

UNLOCKING BUSINESS FINANCING FOR NON-PROFIT CO-OPERATIVES WITH COMMERCIAL ACTIVITIES

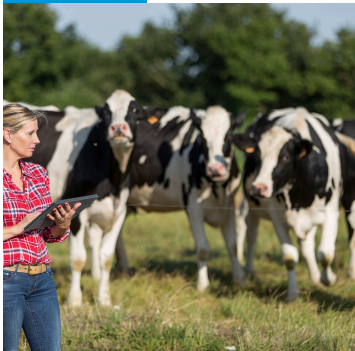


Table of Contents

Introduction and Purpose	3
Background and Examples of Successful Non-Profit Co-ops with Commercial Activities	4
Overview of Barriers	10
Best Practices and Lessons Learned	11
Conclusion	12
About Co-operative and Mutuals Canada	13

Introduction

Co-operatives are a proven business model designed to meet the shared economic, social, and cultural needs and aspirations of their members. As collective enterprises, co-operatives are distinguished by their mission-driven focus, democratic governance, and shared ownership structures ([Co-operatives and Mutuals Canada, 2025](#)). Research shows that co-operatives are often more resilient than traditional businesses, especially in times of economic instability ([Merrien et al., 2021](#)).

In Canada, co-operatives that distribute excess revenue to members are deemed for-profit for statistical purposes. While co-operatives that do not distribute excess revenue in whole or in part, considered overpayments or surpluses, back to its members are considered not-for-profit co-operatives ([Innovation, Science and Economic Development Canada \[ISED\], 2025](#)). Not-for-profit co-operatives often engage in commercial activities that generate consistent revenue while advancing social goals. Yet despite their strong business fundamentals, they face barriers to accessing financing because they do not fit the conventional lending model. However, not distributing excess revenue does not preclude these not-for-profit co-operatives from operating partially or entirely on a commercial basis.

Purpose

The purpose of this memo is to demonstrate the economic potential of non-profit co-operatives with commercial activities, to highlight the persistent challenge they face in accessing business financing, and to advocate for financing tools that reflect their unique business realities.

Addressing these gaps is essential to foster economic resilience, community well-being, and inclusive growth across Canada.

Canadian co-operatives should be able to access the necessary capital to achieve their projects and serve their communities effectively. Without access to appropriate financing, co-operatives cannot fully scale, despite their proven economic and social impact ([Rosa, 2023](#)).

Background

There are over 6,500 co-operatives and mutuals in Canada. Of these, the co-operatives that are considered not-for-profit enterprises represent 58% of the sector ([Duguid and Karaphillis, 2024](#)). Within that category, there are co-operatives that are structured as not-for-profit but generate revenue through obvious commercial activities. Among other things, they aim to:

- Create jobs and stimulate local economies, especially in underserved or rural communities, where traditional businesses may have difficulty operating. A third of co-operative enterprises are headquartered in rural and remote areas, while many others have members and facilities in those areas.
- Offer access to essential products and services that traditional for-profit businesses may overlook due to lower profit margins.
- Foster community resilience. Co-operatives in Canada tend to be older and larger than SMEs, with an average age of 44 years compared to 18 years for SMEs ([Rosa, 2023](#)), proving that they are viable and successful long-term community investments.

Examples of Successful Non-Profit Co-ops with Commercial Activities

The examples below provide a snapshot of the diverse range of commercial activities undertaken by non-profit co-operatives and showcase how non-profit co-operatives with commercial activities generate economic growth, create and/or retain jobs and services in their communities.



Transportation and Storage

- [Coopérative de Transport Maritime et Aérien](#) (CTMA): A crucial non-profit consumer co-operative based and serving the isolated Îles de la Madeleine in Quebec. It is the supply chain and lifeline entity that has carved out a leading role in the shipping industry throughout its over 80 years' history. It offers a ferry service and a tractor-trailer transportation service. CTMA has become a driving force of the Îles de la Madeleine's economy and has made significant contributions to tourism development. The co-operative is fully owned, managed and operated by islanders from the community.

Restaurants and Food Retail

- [Le Pôle agroalimentaire de Lotbinière](#) (in French only): A multi-stakeholder (solidarity) co-operative dedicated to supporting agri-food entrepreneurship and socio-economic development in the Lotbinière region, in Quebec. Le Pôle is a much-needed food hub that offers an online shopping platform dedicated to local products, a local grocery store in the heart of Lotbinière village, a café and bakery, a commercial kitchen and storage space for producer members, and the Lotbinière public market in summer.
- [Kitchen Collective](#): A non-profit, affordable commercial kitchen and culinary incubator in Hamilton, Ontario, designed to give aspiring entrepreneurs a space to start or expand their food business without the expenses involved in building/equipping a private commercial kitchen. The collective provides a home base for mobile food businesses to prep their products and host temporary "pop-up" retail events, chefs to host workshops and tastings, and for any small local food producer to practice their craft and gain experience in the food industry.
- [Coopérative du Café Cambio](#) (in French only): Established in 2004 as a worker co-operative by three women who wanted to import, process and market certified organic and fair-trade products in Chicoutimi, Quebec. Importing fair trade coffee was the first objective, around which the other facets of the project were built, all participating in the same vision of social change. Café Cambio was thus built under three hats at once: a micro-brûlerie, a restaurant and a performance venue. Today, Cambio roasts over 15,000 kg of coffee beans a year, partners with over forty local businesses and provides over twenty jobs.

Tourism

- [South Shore Tourism Cooperative Limited](#): Using a local, community economic development approach, South Shore Tourism Co-operative is Nova Scotia's first regional tourism co-operative. It started in 2012 with a group of volunteers from tourism-related businesses, organizations and supporting municipalities. Their goal is to work collaboratively through this consumer co-operative, to market the South Shore of Nova Scotia as a year-round tourist destination. The co-operative promotes small businesses, festivals, museums and adventures in the South Shore, and it has resulted in increased occupancies and revenues for their member organizations. South Shore Tourism Cooperative provides the infrastructure and services necessary to support a tourism economy, connect tourism products to potential markets and support capacity building in the sector.
- [My Mountain Co-op \(MMC\)](#): A non-profit community service ski co-operative with the purpose of providing recreational opportunities via the Shames Mountain Ski Area, in Terrace, British Columbia. MMC was built on the foundation of a non-profit society called Friends of Shames. Local skiers and snowboarders formed Friends of Shames in 2008 when the owner of the Shames Mountain Ski Area wanted to retire and put the ski hill for sale. Without a buyer, the ski hill would have closed. After a lot of research and consultation with consultants and the community, the Friends of Shames determined that the community service co-operative model was the structure with the best chance of sustaining the Shames Mountain Ski Area for the long term. MMC was officially created in February 2011. The community came together to raise the funds to allow MMC to purchase the ski hill. As of January 2013, MMC became the official owner of the Shames Mountain Ski Area. The co-op makes skiing possible at this location.
- [Parc Aventures Cap Jaseux](#): Located in Saint-Fulgence on the shores of the Saguenay Fjord, in the Saguenay-Lac-Saint-Jean region in Quebec, Cap Jaseux Park is a solidarity co-operative founded in 2002 to manage a natural site bequeathed to the community of Saint-Fulgence. The park offers immersive nature experience through outdoor activities such as sea kayaking, hiking, and unique eco-friendly accommodations, including suspended spheres, glass domes and treehouses. Its mission emphasizes environmental education and the appreciation of natural heritage. Thanks to major investment, the park is now open year-round, featuring modern and environmentally responsible infrastructure. Cap Jaseux has become a flagship destination for adventure tourism in Quebec, combining innovation, solidarity, and respect for the environment.

Art and Culture

- [The Aron Theatre Co-operative](#): A theatre in Campbellford, Ontario that was opened as a purpose-built cinema in 1947. In 2010, the Aron Theatre Co-operative was incorporated as a consumer co-operative, because the community members wanted to safeguard a business that provided local access to arts and culture. In 2011, it purchased the cinema. The not-for-profit co-op operates with a triple bottom line, ensuring financial viability, community responsibility, and environmental stewardship. The Aron Theatre is a community-owned space that operates and delivers events through ticket sales.

Agriculture, Forestry, Fishing and Hunting

- [Cloverbelt Country Meats Co-operative](#): Cloverbelt Country Meats first opened during the 1970s in Oxdrift, Ontario. In 2015, a not-for-profit co-operative of local farmers took over the reins. The co-operative abattoir is an essential part of the agriculture infrastructure in the region, serving local farmers raising beef, poultry, pork and lamb. First Nations and local communities also use it for wild game processing. Cloverbelt Country Meats currently employs 10 full-time members and 13 part-time seasonal employees.
- [The Harrop-Procter Community Forest Cooperative](#): The co-operative is a vital resource for the small community of Harrop-Procter located on the south shore of Kootenay Lake, BC. It manages 11,300 hectares of Crown Land and runs a small sawmill. The co-operative practices ecosystem-based forestry and sells lumber products directly from its mill in Harrop. Every dollar spent on their high-quality forest products is an investment in the health of the community.



Public Utilities and Energy Generation

- [Blue Mountain Power Co-op \(Rocky REA\)](#): A member-owned non-profit electric power distribution service provider with over 70 years of experience in providing dependable power to over 3700 rural sites across west-central Alberta. Its customers range from rural residential, agricultural, commercial, and oil & gas sites. By delivering power to rural communities, Blue Mountain Power Co-op contributes to the prosperity and wellbeing of its members and its community. Blue Mountain Power Co-op believes that operating under a cooperative framework, in combination with sound business practices, is the best way for it to deliver unparalleled value to its members.



Professional Services

- [Le Consortium de coopération des entreprises collectives \(The Consortium\)](#): A Quebec-based multi-stakeholder or solidarity co-operative that provides a shared services center for co-operatives, mutuals, and non-profit organizations. The services offered range from legal affairs to accounting-finance, human resources, occupational health and safety, project management, strategic business planning, graphic design, mentoring and more. With nearly 80 professionals spanning over 20 fields, the Consortium plays a vital role in strengthening and building the social economy as an expert-service provider.
- [Coopérative de développement régional du Québec \(CDRQ\)](#): a solidarity co-operative dedicated to supporting, developing, and promoting collective enterprises across Quebec. Rooted in the province's co-operative movement and its regions, the CDRQ brings together members from diverse backgrounds, such as businesses, workers, and partners, united by a shared commitment to creating shared prosperity. The CDRQ is widely recognized for its expertise in supporting start-ups and support at every stage of co-operative or collective enterprise's life cycle. To benefit its members, the CDRQ has established strategic agreements that help reduce the cost of its professional services. Notably, a major partnership with the Government of Quebec provides financial support to offset the costs associated with coaching, training and developing collective projects.
- [Support Services Group Co-operative Ltd \(SSG\)](#): Established in 1991, the consumer co-operative was organized to serve people with disabilities, and to support them by providing support that enables them to live in their own home and be independent. SSG does this through supported apartment services, in-home support services through recreational outings, assistance with personal care, daily living, money management and much more for residents of Dartmouth, NS and surrounding areas.
- [Coopérative funéraire de l'Outaouais \(CFO\)](#): Started in the late 1970s, the Gatineau, Quebec-based co-operative provides cost-effective funeral services for its 22,000 members. It oversees 80% of funeral services in the region. The co-operative aims to provide a humane, personalized and pressure-free approach to funeral services.

Overview of Barriers

The Canadian Centre for the Study of Co-operatives' 2023 Top Co-op Issues survey highlighted that the second most pressing issue for co-operative leaders is the need to access capital and financing. This has remained a top issue for three consecutive years, as most co-operatives continue to face limited options to raise capital beyond retained earnings ([Canadian Centre for the Study of Co-operatives \[CCSC\], 2023](#)). A lack of awareness among potential funders as well as regulatory and policy constraints are key contributors to these barriers.

- **Awareness and Understanding Gap:** Financial institutions and potential funders often lack a clear understanding of the co-operative business model—particularly the attributes and strengths of non-profit co-operatives—leading to underestimation of their viability and long-term sustainability. The Canadian Centre for the Study of Co-operatives report highlights that financial institutions frequently have limited understanding of the co-operative model, negatively affecting loan approvals, particularly for start-up and younger co-operatives ([CCSC, 2023](#)). This disconnect underscores the need for “patient capital”—funding designed to support long-term growth and community outcomes rather than short-term financial returns ([CCSC, 2023](#)).
- **Regulatory and Policy Constraints:** In [What We Heard: Motion-100 Consultations](#) stakeholders raised concerns about accessing federal business-facing programs and services, designed to support Canadian entrepreneurs through start-up, growth, and expansion. The limitation for co-operatives includes eligibility restrictions for key federal business supports that focus on traditional businesses and single entrepreneurs.



While financing mechanisms exist for Canadian enterprises, most are structured for traditional for-profit firms seeking rapid return on investment, not collective enterprises like not-for-profit co-operatives. Many not-for-profit co-operatives generate revenue through commercial activities, yet when seeking financing for growth, technological advancements, or operational needs, they face an undue burden to demonstrate the value of their projects. Co-operatives are not riskier than traditional businesses, they are enterprises that have deeply rooted community support and established governance systems that mitigate financial risk. Identifying and addressing these barriers is critical to creating a financial ecosystem that recognizes the distinct needs and strengths of non-profit co-operatives. Doing so will unlock capital for mission-driven enterprises and maximizing their capacity to generate economic, social and community impact across Canada.

Best Practices and Lessons Learned

Canada can learn from best practices from jurisdictions that have created an enabling environment for the co-operative sector.

- Quebec: In Canada, Quebec provides an exemplary model for creating an enabling environment for co-operatives, social enterprises, and collective entrepreneurship. It offers a robust framework supporting co-operatives and social enterprises through comprehensive policies, dedicated institutions, and action plans for the social economy. The Social Economy Act of 2013 recognizes and legitimizes the unique needs of social economy enterprises, facilitating smoother interactions with financial institutions ([Government of Quebec, 2013](#)). Institutions such as the [Fiducie du Chantier de l'économie sociale](#) offer patient capital specifically designed to meet the unique financial needs of social enterprises, including co-operatives. Organizations like the [Chantier de l'économie sociale](#) and the [Conseil québécois de la coopération et de la mutualité \(CQCM\)](#) (in French only) bridge communication between government bodies and social economy enterprises, improving access to resources and programs. Such comprehensive and collaborative approaches have established Quebec as a leader in cultivating a successful social economy ([Mendell, 2009](#)).

- Italy: Italy has created a compelling example of a health social enterprise model, in which, co-operatives play a central role in delivering public benefit. In this context, a health social enterprise refers to an organization that combines business methods with a mission to provide essential health and social services. Italy's co-operatives have been instrumental in this space, particularly through social co-operatives formalized under Law 381/1991. These are divided into two categories: Type A, which provides social, health, and educational services, and Type B, which promotes the employment of disadvantaged individuals through various commercial activities ([OECD, 2022](#)). Italian legislation strengthens this model by offering financial support including tax incentives, reduced corporate tax rates, and exemptions on private donations. These supportive measures have helped co-operatives remain financially viable while fulfilling vital social roles, positioning them as key players in Italy's social and economic fabric ([ICA-EU Partnership, 2021](#)).
- Japan: Japan's co-operative movement is an ancient one, the co-operative model known as *teikei* exemplifies community-supported agriculture by facilitating direct, collaborative relationships between consumers and local producers ([International Cooperative Alliance, n.d.](#)).

Conclusion

Creating an enabling financial environment for non-profit co-operatives engaged in commercial activities is crucial for maximizing their social, economic, and community impacts. In Canada, Quebec's experience demonstrates that supportive financial infrastructure, integrated policy frameworks, strategic partnerships, and targeted capacity building substantially mitigate the barriers these co-operatives face. While specific strategies may vary regionally, the underlying principle remains consistent: investing in and prioritizing the co-operative sector's unique needs significantly enhances its contributions to broader economic and social goals, contributing to a vibrant, resilient, and inclusive economy for all.

Financing co-operative projects in Canada represents a strategic lever for policymakers and financial institutions seeking to advance national and regional development goals. By supporting co-operatives, governments and funders not only stimulate local vitality but also help scale innovative, community-based initiatives that address social, cultural and economic needs.

Ultimately, investing in the co-operative model is not only an investment in innovation and inclusion—it is a long-term strategy to building economic resilience, and local vitality across Canada.

About Co-operatives and Mutuals Canada

Co-operatives and Mutuals Canada (CMC) is the national, bilingual association representing co-operatives and mutuals of all types, sizes, and sectors across the country. Member-driven and mission-led, CMC brings together large co-operative enterprises, provincial associations, sector federations, and front-line co-ops to advance a unified vision: a strong, inclusive, and sustainable co-operative economy.

We work to strengthen the sector by:

- Advocating with the federal government to create a more enabling environment for co-operatives and mutuals;
- Promoting and protecting the co-operative identity;
- Fostering connection and collaboration through engagement and awareness activities.

