

Glossary

Welcome to the Glossary. When you are finished, click on the "close window" box on the browser window title bar to leave the Glossary.

Annual Meeting

Legally required meeting of all member owners to review operating results, decide policies and elect representatives to committees and boards.

Annual Report

A document including audited financial statements that reflect financial conditions and activity over the organization's fiscal year.

Board of Directors

A group of persons elected by the member owners to govern or control the affairs of the cooperative.

Commercially Owned Business

An organization owned by investors with the ultimate mission of making a profit.

Cooperative Articles and By-laws

Documents that explain how the cooperative will be organized and provide basic operating rules and provisions.

Credit Policy

legal policies of a cooperative with regard to the issuance of credit and management of accounts receivable.

Earnings

An organization's profits. Calculated by subtracting total expenses from total income.

Economic Benefits

The improvement in economic status member owner's experience when doing business with a cooperative. Typically experienced through a combination of receiving higher quality goods or services and patronage refunds.

Equity

Ownership in the cooperative generally arising from direct investment and cooperative earnings.

Estate

All of the property and debts left by someone after death.

Fiscal Year

A 12-month accounting period for which the organization issues an annual report focussing on the financial condition of the cooperative.

Fixed Asset

Investments in land, buildings, equipment, fixtures and other tangible assets required to conduct business.

International Cooperative

A cooperative serving members in more than one country.

International Cooperative Alliance

An independent, non-governmental association that unites, represents and serves cooperatives worldwide.

Investors

Individuals who purchase stock from a company with the intention of receiving financial returns on that investment.

Local Cooperative

Cooperative servicing membership in a locality.

Member Owners

Customers who have earned equity in a cooperative by purchasing products or selling commodities through the cooperative.

Open Membership

A policy allowing membership to anyone meeting minimal qualification standards.

Operating Capital

Monies needed to fund the day-to-day operation of the business. Used to pay bills, purchase inventory and finance accounts receivable.

Patron

A person who purchases products or sells commodities through the cooperative.

Patronage

Distribution of earnings from a cooperative to its member owners. Includes both stock patronage (increased ownership in the cooperative) and cash amounts.

Regional Cooperatives

A cooperative serving members in a relatively large geographical area, usually involving a fairly large section of a state or several states.

Retained Profits

A portion of the business' earnings kept by the business to guard against future losses. Similar to unallocated capital reserve, but a term more commonly used in non-cooperative businesses.

Stock

Ownership in a cooperative either purchased outright to gain membership or earned through doing business with the cooperative. Other terms used to identify ownership include Equity Credits, Class A, B or C Stock and Preferred Stock.

Unallocated Capital Reserve

Equity set aside to guard against future losses. This account protects the value of the patron's stock. Similar to retained earnings.