Case Study: Small Loans, Big Ripples

How PacifiCan Funding Helps Community Futures Grow Rural B.C. Businesses

Grade 10 Social Studies, Economics, and Entrepreneurship

Learning Goals

By the end of this case study, you should be able to:

- Explain why the federal government funds business support in rural communities.
- Describe how a Community Futures office helps a small business get started or grow.
- Use real statistics to measure whether a public program is working.
- Use key economic terms correctly, such as "access to capital," "leverage," and "multiplier effect."

Part 1: The Big Picture

Banks are an important source of money for businesses. However, a bank may say no to a new business owner who lives in a small town, has a short credit history, or wants a loan that is too small to be worth the bank's time. This problem is called a gap in **access to capital**.

To help fill this gap, the Government of Canada runs the **Community Futures Program**. In British Columbia, the program is run by **Pacific Economic Development Canada (PacifiCan)**, a federal agency. PacifiCan funds **34 Community Futures offices** across the province, all located outside the major urban centres of Vancouver and Victoria (PacifiCan Regional Evaluation Summary).

Each office is an independent, non-profit organization run by a local volunteer board. The 34 offices belong to a provincial association called **Community Futures British Columbia (CFBC)** (PacifiCan). Four of the offices focus on serving Indigenous entrepreneurs (Stó:lō Community Futures).

What does each office get?

On average, each Community Futures office receives **nearly $300,000 per year** in funding from PacifiCan (PacifiCan Regional Evaluation Summary). This money pays for staff, business advice, training, and the day-to-day work of running the office.

In 2023-24, total PacifiCan funding for the program in B.C. was nearly $11.2 million, including about $9.1 million from the program's regular budget and $2.1 million in extra (supplementary) funding (Government of Canada evaluation report).

What does each office do?

Community Futures offices offer:

- **Business loans**, usually up to **$150,000** (Province of British Columbia)
- **Free or low-cost business advice**, such as help writing a business plan
- **Training and workshops** for new and growing businesses
- **Community economic development projects** that make the whole region stronger

An important detail: the operating funding from PacifiCan is mostly for running the office. The loans themselves come from each office's **loan fund**. When a business repays its loan, that money goes back into the fund so it can be lent to the next entrepreneur. This is called a **revolving loan fund**.

Part 2: The Story of Riverbend Bakery

The story below is fictional. It is based on the kind of support Community Futures offices provide every day. The town of Smithers is real, but Maya and her bakery are not.

Chapter 1: A Good Idea and a Closed Door

Maya Thomas grew up in Smithers, a town of about 5,000 people in northern B.C. After working for six years at a bakery in Prince George, she moved home with a plan. Smithers had one grocery store bakery, but no place to buy fresh sourdough, local berry pies, or a good coffee in the morning before work.

Maya found an empty storefront on Main Street. She needed about $95,000 for ovens, a mixer, display cases, renovations, and three months of operating money. She had saved $20,000.

She went to her bank. The loan officer was friendly, but the answer was no. "You've never owned a business," he said. "And restaurants and bakeries are high-risk. We can't lend you the full amount."

Maya walked out feeling stuck. She had the skills and the customers. She just did not have the money.

Chapter 2: Walking Into Community Futures

A friend told Maya about the local Community Futures office. Maya booked a meeting with a business analyst named Raj.

Raj did not start by talking about money. He started by asking questions. Who are your customers? What will you charge for a loaf of bread? How much does flour cost? What happens in January, when tourists are gone?

Over six weeks, Raj helped Maya:

- Write a full business plan

- Build a cash flow forecast for her first two years
- Attend a free workshop on bookkeeping and pricing

Then Maya applied for a loan. Her application went to a **loan committee** made up of local volunteers, including a retired accountant and a ranch owner. They reviewed her plan using the "5 C's of Lending" (Community Futures British Columbia): Character, Capacity, Capital, Collateral, and Conditions.

Chapter 3: The Deal

The committee approved a $75,000 loan from Community Futures. That is close to the average CFBC loan size of $73,712 in 2024-25 (CFBC Annual Report 2024-25).

Something else happened. Because Community Futures was taking a share of the risk, Maya's bank agreed to lend her a smaller amount for her equipment. This is called **leveraging**: one source of money helps unlock money from another source.

Maya's final financing looked like this:

Source	Amount
Maya's savings (owner's equity)	$20,000
Community Futures loan	$75,000
Bank equipment loan	$25,000
Total	$120,000

The extra money from the bank meant Maya could buy a better oven and keep more cash in reserve for slow months.

Chapter 4: Opening Day and Beyond

Riverbend Bakery opened in May. By August, there was a line out the door on Saturday mornings. Maya hired:

- One full-time baker
- One part-time counter worker
- One seasonal summer employee

Including Maya herself, the bakery created **four jobs**. That is close to the average of 3.4 jobs created or maintained per Community Futures loan in B.C. (Government of Canada evaluation report).

Chapter 5: The Ripple Effect

The impact did not stop at Maya's door. Riverbend Bakery buys berries from a farm outside town, eggs from a local supplier, and coffee beans from a roaster in Terrace. Maya's employees spend their paycheques at the hardware store, the gym, and the hockey rink. Economists call this the **multiplier effect**.

In January, sales dropped, just as Raj had warned. Maya called him. Together, they adjusted her hours and added a catering service for local offices and events. The bakery stayed open. Today, Maya makes her loan payment every month, and that money goes back into the loan fund to help the next entrepreneur in Smithers.

Part 3: The Numbers Behind the Story

Maya's story is one example. Here is what the program looks like across all of British Columbia.

Province-Wide Results (2024-25)

According to the CFBC Annual Report 2024-25, the 34 offices together:

Measure	Result
Number of loans disbursed	597
Value of loans disbursed	$44.0 million
Average loan size	$73,712
Extra money leveraged from other lenders	$30.2 million
Jobs supported through lending (full-time, part-time, and seasonal)	1,895

Long-Term Results (Six-Year Evaluation)

A 2026 Government of Canada evaluation looked at six years of the program in B.C. (Government of Canada evaluation report; PacifiCan Regional Evaluation Summary):

Measure	Result
Total loans provided	3,339
Total value of loans	$186.8 million
Jobs created or maintained	11,250
Jobs per loan (average)	3.4
Money from other sources for every $1 of Community Futures lending	$0.90
Business advisory services delivered	Nearly 115,000
Training participants	Over 60,000
Businesses created, expanded, or maintained	Over 13,000
Community-based projects supported	2,147

The evaluation also found that, according to Statistics Canada analysis, B.C. businesses that receive Community Futures loans have higher survival rates, on average, than businesses that do not (PacifiCan Regional Evaluation Summary).

A Challenge for the Program

The evaluation also pointed out a problem. The standard $150,000 loan limit has not been updated since 2010 (PacifiCan Management Response). Because of **inflation**, $150,000 buys much less today than it did in 2010. The evaluation suggested raising the cap as one way to increase lending.

Quick Math

Try these calculations before the discussion:

1. If 34 offices each receive about $300,000 per year, what is the total? (Answer: 34 x $300,000 = $10.2 million.)
2. In 2024-25, the offices lent $44.0 million. About how many dollars were lent for each dollar of PacifiCan operating funding, using your answer from Question 1?
3. Divide 1,895 jobs by 597 loans. How many jobs were supported per loan in 2024-25? How does this compare to the six-year average of 3.4?

Part 4: Student Discussion Questions

Understanding the Case

1. Why did the bank say no to Maya? List at least two reasons a bank might see a rural start-up as risky.
2. Name three types of help Maya received from Community Futures besides the loan. Which one do you think mattered most, and why?
3. What is the role of the volunteer loan committee? Why might it matter that its members live in the community?

Applying Economic Ideas

4. Explain how Maya's bakery creates a multiplier effect in Smithers. Draw a simple diagram that shows at least four ways money moves through the local economy.
5. Using Maya's financing table, explain leverage in your own words. How did the Community Futures loan make the bank loan possible?
6. Why is a revolving loan fund a good use of public money compared to a one-time grant? Can you think of any downsides?

Analyzing the Data

7. The six-year evaluation reports 3.4 jobs per loan. Why might "jobs created or maintained" be harder to measure than "number of loans"? What questions would you ask about how these jobs were counted?
8. Using your answer from the Quick Math section, do you think about $300,000 per office per year is a good investment for taxpayers? Support your answer with at least two statistics.

9. The $150,000 loan limit has not changed since 2010. Explain how inflation affects the value of that limit. Should the limit be raised? Explain your reasoning.

Thinking Critically

10. The program serves communities outside Vancouver and Victoria. Why do you think the government focuses on rural and remote areas? Is this fair to entrepreneurs in big cities?
11. Some people argue that government should not be involved in lending money to businesses. Write one argument for and one argument against this view.
12. Imagine you are a business analyst at a Community Futures office. A young person in your town wants to open a business. What three questions would you ask them first, and why?

Extension Activity

Research the Community Futures office closest to your community or to a rural town you know. Find one real business it has helped. Write a one-page profile comparing that business's story to Maya's.

Part 5: Glossary of Economic Terms

Term	Definition
Access to capital	The ability of a person or business to get money (loans or investment) to start or grow.
Business plan	A written document that explains a business's goals, customers, costs, and how it will make money.
Capital	Money or assets (like equipment) used to run or grow a business.
Cash flow	The movement of money into and out of a business over time.
Collateral	Property or assets a borrower promises to a lender in case the loan is not repaid.
Credit history	A record of how a person has borrowed and repaid money in the past.
Default	When a borrower fails to repay a loan as agreed.
Economic development	Efforts to improve the economy and quality of life in a community, often by creating jobs and supporting businesses.
Entrepreneur	A person who starts and runs a business, taking on financial risk in hope of a profit.
Equity (owner's equity)	The money an owner puts into their own business.
Federal agency	A government organization that carries out specific work for the Government of Canada. PacifiCan is one example.
Inflation	A general rise in prices over time, which means money buys less than it used to.
Interest rate	The cost of borrowing money, shown as a percentage of the loan.
Leverage	Using one source of money to attract additional money from other sources.
Loan committee	A group of people who review loan applications and decide whether to approve them.

Term	Definition
Multiplier effect	When money spent in an economy is spent again and again, creating more total economic activity than the first amount.
Non-profit organization	An organization that uses any extra money to support its mission rather than paying it out to owners.
Public funding	Money provided by government, which comes from taxpayers.
Revolving loan fund	A pool of money that is lent out, repaid, and then lent out again to new borrowers.
Risk	The chance that an investment or loan will lose money.
Rural	Describing areas outside cities and large towns, often with smaller populations.
Seasonal business	A business whose sales go up and down depending on the time of year.
Small and medium-sized enterprise (SME)	A business with a limited number of employees and revenue. In Canada, small businesses usually have fewer than 100 employees.

Part 6: Student Worksheet

Complete this worksheet on your own. Use the case study and glossary to help you. Show your work for all math questions.

Name: _____ Date: _____ Class: _____

Section A: Vocabulary Match (8 marks)

Write the letter of the correct definition beside each term.

Term	Your Answer		Definition
1. Leverage	_____	A	A pool of money that is lent, repaid, and lent again
2. Collateral	_____	B	Money an owner puts into their own business
3. Inflation	_____	C	Using one source of money to attract more money from other sources
4. Revolving loan fund	_____	D	Assets a borrower promises in case a loan is not repaid
5. Multiplier effect	_____	E	A general rise in prices over time
6. Owner's equity	_____	F	Money spent in a community being spent again and again
7. Entrepreneur	_____	G	The ability to get loans or investment to start or grow a business
8. Access to capital	_____	H	A person who starts a business and takes on financial risk

Section B: True or False (6 marks)

Circle T for true or F for false. If the statement is false, rewrite it so it is true.

1. T / F PacifiCan funds 34 Community Futures offices in British Columbia.

2. T / F Community Futures offices are located in Vancouver and Victoria.

3. T / F Each office receives, on average, about $3 million per year from PacifiCan.

4. T / F Loan decisions are reviewed by a committee of local volunteers.

5. T / F The standard $150,000 loan limit was last updated in 2024.

6. T / F Businesses that receive Community Futures loans have higher survival rates, on average, than businesses that do not.

Section C: Fill in the Blanks (6 marks)

Use the words in the box. Each word is used once.

> **5 C's · bank · business plan · four · multiplier · seasonal**

1. Maya was first turned down for a loan by her _____ _.
2. Raj helped Maya write a _____ and a cash flow forecast.
3. The loan committee reviewed Maya's application using the _____ of Lending.
4. Riverbend Bakery created _____ jobs, including Maya's own job.
5. Sales dropped in January because the bakery is partly a _____ business.
6. When Maya buys berries from a local farm, she contributes to the_____ effect.

Section D: Show Your Math (12 marks)

1. Total provincial funding (2 marks)
If 34 offices each receive $300,000 per year, what is the total annual funding?

Work: _____

Answer: $_____

2. Maya's financing (3 marks)
Use Maya's financing table in Part 2.

a) What percentage of Maya's total $120,000 came from the Community Futures loan?

Work: _____

Answer _____ %

b) For every $1 Community Futures lent Maya, how much did the bank lend? Round to the nearest cent.

Work: _____

Answer: $_____

3. Jobs per loan in 2024-25 (2 marks)
Divide 1,895 jobs by 597 loans. Round to one decimal place. Is this higher or lower than the six-year average of 3.4?

Work: _____

Answer: _____ jobs per loan; this is _____than 3.4.

4. Loan dollars per job (3 marks)
a) In 2024-25, offices lent $44.0 million and supported 1,895 jobs. How many loan dollars supported each job? Round to the nearest dollar.

Work: _____

Answer: $_____

b) Over six years, offices lent $186.8 million and created or maintained 11,250 jobs. How many loan dollars per job? Round to the nearest dollar.

Work: _____

Answer: $_____

5. Leverage in 2024-25 (2 marks)
In 2024-25, $44.0 million in loans attracted $30.2 million from other lenders. How much outside money was attracted for every $1 lent? Round to the nearest cent.

Work: _____

Answer: $_____

Section E: Short Answer (12 marks)

Answer in two to four complete sentences.

1. (3 marks) Explain why a bank might refuse to lend money to a new business in a small town, but Community Futures might say yes.

2. (3 marks) Besides the loan, what help did Maya get from Community Futures? Explain how one of these supports helped her bakery survive its first winter.

3. (3 marks) The $150,000 loan limit has not changed since 2010. Using the word "inflation," explain why this might be a problem for entrepreneurs today.

4. (3 marks) When Maya repays her loan each month, where does that money go? Why is this good for her community?

Section F: Your Opinion (6 marks)

Write one paragraph (six to eight sentences). Answer the question below and support your opinion with at least **two statistics** from the case study.

Is spending about $300,000 per year on each of the 34 Community Futures offices a good use of taxpayer money?

Section G: Reflection (Bonus, 2 marks)

If you could open a business in a rural B.C. community, what would it be? Name one local supplier or business that would benefit from your business.

Total _____ **/ 50** (plus 2 bonus)

Teacher Answer Key

Section A: 1-C, 2-D, 3-E, 4-A, 5-F, 6-B, 7-H, 8-G

Section B:

1. True
2. False. Offices are located outside Vancouver and Victoria.
3. False. Each office receives, on average, nearly $300,000 per year.
4. True
5. False. The limit has not been updated since 2010.
6. True

Section C: 1. bank; 2. business plan; 3. 5 C's; 4. four; 5. seasonal; 6. multiplier

Section D:

1. 34 x $300,000 = $10,200,000 ($10.2 million)
2. a) $75,000 ÷ $120,000 x 100 = **62.5%**
   b) $25,000 ÷ $75,000 = **$0.33**
3. 1,895 ÷ 597 = **3.2 jobs per loan**; this is **lower** than 3.4.
4. a) $44,000,000 ÷ 1,895 = $23,219 per job
   b) $186,800,000 ÷ 11,250 = $16,604 per job
5. $30.2 million ÷ $44.0 million = **$0.69**

Section E (look for):

1. Short credit history, small loan size, higher risk of a new business; Community Futures focuses on rural development, gives business advice, and uses local volunteers who know the community.
2. Business plan, cash flow forecast, bookkeeping workshop, ongoing advice; Raj helped her adjust hours and add catering in January.
3. Prices have risen since 2010, so $150,000 buys less equipment, rent, or inventory than it used to.
4. Repayments go back into the revolving loan fund, so the money can be lent to the next local entrepreneur.

Section F: Award marks for a clear opinion (2), at least two accurate statistics (2), and logical reasoning that connects the statistics to the opinion (2). Either "yes" or "no" can earn full marks.

Section G: Award bonus marks for a realistic business idea and a clear local supplier connection.

Sources

- PacifiCan, Community Futures Program: Regional Evaluation Summary
- Government of Canada Publications, Regional Evaluation of the Community Futures Program (2026)
- PacifiCan, Management Response and Action Plan
- PacifiCan, Support for Rural and Remote Entrepreneurs
- Community Futures British Columbia, Annual Report 2024-25
- Community Futures British Columbia, Startups and Businesses
- Province of British Columbia, Community Futures
- Stó:lō Community Futures, About Us