

BYLAWS

ARTICLE I: PURPOSE

The Collective Yoga Cooperative, LWCA (referred herein as, “The Collective Yoga Co-op,” “the Co-op,” or, “the Collective”) is a cooperative formed under the laws of the State of Illinois, pursuant to 805 ILCS 317.

1.1 The purpose of the Co-op is to serve the needs of its Owners and other patrons by providing yoga classes, both virtually and in-person, and other consumer goods and services exclusively on a co-operative basis. Per that intention, the Co-op may also participate in other activities and provide other goods or services as needed by its Owners and patrons.

1.2 Cooperative philosophy and values are an essential part of our enterprise; therefore to achieve its purpose, the Collective will adhere to the seven cooperative principles as adopted by the International Cooperative Alliance.

- 1.2.1 Voluntary and Open Membership
- 1.2.2 Democratic Member Control, One Member = One Vote
- 1.2.3 Member Economic Participation
- 1.2.4 Autonomy and Independence
- 1.2.5 Education, Training, and Information
- 1.2.6 Co-operation among Co-operatives
- 1.2.7 Concern for Community

1.3 The Co-op shall not discriminate on the basis of gender or gender identity, race, religion, national origin or ethnicity, citizenship, age, sexual orientation, disability, marital or familial status or any other basis protected against discrimination under applicable law.

ARTICLE II: OWNERS AND CAPITAL STRUCTURE

2.1 Capital structure of the limited cooperative association: \$2,000 in equity, and \$7,000 in capital obtained through donations.

2.2. Ownership in the Co-op shall be voluntary and open to any qualified yoga teacher who receives a unanimous vote from all current Owners and will accept the responsibilities of Ownership. Ownership is ongoing until the event of termination, whether voluntary or involuntary.

2.2.1 “Qualified” here means having completed a 200-hour Yoga Teacher Training and being at least eighteen (18) years of age. The qualification concerning the 200-hour training can be waived by a unanimous vote by current Owners.

2.2.2 Owners need not be residents of the State of Illinois. Owners do need to be residents of the United States.

2.3 For clarity, due to the nature of the yoga studio revenue structure, the terminology in this document will operate as follows:

2.3.1 “Owners” = worker-members of the Co-op, referred herein as “Worker-Owners” for clarity. These individuals are yoga teachers who are shareholders of The Collective Yoga Co-op.

2.3.2 “Patrons” = any individual who utilizes the goods and services offered by the Owners of the Co-op. Patrons are not shareholders of The Collective Yoga Co-op.

2.3.3 “Members” = patrons of the Co-op who purchase a monthly recurring membership to avail of the goods and services offered by the Owners. Members are not shareholders of The Collective Yoga Co-op.

2.4 Ownership in the Co-op is not equal to (monthly recurring) Membership paid by clients. Members do not have voting power within the Co-op. Membership shall be voluntary and open to any person that wishes to support the Co-op’s activities and intends to use its services. Each individual person may purchase their own membership to utilize the services of the Co-op. Patrons may also use the Co-op’s services on a drop-in or class package basis. Patrons are always encouraged to utilize their voices to provide feedback and suggestions about the Co-op services.

2.4.1 Pursuant to the principles of a cooperative, Owners may create opportunities for Members to vote on specific issues related to the Co-op. Such voting opportunities will be created at the sole discretion of the Owners. Each Member will be given one (1) vote and will receive notice in advance of the start and end date of the voting period.

2.4.2 Owners may establish categories of Patrons (student, elderly, yoga-for-trade, or low-income persons, for example) that may be extended some or all Member benefits as determined by the Owners.

2.5 To evidence capital funds provided by Owners, the Co-op shall issue shares. Shares may be issued only to persons, eligible for, and admitted to Ownership in the Co-op. There are ten equal shares available and each share costs \$500, or the labor or teaching equivalent (40 hours), or a combination of money and labor hours. Each Owner is limited to the purchase of one (1) share. The minimum share purchase requirement may be increased generally, provided that such increase applies equally to both newly-admitted Owners and current Owners. Current Owners must pay the difference between the price already paid and the increased share purchase price.

2.5.1 Each Owner, upon unanimous vote by current Owners, shall not be considered fully vested until completion of the purchase of their shares. New Owners have ninety (90) days to complete purchase of their share, unless payment or labor arrangements

are made and agreed upon in writing. Should a new Owner not complete purchase of their share within ninety (90) days, they may forfeit their Ownership.

2.6 Ownership may be terminated on a voluntary basis by an Owner at any time upon written notice to the other Owners. Such termination shall take effect when the notice is delivered unless the notice specifies a future date; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

2.7 Ownership may also be terminated on an involuntary basis for cause by unanimous vote by other members, provided the accused Owner is first granted sufficient opportunity to answer to the charges in person or in writing. "For cause" termination must be based upon seriously inappropriate behavior which must include at least one of the following circumstances:

2.7.1 A deliberate neglect to deal fairly with the Collective in connection with any matters in which the Owner has a material conflict of interest.

2.7.2 A violation of criminal law at, or in connection with, activities of the Co-op, unless the Owner had reasonable cause to believe their conduct was lawful or no reasonable cause to believe their conduct was unlawful.

2.7.3 A transaction with the Co-op from which the Owner obtained an improper personal benefit.

2.7.4 Willful misconduct or disruptive behavior on a second occasion after clear written warning that such conduct or behavior could result in loss of Ownership status. "Willful misconduct or disruptive behavior" includes but is not limited to inappropriate behavior, repeated abusive or offensive behavior, harassment of any kind, aggression or microaggression, and violence. The Owners can waive the written warning and terminate an Owner after a first occasion, by unanimous vote.

2.8 Vacancies. In the event of a vacancy occurring in the Owners due to resignation or termination pursuant to section 2.6 and 2.7 the Owners may either appoint someone from within the Co-op to serve in the vacant role until the role can be filled, or divide their responsibilities among the remaining Owners. Such appointment shall be by majority vote of the remaining Owners present.

2.9 Upon termination of Ownership, all rights and interests in the Co-op shall cease except for rights to redemption of the Owner's capital in accordance with these Bylaws.

2.10 Upon termination of Ownership, shares shall be redeemed by the Co-op within ninety (90) days of termination, subject to the Treasurer determining when money is available for refunds and how much may safely be refunded each fiscal year. Shares shall be redeemable for the amount purchased. No redemption shall be made when such payment would impair the ability

of the Co-op to meet its other obligations as they become due. Reapplications for Ownership after full or partial redemption shall be subject to full repayment of redemption proceeds.

2.11 Ownership rights and interests, including any shares held, may not be sold, assigned or otherwise transferred in any way to another person or entity unless the Owner shall first give the Co-op an opportunity to purchase the same, after reasonable notice of at least ninety (90) days, at the amount paid for said shares to said Co-op. All shares purchased by the Co-op under the provisions of this section shall be held only for sale to new shareholders.

2.11.1 In the event that the Co-op does not elect to purchase an Owner's shares, and said Owner proceeds to sell, assign or transfer their shares to another person, said Owner shall provide written notice to the Co-op of the intended sale, assignment or transfer, including the name, address and email address of the person intending to acquire said shares. The prospective Owner shall be subject to a unanimous vote of remaining Owners.

2.11.2 Every assignment or transfer of stock shall be recorded in the books of the Co-op, and each Owner shall be liable jointly with the Co-op, for the debts of the Co-op only to the extent of the amount that may be unpaid upon the share or shares held by them. No assignor of a share or shares shall be released from any such indebtedness by reason of the assignment of their share but shall remain liable jointly with the assignee and the Co-op until the stock is fully paid up.

2.12 Revenue. All revenue from memberships sold goes into the monthly fund. The monthly fund is divided by all the classes taught from the first day to the last day of that month to determine the class rate. All revenue from drop-ins, workshops, and class packages shall be divided into two parts per class: one percentage of the revenue designated for Co-op operations, and the other percentage of the revenue that goes directly to the Worker-Owner/s who instructed the class.

2.12.1 In the event that the percentage of revenue for operations does not cover the Co-op's expenses, the difference shall be subtracted from the monthly fund.

2.12.2 Officers may submit timesheets for hourly compensation for studio duties on a semi-monthly basis. Worker-Owners not in Officer roles may complete studio-related duties as deemed necessary by the Co-op. These duties must be agreed upon before completion by a $\frac{3}{4}$ vote from the Worker-Owners.

2.12.3 Any end-of-year revenue retained by the studio as profit may be utilized in one of two ways, or a mixture of both: the improvement or expansion of the studio itself, continuing education for Owners, and/or investment back into the community. This allocation of end-of-year profit will be determined by all Worker-Owners at the annual meetings by $\frac{3}{4}$ vote.

ARTICLE III: GENERAL POWERS AND DUTIES OF OWNERS

3.1 General Powers and Duties. The business and affairs of the Co-op shall be managed under the direction and supervision of the Owners as a Collective Board of Directors. Such powers shall reside exclusively in the Collective Board as a deliberative body. Due to the small nature of the company, all Owners will be immediately admitted into the Collective Board of Directors, unless explicitly stated otherwise in writing.

3.1.1 It is the intent of the Co-op that the Collective Board of Directors strive to reach consensus on matters regarding the business and affairs of the Co-op, and that the Owners conduct themselves in a manner to foster open debate and consensus-building. In those situations in which consensus is not able to be reached due to an even number of Owners, straws will be drawn to decide who has the deciding vote, unless the act of a greater number is required by law, the Articles of Organization of the Co-op or these Bylaws.

3.1.2 The Collective Board shall have the power to interpret these Bylaws, apply them to particular circumstances, and adopt policies in furtherance of them, provided that all such actions are reasonable and consistent with these Bylaws.

3.1.3 The Collective Board shall be responsible at all times for discharging their duties in good faith, in a manner that they reasonably believe to be in the best interests of the Co-op and with the care that an ordinarily prudent person in a like position would use under similar circumstances. The duties of the Collective Board shall include, but not be limited to, overseeing the operations and finances of the Co-op, establishing policies to guide operational decisions, hiring, monitoring, evaluating, and compensating Owners, and assuring that the purpose and mission of the Co-op are properly carried out.

3.1.4 Owners shall be under an affirmative duty to disclose their actual or potential conflicts of interest in any matter under consideration by the Collective Board and shall recuse themselves from any deliberation or voting on such matters, except that recusal from deliberation (but not voting) may be waived by a majority vote of the Owners present and voting on such matter, not including the Owner affected by the actual or potential conflict of interest.

3.2 Reimbursement. Owners may, but shall not be required to be, reimbursed for reasonable expenses incurred in connection with the performance of authorized business of the Co-op.

3.2.1 Owners may each spend up to \$50 each month for operational expenses of the Co-op upon their own discretion. The amount will be reimbursable unless disputed by another Owner. Should a dispute arise, the Collective Board will vote on the reimbursement, which will be determined by $\frac{3}{4}$ vote.

3.3 Unless the articles provide otherwise, a debt, obligation, Co-op losses, or other liability of the Co-op is to be determined by $\frac{2}{3}$ votes of current Owners whether it is to be shared equally by all Owners, paid by the Co-op's funds, or a mixture of both.

ARTICLE IV: MEETING OF THE OWNERS

4.1 Meetings of the Owners shall be held in Chicago, Cook County, Illinois or on a virtual platform as needed. The specific time and location of these meetings shall be set by the Owners and changes will be confirmed by electronic mailing. Owners shall always have the option of joining virtually or via telephone if they cannot physically attend for any reason.

4.2 Written notice of the time, place, and purpose of a meeting of Owners shall be sent to each Owner either separately, in group correspondence, or posted in any Owners-only social media forums, such as Whatsapp. Electronic mailing to individual Owners will be the preferred method for these notices. The notice shall be sent one (1) to seven (7) days before the date of the meeting. Unless otherwise determined by the Owners, only persons who are fully vested Owners at the close of business on the day immediately preceding the date of the meeting shall be entitled to notice of any meeting of Owners and to vote at such meeting.

4.3 An Annual Meeting for all Owners shall be held within ninety (90) days after the close of each fiscal year to receive reports on the operations and finances of the Co-op, self-elect to remain an Owner of the Co-op, and to conduct such other business as may properly come before the meeting.

4.3.1 Failure to hold an Annual Meeting does not affect the validity of any action by the Co-op.

4.4 Operational Meetings shall be held weekly for the Collective Board, and are not to exceed 2 hours in length, unless otherwise agreed upon by unanimous agreement.

4.5 Special Meetings may be held at any time at Owner's discretion, on an as-needed basis. Notice of said meetings shall be given one (1) to seven (7) days in advance.

4.6 The order of business shall be set by the Officers. Minutes, notes and updates shall be recorded and communicated by the Secretary.

4.7 Except as otherwise provided for herein, the presence in person or virtually by all Owners shall be necessary to approve any changes in the Co-op that requires a vote. Virtual attendance is not limited to video attendance, but also includes attendance by electronic mailing, telephone, or Owners-only social media forums, such as Whatsapp.

4.8 Unless otherwise required by these Bylaws, each Owner shall have one and only one vote on each matter submitted to a vote of Owners. Unless otherwise required by law or by these Bylaws, issues shall be decided by a simple majority of Owner votes cast. Meetings of Owners

shall be conducted generally in accordance with reasonable and accepted rules of parliamentary procedure. The exception to parliamentary procedure will be that Owners not in physical attendance can still place their vote. The Officers shall institute policies and procedures to reasonably assure the integrity of the voting process.

4.9 Minutes of the meetings of the Owners shall be made available to all Owners, except with respect to minutes of any portion of a meeting closed for discussion as to matters of a confidential or sensitive nature, as determined by the Owners.

ARTICLE V: OFFICERS

5.1 Designation. The officers of the Co-op shall consist of President, Secretary, and Treasurer. The officers will be determined by majority vote by current Owners at the Annual Meeting of the Owners, to hold office for one (1) year and until their successors have been duly elected and qualified, or until their death, resignation or removal. The officers are responsible for the daily operations of the Co-op as a studio management team. The office of the secretary and the treasurer can be combined, and when so combined the person holding the offices shall be the Secretary-Treasurer.

5.2 The President of the Board. The President of the Collective Board of Directors, when present, shall preside at all meetings of the Board of Directors. The President shall have oversight over the general operations of the Board and its officers. They shall see that all orders and resolutions of the Collective Board of Directors are carried into effect. They shall also perform such other duties as may be assigned to them from time to time by the Collective Board.

5.3 The Secretary. The Secretary shall act as Secretary of the Collective Board of Directors, shall give, or cause to be given, notice of all meetings of the Collective Board, unless notice thereof be waived, shall supervise the custody of all records and reports of the Co-op and shall be responsible for the keeping and reporting of adequate records of all meetings of the Collective Board. The Secretary shall also perform such other duties as may be assigned to them from time to time by the Collective Board of Directors.

5.4 The Treasurer. The Treasurer shall determine that proper accounting procedures are followed, shall report to the Collective Board of Directors at each regular Board meeting on the income and expenditures and financial condition of the Co-op, and shall present an annual budget and any other recommendations on behalf of the Finance Committee. The Treasurer shall also perform such other duties as may be assigned to them from time to time by the Collective Board of Directors.

5.5 Resignation. Any officer may resign at any time by giving written notice to the Collective Board of Directors or to the President or Secretary of the Co-op. Any such resignation shall take effect at the time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

5.6 Removal. Any of the officers of the Co-op may be removed by the Collective Board of Directors, by the vote of a majority of the whole Collective Board.

5.7 Vacancies. Any vacancy in any office because of death, resignation, removal, disqualification or any other cause, shall be filled by the Collective Board of Directors at an annual or regular meeting or at a special meeting called for such purpose.

ARTICLE VI: FINANCES

6.1 The fiscal year of the Co-op shall begin on the first day of January and end on the last day of December each year. The Collective Board may change the fiscal year, based upon a finding that such a change is in the best interests of the Co-op.

6.2 The Collective Board shall provide oversight related to the preparation and monitoring of an annual budget, executed by the Treasurer. A consolidated version of the budget as approved by the Collective Board shall be published and distributed annually to the Owners.

ARTICLE VII: OTHER PROVISIONS

7.1 Records. The Co-op shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Collective Board meetings. All books and records of the Co-op may be inspected by any Owner, for any proper purpose at any reasonable time.

7.2 Depositories. All funds of the Co-op not otherwise employed shall be deposited to the credit of the Co-op in such banks, or other depositories as the Collective Board may designate.

7.2.1 Checks, Drafts, Notes, Etc. All checks, drafts, or other orders for the payment of money and all notes or other evidence of indebtedness issued in the name of the Co-op shall be signed by the President, the Treasurer, or any Owner with previous approval of the Collective Board.

7.3 Settlement of Disputes. In any dispute between the Co-op and any of its Owners or former Owners which cannot be resolved through informal negotiation, it shall be the policy of the Co-op to prefer the use of mediation whereby an impartial mediator may facilitate negotiations between the parties and assist them in developing a mutually acceptable settlement. Neither party with a dispute against the other shall have recourse to litigation until the matter is submitted to mediation and attempted to be resolved in good faith.

7.4 In the event that any provision of these Bylaws is determined to be invalid or unenforceable under any statute or rule of law, then such provision shall be deemed inoperative to such extent and shall be deemed modified to conform with such statute or rule of law without affecting the validity or enforceability of any other provision of these Bylaws.

7.5 Persons that are not Owners of the Co-op, but conduct business with the Co-op may be permitted to share in allocations of profits and losses and receive distributions, so long as their values align with the Co-op and they enter under a lawful contract that determines how the profits and losses will be allocated and distributed.

7.5.1 Losses in an equitable partnership between the Co-op and other businesses will be absorbed equally by both or all parties pursuant to Article 3.3. Losses solely obtained by the Co-op will be settled internally by the Collective Board under Article 3.3.

7.6 Dissolution. The Co-op may be dissolved only by unanimous vote of the current Owners. The vote shall be in accordance with Article 4.8, and upon dissolution, its business and activities must be wound up in the manner provided under the Cooperative Act.

ARTICLE VIII: AMENDMENTS

8.1 Method of Amendment. These Bylaws may be amended or repealed, or new or other Bylaws adopted, only by $\frac{3}{4}$ majority vote of the Owners, using a voting ballot process pursuant to these Bylaws.