

FARMWORKS ANNUAL REPORT APRIL 2017

FOOD GROWS HERE!



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MAHONE BAY CENTRE, APRIL 30TH, 2017

Executive Summary

The Founding Directors of FarmWorks established the Community Economic Development Investment Fund (CEDIF) with the intention of raising a significant amount of money 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 and Nova Scotia has the potential to sustainably supply much more food. As Nova Scotians buy more local food and invest in food production, benefits flow to all Nova Scotians.



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. In the first CEDIF offer 102 Nova Scotians invested \$224,200, second 81 invested \$225,300, third 73 invested \$271,500, fourth 86 invested \$312,400, fifth 105 invested \$372,200 and to date in the sixth \$370,000 for a total of \$1,775,600. This Offer is open to May 30th, 2017.



Each year more than 20 meetings are held across Nova Scotia to provide information about the benefits of investing in FarmWorks. As well, during those sessions the Directors, Advisors and guest Dragons head presentations from many enthusiastic and motivated entrepreneurs who are seeking loans to start or grow good related businesses.

By the end of December 2016 FarmWorks had loaned \$1,685,000 to 63 businesses. As loans are repaid the principal is available to new loans. As of April 30th, 2017 an additional 10 loans amounting to \$175,000 have been made or are undergoing due diligence.

The Directors of FarmWorks meet at the Registered Office at 70 Eden Row, Greenwich, or elsewhere, and meetings in 2016 were held on January 11, February 27, March 24, AGM April 17, June 12, July 6, August 28, October 5, November 2, December 2. Meetings are accompanied by food purchased from FarmWorks clients and other local providers.

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CHAIR'S REPORT

FarmWorks is 5! In just a few short years our co-operative has helped bring success to some 63 businesses located throughout Nova Scotia. With the support of over 350 individual shareholders we have been able to provide loans to enable start-up, and expansion of food and agriculture businesses from Cape Breton to Yarmouth, from the Annapolis Valley to the Eastern Shore, and all points in between.



2016 has been another high point for FarmWorks as we have passed the \$1.7 million mark with a share offering that raised over \$370,000 from 51 existing shareholders and most encouragingly from 40 new shareholders. With our current share offering now extended until May 30 we are hopeful that we will be very close to the \$2 million mark by mid-2017.

For our clients, new and existing, this is exciting news because it means we are better positioned to make critical capital dollars available to enable businesses to grow. I am pleased to report that we have made



over 20 second and third loans to existing clients to enable them to take their businesses to the next level. Through 2016 we also approved 14 loans to new clients, a most encouraging sign of the growth of local food and beverage-focused businesses throughout Nova Scotia

For our shareholders, the growth in the cooperative demonstrates how important your investment is – none of this would be possible without the trust, and commitment of all of you. We can only express our deep appreciation of the fact that, faced with a vast array of investment opportunities, you have chosen to invest in a co-operative that keeps capital here in Nova Scotia. We are particularly appreciative of the over 96% of our initial shareholders whose 5-year commitment matured this year, and who opted to maintain their investment. FarmWorks thrives on a principle of 'patient capital' and thanks to Nova Scotia's CEDIF program, shareholders who maintain their investments receive beneficial tax credits every 5 years.

FarmWorks 'works' because we are prepared to pull together. We develop relationships between the clients, shareholders and board that lead to effective networking and mentorship opportunities for businesses throughout the Province. Whether it is linking new tourism-focused businesses on the Noel Shore (The Flying Apron; Avondale Sky; Meander River Farm) or helping new local food and beverage attractions on Nova Scotia's 'discoverable' Eastern Shore (Sober Island Brewery; Uprooted Market and Café; Food Intuition) FarmWorks provides a foundation to grow the rural economy.

With your support we look forward to continued expansion of our client base, and new opportunities for Nova Scotia's farms, food, and beverage businesses in 2017 and beyond.

Peter Hicklenton
Chair



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.

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 – November 2016

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 at least five 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 help 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 Investors

6. Develop and market a Community Economic Development Investment Fund that raises a minimum of \$50,000 up to a maximum of \$1,000,000 of equity capital in the Sixth Offer, 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 Investment Co-operative grants loans at 6% for five years unless otherwise indicated. As of November 30th, 2015 FarmWorks has invested \$1,454,241 of the proceeds from the First, Second, Third, Fourth and Fifth Offers as follows: Pie r Squared, Heather Lunan, Wolfville, \$10,000; Big Spruce Brewery and Eatery, Jeremy and Melanie White, Nyanza, \$35,000; Kingsville Farm, Jamie and Laura Jensen, Kingsville, \$25,000; Fenol Farm and Photodynamic Inc., Sherri MacFarland and Colin Cameron and Martin Greenwood, Hillvale, \$43,000; Stewart's Organic Farm, Alan and Janice Stewart, Hortonville, \$20,000; Oakview Farm, Kevin and Jennifer Graham, Kingsport, \$29,500; Meander River Farm, Alan and Brenda Bailey, Newport, \$25,000; Valley Flaxflour, Howard Selig, Middleton, \$5,000; Meadowbrook Meat Market, James and Margaret Lamb, Berwick, \$25,000; Charcuterie Ratinaud French Cuisine, Frederic Tandy, Halifax, \$50,000; Wandering Shepherd Cheese / Fearann Kisha Farm, Ron Muise and Christa MacKinnon, Grand Mira, \$25,000; Rocky Top Farm, Nelson Millett, New Ross, \$50,000; Helen B's preserves, Michael Bishop, Mahone Bay, \$36,000; Savour Deli and Ice Cream, Karine Moses, Kentville, \$20,000 for 10 years at 6%; Local Source Market, Sean Gallagher, Halifax, \$35,000; Local Source Bakery and Catering, Sean Gallagher, Halifax, \$35,000; Gold Island Bakery, Jessica Ross, Scotch Village, \$20,000; Vincent Dressings, Gary Kent, Yarmouth, \$15,000; Good Lake Farm, James Lake, Southampton, \$25,000; Field Guide Restaurant, Dan Vorstermans and Ceilidh Sutherland, Halifax, \$25,000; Fruition, Jessie Doyle and Seth Graham, Halifax, \$12,000; Hoppy's Farm, Byford Hopkins, Blockhouse, \$28,941; The Port Grocer, Annabelle Singleton and Deb Melanson, Port Medway, \$25,000; The Port Grocer, Annabelle Singleton and Deb Melanson, Port Medway, \$25,000 at 6% for 10 years; Millennium Gardens, Victoria and Scott Conrad, \$27,000; Down on the Corner Farm, Dave and Anita Lahey, Maitland, \$20,000; The Flying Apron, Chris and Melissa Velden, Summerville, \$50,000; Getaway Farm, Poyser and Kennedy Families, Canning, \$25,000; Getaway Farm, Poyser and Kennedy Families, Canning, \$50,000 at 6% for 10 years; South Shore Farm Ltd., David Eisnor, Upper Branch, \$25,000; Boxing Rock Brewing Company, Emily Tipton & Henry Pedro, Shelburne, \$25,000; Forever Green Organic Farm, Terry and Mary Boyle, Tracadie, \$25,000; Rockwell Valley Foods, Jason Rockwell, Avonport, \$25,000; Meadows' Brother's Farm, Thian and Emily Carman, Barton, \$25,000; Jackson Lore Strawberry Farm, Jackson Lore, Upper Ohio, \$10,000; Thousand Hills Farm, Kevin Hamilton, Yarmouth, \$6,000 for three months at 6%; Uprooted Market and Café, Emma Kiley, Musquodoboit Harbour, \$20,000; BullyGoth Farms, Sasha Begg, Carleton, \$15,000; Not Your Mama's Kitchen, Kirk Rasmussen and Dianne Mitchell, Pictou, \$30,500; Food Noise, Tanessa Holt, Dartmouth, \$25,000; Avondale Sky Winery, Stewart Creaser and Lorraine

Vasallo, Avondale, \$25,000; Pachamama (LNB Inc.), Leanne Braid and Adam McConnel, Antigonish, \$20,000; Peddler's Pot Mobile Food, Robert MacEachern and Geoff MacDonald, Dartmouth, \$20,000; Casson Family Farm, Marcus Casson, New Annand, \$15,000; Studio East Food + Drink, Saronn Pov and Ray Bear, Halifax, \$20,000; South Hill Farms, David Kopriva, Clementsvale, \$22,000; Michael and Carrie Poyser Farm, Hall's Harbour, \$25,000; Sam Etemadi Farm, Scott's Bay, \$20,000; Grant Simpson Farm, Hall's Harbour, West Nova Agro Commodities, Lawrencetown, \$25,000; Humble Pie, Shauna MacLean and Michael Noakes, Dartmouth, \$25,000; HumbleBee Farm, Elizabeth Faires, Wilmot Station, \$10,000; Duck's Garden Centre and Variety, John Duckworth, Tusket, \$25,000; Sober Island Brewery, Rebecca Atkinson, Sheet Harbour, \$25,000; Henny Penny's Farm Market, Nadia Gerrits, New Minas, \$10,000; Old Mill Stream Aquafarm, Karen and Royal Stevens, Lunenburg, \$25,000; Soggy Owl Acres, Anne Warburton, Middle Musquodoboit, \$8,000; Harding Farm, John Harding, Wile's Lake. \$12,000; All Sauced Up, Vickie Gourley, Truro, \$20,000; Riot Local Food Snack Bar, Nicole Tufts and Sonia Gillies-Damota, Halifax, \$10,000; Terra Mushrooms, Adam Roach and William Freymond, Carroll's Corner, \$15,000; Food Intuition Catering, Kim MacPherson, West Petpeswick, \$20,000.

9. FarmWorks will invest the proceeds of the Sixth Offering in eligible businesses that will strive to increase their sustainable local food production and profitability by 10% per year by the third year.

Community Economic Development Outcomes

Success for the FarmWorks CED is a measurable increase in food production, positive outcomes for investees and a return on investment for shareholders. The overall success of FarmWorks initiatives: creating employment; contributing to an improving economic outlook for farmers and food producers; helping to restore rural vitality; provide wider access to healthy food; and helping to remove the risks associated with lack of food self-sufficiency.



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 and current and projected financial information to FarmWorks. Board Members and Advisors will evaluate the plan, visit the site, meet with the applicants and complete the Comprehensive Review. Loans are provided to qualifying enterprises to help them to increase production, sustainability, value-adding, marketing and related economic activity. The Board will make a decision and a loan agreement will be signed with successful applicants.

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 and 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 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

- No application or legal fees and there are no charges for any assistance provided by Directors
- 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

Procedure

- Preliminary Application
- Confidentiality Agreement
- Presentation to Board and Advisors
- Business Plan and Business and Personal Financial Information
- Consultations with Applicant
- Comprehensive Evaluation
- 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 DIRECTORS 2016



Peter Hicklenton –Chair

Crop Specialist, Retired, Agriculture Canada

Linda Best – Past Chair

Microbiologist, Friends of Agriculture Society

Ann Anderson – Secretary

Educator, Friends of Agriculture Society

Richard Melvin – Director

Melvin Farms, Past President NS Federation of Agriculture

John Webster – Director

Business Development and Analysis

Andrew Meade – Director

Lawyer, Finance

Leslie Brown – Director

University Professor, MSVU

Valerie VanOostrum – Director

Marketing, Just Us Coffee

Bruce Wright - Director

Pathologist, Viticulturist, Winemaker

Chris Atwood - Director

CBDC Yarmouth

Chloe Kennedy – Independent Director

Clean Foundation, Farm to School Project Coordinator

David Bethune – Independent Director

Business Administration



FARMWORKS ADVISORS 2016

Thomas Krausse

Dandelion Community Investment Fund

Gary Morton

Partner Morton Horticultural Consulting

Av Singh

Just Us Centre for Small Scale Farms

Edith Callaghan

Manning School of Business, Acadia University

Hank Bosveld

Bosveld Fruit Farms

Susan Carroll

Executive Chef, Paddy's Pub and Rosie's Restaurant

Alicia Lake

CB Food Hub, Former Director FarmWorks

Stephen Anderson

Food Economy Group, Former Director FarmWorks

Ross Piercey

Production and Quality Consultant

Irena Knezevic

Communications, Food Systems, Research,

Jeremy White

Engineer, Marketing, Brewer Big Spruce

Mark Vardy

Insurance Professional and Community Volunteer

Charles Keddy

Charles Keddy Farms Limited

Gordon Michael

Continuing Education SMU

John Aylward

Venture Solutions, Consultant

Shanon Archibald

Public Engagement Coordinator

Andrew Button

Founder Mashup Lab, Economic Development

Chris Walker

Economic Development, Management, Evaluation

Geoff Appleby

Certified Financial Analyst

Alison Scott Butler

Lawyer Retired, Former Director FarmWorks

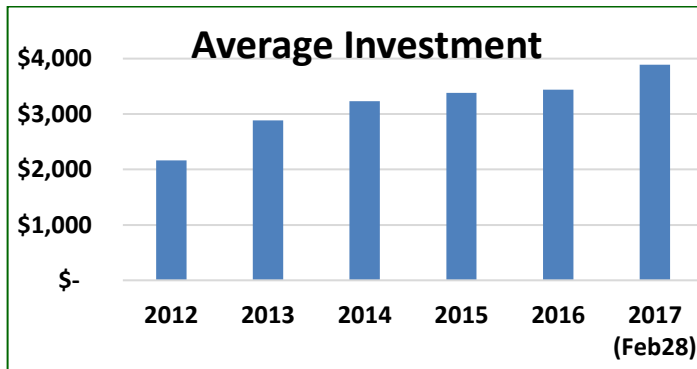
Natalie Smith

Economic Development

Wes Booth

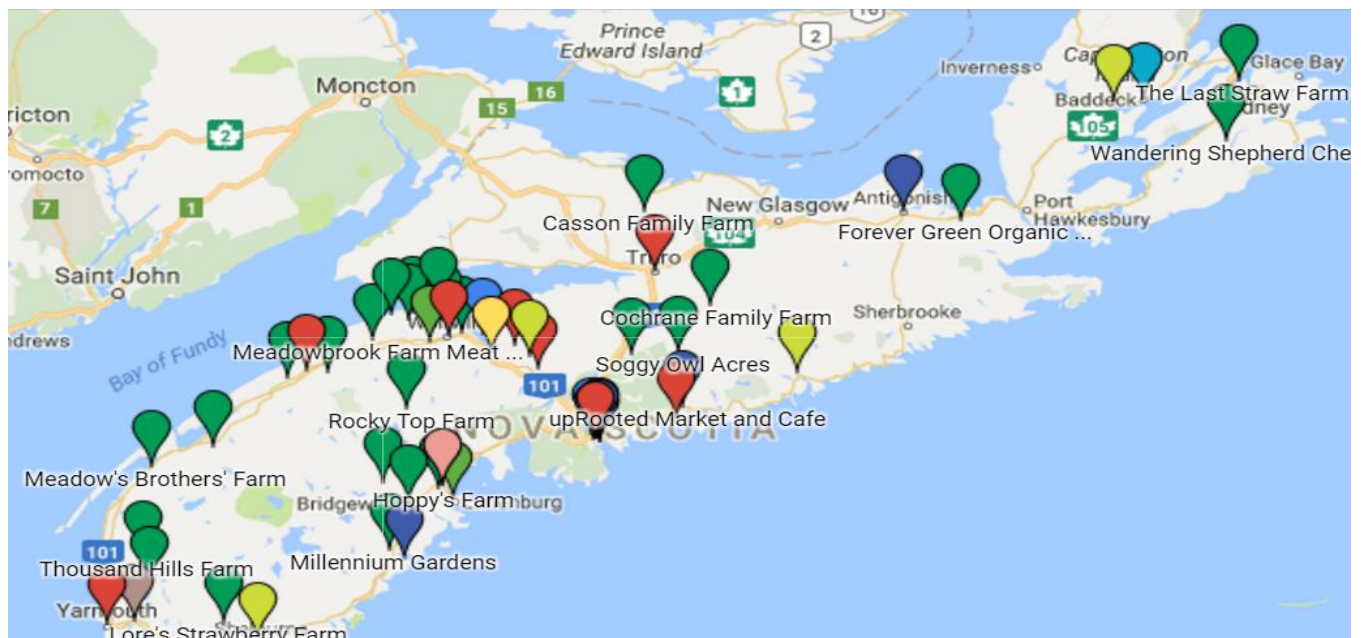
Marketing and Media Consultant

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 the economy of Nova Scotia.



Investments	
February 28, 2017	\$1,759,400
Number of Investments	561
Number of Investors	357

Income	2012 actual	2013 actual	2014 actual	2015 actual	2016 actual
Share Purchases	\$224,200	\$225,300	\$271,500	\$312,400	\$372,200
Total Investment	\$224,200	\$449,500	\$721,000	\$1,033,400	\$1,400,600
Less Redemptions				(\$5,000)	
Annual Expenses					
Offering Expenses	\$5,000	\$3,583	\$5,858	\$6,133	\$8,546
Bank and other fees	\$150	\$168	\$251	\$689	\$283
Professional fees	\$2,300	\$2,713	\$5,658	\$4,548	\$14,433
Insurance	\$650	\$1,551	\$1,551	\$1,551	\$1,356
Publicity	\$2,900	\$2,559	\$2,694	\$2,385	\$3,692
Miscellaneous	-	\$200	\$1,105	\$1,075	\$318
Travel costs	-	\$3,400	\$5,960	\$8,273	\$4,557
Sub-contracts	-	-	\$4,454	\$5,600	\$12,600
Less Income	(\$1,100)	(\$11,316)	(\$31,444)	(\$40,459)	(\$52,884)
Income after Expenses (loss)	(\$9,900)	(\$2,858)	(\$946)	\$10,205	\$7,064
Expenses as % of income	90%	80%	97%	75%	87%
Loss				(\$38,129)	





Vincent Food Dressing



MILLENNIUM GARDENS FARM & GREENHOUSES



Fenol Farm



Oakview Farm



South Shore Farms



Lore's U-PICK & Country Market



Hoppy's Farm



Field Guide

