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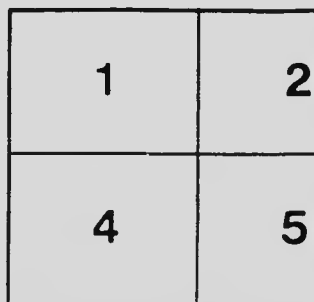
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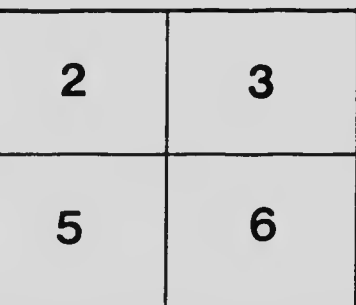
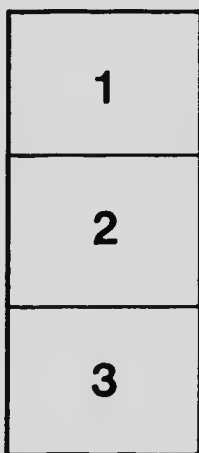
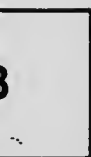
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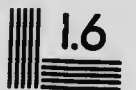
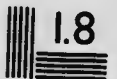
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Pamphlet No. 14

How to Form Incorporated Co-operative Locals



CHAPTER HEADINGS

- 1—Information Required.
- 2—How Incorporated Locals Come About.
- 3—Preliminary Procedure.
- 4—Regular Procedure.
- 5—Supplemental By-Laws.
- 6—Helpful Hints.
- 7—Facts for Incorporated Associations.

**A Guide to all bodies seeking
incorporation under the
Agricultural Co-operative
Associations' Act**

Prepared By

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Secretary

Saskatchewan Grain Growers' Assn.

REGINA

April, 1920

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How to Form Incorporated Co-operative Locals

CHAPTER I.

Information Required.

Pamphlet No. 14 has been prepared for the purpose of putting into compact and easily accessible form all the necessary information for bringing the Locals of the Saskatchewan Grain Growers' Association under incorporation, and for bringing them and other co-operative bodies into affiliation with each other through the Central.

The other phases of the work of the organized farmers have been dealt with in the following pamphlets.

- No. 10—History, Aims and Objects.
- No. 11—How to Conduct a Public Meeting.
- No. 12—How to Form and Carry on a Local.
- No. 13—What Every Grain Grower Requires to Know.

In every meeting dealing with the question of incorporating as a co-operative association copies of the following printed matter should be on hand. All can be had free from this office.

1. The Agricultural Co-operative Associations Act with latest amendments.
2. Pamphlet No. 12.—“How to Form and Carry on a Branch of the Saskatchewan Grain Growers' Association.”
3. Pamphlet No. 13, dealing with “The Trading Policy of the Saskatchewan Grain Growers' Association.”
4. This pamphlet (No. 14).

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The officers of the meeting should make themselves fully familiar with all of the above. Chapters 2 and 6 of Pamphlet No. 13 should be read to the meeting. It will then be apparent why incorporation is necessary and why every farmers' organization should be a unit in the great provincial movement, the Saskatchewan Grain Growers' Association, in co-operation with the rest, instead of standing alone.

CHAPTER II.

How Incorporated Locals Come About.

There are three ways in which Co-operative Associations come into being.

1. Generally this is brought about by the members of a Local of the Saskatchewan Grain Growers' Association securing incorporation so as to widen their powers and field of endeavor.

2. In some instances Locals of the Saskatchewan Grain Growers' Association are formed as incorporated bodies in the first instance.

3. At a number of points Co-operative Associations are formed comprising members of a number of different Locals trading at the same point. Such Associations generally leave all social and educational work to the regular Locals and engage in trading activities only. They do not assume the name of Grain Growers' Associations, but they also come into the provincial movement by affiliating with the Saskatchewan Grain Growers' Association, which of course they do without compulsion of any kind.

Nearly all of the instructions and advice given herein apply to the forming of all

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Co-operative Associations, and such details as do not apply in all cases can be easily detected.

CHAPTER III.

Preliminary Procedure.

Where an existing Local seeks to come under incorporation the following procedure is a necessary preliminary to the regular procedure given herewith. (See Chapter IV.)

1. A properly called meeting of the members must be held. The notice of meeting should state its object.

2. The chairman should explain the object of the meeting.

3. Chapter II. of pamphlet No. 13 should be read to the meeting.

4. The following resolutions should be moved, seconded and passed.

(a) "That this Association secure incorporation under the Agricultural Co-operative Associations Act under the name of 'The -----Grain Growers' Association, Limited.'"

(b) "Resolved that when the ----- Grain Growers' Association, Limited, has been incorporated, has affiliated with the Saskatchewan Grain Growers' Association, and has accepted our paid up members as members, the funds of the old Local shall become the property of the said incorporated Local Association.' (If desired, the following clause may be added: "For use in educational and social work.")

The meeting is then ready to proceed as outlined in Chapter IV.

Where a Co-operative Association is to be formed that will be purely a trading body and that will not take the place of a Local by carrying on the educative and social

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work of the organized farmers none of the above is necessary and the procedure is as outlined in Chapter IV.

Where an incorporated Local of the Grain Growers' Association is to be formed in the first instance, the procedure is the same as when a Co-operative Association which is to be merely a trading body is formed (see Chapter IV.), except that the incorporated Local takes the name of a Grain Growers' Association, Limited, and passes of necessity the "Affiliation Bylaws"—numbers 5 and 6—given herewith. (See Chapter V.).

CHAPTER IV.

Regular Procedure

When the meeting is ready to proceed with the business of incorporating, the following procedure is suggested:

Resolution. (These may be varied to suit).

1. That a Co-operative Association be formed to be known as the..... Grain Growers' Association, Limited (or other name) with all the powers which the Act allows).

2. That the authorized capital of the Association shall be \$10,000.00 divided into 400 shares of \$25.00 each.

3. That a cash payment of \$5.00 per share shall be made on all shares subscribed for, the same to be due and payable as soon as incorporation has been completed.

4. That the objects of the Association shall be to produce, purchase and sell live stock, farm products and supplies. ("And to forward the interests of the farmers by social, educational and propagandist activities" may also be added).

The members should then proceed to sign in duplicate in the presence of a witness, who must take his affidavit thereto, the "Memorandum of Association" (provided

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free), each stating his name and address and the number of shares subscribed for. At least five must thus sign.

Always give the name of post office as place of the Local head office in Memorandum of Association.

From amongst those who sign for shares at least five must be named following "We" at the top of the sheet, and three—they may be the same—must be named as provisional directors.

When all the signatures possible have been secured then those who have signed proceed to pass the necessary supplemental bylaws, which may be as in Chapter V. Two certified copies of all supplemental bylaws must be forwarded to the Director of Co-operative Organisation and be approved by him before they become effective.

CHAPTER V.

Supplemental Bylaws

(Fill in All Blank Spaces in Bylaws)

No. 1. The Board of Directors of this Association shall consist of.....(3 or 6 or 9) shareholders duly elected.

No. 2. No share in the capital of this Association shall be allotted until \$..... (amount of cash payment) has been paid thereon by the applicant to the treasury of the Association.

No. 3. The Directors may from time to time make such calls upon the shareholders in respect to all moneys unpaid on their shares, as they think fit, provided that thirty days' notice at least is given of each call and each shareholder shall be liable to pay the amount of calls so made to the persons and at the time and places appointed by the Directors.

(a) A call shall be deemed to have been made at the time when the resolution of the Directors authorizing such call was passed.

(b) If the call payable in respect to any

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share is not paid before or on the day appointed for payment thereof the holder for the time being of such share shall be liable to pay interest for the same at the rate of% per annum from the day appointed for the payment thereof until the time of actual payment.

No. 4. No call shall exceed.....per share and calls shall not be made more frequently than once in.....months.

Number 5 must be passed and a certified copy sent to the Central Secretary in order that the Incorporated Association may continue to be or become a unit of the provincial body and have a voice in the government of the Central. 5 and 6 are termed "Affiliation Bylaws."

No. 5. This Association shall affiliate with the Saskatchewan Grain Growers' Association and pay to its Central Secretary one dollar per annum for each of its members, whether shareholders or not, except such as are Life Members thereof or certified members of a Local in good standing with the Central.

Numbers 5 and 6 must be passed and a certified copy sent to the Central Secretary when an Incorporated body desires to use the name of a Grain Growers' Association and to carry on the educational work of that body as well as to trade.

No. 6. Others than shareholders may become members of the Association under the terms of Section 4, sub-section 4, of the Constitution of the Saskatchewan Grain Growers' Association. Non-shareholder members may vote on all questions not affecting the Trading Capital of the Association.

Numbers 5, 6 and 7 must be passed when an existing Co-operative Association desires to change its name to that of a Grain Growers' Association or where a Co-operative Association amalgamates with a regular Local.

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No. 7. That this, the-----Co-operative Association apply to the Director of Co-operative Organization for the changing of its name to that of "The ----- Grain Growers' Association, Limited."

CHAPTER VI.

Helpful Hints.

- I. The shareholders who sign the Memorandum of Association, which is your application for incorporation, may be termed "Charter Members."

All who apply for shares later should sign a form of application as follows. (Pads of forms—10 in each pad, with duplicates—can be obtained from the Central at 6 pads for 50c.)

----- 192-----

I hereby make application for----- shares of \$-----each of the Capital Stock of the ----- Association, Limited, for which I promise to pay \$----- per share in cash and the balance as call- by the directors.

Witness -----

Applicant -----

Capital

- II. (a) THE AUTHORIZED CAPITAL is the maximum of the par value of all the shares that may be issued and it may consist of any amount desired. It is recommended that the authorized capital be \$10,000.00. The expense is the same in each case.

(b) THE SUBSCRIBED CAPITAL is the full amount of all the shares the shareholders have agreed to take and may be for any amount not exceeding at any time the authorized capital.

(c) THE PAID UP CAPITAL will be that portion of the subscribed capi-

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tal that has been paid into your treasury and constitutes the Working Capital.

(d) **THE SHARES** may be for any amount each, but must be uniform and not over one-fifth of the authorized capital. The shares should be for \$25.00 each so that those of all Locals may be uniform. The full amount need not be paid in cash. It is better to make the call on shares light at first, and thus get a larger amount subscribed, as this will place your Association in better financial standing. If \$5,000.00 is subscribed by 50 farmers and 10% paid in cash the Association will be in vastly better financial standing than if only \$500.00 is subscribed and fully paid, whereas the amount of cash in either case is the same.

Trading Powers.

III. The full powers of trade allowed by the Act should be stated in the "Objects for which the Association is to be formed," namely, "To produce, purchase and sell live stock, farm products and supplies." This will not obligate the Directors to perform all these functions, but it places the Association in a position to avail itself at any time of a favorable opportunity to exercise any or all of the powers secured.

IV. Adopt a simple name, preferably name of postoffice. Example: Ardath Grain Growers' Association, Limited, Ardath, Sask. None may use the name "Grain Growers" unless it has affiliated with and is doing the work of a local of the Saskatchewan Grain Growers' Association.

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When an existing Co-operative Association passes the affiliation bylaws and seeks to change its name a fee of \$3.25 must be forwarded to the Registrar.

Every Association passing the affiliation bylaw must forward three copies of its bylaws to the Registrar and forward one copy of same to the Central after it has been approved by him.

The full registration costs of a Local newly incorporating are \$4.50.

CHAPTER VII.

Facts for Incorporated Associations.

- I. The Secretary may or may not be a director, but he should be a tried and true Grain Grower.
- II. All Secretaries must be bonded. The Central has secured special rates for this.
- III. The association may run a retail store. It may buy and sell in any quantity or manner any kind of goods used by its members. It may assemble and store and sell anything produced on the farm, whether by its members or not including such necessary processes as elevating grain, fattening, killing and dressing poultry, making butter, cheese or flour. It may assemble and ship any kind of live stock or purchase the same for use or it may kill and cure and sell the same.
- IV. The Association may own pure-bred sires and it may purchase or raise seed grain and sell the same.
- V. The Association may not sell anything other than for cash.
- VI. The Association may not purchase other than for cash except from other

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Co-operative Associations and from the wholesale department of the Saskatchewan Grain Growers' Association. It may borrow temporarily from a bank money with which to purchase supplies, but it cannot pledge its credit for supplies except as above stated.

Violations of V. or VI. may make the directors personally liable.

- VII. The Act forbids selling farm supplies to any except shareholders and members of the Grain Growers' Association.
- VIII. The Association may charge any margin of profit on its business that it sees fit. It is recommended that all business be carried on at a fair margin of profit.
- IX. No discriminating tax may be levied against any Association.
- X. Directors, if they keep within the Act, have no further responsibility for liabilities of the Association than have other shareholders.
- XI. A Comprehensive Stock Register and Minute Book for Co-operative Associations has been prepared and can be secured from the Head Office.
- XII. The Association has all the powers of such bodies as Live Stock Shipping Associations, Egg Circles, Beef Rings, Seed Growers' Associations, etc., etc., and may receive government aid in conducting seed fairs, ploughing matches, etc., under certain conditions.
- XIII. Associations should practise collective buying, taking delivery from the car or from a warehouse and thus gain experience before venturing to conduct a retail store business.

PLAY SAFE!

HOW TO FORM INCORPORATED LOCALS

CHAPTER VIII.

No. 1 Hard Co-operative Kernels.

When in doubt—

Write the Central.

When in trouble—

Do the same.

Be reasonable always.

Don't expect the impossible.

Write Central about every error, oversight or avoidable delay, but be sure you are not to blame.

Remember that the Central is yours and that it has many powerful enemies.

When you have a grievance—

Help the Central correct it.

When you have valuable information pass it on through the Central.

The spirit of co-operation demands that the best ideas, the latest information, the newest plans and the keenest intelligence of each Local be made available for all through the medium of the Central. A light has no value unless it shines. By each upholding all and all defending each the movement will be irresistible.

Don't expect something for nothing. That isn't honest.

In true co-operative endeavor sound principles of EQUITY must obtain.

You can't have all the service the retail dealer charges you for and also make the savings of wholesale factory-to-farmer distribution.

In co-operation we gain much only when we give much. Selfishness is a boomerang, returning to smite the thrower.

Capitalism aims at securing all that it can for the least possible return, and thus the few are enriched at the cost of the many.

Co-operation succeeds only when it is recognized as an opportunity to better one's condition by bettering the condition of all.



