

Optional Lesson

Lesson Title: Sources of Equity (chapter 8)

Standard: 9-12.3.3

Unit Outcomes Addressed by this Lesson

Students will understand user ownership and the different ways cooperatives can accumulate equity.

Lesson Objectives

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

The students will:

- a. Define equity.
- b. Name the three primary methods by which members provide equity to their cooperative.
- c. Describe and compare the following sources of equity to the cooperative: direct investment, retained margins, per-unit capital retains, non-member earnings.

Lesson Level Assessment

(how the objectives will be measured)

a-c. Student notes, Discussion, Term Study, crossword puzzle

Activities and Procedures

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

Introduction:

Time Frame: 10 minutes (to read through terms and define 1-3)

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

Gathering Important Information: Read Chapter 8

Time Frame: 20 minutes

Because the reading in this chapter is fairly complex, it may be help 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?"

Wrap Up:

Time Frame: 20 minutes

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

Materials and Resources

- Student copies of chapter 8 from Co-ops 101
<http://www.rurdev.usda.gov/RBS/pub/cir55/c55text.pdf>

Other Useful Links

- www.ag.ndsu.nodak.edu/qbcc/NDCCC/coopmonth.htm
- www.puzzlemaker.discoveryeducation.com
- 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

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