

**Federated Care Co-operative
Discussion Paper
January 2022**



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Incubation Services - Business start-up supports

Table 1 – Summary – Profit/Loss Incubation Services

Activities	Option 1 - Slow Start	Option 2 - Quick Start
a. Incubation Services - Business start-up supports		
a. Business Outreach	\$ (87,500)	\$ (175,000)
b. Business planning.	\$ 18,000	\$ (127,500)
c. Incorporation (by-laws).	\$ -	
d. Marketing plans.	\$ 82,950	\$ 503,625
e. Accounting and Financial Management Services.	\$ 31,416	\$ 190,740
f. Funding (Loans and Grants).	\$ 74,743	\$ 393,372
g. Governance and Management Training.	\$ 16,500	\$ 148,500
Total Program Profit/Loss	\$ 136,109	\$ 391,929

Business Outreach

Business outreach by the Federated Care Co-operative will utilize a similar approach to the Antigonish Movement. The Antigonish Movement focused on community workshops and training sessions to advance community economic development in rural and remote communities across Nova Scotia during the 1920 following several decades of adversity in fishing, mining and agriculture. To stimulate community economic development St. Francis Xavier University established an Extension Department to provide community members with education and training on entrepreneurial endeavours. The Federated Care Co-operative will act as the extension department to stimulate economic activity in the care sector across Ontario.

The Federated Care Co-operative will reach out to communities through workshops and training sessions promoting the development of care organizations across Ontario. These workshops and training sessions will provide the foundational knowledge for community members to start care sector businesses such as daycare, eldercare, disability care and others. This outreach activity will stimulate the development of organizations (co-ops, non-profits, social enterprises) to meet the community's need to care for its citizens.

This programs outlined in the Incubation Services offered by the Federated Care Co-operative will include cost and profit-oriented programs. The goal is to establish as many care organizations as possible. These care organizations will be the members of the Federated Care Co-operative and consumers of the goods/services provided creating the future revenue streams for the federation. Membership fees will be minimal to encourage engagement with the Federated Care Co-operative. Membership will cost \$500/year per organization.

Implementation of the outreach services can be scaled depending on the funding available. Funding would mainly go to an Outreach Developer who will work with municipalities, existing care businesses and community members through workshops introducing

the business approaches within the care sector. The Outreach Developer would be the first contact point for care entrepreneurs helping them to begin the business planning process within the communities. In addition, the Outreach Developer would promote the development of community care businesses through marketing and development of promotional activities and products.

Option 1 – Slow Start

A single Outreach Developer (salary at \$60,000/year) interacting with 2 communities every month to begin the development of local organizations. This approach would take a significantly longer time to reach a breakeven capacity for the Federated Care Co-operative. It is estimated that a full-time Outreach Developer engaging with 1 community every two weeks with a 33% rate of engagement that produces a viable organization would result in 8 organizations developed in the first year. Overall costs for outreach using Option 1 – Slow Start would be (\$87,000).

Option 2 – Quick Start

A single full-time Outreach Developer (salary at \$60,000/year) along with a Business Service Co-ordinator (\$80,000) could interact with 1 community every week. It is estimated that 2 communities per month with a 33% rate of engagement would produce 17 viable organizations in the initial year. Overall costs for outreach using Option 2 – Quick Start would be (\$175,000).

Business planning & Incorporation (by-laws)

Following the outreach community members will be engaged in the business planning process.

This process will include:

- 1) Work with the community members to clearly identifying the communities needs in business terms: non-profit, co-operative, social enterprise.
- 2) Define the need in financial terms: Revenue & Expenses, Capital structure (Debt/Equity).
- 3) Define the management and governance structures.
- 4) Produce a Business Plan with projections, marketing plan and financial statements.
- 5) Complete incorporation of the organization.
- 6) Assist with implementation of the business plan and ongoing support.

Option 1 – Slow Start

As there is only an Outreach Developer as staff of the Federated Care Co-operative in the Option 1 – Slow Start plan, the Federated Care Co-op would need to contract out business planning services. A complete the business plans and incorporation for the 8 engaged communities at a cost of \$7,500/plan for a total of \$60,000/year in revenue with a 30% profit margin. This contract approach would help reduce the costs to the Federated Care Co-operative charging new organizations \$5,000/plan. Utilizing a contract business planning services, however, would require that the 6th step in the planning process, ongoing support, be shifted to the Outreach Developer. Overall profit from the contract business planning approach would be \$18,000 from the 8 organizations engaging in the program.

Option 2 – Quick Start

A full-time Business Services Co-ordinator working in conjunction with the Outreach Developer could complete business plans and incorporation for the 17 engaged communities at a cost of \$7,500/plan for a total of \$127,500/year. The costs for the full-time Business Services Co-ordinator would be \$80,000/year as the Business Services Co-ordinator would supervise the Outreach Developer along with a Logistics Co-ordinator (see Figure 3 – Business Structure – Option 2 – Quick Start). Overall profit from this approach for the Federated Care Co-operative would be \$127,500 from the 17 organizations engaging in the program.

This approach would take advantage of the fact that many of the businesses to be developed by the Federated Care Co-operative will be daycare, eldercare and disability care with similar business plans. The development of a business plan template would allow for the Business Services Co-ordinator to provide detailed information for standard business activities within these business types.

Marketing plans

The production of marketing plans will represent a revenue stream for the Federated Care Co-operative. Organizations can choose to engage with the Federated Care Co-operative for marketing services including

- i. **Marketing Plans** – Average costs for marketing plans are between \$10 – \$15,000. This cost can be offset with grants or through a percentage revenue sharing agreement between the local organization and the Federated Care Co-op. The revenue sharing agreement would be between 5-7% of revenue from the local organization till the cost for the marketing plan is recovered.
- ii. **Conventional Marketing** – (branding, radio, tv, newspaper) – Average costs for a conventional marketing campaign approximately \$1000/month or the organization can contract with the Federated Care Co-operative using a percent revenue sharing agreement between 5-7%.
- iii. **Social Media Marketing** – Average social media marketing campaigns are approximately \$250 – \$1,000/month.
- iv. **Website Development and Maintenance** – Developing the website will cost between \$1,000 and \$5,000 with maintenance costs of \$500 - \$750/year.

Many of the marketing services provided by the Federated Care Co-operative could be priced based on revenue percentages rather than a fixed cost. The revenue percentages approach would allocate between 5-7% of the organization's revenue to the Federated Care Co-operative to promote their local organization as well as the Federated Care Co-operative and the co-operative movement in general. This percentage revenue would ensure that the local co-op's interests are promoted without undue cost for new co-ops while engaging more mature co-ops in the promotion of the co-operative movement as an alternative to the existing care system.

The marketing plans will be developed in collaboration with the Outreach Developer, the local organization and the University of Winnipeg's Research Centre on Co-operative Enterprises. The Outreach Developer will lead the development of the marketing plan with direction and content provided by the local organization. The Research Centre on Co-operative Enterprises will help to offset costs by accessing grants for student internships allowing the recruitment of marketing students to develop content for conventional, social media and the websites.

Utilizing average pricing the potential revenue generation from the marketing services provided by the Federated Care Co-operative would be:

Option 1 – Slow Start = **\$82,950/year** from the 8 organizations that engage with the Federated Care Co-operative.

Option 2 – Quick Start = **\$503,625/year** from the 17 organizations that engage with the Federated Care Co-operative.

Costing will be minimal or offset with grants as well as the utilization of the Outreach Developer in the marketing of the local organizations. In the case of Option 2 – Quick Start – the Outreach Developer will be joined in the marketing operations by the Business Services Co-ordinator as well as the CEO and Administrator.

Accounting and Financial Management Services

Similar to the Marketing Plan services, the Accounting and Financial Management Services will be revenue generating services provided by the Federated Care Co-operative. For start-up local organizations establishing an efficient accounting and financial system can be difficult due to the lack of knowledge in these business areas. The Federated Care Co-operative will help start-up local care organizations in their development of their accounting and financial systems including:

- i. **Determining the best bookkeeping system** for the local care organization – This service will offer a week and a half of engagement with the Federated Care Co-operatives experts to select and train the local organizations members on the financial bookkeeping system. Cost would be \$22/hour for 60 hours for \$1320/organization.
 - a. Option 1 – Slow Start – Revenue generated would be \$10,560/year. The workload would require contracting out these services with a profit margin of 35% for the Federated Care Co-operative yielding a profit of \$3,696 from the 8 organizations engaging in the program.
 - b. Option 2 – Quick Start - Revenue generated would be \$22,440/year. As Option 2 – Quick Start – increases the capacity within the Federated Care Co-operative costs for this service are minimal as the salary for the Business Service Co-ordinator would be covered by other revenue sources. Overall profit for this service would be \$22,440 from the 17 organizations engaging in the program.
- ii. **Developing policies for financial transactions** – Management of finances within a firm requires detailed policies to avoid risk. This service will develop and provide training on financial risk management. Cost would be 3 days at \$50/hour for a cost per organization of \$1,200.
 - a. Option 1 – Slow Start – Revenue generated would be \$9,600/year. The workload would require contracting out these services with a profit margin of 35% for the Federated Care Co-operative yielding a profit of \$3,360 from the 8 organizations engaging in the program.
 - b. Option 2 – Quick Start - Revenue generated would be \$20,400/year.
- iii. **Develop and manage invoicing policies and procedures** – Developing an invoicing strategy that encourages prompt payment is key to cashflow management. The Federated Care Co-operative will offer an invoicing service that will ensure the local organization receives payments for services provided. The service will develop an invoicing policy and procedure document for the local organization as well as provide invoicing services on a monthly basis. Average costs to the local organization would be \$2,000/year.
 - a. Option 1 – Slow Start – Revenue generated would be \$16,000/year with contract services costing \$10,400 for a profit of \$5,400 from the 8 organizations engaging in the program.

- b. Option 2 – Quick Start - Revenue generated would be \$34,000/year with salary for the Business Service Co-ordinator off set by other revenue streams. The profit from this activity would be \$34,000 from the 17 organizations engaging in the program.

- iv. **Set up a chart of accounts** – This is an accounting service that the Federated Care Co-operative will offer. This service will help start-up organizations manage their financial assets. The service will outline the assets, liabilities, equity, revenue and expense accounts for the local organization. This process will take 2 days to set up the chart of accounts at a cost of \$350.
 - a. Option 1 – Slow Start – Revenue generated would be \$2,800 with contract costs at \$1,820 for profit of \$980 from the 8 organizations engaging in the program.
 - b. Option 2 – Quick Start – Revenue/Profit generated would be \$5,950 from the 17 organizations engaging in the program.

- v. **Forecast Cash Flows** – This financial service is meant to help start-up organizations to see potential cash flow risks. The Federated Care Co-operative will provide expertise in cash flow analysis to estimate potential cash flow crunches for the local organization. By knowing when potential limitations in cash flow might occur, the local organization can plan to address these risks. This process will take 2 days to set up the chart of accounts at a cost of \$350.
 - a. Option 1 – Slow Start – Revenue generated would be \$2,800 with contract costs at \$1,820 for profit of \$980 from the 8 organizations engaging in the program.
 - b. Option 2 – Quick Start – Revenue/Profit generated would be \$5,950 from the 17 organizations engaging in the program.

- vi. **Develop a Financial Management Strategy – Outsourced CFO** – Financial management requires business acumen that not all local organization members have. The Federated Care Co-operative will provide a part-time Chief Financial Officer service to help local organizations in their initial growth phase providing sound financial analysis to ensure business decisions are made with the best possible information. This service will provide start-ups with the services of a CFO for two days at a cost of \$6,000. This costs can be off set using the percent of revenue to spread the costs over a longer time period for new organizations.
 - a. Option 1 – Slow Start – Revenue generated would be \$48,000 with contract costs for Outsourced CFO at \$31,200 for profit reaching \$16,800.
 - b. Option 2 – Quick Start – Revenue/Profit generated would be \$102,000/year with the Business Service Co-ordinator taking on the role of Outsourced CFO.

Funding (Loans and Grants)

The Loans and Grant program to be established and managed by the Federated Care Co-operative is dependent on support being provided by the Ontario Government. This program is meant to be a cost neutral program through the use of mixed loans to off-set grants to new local care organizations.

Mixed loans represent a revenue stream for the Federated Care Co-operative as it will provide loans to start-up organizations as well as mature organizations. Loans to start-up organizations will have favorable loan repayment terms such as 0-3% over longer terms, such as 5-10 years. More mature organizations will pay somewhat higher interest between 3-10% with a term between 1-5 years, depending on the nature of the loan. For example, for a mature organization seeking to expand operations with a solid revenue stream and moderate profit margin, a higher interest payment will be required. While this appears to go against conventional wisdom for loans, the concept is that the ongoing operations of the mature organization will help finance start-up organizations across the province by supporting the loan program. Given the nature of the care sector and the focus away from profit, this loan approach will act similar to taxation in that it is meant to distribute finance and economic power where it is needed, not to where the greatest profit margins are.

The initial loan program will provide approximately \$250,000- \$750,000 million in debt financing to help establish new local organizations and grow existing ones. If Option 1 – Slow Start is the option of choice, then a minimum of 4 organizations will be provided with loans totalling \$250,000. Option 2 – Quick Start will see 15 organizations receiving loans of approximately \$50,000 each for \$750,000. Return on the loan program is estimated at 8% for Option 1 and 13% for Option 2. Any residual funding can be returned to the loan program for additional loans.

The Grant Program will have two services for local organizations. The first service will be providing grants directly to new start-ups to off-set the need for capital. These grants will be offered through a yearly call for applications. Applicants can be supported by the Outreach Developer or directly apply themselves.

The second service within the Grant Program is meant to assist local organizations in applying for grants from other agencies or municipalities. The Federated Care Co-operative will offer the services of a Grant Writer to work with local organizations. The Grant Writer will work closely with local organizations (start-ups and mature organizations) to complete the application process. As grants vary in complexity and size the cost for this service will range from \$150 to \$2,000. For Option 1 – Slow Start – The Grant Writing Program is estimated to earn \$3,500/year. For Option 2 – Quick Start – The Grant Writing Program is estimated to earn \$15,000/year.

Governance and Management Training

The Governance and Management Training Program will be a service provided by the Federated Co-operative to develop and build governance and management capacity within the newly established local care organizations. These services will be tailored to meet the needs of each local organization. The Federated Care Co-operative will work with its partner organization, the Research Centre on Co-operative Enterprises to develop training tools, workshops and courses that meet the needs of the local care organizations. The average costs for these services will be \$1,500 per service. The services will include, but not limited to:

- i. **Governance workshops** – Day long workshops for new directors.
- ii. **Weekend Governance Retreats** – These retreats can be used by new and established organizations to refine their mission, vision and values to inform their strategic planning process.
- iii. **Management courses** – These courses will be in-person or on-line to assist new and established managers in developing capacity in areas such as human resourcing, finance, leadership and other managerial skills.
- iv. **Leadership Forums** – These forums will bring together new and established directors and managers to discuss the current trends, risks and opportunities within the sector.

Overall, the anticipated revenue from the Governance and Management Training Program for the Federated Care Co-operative will be:

Option 1 – Slow Start - \$12,000/year in revenues.

Option 2 – Quick Start - \$45,000/year in revenues.

Costing for these programs can be kept to a minimum through the partnership with the Research Centre on Co-operative Enterprises and the University of Winnipeg. Through the development of training tools that can be used in multiple settings the Governance and Management Training Program will find cost savings through economies of scale.

Incubation Services – General Outline

Utilizing average pricing the potential profit generation from the Accounting and Financial Management Services provided by the Federated Care Co-operative would be:

Option 1 – Slow Start = **(\$16,748)** from all of the 8 organizations engaging with the Federated Care Co-operative.

Option 2 – Quick Start = **\$503,625** from the 17 organizations that engage with the Federated Care Co-operative.

Assumptions for these values are that the organizations developed by the Federated Care Co-operative utilize the services provided. That said, even with an uptake of 20% of the organizations developed by the Federated Care Co-operative would provide a Profit of \$113,386 from Option 2 – Quick Start.

Logistics

Table 2 – Summary – Profit/Loss Logistics Services

Activities	Option 1 - Slow Start	Option 2 - Quick Start
Logistics		
a. Vehicles	\$ 14,400	\$ 30,600
b. Uniforms	\$ 1,548	\$ 3,290
c. Medical supplies.	\$ 1,800	\$ 3,825
d. PPE.	\$ 50,400	\$ 107,100
Total Program Profit/Loss	\$ 15,291	\$ 91,957

Vehicles

Each member organization will have the opportunity to lease Federated Care Co-op vehicles. The purchase of a fleet of vehicles through an agreement with a supplier at favourable rates will allow for cost savings to be passed on to members and a surplus for operational support.

Financing of the vehicles through a credit union for preferential rates will allow the Federated Care Co-operative to realize savings on each vehicle purchase to be passed on to the members as patronage refunds at the end of the fiscal year. The lease rate will be at market values and the surplus will be utilized by the Federated Care Co-operative during the fiscal year as an investment revenue fund. All investments will be in safe financial instruments allowing for approximately 3% return on the invested funds.

The Table 1 below outlines a potential scenario for the leasing arrangement utilizing the costing for a hybrid vehicle (Honda Accord Hybrid, 2022). The purchase price would be negotiated down by ~35% from list price based on bulk vehicle purchasing.

Lease payment savings would be seen through negotiation of a 3% interest rate on loan from credit union over a 5-year term on the \$25,000 vehicle price for a monthly payment of \$450. Members could be providing with options for lease payment: 1) Patronage refund at the end of the year, or 2) Lower lease payment for immediate savings.

- 1) Patronage refund – The savings from economies of scale and lower interest rates could be passed on to members at the end of the year as an incentive to utilize the Federation Fleet. This option could be promoted to more established members as a way of supporting the federate co-operative allowing the federated co-op to utilize the monthly savings over the year for operation/investment revenue.
- 2) Lower lease payments – payments could be reduced to as low as cost plus 10% ($\$450 \times 10\% = \$495/\text{month}$). This option might be utilized by new members as they focus on cash-flow in the first few years (see Table 2 below).

The Federated Care Co-operative Fleet would provide a modest profit.

Option 1 – Slow Start = **\$14,000** from all of the 8 organizations engaging with the Federated Care Co-operative with a fleet size of 24 vehicles assuming 3 staff per organization.

Option 2 – Quick Start = **\$30,600** from the 17 organizations that engage with the Federated Care Co-operative with a fleet size of 51 vehicles assuming 3 staff per organization.

Table 3 – Federation Fleet Revenue Table – Patronage Refund

Market cost	Lease payment	depreciation/year (25%)	Lease payments/year	Residual value/year
\$38,000	\$540	\$9,500	\$6,480	\$28,500
Federated Cost				
\$25,000	\$450	\$6,250	\$5,400	\$18,750
Cost Savings/lease	Lease/month		Lease/year	Residual value difference
	\$90		\$1,080	\$9,750
Cost Savings/fleet				
Vehicle # (estimate)	Lease/month	Lease/year		
24	\$2,160	\$25,920		
Members 60% Lease Savings	\$1,296	\$15,552		
Federation 40% Lease Savings	\$864	\$10,368		

Table 4 – Federation Fleet Revenue Table – Cost plus 10%

Market cost	lease payment	depreciation/year (25%)	Lease payments/year	residual value/year
\$38,000	\$495	\$9,500	\$5,940	\$28,500
Federated Cost				
\$25,000	\$450	\$6,250	\$5,400	\$18,750
Cost Savings/lease	Lease/month		Lease/year	Residual value difference
	\$45		\$540	\$9,750
Cost Savings/fleet				
Vehicles	Lease/month	Lease/year		
24	\$1,080	\$12,960		
Members 60% Lease Savings	\$648	\$7,776		

Federation 40% Lease Savings	\$432	\$5,184
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Uniforms

The bulk purchase of uniforms (scrubs) along with shoes will help decrease the cost for Federated Care Co-op members. Estimating a 30% reduction in price due to bulk purchase and selling to members at market prices will allow for a revenue stream with a small profit. Assuming that each new organization has 3 employees requiring 5 scrubs at \$30/scrub and a pair of shoes at \$65/pair the average revenue per employee would be \$215 for uniform costs. It should be noted that additional uniform options could be made available such as the addition of local co-op logos, hats, jackets, scarves, etc. for additional revenue.

The Federated Care Co-operative Uniform program would provide a modest profit.

Option 1 – Slow Start = **\$1,548** from all of the 8 organizations engaging with the Federated Care Co-operative assuming 3 staff per organization with 5 scrubs and 1 pair of shoes per employee.

Option 2 – Quick Start = **\$3,290** from the 17 organizations engaging with the Federated Care Co-operative assuming 3 staff per organization with 5 scrubs and 1 pair of shoes per employee.

Medical Supplies

The bulk ordering approach would also be used for medical supplies with an estimated 30% cost savings would be used. Medical supplies represent a broad category including everything from mobility aids (wheelchairs, walkers, canes), sharps disposal containers, bandages, temperature probes, BP cuffs, etc. The Medical Supplies program estimates an average expenditure of \$250/employee/year (conservative valuation).

The Federated Care Co-operative Medical Supply program would provide a modest profit.

Option 1 – Slow Start = **\$1,800** from all of the 8 organizations engaging with the Federated Care Co-operative assuming 3 staff per organization with an estimated \$250 cost per employee.

Option 2 – Quick Start = **\$3,290** from the 17 organizations engaging with the Federated Care Co-operative assuming 3 staff per organization with an estimated \$250 cost per employee.

Personal Protective Equipment (PPE)

The PPE program will provide the broad range of equipment needed by PSWs and their organizations including (gloves, gowns, masks, shields, hand sanitizer and cleaning supplies). The cost per organization is estimated at \$1,750/month. Bulk purchasing will see a cost savings of approximately 30% for the Federated Care Co-operative.

The Federated Care Co-operative PPE program would provide a decent profit.

Option 1 – Slow Start = **\$50,400** from all of the 8 organizations engaging with the Federated Care Co-operative with each purchasing ~\$1,750/month for their 3 employees.

Option 2 – Quick Start = **\$107,100** from the 17 organizations engaging with the Federated Care Co-operative with each purchasing ~\$1,750/month for their 3 employees.

Finance

Table 5 – Summary – Profit/Loss Finance Services

Activities	Option 1 - Slow Start	Option 2 - Quick Start
Finance		
a. Payroll	\$ 9,900	\$ 19,800
b. Invoicing/Collection	\$ 4,950	\$ 9,900
c. Grants - Community/Research	\$ 600	\$ 2,100
d. Bonds	\$ 50,000	\$ 180,000
e. Fundraising	\$ 50,000	\$ 135,000
f. Loans - Debt finance assistance	\$ 1,250	\$ 3,375
Total Program Profit/Loss	\$ 116,700	\$ 350,175

Payroll

The Federated Care Co-operative offering payroll services would allow for savings through economies of scale. The Federated Care Co-operative could enact a payroll system that covers the needs of multiple local organizations offsetting the time costs for purchasing of individual payroll systems, reduced staff time due to expertise in payroll services and lower costs due to centralized service delivery. At a cost of \$100/month per organization there would be a decent revenue stream and profit from offering a payroll service.

The Federated Care Co-operative Payroll program would provide a decent profit.

Option 1 – Slow Start = **\$9,900** from all of the 8 organizations engaging with the Federated Care Co-operative Payroll program.

Option 2 – Quick Start = **\$19,800** from the 17 organizations engaging with the Federated Care Co-operative Payroll program.

Invoicing/Collection

Similar to the Payroll program, the Invoicing program would consolidate costs allowing for savings for the program. At \$50/month per organization the revenue from this program would be minimal, however, the program would address one of the major stumbling blocks for many start-up businesses, i.e., revenue collection. In addition, standardization of invoicing would assist clients in engaging with new care organizations. For example, should a client move or require additional services their knowledge that all organizations within the Federated Care Co-operative utilize similar payment polices would ease concerns regarding their ability to pay for services.

The Federated Care Co-operative Invoice program would provide a modest profit.

Option 1 – Slow Start = **\$4,950** from all of the 8 organizations engaging with the Federated Care Co-operative Payroll program.

Option 2 – Quick Start = **\$9,900** from the 17 organizations engaging with the Federated Care Co-operative Payroll program.

Grants – Community/Research

As the local organisations that will engage with the Federated Care Co-operative will be non-profit, they will be eligible to apply for a number of grants. These grants can include community grants offered by philanthropic organizations or research grants. These grants can take a significant amount of time to complete, and the success rates can be fairly low (20% in some cases). The Federated Care Co-operative can offer a grant writing service that will assist local organizations in finding and applying for grants. The approach for this program will be to contract out the grant writing service costs with a 30% profit margin on successful grants. Given the variability of grant offerings including timings and amounts it is difficult to estimate the profit generated from this type of program, however, the costs to implement this program are minimal with success allowing for local organizations to take advantage of grant financing to start-up, expand or further research their product offerings for their communities.

Estimating between 2 and 7 organizations being successful in the grant program and approximately \$1,000/grant the revenue stream for this program would be between \$2,000 and \$7,000/year. With a 30% profit margin the profit would range between \$600 and \$2,100/year with the costs being incurred by the contract grant writer.

The Federated Care Co-operative Grant program would provide a modest profit.

Option 1 – Slow Start = **\$600** from 8 organizations engaging with the Federated Care Co-operative Grant program at a 20% success rate for 2 successful grant applications/year.

Option 2 – Quick Start = **\$2,100** from 17 organizations engaging with the Federated Care Co-operative Grant program at a 20% success rate for 2 successful grant applications/year.

Bonds

Community bonds represent a financial tool that most individual non-profit organizations can not readily access due to the size of the ask, skill capacity required and time commitment. The Federated Care Co-operative could enact a community bond program that engages a number of local organization in a common fundraising goal. The smallest bond, for efficient management of the bond, is normally \$500,000/issuance. That being said, there are forms of bonds known as mini-bonds that can also be a financial tool for non-profits and co-operatives. Mini-bonds allow clients and communities to provide loan capital that is non-tradeable but returns a fix rate (3-5%). In either case, Community Bonds or Mini-bonds, the infrastructure to support large- and

small-scale debt capital can be incorporated into the Federated Care Co-operative structure to reduce costs for individual organizations.

Assuming that large scale community bonds would only occur if a significant number of local organizations acted together there would be limited profit potential for the Community Bond portion of the Bonds program, i.e., only if Option 2 – Quick Start is implemented. With 17 new organizations and 2 mature organizations engaging with the Community Bond portion of this program a single \$500,000 community bond could be issues with a cost of \$45,000.

The Mini-Bond portion of the Bonds program could offer an additional revenue stream for the Federated Care Co-operative. Issuing a bond amount of \$25,000 with a 4% coupon rate would allow local organizations to access \$20,000 in immediate loan capital with \$5,000 as a revenue stream for the Federated Care Co-operative.

The Federated Care Co-operative Bonds program would provide a decent profit.

Option 1 – Slow Start = **\$600** from 8 organizations engaging with the Federated Care Co-operative Grant program at a 20% success rate for 2 successful grant applications/year.

Option 2 – Quick Start = **\$2,100** from 17 organizations engaging with the Federated Care Co-operative Grant program at a 20% success rate for 2 successful grant applications/year.

Fundraising

With all of the organizations being non-profit there is the opportunity to engage in professional fundraising to establish and grow local organizations. The Federated Care Co-operative can offer professional fundraising services including campaigns, drives, crowdfunding, and others. These fundraising services will provide local organizations with access to capital for their operations. Fundraising services costing will vary depending on the size of the campaign and the amount to be raised. On average a minimum fundraising campaign will be \$25,000 of which \$20,000 will be for the local organization's needs and \$5,000 for the Federated Care Co-operatives. Essentially, the costs per fundraising dollar will be \$0.20 for every dollar raised.

The Federated Care Co-operative Fundraising program would provide a decent profit.

Option 1 – Slow Start = **\$50,000** from 8 new and 2 mature organizations engaging with the Federated Care Co-operative Fundraising program

Option 2 – Quick Start = **\$135,000** f from 17 new and 10 mature organizations engaging with the Federated Care Co-operative Fundraising program.

Loans – Debt financing assistance

Financing of an organization can be complicated. The inclusion of debt financing should be approached with detailed information on the outcomes on the business' operations. The Federated Care Co-operative can provide financial education for local organisations so that they will be able to make informed decisions on their capital financing needs. For a minimal \$125 per

session a local organisation can work directly with the Business Service Co-ordinator from the Federated Care Co-operative on a debt financing plan.

The Federated Care Co-operative Loans program would provide a modest profit.

Option 1 – Slow Start = **\$1,250** from 8 new and 2 mature organizations engaging with the Federated Care Co-operative Loans program

Option 2 – Quick Start = **\$3,375** from 17 new and 10 mature organizations engaging with the Federated Care Co-operative Loans program.

Human Resourcing

Table 6 – Summary – Profit/Loss Human Resourcing Services

Activities	Option 1 - Slow Start	Option 2 - Quick Start
Human Resourcing		
a. Recruiting	\$ 15,375	\$ 39,750
b. Hiring	\$ 5,125	\$ 13,250
c. Education and Training	\$ 31,850	\$ 85,995
Total Program Profit/Loss	\$ 52,350	\$ 138,995

Recruiting

The Federated Care Co-operative could engage in ongoing recruiting activities for both care sector entrepreneurs and employees. By acting as a recruiting agent, the Federated Care Co-operative could save local organizations recruiting costs. In addition, the Federated Care Co-operative could build partnership with local educational institutions that train PSWs, DSWs and Childcare workers in the development of care businesses. The Recruiting program would involve the centralization of marketing for employment and entrepreneurial activities. It is estimated that there would be a need to hire 1 additional employee or entrepreneur every quarter (3 months) for each organization engaged with the Federated Care Co-operative at a cost of \$1,500 per/year/organization.

The Federated Care Co-operative Recruitment program would provide a modest profit.

Option 1 – Slow Start = **\$15,375** from 8 new and 2 mature organizations engaging with the Federated Care Co-operative Recruitment program

Option 2 – Quick Start = **\$3,750** from 17 new and 10 mature organizations engaging with the Federated Care Co-operative Recruitment program.

Hiring

Hiring for new organizations can be an intimidating operation. The Federated Care Co-operative could offer the service of collection and review of applications, interview processes and offering documents to decrease the uncertainty within the hiring process. These services would cost a minimal fee of \$500/year/organization.

The Federated Care Co-operative Hiring program would provide a modest profit.

Option 1 – Slow Start = **\$5,125** from 8 new and 2 mature organizations engaging with the Federated Care Co-operative Hiring program

Option 2 – Quick Start = **\$13,250** from 17 new and 10 mature organizations engaging with the Federated Care Co-operative Hiring program.

Education and Training

The Education and Training program offers many opportunities for revenue generation for the Federated Care Co-operative (see Table 3 below).

Table 7 – Costs/Service Education and Training

Education and Training Offering	Cost/Service
Workshops – average 12 people/org./year	\$1,500
Individual – in-person courses	\$600
Individual – online courses	\$325
Certificates (micro-accreditation)	\$325/course – 5 courses = \$1,625
Custom Group Courses – 6 – 8 individuals	\$2,500

Many of these education and training options can be provided through a partnership with the University of Winnipeg's Research Centre on Co-operative Enterprises or through other partnership arrangements. In each partnership agreement the profit margin for the Federated Care Co-operative will be a minimum of 35% for each service.

The Federated Care Co-operative Education and Training program would provide a modest profit.

Option 1 – Slow Start = **\$31,850** from 8 new and 2 mature organizations engaging with the Federated Care Co-operative Education and Training program.

Option 2 – Quick Start = **\$85,995** from 17 new and 10 mature organizations engaging with the Federated Care Co-operative Education and Training program.

Legal Services

Table 8 – Summary – Profit/Loss Legal Services

Activities	Option 1 - Slow Start	Option 2 - Quick Start
e. Legal Services		
Total Program Profit/Loss	\$ (19,857)	\$ (16,482)

Establishing a new business requires access to legal services. The average legal costs for a business are between \$1,500 and \$5,000 depending on the complexity of the business. Given that the Federated Care Co-operative will work directly with lawyers with expertise in the care sector as well as co-operative development there will be cost savings due to decrease time required for the lawyer with each client. Costs per organization for legal fees through the Federated Care Co-operative would be, on average, \$1,250. With a 30% profit margin for legal fees the Legal Services program will provide a very modest profit for the Federated Care Co-operative.

The Federated Care Co-operative Legal Services program would provide a modest profit.

Option 1 – Slow Start = **\$3,000** from 8 new and 2 mature organizations engaging with the Federated Care Co-operative Education and Training program.

Option 2 – Quick Start = **\$6,375** from 17 new and 10 mature organizations engaging with the Federated Care Co-operative Education and Training program.

Pension and Benefits

Table 9 – Summary – Profit/Loss Legal Services

Activities	Option 1 - Slow Start	Option 2 - Quick Start
f. Pension and Benefits		
a. Defined contribution plan.	\$ 343,600	\$ 20,500
b. Health and Dental.	\$ (132,000)	\$ (453,000)
c. Vacation days.	\$ (54,000)	\$ (145,800)
d. Sick days.	\$ (39,600)	\$ (135,900)
Total Program Profit/Loss	\$ 118,000	\$ (714,200)

Attraction and retention of care sector workers continues to be a major challenge. While actions are being taken to accelerate the training of new care sector employees there remains the issue of workers exiting the sector. Issues such as being undervalued, lack of support and burnout are key reasons for care workers exiting the care sector.

As the current care sector is unregulated many workplaces lack standardized training for care workers creating an unhealthy and unsafe work environment. Workers are placed in situations where staffing levels are low, and the risk of workplace injuries are high. These conditions lead

to an exodus of workers from the care sector. For example, according to Health Force Ontario, 50 per cent of PSWs in the health-care sector stay for fewer than five years, with 43 per cent listing burnout due to short staffing as their primary factor for leaving. Turnover is highest for part-time and casual positions, which account for 48 per cent and about 11 per cent of PSWs in the province, respectively. In addition to burnout due to low staffing most care sector workers feel undervalued in their unregulated sector.

Addressing the need for additional care sector workers by accelerating training is a good first step, however, there is a need to encourage retention within the care sector. The Federated Care Co-operative would offer a pension and benefits plan that would encourage retention within the care sector. With increased retention in the sector in order to maximize personal pension and benefits a culture of self-regulation and oversight would also be developed by the Federated Care Co-operative through the Education, Training and Information Principle that guides the co-operative operations. With self-regulation a higher, more consistent standard of care can be enacted based on long-term norms of care defined by the care sector workers themselves.

Defined contribution plan

The defined contribution plan proposed by the Federated Care Co-operative requires an initial investment of \$20 million. The initial investment would ensure that employee contributions would be matched by the Federated Care Co-operative. As the number of organizations and employees varies between the two options presented in this document the calculations for pension contributions by employer/employee differ between the options.

Option 1 – Slow Start estimates 8 new organizations with 3 employees each plus 2 mature organizations with 10 employees each for a total of 44 employees engaged in the defined contribution pension plan.

Option 2 – Quick Start 17 new organizations with 3 employees each plus 10 mature organizations with 10 employees each for a total of 151 employees engaged in the defined contribution pension plan.

Given that employees can contribute up to 18% of their annual salary (estimated at \$45,000) to the defined contribution pension plan, each employee can contribute \$8,100/year. The \$8,100/year contribution, however, is only sustainable for Option 1 – Slow Start as the employer must match employee contributions of \$356,400/year. This amount can be matched with a conservative investment strategy yielding a return of approximately 2%. If the 18% contribution is used for Option 2 a return of over 6% would be required placing the pension plan at risk. To address the sustainability of the employer contribution issue within Option 2 a lower contribution limit will be required. Employer/employee contributions would have to be capped at 10% or \$4,500/year/employee. This lower contribution amount would allow the pension plan to be managed for a 3.4% return maintaining a safe and conservative investment strategy for the fund.

Table 10 – Employer/Employee Contributions

	Employee/Employer Contributions/year (\$)	% Return required on \$20m investment/year
Option 1 – Slow Start	\$356,400	1.78%
Option 2 – Quick Start	\$679,500	3.40%

The Federated Care Co-operative Defined Contribution Plan program would provide a profit that would be re-invested into the plan to ensure ongoing sustainability of the program. Investment would take a conservative approach assuming a return on investment of 3.5% year over year. With the average return on pension plans for 2022 reaching 4.1% the 3.5% ROI expectation is sustainable.

Option 1 – Slow Start = **\$343,600** from 8 new and 2 mature organizations engaging with the Federated Care Co-operative Education and Training program.

Option 2 – Quick Start = **\$20,500** from 17 new and 10 mature organizations engaging with the Federated Care Co-operative Education and Training program.

Health and Dental

To further attract and retain care sector workers there is a need for greater health coverage that includes extended health and dental benefits. This type of coverage will entice new entrants into the sector while encouraging existing workers to remain in the system. The Federated Care Co-operative would see this program as a cost to operations and would work with a partner organization such as the Co-operators in offering the program to members. This program would be a shared cost program between the employer (Federated Care Co-op) and employee. The yearly cost per member would be \$3,000 which would be matched by the employer.

The Federated Care Co-operative Health and Dental program would require a cost to operations.

Option 1 – Slow Start = **(\$132,000)** for 8 new and 2 mature organizations representing 44 employees engaging with the Federated Care Co-operative Health and Dental program.

Option 2 – Quick Start = **(\$453,000)** from 17 new and 10 mature organizations representing 151 employees engaging with the Federated Care Co-operative Health and Dental program.

Vacation days

The health and welfare of care workers must be considered if we seek to expand the number of workers within the system. The Vacation days program to be offered by the Federated Care Co-operative is meant to assist in ensuring that care workers have the opportunity to take much needed vacation. Most small businesses do not have the luxury of providing time off for workers. The Vacation days program will work with member organizations to pay for an inter-organizational staffing exchange. Staff from member organizations will be paid to temporarily work for a member organization allowing staff to take their vacation time. This pool of workers will be paid through the Vacation days program so there is no cost to the member organizations. This program will allow member organizations to access a pool of staff for temporary assignments ensuring consistent staffing levels. All member organizations and

workers wishing to engage in this program will need to be trained and certified by the Federated Care Co-op to ensure a minimum level of quality of care.

The Federated Care Co-operative Vacation days program would require a cost to operations.

Option 1 – Slow Start = **(\$54,000)** for 8 new and 2 mature organizations representing 44 employees engaging with the Federated Care Co-operative Health and Dental program.

Option 2 – Quick Start = **(\$145,800)** from 17 new and 10 mature organizations representing 151 employees engaging with the Federated Care Co-operative Health and Dental program.

Sick days

The Sick days program will function in a similar manner to the Vacation days program. Essentially a pool of qualified workers will be available to cover staff downtime. This program will help offset the burnout currently experienced by care workers while ensuring quality of care is maintained. This program will also be a cost to the Federated Care Co-op at an estimated 2% of gross salary (\$45,000) of all members participating in the program. All member organizations and workers seeking to engage in this program will be required to be trained and certified by the Federated Care Co-op to ensure quality of care is maintained.

The Federated Care Co-operative Sick days program would require a cost to operations.

Option 1 – Slow Start = **(\$39,600)** for 8 new and 2 mature organizations representing 44 employees engaging with the Federated Care Co-operative Sick days program.

Option 2 – Quick Start = **(\$135,900)** from 17 new and 10 mature organizations representing 151 employees engaging with the Federated Care Co-operative Sick days program.

Membership

The Federated Care Co-operative represents an opportunity for care sector workers to own and manage their sector. As a result, each member organization must purchase an ownership share in the Federated Care Co-operative. This ownership share is not meant to be a barrier to ownership in the Federated Care Co-operative. A single membership share will cost \$500/year for each organization. With the membership fee being set at such a low level the overall management of membership will be an expense to the Federated Care Co-operative. Management of the ownership will be part of the Administrator and CEO's position. Membership will allow for the organization to send representatives to the Board of Directors of the Federated Care Co-operative. Each member organization will be allowed to send 2 representatives as board members.

The board of the Federated Care Co-operative will be comprised of 5 stakeholder groups and the CEO of Federated Care Co-operative (see Figure 1 below). As the Federated Care Co-operative will be a non-profit, multi-stakeholder co-operative each group within the care sector will be represented on the Board of Directors. The Support Members group will allow the Federated Care Co-operative to reach out to potential donors to engage with the board for fundraising activities for the federation itself and local care organizations. The inclusion of the provincial government will allow for government to oversee the management of their initial investment of \$25 million and co-ordinate government programs and policies to build up the care sector with input from each participating stakeholder group.

Figure 1 – Governance Structure Federated Care Co-operative



The Federated Care Co-operative Membership program would require a cost to operations.

Option 1 – Slow Start = **(\$17,857)** for 8 new and 2 mature organizations representing 44 employees engaging with the Federated Care Co-operative Sick days program.

Option 2 – Quick Start = **(\$9,357)** from 17 new and 10 mature organizations representing 151 employees engaging with the Federated Care Co-operative Sick days program.

Table 11 – Salary Costs for each Option

Salaries	Option 1	Option 2
Business Services Co-ordinator	\$ -	\$ 80,000
Outreach Developer	\$ 60,000	\$ 60,000
Logistics Co-ordinator	\$ 60,000	\$ 60,000
Benefits Co-ordinator	\$ -	\$ 60,000
CEO	\$ 100,000	\$ 100,000
Administrator	\$ 60,000	\$ 60,000
Totals/year	\$ 280,000	\$ 420,000

Figure 2 - Business Structure – Option 1 – Slow Start

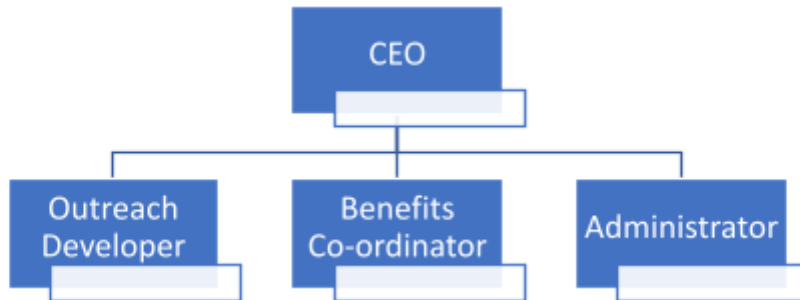
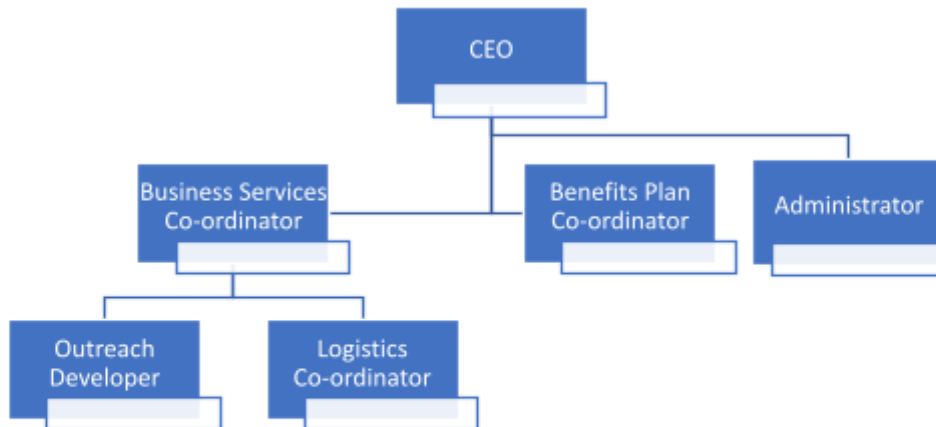


Figure 3 - Business Structure – Option 2 – Quick Start



Conclusion

The outline presented in this paper is meant only to stimulate discussion on the potential options for establishing a multistakeholder, federated co-op within the care sector in Ontario. The various programs presented are an initial outline of what a federated co-operative could offer the care sector. The overall goal of such an organization would be to stimulate the growth of the care sector in Ontario with a focus on care over profit.

The programs presented can be taken as a whole product offering or individual programs can be offered. It should be noted that without government or a large supporter a benefit and pension plan for the federated co-operative is not feasible. It should also be noted that the major offerings by the federated co-operative that will ensure its viability include financial and human resourcing services (including training). These services would be the income stream for the federated co-operative. Only in Option 2 – Quick Start do the incubation services provide sufficient scope to be a sustainable revenue stream for the federated co-operative.

The scope of this document does not factor in the growth potential of the federated care co-operative. Further research into the market and growth opportunities would be required to provide an accurate growth projection.

The overall conclusion of this paper is that the Federated Care Co-operative does represent a viable business opportunity for the non-profit, multistakeholder organization presented.

Table 12 – Summary of Program Profit/Loss

Incubation Services - Business start-up supports	Option 1 - Slow Start	Option 2 - Quick Start
Programs	Profit/Loss	Profit/Loss
a. Business Outreach	\$ (87,500)	\$ (175,000)
b. Business planning.	\$ 18,000	\$ 127,500
c. Incorporation (by-laws).	\$ -	
d. Marketing plans.	\$ 82,950	\$ 503,625
e. Accounting and Financial Management Services.	\$ 31,416	\$ 190,740
f. Funding (Loans and Grants).	\$ 74,743	\$ 393,372
g. Governance and Management Training.	\$ 16,500	\$ 148,500
Total Program Profit/Loss	\$ 136,109	\$ 391,929

Logistics	Option 1 - Slow Start	Option 2 - Quick Start
Programs	Profit/Loss	Profit/Loss
a. Vehicles	\$ 14,400	\$ 30,600
b. Uniforms	\$ 1,548	\$ 3,290
c. Medical supplies.	\$ 1,800	\$ 3,825
d. PPE.	\$ 50,400	\$ 107,100
Total Program Profit/Loss	\$ 15,291	\$ 91,957

Finance	Option 1 - Slow Start	Option 2 - Quick Start
Programs	Profit/Loss	Profit/Loss
a. Payroll	\$ 9,900	\$ 19,800
b. Invoicing/Collection	\$ 4,950	\$ 9,900
c. Grants - Community/Research	\$ 600	\$ 2,100
d. Bonds	\$ 50,000	\$ 180,000
e. Fundraising	\$ 50,000	\$ 135,000
f. Loans - Debt finance assistance	\$ 1,250	\$ 3,375
Total Program Profit/Loss	\$ 116,700	\$ 350,175

Human Resourcing	Option 1 - Slow Start	Option 2 - Quick Start
Programs	Profit/Loss	Profit/Loss
a. Recruiting	\$ 15,375	\$ 39,750
b. Hiring	\$ 5,125	\$ 13,250
c. Education and Training	\$ 31,850	\$ 85,995
Total Program Profit/Loss	\$ 52,350	\$ 138,995

Legal Services	Option 1 - Slow Start	Option 2 - Quick Start
a. Legal Services	Profit/Loss	Profit/Loss
Total Program Profit/Loss	\$ (19,857)	\$ (16,482)

Pension and Benefits	Option 1 - Slow Start	Option 2 - Quick Start
Programs	Profit/Loss	Profit/Loss
a. Defined contribution plan.	\$ 343,600	\$ 20,500
b. Health and Dental.	\$ (132,000)	\$ (453,000)
c. Vacation days.	\$ (54,000)	\$ (145,800)
d. Sick days.	\$ (39,600)	\$ (135,900)
Total Program Profit/Loss	\$ 118,000	\$ (714,200)

Membership	Option 1 - Slow Start	Option 2 - Quick Start
Programs	Profit/Loss	Profit/Loss
a. Fees.	\$ (17,857)	\$ (9,357)
Total Program Profit/Loss	\$ (17,857)	\$ (9,357)

Table 13 – Summary of Options Profit/Loss*

Option 1	Option 2
\$ 400,736	\$ 233,018

* The Options Profit/Loss table assumes all members of the Federated Care Co-operative make use of goods/services provided.