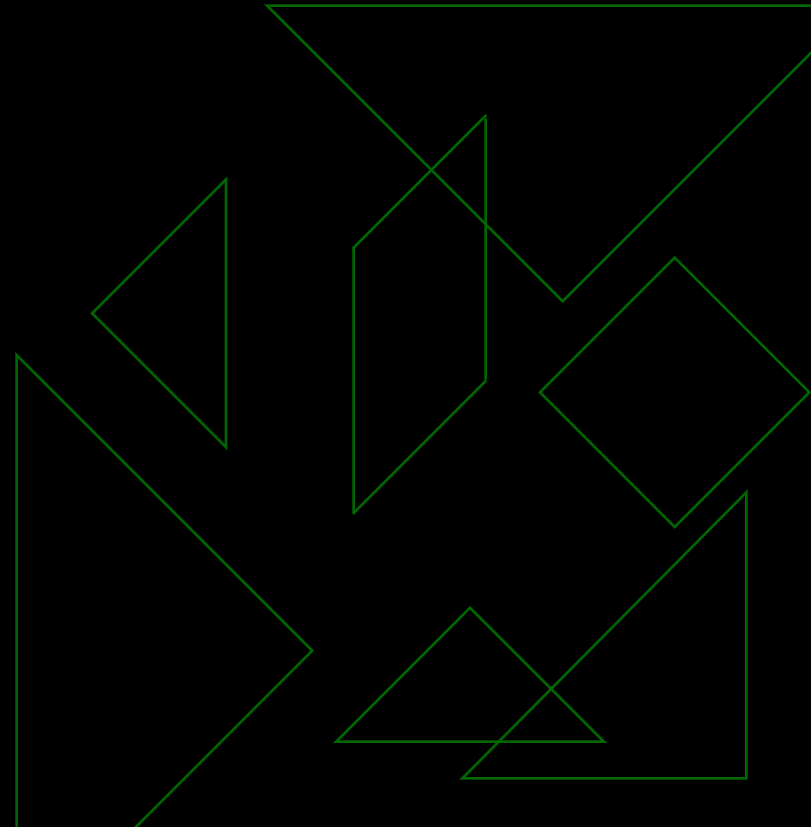


Market Structure Matters

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Structure: Legal, Governance, Management


- ◆ Liability
- ◆ Clarity
- ◆ Character
- ◆ Profitability



Choosing the 'right' structure



Consider

- ◆ Needs now
 - ◆ Needs in 5 years
 - ◆ Size, complexity and goals
 - ◆ Control, Capital, Liability, Profits, Taxes
- 

Consider Sponsorship

Especially when starting

- ◆ Does the Market fit with the mission and legal structure of the sponsor?
- ◆ Market needs a board, by-laws, manager, budget, policies and insurance even if sponsored
- ◆ Evaluate relationship annually

Individually Owned

Control - Owner

Capital - Owner supplies equity

Liability - Personal Liability

Earnings - Profits belong to the owner

Taxes - Profits taxed as owner's income

Life - Continues until owner sells or closes

S Corporation

Control - Shareholders elect board, hold annual meeting, file annual report.

Capital - Shareholders purchase equity stock.

Liability - Limited liability.

Earnings - Profits distributed to shareholders based on equity contribution.

Taxes - Corporate income or as shareholder income.

Life - Perpetual or until shareholders dissolve.

Limited Liability Company

Control - LLC Members determine and outline in Operating Agreement.

Capital - Members provide equity as per Agreement

Liability - Limited to member investment.

Earnings - Members share profits as per Agreement.

Taxes - Check box: corporation or personal.

Life - Perpetual existence or until members sell or dissolve as per Agreement.

Non-Profit

Control - Members elect the board.

Capital - Members provide equity; grants, contributions.

Liability - Limited to member investment.

Earnings- Profits held in the corporation.

Taxes - Taxed as corporation or not taxed.

Life - Perpetual existence or continues until members sell or dissolve.

Non-Profit

- ◆ 501 (c) 3: religious, charitable, scientific or educational. Often sponsor markets.
- ◆ 501 (c) 6: business association. Most common type of market legal structure.

Cooperative

Control - Members elect board.

Capital - Members provide equity.

Liability - Limited to member investment.

Earnings - Profits shared by members based on use.

Taxes - Income taxed **either** as corporate income or as member income.

Life - Perpetual existence or until members dissolve.

Co-op Basics

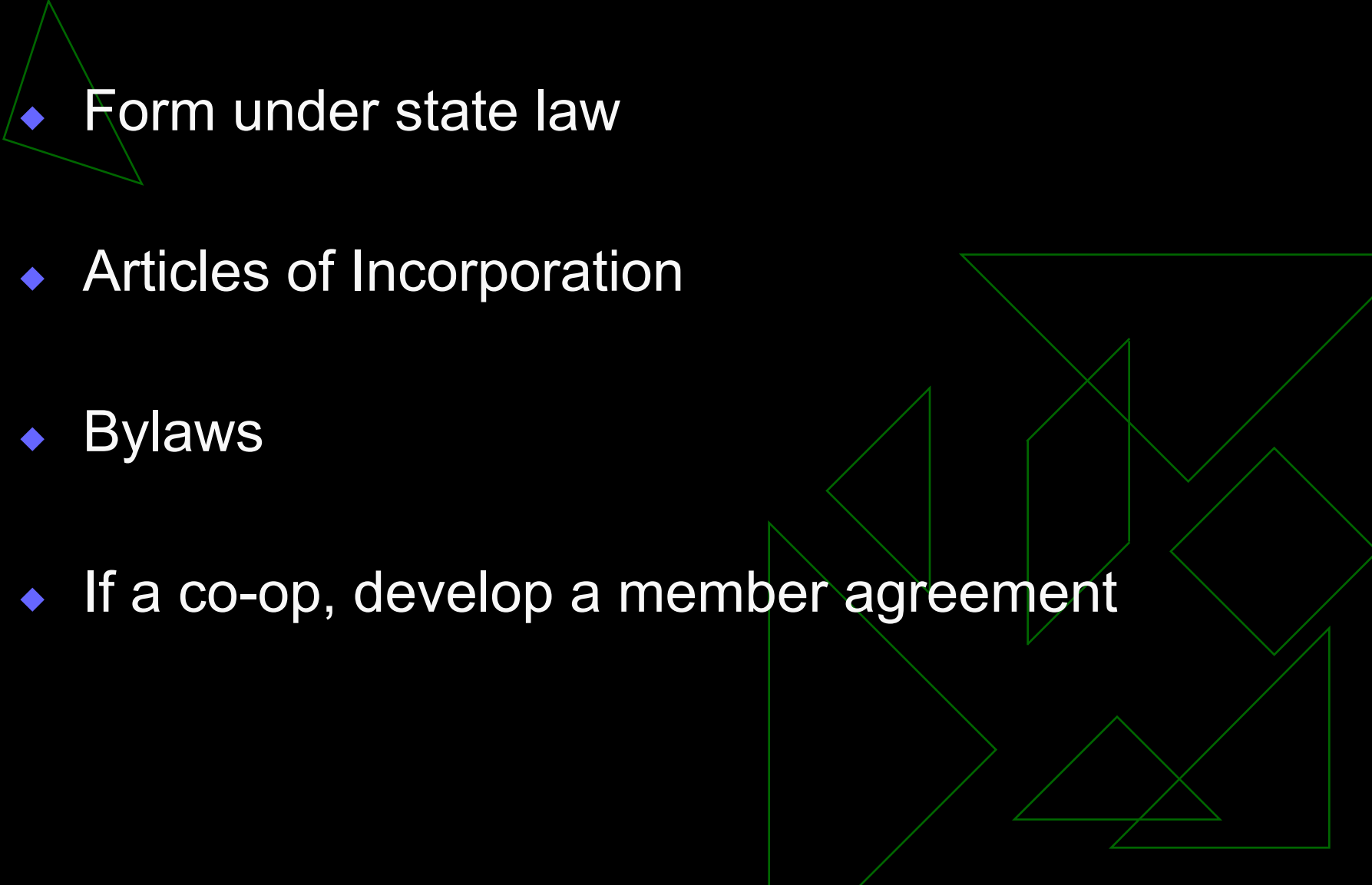
- ◆ Users – Own the Co-op
- ◆ Users – Control the Co-op
- ◆ Users – Receive the Benefits
- ◆ Users – Share the profits / losses

The market can organize based on cooperative principles and incorporate as a cooperative (consumer or vendor/farmer members) or as an LLC.

Basic Structure

- ◆ Governance: Board responsible for overall control and direction of business; hires manager.
- ◆ Management runs things day to day; reports to Board.
- ◆ Members (if a co-op) elect Board and make decisions affecting them
 - New business direction
 - Liquidation
 - Other decisions based on bylaws

Incorporation Steps

- ◆ Form under state law
 - ◆ Articles of Incorporation
 - ◆ Bylaws
 - ◆ If a co-op, develop a member agreement
- 
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Next steps

- ◆ Organize first meeting of incorporators and first meeting of board, adopt by-laws, agreements
- ◆ Organize Governance, elect officers
- ◆ Recruit and Hire Management

Management Tasks

Vendors: recruiting, vetting, registering, assigning spaces, collecting dues, fees and fines

Organize pre-start, season and post season details

Collect market data: sales, attendance

Day to day administration

Enforce market rules, policies, penalties

Answer questions

Respond to complaints; deal with conflicts

Promote market

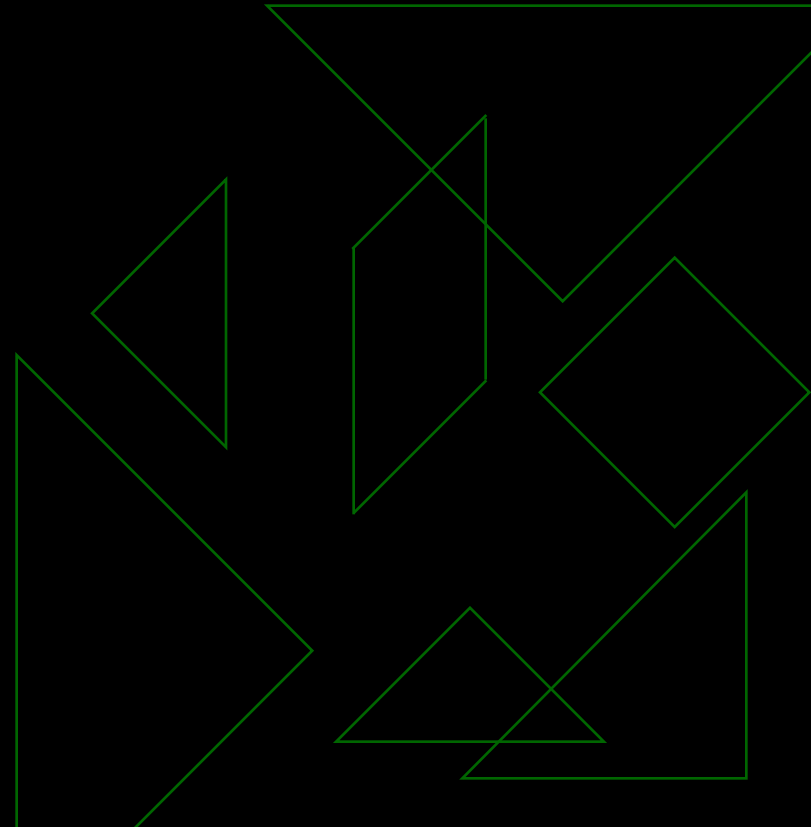
Organize events

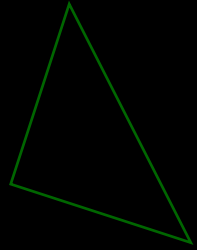
Financial administration

Assure regulatory compliance

Work with community

Report to Board





Questions?

