

START-UP AND OPERATIONS GUIDE

ONTARIO COMMUNITY INVESTMENT CO-OPERATIVE (CIC)

CONSEIL DE LA
COOPÉRATION
DE L'ONTARIO



COOPERATION
COUNCIL OF
ONTARIO

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GLOSSARY

Throughout this guide, you will find the following acronyms:

AGM	Annual General Meeting	FSRAO	Financial Services Regulatory Authority of Ontario
BCCIIC	British Columbia Community Impact Investment Coalition	KES	Kootenay Employment Services
CAG	Community Advisory Group	MGCS	Ministry of Government and Consumer Services
CCC	Community Contribution Company	ON	Ontario
CIC	Community Investment Co-op	OSC	Ontario Securities Commission
CIIO	Community Impact Investment Organization	VCC	Venture Capital Corporation



WELCOME

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Thank you for your interest in Community Investment Co-ops! We truly believe this locally-owned investment model can catalyze financial, social and environmental benefits by redirecting capital back to the places we live, work and play. This guide is an adaptation of one originally developed by Kootenay Employment Services for British Columbia CICs. The guide presents the process and templates that were used to establish several CICs in British Columbia, adapted to the regulatory environment of Ontario by the Co-operation Council of Ontario.

DISCLAIMER

The information presented in this guide is to assist you in developing, launching and running a Community Investment Co-op in Ontario, Canada. The Cooperation Council of Ontario and Kootenay Employment Services offers general recommendations only, based on their involvement with previous initiatives. You should not treat the contents of this guide as advice relating to legal, taxation, or investment matters, and must make your own assessments concerning these matters. The Cooperation Council of Ontario and Kootenay Employment Services advises you to consult your own legal, tax, accounting, and other professional advisors, and conduct your own due diligence. The Cooperation Council of Ontario and Kootenay Employment Services strongly recommends that you consult a co-op developer to ensure that the specific needs of your Co-op are met.

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ACKNOWLEDGMENTS

This Ontario adaptation of the BC Community Investment Co-op Startup and Operations Guide was produced by the Co-operative Council of Ontario in partnership with the Canadian Community Economic Development Network and the Ontario Trillium Foundation.



ACKNOWLEDGMENTS

From the original BC CIC Startup Guide

The British Columbia Community Investment Co-op Startup and Operations Guide was authored by Eden Yesh, Regional Community & Economic Development Manager, Kootenay Employment Services. The original guide was produced with the direct and indirect contributions and inspiration from numerous Community Impact Investment Organizations and their supporters across British Columbia and Canada. This small and highly collaborative sector results in impacts greater than the sum of their parts.

This guide and BC's Community Impact Investment sector has been generously funded by:



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The opinions and interpretations in this publication are those of the author and do not necessarily reflect those of the funders or supporting organizations above.



INTRODUCTION

Community Investing 101

Community Investment Organizations (CIO) are a new and innovative support system for community and economic development that effectively bridges the gap between local investors and local ventures in need of financing. CIOs create cost-effective, community-owned and controlled impact funds. The longer a dollar can circulate within a community, the greater its multiplier effect. In other words, when your money is invested in local projects and people, it stays in the community in the form of wages, rents, and local purchases- increasing its impact on your community's economic development many times over.

CIOs have successfully financed ventures across Canada that generate significant local impacts including: affordable housing, renewable energy, sustainable agri-food production, locally-owned small business development, technology, and community economic development projects.

In Ontario, the CIO model is relatively new but some have been incorporated as renewable energy co-ops, equity crowdfunding platforms or venture capital corporations. Other avenues are also possible. In other provinces, CIOs have been incorporated in several other ways, such as Community Investment Co-ops, Non-Profit Lending Societies, Local Investment Corporations and Community Contribution Companies.

The Community Investment Co-op Model

We recognize that access to capital is a significant barrier to business development and expansion, especially in rural Ontario and Canada. This is also true for business succession, as nearly as half of small businesses in Canada are owned and operated by baby boomers, many of whom do not have a succession plan for their businesses once they retire. At the same time, Canadians invest over \$43.5 billion for the 2018 tax year into their Registered Retirement Savings Plans. Redirecting some of this capital back into local businesses and projects not only provides a positive stimulant for economic growth, it also creates opportunities for citizen engagement, local pride, and economic diversification.

The Community Investment Co-op (CIC) model offers your community a cost-effective option to begin its local investment journey. The social and democratic nature of the CIC model has proved favourable amongst dozens of communities across Canada. This can be attributed to low overhead costs, securities exemptions specific to Co-ops, and a democratic governance structure. CICs allow retail investors (the majority of Ontarians) to participate in community and economic development in a meaningful way. CICs can structure in a way to issue preference shares that can be included in Registered Retirement Saving Plans and Tax-Free Savings Accounts, currently done so under the Canadian Workers Co-operative Federation. Most CICs have a precise geographic make-up of their members, ensuring that the model is truly locally owned and operated.





What is a Co-op?

The content below comes from the International Co-operative Alliance (ICA). Founded in 1895, the ICA unites, represents and serves co-operatives worldwide.

Definition of a Co-operative

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Co-operative Values

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.



Co-operative Principles

The 7 co-operative principles are guidelines by which co-operatives put their values into practice.

1. Voluntary and Open Membership

Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic Member Control

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives, members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.

3. Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4. Autonomy and Independence

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5. Education, Training, and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

6. Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7. Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

Structure of a CIC

A CIC has four pillars that create the foundation of the organization. Each pillar is inseparable from the rest.

1. Members: Most CICs require potential investors to first become members by purchasing the minimum number of membership shares stated in the CIC's By-laws.. A membership holds the voting rights in governance matters of the Co-op. Many CICs require that all, or a majority, of their members, reside within a specific geographic region.

2. Directors: Most CICs require that all Directors are members of the Co-op. This establishes a locally owned and controlled governance model. Members are nominated at each AGM for Directorship and the members elect their Boards each year. The Directors provide oversight and management of the CICs. In many small CICs, the Directors are also the Officers.

3. Officers: These folks manage the administration of the CIC. In the beginning stages of most CICs, budgets do not allow for paid officers (unless funded by a start-up grant). Therefore, strong partnerships and a capable Board are required to get your CIC going. As a CIC grows its investment activities, budgets may allow for a paid coordinator. Committees of the Board and clear roles and responsibilities help CICs remain effective with the use of their volunteers.

4. Shareholders: We've talked about membership shares. Depending on how you structure your CIC, you may also decide to issue preference shares. Preference shares come with their own benefits, limitations and voting rights. Preference shares can be issued to members and non-members and will be discussed later in this guide.

Other Community Investment Models

During our research, we looked at several additional ways to raise capital within your community for local investment. Although this guide focuses on the Community Investment Co-op model, you should review the other models during your feasibility analysis to determine which one best fits your community and projects.

[See Appendix 1 for a Comparison Chart]



OVERVIEW OF THE DEVELOPMENT PROCESS

About This Guide

Some communities have years of experience in community economic development, while others are just starting on this important journey. Either way, it is important to take action towards increasing the diversity, resilience, and strength of your community. It is up to your group and your professional advisors to determine how to work with this guide.

The pages below are a result of many years of research. Our goal is not to tell you how to set up a specific CIC. Rather, this guide provides your community with recommendations and options and poses questions that will catalyze local discussions. This will allow you to tailor the CIC model to your own local context with support from a co-op developer and lawyer. It is our intent that this guide expedites the development process for your community. It is our hope that many more CIOs establish in the coming years. With the support of local investors, these new CICs can provide local solutions to key social, environmental and economic challenges.

We've learned from experience that each Community Investment Co-op is unique. Some serve one community or investment sector, while others serve larger regions and entertain broader investment eligibility. Some CICs launched quickly, and others deliberately took their time honing in on community buy-in. Some hired on consultants to assist with their development and launch, while others had a smaller group of volunteers build local capacity. Whichever direction your community chooses to enter the development path is fine. No CIC or community is the same, and getting started is the biggest step!





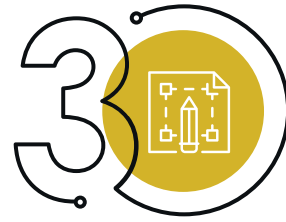
Laying the Foundation

- Step 1** Identify Your Core Champions
- Step 2** Reach Out to a CIC Expert
- Step 3** Assemble a Community Advisory Group
- Step 4** Community Needs & Opportunities
- Step 5** Start a Preliminary Investor and Investment Scan
- Step 6** Determine the CIC Development Timeline & Scope
- Step 7** Determine the Level of External Support Required
- Step 8** Secure Development Funding



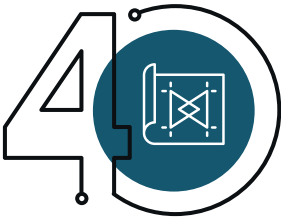
Build Capacity & Community Momentum

- Step 1** Increase CAG's Capacity
- Step 2** Assemble Your Professional Advisors
- Step 3** Establish Partnerships Early
- Step 4** Convene Community Impact Investment Sessions



Planning for Success

- 1.** Strategy, Case Studies, and Regulatory Environment
- 2.** Members, Investors, and Share Structure
- 3.** Eligible Investments and Types of Financing
- 4.** Business Development, Financing, and Mentorship
- 5.** Governance, Admin and Partnerships
- 6.** Reserves, Financial Projections, Exit Strategies, Next Steps



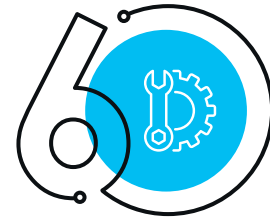
Organizational & Legal Documents

- Articles of Incorporation & Bylaws
- Membership Application
- Subscription Agreement for Securities Regulations
- Corporate Register



Prepare For Launch!

- Final Review Session
- Step 1** Marketing Materials and Communications Strategy
- Step 2** Identify First Directors
- Step 3** Secure Start-Up Capital
- Step 4** Public Launch Activities and Founding Member Drive
- Step 5** Founding Member Documentation and Incorporation



Operations

- Initiate Governance Structures
- Annual Work Plan and Budget
- Recordkeeping Systems
- Liability Insurance
- New CIC Members
- Share Certificates
- Banking, Bookkeeping, and Taxes
- Strategic Partnerships
- Marketing and Communications
- Policy and Procedures
- Inaugural Capital Raise
- Investment Applications & Disbursement
- Annual General Meetings
- Impact Reporting
- Membership Engagement
- Managing Risk
- Reserves and Redemptions
- Updating Important Documents
- Celebrate and Recognize

PHASE 1

LAYING THE FOUNDATION

1

Step 1: Identify Your Core Champions and Agree upon Your Vision

Congratulations! You're probably reading this with a select few champions in your community. You are dedicated to making a change in the way important businesses and projects get financed where you live. At this point, you'll want at least 3-5 people who are committed to exploring the CIC model with you. More than likely, this original group of folks will take your CIC from a concept to planning, incorporation, and launch.

Since the launch of a CIC is a lengthy and detailed process, these core champions should have some of the following characteristics:

- Demonstrated commitment to the benefits of local investment organizations
- Strong facilitation skills and well organized
- Aptitude to build momentum amongst their community networks
- Experience with organizational and systems change
- Strong computer and technology literacy
- Ability to develop marketing and promotional strategies
- Desire to work collaboratively

Many times passion outlasts expertise, so ensure these core champions are committed to the journey of changing your local financial ecosystem.

Within your initial group, develop a compelling vision of what you wish to see in your community. Dream big, nobody wants to join something small.

- What is most important to your community?
- What does your community look like in 20 years?
- Is your goal to be a more resilient and connected community?

Now think about how a Community Investment Co-op can help drive you to that goal. Here are a few questions to get you brainstorming:

- What change do you wish to see in your community?
- What is driving this change? Is it fear-based or opportunity based?
- Does your community lack investment options for new, expanding, or transitioning businesses?
- Are there certain local sectors that lack support?
- Are there significant growth opportunities in one area of your economy?
- Have businesses been closing their doors and residents relocating to other centres?
- Is there a housing shortage in your community?
- What businesses or projects would move your community towards your vision above?

It's important to identify your 'WHY' and 'HOW' early in the development process, in order to allow others to share (and contribute) to this vision.

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Step 2: Reach Out to a CIC Expert

We recommend having a conversation with at least one person who has been involved in the development or operation of a CIC. Whether it is a CIC consultant, a co-op developer, or a Board member of an existing CIC, these folks will be able to share some important lessons learned. In the long run, these initial conversations will help guide you in the right direction, saving you valuable time and resources.

You can start by reaching out to the Ontario Co-op Association and the Cooperation Council of Ontario. Both organizations are well connected in this space.

Step 3: Assemble a Community Advisory Group

At this stage, you'll want to gather additional community stakeholders who share your vision to create a local investment system. Try to include some of the individuals in

STEP 03

- ✓ Agri-Food Associations
- ✓ Business Development Organizations
- ✓ Chambers of Commerce
- ✓ Community & Economic Development Organizations
- ✓ Community Foundations
- ✓ Community Futures Development Corporations
- ✓ Credit Unions
- ✓ Employment Organizations
- ✓ First Nation Communities or Associations
- ✓ Lawyers & Accountants
- ✓ Local & Regional Governments
- ✓ Marketing & Communications Professionals
- ✓ Real Estate Professionals
- ✓ Rotary & Lion's Clubs
- ✓ Social Service Organizations
- ✓ Technology & Innovation Associations
- ✓ Wealth Management Advisors

Figure 1

Figure 1 within your Community Advisory Group (CAG). These persons are connected to your community and bring their own unique expertise and perspective to decision making.

There is some truth in the saying: if you want something done, give it to the busiest person you know! Some stakeholders on the list above may represent multiple organizations because they're passionate about building resilient communities. But let's not give them all the work. Allow them to bring their perspectives, skill sets, and visions together to form a robust development team for local investment. We suggest keeping your CAG between 10-15 stakeholders. Be sure to plan your first meeting well. Have a succinct agenda with timelines, a minute-taker, calls for action, refreshments, and snacks. This should be a concise meeting, one to two hours maximum.

We recommend touching on the following points:

- Thank stakeholders for their valuable time
- Review the CIC model
- Share case studies of CICs
- Share your initial vision for a CIC and how it could contribute to local resiliency
- Provide an overview of the CIC development process using page 13 as reference
- Welcome feedback from the stakeholders
 - What are their visions for a CIC model?
 - Are there any pressing businesses or sectors that require support?

Build excitement and get buy-in amongst these stakeholders. Invite them to participate in an advisory group role, respecting their skill sets and time.

At your second meeting, with the newly formed CAG, complete a skills matrix to determine what strengths and gaps you have in the crowd.

[See Appendix 2 for a CAG Skills Matrix template]

It's important to ensure the group adheres to a high level of confidentiality at this point: between the CAG stakeholders themselves, as well as any potential businesses or investors that may arise in the ensuing conversations. CAG stakeholders may not be privy

to information discussed at these meetings, so it's a good practice to have all stakeholders complete a confidentiality agreement.

[See Appendix 3 for a Confidentiality Agreement]

You'll also want to identify initial roles and responsibilities. For example:

- Who will organize, schedule and facilitate the meetings? Is this one person, or several?
- What is the expectation of CAG stakeholders?
- How often will the CAG meet and where?
- Who will take minutes at these meetings?
- Is there a backbone organization that can secure development funding?

Once you identify several leaders in the CAG, it's time to move onto the next steps. You'll be the best judge to determine how fast or slow your community moves through these steps.

Step 4: Community Needs and Opportunities

With your CAG, complete a community Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis to determine where and how your new CIC fits into the local context. See Figure 1.2.

Step 5: Start a Preliminary Investor and Investment Scan

Your Community Advisory Group may already be aware of some investment opportunities on the horizon or some impending hurdles to a business or sector. This is a good time to identify known opportunities. Start with these questions to get your CAG brainstorming:

- Are there any backbone businesses for sale in jeopardy of shutting down for good if they don't succeed to a new owner (individual or community-owned)?
- Are there any businesses or services that your community lacks that would be a benefit to all?

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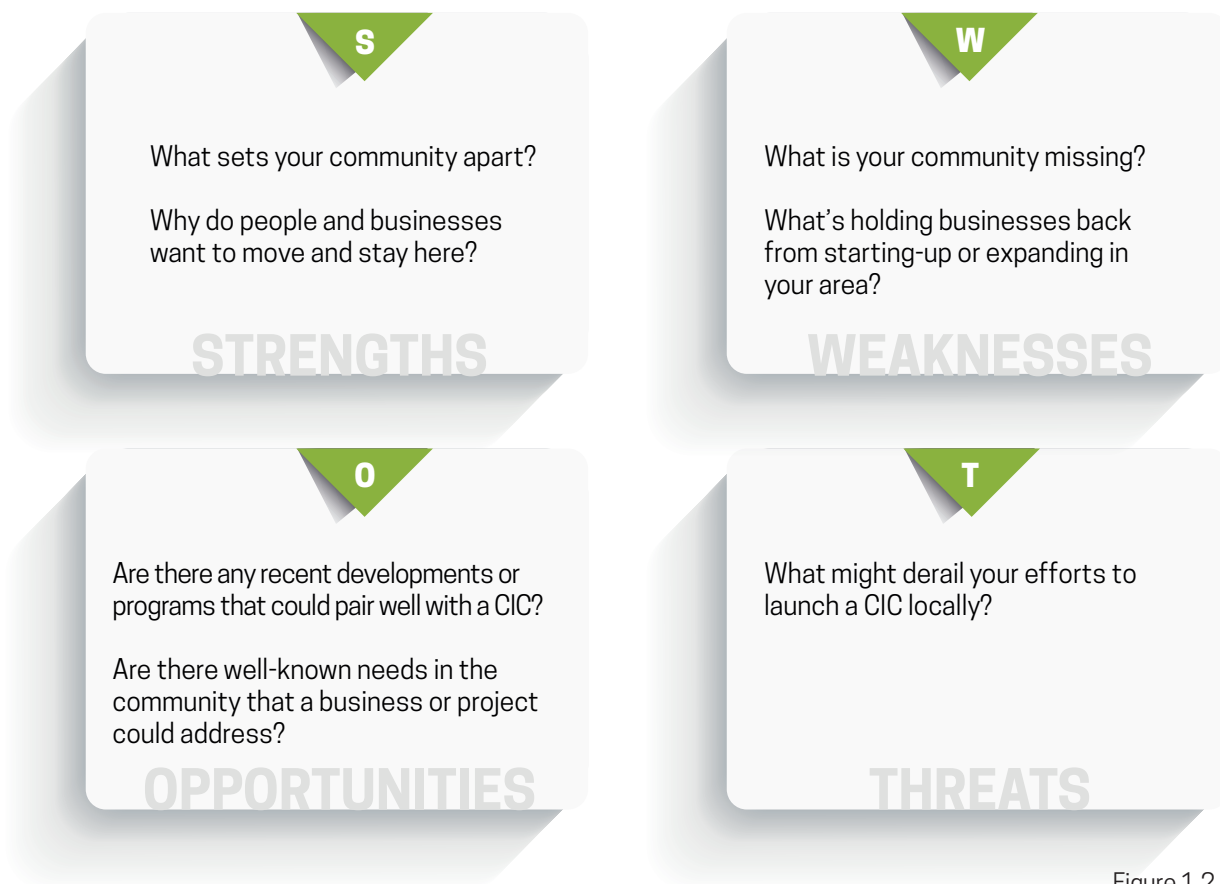


Figure 1.2

- Are there any projects identified as a priority in your community that a CIC could support?
- Is the CAG group aware of any new business start-ups, expansions or successions that are in need of financing and mentorship?
- What is the likelihood that the CAG members would invest in these businesses?

Did a lot of opportunities come out of this discussion? Or did one significant project arise? Be sure to record your CAG responses to these questions and reach out to these ventures directly to see if community financing is a viable option for them.

We've created two template surveys: one for investors and one for businesses seeking financing. We recommend you circulate these using an online platform such as SurveyMonkey for easy data collection and review. Feel free to revise and add questions to tailor to your specific community. Once you're ready to launch the survey, develop a call to action message that your CAG stakeholders can circulate amongst their networks. Along with the relevant survey, this message should include a CIC 101 overview, your community vision, and why you think a CIC could get you there. If it's OK with your CAG,

list the stakeholders that are participating in the advisory group to build trust that the initiative is in good hands. This initiative is a strategic time to build excitement and awareness amongst the general public for your CIC vision.

[See Appendix 4 for the Investor Survey]

[See Appendix 5 for the Business Survey]

Brainstorming known investment opportunities and collecting preliminary surveys will help build a pipeline of potential investors and investment opportunities prior to embarking further on the development path. It's very important to determine that there is a market for a Community Investment Co-op in your community prior to launching. This is a potential decision point for the CAG - despite efforts thus far, if there is no market, the CAG might need to decide that the timing is not right, and postpone next steps for 6 months.

Step 6: Determine the CIC Development Timeline and Scope

Now it's time to determine the geographic region your CIC will encompass. We've seen that CICs function best when they operate in one specific community or in a region with very similar cultures. Local investors are more open to investing in places they are connected to, rather than in communities far away. Keeping a fairly tight geographic region also helps with Board governance, administration, and organizational culture. Some of the factors below may help spark good conversation:

- Are there other local investment organizations in the surrounding area?
- Are you an urban or rural region?
- Where do your Community Advisory Group members reside?
- How long does it take to drive across the proposed region?
- Is there an existing culture of collaboration amongst the communities identified?
- Does the region align with local and regional government boundaries?
- What type of supporting organizations operate within this region?



Next, you'll want to manage scope creep (continuous changes to your plan) by defining key parameters early. Discuss the following with your CAG members:

- Are you creating a CIC specifically for one sector (i.e. affordable housing, tech, or agri-food)? If so, have these conversations early and narrow in on that goal.
- If your decision is to create a CIC that is agnostic to business sectors, make that known early too.

Whether you decide to focus your CIC on one particular sector or not, we strongly recommend to position economic, environmental, social and community-cultural impacts at the forefront of your development process, and be sure to weave these pillars into your founding governance documents.

Once you've proposed a geographic region and project scope, estimate a timeline for each phase of the development process. Be realistic based on your CAG skills, support and time that can be dedicated to this project. Use the development process infographic above as a reference.

Step 7: Determine the Level of External Support Required

By this time, you'll have uncovered the leaders within your CAG. Those people that show up to each meeting, facilitate, and help move the group forward. You'll also have determined the collective skill set of the group using the CAG Skills Matrix. You should now have tried to fill any gaps by inviting other CAG stakeholders to the meetings. With the leaders in the room around you, do you have the skill sets and capacity to oversee the business planning, incorporation, and launch? If your answer is YES, then congratulations! You have a very robust team. If your answer is NO, you'll need to determine what type and what level of external expertise is required.

If you need support, we'd recommend starting with a local project coordinator to accompany your CAG through the next steps in this guide. Your CAG should have an idea of some top candidates in your community. Those candidates must excel in facilitation, organization, and communication, and be highly competent on the computer and the internet. You can also reach out to the Cooperation Council of Ontario for recommendations of local experts that support groups working to form a



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Co-op.

Step 8: Secure Development Funding

Whether you decided that your CAG members had the skills and time, or that you'd hire on a project coordinator, you'll need to determine the financial capital required to develop and launch your CIC. This may include the following budget line items which can be used for funding proposals.

Depending on the geographic region, scope and external support that is required, the amounts above will vary. Your budget should reasonably get you through the business planning, drafting of incorporation documents, public launch campaign, and inaugural membership drive. If your CAG is providing in-kind services, identify them in the budget as such.

We must remember that a CIC incorporated as a for-profit entity makes it very difficult to access grant funding. Therefore, it's best to secure development funding prior to incorporation, in partnership with a local non-profit entity. This organization should already be on your CAG and might be an employment centre, a community futures development corporation, a community foundation, an economic development commission, or numerous other backbone organizations with aligned goals. The organization(s) you collaborate with will be key partners in the launch and inaugural year of your CIC's operations.

Here are some potential funding sources to consider for development and start-up funding:

- Community Foundations
- Corporate Sponsorships
- Crowdfunding Campaign
- Community and Economic Development Associations
- First Nations Communities or Associations
- Individual Philanthropists
- In-Kind Donations
- Local Credit Unions
- Local, Regional and Provincial Governments



FUNDING PROPOSAL MUSTS

Project Coordinator Wages	\$_____
Meeting Room Rental	\$_____
Printing and Office Supplies	\$_____
Online Platforms	\$_____
Marketing Materials	\$_____
Advertising (Print and Online)	\$_____
Catering (Meetings and Events)	\$_____
Travel Expenses	\$_____
Legal and Incorporation Fees	\$_____
Co-op Developer Fees	\$_____
*Start-Up Operations Budget	\$_____
Other	\$_____

TOTAL \$_____

* We recommend at least \$10K

- Non-Profit Organizations

PHASE 2

BUILDING YOUR TEAM'S CAPACITY AND COMMUNITY MOMENTUM

By Phase 2, you've established a strong Community Advisory Group, identified the group's leaders, forged partnerships with aligned organizations, developed a budget and secured funding, circulated initial surveys, and hired on a project coordinator (if applicable). Now it's time to dive into the details and beef up any external supports required.



Step 1: Increase CAG's Capacity

Prior to business planning, we recommend that each CAG stakeholder develop a deeper understanding of the local investment space. Consider circulating related information, as well as details of the considerations below, prior to your next meeting.

- CIC Development Process and Estimated Timelines
- Co-operative Model and Governance
- Securities Regulations Overview
- Community Impact Investment Case Studies

[See Appendix 6 for Community Impact Investment Case Studies]

Step 2: Assemble Your Professional Advisors

If you've decided to call on external support through the development process, and funding allows, we recommend the following experts:

- **Accountant:** familiar with Co-operative entities
- **Co-op Developer:** familiar with CICs
- **Consultant:** with experience developing CICs
- **Lawyer:** familiar with Co-op law, securities law, and venture capital

Step 3: Establish Partnerships Early



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If you have not already approached the following organizations, we suggest that you now invite them to sit on the CAG, or at minimum, open a regular communication channel with their management to share updates on your initiative:

- Business Development Organizations
- Community and Economic Development Organizations
- Community Futures Development Corporations
- First Nation Communities or Associations
- Local Credit Unions
- Local and Regional Governments
- Technology and Innovation Associations



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Step 4: Convene Community Impact Investment Sessions

A Community Impact Investment Session is your first chance to share the CIC vision and development timeline with the general public. It is an opportunity to uncover potential investors and investees, new CAG stakeholders, and supportive organizations. Here are some agenda items to consider:

- Welcome and Introduction of CAG members
- Impact Investing 101
- Case Studies and Success Stories
- CIC Sector Growth and Support in ON
- Local CIC Vision and Development Process
- Top Reasons to Invest Locally
- Estimated Development Timeline
- Calls for Action
- Question Period

This is also a good time to request public input, helping to shape the CIC initiative and build momentum and buy-in within your community. You may wish to hold more than one session, especially if you are proposing to serve a larger geographic region.

PHASE 3: PLANNING FOR SUCCESS

Consider breaking the business planning process into digestible 2-hour sessions for your CAG. This will allow for necessary perspectives and consensus while you draft each component of the CIC business plan. We broke it down into the following topics and sessions. The six business planning sessions below are best delivered in-person or by web conference. Be sure to have a minute-taker at each meeting.

CCO provides these as suggestions to consider and recognizes that the decisions you make during business planning will determine the details of your incorporation documents and operational strategies. CCO recommends at this stage to rely more deeply on the support provided by an external co-op developer, lawyer, and other professionals to advise your CAG on local contexts.

Agenda Items to consider:

[See Appendices 7 - 12_ for detailed Business Plan Session discussion topics]



STRATEGY, CASE STUDIES, AND REGULATORY ENVIRONMENT

- **Welcome**
 - Stakeholder Introductions
- **Business Planning Sessions**
 - Overview and Schedule
 - Role of CAG Stakeholders
- **Co-op 101**
 - Co-op Model
 - Co-op Governance
 - Seven International Co-op Principles
 - Types of Co-ops
- **Community Investment Co-op 101**
 - Canadian CIC Case Studies
 - CIC Sector Growth & Support in ON
- **Regulatory Environment**
 - ON Co-operative Corporations Act
 - Securities Act, Commission, and Relevant Regulations
 - Income Tax Act and RRSP Eligibility
- **Region**
 - Pros and Cons of Geographic Size
 - Draft Geographical Boundaries
- **Homework**
 - Circulate Investor & Business Surveys
 - Postal Codes for RRSP Data Tables (Stats Can)

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MEMBERS, INVESTORS, AND SHARE STRUCTURE

- **Regulatory Review**
 - Regulatory Comparison Chart
- **Member/Investor Qualifications**
 - Minimum Age Limit
 - Type of Members
 - Joint Shareholders
 - Securities Exemptions
 - Residence of Members
 - Investor Qualifications
- **Target Market**
 - Targeted Business Sectors
 - Targeted Investor Demographics
- **Share Structure**
 - Share Structure
 - RRSP/TFSA Eligibility
 - Par Value vs. Non-Par Value
- **Share Price, Maximum and Minimum Requirements**
 - Share Price
 - Maximum Number of Shares
 - Minimum Number of Shares
- **Further Share Details**
 - Redemption Restrictions
 - Non-Transferrable
 - Early Redemption Criteria
 - Share Certificates



ELIGIBLE INVESTMENTS AND TYPES OF FINANCING

- **Investment Pool**
 - Open Pool or Blind Pool
- **Eligible Investments**
 - Responsible and Impact Investing
 - Broad or Specific Investing
 - Consistency Throughout Sub-Regions
 - Eligible Investment Sectors
 - Location of Ownership or Management
 - Operations in Multiple Sub-Regions
- **Method of Financing**
 - Lending, Equity, Ownership, or All of the Above
- **Financing Goals and Role in Community**
 - Businesses, Community Projects, or Both
- **Conditions of Financing**
 - Maximum Amortization of Investments
 - Minimum Interest Rate
 - Fixed or Interval Rates
 - Minimum Investment
 - Maximum Investment
 - Collaborative Lending Policy

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BUSINESS DEVELOPMENT, FINANCING, AND MENTORSHIP

- **Phase 1: Initial Application and Business Development**
 - Investment Application
 - Scoring Matrix
 - Business Plan and Cash Flow Review
 - Decision to Proceed
- **Phase 2: Due-Diligence and Financing**
 - Financial Partners Required
 - Due-Diligence on Applicant
 - Investment Terms and Conditions
 - Disbursement of Funds
 - Monitoring Repayments
 - Fee Structures
- **Phase 3: Ongoing Supports**
 - Promote
 - Monitor
 - Develop
 - Mentor



GOVERNANCE, ADMIN AND PARTNERSHIPS

- **Governance**
 - Board Composition
 - Committees
 - General Meetings
 - Confidentiality & Conflict of Interest
- **Partnerships**
 - Backbone Organization
 - Meeting Venues
 - Application and Financing Process
 - Banking
 - Accounting and Bookkeeping
 - Legal Counsel
 - Insurance
 - Wealth Management
- **Key Functions: Roles and Responsibilities**
 - Registered Office
 - Filing Systems
 - Raising Investment
 - Marketing and Communications
 - Financing Process
- **Security**
 - Security and Back-Up Systems



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RESERVES, FINANCIAL PROJECTIONS, EXIT STRATEGIES, NEXT STEPS

- **Capital Reserves**
 - Member Redemption Reserve
 - Contingency Reserve
- **Financial Projections**
 - Calculations and Assumptions
- **Start-Up Working Capital**
 - Minimum Amount
 - Potential Funders
- **Founding Member-Investor Strategies**
 - Incorporation Timing
 - Minimum Founding Member Goal
- **Risk Mitigation and Defaults**
 - Review and Update Strategies
- **Exit Strategies**
 - Review Periods
 - Winding-Up the corporation



At the end of these sessions, the CAG will have enough information and perspectives to provide a solid foundation for the business plan and incorporation documents.



PHASE 4

ORGANIZATIONAL AND LEGAL DOCUMENTS

Important Note: If you have not done so already, we strongly recommend that you hire an external co-op developer and lawyer at this point. These folks have the necessary experience in the relevant regulations to ensure you incorporate correctly. The templates below are for example purposes only and will need revisions in order to be appropriate for your local context. You can ask the Ontario Co-op Association or the Cooperation Council of Ontario to recommend qualified advisors in your area.

Once you've made it through the planning phase, it's time to dive into the legal documents. There are five steps to incorporating a CIC in Ontario (the following content is taken from the Service Ontario Government Website)

1. Get a NUANS name search report
2. Articles of Incorporation of a Co-operative form: with Share Capital (Form 1)
3. Gather your supporting documents (Cover letter, NUANS report, Consent to Act as First Director)
4. Join a check to pay the incorporation fees
5. Submit (by mail or in person)

Your co-op developer and lawyer can help you prepare all the documents to file with the Ministry of Government and Consumer Services of Ontario (MGCS). We've provided some templates for these important documents to save you valuable time and resources.

■ NUANS name search report

To confirm your co-op name isn't the same or similar to another Canadian business, you must submit an original, Ontario NUANS name search report, if you:

- are filing Articles of Incorporation.
- are filing Articles of Amendment or Amalgamation that include a name change.

To get a NUANS name search report, you must:

- search for an Ontario NUANS member online.
- request Ontario NUANS name search report.

Note:

- there is a fee for this service.
- MGCS only accepts NUANS reports that are submitted within 90 days of the date on the report.

■ Articles of Incorporation

The articles of incorporation must indicate: the name of the co-operative, the restrictions imposed on the activities and authorities that the co-operative may exercise, the location and full address of the co-operative's head office, the number of directors or the minimum number and maximum number of directors of the co-operative, as well as the first and last names and personal addresses of the first directors and the first and last names and personal addresses of each of the incorporators.

For co-operatives with share capital, the articles of incorporation must state the authorized capital (classes of shares, number of shares of each class and par value of each share) and the features of the preference shares, if applicable (designations, preferences, rights, conditions, etc.).

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Gather your supporting documents

Your documents must include:

- cover letter :you must submit a cover letter with the following information:
- contact name, telephone number, return address and e-mail address.
- the type of co-operative that is being incorporated and the nature of its activities. There is no pre-printed form to complete for the cover letter. It is to be typed or printed clearly on 8½" by 11" white paper.
- an Ontario NUANS name search report.
- a Consent to Act as First Director form (Form 3), for every director who is not an incorporator(if applicable).

Important Note: In Ontario, the cover letter and Articles of Incorporation are needed for registering at the Ministry of Government and Consumer Service. Bylaws are not required for incorporation with MGCS, but need to be voted on at the first AGM to officialize the incorporation. The templates below are not exhaustive. There are sections not included in these templates. We strongly recommend working with a co-op developer and lawyer who are well-versed in the Ontario Co-operative Corporations Act to ensure that you insert all components and language that is relevant to your local context.

Cover letter and bylaws

Cover letter

As mentioned before a cover letter only need the following information: contact name, telephone number, return address and e-mail address, the type of co-operative that is being incorporated and the nature of its activities. You will notice, it is pretty basic but should accurately reflect the intention and values of your Co-op. Be detailed and specific, though not overly restrictive.

[See Appendix 13 for a cover letter and articles of incorporation template.]

By-laws

"By-laws are co-ops' internal rules. They deal with such things as how members are admitted, how meetings are held, how directors are elected, the length of directors' terms, the responsibilities of directors and officers, and the appointment and role of auditors. By laws are subject to the articles and the Act. If there is a conflict between the by laws and the articles, the articles prevail. If there is a conflict between the by-laws and the Act, the Act prevails.

In most cases, a by-law is first proposed and passed by a majority of directors at a board meeting. The by-law does not come into effect until it is confirmed by at least two-thirds of the votes cast at a members' meeting. The co-op's articles may require a higher proportion of votes to adopt by-laws.

In multi-stakeholder co-ops, by-laws have to pass by the directors and be confirmed by at least two-thirds of the members of each stakeholder group voting at either a general members' meeting or separate meetings of each stakeholder group". (FSCO, 2018, p.8)

- Governance
- Overarching goals, needs, and actions to fulfill its purpose
- Election of directors
- Requirements for membership
- Financial information management
- Special rights and restrictions related to shares, including Preference shares
- How meetings are conducted

Bylaws are not required by the MGCS but need to be voted on by the members alongside the election of the members of the board at the first AGM to officialize the incorporation.

Bear in mind, your by-laws should balance the rights of individual members with the interests of the Co-op as a whole. Ensure your by-laws follow the Act, yet are flexible enough to allow the Co-op to respond to changing conditions. Use clear, concise, and consistent language to avoid confusion or disputes.

[See Appendix 14 for a by-laws template]

■ Membership Application

To accept members into your Co-op, you'll need them to complete a membership application with their information. This data will be saved in your corporate register, whether that is a physical book, a Microsoft Excel spreadsheet, or an online database. We've created two membership applications, one for individuals and one for entities.

[See Appendices 15 and 16 for Membership Application templates]

■ Subscription Agreement for Securities Regulations

To raise capital in your CIC, you'll be issuing securities (membership and/or preference shares). Cooperatives in Ontario have exemptions to raise capital before having to file an offering statement with the Financial Securities Regulatory Authority of Ontario. They will be detailed later on in the Inaugural Capital Raise section of this guide.

Although no disclosure document needs to be filed with the FSRA below a certain threshold, we highly recommend using one to ensure the CIC and the investor are aware of their rights and responsibilities. This is also great for recordkeeping and use as a receipt for your investors if that is how you choose to issue proof of purchase. We have developed a simplified Subscription Agreement template.

[See Appendix 17 for a Subscription Agreement template]

You can issue a Subscription Agreement on paper, or by using an online platform, which saves valuable administration or volunteer time.

■ Corporate Register

A CIC is required to keep an updated list of members, shareholders, and Directors, called your corporate register. This can be done in a physical book, an MS Excel Sheet or an online platform.



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PHASE 5: PREPARE FOR LAUNCH!

Important Note: Some CICs choose to incorporate with a smaller group of folks first, such as their CAG members, and then complete a public launch and membership drive. Other CICs choose to undergo a public launch first, setting a minimum founding member goal, before incorporating. It will depend greatly on the exemption you want to use at first and the mission and purpose of the cooperative. It is up to your community to decide the order of the steps below. Experience with incorporating CICs in BC has shown the following process to work well.

Final Review Session

We recommend bringing your CAG, co-op developer and lawyer together for a full-day review session. Ensure you cover the following agenda items:

- CAG Thank You
- Agenda Overview
- CIC Mission, Vision, and Goals
- Share Structure
- Bylaws
- Business Plan
- Partnership Agreement(s)
- Subscription Agreement
- Financial Projections
- Start-Up Funding
- Appoint First Directors
- Public Launch Strategy and Event Schedules
- Next Steps, Roles and Responsibilities
- Question Period with Co-op Developer and Lawyer

Step 1: Marketing Materials and Communications Strategy

You now have a business plan, your organizational and legal documents. You're almost ready to incorporate a CIC! It's time to bring together your CAG members to create some marketing materials and establish a public launch communications strategy. If you've ever been through a branding exercise, you'll know this can take quite a lot of time and resources. We worked with Origin Brand Strategic Development to develop a suite of CIC marketing products and a brand guideline to help expedite this process. All these templates are editable and licensed openly in Creative Commons, allowing you to reuse freely. You'll need someone with skills and access to Adobe Creative Suite in order to add CIC information tailored to your local context.

[See Appendix 18 for Marketing Products and Brand Guidelines]

Once you have your messaging determined, it's important that you create a web presence. This will host information such as your CIC overview, resources, membership applications, contact details and more. Do you have someone on your CAG that can develop and maintain a website? If so, we've used website builders such as SquareSpace that work well. If you have secured some development funds for marketing, we'd recommend working with a local website developer. They can help you create a professional website that captures the essence of your communications, as well as set up your domain names and linked accounts properly (such as email addresses and file sharing).

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A great resource to have is a Frequently Asked Questions (FAQ) document. This will allow potential member-investors to find answers to their burning questions prior to contacting your volunteer CAG stakeholders, saving you time from answering the same questions. During the early stages of a CIC, many assumptions and differing information can arise in the community. Therefore, it is important that the advocates of your CIC provide any interested persons with a central resource with consistent information. We have developed an FAQ document that you can revise as necessary. Consider adding this resource to your CIC website too.

[See Appendix 19 for an FAQ template]

Now that your marketing and communications materials are ready to go, you will need to determine a public launch strategy, including timelines and roles and responsibilities of your CAG stakeholders. We have provided an example of the strategies we've used previously that seemed to work well. You'll get a great public response rate if you can coordinate with several local organizations to disburse your shared marketing materials during a strategic timeline. This provides more opportunities for potential member-investors to discover your initiative and public launch details.

[See Appendix 20 for a Public Launch Strategy template]

This is also a good time to get some earned media by reaching out to your local newspaper outlets. Craft a one-page executive summary for a press release that explains your CIC, your vision for the community, and the groundwork that went into this initiative. With a little luck, they'll feature your CIC initiative and public launch details to their readers.

[See Appendix 21 for an Executive Summary template]

[See Appendix 22 for a Press Release template]

■ Step 2: Identify First Directors

This is a critical step in the formation of your new CIC. From your CAG stakeholders, you'll want to identify at least 3-5 First Directors. These are the folks that will hold office until your first Annual General Meeting, at which time your members will vote on the Board. Of course, all founding members will need to appoint these First Directors, so it's a good idea to provide a short bio for each. First Directors should be persons who have been part of the development process and shown leadership and a deep understanding of the 'why' and the 'how' of your new CIC. These First Directors are going to be the champions who move this new organization forward, and that's no small task. They should understand that many volunteer hours go into the start-up and operations of a CIC, but the rewards of local business success and employment are well worth it!

■ Step 3: Secure Start-Up Capital

If you have not already secured start-up capital, we recommend reaching out to similar funders as mentioned earlier in the guide for at least \$10,000. This will provide your new CIC with a small operational budget for its inaugural year, prior to tapping into any member-investor equity. Since a CIC's primary source of income is from local investment, start-up funds will be required to float the CIC while initial governance and administration foundations are established and until the CIC is ready to disburse its first investments. These start-up funds should help cover any paid coordinator fees (if applicable) and overhead costs such as bookkeeping, taxes, websites, marketing, and Director and Officer Liability insurance.

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Step 4: Public Launch Activities and Founding Member Drive

You're now equipped with a vision, a focussed business plan, organizational and legal documents, marketing materials and a communications plan, your First Directors and some start-up capital. Well done! Your soon-to-be incorporated CIC is in a great position to launch to the public. If you haven't already considered this during business planning, we recommend that you set a minimum founding member goal. What is the minimum number of member-investors that will make your CIC viable?

Keep in Mind: viability is relevant to the size and scope of your CIC.

For example:

Does your CIC serve a small geographic region with a focussed investment strategy (i.e. affordable housing); or

Does your CIC serve a large geographic region and accept investment applications from all business sectors?

Now it's time to implement all those communication strategies, call on local partner organizations to support the shareable materials, and get people out to public launch events. Make sure you have at least a few CAG members and First Directors who are willing and skilled at public speaking. You may also reach out to your

co-op developer or other CICs in the province to see if they can help emcee your events. A plurality of voices demonstrates broad support for your initiative.

We recommend having several public launch events for interested investors, especially if you are covering a larger geographic region. Keep these events to 1-2 hours maximum and make sure there are snacks and beverages available for attendees. Here's how we've structured our presentations:

- Introduction: session overview
- CIC 101: what is a CIC, provide some examples
- Local CIC: why it is important and your vision
- Preparation: describe the planning and development that has taken place
- Champions: list of CAG members and First Directors
- How it Works: governance, eligible investors, eligible businesses, share price, etc.
- Partnerships: describe any formal partnerships formed with the new CIC
- Next Steps: how to become a founding member and the incorporation timeline
- Question and Answers: leave enough time to cover questions, but don't let this go too long
- Action: founding member paperwork is made available at the event
- Follow Up: for those that need extra decision time, provide contact details

A series of smaller and focussed presentations during this launch campaign is also a great way to spread the word and uncover new members and organizational partners. Condense your full CIC launch presentation to a 10-15 minute pitch with marketing materials in hand, and get on the next agenda at some of these local groups:

- Rotary clubs;
- Lion's clubs;
- Coworking centres;
- Wealth management providers;
- Local financiers;
- Local governments; and
- Economic development commissions.



Step 5: Founding Member Documentation and Incorporation

Important Note: All founding members must sign 2 copies of the Articles of Incorporation of a Co-operative form and a Consent to Act as First Director form, for every director who is not an incorporator (if applicable). By-Laws will need to be voted on at the Constitution assembly (First Annual General Meeting), and a majority of these members must appoint the First Directors in writing. These documents will need to be copied and mailed to the ON MGCS to incorporate your CIC. We highly recommend working with a co-op developer or lawyer during this stage to ensure that everything remains compliant with the relevant regulations.

During the public membership drive events, you'll be having founding members sign onto the original incorporation documents (2 copies of the Articles of Incorporation, Cover Letter, Consent to Act as First Director). Often, these founding members are in a hurry to get home or to another meeting after your event. It is important that your

CAG and First Directors undertake this process with careful oversight, ensuring these folks sign on all the required spots. Some incorporation documents need several signatures and you'll not want to call these persons back for one missed signature.

After you've completed your founding member drive and surpassed your minimum member goal, it's time to submit your incorporation documents to the ON MGCS. Work with your co-op developer or lawyer to make sure all 'i's are dotted and t's are crossed' prior to this submission. It could take a couple of weeks before you receive your registration confirmation and your official Articles of Incorporation.

Don't forget to celebrate this milestone with your CAG stakeholders, First Directors, founding members and CIC advocates. Whether it's a thankful message or a gathering to pop some champagne, this is a big day.

Congratulations, you did it!



PHASE 6

OPERATIONS

You've incorporated and now it's time to put the rubber to the road!

While many CICs undergo a similar development process, their Articles of Incorporation and By-Laws, Boards of Directors, and budget will determine the method in which they operate. The evolution and differences in CICs are what make this local investment model so exciting. Below we'll provide your Board with some important operational topics to consider.

Initiate Governance Structures

You'll want to formally establish the governance structures that were determined during your business planning sessions and bylaw development. Here are a few important governance items to consider at the first meeting of the Board:

Roles and Responsibilities

- Establish and review the roles and responsibilities of each Director position and staff position (if any). We have developed some template roles for you to consider.
- Elect Officers.
- President, Vice President, Secretary, Treasurer, and staff if any.
- Board Meeting Schedule.
- We strongly recommend that your Board establish a regularly scheduled meeting.
- Choose a consistent day, week and time each month (i.e. first Wednesday of each month from 10:00am – 12:00pm).

- Whether you meet in-person, by teleconference or by web conference, regularly scheduled meetings will allow Board members to block these times in their calendars well in advance. This will lead to a greater chance of reaching quorum at each meeting, allowing you to conduct your CIC business.

[See Appendix 23 for a Roles and Responsibilities template]

Committees

Create and review the terms of reference for Committees. We recommend forming at least two committees: an Investment Committee and a Marketing and Communications Committee. You may choose to establish more. These Committees should allow for non-Director members to assist the Board with CIC operations.

[See Appendix 24 for several Committee Terms of Reference templates]

Annual Work Plan and Budget

Set goals for your inaugural year, such as the topics in this section. Identify all the tasks that come with each goal, then prioritize these tasks. Add them into a monthly timeline to review at your regularly scheduled Board meetings. Be realistic about what you can accomplish, and how long it will take, based on your budgets and administration support. Setting your goals early will help you stay on track and avoid mission drift.

We're hopeful that your new CIC received some start-up grant funding. This should be enough to pay your fundamental overhead costs while the CIC builds its investment portfolio and starts to generate its own interest income. Review the budget you developed earlier in this guide and update it accordingly for your first year.

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Recordkeeping Systems

You'll need a place for Directors, Committee members and staff to access files. If you're a small CIC in one community, you may stick to a paper-based recordkeeping system for simplicity. However, if you will need to share files with persons around a larger geographic region, we recommend using an online platform. We have used DropBox and Google Drive, as both have their merits.

Liability Insurance

Your new organization will need to purchase Director and Officer liability insurance to protect yourselves from any potential lawsuits for actual or alleged offences. We recommend the Co-operators, not just because they have competitive rates, but because they're another Co-op!

New CIC Members

Accept any new membership applications and payments that came through after the founding member and incorporation deadline. There is most likely a buzz in your communities after the recent incorporation activities. Keep some of that momentum by continuing to promote the CIC and by accepting new members on an ongoing basis.

Share Certificates

Your CIC may wish to develop fillable membership and preference share certificates to issue to purchasers. We've found that this creates additional administrative work and that issuing a copy of the membership application or subscription agreement is more efficient. Your Board can decide which strategy works best, based on your CIC's administrative support and budgets.

Banking, Bookkeeping, and Taxes

We recommend banking with a local Credit Union, as they are also a Co-op and align well with your CIC. A few important items to discuss with your Board:

- Will all Directors have signing authority?
- Place member's share purchase proceeds into term deposits to earn income while not in use.
 - Determine an appropriate laddered structure based on your investment forecasts (i.e. amount of redeemable and non-redeemable). Your Credit Union can assist with this.
- Your CIC will likely need a credit card for online payments such as website and domain hosting.
- You'll also need to determine the CIC's bookkeeping and accounting systems.
- Do your First Directors have the skills necessary to complete bookkeeping and tax filing?
- Will you need to contract a local bookkeeping or accounting firm?

The British Columbia Community Impact Investment Coalition received an accounting opinion on a list of frequently asked CIC tax questions. This list may not be exhaustive and in part Provincial, so we recommend providing it to your accountant to support their services.

[See Appendix 25 for CIC Accounting Opinion]





Strategic Partnerships

Do your Board and Investment Committee members have the skills and time necessary to complete due-diligence (business plan and financial review, credit score, risk assessment, etc.) and loan administration (disbursing, monitoring, reconciling)?

A CIC works best as a local investment tool, rather than a full-scale organization which must pay for staffing and other significant overhead costs. It is also important to align and collaborate with other local financing institutions, so you can leverage each other's strengths. We recommend you reach out to your local Community Futures Development Corporation and local Credit Union to establish these collaborative partnerships.

These established organizations may be willing to assist with the due-diligence and investment administration for a fee-for-service. Their professional staff are a great resource to your volunteer Board and a paid partnership will go a long way in reducing the number of volunteer hours expected of Board and Committee members.

[See Appendix 26 for Fee-For-Service MOU examples]

We also recommend that you consider membership in the Ontario Co-op Association or the Cooperation Council of Ontario, as they can provide valuable resources and support as you grow your new Co-operative.

Are there membership opportunities with other local organizations that would benefit your CIC? Perhaps you have a strong and collaborative Chamber of Commerce or Economic Development Office? Your Board can determine the best-aligned partnerships based on your local context and existing relationships.

Marketing and Communications

You should already have a suite of marketing materials from your public launch and founding member drive. These documents may need some updates but will be important tools in your ongoing communications to investors, businesses and organizational partners. The Board and the Marketing and Communications Committee members should establish some communications goals within your annual work plan. Here are some questions to ask yourselves:

- Do we have a marketing budget? If so, what is the most effective way to market (social media, newspaper, radio, Google, etc.)?
- Who are our collaborative partner organizations? How can we work with them to communicate with the public?
- What updates do we need to make to our website now that we're incorporated?
- Who will communicate the benefits of the CIC to financial partners? To potential investors? To the business community?
- Are there any opportunities for speaking engagements or networking at upcoming events?
- Can the local newspaper write a follow-up story on the launch of the new CIC?

Ensure your marketing and communications materials are available on your website for viewing.

Reach out to those businesses who completed a survey during your business planning and public launch activities. Share the good news that you've incorporated and that you'll be ready to start taking investment applications soon. You should also determine a communication strategy and timeline to reach out to the business community at large after you've completed your inaugural capital raise. Continue adding potential borrowers to your investment pipeline as you establish your governance and administrative systems and capital pool.

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Policy and Procedures

The Board and Committees will need clear policies and procedures to run your new CIC. This will also help when there is turnover and training is necessary for new officers. We have developed a Policy and Procedure Manual for several CICs which acts as their go-to resource for operations. This document should be easily accessed and updated as major changes occur. Your Board and Committee members should dedicate a decent amount of time and energy into establishing your own Policy and Procedure Manual.

[See Appendix 27 for a Policy and Procedure Manual Template]

Inaugural Capital Raise

Your CIC has accepted its founding members, held its first Board and Committee meetings, and is now ready to raise capital through the sales of membership and/or preference shares. Depending on the way you structured your shares, monies may be raised from members, non-members, retail investors, or accredited investors.

The Ontario Securities Act governs how securities can be issued in our province. However, section 73 (1) of the Ontario Securities Act states that (6) The prospectus requirement does not apply to a distribution of any of the following securities:

1. Securities issued by a corporation to which the Co-operative Corporations Act applies. Your CIC's membership and preference shares are considered securities, but are ruled by the Cooperative Corporation Act. Therefore, if no exemptions are applicable, a cooperative must file an Offering Statement with the Financial Services Regulatory Authority of Ontario in accordance with section 34(1) of the Cooperative Corporation Act.. Earlier in this guide, we recommended that you use a disclosure statement to sell shares, this being your Subscription Agreement. You can do this by issuing printed copies or by uploading the document into an online platform. If you choose to issue a printed version of your Subscription Agreement, a Director or Officer must review each document. They will need to ensure the accuracy of the information provided and

that it is compliant with any securities regulations that your CIC has relied upon. If you choose to use an online platform, this streamlines the share purchase paperwork and automatically ensures all investments are compliant with relevant the Cooperative Corporation Act.

Most likely, during your public launch, your founding member-investors paid for the minimum number of membership shares. It's now time to launch a capital raise campaign to these founding members. The proceeds from the sale of your shares (membership and/or preference shares) will create the investment pool from which you will lend to local businesses and projects.

This is a very important time to review Ontario Securities regulations with your Board. Please note that National Instruments cannot be used for cooperatives in Ontario. In regards to raising capital there are different exemptions for cooperatives that can be used before any Offering Statements needs to be filed with FSRAO. Here are the offering statement exemptions threshold :

- The co-op has or will have fewer than 35 security holders; or
- Shares or debt obligations are issued to members, if the value of such an issue does not exceed \$1,000 per member in a year and does not exceed an aggregate value of \$10,000 per member; or
- Securities issued to members do not result in the co-op having more than \$200,000 of issued and outstanding securities.



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Investment Applications and Disbursement

Now that you've completed the inaugural capital raise, it's time to get those funds into local businesses and projects that generate economic, environmental, social and community benefits!

You will need a series of documents and processes to accept applications, complete due-diligence and disburse the investments.

We have established a two-page Investment Application that captures the essence of the venture applying, and whether they meet the eligibility requirements of a CIC.

[See Appendix 28 for an Investment Application template]



Annual General Meetings

As stated in section 77 of the Ontario Co-operative Corporations Act, a co-operative shall hold an annual meeting of its members not later than eighteen months after its incorporation and subsequently not more than fifteen months after the holding of the last preceding annual meeting and at such meeting any member shall have an opportunity to raise any matter relevant to the affairs and business of the co-operative. R.S.O. 1990, c. C.35, s. 77.

A lot needs to happen during these first 18 months: drafting the by-laws, laying out the governance and administration foundations, plan and host the first AGM. It also gave us a chance to complete a capital raise and screen several local investment applications so we had more to report back to our member-investors.

We developed several AGM templates to assist the CIC Boards in planning and facilitating the meeting in accordance with their by-laws and the Ontario Co-operative Corporation Acét

[See Appendix 29 for AGM templates]

Impact Reporting

In an effort to report on the combined impacts of the CIC sector, stakeholders from around the province created two shared surveys for the British Columbia Community Impact Investment, which could be use for Ontarios CICs as well -- one for CIOs and one for the investees of these organizations. The goal is to provide CICs with a consistent template to report to their own member investors, as well as the opportunity to aggregate responses from across the Province to show combined impacts. We encourage your new CIC to use these surveys.

[See Appendix 30 for the CIC and Borrower survey templates]

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Membership Engagement

It is important to keep your member-investors engaged with the CIC. This strengthens the organization and allows your members to become advocates for the CIC to the public. Here are a few options to consider:

- Encourage all members to attend AGMs and utilize their 1-member 1-vote.
- Any member of a Co-op is eligible to run for Directorship. Make this well known at each AGM. A full Board and competitive elections show an involved membership.
- Reach out to members to participate in Committees, such as the Investment or Marketing and Communications Committees.
- Send out periodic newsletters to your membership to inform them of important and exciting updates (i.e. AGM, new investments, success stories, mentorship program).
- Ask investees what type of mentorship would be useful for their business. Then, reach out to your membership to see who has those skill sets and pair them together.
- Give your members the opportunity to be ambassadors for your CIC by providing them with your marketing products.
- If you have the time, maintain an active social media account with helpful information and organizational updates. Pictures say a thousand words!
- Distribute a survey every so often to request input from your members.
- If you have an exciting and viable investment that requires additional capital, share the public details with your members. Ask them to consider investing more and to encourage their networks to become new member-investors.

Managing Risk

A CIC's main activities are to raise capital from its members, invest these monies in local ventures with impact, mentor ventures, and provide a return to member-investors. It is important that your Board, Investment Committee Members, and member-mentors support the investees throughout their financing term. Loss of member-capital will create operational setbacks and may hurt the CIC's reputation in the community. In our experience, there are a few ways to mitigate your exposure to investment losses, as mentioned below.

Your CIC decision-makers should not get blinded by the possibilities of a venture. Rather, they should complete a detailed risk assessment on all applications, small and large. Once the potential risks are identified, determine if and how they can be mitigated.

While this list is not exhaustive, here are some general points to consider when identifying risks in a local venture:

- What type and amount of financial contributions have the owner contributed to the business?
- How much capital are they requesting? What exactly will it be used for?
- How long of a loan term are they requesting?
- What collateral is the owner offering (i.e. house, car, liquid assets, personal guarantee)?
- Does the management team have the skills and experience required?
- How strong is the credit history of the owners?
- What do the business references say about the owners?
- Can the business afford to make loan payments based on projected cash flows?
- How high is their debt-to-income ratio? Does the business have current financial commitments to other lenders or investors?
- Is this a start-up, established or succession business?
- Does the business have any financial history to review? If so, did they make a profit?
- How much competition is in the proposed market? How strong is their value proposition?
- Will the equipment and facilities identified in the application be adequate for the venture?

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Once you determine if the CIC will finance a local venture, consider the following risk mitigations that you can control internally:

- Ensure all necessary paperwork and legal arrangements are completed prior to disbursing funds,
- Require investees to consent to regular check-ins, submission of annual financials (at minimum), and mentorship supports when relevant,
- Establish a maximum investment amount into any single venture, ensuring that your CIC has a diversified local investment portfolio,
- Determine the maximum number of investments that are manageable by your CIC Board and Investment Committees at any one time,
- Build a contingency fund over time that allows you to weather unforeseen challenges,
- Structure your investments with shorter amortization periods,
- Provide some flexibility in the repayment schedules to give investees room to succeed,
- Refer investees to external organizations who offer support services as part of their mandate,
- Invest in lower-risk ventures during the CIC's inaugural years,
- Educate the investees on where their financing is coming from (i.e. local residents), this provides further accountability,
- Pre-determine red flags and early exit strategies.

Earlier in this guide, we suggested that you consider a partnership with a local financial organization such as a Community Futures Development Corporation or Credit Union. Their loan analysts have the skills and resources to complete a detailed risk assessment and recommendation. This will allow your Board and Investment Committee to make an informed decision before committing any funds.

A partnership agreement may also encourage loan syndication, reducing each party's exposure to potential losses.

Reserves and Redemptions

We encourage CIC members to consider their investments into the Co-op as patient capital (i.e. 10+ years). This provides CIC Boards with greater stability in its capital pool, increasing Directors' confidence to disburse the majority of funds into local ventures, as opposed to keeping larger reserves.

Membership and preference shares in a CIC are issued by relying on prospectus and dealer exemptions, which means these shares have indefinite resale and trading restrictions. This means that a member cannot sell their shares to other persons (i.e. their neighbour), but they can redeem their shares directly from the Co-op itself. The Co-op may then re-issue these shares to new purchasers.

During business planning, you will have determined a maximum number of years in which the Board is obliged to redeem a member's shares. For example, 'the CIC Board has a maximum of 3-years to redeem a member's shares from the date they submit a formal withdrawal'. This gives the Board a grace period to adjust its capital raising and financing activities in relation to the number of member withdrawals, in order to fulfill those redemption requests.

We also recommend that the CIC hold back a set amount at the sale of each share for a Member Redemption Reserve, which is placed into interest-bearing term deposits. This allows the Directors to redeem up to 10% of the member's capital for redemptions without calling on loans early. As members redeem their shares, any new membership share proceeds or surplus funds at fiscal year-end shall top the reserve back to its original amount. During our case study research, we found that a 10% redemption reserve was a prudent amount. Consider circumstances when the Board may issue an immediate redemption for a member, such as:

- The death of a member or their immediate family,
- Financial hardship or bankruptcy of a member,
- Relocation of a member outside of Canada, or
- Other pertinent issues the Board determines appropriate.

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■ Updating Important Documents

Your CAG and First Directors spent significant time and energy developing your governance and operations materials. We recommend that the Board review and make any necessary updates to the following documents, at least annually:

- Business Plan
- Policy and Procedures
- Annual Work Plan and Budget

You may also find that a section within your by-laws is limiting your CIC in some way (i.e. minimum or maximum Directors, limited share structure, or membership eligibility). To change something in your Co-op's by-laws or Articles of Incorporation, you'll need to host to a General Meeting to pass a special resolution with your membership. This requires a certain percentage of your members to vote in favour and some may also need updating your corporate documents with the MGCS. Reach out to your co-op developer to ensure this is done correctly.

■ Celebrate and Recognize

While the benefits of local investing can be far-reaching, the governance and operations of a CIC can be challenging at times. Personalities clash, deadlines approach, and you're dealing with peoples' savings to boot! Remember to recognize the efforts of your fellow Board and Committee members often. And when you achieve some of your milestones laid out in the Annual Work Plans, celebrate! Your Board is making large ripples in the status quo. Your CIC is building a stronger financial ecosystem in the communities you serve. We applaud your group for getting this far and wish you well in your local investment journey, wherever it leads.



REFERENCES

1. <https://www.investmentexecutive.com/news/research-and-markets/rrsp-contributions-are-up-but-their-popularity-with-taxpayers-is-down/#:~:text=The%20national%20statistical%20agency%20published,from%20the%202017%20tax%20season.&text=Additionally%2C%20the%20median%20contribution%20was,year%2Dover%2Dyear%20increase.>
2. <https://www.ontario.ca/page/start-dissolve-and-change-co-operative-corporation>
3. https://www.ic.gc.ca/eic/site/106.nsf/eng/h_00073.html#ontario
4. <https://www.fin.gov.on.ca/en/consultations/cca/helping-coops-thrive.html#section-4-3>
5. <https://www.ontario.ca/laws/statute/90c35#BK151>
6. <https://ontario.coop/financing-your-co-operative>
7. https://ontario.coop/sites/default/files/STR02_How%20to%20Incorporate%20in%20Ontario%20-%20MGCS%20Update.pdf
8. <https://ontario.coop/starting-co-operative#Incorporating>
9. <https://ontario.coop/sites/default/files/2019%20Updates%20to%20the%20Ontario%20Act.pdf>
10. <https://canadianworker.coop/faqs-for-program-members/>
11. https://www.fsco.gov.on.ca/en/coops/Documents/guide_coop.pdf

ADDITIONAL RESOURCES

There are many resources available online to support your community when establishing a local impact investment organization. While we focussed on the Community Investment Co-op model, the following organizations and guides may be useful in your feasibility study to determine the best model for your region and project. Hyperlinks were left out purposefully to lessen the chances of broken links and as some materials are by request only. Please use a search engine to find these resources.

Interested in using the Community Investment Co-op model to expedite the clean energy transition?

[See Appendix 31 for a SolShare Partnership Memorandum]

Helpful Organizations:

- British Columbia Community Impact Investment Coalition
- Ontario Co-op Association
- Ministry of Government and Consumer Service
- Rural Ontario Institute
- Ontario Securities Commission
- Canada Revenue Agency
- Canadian Community Economic Development Network
- Canadian Workers Co-op Federation – RRSP-TFSA Program
- Community Futures Ontario
- Co-op Zone
- Co-operatives First
- Cooperation Council of Ontario
- Co-ops and Mutuals Canada
- Credit Unions of Ontario
- Mars Centre for Impact Investing
- Centre for Social Innovation
- UnionSD

Other Local Investment Guides:

- Community Investment Funds: How-To Guide, by Community Social Planning Council of Greater Victoria
- Creating a Community Investment Fund: A Local Food Approach, by Cutting Edge Capital
- Cultivating Co-ops, by British Columbia Co-operative Association
- Investing in the Future of BC's Rural Communities: A Guidebook for Community Leaders, by Christina Lake Community Venture Capital Corporation
- Unleashing Local Capital: Guide for Community Leaders, by Alberta Community Co-op Association

We wish you success and solidarity...

COMMUNITY INVESTMENT MODEL COMPARISON

Model	Benefits	Challenges
Investment Cooperative	<ul style="list-style-type: none"> • Preference shares RRSP eligible and program support by CWCF • Democratically managed & co-op values based; one member – one vote • Start-up and ongoing admin costs significantly lower than other models • Support from OCA/CCO • Option to use both debt and equity investment instruments • Securities exemption specifically for co-ops 	<ul style="list-style-type: none"> • No tax credit incentives
Eligible Business Corporation (The EBC structure in ON do not exist)	<ul style="list-style-type: none"> • Investors receive 30% VCC tax credit • RRSP eligible under SD-RRSP • Up to \$10Mil per year able to be invested 	<ul style="list-style-type: none"> • Tax credits limited on first-come first-served basis • Business owner capacity/education needed • Business needs \$25,000 in bank to start • Need an Economic Development organization capable of mentoring each business through the process • Limited to equity investment instruments; no debt financing • Must create an Offering Memorandum and keep updated, unless raising funds from investors who fall under other exemptions
Venture Capital Corp (The VCC structure in ON do not exist)	<ul style="list-style-type: none"> • Investors receive 30% VCC tax credit • RRSP eligible under SD-RRSP • Up to \$10Mil per year able to be invested 	<ul style="list-style-type: none"> • Tax credits limited on first-come first-served basis • Lots of technical capacity needed • Expensive auditing and reporting • Must have \$25,000 in bank before incorporating • Minimum raise of \$50,000 required • Cannot 'own' the business invested in • Limited to equity investment instruments; no debt financing • Must create an Offering Memorandum and keep updated, unless raising funds from investors who fall under other exemptions
Community Contribution Company	<ul style="list-style-type: none"> • 60% of profits go towards 'social purpose' • RRSP eligible under SD-RRSP 	<ul style="list-style-type: none"> • No tax credit incentives • Only 40% of profits can be returned to investors • New and untested model with little track record
Non-Profit Community Bonds	<ul style="list-style-type: none"> • Lend small amounts to organizations with the expectation to receive a competitive interest rate • Can help non-profits advance their financial and social purposes 	<ul style="list-style-type: none"> • Debt instrument rather than equity instrument, so the non-profit group must pledge a hard asset as collateral (such as building)
CEDIF-like Provincial Program	<ul style="list-style-type: none"> • Multiple tax credits to attract investors and minimize risk • RRSP eligible through SD-RRSP • Encourages slow money to be invested in community • Support for organizational CED capacity in community • Simplified Offering Memorandum and securities regulations • Province-backed program specifically for Community Investing 	<ul style="list-style-type: none"> • Does not yet exist in Ontario

** To make investment RRSP eligible the individual needs to setup a 'self-directed' RRSP account. This can be done for as little as \$50 per year and the most commonly known SD-RRSP provider is Q-Trade. Canadian Workers Co-operative Federation (CWCF) also administers an SD-RRSP program for co-operatives.

- * Identify any missing perspectives
- * Self-score (5=highest; 1=lowest)
- * Members may have scores across multiple perspectives

III. START-UP AND OPERATIONS GUIDE APPENDICES

CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (the “Agreement”) is effective and entered into this ____ day of _____, 20____.

BETWEEN:

(herein known as the “**Discloser**”)

AND:

(herein known as the “**Recipient**”)

The Recipient will sign this agreement, as they will have access to confidential information from time to time. The purpose of this Agreement is to prevent the unauthorized disclosure of confidential information as defined herein.

To ensure the protection of information provided by the Discloser to the Recipient, and to preserve any confidentiality necessary under applicable laws, it is hereby consented to that:

1. Information provided by the Discloser to the Recipient may provide certain knowledge that is and must be kept confidential at all times in both professional and social situations;
2. Confidential information shall mean and include any information disclosed by individuals or organizations to the Discloser in regards to the _____ initiative or in regards to an interest in accessing financial capital from the newly formed Community Investment Co-op. Confidential information shall also mean any personal information of the Discloser. The disclosed information, including any material embodying such information, could be shared either orally or in writing with the Recipient;
3. In consideration for having access to or receiving any confidential information, the Recipient agrees to protect the confidentiality of the information and shall not disclose or disseminate to

any individual, employee, consultant or third party outside of the Discloser's directors, officers or contractors;

4. In no event shall the Recipient use this information for their benefit or the benefit of any additional third parties.

This Agreement does not apply to information that:

- i) was publicly known at the time of disclosure, or subsequently became available to the public without fault of the Recipient;
- ii) was known to the Recipient at the time of disclosure or was independently developed by the Recipient;
- iii) was learned by the Recipient from a third party and Recipient was not aware that the third party had a duty of confidentiality in respect to the information;
- iv) is used or disclosed by the Recipient with Discloser's prior written approval; or
- v) is required to be disclosed by law.

The laws, regulations and rules of the Province of Ontario, Canada shall govern this Agreement and its validity, construction and effect. Recipient agrees to comply with all privacy laws and regulations which apply to the collection, use and disclosure of confidential information.

The undersigned Parties acknowledge that they have read and understand this Agreement, and voluntarily accept the duties and obligations set forth herein relating to personal, confidential and/or proprietary information.

Discloser of Confidential Information:

Recipient of Confidential Information:

Discloser - Print Name

Recipient – Print Name

Discloser – Signature

Recipient - Signature

INVESTOR SURVEY

[Preamble of the purpose of your initiative here]

Community Impact Investment organizations are new and innovative support systems for rural and urban economic and business development that effectively bridge the gap between local investors and local ventures in need of financing. Community Impact Investment organizations are a cost effective, community owned and controlled impact fund. They enable residents to become partners in locally driven economic development, which leads to stronger and more sustainable economies. In other words, your money won't be in stocks and mutual funds, but more importantly in local projects and people. The longer a dollar can circulate within a community, the greater its economic and social impacts.

The survey below will help determine investor support to create a Community Investment Co-op in our region.

Investor Information

(fields marked with an asterisk * are required)

First Name:	
Last Name:	
Phone:	
Email:	
* City or Postal Code:	

Investor Questionnaire

1. What is your current age?

- ☐ 19 and under
- ☐ 20 to 29
- ☐ 30 to 39
- ☐ 40 to 49
- ☐ 50 to 59
- ☐ 60 and over

2. What best describes you:

- ☐ I am an individual investor
- ☐ I am a venture capitalist / accredited investor
- ☐ I represent a business looking to invest
- ☐ Other (please specify): _____

3. Would you consider investing into local businesses and/or projects if a community investment organization was available in our region?
- ☐ Yes
☐ No [SKIP TO A QUESTION 14]
☐ Maybe
4. Would you be interested in investing in one project, or a portfolio of projects, within a community investment organization?
- ☐ One project
☐ Portfolio
☐ Either
☐ Both
5. What is your level of interest to invest in the following local sectors (please check)
- | Low | Moderate | High | |
|-----------------------|-----------------------|-----------------------|-------------------------------------|
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Agriculture & food production |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Environment |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Forestry and wood products |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Mining |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Manufacturing |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Real estate (housing or commercial) |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Retail |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Tourism and food & beverage |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Other (please list) _____ |
-
6. What is the most you would be willing to invest into a local business or project that met your requirements?
- ☐ Less than \$1K
☐ \$1K to \$5K
☐ \$5K to \$10K
☐ \$10K to \$20K
☐ Greater than \$20K (please specify) _____

7. What would your local investment risk tolerance be?
- ☐ Conservative
 - ☐ Cautious
 - ☐ Moderate
 - ☐ Moderately Aggressive
 - ☐ Aggressive/Growth
 - ☐ It would depend on the opportunity
 - ☐ It would depend on the amount invested
8. What would be your time horizon to keep money invested locally?
- ☐ Less than 5 years
 - ☐ 5 to 10 years
 - ☐ More than 10 years
 - ☐ It would depend on the opportunity
 - ☐ It would depend on the amount invested
9. What type of returns would you expect to see on your local investments in each category?
- ☐ Environmental (sustainable practices, carbon reduction, renewable energy, organic)
 - i. Please specify: _____
 - ☐ Financial (% of profits, consistent dividend, ownership)
 - i. Please specify: _____
 - ☐ Social (job creation, hiring PWD, housing, local products)
 - i. Please specify: _____
10. Are you concerned that your investments are tax-sheltered?
- ☐ Yes
 - ☐ No
 - ☐ It would depend on the opportunity
 - ☐ It would depend on the amount invested
11. What type of financial return on investment would you look for in a local investment?
- ☐ No financial return necessary
 - ☐ Less than 2%
 - ☐ 2 to 4%
 - ☐ 4 to 6%
 - ☐ Greater than 6%
 - ☐ It would depend on the opportunity
 - ☐ It would depend on the amount invested
12. What would be your return on investment priority for local investments
(1 – ranked first; 2 – ranked second; 3 – ranked last)
- ☐ Environmental (how the investment will help the environment)
 - ☐ Financial (how the investment will make money)
 - ☐ Social (how the investment will help people)

13. What reservations would you have (if any) about investing locally?

☐ Please describe: _____

14. Have you ever invested in a local business or project?

☐ Yes (if you wish, please describe) _____

☐ No

15. Do you know of any investment-worthy local business or project that could benefit from a community impact investment organization?

☐ Yes (please specify) _____

☐ No

To find out more about this community investment initiative, please visit our website at:

www.yourwebsitehere.com

BUSINESS SURVEY

We want to hear from businesses interested in accessing capital from their community for expansion efforts.

1. What types of financing has your company used in the past to meet your financial capital needs? (please check all that apply)

Internal

- ☐ Retained earnings
- ☐ Personal savings

Lending (pay back with predetermined interest rate)

- ☐ Line of credit
- ☐ Credit cards
- ☐ Bank loan
- ☐ Private loan
- ☐ Vendor credit
- ☐ Other (please explain) _____

Capital Financiers (money is given in exchange for shares of ownership)

- ☐ Friends
- ☐ Family
- ☐ Small individual investors
- ☐ Angel or venture capitalists
- ☐ Other businesses
- ☐ Other (please explain) _____

2. Have you ever experienced any barriers to accessing financial capital in the past, or that you foresee in the future, that you wish to identify? Please check one:

- ☐ Insufficient earnings or collateral to interest external sources (lending or capital financing)
- ☐ Local lenders and capital financiers not available
- ☐ Local sources are exhausted
- ☐ Other (please explain) _____

3. Do you expect to be in need of financial capital in the next 1 to 3 years? If yes, please indicate its purpose:
- ☐ Expanding/ improving human resources
 - ☐ Expanding/ improving land/ building
 - ☐ Expanding/ improving equipment (technology, machinery, vehicles)
 - ☐ Maintaining operational expenses
 - ☐ Debt management
 - ☐ Other (please explain) _____
- _____
- ☐ No
4. If yes, have you determined how you will access this financial capital?
- ☐ Yes (please specify): Include list from #3

 - ☐ Not at this time
5. If you were to access financial capital, how much capital would you require?
- ☐ \$25K or less
 - ☐ \$25K to \$50K
 - ☐ \$50K to \$100K
 - ☐ \$100K or more
6. If a mechanism existed to enable your community to invest directly into local businesses, would you consider accessing financial capital from it?
- ☐ Yes, I would access a loan
 - ☐ Yes, I would offer equity in my business
 - ☐ No, I would not use this mechanism
 - ☐ I am not sure
7. What return on investment could you offer? (be specific)
- ☐ Social (how you help people):

 - ☐ Financial (% return):

 - ☐ Environmental (how you help the environment):

Community Impact Investment Case Studies

April 2018



COMMUNITY IMPACT INVESTMENT COALITION

OF BRITISH COLUMBIA

Prepared by Kootenay Employment Services Society and the Community Impact Investment Coalition of BC as an addendum to previous policy recommendations to the BC Government. This document is for discussion purposes only.

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Document Overview

This document provides examples of how community impact investment models have been formed in British Columbia, Canada and abroad. The purpose of this document is to provide the BC Government with a high-level overview of a variety of community impact investing models, and how they have contributed to local economies and social development. As detailed below, community impact investment models are able to finance businesses or projects independently, or in partnership with other organizations, including levels of government (local, regional, provincial, federal).

Community Investment Funds

Community Investment Funds (CIFs) are locally sourced and controlled pools of capital contributed to by individual investors within a specific geography or community. Enjoying an increased popularity across Canada and internationally in recent years as financing tools for community economic development, CIFs enable local people to direct their investments into local projects. This allows monies to re-circulate in a local or provincial economy, capturing all of the compounding economic, social and environmental returns that are realized. A CIF relies on a legal and organizational structure to guide its activities and can be incorporated as a corporation or a co-operative enterprise (some have used the non-profit model). The CIF's elected Board of Directors or an Investment Committee then evaluate opportunities and make the decision to invest in local environmentally responsible and socially innovative businesses, co-operatives, community enterprises, renewable energy projects, or affordable housing developments.

Community Investment Funds (CIFs) have demonstrated success in helping provincial governments achieve policy objectives in job creation, small and medium sized business development, and affordable housing development. This is achieved by enabling local residents to form locally-controlled capital pools that provide a vehicle through which accredited and non-accredited investors can easily invest in their own communities.

CIFs can exist with or without supporting policy. Where an enabling policy framework exists, this usually includes investor tax credits and, in the strongest examples, the articulation of simplified regulatory environment that eases the process of registering and reporting for a community investment fund. In Canada, five Canadian provinces (Nova Scotia, Prince Edward Island, New Brunswick, Manitoba, and Alberta) have established Community Economic Development Investment Fund (CEDIF) programs or similar enabling legislation and programmatic goals that direct CIFs towards investments in community economic development priorities.

Canadian Responsible and Impact Investment

The Responsible Investment Association reported a surge in Canada of “investments made into companies, organizations, and funds with the intention to generate a measurable, beneficial social and environmental impact alongside a financial return”. This definition speaks to the notion of a ‘blended’ return whereby investors are rewarded with both a financial return and a social and/or environmental impact. It’s a clear win-win-win for the economy, society, and the planet. Community [impact investments] can enhance any portfolio by offering a return on investment, while hedging against systemic risks that could affect the entire stock and/or bond market. – Timothy Nash, Sustainable Economist

Responsible Investment Association Reports: [Impact Investment Trends](#) and [Responsible Investment Trends](#)

British Columbia Case Studies

Although the Community Impact Investment sector is relatively new in British Columbia, and without enabling programs and legislation, several communities have established models to allow residents to invest in the BC communities in which they live, work and play. It is our hope that the Provincial Government establish enabling programs and regulations, as defined in our [2017](#) and [2018](#) Policy Briefs, to catalyze community impact investment in our province.

Creston & District Community Investment Co-op



A new community investment tool that aims to direct new, or pre-existing, investment capital from local residents into local ventures with community impact. The longer a dollar can circulate within Creston & District, the greater its economic impact. The Investment Co-op is a for-profit cooperative association owned and governed

by local residents and serves the geographic region of communities between Yahk to Riondel. The Investment Co-op was incorporated on December 30th, 2016 with 107 founding members.

Projects/Businesses Financed: Red's Bread & Bakery and [Casey's Community House](#).

Website: <http://www.communityinvestmentcoop.ca/>

Galiano Community Loan Fund



Created by Galiano Islanders to support borrowers in the community who: want to start or expand a business, need access to affordable housing on the island, want to develop marketable skills to use on Galiano, or have a worthwhile project that will benefit the community. The Fund is a registered non-profit society in BC and operates in partnership with the [CCEC Credit Union](#). The Fund receives proceeds from supporters who have lent money to the Fund and these loan proceeds are deposited with CCEC. In turn, CCEC

administers loans made to borrowers that are guaranteed by the Fund.

Projects/Businesses Financed: The Fund has guaranteed about a dozen loans made by the CCEC Credit Union to Galiano residents and organizations. There are currently four loans outstanding, all of which are being paid according to schedule by the borrowers.

Website: <http://galianofund.ca/>

Knives & Forks Community Investment Co-op



Initiated by VanCity Credit Union, Knives & Forks is now an autonomous co-operative association. They are a group of community leaders concerned about the social, economic and cultural needs in relation to local food in BC. *Mission:* To promote and provide strategic and responsible community investment in local food production and distribution. *Goals:* To provide capital to support local food-related economic activity and increase access to a sustainable local food supply for British Columbians.

Projects/Businesses Financed: GRAIN, Nomad, Coast Protein, Sunday Cider.

Website: <http://knivesandforks.ca/>

Kootenay Co-op and the Nelson Commons



Canada's most successful natural foods co-op with over ten thousand members. Vision: We envision thriving communities with resilient food systems, where all people have access to affordable food that is healthy for our bodies, our communities, and the Earth. Mission: We serve our members and community and strengthen our local food system by providing the highest quality, local, sustainable, and organic products at reasonable prices, in a welcoming environment, with exemplary customer service. In just over 4 weeks, Kootenay Co-op was able to meet

and exceed their goal of \$1.5 million for a relocation project and secured 179 member loans totalling \$1,777,200. "Gotta love that, especially in this economy!"

Projects/Businesses Financed: The Nelson Commons project, as it is now known, includes 54 residential units, commercial spaces for other local businesses, indoor and outdoor parking and public green space. The project is in the heart of Nelson and has created a "state of the art" facility for the Kootenay Co-op natural food store as well as revitalization to the downtown core, which supports a vibrant social, economic and cultural life.

Website: <http://kootenay.coop/all-about-us/our-new-store/> and <http://nelsoncommons.ca/about-us/>

Peace Energy Cooperative



Western Canada's first renewable energy cooperative, and the second in Canada. Peace Energy was the originator and principle mover that made possible British Columbia's first commercial wind development, Bear Mountain Wind Park (102 MW) near Dawson Creek.

Projects/Businesses Financed: Bear Mountain Wind Park, rooftop solar power for homes and businesses.

Website: <http://peaceenergy.ca/wp-content/uploads/2014/09/brochureCOLupdate3.15.pdf>

Rhiza Capital



Rhiza Capital is an impact investment group of companies, including the Coast Community Investment Co-op. They build impact portfolios guided by the values of their investors, partners and community. Rhiza's investments are directed toward Canadian local and social ventures that have a demonstrable intention to generate a measurable, beneficial social or environmental impact alongside a financial return. Rhiza was co-founded by Community Futures Sunshine Coast (CFSC), Sunshine

Coast Credit Union (SCCU) and Powell River Community Investment Corporation (PRCIC). These partners have joined forces to construct investment products in order to open the door of impact investing to individuals, family offices, foundations and credit unions across Canada.

Projects/Businesses Financed: <http://www.rhizacapital.com/#ventures> and [The Hanger Climbing Lounge](#)

Website: <http://www.rhizacapital.com/home/invest/>

Transition Salt Spring Enterprise Co-operative



waste-avoidance, and green business practices.

TSSEC is a BC Cooperative Association, owned by its membership. It is the independent economic arm of Transition Salt Spring Society. TSSEC projects, initiatives and events encourage environmentally sustainable practices and methods, including: organic food production, renewable energy, green building technologies, alternative transportation, water conservation,

Projects/Businesses Financed: Booth Canal pathway, electric vehicle charging station, construction of community abattoir, expansion of honey bee business, expansion of bicycle business, expansion of candle-making business, machinery for startup artisan shoe business and leather repair shop, expansion of Fleur de sel artisan salt business, electric cargo bike for landscaping business, startup of outdoor consignment business, expansion of consignment clothing business, expansion of natural body care products manufacturing.

Website: <https://transitionsaltspring.com/solutions/enterprise-co-op/>

Vancouver Island Community Investment Cooperative



A member driven co-op that works to create opportunities for residents of Vancouver Island and the Gulf Islands to invest in sustainable social, economic and environmental futures for their communities while generating a private financial return to members.

Projects and Priorities: Affordable housing, First Nations partnerships, social enterprises, clean technologies, waste recovery and recycling, sustainable food and agriculture, community economic development, and renewable energy.

Website: <https://www.iinvestlocal.com/>

Canadian Case Studies

Battle River Railway (BRR) Co-op



In 2008 farmers loading producer cars learned CN would no longer provide train service along the 50 mile strip that stretches from Alliance to Highway 56 (Camrose), Alberta. The 185 producer car loaders decided to form the New Generation Co-op and purchased the line from CN. Shares were sold to farmers, agricultural societies, seed plants, local businesses, people and municipalities. In total \$3.5 million was raised, combined with

a \$1.5 million loan from Agriculture Financial Services Corporation, they bought the 50 mile strip of rail line and two locomotives for \$5 million on December 14, 2010.

Projects/Businesses Financed: Now move liquid fertilizer, oil tankers and grain. With addition of passenger car offering summer tours, provided financial support to build/sustain a community hall. Also donates to local non-profits.

Website: <http://www.battleriverrailway.ca>

Sangudo Opportunity Development Co-operative (SODC)

S.O.D.C

IN THE COMMUNITY
BY THE COMMUNITY
FOR THE COMMUNITY

Like many rural Albertan communities the hamlet of Sangudo was in a slow state of economic decline. A dedicated group of community members pulled together to set up the Sangudo Opportunity Development Co-operative (SODC), to raise capital to invest in a local business to revive the local economy. SODC raised a quarter of a

million dollars to purchase Sangudo Custom Meat Packers (owner was retiring) and leased the building to two local entrepreneurs. Since then, the meat-packing plant has created 14 additional jobs, and is expanding through support from SODC.

Projects/Businesses Financed: A local restaurant, acquired 3 lots to develop housing. Exploring: seniors' housing, community-owned solar power generation, attraction of new businesses.

Website: <https://sangudocoop.weebly.com/>

Westlock Grain Terminals



The Westlock Grain Terminals is a very successful New Generation Co-operative located in Westlock, Alberta. In 2002, when the community found out that their grain terminal was going to be sold, they rallied together to raise more that \$1.2 million to purchase the

terminal as a community owned venture. Since then, the Co-op has paid healthy dividends on its shares to members and investors every year and are following through on their plans to continually expand grain-handling capacity.

Website: <http://westlock.aghost.net>

Edmonton Social Enterprise Fund – Alberta (SEF)



Created in 2007 to address the need for non-profit organizations to access patient capital to develop and expand revenue generating activities and be able to access interim (bridge) financing for social housing and real estate asset development. Loans are near prime and repayable over a term up to ten-years. Term length, interest rates and repayment structure vary.

Projects/Businesses Financed: To date, SEF has invested up to \$13 million in a little over two-dozen projects in sectors ranging from food security, social housing, culture, and the environment.

Website: <http://socialenterprisefund.ca/>

Ethical Investment: The Jubilee Fund



The **Jubilee Fund** in Manitoba offers bridge financing and loan guarantees to community based businesses (with a focus on co-ops, social enterprises, and small businesses), affordable housing, and community or social services (e.g. non-profit childcare centres, and training centres). The Fund was launched in 2000 by a coalition of Winnipeg-based faith groups, and is delivered in partnership with Assiniboine Credit Union.

The Fund is legally structured as a registered charity organization, and partners with Assiniboine Credit Union to maximize the impact of their financing. This is accomplished by combining conventional lending from the credit union with the higher-risk funding secured by the Fund. Investors purchase Jubilee Investment Certificates for a 3 or 5-year term and receive a return on investment at 2% below GIC. These are not guaranteed investments. The Certificates are processed by the credit union which acts as an agent for the Fund and in order to purchase an Investment Certificate, investors must also become members of the credit union.

Projects/Businesses Financed: The Fund has provided bridge and other types of financing for 11 affordable housing projects and 14 community projects, including community real estate assets.

Website: <http://www.jubileefund.ca/>

The Centre for Social Innovation (CSI)



Building a movement of non-profits, for-profits, entrepreneurs, artists and activists working across sectors to create a better world. CSI accelerates their success and amplify their impact through the power of co-working, community and collaboration. Together, they are building a movement for people & planet.

Projects/Businesses Financed: in 2010, CSI bought and renovated CSI Annex for \$6.8M, with \$2M coming from the sale of Community Bonds. The building is now valued at \$10.25M, is home to 195 organizations (including nonprofits, for-profits and charities), and hosts hundreds of events every year. CSI rents shared desks, private desks and private offices, as well as meeting rooms and event spaces. Thanks to the support of 227 investors they reached their goal of raising \$4.3 million and recently bought the 64,000 sq. ft. Murray Building, across the street from CSI Spadina.

Website: <https://socialinnovation.org/>

SolarShare



Canada's leading renewable energy co-op has over 1,500 members who invested over \$35 million, earning \$3.3 million in returns, all while supporting a clean energy future. Their Solar Bond is an investment in which Ontario residents or organizations lend funds to SolarShare so they can pay back the investors who finance the

construction of their solar installations. SolarShare uses investor's funds for a defined period of time and pays interest at a fixed rate.

Projects/Businesses Financed: Solar energy projects with Ontario government power purchase agreements.

Website: <https://www.solarbonds.ca/invest/invest>

ZooShare Biogas Co-operative



Poo. Power. Profits. A- renewable energy investment co-operative made up of 692 members who have invested over \$4 million into the biogas project. ZooShare raised money through community bonds to develop North America's 1st zoo-based biogas plant (located across from Toronto Zoo). Every day, truckloads of organic waste end up in landfills, releasing greenhouse gas emissions and contributing to climate change. As an alternative, ZooShare generates renewable power, reduces greenhouse gas emissions (equivalent of 10,000 tonnes of CO₂ each year), and returns valuable nutrients to the soil.

Projects/Businesses Financed: ZooShare turns manure from the Toronto Zoo and food waste from grocery stores into high-quality fertilizer and renewable energy for the Ontario grid.

Website: <https://zooshare.ca/>

Ottawa Community Loan Fund (OCLF)



OCLF is an incorporated non-profit organization working for financial empowerment in the Ottawa area. OCLF arranges loans to start, buy or expand a business, and professional development loans to increase employability. OCLF provides education in money management and entrepreneurship through community partners for on-site delivery. Initially the organization targeted those trying to establish small businesses who were not eligible for traditional financing. A special focus on youth was made possible through Futurpreneur Canada. It expanded its services with a focus on assisting internationally trained professionals to gain Canadian accreditation.

Projects/Businesses Financed: As of 2013, OCLF provided over 200 microloans, totalling approximately \$2million and about 90 percent of these loans are repaid.

Website: <http://oclf.org/>

Microcredit Montreal



Microcrédit Montréal's mission is to fight poverty and exclusion through an innovative approach: community-based microcredit.

Microcrédit Montréal seeks to democratize financing through the participation of a network of investors and borrowers to promote an inclusive and prosperous society.

Website: <https://microcreditmontreal.ca/en/about-us/>

ChebuctoPockwock Community Wind



Partnership between multiple First Nations, a community investment fund (CEDIF), and international renewable energy companies. Juwi Wind, Firelight Infrastructure Partners and four Nova Scotia based community partners achieved a major milestone by the commissioning of a 24 megawatt portfolio comprised of four separate community owned wind energy projects in Nova Scotia. The four community partners are: Chebucto Pockwock Lake Wind Field Limited (a Nova Scotia qualified CEDIF); Millbrook First Nation; Eskasoni First Nation; and Whynotts Mi'kmaq Wind Co.

Website: <http://chebuctowindfield.ca/>

New Dawn Enterprises – New Dawn Innovation Fund



Mission is to engage the community to create a culture of self-reliance. It is the oldest Community Development Corporation in Canada and is a Founding Member of the Canadian CED (Community Economic Development) Network. New Dawn started with housing and real estate development, now has an annualized budget of \$8M, serving a region with a population of 100,000 people with a relatively low average

income. New Dawn has created 17 companies and societies to meet different needs. It operates the following divisions: profit creating real estate company; profit creating College; health care service; renewable energy company; non-profit foundation to foster leadership change; and a registered community economic development investment fund (CEDIF).

Projects/Businesses Financed: The Innovation Fund, part of New Dawn's CEDIF program, raised \$1.58 million for local investment from investors in early 2015. These funds were invested in Halifax Biomedical (Mabou), Fireblade Holsteins (Mabou), Big Spruce Brewing (Nyanza), NewCo Life Seafood Logistics (North Sydney), Retakes and Revelries (Sydney), Nova Stream (Sydney), and Pizza Go (Sydney). Over ten years, New Dawn CEDIFs have raised more than \$11 million for local investment.

Website: <http://invest.newdawn.ca/new-dawn-innovation-fund-announces-2015-investments>

FarmWorks Investment Co-operative Limited



Is a for-profit Co-operative that promotes and provides strategic and responsible community investment in food production and distribution in order to increase access to a sustainable local food supply for all Nova Scotians.

Projects/Businesses Financed: FarmWorks Community Economic Development Investment Fund (CEDIF): provides subordinated debt financing for farms, food processors, and value-added food producers, helping to increase the viability and sustainability of agriculture and the security of a healthy food supply. In five years, Nova Scotians have invested \$1,784,600 in FarmWorks CEDIF. With loans to more than 75 businesses, roughly 49% of clients are food retailers and restaurants, the remaining 51% are food producers and farms.

Website: <http://www.farmworks.ca/> and the [FarmWorks Study](#)

Saint John Community Loan Fund



**SAINT JOHN
COMMUNITY LOAN FUND**

The Loan Fund was conceived in 1996 as a tool for poverty reduction as Saint John had a poverty rate of 27% at the time. Whether starting or expanding a business or social enterprise, returning to work, headed to school or getting in to better housing they may be able to help with a small loan (over 250 loans since inception).

Projects/Businesses Financed: The Social Enterprise Hub: space sharing, equipment sharing, event development and hosting, as well as staff sharing and joint venturing on enterprises and new project proposals. It brings together enterprising non-profits, social enterprises, and micro-enterprises, all working to scale enterprise and innovation to build inclusive communities and reduce poverty. The loan fund accompanies this project and invests in individuals and organizations creating opportunities for themselves and others.

Website: <http://loanfund.ca/main-page.html> and <http://loanfund.ca/become-an-investor.html>

Case Studies from Abroad

Forward Community Investments (FCI)



Certified as a [Community Development Financial Institution](#) (CDFI), FCI has provided low-cost and accessible financing to organizations and programs that are focused on reducing economic and social disparities in communities across Wisconsin. FCI provides flexible, low-cost loans, financial advisory services and a loan fund to organizations that may not be able to access loans from traditional lenders. Since 1996, FCI has loaned over \$29 Million to local projects.

Projects/Businesses Financed: CFI supports affordable housing development, economic development projects, and efforts to expand basic social services, through the ability to customized loans to meet the unique needs of community serving organizations.

Website: <https://www.forwardci.org/>

Kentucky Highlands Investment Corporation (KHIC)



Four-decade long track record of success in community development venture capital (CDVC). In 1972, KHIC tested a new technique that would locate aspiring entrepreneurs, choose the most promising and then finance their new business as long as located in one of the target communities and promised to hire unemployed residents. KHIC

offers a variety of loan programs and manages three Venture Capital Funds.

Projects/Businesses Financed: KHIC has helped to create or retain more than 10,300 jobs by investing approximately \$165M in over 500 businesses. KHIC has been a vibrant catalyst for change in its target area. Its investment portfolio companies produce goods and services valued at \$13.5B; pay more than \$1.9B in salaries and wages; and generate an estimated \$300M in tax revenue.

Website: <http://www.khic.org/>

Plunkett Foundation



A charity registered in England, Wales and Scotland supporting people, predominantly in rural areas, to set up and run life-changing community co-operatives. They help people to tackle a range of issues such as isolation, loneliness and poverty, and come in many forms including shops, cafes, pubs and land-based initiatives, and anything in between.

Projects/Businesses Financed: Community owned pubs: over the last 10 years the UK has lost nearly 8,000 pubs, around a fifth of all pubs nationally. For many communities, pubs are not just a place to eat and drink, they are central to people's sense of place and identity and they foster belonging and community cohesion. *More than a Pub* is a unique three-year programme (value £3.85 million) established to help support community ownership of pubs in England and grow the range of services they offer to help local people.

Website: <https://www.plunkett.co.uk/more-than-a-pub>

RSF Social Finance



Creating new models of working together, new products, and fresh ways of engaging with finance. RSF believes that inquiry and dialogue are essential to transforming people's relationship with money and moving the economy toward greater equity. They enable the investors, donors and entrepreneurs to explore the role of money in their lives and engage with it in more meaningful ways.

Projects/Businesses Financed: *RSF's Social Investment Fund* has over 30 years' experience in values-aligned investing and lending with over 1,600 conscientious investors helping to create positive social and ecological change.

Website: <http://rsfsocialfinance.org/> and <http://rsfsocialfinance.org/invest/social-investment-fund/>

NorthEast Investment Cooperative (NEIC)



The USA's first commercial-property investment cooperative that allows residents of Minnesota to invest financially to collectively buy, rehab, and manage commercial and residential property in Northeast Minneapolis. NEIC believes that by investing patient capital, actively recruiting local businesses to occupy properties, and supporting those businesses as they grow and thrive, they can bring transformative change, one building at a time. NEIC is committed to operating in a way that achieves the multiple bottom lines of sustainable economic development, local ownership of community assets, and a modest return on members' investment.

Website: <http://www.neic.coop/our-story/>

4 Madonne Cooperative



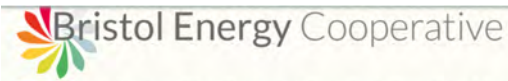
Fed up with their banks' reluctance to lend, the 4 Madonne Cooperative, an Italian dairy co-operative making the famous Parmigiano Reggiano cheese, raised 6 million euros by issuing bonds guaranteed by huge wheels of Parmesan cheese. The cooperative has seen business boom in recent years with production rising to 75,000 wheels per year and turnover reaching 24 million euros in 2014.

They care about the health of the planet, and when renovating their cheese factory in Lesignana – Modena, they decided to install a photovoltaic system that allows the use of clean energy for at least 80% of their needs, thus reducing CO2 emissions.

Projects/Businesses Financed: The famous Parmigiano Reggiano cheese.

Website: <http://www.caseificio4madonne.it/en/> and <http://www.abc.net.au/news/2016-02-04/parmesan-bonds-help-4-madonne-dairy-coop-raise-six-million-euro/7138416>

Bristol Energy Cooperative (BEC)



A community-owned energy cooperative growing Greater Bristol's local green energy supply and making the benefits available to all. The project is funded by investor members, who receive interest on their investment from the money BEC receives for the energy produced. The latest bond offer raised over £700,000 for more renewable projects. The money raised will help create new energy generation, as well as storage through the latest Tesla battery technology.

Projects/Businesses Financed: Over £11 million for clean energy projects since established in 2011, and over £4 million of this has come from the public through share and bond offers.

Website: <http://www.bristolenergy.coop/>

The Black Cooperative Investment Fund (BCIF)



Is a [community-based 501\(c\)\(3\) non-profit fund](#) based on the tradition of cooperative economics, with a focus on communities in Southern California. BCIF provides microloans to African Americans that have a high likelihood of building financial assets through pooled dollars from individuals and companies who are passionate about economic empowerment for the African American community. BCIF provides microloans for: securing primary residential or investment property; renovating residential or investment property; starting a small businesses; securing growth capital for small businesses.

Projects/Businesses Financed: Annual fundraising goal of \$500,000 allows the fund to distribute 24-36 microloans, ranging between \$5,000 - \$20,000. 75% of an individual's donation receives a tax credit, the other 25% is repaid back to donors on a quarterly basis for one year.

Website: <http://www.bcifund.org/>

The NYC Real Estate Investment Cooperative (NYC REIC)



Is a group of over 500 New Yorkers who are working together to secure permanently affordable space for civic, cultural, and cooperative use in NYC. They are incubating an NYC Real Estate Investment Cooperative (NYC REIC) that leverages the political power and patient investments of members to stabilize neighborhoods and build an inclusive, resilient city.

Projects/Businesses Financed: As of December, 2017 NYC REIC has approval from the New York State Attorney General Real Estate Bureau to collect money from members and use it for real estate investment. Members will be endorsing specific projects for investment at the upcoming 2018 all-member meeting.

Website: <http://nycreic.com/>

Craig Moffat Community Investment Cooperative



Investment Cooperative

Allows Colorado residents to invest financially to collectively buy, rehab, and manage commercial and residential real estate in Craig and Moffat County. They are guided by common concerns in their community, including absentee owners, stressed buildings, safety, and a lack of positive activity on main commercial corridors. Ideal tenants are independently-owned community-minded businesses or organizations interested in expanding or relocating to Craig and Moffat County and drawn to renting space from community residents who care

about their success.

Projects/Businesses Financed: Craig Fund (investments in Craig, Colorado); Dinosaur Fund (investments in Dinosaur, Colorado); Maybell Fund (investments in Maybell, Colorado); Moffat County Fund (investment in Moffat Country).

Website: <https://www.facebook.com/cmcinvestmentcooperative>

Coastal Enterprises Inc. (CEI)



CEI is a private non-profit Community Development Corporation and Community Development Financial Institution founded in 1977 to develop job-creating natural resources and small business ventures in primarily rural

regions of Maine. In recent years the organization has expanded several of its financing programs to Northern England, upstate New York and beyond. Since inception, CEI has been involved in investing and leveraging more than \$1.3 billion for community development initiatives. It is now a nationally renowned leader in community economic development in the United States.

Projects/Businesses Financed: Fishing: assisted financing gap with Maine Lobster Outlet; assisted forming Maine Working Waterfront Coalition (WWC); supported Portland Fish Exchange. Forests: assisted new owner with near bankrupt Great Northern Paper Company (GNP). Agriculture: designed and now delivers Farms for the Future Program (FFF) on behalf of the Maine Department of Agriculture, Food and Rural Resources.

Website: <http://www.ceimaine.org/>

Mobilizing Local Capital Community Investment Co-op

Business Planning Session #1

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Materials Prior to Session

- Session #1 Agenda

Action Items Post-Session

Circulate the following surveys widely throughout stakeholder networks. Establish survey hyperlinks, opening and closing dates:

- Investor Survey
 - See Appendix 4
- Business Survey
 - See Appendix 5

Stakeholder Participation:

- In-person:
- Web-conference:

Introduction

Recap the purpose of your Community Investment Co-op initiative with stakeholders

Business Planning Session Schedule

Timeline of six business planning sessions:

- ☑ Session #1: Strategy, case studies & regulatory environment
Date, time, venue and/or web conference details here.
- Session #2: Members, investors, and share structure
Date, time, venue and/or web conference details here.
- Session #3: Eligible investments and types of financing
Date, time, venue and/or web conference details here.
- Session #4: Business development, financing and mentorship
Date, time, venue and/or web conference details here.
- Session #5: Governance, administration and partnerships
Date, time, venue and/or web conference details here.
- Session #6: Reserves, financial projections, exit strategies, next steps
Date, time, venue and/or web conference details here.

Final review and deliberations. Date TBD.

General Business Planning Strategy

- Representatives from Community Advisory Group will attend business planning sessions
- Six business planning sessions in total
 - Each business planning session covers different topics of discussion
 - We encourage CAG stakeholders to participate in all six
- Goal is to keep business planning sessions to 2hrs maximum
 - Stakeholder welcome to attend either in-person or by web conference
- Invite with agenda and venue/web conference details sent out 1-week prior to each session
 - RSVP to these invitations so we can plan sessions accordingly
 - Notes from each session will be recorded and sent to CAG stakeholders
- Each session has two purposes:
 1. Build local investment capacity by providing research, regulations and best practices
 2. Collect high-level stakeholder input regarding key Community Investment Co-op options
- We'll do this by:
 - Reviewing relevant content and best practices for each option
 - Short discussion for CAG stakeholders to ask clarifying questions
 - Come to consensus by putting options to a vote, using polls, and track results as follows:
 - Option A (4)
 - Option B (8)
 - Option C (1)
- Stakeholder input from the six business planning sessions will provide a general direction to the CAG, project coordinator (if any), co-op developers, and lawyer to draft the following documents:
 - Business Plan
 - Memorandum & Bylaws
 - Subscription Agreement
- Further in-person sessions will be held to review the above documents in detail
- The point: we do not need all the answers today, just a good sense of direction!

CO-OP 101

What is a Co-op?

The Co-operative corporation is a legal business structure, just like society or corporation. A co-op can be registered as a for-profit or a not-for-profit. For the purpose of a Community Investment Co-op, it must be incorporated as a for-profit entity. This way, the Co-op can issue both membership and preference shares.

“A Co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.” - The International Co-operative Association.

“Co-operatives take an ethical, sustainable approach to business by considering not only the economic impacts of their activities, but also their social, cultural and environmental impacts. They take a value-based, triple-bottom-line approach...” - BC Co-operative Association.

Co-op Governance

Co-ops are democratic corporations with considerable investor protections and director accountability mechanisms built into the legislation under which they are incorporated. Each member has only one vote no matter how many shares they hold, which makes co-ops an unattractive vehicle for anyone seeking to have a controlling interest in a company. Many organizations across Canada have chosen the ‘Co-op’ model for this reason, including Community Investment Co-ops.

Seven Global Co-op Principles

Co-ops around the world follow a set of 7 principles:

1. **Voluntary and Open Membership**
Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership.
2. **Democratic Member Control**
Co-operatives are democratic organizations controlled by their members, each member has one vote, regardless of how many preference shares they may hold.
3. **Member Economic Participation**
Members contribute equitably to, and democratically control, the capital of their co-operative.
4. **Autonomy and Independence**
Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, they do so on terms that ensure democratic control by their members and that maintain their co-operative autonomy.
5. **Education, Training and Information**
Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to their co-op’s development.
6. **Co-operation among Co-operatives**
Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.
7. **Concern for Community**
Co-operatives work for the sustainable development of their communities through policies approved by their members.

Types of Co-ops

- Financial Services Co-ops**
 Also known as Credit Unions, these financial institutions provide members with a range of financial products and services to help them meet their financial goals and build their personal wealth. They strengthen communities by creating local jobs and wealth and sharing profits amongst members.
- Producer Co-ops**
 Producer co-ops are usually made of otherwise independent farmers, entrepreneurs, artists or artisans. The purpose of individual producer co-ops vary, but they usually provide processing or marketing services to their members, which they may not be able to access on their own.
- Consumer Co-ops**
 Consumer co-ops help members use their combined purchasing power to buy goods and services they need. Examples are grocery stores, health co-ops, and renewable energy co-ops.
- Community Service Co-ops**
 Community Service Co-ops operate on a non-profit basis, and their purpose is charitable, or to provide health, social, educational or other community services.
- Worker Co-ops**
 Worker co-operatives are businesses entirely owned and operated by the people who work for them. The worker co-op model can be applied to practically any sector in the economy.
- Community Investment Co-ops (CIC)**
 CIC's are a for-profit Co-operative that raises capital from local residents and organizations, then invests these monies into area businesses. CIC's give residents the opportunity to see a portion of their investment portfolios in action in the places they live, work and play. This enables residents to become partners in locally-driven economic development, which leads to stronger and more sustainable economies.

Community Investment Co-op Case Studies

See Appendix 6 for a list of Community Impact Investment Case Studies.

Why could the Community Investment Co-op become a popular investment model in Ontario?

- A complex securities environment, designed to protect investors from fraud and risk, has unintentionally created barriers for the average investor to be able to invest in the places they live, work and play.
- This means there are very few efficient options to invest in local businesses and projects, yet plentiful opportunities to invest across Canada and across the globe.
- The Community Investment Co-op model is gaining popularity as a vehicle for local investors to collectively pool their money and finance meaningful local projects.
- The democratic and community-based values of a co-op, paired with a cost-effective securities exemption (specifically for co-ops), makes it a sensible community investment vehicle.

Regulatory Environment

A Community Investment Co-op could either be a for-profit or a non-profit co-operative corporation association that sells securities in Ontario. Preference shares may qualify as RRSP eligible investments. Therefore, the Investment Co-op will be regulated by several different authorities that overlap in multiple ways:

1. *ON Co-operative Corporation Act:*
Governs your Co-op through the ON Co-op Act as well as your Bylaws and Articles of Incorporation
2. *Securities Rules and Regulations:*
FSRA High Risk Offering
Guidance applies to “High-Risk Offerings” of securities issued through the offering statement regime under the Co-op Act.
3. *Income Tax Act:*
Regulates whether or not your co-op can issue RRSP eligible investments

ON Co-operative Corporation Act

All Co-ops in ON must incorporate under the *ON Co-operative Corporation Act*. This Act defines how your Community Investment Co-op may govern itself and is the foundation for the association’s Articles of Incorporation and bylaws. Incorporation provides a Co-op with an independent legal status separate from its members. As a legal entity, a Co-operative can enter into contracts or incur debt in its own name with the same legal rights and obligations of an individual. A Community Investment Co-op can register as a for-profit co-operative corporation under this Act.

Articles of Incorporation

The articles lays out the legal name, purpose, limited liability and founding members. The articles is also where the Investment Co-op’s membership and investment share price is structured and maximum allowances for each are defined. You will also choose if you want a multistakeholder coop.

By-laws

The by-laws contain detailed guidelines on the parameters in which your Community Investment Co-op may operate within Ontario. By-laws will be drafted based on the input from these business planning sessions.

Offering Statement

After certain thresholds a Community Investment Co-op in Ontario needs to issue an offering statement when selling securities. It needs to be looked at and approved by the Financial Security Regulatory Authority of Ontario (FSRAO). If you have worked on a Subscription Agreement you will be able to use it and copy it onto your official Offering Statement filed with FSRAO. The subscription agreement details the issuer's and purchaser’s rights and responsibilities. This is a very important document to ensure the issuer and purchaser understand the rights and conditions associated with the security and it acts as a contract between the co-op and the member/investor.

Ontario Securities Act and Commission

A security is a certificate or other financial instrument that has a monetary value. Both debt and equity are considered securities. A Community Investment Co-op issues membership and preference shares (equity) in order to raise local capital to invest in local ventures (debt or equity). Both are considered securities and are regulated under the Securities Act, Securities Regulations, and Securities Rules.

The Ontario Securities Commission (OSC) regulates companies that offer securities for sale to the public in Ontario. Any company that wants to offer its securities to the public in Ontario must prepare a detailed disclosure document known as a prospectus or must qualify for a prospectus exemption.

However, in Ontario, there is a specific exemption for co-operatives in the securities act which gave the offering statement process to the Financial Services Commission of Ontario (FSCO). The FSCO gave this responsibility to the FSRA, effective April 1, 2020. Now, the CEO of FSRA is responsible for reviewing and issuing receipts for offering statements filed by co-operative corporations in accordance with the Co-operative Corporations Act (CCA). As the regulator responsible for overseeing capital raised by co-ops, FSRA reviews and issues receipts for offering statements to ensure they meet full, true and plain disclosure requirements.

Offering Statement

Co-operatives raise capital for their development and operations by offering to sell securities to members and nonmembers. By definition, securities include both shares issued by the co-op and loans made to the co-op as well as other instruments like bonds or debentures. Some offers are free of regulation if they meet the requirements for exemption from offering statements. However, where an exemption is not available, an offering statement must be prepared and delivered to each prospective purchaser. This statement must also be submitted to the Financial Services Regulatory Authority (FSRA). If FSRA approves the document, it will then issue a receipt for it, and that receipt is required before the co-op may begin selling securities. The regulatory process in Ontario for co-op securities is unique in Canada. It is designed to allow prospective purchasers to make informed investment decisions while also ensuring that co-ops can raise their capital from their members and other supporters without undue cost. In 1971 the Ontario Legislature's Select Committee on Co-operative Law recognized that the Ontario Securities Commission's rules for public offerings for business corporations were entirely inappropriate for co-ops. As a result, the offering statement process was recommended and then put in place through the 1974 Act that still governs co-ops in Ontario. The offering statement is roughly similar to a prospectus, which is receipted by the Ontario Securities Commission to allow business corporations to make public offerings of securities - Using offering statements to raise capital, OCA

An offering statement can cost upward of 10 000\$ and can be a very long process (60 to 150 pages documents) and some back and forth with FSRAO (several weeks). However, it is mandatory that your investors and all stakeholders understand the risks associated with the CIC and this document and process is essential for disclosing those risks and giving confidence to members/shareholders.

Registered Dealer

Any business advising on or trading in securities, or commodity futures, contracts or options, or that manages investment funds in Ontario must be registered with the Ontario Securities Commission (OSC), unless it has an exemption. - OSC

Investment Fund

From experience in British Columbia, upon seeking legal guidance, Community Investment Co-ops have not been considered an investment fund or 'in the business of trading'. We recommend asking for legal

counsel specific to Ontario for that matter. Co-ops place indefinite resale restrictions on securities they sell (member and investment shares). Shareholders (member or not) may not trade or resell these securities to other persons, but may redeem shares directly from the Co-op. A Community Investment Co-op also carries out many other activities besides passively investing, which differentiates them from an 'investment fund' (i.e. business development, collaborative financing, advocacy, and ongoing mentorship).

Exemptions to Prospectus and Dealer Registration

All exemptions are 'at the time of sale'.

Capital Raising Requirements in the Co-operative Corporation Act (Provincial)

Currently, a co-op desiring to raise capital from investors is required to file an offering statement with the Financial Security Regulatory Authority before the securities are sold, unless one of the following exemptions applies:

- The co-op has or will have fewer than 35 security holders;
- The securities or debt obligations issued arise from members' patronage returns and are director-mandated;
- Shares or debt obligations are issued to members, if the value of such an issue does not exceed \$1,000 per member in a year and does not exceed an aggregate value of \$10,000 per member;
- Securities issued to members do not result in the co-op having more than \$200,000 of issued and outstanding securities;
- Stock dividends are issued under section 59 of the CCA; or
- Securities are issued to prescribed entities such as financial institutions.
- The co-op may also elect to exempt itself from the offering statement regime in the CCA by filing both a preliminary prospectus and a prospectus with the OSC and filing the receipts with the Superintendent of FSCO before any securities are sold.

Because a co-op cannot have more than one offering statement open at any given time, one offering must close before another is opened. The co-op's securities are offered for a period of one year or less in an offering statement. Stakeholders have suggested that the review process could be streamlined when a co-op wishes to sell additional securities that were previously part of an expired offering. - Using offering statement to raise capital, OCA

Accredited Investor Exemption (National, not applicable to Ontario)

Under the accredited investor exemption, a Community Investment Co-op can sell securities to an accredited investor in any amount. There is no limit on the number of purchasers or the amount that can be raised using the accredited investor exemption. This exemption is part of National Instrument 45-106 – **which cannot be used in Ontario**. However, it is important to know what accredited investors are, because they could potentially invest substantial amounts of capital and also because regulations sometimes change.

An **accredited investor** includes:

- financial institutions, registered advisers or dealers, pension funds, mutual funds
- corporations, limited partnerships, trusts or estates having net assets of at least \$5 million

- individuals who have at least \$1 million in financial assets (cash and securities) before taxes
- individuals whose net income before taxes exceeds \$200,000 (or \$300,000 with spousal)
- individuals who have at least \$5 million in net assets

Member Loans

The capital of co-operatives without share capital may be in the form of loans from members, called member loans:

- - such loans may be in such amounts, payable on demand or at such times
- - without interest or at interest not exceeding the prescribed maximum annual percentage or, if authorized by by-law of the co-operative, at such a lesser rate as the board of directors may by resolution determine.
- - Co-ops issuing shares may also require member loans.

(R.S.O. 1990, c. C.35, s. 49 (1); 1992, c. 19, s. 7.)

Income Tax Act

The Income Tax Act regulates whether or not a Community Investment Co-op is an RRSP eligible entity, and which shares are eligible to be held in an RRSP.

An Investment Co-op is considered an eligible corporation if:

1. It is incorporated under the Ontario Co-operative Corporation Act,
2. None of its members have more than one vote in the operations of the Corporation,
3. 90% of members are individuals, other co-operatives, or corporations or partnerships engaged in agriculture,
 - *Note: This limits businesses and accredited investors from investing.*
4. 90% of the shares in the Investment Co-op are held by its members, and
5. The Investment Co-op holds out the prospect of allocating patronage returns.

An individual is eligible to place their shares into an RRSP or TFSA if:

1. The investing shareholder does not hold more than 10% of the shares issued, and
2. The shares are not those of a consumer co-op, where there is a prospect of patronage rebates being paid out on the purchase of consumer goods.

An independent Chartered Accountant (CA) must certify the above requirements, which are lengthy and expensive (upwards of \$5,000 upfront cost). Once this is completed, a Co-op must register with the Canadian Workers Co-op Federation's self-directed RRSP/TFSA program (annual fee to organization and investor) and have a CA certify that any registered investments into the co-op are qualified (additional fee to investor). The CWCF carries out all required paperwork (receipts, records, annual statements) for an annual fee to the contributors.

Region

Need to determine whether the Investment Co-op will serve a small or large geographic region. Both have their pros and cons.

Geographic Region of Community Investment Co-op

Further into the business planning sessions, we will find overlapping factors that influence the decision to move forward with one of these types of co-ops (i.e. RRSP, share structure, governance). As a starting point, let us take a poll to see where stakeholders currently stand.

(CAG and Business Planning Stakeholder votes may differ as Options A, B and C were explained in more depth to the Business Planning Stakeholders)

- **Option A (mildly complex; cost-effective): (# of votes)**
 - One regional investment co-op with one large investment pool
 - Multiple communities working together, sharing costs, administration and risks/rewards
 - Governance and investment decisions as an entire region
- **Option B (most complex; cost-effective): (# of votes)**
 - One regional investment co-op with sub-regional investment pools
 - Multiple communities working together, sharing costs and administration
 - Governance as an entire region, investment decisions and risk/reward as sub-regions
- **Option C (least complex; duplicate costs): (# of votes)**
 - Multiple sub-regional investment co-ops
 - Sub-regions incorporate separately, may or may not share costs or administration
 - Governance, investment decisions and risk/reward as separate and autonomous co-ops

Proposed Sub-Regions:

If the Investment Co-op is to cover a larger geographic region, we suggest that you propose potential sub-regions to the CAG stakeholders. Base these sub-regions off of existing boundaries (i.e. local/regional government jurisdictions) or natural corridors (i.e. shopping, working, living).

Surveys

The following surveys have started to circulate through the Community Advisory Group stakeholders and their networks. Please continue to share these links throughout your networks and social media platforms to help with market research.

- Investor Survey
 - To understand local investor needs
 - To identify potential community investors
- Business Survey
 - To understand local businesses financing needs
 - To identify potential investment opportunities

RRSP Data

You may wish to purchase RRSP data tables from Statistics Canada to determine how many RRSP dollars are being contributed on an annual basis. This will help paint a picture of the existing money that leaves your communities. To capture this information, you'll need to identify all postal codes within your geographic region and reach out to Statistics Canada for support.

Mobilizing Local Capital Community Investment Co-op

Business Planning Session #2

SESSION #2: MEMBERS, INVESTORS & SHARE STRUCTURE

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SESSION #2: MEMBERS, INVESTORS & SHARE STRUCTURE

Materials Prior to Session

- Session #2 Agenda

Action Items Post-Session

Circulate the following surveys widely throughout stakeholder networks. Establish survey hyperlinks, opening and closing dates:

- Investor Survey
 - See Appendix 4
- Business Survey
 - See Appendix 5

Stakeholder Participation:

- In-person:
- Web-conference:

Introduction

Recap the purpose of your Community Investment Co-op initiative with stakeholders

Business Planning Session Schedule

Timeline of six business planning sessions:

- ☑ Session #1: Strategy, case studies & regulatory environment
Date, time, venue and/or web conference details here.
- ☑ Session #2: Members, investors, and share structure
Date, time, venue and/or web conference details here.
- Session #3: Eligible investments and types of financing
Date, time, venue and/or web conference details here.
- Session #4: Business development, financing and mentorship
Date, time, venue and/or web conference details here.
- Session #5: Governance, administration and partnerships
Date, time, venue and/or web conference details here.
- Session #6: Reserves, financial projections, exit strategies, next steps
Date, time, venue and/or web conference details here.

SESSION #2: MEMBERS, INVESTORS & SHARE STRUCTURE

Final review and deliberations. Date TBD.

General Business Planning Strategy

- Representatives from Community Advisory Group will attend business planning sessions
- Six business planning sessions in total:
 - Each business planning session covers different topics of discussion
 - We encourage CAG stakeholders to participate in all six
- Goal is to keep business planning sessions to 2hrs maximum:
 - Stakeholders welcome to attend either in-person or by web conference
- Invite with agenda and venue/web conference details sent out 1-week prior to each session:
 - RSVP to these invitations so we can plan sessions accordingly
 - Notes from each session will be recorded and sent to CAG stakeholders
- Each session has two purposes:
 1. Build local investment capacity by providing research, regulations and best practices
 2. Collect high-level stakeholder input regarding key Community Investment Co-op options
- We'll do this by:
 - Reviewing relevant content and best practices for each option
 - Short discussion for CAG stakeholders to ask clarifying questions
 - Come to consensus by putting options to a vote, using polls, and track results as follows:
 - Option A (4)
 - Option B (8)
 - Option C (1)
- Stakeholder input from the six business planning sessions will provide a general direction to the CAG, project coordinator (if any), co-op developers, and lawyer to draft the following documents:
 - Business Plan
 - Cover letter, Articles of Incorporation & Bylaws
 - Subscription Agreement
- Further in-person sessions will be held to review the above documents in detail
- The point: we do not need all the answers today, just a good sense of direction!

Sections and polls below may seem redundant, but each has its own specific purpose for determining general directions of the co-op.

SESSION #2: MEMBERS, INVESTORS & SHARE STRUCTURE

Member/Investor Qualifications

Minimum Age Limit (Poll 1)

A minimum age must be specified in a co-op's bylaws. What minimum age and life experience are we looking for within: Members, Board of Directors and Committees? Definitions below are generic but give us a starting point for discussions.

- **Option A – 18 years: (# of votes)**
Secondary school
- **Option B – 25 years: (# of votes)**
Post-secondary education, life experience, basic investment knowledge and/or portfolio
- **Option C – Other: (# of votes)**
Please specify prior to vote

Type of Member/Investor (Poll 2)

What type of member/investor should be eligible for the Community Investment Co-op?

- **Option A – Limited: (# of votes)**
Only individuals, co-ops or farming corporations (complies with RRSP eligibility)
- **Option B – Open to All: (# of votes)**
Any individual or entity (co-op, companies, trusts, foundations, governments)

Joint Shareholders (Poll 3)

Joint shares (either membership shares or preference shares) are those held by two or more persons (individuals or entities). How do you wish to proceed?

- **Option A – Individual shareholders only: (# of votes)**
Straight forward, lessens admin oversight and voting procedures
- **Option B – Joint shareholders: (# of votes)**
Adds complexity to bylaws and increases admin oversight and voting procedures

Securities Exemptions (Poll 4)

The securities exemptions below are suggested as the initial exemptions to be used when establishing an investment co-op. They are relatively easy to comprehend and do not require significant administrative oversight or registration and filing with the Ontario Securities Commission or the Financial Security Regulatory Authority. Regarding exemptions, how do you wish to proceed ?

- **Option A: (# of votes)**
Start with less than 35 security holders
- **Option B: (# of votes)**

SESSION #2: MEMBERS, INVESTORS & SHARE STRUCTURE

All securities issued to members of the co-op total \$200,000 or less.

■ Option C: (# of votes)

A member purchases securities for a total price of not more than \$1,000 per year and \$10,000 in total.

Residence of Member/Investor (Poll 5)

Fundamental requirements of any Investment Co-op:

- ☐ A member/investor of the Co-op must be a citizen or permanent resident of Canada
- ☐ No person residing in the USA or other countries for a majority of a calendar year may purchase shares, as it becomes too complex to deal with other countries' securities regulations
- ☐ To become a member, an application for membership must be made to the board of directors. (Information Guide on Co-operatives, Government of Canada)

How do you wish to proceed with a member's residence eligibility? Keep in mind each member has one vote in the governance of the co-op, no matter how many shares they purchase or where they reside:

■ Option A – Each member must reside within a specified geographic region: (# of votes)

A truly locally owned and controlled co-op

■ Option B – A majority of members must reside within a specified geographic region; a minority of members may reside outside this specified region but within Canada: (# of votes)

Able to attract investment from outside of the region while the majority of control remains local

SESSION #2: MEMBERS, INVESTORS & SHARE STRUCTURE

Investor Qualifications – if applicable (Poll 6)

If the Investment Co-op decides to issue preference shares, must a person be a member to purchase preference shares?

- ☐ **Option A – All investment shareholders must be a member of the co-op: (# of votes)**
All members belong to co-op and this simplifies administrative oversight
- ☐ **Option B – Persons may purchase preference shares without becoming a member: (# of votes)**
Allows persons to purchase preference shares if membership criteria are too restrictive. I.e. if all members had to reside within a specific geographic region, an accredited investor from a different region may still be eligible to purchase a class of preference shares that do not hold voting rights in the governance of the co-op; adds a layer of complexity

Target Market

Although membership is open and voluntary to persons who meet the minimum age requirements, some Investment Co-ops have identified demographics to target with their marketing efforts, for example, members who:

- ☐ are between the ages of 40 to 65 years old
 - 40 years, as a person in this stage of life is generally starting to amass wealth
 - 65 years, as a person in this stage of life is starting to utilize investments for retirement
- ☐ have fundamental technology literacy, able to access information online, receive and compose emails, and can receive communications through Facebook
- ☐ are interested in contributing to social, cultural, environmental and community development
- ☐ have a long term investment horizon, between 5 to 10+ years, before planning to redeem shares
- ☐ currently work with an investment advisor or have a self-directed investment portfolio
- ☐ have a net worth of over \$100,000
 - This represents 5% or less of their net worth in regards to the \$5,000 retail investor cap

Targeted Demographics (Poll 7)

When marketing to potential investors, do we want to have a broad or targeted approach?

- ☐ **Option A: Broad: (# of votes)**
Open membership, marketed to anyone above minimum age requirement
- ☐ **Option B: Targeted: (# of votes)**
Open membership, marketed to a specific demographic (such as above)

SESSION #2: MEMBERS, INVESTORS & SHARE STRUCTURE

Share Structure

Share Structure (Poll 8)

When deciding whether to issue membership shares only, or membership and preference shares, we must consider the comparison table (above) and the effect it has on the overall structure of the investment co-op. What type of share structure would you like to proceed with?

■ **Option A: Membership shares only: (# of votes)**

No limit on the number of membership shareholders

Membership shares may qualify for RRSP/TFSA (one-time and annual costs to investors & co-op)

All members will share in the risks and rewards as an entire region; sub-regional investment committees can be established in policy

■ **Option B: Membership and preference shares: (# of votes)**

Preference shares may qualify for RRSP/TFSA (one-time and annual costs to investors & co-op)

May separate the risk and rewards in each sub-region by creating separate investment share classes; or establish sub-regional investment committees in policy rather than separate share classes

RRSP/TFSA Eligibility (Poll 9)

Do you wish to comply with the eligibility criteria, so that shares (Membership and Preferred) are RRSP/TFSA eligible ?

■ **Option A – No, shares do not need to be eligible for RRSP/TFSA: (# of votes)**

This keeps membership and preference shares open to all types of investors (individuals or entities); unlimited membership shareholders; co-op and investors have no additional registration costs, annual fees or added administrative duties related to RRSP/TFSA shares

■ **Option B – Yes, shares must be eligible for RRSP/TFSA: (# of votes)**

May open investment opportunity to more individuals; 90% of members are individuals, co-operatives, or corporations or partnerships engaged in farming; 90% of the shares must be held by members; additional cost to become certified as an RRSP/TFSA eligible entity; additional costs and paperwork to co-op and investors (annual \$55; per-transaction \$150)

Par-Value vs. Non-Par Value (Poll 10)

Par value shares have a “face” or “nominal” value (i.e. \$100). This is what a member must pay to acquire a share, and when the share is redeemed by the co-op this is the amount at which it is redeemed.

Non-par value shares are purchased from the co-op at an agreed-upon amount, and as the co-op is successful, part of the earnings of the co-op can be allocated to increasing the redemption value of these shares if the members choose.

How would you like to structure your shares?

□ **Option A: Par-value: (# of votes)**

SESSION #2: MEMBERS, INVESTORS & SHARE STRUCTURE

Surplus funds paid as dividends; more difficult to adjust par-value shares

☐ **Option B: Non par-value: (# of votes)**

Surplus funds can be paid as dividends or go towards increasing share value; co-op's share value should be set annually by Board of Directors so redemptions/dividends each year are equitable

Share Price, Maximum Number and Minimum Requirements

Share Price (Poll 11)

When determining the share price, keep in mind that the co-op can require persons to purchase a minimum amount of shares to be eligible for membership. What share price seems best?

☐ **Option A: \$100: (# of votes)**

Accessible to most persons, even those who may not purchase more than one share (1 member-1 vote); members able to invest and redeem small amounts; higher administrative oversight for smaller purchases and redemptions (i.e. fifty \$100 transactions to the max of \$5,000)

☐ **Option B: \$500: (# of votes)**

Accessible to many; less administration to purchase/redeem at a higher share price (i.e. ten \$500 transactions to the max of \$5,000)

☐ **Option C: \$1,000: (# of votes)**

Less accessible to some investors; encourages those serious about investing; less administration to purchase/redeem at a higher share price (i.e. five \$1,000 transactions to the max of \$5,000)

☐ **Option D: \$5,000: (# of votes)**

Only applicable if selling membership shares only; becomes less accessible to many retail investors; very low administration (i.e. only one \$5,000 transaction); members must redeem entire investment at once

SESSION #2: MEMBERS, INVESTORS & SHARE STRUCTURE

Maximum Number of Shares to Be Issued (Poll 12)

The maximum number of membership and preference shares will be defined in the Articles of Incorporation. See regulatory comparison chart for implications (top of page). How do you wish to proceed?

- ☐ **Option A: Unlimited membership shares, no preference shares: (# of votes)**
In this scenario, there are no restrictions on the maximum number of membership shareholders.
- ☐ **Option B: Limited membership shares, limited preference shares: (# of votes)**
In this scenario, maximum member cap and maximum investment.
- ☐ **Option C: Limited membership shares, unlimited preference shares: (# of votes)**
In this scenario, there is a maximum member cap the co-op may only issue preference shares once the membership limit is attained. However, the maximum number of preference shares a person may purchase is restricted by the securities exemption or the offering statement they rely upon.
- ☐ **Option D: Other: (# of votes)**
Please specify

Minimum Number of Shares (Poll 13)

To become a member of a co-op, a person must purchase a minimum number of membership shares. This will be based upon the share price decided above. To become a member, is a person required to purchase one membership share, or must a person purchase more than one membership share?

- **Option A: Only 1 membership share to become a member: (# of votes)**
i.e. one membership share at \$500
- **Option B: More than 1 membership share to become a member: (# of votes)**
i.e. four membership shares at \$500 (\$2,000). This allows for more capital to be raised from new members while allowing for smaller ongoing purchase/redemption portions. If this option is chosen, please specify the minimum number of shares a person must purchase to become a member

Further Share Details

Redemption Restrictions (Poll 14)

Withdrawal from a co-op is open and voluntary. However, a co-op may establish a restriction period that determines when shares are required to be paid out to members who withdraw. This is especially important in Community Investment Co-ops that have their monies actively committed to local loans and investments.

Therefore, when a member/investor submits a withdrawal form to the Board, the co-op may allow for a grace period to determine the most suitable way to redeem the shares (i.e. reserve funds, surplus funds, calling loans early). The co-op should redeem shares at their earliest convenience if funds are available.

- ☐ **Option A: 1-year redemption restriction: (# of votes)**

SESSION #2: MEMBERS, INVESTORS & SHARE STRUCTURE

i.e. if 25% of members wish to withdraw in a given year, the Board has a maximum of 12 months to come up with the funds, which will most likely involve calling loans/investments early

☐ **Option B: 3-year redemption restriction: (# of votes)**

i.e. if 25% of members wish to withdraw in a given year, the Board has up to 3 years to come up with the funds. More time to strategize (i.e. stop issuing new loans, new member drive, call loans early)

☐ **Option C: 5-year redemption restriction: (# of votes)**

i.e. if 25% of members wish to withdraw in a given year, the Board has up to 5 years to come up with the funds. Many investment co-ops have used this redemption restriction period. Allows for active loans/investments to be repaid and ample time to strategize (i.e. stop issuing new loans, new member drive)

Restrictions on transfer of membership shares

No transfer of membership shares in a co-operative with share capital, unless made by sale under execution or under the decree, order or judgment of a court of competent jurisdiction or by transmission to the personal representative of a member, is valid for any purpose unless,

- (a) the transfer has been authorized by resolution of the directors of the co-operative or by a person authorized by such a resolution to approve such transfers;
- (b) the transferee is admitted to membership in the co-operative as required by its articles and by-laws; and
- (c) the entry thereof has been duly made in the register of transfers of the co-operative or in a branch register of transfers, except only as evidence of the rights of the parties thereto towards each other.

R.S.O. 1990, c. C.35, s. 40; 1994, c. 17, s. 2.

Early Redemption Criteria (Poll 15)

New members will understand the expectation that membership and investments be held for a minimum of 5 years. This is only an expectation. The person is able to voluntarily withdraw at any time, and redemption of their shares will be subject to the restriction period decided above.

In some circumstances, the Board may consider immediate withdrawal. For example:

- ☐ Financial hardship or bankruptcy
- ☐ Death or critical illness of a member or their immediate family
- ☐ Relocation outside the eligible region to be considered a member

Do you wish to include options for immediate redemption such as the above? If yes, details will be confirmed in the final planning sessions.

SESSION #2: MEMBERS, INVESTORS & SHARE STRUCTURE

- ☐ **Option A: Yes: (# of votes)**
- ☐ **Option B: No: (# of votes)**

Share Certificates (Poll 16)

The ON Co-operative Corporation Act requires that persons be entitled to certificates for the number of membership and preference shares they purchase. How do you wish to proceed?

- ☐ **Option A: Issue printed share certificates: (# of votes)**
Increased administration and recordkeeping procedures; original documents must be mailed or picked-up at the registered office
- ☐ **Option B: Issue paperless share certificates: (# of votes)**
PDF is saved to co-op's paperless file network and emailed to the purchaser; less administration; automated if using a securities and CRM platform that has these abilities built-in

Mobilizing Local Capital Community Investment Co-op

Business Planning Session #3

SESSION #3: ELIGIBLE INVESTMENTS & TYPES OF FINANCING

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SESSION #3: ELIGIBLE INVESTMENTS & TYPES OF FINANCING

Materials Prior to Session

- Session #3 Agenda

Action Items Post-Session

Circulate the following surveys widely throughout stakeholder networks. Establish survey hyperlinks, opening, and closing dates:

- Investor Survey
 - See Appendix 4
- Business Survey
 - See Appendix 5

Stakeholder Participation:

- In-person:
- Web-conference:

Introduction

Recap the purpose of your Community Investment Co-op initiative with stakeholders

Business Planning Session Schedule

Timeline of six business planning sessions:

- ☑ Session #1: Strategy, case studies & regulatory environment
Date, time, venue and/or web conference details here.
- ☑ Session #2: Members, investors, and share structure
Date, time, venue and/or web conference details here.
- ☑ Session #3: Eligible investments and types of financing
Date, time, venue and/or web conference details here.
- Session #4: Business development, financing and mentorship
Date, time, venue and/or web conference details here.
- Session #5: Governance, administration and partnerships
Date, time, venue and/or web conference details here.
- Session #6: Reserves, financial projections, exit strategies, next steps
Date, time, venue and/or web conference details here.

Final review and deliberations. Date TBD.

SESSION #3: ELIGIBLE INVESTMENTS & TYPES OF FINANCING

General Business Planning Strategy

- Representatives from Community Advisory Group will attend business planning sessions
- Six business planning sessions in total
 - Each business planning session covers different topics of discussion
 - We encourage CAG stakeholders to participate in all six
- Goal is to keep business planning sessions to 2hrs maximum
 - Stakeholders welcome to attend either in-person or by web conference
- Invite with agenda and venue/web conference details sent out 1-week prior to each session
 - RSVP to these invitations so we can plan sessions accordingly
 - Notes from each session will be recorded and sent to CAG stakeholders
- Each session has two purposes:
 - Build local investment capacity by providing research, regulations and best practices
 - Collect high-level stakeholder input regarding key Community Investment Co-op options
- We'll do this by:
 - Reviewing relevant content and best practices for each option
 - Short discussion for CAG stakeholders to ask clarifying questions
 - Come to consensus by putting options to a vote, using polls, and track results as follows:
 - Option A (4)
 - Option B (8)
 - Option C (1)
- Stakeholder input from the six business planning sessions will provide a general direction to the CAG, project coordinator (if any), co-op developers, and lawyer to draft the following documents:
 - Business Plan
 - Articles of Incorporation, Cover Letter & Bylaws
 - Subscription Agreement
- Further in-person sessions will be held to review the above documents in detail
- The point: we do not need all the answers today, just a good sense of direction!

SESSION #3: ELIGIBLE INVESTMENTS & TYPES OF FINANCING

Brief Recap from Session #2

Recap all polls and consensus from the last session here.

Investment Pool

An Investment Co-op is an investment tool that is cost-effective in raising community capital. The investment pool is a revolving fund for local businesses and projects to access. The investment pool can be set-up in different ways, depending on the level of engagement you want from members/investors: open, semi-open or blind. We recommend talking with a lawyer to see if there is any restrictions. How do you wish to proceed?

Open Pool vs. Blind Pool (Poll 1)

- **Option A: Open Investment Pool: (# of votes)**
Investments are raised specifically for each venture; the co-op's Directors pre-screen eligible ventures to promote to their members, or members vote on ventures during pitch sessions; increased administration; slows the investment application process and response time
- **Option B: Semi-Open Investment Pool: (# of votes)**
Investments are raised into a general pool; the co-op's Directors and Investment Committee screen and fund eligible ventures from the general pool of funds; members are notified of ventures that receive investment and are encouraged to support these ventures through patronage and/or mentorship; less administration and speedier response time.
- **Option C: Blind Investment Pool: (# of votes)**
Investments are raised into a general pool; the co-op's Directors and Investment Committee screen and fund eligible ventures from the general pool; members know their investment is staying within a specific geographic region but do not receive notifications with the specific companies who received investment; low member engagement; less administration; speedy response time to businesses; may be more difficult to raise capital for new ventures if members do not know who they are investing in

Eligible Investments

Responsible and Impact Investing

Philosophy

- Impact Investing and Responsible Investing seek to provide investors with a social and environmental return, as well as a financial return on their investment. These are also two of the fastest-growing investment sectors globally, as changing investor demographics are requiring their investments to do good in the world (or in their community) while making a profit.
- A common thread amongst community investment organizations is that they are clear in their bylaws, policies, and communications that they have some type of social, environmental, community, and/or sustainable impacts built into their operations.

SESSION #3: ELIGIBLE INVESTMENTS & TYPES OF FINANCING

- Businesses and projects with a social, environmental or community purpose are also requiring access to alternative financing as they try to solve some of society's more complex issues.
- Community Investment Co-ops are a sustainable economic development tool that repatriates capital back into local economies while doing so with a triple-bottom-line outlook.

Broad or Specific Investing (Poll 2)

Do you wish to take a broad approach, or a sector-specific approach, when considering what type of ventures will be eligible to receive investment from the co-op?

- **Option A: Broad: (# of votes)**
Any business sector is eligible to apply to the co-op for financing; this increases the number of investment opportunities for the co-op
- **Option B: Sector-Specific: (# of votes)**
Only certain business sectors are eligible to apply to the co-op for financing; this restricts the number of investment opportunities for the co-op

Eligible Sectors for Community Investment (Poll 3)

Should any sectors take priority to receive investment and support from the co-op? You may select more than one option. If several sectors show a strong priority, it will help establish marketing strategies for potential members, investors, and partners:

- Affordable or attainable housing: (# of votes)
- Agriculture and value-added food/drink: (# of votes)
- CED infrastructure (i.e. food hub or innovation/co-working centre): (# of votes)
- First Nations ventures: (# of votes)
- Information, technology, and innovation: (# of votes)
- Natural resource extraction (i.e. mining, forestry, drilling): (# of votes)
- Property development/redevelopment (i.e. mixed multi-use, daycare, healthcare): (# of votes)
- Renewable and clean energy production: (# of votes)
- Retail and accommodation: (# of votes)
- Service providers (i.e. healthcare, professional, children and family): (# of votes)
- Social enterprise (i.e. social purpose strongly embedded into operations/plan): (# of votes)
- Sustainable manufacturing and construction: (# of votes)
- Tourism and eco-tourism: (# of votes)
- Transportation (i.e. car-share or distributor): (# of votes)
- Waste management, composting and recycling: (# of votes)

Venture Eligibility (Poll 4)

Where must the ownership or senior management of a venture be located in order to be eligible for an investment from the co-op?

- **Option A: (# of votes)**
Ownership or senior management located within the specified region: (# of votes)

SESSION #3: ELIGIBLE INVESTMENTS & TYPES OF FINANCING

- **Option B: (# of votes)**
Ownership or senior management located within Canada: (# of votes)
- **Option C: (# of votes)**
It does not matter where the ownership or senior management is located, as long as the venture is providing services or employment in the region: (# of votes)

Method of Financing (Poll 5)

Across Canada, community investment organizations have used various methods of financing to achieve their goals. Some provide secured and unsecured loans directly to businesses. Others provide equity investments. And some establish joint ventures between multiple stakeholders, such as First Nations, community investment organizations and renewable energy companies. What method of financing will this Investment Co-op consider?

- **Option A: Debt Lending Only: (# of votes)**
Secured or unsecured loans; scheduled principal and interest payments
- **Option B: Equity Investment Only: (# of votes)**
Financing in return for a share of the company and/or its profits
- **Option C: Ownership Only: (# of votes)**
Either joint venture or full ownership of a project (i.e. solar arrays)
- **Option D: Royalty Investment Only**
Financing in return for a royalty of net/gross revenue/profits
- **Option E: Debt Lending, Equity Investment, Royalty and Ownership: (# of votes)**
The co-op will consider all of the above financing instruments on a case-by-case basis

Financing Goals and Role in Community (Poll 6)

Community Investment Co-ops offer local ventures an alternative source of capital. They also offer local financial organizations with an additional partner to collaborate on projects. What type of ventures are best suited to community investment?

- **Option A: (# of votes)**
Business start-ups, expansions and successions
- **Option B: (# of votes)**
Community Economic Development Projects
i.e. affordable housing or clean energy production
- **Option C: (# of votes)**
Both options A & B

SESSION #3: ELIGIBLE INVESTMENTS & TYPES OF FINANCING

Conditions of Financing

Maximum Financing Term (Poll 7)

What is the maximum financing term the investment co-op will consider? Keep in mind, this is a starting point and may be open for consideration on a case-by-case basis.

- **Option A: Up to 5 years: (# of votes)**
Act as a catalyst; help ventures get established and become 'bankable'; flip the investment portfolio often
- **Option B: Up to 10 years: (# of votes)**
Patient capital and possibly lower payments for venture (i.e. equipment or machinery)
- **Option C: 10+ years: (# of votes)**
Long term financing or ownership (i.e. real estate or clean energy project)
- **Option D: No timelines defined, case-by-case: (# of votes)**

Minimum Interest Rate (Poll 8)

What minimum interest rate should the investment co-op charge when lending? Keep in mind, a higher interest rate may be charged to businesses who pose a higher risk.

- **Option A: 6% - (# of votes)**
- **Option B: 8% - (# of votes)**
- **Option C: 10% - (# of votes)**
- **Option D: Other, please specify - (# of votes)**

Fixed or Interval Interest Rates (Poll 9)

Shall the Investment Co-op use a fixed interest rate for the entire duration of a loan? Or, shall the Co-op reassess interest rates at pre-determined intervals?

- **Option A: Fixed for the entire term: (# of votes)**
Board and Investment Committee will confirm an interest rate and payment schedule at the time of finalizing each loan
- **Option B: Reassessed at pre-determined intervals: (# of votes)**
Board and Investment Committee will confirm an interest rate and payment schedule for the first interval and pre-determine when future intervals and assessments will occur (i.e. 3 or 5yrs)

Minimum Investment Amount (Poll 10)

What is the minimum investment amount that the co-op should undertake?

- **Option A: \$5,000: (# of votes)**
Encourages small-scale entrepreneurs, micro-lending/investing; low ROI for admin needs

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- **Option B: \$10,000: (# of votes)**
Open to most entrepreneurs; more balance between ROI and administration
- **Option C: \$25,000: (# of votes)**
Limits some small-scale entrepreneurs; ROI offsets administration

SESSION #3: ELIGIBLE INVESTMENTS & TYPES OF FINANCING

Maximum Investment Cap (Poll 11)

Investment committees will screen and recommend investments to the Board for final approval. Should there be a maximum single investment limit? i.e. a % of the total membership and investment share capital raised by Co-op. This policy would ensure the Board diversifies the investment co-op's portfolio.

- **Option A: not more than 25% of all the Co-op's capital into any one venture: (# of votes)**
i.e. \$25K for every \$100K raised from members
- **Option B: not more than 50% of all the Co-op's capital into any one venture: (# of votes)**
i.e. \$50K for every \$100K raised from members
- **Option C: not more than 75% of all the Co-op's capital into any one venture: (# of votes)**
i.e. \$75K for every \$100K raised from members
- **Option D: No maximum cap on investment decisions by the Board: (# of votes)**

Collaborative Loan Policy (Poll 12)

Many Community Investment Co-ops work in unison with Community Futures, Credit Unions or other local financing organizations. They have built a collaborative lending policy into their governance to encourage loan syndication with other financiers. The policy below provides an example of how an investment co-op can ensure it is not overly exposed to risk in any single investment:

- ☐ Loan request less than \$50K – up to 100% Investment Co-op capital (\$50K max)
- ☐ Loan request of \$50-100K – up to 75% Investment Co-op capital (\$75K max)
- ☐ Loan request greater than \$100K – up to 50% Investment Co-op capital (\$100K max)
- ☐ Loan request greater than \$200K – no more than 50% Investment Co-op capital

Should this Investment Co-op create a similar collaborative loan policy?

- **Option A: Yes - (# of votes)**
- **Option B: No - (# of votes)**

Mobilizing Local Capital Community Investment Co-op

Business Planning Session #4

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SESSION #4: BUSINESS DEVELOPMENT, FINANCING AND MENTORSHIP

Materials Prior to Session

- Session #4 Agenda

Action Items Post-Session

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Final review and deliberations. Date TBD.

SESSION #4: BUSINESS DEVELOPMENT, FINANCING AND MENTORSHIP

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- The point: we do not need all the answers today, just a good sense of direction!

SESSION #4: BUSINESS DEVELOPMENT, FINANCING AND MENTORSHIP

Session Overview

For the purpose of this business planning session, we will consider the following three phases of the investment application and financing process:

1. Initial Application & Business Development
2. Due-Diligence & Financing
3. Ongoing Supports

Today's session will provide high-level direction for building initial investment policies. The inaugural Board, Investment Committees and partner organizations will refine investment policies and procedures further.

Phase 1: Initial Application & Business Development

Initial Application Submission (Poll 1 & 2)

Initial investment applications should be simple to complete and help the applicant refine their concept into a concise outline. This provides Investment Committees with a general overview of the venture prior to the submission of a full business plan and cash flow projections. Shall this Investment Co-op require applicants to submit an initial application (2-3 pages max)?

- ☐ Option A: Yes - (# of votes)
- ☐ Option B: No - (# of votes)
- ☐ Option C: Other, please specify - (# of votes)

The inaugural Board, Investment Committees, and operational partners will determine what to include within an initial application based on templates and best practices.

How should applicants submit their initial application?

- ☐ Option A: Online form - (# of votes)
- ☐ Option B: PDF, scan and email - (# of votes)
- ☐ Option C: In-person - (# of votes)
- ☐ Option D: Other, please specify - (# of votes)

Scoring Matrix (Poll 3)

Most likely, Investment Committees will review these initial applications to determine if the venture aligns with the Investment Co-op's values and financing priorities. Should a scoring matrix be developed to determine whether or not to proceed with initial applications?

- ☐ Option A: Yes - (# of votes)
- ☐ Option B: No - (# of votes)
- ☐ Option C: Other, please specify - (# of votes)

SESSION #4: BUSINESS DEVELOPMENT, FINANCING AND MENTORSHIP

Decision to Proceed to Business Plan Review (Poll 4)

If the decision is to proceed with the investment applicant, they will be required to submit their business plan and cash flow projections. In what manner should these documents be requested? Consider admin time vs. relationship building:

- **Option A: In-person - (# of votes)**
Meet applicant, build relationship early, ask about venture
- **Option B: Phone - (# of votes)**
Less admin, still able to hold a discussion on phone
- **Option C: Email/Website - (# of votes)**
Least admin, least personable
- **Option D: Other (please specify) - (# of votes)**

Business Plan & Cash Flow Review

The initial review of an applicant's business plan and cash flow projections will not include in-depth due-diligence (i.e. credit check, personal financials, etc). Rather, this general evaluation will assist the Investment Committees to determine whether the applicant has a sound plan in place, or if further business plan development is necessary. Investment Committees will also provide locally-relevant feedback which is invaluable to the decision making process.

Decision to Proceed to Due-Diligence (Poll 5)

Here is an example decision matrix for Investment Committees to decide how to proceed after reviewing the business plan and cash flow projections. Decisions are communicated to the applicant, preferably in-person, and next steps are addressed at that meeting:

1. The business plan is strong enough to proceed to due-diligence:
 - a. Book a meeting with the Investment Committee to discuss due-diligence and next steps with the applicant
2. The business plan is strong, however there are some minor concerns:
 - a. Book a meeting with the Investment Committee to discuss minor concerns with the applicant. They must demonstrate how they will address these concerns
3. The business plan has some major concerns and must be redeveloped and resubmitted:
 - a. Notify the applicant that they must address these major concerns by revising and resubmitting their application
 - b. Referrals to relevant business development agencies for supports will be included in the recommendations
4. The business plan does not fit the co-op's values:
 - a. Notify the applicant that the Investment Committee has decided to discontinue the application process as the venture does not align with the co-op's values and financing priorities
 - b. Referral to another financial institution will be included, if applicable

SESSION #4: BUSINESS DEVELOPMENT, FINANCING AND MENTORSHIP

Do you wish to set-up a similar decision making process for Investment Committees?

- ☐ Option A: Yes - (# of votes)
- ☐ Option B: No - (# of votes)

Phase 2: Due-Diligence & Financing

Determine if Financial Partners are Required (Poll 6)

Before moving into significant due-diligence on the application, the Investment Committee will determine whether the Co-op can fully finance the investment. If not, they will determine which financial organization is most suitable for collaboration.

To determine if a financial partner is required, the Investment Committee should confirm they have enough available funds for the investment, as well as refer to the collaborative loan policy (as mentioned in Session #3).

How should the Investment Committee seek financial partners?

- ☐ Option A: Local partners first - (# of votes)
- ☐ Option B: Sector relevant partners first (i.e. Farm Credit Canada) - (# of votes)
- ☐ Option C: Other, please specify - (# of votes)

Due-Diligence on Applicant

Due-diligence on the applicant will take place after the initial business plan and cash flow review, and upon determining if a financial partner is required.

1. If the Investment Committee decides to fund the entire investment they may:
 - complete the final due-diligence themselves (depending on capacity and size of loan); or
 - request that due-diligence be completed by a partner organization (on a fee-for-service basis)
2. If the Investment Committee decides to fund only a portion of the investment, they may request the due-diligence be completed by the financial partner. If this is the case:
 - The Investment Committee will determine the Investment Co-op's maximum financial contribution and promote the deal to financial partners
 - The Investment Committee's business plan and cash flow notes will be forwarded to the financial partner with a request to complete final due-diligence

If a formal fee-for-service has already been established with a local financing partner, you may skip these steps.

Consider the following due-diligence conditions prior to making any financial commitments:

- ✓ Business plan and cash flow review and notes from a third party
- ✓ Review of applicant's personal financial affairs

SESSION #4: BUSINESS DEVELOPMENT, FINANCING AND MENTORSHIP

- ✓ If the applicant is an existing business, the company's most recent financial statements
- ✓ Applicant's current credit score
- ✓ Proof of any capital purchases listed in application (equipment, machinery, buildings)
- ✓ Ensure operational requirements are in place (lease agreement, business license, payroll, insurance, bank statements with relevant accounts, etc.)
- ✓ On-site visit at the location of the venture's proposed operations

Finalizing Investment Terms and Conditions

Investment terms and conditions will be completed by the Board, Investment Committees and partner organizations on a case-by-case basis (i.e. loan, equity, ownership, syndicated investment). This will include, but is not limited to:

- ✓ Investment terms and repayment schedules
- ✓ Liens and/or co-signers
- ✓ Senior or subordinated debt positions
- ✓ Legal agreements

If professional fees are required (i.e. legal fees for an equity deal), the applicant should cover these costs.

Monitor Repayments (Poll 7)

After the monies have been disbursed to the applicant, who should be responsible for monitoring repayments?

- ☐ **Option A: The Board and/or Investment Committee - (# of votes)**
Board, Investment Committee or Financial Officer (all volunteers) monitor and reconcile repayments each month; must retrain on procedures if there is Board or Committee turnover
- ☐ **Option B: Fee-for-service with partner organization - (# of votes)**
Establish agreements with local Credit Unions or Community Futures to disburse and monitor investments that are approved by these Investment Co-ops; more sustainability

Fee Structures (Poll 8 & 9)

Many Community Investment Co-ops have collaborated with local financial institutions (i.e. Community Futures or Credit Unions) to deliver different aspects of the investment process on a fee-for-service basis. This leverages local expertise while encouraging collaboration and long-term sustainability. Any fees related to the application and financing process are paid by the applicant. Some fees are required to be paid upfront, while others are amortized into the repayment terms.

Should the Investment Co-op charge application fees to cover costs associated with the application review and due-diligence conditions (as above)?

- ☐ Option A: Yes - (# of votes)
- ☐ Option B: No - (# of votes)
- ☐ Option C: Other, please specify - (# of votes)

SESSION #4: BUSINESS DEVELOPMENT, FINANCING AND MENTORSHIP

Should the Investment Co-op charge an administration fee (% of total investment) to cover the ongoing repayment and monitoring costs? This would be amortized into the repayment schedule. This would enable the Investment Co-op to work with a partner organization to deliver these services, or to pay a bookkeeper if these services are kept internal:

- ☐ Option A: Yes, determine a set % to charge for ongoing admin costs - (# of votes)
- ☐ Option B: No, do not set an administration fee - (# of votes)
- ☐ Option C: Other, please specify - (# of votes)

Phase 3: Ongoing Supports

After the financial commitments have been disbursed, and repayment and monitoring systems are established, the Investment Co-op will leverage its local committees and members to support the success of the new venture. The Investment Co-op can ensure new ventures have a supportive environment that encourages success and sustainability in four ways: Promote, Monitor, Develop and Mentor.

Promote (Poll 10)

Investment Co-op models provide a unique value to the financial sector: the support and patronage of local investors to the local ventures in which they finance. How often should the Investment Co-op update its members/investors regarding new investments?

- ☒ **Option A: Each time a new investment is processed - (# of votes)**
More administration; immediate support from members/investors
- ☒ **Option B: Quarterly or Semi-Annually - (# of votes)**
Less administration; delayed support from members/investors
- ☒ **Option C: Monthly - (# of votes)**
More administration; may or may not have new updates each month

Monitor (Poll 11)

Ventures receiving monies from the Investment Co-op should be required to submit ongoing reports throughout their investment term. This will ensure obstacles and opportunities are addressed in a timely manner. How often should ventures be required to check-in with the Investment Committee?

- ☐ Option A: Quarterly - (# of votes)
- ☐ Option B: Semi-annually - (# of votes)
- ☐ Option C: Annually - (# of votes)
- ☐ Option D: Other, please specify - (# of votes)

SESSION #4: BUSINESS DEVELOPMENT, FINANCING AND MENTORSHIP

Develop

The Investment Committee will refer ventures to existing business development programs and relevant resources to strengthen and grow their enterprise. A list of referral organizations will be compiled as a tool for Investment Committees to utilize.

SESSION #4: BUSINESS DEVELOPMENT, FINANCING AND MENTORSHIP

Mentor (Poll 12)

Investment Co-ops consist of a diverse group of members, who bring a wide variety of experience and skillsets. Some Investment Co-ops encourage their investors to mentor local ventures when applicable. When a business is in need of certain supports, Investment Co-ops can send a message to its members/investors to inquire if there is a match in skillsets. If there is, an informal mentor relationship can be established between the two parties. Would you like to include a mentorship component in this Investment Co-op?

- ☐ Option A: Yes - (# of votes)
- ☐ Option B: No - (# of votes)
- ☐ Option C: Other - (# of votes)

If the venture receiving financing is a start-up, it is recommended that the Investment Co-op require these ventures to establish a relationship with a mentor.

Mobilizing Local Capital Community Investment Co-op

Business Planning Session #5

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SESSION #5: GOVERNANCE, ADMINISTRATION AND PARTNERSHIPS

Materials Prior to Session

- Session #5 Agenda

Action Items Post-Session

Circulate the following surveys widely throughout stakeholder networks. Establish survey hyperlinks, opening, and closing dates:

- Investor Survey
 - See Appendix 4
- Business Survey
 - See Appendix 5

Stakeholder Participation:

- In-person:
- Web-conference:

Introduction

Recap the purpose of your Community Investment Co-op initiative with stakeholders

Business Planning Session Schedule

Timeline of six business planning sessions:

- ☑ Session #1: Strategy, case studies & regulatory environment
Date, time, venue and/or web conference details here.
- Session #2: Members, investors, and share structure
Date, time, venue and/or web conference details here.
- Session #3: Eligible investments and types of financing
Date, time, venue and/or web conference details here.
- Session #4: Business development, financing and mentorship
Date, time, venue and/or web conference details here.
- ☑ Session #5: Governance, administration and partnerships
Date, time, venue and/or web conference details here.
- Session #6: Reserves, financial projections, exit strategies, next steps
Date, time, venue and/or web conference details here.

Final review and deliberations. Date TBD.

General Business Planning Strategy

- Representatives from Community Advisory Group will attend business planning sessions
- Six business planning sessions in total
 - Each business planning session covers different topics of discussion
 - We encourage CAG stakeholders to participate in all six
- Goal is to keep business planning sessions to 2hrs maximum
 - Stakeholder welcome to attend either in-person or by web conference
- Invite with agenda and venue/web conference details sent out 1-week prior to each session
 - RSVP to these invitations so we can plan sessions accordingly
 - Notes from each session will be recorded and sent to CAG stakeholders
- Each session has two purposes:
 - Build local investment capacity by providing research, regulations and best practices
 - Collect high-level stakeholder input regarding key Community Investment Co-op options
- We'll do this by:
 - Reviewing relevant content and best practices for each option
 - Short discussion for CAG stakeholders to ask clarifying questions
 - Come to consensus by putting options to a vote, using polls, and track results as follows:
 - Option A (4)
 - Option B (8)
 - Option C (1)
- Stakeholder input from the six business planning sessions will provide a general direction to the CAG, project coordinator (if any), co-op developers, and lawyer to draft the following documents:
 - Business Plan
 - Articles of Incorporation, Cover Letter & Bylaws
 - Subscription Agreement
- Further in-person sessions will be held to review the above documents in detail
- The point: we do not need all the answers today, just a good sense of direction!

SESSION #5: GOVERNANCE, ADMINISTRATION AND PARTNERSHIPS

Board of Directors

Responsibilities

As a member of the Board, Directors hold a fiduciary responsibility for the organization and are accountable to its members. As a policy Board, the Directors set strategic direction and are responsible for ensuring best governance practices and oversight for the management and activities of the Investment Co-op. They will also be signing authority and final approval on all investments made by the co-op. At all times, at least 80% of the co-op's Board of Directors must be a member of the co-op. Directors are only individuals.

Number of Seats (Poll 1 & 2)

Minimum & maximum numbers set in bylaws; geographic representation can be put into policies.

What is the minimum number of Directors to form the co-op's Board?

- ☐ Option A: 3 – (# of votes)
- ☐ Option B: 4 – (# of votes)
- ☐ Option C: 5 – (# of votes)
- ☐ Option D: Other, please specify – (# of votes)

What is the maximum number of Directors for the co-op's Board?

- ☐ Option A: 8 – (# of votes)
- ☐ Option B: 10 – (# of votes)
- ☐ Option C: 12 – (# of votes)
- ☐ Option D: Other, please specify – (# of votes)

Geography (Poll 3)

If the Investment Co-op is to consist of multiple sub-regions, should each sub-region have an equal number of seats on the regional Board? Keep in mind, population may not be the best determiner in regards to the uptake of member-investors in each sub-region.

- ☐ Option A: Yes – (# of votes)
- ☐ Option B: No – (# of votes)
- ☐ Option C: Other, please specify – (# of votes)

Term (Poll 4)

It is recommended that the Director's terms of office be staggered. What is the term length for Directorship in the co-op?

- ☐ Option A: 1 year – (# of votes)
- ☐ Option B: 2 years – (# of votes)
- ☐ Option C: 3 years – (# of votes)
- ☐ Option D: Other, please specify – (# of votes)

SESSION #5: GOVERNANCE, ADMINISTRATION AND PARTNERSHIPS

Multiple Terms (Poll 5 & 6)

How many terms may an individual serve as a Director of the Investment Co-op?

- ☐ Option A: 1 term – (# of votes)
- ☐ Option B: 2 terms – (# of votes)
- ☐ Option C: 3 terms – (# of votes)
- ☐ Option D: No limit – (# of votes)
- ☐ Option E: Other, please specify – (# of votes)

If an individual serves as a Director for the maximum allowable terms, would they be eligible to serve again as Director if they sit out one term?

- ☐ Option A: Yes – (# of votes)
- ☐ Option B: No – (# of votes)
- ☐ Option C: Other, please specify – (# of votes)

Non-Member Director (Poll 7)

Should there be an option for a non-member of the Investment Co-op to serve on the Board? (i.e. a community or institutional partner)

- ☐ Option A: Yes – (# of votes)
- ☐ Option B: No – (# of votes)

Meetings of Directors (Poll 8)

How shall Directors attend regular meetings of the regional Board?

- ☐ Option A: In-person only – (# of votes)
- ☐ Option B: Either in-person or by conference call (telephone or internet) – (# of votes)
- ☐ Option C: Other, please specify – (# of votes)

Quorum (Poll 9)

What quorum must be established to conduct regular meetings of Directors?

- ☐ Option A: 50% + 1 of current Directors – (# of votes)
- ☐ Option B: 50% + 1 of current Directors, with representation from each sub-region – (# of votes)
- ☐ Option C: Other, please specify – (# of votes)

Executive Board Positions

At the first meeting of the Board, after each AGM, Directors will elect or re-elect a President (Chair), a Vice-President, a Secretary, and a Treasurer.

SESSION #5: GOVERNANCE, ADMINISTRATION AND PARTNERSHIPS

Committees, General

Chair (Poll 10)

Shall the Chair of each Committee be a Board member of the Investment Co-op?

- ☐ Option A: Yes – (# of votes)
- ☐ Option B: No – (# of votes)
- ☐ Option C: Other, please specify – (# of votes)

Number of Seats (Poll 11 & 12)

What is the minimum number of persons to serve on a Committee?

- ☐ Option A: 3 members minimum – (# of votes)
- ☐ Option B: 4 members minimum – (# of votes)
- ☐ Option C: 5 members minimum – (# of votes)
- ☐ Option D: Other, please specify – (# of votes)

What is the maximum number of persons to serve on a Committee?

- ☐ Option A: 6 members maximum – (# of votes)
- ☐ Option B: 8 members maximum – (# of votes)
- ☐ Option C: 10 members maximum – (# of votes)
- ☐ Option D: Other, please specify – (# of votes)

Non-Co-op Committee Members (Poll 13)

Should there be an option for a non-member of the Investment Co-op to serve on committees? (i.e. community partner, institutional partner, marketing or other professional)

- ☐ Option A: Yes – (# of votes)
- ☐ Option B: No – (# of votes)
- ☐ Option C: Other, please specify – (# of votes)

Meetings of Committees (Poll 14)

How shall committee members attend regular meetings?

- ☐ Option A: In-person – (# of votes)
- ☐ Option B: Either in-person or by conference call (telephone or internet) – (# of votes)
- ☐ Option C: Other, please specify – (# of votes)

SESSION #5: GOVERNANCE, ADMINISTRATION AND PARTNERSHIPS

Quorum (Poll 15)

What quorum must be established to conduct regular committee meetings?

- ☐ Option A: 50% + 1 of current committee members – (# of votes)
- ☐ Option B: Other, please specify – (# of votes)

Term (Poll 16)

What is the term length for a committee member of the Investment Co-op?

- ☐ Option A: 1 year – (# of votes)
- ☐ Option B: 2 years – (# of votes)
- ☐ Option C: 3 years – (# of votes)
- ☐ Option D: Other, please specify – (# of votes)

Multiple Terms (Poll 17)

Shall committee members be allowed to serve multiple terms?

- ☐ Option A: Yes – (# of votes)
- ☐ Option B: No – (# of votes)
- ☐ Option C: Other, please specify – (# of votes)

Investment Committee

The Investment Co-op will always have at least one Investment Committee to oversee the local financing activities of the Corporation. This Investment Committee(s) will participate in the initial application and due-diligence of ventures; and support, promote, mentor and assist successful applicants within their local communities.

Region (Poll 18)

How should the Investment Committee(s) be structured?

- ☐ **Option A: (# of votes)**
If covering a large geographic region, separate into sub-regional Investment Committees; localized groups of Investment Co-op members; pre-screen local ventures; build local relationships; more administration and communications complexity
- ☐ **Option B: (# of votes)**
One large regional Investment Committee; consists of members from across all sub-regions; simpler administration and communications
- ☐ **Option C: (# of votes)**
Other, please specify

SESSION #5: GOVERNANCE, ADMINISTRATION AND PARTNERSHIPS

Marketing & Communications Committee

The Investment Co-op should have a Marketing & Communications Committee to assist the Board with developing marketing materials, advertising campaigns, and communication tools and strategies. The Marketing & Communications Committee may recommend paid marketing and advertising services to the Board when budgets permit.

General Meetings

Eligible Voting (Poll 19)

What options should be given to members to attend General Meetings or Special General Meetings, in order to vote on resolutions and elections?

- ☐ **Option A: (# of votes)**
Member-investors must attend in-person in order to vote
- ☐ **Option B: (# of votes)**
Member-investors may attend either in-person or by web-conference to vote (i.e. Zoom polls)
- ☐ **Option C: (# of votes)**
Other, please specify

In-Person Locations (Poll 20)

Should the location for each General Meeting (Annual or Special) be rotated throughout the region to encourage in-person attendance?

- ☐ **Option A: (# of votes)**
Yes, rotate the in-person locations for each General Meeting
- ☐ **Option B: (# of votes)**
No, maintain a central in-person location for all General Meetings
- ☐ **Option C: (# of votes)**
Other, please specify

Quorum (Poll 21 & 22)

In order to transact business at a General Meeting, it is common that a quorum has two options: a minimum % of members and a minimum number of members, whichever is less.

What is the % of members to reach quorum at a General Meeting?

- ☐ **Option A: (# of votes)**
10% of the total number of co-op members
- ☐ **Option B: (# of votes)**
15% of the total number of co-op members
- ☐ **Option C: (# of votes)**
20% of the total number of co-op members

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- **Option D: (# of votes)**
Other (please specify)

What is the minimum number of members to make a quorum at a General Meeting?

- **Option A: (# of votes)**
10 co-op members
- **Option B: (# of votes)**
20 co-op members
- **Option C: (# of votes)**
30 co-op members
- **Option D: (# of votes)**
Other (please specify)

For example, the quorum for the transaction of business at a General Meeting is 25 members or 10% of the total number of members entitled to vote at the meeting, whichever is less.

Confidentiality & Conflict of Interest

Confidentiality

Confidential information will be sent to the Investment Co-op through many channels. Therefore, Directors, committee members, volunteers or paid personnel will have access to members' or businesses' personal or proprietary information from time to time. Each individual serving a role in the Investment Co-op, as well as partner institutions, must sign a Confidentiality Agreement and understand the importance of ensuring information is safeguarded.

Conflict of Interest

Directors, Committee members, and Officers shall act at all times in the best interests of the Investment Co-op to ensure its integrity. If a Director, committee member or Officer, or a family member, close friend or business associate of these persons, might benefit from any dealings of the Investment Co-op, the conflict must be brought to the attention of the Board.

The Directors and Officers of the Investment Co-op are governed by the Disclosure by directors of interests in contracts set out in the Ontario Co-operative Corporation Act (rule 98).

Partnerships

Investment Co-ops strive to be a tool for redirecting local investors' capital back into local ventures with community impact. Rather than recreating systems or duplicating efforts, Investment Co-ops tend to collaborate with organizations that have a similar vision for community and economic development. Below are some of the partnerships that may develop within the operations of an Investment Co-op.

Backbone Organization (Poll 23)

Usually, a backbone organization (central coordinator) oversees the activities of an Investment Co-op and assists in a general administrative role (i.e. filing documents, coordinating other partners, monitoring emails, safekeeping passwords, assisting new Board & committees). A backbone

SESSION #5: GOVERNANCE, ADMINISTRATION AND PARTNERSHIPS

organization also ensures that the Investment Co-op policies and procedures are preserved as volunteer Board and committee members change throughout the years.

Should this Investment Co-op seek a backbone organization for some of the administrative duties?

■ **Option A: (# of votes)**

Yes, contract a backbone organization on a fee-for-service basis to deliver some services that volunteers are not required to do, as budgets permit

■ **Option B: (# of votes)**

No, utilize volunteers for all administrative duties of the Investment Co-op

■ **Option C: (# of votes)**

Other, please specify

Banking

Financial Institution (Poll 24)

Credit Unions and Investment Co-ops align very well with their values of democratic structures and concern for the community. Should the Investment Co-op bank with the local Credit Union?

■ **Option A: (# of votes)**

Yes, bank with the local Credit Union

■ **Option B: (# of votes)**

No, bank with a national financial institution

■ **Option C: (# of votes)**

Bank with the institution that provides the best rates (i.e. term deposits, banking fees)

■ **Option D: (# of votes)**

Other, please specify

Term Deposits (Poll 25)

Term deposits include short term (30day) or long term (5year) options, as well as redeemable and non-redeemable options. Many Investment Co-ops place their idle monies into term deposits to generate some interest income while not actively invested. The key is to ensure monies remain liquid enough to access the capital when it is needed.

An example of a laddered term deposit strategy:

- ☐ 1/5 in cash
- ☐ 1/5 in 2-year fixed income security, redeemable
- ☐ 1/5 in 3-year fixed income security, redeemable
- ☐ 1/5 in 4-year fixed income security, non-redeemable
- ☐ 1/5 in 5-year fixed income security, non-redeemable (redemption reserves)

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Should this Investment Co-op utilize a similar term deposit strategy for idle monies?

- **Option A: (# of votes)**
Yes, use a similar interest-bearing strategy for idle monies
- **Option B: (# of votes)**
No, keep monies liquid (cash)
- **Option C: (# of votes)**
Other, please specify

Accounting and Bookkeeping (Poll 26)

In its early years, when the Investment Co-op has a small number of investments, it may require a minimal level of bookkeeping/accounting services to care for the general ledger. In future years, as the number of investments increase and budgets permit, the Investment Co-op may require enhanced accounting services (such as audits). How should this Investment Co-op contract its first years of bookkeeping and accounting services in years 1-2?

- **Option A: (# of votes)**
Seek a skilled co-op member to provide bookkeeping services in-kind or at a discounted rate (bookkeeper or CPA)
- **Option B: (# of votes)**
Hire an external bookkeeper
- **Option C: (# of votes)**
Contract firm that provides bookkeeping and accounting services
- **Option D: (# of votes)**
Other (please specify)

Legal (Poll 27)

From time to time the Investment Co-op will require legal advice. How should this Investment Co-op seek its legal advice?

- **Option A: (# of votes)**
Miller Thompson (national firm); provides legal counsel to several BC Investment Co-ops
- **Option B: (# of votes)**
Local lawyer; build new capacity
- **Option C: (# of votes)**
Other, please specify

Insurance

The Investment Co-op must purchase and maintain Director and Officer Liability Insurance for its volunteers and their family and heirs. Co-operators Insurance has worked with several Investment Co-ops in BC. Previous research found that Director & Officer Liability Insurance from Co-operators is in line with other insurers. In 2019 the approximate annual cost for \$1M D&O liability coverage was \$2,400.

Wealth Management

The Investment Co-op should ensure that wealth management advisors are educated about the opportunities available for local investment through the co-op. Wealth management advisors are a direct link to new members and investors. They can review the Investment Co-op and offer guidance to their clients. Wealth management advisers can also identify which of their clients are accredited or retail investors.

Key Roles & Responsibilities

Registered Office

Legally, the Investment Co-op must have a registered office where official mail can be delivered and where the Association's files are stored. The most suitable registered office location would be that of the backbone organization, as it remains a consistent location. Backbone organization and location can be determined at a later date.

Filing Systems

The Investment Co-op should house paper files at its registered office for documents such as:

- ☐ Articles of Incorporation
- ☐ Cover letter and NUANS report
- ☐ By-laws
- ☐ Signed legal documents

The Investment Co-op should utilize paperless and web-based systems whenever possible. This will enable Directors and committee members to access and edit files securely and efficiently. This is especially important if the co-op is serving a large geographic region with Directors and committee members across multiple communities. The following paperless systems have been used by some Investment Co-ops:

- ☐ Box
- ☐ Google Drive
- ☐ Drop Microsoft One Drive
- ☐ DocuSign

Raising Investment

Investment Co-ops raise capital by selling membership and preference shares to their members, which are considered 'securities' in Ontario. When the Investment Co-op sells these shares, a Subscription Agreement should be issued to the purchaser. This document ensures the purchaser knows their rights,

SESSION #5: GOVERNANCE, ADMINISTRATION AND PARTNERSHIPS

the risks associated, and the laws governing the securities. A Subscription Agreement template is provided in the Start-Up Guide appendices.

Marketing and Communications

The Marketing and Communications Committee may use several of the following tools to reach its targeted audience of investors and investment applicants:

- Email
To respond to general inquiries, member applications, investment applications, etc.
Gmail works well if the co-op is also utilizing Google Drive for its file network
- Newsletters
To communicate and update with the entire membership and/or general newsletter subscribers
MailChimp is a popular platform, free of charge to small organizations
- Website
A central tool that all interested investors and applicants should be directed to
Consistent messaging, frequently asked questions, and hosts Member Applications and Investment Applications
- Social Media
Facebook is an inexpensive marketing tool for outreach to new members and applicants
- Printed Marketing Materials
Marketing templates have been provided for reuse in the Start-Up Guide appendices

Security

Security is to be taken very seriously within the Investment Co-op. Using trusted and secured platforms such as DropBox, Google Drive, or DocuSign will enable administrators of the Co-ops to store and share files with confidence. Access to these file systems will be restricted to those individuals who have signed Confidentiality Agreements and who hold an administrative role within the co-op.

As the Investment Co-op develops its filing systems (paper-based and paperless), administrators should ensure security policies are established.

Mobilizing Local Capital Community Investment Co-op

Business Planning Session #6

SESSION #6: RESERVES, FINANCIAL PROJECTIONS & EXIT STRATEGIES

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SESSION #6: RESERVES, FINANCIAL PROJECTIONS & EXIT STRATEGIES

Materials Prior to Session

- Session #6 Agenda

Action Items Post-Session

Circulate the following surveys widely throughout stakeholder networks. Establish survey hyperlinks, opening, and closing dates:

- Investor Survey
 - See Appendix 4
- Business Survey
 - See Appendix 5

Stakeholder Participation:

- In-person:
- Web-conference:

Introduction

Recap the purpose of your Community Investment Co-op initiative with stakeholders

Business Planning Session Schedule

Timeline of six business planning sessions:

- ☑ Session #1: Strategy, case studies & regulatory environment
Date, time, venue and/or web conference details here.
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Date, time, venue and/or web conference details here.
- Session #3: Eligible investments and types of financing
Date, time, venue and/or web conference details here.
- Session #4: Business development, financing and mentorship
Date, time, venue and/or web conference details here.
- ☑ Session #5: Governance, administration and partnerships
Date, time, venue and/or web conference details here.
- ☑ Session #6: Reserves, financial projections, exit strategies, next steps
Date, time, venue and/or web conference details here.

Final review and deliberations. Date TBD.

SESSION #6: RESERVES, FINANCIAL PROJECTIONS & EXIT STRATEGIES

General Business Planning Strategy

- Representatives from Community Advisory Group will attend business planning sessions
- Six business planning sessions in total
 - Each business planning session covers different topics of discussion
 - We encourage CAG stakeholders to participate in all six
- Goal is to keep business planning sessions to 2hrs maximum
 - Stakeholder welcome to attend either in-person or by web conference
- Invite with agenda and venue/web conference details sent out 1-week prior to each session
 - RSVP to these invitations so we can plan sessions accordingly
 - Notes from each session will be recorded and sent to CAG stakeholders
- Each session has two purposes:
 - Build local investment capacity by providing research, regulations and best practices
 - Collect high-level stakeholder input regarding key Community Investment Co-op options
- We'll do this by:
 - Reviewing relevant content and best practices for each option
 - Short discussion for CAG stakeholders to ask clarifying questions
 - Come to consensus by putting options to a vote, using polls, and track results as follows:
 - Option A (4)
 - Option B (8)
 - Option C (1)
- Stakeholder input from the six business planning sessions will provide a general direction to the CAG, project coordinator (if any), co-op developers, and lawyer to draft the following documents:
 - Business Plan
 - Articles of Incorporation, Cover letter & Bylaws
 - Subscription Agreement
- Further in-person sessions will be held to review the above documents in detail
- The point: we do not need all the answers today, just a good sense of direction!

SESSION #6: RESERVES, FINANCIAL PROJECTIONS & EXIT STRATEGIES

Capital Reserves

The Investment Co-op should ensure there are reserve funds for both member-investor withdrawals, as well as loan defaults and contingencies.

Member-Investor Withdrawal Reserve (Poll 1)

Upon the sale of each new membership and investment share, a percentage will be held back and placed into a reserve fund for member-investor withdrawals. When a member decides to leave the Investment Co-op, they must provide written notice. As discussed in Business Planning Session #2, the co-op will have a maximum number of years to redeem a person's shares. As members leave the Investment Co-op, new membership and investment share sale proceeds should be placed into the reserve fund in order to top up the redemption reserve.

What percent should be set aside from the total membership and investment share sale proceeds as a withdrawal reserve? Note, this information would go into policies, not bylaws.

- **Option A: (# of votes)**
5% held-back from all share sales
- **Option B: (# of votes)**
10% held-back from all share sales
- **Option C: (# of votes)**
15% held-back from all share sales
- **Option D: (# of votes)**
Other, please specify

Contingency Reserve (Poll 2 & 3)

In the first few years of operation, the Investment Co-op should be risk-averse to preserve members' capital. This will allow the Investment Co-op to establish a Contingency Reserve, build its membership base, and establish a positive investment track record. A Contingency Reserve helps safeguard members' capital against investment defaults or unexpected expenses. The Investment Co-op may decide to set aside a portion of its annual profits to build up this reserve fund.

How large should this Contingency Reserve become? Keep in mind that any loss of capital beyond this reserve fund is a loss of member equity, and therefore membership shares would need to be revalued to reflect actual assets vs. liabilities. Note, this information would go into policies, not bylaws.

- **Option A: (# of votes)**
Contingency Reserve to equal 1% of all membership shares sold
- **Option B: (# of votes)**
Contingency Reserve to equal 3% of all membership shares sold
- **Option C: (# of votes)**
Contingency Reserve to equal 5% of all membership shares sold
- **Option D: (# of votes)**
Do not establish a Contingency Reserve
- **Option E: (# of votes)**
Other, please specify

SESSION #6: RESERVES, FINANCIAL PROJECTIONS & EXIT STRATEGIES

If at start-up, the Contingency Reserve (% as above) is not established, what percentage of annual profits should be set aside until this reserve fund is established? i.e. instead of paying all surplus funds as dividends to members, a percentage could be placed into a Contingency Reserve until the target above is reached.

- **Option A: (# of votes)**
5% of annual profits to be allocated to the Contingency Reserve until established
- **Option B: (# of votes)**
10% of annual profits to be allocated to the Contingency Reserve until established
- **Option C: (# of votes)**
15% of annual profits to be allocated to the Contingency Reserve until established
- **Option D: (# of votes)**
Do not establish a Contingency Reserve
- **Option E: (# of votes)**
Other, please specify

Term Deposits

All capital held in the Member Withdrawal and Contingency Reserves should be placed into interest-bearing term deposits to earn income while not in use, as discussed in Business Planning Session #5.

Financial Projections

See the Microsoft Excel spreadsheet for a financial forecast template of three start-up scenarios of an Investment Co-op.

Start-Up Capital (Poll 4 & 5)

Start-up capital, external to member equity, can give the Investment Co-op time to establish its governance and administration systems, as well as establish an investment portfolio that generates income to cover operational expenses. Some Investment Co-ops may require less start-up capital if they cover a smaller geographic region, if they have a backbone organization providing support, or a strong volunteer Board. What is the minimum amount of start-up working capital that should be sought to launch the Investment Co-op?

- **Option A: (# of votes)**
\$5,000
- **Option B: (# of votes)**
\$10,000
- **Option C: (# of votes)**
\$20,000
- **Option D: (# of votes)**
\$30,000
- **Option E: (# of votes)**
Other, please specify

How should this start-up capital be obtained?

SESSION #6: RESERVES, FINANCIAL PROJECTIONS & EXIT STRATEGIES

- **Option A: (# of votes)**
Secure a non-repayable grant or philanthropic donation; i.e. community foundation, local/regional governments, trusts, philanthropists, other funding organizations
- **Option B: (# of votes)**
Utilize a portion of membership and preference shares to cover start-up costs and top these up with future years' profits from investment income; the result is no/low dividends to member-investors as all the income in the initial years is used to top up share capital back to par levels
- **Option C: (# of votes)**
Secure a patient low-interest loan from a financing organization with aligned purposes; the result is the co-op immediately has a debt owing to an external organization
- **Option D: (# of votes)**
Other, please specify

Founding Member-Investor Targets (Poll 6 & 7)

If the Investment Co-op decides to use one of the exemptions before filling an Offering statement with the FSRAO, You will have to choose between having a very large number of members (without exceeding the dollar threshold mentioned before) or to have 35 founding members or less to start with.

How would you like to proceed:

- **Option A: (# of votes)**
Set a fairly high founding member goal (i.e. 50 or 100); complete a public membership drive; submit for incorporation with a large number of founding members; use a notary or lawyer to hold initial membership funds in-trust until Articles of Incorporation are received; founding members will feel a deeper sense of participation
- **Option B: (# of votes)**
Incorporate discreetly with a few key stakeholders; sort out logistics such as bank accounts and First Directors; then complete a public membership and an offering statement drive to bring in new member-investors during year one;
- **Option C: (# of votes)**
Other (please specify)

SESSION #6: RESERVES, FINANCIAL PROJECTIONS & EXIT STRATEGIES

If the decision is to complete a public membership drive prior to incorporation, what is the goal for the minimum number of founding members?

- **Option A: (# of votes)**
Minimum of 50 founding members
- **Option B: (# of votes)**
Minimum of 75 founding members
- **Option C: (# of votes)**
Minimum of 100 founding members
- **Option D: (# of votes)**
Other, please specify

Risk Mitigation and Defaults

To lessen the chance of investment defaults, an Investment Co-op can:

- ☐ Be risk-averse in the first few years as the co-op's main goal is to preserve its capital to build its reserves, attract new members and build its investment track record
- ☐ Work with a financial partner to complete proper due-diligence on loan applicants
- ☐ Form ongoing relations with successful investment applicants to ensure they have support, customers, and mentors for success
- ☐ Take security/collateral for any investments when possible
- ☐ Establish a collaborative loan policy that requires the Investment Co-op to syndicate with other financiers
- ☐ Establish a Contingency Reserve as an added safeguard against any potential investment defaults

If the Investment Co-op realizes an investment default greater than its Contingency Reserve, it will need to suspend any sales or redemption of membership shares. The Board will then need to revalue the share price (with financial and/or legal counsel), hold a Special General Meeting, and discuss and receive approval from the members on the new share valuation. All new share purchases and redemptions would be made at this new valuation.

Review Periods and Exit Strategies

The Investment Co-op will seek start-up capital to cover the initial years of operational costs, until a time that the investment portfolio generates enough income to cover operational expenses. It is suggested that at the end of years 3 and 5, the Investment Co-op Board reviews its current investments, membership base, and financial forecasts. Adjustments to the business model, partnerships and budgets may be required.

SESSION #6: RESERVES, FINANCIAL PROJECTIONS & EXIT STRATEGIES

3rd Year Review

- ☐ Risk-averse during initial years to build membership base and investment track record
- ☐ Most start-up working capital has been spent
- ☐ Review ongoing partnership agreements with backbone organization and lending institution partners
- ☐ Review and update financial projections and Investment Co-op strategic direction

5th Year Review

- ☐ All start-up working capital has been spent
- ☐ Does the investment portfolio generate enough income to cover existing operational costs?
 - ☐ If yes, is there room to negotiate new coordinator roles and/or partnerships?
 - ☐ If no, the Investment Co-op must consider:
 - adjusting the business model and cut operational costs, or
 - determine whether the model isn't sustainable in the community and wind-up the co-op

Winding-Up the Corporation

If by resolution of its members, the Investment Co-op decides to wind-up, the co-op must do so in accordance with section 161 to 171 of the Ontario Co-operative Corporation Act.

Next Steps

Draft Important Documents

The Community Advisory Group, project coordinator, co-op developer and lawyer will create a first draft of the following documents:

- ☐ Cover letter
- ☐ Articles of Incorporations
- ☐ By-laws
- ☐ Subscription Agreement
- ☐ Business Plan & Financial Projections

Final Review and Public Launch Preparation

At least one in-person meeting will be necessary to review and finalize the important documents above and prepare for a founding member drive. Important topics to complete prior to launching to the public:

- ☐ Draft partnership agreements with loan administration and/or backbone organizations
- ☐ Develop website, marketing materials and communications strategy for a public launch
- ☐ Decide on a legal name for the Investment Co-op

SESSION #6: RESERVES, FINANCIAL PROJECTIONS & EXIT STRATEGIES

- Complete a NUANS name search report with Ministry of Government and Consumer Service
- Identify the Investment Co-op's First Directors, who will hold office until the first AGM

Scenario #1 - 60 members in first year											
MEMBER EQUITY		2019			2020				2021		
	# of members	Average Investment	Total	Shares Sold	# of members	Average Investment	Total	Shares Sold	# of members	Average Investment	Total
Existing retail members - BCI 45-530	-	\$ -	\$ -	0	50	\$ 5 000,00	\$ 250 000,00	250	70	\$ 5 000,00	\$ 350 000,00
Existing accredited members - NI 45-106	-	\$ -	\$ -	0	10	\$ 10 000,00	\$ 100 000,00	100	18	\$ 10 000,00	\$ 180 000,00
New retail members - BCI 45-530	50	\$ 3 000,00	\$ 150 000,00	150	20	\$ 3 000,00	\$ 60 000,00	60	20	\$ 3 000,00	\$ 60 000,00
New accredited members - NI 45-106	10	\$ 10 000,00	\$ 100 000,00	100	8	\$ 10 000,00	\$ 80 000,00	80	8	\$ 10 000,00	\$ 80 000,00
Totals	60	N/A	\$ 250 000,00	250	88	N/A	\$ 490 000,00	490	116	N/A	\$ 670 000,00
INCOME		2019			2020				2021		
Interest Income	% of total member equity	Amount	Total interest income at 6% APR	Total interest income at 8% APR	% of total member equity	Amount	Total interest income at 6%	Total interest income at 8%	% of total member equity	Amount	Total interest income at 6%
10% Member Withdrawal Reserve - term deposits	10%	\$ 25 000,00	\$ 500,00	\$ 500,00	10%	\$ 49 000,00	\$ 980,00	\$ 980,00	10%	\$ 67 000,00	\$ 1 340,00
Contingency Reserve - term deposits	N/A	\$ -	\$ -	\$ -	N/A	\$ -	\$ -	\$ -	N/A	\$ 1 000,00	\$ 20,00
Member equity which is invested into local businesses	25%	\$ 62 500,00	\$ 1 998,75	\$ 2 684,50	75%	\$ 367 500,00	\$ 11 693,75	\$ 15 785,75	90%	\$ 603 000,00	\$ 19 187,50
Unused member equity - term deposits	65%	\$ 162 500,00	\$ 2 031,25	\$ 2 031,25	15%	\$ 73 500,00	\$ 918,75	\$ 918,75	0%	\$ (0,00)	\$ (0,00)
Other											
Other											
Other											
Total Investment Income			\$ 4 530,00	\$ 5 215,75			\$ 13 592,50	\$ 17 684,50			\$ 20 547,50
Non-Investment Income			6% APR Scenario	8% APR Scenario			6% APR Scenario	8% APR Scenario			6% APR Scenario
Start-up grant 1			\$ 20 000,00	\$ 20 000,00			\$ -	\$ -			\$ -
Start-up grant 2				\$ -			\$ -	\$ -			\$ -
Start-up grant 3 (CRM platform)			\$ 1 250,00	\$ 1 250,00			\$ 1 000,00	\$ 1 000,00			\$ -
Loan Administration Fee - paid by applicant to CFDC			\$ 625,00	\$ 625,00			\$ 3 675,00	\$ 3 675,00			\$ 6 030,00
Membership share processing fee (PayPal/Stripe)			\$ -	\$ -			\$ -	\$ -			\$ -
Backbone Organization			\$ 1 250,00	\$ 1 250,00			\$ -	\$ -			\$ -
Total Non-Investment Income			\$ 23 125,00	\$ 23 125,00			\$ 4 675,00	\$ 4 675,00			\$ 6 030,00
Total Income			6% APR Scenario	8% APR Scenario			6% APR Scenario	8% APR Scenario			6% APR Scenario
			\$ 27 655,00	\$ 28 340,75			\$ 18 267,50	\$ 22 359,50			\$ 26 577,50
EXPENSES		2019			2020				2021		
Director & Officer Liability Insurance	\$		2 400,00	\$		2 400,00	\$				
Accounting & Bookkeeping	\$		3 360,00	\$		3 360,00	\$				
CFDC - Fee for service	\$		625,00	\$		3 675,00	\$				
Backbone partner - fee for service	\$		1 250,00	\$		2 450,00	\$				
CRM Platform (covered by grant for first 2 years)	\$		1 250,00	\$		1 000,00	\$				
Bank Fees	\$		192,00	\$		192,00	\$				
Website domain and hosting	\$		314,00	\$		314,00	\$				
Advertising and printing	\$		2 000,00	\$		2 000,00	\$				
Office supplies	\$		200,00	\$		200,00	\$				
Docusign	\$		396,00	\$		396,00	\$				
Membership share processing fee (Stripe)	\$		-	\$		-	\$				
Annual General Meeting	\$		400,00	\$		500,00	\$				
Registration and Filing Fees	\$		300,00	\$		50,00	\$				
Dues and subscriptions	\$		50,00	\$		50,00	\$				
Legal / Notary / Co-op Developer	\$		10 000,00	\$		-	\$				
Zoom Web Conference	\$		200,00	\$		200,00	\$				
Quickbooks online	\$		312,00	\$		312,00	\$				
Total Expenses	\$		23 249,00	\$		17 099,00	\$				
Total Income Before Taxes			6% APR Scenario	8% APR Scenario			6% APR Scenario	8% APR Scenario			6% APR Scenario
			\$ 4 406,00	\$ 5 091,75			\$ 1 168,50	\$ 5 260,50			\$ 5 073,50
INCOME TAX EXPENSE			6% APR Scenario	8% APR Scenario			6% APR Scenario	8% APR Scenario			6% APR Scenario
			\$ 2 203,00	\$ 2 545,88			\$ 584,25	\$ 2 630,25			\$ 2 536,75
Net Income After Taxes			6% APR Scenario	8% APR Scenario			6% APR Scenario	8% APR Scenario			6% APR Scenario
			\$ 2 203,00	\$ 2 545,88			\$ 584,25	\$ 2 630,25			\$ 2 536,75
Surplus Funds Allocation			6% APR Scenario	8% APR Scenario			6% APR Scenario	8% APR Scenario			6% APR Scenario
Retained Earnings, opening balance from prior year			\$ -	\$ -			\$ 2 203,00	\$ 2 545,88			\$ 787,25
Contingency Reserve Top-Up			\$ -	\$ -			\$ 1 000,00	\$ 1 000,00			\$ 1 000,00
Dividends			\$ -	\$ -			\$ 1 000,00	\$ 2 500,00			\$ 1 000,00
Retained Earnings closing balance, carrying forward to following year			\$ 2 203,00	\$ 2 545,88			\$ 787,25	\$ 1 676,13			\$ 1 324,00
			\$ -	\$ -			\$ -	\$ -			\$ -

4-Year Financial Projection

Scenario #2 - 120 members in

MEMBER EQUITY	2019				2020					
	# of members	Average Investment	Total	Shares Sold	# of members	Average Investment	Total	Shares Sold	# of members	Average Investment
Existing retail members - BCI 45-530	-	\$ -	\$ -	0	100	\$ 5 000,00	\$ 500 000,00	500	120	\$ 5 000,00
Existing accredited members - NI 45-106	-	\$ -	\$ -	0	20	\$ 10 000,00	\$ 200 000,00	200	28	\$ 10 000,00
New retail members - BCI 45-530	100	\$ 3 000,00	\$ 300 000,00	300	20	\$ 3 000,00	\$ 60 000,00	60	20	\$ 3 000,00
New accredited members - NI 45-106	20	\$ 10 000,00	\$ 200 000,00	200	8	\$ 10 000,00	\$ 80 000,00	80	8	\$ 10 000,00
Totals	120	N/A	\$ 500 000,00	500	148	N/A	\$ 840 000,00	840	176	N/A

INCOME	2019				2020					
Interest Income	% of total member equity	Amount	Total interest income at 6% APR	Total interest income at 8% APR	% of total member equity	Amount	Total interest income at 6%	Total interest income at 8%	% of total member equity	Amount
10% Member Withdrawal Reserve - term deposits	10%	\$ 50 000,00	\$ 1 000,00	\$ 1 000,00	10%	\$ 84 000,00	\$ 1 680,00	\$ 1 680,00	10%	\$ 102 000,00
Contingency Reserve - term deposits	N/A	\$ -	\$ -	\$ -	N/A	\$ 2 000,00	\$ 40,00	\$ 40,00	N/A	\$ 4 040,00
Member equity which is invested into local businesses	25%	\$ 125 000,00	\$ 3 977,50	\$ 5 369,25	75%	\$ 630 000,00	\$ 20 046,75	\$ 27 061,50	90%	\$ 918 000,00
Unused member equity - term deposits	65%	\$ 325 000,00	\$ 4 062,50	\$ 4 062,50	15%	\$ 126 000,00	\$ 1 575,00	\$ 1 575,00	0%	\$ (0,00)
Other										
Other										
Other										
Total Investment Income			\$ 9 040,00	\$ 10 431,75			\$ 23 341,75	\$ 30 356,50		

Non-Investment Income		6% APR Scenario	8% APR Scenario		6% APR Scenario	8% APR Scenario	
Start-up grant 1		\$ 20 000,00	\$ 20 000,00		\$ -	\$ -	
Start-up grant 2		\$ -	\$ -		\$ -	\$ -	
Start-up grant 3 (CRM platform)		\$ 1 250,00	\$ 1 250,00		\$ 1 000,00	\$ 1 000,00	
Loan Administration Fee - paid by applicant to CFDC		\$ 1 250,00	\$ 1 250,00		\$ 6 300,00	\$ 6 300,00	
Membership share processing fee (PayPal/Stripe)		\$ -	\$ -		\$ -	\$ -	
Backbone Organization		\$ 2 500,00	\$ 2 500,00		\$ -	\$ -	
Total Non-Investment Income		\$ 25 000,00	\$ 25 000,00		\$ 7 300,00	\$ 7 300,00	

Total Income		6% APR Scenario	8% APR Scenario		6% APR Scenario	8% APR Scenario	
		\$ 34 040,00	\$ 35 431,75		\$ 30 641,75	\$ 37 656,50	

EXPENSES	2019	2020	
Director & Officer Liability Insurance	\$ 2 400,00	\$ 2 400,00	\$
Accounting & Bookkeeping	\$ 3 360,00	\$ 3 360,00	\$
CFDC - Fee for service	\$ 1 250,00	\$ 6 300,00	\$
Backbone partner - fee for service	\$ 2 500,00	\$ 4 200,00	\$
CRM Platform (covered by grant for first 2 years)	\$ 1 250,00	\$ 1 000,00	\$
Bank Fees	\$ 192,00	\$ 192,00	\$
Website domain and hosting	\$ 314,00	\$ 314,00	\$
Advertising and printing	\$ 2 000,00	\$ 2 000,00	\$
Office supplies	\$ 200,00	\$ 200,00	\$
Docusign	\$ 396,00	\$ 396,00	\$
Membership share processing fee (Stripe)	\$ -	\$ -	\$
Annual General Meeting	\$ 400,00	\$ 500,00	\$
Registration and Filing Fees	\$ 300,00	\$ 50,00	\$
Dues and subscriptions	\$ 50,00	\$ 50,00	\$
Legal / Notary / Co-op Developer	\$ 10 000,00	\$ -	\$
Zoom Web Conference	\$ 200,00	\$ 200,00	\$
Quickbooks online	\$ 312,00	\$ 312,00	\$
Total Expenses	\$ 25 124,00	\$ 21 474,00	\$

Total Income Before Taxes	6% APR Scenario	8% APR Scenario		6% APR Scenario	8% APR Scenario
	\$ 8 916,00	\$ 10 307,75		\$ 9 167,75	\$ 16 182,50

INCOME TAX EXPENSE		6% APR Scenario	8% APR Scenario		6% APR Scenario	8% APR Scenario
		\$ 4 458,00	\$ 5 153,88		\$ 4 583,88	\$ 8 091,25

Net Income After Taxes	6% APR Scenario	8% APR Scenario		6% APR Scenario	8% APR Scenario
	\$ 4 458,00	\$ 5 153,88		\$ 4 583,88	\$ 8 091,25

Surplus Funds Allocation			6% APR Scenario	8% APR Scenario		6% APR Scenario	8% APR Scenario	
Retained Earnings, opening balance from prior year			\$ -	\$ -		\$ 1 458.00	\$ 1 153.88	

4-Year Financial Projections										
Scenario #3 - 180 memebers year in 1										
MEMBER EQUITY	2019				2020					
	# of members	Average Investment	Total	Shares Sold	# of members	Average Investment	Total	Shares Sold	# of members	Average Investment
Existing retail members - BCI 45-530	-	\$ -	\$ -	0	150	\$ 5 000,00	\$ 750 000,00	750	170	\$ 5 000,00
Existing accredited members - NI 45-106	-	\$ -	\$ -	0	30	\$ 10 000,00	\$ 300 000,00	300	38	\$ 10 000,00
New retail members - BCI 45-530	150	\$ 3 000,00	\$ 450 000,00	450	20	\$ 3 000,00	\$ 60 000,00	60	20	\$ 3 000,00
New accredited members - NI 45-106	30	\$ 10 000,00	\$ 300 000,00	300	8	\$ 10 000,00	\$ 80 000,00	80	8	\$ 10 000,00
Totals	180	N/A	\$ 750 000,00	750	208	N/A	\$ 1 190 000,00	1 190	236	N/A
INCOME	2019				2020					
Interest Income	% of total member equity	Amount	Total interest income at 6% APR	Total interest income at 8% APR	% of total member equity	Amount	Total interest income at 6%	Total interest income at 8%	% of total member equity	Amount
10% Member Withdrawal Reserve - term deposits	10%	\$ 75 000,00	\$ 1 500,00	\$ 1 500,00	10%	\$ 119 000,00	\$ 2 380,00	\$ 2 380,00	10%	\$ 137 000,00
Contingency Reserve - term deposits	N/A	\$ -	\$ -	\$ -	N/A	\$ 2 000,00	\$ 40,00	\$ 40,00	N/A	\$ 4 040,00
Member equity which is invested into local businesses	25%	\$ 187 500,00	\$ 5 966,25	\$ 8 054,00	75%	\$ 892 500,00	\$ 28 399,50	\$ 38 337,25	90%	\$ 1 233 000,00
Unused member equity - term deposits	65%	\$ 487 500,00	\$ 6 093,75	\$ 6 093,75	15%	\$ 178 500,00	\$ 2 231,25	\$ 2 231,25	0%	\$ (0,00)
Other										
Other										
Other										
Total Investment Income			\$ 13 560,00	\$ 15 647,75			\$ 33 050,75	\$ 42 988,50		
Non-Investment Income			6% APR Scenario	8% APR Scenario			6% APR Scenario	8% APR Scenario		
Start-up grant 1			\$ 20 000,00	\$ 20 000,00			\$ -	\$ -		
Start-up grant 2				\$ -			\$ -	\$ -		
Start-up grant 3 (CRM platform)			\$ 1 250,00	\$ 1 250,00			\$ 1 000,00	\$ 1 000,00		
Loan Administration Fee - paid by applicant to CFDC			\$ 1 875,00	\$ 1 875,00			\$ 8 925,00	\$ 8 925,00		
Membership share processing fee (PayPal/Stripe)			\$ -	\$ -			\$ -	\$ -		
Backbone Organization			\$ 3 750,00	\$ 3 750,00			\$ -	\$ -		
Total Non-Investment Income			\$ 26 875,00	\$ 26 875,00			\$ 9 925,00	\$ 9 925,00		
Total Income			6% APR Scenario	8% APR Scenario			6% APR Scenario	8% APR Scenario		
			\$ 40 435,00	\$ 42 522,75			\$ 42 975,75	\$ 52 913,50		
EXPENSES	2019				2020					
Director & Officer Liability Insurance	\$			2 400,00	\$			2 400,00	\$	
Accounting & Bookkeeping	\$			3 360,00	\$			3 360,00	\$	
CFDC - Fee for service	\$			1 875,00	\$			8 925,00	\$	
Backbone partner - fee for service	\$			3 750,00	\$			5 950,00	\$	
CRM Platform (covered by grant for first 2 years)	\$			1 250,00	\$			1 000,00	\$	
Bank Fees	\$			192,00	\$			192,00	\$	
Website domain and hosting	\$			314,00	\$			314,00	\$	
Advertising and printing	\$			2 000,00	\$			2 000,00	\$	
Office supplies	\$			200,00	\$			200,00	\$	
Docusign	\$			396,00	\$			396,00	\$	
Membership share processing fee (Stripe)	\$			-	\$			-	\$	
Annual General Meeting	\$			400,00	\$			500,00	\$	
Registration and Filing Fees	\$			300,00	\$			50,00	\$	
Dues and subscriptions	\$			50,00	\$			50,00	\$	
Legal / Notary / Co-op Developer	\$			10 000,00	\$			-	\$	
Zoom Web Conference	\$			200,00	\$			200,00	\$	
Quickbooks online	\$			312,00	\$			312,00	\$	
Total Expenses	\$			26 999,00	\$			25 849,00	\$	
Total Income Before Taxes			6% APR Scenario	8% APR Scenario			6% APR Scenario	8% APR Scenario		
			\$ 13 436,00	\$ 15 523,75			\$ 17 126,75	\$ 27 064,50		
INCOME TAX EXPENSE			6% APR Scenario	8% APR Scenario			6% APR Scenario	8% APR Scenario		
			\$ 6 718,00	\$ 7 761,88			\$ 8 563,38	\$ 13 532,25		
Net Income After Taxes			6% APR Scenario	8% APR Scenario			6% APR Scenario	8% APR Scenario		
			\$ 6 718,00	\$ 7 761,88			\$ 8 563,38	\$ 13 532,25		
Surplus Funds Allocation			6% APR Scenario	8% APR Scenario			6% APR Scenario	8% APR Scenario		
Retained Earnings, opening balance from prior year			\$ -	\$ -			\$ 1 718,00	\$ 1 761,88		

MEMORANDUM OF ASSOCIATION

[Insert your Co-op's name here]

1. Full name of the Association

The name of the Association is "*[Insert your Co-op's name here]*".

2. Purpose of the Association

The purpose of the Association is to *[.....provide services to members to enable them to co-operatively support local projects, organizations, and enterprises that address economic, social, environmental and community needs by mobilizing their assets in manners and through means that the members democratically determine].*

[...Additionally, the Association will purchase such assets, make such investments, and carry out such activities as may be necessary or desirable to achieve the purpose of providing services to its members].

3. Authorized Share Capital

The Association is authorized to issue *[....an unlimited number of membership shares without par value].*

4. Limited Liability

The liability of a member of the Association is limited in accordance with the *Cooperative Association Act*.

We, the persons whose names and addresses are listed below, desire to be formed into an incorporated association under the *Ontario Co-operative Corporation Act* and by our signatures subscribe to the number of membership shares set opposite our respective names.

[illegible]

Subscription to the Articles of Incorporation

We, the undersigned, subscribe to the Articles of Incorporation of the *[Insert your Co-op's name here]*.

.....
Signature of subscriber

.....
Signature of witness

.....
Name of subscriber (*print*)

.....
Name of witness (*print*)

Date.....
[year, month, day]

.....
Residential address of witness

.....
Signature of subscriber

.....
Signature of witness

.....
Name of subscriber (*print*)

.....
Name of witness (*print*)

Date.....
[year, month, day]

.....
Residential address of witness

.....
Signature of subscriber

.....
Signature of witness

.....
Name of subscriber (*print*)

.....
Name of witness (*print*)

Date.....
[year, month, day]

.....
Residential address of witness

Total number of founding members:	
Total number of membership shares subscribed by founding members:	

For Director Use Only. Do not complete until final preparation for incorporation.

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BY-LAWS OF THE CO-OP

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Part 1 – Interpretation

Definitions

1. In these By-laws:

“Act” means the Ontario Co-operative Corporation Act from time to time in force and all amendments to it;

“adjourned meeting” means the meeting to which a meeting is adjourned;

“Articles” means the Corporation's Articles of Incorporation and all amendments, additions, deletions or replacements from time to time in force and effect;

“board” or **“the directors”** mean the directors of the Corporation for the time being;

“By-laws” means By-laws and all amendments, additions, deletions or replacements from time to time in force and effect; and

“consensus” refers to a non-adversarial decision-making process in which members work together until they arrive at a mutually satisfactory decision;

“Corporation” means the *[Insert your Co-op's name here]*;

“delegate” means an individual elected or appointed by a corporate member to represent it on the board or at meetings of the Corporation;

“[Insert your Co-op's name here]” refers to all communities within the *[INSERT: your co-op's Regional District and/or geographic area name(s) here]*

“dividend” means the allocation or payment of a surplus to members in proportion to their paid-up shares in the Corporation;

“endowment grant” means any monies provided to the Corporation that were not direct capital raised from its members;

“member” means a member of the Corporation;

“patronage return” means an amount that a corporation allocates among and credits or pays to its members or to its member and non-member patrons based on the business done by them with or through the corporation;

“person” means any individual, corporation, government or first nation;

“personal representative” means the person who administers the estate of a deceased person as executor or court-appointed administrator;

“regulation” means any regulations promulgated under the Cooperative Corporation Act as made and amended from time to time;

“sub-region” means distinct geographic regions within the *[insert your co-op region name here]*, as defined by the Corporation's Directors from time to time.

“surplus funds” means excess funds, after all expenses are paid, arising from the operations of the Corporation in each financial year.

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Cooperative Corporation Act definitions apply

2. Except as otherwise defined in these By-laws, words and expressions used in these By-laws will have the meanings given to those words and expressions in the Act on the date the By-laws become applicable to the Corporation.

Interpretation

3. Words in the singular form include the plural and vice versa and words importing any gender include all genders, and a corporation;

Cooperative Corporation Act governs

4. If there is a conflict or inconsistency between the Act and the By-laws, the Act governs.

Part 2 – Membership

Open membership

5. Membership in the Corporation is open in a non-discriminatory manner to persons that can use the services of the Corporation and are willing and able to accept the responsibilities of the membership.

Application for membership

6. A person that wishes to become a member must submit to the Corporation a written application for membership, in the form provided by the Corporation for that purpose, and payment for the minimum number of memberships shares required under Rule 9 for membership in the Corporation.

Membership qualifications

7. To be eligible for membership in the Corporation, an individual must be at least 16 years of age.
8. To be eligible for membership in the Corporation, an individual must be a Canadian resident, or a Canadian controlled corporation.

Minimum share requirement

9. Each member must, as a condition of membership, subscribe to and pay for one (1) membership share.

Approval of application

10. The directors, or a person authorized by the directors to approve applications for membership, may approve or refuse an application for membership and may postpone consideration of an application for membership.
11. When directors, or a person authorized by the directors to approve applications for membership, review applications, they must strive to ensure that at least 75% of the members of the Corporation reside within *[insert your co-op region name here]*.

Effective date of membership

12. Membership is effective on the day that the application for membership is approved under Rule 10.

Withdrawal from membership

13. The directors may from time to time establish and amend forms, policies and procedures for withdrawal from membership in the Corporation.
14. Subject to Part 9 of these By-laws, a member may withdraw from membership in the Corporation by:
 - a. giving written notice to the directors of the member's intention to withdraw.

BY-LAWS OF THE CO-OP

Notice of death, bankruptcy, liquidation or dissolution of a member

15. Notice to the Corporation from the personal representative of a member of the death, bankruptcy, liquidation or dissolution of a member has the same effect as a notice of intention to withdraw.

Effective date of withdrawal

16. The membership of a member ceases on the date that:
 - a. the member has complied with the requirements of Rule 14, or
 - b. the Corporation has received notice of death or bankruptcy of a member in accordance with Rule 15.

Grounds for termination of membership

17. The Corporation may terminate the membership of a member in accordance with the Act if
 - a. the member has engaged in conduct detrimental to the Corporation,
 - b. the member has not paid money due by the member to the Corporation within a reasonable time after receiving written notice to do so from the Corporation, or
 - c. in the opinion of the directors, based on reasonable grounds, the member
 - i. has breached a material condition of an agreement with the Corporation, and
 - ii. has not rectified the breach within a reasonable time after receiving written notice to do so from the Corporation.

Appeal of termination of membership

18. The right of appeal of a person whose membership in the Corporation is terminated for a reason set out in Rule 17 (a) to (c) is governed by the Act.

Effect of termination, withdrawal or other cessation of membership

19. (1) When a member withdraws from membership or a membership is terminated or ceases for any reason, all rights and privileges attached to membership cease except the right to require the Corporation to redeem, in accordance with Part 9 of these RBy-laws, as applicable, the member's membership shares.
- (2) The cessation of membership does not release the former member from any debt or obligation owed to the Corporation unless the instrument of debt or obligation states otherwise.

Part 3 – Joint Membership

Joint Membership

20. Joint membership is not permitted.

Part 4 – Share Structure

Authorized share structure and price

21. The authorized share structure of the Corporation is set out in the Memorandum. Membership shares shall be issued at a price of *[insert share price here]* each, or such lesser or greater price as may be set by the Directors.

Preference Shares

22. The Corporation will not issue preference shares.

Part 5 – Payment for Shares

Payment for shares

23. Except as provided in these By-laws, the Corporation must not issue or allot membership shares unless the shares are paid for in full in accordance with the Act.

Dividends or interest on membership shares

24. Payment of dividends or interest on membership shares that are not fully paid is governed by the Act.

Part 6 – Share Certificates

Share certificates

25. The Corporation will not issue membership share certificates, in accordance with the Act.

Part 7 – Transfer of Shares

Transfer of shares

26. No shares of the Corporation may be sold, transferred or otherwise disposed. Refer to Part 9 of these By-laws for redemption of shares.

Part 8 – Personal Representatives

Rights of Personal Representatives

27. Subject to the Act, upon death or bankruptcy of a member, that member's legal personal representative or trustee in bankruptcy, although not a member, has the right to receive the redemption price for the deceased or bankrupt member's membership shares pursuant to Rule 34 together with any declared but unpaid dividends thereon.

Part 9 – Redemption of Shares

Corporation authorized to purchase and redeem its shares

28. (1) Subject to the Act, these By-laws and the special rights and restrictions attached to any class of membership shares, the Corporation may, by a resolution of the directors, redeem any of its shares on the terms specified by the resolution.
- (2) The Corporation shall not be obliged to redeem more than 10% of the issued and outstanding shares in any fiscal year. If redemption requests are received for more than 10% of the issued and outstanding shares in any fiscal year, the Board may accept requests for redemption on a first come, first served basis, or on such other basis as the Board, at its discretion, thinks is fair and equitable.

Redemption of shares to be made ratably

29. (1) If the Corporation proposes, at its option, to redeem some but not all of its membership shares, it must make its offer ratably to every shareholder who holds membership shares .
- (2) A redemption of membership shares under subrule (1) must be made on a fair and equitable basis.

Sale and voting of redeemed shares

30. Subject to the Act, the Corporation may sell any membership shares redeemed by it, but, while the Corporation retains the share, the Corporation must not exercise any vote, or pay or make any dividend or other distribution, in respect of that share.

Redemption of shares on withdrawal of membership

31. Subject to the Act and these By-laws, if a member withdraws from membership in accordance with Rule 14, the period within which the Corporation must redeem the membership shares of the former member is 3 years from the effective date of the withdrawal.

Redemption of shares on termination of membership

32. If the Corporation terminates the membership of a member in accordance with By-law 17, the Corporation must redeem the membership shares of the member in accordance with the Act.

Redemption of shares on death or bankruptcy

33. Subject to the Act, if the Corporation receives notice of a member's death or bankruptcy in accordance with By-law 15, the Corporation must redeem the membership shares of the member in accordance with the Act, and within 3 years from the date upon which the Corporation receives that notice.

Amount paid on redemption

34. A member is entitled to the following amount on redemption by the Corporation under this Part:
 - a. Until the Corporation's first fiscal year end, the redemption price shall be the actual amount paid for the shares, without interest;
 - b. After the Corporation's first fiscal year end, the redemption price shall be the value set for shares annually by the directors, based upon an assessment of the Corporation's assets and liabilities. This price shall be set at the same time that the Corporation's annual financial statements are issued.

Part 10 — Register of Members

Register of Members

35. The Corporation must keep and maintain a register of members in accordance with the Act. It is the responsibility of members to provide the Corporation with updated contact information required for the register of members.

Part 11 — General Meetings of the Association

Annual general meetings

36. The Corporation must hold its first and subsequent general meetings within the time provided by the Act.

Business at annual general meeting

37. At the first general meeting and at each annual general meeting the following business must be considered:
- report of the directors,
 - financial statement,
 - auditor's report, if applicable,
 - election or appointment of directors, and
 - appointment or waiver of appointment of an auditor.

Order of business at annual general meeting

38. The order of business at the first general meeting and at each annual general meeting, to the extent appropriate in the circumstances, must be as follows:
- meeting to be called to order,
 - notice convening meeting to be read,
 - minutes of preceding annual general meeting to be read and adopted or amended and adopted as required,
 - business arising out of minutes to be considered,
 - reports of standing and special committees to be read,
 - financial statement to be placed before the meeting,
 - reports of directors and auditors to be read,
 - election of directors and appointment of auditors,
 - special business to be considered,
 - unfinished business to be considered, and
 - new business to be considered.

Special business

39. (1) Any business other than business listed in By-law 37 is special business.
(2) Special business must be approved by ordinary resolution of the members unless the Act or these By-laws require otherwise.

Special general meetings

40. (1) The calling of a special general meeting by the directors, either on their own initiative or in response to a requisition by the members, must be in accordance with the Act.
(2) The requisitioning of a special general meeting by the members must be in accordance with the Act.

BY-LAWS OF THE CO-OP

- (3) The directors may determine the order of business at a special general meeting.

Time and place of general meetings

41. General meetings must be held at the time and place in *[insert your co-op region name here]* that the directors specify.

Provision for 2 or more general meetings for the same matters

42. (1) If it is not possible to hold one general meeting at a time when, or place where, a large portion of the membership is able to attend, 2 or more general meetings may be held at the times and the places in *[insert your co-op region name here]* that the directors specify in accordance with the Act.
- (2) Votes taken at meetings referred to in rule (1) must be by secret ballot.
- (3) The sum of the total votes taken at the meetings referred to in rule (1) determine whether a resolution considered at those meetings is adopted or rejected.

Record date

43. (1) The record date for any general meeting is the 30th day before the date of the meeting of members.
- (2) Only those members whose names are entered on the register of members on the record date are entitled to vote at the general meeting.

Notice of general meetings of the Corporation

44. Notice of general meetings must be given to members and to the auditor of the Corporation, if any, in accordance with the Act.

Financial statement

45. A copy of the financial statement that is to be placed before a general meeting must be provided to the members at least 10 days before the date set for the meeting.

Notice of special business

46. If special business is to be considered at a general meeting, the notice of the meeting under Rule 44 must state the nature of the special business in sufficient detail to permit a member to form a reasoned judgment concerning the business.

Notice of special resolution

47. (1) If a special resolution is to be proposed at a general meeting, the notice under Rule 46 of that meeting must include
- the full text of the special resolution, or,
 - if the full text of the special resolution is too lengthy for convenient inclusion in the notice, a summary of the text in sufficient detail to permit a member to form a reasoned judgment concerning the special resolution.
- (2) If a notice under Rule 46 contains a summary of the text of a special resolution as provided in subrule (1) (b), the notice must also state the place where the full text of that special resolution can be read or copied.

Notice of adjourned meeting

48. If a general meeting is adjourned for fewer than 30 days, it is not necessary to give notice of the adjourned meeting other than by announcement at the first meeting that is adjourned, but if a general meeting is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting must be given in the same manner as for the original meeting.

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Manner of giving notice

49. The notice and financial statement required to be provided to members under this Part must be given in a manner permitted in Part 23 of these By-laws.

Meeting valid despite failure to give notice

50. The accidental omission to give notice of any general meeting to, or the non-receipt of any notice by, a member or person entitled to receive notice does not invalidate any proceedings at that meeting.

Quorum

51. The quorum for the transaction of business at a general meeting is 25 members or 10% of the total number of members entitled to vote at the meeting, whichever is less.

Requirement of quorum

52. No business, other than the election of a chair and the adjournment of the meeting, may be transacted at any general meeting unless a quorum is present at the commencement of the meeting, and if at any time during the meeting there ceases to be a quorum present any business then in progress is suspended until there is a quorum present or until the meeting is adjourned or terminated as the case may be.

Lack of quorum

53. (1) If, within one hour from the time appointed for a general meeting, a quorum is not present, as defined in By-law 51, the meeting,
- a. if convened by requisition of members, must be dissolved, and
 - b. in any other case, stands adjourned to the same day in the next week at the same time and place, unless the place of meeting is changed out of necessity.
- (2) If at the adjourned meeting referred to in subrule (1) a quorum is not present within 1/2 hour from the time appointed, the members present in person are deemed to constitute a quorum.

Chair

54. Subject to Rule 55, the president or, in the absence of the president, the vice-president of the Corporation, must preside as chair at every general meeting.

Alternate chair

55. If there is no chair present within 30 minutes after the time appointed for holding the meeting, the members present at a general meeting must elect a member to chair the meeting.

Adjournments by chair

56. The chair of a general meeting may, and if so directed by the members must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

Secretary

57. The directors at a general meeting must appoint a member to act as secretary at the meeting.

Minutes of meetings

58. The secretary must record the minutes of all resolutions and proceedings at a general meeting.

Persons entitled to be present

59. The only persons entitled to be present at a general meeting are those entitled to vote at that meeting, the auditor of the Corporation, if any, and others who are entitled or required under any provision of the Act or these By-laws to be present.

BY-LAWS OF THE CO-OP

Other persons may be admitted

60. A person who is not entitled to be present at a general meeting under Rule 59 may be admitted to a meeting only on the invitation of the chair or with the consent of the members at the meeting.

Meetings by audio or video conference

61. The Corporation may permit members to participate in general meetings and vote by telephone or other communications medium in accordance with the By-laws.

Part 12 — Voting at General Meetings

Actions to be determined by ordinary resolution

62. At a general meeting, every motion must be determined by ordinary resolution unless otherwise required by the Act or these Rules.

Chair is not entitled to casting vote

63. In case of an equality of votes,
- the chair of a general meeting is not entitled to a second or casting vote, and
 - the motion is lost.

Decisions by show of hands or other manner

64. Unless otherwise provided in these By-laws or the Act, every motion for a resolution put to a vote at a general meeting is to be decided on a show of hands unless one or more members vote at the meeting by telephone or other communications medium, in which event the voting must be conducted in any manner, as determined by Directors, that adequately discloses and records the intentions of the members.

Part 13 — Voting Rights of Members

Voting rights and restrictions

65. (1) The right of a member to vote at a general meeting and the restrictions on those rights, are governed by the Act.
(2) Corporate members must appoint a delegate to represent it as a director or at general meetings of the Corporation, and in the form provided by the Corporation for that purpose.

Part 14 — Directors

Duties of directors

66. The directors must manage the Corporation in accordance with the responsibilities, duties and powers set out in the Act, the regulation, the Memorandum and these By-laws.

Number of directors

67. (1) The Corporation must have,
- At least 5 directors, and

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- b. not more than 12 directors overall
- (2) The number of directors may be changed within the limits set out in subrule (1) by ordinary resolution of the members.

Qualifications for directors

- 68. (1) A director must be a resident, or a delegate for a corporate member whose registered office resides, in the *[insert your co-op region name here]*.
- (2) In addition to the qualifications required by the Act, the majority of directors must be individuals who are not employees of the Corporation.
- (3) If the total number of directors determined by the members in accordance with Rule 67 (1) is more than five, one director may be a non-member appointed by the existing directors of the Corporation. If there are more than 10 directors, two may be non-members of the Corporation, appointed by the existing directors of the Corporation.
- (4) All directors must be individual members, or in the case of a corporate member, an individual delegated by that corporation, in the form provided by the Corporation for that purpose.

Part 15 — Election, Appointment and Removal of Directors

Election at annual general meeting

- 69. An election of directors must be held at each annual general meeting to replace those directors whose terms of office have expired or will expire at the end of the meeting in accordance with Rule 76.

Nomination of candidates

- 70. The directors will set a date for the close of nominations for each election, and will give no less than six weeks' notice of such date to members. Nominations must be submitted to the Corporation in accordance with applicable policies of the Corporation. No nominations of candidates for election of directors in any election will be accepted after the close of nominations.

Voting by secret ballot

- 71. If the number of nominees in an election for directors exceeds the number of directors to be elected at the election, the election of directors must be in a method that provides for secret ballots.

Candidates declared elected

- 72. If the number of candidates nominated for director is equal to or less than the number of directors to be elected, those nominated candidates are declared elected and no election is required.

Directors elected according to number of votes

- 73. In an election of directors, the chair must declare elected the candidates who received the highest number of valid votes up to the number of directors to be elected.

If 2 or more candidates receive equal number of votes for last vacancy

- 74. If 2 or more candidates receive an equal number of votes for the last vacancy on the board and it is not practical to hold a run-off election at the meeting,
 - a. the directors who have already been elected in the election, and

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- b. the directors whose terms of office will not expire at the end of the meeting at which the election is held must determine which of those candidates is to be elected.

Consent to act as director

75. For the election or appointment of a director to be valid, consent of the candidate must be provided in accordance with the Act.

Staggered terms of office of directors

76. (1) The term of office of a director ends at the end of the annual general meeting at which they cease to hold office.
- (2) A reduction in the number of directors under By-law 67 does not affect the unexpired term of a director in office.
- (3) In the election of directors at the Co-operative Corporation's 1st annual general meeting, all directors must be elected for a term ending at the 2nd annual general meeting.
- (4) In the election of directors held at the 2nd annual general meeting, and each subsequent annual general meeting, the length of term of office for each vacant position will be determined in advance by the outgoing directors.
- (5) Directors shall normally serve for two year terms unless elected to a shorter term set by the directors.

Effect of vacancy on ability of directors to act

77. (1) Despite any vacancy on the board, the continuing directors,
 - a. if and so long as the number of continuing directors constitutes a majority of the total number of directors authorized by the Corporation under By-law 67 (1)(a), may continue to function without filling the vacancy or may appoint a qualified member to fill the vacancy, or
 - b. if the number of continuing directors does not constitute a majority of the total number of directors authorized by the Corporation under By-law 67 (1) (a), may act only to: (i) appoint directors for the purpose of increasing the number of directors to a majority of the total number of directors authorized by the Corporation under By-law 67 (1) (a); or (ii) call a general meeting; and for no other purposes;
 - c. if the members fail to elect the minimum number of directors required by these By-laws, must appoint qualified members to adequately fill the vacancies.
- (2) Except in the circumstances described, and to the extent authorized in subrule (1) (b), the directors are not entitled to fill a vacancy on the board that is caused by an increase in the number of directors under Rule 67.
- (3) In the case of a departing director, the term of office of an appointed director is the unexpired portion of the departed director's term.
- (4) The term of office of a director appointed under subrule (1) is at the discretion of the continuing directors to ensure staggered terms of office.
- (5) If, as the result of a vacancy, there are no directors of the Corporation, the members may, by ordinary resolution or by an instrument in writing signed by a simple majority of members, appoint a qualified individual as director solely for the purpose of calling a special general meeting to fill the vacancies on the board.

Directors eligible for election or appointment again

78. A person whose term as director is ending is eligible for re-election or reappointment for a maximum of six consecutive years, after which they may not be re-elected or reappointed for one year following the end of their last term.

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Director ceasing to hold office

79. A director ceases to hold office in accordance with the Act and these By-laws.

Removal of director

80. The Corporation may by special resolution remove any director before the expiration of their term of office, and may by an ordinary resolution fill the vacancy created by the removal.

Part 16 — Meetings of Directors

Meetings of directors

81. Subject to the Act and these By-laws, the directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they consider appropriate. The board must meet at least twice per year.

Time and place of meetings

82. Meetings of the board must be held at the time and place in **[insert your co-op region name here]** that the board determines is appropriate, and if the board does not determine the time and place, the president of the Corporation or any two directors may make that determination.

Who may call meetings

83. A director may, and the secretary of the Corporation on request of a director must, call a meeting of the directors at any time.

Notice of meeting

84. (1) Subject to By-laws 85, 86, 87, 88 and 89, at least 7 days' notice of a meeting of the directors, specifying the place, date and hour of the meeting, must be given to each director and is sufficiently given if provided

- a. by personal delivery,
- b. by mail addressed to the director's address as it appears in the register of directors,
- c. by leaving it at the director's usual business or residential address,
- d. by email, or any other method of transmitting legibly recorded messages, or
- e. by telephone to the director's telephone number as provided by the director.

(2) A notice of a meeting of directors must specify the purpose of, or the business to be transacted at, the meeting if the meeting is called to deal with an emergency or any of the following matters:

- a. a question or matter requiring approval of the members;
- b. filling a vacancy on the board;
- c. filling a vacancy in the office of auditor;
- d. issuing shares;
- e. declaring patronage returns or dividends on shares;
- f. redeeming shares issued by the Corporation;
- g. approving a financial statement of the Corporation;
- h. making decisions that by the Act or these By-laws are required to be made by a vote of greater than a majority of the directors.

(3) A notice mailed under rule (1) (b) is deemed received on the second day, not including Saturday and holidays, after the date of mailing.

(4) A notice given in accordance with rule (1) (c) is deemed received when it is delivered.

(5) A notice given under rule (1) (d) is deemed received at the time the email or other electronic transmission is sent.

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(6) A notice given under subrule (1) (e) is deemed received at the time the information is provided by telephone.

Meeting of new board

85. If a quorum of directors is present, the directors newly elected at an annual general meeting and the directors whose terms of office do not expire at the end of that meeting, without notice, may hold a meeting of the board immediately after that general meeting.

Regular meetings

86. (1) The board may, by resolution, appoint a day or days in any month or months for regular board meetings at the places and times specified by the board.
(2) A copy of the resolution under subrule (1) must be sent to each director immediately after being passed, and no other notice is required for any regular board meeting, unless the Act or these By-laws require that the purpose of the meeting or the business to be transacted at it be specified in a notice.

Notice of emergency meeting

87. In an emergency, any one director of the Corporation may call a meeting of the directors by giving each director at least 48 hours written or oral notice of the meeting.

Notice of adjourned meeting

88. Notice of an adjourned meeting of directors is not required if the time and place of the adjourned meeting is announced at the original meeting.

Meeting valid despite failure to give notice

89. The accidental omission to give notice of any meeting to, or the non-receipt of any notice by, a director does not invalidate any proceedings at that meeting.

Quorum of the board

90. A quorum of the board is a majority of the directors and no business may take place without a quorum.

Chair

91. (1) The president of the Corporation or, in the absence of the president, the vice-president must chair all meetings of the board.
(2) If both the president and vice-president are absent from a meeting of the board, the directors present must appoint one of their number to chair the meeting.

Voting at meetings

92. Resolutions arising at any meeting of the directors are to be decided by a majority of votes by directors in attendance, unless the Act or these By-laws require otherwise and, in the case of an equality of votes, the chair does not have a second or casting vote.

Transaction of business without a meeting

93. A resolution of the directors may be passed without a meeting if a majority of the directors consent in writing to the resolution.

Effective date of written resolution

94. A resolution referred to in Rule 93 is effective from the date specified in the resolution, but that date must not be before the day on which the majority of directors consented in writing to the resolution.

BY-LAWS OF THE CO-OP

How written consent may be given

95. For the purposes of a resolution referred to in Rule 93, written consent may be provided by email or any other method of transmitting legibly recorded messages.

Meetings by audio or video conference

96. A director may participate in a meeting of the directors or of any committee of the directors by means of telephone or other communications medium in accordance with the Act.

Part 17 — Committees of Directors

Appointment of committees

97. (1) The board may, by resolution, appoint one or more committees consisting of the director or directors that the board consider appropriate to exercise the powers delegated by the board to them as authorized by the Act, and any additional persons the board deems appropriate.

- (2) Any committee so formed, in the exercise of the powers delegated to it, must
- conform to any terms of reference that may from time to time be imposed on it by the directors, and
 - report every act or thing done in the exercise of those powers to the earliest meeting of the directors held next after the act or thing has been done.

Variation of terms of reference

98. The board may vary, add to or limit the terms of reference of any committee of directors.

Time and place of committee meetings

99. The members of a committee of directors may meet and adjourn as they consider appropriate.

Quorum

100. A quorum of a committee is a majority of the committee members, and no business may take place without a quorum.

Chair

101. If at any meeting the chair is not present within 15 minutes after the time appointed for holding the meeting, those present who are members of the committee may, by resolution, choose one of their number to chair the meeting.

Voting at committee meetings

102. Unless otherwise required by these By-laws or the Act, all committee meetings shall attempt to reach consensus on the issues and motions that come before them.

Part 18 — Officers

Appointment of president and vice-president

103. The board must appoint, by resolution, a president and a vice-president of the Corporation from among the directors.

BY-LAWS OF THE CO-OP

Appointment of other officers

104. (1) The board may appoint, by resolution, a secretary, a treasurer and other officers that the board determines are necessary.
(2) The officers appointed under subrule (1) may be, but need not be, directors.

One person may hold more than one office

105. Two or more offices of the Corporation may be held by the same individual.

Powers and duties of officers

106. Subject to the Act, the board may specify the powers, duties and responsibilities of the officers appointed, and may vary, add to, or limit the powers, duties, and responsibilities of any officer.

Term of office and remuneration

107. (1) The board must determine the term of office and the remuneration of any officer it appoints.
(2) The board, in its discretion, may remove any officer of the Corporation without prejudice to that officer's rights under any employment contract.

Part 19 — Conflict of Interest By-laws for Directors and Officers

Act applies

108. The directors and officers of the Corporation are governed by the disclosure and conflict of interest by-laws set out in the Act.

Part 20 — Indemnification of Directors and Officers

Act applies

109. The Corporation must indemnify the directors and officers in accordance with the Act.

Insurance

110. The Corporation will purchase and maintain insurance for the benefit of an eligible party, as defined in the Act, or the heirs and personal or other legal representatives of the eligible party against any liability that may be incurred by reason of the eligible party being or having been a director or officer of, or holding or having held a position equivalent to that of a director or officer of, the Corporation or an associated corporation.

Part 21 — Finances

Borrowing powers

111. The directors may, for the purposes of the Corporation, on behalf of the Corporation,
- borrow or raise money in the manner and amount, from the sources, on terms and conditions, and
 - issue notes, bonds, debentures and other debt securities as the directors consider appropriate.

BY-LAWS OF THE CO-OP

Investment powers

112. Subject to any limitations adopted by the directors, and the Act, the directors may invest the funds of the Corporation in the manner they consider appropriate.

Auditor

113. (1) Subject to and in accordance with the Act, the directors must appoint the first auditor and the Corporation must appoint subsequent auditors, if any.

(2) The duties and rights of the auditor are governed by the Act.

Financial year

114. The financial year of the Corporation ends on June 30th of each year.

Use of surplus funds

115. The directors must apply surplus funds arising from the operation of the Corporation in a financial year as follows:

- a. first, to the reserves required by Rule 116;
- b. next, to retire all or a portion of any deficit previously incurred by the Corporation, as the directors determine is appropriate; and
- c. last, to dividends or patronage returns as recommended by the directors and required by these By-laws.

Reserves

116. (1) The Corporation must hold back funds equivalent to 10% of the consideration paid for membership shares, as a reserve to be used for member redemptions under Part 9 of these By-laws.

(2) Subject to the Act, the directors must set aside as reserves for meeting contingencies an amount they, in their discretion, may determine.

Application of reserves

117. Subject to the Act and these By-laws, reserves must be available to meet contingencies and until required for that purpose may be employed in any manner the directors consider appropriate.

Patronage returns

118. Subject to and in accordance with the Act and the By-laws in this Part, the Corporation may allocate among and credit or pay to the members patronage returns.

When payment of dividend or patronage return prohibited

119. The Corporation must not pay any dividend or patronage return if there are reasonable grounds for believing that

- a. the Corporation is unable to pay its liabilities as they become due in the ordinary course of business, or
- b. paying the dividend or patronage return would
 - (i) render the Corporation unable to pay its liabilities as they become due in the ordinary course of business, or
 - (ii) cause the realizable value of the Corporation's assets to be less than its liabilities.

Directors must recommend dividend or patronage return

120. The directors must report to each annual general meeting the state of the Corporation's financial affairs and the amounts, if any, which they resolve to be paid by way of dividend on the membership shares or by way of patronage return.

BY-LAWS OF THE CO-OP

Corporation to declare dividend or patronage return

121. Subject to By-laws 119 and 120, the Corporation may declare dividends and patronage returns in accordance with the Act, but a dividend on the membership shares or a patronage return must not be paid except out of surplus funds and must not exceed the amount recommended by the directors.

Payment of dividends

122. Subject to the Act, the holders of the membership shares shall, in the absolute discretion of the directors, be entitled to receive and the Corporation shall pay out monies of the Corporation properly applicable to the payment of dividends, those dividends as may be declared from time to time in respect of the membership shares.

Corporation may apply dividends or patronage returns

123. The Corporation may apply any dividend or patronage return credited to a member to the unpaid amount on any debt or liability to the Corporation held by that member, but the amount so applied must not exceed the amount unpaid.

Winding up, Dissolution and Restoration

124. (1) The Corporation will be wound up, dissolved or restored in accordance with Part 14 of the Act.
- (2) Upon winding up or dissolution, any remaining principal monies from endowment grants to the Corporation, subject to any agreements with providers of such endowment grants, must be paid equally to Community Foundations across *[insert your co-op region name here]* to be used for community development.

Part 22 — Dispute Resolution

Disputes to be referred to arbitration committee of members

125. A dispute that under the Act may be submitted for arbitration must be referred to an arbitration committee of 3 members of the Corporation in accordance with this Part.

Commencement of arbitration proceedings

126. (1) An arbitration referred to in Rule 125 must be commenced in accordance with the Act.
- (2) If notice is provided to a director under subrule (1), that director must promptly provide the Corporation with a copy of the notice.

Appointment of committee members

127. Within 14 days of receipt of a notice referred to in Rule 126, the president of the Corporation and the other party must each appoint one member of the Corporation as a member of the arbitration committee, and the third member must be appointed by the 2 other appointed members.

Failure to appoint committee

128. If for any reason an arbitration committee has not been appointed within 6 weeks after the first member is appointed to the committee, on application by a party, the Supreme Court of Ontario may appoint the members of the arbitration committee not appointed under By-law 127.

Consolidation of disputes

129. Disputes that have arisen between the Corporation or a director and different parties may be heard in one arbitration if
- the disputes are similar, and
 - all parties agree on the appointment of the arbitration committee and the steps to be taken to consolidate the disputes into the one arbitration.

Procedure

130. (1) Subject to these By-laws, the arbitration committee may conduct a hearing in the manner it considers appropriate, but each party must be treated fairly and must be given full opportunity to present its case.
- (2) Each party to the dispute must submit to the arbitration committee a written statement describing the nature of the dispute and a summary of the evidence the party intends to present at the hearing.
- (3) The arbitration committee must hold a hearing as soon as possible at a location that is convenient to both parties.
- (4) The Corporation committee may determine whether the hearing is open to all members of the Association.
- (5) Each party to the dispute must attend the oral hearing, if any, and may be represented by another person including a lawyer.
- (6) If both parties agree, the hearing may consist of an exchange of written statements or any other procedure.

Examination and evidence

131. (1) A party to the dispute is a compellable witness at an oral hearing.
- (2) Witnesses at an oral hearing must
- respond fully to questions asked by members of the arbitration committee, and
 - produce all relevant records that the arbitration committee may require.
- (3) Each party may present or rebut evidence and may examine or cross-examine witnesses at an oral hearing.
- (4) The arbitration committee is not bound by the rules of evidence and may admit as evidence any oral testimony or any record that the arbitration committee considers is credible or trustworthy and relevant to an issue in dispute between the parties.

Decision must be in writing and signed by committee members

132. (1) The arbitration committee may make whatever decision it considers just having regard to the Act, the regulation, the articles of incorporation, these By-laws and the evidence presented by the parties.
- (2) The decision must be in writing and signed by each member of the arbitration committee.
- (3) Within 4 weeks of the date of the decision, the arbitration committee may vary a decision to correct a clerical or typographical error or omission, or a similar type of error or omission.

Costs of arbitration

133. Parties to an arbitration must bear their own costs.

Part 23 — Notices

Notice to directors, members, and other persons

134. Unless otherwise specified in the Act or these By-laws, any notice required to be given to a director, member, or any other person must be in writing and is sufficiently given if it is
- delivered personally,
 - delivered to the person's last known address, as recorded in the Corporation's register of members or other record of the Corporation,
 - mailed by prepaid mail to the person's last known address, as recorded in the Corporation's register of members or other record of the Corporation,
 - sent to the person by text transmission to a telephone number provided for that purpose,
 - sent by email to an email address provided for that purpose, or
 - served in accordance with By-law 141 or 142.

Notice to Corporation

135. Unless otherwise specified in the Act or these By-laws, any notice required to be given to the Corporation must be in writing and is sufficiently given if it is
- delivered to the registered office of the Corporation,
 - mailed to the registered office of the Corporation by prepaid mail,
 - sent by text transmission to a telephone number provided for that purpose,
 - sent by email to an email address provided for that purpose, or
 - served in accordance with the Act.

Deemed receipt

136. (1) A notice given in accordance with By-laws 134 (a) or (b) or 135(a) is deemed received when it is delivered.
- (2) A notice given in accordance with By-laws 134(c) or 135 (b) is deemed received on the second day, not including Saturday and holidays, after the date of mailing.
- (3) A notice given in accordance with By-laws 134(d) or (e) or 135(c) or (d) is deemed to be received at the time the notice is sent by text or email.

Computation of time

137. In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the date of giving notice must be excluded and the date of the meeting or other event must be included.

Undelivered notices

138. (1) If a mailed notice is returned on two consecutive occasions because the intended recipient cannot be found, the Corporation is not required to give any further notices to that intended recipient until the intended recipient informs the Corporation in writing of their new address.
- (2) If an emailed notice has bounced back on two consecutive occasions, the Corporation will give notice to the recipient by mail.

Omissions, non-receipt and errors

139. The accidental omission to give a notice to, or the non-receipt of a notice by, a member, director, officer, auditor or member of a committee of the board, or an error in a notice that does not affect the substance of it, does not invalidate any action taken at a meeting held in accordance with, or otherwise founded on, that notice.

BY-LAWS OF THE CO-OP

Persons entitled by death or operation of law bound by notice in certain circumstances

140. A person who, by operation of law, transfer, death of a member, or any other means, becomes entitled to a share in the Corporation, is bound by every notice in respect of the share that has been duly given to the member from whom that person derives title to the share before the person's name and address were entered on the register of members and before the person furnished the Corporation with the proof of authority or evidence of the person's entitlement.

Part 24 — Service of Documents

Service by the Corporation

141. (1) A notice or other document required by the Act to be served by the Corporation may be served by
- mailing it by registered mail to the last known address of the intended recipient, as recorded in the Corporation's register of members or other record of the Corporation, or
 - personal service.
- (2) A notice or other document served under subsection (1) (a) is deemed received on the second day, not including Saturday and holidays, after the date of mailing.

Service on the Corporation

142. Service on the Corporation must be in accordance with the Act.

Part 25 — Corporate Seal and Execution of Instruments

No corporate seal

143. The Corporation will not have a corporate seal.

Execution of documents

144. Subject to these By-laws, instruments may be executed on behalf of the Corporation as set out in any resolution of the directors, or failing the existence of such resolution, by the following persons:
- any 2 directors,
 - an officer and a director, or
 - one or more directors, officers or other persons as determined by resolution of the directors.

Part 26 — Records

Records of the Corporation

145. Retention of, and entitlement and access to, records of the Corporation are governed by the Act.

Part 27 — Alteration of Articles or By-laws

Alteration of Articles or By-laws

146. Amendments to the Articles of Incorporation and By-laws of the Corporation must be in accordance with the Act and these By-laws.

Subscription to the By-laws

We, the persons whose names are listed below, subscribe to the By-laws of the ***[Insert your co-op name here]***.

.....
Signature of subscriber

.....
Signature of witness

.....
Name of subscriber (*print*)

.....
Name of witness (*print*)

Date.....
[year, month, day]

.....
Residential address of witness

.....
Signature of subscriber

.....
Signature of witness

.....
Name of subscriber (*print*)

.....
Name of witness (*print*)

Date.....
[year, month, day]

.....
Residential address of witness

.....
Signature of subscriber

.....
Signature of witness

.....
Name of subscriber (*print*)

.....
Name of witness (*print*)

Date.....
[year, month, day]

.....
Residential address of witness

INDIVIDUAL APPLICATION FOR MEMBERSHIP

About The Co-op

The Community Investment Co-op (the Investment Co-op) is an organization made of community-minded members who have diversified a portion of their investment portfolios into local businesses and projects. Membership in the Investment Co-op is open and voluntary, member-owned, locally controlled and governed by a volunteer Board of Directors. The Investment Co-op works to create a more vibrant regional economy by investing for impact in local businesses and projects. We finance businesses located within **[insert your co-op region here]**.

How It Works

Pooling Our Capital

Members of the Investment Co-op pool their money together to directly support businesses in their communities that are making an impact.

Financing Local Businesses

Businesses within the **[insert your co-op region here]** can apply for financing that works for their unique needs. Approved applicants receive business development guidance, collaborative financing and ongoing support.

Partnering for Success

The Investment Co-op leverages its members' investments with traditional financial institutions to provide local businesses with the capital they need to grow.

Creating Community Impact

The Investment Co-op directs capital into local businesses that provide economic, social, environmental and community impacts. We believe in doing good while making a profit.

Membership In The Co-op

To become a member of the Investment Co-op, a person must submit the membership application form below and purchase one membership share for **[insert share price here]**. Members must be Canadian residents or Canadian-controlled corporations, governments or First Nations. Members are:

- encouraged, but not required, to purchase additional membership shares to contribute to investments into local businesses.
- willing to share in the risks and rewards of the local investment portfolio. If profits are realized, surplus funds are paid out as dividends on membership shares. There is no guarantee on investments.
- invited to all general meetings of the Corporation.
- entitled to one vote in the governance of the Investment Co-op, no matter how many membership shares they own.

- encouraged to contribute their expertise by sitting on the Board, various committees or by mentoring a business which has received a loan from the Investment Co-op.

Further Details

- Due-diligence on all investments are completed in partnership by local Investment Committees and a Community Futures Development Corporations Loans Analyst.
- Relevant documents, including the Investment Co-op's Articles of Incorporation and By-laws, are available for viewing at the Co-op's registered office or digitally upon request.
- Oversight of the management and business of the Investment Co-op is the responsibility of the Board of Directors, democratically elected by the membership at each AGM.
- Membership shares in the Investment Co-op may be redeemed in accordance with the Co-op's By-laws and subject to the restrictions set out in the ON Co-operative Corporation.

Member Information

First Name		Last Name	
Address			
Address Line 2			
City		Province	
Postal Code		Email	
Home Phone		Cell Phone	
How did you hear about us?			

*I declare that I am 18 years of age or older, am a Canadian resident, and I do not currently hold Membership Shares of the **[insert your Investment Co-op's legal name here]**. I declare that I am a resident of Ontario, or that I am an Accredited Investor that resides in another Canadian jurisdiction. I agree to purchase one membership share for **[insert share price here]**. I agree to join the Investment Co-op's member email list.*

Authorized Signature: _____ Date (yyyy/mm/dd): _____

Along with this application, please include a cheque or money order in the amount of **[insert share price here]** made payable to "**[insert your Investment Co-op's legal name here]**". Payments can be mailed to: **[insert the Investment Co-op's mailing address here]**.

CORPORATE APPLICATION FOR MEMBERSHIP

About The Co-op

The Community Investment Co-op (the Investment Co-op) is an organization made of community-minded members who have diversified a portion of their investment portfolios into local businesses and projects. Membership in the Investment Co-op is open and voluntary, member-owned, locally controlled and governed by a volunteer Board of Directors. The Investment Co-op works to create a more vibrant regional economy by investing for impact in local businesses and projects. We finance businesses located within **[insert your co-op region here]**.

How It Works

Pooling Our Capital

Members of the Investment Co-op pool their money together to directly support businesses in their communities that are making an impact.

Financing Local Businesses

Businesses within the **[insert your co-op region here]** can apply for financing that works for their unique needs. Approved applicants receive business development guidance, collaborative financing and ongoing support.

Partnering for Success

The Investment Co-op leverages its members' investments with traditional financial institutions to provide local businesses with the capital they need to grow.

Creating Community Impact

The Investment Co-op directs capital into local businesses that provide economic, social, environmental and community impacts. We believe in doing good while making a profit.

Membership In The Co-op

To become a member of the Investment Co-op, a person must submit the membership application form below and purchase one membership share for **[insert share price here]**. Members must be Canadian residents or Canadian-controlled corporations, governments or First Nations. Members are:

- encouraged, but not required, to purchase additional membership shares to contribute to investments into local businesses.
- willing to share in the risks and rewards of the local investment portfolio. If profits are realized, surplus funds are paid out as dividends on membership shares. There is no guarantee on investments.
- invited to all general meetings of the Corporation.
- entitled to one vote in the governance of the Investment Co-op, no matter how many membership shares they own.

- encouraged to contribute their expertise by sitting on the Board, various committees or by mentoring a business which has received a loan from the Investment Co-op.

Further Details

- Due-diligence on all investments are completed in partnership by local Investment Committees and a Community Futures Development Corporations Loans Analyst.
- Relevant documents, including the Investment Co-op's Articles of Incorporation and By-laws, are available for viewing at the Co-op's registered office or digitally upon request.
- Oversight of the management and business of the Investment Co-op is the responsibility of the Board of Directors, democratically elected by the membership at each AGM.
- Membership shares in the Investment Co-op may be redeemed in accordance with the Co-op's By-laws and subject to the restrictions set out in the ON Co-operative Corporation.

Member Information

Legal Name			
Registered Address			
Address Line 2			
City		Province	
Postal Code		Office Email	
Office Phone			
How did you hear about us?			

*The applicant is a Canadian controlled corporation and does not currently hold Membership Shares of the **[insert your Investment Co-op's legal name here]**. The applicant is incorporated under British Columbia laws, or if the applicant is incorporated in another Canadian jurisdiction, is an Accredited Investor. The applicant agrees to purchase one membership share for **[insert share price here]**. The applicant agrees to join the Investment Co-op's email list.*

Authorized Signature: _____ Date (yyyy/mm/dd): _____

Along with this application, please include a cheque or money order in the amount of **[insert share price here]** made payable to "**[insert your Investment Co-op's legal name here]**". Payments can be mailed to: **[insert the Investment Co-op's mailing address here]**.

Delegate Appointment Form

Corporate members must appoint at least one individual as the Primary Delegate to attend General Meetings of the Corporation or to serve on the Board of Directors. Members may appoint an Alternate Delegate to act in the absence of the Primary Delegate. If the Primary Delegate or Alternate Delegate changes, this form can be submitted to the acting Directors of the ***[insert the Co-op's legal name here]*** at any time for approval and updates.

Primary Delegate			
Position at Company			
Personal Address			
Address Line 2			
City		Province	
Postal Code		Email	
Office Phone		Cell Phone	

Alternate Delegate			
Position at Company			
Personal Address			
Address Line 2			
City		Province	
Postal Code		Email	
Office Phone		Cell Phone	

We hereby appoint as our Delegate(s) the person(s) named above, to represent our corporation at meetings of the Investment Co-op. We understand that we can change our Delegate appointments at any time by submitting this form to the Investment Co-op with updated information, and prior to the commencement of the meeting, which the Delegate(s) are to attend.

Authorized Signature: _____ Date (yyyy/mm/dd): _____

[INSERT CO-OP'S LEGAL NAME HERE]

SUBSCRIPTION AGREEMENT REFERENCE SHEET

The following is intended to provide a quick reference guide to the contents of the Subscription Agreement. **It is not legal advice and cannot amend the legal effect of the terms of the Subscription Agreement.** If any subscriber is uncertain about the meaning of the Subscription Agreement, they should seek their own independent legal advice.

GENERAL STATEMENTS

1. The Subscription Agreement sets out the terms and conditions upon which the members will buy membership shares.
2. Any time a co-op in ON issues shares, it is subject to ON securities laws. These impose certain requirements, and in particular require that, unless an exemption applies, the co-op must provide the share purchaser with an Offering Statement.
3. This Subscription Agreement is drafted to meet the requirements of one exemption – the one applicable to sales of co-op shares. Other exemptions are available, and may be used by the co-op as appropriate.

SUBSCRIPTION AGREEMENT – COVER PAGE

This page contains the important information about each purchaser: their identity, number of shares purchased, and address. The subscriber signs on the form so it is easy to see which agreement applies to which purchaser, without looking for a signature page on the back.

SUBSCRIPTION AGREEMENT – SUMMARY OF CLAUSES

1. The Subscriber is offering to purchase the number and type of shares set out in the first page. The Co-op can accept or reject the offer.
2. The Subscriber understands that additional shares will be issued to other buyers.
3. These are the things the Subscriber agrees to deliver.
4. The Co-op is promising the Subscriber that it exists and can perform its obligations under the Subscription Agreement (to issue the shares).
5. The Subscriber is acknowledging certain key facts about the shares – basically, that they are a risky investment, they cannot be traded, and that the purchase requires collection of personal information which may be disclosed.
6. These are various assurances made by the Subscriber to the Co-op. Every Subscriber should review this section carefully as they are providing a legal assurance that these statements are correct.

7. The promises in the Subscription Agreement are still effective for two years after the shares are issued.
8. The Subscriber is agreeing that they are not subject to US securities law and that they understand the shares can't be sold in the US.
9. The Subscriber is agreeing that the Co-op can retain, use and disclose their personal information as set out in this section. Privacy legislation requires that any collection, use or disclosure of personal information must be done with consent, which can be express or implicit. This section makes the consent express.
10. Neither party has to go through with the transaction if the other party hasn't complied with its obligations.
11. If either party has breached this agreement and caused harm to the other as a result, the party in breach must compensate the other for that harm.
12. The law of ON applies and only ON courts or tribunals can be used to settle disputes arising from the Subscription Agreement (i.e. no courts in other provinces).
13. There are no other agreements affecting this share purchase; this is it.
14. The agreement is still binding (i.e. can be sued upon) even after the Subscriber no longer owns the shares.
15. The Subscriber cannot sign this agreement, then transfer it to another person (i.e. cannot transfer the right to buy the shares).
16. It's OK for the Subscriber to send a scanned copy of the Subscription Agreement.

SUBSCRIPTION AGREEMENT
[INSERT CO-OP'S LEGAL NAME HERE]

NOTICE TO PROSPECTIVE SUBSCRIBERS

[INSERT CO-OP'S LEGAL NAME HERE] IS NOT A REPORTING ISSUER UNDER CANADIAN SECURITIES LAW. THE SHARES YOU ARE BUYING WILL BE SUBJECT TO RESTRICTIONS ON RESALE FOR AN UNLIMITED PERIOD. THERE IS NO RESALE MARKET FOR THESE SHARES.

THIS AGREEMENT is made on this ____ day of _____, 20____,

BETWEEN:

[INSERT CO-OP'S LEGAL NAME HERE] (the "**Corporation**")

- and -

_____ (the "**Subscriber**")

SUBSCRIBER INFORMATION:

Name of Subscriber	Contact Name of Subscriber <i>(if an entity)</i>
Physical Address of Subscriber	Mailing Address of Subscriber <i>(if different from physical address)</i>
Primary Telephone of Subscriber	Email Address of Subscriber

SUBSCRIBER EXEMPTION:

In connection with the purchase by the Subscriber of securities of [INSERT CO-OP'S LEGAL NAME HERE] Co-op (the "**Corporation**"), the undersigned hereby represents and warrants to the Corporation that:

1. the Subscriber is currently a member of the Corporation.
2. the Subscriber is (***please select only one***):
 - ☐ resident in Ontario,
 - ☐ resident in the Province or Territory of _____, or
 - ☐ not a resident of Canada.

EXISTING SHARES:

Membership shares (the “**Shares**”) of the Corporation presently held by the Subscriber:

Type of Security	Total Acquisition Cost of Existing Shares
Membership Shares	\$ _____

NEW SHARE PURCHASE:

Subject to the terms of this subscription agreement and the schedule hereto (together, the “**Agreement**” or “**Subscription Agreement**”), the Subscriber hereby agrees to purchase from the Corporation the following Shares at the following price for a total subscription price “**Subscription Price**” as noted below:

Type of Security	Price Per Share	Number of New Shares Subscribed	Total Subscription Price
Membership Share	\$ _____	[number] _____	\$ _____

The Subscriber and the Corporation agree to the following terms:

1. **Subscription and Acceptance or Rejection By Corporation.** The Subscriber hereby offers to purchase the number of Shares set out on page 2 hereof at the Subscription Price. Upon acceptance by the Corporation, this offer will constitute a binding agreement of the Subscriber with the Corporation to purchase from the Corporation and, on the part of the Corporation, to sell to the Subscriber, the number of Shares set out on page 2 hereof, all on the terms and conditions in this Subscription Agreement. The Subscriber acknowledges that the Corporation reserves the right to accept or reject the Subscriber’s subscription in whole or in part. If the subscription is rejected in whole, any forms of payment delivered to the Corporation will be promptly returned to the Subscriber without interest or deduction. If the subscription is accepted only in part, a cheque representing any refund of the Subscription Price for that portion of the subscription which is not accepted, will be promptly delivered to the Subscriber without interest or deduction.
2. **Offering.** The Subscriber acknowledges that the Shares will be issued in connection with the ongoing offering of Shares from time to time.
3. **Documentation and Payment.** The Subscriber agrees to deliver the following to the Corporation as soon as possible:
 - a) a completed and signed copy of this Subscription Agreement;
 - b) if an Accredited Investor, a Risk Acknowledgement Form in the form of Schedule A, and
 - c) unless alternative arrangements acceptable to the Corporation are made, a certified cheque, bank draft or electronic funds transfer made payable to *[INSERT CO-OP’S LEGAL NAME HERE]* in the amount of the Subscription Price.

4. Exemption from Prospectus Requirements. At the time of issuance of the Shares, the Subscriber will be a member of the Corporation and has properly completed the Subscriber Exemption section on page 1 and 2 hereof.

5. Representations and Warranties of the Corporation. By accepting this offer, the Corporation represents and warrants to the Subscriber as follows:

- (a) the Corporation has been incorporated under the *Co-operative Corporation Act (Ontario)* and has the power and capacity to enter into and carry out its obligations under this Subscription Agreement;
- (b) the Corporation has taken, or prior to the completion of the issue and sale by the Corporation and the purchase by the Subscriber of the Shares pursuant to this Subscription Agreement (the “**Closing**”) will take, all necessary corporate action to authorize the execution, delivery and performance of this Subscription Agreement, including the issuance of the Shares, and upon execution of this Subscription Agreement on behalf of the Corporation, this Subscription Agreement shall constitute a legal, valid and binding obligation of the Corporation; and
- (c) the Shares, when issued and delivered to the Subscriber, will be validly issued as fully paid shares in the capital of the Corporation.

6. Acknowledgements and Agreements of the Subscriber. The Subscriber acknowledges and/or agrees as follows:

- (a) the sale and delivery of the Shares to the Subscriber is conditional upon such sale and delivery being exempt from the prospectus requirements under applicable securities legislation, and as a consequence of acquiring the Shares pursuant to such prospectus exemptions: (i) certain protections, rights and remedies provided by applicable securities legislation, including statutory rights of rescission or damages, will not be available to the Subscriber; (ii) the Subscriber may not receive information that might otherwise be required to be provided under such legislation; and (iii) the Corporation is relieved from certain obligations that would otherwise apply under such legislation;
- (b) no securities commission, agency, governmental authority, or other regulatory body has reviewed or passed on the merits of the Shares;
- (c) there are risks associated with the purchase of the Shares and the Subscriber is solely responsible for obtaining such legal advice and tax advice as the Subscriber considers appropriate in connection with this Subscription Agreement and the transactions contemplated hereunder;
- (d) in accepting this Subscription Agreement, the Corporation is relying upon the representations and warranties and acknowledgements of the Subscriber herein and the Subscriber hereby agrees to notify the Corporation immediately of any change in any representation, warranty, covenant or other information relating to the Subscriber contained in this Subscription Agreement which takes place prior to Closing;
- (e) the Shares are subject to the terms, conditions and provisions of this Subscription Agreement and the Articles of Incorporation and By-laws of the Corporation, and copies of such documents, once executed, will be made available to the Subscriber upon request;

- (f) the Corporation is not a reporting issuer and does not plan to become a reporting issuer at any time;
- (g) the Shares will be subject to resale restrictions under applicable securities legislation, and if the Corporation does not become a reporting issuer the Shares will be subject to restrictions on resale for an unlimited period, and the Subscriber covenants that it will comply with all such restrictions and requirements;
- (h) the Subscriber has not received or been provided with a prospectus, a registration statement, an offering memorandum, any document purporting to describe the business and affairs of the Corporation and prepared for review by prospective Subscribers to assist in making an investment in the Shares; and
- (i) this Subscription Agreement requires the Subscriber to provide certain personal information to the Corporation and such information is being collected by the Corporation for the purposes of completing the sale of the Shares (the "Offering"), which includes, without limitation, determining the Subscriber's eligibility to purchase the Subscriber's Shares under applicable securities legislation and preparing and registering certificates representing the Shares. The Subscriber's personal information may be disclosed by the Corporation to: (a) securities regulatory authorities, (b) any of the other parties involved in the Offering, including legal counsel, and may be included in record books in connection with the Offering.

7. Representations and Warranties of Subscriber. The Subscriber hereby represents and warrants to the Corporation (which representations and warranties shall be true on and shall survive the Closing) that:

- (a) the Subscriber is a resident of, or has its registered office at, the address set out on page 1 of this Subscription Agreement and such address is not being used solely for the purpose of acquiring the Shares;
- (b) this Subscription Agreement has been duly executed and delivered by, and constitutes a binding agreement of, the Subscriber;
- (c) the information relating to the Subscriber contained in this Subscription Agreement is true, accurate and complete;
- (d) if the Subscriber is:
 - (i) an individual, that the Subscriber is at least 19 years of age and is legally competent to execute, deliver and be bound by this Subscription Agreement; or
 - (ii) a corporation, it is duly incorporated and subsisting under the laws of Canada, and has the requisite corporate power and authority and has taken all necessary corporate actions to execute, deliver and be bound by this Subscription Agreement.
- (e) the Subscriber is purchasing the Shares as principal (as defined in applicable securities legislation), and not for the benefit of any other person;
- (f) the Subscriber has the knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of the investment hereunder and is able to bear

the economic risk of loss of that investment and is capable of making an informed investment decision;

- (g) except as set out in the By-laws of the Corporation or as provided herein, no person has made to the Subscriber any written or oral representation:
 - (i) that any person will resell or repurchase any of the Shares;
 - (ii) that any person will refund the purchase price of any of the Shares; or
 - (iii) as to the future price or value of any of the Shares;
- (h) if the Subscriber is a resident of or otherwise subject to the securities legislation of a jurisdiction other than Canada, the purchase of the Shares does not contravene the applicable securities legislation in the jurisdiction in which the Subscriber is resident and does not trigger (i) any obligation on the part of the Corporation to prepare and file a prospectus, registration statement or similar document, or any other report with respect to such purchase, or (ii) any registration or other obligation on the part of the Corporation;
- (i) none of the funds being used to purchase the Shares are, to the Subscriber's knowledge, proceeds obtained or derived directly or indirectly as a result of illegal activities. The funds being used to purchase the Shares which will be advanced by the Subscriber to the Corporation hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the "PCMLTFA") and the Subscriber acknowledges that the Corporation may in the future be required by law to disclose the Subscriber's name and other information relating to this Subscription Agreement and the Subscriber's subscription hereunder, on a confidential basis, pursuant to the PCMLTFA.

The foregoing representations and warranties are made by the Subscriber with the intention that they may be relied upon by the Corporation and its legal counsel in determining the Subscriber's eligibility to purchase the Shares under applicable laws. By accepting delivery of the Shares on the date of Closing (the "**Closing Date**"), the Subscriber shall be representing and warranting that those representations and warranties are true as at the Closing Date.

8. Survival of Representations and Warranties. All representations, warranties and covenants contained in this Subscription Agreement, in any document delivered by any of the parties pursuant to this Subscription Agreement, or otherwise with respect to the transactions contemplated herein, shall survive the closing of the purchase of the Shares and, notwithstanding any investigation made by or on behalf of the Subscriber or the Corporation, respectively, shall continue in full force and effect through to the second anniversary of the Closing.

9. U.S. Law. The Subscriber:

- (a) is aware that the Shares have not been and will not be registered under the U.S. Securities Act of 1933 (the "U.S. Securities Act") or the securities laws of any state and that these securities may not be offered or sold in the United States without registration under the U.S. Securities Act or compliance with requirements of an exemption from registration and the applicable laws of all applicable States and acknowledges that the Corporation

has no obligation to or present intention of filing a registration statement under the U.S. Securities Act in respect of the Shares;

- (b) is not a U.S. Person (as defined in Regulation S under the U.S. Securities Act, which definition includes, but is not limited to, an individual resident in the United States, an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. Person and any partnership or corporation organized or incorporated under the laws of the United States) and is not purchasing the Shares on behalf of, or for the account or benefit of, a person in the United States or a U.S. Person; and
- (c) undertakes and agrees that the Subscriber will not offer or sell the Shares in the United States unless such securities are registered under the U.S. Securities Act and the securities laws of all applicable states of the United States or an exemption from such registration requirements is available.

10. Privacy Legislation. The Subscriber acknowledges that the Corporation is collecting the Subscriber's personal information for the purpose of completing the Subscriber's subscription. The Subscriber consents to the Corporation retaining the personal information for so long as permitted or required by applicable law. The Subscriber acknowledges that the Corporation may be required by securities laws to provide regulatory authorities any personal information provided by the Subscriber. The Subscriber agrees that the Corporation may use and disclose the Subscriber's personal information, as follows:

- (a) for internal use with respect to managing the relationships between and contractual obligations of the Corporation and the Subscriber;
- (b) for use and disclosure for income tax related purposes, including without limitation, where required by law, disclosure to Canada Revenue Agency;
- (c) disclosure to securities regulatory authorities and other regulatory bodies with jurisdiction with respect to reports of trades and similar regulatory filings;
- (d) disclosure to a governmental or other authority to which the disclosure is required by court order or subpoena compelling such disclosure and where there is no reasonable alternative to such disclosure;
- (e) disclosure to professional advisers of the Corporation and its agents in connection with the performance of their professional services;
- (f) disclosure to a court determining the rights of the parties under this Subscription Agreement; or
- (g) for use and disclosure as otherwise required or permitted by law.

11. Conditions of Closing. The Subscriber's obligation to complete the transactions contemplated herein is subject to fulfilment at or before the time of the Closing on the Closing Date (the "**Closing Time**") of the following conditions:

- (a) the representations and warranties of the Corporation contained in this Subscription Agreement shall be true and correct at the Closing Time;
- (b) the Corporation shall have performed and complied with all of its obligations hereunder to be performed at or prior to the Closing Time; and
- (c) all necessary corporate action will have been taken by the Corporation to authorize the execution and delivery of this Subscription Agreement and to consummate the transactions contemplated by this Subscription Agreement.

The foregoing conditions are for the exclusive benefit of the Subscriber, and any condition may be waived in whole or in part by the Subscriber without prejudice to the Subscriber's rights in respect of any other condition, any such waiver to be binding on the Subscriber only if it is in writing.

The Corporation's obligation to complete the transactions contemplated herein is subject to fulfilment at or before the Closing Time of the following conditions:

- (a) the representations and warranties of the Subscriber contained in this Subscription Agreement shall be true and correct at the Closing Time;
- (b) the Subscriber shall have performed and complied with all of the Subscriber's obligations hereunder to be performed at or prior to the Closing Time; and
- (c) all necessary corporate action, if any, will have been taken by the Subscriber to authorize the execution and delivery of this Subscription Agreement and to consummate the transactions contemplated by this Subscription Agreement.

The foregoing conditions are for the exclusive benefit of the Corporation, and any condition may be waived in whole or in part by the Corporation without prejudice to its rights in respect of any other condition, any such waiver to be binding on the Corporation only if it is in writing.

12. Indemnification. Each of the Subscriber and the Corporation agrees to indemnify the other party and their respective directors, officers, employees, agents, advisers and members against any and all loss and expense whatsoever (including, but not limited to, any and all fees, costs and expenses whatsoever reasonably incurred in investigating, preparing or defending against any claim, lawsuit, administrative proceeding or investigation whether commenced or threatened) arising out of any representation or warranty of the Subscriber or the Corporation, as applicable, contained herein being untrue in any material respect or any failure by the Subscriber or the Corporation, as applicable, to comply with any covenant or agreement made herein.

13. Governing Law. This Subscription Agreement is governed by the laws of Ontario. The Subscriber irrevocably attorns to the exclusive jurisdiction of the courts of Ontario.

14. Entire Agreement. This Subscription Agreement contains the entire agreement of the parties relating to the subject matter hereof and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein.

15. Survival. Subject to Section 9 above, this Subscription Agreement, including without limitation the representations, warranties and covenants herein, shall survive and continue in full force and effect following the Closing Date and be binding upon the parties notwithstanding the completion of the purchase of the Shares by the Subscriber and any subsequent disposition of the Shares by the Subscriber.

16. Assignment. This Agreement is personal to the Subscriber and may not be assigned.

17. Email, Electronic and Counterpart Subscriptions. The Corporation may rely on delivery by email or other electronic means of an executed copy of this Subscription Agreement, including the completed schedule, and acceptance by the Corporation of such email or electronic copy shall create a binding agreement between the Subscriber and the Corporation. This Subscription Agreement may be executed in counterparts.

SIGNATURE PAGE TO SUBSCRIPTION AGREEMENT

IN WITNESS WHEREOF the Subscriber and Corporation have duly executed this Agreement.

SUBSCRIBER:

Print Name of Subscriber

Subscriber Signature (if an individual)

Print Name of Authorized Signatory #1 (if subscriber is an entity)

Authorized Signature #1 (if subscriber is an entity)

Print Name of Authorized Signatory #2 (if subscriber is an entity)

Authorized Signature #2 (if subscriber is an entity)

Date (dd, mm, yyyy)

Location at time of signing (City, Province, Canada)

CORPORATION:

Print Name of Authorized Signatory of Corporation

Authorized Signature

Date (dd, mm, yyyy)

Location at the time of signing (City, Province, Canada)

SCHEDULE A - Form 45-106F9

This form is for Accredited Investors Only***** Accredited investors Exemption cannot be used in Ontario*******WARNING!**

This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment.

SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER**1. About your investment****Type of securities:**

Membership shares in a for-profit Co-operative Corporation

Issuer:

[INSERT CO-OP'S LEGAL NAME HERE]

Purchased from:

Issuer

SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER**2. Risk acknowledgement**

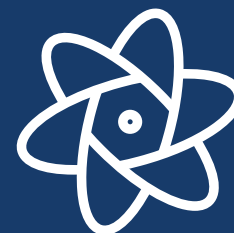
	Your initials
This investment is risky. Initial that you understand that:	
Risk of loss – You could lose your entire investment of \$_____.	
Liquidity risk – You may not be able to sell your investment quickly – or at all.	
Lack of information – You may receive little or no information about your investment.	
Lack of advice – You will not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to www.aretheyregistered.ca .	

3. Accredited investor status	
You must meet at least one of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the salesperson identified in section 5, can help you if you have questions about whether you meet these criteria.	Your initials
a. Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.)	
b. Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year.	
c. Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities.	
d. Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.)	
e. You are a person buying at least \$150,000 of securities.	
f. You are a corporation, limited partnership, trust or estate having net assets of at least \$5 million.	
g. You are a financial institution.	
h. You are a registered adviser, dealer or pension fund.	
4. Your name and signature	
By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.	
First and last name (please print):	
Signature:	Date:
SECTION 5 TO BE COMPLETED BY THE SALESPERSON	
5. Salesperson information	

<i>For Investment Co-op Use Only: the salesperson is the President and Chair of the Corporation.</i>	
First and last name of Corporation's President (please print):	
Telephone:	Email:
Director's position on the Corporation: President and Chair	
SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER	
6. For more information about this investment	
<p>Non-Registered Dealer or Investment Fund:</p> <p><i>[INSERT CO-OP'S LEGAL NAME HERE]</i></p> <p><i>Mailing Address</i></p> <p><i>Email Address</i></p> <p><i>Website</i></p> <p>For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at www.securities-administrators.ca.</p>	

The purchaser must sign this form. Each of the purchaser and the issuer or selling security holder must receive a copy of this form signed by the purchaser. The issuer or selling security holder is required to keep a copy of this form for 8 years after the distribution.

COMMUNITY INVESTMENT CO-OP
BRAND GUIDELINES & MARKETING PRODUCTS



RIPPLE EFFECT

Circle - community, support

Suggestion of target, focal point,
"On" button

Scaleable

Strong

COLOUR

Featuring *Waterside*

Gradient could be used to add
depth, brightness

Monochrome has modern
appeal

TYPOGRAPHY

HK Grotesk Light
Open Font License (OFL)



COMMUNITY
INVESTMENT CO-OP



YOUR NAME
COMMUNITY INVESTMENT CO-OP



YOUR NAME
COMMUNITY
INVESTMENT CO-OP



COMMUNITY
INVESTMENT CO-OP



COMMUNITY
INVESTMENT CO-OP



COMMUNITY
INVESTMENT CO-OP

BRIDGE

Half Circle - community, support, expansion

Line - stability, anchor (scales with ease)

Connection - a place to connect

COLOUR

Featuring *The Alpine*

Gradient could be used to add depth, brightness

Shades add depth, layers of support

Monochrome has modern appeal

TYPOGRAPHY

HK Grotesk Light
Open Font License (OFL)



INTERSECT

Ecosystem

Support

Centre - hub - community

COLOUR

Featuring *Flowering Desert*

Monochrome has modern appeal

TYPOGRAPHY

HK Grotesk Light & Regular
Open Font License (OFL)



Best Place
COMMUNITY
INVESTMENT CO-OP



Your Name
COMMUNITY
INVESTMENT CO-OP



Best Place
COMMUNITY
INVESTMENT CO-OP



Best Place
COMMUNITY
INVESTMENT CO-OP



Best Place
COMMUNITY
INVESTMENT CO-OP

COLOUR SETS

Colour is anchored by financially supporting blue or teal and its complements

Accent - upbeat colour

Neutral - sand

GRASSLANDS

WATERSIDE

THE ALPINE



VERBAL IDENTITY

- Professional
- Credible
- Accessible

BRAND TONE

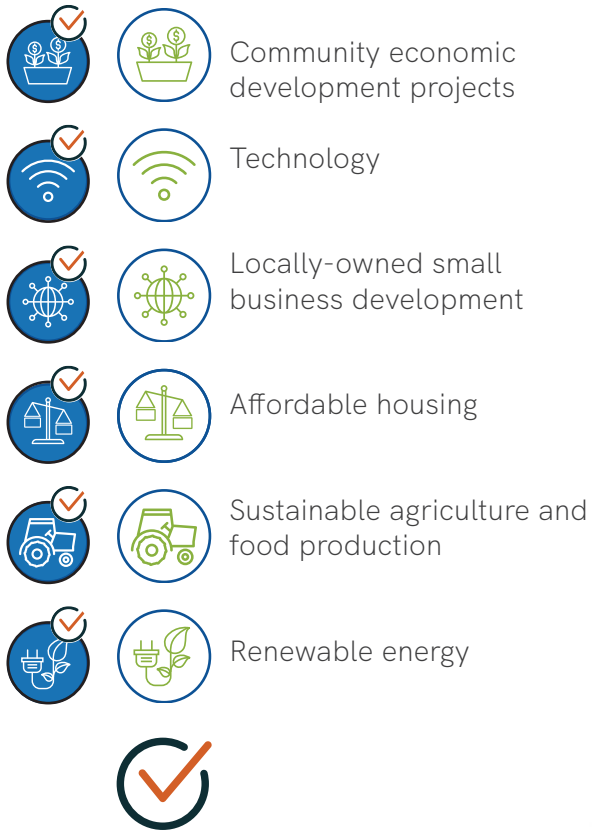
- Upbeat
- Optimistic
- Successful

VISUAL IDENTITY

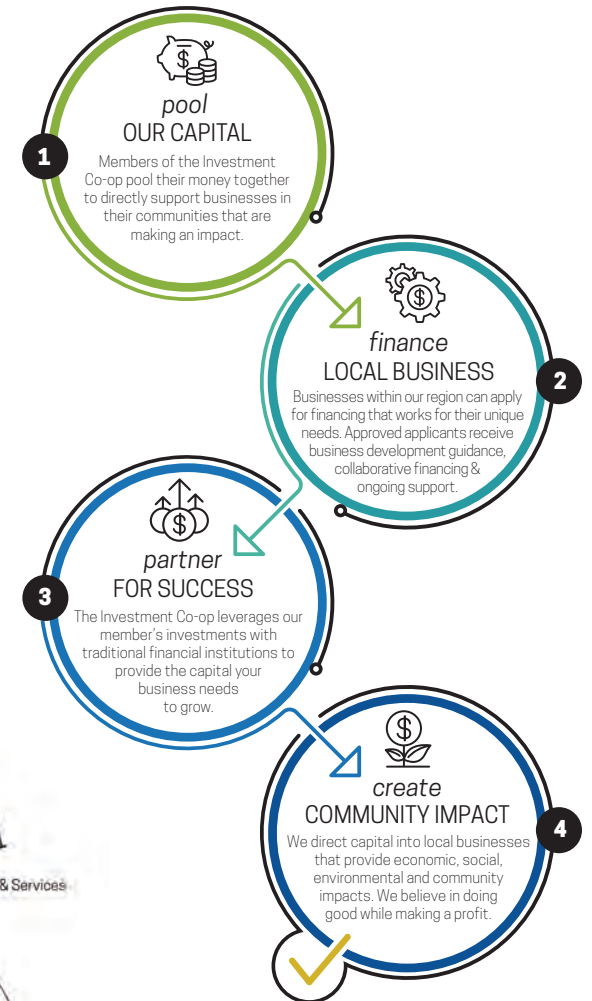
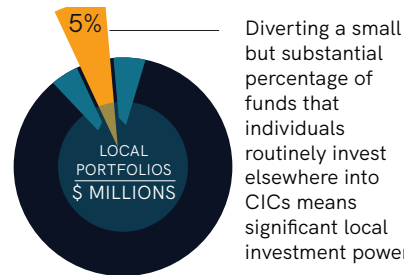
- People - focus on connection, team work, encouragement, diversity (faces secondary)
- Connection
- Growth, expansion
- Community
- (Concentric) Patterns in nature (ecosystem)



VISUAL SYSTEM



INFOGRAPHICS



COLLATERAL - RACK CARDS & FACT SHEETS FOR INVESTOR, BORROWER, PARTNER



INVESTOR - FREQUENTLY ASKED QUESTIONS

What is the [INSERT CO-OP'S LEGAL NAME HERE]?

Community Investment Co-ops are a new and innovative support system for rural economic and business development that effectively bridge the gap between local investors and local ventures in need of financing. An Investment Co-op is a cost effective, community owned and controlled impact fund. They enable residents to become partners in locally driven economic development, which leads to stronger and more sustainable economies. Investment Co-ops raise money from their members, pool this capital into a local Credit Union, and establish a financing pool for local ventures to apply to. The [INSERT CO-OP'S LEGAL NAME HERE] is a for profit Co-operative Corporation registered in Ontario.

Why invest locally?

The demand and necessity to invest for impact, globally and locally, is on the rise. However, current investment options and regulations in Canada significantly restrict Canadians from investing into local opportunities. The result is that nearly all investment capital leaves local communities and is placed into far-off stock markets and corporations. This disconnects investors from the positive or negative impacts of their investments. An unintended consequence is that while our investments create significant jobs and wealth elsewhere, the places we live, work and play are overlooked and underfinanced. Rural Ontario business development studies and economic development organizations have identified that 'access to capital' is a top barrier to business start-ups, expansions and successions.

Community Investment Co-ops across Canada have been around for decades, and have successfully financed ventures that generate significant local impacts including: affordable housing; renewable energy; sustainable agriculture and food production; locally-owned small business development; technology; and community economic development projects. The longer a dollar can circulate within a community, the greater its economic and social impacts.

Who is eligible to invest?

Individuals must be 18 years or older and be a Canadian resident. Corporate members must be Canadian-controlled entities (businesses, nonprofits, foundations), governments or First Nations, and must appoint at least one delegate to vote at General Meetings or serve on the Board. The Board will strive to ensure that 75% of the membership resides in the [INSERT YOUR REGION HERE], maintaining a locally owned fund. This allows up to 25% of the members to reside in other parts of Ontario or Canada.

How do I invest?

To become a member a person (individual or corporation) must complete a Membership Application found on the website [ENTER CO-OP'S WEBSITE HERE]. Each member must purchase one membership share for [ENTER SHARE PRICE HERE] and provide payment as instructed on the form. After the Board approves a person's membership, they are able to purchase additional membership shares, which are pooled into a revolving financing pool for local ventures to access.

How much can I invest?

Each member must purchase a minimum of one membership share.

How long must I invest?

We are seeking patient investors with a minimum of a 5-year investment horizon, to ensure we can finance local businesses with a stable group of member-investors.

Do all monies raised from membership share sales go into the local financing fund?

No, 10% of all monies raised from the sales of membership shares is placed into a term deposit to establish a Membership Redemption Reserve. This allows 10% of the Investment Co-op's members to redeem their shares in a given year. The other 90% monies raised is used to finance local businesses and projects.

What return on investment should I expect?

If lending to businesses at 6-8% APR, our goal is to provide investors with a modest financial return, around 1-2%. The Investment Co-op will also strive to report on the full return on your investment such as: jobs created, other financing leveraged, social impacts, environmental sustainability efforts, and community and cultural impacts. It is important to note that an Investment Co-op is not a guaranteed investment such as a term deposit or bond. Members share in the risks and rewards of the local investment portfolio. When a surplus is realized, monies are distributed as dividends on membership shares. If a loan default occurs, the share price is revalued to reflect the current assets versus liabilities.

Is the investment RRSP eligible?

No. We decided not to issue registered shares as they limit the amount of investors we can accommodate and the fees to hold monies in an RRSP cancel out any anticipated returns on investment.

How is the Investment Co-op governed?

We are member-owned, locally controlled and governed by a volunteer Board of Directors. Each member of the Investment Co-op is entitled to one vote at General Meetings of the Corporation, regardless of how many membership shares they purchase. An Investment Committee screens local investment applications to the Co-op. A Marketing & Communications Committee is responsible for all communications activities.

How are investment decisions made?

Local ventures apply to the Investment Co-op for financing through a 2-page application form. This is screened by an Investment Committee. Applicants who demonstrate an economic, social, environmental or community/cultural impact in the region will be requested to submit their business plan and cash flow projections. The Investment Co-op works with a regional Community Futures Development Corporation to complete a third party analysis and recommendation for financing. These recommendations are reviewed by the Investment Committee and a decision is made whether to proceed with financing.

What if I want to sell my membership shares?

As the Investment Co-op is not registered on a stock exchange, membership shares cannot be sold or traded to other persons. Membership shares must be redeemed directly from the Co-op by submitting a withdrawal form to the Board.

As a member of the Investment Co-op, do I get a vote on how the businesses are run?

No. The Board and its Investment Committees decide which businesses receive financing and how much support to give the owners. Members have the right to:

- Receive updates through the Co-op's newsletters on businesses that receive financing and may support those businesses as customers and ambassadors
- Elect the Board of Directors
- Run for the Board of Directors
- Receive a copy of the Investment Co-op's Articles and Bylaws
- Review reports on financial performance at General Meetings
- Vote for changes in the Articles and Bylaws as proposed by the Board of Directors
- Participate in occasional member surveys

Are there other Community Investment Co-ops in ON?

To our knowledge there is none, but there are over a dozen Community Investment Co-ops in BC and the sector is growing! In Ontario UnionSD, a community real estate cooperative, has a great model and can show you the path to have a Community Investment Cooperative as they navigate the cooperative corporation act as well. Visit www.BCImpactInvestment.com for a list of current organizations and a directory to their websites.

COMMUNITY INVESTMENT CO-OP PUBLIC LAUNCH CONTENT, TIMELINES & ROLES

SHAREABLE CONTENT

Use any content from the Community Investment Co-op Executive Summary.

Use any content from the Community Investment Co-op Press Release.

Copy, paste and format the below posts according to the social media platform you use.

1. Great news! We are helping to launch a new Community Investment Organization from _____ to _____, 20____. We are seeking founding members who want to make an impact in the *[Enter Your Region Here]*. Our Community Advisory Group, lawyer and co-op developer have drafted the business plan and incorporation documents and have scheduled several public launch sessions. Learn more and RSVP to a public session in your community by visiting our website: Visit www.YourInvestmentCo-op.com
2. Would you like to invest directly into local businesses that provide economic, social, environmental and community impacts? Great! The *[Your Investment Co-op Name Here]* is now seeking founding members. This new impact investment organization bridges the gap between local investors and local businesses in need of financing. If you are keen to find out more, visit us at: www.YourInvestmentCo-op.com
3. Over 30 community and economic development stakeholders took part in business planning activities for the *[Your Investment Co-op Name Here]*. As one of those partners, we are seeking founding members and investors who wish to make an impact in their community. Public launch sessions are being held throughout the region and more information can be found here: www.YourInvestmentCo-op.com
4. Membership applications are now live at our website! Become a founding member of the *[Your Investment Co-op Name Here]* today and invest for impact in the place you live! Find out more and complete your application at www.YourInvestmentCo-op.com/invest
5. Did you know, in 2015, *[Your Investment Co-op Name Here]* taxfilers invested over \$_____ Million into their RRSPs, all of which left the region! If just 5% of these annual investments were redirected into local business financing, that would equate to \$_____ Million per year in direct economic development stimulus. Invest in your community today! Become a member of the *[Your Investment Co-op Name Here]* at: www.YourInvestmentCo-op.com
6. Diversify a portion of your investments into the community that you live! Become a founding member of the *[Your Investment Co-op Name Here]* today! Visit us at: www.YourInvestmentCo-op.com

COMMUNITY INVESTMENT CO-OP PUBLIC LAUNCH CONTENT, TIMELINES & ROLES

Logos, Images and Marketing Materials

Attached separately.

Timelines

Important Dates (Example)

- *November 1st*
Start advertising and promoting the *[Your Investment Co-op Name Here]* to the public. Membership applications can be completed at the website. Public launch session schedule and RSVP forms can be completed at the website. All communications shall direct interested investors to: www.YourInvestmentCo-op.com
- *December 15th*
Closing date for founding member applications. Goal is to surpass #_____ founding members by this date. Project coordinator, co-op developer or lawyer will consolidate all applications, payments and signed incorporation documents for submission to BC Registry Services.
- *January 15th*
The date we have set with the notary/lawyer to hold monies in trust. If we do not confirm _____ founding members by January 18, persons who have purchased their founding membership shares will be reimbursed.

RSVPs and Facebook Events

Public Launch Session RSVP Form

- Please promote the public launch session RSVP link widely, found here: www.YourInvestmentCo-op.com/rsvp

Public Launch Sessions have been added as Facebook Events

- Share and promote these Facebook events in your region
- Find us on Facebook
 - o @YourInvestmentCo-op

COMMUNITY INVESTMENT CO-OP PUBLIC LAUNCH CONTENT, TIMELINES & ROLES

Roles

First Directors

- First Directors will hold office until the first AGM and establish the governance and procedures of the new Investment Co-op.
- A list of First Directors must be signed by all founding members

Community Advisory Group Members

- Market and promote the launch of the *[Your Investment Co-op Name Here]* from November 1st to December 15th through your:
 - o social media platforms,
 - o email lists,
 - o local newspapers and radios,
 - o personal and professional networks,
 - o community bulletin boards, and
 - o websites and blogs
- Direct all interested persons (individuals and incorporated entities) to the website (www.YourInvestmentCo-op.com) to complete a membership application or to RSVP to a public launch session
- Attend public launch session(s) in your community and assist with set-up, clean-up and introductions or presentations when necessary

Project Coordinator/Lead

- Work with the advertising budget to submit press releases, newspaper ads, and Facebook and Google ads
- Send several newsletters to the subscribed email list to gauge founding member interest
- Update the website and monitor the Investment Co-op's email address
- Track RSVPs, coordinate venue logistics, and emcee public launch sessions
- Track online membership applications
- Consolidate all membership applications, payments and incorporation documents
- Work with the lawyer to submit for incorporation with the BC Registry Services

COMMUNITY INVESTMENT CO-OP PUBLIC LAUNCH CONTENT, TIMELINES & ROLES

Community Partner Organizations

- All founding members are required to:
 - Submit a membership application (either a paper copy or online submission)
 - Purchase one membership share for \$_____ by cheque or money order
 - Print and sign the three original incorporation documents:
 - List of First Directors
 - Articles of Incorporation
 - By-laws
- Partner organizations in each community will be responsible for collecting:
 - Paper copies of membership applications (when applicable)
 - Cheques or money orders for membership share payment (\$____) (when applicable)
 - Printed names and signatures on the three incorporation documents listed above
- An *'Incorporation Document Package'* will be mailed to each community partner and training provided prior to the public launch activities
- The Project Coordinator/Lead will track whether all documents, payments and signatures have been received and signed by founding members
- Founding members must sign original documents by visiting any of the community partner organizations

Membership Share Payment

- The Notary/lawyer has opened a trust account for founding membership shares
- The Project Coordinator/Lead will work with founding members, community partners, and the Notary/lawyer to ensure all payments have been received
- Monies are held in trust until January 15th, as stated on the membership application
- Cheques or money orders will be the only accepted method of payment for membership shares

COMMUNITY INVESTMENT CO-OP EXECUTIVE SUMMARY

The demand and necessity to invest for impact, globally and locally, is on the rise. However, current investment options and regulations in Canada significantly restrict Canadians from investing into local opportunities. The result is that nearly all investment capital leaves local communities and is placed into far-off stock markets and corporations. This disconnects investors from the positive or negative impacts of their investments. An unintended consequence is that while our investments create significant jobs and wealth elsewhere, the places we live, work and play are overlooked and underfinanced. At the same time, rural business development studies and economic development organizations have identified that ‘access to capital’ is a top barrier to business start-ups, expansions and successions.

Community Investment Co-ops (CICs) are a new and innovative support system for rural economic and business development that effectively bridge the gap between local investors and local ventures in need of financing. CICs are a cost effective, community owned and controlled impact organizations. They enable residents to become partners in locally driven economic development, which leads to stronger and more sustainable economies. In other words, your money won’t be in stocks and mutual funds, but more importantly in local projects and people.

Community Investment Co-ops across Canada have successfully financed ventures that generate significant local impacts including: affordable housing; renewable energy, sustainable agriculture and food production; locally-owned small business development; technology; and community economic development projects. The longer a dollar can circulate within a community, the greater its economic and social impacts.

[Insert blurb about your Community Investment Co-op initiative here: background, purpose, stakeholders, etc.]

Over _____ economic development stakeholders formed a Community Advisory Group and participated in business planning activities. A local project coordinator, a Co-op developer and a lawyer compiled the Investment Co-op’s founding documents: the Articles of Incorporation, Bylaws and Business Plan. These documents have been reviewed and approved by the Community Advisory Group and the *[Insert your Investment Co-op’s name here]* is undergoing public launch activities. Information sessions are being held during _____ to _____ throughout the region.

The [Insert your Investment Co-op's name here] (the Investment Co-op) serves [insert your region's name here]: over [insert population here] residents make their home here. In 20____, [Insert your region's name here] taxfilers invested over \$_____ Million into new RRSP contributions, all of which left the region. If just 5% of these annual investments were redirected into local business financing, that would equate to \$_____ Million per year in direct economic development stimulus. [insert your region's name here] taxfilers also have an estimated \$_____ Million sitting in savings products (i.e. Canada savings bonds, term deposits, savings accounts, etc.). Most of these monies are not actively invested into local ventures.

(The information above can be obtained from Statistics Canada.)

Investment Co-op Quick Facts:

- Canadian residents and Canadian-controlled entities are eligible for membership.
- A member-elected Board oversees governance of the Investment Co-op, supported by an Investment Committee and a Marketing & Communications Committee.
- Each member is entitled to one vote at General Meetings of the Corporation, regardless of how many shares they own, a democratic control mechanism built into the Co-op structure.
- The Co-op may issue an unlimited amount of membership shares to their members. However, each member must qualify under one of the securities exemptions relied upon by the Co-op.
- Capital raised from the sale of shares is deposited into local Credit Union accounts to act as a revolving local financing pool.
- Local business and projects that generate economic, social, environmental or community benefits can apply for financing and are approved by sub-regional Investment Committees.
- On behalf of the Co-op, Loans Analysts from the regional Community Futures offices complete professional application assessments and due-diligence on a fee-for-service basis.
- When the Co-op determines its maximum investment amount for each applicant, it then partners with other local financiers (such as Community Futures, Credit Unions and/or regional Trusts) to leverage any remaining financing.

Additional values that the Investment Co-op brings to the existing financing sector include:

- Business development supports and connections
- Local investors and expertise
- Flexible financing options
- Advocacy for additional financing
- Committed customers and ambassadors
- Local mentors and ongoing supports

The primary source of revenue for the Investment Co-op comes from investment Interest income, which covers its operational expenses. Members who own shares are entitled to annual profits of the Investment Co-op by way of dividends, as recommended by the Board of Directors from year to year. As a community impact investment organization, the Investment Co-op inspires investors and local ventures to make a positive impact (social, environmental and community) while making a profit.



"How a Community Investment Co-Op Works" by Kootenay Employment Services (www.bcinvestmentcoop.com/), is licensed under CC BY-SA

The Investment Co-op is currently seeking individuals to become founding member-investors, as well as businesses seeking financing for their ventures. To learn more about this innovative local impact investment and financing organization, and to stay connected through its public launch, get in touch at: www.YourInvestmentCoop.com

THE FUTURE FOR COMMUNITIES IS THEIR INVESTMENT IN THEMSELVES. COMMUNITY INVESTMENT CO-OPS PROVIDE THIS OPPORTUNITY.

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www.YourInvestmentCoop.com

COMMUNITY INVESTMENT CO-OP BOARD OF DIRECTORS PACKAGE

Board of Directors Overview

The Investment Co-op is a for-profit Co-operative Corporation, governed by its Articles of incorporation and by-laws, Policies and Procedures, and the ON Co-operative Corporation Act. Members of the Investment Co-op elect a Board of Directors to be the legal authority and conduct prudent oversight of the Corporation's governance and finances.

The Board consists of a minimum of _____ Directors and a maximum of _____ Directors. All but one Director must be members of the Investment Co-op. First Directors will serve until the 1st AGM. At the 1st AGM, and each subsequent AGM, the length of term of office will be determined in advance by the outgoing Directors, to ensure staggered terms. Directors shall normally serve for two-year terms, and for a maximum of eight consecutive years, in which they must not be re-elected or re-appointed for one year.

Board members act in a volunteer capacity and as such will not receive remuneration for their time. Out of pocket expenses incurred by Board member activities may be reimbursed at the discretion of the other Directors. A motion shall be made and recorded for such reimbursement.

See Part _____ of the Co-op's By-laws for further details regarding Directors.

Director Qualifications

1. Must be at least 18 years of age
2. Must be a member of the Investment Co-op and purchase the minimum of (1) membership share;
*only one non-member may be a Director, appointed by existing Directors
3. First Directors will serve until the 1st Annual General Meeting after which time nominations and elections will take place at each Annual General Meeting
4. Directors shall have a background in at least one of the following areas:
 - Business management
 - Business evaluation
 - Marketing and communications
 - Previous Board experience
 - Strategic priorities and budgeting
 - Community and economic development

Board Ineligibility

1. Has been found by a court to be incapable of managing their own affairs
2. Is an undischarged bankrupt
3. Has debts with the Investment Co-op

COMMUNITY INVESTMENT CO-OP BOARD OF DIRECTORS PACKAGE

Board Responsibilities

As a member of the Board, Directors hold a fiduciary responsibility for the organization and are accountable to its members. As a policy Board, the Directors set strategic direction and are responsible for ensuring best governance practices and oversight for the management and activities of the Investment Co-op. **Board members shall commit to approximately 4 hours per month of governance.**

Directors must agree to:

- attend Board meetings in-person or by webconference/teleconference
- serve on one or more Committees of the Board
- prepare for and participate in the discussions and deliberations of the Board
- attend Annual General Meetings
- work with other Directors to establish goals, objectives and priorities through strategic planning
- monitor the effectiveness of the Investment Co-op through regular review of activities
- promote the services of the Investment Co-op throughout the region

Director Code of Conduct

Board members need to demonstrate ethical and professional conduct to maintain the confidence of the membership and the public. This commitment includes proper use of authority and appropriate actions in group and individual behavior when acting as Board Members.

Based on the following governance principles, the Board will:

1. govern the Investment Co-op in accordance with its policy and bylaws,
2. recommend new or revised policies or bylaws when necessary,
3. uphold the Investment Co-op's guiding principles,
4. disclose any conflicts of interest,
5. be responsible for long-term planning and direction,
6. support continuity of governance through succession planning,
7. select and support administrative staff and volunteers, if needed,
8. treat in confidence all matters and information involving the Investment Co-op, its Board of Directors, its committees, its applicants and its members,
9. act honestly and with integrity,
10. encourage diversity in viewpoints,
11. embrace pro-activity,
12. provide opportunities for member involvement,
13. represent the Investment Co-op to the community, and
14. be loyal to the interest of the membership over and above any:
 - a. loyalty to advocacy or interest groups,
 - b. membership on other Boards,
 - c. personal or professional relationship to staff/contractors,

COMMUNITY INVESTMENT CO-OP BOARD OF DIRECTORS PACKAGE

- d. personal interest as an individual consumer of the Cooperative's services.

Breaches of this Code of Conduct will be addressed by the Board.

Board, Officer & Committee Roles & Responsibilities

Board Chair/President

1. Is a Director
2. Provides leadership to the Board of Directors, who set regional policies
3. Chairs or delegates chairing of meetings of the Directors
4. Encourages Directors' participation in strategic planning
5. Appoints the chairpersons of committees, in consultation with other Directors
6. Helps guide the Board's actions with respect to organizational priorities and governance concerns
7. Acts as the Board's official spokesperson
8. Prepares Board agendas with input from other Directors
9. Prepares a report for the Annual General Meeting and other reports as required
10. Provides orientation to the new Chair

Board Vice-Chair/Vice-President

1. Is a member of the Board
2. Shall exercise the powers of the Chair in the President's absence
3. Appointed with the intention to serve as next Chair

Board Treasurer

1. Is a member of the Board
2. Chairs the Finance Committee
3. Works closely with the Board and other officers to prepare annual budgets
4. Presents the Financial Report at AGM
5. Files the Annual Report with the BC Corporate Registries

COMMUNITY INVESTMENT CO-OP BOARD OF DIRECTORS PACKAGE

Board Secretary

1. Can be, but does not need to be, a member of the Board
2. Maintains official records of the Board, Minutes of Board meetings, and ensures effective management of the Corporation's records

Investment Committee

1. The Investment Committee must have at least one Director
2. Chair of Investment Committee must be a member, but does not need to be a Director
3. Reviews and adjudicates local loan applications in coordination with the regional Community Futures

Marketing & Communications Committee

1. Chair of the Marketing Committee must be a member, but does not need to be a Director
2. Develops, oversees and evaluates marketing materials, platforms and campaigns

COMMUNITY INVESTMENT CO-OP BOARD OF DIRECTORS PACKAGE

Seven Global Co-op Principles

Cooperatives around the world generally operate according to the same core principles and values, adopted by the International Co-operative Alliance in 1995.

1. VOLUNTARY AND OPEN MEMBERSHIP

Volunteer



Cooperatives are voluntary organizations, open to all people able to use its services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. DEMOCRATIC MEMBER CONTROL

Democratic



Cooperatives are democratic organizations controlled by their members—those who buy the goods or use the services of the cooperative—who actively participate in setting policies and making decisions.

3. MEMBERS' ECONOMIC PARTICIPATION

Economic



Members contribute equally to, and democratically control, the capital of the cooperative. This benefits members in proportion to the business they conduct with the cooperative rather than on the capital invested.

4. AUTONOMY AND INDEPENDENCE

Independence



Cooperatives are autonomous, self-help organizations controlled by their members. If the co-op enters into agreements with other organizations or raises capital from external sources, it is done so based on terms that ensure democratic control by the members and maintains the cooperative's autonomy.

5. EDUCATION, TRAINING AND INFORMATION

Education



Cooperatives provide education and training for members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperative. Members also inform the general public about the nature and benefits of cooperatives.

6. COOPERATION AMONG COOPERATIVES

Cooperation



Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

7. CONCERN FOR COMMUNITY

Community



While focusing on member needs, cooperatives work for the sustainable development of communities through policies and programs accepted by the members.

INVESTMENT COMMITTEE – TERMS OF REFERENCE

Structure

1. The Investment Co-op will have at least one Investment Committee.
2. Each Investment Committee will consist of a minimum of three and maximum of eight individuals. One Director must sit on each Investment Committee. The remaining Committee members may consist of Investment Co-op members or non-members, however a majority of committee members must be members of the Investment Co-op.
3. A quorum of the Investment Committee is a majority of its current members.
4. Committee member terms are two years. Individuals may sit on the Investment Committee for multiple terms. If there are more applicants than seats available, the Board will determine the most suitable candidates.
5. New Committee members will go through a 3-month probationary period.
6. The Chair of the Committee must be a Director, or a member appointed by a Director.

Qualifications

The following experience and qualifications shall be sought for Investment Committee members:

- Business development and management
- Previous Board experience
- Project management
- Lending or investing experience
- Loan due-diligence and adjudication
- Community and economic development
- Business mentorship
- Accounting or financial management

Responsibilities

The Investment Committee will:

1. Receive and score investment applications,
2. Complete a preliminary review of business plans and cash flow projections,
3. Forward eligible application packages to the regional Community Futures Loans Analyst for due-diligence and financing recommendations,
4. Work with the applicant and the Community Futures Loans Analyst to finalize financing amounts, terms and conditions, and legal agreements,
5. Engage in collaborative financing with other local financial organizations,
6. Liaise with the Board to disburse funds to approved applicants,
7. Make referrals to outside business development organizations as necessary,
8. Connect Investment Co-op members as mentors with loan recipients when necessary,
9. Follow-up with active borrowers to ensure they have necessary supports,
10. Request and review annual impact reports from active borrowers, and
11. Maintain detailed minutes of meetings and ensure they are available to the Board.

Marketing & Communications Committee – Terms of Reference

Structure

1. The Investment Co-op will have one Marketing & Communications Committee.
2. The Marketing & Communications Committee will consist of a minimum of three and maximum of eight individuals. One Director must sit on this committee. The remaining Committee members may consist of Investment Co-op members or non-members, however a majority of committee members must be members of the Investment Co-op.
3. A quorum of the Marketing & Communications Committee is a majority of its current members.
4. Committee terms are two years. Individuals may sit on committee for multiple terms. If there are more applicants than seats available, the Board will determine the most suitable candidates.
5. New Committee members will go through a 3-month probationary period.
6. The Chair of the Committee must be a Director, or a member appointed by a Director.

Qualifications

The following experience and qualifications shall be sought for Investment Committee members:

- Background in advertising or as a marketing and communications professional
- Previous Board experience
- Understanding of social media platforms (i.e. analytics, creating and “boosting” posts)
- Developing marketing campaigns (i.e. branding strategies & target markets)
- Graphic design (i.e. Photoshop or Illustrator)
- Website design, content and maintenance
- Understanding of different communication platforms such as MailChimp and Google Drive
- Excellent written and verbal communication skills and talent for crafting interesting stories

Responsibilities

The Marketing & Communications Committee will:

1. Be responsible for the development, delivery and coordination of marketing and communication materials and strategies, such as:
 - a. Newspaper advertisements, social media campaigns, printed marketing materials (business cards, flyers, brochures, etc.),
2. Evaluate marketing and communications efforts based on results,
3. Promote the Investment Co-op to the general public and business community,
4. Network on behalf of the Investment Co-op by attending events and establishing contacts,
5. Be the initial contact to media requests and provide appropriate and timely responses,
6. Deliver presentations to groups who express interest in the Co-op,
7. Maintain detailed minutes of meetings and ensure they are available to the Board.

OPINION PROVIDED FOR THE BC COMMUNITY IMPACT INVESTMENT COALITION - JANUARY 2019

BC Community Investment Co-operatives (CICs) - Business Organization and Taxation

****We strongly suggest that you reach out to a specialist to have an opinion on taxation for CIC's in Ontario****

Organization and operations	Related tax issues or comments
<p>CICs provide local ventures with business development support, financing and advocacy services to other funders of those businesses and ongoing operational support of the businesses (including direct mentorship).</p> <p>All CICs have registered as for profit cooperatives.</p> <p>Most CICs (at this time) are lending their capital to local ventures by way of promissory notes.</p> <p>Equity investments are being considered as an additional tool for financing local ventures.</p>	<p>As the CICs have registered as for profit cooperatives, the Canada Revenue Agency (CRA) considers them to be for profit cooperatives. They are therefore taxable on the basis of the nature of their businesses for tax purposes and of the net income earned from the businesses.</p> <p>Generally for tax purposes all for profit businesses in Canada either have active or passive, or both, businesses defined by their operations in relation to the definitions of active and passive income found in the Income Tax Act (ITA).</p> <p>Each type of business, active or passive, calculates its income for tax purposes as the incomes from the different businesses less the expenses incurred which are specific to earning the incomes from the different business, unless there are specific inclusions or exclusions allowed in the ITA.</p> <p>As described, the business development, financing advocacy and operational support activities of CICs could be an active business and direct financing activities could be a passive business.</p> <p>The Ontario small business deduction (SBD) reduces the corporate income tax rate on the first \$500,000 of active business income of Canadian-controlled private corporations (CCPCs). Effective January 1, 2020, the lower rate of Ontario corporate income tax is reduced from 3.5 per cent to 3.2 percent. The Ontario General corporate income tax rate is currently 11.5%.</p> <p>A passive business conducted by a CIC may become an active business if the CIC has 6 or more full time employees conducting the operations of the business.</p>
<p>i. What income tax rate is charged on interest earned from loans made by a CIC into a local venture? (i.e. 5 year loan at 6% APR)</p> <p>ii. What income tax rate is charged on income earned from equity investments made by a CIC into a local</p>	<p>As the CIC is a corporation for income tax purposes, it is required to report its income on an accrual basis.</p> <p>The process of determining the tax on these transactions therefore would be:</p>

<p>venture? (i.e. 5 year profit sharing agreement with principal repaid at term-end)</p> <p>iii. CICs place unused capital into interest bearing term deposits while not in use. What income tax rate is charged on interest earned from the term deposits? (i.e. 3 year redeemable GIC at 1.75%)</p> <p>iv. What income tax rate is charged on fees charged to investment applicants? (i.e. \$50 application fee or 1% administration fee on approved financing)</p>	<ol style="list-style-type: none"> 1. In each circumstance, or cumulatively if two or more of these circumstances exist in a CIC, the initial step would be to calculate the net income of the CIC by: <ol style="list-style-type: none"> i) identifying and recording all income received or receivable during a fiscal period. ii) identifying and recording all expenses incurred (whether invoiced or not) for the purposes of earning the income received or receivable. iii) deducting from the gross amount of income received the direct and indirect expenses incurred by the CIC when earning this income. 2. If there is any net income, any net operating losses of prior years not deducted for tax purposes could be used to reduce the taxable income of the CIC. Tax will be payable on any net taxable income at the rate of 50.67%
<p>Is there a way to lessen the passive income tax rate by providing services (i.e. business development, financial advocacy and ongoing mentorship supports) to those local ventures who receive financing from the CIC?</p>	<p>The costs incurred in providing the business development, financial advocacy and ongoing mentorship support services can be deducted from the income earned from loans made and services provided to determine the net income of the CIC for tax purposes. The tax rates which will apply to the net income after all expenses will be determined by the calculated net active and passive incomes of the business. If one of the passive or active businesses has a loss, that loss can be offset against the income of the other business during that tax year.</p>
<p>Is there a way to defer income tax to individual members at a lower tax bracket, rather than the Co-operative Corporation paying a higher tax rate? For example, paying dividends, patronage returns or interest before tax to member-investors who then pay personal tax rates?</p>	<p>Where members make loans to the CIC, interest can be paid to the members at the rate established when they made the loans. This interest is deductible from the interest income earned in computing the net taxable income of the CIC.</p> <p>The CIC can also pay patronage dividends to members, which is a deduction in computing the CIC's taxable income, and reported as income by the members receiving the income.</p> <p>However, patronage dividends paid to members are expected to be calculated on the basis of utilization of the CIC products or services provided to its members and it is not likely that a CIC which makes loans will be able to pay patronage dividends.</p> <p>If patronage dividends are paid, they are reported by the CIC in Schedule 16 of the corporate income tax return. The CIC also issues a T4A to the recipient of the patronage dividend for the amount of the dividend and uses code "030" in the "Other Information" area at the bottom of the slip. The recipient of the T4A reports this income in her/his personal income tax return.</p>
<p>What income tax rate is charged, if any, on the following:</p>	<p>Grants and gifts are not taxable.</p>

i. Grants ii. Gifts iii. Donations	Donations made directly to a CIC are not taxable (as the donor will not receive a charitable donation receipt and therefore a personal tax credit for making the donation).
Should a CIC file taxes each year since its inception, even if it has not realized profits? Or, can a CIC file its previous deficit years in retrospect once it realizes a profit?	A CIC should file a tax return for each year of its existence and operations as it is good practice to be compliant with all regulatory requirements. It also protects the CIC in the event errors are made in the filing of a tax return. A CIC's tax return is due six months following the end of its taxation year (normally its fiscal year). If a tax return is filed late there will be no penalties for late filing unless there is tax payable on the late filed return.
What accounting or bookkeeping systems and software do you recommend for CICs, whom operate on a small budget?	There are a number of on-line software packages which may be appropriate for a CIC. However, if a CIC has employees and a payroll, the choice is more limited and the cost increases. Quickbooks On-line can be configured quickly for use by a CIC and it is a relatively simple program to use. The cost of the full version, which includes special features such as payrolls, is approximately \$40 monthly. The cost is reduced if optional modules are not required.
In the absence of actual interest or dividend payouts to member-investors at taxation year-end, are CICs still required to issue T5 and NR4 slips on an accrual basis?	Individuals normally only prepare and report their personal tax returns on the basis of cash transactions. If the recipient of a dividend is an individual, a tax slip only has to be issued if a cash or an "equivalent to cash" payment has been made. Corporations prepare and file their tax returns on the basis of cash and/or accrued transactions for a specific fiscal period, normally twelve months. If the recipient of a dividend is a corporation for tax purposes, a T5 (for interest and dividends) or a T4A (for patronage dividends) has to be issued when interest or dividends have been accrued or paid by the CIC.
If a CIC raises capital through the sale of preference shares to individual member-investors for the purpose of creating a pool of available funds for on-lending or investment, may the CIC allocate a share of its general operating expenses against project income when calculating year-end dividend payments to the afore-mentioned member-investors? If so, what formula is used to determine the appropriate share of operating expenses to be allocated?	Dividends paid to member-investors will be calculated on the retained earnings of the CIC, i.e., the income of the CIC less the expenses incurred to earn that income retained (i.e., not previously distributed as dividends) by the CIC at any point in time. Dividends are normally payable to all shares of the same class on the basis of the ownership of the class of shares. In plain English, if a dividend is to be paid to a class of shares, it will be the total amount of the dividend divided by the number of shares of a specific class, issued and allocated to or paid to each shareholder on the basis of the number of shares of that class owned by that shareholder.
Are dividend payouts treated as a normal expense for purposes of calculating net	Dividends are not a normal expense but a distribution of after tax income for the year or the accumulated net

income and taxable income? What GIFL field code applies in this instance? Is the CIC required to file CRA Schedule 3 in this instance?	undistributed after tax incomes of the current and previous years. The GIFL field code is line 3700 of Schedule 100. The CIC reports a taxable dividend paid on line 450 of Schedule 3 and reports patronage dividends on lines 101 and 102 of Schedule 16
Is it correct to assume that dividends are based solely on actual payouts and are not subject to accrual accounting?	The method of determining and accounting for dividends would be based on the CIC's articles and by-laws. Generally, however, an accrual would be recorded for dividends payable when the directors of the CIC declare a dividend payable on a class of shares. The dividends would be paid in cash to members holding shares of that class on a date when the directors decide to pay the dividend. Any unpaid dividends will continue to be a liability of the CIC until paid in cash to a shareholder.
Goods and Services Tax	A CIC would not be subject to GST if its operations were limited to making loans and receiving interest. However, the CIC may be subject to GST if it provides consulting or advocacy services for a fee (identified as "taxable supplies" in GST related documentation). A CIC should consult GST/HST Technical Information Bulletin B-105 (available on the Canada Revenue Agency website) to determine if it is providing a taxable supply.

Memorandum of Understanding **(TEMPLATE #1)**

between

Community Investment Co-op

(Hereinafter called 'CIC')

and

Community Futures

(Hereinafter collectively called 'CF')

BACKGROUND

A CIC is a for-profit Co-operative that raises capital from local residents, and then invests this capital in area businesses that provide positive economic, social and environmental impacts. CIC's give residents the opportunity to move a portion of their investment portfolios into the places they live, work and play. This enables residents to become partners in locally driven economic development, which leads to stronger and more sustainable economies.

Increasing businesses's access to capital in rural communities, with investments made by local residents, will require the CIC to strike a delicate balance between risk tolerance and risk management.

Community Investment Co-ops, utilizing a primarily volunteer-based business model, will benefit from professional advisory and administrative support provided by regional Community Futures (CF) organizations. The CF has the necessary infrastructure already in place to investigate, approve, disburse, administer, monitor and collect loans.

MOU PURPOSE

This MOU will outline the roles & responsibilities of each participant, define the deliverables, and establish a framework for compensation.

ROLES & RESPONSIBILITIES

The **CIC** will be the initial point of contact for investors, members, applicants, borrowers, or investees.

The **CIC** and **CF** have agreed that in most cases the minimum loan amount will be \$10,000.

Generally, the **CIC** and **CF** will seek to provide financing to clients in partnership by way of entering into a “LOAN PARTICIPATION & ADMINISTRATION AGREEMENT” (see Schedule A).

The **CIC** will engage with **CF** primarily under two (2) streams of activity:

1. **CIC FINANCING PROGRAMS WITHOUT CF PARTICIPATION**

Due Diligence and Loan Administration Fees:

(a) Application Fee:	\$75.00 Collected by the CF when the CIC requests the CF to undertake due diligence activities for a new application, including preparation of a loan proposal summary for consideration by the CIC investment committee
(b) Disbursement Fee:	1.0% of funds disbursed Withheld by the CIC from funds advanced and shared equally between the CIC and CF
(c) Administration Fee:	2.5% of each regular loan payment Withheld by the CF from each regular loan payment remitted to the CIC
(d) Annual File Review Fee:	\$75.00 Collected annually by the CF , as outlined in the Borrower's Loan Agreement, on the anniversary date of the loan/equity financing and retained by CF
(e) Amendments:	\$25 per instance Charged and retained by the CF at the discretion of the CF , generally waived for minor amendments
(f) NSF Fee:	\$50.00 per default Charged and retained by the CF for each returned payment

Where **CF** is not a partner in the financing program, **CF will**:

- request a full loan application package from the client including, but not limited to, a business plan, financial projections, personal financial statement, and other details as necessary,
- provide reasonable and prudent due diligence services, including meeting with prospective loan applicants, investigating credit history, and verifying to a reasonable extent the veracity of all material submitted by the client to the **CF** in support of the loan application,
- prepare a loan proposal summary for consideration by the **CIC** Investment Committee or notify the **CIC** of any issues affecting the eligibility of the client,

- d. include in the loan proposal summary any criteria related to community and social impacts etc. as required by the **CIC** Terms of Reference,
- e. include in the loan proposal summary recommendations as to the appropriate loan terms & conditions, security arrangements and reporting requirements,
- f. deliver the loan proposal summary and copies of all supporting documents to the **CIC**, generally within 10 business days of receiving all of the required information from the applicant,
- g. communicate the **CIC** Investment Committee's decision to the client, including any related correspondence to the client prepared by the **CIC**,
- h. witness client signatures on Loan Agreements and security documents prepared by the **CIC** (not including mortgage registration documents), and collect a pre-authorized debit (PAD) form from the client,
- i. set up the loan in **CF's** client relationship management software and provide the final loan amortization schedule to both the client and the **CIC** (following disbursement of funds to the client by the **CIC**),
- j. provide ongoing loan administration support, including the collection of regular payments,
- k. promptly process and remit any and all loan payments back to the **CIC** subject to the deduction of approved fees, accompanied by a statement to indicate the amount and nature of the payment, confirm the amount of fees withheld, and details of the loan balance,
- l. be the primary point of contact for the client for the normal administration of the loan,
- m. conduct annual file reviews (AFR) on behalf of the **CIC** (AFRs generally include a review of financial statements, security registrations, insurance and business license documents), and submit a copy of the AFR to the **CIC**,
- n. notify the **CIC** of minor amendments,
- o. communicate client requests for significant amendments to loan terms & conditions to the **CIC** for adjudication, then communicating the **CIC's** decision to the client,
- p. notify the **CIC** of returned payments (NSF),
- q. communicate to the **CIC** all significant client contacts.

Where CF is not a partner in the financing program, CF will not:

- a. provide legal or accounting advice in any capacity to the **CIC** or the client,
- b. make any recommendation to the **CIC** regarding the decision to approve or decline a loan,
- c. prepare a Loan Agreement or register security on behalf of the **CIC**,
- d. be a signatory to any documents on behalf of the **CIC**, except as to the witnessing of signatures only,
- e. engage in collection activities for loans in default more than 90 days.

Where CF is not a partner in the financing program, the **CIC will:**

- a. be the initial point of contact for prospective loan clients,

- b. ensure basic loan eligibility and refer clients that meet those basic eligibility requirements to **CF**,
- c. adjudicate the loan application based on the material provided by the client and the loan proposal summary submitted by **CF**,
- d. determine the terms & conditions
- e. prepare, execute and register where required the Loan Agreement and security documents (BC Online <https://www.bconline.gov.bc.ca/>; <https://www2.gov.bc.ca/gov/content/employment-business/business/managing-a-business/permits-licences/bc-registry-services-personal-property-registry>),
- f. disburse loan funds, less any funds required to be withheld, directly to the client and notify **CF** of the date of transfer (except in the case of mortgage security, see below),
- g. in the case of mortgage security, engage a Solicitor for the preparation and execution of mortgage documents, as well as the eventual disbursement of funds,
- h. when notified that a loan is in default more than 90 days and that action is required, engage in commercially reasonable efforts to collect the outstanding balance of the loan, including any outstanding interest & fees.

2. FINANCING PROGRAMS WITH JOINT CF/CIC PARTICIPATION

Where the **CIC** and **CF** agree that it makes sense to collaborate in a program of financing for a client, the organizations will enter into a “LOAN PARTICIPATION & ADMINISTRATION AGREEMENT” (Syndication Agreement), where **CF** will be the lead lender and the **CIC** will be the participant lender.

The **CIC** and **CF** will normally agree initially on the anticipated total amount of financing to be provided and the level at which each organization will participate. The **CIC** and **CF** may decide at this time to engage additional partners within the Syndication Agreement, typically when a loan request exceeds \$250,000. **CF** will remain the lead.

CF, as the lead, will engage in its normal practice of due diligence, negotiating terms & conditions, including interest rates and fees, and adjudication of the loan application. Following approval of the **CF** portion of the financing, the complete loan proposal package considered by **CF** during the adjudication process will be forwarded, along with the draft Syndication Agreement, to the **CIC** Investment Committee. The **CIC** will then adjudicate the application, independently of the **CF** decision.

Once all parties have approved their portion of the financing program and entered into the Syndication Agreement, that agreement will govern the administration of the loan.

See Schedule A – “Loan Participation & Administration Agreement” for details.

BUYOUT OPTIONS FOR SYNDICATED LOANS

During the term of a loan, it may become desirable for the **CIC** or **CF** to sell some or all of its share to the other syndicate partner(s).

The most likely (but not exclusive) circumstance in which this might occur is in the event that the **CIC** receives withdrawal requests from members in excess of the cash currently on hand. This might

necessitate the sale of the **CIC**'s share in a syndicated loan to the **CF** to raise the cash required to satisfy the withdrawal requests of its membership.

The party wishing to sell its share in a syndicated loan will notify the other party(ies) in writing.

No party shall be obligated to purchase the share of another.

If multiple parties to the Syndication Agreement indicate a desire to purchase the seller's shares, the seller's shares will be sold *pro rata* to those partners, proportionate to their participation.

Where a loan is in good standing and the partner has sufficient cash on hand to purchase the share of a syndicate partner, it is generally understood that it is in the best interest of all that the purchase of that share should occur.

PRIVACY & CONFIDENTIALITY

Confidential information will be sent to the **CICs** and **CFs** during the application, review, disbursement and monitoring stages of financing. As recipients of such information, the **CICs** and **CFs** in this MOU agree to protect the confidentiality of the information and not disclose or distribute to any person outside their immediate organizations. These parties also agree not to use such information for their benefit or the benefit of any additional third parties.

Additional privacy and confidentiality procedures may be required as a part of each parties' organizational policies.

MOU TERM

1 year from date of agreement. Renewable.

In witness whereof the parties hereto have duly executed this Agreement as of the day and year first above written.

COMMUNITY INVESTMENT CO-OP

Per:

Authorized Signatory

Date

COMMUNITY FUTURES #1

Per:

Authorized Signatory

Date

SCHEDULE A

“LOAN PARTICIPATION & ADMINISTRATION AGREEMENT”

LOAN PARTICIPATION AND ADMINISTRATION AGREEMENT This Agreement made as of the _____ day
of _____, 20____.

Between:

COMMUNITY FUTURES, a corporation incorporated under the laws of Ontario, with an address situate
at _____

(Hereinafter collectively called **CF**)

And:

COMMUNITY INVESTMENT CO-OP a corporation incorporated under the laws of Ontario, with an
address situate at _____

(Hereinafter called **CIC**)

WHEREAS:

- A. **CF** has, on the terms and conditions set out in a Letter of Offer dated _____, _____, 20____
("**Offer**"), a copy of which is attached to this Agreement as Schedule "A", agreed to make a loan
in the principal amount of FIFTY THOUSAND DOLLARS (\$50,000) ("**Loan**") to SOME AWESOME
COMPANY INC. ("**Borrower**");
- B. **CIC** has agreed to provide a portion of the Loan ("Share(s)") to be advanced to the Borrower so
that **CIC** will participate in making the Loan to the Borrower on the terms and conditions contained
in this Agreement and in the Application.
- C. The Loan will be secured ("Security")
 1. A Promissory Note in the amount of \$50,000 from Some Awesome Company Inc.
 2. Joint and Several Personal Guarantees signed by Dave Super and Donna Great.
 3. A Resolution of Directors from Some Awesome Company Inc. authorizing the loan financing
from **CF**.
 4. A first charge security interest on:
 - a. Some enormous piece of equipment, and
 - b. A lot of small stuff
 5. Signed CRA Business Consent Form, authorizing **CF** to have all information regarding the
business' trust accounts, at any time.

6. Sign the **CF** Release, Waiver & Indemnity Agreement.

- D. **CF** has agreed to administer the Loan on behalf of the parties in accordance with this Agreement.

Now Therefore This Agreement Witness that in consideration of the premises and covenants contained in this Agreement and for other good and valuable consideration (the receipt and sufficiency of which each of the parties acknowledges), the parties agree as follows:

1. **CF** hereby grants and assigns to **CIC** an undivided interest in and to the Loan, the Application, the Security, and any other security now or hereafter held by **CF** in respect of the Loan, proportionate to the respective Shares of **CIC**. The interest of each of the parties in the Loan shall be ratably concurrent and neither shall have priority over the other.
2. In consideration of **CF** granting and assigning the undivided interest in the Loan, **CIC** agrees to participate in and provide their proportionate Shares of the Loan.
3. **CIC** agrees to participate in making the Loan in the following proportions and up to the following maximum amounts, respectively:

CF	50%	\$25,000
CIC	50%	\$25,000
TOTAL	100%	\$50,000

3. It is agreed by the participating parties that the disbursement fees, totalling 1% of the funds advanced, will be paid according to a 70/30 split with **CF** receiving 70% and **CIC** receiving 30% as follows:

CF	70%	\$ 350
CIC	30%	\$150
TOTAL	100%	\$500

4. **CIC** shall, within one (1) business day of the **CF**'s written request, advance to **CF** an amount equal to their respective Share of each advance made to the Borrower by **CF** pursuant to the Application, **CIC** shall reimburse and purchase from **CF** an amount equal to their respective Share of such

advance or advances. This obligation will continue for so long as this Agreement remains in effect, whether or not the interest of **CIC** in the Security is registered in their name.

5. Interest on advances on account of the respective Shares of **CIC** of the Loan will accrue from the date of receipt from **CIC** of funds by **CF**, or **CF's** solicitors in trust for the Borrower, as the case may be.
6. **CF** shall, throughout the entire term of the Loan, receive as agent for **CIC** the respective Shares in all payments made by or on behalf of the Borrower, its successors or assigns, on account of the Loan and shall, upon receipt of and such payment forthwith remit to **CIC** the respective Share of such payment, together with a complete accounting of all funds received and disbursed for the preceding month.
7. The Security shall be registered in the name of **CF** and **CF** hereby acknowledges and declares that it holds the Security in trust for **CIC** as to their respective Share in the Loan. **CF** agrees, upon demand and at the cost of **CIC** to transfer a registered interest in the Security and any other security now or hereafter held by **CF** in connection with the Loan to **CIC** in proportion to their respective Share.
8. The Loan shall be administered by **CF** as agent for the parties upon the terms and conditions of the Application. **CF** shall hold the Security and receive all payments on account of the Loan as trustee for **CIC** and itself in accordance with this Agreement.
9. **CF** agrees to administer the Loan in accordance with the normal agency practice and to exercise the same degree of care in the administration of the Loan as a responsible loan manager would exercise and in accordance with normal commercial lending practice. Without restricting the generality of the foregoing and without further consideration, **CF** agrees to:
 - (a) review and approve or modify, as the case may be, all requests for further advances under the terms of the Loan;
 - (b) maintain complete and accurate account records of all sums received by **CF** on account of principal; interest, insurance premiums and taxes in respect of the Loan, in accordance with **Generally Accepted Accounting Principles ("GAAP")** as applied by financial institutions;
 - (c) use reasonable commercial efforts to collect promptly all sums payable by the Borrower;
 - (d) pay to **CIC** the respective Share of any monies received on account of the Loan forthwith after receipt, provided that **CF** may retain out of such monies, amounts necessary to:
 - (i) protect **CF's** Share and the respective Share of **CIC** and if necessary, pay the Borrower's insurance premiums and municipal, school and other taxes;
 - (ii) pay legal costs and expenses reasonably incurred as a result of defaults or proceedings for the realization of any of the Security; and

- (iii) pay any additional expenses reasonably necessary to protect the respective Shares of **CF and CIC**, as agreed to by both parties;
 - (e) give notice to the Borrower in respect of amounts due or overdue under the terms of the Loan; settle losses or claims in the event of damage to or destruction of assets included as Security by fire or other causes; render **CIC** a complete accounting of funds received and disbursed by **CF** pursuant to this Agreement in accordance with GAAP as applied by financial institutions; and
 - (f) ensure that the Security is duly registered and maintained in effect at all times in all proper offices of record.
- 10. If **CF** does not pay their respective Share of monies received on account of the Loan to **CIC** in accordance with paragraph 9(d), within fifteen (15) days of receipts of those monies, then **CF** shall pay interest to **CIC** on that money accruing from the date **CF** receives the money at the rate of interest paid by the Borrower under the Loan.
- 11. Should the Loan become in arrears, **CF** shall be entitled to make such demand and take such action as it deems appropriate to protect, enforce and realize upon the Security at any time in its sole discretion without prior communication with **CIC**. However, **CIC** shall be given a minimum of three (3) days' prior notice of commencement of legal proceedings and **CIC** agrees to consent to and join in such legal proceedings if, in the opinion of **CF** and its legal advisors, it is reasonably necessary to do so to protect the Security and to recover all sums owing.
- 12. **CF** is authorized to make demand for repayment of the Loan and shall be in charge and have conduct of the enforcement and realization of the Security; provided that if **CF** shall upon written request refuse, within 14 days of receipt of such written request from **CIC** to make demand or proceed with enforcement and realization in accordance with the provisions of this Agreement, then **CF** may make demand and proceed with the enforcement of the Security on behalf of **CIC** in the name of **CF**. **CF** shall do, execute and concur in all acts, things and instruments requested or necessary for the performance and the enforcement and realization of the Security and shall do everything necessary to prevent or minimize losses to **CIC**.
- 13. **CF** shall be entitled to obtain the advice of legal counsel concerning all matters contained in this Agreement and its duties hereunder and shall be entitled to employ appraisers, accountants or other experts in connection with the performance of its duties hereunder and may rely and act upon the opinion or advice of such legal counsel, appraiser, accountant or other expert (whether retained or selected by **CIC**).
- 14. The parties agree that the security documentation in connection with the Loan shall be prepared at the Borrower's expense by **CF** or **CF** solicitors. Should **CIC** wish to engage the services of their own legal counsel or any other professional or advisor in respect of the preparation of such documentation, it is hereby understood and agreed that the costs of the additional advice or opinion shall be borne by **CIC**.
- 15. **CF** is authorized to act, and shall not be liable for doing so in good faith, upon notice, request, consent, letter or any other paper or document believed by **CF** to be genuine and to have passed, signed, made, executed or delivered by officers or employees of **CIC**.

16. **CF** has supplied **CIC** with copies of information supplied by the Borrower in connection with the Application and the Loan and other information obtained and prepared by **CF** in the course of its review and consideration of the Borrower's Application. **CIC** acknowledges and agrees that **CF** makes no representation or warranty in respect of any such information and that **CF** shall not be responsible to **CIC** for:
 - (a) the reasonableness and ultimate recovery of the Loan;
 - (b) the present or future credit worthiness or financial condition of the Borrower, or any guarantor of the Loan; or
 - (c) the realizable value of the Security.
17. **CF** shall not be liable to **CIC** for any loss incurred in connection with the Loan, save and except for any loss resulting from negligence or willful misconduct of **CF** or its officers, agents or employees or resulting from any breach of this Agreement by **CF**.
18. Any notice to be given under this Agreement must be in writing and may be delivered or mailed to the receiving party at the address shown on the first page of this Agreement or such other address as such party may advise the other in writing. Any notice, direction or other instrument if delivered shall be deemed to:

have been given on the date on which it was delivered or, if mailed, shall be deemed to have been given on the third business day following the date upon which it was mailed, provided that if at the time of mailing or between the time of and actual receipt, there is a mail strike, slowdown or other labour dispute which affects mail delivery, such notice, direction or other instrument shall only be deemed given if actually delivered.
19. This Agreement shall remain in force until the Loan has been paid in full and discharged, or the Security has been realized and the proceeds of the realization have been distributed among **CIC** and **CF** in accordance with their respective Shares.
20. Time is of the essence in this Agreement.
21. This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia.
22. This Agreement does not create any partnership, joint venture or other business enterprise or entity whatsoever.
23. This Agreement may be simultaneously executed and delivered in counterparts; each of which when so executed and delivered shall be deemed to be an original and such counterparts together shall constitute one and the same Agreement.
24. This Agreement shall ensure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.

25. None of the parties to this Agreement may assign this Agreement or the benefits and obligations hereof without prior written consent of the parties.
26. This Agreement constitutes the entire agreement between the parties regarding its subject and it terminates and supersedes all other representations, warranties, promises, and agreements regarding its subject.
27. If any part of this Agreement is held to be invalid, illegal or unenforceable by a court having the jurisdiction to do so, that part shall be considered severed from the rest of this Agreement and the remaining parts of this Agreement shall remain in full force and unaffected by the severance of that part.
28. This Agreement may not be changed, except by an instrument in writing signed by the parties or by their successors or permitted assigns.

In witness whereof the parties hereto have duly executed this Agreement as of the day and year first above written.

COMMUNITY INVESTMENT CO-OP

Per:

Authorized Signatory

Date

COMMUNITY FUTURES

Per:

Authorized Signatory

Date

Memorandum of Understanding (TEMPLATE #2)**between****Community Investment Co-op****(Hereinafter called 'CIC')****and****Community Futures****(Hereinafter collectively called 'CF')**

BACKGROUND

A CIC is a for-profit Co-operative that raises capital from local residents, and then invests this capital in area businesses that provide positive economic, social and environmental impacts. CIC's give residents the opportunity to move a portion of their investment portfolios into the places they live, work and play. This enables residents to become partners in locally driven economic development, which leads to stronger and more sustainable economies.

Increasing businesses's access to capital in rural communities, with investments made by local residents, will require the CIC to strike a delicate balance between risk tolerance and risk management.

Community Investment Co-ops, utilizing a primarily volunteer-based business model, will benefit from professional advisory and administrative support provided by regional Community Futures (CF) organizations. The CF has the necessary infrastructure already in place to investigate, approve, disburse, administer, monitor and collect loans.

MOU PURPOSE

This MOU will outline the roles & responsibilities of each participant, define the deliverables, and establish a framework for compensation.

ROLES & RESPONSIBILITIES

The CIC will be the initial point of contact for investors, members, applicants, borrowers, or investees.

The regional CFs will upon referral from the CIC become the point of contact for the loan and provide back end due-diligence and financial administration for the CIC on a fee-for-service agreement.

SERVICES

Loan Administration and Due Diligence Fees

An agreement will be required from the client authorizing the sharing of information between the CF and the CIC. The CF will not charge any loan application fees.

Loan Administration (Set-up & Collection)

Fees for service:

Administration Fee:	1.0% of authorized loan amount
Monthly Administration Fee:	2.5% of loan payment deducted from CIC portion of payment
NSF Fee:	\$25.00 per default

- a) The CIC and CF have agreed that in most cases the minimum loan amount will be \$10,000.
- b) The CIC and CF agree that all eligible loans proposals will normally be partnered equally.
- c) The CIC and CF agree that the Administration Fee will be collected at the time of disbursement and may be included in the loan amount on a case by case basis.
- d) The CIC will be the initial point of contact for prospective loan clients.
- e) The CIC will ensure basic loan eligibility and refer clients that meet those basic eligibility requirements to the CF Loans Manager.
- f) The CF will then conduct preliminary discussions with those clients.
- g) The CF will advise the CIC of the outcome of all discussions including whether a loan proposal meets the basic loan eligibility requirements.
- h) The CF will not be required to prepare a separate loan application for the CIC and instead will rely on the standard loan application form that the CF typically uses.

- i) The CF due diligence will include any criteria related to community and social impacts etc. as required by the CIC Terms of Reference.
- j) The CF will undertake such due diligence that is reasonable, prudent and usual for proposals for the type under consideration.
- k) The CF will have approved their portion of the loan proposal prior to sending the loan summary to the CIC for their review and approval process.
- l) The CF approval process will generally take on average from six to eight hours over a course of approximately ten working days depending on the complexity and amount of the loan.
- m) The CIC Adjudication Committee will review the loan proposal summary and make a decision on whether or not they will approve their portion of the financing.
- n) The CIC Adjudication Committee as they see fit may make suggestions to the CF with regard to loan terms and conditions.
- o) The CIC will advise the CF with regard to their credit decision within five working days.
- p) Upon approval by the CIC and CF, the CF will prepare the Letter of Offer outlining the Terms and Conditions of the loan for review and acceptance by the client.
- q) Upon acceptance of the Terms and Conditions of the loan by the client, the CF will prepare the required security documentation for execution by the client.
- r) The CF will provide the CIC with copies of all security documentation for the CIC client file.
- s) The CIC will disburse their portion of the loan amount to the CF office upon request for disbursement to the client.
- t) The CF will manage and administer all loans approved in accordance with best practises for a loan of that nature. The CF will have authority to make minor amendments to the structure of a loan on the condition that such amendments do not materially alter the risk of the loan.
- u) The CF will promptly process and remit any and all loan payments back to the CIC subject to the deduction of approved fees. This will include a statement to indicate the amount and nature of the payment, confirm the amount of fees withheld, and details of the loan balance.
- v) In the event that a loan administered by the CF deteriorates to a non-performing status and there is no commercially reasonable prospect to re-structure the loan the CF will undertake all commercially reasonable efforts to realize on security held in respect to the loan. All net proceeds, less collection costs incurred, will be split proportionally between the CIC and CF.

SYNDICATED LOANS

From time to time, the regional CICs and CF will be approached to finance loan proposals that may require a loan syndication or collaborative effort of some sort. Each collaborative financing opportunity will be discussed with the CIC and CF on a case-by-case basis.

PRIVACY & CONFIDENTIALITY

Confidential information will be sent to the CICs and CFs during the application, review, disbursement and monitoring stages of financing. As recipients of such information, the CICs and CFs in this MOU agree to protect the confidentiality of the information and not disclose or distribute to any person outside their immediate organizations. These parties also agree not to use such information for their benefit or the benefit of any additional third parties.

Additional privacy and confidentiality procedures may be required as a part of each party's organizational policies.

MOU TERM

1 year from date of agreement. Renewable.

In witness whereof the parties hereto have duly executed this Agreement as of the day and year first above written.

COMMUNITY INVESTMENT CO-OP

Per:

Authorized Signatory

Date

COMMUNITY FUTURES

Per:

Authorized Signatory

Date

Community Investment Co-op Policy & Procedure Manual (Template)

*This Policy and Procedure Manual has been created as a tool so that the Investment Co-op's Members, Board and Committees operate in a manner that is consistent with each other and throughout successions of the Board.
Please update and revise this template with your own community-specific policies and procedures.*

POLICY CHANGE LOG

[illegible]

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GOVERNANCE

Guiding Principles

Policy:

The Board will review the Investment Co-op's guiding principles on an annual basis to ensure its strategic priorities and direction are aligned.

Vision

Example:

This Investment Co-op will contribute to a supportive, resilient and diversified local economy by mobilizing local capital for high-impact enterprises and coordinating business development services, collaborative financing, and community support for these ventures. Local residents will see the full social, environmental and economic impacts of their investments growing at home, businesses will have access to an additional source of capital, and community relationships and capacity will naturally deepen as a result.

Mission

Example:

The mission of the Investment Co-op is twofold: to provide residents with a mechanism to invest directly into high-impact local ventures and to assist these ventures in developing, financing and implementing their projects.

Values

Example:

The Investment Co-op will operate with integrity and transparency to its members, investors, partners and communities in which it operates. The Investment Co-op will be collaborative in its approach to supporting and financing local ventures and encourage businesses and projects that provide benefits to the community.

Collaboration

Policy:

The Investment Co-op benefits by collaborating with other organizations.

Procedure:

The Cooperative will:

1. be a member of Ontario Cooperative Corporation,
2. be a member of the Canadian Worker Cooperative Federation,
3. be a member of the Cooperation Council of Ontario, and
4. determine ways to network with other organizations that align with the Co-op's vision, mission and values such as: Community Futures, local financial institutions, local governments, and economic development organizations.

Membership

Policy:

The Investment Co-op benefits from increased membership. The members provide diverse values and skills to the Corporation. Membership in the Investment Co-op is open in a non-discriminatory manner to persons that can use the services of the Corporation and are willing and able to accept the responsibilities of the membership.

Member Eligibility

Policy:

To be eligible for membership in the Investment Co-op a person must:

1. embrace the vision, mission, and values of the Cooperative,
2. be 19 years of age or older,
3. ordinarily reside within [*INSERT: your co-op region name here*],
4. not currently hold any membership or preference shares, and
5. purchase one membership share.

Member Rights

Policy:

All members are entitled to:

1. purchase membership shares and/or preference shares,
2. one vote at a general meeting, regardless of how many membership or preference shares they hold,
3. receive membership and investment share certificates after purchasing, and
4. receive, if any, an equitable portion of the Co-op's annual profits, based on the number of membership and preference shares held.

Member Responsibilities

Policy:

Members are encouraged to play an active role in the Co-op by:

1. attending and participating at general meetings,
2. running for Directorship and governing the Corporation,
3. sitting on a Committee to implement tasks of the Board, and
4. promoting the Investment Co-op to the public and business community.

Members shall:

1. demonstrate ethical and professional conduct to maintain the confidence of the membership and the public,
2. use proper authority and appropriate actions in group and individual behavior when acting as Investment Co-op Members,
3. avoid any conflict of interest, and

4. not have any authority to speak on behalf of the Investment Co-op when they interact with the public, the press, and other entities unless granted this authority by the Board.

New Member Application, Approval and Share Certificates

Policy:

A person that wishes to become a member of the Investment Co-op must submit to the Directors an application for membership in the form provided for that purpose, and payment for one membership share.

Procedure:

1. *[Provide your community-specific procedure here]*

Membership Withdrawal

Policy:

All new members are encouraged to commit to a _____-year membership withdrawal restriction, which provides the Co-op with a stable and patient capital base. This results in greater confidence for the Investment Committee when committing funds to local business and projects, as opposed to them keeping larger reserves for unexpected member withdrawals.

Subject to the Co-op's Rule _____, the Board must redeem membership and preference shares within _____ years from the effective date of withdrawal of a member. There are special circumstances in which a member may withdraw early. The Board must consider redeeming the member's membership and preference shares promptly, if it is determined that any of the following circumstances exist:

- ☐ Financial hardship or bankruptcy,
- ☐ Death or critical illness of a member or their immediate family, or
- ☐ Relocation outside the *[INSERT: your co-op region name here]* region.

Procedure:

1. *[Provide your community-specific procedure here]*

Termination of Membership

Policy:

The Directors may terminate the membership of a member in accordance with the Co-op's By-laws _____, _____ and _____.

Procedure:

1. If a member has engaged in detrimental conduct, has outstanding debts, or has breached a condition of agreement with the Investment Co-op, the Board will make a general motion at a Director's meeting to terminate their membership. The Directors must provide at least 7 days notice of the meeting at which the person's membership will be officially terminated, allowing the member the opportunity to appeal.

2. If the member exercises their right to appeal this termination of membership, they must attend, in-person, the meeting of the Board to state their reasons for appeal. The Board will consider the information provided and make a decision to terminate or allow continued membership.
3. When the Board has officially terminated a membership, they must request the original Membership Share Certificate and Investment Share Certificate(s) from the member.
4. The Board is required to reimburse each share within 52 weeks upon termination of the membership.
5. Upon reimbursement of voided shares, the Board will update the Corporate Register with the termination date and share reimbursement information.

Board of Directors

Policy:

The Investment Co-op is a for-profit co-operative corporation, governed by its Articles of Incorporation and By-laws, Policies and Procedures, and the Ontario Co-operative Corporation Act. Members of the Investment Co-op elect a board of directors to be the legal authority and conduct prudent oversight of the Corporation's governance and finances.

The Board consists of a minimum of _____ and a maximum of _____ Investment Co-op members. Directors will normally serve two-year terms; these terms being staggered between directors. Terms start and complete at the close of each Annual General Meeting.

Board members act in a volunteer capacity and as such will not receive remuneration for their time. Out of pocket expenses incurred by Board member activities may be reimbursed at the discretion of the Board. A motion shall be made and recorded for such reimbursement

See Parts _____ and _____ of the Co-op's By-laws for details on Directors.

Board Eligibility

Policy:

To be considered for Directorship, the candidate must be a member of the Investment Co-op, cannot be disqualified under any of the sections in Rule 79 of the BC Co-op Act, and must have knowledge or experience in at least one of the following areas:

- ☐ Business management experience.
- ☐ Previous Board experience.
- ☐ Knowledge of marketing & communications.
- ☐ Experience in strategic development.
- ☐ Experience in loan evaluation.
- ☐ Understanding of community economic development.

Director Code of Conduct

Policy:

Board members need to demonstrate ethical and professional conduct to maintain the confidence of the membership and the public. This commitment includes proper use of authority and appropriate actions in group and individual behavior when acting as Board Members.

Based on the following governance principles, the Board will:

1. govern the Investment Co-op in accordance with policy and bylaws,
2. recommend new or revised policies or By-laws when necessary,
3. uphold the Co-op's guiding principles,
4. disclose any conflicts of interest,
5. be responsible for long-term planning and direction,
6. support continuity of governance through succession planning,
7. select and support administrative staff and volunteers, if needed,
8. treat in confidence all matters and information involving the Investment Co-op, its Board of Directors, its committees, its applicants and its members,
9. act honestly and with integrity,
10. encourage diversity in viewpoints,
11. embrace pro-activity,
12. provide opportunities for member involvement,
13. represent the Cooperative to the community, and
14. be loyal to the interest of the membership over and above any:
 - a. loyalty to advocacy or interest groups,
 - b. membership on other Boards,
 - c. personal or professional relationship to staff/contractors, and
 - d. personal interest as an individual consumer of the Cooperative's services.

Breaches of Code of Conduct will be addressed by the Board.

Board Responsibilities

Policy:

As a member of the Board, Directors hold a fiduciary responsibility for the organization and are accountable to its members. As a policy board, the Directors set strategic direction and are responsible for ensuring best governance practices and oversight for the management and activities of the Investment Co-op.

Directors must agree to:

- ☐ attend Board meetings in-person or by webconference/teleconference,
- ☐ serve on one or more Committees of the Board,
- ☐ prepare for and participate in the discussions and deliberations of the Board,
- ☐ attend Annual General Meetings,

- work with the Board to establish short & long-term goals, objectives and priorities through strategic planning,
- monitor the effectiveness of the Investment Co-op through regular review of activities, and
- promote the services of the Investment Co-op throughout *[INSERT: your co-op region name here]* at events and networking.

New Nomination, Re-election or Appointment

Policy:

Board of Director elections will take place at each Annual General Meeting. Refer to the 'AGM Agenda – Detailed Version' template and the Co-op's By-laws in Part _____ for details on the election process.

There are three methods to be considered for Directorship in the Investment Co-op: new nomination, re-election or appointment.

New Nomination

Policy:

An effective Board includes a wide variety of community perspectives. To ensure Board strength and succession, current Directors should continually identify and encourage new nominees for Directorship.

Procedure:

1. A minimum of two months prior to each AGM, the current Board will commence Director recruitment by distributing a Board Nomination package to the membership.
2. Current Directors will review the Corporate Register to consider and personally contact those members they feel have Directorship qualities.
3. Any member seeking Directorship must review and submit forms from the Board Nominations Package before the advertised deadline.

Re-Election

Policy:

Current Board members wishing to serve an additional term need not submit a Board Nomination Package for re-election, as they were already nominated previously by the Membership.

Procedure:

1. Before Board nominations close, current Directors seeking re-election must indicate to their fellow Directors their intention to be considered as a nominee at the upcoming AGM.
2. The current Board will add them to the Nominee List for elections at the AGM, if there are no reasons for concern regarding Rule 79 of the BC Co-op Act.

Appointment

Policy:

The Investment Co-op may have a rule that allows appointment of one or two Directors.

Procedure:

1. *[Provide your community-specific procedure here].*

New Director OrientationPolicy:

All new Board members need to be familiarized with the Investment Co-op's governance practices.

A new Board member must:

- ☐ be informed of general legal requirements of any Board member,
- ☐ advised of current situations the Board and Investment Co-op is dealing with (issues, budget, borrowers, etc.), and
- ☐ receive training by the continuing Board members.

A proper orientation will serve to build a working relationship among Board members that promotes ongoing support and comes to an agreement on how they will carry out their work.

Consider implementing a mentor system for the first few months after the AGM, pairing each new Board member with a seasoned Director. Ensure they are comfortable voicing their opinions to feel they are an integral part of the Board.

Procedure:

1. *[Provide your community-specific procedure here]*

Exiting DirectorsPolicy:

When a member ceases to hold the position of a Director, there are a few pertinent steps that need to be addressed.

Procedure:

Directors whose terms have expired, or those that have been removed, will be:

1. removed as signatory at the Credit Union,
2. revoked access from the file network,
3. updated in the Corporate Register (Director tab) with the date they ceased to be a Director,
4. encouraged to transfer any knowledge and previous duties to new Directors, and
5. recognized for their service (gift or public or member announcement).

Removal of DirectorsPolicy:

The Corporation may by special resolution remove any Director before the expiration of his or her term of office.

Procedure:

1. A Director or Member may propose to remove a Director by submitting a special resolution to the current Board, stating clearly, the reasons for removal.
2. This resolution must be brought to a vote at a special general meeting.
3. A regular quorum will be sufficient to pass the vote.
4. The vacancy created by the removal of the Director may be filled by ordinary resolution.
5. After removal of Director, exiting Director procedures must be completed, see above.
6. Depending on the severity of circumstances for the Director's removal, the remaining Board will determine if that person's membership shall be terminated as well.

Liability Insurance

Policy:

The Corporation will purchase and maintain insurance for the benefit of an eligible party, as defined by the Act, or the heirs and personal or other legal representatives of the eligible party against any liability that may be incurred by reason of the eligible party being or having been a director or officer of, or holding or having held a position equivalent to that of a director or officer of, the Corporation or an associated corporation. See Part _____ of the Co-op's By-laws for further details.

Procedure:

1. Directors and Committee members will be covered under the indemnification clause in the Investment Co-op's By-laws, and in accordance with the ON Co-operative Corporation Act.
2. Each year, the Investment Co-op will purchase Director & Officer liability insurance for at least \$1,000,000 coverage.
3. The Investment Co-op need not hold general liability insurance as it will have no material assets, such as buildings or vehicles.

Committees

Policy:

The Board may establish committees to help carry out its responsibilities. See Part _____ of the Co-op's By-laws for further committee details.

Committee Structure

Policy:

Each Committee:

- ☐ must be chaired by a Director,
- ☐ will consist of a minimum of _____ and maximum of _____ individuals,
- ☐ must have a minimum of _____ Directors at all times,
- ☐ may consist of members and non-members, however must consist of at least 50% members,
- ☐ must establish a quorum of at least three committee members to conduct a meeting,
- ☐ terms are two years, and
- ☐ members may serve for multiple terms.

The Board will select one of the Directors to act as Committee Chair. This Director will call and preside over committee meetings. If the appointed Chair is not present within 15 minutes of the start of a meeting, one of the other Directors present must act as the interim Chair to oversee the meeting.

All committee members are covered under the Co-op's Director & Officer liability insurance.

Committee Limitations

Policy:

Committee limitations are as follows:

- All committee members shall abide by the Director Code of Conduct.
- Committees will assist the Board by preparing policy alternatives for Board consideration.
- Non-Director committee members may not speak or act for the Board except when formally given such authority by the Board for specific purposes.
- No committee shall have the authority to disburse funds or resources of the Cooperative. Two board members must authorize disbursement of funds.

New Committee Member Application

Policy:

Individuals may either apply to, or be recruited by, the Board to become a member of a committee. Each new Committee member will submit a short 50-word bio to the Board for approval.

The Board will review and discuss the individual's bio and will approve or deny a seat on the committee.

New Committee Member Orientation

Policy:

After approval, a new committee member must go through a probationary period, as determined by the Board. Each new committee member will be partnered with a seasoned Director or Committee member to offer personal communication and guidance as they familiarize themselves with their new roles and responsibilities.

Procedure:

During a new member's first Committee meeting:

1. Pair up with an existing Board or Committee member,
2. Provide a list of Committee member's contact information,
3. Provide access to relevant file network folders and show them how to navigate,
4. Discuss the email, login details, and e-mail communication requirements, including responsibility for replies to queries,
5. Review Conflict of Interest policy and sign Confidentiality Agreement,
6. Understand the history/overview of the Investment Co-op,

7. Review the Investment Co-op's guiding principles,
8. Familiarize themselves with the Investment Co-op website and Facebook page, and
9. Review recent committee minutes.

Investment Committee Only:

1. Review loan applicant communication policy (one member responsible for each applicant).
 - a. Ensure all current loan applicants and active loan recipients have one Investment Committee member assigned for all communications and mentorship.
2. Receive briefing of active loans/investments.

After probation, the Board must approve or discontinue the new committee member's role.

Investment Committee

Policy:

The Investment Co-op will always have an Investment Committee to oversee the lending activities of the Corporation. The Investment Committee will keep detailed minutes of meetings and save to the file network.

Marketing & Communications Committee

Policy:

The Investment Co-op will have a Marketing & Communications Committee to assist the Board with developing marketing materials, advertising campaigns and communication policies. The Marketing & Communications Committee will keep detailed minutes of meetings and save to the file network.

Potential Committees

Policy:

Directors may wish to establish other committees when determined appropriate, to help streamline Board responsibilities. Examples of future committees to consider are Executive, Financial and/or Policy.

Policies, Procedures and Strategic Plans

The consistency and direction of the Board's actions, activities and projects shall be governed by the Co-op's By-laws, Policy and Procedure Manual, and strategic and annual work plans.

Policy and Procedure Manual

Policy:

This Policy and Procedure Manual has been created as a tool so that the Investment Co-op's members, Board and committees operate in a manner that is consistent with each other and throughout successions of the Board.

Policy and Procedure Change Log

Policy:

As the Investment Co-op evolves, more policies and procedures will need to be developed or revised. Upon a new method being established, the Board shall make a timely effort to update this Policy and Procedure Manual in the relevant sections.

Procedure:

1. The date, section, and brief details of each addition, deletion or amendment to a policy or procedure must be recorded in the Policy Change Log located at the beginning of this manual.

[Policy and Procedure Board Review](#)

Policy:

On an annual basis, the Board, or a task force of the Board, will review and make any necessary changes to the Policy and Procedure Manual. Revisions will be reported to the full Board for approval.

At this time the Board will also review the Policy Change Log and note approval date.

[Strategic and Annual Work Plans](#)

Policy:

The Board, with input from members, establishes the Investment Co-op's overall direction through the development and approval of a strategic plan. This plan provides a blueprint for the Investment Co-op's direction and activities for the next three years. From the goals identified in the strategic plan, an annual work plan will be created for the Board.

Procedure:

1. Board sets a meeting date for a planning session at the beginning of each fiscal year.
2. If expired, a new three-year strategic plan will be developed identifying the major priorities, goals, and timelines.
3. A request for input will be sent to the full membership via an e-newsletter.

During the planning session, the Board will develop an annual work plan from the three-year strategic goals and priorities.

At least twice per year, the Board will review the annual work plan to ensure they are on target.

[Confidentiality & Conflict of Interest](#)

[Confidentiality](#)

Policy:

Confidential information will be sent to the Investment Co-op through many channels. Therefore, Directors, committee members, and volunteer or paid personnel will have access to members' or businesses' personal or proprietary information. Each individual serving the Investment Co-op must sign a Confidentiality Agreement and understand the importance of ensuring individual and proprietary information is safeguarded.

Information considered of a confidential nature includes:

- Information acquired through paperwork submitted by individuals or businesses,

- Information received in confidence, verbally or electronically,
- Information acquired by chance while conducting co-op business, and
- Information retained in the members' or businesses' paper files.

If a sealed envelope is received by the Investment Co-op without being addressed to a designated recipient, only those individuals who are currently serving the co-op, and who have signed a Confidentiality Agreement, may open the document.

Breaches of Confidentiality will be addressed by the Board.

Confidentiality Agreement

Policy:

All new Directors, committee members, and volunteer or paid personnel are required to sign the Investment Co-op's Confidentiality Agreement

Procedure:

1. All Confidentiality Agreements must be approved and signed by the Investment Co-op President.

Confidential Business Information

Businesses applying to the Investment Co-op for financing are required to sign the Business Consent Form located at the end of the Investment Application Package

Any information provided by a business to the Co-op is confidential.

Non-Confidential Business Information

After the application process, and upon receiving financial supports from the Investment Co-op, a business will create a public profile (6 to 8 sentences) to be shared with the membership via e-newsletter. This profile will encourage members to support the new venture. This profile may also be added to the Investment Co-op's website for additional publicity.

Disclosure of Confidential Information

Policy:

Personal or proprietary information will not be made public, however may be disclosed if required or mandated to organizations such as:

- The Co-op's accounting or legal firms,
- Financial institutions partnering with the Co-op on a specific loan,
- ON Securities Commission,
- Ministry of Government and Consumer Service (MGCS),
- Canadian Worker's Co-op Federation, and
- Canada Revenue Agency.

□ Financial Security Regulatory Authority of Ontario

Secure Filing

Policy:

All paper files will be stored in locked filing cabinets, in secured offices, to safeguard against unauthorized access.

The Investment Co-op also maintains a cloud-based file network. Access to this electronic file network is restricted to those individuals who have signed Confidentiality Agreements and are currently on the Board, Investment Committee or are volunteer or paid staff.

Conflict of Interest

Policy:

Directors and Officers shall act at all times in the best interest of the Investment Co-op to ensure Board integrity. If a Director or Officer, or a family member, close friend or business associate of a Director or Officer, might benefit from any dealings of the Investment Co-op, the conflict must be brought to the attention of the Board.

The Directors and Officers of the Investment Co-op are governed by the Disclosure by directors of interests in contracts set out in the ON Co-operative Corporation Act, specifically Rule 98.

Procedure:

1. A Director must disclose a conflict, possible or real, as soon as the matter arises.
2. If other Directors are aware of a conflict of interest on the part of a fellow Director, the issue should be addressed firstly with the Director in question. If unresolved, the conflict shall be brought to the attention of the Chair of the Board.
3. If there is any doubt about the conflict being real, the Board will vote to determine if it exists.
4. Once a conflict is declared, the Board may limit the individual's participation in the discussion. The individual will abstain from voting on that matter and may even be asked to leave the room during the decision making process.
5. Any conflict of interest must be recorded in the minutes of that meeting.
6. Loan applications submitted to the Investment Co-op that are refused by the Investment Committee, will not become a conflict of interest for investment purposes by any member on a private basis.

Breaches of Conflict of Interest will be addressed by the Board.

Meetings

Board and Committee Meetings

Policy:

The Board and Committees will hold meetings to discuss regular business of the Investment Co-op. See Parts _____ and _____ of the Co-op's By-laws for further details.

Meeting Agenda Development & Distribution

Policy:

Throughout the month, the President or Committee Chair, in consultation with other Board members or Committee members, develops meeting agendas using templates provided in the file network.

1. Directors and committee members will add topics of discussion to a draft agenda and circulate prior to each in-person meeting.
2. The Board will hold regular in-person meetings the 3rd Wednesday of every month at 9AM. Location and call-in details to be determined in advance.
3. Committee members will meet as necessary and determine a time and location in advance.

Procedure:

1. Date, time and meeting place are noted at the top of each agenda.
2. Business items and discussion points are listed in order of priority.
3. All request for motions will be italicized in the meeting agenda.
4. Meeting agendas and related documents are distributed approximately one week prior to the meeting.

Conducting Meetings

Policy:

A secretary must be appointed at each meeting and is responsible for recording minutes.

Procedure:

1. The secretary must record the minutes of all resolutions and proceedings at a general meeting using the template provided in the file network.
2. The following must be covered before any meeting proceeds:
 - a. Time Meeting Called to Order,
 - b. Directors Present,
 - c. Directors Absent,
 - d. Quorum Established,
 - e. Others Present, and
 - f. Approval of Previous Minutes.
3. Regular business discussions and motions commence.
4. Move unaddressed business items to 'postponed business' section.
5. Record the time the meeting was adjourned.
6. Minutes must be saved to the file network after each meeting.

Annual General Meeting

Policy:

An Annual General Meeting (AGM) must be held once every calendar year within four months after the end of the Investment Co-op's fiscal year.

This is a time to celebrate the Investment Co-op's successes, connect with the general membership regarding governance and financials, and elect new Directors to the Board. The AGM can also be an opportune time to raise additional capital from those members with unpurchased preference shares.

See Part ____ and ____ of the Co-op's By-laws for AGM details.

AGM Preparation

Policy:

Ample notice shall be given for each AGM in order to encourage greater member turnout and participation. This will also provide the Board with sufficient time to prepare reports and required documents, as well as to coordinate venue and catering logistics.

The first order of AGM preparation begins with distributing a Board Nominations Package. As stated in the Co-op Act, this *must be distributed to members at least 6-weeks prior to an AGM*. At the same time, the Board shall also distribute a simple 1-page AGM notice and agenda.

The following sections outline the details of preparing for an Investment Co-op AGM.

Starting to Prepare for the AGM

8-weeks prior to the AGM, the Board will review and make changes to the Board Nominations Package to ensure its accuracy. This document can be located in the file network under the appropriate AGM year.

At this time, the current Directors shall review the needs for specific expertise, resources, or skills necessary to bring strength and balance to the Board. The current Directors will encourage members with directorship qualities to apply for nomination. The current Directors may also wish to put their names forward for re-election.

A Nominees List will be created for tracking and reviewing applicants. This Nominees List will be used for the election process at the AGM. Nominations for the Board will close 1-week prior to each AGM.

The Board will also confirm a date, time and venue for the AGM during this week.

Sending First AGM Notice to Members

7-weeks prior to the AGM, a member of the Board will distribute the Board Nominations Package, an AGM notice and a draft agenda to all members through an e-newsletter. Any special business to be added to the final agenda will be requested from members at this time. Special business items must be submitted to the Board no later than 2-weeks prior to the AGM.

Current Board members wishing to serve another term need not submit a Board Nominations Package for re-election, as they have already been nominated in a previous year by members.

Tracking AGM Attendance

6-weeks prior to the AGM, a Board member will start tracking RSVP's using an Excel Spreadsheet.

Catering and Venue Logistics

5-weeks prior to the AGM, the Board will book a suitable caterer for the AGM, if any. The Board will also confirm room logistics with the venue such as seating arrangements, catering needs and audio-visual needs.

Preparing Directors' Detailed Agenda and Reports

4-weeks prior to the AGM, the Board will develop a detailed AGM agenda with Directors' speaking notes, committee reports and resolutions. To ensure all matters required by the BC Co-op Act are addressed, the Directors' detailed agenda must follow order of business as set in the Co-op's Rule ____.

Send Personal AGM Reminders

3-weeks prior to the AGM, a Board member will send out personal emails or phone calls to those members who have not RSVP'ed, in order to encourage greater member participation at the AGM. Use this opportunity to also encourage new Board nominations.

Distribute Required AGM Materials

2-weeks prior to the AGM, as required by the ON Co-op Corporation Act, the Board will send a final notice to all members including:

1. The AGM date, time and location,
2. Any special business for consideration including the full text of proposed special resolutions,
3. Previous AGM minutes, and
4. The current financial statements.

Final AGM Preparation

1-week prior to the AGM, the Board will confirm catering and venue logistics, finalize speakers' notes and reports, and print any materials such as the agenda, financial statements, Articles of incorporation and by-laws.

At this time, Board nominations will have ended. The current Directors will review all nomination packages, the relevant background of each nominee, and ensure nominees are in good standing with the Investment Co-op. The current Directors will contact nominees to confirm their eligibility for Director elections at the AGM.

*Conducting the AGM*Policy:

The day of the AGM, all Directors will arrive at least 1-hour early to ensure that venue preparation is complete. At least one Director or Co-op member will be assigned to a check-in table at the entrance of the venue to track member and guest attendance and provide any AGM materials.

Proceedings at the AGM must be in accordance with Part ____ and ____ of the Co-op's By-laws, as stated concisely below.

Procedure:

1. A Chair must preside at every general meeting. The President or, in the absence of the President, the Vice-President of the Corporation, must preside as Chair at every general meeting. If the President or Vice-President is absent, see Co-op Rule ____.
2. The current Board will appoint a member to act as Secretary and record AGM minutes.
3. Attendance is generally limited to those entitled to vote at the AGM. Any guests who are not entitled to vote at the AGM may be admitted to a meeting by invitation of the Chair. In the welcome speech, the Chair acknowledges and invites all guests to attend.
4. The Chair will call the meeting to order.
5. The Chair confirms a quorum has been established. The Co-op's quorum is _____. No business may be transacted unless a quorum is present.
6. Chair provides welcome speech.
7. The Chair explains the procedures for handling business at the AGM.
 - a. All motions must be moved by one member and seconded by another member.
 - b. The Chair may request a show of hands by members to determine both all in favour and all opposed, or defer a vote to a special general meeting.
 - c. If it is obvious that greater than 50% of the members present are in favour or opposition, the motion is carried or lost respectively:
 - i. If it appears to be a split decision, support and opposition votes will be counted and in the case of an equality of votes, the Chair does not have second or casting vote and the motion is lost.
 - d. In the case of amendments, a member will make a motion to amend to the Chair. This member will then state the wording of the motion and details of the amendment. Another member will then second the motion to amend. The Chair then proceeds with 6 (b) and (c) of this section.
 - e. Members unable to attend in person may participate and vote at the AGM by telephone or other communications medium that adequately records the intentions of that member.
8. The Chair reads the AGM notice and agenda and requests a motion to accept as presented.
9. The Chair reads minutes of the preceding AGM and requests a motion to accept (or amend and accept as required). Any business arising from the previous minutes must be considered.
10. The President presents their report.
11. The Investment Committee Chair presents their report.
12. The Treasurer presents their report and the Unaudited Financial Statements.
 - a. The Treasurer requests a motion to accept the Unaudited Financial Statements.
13. Treasurer requests a motion to waive the appointment of an auditor for the current fiscal year and provides reasoning (cost and common practice for small co-ops).
14. The Vice-President commences and facilitates the election for the Board of Directors.
 - a. See Directors' Detailed Agenda and refer to the Co-op's By-laws in Part ____ for details on the election process.
15. The Chair proceeds with Special, Unfinished and Other orders of business as noted on the AGM agenda.
16. The Chair identifies any unfinished business to be postponed, if any, until the next general meeting.
17. The Chair, confirming there is no further business to be conducted, declares the AGM adjourned at _____ am/pm. No business may take place after the meeting has been adjourned.

*Secretary and Minute Taking*Policy:

Current Directors at an AGM must appoint a member to act as the AGM Secretary for recording minutes. See Co-op's By-laws _____ and _____. The Secretary is also responsible for collecting copies of all pertinent documents to serve as Appendices to the minutes.

Procedure:

1. The AGM Secretary will record minutes of all business proceedings and resolutions at the AGM using the template provided in the file network
2. Collect, and attach to the minutes, the following documents as Appendices:
 - a. Appendix A – Notice of the AGM sent to members
 - b. Appendix B – AGM member sign-in sheet
 - c. Appendix C – President's report
 - d. Appendix D – Investment Committee report
 - e. Appendix E – Treasurer's report
 - f. Appendix F – Financial Statements
 - g. Appendix G – New Board of Directors
3. Send draft minutes with appendices to the Co-op's President who will save to the file network under the relevant AGM year folder:

*After the AGM*Policy:

After the AGM has been adjourned, the Board will convene as soon as possible to provide orientation to new Directors and wrap up requirements for exiting Directors.

*First Board Meeting after the AGM*Policy:

The new Board will hold their first meeting as soon as possible after the AGM. The Investment Co-op is a registered corporation that abides by the ON CCA, therefore the Board must ensure pertinent forms are completed and filed with Ontario MGCS. For up-to-date information and forms visit:

- <https://www.ontario.ca/page/start-dissolve-and-change-co-operative-corporation>

Procedure:

1. Prior to the first Board meeting after the AGM, all new Directors are emailed a Board Orientation Package. At the first meeting, new Directors are paired with an existing Director to ensure they are comfortable asking questions and receive a proper orientation.
2. The Board reviews the draft AGM minutes and appendices as prepared by the AGM Secretary.
3. If necessary, the Board will elect officers for a new President, Vice-President, Treasurer, Secretary, and appoint an Investment Committee Chair and Marketing & Communications Committee Chair.
 - a. The role of President shall be held for no longer than a four-year term.

- b. The Vice-President shall be considered the successor to the President at the end of their term.
4. The Board reviews and completes the following Ontario MGCS forms:
 - a. Annual Report,
 - b. Notice of Change of Directors, and
 - c. Special Resolution(s), if applicable.
 - i. A separate cheque will be issued and attached to each form for the respective filing fees, as noted on the top right of each form.
 - ii. Completed forms and cheque payments are then mailed to Ontario MGCS.
5. The Board will set a date to review and renew the Director & Officer Liability Insurance.
6. The Board will ensure the Corporate Register "Director Register" tab has been updated to reflect the current Board of Directors names, addresses, and date elected/appointed.

Update Bank Signatories

Policy:

As soon as possible after the AGM has been adjourned, signatories to the Co-op's bank account must be updated.

Procedure:

1. A current Director will book a meeting with the Co-op's financial institution to ensure paperwork is prepared to update authorized signatories on the account.
2. All exiting Directors must be removed, and all new Directors must be added, as signatories.

Annual Report to Members

Policy:

It is recommended that the Board distribute a copy of the AGM minutes and reports to the full membership, especially for those that were not able to attend the AGM.

Special General Meetings

Policy:

The Directors, either on their own initiative or in response to a requisition by the members, may call a special general meeting. The directors will determine the order of business at a special general meeting.

The calling and holding of a special general meeting must be in accordance with the Co-op's by-laws Part ____ and the ON CCA.

COMMUNICATIONS

2.1 Internal Communications (Management and Admin)

Internal refers to methods of communication between the Investment Co-op's Directors, committee members and admin personnel.

In-Person Meetings

Policy:

Major topics of discussion should be addressed at in-person meetings to save on lengthy and confusing email strings. The Board will hold regular in-person meetings the 3rd Wednesday of every month at 9AM. Committee members will meet as necessary.

Group Email Discussions

Directors, committee members and admin personnel will use their individual emails to pass e-resolutions and communication purposes.

External Communications (Members, Loan Applicants and Community)

Policy:

External refers to all communications outside that of Directors, committee members and admin personnel. This includes the Co-op membership at large, the business community, loan applicants and organizational partners.

Primary sources of communication are Gmail, MailChimp, and the website. All electronic communication shall be for Investment Co-op purposes only. Proper etiquette shall be practiced when using these platforms. The Investment Co-op does not currently have a phone line.

All external communication will be open and transparent and inquiries will be responded to within 3-5 business days.

Gmail

Policy:

When communicating externally, all Directors, committee members and admin personnel are encouraged to communicate using the shared Gmail account _____ to simplify correspondence tracking and provide one centralized email address to the public.

Procedure:

1. Login to: www.gmail.com
 - a. Username: [INSERT: your co-op Gmail user name here]
 - b. Password: [INSERT your co-op Gmail password here]

Co-op Member Communication

Policy:

The Directors will be open to concerns and feedback from the general membership.

Group Messages (MailChimp)

Group messages will be sent to the entire Investment Co-op membership when giving notice of AGM's, sending general updates, promoting new business loans, etc.

It is not possible to send group messages through Gmail with a large number of recipients as it becomes flagged as spam and many emails will bounce. Therefore, when sending any notices or updates to the full Investment Co-op membership, the Directors will use the MailChimp platform.

MailChimp Login

Only Directors shall have, or grant, access to the MailChimp account to distribute group messages.

Procedure:

1. Log into <https://login.mailchimp.com>
 - a. Username: [INSERT: your co-op Mailchimp user name here]
 - b. Password: [INSERT: your co-op Mailchimp password here]

Add/Delete Recipients

Policy:

Only active Investment Co-op members shall be included in the MailChimp distribution 'List'. When a new member joins, or a previous member leaves, the List must be updated accordingly.

Procedure:

1. Select 'Lists' from the top menu and select the list you wish to edit.
2. To add a contact:
 - a. Select 'Add Contacts' and "add a subscriber".
 - b. Add in their email address and select both:
 - i. "This person gave me permission to email them", and
 - ii. "If person already on my list, update their profile".
 - c. Click 'subscribe'.
3. To delete a contact:
 - a. Select the box next to the member's email address.
 - b. Select 'Delete' from the top menu.
 - c. Confirm 'Delete'.

Creating and Sending a Campaign

Policy:

When sending a new group message (campaign), replicate one of the existing campaigns or templates for consistency and efficiency.

Procedure:

1. Select "Campaigns' or 'Templates' to replicate a message.
2. Select 'Replicate' next to the campaign you'd like to send out, and
3. Complete the design process, select the list you'd like to distribute to, and select 'Send'.

Individual Correspondence

From time to time, the Directors will correspond with Co-op members individually. If the matter pertains to Investment Co-op business, the Director should use the Gmail account in order to track communications. If a member does not have an email address, direct-mail shall be used to correspond regarding Investment Co-op business.

Feedback Surveys

To understand the desires of the members and to ensure the Cooperative's long-term success, two-way communication between Directors and members is imperative. From time to time, the Directors may wish to conduct a survey amongst the full membership to seek feedback or input.

Survey results, and how they were incorporated, should be shared with the membership through email or at a future General Meeting. A survey could be designed for collecting feedback about member satisfaction, lending opportunities, loan recipients, communication practices, Board governance, etc.

When conducting surveys use Survey Monkey. This is a free online tool that summarized group responses into useful reports. Surveys can have an option for the participant to remain anonymous. Survey Monkey can be found here:

□ <https://www.surveymonkey.com/>

Loan Applicants

Policy:

One Investment Committee member will be assigned to each new business who applies for financing. This will ensure that each applicant has one point of contact throughout the full application and financing process.

Community

Policy:

All communications between the Investment Co-op and the community shall be open and transparent. Gmail will be the primary platform for communicating. A representative from the Investment Co-op will respond to inquiries within 3-5 business days.

Investment Co-op Information Sessions

Every 6 – 8 weeks, an Investment Committee member will hold an information session to encourage businesses to learn more about this Investment Co-op. The goal is to provide an opportunity for in-person discussions and promote the completion of 2-page loan applications.

Guest Speaker Invitations

From time to time, organizations will ask the Investment Co-op to make a presentation to their members. The Board will determine who is best able to attend and present.

Marketing

Website

Policy:

The Investment Co-op maintains a website to communicate with its members, businesses and partners. This website is maintained by the Marketing & Communications Committee and should not require significant upkeep. Updates to the website will include:

1. Adding new business profiles when loans are issued,
2. Adding pertinent information to the homepage (such as AGM info), and
3. Updating forms that can be accessed through the website.

Printed Marketing Materials

Policy:

Refer to marketing appendices.

Advertising and Publicity

Policy:

The Investment Co-op will maintain an active advertising campaign, recommended by the Marketing & Communications Committee and approved by the Board. Primary sources of advertising include the local newspapers, Facebook boosted posts, and radio stations. An active Facebook account is a preferred method of advertising. The Marketing & Communications Committee will be responsible for all communications through this platform.

The Board President is considered to be the official spokesperson for the Investment Co-op when dealing with the media. Admin personnel or volunteers will not speak to the media on behalf of the organization without the prior authorization of the President.

FINANCIAL ACTIVITIES

Raising Capital

Policy

The Investment Co-op raises capital by issuing membership and preference shares (Common and Preferred Shares). These are considered securities and High risk offering in Ontario. When selling preference shares in a cooperative in ON, sellers must report to the Financial Service Regulatory Authority of Ontario (FSRA). FSRA “is responsible for reviewing and issuing receipts for offering statements filed by co-operative corporations in accordance with the Co-operative Corporations Act (CCA). As the regulator responsible for overseeing capital raised by co-ops, FSRA reviews and issues receipts for offering statements to ensure they meet full, true and plain disclosure requirements.”

See ‘Securities Exemptions’ in the Legal Section below for details on securities exemptions before selling any shares.

Share Capital Definitions

Policy:

Membership and Preference Shares are encouraged to be held for a minimum of 5 years. If a member must redeem their shares early, see Policy 1.2 – Membership section, refer to ‘Membership Withdrawal’ for details.

Membership Shares

Policy:

As defined in the Co-op’s by-laws ____, each member is required to purchase one membership share. Owning a membership share provides each member with one vote in the governance of the Investment Co-op, regardless of how many other membership or preference shares they own. Each membership share has a value of \$____.

Preference Shares

Policy:

As defined in the Co-op’s by-laws ____, the Investment Co-op may issue only to members, or to trustees of Registered Retirement Savings Plans or Tax Free Savings Accounts of which the annuitant is a member of the Corporation, Class A Preference Shares. Each investment share has a value of \$____.

Selling Membership & Preference Shares

Policy:

The Directors may sell membership and investment share in accordance to securities laws and the maximum amounts set in the Investment Co-ops Articles of Incorporation and by-laws. Membership and Preference Shares may only be purchased by money order or certified cheque.

Subscription Agreement

The Investment Co-op has created a Subscription Agreement to ensure the purchaser knows their rights, the risks associated, and laws governing the securities they are about to purchase. The purchaser must also state on this form the aggregate acquisition cost of all membership and preference shares currently

held by the purchaser in the Investment Co-op. This form also states the number of new shares being purchased, the amount paid for these new securities, and which exemption the purchaser is relying on to buy shares in the Investment Co-op.

If relying on the BCI 45-530 Co-op exemption, the purchaser will not buy more than \$5,000 of membership and preference shares combined. If they intend to purchase more than \$5,000 of shares, they must rely on another security exemption. See Legal Section for detail.

All Subscription Agreements must be filed in the member's folder and a copy provided to them.

Issuing Share Certificates

Policy:

As stated in Part _____ of the Investment Co-op's by-laws, upon a member purchasing their membership or preference shares, they are entitled to receive a share certificate.

Membership Share Certificates

Procedure:

1. *[Provide your community-specific procedure here]*

Investment Share Certificates

Procedure:

1. *[Provide your community-specific procedure here]*

Loan Application Process

Policy

For the first few years, the Board has decided to use lending as its primary financing tool for building its investment portfolio. Other tools to consider in the future are equity investments or venture-ownership (see Alternative Financing Methods).

The Investment Co-op's loan application process consists of six phases:

1. Loan Application,
2. Business Plan & Cash Flow Review,
3. Due-Diligence,
4. Determining If Partners Are Needed,
5. Negotiations, Terms & Conditions and Legal Documents and
6. Loan Disbursement.

During each phase, there are opportunities to refer the loan applicants to other business development or financial organizations for additional support.

Phase 1 – Application

Policy:

The Investment Co-op has a simple 2-page Loan Application Form that businesses submit when applying for financing. This 2-page loan application is scored by Investment Committee members to determine if the business aligns with the Co-op's values, and whether the applicant will proceed to Phase 2.

Application Submission

Policy:

When a business submits a 2-page Application Form, the Investment Committee Chair will assign a committee member to the applicant. This committee member will be the primary contact to the business throughout the full application and financing process. A Business Consent Form must accompany the application.

Procedure:

The assigned committee member:

1. Creates a new folder for the business and saves the loan application in the file network
2. Saves a copy of the Scoring Matrix to the business's file
3. Notifies all committee members by email of the new loan application and provides a deadline to complete the Investment Committee Scoring Matrix.
 - a. The application is scored within *5 business days after receipt* and a decision is made to continue or cease the loan application process.

Scoring Matrix

Policy:

A scoring matrix has been developed to provide a decision-making tool for the Investment Committee in evaluating loan applications. A majority of the Investment Committee must provide their score on a new application before the deadline provided by the assigned committee member, which is *5 business days after receipt*.

Procedure:

Committee members:

1. Score the seven criteria of the investment application assigning:
 - a. 1 = weak/very low confidence, to
 - b. 5 = strong/very positive
2. May write comments after their rating number if desired.
3. Indicate Yes/No whether to move forward with application and note their comments.

Decision and Reply to Applicant

Policy:

Investment applications must score an average of 3 or higher to move onto Phase 2. The committee member assigned to the applicant is in charge of tallying and averaging the scores and replying to the business.

Procedure:

1. Total and average all scores for all criteria.

2. For applications with a total average score of below 3, the committee must discuss reasoning and confirm that the loan is not a fit.
 - a. If denied, the assigned committee member provides the applicant with reasoning and refers them to another lender, if applicable.
3. For applications with a total average score of 3 or higher, the assigned committee member will coordinate a pitch session with the entrepreneur and Investment Committee.
4. After the pitch session, the Investment Committee will make a decision on whether to request a business plan and cash flow statements.

Phase 2 – Due-Diligence, Financing Partners and Decision to Finance

Policy:

See content and procedures in the Memorandum of Understanding between Community Futures and the Investment Co-op in separate appendices.

Active Business Loans

Loan Announcement

Policy:

The Investment Co-op will promote loan recipients to the full membership through a MailChimp newsletter and website post. This will encourage increased support and patronage for the ventures. Permission to share their story is granted in the Business Consent Form, and will be reconfirmed when they submit a 6-8 sentence brief and picture.

The details of business plans, personal financials, business financials and loan terms will be kept confidential within the Board and Investment Committee, to respect the applicant's privacy.

Procedure:

1. Investment Committee member assigned requests a profile from the loan recipient. This will include:
 - a. Picture of business owner, business premise, or company logo,
 - b. A 6-8 sentence brief of the company and its goals, and
 - c. Contact information: website, Facebook, etc.
2. The profile is distributed to the full membership using MailChimp and a request that members:
 - a. Support by clicking LIKE and SHARE on their Facebook page,
 - b. Shop at the business and say hello to owner/operator, and
 - c. Endorse the new venture with family and friends.
3. The profile may be added to website and Facebook page, depending on approval from business owner.

Loan Recipient Reporting Requirements

Policy:

All loan applicants are required to submit quarterly reports. This will ensure that successes can be measured and shared with the membership and obstacles are addressed in a timely matter.

All loan recipients must submit annual business financials and if a sole proprietor, personal tax filings.

The Investment Committee member assigned is responsible for collecting the above reports and relaying information to the full Investment Committee. All reports will be filed in the recipient's file.

Procedure:

1. First month:
 - a. Email or phone call 'thank you for your payment'.
 - b. Are there areas for the Investment Co-op to help in any way?
2. First quarter:
 - a. Minimum of one on-site visit completed within the first quarter.
 - b. Quarterly report submitted.
3. Annual:
 - a. Submit annual financial statements.
 - b. Investment Committee member to provide onsite visit including business plan review, any new opportunities, or concerns.

Loan Monitoring & Mentorship

Policy:

Once a loan has been issued, the Investment Committee member assigned to each business will provide monthly follow-ups, mentorship and referrals to industry experts. Ongoing correspondence and mentorship is a key to improving success and mitigating loan default risk.

Mentorship and industry experts may, but need not be, a member of the Investment Co-op. These may include:

- ☐ Co-op members with specific expertise,
- ☐ Accounting or legal advice, and
- ☐ Marketing and communications advisors.

The Investment Co-op hopes to create meaningful relationships between loan recipients and member mentor(s). Each loan recipient will be paired up with an Investment Committee member and, if applicable, a member of the Investment Co-op who has a complementary skill set and is a personality fit.

Monitoring Repayments

Policy:

Community Futures will disburse finance and monitor repayments for a fee-for-service. See MOU between Community Futures and the Investment Co-op for more details.

Loan Default

Loan Default

Policy:

To lessen the chance of loan defaults, the Investment Co-op will collaborate on loans, diversify the loan portfolio and practice prudent due diligence. However, the risk of loan default is still very real with new

and expanding businesses, and any loan losses will result in a quick erosion of the Investment Co-op's capital base.

It is imperative that loans are closely monitored to determine when a business may be at risk of default. Multiple missed payments, concerns with annual financial statements or concerns expressed by the business may all be red flags. If any flags arise, the Investment Committee needs to determine how to rectify the situation before it worsens. Additionally, the Investment Committee may recommend that the business shut down operations before the owner takes on more debt than able to service personally. All business owners, and co-signers if applicable, are personally responsible for any outstanding debts.

If a business owner is unable to pay their debts, the Board will do everything in their power to recoup the principal monies it invested such as:

1. Selling any assets that the Investment Co-op had liens on,
2. Calling on the business owner and co-signers personally to pay the debts. New payees and payment schedules will need to be created and signed. This creates a new loans receivable to the Co-op, or
3. Taking the business owner to court.

Additional loan defaults procedures are provided within the MOU between Community Futures and the Investment Co-op.

Alternative Financing Methods

Equity Investment

Equity investment provides businesses with cash, which can leverage for further loans from banks. It is a subordinate position to debt financing, more risky, but possibly more rewards.

Ownership or Joint Venture

The Investment Co-op may come across an opportunity to own a project, jointly or wholly. The Board and members will discuss these opportunities on a case-by-case basis.

Financial Management

Financial Officer

Policy:

The Board appoints a Financial Officer, who serves under the direction of the Treasurer, and is responsible for the day-to-day management of the Investment Co-op's financial transactions. The Financial Officer will use QuickBooks to ensure effective and accurate financial reporting.

The Investment Co-op should plan to budget for a paid bookkeeper as loan revenues increase, as well as ensure a system of internal controls are in place to protect the assets of the co-op.

Procedure:

1. In a timely manner, record all daily transactions including expenditures, deposits, loan payments, share sales, interest earned and banking fees, and term deposit activity, as well as maintain accounts receivable and payable in QuickBooks.
2. Verify, process and monitor outgoing payments.

- a. Two Director signatures are required for all cheques.
 - b. Ensure accurate assignment of accounts to cash outflows when recording transactions in Quickbooks.
3. Process and monitor receipts and revenues.
4. Confirm transactions comply with financial policies and procedures.
5. Prepare weekly bank run for Directors to make deposits.
6. Record investment transactions.
7. Reconcile bank statements, including the recording of loan repayments from local businesses, term deposit transfers, interest earned and bank fees paid.
8. Prepare and post adjusting and/or recurring journal entries to update general ledger accounts.
 - a. Analyze general ledger accounts regularly.
 - b. Prepare year-end accruals and adjustments, and close the general ledger.
9. Prepare and save quarterly financial reports (Balance Sheet & Income Statement) to the relevant financial year in the file network.
10. Maintain and ensure secure filing of financial records.
11. Liaise with the Treasurer, Board and Investment Committee as appropriate.
12. Assist Treasurer with:
 - a. Preparing financial reports as required for Board and Annual General Meetings,
 - b. Developing and compiling Annual Budget, and
 - c. Review and implementation of financial policies.
13. Assist external accountant with preparing annual financial reports prior to AGM.

Bookkeeping - QuickBooks

Policy:

The Financial Officer will track the financial transactions (income and expenses) of the Investment Co-op using QuickBooks software.

Procedure:

Financial transactions to be tracked include:

- ☐ General purchases and filing and recording of receipts,
- ☐ Accounts payable (professional fees),
- ☐ Accounts receivable (loan repayments),
- ☐ Membership share sales,
- ☐ Investment share sales,
- ☐ Member dividend payments, term deposit activity, and
- ☐ Other bank activities, ie. interest received and bank fees paid.

Deposits

Policy:

Only Directors have bank signatory and deposit access at the Credit Union. Therefore, the Financial Officer will request a Director to make financial deposits. Cheques received will be kept in a secure location until a bank deposit can be made by a Director, and cash will be deposited as soon as possible.

Procedure:

1. *[Provide your community-specific procedure here]*

Paying Invoices

Policy:

Invoices to the Investment Co-op will be paid by cheque.

Invoices will be paid within 15 business days, or according to the suppliers' terms. All financial disbursements require two Directors' signatures.

Procedure:

1. *[Provide your community-specific procedure here]*

Posting

Policy:

Posting will be done within five business days of transactions.

Procedure:

1. Post payments directly into QuickBooks:
 - a. Account name to which the amount is to be posted.
 - b. Beside each account the amount posted to each account.
 - c. If several invoices were paid with one cheque, note the other invoice numbers i.e. *"other invoices paid with this cheque _____"*.
2. File each invoice into appropriate date folder.

GST

Policy:

The Investment Co-op does not have a GST number, as it will not qualify for rebates like a charity or a not-for-profit. In addition, the Investment Co-op does not sell products or services, so there is no GST that would be charged to customers in its transactions. If activities of the Investment Co-op change, it is recommended the Directors speak with an accountant to determine when and if a GST number is necessary.

Banking

Policy:

The Investment Co-op does its financial transactions with the *[INSERT: your local Credit Union name here]* for a few reasons:

- It supports the recirculation of local monies,
- It aligns with the sixth global co-operative principle: cooperation amongst co-operatives, and
- The Credit Union and Investment Co-op may collaborate on local loans together.

Bank Reconciliations

Policy:

The Financial Officer will be responsible for ensuring that all accounts balance to the monthly bank statements. This is to be done within five (5) working days of receiving the statement. Errors are to be reported to the Board and Credit Union as soon as possible.

Procedure:

Reconciliation:

1. Open the bank reconciliation window in QuickBooks and enter the ending bank account balance from the statement.
2. Check off all transactions from the printed statement and enter any missing transactions into QuickBooks.
3. Click “Reconcile Now”.
4. If there is a discrepancy, locate the cause and rectify by making any necessary adjusting entries or whatever steps are required. Then click “Reconcile Now” again.
5. Print the summary report and attach to the bank statement and file in the appropriate banking folder.

Monitoring Loan Payments

Policy:

Community Futures will provide this service within the MOU and a fee-for-service.

Procedure:

1. *[Provide your community-specific procedure here]*

Monitoring Finances

Budgets

Policy:

The Investment Co-op will develop an annual budget at the beginning of each fiscal year (January) to demonstrate fiduciary responsibility.

Quarterly Financial Reports

Policy:

The Financial Officer will prepare and save quarterly financial reports (Balance Sheet & Income Statement) to the relevant financial year for the Board of Directors to review.

Endowments, Reserves and Term Deposits

Endowments

Policy:

An endowment grant, as defined in the Investment Co-op's By-laws means any monies provided to the Corporation that were not a direct capital raise from its members or investors.

Reserves

Policy:

The Investment Co-op has a member redemption reserve and a loan loss reserve. These reserves ensure the Investment Co-op will have monies set aside for unforeseen membership withdrawals or loan losses.

All reserve capital will be placed into interest bearing term deposits to earn income while not in use, but will remain liquid enough to access it when needed.

Membership Redemption Reserve

Policy:

The Investment Co-op will hold in reserve, 10% of all monies raised from the sale of membership and preference shares. This ensures there is always monies set aside for early member redemptions.

Procedure:

1. Upon sale of each membership and investment share, the Financial Officer will place 10% of the monies raised into the Member Redemption Reserve.
2. The Investment Co-op has 5 years to redeem a person's membership and preference shares.
3. Once a member's withdrawal form has been approved by the Board, they should seek a new member to replace the old one, or take from surplus of lending activities, in order to top up the redemption reserve fund that was just depleted.

Loan Loss Reserve

Policy:

The Investment Co-op maintains a second reserve fund for unexpected loan defaults. This ensures there is monies to cover loan defaults, while the Board tries to legally recoup its monies from the borrowers.

Procedure:

1. If the reserve fund is used, the Board will recommend a portion of any annual surplus be placed into this reserve to top it up.
2. Recent changes to the Co-operative Corporations Act have removed the cap on the dividend that may be paid on preference shares. The dividend that may be paid on membership shares

remains capped at the prime interest rate of a financial institution named in your co-op's bylaws plus two percent. (http://www.fsco.ca/en/coops/Documents/inc_share.pdf).

3. If the Investment Co-op realizes returns on its investments greater than 8% per annum, these revenues will be deposited into the above reserves and/or new loans.

Term Deposits

Policy:

The Investment Co-op maintains two 5-year ladder GIC deposit structures:

1. The first is for monies the Investment Co-op expects not to need any time soon (i.e. Loan Loss Reserve and Member Redemption Reserve)
 - a. Every year the interest and maturing term is deposited in the Investment Co-op's chequing account and the maturing term is re-invested in another 5-year term. The interest revenue is recorded and accrued.
2. The second is more flexible, comprised of redeemable GICs maturing from 180 days to 3 years that would hold the monies raised in excess of what is forecasted for loans in each fiscal year.
 - a. Using a similar strategy, as each term matures the money could be either held to be lent out in that year or re-invested into another 3-year term.

Fiscal Year End & Accountant

Policy:

The Investment Co-op's fiscal year is _____.

Many small co-operatives waive the appointment of an auditor, due to the limited income and assets they have. Therefore, the Investment Co-op Board recommends the waiving of appointment of an auditor at each AGM due to the high cost.

The Financial Officer will work with a local accountant to complete a Notice to Reader level of engagement each year. This must be completed for the Annual General Meeting, which is to be held no later than 4 months after the Investment Co-op's fiscal year end. An accounting opinion for Investment Co-ops is a useful tool for local accountants and is provided in a separate appendices.

Procedure:

A accountant will be responsible for:

- ☐ Compiling annual financial statements,
- ☐ Filing corporate taxes,
- ☐ Issuing investment returns and T5 slips,
- ☐ Research and advice, as necessary, and
- ☐ Assume individual RRSP investor share certification process, if applicable.

RECORDKEEPING

File Network

Policy:

Both a paper and electronic file system has been created to maintain records of the Investment Co-op. Paper files are stored at either the Registered Office or with the Financial Officer or admin personnel, as approved by the Board. The electronic file network houses most files as it can be accessed more easily by Directors across the region.

Member Files

Policy:

A new paper and electronic folder for each Investment Co-op member will be created to file any documents pertaining to these persons. In each member's file, the following documents can be found:

1. Membership Withdrawal Form (if applicable)
2. Investment share payments:
 - a. Copy of cheque or bank draft.
3. Copy of Investment Share Certificate
4. Subscription Agreement
5. Copy of Certificate of Membership
6. Membership share payment (cheque or cash notation)
7. Membership Application Form

Partner and Advisor Files

Partners and advisors contribute to the ongoing operations and success of the Investment Co-op. These include the MOU's with Community Futures, membership with ON Co-op Corporation, accounting and bookkeeping documents, legal counsel documents and other important partners.

Business Loan Files

A new paper and electronic folder for each loan recipient will be created to file any documents pertaining to their venture. In each loan recipient's paper folder, copies of the following documents can be found:

- ☐ Investment Application
- ☐ Business Consent Form
- ☐ Business Plan and Cash Flow
- ☐ Current Financials
- ☐ Loan Agreements:
 - ☐ Letter of Offer,
 - ☐ Promissory Note, and
 - ☐ Loan Payment Schedule (Schedule A)

Investment Co-op Corporation & Governance Files

The Investment Co-op's will store the following documents:

1. Annual General Meetings (AGM):
 - a. AGM Minutes with attachments:
 - i. Notice of AGM,
 - ii. AGM attendee list,
 - iii. President's Report,
 - iv. Investment Committee Report,
 - v. Treasurer's Report,
 - vi. Financial Statements, and
 - vii. Board Nominations List.
 - b. AGM PowerPoint presentations.
 - c. Director nominations, declarations and consent.
2. Corporate Documents:
 - a. Corporate register of members and Directors (past and present)
 - b. Articles of Incorporation
 - c. By-laws
 - d. ON Registry Services documentation (MGCS):
 - i. Cooperative Corporation List of First Directors,
 - ii. Cooperative Corporation Notice of Registered Office, and
 - iii. Extension for time within which to hold AGM
 - e. Incorporation fees cheque copy.
3. Confidentiality Agreements:
 - a. Signed Confidentiality Agreements from all persons
4. Board of Directors:
 - a. Biographies,
 - b. Signed Nominations and Declaration forms, and
 - c. Board structure and overview
5. Investment Committee:
 - a. Biographies, and
 - b. IC structure and overview
6. Marketing & Communications Committee:
 - a. Biographies, and
 - b. MCC structure and overview.
7. Director & Officer Liability Insurance:
 - a. Application form
 - b. Copy of Directors' & Officers' and Employment Practices Liability Policy

Paperless File Network

Policy:

The Investment Co-op maintains an electronic file network so that Directors, Committee members and admin personnel have shared access across the region. This allows Directors and Officers to

collaboratively access, prepare, revise and share documents.

** DropBox and Google Drive have been used by some Investment Co-ops.*

Login

Procedure:

Each Director, Committee Member and admin personnel will have their own username (email) and password to login. To login as the Master Administrator user in the electronic file network:

1. Go to: *[insert website here]*
2. Sign-in using:
 - a. Username: *[INSERT: co-op's user name here]*
 - b. Password: *[INSERT: co-op's password here]*

Folder Access

Policy:

The electronic file network has been set up with five main folders. Each folder shall be shared with only those users who are privileged to access the confidential information within. This is as follows:

1. Admin:
 - a. Houses all of the co-operative's general documents.
 - b. User access: Directors and admin personnel only.
2. Board of Directors:
 - a. Houses all of the Board related documents and forms.
 - b. User access: Directors and admin personnel only.
3. Investment Committee:
 - a. Houses all documents, forms and files relating to active and potential business loans.
 - b. User access: Directors, Investment Committee members and admin personnel only.
4. Marketing & Communications Committee:
 - a. Houses all marketing and communications documents and strategies.
 - b. User access: Directors, Marketing & Communications Committee members and admin personnel only.
5. Policy Manual and Roles & Responsibilities:
 - a. Houses the Investment Co-op's Policy & Procedure Manual and organization's roles and responsibilities.
 - b. User access: All - Directors, Committee members and admin personnel.

Adding and Deleting Users

Policy:

All Directors, committee members and admin personnel who have access to the electronic file network must sign a confidentiality agreement. When a Director, committee member or admin personnel either join or leave the Investment Co-op, their access will be updated.

Procedure:

1. *[Add platform-specific procedures regarding addition and deletion of access]*

ON Registry Requirements

Policy:

The Investment Co-op is legally responsible for keeping records and ensuring they are up to date. A certified copy of the Co-op's Articles of Incorporation, NUANS report and By-laws should be stored in the Corporation paper and paperless files. The Investment Co-op is required to provide a copy to each member if they request.

The Investment Co-op is also required to file with the ON MGCS an Annual Report and any changes to the Corporation. Refer to the website below for details and forms:

- <https://www.ontario.ca/page/start-dissolve-and-change-co-operative-corporation>

Annual Report

Policy:

An Annual Report (Financial statement) must be filed after each Annual General Meeting (AGM) at the FSRAO. A Notice of Change of Directors form should be completed and filed at the same time if a new Director has been appointed or elected, or if a Director has ceased providing their service.

Procedure:

Complete all areas of the form by entering:

1. Incorporation number of the Investment Co-op:
2. Name of cooperative Corporation:
3. Date of financial year end:
4. Date of Annual General Meeting:
5. Full physical address of registered office including postal code:
6. Current Directors:
 - a. Print all Directors' full names (including initials if any).
 - b. Provide residential addresses including province and postal code.
7. Certify the information is correct:
 - a. One Director prints name, signs and dates.

The Investment Co-op Secretary will mail the completed Annual Report to the FSRAO and MGCS.

- FSRAO
25 Sheppard Avenue West, Suite 100
Toronto, ON M2N 6S6

If applicable, please also complete and submit the Notice of Change of Directors form. Ensure both forms and payment are mailed together (change of directors).

Making Changes to Co-op's Registered Information

Policy:

Any changes to the Investment Co-op's registered information during the year must be reported and filed with the MGCS immediately.

Change of Directors

Policy:

For changes in Directors occurring at or between AGMs, a Notice of Change of Directors form must be completed and filed in a timely manner.

Procedure:

Complete all areas of the form by entering:

1. Incorporation number of cooperative Corporation:
2. Name of cooperative Corporation:
3. Date of change of Directors:
4. Full names (including initials if any) of new Directors appointed or elected, if applicable.
5. Full names (including initials if any) of persons who have ceased to be Directors, if applicable.
6. Full names (including initials if any) and residential addresses (including postal code) of all Directors of the Corporation as at the date of change as listed in top section of the form.
7. Certify the information is correct:
 - a. One Director prints name, signs and dates.

The Investment Co-op Secretary will mail the completed Change of Directors form to the MGCS, the filling fee is free.

- ☐ Ministry of Government and Consumer Services
Central Production and Verification Services Branch
393 University Avenue, Suite 200
Toronto, ON M5G 2M2

Important notes:

- ☐ An individual who has ceased being a Director cannot sign this form.
- ☐ If changes occurred on more than one date, you must complete a separate Notice of Change of Directors form for each date.

Change of Registered Office

Policy:

Notice of change to the co-op's registered office address must be filed immediately. Failure to comply may result in the Investment Co-op being dissolved and struck from the register.

Procedure:

Complete all areas of the form by entering:

1. Incorporation number of cooperative Corporation:
2. Name of cooperative Corporation:
3. New registered office physical address including postal code.
 - a. May also include general delivery, post office box, rural route, site or comp. number as part of the address.
4. Certify the information is correct:

- a. One Director prints name, signs and dates.

The Investment Co-op Secretary will mail the completed Change in Form 1 to the MGCS, the filling fee is free.

- ☐ Ministry of Government and Consumer Services
Central Production and Verification Services Branch
393 University Avenue, Suite 200
Toronto, ON M5G 2M2

[Change of Name](#)

Policy:

The Co-op must pass a special resolution for a name change, either at an AGM or Special General Meeting. Both a Name Approval Request form and a Special Resolution form will need to be completed and filed separately. Once a new name is approved, the previous name will be removed from the register and may be used by another Co-operative.

Procedure:

Change your co-op's information You must file Articles of Amendment if you are changing the name of your co-op or any provision within the Articles of Incorporation.

Step 1 - Complete the form

Download, complete, print and sign 2 copies of the Articles of Amendment form(Form 7).

Step 2 - Gather your supporting documents

Your documents must include:

- cover letter
- an Ontario NUANS name search report, if the co-op has a new name
- a certified copy of the resolution, completed within 6 months of the submission of the Articles of Amendment
- an Affidavit of Solvency (Amendment) form. The form must be completed by either 2 officers or one officer and one director

Step 3 - Cost

It costs \$100 to file Articles of Amendment. You can pay either by mail or in-person.

Step 4 - Submit Learn where to submit by mail or in-person.

- ☐ Ministry of Government and Consumer Services
Central Production and Verification Services Branch
393 University Avenue, Suite 200
Toronto, ON M5G 2M2

[Changes to Articles of Incorporation or By-laws](#)

Policy:

The Co-op must pass a special resolution to change its Articles of Incorporation or By-laws, either at an AGM or Special General Meeting.

Procedure:

Combining Articles of Incorporation

If your co-op wants to combine all amendments and the original Articles of Incorporation into 1 set of articles, you must file Restated Articles of Incorporation with or without Share Capital.

Step 1 - Complete the form

Download, complete, print and sign 2 copies of either the:

- Restated Articles of Incorporation with Share Capital
- Restated Articles of Incorporation without Share Capital
- Restated articles replace the original articles and all the amendments that have been made to them.

Step 2 - Gather your supporting documents

Your documents must include a cover letter.

Step 3 - Payment

It costs \$100 to file Articles of Restatement. You can pay either by mail or in-person.

- Ministry of Government and Consumer Services
Central Production and Verification Services Branch
393 University Avenue, Suite 200
Toronto, ON M5G 2M2

Investment Co-op's Corporate Register

Policy:

ON CCA requires all cooperatives to keep a corporate register of their members, investment shareholders and Directors – past and present. The Investment Co-op's corporate register is a Microsoft Excel spreadsheet and has three separate tabs: Member, Investor and Director.

Member Register Tab

Policy:

All Investment Co-op members , current and past, will be recorded in the 'Member Register' tab of the Corporate Register.

Adding New Members

Policy:

When a new member's application is approved by the Board, a Director or admin personnel will update the Corporate Register.

Procedure:

1. Enter the new member's information in columns 'B' through 'N' within the Corporate Register's 'Member Register' tab.

Member Withdrawal Updates

Policy:

When a member's withdrawal form is approved by the Board, a Director or admin personnel will update the Corporate Register's 'Member Register' tab.

Procedure:

1. Change all font colour to 'red' in the row containing the member's information,
2. Delete the member's email address to ensure they stop receiving updates,
3. Enter the 'date person ceases to be a member', as the date the membership withdrawal form was approved by the Board,
4. Enter the 'amount paid for membership shares redeemed', and
5. Remove the member from MailChimp distribution. See Communication section for details.

Investor Register Tab

Policy:

All Investment Co-op members, current and past, who purchase preference shares will be recorded in the 'Investor Register' tab of the Corporate Register.

Adding New Investors

Policy:

When an Investment Co-op member purchases an investment share(s) and receives their certificate, a Director or admin personnel will update the Corporate Register.

Procedure:

- Enter the new member's investment information in columns 'B' through 'K' within the Corporate Register's 'Investor Register' tab.

Investor Withdrawal Updates

Policy:

When a member's withdrawal form is approved by the Board, a Director or admin personnel will update the Corporate Register's 'Investor Register' tab.

Procedure:

1. Change all font colour to 'red' in the row containing the member's investment information,
2. Enter the 'date member ceases to be an investment shareholder', as the date the membership withdrawal form was approved by the Board, and
3. Enter the 'amount paid for Preference Shares redeemed'.

Director Register Tab

Policy:

All Investment Co-op Directors, current and past, will be recorded in the 'Director Register' tab of the Corporate Register.

[Adding New Directors](#)

Policy:

When an Investment Co-op Director is appointed or elected, another Director or admin personnel will update the Corporate Register.

Procedure:

1. Enter the new Director's information in columns 'B' through 'D' within the Corporate Register's 'Director Register' tab.

[Director Exit Updates](#)

Policy:

When a Director ceases to serve on the Board, another Director or admin personnel will update the Corporate Register's 'Director Register' tab.

Procedure:

1. Change all font colour to 'red' in the row containing the Director's information,
2. Enter the 'date ceased to serve on Board', as the date Director's terms ends, or the date if they voluntarily cease their Directorship.

LEGAL

Policy:

The Investment Co-op is a for-profit cooperative corporation selling securities in Ontario. Therefore, the Investment Co-op will be regulated by several different authorities.

Investment Co-op's Regulatory Documents

Policy:

The Investment Co-op is governed by its Articles of Incorporation and By-laws. These documents were filed with the Ministry of Government and Consumer Service to become incorporated in Ontario. The Board will be familiar locating and navigating these two documents.

The Articles of Incorporation and By-laws will be reviewed by Directors as necessary. To make changes to either of these documents, a Special General Meeting must be held and a motion must receive 2/3 votes in favour of the changes, of those members entitled to vote at the meeting. If the Investment Co-op is considering changes to its Articles of Incorporation and By-laws, it is recommended the Board first consult with a co-operative developer or lawyer before calling a Special General Meeting.

Articles of Incorporation

Policy:

The articles lays out the legal name, purpose, liability and founding members. The articles is also where the Investment Co-op's membership and investment share capital prices and maximums are defined. This is important if the Investment Co-op ever needs to increase the number of available shares, or if it needs to increase or decrease the share value.

By-laws

Policy:

The by-laws contain detailed guidelines on the parameters in which the Investment Co-op may operate within Ontario. Many of the By-laws are referred to in this Policy & Procedure Manual, to assist Directors, Officers and admin personnel in locating relevant policies quickly.

ON Co-operative Corporation Act

Policy:

Specific legislation and regulations govern how cooperative Corporations operate in Ontario. Before operating a Co-operative, members must incorporate under the ON Co-operative Corporation Act (the Act). Incorporation provides a Co-operative with an independent legal status separate from its members. As a legal entity, a Co-operative can enter into contracts or incur debt in its own name with the same legal rights and obligations of an individual.

Throughout the Investment Co-op's By-laws, there are references to 'see the Act' which refers to definitions directly in the Act. In addition, if a law or regulation is not specified in the Investment Co-op's By-laws, or is in contradiction to the Act, the Act governs. The Act can be found here:

□ <https://www.ontario.ca/laws/statute/90c35#BK156>

Ministry of Government and Consumer Service (MGCS)

Policy:

In ON a cooperative Corporation (co-op) is an organization that is owned and operated by the people who use and benefit from its services. All registrations of cooperatives are administered by the MGCS. Organizations need to register, file documents and update records, which are kept as a matter of public record. MGCS Online Services provides information packages, instructions, forms and legislation related to starting, maintaining and dissolving an organization or business in British Columbia. More details can be found here:

□ <https://www.ontario.ca/page/start-dissolve-and-change-co-operative-corporation>

Selling Securities in Ontario

Policy:

A security is a certificate or other financial instrument that has monetary value. The Investment Co-op may issue both membership and preference shares, in order to raise local capital for local ventures. These shares are considered securities, but the prospectus requirement does not apply to a distribution of any of the securities issued by a corporation to which the Co-operative Corporations Act applies. The offering statement process is enforced by the Financial Services Regulatory Authority of Ontario. The Ontario Securities Commission (OSC) is an independent government agency responsible for regulating the sale or trades of securities in our province, and protecting and educating investors.

Canadian securities regulation is managed through laws and agencies established by Canada's 13 provincial and territorial governments. Unlike any other major federation, Canada does not have a securities regulatory authority at the federal government level. Each province and territory has a securities commission or equivalent authority and its own piece of provincial or territorial legislation.

Notwithstanding the lack of a federal regulator, the majority of provincial security commissions operate under a passport system, so that the approval of one commission essentially allows for registration in another province. The passport system is an initiative promoted by provincial and territorial governments, excluding Ontario.

Exemptions

Policy:

There are two basic requirements underlying securities laws:

1. **Registration:** Every person who is in the business of trading (selling) securities must be registered (licensed) with the OSC. This requirement is intended to ensure that people selling securities are knowledgeable and able to properly advise investors.
2. **Prospectus:** Every person who "distributes" (trades) previously unissued securities (i.e. new securities being issued for the first time) must file and obtain a receipt for a prospectus with the OSC. A prospectus is a comprehensive document that discloses all material information about the issuer and the securities being sold. This requirement ensures that investors receive sufficient information to allow them to make an informed investment decision.

There are many exemptions to these two requirements, which is the financial environment in which the Investment Co-op and many other businesses in Canada operate.

Registration Exemptions

Policy:

Upon seeking legal guidance, the Investment Co-op was not considered an investment fund or 'in the business of trading'. Therefore, the Investment Co-op does not need to become a 'Registered Dealer'.

The reasoning is that the Investment Co-op only issues securities to its members (not the public), and places indefinite resale restrictions on those securities (member and preference shares). Members may not trade or resell these securities to other persons, but may redeem shares directly from the Investment Co-op. In addition, the Investment Co-op has many other business activities besides passive investing.

Further research around not being an investment fund would be important to do, but the first step to ensure the Investment Co-op is not considered an investment fund in Ontario, is that it must continue any of the following activities:

- ☐ Seek investment applications from local businesses,
- ☐ Develop business plans with other business development partners,
- ☐ Share due-diligence and collaborative loan proposals with other local lenders,
- ☐ Host pitch sessions in support of investees,
- ☐ Provide ongoing business development and mentorship relations,
- ☐ Promote and celebrate borrower's successes in the community and amongst members,
- ☐ Require borrowers to use loans for certain purposes, or
- ☐ Make it a condition of the loan that investees pay off any debts owed to the Investment Co-op if they are to sell their business.

As an unregistered dealer, the Investment Co-op cannot:

- ☐ Trade in a security or exchange contracts,
- ☐ Act as an adviser,
- ☐ Act as an investment fund manager, or
- ☐ Act as an underwriter.

Prospectus Exemptions

Policy:

A prospectus is an expensive and time-consuming legal document that is required when selling securities to unfamiliar persons. However, several provincial and national exemptions to this requirement allow smaller issuers to raise capital more cost effectively. These allows organizations, for example, to sell securities to their members, individuals with high net worth, or close persons to Directors of the issuer without filing the expensive prospectus. The Investment Co-op relies on prospectus exemptions to sell securities.

Co-operatives raise capital for their development and operations by offering to sell securities to members and non-members. By definition, securities include both shares issued by the co-op and loans made to the co-op as well as other instruments like bonds or debentures. Some offers are free of regulation if they meet the requirements for exemption from offering statements. However, where an exemption is not available, an offering statement must be prepared and delivered to each prospective purchaser. This statement must also be submitted to the Financial Services Regulatory Authority (FSRA). If FSRA approves the document, it will then issue a receipt for it, and that receipt is required before the co-op may begin selling securities. The offering statement is roughly similar to a prospectus, which is receipted by the Ontario Securities Commission to allow business corporations to make public offerings of securities. - OCA

When Is the Co-op Exempt from Offering Statement Requirements?

When considering whether it must prepare an offering statement, a co-op must first look at the number of security holders it has. If it has more than 35 security holders or if the offering would result in the co-op having more than 35 security holders, it must prepare an offering statement. Co-ops or offerings that would result in fewer than 35 security holders do not have to prepare an offering statement to sell securities. Even when an offering will result in more than 35 security holders, under the following conditions an offering statement does not need to be prepared:

1. The co-op has filed a prospectus for the securities with the Ontario Securities Commission (the body that oversees the offering of securities for business corporations). A very large co-op might use this process to access capital in the public markets or to create a market for the resale of its shares. Neither of these options would be available through the offering statement process.
2. The co-op has decided, through its bylaws, to issue shares or loan certificates for part or all of a patronage return.
3. A member purchases securities for a total price of not more than \$1,000 per year and \$10,000 in total.
4. All securities issued to members of the co-op total \$200,000 or less.
5. Securities are issued to a government entity, a financial institution, a broker, an investment dealer or securities dealer who is registered under the Ontario Securities Act.

Legal advice should be sought prior to using any securities exemption to issue Investment Co-op shares.

AUDIT REQUIREMENT EXEMPTION

Policy:

Under the CCA, co-op members are required to appoint one or more auditors for a period of one calendar year at each annual meeting. Co-ops may be exempted from the audit requirement only if they meet all of the following conditions:

1. The co-op has 15 members or fewer, and all the members consent in writing to the exemption, or the co-op has more than 15 but fewer than 51 members and the exemption is approved by a special resolution (i.e., passed by the directors and confirmed by at least two-thirds of the votes cast by members at a general meeting);
2. The co-op's capital, assets, and gross revenue or sales do not exceed \$500,000 each for the year in which the audit exemption is claimed; and
3. The co-op does not receive any government grants or subsidies that require the co-op to be audited.

Income Tax Act

Policy:

The Canada Revenue Agency (CRA) is a federal agency that administers tax laws for the Government of Canada and for most provinces and territories. The CRA provides rules and regulations relevant to the Investment Co-op in two ways:

- Annual corporate taxes and dividends, and
- Preference Shares RRSP/TFSA eligibility.

Filing Taxes

As the Investment Co-op is a for-profit Co-operative corporation, it will be required to file corporate taxes in adherence with the ON Co-operative Corporation Act and Canada Revenue Agency. An accounting opinion is provided in a separate appendices to help local accountants prepare and file annual taxes and dividends.

Surplus Funds

When the Investment Co-op realizes a financial surplus in a given year, the Directors may wish to issue these surpluses equally amongst its members/shareholders by way of dividends. The Investment Co-op's accountant will provide accounting advice and issue T5 statements. Issuing dividends is governed by the Co-op's By-laws and the Act.

Investment Co-op Registered Share Eligibility

The Investment Co-op's preference shares may be RRSP/TFSA eligible. A third part accounting firm must provide this opinion. The Investment Co-op's trustee to manage any registered funds is the Canadian Workers Co-op Federation, who oversees a self-directed program. In order for these shares to be eligible the organization itself must first be eligible, as defined in the Income Tax Act section 4901.

An Investment Co-op is considered an eligible corporation because:

1. It is incorporated under the Ontario Co-operative Corporation Act,
2. None of its members have more than one vote in the operations of the Corporation,
3. 90% of members are individuals, cooperatives, or corporations or partnerships engaged in agriculture,
4. 90% of the shares in the Investment Co-op are held by its members, and
5. The Investment Co-op holds out the prospect of allocating patronage returns.

An individual is eligible to place their shares into a RRSP or TFSA if:

1. The investing shareholder does not hold more than 10% of the shares issued, and
2. The shares are not those of a consumer co-op, where there is a prospect of patronage rebates being paid out on the purchase of consumer goods.

Refer to the Canadian Workers Co-op Federation website and RRSP program for more details.

INVESTMENT APPLICATION GUIDE

The [*INSERT: your co-op name here*] (the Investment Co-op) aims to direct investment capital from local residents into local ventures with community impact. Projects which clearly show how they will generate economic, social, environmental, and community impacts within the [*INSERT: your co-op region name here*] will be considered for financing.

We understand that new or expanding ventures are vital to a healthy local economy, but can face difficulty securing financing to get off the ground or grow. The Investment Co-op bridges the gap between traditional financial institutions and venture capitalists.

This Investment Guide is the first step in the financial application process. Completing it will help you assemble the required documents and prepare you for an interview with your local Investment Committee, who will gauge your business readiness.

Please review this eligibility checklist to determine if your venture is a strong fit prior to applying:

- ☐ All owners/applicants must be Canadian residents or Canadian-controlled entities
- ☐ A majority of the applicant's ownership or management resides in the [*INSERT: your co-op region name here*]
- ☐ If an existing venture, able to provide a comprehensive business plan with most recent financial statements and 2 year financial projections
- ☐ If a start-up venture, able to provide a well-researched and well-developed business plan with 2 year financial projections and demonstrate experience or schooling in the sector in which you plan to conduct business
- ☐ Clearly demonstrate business case and economic viability, achieving profitability within 3 years
- ☐ Business or guarantor able to show the ability to repay financing within a reasonable time period (5-10 years) and willing to provide a personal guarantee
- ☐ Appropriate permits and insurance are researched or in place
- ☐ Full disclosure of any issues that could impact eligibility
 - ☐ Encourage economic development in [*INSERT: your co-op region name here*]; and/or
 - ☐ Improve a social issue faced in [*INSERT: your co-op region name here*]; and/or
 - ☐ Advance environmental sustainability in [*INSERT: your co-op region name here*]; and/or
 - ☐ Enhance community culture in [*INSERT: your co-op region name here*].

Completing this application does not approve you for financing, but will determine your venture's suitability for community investment from the Investment Co-op. Applicants that do not meet our criteria will be directed to suitable business development organizations and resources, to assist in strengthening their business concept.

Investment Co-op Terms

Amount	<p>minimum financing is \$10,000</p> <p>financing greater than \$100,000 will be discussed on a case by case basis</p>
Type of financing	<p>term loan: loans are repaid over a specific period of time by making payments on both the principal and interest (monthly blended payments). Flexible repayment terms can be negotiated on a case-by-case basis.</p> <p>equity investments: may be considered on a case-by-case basis</p>
Interest rate	financing terms and interest rates will be determined by the Investment Committee during the due-diligence process
Amortization	<p>average terms will range from 12 to 60 months; longer terms may be issued on a case-by-case basis</p> <p>your financing will be reviewed after two years</p>
Personal equity investment	<p>you must have 10% of the financing amount invested in your business in cash or in-kind assets on a financing up to \$40,000 (for example, a \$20,000 financing requires proof of \$2,000 of owner's equity invested in the business)</p> <p>you must have 20% of the financing amount invested in your business in cash or in-kind assets on a financing over \$40,000 (for example, a \$50,000 financing requires proof of \$10,000 of owner's equity invested in the business)</p> <p><i>in-kind assets</i> are items which will be actively used in your business and that you fully own (for example, a computer or a car or equipment - as long as these items are fully paid for)</p>
Reporting	<p>applicants will provide quarterly updates on their venture to the local Investment Committee</p> <p>applicants will submit an annual report and financial statements to the local Investment Committee</p>
Other terms	<p>payment terms are based on your personalized repayment schedule</p> <p>financing terms are "open," which means you can make an additional payment at any time without a pre-payment penalty</p> <p>you are eligible for two payment postponements on your financing per borrowing year:</p> <p>you must request a postponement at least five business days before the payment date</p>

	<p>there is an administrative fee of 10% of the postponed payment</p> <p>a personal guarantee is required from all borrowers; this means that you will be personally liable for the outstanding financing amount should you choose to terminate your business operations prior to the end of the financing agreement</p>
Mentorship	<p>start-up ventures must work with a mentor from the Investment Co-op</p> <p>existing businesses may request mentorship supports</p> <p>the Investment Co-op will facilitate mentoring by appropriate directors, advisors or other specialists to help assure success in your venture</p> <p>a mentor provides you with business advice and resources, as well as support and encouragement, to help you remain focused on what is important for the success of your venture</p>

Investment Application – Part 1/2

Are you ready to apply? Then it's time to complete the Investment Co-op Application!

This application consists of a series of questions about you and your business. The answers you provide will be reviewed by a local Investment Committee to help us understand your vision and assess your business readiness.

CONTACT INFORMATION	
Legal business name:	Business location:
Physical Address of Business Operations:	Contact name(s):
Names of those in management roles:	Phone/Cell:
How did you hear about us?	Email and Website:
ABOUT YOUR VENTURE	
Describe your venture and value proposition in 3-4 sentences (your 'elevator pitch')	
What is your venture's status and years in business? (start-up, expansion, transition, succession)	
What is your anticipated launch date for this new venture?	
Legal structure of your business? (partnership, corporation, sole proprietor, co-operative, non-profit)	
Do you have a business plan prepared for this new venture?	
ABOUT YOU & YOUR TEAM	
Tell us why you think this project is important to you personally and to <i>[INSERT: your co-op region name here]</i>	

What experience or education do you have relevant to this venture? (your qualifications)	
Who is on your management team, what roles do they play, and what experience do they bring?	
Please provide the names and contact information of two business references and one character reference:	
FINANCING NEEDS	
What is the total amount of financing you will need for the venture? \$ _____	
What personal assets or resources have you already committed to this project? (money, time, equipment, land, etc.)	
Has financing been sought from a Credit Union, Community Futures, or Bank? What was the outcome?	
Will you be receiving financing from other sources? If so, from where? (list names and amounts)	
How will the financing be used? Please be specific (your funding pitch):	
What type of financing would best suit your venture? (debt, equity, other)	
When do you need financing? _____	How long will you require financing? _____
When do you expect to receive a positive cash flow in this venture?	
Do you have collateral to secure the financing? Please explain	
If your financial projections are not met, how will the financing be repaid?	
COMMUNITY IMPACT	
How will your venture encourage other economic development in [INSERT: your co-op region name here]?	

How will your venture improve a social issue(s) in <i>[INSERT: your co-op region name here]</i> ?
How will your venture advance environmental sustainability in <i>[INSERT: your co-op region name here]</i> ?
How will your venture enhance the community/culture in <i>[INSERT: your co-op region name here]</i> ?
How many jobs will be created after your venture is established? (direct and indirect jobs)
How will you make use of local suppliers for your venture?

Investment Co-op - Due-Diligence & Next Steps

After their review, the local Investment Committee will provide feedback on your application.

If your venture is aligned with the goals of the Investment Co-op, you will be invited to submit the following information for further due-diligence on your venture:

- ☒ Business plan
- ☒ 2 year financial projections (including Investment Co-op financing payments)
- ☒ If you are an existing venture, previous financials (up to 2 years)
- ☒ Resumes for each of the owners/management
- ☒ Statement of personal financial affairs
- ☒ Credit score and history report
- ☒ Appropriate permits and insurance are researched or in place
- ☒ Full disclosure of any issues that could impact repayments
- ☒ Other relevant support documentation requested by the Investment Committee

The Investment Committee will complete due-diligence in partnership with a regional Community Futures Development Corporation. Upon completion, the next steps are as follows:

- ☒ Notification that the application has passed due-diligence
- ☒ Financing amount and terms are negotiated with Investment Committee and applicant
- ☒ Financing agreement is signed by both parties, and financing is disbursed to applicant
- ☒ Ongoing repayment, reporting and mentorship is scheduled



"How a Community Investment Co-Op Works" by Kootenay Employment Services (www.bcinvestmentcoop.com/), is licensed under CC BY-SA

Business Consent Form

The [*INSERT: your co-op name here*] (the Investment Co-op) is accepting applications from local ventures with community impact. The Investment Co-op will harness the power of local capital by redirecting our residents' investment dollars to stay circulating in the [*INSERT: your co-op region name here*]. This local investment organization provides financing to ventures looking to launch or expand, and assist them in establishing a supportive customer base and a sustainable operation for their business concept.

The Investment Co-op acknowledges that any information you share, written or verbally, is private information and will be kept confidential as outlined in the Investment Co-op's Confidentiality Agreement. All Board members, Investment Committee members, and Investment Co-op partner financial institutions have signed Confidentiality Agreements.

In order to best meet your needs, and to assist our Investment Committee and partner financial institutions to perform due-diligence on your Investment Application, we ask for your cooperation and consent in the following areas:

- A) Reviewing company's proprietary information
- B) Reviewing company's financials
- C) Evaluating investment suitability for the Investment Co-op
- D) When appropriate, sharing information with partner financial institutions to complete due-diligence or collaborate on financing your venture.

I consent to all information provided in the Investment Application process to be shared and reviewed with the Investment Co-op, and if appropriate, with its partner financial institutions. If my application is eligible for financing, I agree to provide a brief public summary of my venture for distribution amongst the Investment Co-op's members and its networks.

Signature – Authorized Applicant Contact

Print Name – Authorized Applicant Contact

Company Name

Date (yyyy/mm/dd)

ANNUAL GENERAL MEETING DIRECTORS AGENDA TEMPLATE [DATE, TIME, LOCATION]

6:00	Arrival & Sign-In. Mix & Mingle.
6:10	<p>Call to Order, Welcome & Introductions <i>President</i></p> <ul style="list-style-type: none"> a. It is determined that President, Vice-President or Elected Member will preside as the AGM Chair as stated in the Co-op's By-laws ____. b. Subject to the Co-op's Rule ____, a Co-op member must be appointed as Secretary of the AGM by the current Directors, to record minutes. <ul style="list-style-type: none"> a. It is suggested this be done prior to the day of the AGM to familiarize them with the minutes template. c. The Chair then calls the meeting to Order d. The Chair must confirm a quorum is established. <ul style="list-style-type: none"> a. The Co-op's quorum is _____. See Co-op's Rule ____. e. Welcome guests (Rule ____ of bylaws) f. Housekeeping: cell phones, washrooms, introduce current Directors, etc.
6:15	<p>Agenda, Minutes & President's Report <i>President</i></p> <ul style="list-style-type: none"> a. Chair explains the procedures for handling business at the AGM. <ul style="list-style-type: none"> a. Request for motion. b. Voting by hand in-person, and by polling or chat via Zoom web conference. c. Board election, if any, by secret ballot in-person, and by anonymous polling via Zoom web conference. b. Approval of the Agenda <ul style="list-style-type: none"> a. The Chair reads the AGM notice and agenda and requests a motion to accept as presented. c. Approval of the previous AGM minutes. d. President's Report: <ul style="list-style-type: none"> a. Highlights of Investment Co-op's previous year
6:30	Investment Committee Report
6:45	<p>Treasurer's Report <i>Treasurer</i></p> <ul style="list-style-type: none"> a. Report on CIC Financials as stated in ON CCA Section 128: <ul style="list-style-type: none"> a. a statement of profit and loss for that period, b. a statement of surplus for that period, in any, and c. a balance sheet as at the end of that period d. description of placement of unused capital in redeemable GIC's b. The Treasurer moves to accept the Unaudited Financial Statements.

	<p>a. It was Moved by _____, Seconded by _____ <i>that the Unaudited Financial Statements be accepted as presented.</i> All in favour. CARRIED.</p> <p>c. Treasurer moves to waive the appointment of an auditor for the current fiscal year and provides rationale (cost and common practice for small co-ops).</p> <p>a. It was Moved by _____, Seconded by _____ <i>that the appointment of an auditor be waived for the current fiscal year and that a Notice to Reader accounting format is sufficient.</i> All in favour. CARRIED.</p>
7:00	<p>Elections for the Board of Directors facilitated by President or Vice President.</p> <p>a. Board terms determined by outgoing Directors and are staggered.</p> <p>b. _____ (Director Name(s)) has one year remaining on their term and need not run for re-election until the following AGM.</p> <p>c. _____ (Director Name(s)) terms have expired and are running for re-election.</p> <p>d. New Board nominees are as follows:</p> <p>a. _____ (Member Name),</p> <p>b. _____ (Member Name),</p> <p>c. _____ (Member Name).</p> <p>e. If there are more nominees than Board positions available, an election by secret ballot will be held. The Chair must declare elected the candidates who received the highest number of valid votes up to the number of directors to be elected.</p> <p>f. Or, if the number of candidates nominated is less than the number of directors to be elected, the nominated candidates are declared elected and welcomed by the Vice President:</p> <p>a. _____ (Member Name) (elected, re-elected, appointed)</p> <p>b. _____ (Member Name) (elected, re-elected, appointed)</p> <p>c. _____ (Member Name) (elected, re-elected, appointed)</p> <p>d. _____ (Member Name) (elected, re-elected, appointed)</p> <p>e. _____ (Member Name) (elected, re-elected, appointed)</p> <p>f. _____ (Member Name) (elected, re-elected, appointed)</p> <p>g. _____ (Member Name) (elected, re-elected, appointed)</p> <p>g. Thank you to the departing Board members for their service (by name).</p>
7:15	<p>Adjournment – President</p> <p>a. As there is no further business to conduct, the AGM Chair declares the AGM is adjourned.</p>
POST AGM	
7:15	Keynote Speaker:
7:30	Open Discussions and Networking with members and the Board

Secretary and Minute Taking

Policy:

Current Directors at an AGM must appoint a member to act as the AGM Secretary for recording minutes. See Co-op's By-laws ____ & _____. The Secretary is also responsible for collecting copies of all pertinent documents to serve as Appendices to the minutes.

Procedure:

1. The AGM Secretary will record minutes of all business proceedings and resolutions at the AGM using the template provided and save in the CIC file network.
 - a. This template was created from the Co-op's By-laws and Directors' detailed agenda version, which will enable the AGM Secretary to easily follow proceedings.
2. Collect and attach to the minutes these Appendices:
 - a. Appendix A – Notice of the AGM sent to members
 - b. Appendix B – AGM member sign-in sheet
 - c. Appendix C – President's report
 - d. Appendix D – Investment Committee report
 - e. Appendix E – Treasurer's report
 - f. Appendix F – Financial Statements
3. Within two-weeks after the AGM, draft minutes with appendices will be sent to the Co-op's President who will save to the file network under the relevant AGM year folder
 - a. A visible 'draft' title or watermark should be added until approved at the next AGM.

Board Nomination Package

Date: _____

Dear Investment Co-op Members,

Enclosed is our Board package, including roles & responsibilities for Directors, a list of existing Board members and our Nominations, Declaration and Consent Form.

This year, the Investment Co-op is seeking candidates for _____ board vacancies (____ year terms) with some of the following qualities, as sought by the current Board of Directors:

<ul style="list-style-type: none"> • Business management experience 	<ul style="list-style-type: none"> • Previous Co-op Board experience
<ul style="list-style-type: none"> • Knowledge of marketing & communications 	<ul style="list-style-type: none"> • Experience in strategic development
<ul style="list-style-type: none"> • Experience in loan evaluation 	<ul style="list-style-type: none"> • Understanding of community economic development

Nominations *must* be received by noon on [closing date]. Late nominations will not be accepted.

Include a short 50-word bio with your nomination form. The candidate's information will be included in our AGM package. The election will take place at the **AGM on _____ of _____, 20_____.**

Feel free to contact the Investment Co-op at [email] if you need any further information.

Regards,

[Investment Co-op]

[President Name]

[Registered Office Address]

[Website]

About the Community Investment Co-op (Investment Co-op)

General

The Investment Co-op is a new community investment tool that aims to direct new, or pre-existing, investment capital from local residents into local ventures with community impact. The longer a dollar can circulate within our region, the greater its economic impact. The Investment Co-op is a for-profit cooperative corporation owned and governed by local residents and serves the geographic region of the *[INSERT: your co-op region name here]*.

Mission

[Insert here]

Vision:

[Insert here]

How Does it Work?

Step 1: Members of the Investment Co-op pool their money together to create a revolving loan fund.

Step 2: Local ventures who demonstrate an ability for community impact and sustainable operations apply to the Investment Co-op for financing.

Step 3: The Investment Co-op assists eligible ventures with business development supports, and if necessary advocates to other local lenders to collaboratively finance these businesses.

Step 4: The Investment Co-op works closely with loan recipients to provide them with mentorship, promotion, and referrals to other ongoing business development services.

Governance

A Board of Directors, elected by the membership, oversees the operation of the Investment Co-op. An Investment Committee consisting of Directors and members oversees the Investment Applications and due-diligence process.

Requirements, Responsibilities and Information for Directors

Authority & Responsibility

The Board of Directors is the legal authority for the Investment Co-op. As a member of the Board, Directors hold a fiduciary responsibility for the organization and are accountable to its members. As a policy Board, the Directors set strategic direction and are responsible for ensuring best governance practices and oversight for the management and activities of the Investment Co-op.

Qualifications

A Director must be a member of the Investment Co-op. Directors must also have knowledge or experience in at least one of the following areas:

<ul style="list-style-type: none"> • Business management experience 	<ul style="list-style-type: none"> • Previous Co-op Board experience
<ul style="list-style-type: none"> • Knowledge of marketing & communications 	<ul style="list-style-type: none"> • Experience in strategic development
<ul style="list-style-type: none"> • Experience in loan evaluation 	<ul style="list-style-type: none"> • Understanding of community economic development

Term

Directors are elected at the Annual General Meeting, usually for a two-year term. Terms are staggered such that the Board will always have some continuing directors.

Tasks & Duties

Board Directors agree to:

- Attend scheduled Board meetings in-person or by web conference
- Serve on one or more Committees of the Board
- Prepare for and participate in the discussions and deliberations of the Board
- Attend the Annual General Meeting
- Work with the Board to establish short & long-term goals, objectives and priorities through strategic planning
- Monitor the effectiveness of the Investment Co-op through regular review of activities
- Promote the services of the Investment Co-op throughout the region

Governance Principles

Board Directors agree to:

- Govern the Investment Co-op in accordance with policy and bylaws established by its members
- Uphold the Mission & Vision of the Investment Co-op
- Be aware of and disclose any conflicts of interest
- Recommend policy/bylaw revisions
- Act honestly, in good faith and in the best interests of the Investment Co-op

- Treat in confidence all matters and information involving the Investment Co-op, its Board of Directors, its committees, its applicants and its members
- Exercise the care, diligence and skill of a reasonably prudent person under comparable circumstances

List of Current Directors:

President

Vice President

Treasurer

Secretary

Director

Director

Director

Director

Director

Director

Director

CANDIDATE'S NOMINATION
OFFICIAL NOMINATION FOR BOARD OF DIRECTORS

I, _____, being a member of the Investment Co-op
(Name of Nominator)

do hereby nominate _____ for the position of Director.
(Name of Nominee)

Dated: _____ Signed: _____

Full Name of Nominator: _____

Address of Nominator: _____

CANDIDATE'S DECLARATION AND CONSENT

I, _____, declare that I am a candidate for the position of

(Name of Candidate)

Board Director and I consent to serve in that position if I am elected. I am a current member of the Investment Co-op.

I am at least eighteen (19) years of age, am a Canadian resident or Canadian-controlled corporation, have not been found by a court to be incapable of managing my own affairs, and am not an undischarged bankrupt.

I am not in arrears to my Co-operative.

(Witness Signature)

(Candidate Signature)

(Date)

(Date)

Name: _____

Name: _____

Address: _____

Address: _____

City: _____

City: _____

Phone: _____

Phone: _____

Email: _____

Email: _____

You must submit this Nomination and Declaration Form to the Investment Co-op by _____ day of _____, 20____ to have your candidacy information included as part of the upcoming AGM.

You MUST include a 50-word bio with this nomination form.

For more information, please contact us at [email]

COMMUNITY INVESTMENT ORGANIZATION (CIO) BOARD OF DIRECTOR SURVEY

Please have one of your Board Directors or staff members complete this on behalf of your organization.

Your participation in this survey is invaluable to provide accurate impact reporting to local investors, provincial governments, and funders. Any reports outside your local Impact Investment Organization will be aggregated with other communities. Your name will not be used in any public reporting, nor will any information which may be used to identify individuals or individual businesses.

Thank you for your participation.

* 1. What is the name of your Community Investment Organization (CIO).

* 2. Primary Contact Name

* 3. Email

4. How many members does your CIO have?

5. How many of these members are retail investors?

6. How many members are accredited investors?

7. How much capital have you currently raised from your CIO members? (to the nearest (\$10,000)

8. What is the average investment of a member into the CIO? (including membership and preference shares or loans if applicable) _____

9. Does your CIO have any strategic priorities that align with the following goals? (select all that apply)

- ☐ Access to adequate and affordable housing
- ☐ Access to sustainable transportation systems
- ☐ Protection of cultural or natural heritage

- ☐ Reducing waste through prevention, reduction, reusing and, or recycling
- ☐ Reducing food waste
- ☐ Supporting local food production and agriculture
- ☐ Increasing renewable energy
- ☐ Supporting the low-carbon economy
- ☐ Improving education and awareness around climate action
- ☐ Supporting Indigenous-led businesses
- ☐ Protection of Indigenous cultural and natural heritage sites
- ☐ Prioritizing purchasing of local products, suppliers, and services

10. How many applications for investment has your CIO received in the past 12 months?

11. Of these applications, how many were financed?

12. What is the total amount of financing your CIO issued in the past 12 months?

13. Were any of the projects financed in the past 12 months with other financiers?

- ☐ Yes
- ☐ No
- ☐ Other (please specify) _____

14. What is the total amount leveraged through other financiers in the past 12 months?

15. Do you have any formal partnership agreements between your CIO and other local organizations?
I.e. Community Futures, Credit Unions, First Nations governments.

- ☐ Yes
- ☐ No
- ☐ Other (please specify)

16. If yes, please elaborate.

17. What type of non-financial supports have you provided in the last 12 months? (select all that apply)

- ☐ Workshops
- ☐ Mentorship
- ☐ Strengthening business plans
- ☐ Referrals to business development organizations, providing key contacts
- ☐ Promoting the business to potential new customers
- ☐ Other (please specify) _____

18. What type of mentorship have you provided in the past 12 months?

19. Are there any successful financing stories that can be shared publicly? Please provide a short description and a link to the website.

Community Investment Organization (CIO) Borrower Survey

You have reached this page as your local Impact Investment organization would like you to complete this survey for reporting purposes.

Your participation in this survey is invaluable to provide accurate impact reporting to local investors, provincial governments, and funders. Any reports outside your local Impact Investment organization will be aggregated with other communities. Your name or organization name will not be used in any public reporting, nor will any information which may be used to identify individuals.

The BC Community Impact Investment Coalition started to build a movement in BC which is spreading throughout Canada, a movement for local ethical investing that benefits rural and urban communities. All of our members are trying to build sustainable and diversified local economies.

Thank you for your participation.

* 1. Business Name

* 2. Primary Contact Name

* 3. Phone Number

* 4. Email

* 5. Town/ City

6. Which Community Impact Investment Organization did you receive financing from?

7. What amount of financing have you received from the community Impact Investment organization, identified in the previous question, in the past 12 months?

- ☐ \$0-\$49,999
- ☐ \$50,000-\$99,999
- ☐ \$100,000-\$249,999
- ☐ \$250,000- \$499,999
- ☐ \$500,000-\$999,999
- ☐ \$1,000,000 +
- ☐ Other (please specify) _____

8. Did you leverage this financing with other financiers?

- ☐ Yes
- ☐ No
- ☐ Other (please specify) _____

9. If yes, how much additional financing did you receive from the other financiers in the past 12 months?

- ☐ \$0-\$49,999
 - ☐ \$50,000-\$99,999
 - ☐ \$100,000-\$249,999
 - ☐ \$250,000- \$499,999
 - ☐ \$500,000-\$999,999
 - ☐ \$1,000,000+
 - ☐ Not applicable
 - ☐ Other (please specify)
-

10. What stage is your business currently in?

- ☐ Pre Start-Up
- ☐ Start-Up
- ☐ Growth
- ☐ Maintenance
- ☐ Succession
- ☐ Other (please specify) _____

11. What were your previous annual gross revenues?

- ☐ \$0-\$49,999
- ☐ \$50,000-\$99,999
- ☐ \$100,000-\$249,999
- ☐ \$250,000- \$499,999
- ☐ \$500,000-\$999,999
- ☐ \$1,000,000+
- ☐ Not applicable
- ☐ Other (please specify) _____

12. What were your previous annual gross expenditures?

- ☐ \$0-\$49,999
- ☐ \$50,000-\$99,999
- ☐ \$100,000-\$249,999
- ☐ \$250,000- \$499,999
- ☐ \$500,000-\$999,999
- ☐ \$1,000,000+
- ☐ Not applicable
- ☐ Other (please specify) _____

13. What is your net income to the nearest \$10,000?

14. How many employees do you have?

Full-time _____

Part-time _____

Casual _____

of New Hires in the past 12 months _____

15. Are you able to find the employees you need locally?

☐ Yes

☐ No

☐ Other (please specify)

16. What is the starting wage at your business?

17. As business owner, I am (select all that apply)

☐ A person living with an invisible/ visible disability

☐ A member of a visible minority community

☐ An Indigenous person

☐ A member of the LGBTQ2SI community

☐ A newcomer to Canada

☐ Not comfortable sharing

☐ None of the above

☐ Other (please specify)

18. What is your gender?

19. Does your organization have any strategic priorities that align with the following goals? (Select all that apply)

☐ Access to adequate and affordable housing

☐ Access to sustainable transportation systems

☐ Protection of cultural or natural heritage

☐ Reducing waste through prevention, reduction, reusing and, or recycling

☐ Reducing food waste

☐ Supporting local food production and agriculture

- ☐ Increasing renewable energy
- ☐ Supporting the low-carbon economy
- ☐ Improving education and awareness around climate action
- ☐ Supporting Indigenous-led businesses
- ☐ Protection of Indigenous cultural and natural heritage sites
- ☐ Prioritizing purchasing of local products, suppliers, and services

20. Has your organization contributed to any of the aforementioned goals in the past 12 months? If yes, please briefly describe these contributions.

Information for Community Groups

Solshare Energy is happy to work with local BC community groups and investment co-ops that want to set up a cooperatively owned solar energy project.

Here is what you need to set up a community project with SolShare:

1. Investors

A group of investors, willing to invest at least \$500 to own part of the larger solar array. Usually we will need at least 150 investors at \$500 each. Of course if some investors are willing to contribute more than you will need fewer investors.

- Investors should expect to receive dividends at 4-6% annualized
- If you don't have enough local investors we can provide additional investors from our pool of interested BC residents

2. The Site

A building where the owner or tenant is willing to pay for the electricity generated by the solar. The building needs at least 4,000 square feet of roof space.

- In most cases the building owner will be paying about \$0.14 / kWh for the power generated
- We may be able to reduce the cost per kWh if we are able to also do energy efficiency upgrades and we are able to include those in the power purchase agreement (PPA)
- For most building owners \$0.14/kWh is a premium over their BC Hydro rates.
- If the building is seeking LEED certification or buying Renewable Energy Certificates (RECs) the PPA might save them money even at the premium.
- The premium declines over time so eventually the building owner may be paying less for the solar energy than buying from the utility
- Multi-family residential buildings are especially good candidates if they are paying residential rates for their common areas. In just a few years they will be saving money under the power purchase agreement.
- We can evaluate the site to see if it is suitable.

SolShare Partnership Options

There are three ways Solshare can partner with local groups to start community solar energy projects.

1. SolShare Ownership / Local Individual Investors

Under this option local residents become owners of the solar energy plant by joining SolShare which will operate the plant.

Given the economics of grid-tie solar energy in BC it is important to keep costs low in order to give your investors a good return on investment. There can be considerable costs associated with incorporation and meeting the requirements of the BC Securities Commission. By working with SolShare those costs are shared.

How can you save by cooperating with SolShare?

- **Incorporation costs** – we have already incorporated
- **BC Securities Commission compliance** – unless you are raising a small amount with a small group of people you will need to file a Prospectus (which can cost \$80,000 or more) or use another exemption. We are using the Offering Memorandum exemption which requires paperwork to be filled and records kept. We have templates and a database system already set-up to handle the paper work and filing.
- **Audit Costs** – If you are using the Offering Memorandum exemption you will need to get an annual financial audit done at least once. This can cost \$8,000 or more. By sharing the Audit costs among more than one project we reduce the costs and allow more profit to be returned to investors.
- **Administration Costs** – We take care of the accounting and record keeping. We also have automatic electronic funds transfers set up to handle the payment to investors.
- **Diversification** – Because SolShare pays dividends based on the revenue from the pool of all solar energy plants in BC there is less risk associated with poor performance at an individual plant.

This option works best for community groups that don't already have an investment co-op in place.

2. Local Investment Co-op Ownership / SolShare Support

Under option two a local investment co-op would own of the project.

SolShare can provide support in any or all of the following ways:

- Analysis of the potential solar array site and feasibility study
- Installation of the solar array through our parent company VREC (Vancouver Renewable Energy Co-op) or project management services to help a local installer complete the project.
- Investment in the project if there is not enough local funds available (under co-op principals SolShare would only have one vote and would not control the local project)
- Administrative support to collect PPA payments from customers, pay dividends to investors and comply with BCSC and CRA requirements.

This option would work best for communities that already have an investment co-op in place.

2. Solshare Ownership / Local Co-op Investment

Under this option, SolShare would own and operate the solar energy plant. The local investment co-op would buy shares in SolShare. They would receive dividends and return all or part of that revenue to their shareholders.

Because most investment co-op are required to invest only in local projects, SolShare would need to create a special share class for each local project.

If you have any further question please contact us:

Rob Baxter

robert@vrec.ca

778.869.8333