



## Community Collaboration Sparks Transformation: \$750,000 Investment to Preserve Businesses in Newfoundland and Labrador

*St. John's, August 28, 2023* - In a groundbreaking initiative aimed at bolstering rural Newfoundland and Labrador's economy, the Community Sector Council Newfoundland and Labrador (CSCNL) and the Newfoundland & Labrador Federation of Co-operatives (NLFC) announced an investment of \$750,000 from the Northpine Foundation to facilitate the transformation of essential private businesses into sustainable social purpose organizations (SPOs).

This project addresses a pressing concern identified by research from the Canadian Federation of Independent Businesses and the Atlantic Community Business Development Corporations. The study revealed that a staggering 55% of small and medium-sized enterprises (SMEs) with 1-4 employees in the province are projected to exit within the next five years, largely due to retirement.

Colin Corcoran, CEO of the Community Sector Council Newfoundland and Labrador, emphasizes the significance of this endeavor, stating, "Our goal is to provide a lifeline for communities facing economic uncertainty by safeguarding employment through the conversion of local businesses into social purpose organizations. This will create opportunities for revenue diversification for these organizations, building a stronger community sector."

The initiative leverages an intelligent matching program, alongside a comprehensive support program, to identify potential private businesses, match them with suitable opportunities, access social finance capital and help them convert to SPOs with legal and governance models tailored to ensure long-term sustainability. The program's goal is to maintain employment and bolster community services, helping to counteract potential economic decline.

Mark Lane, Impact Director — Rural Newfoundland & Labrador at the Northpine Foundation, shared his insights, "This collaborative effort between CSCNL, the NLFC, and other partners will create a resilient model that will help preserve the independence and essence of Newfoundland and Labrador's unique communities."

To address potential risk factors, the project plans to engage strategic partners, including credit unions, business development corporations, and national social finance funds, to ensure the availability of social finance capital. Additionally, meticulous due diligence will be conducted to evaluate the viability of businesses for conversion.

"The NLFC is thrilled with the announcement of this project funding and believe that we can help rural communities retain integral services by providing opportunity for business transition to community-lead co-operatives." – Dave Walsh, Managing Director, Newfoundland & Labrador Federation of Co-operatives

The impact of this initiative goes beyond just economic terms, and will aim to improve community vitality, increase the financial capacity and appetite for social enterprise among community organizations, and increase overall well-being in the benefiting communities. CSCNL anticipates that their approach could generate around \$7 million over the next 10 years in new revenue for a community sector struggling with employee retention, rising inflation and a lack of growth capital.

The partners strongly believe the success of this initiative inspires other potential partners to reach out to help amplify the project's impact. CSCNL welcomes participation by interested entities from the public, private, community and academic sectors in helping to scale the model in other parts of the province and across the country.

Through strategic collaborations and targeted investments, this initiative holds the potential to redefine the future of Newfoundland and Labrador's rural communities.

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#### **About Community Sector Council, Newfoundland & Labrador**

The Community Sector Council of Newfoundland and Labrador (CSCNL) champions social and economic well-being. Our unwavering mission is to cultivate a thriving and inclusive province that uplifts individuals, families, and communities alike. By fostering citizen engagement, encouraging social and economic progress, and leading research, we pave the way for positive transformation. Since our incorporation in 1977, CSCNL has been a driving force that links, empowers, and advocates for the Community Sector in Newfoundland and Labrador. We proudly amplify the voices of a resilient sector and our role remains steadfast: nurturing volunteerism, bolstering organizational capabilities, increasing access to expertise and opportunities, and sharing the invaluable contributions of non-profit and community entities.

#### **About Newfoundland & Labrador Federation of Cooperatives**

For almost 75 years, the Newfoundland & Labrador Federation of Co-operatives (NLFC) has been the provincial association for the co-operatives and credit union sector of Newfoundland and Labrador (NL). The mission of the NLFC is to support and advance the co-operative and credit union sector in NL through representation, promotion, education, and development through partnerships and programming. With 47 co-operatives and credit union currently represented through its membership, the NLFC acts as a unifying voice to amplify their needs and works in partnership with other regional and national co-operative organizations, representing the interests of local co-operatives and facilitating support for programs and services.

## **About Northpine Foundation**

The Northpine Foundation works with a vision to propel and expand outcome-centered innovation in Canada. As a start-up philanthropic organization, Northpine provides catalytic funding through tailored financing (donations, grants, loans, equity, or blend), along with expertise, networks, and other non-financial supports to help underinvested and underserved cohorts thrive and flourish.

Focused on a core value of kindness in every undertaking, the Northpine Foundation designs, funds, and collaborates on initiatives that combine best practices with new, untried approaches to drive scalable change towards a healthy and resilient Canada.