UNDERSTANDING PATRONAGE

BCT

1 USE BCT SERVICES

You become a member of the co-op when subscribing to BCT services.

2 EARN PATRONAGE

Your membership earns you a portion of the co-op's net profit.

3 CAPITAL CREDITS ALLOCATED *(RECORDED)*

At the end of the year, BCT allocates capital credits to members based on subscribed services.

4 PROFITS SUPPORT BCT'S FUTURE

Allocated profits (capital credits) are used for operations, network upgrades, debt repayment, and other co-op purposes.

5 BOARD REVIEWS AND AUTHORIZES DISTRIBUTION

The Board of Directors reviews the financial health of BCT annually and decides whether capital credits can be distributed to members.

6 CAPITAL CREDITS DISTRIBUTED *(PAID)*

If approved by the Board, payments (patronage dividends) are mailed to members.

ALLOCATION VS. DISTRIBUTION

WHAT'S THE DIFFERENCE?

ALLOCATION

(RECORDED AMOUNT)

- Your share of the cooperative's net profit is calculated.
- The amount is recorded to your capital credit account.
- Based on your patronage and BCT's financial results.
- Happens annually.
- Is NOT money in your pocket.

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DISTRIBUTION

(PAID AMOUNT)

- Money is distributed to members.
- Paid as a patronage dividend.
- Happens only when the Board of Directors approves.
- No set schedule.
- IS money in your pocket.

! **WHY AREN'T DISTRIBUTIONS AUTOMATIC?** Capital credits are allocated annually, but distributions are made only when approved by the Board after evaluating BCT's financial health, infrastructure needs, and long-term sustainability. The amount shown as your allocation is NOT a payment. It represents your share of the cooperative's net profit that has been allocated to your capital credit account.

FAQ

WHY AREN'T ALLOCATIONS PAID RIGHT AWAY?

Net profits are a source of working capital for cooperative needs.

HOW OFTEN ARE DISTRIBUTIONS MADE?

There is no set schedule. Distributions are made at the discretion of the Board of Directors.

ARE DISTRIBUTIONS TAXABLE?

For most residential members, patronage dividends are not taxable. Businesses that deducted the cost of services may need to report dividends as income. Please consult a tax advisor.