



PERTH

Community Futures Development Corporation

See Inside for Financial Highlights and Success Stories from the year



2014 Annual Report

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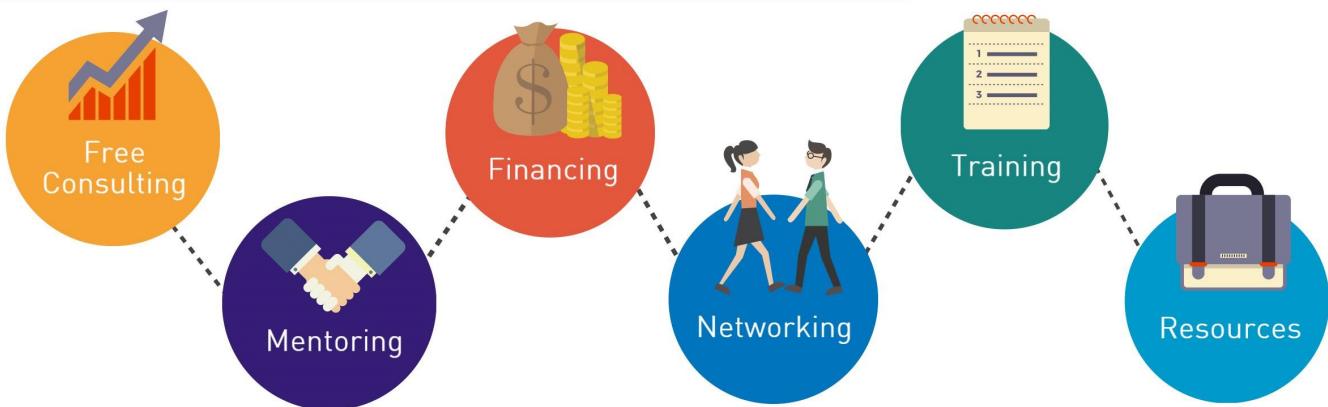
 PerthCFDC

Our Mission



Developing Local Entrepreneurs
and
Enabling Our Communities

Developing Local Entrepreneurs



Enabling Communities

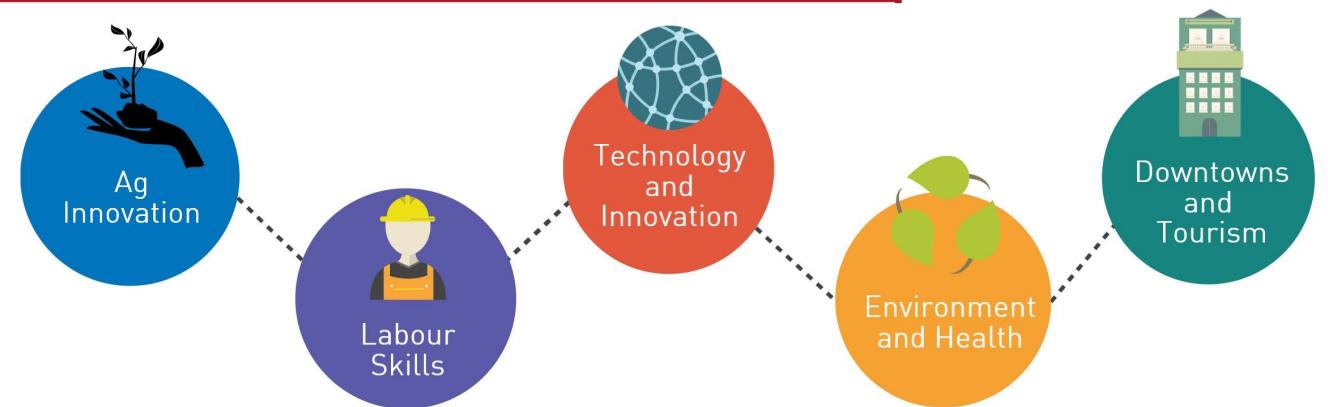


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PRESIDENT'S MESSAGE

Perth Community Futures Development Corporation continued to fully meet its mandate of assisting small businesses throughout Perth County in 2014, as well as positively impacting many organizations through our work with Community Economic Development. Our staff members serve on boards and economic committees throughout the County.

GERALD WEERSINK President

In 2014, we welcomed new members Amanda Connolly, Program Coordinator at the University of Waterloo Stratford Campus, and Julia Merritt, CEO of the Stratford Public Library, to our Board, which added to the existing diversification of an already fine group. I am honoured to be Chair of this organization which has such a positive impact on so many members of the community throughout Perth County.

GENERAL MANAGER'S MESSAGE

2014 was our second full year in our Stratford premises. We continued to focus on our primary mandates of small business lending and consulting and Community Economic Development, highlighted by our leadership role in the Labour Market Study on behalf of our many partners in Perth County. We also continued to provide strategic advice throughout the County.

The year was an excellent one for loans to local businesses totalling \$1,192,850. These businesses, in turn, contributed their own capital of just under \$4,000,000. 71 new jobs were created as a result of these investments. We also spent 865 hours (up from 701 hours in 2013) consulting with small business clients throughout Perth County, bringing the total assistance since our inception to over 9,277 hours.

I would like to acknowledge and thank all of our staff for their hard work and dedication in 2014.

Finally, I would like to thank all of our Board and the Federal Economic Development Agency for Southern Ontario for their ongoing support and leadership and our many partners throughout Perth County for their continuing involvement and belief in our company.



NIGEL HOWARD General Manager



Black Swan Brewery

STRATFORD'S NEW
CRAFT BREWER

144 Downie Street, Stratford ON N5A 1X1
519-814-SWAN

blackswanbrewing.ca

Ryan Stokes and Bruce Pepper believe every town or small city could support its own brewery. Enough to do something about it. Like open one.

But with 32 years of teaching experience between them, it's an oblique turn to go from school teacher to brew master. Stokes is a grade 7-8 science teacher at Stratford Central Public School who moved here with his Stratford born-and-raised wife in 2002. Pepper, originally from Hanover, is a music teacher, also at Stratford Central, and currently on leave to focus on their joint venture, Black Swan Brewery.

"We just had a casual chat after my first teachers meeting at Central in 2009," says Pepper. "We discovered we were both into home brewing and began trading notes on what we had tried and learned."

"I was still using home kits and Bruce had reached the point of brewing from scratch, so he was way ahead of me," Stokes recalls. "The idea of starting a microbrewery was a pipe dream but we started getting serious about it in the fall of 2013."

HEAD START

So with a mix of their own money and financing from Perth Community Futures and the Business Development Bank of Canada, they began demolition and renovation of their 144 Downie Street premises in March 2014. They started their first brew September 20th and made their first delivery to Mercer Hall restaurant October 15th. "We opened our doors to the public November 26th and there was a line out the door," says Stokes. "We had no idea people would be this supportive."

Pepper is on leave from teaching to maintain the brew master duties. "It is a big time commitment," he admits. "Like stirring the mash with a canoe paddle at midnight, being back at 4AM to do a tank transfer that takes half a day, that kind of thing. But our wives have been amazingly supportive, and Meghan [Marshall] at Perth Community Futures was a huge encouragement, including when we started to question ourselves."

Going from 5-gallon home batches to their 1000-litre tanks was an intimidating leap in scale too. "We found that having a support network is as important as your own drive to create a business," says Stokes.

Pepper agrees. "We drove up to Ottawa and the owners of Beyond the Pale Brewery spent four hours telling us everything they knew – and we still call if there's a question. It's a very cooperative culture among craft brewers."

"We are also getting lots of local support among the restaurants in Stratford, like Monforte and The Bruce Hotel," says Stokes. "Ryan O'Donnell of the Stratford Chefs League right away started using our Porter in ice cream – so the local collaboration and experimentation are a big part of the fun."

BEER REACH

Less than a year in, Black Swan already has distribution into London, St. Marys, Mitchell, Baden and Kitchener-Waterloo, and it would be tempting to expand quickly. "But we want to make sure we do it well here first," says Pepper.

Black Swan has a core of three beer products, plus one-offs and seasonal brews, sold in the store by the glass and in 32 oz. and 64 oz. jugs. "Our beer is a bit more expensive because it has to be," says Stokes. "But people want new experiences and don't mind paying for something different. Especially the beer aficionados."



Junction 56 Distillery

DISTILLING AN IDEA
TO ITS ESSENCE

45 Cambria Street, Stratford ON N5A 1G8

519-305-5535

Junction56.ca

On a blustery morning at the 2012 Savour Stratford Culinary Festival, Michael Heisz was sitting in the whisky tasting seminar when a friend leaned over and whispered, "Why don't we make this?"

Michael was looking for ideas. After 15 years of design process engineering and managing a staff of 80 at BlackBerry in Waterloo, he was looking for a career change. In his research he discovered that craft distilling was on the same trajectory as craft brewing in the 1980s when the market started looking for something besides mainstream mega-brands.

Enter, Heisz' new venture, Junction 56 Distillery: 'Junction' for the railroad running alongside his distillery building, and '56' for 1856, the year the railroad reached Stratford and transformed the town. Perhaps Michael's affinity for fermentation comes naturally. He grew up in Formosa, Ontario, where he had summer jobs in the large brewery where his father and grandfather worked.

'PROOF' OF CONCEPT

Heisz took an engineer's approach to his research. "I took this great craft distilling course down in the United States, and visited three other craft distillers where I asked a lot of questions and got lots of ideas and practical advice. The distillers culture is very open because they don't view each other as competition – we're creating a movement and going after our own little slices of the major brands' markets."

Heisz also took a business course from Stratford Perth Centre for Business, finding the section on cash flow projections especially helpful. "Distilling is a less temperamental process than brewing but the capital requirements are higher," he says. "Holly Mortimer at Perth Community Futures was really helpful with my business plan, and we secured joint funding from the Business Development Bank of Canada and Perth Community Futures. I have to say I so appreciate how pain-free they made going through all the steps for financing."

After his background work, on January 9, 2015, Heisz bought the former Pounder Brothers building supply store on Cambria Street. "And construction began on the 10th," he smiles. "I actually came into this with no intention of buying a building, but when Pounder's came up for sale, it was perfect. This way we're preserving a significant building and its 19th-Century look will be a big plus in our marketing. I wanted to be physically and visually close to Stratford's downtown as my primary market because our plans include foot traffic, retail and eventually tastings."

FURTHER 'PROOF'

"Provincial licensing for production, transportation and sales is still a real maze, but the easiest part was getting required approval from our neighbours, churches, parks and libraries," he shrugs. "The only reply was from a minister who wanted to know when he should drop by to sample my work."

Junction 56's sparkling steel and copper tanks and towers started up in April for the first 300-litre bottling in June. "We're starting with vodka – it's the simplest. Then we'll make vodka for vapour-infused gin – the plan is to go for a citrus-y, clean profile, but the variations are almost limitless. Next we will make white, un-aged whisky, sometimes called white whisky or moonshine. We will set aside some of that for Canadian whisky which requires a minimum of three years barrel aging."

To differentiate Junction 56, Michael intends to do a lot of experimenting with local ingredients, like grain from his family's farm, local botanicals for the gins, and local woods for aging. "Some of the chefs in town are already asking about how they can help and suggesting some things to try," he says. "There's no reason not to try stuff!"

Michael's biggest lesson to pass on: "In this case, go as big as you can afford, because distilling is not labour intensive. I'll spend one or two days a week distilling and bottling – the rest is marketing, running the business, and getting out and selling." And his friend at the whiskey tasting? "He's now a silent investor," Michael smiles.



Midas Auto Service and Tires

THINKING OUTSIDE THE TOOL BOX

803 Erie Street, Stratford ON N4Z 1A1

519-271-1020

midas.com

Every business owner loves to be busy. It's a good sign. But business owners like Kevin and Sherrie Gibson at Midas Auto Service and Tires on Erie Street, also know that cash flow isn't all there is to a healthy balance sheet.

Fortunately, when the Gibsons' Midas franchise faced a temporary cash flow crunch, despite being both busy *and* profitable, Perth Community Futures was able to respond quickly with short-term financing to see them through.

"We had a steady stream of customers from Day One," says Kevin. "The Midas reps who personally monitor new franchises for the first two weeks were flabbergasted and told us, 'We don't see this.'

"At first Midas corporate wanted to put us back out on Ontario Street, but we knew the new section of Erie on the west side of town was ideal for us. So I found an excuse to meet with the Midas construction consultant at the Tim Horton's out here and sat in a window so he'd see all the traffic over my shoulder. By the end of our meeting he realized we were right. Without my having to say so." So the new shop opened at their Erie Street location October 23, 2013.

SERVICE REP

Their instant success was largely due to Kevin's own reputation around Stratford for customer service. "I'd been in the auto repair business in town for 25 years," says Kevin. "Starting from washing cars to oil changes to tires to front office to servicer manager. And when people find someone they trust, they tend to stay with you. Look for you, even."

"And it's often the little extras that people remember – like not only offering shuttle service but swinging by school to pick up their kids. One customer had a flat battery in Grimsby and refused to buy another until she was back in Stratford to get it from us."

Kevin's track record also included managing the former Midas store on Ontario Street for five years, 2004-09. Several years later the local franchise became available and Midas' corporate office contacted Kevin about picking up the opportunity because of his devotion to customer service. So the Gibsons sprang into action and rallied "every source of personal, family and friends' cash, and maxed out our personal credit resources to secure the franchise," Kevin recalls.

DIP IN THE ROAD

"We were busy from the start and even made a small profit in the first year," points out Sherrie, who takes care of the books. "But although people drive year-round this is actually a cyclical business. We needed short-term help to get past a seasonal dip that we knew was coming."

Given that they were already fully invested in their business, Perth Community Futures was able to step in with financing to see them into the next season. "They were very helpful and we were amazed at how easy it was to work with them," says Sherrie.

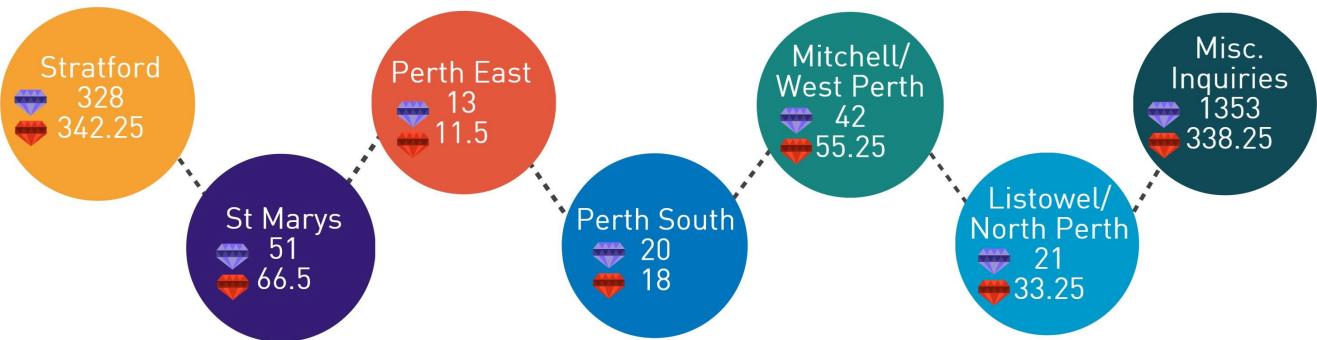
The Gibsons are working hard to retire the loan early – Kevin drives school bus part-time, and Sherrie still works as a registered nurse at Stratford General Hospital. "Sometimes it feels like a lot," Sherrie nods. "But there are times when you do things to support your own business."

"It is a bit unusual to work with a franchise business," says Nigel Howard, Perth Community Futures' General Manager. "But whatever the ownership model, these are local businesses that employ people."

"Whereas banks typically will not deal with new franchise owners until they have a few years behind them, we can fill that role. And on our side, it actually helps add diversity to our loan portfolio."

Consulting

◊ # of Clients
◊ # of Consulting Hours



2014 Totals

of Clients 1,828
of Hours 865

Since 2002

of Clients 11,967
of Hours 9,277.5

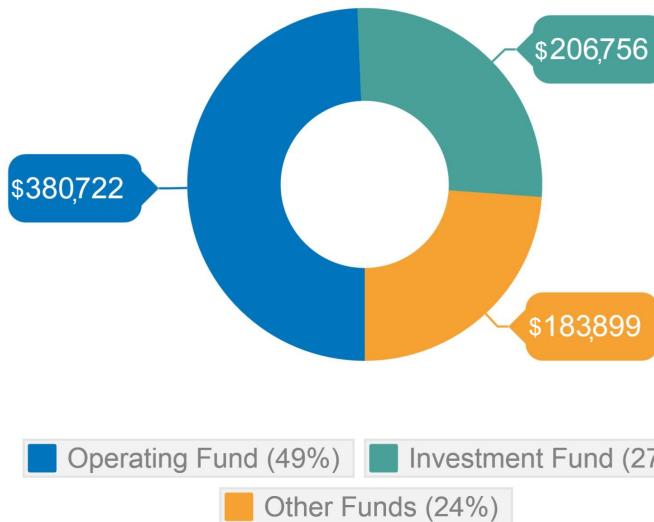


Lending Portfolio

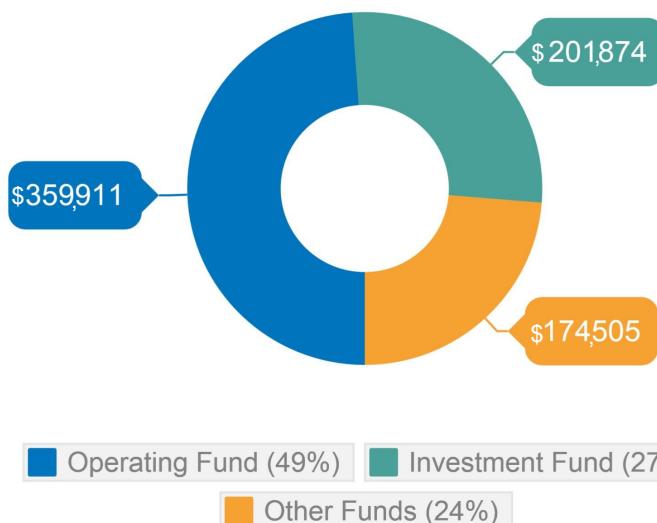
	2014	Since 2002
# of Loan Inquiries	95	1180
# of Loans Booked/Advanced	17	211
\$ of Loans Booked/Advanced	\$1,192,850	\$14,262,805
# of Jobs Impacted	71	1981
\$ Invested by Owners	\$3,966,000	\$76,700,411
\$ of Loan Losses	\$125,121	\$2,019,245

Financial Statement

Total Revenue \$771,377



Total Expenses \$736,290



2014	
Total Revenue	\$771,377
Total Expenses	\$736,290
Excess of	\$35,087
Retained Earnings, Mar 31, 2015	\$5,790,334

**Full Financial Statements
Audited by
Famme & Company
Professional Corporation**



Simply Divine Designs

A RENO OF THEIR OWN

42 Erie Street, Stratford ON N5A 2M7

519-305-3375

Simplydivinedesigns.ca

After several years of helping their clients reconfigure and expand their homes and favourite rooms, Heather Galloway and Terra Gateman, the owners of Simply Divine Designs, need to do the same for their interior design company.

Sitting in their diminutive, Erie Street storefront, Terra explains, "We love this location, but we need more space for a full-scale kitchen display – that's just the best way to sell kitchens." She would know. After studying interior design at St. Clair College for three years, and working seven years at Kitchener-Waterloo interior design companies, Terra was ready to start something of her own.

In the meantime, Heather was working summers at a granite fabricating company while getting her biology degree in London and planning on a career in healthcare. "Terra was actually a customer of ours and through circumstances we wound up working together side-by-side," she says. "I was getting ready to back to school in Toronto when she told me about her vision for a design business in Stratford, which sounded like a lot more fun than studying public health."

DIVINE DIRECTION

So the two pooled their money and began working as Simply Divine Designs in November 2011, and opened the storefront the following February. "We had clients immediately, including work in Kitchener-Waterloo, which is a really crowded space and part of the reason we located here," says Terra, a resident of Wellesley. "I chose to locate in Stratford because of the creative atmosphere here, and as a geographic mid-point between the London and Kitchener -Waterloo markets."

"Our primary focus is Stratford," says Heather, who recently moved from London to St. Marys to be closer to their studio. "But we've also had projects in St. Marys, Milverton, Goderich, Tavistock and Ingersoll."

Terra and Heather have already expanded by hiring another full-time designer from Milverton, and they take co-op students from Conestoga College. Which doesn't leave a lot of space in 650 sq. ft. for countertop, cabinetry and hardware displays. "We need a gallery to help people understand what we can do for them," says Terra.

"Our account manager at Libro Financial suggested we talk to Perth Community Futures because they couldn't help us," Heather explains. "The business looks good on paper but we didn't have assets as collateral. But PCF took a real interest in our business and plans to expand."

CRAZY BUSY

With financing in place, Terra and Heather first built a 10'x10' tradeshow display, replete with a full kitchen, that takes two days to set up and another to pack away. "We used it first at the Stratford Spring Home Show in March [this year] and then another show, and now we're crazy-busy," says Terra. "Now we're looking for 1,400 sq. ft. of permanent space to display more equipment, cabinetry, floor models, and generally show more of what we offer."

Simply Divine's services include decorating, space planning and cabinet design, electrical and plumbing layout, materials selection and sourcing, securing permits, architectural drawings, and coordinating utilities, construction and trades. "Sometimes we are solving significant problems," says Terra, "like moving or removing walls, adding structural supports ... and all the permits, documents and drawings you need for that."

"The personal touch we bring is important," adds Heather. "For instance, we do hand-drawn renderings of the room designs which gives a better visual sense than a CAD diagram. It takes extra time, but clients appreciate it."

"The best projects are the ones we can design from scratch," she says. "Recently a client gave us free rein for a main floor kitchen and third floor bath with a \$100,000 budget. Now *that's* fun."

[2014 Perth CFDC Board of Directors]

MEMBER	SECTOR	GEOGRAPHY
Gerald Weersink	Agriculture	Perth South
Nancy Ross	Agriculture/OMAFRA	Perth South
Julia Merritt	Library/Learning	Stratford
Guy Chadsey	Employment	Stratford
Amanda Connolly	Education	Stratford
Marty Rops	Financial	Stratford & West Perth
Sharon Louwagie	Manufacturing	West Perth
Steve Smith	Manufacturing	North Perth
Jessica Kelly	Agriculture	North Perth
Gordon Jack	Agriculture	Perth East
Joe Figliomeni	Financial	Perth East

[Our Members]

County of Perth
Township of Perth East
Township of Perth South
Municipality of West Perth
Town of North Perth
Town of St. Marys
City of Stratford
Stratford & District Chamber of Commerce
St. Marys Business Improvement Area
North Perth Chamber of Commerce & Listowel Business Improvement Area
Milverton Business Association
Ontario Federation of Agriculture
Four County Labour Market Planning Board serving Bruce, Grey, Huron & Perth
Village of Millbank Business Association
Elma Ward Business Community
Perth County Visitors Association
Perth CFDC Board of Directors



2014 Annual Report

IN PARTNERSHIP WITH:



Federal Economic Development Agency for Southern Ontario

Agence fédérale de développement économique pour le Sud de l'Ontario

