A Regulatory Framework for Social Enterprise:

Current legislation and future directions

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1. Introduction

As we come to the end of the first decade of the 21st century it is clearer than ever that many of the challenges we face require unique and innovative strategies to solve. These increasingly collective challenges have forced us to look at our organizational models and consider the possibility that traditional models are insufficient to address the evolving needs of today's populations. This is the case not only in the Third World but also across the globe. This also appears to be consistent across a wide spectrum of challenges. From the environment, to health, to education, to social programming and infrastructure building, we, at the local, state and global levels, are currently unable or unwilling to sufficiently meet the needs of large segments of the population. In the 1960 and 1970s the non-profit world grew rapidly as a key partner with government in the delivery of social services. Philanthropy became known as the "Third Sector" for the important role it began to play alongside government and private enterprise.

However, today philanthropic organizations are not enough to sufficiently fill the gap between government and business. In responses, many leading thinkers in business and the non-profit worlds believe we are beginning to see the emergence of the "Fourth Sector" of social enterprise organizations that combine charitable missions, corporate methods, and social and environmental consciousness in ways that transcend traditional business and philanthropy models. This new generation of hybrid organizations is taking root in the fertile space between the corporate world, which is constrained by its duty to maximize profits for shareholders, and the non-profit world, which often lacks the market efficiencies of commercial enterprise.[I]

The question of how to nurture this trend – and whether new laws and tax regimes are needed to do it – has already been answered in the United Kingdom and in parts of the US (four States have currently passed new legislation). In these jurisdictions it was decided that new legal regulations were desirable in order to foster the effective growth of social enterprise (the Fourth Sector). In the UK the *Community Interest Company Regulations Act 2005* enabled the creation of a new type of company called Community Interest Companies (CIC).[II] A similar innovative step was taken on April 30, 2008 in the US when Vermont passed legislation that enabled the creation of new legal entities called Low-Profit

[I] Billitteri, T. (2007) 'Mixing Mission and Business: Does Social Enterprise Need a New Legal Approach?' *Non-Profit Sector Research Fund – The Aspen Instititute*

[II] Fraser Valley Centre for Social Enterprise (2008) 'Analysis of L3C and CIC social enterprise models.' http://www.centreforsocialenterprise.com/index.html Accessed: June 1, 2009

Limited Liability Companies or L3Cs.[III] Subsequently L3C legislation has also been passed in Michigan (January 2009)[IV], Utah (February 2009)[V], and Wyoming (February 2009). Furthermore, legislation allowing the formation of L3Cs is currently being considered in Illinois, North Carolina, Georgia, Oregon, North Dakota, Tennessee, Arkansas, Missouri and Montana.[VI] While some of the specifics of the legislation differ (discussed in greater detail below), the purposes of the new regulation in both the UK and US are similar. The goal of the CIC and L3C legislation is to provide a specific legal designation for social enterprises – these are organizations or ventures that achieve their primary social or environmental mission using business methods to generate revenue and secure long-term sustainability – which allows for more flexible and sustainable financing to support social innovation.[VII]

Given the ongoing discussion within the Centre for Sustainability and Social Innovation's Open Health Initiative (OHI) project about the entire drug development process for neglected diseases, an examination of the CIC and L3C models in the context of global health and drug development is significant. Such models may prove useful for future social enterprises that aim to develop and deliver drugs for neglected diseases (ND). This paper will provide some background information about social enterprises, the CIC and L3C models. It will then provide a detailed explanation of the legislation, followed by a preliminary discussion about how the CIC and L3C legislation could be beneficial for emerging drug development models, and the potential for similar legislation in Canada.

2. Background

Up to now social entrepreneurs have been forced to adopt ill-fitting charitable, non-profit, or traditional business forms. The new distinct legislation provides a number of benefits. CICs and L3C are inexpensive, there is a low level of regulation, they can be new companies or converted companies, and most importantly, they can sell investment shares. They may issue shares in order to raise capital. But unlike a traditional business corporation, dividends that can be paid by CICs on these shares are controlled by a cap on returns set by the regulator. In addition they can be subject to an "asset lock", which means that the assets and profits must be permanently retained by the CICs for community benefit, or transferred

[III] Ibid
[IV] # ^ http://www.michiganfoundations.org/s_cmf/bin.asp?CID=10388&DID=23108&DOC=FILE.PDF
[V] http://le.utah.gov/~2009/bills/sbillamd/sb0148.htm
[VI] http://www.americansforcommunitydevelopment.org/legislativewatch.html
[VII] Fraser Valley Centre for Social Enterprise (2008) 'Analysis of L3C and CIC social enterprise models.' http://www.centreforsocialenterprise.com/index.html Accessed: June 1, 2009

to another CIC subject to an asset lock, or to a charity. Furthermore, the CIC and L3C legislation entitles social enterprises to be recipients of program-related investments (PRIs), which are loans, equity investments, and guarantees made by charitable foundations. Essentially PRIs are blended value investments. Foundations draw on their program related activities to construct deals that generally have below-market returns, but are directly aligned with the program objectives of the foundation. By permitting social enterprises to be recipients of PRIs it allows social enterprises greater financial flexibility while not restricting their activities like charity status regulations. This will enable the emergence of an entire new sector of businesses which, like mainstream businesses, trade in order to build long-term sustainability, but which operate for a social purpose and use most of their profits to this end.[VIII]

2.1 Social Entrepreneurs

The concept of entrepreneurship has evolved over time and is often used to mean or emphasize different features. The most common idea associated with the term is starting a for-profit business, though it is becoming clear that this is a limited definition. In academic and popular circles, many people now combine notions of innovation, catalyzing change, seizing opportunity and demonstrating resourcefulness into the definition. Often people ascribe a particular 'mind-set' to entrepreneurs that exhibit common traits such as single-mindedness, drive, ambition, creativity, problem solving, practicality, and goal-oriented focus.[IX]

Stanford Professor Gregory Dees wrote that "In common parlance, being an entrepreneur is associated with starting a business, but this is a very loose application of a term that has a rich history and a much more significant meaning. The term "entrepreneur" originated in French economics as early as the 17th and 18th centuries." He goes on to explain that in the 19th century, French economist Jean Baptiste Say used the word entrepreneur to describe "the venturesome individuals who stimulated economic progress by finding new and better ways of doing things." Entrepreneurs shifted resources from lower to higher yields. In sum, "Entrepreneurs create value."[X]

[VIII] Bridge, R and Corriveau, S. (2009) 'Legislative Innovations and Social Enterprise: Structural Lessons for Canada', BC Centre for Social Enterprise. http://www.centreforsocialenterprise.com/f/Legislative_Innovations_and_Social_Enterprise_Structural_Lessons_for_Canada_Feb_2009.pdf Accessed: June 1, 2009

[IX] Davis, S. (2002) 'Social Entrepreneurship: Towards Entrepreneurial Culture for Social and Economic Development', International Board Selection Committee, Ashoka: Innovators for the Public- Youth Employment Summit, September 7-11, 2002. http://www.ashoka.org/printroom Accessed: July 8, 2009

[X] Ibid

William Drayton is thought to have coined the term 'social entrepreneur' several decades ago. He is widely credited with creating the world's first organization to promote the profession of social entrepreneurship, Ashoka: Innovators for the Public. He recognized that "social entrepreneurs have the same core temperament as their industry and business entrepreneur peers but instead use their talents to solve social problems on a society-wide scale -- why children are not learning, why technology is not accessed equally, why pollution is increasing, etc. The essence, however, is the same. Both types of entrepreneurs recognize when a part of society is stuck and provide new ways to get it unstuck. Each type of entrepreneur envisages a systemic change, identifies the jujitsu points that will allow him or her to tip the whole society onto this new path, and then persists and persists until the job is done."[XI]

Dees defines social entrepreneurs as follows:

- Social entrepreneurs play the role of change agents in the social sector, by:
- Adopting a mission to create and sustain social value (not just private value),
- Recognizing and relentlessly pursuing new opportunities to serve that mission,
- Engaging in a process of continuous innovation, adaptation, and learning,
- Acting boldly without being limited by resources currently in hand, and
- Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created.[XII]

2.2 Social Enterprises

A social enterprise (SE) is an organization or business that uses the market-oriented production and sale of goods and/or services to pursue a public benefit mission.[XIII] A social enterprise can take many forms, located on a spectrum between traditional grant-funded charitable or non-profit activity at one end and pure for-profit business at the other. One of the most common forms of social enterprise is that of the otherwise traditional non-profit organization or charity that operates a mission-related business to generate revenues to support its programs and provide employment/job training opportunities for disadvantaged individuals. While business profits account for a portion of their overall revenues, these organizations also rely heavily on government and philanthropic grants. An example of such an

[XI] Ibid
[XII] Ibid
[XIII] Causeway Policy Brief (2008), 'Social Finance: Enabling social enterprise for public benefit'. http://www.docstoc.com/docs/5854926/Causeway-Policy-Brief--Social-FinanceEnabling-social-enterpriese-for-public-benefit Accessed: June 1, 2009

enterprise in Canada is Me to We Style which is the social enterprise arm of Free the Children. Me to We Style manufactures ethically responsible apparel and 50% of there profits go directly to fund Free the Children's programmes.

Social enterprises are valuable because they provide flexible and sustainable financing to support social innovation – providing public benefit organizations with greater freedom and capacity to test new ideas, refine and adapt them, and expand implementation of those that work. SEs provide opportunities to leverage capital on a large scale to address public challenges, using limited public/philanthropic investment – the leveraged capital can be private capital or re-profiled predictable public expenditure.[XIV]

More recently, a convergence of social and economic trends has opened up the prospect of social enterprises mobilizing private capital investment to tackle public challenges (such as drug development for neglected diseases) on an unprecedented scale – if the appropriate enabling environment can be put in place. Investors seeking to diversify their portfolios, the rise of value-driven investors and consumers, growing social inequity and environmental crises, an emerging track record of social enterprise successes, talent opting for more values-driven careers, and proliferating policy experimentation have together set the stage for a new wave of private investment for social and environmental impact.[reference]

2.3 Community Interest Companies (CIC)

As of February 24, 2009, there were 2,481 CICs established in the UK.[XV] They are listed on the CIC Regulator's website (http://www.cicregulator.gov.uk/coSearch/companyList.shtml). These CICs operate across a variety of sectors, such as affordable housing, the arts, education and training, health services, pre-schools, home support services, recycling, and the promotion of international trade.[XVI]

The innovative CIC legislation has several strengths, such as increasing the legitimacy of the social enterprise while raising the profile of such organization within the mainstream business sector. Perhaps the most important strength is the explicit combination of private investment capital with activities that benefit community. In Canada and elsewhere, limited access to capital is arguably the greatest obstacle

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[XIV] Ibid

[XV] Bridge, R and Corriveau, S. (2009) 'Legislative Innovations and Social Enterprise: Structural Lessons for Canada', BC Centre for Social Enterprise. http://www.centreforsocialenterprise.com/f/Legislative_Innovations_and_Social_Enterprise_Structural_Lessons_for_Canada_Feb_2009.pdf Accessed: June 1, 2009

[XVI] Fraser Valley Centre for Social Enterprise (2008) 'Analysis of L3C and CIC social enterprise models.' http://www.centreforsocialenterprise.com/index.html Accessed: June 1, 2009

for social enterprise projects, such as affordable housing, rural or urban community economic development, and environmental initiatives. Many projects are capable of becoming viable once established, but too often do not succeed due to lack of access to capital. For projects that fall outside the realm of charity, donations may be difficult to attract with projects that are charitable, as they are often unpredictable and unsustainable over the years.[XVII]

CICs are able to raise equity capital the way that traditional business corporations and some co-ops do. This in turn enables and encourages the investment of private wealth in community projects – a combination with enormous potential.

2.4 Low Profit, Limited Liability Company (L3C)

L3Cs are a variation on Limited Liability Companies (LLCs), which are a form of business partnership that can issue shares. LLC investors are members rather than shareholders (the member 'Operations Agreement' can be found in its entirety in Appendix A). LLCs are established by an operating agreement among the members. With an L3C, the terms of the operating agreement guarantee the public benefit nature of the entity's work. Like LLCs, L3Cs are not subject to federal income tax themselves, but the income they pay to members is taxable according to the rates applicable to each member.[XVIII]

Very importantly, L3Cs are able to attract private capital for their works through the sale of shares and other securities, various forms of loans, or other commercial financial arrangements.

A key feature of the L3C innovation is the ability that they provide to American charitable foundations to make program related Investments in these new legal entities. This substantial pool of investment capital will enable L3Cs to attract or leverage other capital (from pension funds, institutional and individual investors, banks, insurance companies, etc.) to undertake community projects that make sound business sense.

These are *loans, equity investments, guarantees, etc.* made by American charitable foundations, with the expectation of below-market (or zero) returns. It must be stressed that if these PRI's are returned back to the foundation, the grantor must reinvest the amount into another PRI or a grant within one year. In this way, PRI's live on via their potential to be returned and reinvested. This is clearly not the

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[XVII] Bridge, R and Corriveau, S. (2009) 'Legislative Innovations and Social Enterprise: Structural Lessons for Canada', BC Centre for Social Enterprise. http://www.centreforsocialenterprise.com/f/Legislative_Innovations_and_Social_Enterprise_Structural_Lessons_for_Canada_Feb_2009.pdf Accessed: June 1, 2009

[XVIII] Ibid

case with grants. A bonus feature is that PRI's (in the US) count towards a foundation's 5% annual disbursement quota, even though the foundation stands a good chance of receiving the money back (through the loan repayment or sale of its equity investment).[XIX]

Because the L3C can structure layered investments, some investments can receive below market (or zero) rates of returns (foundations, social responsible investors) while others can receive market rates of returns (traditional investors). Likewise, some investments (e.g. PRI's) can be given ownership interests that are subordinate to the other investments (e.g. traditional investors). This tranched structure enables the attraction of a greater mix of financial backers, broadening the variety and numbers of potential investors in social enterprise. The highest risk investment need not receive the highest rate of return.[XX]

2.5 Program Related Investment (PRI)

As mentioned above, one of the key aspects of the L3C legislation pertains to program related Investment (PRI).

2.5.1. A Brief History of PRIs in the US

- Before 1969 a foundation could invest its principal assets in any legal transaction, however risky, without jeopardizing its exempt status. However, Congress wished to deter investment in speculative deals, and instead encourage socially beneficial investments in organizations that carry out charitable programs. To this end, the Tax Reform Act of 1969 added section 4944, which penalizes "jeopardizing investments," and instead encourages PRIs.[XXI]

2.5.2. What are PRIs?

Program-related investments (PRIs) are investments made by foundations to support charitable activities that involve the potential return of capital within an established time frame. PRIs include financing methods commonly associated with banks or other private investors, such as loans, loan

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[XIX] Ibid

[XX] Causeway Policy Brief (2008), 'Social Finance: Enabling social enterprise for public benefit'. http://www.docstoc.com/docs/5854926/Causeway-Policy-Brief--Social-FinanceEnabling-social-enterpriese-for-public-benefit Accessed: June 1, 2009

[XXI] Low-profit Limited Liability Company (L3C) Information Session Materials [PDF] Presentation from Marcus Owens, Attorney, Caplin & Drysdale, Washington, D.C. re: L3C legislation. http://www.michiganfoundations.org/s_cmf/sec.asp?CID=6766&DID=14917 Accessed July 4, 2009.

guarantees, linked deposits, and even equity investments in charitable organizations or in commercial ventures for charitable purposes. Characteristics of PRIs and PRI-making include the following:

- Of the many thousands of grant making foundations in the United States, only a few hundred make PRIs. In addition, relatively few PRI funders maintain formal PRI programs or make PRIs on an annual basis (about one out of three).

- Foundations make PRIs to further some aspect of their charitable mission (e.g., in the areas in which they make grants). PRIs are often made to organizations with an established relationship with the grant maker.

- Foundations commonly make PRIs as a supplement to their existing grant programs when the circumstances of the request suggest an alternative form of financing, when the borrower has the potential for generating income to repay a loan, and as a last resort when an organization — in most cases a charitable nonprofit but occasionally a commercial venture — has been unable to secure financing from traditional sources.

- While a large portion of PRI dollars support affordable housing and community development, they also have funded capital projects ranging from preserving historic buildings and repairing churches to providing emergency loans to social service agencies and protecting and preserving open space and wildlife habitats.

For the recipient, the primary benefit of PRIs is access to capital at lower rates than may otherwise be available. For the funder, the principal benefit is that the repayment or return of equity can be leveraged to further the mission, or recycled for another charitable purpose. PRIs are valued as a means of leveraging philanthropic dollars.[XXII]

With so few foundations currently making PRIs it is understandable why this is such an important aspect of the L3C legislation. The L3C legislation will make PRIs far more appealing to many foundations in the US.

2.5.3 Examples of PRIs

- Examples from the Regulations
    - Low-interest loans to needy students.

[XXII] http://foundationcenter.org/getstarted/faqs/html/pri.html

- Equity investment or loans for low-income housing
- Low-interest loans to disadvantaged business owners
- Direct investment in businesses, non-profits and property in distressed neighborhoods.
- Job creation

- Recent examples
  - Investment in a venture capital fund that supports businesses in low-income communities
  - Investment in a limited partnership organized to exploit technology developed by local universities and support new companies in an economically-depressed area
  - Investment in joint initiative with a for-profit internet/cable company to conduct high-tech polling and research, the results of which would be distributed for free over the internet, concerning the opinions of women on wide-ranging issues
  - Capital contributions to a for-profit fund structured as an LLC dedicated to angel investing in low-income communities, as well as providing educational programs and technical training

2.6 Public-Private Partnerships (PPPs)

Since 2000 there has been a significant shift towards public/private partnerships (PPPs) as the model for management of the drug development process. This growth of PPPs in the field of drug development marks a potentially crucial evolution in the structure and management of the drug development process. Currently, these PPPs are now collectively responsible for around three quarters of all neglected disease drug development projects, including with both small and large industry partners.[XXIII] However, what exactly these entities are definitively remains up in the air, and one of the biggest issues for PPPs is that the term itself is a misleading representation of what many PPPs actually are and do – a factor possibly contributing to government confusion and hesitancy over the legitimacy of PPPs.[XXIV] The first area of confusion is the failure to distinguish between PPPs as an activity (a functional definition) and PPPs as an organization (a structural definition); the second area of confusion revolves around a misunderstanding about how PPPs operate. The classical understanding of PPPs, under both the structural and functional definition, is based on the notion of public and private groups working collaboratively on a project with joint decision-making. The partnership dynamic is seen predominately

[XXIII] Moran, M. (2007) 'Partnership Dynamics, issues and challenges', *Global Forum Update on Research for Health Volume 4*
[XXIV] Ibid

as one of public contribution of funding and private contribution of expertise, effort and products. The reality is far different than this perception, and the future of PPPs for drug development depends on both a better structural and functional understanding of how PPPs can, and should operate.

This is where the CIC and L3C legislation becomes very relevant. New SE legislation would provide PPPs much needed legitimacy and a framework to operate within. It would allow these companies to take public and private funds to further a drug development mission for neglected diseases. It would open the space for a new sector of pharmaceutical companies that did not face the same profit motivated pressure from shareholders that the current pharmaceutical companies face.

The SE model may be critical to meeting drug development goals for neglected diseases because, unlike the big pharmaceutical companies, they are innovation driven, highly entrepreneurial, flexible, and therefore able to test, adapt, and refine novel solutions that can be taken to scale. Social enterprises possess clearly defined mission, goals and are accountable for social impacts as well as profits to a broad base of stakeholders, employing new tools and metrics. This new classification of business is also far more sustainable because they are leveraging substantial private and volunteer capital using only limited public/philanthropic investments. Finally, SEs are collaborative and often employ cross-sectoral partnerships and rely on non-profit sector collaboration.

3. Legislation in Detail (CIC – UK)

3.1 Rules and Regulations

The "community interest company" brand is distinctive in describing a company working for the benefit of the community. The CIC also has the advantage of the "company" legal form, which is familiar and well understood by the business community and it is flexible enough to adapt to most organizational structures, membership or governance from a single member company to a co-operative. CICs can be companies limited by guarantee or limited by shares. A CIC limited by guarantee is a 'not for profit' company. CICs will be able to take advantage of the risk-taking features of a company and can access the debt market for loans and bonds. If limited by shares, it may be able to expand through the selling of shares. Also there is no limit to the level of profit a CIC is allowed to make, as this profit will be used to benefit the community it was set up to serve.

If a CIC limited by shares aims to make a profit, that profit can (under certain checks and balances) be distributed to its members (who may or may not form part of the requisite community), but this is limited by the dividend cap (see further discussion below).

A CIC is quick, easy and inexpensive to set up because the Regulator provides model memorandum and articles of association, which include an asset lock. The asset lock is a fundamental feature of the CIC. It is statutory, cannot be removed and is overseen by the Regulator.

The asset lock prevents the CIC from divesting its assets for less than the true market value. The only exception is where the assets are transferred to another asset locked body (such as a charity or CIC), or used to benefit the community it was set up to serve.

The asset lock provides legal protection against demutualization and 'windfall profits' being paid out to its members and directors, without all the necessary checks and balances of mutuality or charitable status.

There is greater transparency of operation under the CIC model, as the CIC has to deliver an annual community interest company report about its activities for the public record, which includes details of assets transferred for less than market value, dividends paid and directors' remuneration. Stakeholder involvement is integrated into the CIC's governance through its annual community interest report.

The CIC has greater flexibility compared to a charity in terms of its activities. It does not have trustees and its directors can receive reasonable remuneration. As the tax advantages associated with charities are not available to CICs, regulation is light touch, a balance of minimal regulation whilst maintaining confidence in the "CIC" brand.

A community interest company has continuity of purpose. Once it is incorporated it will continue in existence until it is either dissolved or converted to a charity. If it is dissolved, the residual assets will be preserved, because of the asset lock, for the community rather than distributed to members. So a CIC may find Community Finance Institutions a valuable source of funds.[xxv]

3.2 Additional requirements for a community interest company

In addition to the requirements on ordinary companies a CIC has to:

- Satisfy and continue to satisfy a community interest test;
- Adopt certain statutory clauses in its constitution (this includes a clause to lock in the assets to providing benefit to the community), and

[xxv] CIC Regulator, 'Community Interest Companies: Guidance – Overview of a Community Interest Company', http://www.cicregulator.gov.uk/guidanceindex.shtml Accessed: July 6, 2009.

- Deliver an annual community interest company report with its annual accounts.[XXVI]

3.3 How do you form a community interest company?

The formation and registration is similar to that of any limited company. New organizations can register by filing Form 10, Form 12 and memorandum and articles of association together with a form CIC36 signed by all their directors, explaining their community credentials to the Registrar of Companies for England and Wales, or the Registrar for Scotland with a fee of £35. Existing companies can convert to a CIC by passing resolutions which make changes to their name and to their memorandum and articles of association and by delivering to the Registrar of Companies copies of these documents, together with a fee for £25, and a form CIC37 (which is similar to a CIC36, but asks for confirmation that the company is not a charity, or that permission has been obtained from the Charity Commission to convert from a charity to a CIC). The Registrar will conduct the normal checks for registration and pass the papers to the Regulator of Community Interest Companies, to determine whether the company satisfies the community interest test.

It should be noted that a CIC:

- Cannot be politically motivated (see regulation 3 of the Community Interest Company Regulations 2005 ("CIC Regs");
- Cannot be set up to serve an unduly restrictive group (see regulations 4 & 5 of the CIC Regs);
- Cannot be a charity; and
- Its activities must be lawful.

All these forms, model memoranda and articles of association together with an explanation of the procedure and worked examples can be found on the CIC regulator's website: *www.cicregulator.gov.uk*, using the 'FORMS' tab.[XXVII]

3.4 The community interest test (Forms CIC36 & CIC37)

A CIC has to make a community interest statement for the public record describing what it will do, who it will help and how. If it makes a profit, or surplus, the CIC must state what it will do with it. This information is provided on a form CIC36 or CIC37 and is placed on the public record after incorporation.

Based on this statement the Regulator decides whether an organization is eligible to become a community interest company. This statement sets on the record in a transparent manner the purpose,

[XXVI] CIC Regulator, 'Community Interest Companies: Guidance – Overview of a Community Interest Company', http://www.cicregulator.gov.uk/guidanceindex.shtml Accessed: July 6, 2009.
[XXVII] Ibid

the activities and desired outcomes for the CIC going forward, which are overseen by regulation throughout the life of the company.[XXVIII]

3.5 The statutory clauses (memorandum and articles of association or constitution)

A community interest company's articles contain certain statutory clauses:

- To lock in the assets to benefiting the community it was set up to serve; and
- To prevent the CIC falling under the control of individuals, or organizations, who are not members, for example, "no powers to appoint directors of the company may be given to persons who are not members of the company, which immediately after their exercise could result in the majority of directors of the company having been appointed by persons who are not members".

These clauses, including the "asset lock", are overseen by regulation and cannot be removed from its constitution. This aspect sets CICs apart from other companies and prevents demutualization and windfall profits being paid out to its members and directors.[XXIX]

3.6 The statutory "asset lock"

A community interest company's assets can only be distributed for less than the market value to another asset locked body, such as, a CIC or charity or to benefit the community it was set up to serve.

Once a CIC is incorporated it will continue in existence unless it converts to a charity or is dissolved. If the company is dissolved, any assets remaining after distribution will be transferred to another asset locked body, such as, a CIC or charity to be used for a similar community purpose.

A CIC limited by shares, which adopts the appropriate clauses in their articles, and subject to company law requirements, may pay a dividend on shares if agreed by a resolution of its members.

Dividends payable to certain types of shareholders (non-asset locked bodies e.g. not a charity or CIC) will be subject to a dividend cap. The cap is, at present, a maximum dividend per share of 5% above the Bank of England base rate and a maximum aggregated dividend of 35% of the distributable profits. Unused dividend capacity can be carried forward for 5 years. There is also a cap on performance-related interest of 4% above the Bank of England base rate.[XXX]

[XXVIII] Ibid
[XXIX] Ibid
[XXX] Ibid

3.7 Limits on Dividends and Interest

The rationale for the dividend cap

3.7.1 Together with the community interest test, the principle of reinvesting profits so they are used to benefit the community is central to the CIC concept.

3.7.2. As they grow, most companies raise equity by issuing shares. Equity shareholders provide risk capital and expect a corresponding return on their investment, enjoying a share of profits in the form of dividends on shares.

3.7.3. CICs are not able to adopt the same approach to equity as other companies, since unrestricted distribution of CICs' profits to investor shareholders would clearly be incompatible with a lock on profits and assets. However, to enable CICs the scope to grow they need access to a range of sources of finance, and the model needs to be appropriate for growing and large, as well as small companies.

3.7.4. HMG considered whether it would be appropriate for CICs to access a measure of real equity (risk capital) by issuing shares with an uncapped dividend and the ability to benefit from capital growth. This would open up a wider range of sources of finance to CICs with the assets, income streams and strong governance structures to attract equity investors, and so could contribute to the development of social enterprise. Without the ability to do this, CICs could not access risk capital and would be limited to organic growth. Equity investors expect to make profits from their shares if the CICs does well.

3.7.5. The way of reconciling this with the principle of the primacy of community benefit was to restrict such shares to participation of profits or residual assets, leaving the large majority of assets (65%) locked into the CIC and the public benefit.

3.7.6. The dividend cap strikes a balance between encouraging people to invest in CICs and the principle that the assets and profits of a CIC should be devoted to the benefit of the community. This helps to ensure that the dividends are not disproportionate to the amount invested and the profits made by the company.[xxxi]

[xxxi] CIC Regulator, 'Community Interest Companies: Consultation on the dividend and interest caps – Issued by the Regulator of Community Interest Companies, 30 March 2009, http://www.cicregulator.gov.uk/guidanceindex.shtml Accessed: July 6, 2009.

The three elements of the dividend cap

3.7.7 The restriction on distributions (the dividend cap), as required by Part 6, regulations 17 to 20 of the Community Interest Company Regulations 2005, has three elements:

- The maximum dividend per share limits the amount of dividend that can be paid on any given share. Currently, the limit is 5% above the Bank of England base-lending rate.

  This figure reflected the findings of the Bank of England report on the Financing of Social Enterprises 2003, which suggested that banks typically charge 2-4% over base rate for loans and overdrafts to social enterprises. The figure of 5% over base rate allows a small premium for the additional risk of equity compared to loans.

- The maximum aggregate dividend limits the total dividend declared in terms of the profits available for distribution. Currently, the limit is 35% of the distributable profits.

- The ability to carry forward unused dividend capacity from year to year to a limited extent. Currently the limit is 5 years.

3.7.8. The Bank of England's base lending rate (also referred to as the Repo Rate) is available from its website (www.bankofengland.co.uk), which also gives details of what the rate has been in the past.

3.7.9. It should be noted that these caps set maximums. They should not be taken as in any sense suggesting that those who invest in community interest companies are entitled to a particular rate of return on their investment. The caps should also not be seen as limiting companies' discretion as to whether or not to pay dividends at all, or whether to pay a dividend in any given year. Finally, there is no reason why a company should not restrict distributions to lower amounts than would be permitted under the caps in its memorandum and articles of association, or share prospectus, or offer documents. If the company has, for example, issued fixed rate preference shares, the dividend on those shares will be subject to the caps but if the caps allow a higher rate this does not entitle the shareholders to receive that higher rate.[XXXII]

The rationale for the performance related interest cap

[XXXII] Ibid

3.7.10. Community interest companies need to be able to raise debt i.e. loans and bonds in the commercial markets on the same terms as other companies. Lenders will assess the risk to their investment, and will set interest rates, in the usual way. The transparency of the CIC form should help lenders to understand the risks and result in fair prices for debt finance.

3.7.11. Subject to its memorandum and articles of association, CICs have the same borrowing powers as any other company and generally will be able to borrow and pay normal commercial rates of interest to lenders.

3.7.12. The interest cap refers to the somewhat rare circumstances where the interest payable on debts or debentures is linked to the performance of the CIC. Such debt is regarded as similar to equity shares (it is sometimes referred to as "debt with equity characteristics" or "quasi-equity") and the ability to pay uncapped interest on such debt would circumvent the dividend cap.

3.7.13. The Act and Regulations therefore provide that payment of such performance related interest should be subject to a cap. The cap is expressed in terms of a percentage rate on the average amount outstanding on any given loan, or debenture (debt).

3.7.14. It will be the rate in force at the date the agreement for payment of the interest was made, or, for existing debt, the date the company became a CIC. The rate for a particular debt is fixed for the life of that debt and will not change if the rate generally is changed. It can, however, fluctuate if the Bank of England rate changes (Bank of England base lending rate plus a fixed percentage). [XXXIII]

The performance related interest cap

3.7.15. The initial interest cap is fixed by Part 6, regulation 21 of the Community Interest Company Regulations 2005 at "4 percentage points higher than the Bank of England base lending rate". This figure reflects the finding in the Bank of England report.

3.7.16. If, for example, the agreement is made when the Bank of England Base Rate at the time is 3%, the cap will be 7%. If the Bank of England Base Rate subsequently rises to 5%, the rate for that debt will rise to 9%.

[XXXIII] Ibid

3.7.17. The rate applicable to any interest payment is that in force on the first day of the financial year in which the interest is due and the amount is calculated on the average amount of the debt, as defined in the Regulations, in the 12 months ending on the day before the payment is due.

3.7.18. If, for example, the company borrowed £100,000, the interest was agreed at 10% of the company turnover, the debt remained at £100,000 all year and the turnover was £130,000 the lender would be entitled under the agreement to £13,000 interest. If, however, the interest cap was 8% the interest payment would be restricted to £8,000.

3.7.19. It should be noted that if the contractual rate is lower than the interest cap rate this does not entitle the lender to receiver the higher cap rate.[xxxiv]

Subsequent variation of the dividend caps and interest cap

3.7.20 Under Part 6, regulation 22(3) of the Regulations, the Regulator may, with the approval of the Secretary of State, set a new share dividend cap, aggregated dividend cap, or interest cap.

3.7.21. Under Part 6, regulation 22(4)(b) and regulation 22(5) to (7) of the Community Interest Regulations 2005 ('the Regulations'), any change to the level of any cap or the way it is expressed is subject:

- To the share dividend cap being expressed as a percentage of the paid up value of the shares to which it applies;
- The aggregated dividend cap being expressed as a percentage of distributable profits; and
- The interest cap being expressed as a percentage of the average amount of debt, or the sum outstanding on a debenture, during the 12-month period immediately preceding the date on which the interest on that debt or debenture becomes due (determined in accordance with Schedule 4 of the Regulations).

3.7.22. Under Part 6, regulation 22(3) of the Regulations, the Regulator may, with the approval of the Secretary of State, set a new share dividend cap, aggregated dividend cap, or interest cap.[xxxv]

[xxxiv] Ibid
[xxxv] Ibid

3.8. Directors' and member's responsibilities

As with any other company, general company law imposes, on directors, a range of duties and other responsibilities. In addition to these general responsibilities CIC directors (and, for collective decisions the members) are also responsible for ensuring that the company is run in such a way that it will continue to satisfy the community interest test, which is overseen by regulation.[XXXVI]

3.9. Annual community interest company report and accounts

Whatever membership, structure, or governance is adopted, it is up to the directors and members to ensure it is complied with and is in the best interest of the CIC and its community. This is overseen by regulation.

To this end a CIC must deliver to the Registrar of Companies with its annual accounts a community interest company report, both documents are placed on the public record. The CIC report provides transparency of operation and describes:

- How the company's activities have benefited the community;
- What steps were taken to consult stakeholders and what was the outcome;
- What payments were made to directors;
- What assets were transferred other than for full consideration;
- What dividends were paid; and
- What performance-related interest was paid on loans or debentures.

The involvement of stakeholders is overseen by regulation and is integrated into the corporate governance of the CIC through the annual report.[XXXVII]

3.10 Director's remuneration

Community interest companies have the option to pay their directors remuneration, which is also overseen by the Regulator. The community interest test and the asset lock apply as much to the remuneration of directors as to any other area of a CIC's business.

Directors' remuneration should never be more than is reasonable and remuneration arrangements should always be transparent. General company law rules apply and there needs to be legal authority for such remuneration (approval by the members, or provided for in the company's memorandum or

[XXXVI] CIC Regulator, 'Community Interest Companies: Guidance – Overview of a Community Interest Company', http://www.cicregulator.gov.uk/guidanceindex.shtml Accessed: July 6, 2009.
[XXXVII] Ibid

articles of association). The primary discipline on CIC directors' remuneration arrangements is transparency and member influence or approval.[XXXVIII]

3.11 CIC Results

Annual community interest reports are available through the CIC Regulator at:

http://www.cicregulator.gov.uk/news/Latest%20News/reportsforinfo.shtml

To date, only five such reports have been posted for the following companies:

- ECT Bus C.I.C.
- Equity Entrepreneur (Education) Community Interest Company
- Healthy Goals UK C.I.C
- Light of Hope C.I.C
- Social Enterprise London C.I.C

These reports do not contain information about the financial structure of these organizations, financial records, or investment information. These reports cannot help us ascertain the types of investment, or magnitude of investment, that CICs are attracting. It is apparently not a requirement of the CIC Regulator to make such information public. Similarly this financial information is not made public by the CICs themselves through their websites. If we wish to better understand the financial inner-workings of CICs we are going to have to contact the companies directly.

4. Legislation in Detail (L3C)

As stated above the first L3C legislation was passed in Vermont on April 30, 2008. Subsequent legislation was passed in Utah, Wyoming and Michigan, and pending legislation is at various stages of the legislative process in a further seven states – Arkansas, Illinois, Maine, Missouri, North Carolina, Oregon and Tennessee. Georgia and Louisiana are also considering L3C legislation but are yet to instigate the legislative process.[XXXIX] The legislation in each state is similar, as a result, Sections 4.1 – 4.2 describe the L3C legislation from Vermont in detail and can be assumed to be representative of the legislation in the other jurisdictions.

4.1 Rules and Regulations

The specifics of the Vermont legislation read as follows:

It is hereby enacted by the General Assembly of the State of Vermont:

[XXXVIII] Ibid

[XXXIX] http://www.americansforcommunitydevelopment.org/legislativewatch.html

Sec. 1. 11 V.S.A. § 3001(23) is added to read:

(23) "L3C" or "low-profit limited liability company" means a person organized under this chapter that is organized for a business purpose that satisfies and is at all times operated to satisfy each of the following requirements:

(A) The company:

(i) Significantly furthers the accomplishment of one or more charitable or educational purposes within the meaning of Section 170(c)(2)(B) of the Internal Revenue Code of 1986, 26 U.S.C. § 170(c)(2)(B); and

(ii) Would not have been formed but for the company's relationship to the accomplishment of charitable or educational purposes.

(B) No significant purpose of the company is the production of income or the appreciation of property; provided, however, that the fact that a person produces significant income or capital appreciation shall not, in the absence of other factors, be conclusive evidence of a significant purpose involving the production of income or the appreciation of property.

(C) No purpose of the company is to accomplish one or more political or legislative purposes within the meaning of Section 170(c)(2)(D) of the Internal Revenue Code of 1986, 26 U.S.C. § 170(c)(2)(D).

(D) If a company that met the definition of this subdivision (23) at its formation at any time ceases to satisfy any one of the requirements, it shall immediately cease to be a low-profit limited liability company, but by continuing to meet all the other requirements of this chapter, will continue to exist as a limited liability company. The name of the company must be changed to be in conformance with subsection 3005(a) of this title.[XL]

As stated in Section 2.4, L3Cs are a new type of corporate designation that is a cross between a nonprofit and for-profit corporation. L3Cs are like Limited Liability Companies in that they have the liability protection of a corporation, the flexibility of a partnership and the ability to be sold in pieces.

[XL] Legislative Documents – Vermont, Act of the General Assembly 2007-2008. http://www.leg.state.vt.us/docs/legdoc.cfm?URL=/docs/2008/acts/ACT106.HTM Accessed: July 5, 2009

Unlike the basic LLC, however, L3Cs are specifically formed to further a socially beneficial mission and can qualify as a program related investment (PRI). As a LLC, L3Cs are not tax-exempt.

According to the Vermont legislation, organizing as a L3C is the same as organizing as a LLC, "except that the L3C designation must be indicated when the articles of organization are filed and the name must include the words 'L3C.'"[XLI]

The L3C designation is meant to bridge the gap between the capabilities of nonprofit and for- profit corporations. At its core, the L3C is a profit-generating entity with a social mission as its primary objective. As such, L3Cs create a market for investment in financially risky, but socially beneficial activities. A L3C organization will be able to access capital in situations where the profit potential of a business is too low to warrant the risk of investment by traditional investors.[XLII]

4.2 Candidates for the L3C Designation

In addition to having a socially beneficial mission, strong candidates for the L3C structure are organizations that:

- Have cash flow. Since investors will be seeking a return on their investment in a L3C, the organization must consistently generate revenue.
- Are entrepreneurial in finding ways to generate revenue. Organizations that are willing to supplement their current services with additional revenue-generating activities will be more attractive to investors.

Existing nonprofits can utilize the L3C structure in two ways: reincorporating as a L3C or establishing a subsidiary. If a nonprofit generates enough earned income to qualify as "low profit," it could reincorporate as a stand-alone L3C. However, the most likely scenario for existing nonprofits will be establishing subsidiaries to conduct qualifying activities.[XLIII]

[XLI] Community Wealth Ventures (2008) 'The L3C: Low-Profit Limited Liability Company: Research Brief, July 2008', http://www.communitywealth.com Accessed: July 8, 2009
[XLII] Ibid.
[XLIII] Ibid

4.3 Implications for Foundations

The opportunities for foundations with the L3C center on PRIs and the opportunity to invest in organizations that have both financial and social returns. For a foundation, the L3C provides several positive benefits:

- Reduces the costs of PRIs. Since the L3C legislation in Vermont was written in such a way as to comply with all PRI regulations, the structure eliminates the need for private letter rulings or legal opinions for foundation investment in L3Cs.

- Attracts outside investors. Investment in a L3C can be layered, delivering returns according to the needs of the investor (low or no return to a foundation, greater returns for a market-driven investor). Foundations will be able to serve as early-stage investors by taking on more financial risk, in exchange for a high social return. Further, early foundation investment will pave the way for more market-driven investment.

- Satisfies a foundation's philanthropic mandate. Investment in a L3C would allow a foundation to invest in an organization that is meeting community needs, while providing an opportunity for a foundation to generate a modest return. To be successful at investing in a L3C opportunity will most likely require close coordination between the program staff and the foundation's investment officers.[XLIV]

Greater detail about the requirements to become an L3C can be found in the L3C operating agreement which can be found in Appendix A.

4.4 Current L3C Activities

With the enactment of the Vermont legislation, a L3C can incorporate in Vermont, but headquarter or operate in another state or country. Due to the newness of the enacted legislation, L3Cs and their potential investors are still in the planning phases. Current L3C activities include:

4.4.1 Twelve L3Cs currently exist. Robert Lang, who is spearheading the L3C effort, and his colleagues have established "L3C Advisors L3C" to help organizations adopt this structure. Eleven other L3Cs have been established but, at this time, L3C Advisors L3C is the most active organization.

[XLIV] Ibid

4.4.2 Foundations are interested in investing in L3Cs, but none have currently done so. According to Robert Lang, a handful of foundations have been interested in funding L3Cs, but have not yet committed any funds.

4.4.3 The L3C structure is characterized by its flexibility, and organizations and investors are developing creative models to capitalize on the L3C opportunity. Some specific examples of L3Cs that are in the planning phases include:

- **The National Cancer Coalition.** The National Cancer Coalition will operate a clinic offering low-cost early-detection and cancer treatment services for women in Paraguay, generating revenue from patient fees while providing health services to a population in need.
- **The Montana Food Bank.** The MT Food Bank provides farmers with access to its food processing plant to process and deliver fresh, local food to Montana grocery stores. The food-processing program is also a training program for Montana prisoners.

4.4.4 The Council on Foundations has put seeking a private letter ruling on L3Cs on hold. When the L3C legislation was first enacted, the Council on Foundations contemplated approaching the Internal Revenue Service (IRS) about a blanket private letter ruling on L3Cs qualifying for PRI. Since the L3C legislation was written in such a way as to comply with all PRI regulations, the COF has decided to see how activity surrounding the L3C develops before approaching the IRS with any requests. This issue will be reexamined by the COF in January of 2009.[XLV]

5. Legislation versus Branding

In addition to the spread of L3C legislation in the United States there has also been a growth of the so-called 'B Corporations'. B Corporations are a new type of self identified corporation that uses the power of business to solve social and environmental problems.[XLVI] B Corporations are unlike traditional responsible businesses because they:

- Meet comprehensive and transparent social and environmental performance standards.
- Institutionalize stakeholder interests.

[XLV] Ibid
[XLVI] http://www.bcorporation.net/about/

- Build collective voice through the power of a unifying brand.[XLVII]

B Corporations have potential because they are aimed to address two critical problems, which hinder the creation of social and environmental impact through business:

- The existence of shareholder primacy which makes it difficult for corporations to take employee, community, and environmental interests into consideration when making decisions; and

- The absence of transparent standards, which makes it difficult for all of us to tell the difference between a 'good company' and just good marketing. [XLVIII]

These B Corporations are self-identifying and are a collective of organizations who choose to adopt a specific set of business principles and practices. According to the B Corporation website, "B Corporations' legal structure expands corporate accountability and enables them to scale and achieve liquidity while maintaining mission. B Corporations' transparent and comprehensive performance standards enable consumers to support businesses that align with their values, investors to drive capital to higher impact investments, and governments and multinational corporations to implement sustainable procurement policies." [XLIX]

In their vision, B Corporations will create a new sector of the economy, which uses the power of business to solve social and environmental problems. This sector will be comprised of a new type of corporation - the B Corporation. Again, according to the B Corporations website, they will soon be legally recognized by the states, tax preferred by the IRS, and valued by investors and consumers. As a result, individuals and communities will have greater economic opportunity, society will have moved closer to achieving a positive environmental footprint, more people will be employed in great places to work, and we will have built more local living economies in the US and across the world.

The claims of registered B Corporations sound very similar to the claims in arguments for L3C legislation; however, the growth of L3Cs and B Corporations have happened mostly in parallel, but because of their similar vision of merging business and social mission, they offer an opportunity to merge effective branding with useful legislation. The B Corporation has a longer history and more established brand recognition, and the L3C legislation is the required legislation that B Corporations are seeking.

[XLVII] Ibid
[XLVIII] Ibid
[XLIX] Ibid

Currently, the B Corporation main website: http://www.bcorporation.net does not make any mention of the L3C legislation. Their section focused on understanding the legal aspects of B Corporations (http://www.bcorporation.net/become/legal) focuses on how a corporation can amend its practices to qualify as a B Corporation within the current legal framework. They focus on the legal vision, the objectives and the process a company needs to follow to achieve the label of B Corporation, but there is no mention of the emerging L3C legislation. It is unclear if they are aware of the L3C legislation and have begun a discussion about utilizing such legislation to further the goals of B Corporations, but they would be well advised to do so.

6. Legislation in Canada

The current Canadian regulatory regime for registered charities is very restrictive of their ability to engage in business activities, let alone social enterprise activities. In order to overcome some of the restrictions imposed on registered charities, charities have to utilize alternative structures and arrangements to operate business activities, which may be complex in implementation and are not always ideal in achieving their goals.

In general, there are a number of goals that social enterprises wish to achieve, which the Canadian regulatory regime for registered charities cannot meet. One of the key reasons for this is the need to find new ways to raise capital and/or income stream for carrying on charitable endeavours. Examples would include raising capital by issuing shares, paying dividends, paying a return on investments, etc., which registered charities cannot do. Another reason is to have the ability to pay directors of a social enterprise who would have a legitimate reason to remain in control of it. At common law, directors of charities are not permitted to receive any direct or indirect remuneration. A further reason is that governments may wish to mobilize private capital to help struggling businesses or communities. Another possible reason is to have a vehicle to allow charities to effectively enter into joint venture social projects with for-profit entities and the public sector. Apart from the above factors, there may be other reasons that may support organizations to operate in a new framework outside of being a charity. For example, registered charities in Canada are prohibited from engaging in political activities, failing which they may lose their charitable status.[L]

[L] Carter, T & Man, T. (2008) 'Canadian Registered Charities: Business Activities and Social Enterprise – Thinking Outside the Box', National Centre on Philanthropy and the Law Annual Conference. www.carters.ca/pub/article/charity/2008/tsc1024.pdf Accessed July 6, 2009.

At this time, as The Right Honourable Paul Martin correctly pointed out, what is needed in Canada is a "hybrid with which the policy makers have not yet caught up."[LI] In this regard, it is necessary to learn from what the United States and the United Kingdom have done to encourage the development of social enterprise. In addition, in coming up with a Canadian solution, it is necessary to develop a coordinated approach. Therefore, the development of such a solution would require much thorough research and consultation. The authors do not intend to propose a solution in this paper; rather, features that may be considered in developing a solution are suggested. Such features could include: implementing a suitable corporate vehicle; providing attractive tax incentives for investors; ensuring the assets and resources of a social enterprise are used primary for social return rather than a profit return; addressing securities legislation issues if the new vehicle is permitted to raise capital by issuing shares; allowing charities to "invest" in social enterprise entities with their "investments" being counted towards meeting their disbursement quota; addressing the application of provincial investment legislation; the possibility of providing full or partial tax-exemption status for social enterprises; as well as providing statutory authority to pay remuneration for directors, etc.[LII]

The UK and US innovations are timely and very helpful guides for Canada. The social economy and community enterprises in Canada are very similar to those in the UK and the US. They have developed in the same way, they have the same enormous potential, and, until now, they faced the same basic legal limitations. Canada now has before it an opportunity to dray the best attributes from both legal structures, to create new federal legislation to enable social enterprise to flourish.[LIII]

It is proposed that there be created, in Canada, the legislation and regulation to allow a new type of business. It is proposed that this new type of business would be called a Company for Social Enterprise and be known by the abbreviation CSE.

It is further proposed that there be no restriction as to the nature of the owners of this company, although certain restrictions may be desired to ensure that the company is Canadian in both ownership and control. This proposal would require the amendment of certain acts of Parliament that create ownership restrictions such as the act(s) that govern the establishment and registration of charities.

[LI] Ibid
[LII] Ibid
[LIII] Fraser Valley Centre for Social Enterprise (2008) 'Analysis of L3C and CIC social enterprise models.' http://www.centreforsocialenterprise.com/index.html Accessed: June 1, 2009

It is further proposed that either the sharing of profits or dividends from a CSE be restricted so that the percentage of profits or dividends distributed to for-profit businesses or individuals are not equal to or greater than fifty percent. No such restriction would be placed on those distributions to non-profit organizations (NPOs) or registered charities.

Finally, it is proposed that the articles of incorporation or registration include a statement signed by each Director as to the intent of the CSE and that each person who becomes a Director after incorporation or registration sign such a statement. The statement of intent must include a reference to the social objectives of the CSE being formed.[LIV]

National benefits of the new business type

- The identification of social enterprise separately from any other form of business or organization.
- The ability of the government to specifically stimulate social enterprise as an economic sector.
- The application of statistical methods to social enterprise as an economic factor regionally or nationally.
- The ability to encourage lenders to create programs specifically for social enterprise and their ability to do so in a manner that is consistent with the objectives of both the government and the lenders' corporate social responsibility programs.
- Finally, and perhaps most importantly, the creation of a new business type enables the government to take concrete measurable steps to legitimize social enterprise as a strategy, a tool, and a mechanism to achieve social goals. With the restrictions currently in place that prevent charities from owning or operating unrelated businesses, the adoption of these recommendations clearly puts all NPO's on a level playing field insofar as social enterprise is concerned.[LV]

7. Social Enterprise Opportunities in Health

Does the CIC or L3C model provide a useful framework for the creation of social enterprises aimed at improving health outcomes in developing countries?

[LIV] Gould, S. (2006) 'Social Enterprise and Business Structure in Canada: a Discussion', Fraser Valley Centre for Social Enterprise. http://www.centreforsocialenterprise.com/documents.html Accessed: June 30, 2009
[LV] Ibid

There are two main reasons why new legislation for social enterprises could be very significant to the success of organizations dedicated to the development and delivery of vaccines and drugs for neglected diseases. First, as stated above there has been significant growth of Public Private Partnerships (PPP) in the Pharmaceutical industry. For many leading experts in the field, such as Mary Moran, these PPPs are the key to both the short and long term improvement of the pharmaceutical industry in regards to the production of essential medicines for poor population around the world. Currently, these PPPs lack a regulatory framework in which to operate, and thus, have yet to fully attract the maximum financial support they could. Operating within the CIC or L3C framework (or similar such framework in Canada) would allow social enterprises aimed at the development and delivery of drugs for neglected diseases to operate like a business, but attract additional investments normally reserved for charities and other non-profits.

Second, the legitimacy provided by the CIC and L3C legislation for the emerging, and consistently growing, social enterprise sector is invaluable, and absolutely essential to the long-term stability and success of the Fourth Sector. Currently, there is a lot of ambiguity about what health related PPPs actually are. Often these entities rely financial on major contributions from one source (Bill and Melinda Gate Foundation for example); however, with increased legitimacy and a sound financial strategy, these PPPs could become more entrenched organizations with the ability to attract capital like a private enterprise. With capital inflow from a variety of sources – foundations, private investors and governments – health focused SEs could fill the gap that currently exists in the for-profit pharmaceutical industry.

There would be some restrictions to the activities of these organizations. In both the CIC and L3C legislation there are restrictions on lobbying, advocacy activities. However, the legislation had written into it a great deal of flexibility. Political activities are not in opposition to the legislation if they can reasonably be regarded as incidental to other activities, which a reasonable person might consider are being carried on for the benefit of the community. This is far more lenient than the current rules in Canada regarding the advocacy activities allowed by charitable organizations.

Appendix A

C&D DRAFT 5/23/07

LIMITED LIABILITY COMPANY AGREEMENT
OF
[INSERT NAME] L3C

A [Insert State] Low-Profit Limited Liability Company

Dated as of _____ ___, 2007

LIMITED LIABILITY COMPANY AGREEMENT
OF
[INSERT NAME] L3C

This **LIMITED LIABILITY COMPANY AGREEMENT** (this "Agreement"), made as of _____, 2007, for **[INSERT NAME] L3C** (the "Company"), by and among each person named in Schedule A of this Agreement constitutes the limited liability company agreement for the Company, which is a low-profit limited liability company formed under the [insert state] Limited Liability Company Act (the "Act").

In this Agreement, the Class A Members, Class B Members, and Class C Members are together referred to as the "Members" and each may be referred to as a "Member."

TERMS

SECTION 1 Offices and Purposes.

1.1 Principal Office.

(A) The principal office of the Company is located at [insert address].

(B) The principal office of the Company may be changed by the Manager.

(C) The Company may have such other offices, either within or without the State of [insert state], as the Manager designates or as the business of the Company requires.

1.2 Registered Office and Agent.

(A) The registered office of the Company, as required by the Act to be maintained in the State of [insert state], is located at [insert address], and the original registered agent at such address is [insert name of registered agent].

(B) The registered office and registered agent may be changed from time to time by the Manager and by the filing of the prescribed forms with and the payment of any prescribed fees to the [insert state] Secretary of State.

1.3 Purposes. The Company has been formed to carry on any lawful activity, permitted by the Act, as determined by the Manager.

SECTION 2 Members and Financial Matters.

2.1 Members, Percentage Interests, and Membership Units.

(A) Membership Classes.

(i) The Class A Members shall be excluded from participation in distributions but shall be entitled to have their entire Percentage Interests in the Company redeemed and purchased by the Company.

(ii) The Class B Members shall be eligible to participate in distributions; provided, however, that the aggregate distributions to a Class B Member in any given year shall not exceed 1% of the value of such Class B Member's Percentage Interests in the Company.

(iii) The Class C Members shall be eligible to participate in distributions without limitation as to the amount thereof.

(iv) Each Member has voting rights proportional to that Member's Percentage Interests in all decisions to be made by the Members.

(B) Membership Interests.

(i) The Members' membership interests in the Company and particularly their rights to allocations and distributions as described in this Section 2 are governed by their respective membership class and Percentage Interests.

(ii) Those Percentage Interests may also be represented by Membership Units, the respective number of which belonging to each Member must be set out on Schedule A of this Agreement.

2.2 Limitation of Liability of Members and Others.

(A) Except as otherwise required by applicable law, the debts, obligations, and liabilities of the Company, whether arising in contract, tort, or otherwise, are solely the debts, obligations, and liabilities of the Company, and no Member, Manager, trustee, officer, or employee of the Company is obligated personally for any such debt, obligation, or liability of the Company solely by reason of being a Member, trustee, officer, or employee of the Company.

(B) No Member, Manager, trustee, officer, or employee of the Company, to the maximum extent now or hereafter permitted by applicable law, has any personal liability to the Company or any Member for monetary damages for breach of fiduciary duty as an officer or in any other managerial position.

2.3 Capital Contributions.

(A) The Members have made the capital contributions to the Company set forth on Schedule A of this Agreement.

(B) No Member is obligated to make any additional capital contributions to the Company.

2.4 Loans by Members. Any Member may, but no Member is obligated to, make loans to the Company on such terms and conditions as are acceptable to such Member and the Manager.

2.5 Allocation of Income and Loss. All items of income, gain, loss, deduction, and credit must be allocated among the Members in accordance with their Percentage Interests as set forth on Schedule A of this Agreement (which must be updated by the Manager to reflect any changes to its contents) and their membership class and the rights associated therewith.

2.6 Taxation.

(A) It is the intention of the Members that the Company be classified for purposes of federal and any state income tax law as:

(i) a partnership; or

(ii) for any period in which there is the only one Member of the Company, a disregarded entity.

(B) The Company may make any election it deems prudent to establish and maintain its tax classification in accordance with Section 2.6(A).

2.7 Capital Accounts.

(A) A capital account ("Capital Account") for each Member must be determined and maintained on the books and records of the Company in accordance with Section 704(b) of the Internal Revenue Code of 1986, as amended (the "Code"), and Treasury Regulations § 1.704-1(b).

(B) All provisions of this Agreement relating to Capital Accounts must be interpreted and applied so as to comply with the requirements of the Code and Treasury Regulations.

2.8 Distributions.

(A) General. The Company may make distributions to the Members from time to time in such amounts as the Manager determines, subject to the provisions of section 2.1(A) above.

(B) Withholding Taxes.

(i) The Company shall withhold from distributions (or allocations of Company income, gain, loss, deduction, and credit) to any Member and pay over to any federal, state, local, or foreign government any amounts required to be so withheld by law and must allocate any such amount to the Member with respect to which such amounts were withheld.

(ii) For all purposes of this Agreement, all amounts so withheld must be treated as amounts actually distributed to the Member with respect to which such amounts were withheld, and such amounts must be treated as actually distributed at the time paid to the relevant government agency.

2.9 Accounting and Books of Account.

(A) The accounts, books, and records of the Company must be maintained at the principal office of the Company.

(B) The Company's books must be closed and balanced at the end of each calendar year.

2.10 Banking. All funds of the Company must be deposited in its name in one or more separate accounts with such banks, savings and loan associations, or trust companies as the Manager designates.

SECTION 3 Management.

3.1 Appointment of Manager.

(A) The Members, by majority vote of all Members, shall appoint the Manager who shall consent to such appointment by executing a counterpart signature page to this Agreement.

(B) The Members hereby appoint [insert name] as the initial Manager of the

Company and authorize the Company to enter into a separate employment agreement with him/her.

3.2 Manager. The Manager:

(A) has the sole authority in the management of the Company, except as otherwise set out in Section 3.3;

(B) shall actively oversee the operations of the Company; and

(C) may delegate to any officer of the Company any of the Manager's authority to make any decision on the Company's behalf.

3.3 Restricted Actions. The Manager may not, without the consent of the Members:

(A) sell, assign, convey, or otherwise dispose of any portion of the Company's assets outside of the ordinary course of business;

(B) do any act in contravention of this Agreement;

(C) amend, change, or revoke this Agreement;

(D) confess a judgment against or affecting the Company;

(E) merge or consolidate the Company with or into another business entity;

(F) dissolve or liquidate the Company;

(G) change or reorganize the Company into any other legal form; or

(H) knowingly perform any act that would subject any Member to liability as a general partner in any jurisdiction.

3.4 Term. The Manager holds office for an indefinite term or until his or her earlier death, resignation, or removal.

3.5 Resignation. The Manager may resign at any time by giving written notice of his or her resignation to the Class A Members, such resignation to be effective upon receipt unless a later date is specified in the notice and to be without prejudice to the contract rights, if any, of any party.

3.6 Removal. The Manager may be removed, with or without cause, by a majority of the Members, such removal to be without prejudice to the contract rights, if any, of any party.

3.7 Officers. The Company may have such officers, under such titles, as the Manager determines, and such officers have the authority and duties granted to them by the Manager.

SECTION 4 New Members.

4.1 Additional Members. The Manager may admit additional Members of any class to the Company and shall fix such additional Members' class, Percentage Interests, and Membership Units.

4.2 Transfers. A Member may transfer all or any part of its membership interests in the

Company to an assignee only with the prior written consent of the other Members and in accordance with Section 5.

4.3 Execution of Agreement Required. The admission of an additional Member or transferee Member under this Section 4 becomes effective when such additional or transferee Member consents in writing to be bound by all of the terms and conditions of, and executes a counterpart signature page to, this Agreement.

SECTION 5 Right of First Refusal.

5.1 Restrictions on Transfers.

(A) No Transfers of any membership interests may be made by any parties except in conformance with the terms of both Section 4 and this Section 5.

(B) "Transfer" shall mean to transfer, sell, assign, pledge, hypothecate, bequeath, give, create a security interest in or lien on, place in trust (voting or otherwise), assign, or in any other way encumber or dispose of, directly or indirectly, and whether or not by operation of law or for value, any membership interests in the Company.

5.2 Disposition Notice. In the event a Member (the "Selling Member") desires to Transfer any or all of the membership interests held by such Selling Member (the "Transferring Interests") to any person (the "Offeree"), the Selling Member shall promptly deliver to each of the other Members (the "Non-Selling Members") written notice of the intended disposition (the "Disposition Notice"), which must set forth the material terms and conditions thereof, including the purchase price for the Transferring Interests and the identities of the Offeree and any beneficial owners who are not the named Offeree.

5.3 Exercise of Right by Non-Selling Members.

(A) The Non-Selling Members may, for a period of 30 days following receipt of a Disposition Notice (the "Exercise Period"), purchase the Transferring Interests upon the same terms and conditions specified in the Disposition Notice, except that the purchase price must be an amount equal to the lesser of:

(i) the fair market value of the Transferring Interests as determined by an independent appraiser chosen by the Class A Members and the Selling Member; or

(ii) the purchase price specified in the Disposition Notice.

(B) Such right is exercisable by written notice (the "Exercise Notice") delivered by the Non-Selling Members to the Selling Member and the Offeree prior to the expiration of the Exercise Period.

(C) To the extent that the Transferring Interests need to be allocated among the Non-Selling Members, they must be allocated based on the ratio of each participating Non-Selling Member's holdings of membership interests in the Company to the total of all participating Non-Selling Members' membership

interests in the Company.

5.4 Types of Exercise by the Non-Selling Members. If such right is exercised by the Non-Selling Members with respect to:

(A) all of the Transferring Interests specified in the Disposition Notice, then the Non-Selling Members shall effect the purchase of such Transferring Interests, including payment of the purchase price therefor, not more than five business days after the delivery of the Exercise Notice and, at such time, the Selling Member shall deliver to the Non-Selling Members a duly endorsed assignment of the Transferring Interests to be purchased; or

(B) only a portion of the Transferring Interests specified in the Disposition Notice,

then:

(i) the Non-Selling Members shall notify the Offeree of their intention to purchase only a portion of the Transferring Interests within the Exercise Period; and

(ii) this right to purchase is contingent upon the Offeree's election to purchase the remaining balance of the Transferring Interests; and

(iii) the Non-Selling Members' purchase of such Transferring Interests must be consummated, if at all, at the time of the Offeree's purchase; but

(iv) in the event the Offeree elects not to purchase the remaining Transferring Interests, the Non-Selling Members are deemed to have waived their rights of first refusal.

5.5 Non-Exercise of Right by Non-Selling Members.

(A) In the event the Exercise Notice is not given by the Non-Selling Members to the Selling Member and the Offeree within the Exercise Period or the Offeree elects not to purchase the remaining Transferring Interests in accordance with Section 5.4(B)(iv), the Non-Selling Members are deemed to have waived their rights of first refusal and the Selling Member has a period of 30 days thereafter in which to sell all, but not less than all, of the Transferring Interests to the Offeree identified in, and upon terms and conditions (including the purchase price) no more favorable to the Offeree than those specified in, the Disposition Notice.

(B) In the event the Selling Member does not consummate the sale or disposition of the Transferring Interests within such 30-day period, the Non-Selling Members' rights of first refusal are applicable to any subsequent disposition of the Transferring Interests by the Selling Member until such rights lapse in accordance with Section 5.8.

5.6 Rights and Obligations of Transferee.

(A) Upon any Transfer of membership interests in accordance with this Section 5, such membership interests remain subject to the restrictions of this Agreement.

(B) Each purchaser of Transferring Interests succeeds to the rights of the Selling

Member with regard to such Transferring Interests, except that:

(i) if the Non-Selling Members exercise their rights of first refusal and purchase any Transferring Interests, then any such Transferring Interests are automatically converted to the class of membership interests of the Non-Selling Member purchasing the Transferring Interests; or

(ii) if the purchaser is a third party to this Agreement, such purchaser is subject to the terms of Section 4 concerning admission to the Company as a Member and execution and delivery to the Manager a counterpart of this Agreement and must take such other actions and execute such other documents as the Company reasonably requests.

5.7 Expenses. The Selling Member shall pay all expenses incurred by the Company in connection with a Transfer in accordance with this Section 5.

5.8 Termination. The rights and obligations of the Members under this Section 5 terminate upon the closing of the Company's Sale, as defined in Section 6.4(A).

SECTION 6 Redemption. If a Class A Member at any time desires that the Company purchase and redeem its Percentage Interests, the Class A Member shall send written notice to the Company. The purchase price for the Percentage Interests shall be equal to such Class A Member's capital contribution. Closing shall be held at the principal office of the Company. At closing, the Class A Member shall deliver to the Company any transfer documents as counsel for the Company reasonably may require. Upon agreement of the Manager and the Class A Member, payment of the purchase price may be made by promissory note executed by the Company.

SECTION 7 Dissolution.

7.1 Term of the Company. The term of the Company is perpetual.

7.2 Causes of Dissolution. Notwithstanding the provisions of Section 7.1, the Company terminates and must be dissolved upon the earlier occurrence of any of the following events:

(A) the entry of a decree of dissolution by a court of competent jurisdiction;

(B) the business of the Company is determined to be illegal by a court of competent jurisdiction;

(C) rescission of this Agreement; or

(D) a majority of all Members elect to dissolve the Company.

7.3 Liquidation Manager. The Members shall appoint the Liquidation Manager upon the termination and dissolution of the Company.

7.4 Procedure Upon Dissolution.

(A) Upon the dissolution of the Company, the Liquidation Manager appointed in accordance with Section 7.3 shall immediately commence to wind up the

Company's affairs and shall proceed with reasonable promptness to liquidate the business of the Company.
(B) If the Company is dissolved while its business is in progress, the winding up of the affairs of the business of the Company may include completion of any work in progress and any contracts in existence on the date of dissolution.
(C) Except as otherwise required by the Act, upon the dissolution of the Company, the assets of the Company must be liquidated, and the proceeds from such liquidation, together with assets distributed in kind, are applied in the following order:
(i) to the payment of debts and liabilities of the Company to creditors in the order of priority set out by law and the expenses of dissolution and liquidation;
(ii) to the establishment of any reserves that the Liquidation Manager deems reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company arising out of or in connection with the Company (such reserves must be held in trust by the Liquidation Manager for the purpose of disbursing such reserves in payment of contingencies and, at the expiration of such period as the Liquidation Manager deems advisable, to distribute the balance of the trust corpus in the manner set out in this Section 7.4); and
(iii) to the Members in accordance with their Capital Accounts.

7.5 Powers of the Liquidation Manager. The Liquidation Manager has full power and authority to wind up the business and affairs of the Company.

7.6 Indemnification of Liquidation Manager. The Members shall indemnify the Liquidation Manager as set out in Section 8 of this Agreement.

7.7 Contributions for Deficiencies. Each Member shall restore any deficit balance remaining in its Capital Account upon the final liquidation of the Company, but only to the extent necessary to:
(A) repay any loans made to the Company by a Member or an affiliate of a Member; or
(B) fund positive balances remaining in the Capital Accounts of the other Members.

SECTION 8 Indemnification

8.1 Indemnifiable Persons. An "Indemnifiable Person" is one who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative (a "Proceeding"), by reason of the fact that such person is or was a Manager, trustee, liquidation manager, officer, employee, or agent of the Company.

8.2 Conditions for Indemnification. The Company shall indemnify and hold harmless to

the fullest extent not prohibited by applicable law against all expense, liability, and loss (including without limitation attorneys' fees, judgments, fines, excise taxes, or penalties and amounts paid in settlement) reasonably incurred or suffered, an Indemnifiable Person if:

(A) the basis of the Proceeding is alleged action or inaction:

(i) in an official capacity as a Manager, trustee, liquidation manager, trustee, officer, employee, or agent of the Company; or

(ii) in any other capacity related to the Company while so serving as a Manager, trustee, liquidation manager, officer, employee, or agent; and

(B) such person has not been found by a court of competent jurisdiction to have:

(i) acted in a grossly negligent manner;

(ii) committed willful malfeasance or fraud;

(iii) breached such person's fiduciary duty to the Company; or

(iv) materially breached the terms of this Agreement.

8.3 Indemnitees. The persons indemnified under Section 8.2 of this Agreement are hereafter referred to as "Indemnitees."

8.4 Indemnification Rights. The right to indemnification conferred in this Section 8:

(A) is a contract right;

(B) is not exclusive of any other right that any Indemnitee may have or hereafter acquire under any statute, agreement, action of the Members, or otherwise.

(C) continues as to an Indemnitee who has after such alleged actions or inaction ceased to be a Manager, trustee, liquidation manager, officer, employee, or agent of the Company;

(D) inure to the benefit of the Indemnitee's heirs, executors, and administrators;

(E) may not be affected adversely as to any Indemnitee by any amendment of this Agreement with respect to any action or inaction occurring prior to such amendment; and

(F) subject to any requirements imposed by law, includes the right to be paid by the Company the expenses incurred in investigating, defending, or settling any such Proceeding in advance of its final disposition, which expenses must be paid promptly upon request of the Indemnitee, except that an Indemnitee has the right to require such advance payment by the Company only upon receipt by the Company of an undertaking by or on behalf of such Indemnitee to repay such amount to the Company if it is ultimately determined by a court of competent jurisdiction that the Indemnitee is not entitled to be indemnified by the Company.

8.5 Enforcement.

(A) Suit. An Indemnitee may bring suit against the Company to recover the unpaid amount of the claim if a claim in writing for indemnification under this Section 8 is not paid in full by the Company within:

(i) 60 days after it has been received by the Company; or

(ii) in the case of a claim for an advancement of expenses, 20 days after it has been received by the Company.

(B) Expenses. If the Indemnitee is successful in whole or in part in any such suit, or in defense of a suit brought by the Company to recover an advancement of expenses under the terms of an undertaking, the Indemnitee is entitled to be paid also the expenses of successfully prosecuting or defending such suit (or part thereof).

(C) No Presumption or Defense. Neither a presumption that the Indemnitee has not met the applicable standard of conduct nor, in the case of such a suit brought by the Indemnitee, a defense to such suit is created by:

(i) the failure of the Company to have made a determination prior to the commencement of such suit that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct; or

(ii) an actual determination by the Company that the Indemnitee has not met such applicable standard of conduct.

8.6 Insurance. The Company may maintain insurance, at its expense, to protect itself and any director, trustee, liquidation manager, officer, employee, or agent of the Company against any expense, liability, or loss, whether or not the Company would have the power to indemnify such person against such expense, liability, or loss.

8.7 Savings Clause. In the event that any of the provisions of this Section 8 (including any provision within a single section, paragraph, or sentence) is held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remaining provisions are several and remain enforceable to the full extent permitted by law.

SECTION 9 Miscellaneous.

9.1 Amendment. Any amendment to this Agreement may be effected by a majority of all Members.

9.2 Waiver. The waiver by any Member of any provision of this Agreement is effective only if made in writing signed by such Member, but such waiver is not to be deemed a waiver of any other such matter.

9.3 Severability. In the event any provision of this Agreement is finally determined to be unlawful or unenforceable, such provision shall be deemed to be severed from this Agreement and every other provision of this Agreement remains in full force and effect.

9.4 Governing Law. This Agreement is governed by and construed in accordance with the laws of the State of [insert state], without giving effect to [insert state]'s conflicts- or choice-of-laws provisions.

9.5 Captions and Sections.

(A) The captions in this Agreement are for convenience only and may not be considered a part of or affect the construction of interpretation of any provision of this Agreement.

(B) References to "Sections" in this Agreement without elaboration are references to the numbered sections of this Agreement.

9.6 Third Parties. This Agreement is not intended to and does not create any rights in or confer any benefits upon anyone other than the parties to the Agreement and their permitted successors and assigns.

9.7 Successors. This Agreement is binding upon and inures to the benefit of the respective successors and permitted assigns of the Members.

9.8 Notices. Except as otherwise set out in this Agreement, all notices, requests, and other communications hereunder must be in writing and are deemed to have been duly given at the time of receipt if delivered by hand or by facsimile transmission or three days after being mailed, registered or certified mail, return receipt requested, with postage prepaid to:

(A) the address or facsimile number listed below such Member's name on Schedule A hereto; or

(B) if any Member designated a different address by notice to the other Members given as required by this Section 9.8, then to the last address so designated.

{Signatures begin on next page.}

IN WITNESS WHEREOF, the undersigned have executed this Limited Liability Company Agreement of [INSERT NAME] L3C as of _____ ___, 2007.

MANAGER:

_____
Name: _____

CLASS A MEMBERS:

_____
Name: _____

_____
Name: _____

CLASS B MEMBERS:

_____
Name: _____

_____
Name: _____

CLASS C MEMBERS:

_____
Name: _____

_____
Name: _____

LIMITED LIABILITY COMPANY AGREEMENT
OF
[INSERT NAME] L3C

SCHEDULE A

MEMBERS' INTERESTS

The Members and their respective addresses, capital contributions, and Percentage Interests are as follows:

Name and Address	Capital Contribution	Percentage Interests
Membership Units		
Class A Members:		
Class B Members:		
Class C Members:		

Appendix B

Scan of Social Enterprise Financial Support in BC

Background Material for the BC Social Enterprise Summit Discussions

Technical Assistance Grants

- Enterprising Non-Profits (enp) – www.enterprisingnonprofits.ca
- Building Opportunities with Business (BOB) (Inner City Vancouver) – www.bobics.org
- Aboriginal Business Canada
- Cooperators
- Co-op Development Initiative Grants

Operational Grants

- Coast Capital www.coastcapitalsavings.com/Community
- Aboriginal Business Canada
- Vancouver Foundation
- Vancity Community Foundation www.vancity.com/vcf
- Vancity Credit Union www.vancity.com
- Social Enterprise Fund The Social Enterprise Fund
- BC Social Venture Partners www.bctsvp.org
- Northern Trust

Patient Capital

- Some Community Futures
- BOB

Equity / Equity Like Capital

- Some Community Futures

Loans

- Vancity Credit Union Community Business Banking
- Vancity Capital
- Coast Capital
- Vancity Community Foundation
- B.O.B.
- Community Futures
- Ecotrust (based on geographic and sector priorities only)

Organizations Providing Training and/or Technical Assistance Consulting: Start-Up thru Expansion

Working Provincially

- BC Co-operative Association:
- Centre for Community Enterprise
- Community Futures

• Devco
• SFU Certificate Program for CED Professionals (www.sfu.ca/cscd/ced)
• United Community Services Co-op

Working Regionally

• Fraser Valley center for Social Enterprise
• Trail Community Skills Centre