Directors' Forum 2020-2021

VIRTUAL GOVERNANCE SERIES

Adapting to Meet System Needs

Thank you to our 2020 Sponsors…

alterna savings

CCUA
Canadian Credit Union Association

cuSource
Professional Development and Education

Meridian™

Thank you to our 2020 Sponsors…

central 1

fiserv.

PenFinancial Credit Union

Sudbury Credit Union

Thank you to our 2020 Sponsors…

JANUARY 20, 2021

Do Existing Lending Products of Credit Unions Meet the Financial Needs of Co-operatives?

Anthony Piscitelli, *Board Chair, Directors' Forum Co-operative*
Sean Campbell, *Principal Researcher, University of Waterloo, School of Environment, Enterprise and Development*

Technical Support:
Leo Racette, Sudbury Credit Union, Director, DF Co-operative

Directors' Forum

Agenda

1. Overview of co-operatives & gaps in accessing and financing
2. Poll (3 questions) and chat box question
3. Purpose-built lenders and supporting co-operative growth
4. Q&A
5. Breakout session (3 questions)
6. Breakout session report back
7. Wrap up

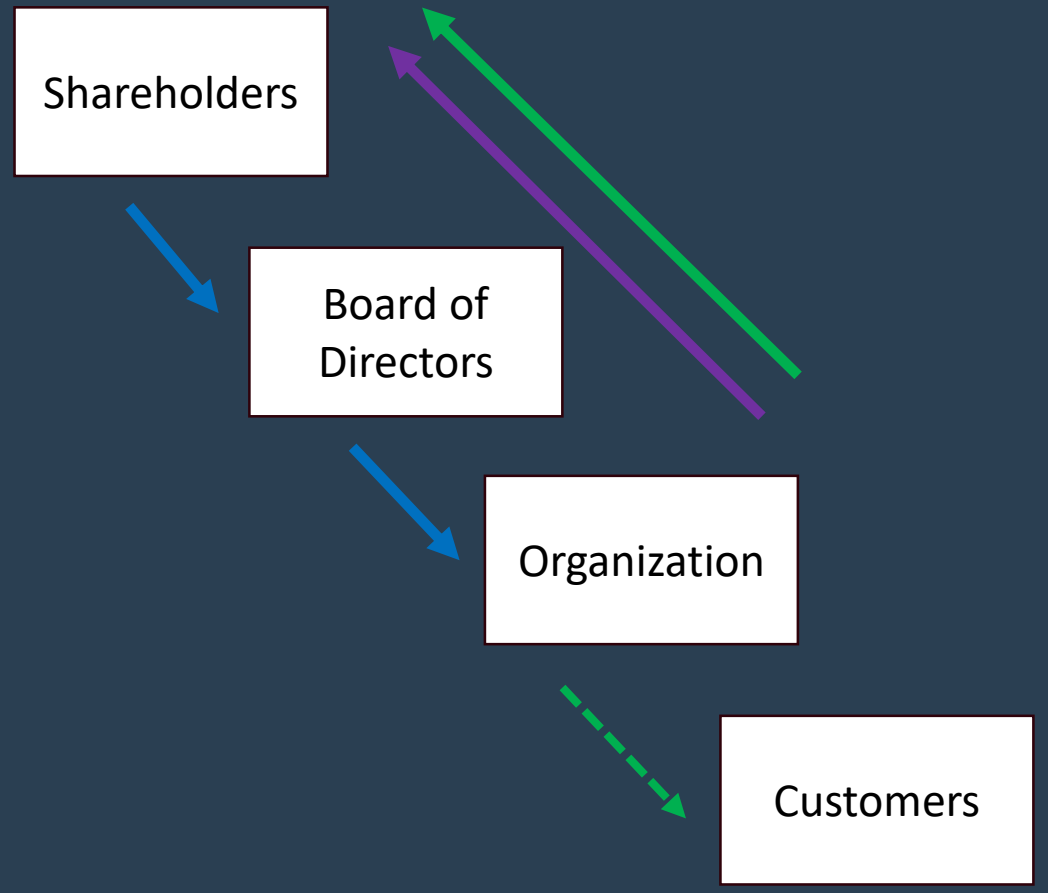
Directors' Forum

Overview of Co-operatives…

	Co-operative	Business	Non-profit
Primary Purpose	Provide services to members	Provide return to shareholders	Create social or environmental benefit
Who Controls It?	Members	Shareholders	Members (kind of)
Who Profits	Members	Shareholders	No profits

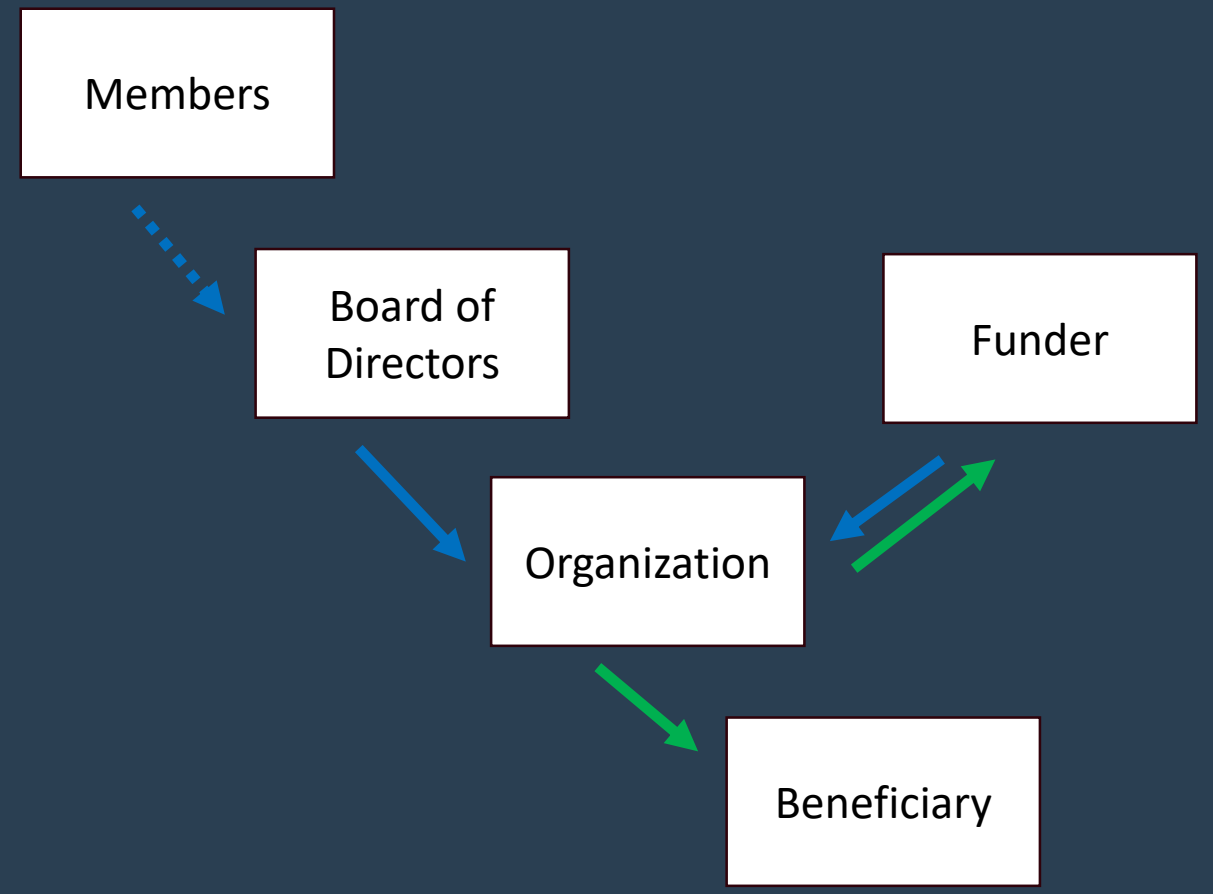
Overview of Co-operatives…

	Business
Purpose	Return to shareholders
Control	Shareholders
Profit	Shareholders



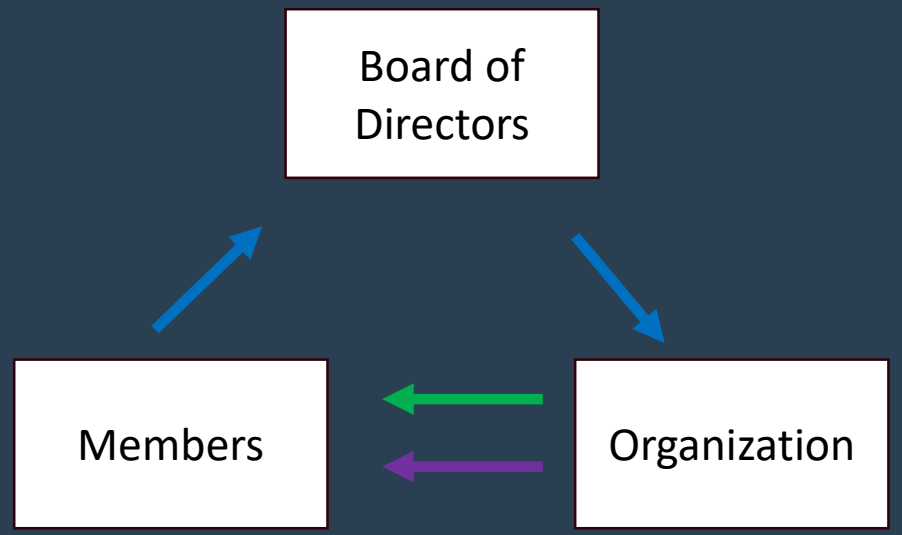
Overview of Co-operatives…

	Non-profit
Purpose	Social or environmental benefit
Control	Members (Kind of)
Profit	No profits

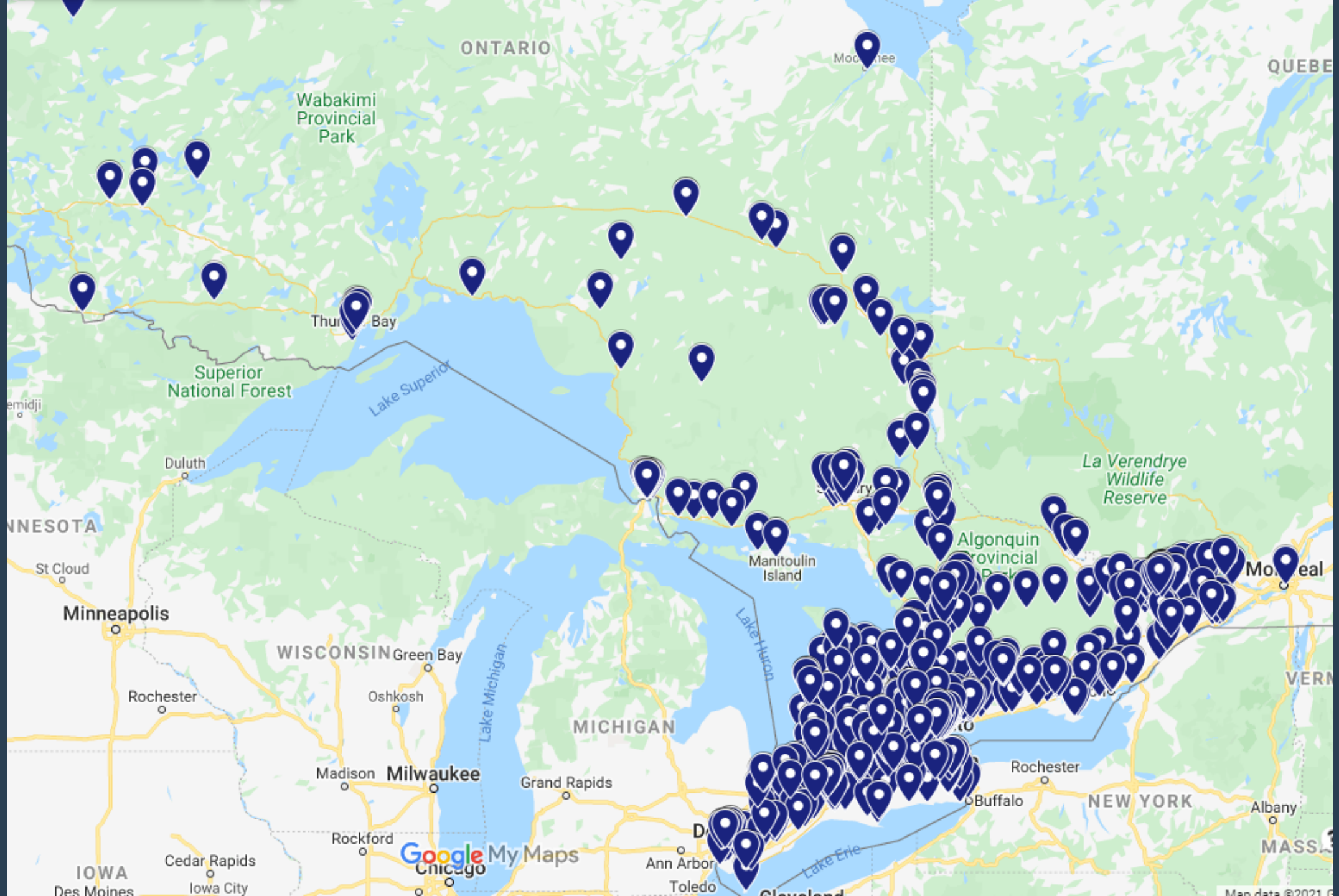


Overview of Co-operatives…

	Co-operative
Purpose	Service to members
Control	Members
Profit	Members



1. One member, one vote
2. Operated as nearly as possible
3. Patronage returns
4. Co-operative values


ONTARIO
Wabakimi Provincial Park
Superior National Forest
Lake Superior
Thunder Bay
Duluth
Minneapolis
St Cloud
WISCONSIN
Green Bay
Oshkosh
Rochester
Madison
Milwaukee
Lake Michigan
MICHIGAN
Grand Rapids
Rockford
Chicago
Cedar Rapids
Iowa City
IOWA
Des Moines
Manitoulin Island
Lake Huron
La Verendrye Wildlife Reserve
Algonquin Provincial Park
Rochester
Buffalo
NEW YORK
Albany
Ann Arbor
Toledo
Lake Erie
Google My Maps

Overview of Co-operatives…

Canada Cooperatives Act (S.C. 1998, c. 1) [n=132]

3 (2) No cooperative may be incorporated under this Act unless

(a) it will carry on its undertaking in two or more provinces; and

(b) it will have a fixed place of business in more than one province.

Co-operative Corporations Act, R.S.O. 1990, c. C.35 [n=1,081]

- Co-operative with share capital subject to Part 1 Tax, ITA 136(1) defines Cooperative Corporations:
  - Eligible for small business deduction
  - Investment income may be taxable at 26.5% with eligible dividends
  - Secures may be RRSP and TFSA eligible

- Co-operatives without share capital may:
  - Be exempt from tax under s.149
  - Register as a charity

Commonalities for Our Discussion

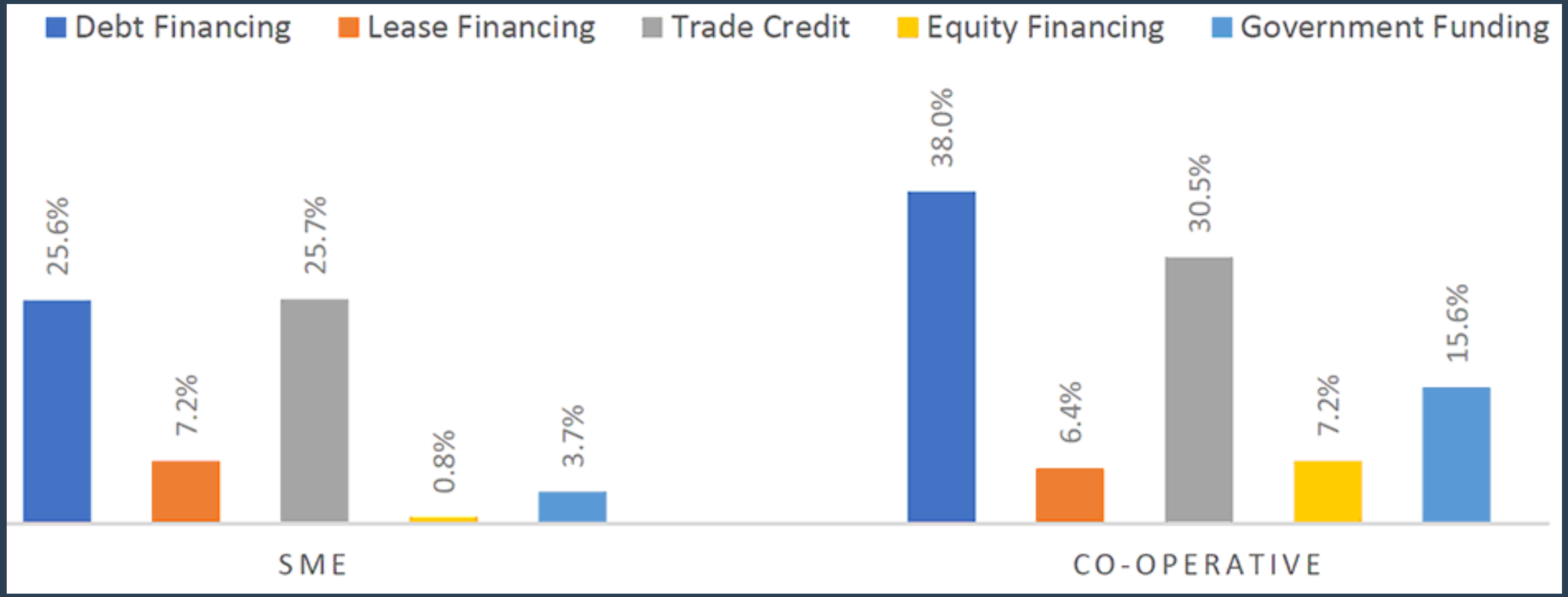
- Can raise capital through the issuance of securities to members and non-members
- Can borrow
- Broad and fluid membership, regular director elections

Innovation, Science and Economic Development Canada
Innovation, Sciences et Développement économique Canada

SME Profile: Financing and Growth of Co-operatives in Canada, 2017

Written by: Adrian Egbers, Lucas Rivet-Crothers and Lyming Huang

Canada



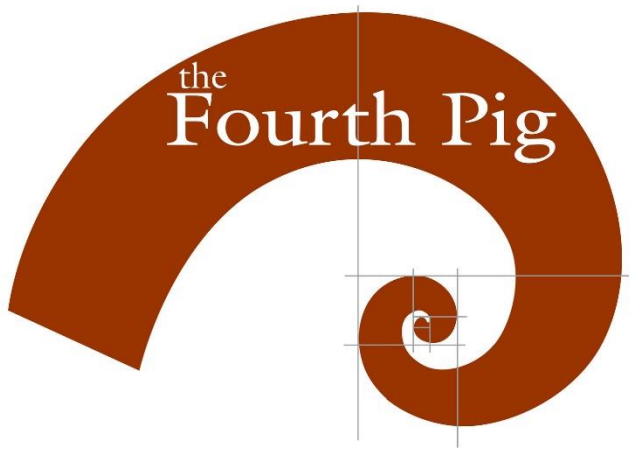
Source: https://www.ic.gc.ca/eic/site/106.nsf/eng/00154.html

Overview of Co-operatives…

Revenue: $788M
Assets: $442M
(2017)

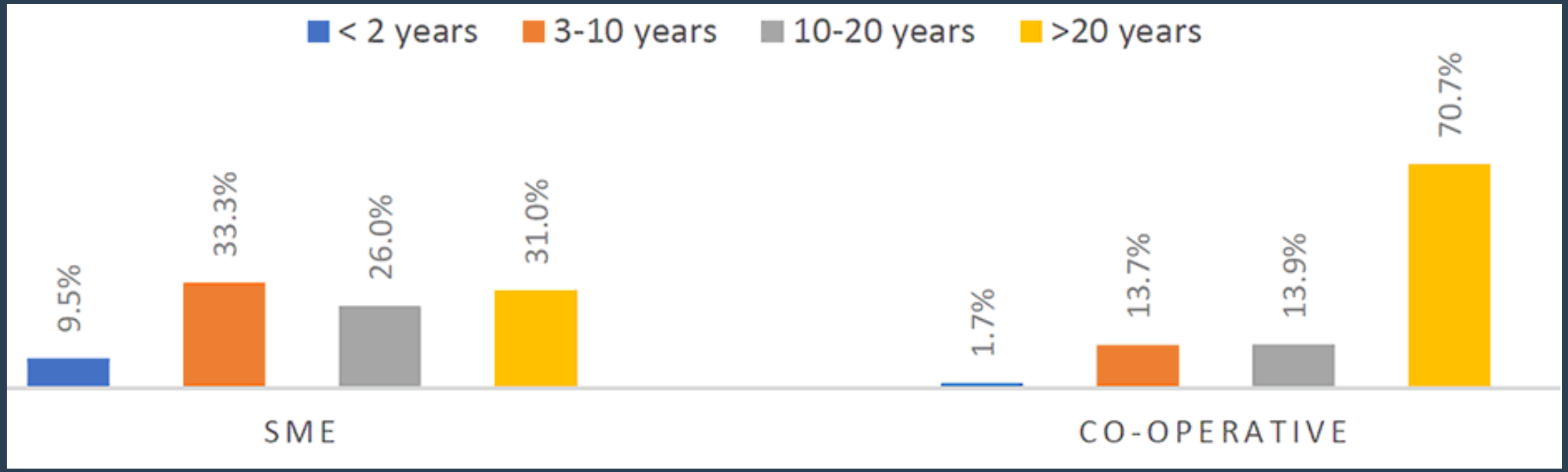
Revenue: $703M
Assets: $459M
(2017)

EST. 1997
URBANE
CYCLIST
WORKER CO-OP


the
Fourth Pig

TOGETHER WE'RE BITTER
TWB
COOPERATIVE BREWING

camino
FAIR TRADE • ORGANIC • ÉQUITABLE • BIOLOGIQUE



Source: https://www.ic.gc.ca/eic/site/106.nsf/eng/00154.html

POLL

1. Overall, how well do you feel your credit union is doing serving co-operatives?

2. My credit union has existing lending products that are well suited for co-operatives…

3. Supporting the development of co-operatives is aligned with the values of my credit union….

4. Which type of co-operative would you like to have open up in your neighbourhood?

Directors' Forum

CHAT BOX

Please share examples of actions that your credit union (or others that you are aware of) have undertaken to close the co-operative lending gap.

Directors' Forum

Purpose-built lenders and supporting co-operative growth…

Directors' Forum

fund for employee ownership

THE EVERGREEN COOPERATIVES

COOPERATIVE FUND of New England

VEOC

Vermont Employee Ownership Center

LEAF

Local Enterprise Assistance Fund

Directors' Forum

fund for employee ownership

THE EVERGREEN COOPERATIVES

COOPERATIVE FUND of New England

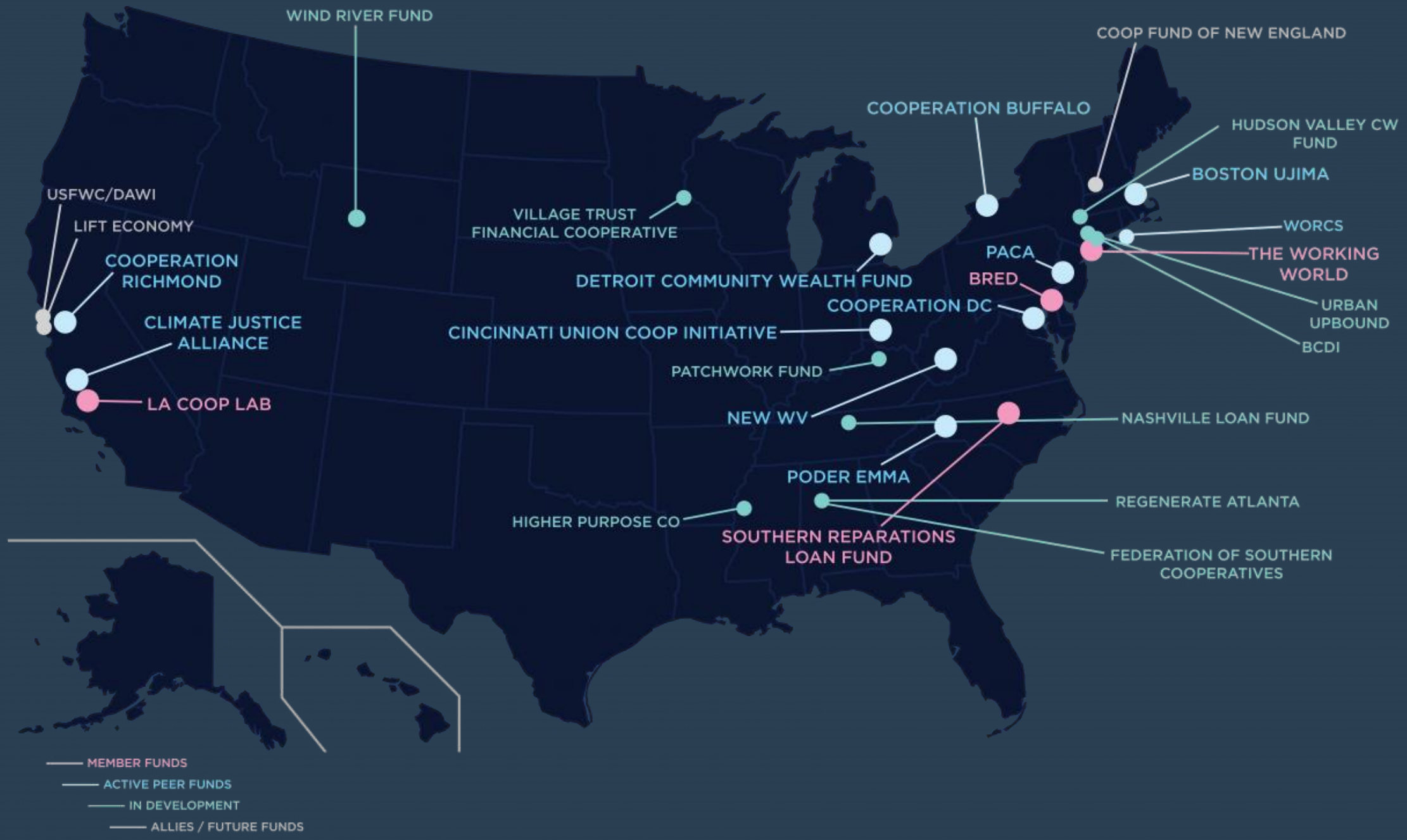
VEOC

Vermont Employee Ownership Center

LEAF

Local Enterprise Assistance Fund

Directors' Forum


WIND RIVER FUND
COOP FUND OF NEW ENGLAND
COOPERATION BUFFALO
HUDSON VALLEY CW FUND
BOSTON UJIMA
USFWC/DAWI
LIFT ECONOMY
VILLAGE TRUST FINANCIAL COOPERATIVE
WORCS
COOPERATION RICHMOND
PACA
THE WORKING WORLD
DETROIT COMMUNITY WEALTH FUND
BRED
URBAN UPBOUND
COOPERATION DC
CLIMATE JUSTICE ALLIANCE
CINCINNATI UNION COOP INITIATIVE
BCDI
PATCHWORK FUND
LA COOP LAB
NEW WV
NASHVILLE LOAN FUND
PODER EMMA
REGENERATE ATLANTA
HIGHER PURPOSE CO
SOUTHERN REPARATIONS LOAN FUND
FEDERATION OF SOUTHERN COOPERATIVES
MEMBER FUNDS
ACTIVE PEER FUNDS
IN DEVELOPMENT
ALLIES / FUTURE FUNDS

The People Stuff

1. Train staff on co-op model
2. Provide technical assistance
3. Seek out the communities you want to support

The Common Money Stuff

1. No personal guarantees (general lean on assets, receivables)
2. Underwrite the people

The Bold Money Stuff

1. Loan as equity
2. Cost of capital is less than investment profits
3. Raise community capital to offset risk

Directors' Forum

Q&A

10 MINUTES

Directors' Forum

Breakout Session

20 MINUTES

Directors' Forum

Breakout Session

1. How can you apply what you learned here today to your credit union?

2. What additional information would help your credit union lend to co-operatives?

3. What supports or partnerships does your credit union need to lend to co-operatives?

Directors' Forum

THANK YOU!

Directors' Forum

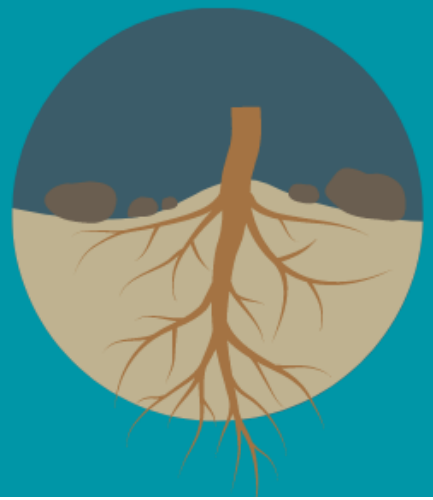
Join the discussion on...

"Mining the Co-op Advantage"

February 17, 2021 from 10am - 11:15pm EST

FOR MORE INFORMATION AND TO REGISTER VISIT

ontario.coop/virtual-df-session-series



Directors' Forum

DIRECTORS'
Forum
for Directors, by Directors