

Check out these agricultural Cooperatives, collaboratives and farmer-owned businesses:

Organic Valley
<http://www.organicvalley.coop/>

OFARM
<http://www.ofarm.org/>

Deep Root Cooperative
<http://www.deeprootorganic.com/>

Cabot
<http://www.cabotcheese.com/>

Good Natured Family Farms
<http://www.goodnatured.net>



For more information, check out:

A Legal Guide to the Business of Farming in Vermont
<http://www.uvm.edu/landlinkvt/legalguide.html>

Business and Taxes
<http://www.irs.gov/businesses/index.html>

National Cooperative Business Association
<http://www.ncba.coop>

Other Ownership Structures
<http://www.nolo.com>



The Burlington Food Hub Project is a multi-year project during which the Intervale Center is exploring the marketing challenges and opportunities available to Vermont farmers.

Based on our research, our goal is to offer and collectively implement one or more solution(s) to the marketing, distribution, logistics and/or storage challenges experienced by farmers serving the Burlington food shed.

A key component of this project is shared ownership.

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Coop or LLC?



Exploring Shared Ownership Options on the Farm

Burlington Food Hub Project



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Limited Liability Corporations, or LLCs, are hybrid businesses.

They provide the **limited liability** features of a corporation and the tax efficiencies and **operational flexibility** of a partnership.



Limited liability means that each investing farmer is only responsible or liable for as much as his or her investment.

Each investor owner reports profits and losses on his or her own income tax Returns. The LLC is **not** a separate taxable entity; it is a “pass through.”

Operational flexibility means that management and oversight can be structured in many ways as determined by bylaws.

Power within the LLC can be distributed by **financial stake** (more capital investment means more power) OR **investor** (all investors equal regardless of capital investment).

LLCs share the benefits of a cooperatives in a **for profit structure**. They are great options for employee-owned or cooperative businesses because **ALL owners are members**.

Farmers may choose to **not** join or form an LLC because of:

- For-profit status
- “Pass Through” Tax Status
- Time commitment in management or governance



Cooperatives,

or coops, are formal **non-profit** businesses which are owned and democratically controlled by their members.

Members of a coop can be EITHER people who use the cooperative’s services OR people who buy the goods.

Coops can be governed in different ways. However, as **democratically managed non-profits**, all profits generated by a coop are returned to members based either on use OR equity share, most often in the form of a “rebate” that is issued quarterly or annually.



Many farmers’ coops are

PRODUCER COOPS. These coops are owned by farmers who produce similar types of products and market them collectively.

Together, farmers can:

- Leverage more bargaining power
- Combine resources to market more effectively
- Combine resources for capital investments

Farmers may choose to **not** join or form a coop because of:

- Nonprofit status
- Loss of control over product marketing
- Shared risk
- Time commitment in governance or coop management

Why shared ownership can make sense

Shared investment means shared risks, burdens and rewards.

Shared capital investment means shared infrastructure, processing or trucking.

Shared

- Distribution
- Marketing
- Branding
- Logistics
- Storage



Means Saved Time.

Working together means a sense of community and common purpose.