

## WHAT ARE COMMUNITY CONTRIBUTION COMPANIES?

In July 2013, a new type of corporation was introduced in British Columbia. Community Contribution Companies, or CCCs, are hybrid corporations that bridge the gap between for-profit companies and non-profit organizations. Like a traditional corporation, they can pay dividends to shareholders, but CCCs must invest the majority of their profits in achieving a social purpose.

Creating the Community Contribution Company (CCC) structure is part of government's commitment to supporting social innovation and, in particular, the province's social enterprise sector, which is an important contributor to the province's economy and to the health, sustainability and resilience of B.C.'s communities.

## WHY DID BC NEED A NEW TYPE OF CORPORATION?

For a social purpose business, existing corporate forms have certain limitations. Non-profit societies (including registered charities) can't issue shares or pay dividends, and therefore find it difficult to attract investment. For-profit companies suffer from the opposite problem – they can pay dividends, but they can't assure investors that their investments will be used for a social purpose. The CCC model allows social enterprises to receive equity investment and gives investors the assurance that the investment will have a positive social impact.

## HOW ARE CCCs DIFFERENT?

Like a traditional for-profit company, CCCs have the ability to issue shares and pay dividends to shareholders; however, they must follow a number of rules that ensure the majority of their profits and assets will always be directed toward a social purpose:

- dividends paid to shareholders are limited to 40 per cent of the CCC's annual profits;
- a CCC must have three directors (instead of one) who must act with a view to the "community purposes" and can be held liable for wrongful distribution of the company's assets;
- CCCs must publish an annual "community contribution report" describing the company's social spending, community activities and dividend payments; and
- if a CCC is dissolved, a maximum of 40 per cent of its assets may be distributed to shareholders (the remainder must be transferred to a charity or other asset-locked entity).
- shareholders may alter a CCC's original stated purposes, as long as the altered purposes are community purposes.

CCCs also differ from non-profit organizations, as they are not eligible for federal income tax exemptions and do not have the ability to issue tax receipts.

## HOW IS "SOCIAL PURPOSE" DEFINED?

In order to encourage social innovation, "social purpose" or "community purpose," as it is referred to in the legislation – is defined quite broadly. The purpose must be beneficial to society, or to a segment of society, not just the shareholders, directors, or other people who are involved in the CCC. One example is a non-profit organization that operates a business to generate funding for its community programs and services. Another is a business that provides on-the-job training to people with disabilities or other barriers to employment.

## WHEN CAN I INCORPORATE AS A CCC?

Business owners can incorporate as a CCC now. Incorporation forms and related documents are available on the BC Registry Services website ([www.bcregistryservices.gov.bc.ca/](http://www.bcregistryservices.gov.bc.ca/)).

## WHERE CAN I FIND MORE INFORMATION?

Just as incorporation is not the right choice for every business, the CCC model is not the right option for every business that chooses to incorporate. More information about the model, and about incorporation in general, can found through the organizations below, or through a law office offering corporate advice.

- **BC Registry Services** (incorporation forms and other documents): [www.bcregistryservices.gov.bc.ca/](http://www.bcregistryservices.gov.bc.ca/)
- **Enterprising Non Profits**: [www.enterprisingnonprofits.ca/](http://www.enterprisingnonprofits.ca/)
- **Vancity**: [www.vancity.com/](http://www.vancity.com/)
- **BC Centre for Social Enterprise**: <http://www.centreforsocialenterprise.com/index.html>
- **Small Business BC**: [www.smallbusinessbc.ca/](http://www.smallbusinessbc.ca/)
- **Industry Canada** (general information about the benefits and implications of incorporation): [www.ic.gc.ca/eic/site/cd-dgc.nsf/eng/cs04579.html](http://www.ic.gc.ca/eic/site/cd-dgc.nsf/eng/cs04579.html)
- **BC Co-operative Association** <http://www.bcca.coop/>