

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.

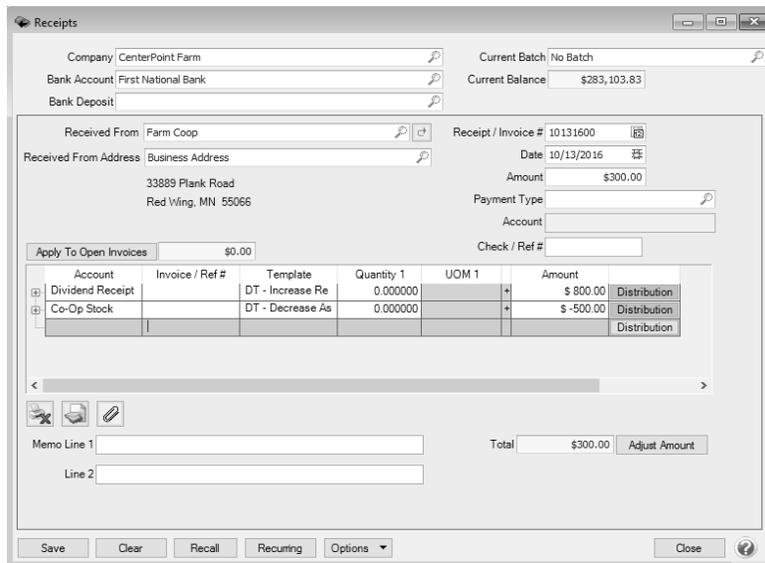
Prerequisite

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**.



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
						Distribution

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).

- 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.

- 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		Distributio
Dividend Receipt - Reinvest	0.0000			+	\$ 500.00	Detail		Distributio
Coop Stock	0.0000			+	\$ -500.00	Detail		Distributio