

## Chair's Report

I am happy to report that over the past year FarmWorks has continued to steadily move toward the vision of our founders. Your continued investment and support demonstrates your understanding that investing in farms and food production increases Nova Scotia's future prosperity.

The latest share offering increases our capital pool to \$2,716,900 surpassing the halfway point to the \$5,000,000 goal set in 2012 by the founders. Once again Nova Scotian food related businesses have responded and to date, \$3,450,000 has been loaned to 99 qualifying food related enterprises.

FarmWorks directors and advisors have worked diligently to assess business plans from entrepreneurs across the province, toured farms, restaurants, kitchens, and food and beverage enterprises, met with their families, and explored their hopes and dreams. As our available capital grows and we add new clients to the FarmWorks "Family" this work increases. I thank the directors who have stepped up to participate in this work and share the load. I recognize and thank our founder directors, Linda Best and Ann Anderson, who once again travelled more than other directors, covering the breadth of the province several times promoting FarmWorks and engaging with the clients.

FarmWorks fills a critical need in funding farms and food related enterprises. Our clients continue to tell us that besides FarmWorks loans, being part of the FarmWorks "Family" is critical for their success. FarmWorks loan recipients are among the leaders in food experiences, sustainable farming and food innovation.

The Board takes stewardship of your investment as it's primary responsibility. The diligent and careful review of each loan application by at least three Board members, the full board approval of every successful application, and the ongoing interaction with our loan recipients illustrate how we protect your investment.

This year we hired our first full-time employee. Lauren Sweet joined FarmWorks a year ago and has taken on many of the administrative activities. Her presence makes the significant growth possible assisting the Board to continue to update policy, review governance, and strengthen relationships with our clients, government, regulators, other financial institutions, and the many organizations involved in farming and food production.

The annual report will give you a clear picture of how much the Board has done this year to achieve the mission: "Promote, and provide, strategic and responsible community investment in food production and distribution to increase access to a sustainable local food supply for all Nova Scotians."

**Johanna Kwakernaak**  
**Chair, FarmWorks Board**

## Treasurer's Report

### Community Economic Development Investment Report

The 2018 Seventh Offer raised \$444,000 for a total of \$2,228,500, and over seven years only \$31,000, or 1.4% had been redeemed. The 2019 Eighth Offer which closed March 1<sup>st</sup>, raised \$488,300 and \$8,000 was redeemed for a current total of \$2,677,900. Approximately 45% of shareholders have invested from two to eight times and the average investment is \$4,500. Added benefits of traveling across the Province during the Share Offers are opportunities to meet with many of our clients and potential applicants.

### Clients

The province has lost much of the infrastructure needed for farming and food production and there aren't many abattoirs and processing facilities. Without infrastructure, many clients and potential clients are limited or unable to start or grow or process or distribute. Fortunately, in the last several months, we've been able to help with several crucial pieces – not only The Station Food Hub, but also equipment for Made with Local which is being installed at the FlowerCart in New Minas and equipment needed by Darren Stone who works with small-scale farmers in Cape Breton.

Each month over \$40,000 of interest and principle is repaid and that money is immediately available to lend again. Just under \$3,500,000 has been loaned to 99 clients and applications for approximately \$400,000 are undergoing due diligence, with more in the pipeline.



People borrow from FarmWorks for three main reasons - money, mentoring and marketing. Small businesses often have difficulty finding capital – for start-up, for lines of credit, for equipment unless it’s new – and some clients wouldn’t have been able to start or expand without FarmWorks. There’s a need for people who listen and help with research and make connections. There’s a need for assistance finding markets. Many FarmWorks clients would like to work together with others, and in October we’ll bring those who are interested together so they can decide how they may collaborate.

### **Treasurer’s Report**

The chart in the Annual Report shows the actual amounts of income, expenses and profit and loss for each of the seven years of operation. Wages and benefits of \$23,714 in 2018 were offset by grants of \$7,500 from the Clean Foundation and \$7,727 from the Graduate to Opportunity program so the cost to FarmWorks was \$8,487. For 2019 an additional \$7,500 has received from the Clean Foundation and funds will be received from the Graduate to Opportunity program.

FarmWorks had a profit in 2018 and there have been annual profits in four of seven years. All Directors are volunteers but there are unavoidable costs for travel, accounting, promotion and carrying out extensive due diligence prior to disbursing loans. As shown in the Annual Report, administration is 68% and our target is 33% but at the steady rate of growth administration is projected to decrease to 43% by the ten year mark.

Including a significant loss in 2015, losses are 23% of the 33% budgeted and Grant Thornton has set aside approximately 2% of capital as a loan loss provision. Directors are committed to building and maintaining the supportive relationships that are the foundation of this organization, and which are our best insurance against losses. Apart from the losses shown in the chart, there are no clients who aren’t working to pay FarmWorks, even when times are tough for them. Several clients have gone through very rough patches and have returned to operation. Our aim is to help them succeed so that we all succeed.

Over the ten years 2012 to 2021, projected use of interest income is 43% administration, 24% loss and 33% profit.

We’re very pleased that Keith Forsythe, CA, has volunteered to oversee FarmWorks’ bookkeeping to decrease administrative costs. Barry Kendall of Grant Thornton has been appointed as FarmWorks’ independent accountant, as required by the NS Department of Finance, for the 2019 year.

### **Directors 2019**

Johana Kwakernaak – Berwick	1 – 2020	Chair
Andrew Meade – Woodville	2 – 2022	Vice-Chair
Ginny Point – Black River	1 – 2021	Secretary
Linda Best – Greenwich	Ex Officio	Treasurer
Ann Anderson – Wolfville	Ex Officio	Executive
Aaron Eisses – Halifax	1 – 2020	Director
Jenny Osburn – Berwick	1 – 2020	Director
Dave Oulton – Windsor	1 – 2020	Director
Amin Tran – Martock	1 – 2020	Director
Rosemary Murphy – Antigonish	2 – 2021	Director
Leslie Brown – Halifax	2 – 2021	Director
Keith Rudderham – Point Edward, Halifax	1 – 2021	Director
Joe MacEachern – Halifax, Antigonish	2 – 2022	Director
Ruphina Kaulback – Wolfville	1 – 2022	Director
Murray Coolican – Halifax	1 – 2022	Director