





## Contact Information

NORTIP Development Corporation is located in Plum Point, which is relatively central to the region we service. Within Plum Point we are located on Main Street, near Route 430. Co-located with us is the region's field office for the Atlantic Canada Opportunities Agency and the Northern Peninsula Business Network.

### Mailing Address:

P.O. Box 140  
Plum Point, NL  
A0K 4A0

### Telephone:

Toll Free (within our region):	1-888-303-2232
Main Line:	(709) 247-2040
Facsimile:	(709) 247-2630

### On the Web:

[www.nortip.cbdc.ca](http://www.nortip.cbdc.ca)  
[www.cbdc.nl.ca](http://www.cbdc.nl.ca)  
[www.cbdc.ca](http://www.cbdc.ca)

Richard May	<a href="mailto:richard.may@cbdc.ca">richard.may@cbdc.ca</a>
Trixie Chambers	<a href="mailto:trixie.chambers@cbdc.ca">trixie.chambers@cbdc.ca</a>
Lynn Dempster	<a href="mailto:lynn.dempster@cbdc.ca">lynn.dempster@cbdc.ca</a>
Aidan Moores	<a href="mailto:aidan.moores@cbdc.ca">aidan.moores@cbdc.ca</a>
Mary Coombs	<a href="mailto:mary.coombs@cbdc.ca">mary.coombs@cbdc.ca</a>
Shanna Randell	<a href="mailto:shanna.randell@cbdc.ca">shanna.randell@cbdc.ca</a>
Christopher Mitchelmore	<a href="mailto:nortip@youthventuresnl.com">nortip@youthventuresnl.com</a>



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## Chairperson's Message

### Introduction

The past year has been an active and challenging one for NORTIP CBDC of which I have been privileged to serve you as Chairperson. While the economy of the region we represent and serve, continues to face many challenges, we are pursuing initiatives through our business community that have many positive implications for improvement and opportunity for employment. In my fifteen years as a member and Executive Officer and in the past year as Chairperson of the Corporation I have worked diligently with dedication and commitment to improve social and economic conditions and to make this area a better place for us and for our children in the future.

I have not worked independently or without consultation with the community. My collaboration with the Board of Directors, the Executive Committee, staff, government departments/agencies, and other partnering organizations have helped to make the task much easier. I would like to thank the Board of Directors for their help, support and cooperation in ensuring that their commitment and efforts are very valuable and important to the development of the area. It has been an honour to have served with you on the Board and as your Chairperson. It should never be underestimated that the success of our communities will most often be attributed to the true voluntarism and dedication displayed by our membership and local residents.

### Mandate

The mandate of the CBDCs is the development of small business throughout rural Newfoundland and Labrador. The rural economy of this Province is largely dependent upon the development and growth of small business. As a CBDC, NORTIP's Board of Directors is dedicated to the revitalization of the economy and job creation through small business development.

"Building Stronger Communities" continues to be the driving force behind business development services and support provided by the Community Business Development Corporations (CBDCs), in Newfoundland and Labrador. We have many businesses that are a testament to the positive work that NORTIP CBDC is doing within the community and to the entrepreneurs who are contributing to their local economies. As a CBDC, it is our mandate to develop, foster and grow small businesses in our local area, and we are proud to salute our many clients for the contributions they are making. Together we can grow our rural economy and create prosperity.

## Activities

NORTIP's activities consistent with its mandate have included the following:

- financial assistance in the form of loans,
- technical and advisory services,
- self employment benefit program,
- youth entrepreneurs seed capital and counselling program,
- youth ventures program,
- entrepreneurial opportunities program,
- consultant advisory services,
- Canada/Newfoundland and Labrador Business Service Centre,
- employment centre,
- other services such as support and involvement in conferences, trade shows, workshops, Chambers of Commerce, etc.

## Partnerships

It has become increasingly important to establish and maintain a network of partnerships with other organizations and agencies. Some of these partnerships have included the following:

- ACOA as a key partner in providing financial and technical assistance,
- HRSDC in the provision of funding for the SEB Program,
- INTRD in the provision of financial support to small business,
- Newfoundland and Labrador Association of CBDCs in marketing and professional development,
- Atlantic Association of CBDCs as a vehicle for Atlantic wide projects,
- Economic Zones in planning sessions and participation in economic plans,
- VTTA in providing tourism information and in marketing the area,
- Chambers of Commerce as a forum to provide information and to promote NORTIP's services,
- Northern Peninsula Business Network in attempting to grow the manufacturing sector,
- SABRI's assistance in providing loans to small boat fishers.

## Conclusion

I believe that NORTIP CBDC, through the dedication of its Board and staff, will continue to pursue initiatives that respond to the need for community economic development in the region. Subsequently, the organization should, and I believe will, focus on initiatives that have

implications for long term employment opportunities and economic benefits for the area. As in the past, we need to encourage partnerships with other groups, development agencies, and government departments whenever and wherever possible. The collaboration of all development efforts can only reap multiple benefits in the region.

I sincerely thank the Board of Directors and staff and express my appreciation for their cooperation, support and hard work in the implementation of NORTIP's mandate and initiatives during the past year and I encourage the same spirit, interest and dedication in the upcoming year and into the future. Together we can and will "Build Stronger Communities."



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Gloria Toope, Chairperson

## Introduction

CBDC NORTIP is a key economic development organization on the Northern Peninsula. We are one of few organizations that span the entire Peninsula. Our broader regional role is critical to bringing a business development perspective to a number of organizations. NORTIP plays an important role in providing advice and information to a variety of organizations, committees and clientele. Our role as a lender of last resort to the business community is growing to that of a leader in providing business support and other services to economic development organizations.

Continuously, CBDC NORTIP tries to find new ways of reaching out to stakeholders in the region and including them in some fashion in our activities. Most of the entrepreneurial awareness activities in the region are supported and participated in by NORTIP regardless of the organization that is leading the activity. Our core group of partners is expanding each year as community groups become aware of what we have to offer.

The economy in our region has been on the decline for quite some time. Each year, new challenges present themselves that have a significant impact on the way we do business. Last year for example, changes in the shrimp fishery dramatically improved the industry in the region, while a poor lobster harvest destroyed the livelihoods of hundreds of small boat fishers. A new sawmill was developed and began operation that gave hope to the forest industry, but discrepancies in the way and rates, the paper mills pay loggers threatens to destroy the viability of harvesting timber. In recent weeks, two of the paper mills in the province have indicated that they may have to reduce production due to the cost of operations being too high. This will have a very serious negative impact on our region's economy.

Through all of this, we managed to approve 22 loans with a value of \$1,170,309 while disbursing \$1,133,727 to create 10 new jobs and maintain 26 others. Our fund has grown marginally, with a current estimated value of \$4,497,129 representing a real growth of 53% since inception. The total value of all funds we manage is approximately \$7,057,926. The management of our portfolios presents challenges and our operations do as well. The cost of doing business is ever increasing. There is a continuous need to invest into the knowledge and well being of our staff as well as provide the necessary tools for them to function in an ever-changing environment.

Our volunteer Board faces challenges of renewal and accountability that draw upon the resources of the organization. Meanwhile, our clients and the community expect us to provide high quality, visible services in a manner that is convenient for them, but it increases our cost consistently. Over the next three years, the budgets are approximately half a million dollars with requirements from ACOA to provide \$285,267, \$301,945 and \$298,641 in operational support.

## Organizational Overview

### Principal Goals and Objectives of the CBDC

#### *Vision*

##### **A**

The vision of CBDC NORTIP is to develop a diversified economy in our region that is able to support the continued economic and social development of our communities that is less influenced by the cyclic nature of our traditional resource-based economy.

#### *Objectives*

##### **B**

CBDC NORTIP's objectives are to develop businesses through assisting in the establishment, expansion, stabilization and protection of businesses; generate employment by maximizing the creation and retention of employment opportunities in our region by businesses; and to increase entrepreneurial awareness, especially among youth, in partnership with other community economic development organizations.

In order to achieve our objectives, the Corporation must be proactive in reaching out to entrepreneurs and help them realize their goals.

#### **I Business Development**

Assist in the establishment, expansion, stabilization and protection of businesses. This will be accomplished through providing:

- Flexible financial assistance tailored to the needs of the industry, business and individual seeking the assistance.
- Counselling and technical assistance to entrepreneurs to help them develop their business ideas into viable ventures.
- Leadership to industry groups, guiding them in the development and expansion of the various economic sectors.
- Self-employment initiatives from third-party organizations that increase the value of the services we offer.
- Training opportunities to entrepreneurs.
- Encouraging board and staff members to engage in professional development

activities to enhance the skills available to clients.

## **II Employment Generation**

Maximize the creation and retention of employment opportunities in our region. This will be achieved by:

- Emphasizing the creation of local employment opportunities in our business development activities.
- Focussing on business development activity that is incremental to the region and does not create any detrimental competitive impact that may impair other employment positions.
- Avoiding funding decisions that have the potential to merely reallocate employment and economic benefits from one sub-region to another.
- Participating in initiatives that encourage the local workforce to retrain or to better match employment opportunities with skills, encouraging retention of residents and lower unemployment.

## **III Entrepreneurial Awareness**

Creation of an atmosphere conducive to business development through entrepreneurial awareness and community development. We will attain this objective by:

- Conducting activities focussed on youth, especially awareness of entrepreneurship as a career option and the services available to youth.
- Delivering entrepreneurial services for youth.
- Developing and delivering public events at which our services and that of like-minded organizations can be promoted.
- Being members of Chambers of Commerce and Industry Associations to provide opportunities to promote business development.
- Obtaining membership in the Boards and sub-committees of community economic development organizations.
- Maintaining healthy relationships with government agencies and departments involved in business and community development.
- Participating in social organizations and events that provide opportunity for increasing entrepreneurial awareness.

### ***C Performance Indicators***

In gauging our performance, we consider the amount and quality of interactions with clients,

individuals and groups that can have an impact on business development. Issuing a loan does not necessarily result in business growth and expansion, but being an active member of an industry association or being involved with Junior Achievement, for example, can have very significant impacts in the medium to long term. Our local economy is very weak. While it is important to have short term visible response, it is more important to lay the groundwork for future economic growth.

CBDC NORTIP will be measuring the number of loans issued to new and existing businesses, repeat loans from existing clients and whether the secondary loan helped the business expand or just hold its own from the first intervention. Employment created and maintained is an important measurement, as well as spin off benefits from new employment.

NORTIP will also gauge the number and relevance of economic development organizations we participate in, with greater emphasis being placed on, organizations that have a direct business involvement, such as Chambers of Commerce and Industry Associations.

The number of inquiries or contacts with clients does not tell us much. These events may not lead anywhere. The number of applications received or requests for technical assistance are more relevant to track. Monitoring events (visits or calls) can provide valuable insight as well as opportunities to provide supplementary services. Leveraging of funds provided by other sources is essential. We don't want to be the only financing source for a project, but rather the critical piece that makes funding from a variety of partners work. CBDC NORTIP also believes that the number of training sessions offered and participants involved to be important. Enhancing the skills of our clients and the general public is important. We would like to have the financial ability to tackle adoption of new technology by our clients; some of them still use manual ledgers for bookkeeping.

## **Services to Clients and the Community**

### ***Information Services and Referrals***

#### **A**

CBDC NORTIP offers a wide range of services to new, existing and expanding business, organizations, individuals and groups in our geographical area. While our focus has been primarily on for profit activities, we provide our non-financial services to any individual or group requesting the benefit of our knowledge, experience and resources.

#### **I Canada/Newfoundland and Labrador Business Service Centre**

In July 1997, a Canada/Newfoundland and Labrador Business Service Centre was established at Plum Point. NORTIP offers space, approximately 450 square feet, from which the CNLBSC

operates. Two computers systems with Internet access, visual media including resources for the visually impaired and a business resource library has been established to provide clients and the public with the resources to conduct business research. Space and tools have also been provided to allow businesses to hold meetings and conduct presentations.

## **II Employment Assistance Services**

This past year, we operated an Employment Centre in the region, with the financial support of Human Resources and Skills Development Canada. The centre focuses on trying to help individuals find employment and to assist businesses in obtaining qualified workers. We anticipate the service will be expanded in the coming year. This service includes extensive resources on employment, hiring, human resource management and career paths. We are working on ways of making the services and resources more practical for business clients and the community at large.

## **III Northern Peninsula Business Network**

Over the past three years, we have developed and have been involved with the operation of a local manufacturer's association, the Northern Peninsula Business Network (NPBN). This project provides direct training and advanced business support to its commercial members. It has been instrumental in assisting a number of its members to expand and produce higher quality products. This group has the potential to be the centre of economic growth in our region.

## **III Referrals**

CBDC NORTIP both receives and acts as a referral service. When an individual or organization approaches us, we endeavour to give the client the best information we can. Sometimes the best information is contact information for another person or organization. We keep on hand information from any organization involved in economic development that is willing to provide their promotional materials. This allows us to be able to make other group's offerings available to serve our clients' needs and assist them in accessing the most appropriate services. We endeavour to maintain a contact data base of other organizations that can assist our clients. Some of this information is also available on our website.

### ***Technical Services***

#### ***C.***

## **I Business Planning**

Any individual, business, association or community group can avail of CBDC NORTIP's technical expertise. We are available to undertake the development of business plans in

cooperation with the client. When we contract with a client individually or through ACOA's CAS Program, we engage the client in the process to insure the individual has the necessary knowledge, ability and commitment to implement the plan. The plans vary in complexity in accordance with the need of the client and the scope of the project.

## **II Feasibility Studies**

Individual, business, association or community groups may approach us on the development of feasibility studies. We have not prepared many, but we have performed analysis for non-profit groups and government departments on the sustainability of specific projects, specifically in the Tourism Industry. The study would normally encompass technical capacity, human resources, market capacity and operational sustainability of a specific project.

## **III Operational Diagnostics**

A relatively new service we have been offering to businesses and community groups is the analysis of their existing operations to determine the status of its operational processes, workflow and procedures. It is then determined what would be more profitable, efficient and productive processes and procedures for the organization to undertake. Included in this service has been analysis of an organization's formal By-Laws, Policies and Procedures and recommending changes that may be more suitable for the nature and style of Board Governance that the entity utilizes.

The advancement of technology has also resulted in individuals, businesses, associations or community groups using our technical knowledge to help determine their needs. We often assist clients with determining the most appropriate technology for them to adopt within their venture. CBDC NORTIP is often called upon to participate in community technology planning. RED Ochre Regional Board engages us on a regular basis with respect to the Zone's technology development strategy. Other groups, including our Atlantic Association turns to us for technological advice.

## **IV Training**

Periodically, we identify, develop and deliver training on specific business issues that can be used by individuals, businesses, associations or community groups to further their goals. The training can be on almost any topic, including computer and technology applications. Where our staff does not have the expertise to facilitate a specific topic, we hire consultants with the necessary skills to do so. Training is offered in groups and one-on-one. Group training can either be the public at large or a target audience, such as, a Chamber of Commerce or Board of Directors of an organization.

There is a growing need for in depth training in computerized accounting and management information systems. Over the next year we plan to try to find ways of helping clients identify how they can use the high speed Internet that will be available in many areas of our region.

### *Other Services*

#### *D*

In addition to providing the above services to individuals, businesses, associations or community groups, NORTIP partners on a regular basis with other groups to organize events or activities that on an individual organization basis might not be possible to accomplish. Small Business Week each year is a good example of this type of activity. A number of like-minded groups pool their financial resources to plan and host a variety of events to promote entrepreneurship and business development themes. We have also played important roles in organizing regional events and conferences.

### **Investment Fund**

#### *Investment Fund Activity*

#### *A*

Nearly, all assistance provided by NORTIP Development Corporation has been in the form of term loans. As per the mandate we were given when established, NORTIP Development Corporation provides “for profit” clients financial assistance by way of term loans, equity participation, and loan guarantees. Although we are able to offer the three types of financing mentioned, nearly all of CBDC NORTIP’s financial assistance has been accessed through term loan arrangements.

Currently, we can offer a maximum of \$125,000 in financing by way of term loan. Our equity funding criteria focuses on sectors that can provide the greatest economic growth opportunities. The funding has been limited to the lessor of \$100,000 or 10% of the incremental project, per Corporate client with more effective repayment terms and the client must match dollar for dollar in other equity. Loan guarantees can be offered to a maximum of \$10,000.

There are currently four different loan funds with varying criteria to met the needs of our clients. The regular CF Investment, FRAM-ED-SME Fund used for strategic business development, SEED Capital Fund in support of young entrepreneurs and the Technology Development Fund (TDF) to stimulate adoption and commercialization of more effective technology within businesses.

#### **I Number of Loans Approved**

The number of loan applications approved has varied since inception, ranging from a low of 12 to a high of 42. During the current fiscal year 22 applications have been approved. This figure is lower than the number of approvals granted for the same period last year. Since 1998, the number of approvals have been declining. This is due to the average dollar value of loans increasing and unpredictable levels of funds in meeting the demand that exists. The resulting loan approval rate is approximately 84% for the current fiscal year.

## **II Dollar Value of Loans Approved**

NORTIP has grown quite a bit over the years in terms of the dollar value of assistance provided. For the period ended March 31, 1992, a total of \$141,389 was approved to 12 businesses. For the period ended March 31, 1997, a total of \$813,192 was approved to 26 businesses; of which \$663,187 was drawn down. For the fiscal years April 1, 1992, to March 31, 1997, the Corporation has approved an average of \$796,920 per year. The year ending March 31, 1999 was the peak amount approved, \$2,205,850. To date, for the 2004/05 fiscal year, the Corporation has approved \$1,170,309.

## **III Interest Charged**

Interest charged on loans has varied considerably over the years. Rates charged during the fiscal year ended March 31, 1994, ranged from 6.5% to 11%. A main cause of this wide fluctuation in rates, and for such low rates being charged on loans approved, was the requirement to tie interest charged to the commercial prime lending rate.

Since June of 1995, NORTIP Development Corporation has adopted an interest rate policy more in line with our lending practices. Average interest charged on approved loans have decreased over the past three years from 11.43% to 10.94% to 10.28%. In terms of the current loan portfolio, the effective interest rate being earned on the fund as of March 28, 2003, has declined to 7.9%, slightly lower than last year. This decline is mainly due to a reduction in interest collection from the Forestry Sector, which has been experiencing significant difficulties, as well as an overall reduction in the average rate charged.

## **IV Leveraged Funds**

The total amount of funds levered since inception is \$6,127,349. Based upon the total dollar value of loans disbursed since inception, \$12,386,941, NORTIP leverages approximately 50 cents for every dollar it invests.

## **V Jobs Created and Maintained**

A total of ten jobs were created and 26 maintained since March 2004, based on disbursements.

Based on approvals 26 have been created and 54 maintained. Since inception 470 jobs have been created and 660 maintained.

## VI Bankable Clients

During this past year there was one client that became bankable

### *Position in the Lending Market*

#### *B*

CBDC NORTIP has a unique market position. While we are primarily a lender of last resort to many businesses, we are also lender of only resort to many others. Within the region the sources of financing are limited. Traditional lending sources have reduced services in the region and institutions such as Credit Unions have limited capacity to service commercial clients. The range of lending services we offer is more conducive to our seasonal economy and the special needs of the businesses within it. We do get a fair number of repeat clients, not just because they are satisfied with the service provided, but also because we may be the only option open to them.

### *Sector Details*

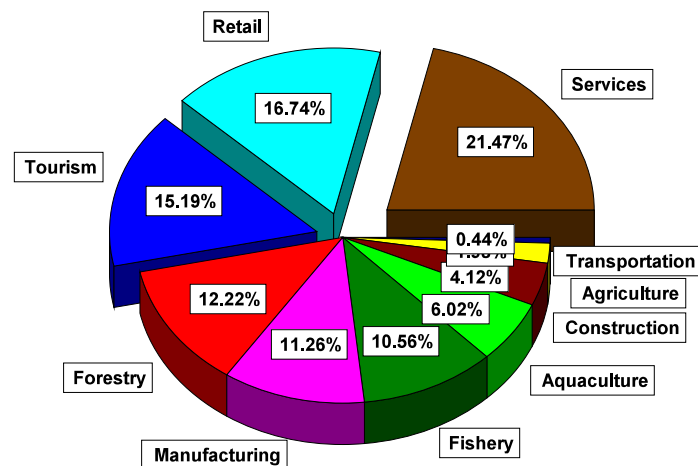
#### *C*

The Corporation's loans have been made in a wide range of sectors. The following graphs depict the sector makeups for loans approved during the past three fiscal years, as well as, the current portfolio makeup. We use *The Exceptional Assistant* software to manage our portfolios. This software assigns each business client to a sector and does not allow individual projects to be categorized. This means that a service client that had a manufacturing or retail project will show only as service.

## I Tourism

Tourism has increased in approval rate this year. Some new loans were issued. Loans in the tourism sector make up the third highest percentage of our outstanding loans (15.19%).

**Portfolio as of March 31, 2005**



## II Retail Trade

Loan activity in the Retail/Wholesale Trade sector has declined, this year, after having been increasing over the previous two years. This sector still accounts for the second highest percentage of our outstanding loans (16.74%) and the fourth highest amount of approvals. Based upon the type of applications received, many of the proposals funded in this sector have been for business stabilization and not new business start up.

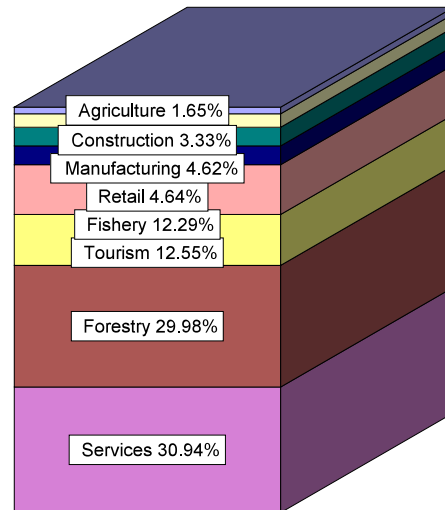
## III Service Industries

The demand for funding from Service Industries has been high in the past year, at approximately 30.94% of approved loans. This is up slightly from last year's rate of 29.07% of new activity. Service Industries is currently the largest sector funded by NORTIP (21.47%) and includes loans to the service sector, business to business services as well as information services and other.

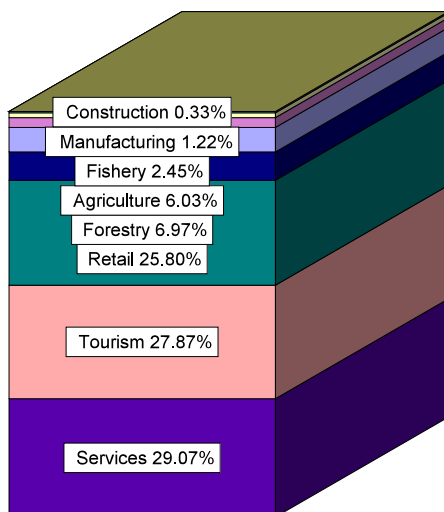
## IV Forestry

Demand for loans from the Forestry sector increased again this year. With 29.98% of loans approved being for working capital and maintenance. Some new employment was created in this industry, with the opening of a new sawmill operation. It is gaining in its overall position within the portfolio placing it the fourth largest sector in terms of outstanding loans. We anticipate this sector will continue to experience significant difficulty in the upcoming year(s). The future of the Industry hinges on getting better prices for pulpwood and development of value added uses for the raw resource.

### Year Ended March 31, 2005



### Year Ended March 31, 2004



## V Fishery

Approvals for fishery sector loans have dropped during the past three years. This sector currently accounts for 10.56% of the current portfolio which is lower than the previous two years. Changes in the conditions surrounding vessel insurance is making it more difficult for fishers to move to more efficient sizes of vessels. This past year, only 12.29% of new loans were Fishery related, up significantly from last years. It is expected that our involvement in this sector will not grow due to the fishery becoming more capital intensive. The fishers requiring higher levels of financing than we are able to accommodate.

## VI Aquaculture

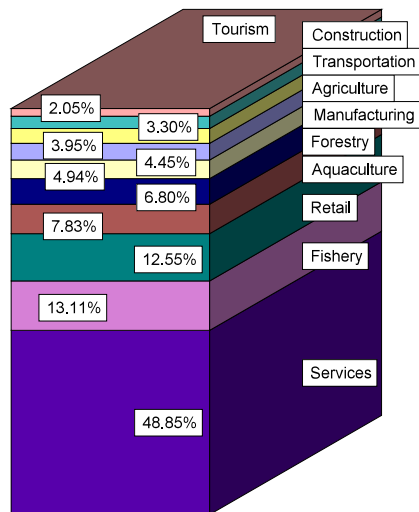
The demand for Aquaculture loans has fluctuated over the past years. With continuing developments in mussel farming, trout, salmon and cod on the Peninsula, demand from this sector is expected to grow. Aquaculture currently accounts for approximately 6.02% of our current portfolio. We are in the process of evaluating our position in the industry and the direction to follow in the future.

## VII Manufacturing

Opportunities in manufacturing have increased over the past five years. Manufacturing represents 11.26% of our total portfolio and only 4.62% of our loan approvals this year. It is

expected that this sector will gain in importance in the near future. NORTIP has been working with the industry and other CED partners and developed a manufacture's association in the region. This new industry association will help small scale manufactures to grow and expand their ventures.

### Year Ended March 31, 2003

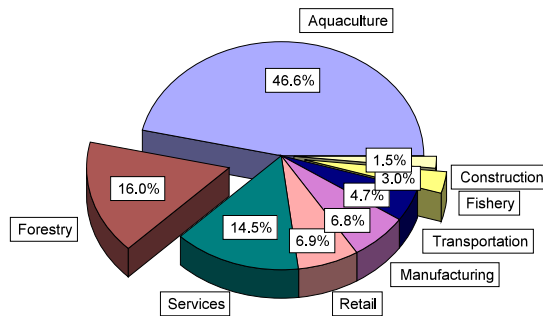


**Accumulated Arrears**

**D**

Total accumulated arrears were reported to be \$540,331 for the period ended February 18, 2005. Arrears represented 7.95% in 1999, 5.67% in 2000, 5.34% in 2001, 6.12% in 2002, 11.76% in 2003 and 9.65% in 2004 and 11.84% this year. Aquaculture and Forestry have the highest arrears. NORTIP continues to aggressively approach the problem of bad debt expenses and arrears. Legal action has been initiated against a number of clients and accounts have been rewritten to reflect clients' ability to pay.

**Arrears Distribution**

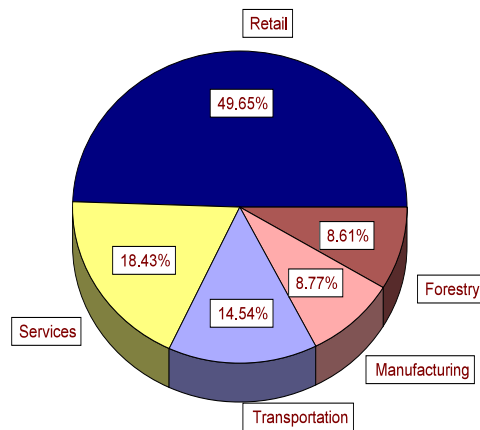


**Accounts Written Off**

**E**

To date the Corporation has written off 32 loans for a total of \$748,672. No further loans are being prepared for write off by the fiscal year end, but it is foreseeable that nearly \$416,400 in write offs will be required for the next fiscal period. The total value of loans written off since inception (\$748,672) represents 6.04% of all loans disbursed to date.

**Write Off Breakdown**



**Risk Management**

**F**

There are basically two levels of risk management within the investment portfolio: one is associated with the overall portfolio and its health; and the second is with individual loans within the portfolio. Being a lender of last resort, with clients required to seek financing elsewhere before approaching us, we get the applicants with the least viable ideas, the worse credit records and least amount of resources to invest into the project. Portfolio risk itself is being managed through a variety of tools. We restrict the amount of loans issued to any one sector to 20% to reduce the impact the failure of an industry would have on our portfolio.

This past year we hired an additional staff member to be devoted to providing services to the loan client. These services include close monitoring of payments from clients, including the progress on missed or NSF payments. During the year a significant number of clients were kept out of the delinquency category because of the efforts of this position. The majority of our arrears today, were in arrears before hiring this position. Some of our previous arrears have been reduced as well. The number of collection calls and monitoring events have increased significantly over the past year. It has been possible to act against clients in arrears much more expediently than in the past, which is improving our ability to collect. We have been able to adopt a regimented schedule for monitoring clients since last year. These visits have been able to highlight problems with individual clients and also opportunities they have to improve their venture that we may be able to provide assistance.

One of the most significant factors in the failure of businesses is the skill of the key personnel/management to operate the venture. We conduct management ability assessments on clients to help determine if specific training is necessary for owners or staff to enable the business to prosper. Where training deficiencies are identified, they are made conditional to any financing that might be approved. In some instances, the financing may be rejected due to managements inability to operate the venture.

CBDC NORTIP does not have fixed equity requirements for applicants, but applicants are increasingly encouraged to contribute more of their own resources to a project. Only in very rare instances will we provide funding with no investment by the client. In these cases, we are fairly confident that the project will succeed.

The viability of any business is subject to many conditions that are outside of the individual's control. To help all of our clients succeed, we participate wherever possible in industry related initiatives that can have a positive impact on a number of clients. NORTIP tries to achieve this through having *active* memberships in industry associations such as the Viking Trail Tourism Association, Northern Peninsula Forest Resources Association, Northern Peninsula Business Network, NL Aquaculture Association, St. Anthony and Area Chamber of Commerce, Straits/St. Barbe Chamber of Commerce, Small Town Business Association and the Community Learning Network. These groups provide us with ability to have input into what occurs in our region and thereby impacting our clients, hopefully in a positive manner.

## *G* **Sector Targets**

CBDC NORTIP's activity is primarily application driven, which generally means we have little control over the sector that clients will make a request. Within the region, retail businesses have gone beyond their market saturation point and are fighting for a dwindling market share. For this reason, we have decided to not issue any loans for any new retail outlets and even to be

conscience of the nature of assistance given to any existing outlet.

The service sector is a very diverse group of ventures that can include elements of many other sectors, such as providing services to the Fishery or Forestry. There are some restrictions we have placed on this sector such as not funding personal service ventures, but rather focus on business to business services. Included in personal services would be lounges.

Utilizing some of the flexibility offered by the SME Element of the FRAM-ED Program, we have been able to focus on small scale manufacturing and value-added production with respect to new developments and expansions. It is this focus that we believe has the most potential for creating new, higher paid employment in our region that will encourage our youth to stay. Having greater flexibility in tailoring payment and interest rate structures is very important to being able to set the ground work for the establishment of a viable new venture. It is critical to our region that more funding is made available under similar terms as to those available under the exhausted FRAM-ED Program.

### **Coordination of planning with other CED organizations.**

CBDC NORTIP is actively involved in a number of community economic development groups both directly as member/directors and indirectly through the personal interests of volunteers and staff. The following is a list of organizations that we either have been able to have input into their activities or their activities have influenced our planning processes.

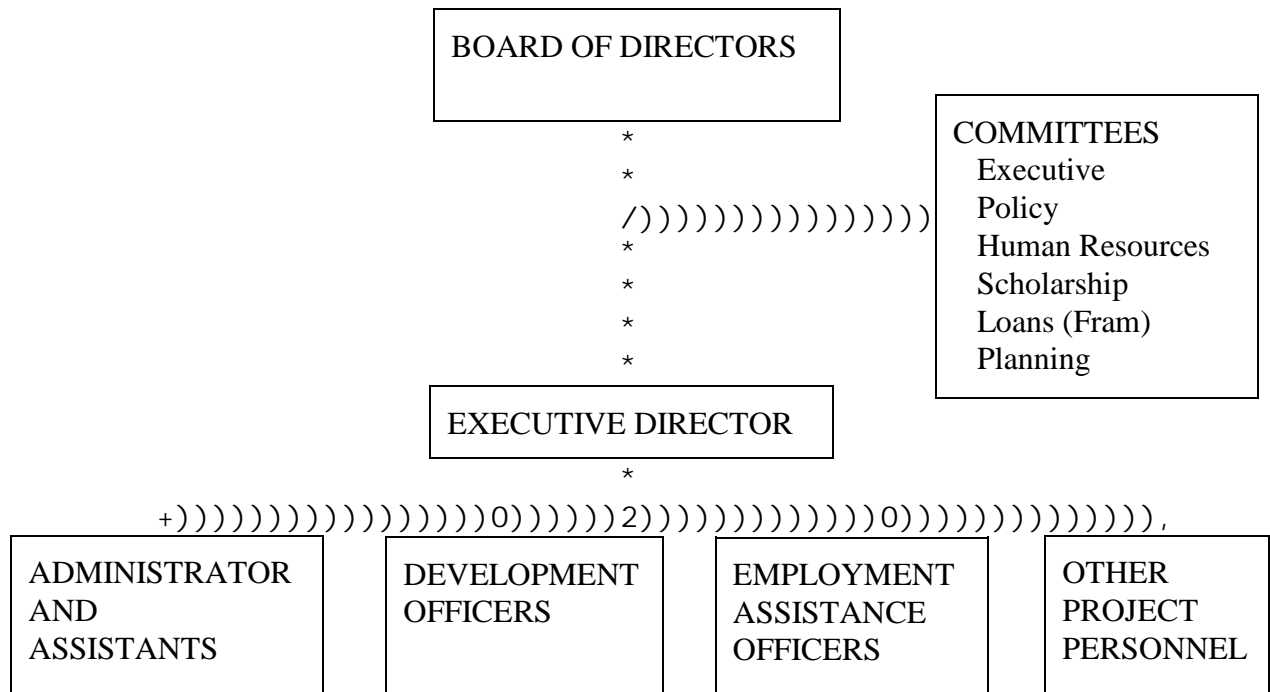
Atlantic Canada Opportunities Agency  
Big Droke Historic Foundation  
Central Development Association  
College of the North Atlantic  
French Shore Historic Society  
Great Northern Peninsula Development Corporation  
Great Northern Peninsula Joint Council  
Grenfell Historic Society  
Grenfell Regional Health Services  
Gros Morne Cooperating Association  
HRCC, Rocky Harbour, Labour Market Development Committee  
HRCC, Rocky Harbour, Youth Protocol Committee  
HRCC, St. Anthony, Labour Market Development Committee  
HRCC, St. Anthony, Youth Protocol Committee  
Human Resources and Skills Development Canada  
Human Resources, Employment and Labour  
Innovation, Trade and Rural Development  
James Pike & Company  
Monaghan, Murphy and Watton  
Newfoundland and Labrador Aquaculture Association

Newfoundland and Labrador Employers Council  
Newfoundland and Labrador Federation of Cooperatives  
Newfoundland and Labrador Organization of Women Entrepreneurs  
Nordic Economic Development Corporation  
Northern Peninsula Business Network  
Northern Peninsula Forest Resources Association  
Parks Canada  
RED Ochre Regional Board  
School District #2  
Small Towns Business Association  
St. Anthony and Area Chamber of Commerce  
St. Anthony Basin Resources Inc.  
St. Barbe Development Association  
Straits/St. Barbe Chamber of Commerce  
Straits/St. Barbe Chronic Care Corporation  
Viking Trail Tourism Association  
White Bay Central Development Association

These organizations, to varying degrees, are regular continuous contributors to our operations and planning process. They provide information, resources, ideas and support for the goals we are trying to achieve. Our interaction with them varies from daily verbal to attending annual general meetings.

## The Organization

### Organization Chart



The direction of reporting is toward the Board. Staff members report to the Executive Director, the Executive Director reports to the Board. Conversely when the Board communicates with the staff, it should at all times be done through the Executive Director. All subcommittees report to the Board. The Executive Director is an ex-officio member of each subcommittee and is normally in attendance at Board and Executive meetings.

### Board Governance

NORTIP Development Corporation is governed by a five to twelve member Board of Directors. Currently, six positions are filled. Over the past ten years there has been regular turnover in Board Members, but due to the limited pool of available replacements, filling positions has been challenging. It is the policy of the Board to regularly seek potential candidates to serve and fulfill our organizational mandate.

## ***Board Structure***

### **A.**

#### **I Representation**

Members of the Corporation are made up from representative of the various sub-regions of our jurisdiction. These sub-regions are defined as: Norris Point to Bar'd Harbour; Castor River South to Eddie's Cove East; North of Eddie's Cove East to Goose Cove; and Englee to Main Brook. Directors also represent a balance between community development and business development. Through recruiting a variety of skill sets, experiences, education and interests we have been successful in retaining the key ingredients of our mandate, to develop business opportunities that are in the long term best interests of the community and region. During the recruitment process care is taken to include a range of age groups, cultures and genders. Our region has a significant Metis group, which has had representation on our Board.

#### **II Number of Directors**

Membership on the Board is a minimum of five and maximum of twelve, with at least one and a maximum of three Directors from each of the sub-regions of our area. Whenever possible, each region should have at least two representatives.

#### **III Term of Office**

Directors serve for a term of three years and may serve two terms. After serving two terms, at least one-year must pass before an interested, qualified Director may serve again. It is a goal of the board to schedule recruitment to allow rotation of two positions each year.

Under Board Member replenishment process, members with expired terms will not automatically be reappointed. The individuals will be considered along with any other potential candidates. After serving for two terms, an individual cannot be reconsidered for appointment for at least one year. This provides an opportunity for potential new members to be considered without the concern that they are competing with current members for positions on the board. It becomes an open competitive process.

## ***Succession Planning***

### **B.**

There are two levels of succession planning. One being the Executive and the second is the Directors at large. Each year the Vice-chairperson is included in all events that the Chairperson attends. In some instances one or the other of the persons holding the positions may not be able to attend. Through this process the Vice-chairperson becomes very knowledgeable of the

organization's activities and is better suited to taking the Chairpersons position in the event it becomes vacant. All other directors are encouraged to participate wherever possible to enhance their knowledge and abilities. Through this process we hope to maintain a knowledgeable Board that is able to respond to changes.

On an ongoing basis, Directors identify potential new members through direct person contact and involvement in other volunteer activities. While advertising has been used, as well as our website, we believe the more personal process of identification is more effective, especially in managing the cycle of new Directors versus retirees. The regulation of the turnover process is very important in maintaining of a functional Board of Directors.

### Volunteer and Staff Biographies



Chairperson. Gloria Toope, a native of the region has been involved with the Executive of CBDC NORTIP and its predecessors for the past fifteen years and as Chair for the past year. Her term of office will be deemed to be expired at our AGM, June 2005. Gloria was educated as a teacher at Princes of Wales College and received a Certificate in Community Economic Development from the University of Waterloo. Soon after completing her education, she commenced work with a local Rural Development Association. Gloria represents the Straits area within our region and brings a vast skill set in community economic development to our Board. She is also very energetic and volunteers with many organizations and brings this wealth of knowledge to the table.

Vice-chairperson. Chris Decker, a native of Roddickton joined our in December 2004, with his three-year term of office expiring at our AGM, June 2008. Upon the resignation of Robert Keefe, long time Director, Chris agreed to take the role of Vice-chairperson. Mr. Decker was educated in St. John's, attaining a Bachelor of Arts in English and Philosophy and a Master of Divinity. The majority of his life has been dedicated to managing and operating various businesses and is currently self-employed. He served for 14 years in political office as well as volunteered on numerous organizations with mandates of social and/or economic development. Chris represents business' interests in the White Bay area.



Secretary-Treasurer. Kevin Maynard, a native of Hawkes Bay joined our Board February 2002, with his second three-year term of office expiring at our AGM, June 2008. Kevin has served on the Executive for the past year only. He attained post-secondary education at what is currently known as the St. Anthony Campus of the College of the North Atlantic, in

Clerk Accounting. For approximately six years he worked a Personal Loans Officer and later as Branch Manager of the Bank of Montreal, Port au Choix. Since that time he has been involved in the family business and is currently self-employed. Kevin represents business interests in the Gros Morne-Ingornachoix area. Mr. Maynard also volunteers his time with a variety of community groups.

Past Chairperson. Guy Filler, a native of Englee, joined our Board twelve years ago. He has served as an Executive Officer for most of that time. Guy took a leave of absence this past winter and will be leaving our Board this fall. Mr. Filler is a retired educator, as well as, having been self-employed. He has volunteered his time with a number of organizations to support his community's development. Mr. Filler received his post secondary education from Memorial University with degrees in Education and Arts.



Director at Large. Elaine Myers, an aboriginal, native of Bartlett's Harbour, has been involved with CBDC NORTIP and its predecessors for the past thirteen years. Her term of office will be deemed to be expired at our AGM, June 2005. During that time she has represented us on a number of organizations including the REDBs. She is the administrative assistant for the St. Barbe Development Association, representing community economic development interests in the Straits area. Ms. Myers also volunteers her time with a variety of Aboriginal and other community interest groups.

Director at Large: Sam Elliott, a native of St. Anthony, joined our Board, December 2001, with his second three-year term of office expiring at our AGM, June 2008. Mr. Elliott graduated with a certificate in Memorial University's Business Administration program and a Degree in Vocational Education from Memorial. He worked as an instructor in the college system, Personnel Manager with FPI, Assistant Manager with Household Finance Corp and worked with Chianti Food Processors Inc. in Labour relations and costing. Sam is currently employed by St. Anthony Basin Resources Inc. He represents business development interests in the St. Anthony Basin area.



Director at Large: Dana Pittman, a native of Rocky Harbour, joined our Board, February 2005, with her three-year term expiring at our AGM, June 2008. Ms. Pittman has a Bachelor of Arts

Degree in Sociology and Certificate in Criminology, as well as a variety of diplomas and certificates from professional development activities. Most of her employment has been with youth through being a Summer Employment Officer, HRCC,; Youth Ventures Program Coordinator, VTTA; and Regional Coordinator and Projects Manager, FINALLY!. Dana is representing economic development interests in the Gros Morne-Ingornachoix area.

Executive Director: Richard May, a native of Roddickton, was hired January 1996. He worked for nearly three years as Development Officer before being given the Executive Director position. Richard graduated from Memorial University with a Bachelor of Commerce Degree and has some experience in working in senior management positions with the private sector. He volunteers his time with a number of local like-minded organizations. Currently, he is the MIS Representative for the Province with the Atlantic Association.



Administrator: Trixie Chambers, a native of Blue Cove, was hired January 1992. Trixie completed a program in secretarial studies from the District Vocational School in 1981 and a Certificate in Business Administration from Memorial University of Newfoundland in 1994. Trixie worked as a Bookkeeper with a local business for six years and as a Secretary with the Vinland Strait of Belle Isle School Board for four years. Trixie volunteers her time with her local church.

Development Officer: Lynn Dempster, a native of Flowers Cove, was hired April 2002. Lynn was employed as an economic development officer with Nordic Economic Development Corporation for three years. Prior to that she was employed as an Administrative Assistant with Nordic and NORTIP. She is working on her post-secondary education, expecting to graduate with a Bachelor of Commerce Degree, with a concentration in accounting, in 2005, from Memorial University of Newfoundland. Lynn volunteers with a local chronic care facility.



Youth Development Officer: Aidan Moores, a native of St. John's, was hired November 2004. Aidan graduated from Memorial University with a Bachelor of Commerce Degree. During the degree program he did his work terms with ACOA and the Newfoundland Science Centre. Aidan is very interested in technology and brings new skills to the office mix. He has volunteered extensively in the past with youth groups.

Client Services Assistant: Mary Coombs, a native of Shoal Cove, was hired April 2004. Mary has more than twenty years experience with various types of organizational administration providing extensive experience in financial analysis, accounting, bookkeeping, accounts payable and receivables. She has worked with the public, suppliers and customers throughout her employment. Mary also has a Certificate in Office Administration from the College of the North Atlantic and is working towards a Diploma in Business Administration from Memorial University. Mary volunteers some of her time a local historic society and a chronic care facility.



Employment Services Officer, Shanna Randell, a native of Bide Arm, was hired April 2003. Shanna has a Bachelor of Applied Arts Degree. While attending Mt Saint Vincent University, she was the Executive Vice-President of the Student's Union. Shanna has employment experience in administration, marketing and coordinating events. Shanna volunteers her time with a local youth council as well as a Zone Board.

## Investment Strategy

The principle tool NORTIP CBDC has to create an economic impact in our region is the three investment funds that we have the responsibility of managing. Through these Funds, we are able to directly impact the type of business that is started or the nature of expansions. Spin-off activity occurs from each client business through the expenditures of its employees and the payment for products and service which become income to other businesses or individuals. In many areas of our region we are the only organization providing financial support to businesses. This has changed somewhat since the Credit Union expanded by adding a new branch at Port Saunders.

Many businesses find it very difficult to obtain financing through conventional sources, not due to any credit problem they may have, but merely due to banks not wanting to do business in our region. While we have estimated future demand conservatively, it is possible that with trends in the financial services sector, we may have to play an ever increasingly important role. Our investment strategy is based on not having to borrow from ACCBIF over the next three years. Without borrowing, we should be able to invest an additional \$100,000 over the planned levels for the next three years.

NORTIP plans to use the most economical means of servicing the demand for its services. Sometimes this may mean rejecting applications that have no perceived net economic benefit to the region. We have a large region that has micro-economies within it, that impacts the economic benefits from our investment and operational activity. The sub-zones of our region require different types of assistance, for this reason we have been endeavouring to become involved more closely with other development organizations. Joint efforts have to be made to impact the circumstances in each area in order for our investment activity to achieve its maximum economic benefit.

### *Program Activity*

#### **A**

#### **I Investment Levels**

NORTIP projects to invest a total of \$1,300,000 during the fiscal year 2005-06. Of this amount \$1 Million will be through our regular investment fund, \$200,000 through the FRAM-ED allocation.

The Technology Development Fund is expected to lend \$60,000 to three applicants, while the

SEED Program is projected to lend \$40,000 to three clients.

We have the financial ability to exceed these amounts, especially with respect to SEED Loans, if the demand exists. Considering the fluctuation in demand over the past five years, we do not expect it to change significantly in the next two to three years, unless general economic conditions in the region improve significantly. Based upon the projections, we will not require any additional investment funds to meet this target. It is forecasted that the Corporation will have a total of approximately \$2,224,069 available for investment in the upcoming fiscal year. This figure is based upon our current investment account balances, plus interest payments, principal repayments, and bank interest projected to be received throughout the year from all three current investment funds. It does not include funds that may be available under the TDF.

## **II SEB Program**

Typically, CBDC NORTIP receives approximately 50 inquiries with respect to the SEB Program. Of that number there are normally 16 approvals for a given year. To date this year our numbers are much lower than normal with only three approvals since July 2004.

## **III Women in Business Initiative**

The program has a number of elements that help a woman entrepreneur through providing training, counselling, business planning and easier access to capital. This program is delivered in partnership with the Newfoundland and Labrador Organization of Women Entrepreneurs. Some of the criteria for the program are very restrictive and even discriminate against the average female entrepreneur in our region. In order to participate the person needs 51% ownership, most female business owners here, as a matter of family pride, want to own 50% with her spouse owning the other 50%. She will be the one calling the shots, but they are into it together. We only anticipate two female clients qualifying for the program this year.

### ***Sectorial Distribution***

#### ***B***

In the past NORTIP has limited the amount of investment to anyone sector to 20%. This practise will continue. With changes in the economy and changes in the types of businesses that are starting in the region, we have had to modify our definitions of what a sector represents, without causing a problem with restating previous periods. With increases in the nature of potential opportunities, we now identify all manufacturing regardless of the sector the primary activity occurs, as manufacturing. This changes the sector distribution encouraging the development of areas that five years ago were not considered very important.

Encouragement of development regardless of sector is very important. For this reason we have

not placed any firm restrictions on many sectors. In our region, we have reached a point of saturation with retail and personal service enterprises. With the population declining, the demand should also decline for these businesses. We have instituted a policy to not permit any loans in the retail and personal services sectors to businesses that do not already exist. With existing businesses, the market demand will be closely monitored in instances where a purchase is occurring. Often a business is sold because it is not viable. Prevention of bad debt before it occurs, while ensuring that jobs are maintained, is an ever increasing goal.

There are sectors that have potential for significant growth. They include small scale manufacturing, information technology, intellectual ventures and aquaculture. The high degree of risk associated with aquaculture has discouraged participation. The local industry needs some direction that will help it overcome its development problems. Over the next three years, it is the intent of NORTIP to participate more fully in the planning of the industry.

### *C Write Offs and Doubtful Accounts*

There are currently \$416,400 in bad debts that may have to be written off in the next fiscal year. This amount is based upon specific identification of non-performing loan accounts. Based upon the health of our current portfolio, an allowance for doubtful accounts of 8% of the net value of the CF Investment is expected to be required for the next year. In 2007 the provision is estimated at 7.5% and in 2008 at 7%. These declining rates are being used because of expected tightening of lending criteria and some stabilization of our local economy. Write offs for the subsequent two years are estimated at an amount equal to allowance for doubtful accounts. This trend will likely continue for the next three to five years, depending upon the responsiveness of our economy.

### *D Atlantic Canada Community Business Investment Fund*

CBDC NORTIP was one of the first subscribers to the fund, one of the first borrowers, one of the first to repay fully funds borrowed and one of the first to lend uncommitted funds to ACCBIF. Over the next three years, we do not anticipate needing to borrow from ACCBIF. During that time frame, we should be able to maintain funds on deposit of \$200,000 to \$250,000 for use by other CBDCs.

## OPERATIONS

### Product/Service Delivery

The following section outlines the services we offer with a brief description of each service including a synopsis of the process to access the service. These services are all marketed in similar ways.

**Investments in SMEs** are offered through financial assistance in the form of fully repayable small business loans, equity participation and loan guarantees to profit-oriented organizations wanting to start or expand a small business. Funding from the Corporation can be used to start a new business that will create and maintain permanent employment. NORTIP's financial assistance can also be used to purchase, refinance, expand or modernize an existing business. Applications are made to our office with the appropriate application form, personal statement of financial affairs, privacy confirmation form and fully developed business plan accompanied by the required quotations, license, permits, financial statements, projections, references and security documentation.

CBDC NORTIP's *loan program* has a maximum limit of \$125,000 with a maximum repayment term of 15 years. The interest rate on a Corporation loan depends on the amount of risk involved in the venture and the repayment term. Interest rates on NORTIP loans will not be lower than the minimum rate charged by commercial lenders. The minimum interest rate is currently 8.25% and the maximum interest rate is 15.00%. Many clients do not have any issue with the higher interest rate we charge, they believe the quality of service they receive is more important than the few extra dollars they pay. Clients who have concerns with the rates are provided with extra assistance to determine if they can find less expensive funding from other sources. We also conduct an analysis to determine if our interest charges will impair their business viability. In all circumstances we minimize the cost to the client, in relation the perceived level of risk to us, and the cost associated with a default under the loan agreement.

The CBDC takes into consideration that every business is unique, in that they face different challenges and circumstances therefore, repayment can be set up to suit the client's needs. Factors that are considered when repayment is being negotiated are the sector or type of business, the nature and value of the security provided, the cash flow cycle of the venture and individual preferences of the client.

Every loan agreement executed by the CBDC requires the personal guarantee of the borrower(s) and spouse(s). There must be a pledge of assets to secure the debt, normally this would be the asset being purchased or improved upon. Businesses who are involved in activities that require

special licences, a power of attorney must be signed to allow the CBDC to transfer these licences in the event of default on the loan. These special licences include, but are not limited to, big game licences, aquaculture licenses and commercial fishing licences.

Existing businesses that are in a position to expand, but are constrained by their inability to lever the necessary funds or where a period of two or more years is required to develop the necessary market or supply base, the Corporation will consider offering *equity financing*. Applications for equity investments will be evaluated in a similar manner as term loans. Equity applications must emphasize growth sectors such as, but not limited to, aqua-culture, information technology, small scale manufacturing (secondary processing) and neutraceuticals.

The applicant must be incorporated and be willing to accept an equity partner in return for an equity position in the company. Assistance is limited to \$50,000 per company matched by an equal amount of new investment. If the equity is being matched by funds from a government program or other financing, then it must also be an equal amount of existing equity, for a total of at least \$150,000 in equity. Investment will occur in the form of cumulative preferred shares and common shares. Equity will be limited to 25% voting interest. The assistance will be subject to an unanimous shareholder's agreement, which will include an indemnification clause to limit the CBDC's liability.

The Corporation must have the expertise to assist the client to further develop. The client must demonstrate the appropriate financial structure, professional and technical staff, management, production and marketing ability to carry-out the proposed project. The business must be willing to follow the CBDC's direction to ensure proper planning, management and administration of the business. The client must provide the shareholders with regular financial statements and any other financial information that may be requested.

Assistance in the form of equity participation must be the subject of a formal shareholder agreement. Such agreements will provide for the repurchase of NORTIP Development Corporation's equity position. This would enable the Corporation to realize a return at least equal to the rate of interest that would be earned on the funds invested by the Corporation in term loans and the sale of shares by the Corporation to a third party. The shareholders' agreement will also identify, but not be limited to, the redemption schedule, price per share, debt conversion terms, dividend rate and payment of dividends.

CBDC NORTIP's *loan guarantees* have a maximum limit of \$10,000 with a maximum repayment term of five years. The Corporation will only guarantee a chartered bank or credit union's authorized line of credit, or overdraft protection to a maximum of \$10,000. The loan guarantee will be made only for a specific period of time (usually one year), with a maximum of five years and supported by appropriate security. The Corporation will charge a fee of maximum of 5% per year for its guarantee.

**Micro Loans Program** is offered directly by CBDC NORTIP as special loan process under the CF Program. The limit for these loans is \$20,000 with a maximum repayment term of five years. Security for loans is limited to equipment or vehicles that can be easily, quickly and economically secured. We charge a fee of \$300 that includes any registration and search fees associated with the loan.

Often a client needs a small amount of funds to purchase a specific piece of equipment or to enable repairs to a large piece of equipment. Our normal loan process requires full business plans with every detail thought out and supported by appropriate documentation. The micro loan has condensed information requirements and a more streamline loan documentation process to allow the client to apply, be assessed, reviewed and documentation executed within a very short period of time, often less than a week.

In partnership with SABRI many of these loans have been issued to fishers. SABRI has a loan guarantee program that can secure up to \$10,000 or 50% of the loan. Through this partnership we are able to issue loans to fishers quickly, low cost and with less direct security from the client.

**Technology Development Fund (TDF)** is designed to help rural small and medium sized enterprises (SME) adopt or develop new technologies. Highlights of the new Technology Development Fund include; financing for up to \$125,000 in the form of a loan or equity, customized loan repayment schedules, with amortization of up to 60 months with an interest rate of prime plus 2%. The fund is accessible to new and existing business as well as seasonal and year round businesses. The amount accessible under the fund by an applicant is limited by any existing borrowing under the CF Program. The loans must be secured. The process for this loan is similar to that for our regular loan fund.

**Seed Capital Program** is delivered in cooperation with the Atlantic Canada Opportunities Agency. CBDC NORTIP offers new entrepreneurs access to the Seed Capital Program to start up their venture. Applicants under 35 years old can also access the program to expand an existing venture. Funding up to \$20,000 is available, at prime plus 2% with a maximum repayment term of seven years. As well, up to \$2,000 is available to the entrepreneur to pay for training and counselling.

In addition to the information required for our other funding, SEED applicants must undergo a formal self-assessment process and develop a learning plan that will contribute to the success of the business. This plan has to be closely monitored to insure the client is implementing it as scheduled.

**Youth Ventures (YV)** is delivered under the direction of the Newfoundland and Labrador Association of Community Business Development Corporations and is sponsored by the Atlantic Canada Opportunities Agency (ACOA). Youth Ventures is designed to promote

entrepreneurial awareness in the young people of Newfoundland and Labrador. It helps youth from ages 12 to 29 become entrepreneurs and to open their own business. It provides youth with the skills to be successful business people. A coordinator is hired from May to August each year to promote the program among youth. The coordinator works one-on-one with youth to develop their summer business plan and to assist with any planning and development challenges the youth may have. There are four awards given each year locally, as well as a growing number of awards provincially. Each year since we have been involved in the program, a local venture has won a provincial award.

The program is marketed through the Association's strategy, but on a local level the program is aggressively promoted in the schools and to youth groups in the area. There are promotional materials developed that are targeted toward the appropriate age groups. In addition to the usual media, we also utilize community cable channels to promote the program.

**Student Business Loan (SBL)** is available on April 1<sup>st</sup> of each year. Students will be able to apply for low interest loans up to \$5,000 to start, expand or maintain business during the summer season. The program is open to full time students of high school, college or university who must be returning to full time studies in the fall. Students will be between the ages of 15 and 29 at the time of application and require the co-signature of a guardian or parent.

Participants must devote at least 30 to 40 hours a week to their business and cannot have another full time summer job. Loans will be available up until the Friday of the week of the 15<sup>th</sup> of July. An interest rate of Prime will begin on all loans as of September 1<sup>st</sup> of each year. Interest will be calculated on all principal outstanding at this time. The business must provide a product or service and be independently and privately owned and operated by the student and/or partners if applicable. Promotional effort for the program is generally coupled with the Youth Ventures Program since they have the same target market. NORTIP delivers Youth Ventures in a small section of its region, to promote in the other areas we partner with the other delivery agents.

**The Women in Business Initiative (WBI)** was established in 2003 to assist women entrepreneurs in developing their business. The purpose of the Women in Business Initiative is improved growth and competitiveness of women-owned business and their greater representation in Atlantic Canada's emerging growth sector. Some of the key objectives of WBI are to strengthen management capabilities and business development skills, improve access to capital and business support, and increase the involvement of women-owned businesses selling in international markets and in knowledge-based industries.

There are six components involved in WBI: The Advocacy and Coordination Program, The Business Counselling and Community Outreach Program, The Business Management Skills Development Program, The Consultant Advisory for Women in Business, The Access to Financing Program, and the Exposure to Exporting and Innovation Program. This program is

delivered in partnership with the Newfoundland and Labrador Organization of Women Entrepreneurs.

**Community Business Development Fund** is a newly proposed investment service that would result in the investment to community and regional commercial projects that will result in the creation of sustainable employment and economic benefits to a community or region. We anticipate needing an estimated \$1 million per year to invest into four to six projects each year over the next five or more years. Through this process, we would partner with other community and business development groups as well as the private sector to develop strategic business opportunities. All communities and regions within our boundaries have very significant economic challenges to overcome. Working in partnership, we believe we can make a significant difference with long-term positive impacts. Obtaining this incremental funding is essential to the future of our region and our CBDC. We need to build stronger communities.

**Self-Employment Employment Benefit (SEEB)** is a program of Human Resources and Skills Development Canada (HRSDC) that helps individuals create jobs for themselves through self-employment.

Under the program, eligible participants can receive an income support allowance while they are trying to start their business. Individuals qualifying for this program receive income support and business counselling (group training sessions as well as one-on-one business counselling) following their acceptance into the program. Income support is usually in the form of bi-weekly payments from the employment insurance program. This program has provided many of our communities with a catalyst for entrepreneurship and small business development.

Applicants to the program make contact with HRSDC to determine eligibility. If eligible, HRSDC refers the client to one of our development officers. The development officer follows up with the client and provides information on business planning as well as self assessment tools to determine the applicant and the business idea are suitable. At the initial concept stage the client can get up to ten weeks income support to develop the business plan. If the business plan is suitable, we make a recommendation to HRSDC with respect to the suitability of the applicant and the plan presented. Each approved applicant is monitored according to a predetermined schedule set out by HRSDC. The client also has access to training that can be provided individually or for a group of participants.

**Employment Assistance Services (EAS)** are currently being provided to unemployed individuals in the St. Anthony HRSCC area, from Eddies Cove East to Englee. Services provided include career counselling, employment readiness, long-term career action plans, access post secondary education, provide resource centre for user access, including Internet access and workshops. A client may either approach the centre directly or be referred by HRSDC. Through a series of consultations, an employment readiness action plan is developed. It will identify the

steps and processes the individual should undertake to gain the necessary skills to be employed in their field of choice. In some instances, the person may already have the necessary skills, but have not been successful in obtaining suitable employment. Employment search, resumé writing, interview technic and other skills can be learned at the centre to help an individual gain employment.

**Business Planning** services are available to any individual, business, association or community group that wants to avail of CBDC NORTIP's technical expertise. We are available to undertake the development of business plans in cooperation with the client. When we contract with a client individually or through ACOA's CAS Program, we engage the client in the process to insure the individual has the necessary knowledge, ability and commitment to implement the plan. The plans vary in complexity in accordance with the need of the client and the scope of the project.

**Feasibility Studies** can be contracted by any individual, business, association or community groups. We have not prepared many, but we have performed analysis for non-profit groups and government departments on the sustainability of specific projects, specifically in the Tourism Industry. The study would normally encompass technical capacity, human resources, market capacity and operational sustainability of a specific project.

**Operational Diagnostics** is a relatively new service we have been offering to businesses and community groups. This service involves the analysis of their operations to determine the status of its operational processes, workflow and procedures and then determine what would be the more profitable, efficient and productive processes and procedures for the organization to undertake.

Included in this service is the analysis of an organization's formal By-Laws, Policies and Procedures and recommending changes that may be more suitable for the nature and style of Board Governance that the entity utilizes. The advancement of technology has also resulted in individuals, businesses, associations or community groups using our technical knowledge to help determine their needs. We often assist clients with determining the most appropriate technology for them to adopt within their venture. .

**Training** is provided on a request basis. Periodically, we identify, develop and deliver training on specific business issues that can be used by individuals, businesses, associations or community groups to further their goals. The training can be on almost any topic, including computer and technology applications. Where our staff does not have the expertise to facilitate a specific topic, we hire consultants with the necessary skills to do so. Training is offered in groups and one-on-one. Group training can either be the public at large or a target audience, such as, a Chamber of Commerce or Board of Directors of an organization.

There is a growing need for in depth training in computerized accounting and management information systems. Over the next year we plan to try to find ways of helping clients identify how they can use the high speed Internet that will be available in many areas of our region.

**Counselling** is an ongoing continuous service that underlies all services offered. The availability of objective, qualified counselling can be of critical importance to a business. Fear of the unknown is very much the primary source of concern for anyone starting or operating a business. A business person needs to know they have someone they can turn to that will work for their best interest and provide the best possible options to consider. Our business counsellors have to deal with an array of issues including some of a personal nature. Family issues and personal matters can be as big of a factor in a business' success as any economic concern. Knowing where to turn and that someone will answer your call and not charge you a fee is a very big source of stress reduction, especially for the novice entrepreneur.

## Communications Plan

### Visibility

#### *Federal Visibility*

##### *A*

Our external signs acknowledges ACOA's role with our Corporation. We identify ACOA's support on all promotional material, including advertising in the media. The Canadian (as well as Provincial) flag are displayed in our offices to recognize the important role government plays in our operations.

#### *CBDC Local Visibility*

##### *B*

CBDC NORTIP acquired new signage in 2004. The signage increases the visibility of the offices from the highway and our access road. The signage uses the format designed by our provincial association and includes the CBDC logo prominently, as well as acknowledges ACOA's support. The sign should be suitable for at least five years. Through sponsorship of other groups' activities, we have also been successful in have our name and/or logo prominently displayed at other locations.

### Inclusiveness and Consultation with the Community

CBDC Day has been designated Atlantic wide for the second Wednesday in May each year. Last year we had an open house, this year we had an extensive communications insert in our local newspaper to inform the public of what we do, who we are and who some of our clients are. In conjunction with this release we will be having another open house to allow the public come and see us and discover what we are about. There are two significant economic publications that our local newspaper issues each year, one is in June and the other during Small Business Week that we participate in each year to inform the public of our activities.

There is an ongoing process of education that we engage in to inform stakeholders of vacancies on our Board. Through direct communication with community groups, references in news articles, advertisements that have been placed in the paper, information available on our website, presentations performed in different venues and one-on-one discussions with individuals.

Through gaining membership to other organizations and participating on their Board of

Directors, CBDC NORTIP is able to increase its communications range. Interacting with more organizations also helps us plan their activities and have an impact to the benefit of our clients and the region in general. We currently have active memberships in the two Zonal Boards, two Youth Councils, two inter-agency operations committees, two Chambers of Commerce, Northern Peninsula Business Network, Northern Peninsula Forest Resources Association and the Viking Trail Tourism Association.

NORTIP develops an Annual Report that provides a synopsis of our activities during the year and distributes it to stakeholders in the region including our elected representatives. We have electronic copies of the report available online.

## Services to Clients

### *Newspaper Advertisements*

#### **A**

CBDC NORTIP will continue to advertise its presence and services to potential clients through regular advertisements in the local newspaper. We have found this to be an efficient means of promotion and receive regular inquiries in response to our advertisements. Over the past three years, we have also been issuing press releases and engaging the local media to write articles on our activities. Newspaper articles seem to be more effective than direct advertising and is significantly less expensive. We have also showcased successful clients to help promote their business and our efforts.

### *Presentations and Seminars*

#### **B**

We will continue to give presentations to local groups, schools, and other organizations, with respect to small business development, in an attempt to increase awareness of the services we offer. The Corporation also played an active role in organizing and delivering Youth Forums with Zones 6 and 7 staff this past year. During Small business Week, we offer a broad range of topics throughout our region. The seminars generally last for a full day. This past year, we hosted seven different events that covered entrepreneurship and new opportunities for business development in the region.

### *Brochures and Promotional Materials*

#### **C**

CBDC NORTIP uses brochures and promotional material designed by the Provincial and Atlantic Associations. These brochures include the services all CBDCs offer. We provide additional material that identifies programs and services specific to our region and the coordinates for various government agencies and departments. The Corporation also benefits

from joint advertising through the brochure developed by NORTIP for the SEB Program. Promotional items such as pens, key chains, magnets and notepads are more effective than most brochures or print ads, but to convey an effective message they have to be used together.

### *D Website Development*

Over the past six years CBDC NORTIP has had a website. This site allows us to provide information directly to our clients on a schedule that is convenient to the client. The site has application forms, business plan guidelines, program criteria, contact information and links to other sites and tools that may benefit the client. Our goal is to develop the website to eventually be able to allow a client to make application for financing on-line. Including payment of fees and repayment of loan obligations.

Currently, the site requires updating and upgrading, which is expected to occur on an ongoing basis, extra effort is needed over the next few months. The website has been developed and maintained by staff members. It is our intent to better train staff to maintain and extend the benefits of the site so that the direct cost outlay can be minimized while insuring the content is reflective of our needs.

### *E Youth Events and Information Bulletin*

A goal of CBDC NORTIP has been to develop a newsletter that will appeal to youth. To date we have not been successful, but intend to work on achieving this goal. We had been focussed on a printed newsletter, but during the upcoming year we will work on an electronic version.

NORTIP has experienced some difficulty in gaining access to the older students in high school. Through establishing closer links directly with the youth, we hope to gain their attention in the development of new businesses after they have completed post-secondary training. Delivering Youth Ventures has provided us with an opportunity to establish a better relationship and credibility among youth. In the next year, we plan to assist with existing Junior Achievement sites and to help develop new sites throughout the region. During sessions facilitated the interest exhibited by the students was very promising. Youth are interested. This program has the potential to assist with the marketing efforts of both Youth Ventures and the SEED Capital Program.

Over the past three years, we have had staff members actively involved with the efforts of the two Youth Councils in our region. We also participate in HRSD's Youth Protocol Committees. For the second time, we are involved with organizing four youth employment information seminars to promote career opportunities in our region, including self-employment.

## The Future

CBDC NORTIP's past has been shaped by working closely with other organizations to grow the private sector on the Peninsula. Events over the past three years have occurred that had a significant negative impact on our region. Our Forestry and Fishery have been devastated by preventable disasters. The Aquaculture industry has been halted before it had an opportunity to have a significant impact. Tourism growth is impacted by many factors, but especially the infrastructure and services available to visitors. It is increasingly important that like minded organizations work together to overcome the challenges faced by our critical industries making the future brighter and more prosperous for all of our region.

The economic benefits of our region have to be shared by all communities. We must increase our region's ability to generate positive economic growth to stop out migration. Our future is our youth. Youth must be provided with the appropriate social-economic conditions to encourage them to stay and keep our region alive. CBDC NORTIP wishes to play a role in this development along with our community development partners.