

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

Standards: Social Studies 9-12 1.1.-1.4

Unit Outcomes Addressed by this Lesson

Students will understand the history of a cooperative.
Students will learn principles of cooperatives.

Lesson Objectives

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

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 (Time Frame: 20 minutes to compose crossword)

- 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
7. Rochdale- An urban consumer cooperative in England in 1844.
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

Concept Mapping Activity (Time frame: 20 minutes)

The students will create a concept map about cooperatives using information gathered while reading chapter 1. See sample below.

Research the Rochdale Equitable Pioneers' Society (Time frame: 20 minutes to gather information and write paragraphs. If choosing the optional assessment allow adequate time for students to complete their projects. When the student groups complete their paragraphs, have them share their work with the class and combine the paragraphs (projects) to form one essay about Rochdale.)

- a. The teacher will review the general history regarding cooperatives based upon the student generated concept maps.

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. Optional Assessments: Students can choose one of the above following topics and create a Poster, Brochure, I-Movie, Power Point or You Tube Video with appropriate media effects.

b. The following rubric can be used to guide the students as they write their paragraphs (projects). (Teachers can determine their own point values for grading.)

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

Wrap-Up Discussion (Time Frame: 10 minutes)

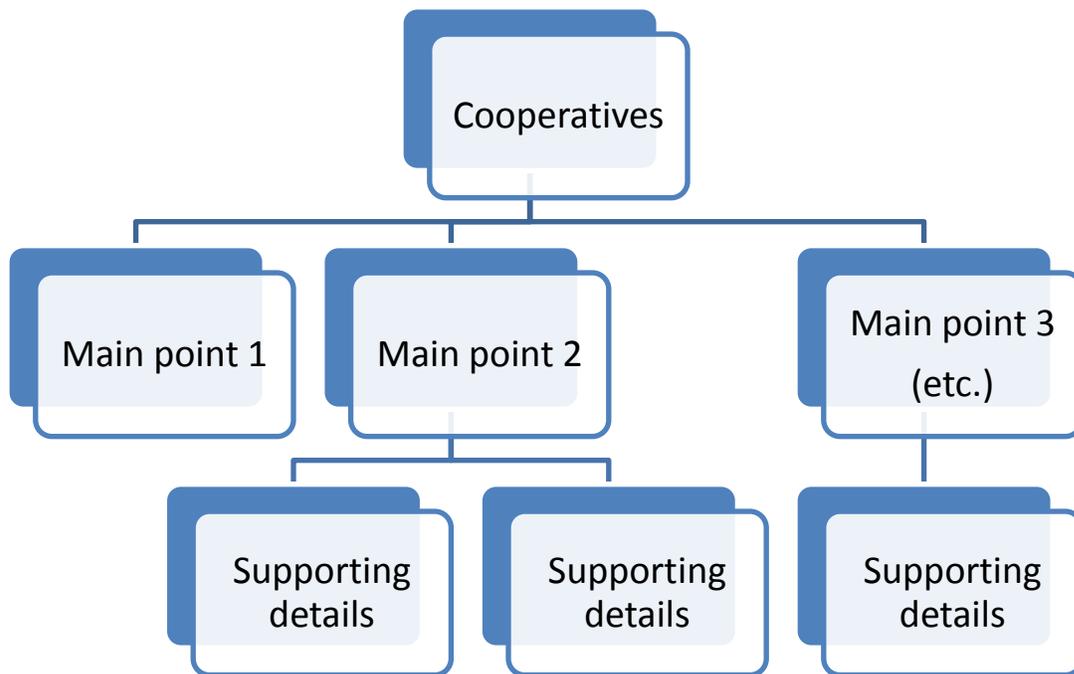
Teacher and students will examine the impact of cooperatives on their lives. Students will compose one question and one comment based upon their current understandings of cooperatives. See below for exit activity.

Materials and Resources

Webpage Resources

- Copies of Chapters 1 & 2 from "Co-ops 101"
<http://www.rurdev.usda.gov/RBS/pub/cir55/c55text.pdf>
- www.ag.ndsu.nodak.edu/qbcc/NDCCC/coopmonth.htm
- <http://www.puzzle-maker.com/>
- www.nsacoop.org
- "One Question and One Comment" handout
- Access to the internet and computers for researching Rochdale and writing paragraphs (projects)

Concept Map Guidelines (Can use SmartArt in Microsoft Word 2007 or students can
handwrite their own maps)



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

Lesson Title: Cooperatives in the Community (Chapter 3)

Standards: Social Studies 9-12. 3.1

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 your local community or surrounding area.
- 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. Note Taking Organizer (see below)
- 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 a 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

- Copies of chapter 3 from "Co-ops 101"
<http://www.rurdev.usda.gov/RBS/pub/cir55/c55text.pdf>
- www.ag.ndsu.nodak.edu/qbcc/private/ for more resources

Printed resources

- Chapter Outline for teacher reference
- Cooperative Benefits card template will be used with math to help explain cooperative benefits
- Copies of "Benefits Card"
- Calculator

Note Taking Organizer			
Types of Cooperatives	Characteristics	Examples	Significance

Chapter 3 Cooperatives in the Community Notes

Introduction: National Cooperative Business Association Report

- 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 and 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 6,000,000 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.) Health maintenance organizations (HMOs) 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 Kentucky Fried Chicken (KFC), 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 T's) since they generate and transmit electricity to meet the

power needs of other cooperatives that distribute electricity to their members

5.) National Rural Telecommunications Cooperative

a.) Telecommunications service to rural areas may be provided by cooperatives

b.) 800 rural electric and telephone systems make satellite television available to rural areas served by cable companies

Benefits Card 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.

1.) Cooperative

Spent \$3,500 during year.

Co-op paid you 4% dividend

Total cost _____

2.) General Business

Spent \$3,400 during year.

Received no dividend

Total Cost _____

3.) Cooperative

Used ATM 15 times/month

Free use

Total cost _____

4.) General Business

Used ATM 15 times/month

\$1.50 charge/use

Total cost _____

5.) Cooperative

Borrowed \$10,000 at 4.2%

Paid 3.6% on \$8,000 savings

Difference _____

6.) General Business

Borrowed \$10,000 at 4.0%

Paid 3.2% on \$8,000 savings

Difference _____

7.) Cooperative

Bought 1,400 gallons of gas at \$2.89/gal

Received 1.6% dividend at years end.

Cost of gas _____

8.) General Business

Bought 1,400 gallons of gas at

\$2.88/gal

No dividend

Cost of gas _____

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?

Benefits Card activity Answers:

Card 1

$$\$3500 \times .04 = \$140 \text{ Dividend}$$

$$\$3500 - 140 = \$3360 \text{ cost}$$

Card 2

$$\$3400$$

Card 3

O

Card 4

$$15 \text{ times} \times \$1.50 = \$22.50 \text{ cost}$$

Card 5

$$\$10,000 \times .042 = \$420 \text{ interest paid}$$

$$\$8,000 \times .036 = \$288 \text{ interest paid}$$

$$\$420 - \$288 = \$132.00 \text{ difference}$$

Card 6

$$\$10,000 \times .04 = \text{interest paid}$$

$$\$8,000 \times .032 = \$256 \text{ interest earned}$$

$$\$400.00 - \$256.00 = \$144.00 \text{ difference}$$

Card 7

$$\$1400.00 \times \$2.89 = \$4046.00$$

$$\$4046.00 \times .016 \text{ dividend} = \$64.74$$

$$\$4046.00 - \$64.74 = \$3981.26 \text{ cost}$$

Card 8

$$\$1400.00 \times \$2.88 = \$4032.00$$

Card 9

$$\$250 \text{ divided } 12\text{mo. Equals } \$20.83/\text{mo Cost}$$

$$\$20.83 \text{ divided by } .05 = \$416.60 \text{ groceries/mo}$$

Contributing Authors: Larry Lueck and Larry Sitter

Lesson Title: Benefits of Cooperation (Chapter 4)

Standards: Social Studies 8.3.3

Unit Outcomes Addressed by this Lesson

Students will understand the benefits of cooperatives.

Lesson Objectives

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

Students will:

- a. List benefits of belonging to a cooperative.
- b. Identify the most important aspects of the benefits of cooperatives.
- c. Explain benefits of a cooperative to the community.

Lesson Level Assessment

(how the objectives will be measured)

- a. Notes on Chapter 4
- b. Final Countdown activity
- c. Exit Slip
- d. Participation in class discussion

(grading decisions are to be made by individual teachers)

Activities and Procedures

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

- a. Students will take notes from the Chapter outline presented by the teacher (see Chapter 4 (Benefits of Cooperative Membership) Power Point)
Time Frame: 20 minutes
- b. Final Countdown- students will complete the template individually (see instructions below)
Time Frame: 8-10 minutes
- 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.
Time Frame: 10-15 minutes
- d. Exit Slip: Would you like to be a member of a cooperative? Why or why not? (see handout below) Have students determine if they would consider being a member of a cooperative and explain why or why not.
Time Frame: 5 minutes

Materials and Resources

- Copies of Chapter 4 from "Co-ops 101"
<http://www.rurdev.usda.gov/RBS/pub/cir55/c55text.pdf>

- Chapter 4 (Benefits of Cooperative Membership) Power Point
- Copies of "Note Taking Organizer"
- Copies of "Final Countdown template"
- Copies of "Exit Slip"
- www.ag.ndsu.nodak.edu/qbcc/private/ for more resources

Note Taking Organizer

	Benefit 1	Benefit 2	Benefit 3
Access			
Clout			
Earnings			
Political Action			
Local Economy			

Final Countdown

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

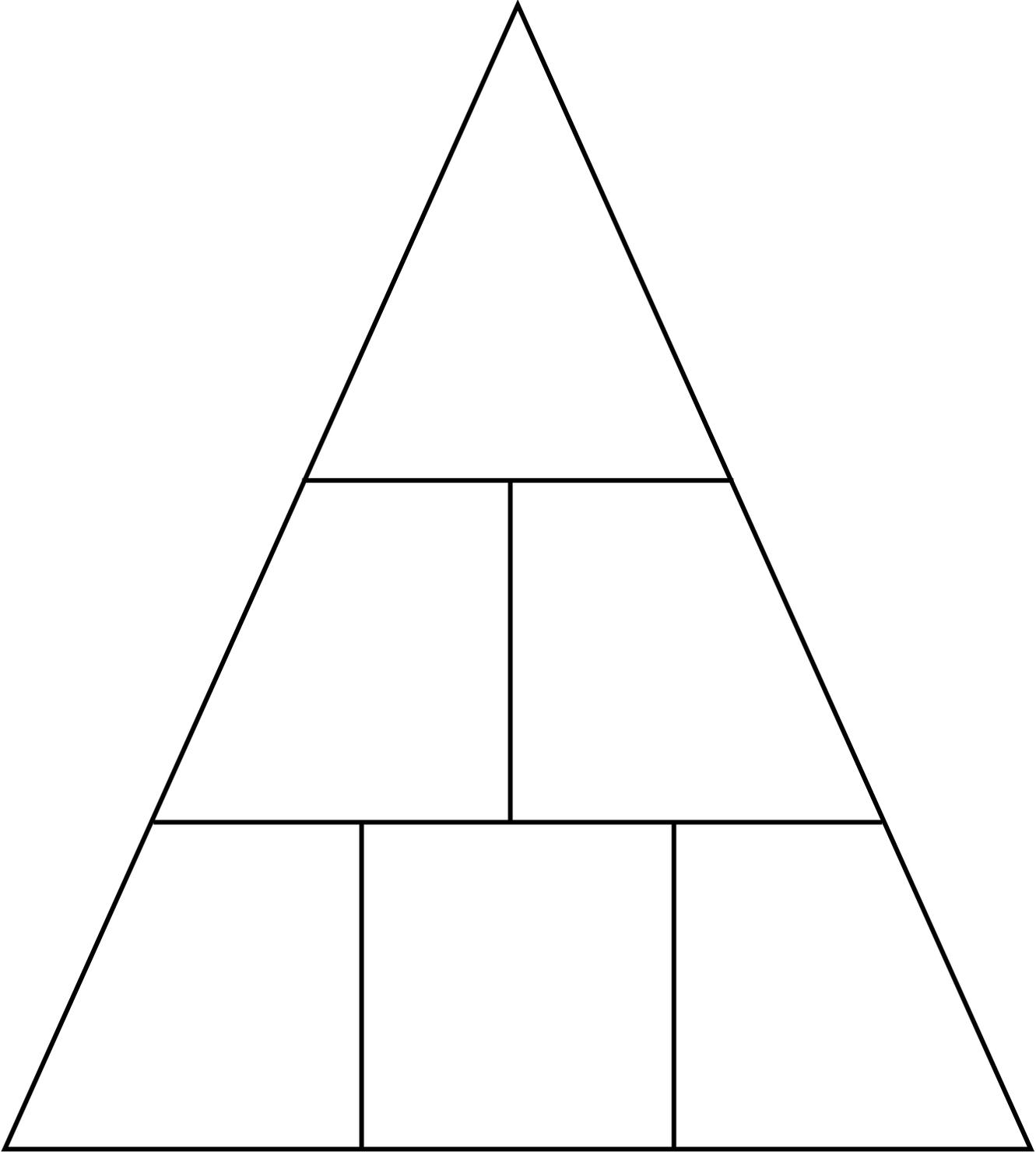
Description: This activity emphasized the important role that reflection plays in the learning process. Final Countdown provides learners with a framework for reflection, evaluation, and integration of new knowledge into previously learned material.

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 on the bottom tier.
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.

Rogers, S., Ludington, J., & Graham, S. (1999). *Motivation and learning: A teacher's guide to building excitement for learning and igniting the drive for quality*. Evergreen, CO: Peak Learning Systems.

Final Countdown



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)

Standards: Ag Ed-Ag Business 1.1.1; Social Studies 9-12.3.1; Social Studies 9-12.1.3

Unit Outcomes Addressed by this Lesson

Students will compare and examine the different types of business organization.

Lesson Objectives

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

Students will:

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

Lesson Level Assessment

(how the objectives will be measured)

- a-b. Student note taking organizer
- c. Presentation about a local business
- d. Write a reflection paragraph concerning the advantages and limitations of each business type.

Activities and Procedures

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

- a. Students can work individually or in small groups to complete the note taking organizer 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.)

Time Frame: Variable

- c. Cooperative Profiles Activity (See instructions below)
- d. Reflection Paragraph on advantages/limitations at the completion of student presentations.

Time Frame: 5-10 minutes

Materials and Resources

- Copies of Chapter 5 from Co-ops 101
<http://www.rurdev.usda.gov/RBS/pub/cir55/c55text.pdf>
- www.ag.ndsu.nodak.edu/qbcc/private/
- Copies of note taking organizer
- Copies of presentation guidelines

Note Guide (Time Frame: 20-25 minutes)

Business Types	Definition	Characteristics	Examples of Regional Businesses	Advantages	Limitations

Cooperative Profiles

A short description or profile of a cooperative is a useful resource to provide students.

- Students are provided with current examples of cooperatives in their communities to better understand the learning outcomes in the corresponding lessons. These profiles provide an illustration of cooperatives in action.

Standards met by this curriculum-wide activity are:

- Agriculture Education – Agriculture Business 1.1.5
- Social Studies Standard 1: 9-12.1.4

Resources: Profiles are provided.

In addition to the profiles provided with this curriculum, teachers are welcome to expand their own collection of profiles. Basic profiles can be written by cooperative managers or the teacher utilizing the following questions. It is recommended that profiles are written to be brief, yet informative with a target of 200-400 words. If you choose to create additional profiles, please share them with the Quentin Burdick Center for Cooperatives. Email to: gregory.mckee@ndsu.edu

Profile template:

- What do you do? What services/products do you provide to your members?
- Why is your business a cooperative?
- What benefits do you create for members?
- How is your company owned?
- How is your company governed (controlled)?

Activity: At the beginning of each class period, cooperative profiles can be shared and discussed by the class as a warm-up or kick-off to the day's lesson. One idea is to assign individual students the responsibility to present the profile and guide the class in discussion each week. (Example: Student A is assigned profile #1 during lesson 1. Student B is assigned profile #2 during lesson 2.)



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:

Business Type	What does this business do?	How does this business fit the characteristics of this type of business?	What are the advantages of this business?	What are the limitations of this business?

2. Now, you need to decide how you will present the information you collected. Here are some suggestions, but if you choose an alternative option 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.

Excellent	Good	Limited	Needs Improvement
The presentation thoroughly covers all five categories.	The presentation covers four categories. You appear familiar with the material.	The presentation covered three categories.	The information may be inaccurate or missing.
The presentation is catchy and well-displayed. The audience can easily read the information.	The presentation is clean and organized, but lacks creativity.	The presentation is difficult to read.	The presentation is lacking in many areas and difficult to understand.

*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)

Standards: Social Studies 9-12.3.1

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)

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 by size of a regional cooperative business found in your local community or surrounding area

Lesson Level Assessment

(how the objectives will be measured)

a-c. Content readings

d. Individual Cooperative presenters from student presentations or found in your local community or surrounding area

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

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

- Copies of Chapter 6 from Co-ops 101 <http://www.rurdev.usda.gov/RBS/pub/cir55/c55text.pdf>
- Access to computers
- 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 6 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:

Classification	Definition

Part Two: Governance System

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

Membership Structure	Characteristics

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.

Core Functions	Description and Examples

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)

Guest Speaker

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

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.

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:

3

The student identifies three important points and/or pieces of information from the presentation.

2	The student identifies two important points and/or pieces of information from the presentation.
1	The student identifies one important point and/or piece of information from the presentation.

Cooperatives Content Reading Guide

Time Frame: 20 minutes

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

Materials and Resources

- Student copies of chapter 7 from Co-ops 101
<http://www.rurdev.usda.gov/RBS/pub/cir55/c55text.pdf>
- Student copies of One-Minute Paper
- Student copies of Cooperatives Content Reading Guide
- 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.*

Name _____

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)

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

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:

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

Lesson Level Assessment

(how the objectives will be measured)

- a-c. Student section summaries and presentations
- d. Chapter Nine Activity 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:

Time Frame: 5 minutes

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

Gathering Important Information:

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

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 concepts found in the boxes.

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.

Cross-Curricular Opportunity: Math and Business

Time Frame: 15-20 minutes

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 9 from Co-ops 101
<http://www.rurdev.usda.gov/RBS/pub/cir55/c55text.pdf>
- Chapter Nine Activity worksheet

Other Useful Links

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

Cooperative Business Profile: American Crystal Sugar Company

Description of the Cooperative

American Crystal Sugar Company is a world-class agricultural cooperative specializing in

the production of sugar and related agri-products. American Crystal is owned by approximately 3,000 shareholders who raise 500,000 acres of sugarbeets in the Red River Valley of Minnesota and North Dakota. As the largest beet sugar producer in the United States, American Crystal utilizes innovative farming practices, low-cost production methods and sales and marketing leadership to produce about 15 percent of America's highest quality sugar. The Company operates sugar factories in Crookston, East Grand Forks and Moorhead, Minnesota; Drayton and Hillsboro, North Dakota; and in Sidney, Montana under the name Sidney Sugars Incorporated. American Crystal's technical services center and corporate headquarters are also located in Moorhead.

Located in Edina, Minnesota, United Sugars Corporation markets American Crystal's sugar to retail and industrial customers throughout the nation. Midwest Agri-Commodities Company, based in Corte Madera, California, globally markets American Crystal's agri-products such as sugarbeet pulp and molasses.

Questions to Consider

- a. What does the cooperative do?
- b. Why is the business a cooperative?
- c. What benefits does the cooperative create for its members?
- d. How is the company owned?
- e. How is the company controlled?

Materials and Resources

Webpage Resources

- <http://www.crystalsugar.com/Default.aspx>

Cooperative Business Profile: Associated Milk Producers Incorporated

Description of the Cooperative

Associated Milk Producers Inc. (AMPI) is a dairy marketing cooperative with 3,500

member farms, 5.8 billion pounds of milk and \$1.7 billion in annual sales. Members operate dairy farms located throughout the Midwest states of Wisconsin, Minnesota, Iowa, Nebraska, South Dakota and North Dakota. They own 14 manufacturing plants and market a full line of consumer-packaged dairy products, including the Cass-Clay® brand.

AMPI's mission is to maximize the return on milk marketed and equity invested, while:

- Keeping ownership in the hands of current members.
- Building a viable market for future members.
- Representing Midwest dairy producers in the development of dairy policy.

Questions to Consider

- a. What does the cooperative do?
- b. Why is the business a cooperative?
- c. What benefits does the cooperative create for its members?
- d. How is the company owned?
- e. How is the company controlled?

Materials and Resources

Webpage Resources

- <http://www.ampi.com/home.asp>

Cooperative Business Profile: Basin Electric Power Cooperative

Description of the Cooperative

Basin Electric Power Cooperative (Basin Electric) is one of the largest electric generation and transmission (G&T) cooperatives in the United States. We are the parent company of eight subsidiaries.

Corporate profile

- A not-for-profit generation and transmission cooperative incorporated in 1961 to provide supplemental power to a consortium of rural electric cooperatives.
- Diverse energy portfolio: coal, gas, oil, nuclear, distributed, and renewable energy, including wind power.
- Consumer owned by 135 member cooperative systems.
- Members' service territories comprise 540,000 square miles in nine states.
- By end of year 2010 Basin Electric will operate 3,880 megawatts (MW) of wholesale electric generating capacity.

Total coal and gas generation 3,048 MW

Total renewable generation 501 MW

Total committed generation project 940.6 MW

Total committed wind projects in the Dakotas: 251.5 MW

Owns 2,015 miles of high-voltage transmission, 65 switchyards and 113 telecommunication sites

Serves 2.8 million electric consumers

Questions to Consider

- a. What does the cooperative do?
- b. Why is the business a cooperative?
- c. What benefits does the cooperative create for its members?
- d. How is the company owned?
- e. How is the company controlled?

Materials and Resources

Webpage Resources

- <http://www.basinelectric.com>

Cooperative Business Profile: Cass County Electric Cooperative

Description of the Cooperative

Cass County Electric Cooperative is a not-for-profit, member owned electric distribution system serving over 30,000 members in all or parts of 10 counties in southeastern North Dakota. Our headquarters office is located in Kindred, North Dakota, and we have service centers in Fargo, Valley City, Lisbon and Arthur. Cass County Electric's mission is to meet our members' energy needs with excellent service, consisting of reliable and affordable electricity while upholding our core values of integrity, innovation, accountability and commitment to community. Additionally, we are committed to providing our members with a wide variety of member programs, products and services. Cass County Electric is also a 50% partner in IdeaOne Telecom Group, a competitive local exchange carrier (CLEC) that offers high-tech voice and data communication services for residential and commercial customers in the FM metro area.

CCEC Facts as of January 2010

- 34,339 total accounts (30,267 residential, 3,882 commercial and other, and 190 irrigation)
- 10,359 devices in load management
- 4,687 miles of line
- 32 substations
- 968,569,455 kWh sold in 2009
- \$70.1 million in revenue in 2009
- 99 full-time employees
- Organized in 1937
- Service in all or parts of Cass, Barnes, Traill, Richland, Ransom, Sargent, Dickey, LaMoure, Steele, and Stutsman Counties
- Chairman of the Board: Wendy Loucks, Fargo, ND
- President/Chief Executive Officer: Scott Handy, Kindred, ND
- Wholesale power supplier from Minnkota Power Cooperative, Grand Forks, ND • 33% Wind • 9% Hydro • 58% Coal

Questions to Consider

- a. What does the cooperative do?
- b. Why is the business a cooperative?
- c. What benefits does the cooperative create for its members?
- d. How is the company owned?
- e. How is the company controlled?

Materials and Resources

Webpage Resources

- <http://www.kwh.com/aboutus.html>

Cooperative Business Profile: CHS, Inc.

Description of the Cooperative

CHS is a diversified energy, grains and foods company committed to providing the essential resources that enrich lives around the world. A Fortune 100 company, CHS is owned by farmers, ranchers and cooperatives, along with thousands of preferred stockholders, across the United States.

CHS supplies energy, crop nutrients, livestock feed, grain, food and food ingredients, along with business solutions, including insurance, financial and risk management services. The company operates petroleum refineries/pipelines and manufactures, markets and distributes Cenex® brand refined fuels, lubricants, propane and renewable energy products.

CHS is listed on the NASDAQ at CHSCP.

Our Vision: To be a globally integrated energy, grains and foods system innovatively linking producers with consumers.

Our Mission: To grow company profitability and stakeholder value.

Our Values: At CHS, we value

Our tradition of partnership and shared success

Building lasting and mutually rewarding customer relationships

Managing our business with the highest integrity

Being responsible stewards in our communities

Our people and their innovative spirit

Questions to Consider

- a. What does the cooperative do?
- b. Why is the business a cooperative?
- c. What benefits does the cooperative create for its members?
- d. How is the company owned?
- e. How is the company controlled?

Materials and Resources

Webpage Resources

- https://www.chsinc.com/portal/server.pt/community/chsinc_public/337

Cooperative Business Profile: CoBank

Description of the Cooperative

CoBank delivers comprehensive, flexible and effective financial solutions to our customers, who include U.S. agribusinesses, agricultural cooperatives, Farm Credit associations, and rural energy, communications and water companies. We also help some of our U.S. agribusiness customers sell their products internationally, enabling them to reach a broader market.

Our products and services include loans, leases, specialized financial products and services, as well as cash management and online financial services. Our leases are offered through our wholly-owned subsidiary, Farm Credit Leasing.

We've been delivering financial services to rural American businesses since 1916, and over this 90-year history, we've grown to become a \$58 billion member of the \$215 billion Farm Credit System. The funds to finance CoBank's loans come primarily from the sale of Farm Credit System securities to investors in the national and international money markets.

These securities are widely accepted and highly attractive, so CoBank is able to offer competitive interest rates to our customers.

Unlike most financial institutions, CoBank is a cooperative, owned by our customers and led by a board of directors primarily elected by our customers. One of the benefits of being a customer-owner of CoBank is that each year, we return a substantial portion of our earnings through "patronage" payments, which are an important part of our value proposition.

CoBank operates in 13 locations: our national office in Denver, Colorado, 11 regional offices throughout the U.S., and an office in Washington, DC. We also have an international representative office in Singapore.

Questions to Consider

- a. What does the cooperative do?
- b. Why is the business a cooperative?
- c. What benefits does the cooperative create for its members?
- d. How is the company owned?
- e. How is the company controlled?

Materials and Resources

Webpage Resources

- <http://www.cobank.com/>

Cooperative Business Profile: North American Bison Cooperative

Description of the Cooperative

Formed in 1993 and located in the great plains of North Dakota, North American Bison Cooperative (NABC) is a 330-member cooperative of ranchers from the United States and Canada. We operate a harvest facility in New Rockford, ND - noted by many to be one of the most humane in the United States. With controlling interest of North Dakota Natural Beef, LLC, we utilize their state-of-the-art fabrication and processing facility in Fargo. This facility is one of only a few USDA and EU approved bison and beef processing facilities in the United States. Both plants follow strict HACCP policies and procedures. NABC bison are naturally and humanely raised, have never been fed hormones and thrive on a diet of natural, free-range grazing and brief introduction to grain. All animals are source verified (can be traced back to the ranch where they were born) and are free of antibiotics. The cooperative is vertically integrated for consistency and high quality. NABC proudly offers the TenderBison® brand - a uniquely American food item rich in flavor, nutrition and legendary appeal.

Questions to Consider

- a. What does the cooperative do?
- b. Why is the business a cooperative?
- c. What benefits does the cooperative create for its members?
- d. How is the company owned?
- e. How is the company controlled?

Materials and Resources

Webpage Resources

- <http://tenderbison.ndnatural.com/Home.aspx>

Cooperative Business Profile: Northland Educators Federal Credit Union

Description of the Cooperative

The mission of Northland Educators Federal Credit Union is to create a lifelong financial relationship with members of educational communities in the Fargo-Moorhead area. Persons working for the North Dakota State University, Concordia College, West Fargo schools, Fargo Catholic schools, Oak Grove school, all schools in Cass County (except Fargo Public Schools), and students at North Dakota State University are eligible to join Northland Educators Federal Credit Union. In addition, spouses, children, siblings, parents, grandparents, or grandchildren, including stepchildren, stepsiblings, and adoptive relationships of credit union members may also belong.

To become a member, simply complete and sign a membership application available at Northland Educators Federal Credit Union and deposit a minimum of \$25 into shares. If you wish to have a joint owner for your Share account, you and that person should sign the Joint Share Account Agreement on the back of the membership application. By doing so, your joint owner has the right to deposit to, or withdraw from, your Share account at any time.

If you should leave one of the facilities, you can retain your credit union membership simply by maintaining a \$25 minimum balance in Shares. "Once a member - always a member," is part of the credit union philosophy.

Trust Northland Educators Federal Credit Union to make available to you and your family quality products and services to meet your financial needs.

Questions to Consider

- a. What does the cooperative do?
- b. Why is the business a cooperative?
- c. What benefits does the cooperative create for its members?
- d. How is the company owned?
- e. How is the company controlled?

Materials and Resources

Webpage Resources

- <http://www.northlandcu.org/Default.asp>

Cooperative Business Profile: National Information Solutions Cooperative

Description of the Cooperative

Location - NISC maintains offices in Lake Saint Louis, Mo. and Mandan, N.D.

Members/Customers - We have more than 520 energy and telecommunications Members in 47 states, American Samoa and Canada.

Billings - NISC bills more than 7.2 million end user subscribers/meters and processes more than \$12 billion in annual Member/Customer utility billings. NISC's payroll products calculate and track an annual payroll of nearly \$1 billion for more than 20,000 professionals employed by NISC's Members/Customers.

Number of Employees - Over 760

Organizational Structure - NISC is comprised of 9 divisions: Telecom Solutions | Utility Solutions | Enterprise Solutions | Shared Services | Research, Development & Quality | Compliance & Corporate Communications | Engineering & Operations Solutions | Corporate Services | People Services

Governance - NISC is a cooperative, governed by a 14-person Board of Directors representing our utility and telecommunications Membership. Board members serve three year terms.

History - NISC was formed July 2000 as a consolidation of Central Area Data Processing Cooperative (CADP) and North Central Data Cooperative (NCDC). Both predecessor organizations were formed in the mid 1960s and had a rich history of serving energy and telecommunications cooperatives with information processing services and accounting and billing software.

Products and Services:

- Billing Solutions: Utility Billing, Telecommunications Billing
- Accounting and Business Solutions
- Engineering and Operations Solutions
- Technical Services
- E-Solutions: Electronic Bill Presentment and Payment, Storefront Applications, ASP
- Utility Bill Pay
- Automated Mail Services
- Strategic Planning Services

Questions to Consider

- a. What does the cooperative do?
- b. Why is the business a cooperative?
- c. What benefits does the cooperative create for its members?
- d. How is the company owned?
- e. How is the company controlled?

Materials and Resources

Webpage Resources

- <http://www.nisc.coop/index.htm>

Cooperative Business Profile: Reservation Telephone Cooperative

Description of the Cooperative

RTC Mission Statement Our mission is to provide quality telecommunication services at competitive prices.

RTC Values • Guided by the Cooperative Philosophy • Practice Sound Financial Management • Focus on the Customer • Value and Support Employees • Support Our Local Communities

RTC Growth • RTC serves 20 exchanges with nearly 9,000 access lines spread over 5,698 square miles.

A cooperative is a business owned by those it serves. **Reservation Telephone Cooperative (RTC)** was formed in 1951 to provide low cost quality telephone service to its member owners.

How can I participate in the cooperative? As a member owner, you are given an opportunity each year to be nominated or to nominate someone for the RTC Board of Directors. The election of RTC Directors is held each year at RTC's Annual Meeting. The rights and obligations of RTC's members are covered in the RTC by-laws, which are printed in each RTC telephone directory. An RTC member may also obtain a copy of the by-laws or obtain any other information about the cooperative by calling RTC headquarters.

Questions to Consider

- a. What does the cooperative do?
- b. Why is the business a cooperative?
- c. What benefits does the cooperative create for its members?
- d. How is the company owned?
- e. How is the company controlled?

Materials and Resources

Webpage Resources

- <http://www.reservationtelephone.com/about.asp>

Activity Objectives

Students will understand how cooperatives work, how they are governed, and how they benefit the members

Materials

Fake money can be printed www.moneyinstructor.com/wsp/playmoney.asp#WORKSHEET
Index cards or scratch paper for students to write their "decision" (YES or NO).
Large electronic button as a visual to prompt them.
Chalk board or white board to guide discussion.

Activities and Procedures

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

Sometimes the best way for students to learn how cooperatives work is to engage them in a mock-cooperative experience in the classroom.

*This activity may be used as a part of any of the lessons. It fits nicely in the Intro to Cooperatives (Ch 1), Benefits of Cooperation (Ch 4), and People (Ch 7).

This activity will introduce students to the effect of cooperative business principles on the level of benefits members receive. The level of benefits any member receives from cooperatives is affected by the decisions all members make. This is demonstrated by asking students to consider how a cooperative member's decision affects themselves, other members, and the possible outcomes from these decisions.

Procedure:

1. Print fake money. Each student receives \$1 for each student in the classroom. For example, if there are 30 students in class, each receives \$30.
2. Distribute fake money to students.
3. Notify the students that they will have to whether to "push" the button.
4. Explain that the objective of the game is to keep as much of their original money as possible. The amount of money they are able to keep at the end of the game is affected by their choice to push the button and the choice of others.
5. Pushing the button has two effects.
 - i. Effect on everyone else: if you push your button (YES), everyone else will lose \$2.
 - a. How will others pushing their button affect you? (You would lose \$2). The effect is multiplied by the number of students who choose YES.
 - b. How many people would it take to choose YES in order for you to go broke?
 - ii. Effect on yourself: if you push your button (YES), your total loss is reduced from \$2 to \$1 for each student who chose YES.
 - iii. If you do not push your button (NO), then the only effect on you is the loss

of \$2 multiplied by the number of students who push their button.

6. Students should discuss what could happen. Points to include:
 - i. No one pushes the button (everyone chooses NO). Everyone would end up keeping their original money.
 - ii. Everyone pushes the button (everyone chooses YES). Everyone ends up with zero money. (See 5.i.a)
 - iii. 50% choose YES. If, for example, there were 30 people, each with \$30, then everyone who chooses NO loses \$30, while those who choose YES lose \$15. (See 5.ii)
 - iv. Consider motives that others would have to choose YES.
 - Competitive-How to take home the most.
 - Defensive-How to prevent losing the most.
 - Obnoxious-How to mess up the game for everyone.
 - Indifferent-Not caring about the outcome of the game.
 - Moral obligation-Choosing what is the "best" decision for all.
7. Students make their FINAL DECISION. The "decision" is YES or NO. Students write the word YES or NO on their index card or piece of paper anonymously.
8. Determine the outcome. Teacher collects the "decisions" and tallies the responses and calculates the fate of those who YES or NO.
9. Discuss the outcome.
 - i. How was the outcome affected by the interactive nature of the game. Points to discuss include
 - i. The effect of one student's decision on another determined final outcomes.
 - ii. All students had to consider whether they thought others would push.
 - ii. What decisions could have been made to improve the outcome of the game?
 - i. If students had to pay in order to play, what would change? Only students who were confident that they would be able to keep at least as much money as they paid to play would then play.
 - ii. If students could talk with each other about what their choice will be, then students could have had more opportunity to cooperate.

If students could have played the game several more, but an unknown number, of times then they could have had more opportunity to cooperate.

Net Income Distribution across Business Structure Types Worksheet

Objectives:

- Students will understand how net income is distributed to its member owners/users.
- Students will compare how net income is distributed differently in privately owned businesses, investor owned businesses, and member owned cooperatives.

Problem:

Determine the distribution of net income for three types of businesses. Consider that all three business types had a net income of **\$1,000,000**.

- 1) **Privately owned partnership** (two people)
Assuming only these two individuals are equal recipients of net income (profit).
- 2) **Investor owned corporation** (200 investors)
Assuming the 200 investors are equal recipients of net income (profit).
- 3) **Member owned cooperative** (200 members)
Assuming the 200 member owners are equal recipients of net income (profit).

Answer the following questions.

	1. Partnership	2. Corporation	3. Cooperative
How many people (owners) will receive a portion of the net income?			
How much money will each owner receive?			
How much of the net income will the customers receive?			

What effect will the distribution of net income have on the community where the customers are located?

Net Income Distribution across Business Structure Types Worksheet

Objectives:

- Students will understand how net income is distributed to its member owners/users.
- Students will compare how net income is distributed differently in privately owned businesses, investor owned businesses, and member owned cooperatives.

Problem:

Determine the distribution of net income for three types of businesses. Consider that all three business types had a net income of **\$1,000,000**.

- 4) **Privately owned partnership** (two people)
Assuming only these two individuals are equal recipients of net income (profit).
- 5) **Investor owned corporation** (200 investors)
Assuming the 200 investors are equal recipients of net income (profit).
- 6) **Member owned cooperative** (200 members)
Assuming the 200 member owners are equal recipients of net income (profit).

Answer the following questions.

	4. Partnership	5. Corporation	6. Cooperative
How many people (owners) will receive a portion of the net income?	2 people	200 people	200 people
How much money will each owner receive?	\$500,000	\$2000	\$2000
How much of the net income will the customers receive?	Zero	Zero	200 member owners will receive \$2000!!

What effect will the distribution of net income have on the community where the customers are located?

In the example of the cooperative, it would be very beneficial for the community if 200 members receive \$2000. This means 200 people benefit and will likely return a portion of the money to the community through everyday spending, etc. The customers of the partnership and the corporation do not receive any of the net income distribution.

Identification number _____

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 which distinguish cooperative businesses from other business forms in the United States.

	Yes	No
a) Owned by the users of the business	_____	_____
b) Controlled by the users of the business	_____	_____
c) Benefits provided to the users of the business	_____	_____

4. Do you think members of cooperatives have a responsibility to (place an "X" under "Yes" or "No")

	Yes	No
a) Understand what the cooperative does	_____	_____
b) Be employees of the cooperative	_____	_____
c) Select and evaluate directors	_____	_____
d) Recruit new members	_____	_____
e) Adopt bylaws	_____	_____
f) Provide financial capital	_____	_____

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. Members control the activities of a cooperative by
 - A. Receiving newsletters
 - B. Voting at annual meetings
 - C. Having a number of votes in proportion to ownership share in the co-op

8. One policy that members can control the share of profits 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
 - 1.
 - 2.
 - 3.

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 2 types of business structures.
 - 1.
 - 2.

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?

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.
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 goods or services below and name a cooperative business that provides it.

- a) Banking services
- b) Telecommunications services
- c) Marketing agricultural products
- d) Hardware products
- e) Farm supply products (fertilizer, etc.)
- f) Electricity
- g) Lodging
- g) Sporting goods
- f) Health insurance

26. What four types of cooperatives are there?

27. List three principles that characterize cooperative businesses.

Feelings about cooperative businesses

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

	1	2	3	4	5	
	(Strongly Disagree)				(Strongly Agree)	
1. Given a choice between a shareholder-controlled and a member-controlled bank, you would prefer to join a member-controlled bank.	<input type="checkbox"/>					
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.	<input type="checkbox"/>					
3. Given a choice between a shareholder-controlled and a member-controlled phone company, you would prefer to join a member-controlled phone company.		<input type="checkbox"/>				
4. Given a choice between a shareholder-controlled and a member-controlled electric company, you prefer to join a member-controlled electric company.		<input type="checkbox"/>				
5. You would be interested in learning more about co-ops.	<input type="checkbox"/>					
6. You would be interested in working for a co-op.	<input type="checkbox"/>					
7. You would be interested in learning which business in your community are co-ops.	<input type="checkbox"/>					
8. You would be interested in voting in a co-op someday.	<input type="checkbox"/>					
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>					
	<input type="checkbox"/>					

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 share of profits 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.

<input type="checkbox"/>				
<input type="checkbox"/>				
<input type="checkbox"/>				
<input type="checkbox"/>				

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?