

WHAT IS A CO-OP?

At its most basic, a cooperative is an independent group of people who choose to cooperate for mutual social, economic, or cultural benefit. A co-op is collectively owned and managed by its members, whether consumers, employees, producers, or multiple stakeholders. Co-ops meet specific member needs and adapt to changing requirements, serving purposes like joint purchasing, sharing services, boosting buying power, and expanding access to goods and services.

Why form a co-op?

Unlike traditional businesses focused on financial returns, co-op members come together to meet shared product or service needs. They gain access to otherwise unavailable products, services, or markets by becoming co-owners. Co-ops share financial benefits through discounts, cost savings, dividends, or patronage refunds.

Who owns a cooperative?

Co-ops are owned by the people who use them. Owners vote on big decisions and elect a board of directors to represent their interests. Cooperatives are established to meet and respond to the needs of the owners.

What values guide a cooperative?

Cooperatives operate based on values that align with common personal principles, including self-responsibility, democracy, equality, honesty, and social responsibility. In addition to these common values, co-ops around the world share the Seven Basic Cooperative Principles to serve as guidelines for cooperation.

SEVEN COOPERATIVE PRINCIPLES

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

How do co-ops form in Montana?

Montana law permits four types of co-ops: cooperative associations, agricultural associations, cooperative agricultural marketing associations, and rural utility cooperatives. Most non-agricultural co-ops incorporate as cooperative associations for trade, industry, commodity distribution, or loans among members.

How are cooperatives capitalized?

Capitalization involves providing initial assets. Montana co-op associations issue common stock, with each member limited to one share for voting. Preferred stock may also be issued for capital, without voting rights but with profit preferences.