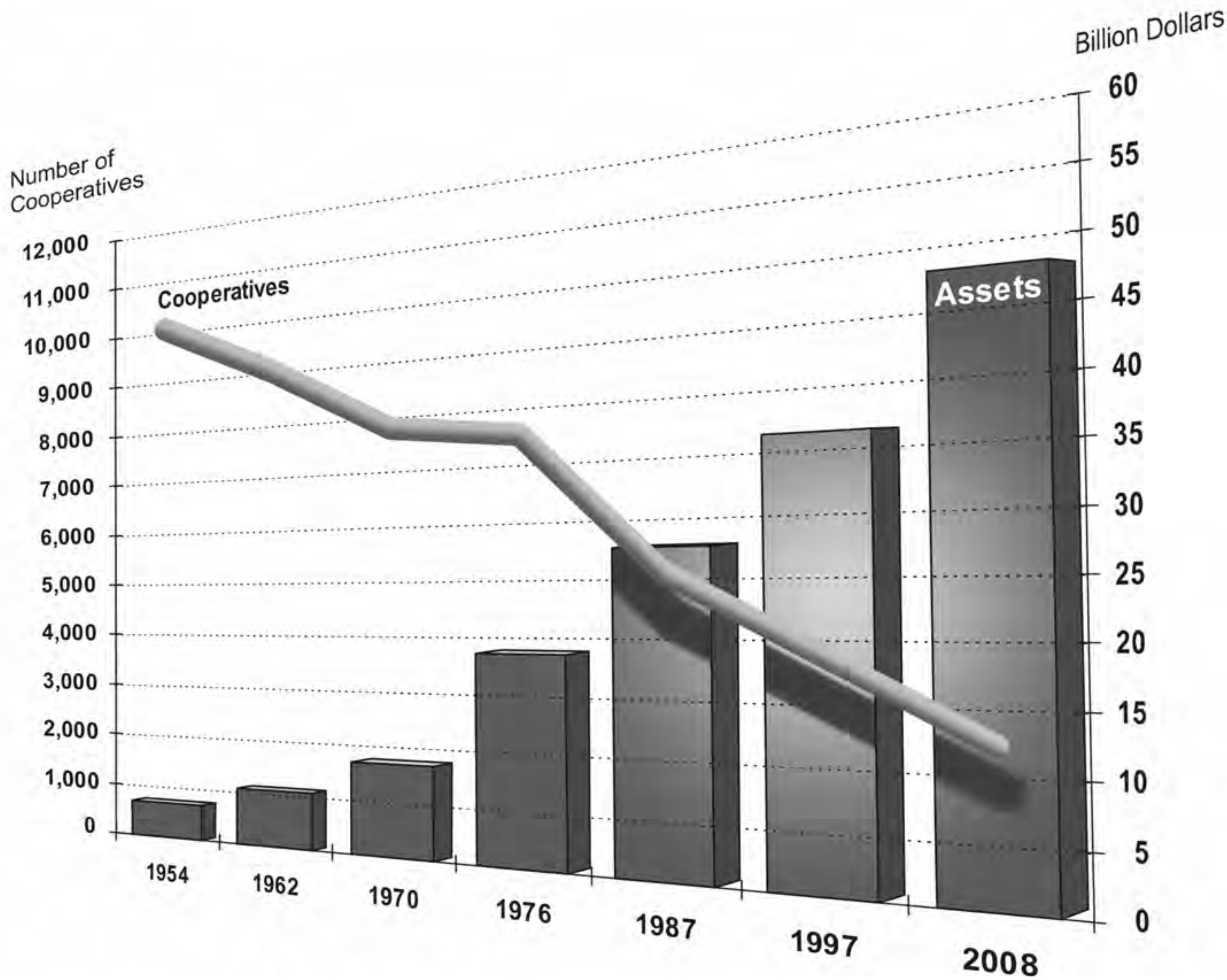
Cooperative Financial Profile, 2008

United States
Department of
Agriculture

Rural Business–
and Cooperative
Programs

Research
Report 222



Abstract

A 2008 survey of 2,473 U.S. farmer, rancher, and fishery cooperatives was conducted to examine their financial characteristics. The 1,164 respondents provided information on how they distributed their net income or losses, source of borrowed funds, and the composition of their equity capital. Common-size balance sheets and income statements and financial ratio analysis are used to compare responses between cooperatives. Additionally, the responses were grouped into eight cooperative types based on products sold or marketed and into seven asset sizes.

Keywords: cooperatives, financial profile, balance sheet, capital, common-size income statement, common-size balance sheet, ratio analysis.

Cooperative Financial Profile, 2008

E. Eldon Eversull

Rural Development
U.S. Department of Agriculture
STOP 3256
1400 Independence Ave., S.W.
Washington, DC 20250-3256

Research Report 222

June 2011

Preface

This report presents the 2008 financial profile of 1,164 U.S. farmer, rancher, and fishery cooperatives and compared these responses with those given in prior surveys. Results are also presented by type and cooperative size based on eight marketing, service, and supply classifications, and seven different asset sizes. Results are also given by State with information representing cooperatives based in 36 States.

This report continues the series of cooperative financial profiles that have previously been compiled in 1997, 1987, 1976, 1970, 1962, and 1954. The same survey results were also used for another recently published report: *Cooperative Equity Redemption*, RD Research Report 220.

The information provided in this report should act as a guide for cooperative managers and boards of directors in comparing their financial composition with cooperatives of similar type, size, and location. The author thanks the cooperatives that participated in this study and Roger Wissman, retired USDA Rural Development agricultural economist, for reviewing the survey instrument and a draft of this report.

Contents

Highlights . . . iv

Comparisons to Previous Studies . . . 1

Long-term Trends . . . 1
- *Funding Sources* . . . 2
- *Sources of Equity Capital* . . . 2
- *Distribution of Net Income* . . . 3
- *Sources of Borrowed Funds* . . . 3

Survey Respondents, 2008 . . . 4
- *Distribution of Net Income* . . . 5
- *Per-Unit Capital Retains* . . . 8
- *Sources of Borrowed Funds* . . . 8
- *Common-Size Balance Sheets* . . . 9
- *Common-Size Income Statements* . . . 11
- *Ratio Analysis* . . . 12

Summary . . . 15

Bibliography . . . 15

Appendix . . . 16

Highlights

Almost 1,200 U.S. farmer, rancher, and fishery cooperatives provided information about their financial structure in this study, continuing a long tradition for this data series. Survey highlights include the following:

- Equity capital financed 57 percent of cooperative assets in 1954 but dropped to 32 percent in 2008. Use of equity capital especially dropped from 1962 to 1970 and then again from 1997 to 2008.

- Cash patronage rose from 31 percent of net income or losses in 1954 to 41 percent in 1970 but has since steadily declined, to 27 percent in 2008. Unallocated distribution of net income and losses has increased from 6 percent in 1954 to 30 percent in 2008.

- CoBank provides about 64 percent of all cooperative borrowed funds. This is about a 10- percentage point increase over levels achieved in both 1997 and 1987.

- Only 83 respondents reported losses in 2008. Two cooperatives charged losses to qualified noncash patronage refund accounts and 81 distributed the losses to retained earnings.

- More farm supply cooperatives borrow from commercial banks than borrow from CoBank in terms of borrowings, however, four times as much funding originates from CoBank as from commercial banks. Farm supply cooperatives also often borrow from another cooperative or from a financial subsidiary of another cooperative.

- Current liabilities as a percent of total assets tend to grow as cooperative size increases. Long-term liabilities fluctuate across cooperative sizes, but the smallest cooperatives had the lowest percentage, while the largest cooperatives have the most long-term liabilities, percentage wise.

- With smaller amounts of liabilities, smaller cooperatives also have more equity. The smallest cooperatives have 66 percent of their assets financed by equity accounts, while the amount for the very largest cooperatives is 29 percent. The smallest cooperatives also have the most allocated equity (46 percent).

Cooperative Financial Profile, 2008

E. Eldon Eversull
Rural Development
U.S. Department of Agriculture

Cooperatives are businesses owned by their member users and, as such, modify their financial structure over time to successfully compete in U.S. and international markets. USDA Rural Development has periodically documented the financial profile of farmer, rancher, and fishery cooperatives over the past half century. This report continues the series that began in 1954, with updates in 1962, 1970, 1976, 1987, and 1997. This report will show how cooperatives have changed their financial structure by analyzing: sources of capital; distribution of net income and net losses; and changes over time to their financial measures. This report will also analyze cooperative financial structure in the current survey year by the use of common-size income statements and balance sheets and ratio analysis.

Cooperative managers, directors, educators, and researchers will be provided information in this report on how cooperatives are financed and how their financial structure has evolved over time.

Comparisons to Previous Studies

This study differs somewhat from earlier studies in that information will be provided by State and somewhat different cooperative sizes and types will be used. Information and methodology in this study closely follows a previous cooperative equity redemption report [Eversull] which drew on the same survey results.

Varying sizes were used in prior studies based on total assets. This study will use seven asset sizes, the same ones used in the cooperative equity redemption study: <$1 million in assets; $1 million to $2.49 million; $2.5 million to $4.99 million; $5 million to $9.99 million; $10 million to $19.99 million; $20 million to $49.99 million; and $50 million and over.

Each year, USDA's Cooperative Programs (CP) conducts an annual survey of cooperatives. This survey has shown that cooperatives are merging with other cooperatives, resulting in fewer but larger cooperatives [DeVille, et al]. With fewer cooperatives, analysis by cooperative type has been reduced from 13 cooperative types used in 1997 to the present 8 types. Cooperative types used are the same as used in the equity redemption study, as follows: cotton and cotton gin; dairy; fruit, vegetable, and nut; livestock, poultry, and wool; other marketing; service; grain and oilseed; and farm supply.

Grain and oilseed and farm supply cooperatives are the predominate responders to this report, accounting for 31 percent and 44 percent respectively, or 75 percent of all respondents. Grain and oilseed and farm supply cooperatives also have similar operations in that most sell some farm supplies, while many farm supply cooperatives also market some grain. But the largest size respondents to this survey are not grain and oilseed or farm supply cooperatives. Reported results thus do not necessarily correspond to the most numerous respondents. The location of respondents by State and region is given in Appendix Table 1.

Long-Term Trends

Over the past half century, the number of cooperatives has dropped from more than 10,000 to just over 2,400 (Figure 1). During this same time period, total assets in 2008 are more than 13 times larger than cooperative asset levels of 1954 (Appendix Table 2).

Percentage wise, assets grew the most between 1970 and 1976; by dollar amount, the most rapid growth was between 1997 and 2008. Respondents to this survey represent a large proportion of total cooperatives surveyed by Rural Development, as their asset level of $48.2 billion in 2008 represents more than 78 percent of total cooperative assets [$61.2 billion, DeVille, et al].

Funding Sources

Funding sources consist of (1) equity capital, (2) borrowed funds, and (3) other liabilities. Equity capital is primarily derived from net income and is influenced by decisions made by the board of directors on distribution of net income, equity redemption, and use of debt or equity to finance assets.

Borrowed funds come from CoBank (prior studies refer to Bank for Cooperatives, which was part of the Farm Credit System; mergers of banks for cooperatives reduced the number of these banks to one surviving bank in 1999—CoBank), commercial banks, bonds and notes issued by the cooperative, loans from other cooperatives or their financial subsidiaries, and other sources and lenders.

Other liabilities are obligations due suppliers, members, and others. Obligations due suppliers are dependent on the type of business a cooperative conducts. Dairy marketing cooperatives have fairly steady business throughout the year, so they have about the same funding obligations to suppliers (raw milk payments to members). Farm supply cooperatives have a more cyclical payment process to suppliers of seed, fertilizer, and crop protectants, so these cooperatives usually have higher obligations due suppliers in late winter and early spring as inventories are built up.

In 1954 and 1962, equity capital financed 57 percent of cooperative assets (Figure 2). Equity levels declined through 1976 but increased from 1970 levels to 1987. They dropped in 1997 and 2008, when only 32 percent of assets were funded by equity. Borrowed funding as a percent of total assets reached a high of 33 percent in both 1970 and 1976, only to fall below 30 percent in 1987 and 1997. Borrowed funding rose above 31 percent again in 2008.

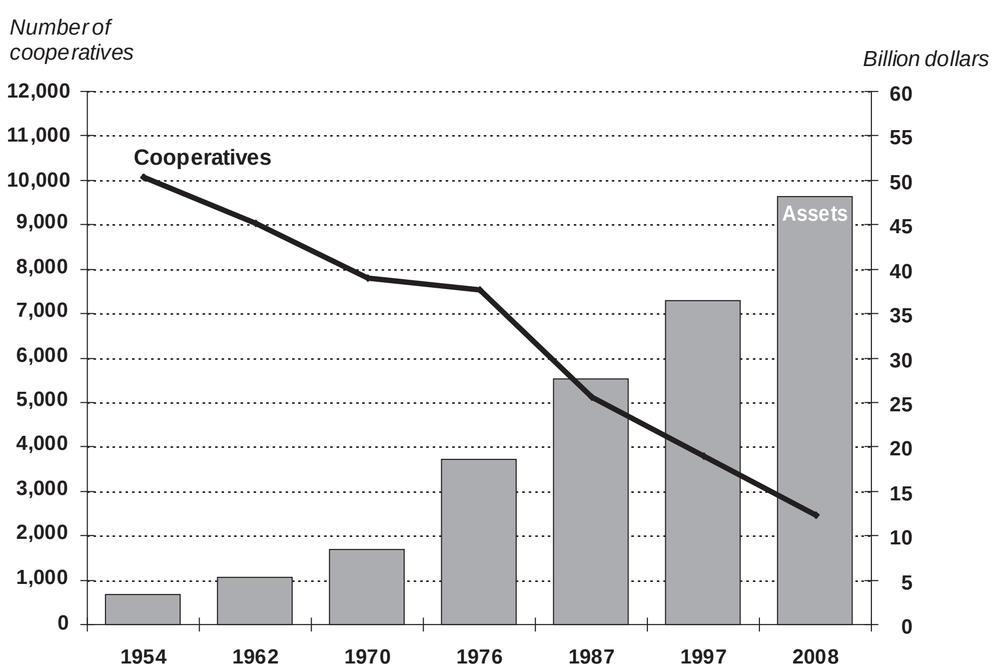
There has been a steady increase in the use of other liabilities to finance assets. Other liabilities have risen from 18 percent in 1954 to 37 percent in 2008.

Sources of Equity Capital

User-owners finance their cooperatives through the accumulation of equity capital via direct investment, patronage refunds, and per-unit retains. Without equity accumulation, a cooperative cannot grow. To maintain investment proportionality among current and past users, equity redemption is used by most cooperatives.

Direct investment in a cooperative is usually through the purchase of an ownership share or shares. Preferred stock may also be used. Patronage refunds are net income allocated to a patron based on the quantity or value of business conducted with the cooperative. Per-unit retains are not based on net income, but rather

Figure 1—Number of Cooperatives and Their Total Assets, by Fiscal Year



on the amount of products sold through the cooperative or business conducted. Marketing agreements with members or bylaw provisions establish the authority for the cooperative to deduct per-unit retains from product payments.

Allocating net income and redeeming equity are unique practices of cooperatives. The bylaws of the cooperative govern its net income allocation and equity redemption. The cooperative's board of directors is responsible for determining the allocation of net income and equity redemption. Capital accumulation is the result of net income allocation and equity redemption.

Distribution of Net Income

Distribution of net income provides equity accumulation through noncash patronage refunds and unallocated accounts. Distribution of net income is shown in Figure 3 and in Appendix Table 3. For most of the survey years, cash and noncash patronage refunds comprise the majority of net income distribution. Cash patronage of 31 percent of net income or losses in 1954 rose to 41 percent in 1970, but has since steadily declined, to 27 percent in 2008. Noncash patronage refunds have declined overall from 56 percent in 1954 to 31 percent in 2008, with increases to at least 43 percent in both 1976 and 1997. Unallocated distribution of net income or losses has increased from 6 percent in 1954 to 30 percent in 2008.

In 1987 and 2008 surveys, unallocated distribution of net income (retained earnings) was equal to or larger than the distribution for cash patronage and noncash patronage. There were large losses in both 1986 and 2007 followed by large growth of income the following years. Some of the growth in retained earnings in 1987 and 2008 could be to offset losses charged against retained earnings in the prior years.

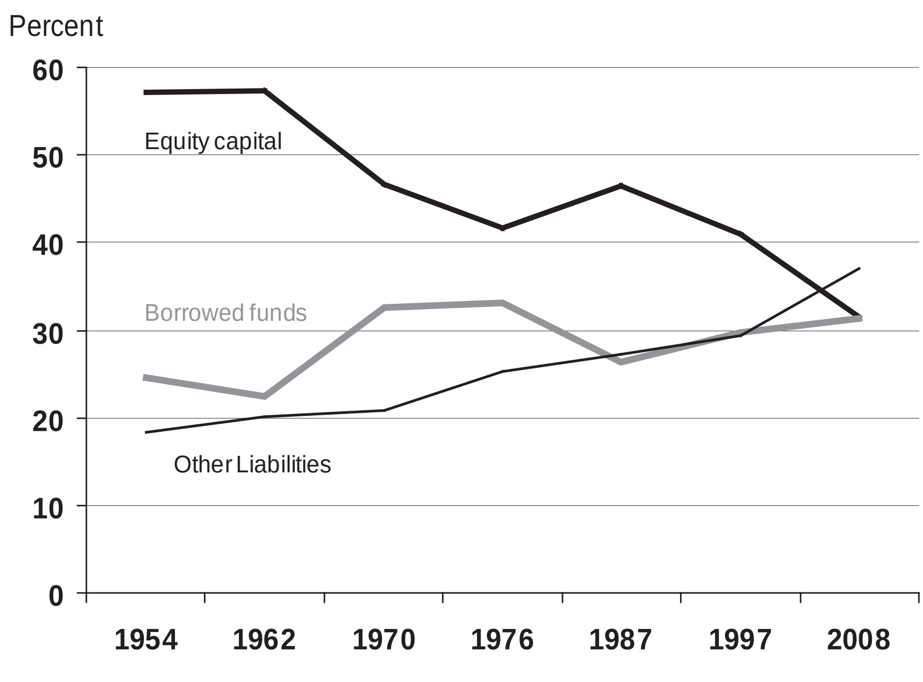
Sources of Borrowed Funds

CoBank is the main source of borrowed funds for cooperatives (Figure 4 and Appendix Table 4). CoBank is the surviving bank for cooperatives after a series of mergers among cooperative banks that are a part of the Federal Farm Credit System. CoBank and its predecessors provided more than 64 percent of all cooperative borrowed funds in 1970 and still provide about the same percentage in 2008.

In 1954 through 1976, bonds and notes issued by cooperatives were the second highest source of borrowed funds. About 37 percent of borrowed funds in 1954 were from bonds and notes, but this funding source has fallen steadily, to only 8 percent of borrowed funds in 2008.

Commercial banks provided about 8 percent of borrowed funds in 1954 through 1987, but borrowing from commercial banks grew to 16 percent in both 1997 and 2008. The final source of borrowed funds is a catch-all “other” category. “Other” consists mainly of loans from other cooperatives or their financial subsidiaries, equipment dealers, the Small Business Administration, industrial revenue bonds, certificates of debt, and Commodity Credit Corporation. Overall, other source of borrowed funds has fluctuated from 9 percent in 1954 to 26 percent in 1987, dropping back down to 12 percent in 2008.

Figure 2—Cooperatives’ Funding Sources by Fiscal Year



Survey Respondents, 2008

There were 1,164 respondents to the 2008 financial profile survey. These cooperatives represent about 64 percent of sales and 78 percent of assets of all cooperatives that CP surveys. The distribution of respondents by total asset size is shown in figure 5. About one-third of cooperatives are in the $5 million to $9.99 million, and $10 million to $19.99 size groupings.
By cooperative type, most of the respondents are either grain and oilseed or farm supply cooperatives (Figure 6).

Respondents' percentage of total assets and total sales is presented in Table 1. The largest size grouping, with assets over $50 million, dominates the category, accounting for 78 percent of the assets and sales. Even though grain and oilseed and farm supply cooperatives are the most numerous respondents, there are some large dairy respondents, as indicated by 59 cooperatives having

Figure 3 — Distribution of Net Income, by Fiscal Year

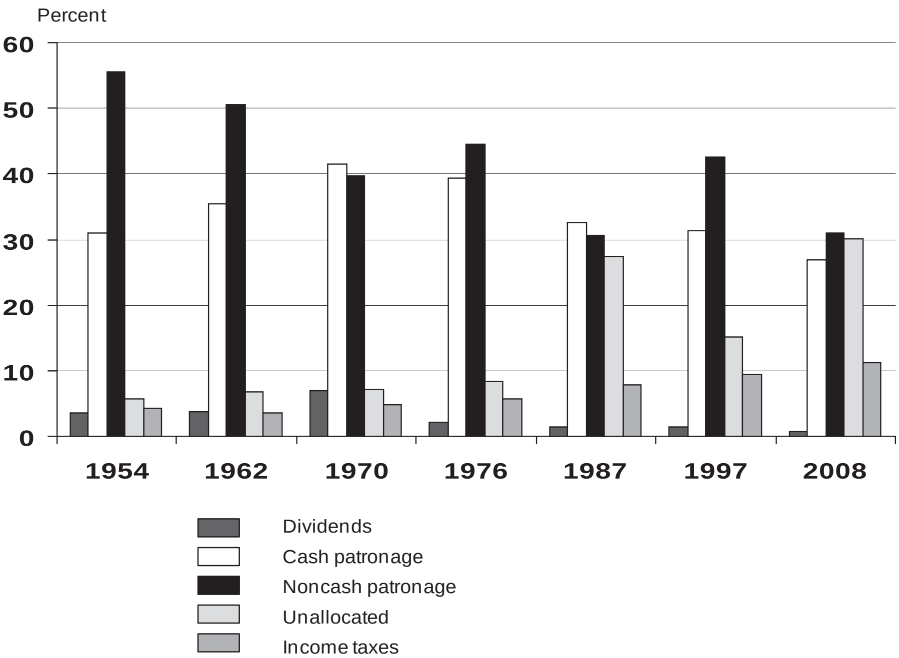


Figure 4 — Distribution of Borrowed Funds, by Fiscal Year

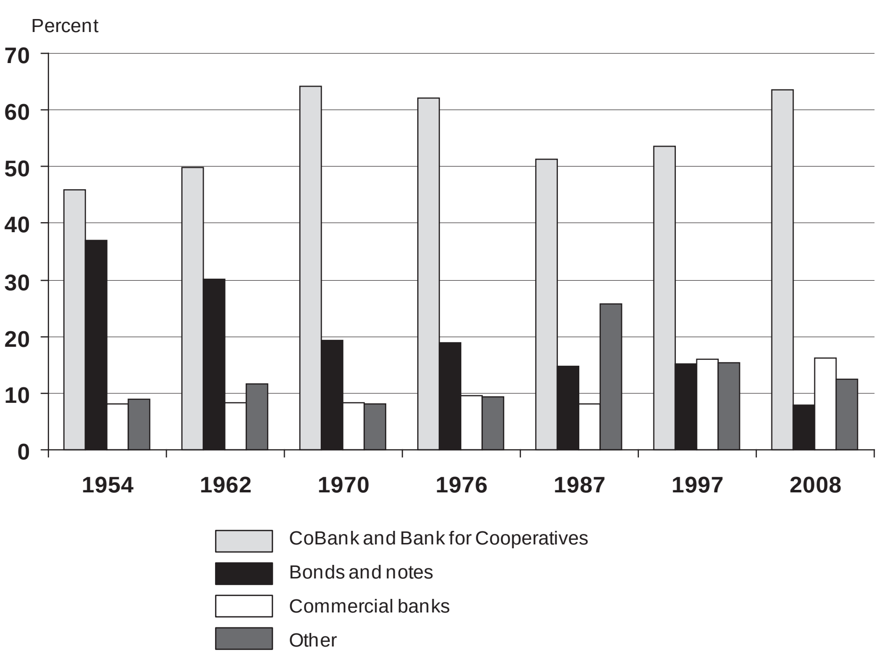


Figure 5—Distribution of Cooperatives by Total Assets, 2008

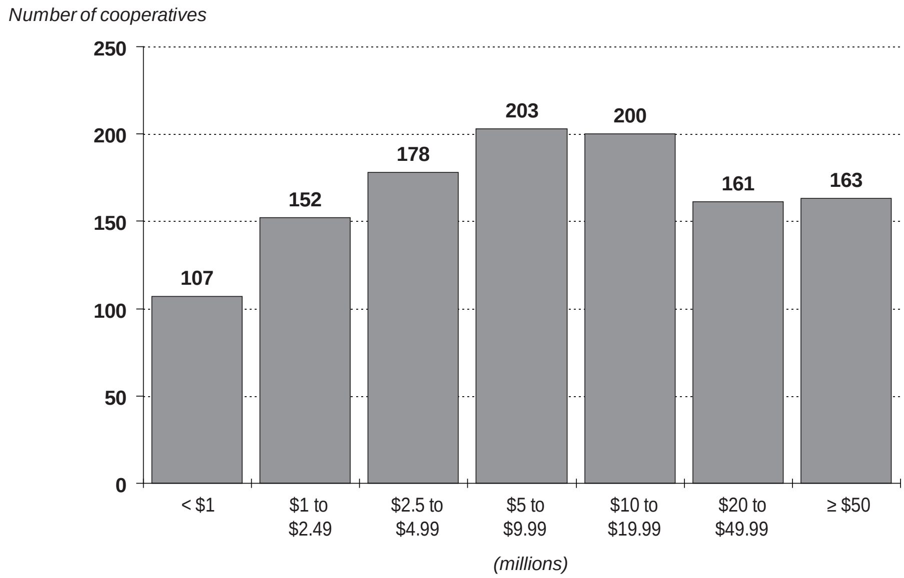
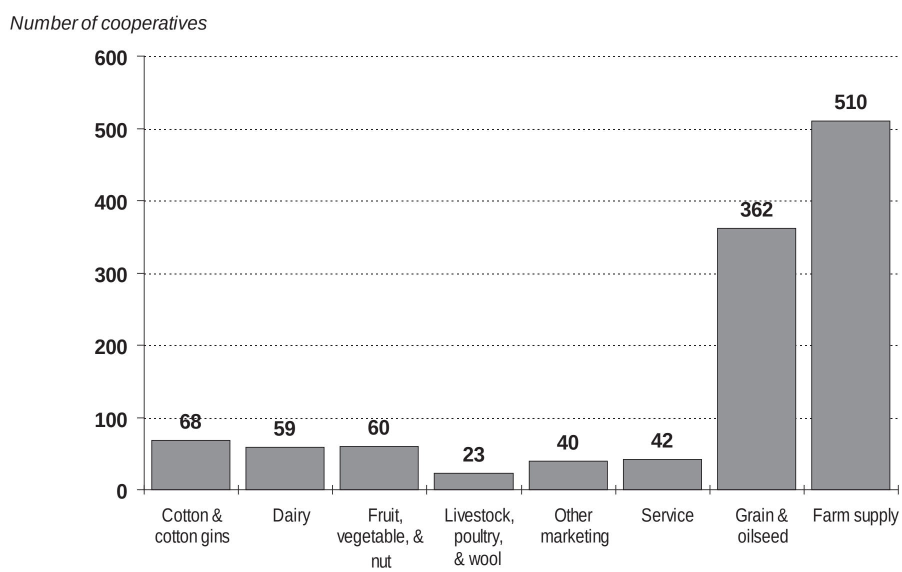


Figure 6 — Distribution of Cooperatives by Type, 2008



21 percent of the assets and 30 percent of sales.

Distribution of Net Income

Distribution of net income in Table 2 includes more equity accounts or distribution methods than those shown in Figure 3 from the previous section. The survey included both qualified and nonqualified equity accounts for distribution of net income; differentiation between qualified and nonqualified distributions were not included in prior studies. With qualified noncash refunds, the patron is taxed in the year received, while the cooperative deducts the entire qualified noncash refund from expenses in the year the funds are earned. For nonqualified noncash refunds, the cooperative pays taxes on the nonqualified noncash refunds in the year the funds are earned. The patron is not taxed on nonqualified refunds until a later time, when the nonqualified noncash refunds are redeemed. The patron then treats this as income in the

Table 1—Respondent cooperatives' percent of total sales and total assets by size and type, 2008

Total asset size and cooperative type	Respondents	Percent of total assets[1]	Percent of total sales[1]
	Number	*Percent*	
< $1 million	107	0.10	0.23
$1 mill. to $2.49 mill.	152	0.55	0.82
$2.5 mill. to $4.99 mill.	178	1.35	1.48
$5 mill. to $9.99 mill.	203	3.11	3.47
$10 mill. to $19.99 mill.	200	5.91	5.90
$20 mill. to $49.99 mill.	161	10.87	10.47
≥ $50 million	163	78.09	77.64
	1,164	100.00	100.00
Cotton and cotton gin	68	4.07	3.04
Dairy	59	20.79	30.42
Fruit, vegetable, and nut	60	6.17	5.02
Livestock, poultry, and wool	23	0.68	1.32
Other marketing	51	11.86	8.34
Service	31	0.35	0.01
Grain and oilseed	362	29.63	24.99
Farm supply	510	26.45	26.86
	1,164	100.00	100.00

[1] Based on total assets of $48.2 billion and total sales of $119.9 billion.

year the cash is received (for a complete discussion of cooperative income distribution and tax treatment, see Frederick, *Tax Treatment of Cooperatives*).

In this study, 25 cooperatives had no income to distribute (Appendix Table 5). About half of these cooperatives were small. One-third were fruit, vegetable, and nut cooperatives.

The majority of net income distributions are to retained earnings, qualified cash patronage refunds, and qualified noncash patronage refunds. Each of these accounts received at least 26 percent of the total distribution in 2008. All sizes of cooperatives paid a cash dividend of 1 percent or less. Qualified cash patronage refunds, at 45 percent, were largest for cooperatives with $1 million to $2.49 million in assets. Qualified noncash patronage refunds were between 24 percent and 36 percent for all sizes. Smaller to mid-size cooperatives issue larger proportions of qualified noncash patronage refunds. Nonqualified noncash patronage refunds were used the most by the largest and smallest cooperatives. Higher retained earnings generally means higher taxes are paid.

There is substantial variation in distribution of net income among different cooperative types, but there are very few responses for some categories. Dairy cooperatives had a cash dividend over 4 percent, based on only 4 responses. Qualified cash patronage refunds ranged from 63 percent for fruit, vegetable, and nut cooperatives to 17 percent for farm supply. Qualified noncash patronage refunds were the highest for livestock, poultry, and wool cooperatives (75 percent, but based on only 5 responses) while fruit, vegetable, and nut (4 percent) were the lowest. The negative 30-percent income tax (refund) was due to a large tax refund by one livestock, poultry, and wool cooperative.

With grain and oilseed and farm supply cooperatives comprising 31 percent and 44 percent, respectively, of all respondents, there are sufficient responses to analyze these two types separately. On average, more than 48 percent of net income of grain and oilseed cooperatives is distributed as qualified cash and noncash patronage refunds. Another 38 percent was kept as retained earnings in 2008 (Appendix Table 7). Farm supply cooperatives also kept 38 percent as retained earnings and had cash patronage refunds of 17 percent. But, they had lower qualified noncash patronage refunds and higher income taxes (24 percent and 20 percent, respectively, Appendix Table 8).

Grain and oilseed and farm supply cooperatives distributed net income similarly; both had: more than 80 percent of the cooperatives using qualified cash patronage refunds; 76 percent using qualified noncash

Table 2—Distribution of net income[1] by cooperative size and type, 2008

Total asset size and cooperative type	Cash dividend	Qualified cash refund	Qualified noncash refund	Nonqualified noncash refund	Retained earnings (unallocated)	Income tax
			Percent			
< $1 million	0.28	25.56	24.92	2.60	40.14	6.50
$1 mill. to $2.49 mill.	0.35	44.72	30.04	1.53	17.55	5.82
$2.5 mill. to $4.99 mill.	0.25	33.92	31.75	1.79	25.33	6.97
$5 mill. to $9.99 mill.	0.07	32.80	32.98	0.85	23.87	9.43
$10 mill. to $19.99 mill.	0.30	26.79	36.42	1.94	23.55	11.00
$20 mill. to $49.99 mill.	0.06	25.07	29.50	0.41	30.55	14.41
≥ $50 million	1.05	27.85	23.93	2.53	32.87	11.76
Weighted average	0.81	27.94	26.14	2.14	31.22	11.74
Cotton and cotton gin	0.09	51.49	35.60	1.26	9.64	1.91
Dairy	4.09	20.89	44.40	1.83	21.87	6.92
Fruit, vegetable, and nut	2.22	62.57	4.13	6.08	22.13	2.87
Livestock, poultry, and wool	0.28	35.43	74.53	0.06	19.66	-29.96
Other marketing	0.00	32.26	25.17	2.02	34.11	6.44
Service	0.00	45.91	27.71	0.77	17.36	8.24
Grain and oilseed	0.05	18.36	30.35	1.03	38.16	12.04
Farm supply	0.09	17.17	23.73	1.79	37.62	19.60
Weighted average	0.81	27.94	26.14	2.14	31.22	11.74

[1] Based on net income of $3.8 billion.
[2] Other marketing cooperatives are comprised of: Tobacco, 3; Dry beans and peas, 6; Rice, 3; Sugar, 10; Fish, 10; and Other marketing, 8.

patronage refunds; and over 98 percent using retained earnings. Over 92 percent paid income taxes on net income.

Percent distribution of net income by State is given in Appendix Table 9. There are some differences in how cooperatives in different States distribute net income. For instance, qualified cash patronage refunds by State is probably influenced by the number of grain and oilseed, farm supply, and dairy cooperatives that pay lower amounts of qualified cash patronage refunds rather than a location difference. In Appendix Table 10, the number of cooperatives distributing net income by State shows that 36 Illinois cooperatives paid a cash dividend, something that is not apparent if only the percent distribution in Appendix Table 9 is considered.

In this study, 83 cooperatives had losses. Most cooperatives charge losses to retained earnings instead of passing on the loss to members' equity accounts (Appendix Tables 11 and 12). The survey reveals that 81 cooperatives charged losses to retained earnings while 2 cooperatives charged losses to qualified noncash patronage refund accounts. One dairy and one fruit/vegetable/nut cooperative passed the loss on to members through an assessment and by lowering allocated equity accounts.

Patronage refunds and cash dividends were paid by several grain and oilseed and farm supply cooperatives that suffered overall losses. Without knowing the specifics, it is surmised that at least one business center of these cooperatives had a profit while the cooperative had an overall loss. For example, the petroleum business center of the cooperative might have had a profit and thus paid patronage refunds while other business centers had losses that caused the cooperative to have an overall loss.

Per-Unit Capital Retains

Cooperatives accumulate equity by noncash refunds, retained earnings, and per-unit retains. Per-unit retains are a direct investment by members. The retains are deducted either as an amount per quantity of product delivered or as a percentage of the value of the product marketed. Marketing agreements with members or bylaw provisions establish the authority for the cooperative to deduct per-unit retains from product payments.

Qualified per-unit retains, at $90 million, were highest for the very largest cooperatives (Table 3). Nonqualified per-unit retains were also used the most by the largest cooperatives, with nine using them to deduct $39 million. Per-unit capital retains were used by 43 cooperatives (3 cooperatives used both qualified and nonqualified per-unit capital retains) which was just over half of the respondents that reported doing so in the 1997 study (83 cooperatives).

Dairy cooperatives deducted the largest amount of qualified per-unit capital retains ($40 million) while other marketing cooperatives had $30 million. Fruit, vegetable, and nut cooperatives deducted at $21 million, the largest amount of nonqualified per-unit capital retains.

Sources of Borrowed Funds

In the previous long-term analysis section, sources of borrowed funds were limited to CoBank, bonds and notes, commercial banks, and "other." For the "other" category, respondents supplied the source of borrowed funds by writing down a source(s) on the survey. Also, other sources were found in annual reports included with the returned surveys, which were supplied by 82 percent of respondents. With many additional sources of funds supplied by respondents and found in annual reports, the "other" category was expanded, and additional detail on borrowed funds is given in table 4. CoBank is by far the largest source of borrowed funds, with a weighted average of 62 percent. By size though, cooperatives with assets less than $5 million obtain almost half of their borrowed funds from commercial banks.

When looking at the number of respondents using each source (Appendix Table 13), some of the other sources of borrowed funds take on more important roles. Equipment dealers provide less than 2 percent of funds, but more than 10 percent of the respondents received financing from this source. Another cooperative or cooperative financial subsidiary and "other" sources provide less than 10 percent of funding. But, more than 10 percent of the respondents used these sources.

Cotton and cotton gins obtained 42 percent of their borrowed funds from the Commodity Credit Corporation (CCC, mainly cotton stored under loan at cotton cooperatives). Other marketing cooperatives obtained 12 percent of their borrowed funds from CCC, where "other" was sugar and rice marketing cooperatives. Commercial banks provided 80 percent of borrowed funds for service cooperatives and more than 25 percent for other marketing; cotton and cotton gin; and fruit, vegetable, and nut cooperatives. Bonds and notes were used for at least 12 percent of borrowed funds for dairy; fruit, vegetable, and nut; livestock, poultry, and wool; and other marketing cooperatives, but fewer than 10 cooperatives of these types used bonds and notes.

Grain and oilseed cooperatives borrowed about 16 percentage points more of their funds from CoBank than the other types of cooperatives while borrowing about 5 points less from commercial banks (Appendix Table 14). Smaller grain and oilseed cooperatives used commercial banks more than larger grain cooperatives, as was found with other smaller cooperatives.

More farm supply cooperatives borrow from commercial banks (170) than borrow from CoBank (166, Appendix Table 15). In terms of borrowing however, four times as much funding originates from CoBank as from commercial banks. More farm supply cooperatives than any other type borrow from another cooperative or a financial subsidiary of another cooperative. Many farm supply and grain and oilseed cooperatives purchase their farm supplies and sell their grain through other cooperatives. These other cooperatives are federated cooperatives that have farm supply and grain and oilseed cooperatives as members (owners) and, as owners, receive patronage refunds from the federated cooperatives based on farm supplies purchased or grain marketed through the federated cooperative. Additionally, the federated cooperative can be a source of borrowed funds for its owner/member local farm supply and grain and oilseed cooperatives.

By State, it would appear that commercial banks are major sources of funds in Florida and Georgia, Maryland, North Carolina, and Hawaii (Appendix Table 16), until the number of cooperatives using these funds is understood to be small, as seen in Appendix Table 17. Cooperatives from Iowa, Illinois, Missouri, Kansas, and Nebraska receive the majority of their borrowings from CoBank, and these States also have a large amount of respondents. Although accounting for less than 6 percent of the total borrowings in Minnesota, 26 cooperatives received funding from another cooperative or the financial subsidiary of another cooperative and 29 received funds from "other" sources.

Table 3—Per-unit capital retains deducted by cooperative size and type, 2008

Total asset size and cooperative type	Total	Deducting qualified per-unit capital retains	Deducting nonqualified per-unit capital retains	Qualified per-unit retains	Nonqualified per-unit retains
		Number		*Million $*	
< $1 million	107	1	0	0.1	0.0
$1 mill. to $2.49 mill.	152	0	0	0.0	0.0
$2.5 mill. to $4.99 mill.	178	3	1	0.4	0.1
$5 mill. to $9.99 mill.	203	6	1	2.6	0.2
$10 mill. to $19.99 mill.	200	5	2	3.3	1.4
$20 mill. to $49.99 mill.	161	4	1	1.5	0.9
≥ $50 million	163	13	9	90.2	38.5
Total	1,164	32	14	98.1	41.1
Cotton and cotton gin	68	1	0	3.2	0.0
Dairy	59	5	2	40.4	5.7
Fruit, vegetable, and nut	60	10	5	5.5	20.6
Livestock, poultry, and wool	23	1	0	0.3	0.0
Other marketing	40	4	1	30.3	9.6
Service	42	1	0	15.6	0.0
Grain and oilseed	362	3	1	0.5	1.6
Farm supply	510	7	5	2.4	3.6
Total	1,164	32	14	98.1	41.1

Common-Size Balance Sheets[1]

Common-size balance sheets present all accounts as a percent of total assets, which allows for comparison between different sizes and types of cooperatives. Current assets range from 59 percent of total assets to 67 percent by cooperative size (Appendix table 18).

[1] For a more complete description of balance sheet and income statement accounts, see DeVille, et al.

Table 4—Source of borrowed funds[1] by cooperative size and type, 2008

Total asset size and cooperative type	CoBank	Commercial Banks	Bonds and notes	Farm Credit System	Grain Contracts	Equip-ment dealers	Small Business Admin-istration	Industrial revenue bonds	Certifi-cates of debt	Commodity Credit Corp oration	Another co-op or subsidiary	Other
						Percent						
< $1 million	26.54	54.18	1.40	5.46	0.00	0.19	3.82	0.00	0.00	0.00	0.76	7.63
$1 mill. to $2.49 mill.	13.85	57.01	6.29	8.55	0.00	2.18	1.35	0.00	0.04	0.00	7.52	3.22
$2.5 mill. to $4.99 mill.	25.10	43.11	1.12	9.35	1.42	2.11	5.12	0.00	0.00	0.00	7.08	5.60
$5 mill. to $9.99 mill.	48.68	28.09	4.18	3.06	0.00	1.63	1.40	0.00	0.15	0.00	6.27	6.55
$10 mill. to $19.99 mill.	52.94	24.01	5.08	3.95	0.77	1.33	0.69	0.36	0.00	0.00	7.80	3.06
$20 mill. to $49.99 mill.	58.47	19.75	2.23	3.07	0.31	1.57	0.25	0.42	0.09	0.11	13.38	0.35
≥ $50 million	63.29	14.44	8.68	1.72	0.19	1.47	0.02	1.08	0.07	4.75	1.96	2.32
Weighted average	61.51	16.14	7.58	2.09	0.24	1.49	0.15	0.93	0.07	3.81	3.76	2.24
Cotton and cotton gin	10.31	28.09	1.65	16.98	0.00	0.09	0.40	0.00	0.00	42.05	0.30	0.12
Dairy	44.00	13.15	37.39	0.00	0.00	0.37	0.00	1.75	0.00	0.00	0.03	3.32
Fruit, vegetable, and nut	48.15	26.09	12.74	1.05	0.00	0.05	0.00	3.35	0.00	0.00	0.13	8.44
Livestock, poultry, & wool	61.36	6.10	11.68	18.55	0.00	0.30	0.00	2.01	0.00	0.00	0.00	0.00
Other marketing	37.45	31.71	12.70	0.00	0.00	0.29	0.00	5.03	0.00	12.35	0.07	0.39
Service	6.02	80.47	4.49	0.25	0.00	0.56	0.00	6.96	0.00	0.00	0.00	1.24
Grain & oilseed	77.98	10.83	1.80	1.17	0.53	1.56	0.20	0.09	0.16	0.03	3.32	2.34
Farm supply	63.16	15.83	5.42	1.12	0.01	3.00	0.12	0.25	0.00	0.00	9.43	1.67
Weighted average	61.51	16.14	7.58	2.09	0.24	1.49	0.15	0.93	0.07	3.81	3.76	2.24

[1] Based on total borrowed funds of $15.1 billion.
[2] Other marketing cooperatives are comprised of : Tobacco, 3; Dry beans and peas, 6; Rice, 3; Sugar, 10; Fish, 10; Other marketing, 8.

Property, plant, and equipment as a percent of total assets ranges only 4 points, with the largest and smallest cooperatives both averaging 19 percent. Cooperatives with $2.5 million to $4.99 million in assets have the highest property, plant, and equipment (23 percent of total assets). Investments in other cooperatives is the highest for smaller cooperatives and falls to 4 percent for the largest cooperatives.

Current liabilities as a percent of total assets tend to grow as cooperative size increases, ranging from 30 percent to 55 percent. Long-term liabilities fluctuate across cooperative sizes, but the smallest cooperatives have the fewest (4 percent) while the largest cooperatives have the most long-term liabilities (18 percent).

With smaller amounts of liabilities, smaller cooperatives also have more equity. The smallest cooperatives have 66 percent of their assets financed by equity accounts while the very largest have 29 percent. The smallest cooperatives also have the most allocated equity (46 percent).

Current assets as a percent of total assets is highest for cotton and cotton gin; livestock, wool, and poultry; and grain and oilseed cooperatives, with all averaging at least 75 percent (Appendix table 19). Property, plant, and equipment is highest for service; other marketing; and fruit, vegetable, and nut cooperatives, averaging at least 29 percent. Grain and oilseed and farm supply cooperatives have at least 6 percent of their assets invested in other cooperatives, while all other types of cooperatives have 3 percent or less.

Current liabilities, at 29 percent of total assets, are lowest for service cooperatives. Long-term liabilities are highest for dairy and fruit, vegetable, and nut cooperatives (24 percent).

With at least 59 percent of total assets financed by equity for service cooperatives, these cooperatives average at least 18 points higher than any other type of cooperative. Dairy (26 percent) and grain and oilseed cooperatives (25 percent) have the smallest amounts of assets financed by equity.

Common-Size Income Statements

Appendix tables 20 and 21 show common-size income statements for the surveyed cooperatives. Common-size income statements show each item as a percent of total sales except for service cooperatives, where each item is a percent of service. Cost of goods sold, at 93 percent, is the highest for the smallest cooperatives. All other sizes of cooperatives averaged a cost of goods sold of either 89 or 90 percent of sales.

Service and other operating income is the highest for the smallest cooperatives, averaging 6 percent. Service income generally decreases as cooperative size increases, dropping to 1 percent for the largest cooperatives.

Expenses were at least 9 percent of sales for all cooperatives. Expenses were higher for smaller cooperatives and tended to drop as cooperative size increased. The largest single expense is wages, averaging at least 4 percent of sales and increasing to 6 percent of sales for cooperatives with $2.5 million to $4.99 million in assets. Depreciation expenses exhibit little range, averaging between 0.9 percent of sales for the largest and smallest cooperatives, while $2.5 million to $4.99 million-sized cooperatives were 1.2 percent. Interest expenses as a percent of net sales were the highest for the largest cooperatives but were always less than 1 percent.

On average, all surveyed cooperatives had positive net operating margins, averaging from 1.3 percent for the smallest cooperatives to 2.1 percent of sales for the largest ones. Patronage income was always less than 2 percent but was highest for cooperatives in the $2.5 million to $4.99 million group. Taxes averaged less than 0.5 percent of net sales for all sizes of cooperatives. Net income was 2 percent of sales for the smallest cooperatives, rose to about 4 percent for middle-sized cooperatives, and then fell to 2.8 percent for the largest cooperatives.

Cost of goods sold was the lowest for fruit, vegetable, and nut cooperatives (75 percent) and the highest for livestock, wool, and poultry cooperatives (95 percent of total sales). Service cooperatives mainly provide services and, as such, have very few sales. The exception in this report is artificial insemination (AI) cooperatives that are listed as service cooperatives (following the lead of prior financial profile reports in this series). Because AI cooperatives are listed as service cooperatives, sales are greater than service and most of the common-size income statement analysis looks odd so was dropped from Appendix table 21.

Cotton and cotton ginning cooperatives have service income of almost 6 percent of sales, as cotton ginning, storage, and handling are considered service revenue. Fruit, vegetable, and nut cooperatives have service income of almost 3 percent of sales while dairy cooperatives have less than 0.2 percent.

Wage expenses are more than 9 percent for fruit, vegetable, and nut cooperatives while grain and oilseed and livestock, poultry, and wool cooperatives both have wage expenses averaging 3 percent or less of sales. Depreciation is in excess of 1.7 percent of sales for other marketing and fruit, vegetable, and nut cooperatives, but less than 1 percent for all other types of cooperatives. Interest expenses are over 1 percent for cotton and cotton gin cooperatives (1.5 percent) and grain and oilseed cooperatives (1.3 percent).

Fruit, vegetable, and nut cooperatives, cotton and cotton gin, other marketing, and farm supply cooperatives all had net operating margins greater than the overall average of 2 percent. Patronage income exceeded 1 percent for only farm supply cooperatives. Fruit, vegetable, and nut cooperatives had the highest net income (8.3 percent), followed by cotton and cotton gin (6.8 percent) and farm supply (3.6 percent).

Ratio Analysis

Table 5 shows the current ratio, three equity ratios, and an extra value index for respondent cooperatives by size. The values presented for each ratio or index are the median, or middle, value for each cooperative size grouping. As a median value, the ratio or index may be considered representative of the group as a whole, with the knowledge that there are at least 100 cooperatives in every group.

The current ratio is a liquidity ratio—a measure of the cooperative's ability to meet short-term obligations. If the ratio is less than one, current liabilities exceed current assets and the cooperative's liquidity is threatened. The smallest cooperative's have a ratio of over 2, meaning the cooperative has twice as much current assets as current liabilities so the cooperative could easily cover current liability expenses. As cooperatives increase in size, the current ratio falls to 1.18 for the largest cooperatives.

The ratio of retained earnings to total equity shows the use of retained earnings and allocated equity. Net income from nonmember business is the usual source of retained earnings (unallocated equity). For all but the smallest cooperatives, retained earnings to total equity is greater than 30, meaning the cooperative has about one-third of total equity comprised of retained earnings. This ratio increases as cooperative size increases for all but the largest cooperatives, where it falls to 38 percent. The smallest cooperatives have retained earnings of 13 percent relative to total equity.

The ratio of equity-to-assets measures the use of equity to finance the cooperative, and can be considered a measure of solvency or financial strength of the cooperative. Smaller cooperatives are stronger financially, because they finance a larger proportion of their assets with equity than larger ones. Their equity-to-assets ratio is 81 percent while the ratio for all respondents is 42 percent. With an equity-to-assets ratio of 42, less than half of a cooperative's assets are financed by equity and almost 60 percent is financed by debt. The ratio falls as cooperative size increases, with a ratio of 28 percent for the largest cooperatives.

Another measure of solvency or financial strength is shown by the adjusted-equity-to-assets ratio, where total equity is divided by total assets minus current liabilities. When current liabilities are subtracted from assets, the remainder is long-term debt and total equity, so the ratio shows the relative use of long-term debt and equity to finance the cooperative. A higher ratio indicates higher solvency or a greater use of equity to finance operations. The median value for small cooperatives of 100 indicates no use of long-term debt. The next two sizes of cooperatives also have little long-term debt, using less than 5 percent long-term debt. As asset size increases, more long-term debt is used.

The extra-value index (EVI) can help members evaluate their cooperative's performance because it provides a value for the opportunity cost of using equity capital [Ling]. A cooperative's equity capital is not openly traded in a stock market as is an investor-oriented firm, so it is hard for cooperative members to determine if management is increasing or decreasing the value of the cooperative. The EVI attempts to put a value on the opportunity cost of equity capital through the use of an interest charge on the equivalent to the amount the money (member equity capital) could have earned if used elsewhere. In other words, EVI evaluates cooperative performance by subtracting the opportunity cost of equity capital from the profitability ratio.

If the EVI index is positive, cooperative management has created value for members because the cooperative's operations are covering the opportunity cost of member's equity capital. The converse is true if the EVI index is negative—member's investment in the cooperative is being diminished as the opportunity cost of member's equity capital is not being covered.

There are three values shown for EVI in table 5. The EVI+2 represents a basic rate by adding 200 basis points to the London Inter-Bank Offered Rate (LIBOR) 12 month maturity December average. The basic LIBOR+2 rate represented in Table 5 as EVI+2, reflects the rate that banks in the United States might make loans to firms with better than average credit ratings. EVI+5 represents a moderate premium for risk or LIBOR rate plus 500 basis points while EVI +10 is a higher premium for risk as it is LIBOR rate plus 1000 basis points.

All EVIs are positive except the for the smallest cooperatives with a high credit risk. Small coopera-

Table 5—Financial ratios by cooperative size, 2008

Financial ratios	Asset sizes							
	<$1 million	$1 million to $2.49 million	$2.5 million to $4.99 million	$5 million to $9.99 million	$10 million to $19.99 million	$20 million to $49.99 million	≥$50 million	All
	Ratio or percent							
Current ratio[1]	2.08	2.04	1.58	1.40	1.23	1.19	1.18	1.32
Retained earnings to total equity[2]	13.07	31.01	31.15	37.14	38.68	41.52	37.95	36.15
Equity-to-assets[3]	80.94	67.33	59.05	50.49	39.17	32.49	28.25	43.55
Adjusted-equity-to-assets[4]	100.00	98.49	95.94	91.50	86.54	81.09	71.78	88.94
Extra Value Index + 2[5]	4.10	7.89	9.94	11.79	12.16	10.76	10.94	10.39
Extra Value Index +5[5]	1.17	5.06	7.07	9.01	9.73	8.32	8.41	7.90
Extra Value Index +10[5]	-2.78	0.80	2.44	4.38	5.51	4.61	4.82	3.63

1 Current ratio = current assets/current liabilities, median values for each type shown.
2 Retained earnings to total equity = retained earnings/total equity, median values for each type shown.
3 Equity-to-assets ratio = total equity/total assets, median values for each type shown.
4 Adjusted-equity-to-assets ratio = total equity/(total assets-current liabilities), median values for each type shown.
5 Extra value index = net income after taxes -(total equity*(LIBOR 12 month maturity December average+X%))/(total assets-current liabilities), where X=2 is a basic premium for risk; X=5 is a moderate level of risk; and , X=10 is a high level of risk, median values for each size shown.

Table 6—Financial ratios by cooperative type, 2008

Financial ratios	Cooperative type							
	Cotton and cotton gin	Dairy	Fruit, vegetable, and nut	Livestock, wool and poultry	Other marketing	Service	Grain and oilseed	Farm supply	All
	Ratio or percent								
Current ratio[1]	1.37	1.31	1.35	1.17	1.34	1.67	1.19	1.48	1.32
Retained earnings to total equity[2]	6.96	16.08	20.39	0.00	22.03	10.45	42.83	37.45	36.15
Equity-to-assets[3]	53.43	33.14	37.56	80.94	47.09	71.69	31.61	55.76	43.55
Adjusted-equity-to-assets[4]	86.24	94.89	86.40	100.00	88.44	99.61	80.88	94.09	88.94
Extra Value Index + 2[5]	28.08	9.18	9.58	-1.03	8.47	10.07	9.58	10.68	10.39
Extra Value Index +5[5]	25.13	6.91	7.01	-4.03	6.72	7.13	7.30	7.94	7.90
Extra Value Index +10[5]	20.38	2.98	3.12	-9.03	1.72	3.66	3.34	3.35	3.63

1 Current ratio = current assets/current liabilities, median values for each type shown.
2 Retained earnings to total equity = retained earnings/total equity, median values for each type shown.
3 Equity-to-assets ratio = total equity/total assets, median values for each type shown.
4 Adjusted-equity-to-assets ratio = total equity/(total assets-current liabilities), median values for each type shown.
5 Extra value index = net income after taxes -(total equity*(LIBOR 12 month maturity December average+X%))/(total assets-current liabilities), where X=2 is a basic premium for risk; X=5 is a moderate level of risk; and , X=10 is a high level of risk, median values for each size shown.

tives financed mainly with equity have the lowest EVI. An EVI of 4.1 for the smallest cooperatives means they create 4.1 cents in extra value for their members for each dollar of operating capital used. The middle-sized cooperatives created the most extra value at the basic and moderate levels with at least 11 cents of extra value created at EVI +2; and 9 cents at EVI +5; but the largest cooperatives had the highest EVI +10 (4.8 cents).

The current ratio was the highest for service cooperatives at 1.7 (Table 6). Farm supply; cotton and cotton gin; fruit, vegetable, and nut; and other marketing cooperatives all had a current ratio higher than the average of 1.32. It should be noted though that only ratios for grain and oilseed and farm supply cooperatives are probably representative of the cooperatives by type as only these two types have more than 68 respondent cooperatives (See Table 3 for respondent numbers).

Most of the livestock, wool, and poultry respondents have no retained earnings, so they have a retained-earnings-to-total-equity ratio of 0. Both grain and oilseed and farm supply cooperatives appear to have a lot of non-member business and thus high retained-earnings-to-total-equity ratios (43 and 37, respectively).

The ratio of equity to assets measures the use of equity to finance the cooperative. Farm supply respondents finance about 56 percent of assets with equity. Grain and oilseed respondents are typically larger cooperatives that finance less than one-third of assets with equity. Two-thirds of their assets are financed with debt.

Livestock, poultry, and wool cooperatives, with a median value of 100 for the adjusted-equity-to-assets ratio, indicates no use of long-term debt. Farm supply cooperatives have a median ratio of 94, while grain and oilseed cooperatives have a lower ratio of 81.

The EVI index is positive for all risk levels and all cooperative types except livestock, wool, and poultry cooperatives. For the most part, these cooperatives are small and do not have any debt.

Cotton and cotton gin cooperatives have the highest EVI for all levels, and there were 68 respondents for this cooperative type. Grain and oilseed and farm supply cooperatives both provide about 10 cents extra value at an EVI +2; 8 cents of extra value at EVI+5; and 3 cents extra value at EVI+10.

Summary

A primary objective of this study was to document the financial profile of cooperatives and compare this information with practices used in prior studies. There has been a fairly steady decline in the use of equity capital to fund assets, with equity capital falling from 57 percent of total assets in 1954 to 32 percent in 2008. Borrowed funds have increased to 31 percent of total assets in 2008, up from 25 percent in 1954. The use of other liabilities to fund assets more than doubled over the same time period, with unusual growth in 2008. Inventories and receivables had a large increase in 2008, reflecting higher grain and oilseed prices and higher prices of farm supplies due to increased energy costs.

Cash patronage has fallen from 31 percent of net income distribution in 1954 to 27 percent in 2008. Noncash patronage also fell, from 56 percent of net income distribution to 31 percent over the same time period. Unallocated equity or retained earnings has benefited from the fall in both cash and noncash patronage, rising to 30 percent of net income distribution in 2008. It should be noted though that the majority (75 percent) of the respondents to this study were grain and oilseed and farm supply cooperatives, cooperatives that generally have more nonmember business and thus generate more retained earnings.

Of the 1,164 respondents, 83 had losses in 2008. Almost all of them distributed losses to retained earnings.

With a smaller percentage of liabilities, smaller cooperatives also have a larger percentage of equity. The smallest cooperatives have 66 percent of their assets financed by equity accounts while the very largest have 29 percent. The smallest cooperatives also have the highest percentage allocated equity (46 percent).

Bibliography

DeVille, Katherine, Jacqueline Penn, and Eldon Eversull, Cooperative Statistics, 2008, U.S. Department of Agriculture, Rural Development, Service Report 69, October 2009.

Eversull, E. Eldon, Cooperative Equity Redemption, U.S. Department of Agriculture, Rural Development, Research Report 220, June 2010.

Frederick, Donald A., Tax Treatment of Cooperatives, U.S. Department of Agriculture, Rural Business and Cooperative Development Service, Cooperative Information Report 23, May 1995.

Griffin, Nelda, A Financial Profile of Farmer Cooperatives in the United States, U.S. Department of Agriculture, Farmer Cooperative Service, Research Report 23, October 1972.

Ling, K. Charles, Measuring Performance of Dairy Cooperatives, U.S. Department of Agriculture, Rural Development, Research Report 212, June 2006.

Rathbone, Robert C., and Roger A. Wissman, Farmer Cooperatives' Financial Profile, 1997, U.S. Department of Agriculture, Rural Business-Cooperative Service, Research Report 171, April 2000.

Royer, Jeffery S., Roger A. Wissman, and Charles A. Kraenzle, Farmer Cooperatives' Financial Profile, 1987, U.S. Department of Agriculture, Agricultural Cooperative Service, Research Report 91, September 1990.

Appendix

Appendix Table 1—Cooperative respondents by region and State, 2008

Region/ State	Respondents
	Number
Northeast	
Maine	10
New York, Massachusetts, New Jersey	22
Pennsylvania	14
Southeast	
Alabama	13
Florida, Georgia	15
Kentucky	4
Maryland	4
North Carolina	3
Tennessee	21
Virginia	10
Lake States	
Michigan	26
Minnesota	129
Wisconsin	68
Corn Belt	
Iowa	79
Illinois	78
Indiana	19
Missouri	40
Ohio	31
South Central	
Arkansas	13
Louisiana	13
Mississippi	16
Oklahoma	32
Texas	89
Northern Plains	
Kansas	67
Nebraska	41
North Dakota	101
South Dakota	51
Mountain	
Colorado	16
Idaho	9
Montana	22
Utah	6
Wyoming	4
Pacific	
California, Arizona, New Mexico	46
Hawaii	3
Oregon	16
Washington	33
Total	1,164

Appendix Table 2—Total assets and financial structure by fiscal year, all respondents

Account	1954	1962	1970	1976	1987	1997	2008
				Billion $			
Total assets	3.35	5.32	8.48	18.55	27.64	36.52	48.16
				Percent of Total Assets			
Equity capital	57.1	57.4	46.6	41.7	46.4	40.9	31.6
Borrowed funds	24.5	22.4	32.6	33.1	26.3	29.7	31.4
Other liabilities	18.4	20.2	20.8	25.2	27.3	29.4	37.0

Appendix Table 3—Distribution of net income and net losses by fiscal year, all respondents

Account	1954	1962	1970	1976	1987	1997	2008
				Percent of Net Income or Losses			
Dividends	3.6	3.8	7.0	2.1	1.5	1.5	0.8
Cash patronage	30.9	35.5	41.4	39.3	32.6	31.3	26.9
Noncash patronage	55.6	50.5	39.7	44.5	30.6	42.5	30.9
Unallocated	5.7	6.7	7.1	8.4	27.4	15.2	30.1
Income taxes	4.2	3.5	4.8	5.7	7.9	9.5	11.3

Appendix Table 4—Sources of borrowed funds by fiscal year, all respondents

Account	1954	1962	1970	1976	1987	1997	2008
				Percent			
CoBank	45.9	49.9	64.2	62.2	51.4	53.6	63.6
Bonds and notes	36.9	30.1	19.4	18.9	14.7	15.1	7.9
Commercial banks	8.2	8.3	8.3	9.5	8.2	15.9	16.1
Other	9.0	11.7	8.1	9.4	25.7	15.4	12.4

Appendix Table 5—Cooperatives with no income to distribute and no long-term debt, 2008

Cooperative size and type	No income	No long-term debt
	Number	
< $1 million	11	71
$1 million to $2.49 million	4	54
$2.5 million to $4.99 million	3	51
$5 million to $9.99 million	2	34
$10 million to $19.99 million	1	23
$20 million to $49.99 million	1	7
≥ $50 million	3	11
Total	25	251
Cotton and cotton gin	4	9
Dairy	0	31
Fruit, vegetable, and nut	8	21
Livestock, poultry, and wool	3	15
Other marketing	3	20
Service	1	17
Grain and oilseed	3	39
Farm supply	3	99
Total	25	251

Appendix Table 6—Distribution of net income by number of respondents, by cooperative size and type, 2008

Total asset size and cooperative type	Cash dividend	Qualified cash refund	Qualified noncash refund	Nonqualified noncash refund	Retained earnings (unallocated)	Income tax	Total
				Number			
< $1 million	6	34	18	2	102	40	107
$1 mill. to $2.49 mill.	14	99	80	3	145	107	152
$2.5 mill. to $4.99 mill.	10	143	116	8	171	147	178
$5 mill. to $9.99 mill.	15	174	151	5	194	184	203
$10 mill. to $19.99 mill.	14	176	161	10	197	184	200
$20 mill. to $49.99 mill.	17	144	138	4	159	155	161
≥ $50 million	22	136	123	14	158	151	163
Total	98	906	787	46	1,126	968	1,164
Cotton and cotton gin	6	57	41	10	55	35	68
Dairy	4	39	30	2	58	34	59
Fruit, vegetable, and nut	6	34	15	5	56	33	60
Livestock, poultry, and wool	3	5	3	1	21	7	23
Other marketing[1]	0	18	10	1	38	25	40
Service	1	32	26	1	40	32	42
Grain and oilseed	39	297	274	7	355	335	362
Farm supply	39	424	388	19	503	467	510
Total	98	906	787	46	1,126	968	1,164

[1] Other marketing cooperatives are comprised of : Tobacco, 3; Dry beans and peas, 6; Rice, 3; Sugar, 10; Fish, 10; and Other marketing, 8.

Appendix Table 7—Distribution of net income by size of grain and oilseed cooperatives and number of respondents, 2008

Total asset size	Cash dividend	Qualified cash refund	Qualified noncash refund	Nonqualified noncash refund	Retained earnings (unallocated)	Income tax	Total
				Percent			
< $1 million	0.00	0.00	0.00	0.00	100.00	0.00	100.00
$1 mill. to $2.49 mill.	0.42	32.37	37.73	0.00	24.52	4.97	100.00
$2.5 mill. to $4.99 mill.	0.14	25.56	30.80	0.44	36.48	6.59	100.00
$5 mill. to $9.99 mill.	0.15	20.08	34.45	0.00	32.26	13.06	100.00
$10 mill. to $19.99 mill.	0.13	23.96	34.91	2.68	26.74	11.58	100.00
$20 mill. to $49.99 mill.	0.07	23.05	31.51	0.29	30.59	14.48	100.00
≥ $50 million	0.02	15.39	28.79	1.09	43.36	11.36	100.00
Weighted average	0.05	18.36	30.35	1.03	38.16	12.04	100.00
< $1 million	0	0	0	0	4	0	5
$1 mill. to $2.49 mill.	7	20	17	0	31	26	33
$2.5 mill. to $4.99 mill.	4	19	15	1	31	28	31
$5 mill. to $9.99 mill.	7	47	41	0	56	57	57
$10 mill. to $19.99 mill.	9	77	73	3	88	81	90
$20 mill. to $49.99 mill.	7	72	70	1	79	77	79
≥ $50 million	5	62	58	2	66	66	67
Total	39	297	274	7	55	335	362

Appendix Table 8—Distribution of net income by size of farm supply cooperatives and number of respondents, 2008

Total asset size	Cash dividend	Qualified cash refund	Qualified noncash refund	Nonqualified noncash refund	Retained earnings (unallocated)	Income tax	Total
				Percent			
< $1 million	0.51	13.08	29.39	1.89	50.95	4.18	100.00
$1 mill. to $2.49 mill.	0.25	25.90	34.31	0.95	28.99	9.59	100.00
$2.5 mill. to $4.99 mill.	0.02	21.06	37.88	1.41	27.56	12.07	100.00
$5 mill. to $9.99 mill.	0.07	21.82	36.79	0.84	28.45	12.02	100.00
$10 mill. to $19.99 mill.	0.06	21.88	39.32	1.16	24.30	13.29	100.00
$20 mill. to $49.99 mill.	0.06	21.06	26.08	0.00	35.38	17.42	100.00
≥ $50 million	0.11	14.97	19.07	2.36	41.35	22.13	100.00
Weighted average	0.09	17.17	23.73	1.79	37.62	19.60	100.00
< $1 million	2	13	12	1	32	21	32
$1 mill. to $2.49 mill.	4	56	48	2	77	62	78
$2.5 mill. to $4.99 mill.	3	86	74	3	98	91	101
$5 mill. to $9.99 mill.	7	95	89	3	106	104	108
$10 mill. to $19.99 mill.	3	79	75	4	84	84	84
$20 mill. to $49.99 mill.	9	56	55	0	61	60	61
≥ $50 million	11	39	35	6	45	45	46
Total	39	424	388	19	503	467	510

Appendix Table 9—Distribution of net income by percent to each account and State, 2008

Region/State	Cash dividend	Qualified cash refund	Qualified noncash refund	Nonqualified noncash refund	Retained earnings (unallocated)	Income tax	Total
				Percent			
Northeast							
Maine	0.00	161.14	0.00	0.00	-61.62	0.48	100.00
New York							
Massachusetts							
New Jersey	2.82	74.08	4.81	7.64	9.88	0.77	100.00
Pennsylvania	3.63	28.08	14.87	16.13	36.57	0.73	100.00
Southeast							
Alabama	0.00	10.32	16.26	0.00	43.36	30.05	100.00
Florida, Georgia	0.00	45.97	1.80	1.32	29.59	21.33	100.00
Kentucky	0.00	24.70	53.62	0.00	14.66	7.03	100.00
Maryland	0.00	21.39	18.11	0.00	59.76	0.74	100.00
North Carolina	0.00	47.87	23.01	0.00	13.36	15.76	100.00
Tennessee	0.06	26.80	33.96	5.82	17.91	15.44	100.00
Virginia	0.23	15.31	47.92	0.00	30.12	6.42	100.00
Lake States							
Michigan	0.07	25.52	37.41	1.04	34.33	1.63	100.00
Minnesota	0.01	22.84	42.34	0.01	26.02	8.78	100.00
Wisconsin	0.48	18.91	33.94	2.08	32.15	12.45	100.00
Corn Belt							
Iowa	0.01	12.28	25.11	0.69	50.34	11.58	100.00
Illinois	0.10	12.24	16.33	0.00	45.47	25.86	100.00
Indiana	0.00	27.05	12.13	0.00	44.37	16.45	100.00
Missouri	6.94	20.19	21.81	0.00	32.33	18.72	100.00
Ohio	0.19	22.72	26.99	0.00	33.32	16.78	100.00
South Central							
Arkansas	0.13	56.49	10.62	0.00	19.88	12.87	100.00
Louisiana	1.68	52.29	55.43	0.00	-8.37	-1.03	100.00
Mississippi	0.12	74.73	17.49	6.13	0.90	0.63	100.00
Oklahoma	0.04	31.62	23.35	0.00	37.98	7.01	100.00
Texas	0.30	50.05	39.66	1.12	6.29	2.58	100.00
Northern Plains							
Kansas	0.00	20.79	34.68	4.05	27.13	13.34	100.00
Nebraska	0.00	17.68	28.15	3.01	42.66	8.50	100.00
North Dakota	0.01	18.99	36.69	10.14	22.19	11.98	100.00
South Dakota	0.00	13.26	24.21	0.49	51.88	10.16	100.00

Appendix Table 9—Distribution of net income by percent to each account and State, 2008 (Continued)

Region/State	Cash dividend	Qualified cash refund	Qualified noncash refund	Nonqualified noncash refund	Retained earnings (unallocated)	Income tax	Total
				Percent			
Mountain							
Colorado	0.00	17.16	21.08	0.00	39.67	22.09	100.00
Idaho	0.00	24.60	60.54	0.00	10.49	4.37	100.00
Montana	0.00	22.68	52.67	0.00	17.71	6.93	100.00
Utah	0.00	-128.79	-62.05	-21.46	197.03	115.28	100.00
Wyoming	0.50	22.81	36.09	0.00	27.49	13.11	100.00
Pacific							
California, Arizona, New Mexico	0.01	40.68	13.75	0.07	39.88	5.61	100.00
Hawaii	0.00	25.81	0.00	0.00	61.08	13.11	100.00
Oregon	0.00	34.47	21.34	5.96	24.81	13.42	100.00
Washington	4.56	13.83	61.68	6.52	8.85	4.56	100.00
Weighted average	0.81	27.94	26.14	2.14	31.22	11.74	100.00

Appendix Table 10—Distribution of net income—number of respondents to each account by State, 2008

Region State	Cash dividend	Qualified cash refund	Qualified noncash refund	Nonqualified noncash refund	Retained earnings (unallocated)	Income tax	Total
				Number			
Northeast							
Maine	0	3	0	0	10	5	10
New York							
Massachusetts							
New Jersey	6	15	5	1	21	10	22
Pennsylvania	2	4	2	1	14	3	14
Southeast							
Alabama	1	10	7	0	12	10	13
Florida, Georgia	0	10	5	1	15	9	15
Kentucky	0	3	2	0	4	2	4
Maryland	0	2	1	0	4	1	4
North Carolina	0	1	1	0	2	1	3
Tennessee	4	14	12	1	21	17	21
Virginia	1	4	3	0	9	7	10
Lake States							
Michigan	3	16	16	2	25	17	26
Minnesota	3	105	102	1	127	114	129
Wisconsin	3	57	55	3	68	63	68
Corn Belt							
Iowa	2	69	69	3	78	77	79
Illinois	36	53	42	0	77	75	78
Indiana	0	15	13	0	19	17	19
Missouri	1	32	31	0	40	36	40
Ohio	13	26	25	0	31	28	31
South Central							
Arkansas	3	10	7	0	13	11	13
Louisiana	2	6	4	0	10	7	13
Mississippi	3	12	11	7	12	11	16
Oklahoma	1	27	23	0	32	31	32
Texas	2	68	50	7	80	52	89
Northern Plains							
Kansas	0	62	57	3	66	66	67
Nebraska	0	37	35	2	41	41	41
North Dakota	5	89	86	2	100	93	101
South Dakota	0	41	38	1	50	41	51

Appendix Table 10—Distribution of net income—number of respondents to each account by State, 2008 (Continued)

Total asset size	Cash dividend	Qualified cash refund	Qualified noncash refund	Nonqualified noncash refund	Retained earnings (unallocated)	Income tax	Total
				Number			
Mountain							
Colorado	0	13	11	0	16	16	16
Idaho	0	5	4	0	9	7	9
Montana	0	14	14	0	22	12	22
Utah	0	5	3	2	5	6	6
Wyoming	1	3	3	0	4	3	4
Pacific							
California, Arizona, New Mexico	3	32	19	1	40	34	46
Hawaii	0	1	0	0	3	2	3
Oregon	1	14	7	4	16	14	16
Washington	2	28	24	4	30	29	33
Total	98	906	787	46	1,126	968	1,164

Appendix Table 11—Distribution of net income by respondents with losses, by size, 2008

Total asset size	Cash dividend	Qualified cash refund	Qualified noncash refund	Nonqualified noncash refund	Retained earnings (unallocated)	Income tax	Total
				Percent			
< $1 million	0.00	0.00	0.00	0.00	-100.07	0.07	
$1 mill. to $2.49 mill.	0.82	0.00	-3.87	0.00	-95.08	-1.87	
$2.5 mill. to $4.99 mill.	0.11	0.38	1.19	0.00	-103.35	1.67	
$5 mill. to $9.99 mill.	0.24	0.00	-26.85	0.00	-70.02	-3.37	
$10 mill. to $19.99 mill.	0.12	2.47	9.86	0.00	-105.16	-7.28	
$20 mill. to $49.99 mill.	0.04	0.00	0.00	0.00	-76.14	-23.90	
≥ $50 million	0.00	0.55	2.21	2.51	-141.95	36.67	
Weighted average	0.13	0.36	-1.10	0.46	-94.41	-5.45	
				Number			
< $1 million	0	0	0	0	21	3	21
$1 mill. to $2.49 mill.	1	0	2	0	21	7	22
$2.5 mill. to $4.99 mill.	1	1	1	0	13	6	13
$5 mill. to $9.99 mill.	1	0	1	0	7	5	8
$10 mill. to $19.99 mill.	1	1	1	0	8	4	8
$20 mill. to $49.99 mill.	1	0	0	0	8	6	8
≥ $50 million	0	1	1	1	3	2	3
Total	5	3	6	1	81	33	83

Appendix Table 12—Distribution of net income by respondents with losses, by type, 2008

Cooperative type	Cash dividend	Qualified cash refund	Qualified noncash refund	Nonqualified noncash refund	Retained earnings (unallocated)	Income tax	Total
				Percent			
Cotton & cotton gins	0.00	0.00	0.00	0.00	-100.00	0.00	
Dairy	0.00	2.01	8.04	9.16	-205.14	85.93	
Fruits, vegetables, & nuts	0.00	0.00	0.00	0.00	-100.00	0.00	
Livestock, poultry, and wool	0.00	0.00	0.00	0.00	-66.02	-33.98	
Other marketing	0.00	0.00	-0.27	0.00	-109.78	10.04	
Service	0.00	0.00	-96.88	0.00	-3.12	0.01	
Grain & oilseed	0.16	0.00	0.00	0.00	-95.63	-4.53	
Farm supply	0.46	1.10	3.15	0.00	-100.10	-4.62	
Weighted average	0.13	0.36	-1.10	0.46	-94.41	-5.45	
				Number			
Cotton & cotton gins	0	0	0	0	3	0	3
Dairy	0	1	1	1	8	1	8
Fruits, vegetables, & nuts	0	0	0	0	4	1	4
Livestock, poultry, and wool	0	0	0	0	5	1	5
Other marketing[1]	0	0	1	0	9	3	9
Service	0	0	1	0	4	1	5
Grain & oilseed	2	0	0	0	16	10	16
Farm supply	3	2	3	0	32	16	33
Total	5	3	6	1	81	33	83

[1] Other marketing cooperatives are comprised of : Tobacco, 1; Biofuels, 2; Rice, 1; Sugar, 2; Fish, 2; and Other marketing, 1.

Appendix Table 13—Source of borrowed funds by number of respondents, by cooperative size and type, 2008

Total asset size and cooperative type	CoBank	Commercial Banks	Bonds and notes	Farm Credit System	Grain contracts	Equip-ment dealers	Small Business Admin-istration	Industrial revenue bonds	Certifi-cates of debt	Commodity Credit Corp-oration	Another co-op or subsidiary	Other	Total
							Number						
< $1 million	2	29	1	2	0	1	2	0	0	0	2	2	107
$1 mill. to $2.49 mill.	15	61	11	9	0	13	7	0	1	0	7	5	152
$2.5 mill. to $4.99 mill.	38	66	12	10	2	19	13	0	0	0	13	12	178
$5 mill. to $9.99 mill.	65	69	24	17	0	23	18	0	1	0	21	24	203
$10 mill. to $19.99 mill.	87	65	32	18	7	34	14	2	1	0	26	25	200
$20 mill. to $49.99 mill.	88	43	41	21	6	27	9	2	1	1	36	20	161
≥ $50 million	115	48	57	10	5	30	7	8	3	7	21	47	163
Total	410	381	178	87	20	147	70	12	7	8	126	135	1,164
Cotton and cotton gin	14	33	4	13	0	10	10	0	0	3	3	7	68
Dairy	9	19	7	0	0	1	0	3	0	0	1	6	59
Fruit, vegetable, and nut	14	21	8	9	0	5	0	1	0	0	1	7	60
Livestock, poultry, & wool	4	3	3	1	0	2	0	1	0	0	0	0	23
Other marketing[1]	13	17	8	0	0	2	0	1	0	4	2	4	40
Service	5	9	4	1	0	5	0	1	0	0	0	2	42
Grain and oilseed	185	109	78	32	19	57	40	3	5	1	45	61	362
Farm supply	166	170	66	31	1	65	20	2	2	0	74	48	510
Total	410	381	178	87	20	147	70	12	7	8	126	135	1,164

[1] Other marketing cooperatives are comprised of: Tobacco, 3; Dry beans and peas, 6; Rice, 3; Sugar, 10; Fish, 10; and Other marketing, 8.

Appendix Table 14—Source of borrowed funds percentage for grain and oilseed cooperatives, 2008

Asset size	CoBank	Commercial Banks	Bonds and notes	Farm Credit System	Grain contracts	Equip-ment dealers	Small Business Admin-istration	Industrial revenue bonds	Certifi-cates of debt	Commodity Credit Corp-oration	Another co-op or subsidiary	Other	Total
							Percent						
< $1 million	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00
$1 mill. to $2.49 mill.	29.41	54.58	4.47	4.07	0.00	2.11	5.36	0.00	0.00	0.00	0.00	0.00	100.00
$2.5 mill. to $4.99 mill.	18.25	38.77	0.53	1.07	6.65	5.66	5.48	0.00	0.00	0.00	2.11	21.47	100.00
$5 mill. to $9.99 mill.	63.29	17.55	2.79	0.48	0.00	1.66	2.13	0.00	0.37	0.00	3.86	7.88	100.00
$10 mill. to $19.99 mill.	59.95	22.26	1.60	1.30	1.39	2.13	0.89	0.03	0.00	0.00	6.70	3.75	100.00
$20 mill. to $49.99 mill.	60.21	17.19	1.86	4.62	0.51	1.88	0.31	0.27	0.15	0.18	12.61	0.20	100.00
≥ $50 million	83.97	8.15	1.78	0.44	0.45	1.42	0.04	0.06	0.17	0.00	1.05	2.47	100.00
Weighted average	77.98	10.83	1.80	1.17	0.53	1.56	0.20	0.09	0.16	0.03	3.32	2.34	100.00
< $1 million	0	2	0	0	0	0	0	0	0	0	0	0	5
$1 mill. to $2.49 mill.	5	13	3	2	0	2	5	0	0	0	0	0	33
$2.5 mill. to $4.99 mill.	7	9	2	2	2	3	2	0	0	0	3	4	31
$5 mill. to $9.99 mill.	25	19	9	4	0	4	10	0	1	0	4	6	57
$10 mill. to $19.99 mill.	46	33	16	6	7	17	8	1	0	0	10	15	90
$20 mill. to $49.99 mill.	48	19	22	12	6	15	8	1	1	1	17	9	79
≥ $50 million	54	14	26	6	4	16	7	1	3	0	11	27	67
Total	185	109	78	32	19	57	40	3	5	1	45	61	362

Appendix Table 15—Source of borrowed funds percentage for farm supply cooperatives, 2008

Asset size	CoBank	Commercial Banks	Bonds and notes	Farm Credit System	Grain contracts	Equip-ment dealers	Small Business Admin-istration	Industrial revenue bonds	Commodity Certifi-cates of debt	Commodity Credit Corp-oration	Another co-op or subsidiary	Other	Total
							Percent						
< $1 million	2.23	65.66	0.00	0.00	0.00	0.00	1.03	0.00	0.00	0.00	2.83	28.25	100.00
$1 mill. to $2.49 mill.	13.20	62.53	5.78	4.74	0.00	2.65	0.07	0.00	0.09	0.00	10.18	0.75	100.00
$2.5 mill. to $4.99 mill.	32.83	42.06	1.35	8.73	0.00	0.86	3.15	0.00	0.00	0.00	10.21	0.80	100.00
$5 mill. to $9.99 mill.	40.55	30.60	2.90	5.61	0.00	2.01	0.82	0.00	0.00	0.00	10.35	7.14	100.00
$10 mill. to $19.99 mill.	50.98	27.94	4.12	3.35	0.00	0.38	0.47	0.00	0.00	0.00	10.61	2.15	100.00
$20 mill. to $49.99 mill.	55.54	20.59	1.38	0.58	0.00	1.44	0.00	0.00	0.00	0.00	20.21	0.26	100.00
≥ $50 million	68.13	11.93	6.56	0.57	0.01	3.69	0.00	0.34	0.00	0.00	7.14	1.62	100.00
Weighted average	63.16	15.83	5.42	1.12	0.01	3.00	0.12	0.25	0.00	0.00	9.43	1.67	100.00
							Number						
< $1 million	1	11	0	0	0	0	1	0	0	0	2	2	32
$1 mill. to $2.49 mill.	8	37	4	3	0	8	1	0	1	0	6	2	78
$2.5 mill. to $4.99 mill.	27	38	9	5	0	11	7	0	0	0	9	4	101
$5 mill. to $9.99 mill.	31	32	11	8	0	16	6	0	0	0	16	15	108
$10 mill. to $19.99 mill.	35	27	11	7	0	11	5	0	1	0	14	8	84
$20 mill. to $49.99 mill.	31	15	14	6	0	10	0	0	0	0	17	5	61
≥ $50 million	33	10	17	2	1	9	0	2	0	0	10	12	46
Total	166	170	66	31	1	65	20	2	2	0	74	48	510

Appendix Table 16—Source of borrowed funds by State, 2008

Region and State	CoBank	Commercial Banks	Bonds and notes	Farm Credit System	Grain contracts	Equip-ment dealers	Small Business Admin-istration	Industrial revenue bonds	Certifi-cates of debt	Commodity Credit Corp-oration	Another co-op or subsidiary	Other
	Percent											
Northeast												
Maine	76.82	10.51	2.91	0.00	0.00	0.48	0.00	0.00	0.00	0.00	9.28	0.00
New York												
Massachusetts												
New Jersey	82.68	0.16	1.86	0.21	0.00	1.66	0.00	13.42	0.00	0.00	0.00	0.00
Pennsylvania	91.95	8.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Southeast												
Alabama	0.00	26.93	1.66	0.00	0.00	63.87	0.16	4.37	0.02	0.00	2.97	0.01
Florida, Georgia	10.93	82.29	2.40	1.39	0.00	0.00	0.00	0.00	0.00	0.00	2.40	0.59
Kentucky	86.06	0.28	5.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.38
Maryland	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
North Carolina	0.00	87.23	0.00	0.00	0.00	0.05	0.00	0.00	0.00	12.72	0.00	0.00
Tennessee	65.58	11.40	8.83	0.42	0.00	0.03	0.00	0.00	0.00	0.00	0.00	13.74
Virginia	46.24	0.79	49.19	0.11	0.00	0.00	0.00	3.64	0.00	0.00	0.02	0.00
Lake States												
Michigan	6.62	48.03	23.39	0.40	0.00	0.36	0.00	1.02	0.00	18.94	0.51	0.72
Minnesota	40.89	19.69	27.39	0.33	0.00	0.25	0.11	2.86	0.00	1.50	4.44	2.53
Wisconsin	59.00	22.56	0.65	0.01	0.00	0.43	0.00	0.95	0.00	0.00	15.22	1.16
Corn Belt												
Iowa	89.34	4.38	0.31	0.22	0.02	2.37	0.00	0.09	0.00	0.00	2.83	0.43
Illinois	72.50	15.42	0.20	0.69	0.00	5.65	0.00	0.00	0.00	0.00	0.31	5.24
Indiana	94.84	4.36	0.26	0.00	0.00	0.41	0.00	0.00	0.00	0.00	0.00	0.13
Missouri	68.60	3.93	17.45	0.01	0.00	0.08	0.00	0.48	0.00	0.00	8.05	1.40
Ohio	90.13	7.73	1.60	0.08	0.00	0.44	0.03	0.00	0.00	0.00	0.00	0.00
South Central												
Arkansas	90.33	2.12	1.35	0.00	0.00	0.12	0.00	0.00	0.00	5.76	0.32	0.00
Louisiana	60.98	36.75	0.00	0.00	0.00	0.37	1.54	0.00	0.00	0.00	0.00	0.36
Mississippi	8.66	62.26	0.00	28.63	0.00	0.06	0.19	0.00	0.00	0.00	0.08	0.12
Oklahoma	70.86	1.84	3.55	19.63	0.00	0.28	3.24	0.00	0.00	0.00	0.00	0.61
Texas	31.17	6.56	7.50	2.70	0.28	0.11	0.87	0.00	0.00	47.39	3.35	0.07
Northern Plains												
Kansas	80.00	8.88	2.35	0.05	2.26	0.41	0.23	0.31	0.65	0.00	3.07	1.77
Nebraska	89.83	4.31	0.40	0.21	0.00	0.11	0.00	0.00	0.33	0.00	3.83	0.99

Appendix Table 16—Source of borrowed funds by State, 2008 (Continued)

Region and State	CoBank	Commercial Banks	Bonds and notes	Farm Credit System	Grain contracts	Equip-ment dealers	Small Business Admin-istration	Industrial revenue bonds	Certifi-cates of debt	Commodity Credit Corp-oration	Another co-op or subsidiary	Other
						Percent						
North Dakota	35.12	15.45	1.33	16.63	0.04	0.56	0.97	0.00	0.00	0.00	29.62	0.29
South Dakota	62.39	6.13	1.67	1.33	3.52	1.05	0.86	0.00	0.00	0.00	8.30	14.76
Mountain												
Colorado	20.72	57.27	0.00	0.12	0.00	0.11	0.00	0.00	0.00	0.00	18.71	3.07
Idaho	4.40	60.58	0.39	2.07	0.00	0.00	0.00	0.00	0.00	32.54	0.00	0.01
Montana	0.00	14.00	1.50	3.32	0.00	0.14	1.65	0.00	0.00	0.00	73.65	5.74
Utah	93.41	6.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Wyoming	0.00	48.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	51.97	0.00
Pacific												
California, Arizona, New Mexico	30.64	35.90	18.49	2.49	0.00	0.11	0.00	0.00	0.00	11.49	0.00	0.89
Hawaii	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Oregon	56.57	9.52	1.54	3.80	0.70	0.77	0.00	0.00	0.00	0.00	4.79	22.31
Washington	8.03	54.94	8.96	13.54	0.00	0.65	0.00	1.58	0.00	0.00	11.38	0.92
Weighted average	61.51	16.14	7.58	2.09	0.24	1.49	0.15	0.93	0.07	3.81	3.76	2.24

Appendix Table 17—Source of borrowed funds by number of respondents and State, 2008

Region and State	CoBank	Commercial Banks	Bonds and notes	Farm Credit System	Grain contracts	Equip-ment dealers	Small Business Admin-istration	Industrial revenue bonds	Certifi-cates of debt	Commodity Credit Corp-oration	Another co-op or subsidiary	Other	Total
	Number												
Northeast													
Maine	1	4	1	0	0	1	0	0	0	0	1	0	10
New York													
Massachusetts													
New Jersey	5	3	1	2	0	2	0	2	0	0	0	0	22
Pennsylvania	2	6	0	0	0	0	0	0	0	0	0	0	14
Southeast													
Alabama	0	2	3	0	0	2	1	1	2	0	6	1	13
Florida, Georgia	2	6	3	1	0	0	0	0	0	0	1	2	15
Kentucky	1	1	1	0	0	0	0	0	0	0	0	1	4
Maryland	0	2	0	0	0	0	0	0	0	0	0	0	4
North Carolina	0	3	0	0	0	1	0	0	0	1	0	0	3
Tennessee	11	4	8	1	0	1	0	0	0	0	0	2	21
Virginia	6	3	2	1	0	0	0	1	0	0	1	0	10
Lake States													
Michigan	4	14	6	4	0	6	0	1	0	1	2	5	26
Minnesota	37	46	24	8	0	12	10	1	0	1	26	29	129
Wisconsin	18	28	10	2	0	8	0	1	0	0	8	13	68
Corn Belt													
Iowa	51	17	14	4	1	11	0	1	0	0	9	10	79
Illinois	44	19	11	3	0	3	0	0	0	0	1	6	78
Indiana	12	4	2	0	0	3	0	0	0	0	0	1	19
Missouri	13	14	13	1	0	3	0	1	0	0	3	5	40
Ohio	20	13	8	2	0	6	2	0	0	0	0	0	31
South Central													
Arkansas	7	4	2	0	0	1	0	0	0	1	1	0	13
Louisiana	5	5	0	0	0	2	1	0	0	0	0	1	13
Mississippi	1	8	0	2	0	3	1	0	0	0	1	1	16
Oklahoma	17	4	4	5	0	4	11	0	0	0	0	3	32
Texas	23	39	11	14	1	12	18	0	0	2	7	5	89
Northern Plains													
Kansas	47	12	20	2	15	18	5	2	3	0	12	18	67
Nebraska	23	8	7	4	0	9	0	0	2	0	5	11	41

Appendix Table 17—Source of borrowed funds by number of respondents and State, 2008 (Continued)

Region and State	CoBank	Commercial Banks	Bonds and notes	Farm Credit System	Grain contracts	Equip-ment dealers	Small Business Admin-istration	Industrial revenue bonds	Certifi-cates of debt	Commodity Credit Corp-oration	Another co-op or subsidiary	Other	Total
							Number						
North Dakota	24	36	9	8	1	5	12	0	0	0	13	7	101
South Dakota	7	21	4	6	1	10	7	0	0	0	15	4	51
Mountain													
Colorado	7	4	0	1	0	1	0	0	0	0	1	1	16
Idaho	2	4	1	1	0	1	0	0	0	1	0	1	9
Montana	0	9	1	3	0	3	2	0	0	0	4	3	22
Utah	2	1	0	0	0	0	0	0	0	0	0	0	6
Wyoming	0	2	0	0	0	0	0	0	0	0	2	0	4
Pacific													
California, Arizona, New Mexico	10	17	7	6	0	9	0	0	0	1	0	1	46
Hawaii	0	1	0	0	0	0	0	0	0	0	0	0	3
Oregon	4	7	3	2	1	4	0	0	0	0	2	2	16
Washington	4	10	2	4	0	6	0	1	0	0	5	2	33
Total	410	381	178	87	20	147	70	12	7	8	126	135	1,164

Appendix Table 18—Common-size balance sheet by cooperative size, 2008

Balance sheet item	Asset sizes < $1 million	$2.49 million	$1 million to $4.99 million	$2.5 million to $9.99 million	$5 million to $19.99 million	$10 million to $49.99 million	$20 million to ≥ $50 million	All
	Percent of total assets							
Current assets	63.86	61.24	58.92	62.09	65.38	67.24	66.40	66.17
Other assets	4.53	1.31	2.29	2.06	2.70	3.19	10.33	8 .68
PP&E[1] (net)	19.45	21.44	23.18	22.44	20.24	20.19	19.02	19.40
Investments	12.15	16.00	15.60	13.41	11.67	9.38	4.24	5.75
Total assets	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Current liabilities	29.57	32.55	36.05	44.34	54.40	55.12	53.38	52.97
Long-term liabilities	4.28	6.19	8.01	6.80	5.11	9.45	17.65	15.48
Total liabilities	33.85	38.74	44.07	51.14	59.52	64.57	71.03	68.45
Allocated equity	46.41	39.85	37.55	30.54	24.88	20.16	20.52	21.41
Retained earnings	18.74	21.41	18.38	18.31	15.60	15.27	8.45	10.14
Total equity	66.15	61.26	55.93	48.86	40.48	35.43	28.97	31.55
Total equity and liabilities	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

[1] Property, plant, and equipment.

Appendix Table 19—Common-size balance sheet by cooperative type, 2008

Balance sheet item	Cooperative type								
	Cotton and cotton gin	Dairy	Fruit, vegetable and nut	Livestock, wool, and poultry	Other marketing	Service	Grain and oilseed	Farm supply	All
	Percent of total assets								
Current assets	78.61	59.46	60.21	75.51	53.81	51.64	75.04	66.51	66.17
Other assets	2.27	20.49	8.07	0.98	9.30	9.58	3.33	6.42	8.68
PP&E[1] (net)	16.10	18.69	29.31	21.06	34.65	35.81	15.15	15.79	19.40
Investments	3.02	1.35	2.40	2.46	2.24	2.97	6.48	11.28	5.75
Total assets	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Current liabilities	49.60	50.38	42.25	58.10	38.24	28.75	65.61	50.85	52.97
Long-term liabilities	20.72	23.98	23.92	12.25	20.63	12.00	9.68	10.49	15.48
Total Liabilities	70.31	74.36	66.17	70.34	58.86	40.75	75.29	61.35	68.45
Allocated equity	22.44	25.40	21.16	20.81	30.59	42.86	13.85	22.04	21.41
Retained earnings	7.25	0.24	12.65	8.84	10.55	16.39	10.87	16.62	10.14
Total equity	29.69	25.64	33.83	29.66	41.14	59.25	24.71	38.65	31.55
Total equity and liabilities	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

[1] Property, plant, and equipment.

Appendix Table 20—Common-size income statement by cooperative size, 2008

Income statement item	Asset sizes							
	< $1 million	$1 million to $2.49 million	$2.5 million to $4.99 million	$5 million to $9.99 million	$10 million to $19.99 million	$20 million to $49.99 million	≥ $50 million	All
	Percent of total assets							
Total sales	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Cost of goods sold	92.67	90.33	89.12	90.39	89.84	90.17	90.10	90.10
Gross margin	7.33	9.67	10.88	9.61	10.16	9.83	9.90	9.90
Service and other income	6.36	4.09	5.09	4.54	2.90	2.40	1.38	1.78
Gross revenue	13.69	13.76	15.97	14.14	13.06	12.23	11.28	11.68
Expenses								
Wages	4.92	5.90	6.46	5.19	4.90	4.37	4.20	4.34
Depreciation	0.90	0.93	1.24	1.12	1.08	1.04	0.87	0.91
Interest	0.29	0.34	0.45	0.56	0.75	0.96	0.84	0.83
Other expenses	6.24	5.17	5.80	5.03	4.41	4.33	3.29	3.59
Total expenses	12.35	12.34	13.95	11.91	11.14	10.70	9.20	9.67
Net operating margins	1.33	1.41	2.02	2.23	1.92	1.53	2.08	2.01
Patronage income	0.49	1.26	1.82	1.48	1.36	1.05	0.42	0.61
Non-operating income	0.32	0.28	0.62	0.33	0.58	0.71	0.57	0.58
Net income before taxes	2.14	2.95	4.46	4.04	3.86	3.30	3.07	3.19
Taxes	0.06	0.14	0.30	0.33	0.36	0.47	0.31	0.33
Net income	2.08	2.81	4.16	3.71	3.50	2.83	2.76	2.87

Appendix Table 21—Common-size income statement by cooperative type[1], 2008

Income statement item	Cooperative type							
	Cotton and cotton gin	Dairy	Fruit, vegetable and nut	Livestock, wool, and poultry	Other marketing	Grain and oilseed	Farm supply	All
	Percent of total assets							
Total sales	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Cost of goods sold	88.18	92.67	74.75	95.49	82.48	93.25	89.93	90.10
Gross margin	11.82	7.33	25.25	4.51	17.52	6.75	10.07	9.90
Service and other income	5.79	0.15	2.95	1.24	1.55	2.57	1.68	1.78
Gross revenue	17.61	7.47	28.20	5.75	19.06	9.32	11.76	11.68
Expenses								
Wages	3.54	3.77	9.34	2.50	5.91	3.04	4.49	4.34
Depreciation	0.90	0.59	1.67	0.41	1.95	0.88	0.84	0.91
Interest	1.52	0.45	0.89	0.51	0.97	1.30	0.69	0.83
Other expenses	5.81	1.74	8.35	2.01	7.50	2.85	3.70	3.59
Total expenses	11.77	6.54	20.25	5.43	16.34	8.07	9.72	9.67
Net operating margins	5.84	0.93	7.95	0.33	2.73	1.25	2.04	2.01
Patronage income	0.56	0.03	0.07	0.05	0.05	0.83	1.36	0.61
Non-operating income	0.50	0.29	0.45	-0.02	0.38	0.67	0.92	0.58
Net income before taxes	6.90	1.26	8.47	0.35	3.16	2.74	4.32	3.19
Taxes	0.11	0.08	0.20	-0.18	0.19	0.33	0.70	0.33
Net income	6.79	1.18	8.28	0.53	2.97	2.41	3.62	2.87

[1] Service cooperatives typically have little or no sales so information on service cooperatives is not presented in this table.

U.S. Department of Agriculture

Rural Business–Cooperative Service

Stop 3250

Washington, D.C. 20250-3250

The Rural Business–Cooperative Service (RBS) provides research, management, and educational assistance to cooperatives to strengthen the economic position of farmers and other rural residents. It works directly with cooperative leaders and Federal and State agencies to improve organization, leadership, and operation of cooperatives and to give guidance to further development.

The cooperative segment of RBS (1) helps farmers and other rural residents develop cooperatives to obtain supplies and services at lower cost and to get better prices for products they sell; (2) advises rural residents on developing existing resources through cooperative action to enhance rural living; (3) helps cooperatives improve services and operating efficiency; (4) informs members, directors, employees, and the public on how cooperatives work and benefit their members and their communities; and (5) encourages international cooperative programs. RBS also publishes research and educational materials and issues *Rural Cooperatives* magazine.