308C.725 ALLOCATIONS AND DISTRIBUTIONS TO OCCUPANT MEMBERS.

Subdivision 1. **Distribution of net income.** A cooperative may set aside a portion of net income allocated to the occupant membership interests as the board determines advisable to create or maintain a capital reserve.

Subd. 2. **Reserves.** In addition to a capital reserve, the board may, for occupant membership interests:

(1) set aside an amount not to exceed five percent of the annual net income of the cooperative for promoting and encouraging cooperative organization; and

(2) establish and accumulate reserves for common area items, buildings, depreciation, losses, and other proper purposes.

Subd. 3. **Occupant distributions.** Any net income allocated to occupant members in excess of dividends on equity and additions to reserves shall be distributed to occupant members on the basis of patronage of cooperative. A cooperative may establish allocation units, whether the units are functional, divisional, departmental, or otherwise and pooling arrangements and may account for and distribute net income to occupants on the basis of allocation units and pooling arrangements. A cooperative may offset the net loss of an allocation unit or pooling arrangement against the net income of other allocation units or pooling arrangements.

Subd. 4. **Frequency of distribution.** Distribution of net income may be made at least annually. The board shall present to the members at their annual meeting a report covering the operations of the cooperative during the preceding fiscal year.

Subd. 5. **Form of distribution.** A cooperative may distribute net income to occupant members in cash, capital credits, allocated patronage equities, revolving fund certificates, or its own or other securities.

History: *2024 c 96 art 1 s 68*