

## Co-ops and other forms of incorporation and implications

Co-operative Association Act	Companies Act	Societies Act
<p>"Person" under the Law<sup>1</sup>.</p> <p>Formed to provide a service (often a work opportunity, bulk buying etc) to members.<sup>2</sup></p> <p>Control rests with members - one member one vote<sup>3</sup>.</p> <p>Liability is limited, members don't automatically share in liabilities of the co-op.</p> <p>Shares are par value or non-par value. Members benefit from services provided at cost rather than accrued value of shares.</p> <p>Dividends (if not a not-for-profit, NFP) paid before taxes.</p> <p>Focus is on surplus to invest in the operations of the co-op rather than on profit.</p> <p>Distribution of profits, if practiced, is based on the member's use of the co-op's services.</p> <p>Accountability to the community and the co-op system are built in through the International Co-op Principles.<sup>4</sup></p> <p>Capital is obtained from members or non-members. Investment shares can be held by either. Securities Act applies in some circumstances<sup>5</sup>.</p> <p>NFP co-ops have useful restrictions on use of asset in the case of dissolution.</p> <p>Steering Committee and other potential members draft the Rules of Association. <sup>6</sup></p>	<p>"Person" under the Law.</p> <p>Formed to create profit for owners.</p> <p>Control rests with capital, one share one vote.</p> <p>Liability is limited, members don't automatically share in liabilities of the company.</p> <p>Shares are (usually) non-par value. Owners benefit/suffer from the market value of shares.</p> <p>Profits are distributed; based on the numbers of shares owned, after taxes.</p> <p>Accountability is to the shareholders, as determined by the market.</p> <p>Capital is obtained from "the market" of willing investors.</p>	<p>"Person" under the Law.</p> <p>Formed to provide service to "clients."</p> <p>Control rests with members who may or may not be clients, beneficiaries or recipients of services or goods, one member - one vote.</p> <p>Liability is limited, members don't automatically share in liabilities of the Society.</p> <p>No shares, no distribution of funds to members.</p> <p>No profits are distributed.</p> <p>Accountability to the community and to the clients.</p> <p>Capital is obtained from foundations, charitable donations and program subsidies.<sup>7</sup></p>

<sup>1</sup> Therefore it can enter into contracts such as having a credit union account, signing a lease, hiring, providing services.

<sup>2</sup> Serving the wider community is frequently seen, and stated, by the members to be a benefit for themselves as well as for the community.

<sup>3</sup> Members are Owners with appropriate rights and responsibilities.

<sup>4</sup> Some interesting co-ops discuss their progress on one of the principles each time they meet.

<sup>5</sup> Loans can be a much less convoluted way to raise funds, whether capital or operating funds.

<sup>6</sup> RoAs give the basis for all future decision-making therefore provide for consistency and efficiency.

<sup>7</sup> Not usually a mind-set conducive to members earning a sustainable livelihood.