

Huron Business Development Corporation
Annual Report for 2002

PRESIDENT'S MESSAGE

We are pleased to present the Annual Report of the Huron Business Development Corporation for the 9th year of operation, ending December 31st, 2002.

The Huron Business Development Corporation began operation in November 1993 and since then has invested a total of \$3.9 million dollars into the Huron County economy. These dollars have been leveraged by private and public partners to a total of \$20.7 million dollars worth of economic activity throughout the county.

In those nine years since inception, these investments have resulted in the creation or expansion of 531 enterprises currently in operation. This total represents 25% of the small businesses in Huron County. This has had a very positive impact on the local job market with 3,300 jobs created and maintained, amounting to over one-tenth of all jobs in the region. With small business being the backbone of the economy of Huron County, the contribution made by HBDC activities is truly significant.

The continuing support of Industry Canada through the Community Futures Program is greatly appreciated. Equally important is the continued involvement of our many community partners.

HBDC has a Board of Directors who are dedicated volunteers with a wealth of knowledge, experience and community contacts; competent staff and an excellent relationship with its many partners. These factors have contributed to its success in the past and the organization is well positioned to remain on the leading edge of community and economic development in Huron County, endorsing the fact that Huron County is indeed the best place to live and do business!

Rosemary Rognvaldson
President

HBDC BOARD OF DIRECTORS FOR 2002

<u>Director</u>	<u>Sector</u>	<u>Region</u>
Rosemary Rognvaldson, <i>President</i>	Adult Education	North Huron
Robin Dunbar, <i>Vice President</i>	Public Services	North Huron
Pamela Stanley, <i>Secretary</i>	Food Services	Central Huron
Donna Taylor, <i>Treasurer</i>	Retail	North Huron
Steve Burns	Engineering/Construction	West Huron
Graeme Craig	Hospitality/Insurance	Central Huron
Tim Cumming	Publishing	West Huron
John Gillespie	Labour Market Adjustment	West Huron
Dave Gowing	Farm Financial Services	Central Huron
Linda Henhoeffter	Investment Services	North Huron
Nancy Hines	Manufacturing	South Huron
Rick Hundey	Municipal Services	South Huron
Bruce Schmidt	Farming/Agri-Business	Central Huron

STAFF AND RESOURCE:

Paul Nichol, Economic Development Manager
Jim Niesen, Business and Loans Manager
Brenda McGregor, Office Administrator
Carol Mitchell, County of Huron Representative
John Devlin, Industry Canada

BACKGROUND – *Who We Are*

The Huron Business Development Corporation (HBDC) is a federally supported not-for-profit Community Futures Development Corporation, governed by local volunteers in partnership with Industry Canada. Launched in 1993, the HBDC is one of over 250 CFDC's located throughout rural Canada. Like all CFDC's, our mandate is to help strengthen & diversify the local economy by providing:

- Community economic development
- Business management consulting &
- Investment in small business ventures.

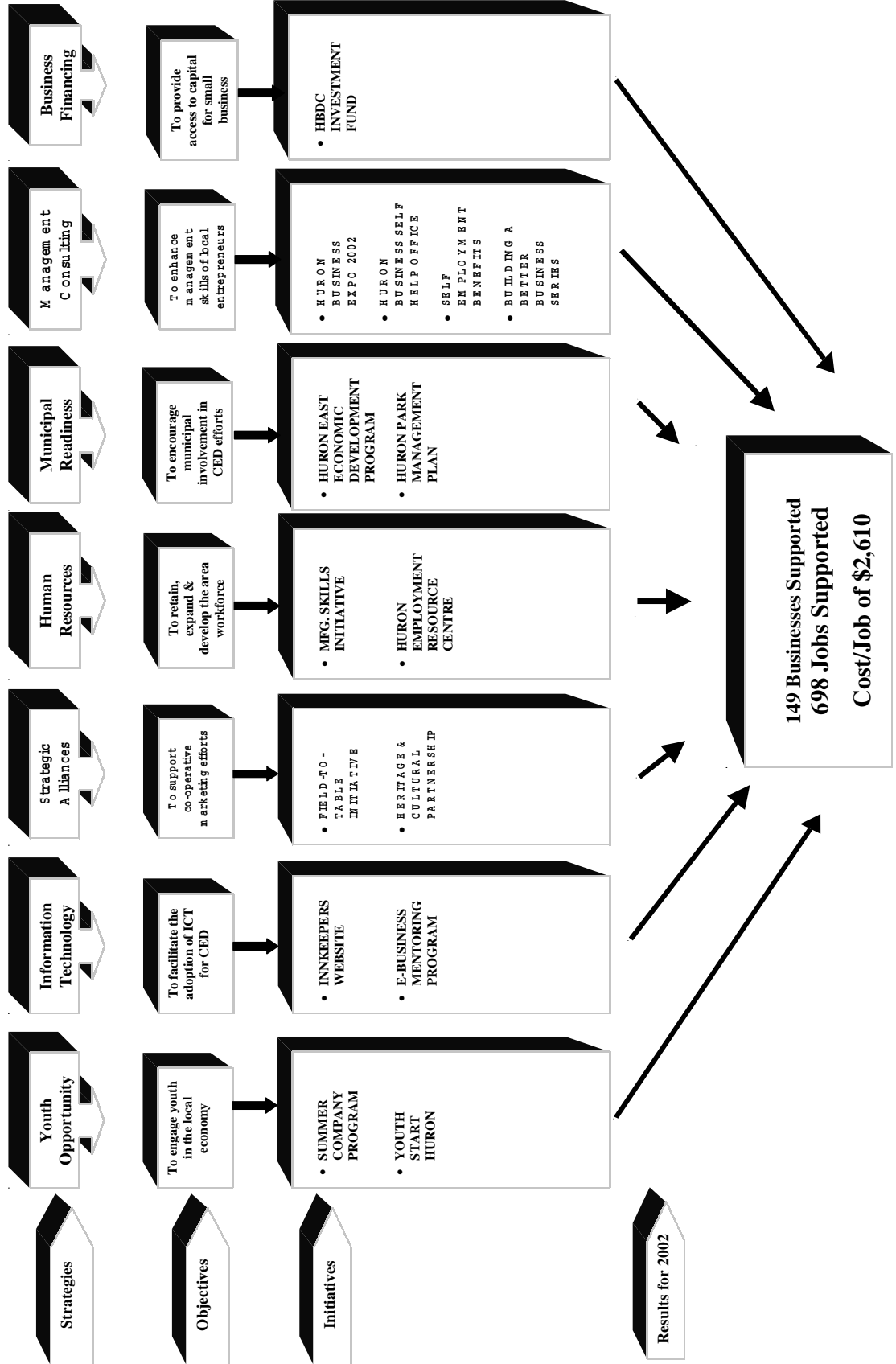
The HBDC works with a wide range of community partners to act as a catalyst for local economic development. In short, HBDC's approach to economic development involves 7 key strategies that have been developed in concert with local community groups and agencies. These strategies include:

- Engaging Youth in the Local Economy
- Adopting Information Technology for Community Economic Development
- Supporting Cooperative Marketing Efforts Through Strategic Alliances
- Retaining, Expanding & Developing the Region's Human Resources
- Encouraging Municipal Involvement in Economic Development
- Enhancing Business Management Skills for Local Entrepreneurs
- Providing Access to Capital for Small Business Ventures

The following chart outlines these strategies and related initiatives that were undertaken in 2002. We encourage you to read through this Annual Report and discover just how we go about our business of helping business grow and prosper in Huron County.



Annual Review for 2002



THE YEAR 2002 IN REVIEW

SUMMER COMPANY PROGRAM – *Working for the Best Boss in the World*

Summer Company provides enterprising young people with an opportunity to start and run their own summer businesses. Operated in partnership with the Huron Business Self Help Office and the Ministry of Enterprise, Opportunity & Innovation, last year the program helped 6 local youth with financing to operate their businesses. These ventures ranged from swimming and piano lessons, to folk-art furniture and web design. Volunteers from the HBDC provided each participant with practical business mentoring to complement their hands-on experience. We expect to see some of these bright stars become Huron County's future business leaders.



Pamela Morrison of Pamela's Paint Can in Auburn was one of 6 local youth operating summer businesses last year with the support of the Summer Company Program.

YOUTHSTART HURON – *Developing Our Most Valuable Assets*

YouthStart is a philosophy of community collaboration and mobilization involving over 20 community service agencies across Huron County. This collaborative provides opportunities for youth through the use of existing community resources and the co-ordination of partner services. In the past year, the YouthStart initiative has galvanized community support on a multitude of youth issues, including entrepreneurship, employment opportunities, education, housing and drop-in centres. Like all the partners involved in YouthStart, the HBDC recognizes that by investing in our young people, we are investing in the future of our communities.

ontariosfinestmeetings.com - Capturing More of the Lucrative Meetings Market

This website enhancement project was developed in partnership with the Innkeepers of Ontario, a provincial association representing 30 inns located across rural Ontario. With the support of Industry Canada's Knowledge Based Economy Fund, a state-of-the-art directory and searchable database of inn facilities was designed specifically for the meetings and incentive travel market. Since the official launch in September 2002, this site has generated over 1,600 new business inquiries each month, translating into more tourism revenues for the Inns and their local partners. As important gateways to their regions, the Inns are now using the Internet as an effective tool to bring new business to the doorstep of rural tourism operators across the province.



Meeting planners from across North America can now discover what rural Ontario has to offer by visiting the ontariosfinestmeetings website.

E-BUSINESS MENTORING – Taking Advantage of On-Line Opportunities

For the 2nd year in a row, the Huron Business Development Corporation has assisted local companies in becoming Internet-savvy by offering the E-business Mentoring Program. Through a series of information workshops and the assistance of business advisors, one-on-one training is provided for managers and staff in the use of company websites, on-line selling and the development of e-business strategies. Last year, 11 Huron County companies took part in the program. The E-business Mentoring Program is an outcome of the Manufacturing Sector Strategic Plan and is offered in co-operation with the Huron Manufacturing Group.

FIELD-TO-TABLE – *Sharing Huron County's Bounty*

Given Huron County's leadership in agricultural production, the development of value-added food-based enterprises seems like a natural. With that goal in mind, a collaborative of local agencies has come together around a shared vision of ensuring nutritional food supplies to Huron County residents while creating new opportunities for the region's food producers. The Field-to-Table Initiative currently delivers a Huron Good Food Box service that provides local households with fresh produce from local farms. The program has proved exceedingly popular, growing by leaps and bounds. By linking the needs of local food consumers to the abilities of local food producers, this initiative hopes to open up new markets for suppliers of specialty food products in Huron County.



Project Coordinator Helen Miller displays some of "Huron County's Bounty" contained in the Huron Good Food Box.

HERITAGE & CULTURAL PARTNERSHIP– *Huron's History Comes Alive*

Huron County's past is full of examples of co-operation and neighbour helping neighbour. It is fitting then, that over 50 Huron County sites and attractions should come together in an alliance to offer visitors an opportunity to experience arts and history at venues ranging from museums to art galleries, theatres to heritage homes. Once again, the Huron Business Development Corporation has been a proud sponsor of this innovative tourism experience. The Heritage & Cultural Partnership represents yet another example of how Huron County enterprises work together to stimulate local economic development.

MANUFACTURING SKILLS INITIATIVE – *Creating a Home Grown Workforce*

The HBDC continues to work with the Huron Manufacturing Group, local school boards and other community partners to develop trades opportunities for youth in industry. Last year, over 1,000 students learned about the rewarding careers found in manufacturing through in-class visits, plant tours and co-op placements. As a result, 69 new apprentices have been signed on at local companies in the past year alone. By improving awareness of the opportunities presented by technical careers, these efforts are ensuring the competitiveness of local industries through the development of a skilled workforce, while creating stronger communities through the retention of our youth.



Community & business leaders, educators, students and their parents tour a local industrial facility to learn more about the wealth of job opportunities for youth in the skilled trades.

HURON EMPLOYMENT RESOURCE CENTRE – *Keeping People on the Job*

With labour shortages now evident across all sectors in Huron County, helping business owners find the employees they need has become an important part of economic development. For the past 8 years, HBDC has operated a Huron Employment Resource Centre (HERC) in partnership with Human Resources Development Canada and Huron County Ontario Works. Residents from the area can access support for career and employment counseling, resume development, job search strategies, income support, upgrading opportunities and job listings. Last year, over 200 job seekers were successfully matched with local employers through the services provided at the Seaforth HERC.

HURON EAST ECONOMIC DEVELOPMENT – *Joining the Team at HBC*

History was made in 2002 when Huron East hired a full-time Economic Development Officer, making it the first Huron County municipality to do so. By committing resources to economic development, the municipality has started addressing issues like labour force training, business retention and the adoption of information technology. Highlights for the 1st year include the launch of a new community website along with hosting an international delegation from the Iranian Ministry of Agriculture. The Huron Business Development Corporation shares office and administrative support with the new Economic Development Officer.



Bonnie LaFontaine, Economic Development Officer for Huron East,
is the newest member of the Huron Business Centre team.

HURON PARK MANAGEMENT PLAN – *Maintaining Industrial Infrastructure*

Huron County manufacturers have repeatedly stated that proper maintenance of industrial parks is an important factor when deciding where to locate or expand their business. When the Ontario Development Corporation declared its intention to sell Huron Industrial Park, they approached the Municipality of South Huron to gauge interest in assuming ownership of the complex. Together, South Huron and the HBDC commissioned a long-term business and management plan for the Park to assess the economic realities of the situation. By sponsoring a Huron Park Management Plan, the HBDC has helped to determine what is required to maintain the industrial infrastructure that is so critical to the needs of local business.

HURON BUSINESS EXPO 2002 - *Getting to Know Your Neighbours*

The geographic dispersion of Huron County businesses often makes it difficult to know what products and services are offered within the region. To counter this limitation, a “Business-to-Business” exposition was held in October 2002. Billed as the “Huron Business Expo”, this event allowed Huron based small businesses to source out local customers and suppliers. Approximately 100 businesses displayed their wares, took part in workshops and networked with potential business contacts. The success of the first Huron Business Expo has led to plans for a follow-up event in 2003.



Approximately 100 small business operators from across Huron County attended the 1st Huron Business Expo, held October 23rd in Goderich.

HURON BUSINESS SELF HELP OFFICE – *Taking Care of Business*

The Huron Business Self Help Office (BSHO) is a free business information and advisory service offered in partnership with the County of Huron and the Ministry of Enterprise, Opportunity & Innovation. The BSHO includes an *Ontario Business Connects* information kiosk for on-line business registration, as well as the services of a full-time Business Consultant to assist with start-up inquiries. A walk-in resource library of business literature and advisory materials is also co-located with the Huron Business Development Corporation at the Huron Business Centre in Seaforth. Last year, the BSHO served over 1,400 small business start-up inquiries.

SELF EMPLOYMENT BENEFIT – *Helping Hands for First-Time Entrepreneurs*

Self Employment Benefit (SEB) is a program of Human Resources Development Canada that assists individuals in moving off of Employment Insurance by starting their own business. The program provides a regular allowance for 32 consecutive weeks along with access to business consulting while the individual is getting a venture up and running. The County of Huron has delivered the SEB program for the past 9 years, with the Huron Business Development Corporation providing business management consulting to each of the participants. Last year, 8 participants took part in the program, bringing the total to 161 since 1993. Currently these businesses provide 288 jobs for the owners and their employees.



Julie Stratton, owner of Julianne's Bridal & Formal Wear in Goderich, is one of a multitude of Huron County entrepreneurs to launch a business with the support of the Self Employment Benefits Program.

SMALL BUSINESS SEMINAR SERIES – *Building a Better Business*

Keeping up to date on your business management skills is not always easy. For that reason, each year the HBDC offers a series of small business seminars to entrepreneurs from across the region. Topics range from accounting and marketing, to human resources management and customer service. These seminars are a good way for business operators to learn the ropes or fine-tune their management skills. Last year, over 400 people attended these seminars as part of the Building a Better Business Series.

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HBDC Investment Fund - Investing in Small Business Growth

As a Community Futures Development Corporation, HBDC manages a Community Investment Fund created from contributions by the Government of Canada. HBDC provides loans to small businesses located within Huron County that have exhausted conventional borrowing options. Individual businesses can access up to \$125,000 in interest-bearing capital. Additionally, young entrepreneurs may obtain loans of up to \$10,000 at preferred interest rates through HBDC's Youth Enterprise Loan Fund.

By December 31, 2002, HBDC's Investment Fund had achieved the following benchmarks:

<u>Performance Indicator</u>	<u>Nov 1, '01-Dec 31, '02</u>		<u>Since Inception</u>	
	<i>\$'s</i>	<i>#'s</i>	<i>\$'s</i>	<i>#'s</i>
Total Investment Funds Received	\$0	n/a	\$1,806,975	n/a
Total Funds/Loans Disbursed	\$594,444	13	\$3,591,571	88
Average Loan Size	\$45,726	n/a	\$40,813	n/a
Total Funds/Loans Outstanding	\$1,181,016	30	n/a	n/a
Total Funds/Loans Repaid	\$397,615	4	\$1,481,929	36
Total Funds/Loans Written Off	\$98,946	3	\$516,527	20
Loan Loss Rate - Cumulative/Annual	16.6%	2.8%	\$14.4%	1.6%

In addition, other indicators to gauge the success of HBDC's lending services include:

<u>Performance Indicator</u>	<u>Nov 1, '01-Dec 31, '02</u>		<u>Since Inception</u>	
	<i>\$'s</i>	<i>#'s</i>	<i>\$'s</i>	<i>#'s</i>
New Owner Investment	\$297,700	4	\$1,259,791	28
New Leveraged Funds	\$425,000	3	\$2,038,800	25
Loans To New Businesses	\$92,000	5	\$1,197,500	40
Loans To Existing Businesses	\$502,444	8	2,394,071\$	48
Total (Sustained) Jobs From Loan Activities	120		287	
Investment Per Job Ratio	\$4,954		\$12,514	

The following Investment Fund performance indicators provide key financial measurements:

<u>Performance Indicator</u>	<u>Nov 1, '01-Dec 31, '02</u>		<u>Since Inception</u>	
Interest Earned on Investment Fund	\$118,755		\$787,694	
Return on Investments (annual & per annum)	20.0%	3.3%	21.9%	2.4%
Return on Investment Fund Capitalization	n/a	6.6%	43.6%	4.8%
Idle Funds Efficiency Rating	67.4%		107.9%	

RESULTS TO DATE

In summary, the HBDC experienced the following activity in 2002:

- 37,169 individual contacts were served at the Huron Business Centre
- 7,230 hits were received at the HBC web site
- 1,409 business start up inquiries were served at the Business Self Help Office
- 3,741 Internet sessions were booked at the Community Access Program site
- 4,721 employment inquiries were served at the HERC site
- 404 participants attended HBDC-sponsored business seminars
- 8 SEB participants launched new enterprises with business planning and start-up assistance
- 10 community economic development projects were launched, totaling \$104,000
- 12 small business loans were approved, totaling \$491,444

In turn, this activity has generated a corresponding change in the long-term impact figures for the HBDC. As of December 31st, 2002:

- There were 531 enterprises operating in Huron County with the assistance of the HBDC, up 149 businesses from the previous year. This currently represents just over 25% of Huron's business enterprises.
- There were 3,300 jobs in Huron County supported by those businesses, up 698 from the previous year. This currently represents just over 11% of Huron's workforce.
- The average cumulative cost per job to the taxpayer (all levels combined) was \$2,610. In return for this public investment, approximately \$71.3 million in personal income was generated in Huron County last year, and approximately \$20.5 million repaid in taxes by HBDC-supported jobs.

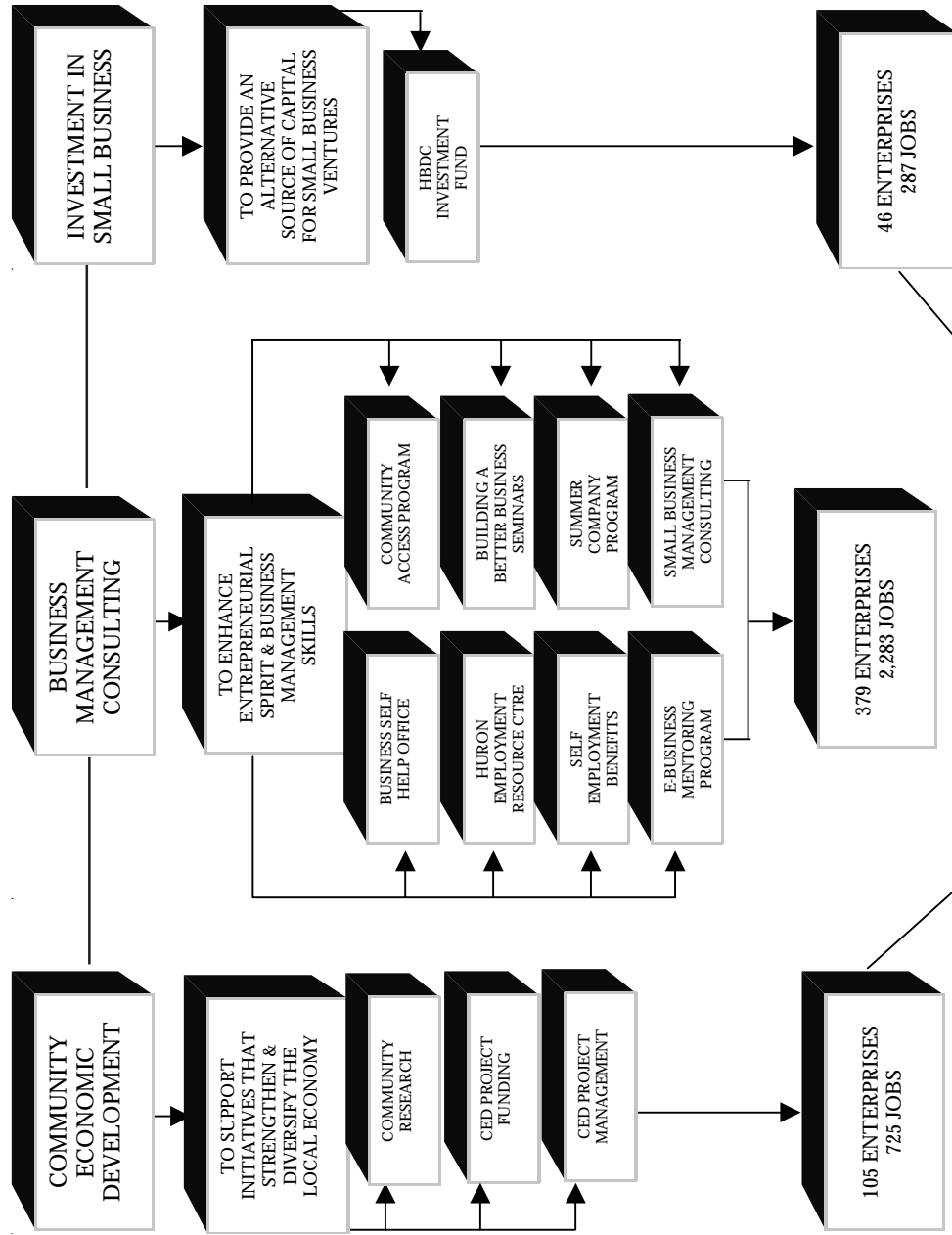
The following chart outlines these results in more detail.

Impact figures are derived from direct interviews with clients of the HBDC, including community economic development projects, counselling and loan clients. Only those businesses and jobs currently in existence are accounted for. While an attempt is made to contact all clients, some cannot be reached. As a result, these figures conservatively represent only a portion of the total HBDC client contacts over the years.

Huron Business Development Corporation – Impact Statement to December 31st, 2002

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MISSION
"To Help Small Businesses Grow & Prosper in Huron County"



CUMULATIVE IMPACT 1993 - 2002

Industry Canada Contributions to Date (Operations):	\$2,075,901
Industry Canada Contributions to Date (Investment Fund):	\$1,806,975
Other Public Contributions (Federal, Provincial, Municipal):	\$4,730,955
Total Public Expenditures to Date:	\$8,613,831
Average Cost Per Job to the Taxpayer (all levels combined):	\$2,610
Total Annual Income Generated by HBDC-Supported Jobs	\$71,280,000
Total Annual Taxes Generated by HBDC-Supported Jobs	\$20,450,000

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Report on Fund Administration
Consolidated Balance Sheet
As at December 31, 2002

	<u>Assets</u>	
	<u>2001</u>	<u>2001</u>
Operating Fund		
<i>Current Assets</i>		
Cash Accounts	\$ 80,043	\$ 79,420
Account Receivable Industry Canada	1,115	-
Account Receivable Other	19,580	14,298
Projects in Trust Receivables	21,358	19,422
Prepaid Insurance	2,528	2,101
	\$ 124,624	\$ 115,241
Investment Fund		
<i>Current Assets</i>		
Cash Accounts and Short-Term Investments	\$ 922,593	\$ 920,944
Due from Operating Fund	-	33
Accrued Interest	6,033	4,123
	\$ 928,626	\$ 925,100
<i>Loans Receivable</i>		
Loans Receivable	\$ 1,181,016	\$ 1,158,133
Allowance for Doubtful Accounts	(31,500)	(24,900)
	\$ 1,149,516	\$ 1,133,233
	\$ 2,202,766	\$ 2,173,574

Liabilities and Fund Balances

	<u>Liabilities</u>	
	<u>2001</u>	<u>2001</u>
Operating Fund		
<i>Current Liabilities</i>		
Accounts Payable and Accrued Liabilities	\$ 27,321	\$ 15,068
Due to Investment Fund	-	33
Projects In Trust Liabilities	28,055	30,421
CED Projects Payable	20,000	15,500
	\$ 75,376	\$ 61,022
Investment Fund		
<i>Current Liabilities</i>		
	\$ -	\$ -
	\$ -	\$ -

Fund Balances

	<u>2001</u>	<u>2001</u>
Operating Fund		
General Surplus	\$ 52	\$ 23
Committed Surplus	49,196	54,196
	\$ 49,248	\$ 54,219
Investment Fund		
	\$ 2,078,142	\$ 2,058,333
	\$ 2,202,766	\$ 2,173,574

The information above was derived from the Audited Financial Statements prepared by the chartered accounting firm of Vodden, Bender and Seebach of Goderich, Ontario. These statements are available upon request.

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Report on Fund Administration
Statement of Fund Revenue and Expenditure
For the year ending December 31, 2002

	<u>2002</u>	<u>2001</u>
Operating Fund		
<i>Operating Revenue</i>		
Industry Canada Contribution(s)	\$ 298,782	\$ 250,000
	<u>\$ 298,782</u>	<u>\$ 250,000</u>
<i>Operating Expenditures</i>		
Employee Payroll and Development	\$ 269,907	\$ 221,862
Travel, Conference and Meeting	22,250	20,383
Premises Costs	48,342	41,042
General Office	69,382	55,063
Professional Fees and Services	11,908	11,342
Equipment, Leases and Library	19,169	13,046
	<u>\$ 440,958</u>	<u>\$ 362,738</u>
<i>Earned Revenue from Operations</i>		
Interest and Service Charges	\$ 2,665	\$ 5,321
Office Services	74,705	60,723
Project Management	98,553	80,565
Consulting Services	2,950	9,452
	<u>\$ 178,873</u>	<u>\$ 156,061</u>
<i>Economic Development Expenditures</i>	\$ 41,668	\$ 53,800
<i>Net Operating Fund Surplus(Deficiency)</i>	\$ (4,971)	\$ (10,477)
<i>Transfers From(To) Reserves</i>		
Transfer to Committed Surplus	\$ -	\$ -
Transfer from Committed Surplus	5,000	10,500
	<u>\$ 5,000</u>	<u>\$ 10,500</u>
<i>Opening Fund Balance</i>	\$ 23	\$ -
<i>Closing Fund Balance</i>	<u>\$ 52</u>	<u>\$ 23</u>
	<u>2002</u>	<u>2001</u>
Investment Fund		
<i>Investment Revenue</i>		
Industry Canada Contribution	\$ -	\$ 400,000
Interest Earned on Bank Account	19,410	22,950
Interest Earned on Loans Receivable	99,345	104,000
	<u>\$ 118,755</u>	<u>\$ 526,950</u>
<i>Investment Expenditure</i>		
Bad Debts(Recovery)	\$ 98,946	\$ (14,564)
Collection Costs	-	1,037
	<u>\$ 98,946</u>	<u>\$ (13,527)</u>
<i>Net Investment Fund Surplus(Deficiency)</i>	\$ 19,809	\$ 540,477
<i>Opening Fund Balance</i>	\$ 2,058,333	\$ 1,517,856
<i>Closing Fund Balance</i>	<u>\$ 2,078,142</u>	<u>\$ 2,058,333</u>

The information above was derived from the Audited Financial Statements prepared by the chartered accounting firm of Vodden, Bender and Seebach of Goderich, Ontario. These statements are available upon request.

AWARDS & ACHIEVEMENTS – *Another Banner Year!*



HBDC Board Member, Pamela Stanley (bottom right), poses with representatives from Industry Canada and Desjardines Financial while accepting the 2002 Community Futures Achievement Award. This award recognizes the HBDC as one of the best economic development organizations in Canada.



Ron Ritchie (centre), along with graduates of the Bridges to Agriculture Program accepts the 2002 Award of Rural Excellence for Youth Achievement from Wayne Caldwell, Chair of the Ontario Rural Council. In the past 9 years, HBDC and its partners have garnered 11 national and provincial achievement awards.

ACKNOWLEDGEMENTS

The Huron Business Development Corporation wishes to thank the following community groups and agencies for their involvement in making the past year such a success.

Avon Maitland District School Board
Brussels Business Group
Canadian Agricultural Rural Communities Initiative
Foundation for Enriching Education Huron-Perth
Human Resources Development Canada
Huron County Health Unit
Huron County Planning and Development
Huron Employment Liaison Program
Huron County Federation of Agriculture
Huron Manufacturing Group
Huron Perth Catholic District School Board
Huron Safe Homes for Youth
Huron Tourism Association
Industry Canada
Innkeepers of Ontario
Junior Achievement of London and District
KPMG
Maitland Watershed Partnerships
Ministry of Enterprise, Opportunity and Innovation
Municipality of Huron East
Municipality of South Huron
Ontario Agri-Food Education
Ontario Ministry of Agriculture and Food
Ontario Tourism Marketing Partnership
Ontario Works
OSIM Internet Solutions
Partners in Employment
Passport to Prosperity
Seaforth Business Improvement Association
Trillium Foundation
Women Today

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To request a copy of this publication, or for more information on the Huron Business Development Corporation, please contact us at:

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Visit us on the web at www.smallbusinesshuron.ca



Printed by Goderich Print Shop located in Huron County, *Ontario's West Coast*

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