

Business Entity Comparison Chart

Characteristics & Entities	Sole Proprietorship	General Partnership	Limited Partnership	C Corporation	S Corporation	LLC	Cooperative	Limited Cooperative Association
Formation Documents	None	General Partnership Agreement Local filings if partnership holds real estate	Limited Partnership Certificate; Limited Partnership Agreement	Articles of Incorporation; Bylaws; Organizational Board Resolutions; Stock Certificates; Stock Ledger	Articles of Incorporation; Bylaws; Organizational Board Resolutions; Stock Certificates; Stock Ledger; IRS "S-Corp" Election	Certificate of Organization Operating Agreement	Articles of Incorporation; Bylaws; Organizational Board Resolutions; Stock Certificates*; Stock Ledger* <small>*exceptions for Nonstock Cooperatives or other circumstances</small>	Certificate of Organization; Bylaws; Organizational Board Resolutions
Ownership	One owner	Unlimited number of general partners allowed	Unlimited number of general or limited partners allowed	Unlimited number of shareholders allowed; No limit on stock classes	Up to 100 shareholders allowed; Only one basic class of stock	Unlimited number of "members" allowed	Unlimited number of shareholders or members allowed	Unlimited number of patron members and investor members allowed
Capital Contributions	Sole proprietor contributes whatever capital needed	General partners typically contribute money or services to partnership and receive an interest in profits and losses	The general and limited partners typically contribute money or services to the limited partnership and receive an interest in the profits and losses	Shareholders typically purchase stock in the corporation; Stock may be either common or preferred	Shareholders typically purchase stock in the corporation, but only one class of stock is allowed	The members typically contribute money or services to the LLC, and receive an interest in profits and losses	Members typically purchase one share of voting stock (one member-one vote) in the cooperative; Cooperative may issue preferred stock; margins of the cooperative may be used to fund ongoing operations	Patron members typically purchase one voting membership (one member-one vote); LCA may issue Investor Memberships; margins of the LCA may be used to fund ongoing operations
Management	Sole proprietor manages the business	General partners have equal management rights unless otherwise agreed	General partner manages the business, subject to any limitations of the Limited Partnership Agreement	Board of Directors has overall management responsibility; Officers have day-to-day responsibility	Board of Directors has overall management responsibility; Officers have day-to-day responsibility	The Operating Agreement sets forth how the business is to be managed. A manager can be designated	Board of Directors has overall management responsibility; Manager/Officers have day-to-day responsibility	Board of Directors has overall management responsibility; Manager/Officers have day-to-day responsibility
Personal Liability of Owners	Unlimited personal liability for the obligations of the business	General partners have unlimited personal liability for obligations of the business	Unlimited personal liability of the <u>general</u> partners for the obligations of the business; <u>Limited</u> partners usually have no personal liability	Generally no personal liability of the shareholders for the obligations of the corporation	Generally, no personal liability of the shareholders for the obligations of the corporation	Generally no personal liability of the members for the obligations of the LLC	Generally no personal liability of the shareholders or members for the obligations of the cooperative	Generally no personal liability of the patron members or investor members for the obligations of the LCA
Tax Treatment	Non-entity for tax purposes; Sole proprietor bears all profits and losses; individual tax rate applies	Non-entity for tax purposes; profits and losses are passed through to the general and limited partners	Non-entity for tax purposes as profits and losses are passed through to the general and limited partners	Distinct entity for tax purposes; Earnings taxed at corporate level; Shareholders may owe further tax on distributions ("Double-taxation")	Entity generally not taxed as the profits are passed through to the shareholders ("Pass-through taxation")	Entity not taxed (unless chosen to be taxed), as the profits and losses are passed through to the members	Generally, patronage-sourced income is eligible for single-tax treatment; non-patronage-sourced income is subject to tax at the cooperative level when earned and at the recipient level when paid out to the patrons	LCA may choose to be taxed as either a cooperative corporation (Sub T) or a limited liability partnership (Sub K) ("Pass-through taxation")