



Annual General Meeting

Thursday, June 5th, 2008

Report

Annual General Meeting  
Delta Barrington, Thomas "A" Room.,  
1875 Barrington Street, Halifax  
Thursday, June 5th, 2008  
5:30pm

## AGENDA

- 1 Approval of Agenda
- 2 Approval of the minutes from June 28<sup>th</sup> , 2007
- 3 Business arising from the minutes
- 4 Review of Reports
  - 4.1 Chair
  - 4.2 Treasurer
  - 4.3 Investment Committee
  - 4.4 Subsequent Offering Committee
  - 4.5 Approval of all Reports
- 5 Election of new board member
- 6 Appointment of Accountants
- 7 Other business
- 8 Adjournment

**Attached:** Year-end Financial Statement

## **CHAIR'S REPORT: THE COMMUNITY INVESTMENT FUND (BBCIFL)**

### **Introduction**

It has been six years of exciting work to create and manage the BBCIFL and we are pleased with the results to date. This Report will cover the activities of the fund over the past year. In the past, I have also reported the activities of the investment committee however I am no longer the Chair of that committee. First, as a reminder, the objective of creating the Fund was to provide an investment opportunity within Nova Scotia in order to increase the level of economic activity and prosperity within our business community. In other words, the Fund provides the community an excellent and unique opportunity to embark on the crucial journey of sustainable economic development.

### **General Achievement**

Over the past five years, we have raised a total of \$440,000 from 80 Nova Scotians and made a total of \$350,000 in investments. Every one of these dollars has found its way into our local economy, creating jobs, providing everyday goods and services, and supporting families. It goes without saying that the fund is already playing an integral part in assisting Black businesses in Nova Scotia.

After what was a slow start for our 2007 offering, we are happy to announce that our 5<sup>th</sup> offering raised \$90,200. This brings our current portfolio value to some \$440,000. As of March 2008 we had a total of \$300,000 invested in three companies.

Our twelve members' volunteer board team is designed so that each board member serves on either the investment or subsequent offering committee. The board through these committees works tirelessly to ensure that BBCIFL have in place the right governance controls and remains sufficiently flexible to respond effectively and efficiently to applicants' requests for financing. In partnership with our accountants and lawyers we have provided review engagement statements for each of the past five years and have kept our shareholders informed via periodic updates and during our Annual General Meetings. With the support of our Investee companies we have created a number of marketing tools for the Fund.

At the board level, I resigned from my position as Chair of the investment committee and remained as the Chair of the board. I would like to thank Pemberton Cyrus for agreeing to step in as the Chair of the Investment committee.

Over the 2007 year, we maintained our equity position in the Bin Doctor Company and subordinate debt positions in C.A. Wilkins and Stone Gallery. These companies have continued to perform well.

### **RRSP Service Provider**

During the past year, we changed from our RSP service provider, Concentra Financial to Canadian Workers Cooperatives Federation (CWCF). As Concentra Financial fees were steadily increasing. By moving to CWCF, each RRSP holder will save approximately \$65 each year, not counting the acquisition fee waiver (some \$50) for individuals who wish to purchase additional shares into their existing self directed plans.

To join this entity, we are required to pay an annual membership fee. The board also decided that this fee to the CWCF will be passed on to RRSP shareholders, since it is a direct benefit for them. The cost to each RSP member is estimated at \$5.00. and will be collected at annual RRSP fee payment time.

### **Fund Accountant**

The year-end financial statement was prepared by Grant Thornton. As we informed you last year, in conjunction with the BBI, we have undertaken a search for a more competitively priced service provider. A number of responses from the request for proposals have been obtained and reviewed and the final decision is yet to be made.

### **Election of Board members**

One board member Barbara Ann Simmons resigned from the board due to time constraints caused by her current employment. Barbara has been with us for a year and has been a great champion of the Fund. We very much appreciate her service and wish her well. We will be endeavoring to locate a replacement.

### **Quorum for Board meeting**

This matter was mentioned at last year's AGM. It was agreed that the current quorum of three members was not acceptable. The board is recommending a quorum will be five members, a (third + 1 of the board). This change requires shareholders vote to be implemented and there will be a motion introduced at the annual meeting in this regard.

### **Clarity Bill**

As promised at the last AGM the board pursued the objective of signing an MOU on the Fund's relationship with BBI. BBI has agreed in principle to the MOU concept but is currently undertaking a governance review to determine how it frames a common MOU with its affiliate entities including the Fund.

### **Monitoring Committee**

To monitor the performance of our investments, the board recommended that the investment committee's terms of reference be amended to reflect the duty to monitor the funds investments. It is expected and is part of the terms of reference, that if necessary, additional shareholders will be asked for assistance on an as needed basis.

### **Share price**

During our recent offering our shares sold for \$100 each as in our previous offerings. We are annually weighing the benefits against the cost of conducting an evaluation in order to justify undertaking one. On the cost side, besides the fee for a valuator to get it done, we are concerned about the subjectiveness of the results. And on the benefit side, in addition to adjusting our share price, it will also be in keeping with GAAP requirements for investment firms.

### **Redemptions/ Rollovers**

This year marks the end of the 4 year mandatory holding period for the Fund's first shares. The revised provincial Equity Tax Credit legislation provides for qualified shareholders to obtain an additional 20% tax-credit and hold the shares for another 5 years. Thereafter, they can qualify for another 10% tax credit for another 5 year holding period.

We are expecting that most shareholders will elect to retain their investment in the fund to support our planned portfolio growth over the next few years, and certainly to take advantage of the additional 20% tax credit. In the meanwhile, the board is developing a policy regarding any requests from shareholders to redeem there shares.

### **Conclusion**

The benefit of having such a fund in the Black community to spur economic development through business financing is very clear from the work we have been able to do within a relatively short five year time frame. I am convinced that besides supplying vital long-term and flexible financing options to companies in the Black community, our lending policies, including required reporting from the companies we invest in, and the advisory role we play, will instill in our clients good accountability policies which will definitely help them better manage their businesses.

Over the next five years, we would like to see a fund with a capital base in excess of \$1M and supporting a larger number of vibrant businesses in our community. Also, we hope to be in the position to pay some dividends. So we will continue to sell new shares on an annual basis and seek out good investment opportunities to invest shareholders' monies.

I would like to thank the Board for their time and efforts during the year and once again Gordon Doe for his exceptionally hard work. BBI Board must be commended for providing vital resources to keep the "Fund".

## TREASURE'S REPORT

### Introduction

Once again, as per the accountant's note in the financial statement the Fund's investments have been recorded at cost and therefore the impact of fair value on the financial statement could not be estimated. The high cost and the subjective nature of valuation notwithstanding, the issue of valuation will have to be resolved since the shares cannot continue to be priced at \$100 per share after 5 years of operations.

### Fund Accountant

This year-end financial statement was reviewed by Grant Thornton. As we informed you last year, in conjunction with the BBI, we have undertaken a search for a more competitively priced service provider. A number of responses from the request for proposals have been obtained and reviewed and the final decision is yet to be made. The chosen provider will be our Accountant for the year 2008-09.

### Key Items

1. The high cost of professional fees essentially wipes out all the interest income we receive. Unfortunately, this will continue to be so until the asset base and the corresponding income we generate increase to more than compensate for the fixed operating expenses.
2. With our new relationship with the Canadian Worker Cooperative Federation (CWCF) we will make bulk annual payment on behalf of the RRSP shareholders and then invoice each of these shareholders individually. To ensure this arrangement works smoothly, kindly ensure we receive your payment promptly as we are currently carrying some receivables in our books that relate to unpaid annual fees

Respectfully Submitted,

Idy Fashoranti

Treasurer

## INVESTMENT COMMITTEE

### Introduction

I assumed this role as chair of the Investment Committee in March 2007, having served as a member since the committee was created some 4 years ago. The mandate of the investment committee is to review applications and make investment decisions. During the past year, rather than create a new committee to monitor our investments, the board decided to amend the terms of reference of the Investment Committee to include the responsibility to monitor investments. In order to supplement our skill-set regarding monitoring activities, we intend to bring in shareholders to support our monitoring activities. Currently, with only 3 investments, the work load of monitoring is manageable. However, we expect that as we grow, this workload will increase.

### Due diligence Process

1. All applications are directed to Gordon Doe who performs an "acid test" review to ensure that certain minimum regulatory and fund specific requirements are met.
2. The investment committee performs due diligence, which includes meeting with the client.
3. The entire board votes on the recommendation made by the investment subcommittee.
4. For any significant investment which involves over 30% of the fund's portfolio, the board will bring the matter before the shareholders for a vote. If you recall, we did that for the Bin Doctor investment.

### Investments

As of March 29<sup>th</sup> 2008, the fund had investments in three companies totaling \$300,000. These investments were:

- |   |                          |  |
|---|--------------------------|--|
| 1 | <b>Name:</b>             | <b>Bin Doctor Company</b>  |
|   | <b>Location(s):</b>      | Halifax and Dartmouth, NS  |
|   | <b>Industry:</b>         | Environmental/Recycling. Provides user friendly recycling solutions for consumers who want to recycle more at work and at home |
|   | <b>Total Investment:</b> | \$150,000 in equity  |
|   | <b>Purpose:</b>          | Working capital to support market expansion.   |



## SUBSEQUENT OFFERING COMMITTEE

Each year we get the opportunity to work within our team to plan and market our share offering. We have always timed our share sale to coincide with the RRSP season as our shares are RRSP eligible.

Some of the reasons the board opted to go to market this past year included:

- The fund had run out of investment funds
- Some shareholders could select to redeem their shares
- The current investment incentives are good
- Great availability of marketing materials
- Awareness/interest in the fund is growing

We set an investment fund target of a half-million dollars which meant we had to raise some \$150,000 from the offering, yet our minimum offering still remained at \$50,000.

As you know, we have not hit the \$500,000 portfolio size yet, but we are getting pretty close! After what was a slow start, we are happy to announce that our fifth offering raised \$90,200. This brings our current portfolio value to some \$440,000. With eight new shareholders investing this year, our total shareholder base currently stands at 80 people. This is a great sign of broad base support from the community.

Here is how we much funds we have raised over the past 5 years.

Year	Total	2007	2006	2005	2004	2003
# shares	4410	902	600	565	1048	1295
\$ raised	441,000.00	90,200.00	60,000.00	56,500.00	104,800.00	129,500.00

### Signing of Share Certificates

One task I get to do each year as Secretary of the fund, which for me is indeed a privilege and an honour, is that I get to sign each investors share certificate. As I do, I am reminded of the great work that is achieved by the support of all our stakeholders particularly each shareholder and this makes me very proud.



Finally, we would like to thank the Black Business Initiative (BBI) for their continued leadership and support of the Fund. We particularly appreciate the work of staff member Gordon Doe and others, who without their commitment and expertise we would not realize our goals. As well, we are thankful for the BBI providing space to advertise the Fund in their Black to Business magazine.

Respectfully Submitted,

**Lynn Jones**

Chair, Subsequent Offering Committee (SBCIF)

**Members**

Paul Walters

Geraldine Browning

Rustum Southwell

Joe Parris

Tom Boyd

Barbara Ann-Simmons