

I INTRODUCTION

The following document was prepared for East Central's Annual Meeting. The report provides a summary of the Corporation's activities during the last reporting period and some information relating to community involvement since inception.

Some highlights of the review include historical loan assistance totaling \$12,091,000. Since inception 458 loans were issued averaging \$26,400. Direct employment associated with ECDC loans is estimated to be 1,223.

The provision of technical services involved counselling, feasibility analysis and business plans. From all technical services combined 324 businesses were started or expanded. These businesses were employing 625 persons at the time of establishment.

II CORPORATION HISTORY

East Central L.E.A.D. Corporation (ECLC) was conceived and established through the joint efforts of the Parkland Economic Development Committee and the Mainline Economic Development Committee. They applied to the Canada Employment and Immigration Commission (CEIC) for the L.E.A.D. Program in January 1985. East Central L.E.A.D. Corporation received \$100,000 to assess the area's socio-economic conditions and to formulate a strategic development plan which was submitted to EIC with hopes of entering into an operational contract. On December 2, 1985, a contract of \$350,000 was signed by officials from EIC and ECLC. \$130,000 was to be used for administration, along with \$220,000 for an initial fund for business loans.

East Central L.E.A.D. was incorporated on the 31st day of July, 1985 and became operational December 2, 1985. The membership of L.E.A.D. elected its own directorship, who administered the affairs of the Corporation.

The Corporation experienced a change of direction and name February 2, 1987 and began operations as a Business Development Centre under the guidelines of the Community Futures Program.

The Corporation's agreement with Human Resources Development Canada expired on October 31, 1994. Due to the nature of the terms and conditions requested by the Government of Canada for entering into a new agreement, a decision was made by the Board of Directors not to enter into a new agreement.

In 1999, the Government of Canada, through the Department of Western Economic Diversification, entered into an agreement with the corporation to provide funding for the eligible operating expenditures of the corporation. The corporation provided business advisory services, training and skills development, access to financial assistance for businesses and community economic development.

This agreement expired on March 31, 2006. Due to the nature of the terms and conditions requested by the Government of Canada for entering into a new agreement, a decision was made by the corporation's Board of Directors not to enter into a new agreement with the Government of Canada at the time. East Central operated through the use of its earned revenue from the provision of financial and other services as authorized by the Directors.

A new agreement, which addressed the issues of concern to the Directors, was signed in July 2007. It was originally a three year agreement but has been extended by three one-year periods since.

III DIRECTORS OF THE CORPORATION

GLENN MILLER

Chairman of the Board, Glenn Miller served on the Provisional Board in 1984-1985 and has been a Director since 1985. Glenn is a pharmacist and owns and operates Royal Drug Mart in Melville. He is a Board Member of United Pharmacists Enterprises, which is comprised of approximately 130 independent pharmacies in Saskatchewan. Glenn serves on various boards and committees in Melville and has also been a City Councillor.

RON DEMOFSKY

Ron Demofsky has served as a Director from 1985-1988 and 1989 to the present. He also served on the Provisional Board in 1984-1985. Ron was an insurance agent and former Owner/Manager of Whitewood Agencies in Whitewood. He is a member of the Whitewood Economic Development Committee and is active on various other community committees.

WARREN KOTZER

Warren Kotzer has been a Director since November, 1993. He is part owner of the Case I.H. Dealership in Langenburg, Preeceville and Yorkton. He has been a Councillor for the Town of Langenburg for several years. Warren is a Past President of the local Chamber of Commerce of which he is still a member. He is a member of the Family and Friends Community Foundation which was set up in 2003 and he is also on his Church Council.

LARRY LANG

Larry Lang has been a Director since 1987. He is a partner in a consulting company, HMC Management Inc. in Broadview. Larry is ECDC's representative for the Community Futures Partners of Sask. and is a member of the Pan West Board Development Committee. He is Past President of the Sask. Economic Development Association.

DON WARNER

Don Warner has been a Director since April, 1993. He is semi-retired and was employed as Assistant Administrator for the Town of Balcarres. Don was Economic Development Officer for both Pheasant Creek Rural Development Corporation and Balcarres. He previously spent 15 years on the Town Council and also served as Mayor. Don was involved with the Lions Club for several years and held positions of President and Treasurer. He has been involved in the livestock business for many years.

BILL POZNIAK

Bill Pozniak has been a Director since April, 1995. He is a retired businessman in Esterhazy. Bill served as a member of the Town Council. He is a member of the Knights of Columbus and a Board Member of St. Anthony's Hospital.

ECDC PAST DIRECTORS - ZONES REPRESENTED

1.	Chief Henry Delorme Cowessess Reserve	Zone 10	1984 - 1985
2.	Bradley Delorme Cowessess Reserve	Zone 10	1985 - 1986
3.	Scott Kearns Kipling	Zone 4	1984 - 1985
4.	James Dunk Grenfell	Zone 6	1984 - 1987
5.	Terrence Shackleton Kipling	Zone 4	1985 - 1987
6.	Sidney Criddle Broadview	Zone 5	1984 - 1987
7.	Lorne Gogal Churchbridge	Zone 1	1984 - 1987
8.	Orest Michaluk Esterhazy	Zone 2	1985 - 1988
9.	Dave Waters Balcarres	Zone 7	1985 - 1988
10.	Kim Davis Churchbridge	Zone 1	1987 - 1988
11.	Harold Gardiner Lemberg	Zone 8	1985 - 1989
12.	Norman Hicks Wolseley	Zone 6	1987 - 1989
13.	Richard Kaye Sakimay Reserve	Zone 10	1987 - 1989
14.	Rudy Jalbert Wolseley	Zone 6	1989 - 1991

15.	Ryan Calder Lemberg	Zone 8	1989 - 1991
16.	Hans Hansen Kennedy	Zone 4	1988 - 1991
17.	David Renwick Balcarres	Zone 7	1988 - 1993
18.	Colin Rosin Churchbridge	Zone 1	1988 - 1993
19.	Rodney Roden Langenburg	Zone 2	1988 - 1993
20.	Wendy Pryor Lemberg	Zone 8	1991 - 1995
21.	Debra Highmoor Windthorst	Zone 4	1992 - 1993
22.	Audrey Tennant Kipling	Zone 4	1992 - 1995
23.	Elden Gibson Kipling	Zone 4	1995 - 1996
24.	Lois Smandych Bredenbury	Zone 1	1993 - 1998
25.	Jody Crossman Indian Head	Zone 6	1991 - 1998
26.	Phil Boivin Broadview	Zone 5	1990 - 2002

IV BOARD OF DIRECTORS & COMMITTEES

During the current reporting period the Board attended 13 meetings. The success of any community based economic development program is dependent on this kind of personal commitment from community representatives.

Board of Directors: In accordance with the Bylaws, the Board of Directors manages the business and affairs of East Central Development Corporation. The focus of the Board is to establish operating policies and guidelines based on Committee recommendations.

Administrative Review Committee: The Administrative Review Committee has the power to transact all business, which in the opinion of the chairperson cannot be delayed until the next regular meeting of the Board of Directors. The Administrative Review Committee is required to report its action(s) at the regular full Board meetings.

Project Assessment Committee: This Committee is comprised of five directors who analyze, authorize and oversee investments. This Committee has the power to make lending decisions and is required to report to the full Board.

Election Committee: This Committee is comprised of three directors who are responsible for the election/selection of directors. The Election Committee transacts the election process as directed in the Bylaws and Policies of the Corporation.

V CORPORATION PERSONNEL**ELROY TRITHARDT**

Elroy Trithardt, General Manager, has been employed with East Central Development Corporation since 1986. Elroy attended the University of Regina where he obtained degrees of Bachelor of Education, Bachelor of Arts and Master of Arts in 1983. The Masters Degree was obtained through the Faculty of Graduate Studies and involved research in the field of regional economic development through the Department of Geography.

As well as providing comprehensive first-hand business counselling and advisory services to numerous clients over the years, Elroy has provided instructional services for educational agencies throughout the area. These counselling and instructional services ranged from financial analysis and forecasting to business planning and bookkeeping to mention a few.

KATHLEEN MELNYK

Kathleen Melnyk joined the staff of East Central in February of 2006. She attended SIAST Wascana Campus in Regina where she completed the Office Education Program.

In 2006, Kathleen held the position of receptionist/office assistant. In April 2009, she took on the responsibilities of Lending Administrative Assistant. In January of 2011, she took on the role of Loans Administrator. She is involved with all aspects of loan support services, Board Development and Corporate Communications.

KIM SIMPSON

Kim was hired at East Central in July 2009 as Office Assistant. In April 2010, she took on the responsibilities of Accounting Clerk. In February of 2011, she took on the role of Office Administrator and is responsible for accounting and general office administration procedures.

Kim has previous work experience as Parish Secretary, Preschool Instructor and Liaison Officer for the Aspen Grove School Division.

VI COMMUNITIES ASSISTED

The Board of Directors, when developing a mandate for local community development, selected certain policies that were deemed to be the most effective methods of “providing financing and technical assistance to entrepreneurs and assisting in establishing new businesses”. The Board was concerned that the corporation direct its resources to those sectors of prime concern. The small business service and retail sectors in general were to receive support and, as well, special attempts to encourage the further development of value-added manufacturing and processing were to be made.

Table I illustrates the number of businesses assisted in each community.

VII CORPORATE ACTIVITIES

Financial Assistance

From 1986-1991, Canada provided East Central with non-repayable grants to use as a development fund from which loans could be made to qualifying businesses. Total grants provided to the Corporation were \$1,550,000. A total of 458 loans and investments have been issued. The amount issued in these loans was \$12,091,000 for an average loan size of \$26,400. This indicates that a significant portion of the investment fund has been revolving and is being re-loaned to other businesses.

During the current report period 21 loans totaling \$997,000 were issued. These loans averaging \$47,500 resulted in 39 jobs created/maintained. The Directors assessed 24 loan applications totaling \$1,634,000. East Central staff provided 1,836 hours of assistance to loan clients.

Associated with the Corporation's loan investment of \$997,000 was levered investment of \$1,792,000 from owners' equity, other lending institutions and personal financing. Since inception, it should be noted that East Central was directly responsible for \$40,852,000 in local small business investment. On average each year, East Central has been directly responsible for \$1.57 million in investment in local enterprises.

As of March 2012, the audited value of the Corporation was \$5,327,841. This implies that although some businesses have failed and East Central incurred losses, overall earnings have surpassed losses.

East Central records indicate that at the time of loan disbursement, the 458 loans resulted in an estimated creation or maintenance of 1,223 employment positions with an additional 625 employees through technical assistance. Since inception the corporation received an estimated amount of \$6,281,215 in Federal grants and contributions. The average Government cost per job associated with the funding is estimated at \$3,400. East Central estimates that 65 percent of businesses receiving assistance are in operation for more than five years.

Table II & Figure I provide a sectoral breakdown of businesses receiving East Central loans.

TABLE II insert

As illustrated, the Manufacturing, Tourism, Construction, and Transportation sectors were the sectors receiving most assistance. In fact, combined, these sectors comprised nearly two thirds of all loan clients. This type of response is very significant since these sectors have normally constituted a small portion of the area's traditional workforce.

The fact that East Central financially assisted businesses are surviving at a rate exceeding national business start-up rates is owing to the decision-making ability of the Board of Directors and Staff. Considerable efforts are made to determine the likelihood of success before loans are approved. Also, in many cases, clients have been assisted by on-going support services provided by East Central in its monitoring process.

During the reporting period East Central staff conducted 606 client contacts providing 4,907 hours of service. The average time spent per client contact was approximately 8 hours.

Technical Assistance

Technical assistance is available to existing or prospective entrepreneurs to help solve various financial and strategic problems.

A sampling of services offered is as follows:

- A. Feasibility studies: To thoroughly examine a business venture, or opportunity, in order to determine the viability and profitability of such a business;
- B. Market studies: To gather and analyze information on a specific market or product;
- C. Informational services: To keep the entrepreneur up-to-date with regulations and legal requirements;
- D. Applications procedures: To access available Government programs;
- E. Business plans and financial proposals: To assist entrepreneurs in their adoption of sound business plans and to recommend possible financing options;

During the current reporting period 430 “time recorded” client contacts were made. East Central staff provided a variety of technical assistance to these clients. The assisted businesses in this category combined raised \$152,000 in outside investments. This assistance does not include services associated with loan financing or Community Economic Development projects.

ECDC estimates that since inception 625 employment positions were directly associated with the provision of these advisory services through the establishment of 324 new businesses.

ECDC –Investment Portfolio Analysis -
(Impact Tool Designed for Sask. Economic Development Association)

Year Ending March 31, 2012:

Sector	Investment	Annual Sales	Local Jobs	Prov. Impact	Prov. Jobs	National Impact	National Jobs
Construction	557,000	920,000	2.20	751,950	3.60	1,013,740	5.10
Manufacturing	270,000	330,000	0.78	413,100	1.33	550,800	2.05
Retail Trade	250,000	610,000	4.30	330,000	3.73	397,500	5.33
Transportation	386,000	875,000	1.71	747,780	2.18	559,700	2.80
Property/ Realty	450,000	140,000	0.69	558,000	1.26	625,500	1.95
Prof/Technical	60,000	340,000	0.71	75,600	0.76	91,800	0.97
Education	14,000	240,000	0.34	20,020	0.33	23,380	0.40
Arts & Rec.	27,000	10,000	0.51	37,260	0.50	45,630	0.67
Acc. & Food Ser.	580,000	740,000	11.77	771,440	10.22	1,049,800	14.62
Total:	2,594,000	4,205,000	23.01	3,705,110	23.91	4,357,850	33.89

Long-Term Employment Creation Summary

<u>TYPE OF ASSISTANCE</u>	<u>ASSOCIATED EMPLOYMENT</u>	
	<u>CURRENT PERIOD</u>	<u>TOTAL</u>
Technical Assistance	16	625
Financial Assistance	39	1,223
Total*	<u>55</u>	<u>1,848</u>

*East Central estimates that at least 60% of this employment has been sustained.

Relationships with Other Advisory Agencies

East Central has established an excellent working arrangement with other business advisory agencies. Enterprise Saskatchewan regularly refers clients to the office.

The Canada Saskatchewan Business Service Centre has established East Central as a regionalization site. A wider collection of informational products and videos relating to small business issues is now available for client and public use through this partnership.

The Corporation has also been assisting the Regional Colleges with the establishment of various business seminars and workshops. East Central also has staff participation on the South East Transportation Planning Committee and a member of other advisory agencies.

Relationships with Other Financial Institutions

During this past period, most of the businesses that received East Central loan financing also obtained some loan financing through other lending institutions. Banks and Credit Unions have jointly financed property and equipment purchases, have provided line-of-credit loans for working capital purposes and have provided Business Improvement Loans under the Canada Small Business Financing Act. East Central believes its mandate is to provide community based developmental lending and the organization does not necessarily believe it is a “lender of last resort.”

East Central has provided feasibility studies, business plans and financial forecasts which have allowed clients to obtain loans from commercial lenders. Many new entrepreneurs need advice regarding the best possible method of approaching local lenders. In this manner, new businesses have been established without East Central financial assistance simply because lenders are impressed with informed and properly researched applications.

East Central is also a registered Small Business Loans Association with Saskatchewan Industry and Resources. The provincial government entered into a funding Agreement with East Central providing for interest free advances up to a maximum of \$250,000. These funds are utilized by East Central for purposes of making small business loans to businesses in amounts not exceeding \$20,000 each.

Many communities in the area are also registered as Small Business Loans Associations. In a number of cases, the Board of Directors has approved loans under the condition that some loan financing also come from the client's community loan association. This condition usually indicates that the local community supports the new business. In this way the Board ensures that the community shares some of the accompanying risk of potential loan losses.

VIII MEMBER COMMUNITIES

ZONE	RM#	TOWN OR VILLAGE	CONTACT
1	213	Bredenbury	Kim Varga
1	211	Churchbridge	Carla Kaeding
1	211	MacNutt	Kendra Busch
1	211	R.M. Of Churchbridge	Brenda A. Goulden
1	213	R.M. Of Saltcoats	Ronald R. Risling
1	213	Saltcoats	Diane Jamieson
2	183	Atwater	Sheila Shivak
2	183	Bangor	Joan C. Bomberak
2	183	Bird's Point	Monica Haas
2	183	Esterhazy	Lois Kubik
2	181	Langenburg	Howard McCullough
2	183	R.M. Of Fertile Belt	Lorie Jackson
2	181	R.M. Of Langenburg	Darwyn MacKenzie
2	183	Stockholm	Dawn Dressler
2	183	West End	Marjorie Deschambault
2	181	Yarbo	Leanne Rue
3	152	Gerald	Lila Sippola
3	151	Rocanville	Monica M. Merkosky
3	151	R.M. Of Rocanville	Sylvia Anderson
3	152	R.M. Of Spy Hill	Carey Nicholauson
3	153	R.M Of Willowdale	Bob Lang
3	152	Spy Hill	Susan Gawryluk
3	152	Tantallon	Susan Gawryluk
3	153	Whitewood	Sharon Rodgers
4	93	Kennedy	Jane Johnson
4	124	Kipling	Gail Dakue
4	124	R.M. Of Kingsley	Holly Kemp
4	123	R.M. Of Silverwood	Jennalee Beutler
4	125	Windthorst	Denise Swallow
5	154	Broadview	Mervin J. Schmidt
5	184	Dubuc	Joan Kerr
5	184	Grayson	Monica Haas
5	154	Grenfell	Judy O'Callaghan
5	184	Killaly	Linda Hanowski
5	184	Melville Beach	Diane Smith
5	154	R.M. Of Elcapo	Mervin J. Schmidt
5	184	R.M. Of Grayson	Darlene Paquin
5	184	Waldron	Arlene Maquire

ZONE	RM#	TOWN OR VILLAGE	CONTACT
6	156	Indian Head	Cam Thauberger
6	156	R.M. Of Indian Head	Lorelei Theaker
6	155	R.M. Of Wolseley	Rose Zimmer
6	156	Sintaluta	Donna Pitre
6	155	Summerberry	Rose Hunter
6	155	Wolseley	Bev Hackewich
7	186	Abernethy	Sheree Emmerson
7	186	Balcarres	Bev Gelech
7	186	R.M. Of Abernethy	Karissa Lingelbach
7	216	R.M. Of Tullymet	Sheila Keisig
8	215	Duff	Tracey Schuman
8	215	Fenwood	Doreen Dohms
8	215	Goodeve	Diana Lee
8	185	Lemberg	Joyce Hauck
8	185	Neudorf	Crystal Campbell
8	185	R.M. Of McLeod	Murray J. Hanowski
8	215	R.M. Of Stanley	Marie Steiner
9	214	Melville	Kayla Hauser
9	214	R.M. Of Cana	Audrey Law
10		Carry The Kettle First Nation	
10		Cowessess First Nation	Grady Lerat
10		Kahkewistahaw First Nation	
10		Little Black Bear First Nation	
10		Ochapowace First Nation	
10		Okanese First Nation	
10		Peepeekisis First Nation	
10		Sakimay First Nation	
10		Star Blanket Cree Nation	

IX MISSION STATEMENT AND LONG-TERM OBJECTIVES

This mission statement has been adopted:

“The purpose of East Central is to enhance the economic development of the geographic region by assisting businesses through the provision of financial and technical services.”

Long-Term Goals:

- To assist in the development and maintenance of viable business
- To provide business training and counseling related to increased diversification and innovation
- To participate in regional economic development planning activities

Long-Term Strategies:

- Provision of developmental lending services
- Training, counselling, feasibility analysis and market studies
- Promotion of municipal cooperation and community based projects

Short-Term Strategies:

- Continued cooperation with Enterprise Saskatchewan and local SBLAs
- Assist clients with financial and market analysis to increase profitability
- Participation on relevant producer associations related to market and product development
- Participation in South East Transportation Committee
- Promotion of S.C.V.N. Training services (Video Conferencing)
- Promote technical/lending activities related to ownership transition

APPENDIX "A"

EAST CENTRAL

Broadview, Saskatchewan

AUDITORS' REPORT AND FINANCIAL STATEMENTS

As of March 31, 2012

**A copy may be obtained by contacting
our office at 306-696-2443**