in the communities we serve — business owners who believe in the potential of the North Fraser and contribute to the local economy.

In this past fiscal year we approved \$678,520 in loans, supported 283 clients through advisory services, and hosted 26 training sessions for local business owners. We provided leadership or support for more than 10 economic development initiatives, and benefited from about 160 hours of work from a dedicated group of volunteers.

This organization is guided by a Board of Directors which is representative of all the geographic regions we service. We extend our sincerest appreciation to the volunteer Board and their commitment to the goals of this organization. We also recognize the staff of the corporation, whose dedication to both our clients and our organization is greatly appreciated.

Community Futures is a collaborative organization that supports small business through partnerships with many other organizations. This year we worked to strengthen our partnerships, and we would like to acknowledge our partners. Without their co-operation, and support, our achievements would be limited.

Cal Crawford  
Board Chair

Allan Main  
Executive Director

### *Board of Directors*

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

**Ron Leger**  
Mission, BC  
**Vice-Chair**

**Debbie Trenholm**  
Mission, BC  
**Secretary-Treasurer**

**Sean Melia**  
Mission, BC  
**Director**

**Stephanie Key**  
Agassiz, BC  
**Director**

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

**Andre Isakov**  
Harrison Hot Springs, BC  
**Director**

**Raymond Szabada**  
Harrison Mills, BC  
**Director**

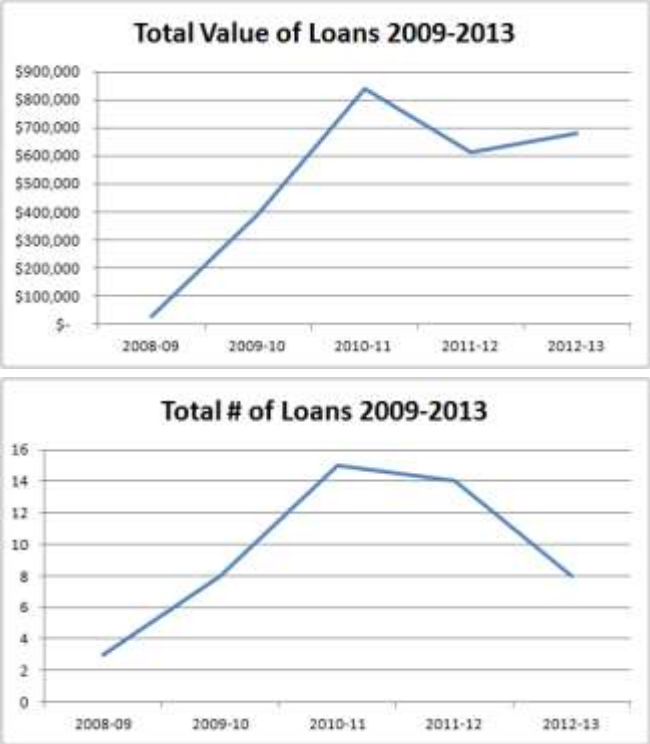
**Sheri Yakashiro**  
Mission, BC  
**Director**



# Loans

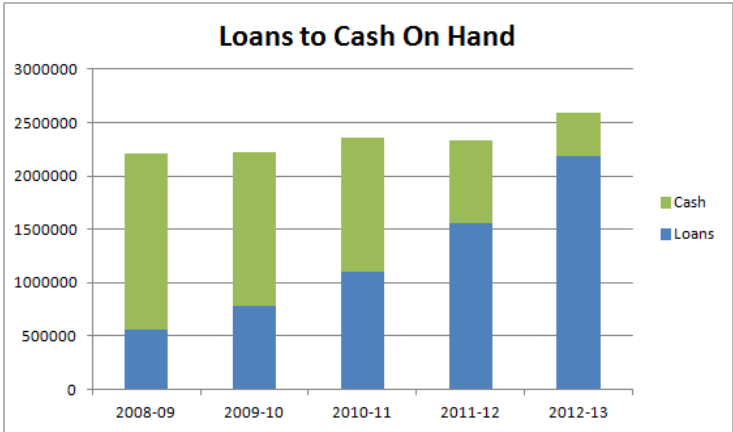
The dollar value of loans in the past year was \$678,520, which was up from the previous year when we did \$611,102 in loans. Although total dollars was up, the number of loans in the past years was down, with only 8 loans completed. This compares to 2011-12 when we completed 14 loans. The average value of a loan in 2012-13 was up significantly from previous years, with an average value of over \$84,000. In the previous three years the average value was \$43,724.

Although this is only a one year variance, these larger loans do require more diligence in the lending process and greater monitoring through the life of the loan. Our allowance for loan loss did increase slightly from 7% to 8% of the loan portfolio. This is a measure of loans that are currently under-performing, and not loans that are in default, but the current risk exposure is high, and this office will continue to monitor these loans and work with the client to improve their performance status.



A concern for this office in recent years has been the level of idle cash as a percent of our loan portfolio. This office has been effective in increasing loans and getting our money working in the community. Our cash on hand is now in our target range, and with our loan performance in this past fiscal year idle cash is 16% of our portfolio. This is a sustainable level of cash with a 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 so it is now just below \$2.6 million.

In previous years this office has been involved in a number of syndicated or partnership loans with other Community Futures offices. North Fraser has always been the supporting partner with the loan to finance a business in the other CF's community. In the last fiscal year we completed our first partner loan where the other CF office helped finance a business in our area. The partnership type loan allows us to lend above the typical \$150,000 loan limit so we can support larger businesses in our community.

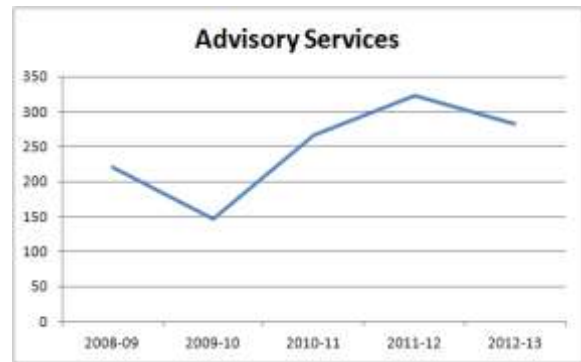


## Advisory Services and Training

Close to 300 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.

While our advisory services remain strong compared to previous years, the training sessions we offer have been declining. A big part of the change in demand for the onsite training programs we offer is the internet and the availability of webinar type content on demand. The internet is an effective format for delivering this type of content, and our partner in delivering some of our training sessions, Small Business BC, has recently introduced an online option.

The decrease in the number of sessions and the attendance at each session is part of the evolving media environment, but in surveys of businesses in our area there is still a strong need for education, and this office will continue to provide training services. While the internet does provide extensive business education content, there is still a value to in-person learning. We will continue to offer training, but we may need to limit the subjects covered to areas with the greatest demand, and continue to work with local partners to assure we are not duplicating content.



## Community Economic Development

Making the communities we serve better places to live and do business is part of the Community Futures mandate. For these projects we often work with other community partners and look for projects that have broad community benefit. This past year some of the highlights of our CED activities were the Harbour Front Building Improvement Project. This building is a feature of the Mission harbour front. In 2010 a project supported by Community Futures raised and enlarged this building, but the interior improvements were not complete. Working with the Mission Harbour Authority and the West Coast Community Adjustment Program this office was able to secure a \$30,000 contribution to the building improvements as part of this \$75,000 project. With the interior improvements this building is now a valuable community asset, and is being used by community groups for meetings and concerts, and the building is more suitable for use by local businesses that provide river tours and fish guiding on the Fraser River.

Mission has a small Manufacturing and Technology sector with companies in these sectors having some unique challenges that go with being located in a small community. Working with the Economic Development Select Committee, Community Futures has helped create the Mission Manufacturing and Technology Group with three objectives; first as a network opportunity for local business to learn about the capabilities and capacity of other local businesses, second to help provide information to local business about programs and ideas that might be useful for them, and third as a peer mentoring group to allow businesses to share knowledge and experiences to help members grow. This group is meeting about every other month.

This office has been also been involved in a number of other local activities, such as working with the business class at Riverside College to complete a business climate survey, participating in the Mission Downtown Charrette to develop an improvement plan for the downtown, and writing a business plan for the Mission Folk Festival, a document they needed to help them secure funding.

*Staff*

**Allan Main**  
Executive Director

**Michele Blackwell**  
Business Analyst

**Debbie Cave**  
Accounts Administration

**Andrea Crowell**  
Administrative Assistant

**Wayne Fobert**  
Business Counsellor

## Clients

### Mission Meat Shop



About 10 years ago Ron Brown and his wife Ilona moved to a rural property just outside of Mission. At the time Ron was working as a meat cutter, and now with a large property he had the space to build a shop where he could do his own cutting.

Working weekends and evenings Ron grew his business so about three years ago he was finally able to become self-employed full time. As business grew the challenge for his butcher shop wasn't the number of customers; it was the layout of his space. He didn't have the facilities to efficiently handle the volume of work that was available.

"When I first started I wanted to increase the cutting business, and I could see the demand, but I didn't have the equipment or space so I could work full time as a butcher." said Ron. "When I first built the shop I built the hanging cooler where the meat is aged, but I was just using chest type freezers. I was using 7 or 8 chest freezers to store the cut meat, and they were not all in the same building, which wasn't very efficient."

Ron needed to build a commercial type freezer and a larger building for his cutting work, so he came to Community Futures for a loan. With 30 years experience as a butcher, and 10 years work in building his home based 'farm gate' business Ron was a good fit for the Community Futures loan program.

Ron now has two hanging coolers where the meat is stored for about three weeks to tenderize before it is moved to the shop to be cut and packaged. With the new walk-in freezer right off the butcher shop, the work is much more efficient. Ron has also added a slide track from the cooler to the cutting table and a lift arm so he can move the heavy loads from truck to cooler and from cooler to cutting table efficiently.

“With the new building we not only have the space to handle more work, but we also made changes to how we handle the product so we are able to save a lot of labour and handle more animals,” said Ron. “Community Futures has really helped us bring our expectation to life, they have been a great help.”

Ron sees most of his business from local farmers and hunters, but he is also getting customers from further away, customers who want a freezer full of meat, and they are generally looking for organic or grass raised animals. There is also something about a cardboard box full of steaks and roasts wrapped with real butcher paper and bought at the ‘farm gate’ that encourages customers to drive a little further.

### Luxor Gas Fireplaces

Kevin Stefura moved Luxor Gas Fireplaces to Mission about 2 years ago because he needed more space. The four year old business had grown steadily and employed 20 people. Although the operation of the company was going well the relationship between the two owners was becoming increasingly strained and putting the company at risk. Kevin was managing operations in Mission while his partner was living in Alberta and the two didn’t share the same vision. It was time to end the partnership.

Kevin wanted to buy the partner out but he needed financing, and it needed more than the maximum \$150,000 typically available through Community Futures. Community Futures

North Fraser has partnered with other CF offices on collaborative loans, but we always send our money to the other CF community. This was the first loan opportunity where we acted as the lead and contacted other CFs to support our client. We found a partner in the Okanagan Similkameen Community Futures who was willing to help support this growing business in the North Fraser.

Community Futures played a critical role in keeping Luxor Gas Fireplaces a thriving business — and keeping the company in Mission. “My biggest challenge was getting rid of my partner, and since then I haven’t look back, with sales up 40% since the split, and many new products,” said Kevin.

The company now employs 26 people, and has added more machinery to speed the production process. “I have a solid game plan of what I want to do to grow this business and we have kept



### *Board Honour Role*

Debbie Trenholm joined our board in 2007 during a transition period for this organization. Her effort and support has contributed greatly to our success over these past six years. As a small business owner Debbie brought an important perspective to the board, and her business experience was invaluable to our evaluation of client applications. Our bylaws limit board positions to six years and Debbie has reached this milestone. We would like to thank Debbie for her commitment and support over the years she dedicated to this organization.

on track,” said Kevin. “We have opened a retail store in Coquitlam, and we now have a retail outlet here in Mission at our manufacturing building. The store helps us control the brand, and I hope to grow to have 7-10 stores. We want to grow, but it’s not just the size. For me it is making sure we stay profitable.”

## Financials

### Balance Sheet - condensed

	2013	2012
<b>Assets</b>		
Current Assets	747,837.00	1,016,004.00
Loans Receivable	1,855,813.00	1,327,155.00
Property Plant & Equipment	5,357.00	6,969.00
	<u>2,609,007.00</u>	<u>2,350,128.00</u>
<b>Liabilities &amp; Fund Balances</b>		
Current Liabilities	65,764.00	33,573.00
Collaborative Loans	219,861.00	23,616.00
Conditionally Repayable	1,540,000.00	1,540,000.00
Fund Balances	783,382.00	752,666.00
	<u>2,609,007.00</u>	<u>2,349,855.00</u>

### Income Statement - condensed

			2013	2012
	Administration Fund	Investment Fund	Total	Total
<b>Revenues</b>				
Government Funding	285,498.00	-	285,498.00	285,794.00
Interest on Loans	-	149,363.00	149,363.00	95,484.00
Administration/Management	17,744.00	-	17,744.00	15,780.00
	<u>303,242.00</u>	<u>149,363.00</u>	<u>452,605.00</u>	<u>397,058.00</u>
<b>Expenses</b>				
Administrative Expenses	301,912.00	22,925.00	324,837.00	310,676.00
Excess Revenue over Expenses	1,330.00	126,438.00	127,768.00	86,382.00
<b>Less Other Expenses</b>				
Amortization	1,339.00		1,339.00	1,256.00
Loan Loss Provision		96,947.00	96,947.00	91,323.00
Loan Recovery		(1,234.00)	(1,234.00)	7,686.00
<b>Net Income</b>	<u>(9.00)</u>	<u>30,725.00</u>	<u>30,716.00</u>	<u>1,489.00</u>