



August 11, 2014

ABOUT NAPHN and COOPERATIVES

ABOUT NAPHN

Mission:

The North American Passive House Network (NAPHN) works cooperatively in support of regional advocacy member organizations to promote, advocate and mobilize the building industries of North America to implement the international Passive House Standard and dramatically improve the quality and sustainability of our built environment.

Organizational Priorities:

NAPHN fosters a vibrant and open Passive House community. We are incorporated as a legal Cooperative in order to formally share resources, information and financial benefits and responsibilities. Our common mission is to support and promote regional groups that promote the Passive House Standard to the public at large. The intent of the organization is to maintain a small footprint and minimize any potential financial demands on member groups.

Membership:

Regional groups are members of NAPHN. Individuals and commercial corporations cannot be members of NAPHN.

Organizational Form:

NAPHN originally operated as an unincorporated association of regional member organizations. On July 24, 2014, four of the existing regional member representatives filed documents to incorporate as a Cooperative Corporation. This filing will allow the NAPHN to better serve and represent a growing membership without being reliant on any one particular member organization. It will continue to maintain the simplest legal structure necessary to accomplish the Network's functions.

How We Work:

For day-to-day operations, representatives from the member organizations convene regularly to share updates on regional activities. Mutually beneficial information and resources are exchanged between regional organizations on a voluntary basis. Shared events and activities are initiated at these meetings and management of those tasks are determined. Member representatives at these regular roundtable meetings determine duties and functions of the NAPHN Cooperative. Additional tasks and sub-committee meetings are held, as necessary, to perform the functions and duties of the

organization. Each member organization has one vote. Decisions are reached via consensus, or a super-majority vote when consensus is not attainable.

For governance, there is a board of directors composed of one representative from each member organization. See Articles of Incorporation and Bylaws for more information.

Finances:

Financial support is generated through the services provided by NAPHN, either to the public at large such as the annual NAPHN conference, or to member organizations, which may be in the form of administrative or marketing support as mutually agreed and contracted for. Additionally, as the cooperative determines necessary, member organizations may be required to invest in General Stock. It is the goal of the cooperative to grow in a way that will maximize service generated income and minimize the need for member investment. Gifts and sponsorships by individuals or organizations with common goals, are also a welcome form of financial support. Upon signing the Subscription Agreement each member organization pays a one-time fee of \$100 US, for one share of Member Stock.

Services Provided:

NAPHN's services are to be limited to those tasks that are mutually agreed upon by the members. NAPHN will not provide PH training or certification services and will not enter into direct contracts with organizations or companies for such services.

Reciprocal professional level membership:

NAPHN members agree to extend the same discounted member rate to other regional NAPHN member group members, for events hosted by the regional organization, or other benefits directly provided by the members as mutually and specifically agreed to.

Activities of NAPHN in progress:

- Creation of a central website that directs visitors to our local regional member organizations.
- Providing a centralized sharing portal of resources created by regional groups and made available to all others.
- Provide a central calendar to help coordinate & publicize regional events and trainings.
- Coordination of a regular NAPHN conference.
- Promotion and help facilitate the work of Passive House advocates and practitioners of member organizations including their regional conferences.
- Cooperation with building science, green building, educational and other organizations with shared interests.
- Advocate for Passive House at regional, national and continental levels.
- Support of advocacy efforts with member organizations and the Passive House Institute.
- Promotion of Passive House training in North America.
- Promotion of Passive House certifications in North America.
- Advocacy to governments and related NGOs.
- Advocacy into regions not represented by member organizations.

Find out more about NAPHN at www.naphnetwork.org

ABOUT COOPERATIVES:

(Source: <http://cooperativeassociations.uslegal.com/>)

What is a Cooperative?

A cooperative corporation is a grouping of persons for their common advantage or advancement, financial or otherwise, and is organized for the mutual benefit of its members[i]. For instance, the purpose of cooperative marketing is to promote the direct marketing of agricultural products by eliminating speculation and waste. By virtue of cooperative bargaining, members secure a better platform for selling their products and are able to conduct their business at a lower cost per unit. - See more at: <http://cooperativeassociations.uslegal.com/#sthash.v19mS97V.dpuf>

How is a Coop different from a regular Non-Profit organization?

The term cooperative association signifies a business organization formed by a group of individuals for their mutual benefit. A cooperative is owned and operated by its members and is generally organized either under general business laws or under specific statutes applicable to cooperative associations. A cooperative corporation is distinct from a charitable association organized for some benevolent purpose. - See more at: <http://cooperativeassociations.uslegal.com/#sthash.v19mS97V.dpuf>

What are the benefits of membership?

Each shareholder has equal ownership and exercises an equal share in the control of the association, irrespective of the number of shares of stock held by such shareholder[iii]. Profit earned by the association is proportionately divided among the shareholders on the basis of the amount of their patronage during the period the profit was earned. A cooperative association will continue to function even after the withdrawal or expulsion of individual members and individual members will not have any present possessory interest in the association's assets until liquidation. - See more at: <http://cooperativeassociations.uslegal.com/#sthash.v19mS97V.dpuf>

What rights and duties is required of members?

The members' rights and duties are governed by the by laws or charter of the association and members cannot claim any right which is not expressly provided in the charter of incorporation. Thus, the members of a nonstock consumers' co-operative organized under the Co-operative Corporations Law, whose articles of incorporation and by-laws contain no provisions relating to distribution of assets or rights of members upon dissolution have no rights, vested or contingent, in the assets of such corporation upon dissolution[ii]. - See more at: <http://cooperativeassociations.uslegal.com/#sthash.v19mS97V.dpuf>

A cooperative conducts most of its business with its own members. The number of shares held by them does not determine voting rights of the members and each member or stockholder has one vote, unless otherwise stipulated by the articles of association. - See more at: <http://cooperativeassociations.uslegal.com/#sthash.v19mS97V.dpuf>

Is a Coop taxed and are dividends taxable?

A cooperative association is subject to the provisions of the Social Security Act. For taxing purposes, both the non-exempt stock cooperative and its stockholders are taxed on amounts which the non-exempt cooperative distributes as dividends on its capital stock[iv]. A co-operative may repurchase its

own stock so long as it does not impair capital stock[v]. - See more at:
<http://cooperativeassociations.uslegal.com/#sthash.v19mS97V.dpuf>

What are the legal responsibilities of a Coop?

An incorporated cooperative association is a distinct legal entity and can sue and be sued as an entity, provided, the statute creating such organization stipulates so. However, courts have also held that “an express statutory provision is not indispensable to an association’s capacity to sue or be sued in its association name. Such a suit may be maintained by virtue of a necessary implication arising from statutory provisions, as in cases where an unincorporated association is recognized as a legal entity by statutes which do not in terms authorize it to sue or be sued as such[vi].”

By virtue of its separate legal status, an unincorporated association can acquire, hold, encumber, or transfer an estate or interest in real or personal property in its own name[vii].

- See more at: <http://cooperativeassociations.uslegal.com/#sthash.v19mS97V.dpuf>

[i] Michael v. St. Paul Mercury Indem. Co., 92 F. Supp. 140, 144 (D. Ark. 1950)

[ii] Attinson v. Consumer-Farmer Milk Co-op., 197 Misc. 336 (N.Y. Sup. Ct. 1950)

[iii] Lambert v. Fisherman’s Dock Cooperative, Inc., 115 N.J. Super. 424 (App.Div. 1971)

[iv] Farmers Cooperative Co. v. Birmingham, 86 F. Supp. 201, 211 (N.D. Iowa 1949)

[v] Burk v. Coop. Fin. Corp., 62 Wn.2d 740, 748 (Wash. 1963)

[vi] Teubert v. Wisconsin Interscholastic Athletic Asso., 8 Wis. 2d 373, 376 (Wis. 1959)

[vii] Uniform Unincorporated Nonprofit Association Act § 4

- See more at: <http://cooperativeassociations.uslegal.com/#sthash.v19mS97V.dpuf>