Lesson Title: Introduction to Cooperatives (Chapters 1 & 2)

Unit Outcomes Addressed by this Lesson
The students will understand the history of a cooperative.
The students will learn principles of cooperatives.

Lesson Objectives
(what the students will know and do by the end of this lesson)

1. The students will:
   a. Recognize key words and concepts relating to the "cooperative" movement.
   b. Identify fundamental characteristics, principles and guidelines used by a cooperative.
   c. Describe the formation and purpose of Cooperative.
   d. Explain how cooperatives will impact them.

Lesson Level Assessment
(how the objectives will be measured)

a. Word Puzzle
b. Concept Map
c. Written Research
d. Discussion

Activities and Procedures
(what the teacher and students will do during the lesson)

The teacher will be using the Co-ops 101: An Introduction to Cooperatives, as the main resource to direct student information. See link below to get the document. Along with the document, the teacher will do the following activities.

This introduction will take 1-2 class periods depending on student needs and length of class period.

Prior to this lesson, the students should read and highlight chapters 1-2 in Co-ops 101.

Term crossword puzzle
a. The teacher will introduce the terms, and the students will create their own crossword puzzle. The students should put the definitions into their own words in a concise manner, much like the crossword puzzles found in the Sunday paper. The link for the crossword puzzle maker is found below in Materials and Resources. When the crossword puzzles are complete, the students should exchange with a classmate and complete the puzzles.
b. Terms:
1. Corporation- group regarded as individual by law: a company recognized by law as a single body with its own powers and liabilities, separate from those of the individual members. Corporations perform many of the functions of private business, governments, educational bodies, and the professions.
2. Cooperatives- Business operated collectively: owned jointly by all its members or workers, who share all profits equally.
3. Credit Union- Type of financial cooperative
4. Grange- Agriculture cooperative stores in the 1860s
5. Limited Return- Distributing benefits proportionally to its members.
6. Patronage- Individuals who use cooperative services
8. User- Benefits Principle- The people benefit by gaining services that might not be available. They also benefit economically.
9. User-Control Principle- The members are the owners that control the activities.
10. User- Owner Principle- The people who use a cooperative own it

Time Frame: 20 minutes to compose crossword.

Concept Mapping Activity
The students will create a concept map about cooperatives using information gathered while reading chapter 1. See sample below.
Time frame: 20 minutes

Research the Rochdale Equitable Pioneers' Society
a. The teacher will review the general history regarding cooperatives based upon the student generated concept maps.
b. The teacher will assign students to research the following aspects of this topic in groups of 2-3 depending on class size: Rochdale Principles, Toad Lane Store, Rochdale Equitable Pioneers, democracy. Each group will write a one paragraph summary explaining the importance of the Rochdale Pioneers to the cooperative movement. The following rubric can be used to guide the students as they write their paragraphs. (Teachers can determine their own point values for grading.)

<table>
<thead>
<tr>
<th>Looks Great</th>
<th>Pretty Good</th>
<th>Try Again</th>
</tr>
</thead>
<tbody>
<tr>
<td>The topic is well-presented with 4-5 pieces of supporting important information.</td>
<td>The topic is presented with 2-3 pieces of supporting information.</td>
<td>The information doesn't closely relate to the topic or there is too little.</td>
</tr>
</tbody>
</table>
| The writing is clear, organized and well proofread with a strong topic sentence. | The writing may be somewhat disorganized or muddled because of grammatical problems. The | The writing is difficult to read because of grammatical and/or organizational problems.

Quentin Burdick Center for Cooperatives
| topic sentence may be weak. | The topic sentence may be missing. |

Time frame: 20 minutes to gather information and write paragraphs.

When the student groups complete their paragraphs, have them share their work with the class and combine the paragraphs to form one essay about Rochdale.

**Wrap-Up Discussion**
Teacher and students will examine the impact of cooperatives on their lives. Students will compose one question and one comment based upon their current understandings of cooperatives. See below for exit activity.
Time Frame: 10 minutes

**Materials and Resources**
**Webpage Resources**
- Student copies of chapters 1 & 2 from Co-ops 101
- [www.ag.ndsu.nodak.edu/qbcc/NDCCC/coopmonth.htm](http://www.ag.ndsu.nodak.edu/qbcc/NDCCC/coopmonth.htm)
- [www.nsacoop.org](http://www.nsacoop.org)
- Slips of paper for One Question and One Comment
- Access to the internet and computers for researching Rochdale and writing paragraphs
One Question, One Comment

Write one conclusion you drew as a result of the information you have learned so far about cooperatives. Then compose one question that the information has raised for you. Record your question and comment on the slip of paper provided and be ready to share with the class.

Contributing Authors: Mary Grosgebauer and William Fritz
Summative Questions (Chapters 1 & 2)

1. One fundamental principle of a cooperative:
   a. Grange
   b. User- Benefits
   c. Limited Returns
2. The origin of cooperatives is most often linked to:
   a. Rochdale
   b. National Farmers Union
   c. Wal-Mart
3. The purpose of a cooperative is to:
   a. Too limit competition
   b. Provide serves that private investor-owned companies find profitable
   c. Reduce purchasing costs through volume buying
4. Characteristic associated with cooperatives:
   a. Closed membership
   b. Open membership
   c. Union membership
5. Local granges were __________________________ to serve rural members:
   a. Elevators
   b. Banks
   c. Stores
6. Limited Return distributes benefits __________________________ to its users:
   a. All at once
   b. Not at all
   c. Proportional
7. List at least 3 examples of cooperatives
   a.
   b.
   c.
8. List 5 characteristics of a cooperative
   a.
   b.
   c.
   d.
   e.
Summative Questions (Chapters 1 & 2)  KEY

1. One fundamental principle of a cooperative:
   a. Grange
   b. User-Benefits
   c. Limited Returns

2. The origin of cooperatives is most often linked to:
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   c. Wal-Mart

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   c. Reduce purchasing costs through volume buying

4. Characteristic associated with cooperatives:
   a. Closed membership
   b. Open membership
   c. Union membership

5. Local granges were _________________ to serve rural members:
   a. Elevators
   b. Banks
   c. Stores

6. Limited Return distributes benefits _________________ to its users:
   a. All at once
   b. Not at all
   c. Proportional

7. List at least 3 examples of cooperatives
   a. Credit Unions
   b. Health (Blue Cross/Blue Shield, HMOs)
   c. Agriculture (Farmers Union, Cenex, CHS)
   d. Electrical (RCA, Northern Plains)
   e. Telecommunications

8. List 5 characteristics of a cooperative
   a. Open membership
   b. One member/one vote
   c. Cash trading
   d. Membership Education
   e. Political and Religious neutrality
   f. No unusual risk assumption
   g. Limitation on the number of shares owned
   h. Limited interest on stock
   i. Goods sold at regular retail prices
j. Net margins distributed according to patronage
Lesson Title: Cooperatives in the Community (Chapter 3)

Unit Outcomes Addressed by this Lesson

Students will understand how cooperatives work and how they benefit the community.

Lesson Objectives

(what the students will know and do by the end of this lesson)

Students will:

a. List four types of cooperatives found in communities.
b. Provide an example of each of the four types of cooperatives.
c. Describe the significance of each of the four types of cooperatives.
d. Calculate benefits provided by cooperatives.

Lesson Level Assessment

(how the objectives will be measured)

a-c. Noteguide
d. Benefits Card (see below)

Activities and Procedures

(what the teacher and students will do during the lesson)

a-c. Students will take notes from chapter 3 in Co-ops 101 using the organizer below. The students will read through the chapter, recording information needed for the organizer. The teacher will provide feedback on the information, asking students to revise incomplete portions.
d. Calculating cooperative benefits—begin by showing students the process of calculating cooperative benefits, walking the students through the process using the first couple of cards (below). Students will then work independently or with partner to complete the remainder of the cards with teacher support. Students can correct their own work in class. The teacher can work through problems that posed difficulties for the students.

Materials and Resources

Webpage Resources

- Student copies of chapter 3 from Co-ops 101
- www.ag.ndsu.nodak.edu/qbcc/private/ for more resources

Printed resources

- Chapter Outline for teacher reference
- Cooperative Benefit card template will be used for with math to help explain cooperative benefits.
- Student copies of cards
- Calculator

<table>
<thead>
<tr>
<th>Types of Cooperatives</th>
<th>Characteristics</th>
<th>Examples</th>
<th>Significance</th>
</tr>
</thead>
</table>

Quentin Burdick Center for Cooperatives
Chapter 3 Cooperatives in the Community Notes


A.) 47,000 Cooperatives in the USA

B.) Directly serves 100 million people

C.) Nearly 40% of population

I.) Four categories of Cooperatives.

A.) Financial Cooperatives
1.) Largest is credit unions
   a.) Roughly 12,600 credit unions in the USA
   b.) $280 billion is assets
   c.) 65 million members

2.) Farm Credit Systems.
   a.) Nation's oldest and largest financial cooperative
   b.) Provides
      1.) estate loans
      2.) operating loans
      3.) home mortgage loans
      4.) crop insurance
   c.) Loans more than $50 billion to its members annually. 25 percent of all money loaned to US Agriculture
   d.) One element of the Farm Credit System is CoBank

3.) CoBank
   a.) Became an important financier of exports of US farm products

4.) National Rural Utilities Cooperative Finance Corporation (CFC)
   a.) Valuable source of financing for rural electric and telephone Cooperative

5.) National Cooperative Bank (NCB)
   a.) Financial institutions for American housing, business and consumer Cooperatives
   b.) Chartered by congress in 1978 and became private in 1982
   c.) NCB has originated more than $2.4 billion in loans to nearly 1,000 Cooperatives throughout the country
B.) Consumer Service Cooperatives

1.) Cooperative housing

   a.) Nearly 6000,000 are in New York City
   
       1.) Includes senior citizen communities
       2.) Trailer parks
       3.) Low-income complexes
       4.) Student housing near college campuses

2.) Medical Care

   a.) (HMOs) Health maintenance organizations serve more than 1 million people coast to coast

   b.) Several major cities such as Seattle (Group Health Cooperative), Minneapolis (Health Partners) and others have formed cooperatives to provide health care for their employees

3.) Child Care Cooperatives

   a.) Can be organized by parents on their own, by a single employer or consortium of business providing a single center for the group

   b.) More than 50,000 families use cooperative day care centers daily

C.) Business Cooperatives

1.) More than 15,000 independent grocery stores rely on cooperative grocery wholesalers for identity, brand named products and buying power

2.) Restaurant supply purchasing cooperatives save money and provide quality products for such businesses as (KFC) Kentucky Fried Chicken, Dunkin Donuts, Arby's, Taco Bell, Burger King, Popeye's and Church's

3.) Cooperatively owned hardware wholesalers supply virtually all of the independent hardware stores in the USA

   a.) Such as Cotter and Company (True Value), Ace Hardware
4.) Cooperatives are leaders in other major industries including outdoor goods and services (Recreational Equipment Inc.), lodging (Best Western), carpeting (Carpet One), insurance, natural foods, hospital and pharmacy supply and collegiate bookstores

D.) Farmer Cooperatives

1.) Marketing Cooperatives
   a.) Handle, process, and sell cotton, dairy products, fruits and vegetables, grains and oilseeds, livestock and poultry, nuts, rice, sugar and other agricultural commodities

2.) Farm Supply Cooperatives
   a.) Provide farm chemicals, feed, fertilizer, petroleum products, seeds and other input items to producers

3.) Farm Service Cooperatives
   a.) Operate cotton gins, provide trucking and artificial insemination services and store dry products

4.) Electric Cooperatives
   a.) Another important cooperative activity in rural areas is furnishing electric power
   b.) Nearly 1,000 rural electric cooperatives operate more than half of the electrical lines in America
   c.) 60 of these are called generation and transmission cooperatives (G and Ts) since they generate and transmit electricity to meet the power needs of other cooperatives, which then distribute electricity to their members

5.) National Rural Telecommunications Cooperative
   a.) Telecommunications service to rural areas is provided by cooperatives
b.) 800 rural electric and telephone systems make satellite television available to rural areas served by cable companies
**Chapter 3 and 4 activity:** Cut out the cards and either hand each student one or allow them to pick a card. Students should answer the question on the card and then discuss the card. Such discussion could include if card is positive or negative, cooperative or other business type.

<table>
<thead>
<tr>
<th>1.) Cooperative</th>
<th>2.) General Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spent $3500 during year.</td>
<td>Spent $3400 during year.</td>
</tr>
<tr>
<td>Co-op paid you 4% dividend</td>
<td>Received no dividend</td>
</tr>
<tr>
<td>Total cost ____________</td>
<td>Total Cost ____________</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3.) Cooperative</th>
<th>4.) General Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Used ATM 15 times/month</td>
<td>Used ATM 15 times/month</td>
</tr>
<tr>
<td>Free use</td>
<td>$1.50 charge/use</td>
</tr>
<tr>
<td>Total cost ____________</td>
<td>Total cost ____________</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5.) Cooperative</th>
<th>6.) General Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowed $10,000 at 4.2%</td>
<td>Borrowed $10,000 at 4.0%</td>
</tr>
<tr>
<td>Paid 3.6% on $8000 savings</td>
<td>Paid 3.2% on $8000 savings</td>
</tr>
<tr>
<td>Difference ____________</td>
<td>Difference ____________</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>7.) Cooperative</th>
<th>8.) General Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bought 1400 gallons of gas for $2.89/gal</td>
<td>Bought 1400 gallons of gas at $2.88/gal.</td>
</tr>
<tr>
<td>Received 1.6% dividend at years end.</td>
<td>No dividend</td>
</tr>
<tr>
<td>Cost of gas ______________</td>
<td>Cost of gas ______________</td>
</tr>
</tbody>
</table>
9.) *Cooperative grocery store* charges $250 annual fee. You receive a 5% discount on groceries. How many groceries need to be bought/month to break even.
Chapter 3 and 4 activity Answers:

Card 1
$3500 \times .04 = $140 Dividend
$3500 - 140 = $3360 cost

Card 2
$3400

Card 3
0

Card 4
15 times \times $1.50 = $22.50 cost

Card 5
$10,000 \times .042 = $420 interest paid
$8,000 \times .036 = $288 interest paid
$420 - $288 = $132.00 difference

Card 6
$10,000 \times .04 = interest paid
$8,000 \times .032 = $256 interest earned
$400.00 - $256.00 = $144.00 difference
Cooperatives Unit for High School

Card 7
$1400.00 \times 2.89 = 4046.00$
$4046.00 \times 0.016 \text{ dividend} = 64.74$
$4046.00 - 64.74 = 3981.26 \text{ cost}$

Card 8
$1400.00 \times 2.88 = 4032.00$

Card 9
$250 \text{ divided by } 20.83/\text{mo. Cost}$
$20.83 \times 20 = 416.60 \text{ groceries/mo}$

*Contributing Authors: Larry Lueck and Larry Sitter*
Lesson Title: Benefits of Cooperation (Chapter 4)

<table>
<thead>
<tr>
<th>Unit Outcomes Addressed by this Lesson</th>
</tr>
</thead>
<tbody>
<tr>
<td>Students will understand the benefits of cooperatives.</td>
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</table>

<table>
<thead>
<tr>
<th>Lesson Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>(what the students will know and do by the end of this lesson)</td>
</tr>
<tr>
<td>Students will:</td>
</tr>
<tr>
<td>a. List benefits of belonging to a cooperative.</td>
</tr>
<tr>
<td>b. Identify the most important aspects of the benefits of cooperatives.</td>
</tr>
<tr>
<td>c. Explain benefits of a cooperative to the community.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lesson Level Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(how the objectives will be measured)</td>
</tr>
<tr>
<td>a. Student notes on chapter 4</td>
</tr>
<tr>
<td>b. Final Countdown activity</td>
</tr>
<tr>
<td>c. Participation in class discussion</td>
</tr>
<tr>
<td>(grading decisions are to be made by individual teachers)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activities and Procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>(what the teacher and students will do during the lesson)</td>
</tr>
<tr>
<td>a. Students will take notes from the unit outline presented by the teacher (see Power Point)</td>
</tr>
<tr>
<td>Time Frame: 20 minutes</td>
</tr>
<tr>
<td>b. Final Countdown- students will complete the template individually (see instructions below)</td>
</tr>
<tr>
<td>Time Frame: 8-10 minutes</td>
</tr>
<tr>
<td>c. After the students have completed the Final Countdown template, the teacher will facilitate a whole-class discussion in which students can volunteer to share their questions and ideas.</td>
</tr>
<tr>
<td>Time Frame: 10-15 minutes</td>
</tr>
<tr>
<td>d. Exit Slip: Would you like to be a member of a cooperative? Why or why not? (see handout below)</td>
</tr>
<tr>
<td>Time Frame: 5 minutes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Materials and Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Student copies of chapter 4 from Co-ops 101</td>
</tr>
<tr>
<td>• Power Point</td>
</tr>
<tr>
<td>• Student Copies of Final Countdown template</td>
</tr>
<tr>
<td><a href="http://www.ag.ndsu.nodak.edu/qbcc/private/">www.ag.ndsu.nodak.edu/qbcc/private/</a> for more resources</td>
</tr>
</tbody>
</table>
Final Countdown

**Purpose:** To engage students in reflecting, evaluating, and integrating their learning

**Description:** This activity emphasized the important role that reflection plays in the learning process. Final Countdown provides learners with a framework for reflection, evaluation, and integration of new knowledge into previously learned material.

**Procedure:**

1. Ask students to individually reflect over what they have learned about the topic being reviewed.
2. Using the Final Countdown worksheet, have students write the three most important things they learned about the topic.
3. On the second tier of the Final Countdown, have students write two questions they still have about the topic. These should be questions that they expect to get answers to; likewise, questions they will get answers to.
4. Finally, on the top tier of the Final Countdown, have students write one way in which what they have learned relates or connects to material previously learned.

Final Countdown
Exit Slip
Would you like to be a member of a cooperative? Why or why not?
Chapter 4  Benefits of Cooperative Membership Notes

I.) Benefits of Cooperative Membership

A.) Access to quality supplies and services at reasonable cost

1.) By bonding together and purchasing business supplies and services as a group, you can gain access to volume discounts and negotiate from a position of greater strength for better delivery terms, credit terms and other arrangements.

2.) The larger the group purchasing supplies and services through the cooperative, the greater the potential for savings.

3.) The more each individual member uses the supply operation, the more they save over doing business elsewhere.

4.) Another option for cooperative members is to manufacture their own supplies and hire experts directly to provide essential services.

B.) Increased clout in the market place

1.) Marketing on a cooperative basis, like purchasing supplies and services, permits members to combine their strength while maintaining their status as independent business people.

2.) The Capper-Volstead Act, a federal law, provides limited exemption from antitrust liability for marketing agricultural products on a cooperative basis.

3.) Through cooperative marketing, members can share information and negotiate with buyers from a position of greater strength and security.

4.) A cooperative can also serve as a vehicle for people selling goods and services to work with their customers to promote industry research, reduce regulatory burdens, and develop markets for their products.

C.) Share in the earnings

1.) A non-cooperative firm retains its earnings for its own account.
2.) A cooperative’s earnings are usually allocated among its members on the basis of the amount of business each member did with the cooperative during the year.

3.) A member’s allocation, called a patronage refund, partially in cash and the remainder as an addition to their equity account in the cooperative.

4.) If certain rules in the Internal Revenue Code are followed, the cooperative may deduct both the cash payouts and retain patronage refunds from its taxable income. This makes cooperative earnings particularly valuable.

D.) Political action

1.) A cooperative gives people a means to organize for effective political action

2.) Representatives from cooperatives can meet with legislators and will have more influence because they will be speaking for many, not just for themselves

E.) Local economy enhanced and protected

1.) Businesses owned and controlled on a cooperative basis helps local communities

2.) Cooperatives generate jobs and salaries for local residents

3.) Cooperatives pay taxes to help finance schools, hospitals and other community services

4.) When many people share ownership of a cooperative, no individual or company can take it from your area or close down the business, but a business owned by one person can.

Contributing Authors: Larry Lueck and Larry Sitter
Lesson Title: Business Organizations (Chapter 5)

<table>
<thead>
<tr>
<th>Unit Outcomes Addressed by this Lesson</th>
</tr>
</thead>
<tbody>
<tr>
<td>The students will compare and examine the different types of business organization.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lesson Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>(what the students will know and do by the end of this lesson)</td>
</tr>
</tbody>
</table>

- a. List five business types.
- b. Define each business type.
- c. List the characteristics of each business type.
- d. Classify community businesses.
- e. Draw conclusions about advantages and limitations of each business type.

<table>
<thead>
<tr>
<th>Lesson Level Assessment</th>
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</thead>
<tbody>
<tr>
<td>(how the objectives will be measured)</td>
</tr>
</tbody>
</table>

- a-c. Student note guide
- d. Presentation about a local business

<table>
<thead>
<tr>
<th>Activities and Procedures</th>
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</thead>
<tbody>
<tr>
<td>(what the teacher and students will do during the lesson)</td>
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</tbody>
</table>

- a. Students can work individually or in small groups to complete the note guide below. The information needed to complete the guide can be found in chapter 5 in Co-ops 101. When students have completed the note guide they can check with a classmate or group to compare and revise entries with teacher support. Time Frame: 20-25 minutes

- b. The students will begin working on a presentation about a regional cooperative business. The presentation will focus on a cooperative that serves people in the community in which they live. The work will continue until a complete profile is built on the cooperative business. Research can begin online and conclude, if needed, through communication with business (phone call or visit). The students can choose the format they want to use for the presentation. See the handout and evaluation guide below. (When the presentations are complete, they will be displayed in the room and students given time to look at their classmates' work.)

<table>
<thead>
<tr>
<th>Materials and Resources</th>
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</table>

- Student copies of chapter 5 from Co-ops 101
Cooperatives Unit for High School


- www.ag.ndsu.nodak.edu/qbcc/private/
- Student copies of note guide
- Student copies of presentation guidelines

<table>
<thead>
<tr>
<th>Business Types</th>
<th>Definition</th>
<th>Characteristics</th>
<th>Examples of Regional Businesses</th>
<th>Advantages</th>
<th>Limitations</th>
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</table>
Do you know your local businesses?

Choose a business used by people in your community (and you, if possible). We are going to try to have each of you study a different business, so approve the business you choose with your teacher. When you have selected a business, complete the following steps:

1. Find out the following information about the business by looking online, talking to the manager, and/or visiting the business:

<table>
<thead>
<tr>
<th>Business Type</th>
<th>What does this business do?</th>
<th>How does this business fit the characteristics of this type of business?</th>
<th>What are the advantages of this business?</th>
<th>What are the limitations of this business?</th>
</tr>
</thead>
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</table>

2. Now, you need to decide how you will present the information you collected. Here are some ideas, but if you have a different good idea, ask your teacher for approval.

Poster: Create a poster to present the information in an eye-appealing way.
Brochure: Create a two or three fold brochure on a standard piece of paper
Power Point: Create up to 6 slides and print them to display.
Billboard: Create a scaled down billboard to convey information about the business you research.

Refer to the evaluation guide below so you meet all the requirements.

<table>
<thead>
<tr>
<th>Excellent</th>
<th>Good</th>
<th>O.k.</th>
<th>Try Again</th>
</tr>
</thead>
<tbody>
<tr>
<td>The presentation thoroughly covers</td>
<td>The presentation covers the</td>
<td>The information is superficial, but all</td>
<td>The information may be inaccurate</td>
</tr>
</tbody>
</table>
It is clear that you know your stuff.

The presentation is catchy and well-displayed. The audience can easily read the information.

The presentation is clean and organized.

The presentation isn't very appealing or easy to read, but the information is all there.

The presentation is confusing and/or missing information.

*note to teachers: items can be added to the guidelines and rubric to meet classroom needs.

**Contributing Authors:** Pete Hetle and Jeff Hagel
Lesson Title: Classifying Cooperatives by Structure (Chapter 6)

Unit Outcomes Addressed by this Lesson

Students will understand how cooperatives are classified.

Lesson Objectives
(what the students will know and do by the end of this lesson)

The students will:

a. List three ways to categorize a cooperative
b. Describe each category by its membership
c. List three functions that may be performed by cooperatives
d. Determine classifications of a regional cooperative business

Lesson Level Assessment
(how the objectives will be measured)

a-c. Content reading guide
d. Presentation (continued from lesson five)

Activities and Procedures
(what the teacher and students will do during the lesson)

a-c. Content reading guide

The students will first gather information about the structures of cooperatives by using chapter 6 in Co-ops 101 to fill in the content reading guide (attached below). The guide can be completed collaboratively with partners or individually. The teacher can circulate the room to provide support and prompt students to do on-the-spot revising since it is important that the students are working with accurate information for the next step in this lesson.

Time Frame: 20 minutes

d. When the Content Reading Guides are complete, the students should continue working on the project they began in lesson five. They will work online and through other sources such as interviewing the cooperative manager to classify the cooperative they are studying by territory, governance and function. They will continue to work on the presentation, adding the new information they acquired.

Time Frame: 20-30 minutes

Materials and Resources

- Student copies of chapter 6 from Co-ops 101
- Access to computers
Cooperatives Unit for High School

- Student copies of the Content Reading Guide
- www.ag.ndsu.nodak.edu/qbcc/private/

Contributing Authors: Pete Hetle and Jeff Hagel
Classifying Cooperatives by Structure

Content Reading Guide

Directions: use chapter six in "Co-ops 101" to complete the following items.

Three important ways to classify cooperatives are:

1) ____________________________________________________________

2) ____________________________________________________________

3) ____________________________________________________________

Part One: Geographic Territory Served

Size of the area served is a factor when classifying cooperatives. List the five size classifications with brief definitions:

<table>
<thead>
<tr>
<th>Classification</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>
Part Two: Governance System

Cooperatives can also be classified by membership structure. Identify the three types of membership structure and the characteristics of each.

<table>
<thead>
<tr>
<th>Membership Structure</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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<td></td>
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</tbody>
</table>

Part Three: Functions Performed

Finally, cooperatives may be classified by what they do. They may perform one or more of three core functions. Identify and describe each of the three core functions, including examples of cooperatives that perform that core function.

<table>
<thead>
<tr>
<th>Core Functions</th>
<th>Description and Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>
Optional Lesson

Lesson Title: People (Chapter 7)

Unit Outcomes Addressed by this Lesson
Students will understand the people and team elements that make up a successful cooperative.

Lesson Objectives
(what the students will know and do by the end of this lesson)
The students will:

- a. Compose questions about cooperatives.
- b. Identify the most important information presented by a cooperative manager.
- c. List the four groups of people/team elements that are integral to a cooperative.
- d. Explain the function of each team element.

Lesson Level Assessment
(how the objectives will be measured)

a. Questions written and posed to guest speaker
b. One-Minute Paper
c-d. Worksheet

Activities and Procedures
(what the teacher and students will do during the lesson)
In preparation for this lesson, invite a manager for a local cooperative to be a guest speaker. Either as homework or an exit slip before leaving the previous class, ask the students to record questions they have about cooperatives.

The guest speaker can address questions and explain general information about his/her cooperative.

Time Frame: 30 minutes (or more depending on classroom schedule)

One-Minute Paper (see handout below)
The teacher will instruct the students to identify the most important things from the guest speaker's talk. The students will write for one minute (or longer---just change the name of the activity). The teacher can collect the mini-writings and provide feedback based on the quality of the responses and student interests. Grading idea:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>The student identifies three important points and/or pieces of information from the presentation.</td>
</tr>
<tr>
<td>2</td>
<td>The student identifies two important points and/or pieces of information from the presentation.</td>
</tr>
</tbody>
</table>
The student identifies one important point and/or piece of information from the presentation.

The students will use chapter 7 from Co-ops 101 to complete the worksheet below. Grading to be determined by individual teachers.

Time Frame: 20 minutes

**Materials and Resources**

- Student copies of chapter 7 from Co-ops 101
- Student copies of One-Minute Paper
- Student copies of worksheet
- Student questions for guest speaker
- Thank you card for guest speaker

**Contributing Authors:** Pete Hetle and Jeff Hagel
1-Minute Paper

Directions: List at least three of the most important things you learned today from our guest speaker and briefly explain why they are important.
Co-operatives Unit for High School

Co-ops 101: An Introduction to Cooperatives

Chapter 7 – People

Directions: Use chapter 7 from Co-Ops 101 to complete the following items.

1. Cooperatives depend on a coordinated team consisting of these 4 elements.
   a) 
   b) 
   c) 
   d) 

2. ________________ are responsible for the existence of the cooperative and its support.

3. ________________ occupy a key position between members and hired management and are users of its services and representatives of other members who depend on those same services.

4. The four officers that serve on a cooperative board include: ____________________________.
   ____________________________, ____________________________ and ____________________________.

5. This cooperative position is responsible for supervising, coordinating under board direction, the business activities of the co-op, hiring, training, supervising employees and many others are the responsibility of the ____________________________.

6. What are 4 responsibilities that employees have to cooperatives that employ them?
   a) 
   b) 
   c) 
   d)
Optional Lesson

Lesson Title: Sources of Equity (Chapter 8)

<table>
<thead>
<tr>
<th>Unit Outcomes Addressed by this Lesson</th>
</tr>
</thead>
<tbody>
<tr>
<td>Students will understand user ownership and the different ways cooperatives can accumulate equity.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lesson Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>(what the students will know and do by the end of this lesson)</td>
</tr>
<tr>
<td>The students will:</td>
</tr>
<tr>
<td>a. Define equity.</td>
</tr>
<tr>
<td>b. Name the three primary methods by which members provide equity to their cooperative.</td>
</tr>
<tr>
<td>c. Describe and compare the following sources of equity to the cooperative: direct investment, retained margins, per-unit capital retains, non-member earnings.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lesson Level Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(how the objectives will be measured)</td>
</tr>
<tr>
<td>a-c. Student notes, Discussion, Term Study, crossword puzzle</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activities and Procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>(what the teacher and students will do during the lesson)</td>
</tr>
</tbody>
</table>

| Introduction: |
| The teacher can begin by presenting important terms from chapter 8 to the students. It is helpful for the students to see and hear the words as the teacher says them aloud, especially since these terms are likely to be new to the students. The first three terms will need to be defined clearly for the students as they are not defined through the context of the chapter. Terms 4-6 can be defined through the reading. |
| Terms: |
| 1. Equity capital |
| 2. Capital accumulation |
| 3. Dividends |
| 4. Direct Investment |
| 5. Retained Margins |
| 6. Per-Unit Capital Retains |
| Time Frame: 10 minutes (to read through terms and define 1-3) |
**Gathering Important Information: Read Chapter 8**

Because the reading in this chapter is fairly complex, it may be helpful to read aloud with the students, stopping after chunks of text to talk about what it means and answer student questions. The students can compose notes or highlight the text with guidance from the teacher. Guide students toward thinking about the final objective listed above, with a question such as, “What is the difference between the various sources of equity?”

**Time Frame:** 20 minutes

**Wrap Up:**

To help the students reinforce the learning and review key terms, they can compose a crossword puzzle at www.puzzlemaker.discoveryeducation.com

**Time Frame:** 20 minutes

**Materials and Resources**

- Student copies of chapter 8 from Co-ops 101

**Other Useful Links**

- [www.ag.ndsu.nodak.edu/qbcc/NDCCC/coopmonth.htm](http://www.ag.ndsu.nodak.edu/qbcc/NDCCC/coopmonth.htm)
- [www.puzzlemaker.discoveryeducation.com](http://www.puzzlemaker.discoveryeducation.com)
- [www.nsacoop.org](http://www.nsacoop.org)

**KEY CONCEPTS:**

Equity  
Single tax treatment  
Internal Revenue Code  
Nonmember/nonpatronage business  
Direct investment  
Membership certificate  
Right to vote  
Nonvoting stock  
Transferable delivery rights  
Retained margins  
Patronage dividends/patronage refunds  
Per-unit capital returns

**Contributing Authors:** Bobbi Bingeman and Jeff Botts
Optional Lesson

Lesson Title: Financial & Tax Planning (Chapter 9)

Unit Outcomes Addressed by this Lesson

Students will understand the tax treatments when allocating the various sources of equity.

Lesson Objectives
(what the students will know and do by the end of this lesson)

The students will:

d. Describe and match the sources of equity contributed by members with the types of equity allocated by cooperatives.
e. List the four ways patronage-based equity sources can be allocated.
f. Describe the tax consequences to both the cooperative and the recipient when allocating: cash refunds, qualified retained earnings, nonqualified retained earnings, and unallocated reserve.
g. Calculate taxable income.

Lesson Level Assessment
(how the objectives will be measured)

a-c. Student section summaries and presentations
d. Worksheet

Activities and Procedures
(what the teacher and students will do during the lesson)

This lesson allows students to take a deeper look at the financial side of cooperatives, building on ideas presented in chapter 8. Because these concepts and the language in the text are likely to be challenging for many students, it is recommended that the teacher guide student reading and provide support with defining terms in context.

Introduction:

To activate prior knowledge the students built in the last lesson, review the 6 major concepts highlighted during the lesson involving chapter 8.

Time Frame: 5 minutes

Gathering Important Information:

Begin by walking the students through the diagram found at the beginning of chapter nine. Help them to understand the flow chart and what it means. Help them to define the
Next, you can divide the class into small groups or partners and assign each small group one or two sections from chapter 9. Instruct the students to read their section(s) carefully and prepare an explanation for their classmates. The explanation should include a definition of key terms from the section. They will be presenting their sections to the class.

Time Frame: 30 minutes (15 minutes to prepare and 15 minutes to present)

Cross-Curricular Opportunity: Math and Business

Explain the attached taxable income problems to the students. The students can then work with their earlier small group or independently to complete the worksheet.

Materials and Resources

- Student copies of chapter 5 from Co-ops 101

Other Useful Links

- [www.ag.ndsu.nodak.edu/qbcc/NDCCC/coopmonth.htm](http://www.ag.ndsu.nodak.edu/qbcc/NDCCC/coopmonth.htm)
- [www.puzzlemaker.discoveryeducation.com](http://www.puzzlemaker.discoveryeducation.com)
- [www.nsacoop.org](http://www.nsacoop.org)

VOCABULARY & KEY CONCEPTS:
Patronage-based sources of equity
Retained margins
Per-unit retains
Cash refunds
Qualified retains
Pass-through procedures
Nonqualified retained equity

Contributing Authors: Bobbi Bingeman and Jeff Botts
Cooperatives

Chapter 9 Activity

Use the following as an example and calculate the taxable income for a cooperative member.

The cooperative pays the producer $600 for his/her crop at the time of delivery. It costs the cooperative $300 to market the crop. The cooperative then sells the crop for $1000. The resulting margin of $100 is returned to the patron as a patronage refund. Thus the patron receives a total payment of $700 for the crop, a $600 advance at the time of delivery and a $100 patronage refund.

When the cooperative figures its taxable income, it is allowed to deduct the initial payment for the crop ($600); its other expenses for marketing the crop ($300) and the patronage refund ($100). Thus it ends up with no taxable income. The patron includes both the initial payment ($600) and the patronage refund ($100) in taxable income, for a total of $700.

Calculate the student’s initial payment and taxable income for each of the following problems, noting that an initial payment is valued at 15% of the crop’s value.

1. A cooperative pays $4500 for a wheat crop with a marketing cost of $500
2. " pays $7500 for a sunflower crop with a marketing cost of $800
3. " pays $3000 for a mustard crop with a marketing cost of $200
4. " pays $12000 for a sunflower crop with a marketing cost of $700
5. " pays $9000 for a canola crop with a marketing cost of $475
Lesson Title: Equity Management

Authors: USDA Co-ops 101: An Introduction to Cooperatives (Chapter 10)

Unit Outcomes Addressed by this Lesson

Students will understand the factors affecting how cooperatives manage the redemption of outstanding equity.

Lesson Objectives
(what the students will know and do by the end of this lesson)

h. Describe three methods of matching patronage and equity obligations.
i. Describe how the creation and redemption of equity are related to the three cooperative principles/promises.
j. Describe and compare the following methods: revolving fund plan, special plans, and base capital plan.

Lesson Level Assessment
(how the objectives will be measured)

- Written assessment on lesson objectives and vocabulary terms.

Activities and Procedures
(what the teacher and students will do during the lesson)

Read Chapter 10
Outline Notes: Vocabulary and Key Concepts – Outline on next page. Have students fill in the content.
Learning Activity - Utilizing activity tools from www.jc-schools.net/tutorials/ppt-games/
(To involve your students in a fun, game-like atmosphere that encourages learning, use the above link, pick an activity and proceed. Your students will thank you and you will have a great time too!)
Word Search Activity– Create a word search puzzle at www.puzzlemaker.discoveryeducation.com
Summative Test – Questions and answers on the next page.

Materials and Resources

USDA Co-ops 101: An Introduction to Cooperatives Chapter 8
www.rurdev.usda.gov/RBS/pub/cir55/c55text.pdf

Learning Activity
www.jc-schools.net/tutorials/ppt-games/

Other Useful Links
www.ag.ndsu.nodak.edu/qbcc/NDCCC/coopmonth.htm
www.puzzlemaker.discoveryeducation.com
www.nsacoop.org
VOCABULARY & KEY CONCEPTS:
Revolving fund plans
Special plans
Base capital plans
First-in, first-out
Redemption
Under invested patrons
Fully invested
Overinvested patrons

SUMMATIVE TEST QUESTIONS:
1. Name the three methods of matching patronage and equity obligations.
   ANSWER: Revolving fund plans, special plans and base capital plans.

2. What is revolving fund financing?
   ANSWER: Systems in which patrons make annual capital contributions.

3. How is a revolving fund plan frequently described, if older equities are retired regularly?
   ANSWER: Systematic

4. In a systematic plan, member ____________ is related to recent and current use?
   ANSWER: Investment

5. Redemption is normally dependent on a ____________ determination that funds for
   revolvement are available.
   ANSWER: Board of directors

6. What happens during a revolving cycle?
   ANSWER: The cooperative keeps equity for a longer period of time.

7. What is a special plan?
   ANSWER: It is one in which a specific event or condition triggers equity redemption.

8. A base capital plan is __________________________?
   ANSWER: A special equity capital management plan.

9. A member’s death triggers ____________?
   ANSWER: Equity redemption

10. Special plans are sometimes combined with ____________ or ____________?
    ANSWER: Revolving fund or base capital plans.
Cooperatives – Pre/Post Test

Knowledge about cooperative businesses

1. A cooperative business customer who both shops at and invests in the cooperative best describes a:
   a. Patron
   b. Member
   c. Non-member
   d. Investor

2. Cooperatives are owned and controlled by members.
   a. True
   b. False

3. Indicate by placing an “X” under “Yes” or “No” whether any of the following statements describes principles that distinguish cooperative businesses from other business forms in the United States.

<table>
<thead>
<tr>
<th>Principle</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Owned by the users of the business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Controlled by the users of the business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Benefits provided to the users of the business</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. Indicate by placing an “X” under “Yes” or “No” whether you think any of the following statements describes member responsibilities in a cooperative.

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Understand the cooperative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Staff the cooperative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Select and evaluate directors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Help obtain new members</td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) Report to the board of directors</td>
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<tr>
<td>f) Adopt bylaws</td>
<td></td>
<td></td>
</tr>
<tr>
<td>g) Carry out employee performance evaluations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>h) Provide necessary financial capital</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. A member-created document that describes the government of a cooperative business is:
   a. Bylaws
   b. Internal Revenue Code
   c. Written notice of allocation
   d. The Sherman Act
6. Which of the following groups of people can make major legal and structural changes to a cooperative?
   a. Managers
   b. Members
   c. Non-member customers
   d. Company employees

7. Which two methods do members use to control the activities of a cooperative? (select two letters)
   a. Receiving newsletters
   b. Voting at annual meetings
   c. Expressing their opinions to members of the board of directors
   d. Having a number of votes in proportion to ownership share in the co-op
   e. Joining other cooperatives

8. One example of a policy that members can control is what share of net income the cooperative returns to the member. Why do you think it is important that members be able to control this?

9. Cooperatives do not seek to make income for their members.
   a. True
   b. False

10. List three benefits of cooperative membership
    a.
    b.
    c.

11. Which of the following is a benefit of cooperatives?
    a. Hiring experts to take profits away from local citizens
    b. Providing access to services
    c. Creating income for shareholders only
    d. Reduced power in the marketplace

12. If an individually owned business firm were to fail, it would not be possible for the owner to lose more than he/she invested in the business.
    a. True
    b. False
13. List 4 types of business structures.
   a. 
   b. 
   c. 
   d. 

14. In cooperative corporations, earnings from business with members are taxed at both the corporate and member level.
   a. True 
   b. False

15. In a cooperative corporation, management is controlled by a board of directors. Who elects the board of directors? Why is this election method an advantage to cooperative corporations?

16. In a cooperative, capital is generally supplied by investors seeking profits.
   a. True 
   b. False

17. In a general business corporation, capital is generally supplied by investors seeking profits.
   a. True 
   b. False

18. In individually-owned businesses, the owner is responsible for all losses, but does not receive the income from the business.
   a. True 
   b. False

19. One way cooperatives obtain equity is by retaining a portion of the sales revenue for each unit of product members sell.
   a. True 
   b. False
20. In an investor-oriented corporation, profits are shared in direct relation to the amount of stock owned.
   a. True
   b. False

21. In a cooperative, net earnings are returned to members based on how much the member patronized the cooperative.
   a. True
   b. False

22. Cooperatives can provide a means for effective political action to growers, small business owners, and other rural residents.
   a. True
   b. False

23. Describe three specific ways in which cooperatives help protect and enhance local economies.
   a. 
   b. 
   c. 

24. Cooperatives are common in such areas of business as: insurance, credit, agriculture, consumer goods, and rural electricity.
   a. True
   b. False

25. Select three types of goods or services from the list below. Provide one example of a cooperative business that provides this good or service.
   a) Banking services
   b) Telecommunications services
   c) Marketing agricultural products
   d) Hardware products
   e) Farm supply products (fertilizer, etc.)
   f) Electricity
   g) Lodging
   h) Sporting goods
   i) Health insurance
26. Name and describe each of the three types of membership structures that cooperatives have.
   a. 
   b. 
   c. 

27. What is a purchasing cooperative and give an example?

**Feelings about cooperative businesses**

Place an “X” in the box that best describes how much you agree with the following statements.

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Strongly Disagree)</td>
<td>(Strongly Agree)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Given a choice between a shareholder-controlled and a member-controlled bank, you would prefer to join a member-controlled bank.

2. Given a choice between a shareholder-controlled and a member-controlled grocery store, you would prefer to shop at a member-controlled grocery store.

3. Given a choice between a shareholder-controlled and a member-controlled phone company, you would prefer to join a member-controlled phone company.

4. Given a choice between a shareholder-controlled and a member-controlled electric company, you prefer to join a member-controlled electric company.

5. You would be interested in learning more about co-ops.

6. You would be interested in working for a co-op.

7. You would be interested in learning which business in your community are co-ops.

8. You would be interested in voting in a co-op someday.

9. If you joined a co-op, you would feel some responsibility for its success.

10. You would rather take advantage of a good deal today than receive a patronage refund at the end of the year.

11. There is little difference between co-ops and non-co-ops.

12. You feel you could accept the responsibilities of a co-op membership.
### Interactions with cooperative businesses

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

__________   __________ Have you used the services of a co-op?

__________   __________ Are you currently a member of a co-op?

### Demographics and respondent characteristics

Circle your gender.

- Male
- Female

Circle the year of school you are in.

- Freshman
- Sophomore
- Junior
- Senior

What is the name of the course in which you participated in this test?
Cooperatives Unit for High School

Name: ____________ KEY ______________________

**Cooperatives – Pre/Post Test**

**Knowledge about cooperative businesses**

1. A cooperative business customer who both shops at and invests in the cooperative best describes a:
   a. Patron
   b. **Member**
   c. Non-member
   d. Investor

2. Cooperatives are owned and controlled by members.
   a. **True**
   b. False

3. Indicate by placing an “X” under “Yes” or “No” whether any of the following statements describes principles that distinguish cooperative businesses from other business forms in the United States.

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<td>X</td>
<td></td>
</tr>
<tr>
<td>b) Controlled by the users of the business</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>c) Benefits provided to the users of the business</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

4. Indicate by placing an “X” under “Yes” or “No” whether you think any of the following statements describes member responsibilities in a cooperative.

<table>
<thead>
<tr>
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<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Understand the cooperative</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>b) Staff the cooperative</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>c) Select and evaluate directors</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>d) <strong>Help obtain new members</strong></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>e) Report to the board of directors</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>f) Adopt bylaws</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>g) Carry out employee performance evaluations</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>h) <strong>Provide necessary financial capital</strong></td>
<td>X</td>
<td></td>
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</table>

5. A member-created document that describes the government of a cooperative business is:
   a. **Bylaws**
   b. Internal Revenue Code
   c. Written notice of allocation
   d. The Sherman Act
6. Which of the following groups of people can make major legal and structural changes to a cooperative?
   a. Managers
   b. **Members**
   c. Non-member customers
   d. Company employees

7. Which two methods do members use to control the activities of a cooperative? (select two letters)
   a. Receiving newsletters
   b. **Voting at annual meetings**
   c. Expressing their opinions to members of the board of directors
   d. Having a number of votes in proportion to ownership share in the co-op
   e. Joining other cooperatives

8. One example of a policy that members can control is what share of net income the cooperative returns to the member. Why do you think it is important that members be able to control this?

   Since members control this, they are able to decide how much financial benefit they want today or to save for the future. It also assures that the preferences of current and future can be met.

9. Cooperatives do not seek to make income for their members.
   a. True
   b. **False**

10. List three benefits of cooperative membership
    a. **Access to supplies at reasonable cost**
    b. Increased power in the marketplace
    c. A share in the co-op’s earnings
    d. Political action
    e. Enhancement and protection of local economy

11. Which of the following is a benefit of cooperatives?
    a. Hiring experts to take profits away from local citizens
    b. **Providing access to services**
    c. Creating income for shareholders only
    d. Reduced power in the marketplace

12. If an individually owned business firm were to fail, it would not be possible for the owner to lose more than he/she invested in the business.
    a. True
    b. **False**
13. List 4 types of business structures.
   a. **Individually-owned businesses**
   b. **Partnerships**
   c. **General business corporations**
   d. **Limited liability company**
   e. **Cooperative corporation**

14. In cooperative corporations, earnings from business with members are taxed at both the corporate and member level.
   a. True
   b. False

15. In a cooperative corporation, management is controlled by a board of directors. Who elects the board of directors? Why is this election method an advantage to cooperative corporations?
   
   Members elect the board of directors.  
   This method assures that the preferences of current users are represented. It also assures that current users of the cooperative serve as its directors.

16. In a cooperative, capital is generally supplied by investors seeking profits.
   a. True
   b. False

17. In a general business corporation, capital is generally supplied by investors seeking profits.
   a. True
   b. False

18. In individually-owned businesses, the owner is responsible for all losses, but does not receive the income from the business.
   a. True
   b. False

19. One way cooperatives obtain equity is by retaining a portion of the sales revenue for each unit of product members sell.
   a. True
   b. False

20. In an investor-oriented corporation, profits are shared in direct relation to the amount of stock owned.
   a. True
   b. False
21. In a cooperative, net earnings are returned to members based on how much the member patronized the cooperative.
   a. True
   b. False

22. Cooperatives can provide a means for effective political action to growers, small business owners, and other rural residents.
   a. True
   b. False

23. Describe three specific ways in which cooperatives help protect and enhance local economies.
   a. Local towns are less likely to lose jobs with co-ops.
   b. Co-ops generate jobs.
   c. Co-ops generate taxes that help finance schools and other community services.
   d. Local people make decisions about the company.
   e. No one person can close the business or take it from your area.

24. Cooperatives are common in such areas of business as: insurance, credit, agriculture, consumer goods, and rural electricity.
   a. True
   b. False

25. Select three types of goods or services from the list below. Provide one example of a cooperative business that provides this good or service. (Example answers in bold)
   a) Banking services
      (Any credit union, CoBank, Farm Credit)
   b) Telecommunications services
      (Any local telecommunications co-op)
   c) Marketing agricultural products
      (Land O’Lakes, Welch’s, CHS, Cass-Clay)
   d) Hardware products
      (Ace Hardware, True Value)
   e) Farm supply products (fertilizer, etc.)
      (Any local farm supply co-op)
   f) Electricity
      (Any local electric co-op)
   g) Lodging
      (Best Western)
   h) Sporting goods
      (REI)
   i) Health insurance
      (Blue Cross/Blue Shield, Health Partners)

26. Name and describe each of the three types of membership structures that cooperatives have.
   a. Centralized cooperatives have individuals and businesses as their members
   b. Federated cooperatives have other cooperatives as their members
   c. Mixed cooperatives have both individuals and other cooperatives as members

27. What is a purchasing cooperative and give an example?
   A purchasing cooperative provides access to volume discounts when purchasing inputs for the goods and services it provides. An example of this type of cooperative is Ace Hardware.
Feelings about cooperative businesses

Place an “X” in the box that best describes how much you agree with the following statements.

1. Given a choice between a shareholder-controlled and a member-controlled bank, you would prefer to join a member-controlled bank. 
2. Given a choice between a shareholder-controlled and a member-controlled grocery store, you would prefer to shop at a member-controlled grocery store.
3. Given a choice between a shareholder-controlled and a member-controlled phone company, you would prefer to join a member-controlled phone company.
4. Given a choice between a shareholder-controlled and a member-controlled electric company, you prefer to join a member-controlled electric company.
5. You would be interested in learning more about co-ops.
6. You would be interested in working for a co-op.
7. You would be interested in learning which business in your community are co-ops.
8. You would be interested in voting in a co-op someday.
9. If you joined a co-op, you would feel some responsibility for its success.
10. You would rather take advantage of a good deal today than receive a patronage refund at the end of the year.
11. There is little difference between co-ops and non-co-ops.
12. You feel you could accept the responsibilities of a co-op membership.

Interactions with cooperative businesses

Yes  No

Have you used the services of a co-op?
Are you currently a member of a co-op?
Demographics and respondent characteristics

Circle your gender.

Male  Female

Circle the year of school you are in.

Freshman  Sophomore  Junior  Senior

What is the name of the course in which you participated in this test?