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| **EFFECTIVE DATE:** | 1998-08 | **POLICY NO.:** | BG-11 |
| **REVISED:** | 2018-01 | **SECTION:** | Board Governance |
| **EQUITY** | | | |

**PURPOSE FOR THE POLICY**

To provide guidelines, parameters and controls on our equity and allocation procedures that will be fair for all members. This policy will ensure that a long term, consistent and viable split of members share capital and general reserve allocations to allow for an attractive equity and cash back program for our members and to account for funds for strategic retail growth.

**MEMBERSHIP QUALIFICATIONS**

1. Membership is open to all individuals over the age of 14.
2. Membership is also available to other groups. This shall include: Sole Proprietorship Businesses, Partnerships, Corporations and other groups. Joint memberships will not be issued as per Bylaws.
3. A Co-op membership costs $10.00 and is required to be paid at the time of written application for membership.

**MEMBERSHIP DESCRIPTION**

1. **Individuals** – a human being, as opposed to an artificial body, over the age of 14.
2. **Sole Proprietorship** – an individual’s unincorporated business. The member is the individual behind the sole proprietorship.
3. **Other Groups** – specific groups like school units, rural municipalities, non-profit corporations, non-profit groups, service clubs or churches.

**REPAYMENT OF EQUITY**

Upon written application for any withdrawal, membership equity will be paid out as follows subject to board approval at the next regular board meeting:

1. **Estates/Deceased** Members
   1. Application for payment of equity to the estate/applicant must be signed by an executor, executrix, next of kin, power of attorney or the solicitor for the estate/applicant. The application will be supported by the appropriate legal document including copy of the death certificate.
   2. An estate payment will be made payable to “The Estate of …..” and sent in care of the executor, or in the absence of an executor, in care of the next of kin.
   3. In the absence of an estate, payment can be made to a beneficiary in accordance with a legal document (such as a Will).
   4. In the case where the equity balance is insignificant, the member has long since passed and the estate has been closed, an application for the equity can be made with a signed Indemnity Agreement, waiving Riverbend Co-op’s from any liability. The witness in this agreement must ensure the applicant is representing themselves appropriately.
   5. Equity payments will be made **monthly**.
   6. Transfer to another name can be made with an Application to Withdraw Equity, a copy of the Death Certificate and a copy of the Will outlining the transferee as being the beneficiary of the estate. The transferee must also provide full name, address, Social Insurance Number and Date of Birth.
   7. The death of a director or shareholder of a corporation is not the death of the artificial body which forms the corporate membership number, therefore a corporation’s equity will not be paid out.
   8. Corporate members will not qualify for estate repayments because a corporate entity can continue to transact business indefinitely as long as the shares of the corporate member are transferred to a new shareholder.
   9. Approval of payment or transfers will be made at the discretion of the Board of Directors.
2. Members **Over the Age** of Sixty-seven (67)
   1. Members over the age requirement and after making the necessary application shall be paid their equity balance less $100. A minimum balance of $100 must remain in the account for it to remain active.
   2. The equity payment amount will be paid out in **April and October** of every year.
3. Members who have **Moved** from the Trading Area
   1. Individual members who have permanently moved their residence out of the trading area, or corporate members who have permanently moved their registered office out of the trading area, may apply to have their membership shares paid out.
   2. Individuals and corporations who reside outside the trading area at the time of becoming a member will only qualify for repayment as “Moved Away” when they move their residence and/or business address beyond the location indicated on their share application.
   3. If the head office or mailing address of a corporate member moves, but the corporate member continues to conduct business within the trading area, the corporate member would not qualify for repayment under “Moved Away”.
   4. Applications for payment of shares to the member must be signed by the actual member.
   5. Application must be approved by the Board of Directors prior to payment being made under this policy. Approval of payment will be at the discretion of the Board of Directors.
   6. Applicants may be required to provide adequate proof (as determined by the Board of Directors) of new residence.
   7. 100% of the equity will be paid out in **April and October** of each year.
4. Repayment of Equity – Other Reasons

The Co-operative may at times be requested to pay out equities for other reasons than noted above. Some of these reasons would include Bankruptcy, Marriage Breakdown and/or Compassionate reasons. All of these will require Board approval and will be paid as decided. The following conditions apply:

* 1. **Bankruptcy**: Upon receipt by the Co-op of a notice of Bankruptcy from the trustee and Board approval, the Co-op will treat this as an application for withdrawal, will approve the withdrawal from membership, and issue a cheque to the trustee for the $10.00 membership fee. The balance of the equity account will be paid to the trustee in 20 years or less, if the Board determines that a shorter period is more appropriate. It should be noted that the membership terminates, the member is no longer allowed to use the membership number and will not receive any patronage allocation.
  2. **Marriage Breakdown**: If joint members separate or divorce, the Co-op may consider an application to transfer a percentage of the equity as agreed to in writing by the couple in their application for withdrawal of membership. A signature of both parties must be included on the application form. New membership accounts fall under the normal terms of repayment.

An application to split equity when no agreement can be made by the couple will be done so at a 50/50 percentage. If only one member of the couple is making the application, they must transfer the equity to a new membership number (and their name removed from the current membership account) or apply for withdraw as a “moved away”. The remaining balance will remain in the member account under the other member’s name.

* 1. **Compassionate Reasons**: If a member makes an application to withdraw based on Compassionate reasons, it will be entirely a Board decision at the time to pay out any or all of the equity. It should be noted that the chances of receiving this payment will be minimal.

1. Transfer of Shares
   1. **Transfer from Individual to Individual**: The Co-op will consider a transfer of shares from an Individual to an Individual. This is based upon certain conditions and will be determined in a case by case basis. The application for transfer must be received with the proper documentation signed by the individual transferring or the legal representative of that individual. This documentation shall include the ‘Application for Withdrawal of Equity’ form.
   2. **Transfer from Individual to a Corporation**: This transaction is not recommended and in fact discouraged as the only way of withdrawing a corporate member’s equity is by dissolution (BG-11 section 6 of Repayment of Equity) or by leaving the trading area (BG-11 subsection 3(b) of Repayment of Equity). It is recommended that a new corporate membership is applied for and issued.
   3. **Transfer from Partnership to Individual(s)**: The Co-op will consider applications for the transfer of equity held by a Partnership to Individuals. The application for transfer must be received with proper documentation signed by each of the partners involved or their respective legal representative. This documentation shall include the ‘Application for Withdrawal of Equity’ form and a signed document outlining the equity split allocation percentage.
   4. **Transfer from Corporation to Individual(s)**: This is not a permitted transaction as the only way of withdrawing a corporate member’s equity is by dissolution (BG-11 section 6 of Patronage Dividend Procedures) or by leaving the trading area (BG-11 subsection 3(b) of Repayment of Equity).
   5. Any transfer or name change requests which appear to be attempts to circumvent the normal repayment criteria (example – transfer from son to elderly parent) will not be approved.
2. Dissolution
   1. Repayment requests of this nature must be supported by documents authenticating the dissolution (correspondence from Canada Revenue Agency and/or Information Services Corporation).
   2. Equity will be made payable in accordance with the directions received from the corporate member.
3. Retirement of Membership

Once a membership has been “Paid Out” in full, it is then retired. Once a membership is retired, it can no longer be re-instated.

**GENERAL REPAYMENT**

1. The Board of Directors of the Co-op may from time to time request management to make a general repayment of equity.
2. It is to be understood that if a payment is made in any one year, it does not become mandatory to pay such percentage every year or in fact for any year in the future.
3. Careful consideration will be made by the General Manager, Controller and Board of Directors of the Co-op so as not to jeopardize the working capital of the Co-op by directing excessive repayment percentages.
4. All members with a minimum of $100.00 equity before allocation are eligible for a general cash repayment.
5. The schedule of repayment of equity requires Board approval each year and is subject to change.
6. Non-Profit Organizations and Sister Co-operatives (see list) will be paid down to $100.00 with each spring payment. The Board approval is required for additions or deletions from the list.
7. As provided by the Co-operatives Act, Riverbend Co-op may exercise the right to apply equity repayments to delinquent member accounts, returned cheques, or any other bona-fide debt owed to the Co-op by the member.
8. It should be noted that, except in the case of moved away or estate, the Co-op will not issue an equity cheque for less than $10.00.

**INTERPRETATIONS AND REMARKS**

1. Any monies owed to the association will have first claim against any member’s shares (equity) or nay other investment in the association.
2. It is also to be clearly understood that all share repayments are in fact a repurchase of a member’s shares in the association. It is to be clearly understood that all such repayments are at the discretion of the Board of Directors of the Association.