

## How is a Co-operative Different from other Businesses?

### Co-operative business

### Investor-owned business

### Non-profit organization

#### Ownership

The share is listed in the member's name.

Generally, a share carries no name. Unless registered, it belongs to the bearer.

There is no ownership. Members are taken on (or memberships accepted) when they agree to pay annual dues conferring member status, or a one-time membership fee.

In general, a membership share may not increase in value. It can usually only be redeemed by the co-operative at its par value.

A common share may increase in value. A shareholder may sell his or her shares to another person at an agreed upon price.

Anyone may become a member, whether or not they use or benefit from the services provided by the organization, as long as they support the purpose of the organization.

Some legislation allows for investment shares (non-par value) to members and or non-members.

Member's responsibility is limited to the amount of the shares he or she holds.

Shareholder's responsibility is limited to the value of the shares he or she holds.

#### Voting

A member is entitled to only one vote at a general meeting, regardless of the number of shares he or she holds.

A shareholder is entitled to a number of votes, equivalent to the number of shares he or she holds in the company.

Generally, one person, one vote. Delegates or proxies may be used depending on the governing legislation.

Some co-operatives with a large and dispersed membership have a delegate structure for representing members (e.g., one delegate represents Multiple members from a geographic district).

No proxy voting allowed.

A shareholder may obtain a proxy to vote for other shareholders.

Holders of investment shares have restricted voting rights.

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### Sharing in the Surplus

Co-operative legislation may limit or prohibit the payment of interest on share capital.

There is no limit on share dividend.

Surpluses may be paid into the reserve or to members in the form of patronage returns proportional to the business done by each member with the co-operative.

Profits may be distributed in the form of dividends according to the provisions for each class of shares, or reinvested in the company. The value of shares reflect the net value of the corporation.

Surpluses do not belong to individual members but to the organization. They may, therefore, not be redistributed among the members but must be returned in full to the indivisible general reserve of the organization.

Some legislation allows co-operatives that issue investment shares to allocate part of their surpluses as dividends on those shares.

Some provincial legislation may stipulate that a co-operative's general reserve is indivisible, or divisible in whole or in part.

Shareholders may dispose of all of the assets of the business in accordance with certain legislative provisions.

Some co-operatives, such as housing, health and daycare co-operatives, are structured as non-profit entities. Surpluses are not distributed to members.