

# The Way Forward

Annual Report 2010-11



**Black Business Initiative**



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**Black Business Initiative**

## **Board of Directors' Statement**

The annual report of the Black Business Initiative for the year ended March 31, 2011, is prepared to account for and report on our fiscal responsibilities, operating activities and achievements to government, community and the public and private sectors. This is our commitment to transparency in the planning and delivery of our services and strategic direction.

We acknowledge that this annual report is, to the extent possible, a complete and accurate representation of outcomes relative to the goals and priorities set for the reporting period. It includes audited financial statements, reports from the Society's Chair and CEO, and Treasurer, as well as a report on operations with both quantitative and qualitative outcomes.

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Atlantic Canada  
Opportunities  
Agency

Agence de  
promotion économique  
du Canada atlantique

**Canada**<sup>150</sup>

# BBI Board of Directors & Staff

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## BBI Board of Directors

Greg Browning,  
*BBI Board, Chair*

Candace Thomas,  
*BBI Board, Vice Chair*

Dr. Andrews Oppong,  
*BBI Board, Treasurer*

Shirley Robinson-Levering,  
*BBI Board, Secretary*

Jocelyn Dorrington

Milton Williams

Pat Ryan

Chuck Smith

Eleanor Beaton

Robert Browning

Cynthia Dorrington

S.I Rustum Southwell

## Resources Members

Mike Hayes,  
*Atlantic Canada Opportunities Agency*

Rose Stevenson-Davidson,  
*Service Canada*

Brian Watson,  
*Economic and Rural Development & Tourism*

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## BBI Staff

S.I Rustum Southwell,  
*Chief Executive Officer*

Idy Fashoranti,  
*Controller (On Leave)*

Frank Belanger,  
*Interim Controller*

Gordon Doe,  
*Director of Business Development*

Cheyenne Gorman-Tolliver,  
*Acting Director of Client Development*

Shakara Russell,  
*Regional Business Development Manager*

Njabulo Nkala,  
*Regional Business Development Manager*

Gregory Nazaire,  
*Regional Business Development Manager  
(On Leave)*

Emma Otuki,  
*Executive Assistant*

Walter Muise,  
*Financial Manager*

James Williams,  
*Management Intern*

Mahogany Lucas,  
*BIJ Youth Coordinator*

Beverley Parker,  
*Administrative Assistant*

David Kantro

Martha Mutale

## The Way Forward



# Report from the Board of Directors

**Greg Browning, Chair**

Welcome to our 2010-11 Annual Report. It's been an interesting first year as the Chair of the Black Business Initiative's Board of Directors. I've seen the great impact the BBI has had through its programs and working groups, such as the Constructing the Future Program and the BBI's assistance in the development of Nova Scotia Black Cultural Tourism Project. The Nova Scotia Black Cultural Tourism Project is now seeing improvements to two of this Province's cultural treasures - the Black Cultural Centre for Nova Scotia and the Black Loyalist Heritage Society.



Peter Marsman

Within the BBI group of companies, we continue towards our goal of good governance. All organizations have now executed a Memorandum of Understanding. This will require the BBI group of companies to operate with consistent policies and practices under our "One Brand, One Vision, One Organization" strategy.

One highlight of my year was the opportunity to attend the National Minority Supplier Conference in the U.S. last fall. These organizations help minority-owned businesses become better enabled to meet the needs of corporate America. It helps corporate America find minority suppliers who can provide the goods and services they need. They are mandated by federal, state, and municipal legislation and have helped minority businesses develop so they can compete as mainstream suppliers. While they are mandated by legislation, they have seen the benefits of increased diversity in their supplier development.

As we celebrate our 15th anniversary, we can see how the BBI has made an impact through its programs, communications, and people. It has seen more than 200 loans extended to the members of the community and more than 600 jobs created. Fifty editions of our publication 'Black to Business', the partnership with Global Television, the summits, and other networking events have shown that you can be Black and in business in Nova Scotia.

While I've touched on a few highlights of the past year, I encourage you to read through the Annual Report to see the full impact of the BBI activities with African Nova Scotian businesses, youth groups and community organizations.

As it is often said, there is no 'I' in the word team. It has been my pleasure to work with Rustum Southwell and his excellent team in the BBI office, my fellow board and executive members, and the members of the Black business community at large, during the past year. Much is possible when you work together toward the same goals.



**Greg Browning, Chair**

# Report from the CEO

**S. I. Rustum Southwell, CEO**

During fiscal year 2010-11 we celebrated the end of the first decade of this new century with new hope for our entrepreneurial future and more importantly our transition from teenager to early adolescence as the Initiative turned fifteen years old.

We continued our commitment to growing the Black presence in a diverse range of business sectors including high-tech, manufacturing, tourism, and the cultural sector. BBI continues to position itself as a conduit for community economic development in the Black communities across the province.

We realize that our work is successful only because of the private and public sector partnerships and support we have enjoyed over the years. An example is our long standing partnership with the African Nova Scotian Music Association where for a dozen years we have been the “Presenting Sponsor” of their Awards event. There are other similar relationships, for example, the current cultural sites involved in the Cultural Tourism Strategy breaking into a niche market to grow the economy of Nova Scotia.

In 2008, BBI initiated the Nova Scotia Black Cultural Tourism Project, a market readiness and tourism potential analysis of Nova Scotia’s Black historic and cultural experiences, as part of the tourism product mix. It is a partnership between the BBI, Nova Scotia Department of Economic and Rural Development and Tourism, Parks



Peter Marsman

Canada, Office of African Nova Scotian Affairs and Atlantic Canada Opportunities Agency. During 2010 the Cultural Tourism Project made great strides with Africville Heritage Trust, Black Loyalist Heritage Society, and the Black Cultural Centre achieving significant progress on their specific programs.

Our Board and staff team continue to lead the way by following the priorities of our strategic plan. The plan is instrumental in exposing and supporting the need for business management, technical knowledge, skills development and improvement for our business owners.

The BBI board, led by Greg Browning our Chair and Candace Thomas our Vice-Chair will continue to foster greater success in the operation, growth, competitiveness and contribution of all levels of Black business in the provincial economy; and to encourage Black youth recruitment into business. This is the way forward.

A handwritten signature in black ink, appearing to read 'S. I. Rustum Southwell'. The signature is stylized and written over a light-colored background.

**S.I. Rustum Southwell, CEO**

# Heroes in Our Midst: Viola Desmond

## ***Courageous Black Businesswoman***

It is wonderful that so many people now know Viola Desmond as an icon for Social Justice in Canada. In 1946, this black woman refused to give up her seat in the “whites only” section of a movie theatre, spent a night in jail, was fined, and set off a chain of events that, 60 years later, led to a formal apology from the Province of Nova Scotia and a Royal Pardon. But Viola Desmond also made another significant contribution to Nova Scotia’s history—she was a pioneer woman entrepreneur in the field of black beauty care and she opened doors for dignity and self-worth for other black women, as well as opportunities for others to achieve business success of their own.

In a time when a black woman could not get her hair cut in a beauty parlour in Halifax, Viola Desmond decided to open her own shop. Inspired by the success of Madam C. J. Walker in the United States – a beauty care specialist and the first black female millionaire — Viola traveled to Montreal and New York to study hair dressing and skin care, to learn how to make wigs and her own cosmetic products. She returned to Halifax to operate a beauty parlour serving black women. Successful at that, she created a line of beauty products and skin creams that met the needs of black women. And she started the Desmond School of Beauty Culture, graduating her first class in 1947.

The first graduating class of the Desmond School of Beauty Culture. Viola is second from the left, white shoes.



Viola pioneered in franchising, as she supplied shops with her own beauty products. In fact, she was enroute to Sydney to deliver her products when her car broke down in New Glasgow which led to her arrest in the movie theatre.

Grateful as we are for Viola Desmond’s actions in 1946, we would fail her if we did not remember the day-to-day courage of a this woman who was determined to succeed in business, who created and managed a vital enterprise, who trained others in the field of beauty care and broke through racial and gender barriers.

*This message submitted by Ronald Caplan, Publisher of SISTER TO COURAGE: Stories from the World of Viola Desmond, Canada’s Rosa Parks.*

*“History is filled with tales of injustice. It is only on rare occasions - with the clarity of hindsight and benefit of careful thought and measured reason - that a society comes together to undo the wrongs of the past. But make no mistake. It is impossible that with the stroke of a pen, and the granting of a free pardon, history is forgotten and the proverbial slate is wiped clean.”*

***Mayann E. Francis  
Nova Scotia Lieutenant-Governor***

# Innovation For Success

As the Black Business Initiative approaches its 15th anniversary, it is an opportune time to look at some of the innovators the BBI has had the pleasure of working with since 1996.

While it is difficult to single out just a few there are some who have stood out.



These include **Dana Emerson** who created the Bulb Eater, which safely disposes used fluorescent light tubes. Another is **Michael Duck** who took the experience of a bad cup of coffee and turned it

into the SureShot Dispensing System, which can be found in coffee shops and fast food establishments around the globe.



Two more innovators are **Larry Gibson**, who is selling his flooring and furniture to Barbados and Bermuda and who is trading with China and the Pacific Rim and **Robert Ffrench**

who has invented the ShotLoc system for improving accuracy in basketball that is being sold to leading basketball coaches.



IT Interactive, which is headed by **John Manning** and his wife, **Barbara Miller Manning**, a past chair of the BBI Board, is creating unique search

engines – an important component of our province's high tech industry.

One of Nova Scotia's leading innovators is using his creativity for humanitarian purposes. **Dr. Abdullah Kirumira**, the founder of Windsor's BioMedica Diagnostics invented

a rapid response kit for diagnosing the HIV virus that could be used anywhere in the world without concern for special storage or refrigeration.



Kirumira has developed a 'lab in a box'. These labs are made up of eight or nine pieces of equipment that are

robust, do not break down, and are suitable for the conditions in Africa. The lab in a box contains everything a doctor needs – reagents, tips, even tissues – to give them the capacity to undertake between 90 and 100 tests covering between 80 and 90 common diseases.

It was originally designed to be used in aging hospitals left over from the 1960s and 70s, which may have dedicated spaces for labs but not the equipment to run them. He is carrying this idea further by developing what appears to be the 21st century equivalent of a MASH unit – a complete pre-fabricated medical compound that includes a pharmacy, doctor's quarters, laboratory, and treatment facility.

One of the province's newest innovators is a company that is looking at innovations in engineering and alternate energy generation - KTM Services Group Inc.



The company was founded last October when **Michel Okoh**, **Tyler Dougan**, and **Kyle Williams**

decided to join forces combining their strengths in sales, finance, and engineering.

While, commercial building services is the main thrust of their business, they've collaborated with a number of engineering companies on projects and look to capitalize on opportunities resulting from the province's commitment to provide 25 per cent renewable electricity by 2015.

# Loan Portfolio Overview

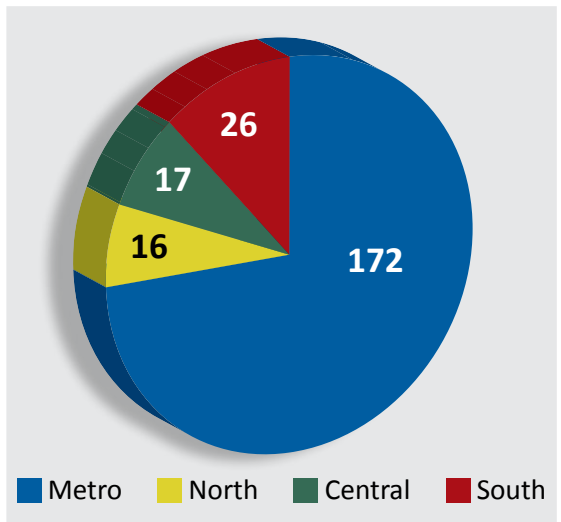
The Black Business Initiative administers a diverse portfolio of accounts that includes loans, equity and a community development fund to encourage entrepreneurship opportunities for Black Nova Scotians and their communities.

**Table 1**  
Portfolio Authorization 1996-2011

Activity	Amount	Financial Assistance
Loan Approvals	231	\$ 2,434,922.14
Loans Issued	200	\$ 2,079,030.99
Withdrawn Loan Amount	35	\$ 314,201.00
Development Fund Approvals	62	\$ 271,095.00



**Chart 1**  
Number of Loans by Geographic Region 2010-11



## The Way Forward



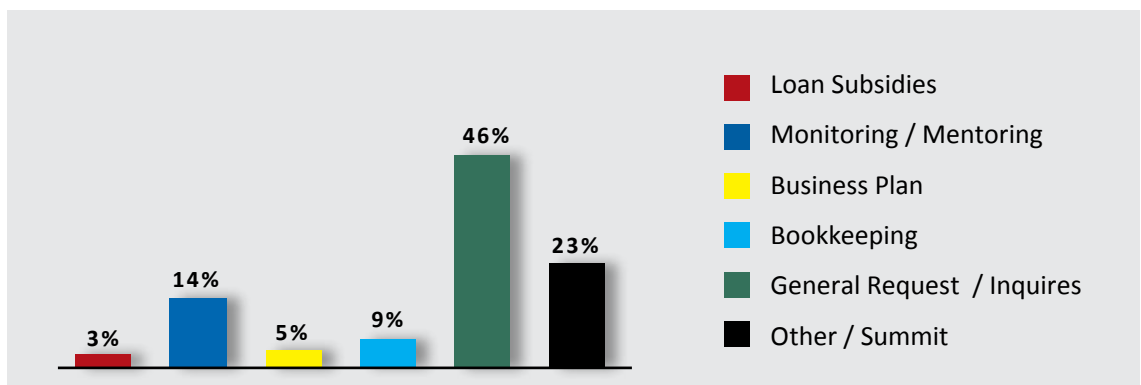
*"As we celebrate our 15th anniversary, we can see how the BBI has made an impact through its programs, communications, and people. It has seen more than 200 loans extended to the members of the community and more than 600 jobs created."*

- Greg Browning, BBI Chair

**Table 2**  
Loan Distribution by Sector 1996-2011

Loan Distribution	Number of Loans Approved	Percentage of Loans Approved	Number of Business Approved	Percentage of Business Approved
Automotive	10	4%	6	3%
Barbershop/Hair Salon	14	6%	9	5%
Construction/Contracting	26	11%	24	14%
Convenience Store	6	3%	5	3%
Courier	3	1%	3	2%
Entertainment	11	5%	9	5%
Environment/Recycling	13	6%	7	4%
Event Planning	1	0%	1	1%
Exports	5	2%	3	2%
Fashion Consultant	2	1%	1	1%
Film/Photography	6	3%	4	2%
Fitness Sports/Dance	9	4%	6	3%
Manufacturing	6	3%	5	3%
Professional Services	19	8%	16	9%
Publishing	1	0%	1	1%
Restaurant/Food	26	11%	20	11%
Retail/Bookstore	2	1%	1	1%
Retail/Clothing	15	6%	13	7%
Tailoring	8	3%	3	2%
Tourism	3	1%	3	2%
Transportation	7	3%	7	4%
Wholesale	8	3%	5	3%
Other	31	13%	23	13%
<b>Total/Average</b>	<b>231</b>	<b>100%</b>	<b>175</b>	<b>100%</b>

**Chart 2**  
Type of Services 2010-11



# Report from the Treasurer

**Dr. Andrews Opong, Treasurer**

The 2010/2011 financial statements of the Black Business Initiative have been prepared by management in accordance with Canadian generally accepted accounting principles and, if necessary, contain certain items that reflect best estimates and judgment of management. Management is responsible for ensuring that all information in the Annual Report is consistent with the financial statements and is responsible for its integrity and objectivity. The BBI management maintains financial and management control systems and practices to provide reasonable assurance that transactions are properly authorized and recorded, that financial information is reliable, that the assets are safeguarded and liabilities recognized, and that the operations are carried out effectively.

The Board of Directors' Finance Committee, comprised of non-management directors, oversees management's responsibilities for financial reporting. The Committee meets regularly with management on compliance and risk management, and to review internal accounting controls, audit results, accounting principles and practices, and to review and approve the financial statements. We wish to thank PricewaterhouseCoopers Canada, our auditors, for their support in reviewing the financial statements that are necessary for the publication of the Annual Report. I am also grateful to my fellow committee members and our controller, Idy Fashoranti (who is on leave), our interim controller, Frank Belanger, and their Team, without whom, this would not have been possible.



**Dr. Andrews Opong, FCGA**  
*Treasurer and Chair, Finance Committee*

## The Way Forward



# 2010-11 Financial Report



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**Chartered Accountants**  
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June 3, 2011

## **Independent Auditor's Report**

### **To the Members of Black Business Initiative Society**

We have audited the accompanying financial statements of **Black Business Initiative Society** (the "Society"), which comprise the statement of financial position as at March 31, 2011 and the statements of changes in net assets, revenue and expenditures and cash flows for the year then ended, and the related notes including a summary of significant accounting policies.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Black Business Initiative Society as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



**Chartered Accountants**

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.


# Black Business Initiative Society

Statement of Financial Position

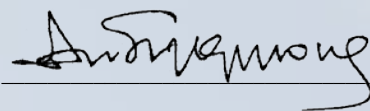
As at March 31, 2011

	2011 \$	2010 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	270,270	—
Temporary investments	67,816	160,215
Amounts receivable		
Government contribution	166,056	124,490
HST recoverable	50,151	51,719
Other	79,655	97,366
Due from related party	22,330	—
Prepaid expenses	27,269	61,325
	<hr/> 683,547	<hr/> 495,115
<b>Restricted investments</b> (market value \$700,000; 2010 - \$700,000) (note 4)	700,000	700,000
<b>Loans and investments</b> (note 5)	91,000	75,000
<b>Property, plant and equipment</b> (note 6)	<hr/> 30,277	<hr/> 44,256
	<hr/> <b>1,504,824</b>	<hr/> <b>1,314,371</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank indebtedness, net of cash (note 7)	—	177,385
Accounts payables and accrued liabilities	73,206	133,523
Deferred revenue (note 8)	428,725	83,980
Provision for guaranteed loans (note 9)	61,871	66,839
	<hr/> 563,802	<hr/> 461,727
<b>Net assets</b>		
Investment in property, plant and equipment	30,277	44,256
Unrestricted net assets	210,745	108,388
Internally restricted net assets (note 4)	<hr/> 700,000	<hr/> 700,000
	<hr/> 941,022	<hr/> 852,644
	<hr/> <b>1,504,824</b>	<hr/> <b>1,314,371</b>
<b>Contingent liabilities</b> (note 9)		
<b>Commitments</b> (note 14)		

Approved by the Board of Directors



Director



Director

# Black Business Initiative Society

Statement of Changes in Net Assets

For the year ended March 31, 2011

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				<u>2011</u>	<u>2010</u>
	<b>Investment in property, plant and equipment</b>	<b>Unrestricted net assets</b>	<b>Internally restricted net assets</b>	<b>Net</b>	<b>Net</b>
	\$	\$	\$	\$	\$
<b>Balance – Beginning of year</b>	44,256	108,388	700,000	852,644	965,294
Excess of revenue over expenses (expenses over revenue) for the year	(15,537)	103,915	–	88,378	(112,650)
Transfer from unrestricted net assets to investment in property, plant and equipment	1,558	(1,558)	–	–	–
<b>Balance – End of year</b>	<u>30,277</u>	<u>210,745</u>	<u>700,000</u>	<u>941,022</u>	<u>852,644</u>

# Black Business Initiative Society

## Statement of Revenue and Expenses

For the year ended March 31, 2011

	2011 \$	2010 \$
<b>Revenue</b>		
Government contributions (note 11)	1,150,000	1,150,000
Other government contributions – special projects (note 12)	1,104,903	741,118
Service Canada contribution	23,310	27,334
Other (note 13)	81,787	23,717
Interest	7,968	13,092
	<u>2,367,968</u>	<u>1,955,261</u>
<b>Expenses</b>		
General and administrative		
Amortization	15,537	27,005
Annual General Meeting	8,414	50,735
Professional fees	19,711	18,540
General and administrative	217,176	216,366
Rent	117,311	93,721
Salaries and benefits	279,388	304,897
	<u>657,537</u>	<u>711,264</u>
Business assistance		
Training and services	410,890	466,191
Provision for loan guarantees and loan losses (note 9)	20,032	68,297
Recovery of loan and advances to ADEPA Management Inc. (“ADEPA”)	(3,957)	–
Black Business Directory	21,228	21,909
Black Business Summit	173,332	–
Community development funds	5,403	10,000
New business development costs	895	1,752
Special projects (note 12)	660,674	730,864
Constructing the Future Phase III (note 12)	228,205	–
Agricultural Project (note 12)	12,035	–
Youth program	93,316	57,634
	<u>1,622,053</u>	<u>1,356,647</u>
	<u>2,279,590</u>	<u>2,067,911</u>
<b>Excess of revenue over expenses (expenses over revenue) for the year</b>	<u>88,378</u>	<u>(112,650)</u>

# Black Business Initiative Society

## Statement of Cash Flows

For the year ended March 31, 2011

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	2011 \$	2010 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses (expenses over revenue) for the year	88,378	(112,650)
Charges to operations not involving cash		
Amortization	15,537	27,005
Recovery of loan and advances to ADEPA	(3,957)	-
Provision for (recovery of) guaranteed loans - net	(4,968)	56,832
	<hr/>	<hr/>
	94,990	(28,813)
Net change in non-cash working capital balances related to operations (note 10)	277,824	(99,487)
	<hr/>	<hr/>
	372,814	(128,300)
<b>Financing activities</b>		
(Decrease) increase in bank indebtedness	(177,385)	177,385
<b>Investing activities</b>		
Increase in loans and investments	(16,000)	(15,000)
Purchase of property, plant and equipment	(1,558)	(48,706)
	<hr/>	<hr/>
	(17,558)	(63,706)
<b>Net change in cash and cash equivalents during the year</b>	177,871	(14,621)
<b>Cash and cash equivalents – Beginning of year</b>	<hr/>	<hr/>
	860,215	874,836
<b>Cash and cash equivalents – End of year</b>	<hr/>	<hr/>
	1,038,086	860,215
<b>Supplemental cash flow information</b> (note 10)		

# Black Business Initiative Society

Notes to Financial Statements

For the year ended March 31, 2011

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## 1 Nature of operations

The Black Business Initiative Society (the “Society”) is registered under the Societies Act. Established to provide funding and guidance to black-owned business “to foster a dynamic and vibrant black presence within the Nova Scotia business community”.

## 2 Economic dependence

The Society’s operational fund is derived primarily from the Province of Nova Scotia through Atlantic Canada Opportunities Agency (“ACOA”) and the Office of Economic Development (“OED”). The current agreement with ACOA is for four years expiring in 2014 and the agreement with OED is renewed annually.

## 3 Summary of significant accounting policies

These statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) and reflect the following policies and practices:

### Revenue recognition

The Society follows the deferral method of accounting for contributions which include member contributions and government grants.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

### Amortization

Property, plant and equipment are stated at cost less accumulated amortization. Amortization is provided using the diminishing balance method at the following rates:

	%
Computer hardware	20
Computer software	50
Furniture and equipment	50

### Loans

Loans receivable arise as a result of funding previously guaranteed loans which are acquired by the Society due to non-compliance in the area of loan performance. These loans are carried at the unpaid principal plus accrued interest, less provision for loan losses. Loans considered uncollectible are written off.

# Black Business Initiative Society

Notes to Financial Statements

For the year ended March 31, 2011

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## 3 Summary of significant accounting policies (continued)

### Provision for loan guarantees and loan losses

The provision for loan guarantees and loan losses is determined by assessing the collectability of the loan portfolio considering each loan's repayment history, security pledged and other circumstances. The provision at year-end will equal the estimated uncollectible balances of all loans considered doubtful and estimated amounts that may be required to satisfy loan guarantees. The provision for loan losses is shown on the statement of financial position as a reduction of loans and investments and the provision for guaranteed loans is reflected as a liability. The current year's increase or decrease in the required provision is shown in the statement of revenues and expenses as a provision for loan guarantees and loan losses.

### Cash and cash equivalents

Cash and cash equivalents include cash on hand and temporary and restricted investments which are convertible to cash on short notice and not subject to significant risk of change in value.

### Investments

Temporary and restricted investments are classified as held for trading and are therefore recorded at their fair market value.

Long-term investments in entities for which the Society does not exert significant influence are recorded at cost less allowance for permanent decline in value.

### Management estimates

In preparing the Society's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

# Black Business Initiative Society

Notes to Financial Statements

For the year ended March 31, 2011

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## 3 Summary of significant accounting policies (continued)

### Fair value of financial instruments

The Society has evaluated the fair value of its financial instruments based on the current interest rate environment, market values and the actual prices of financial instruments with similar terms. The carrying value of financial instruments is considered to approximate fair value. Financial instruments consist of temporary investments, restricted investments, amounts receivable, loans and ad investments, which will result in future cash receipts, as well as bank indebtedness and accounts payable and accrued liabilities, which will result in future cash outlays.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of judgment and, therefore, cannot be determined with precision. Changes in assumptions could affect the estimates.

Financial instruments are to be recognized depending on their classification and the Society has implemented the following classifications:

- Fixed income investments are classified as “Financial Assets Held to Maturity”.
- Long-term investments in entities that the Society does not exercise control nor exert significant influence are classified as financial assets available for sale and are recorded at cost.
- All other investments are classified as “Financial Assets Available for Sale”. These financial assets are recorded at cost.
- Amounts receivable and loans and advances are classified as “Loans and Receivables”. After their initial fair value measurement, they are measured at amortized cost using the effective interest method.
- Bank indebtedness and accounts payable and accrued liabilities are classified as “Other Financial Liabilities”. After their initial fair value measurement, they are measured at amortized cost, net of transaction costs, using the effective interest method.

### Future accounting changes

In December 2010, the Canadian Accounting Standards Board issued a comprehensive set of accounting standards applicable to not-for-profit organizations. The Standards are effective for fiscal years beginning on or after January 1, 2012 and require retrospective application, except for certain exemptions and exceptions contained within the standards. Early adoption of the standards is permitted. The Society is currently considering the impact of the adoption of these standards.

# Black Business Initiative Society

Notes to Financial Statements

For the year ended March 31, 2011

## 4 Internally restricted net assets

	2011 \$	2010 \$
<b>Beginning and End of year</b>	700,000	700,000

The Board of Directors have internally restricted an amount which represents the Society's guarantees to the Royal Bank of Canada (note 9) and necessary working capital requirements. These funds have been invested in money market funds and guaranteed investment certificates.

## 5 Loans and investments

In addition to the loan guarantees as disclosed in note 9, as at March 31, 2011, the Society has made the following loans and investments:

	2011 \$	2010 \$
<b>Loans</b>		
Non-interest bearing advances to ADEPA, with no set terms of repayment	181,043	184,143
Less: Provision for loan loss	(181,043)	(184,143)
	—	—
<b>Investments</b>		
Investment in 17% (2010 - 15%) of the common shares of Black Business Community Investment Fund Limited, at cost	91,000	75,000
<b>Total loans and investments</b>	91,000	75,000

## 6 Property, plant and equipment

	2011		2010	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer hardware	104,899	85,246	19,653	23,006
Computer software	58,227	57,829	398	797
Furniture and equipment	52,893	42,667	10,226	20,453
	216,019	185,742	30,277	44,256

# Black Business Initiative Society

Notes to Financial Statements

For the year ended March 31, 2011

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## 7 Bank indebtedness, net of cash

The Society has an operating line of credit with an authorized credit limit of \$200,000 of which \$nil (2010 - \$177,385) was used at March 31, 2011. The line of credit bears interest at Royal Bank of Canada prime lending rate and is secured by the restricted investments.

## 8 Deferred revenue

Deferred revenue represents amounts received in advance of incurring the related expenditures.

## 9 Contingent liabilities

During the year, the Society approved loans for clients totalling \$54,000 (2010 - \$78,434) of which \$35,500 (2010- \$76,268) was outstanding at year-end. Total loans outstanding at the year-end were \$192,423 (2010 - \$173,235). These loans have been made by and are being administered by Royal Bank of Canada on behalf of the Society. These loans have been guaranteed by the Society.

	2011 \$	2010 \$
<b>Continuity of provision for guaranteed loans</b>		
<b>Provision – Beginning of year</b>	66,839	10,007
Guaranteed loans written off	–	(11,465)
Loans previously written off that were recovered	(25,000)	–
Adjustment for current year assessment of guaranteed loans	20,032	68,297
<b>Provision – End of year</b>	<u>61,871</u>	<u>66,839</u>

## 10 Supplemental cash flow information

	2011 \$	2010 \$
Net change in non-cash working capital balances related to operations		
Decrease (increase) in amounts receivable	(40,660)	(127,920)
Decrease (increase) in prepaid expenses	34,056	(41,945)
Increase (decrease) in accounts payable and accrued liabilities	(60,317)	(13,002)
Increase (decrease) in deferred revenue	344,745	83,380
	<u>277,824</u>	<u>(99,487)</u>
Cash and cash equivalents consist of		
Cash on hand	270,270	–
Temporary investments	67,816	160,215
Restricted investments	700,000	700,000
	<u>1,038,086</u>	<u>860,215</u>

# Black Business Initiative Society

Notes to Financial Statements

For the year ended March 31, 2011

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## 11 Government contributions

### a) Atlantic Canada Opportunities Agency (ACOA)

During the year ended March 31, 2010, the Society was awarded a non-repayable contribution of the lesser of:

- 56.53% of eligible costs, estimated to be \$1,150,000 for each of 2010 - 2014.
- 56.53% of eligible costs, estimated to be \$5,750,000 over five years.
- \$3,250,000.

This contribution is provided through the Business Development that is sponsored by ACOA. For the year ended March 31, 2011, the Society recorded \$650,000 (2010 - \$650,000) as revenue.

### b) Nova Scotia Department of Economic Development

During the year ended March 31, 2011, the Society was awarded a non-repayable contribution of \$500,000 (2010 - \$500,000) as revenue. The Society reapplies for the funding on an annual basis.

## 12 Details of other government contributions and business assistance expenses – special projects

Other government contributions:

	2011 \$	2010 \$
CTF – Nova Scotia Department of Labour and Workforce Development	956,057	514,382
Africville – ACOA	47,191	199,490
OANSA – Tourism	–	12,000
Youth Intern – CBDC	14,754	15,246
Niche Marketing	73,127	–
Agriculture – Black Farmers Project	11,961	–
Other	1,813	–
	<hr/> 1,104,903	<hr/> 741,118

Business assistance expenses – special projects:

	2011 \$	2010 \$
CTF – Nova Scotia Department of Labour and Workforce Development	617,824	514,382
Africville – ACOA	33,005	199,490
OANSA – Tourism	9,845	16,992
	<hr/> 660,674	<hr/> 730,864
Constructing the Future Phase III	228,205	–
Agricultural Project	12,035	–
	<hr/> 900,914	<hr/> 730,864

# Black Business Initiative Society

Notes to Financial Statements

For the year ended March 31, 2011

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## 13 Details of other revenue

	2011	2010
	\$	\$
Annual General Meeting	—	8,505
Black Business Summit	43,914	—
Recovery of loans previously provided for	25,000	—
Other	12,873	15,212
	<u>81,787</u>	<u>23,717</u>

## 14 Commitments

### Premises rental

In fiscal 2010, the Society entered into a three year sub-lease arrangement commencing July 1, 2009, requiring payment of basic annual rent plus a proportionate share of facility operating costs. The future lease payments for the next two years under operating leases for office space, shared facility operating costs and office equipment are estimated as follows:

	\$
Year ending March 31, 2012	115,424
2013	123,897

## 15 Capital management

The Society defines capital as its net assets. Currently, the Society has no defined targets for net assets and operates under the culture of a balanced budget, with goals of modest surplus to build capital. Management intends to formalize its capital management targets in the near future.

## 16 Financial instruments and risk management

Senior management of the Society are responsible for setting acceptable levels of risk and reviewing risk management activities as necessary.

### i) Fair value of financial instruments

The fair values of temporary investments, restricted investments, amounts receivable and accounts payable and accrued liabilities approximate their carrying values due to their short-term to maturity.

The fair value of the long-term investments in entities as outlined in note 5 is not readily determinable.

### ii) Risk management

The Society, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk and liquidity risk. Management is responsible for setting acceptable levels of risk and reviewing risk management activities as necessary.

Management believes the Society is exposed to normal credit risk with respect to its accounts receivable and loans. Provisions are maintained for potential credit losses. No such losses have been recognized to date on its accounts receivable, \$181,043 has been provided for loan losses as outlined in note 5 of these statements and the Society has provided \$61,871 against its guaranteed loans as outlined in note 9 of these statements.

Management believes the Society has no significant liquidity risk as its assets are highly liquid in nature.

## 17 Related party transactions

Business in Jammin' Society, Adepa Management Inc. ("ADEPA") and Black Business Community Investment Fund Limited ("BBCIFL") are related either by virtue of common management or Board Membership.

The expenses related to development and business assistance costs represent actual amounts paid to or on behalf of each of the related entities.

The Society has contributed \$37,251 to Business is Jammin' Society, a related organization.

# Business is Jammin' Report

Business is Jammin' has a proven value within both the Black community and the the Atlantic Canada economy. In the last year alone, our program participation level has exceeded the 900 mark! We believe this number will only increase as we respond to rising demands from the community for more Business is Jammin' activities.



Through our programming Business is Jammin' inspires participants to stay in school, start up their own ventures, and bring an exceptional

level of professionalism to any workplace. We envision a future where participants will highlight their involvement with Business is Jammin; on resumes, business loan applications, and speaking engagements.

We aim to be the premier partner in mentoring and guiding Black youth to be in-demand members of the business world.

## BIJ Board of Directors

Joseph Parris,  
*Chair*

S.I Rustum Southwell,  
*Vice Chair*

Milton Williams,  
*Secretary*

Robert Browning,  
*Treasurer*

Jocelyn Dorrington

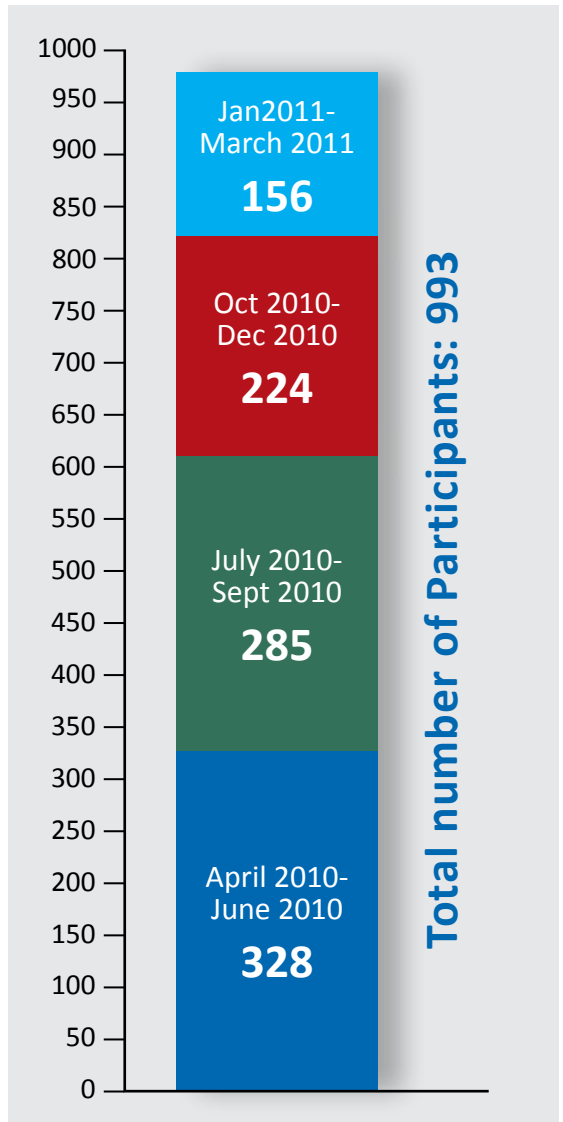
Bruce Johnson

George Ash

Jennifer Price-Sheppard

Tracey Thomas

## BIJ Participants 2010-11



Activity	Total
Workshops, Presentations, Role Models, Lunch & Learn	39
Camps	23
Luncheon Youth Conference	1
Networking Sessions	6
Needs Assessment	11
Youth Summit	1

*“where innovative ideas meet potential for successful Black youth development”*

# BBCIFL – Investing in Our Future

## Fund Background

It has been eight years since Black Business Community Investment Fund (BBCIFL) was sponsored by the BBI to assist in building a strong, diverse and healthy Nova Scotia Black business community by providing investment capital to qualifying companies.

Today, there are 50 different Community Economic Development Investment Funds (CEDIFs) throughout the province managing funds in excess of \$36 million invested by 4,825 individual Nova Scotians in our communities (some repeat investors will reduce this number). The effect of such a large amount of funds invested in our provincial economy is significant. BBCIFL plays a critical part in this entire picture.

## BBCIFL Board of Directors

Pemberton Cyrus,  
*Chair*

Tom Boyd,  
*Vice Chair*

David Eisnor,  
*Treasurer*

Lynn Jones,  
*Secretary*

Greg Browning

Gordon Doe

Joseph Parris

S.I Rustum Southwell

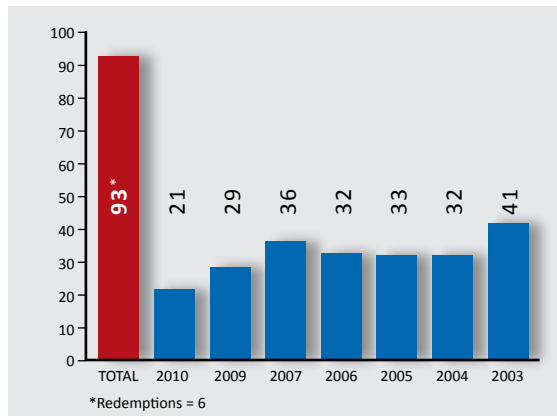
Funmi Joseph

Paul Walter

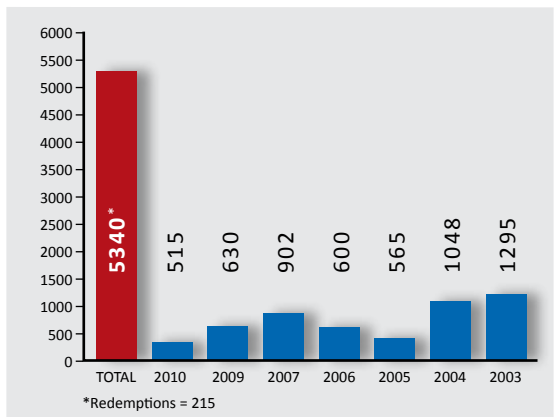
Geraldine Browning

*In December Margaret Fawson, who was a board member on the BBCIFL Board, passed away. Our sympathies to her family*

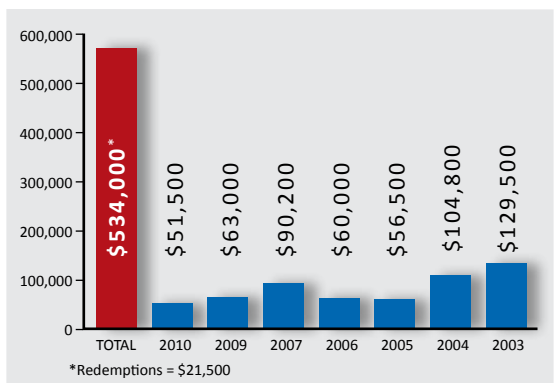
## BBCIFL Investor Count



## BBCIFL Number of Shares



## BBCIFL Funds Raised (\$)



# The Way Forward



## Update on Offering

Over the last seven years, BBCIFL has raised a total of \$555,500 from an investor base of 99. After adjusting for redemptions, the capital base is \$534,000 and the investor base is 93. We are pleased with our steady progress towards building a sustainable financing institution that supports business development within our community.

### Update on Investments

This past year, we invested a total of \$245,000 in three companies. To date we have invested a total of \$1.02 Million. This represents 13 different investments in 7 different companies namely:

**The Bin Doctor, C.A. Wilkins Construction, Stone Gallery, 3165433 NS Ltd, ADEPA Management, Truce Films, and Hoops Innovation.** Our

annualized gross average return per project or loan investment, over the past 5 years, excluding 2008, is 17%. This number drops to 7.88% when the return is spread over the entire portfolio.



Pemberton Cyrus, BBCIFL Chair presenting a cheque to Robert Ffrench of Hoops Innovation.

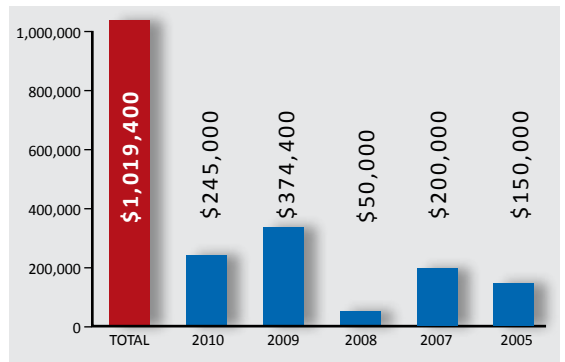
One of the company's we invested in this year is **Hoops Innovation**. Hoops Innovation is a promising Nova Scotian business that created and owns the rights to a basketball training and NBA licensed device called Shotloc.

On February 22, 2011, the Fund received a \$5,000 cheque as dividend for its equity investment in the **Bin Doctor**.

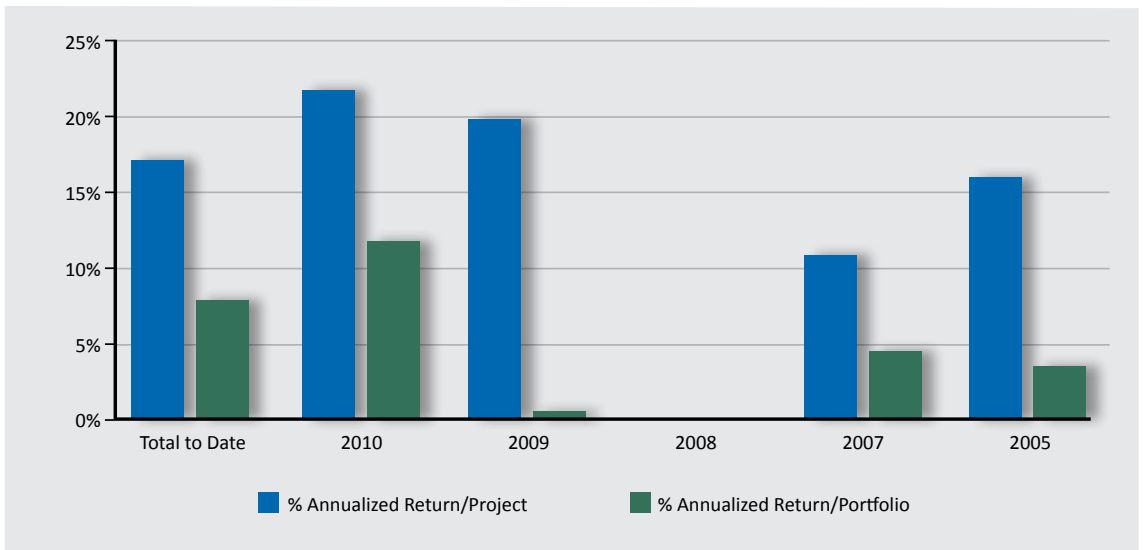


Robert Loppie and Jason Vaillancourt of Bin Doctor presenting a cheque to Pemberton Cyrus, BBCIFL Chair.

### BBCIFL Invested Capital



### BBCIFL Investment Returns



# Constructing the Future Report



Now in its third year (Phase), “Constructing The Future” (CTF) is a 32 week construction training and job readiness program that BBI developed and delivers in partnership with the NS Department of Labour and Advanced Education, and the NS Community College.

The program continues to produce very compelling results: graduating 15 out of 20 successful applicants in Phase one and 17 out of 25 in Phase two.



Of the total 32 graduates from the first two years of the program, 13 have gained admission to the Community college and 7 have been indentured as apprentices in different construction trades namely: carpentry, electrical and plumbing. Also, two of the graduates are running their own small construction businesses and 1 other participant is employed full time as a construction site supervisor.

This year, we expect 4 of the first year participants to graduate from their 2 year program at NSCC. We are very proud of their commitment, hard work and success.

The current Phase three participants are also working very hard and expect to replicate the success of their predecessors.

With continuing partnership with the department of Labour and NSCC, and the growing support from industry stakeholders like employers who accept students for work placement and ultimately hire them, we see this program positively impacting the Black construction sector for the long term.

We’d like to take this opportunity to once again offer special thanks to the the department of Labour and Advanced Education for funding the program and the Nova Scotia Community College, who not only host the program, but also provides instructors during the trades training phase of the program and help source work placement opportunities.

To the employers who have accepted students for work placements, thank you for supporting our students and the program.

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## BBC Board of Directors

Paul Walter,  
*Chair*

S.I Rustum Southwell,  
*Vice Chair*

Yemi Akindoju,  
*Treasurer*

Jeff Somerville

Carlo Simmons

Barbara Manning

Dr. Rudolph Ffrench

Milton Williams

## The Way Forward



## CTF Timeline and Number of Participants

<b>2009</b> PHASE I	Number of Applicants	42
	Applicants Accepted	20
	Completed 10 Weeks of Personal Development	19
	Completed 12 Weeks of Trades Training	15
	Completed 12 Weeks of Work Placement	15
	Applicants Graduated	15

<b>2010</b> PHASE II	Number of Applicants	45
	Applicants Accepted	25
	Completed 10 Weeks of Personal Development	22
	Completed 12 Weeks of Trades Training	19
	Completed 12 Weeks of Work Placement	17
	Applicants Graduated	17

<b>2011</b> PHASE III <i>ongoing</i>	Number of Applicants	43
	Applicants Accepted	24
	Completed 10 Weeks of Personal Development	21
	Completed 12 Weeks of Trades Training	–
	Completed 12 Weeks of Work Placement	–
	Applicants Graduated	–

### Break-Down of Graduates

	2009	2010
# who went to NSCC	7	6
# of Indentured Apprentices	2	5
# of Self-employed	2	–
# of Construction Full-time Jobs	1	–

*To the employers who have accepted students for work placements, thank you for supporting our students and the program.*

# The Way Forward

“The way forward is found on a path through the wilderness of the head and heart---reason and emotion. Thinking, knowing, understanding.”

— *Laurence Gonzales*



**Black Business Initiative**

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