

Summer 2007

Agri-Cultural Renewal Co-operative Inc.

Dear friends and shareholders,

Thank you for your interest in becoming a shareholder. We are excited about the future of our shared community and the potential for growth and development.

To provide you with the best possible experience, we have structured our information package to help you understand the future of our co-operative.

If you have questions regarding your co-operative, please do not hesitate to contact us.

Thank you again for your interest.

Sincerely,



Paul Vander Noot

President, Treasurer, and Secretary
Agri-Cultural Renewal Co-operative Inc.



FROM COW SHARE TO FARM SHARE

Summer 2009

Dear friends of Glencolton Farms,

Thank you for your interest in becoming active participants in the collective well being of our shared communities through investing in our cooperative Farm.

To provide you with a concise explanation of the investment opportunity with our Co-operative, we've structured an information package that outlines our plans for the future.

If you have questions regarding your financial involvement or any other aspect of our co-operative, please do not hesitate to contact us at 519-372 6570.

Thank you again for your ongoing support.

Sincerely,


A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

Elisa Vander Hout

Secretary/ Treasurer, Worker-Owner
Agri-Cultural Renewal Co-operative Inc.

A Summary of Our Future

Glencolton Farms was formerly a privately owned farm of the Schmidt family and was established in 1983 to provide wholesome food to a rapidly growing market of informed consumers and put culture back in agriculture.

Agri-Cultural Renewal Co-operative Inc. is a co-operative of workers established since 2004 united in diversifying the farm by integrating agriculture with culture and nature for the betterment of the land and its surrounding community.

Glencolton Farms and *Agri-Cultural Renewal Co-operative Inc.* have amalgamated. Therefore, *Glencolton Farms* is now owned and operated by the worker owners of *Agri-cultural Renewal Co-operative Inc.*

The *Agri-cultural Renewal Concept* is an organization of Farmers, Processors, Buyers and Investors building strong links into the *New Local Food Chain* by expanding the market for local, ecological and wholesome foods while nurturing the arts in rural communities.

The *New Local Food Chain* is distinguished by:

- Food that is produced, processed, distributed, packaged, and sold using ecological, efficient and humane methods
- Regional identity
- Seasonality, freshness, and wholesomeness
- A fair price between Farmers and Buyers

Ultimately, our shared success in developing and expanding the production, sale, and consumption of local, ecological, and wholesome foods depends on commerce and co-operation; that is producers who *sell* foods, consumers who *buy* them and investors who *finance* the development.

With a mandate to build strong links into the *New Local Food Chain* by expanding the market for local foods, ARC will be investing in the mentorship of young farmers and the inclusion of complementary farms, processors and buyers to work and market co-operatively.

Co-operative Advantages in Agriculture

- Fertile soil, bioregional knowledge and mentorship can develop uninterrupted through multigenerational co-operative participation
- Prevents the loss of ecologically managed land to industrial farming or development
- The stable development of missing components in the local food chain ranging from processing to distribution
- Customers become co-producers by investing in the future of their food and the collective well being of their communities
- Enables capital to maximize social contribution

These inherent strengths, coupled with an emphasis on quality, social marketing and values-driven business practices, will position the co-operative to meet the needs of a rapidly growing market for local, ecological and wholesome foods.

Initiatives

Cooperative Development

To develop a stronger relationship between the farmers and the people who eat the food they produce, the co-operative is:

1. Seeking short term investors to loan the co-operative money at a 5% interest rate for two years.
2. Offering for sale Class A Preference shares in the co-operative to raise funds to purchase and secure farmland which has been farmed bio-dynamically by the Schmidt family for over 25 years.
3. Implementing the mandatory purchase of 20 Class A Preference shares (value \$2000) in the co-operative to replace the current cow share program.

Agriculture Development

To develop and expand the market for local foods, the co-operative will:

1. Secure existing farmed land by purchasing the land under the co-operative structure through the sale of shares in the co-operative. This will secure the land for future generations of farmers.
2. Provide the opportunity for consumers to make a significant difference through their financial investment in their own food supply.
3. Stabilize the current operation by replacing bank loans with shareholder investors.
4. Incubate developing farmers through apprenticeship and mentorship.
5. Ecologically cultivate more land through purchases or co-operative inclusion
6. Extend the grazing season of the cows by expanding their grazing pastures
7. Increase our ability to care for more land and continue to improve the quality of the soil and the food it produces
8. Increase and diversify the food available to meet the needs of a rapidly growing market.

9. Develop missing components of the local food chain through the awareness, recruitment and co-operative inclusion of ecologically minded processors and distributors.

Cultural Development

To nurture the arts in rural communities, the co-operative will:

1. Maintain and develop *Symphony in the Barn*
2. Maintain and develop *Glencolton Farms* participation in the *Fabulous Festival of Fringe Film*
3. Further develop the visual, performing, language, and culinary arts in an agricultural context.
4. Celebrate the four seasons through festivals at the farm.

Investing in Agricultural Renewal

Capital Structure

ARC is structured as a for-profit, worker-owned cooperative. Every worker-owner invests in the company and, as the need arises, also raises money from outside investors. The paragraphs below explain how our capital structure works.

Worker-Owner Investors

After working one year employees are eligible to become a voting member of this worker owned co-operative. Each worker-owner purchases 50 shares of Class B Preference Shares (valued at \$5,000) and one Common Share valued at \$1 has one vote. Worker-owners elect the board of directors, which currently consists of three worker-owners and up to 10 worker-owners.

Cow Share Investors

Cow Share investors are investing in their right to access milk in its natural form. Each Cow share investor must purchase a minimum of 20 Class A Preference Shares in the co-operative (valued at \$2000). Cow Share Investors pay a fee of \$3 per litre to cover the cost of the producing and processing time and the expenses of the farm, including the cheese operation that must conform to Canadian health regulations. There will be no dividends paid on the first 20 shares purchased.

Values Driven Investors

We attract value-driven investors who are looking to maximize the social contribution of their investments. They invest any amount greater than \$2,000 in Class A Preference Shares (20 shares) and receive an annual dividend targeted at 5% on the shares above 20. Class A Preference Share holders do not have voting rights. The co-operative seeks investors whose intention is to invest in the co-operative for five or more years.

Money that was invested into the cooperative 2 years ago is currently treated as loan with a 4% rate of return. Once an offering statement is approved by the government, current investments of \$2,000 and over will be converted into Class A Preference Shares. This process will be completed in approximately 6 months.

Self-Directed RRSPs

The Co-operative is eligible for self directed RRSPs because it is a worker Co-op. Self directed RRSPs are treated like Class A Preference shares and dividends will be paid as indicated above. Self directed RRSPs are currently being accepted. There is an annual fee associated with this type of investment.

Accountability

We are accountable to the values of *The New Local Food Chain*: if the cooperative were to ever fold, any proceeds above repaying investors would be distributed to other worker co-op organizations. We are not in this to get rich! We are also accountable for our financial decisions: after shareholders receive dividends, worker-owners get a percentage of any remaining profits, at least half of which is reinvested in the company. However if we make a loss a percentage of that loss is also deducted from worker-owner investments. When a loss occurs, worker owner equity goes down first, while investors shares hold their value and may still receive a small dividend. So worker-owners get the voting shares – but also the accountability that comes with it.

Lenders

ARC raises capital through low interest loans from organizations that are looking to maximize the social contribution of their investments.

Current (and urgent) Investment Request

Recently

The Agricultural Renewal Cooperative has developed a diversification and expansion plan to purchase, develop and diversify adjacent farm land as it becomes available. The nature of these purchases have a short window of opportunity and long time span before they are back on the market. The property being referred to has been off the market for twenty-six years, but was previously owned by the Schmidt family and farmed bio-dynamically by the Schmidt family for 26 years. The land deed was

transferred back to the lenders 14 years ago. The farmland was incidentally thought to be more secure this way during the previous milk battle in 1994. Unfortunately, now we must find new ways of financing to secure this land once and for all.

To secure the basis of our farming operation and to secure the availability of ecologically managed farmland for future generations of farmers while offsetting the risk of it being turned into industrial farmland and the direct consequences this would have on Glencolton Farms we are urgently requesting investor assistance.

ARC Purchase Plan of LOT 48 and 49 CON 3 EGR GLENELG TWP

We have been offered a special deal to purchase this land for 300,000 dollars for the 200 acres which provides all the winter feed for the cows. The land value itself has just been appraised by a certified appraiser at 520,000 dollars.

Short term action plan:

We need to find up to 15 individuals who are willing to lend the co-operative 20,000 dollars each for 2 years at 5% interest secured by registering their name on the title of the 200 acres.

Long Term action plan:

We will change the existing cow shares in the next two years from 300.- dollars into 2000.- dollar farm shares and pay off the 15 individuals who provided the initial funding.

The advantage for the cow share members is that the value of the 2000.- dollar share remains the same until the cow share member leaves the co-op and will receive the full amount back. The current 300.- dollars depreciate every year by 50 dollars and has to be renewed every 6 years.

Also from a legal and social point of view every cow share member in fact becomes a farm share owner, which means takes more responsibility for their own food. **A model for the future.**