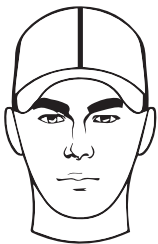


GROWING AGRICULTURE *together.*

PATRONAGE

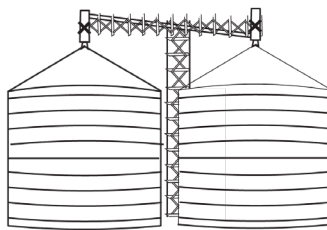
Did you know that one of the biggest benefits of being a part of a cooperative is receiving patronage? Patronage is the distribution of net returns to members based on their use of the co-op at the discretion of the board. Patronage is divided into two sections: Cash (Qualified Patronage) and Equity (Non-qualified patronage).

WORDS TO KNOW



PATRON

A customer or member-owner of a business



COOPERATIVE

An organization which is owned and run jointly by its members, who share the profits or benefits



BUSHEL

A measure of capacity used for dry goods

QUALIFIED VS NON-QUALIFIED

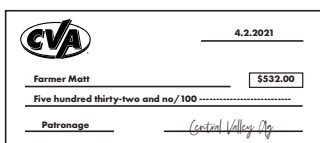
Qualified patronage is a patronage dividend that is allocated as a cash payment and is taxable income for member-owner. Whereas non-qualified patronage is patronage dividend that is allocated as equity and is tax-deferred for the member-owner.

BUSINESS SECTOR RATES

The rate in which patronage will be paid out is figured by multiplying the volume of business by the business sector rate, which is determined by the board. The three different measures in which volume can be measured are dollars, gallons, and bushels.

PATRONAGE

CASH PAYMENT



EQUITY PAYMENT



VOLUME OF BUSINESS

DOLLAR SPEND



GALLONS PURCHASED



BUSHELS SOLD

