

that a considerable number of our members have taken advantage of the security offered by their capital investment to run charge accounts, you will realize the impossibility of our securing the discounts to be earned through cash buying.

Insufficiency of capital has compelled us to overdraw our bank account monthly, the deficiency being made up of course when members' accounts were paid after the 15th of the month. In the fall of each year, however, considerable sums are required to purchase winter stocks of potatoes, butter, apples, canned goods, etc., and at these times the bank overdraft has to be worked to its maximum. The Association not only has to pay a higher rate of interest on this loan than on its ordinary capital, but it is secured only on the personal guarantee of your directors. It is during periods of financial depression or when conditions arise such as those following the declaration of war and banks are attempting to restrict their credits in all directions, that our small capital makes us particularly vulnerable. As a co-operative association we should be independent of these contingencies.

In recommending that no distribution of profits be made at this time, I beg to remind our members that of our \$3,770.42 of debentures outstanding, \$2,500 becomes due and payable on May 1st, 1916. I do not of course anticipate any general withdrawal of this capital, since should it be attempted, it would probably mean the dissolution of our Association involving the loss of the whole amount. However, we must take time by the forelock. Immediate steps must be taken looking to the renewal of this capital and I think that at the same time a strong and vigorous canvass should be made amongst our members and those interested in co-operation with a view to increasing our total capital to an amount that will enable us to secure the advantages to be derived from cash discounts. I am in-

formed that on the business we did last year, we should have earned at least \$2,000 in discounts alone through cash buying.

I would recommend therefore that a special committee of three members be appointed at this meeting to co-operate with the Board of Directors and with the co-operative committee of The Civil Service Association, in the organization of a special canvass for the raising of capital for our co-operative stores.

I wish to say a word of appreciation of the services of Mr. Kelley who has been in charge of our business during the past four years and who has now tendered his resignation as manager, to take effect on the first of June. Mr. Kelley has worked hard in our interests. He has provided a small balance on the right side of the account at the end of each year although at times the situation looked none too favourable. Any small measure of success we have attained is due in large part to his efforts.

Your representatives, however, not only on this Board, but in previous years have never been of the opinion that the small profit made was as much as we were justified in expecting, notwithstanding the difficulties of insufficiency of capital under which we were operating. It was felt also that we had a good deal to learn concerning the methods of conducting co-operative trading. Negotiations were begun nearly two years ago as a result of which Mr. Bracewell was engaged for a year as Secretary-Treasurer and organizer, his duties being to build up the membership, extract capital from us and inculcate in us the spirit of co-operation. Although Mr. Bracewell's engagement has not been renewed, your Board has decided to follow up a similar policy, but instead of seeking the services of a co-operator trained in the English co-operative school, we have engaged a Canadian, with successful business experience and high education, a man who has held an important and responsi-