

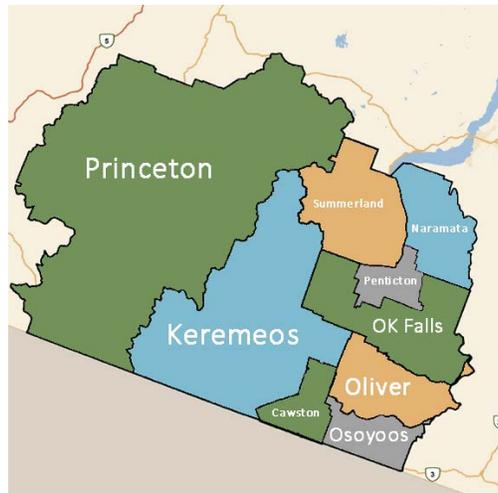


Community 
Futures Okanagan Similkameen

Annual Report 2014-2015

Growing communities one idea at a time.

Serving the South Okanagan and Similkameen Valleys since 1984



"The purpose of the CFDC of Okanagan Similkameen is to maintain and enhance the economic, social, educational, cultural, and environmental well being of our communities.

The Board acts as a catalyst for initiating and coordinating community development, and will facilitate employment, training, and educational opportunities."

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MESSAGE FROM THE CHAIR

Once again Community Futures was recognized by its peers and received the Provincial Investment Fund Award for the 2014-2015 year. Credit goes to staff for making this happen for the second time in 6 years!

Every year we seem to have one stand out client and this year with the help of our community network partners we are assisting a Penticton manufacturer with a \$1 million plus loan to purchase new equipment, move into a new facility, and increase production to service a new export market.

At our strategic planning session the board set a goal to focus on existing businesses by supporting loan clients in all phases of growth. With this in mind, we were pleased to assist a young couple to move to the Okanagan and purchase an automotive repair business from a retiring couple.

This year we celebrated our 30th anniversary by hosting a community open house at Okanagan College and were proud to show that in all this time we continue to be accessible to small business and accountable to our community.

We have been challenged this year with replacing a number of long term board members and while we will miss the experience of those who are leaving, we recognize the changing needs of business and welcome new ideas.



We have also been challenged in delivering a successful Self Employment program again this year.

I would like to thank all the staff and volunteers who together made this year a great success.



JAYMIE ATKINSON
CFOS CHAIR

MESSAGE FROM THE GM'S DESK

It is hard to believe that Community Futures celebrated its 30th anniversary this year; the foresight of the government to stimulate economic development through small business lending might have seemed radical in 1984, but it laid the groundwork for a long term asset for our community.

What started with a \$1.55 million grant has grown to more than \$5 million; has now turned over 19 times, and more than \$30 million has been invested in small businesses in our region. The organization has worked hard to become a sustainable operation ensuring that Community Futures will be around for a long time to come.

CFOS works with all types of businesses but interestingly each decade has brought something a little different. In the 80's we focused on the forest industry by supporting value added. In the 90's we focused on tourism by supporting attractions. And while we always focused on agriculture, in the 2000's we followed the trend and worked with the wine industry. In 2010 we embarked on a specialized business service. With the incorporation of the Canadian Centre for Business Growth, CFOS launched a new market intelligence program.

What we learned throughout the years is that innovation happens in all sectors, but business needs to be strong in key departments such as finances, human resources, and management in order to take advantage of it.



Our focus moving forward is to work with businesses to strengthen those resources, and we look forward to serving the business community for many years to come.

Mary Ellen Heidt

MARY ELLEN HEIDT
CFOS GENERAL MANAGER

BOARD OF DIRECTORS



Jaymie Atkinson
CHAIR



Barb Sheppard
VICE-CHAIR



Jeff Rowe
TREASURER



Ron Britton
SECRETARY



Sheilagh Seaton



Ben Amos



Rick Giroux



Jane Coady



Rory McIvor



Janet Willson



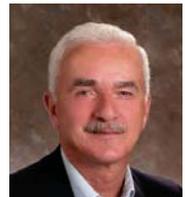
Jim King



George Stayberg



Linda Larson



Jack Lank

CHANGE OF DIRECTORS



Kelly Marshall



Dan Bauer



Gil Szabo

The board and staff would like to thank Barb Sheppard, Jane Coady and Jack Lank and who have all been with CFOS for many years and have retired their positions this year.

We would also like to welcome new directors Kelly Marshall, Dan Bauer and Gil Szabo to the board.

CFOS STAFF



Mary Ellen Heidt
General Manager



Tammy Lenny
Accounting Manager



Imre Togyi
Loans Analyst



Denise Blashko
Training & Project



Jaimie Miller
Office Assistant

LOAN FUND ACTIVITY AND BALANCE

CFOS offers a variety of services to small businesses, entrepreneurs, and not for profits in our region.

We are here to support these businesses and organizations with development and growth to enhance their operations and create thriving, successful communities.

This past year \$1.3 million was lent out to small businesses in our region and our loan portfolio increased by 15% over last fiscal year.

	LOANS DISBURSED	INTEREST EARNED	PRINCIPAL REPAID	LOAN FUND
Community Business	\$793,125	\$158,941	\$214,125	\$2,702,501
Entrepreneurs with Disabilities	\$18,000	\$3,852	\$49,888	\$146,907
Partnership with CF Central Okanagan	\$150,000	\$35,183	\$17,930	\$547,414
Micro Loan Fund Partnership with Enactus	\$700	\$19	\$529	\$171
Youth Loan Fund	\$286,461	\$34,390	\$94,414	\$688,171
Regular Investment Fund	\$137,686	\$93,922	\$310,757	\$1,419,566
Total	\$1,385,972	\$326,308	\$687,643	\$5,504,732

PARTNERSHIP WITH ENACTUS OKANAGAN COLLEGE

Through the Enactus Okanagan College Instill Life Program, students in local elementary schools participated in a program that not just teaches entrepreneurial skills but has them use their artwork to produce greeting cards.

These cards are sold locally and the money is used to provide micro-loans to entrepreneurs in third world countries. When the money was paid back the local Enactus group saw an opportunity to partner with Community Futures Okanagan Similkameen to provide micro loans to local single moms.

This past year 2 loans were disbursed to moms who had participated in a financial literacy and entrepreneurship program.

SYNDICATION LOANS

A syndicated loan is one that is provided by a group of lenders and is structured, arranged, and administered by one.

This past fiscal year CFOS initiated a syndicated loan with 7 other Community Futures organizations and approved a \$1 million plus loan to a Penticton manufacturer. This loan will be used to expand the business by purchasing new equipment, move into a new facility and increase production to service a new export market.

As well, CFOS participated in a \$400,000 loan in which Community Futures Central Okanagan was the lead lender.

COMMUNITY BUSINESS LOAN FUND

The Community Business Loan Fund started in 1999 with a \$650,000 investment from the Province of B.C. The purpose was to stimulate growth in the value added forest industry by providing loans to small businesses engaged in that sector. That industry has matured and in 2011 the province changed the eligibility for the fund. It is now available to any qualifying business in forestry, manufacturing, tourism, innovative technology, and exporting goods or services from B.C.

All loans disbursed are matched dollar for dollar with CFOS's regular loan fund. Having disbursed more than \$7 million since inception we have turned the provincial government's investment over 5.4 times. \$3 million, or 43% of all loans disbursed was done since making the change in 2011.

This fiscal year 56% of our loans disbursed were from this loan fund. The loans were:

1. A start-up in the craft distillery business
2. An expansion in the value added wine industry
3. Working capital to get the Mount Baldy Ski Hill up and running



Photo courtesy of Richard McGuire, Osoyoos Times/Oliver Chronicle



INVESTMENT FUND AWARD

At the 2014 provincial conference in Victoria BC, Community Futures Okanagan Similkameen received the Investment Fund Award for our top achievement in financing small business. This achievement was also awarded to CFOS in 2008.

Over the past 30 years CFOS has invested \$30 million to more than 500 businesses and non-profits wishing to either start-up or expand their business in the Okanagan Similkameen region.

The value in Community Futures financing is the ongoing mentoring services that the businesses receive and the ability to broker financial plans by partnering with other commercial lenders.



CFOS General Manager, Mary Ellen Heidt and Loans Analyst Imre Togyi accepting the Investment Fund Award in Victoria, BC

Client Testimonial

"This really adds to the positive experience I have had working with you. Our sales doubled last year, and are in line for another 25% growth this year. A good part of that growth was fostered by our relationship with you, and your organization."

*-Robert Kwakernaak
Cellar Dweller Filter Services*

NEW LOAN CLIENT REPORT

MOUNT BALDY SKI HILL

Mount Baldy has been a community ski hill since 1968 and the closure for 2013/14 ski season was a real loss to the residents of the South Okanagan. In 2014 the hill went into foreclosure and in July it went up for sale. A group came together and formed a company called Baldy Capital Corporation (BCC) and started negotiating the purchase. Such a transaction takes time as you are dealing with the land management branch, First Nations, receivers, financiers, etc. and the months leading up to ski season wasn't enough time to get all the negotiations and upgrades to the hill done. The BCC approached Community Futures to see if we would consider an interim loan that would help them complete the work to the hill that was necessary to open for the season under the umbrella of the receiver.

Community Futures saw this as a community development initiative. Mount Baldy, while less known than the bigger ski hills in the Okanagan, draws from the area to the west, east and south because of its excellent conditions. The receiver gave Baldy Capital Corporation full management control of the operations and by all accounts it was a great success.



NEW LOAN CLIENT REPORT

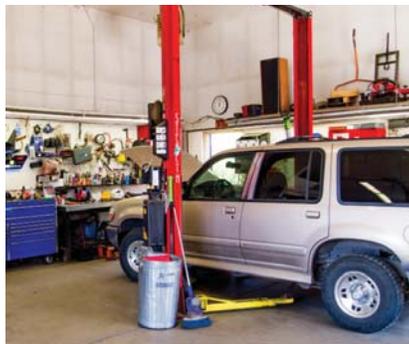
C&M REZ-CYCLING & WASTE MANAGEMENT INC.

As the prime contractor to the Penticton Indian Band for the past 10 years, C&M Rez-Cycling & Waste Management Inc. provides recycling and waste management services as well as removal of construction debris and yard waste. C&M was asked by the PIB to ramp up capabilities in order to handle its recycling removal and education program. CFOS in partnership with All Nations Trust were able to provide funds in order to purchase a new truck that has the capabilities to collect recycling waste.



PENTICTON AUTOMOTIVE REPAIR

Located in the heart of the Okanagan, Penticton Automotive Repair has been in business for almost a decade. Founders Dawn & Marvin Ford sold the established business to Brittany & Calem Albert who relocated themselves from Saskatoon to Penticton to take over the business. CFOS helped in the transition of this business.



NEW LOAN CLIENT REPORT

BEACH CITY CROSSFIT

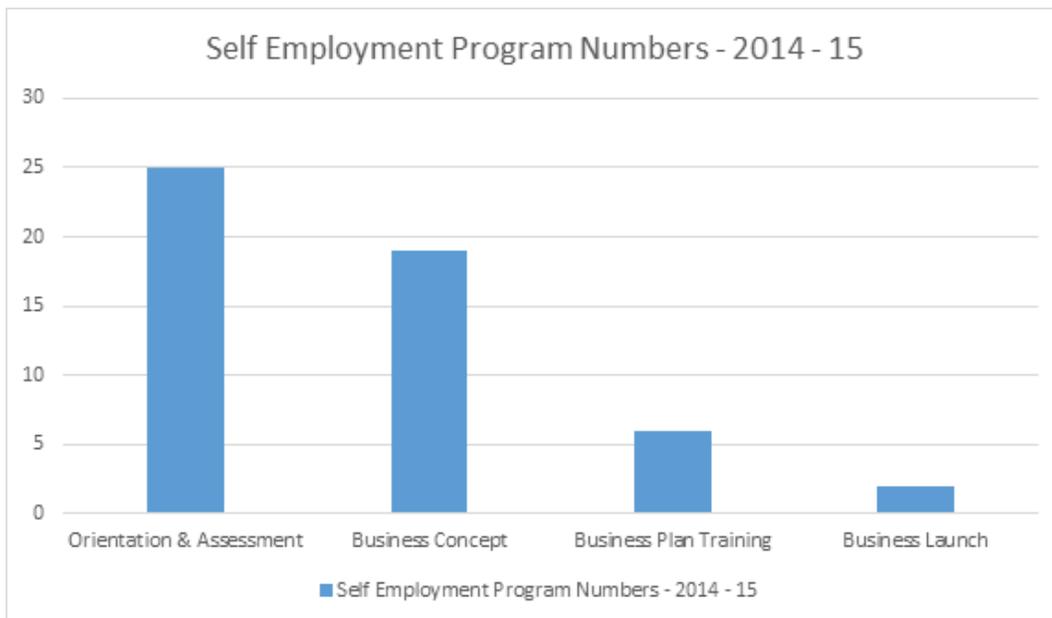
The owner and founder of Beach City CrossFit approached CFOS requiring funding for a new building situated right on the beach of Skaha Lake in Penticton. The new location enables Beach City CrossFit to expand as the sport continues to grow and attract new members. CrossFit is a "strength and conditioning program (that is) constantly varied functional movements executed at high intensity across broad modal and time domains with the stated goal of improving fitness." (CrossFit Inc.)



SELF EMPLOYMENT PROGRAM

Community Futures Okanagan Similkameen has delivered the Self Employment Program since 1987 helping eligible clients receive training, coaching, and possible financial supports for up to 48 weeks. In April 2012 the program was rolled into the Employment Program of BC and its structure and policies changed significantly. While we have seen some components of the program change favorably, the number of eligible clients continue to decline. Community Futures contracts with the YMCA and the Open Door Group to deliver these services to the South Okanagan and Similkameen areas.

This year a total of 25 clients attended Orientation and Assessment of which 19 continued to Business Concept. Only six progressed to the 10 week Business Plan Training Phase and two successfully launched their business within our fiscal year end of March 31, 2015.



The Employment Program of British Columbia is funded by the Government of Canada and the Province of British Columbia.

30 YEARS ~ IN THE SOUTH OKANAGAN SIMILKAMEEN



The evening of October 14, 2014 our community gathered to celebrate CFOS' 30th anniversary. The Honourable Michelle Rempel, Minister of State for Western Economic Diversification was in attendance, as well as other local and provincial politicians, media personalities, past and current clients, community partners, CFOS board of directors and staff.



The Honourable Michelle Rempel

The evening was catered by Gregor's Gourmet (a past Self Employment client), anniversary cupcakes baked by The Bench Market (CFOS client) with local organic wine from Sage Hills Vineyard and craft beer from Bad Tattoo Brewing.

The support from the community and community partners continues to be strong, and we look forward to the next 30 years in the Okanagan Similkameen.



CANADIAN CENTRE FOR BUSINESS GROWTH



Economic Gardening is a market intelligence program that Community Futures brought to the Okanagan in 2010. Since that time:

- 92 businesses participated in the program
- 80 new jobs were created
- 20 web developers, graphic designers and marketing consultants were hired to improve marketing materials for participating businesses
- Over \$3 million has been invested in infrastructure
- 3 new products were introduced into the market (two products are currently generating new revenue for each business)
- Received 2 awards for business service and innovation

In 2014 Community Futures registered a new non-profit organization to manage and deliver the services of Economic Gardening. The Canadian Centre for Business Growth (C2BG) has its own board of directors, is housed at Okanagan College Penticton Campus and operates throughout the province. The volunteer directors are Mary Ellen Heidt, Manager of Community Futures; Sheilagh Seaton, Professor of Business at Okanagan College; Janet Willson, Owner of Insight Communications; Peter Haubrich, Owner of Twin Lakes Technology Consulting; Susan Baker, Owner of Baker + Baxter Intrapreneurs and Business Support; Bonnie Dancey, Manager of the South Okanagan Chamber of Commerce; John Powell, Economic Development Officer for OK Falls; and Donna Lomas, Dean of Okanagan College Penticton Campus.

C2BG delivers a program that is as much economic development as business development. As a business expansion program it promotes new revenues and job creation for businesses that already reside in the community. In June 2015 C2BG will be hosting a provincial training session for business analysts; the objective is to increase resources so services can be provided to businesses throughout the province.

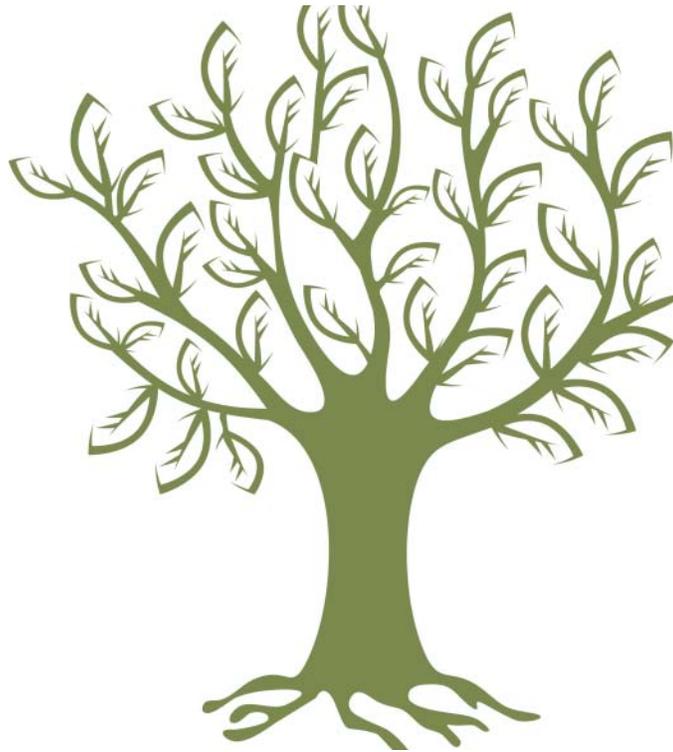
SOUTH OKANAGAN SIMILKAMEEN ECONOMIC DEVELOPMENT GROUP

At the CFOS strategic planning session held September 2014, a goal was set to be the hub of community economic development. In response to this, we brought together economic development practitioners in the South Okanagan and Similkameen to form an adhoc committee called SOSED (The South Okanagan Similkameen Economic Development Group).

The group came together to identify and deliver on regional economic development opportunities in the South Okanagan Similkameen region. These opportunities include labour, business development, education training, infrastructure and other projects that will generate revenue and create jobs within the South Okanagan Similkameen region.

The key to the success of this group is the agreement for regions to work together as a whole. Over the next year a proposal will be developed and brought forward to the Regional District.





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