

Connections

NORTHWEST COOPERATIVE DEVELOPMENT CENTER

Fostering community economic development through the cooperative business model



Annual Report Issue

On a recent cycling adventure, my husband and I stopped in for a snack at a bakery. While waiting for our food, we overheard another patron ask, “Is this bakery still part of the food cooperative next door?” The clerk responded, “No. Not any more. We outgrew the space, expanded here, are doing blockbuster business, and we’re our own cooperative.”

It was music to my ears in several keys: (a) a successful co-op, locally owned, revolving resources within the community and providing jobs; (b) an employee proudly announcing the business is a cooperative; and (c) locating next to another co-op that helped spawn the new co-op, demonstrating our 6th cooperative principle, cooperatives helping cooperatives.

Helping entrepreneurs organize new cooperatives and providing technical assistance to existing co-ops embodies the work of NWCDC. Through the years NWCDC has provided its expertise to over 100 cooperatives and start-ups in our four-state region (Washington, Oregon, Idaho and Hawaii). Several new co-ops organized and operating with NWCDC’s guidance include: Green Pastures Senior Co-op in Redmond, OR; Hidden Village Co-op in Lacey, WA; Mountain Community Co-op in Eatonville, WA; Paradise Home Care on the Big Island, HI. Additional projects are listed on our website: www.nwcdc.coop

Committed to cooperative development, our staff



NWCDC's Board of directors, Aug.2009

is actively involved in credit union, cooperative and community boards. An example is NWCDC’s Executive Director who serves as Vice President of

the CooperationWorks! cooperative, serving similar centers throughout the nation.

The NWCDC leadership and staff are truly the most dedicated and hard-working group of people you want helping your co-op. This small group of wonderful people continues to add more hours in a day than seems possible to help cooperatives.

NWCDC focuses on cooperative sectors relevant to our geographic region: conversion of manufactured home parks to co-ops, natural resources, biofuels and renewable energy, worker co-ops and local food systems. This orientation helps streamline our work. Likewise, NWCDC cultivates strong partners who complement and strengthen our ability to deliver technical services and establish strong cooperatives: USDA/Rural Development, ROC-USA, Columbia Legal Services, Community to Community, Yellowstone Business Partnership, O’ahu RC&D, and many more.

As the Center’s staff capacity grows, so does the NWCDC board. This past year, the board filled out its ranks by bringing in more talent and expertise to a group already honored with excellent cooperative people. The board completed many arduous, necessary administrative tasks to set the NWCDC up for moving towards strategic goals. I express my thanks to each director for their commitment to our mission and insightful comments during our meetings.

If you are interested in serving on the board or its advisory committee, please contact NWCDC staff or join us for our annual meeting, to be held in October in Olympia.

We are really quite fortunate in the Pacific Northwest to have the NWCDC promoting and facilitating cooperative businesses. The more co-ops I get to visit, the more I’m convinced how important is NWCDC’s work in supporting businesses that promote progress, innovation, leadership development and a commitment to community.

- Maura Schwartz, NWCDC Board Chair, 2008-2010

NWCDC is a 501(c)3 providing development services for co-ops. Founded in 1979, we serve WA, OR, ID and HI.

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Greetings from our Executive Director

The world of a Cooperative Development technical assistance provider is goal and outcome oriented. We are constantly checking ourselves and our work plans to see if benchmarks are being achieved.

We're pleased to share this first Annual Report with you and feel it is another milestone that's been on our radar for quite sometime, and now we've finally arrived.

Where do we begin to tell the story? Since my initial involvement, I've had the opportunity to witness and participate in its growth from an organization of one employee, with most of the project work outsourced to consultants, into one which now boasts five skilled in-house practitioners.

Our internal capacity story is further complemented with the many relationships we have cultivated throughout the years in our service territory and the nation. Every day I feel honored to work with such dedicated individuals.

The evolution of NWCDC, we believe, has been one of constant improvement. It's been our vision to be the best provider of cooperative development assistance.

We've tackled this lofty aim by focusing on improving our skills and communications, diversifying our funding streams, and being accountable for our actions in a transparent fashion.

When I joined NWCDC in 2003 the focus was on projects. While this has remained constant, we've also fostered specific program expertise in housing, food systems, worker co-ops and natural resources.

Benefits of a programmatic approach include knowledge of industry language, appropriate support organization networks and systematic methods of providing services.

I invite you to explore this Annual Report issue of the Connections newsletter to learn more about our accomplishments and what's in store for our near future.



Diane Gasaway, Our Executive Director

Work it, Own it!

Worker cooperatives are a real solution for communities because they build community wealth. The rural economy was once dependent on farming, forestry or mining. Now with the decline of those industries, rural economic health and vitality depends on innovative ways to generate income.

NWCDC actively supports worker cooperatives as a way to build a strong local economy in rural settings.

Worker co-ops tend to be small community-based businesses, where dollars stay in local economies.

The concept is simple: *workers are also owners of the business.*

Worker ownership enables workers to have a direct role in decision-making and an equal share of all profits, based on their participation in the co-op work.

A co-op is not an outside corporation that could leave town or send their profits to stakeholders.

Another benefit materializes through the desire of the cooperative to meet the needs of the community in which they live.

There are some challenges with co-ops. Most people spend their work life in a boss/employee wage system with a top-down command and control structure of doing business. Many people have very little experience working democratically or operating their own business.

Worker co-ops are a business model that empowers workers to participate in the direction of their work lives. They are no longer just employees but take on the perspective and responsibility of business owners.

One example NWCDC has been working with is on the Big Island of Hawaii. They are a group of home-care workers who've invested sweat equity for the

past five years to lay the foundation of their business.

Paradise Home Care Co-op (PHCC) is creating the opportunity for home care providers to take control of their employment and the quality of service they offer.

Benefits of co-op ownership for PHCC include increased wages and medical health care insurance.

PHCC's wages alone reflect a \$2 per hour average increase compared to the average wage of similar businesses they previously worked for. Medical benefits are provided for those working over 20 hours a week. The business model and financial plan projects 50 employees plus support staff by the end of 2014.

Another way worker co-ops support local economies is through existing business conversions. A business owner in a rural community may have a hard time finding a buyer for the business they have poured their heart and soul into.



Proud members of Circle of Life a homecare worker co-op in Bellingham, WA.

We have also assisted Circle of Life Caregiving Co-op. This co-op of home care workers in Bellingham Washington and currently has 11 member/owners. NWCDC provided the group with start-up assistance.

This year NWCDC also facilitated a workshop on engaging worker/owners as owners of their business for D'Abo Career Horizons, a worker owned cooperative that provides vocational rehabilitation counseling and consulting services.

These co-ops are a small sample of alternatives for rural business owners looking to sell the business. A business owner may also qualify to utilize a tax incentive by selling the business to their employees.

If you are interested in learning more about worker co-ops please contact Teresa Young for more information at 360.943.4241 or teresa@nwcdc.coop.

Manufactured Home Community Co-ops

In the US, roughly 35 percent of owners of manufactured homes live in communities or “parks” where they rent the lot on which their home sits. Unlike other homeowners whose home is their most important financial asset, homes on rented land depreciate over time.

Co-op owned manufactured home communities is an underutilized strategy in the rural NW for empowering communities of residents.

NWCDC aims to help these families living in our Northwest manufactured housing communities (MHCs) seek the benefits of homeownership, while simultaneously giving community land owners a fair market price when they sell to their residents.

As a member of the Resident Owned Communities USA™ Network (ROC USA), NWCDC has access to 100% commercial financing for MHC’s with reasonable terms and conditions through ROC USA™ Capital.

Once a purchase agreement has been signed, we can move quickly to help the new residents’ nonprofit to conduct the necessary due diligence to complete the sale.

We understand that time is of the essence; in our experience, sales to the residents can be as timely as a sale to a private investor. NWCDC and ROC USA™ make it possible for residents to purchase their park for the same price the seller would get from an investor buyer. As an owner, offering it to the residents first shows enormous re-

spect for them as homeowners.

Resident owned communities are a proven model. Since 1984, ROC USA™ members have assisted over 90 conversions of manufactured housing communities to resident ownership without a single default.

While not a “new approach” for the American economy, co-op MHCs are a new approach in our region.

With the volatility of land prices, the ownership of the real estate under MHCs are subject to the unnecessary threats of increased rents or park closures.

This phenomenon has displaced communities and narrowed affordable housing options.

Assisting community owners in selling to their residents provides economic self-determination and stability in perpetuity. NWCDC has proactively cultivated its in-house capacity to respond to these



Staff member Ben Guss talks with residents-owners of Hidden Village, in Lacey WA.

NWCDC and ROC USA™ make it possible for residents to purchase their park for the same price the seller would get from an investor buyer.

opportunities.

In 2007, we helped the residents of Hidden Village MHC, facing imminent redevelopment pressure, purchase their community in Lacey, WA.

In 2008, we became a ROC USA™ Certified TA Provider, directly worked with 3 MHCs, and met with 3 others to propose co-op ownership. Additionally, we assisted with the resident purchase of our second MHC co-op conversion with Green Pastures MHC in Redmond, OR.

If you would like more information on this program please contact Ben Guss at 360.943.4241 or ben@nwcdc.coop.

Co-ops' Role in Ag and Natural Resources

In the Northwest, residents purchase power and market their farm products via co-ops. From small forest landowners marketing woodland products to farmers co-owning an irrigation system, NWDC works to support new and existing ventures.

NWDC has supported the production, distribution and market access for small farmers through our co-op development work with businesses like the Okanogan Producers Marketing Assn., Manzaneros Mexicanos de Washington's apple marketing, Puget Sound Meat Producers' mobile slaughtering unit, Hāmākua/N Hilo Ag Producer's land leasing, and Waimanalo Market's and Idaho's Bounty Co-op online food co-ops.

NWDC has facilitated business planning and organizational development with Oregon Woodlands Co-op, Specialty Forest Products in Northeastern WA and the Methow Forest Owners Co-op.

From the explored jatropha biofuel research of the HI BioEnergy Producers to the wind resources developed



as a result of the Last Mile Electric Co-op, we seek to support the development of renewable energy from natural resources.

Water is a key input for ag, and through our work with the proposed Moloa`a Irrigation Co-op, we enable grower members more autonomy over their resources.

Local and regional food systems were once the backbone of rural communities in our service territory. The resurgence of a push towards access to local healthy foods brings opportunities to reinvigorate relationships between farmers and consumers.

Through food co-ops, online direct marketing, and blended membership models, this almost extinct sector is making a comeback. Providing for increased market demand, new production, and a consumer hunger to know where their food comes from.

Co-op have long been a tool for rural America to meet its economic needs and bring value to natural resources.

Revolving Loan Fund Established

NWDC's goal is to provide access to information and tools that enable effective governance, operations, and management of co-op businesses. Financing is an obstacle repeatedly identified in the successful launch or expansion of a co-op business.

This year, NWDC was able to help launch a co-op by accessing stimulus funds from the American Recovery and Reinvestment Act to create a Revolving Loan Fund (RLF). The RLF is expected to add more success to our economic development work and create new jobs by filling the gap between conventional sources and the risk required to launch a co-op venture.

Traditional sources of lending tend to be very conservative in providing short-term loans necessary for fixed asset or working capital needs of start-up businesses. This financing gap has created a need for sources to augment the financing available through commercial lenders.

Specific goals and objectives for the RLF include the following:

First, provide access to affordable capital necessary for business expansion, retention and start-up projects to move forward.

Second, provide for co-op businesses that offer a living wage.

Third, create new jobs or save current jobs, thus assisting the unemployed, underemployed, dislocated workers and/or low-income workers.

Finally, attract applications from and assist businesses owned by underserved populations in rural areas including the disable, minorities, and women.

The initial loan to the Paradise Home Care, referred to on page 3, is structured as a five-year loan. As the loan is paid back, these funds will be available for re-lending to other co-ops within NWDC's service territory who meet the eligibility requirements.

Financial Performance

NWCDC's books are audited annually. The independent Certified Public Accountant firm, Blue Goulding, LLC, has undertaken this task for the last two years. For the most recent audit of 2008/09 NWCDC received an unqualified opinion. This opinion states that the financial statement present fairly, in all material aspects, the results of operation in conformity with generally accepted accounting principles.

A comparison of the last two audited financials reflects that total assets and liabilities have remained relatively consistent, which we are appreciative of, given the challenges of nonprofits to remain viable in the current economic recession.

Unrestricted Net Assets	9/30/2009	9/30/2008
Revenue and Support		
Public grants and services	\$270,090	\$213,622
Contract income	\$24,300	\$32,643
Fund raising and donations	\$14,302	\$29,936
Net assets released from restriction	\$8,650	\$10,384
Other income	\$6,074	\$1,379
In-kind	\$20,892	\$921
Interest income	\$314	\$272
Total Unrestricted Revenue And Support	\$344,622	\$289,157
Program Services	\$278,042	\$197,013
Management	\$29,995	\$83,680
Fund raising	\$2,543	\$6,873
Other gains and losses	\$27,939	-
Total Expense	\$338,518	\$287,566
Increase In Unrestricted Net Assets	\$6,103	\$1,591
Unrestricted Net Assets Beginning	\$145,986	\$144,396
Unrestricted Net Assets Ending	\$152,090	\$145,986
TEMPORARILY Unrestricted Net Assets Beginning	\$19,785	\$30,169
Net assets released from restriction	(\$8,650)	(\$10,384)
TEMPORARILY Unrestricted Net Assets Ending	\$11,135	\$19,785
Total Net Assets	\$163,225	\$165,771