

A COMPARISON OF BUSINESS STRUCTURES*

	Cooperative Corporation	Unincorporated Cooperative Association (UCA)	Corporation (C Corporation or S Corporation)	Limited Liability Company (LLC)	Partnership	Proprietorship	Non-Profit
Governing Wisconsin Statute	Chapter 185	Chapter 193	Chapter 180	Chapter 183	Chapter 178 (general) Chapter 179 (limited)	No specific statute; must meet general business legal requirements	Chapter 181 (corporation) Chapter 184 (Association)
Who are the owners?	Members (individuals or entities) who are patrons; preferred stock shareholders**	Members (individuals or entities) who are patrons; members (individuals and entities) who are not patrons but are investors	One or more shareholders (individuals or entities). An S Corporation is limited to 100 shareholders.	One or more individuals who are LLC members	At least two partners (individuals or entities)	Individual proprietor	Members
Who establishes policy?	Board of Directors elected by patron members	Board of Directors elected by patron members and investor members	Board of Directors elected by shareholders	LLC members	Partners	Proprietor	Board of Directors
How much investment is required for ownership?	Determined by bylaws. Usually one share/fee to establish membership.	Determined by bylaws.	One share of stock	At discretion of LLC members	At discretion of partners	At discretion of owner	Membership fee
What is the purpose of the business?	To meet member needs for goods or services, marketing members' product, and earn a return on member investment	To meet member needs for goods or services, marketing members' product, and earn a return on member investment	To earn a return on owner investments	To earn a return on members' investments; to provide employment for members	To provide employment for partners and a return on partners' investment	To provide employment for owner and a return on owner's investment	To provide services or information
What is the individual owner's legal liability?	Limited to members' investment in the cooperative	Limited to members' investment in the UCA	Limited to shareholder's investment in the corporation	Limited to LLC member(s)' investment in the LLC	Unlimited for general partners, limited to limited partner(s)' investment in the partnership	Unlimited for owner	Limited to assets of the organization
How is the business financed?	Retained profits; sale of shares to members and outside investors	Retained profits; sale of shares to patron and nonpatron members	Retained profits and sale of shares	LLC members' investments and retained profits	Partners' investments and retained profits	Proprietor's investment and retained profits	Grants, individual contributions, fees for services
Who receives profits?	Members in proportion to their use; preferred shareholders in proportion to investment, up to 8%	Patron and nonpatron members in proportion to their investment; patron members in proportion to their use	Shareholders in proportion to investment	LLC members in proportion to investment or by agreement	Partners in proportion to investment or by agreement	Proprietor	Retained within the organization
Who pays income taxes on the profit?	Members pay on qualified allocated profit and cash received; co-op pays on nonqualified and unallocated profits	Members pay individual rate, or can elect to be taxed as cooperative corporation	C corp. pays corporate rate on profits; shareholders pay individual capital gains rate on dividends; S corp. shareholders pay individual rate on profit share and capital gains	LLC members pay individual rate, or can elect to be taxed as corporation	Partners pay individual rate	Proprietor pays individual rate	Not applicable

* There may be exceptions to what is summarized here. See statutes for further information.

** Preferred stock shareholders may include nonmembers. As a group, preferred stock shareholders do not set policy; only members can vote for directors.