September 30, 2019
Policy B4 – Membership Rights & Responsibilities, last revised: January 9, 2018.
I report compliance with all parts of this policy.
Unless indicated otherwise, this data is accurate as of September 10, 2019.
I certify that the information contained in this report and any attachments is true.

General Manager
Attachments:

1. New Owner Form
2. New Owner Letter (email)
3. *Patronage Dividend Primer*, *Revised* by Bruce Mayer
4. 2018 Patronage Dividend Resolution

Policy Language

The General Manager must not allow owners to be uninformed or misinformed of their rights and responsibilities.

Interpretation & Operational Definition

Owners of the cooperative have certain rights and responsibilities that are clearly indicated in the Co-op's bylaws and in Board policy. These rights and responsibilities include: investing equity, receiving patronage dividends, attending the Annual Meeting, voting in Co-op elections, and running for the Board. The Board itself is primarily responsible for ensuring that candidates run for the Board. See sub-policies 1 and 2 for further interpretations, definitions and data related to equity and dividends.

All Co-op owners are notified of Board meetings, the Co-op's Annual Meeting, any Special meetings, and Board elections through a number of channels:

- E-newsletter
- Online Community News
- Moscowfood.coop
- In-store signage (bulletin boards, doors, table toppers, bag stuffers, receipt taglines)
- Social media channels
- Radio ads
- Rooted
- Press releases

Data: Compliance with the primary points of all the sub-policies will demonstrate compliance.
I report compliance with the top level policy.

Policy Language

The GM must not:

B4.1 Create or implement an owner equity system without the following qualities:

a. *The required owner equity, or fair share, determined by the Board, is $150.*
b. *Owners are informed that equity investments are at risk.*

Interpretation & Operational Definition:

The Board retains the authority both to set the equity amount and to control equity redemption. The GM has been granted authority to operationalize the collection of equity investments.

Data:

- All shares are currently set at $150 dollars, payable in $10 increments (this is the minimum)
- New owners are informed by staff when they sign up that investments may be at risk.
- See the attached New Owner Form.

Data supports compliance.

Policy Language

B4.2 Implement a patronage dividend system that does not

a. *Comply with State and Federal regulations.*
b. *Allow the Board to examine a range of options and implications, so the Board can make a timely determination each year concerning how much, if any, of the Cooperative's net profit will be allocated and distributed to members.*

Interpretation & Operational Definition:

It is the General Manager's responsibility to create and implement a patronage dividend system, but the Board of Directors retains the authority to decide how much, if any, of the Co-op's net income should be allocated as dividend and how much of that dividend to refund to members.

Data:

- The Co-op works with our CPA and Wegner CPAs annually to ensure we comply with state and federal regulations concerning patronage dividends.
- At the suggestion of Wegner CPAs (the CPA firm who conducts the Co-op's annual financial reviews), the Board votes each November on patronage dividends.

- Based on year-end financials for FY2018, the Co-op was unable to declare patronage dividends.

Data supports compliance.