



## Investor - Frequently Asked Questions

### What is the West Kootenay Boundary Community Investment Co-op?

Community Investment Co-ops are a new and innovative support system for rural economic and business development that effectively bridge the gap between local investors and local ventures in need of financing. Investment Co-ops are a cost effective, community owned and controlled impact fund. They enable residents to become partners in locally driven economic development, which leads to stronger and more sustainable economies. Investment Co-ops raise money from their members, pool this in a local Credit Union, and establish a financing pool for local ventures to apply to. The West Kootenay Boundary Community Investment Co-op is a for profit Co-operative Association registered in British Columbia.

### Why invest locally?

The demand and necessity to invest for impact, globally and locally, is on the rise. However, current investment options and regulations in Canada significantly restrict Canadians from investing into local opportunities. The result is that nearly all investment capital leaves local communities and is placed into far-off stock markets and corporations. This disconnects investors from the positive or negative impacts of their investments. An unintended consequence is that while our investments create significant jobs and wealth elsewhere, the places we live, work and play are overlooked and underfinanced. Rural British Columbia business development studies and economic development organizations have identified that 'access to capital' is a top barrier to business start-ups, expansions and successions.

Community Investment Co-ops across Canada have been around for decades, and have successfully financed ventures that generate significant local impacts including: affordable housing; renewable energy; sustainable agriculture and food production; locally-owned small business development; technology; and community economic development projects. The longer a dollar can circulate within a community, the greater its economic and social impacts.

### Who is eligible to invest?

Individuals must be 19 years or older and be a Canadian resident. Corporate members must be Canadian-controlled entities (businesses, nonprofits, foundations), governments or First Nations, and must appoint at least one delegate to vote at General Meetings or serve on the Board. The Board will strive to ensure that 75% of the membership resides in the West Kootenay Boundary region, maintaining a locally owned fund. This allows up to 25% of the members to reside in other parts of British Columbia or Canada.



### How do I invest?

To become a member a person (individual or corporation) must complete a Membership Application found on the website ([www.WKBInvestmentCoop.com/invest](http://www.WKBInvestmentCoop.com/invest)). Each member must purchase one membership share of \$1,020 and provide payment as instructed on the form. After the Board approves a person's membership, they are able to purchase additional membership shares, which are pooled into a revolving financing pool for local ventures to access.

### How much can I invest?

Each member must purchase a minimum of one membership share (\$1,020). Retail investors are able to purchase up to \$10,000 of membership shares. There is no limit to the amount of membership shares an accredited investor can purchase. To determine if you are an accredited investor, [please click here to visit the BC Securities Commission](#) website and scroll to the section on 'Accredited Investor Exemption'.

### How long must I invest?

We are seeking patient investors with a minimum of a 5-year investment horizon, to ensure we can finance local businesses with a stable group of member-investors.

### Do all monies raised from membership share sales go into the local financing fund?

No. 10% of all monies raised from membership share sales is placed into a term deposit to establish a Membership Redemption Reserve. This allows 10% of the Investment Co-op's members to redeem their shares in a given year. The other 90% of monies raised from the membership share sales is used to finance local businesses and projects.

### What return on investment should I expect?

Our goal is to provide investors with a modest financial return, around 1-2%. The Investment Co-op will also strive to report on the full return on your investment such as: jobs created, other financing leveraged, social impacts, environmental sustainability efforts, and community and cultural impacts. It is important to note that an Investment Co-op is not a guaranteed investment such as a term deposit or bond. Members share in the risks and rewards of the local investment portfolio. When a surplus is realized, monies are distributed as dividends on membership shares. If a loan default occurs, the share price is revalued to reflect the current assets versus liabilities.

### Is the investment RRSP eligible?

No. We decided not to issue registered shares as they limit the amount of investors we can accommodate and the fees to hold monies in an RRSP cancel out any anticipated returns on investment.



### How is the Investment Co-op governed?

We are member-owned, locally controlled and governed by a volunteer Board of Directors. Each member of the Investment Co-op is entitled to one vote at General Meetings of the Association, regardless of how many membership shares they purchase. The West Kootenay Boundary Community Investment Co-op consists of four sub-regions and their surrounding communities: Grand Forks-Boundary; Trail-Roseland; Nelson-Castlegar; and Slokan, Arrow and Upper Kootenay Lakes. Each sub-region has its own Investment Committee to field local Investment Applications to the Co-op. One regional Marketing & Communications Committee is responsible for all communications activities.

### How are investment decisions made?

Local ventures apply to the Investment Co-op for financing through a 2-page application form. This is screened by a sub-regional Investment Committee, as mentioned above. Applicants who demonstrate an economic, social, environmental or community/cultural impact in the West Kootenay Boundary region will be requested to submit their business plan and cash flow projections. The Investment Co-op works with the regional Community Futures Development Corporations to complete a third party analysis and recommendation for financing. These recommendations are reviewed by the Investment Committee and a decision is made whether to proceed with financing.

### What if I want to sell my membership shares?

As the Investment Co-op is not registered on a stock exchange, membership shares cannot be sold or traded to other persons. Membership shares must be redeemed directly from the Co-op by submitting a Withdrawal Form to the Board.

### As a member of the Investment Co-op, do I get a vote on how the businesses are run?

No. The Board and its Investment Committees decide which businesses get support and how much support to give these businesses. Members have the right to:

- Receive updates through the Co-op's newsletters on businesses that receive financing and may support those businesses as customers and ambassadors
- Elect the Board of Directors
- Run for the Board of Directors
- Receive a copy of the Investment Co-op's Articles and Bylaws
- Review reports on financial performance at General Meetings
- Vote for changes in the Articles and Bylaws as proposed by the Board of Directors
- Participate in occasional member surveys

### Are there other Community Investment Co-ops in BC?

Yes, there are currently 9 Community Investment Co-ops in BC and the sector is growing! Visit [www.BCInvestmentCoop.com](http://www.BCInvestmentCoop.com) for a list of current organizations and a directory to their websites.