PATRONAGE REFUND FREQUENTLY ASKED QUESTIONS

co+opportunity market & deli

How does the Patronage Refund System work?

A "Patronage Refund" is how the co-op distributes member profit back to its owners.

The owner-generated profit is allocated back to its members according to their individual purchases. This means that each owner receives back a portion of the profits attributable to his or her purchases. The amount available for these refunds is determined from the co+op's year-end financial statements for each fiscal year (August 1st - July 31st). The Board, with input from Management, then decides on what percentages to distribute as cash and to retain as owner equity.

According to the IRS, the Board can choose to distribute anywhere from 20% -100% of the refund amount as cash to owners. If 100% is not distributed, the remaining amount is held as allocated owner equity and is used to cover capital expenses for the business (new equipment, store improvements, capital accumulation for growth opportunities, etc.).

Retained equity is redeemed when the Board determines that it is no longer needed for capital purposes. Retained patronage is an important factor in our co-op's financial health. Owner equity helps us to obtain financing, increases operational flexibility, and ensures adequate cash flow for the business.

Is retained patronage refunded when a owner withdraws?

Retained patronage is not returned after termination of ownership. It may only be redeemed when the Board determines it is no longer needed for capital purposes. Retained Patronage would be distributed in the same way that fiscal year-end patronage is currently being distributed when it is available to be redeemed.

Can you explain the retained amount?

The retained amount is set by the Board after reviewing the previous year's financial returns. As with any business that you own, it is necessary to reinvest profit to keep the business functioning properly and to help it thrive and compete. Most co-ops, including Co+opportunity, use a 20/80 split in order to build capital. The retained portion gives the co-op resources to use for various opportunities.

Patronage Refunds are not large sums of money, but when aggregated, they benefit the cooperative's growth opportunities in a significant way.

What is the "capital account"?

This is the name of the record kept of all retained patronage. This is not an accessible account. When there is retained patronage, the amount being retained is always provided on the check stub that accompanies the annual refund.

How do I know my purchases are being recorded?

Your purchases are recorded each time you provide your ownership information at the register. If your ownership is not in good standing, purchases are not recorded. Recording of purchases will resume when payment is made and the account is once again in active.

Why didn't I receive a refund?

Here are two primary reasons why an owner may not receive a refund:

- Inaccurate contact information
- Not enough sales generated for the fiscal year in question to qualify

Why does it take so long to receive the refund?

We make every effort to have the process completed as soon as possible. Because there are over 11,000 owners, it takes a considerable amount of time to complete the processing.

Are items on sale included in the refund?

Yes, all items purchased as an active owner in good standing (meaning no shares are due on the account) are credited to your Patronage Refund.

Note to Owner:

Your Patronage Refund is not considered taxable income if your purchases were for personal/household consumption.

If you do not redeem your Patronage Refund by July 15, 2018, it may escheat to the co-op's general operating fund under California Cooperative Law.

Donate your refund to our Cooperative Community Fund (CCF). The CCF is an endowment fund established by Twin Pines Cooperative Foundation and a group of cooperatives, to enable community giving. The fund interest earned each year on the principal is donated to non-profits and cooperatives in our community.

co+op

stronger together