

# Co-operative Spotlight

March 2011

An overview of  
Saskatchewan co-operative sector  
news and activities

## Last Chance: Register Now for Conference

There is still time to register for the **Saskatchewan Community Economic Development and Co-operatives Conference** hosted by Saskatchewan Co-operative Association and the Canadian Community Economic Development Network. The event takes place April 8th at Mount Royal Collegiate (2220 Rusholme Road) in Saskatoon. This unique one-day conference is a great opportunity to engage in meaningful dialogue and share your knowledge with others. Workshop topics include : Co-ops 101, Food Security, CED 101, Social Enterprise, Youth Engagement Strategies, Aboriginal Business Development and Incubation Case Studies and many more!

### Pre-Conference Networking

To kick-off the conference join us on April 7th at Souleio Foods, 265 3rd Ave South in Saskatoon, for an Opening Reception from 7pm-9pm. The evening will feature delicious locally inspired appetizers and cash bar.

### Conference

April 8th- Check in/Registration begins from 8:30 AM- 9:00 AM, please use Rusholme Road school entrance only.

For more details, see page 2 or go to <http://www.sask.coop/events.html>.

 Saskatchewan  
Co-operative Association



## Affinity Launches Innovative Community Funding Initiative

Affinity Credit Union is proud to announce the successful launch of an innovative community funding initiative which has increased charitable giving to organizations across the province – the Community Spirit Fund.

The Community Spirit Fund was launched in July 2010 and provides employees and elected officials within the Credit Union the opportunity to request \$200 to donate to an organization of their choice.

So far, 351 organizations across the province have benefited from this additional funding support. The areas supported include: arts and culture, education, health and support services, sports, recreation and youth initiatives.

George Keter, Affinity Credit Union's Chief Executive Officer, said: "Although 100% of our employees already volunteer in their communities and hold numerous fundraising events throughout the year, we wanted to take this engagement a step further.

We wanted to personalize it and empower staff to work closely with community partners and support their favourite organizations without the interference from corporate controls."

Since its launch, the Community Spirit Fund has instilled pride in Affinity Credit Union employees and elected officials and continues to make a difference in Saskatchewan communities every day. "The program is a success," added Keter. "It will expand as the Credit Union expands and hopefully its success will inspire other organizations to adopt a similar community involvement program."

## Nominations Open for Co-op Merit Awards



Nominations are invited for the 32nd annual Co-operative Merit Awards. Awards will be presented in four categories - Lifetime Co-operative Achievement, Co-operative Contribution, Co-operative Enterprise and Co-operative Young Leaders.

The awards will be presented on October 17, 2011, during National Co-op Week at a banquet at the Ramada Hotel and Convention Centre, Regina.

Nomination forms are available at our website at [www.sask.coop](http://www.sask.coop). Nomination deadline is May 1, 2011.

## SCYP Launches On-Line Registration

Saskatchewan Co-operative Youth Program is pleased to launch its new on-line registration system. The system allows participants and volunteer staff to register for co-op camp from our web site.

The project has been spearheaded by our Sustainability Officer, Alieka Beckett with the technical work done by Damaag Inc. Alieka joined our office in October as part of the Canadian Community Economic Development Network's (CCEDNet) CreateAction Work Experience Program.

"The new system will not only make SCYP more environmentally sustainable through reduced paper use, it is also easier for the participants to use, facilitates more convenient payment methods for parents and saves SCYP money on printing and mailing," Beckett says. "Staff time will also be greatly reduced as we will not have to input the registrations into our computer system. We are looking forward to having the majority of registrations move to the on-line registration system in the next year."

Youth who register on-line will not require their sponsors to sign as they do on the paper registration form. Instead, youth will get their sponsor's contact information and SCYP will confirm with the sponsor by email or phone call. For more information about Co-op Camp or to register, go to [http://youth.sask.coop/scyp\\_youth\\_intro.html](http://youth.sask.coop/scyp_youth_intro.html).



## Government Urged to Support Worker Co-op Conversions

The Canadian Worker Co-operative Federation (CWCF) has called on the federal government to provide funding to support conversions to worker co-ops.

Appearing before the Standing Committee on Finance on February 15, CWCF president Alain Bridault and executive director Hazel Corcoran said worker co-ops could meet the challenge posed by the imminent retirements of large numbers of "baby boomers".

"We know that with the retirement of very large numbers of workers from the baby-boomer generation, we shall face a serious problem of manpower shortages," Mr. Brideault said, adding that the democratic and participatory nature of worker co-ops would be attractive to potential employees.

In its submission to the committee, CWCF called for a Co-operative Investment Strategy that would provide co-ops with much-needed access to financing, and a permanent Co-operative Development Initiative program, as the current program is scheduled to end in 2013. CWCF also suggested that the CDI program include support for conversions to worker co-ops.

Source: CCA NewsBriefs, March 10, 2011

## Calgary-based Momentum to Host Workshop

Calgary based non-profit organization, Momentum, will be hosting a workshop on "Building Sustainable and Self-Reliant Organizations" at the Saskatchewan Community Economic Development (CED) and Co-operatives Conference, April 8. in Saskatoon

Walter Hossli, Executive Director of Momentum, will cover organizational financial management – not accounting - and financial practices in support of sustainability within a CED organization incorporated as a charity. His presentation promises to provide both experience and tools leading to full-cost recovery and long-term financial stability.



CHF Canada  
FHCC

Thanks to our conference sponsor, Affinity Credit Union, luncheon sponsor Conexus Credit Union and contributors the Centre for the Study of Co-operatives and Co-operative Housing Federation of Canada.

Momentum is a non-profit organization that has been operating in Calgary since 1991. Momentum provides a broad range of programs and services designed to help people in or at risk of poverty move forward in their efforts to achieve economic self-sufficiency. This organization works with a wide array of partners including the underemployed, business, government and other nonprofit organizations. (Source [www.momentum.org](http://www.momentum.org))

## Co-op Council of Regina Luncheon, April 20

Ian Rea, Chief Executive Officer for Conexus Credit Union will speak about 'Building Saskatchewan – The Story of Conexus Credit Union'. The lunch will be held at the Best Western Seven Oaks Hotel in Regina at 12:00 noon on Wednesday April 20.

Conexus Credit Union came into existence on January 1, 2003 but that's not the beginning of this credit union's story. Ian will share the story of Conexus Credit Union from its humble beginnings and vibrant history to its current status as a leading credit union in Saskatchewan and will provide a visionary look at what the future may have in store for the Credit Union.

The cost of the luncheon is \$20 per person. Please pre-register by contacting June at [blauj@sasktel.net](mailto:blauj@sasktel.net) by end of day Friday April 15.

# Examining Co-operative Models

A FACT SHEET By Robert Dobrohoczki

The following is the second excerpt from a work commissioned by Saskatchewan Co-operative Association and Le Conseil de la coopération de la Saskatchewan to clarify the relationship between co-operative law and non-profit and charitable status in Saskatchewan. Last month, we published some myths and facts about the relationship between co-operatives and non-profit status. This month we examine the disadvantages and advantages of each co-operative model. Find the complete fact sheet, article and report at [http://www.sask.coop/other\\_resources.html](http://www.sask.coop/other_resources.html).

## **For-Profit Co-op Advantages:**

The traditional for-profit co-op structure provides the greatest flexibility in capitalization and attracting investment.

- The co-op can do many things a share company can do:
  - borrow money;
  - issue debentures (issue debt to investors);
  - borrow money from members through member loans;
  - capitalize by the issuing equity shares to members with a limited return on investment according to patronage;
  - issue preferred (non-voting) shares to non-members (outside investors);
  - pay dividends and interest on investment;
- Members have a financial incentive to join the co-op;
- Best suited for meeting member economic needs rather than profit motive or a return on investment (where a corporate model may be preferred).

## **For Profit Co-op Disadvantages:**

- The co-op will still need to pay income tax on unallocated surplus;
- The co-op will likely not qualify for many government programs and grants that would be available to a non-profit;
- The co-op will not be able to fundraise and issue tax deductible receipts, or solicit donations from foundations;
- The co-op will need to pay close attention to securities regulations, and weigh the administrative, legal, and accounting costs in its share structure to raise capital.

## **Non-Profit and Charitable Status Co-ops Incorporation Procedure:**

- A co-op that wants to be a non-profit in Saskatchewan must have a provision in its Articles of Incorporation and in its bylaws similar to that found in section 246 of the Saskatchewan Co-operatives Act that applies to Community Services Co-ops in order to satisfy Canada Revenue Agency. Specifically the stated objective of the co-op must be in the Articles of Incorporation, as well as that the co-op is carrying on business without the purpose or gain for its members, and that any profit or surplus that the co-op earns will be used for the purposes of promoting the stated object of the co-op;
- A charitable status co-operative is a non-profit co-op that has applied for and has been registered as a charitable organization with CRA. It is a much stricter criteria with narrow purposes than to what a non-profit must adhere;

- A lawyer knowledgeable in the field should be consulted prior incorporation as a non-profit or application for charitable status.

## **Non-profit Co-op Advantages**

- Non-profit co-ops are exempt from paying income tax;
- The co-op can engage in commercial-like activities but only so long it is pursuing a non-commercial purpose and that any surplus goes toward that stated purpose;
- The co-op can qualify for many government programs and grants.

## **Non-Profit Co-op Disadvantages**

- The co-op cannot issue shares that will pay dividends or interest on share capital. This may make it difficult to attract members, and to raise capital;
- While a non-profit can solicit for donations, it cannot issue tax deductible receipts;
- A non-profit co-op cannot receive charitable funds unless it is a qualified donee (a charity). Any charity may have the capacity to contract a non-profit to act as its agent in limited circumstances to carry out its charitable purposes, but in such cases the non-profit is acting only as an agent for the charity in control. Careful consultation with a lawyer is paramount.

## **Charitable Status Co-op Advantages**

- The co-op has the ability to issue tax deductible receipts to fundraise and solicit for charitable donations as a means of capitalization;
- The co-op has the ability to solicit charitable foundations as pools of capital;
- The co-op has the ability to leverage the increased credibility charitable status entails given the increased rigour that they are regulated into support.

## **Charitable Co-op Disadvantages**

- A co-operative charity is prohibited in the same way as non-profits on the paying out of dividends and interest on share capital, except that all assets must be given to other charities on dissolution;
- A charity is severely restricted in any commercial activities: a related business must be subordinate to the charitable purpose and a necessary offshoot to the core programs;
- The co-op must go through much more rigorous scrutiny with CRA and the scope of activities is limited to four narrow charitable criteria (relief of poverty, education, religion, and other purposes "beneficial to the community");
- The co-op is restricted in its political/lobbying activities.

NEXT MONTH:  
UNDERSTANDING  
CO-OPERATIVE  
AND NON-  
PROFIT LAW

Continued on page 4



# International Year of Co-operatives 2012

CO-OPERATIVE ENTERPRISES BUILD A BETTER WORLD

LES COOPÉRATIVES, DES ENTREPRISES POUR UN MONDE MEILLEUR

Join SCA on our Facebook page, *IYC 2012 - International Year of Co-operatives: Saskatchewan*, to share ideas about how to celebrate the International Year of Co-operatives.

Coming soon: SCA will be releasing a powerpoint presentation organizations can use at their member meetings to build awareness and let members know how they can get involved. We are also eagerly awaiting the unveiling of the International Co-operative Alliance IYC 2012 Logo.

## Car Share, Health Care Co-ops to Form Federations

There will soon be two new national sector federations representing co-operatives.

After more than a year and a half of discussion, representatives of Canada's 11 car share co-ops unanimously voted on March 6 to form a national federation. The decision was made at a car share co-op conference hosted by Vancouver's Co-operative Auto Network.

The goals of the new federation include promoting the co-operative model for car sharing, taking advantage of group purchasing in such areas as insurance and exchanging information on best practices in car sharing. Representatives of all 11 car sharing co-ops will sit on the federation's inaugural board.

This coming June, representatives of co-ops involved in health care will gather in Regina for the inaugural meeting of their new national federation, hosted by Regina Community Clinic. The new federation will include not only co-operative health clinics, but also home care co-ops and other co-ops involved in the health sector.

Both the car share conference and the development of the health care federation were funded by the federal government through the National Advisory Services component of the Co-operative Development Initiative.

The names of the two new federations have not yet been determined. Next steps include their incorporation under federal legislation. For more information, contact Mark Goldblatt, CDI co-op development officer, at [mark.goldblatt@cdi-idc.coop](mailto:mark.goldblatt@cdi-idc.coop).

Source: CCA NewsBriefs, March 10, 2011

## MEC Hands Out Community Grant

Mountain Equipment Co-op (MEC) recently announced that it has invested more than \$585,000 in 48 community-based projects across 8 provinces. Since MEC's grants program started in 1987, the co-op has invested more than \$17.5 million in environmental conservation, advocacy, education and outdoor recreation projects across Canada.

"Helping to support Canada's outdoor community and protect our precious natural places is vitally important to MEC," said MEC community program manager Laurie Edward. "We are proud to support many inspiring initiatives each year by providing one per cent of our sales to community projects. This could not be achieved without our members—members' purchases make these grants possible."

The community grants program is part of MEC's dedication to the 1% for the Planet initiative, which encourages business to invest 1% of total sales every year to environmental initiatives, and provides third-party verification of contributions.

Source: On Co-op News, February 25, 2011

### EXAMINING CO-OPERATIVE MODELS, Continued from page 3

<b>Advantages of For-Profit, Non-Profit, &amp; Charitable Status Co-operatives</b>			
<b>Advantage</b>	<b>For-Profit</b>	<b>Non-Profit</b>	<b>Charitable</b>
No restriction placed on shares in Articles/bylaws	✓	✗	✗
Allowed to pay dividends on shares	✓	✗	✗
Allowed to pay interest on shares	✓	✗	✗
Broad purpose, need not have non-profit purpose	✓	✗	✗
Need not have a charitable purpose	✓	✓	✗
Few restrictions on lobbying or political activities	✓	✓	✗
Few restrictions on commercial activities if in co-op's purpose	✓	✓	✗
Not restricted to distributing to charities upon dissolution	✓	✓	✗
No high reporting criteria & accounting costs	-	✓	✗
Can qualify for some government funding/granting agencies	✗	✓	✓
Co-op is exempt from income tax	✗	✓	✓
Allowed to issue tax deductible receipts	✗	✗	✓

# Global Connections

HIGHLIGHTING THE WORK OF PRAIRIE CO-OPERATORS AROUND THE GLOBE

2011, ISSUE 2

## A Journey of Discovery

**F**or this issue of *Global Connections* we interviewed two prairie co-operators who just completed a CCA Study Mission in Sri Lanka.

**P**aul Kelly has worked for First Calgary Financial since 1995, and has been its CEO since 2009. He was born in Hamilton, raised in Toronto, and has lived in Alberta since 1990. He has four daughters (two sets of twins).

**W**ayne Thrasher is employed by Enterprise Saskatchewan, Saskatchewan's economic development agency, to manage its co-operative policy and programming, including its Co-operative Issues Council. Wayne has worked for the Government of Saskatchewan for more than thirty years in various capacities relating to the promotion of co-operation and co-operative development. He is passionate in his belief that co-operation and co-operatives contribute to the growth of individuals, their members and the community as a whole. In addition to his work, Wayne is a member of several co-operatives and credit unions. He has worked closely with co-operative organizations at the local, provincial, national and international level.



Local Society (Credit Union) Staff (Photo by Paul Kelly)

## About CCA's Study Mission Program

In February, ten Canadian Co-operators embarked on a Sri Lankan journey of discovery.

The 10, from co-operatives and credit unions across Canada, were participants in a study mission organized by the Canadian Co-operative Association and the Co-operative Development Foundation of Canada. Their experience allowed them to see how Sri Lanka's credit union system, the SANASA Movement, has strengthened communities and transformed lives, and they learned how CCA and CDF have been partners in that work for more than two decades.

In good times and in bad – through the terror of tsunami and the uncertainty of civil strife – Sri Lankans know and trust the name SANASA. SANASA's familiar blue signs can be seen throughout the island nation. 5,000 credit unions and growing, the SANASA family of co-operatives is a lifeline of hope for generations of men, women and children.

Canadians have been working with SANASA for over 25 years to stimulate economic prosperity, provide goods and services and meet the special needs of vulnerable women and children.

Before they left Sri Lanka, the team of 10 Canadian co-operators re-affirmed their commitment to CDF by setting a fund raising goal of \$150,000 by Christmas. With a match of 3:1 by CIDA, this will raise a total of \$600,000 for this worthwhile work.

While in Sri Lanka, the participants shared their thoughts and experiences through an on-line blog. You can read about their journey at <http://journeyoutofpoverty2011.blogspot.com/>

Three prairie co-operators participated: Paul Kelly of Calgary, Trish Rasmussen of Edmonton and Wayne Thrasher of Regina.

## What compelled you to get involved in CCA's coaching program?

**PK:** I was asked by Barry Delaney, Chair of First Calgary Financial, to go on the trip. I was interested in learning about grassroots credit unions compared to the Canadian system, and I had never been to Asia, so I decided to apply.

**WT:** I have long been interested in international development and the important role co-operatives can play in using the co-operative self-help model to address economic and social issues around the world. I have previously undertaken co-operative training programs in Ukraine and looked upon this as opportunity to learn more about CCA's work in Sri Lanka.

## What was the purpose of your involvement?

**PK:** Our purpose was to tour various societies (credit unions), meet with leaders of SANASA, learn about the Sri Lankan credit union system and bring the story back to Canada.

**WT:** I wanted to learn more about CCA's development work, and the role of organizations like SANASA, in part to broaden my personal understanding but also to develop my skills in the area of international development as I am interested in working in this area after I retire later this year.

## Tell us about the credit unions you visited.

**PK:** We visited many individual credit unions. Most are in small villages where the credit union is the only way the village can access credit or banking services. The people we met were very proud of their success and growth and the impact they make in their members' lives.

**WT:** I was impressed by the level of technical sophistication that was available in most of the branches we visited. All had computers and well trained, enthusiastic staff.

Most impressive however were the staff, and directors. At the regional office in Kigalle, we were greeted by a welcome ceremony of musicians and dancers and by about 200 members who had come to attend the event. The level of participation was most impressive. At this event, their member of parliament and important cabinet ministers attended and joined us for lunch, demonstrating the recognition that the government places on SANASA.

Although the level of capital by Canadian standards was low, the impact of supporting savings and providing loans for local economic development was very important. We were able to visit several clients including farmers, fish processors and other small businesses. The level of self-sufficiency was impressive and people were clearly improving their individual and community prosperity as a result.

## What are some of the challenges facing the credit unions in Sri Lanka?

**WT:** Some of the challenges are reflected in co-operatives and credit unions around the world, including Canada. Attracting and involving youth and women was an important priority and challenge, as was increasing capital and ensuring government regulations were enabling and not unduly restrictive. One of the interesting challenges is providing the range of services necessary to benefit the broad needs of members, including education and training and child care, which are so important to many young families.

## Did you see similarities between your credit union/co-operative and the ones you visited overseas?

**PK:** Similarities exist, such as personal service, local decision making, and differentiation from large banks. However, they are much more explicit about the co-operative principles driving their business activities.



Above: The CDF Study Tour group learning about Sri Lanka.

Below: An elephant on the road blocks the tour bus

## Do you feel that your time made a difference and if so how?

**WT:** I think my participation and that of my colleagues was a great learning experience, and while we probably made no immediate difference, our visits were considered of great symbolic importance representing a valued partnership between co-operatives and nations.

## What important message would you like to impress upon Canadian co-operators?

**PK:** That credit unions, at a small grass roots level, can make a dramatic change in people's lives. That it is a way out of poverty and that the multiplier effect of individual loans can positively impact many people. A \$1000 loan can make a dramatic difference.



## Do you feel changed by this experience?

**WT:** Yes. I felt rejuvenated in my support for the principles and practices of co-operation and how they can impact on all our lives and communities. I think it inspired me to

work harder to support them and look at the opportunities of the International Year of Co-operatives to promote them.

## Do we have anything to learn as Canadians from our partners in developing countries?

**WT:** I was reminded how pooling the even limited resources of a community can result in great success and how we should not take for granted our co-operative organizations, but remember that their success is all our responsibilities, whether it be maximizing our business with them or participating in their governance.

## Is there value in Canadian co-operatives/credit unions supporting this work?

**WT:** Absolutely! Co-operatives are part of an international movement and we must all share both the challenges and opportunities of building our co-operatives and economies based not on greed and self-interest but on self-reliance and equality of opportunity.

## Did you know . . .

You can donate to CDF on line at [www.cdfcanada.coop](http://www.cdfcanada.coop)