Orientation for Prospective Coop Members

A Yard & A Half Landscaping Cooperative, Inc.
“A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.”
What is a Worker-Cooperative?

- **Worker-owned** – workers finance the coop together through an initial buy-in
- **Worker-controlled** on basis of “One worker, one vote”
- **Workers share surplus**
- **Worker-owner equity** stays in the coop as working capital
Why Worker-Cooperatives?

- Direct benefit from personal labor
- Reinvestment in local economies
- Stabilization of family & community
- Working capital for seasonal business
- Owner accounts “loan” capital for improvements and equipment
- Accessible to lower income owners
- Shared start-up costs and risks
- Employee buy-in and responsibility
- Higher employee well-being and satisfaction
- Professional growth & development
- Direct benefit from personal labor
- Reinvestment in local economies
- Stabilization of family & community
7 Cooperative Principles

1. Voluntary and open membership
2. Democratic member control
3. Members’ economic participation
4. Autonomy and independence
5. Education, training, and information
6. Cooperation among cooperatives
7. Concern for community
Democratic Control

Based on graphic from Equal Exchange www.equalexchange.coop
Who Does What?

D – Decision-maker
R – Ratifier, must approve final decision
I – Input-giver, opinion must be sought out by decision-makers

<table>
<thead>
<tr>
<th>Decision</th>
<th>CEO(s)</th>
<th>Worker-Owners</th>
<th>Mgmt Team</th>
<th>Who can I give input to?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create Annual Budget</td>
<td>D</td>
<td>R</td>
<td>I</td>
<td>CEOs, Worker-Owners</td>
</tr>
<tr>
<td>Allocate Patronage</td>
<td>I</td>
<td>D</td>
<td>I</td>
<td>Worker-Owners</td>
</tr>
<tr>
<td>Set Pay Ranges &amp; Benefits</td>
<td>D</td>
<td>R</td>
<td>I</td>
<td>CEOs, Worker-Owners</td>
</tr>
<tr>
<td>Set Compensation Philosophy</td>
<td>I</td>
<td>D</td>
<td>I</td>
<td>Worker-Owners</td>
</tr>
<tr>
<td>Amend Bylaws</td>
<td></td>
<td></td>
<td>D</td>
<td>Worker-Owners</td>
</tr>
<tr>
<td>Elect Board Officers</td>
<td></td>
<td></td>
<td>D</td>
<td>Worker-Owners</td>
</tr>
<tr>
<td>Evaluate/Hire co-CEOs</td>
<td></td>
<td></td>
<td>D</td>
<td>Worker-Owners</td>
</tr>
<tr>
<td>Evaluate/Hire Employees</td>
<td>D</td>
<td>I</td>
<td>I</td>
<td>CEOs, Mgmt Team</td>
</tr>
</tbody>
</table>
# Rights & Responsibilities

<table>
<thead>
<tr>
<th>Rights</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share in profits</td>
<td>Buy 1 share of stock</td>
</tr>
<tr>
<td>Make nominations for Board</td>
<td>Pay taxes on patronage and bear portion of any losses</td>
</tr>
<tr>
<td>Propose items &amp; speak at Worker-Owner meetings</td>
<td>Attend monthly Worker-Owner meetings</td>
</tr>
<tr>
<td>Vote for Board officers &amp; change to Bylaws</td>
<td>Recruit and mentor new &amp; prospective worker-owners</td>
</tr>
<tr>
<td>Serve on board and committees</td>
<td>Learn about operations of the coop to make good decisions</td>
</tr>
</tbody>
</table>
Surplus

Income $500,000

Cost & Expenses:
$450,000
Materials  Labor  Operating Expenses  Depreciation

Net income: $50,000

Profit
$10,000 generated by nonmembers

SURPLUS
$40,000 generated by members

C O O P E R A T I V E
Surplus

- Collective Account/Retained Earnings: $10,000
- Retained Patronage (member capital accounts): $15,000
- Surplus: $40,000
- Patronage Dividend: $30,000
- Cash Payment: $15,000

Paid later

Member #1: $2,500
Member #2: $3,000
Member #3: $3,500
Member #4: $4,000
Member #5: $2,000
Things to Think About

- Ownership is a commitment of money, but also of time and energy.
- Owners share in the profit, but also in the risk. Individual owner accounts will lose value if the company loses money.
- You may become ineligible for some forms of public assistance due to increased income.
- You are responsible for what happens in the company. You may face personal legal & financial liability if good financial controls and governance structures are not maintained.
Becoming a Member

• Current employee
• Sponsorship by current Member
• 3 seasons of employment (>20 hrs/wk) – past employment with AY&AH may be considered
• Sign Member Agreement agreeing to Bylaws, including to pay taxes using a government-issued tax ID number (SSN/ITIN)
• Sign Share Purchase Agreement to purchase 1 share at $7,000
• Approval by vote of majority of Board Members

NOTE: Shares cannot be sold, gifted, or inherited. On separation, shares will be paid out within 3 years.