

INVESTING IN THE FUTURE OF BC'S RURAL COMMUNITIES

A Guidebook for Community Leaders

Investing in the Future of BC's Rural Communities

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This guide "Investing in the Future of British Columbia's Rural Communities" has been prepared with financial support from the Southern Interior Beetle Action Coalition Society (SIBACS) and Grace McGregor, Director for Area C, Regional District of Kootenay Boundary (RDKB). Assistance was also provided by Christina Gateway Community Development Association (Gateway) and Christina Lake Community (VCC) Inc. (CLCVCC). The guide is intended to be a resource providing general information to community groups and individuals interested in mobilizing local capital to strengthen local rural economies. Every effort has been made to provide accurate information and connections but a community organization proceeding on any of the optional tracks described must ensure they retain legal, accounting and other professional assistance so that their plans comply with relevant laws and regulations.

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Using this Guide

This guide has been prepared as a result of the experience of the SIBACS pilot project in Christina Lake, a very small resort community in south central BC. Concern for the community's economic future led to development of a community economic development (CED) strategy. Key in this plan was the idea of creating a mechanism to encourage local investment in economic development opportunities. After study and analysis, the Christina Lake Community (VCC) Inc. (CLCVCC) was incorporated. The goal of the CLCVCC is to mobilize local capital and facilitate business development. The CLCVCC was incorporated to comply with the BC Small Business Venture Capital Act as the major mechanism now available allowing investors to gain tax credits for their investments. This manual is meant to share our learning journey and to encourage others to launch community investment plans.

This guide provides approaches for rural communities in BC wishing to strengthen their local economies. The first section of the manual introduces each concept and describes the steps involved. The appendix

contains links to checklists, government forms, model templates, resources and documents. The appendices correspond to the sections. References to appendices are found throughout the text with the number of the appendix in short form: (A1)

These documents will help your group to understand the details required for each step discussed. Once you have fully understood the options as outlined in the text and have studied examples from other communities, you can settle on your plan of action. Model documents can be provided by special arrangement with the CLCVCC and can be used as templates. Your lawyer and accountant should review the documents to ensure your interests are fully protected before you launch your initiative. The CLCVCC will be providing webinars and on site consultation for communities wishing to receive coaching assistance. Contact cavan@christinalake.ca for further information.

The Christina Lake Community (VCC) Inc. has lived through all aspects of the development process outlined here. We will make all the

documents available that were created for our initiative in the hope this reduces your own administrative burden. These documents include those we prepared, and those prepared for us by Bernard Pinsky, partner at Clark Wilson LLP. They are available upon request from: coordinator.christinalake@gmail.com These documents are intended as learning guides to assist in meeting your own needs and protecting your interests. This guide is aimed at providing the tools and information community organizations need to take on new roles, and assist them in developing the required competencies. Where excellent guidance is available online, the manual provides an outline and the link. When there is less online information available, an effort has been made to provide more detail in the report. In either case, the resources and links provided here are not exhaustive but rather key resources leading you to research further according to your needs.

The development logic provided here is based on documented best practice and the development experience in Christina Lake.

Your own community's plan may look very different but we hope some of the fundamentals suggested will inspire your own process and plans.

As updates and changes are announced, we will ensure all interested parties receive the information as soon as possible. Also, by sharing our stories and posing questions to others in the loop, we are able to assist each other through the development process.

The field of community based investment is rapidly developing so changes to this manual may be updated on an ongoing basis. Those groups requesting the manual will be informed of these changes. Efforts have been made to ensure the information is as accurate as possible, however due diligence is required to ensure accuracy of your own documents.

Many thanks to David Baleshta, Portfolio Manager, Investment Capital Branch, Competitiveness & Small Business Division, Ministry of International Trade for his assistance throughout this project.

1 Investing in the Future of British Columbia's Rural Communities

1.1 The BC Rural Study

In 2006, three Beetle Action Coalitions were formed to create a plan to apprehend the impact of the pine beetle kill in Rural BC. Many specific projects were carried out but in order to understand the macro issues, the Beetle Action Coalitions joined together to identify underlying rural issues and recommend appropriate action to the Province of BC. Hence, the BC Rural Project was launched. From their studies, it was clear rural communities across North America were taking steps to revitalize their economies using a variety of strategies that engaged citizens, developed communities and mobilized investment. From the work of the BC Rural Study, recommendations were made to the Premier in 2014. The recommendations included the creation of the BC Rural Advisory Council (established in March 2015), creation of a 'Rural Dividend', development of investment tools, etc. All reports prepared for the BC Rural Study can be found in [\(A1\)](#).

1.2 Flight of Capital

Are you worried your community may be losing its school, is without necessary health services, has more seniors than youth, or is losing small businesses as people retire and

no one is coming along to buy those businesses?

These are common problems in Rural Canada...many communities just gradually fade away. However, some communities rise up and fight to preserve the community and the lifestyle they love.

When there are so many big problems, it's often hard to figure out what's really happening. When communities are under stress, problems may be blamed on many factors: "this other community is competing with us", "these people are taking all their consumer dollars to big centres", "our politicians aren't doing their job", "granting agencies are forgetting about us", "politicians only care for themselves", and so on. These are actually surface problems; the real issue is the local economy is in trouble. To thrive, rural communities need strong economies.

Many rural communities are struggling as resource companies and manufacturing businesses automate, close down or move offshore. The retail sector in general is changing rapidly with devastating effect on local small businesses in rural areas. To further complicate the situation, rural communities may also be experiencing a debilitating process whereby residents save money

in their RRSPs as well as other investments. This money flows to central urban locations or even to offshore enterprises. Jobs are created with this capital, however no jobs may be created in the rural area. This process is almost invisible but the impact is considerable. Rural young people are attracted to big centres for the promise of higher wages and exciting employment—where rural investment dollars are being spent.

1.3 Rural Initiatives for Change

Rural BC is buzzing with activity as communities and their residents recognize unless they take charge, their future may be compromised. Organizations have sprung up over the past decade aimed at bringing rural community representatives together in order to share best practices and to identify mechanisms and strategies to help ensure rural communities survive. (A2.2) To thrive, rural communities need strategic thinking, a competent development organization, investment and entrepreneurship. These are the keys to economic development.

Rural research organizations are studying best practices and making recommendations to government and to other institutions. As you begin your journey, it is helpful to be aware of the discussions and initiatives moving forward on behalf of rural Canada and rural BC. (A1) provides a list of organizations and relevant research papers.

1.4 Impact Investing

This guide bases its premise on the concept of impact investing, as community investing is aimed directly at making a social impact in communities where community-driven investment approaches are a new and powerful tool to facilitate change.

“The world is on the brink of a revolution in how we solve society’s toughest problems. The force capable of driving this revolution is ‘social impact investing’, which harnesses entrepreneurship, innovation and capital to power social improvement.”

Report of the Social Impact Task Force
Sept 15, 2014 <http://www.socialimpactinvestment.org/reports/Impact%20Investment%20Report%20FINAL%5B3%5D.pdf>

“The practice of impact investment (or social finance) is gaining domestic and international attention. Focused on directing private capital into projects and ventures whose aims are to deliver measurable social outcomes, impact investment has the potential to foster innovation in the social sector...Impact investment can spur non-profit, private, and public sector collaboration, to assist individuals and communities to realize greater social and economic outcomes.”

<http://casefoundation.org/wp-content/uploads/2014/11/ShortGuideToImpactInvesting-2014.pdf>

2 Creating a Community Economic Development (CED) Framework

2.1 Introduction

If your rural community is just beginning to come to terms with the economic issues underlying pressing local problems it is important to plan to support what is already in place, to strengthen community capacity and to mobilize leadership.

It isn't difficult for people sitting around in the coffee shop to come up with ideas about what others should do to strengthen the community. But turning this around and encouraging them to become part of the solution may take some convincing. Some compelling reasons to move forward:

- ◆ Does your community get its 'fair share' of government and charitable grants and programs?
- ◆ Do you want more good jobs in the community?
- ◆ Would more children keep your school in operation?
- ◆ Would more young families in the community help by joining volunteer ranks for volunteer fire departments and volunteer First Responder services and volunteer organizations in general?
- ◆ What kinds of services are missing from

the community but could be developed?

- ◆ Is keeping existing businesses in the community important?
- ◆ Would exciting new services attract people to visit or settle in your community?
- ◆ Could private property taxation increases be alleviated through increased commercial and industrial taxation?

Those concerned with the economic future of your community may be wise to start by creating a plan, since many of the methods suggested here can only be effective as part of a complete community economic development strategy. In order to deal effectively with these issues, communities must organize and they must develop capacity to handle the 'back office' activities to support the change process. Without the ability to carry out the bookkeeping, record keeping, marketing, communication and investment development and management tasks, it will be difficult to achieve real change.

The following section presents some of the key issues to address in your plan to build capacity, however the list is not prescriptive nor is it comprehensive. Appendix (A2) provides more detailed information and leads you to other ideas and sugges-

tions. Your plan will arise from your own community experience but hopefully can be supported through learning about best practices, which are well documented. There are many examples of approaches that work and are well worth investigating ([A2.1](#)). In your own community you can determine approaches to help address the issues identified. Take the time to put a comprehensive plan in place. Some communities have great success with taking on one big project, but without community engagement and planning there can be unfortunate pushback or one small unsupported group may just retire in exhaustion. This work requires continual buy-in and support from your community.

2.2 Your Community Economic Development Organization

There may be an existing organization to take on the community economic development mandate in your community but if not, an organizational base for carrying out the work needed is required.

In Christina Lake, a federation or 'umbrella' of the 8 major existing incorporated non-profit organizations was formed to drive forward this initiative. Christina Gateway Community Development Association was created in 2012 to bring the major voices in the community to the same table. This has increased understanding and communication, helped clarify issues and focused common effort to meet strategic goals. From this, we decided to investigate the idea of creating a commu-

nity investment capacity and the Christina Lake Community Venture Capital Corporation CLC VCC Inc. was formed. This document tracks our exciting and challenging journey.

Once someone in the community voices concern and indicates interest in tackling the issues your community faces, the next step is to bring community leaders, businesses and non-profit organizations together to present the idea in an open community forum. There are many videos available to explain the concept, and personnel from existing initiatives are often able to assist ([A3.1](#)). Videos that have the community themselves talking about their experience do a good job of engaging local folks. To further engage people, a list of resources online or on paper can be provided. Because many people do not feel competent in this field, it is important not to overwhelm them with details. At the same time, it is important to understand a long-term commitment is needed. Involvement in a community economic development/ investment initiative requires everyone be educated about all aspects of the development process. It might be good to explain there is a lot to learn but none of it is in itself difficult, it's mainly a question of understanding the vocabulary, the regulatory issues and processes required. It should be noted many non-profit groups in rural areas operate with a level of informality that may not be effective where organizational discipline and due diligence must be practiced and recorded. So as you recruit interest, make sure every-

one knows you are taking this work very seriously.

Of particular importance in the rural context is to ensure there is some level of buy-in from your local politicians, economic development organizations and your local bank or credit union. These groups may have financial or in-kind resources that can be called on in the future. Some may be very excited and immediately choose to take on leadership roles. Not everyone is enthusiastic but it's important to offer the opportunity at an early stage, and also keep doors open for later involvement when the 'early adopters' have completed the front end work so what this is all about becomes very clear. As community economic development professionals know, much of the work is done by these 'early adopters'—people who grasp the concept and see themselves moving it forward. This may be a small group but be sure there are others waiting in the wings until they see the project 'has legs'. So don't despair if your group is small. As long as the communication plan continually engages the broader community, the early adopters and those who come later get considerable satisfaction from this work! Some interesting perspectives on community engagement, "Evolving the Competitive Edge: Rural Community Engagement" can be found here: <http://www.edco.on.ca/sites/default/files/PFDs/EDCO%20Report%20FINAL%202.pdf>

2.3 Setting Up A Steering Committee

As soon as possible after introducing the idea, organize a meeting of those who are excited about the possibility of 'bootstrapping' your community's future. Some folks come forward as a result of the community meeting but others have to be recruited personally. It's important to find a few people who have business and investment experience, as this knowledge speeds the development process. It is important to know most investment brokers cannot participate in your project because of compliance and conflict of interest rules, however they may be able to refer people who are interested. It is also wise to invite local business people to participate. This link provides information on group development and leadership: http://leadership.uoregon.edu/resources/exercises_tips/skills/understanding_group_process

2.4 Values and Vision for the Future of Your Community (A2.4.1)

Your emerging group likely senses a strong level of urgency facing the community. It's easy to focus on the problems but best to list these issues and then move on to develop a vision of what you wish to achieve. The process of articulating community values and creating a vision statement should be as broadly shared as possible—engaging people at this point is very important for your ongoing communications plan. If they helped at the front end, you get buy-

in as you go along. Some group process techniques such as Open Space Technology (A2.4.4) are well suited to engaging a broad cross-section of your community, and hearing from them can capture hopes, fears and many great ideas. Some communities present a planning charrette, bringing together stakeholder groups to focus on a specific problem and identify all the issues inherent in that problem in order to come up with options for change (A2.4.5). Some communities carry out online surveys to gather input. This method works if you have a lot of email addresses available. Other communities send out volunteer interviewers to talk to people and the results of the interviews are tabulated and presented at a community meeting for further input and refinement. Building a vision statement requires a time investment. (A2.4.1).

Once you have gathered a great deal of information and sorted it by themes you have the data you need to craft your vision statement. Your vision statement should capture the hopes for your community in such a way as to continue to inspire the work being done. What should a vision statement contain? "A high-quality and inspiring vision statement... should have two key characteristics: It needs to state where the [organization] wants to be in the near future, and it also must have a level of excitement and motivation to it," <http://www.businessnews-daily.com/3882-vision-statement.html>

As part of this process, a statement of core values the group agrees upon needs to be crafted. For example, what type of businesses do you hope to attract? What kind of jobs do you wish to see created? Are there impacts you do not want on your community? What environmental concerns do you have? Are there social concerns you wish to address through a community economic development (CED) project? What level of risk is your group comfortable with? The more of these values you can name before getting started the better.

Your values and vision statements assist in developing objectives and criteria for decision-making. These statements also feature prominently in communications to community members thus helping to understand 'where your group is coming from'. More resources on building your values and vision can be found at (A2.4.1).

2.5 Map Your Community Assets

This is a positive process that can open up creative discussion and help prepare for strategic planning. Looking on the positive side of community life can lift spirits and help cement motivation! Even very small communities have many assets...make sure you understand the importance of all these qualities. You will be building plans from your values, vision and assets base. Resources for assisting you to build a strong analysis of community assets can be found at (A2.5).

2.6 Strategic Considerations

Every community's action plan differs and there are several ways you can proceed to build your strategy. Even though you may not know how you are going to get the job done, at this stage it's important to consider all the possibilities before settling on what would make the most sense in your community. A strategy can be broad and comprehensive but conversely your action plan may be modest as you take small steps forward. Below are some ideas to consider prior to setting goals:

Plan to strengthen voluntary organizations

Rural communities are built and invested in by the people who live there, and people are the glue that holds the community together. Many rural communities have an astonishingly large number of small voluntary organizations with colourful histories that remain important to them. These stories can become a key part of a community's marketing plan. Does your community have skilled people who can find grants from provincial gaming programs, foundations, regional trusts and local community foundations? The challenge of liberating these funds requires capacity in at least one organization to carry out the proposal writing, grant seeking and project management work. These funds can create short and longer-term jobs, support development of strategic plans, build marketing plans and create a positive, hopeful atmosphere in the community. People interested in the economic future of

the community emerge from this process. Mobilizing inspired leadership is an essential and ongoing task. Grants are not the only answer but getting your fair share of grants can be a starting place to encourage the community to feel hopeful when new key projects are launched.

If one of your goals is to create jobs take heart, as non-profit organizations create jobs. A recent (American) study showed the non-profit sector is actually creating more jobs than the regular economy! (<http://onforbes.com/1AOIHre>) Nurturing strength and strategic thinking in your community organizations is a great economic development approach.

Consult with your local business community

Are there business organizations in your community? If not, is there a need for informal meetings with businesses to discuss issues? A visit to a local business on a one to one basis may reveal the pressures they are facing, as well as gathering ideas owners have for potential business opportunities. Provide an opportunity for anyone considering selling their business in the next few years to learn about succession strategies. Offering workshops to address these issues might be an option.

Do an opportunity analysis

Are there key services missing in your community? Are there important businesses for sale you wish to assist through a retention/succession process? Are there opportuni-

ties for new businesses people have spoken about in conversations? You may quickly find there are many opportunities but that your community has few people with entrepreneurial skills. Creating entrepreneurs is a challenging task. Your regional Community Futures organization has programs to assist those with an idea. Some community groups engaged in community economic development find they need to set up a business development organization and create businesses themselves. These businesses could be social enterprises, building purchases, etc. (See more on social enterprise below.)

Many of the best opportunities for new growth are in non-traditional sectors. The people in your community may not have enough information about these kinds of opportunities. Study sessions and workshops within local economic development groups can help stimulate ideas. Consider the suggestions in [\(A2.6\)](#).

Case studies of other communities' efforts can also be encouraging. See many examples at [\(A2.3\)](#).

Find professional assistance

Economic Development resources may not be readily available in your community, or funding for an economic development or investment officer. You may find someone from a regional centre has responsibility for your area but since they haven't heard from you yet, they haven't turned up! Once your community economic development strategy

begins to bear fruit, you will find ways to fund core development operations—this is a goal to reach for over time.

Connect with regional economic development organizations

Provincially and federally funded economic development organizations such as Community Futures, science and technology organizations, regional colleges and regional trust organizations have excellent but limited resources so it is important your community is able to take advantage of their programs and services. [\(A2.4.2\)](#)

Develop a community branding and/or marketing strategy

Research shows people are making major decisions online these days. It's important your community has an Internet presence. With a strong vision and a well-documented 'asset map', you are in the position to develop a branding plan. Many people think this is only about coming up with a logo, but branding is multidimensional and all aspects need attention.

- **Going Digital:** It has become very important for all communities to have a social media presence. If you wish to attract new residents, telecommuting workers [\(A2.6.1\)](#), tourists and businesses, your community needs to show up on the Internet. Do local businesses and organizations have great websites and engage in strong social media activity? If not, perhaps your group could sponsor a 'Digital Adoption' program in your

community, i.e. make concerted efforts to gain the skills necessary to increase a digital presence. (See www.ictc-ctic.ca)

- Creating a website can assist your community in presenting itself. The process of preparing the site can help reveal more strengths, challenges and needs. Website development can be very specialized but creating a straightforward site is attainable, and may be a great way to engage younger people in your community.
- Create a community brand and marketing plan. Many small communities are investing in creating a professional marketing plan, which can be very helpful if resources are available. However, if your leaders wish to do it themselves, the process is interesting. (A2.6.2) Start by checking out some of the branding exercises from other communities. The key is to call on the assets your community offers, showing pride in the unique qualities making this your well loved home. Your branding exercise needs to ensure the lifestyle assets your community provides are well described.
- Investigating broadband: As rural communities get connected online they will attract individuals able to telecommute, or work from home using a computer. More and more people are looking for a better lifestyle that rural living can afford them. Many initiatives on this issue are currently in process in BC.

Supporting the entrepreneurial spirit

Rural communities can face a shortage of entrepreneurs—people who are motivated to create businesses, are risk-tolerant and have big ideas about what can be done to address ‘market pain’ or in other words, goods and services that fill a clear market niche. Connect with your regional economic development provider and arrange some entrepreneurship sessions in your community. For example, retired business people in your community could form a volunteer business consulting service on an informal basis.

Consider Social Enterprise

It may be impossible to ‘create’ entrepreneurs but community entrepreneurship can fill the void and encourage others to follow suit.

Strengthened non-profit groups may be ready to take on developing and operating a social enterprise to support their core mission at the same time as create jobs. There are many excellent resources to assist communities to take up social entrepreneurship. Foremost among them is the Enterprising Non-profit Program <http://www.socialenterpriseCanada.ca/en/communities/bc/nav/enpbc.html> providing training, resources and funds to assist the development of social enterprises. As with any business, once launched a social enterprise cannot exist on grants but must be able to earn money through provision of goods and services. Many encouraging examples of very successful social enterprises can inspire your thinking. Creating a social enterprise requires the

same effort required for any business plan, however your organization may already be providing goods or services to your 'client' group that others may enjoy and be willing to pay for. This way your experience becomes a big asset as you develop your plan. The Social Enterprise Sector has matured to the extent various organizations are setting up lending programs especially to service social enterprises (A2.6.3).

Support the businesses you already have in your community

It's important to help strengthen the businesses already in your community before thinking of creating new ones. Business retention and succession planning is vital in rural communities. Once small business owners decide to sell they often begin to wind down their businesses. In doing so, they make it difficult to attract buyers. Encouraging business owners to plan to sell their businesses or create a strategic succession plan a few years before they decide to retire is a good start. Helping them prepare their business for sale is an important local community economic development activity.

- Businesses for sale can be posted on the BC site. <https://tools.britishcolumbia.ca/Buy/Opportunity%20Profiles/Pages/OpportunitiesBC.aspx>
- The Venture Connect program operated by Community Futures Development Association of BC can assist businesses by providing affordable appraisals and specific succession plans. Businesses using Venture Connect are also being promoted through their website. (www.ventureconnect.ca)
- The BC Provincial Nominee Program links international investors with businesses outside the Metro Vancouver or Metro Victoria areas. This program works with international investors interested in businesses for sale due to retirement of the owners. The program is under review and will hopefully open up to quickly bring in investors anxious to come to rural BC with their families. Your community can apply to present businesses for sale at 'pitch' sessions organized by the PNP program. <http://www.welcomebc.ca/Immigrate/About-the-BC-PNP.aspx>
- Does the business have strong staff interested in purchasing the business? Workers have a variety of tools that can help them if they do wish to purchase.
- They must start by doing a business plan and may need help with this. Community Futures or a science and technology group may be able to provide assistance.
- Employees can incorporate themselves as a worker co-op. There is excellent help for groups wishing to consider this option. www.bcca.coop. They can become a member of the Canadian Worker Co-operative Federation which assists them in all aspects of becoming a worker co-op, as well as show how they can invest RRSP contributions into the co-operative. www.canadianworker.coop

- Workers can arrange to invest in the business under the Employee Share Ownership Program allowing for a 20% tax credit (held for a 3 year period) on their investment (up to \$10,000) in the business. (see [4.6.1](#) below)
- They can apply for registration as an Eligible Business Corporation (EBC) for businesses engaged in a qualifying activity and raising at least \$25,000 in equity capital. Once registered, the EBC can then offer a 30% tax credit (for a 5 year investment) to their investors (see [4.6.2](#) below).
- If your community creates a community investment organization, as the new management group for the business employees can apply to your organization for assistance.

With all this study and analysis underway, identify individuals who may serve as the board of directors for your new community economic development/investment organization. The steering committee may evolve into your new board, or if you are working with a host sponsor your steering committee can become a formal subcommittee with a terms-of-reference agreed by all. Be alert to the opportunity to invite new people who show interest in your objectives. A strong board or committee need not be more than 5-7 people who are willing to commit the necessary time to carrying out this venture.

2.7 Create a Formal Strategic Plan [\(A 2.7\)](#)

Creating a vibrant rural economic community takes focused effort, inspired leadership and diligent ground-breaking by the early adopters'. It's important to create a formal plan with a five-year horizon so you can plot a modest and reasonable path to your lofty goals. This allows you to track progress, feel constantly encouraged and gives you time to learn and grow together. Before finishing the plan, consider the option of community investment as the cherry on top of the community economic development cake. Implementing a community investment tactic can only happen if you have a strong community organization capable of managing a technically challenging process. But your CED plan may not be complete without it.

2.8 Plan to Evaluate Your Efforts

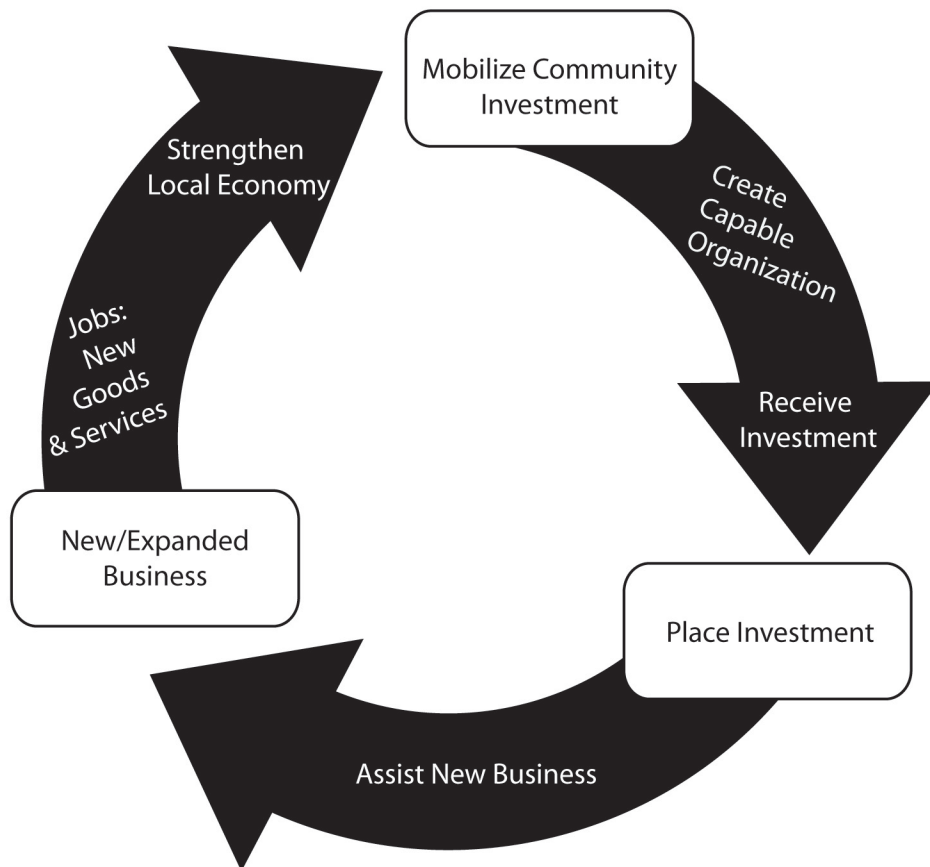
As you set strategic goals, make sure they are SMART: Specific, Measureable, Achievable, Results-focused and Time-bound. This enables you to assess progress when evaluating the work of the group. Revisit these goals at least yearly, making adjustments when necessary. Formal project and program evaluation may not be possible but being able to report achievements to the community lends credibility to your ongoing efforts. Funders and investors need to see an evaluation plan in action—this indicates your group is serious about its work and has established good practices (see [A2.8](#)).

3 Mobilizing Local Capital

3.1 Introduction

Once you have a strategic plan in place and accomplished some key objectives, it is time to consider when and how to begin working towards a community-based investment capacity. This approach can make a huge difference in the community but it is not an overnight option. A major step in your

community economic development journey takes dedication and discipline. In a recent study of Canadian investment models to achieve social and local economic impact, all of the examples found start-up took more time than expected. Creating the mechanism to plan, mobilize, hold and place investment requires attention to technical details,



takes time and effort but patience will be rewarded. In fact, communities across Canada organizing for community investment are making major differences in the futures of their community. <http://newmarketfunds.ca/wp-content/uploads/2014/12/Eight-Tracks-Impact-Investing-in-Canadian-Communities-English-version.pdf>

3.2 The Community Investment Idea

This guide has been prepared to inspire rural leaders who want to strengthen their communities—those who are willing to tackle the challenge of leading a regeneration of their local economy through creation of a community economic development strategy, a major component of which is mobilizing and placing capital. Happily, many communities across Canada are demonstrating how this works so we don't need to re-invent the wheel, but there is no doubt a lot to learn in order to make the kind of difference we want to see in our hometowns.

The community investment idea attacks the fundamental problem of the flight of rural capital at its heart by making it possible for investment dollars to be accumulated and invested locally. When available, government tax incentives encourage people to consider investing locally to drive this model. In Nova Scotia where a Community Economic Development Investment Fund program (CEDIF) has been in operation for 22 years, many small communities have been raising capital to invest in their own communities.

Nova Scotia has proven the method, and other provinces are now creating their own programs to allow communities to mobilize local capital. This guide has been prepared for British Columbia communities. BC does not have a specialized program for community groups (as yet). Several initiatives are under way to encourage the BC Government to provide the regulations needed to help facilitate this sector. In the meantime, there are strategies and options that can be used.

Entering into the idea of community investment takes you directly into the world of impact investing/alternative investing. There is general agreement governments have reduced or eliminated their willingness to support many community needs. Impact investing is emerging to fill this gap by using business and investment as tools to facilitate social, environmental and financial change. Investors are asked to take part of their 'payback' in the social, ecological or cultural impact of their investments. A variety of impact investment mechanisms have emerged. All of them require community people to take on new and challenging roles.

3.3 Your Community's Investment Potential

So you aren't sure your community has people to invest in your vision of a renewed vibrant economy? One way to begin to understand if there is available investment money is to find out from Statistics Canada how much money is being invested in

RRSP's and TFSA's from your community. The amount people from very small communities are putting away for their retirement is surprising—even in communities that appear to be very poor or very small. Some of this RRSP and TFSA money could be invested in your community and investors could get the tax benefits available in the RRSP program, as well as generous tax breaks provided by provincial programs. Governments are realizing if they can provide tax credit programs, ordinary people are motivated to take charge of their own economic future.

3.4 The Big Challenge

The investment business is complicated. Because governments are concerned about protecting investors from false investment promoters, Securities Commissions operate in each province to oversee and tightly control how investments are handled. For a community organization to enter into the investment game requires everyone (except experienced investors) to learn a new vocabulary and understand what at first glance seems to be a scary and expensive process. However, the promise of finding a very strong way to influence the future of our communities is attracting community development organizations to jump in and learn how.

3.5 The Secret Ingredient - Equity Capital

The following are fundamental characteris-

tics of 'venture capital' or 'risk capital' (collectively called "equity capital"):

At-Risk Investment: An equity investment is at-risk of both return of capital and return on capital. Equity is a residual claim on assets and earnings after all other obligations have been met.

Return Out of Profits/Gains: Equity returns are not fixed obligations, but instead are contingent on earnings or appreciation in the value of the small business. If there are no profits or appreciation, there is no equity return.

Longer Term, Patient Capital: An equity investment is committed for a longer, often indefinite term and usually cannot be removed on demand. http://www.mit.gov.bc.ca/ICP/VCP/Documents/InvestmentCapital_Policy_V1.pdf

New and expanding businesses need 'patient and friendly' equity capital. This is money people risk to assist businesses to start and grow. The investor purchases shares in the fund or the specific business with the future hope of receiving their money back with interest. Sophisticated investors (venture capitalists) are looking for huge returns. Community investing is probably not so lucrative. But the economic benefits of local investment need to be promoted, as these are extremely important.

The great advantage to a new or expanding company is equity money can be accessed without a 'servicing' cost. Debt financing requires time-sensitive repayment terms

once the loan is granted, including payback of a portion of the principal and the agreed upon interest. New and growing businesses need to reduce their debt service load in order to thrive. Equity provides that ease but investors aren't providing charity. They want their investment to make them some money—particularly if they have invested their RRSP funds or their Tax Free Saving Accounts! Some investors may choose to become involved on the board of directors of the investee business. The business must have clear plans about how to communicate with their investors, making sure they understand their rights and responsibilities.

3.6 The Investment Process

It's important to become educated on all technical aspects of the options you choose to implement. Your organization's values and vision can incorporate social and environmental values no matter how you are incorporated but some corporate forms build in assurance meeting those values.

Understand the role of the BC Securities Commission (BCSC):

Much of the complication of setting up any community investment organization is because of the rules put in place through the provincial Securities Commission. Remember, these rules are there to protect the investor.

The BCSC is the independent provincial government agency reporting to the Legislature through the minister responsible for

the administration of the Securities Act. The vision of the BCSC is "To play a leading role in securities regulation that inspires investor confidence and supports fair, efficient, and innovative Canadian capital markets." The mission of the BCSC is "to protect and promote the public interest by fostering: A securities market that is fair and warrants public confidence; A dynamic and competitive securities industry that provides investment opportunities and access to capital." The Commission benefits the public by protecting investors and the integrity of BC's capital markets. (Retrieved from: www.bcsc.bc.ca)

The BC Securities Commission requires businesses seeking investment to register and report. However, they have also established rules that allow small businesses to be exempt from this costly and onerous process. The categories are as follows:

- private issuer exemption
- family, friends and business associates exemption
- employee, director, officer and consultant exemption
- accredited investor exemption
- \$150,000 exemption
- offering memorandum exemption

https://www.bcsc.bc.ca/Securities_Law/Policies/Policy4/45-530_Exemptions_for_securities_issued_by_a_cooperative_association_BCI/

For details on each of these exemptions see: http://www.bcsc.bc.ca/For_Companies/Private_Placements/Private_and_early_stage

businesses/

With the exception of the private issuer and the employee, director, officer, and consultant exemptions, each time an issuer uses any of the exemptions listed in this material there are obligations; the issuer must file a report of the exempt distribution with the Commission using Form 45-106F6, on or before the 10th day after the distribution. In addition, if an issuer uses the offering memorandum exemption, it must file a copy of the offering memorandum with the Commission, on or before the 10th day after the distribution.

3.7 Overview of Methods to Raise Investment Capital

Finding ways to attract funds is the biggest challenge for community organizations for non-profit, charitable, social enterprise and business development purposes. The model you choose to pursue depends upon the level of capacity you are able to build in the group, and the investment opportunities you discover. The models contained within this guide are all potential approaches to study and consider. Because this field is new, note several of the model descriptions mention rules and regulations that are in flux or advocacy efforts that are under way to change laws, regulations or administrative practices. Keeping on top of changes is important for your group. The chart on the following pages provides a quick overview of the models further described in this manual.

Methods to Raise Investment Capital

Model	Benefits	Challenges
Co-operative Corporation as an investment co-operative	<p>Incorporation is relatively low cost. Government, First Nations and organizations may invest. Co-op investment shares are exempted by the Securities Commission *</p> <p>Relatively inexpensive to incorporate</p> <p>Shares can be set up in a self-directed RRSP under the Canadian Worker Co-operative Federation for tax benefits.</p> <p>The co-operative sector has many support, loan and equity programs not available to other kinds of businesses.</p> <p>An 'investment co-operative' could elect to lend money as well as to invest it.</p>	<p>Limit on individual investment is \$5000 for up to 150 members. Large investments are prohibited which can be problematic for capital-intensive businesses.</p> <p>Not eligible (at this time) for 30% tax credit program.</p>
Community Contribution Corporation (C3 Corp), a new form of corporation allowing equity investment for social purpose businesses	<p>Easy and inexpensive to incorporate.</p> <p>Investors can invest through their self-directed RRSP or TFSA.</p>	<p>Investors must agree to an asset lock on dividends—the balance going to the social purpose.</p> <p>C3's not eligible (as yet) to apply as an Eligible Business Corporation (30% tax credit)</p>

Methods to Raise Investment Capital

Model	Benefits	Challenges
<p>Crowdfunding is a relatively new approach to raising funds for micro and small enterprises. Huge numbers of supporters make small contributions to a cause or venture through Internet sites.</p>	<p>Relatively easy to access: several crowdfunding ‘portals’ are available, with more emerging. Members of ‘the crowd’ may provide guidance and market intelligence thus able to broaden entrepreneur support networks.</p>	<p>Securities commissions considering how to protect against fraud—proposals to limit individual investment, total investment and requirements for registration are now in place in BC in particular for equity-type crowdfunding initiatives.</p> <p>Rural areas may not have access to the ‘crowd’ unless they have developed a strong social media presence.</p> <p>Protection of intellectual property is difficult to handle.</p>
<p>Community Bonds: an old method gaining new traction in the non-profit/ community sector: Communitybonds.ca has prepared a manual and templates for sale.</p>	<p>Individuals agree to lend relatively small amounts with the expectation of receiving a competitive interest rate.</p>	<p>Bonds are debt instruments rather than equity instruments so the bonding group must have a hard asset to pledge as security such as a building. The bond must be held and managed through a trustee.</p>

Methods to Raise Investment Capital

Model	Benefits	Challenges
Employee Share Ownership Program (ESOP)	Employees can invest in the company they work for and receive a tax credit. Very good method for planning for business succession.	Maximum tax credit claim is \$2000 of investment annually per employee
Eligible Business Corporation (EBC)	Fast and easy registration. Investors receive a 30% tax credit and can also place their investment from a self-directed RRSP for further tax benefits. A registration application and supporting business plan are required at time of applying to the program.	Business must have raised at least \$25,000 in equity capital prior to application; business plan is needed to confirm business is engaged in a qualifying activity and falls under allowable sectors.

Methods to Raise Investment Capital

Model	Benefits	Challenges
Venture Capital Corporation (VCC)	<p>The VCC is a portfolio approach with a pool of funds. Investors (individuals and/or BC corporations) receive 30% tax credit and can place their investment from a self-directed RRSP to increase tax benefits. This legal structure can assure investors that proper due diligence is in place. The pool may be more attractive to accredited and institutional investors (credit unions, regional trust funds, etc.) as a formal pool can demonstrate a high level of professionalism.</p> <p>A VCC can invest \$25,000 to a BC-based business engaged in a qualifying activity to allow it to register itself as an EBC.</p> <p>Various securities exemptions under the BC Securities Act may be considered by a VCC and which include an offering memorandum.</p> <p>A description of the intended purpose of the VCC is required (a business plan).</p>	<p>Has, or will have \$25,000 raised (which is eligible for a tax credit) and a business plan when applying. Must comply with BC Securities Act when using an offering memorandum exemption; requires substantial legal and accounting costs.</p> <p>Only allowed to invest funds and provide management assistance to investees. VCCs may also acquire a convertible loan from a small business, but only with prior approval and under program limits.</p>

3.8 Organizational Start-up Tasks

• Find start-up resources

Administrative tasks require a substantial time investment to create and maintain proper records. Consider calling on your relationship with local/regional politicians to assist with this challenge, as they are no doubt aware of the economic situation. They may be an advocate, inspired by your vision and therefore willing to provide the resources you need to move forward. An existing organization may sponsor your group to apply for start-up resources.

• Identify Legal and Accounting services

It's costly but it is necessary for your group to have legal and tax and accounting services at various stages in the development process. You need to find professionals who understand you are a community group with community goals. They need to be people who don't mind answering all of your questions—even questions you are embarrassed to ask! Just remember there are 'no dumb questions'. There is a lot of learning to be done and once you are through this process, think of how knowledgeable you will be!

• Find potential partners

While planning your start up it's a good time to reach out to local institutions to see if they will assist. Credit Unions are becoming engaged in supporting community investment methods and may provide start-up funding (if they have a granting program), and may

provide personnel that can become part of your core team. They might even be interested in working as co-investors, assisting with due diligence etc. There are organizations in the province providing support to science and technology businesses ([A2.4.2](#)). If you have reasonable access to one or more of these organizations, they may provide practical assistance and should be invited to participate. It's a good idea to become aware of other investment organizations in your region, and to tap into your regional trust organizations as well ([A2.4.3](#)). They may have investment funds or be willing to provide you with technical assistance or they may even provide an institutional investment in your fund. They may also be interested in co-financing businesses with you.

• Create an Investment-Ready Community Profile

Your major goal is to mobilize investment from community members, however a wise choice is to also provide any investor with technical information about your community. Creating a formal community profile provides key information for potential investors and can assist in investment discussions. The profile provides a picture of the demographics of your area and shows amenities available to residents and business people. For an outline of a very comprehensive profile process see: http://www.cutr.usf.edu/oldpubs/CIA/Chapter_4.pdf

To see a variety of BC Community Profiles check <https://tools.britishcolumbia.ca/Invest/Pages/ProfilesOverview.aspx>

If possible, set up a website holding all the information about your community and community investment strategy so people can peruse this information privately. It may be possible to find grant funding to cover these tasks.

• **Incorporate**

Once the group has settled on a strategy, incorporate a formal organization if you are setting up a new one. Some of the models require very specific types of incorporation structure but if your group wishes to provide only development planning, education and advice to entrepreneurs, it is still wise to incorporate. This shows the initiative is being taken seriously and that you have made a formal commitment to community economic development. Details of corporate requirements are explained in Section 4 below.

• **Prepare a Business Plan**

Your first business plan is a general overview incorporating a vision, an asset inventory and investment goals. This plan identifies management capability, describes partnership relationships and lays out a strategic plan for the community investment initiative. Depending upon the structure you have chosen and your development capacity, you may identify specific investment opportunities, and the costs and benefits of investing in them. Explain how the investment

businesses hold and invest funds, lay out the costs of doing this business and show how these costs are covered. Not all models require a formal business plan but once again, it's good discipline to think about your venture as a business.

• **Develop Policies and Procedures**

It is very important your group is able to demonstrate its professionalism to convince people in the community to provide you with their effort and money. Investors need to understand your group is knowledgeable, capable and well prepared to handle invested funds properly, and to invest those funds in as effective a fashion as possible when all the checks and balances are explained.

Spending time before start-up to develop a strong policy structure holds you in good stead once your initiative launches. Creating these policies helps to cement the learning you have undertaken.

You need the following policies as a minimum:

- **Confidentiality policy:** all businesses like to protect their 'value proposition'. It is very tempting to tell everyone everything the organization is considering but there are some things that must not be spoken of by your group in order to protect your investee and protect your board. You need documents that deal with non-disclosure and non-competition for example. All board members must sign these documents for each business being considered.

- **Communications Policy:** on the other hand, your group needs to communicate its goals, objectives and special activities as well as promote their services to the community. What can be said to whom by who needs to be clarified. Many groups mandate their president to be the only spokesperson but each group has its own ideas about how to manage their message. General messaging is very important to continually educate the community of your group's achievements and initiatives, so clear lines of communication have to be drawn by the group at the outset.
- **Privacy Policy:** You will receive a lot of personal information so an understanding as to how this information is handled is required.
- **Conflict of Interest Policy:** Although legal conflict of interest rules allow board members to continue to participate after having revealed a conflict of interest, this often doesn't work in a small community. Some of the corporate structures support the interests of the board members (C3's, co-operatives) however it is wise to require that if a board member presents a business idea to the board, that individual should step off the board for the entire discussion period.
- **Financial policy and procedures:** All the rules you need to follow to ensure you are managing all monies received are required. Some models require specific

kinds of audits and some do not. However, when your group has accumulated a substantial amount of money, some level of accountability is necessary for presentation to the community at an annual general meeting.

4 Overview of Investment Model Requirements

4.1 Introduction

This section provides more information about each of the models discussed. The information is meant to provide some important considerations but not intended to be comprehensive. The Appendices provide more details once you have a clear understanding of the benefits and challenges of each of the approaches.

4.2 The Co-operative Solution

A few people working together using the co-operative model can mobilize resources to create a strong business. The co-op sector has a comprehensive set of resources to help people who wish to follow the Co-operative Principles to create their organization and

business plans. The co-op sector provides loans, some grants and a great deal of business advice for people who choose the co-op option. Under the BC Co-operative Association Act, members and non-members are able to invest in the venture. There are two major problems with attempting to use the co-operative model at this time in BC. First of all, co-operatives are not eligible for the tax credits available through the Small Business Venture Capital program. The Province is being asked to consider enabling co-ops to be eligible for tax credits. The second issue is the BC Co-operative Association Act limits the amount of investment possible in one particular venture. This would not be a problem for a small undertaking but can be

Model	Type	Value proposition
Donation	Philanthropy or social sponsorship	Support a social cause or give to charity
Reward	Supporters receive non-financial rewards for their contributions	The greater the contribution the better the reward or pre-purchase discount on new innovative products or services
Lending	P2P lending, P2B lending	Borrowing or lending at attractive rates
Equity	Equity stake in a company, such as common stock	Company ownership, profit sharing and dividend rights. Some companies offer equity for time

limiting when a larger venture is intended. A major benefit of the co-operative model is the Canadian Worker Co-operative Association has the ability to register self-directed RRSP's that can be invested into the co-op and RRSP tax credits obtained. The cost is modest for this service. The co-operative model can be used for a specific business or as is the case in Alberta, "Opportunity Development Cooperatives" are being formed as the CED/Investment vehicle. Residents who wish to invest come together and form an investment cooperative through which they can buy shares in an existing or new business or they can lend the funds to a business that can show it can service the debt through its projected cash flow. <http://acca.coop/unleashing/> The Alberta Cooperative Association sponsors the 'Unleashing Local Capital' project that facilitates creation of community investment cooperatives in Alberta. The Community Social Planning Council of Greater Victoria has recently set up an investment co-operative. See: <http://communitycouncil.ca/initiatives/cif.html>

4.3 Community Contribution Companies (C3 Companies)

This is a new corporate form recently enacted in British Columbia. It is a standard business corporation but covenants are put in place so investors agree a portion of profits are to be gifted to the social values espoused by the corporation. The Small Business Venture Capital Act does not include C3 companies yet but advocacy is going forward

to facilitate this. The C3 company form was meant to encourage investors to support social enterprises at the same time as gaining a modest return. Investments made can be placed through a self-directed RRSP or TFSA so investors can get a tax benefit up front. Advocacy to allow C3's to register as Eligible Business Corporations is under way. This would increase the benefit to investors up front and contribute to the viability of this model as a community investment vehicle. Generally a C3 would be set up for a specific business and its investors.

4.4 Community Bonds

The Community Bond is an innovation in social finance that allows a non-profit or charity to leverage a community of supporters to pursue its mission, build resiliency, and create more vibrant communities. This method is possible if the organization owns a building, equipment, or some other hard asset that can be set up with a trustee as security in case the bond does not perform as expected. In the past, this method was used by communities to build many amenities. The method is being revived as a tool for non-profit groups to consider as a way of raising capital. More specific information is available about Community Bonds at: <http://socialinnovation.ca/communitybond>
<http://communityrenewal.ca/sites/all/files/resource/MW040212.pdf>

4.5 Crowdfunding

The relatively new idea of crowdfunding allows supporters anywhere to go online and donate to a project of their choice. Because start-ups and small businesses have a big challenge in attracting investment, online crowdfunding is being seen as a new approach of particular benefit. This approach allows a lot of people to participate in launching a new product or service with a small investment. A National Crowdfunding Association <http://ncfacanada.org/> has recently been formed to drive this growing sector. Excellent information about this approach, its strengths and challenges is provided on their website. There are four major 'types' of crowdfunding initiatives described on this site.

Crowdfunding is a creature of social media. The Securities Commissions in Canada are investigating their role in regulating crowdfunding as its informal nature is susceptible to fraudulent operators, in particular lending and equity bids can be problematic. The BC Securities Commission recently posted information regarding crowdfunding if you choose to use this approach. http://www.bccsc.bc.ca/For_Companies/Private_Placements/Crowdfunding/

When you live in a rural area, you may not have the size crowd you need if you plan a very local business venture. To prepare for crowdfunding it is important to develop and manage a very active social media strategy and to build a large contact list.

4.6 BC Small Business Venture Capital Programs

These government programs provide tax incentives in three main areas of interest to community economic development work: The Employee Share Ownership Program (ESOP), the Eligible Business Corporation (EBC), and the Venture Capital Corporation (VCC). These programs have been in place for many years encouraging at-risk investment in a variety of qualifying activities including the development of new technologies. While very successful in larger urban centres, the programs have not been used as much for community level investing, as they seem onerous. However, they are the major tools currently available allowing for a substantial tax break (30% for individuals and businesses operating in BC and 20% for employees investing in an ESOP) for investors. It is possible to make these programs work if your group is willing to do the learning. The programs' main role is to allow investors to take advantage of generous tax breaks that help make up for smaller market returns. Research with BC investors shows this tax credit program is attractive to investors! (http://www.mikevolker.com/Hellmann_Venture_Capital_Report_2010.pdf)

4.6.1 Employee Share Ownership Program

The Employee Share Ownership program (ESOP) flows from the Employee Investment Act and allows an employee in a business to

purchase shares up to \$10,000 per year for a 20% tax credit for an investment that must remain in the company for 3 years. Employees can register their shares in a self-directed RRSP for additional tax benefits. A company owner or a group of employees can apply for registration.

The program is excellent to facilitate business succession. The Province pays for 50% up to \$2500 to cover the costs of a consultant to help set up an Employee Share Purchase Plan. Ministry employees are available to provide assistance setting up this program with business owners or a group of employees.

Employee Ownership Benefits:

- **Employee Involvement** - An ESOP plan in conjunction with employee involvement encourages employees and employers to work together to achieve long-term success of the business.
- **Human Resources Development** - An ESOP plan can provide an extra incentive to attract and retain valued employees.
- **Improved Business Performance** - An ESOP plan implemented in conjunction with increased employee involvement can provide the competitive edge a company needs to be successful.

A business succession ESOP should have a reasonable expectation that within 5 to 10 years of registering the plan, eligible employees acquire at least 10% of the voting shares of the company, and at least 30% of the

employees of the company who are eligible under the plan acquire shares through the plan.

4.6.2 Eligible Business Corporation (EBC)

The EBC is available for direct investment in a small business that registers as an eligible business corporation under the venture capital program, and conforms to the rules as to type of business.

This allows a small business to accept equity capital directly from investors. Registering as an Eligible Business Corporation is a relatively simple exercise.

To get started in community investments, your group can assist a local business you have assessed as having merit to register as an Eligible Business Corporation. To assess the merits of the business, you must set up a due diligence process—see (A5.8). Your community group can then assist the prospective business to raise local capital using informal means. Investments can be made by friends, family and business associates of the small business, or by an accredited investor. The BC Securities Commission has a manual on their website laying out the rules and process for a small business with less than 50 investors under the 'small business exemption'. [http://www.bcsc.bc.ca/For Companies/Private Placements/Guide to Capital Raising for Small Business/](http://www.bcsc.bc.ca/For_Companies/Private_Placements/Guide_to_Capital_Raising_for_Small_Business/)

The role of the community group in this instance is only to provide community educa-

tion, communicate the idea, provide support for the small business to prepare itself to attract investors, and to help them through the paperwork in order to gain access for the investors for the tax credit. This method is less costly for the community group in both time and money than is the Venture Capital Corporation (VCC) method. However, the VCC approach is much more flexible and should be examined fully before you decide on an approach. You might also consider growing into the VCC model as you gain experience with facilitating EBC's and assisting them to qualify and find investors. The business needs a good plan that addresses the concerns of investors so should follow a business plan format. (Choose formats from Community Futures, Business Development Bank, Women's Enterprise Centre etc.)

The business needs to have raised \$25,000 in share capital, which must be reported on its Central Securities Register. If the business has decided to hire a securities lawyer, s/he sets this up for them.

The investors can use their RRSP to purchase investments in the company and receive the 30% tax credit. Setting up a self-directed RRSP is required and several processes and forms need to be completed with your broker.

4.6.3 Venture Capital Corporations (VCC)

A VCC is a corporation registered under the Small Business Venture Capital Act formed

for the sole purpose of investing funds in start-ups, emerging and eligible small businesses that may be located outside Metro Vancouver or Metro Victoria, for the benefit of rural BC. The VCC itself becomes registered, and mobilizes funding for a variety of businesses thus creating a 'portfolio'. Setting up a VCC allows a community group to accumulate a pool of funds directed to several small businesses. This model appears to be complicated and expensive but has the potential of attracting institutional capital (such as from local credit unions or regional trust funds). The VCC model requires the group to operate the fund in a formal fashion but it also provides assurance to local investors the businesses have ongoing support and oversight. The VCC can establish a share structure to allow specific investment in specific businesses so that 'A' shares are provided for the 'A' business and 'B' shares for the 'B' business etc. This way, your investor group can relate to the specific business in the VCC portfolio that is of particular interest to them. A VCC itself can make a \$25,000 investment in an eligible small business and assist the business to become registered as an EBC, since it may be a challenge for the small business to raise the start-up investment themselves. The VCC is limited to tasks of accumulating capital, dispersing capital and assisting and providing oversight to investee businesses over the investment period. The VCC cannot make loans or own businesses, except in very limited circumstances and only with permission (generally only if the investee business appears to be failing).

5 Community Venture Capital Corporation Development Detail

5.1 Introduction

This section provides details of the Venture Capital Corporation model as it exists in 2015. Efforts are underway to advocate for tweaks to this program, to make it more friendly and affordable for a community economic development organization. However, if your group is ready to tackle becoming a community Venture Capital Corporation, this information guides you through the tasks that need to be accomplished. Even a more accessible program contains many of these tasks. The rules and responsibility for managing funds are vigorous no matter which method you choose.

In general, you are asking members of your community to provide the group with funds (structured as a formal investment intended to generate returns) that are carefully invested in businesses that fit stated values and meet clear criteria. Your community members want to know you are doing a good job of handling and managing their money, and they want to feel their investment is going to make a difference for the future of their community. You arrange for them to receive a tax credit, and if they wish to place their investment through their RRSP they receive that tax credit as well. This means your in-

vestors receive something back immediately. But remember, you appeal to their major motivator: a desire to help make a difference in the community. Your group's Value and Vision Statements should align with these motives.

5.2 Starting up

This section provides an overview with links to specific pages to provide more in-depth information.

Become friendly with the Small Business Venture Capital Portfolio Manager for your region. They are very helpful! The Portfolio Managers are from the Investment Capital Branch, Competitiveness and Small Business Division, Ministry of International Trade. www.equitycapital.gov.bc.ca. Secondly, after you have reviewed the material below, you must read the entire Small Business Venture Capital Act, as there are many details to master in the administration of the program. http://www.bclaws.ca/recon/document/ID/freeside/00_96429_01

Funding is a requirement for this model. If you decide to create a VCC, you need funding for the following costs:

- The registration of a Venture Capital Corporation (VCC) is governed under

section 3(1) (d) of the Small Business Venture Capital Act which states that the VCC “has or will have equity capital of at least \$25,000” and that by the end of its first year after the date of registration will have raised at least \$50,000 of equity capital.

- You are required to submit a business plan along with a Name Consent form to the Investment Capital Branch prior to registration. This need not be as onerous as a regular business plan. Under the provisions of the Small Business Venture Capital Act VCC’s are only allowed to accumulate and disperse capital under strict provisions, and to provide management support to enterprises in which they invest. After incorporating in the province through the BC Registrar of Companies, you need to apply for registration as a VCC. Your business plan can be an executive summary speaking to the types of investment you wish to make such as:
 - Investing in start-ups
 - Assisting start-ups to become Eligible Business Corporations
 - Assisting in succession of existing businesses
 - Assisting businesses to scale up
 - Assisting businesses to leverage financing with other financial agencies
 - How the VCC will raise and invest its funds (e.g. with or without an offering memorandum)
- Background information about the personnel involved in the VCC (i.e. directors, officers, major shareholders, and fund managers)
- A budget for legal consultation is needed particularly in the development of an Offering Memorandum (OM). The Offering Memorandum is a document that gives very specific details about the organization, business plan, administrative plan, board members and their interests, financial condition etc. Preparing this document allows your work to be exempted from the reporting required by the BC Securities Commission for public offerings. This document protects your interests through absolute disclosure, and it protects the investor, as they know a great deal about your organization. The OM must be provided to each investor along with other documents noted below. The CLCVCC’s OM was created with a view to offering a template that could be used by other BC groups. However, because the OM is a legal document, once you have drafted your own OM, you need to have a securities lawyer review it to ensure that nothing has been inadvertently omitted. (You can request a copy of the CLCVCC’s OM by arrangement. Contact: coordinator.christinalake@gmail.com)
- You need funds to carry out an ‘Opening Audit’ to attach to the OM. This costs sev-

eral thousand dollars. There are specific criteria to adhere to, which increases the cost for the accountant when doing this audit. The audit reviews your start-up financial position so can be openly shared with potential investors.

- Administrative funds are required to cover the cost of setting up all the required materials, bank agreements etc. Staffing for these tasks would be ideal. It may be difficult to manage without some dedicated staff time.
- You need to work with a local bank or credit union to set up the accounts required. In small communities this may be a challenge, but using the CLCVCC templates can assist. You need a general account and an Investment Protection Account (IPA) into which 30% of the funds invested must be placed. Management of the IPA requires specific processes and forms. For details see: <http://www.mit.gov.bc.ca/ICP/VCP/VCC/InvestmentProtectionAccount.htm>
- Your board needs to be trained in their responsibilities. This may require funding as the responsibilities of overseeing investment is more onerous than board work in other organizations.
- A paid bookkeeper reduces everyone's anxiety, unless you have a dedicated volunteer in this role.

5.3 Incorporate your Community Venture Capital Corporation in BC

The process for making your VCC official is outlined below. The process is a bit more complicated than an ordinary incorporation, but steps are very clearly described in the links and if you are confused, your Portfolio Manager can help.

Registering your VCC's name

There are very specific steps to incorporating your VCC. As previously mentioned, the first very important step is to come up with a name that includes "(VCC)". Once you come up with your name, you must first of all get permission to use the "(VCC)" label. There is a specific form for this purpose titled the Name Consent Form. When filling in this form, you may indicate you have your \$25,000 in hand and you must give an estimate of the amount of investment dollars you are going to apply for. http://www.mit.gov.bc.ca/ICP/VCP/VCC/Documents/VCC-Name_Consent.pdf

Once you have received approval from the Portfolio Manager to move to incorporating, you then apply for your company's name using the regular process (within 60 days.) <http://www.bcregistryservices.gov.bc.ca/bcreg/corppg/reg46.page?> Submit the approved form above along with the request for a name. Once the name is approved by the BC Corporate Registry you are ready to apply for incorporation as a BC Company.

The above form gives you specific wording you need to include in your bylaws.

Steps to incorporating your company can be found at: <http://www.bcregistryservices.gov.bc.ca/local/bcreg/documents/forms/reg50.pdf>

Once incorporated, you must then register your VCC. http://www.mit.gov.bc.ca/icp/VCP/VCC/Documents/VCC_Registration_Application.pdf

Once registration is approved the company is automatically authorized to raise up to \$50,000. If you wish to raise more funds, you must apply for 'Additional Equity'. As the Investment Capital Branch over-commits their annual tax credit budget, please note additional equity approval is contingent on the remaining budget in the program. In recent years, this has not been a problem but always check: <http://www.mit.gov.bc.ca/ICP/VCP/BudgetDescriptions.htm> or with your Portfolio Manager before submitting the application for additional equity. http://www.mit.gov.bc.ca/ICP/VCP/Documents/EBC_VCC_AdditionalEquityApplication.pdf

Once the business is registered, set up an Investment Protection Account (IPA) at a bank, credit union or through a lawyer's trust account. Detailed instructions on how to establish an IPA with your banking organization are available at: <http://www.mit.gov.bc.ca/ICP/VCP/VCC/InvestmentProtectionAccount.htm>

Your bank may not have experience with establishing an IPA, requiring some additional

time in the process. As a VCC raising funds from investors, 30% is to be placed in the IPA and can be released for investment purposes with permission from the administrator, using the following form: http://www.mit.gov.bc.ca/ICP/VCP/VCC/Documents/VCC_IPA.pdf

In addition, a BC electronic ID (BCeID) is required in order to access the eTCA system (Electronic Tax Credit Application system) through which investments are reported to the Investment Capital Branch (<https://www.bceid.ca>). The Portfolio Manager provides your VCC with a Personal Identification Number (PIN) for use with the eTCA system. The access codes should be closely held by authorized members of the VCC. You will be able to report share sales and access issue tax credit certificates through the eTCA once they have been released. (Remember to keep copies!)

5.4 Launching your Community VCC

Create a communications plan and materials

There are rules about what you can and cannot say about your investment fund. Because of the sensitivity of some of the information discussed, have each of your participants sign non-disclosure documents. (Your lawyer may provide a specific form for your use or find one on line).

Because these funds do not have an outside valuation, and because the fund operates in the small business arena where business

failure is high, these are seen as high-risk investments and must not be promoted or advertised otherwise. Articles in the local paper about the concept, and results in other communities are acceptable, but making claims about the fund's potential performance is not allowed. You can speak of the tax credit provisions and the benefits to your community of place-based investment.

Getting the word out through friend circles is best. A board member or supporter hosts a wine and cheese evening or an afternoon tea. You can plan a program to explain the organization, show one or more of the videos your group has found helpful, and open discussion about the future of the community. These informal meetings are also an opportunity for feedback and ideas from your guests.

Model documents prepared for the CLCVCC can be provided upon request. You can use these documents as drafts in preparing your own documents. Remember, you **MUST** have legal counsel review all formal documents. Investors need to receive the following documents:

- An introduction to your organization with a vision, values, and contact numbers
- An FAQ document
- An offering memorandum
- A risk acknowledgement form
- A subscription agreement
- If your investor wishes to place their investment in a new self-directed RRSP, you can elect to help them do this. (See www.qtrade.ca, or the Canadian Worker Co-operative Federation for assistance if you have incorporated a co-op as your business form.)
- A non-disclosure document (NDA)
- Share register example

Sales of Shares

Decide on a price for your shares. Since these shares are not related to a business valuation, the group can arbitrarily set the price. If your goal is to encourage as many people as possible to participate as investors, you may set this at a lower rate.

Depending upon the size of your community and the size of the investment pool you are able to attract, a decision as to how your shares are sold must be made. Small funds depend on volunteer board members as sales agents. Larger funds may be able to afford a paid sales agent. If using a paid agent, s/he has to be registered with the BC Securities Commission.

- Volunteer sales people will need some training:
- Those selling the shares need to be members of the board of directors.
- The people selling the shares need to meet certain criteria. Make sure they are neither an undischarged bankrupt, nor have they been convicted of an indict-

able offense. Create a volunteer registration form for signatures of the volunteer and a board member. Keep copies in your files.

- Sales people need to understand they cannot give any advice to the investor and must indicate to investees they are not officially registered as securities sales agents.
- They need to make sure the person wishing to invest fully understands this is a risky investment.
- They need to make sure the investors are members of your defined community.
- Sales people need to be familiar with all of the paperwork required for investors to become officially registered for their tax benefits.
- They need to understand they are not being paid to sell these shares and this is also communicated to the investor.

Reporting Share Purchases

Once you have attracted investments, you must report to the Investment Capital Branch on the following form: <http://www.mit.gov.bc.ca/ICP/VCP/Documents/SharePurchaseReport.pdf>

Within 10 days of making a sale, a report needs to be submitted to the BC Securities Commission.

https://www.bcsc.bc.ca/Securities_Law/Policies/Policy4/PDF/45-106F6_F_May_5_2015/

Accessing the Tax Credits for your investors

Tax credits are claimed through the Electronic Tax Credit Application system (eTCA). Instructions on how to claim tax credits, and print tax credit certificates, are in How to Access eTCA.

Individual investors are entitled to a 30 percent refundable tax credit on the value of their investment, up to an annual maximum tax credit of \$60,000. Corporate investors are entitled to a 30 percent non-refundable tax credit on the value of their investment, however, there is no tax credit limit for a corporation. Both individual and corporate investors can carry unused portions of tax credits forward for four years. Individual investors who invest in the first 60 days of a calendar year can elect to apply their tax credits to their previous year's tax return. Corporate investors cannot carry tax credits back to the previous year. <http://www.mit.gov.bc.ca/ICP/vcp/index.htm>

Record keeping

You must keep copies of all signed documents and update your corporate share register accordingly. Ensure excellent financial record keeping is established. This can be done by a volunteer with bookkeeping experience, but if possible a paid bookkeeper can ensure your records and banking activities are maintained.

5.5 Raising Capital

Selling the idea

With the restrictions on public promotion, encouraging investor participation depends upon strong relationships built through the development process, the organizational partnerships you have created, and the credibility of your presentation. This calls for a commitment to community networking.

What you can invest in under the Small Business Venture Capital Programs

- A business must be primarily engaged in a qualifying activity and may qualify as an “eligible small business” (EBC).
- The VCC must purchase treasury shares directly from the small business for cash.
- The VCC may purchase the shares of a small business indirectly through the conversion of convertible debt that is prescribed under regulation (prior Administrator approval is required).
- An investment must be at risk and at arm's length.
- The VCC together with related parties and other VCCs must not control the small business.
- Shares held by the VCC must not carry prescribed rights and restrictions (see Policy Statement “Equity Shares” for more details).
- The maximum a VCC can invest in a small business (and any affiliates of the small

business) is \$10 million in a two-year period.

5.6 Recruiting Potential Business Opportunities

Requirements for Businesses to become eligible to receive investment

For a VCC to invest, the business must be substantially engaged in a qualifying activity in BC. If a business applies for registration as an EBC, the business must also be substantially engaged in a qualifying activity in B.C. in one or more of the 6 qualifying activities:

1. Manufacturing or processing, including services directly associated with the export of value-added goods produced in British Columbia
2. Destination tourism resort;
3. Research and development of proprietary technology
4. Development of interactive digital new media products
5. Community diversification outside of the Lower Mainland and the Capital Region
6. Clean technology

Recruit through Community networking to find business opportunities

Engage your business community—some owners may be thinking of selling but haven't told anyone yet...they may be ripe for a succession plan. Some have good ideas of needed goods or services or may know

someone with a good business idea. Or they may know a friend or family member who would love to bring their business to your community.

You can sponsor community events

Providing a workshop for people thinking of a business can help them refine their ideas. For businesses that appear to be feasible but are still in the planning phase, a mentor circle can help the proponent prepare a formal presentation. The regional Community Futures organization may be willing to run workshops in your community if you can gather the participants.

Contests and 'dragon's den' type events attract interest.

Post opportunities on social media, billboards and in print media.

Delve into the case examples provided in this guide. [\(A2.6\)](#)

5.7 Providing guidance for your Business Prospects

Prepare a one-page document for business hopefuls, laying out your requirements and what you can do for them. Providing a few key workshops for potential business people in the community helps strengthen the proposals coming to the fund. There are many resources available to assist businesses to prepare their business plans. Community Futures BC provides a listing of excellent resources: <http://www.communityfutures.ca/small-business-links> Small Business BC has

excellent materials as well: <http://smallbusinessbc.ca/resources/howtos-checklists/>

In particular, the business proponent can use the following template to analyze the potential for the businesses success: http://smallbusinessbc.ca/wp-content/uploads/resource_files/Evaluate_Your_Business_Idea.pdf

5.8 Due Diligence

Your organization needs to develop a due diligence process. The following general points should open the discussion. Further resources can be found in [\(A5.8\)](#). If the business you are considering needs to go to other financing agencies, ask them for their due diligence process and make sure all of their concerns are covered in your analysis.

Due diligence defined:

Generally, due diligence refers to the care a reasonable person should take before entering into an agreement or a transaction with another party.

"Offers to purchase an asset are usually dependent on the results of due diligence analysis. This includes reviewing all financial records plus anything else deemed material to the sale. Sellers could also perform a due diligence analysis on the buyer. Items that may be considered are the buyer's ability to purchase, as well as other items that would affect the purchased entity or the seller after

the sale has been completed. Due diligence serves to confirm all material facts in any transaction. Due diligence is a way of preventing unnecessary harm to either party involved in a transaction.”

<http://www.investopedia.com/terms/d/duediligence.asp#ixzz3a9OfJUUp>

The components of the due diligence process include:

- Preliminary screening to see if the company can meet the community criteria and the EBC criteria.
- Preliminary meeting with the proponents and the board or designate to explain the development and investment process in detail and to make sure the proponent understands what the goals of the community investment fund might be.
- If the business passes through this stage, the next step is a detailed analysis of the business plan using a template that your group has devised to make sure all issues are addressed in the process. There are examples of due diligence templates (A5.8). When you devise your template, make sure to consider the weighting of each factor:
 - Analysis of the company's stage of development—succession plans are markedly different from start-ups or take-overs.
 - The management team: when you invest, you are betting on the people. The business may be weak in some areas, but if the manager has impressive credentials in the business sector, you may decide to work with them to shore up any missing pieces. Look for evidence the manager/owner has a track record of completing projects. What financial stake does management have in the business? A high stake indicates high motivation. Can they show they have strategic thinking skills? Do they understand the market they are entering and do they have the skills, knowledge and connections to manage the business? Do they have a record keeping system in place and do they know how to maintain their business in good order?
 - Does the proponent have specific intellectual property? Is it protected?
 - Does the proponent have a very strong understanding of the market they wish to enter? Do they understand 'market pain' and can they show how their solutions can be successful in the marketplace? Do they have a long-term view of the industry and a thorough understanding of the industry's health?

- Are they very familiar with their competitors? (Every business is partially defined by competition in the marketplace.) Check out other companies in the market to see if they are growing and profitable. Is there obvious room for a new entrant? What market share does the business require to meet its financial goals? Has the competition been well documented and analyzed by the proponent?
- Does the business rely on technology and if so, does the proponent have a forward view of technology developments in their field?
- Has the proponent taken advantage of all government programs to assist them in their planning?
- Does the business have a financial track record? What is the debt/equity ratio planned? Is this realistic? (Carrying a huge debt load is one factor in small business failure).
- Review the company's balance sheet. In succession scenarios, this becomes particularly important. What are their assets? Their liabilities? Their cash levels? For a new business, more market analysis reveals if the projections are reasonable.

Risk management:

What is your level of risk tolerance? Because you are investing community members' money, the level of face-to-face responsibility is very high. You want to protect your assets, resources and most of all, your reputation. Creating a 'risk management protocol' helps the group cope with acknowledged and unacknowledged risks.

"In the investment world, however, risk is inseparable from performance and, rather than being desirable or undesirable, is simply necessary."

<http://www.investopedia.com/articles/08/risk.asp>

Evaluate the following risk factors:

- Capitalization Risk: Is the company under-capitalized?
- Competition Risk: Is the direct and indirect competition identified? How active is it?
- Environmental Risk: Does the business have adverse environmental impacts?
- Industry Risk: Is the industry sector growing or dwindling as a whole?
- Management Risk: Does the company have competent management?
- Market Risk: How difficult is market entry for this business?
- Production Risk: Is the company organized to produce within industry standards?

- **Regulatory Risk:** Are regulations changing in this industry and if so, does this help or hinder business prospects?
 - **Security Risk:** Is the business vulnerable to security issues?
 - **Supply Risk:** Are needed supply agreements in place?
 - **Workforce Risk:** Are there trained and competent workers available and does the company have strong personnel policy and procedures?
- Due diligence should be set up in a formal way so all of the relevant issues in any potential investment decision are revealed and considered. Guard against 'falling in love' with the concept! The due diligence process is a central discipline to ensure excitement

Managing Risk: 5 Strategies

Accept	The risk may be acceptable without any further action being taken. The ability to do anything about some risks may be limited, or the cost of taking any action may be disproportionate to the potential benefit gained.
Treat	Most risks will be addressed in this way. Actions are taken to mitigate the impact and/or probability of the risk to an acceptable level.
Transfer	For some risks the best response may be to transfer them for example, by taking out insurance. Some risks are not (fully) transferable – e.g. reputational risk.
Avoid	Some risks will only be treatable eliminating the source of the risk.
Take the opportunity	This is not an alternative to those above but an option, which should be considered whenever accepting, transferring or treating a risk. Do circumstances arise which offer positive outcomes?

doesn't win over analysis. Once this information is gathered, your group needs to come to a conclusion on how to proceed with this business.

- You may reject the plan outright as it abrogates your values or its weaknesses are beyond repair
- You may decide the business has potential merit but it needs strengthening. You may then refer the business for assistance (to a Community Futures organization or to a Venture Accelerator in your region), or you may put together a team of local business people to meet with the business proponent and work to improve the proposal
- You may accept the business as within your risk tolerance level and place your investment with them, and open discussions about building a strong investment plan with/for them. (You can fall in love with the business at this point!)

5.9 The Investment Decision

Any business that has been vetted through the due diligence process is stronger on some points and weaker on others. Can the weaknesses be mitigated and if so, how? Could the business benefit from some outside board members or can you arrange for ongoing coaching?

The investment decisions refer back to your values and vision. Is the goal to create jobs, strengthen existing businesses, make quick profits for your investors, or assist non-profit

groups to create a social enterprise? If the investment pool is limited, you may need to prioritize once you see what kinds of businesses are coming forward requesting investment help.

5.10 Leverage and Syndication of Investment

A relatively small start-up investment made as the result of a vigorous due diligence process can make the business proposition more inviting to other investors, including the regional trust organizations that provide equity and loan investments.

5.11 Investee Performance Monitoring

Once a decision is made, agreements must be signed and most importantly a plan for regular updates from the business to the board or designate must be made. These updates should be in the form of written reports that display the financial performance of the business, the production review and the sales record. The most important part of the update however, has to be an honest discussion of the roadblocks, issues and problems facing the business. Are there new trends in the industry that are positively or negatively affecting the business? The sooner you know the business is facing problems the better. Be ready to assist and make sure the business sees your requirement for updates as a friendly and helpful service.

5.12 Planning for Exit

It is greatly to be hoped the businesses you have invested in do well in the marketplace during the agreed upon investment period. The goal is for them to be in a position to re-finance the equity stake. The exit strategy is a way of cashing out an investment. The exit is also referred to as a 'harvest strategy' or a 'liquidity event'. The business may do this by finding other investors, selling to a bigger company, and rarely (due to cost and difficulty) by 'going public'. Even though your investors have fully understood that by providing an investment they may not see that money again, you do hope the businesses thrive and grow and make returns to the investors. And if your group has been assisting and mentoring these businesses all along, you are in a good position to help investors plan their exit strategy. This needs to be done in plenty of time before the mandated investment period is nearing its close.

5.13 Managing Your Portfolio

Size of the Pool

Once you have a few ventures, you may reach your comfort level for ongoing portfolio management. The number of businesses you invest in is directly related to the investments you have raised. However, you may choose the role of providing 'front-end leverage' to new ventures assisting them to find other investment or loans. This method extends your fund's impact. Working with your partners, you can help clients put together a

strong package of financing that keeps the debt/equity ratio at a workable level. Once the investment pool is fully invested, the focus of your organization can shift to working with investee businesses to help ensure their success. Or, you may find your group in a position to raise another round of investment as new and attractive business opportunities emerge.

Evaluating the performance of your community investment strategy

To underline the importance of this step, you will find very good tools available to conduct a performance evaluation of the work of your investment strategy. Just having a successful business up and running and new jobs in the community may satisfy your need to trumpet success. However, as the community investment sector matures, the more groups can show their results in terms of Return on Investment Analytics (ROI). Providing a report of results in terms of original goals and objectives encourages community members to keep coming back with new business ideas and new investments ([A5.10](#)). Your results are important. Even though you conducted a very thorough due diligence process, and you have kept close touch with investee businesses over the years to ensure they were on track, it's important to track and formally report to your community on milestones met, milestones unmet and learning gleaned from the experience.

5.14 Maintaining Your Community Investment Organization

Because of the technical nature of most CED initiatives, a well-prepared board of directors is important. Many resources are available to assist in training board members to manage board responsibilities effectively ([A5.13](#)).

However you are incorporated, it is very important to maintain good records of meetings and keep your corporate registry up to date. Keep the recruitment door open for new board members or people who might serve as a business mentor, trainer or any of the many volunteer tasks required. Participation in workshops, webinars and conferences keep your board members learning and engaged. Encourage new members to join at least every year so your board benefits from fresh energy and new ideas.

5.15 Celebrate!

Take the time to have a community celebration when you reach even interim goals. This is good public relations as well as important in helping maintain the 'social contract' with your community. Small victory celebrations as you go along ensure the community recognizes how much you have learned and achieved as you move through your plan and deal with the inevitable twists and turns.

A1 Rural Resources

CONTENTS:

1. Reports

2. Rural Advocacy Organizations

The following reports and organizations provide a strong case for investment in rural communities:

REPORTS: A selection

1. BC Rural Study

The Southern Interior Beetle Action Coalition in partnership with the other two BAC's has invested in study of rural sustainability strategies. A compendium of reports can be found at:

<http://www.sibacs.com/rural-advocacy-activities/rural-bc-project-2/rural-bc-papers/>

Watch this video: <https://youtu.be/pNIZjsFtuL0>

Rural BC Project Reports & Background Papers

- [Rural BC Action Plan June 27 2014](#)
- [What Does Rural BC Need to Succeed – 2013](#)
- [Creating Effective Rural Advocacy and Rural Catalyst Development Organizations. 2014](#)
- [Exploring the Creation of Effective Rural Economic Development – February 21 – 2013](#)
- [Exploring the Creation of Effective Regional Economic Development – February 18 – 2013](#)
- [Rural BC Project News Release Jan 2013](#)
- [The Pathway to Prosperity in BC Runs Through its Rural Places. 2012](#)
- [The Case for Using a Place Based Approach for Planning in Rural BC. June 2012](#)
- [Fifty Years of Rural Development Strategy in British Columbia 1961 to 2010 \(short version\)](#)

Sept. 2011

- Fifty Years of Rural Development Strategy in British Columbia 1961 to 2010 (Full version) Sept. 2011
- Renewable Energy Production and Greenhouse Gas Emissions BC's New Era of Energy Policy, 2011
- Public Investment in Rural and Resource Regions as a Strategic Tool-Toward a New Era for BC. 2008
- Regional & Rural Economic Development Review of Delivery and Public Investment Models. 2008
- RURAL MATTERS: One Vision Many Voices – Federation of Canadian Municipalities. July 2008
- BC at the Crossroads – New Regional Development Pathways for the 21st Century. July 2002

Reversing the Tide Papers and Case Studies

- Revitalizing Rural BC Some Lessons from Rural America, April 2009
- Kentucky Highlands Investment Corp Case Study. Fall 2008
- Coastal Enterprises Inc. Case Study. Fall 2008
- Highlands Islands Enterprises Case Study. Fall 2008
- Rural Development Initiatives Oregon Case Study. Fall 2008

2. Federation of Canadian Municipalities:

- Industries based in rural Canada benefit the national economy.
- Rural communities provide the workforce and much of the infrastructure to support these industries, but cannot afford to pay an unfair share of this support.
- It is a national problem that requires federal leadership.
- The time for action is now.

FCM Reports re: Rural Issues:

- Rural Canada: Challenges and Opportunities, Bill Reimer, 2009
https://www.fcm.ca/Documents/reports/Rural_Canada_Challenges_and_Opportunities_EN.pdf
- Wake up Call: The National Vision and Voice We Need for Rural Canada: The Federal Role in Rural Sustainability: 2009

"Rural Canada helps fuel our national economy and define our national character. But the towns and villages that make up rural Canada are fighting for their lives, struggling against growing odds to secure a future for themselves in a country they helped build. The natural resources, energy, agricultural products and raw materials extracted from rural areas now make up 50 per cent of Canada's exports. These industries are driving corporate profits, paying billions of dollars in taxes every year, and creating spin-off jobs and new growth in Canada's Urban Regions..."

- Reflections on Rural Development, Donald Savoie, 2008
https://www.fcm.ca/Documents/reports/Reflections_on_Rural_Development_EN.pdf

"The report sets out recommendations that the government of Canada that will help equip rural Canada to meet its economic, social and environmental challenges.... Many rural communities are facing daunting economic challenges with a number of them actually fighting for survival..."

This report takes a very detailed look at how to define 'rural':

- Rural Canada 2013: An update: The New Rural Challenge: Create People not Jobs
<http://crrf.ca/wp-content/uploads/2015/03/FCMBollman-RuralCanada2013.pdf>
- The FCM has produced a series of Rural Factsheets:
<http://crrf.ca/wp-content/uploads/2015/03/FCMFactSheet1.pdf>
- Non-metro population growth
- Non-metro population size

- Replacement of working population
- Youth outmigration
- Youth retention
- Aging
- Size of non-metro economy
- Non-metro employment by sector
- Non-metro GDP by sector

Statistics Canada provides occasional reports on rural issues:

<http://www5.statcan.gc.ca/olc-cel/olc.action?ObjId=21-006-X&ObjType=2&lang=en&Limit=1>

ONE VISION, MANY VOICES: HOW TO BUILD A SUSTAINABLE RURAL CANADA

Recommendations from the National Symposium, 2008; prepared by Western Sky Management Associates Inc. for the Alberta Association of Municipal Districts and Counties

<http://www.aamdc.com/component/content/article/36-events-programs/364-rural-matters-forging-healthy-canadian-communities>

RURAL ADVOCACY and RESEARCH ORGANIZATIONS: A selection

BC Rural Network

<http://www.bcruralnetwork.ca/>

Membership is open to all organizations and individuals that serve a rural constituency, and/or whose mandate is concerned with issues of interest and relevance to rural citizens and communities. Members now receive exclusive access to the BCRN e-News updates.

Canadian Rural Revitalization Foundation

<http://crrf.ca/>

The Canadian Rural Revitalization Foundation (CRRF) was established in 1989 to contribute to the revitalization and sustainability of rural Canada through collaborative research for rural leaders in the community, private sector, and in all levels of government. CRRF works to create credible insights and to improve our understanding of issues and opportunities that are of common interest to rural residents across Canada. Knowledge and better understanding are the fundamental pillars for the welfare of rural communities and

environments.

The Canadian Rural Research Network

<http://rural-research-network.blogspot.ca/>

The University of Northern BC, Community Development Institute

<http://unbc.ca/sites/default/files/sections/community-development-institute/2014annualreportfinal.pdf>

A2 Community Economic Development Resources

Introduction:

There is a great deal of information available online to support communities interested in community economic development. This listing provides a starting point for further investigation.

To start, check out this video prepared by the Canadian CED Network

<https://www.youtube.com/watch?v=EFFON6aADO0>

‘Community Economic Development (CED) is action by people locally to create economic opportunities that improve social conditions, particularly for those who are most disadvantaged.

CED is an approach that recognizes that economic, environmental and social challenges are interdependent, complex and ever-changing.

To be effective, solutions must be rooted in local knowledge and led by community members. CED promotes holistic approaches, addressing individual, community and regional levels, recognizing that these levels are interconnected.’

https://ccednet-rcdec.ca/en/what_is_ced

Key CED Organizations:

Canadian CED Network: <https://ccednet-rcdec.ca>

Canadian Centre for Community Renewal: www.communityrenewal.ca

Cooperatives and Mutuels Canada: <http://canada.coop/en/programs/co-op-development>

Contents:

A2.1 Reports

The Community Resilience Manual: a Resource for Rural Recovery and Renewal, Centre for Community Enterprise, 2002

[http://www.ontario-sea.org/Storage/37/2905_Section_1 - The Community Resilience Manual.pdf](http://www.ontario-sea.org/Storage/37/2905_Section_1_-_The_Community_Resilience_Manual.pdf)

New book: The Local Economy Solution: How Innovative, Self-Financing “Pollinator” Enterprises Can Grow Jobs and Prosperity:

<http://www.elmstreetbooks.com/book/9781603585750>

<http://socialeconomyhub.ca/sites/socialeconomyhub.ca/files/socialeconomybookletfinal.pdf>

A2.2 CED Research and Support Organizations

University of Victoria, Centre for Business Alliance for Local Living Economics (BALLE)

<https://bealocalist.org/resources-spreading-solutions>

A2.3 CED Case Studies

Many rural communities have contributed their stories to a growing compendium of examples.

Case Studies of Community Economic Development Initiatives:

[https://ccednet-rcdec.ca/en/toolbox?language=All&field_format_value=All&field_categories_value\[0\]=stories&&title=&field_organization_value](https://ccednet-rcdec.ca/en/toolbox?language=All&field_format_value=All&field_categories_value[0]=stories&&title=&field_organization_value)

<http://communityrenewal.ca/category/category/territorial-initiatives/rural>

http://www.sitka.net/Downloads/Small_Towns.pdf

<http://www.mah.gov.on.ca/AssetFactory.aspx?did=9784>

http://www.smallbusinesshuron.ca/publications/edri/best_practices_report_final.PDF

<http://www.nado.org/vibrant-rural-communities-case-study-series/>

<http://www.slideshare.net/dtulchin/case-studies-in-economic-development>

<https://mbresearchalliance.files.wordpress.com/2012/11/11cedprojectscan.pdf>

<http://socialeconomyhub.ca/sites/socialeconomyhub.ca/files/socialeconomybookletenfinal.pdf>

Recent article in the Province: Stories of small towns in BC http://www.theprovince.com/news/tiniest+towns+sights+growth+reinvention/10982259/story.html#_federated=1

Case Studies of Cooperative initiatives:

<http://www.uvic.ca/research/centres/cccb/research/home/studies/index.php>

<http://canada.coop/en/resources/publications/vanguard-canadian-innovation-compilation-co-op-case-studies>

<https://ccednet-rcdec.ca/en/toolbox/building-community-controlled-economy-evangeline-co>

A2.4 Key Tools

A2.4.1 Developing your values and vision statements

<http://www.foursightconsulting.com/ideas/tools/Quick%20Refernce%20-%20Creating%20Vision,%20Mission%20and%20Value%20Statements.pdf>

http://www.help4nonprofits.com/NP_Bd_MissionVisionValues_Art.htm

A2.4.2 Potential Partnership Organizations

Community Futures: check at www.communityfutures.ca to find your nearest CF organization

Listing of technology organizations, accelerators etc. <http://www.hitechbc.com/>

A2.4.3 Regional Trusts provide programs, loans and some grants

Columbia Basin Trust www.cbt.org

Island Coastal Economic Development Trust www.islandcoastaltrust.ca

Nechako-Kitamaat Development Fund Society www.nkdf.org

Northern Development Initiative Trust www.northerndevelopment.bc.ca

Southern Interior Development Initiative Trust www.sidit-bc.ca

A2.4.4 “Open Space Technology” group process method

<http://openspacemeetings.com/>

www.openspaceworld.org

A2.4.5 Design Charrette information

<http://www.toolkit.bc.ca/resource/sustainable-community-planning-and-design-charrette-planning-guide>

A2.5 Community Asset Mapping Resources

The lead organization for Asset Based Community Development (ABCD):

<http://www.abcdinstitute.org/>

<http://www.abcdinstitute.org/toolkit/>

Blogs and links can be found at: <http://www.abundantcommunity.com/>

<http://www.abcdinstitute.org/docs/What%20isAssetBasedCommunityDevelopment%281%29.pdf>

<http://volunteer.ca/content/asset-mapping-handbook>

<http://ctb.ku.edu/en/table-of-contents/assessment/assessing-community-needs-and-resources/identify-community-assets/main>

A2.6 Opportunity Analysis

Some ideas to stimulate thinking of potential business ideas:

<http://www.mytopbusinessideas.com/eco-friendly/>

<http://www.greenmarketing.tv/green-business-ideas/>

<http://greenforall.org.s3.amazonaws.com/pdf/cap/10%20Green%20Business%20Ideas.pdf>

<http://www.fastcoexist.com/1679221/5-big-ideas-for-a-new-economy>

www.mcconnellfoundation.ca/assets/PDFs/Food%20Farms%20Fish%20and%20Finance_web.pdf

<http://sbinfocanada.about.com/od/businessideas/ss/The-Best-Business-Opportunities-2015.htm>

A2.7 Strategic Planning Resources

Strategy has been defined as “that which has to do with determining the basic objectives of an organization and allocating resources to their accomplishment.” A strategy determines the direction in which an organization needs to move to fulfil its mission. A strategic plan acts as a road map for carrying out the strategy and achieving long-term results.

https://charityvillage.com/Content.aspx?topic=Planning_for_success_Top_ten_strategic_planning_tips&last=156#.VV5WUEb9wf4

<http://www.omafr.gov.on.ca/english/rural/facts/89-173.htm>

http://my2.ewb.ca/site_media/static/library/files/403/the-enterprise-foundation-effective-strategic-planning.pdf

<http://ctb.ku.edu/en/table-of-contents/structure/strategic-planning/vmosa/main>

Decision Trees can help:

http://www.lumenaut.com/download/decision_tree_primer_v5.pdf

<https://www.youtube.com/watch?v=a5yWr1hr6QY>

A2.8 Program Evaluation Resources:

“Program evaluation seeks multiple sources of information as a means to improve program implementation and to understand program effectiveness. Program evaluation generates information about program effectiveness and how to improve programs. In this way, program evaluation supports evidence-informed decision-making”.

<http://research.fraserhealth.ca/evaluation/services-for-program-evaluation/guide-to-planning-and-conducting-program-evaluation/>

A compendium of resources is available at: <https://ccednet-rcdec.ca/en/evaluation-SROI>

The example 2-pager on this site shows how strong evaluation becomes a major tool for communication about the impact of your work.

A3 Mobilizing Community Capital

Contents:

A3.1 Reports and websites

Venture Capital for Social Enterprise:

<http://communityrenewal.ca/sites/all/files/resource/MW150310.pdf>

This is a rich resource with many ideas for consideration when considering opportunities for community business development: <http://socialfinance.ca/>

Mobilizing Private Capital for Public Good:

http://www.marsdd.com/wp-content/uploads/2014/09/MaRS-National_Advisory_Board_Report_EN.pdf

This report was produced by Canada's National Advisory Board to the Social Impact Investment Task Force in 2014 and reviews examples and provides policy recommendations.

A3.2 Organizations

Mars Centre for Impact Investing: <http://www.marsdd.com>

'The Centre for Impact Investing is a social finance hub and project incubator that acts as a neutral collaboration space for all sectors – government, community and private—to strengthen our collective ability to mobilize private capital for public good'. The above website and the companion website at: <http://impactinvesting.marsdd.com/> hold a great deal of very valuable information, examples and models.

A.3.3 Resources

A3.3.1 Learning Videos and key background documents

- New Dawn Enterprises in Cape Breton Nova Scotia is the granddaddy of community investment in Canada. Their website speaks to the impact of their community development

and community economic development work over the last several years. Their work has been instrumental in the design and delivery of the Community Economic Development Investment Fund program in Nova Scotia (CEDIF). Their work has inspired the community investment movement across Canada.

<http://newdawn.ca/invest/>

<https://www.youtube.com/watch?v=1evYQXAcafY&feature=youtu.be>

- The Alberta Cooperative Association launched the Unleashing Local Capital project. <http://acca.coop/unleashing/unleashing-blog/> Videos on this site are very useful as are all of the materials provided for Alberta Cooperative Investment organizations.
- See www.clcvcc.com for videos from the Community Workshop held in May 2014 featuring the Nova Scotia CEDIF Example and the Alberta Cooperative Association Unleashing Local Capital.

A4 Investment Model Resources

- The Community Social Planning Council of Greater Victoria has entered the local investment scene. Their website provides details on their development of a community investment co-operative as well as rich resource material: <http://www.communitycouncil.ca/initiatives/cif.html>

A4.4 Community Bonds

<https://charityvillage.com/Content.aspx?topic=Investing in the nonprofit sector The Social Impact Bond makes its Canadian debut&last=156#.VV5WoUb9wf4>

A4.5: Crowdfunding Resources

<http://www.theglobeandmail.com/report-on-business/small-business/sb-money/business-funding/crowdfunding-shows-new-promise-study/article16561350/>

<http://www.crowdfundbeat.ca/>

<http://www.crowdfundbeat.ca/15-predictions-for-crowdfunding-and-alternative-finance-in-2015/>

[http://www.socialimpactinvestment.org/reports/Impact%20Investment%20Report%20FINAL\[3\].pdf](http://www.socialimpactinvestment.org/reports/Impact%20Investment%20Report%20FINAL[3].pdf)

Loans Grants and funding: check <https://www.workbc.ca/Employers/Start-your-business/Funding/Explore-Loans,-Grants-and-Funding.aspx>

A5 Venture Capital Corporation Detail

A5.8 'Due Diligence' Examples

<http://www.investopedia.com/articles/stocks/08/due-diligence.asp> provides an overview.

Some comprehensive check lists: Many of these points not be needed but it's good to consider each topic to see if you want to include it in your own due diligence process: http://www.stewartmckelvey.com/site/media/stewartmckelvey/sm_ccca_checklist_2012.pdf

This site has a video that may be of value:

<http://www.accountingtools.com/due-diligence-checklist>

A5.13 Board Development Resources

The following 4 links provide excellent guidance for Boards to work through in order to ensure that they are handling their fiduciary duties properly, and that they are organized to make the difference they wish to see in their community.

http://www.help4nonprofits.com/NP_Bd_Governing_for_What_Matters1-Art.htm

http://www.help4nonprofits.com/NP_Bd_Governing_for_What_Matters2-Art.htm

http://www.help4nonprofits.com/NP_Bd_Governing_for_What_Matters3-Art.htm

http://www.help4nonprofits.com/NP_Bd_Governing_for_What_Matters4-Art.htm

A6 Specific Resources for Aboriginal CED

Aboriginal Community Economic Development has its own opportunities and challenges. Some resources of interest are listed below but a comprehensive approach to facilitating investment in the Aboriginal situation has not been attempted here.

<https://www.ccab.com/uploads/File/Community-and-Commerce-Final-Report.pdf>

<http://www.tfnedc.com/small-business-opportunities/online-aboriginal-business-resources/>

<http://www.banffcentre.ca/indigenous-leadership/toolkit/start-planning-guide-2013.pdf>

<http://www.edo.ca/downloads/starting-fns-strategic-plan.pdf>

<https://www.aadnc-aandc.gc.ca/eng/1375201178602/1375202816581>

http://www.bdc.ca/EN/i_am/aboriginal_entrepreneur/Pages/aboriginal_fund.aspx

<http://www.cannor.gc.ca/eng/1385486354310/1385486771198>

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