

CERTIFICATES of INTEREST



WHAT ARE CERTIFICATES of INTEREST?

Certificates of Interest are to a cooperative what paid-in capital or similar equity is to a regular corporation.

Certificates of Interest are issued for initiation fees, transfer fees, and portions of membership dues that are not treated as income.

HOW MUCH ARE THOSE CONTRIBUTIONS TO CERTIFICATES of INTEREST?

These amounts are established from time to time by the board.¹ Currently they are as follows.

- Portion of membership dues allocated to Certificates of Interest:
 - \$400 for members with 1 or 2 doors
 - \$500 for members with 3 or 4 doors
 - \$600 for members with 5 or more doors
- Membership initiation fee: \$1,000
- Membership transfer fee: \$500

HOW AND WHEN ARE CERTIFICATES of INTEREST REDEEMED?

Certificates of Interest may be revolved (redeemed) when the board of directors determines that the capital fund is adequate for its intended purposes. Such a redemption may not exceed 15% of the capital fund in any given year.²

To date no Certificates of Interest have ever been redeemed. Certificates of Interest would not likely be redeemed while there are outstanding Patronage Certificates.

HOW ARE CERTIFICATES of INTEREST SHOWN ON OUR FINANCIAL RECORDS?

Certificates of Interest are represented by account “3200-00 – Unallocated Margins (Certificates of Interest)” in the Equity section of the Balance Sheet.

Records of each (current and former) member’s Certificates of Interest are maintained by the office. In total they do not equal the balance in the account indicated. Adjustments are made periodically for unallocated gains and losses (including gains offset by tax loss carryovers) and miscellaneous adjustments (mostly made during the first year of establishing the cooperative).

¹ By-laws Art. X, Sec. 1 & 2

² By-laws Art. XII, Sec. 2