

Patronage Dividends

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A patronage dividend is a taxable distribution made by a cooperative to its members or patrons. Dividend income is often a combination of a cash receipt income and a non-cash portion that increases the stock asset. Both portions are taxable and increase an income account, but only the cash portion affects the bank account. The cash and non-cash portions can be entered in one simple transaction.

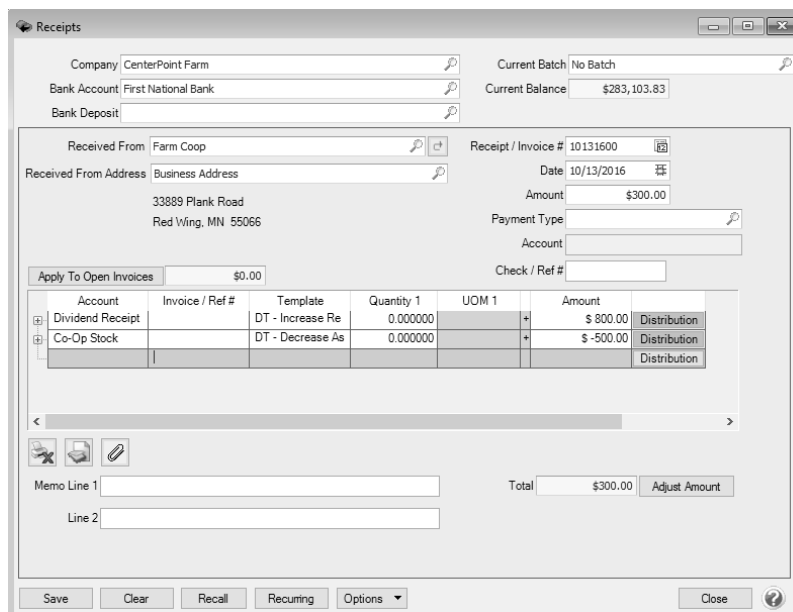
Prerequisite

The database must have one asset and one revenue/income accounts setup for stocks/dividend processing. Note: if you prefer to separate non-cash vs cash dividend income, then two revenue/income accounts and one asset account will be needed).

- » Stock (asset account)
- » Stock Dividends (revenue/income account)

Enter a Cash Receipt for the Patronage Dividend

1. Select **Processes > Sales > Receipts**.



The screenshot shows the 'Receipts' window in the software. The form is populated with the following information:


- Company:** CenterPoint Farm
- Bank Account:** First National Bank
- Current Batch:** No Batch
- Current Balance:** \$283,103.83
- Received From:** Farm Coop
- Received From Address:** Business Address, 33889 Plank Road, Red Wing, MN 55066
- Receipt / Invoice #:** 10131600
- Date:** 10/13/2016
- Amount:** \$300.00
- Payment Type:** (blank)
- Account:** (blank)
- Check / Ref #:** (blank)
- Apply To Open Invoices:** \$0.00

Account	Invoice / Ref #	Template	Quantity 1	UOM 1	Amount	
Dividend Receipt		DT - Increase Re	0.000000		\$ 800.00	Distribution
Co-Op Stock		DT - Decrease As	0.000000		\$ -500.00	Distribution

At the bottom of the form, there are fields for **Memo Line 1** and **Line 2**, and a **Total** field showing \$300.00 with an **Adjust Amount** button. The window includes standard buttons: Save, Clear, Recall, Recurring, Options, and Close.

2. Select the **Bank Account** where the cash portion of the dividend will be deposited.
3. If using bank deposits, a **Bank Deposit** can also be selected.
4. In the **Received From** field, select the appropriate name.
5. Specify the **Date** of the receipt.
6. Specify the portion of the dividend received as "cash" in the **Amount** field.
7. The **Payment Type** and **Check/Ref #** can also be specified.

8. In the first **Account** field, select the income account for Stock Dividends. In the **Amount** field on the same line, specify the total amount of dividends received (total cash and non cash amounts received).
9. In the next row, select the asset account for stock (in our example, Co-op Stock) in the **Account** field. The **Amount** will default the non-cash portion of the dividends received. **Note:** This amount should be a negative, which will increase the asset account as it's being entered as a receipt transaction.

 Note: If you want to attach a document to this transaction, see the [Attach Documents to Transactions](#) topic for detailed information.

10. Click **Save** to complete the transaction.

 Note: If you prefer the income portion of the entry be separated between cash and non-cash income, then you will need two revenue accounts setup. The transaction will then have three rows as displayed below:

Account	Quantity 1	Quantity 1 Price	UOM 1	Amount		Notation	
Dividend Receipt - Cash	0.0000			+	\$ 300.00	Detail	Distributi
Dividend Receipt - Reinvest	0.0000			+	\$ 500.00	Detail	Distributi
Coop Stock	0.0000			+	\$ -500.00	Detail	Distributi