



Farmers Mutual Telephone Co. (dba Heartland Technology)
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Farmers Mutual Telephone Company dba Heartland Technology operates as a telecommunication cooperative. Member-owners are our customers who live within our ILEC who have elected to purchase a share. Shareholders may receive capital credits as a benefit of being a member. Capital credits are margins (revenue minus expenses) that are left over at the end of the year that are allocated to members in the form of a credit, a “capital credit”. This allocation is based on the dollar amount of member-eligible services during the same year. Every year, the Board of Directors will vote to retire margins, when our financial condition allows, in patronage back to its members in the form of dividends. We categorize dividends into two different types.

Patronage Dividends

Patronage revenue comes directly from the business we do with our member-owners, essentially the services and products provided to our cooperative customers. When this portion of our business earns a profit, we can choose to allocate those earnings back to our members as patronage allocations. These allocations are a way to share profits based on the amount of business each member does with the cooperative, and they also serve as a tax management tool for the co-op.

Non-Patronage Dividends

Non-patronage revenue comes from areas of our business that are not directly tied to member activity. Examples might include investment income or non-member services. A portion of the profits from these sources are distributed as dividends.