Powell River Dollars: How They Work
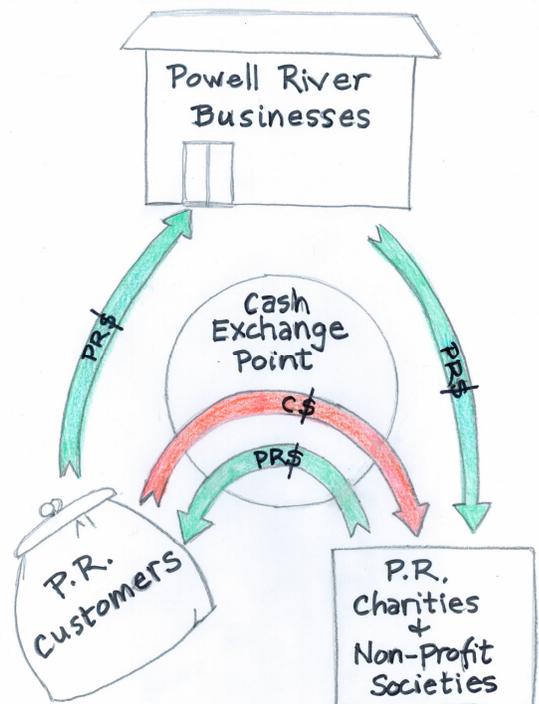
The Powell River Dollar Program is a partnership between local businesses and their customers. The Program aims to keep money circulating in Powell River, and at the same time to support local charities and non-profit societies. This is an explanation of the process.

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It begins when a local business donates Powell River Dollars (PR$) to a charity or non-profit society. The business promises to honour PR$ at par with Canadian Dollars (C$) with its customers in the future. There are conditions to the use of PR$; usually PR$ can be used to pay a percentage of the bill.

For an example, let's say that *Sew & Sew Fabric Store* donates PR$ 1 000 to the Powell River charity, *Save Our Dolphins*.

[ACCOUNTING MATTERS: *Sew & Sew* accounts for the money as negative PR$ 1 000 in their online account. This is like a no-interest line of credit in PR$ for the business. *Sew & Sew* commits to accepting PR$ 1 000 in exchange for products. Save Our Dolphins records positive PR$ 1 000 in their on-line account, and sends a donation receipt to Sew & Sew. Up to this point all the money is handled electronically.]

Next, a customer exchanges C$ for PR$ at a **Cash Exchange Point**. This is like exchanging for foreign currency, except that the customer chooses which of the participating charities or non-profit societies will receive the Canadian cash she hands over.

Let's say that her name is Argenta, and that she opts to exchange C$ 100 for PR$ 100 with *Save Our Dolphins*.

Argenta receives PR$ 100 along with a receipt for the transaction. This is not a donation receipt for income tax purposes, because Argenta has not made a donation. She has exchanged one form of currency for another.

[ACCOUNTING MATTERS: The **Cash Exchange Point** records that *Save Our Dolphins* gives Argenta 100 of the PR$ it received initially from *Sew & Sew*. *Save Our Dolphins* now has C$ 100 and PR$ 900 on their financial books: their net finances have not changed.]

Now, Argenta has physical PR$ 100 in hand.

She admires the local art displayed on her crisp bills, but she can't wait to spend them, so....

Argenta goes shopping in Powell River! She visits *Sew & Sew* where there is a PR$ promotion on flowered fabric. She buys $ 100 worth of fabric, paying 40% of her bill with PR$. She hands over C$ 60 and PR$ 40.

Argenta goes home to make dresses for her friends.

Sew & Sew now has physical PR$ and with that money *Sew & Sew* can:

- act as a customer and buy services or goods from other participating businesses.

- give PR$ to employees as bonus gifts, or to customers as prizes.

- donate PR$ to another participating charity or non-profit.

[ACCOUNTING MATTERS: *Sew & Sew* can also choose to pay down part of the original PR$ 1 000 donation it made. *Sew & Sew* does this by handing over physical PR$ 40 to the **Cash Exchange Point**. This will change the *Sew & Sew* on-line account from negative PR$ 1000 to negative PR$ 960.]

In the real community *Sew & Sew, Save Our Dolphins* and Argenta's experience is multiplied. There is a network of donations, exchanges and purchases.

The Powell River Dollar Program is a partnership that works because local businesses and customers commit to a program that benefits the community. There are "costs" to both partners. When businesses promise to honour PR$ at par, they are in essence donating a portion of their future goods or services. And when customers exchange C$ for PR$, they are agreeing to use a currency that is valued the same as Canadian money, but can only be used in Powell River.

PR$ work because participating businesses and customers think it is worth it. Community charities and non-profit groups receive donations, citizens support local non-profits without being out-of-pocket themselves, and businesses attract locals through their doors where they can provide incentives to sell more with PR$.

As the Powell River Dollar Program grows, everyone will benefit from a more stable and resilient local economy.