

# FARMWORKS ANNUAL REPORT APRIL 2013

***FOOD GROWS HERE!***



**FARMWORKS INVESTMENT  
CO-OPERATIVE LIMITED  
FARMWORKS.CA**

Contact: Linda Best 542-3442, [lbest@ns.sympatico.ca](mailto:lbest@ns.sympatico.ca)

**WOLFVILLE, APRIL 23<sup>RD</sup>, 2013**

## Executive Summary

When the Founding Directors of FarmWorks decided to set up a Community Economic Development Fund (CEDIF), it was hoped that a significant amount of money could be raised to support farms and food producers. Money invested in food production is an investment in the economy, health, rural areas, communities, culture, and the environment.

Food production is a key to rural economic development. The global population is increasing, more food is needed, and food prices, globally and locally, are increasing and will continue to climb due to competition for available food, water and land.

Nova Scotia can grow good food sustainably and has the potential to supply much more of our food. As consumers buy more local food and invest in food production, benefits will flow to all Nova Scotians.

In the first CEDIF offer 102 Nova Scotians invested \$223,500 and in the second 81 invested \$225,300. FarmWorks investors understand the benefits of keeping their money closer to home, and they have faith in the ability of farmers and food producers to increase output and profitability.

FarmWorks has invested \$215,000 in eleven businesses and there are requests for another \$250,000. Several loans are close to completion. As well, another in the series of “Gentle Dragons” sessions is being held in Yarmouth on May 13<sup>th</sup>, and other applications are being received by email and mail.

### **Richard Melvin, Chair:**

*FarmWorks is a spark of innovation in a time of need, and gives us an opportunity to invest in ourselves. It provides one of the best opportunities we have to harness the strengths of citizens right across the Province to support a culture of economic, social, and environmental sustainability, while at the same time providing significant tax benefits for that support.*

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### **Attached – Financial Report**



## VISION

*Healthy Farms, Healthy Food*

## MISSION

*Promote, and provide, strategic and responsible community investment in food production and distribution in order to help increase access to a sustainable local food supply for all Nova Scotians.*



## STRATEGIC GOALS

Promote investing locally and buying local food to gain health, economic, social, environmental and other benefits that result from growing and processing food in Nova Scotia.

Use investment vehicles to allow Nova Scotians to invest a significant percentage of their capital in NS agriculture and food related enterprises

## OPERATIONAL GOALS

Develop and market an annual Community Economic Development Investment Fund that raises a minimum of \$100,000 in the first year and \$5 million after 5 years.

Invest strategically in agricultural enterprises to increase participants' sustainable local food production and profitability by 10% per year.

Create mentoring support and help to facilitate farm and food-related innovation and diversification in partnership with government and non-government organizations.

Monitor and evaluate other investment tools and investment opportunities.

**CEDIFs are currently the best mechanism to efficiently and effectively leverage local capital to help build a sustainable agricultural and food economy, help rebuild rural communities and contribute to all aspects of life in the Province. FarmWorks provides the means for citizens to invest in multiple well-managed enterprises that are scaling up or launching agricultural and food-related businesses in NS.**

## Community Economic Development Plan – Securities Commission – December 2012

**Mission:** To promote and provide strategic and responsible community investment in food production and distribution in order to increase access to a sustainable local food supply for all Nova Scotians.

### Objectives of the Community Economic Development Plan

1. In accordance with its Articles of Incorporation and Bylaws, FarmWorks Investment Co-operative Limited, a for-profit Co-operative with a Board of Directors elected by the shareholders who are residents of Nova Scotia, is:
  - a. carrying on an active business that evaluates and makes eligible investments in active Nova Scotian businesses that will increase access to a sustainable local food supply for Nova Scotians;
  - b. providing information and educating investors who are interested in supporting food producing enterprises in Nova Scotia with regard to the role of capital in business, the value of equity investments to the defined community and the rights and obligations of corporations and shareholders,

- c. investing the capital raised, to which a tax credit pursuant to the Act has been issued, in eligible food producing businesses in Nova Scotia,
  - d. exercising ownership rights with respect to the eligible investments made by the corporation,
  - e. providing the administrative support necessary to carry on the business of the corporation, including preparation of annual reports and the holding of meetings of shareholders and the Board of Directors,
2. FarmWorks Investment Co-operative is carrying on this business for the people of Nova Scotia in order to increase access to a sustainable local food supply for Nova Scotians,
  3. FarmWorks Investment Co-operative Limited has made provision for annual general meetings of the shareholders,
  4. FarmWorks Investment Co-operative Limited is providing mentoring support and helping to facilitate farm and food-related innovation and diversification in partnership with government and non-government organizations.
  5. FarmWorks Investment Co-operative Limited is monitoring and evaluating other investment tools and investment opportunities that may be used to achieve FarmWorks goals.

### Community Economic Development Investment

6. Develop and market a Community Economic Development Investment Fund that raises a minimum of \$50,000 up to a maximum of \$500,000 of equity capital in the second year, and
  - a. the equity shares are of only one class without series and have never previously been issued,
  - b. will be issued from the treasury of the corporation on being fully paid for in cash
  - c. will, immediately following their issue, be registered in the name of each shareholder that purchases them or in the name of a trustee, if the shares are held by the trustee for the benefit of a shareholder,
  - d. do not have any rights or restrictions that may be prohibited by these regulations;
7. If a share certificate is not required to be issued to each new shareholder, an investment confirmation will be issued to each new shareholder within thirty days of share registration, setting out at least the following:
  - e. the number of shares acquired, the price paid per share, the total amount paid, and the procedure for obtaining the tax credit receipt pursuant to the Act.

### Community Economic Development Investment

8. FarmWorks has invested the proceeds from the First Offer as follows: Pie r Squared, Heather Lunan, Wolfville; Big Spruce Brewery and Eatery, Jeremy and Melanie White, Nyanza; Kingsville Farm, Jamie and Laura Jensen, Kingsville; Fenol Farm, Sherri MacFarland and Colin Chisholm, Hillsvale; Stewart's Organic Farm, Alan and Janice Stewart, Hortonville; Oakview Farm, Kevin and Jennifer Graham, Kingsport; Meander River Farm, Alan and Brenda Bailey, Newport; Valley Flaxflour, Howard Selig, Middleton; Meadowbrook Meat Market, Jim and Margie Lamb, Berwick. (Subsequent: Rocky Top Farm, Nelson Millett, New Ross; Helen B's Preserves, Michael Bishop, Mahone Bay)
9. FarmWorks will invest the proceeds of the Second Offering in eligible businesses that will strive to increase their sustainable local food production and profitability by 10% per year by the third year following investment;
10. At the present time Directors have not decided on all the specific entities for investment in this offer;
11. Mentoring will be provided to investees;
12. Investees will be required to submit semi-annual financial reports to the Board of Directors.

### Community Economic Development Outcomes

Success for the FarmWorks CED will be a measurable increase in food production; positive outcomes for investees and a return on investment for shareholders. The overall success of FarmWorks initiatives will help to remove the risks associated with lack of food self-sufficiency, help to restore rural vitality, provide wider access to healthy food, create employment and contribute to an improving economic outlook for Nova Scotia.

### CEDIF Offers 2012 and 2013

Between December and the end of February 2012 we held 22 public meetings, large and small, from Tatamagouche to Yarmouth. This resulted in **\$223,500** being invested by 102 Shareholders. Previously the seven Founding had Directors invested **\$700**.

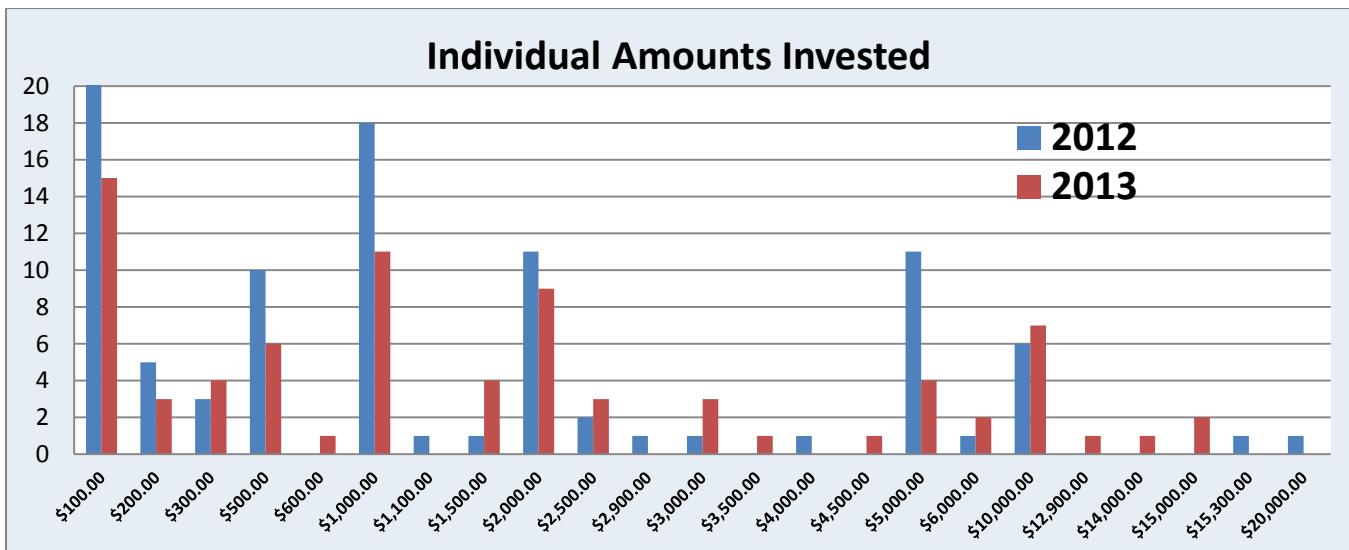


In February 2013 we held 20 meetings from Sydney to Yarmouth, and **\$225,300** was invested by 53 new and 28 continuing investors.

A total of **\$448,800** is now available to support the Vision, Mission and Objectives of FarmWorks. This amount will increase monthly as principal and interest are reinvested.

### Offering Costs

COMPARISON OF OFFERING COSTS	2012	%	2013	%
<b>Total Proceeds</b>	<b>\$223,500</b>	<b>100</b>	<b>\$225,300</b>	<b>100</b>
<b>Less: Offering expenses</b>				
Commissions	\$0		\$0	
Promoter fees	\$0		0	
Legal & accounting	\$512		\$862	
Equipment, copying & other expenses	\$5,645		\$3,301	
Less : Contribution	\$1,114			
<b>Total cost of offering</b>	<b>\$5,043</b>	<b>2.3</b>	<b>\$4,163</b>	<b>1.8</b>
<b>Net Proceeds from Offering</b>	<b>\$218,457</b>	<b>97.7</b>	<b>\$221,137</b>	<b>98.2</b>
<b>Use of Net Proceeds</b>				
RRSP Administration	\$0		\$0	
Cash Reserve	\$2,000	0.9	\$2,000	0.9
<b>Net Proceeds for Investment</b>	<b>\$216,457</b>	<b>96.8</b>	<b>\$219,137</b>	<b>97.3</b>



## Lending

### Capital for Food-Related Enterprises

Businesses seeking loans send a preliminary application to FarmWorks. If the business fits with FarmWorks principles and objectives, the applicant will be asked to submit a business plan to FarmWorks. Board Members and Advisors will evaluate the plan, visit the site, meet with the applicants and complete the Comprehensive Review. The Board will make a decision and a letter of agreement and Promissory Note will be signed with successful applicants. Loans will be provided to qualifying enterprises to help them to increase production, sustainability, value-adding, marketing and related economic activity.

Guidelines for measuring and reporting outcomes will be in place for enterprises receiving loans. Borrowers will repay loans within two to five year at an interest rate that reflects both the unsecured nature of the loan and the patience of investors willing to accept moderate returns on investment. As repayments to FarmWorks are made, money will be loaned to other qualifying enterprises.

### General Lending Criteria

The business will have strong, experienced and ethical management with a clear and compelling vision; the skills and will to execute the business plan and grow the enterprise; the potential to achieve a minimum of a 10% increase in production and profitability within three years. The business will provide financial information to FarmWorks on a semi-annual basis, and FarmWorks, when appropriate, will facilitate mentoring by appropriate Directors, Advisors or other specialists to help insure the success of the enterprise.

### Social Impact

The business will meet food-related needs, stimulate economic growth, provide social and environmental benefits and collaborate with others to achieve benefits for other producers and consumers. FarmWorks will provide ongoing support in the form of promotion of the benefits of eating healthy local food and investing in local enterprises.

### Characteristics of loans

- FarmWorks does not charge any application or legal fees and there are no charges for any assistance provided by Directors or Advisors
- Loans are issued with simple interest and rates for existing loans will not increase
- Loans are unsecured and no chattel security is taken
- No payments are required for the first three months following the month in which the loan is granted
- There are no interest charges for prepayment of all or part of the loan balance
- Businesses submit brief semi-annual reports and annual Financial Statements 90 days after year end

### Procedure

- Preliminary Application
- Confidentiality Agreement
- Presentation to Board and Advisors
- Business Plan – Financials
- Advisors Review
- Consultations with Applicant
- Board Decision
- Disbursement

### Comprehensive Evaluation

Section		Total
Character	Rank 1 to 20	
Commitment	Rank 1 to 20	
Management	Rank 1 to 25	
Business Plan – Markets	Rank 1 to 25	
Business Plan – Materials/Methods	Rank 1 to 25	
Business Plan – Financials	Rank 1 to 25	
Viability	Rank 1 to 60	
Total	1 – 200	
Less than 130 do not proceed, 130–160 reapply, greater than 160 proceed		

**FarmWorks will measure outcomes annually by:**

- % increase in production by each loan recipient
- % increase in profitability by each loan recipient
- % increase in employment
- CEDIF contribution to increase in production
- CEDIF contribution to increase in new food-related businesses

### Investing in Sustainable Food for Nova Scotians





SHOW SPECIALS!

**GLUTEN FREE & WHEAT FREE**

*A uniquely nutritious family of mixes made from freshly milled ingredients*

Valley Flax Flour BREAD DOUGH MIX, PANCAKE & COOKIE MIX, and CAKE & LOAF MIX.

MAKES DELICIOUS RECIPES EASY!

A collage of various baked goods including bread, cookies, and waffles.





**SHIFT TO DELICIOUS!**

**Nova Scotian Food!**

**When you buy local food, you vote with your food dollar for family farms, thriving communities, and healthy, flavorful, plentiful food.**

**Locally grown food tastes really good!**

Crops are picked at their best, and products are carefully prepared to keep people coming back for more.

**Local food is good for you.**

With shorter times between the farm and your table fewer nutrients are lost from fresh food.

**Local food is safe.**

Producer's livelihoods depend on providing safe food, and they take that responsibility very seriously.

**Local food supports local families.**

Local food production provides employment and keeps money closer to home where it multiplies throughout the local economy.

**Local food builds community.**

Buying local food connects you to farmers and food producers. Getting to know people who provide your food connects you to the land, the seasons, environment and the beauty of rural Nova Scotia.

**Local food preserves open spaces.**

Buying locally grown food helps preserve farmland and the rural landscape which is an essential ingredient for other economic activities such as tourism and recreation.

**Local food benefits the environment and wildlife.**

Well-managed farms conserve the soil protect water sources. Farms are patchworks of fields, meadows, woods, ponds and buildings that provide habitat for wildlife.

**Local food preserves biodiversity.**

Local farms often grow many different varieties of crops to provide a long harvest season and the best flavors. Livestock diversity is usually higher where there are many local farms rather than few large farms.

**Local food is an investment in the future.**

By supporting local farmers today, you are helping to ensure that there will be farms in Nova Scotia in the future. This is important for food security and our economy, health, communities and environment.

***VOTE WITH YOUR FOOD DOLLARS!***

# FarmWorks Directors 2013



## Richard Melvin – Chair

Melvin Farms, Interim Chair NS Food Policy Council,  
Past President NS Federation of Agriculture



## Ann Anderson – Vice-Chair

Educator, Wolfville Community Foundation, Friends of Agriculture



## Linda Best – Secretary

Microbiologist, Friends of Agriculture, NS Food Policy Council



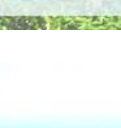
## Kris Keddy – Treasurer

Financial Consultant, Investors Group, Ag. Production Management



## Stephen Anderson – Director

Partner, Food Economy Group



## Alison Scott Butler – Director

Lawyer, Queen's Counsel



## Alicia Lake – Director

Community Economic Development, Baddeck Farmers' Market



## Patricia Vanaman – Independent Director

Tri County Local Food Network, Community University Research



## Robert MacEachern – Independent Director

Common Roots Garden, Sociologist, Policy Analyst



# FARMWORKS -ADVISORS

## Gordon Caldwell

Partner, Grant Thornton Accounting

## Gordon Michael

Continuing Education SMU, Food Alliance,  
Former Executive Director FMIC CEDIF

## Jeff Moore

Former CEO Just Us! Coffee,  
Chair Just Us! CEDIF

## Thomas Krausse

Dandelion Community Investment  
Cooperative Limited

## Gary Morton

Partner Morton Horticultural Consulting

## Jonathan McClelland

NS Co-op Council Business  
Development Officer

## Edith Callaghan

Professor Manning School of Business, Acadia

## Av Singh

Organic & Rural Infrastructure Specialist, Perennia

## Hank Bosveld

Bosveld Fruit Farm, NS Farm Loan Board

## Jo Anne Fewer

CEO Perennia,  
Seconded to Building Our New Economy

## Susan Carroll

Executive Chef, Paddy's & Rosie's  
Restaurant, Wolfville

## Charles Keddy

Charles Keddy Farms

## Rupert Jannasch

Ironwood Farm

## Duncan Ebata

Business Acadia, Web, Marketing

## Ross Piercey

Business & Quality Consultant

## John Aylward

Venture Solutions CB

## Peter Hicklenton

Crop Production Systems Research

## Jeremy White

Engineer, Marketing, Big Spruce