



# THE CO-OP ROUND-UP

Newsletter Volume 2

JULY 2014

## From Allen's Desk

The Roaring Fork Valley Co-op was started in 1952 in Basalt, Colorado. It was formed as an organization to serve the needs of the local ranchers. Membership in the amount of \$25.00 per share was issued to provide capital to build the business. As the business grew in size, it was relocated to Carbondale, Colorado.

In the 70's the Co-op relocated to its current location at 760 Hwy 133, Carbondale, Colorado and continues to serve the needs of ranchers, construction companies, landscapers, and residential home owners. The original building has been added on to or remodeled several times in the past 40 years.

Recently the Board of Directors approved looking at a feasibility study to remodel the interior and exterior as well as turning the car care center into retail space, which would add approximately 2800 square feet of retail space. We are also looking at the costs to relocate the main store entrance to the south side of the store, hoping to move some of the traffic away from the congested parking area between the fuel pumps and the store. We currently have contractors and an architect studying the project and will have more to report in our next edition of the "The Co-op Round-up".

The Hwy 133 upgrade is also a concern to us as we try to grow our business and how it will effect access in and out of the Co-op parking lot. We are looking at a couple options that would make access more convenient and hope to be able to report more on options in the near future.

**FYI**

**Co-op will be closed for  
Inventory  
August 1 & 2  
Re-Open August 4th**

**HAVE A SAFE  
JULY 4TH**



**REMINDER: Summer Sale & Auction  
Sale JULY 18h & 19th**

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## PATRONAGE

In our last newsletter there was a section on "What is a Cooperative", so in this one let's talk about one of the benefits of a cooperative.

While the financial aspects of the co-op can be difficult for many of us to thoroughly understand, it is helpful to have some basic knowledge of key financial concepts and financial documents in order to effectively communicate the benefits of belonging to a cooperative.

Let's begin with the financial documents. All businesses must maintain sound financial records using accepted accounting methods. Cooperative and non-cooperative businesses use the same system and, with a few exceptions, the same terms.

Let's begin with the Operating Statement. Both types of business have:

- "Sales" of either products or services, "Cost of Sales" to secure the goods or services
- "Gross Margin" which is the amount left from the sale after the company pays its suppliers
- "Other Revenue" represents fees charged for services provided to customers
- "Expenses" i.e. labor, materials, supplies, interest on borrowed money, etc.

The Balance Sheet also is very similar in both cooperative and non-cooperative corporations. Both have "Assets" and "Liabilities." The big difference between a cooperative and non-cooperative is what happens to the profits!

Cooperatives pay "Patronage" to the customer-owners while the non-cooperative pays "Dividends" to the stock holders.

The amount remaining when all liabilities are covered is called "Net Worth" in the non-cooperative form of business. In a cooperative this figure is called "Equity" and is owned by the members who have used and built the cooperative.

Revolving funds are unique to cooperatives. Unlike businesses where profits are shared in proportion to investment, the net margins of cooperatives are distributed according to member patronage.

The revolving nature of equity has two main purposes:

1. It allows for money for operations (things like paying the light bill).
2. It keeps ownership in the hands of current patrons.

In a cooperative, the earnings are called savings and the distribution of those savings to members is called "patronage refunds."

Federal law says that at least 20% of the current year's earnings must be paid in cash. The main reason why cooperatives elect not to pay it all in cash is the cooperative needs a part of it to expand facilities or services, for equity retirement programs, and for operating capital.

Quite often, we hear the challenge that the cooperative is keeping members' money and not giving it back. It's important to remember that the cooperative is owned by the people who use it and any money it has belongs to its customer-owners.

The cooperative does need money to operate and the customer-owners provide that money by letting the cooperative use some of their savings.

A private company would keep the money for itself to build facilities and pay dividends. Your cooperative does the same thing. It builds facilities for use by the customer-owners and pays them patronage. One of the unique benefits of a cooperative is that by working together, the customer-owners can have things they couldn't have by working alone.

Stock is revolved back to a member according to each co-op's policies, but in general, it's revolved or retired back to its members:

- When the member gets to be a certain age
- During a specified year
  - When the member dies
- As a percentage of total stock outstanding

Let's look at an example of how an individual's patronage would be calculated. The total amount to be returned to its members in patronage is \$500,000. That amount is 5.0% of the Co-op's total sales \$10,000,000.. Therefore, a member will receive 5.0% of his or her total purchases back in patronage.

## Pet Department

All of us at Roaring Fork Valley Co-op would like to thank **Sue Blue** in the Pet Department for her **10 years of service, Sue retired as of June 25th. Have an enjoyable retirement!!!**



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Then, if this Co-op decided to return 25% of this year's patronage in cash, the remainder will be put into deferred patronage.

Below Rancher A, Cindy's School Bus Company, and you all purchased goods from the Co-op last year.

Each business or person has the opportunity to receive the same percentage of patronage, no matter how much they purchased from the Co-op.

While it did not go into the nuts and bolts of cooperative accounting, it did provide you with the basic information that you can draw upon to help recognize the value of belonging to your cooperative.

	<u>Rancher A</u>	<u>Cindy's School bus Co</u>	<u>You</u>
Purchases	\$100,000	\$50,000	\$1,000
Patronage 5%	\$5,000	\$2,500	\$50.00
Cash 25%	\$1,250	\$625	\$12.50
Equity 75%	\$3,750	\$1875	\$37.50



## Fuel Department

### HOW LONG CAN I STORE DIESEL FUEL?

The length of time diesel fuel can be stored depends on factors such as tank location, contaminants and the temperature at which it's stored. As diesel fuel is stored, it slowly reacts with oxygen in the air to form gums and varnishes. Additional contaminants such as water and rust also accelerate this process. Be aware that algae, which is fungal growth, and particulate matter, such as tiny bugs called microbes live in water and feed on fuel. These contaminants result in a black, slimy substance that can plug filters.

As a general rule, diesel fuel should not be stored for longer than six months. But if long-term storage is necessary avoid extreme temperatures by storing the tank underground or indoors and with proper ventilation caps. If diesel fuel is stored for more than one year it needs to be tested before use. To keep diesel fuel fresher longer, keep contaminants like water and corrosion out of the storage tanks. Cycle fuel as much as possible and try a fuel conditioner to filter out containments. The storage stabilizer additives in Cenex Roadmaster XL and Ruby Fieldmaster reduce the formation of gum and varnish and can double the fuel's storage life.

## **CLOTHING DEPARTMENT**

I CAN'T BELIEVE WE ARE ALREADY INTO JULY, RODEO SEASON IS HERE! WE HAVE A GREAT SELECTION OF CLOTHES, HATS & BOOTS FOR ALL YOU COWBOYS & COWGIRLS, THOSE BLING BELTS WILL MAKE YOU SPARKLE WHEN RUNNING THEM BARRELS SO GET ONE TODAY! WAIT ... WE CAN'T FORGET OUR LITTLE BUCKAROO'S, SO COME CHECK OUT THE ADORABLE SELECTION OF KIDS WEAR TOO. SEE YOU SOON!

## **Tack and Animal Health**

Lynn Donnelly  
Have any questions call 704-4216

It was a great Spring for chicken sales!  
A huge Thank you to all of you who participated!

As Spring fades into Summer we've added a few new items into the Tack & Animal Health Dept. and that means great savings for you, the Customer, on those items we're discounting to make room for the new! Some of these include selected head stalls, bareback pads, polo wraps, & blankets just to name a few.

The best news? **All priced to SELL!!**

**Roaring Fork Valley Coop**  
**0760 Hwy 133**  
**Carbondale, CO 81623**

**Return Service Requested**

## The Safety Corner

Summer is here! With this beautiful weather, everyone wants to be outside enjoying it. Summer can create some special safety considerations: sunburn, heat rash, heat cramps, heat exhaustion, heat stroke, and dehydration. No matter where you live, if it gets hot enough, you could be affected. Everyone has different tolerance levels to these conditions. To help everyone stay safe and enjoy this summer, here are some helpful tips for the season...

- Dress for the heat-Light colored and loose fitting
- Hats-Keeps the head cool, prevents sunburn
- Sunscreen- Protects the skin from harmful rays
- Well Balanced Meals- The body absorbs extra vitamins and minerals during extreme heat
- Breaks- Take frequent breaks out of the sun in a cool place
- Organized Workload- Conduct strenuous work during the cooler parts of the day
- Water- Carry and consume lots of water, hydration, hydration, hydration!!!!

Hope these tips are helpful to everyone, have a wonderful summer!

(More helpful tips @[www.thesafetydoctor.com](http://www.thesafetydoctor.com))

