

Roots of Our Times — Frequently Asked Questions

What is the legal structure of Roots of Our Times?

Roots of Our Times is a C Corporation, the business structure is as a Cooperative.

What is the purpose of Roots of Our Times?

Here is an excerpt from the By-Laws: "the purpose of Roots of Our Times Co-Operative is to continue the agricultural enterprise currently operating under the name Root Connection as a community supported agricultural (CSA) farm. It is the intent to continue to provide members seasonal vegetables grown locally on land managed by Roots of Our Times Co-Operative, while preserving the health of the environment by using sustainable organically based agricultural methods."

How many people have invested?

As of the end of 2016, we have 123 investors, and approximately 30% of those have re-invested.

What was the investment money used for?

Roots of Our Times purchased the Root Connection business, equipment, and other assets from C-T Management Corp, on a Note of Purchase registered with the State of Washington. According to the By-Laws, not less than 95% of investment monies collected through stock sales must be applied to the principal balance of the Note.

What is the minimum investment?

One stock is sold at a value of \$200. The minimum for a new investor is 10 stocks, for a total of \$2,000. After an investor has purchased the initial 10 stocks, he or she can then add to their investment in increments of \$200.

What are the terms of the Note, and what is the balance owed?

The original note was for the amount of \$179,922 for a period of 10 years, at 4% interest. At the end of 2016, the balance owed is approximately \$8,000.

What will happen after the note is paid off?

We will discontinue stock sales. Selling only as much stock as we need to means that current investors will have the largest possible share of net profit dividends.

Can I get my investment out at some future time?

There are provisions for that in the By-Laws, but the Company can only buy back an investor's stock if the Note has been paid off, and there are sufficient funds in that current year's net profit to do so. This investment is not to be considered a liquid investment.

How safe is my investment?

Unlike most farms and most other businesses, The Root Connection has no operating loans or any other debt. We have a conservative fiscal policy, and will fully fund reserve accounts whenever possible to insure adequate operating funds during inevitable periods of business downturns. (See next question.)

Will I get a return on my investment? During the years previous to 2009, The Root Connection had a net profit of between 3-5%. In 2009, we paid out dividends of 5% to investors, and also made an extra \$10,000 principal payment on the note out of funds from the net profit. During the economic downturn in the years 2009, 2010, and

2011, the net profit was negative, so no dividends were paid out. In 2012, there was a net profit and members voted to use some of that to increase our cash reserve fund and also to pay a \$6,000 payment on the note rather than paying out dividends. In any event, the percentage of return to investors would likely be a smaller percentage than the net profit to gross ratio, because we would want to maintain a reserve fund for capital improvements, infrastructure repairs, unusual operating expenses, and net profit shortfalls.

How will the previous owner, Claire Thomas, be involved in the new company?

In addition to being on the Board of Directors and also an investor, she will be doing her regular job as Operating Manager. The next few years will also be spent training the next Operating Manager as well as mentoring the new company in any way possible.

What responsibilities and/or time input do investors have?

Unless an individual is a part of the Board of Directors, the time and responsibility is limited to an annual meeting, which is held in March of each year. This meeting can be attended in person or by proxy. There are certain provisions in the Operating Agreement where an investor can access financial records, ask for something to be brought up before the Management Committee, and certainly, the Board of Director members would be available to discuss any issues with any investor. An investor can also request to attend any regular Board meeting.

What assurance do we have that The Root Connection will continue to be run as a CSA?

This requirement is written into the Operating Agreement. Also included is a definition of a "CSA" which, among other things, states that at least 75% of the crops distributed to CSA members must be grown on land owned or managed by Roots of Our Times. (Of course, this excludes produce distributed through the Winter Shares and Fruit Shares.)

Can the Operating Agreement be changed?

Only by a SUPER majority vote of ALL the investors.

How many votes is an investor entitled to?

Each investor is entitled to only one vote, regardless of the amount invested. This provision was written into the By-Laws to protect against a small number of investors voting to change the Purposes and Powers, the business structure, or sell the business.

When can a potential investor see the By-Laws?

Before actually funding the company with their investment, we require that an investor receive a copy of the By-Laws. They are not available electronically, and will be mailed or handed out to whoever requests a copy.

Do individual investors have liability for debts, or anything else?

Investors are protected by the corporate structure of the company. Liability is limited to the business itself and does not pass through to the investors. The Root Connection would continue to carry business liability insurance.

For more detailed information, request a copy of the By-Laws. For questions not addressed here, or for further clarification, please contact Claire Thomas at (425) 881 9895 or clairethomas2@earthlink.net.