

PROMETHEUS PROFILE

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New Loans

The Organic Soy Company Ltd

The Organic Soy Company Ltd, established in 1997, was born out of Lippy Chalmers' fascination with the soy bean. It has gone on to become New Zealand's leading organic tofu manufacturer. That is in large part a testament to the dynamism and experience of co-founder Lippy and the successful business partnership she has built with her children Dan and Jesse.

Lippy has had a long-standing involvement in the wholefood and organic retail sector. Together with her then husband Stephen, she co-founded Auckland's first wholefood shop, Harvest Wholefoods, in 1980 and helped establish Harvest Soyfoods shortly afterwards. Both of these businesses were sold in the early 1980s under the pressures of a young family but have continued operating successfully since then, the latter under the name "Bean Supreme".

After only a few years away they were back into the fray buying the East West Organics retail shop in 1986 and operating it for the next thirteen years. It was in the back of the East West Organics shop that their new company had its start.

Lippy had long had a fascination with the soy bean as a versatile, protein-rich and nutritious food and she and Stephen were keen to sell organic tofu in their retail shop. They decided they had the necessary skills to make their own tofu and soon found that there was strong demand from other businesses for their product. Thus, The Organic Soy Company was established and from this start has continued to thrive. East West Organics was sold shortly afterwards in 1999 and Lippy has gone on to focus her experience and energy into further developing the organic tofu manufacturing business.

Lippy has clearly enjoyed developing the business in partnership with her son Dan, who came on board in 1988, and is now production manager, and her daughter Jesse, who joined the business in 2001 as marketing manager. Although the company is still relatively small and employs only a few additional staff it has been growing relatively quickly over its first five years. This growth is attributable to both the growing interest in organic food over recent years and the excellent quality standard they have achieved using the sea-salt derived curdling agent, Nigari, which is the traditional Japanese method.

With their organic tofu well established, Lippy and her team have been researching additional products to diversify their product range and further strengthen the company. As a result they have decided their best immediate market opportunity is in making organic tofu burgers for both organic retailers and supermarkets throughout New Zealand.

Lippy then applied to Prometheus for finance to purchase the equipment needed both to expand their current tofu-producing capacity and to produce and package their range of tofu burgers. After meeting with Lippy and

having a guided tour of her well-organised plant in Auckland we approved that application and are pleased to be able to support this growing business with its clear focus on quality organic food production.

NZ Bio Grains Ltd



Inside the new shop

NZ Bio Grains has been operating since 1987 and distributes a range of organic grains, wholefoods and milled flours to customers throughout New Zealand. It started as a co-operative to market the organic produce of a group of Canterbury farmers but struggled in its early years. It was only after Harry and Mary Lowe took on the sole management of the business in 1992 that it started to become a profitable venture. They have gone on to build the business considerably since that time with total sales having more than trebled in the nine years to end March 2001.

Prometheus first made a loan to NZ Bio Grains in 1997 to consolidate the business and enable improvements to the company's mill and warehouse. We have made several loans since that time to facilitate the further development of the company.

Harry again approached Prometheus earlier this year for a short-term loan to allow a bulk-purchase of Australian organic wheat. Projections of a lower than usual production of organic wheat over the coming year prompted Harry to secure his wheat supply for this year in bulk to avoid a price squeeze or supply shortage later in the year.

Prometheus was happy to facilitate that purchase and enable NZ Bio Grains to ensure guaranteed supply to its regular customers and protect them from potential price fluctuations. The benefit to Harry himself is that it safeguards his reputation for reliability of supply and helps protect the market share that has been built up so steadily over the past ten years.

Humanity Books

Eric de Vries



In a rather unusual turn of events a recent Prometheus loan client became the unexpected recipient of a windfall gain on the sale of his premises and his loan from Prometheus was repaid in record time.

Humanity Books and Fine Art Supplies and long-time Hastings neighbour Cornucopia Wholefoods, had both been suffering the constraints of lack of space for some time. The solution presented itself when Cornucopia decided to move into larger premises closer to the centre of Hastings where they could establish alongside Pataka Organic Bakery. The Bakery in turn was moving to that new site to give it the space to establish an organic café.

With all this moving going on the owner of Humanity Books, Eric de Vries, was able to buy Cornucopia's half of the building so that he could expand his bookshop and fine art supplies business. Eric then approached Prometheus for finance to allow the refurbishment of the newly acquired half of his building and its integration into his existing shop. We were pleased to be able to facilitate this expansion of an excellent bookshop which supplies a good range of educational and holistic books.

However, shortly after this loan was approved and the refurbishment started, Eric was approached by a larger retailer who wanted to purchase the whole building from him as part of their plans to substantially redevelop the block on which it was situated. Given the attractiveness of their offer Eric was able to purchase an even larger building in a location more suitable for his business and could afford to repay the Prometheus loan at the

same time. He now has the significantly expanded shop floor he was needing to properly service his growing customer base and has the distinction of being one of our fastest loan repayments on record.

Ecolibrium Taupo

Ecolibrium is a retail and mail-order business based in Taupo selling a wide-range of natural body care products, eco-friendly cleaners, organic gardening supplies, hemp clothing and quality environmental and natural gifts. The vision it was established under included such goals as: supplying products that are environment-friendly, are “manufactured and packaged responsibly with natural, reusable, recyclable or biodegradable materials” and that are produced in accord with socially responsible and ethical principles.



When the couple who had started the business in mid-1999 wished to return to Canada to be closer to family they were looking to sell to new owners who would respect their vision and continue to develop the business according to the same broad principles. Fortunately for them one of their employees, Megan Marshall, and her husband Geoff Whitby were keen to buy the business so they could develop it together.

Geoff and Megan outside Ecolibrium

Geoff and Megan then approached Prometheus for finance to purchase the business. Megan’s experience in the shop had given her a good opportunity to assess its potential and the steady sales growth the business had demonstrated over its first three years was encouraging. The original owners had found that the complementary nature of the direct retail and mail order parts of the business gave the ability to balance the workload while the steady income from the latter helped to underpin the highly seasonal character of their retail sales.

Prometheus was pleased to be able to support Geoff and Megan into this new venture and hope it continues to develop steadily and provide them with an enjoyable and profitable experience.

If you would like to visit the next time you’re passing through Taupo their address is Ecolibrium, Suncourt Shopping Centre, Tamamutu Street, Taupo or if you’d like to see a mail order catalogue please email gbwhitby@xtra.co.nz.

Orapiu Grove Farm Partnership



In the early 1990’s a group of eight people formed a partnership to purchase a 120 acre farm in the centre of Waiheke Island. That farm had significant pockets of existing and regenerating native bush and was seen as ideal for the establishment of an organic farm and the protection and enhancement of the existing bush.

Orapiu Grove

Over the past ten years the property has been through significant changes and development. In that time roads have been established, five dwellings have been added to the original one, 600 olive trees have been planted for oil production, 1.5 hectares have been planted in grapes, a lavender field established for pure essential oil production and orchards have been developed. Through all this activity five of the original eight partners have sold their shares bringing new partners in to this venture.

One of the initial shareholders, Eleanor Bauarschi, reports that the partners did not consciously set out to establish a “community” as their prime focus was on developing a commercially viable organic farm. She notes that they had no hard and fast by-laws or rules other than that the property be organically farmed. They evolved their direction, instead, through a consensus process in response to developments. Eleanor explains that it was through the process of working together to achieve their goals that they found the heart of their community.

Lavender fields at Orapiu Grove



After experimenting with a variety of organisational forms for the partnership they have arrived at a clear but flexible system. Partners' shares in each of the many projects on the property depend directly on the amount of time and money they invest in those ventures. This operates quite flexibly depending on which of these two resources people have more of and thus caters for people's individual situations and professional career paths. Some of the partners live on the farm and are relatively self-sufficient in doing so, while others who live there continue to commute to Auckland for work. There are still others who only visit the farm as they are able because their work keeps them either elsewhere in New Zealand or, in one case, out of the country altogether.

One of the farm's key products is "Waiheke Blue Lavender" oils, creams and related products which are sold both locally and by mail order. During flowering the farm is open to visitors and offers teas and lunches as well as showing some of the residents' art works in their studio. The farm also hosts WWOOFER's and runs occasional permaculture classes.

In mid-2001 the partnership approached Prometheus for finance to help purchase the 1/8 share of a partner who wished to sell. The existing partners felt this was preferable to looking for a new partner and would give them the possibility of establishing one house site per partner under the management plan they are negotiating with the local council. In the process of discussing future directions the request expanded to include provision for funds to finance the further expansion of their organic vineyard. We were pleased to be able to support this consolidation of the Orapiu Grove Farm Partnership and wish them continuing success in their development.

Eco-building and Organic Foods

In the past two years we have made two very different loans to the same family in Titirangi, reflecting the compatibility between their goals and Prometheus'. At this time last year we reported the first of these loans to long-standing clients, Colin and Michelle Thomson, to help them build their eco-friendly dream home in Titirangi. The home was to be built using non-toxic and recycled building materials based on passive solar design principles and incorporating solar water heating.

When that loan was reported the building work was in very preliminary stages and we were not able to follow our usual practice of showing photos of the work-in-progress let alone shots of the completed house. As you can imagine things have moved on significantly since then and the building work is now largely complete.

Colin and Michelle have designed and built such an attractive home that we felt readers would enjoy the opportunity to share a glimpse of the house in its almost finished stage. A key feature is the utilisation of recycled windows throughout including arched, stained glass and "church-style" windows which have been incorporated into the design of the house.



Our second loan to the Thomson's was much more modest and was made to enable them to purchase the replacement electric forklift needed to shift the bulk foods they deal with in their organic food manufacturing

and processing business. Thomson Foods produces a wide range of organic foods including the “Supernatural Foods” range produced on behalf of another of our clients, Ceres Enterprises Ltd.

We wish the Thomson family well in their new home and hope those last finishing details don't take too long to complete and wish them every success in their flourishing business.

Sustainability in mid-Canterbury

The first step toward Fraser and Karen Palmer-Hesketh's dream of a sustainable lifestyle was achieved when they purchased their 14-acre mid-Canterbury property in 1996. They then set about building their eco-friendly home and establishing their organic garden.

In early 2000 they approached Prometheus for finance to build accommodation and purchase materials to develop a community garden that would be open to those wanting a break from, and an antidote to, the stresses of our predominantly urban lifestyle.

In their efforts to live lightly and sustainably on the land, Karen and Fraser have had their water supply pumped by windmill, their cooking and heating done by woodstove and have managed without electricity. All this while raising two young children.

They have increasingly recognised over recent years that to advance their ideals of living sustainably on the planet they needed to become more socially and politically active. In particular they felt it was imperative to stand up against the biotechnology industry's reckless pursuit of the commercial release of genetically engineered crops in New Zealand. The first step in their personal campaign was their well-publicised walk from mid-Canterbury to the steps of Parliament last year to push the case for a GE Free New Zealand. They also pushed their kids for the whole journey in their double buggy.

Fraser followed this action by standing for the Green Party in the Rakaia electorate at this year's General Election. He worked tirelessly to explore positive ways of bridging the political divide on this issue to get people from all political parties to seriously consider what was in New Zealand's best interests regarding GE technology.

This increased activism and involvement has led Karen and Fraser to recognise that they needed to free up time from some of the demands of their lifestyle and improve their ability to communicate readily with like-minded others. They have had to accept that while their self-sufficient lifestyle was deeply satisfying it had become limiting with regard to their changing goals.

To modify their lifestyle they approached Prometheus recently for a further loan to enable them to install solar water heating and a wind turbine and solar electric system to provide their home with electricity. This technology has somewhat eased their wood chopping requirements and has given them more time for their community activities. It has also enabled them to make use of a donated computer to publish a local newsletter and build the impetus of locals concerned about the impact of our lifestyle choices and our society on our environment.

We were pleased to approve this loan for this dedicated couple who, even as they embrace the advantages of modern technology, do so in as benign and sustainable fashion as is humanly possible.

The Hole Picture Show



Dynamic duo Geoff and Ali Hole are continuing their part in the revitalisation of Wairoa. Back in 1999 we reported the first stage in this process when Geoff and Ali had a Prometheus loan approved to renovate and restore the old Gaiety Theatre in Wairoa. Stage two centred around the formation of a Community Co-operative

established to refit the theatre with modern projection and sound equipment and establish a cinema. That cinema, Wairoa's first in over 16 years, has been operating successfully since January 2000.

Geoff and Ali are employed by the co-operative to manage and operate the cinema and in tandem with that have carried on the refurbishment of the remainder of the large 1930's theatre building. The first part of that process involved renovating one of the two shopfront spaces in the building to create an art and furniture display gallery. This was achieved relatively early on in the whole restoration project.



Once they'd got their breath back they started renovating the upstairs accommodation which was a somewhat bigger undertaking. It has now been transformed from a somewhat gloomy and depressing flat into a refreshing and attractive apartment and allows the couple to live on the job.

The final stage in the renovation project is the second of the two shopfront spaces which Geoff has long intended to establish as a café for cinema goers and local shoppers. However, that space has been doubling in the meantime as a workshop space during the renovation and a storage space for the sets that have been built there for local dramatic productions. To proceed with his café dream Geoff needed to find alternative workshop and storage space not too far from the cinema.

A few months ago the neighbouring property, which they had had their eye on for some time, became available and Geoff approached Prometheus for further finance to enable this next step. Given the success of the project to date and the good relationship we had built with these community entrepreneurs we were more than happy to approve this loan.

The property next-door to the Gaiety Theatre



The property next door was ideal for their purposes, offering rental incomes from existing business and residential tenants sufficient to cover the loan repayments and also providing an excellent workshop and storage space with immediate side door access to the theatre. We look forward to seeing the realisation of Geoff and Ali's vision for their new café which, if all goes according to plan, should be yet another gem for residents of and visitors to Wairoa.

Prometheus News

Our success in meeting the key challenges of last year, as reported in our March 2002 newsletter, has been followed by a period of relative consolidation. However, while Prometheus' deposit growth has not been as dramatic over the past six months as in recent years the continuing strong growth in loans has resulted in a further improvement in the loan to deposit ratio. Prometheus has adapted well to the new regulatory environment and our constructive relationship with Perpetual Trust, our Statutory Supervisor, has seen the management and legal costs in this new environment kept within reasonable limits.

Financial Results

Provisional consolidated deposit figures for Prometheus Credit Union and The Prometheus Foundation suggest that total deposits will be just under \$8.0 million as at the end of September 2002. This is indicative of a modest increase in deposits of around 5% over the past six months.

Over this same period our sustained focus on attracting more loan applications has continued to bear fruit. Provisional figures suggest that total loans will have reached \$5.2 million at the end of September. If this is the

case that would reflect total loan growth of around 13%, over the half-year, a satisfactory growth rate even if somewhat slower than last year's exceptional growth. The combined effect of these results is a projected increase in the loan to deposit ratio from just over 60% to nearly 65%, a significant step closer to our ultimate target of a 75% ratio of loans to deposits.

Although the increase in deposits has been somewhat below forecast for the year to date the continued strong growth in loans together with modest increases in interest rates have offset that to result in a forecast operating surplus for the first half year very much in line with our initial budget. On current projections that operating surplus will be just under \$50,000 which is a very good half-year result compared to previous years. As explained in recent Profiles a strong surplus is essential at this stage to build up Prometheus' own reserves to meet the reserve asset ratio requirements of our Trust Deed.

Outlook

The above results show the benefits of the past four years of strong growth. The balance sheet has now reached a size and composition where the operating costs for both the Credit Union and Charitable Trust are reasonably well covered by our net interest income (that is, interest earned on loans and investments less interest paid to depositors). As a result further growth in our balance sheet is contributing more than proportionately to growth in our net operating surplus.

This development is most welcome as it will help give Prometheus the financial reserves needed for our further development. Those reserves will not only help us to meet the requirements of our Trust Deed but will also build our capacity to increase the awareness of ethical finance and our ability to meet any resultant increase in demand for our services. Thus Prometheus continues to be well-placed to further extend its services to the ethical business and activity sector in New Zealand.

Woodwork, Bach Flowers and Windpower

Ex-Prometheus clients Don and Di Stodart started their business partnership in 1994 when living and working in the Hawkes Bay. Don built up his furniture making business over the following six years, fitting it in around his other jobs over this period, while Di took on the bookkeeping and marketing side of the business. The business built steadily with Don's furniture gaining a well-deserved reputation for craftsmanship and style. They then left the Hawkes Bay in 1999 to participate in the community life of Waiheke's Awaawaroa Bay Eco-Village.



Their early period at Awaawaroa saw Don focusing on building their house and working as a builder on the island. Meanwhile Di was developing another facet to the partnership by utilising her training as a Bach Foundation registered practitioner to start her own remedy business.

After two years of getting established at Awaawaroa Don and Di approached Prometheus for a modest but multi-faceted loan. The majority of the loan was to establish a showroom on one of the main tourist routes on Waiheke to facilitate Don's return to furniture making with his new business, aptly named "The Woodsmith". Don's furniture is made using non-toxic, ecologically friendly and sustainable materials and products. He uses exotic timbers (mainly macrocarpa and eucalyptus), latex, rubber squabs, hemp, leather, oils and natural glues.

The second part of the loan was to help with the general marketing of Di's Bach Flower remedies including the set-up costs of her business website enabling her to run much of her business from the eco-village. The final part of the loan was to enable the Stodart's to purchase a larger wind turbine for their home on Awaawaroa to boost their domestic power supply, especially through winter, and ensure reliability for Di's web-based mail orders.



Don has since reported that the showroom has given his business a major boost and has been welcomed into the local arts tour. Di reports that some days he's so swamped with visitors to the workshop and showroom happily discussing everything from eco-building to the hemp industry that he makes little progress on his furniture. In regard to her own business, Di notes that it is building steadily and comments:

“ It's a fascinating and interesting juxtaposition – me here in the eco-village with just solar and wind power, connecting with people all over the world with the latest technology!”

If you're planning a visit to Waiheke and want to see Don's furniture you'll be welcomed at The Woodsmith showroom on Onetangi Road (opposite the Golf course).

Kerikeri Organic Veges

An unexpected redundancy pushed David and Janice Marley into a new direction when they started helping out Marjorie Clark on her organic property near Kerikeri. Marjorie's property was one of the first bio-gro registered properties in New Zealand but in recent years she had found it increasingly difficult to manage. In helping Marjorie with the property David started developing an organic market garden that soon developed into a significant business.

In early 2001 David and Janice took sole charge of the developing business, entered a lease arrangement with Marjorie and has since seen the business develop strongly through their local network of friends and other contacts.

That steadily growing local customer base together with supply deals with three Northland shops have seen demand for their Nutravege Organic produce expand rapidly up to the limit of their current ability to supply. They put much of their success down to their goal of keeping prices of their organic produce within reach of the average family in the region so as not to restrict their demand to a narrow niche market.

David and Janice are confident that there is untapped demand for organics in the region and further afield through supply relationships with other outlets. However, they cannot increase their supply at present on the land currently available to them. This led them in search of a block of land large enough, with a nil or low pesticide use history and in a well-trafficked location to facilitate the expansion of their business.

They thought they had found just such a property earlier this year which prompted them to approach Prometheus for the necessary finance. We were keen to support their expansion and approved the initial loan request. Unfortunately the land attracted more than the expected level of interest and attracted a price above what they were willing to pay.

Nevertheless, as a result of this contact and discussions about next steps for their business we approved a significantly smaller loan to enable the refurbishment of their current rural home to make it that much easier to sell when they do find an appropriate property. We wish them the best of luck in their search.

Montessori Education in Christchurch

The Montessori philosophy encourages children to see learning as a wonderful experience; offers the child freedom of choice in an atmosphere that emphasises personal responsibility, encourages self-respect and respect for others; helps develop independent and inter-dependent thinking; imparts democratic values by example; and encourages environmental awareness by involving children in caring for their environment.

The foundations of Nova Montessori Primary School were laid in 1988 through the efforts of Montessori teachers and a group of interested parents. It started with three children in a home schooling environment and has grown slowly but steadily since then to reach its current modest roll of just under 40 children.

The fledgling school went through all the usual difficulties and hurdles in their efforts to find suitable premises that were not too expensive yet allowed room for the school to expand and also cater for the children's needs for adequate outside space. The solution they eventually found was to rent a house from a supporter of the school and negotiate with a supportive neighbour to integrate the two backyards to provide sufficient play and gardening space.

As with most pioneering schools the early years were difficult financially and it was only the commitment of the parents and the teachers together to see the school succeed that enabled it to pull through this stage. While



Helping with the refurbishing

the school remains small by many standards its division into three broadly age-based classes provides a close family environment that parents report their children are extremely happy with.

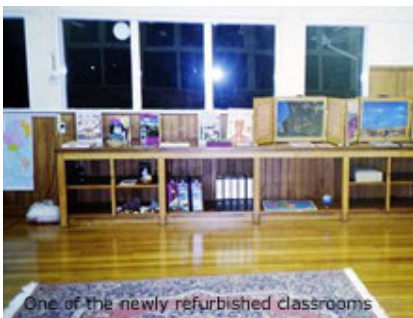
As a result of the steady increases in the school's roll through the 1990s the school gradually established some financial security and was finally able to better remunerate its staff. With some celebration the Trust was also able to purchase the building in which the school had been housed.

Having overcome all the problems associated with the early years of getting established and developing a sustainable financial base the school then started experiencing the problems of success. The very success of the school saw them continually pushing against the space constraints their premises imposed on them and saw them increasingly turning away families for lack of space in the school.

The School's Board decided that the best solution to this growing demand for Montessori education in Christchurch was to establish a second primary school in another part of the city. After the usual extended period of investigation a suitable experienced founding teacher was inspired to take this on and a suitable property was found in New Brighton. The property was an old manual training building on a large section close to both the Avon River and the beach.

At this point the Board approached Prometheus for finance to enable this property to be purchased and the new school to be established. After a trip to Christchurch to meet the teachers and other Board members and visit both the existing school and the proposed site of the new one, Terry Creighton returned with the recommendation that the loan be approved and the committee agreed.

The building, which had been empty for seven years, was purchased in April and over the subsequent months the wooden floors have been sanded and polished, the windows cleaned of the mural art that had covered them, the property fenced and the landscaping started. The school opened in September and already has a modest list of confirmed enrolments for its first term. Teaching principal Vicky Lumsden has strong hopes of building up the roll over the first term next year as children attending the large number of Montessori pre-schools in Christchurch reach primary school age.



One of the newly refurbished classrooms

We wish the Nova Montessori pioneers every success in getting this new school established and growing and look forward to our next opportunity to visit and see how they are progressing.
