

INFORMATION STATEMENT 9.2019
Relating to an Offering of Membership Interests In



A Cooperative Association

Effective: May 3, 2019, updated September 23, 2019

Information Statement

Unify CoOp ("the Cooperative" or "CoOp" or "Unify!"), a Cooperative Association organized under Chapter 308B of the Minnesota statutes as Hybrid Producer and Consumer Cooperative, is formed to unite the producer and consumer interests (manufacturing, small businesses, independent contractors, freelancers, resellers, employees, employers, farmers, and entrepreneurs) and other CoOp organization in the products and services that enable Members to save on goods and services; as well as time, talent, and treasure, and to otherwise further their common interests of all Members.

As a Chapter 308B Cooperative Association, the CoOp will initially have two Member Classes called the 1) Free Member – a Patron non-Share Member Class (both Consumer and Producers) and 2) Share Member – a Patron Share Member Class (both Consumer and Producers). The Cooperative may, without necessarily a vote of the Share Member Class create one or more additional classes of Membership; however, if future share classes have voting rights; they shall not be superior to the Share Member Class. It is the intention of this CoOp to license the use of **The Commons Platform (TCP)**, which is owned by the Manager and not the CoOp. *It is the goal of the CoOp to promote collaboration and community; where possible, and as directed by the Manager or the Board of Directors, the Cooperative may issue additional Share Member Classes to identify groups of Members who may have a specific affinity to a "Group Name" Share Class of the Share Member Class above. If so, the Members of that "Group Name" Share Class must first be Share Members and may also be required to pay a "Group Name" Share Fee and may require a minimum number of Members to create such as "Group Name" Share Class.*

The Cooperative operates on a Cooperative Association basis. It is owned and controlled by its Share Members of Unify! and its net earnings are returned to the Share Members ONLY each year or sooner if directed by the Board of

Directors, in the form of called **Patronage Refunds** (may also referred to as **Revenue Share or Profit Share but means Patronage Refund or Patronage Dividend**) paid pro-rata in accordance with **Member Patronage** and the Bylaws of the Cooperative. **The Share Member Class shall be the “voting” Members of the Cooperative.** If a “Group Name” Share Class is created, it may have separate Patronage Refunds, but must always contribute to the Share Member Patronage Refund in a mutually agreed percentage of the “Group Name” Share Class.

The Membership Interests (of any Patron Share Class) WILL NOT appreciate in value and ARE NOT deemed an Investment Share Class. No investment dividends will be paid on the interests and the interests are non-transferable. Patronage Refunds will only be allocated to qualified Share Members (or possibly “Group Name” Share Members) pro-rata who patronize the Cooperative and only to the extent that the Cooperative is profitable. **Members SHALL NOT own more than ONE SHARE and cast more than ONE VOTE in any Share Class.**

The voting Class is called Share Member (see Class 2 above). Moreover, the Board of Directors (the “Board”), in its discretion, may choose to retain Patronage Refunds if the Board, which is comprised of Share Members, determines that the Cooperative requires additional capital.

The only way a Member will obtain an economic benefit from being a Member of the Cooperative is by patronizing the Cooperative. Patronizing is using or engaging the CoOp’s purchase of products and services offered by or to Members of the Cooperative Association. Patronizing is also defined as assisting in a Membership Drive by referring others to join the Cooperative for which **NO COMMISSIONS ARE PAID.** If a Member fails to patronize the Cooperative for a prolonged period of time the Member may lose his/her/its right to vote, if a voting Member (Share Member), and may cease to be a Member in the Cooperative in good standing or qualify for Patronage Refunds.

Please read the remainder of this Information Statement for a more complete description of the CoOp, its plan of operations, insight into the governing documents of the CoOp, and other disclosure regarding purchasing a Membership in the CoOp. This is an information document and not an agreement or brochure about Membership – the Bylaws of the CoOp govern Membership and Member rights.

The CoOp does not expect to generate surplus cash flow that will enable the CoOp to redeem stock or allocated equities to anyone, including Members of the Cooperative. Surplus cash that is generated, if any, will be directed first to enabling the Cooperative to continue and expand its operations and next to Patronage Refunds. **The CoOp is unlikely to redeem stock or allocated equities unless and until it dissolves, which is theoretically never because the CoOp is organized to exist perpetually.**

This Information Statement is being provided to assist you in evaluating the business decision to become a Member of the CoOp only. The text of the Information Statement is intended only to provide certain facts and highlights regarding the Cooperative and its Bylaws. It is not intended to be a complete statement of all material facts and features of the organization and is qualified in its entirety by more detailed information contained in the Articles of Organization (the “Articles”) and Bylaws which may be requested from the Cooperative as per the Bylaws. It may contain errors and typos. **See “II. CONSIDERATIONS FOR PROSPECTIVE MEMBERS” to read about factors you should consider before becoming a Member of the Cooperative.**

THE MEMBERSHIP INTERESTS IN THE COOPERATIVE HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES REGULATORY AUTHORITY, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITY REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS INFORMATION STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

No person has been authorized by the CoOp to give any information or to make any representations concerning the Cooperative Association other than as contained in this Information Statement or the other written materials

delivered with this Information Statement or on related websites and platforms or videos created by the CoOp or its Manager and, if given or made, must not be relied upon as having been authorized by the Cooperative.

The Cooperative has agreed to make available to representatives of each prospective Member the opportunity to ask questions of and receive answers from the management of the Cooperative concerning the organization and to obtain, to the extent the Cooperative possesses such or can acquire it without unreasonable effort or expense, any additional information which is necessary to verify the accuracy of the information set forth in this Information Statement.

Questions, inquiries, and requests for information may be directed to Manager, Unify CoOp (the CoOp) through the CONTACT US page on the CoOp website.

Each prospective Member must rely on its own evaluation of the Cooperative, including the merits and risks involved, in deciding to join this organization as a Cooperative Member.

EACH PROSPECTIVE MEMBER SHOULD CONSULT HIS OR HER OWN PROFESSIONAL ADVISORS RELATED TO: LEGAL, TAX, AND OTHER MATTERS CONCERNING THE COOPERATIVE. WE DO NOT PROVIDE LEGAL, TAX OR FINANCIAL ADVICE TO MEMBERS UNDER ANY CIRCUMSTANCE.

I. THE BUSINESS

The Cooperative is a hybrid Cooperative Association business owned and controlled by its Share Members. All Members are considered Consumer or Producer Members. Producers meaning, they are engaged directly or indirectly in the operation of their own businesses, promotion, purchase, and production of products and services for themselves and for the Cooperative. **The Cooperative has entered a long-term perennial Management Agreement with CoOp Management Services, Inc. (CMS), as Manager and president of the CoOp, to manage the day-to-day affairs of the Cooperative and ensure quality control of the products and services offered to all Member Classes.**

Earning of Compensation in Currency or Patronage Credits (earned by Share Members Only) shall be based on patronage of the Cooperative. **No compensation is paid on the Share Fee or Dues, if any.** Compensation is paid on sales of products and services ONLY purchased directly from CoOp via The Commons Platform (TCP) and websites or other methods as specified from time to time which is or maybe owned by **CMS as Manager** or third parties and revenue is shared with the Cooperative per the Management Agreement. **This compensation is called a Patronage Refund** which is similar to Profit Share or Revenue Share.

Patronage Refunds shall be calculated pro-rata, using Patronage Points or any other agreed method, based on the total usage and transactions with the CoOp (patronage) or as determined by the Manager (aka CMS) and the Board of Directors for each qualifying purchase or activity for the patronage period.

The Cooperative and/or Manager may earn income from: 1) an agreed portion of any Share Membership and the one-time Share Fees and Dues which are not subject to Patronage Refunds, 2) a portion of marketing allowances or advertising fees from third-party vendors or the Manager, and 3) a portion of the shared profits on certain products and services developed by the Cooperative, or from third-party vendors, or the Manager and then resold through one or more Member Classes or distribution channels as determined by the Manager under the Management Agreement. **CMS can change these profit allocations at any time, without written notice, to ensure profitability or stability to the Cooperative Association.** At this time, the Board has decided to make distributions of Patronage Refund, as earned, in the form of the U.S. Dollar (USD) or Patronage Credits, to Share Members but reserves the right to change the schedule to meet the needs of the Cooperative Association.

The prospective Patron Members of the Cooperative are the Share Members; the Free Member Class are not Share Members. The Cooperative may in the future offer additional classes of Membership to become Share Members (i.e. "Group Name" Share Members, which may be Non-Patron or Patron Members. Patron Members are initially located in the states and territories of the United States, but the Cooperative does not restrict international Members. By collaborating their efforts and purchasing power, the prospective Patron and Non-Patron Members of the Cooperative aim to gain better access to business contacts, be socially and environmentally conscious, and enhance the purchasing power or profits for our Members.

Loans. As per the Bylaws, except as otherwise provided by applicable law, any Member may, but shall not be obligated to, give or lend money to the Cooperative, act as surety for the Cooperative and transact other business with the Cooperative and have the same rights and obligations when transacting business with the Cooperative as a person or entity who is not a Member. Interest may be fixed or variable depending on the loan type.

Further, the Cooperative may enter into loans, Promissory Notes, or pre-funded Purchase Orders with Members from time-to-time as approved by the Board of Directors at interest rates or discounts and periods which are commercially acceptable and in compliance with state and federal law.

Cooperative Association Objectives for All Members

By collaborating (in a Share Economy and using Sharing Capitalism™), the Cooperative provides the Members with products and services that may not be available were they to act alone. Many products or services may be found from other distribution methods; **we make no claim as to exclusivity of any product or service as an inducement to become a Member.**

Principles of operation include:

- 1) **Share Member voting control, (open and voluntary with democratic governance)**
- 2) **Return of surplus to Members (also called a Patronage Refund)**
- 3) **Group Purchasing Programs for all Members (discounts and savings)**
- 4) **Association with third-party Vendors**
- 5) **Cooperation with Members and other Cooperatives,**
- 6) **Constant education of Members to include cooperative principles and**
- 7) **Other activities to enhance the Member's life and business.**

Note: we promote the six Rochdale Principles as promoted by the International Co-operative Alliance website: <http://ica.coop/>.

Fundamentally, the function of the Cooperative is to increase a Member's quality of life, net income and improve the ability of all Members to share as an effective member of society. We accomplish these objectives by offering quality products and services and commercially reasonable and competitive prices and sharing our successes with others in need around the world. CMS has discretion on how giving might be directed with advice from the Board.

The primary activities of the Cooperative include:

- Operation of a Profit Share Strategy (Patronage Refund), On-Demand, in a Share Economy**
- Pursuing Abundance through Sharing Capitalism™**
- Expressing a Member's VOICE by enabling Share Members to VOTE**
- Member Collaboration and Sharing Of Ideas (Crowd-Sourcing)**
- Education for Families and Businesses via a Learning Management System (LMS)**
- Savings (Reduce Costs through Group Purchasing Power)**
- Promote Entrepreneurship**
- Promote Unity (Community Development)**
- Membership Drive Campaigns and Membership Services**
- Co-Promotion with Third-Party Vendors**
- Giving to Socially Conscious Programs**
- Direct or Affiliate Distribution of Products and Services to Consumers and Members**

II. CONSIDERATIONS FOR PROSPECTIVE MEMBERS

The reason for joining this Cooperative is that You, as a Member, may find value in the products and services we offer. There is no inducement, compensation, or reward for encouraging others to become Members of this Cooperative. **Only when the purchase of products and services, authorized by this Cooperative, are made, may compensation in the form of Patronage Refunds be considered to be paid.**

You do not have to be a Share Member of the Cooperative to access products and services; you may join as a Free Member. Members, who wish to earn Patronage Refunds, MUST become Share Members and pay the one-time Share Fee of \$97. If joining “Group Name” Share Members, you may have to pay additional fees. You must earn Patronage Points or other criteria to “qualify” for Patronage Refunds. You will be paid pro-rata according to your earning of Patronage Points divided by the total Patronage Points earned for a qualifying period or as the Manager or Board of Directors may decide or modify without a vote of the Share Members.

The receiver of a Membership Interest in the Share Member Class SHOULD NOT expect an investment return on this Interest. The Membership Interest is non-dividend bearing, non-transferable, and upon withdrawal or termination from the Cooperative, the share may have no value, if determined that there is a value, the timing of payment, if any, will be fully at the discretion of the Cooperative’s Board of Directors, who are the Share Members.

Only those who can afford the loss of their entire Share Fee capital contribution (Membership Interest) should become Share Members of the Cooperative. A prospective Member should consider the following risks and should review carefully this entire Information Statement prior to deciding to become a Member. This list of risk factors is not intended to be complete but is provided for the recipient's reference.

The Board, at its sole discretion, may declare a Patronage Refund from the net profits of the Cooperative, but this cannot be guaranteed. You should join the Cooperative on the value of the products and services and NOT based on receiving a Patronage Refund. **The products and services should represent value to you and others you might share them with, or DO NOT PURCHASE THEM.**

Changes in Dues and Fees. The Cooperative, at the sole discretion of CMS or the Board of Directors, may impose other fees, decrease or increase fees and/or dues on Members to provide sustainability of the CoOp.

Dependence on Third-Party Vendors. To continue operations, the Cooperative must maintain relationships with suppliers (vendors), which may be other Members and non-member distribution channels. It is possible that the vendors will discontinue participation in its programs or that the vendors will otherwise respond unfavorably to the Cooperative in ways that will make the Cooperative unable to compete in the marketplace. Distribution channels may cease to be effective and thus limit demand on production creating an inventory risk. **Your patronage (personal purchase of products and services offered by the Cooperative) is essential to the maintaining of value of this Cooperative to all Members. Your failure to patronize the CoOp could affect its viability. You should shop your CoOp and its Vendors first.**

Operate at a Loss. The Cooperative may experience a net financial loss from operations. This loss may be retained by the Cooperative and applied towards future earnings or allocated to Members. Additionally, accumulated losses may require the Cooperative to request additional capital investments from Members. **You can choose to decline to contribute such capital and terminate your future Share Membership. If you terminate your Share Membership, there will not be a refund of your Share Fee.**

Insufficient Discounts. The discounts and pricing the Cooperative can negotiate are a function of Member Patronage, the failure of Members to patronize the Cooperative may not be sufficient to maintain its competitive advantage, and this could make the Cooperative of limited benefit to its Members.

Dependence on Management. The success of the Cooperative is dependent in a large part on its ability to attract and retain sound management. The Cooperative has entered a Management Agreement with CMS and the Board of Directors does not consider this a conflict of interest. The initial period of this Management Agreement is until December 31, 2039 with automatic 5-year renewable extensions. This Agreement is to be reviewed periodically by the Board of Directors (made up of a majority of Share Members and related third-parties) and their decisions are final. The Cooperative has agreed that employees, officers, directors, agents, consultants, advisors, and shareholders with greater than 10% equity in the Management Company may be Members of this Cooperative and shall not be deemed a conflict of interest, but they may not hold a Board position in the Cooperative. They can be advisors to the Board.

Competition. The Cooperative may face competition from organizations that exist today or could develop in the future. Failure to compete successfully against current or potential competitors would have a material adverse effect on the Cooperative. The Board and the Members acknowledge that the Manager and Vendors/Suppliers are not exclusive to the CoOp and may have other distribution channels which do not benefit the Members of the CoOp as to Patronage Refund. The Board deems this not to be a conflict of interest as the aggregate volume has the potential to reduce the overall cost of goods to our Members.

Business Cycles. The Cooperative may face declining income in a down market cycle that could reduce its benefit to Members. We cannot predict future market performance.

Government Regulation. The Cooperative is subject to local, state, federal, and international laws which may change. These changes may affect your ability to do business with the Cooperative as anticipated. It is our intent to comply with all laws. You should vote for your rights as a Share Member.

Unanticipated Risks. The Cooperative is also likely to be subject to risks that have not been anticipated and these risks may affect the value of your Membership with the Cooperative Association. Joining as a Member, you agree to accept these risks.

MISCELLANEOUS SECTIONS

III. RESELLER PROGRAM.

The Cooperative becomes stronger when it increases its Membership and earns a profit from the non-exclusive sale of products and services. The Board may authorize the contracting of Resellers. Resellers, as independent contractors or freelancers may earn a profit when they personally retail one of our products and services.

Resellers do not have to be Share Members of this Cooperative to sell for this Cooperative. The Cooperative only recognizes Resellers who have contracted directly with the Cooperative. There is no restriction on Members also being Resellers of the Cooperative. Resellers or Affiliates who are not Share Members, cannot receive Patronage Refunds.

IV. MEMBERSHIP QUALIFICATIONS

Membership in the Cooperative will be limited to those qualifying under their class of Membership:

Free Members: Free Members may be required pay an annual Membership Dues. **Free Members are Consumers/Producers and DO NOT participate as Share Members in Patronage Refunds. They are not Share Members (owners) of the Cooperative.** (See Bylaws).

Share Members: All Share Members own one Membership Share and shall pay a one-time Share Fee of \$97. This is not an “Investment Share Interest.” None of the Membership Share Fee is paid as compensation or Patronage Refund to Members; the Manager, will receive a portion of the Share Fee as compensation and expense reimbursement per the Management Agreement. All Share Members can only own one share and may cast only one vote (independent of qualification level) for the election of the Board of Directors and other matters (See Bylaws). Share Members may be Resellers.

Future Classes. The Cooperative may, without necessarily a vote of the Share Members and at the discretion of the Manager create one or more additional share classes or incentive bonus of Patronage Points; however, if such share classes have voting rights; they shall not be superior to the Share Member Class. (see references to “Group Name” Share Members).

Section 2.2 of the **Bylaws provides that Members must:**

- subscribe and qualify to own one Membership Share of Stock at its par value, plus an additional capital amount in excess of its par value as the Board may determine at the time of issuance (**Share Member Class only**), and;
- pay Membership Dues or other fees as per Membership Class, if required, and;
- apply for Membership (which may be online) and be approved (which may be online) for Membership in the Cooperative or by the Board or its designee (the Manager), and;
- consent to the tax treatment of Patronage Refunds and provide all necessary documents such as W-9 or as required by law, and;
- execute Membership Agreements (which may be online) with the Cooperative if then required by the Board in the form determined by the Board (which may be online), and

- be committed to the mission of the Cooperative, and
- if Member is not a natural person, to designate a Member representative (a business entity) for voting and any other official activities of the Cooperative.

The Board may set other Membership Share requirements as are determined necessary or desirable to accomplish the purposes of the Cooperative.

V. MEMBERSHIP INTERESTS

Share Member Interest in the Cooperative is represented by **one share** of common stock which shall not be issued by certificate; but held by the Cooperative in electronic form. **It is referred to as Membership Common Stock because it may only be owned by Share Members and is not considered Investment Shares which may also be approved by the Cooperative Board, subject to any registration requirements. Each Share Member must own one and only one share.** Since each share of Membership Common Stock is entitled to one vote, each Share Member will have one vote in all matters that come before the Members of the Cooperative. Share Member voting is governed by Section 3 of the Bylaws. **There are unlimited shares of Membership Common Stock.**

Membership Common Stock is not entitled to receive dividends, but holders of this stock are entitled to receive Patronage Refunds, if qualified, on the business (patronage) they do with the Cooperative in accordance with the Articles and Bylaws. Holders of Membership Common Stock (electronic or paper) are entitled to participate in the dissolution and liquidation of the Cooperative as provided in the Bylaws, described below in Section XII. **However, because all of the profits of the Cooperative are allocated on the basis of Patronage as directed by the Board, no Member should expect any appreciation in the value of their common stock. Indeed, it is likely to be the case that depreciation in the value of their common stock occurs. These ARE NOT Investment Shares, which might require registration, but qualify under a special exemption with the Securities and Exchange Commission (SEC) for cooperatives.**

Since ownership of Membership Common Stock is reflective of Share Membership in the Cooperative, this stock is not transferable. Section 7.3 of the Bylaws sets forth the restrictions on transferability. If Membership Common Stock is transferred in violation of this restriction, it shall be treated as a withdrawal from Membership, and such stock shall be distributed in accordance with the termination provisions in Section 10.3 of the Bylaws. Membership Common Stock transferred to an ineligible holder shall not entitle such person to do business with the Cooperative or otherwise participate in the organization as a Member. **There is no market for Membership Common Stock.**

VI. MEMBERSHIP CAPITAL REQUIREMENTS AND INITIATION FEES

Membership Capital Requirements are one-time payment as follows:

Share Member Class: Each Share Member will purchase one share of Membership Interest Common Stock for \$97 (See Section IV). **There is no requirement of Free Members to become Share Members, but all Share Members must own one share and pay the Share Member Fee. No compensation is paid on the referral of a Free or Share Member, but Members may earn Patronage Points. Compensation is only paid on the purchase and/or resale of products and services. We do track referral of other Members via a referral link.**

Other Member Classes: As determined by the Board of Directors, currently NONE.

VII. MATERIAL RELATIONSHIPS

Management Agreement. The Cooperative has entered a Management Agreement with **CoOp Management Services, Inc (CMS), a Wyoming Company** to provide advice and management services for the Members of the Cooperative. **This Agreement term is until December 31, 2039 and is automatically renewable in 5-year periods** based on a vote of the Board of Directors. This contract was granted based on the initial capital and time expended by CMS, et al for development of products and services and in setting up the Cooperative for our Members. The Board of Directors allows the principals of CMS and its employees and affiliates to be Members of the Cooperative, but they cannot hold any Board positions. A representative of CMS attends Board meetings as President, Advisor, and Manager of the Cooperative, but does not vote. The Management Agreement specifies compensation to CMS which includes a defined portion of the fees charged to Members (if any), a defined portion of Dues (if any), a percentage of new products and services sold to Members (including Free Members), and certain other compensation and expenses for operation as may be approved by the Board of Directors from time-to-time.

Financial Guarantees, Charge back of Credit Cards and Refunds

Should CMS, Manager, or one of its principals be required to sign signature guarantees for financial services, such as credit card processing, the Cooperative shall indemnify in full Manager, or its principals, for any financial risk associated with these signature guarantees. Member charge backs against credit cards may affect that Share Member's Patronage Refunds and Share Member's "qualified" good standing and as such their right to vote or retain membership. Members are therefore requested to not charge back credit card transactions but to request refunds directly from the Cooperative. Members who cannot resolve dispute among themselves may also be removed from Patronage Refunds until a dispute is settled. The Cooperative and Manager are not a party to any dispute between Members.

Unify CoOp is registered with the Secretary of State of Minnesota as a 308B Cooperative Association and the Secretary of State of Ohio for banking and operations. It has a registered agent in Minnesota. The Manager is the Registered Agent in Ohio. The President of the CoOp may be an affiliate of Manager and can serve as President under the Management Agreement.

VIII. BOARD OF DIRECTORS

Beginning with the third Annual Meeting of the Members, Share Members shall elect Directors to the Board of Directors. The initial Board of Directors, appointed by Manager as Founder and President from Share Members and related third parties, shall serve up to 36 Months before the Board of Directors will hold elections for the replacement of Board Members. Voting **Board Members must come from Share Members.** This shall provide stability in the decision process in the formative months of the Cooperative.

The initial number of Directors serving the Cooperative for the first thirty-six months of operation shall initially be at least three (3). Thereafter, the Board will expand to be no more than twelve (12) according to the Bylaws. After two years of operation, one new director may be added for each 1000 Share Members, until the number of Board Directors is met. These Directors will be elected by the Members at the annual meeting. All Directors must be an elected or appointed representative of a Member that is not a natural person. **All Directors will be elected from a Share Member Class ONLY.** In the event of an even number of Directors, the elected Chairman shall be able to cast a tie breaking vote. The Chairman is elected by the Board.

After the initial three years of operation, at the Cooperative's annual meeting, at least 1/3 of current Director Positions will be up for vote. Prior to the Annual Meeting, the Board Chairman will identify any Directors not willing to stand for re-election or ineligible for re-election for any reason. If this number is less than 1/3 of the current Board positions, then the remaining Directors will draw lots to determine which Directors will run for re-election at the Annual Meeting.

No Director shall serve more than 6 consecutive years on the Board of Directors. After 6 years, a Director is ineligible for re-election until said Director has been off the Board for at least one full year.

Advisors: The Board or Manager may appoint or consult advisors at its sole discretion. Advisors are not members of the Board and shall not have a vote in Board deliberations but may attend Board meetings at the direction of the Chairman. CMS and Agile Advisors are approved advisors since inception.

Biographies of the Directors are available upon request in writing to the Board.

IX. MANAGEMENT OF THE COOPERATIVE

The President/Manager will provide for the day-to-day management of the Cooperative. The President/Manager is appointed by the terms of the Management Agreement. In addition to the day-to-day management provided by the President/Manager, the Board or Manager may elect several officers to oversee the interest of the Cooperative. These officers may include a Secretary and a Treasurer, and any other officers and agents that the Board may designate from time to time by resolution. The Secretary and Treasurer need not be members of the Board. If the Board so decides to designate such officers, any compensation due them will be an obligation of the Cooperative and not a liability of the Management Agreement. If paid by the Manager, then the CoOp shall reimburse manager.

X. PATRONAGE REFUNDS

Net Patronage earnings of the Cooperative will be returned to the Members each year or sooner in the form of Patronage Refunds in accordance with the Articles and Bylaws. These Patronage Refunds shall be paid in USD or Patronage Credits at the discretion of the Board. A Patronage Refund is an amount paid to the Share Member based on the pro-rata value of business/patronage done during the year by the Cooperative.

For example, if a Member did up to 10% of the Patronage business with vendors participating in the Cooperative's program for the fiscal year, the Board may determine that up to 10% of the Patronage Refund for the period be paid to that Member (this is called pro-rata payment of Patronage Refunds). This method of distributing Patronage Refunds can be distinguished from a regular business corporation, in which earnings or profits are paid to investors based on their capital investment, not Patronage qualification. In the Cooperative, Patronage Refunds will be paid based on the amount of business done with the Cooperative Association as determined by the Board, not based on invested capital. The Board or Manager may assign credits or bonuses by any criteria at its sole discretion for the allocation of Patronage Refunds. It is therefore important as a Share Member you put forth your best efforts to promote the success of the Cooperative if you expect to accumulate Patronage Points and receive Patronage Refunds.

Patronage values (often called Patronage Points) are assigned as a function of a Member's engagement with the Cooperative, TCP, as the Manager may determine from time to time.

Payment of Patronage Refunds. Under the Articles and Bylaws, Patronage Refunds must be paid within 8-1/2 months of the close of the fiscal year, and may be paid in cash, Patronage Credits, property, or written notices of allocation. These written notices of allocation enable the Cooperative to retain certain funds to meet capital needs. Written notices of allocation are redeemed at the discretion of the Board. Currently the Board desires to pay Patronage Refunds "as earned" Monthly, when possible.

Federal Income Taxes. From a Federal income tax standpoint, the Cooperative is able to deduct amounts distributed as a Patronage Refund as long as the Patronage Refund is paid in cash, Patronage Credits, property, or qualified written notices of allocation and otherwise meets the requirements of the appropriate Section of the Internal Revenue Code. A written notice of allocation is a written notice which discloses to the recipient the stated dollar amount allocated to the Share Member by the organization and the portion thereof, if any, which constitutes a

Patronage Refund. A "qualified" written notice of allocation is generally a written notice of allocation which the recipient has agreed to take into income at its stated amount in the year in which it is received in accordance with Section 1385(a) of the Internal Revenue Code and which is issued as part of a Patronage Refund at least 20% of which is paid in money, Patronage Credits, or by qualified check. Under the Bylaws, the Board will determine the amount of the Patronage Refund, if any, which is paid in qualified written notices of allocation.

For hypothetical example, if a Cooperative has \$150,000 in gross Patronage revenues and \$50,000 in expenses of its management agreement and operation for the year, its net Patronage earnings would be \$100,000. If it distributes this \$100,000 in a Patronage Refund within 8-1/2 months of the end of the fiscal year -- 20% in cash and 80% in qualified written notices of allocation, it will be able to take a Patronage Refund tax deduction for the \$100,000. Thus, the Cooperative will have income for the year of \$150,000 and deductions of \$150,000 (\$50,000 in expenses and \$100,000 in Patronage Refund), and it will pay no tax. The Share Members, on the other hand, may have pro-rata taxable income of \$100,000 on the Patronage Refund they received, and they would take it into income in the year in which it was received. Non-profit Members may have other tax benefits not discussed here and should seek accounting advice separate from this document.

Private Inurement and Unrelated Business Income Tax (UBIT). If you are not a non-profit this section does not apply to any for-profit or foreign entity. No part of the Distributions from the Cooperative to the Share Member shall inure to the benefit of or be distributed to its Members, trustees, officers or other private persons, except that the ministry or charity shall be authorized and empowered to pay reasonable compensation for the services rendered and to make payments and distributions in furtherance of its purposes set forth in the purpose clause hereof. If restricted by law, no substantial part of the activities of the receiving organization shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the organization shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of this document, the ministry or charity shall not carry on any other activities not permitted to be carried on (a) by an organization exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code or similar related Section, or corresponding section of any future federal tax code, or (b) by an organization, contributions to which are deductible under Section 170(c) (2) of the Internal revenue Code, or corresponding section of any future federal tax code. Violation of this section may result in the Board terminating Membership.

Non-Patronage Business. Earnings derived from non-member business will not be included in the Patronage Refund paid to Members. Earnings of this type are not entitled to the "single tax" benefit of Subchapter T or K, and may be taxed to the Cooperative at a different income tax rates. These taxes could affect net income for Patronage Refunds.

XI. CREDIT GUARANTEES

The Cooperative Members may be purchasing products and services from vendors directly and the Cooperative does not anticipate that it will provide vendors any credit or payment guarantee for these purchases by its Members.

XII. SUSPENSION AND EXPULSION OF MEMBERS

1. Suspension.

The provisions for suspension of Members are contained in Section 10.1 of the Bylaws. As set forth in Section 10.1, suspension may occur for nonpayment of amounts due the Cooperative or a vendor participating in the Cooperative's purchasing program, failure to have as its delegate an officer of the organization (unless excused), failure to submit reports, information requests, and surveys, and failure to abide by the Bylaws, and other undertakings with the organization. Any act, error, commission or omission

that the Board solely determines is immoral, unethical, and illegal, in violation of the code of ethics or not in the best interest of the Members or the Cooperative Association may result in Suspension or Expulsion.

Upon such suspension, all Membership privileges will cease, and all business transacted with the Cooperative while Membership is suspended shall not be counted in determining Patronage Refund payments for the year. Upon removal of the cause for suspension, the suspension of Membership shall be automatically lifted, and the previously suspended Member shall be entitled to all Membership privileges from that day forward.

2. Expulsion.

(a) As set forth in Section 10.2 of the Bylaws, the Board may terminate the Membership of a Member for good cause, after notice to the Member and a hearing. Good cause for termination will include, but not be limited to, the following: (i) failure to take appropriate action in a timely manner to remove the cause for suspension, (ii) failure of the Member to Patronize the Cooperative for a period of twelve months or otherwise not actively support the business of the Cooperative, or (iii) activities of the Member against the best interests of the Cooperative. Before voting upon the termination of the Membership of a Member, the Board will provide the Member with a full statement in writing of the charges against the Member alleged to constitute good cause for termination. Such notice will specify the place, date, and hour of a hearing before the Board of the charges, which hearing will not be less than ten days after service of such notice on the Member. At the hearing, the Member may be represented by counsel and will have the privilege of presenting and cross-examining witnesses on his, her or its behalf. **All parties agree to Arbitration and waive their rights to these matters being heard in Court or by a Jury and the decision of the Arbitrator is final and binding.**

(b) Any act, error, commission or omission that the Board solely determines is immoral, unethical, and illegal, in violation of the code of ethics or not in the best interest of the Members or the Cooperative Association may result in Suspension or Expulsion.

(c) Upon termination, all Membership privileges shall cease and all business transacted with the Cooperative will not be counted in determining Patronage Refund payments for the year. **There is no refund of Share Fees.**

3. Rights Upon Termination of Membership.

In accordance with Section 10.3 of the Bylaws, in the case of withdrawal, retirement, death, or expulsion, or other termination of the Membership of a Member:

(a) For an amount in cash equal to [the par value thereof], plus the additional capital amount paid for such Stock, if any, more than its par value at the time of issuance, but the payment will be made solely at the discretion of the Board of Directors. Further, the Cooperative may retain the amount of any admission fees or other assessments charged at the time of the Member's admission which is nonrefundable.

(b) Repurchase of Written Notices of Allocation. Any written notices of allocation held by such terminating Member will be repurchased at their stated value, in cash, and the payment will be made at the discretion and terms set by the Board of Directors.

(c) Offset. The Board may, in its sole discretion, offset the amount payable for a Member's stock or written notices of allocation against any indebtedness of such Member to the Cooperative. The Member will have no right to offset the amount of such stock or written notices of allocation against any indebtedness it may have to the Cooperative. At times other than the termination of Membership, the

Board may, in its sole discretion, apply to any indebtedness of a Member owing to the Cooperative the amount of all or a part of such Member's written notices of allocation, as shown on the records of the Cooperative, but this provision will confer no obligation upon the Board so to do, nor any right upon the Member to compel or insist upon such offset.

(d) Property Rights. Each Member is received into Membership upon the express agreement on the part of such Member and upon the condition that, in the event of termination, whether by expulsion or otherwise, the Member will not be entitled to be paid anything for the value of his, her or its property interest or other Membership rights, plus the additional capital amount paid for such stock, if any, as well as the stated value of any written notices of allocation issued to such Member.

(e) Duty of Member Following Termination. Immediately after the resignation of a Member from the Cooperative or the termination of a Member's Membership in the Cooperative, the Member will, at Member's sole cost and expense:

(i) cease using the Marks of the Cooperative, and

(ii) promptly deliver at the Member's sole cost to the Cooperative or its agents all Cooperative Information and all samples, sales aids, signage, literature, displays, catalogues, bulletins, price information, discount information, purchase orders, micro-film and other similar information or materials supplied to Member by the Cooperative.

For purposes of the Bylaws, "Marks" will mean all trade names, trademarks, service marks, logos, insignia, collective service marks, and collective trademarks now owned or used by the Cooperative, and all modifications and enhancements thereto.

For purposes of the Bylaws, "Cooperative Information" means the concepts, ideas, know-how and structure of Cooperative, including, but not limited to, marketing methods and concepts, advertising materials (regardless of the communication medium used to create such advertising materials), Cooperative financial information (including, without limitation, any and all financial statements, projections, reports and etc. with respect to any operation of the Cooperative, including revenues, expenses, Patronage Refunds, manufacturers rebates, minimum purchase requirements or any other matter), internal bulletins, correspondence, internal price information, product cross reference information, computer software and hardware developed by or in conjunction with the Cooperative, price discount information, purchasing methods and programs, supply sources, packaging methods and operations, confidential information, books, records, plans, designs, flow charts, drawings, copyrights, techniques, Marks, and any other materials relating to the idea, design, concept, management and operation of the Cooperative, and any and all modifications, improvements, additions and changes thereto.

After termination of a Member's Membership in the Cooperative, the Member agrees to use its best efforts to return all materials bearing Marks of the Company or as the Parties may agree on disposal.

XIII. DISTRIBUTION OF THE COOPERATIVE'S ASSETS UPON DISSOLUTION AND LIQUIDATION

In the event of dissolution, after paying or providing for the debts of the Cooperative, the holders of written notices of allocation shall be entitled to receive cash in the amount of the face amount of such allocations. Thereafter, holders of Membership Common Stock shall receive the par value thereof, plus the additional capital paid for such stock at the time of issuance. Thereafter, the remaining balance of the assets shall be distributed to the holders of Membership Common Stock upon the basis of the previous 10 years, or the total number of years if the Cooperative

has operated less than 10 years, of Patronage business conducted by the Member. Your Membership must be active to receive distribution, if not, there is not value to your Membership.

XIV. DOCUMENTS

The Articles, Bylaws, Management Agreement and other corporate documents are available to be viewed, by **Share Members ONLY** at the corporate offices with reasonable notice during normal business hours.

Each prospective Member must rely on its own evaluation of the Cooperative, including the merits and risks involved, in making a decision to join this organization as a Cooperative Share Member. **EACH PROSPECTIVE MEMBER SHOULD CONSULT HIS OR HER OWN PROFESSIONAL ADVISORS AS TO LEGAL, TAX, FINANCIAL, AND OTHER MATTERS CONCERNING THE COOPERATIVE. THE COOPERATIVE DOES NOT RENDER LEGAL, ACCOUNTING, OR FINANCIAL ADVICE.**

This document may be updated and changed from time-to-time, you will always have access through our website to the latest version; therefore, you waive any right to have this document sent to you. Also, you agree that the latest version of this document will be the version the Cooperative Association and you shall rely upon without notice to either. Any questions should be directed to the Manager or the Board of Directors via the CONTACT US page on the website. We will make every effort to reply on a timely basis (say 24 to 72 hours), please allow up to 30 days for a response before a second inquiry.