

Board Manual for Co-operatives

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Introduction to the Nova Scotia Co-operative Council

The Nova Scotia Co-operative Council has represented some 400 co-operative and credit union businesses in Nova Scotia since its inception in 1956, when co-operatives and credit unions came together under the leadership of Father Moses Coady, to encourage and support community-owned enterprise.

The Council is governed by a volunteer board of directors who represent co-operative and credit union businesses from Sydney to Yarmouth. It is the membership of the Council that approves the strategic and business direction at the annual general meeting each year.

The Council's five priority areas are:

- 1) Bringing all types of co-operatives together to form a strong and vibrant co-operative movement in Nova Scotia
- 2) Encouraging the development of a 'co-operative identity' with the public of Nova Scotia
- 3) Acting as an advocate for co-operatives with the municipal, provincial, and federal governments
- 4) Encouraging, supporting, and promoting the development of co-operative enterprises
- 5) Positioning the Council as a financially sound and self-sufficient organization

The Council currently has offices in Sydney (902-564-8821), Yarmouth (902-638-3260), and Truro (902-893-8966).

In addition to co-operative partners, the Council enjoys a positive and fruitful relationship with the Province of Nova Scotia, particularly the Office of Economic Development, the Department of Community Services, and InNovaCorp.

The Council has put a tremendous amount of time and resources into developing a series of co-operative publications, which we hope offer current and reliable information on important co-operative issues.

Co-operatives are an integral part of the province's economic growth and diversification. Mature, stable, and sustainable businesses, yet also moving into new and growing areas of the economy, co-operatives constitute major players in the Nova Scotia economy. The Nova Scotia Co-operative Council is working to ensure that co-operatives remain in the forefront of development for years to come.

Together, let us grow our economy - one co-operative at a time!

Dianne Kelderman, M.CED, M.Ed
Chief Executive Officer

Introduction to the Co-operative Business Development Unit

The Nova Scotia Co-operative Council is a member driven and support organization that is dedicated to the development of co-operative and credit union sectors in Nova Scotia. To better accomplish this goal, the Co-operative Business Development Unit (CBDU) has been established. The operations of this unit are focused on supporting the development of new and innovative co-operatives and stimulating the effectiveness, growth, and expansion of existing co-operatives.

Most co-operatives are established to fill the common needs of individuals and communities. The strengths of many co-operatives are not focused around management and business practices, yet co-operatives are nearly always involved in operating a business. Our experience shows that most co-ops have the ideas, the opportunity, and the desire to make their organization more effective for their members and their communities. However, they may be unable to capitalize on these opportunities due to a lack of expertise and support specific to the co-operative model. Large or small, to operate effectively, co-operatives must understand and practice good governance, good management, and good business practices. As a member of the Nova Scotia Co-operative Council, the CBDU is here to provide the services you need to both start and strengthen your co-operative.

Please contact us if you would like assistance in starting a co-operative. Members of the Nova Scotia Co-operative Council have access to our broad range of co-operative development services. Assessment consultations are also available to non-member co-operatives to determine the advantages associated with membership and subsequent development services. We are available to help you your co-operative, and your community.

The supports and services available to both envisioned and established co-operatives are extensive. They include:

- General consultation
- Feasibility assessments
- Co-operative incorporation assistance
- Governance and management information
- Opportunity analysis
- Project management
- Business evaluation and planning
- Co-operative law and regulations interpretation
- Financing options
- Advocacy

The CBDU consists of a network of regional offices, partners, and Co-operative Business Development Officers (CBDO). These individuals all have solid backgrounds in co-operative development and sound business operations, as well as valuable contacts within the co-operative, private business, and government sectors.

For each established co-operative member and new groups wishing to consider the co-operative model for incorporation, there will be no cost for basic services. These services include many of the consultations, incorporation assistance and registration, as well as start-up requirements for the creation of new co-operatives and advisory support services for established co-operatives. Many of the more comprehensive professional services, resulting in stronger and more effective co-operative organizations are provided on a cost recovery basis at \$300 per day plus expenses. The intention of the NSCC is to be non-profit, to provide the best level of professional services specific to the co-operative model, while itself remaining financially sustainable.

For further information, please contact the CBDO closest to you at the following office locations.

TRURO

Paul Crane

PO Box 1872, 339 Willow Street
Truro, NS B2N 6C7
Ph 902-893-8966
Fax 902-895-0109
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YARMOUTH

Jonathan McClelland

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Deep Brook, NS B0S 1J0
Ph 902-638-3260
Email jonathan@nsco-opcouncil.ca

SYDNEY

Mark Sparrow

338 Charlotte Street
Sydney, NS B1P 1C8
Ph 902-564-8821
Fax 902-563-0500
Email mark@nsco-opcouncil.ca

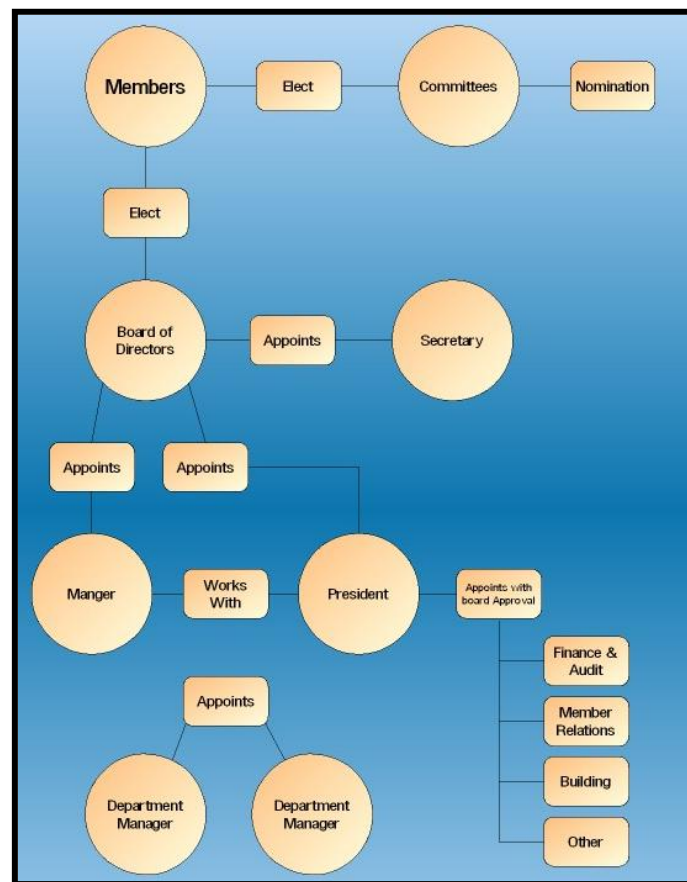
Board Organization

The board is responsible for establishing the organization structure within the framework for the Co-operative Associations Act, Articles of Incorporation, and by-laws. This should clearly set out the main roles involved and the responsibilities and authority of each. The structure should also identify the relationship between the various roles.

Some of the tools that can help the board in establishing and maintaining the structure are:

- The organizational chart
- Job descriptions for each role (director, president, secretary, manger, member)
- An organizational manual

ORGANIZATIONAL CHART



It is the responsibility of the board to not only establish the structure, but keep it updated as required.

POSITION DESCRIPTIONS

Director of Co-operatives

Title Director

Accountable to Members of the co-operative

Core Function To participate with the other directors in directing the affairs of the co-operative, guided by the Act, articles of incorporation, by-laws, and member policies, so that the co-operative effectively moves toward achieving the objectives of the organization.

Relationships

- **Members.** Leadership role, providing an example and interpreting views and needs of members.
- **Directors.** Acts on a team with the other directors, and has authority as a director only in board meetings and as delegated by the board, for example, on committees.
- **General Manager.** General manager is a key resource and part of the overall management team in board meetings. Between board meetings, relationship is the same as for other members.
- **Staff.** No special status beyond that of an informed member.

Duties & Responsibilities

To participate jointly with the other members of the board of directors in carrying out the following responsibilities of the board:

- The establishment of overall mission, objectives, and policies for the direction of the co-operative
- Establish the organization of the board, including appointment of committees, and clearly define the responsibilities and the authority assigned
- Determine the job description, establish the salary range, appoint the general manager, set the salary, and appraise the performance
- Approves the organization structure, salary schedules for the upper levels for the structure, and personnel policies and programs for the organization
- Approve strategic plan, programs, capital, and operating budgets
- Analyse and appraise progress in achieving objectives and goals

- Authorize changes in the assets of the organization
- Recommend by-law amendments
- Deal with applications for membership
- Recommend schedule of patronage refunds in accordance with the by-laws
- Authorize repayment of member equities
- Establish and monitor controls and regulations for the protection of members and creditors
- Provide for effective communications, and member and public relations for the organization
- Provide for the appointment of a delegate or delegates for the co-operative system, including representatives of the central co-operative region and annual meetings
- Provide policies and programs for the maintenance of a well informed, effective board of directors
- Provide for effective relations and co-ordination with other co-operatives serving the area
- Directors will be expected to support and promote the co-operative to the best of their ability

President or Chairperson of a Co-operative

Title	President
Accountable to	The board of directors
Core Function	To serve as the senior officer of the co-operative, coordinating activities of, and giving leadership to, the board of directors, acting as a liaison with the general manager, the board of directors, and engaging in communications with the members, local organizations, and government.

Responsibilities

- Manage the processes of the board
- To act as Chair of meetings of the board
- To be, ex officio, a member of all board committees – receiving reports and minutes, but does not necessarily have to attend
- To have the agenda prepared for board meetings and to assure that adequate information is available for board study. Also, gives leadership in planning the year's agenda of special items
- To be signing officer for the co-operative along with others appointed by the board
- To interpret and clarify policies and decisions of the board
- To maintain effective liaison with the general manager and the board of directors
- To report to the members on behalf of the board of directors
- To represent the co-operative and explain plans, policies and programs, when this has not been otherwise delegated by the board
- To play a leadership role with other co-operatives as well as in the community on behalf of the co-operative
- To give leadership to the board, including encouragement for board training
- To effectively orient new board members
- To appoint committees of the board subject to approval of the board

Secretary of a Co-operative

Title	Secretary
Accountable to	The board of directors
Core Function	To maintain the records of the board and the official documents of the co-operative and communicate on behalf of the board.

Responsibilities

- To keep adequate and impartial minutes of board, executive, and membership meeting
- To provide proper notice and communication of meetings of the co-operative
- To be a signing officer for the co-operative as required by law and by a decision of the board
- To provide for the official correspondence of the co-operative
- To see that the official records, papers, and documents of the co-operative are maintained
- To provide for the safekeeping of the seal of the co-operative and other legal documents
- To ensure that the co-operative is operating within its powers and by-laws, and to recommend changes to the board if required
- To see that the historical records of the co-operative are maintained
- To maintain liaison and communication with the secretary of Central Co-operative Limited
- To prepare a board manual as approved by the board, provide a copy for each directors, and keep it up to date
- To maintain and update personal record forms for each director

Note It is recommended that the role of secretary not be held by the general manager.

Where a recording secretary has been appointed, a job description setting out the responsibilities should be provided. Assistance should be provided by the manager as required.

Manager of a Co-operative

Title	Manager or Chief Executive Officer
Accountable to	The board of directors
Core Function	To manager the operations of the co-operative in accordance with the guidelines established by the board of directors.

Responsibilities

- Advise and assist the board in establishing objectives, policies, and goals of the co-operative
- Maintain a continuing study of trends and provide the board with information required for planning
- Develop short and long term plans and programs with supporting budget estimates and other goals for submission to the board for decision
- Interpret and administer policies established by the board and issue procedures to assure uniform interpretation
- Appoint and supervise immediate subordinates
- Maintain an effective organization structure, with adequate staffing and provision for staff development
- Ensure that finances, facilities, and other property of the co-operative are properly safeguarded, insured, and administered
- Direct action to achieve goals in all aspects of the operation
- Keep the board informed of progress and results compared to goals in all areas
- Maintain effective relations with members and the general public
- Maintain effective co-ordination with other co-operatives in the community
- Plan for personal development as required to manage the co-operative
- Maintain liaison with the President
- To receive and consider information on the total system and to evaluate the objectives, policies, programs, and progress of the system
- To contribute to, consider, and evaluate proposals for harmonizing the objectives, policies, and programs of the local co-operative or unit with other member co-operatives and with the system as a whole
- To give leadership in member relations programming for the area served by the co-operative
- To be informed and to develop the understanding and skills required to carry out the role of delegates and co-operative leaders effectively

Member of a Co-operative

Title Co-operative Member

Core Function To participate in the ownership, control, and patronage of the co-operative to the end that it effectively fulfills its purposes and meets the needs of the members.

Rights of Members

Co-operative members have the right to receive:

- Audited financial statement yearly
- By-laws of the co-operative
- Equity statement yearly
- Notice of members meetings
- Policies relating to purchase of, transfer, and withdrawal of shares
- Proportional part of the surplus (profits) in relationship to use

Co-operative members have the right to view at the co-operative's office:

- Minutes of membership meetings
- List of directors and officers

Responsibilities

Co-operative members have the responsibility to:

- Nominate, elect, and serve as responsible, prudent board members
- Make major decisions affecting the co-operative
- Approve changes to legal incorporation documents
- Understand the mission, policies, and legal documents
- Participate in promoting, explaining, defending and correcting the co-operative
- Serve on committees of the co-operative
- The co-operative is required to report annually to the Inspector of Co-operatives and the Securities Commission
- Patronize the co-operative
- Help finance the co-operative

COMMITTEE INSTRUCTION SHEET

The board appoints, identifies authority, and determines purposes, names chair and terms of reference.

Date _____

a) Name of Committee _____

b) Source of Authority _____

c) Purpose _____

d) Specific Duties & Responsibilities _____

e) Chairperson's Name _____

f) Committee Members _____

g) Report to _____

h) Time of Reporting _____

i) Budget _____

j) Coordination with Other Committees _____

k) Other _____

Meetings & Agendas

BOARD MEETINGS

Suggested Agenda

Time	Item	Requested By
7:30 PM	Call to Order – Approve Agenda	President
7:40 PM	Minutes of Last Meeting	Secretary
7:45 PM	Business Arising from the Minutes	President
7:50 PM	Correspondence	Secretary
8:00 PM	President’s Report	President
8:10 PM	Manager’s Report & Financial Statements	Manager
8:30 PM	Membership Applications & Withdrawals	Secretary
8:45 PM	Committee Reports	President
9:00 PM	New Business	President
9:30 PM	Adjournment	President

Periodic Additions

For special meetings, or at regular meetings where some of the above might be de-emphasized, there may be periodic additions, such as:

- Review and acceptance of annual operating budget at least one month before the end of the last year
- Assess the manager (at least once a year)
- Plan the annual meeting
- Plan training programs for elected officials, as well as information sessions for the board
- Review by-laws, policies, and propose amendments
- Review and project the five year development plan and strategic plan

The President and manager prepare the agenda and plan special items to be dealt with during the year. A plan for the meetings for the year in advance is recommended.

DIRECTOR MEETINGS

Plan for Year

YEAR-END DECEMBER	
January	Review manager's performance
February	By-law and policy review, report, and discussion
March	Plan annual meeting for April
April	Annual meeting
May	Plan member relations programs
June	Visit another co-operative and their board
July	Vacation (if possible)
August	n/a
September	Director training program
October	Five year strategic development plan review
November	Present preliminary budget plans
December	Approve operating budget

The President and manager should plan the meetings of the board and as well have a responsibility to have meetings which are interesting, meaningful, and worthwhile.

The President should assure that individual board members have an opportunity to participate, that committees have meaningful work, and that reports are received by the secretary on all committee meetings.

MINUTES OF THE MEETING

- Minutes and agendas are mailed to directors before each meeting
- Directors who are late or who leave early are identified by ‘L’ or ‘E’ and the time
- Agenda items may be added by calling the President or the secretary
- Minutes, when signed, are legal documents; keep them safe and secure
- Abstentions and opposing majority votes, if requested, will be recorded

Sample Minutes

_____ **Co-operative Limited**
Minutes of Regular Meetings of the Board of Directors

The meeting was called to order by _____ at _____ on the _____ day of _____, 20____, at ____:_____

The following directors, officers, and guests were present _____

The minutes of the regular meeting of the directors, held on the _____ day of _____, 20____, were read and approved (as amended)

The agenda of the meeting was approved _____ as amended

Monthly Reports

The monthly financial report was presented by _____ showing:

_____ Approved _____

The management report was presented by _____ showing:

_____ Approved _____

Committee Reports

_____ Report enclosed _____ Highlights were _____

_____ Report enclosed _____ Highlights were _____

_____ Report enclosed _____ Highlights were _____

Communications to the Board

Memberships approved _____

Unfinished business from previous meetings _____

New business _____

Meeting adjourned at ____:____

Signed _____, Secretary

Signed _____, President

Motions (usually updates of board policies)

It was moved by _____ seconded by _____ and carried that

It was moved by _____ seconded by _____ and carried that

It was moved by _____ seconded by _____ and carried that

Next Meeting Agenda

Board meeting to be held at _____ at _____

MANAGER'S REPORT

The manager's report should help compare performances during the month with what had been planned and perhaps last year's performance. It should identify key problems or concerns. The report should include the following:

- An overview of what is happening, including a comparison with budget
- Aging of accounts receivable
- Staff changes and new staff programs
- Merchandising programs
- Trends in the market and a brief review of items from the general manger's bulletin, which may be of interest to the board
- Planned future activities of the manager, key staff, or the co-operative
- Other items of concern to the board, including any recommendations
- Manager's expense account for the month

Prior to the board meeting, a copy of the following reports should be delivered to the directors:

- Manager's report
- Financial reports
- List of applications for membership
- List of requests for repayment of equity
- Other reports

A member of the board missing during a meeting should receive copies of all reports handed out at the meeting.

Boards & By-Laws

BY-LAWS OF THE CO-OPERATIVE

Responsibility of the Board

It is the responsibility of the board to understand the by-laws, to be guided by them, to communicate their content to members, and to recommend amendments as required.

Objectives for Updating By-Laws

- To maintain, in an updated form, the official by-laws of the co-operative
- To have copies of the by-laws readily available to directors and members
- To have a summary containing the aspects of greatest interest to members available to members and, in particular, new members

Establishment of By-Laws

By-laws are established by the members, registered with the Inspector of Co-operatives, and are one of the guides for the board in carrying out its role.

Effect of By-Laws

By-laws are binding on all members of the co-operative, the same as if each had signed them; and each member, when joining the co-operative, agrees to be bound and to abide by the by-laws of the co-operative.

Amendments

By-laws are amended by the members, usually on recommendations of the board of directors. To be in force or effect, the amendment must be filed and approved by the Inspector of Co-operatives.

Responsibilities Regarding By-Laws

Members

- To understand the by-laws
- To abide by the by-laws
- To amend the by-laws

Directors

- To understand the by-laws
- To be guided by the by-laws
- To communicate the by-laws to the members
- To recommend changes to the board as required

Secretary

- To see that the official copy of the by-laws is safely maintained
- To ensure that the co-operative is operating in accordance with the by-laws
- To recommend changes to the board as required

Procedures for Updating By-Laws

- 1) Appoint a committee to review the present by-laws and identify sections that need updating
- 2) Consult with the Inspector of Co-operatives for proposed working and procedures to register
- 3) Notify the members of the intent to amend by-laws through a membership meeting and a special resolution
- 4) Have the proposed by-laws typed, duplicated, and distributed to each director and to the manager
- 5) After approval by members, have the new by-laws registered with the Inspector of Co-operatives
- 6) When the approved, registered by-laws have been returned, include in them in the new member's kit and make them available to all members
- 7) Assign responsibility for keeping the by-laws up to date and understood
- 8) Periodically review the by-laws with a view to updating them and proposing amendments as required

For-Profit Model Incorporation Documents

THE CO-OPERATIVE ASSOCIATIONS ACT CHAPTER 98 ACTS OF 1989

ARTICLES OF INCORPORATION AND BYLAWS FOR A FOR-PROFIT CO-OPERATIVE LIMITED BY SHARES OR LIMITED BY MEMBERSHIP

NAME: The name of the co-operative is the _____ Co-operative Limited.

OBJECTIVES: (Activity Code____) The objectives for which the co-operative is established are to carry on a co-operative basis _____

Including the acts and things set forth under Section 16 of the Co-operative Associations Act.

LIABILITY: The liability of the members is limited.

REGISTERED OFFICE:

a) The registered office (*street/911 address, and postal code*) of the co-operative shall be _____

The mailing address (*PO Box or other mailing address, and postal code*) if different shall be _____

Phone: (902) ____-____ Fax: (902) ____-____ Email: _____

b) The board may from time to time determine the place or places at which the business of the co-operative shall be carried on.

THE SEAL: The seal of the co-operative shall be such as to make a circular impression having two circles between which are the words (*co-operative's name*) “_____”. And inside the inner circle, the words “Incorporated 20____”.

FINANCIAL YEAR: The financial year of the co-operative shall be from the first day of (*month*) _____ to the last day of (*month*) _____

WITHDRAWALS: Member’s applications to withdraw their membership, shares, and/or loan capital shall be made in writing to the board and shall be subject to a policy of the board of directors.

MEMBERSHIP: The board shall determine the conditions of membership or _____, including the requirements to pay equity in the form of fees, shares, and/or loan capital. Members shall withdraw or be excluded from membership according to Section 29 or Regulations 4 and 6 of the Co-operative Associations Act, and also if a member acts contrary to the best interests of the co-operative.

MEETINGS:

- a) The annual meeting of the members shall be held within four months of the year-end. Special meetings shall be held when called by the secretary as directed by the directors, or by a written request of the members as per Section 5(2) or Regulation 17 of the Co-operative Associations Act. All meetings shall be at such place as the directors may from time to time determine.
- b) At all meetings (# or %) _____ of the members shall constitute a quorum.
- c) Notice of annual or special meetings shall be posted prominently in the place of business of the co-operative and shall also be mailed by post or electronic mail to the registered address of the member at least ten days prior to the meeting.

BOARD OF DIRECTORS:

- a) The board of directors shall consist of _____ directors (*minimum of three*) who shall be elected for a term of _____ years arranged so that _____ directors are elected each year. The maximum number of consecutive terms a director may serve is _____.
- b) The directors shall meet as often as the business of the co-operative may require, but not less than _____ times per year. At all meetings (# or %) _____ of the directors shall constitute a quorum.
- c) If a vacancy occurs in the board of directors, the directors may appoint a member to fill that vacancy until the next annual meeting when the members shall hold an election to complete the term of vacancy.
- d) Eligibility for election to the board of directors:
 - Agreement with the objectives of the co-operative
 - Acceptance of leadership position when requested
 - Supportive of the co-operative wherever possible

DUTIES OF OFFICERS: The board shall elect a president, vice-president, treasurer, and secretary from their own membership, and may appoint other officers who are responsible to the board. Their duties shall be specified by the board.

SHARES, FEES & LOAN CAPITAL:

- a) The board shall determine the conditions of membership, including the requirements to pay equity in the form of fees and/or shares.

- For co-operatives limited by shares:
 The par value of shares is _____ dollars (\$ _____) each.
 There shall be no or a maximum of _____% dividends paid on shares
 A minimum number of shares to be held by each member are _____
 Each member may be required to lend the co-operative all or part of the
 patronage dividends payable to him/her by the co-operative, and the co-
 operative is authorized to apply to the member's account the said
 dividends during such time as he/she remains a member of the co-
 operative.
- For co-operatives limited by membership:
 The membership fee is _____ dollars (\$ _____).
 The membership fee is not repayable.
- b) Loan capital may be issued. Interest rates shall be determined by the board of
 directors, but shall not exceed _____% per annum. Loan capital is equity and
 ranks equally with shares in wind-up.

GENERAL RESERVE: A general reserve shall be created by allocating from retained
earnings each year not less than _____% of the surplus until the general reserve is equal
to _____% of the shares and loan capital of the co-operative.

BORROWING POWERS:

- a) The co-operative is hereby authorized to borrow money from its members for
 specific periods of time at specific rates of interest.
- b) The co-operative is authorized to exercise all and every power to borrow money
 and to secure payment thereof which is conferred upon it by the Nova Scotia Co-
 operative Associations Act, Chapter 98, Acts of 1989.
- c) The directors of the co-operative may exercise all such powers to all such acts and
 things as may be exercised or done by the co-operative in respect of the
 borrowing of money, and the provision of security for such borrowing, as has
 been delegated to the directors by the co-operative.
- d) The directors of the co-operative shall not, on behalf of the co-operative,
 authorize or approve capital borrowings or the guarantee of capital borrowings in
 excess of a total of _____ dollars (\$ _____)
 in a single fiscal year without having first obtained formal approval from a
 meeting of the members of the co-operative by way of a special resolution.

DISSOLUTION: If for any reason the affairs of the co-operative are dissolved or wound
up and there remains after satisfaction of all liabilities, including shares and/or loan
capital, any property whatsoever, it shall be divided among the members equally or
in proportion to their shares and loan capital in the co-operative.

CORPORATE INDEMNIFICATION: Subject to the provisions of the Nova Scotia Co-operative Associations Act, every director and senior officer 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:

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

Non-Profit Model Incorporation Documents

THE CO-OPERATIVE ASSOCIATIONS ACT CHAPTER 98 ACTS OF 1989

ARTICLES OF INCORPORATION AND BYLAWS FOR A NON-PROFIT CO-OPERATIVE LIMITED BY SHARES OR LIMITED BY MEMBERSHIP

NAME: The name of the co-operative is the _____ Co-operative Limited.

OBJECTIVES: The objectives for which the co-operative is established are to carry on a co-operative basis _____

Including the acts and things set forth under Section 16 of the Co-operative Associations Act.

PROVIDED THAT, if for any reason, the operations of the co-operative are terminated or wound up or are dissolved and there remains at that time, after satisfaction of all its debts and liabilities, any property whatsoever, the same shall be given and paid to some other non-profit organization in Canada having objects similar to the co-operative

PROVIDED THAT, the co-operative shall be carried on without purpose of gain to the members, and that any surplus, or any accretions of the co-operative shall be used solely for the purpose of the co-operative, and the promotion of its objects

PROVIDED THAT, no part of the income of the co-operative shall be payable to or otherwise available for the personal benefit of any member thereof

PROVIDED THAT, the directors and officers who are directors shall serve as such without remuneration and shall not receive directly or indirectly any profit from their positions as such

PROVIDED THAT, a director or officer who is a director may be paid reasonable expenses incurred by him/her in the performance of his/her duties

LIABILITY: The liability of the members is limited.

REGISTERED OFFICE:

- c) The registered office (*street/911 address, and postal code*) of the co-operative shall be

The mailing address (*PO Box or other mailing address, and postal code*) if different shall be

Phone: (902) ____ - ____ Fax: (902) ____ - ____ Email: _____

- d) The board may from time to time determine the place or places at which the business of the co-operative shall be carried on.

THE SEAL: The seal of the co-operative shall be such as to make a circular impression having two circles between which are the words (*co-operative's name*) " _____ ". And inside the inner circle, the words "Incorporated 20 ____".

FINANCIAL YEAR: The financial year of the co-operative shall be from the first day of (*month*) _____ to the last day of (*month*) _____

WITHDRAWALS: Member's applications to withdraw their membership and shares and loan capital shall be made in writing to the board and shall be subject to a policy of the board of directors.

MEMBERSHIP: The board shall determine the conditions of membership or _____, including the requirements to pay equity in the form of fees, shares, and/or loan capital. Members shall withdraw or be excluded from membership according to Section 29 or Regulations 4 and 6 of the Co-operative Associations Act, and also if a member acts contrary to the best interests of the co-operative.

MEETINGS:

- d) The annual meeting of the members shall be held within four months of the year-end. Special meetings shall be held when called by the secretary as directed by the directors, or by a written request of the members as per Section 5(2) or Regulation 17 of the Co-operative Associations Act. All meetings shall be at such place as the directors may from time to time determine.
- e) At all meetings (*# or %*) _____ of the members shall constitute a quorum.
- f) Notice of annual or special meetings shall be posted prominently in the place of business of the co-operative and shall also be mailed by post or electronic mail to the registered address of the member at least ten days prior to the meeting.

BOARD OF DIRECTORS:

- e) The board of directors shall consist of _____ directors (*minimum of three*) who shall be elected for a term of _____ years arranged so that _____ directors are elected each year. The maximum number of consecutive terms a director may serve is _____.
- f) The directors shall meet as often as the business of the co-operative may require, but not less than _____. At all meetings (*# or %*) _____ of the directors shall constitute a quorum.

- g) If a vacancy occurs in the board of directors, the directors may appoint a member to fill that vacancy until the next annual meeting when the members shall hold an election to complete the term of vacancy.
- h) Eligibility for election to the board of directors:
 - Agreement with objectives of the co-operative
 - Acceptance of leadership position when requested
 - Supportive of the co-operative wherever possible

DUTIES OF OFFICERS: The board shall elect a president, vice-president, treasurer, and secretary from their own membership, and other officers who are responsible to the board. Their duties shall be specified by the board.

SHARES, FEES & LOAN CAPITAL:

- c) The board shall determine the conditions of membership, including the requirements to pay equity in the form of fees and/or shares.
 - For co-operatives limited by shares:
The par value of shares is _____ dollars (\$_____) each. There shall be no dividends paid on shares. A minimum number of shares to be held by each member are _____.
 - For co-operatives limited by membership:
The membership fee is _____ dollars (\$_____). The membership fee is not repayable.
- d) Loan capital may be issued. Interest rates shall be determined by the board of directors, but shall not exceed _____% per annum.

GENERAL RESERVE: A general reserve shall be created by allocating from retained earnings each year not less than one hundred percent (100%) of the surplus.

BORROWING POWERS:

- e) The co-operative is hereby authorized to borrow money from its members for specific periods of time at specific rates of interest.
- f) The co-operative is authorized to exercise all and every power to borrow money and to secure payment thereof which is conferred upon it by the Nova Scotia Co-operative Associations Act, Chapter 98, Acts of 1989.
- g) The directors of the co-operative may exercise all such powers to all such acts and things as may be exercised or done by the co-operative in respect of the borrowing of money, and the provision of security for such borrowing, as has been delegated to the directors by the co-operative.
- h) The directors of the co-operative shall not, on behalf of the co-operative, authorize or approve capital borrowings or the guarantee of capital borrowings in excess of a total of _____ dollars (\$_____) in a single fiscal year without having first obtained formal approval from a meeting of the members of the co-operative by way of a special resolution.

DISSOLUTION: If for any reason the affairs of the co-operative are dissolved or wound up and there remains after satisfaction of all liabilities, including shares and/or member loans, any property whatsoever, it shall be paid to a non-profit organization whose objectives are similar to those of the co-operative.

CORPORATE INDEMNIFICATION: Subject to the provisions of the Nova Scotia Co-operative Associations Act, every director and senior officer 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:

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

SUBSCRIBERS / FOUNDING MEMBERS

The names and addresses of subscribers with the number of shares taken, if required, by each subscriber (signature with additional information written in handwriting). A typed or printed copy in addition to this completed form is also required to assure accuracy.

1. _____
Signature *#. of Shares (if structured as a share co-operative)* *Telephone #* *OFFICER*

Print name *Fax* *Email*

Address *Town* *Postal code*

2. _____
Signature *#. of Shares (if structured as a share co-operative)* *Telephone #* *OFFICER*

Print name *Fax* *Email*

Address *Town* *Postal code*

3. _____
Signature *#. of Shares (if structured as a share co-operative)* *Telephone #* *OFFICER*

Print name *Fax* *Email*

Address *Town* *Postal code*

4. _____
Signature *#. of Shares (if structured as a share co-operative)* *Telephone #* *OFFICER*

Print name *Fax* *Email*

Address *Town* *Postal code*

5. _____
Signature *#. of Shares (if structured as a share co-operative)* *Telephone #* *OFFICER*

Print name *Fax* *Email*

Address *Town* *Postal code*

6. _____
Signature *#. of Shares (if structured as a share co-operative)* *Telephone #* *OFFICER*

Print name *Fax* *Email*

Address *Town* *Postal code*

7. _____
Signature *#. of Shares (if structured as a share co-operative)* *Telephone #* *OFFICER*

Print name *Fax* *Email*

Address *Town* *Postal code*

The above subscribers will become the provisional (first) directors, to be confirmed or replaced at a general meeting of members within four months of the incorporation according to the bylaws of the co-operative. The total number of shares taken by all subscribers, if incorporated with shares is _____,

Dated this ____ day of _____, 20____.

Witness to above signatures _____
Signature *Print Name*

Address _____
 Occupation _____ Tel (902) _____
 Fax (902) _____ Email _____

These Articles of Incorporation and by-laws accompanied by a fee of \$107.00 (payable to the Inspector of Co-operatives) are to be forwarded to the Co-operatives Branch, 35 Commercial Street, Suite 101, Truro, NS, B2N 3H9 for approval and registration.

Co-operative Governance Policy Guide

Setting board policies is the second most important function of the board. It is important for boards to keep in mind this important role and it is the role of the President or Chair of the board to manage this board process.

All board policies should fall under one of the following broad categories. Policies need to be reviewed and updated in the board policy manual. All board policies are taken from the minutes of board meetings, as only the minutes of board meetings have the legal authority to set and amend policies.

Board Policy 1 – Determine the Ends or Desired Results

- Annual budget
- Strategic plan
- Capital budget
- Long range plans
- Standards for finances
- Mission and values statement
- Investment

Board Policy 2 – Determine the Executive Limitations

- Purchases from members
- Credit to customers and members
- Organization chart
- Communications with members

Board Policy 3 – Determine the Executive & Board Relationship

- Performance review of manager
- Manager's job description
- Board's job description
- Manager's report to the board
- Manager's contract

Board Policy 4 – Establish the Board Process

- Annual performance review of President
- Annual performance review of the board
- Annual plan of board meetings
- Board qualifications
- President’s role and job description
- Conflicts of interest and personal prejudices
- Information to members
- AGM plan and expectations
- Committee instructions and budget
- Update the board manual
- History of the co-operative

Board Policy 5 – Maintain Board’s Limited Liability & Legal Status

- Insurance on property, theft, fire, directors, liability, and board liability
- Annual report to the Inspector of Co-operatives
- Update articles and by-laws
- Assure HST, Revenue Canada, and employee deductions are paid
- Assure health and safety regulations are in place

CO-OPERATIVE MANAGEMENT POLICY GUIDE

It is important to distinguish board and management decision areas. Directors determine what needs to be accomplished and the executive limitation in achieving the end results. The board, however, also needs to know what management policies are in place and are under control. The following are six management policies that should be available to the board and confirmation that these policies are in place and being followed.

Co-operative Management Policy 1 - Planning

- Mission statement for the co-operative and divisions
- Values and ethics are established
- Strategic plan participation
- Long-term plans, involvement of staff
- Budget for the co-operative

Co-operative Management Policy 2 - Organizing

- Job descriptions
- Organizational chart
- Function responsibilities
- Lines of authority

Co-operative Management Policy 3 - Directing

- Delegation of authority
- Supervision systems
- Discipline
- Grievances
- Who is in authority?

Co-operative Management Policy 4 - Coordinating

- Levels of coordination
- Staff planning groups
- Problem solving and prevention
- Use of committees
- Win-win strategy

Co-operative Management Policy 5 - Controlling

- Department budgets
- Profit expectations
- Problem prevention
- Controls in place
- Performance reviews of staff
- Confidentiality

Co-operative Management Policy 6 - Business

- Marketing system
- Personnel motivation
- Finance controls and expectations
- Shareholder/member services
- Community
- Member recruitment

Auditing Co-operatives in Nova Scotia

The administration of co-operatives is quite different than for any other incorporated business organization in the province. The Inspector of Co-operatives, appointed by the Minister, has a responsibility to report to the Minister on the standing of each co-operative. Each co-operative is required to forward an auditor's report, financial statements, and any other information the Inspector deems necessary to administer co-operatives in the province.

Much of the information the Inspector of Co-operatives receives, to assure him that the co-operative is operating effectively, comes from the reports of the auditor.

There are a few special suggestions for the auditing of co-operatives which may be beneficial to the organization (directors and management) and to the Inspector of Co-operatives. They are as follows:

Audit Engagement Letter. Prepared by the auditor prior to the audit, submitted to the chairman of the audit committee, setting out the terms of the agreement

Management Letter. Prepared by the auditor after the audit is completed, to be prepared and discussed with the manager and made available to the Inspector of Co-operatives when requested

NON-AUDITS

A non-audit or review engagement may be appropriate in some circumstances, such as:

- When the level of business activity is small and where the business is straightforward, the Inspector of Co-operatives may approve a non-audit or review engagement providing the members agree to the non-audit, and the treasurer submits the necessary completed forms. However, when the Inspector of Co-operatives believes that a non-audit is inadequate, a full audit may be required
- When special circumstances are present, the Inspector of Co-operatives may waive an audit and allow an accountant's comments or a review engagement, whichever is appropriate. When a review is to be performed, confirmation of approval of the co-operative's banking institution should be obtained

Sample Form - Membership Consent not to Appoint an Auditor

At an annual meeting of the members of _____ held at _____ in the county of _____ on the _____ day of _____, 20____ a motion was presented to the meeting and was passed by the members which give consent of the members not to appoint an auditor for the fiscal year-ending _____, 20____. This letter is a request to the Inspector of Co-operatives for approval of this motion.

Secretary

Inspector of Co-operatives
Approved

This approval is on condition that a balance sheet and operating statement are to be submitted to the Inspector of Co-operatives by the treasurer of the association, stating that in the opinion of the treasurer the balance sheet and operating statement represent fairly the financial position of the co-operative. To view a copy of the Inspector's Report form, visit www.gov.ns.ca/snsmr/co-op.

Manager's Performance Review

INTRODUCTION

The board of directors have a responsibility on a regular basis to appraise the progress of their co-operative and the performance of the general manager. Some points to consider in this exercise are:

- The board needs an opportunity to discuss openly their feelings about the person they have hired to manage the operations of the co-operative
- The general manager needs to know how they are performing in the eyes of their board
- The performance review will assist the manager to develop and improve his/her skills as a manager
- Many good managers have left a co-operative because they felt they were never informed how they were performing and ended up with a feeling of insecurity
- Many boards have become dissatisfied with managers and never cleared the air until dissention brought about termination

WHY PERFORMANCE APPRAISALS

Performance appraisals should not use personality as the basis of judgement (i.e. common sense, mental alertness, integrity, job interest, nor self-confidence). These traits are difficult to define and often unfair to the manager. The focus of the positions should be achieving desired results. Keep feelings out of the discussion and concentrate on the facts. The objectives of the review should be to improve performance and develop people; this requires an effective communications approach.

A performance appraisal should have three objectives:

- Improvement of the job by examining the past and preparing a plan for the future
- Development of people in the co-operative for succession and personal self-satisfaction
- Provide answers to 'how am I doing', 'what is expected of me', and 'where do I go from here'

PROCEDURES

- 1) Job description agreements to be written down and agreed upon by both parties, making sure necessary changes are made each year.
- 2) Establish performance goals established by the manger ahead of the interview. They should be challenging, realistic, attainable, and manageable within the next review period.
- 3) Discuss goals and plans with the manager and come to an agreement on the goals and plans.
- 4) Evaluation checkpoints or dates from assessments should be established by the manager and followed up by the management committee.
- 5) Discuss results of manager's efforts, remembering that hitting the target is not the measure of success. Setting the goals, striving to attain them, and analyzing them are really the important part of the appraisal.

ASSESSMENT

The assessment comes in evaluating the goal setting ability, as well as the attainment of the goals with emphasis on success built on successful accomplishments. Unsuccessful experiences are training and learning experiences.

Manager's Annual Progress Review

To be completed by the manager:

- What objectives and areas of responsibility do you feel you did well on during the past year?
- What ways do you think your work contributed to the objectives of the co-operative?
- What areas of skill and competence do you feel you need help with in order to grow in your job and career?
- What objectives do you feel you should make for the next:
 - a) Three months
 - b) Six months
 - c) Twelve months
- If you could change the way your job is now designed, what kind of changes would you make?
- What could the board do in order to be the most help to you?

Management Committee's Annual Progress Review

To be completed by the committee prior to the interview:

- What ways has the manager's work contributed to the overall objective of the entire co-operative?
- Summarize areas of growth and improvement required to plan for the coming year.
- What can be done to be of more help to the manager?
- Describe the skills which the manager has which would lead toward promotion?
- What skills should be developed?
- What are his/her personal and career goals?
- In light of the conclusions on the preceding questions, what objectives might he/she have for the next:
 - a) Two months
 - b) Six months
 - c) Twelve Months

Remember, the role of the committee is not to act as a judge, but rather as a councillor and coach. The review is an opportunity for the manager to discuss their programs with the board; the review forces the manager to plan their programs, and take responsibility for their implementation by a certain time, and to discuss the results with the board.

The board may wish to use the following forms to help in this review process.

Manager's Performance Review Form

To be completed by the manager prior to the manager's interview.

Full Name _____ **Appraisal Date** _____

Sales Volume _____

Complete a job description for your position and have it available for the review.

Establish performance goals for each of the major areas of your position, making sure they are challenging, realistic, attainable, and manageable within the coming year.

Sales _____

Gross margin _____

Expenses _____

Net savings _____

Inventories _____

Accounts receivable _____

Return of assets _____

Staff developments (job descriptions, responsibility, recognition, etc) _____

Communications _____

Planning (budgets, etc) _____

Organization _____

Board relationship reports _____

Member relations _____

Image _____

Community involvement _____

Other areas _____

Manager's Performance Review Form – Board

To be completed by the board committee prior to the manager's interview.

Full Name _____ **Appraisal Date** _____

Committee Members _____

What ways has the manger's work contributed to the overall objectives of the co-operative? _____

Areas of growth and improvement which need planning this coming year _____

What can the board do to be of more help to the manager? _____

What skills does the manager have that should be developed? _____

What are the manager's personal and career goals? _____

What objectives do you believe the manager should have for the next year? _____

Member Relations

MEMBER RELATIONS COMMITTEE

Purpose

The purpose of the member relations committee is to assist the board in its role of maintaining and improving the viability of the co-operative through programs aimed at increasing the interest, understanding, and commitment of members, recruitment of new members, and developing a positive feeling towards the co-operative in the community.

Establishment

The members of the committee are appointed annually by the board of directors.

Composition

The committee will consist of three to six members with a minimum of one director, with the others appointed from membership. The President and the general manager should be ex-officio members of the committee.

Authority

The committee is responsible to the board of directors. It has authority to recommend programs and budgets, to carry out programs as authorized by the board, and to make expenditures as budgeted.

Responsibilities

- Study member wants, needs, expectations, and participation
- Keep the board informed on needs, interests, and participation of members
- Prepare and make available a 'new member information kit'