

Position Paper of the Kent Community Store

Articles of Incorporation of Kent Community Project, Inc.

"The purpose or purposes for which said corporation is formed are: The general nature of the business to be transacted by this corporation shall be to encourage the development of a better and more efficient government locally and nationally (amended 11/30/71); to foster and encourage public opinion and high idealism for justice and public welfare; and to aid in the elimination of poverty; and in order to carry out the foregoing purpose; to operate one or more retail store outlets buying and selling personal property; and to manufacture items of personal property for sale through its retail stores; to promote and hold fundraising benefits and concerts; to receive gifts, legacies and donations from any source whatsoever; to make gifts and appropriations from any or all of its resources from time to time to carry out the objects and purposes of the association; and to exercise all such power and authority as may be necessary to carry out the purposes and objects above specified, but the purpose and essence of the corporation, being purely benevolent, charitable and philanthropic, it is expressly declared that this is a corporation not for gain or individual profit and no dividend shall be declared or paid to any of its members, and that none of its property, real or personal, shall ever be used or expended except in carrying into effect the legitimate ends and aims of its being."

as accepted by the Secretary of State
of the State of Ohio 4/23/71

Preamble

It seems that some members of the KCP have forgotten, are not aware of, or choose to ignore this statement of purpose when setting priorities within their collectives. The goals and purposes, and the procedures for achieving these goals, have been worked out over six years by a process of trial and error. Unfortunately, ^{the} the need to express these procedures in writing ~~was~~ ^{has} never ^{been} seriously considered. The events and rumors of the last month have forced the re-examination of the assumption that we all agree on the purposes and goals ~~x~~ of the KCP. We state, here in the beginning, that we feel these perceived differences are in the methods we use to obtain those goals, rather than in the perception of the goals and purposes themselves.

A note for the benefit of rumor control: Rumors have been circulating that the KCS has threatened to leave the KCP. THIS IS NOT THE CASE!!! The essence of the KCP is expressed in the statement of purpose which you should have read by now. Without it we are a group of hippie-discount stores. The KCS collective always has and always will operate under these purposes, or it will not operate. That has been and will remain our position on the KCS role in the KCP.

Paranoia and rumors must be put aside. Rather than allowing our fears and misperceptions to guide our actions, we felt we should consider the trends we have noted as being misdirected priorities. All segments of the KCP do perform valuable services for their segments of the population. If positions are presented in a clear and open manner, we may find that the size of our differences ~~are~~ ^{is} not that great.

Position

The first part of this position paper will consist of the KCS's position on the current differences, which ^{is} also ~~happens to be~~ the position that the KCP has operated under for the last six years. The second part will consist of a series of proposals that we hereby present for consideration and vote by the General Membership. Most of these proposals are just a written form of the procedures that the KCP has used for years, but have never been put in writing. Other proposals are new, in that we have not used these procedures before, but they are presented to clarify old procedures and to clarify the relationships(roles) of the various segments of the KCP to one another .

"...To encourage the developement of a better and more efficient government... to foster and encourage public opinion and high idealism for justice and public welfare; and to aid in the elimination of poverty..."

This ~~is~~ ^{was} obviously a big chunk for anyone, much less a combination record store, used book and clothing store. But within the first month or so of the KCS's existance (the store was started before the incorporation of the KCP) we had organized the first community dinner. These dinners are the most frequent and consistent expression of the KCP's purposes. ~~Those~~ ^{THOSE} that purpose and our reason for existence, are also expressed in the ~~KCS~~ ^{KCP} giving long-term, non-interest loans as seed money to establish ~~- ORIENTED~~ other community projects in Kent. These loans are/were given with the understanding that if and when ~~another community~~ ^{the ASSISTED} project established itself financially, ~~that~~ ^{WOULD} these loans ~~will~~ ^{would} gradually be paid back and the money used for new projects. Grants of money have also been issued by the KCP, ~~through the KCS,~~ to various organizations that provide services to the general population or specific segments. The KCP also provides assistance by advising groups like ourselves on general business skills and on specific information on each of our operations.

There is one other method we have used to meet our goals, and that is to ~~add~~ ^{INCORPORATE} other retail or wholesale operations into the KCP structure. Our hope has always been that one day these new operations would be secure enough to join the KCS in the responsibilities of the KCP. The KCS has assumed those responsibilities ^{FOR THE PROJECT AS A WHOLE} because it was a very early financial success, in that we could keep our prices low, and still meet our expenses, (~~large expenses~~) and still have money or at least the ability to generate money, to use for other places like the KCS. The KNF was an experiment, one of the earliest, and it took a good four years for it to support itself financially and it took a lot of money in subsidies from the KCS. The KNF was not expected to ^{IMMEDIATELY} assume the responsibilities ~~of~~ ^{for} fulfilling the purposes of the KCP because it was still struggling for its livelihood, just ^{AS} ~~like~~ the Garment District now. The KNF and, to a lesser extent, the PKB ^E are now financially successful and should take on and share in the responsibilities of the KCP's financial outreach programs.

It is not enough that one collective consider the goods and services it provides as the end-all of its existence. Each collective serves a different segment of the population and their goods and services are important to those people. "Eagles" records, brown rice, whole wheat bread and denim jeans are not the ultimate end of our being. Granted each is important to the people we serve in our respective stores, but if we ~~just~~ concern ourselves solely with each of our operations, we become nothing but a group of hippie-discount stores.

"And in order to carry out the foregoing purposes, to operate one or more retail store outlet(s)..."

In order to fulfill the objectives of the KCP, we operate retail or wholesale businesses, buying and selling goods. The operation of each business is run on a day-to-day basis by a working collective that makes the decisions for their respective operations. The collective sets policies for the stores and shares the work load and responsibilities that go along with the operation of any business.

The word is collective and not commune. A commune suggests a living situation and a taking part in the personal lives of each other. The KCP is run by a group of collectives and others and not by a commune. People within a collective and among different collectives have formed communal living situations in the past and will continue to ^{do so} in the future. Collectives are working arrangements that hopefully will, and have in the case of the KCS already, develop a communal spirit among its members. This spirit will manifest itself in a real and personal concern for each other as individual human beings.

In order to operate these stores, we have to ~~make~~ ^{set} a mark-up ~~to~~ ^{is a factor in the} to cover the cost of selling our goods. Salaries ~~are~~ ^{are} a cost of ~~the~~ ^{just as} selling ~~as are~~ ^{much as store} office supplies. The money left over is our gross profit. The money left over after operating expenses is our net profit. ^{NOT THE GROSS -} It is the net profit that makes money for any business. What makes us a not-for-profit corporation is the fact that not now, nor ever in the past, nor legally ^{in any time or situation} can we divide up that net profit in any way among the members of the KCP.

We decided when the KCP was first formed that it would also be an anti-profit organization. Again, a non-profit organization can make a profit, but the dispersal of that profit defines non-profit. It was decided that some of this net profit would be used to strengthen the various parts of the KCP, and that a portion would go out to others as seed money or donations. In this way money generated by our efforts was and will be

used to establish and aid other non-profit retail/wholesale operations and public welfare services. Hopefully these operations will someday support other similar endeavors. It is this process that makes us not only non-profit, but anti-profit. It is in this way that we actually oppose the private accumulation of wealth at public expence.

It is possible ~~that~~ We would have a lot more money to give away if we sold our goods at the current average retail prices. The policy of the KCP has always been that the selling price would be set to give our patrons the lowest price possible while still making enough to cover the cost of selling and operating expenses and still having some funds left over to fulfill the objectives of KCP.

These three priorities (1) offering the lowest prices possible; 2) keeping the KCP financially solvent; 3) generating money for loans and grants, must be kept in balance. The overemphasis of one priority over another will result in ^{either} high prices, financial bankruptcy, or the ceasing of the KCP to be an anti-profit organization. Price raising and adjustments have always been used as a last resort to remedy a dangerous financial situation.

The changing of mark-up or price adjustments ^{has} ~~have~~ usually been referred to the General Membership for approval unless the ^{urgency} ~~necessity~~ of a price increase was ^{such} ~~so~~ that formal approval was unnecessary. This was the case with E&L's price increases ^{and} ~~and~~ when the wholesale prices ^{go} ~~goes~~ up. But the deciding factor has always been the financial necessity of those adjustments.

Over the past six years the KCS has been performing a juggling act, trying to balance all three of our priorities. The KNF, and later the PKB, have had to be concerned with only two of these priorities: lowest prices and financial stability. The KCS had no objections to that general policy because those stores were struggling to maintain that balance, ^{and indeed their continued existence.} Even though the individual members of the KCS do not use the

KNF and the PKB on a regular basis, the KCS collective has done everything it could to see that these two services continue, because both stores do provide a valuable service to those members of the general public they serve, just as the KCS provides a valuable service to its customers.

The KNF and the PKB needed that time to establish themselves as independent anti-profit businesses. But it must be remembered that the KCS has existed in a state of financial crisis for ^{some} most of that time because of the financial assistance it has been giving, both inside and outside the KCP, ^{AND BECAUSE OF ITS CONTINUED ADHERENCE TO THE THREE PRIORITIES.} It is time, now that all three stores are doing well, for the KNF and the PKB to share in ^{that} ~~the~~ third priority. The giving of money, through low-interest loans and grants, to other community projects is the essence of the KCP. It is this dispersal of money that makes the KCP anti-profit, and without it, we would not be the KCP.

Proposals:

With all this in mind, the KCS makes the following proposals for consideration by the General Membership (GM) at the April 24, 1977 meeting:

Proposal I - Amendment to the Code of Regulations:

That all members of the KCP, Inc. shall also be on the Board of Trustees of the KCP, Inc. (Although this has been assumed over the years, due to a clerical error, the Code of Regulations does not read this way.)

Proposal II - Wage policies:

That if one collective wishes to increase its wages, all of the collectives must be willing and able to increase wages; if one or more of the collectives are unable to do so, the other collectives must be willing and able to supplement their wages.

That everyone working full-time at the KCP receives the same salary for the standard work week; and that part-time workers receive an hourly wage based on the full-time salary divided by the standard work week.

That, for the purposes of standardization and equalization of job responsibilities and salaries, the standard work week be set at forty hours, and that the forty hour work week be the definition of full-time status.

That we raise full-time wages from \$125/wk to \$150/wk with a proportional increase for part-time workers, based on and after we receive the First Quarter Financial Statements for 1977.

That, since the Garment District has not achieved financial stability, the other collectives continue to subsidize the cost of its salaries plus the proposed salary increase.

Proposal III - Pricing policies:

That extraordinary price increases or adjustments can only be approved by the GM; that price increases or adjustments must be financially justified by the quarterly financial reports;

That price increases or adjustments can not be used to financially benefit KCP members, (raising prices solely to increase wages.)

That a written notice, (posters, leaflets etc.) must be displayed for the stores' patrons for at least one week before any price increase or adjustment goes into effect, explaining the reasons for the change.

That these procedures will also be followed when it is possible to decrease the prices.

(Please note! Price increases or adjustments refer to a change in the percentage of mark-up and not to increases in the wholesale price which can be passed on to our patrons as long as our mark-up does not increase. An example of a price increase or adjustment would be changing the mark-up on some records from 10% to 15%.)

Proposal IV - The General Fund

That when the yearly financial statement is issued, a percentage of each collective's net profits will be owed by each collective to the General Account; each collective shall make monthly payments to the General Account so that the sum owed will be paid by the years end; and that the Treasurer shall keep records of these monies, which will be designated as the General Fund.

That the General Fund can only be used for loans and grants outside the KCP and will be administered by the Executive Committee. The EC can not loan or grant from the GF more than \$200 per month to any one group or

organization without prior approval by the GM, nor may the EC loan or grant GF monies except to groups or organizations that the KCP may legally give money to.

That the collectives shall not be limited in the amount they can give to the GF unless it is not financially feasible for them to do so.

That, after a collective meets its monthly obligation, it can designate to the EC monies that it wishes the GF to loan or grant to specific groups.

The EC shall examine the legality of said loan or grant, and if the action is legal and the group meets the criteria for monies from the KCP, then the collective can give the money to the GF. The EC must loan or grant this extra money to the group or organization from the GF.

That, other than the legal question, the GM set other requirements for grants or loans as is deemed necessary.

Since $\frac{1}{4}$ of 1977 is already past, it is proposed that $\frac{3}{4}$ of each collective's net profit from 1976 be used as the base figure for 1977; that the percentage of the net profit to go to the GF be 25%, starting payments in May 1977.

Proposal V - Legal and Accounting Responsibilities (General)

- 1) In all matters of bookkeeping, the Treasurer of the KCP shall have authority over the collectives and the EC to require proper bookkeeping procedures. The KCP will retain an accountant, Samuel Sibley, to assist the Treasurer in accounting procedures. The Treasurer is directly responsible to the KCP as a whole and the Treasurer's authority can only be suspended by a constitutional amendment changing the duties of the Treasurer.
- 2) The KCP and the EC are legally responsible for the actions of the collectives, the EC and the KCP Inc. Since this is the case, anyone within the KCP can question the legality of an action or procedure by any part of the KCP. If this occurs, the EC must order the temporary

halt of the questionable action or procedure and consult with our legal representatives, the firm of Allison and Miller, concerning the advisability of said actions or procedures, or bring the matter before the GM, for a decision. Only after the legality of said action or procedure has been established, may it resume.

3) If a collective engages in an illegal activity which causes the KCP Inc. to be sued or fined, the KCP will require that collective to pay all monies resulting from their actions out of their assets. If that collective is unable to meet these expenses, the expenses will be assumed by the rest of the KCP. ^{IF NECESSARY} That business's assets will be liquidated to meet those expenses. In this case, since the business is no more, the collective members would be layed-off. As we have operated in the past, when there is a job opening in one of the collectives, Project members would be considered first.

Proposal VI: Concerning the Executive Committee

Since the Executive Committee is the administrative arm of the KCP, and as such is directly responsible to the GM, and cannot overrule decisions of the GM, nor exceed its authority as set by the Code of Regulations (see ^{Following 2 sheets} ~~preceding sheets~~) or as amended by the GM: Therefore, the GM should specifically outline the duties of the EC.

Proposal VII: Concerning the Collectives

1) Since each operation in the KCP is organized into working collectives, it is understood that the collective of each store is responsible for the operation of that store and maintains control over those aspects of such operation not specifically reserved for the EC or the GM.

2) If in the opinion of the GM, or a majority of a particular collective, that that collective has ceased to function on a non-cooperative basis, the GM may take any action deemed necessary to remedy the situation. Any action, save one. And that is that a collective or the store they operate cannot be dissolved or otherwise put out of existence unless that particular store is financially bankrupt, and the GM is unwilling or unable to continue the business. However, a unanimous decision of the collective involved, with majority approval of the GM would supersede this stipulation.

3) The collectives will be subject to any limitations deemed necessary and proper by the GM.

ARTICLE V

Executive Committee

The Board of Trustees may appoint an Executive Committee of not less than three members from their own number, who shall have charge of the management of the business and affairs of the Corporation in the interim between the meetings of Trustees, with power generally to discharge the duties of the Board of Trustees, but not to incur debts, excepting for current expenses, unless specially authorized. They shall at all times act under the direction and control of the Board of Trustees and shall make report to the same of their acts, which shall form part of the records of the Corporation.

ARTICLE VIII

ARTICLE VI

Officers. Term. Compensation.

The executive officers of the Corporation to be elected by the Trustees shall be a President, Vice-President, ~~Secretary and Treasurer, and Secretary-Treasurer.~~ *Secretary + Treasurer*
(Revised 10/1/70)
They shall be members of the Corporation in good standing. Such officers shall be elected for one year, and until their successors are elected and qualified.

The offices of Secretary and Treasurer may be held by one and the same person.

The Trustees or Executive Committee may appoint Clerks and other employees, for such time and at such salary or wages as they may determine.

ARTICLE VII

Duties of President and Vice-President

It shall be the duty of the President to preside at all meetings of Members and Trustees, to sign the records thereof, and in general to perform all the duties usually incident to such office, or which may be required by the Members or Trustees.

It shall be the duty of the Vice-President to perform all the duties of the President, in case of the latter's absence or disability.

ARTICLE VIII

Duties of Secretary

It shall be the duty of the Secretary to keep an accurate record of the acts and proceedings of the Members and Trustees, give all notices required by law and by the Members and Trustees, and keep proper books of accounts; on the expiration of his term of office, deliver all books, papers and property of the Corporation in his hands to his successor or to the President; and in general to perform all the duties usually pertaining to the office.

ARTICLE IX

Duties of Treasurer

The Treasurer shall receive and safely keep all money and choses in action belonging to the Corporation, and disburse the same, under the direction of the Board of Trustees; shall keep accurate account of the finances of the Corporation, in books specially to be provided him for that purpose, and hold the same open for inspection and examination of the Trustees and any Committee or Members appointed for such inspection, and shall present abstracts of the same at annual meetings of Members or at any other meetings when requested; shall give bond in such sum with such security as the Board of Trustees may require for the faithful performance of his duties; and on the expiration of his term shall deliver all money and other property of the Corporation in his hands to his successor or to the President.