

NEW BRUNSWICK
COMMUNITY ECONOMIC DEVELOPMENT
CORPORATION/CO-OP (CEDC)
START-UP GUIDE

Authored by Sonia Mota and Wendy Keats
Co-operative Enterprise Council of New Brunswick



TABLE OF CONTENTS

INTRODUCTION	6
CEDCS 101	7
PHASE 1 LAY THE FOUNDATION	12
STEP 1: ASSEMBLE YOUR FOUNDING TEAM AND CREATE A SHARED VISION	12
STEP 2: IDENTIFY KEY UNKNOWNNS	14
STEP 3: RANK AND ASSIGN YOUR STARBURSTING SESSION QUESTIONS.....	14
STEP 4: CREATE A CEDC ADVISORY GROUP	14
STEP 5: IDENTIFY WHAT ADIITIONAL EXTERNAL SUPPORTS ARE REQUIRED.....	15
STEP 6: CREATE A STRATEGIC PLAN, START UP BUDGET AND SECURE DEVELOPMENT FUNDING.....	15
PHASE 2 DESIGN YOUR CEDC	18
STEP 1: PLAN YOUR SHARE STRUCTURE.....	18
STEP 2: DEFINE YOUR TARGET INVESTORS	21
STEP 3: DRAFT YOUR INVESTMENT POLICY	21
STEP 4: INCORPORATE YOUR CEDC (IF APPLICABLE)	25
PHASE 3 REGISTER FOR THE CEDC PROGRAM.....	30
STEP 1: PREPARE A COMMUNITY ECONOMIC DEVELOPMENT PLAN/BUSINESS PLAN.....	30
STEP 2: APPLY FOR A CERTIFICATE OF REGISTRATION	33
STEP 3: DEVELOP YOUR OFFERING DOCUMENT	33
STEP 4: FILL OUT A CONSENT FORM.....	34
STEP 5: ORDER POLICE RECORD CHECKS.....	34
STEP 6: SUBMIT OFFERING DOCUMENT, CONSENT FORM AND POLICE RECORD CHECKS.....	34
STEP 7: SECURE A LETTER OF NON-OBJECTION FROM THE FCNB	34
PHASE 4 START GENERATING SOME BUZZ.....	35
STEP 1: ESTABLISH PARTNERSHIPS EARLY	35
STEP 2: HOST CEDC INFORMATION SESSIONS	35
PHASE 5 CREATE A PUBLIC LAUNCH PLAN	36
STEP 1: CREATE A MARKETING AND COMMUNICATIONS PLAN.....	37
STEP 2: CREATE A PAPERWORK WORKFLOW PLAN	39
STEP 3: CREATE AN INVESTOR RECRUITMENT PLAN	42

PHASE 6 OPERATIONS	45
INITIAL GOVERNANCE STRUCTURE	45
ANNUAL WORK PLAN AND BUDGET	45
LIABILITY INSURANCE	46
BANKING, BOOKKEEPING AND TAXES.....	46
INAUGURAL CAPITAL RAISE	46
INVESTMENT APPLICATIONS AND DISBURSEMENT	47
ANNUAL GENERAL MEETING	47
MANAGING RISK.....	48
RESERVES AND REDEMPTIONS	51

APPENDIX

APPENDIX 1 STARBURSTING SESSION TEMPLATE	52
APPENDIX 2 SAMPLE CONFIDENTIALITY AGREEMENT.....	54
APPENDIX 3 COMMUNITY ECONOMIC DEVELOPMENT INVESTMENT COORDINATOR.....	56
APPENDIX 4 SAMPLE BYLAWS.....	57
APPENDIX 5 EXPRESSION OF INTEREST FORMS	71
APPENDIX 6 SAMPLE OFFERING DOCUMENT	72
APPENDIX 7 BOARD OF DIRECTORS	88
APPENDIX 8 DIRECTOR RECRUITMENT INFORMATION SHEET	92

Welcome



Thank you for your interest in Community Economic Development Corporations and Co-operatives! CEDCs are powerful tools that can help catalyze financial, social and environmental change across New Brunswick by redirecting capital back into our communities.

The Co-operative Enterprise Council has been an active stakeholder in the Maritime CED investment sector since 2010. We are enthused by the amount of collaboration and resources that have been developed by local investment champions across the Maritimes, and by our special partner in this project, Kootenay Employment Services (KES). Based out of British Columbia, KES published the original guide we built this step-by-step handbook on.

We would also like to extend a big thank-you to the Canadian Community Economic Development Network for hosting this project and for their vision and drive, in helping us get this project off the ground.

DISCLAIMER

The information presented in this guide is to assist you in developing, launching and running a Community Economic Development Investment Corporation or Co-operative in New Brunswick, Canada. The Co-operative Enterprise Council and its partners on this project - the Canadian CED Network and Kootenay Employment Services - offer general recommendations only, based on our involvement with previous initiatives over the years. You should not treat the contents of this guide as advice relating to legal, taxation, or investment matters, and must make your own assessments concerning these matters.

We advise you to consult your own legal, tax, accounting, and other

professional advisors, and conduct your own due diligence. For Co-operatives, we also strongly recommend that you consult a co-op developer to ensure that the specific needs of your Co-op are met.

The Co-operative Enterprise Council and each of its officers, directors, and employees make no representations or warranties and expressly disclaim any and all liability for any errors and/or omissions that may be contained in this guide. All references, hyperlinks, and websites within this guide were accurate as of May 2021. The Co-operative Enterprise Council assumes no responsibility for broken or misdirected links.

ACKNOWLEDGMENTS

This guide has been generously funded through the Investment Readiness Program of the Government of Canada and administered by the Canadian CED Network.



We want to acknowledge and express our gratitude to our community partners across the Maritimes who so freely shared their experience and resources to help us develop this Guide. It was the collective wisdom of these pioneers across Nova Scotia, PEI, and PEI that has guided us every step of the way and we can't thank them enough for their contributions, inspiration, and dedication to their communities.

We'd also like to thank our community partners for their ongoing support in the writing of this guide.



SOLAR SCOTIA ENERGY INC.
A Community Economic Development Corporation



Wind4All

Licensed under Creative Commons:



Design and layout by:

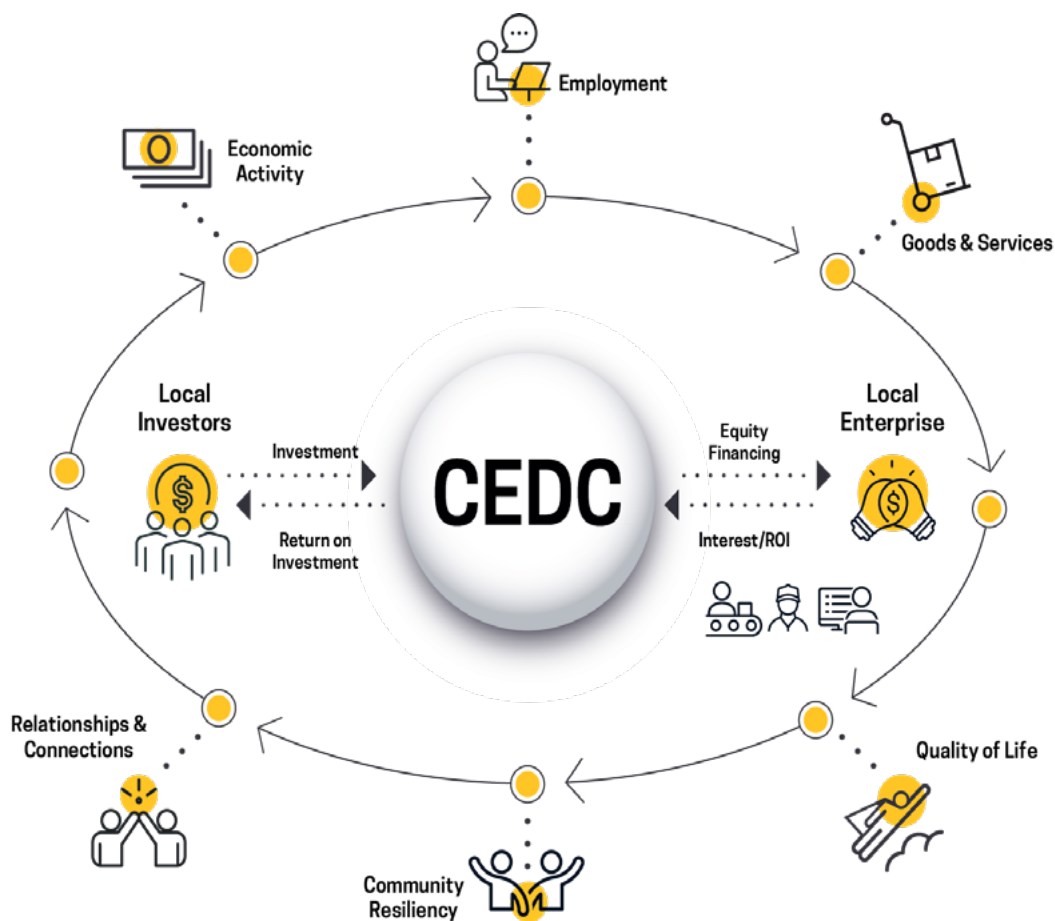
origin brand
strategic development

Adapted by: Kate Aldacosta

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

INTRODUCTION

Community Economic Development Corporations / Co-operatives (CEDC) are an innovative system for community and economic development that helps bridge the gap between New Brunswick investors and local ventures in need of financing. CEDCs are cost-effective, community-owned and controlled impact funds. The longer a dollar can circulate within a community, the greater its multiplier effect. In other words, when money is invested in local projects and people, it stays in the community in the form of wages, rents, and local purchases - increasing its impact on our community's economic development many times over. Community economic development funds have successfully financed ventures across the Maritimes that generate significant local impacts, including: affordable housing, renewable energy, sustainable agri-food production, locally-owned small business development, and community economic development projects.



CEDCS 101



WHAT IS A CEDC?

A Community Economic Development Corporation/Co-operative (CEDC) is a pool of money raised by selling investment shares to individuals, corporations and/or trusts, within New Brunswick. CEDCs can raise between \$10,000 to \$3,000,000 over a twelve month period, and must invest their capital in for-profit businesses, within a defined community in New Brunswick.

CEDCs are also locally controlled! Teams of six or more individuals, who reside in the community the fund operates in - commonly referred to as the Board of Directors - decide where and how to re-invest the pool of money back into their communities. CEDCs are powerful tools that keep New Brunswickers investment dollars circulating in the local economy. In the Maritimes, community economic development funds have been used to help revitalize disinvested communities, increase local food security, invest in renewable energy, and to fund many other social, cultural and economic activities.

The CEDC program is jointly administered by the New Brunswick Department of Finance and the Financial Consumer Services Commission (FCNB), under the Small Business Investor Tax Credit (SBITC) Act. The SBITC Act was brought into legislation in 2014 to help community-run, small businesses and co-operatives obtain local financing, and encourage New Brunswickers to invest their dollars locally.

What are the different types of CEDCs?

CEDCs can operate as a traditional business corporation or as a co-operative. CEDCs can also be set up as a company or as a blind pool, depending on how the pool of money raised will be used.

Company CEDC: the pool of money is invested directly back into the business that did the raise. For example, a farmer's market co-operative that uses a CEDC to raise funds to expand its facilities.

Fund/Blind Pool CEDC: the pool of money raised is re-invested into a number of for-profit businesses, often in a particular sector, within a defined community in New Brunswick. For example, an investment fund that makes strategic investments in food & beverage start-ups across New Brunswick.

What kind of businesses can a CEDC invest in?

CEDCs can invest in for-profit businesses in New Brunswick. Almost any type of business can be invested in, provided they carry on an active business [as defined by the Canada Revenue Agency](#), and generate a measurable financial return. Exceptions include businesses that simply turn money over without creating direct economic activity- i.e property rental or loan companies.

How do CEDCs raise money?

CEDCs raise money through offerings. During an offering, CEDCs are permitted to raise between \$10,000 and \$3,000,000, and sell investment shares to residents, corporations and/or trusts, within New Brunswick. Offerings are usually 90 days long, but can go on for longer if required permissions are received. To successfully close an offer, a CEDC needs a minimum of three investors and must raise (a) at least \$10,000 or (b) the minimum set out in its offering document - more on this later.

Before beginning a raise, CEDCs must receive a letter of non-objection from the FCNB and a certificate of registration from the NB Department of Finance. Once both approvals are in place, CEDCs advertise their offering to the public within the province, and start raising capital.



Who controls and manages a CEDC?

A CEDC is controlled by a team of six or more individuals, who reside in the community the fund operates in. This team is commonly referred to as the Board of Directors. The Board should be representative of the skills and knowledge necessary to make sound investments, and will often include financial advisors, investors, and business/community leaders.

Ideally, a CEDC's Board should be composed of people who have:

- been involved in planning and launching the community investment fund
- the expertise needed to grow and manage the CEDC
- strong networks in the target communities
- honest character and conduct themselves with integrity

Boards not only control CEDCs, but often also manage them. Duties usually include preparing all the documentation around registering and launching the CEDC, conducting the raises, and selecting businesses for investment.

What is the Small Business Investor Tax Credit?

Under the Small Business Investor Tax Credit (SBITC) program, CEDCs can provide New Brunswickers a 50% provincial income tax credit, up to a maximum of \$125,000 per year, in exchange for their investment. New Brunswick corporations and trusts are also eligible for a 15% corporate income tax credit, to a maximum of \$75,000 per year.

To receive the tax credit, individuals must invest a minimum of \$1,000 into a CEDC, while a corporation or trust must invest a minimum of \$50,000. Investors must hold their cash in the fund for a minimum of four years, or risk having to repay the tax credit with interest. Similarly, a CEDC could also face penalties if it redeems an investor's shares before the four-year anniversary. The tax credit is non-refundable, but unused portions of the credit can be carried forward seven years and back three years.

Are CEDC investments RRSP eligible?

Yes, CEDC investments may be RRSP eligible! The Registered Retirement Savings Plan (RRSP) eligibility of CEDC investments is often critical to attracting and retaining investors.

RRSP eligibility allows New Brunswickers to invest in a CEDC by transferring funds from their existing RRSP into a self-directed CEDC RRSP account. The investment enjoys the same tax deferral benefits as any other RRSP contribution and is eligible for the additional 50% provincial tax credit.

The CEDC program follows the Canadian Revenue Agency's rules on eligibility of RRSP deductions. We recommend encouraging investors to follow up with their financial advisor and/or accountant to assess the RRSP eligibility of their CEDC investment.

Who regulates CEDCs?

The CEDC program is jointly administered by the New Brunswick Department of Finance and the Financial Consumer Services Commission (FCNB), under the [Small Business Investor Tax Credit \(SBITC\) Act](#). The SBITC

Act was brought into legislation in 2014, to support the development and growth of local businesses, and encourage New Brunswickers to invest their dollars locally.

The Small Business Investor Tax Credit Act

The Small Business Investor Tax Credit Act is administered by the New Brunswick Department of Finance. The Act outlines how to enroll in the SBITC program, the requirements for registration, and the tax credit application process. The Act can be found on the NB Department of Finance's website. Review the Act and the [New Brunswick Regulation 2003-39](#) - also known as General Regulation - to familiarize yourself with the program's eligibility and registration requirements.

Local Rule 45-509 (LR 45-509)

[Local Rule 45-509](#) is administered by the Financial and Consumer Services Commission (FCNB). LR 45-509 works in parallel with the SBITC Act, and defines how a CEDC must govern itself, permitted promotional activities, offering document disclosure requirements, offering procedures, and ongoing reporting and record keeping requirements. A copy of Local Rule 45-509 can be found on the FCNB's website, along with informational materials and CEDC program application forms.

Why establish a CEDC?

There are many reasons a group might want to establish a CEDC. Most are rooted in a desire to support the development of local businesses, build community, and catalyze socio-cultural and environmental changes. In the Maritimes, community investment funds have been used to help revitalize disinvested communities, increase local food security, invest in renewable energy, and to fund many other local initiatives.

Canada's longest experience with community investment funds can be found in Nova Scotia, where the Community Economic Development Investment Fund (CEDIF) program has been in place since 1999.

The Co-operative Enterprise Council commissioned an

economic impact study on the Nova Scotia CEDIF program in 2021. The study revealed CEDIFs have raised an average of \$5 million per year, and contributed annually to :

- \$118 million annually in GDP value add
- The creation/maintenance of 1200 jobs (Full-time equivalent)
- \$52 million in annual wages and salaries
- \$25 million in annual taxes

The RRSP eligibility of CEDIF investments also allows Nova Scotians to keep their investment dollars at home. While it is estimated Nova Scotians invested \$934.5 million dollars in RRSPs in 2018, less than 2% of those investment dollars were reinvested back into local businesses. That's a leak of \$900 million dollars per year out of the Nova Scotian economy, in RRSPs alone. Imagine if even a small portion of those RRSP investments were diverted back into small businesses within our local communities!

That's what CEDCs can help do!



OVERVIEW OF THE DEVELOPMENT PROCESS

About This Guide

Some communities have years of experience in community and economic development, while others are just starting out in this important journey. Either way, it is important to take action towards increasing the diversity, resilience, and strength of your community. It is up to your team to determine how to work with this guide. Our goal is not to tell you how to set up a specific CEDC. Rather, we hope this guide provides your community with recommendations, options and poses questions that will catalyze discussions. Tailor the information below to your own local context, with the support of your advisory team and lawyer. It is our intent this guide expedites the development process for your community. It is our hope that many more CEDCs will be established in the coming years. With the support of local investors, these new CEDCs can provide unique local solutions to key social, environmental and economic challenges. We've learned that each CEDC is unique. Some serve one community or investment sector, while others serve larger regions and entertain broader investment eligibility. Some CEDCs launch quickly, while others take their time honing in on community buy-in. Some hire business consultants to assist with their development and launch, while others have a small group of volunteers build local capacity. Whichever direction your community chooses to enter the development path is fine. No CEDC or community is the same, and getting started is the biggest step!



Lay the Foundation



Design Your CEDC

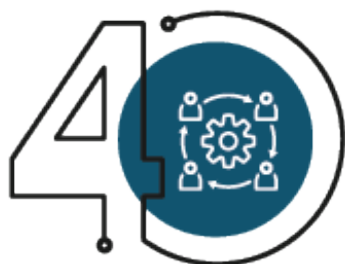


Register for the CEDC Program

- STEP 1 ASSEMBLE YOUR FOUNDING TEAM AND CREATE A SHARED VISION
- STEP 2 IDENTIFY KEY UNKNOWNNS
- STEP 3 RANK AND ASSIGN YOUR STARBURSTING SESSION QUESTIONS
- STEP 4 CREATE A CEDB ADVISORY GROUP
- STEP 5 IDENTIFY WHAT ADIITIONAL EXTERNAL SUPPORTS ARE REQUIRED
- STEP 6 CREATE A STRATEGIC PLAN, START UP BUDGET AND SECURE DEVELOPMENT FUNDING

- STEP 1 PLAN YOUR SHARE STRUCTURE
- STEP 2 DEFINE YOUR TARGET INVESTORS
- STEP 3 DRAFT YOUR INVESTMENT POLICY
- STEP 4 INCORPORATE YOUR CEDC (IF APPLICABLE)

- STEP 1 PREPARE A COMMUNITY ECONOMIC DEVELOPMENT PLAN/BUSINESS PLAN
- STEP 2 APPLY FOR A CERTIFICATE OF REGISTRATION
- STEP 3 DEVELOP YOUR OFFERING DOCUMENT
- STEP 4 FILL OUT A CONSENT FORM
- STEP 5 ORDER POLICE RECORD CHECKS
- STEP 6 SECURE A LETTER OF NON-OBJECTION FROM THE FCNB



Start Generating Some Buzz



Create a public launch plan



Operations

- STEP 1 ESTABLISH PARTNERSHIPS EARLY
- STEP 2 HOST CEDC INFORMATION SESSIONS

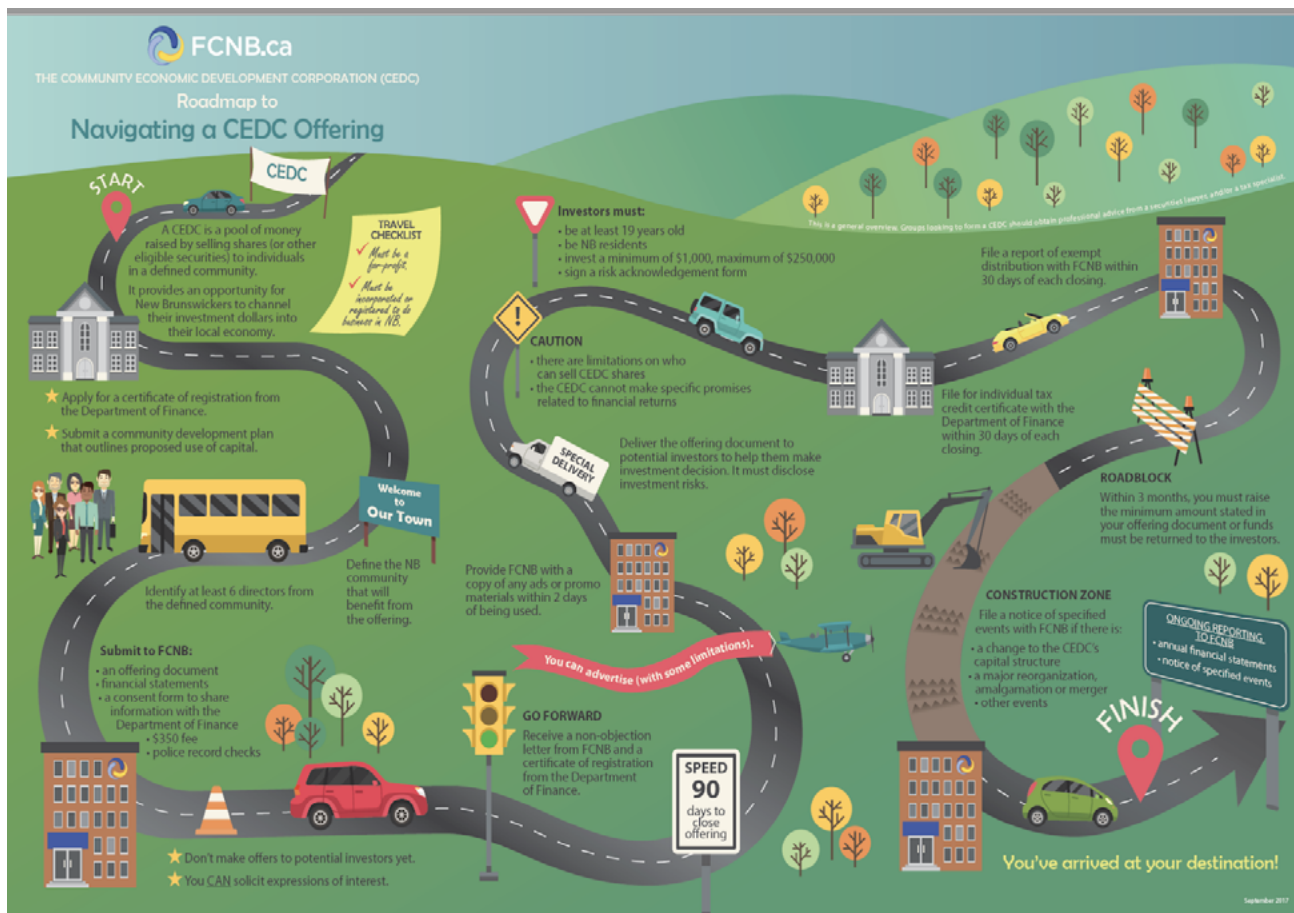
- STEP 1 CREATE A MARKETING AND COMMUNICATIONS PLAN
- STEP 2 CREATE A PAPERWORK WORKFLOW PLAN
- STEP 3 CREATE AN INVESTMENT RECRUITMENT PLAN

- INITIAL GOVERNANCE STRUCTURE
- ANNUAL WORK PLAN BUDGET
- LIABILITY INSURANCE
- BANKING, BOOKEEPING AND TAXES
- INAUGURAL CAPITAL RAISE
- INVESTMENT APPLICATIONS AND DISBURSEMENT
- ANNUAL GENERAL MEETING
- MANAGING RISK
- RESERVES AND REDEMPTIONS

PHASE 1

LAY THE FOUNDATION

Navigating a CEDC offering can be time consuming and complicated - but it doesn't need to be. Set your team up for success right from beginning, by making sure you have the expertise and time you need to navigate the offering. As a first-time applicant you will have to comb through a significant amount of information and paperwork. This process may take several months. Be patient. Use the research to identify knowledge or skill gaps in your team, and to recruit the expertise you need.



STEP 1: Assemble your Founding Team and Create a Shared Vision

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

The establishment of a community investment fund is a lengthy and detailed process. Focus on finding community champions who understand and share your vision, passion, commitment, and who bring the right expertise to the table. Your founding team should have at least some of the following characteristics:

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

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

Once you've assembled your initial team, begin dreaming up what will be different in the community or sector you are targeting when your CEDC is up and running. Then draft your fund's vision and mission statement!

Vision

The purpose of a vision statement is to inspire others to see what you see for the future of your community. A good vision statement invokes a vivid mental image of what will be different in the future. Will your community be an internationally renowned champion of local, independent

businesses? Will renewable energy be the preferred option? Will local food surpass imported food? Whatever it is, your vision should inspire, energize and help people easily understand the change you are striving to bring about.

Get your team together and host a visioning session. Create a braindump journal, a mind map, a visual representation, whatever it takes to bring your dreams alive. Ask yourself, if our dreams come true, what will be different in our community/sector in 20 years? Remember to dream big! Nobody wants to join something small.

Sample Vision Statements:

- *New Brunswick has the lowest carbon emissions in Canada by 2030.*
- *Most of the food consumed in New Brunswick comes from local farms and food producers*
- *All small businesses in ____ are thriving, create meaningful jobs, and build local economies*

TIP: Do not confuse a vision with a mission statement. A vision is a dream, meant to inspire. The mission statement is the plan to get there. The vision doesn't have to be measurable, nor does your organization have to be the only one responsible for achieving it. It is a big dream for your community or sector that your CEDC wants to help bring to life.

Mission Statement

Now that you have defined your vision, think about how your CEDC will help make it come true. What role your CEDC will play in bringing the vision to life? An effective mission statement must be clear, concise, and answer four essential questions:

- What does your CEDC do?
- How do you do it?
- Whom do you do it for?
- And what value do you bring?

For example:

Our mission is to build a pool of capital for investment

into businesses that reduce carbon emissions in New Brunswick.

Our mission is to raise and invest capital into local food businesses in rural communities in Anytown County.

STEP 2: Identify Key Unknowns

After you've refined your vision and mission, get your team together and identify the key unknowns around the project. Do a starbursting session to help you! Starbursting is a brainstorming technique that focuses on creating questions, instead of ideas or solutions. During the sessions, generate as many questions as possible around launching and operating a CEDC. It will help your team identify key unknowns, and the expertise needed to get the community investment fund off the ground.

(See Appendix 1 for a Starbursting Session template).

This is a good time to start bringing others into the conversation. Invite local community champions and key stakeholders who align with your vision or have a vested interest in seeing your CEDC get off the ground. This could include local business owners, financial advisors, accountants, lawyers, and other community leaders.

STEP 3: Rank and Assign your Starbursting Session Questions

Next step - rank the questions from your starbursting session by order of priority. Take the top three questions for each category and divide them among your team. Have your team tap into your community's and network's expertise to answer the selected questions. Move down the priority list until all questions have been answered. As you answer one question, expect two new ones to arise. Multiple starbursting sessions might be necessary and be prepared to continue ranking and assigning questions right up until your first raise closes.

We recommend uploading questions being worked on to a live document that can be freely accessed, edited and shared among your team. It will help keep communication pathways open and all members up-to-date.

STEP 4: Create a CEDC Advisory Group

You've identified the key unknowns around launching and operating a CEDC. Now it's time to assemble an Advisory Group (AG) that can help answer your questions.

We suggest keeping your Advisory Group between 10 to 15 people. Your AG will also likely include some of the organizations listed in Figure 1.

Your AG can be a formal committee that meets on a regular basis, or just a group of people you tap into individually. The goal is to create a network of expertise to help guide you through the launch of your CEDC.

If your Advisory Group members will be working collaboratively, we suggest hosting a meet and greet. Use this event to make introductions, build excitement around the project, share the top unknowns identified in your starbursting session, and strengthen your AG's knowledge around the CEDC model.

STEP 04

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

FIGURE 1

Plan this first meeting well. Have a succinct agenda with timelines, a minute-taker, and next steps. Keep the meeting concise, one or two hours maximum. We recommend touching on the following points:

- Thank stakeholders for their time
- Do a quick round of introductions
- Give a brief overview of the CEDC model
- Share your CEDC's draft vision and mission statement, and invite feedback (do the statements resonate, describe, inspire?)
- Summarize the main questions and unknowns your team has identified thus far
- Ask each AG member how they would like to contribute (i.e. as part of Advisory Group, one-on-one, etc.)
- Discuss how, how often, where, and when the Advisory Group will meet
- Welcome feedback from stakeholders

By the end of the meeting, you should have a better idea of the time and type of commitment each member is willing to devote to the project. This is a great opportunity to lay out some time frames and a work plan for moving forward.

TIP: You might want to consider having your Advisory Group sign Confidentiality Agreements to protect any information discussed during the meetings. Confidentiality will become increasingly important as discussions move towards more sensitive subjects, such as identifying potential investees and client screening policies.

[See Appendix 2 for a sample Confidentiality Agreement]

STEP 5: Identify What Additional External Supports Are Required

By now, you should have a clearer picture if you have the skills you need on board to launch your CEDC. You know the time and resources your Advisory Group is willing to commit to the project and their remuneration expectations - if there are any. Stop and assess if your in-house expertise

matches your needs. Do you have the expertise you need to confidently launch your CEDC?

Yes? - congratulations! Move on to step 6.

If not, identify the additional support you need. Contract the support externally, or use your first board of directors to fill the identified knowledge gaps. As a rule of thumb, we recommend contracting one-off, highly specialized expertise - i.e a securities lawyer - and building skills needed on an ongoing basis into your in-house team (i.e founding team, CED Advisory Group, board of directors).

If you have the budget, you may also want to consider hiring a CEDC Investment Coordinator at this stage. The coordinator will help you organize, launch and conduct your first raise. This may be particularly important if your current team has limited time to put towards the project.

[See Appendix 3 for an Investment Coordinator Job Description Template]

STEP 6: Create a Strategic Plan, Start Up Budget and Secure Development Funding

Strategic Plan

Now that you've assembled your initial team and have identified your most pressing questions, it's time to lay down a roadmap for the journey ahead. Identify major milestones, and the steps, time, and resources required to achieve each one. Use this roadmap to draft your CEDC's start-up budget and strategic plan.

Your strategic plan should address:

- the main things your CEDC is trying to accomplish
- strategies and activities that will be used to accomplish them
- resources the CEDC needs to undertake the identified strategies/activities
- timeframes for the identified strategies/activities
- metrics that will be used to analyze the CEDC's progress
 - key performance indicators (KPIs)

If you have the resources, we recommend engaging a trained facilitator with strategic planning experience to guide you through this stage.

EXPECTED OUTCOMES	KEY ACTIVITIES	RESOURCES	WHO	TIME FRAMES
<i>By Dec 2021, we will have achieved these results</i>	<i>What will we do to achieve these results?</i>	<i>What resources do we need</i>	<i>Who will take leadership;</i>	<i>When will we start and finish</i>
Local needs and opportunities for capital investment are identified	Research the needs of local businesses and identify promising opportunities for investment	Researchers, \$2000	Jane Doe; supported by Joe and Sally	Jan-Feb
Anytown CEDC Investment Co-op is incorporated	Develop an application for incorporation and company bylaws; submit to FCNB	Founding team, \$300 incorp fee	Bill as Chair; team and Advisory Committee	July 1st
First draft of offering document and Community Economic Development Plan is completed	Gather all information necessary to complete the first draft of the offering document and CED plan; present to Advisory Group	Consultant, \$5000	Led by Founding team with work done by paid consultant	August 14th

Start-up Budget

Take your strategic plan, and use it to develop a start-up budget for the fund. The budget will help you determine how much cash you need to develop and launch the CEDC. Make sure to budget enough to comfortably get you through the business planning, incorporation process, public launch campaign, and first raise.

Your Advisory Group, founding members, and initial board of directors will probably be your main source of development funding. Grant funding for CEDC development is scarce and securing financing from traditional lending institutions can be challenging. But don't let that discourage you. Our CEDC was able to secure development grant funding from Community Foundations of Canada in partnership with a local community foundation.

If you're aiming to secure grant funding, it's best to apply in partnership with a local non-profit entity before incorporating. This non-profit should already be in your

CED Advisory Group. It might be an economic development agency, a community foundation, or a CBDC. If you'll be operating your CEDC as a co-operative, reach out to your local co-op development organization for grant and other funding suggestions.

Some other potential external sources of start-up and development funding you might want to consider, include:

- Corporate sponsorships
- Crowdfundin campaign
- First Nations Communities or Associations
- Individual philanthropists
- Local credit unions
- Local, Regional, and Provincial Governments

We've included a sample budget on the following page to help you get started. The budget below is meant to be used for reference only. Please conduct an in-depth

expense analysis on your own, as start-up and development expenses can vary widely between CEDCs. Average start-up costs can range from \$10,000 to \$30,000, depending on the fund's internal expertise and willingness to do the grunt work involved in preparing required documentation.

If you have the internal know-how, and many groups do, you can keep your start-up costs very low. If you don't, consider hiring external expertise. Make sure to budget appropriately. Hiring consultants can add thousands to tens of thousands of dollars to your start-up costs, depending on your needs.

The budget below is meant to be used for reference only, and is not an extensive list of all the costs associated with launching a CEDC. Costs will vary depending on the skills and expertise available to you through your in-house team of volunteers. Your choice to operate a Company or Fund CEDC, to hire or not hire consultants or an investment coordinator, and the amount of funding available to you can significantly impact your projected start-up costs.

START-UP BUDGET FOR FIRST YEAR OF OPERATIONS			
EXPENSES	FIXED EXPENSES- DIY	FIXED EXPENSES BY PAID EXPERTS	
Atlantic-based NUANS name search fee	\$60	\$60	
Incorporation fee (Service NB or FCNB) and drafting of bylaws	\$300	\$1500	If done by lawyer
Preparation of Community Development Plan and Business Model Canvas (or full Business Plan for Company Fund)		\$3500	A full business plan can cost from \$5000 - \$10,000, if outsourced
Preparation of offering document and other application documents, including pro-forma financial statements		\$ 10,000	If outsourced
SBITC application fee (Dept of Finance)	\$100	\$100	
Filing fee for offering document (FCNB)	\$350	\$350	
Director liability insurance	\$750	\$750	
Banking and bookkeeping fees	\$500	\$1500	If outsourced
Domain registration, website design and hosting	\$300	\$2500	If outsourced
Advertising and Promotion	\$2000	\$5000	If outsourced
Salary for CEDC Investment Coordinator <i>If funding is available, hiring an Investment Coordinator may help reduce many of the outsourcing costs and reliance on volunteers</i>	\$5000	\$30,000 - if grant funding is available	
Misc.	\$5000	\$5000	Other consultants or unforeseen costs
TOTAL	\$9360	\$30,260	<i>(Salary for Investment Coordinator not included)</i>

PHASE 2

DESIGN YOUR CEDC

1

2

3

4

5

6

STEP 1: Plan Your Share Structure

Share structure refers to the type and amount of shares a CEDC is allowed to issue. How a fund is incorporated affects its share structure:

- CEDCs incorporated as a business corporation must issue at least one class of voting equity shares without par-value.
- CEDCs incorporated as a co-operative must issue par-value membership shares and at least one class of investment shares without par-value. While co-operatives must issue membership shares, only the investment shares are eligible for the SBITC tax credit.

We strongly recommend getting a securities lawyer and accountant involved at this stage. It will help ensure your share structure not only fits the needs of your CEDC, but is in compliance with the SBITC Act, and all other applicable regulations.

Par-value VS Non-par Value Shares

CEDCs must issue at least one class of non-par value equity or investment shares. Par value is the minimum asking price you must charge for your CEDC's shares. Non-par value shares then have no minimum asking price, and vary in value with the CEDC. They are purchased by investors at a pre-established price, and if the fund is successful, part of the earnings can be allocated to increasing the share's redemption value. Non-par share prices should be set annually by the Board of Directors, so redemption values are equitable each year.

Redeemable VS Non-redeemable Shares

If a CEDC agrees to buy-back its shares from investors at a future date, it's said to have issued redeemable shares. While redeemability can help attract and retain investors, most CEDCs issue non-redeemable shares. Restricting redemptions can help increase a fund's control over

its cash flow, reduce the amount of capital tied up in reserves, and increase lending capacity. As redeemability is often an important value proposition to attracting investors, CEDCs can issue non-redeemable shares, but have clauses in their articles of incorporation that state that the share can be redeemed on a case-by-case basis, if in the opinion of the Board of Directors, the buy-back will not impact the financial stability of the fund.

Non-transferable Shares

CEDCs must issue non-transferable shares. Non-transferable means an investor can't sell their investment or equity shares to any individual or entity, other than the CEDC who issued it.

Share Price

Pricing should be in alignment with your strategic plan. There are many factors to consider when pricing your shares: accessibility, administrative costs per investment, the maximum number of investors your CEDC wants to manage over time, and the size of your fund. Pricing shares at an entry level (i.e. \$100 per investment share) will increase accessibility, but may lower margins and increase administrative costs. On the other hand, a higher price point (eg. \$30,000 per share) might reduce the pool of potential investors, but lower administrative costs and lessen the strain on your team and Board of Directors.

Authorized Maximum Number of Shares

Most CEDCs issue an unlimited number of investment, equity and membership shares.

CED Co-operative Share Structure

CEDCs operating as co-operatives (CED co-operatives) must issue membership shares in addition to SBITC registered investment shares. Purchasing membership

shares gives members the right to vote on most matters relating to the CED co-operative. Co-operatives are owned and democratically controlled by its members under the “one-member, one-vote” governing principle. This right is exercised at the CED co-operative’s annual general meeting, where members can vote directly for the Board of Directors and other matters relating to the business.

While some CED co-operatives require individuals to become members before investing in the fund, others set up a separate class of investment shareholders. Investment

shareholders are generally only permitted to vote as a class, separately from the members, on:

- a proposed amalgamation of the Co-operative
- an extraordinary disposition of property; and
- liquidation or dissolution

Investor shareholder rights must be outlined in *Schedule 8* of a CED co-operative’s incorporation documents (*see sample below*).

1

2

3

4

5

6

SAMPLE SHARE STRUCTURE FOR A CED CORPORATION

Name of security	Description of Attributes
Common Equity Shares	<ul style="list-style-type: none"> ▪ Purchase value \$1000 ▪ Unlimited ▪ One vote per shareholder ▪ Non-redeemable ▪ Non-convertible ▪ Non-transferable ▪ Without par-value, redeemed at book value ▪ Not restricted in profit-sharing or participation upon dissolution

SAMPLE SHARE STRUCTURE FOR A CED CO-OPERATIVE

Name of Security	Description of Attributes
Common Investment Shares	<ul style="list-style-type: none"> ▪ Non-Par value of \$1000 ▪ Investment shares ▪ Can be issued to members or non-member of the co-op ▪ Unlimited ▪ One vote per shareholder on matters outlined in Schedule 8 * ▪ Non-redeemable ▪ Non-convertible ▪ Non-transferable ▪ Without par-value ▪ Not restricted in profit-sharing or participation upon dissolution
Membership Shares	<ul style="list-style-type: none"> ▪ Par value of \$10 ▪ Membership shares ▪ Can only be issued to members of the co-operative ▪ Unlimited ▪ One vote per member ▪ Usually assigned par value ▪ No member may hold more than ___member shares at one time ▪ No interest or dividends usually paid out for membership shares ▪ Non-RRSP eligible ▪ Redeemable

CED CO-OPERATIVES

SAMPLE SCHEDULE 8: INVESTMENT SHARES

Investment Shares

- a. Investment Shares can be issued to non-members
- b. Investment Shares will be unlimited and can be issued at such times as deemed appropriate by the Board
- c. The non par value of an investment share is \$1000
- d. The maximum number of investment shares to be issued is unlimited.
- e. There will be five classes of Investment Shares numbered A, B, C, D, E.
All have the same rights, privileges and restrictions.

Investment Shareholder Rights

- a. Investment shareholders have a right to dissent on amendments to articles that adversely impact the rights of an investment shareholder in respect of an investment share, including:
 - i. amalgamation of the Co-operative
 - ii. an extraordinary disposition of property; and
 - iii. liquidation or dissolution
- b. On these matters, the holders of investment shares shall vote as a class at a meeting held separately from a meeting of the members.
- c. Each investment share entitles its holder to one vote at an investor shareholder meeting.

Restrictions on Transfers or Redemption of investment shares

- a. The Co-operative shall redeem any of the investment shares that are redeemable at a price not exceeding the par value or book value, whichever is less.
- b. Investment Shares are not transferable and can only be redeemed by the Co-operative at the discretion of the Board of Directors.
- c. Investment shares shall not be redeemed unless, in the opinion of the board of directors of the Co-operative, the redemption would not impair the financial stability of the Co-operative.

1

2

3

4

5

6

STEP 2: Define Your Target Investors

Once you've frameworked the CEDC's share structure, define who your target investors are. Remember, while residents of other provinces can invest in your CEDC, only individuals of at least 19 years of age, corporations and trusts within New Brunswick are eligible for the NB Small Business Investor Income Tax Credit. If you plan to operate over a large geographic area (i.e entire province), it might help to break down your target investors into multiple segments based on location. Picture your ideal investor. What's their psychographic profile - personality, beliefs, lifestyle, interests? Where do they live? What's their age?

In a paragraph or two, describe in detail who your primary target investor is:

The Anytown CED Co-operative has one primary target investor segment: New Brunswickers over the age of 19, who are looking for opportunities to invest their dollars locally. Ideal investors are 40 + years old, have met their basic investment needs and have discretionary funds to invest, and are motivated to invest in their local economy. Ideal investors have a long-term investment horizon and are able to wait 5-10 years before redeeming their shares.



If you are operating your CEDC as a co-operative, you will also want to determine who you want your members to be:

The Anytown CED Co-operative has one primary target member segment: individuals who have permanent residence in New Brunswick, and who live in Anytown. Ideal individual target members are those with a demonstrated interest in investing in the local economy, share the democratic values of the Co-operative.

STEP 3: Draft Your Investment Policy

This step is about laying the foundation of what later on will become your CEDC's formal investment policy. Don't worry about not having all the answers just yet. The discussion topics outlined below are just meant to help you get started, and create a broad investment framework that can be refined as you move further into the planning process.

Company vs Fund CEDCs

First step, decide if you are going to operate as a company or a fund. How many businesses do you plan to invest in? Company CEDCs usually invest in one specific business, whereas funds often invest in two or more. CEDCs can vary in openness, depending on the involvement of shareholders/members in the investment process. Open funds are highly collaborative, and allow shareholders/members to vote on ventures during pitch sessions. Blind funds, on the other hand, pool investors' money and invest in ventures screened and selected by the Board of Directors. The blind model tends to have lower member/shareholder engagement, but quicker applications and lower administrative costs.

Whether you decide to operate as a company or a fund, aim to develop a strong community investment model that balances the internal needs of your CEDC with those of the businesses and sectors you plan to invest in.

Define your target Investees

If you are setting up a Company CEDC, your target investee is pretty straightforward – it's the business itself. However, if you'll be operating a Fund CEDC, you will have to define your target investee. Are you going to focus your investing to one

sector or are you going to take a broader approach? Think about your team's expertise and your target community's needs. Is your team better suited to identifying and evaluating investment opportunities in a specific sector or business? Is there a financing gap in a sector that you can help meet?

CEDCs can invest in any sector as long as the project being funded is (a) for-profit, (b) has a financial return (c) produces a revenue stream. If your CEDC plans to invest in multiple sectors, identify what industries will be prioritized:

- Agriculture, local food, value-added food/beverages
- CED infrastructure (i.e food hub or innovation/co-working centre)
- Downtown development
- First Nations ventures
- Information, technology, and innovation
- Natural resources (forestry, water, fish and habitat)
- Renewable and clean energy production
- Retail and accommodation
- Recreational or sports facilities
- Service providers (i.e. day cares, home care, health)
- Social enterprise: (i.e. social purpose strongly embedded into operations)
- Sustainable manufacturing and construction
- Tourism and eco-tourism
- Training facilities, event centres
- Transportation (car sharing, electric vehicles)
- Waste management, composting and recycling

Decide if your CEDC will invest in startups, established businesses, or a mixture of both! Research the risks and opportunities for both models. Study your community. Is there a financing gap that needs to be filled? Is your team better suited to performing early-stage investments, or working with established companies? Brainstorming investment opportunities will help build a pipeline of potential investees, and determine if there is a demand for your CEDC. Despite your efforts so far, if you can't identify a market for your CEDC, you might want to reconvene with

your Advisory Group before moving forward.

What CEDCs Can't invest in

According to Section (12) Prohibited Use of Funds of SBITC Act, capital raised by a CEDC can be used for anything except:

1. lending
2. acquisition or purchase of the shares of another person
3. investment outside New Brunswick
4. investment in land, except land that is incidental and ancillary to the active business in which the corporation is primarily engaged
5. funding all or part of the purchase of any service or asset at a price that is greater than the fair market value
6. purchasing services or assets from the Province or an agency or corporation of the Province to be used in a similar business activity and the corporation has received financial assistance from any level of government in order to purchase these services or assets
7. redemption or purchase of previously issued shares of the corporation or associated corporation
8. retirement of any shareholder liability of the corporation or associated corporation
9. payment of dividends
10. purchasing of an existing business.

Investment Pacing Requirements

Having an investment pacing plan in place can help improve your CEDC's cash flow, diversification and exposure to risk. Pacing plans lay out how much capital your CEDC should invest, at a given point in time. Investment targets are usually set monthly or yearly. Make sure your targets are realistic and meet the minimums laid out in section (9.8) Investment Requirements of the General Rule 2003-39:

- CEDCs must invest at least 40% of the capital raised

in the first 12 months of the closing date of a specified issue,

- at least 60% of the capital raised in the first 24 months of the closing date of a specified issue,
- at least 80% of the capital raised in the first 36 months of the closing date of a specified issue
- restrict the capital raised by a specified issue for administration purposes to 20% or less of the capital raised

Equity Investing

CEDCs are only allowed to make equity investments in companies. Loans, lines of credit, and other types of debt financing, are not permitted. To make an investment, a CEDC may purchase a set number of share(s) in the chosen company, and in exchange receive dividends and/or capital gains. A dividend is the portion of the company's earnings that is paid out to the CEDC in exchange for its investment. A capital gain, on the other hand, is made by selling the purchased shares at a higher price than initially paid for - assuming the company's share price raised over the fund's holding period.

As an equity investor, you will have to decide:

- How often will investees be required to pay dividends - monthly, quarterly, yearly?
- How long will investees have to pay dividends?
 - until the principal is repaid?
 - principal plus an additional 10%, 20%, 30%?
- When will investees have to start paying dividends?
 - the month after the investment is made?
 - after a pre-determined amount of time?
 - or after certain conditions are met?

Financing Terms

As part of your investment policy, your team will also have to make some decisions around the minimum and maximum the fund will invest per venture and how long the CEDC's holding term will be.

Maximum term of financing

Maximum term of financing refers to how long you will hold onto an investee's shares, before selling them. Under the SBITC Act, CEDCs must hold investments for a minimum of 4 years. You might want to consider a longer holding period, depending on the liquidity, stability and financial needs of your investees. Beware, longer financing terms require careful planning. How will your fund cover expenses, while cash is tied up in long-term investments? What monthly cash flows do you need?

Minimum investment amount

What is the minimum investment per venture you need to make to keep administrative costs low, while still meeting your community's financing needs? Low minimums (i.e. \$5,000) might encourage small-scale entrepreneurs and expand accessibility, but strain your team, increase administrative costs, and lower profitability. Aim for a minimum that balances the financing needs of your sector, with the administrative capacity and performance targets of your fund.

Maximum investment amount

What is the maximum you are willing to invest per venture? Larger investments might help lower administrative costs, but may also weaken diversification. On the other hand, smaller investments might increase overhead and application processing times, but help hedge your fund against risk if you don't have all your eggs in one basket.

The goal here isn't to try to fulfil all of your investees' financing needs. Even with your cash injection, if investees must approach other lenders, it's okay! Consider developing a working relationship or a collaborative lending policy with other financial institutions in your community (i.e. Community Business Development Corporations, Bank Development of Canada, ACOA, etc.). It can help investees leverage additional financing, receive the support they need to succeed, and reduce risk for your CEDC.

SAMPLE CEDC OFFERING DOCUMENT INVESTMENT POLICY

Introduction

Anytown CEDC anticipates making investments in a mix of established and startup companies. Regardless, investee companies will need to make a strong case for their future potential including sales, management, technical and marketing capacity and knowledge. We expect that whenever possible and feasible, the investments made by Anytown CEDC will be used by investee companies to help secure loans or equity investments from others to minimize risk while ensuring the investee company has all the resources it needs to grow and respond to market demand.

The number, size, and nature of investments will be highly dependent upon the amount of capital raised through this offering and by the investee companies that we are able to recruit. For example, if only the minimum of \$150,000 is raised, we would make smaller investments in fewer, likely smaller, companies. If a maximum raise of \$350,000 is achieved, we would entertain larger investments in a more diverse portfolio of companies.

Our Board of Directors is composed of successful, experienced business people, with decades of combined business and investment experience. It will be responsible for soliciting, reviewing, analysing, and selecting companies to invest in, but will draw upon local partners and experts in finance and business to provide input into this process

Lending Criteria

We will use the following criteria to select businesses for investment:

1. Must be located in Anytown and registered to do business in the province of New Brunswick.
2. Must have a proven, financially-sustainable business model – demonstrated by existing businesses through their financial performance over the last three fiscal years, and by new businesses through their well-researched business plan and test marketing results;
3. Must have potential for growth, as demonstrated by documented industry trends, specific customer opportunities and, in the case of existing businesses, a record of sales growth over the last three fiscal years;
4. The preservation and/or creation of permanent, living-wage (at least \$15 per hour) jobs;
5. The provision of goods/services that have a demonstrated market, are innovative, meet a need in the community/reduce reliance on imports, and help build the local economy;
6. A commitment to ethical business practices, as demonstrated by company policies, previous performance, future plans, reputation in the community, and good standing with regulatory and accreditation bodies.



1

2

STEP 4: Incorporate your CEDC (if applicable)

To register in the CEDC program, your business must be incorporated according to the SBITC Act's guidelines as a for-profit corporation or co-operative in New Brunswick. Corporations must have at least one class of voting equity shares without par value and co-operatives must have at least one class of investment shares without par value. CEDC Board of Directors must consist of at least six individuals who reside in the community(ies) you plan to operate in.

If you are planning a Company Fund, your business may already be incorporated. If it meets the criteria laid out in [Section \(17\) Criteria for Eligibility](#) of the SBITC Act you can skip the next section on incorporating your business.

Select a Business Name

Before naming your business, make sure to read [Selecting A Proposed Name Guide](#) by Service New Brunswick - available online

When picking a name, make sure it contains a:

- Distinctive element* that differentiates your name from others in a similar line of business
- Descriptive element* that describes the nature of your business
- Legal element* that indicates the legal structure of your business

Distinctive Element:

- A word(s) that differentiate your business from others in a similar line of business
- The distinctive element usually goes at the beginning of the name
- Usually includes descriptive words, made-up words, locations, family names, etc.

NOT distinctive	Distinctive
Investment Cooperative Ltd.	Moncton Investment Cooperative Ltd
Community Fund Ltd	Little Sprout Community Fund Ltd

3

4

Descriptive Element:

- A word(s) that is used to describe the nature of your business
- The descriptive element usually goes after the distinctive element

NOT Descriptive	Descriptive
Moncton Cooperative Ltd.	Moncton Investment Cooperative Ltd
Little SproutCommunity Ltd	Little Sprout Community Fund Ltd

5

6

Legal Element:

- A word(s) that is used to describe the legal structure of the business
- The legal element usually goes at the end of the name

Co-operatives	Limited Companies
Co-operatives must have the word 'co-operative', 'co-opérative' or 'co-op' (hyphen optional) in their name and must use one of the following legal elements at the end of their name: Limited, Ltd., Limitée, Ltée. Only co-operatives can use the word 'co-operative' -or one of its variations - in their name.	Limited companies must have one of the following legal elements at the end of their name: Limited, Ltd., Incorporated, Inc.

TIP: Choose up to 3 names in order of preference as you will be asked for this by the name search company in case your first or second choice is not available.

Order an Atlantic-based NUANS Name Search

You've settled on a business name. Your next step is to order an Atlantic region NUANS name search report. Atlantic NUANS reports range from 50\$ to 70\$ and can be purchased from your local name search company. Googling "name search reports New Brunswick" will give you plenty of companies to choose from.

Name search reports help ensure your proposed business name is not being used by another company, by running your proposed name against all other business names already registered in the Atlantic region. Your chosen name search company will attach a covering letter to the report indicating whether or not the proposed name seems suitable for incorporation in New Brunswick. Both the covering letter and the **NUANS report** must be submitted to Service NB within 90 days of the report being issued. We recommend holding off from ordering business cards or any promotional materials until confirmation has been received

from Service New Brunswick that the proposed name is eligible for incorporation.

TIP: Preliminary search reports should be included in the price of your NUANS search report. Beware of companies that charge you separately for preliminary searches! The preliminary search will give you an early indication if your proposed name is available and increase the odds it clears the NUANS name search. You can also do some preliminary research on your own. Just google variations of the name you want to use and see if anything pops up!

Select your company's initial registered office, constitution, and founding Board of Directors

Registered Office

Corporate records must be stored in the registered office; it's also where official and legal documents will be sent. Choose the address carefully. The registered address is typically the principal place of business of the company. While it doesn't have to be an actual "office", it's important it be somewhere where correspondence can be accessed frequently, and freely.

Board of Directors

Directors are the individuals who will manage the affairs of the CEDB and make many of the major decisions. The company or co-operative must have a Board of Directors, elected by the shareholders at a general meeting of shareholders, consisting of not less than six individuals who reside in the community the CEDC plans to operate in.

Constitution (i.e letters of incorporation or articles of incorporation)

A company or co-operative that hopes to become a CEDC must have a constitution (i.e letters patent or articles of incorporation) that:

- Restricts the business of the company or co-operative to:
 - operating or carrying on business that is an active business or to evaluating and making eligible

investments in one or more active businesses based on a set of criteria defined by the company or co-operative.

- ii. providing information to and educating investors in the defined community as to the role of capital in business, the value of equity investments to the defined community and the rights and obligations of companies, co-operatives and shareholders
- iii. investing the capital raised, to which a tax credit pursuant to the Community Development Equity Tax Credit Act has been issued, in eligible business entities located within the defined community
- iv. exercising ownership rights with respect to the eligible investments made by the company or co-operative, and
- v. providing the administrative support necessary to carry on the business of the company or co-operative, including preparation of annual reports and the holding of meetings of shareholders and the Board of Directors.

- b. Describes the defined community for which the company or co-operative was formed, and

Makes provisions for annual general meetings of the

shareholders.

File an Application for Incorporation

Next step, decide if you are going to incorporate as a business corporation or a co-operative. The provincial incorporation filing fee for both corporations and co-operatives is \$300 and must be submitted at the time of application. Before incorporating, you may want to take some time to review the following guides:

- [Incorporation of a Business Corporation](#) guide on the Service New Brunswick website
- [Incorporating a Cooperative](#) on the FCNB website

Once you're ready,

- To incorporate as a corporation, you can file online using [Form 1: Articles of Incorporation](#)
- To incorporate as a co-operative, you must file the following documents which can be [downloaded from FCNB's website](#): *Form 3: Articles of Incorporation*, and *Form 4: Notice of Registered Office and Notice of Directors*

[See Appendix 4 for a sample CED co-operative bylaws]



SAMPLE

FORM 3: ARTICLES OF INCORPORATION FOR A CEDC CO-OPERATIVE

1

2

3

4

5

6



FORM 3 / FORMULE 3

Articles of Incorporation
Subsection 9(1), Cooperatives Act, S.N.B. 2019

1. Anytown CED Investment Co-operative Ltd
Name of the cooperative / Nom de la ~~coopérative~~
2. The place in New Brunswick where the registered office is to be situated Anytown, NB
Do not indicate the full address
3. Minimum and maximum number of directors (for a fixed number of directors, indicate the same number in both boxes) /
6 10
Minimum number / ~~Nombre~~ minimal Maximum number / ~~Nombre~~ maximal
4. Restrictions, if any, on the business that the cooperative may carry on

In accordance to Section 3(2) of the Co-operative Associations Act, the co-operative shall not carry on business as:

(a) an insurer under the Insurance Act,

(b) a provincial company under the Loan and Trust Companies Act, or
5. Provisions on membership share capital, if the cooperative is to issue membership shares /
Dispositions ~~concernant~~ le capital de parts de ~~membre~~, si la coopérative prévoit d'émettre ces parts :

a) To become a member, any person or body corporate, private or public, shall purchase a member share at the time of joining.
The number of membership shares will be unlimited, with a par value of \$10

b) No member may hold more than two hundred (200) membership shares at one time.

c) No member shall receive any dividend or interest on a membership share.
6. Provisions for the distribution of the property of the cooperative on its dissolution /

In the event of the dissolution or winding up of the Co-operative, the assets shall be converted to cash and any surplus will be allocated, first to pay any debts of the Co-operative, secondly to the redemption or repurchase of any investment shares and thirdly to the redemption or repurchase of membership shares. Unallocated surplus shall be donated to the provincial co-operative association according to the Special Resolution to Dissolve the Co-operative or to another nonprofit entity identified by a Special Resolution of members.
7. Investment share capital (select only one) ☒

The cooperative will not issue investment shares

The cooperative can issue investment shares (see attached schedule for details)
8. Restrictions, if any, on the powers of directors to manage the business of the cooperative

a) Directors can not make commitments on behalf of the Co-operative for which it does not have the resources to fulfill.

b) Conduct activities that are outside the boundaries set by the by-laws or which are not in keeping with the mission or values of the Co-operative.
9. Other provisions, if any

PHASE 3

REGISTER FOR THE CEDC PROGRAM

You've assembled your founding team, an Advisory Group, and frameworked your CEDC - now it's time to register your newly incorporated company in the CEDC program! There are seven steps to enroll in the program:

1. Prepare a Community Economic Development Plan
2. Apply for a Certificate of Registration
3. Develop your Offering Document
4. Fill out a Consent Form
5. Order police records checks
6. Submit Offering Document, Consent Form and police records to the FCNB
7. Secure a Letter of Non-Objection and a Certificate of Registration from the FCNB and Department of Finance, respectively.

STEP 1: Prepare a Community Economic Development Plan/Business Plan

First step to enroll in the CEDC program is to prepare a detailed plan of how your proposed CEDC will contribute to the socio-economic development of the target community it plans to operate in. Company CEDCs must submit a business plan outlining how the business will use the funds raised, create value and make a profit. The plan should address:

- what the business will do (products and services) and how it will make money
- who are it's customers, and it's value propositions
- its assets and liabilities and financial projections
- how the company is managed
- how much money it needs to raise and how the funds will be used

Fund CEDCs, on the other hand, must prepare a community economic development plan (CED plan). A CED plan is a 3-5 page document that outlines your fund's organizational structure, vision, mission and expected socio-economic impact in the target communities it plans to operate in.

For your community economic development plan you'll need the contact information of at least three potential investors, and copies of their signed potential investor expression of interest forms. If you haven't done so already, you will also have to assemble your first Board of Directors.

[See Appendix 5 for Investor Expression of Interest form]

Your community economic development plan must follow the NB Department of Finance's strict formatting and content requirements. Carefully review [CEDC Schedule I](#) on the Department's website and the sample provided below.



SAMPLE COMMUNITY ECONOMIC DEVELOPMENT PLAN

Mission statement outlining the economic development strategy of the proposed CEDC and defined community it intends to serve

The proposed CEDC provides equity investment to support the startup and growth of businesses located in Anywhere County of NB.

The amount, proposed use and specified time frame in which the raised capital will be used

The minimum raise for our first offering will be \$150,000 and maximum will be \$350,000. We will invest at least 40% of our raise in the first year of operation to support the startup and growth of companies in our defined community, with at least another 20% in our second year, and the remainder in our third year. We will look for opportunities where our investments may be used by our investee companies to help secure additional equity and/or debt financing.

See Potential Investor Expression of Interest form in Appendices.

Names of potential investors (minimum of 3 required)

Name of Investor	Social Insurance Number	Date of Birth	Residential Address	Phone Number
John Doe	111-222-333	May 10, 1956	104 Main St, Anytown, EEE OSO	506-000-0001
Jane Smith	444-555-666	March 4, 1968	104 Main St, Anytown, EEE OSO	506-000-0002
Richarch Smith	777-888-999	June 2, 1973	104 Main St, Anytown, EEE OSO	506-000-0003

See Potential Investor Expression of Interest form in Appendices

A summary of the major business activities of the corporation/co-operative, including major revenue sources

Our co-operative's primary business activity will be equity investment in new and existing businesses. We will generate revenue by: 1) retaining not more than 20% of funds raised to cover our operating costs, 2) through dividend income generated on our investments, and 3) through capital gains on the sale of investee company shares.

Number and types of shares and investment amounts for each potential investor

Name of Investor	Number of Shares	Type of Shares (voting or non-voting, common, or preferred)	Investment Amount
John Doe	3	Non-voting, investment share	\$3000
Kevin Smith	2	Non-voting, investment share	\$2000

Richard Smith	5	Non-voting, investment share	\$5000
---------------	---	------------------------------	--------

NOTE: To qualify for registration, a CEDC must have \$10,000 in potential investor statements

A listing of the directors (minimum 6 required)

Name	Social Insurance Number	Occupation	Birthdate	Address	Phone Number
John Doe	111-222-333	Accountant	May 10, 1956	104 Main St, Anytown, EEE OSO	506-000-0001
Kevin Smith	222-333-444	Legal Secretary	June 5, 1976	106 Main St, Anytown, EEE OSO	506-000-0001
Joanne Carter	333-444-555	Principal (retired)	Dec 11, 1980	107 Main St, Anytown, EEE OSO	506-000-0001
Etc	444-555-666	Executive Director	May 9, 1959	103 Main St, Anytown, EEE OSO	506-000-0001
Etc	555-666-777	RCMP Officer	June 17, 1982	109 Main St, Anytown, EEE OSO	506-000-0001
Etc	666-777-888	Manager	Dec 1, 1990	111 Main St, Anytown, EEE OSO	506-000-0001

Number of employees currently employed by the applicant corporation/co-operative (write “N/A if this the first year of activity”, if applicable)

If new, put “N/A as this is the first year of activity

Total amount of revenue and dollar revenue of goods and services exported out of the N.B at the time of application (write “N/A if this the first year of activity”, if applicable)

If new, put “N/A as this is the first year of activity



STEP 2: Apply for a Certificate of Registration

Your next step is to apply for a certificate of registration. Think of the certificate as a stamp of approval from the NB Department of Finance that gives your CEDC the right to raise money by selling tax credit eligible shares - also known as SBITC eligible shares. However keep in mind you cannot raise money or begin advertising your upcoming offering until you have received all required permissions from the FCNB as well.

To apply for the certificate of registration, submit a [CEDC Application For Registration](#) form with the NB Department of Finance along with the application fee (\$150). A fillable PDF copy of the form is available on the Department's website. Below is a list of the documents that must be submitted with the Application for Registration.

- ☐ Copy of the Letters of Incorporation and Bylaws
- ☐ Community economic development plan
- ☐ If applicable, income tax return from the previous taxation year -including those of associated corporations and/ or co-operative.
- ☐ Copies of the CEDC's most recent financial statements - including those of associated corporations -, or in the case of a startup, operation proforma financial statements which have been independently prepared by a chartered professional accountant.
- ☐ Copy of the share registry certified by an officer of the corporation/co-operative.
- ☐ Signed CEDC Potential Investor Statement forms (minimum of 3 investors; minimum of \$10,000 pledged)
- ☐ If a potential investor is a corporation or trust, see Appendix A: Prohibition Regarding Eligible Corporation or Trust Investors form. **Note:** the Appendix A form can be found in the *Small Business Investor Tax Credit* section of the *New Brunswick Department of Finance website*

- ☐ Signed CEDC Director's Statement forms from all directors certifying that the information contained in the application is complete and accurate. **Note:** these forms can be found in the *Small Business Investor Tax Credit* section of the *New Brunswick Department of Finance website*.

STEP 3: Develop Your Offering Document

An Offering Document is exactly what it sounds like: a document that describes to potential investors what you are offering them, how much money you are raising, and how that money will be spent. A copy of your Offering Document must be given to every potential investor before they purchase shares so they can assess the level of risk associated with the investment and make an informed decision on whether or not they want to invest in your CEDC.

Offering documents can vary widely in complexity and length. Depending on the nature of the CEDC, an offering document can run as low as 30 pages to upwards of 150 pages. In the document you'll need to outline your:

- Investment policy
- Business and capital structure
- Qualifications of Board of Directors and management
- Restriction and limitations of shares
- Investor's rights
- Reporting obligations
- Risk factors associated with the investment

Carefully review **Form 45-509F1 Offering Document for CEDCs** on the Financial and Consumer Services Commission's website. The form outlines the exact information that must be contained in your offering document, along with some formatting guidelines. Get started on the offering document as soon as possible. While there is nothing inherently difficult about creating an offering document, it's a laborious and time consuming process.

Submit your draft offering document to the FCNB. You can expect to hear back from the FCNB within 20 business days. You'll receive a comment letter with additional questions

and feedback about your offering document, along with requests for additional information. It's not uncommon to receive multiple letters, upwards of 30 comments each, on a first draft. If you are aiming to launch your first offering in early January - as most CEDCs do, to hit RRSP season - we recommend submitting your draft by late August or early September, at the latest. Budget at least three months to get from the first to final draft.

[See Appendix 6 for sample Offering Document]

STEP 4: Fill Out a Consent Form

The CEDC program is jointly administered by the NB Department of Finance and the FCNB. The Consent Form allows the FCNB to share your CEDC's application and information with the NB Department of Finance. You can find a copy of the form on the FCNB website.

STEP 5: Order Police Record Checks

Police record checks must be performed on all directors, officers, and promoters of the CEDC. The FCNB will not process your application until the police checks have been received. The record checks must be obtained from one of your local RCMP detachments or through one of the approved vendors listed on the FCNB website.



STEP 6: Submit Offering Document, Consent Form and Police Record Checks

Once you submit your draft offering document, consent form, police record checks, and filing fee to the FCNB, you can expect to hear back from the Commission within 20 days. During this period, you may receive comment letter(s) from FCNB staff who may have additional questions about the submitted offering documents or marketing materials. The amount of time it takes to receive a non-objection letter varies widely. The quality of the first offering draft, supporting documentation, and speed with which the FCNB's comments can significantly impact the time it takes to receive a non-objection letter.

To avoid any unnecessary delays:

- Format your offering document exactly as outlined in **Form 45-509F1 Offering Document** (copy available on the FCNB's website)
- Provide investors in your offering document all the information they need to make an informed decision on whether or not to invest in your CEDC.
- Provide potential investors enough information to assess the risks associated with the investment. When in doubt, always air on the side of more detail, not less.
- Respond to the FCNB's staff comment letters and requests for additional information in a timely manner

STEP 7: Secure a Letter of Non-Objection from the FCNB

Once all the FCNB's comment letter(s) about your offering document have been satisfactorily answered, a letter of non-objection will be issued to your CEDC. Now that you've received the letter and all permissions from the Department of Finance, you are allowed to advertise your upcoming offering with the general public in New Brunswick, and start your first raise.

PHASE 4

START GENERATING SOME BUZZ

1

2

3

4

5

6

STEP 1: Establish Partnerships Early

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

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

STEP 2: Host CEDC Information Sessions

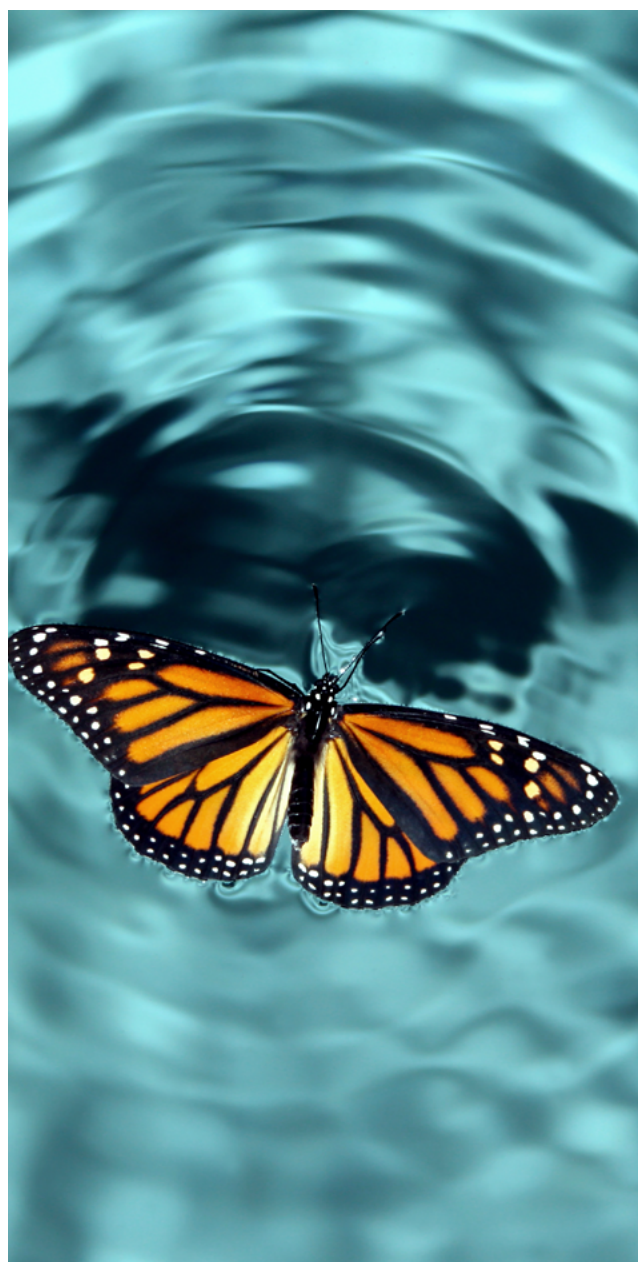
The CEDC information sessions will be your first chance to share your vision and development timeline with the general public. These sessions are also an opportunity to recruit new Advisory Group members, and future investors & investees. You will need a minimum of three potential investors, and their signed expression of interest forms to register your CEDC in the Small Business Investor Tax Credit program. These sessions are a great opportunity to recruit these first investors - if you haven't done so already.

We recommend hosting more than one session, especially if you plan to serve a large geographic area. Some agenda items you'll want to discuss during the sessions include:

- The problem/opportunity you've identified in your target community
- What is a CEDC
- Key features of the CEDC tax program
- How your CEDC will help solve the identified problem
- CEDC development process

- Calls for action (i.e hand out expression of interest forms to potential investors, ask for Board nominations)

The information sessions are also a great opportunity to build excitement, trust and community buy-in for your CEDC. Make a point to ask attendees for input and to keep them informed on key announcements about your fund. After the sessions, remain actively engaged in your community and nurture the new connections you've developed.



PHASE 5

CREATE A PUBLIC LAUNCH PLAN

You have your organizational and legal documents in order, and have submitted your offering document to the FCNB. You're waiting on the letter of non-objection. It's time to create a public launch plan! The public launch plan is an opportunity to document and strategize how you're going to build awareness and capacity for your upcoming offer.

The goal of the plan is to create a defined strategy to:

- Create excitement around the upcoming offer with target audiences, including potential investors, media, bloggers, and other centres of influence
- Communicate your key messages and value proposition to potential investors and centres of influence
- Develop capacity to support investors before and during the offering (eg. respond to enquiries, assist with and process paperwork, etc.)

Your public launch plan should address your CEDC's:

- ✓ **Overview**
- ✓ **Goals**
- ✓ **Capacity**
- ✓ **Roll Out Plan** (outline major deliverables and deadlines for listed items)
 - Marketing and Communications Plan
 - Website Launch
 - Influencer and Potential Investor Identification
 - Earned Media
 - Advertising in Local Publications
 - Information Seminar
 - Paperwork Workflow Plan
 - Investor Recruitment Plan



Lean Business Model Canvas for:

Designed by:		Date:		Version:																																									
1 Customer Segments The different kinds of customers we will serve: <ul style="list-style-type: none"> 	3 Needs The 2-3 key needs/problems that our customers are looking to resolve: <ul style="list-style-type: none"> 	5 Solutions The products and services we will offer to address our customers' needs: <ul style="list-style-type: none"> 	7 High-Level Concept Our "escalator pitch" (i.e. a well-known analogue to our business, e.g. we will be the <i>Kijiji</i> of local food products):	9 Key Metrics Key numbers that will indicate the success of our enterprise: <ul style="list-style-type: none"> 																																									
2 Early Adopters The defining characteristics of the ideal customers with whom we'll start: <ul style="list-style-type: none"> 	4 Existing Alternatives The top 3-5 alternatives that our customers are currently using / doing to solve their problems / needs: <ul style="list-style-type: none"> 	6 Unique Value Proposition What it is about our solutions that our customers will see as being better and different than the existing alternatives:	8 Channels Through which channels do our customer segments want to be reached? <table border="1"> <tr> <th>Channel Phase</th> <th>Channels</th> </tr> <tr> <td>Awareness - how our customers will learn about our value proposition</td> <td></td> </tr> <tr> <td>Purchase - how our customers will purchase our products and services</td> <td></td> </tr> <tr> <td>Delivery - how we will deliver our value proposition to our customers</td> <td></td> </tr> </table>	Channel Phase	Channels	Awareness - how our customers will learn about our value proposition		Purchase - how our customers will purchase our products and services		Delivery - how we will deliver our value proposition to our customers		10 Strategic Advantage What it is about your strategy that will make it hard for our competitors to copy: <ul style="list-style-type: none"> 																																	
Channel Phase	Channels																																												
Awareness - how our customers will learn about our value proposition																																													
Purchase - how our customers will purchase our products and services																																													
Delivery - how we will deliver our value proposition to our customers																																													
11 Revenue Streams How we will get paid to deliver our products and services: <ul style="list-style-type: none"> 	12 Primary Operating Costs The few items that will account for most of our operating costs: <ul style="list-style-type: none"> 		<table border="1"> <tr> <th colspan="2">13 Capital Investments</th> <th colspan="2">14 Sources of Financing</th> </tr> <tr> <td colspan="2">The minimum equipment, vehicles, renovations, systems required to start or grow this enterprise</td> <td colspan="2">Debt and equity</td> </tr> <tr> <th>Item</th> <th>Amount</th> <th>Source</th> <th>Amount</th> </tr> <tr> <td></td> <td></td> <td>Loan</td> <td></td> </tr> <tr> <td></td> <td></td> <td>Donations</td> <td></td> </tr> <tr> <td></td> <td></td> <td>Grants</td> <td></td> </tr> <tr> <td></td> <td></td> <td>Equity investment</td> <td></td> </tr> <tr> <td></td> <td></td> <td>Lease</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total investment</td> <td></td> <td>Total financing (must = investment)</td> <td></td> </tr> </table>			13 Capital Investments		14 Sources of Financing		The minimum equipment, vehicles, renovations, systems required to start or grow this enterprise		Debt and equity		Item	Amount	Source	Amount			Loan				Donations				Grants				Equity investment				Lease						Total investment		Total financing (must = investment)	
13 Capital Investments		14 Sources of Financing																																											
The minimum equipment, vehicles, renovations, systems required to start or grow this enterprise		Debt and equity																																											
Item	Amount	Source	Amount																																										
		Loan																																											
		Donations																																											
		Grants																																											
		Equity investment																																											
		Lease																																											
Total investment		Total financing (must = investment)																																											

STEP 1: Create a Marketing and Communications Plan

First step, create a marketing and communications plan - but before jumping into any marketing materials, take some time to refine your business statement.

Refine your business statement and value proposition

Start refining your business statement by summarizing your offering document into a one-page business plan. We recommend using the Lean Canvas Model (*see above*)

Now take the one-page lean canvas and summarize it into two sentences or less - this will be your CEDC's business statement. Use the following template:

[Your CEDC's name]

provides / offers/ sells / creates

[The product of service you offer]

to / for

[Your target client and customers]

so they can

[Problem you are solving or goal]

For example,

Anytown CED Investment Co-operative offers high-impact, community led investment opportunities to New Brunswick residents so they can invest their money where they work, live, and play.

If you are able to successfully summarize your offering document into two sentences or less, it's a strong indication your CEDC has a clear concept and unique value proposition that's ready to be communicated to target investors. If not, we suggest refining your fund's value proposition and business statement before moving any further. If you can't clearly explain the business to your team, you're not going to effectively communicate it to potential investors either.

Develop a Communication Strategy

Once you've refined your business statement and value proposition, decide how you are going to communicate it to your target audience. Here are a couple questions to get you started:

- Who are your target audiences (eg. potential investors, media, bloggers, etc.)?
- What are their identifying characteristics?

- What are the key messages you want to deliver?
- Will key messages change before, during and after the offer?
- Will you have a designated spokesperson - if not, who will be in charge of communications?
- Are there any regulations around how and what can be communicated?



To build trust among investors and create excitement around the offering make sure your communications and messaging follows the 3Cs: Clear, Consistent, and Captivating. Common talking points your team should be ready to discuss, include: the CEDC's history, your value proposition, problem(s) your fund is solving, management and leadership team, how your our CEDC's approach is different and risk factors associated with the investment. The FCNB has strict regulations on how and what can be communicated to potential investors - especially leading up to an offer. Make sure to carefully review **Part 5 Permitted Promotional Activities** of [Local Rule 45- 509](#), and any other relevant regulations.

Continue your communications strategy even after the offering closes. Build on the momentum of the offer. Make

a point to keep investors and other community partners informed on key announcements about your fund. Offer to provide commentary on different industry trends. Remain actively engaged in your community and nurture new connections you developed throughout the offering. A successful 90 day raise, needs a 365 day communication plan.

Develop Marketing Materials

You've crafted key messages that clearly articulate your CEDC's value proposition. Now it's time to develop marketing materials to deliver them.

Marketing efforts at this stage should include:

- Creating an advertising and marketing budget
- Developing marketing materials, including a website, social media channels, rack cards, pamphlets, etc.
- Identifying and building relationships with media partners (radio stations, newspapers, local influencers, etc.)
- Advertising in local publications

Your website will be many investors' first point of contact with your CEDC. Use its pages to build trust and excitement. Make sure the website has clear information on the fund's history, management team, operations and upcoming offering. FAQs, and investor/ investee intake forms are also good resources to have.

The content and wording of your website and other marketing materials must match the Our Business section of your offering document. You must also send a copy of all materials (eg. rack cards, posters, pamphlets, etc.) to the FCNB, before or within two days using them. We suggest submitting the marketing materials to the FCNB with the final draft of your offering document. The FCNB also has strict regulations around how and what can be advertised in your marketing materials. Take some time to review **Part (5) Permitted Promotional Activities** of Local Rule 45-509 and any other relevant regulations before getting started.

STEP 2: Create a Paperwork Workflow Plan

Developing the capacity to correctly administer and process all the required paperwork for an offer is just as important as crafting an unique value proposition or eye catching website. Here's couple questions to ask yourself when creating a paperwork workflow plan:

- What forms do you need to submit to the FCNB, NB Department of Finance and potential investors before, during and after the offer?
- When do you need to submit the forms?
- Who will be responsible for processing the paperwork?
- Who will help investors with paperwork?
- The FCNB and NB Department of Finance have different filing requirements, so carefully review both of their websites before creating your paperwork workflow plan. You can also find fillable PDF copies for most forms on the FCNB's and Department of Finance's websites.

The FCNB and NB Department of Finance have different filing requirements, so carefully review both of their websites before creating your paperwork workflow plan. You can also find fillable PDF copies for most forms on the FCNB's and Department of Finance's websites.

CEDC Paperwork Workflow Plan



Offering Document

An offering document (OD) is exactly what it sounds like: a document that describes to potential investors what you are offering them, how much money you are raising, and how that money will be spent. A copy of your OD must be given to every potential investor before or while they purchase shares, so they're able to make an informed decision on whether or not to invest in your CEDC, and assess the level of risk associated with the investment.

Your offering document must follow the FCNB's strict formatting and content requirements. For more information, carefully review the sample offering document in Appendix

6 and [Form 45-509F Offering Document for CEDCs](#) on the FCNB's website.

Subscription Agreement

A subscription agreement is a formal agreement between your CEDC and an investor to buy shares in your fund. Every investor must be given a copy of the subscription agreement, offering document and of all marketing materials, before or while they purchase the shares. You can find a sample subscription agreement on the FCNB's website.

Risk Acknowledgement Form

The 45-106F4 Risk Acknowledgement form must be filled out and signed before, or at the same time that a potential investor agrees to purchase shares in your CEDC. A signed copy of every investor's 45-106F4 Risk Acknowledgement form must be retained by the CEDC for 8 years after the distribution.

Corporate Share Registry

A corporate share registry is an active and up-to-date list of who currently owns the CEDC's SBITC eligible shares. Despite the fancy name, a corporate share registry can be as simple as an excel sheet with following columns:

- First and last name of every current investor
- Their phone number
- Mailing address
- Email
- Number of shares purchased by the investor
- Total invested in the offering by the investor
- Class of shares purchased by the investor (***Note:** the SBITC Act states that the corporate should registry should not only include the class of shares purchased by every investor, but that eligible SBITC shares should also be tracked separately from other shares*)

We recommend updating your CEDC's corporate share registry as soon as the offering closes, as the excel sheet contains information your team needs to fill out investors' tax credit forms and share certificates - more on this later.

Share Transfer Registry

A share transfer registry tracks the movements of a CEDC's shares. Every time a SBITC eligible share is purchased, redeemed or transferred between shareholders - it must be logged in the share transfer registry. An officer certified copy of your share transfer registry must be submitted to the NB Department of Finance, along with a copy of the corporate share registry.

Share Certificates

A share certificate is a legal document that confirms

an investor's ownership of SBITC eligible share(s). An investor's share certificate must be issued within 30 days from the day the investment is made by the shareholder. The certificate must also be:

Registered in the name of the shareholder who purchases them or in the name of a trustee - if the shares are purchased by a qualifying trust.

Indicates the number of SBITC eligible shares purchased by the investor during the offering.

Contains the following statement: "The right to redeem or transfer this class of shares is subject to the provisions of the Small Business Investor Tax Credit Act"

Certified by an Officer.

Only issued once the share(s) has been paid in full by the investor

We suggest printing three copies of each share certificate: one for the investor, one for your own records, and for the New Brunswick Department of Finance.

Tax Credit Certificate

Your CEDC must apply on behalf of every investor for a tax credit certificate. Before applying for the certificate certificate, you will need a copy of:

- The investor's signed and dated investor statement form
- A copy of an investor's share certificate, certified by an officer of the CEDC
- An updated copy of the corporate share registry and share transfer registry, certified by an officer
- Proof of investment
- Proof of deposit

All the documents listed above must be submitted to the NB Department of Finance, along with every investor's Application Tax Credit Certificate form. You have 30 days from the day the shares are sold to the investor to file the tax credit application and supporting documents. However, we find most investors - especially if the investment is made right before the March RRSP contribution deadline - are eager to receive their tax credit certificates. We recommend getting started on an investor's Application for Tax Credit Certificate as soon as the payment for the

shares is received.

A 25\$ tax credit application fee (non-refundable) must also be submitted with every application. You can submit an individual 25\$ cheque/money with every application or just one payment for all applications combined. Most important thing is that the payments get submitted at the same time as the tax credit applications, to avoid processing delays.

A PDF fillable copy of the [Application for Tax Credit Certificate form](#) is available on the NB Department of Finance's website.

Proof of Investment

Along with a shareholder's Application for Tax Credit Certificate, you must submit proof that the investor has paid in full for their shares. Proof of investment can be a:

- Copy of the investor's cheque or money order
- Copy of an investor's bank statement showing the payment for the share(s) has been issued

Proof of Deposit

Along with a shareholder's Application for Tax Credit Certificate, you must submit proof that your CEDC has been paid in full for the investor's SBITC eligible share(s). Your CEDC can issue the proof of deposit directly with the NB Department of Finance, or, in some cases, you can set up

a contract with your credit union or bank to issue it on the CEDC's behalf. Proof of deposit can be a:

- Copy of your CEDC's bank statement showing the payment for the share(s) has been received
- Copy of a deposit slip showing the investor's payment has been deposited into your CEDC's bank account

Investor Statement Form

Along with a shareholder's Application for Tax Credit Certificate, you must submit to the NB Department of Finance a signed and dated investor statement form for every investment your CEDC received during the offering. A PDF fillable copy of the Investor Statement form is available on the NB Department of Finance's website.

Report of Exempt Distribution

Congratulations! You've issued your investor's share certificates and applied for their tax credit certificates. The only thing left now is to file a Form 45-106FF1 Report of Exempt Distribution with the Financial and Consumer Services Commission. You have 30 days from the closing of your offering to submit the report to the FCNB. You can find a copy of Form 45-106F1 on the Canadian Securities Administrators website.



STEP 3: Create an Investor Recruitment Plan

You've planned your heart out. You're ready to address investor enquiries, and to administer all the required paperwork. Congratulations! It's time to put boots on the ground, and begin recruiting potential investors. Leading up to the offer, host information seminars. These early sessions are a great opportunity to build community and to gather contact information of potential investors. While without a letter of non-objection you can't accept any oral or written binding commitments to invest, you can hand out Expressions of Interest forms to those interested in learning more about the offering, and keep them updated on key announcements until the offering document is approved.

Here's a sample agenda of our information sessions:

- The structure of the CEDC program and New Brunswick case studies
- Your CEDC's vision
- Highlighting local champions, starting with Board Members

- How the CEDC works
- How to become a member - if the CEDC is incorporated as a co-operative
- Q&A
- How to set up an appointment for a personal consultation

Other efforts at this stage should also include:

- Creating a contact list of potential investors
- Identifying and developing channels for one-on-one connections with potential investors
- Working with Board Members and other local champions to identify potential investors in their networks
- Identifying speaking engagements and other networking opportunities



SAMPLE PUBLIC LAUNCH PLAN

Overview

The Anytown CED Co-operative has submitted what is hoped to be the final submission of the Offering Documents to Financial and Consumer Services New Brunswick (FCNB) for final approval. Once the final approval is received, there is a window of 90 days to raise a minimum of \$10,000 and a maximum of \$3,000,000 in capital.

Goals

1. To increase awareness of the raise in a short amount of time through a variety of channels including one-on-one meetings with potential investors, social media, local print media, word of mouth, and public presentations (in person or virtual).
2. To be prepared to support potential investors with the offering document, and information that fully explains the purpose, intent, operations and governance of the Fund and the risks associated with investing in it.
3. To assist investors in completing the necessary paperwork and issue the relevant number of investment shares and certificates.

Capacity

Anytown CED Investment Co-operative has hired Alicia Tower as their Investment Coordinator. In that role she will be responsible for the creation and implementation of the marketing and sales of investments. This effort will require:

- The identification of potential investors
- The development of marketing materials including a website and social media channels
- A combination of information seminars (virtual and in-person where possible), one-on-one connection with potential investors
- The administration of the required paperwork to ensure that filing happens in a timely and effective manner
- In order to successfully launch this effort, accessing the networks of Board members will be critical in identifying potential investors and community influencers.

Roll Out Plan

I. **Development of Marketing Materials** - Complete

Marketing Materials have been drafted and are currently with FCNB for approval. They include "Rack Cards" as well as a full-page version of general information for potential Investors, Investee Companies, and Partners such as traditional lending institutions, accountants, lawyers, and government bodies.

II. **Website Launch** - Completion by 02.15.2021

The outline of a website has been outlined and content created. Currently working with a consultant for technical backend support to have it go live.

III. **Influencers & Potential Investor Identification** - Completion by 02.15.2021

A Google Sheet has been developed and is posted on Basecamp with tabs for each incorporated community as well as a general tab for the counties of Yellow, Blue, and greater NB. Investment Coordinator is seeking assistance from the Board Members to populate with the names and contact information of all those who may be interested in investing, co-hosting virtual seminars, and/or promoting the Limelight Economic Development Co-Op.

IV. **Earned Media** - To be completed by 02.15.2021

A strategy to increase awareness is being developed to include press releases and to attract radio and TV interviews as well as guest appearances on podcasts focused on sustainable community development.

V. **Advertising in Local Publication** - budget and timeline ready by 02.15.2021

- Investment Coordinator will create a listing of local publications, costs, and publication dates to form a budget for advertising and the creation of creative content. An effort will be made to secure follow up stories with these ads to create greater awareness.
- The Anytown Newsletter
- The Daily Planet
- The Gotham Globe

VI. **Information Seminars** - scheduling to begin on 03.15.2021

The content for information sessions is being developed and will include:

- The structure of CEDCs and New Brunswick examples
- The vision of the Limelight CEDC
- Highlights of local champions, starting with Board Members
- How CEDCs work
- How to become an investor
- Q & A

PHASE 6

OPERATIONS

1

2

3

4

5

6

Initial Governance Structure

Board of Directors

At this stage you'll want to formalize the governance structures that were established during your earlier business planning sessions. Your Board must be made up of at least six individuals - all of whom must live in the community your CEDC plans to operate in. Most Boards usually also have at least three officers - a chairperson, treasurer and a secretary. Ideally, your first directors will be people who have:

- been involved in planning and launching your community investment fund
- expertise needed to grow and manage the CEDC
- strong networks in your target communities
- honest character and conduct themselves with integrity

To help you assemble your Board of Directors, we've created job descriptions for the Board [Appendix 7]. Clearly define the Board's key responsibilities and deliverables before beginning recruitment. Take time to review the Corporations Canada website, Canada Business Corporations Act and any other relevant regulations around structuring a board and the duties and liabilities of directors and officers.

The Board will be responsible for managing the CEDC, and:

- Drafting, preserving, and revising your community investment fund's vision, mission, governance policies and procedures
- Recruiting officers (i.e chairperson, treasurer, secretary, etc.)
- Managing the day-to-day operations of the fund
- Organizing and volunteering on one or more of the fund's committees
- Reviewing and helping develop the fund's strategic

plans and operating budget

- Monitoring the fund's progress in achieving its goals and missions

Your Board of Directors can be your fund's biggest asset or liability. Take your time. Look for the right expertise, committed community champions, and integrity. It will be one the best investments you make. Properly training and educating your directors is equally important as recruiting the right people. Start off the relationship right by doing an orientation session, reviewing the Board Manual [Appendix 8], and making sure your new team member has the necessary support to fulfil their responsibilities.

Committees

Committees are teams appointed by the Board to carry out research or specific activities on behalf of the directors. Committees are not mandatory, but often required to effectively manage and operate a CEDC. Expect some trial and error to figure out the size and number of committees your fund needs to operate effectively. We suggest starting off with an Investment Committee and a Marketing & Communications Committee.

The Investment Committee's main duties usually include reviewing loan applications, conducting due-diligence on applications, and mentoring and assisting successful applicants. The Marketing & Communications Committee is usually responsible for developing, overseeing and evaluating the CEDC's marketing materials, platforms and campaigns. Make sure both committees have a clear purpose and role, an appropriate number of members to achieve its goals, and a way to report back to the board.

Annual Work Plan and Budget

Set goals for your inaugural year. Identify the tasks that come with each goal, and prioritize them. Add them into a monthly timeline to review at your regularly scheduled

Board meetings. Be realistic with what you can accomplish, how long it will take, based on budgets and administration work. Setting your goals early will help you stay on track and avoid mission drift. Also take time to review the budget developed earlier in this guide, and make sure to update it at least once a year.

Record Keeping System

You'll need a place for Directors, Committee members, staff, and your Advisory Group to share information and exchange ideas. We use Basecamp, an online project management and team communication platform. If you have a small team, you can probably get away with using Google Drive and email.

Liability Insurance

Your CEDC will have to purchase director and officer liability insurance to protect the Board from the legal liabilities that arise from performing their duties. The insurance should at minimum cover any legal costs, expenses, settlements and judgement that might arise.

Potential Investors

There is likely some buzz in your community around your CEDC from your information seminars. Keep building on this momentum by doing speaking engagements, networking and working with your media

partners. Have Expression of Interest forms on hand for potential investors at every event.

Banking, Bookkeeping and Taxes

This is the time to iron any remaining banking, bookkeeping and tax related items. Some questions that might arise that you'll want to discuss with the Board:

- Will all directors have signing authority?
- Your CEDC will likely need a credit card for online payments, such as website and domain hosting. Who will have authority to make purchases with the card?
- Organize the CEDC's bookkeeping and accounting

systems: will you contract a local bookkeeping or accounting firm? Or will you do bookkeeping and accounting in house?

Policy and Procedures

The Board and Committees will need clear policies and procedures to run your new CEDC. This will also help when there is turnover and training is necessary for new officers. This document should be easily accessed and updated as major changes occur. Your Board and Committee members should dedicate a decent amount of time and energy into establishing your own Policy and Procedure Manual.

Inaugural Capital Raise

You have 90 days from the date your CEDC is issued a certificate of registration from the Department of Finance and a letter of non-objection from the FCNB to complete your raise. You may be able to extend your offering for a limited period of time, but only after you've received approval from the FCNB and a letter of non-objection with respect to the subsequent sales.

If you wish to extend your raise closing date, you must submit to the FCNB:

A letter requesting an extension (an offering document amendment) of the initial closing date, including the reasons for the request, confirmation that there has been no material changes to the CEDC since the date of the original date of the certificate page for the request

An updated replacement page 1 of the offering document
New signed and date certificate page

Copy of the letter to the current investors explaining why the extension is required giving them a 2 day right of withdrawal.

Investment Applications and Disbursement

You frameworked your CEDC's investment application and lending procedures during the business planning sessions. This is the time to formalize and write-up your lending standard operating procedures. This will also help when there is turnover and training is necessary for new officers or investment committee members. If you'll be operating as a blind pool, you'll also want to take this time to triple check you have the capacity and expertise on-board to conduct the in-depth loan due diligence that lays ahead. You'll want to make sure you have the access to expertise that can evaluate the following questions for any given applicant:

The Entrepreneur:

- Business knowledge and experience
- Personal ability
- Integrity and reliability
- Credit history
- Sense of commitment to the success of the business

The Business:

- Will the proposed business benefit employees, customers, partners and/or community in measurable ways?
- Are there any social and/or environmental benefits?
- What are the business's long-term plans? Is there a succession plan in place?
- Business skills and experience of the team
- Financial management and reporting systems in place
- Employee training procedures and loyalty
- What are current and future prospects for the business?

The Business Model:

- Market research analysis - competition, existing markets, trends, SWOT
- Is the plan to produce, distribute, and support the product/service clear and viable

- Are the revenue projections realistic?
- Are there issues in the external environment (potential government regulations, environmental issues, etc.) that could make it difficult for the business to develop along projected lines?
- Are the business's facilities suitable for current and planned changes?
- What are key identifiable weaknesses and strengths of the business's supply chain?
- What are the business's current working capital and inventory levels?

Annual General Meeting

CEDCs are legally required to host an annual general meeting (AGM). AGMs allow members and/or shareholders to come together, discuss the performance and future of the fund, and in the case of CEDC co-operatives, help shape its future.

Agenda items covered in an AGM often include:

- minutes of the preceding general meeting
- consideration of the annual report of the directors;
- consideration of the financial statements,
- selection of an auditor;
- consideration and voting of any proposed amendments to the by-laws; and
- election of directors to fill any vacancies on the Board.

Impact Reporting

Gather data on the impacts of your CEDC in the communities it operates in. This data is a great way to show government, CAG members and other stakeholders the social, economic and environmental impacts of your fund

Client Engagement

It's important to keep your investors and investees engaged with your CEDC. It will strengthen your organization and encourage clients to become advocates for the CEDC to the public. Here are a few options to

consider:

- If operating as a co-operative, encourage all members to attend AGMs and utilize their 1-member 1-vote. Consider opening up directorship to all members. Make this well known at each AGM. A full Board and competitive elections show an involved membership.
- Reach out to clients to participate in Committees, such as Investment or Marketing and Communications Committees.
- Send out periodic newsletters to your clients to inform them of important and exciting updates (i.e AGM, new investments, success stories, mentorship program).
- Ask investees what type of mentorship would be useful for their business. Then reach out to your network to see who has the skill sets and pair them together.
- Give your clients the opportunity to be ambassadors for your CEDC by providing them with your marketing products.
- If you have the time and resources, maintain an active social media account with helpful information and organizational updates.

Managing Risk

Managing risk is at the core of any fund, but CEDCs often face the additional challenge of having to balance financial risks with environmental and social returns. A balance must often be found between desired social, environmental, and monetary impacts – and this balance must be compatible with the wants and needs of target investors.

The trick is to take on enough risk to achieve your CEDC's mission and strategic goals, but not so much risk that the fund becomes exposed to large investment losses – whether they be financial, social, or environmental. Large losses can not only create unease among investors but damage the reputation of the CEDC. Managing risk is a balance between identifying and protecting against known and predictable risks while making space for the unknown. In other words, it's not only about lessening the impact of what we know, but also of what we don't know and understand.

Things you can do to help mitigate risk internally:

- Ensure all necessary paperwork and legal arrangements are completed prior to disbursing funds
- Require investees to consent to regular check-ins, submission of annual financials (at minimum), and mentorship supports when relevant
- Establish a maximum investment account into any single venture, ensuring that your CEDC has a diversified local investment portfolio
- Determine the maximum number of investments that are manageable by you CEDC Board and Investment Committee at one time
- Build a contingency fund over time that allows you to weather unforeseen challenges
- Structure your investments with shorter amortization periods
- Provide some flexibility in the repayment schedules to get investees room to succeed



IDENTIFYING AND MANAGING KNOWN RISKS

Here are some steps you and your team can take to identify and manage known risks for an investment:

1.1 Have clear, defined lending criteria	<p>Through researching and outlining the CEDC's lending criteria your team will develop a rational decision-making framework for its investments. This framework will help take emotion out of the investment process and put the focus on methodic analysis. Here are a couple questions to help guide you this process:</p> <ul style="list-style-type: none">▪ Does the applicant have a comprehensive business plan, and realistic & sustainable financial projections to support it?▪ Does the applicant and its team have the character, commitment, and skills to execute on the business plan?▪ What is the applicant's track record?▪ Does the applicant have a strong and capable management team in place?▪ Does the applicant have all the necessary permits and approvals to execute the business plan?▪ Has the applicant fully disclosed any issues that could impact their eligibility?
1.2 Due an in-depth due diligence on all applications	<p>Benjamin Franklin once said, "an ounce of prevention is worth a pound in cure", and while he might have been referring to fire prevention – in business, it also holds true.</p> <p>An in-depth due diligence on all applications can be your CEDC's strongest insurance against loss. A comprehensive due diligence process can help identify risks associated with an investment, assess the viability of a proposed project, and identify gaps in the business plan.</p> <p>This is a great time to leverage the power of your community by tapping into the expertise available to you through your board of directors, officers, advisors, and community partners.</p>
1.3 Focus on a sector and invest in companies you understand well.	<p>One of the best ways to avoid trouble and increase the odds of success of an investment is to keep things simple and invest only within your CEDC's circle of competence.</p> <p>A circle of competence can be a sector, an industry, or a specific type of business that you understand well and are able to predict, with reasonable accuracy, how it will perform over the term of the investment. The size of the circle does not matter. What is critical, is clearly defining its borders. Within this circle, you want to make sure you understand how a company makes money, its products, competitive strengths, and weaknesses, so you can project its future cash flows.</p> <p>Remember, you don't need to be an expert on every sector, or many sectors. You only have to clearly define your fund's circle of competence and make sure you clearly understand how to analyze applicants within it.</p>
1.4 Focus on a geographic area	<p>Concentrating investments to a geographic area follows the same train of thought as investing only within your CEDC's circle of competency.</p> <p>Focusing on communities you understand well can help you manage risk, as market conditions may be more predictable, it can lead to stronger community partnerships, and increase the efficiency with which investments can be made, managed, and monitored.</p> <p>The geographic boundaries must be large enough to allow your CEDC to scale and achieve profitability, but not so large that it impacts the ability of your team to manage and monitor its investments or weakens your fund's community connection.</p>

1.5 Develop and nurture a network of expertise	<p>There's no stronger foundation for a CEDC than a dedicated and knowledgeable board of directors, officers, and advisors, committed to building and maintaining supportive relationships within your community. It's also one of your best insurances against losses.</p> <p>Consider building connections with anchor institutions, such as hospitals, financial organizations, philanthropic foundations, non-profits, and universities, that are tethered to the community and that do not tend to move, even as the community around them evolves. These institutions can not only help strengthen your community connection but also bring resilience and stability to your network of expertise.</p> <p>Make sure your network reflects the community your fund plans on serving. Diversity will bring new opinions, and insights that will not only help you look at an investment from different perspectives but will help you identify new risks and ways they can be mitigated.</p>
1.6 Mentoring	<p>Mentoring has been shown to be an effective support mechanism for all stages of the community investment process and an important resource for entrepreneurs, business owners, and other community project stakeholders aiming to create sustainable, profitable ventures, with long-term community impact.</p> <p>Mentoring allows you to expose clients to different perspectives, ways of doing things, and new networks or community connections. When combined, not only help nurture the long-term health of your investment but can give you early signs of potential problems, along with other red flags.</p> <p>The mentoring can be done directly through the CEDC and its network of advisors, or by a third-party.</p> <p>Offering mentoring services directly through your fund may help build stronger relationships with clients and catch problems earlier on, but it also might increase the CEDC's overhead and demands on staff.</p> <p>On the other hand, outsourcing mentoring might be a good way of still getting your clients the guidance they need, without running the risk of straining your fund – but you might be losing an important point of contact between you and your clients.</p> <p>Either way, there is a trade-off. The most important thing is to make sure your clients are getting the support and guidance they need. It will help reduce defaults, and it is a great way to look after the long-term health of not only your clients, but of the fund itself.</p>

1

2

3

4

IDENTIFYING AND MANAGING UNKNOWN RISKS

Here are some steps you and your team can take to manage unknown risks associated with an investment:

1.1 Create capital investment loss provisions	<p>This is cash that is set aside on a weekly, monthly, or annual basis that your CEDC can use to cover different kinds of losses, such as non-performing investments, customer bankruptcy, or renegotiated investments that incur lower-than-previously expected payments.</p>
1.2 Invest in agile and resilient businesses	<p>These are businesses with strong financials, good cash flows, healthy cash reserves, a proven business model, and a competent management team. During the first year(s) of operation, it might mean investing in pre-existing or succession businesses, with strong track records, instead of start-ups, or a balance of both.</p>
1.3 Diversify your portfolio	<p>Geographically diversifying your CEDC's portfolio can be challenging, as you must invest and operate in a defined community in New Brunswick. But, even within this bubble, diversification is not only possible, but key. Instead, you can focus on diversifying by investing in different sectors or different stages of production within a sector.</p> <p>For example, a food & beverage CEDC can diversify by investing in restaurants, farmers, processors, distributors, and other stages of the food supply chain. You can also diversify by investing in businesses at different stages of their life. For example, you can offset some of the risks associated with investing in start-ups, by also allocating capital to long-term or succession businesses with strong proven track records.</p>
1.4 Find the right management team	<p>Agility and resilience is built into your fund one decision at a time so it's important to look at the people making the decisions. Is your team creative, resilient, agile, rational? What is the temperament of your team?</p>

5

6

Reserves and Redemptions

We encourage CEDCs to consider their investments as patient capital (i.e. 4+ years). This provides Boards with greater stability in its capital pool, increasing the directors' confidence to disburse the majority of the funds into local ventures, as opposed to keeping large reserves.

During your business planning sessions, you determined the maximum number of years the Board has to redeem a member's shares. This gives the Board a grace period to adjust its capital raising and financing activities in relation to the number of share buybacks, in order to fulfil those requests.

We also recommend that your CEDC holds back a set amount at the sale of each share for a Share Buyback Reserve, which is placed into interest-bearing term deposits. As investors redeem their shares, any new investment share proceeds or surplus funds at fiscal year end should top the reserve back to its original amount.

Consider circumstances when the Board may issue an immediate redemption for an investor, such as:

- The death of a client or their immediate family
- Financial hardship or bankruptcy of a client
- Relocation of a client outside of Canada
- Other pertinent issues the Board deems appropriate

Update Important Documents

We recommend that the Board review and make any necessary updates to the following documents, at least annually:

- Business Plan
- Policy and Procedures
- Annual Work Plan and Budget
- Offering Document
- Corporate Share Registry

You may also find that your co-op's rules (i.e. membership eligibility) or corporate by-laws (i.e. minimum and maximum Directors) are limiting you in some way. You'll have to host a General Meeting to make these amendments.

1

2

3

4

5

6



APPENDIX 1

STARBURSTING SESSION TEMPLATE

Starbursting is a brainstorming technique that focuses on creating questions instead of ideas or solutions. The exercise will help you identify what you don't know and the expertise you need to get your community investment fund off the ground.

Materials Prior to Session

- None

Action Items Post-Session

- Take the session's questions and identify members in our community who can help you answer them.

Duration of the Session (1.5 hours)

- 15 minute introduction
- 60 minute brainstorming session
- 15 minute closing remarks

Introduction (15 minutes)

1. Explain starbursting and the rules of the session
2. Outline the desired outcomes for the meeting
3. Answer any questions the team might have.

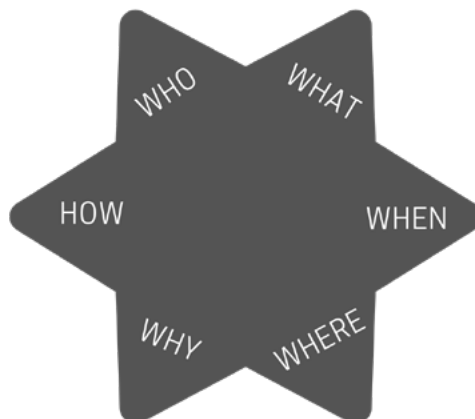
Brainstorming Session (60 minutes)

Start off by drawing a six pointed star, as illustrated below.

In the middle of the star write the CEDB's name.

On each point write one of the following categories: Who, What, When, Where, Why, How.

Lead your team through each category, and encourage them to ask as many questions as possible about launching and operating a CEDB for every heading.



Example,

What are the first steps we need to take to launch our CEDB?

What expertise do we need to get the CEDB off the ground?

What paperwork do we need to file with the PEI Department Finance and the Department of Justice and Consumer Protection?

What is the Community Development Equity Tax Credit?

Closing Remarks (15 minutes)

1. Identify general themes in the questions generated
2. Schedule the next meeting, where you'll:
 - review the questions generated
 - identify the expertise needed to answer them,
 - assemble your Community Advisory Group
3. Answer any questions the team might have

Next Meeting: _____

APPENDIX 2

SAMPLE CONFIDENTIALITY AGREEMENT

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

BETWEEN:

(herein known as the “Discloser”)

AND:

(known as the “Recipient”)

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

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

1. Information provided by the Discloser to the Recipient may provide certain knowledge that is and must be kept confidential at all times in both professional and social situations;
2. Confidential information shall mean and include any information disclosed by individuals or organizations to the Discloser in regards to the _____ initiative or in regards to an interest in accessing financial capital from the newly formed Community Investment Co-op. Confidential information shall also mean any personal information of the Discloser. The disclosed information, including any material embodying such information, could be shared either orally or in writing with the Recipient;
3. In consideration for having access to or receiving any confidential information, the Recipient agrees to protect the confidentiality of the information and shall not disclose or disseminate to any individual, employee, consultant or third party outside of the Discloser’s directors, officers or contractors;
4. In no event shall the Recipient use this information for their benefit or the benefit of any additional third parties.

This Agreement does not apply to information that:

was publicly known at the time of disclosure, or subsequently became available to the public without fault of the Recipient;

- i. was known to the Recipient at the time of disclosure or was independently developed by the Recipient;
- ii. was learned by the Recipient from a third party and Recipient was not aware that the third party had a duty of confidentiality in respect to the information;
- iii. is used or disclosed by the Recipient with Discloser’s prior written approval; or
- iv. is required to be disclosed by law.

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

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

Discloser of Confidential Information:

Discloser - Print Name

Discloser - Signature

Recipient of Confidential Information:

Discloser - Print Name

Discloser - Signature

APPENDIX 3

COMMUNITY ECONOMIC DEVELOPMENT INVESTMENT COORDINATOR

JOB DESCRIPTION

Note: This position is for INSERT DATE – INSERT DATE with the possibility of longer term. It could be carried out on a contractual or employment basis. Compensation is in the range of INSERT COMPENSATION for a INSERT NUMBER month period and will be commensurate with experience. Other terms are negotiable for the right candidate.

INSERT NAME OF CEDC is a Community Economic Development Co-operative/Corporation (CEDC) focused on the economic development of the INSERT AREA. The CEDC solicits and receives investment funds from local residents and companies and re-invests the funds into INSERT.

The CEDC Investment Fund Coordinator will work closely with the Board of Directors to promote the Community Investment Fund, provide information and presentations to potential investors, manage investment sales, and complete the necessary paperwork to process investments as required by FCNB's Securities Division, the NB Department of Finance, and the Canada Revenue Agency.

The CEDC Investment Coordinator will be responsible to provide day-to-day coordination of all investment activities including:

- promoting the Fund, identifying potential investors, and providing information and presentations to individuals and groups
- meeting with potential investors to explain the CEDC tax credit program and the Offering Document
- managing investment sales
- ensuring appropriate completion and filing of documentation are made on a timely basis
- assisting with the development of resource materials and an online platform to process CEDC investments
- organizing materials for key meetings with the Board of Directors; supporting the Board in the development and implementation of policies and processes for the Community Investment Fund
- The ideal candidate will be self-motivated and comfortable working independently or as part of a multidisciplinary team. They will have excellent problem-solving skills and attention to detail and demonstrate a high level of professionalism at all times. Other desired qualifications include:

a post-secondary degree in business, economics, finance or accounting, or an equivalent combination of education and experience

- excellent knowledge of the region and businesses in INSERT
- excellent English communication skills, both written and verbal (bilingualism an asset)
- knowledge and experience with investments and/or income taxes is an asset
- proficiency in computer and internet technology
- experience developing and making presentations to large and small groups
- excellent references and background check, must be bondable
- must be able to occasionally work evenings, with advance notice
- must have a valid driver's license and able to travel within New Brunswick

TO APPLY: Send a cover letter and resume with your relevant education and experience no later than INSERT DATE to INSERT EMAIL.

PLEASE NOTE: Only those selected for an interview will be contacted.

APPENDIX 4

SAMPLE BYLAWS

ANYTOWN CEDC INVESTMENT CO-OPERATIVE LTD.
BYLAWS 10 JULY 2020

Table of Contents

1 Definitions	1
2 Provisions Required by the Cooperatives Act	1
2.1 Name and Registered Office	1
2.2 Date of Fiscal Year End	2
2.3 Maximum Loan Rate	2
2.4 Maximum Dividend Rate	2
2.5 Borrowing Restrictions	2
2.6 Membership Application	2
2.7 Membership Criteria	2
2.8 Quorum	3
2.9 Notice	3
2.10 Special Meetings	3
2.11 Member Withdrawal	3
2.12 Election of Directors	3
2.13 Filling Board Vacancies	3
2.14 Disposition of Surplus	3
3 Supplemental Provisions - General	4
3.1 Purposes	4
3.2 Restrictions on Business	4
3.3 Corporate Seal	4
3.4 Organizational Structure	4
3.5 Rights of Members	5
3.6 Obligation of Members	5
3.7 Exclusion, Termination, or Suspension of Membership	5
3.9 Annual General Meetings	5
3.10 Meeting Procedures	5
3.11 Rules and Regulations	6
3.12 Dissolution or Liquidation	6

3.13 Amendments to By-laws	6
4 Supplemental Provisions - Board of Directors	6
4.1 Accountability	6
4.2 Composition	6
4.3 Power of Directors	6
4.4 Role of the Board	7
4.5 Qualifications for Directors	7
4.6 Conflict of Interest & Remuneration	8
4.7 Term of Office	8
4.8 Officers	9
4.9 Committees	9
4.10 General Manager	9
5 Supplemental Provisions - Fiscal Matters	9
5.1 Banking Arrangements	9
5.2 Corporate Indemnification	10
5.3 Liability Insurance	10
5.4 Credit Policy	10
5.5 Official Documents	10
5.6 Accounting and Record keeping	10
5.7 Auditor	11
6 Supplemental Provisions - Investment Shares	11
6.1 General Provisions	11
6.2 Investment Shareholder Rights	11
6.3 Restrictions on Transfers or Redemption	11

1 Definitions

The following definitions apply in these by-laws:

“Act” means the Cooperatives Act of New Brunswick; “Regulations” means the regulations made under the Act;

“letters of incorporation” are the letters of incorporation of the Co-operative and has the same meaning as in the Act;

“board” means the board of directors of the Co-operative;

“by-laws” means the by-laws of the Co-operative and all amendments in force and effect; “the Co-operative” means **Anytown CED Co-operative Ltd.;**

“entity” means a body corporate, a trust, a partnership, a fund or an unincorporated organization;

“extraordinary resolution” means a special resolution that has to have approval by $\frac{3}{4}$ majority of votes cast (not just board approval);

“meeting of members” means an annual meeting of members or a special meeting of members;

“member” means a person with a membership interest in the Co-operative who has complied with by-law 2.7 and the articles;

“dividend” means an amount that is allocated by the Co-operative to its members; “member loan” means a loan by a member to the Co-operative;

“person” means an individual or an entity, and includes a legal representative;

“recorded address” means, in the case of a member, the address (postal or electronic) of the member as recorded in the members’ register; and in the case of a director, officer, auditor or member of a committee of the board, the latest address (postal or electronic) of such persons as recorded in the records of the Co-operative;

“surplus” means, for any financial year of the Co-operative, the amount that remains after deducting from revenue all operating expenses, allocations to the general reserve, and allocations to the investment fund.

All by-laws contained herein are superseded by the Cooperatives Act¹ and the Financial and Consumer Services Commission’s Local Rule Coop-001 (*General*) and Coop-002 (*Fees*).

2 Provisions Required by the Cooperatives Act

2.1 Name and Registered Office

Anytown CED Co-operative Ltd. (hereafter referred to as “The Co-operative”) maintains its registered office at 8 Station Road, Dorchester, New Brunswick. The Board may from time to time determine the place or places at which the business of the Co-operative shall be carried on.

2.2 Date of Fiscal Year End

The Co-operative’s fiscal year end is December 31.

2.3 Maximum Loan Rate

The maximum interest rate on any membership loan shall be prime plus 4%.

2.4 Maximum Dividend Rate

Dividends are not paid on membership shares.

2.5 Borrowing Restrictions

- a. Subject to subsection 15 c) of the Cooperatives Act, the Co-operative may purchase on credit, pledge its credit for money borrowed to pay for materials purchased, or incur other liability on the credit and security of the association upon such terms and conditions as the Board may from time to time determine; but at no time shall the liability incurred under this by-law exceed the sum of two hundred fifty thousand dollars (\$250, 000).
- b. The Co-operative may borrow money from its members for periods and at interest rates established by the Board.

2.6 Membership Application

- a. Membership is open to all individuals and groups who share an interest in the purposes of the Co-operative as identified in 3.1 and agree to abide by its regulating documents, in particular the constitution, by-laws, and policies.
- b. Members shall join the Co-operative by filling in the appropriate membership form and purchasing a minimum of one share.
- c. Applications to join the Co-operative shall be submitted in writing to the Board. All membership applications as well as the allocation, assignment, or transfer of all shares are subject to approval from the Board.

2.7 Membership Criteria

- a. To become a member, any person or body corporate, private or public, shall purchase a member share in the lump sum of ten dollars (\$10) at the time of joining.
- b. No member may hold more than two hundred (200) member shares at one time.
- c. No member shall receive any dividend or interest on a member share.
- d. There is no annual membership fee for members.

2.8 Quorum

The quorum for the transaction of business at any meeting of the board is a majority of the number of directors sitting at the time. See item 3.9 for quorum requirements for annual general meetings.

2.9 Notice

Notice of membership meetings shall be sent to members through email or regular mail and clearly posted at least 14 days in advance and published on the Co-operative's social media and in public spaces in Westmorland-Albert County.

2.10 Special Meetings

- a. The Board may call a special meeting of the members at any time. The Board of the Co-operative shall call a special meeting whenever at least the two thirds (2/3) of the Directors request to this effect to the Board, or when a petition signed by at least fifty (50) or ten percent (10%) of the members of the association and is presented to the Board. The special meeting shall be called in the same manner as the annual meeting.
- b. The quorum for a special meeting shall consist of ten percent (10%) or a minimum of six (6) people, whichever is lesser, of voting members at an annual general meeting.

2.11 Member Withdrawal

Members wishing to withdraw from the Co-operative shall provide written notice to the secretary of the Board. The Board may approve the withdrawal of a member and reimburse the member for shares held and any other amounts held to that member's credit pursuant to the Cooperatives Act.

2.12 Election of Directors

Election of Directors will occur by secret ballot at the annual general meeting or a special members meeting called for this purpose. Voting by proxy is not permitted.

2.13 Filling Board Vacancies

If a position becomes vacant on the Board due to a death, resignation or any other reason, or if a new director fails to meet the requirements set out in the Co-operative's official and guiding documents, the remaining directors shall, within a period of three (3) months, appoint a new director to fill the vacancy for a term ending at the next annual general meeting. A retiring director shall stay in position until their term ends at the next annual general meeting.

2.14 Disposition of Surplus

- a. The Co-operative deposits to a reserve account all monies prescribed in section 23 of the regulation under the Cooperatives Act and may make provision in the by-laws for additional reserves for contingencies or other specific purposes of the Co-operative.
- b. Any surplus monies are reinvested into the Co-operative's programs and to advance its mission, subject to compliance with general reserve needs and requirements.

3 Supplemental Provisions - General

3.1 Purposes

- a. The Co-operative provides equity investment to support the startup and growth of rural businesses located in counties of Anytown.

- b. The Co-operative will also undertake activities that are ancillary and incidental to the attainment of the above purposes that benefit the community.

3.2 Restrictions on Business

The Co-operative restricts its activities to the following:

- Providing equity investment to support the startup and growth of businesses Anytown counties with the primary focus on the rural areas;
- Operating or carrying on business that is an active business or to evaluating and making investments in active business(es), as defined by the federal Income Tax Act;
- Providing information and education to investors in the defined communities;
- Investing the capital raised in businesses located within the defined communities;
- Exercising ownership rights with respects to the investments made; and
- Providing administrative support necessary to carry on the business of the association.

3.3 Corporate Seal

- a. The seal, an impression whereof is stamped in the margin hereof, shall be the seal of the Co-operative.
- b. The seal shall be adopted and may be changed from to time to time by resolution of the Board of Directors and is held in custody of any person designated by the Board.

3.4 Organizational Structure

- a. The Co-operative is a member-based organization. At annual general meetings, members elect a Board of Directors and grant them the authority to make governance and management decisions that are in the best interests of the Co-operative as a whole. The Board is responsible to recruit, hire and supervise a General Manager to manage the day to day affairs of the Co-operative.
- b. Committees may be struck by the Board of Directors to assist with the work of the Co-operative. These committees must abide by the constitution, by-laws, and policies of the Co-operative and are directly accountable to the Board of Directors. Their roles and responsibilities are defined through board policy.

3.5 Rights of Members

Members are equal for purposes of voting. Each member will have one vote at the annual general meeting on matters related to the election of Directors for the ensuing year, acceptance/rejection of financial statements and any proposed amendments to by-laws.

3.6 Obligation of Members

Members are expected to contribute to the Co-operative by participating in its programs and/or promoting its activities,

sitting on committees, and offering guidance and feedback when called upon. Members are also expected to abide by all by-laws, policies, and guidelines of the Co-operative.

3.7 Exclusion, Termination, or Suspension of Membership

The Board of Directors is empowered to exclude, terminate or suspend membership privileges for any member who, in its determination, acts in a manner contrary to the interests of the Co-operative or its members, provided that member is granted an opportunity to be heard through a fair disciplinary process and is entitled to a refund of any amount held to his credit in share capital or loan capital and deposits, upon which the association has no lien or other lawful claim, as detailed in the Cooperatives Act.

3.9 Annual General Meetings

- a. Annual general membership meetings shall be held each calendar year and shall be called by the Board of Directors who will set the location, date and time. At each annual membership meeting, the following items of business shall be dealt with and shall be deemed to be ordinary business:
 - minutes of the preceding general meeting;
 - consideration of the annual report of the directors;
 - consideration of the financial statements,
 - selection of an auditor;
 - consideration and voting of any proposed amendments to the by-laws; and
 - election of directors to fill any vacancies on the Board.
- b. The quorum shall consist of ten percent (10%) or a minimum of six (6) people, whichever is lesser, of voting members at a General Annual Meeting.

3.10 Meeting Procedures

- a. Meetings shall be conducted in accordance to Board policy and/or the procedures outlined in the latest edition of Robert's Rules of Order.
- b. Voting procedures for membership meetings will be conducted in accordance with the latest edition of Robert's Rules of Order. Members are entitled to one vote each on all matters affecting the constitution, by-laws, election of Directors and acceptance of annual financial statements.
- c. Voting can be done in person or by means of telephonic, electronic or other communication facility provided it provides for secret ballots and permits all delegates to participate effectively.

3.11 Rules and Regulations

The Board may prescribe such rules and regulations inconsistent with these by-laws relating to the management and operation of the Co-operative as they deem expedient, provided that such rules and regulations shall have force and effect only until the next annual general meeting of the members of the Co-operative when they shall be confirmed, and

failing such confirmation at such annual meeting or membership meeting shall cease to have any force and effect.

3.12 Dissolution or Liquidation

Upon the dissolution of the Co-operative, assets shall be converted to cash and any surplus will be allocated, first to repay any debts of the Co-operative, second to the redemption or repurchase of any membership or investment shares of the Co-operative held by shareholders in accordance with the provisions for redemption or repurchase stated therein. Unallocated surplus shall be donated to a provincial co-operative association according to the Special Resolution to Dissolve the Co-operative.

3.13 Amendments to By-laws

- a) These by-laws or any of them may be repealed or amended by two-thirds of the members voting at an annual general meeting or special membership meeting.
- b) A notice of meeting shall be sent to all members and, if the amendment impacts the investment shares of the Co-operative, to its investment shareholders, and shall include a copy or summary of the proposed resolution.

4 Supplemental Provisions - Board of Directors

4.1 Accountability

The Board of Directors (herein called the Board) is the legally constituted governing body and acts on behalf of the membership as collective trustees of the organization. It is responsible to carry out the mission of the Co-operative and to perform all fiduciary duties required by law. The Board speaks with one voice only and makes decisions that are in the best interests of the organization.

4.2 Composition

The Board of the Co-operative shall consist of six (6) to ten (10) directors elected at a general meeting from within the membership, plus one (1) optional, non-voting, ex-officio youth representative.

4.3 Power of Directors

The Directors may administer the affairs of the Co-operative in all things, and make or cause to be made for any description of contract that the Co-operative may by law enter into, and may make policies not contrary to law or to the letters patent of the company or to the Cooperatives Act, as to the following matters:

- the appointment, functions, duties and removal of all directors, employees of the company, the security to be given by them to the company and their remuneration;
- the time and place for the holding of the annual meetings of the Co-operative, the calling of meetings, regular and special, of the Board and of the Co-operative, the quorum, the requirements as to proxies, and the procedure in all things at such meetings;
- the imposition and recovery of all penalties and forfeitures; or
- the conduct, in all other particulars, of the affairs of the Co-operative.

4.4 Role of the Board

- a. The Co-operative operates under a policy governance model. The Board's role is to develop and monitor clear policy statements that identify the ends to be achieved, the executive limitations which must be observed, the linkages between staff/volunteers and the Board, and the Board management process.
- b. The Board shall be responsible to recruit, hire and supervise a General Manager and shall delegate the responsibility and authority to this individual for operational activities. The board shall monitor the General Manager on a regular basis and provide a formal evaluation on an annual basis.
- c. The Board shall appoint and constitute Board committees as the need is identified.
All governance committees are directly responsible to the Board.
- d. The Board shall appoint signing authorities.
- e. The Board shall authorize necessary expenditures and enter into contracts. Contracting procedures are a matter of board policy however the Board must ensure all practices are ethical, within accepted business practices and meet all regulatory requirements.
- f. The Board shall ensure that the membership is kept informed of any events occurring which may affect the mission or by-laws of the Co-operative.
- g. The Board shall ensure fiscal responsibility in all of the Co-operative's activities and to annually appoint a duly qualified individual or company to conduct a review of the books and accounts of the Co-operative and to ascertain and certify to the correctness of the balance sheets.
- h. The Board shall actively assist the General Manager in promoting the organization and its services. All Board members shall promote volunteerism and the Co-operative services and shall support all majority decisions made by the Board.

4.5 Qualifications for Directors

- a. Only members are eligible for election to the Board of Directors.
- b. Directors must be a minimum of eighteen (18) years of age and reside within Westmorland or Albert County.
- c. Directors must agree to abide by the guiding principles, by-laws, and policies of the Co-operative.
- d. Directors must be prepared to attend board meetings on a regular basis and agree to participate on Board committees as the need arises.
- e. Directors must come to the Board with a commitment to the values of the Co-operative.
- f. Directors must be prepared to make decisions that are in the best interests of the Co-operative as a whole and hold no conflicts of interests in their professional or personal lives that would affect their ability to be impartial. Any director is required to identify any real, potential or perceived conflict of interest and opt out of any voting if deemed necessary by the majority of the board.
- g. Employees of the Co-operative are not eligible for election to the Board for a minimum of two

years following their resignation/termination. Board members are not eligible for employment with the Co-operative for a minimum of two years following the end of their term.

4.6 Conflict of Interest & Remuneration

- a. A director or officer who has a conflict of interest must declare their conflict of interest in accordance with this section. The following rules apply:
- b. All officers, directors or committee members must carry out their duties honestly, in good faith and in the best interests of the Co-operative rather than in their own best interest.
- c. Directors and officers serve without payment of any kind. However, they may be paid for travel or other expenses while doing business for the Co-operative. The board must authorize these expenses. Directors and officers cannot receive compensation for lost income while doing business for the Co-operative.
- d. When a director or officer has or may have a conflict of interest:
 - The director should declare the conflict of interest at the board meeting considering the matter.
 - If a director does not declare a conflict of interest, but another director is aware of one, the other director can bring it up at a meeting.
 - The board then decides whether there is a conflict of interest.
 - If there is a conflict of interest, the director cannot vote on the matter and must not be present while the matter is discussed.

4.7 Term of Office

- a. At the first general meeting of the Co-operative, the directors will be assigned a term ranging from one to three years and thereafter the terms of all directors will be 3 years. Outgoing directors may be re-elected to serve a total of three (3) consecutive terms to a maximum of nine (9) consecutive years. The non-voting, ex-officio youth representative will serve for a term of one (1) year.
- b. Failure by a director to attend three (3) consecutive board meetings without valid grounds shall result in the director's removal from the Board.
- c. The Board shall meet at least six (6) times in a calendar year at places and times established by the President or designate.
- d. Records of the minutes of meetings of the Board shall be maintained and kept by the Secretary or their designate, as stated in the "Officers" section.

4.8 Officers

- a. President. The President shall chair all meetings of the Co-operative and the Board and perform such other duties as may be delegated to him/her under the by-laws or by the Board for the efficient management of the Co-operative.
- b. Vice President. The Vice President shall assume the duties of the President in his/her absence or inability to act.

- c. Secretary. The Secretary shall: arrange for the maintenance of all records of the Co-operative, and minutes of all meetings and the annual general meeting, and shall perform such other duties as may be delegated to him/her under the by-laws or by the Board for the efficient management of the Co-operative.
- d. Treasurer. The Treasurer shall present a report and the Annual Financial Statements at the AGM, act as a signing officer, perform such other duties as may be delegated to him/her under the by-laws or by the Board for the efficient management of the Co-operative.
- e. Directors at Large. Efforts will be made to ensure that the Board members reflect a broad cross section of residents of the geographical area of the Co-operative.

4.9 Committees

- a. Standing Committees include: Bylaws, Nomination, and Finance. The Board is responsible to establish the mandates and seek out qualified members and others to fulfill the roles of each committee. Standing Committees make recommendations to the Board of Directors and have no authority to make decisions.
- b. Ad hoc Committees. The Board may appoint ad hoc governance committees from time to time for the purpose of carrying out the work of the Co-operative. These committees shall abide by the terms of reference laid out by the Board of Directors for each committee and shall abide by all guiding documents and policies of the Co-operative. They have no authority to make decisions independent of the Board and shall report directly to the Board.

4.10 General Manager

The Board may delegate to the General Manager full authority to carry out the daily business of the Co-operative.

5 Supplemental Provisions - Fiscal Matters

5.1 Banking Arrangements

The banking business of the Co-operative, or any part thereof, shall be transacted with such credit union, bank, or any other firm carrying on a banking business as the directors may designate, direct, appoint or authorize from time to time by resolution. All such banking business shall be transacted on the Co-operative's behalf by such one or more officers as designated by the Board.

5.2 Corporate Indemnification

Every director or his/her heirs, executors and administrators, and estate and effects, respectively, shall at all times be indemnified and saved harmless out of the funds of the Co-operative, from and against:

- all costs, charges and expenses whatever that such director or administrator sustains or incurs in or out of any action, suit or proceeding that is brought, commenced or prosecuted against the director or administrator, for or in respect of any act, deed, matter or thing whatever, made, done or permitted by the director or administrator in or about the execution of the duties of his/her office; and
- all other costs, charges and expenses that the director or administrator sustains or incurs in or about or in relation to

the affairs thereof.

5.3 Liability Insurance

The Board shall ensure that an appropriate level of directors and officers liability insurance is in place.

5.4 Credit Policy

The credit policy of Co-operative shall be 30 days unless otherwise specified in a written contract and in accordance to conditions of the Cooperatives Act.

5.5 Official Documents

- a. Contracts, documents or any instruments in writing requiring the signature of the Co-operative, shall be signed and sealed by any two (2) officers of the board and/or general manager and all contracts, documents and instruments in writing so signed shall be binding upon the Co-operative without any further authorization or formality. The Board shall have power from time to time by resolution to appoint Directors on behalf of the Co-operative to sign specific contracts, documents and instruments in writing.
- b. The seal of the Co-operative when required may be affixed to contracts, documents and instruments in writing signed as aforesaid or by any directors appointed by resolution of the Board.

5.6 Accounting and Record keeping

The Board shall see that all necessary accounting and records of the Co-operative required by the by-laws of the Co-operative or by any applicable statute or law are regularly and properly kept in accordance to standard accounting procedures.

5.7 Auditor

- a. The members shall at each annual general meeting appoint an auditor to review the accounts of the Co-operative for report to the members at the next annual meeting.
- b. The auditor shall be independent of the Co-operative and may not be a director, officer or employee of the Co-operative or of an affiliated Co-operative, or associated with any director, officer or employee.

6 Supplemental Provisions - Investment Shares

6.1 General Provisions

- a. Investment shares can be issued to non-members
- b. Investment shares will be unlimited and can be issued at such times as deemed appropriate by the Board

- c. The par value of an investment share is one thousand dollars (\$1000)
- d. The maximum number of investment shares to be issued is unlimited.
- e. There will be one class of investment shares

6.2 Investment Shareholder Rights

- a. Investment shareholders have a right to dissent on amendments to articles that adversely impact the rights of an investment shareholder in respect of an investment share, including:
 - amalgamation of the Co-operative
 - an extraordinary disposition of property; and
 - liquidation or dissolution
- b. On these matters, the holders of investment shares shall vote as a class at a meeting held separately from a meeting of the members.
- c. Each investment share entitles its holder to one vote at an investor shareholder meeting.

6.3 Restrictions on Transfers or Redemption

- a. The Co-operative shall redeem any of the investment shares that are redeemable at a price not exceeding the par value or book value, whichever is less.
- b. Investment Shares are not transferable and can only be redeemed by the Co-operative at the discretion of the Board of Directors.
- c. Investment shares shall not be redeemed unless, in the opinion of the board of directors of the Co-operative, the redemption would not impair the financial stability of the Co-operative.

APPENDIX 5

EXPRESSION OF INTEREST FORM

This Expression of Interest Form may not be used after INSERT DATE.

To: INSERT NAME OF CEDC

The undersigned, INSERT INVESTOR NAME, hereby indicates his/her/its intention to purchase and subscribe for INSERT NUMBER AND TYPE OF SHARES (i.e. "one non-voting investment share") at the purchase price of INSERT PRICE PER SHARE in accordance with the condition hereof.

Please note the following warnings and conditions:

1. This expression of interest is not a binding commitment to purchase shares under the offering. The undersigned is not bound to subscribe for the shares.
2. The subscriber will make his decision to invest or not invest after the Executive Director of Securities of the Financial and Consumer Services Commission (New Brunswick) issues a letter of non-objection to the Offering Document intended to be issued in accordance with Form 45-509F1 Offering Document for Community Economic Development Corporations and Co-operatives.
3. The undersigned should read and consider the offering document that they will receive with respects to the offering, if the offering does proceed.
4. The undersigned should consult with a professional advisor before deciding to purchase shares under the offering.

Dated this ____ day of _____, 20 ____.

Signature of Subscriber: _____

Print Name of Subscriber: _____

Address in Full: _____

APPENDIX 6

SAMPLE OFFERING DOCUMENT

FORM 45-509F1: Offering Document for Community
Economic Development Corporations/Co-operatives

A step-by-step guide

Date: [Insert the date from the certification page.]

1. The CEDC

Name	<i>legal name of the CEDC</i>
Registered office address	
Address of principal business	
Phone #	
Contact person/position	
E-mail	
Website URL	
Fax #	
Fiscal year end (month/end)	

2. The Offering

Warning: Please note that all minimum and maximum legal subscriptions and total proceed amounts mentioned in the table below reflect the legal requirements at the time of writing of this document. Please consult the Department of Finance and Financial and Consumer Services Commission website for the up-to-date requirements.

Securities offered	Example. : “ Investment in shares in the INSERT CEDC name”
Price per security	<p>Accessibility, the maximum number of investors your CEDC wants to manage over time, the size of your fund, and administrative costs, are all factors you want to consider when pricing your security.</p> <p>An entry level price point (i.e. \$100 per share) will be accessible to more investors, but may lead to higher administrative costs. On the other hand, a higher price point (i.e. \$30,000 per share) might significantly reduce your pool of potential investors, but at the same time may result in lower administrative costs and less of a strain on your Board of Director and staff.</p>
Minimum subscription amount Instructions: The minimum subscription amount refers to the minimum amount that an investor must invest in your CEDC	<p>Under the Small Business Investor Tax Credit Program, the legal minimum subscription amount is \$1,000 for individual investors and \$50,000 for corporations or trusts. Consider selecting a higher minimum subscription, depending on the type and number of investors you are looking to attract.</p>
Minimum # of shares offered	

Total proceeds if minimum sold Instructions: To calculate total proceeds if minimum sold, multiply “Price Per Security” by “Minimum # of Shares Sold”	When calculating your total proceeds if minimum sold, keep in mind that to successfully close an offer your CEDC must raise this calculated minimum, or risk having to return proceeds back to investors. Make sure within your minimum the CEDC is able to successfully complete its proposed project(s) and goals, but it’s not so high that it will prevent you from successfully closing the offer.
Maximum # of shares offered	
Total proceeds if maximum sold Instructions: To calculate total proceeds if maximum sold, multiply “Price Per Security” by “Maximum # of Shares Sold”	Make sure the total proceeds if the maximum is sold is less than \$3,000,000 - the legal maximum a CEDC can raise in a consecutive 12-month period, whether it be through one or multiple offerings.
Minimum # of investors required Instructions: Multiply “Minimum Subscription Amount” by “Minimum # of Shares Offered”	Make sure your minimum # of required investors is above the Small Business Investor Tax Credit program legal minimum of three.
Payment terms	
Proposed closing date(s) for the offering	

3. Tax Consequences

State in bold type: **“There are important tax consequences to these securities. See item 6.”**

4. Resale Restrictions

State in bold type: **“You are restricted from selling your securities. See item 10.”**

5. Purchaser’s Rights

State: “You have two business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this offering document, you have the right to sue either for damages or to cancel the agreement. See item 11.”

Include the following statement, in bold type:

“Neither the Financial and Consumer Services Commission nor the Government of New Brunswick has assessed, reviewed or approved the merits of these shares or reviewed this offering document. This is a risky investment.”

If the CEDC is an investment fund, include the following statement, in bold type:

“WARNING” Unlike most investment funds, this fund will not be required to comply with the requirements of an investment fund manager provided that the fund complies with Local Rule 45-509 Community Economic Development Corporations and Associations. Other investment funds are required to have registered investment fund managers to afford investors a level of protection that is not present in this investment. When investors purchase or own shares in this fund they should be aware that they will not have protections of the requirements and standards imposed on investment fund managers under New Brunswick securities law, which include:

- meeting experience and education requirements
- complying with investment fund reporting requirements,
- employing a chief compliance officer,
- maintaining minimum levels of working capital,
- maintaining specified levels of insurance or bonding, and undergoing Commission compliance reviews

Item 1: Use of Available Funds

1.1 Funds

The Funds available from the offering are as follows:

		If minimum sold	If maximum sold
A	Amount to be raised by this offering	\$	\$
B	Legal and accounting expenses	\$	\$
C	Administrative and other expenses	\$	\$
D	Available funds: $E = A - (B + C)$	\$	\$
E	Additional sources of funding required	\$	\$
F	Total: $F = (D+E)$	\$	\$

Instructions: Section 1. Use of Available Funds

Use **Section 1. Use of Available Funds** and the table above to disclose to investors the funds available as a result of the offering, if the minimum number of shares or the maximum are sold. If the CEDC plans to combine additional sources of funding with the available funds from the offering to achieve its principal capital-raising purpose, please provide details about each additional source of funding.

B. Legal and accounting expenses:

Legal and accounting expenses associated with an offer can vary greatly depending (a) on the nature and complexity of your CEDC (b) number of investors and shares sold. These expenses can range as low as \$2,500 to upwards of \$20,000 in some cases.

C. Administrative and other expenses:

Common administrative expenses often associated with an offer include share sales commissions, copying and printing costs, promoter fees, and consulting & advisory fees. Commissions can be a significant expense. A commission is usually paid to Selling Agents or Finders as a percentage – usually 3%-7% - of the total proceeds of the offering. Depending on the commission and total funds raised, commission expenses can range as low as \$1,500 to upwards of \$200,000.

An offering's expenses can vary widely, depending on the nature and complexity of the CEDC and the totals raised. Total expenses can range as low as \$5,000 - \$10,000 if the minimum is raised, to upwards of \$80,000 - \$100,000 for some CEDCs, when the legal maximum of \$3,000,000 is raised over a 12-month period. However, as a rule of thumb, total offering expenses usually range from between 4% to 8% of the net proceeds from the offering.

E. Additional sources of funding required:

If the funds raised through the offering are not enough to meet the CEDC's cash requirements, disclose the portion, if any, of the available funds to be applied against the working capital deficiency and any additional sources of funding which will be used.

1.2 Use of Available Funds

State: The funds raised in the offering will be used as follows:

Description of intended use of available funds listed in order of priority	Assuming min. offering	Assuming max. offering
I.e "Proposed Project" or "Investments" for a pooled CEDC	\$	\$
I.e "Administration"	\$	\$
	\$	\$
	\$	\$
Total: Equal to F in the Funds table above	\$	\$

State: The proceeds from the Offering will/will not satisfy the CEDC's cash requirements for the next 12 months, and it will/will not be necessary to raise additional funds. [Instructions: If applicable, state the source of additional funds, if any.]

Instructions: Section 1.2 Use of Available Funds

Use **Section 1.2 Use of Available Funds** and the table above to provide investors a detailed breakdown of how the CEDC will use the available funds, in order of priority. If the use of available funds changes depending on the total fundraised, tell investors how and what kind of investments will be made for the different levels of fundraising. This section is an opportunity to educate potential investors on your CEDC's investment policy - how investment decisions will be made, who will be involved in these decisions, what type of businesses you will be investing in.

On average, administrative costs usually account for less than 2% of the use of available funds, and often range from 5,000\$ to \$2,000 per year depending on the administration policies and total funds available from the offering.

Item 2: Business of Insert name of the CEDC

2.1 Structure

Instructions: State the business structure and statute under which the CEDC is incorporated, continued, or organized, and the date of incorporation, continuance, or organization.

Tip! Use Section 2.1 Structure to go deeper into your CEDC's business structure, governance, and values. For example, is your CEDC a co-op? If so, this section is a good chance to not only help investors understand why this business structure was selected, but to also educate them on the co-operative model, and the opportunities and challenges it presents.

2.2 Our Business

Instructions: Describe the CEDC's business. The disclosure must provide sufficient information to enable a prospective purchaser to make an informed investment decision. This disclosure may include principal products or services, operations market, marketing plans and strategies and a discussion of the CEDC's current and prospective competitors.

2.3 Development of Business

Instructions: Describe (generally, in one or two paragraphs) the general development of the CEDC's business over at least its two most recently completed financial years and any subsequent period. Include the major events that have occurred or conditions that have influenced (favourably or unfavourably) the development of the CEDC.

Tip! If this is your CEDC's first offering and financial year, use Section 2.3 Development of Business to walk investors through your start-up's key milestones. Here are a couple questions to help you get started:

- When and where was the CEDC incorporated?
- How was the board of directors recruited?
- Did you create any local partnerships in the communities in which you'll be investing in, that might help you further advance your CEDC's mission and goals?

2.4 Dividends and Distributions

Instructions: Describe the particulars of the CEDC's dividend policy. If there are none, indicate so. Include the details of dividends and other distributions paid by the CEDC to its security holders during the last 5 years.

Tip! Use Section 2.4 Dividends and Distributions to walk investors through the details your CEDC's dividend policy:

- If this is your CEDC's first offering and financial year, do you plan to issue any dividends to investors over the next 5 years? If so, what are the key milestones your CEDC must reach before issuing dividends?
- Is your CEDC's ability to issue dividends and other distributions restricted by any loan and security agreements?
- Will dividends be based upon the performance of the CEDC?
- What is your CEDC's dividend distribution history for the last 5 years?

Example:

If no dividends or other distributions have been issued by the CEDC over the last 5 years to its security holders, you could state:

"There have been no dividends or distributions paid by the Issuer during the last 5 years. There has not been any redemption of shares in the last 5 years."

If dividends or other distributions will be issued by the CEDC over the next 5 years to its security holders, you could state:

"No dividends have been paid to date but are anticipated to be paid in common shares in a minimum of three years following the start of X project. The data proposed by the Issuer's Board of Directors is early 2025."

2.5 Long Term Objectives

Describe each significant event that must occur to accomplish the CEDC's long term objectives, state the specific time period in which each event is expected to occur, and the costs related to each event.

Tip! Use Section 2.5 Long Term Objectives to walk investors through the long-term social and economic goals of your CEDC:

- What return on investment is your CEDC aiming to achieve?
- How much capital does your CEDC aim to raise over the next five years?
- How many jobs does your CEDC aim to create through its investments over the next five years?
- How and when will your CEDC exit the business(es) it invested in?

2.6 Short Term Objectives and How We Intend to Achieve them

- a. Disclose the CEDC's objectives for the next 12 months.
- b. Using the following table, disclose how the CEDC intends to meet those objectives for the next 12 months.

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our cost to complete
		\$
		\$

2.7 Insufficient Funds

If applicable, disclose that the funds available as a result of the offering either may not or will not be sufficient to accomplish all of the CEDC's proposed objectives and there is no assurance that alternative financing will be available. If alternative financing has been arranged, disclose the amount, source and all outstanding conditions that must be satisfied.

Example!

In **Section 2.5 Long Term Objectives**, if funds raised during the offering will be enough to accomplish all of your CEDC's proposed objectives, you could state:

"The proceeds from the Offering will satisfy the Issuer's cash requirements for the next 12 months, and it will not be necessary to raise additional funds."

2.8 Material Agreements

Disclose the key terms of all material agreements to which the CEDC is currently a party, or with a related party.

Item 3: Interests of Directors, Management and Principal Holders

3.1 Compensation and Securities Held

Instructions: Using the following table, provide the specified information about each director, officer, and promoter of the CEDC and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the CEDC (a "principal holder"). If the CEDC has not completed its first financial year, then include any kind of compensation paid since the inception.

Name and municipality of principal residence	Positions held (e.g., director, officer, promoter and/or principal holder) and the date obtaining that position	Compensation paid by CEDC or related party in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the CEDC held after completion of min. offering	Number, type, and percentage of securities of the CEDC held after completion of max. offering.

3.2 Management Experience

Instructions: Using the following table, disclose the principal occupations of the directors, executive officers, and promoters over the past five years. In addition, for each individual, describe any relevant education and experience in a business similar to the CEDC's and details of any education and experience with other CEDCs

Name	Principal occupation and related education and experience

3.3 Management Relationships

Instructions: Provide a description of any personal relationships (e.g. related family members, marriage between individuals) that exist between the officers, directors, key personnel and principal security holders. If there are no such personal relationships, so indicate.

3.4 Litigation, Penalties or Sanctions, Cease Trade Orders and Bankruptcy

Disclose whether each person listed in item 3.1, or the CEDC, as the case may be:

- a. has ever, pled guilty to or be found guilty of:
 - i. a summary conviction or indictable offence under the Criminal Code (R.S.C, 1985, c.C-46) of Canada,
 - ii. a quasi-criminal offence in any jurisdiction of Canada or a foreign jurisdiction,
 - iii. a misdemeanour or felony under the criminal legislation of the United States of America, or any state or territory therein, or
 - iv. an offence under the criminal legislation of any other foreign jurisdiction,
 - v. is or has been subject of an order (case trade or otherwise), judgement, decree, sanction, or administrative penalty imposed by a government agency, administrative agency, self-regulatory organization, civil court, or administrative court of Canada or a foreign jurisdiction in the last ten years related to his or her involvement in any type of business, securities, insurance or banking activity
 - vi. is or has been the subject of a bankruptcy or insolvency proceeding,
 - vii. is a director or executive officer of an issuer that is or has been subject to a proceeding described in paragraphs (a), (b) or (c) above.

Item 4: Capital Structure

4.1 Capital Structure

Instructions: Using the following table, provide the required information about outstanding securities of the CEDC (including options, warrants, and other securities convertible into shares). If necessary, notes to the table may be added to describe the material terms of the securities. You can also use this table to tell investors about the particular combination of debt (eg. loans) and equity (eg. common and preferred shares) your CEDC uses to finance its operations

and growth. For each type of security, make sure to include a brief description.

Type of security	Description of security	Number authorized to be issued	Total dollar value and number outstanding as at [a date not more than 30 days prior to the offering document date]	Total dollar value and number outstanding after minimum offering	Total dollar value and number outstanding, after the maximum offering
Eg. Preferred Shares					
Eg. Common Shares	Eg. "A par value of X, non-retractable, non-redeemable, non-convertible"				
Eg. Long-term debt					

4.2 Prior Sales

Instructions: If the CEDC has issued any shares of the class being offered under the offering document within the last 12 months, complete the following table

Date of issuance	Total of security issued	Number of securities issued	Price per security	Total funds received

Item 5: Securities Offered

5.1 Terms of Securities- Describe the material terms of the securities being offered, including:

- voting rights or restriction on voting,
- rights of redemption,
- dividend rates,
- rights on dissolution, and
- other

5.2 Subscription Procedure

- Describe how a purchaser can subscribe for the securities and the method of payment.
- State that the consideration will be held in trust for the purchaser and will become available of the CEDC

only after the conditions of losing described below have been met and the Offering has closed.

c. The following are conditions of the initial closing of the Offering:

- i. the CEDC has received the minimum offering amount of \$ _____;
- ii. all materials contracts have been signed, and all materials consents of third parties have been obtained.
- iii. all necessary and required certificates under the Small Business Investor Tax Credit Act and its regulations and other applicable laws have been obtained and are current, including:
 - A. a non-objection letter issued by the Executive Director of Securities that has not been subsequently revoked, and
 - B. a certificate of registration that has not lapsed or been revoked by the Minister of Finance.
- iv. at least 3 shareholders have subscribed.

5.3 Failure of Meeting Conditions of Closing

If the minimum offering amount and all other conditions of the initial closing are not achieved on or before the closing date, and no extension has been granted by the Executive Director of Securities, the Offering will be withdrawn and all of the proceed of subscription, without interest, will be returned to the subscribers no later than 30 days after the closing date.

5.4 Concurrent Offering

Instructions: If the CEDC proposes to distribute securities under a prospectus exemption other than through a specified issue, describe the details of such distribution, otherwise, omit this section.

Item 6: Canadian Income Tax Considerations

6.1 State:

“This commentary is of a general nature only and is not intended to be tax advice to any particular investor. You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.”

Instructions: In addition, add narrative with respect to the significant income tax consequences to investors. Provide the name and address of the professional advisors, if any, involved in the preparation of the answer to this section. If no professional advisors have been used, please state “No professional advisors have been used in the preparation of the tax disclosure”.

Item 7: Promoters

7.1 The following persons are authorized to sell shares under the Offering:

Name	Address	Business Phone #	E-mail Address

Item 8: Risk Factors

The following, listed in order of importance, are the risk factors that the CEDC considers to be the most substantial risks to an investor in this offering:

- a.
- b.
- c.
- d.
- e.

In addition, potential investors should consider the following risk factors before they decide to purchase the shares being offered:

- f. The shares are speculative in nature. An investment is appropriate only for investors who are prepared to have their money invested for a minimum 4 years, and who have the capacity to absorb a loss of some or all of their investment and all of their tax credit.
- g. There is no organized market through which the shares may be sold. Therefore, investors may find it difficult or even impossible to sell their shares.
- h. There are restrictions on the resale of the Shares. See item 10 for details.
- i. The CEDC may not achieve a level of profitability to permit dividends to be paid. Investors should not count on any returns from these shares.
- j. Tax laws may change.
- k. Investors who redeem their securities before the minimum time period of 4 years will lose some or all of their tax credit.

Tip! Use Section 8 Risk Factors your offering document to disclose to potential investors the most probable risks associated with your offering. Specificity is key in this section. Make sure to provide enough detail on your offering's risk factors, so that potential investors can make an informed risk assessment and investment decision. As a rule of thumb, air on the side of more information, not less information, is always better.

Although many CEDC's tend to share some common risk factors (eg. illiquidity of the investment, restrictions on the resale of shares, tax law changes, etc.), focus on uncovering the ones which might be unique to your offering. Does the success of your proposed project hinge on a smooth-running, complex supply chain? Dig deep into that. Can the default of one of your fund's investees, make or break your fund's cash flow and profits? Dig into that!

The level of detail in which you describe each risk factor can vary. Some CEDCs gradually decrease the level of detail as they move from the most substantial risks, to the least. Others maintain the same level of depth throughout.

Risk factors must be listed in order of importance – from most substantial to the least substantial to the investor, and the factors listed below be disclosed as follows:

"In addition, potential investors should consider the following risk factors before they decide to purchase the shares being offered:

- The shares are speculative in nature. An investment is appropriate only for investors who are prepared to have their money invested for a minimum of 4 years, and who have the capacity to absorb a loss of some or all of their investment and all of their tax credit.
- There is no organized market through which the shares may be sold. Therefore, investors may find it difficult or even impossible to sell their shares.
- There are restrictions on the resale of Shares. See item 10 for details.
- The CEDC may not achieve a level of profitability to permit dividend to be paid. Investors should not count on any returns from these shares.
- Tax laws may change.
- Investors who redeem their securities before the minimum time period of 4 years will some or all of their tax credit.

Please make sure to check the FCNB's website and forms for any changes on risk factor disclosing requirements as these can change often, and for further information on the formatting requirements for this section.

Finally, to help you get started, listed below are some examples of risk factors which have been used in CEDC offering documents. Remember, these risk factors below are just meant to be a starting point. It's critical you and your team focus on uncovering the biggest risks in your offering – some of which might be unique to your project or fund:

"The CEDC is in its first year in operation, and while some members of the Board and Advisors have business and professional skills that will decrease the risks associated with placement investments, there are nevertheless risks associated with the performance of the Fund."

"CEDC Shares belong to what is known as "exempt markets". Exempt market securities do not go through an Initial Public Offering and are not subject to the same level of public disclosure of a security on a public stock exchange, making them riskier investment opportunities."

"There are no secondary markets through which Shares may be sold. Therefore, investors may find it difficult or even impossible to sell their Shares."

"Returns are always uncertain and depend on many factors, some of which are beyond control of the Fund, and its Directors and Advisors. Investors should only invest what they can afford to lose."

"This investment is illiquid in nature. The Shares cannot be easily sold. Investors should be prepared to have their money invested for a long period of time."

"This investment is illiquid in nature. There are no secondary markets through which Shares may be sold and there are no guarantees the CEDC will be able to buy Investor shares back."

“This is a long-term hold investment, with a minimum holding period of four years. Investors may not sell their shares before the holding period is up, or they will be required to repay the New Brunswick provincial income tax credit.”

“The CEDC cannot guarantee the RRSP eligibility of this investment. It is the responsibility of each investor to determine the RRSP eligibility of the investment.”

“The tax credit may only be used against New Brunswick provincial income taxes payable. The credit is non-refundable.”

“Delays in Project Schedules: Project schedules have been prepared for each Proposed Project based upon lead times of major components and construction durations of all of the tasks required to complete the Proposed Projects. Delays, including delays due to the interconnection with the distribution system, may occur. Should the Proposed Projects be delayed, additional costs may be incurred, revenue may be delayed, which in turn may both negatively impact the financial returns of the Issuer, and therefore the Security Holder.”

Item 9: Reporting Obligations

9.1 State:

“The CEDC will deliver to the Financial and Consumer Services Commission and the Department of Finance, and send to shareholders, annual financial statements and in certain circumstances, a notice of specified events, the latter of which within 10 days after the date on which the specified event occurs.”

Other instructions: Disclose any other documents required by the CEDC’s governing legislation, constituting documents, or other documents under which the CEDC is organized, that will be sent to purchasers on an annual or on-going basis.

Item 10: Resale Restrictions

10.1 State:

“These securities will be subject to a number of resale restrictions, including a restriction on trading.”

If the CEDC is a corporation, state:

“Until the restriction on trading expires, you will not be able to trade securities unless you comply with an exemption from the prospectus and registration requirement under securities legislation. Unless permitted under securities legislation, you cannot trade the securities before the date that is 4 months and a day after (name of CEDC) becomes a reporting issuer in any province or territory of Canada.”

If the CEDC is an association, state:

“You will not be able to trade the securities unless the trade is made in compliance with the Co-operative Associations Act.”

10.2 State:

“Under the Small Business Investor Tax Credit Act, a person who disposes of a share in respect of which a tax credit has been allowed within 4 years from the date of purchase is liable to repay the Minister of Finance an amount equal to the tax credits received in respect of the share purchased, including interest, if interest is prescribed by the regulations made under that Act, or a lesser amount that is determined in accordance with the regulations under the Act.”

Item 11: Purchaser's Rights

11. State:

"Purchasing this share gives you certain rights, some of which are described below. For information about your rights, you should consult a lawyer. "

Also state:

- Two Day Cancellation Right

You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the 2nd business day after:

- a. The CEDC received the completed subscription agreement.
- b. The days the CEDC has notified you of an amendment to the offering document.

- Statutory Rights of Action in the Event of Misrepresentation

If there is a misrepresentation in this offering document, you have a statutory right to sue:

- a. [name of the CEDC] to cancel your agreement to buy these shares, or
- b. For damages against [name of the CEDC], every director of the CEDC as of the date of this offering document and every person who signed the offering document.

This statutory right to sue is available to you whether or not you relied on misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have various defences available to the person or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentations when purchasing the securities.

If you intend to rely on the right to sue described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date of the transaction which gave rise to the cause of action. You must commence your action for damages within the earlier of one year after you first had knowledge of the facts giving rise to the cause of action, and 6 years after the date of the transaction that gave rise to the cause of action.

Item 12: Promotional Materials

State: "All promotional materials relating to each distribution under this offering document, including those prepared after the date of this offering document, are incorporated by reference into the offering document and are deemed to form part of the offering document."

Item 13: Financial Statements

Instructions: Include in the offering document immediately before the certificate page of the offering document all required financial statements.

Item 14: Date and Certificate

Instructions: State the following on the certificate page of the offering document:

“This offering document does not contain a misrepresentation.”

“Date at _____, on _____ (date)

Instructions: This certificate be signed by all of the following:

- the chief executive officer
- the chief financial officer
- on behalf of the board of directors, any 2 directors of the CEDC who are authorized to sign, other than the foregoing

APPENDIX 7

BOARD OF DIRECTORS - DIRECTOR

Job Description

ABOUT US

Talk about your community investment fund's history, mission, goals, etc.

THE POSITION

Directors will serve on a working board charged with operating the CEDC as well as setting and approving policy. All directors are expected to participate with the other directors in operating the CEDC as per the company's articles of incorporation, by-laws, and member policies, so that the co-operative effectively moves toward achieving the objectives of the organization.

MAIN DUTIES

- Create, preserve and revise the CEDC's mission, objectives, and policies
- Help the Chairperson recruit, train and appoint new directors and committees
- Participate in one or more committees and actively participate in the operations of the CEDC
- Conduct site visit (in-person or digitally) with clients, shareholders, government officials, and other community partners
- Revise, provide feedback and approve strategic plans, programs and operating budgets
- Organize, launch, and carry out the CEDC's yearly offering
- Review and approve client loan applications
- Provide recommendations on how to distribute the CEDC's surpluses, and authorize repayment of shareholder equities

IDEAL CANDIDATE

The ideal candidate will be self-motivated and comfortable working independently or as part of a multidisciplinary team. They will have excellent problem-solving skills and attention to detail and demonstrate a high level of professionalism at all times. Other desired qualifications include:

- Experience or expertise in the areas of community economic development, CEDCs, entrepreneurship, general law and/or accounting
- Previous experience with working on a Board (not mandatory)
- Experience analyzing and reviewing business plans
- Strong attention to detail
- Honest character
- Proficiency in computer and internet technology
- Experience developing and making presentations to large and small groups

TERM

How many years?

REMUNERATION

Is it a volunteer or paid position?

BOARD OF DIRECTORS - TREASURER

Job Description

ABOUT US

Talk about your community investment fund's history, mission, goals, etc.

THE POSITION

The Treasurer will work closely with the rest of the Board of Directors on overseeing the finances of the community investment fund, provide the Board with information and reports on current financial standing of the fund, complete any necessary paperwork and manage the day-to-day finances of the CEDC.

MAIN DUTIES

The Board Treasurer will be responsible to overseeing the day-to-day finances of the community investment fund, including:

- Ensure appropriate financial reports are available to the Board on a timely basis
- Manage and report to the Board all financial activity related to the Board's financial responsibilities
- Present annual budget to the Board for approval
- Review the CEDC's annual financial audit and answer Board's questions about the audit
- Receive and reconcile bank statements
- Arrange and oversee bookkeeping and accounting for the CEDC
- Attend all Board of Director meetings

IDEAL CANDIDATE

The ideal candidate will be self-motivated and comfortable working independently or as part of a multidisciplinary team. They will have excellent problem-solving skills and attention to detail and demonstrate a high level of professionalism at all times. Other desired qualifications include:

- A post-secondary degree in business, economics, finance or accounting, or an equivalent combination of education and experience
- Comfortable working with numbers and handling cash
- Experience with financial budgeting and reporting
- Strong attention to detail
- Orderly and methodical decision making
- Honest character
- Ability to respond to questions and explain financial decisions when required.
- Proficiency in computer and internet technology
- Experience developing and making presentations to large and small groups

TERM

How many years?

REMUNERATION

Is it a volunteer or paid position?

BOARD OF DIRECTORS - SECRETARY

Job Description

ABOUT US

Talk about your community investment fund's history, mission, goals, etc.

THE POSITION

The Secretary will work closely with the rest of the Board of Directors and be primarily responsible for maintaining records of the CEDC and communicating them on behalf of the Board.

MAIN DUTIES

- Provide adequate and impartial minutes of Board, executive and membership meetings
- Provide notice and communication of the CEDC's meetings
- Maintain and safekeep official records, historical records, papers and documents of the CEDC
- Update the Board manual
- Maintain and update personal records for each director
- Act as a signing officer on behalf of the CEDC

IDEAL CANDIDATE

The ideal candidate will be self-motivated and comfortable working independently or as part of a multidisciplinary team. They will have excellent problem-solving skills and attention to detail and demonstrate a high level of professionalism at all times. Other desired qualifications include:

- A post-secondary degree in business, economics, finance or accounting, or an equivalent combination of education and experience
- Comfortable working with numbers and handling cash
- Experience with financial budgeting and reporting
- Strong attention to detail
- Orderly and methodical decision making
- Honest character
- Ability to respond to questions and explain financial decisions when required.
- Proficiency in computer and internet technology
- Experience developing and making presentations to large and small groups

TERM

How many years?

REMUNERATION

Is it a Volunteer or paid position?

BOARD OF DIRECTORS - CHAIRPERSON

Job Description

ABOUT US

Talk about your community investment fund's history, mission, goals, etc.

THE POSITION

The Chairperson will work closely with all of the CEDC's stakeholders, lead the Board of Directors, and act as a liaison between the Board, senior management of the CEDC, shareholders and other community partners.

MAIN DUTIES

- Provide leadership to the Board of Directors
- Prepare the agenda for board meetings and provide directors with required resources and information before the meetings for board study
- Interpret and clarify policies and decisions of the Board
- Communicate with members, shareholders, senior management and other community partners, on behalf of the Board
- Assemble Committees on behalf of the Board, when required
- Help recruit and train new directors

IDEAL CANDIDATE

The ideal candidate will be self-motivated and comfortable working independently or as part of a multidisciplinary team. They will have excellent problem-solving skills and attention to detail and demonstrate a high level of professionalism at all times. Other desired qualifications include:

- A post-secondary degree in business, economics, finance or accounting, or an equivalent combination of education and experience
- Previous experience with operating and managing a CEDC is a major asset
- Financial and operational knowledge, as well as knowledge of regulations and policies that affect the CEDC
- Strong leadership and networking skills
- Experience liaising with media, government, community champions, and other stakeholders
- Excellent communication and listening skills
- Experience developing and making presentations to large and small groups
- Experience developing and making presentations to large and small groups

APPENDIX 8

DIRECTOR RECRUITMENT INFORMATION SHEET

-SAMPLE-

ABOUT US

Talk about your community investment fund's history, mission, goals, etc.

WHAT IS THE PURPOSE OF THIS INFORMATION SHEET?

The purpose of this information sheet is to provide you with basic information about what INSERT CEDC NAME requires from its Board members. If you have doubts about your ability to commit the required time, attend scheduled meetings, or comply with these requirements, please advise the recruitment committee before they submit your name for consideration.

Let's get started.

TERM LENGTH	Length of a director's term is INSERT years. Directors are elected at the INSERT CEDC NAME Annual General Meeting and may serve a maximum of INSERT terms of INSERT years. Directors may also be appointed by the Board to fill vacancies until the next Annual General Meeting.
TIME COMMITMENT	We require a time commitment of about INSERT hours per month for board meetings, committee meetings, orientation sessions, and preparation time.
BOARD MEETINGS	The full board meets at least INSERT times per year, usually on the INSERT of each month, from 5:00 pm to 7:00 pm. See attached meeting schedule. If this schedule poses problems for you, please advise the membership committee.
COMMITTEE MEETINGS	Committees meet at the direction of committee chairs in order to accomplish certain tasks by established deadlines. Attendance is essential for the committees to do their work.
ORIENTATION SESSIONS	There will be at least two half-day orientation sessions held on Saturday mornings in the month after the Annual General Meeting. Attendance is mandatory for ALL directors. The membership committee will arrange other orientation sessions as needed.
OTHER TIME REQUIREMENTS	AGM: We hold an Annual General Meeting Social Events: We have one or two social events per year where Directors, Shareholders and friends of the organization can interact. Strategic Planning: We normally hold a one-day retreat each year to review and update our strategic plan. Next year, we will be reviewing our mission/vision/values statement and developing new outcome measures and performance indicators. This will involve several meetings and one day-long retreat (on a Saturday).
SELECTION PROCESS	Board members identify prospective Board members. These are individuals who have demonstrated leadership and commitment to values shared by INSERT CEDC NAME. Prospects receiving information packages, if interested, are invited to attend a board meeting, orientation session, or other event. If the Board and prospective members wish to proceed, the prospect is interviewed by the Membership Committee. On recommendation of Membership Committee, name is placed on the slate for election by the membership at the next AGM. If the recruitment is to fill a vacancy on the board, the candidate may be appointed by the Board to serve what remains of the term.
APPROACH TO GOVERNANCE	Briefly stated, we believe that the Board's role is to ensure that INSERT CEDC NAME establishes and maintains trust by being clear in its mission, prudent and ethical in its activities, and accountable for its actions. Our meetings focus on planning, policy-making, and assessing our progress.

MISSION AND GOALS	<p>Mission : INSERT MISSION STATEMENT</p> <p>Goals: INSERT GOAL STATEMENT</p>
VALUES AND BELIEFS	<p>The Board of Directors of INSERT CEDC NAME subscribes to, and acts in accordance with the following values and beliefs: INSERT CEDC VALUE STATEMENT</p>
DIRECTOR'S CODE OF BEHAVIOUR	<p>As a Board member of INSERT CEDC NAME, I will:</p> <ul style="list-style-type: none"> ▪ be committed to the mission of CEDC NAME ▪ act in a manner consistent with the mission and values of CEDC NAME ▪ focus my efforts on the mission of CEDC NAME and not on my personal goals ▪ accept responsibility and share power in order to work as a productive, cooperating member of the Board of Directors ▪ avoid conflicts of interest between my position as a board member and my personal and professional life. ▪ support in a positive manner all actions taken by the Board of Directors even when I am in a minority position on such actions. ▪ never exercise authority as a board member except when acting in a meeting with the full board or as I am delegated by the board. ▪ keep confidential matters confidential. ▪ be accountable to the membership and the community, for competent, conscientious and effective accomplishment of the obligations of the Board ▪ ensure that discrimination is never practised at CEDC NAME ▪ act in a manner consistent with this Code of Ethics despite personal opinions, values or differences. ▪ attend meetings consistently, prepare for meetings, participate fully, and otherwise fulfill my fiduciary obligations to CEDC NAME
MEETINGS & EVENTS	<p>Regular Board meetings *</p> <p>INSERT DATES</p> <p>We recommend having a Board meeting at least once a month</p> <p>Annual General Meeting</p> <p>INSERT DATE</p> <p>Usually held once a year</p> <p>Orientation</p> <p>INSERT DATE</p> <p>Committee Meetings</p> <ul style="list-style-type: none"> · Board Development TBA · Personnel TBA · Annual Meeting TBA · Strategic Planning TBA <p>Board Evaluation</p> <p>INSERT DATE</p> <p>Social Events</p> <p>Summer Picnic TBA</p> <p>End of year open house TBA</p> <p>TBA = To Be Arranged</p>