

Patronage Refunds

Frequently asked questions

What is a Patronage Rebate?

When coops have a profit left over at the end of the fiscal year they may distribute the member's share of the profit back to the members in the form of a *Patronage Rebate*. These profits are distributed in direct proportion to a coop member's patronage (purchases). For many years in the past, Co-opportunity distributed *expected* profits through point-of-sale discounts at the register. While the point-of-sale discounts provide immediate rewards to members, it is unwise because it distributes profit without knowing if the profit actually exists. For several years the Co-op didn't make a profit and continued to distribute a discount. We did this by borrowing on our future. A Patronage Refund system is a more financially sound method of rewarding members because it distributes profits that are actually earned during the year.

How is the Patronage Rebate calculated?

At the end of our fiscal year (Aug-July), after determining the amount of member-generated profit (based on member percentage of total sales), the Board of Directors decides on a rebate percentage to distribute. According to the IRS, at least 20% of the owner's patronage rebate must be distributed as cash. The Board may choose to retain up to 80% of each member's patronage refund (as a member equity reserve) for projected capital and other business needs.

This past fiscal year, the Board of Directors elected to distribute 100% of member-generated profits (\$176,666). Each member's individual rebate will be based on how much they purchased as an active member from 8/05 – 7/31/06.

How will I know that my purchases are being recorded?

In order to record your purchases, you must show your membership card to the cashier *every* time you shop. The cashier will either scan your card or pull up your name. This process will record each sale under your membership number.

What can I do to make sure I receive my Rebate?

We must have your current mailing address on file. A valid email address will also assist us in notifying you when the checks are mailed. You can update your contact info at the registers, customer service desk or by email: service@coopportunity.com.

When will I receive this years Patronage Rebate?

IRS rules allow for eight months from the end of the fiscal year for refunds to be sent. At the Co-op we make every effort to have the process completed as soon as possible. This year's rebate will be processed no later than the end of February 2007.

Do items that are on sale count toward my Patronage Rebate?

Yes, all items that you purchase are credited to your Patronage Refund. Sale items are credited at the sale price.