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Service Report 65

FARMER COOPERATIVE STATISTICS, 2005



ABSTRACT

A survey of 2,896 U.S. farmer-owned cooperatives ending their business year during calendar year 2005 showed a net business volume of \$106.5 billion with a net income of \$2.5 billion. These cooperatives had assets totaling \$47 billion, about \$27 billion of liabilities, and \$20 billion in equity. Cooperatives were a major employer in rural areas, with 125,000 full-time workers, but this was about 40,000 fewer employees than in 2003 due to the bankruptcy of two large cooperatives and the conversion of another two cooperatives to investor-oriented

firms. Business volume by commodity is reported for all cooperatives. Number of cooperatives, cooperative memberships, and number of employees are classified according to whether the business is a marketing, farm supply, or service cooperative. Trends in cooperative numbers, memberships, employees, business size, sales volume, net income, assets, liabilities, and net worth are reported.

Keywords: cooperatives, statistics, business volume, employees, memberships, balance sheet, net income, financial ratios.

FARMER COOPERATIVE STATISTICS, 2005

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PREFACE

Farmer cooperative statistics are collected annually to provide information on the progress and trends among the Nation's farmer-owned cooperatives. These statistics are used for research, technical assistance, education, planning, and public policy. The collection, analysis, and dissemination of farmer cooperative statistics by USDA are authorized by the Cooperative Marketing Act of 1926.

This report provides aggregate information on the number, membership, business volume, net income, basic balance sheet items, and full-time and part-time and seasonal employees of farmer cooperatives for business years ending in calendar year 2005. Cooperatives are classified by principal product marketed and major function. Fishery and ethanol cooperatives are included as "other product marketing" cooperatives. Both gross (includes inter-cooperative business) and net (excludes inter-cooperative business) dollar volumes are reported.

Statistics for 2005 were compiled on a State and national basis. The information was collected from individual farmer and fishery cooperatives by a mail

survey of all organizations identified by USDA's Rural Development-Cooperative programs (RD) as farmer or aquacultural cooperatives. Information was requested for the cooperatives' 2005 business year. Information is not available for 2004 at this time due to a pending conversion of the database. Information for 2004 was collected but not summarized. Hopefully, this information will be available soon.

RD conducts an annual census to gain accurate information for assistance purposes. Information obtained from individual cooperatives is combined with data from other cooperatives to maintain confidentiality.

Statistics for all cooperatives were derived by estimating data for non-respondents and combining this information with respondent data. Data from respondents and other sources accounted for 87.3 percent of the total gross sales of farmer cooperatives in 2005.

RD depends on the cooperative community's response to its annual survey to develop a detailed and comprehensive set of statistics on farmer cooperatives. The time and effort taken to provide information and the timeliness with which it is furnished are greatly appreciated.

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HIGHLIGHTS

There are 2,896 U.S. farmer-owned cooperatives, according to the 2005 survey of marketing, farm supply, and related-service cooperatives by USDA's Rural Development-Cooperative (RD) programs.

- ❑ Total gross business volume (includes inter-cooperative business) handled by cooperatives was \$121.3 billion; net business (excludes inter-cooperative business) was \$106.5 billion.
- ❑ Total net income was \$2.5 billion, which includes inter-cooperative dividends and refunds of \$400.7 million.
- ❑ Cooperative memberships were 2.6 million, down about 7 percent from 2003.
- ❑ Cooperatives employed 125,000 full-time and 54,000 part-time and seasonal employees. Full-time employee numbers were down 24 percent due to the bankruptcy of two large cooperatives and the conversion of two large cooperatives to investor-oriented firms.
- ❑ Gross value of farm products marketed by cooperatives was \$78 billion, with a net value (after eliminating duplication from inter-cooperative business) of \$74 billion.
- ❑ Gross value of farm supplies handled by farmer cooperatives was \$39 billion, with a net value of \$28 billion.
- ❑ Receipts for services related to marketing farm products and handling farm supplies, plus other income, totaled almost \$4 billion.
- ❑ Farmer cooperatives had \$46.6 billion in combined assets. Net assets, after eliminating inter-cooperative investments, was \$42.2 billion. Inter-cooperative investments included those in CoBank.
- ❑ Total liabilities totaled \$27 billion.
- ❑ Net worth, or member and patron equity, was \$19.5 billion. Member and patron equity financed 42 percent of total assets.

Table A—Highlights, 2005

	2005	2003	Change
Number of cooperatives	2,896	3,086	-190
Memberships (million)	2.6	2.8	-0.19
Gross business volume (billion \$)	121.3	116.9	4.40
Net business volume (billion \$)	106.5	100.6	5.89
Net income (billion \$)	2.5	1.1	1.44
Total assets (billion \$)	46.6	46.9	-0.34
Net worth (billion \$)	19.5	20.4	-0.90
Full-time employees (thousand)	125.4	165.1	-39.71
Part-time and seasonal employees (thousand)	54.4	61.6	-7.16

Farmer Cooperative Statistics, 2005

Katherine C. DeVille, Jacqueline E. Penn, and E. Eldon Eversull, Rural Development

I. DEFINITION OF A FARMER COOPERATIVE

USDA's Rural Development-Cooperative programs mission area considers four major criteria in identifying an organization as a farmer-owned cooperative:

- (1) Membership is limited to persons producing agricultural and aquacultural products and to associations of such producers;
- (2) Cooperative members are limited to one vote regardless of the amount of stock or membership capital owned; or the cooperative does not pay dividends on stock or membership capital in excess of 8 percent a year or the legal rate in the State, whichever is higher;
- (3) Business conducted with nonmembers may not exceed the value of business conducted with members;
- (4) The cooperative operates for the mutual interest of members by providing member benefits on the basis of patronage.

These criteria may result in larger or smaller numbers of farmer cooperatives than found in lists or directories of State agencies or cooperative councils. Year-to-year comparisons with specific commodity groups reflect any differences in lists and classifications in State and Federal data.

Classification of Cooperatives

RD classifies each cooperative under one of the following major functions: marketing, farm supply, or related-service. Fishery and ethanol cooperatives are classified as other product marketing cooperatives, wool pools as marketing cooperatives, livestock shipping associations, and rice drying cooperatives as service cooperatives.

Marketing cooperatives derive most of their total dollar volume from the sale of members' farm products. These cooperatives are further classified into 1 of 13 commodities or commodity groups, depending upon which accounts for most of its business volume. RD may reclassify a cooperative into a different commodity category if its primary business volume changes significantly.

Farm supply cooperatives derive most of their business volume from the sale of farm production supplies, farm machinery and equipment, and building materials. Many also handle farm and home items, such as heating oil, lawn and garden supplies and equipment, and food.

Service cooperatives provide specialized services related to the agricultural business operations of farmers, ranchers, or cooperatives, such as cotton ginning, trucking, storing, drying, and artificial insemination. Live-stock shipping associations and rice drying cooperatives are also classified as service.

Many cooperatives handle multiple commodities and provide both marketing and farm supply services, as well as the facilities and equipment used to perform these services. These associations are classified according to the predominant commodity or function, as indicated by their business volume.

Organizational Membership Structures

RD further classifies marketing, farm supply, and service cooperatives into three organizational structures according to membership. The membership structures used are centralized, federated, and mixed.

Centralized

Of the 2,896 farmer cooperatives in 2005, 2,823 were centralized organizations, mostly locals with individual farmer-members. Centralized cooperatives usually serve a local area or community, county, or several counties. Most usually perform a limited number of initial marketing functions. Most farm supply sales are at the retail level. A few centralized cooperatives, principally regionals, operate over multi-State areas and provide more

vertically integrated services, such as processing farm products or manufacturing feed and fertilizer.

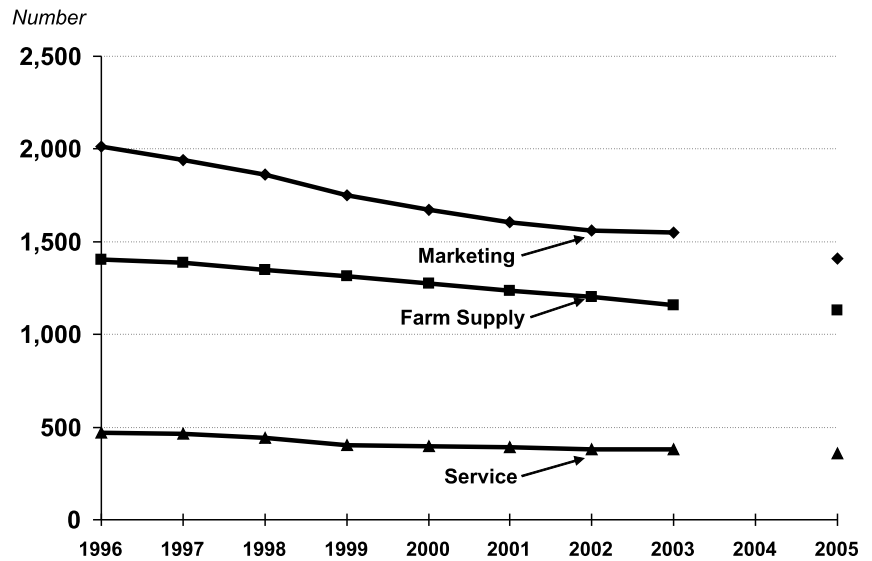
Bargaining associations also have centralized organizational structures. They derive all or most of their business volume from negotiating with distributors, processors, and other buyers and sellers over price, quantity, grade, terms of sale, and other factors involved in marketing farm products. Only a few bargain to purchase farm supplies. While the primary function of such an association is to bring buyers and sellers together to contract for the sale of members' products, many bargaining associations now perform additional functions.

For example, dairy bargaining associations at one time only negotiated price. Now, many perform additional functions, such as physically handling part of the milk for spot sales. They, like other dairy marketing cooperatives, represent their members at Federal or State milk marketing order hearings.

Federated

The 50 federated cooperatives—two or more member associations organized to market farm products, purchase production supplies, or perform bargaining functions—often operate at points quite distant from their headquarters. Members are usually local cooperatives, although some are interregional associations with regional cooperative members.

Figure 1—Farmer Cooperatives in the United States, 1996-2005



Mixed

The 23 mixed cooperatives have individual farmer members and autonomous cooperative members, a combination of centralized and federated structures. They serve large geographic areas, with members in many States, and provide a variety of integrated services.

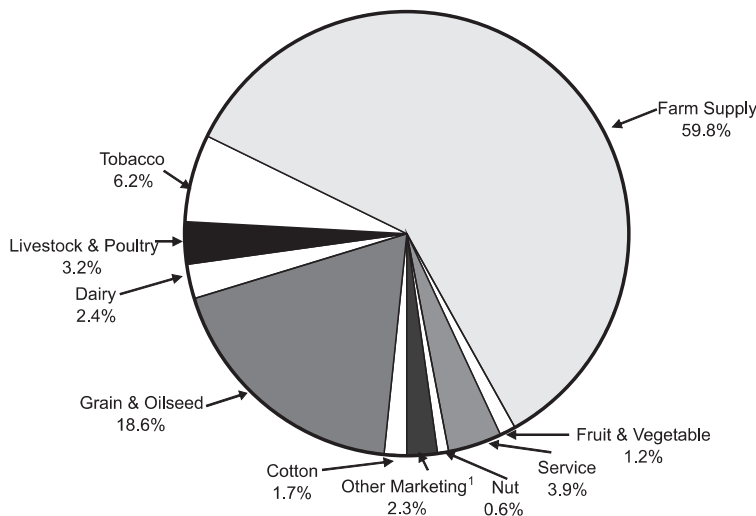
II. 2005 STATISTICS

Cooperatives' total net business volume was \$106.5 billion in 2005, while net income was \$2.5 billion. There were 2,896 agricultural cooperatives in 2005, and they had 2.6 million members. Together they had \$47 billion in assets with \$20 billion in equity. Although employment levels had fallen due to fewer cooperatives, cooperatives remained a major employer in rural areas, using 125,000 full-time workers.

Number of Cooperatives

The 2005 survey counted 2,896 marketing, farm supply, and related-service¹ cooperatives, compared with 3,086

Figure 2—Distribution of Memberships, by Type of Cooperative, 2005



Percentages are based on 2.6 million total memberships.
¹ Includes dry bean and pea, wool and mohair, rice, sugar, fishery, and other product marketing cooperatives.

¹Services include trucking, cotton ginning, crop drying, artificial insemination, livestock shipping, and similar services affecting the form, quality, or location of farm products and supplies. They do not include credit, electric, telephone, or other such services not directly related to marketing or purchasing activities.

Table 1—Number of cooperatives and memberships, by major business activity, 2005

Major business activity	Cooperatives <i>Number</i>	Memberships <i>Thousands</i>
Bean and pea, dry edible	6	1.7
Cotton	14	43.2
Dairy	193	60.8
Fruit and vegetable	188	29.8
Grain and oilseed ¹	683	479.3
Livestock	59	82.9
Nuts	17	15.4
Poultry ²	14	0.4
Rice	15	12.1
Sugar ³	47	14.8
Tobacco	19	160.1
Wool and mohair	71	10.5
Other marketing	<u>86</u>	<u>21.2</u>
Total marketing	1,412	932.2
Farm supply	1,128	1,538.3
Service	<u>356</u>	<u>101.2</u>
Total	2,896	2,571.7

¹ Cooperatives primarily handling grains and oilseeds, excluding cottonseed.

² Cooperatives primarily handling eggs, turkeys, ratite, squab, and related products.

³ Cooperatives primarily handling sugar beets, sugarcane, honey, and related products.

in 2003. Of the 2,896 cooperatives, 1,412 primarily marketed farm products, 1,128 primarily handled farm production supplies, and 356 provided services related to marketing or purchasing activities (table 1, appendix figure 1). The proportion of marketing, farm supply, and service cooperatives to the total number of cooperatives remained virtually unchanged from 2003. Marketing cooperatives comprise about 50 percent of all cooperatives; farm supply, 38 percent; and service, 12 percent of the total (figure 1 and appendix table 1).

There was a net decrease of 190 associations (6 percent) from 2003 to 2005, largely reflecting a continuing trend involving merger, acquisition, or dissolution. The largest decrease was in grain and oilseed cooperatives (89), followed by farm supply, and service cooperatives, losing 28 and 23, respectively. Most notably, a large farm supply and a large livestock cooperative declared bankruptcy while a poultry and a farm supply cooperative converted to investor-oriented firms.

Cooperative numbers by marketing, farm supply, and service functions by State are shown in table 2.

Minnesota had the most marketing cooperatives (128), followed closely by North Dakota (117). Texas had the most farm supply and service cooperatives (158).

Many cooperatives operate branches to better serve their members. Most branches are owned; others are leased. A number of the branches are formerly independent cooperatives that served a local community. For economic or other reasons, many were acquired by or merged with other cooperatives and operated as branches from which to serve members and patrons at outlying locations.

Grain and oilseed and farm supply cooperatives operated almost 4,400 branches—1,900 and 2,500, respectively. Grain and oilseed cooperatives averaged almost 3 branches, while farm supply cooperatives averaged just over 2 branches per cooperative.

Memberships

Memberships in marketing, farm supply, and related-service cooperatives totaled an estimated 2.6 million in 2005, down 6 percent from 2003 (table 3). By major business activity, 60 percent and 19 percent were memberships of farm supply and grain cooperatives, respectively (appendix table 2, figure 2). Dairy cooperative memberships were only 2 percent of the total, but accounted for 26 percent, or \$28 billion, of cooperatives' net business volume in 2005.

Memberships in farmer cooperatives dropped from 3.6 million in 1996 to 2.6 million in 2005 (figure 3). The long term decline largely reflects the decreasing number of farms, farmers, and ranchers in the United States (appendix figure 2). Many farmers are members of more than one cooperative and each membership is counted. Consequently, the number of memberships exceeds the number of farmers. Duplication in membership cannot be eliminated with current reporting methods.

Member classification depends on the type of cooperative used and may not be related to the member's product(s) marketed or supplies purchased. For example, a member may market only one of the farm products handled by the cooperative; another may use a cooperative classified in the marketing group to purchase one or more production items. A member's business with the cooperative, therefore, may not be in the group that represents the cooperative's major business volume (the criterion for classifying cooperatives in this report). The membership, however, will be included arbitrarily in that classification.

During the past decade, memberships in related-service and marketing cooperatives decreased at more than twice the rate of memberships in farm supply cooperatives. Memberships in marketing cooperatives dropped

Table 2—Number of cooperatives, by major function and State, 2005

Function	Marketing	Farm supply & service	Total
<i>State</i>		<i>Number</i>	
Alabama	8	52	60
Arizona	5	4	9
Arkansas	10	40	50
California	88	62	150
Colorado	20	19	39
Florida	30	7	37
Georgia	7	8	15
Hawaii	12	7	19
Idaho	25	13	38
Illinois	95	52	147
Indiana	12	29	41
Iowa	87	52	139
Kansas	91	32	123
Kentucky	14	27	41
Louisiana	16	30	46
Maryland	3	11	14
Massachusetts	7	4	11
Michigan	32	27	59
Minnesota	128	133	261
Mississippi	12	58	70
Missouri	16	44	60
Montana	30	29	59
Nebraska	43	33	76
New Jersey	11	2	13
New Mexico	3	6	9
New York	71	11	82
North Carolina	13	5	18
North Dakota	117	96	213
Ohio	44	19	63
Oklahoma	30	41	71
Oregon	19	12	31
Pennsylvania	37	12	49
South Dakota	52	52	104
Tennessee	7	69	76
Texas	56	158	214
Utah	8	6	14
Virginia	17	39	56
Washington	38	31	69
West Virginia	13	13	26
Wisconsin	36	124	160
Wyoming	6	5	11
Other States ¹	43	10	53
United States	1,412	1,484	2,896

¹ Includes States with fewer than three cooperatives for any function. States with at least three cooperatives were: Alaska, 7; Connecticut, 4; Delaware, 3; Maine, 27; South Carolina, 5; and Vermont, 3.

750,000 (45 percent) and service cooperatives had a decline of 85,000 (46 percent), while memberships in farm supply cooperatives decreased 256,000 (14 percent).

Employees

Farmer cooperatives had an estimated 125,000 full-time employees in 2005, a decrease of 40,000 from 2003 (table 4), and far less than the peak of 176,665 in 2000. Livestock and poultry cooperatives decreased their employee numbers by 32,000 due to the bankruptcy of a livestock cooperative and the conversion of a poultry cooperative into an investor-oriented firm. A large farm supply cooperative went bankrupt, another was converting to an investor-oriented firm in 2005, and a fruit and vegetable cooperative went bankrupt. These actions by five cooperatives alone accounted for more than the loss of 40,000 employees. Dairy, sugar, and other products cooperatives increased their full-time employees by 4,000 in total.

Farmer cooperatives employ full-time and, in most cases, part-time and seasonal employees to run their operations. Their number and type depends on a number of factors, such as size of operation, type of commodity handled, and involvement in value-added activities.

In 2005, farmer cooperatives employed an estimated 180,000 full-time and part-time and seasonal employees, about 47,000 less than in 2003 (appendix table 5). Again, this change is due mainly to five cooperatives' bankruptcy or conversion to investor-oriented firms. Among marketing cooperatives, those primarily handling fruits and vegetables had the most employees (31,000), followed by dairy (26,000), then grains and oilseeds (23,000).

By type, marketing cooperatives had 109,000 full-time and part-time and seasonal employees (60 percent of total); farm supply cooperatives had 61,000 (37 percent); and related-service cooperatives had 10,000 (3 percent) (appendix figure 4).

Figure 4 shows the number of full-time employees by type of cooperative for 2005. Farm supply, fruit and vegetable, and dairy cooperatives used the most employees; cotton cooperatives, the fewest. Dairy, rice, and cotton cooperatives had the smallest proportion of part-time and seasonal employees to total employees. Fruit and vegetable and cotton ginning cooperatives both had more than half of their employees as part-time and seasonal employees.

Cooperatives used 54,000 part-time and seasonal employees in 2005, down about 7,000, or 12 percent, from 2003. Most of the decrease was in fruit and vegetable cooperatives.

In 2005, marketing cooperatives reported 34,000

Table 3—Number¹ of cooperatives, memberships², and gross and net sales by State, 2005³

State	Head- quartered in State	Member- ships	Business volume		State	Head- quartered in State	Member- ships	Business volume	
			Gross ⁴	Net ⁵				Gross ⁴	Net ⁵
	<i>No.</i>	<i>Thousands</i>	<i>Million \$</i>			<i>No.</i>	<i>Thousands</i>	<i>Million \$</i>	
BEANS AND PEAS, DRY EDIBLE					FRUITS AND VEGETABLES (continued)				
United States	6	1.7	65.271	61.163	Minnesota	3	0.2	11.336	11.336
COTTON⁶					New Jersey	7	0.7	171.230	171.230
California	3	1.4	377.382	336.232	New York	9	0.8	37.019	37.019
Texas	5	24.4	1,090.058	1,034.796	North Carolina	4	0.1	17.471	17.410
Other States	6	17.5	2,038.337	2,023.481	Ohio	3	0.3	6.272	6.272
Foreign ⁷	0	0.0	16.207	16.207	Oregon	10	0.9	716.380	716.380
United States	14	43.2	3,521.983	3,410.715	Pennsylvania	3	0.4	118.035	118.035
DAIRY					Texas	3	0.3	64.763	64.763
California	5	1.0	2,933.873	2,906.520	Washington	12	4.1	763.509	763.093
Illinois	4	2.1	1,305.753	1,014.155	Other States	20	2.1	861.365	857.416
Iowa	5	3.3	1,443.707	1,234.120	Foreign ⁷	0	0.1	26.773	25.609
Massachusetts	3	0.2	78.565	78.565	United States	188	29.8	7,597.982	7,255.570
Minnesota	32	9.5	4,168.983	3,909.650	GRAINS AND OILSEEDS⁸				
New Mexico	3	0.2	633.875	607.145	Colorado	14	7.4	193.589	193.589
New York	57	4.1	2,156.202	1,676.281	Idaho	4	0.7	34.064	34.064
North Dakota	3	0.7	331.856	304.772	Illinois	87	76.2	2,397.910	2,397.261
Ohio	5	0.9	176.944	152.992	Indiana	8	16.1	411.106	411.106
Pennsylvania	19	2.7	437.399	432.790	Iowa	76	65.0	3,900.319	3,900.319
Wisconsin	29	14.7	5,770.236	5,271.003	Kansas	88	80.6	1,702.436	1,702.436
Other States	28	20.2	11,494.693	10,506.074	Michigan	4	1.7	111.671	111.671
Foreign ⁷	0	0.0	68.809	68.809	Minnesota	74	39.8	3,450.857	3,450.857
United States	193	60.8	31,000.896	28,162.875	Mississippi	4	1.8	185.969	184.790
FRUITS AND VEGETABLES					Missouri	10	15.5	751.115	751.115
Arizona	4	0.8	92.331	92.331	Montana	8	1.5	363.727	363.727
Arkansas	3	0.1	1.414	1.394	Nebraska	36	46.5	1,996.403	1,996.403
California	49	12.6	2,974.801	2,974.781	North Dakota	96	35.0	1,865.789	1,865.789
Colorado	4	0.3	8.315	8.315	Ohio	31	19.1	872.045	872.045
Florida	21	1.1	907.499	587.781	Oklahoma	27	18.7	239.688	239.688
Hawaii	4	0.1	6.811	6.811	South Dakota	51	28.6	1,567.855	1,567.855
Idaho	3	1.3	274.721	274.721	Texas	32	12.6	449.210	449.210
Kentucky	4	0.2	3.857	3.857	Washington	17	7.8	438.985	438.985
Maine	8	0.4	4.160	4.160	Other States	16	4.8	1,687.720	1,685.382
Michigan	14	2.5	529.922	512.857	Foreign ⁷	0	0.0	360.639	360.639
					United States	683	479.3	22,981.094	22,976.928

(continued next page)

¹ Includes centralized and federated cooperatives and those with mixed organizational structures. Headquartered in the State listed.

² Includes voting farmer-members, but not nonvoting patrons. (Duplication in these membership figures occurs because many farmers belong to more than one cooperative. Memberships include members of cooperatives not headquartered in the State listed. Totals may not add due to rounding. The question to assign members to States other than the cooperative's headquarters was inadvertently left off the 2005 survey, State membership percentages for 2003 was used as a proxy.)

³ Data covering operations of cooperatives for fiscal years ended in 2005. States listed are those with more than two cooperatives or where disclosure was not a problem.

⁴ Gross business volume includes sales between cooperatives. Gross sales include sales of cooperatives not headquartered in the State listed. Totals may not add due to rounding.

⁵ Net business volume excludes sales between cooperatives. Net sales include sales of cooperatives not headquartered in the State listed. Totals may not add due to rounding.

⁶ Cotton ginning cooperatives are included as service cooperatives.

⁷ Includes memberships, marketing and sales in other countries.

⁸ Excludes oilseed meal and oil. Oilseed meal is included in feed sales while oil sales are included in other marketing sales.

Table 3—Number¹ of cooperatives, memberships², and gross and net sales by State, 2005³*(Continued)*

State	Head- quartered in State	Member- ships	Business volume		State	Head- quartered in State	Member- ships	Business volume	
			Gross ⁴	Net ⁵				Gross ⁴	Net ⁵
	<i>No.</i>	<i>Thousands</i>	<i>Million \$</i>			<i>No.</i>	<i>Thousands</i>	<i>Million \$</i>	
LIVESTOCK					TOBACCO⁷				
Alabama	4	2.9	25.427	25.427	Kentucky	5	7.2	27.370	27.370
Indiana	3	1.5	46.278	46.278	Tennessee	6	150.3	14.721	14.721
Kentucky	3	0.2	2.583	2.583	Virginia	3	1.2	3.886	3.886
North Dakota	5	0.4	35.557	35.557	Other States	7	0.3	106.767	106.767
Virginia	3	0.4	2.586	2.586	United States	21	160.1	152.745	152.745
West Virginia	3	0.2	3.027	3.027	WOOL AND MOHAIR				
Wisconsin	4	45.1	414.468	414.468	Idaho	4	0.1	0.017	0.017
Other States	34	25.3	1,791.605	1,766.880	Montana	16	0.6	0.327	0.327
Foreign ⁷	0	0.0	0.000	0.000	North Dakota	4	0.2	0.554	0.554
United States	59	82.9	2,321.532	2,296.806	Pennsylvania	12	1.0	0.273	0.273
NUT⁹					Virginia	7	0.3	0.033	0.033
California	6	2.7	633.833	633.833	West Virginia	9	0.7	0.007	0.007
Other States	11	12.6	147.061	137.404	Other States	19	7.3	3.598	3.598
Foreign ⁷	0	0.1	0.000	0.000	Foreign ⁷	0	0.1	0.090	0.090
United States	17	15.4	780.893	771.237	United States	71	10.5	4.900	4.900
POULTRY¹⁰					OTHER MARKETING¹²				
California	3	0.1	159.547	145.547	Alaska	7	4.0	11.134	11.134
Utah	3	0.2	221.334	221.334	California	8	1.1	113.236	113.236
Other States	8	0.1	773.509	773.509	Florida	5	0.3	28.860	11.120
Foreign ⁷	0	0.0	0.000	0.000	Georgia	3	0.0	5.795	5.795
United States	14	0.4	1,154.390	1,140.390	Hawaii	4	0.3	2.100	2.100
RICE					Maine	15	0.7	54.838	54.838
California	4	0.9	168.607	0.953	Minnesota	13	9.1	1,081.619	1,045.477
Louisiana	3	0.4	22.658	22.413	Washington	5	0.6	166.049	166.049
Texas	5	0.8	46.426	46.426	Other States	26	3.1	2,426.475	2,293.307
Other States	3	10.0	798.651	786.646	United States	86	21.2	3,890.105	3,703.055
United States	15	12.1	1,036.343	856.439	TOTAL MARKETING				
SUGAR¹¹					Alabama	8	10.5	388.809	362.719
Idaho	8	2.0	476.120	476.120	Alaska	7	3.9	11.134	11.134
Louisiana	8	0.6	509.969	509.969	Arizona	5	1.3	801.534	758.299
Michigan	7	2.0	116.538	116.538	Arkansas	10	11.5	1,565.568	1,531.631
Minnesota	3	2.9	963.858	963.858	California	88	24.1	7,528.958	7,278.781
Montana	3	0.5	136.362	136.362	Colorado	20	9.2	384.238	384.238
Wyoming	4	0.4	33.785	33.785	Florida	30	4.3	1,829.094	1,332.468
Other States	14	6.4	1,272.133	1,113.233	Georgia	7	18.0	406.350	406.350
Foreign ⁷	0	0.0	7.532	7.532	Hawaii	12	0.5	13.811	13.811
United States	47	14.8	3,516.296	3,357.396	Idaho	25	7.0	1,151.030	1,151.030
⁹ Membership fluctuates annually and is affected by the extent to which producers participate in price stabilization programs.					Illinois	95	84.4	3,812.353	3,520.105
¹⁰ Includes eggs, turkeys, ratite, squab, and related products.					Indiana	12	19.2	902.560	824.963
¹¹ Includes sugar, sugarcane, sugar beets, honey, maple syrup, molasses, and sorghum.					Iowa	87	74.0	6,704.250	6,481.588
¹² Includes forest products, fish, hay, hops, seed marketed for growers, nursery stock, ethanol, coffee, and other farm products not classified separately. Also includes manufactured food products and resale items marketed by cooperatives.					Kansas	91	85.6	2,364.867	2,268.701
					Kentucky	14	8.3	189.207	189.207
					Louisiana	16	4.4	933.988	933.202
					Maine	25	1.4	142.599	141.588
					Maryland	3	0.7	241.932	241.932

Table 3—Number¹ of cooperatives, memberships², and gross and net sales by State, 2005³*(Continued)*

State	Head- quartered in State	Member- ships	Business volume		State	Head- quartered in State	Member- ships	Business volume	
			Gross ⁴	Net ⁵				Gross ⁴	Net ⁵
	<i>No.</i>	<i>Thousands</i>	<i>Million \$</i>			<i>No.</i>	<i>Thousands</i>	<i>Million \$</i>	
TOTAL MARKETING (continued)					CROP PROTECTANTS (continued)				
Massachusetts	7	0.9	486.546	486.546	Louisiana			26.158	26.158
Michigan	32	9.8	1,774.852	1,725.562	Maryland			14.175	10.612
Minnesota	128	64.8	10,110.033	9,813.737	Massachusetts			0.161	0.161
Mississippi	12	6.4	1,025.017	997.194	Michigan			22.080	20.728
Missouri	16	23.3	3,442.404	3,047.333	Minnesota			261.051	260.543
Montana	30	2.9	557.409	557.195	Mississippi			21.205	21.201
Nebraska	43	51.2	3,246.304	3,101.149	Missouri			120.240	83.520
New Jersey	11	1.5	199.907	198.569	Montana			44.487	44.149
New Mexico	3	0.7	667.492	640.762	Nebraska			196.739	196.401
New York	71	6.4	2,335.946	1,856.024	New York			4.584	1.244
North Carolina	13	3.3	310.504	310.443	North Dakota			131.861	131.850
North Dakota	117	43.6	2,792.468	2,762.099	Ohio			108.713	107.605
Ohio	44	27.7	1,282.327	1,249.484	Oklahoma			25.000	25.000
Oklahoma	30	26.1	663.617	642.247	Oregon			79.033	78.695
Oregon	19	4.3	1,881.742	1,855.419	Pennsylvania			9.703	2.043
Pennsylvania	37	4.6	864.400	859.790	South Dakota			129.520	129.431
South Carolina	3	2.6	36.472	36.472	Tennessee			155.741	97.944
South Dakota	52	31.7	2,265.887	2,235.925	Texas			49.028	47.676
Tennessee	7	108.1	115.165	115.165	Utah			8.316	7.978
Texas	56	40.5	2,851.253	2,608.160	Virginia			19.927	17.683
Utah	8	2.7	535.614	531.595	Washington			116.256	112.145
Vermont	3	1.4	485.654	484.137	West Virginia			1.997	1.704
Virginia	17	18.6	187.120	186.852	Wisconsin			126.347	116.147
Washington	38	13.4	2,698.779	2,693.278	Wyoming			2.610	2.610
West Virginia	13	1.1	19.444	19.444	Other States			52.737	38.578
Wisconsin	36	63.4	6,958.326	6,447.588	Foreign ⁷			28.128	2.531
Wyoming	6	0.7	55.111	55.111	United States			3,316.845	2,951.533
Other States	5	1.7	321.090	321.090					
Foreign ⁷	0	0.3	481.266	480.102					
United States	1,412	932.2	78,024.431	74,150.220					
FARM SUPPLIES PROVIDED					FEED¹³				
CROP PROTECTANTS¹³					Alabama			47.858	30.400
Alabama			31.515	29.760	Arkansas			66.132	65.100
Arkansas			92.641	85.662	California			199.499	139.565
California			27.133	26.457	Colorado			42.465	42.105
Colorado			48.159	48.159	Florida			35.971	34.609
Florida			10.920	10.173	Georgia			19.016	15.753
Georgia			182.705	177.273	Idaho			91.033	54.868
Idaho			27.508	27.508	Illinois			229.754	204.510
Illinois			419.383	292.941	Indiana			65.403	63.986
Indiana			197.104	188.731	Iowa			1,527.920	1,163.491
Iowa			362.074	325.982	Kansas			177.714	158.105
Kansas			122.344	121.330	Kentucky			52.671	46.062
Kentucky			39.560	33.218	Louisiana			39.889	38.332
					Maryland			34.960	31.272
					Massachusetts			10.785	10.679
					Michigan			79.473	78.139
					Minnesota			844.151	632.867
					Mississippi			51.161	50.746
					Missouri			201.884	156.851

¹³ Headquartered in State and Membership values are not collected for individual farm supply products; rather they are collected for total farm supplies.

(continued next page)

Table 3—Number¹ of cooperatives, memberships², and gross and net sales by State, 2005³*(Continued)*

State	Head- quartered in State	Member- ships	Business volume		State	Head- quartered in State	Member- ships	Business volume	
			Gross ⁴	Net ⁵				Gross ⁴	Net ⁵
	<i>No.</i>	<i>Thousands</i>	<i>Million \$</i>			<i>No.</i>	<i>Thousands</i>	<i>Million \$</i>	
FEED (continued)					FERTILIZER (continued)				
Montana			27.335	19.253	South Dakota			210.605	194.144
Nebraska			305.857	234.025	Tennessee			184.599	120.161
New York			51.828	39.289	Texas			103.742	91.456
North Dakota			58.074	43.753	Utah			19.653	19.653
Ohio			117.367	117.123	Virginia			79.010	70.841
Oklahoma			62.284	59.260	Washington			145.207	144.401
Oregon			350.462	211.847	West Virginia			7.446	6.510
Pennsylvania			27.649	25.826	Wisconsin			245.196	217.625
South Dakota			185.743	141.153	Wyoming			6.991	6.955
Tennessee			193.190	124.673	Other States			121.846	93.006
Texas			118.957	111.826	Foreign ⁷			133.962	26.619
Utah			93.309	92.045	United States			6,416.794	5,370.149
Virginia			118.265	108.342					
Washington			275.740	160.389	PETROLEUM¹³				
West Virginia			16.913	14.716	Alabama			11.285	11.182
Wisconsin			806.844	585.437	Arkansas			112.151	110.739
Wyoming			4.135	4.135	California			4.394	4.291
Other States			231.933	171.909	Colorado			374.029	241.262
Foreign ⁷			158.659	98.803	Florida			5.093	5.093
United States			7,022.280	5,381.244	Georgia			199.721	66.807
					Idaho			272.418	150.538
FERTILIZER¹³					Illinois			1,255.319	840.560
Alabama			78.057	74.520	Indiana			1,133.978	610.228
Arkansas			116.124	103.211	Iowa			1,565.494	963.122
California			134.522	134.511	Kansas			2,477.561	514.366
Colorado			66.452	65.867	Kentucky			143.430	97.638
Florida			79.889	38.859	Louisiana			9.695	9.695
Georgia			56.388	46.838	Maryland			110.965	90.283
Idaho			50.778	50.778	Massachusetts			0.018	0.018
Illinois			750.932	543.716	Michigan			281.647	128.828
Indiana			356.112	325.948	Minnesota			903.178	767.805
Iowa			837.662	732.936	Mississippi			23.502	21.769
Kansas			265.272	265.236	Missouri			994.504	745.641
Kentucky			113.759	99.969	Montana			412.922	306.458
Louisiana			21.010	20.742	Nebraska			814.663	600.578
Maryland			31.124	27.079	New York			6.140	5.025
Massachusetts			10.750	4.293	North Dakota			607.821	480.655
Michigan			51.626	51.371	Ohio			285.685	213.770
Minnesota			437.605	395.518	Oklahoma			448.252	229.672
Mississippi			40.006	38.915	Oregon			329.614	232.059
Missouri			421.690	279.432	Pennsylvania			12.677	10.682
Montana			88.440	88.440	South Dakota			474.390	342.078
Nebraska			373.253	351.601	Tennessee			339.006	149.992
New York			24.906	11.895	Texas			120.106	118.864
North Dakota			239.656	206.954	Utah			189.069	61.721
Ohio			265.225	207.921	Virginia			477.900	294.796
Oklahoma			88.644	76.381	Washington			361.152	274.379
Oregon			117.223	117.223	West Virginia			31.573	27.088
Pennsylvania			41.431	18.627	Wisconsin			856.135	711.385

Table 3—Number¹ of cooperatives, memberships², and gross and net sales by State, 2005³

State	Head- quartered in State	Member- ships	Business volume		State	Head- quartered in State	Member- ships	Business volume	
			Gross ⁴	Net ⁵				Gross ⁴	Net ⁵
	<i>No.</i>	<i>Thousands</i>	<i>Million \$</i>			<i>No.</i>	<i>Thousands</i>	<i>Million \$</i>	
PETROLEUM (continued)					OTHER FARM SUPPLIES^{13, 14}				
Wyoming			256.564	166.541	Alabama			88.043	63.161
Other States			92.034	79.773	Arkansas			97.064	90.157
Foreign ⁷			314.087	114.061	California			219.818	217.280
United States		16,308.171		9,799.443	Colorado			80.481	77.567
					Florida			170.537	170.286
SEED¹³					Georgia			37.713	27.122
Alabama			16.357	15.915	Idaho			34.293	31.379
Arkansas			44.623	43.465	Illinois			155.975	126.731
California			17.531	17.531	Indiana			101.480	71.114
Colorado			6.409	6.387	Iowa			152.509	136.767
Florida			2.927	2.666	Kansas			95.721	88.917
Georgia			7.685	6.337	Kentucky			77.573	62.308
Idaho			64.595	6.332	Louisiana			17.281	17.264
Illinois			216.870	144.017	Maryland			28.027	24.545
Indiana			72.448	39.672	Massachusetts			12.962	11.579
Iowa			301.485	141.426	Michigan			83.779	74.986
Kansas			31.629	31.629	Minnesota			258.409	250.999
Kentucky			30.109	26.948	Mississippi			47.334	47.298
Louisiana			11.515	11.515	Missouri			251.356	203.961
Maryland			9.015	7.813	Montana			52.341	50.122
Massachusetts			0.730	0.613	Nebraska			118.347	114.413
Michigan			13.863	13.507	New York			33.957	28.314
Minnesota			203.975	139.208	North Dakota			193.684	191.082
Mississippi			21.301	21.261	Ohio			95.654	81.546
Missouri			276.689	47.882	Oklahoma			48.803	44.902
Montana			36.185	23.239	Oregon			163.137	161.537
Nebraska			82.085	62.542	Pennsylvania			29.023	22.040
New York			2.694	2.272	South Dakota			81.233	79.878
North Dakota			58.085	38.528	Tennessee			278.690	171.920
Ohio			50.222	49.674	Texas			90.078	81.990
Oklahoma			6.731	6.728	Utah			59.510	55.200
Oregon			29.423	29.423	Virginia			145.412	136.071
Pennsylvania			5.583	3.713	Washington			149.944	121.114
South Dakota			86.732	66.900	West Virginia			25.764	22.798
Tennessee			86.088	54.716	Wisconsin			322.192	318.925
Texas			20.501	20.501	Wyoming			25.062	24.181
Utah			2.950	2.950	Other States			187.376	151.657
Virginia			24.939	22.359	Foreign ⁷			58.874	20.478
Washington			43.246	36.773	United States			4,169.434	3,671.587
West Virginia			3.513	3.045					
Wisconsin			146.123	78.356	FARM SUPPLY				
Wyoming			0.531	0.531	Alabama	46	19.1	273.114	224.937
Other States			29.823	24.479	Arkansas	35	34.5	528.736	498.334
Foreign ⁷			3.689	1.539	California	17	13.0	602.897	539.635
United States		2,068.897		1,252.391	Colorado	18	19.7	617.995	481.347
					Florida	6	7.7	305.336	261.687
					Georgia	5	1.1	503.229	340.130
					Idaho	12	8.3	540.624	321.403

¹⁴ Includes building materials, containers and packaging supplies, farm machinery and equipment, meats and groceries, automotive supplies, hardware, chicks, and other supplies not separately classified.

(continued next page)

Table 3—Number¹ of cooperatives, memberships², and gross and net sales by State, 2005³*(Continued)*

State	Head- quartered in State	Member- ships	Business volume		State	Head- quartered in State	Member- ships	Business volume	
			Gross ⁴	Net ⁵				Gross ⁴	Net ⁵
	<i>No.</i>	<i>Thousands</i>	<i>Million \$</i>			<i>No.</i>	<i>Thousands</i>	<i>Million \$</i>	
FARM SUPPLY <i>(continued)</i>					SERVICE <i>(continued)</i>				
Illinois	51	51.1	3,028.233	2,152.475	North Carolina	3	0.0	13.677	13.677
Indiana	27	34.1	1,926.525	1,299.678	North Dakota	3	3.2	69.410	69.410
Iowa	51	66.4	4,747.144	3,463.724	Ohio	3	2.3	99.480	99.480
Kansas	31	25.7	3,170.242	1,179.583	Oklahoma	14	4.7	46.873	46.873
Kentucky	26	162.8	457.103	366.142	Pennsylvania	5	0.1	5.993	5.993
Louisiana	19	5.7	125.549	123.706	Texas	116	19.5	278.880	278.880
Maryland	11	71.7	228.264	191.605	Virginia	3	8.8	26.008	26.008
Massachusetts	4	3.5	35.406	27.343	Washington	4	2.3	114.539	114.539
Michigan	22	9.8	532.468	367.558	Wisconsin	47	15.7	104.570	104.570
Minnesota	109	78.4	2,908.369	2,446.939	Other States	18	21.4	1,364.839	1,364.839
Mississippi	37	70.7	204.510	201.191	United States	356	101.2	3,929.289	3,929.289
Missouri	43	63.9	2,266.362	1,517.287					
Montana	29	21.7	661.710	531.661	TOTAL				
Nebraska	31	22.2	1,890.943	1,559.559	Alabama	60	29.6	680.540	606.273
New York	7	27.3	124.109	88.039	Alaska	7	4.1	66.114	48.302
North Dakota	93	43.0	1,289.180	1,092.821	Arizona	9	2.2	836.949	791.106
Ohio	16	15.1	922.866	777.639	Arkansas	50	45.9	2,154.411	2,090.072
Oklahoma	27	21.3	679.714	441.944	California	150	41.2	8,634.716	8,321.565
Oregon	12	21.0	1,068.891	830.783	Colorado	39	28.7	1,041.625	904.977
Pennsylvania	7	26.5	126.066	82.932	Connecticut	4	1.7	274.215	271.954
South Dakota	52	40.2	1,168.223	953.583	Delaware	3	40.6	95.228	71.164
Tennessee	68	61.0	1,237.314	719.406	Florida	37	21.9	2,398.991	1,858.716
Texas	42	33.9	502.412	472.313	Georgia	15	20.4	918.942	755.843
Utah	5	1.3	372.808	239.548	Hawaii	19	0.8	69.754	46.472
Virginia	36	154.6	865.451	650.090	Idaho	38	15.4	1,730.223	1,511.002
Washington	27	11.3	1,091.546	849.201	Illinois	147	138.6	7,093.986	5,925.981
West Virginia	13	80.9	87.205	75.860	Indiana	41	53.1	2,912.605	2,207.380
Wisconsin	77	81.1	2,502.836	2,027.875	Iowa	139	145.3	11,792.854	10,287.856
Wyoming	5	3.4	295.894	204.953	Kansas	123	115.2	5,689.122	3,602.297
Other States	11	123.3	715.749	559.403	Kentucky	41	167.3	656.258	565.297
Foreign ⁷	0	2.0	697.398	264.031	Louisiana	46	10.7	1,203.750	1,201.121
United States	1,128	1,538.3	39,302.421	28,426.346	Maine	27	6.6	227.963	225.772
					Maryland	14	70.0	470.857	434.197
					Massachusetts	11	4.3	532.546	524.483
SERVICE ¹⁵					Michigan	59	20.7	2,362.423	2,148.223
Alabama	6	0.1	18.617	18.617	Minnesota	261	149.9	13,596.264	12,837.166
Arizona	4	0.5	12.442	12.442	Mississippi	70	85.1	1,300.558	1,269.416
Arkansas	5	0.5	60.106	60.106	Missouri	60	86.9	5,783.461	4,639.316
California	45	3.1	502.861	502.861	Montana	59	24.0	1,230.347	1,100.085
Georgia	3	0.3	9.364	9.364	Nebraska	76	75.5	5,282.741	4,806.202
Hawaii	6	0.1	2.054	2.054	New Jersey	13	5.6	237.330	226.863
Illinois	1	0.2	253.401	253.401	New Mexico	9	2.1	693.929	664.876
Louisiana	11	0.5	144.213	144.213					
Michigan	5	0.9	55.103	55.103					
Minnesota	24	5.7	577.862	577.862					
Mississippi	21	9.8	71.031	71.031					
New Mexico	5	1.1	9.783	9.783					
New York	4	0.3	88.184	88.184					

¹⁵ Includes cooperatives providing services such as cotton ginning, livestock shipping, storing, grinding, drying, and artificial insemination. Sales include charges for services related to marketing or purchasing, but not included in the volume reported for those activities, plus other income.

Table 3—Number¹ of cooperatives, memberships², and gross and net sales by State, 2005³ (Continued)

New York	82	33.3	2,548.239	2,034.957
North Carolina	18	67.4	558.913	506.843
North Dakota	213	90.7	4,151.058	3,924.329
Ohio	63	46.3	2,304.673	2,126.604
Oklahoma	71	53.0	1,390.204	1,131.063
Oregon	31	24.8	3,002.987	2,738.556
Pennsylvania	49	30.6	996.458	948.714
South Carolina	5	2.9	96.572	83.239
South Dakota	104	75.5	3,505.127	3,260.526
Tennessee	76	174.9	1,386.536	868.629
Texas	214	95.7	3,632.546	3,359.354
Utah	14	5.3	928.142	790.862
Vermont	3	4.2	494.437	492.172
Virginia	56	177.8	1,078.579	862.950
Washington	69	27.4	3,904.864	3,657.018
West Virginia	26	79.2	107.162	95.817
Wisconsin	160	161.4	9,565.733	8,580.033
Wyoming	11	4.0	354.231	263.291
Other States	4	1.9	102.314	95.497
Foreign ⁷	0	2.3	1,178.664	744.133
United States	2,896	2,571.7	121,256.140	106,508.565

part-time and seasonal employees, or 62 percent of that type of worker used. Marketing cooperatives averaged 24 part-time and seasonal employees per cooperative. Fruit and vegetable cooperatives, with 18,000, accounted for about 32 percent of all part-time and seasonal employees used by cooperatives. Farm supply cooperatives had about 15,000 part-time and seasonal employees, an average of 13 per cooperative.

Most types of marketing cooperatives operated with more employees than did farm supply cooperatives. For example, sugar cooperatives averaged 217 employees; rice, 198; fruit and vegetable, 166; while farm supply cooperatives averaged 54 (figure 5).

Business Size

Most farmer cooperatives, as measured by annual gross business volume, are relatively small and serve local areas. Some actively seek regional, national, and even international markets to increase business volume. Although few in number, larger cooperatives account for much of cooperatives' business volume. They have grown in size partly from mergers, consolidations, and acquisitions.

In 2005, 70 percent of all farmer cooperatives reported a business volume of less than \$15 million. However, they accounted for only 8 percent of the total gross dollar volume (appendix table 6 and figure 6). Only 3 percent of farmer cooperatives reported a business volume of at

least \$200 million, but they accounted for 63 percent of the total sales.

Business Volume

Total gross business volume of the 2,896 marketing, farm supply, and related-service cooperatives for 2005 was \$121 billion (appendix table 7), up 4 percent from \$117 billion in 2003. Gross business volume fell from the record \$128 billion in 1996 to \$112 billion in 2002; however, this has not been a steady decline, some years saw increases to over \$120 billion while other years fell to \$115 billion or less (appendix table 3, appendix figure 5). The volume increase of \$16 billion from 1995 to 1996 was due mainly to much higher prices for grains and oilseeds.

Gross dollar volume of farm products marketed by cooperatives increased about \$1 billion, from \$77 billion in 2003 to \$78 billion in 2005 (1 percent). Gross volume of all farm supplies handled by cooperatives was \$39 billion, up 11 percent from \$35 billion in 2003 (almost the entire increase was due to higher petroleum prices).

Total net business volume of farmer cooperatives in 2005 was \$106 billion: \$74 billion from farm products marketed, \$28 billion from farm supply sales, and \$4 billion from services performed and other income sources. The total net figure, which excludes inter-cooperative business, was up 6 percent from \$101 billion in 2003. Cooperatives' record net business volume of \$106.7 billion in 1997 was almost equaled in 2005, lower by just \$0.2 billion (appendix table 4, appendix figure 6). Net cooperative business, unadjusted for price changes, remained virtually the same as the level recorded in 1996, \$106 billion.

There have been a number of fluctuations: net business volume dropped to around \$100 billion in 1999 and stayed there except for 2001 when it was \$103 billion. Adjusted for inflation where 1991 = 100², net business volume totaled \$103 billion in 1996 and dropped to \$88 billion in 2005 (figure 7). Consequently, the difference between actual and real net business volume in 2005 was \$18 billion. The real net business volume was lower than the actual value in 2005 due to lower prices received for farm products and higher prices paid for farm production inputs. The index for prices received for all farm commodities from 1996 to 2005 rose 4 points, while the index for prices paid for farm production items increased 31 points, hence the large gap between actual and real cooperative net business volume when adjusted by prices

²Marketing sales was deflated by the index of producer prices received for "all farm products" (1991 = 100). Supply sales and service receipts and other income were deflated by the index of prices paid by farmers for "production items," excluding interest, taxes, and wages (1991 = 100).

Figure 3—Cooperative Memberships by Function, 1996-2005

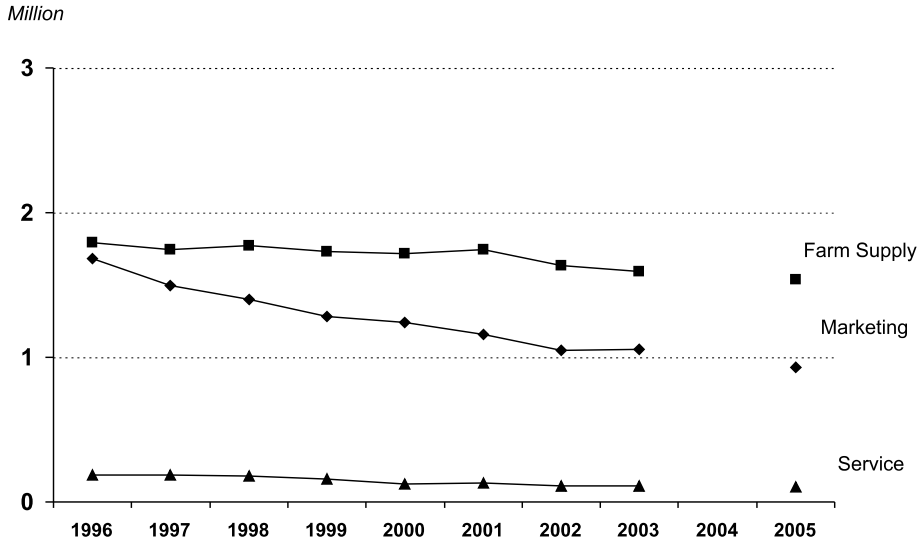
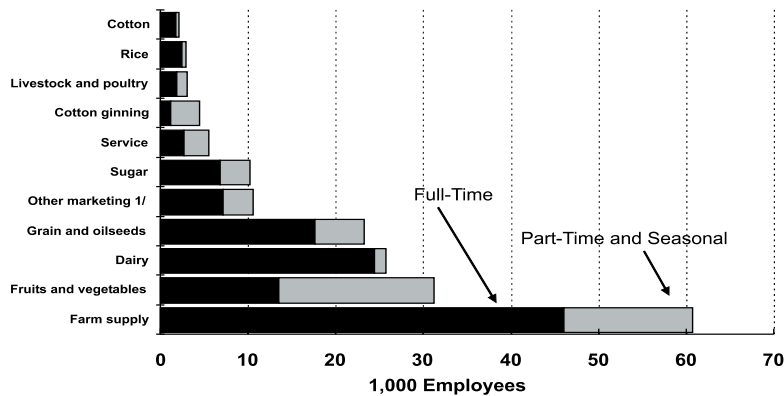
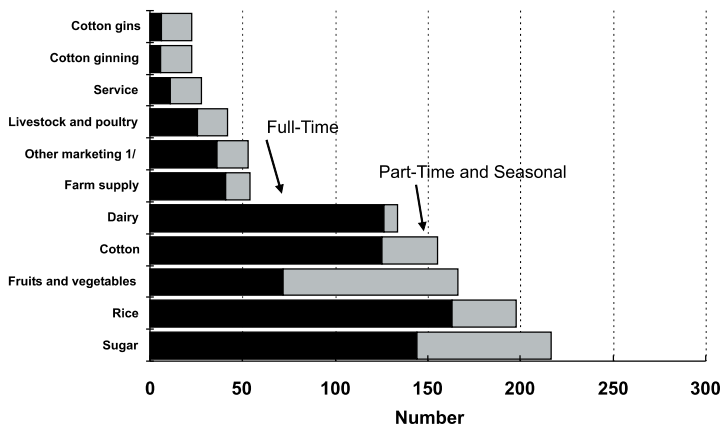


Figure 4—Full-Time and Part-Time and Seasonal Employees, by Cooperative Type, 2005



1/ Includes dry bean and pea, nut, tobacco, wool and mohair, fishery, and other product marketing cooperatives.

Figure 5—Average Full-Time and Part-Time and Seasonal Employees, 2005



1/ Includes dry bean and pea, nut, tobacco, wool and mohair, fishery, and other product marketing cooperatives.

paid and prices received for farm production.

Net volume of farm products marketed increased from 2003, from \$71 billion to \$74 billion—a growth of 4 percent. Net marketing business volume accounted for 70 percent of total cooperative sales in 2005, virtually unchanged from 2003.

Figure 8 illustrates the leading products marketed by cooperatives based on net marketing business volume. Dairy (milk and milk products) led with 38 percent, followed by grains and oilseeds (excluding cottonseed) with 31 percent, and fruits and vegetables with 10 percent. The proportions of dairy and grains and oilseeds were about the same as those in 2003, while livestock had dropped from 10 percent to 3 percent.

Net farm supply volume of \$28 billion, up 11 percent from \$25 billion, accounted for 27 percent of the total net business volume. The leading farm production goods handled by cooperatives in terms of farm supply net business volume were petroleum, 35 percent; feed, 19 percent; and fertilizer, 19 percent (figure 9). All farm supply goods had increased sales from 2003 except feed, where net sales fell \$0.5 billion.

Receipts for services provided by marketing, farm supply, and related-service cooperatives, plus other income, decreased 5 percent to \$4 billion. Service receipts and other income represented 4 percent of total net business volume.

Marketing sales of four major commodity groups—dairy; grains and oilseeds; fruits and vegetables; and livestock—were down from 84 percent of marketing sales in 1996 to 82 percent in 2005 (figure 10). Grains and oilseeds had a huge bump up in prices in 1996 which

led to sales of \$28 billion in 1996—with lower prices, sales had fallen to \$23 billion in 2005. Net volume among commodity groups was highest in 2005 for dairy, with \$28 billion (\$23 billion in 1996), followed by grains and oilseeds.

Milk and milk product sales showed the strongest dollar growth during 1996-2005. There was steady growth in cooperative sales of milk and milk products, with slight declines in 2000, 2002, and 2003 due to lower prices.

In the farm supply group, petroleum, feed, and fertilizer sales were especially important (figure 11). They accounted for 72 percent of cooperatives' total farm supply sales in 2005 and 71 percent in 1996. Cooperatives' sales of petroleum, feed, fertilizer, and crop protectants showed a general decline until 1999 but petroleum rebounded in 2000 and then dropped in 2002, but showed very strong growth due to price increases in 2005. Feed and fertilizer sales both declined and grew from 1999 until they converged in 2005 at \$5 billion. In 2005, the sales of all farm supplies increased except feed—feed sales fell \$0.5 billion.

Net marketing of farm products totaled \$79 billion in 1996, and generally decreased through 2000. Since 2000, the net marketing dollar volume increased, to \$74 billion in 2005. Farm supply sales have been about \$24 or \$25 billion each year except 1999 when they were \$23 billion and 2005 when they were \$28 billion. Service receipts (includes other income and revenue) increased from \$3 billion in 1996 to \$4 billion in 2005, slightly below the record of \$4.1 billion in 2003.

Gross and net business volume by State are presented in table 3. Sales are allocated to the State in which the product marketed was originated and the farm supplies were sold. Minnesota led all States in total gross and net business volume with \$13.6 billion and \$12.8 billion, respectively, followed by Iowa with \$11.8 billion in gross business and \$10.3 billion in net business volume.

Figure 6—Distribution of Farmer Cooperatives and Volume, by Size, 2005

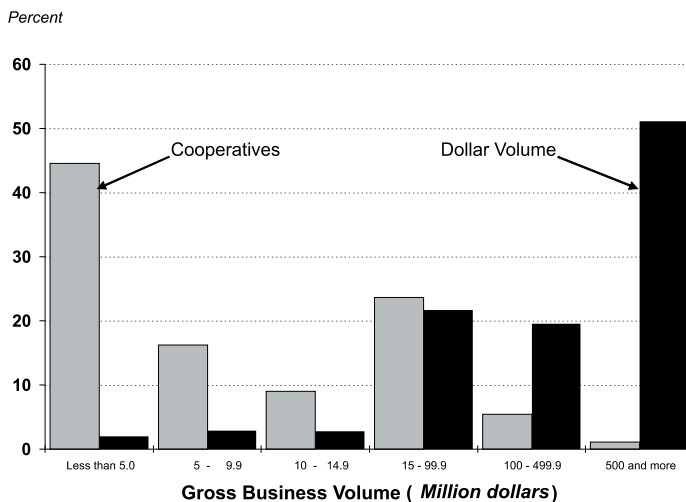
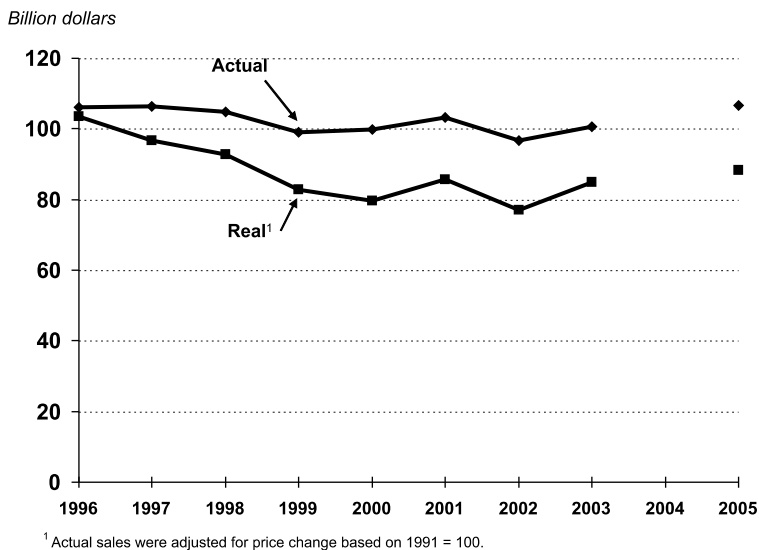


Figure 7—Cooperatives' Net Business Volume, Actual and Adjusted, 1996-2005



¹ Actual sales were adjusted for price change based on 1991 = 100.

Figure 8—Relative Importance of Farm Products Marketed by Cooperatives, 2005

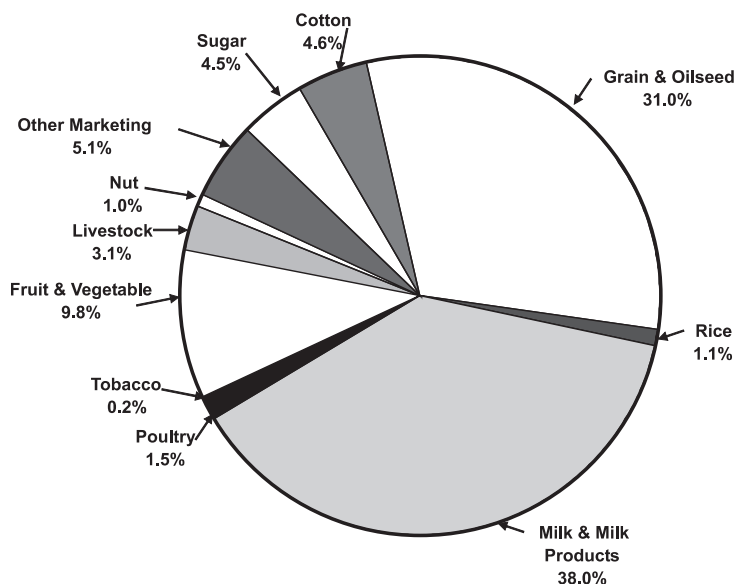
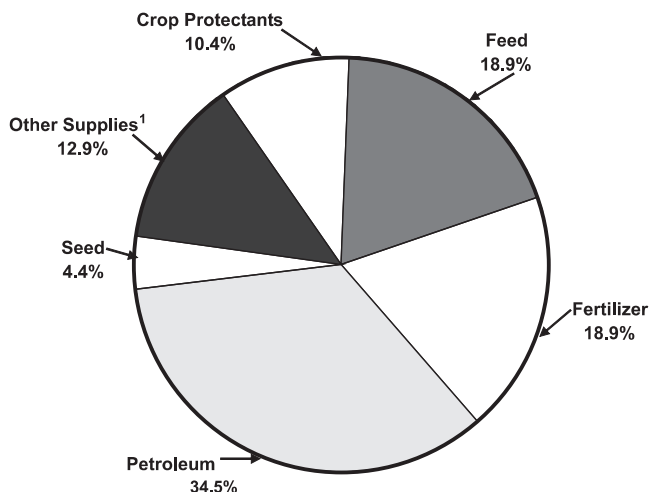


Figure 9—Relative Importance of Farm Supplies Handled by Cooperatives, 2005



Percentages are based on a total net farm supply business volume of \$28 billion.

¹ Includes building materials, tires, batteries and accessories, equipment, animal health products, pet food, semen, hardware, food, clothing, and other.

Balance Sheet

The balance sheet of a cooperative states its financial position at the end of a 12-month fiscal year. The balance sheet represents the cooperative's assets, liabilities, member equity, and their mutual relationship. Combined assets for all farmer cooperatives totaled \$47 billion in 2005, about the same as 2003 (appendix table 8). Total assets of cooperatives, excluding inter-cooperative investments, remained virtually unchanged at \$42 billion. Cooperatives' total assets grew from \$43 billion in 1996 to \$47 billion in 2005 (appendix table 5 and figure 12), reflecting growth in their own operations and investments in other cooperatives. In 1996, \$3.6 billion (8 percent of total assets) was invested in other cooperatives, including CoBank. In 2005, these investments were \$4.3 billion, up \$0.7 billion from 1996, and at 9 percent of total assets, 1 percent higher than a decade ago.

Of the \$47 billion in total assets, marketing cooperatives accounted for \$28 billion, down 7 percent from 2003. Dairy cooperatives had about \$9 billion in assets and grain and oilseed cooperatives had about \$8 billion in assets, more than double the assets of any other type of marketing cooperative but only about half of the more than \$17 billion assets of farm supply cooperatives. Both dairy and farm

supply cooperatives had over \$1 billion of assets invested in other cooperatives.

Table 9 compares common-size balance sheets for five sizes of cooperatives (for all types and sizes, see appendix table 6). Common-size balance sheets present all accounts as a percent of total assets, which allows comparison between cooperatives.

Current assets

Current assets are generally comprised of cash and cash equivalents, accounts and notes (with short-term maturities) receivable, inventories, prepaid expenses. Current assets for all cooperative sizes

were at least 55 percent of total assets except for the very largest cooperatives (53 percent).

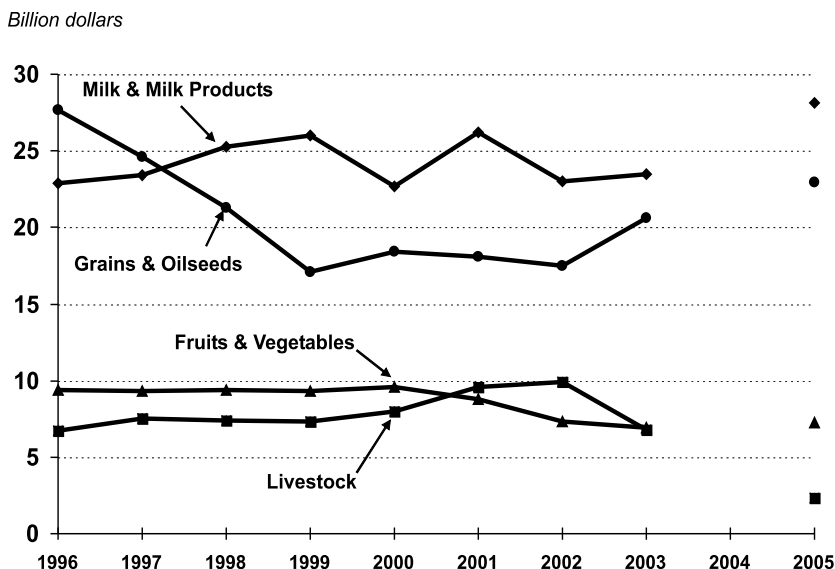
Investments and other assets

Investments were most often in other cooperatives and CoBank, while other assets were a catch-all account in this study and, as imagined, contained a wide variety of items. Investments were larger for farm supply cooperatives than most marketing cooperatives with the exception of small to mid-size dairy cooperatives.

Property, plant, and equipment

Net property, plant, and equipment (net PP&E) are tangible assets used in the cooperative's operations. As a percent of total assets, net PP&E ranged from a low

Figure 10—Cooperatives' Net Sales of Selected Commodities, 1996-2005



of 3 percent for fresh fruit and vegetable cooperatives with sales of less than \$1 million to 67 percent for sugar marketing cooperatives with sales of less than \$75 million. Most farm supply and grain and oilseed marketing cooperatives had net PP&E between 20 percent and 25 percent of total assets.

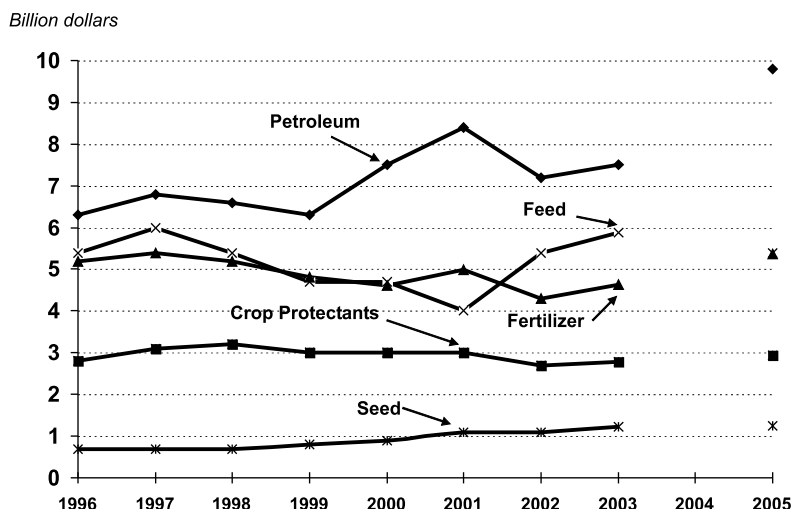
Current liabilities

Current liabilities are all obligations that will be paid with the use of current assets and will probably be paid within 1 year. Current liabilities are comprised of notes payable to banks and/or other trade creditors, accounts payable, current maturities of long-term debt, income taxes, other accrued liabilities (payroll, property taxes, interest and other), patronage dividends payable, and miscellaneous or other current liabilities. Current liabilities by cooperative size were at least 38 percent of total assets and grew to 43 percent for cooperatives with \$15 to \$100 million in sales.

Total liabilities

Total liabilities includes current liabilities plus long-term debt. In the aggregate, all types and sizes of cooperatives had some long-term debt. The first four sizes of cooperatives in table 9 all had about 10 percent of their assets financed through long-term debt. The very largest cooperatives used the most debt, financing 13 percent of their assets. Total liabilities were \$27 billion, unchanged as were assets from 2003 (table 10). Cooperatives' total liabilities grew from \$25 billion in 1996 to \$27 billion in

Figure 11—Cooperatives' Net Sales of Selected Farm Supplies, 1996-2005



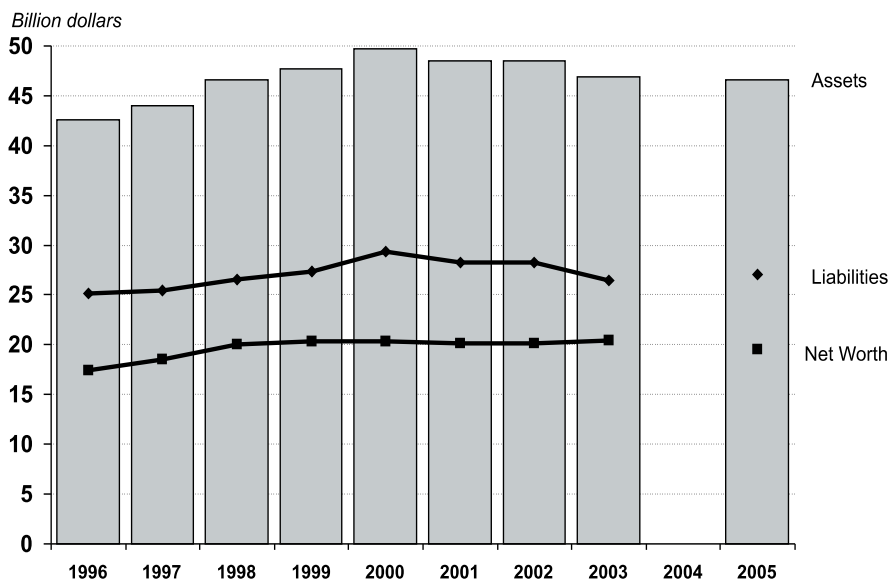
2005 but continued to remain just below 60 percent of total assets.

Allocated (or member) equities

Comparing allocated equities to total assets determines the percent of the cooperative's assets owned by members. Allocated equity comprised about a third of ownership of all sizes of cooperatives. The very largest had both the smallest percentage of retained earnings and overall equity.

Net worth, or member and patron equity, was \$20 billion—about the same as 2003. The proportion of total assets financed by member and patron equity fell to 42 percent, 2 points lower than in 2003. Net worth for all marketing cooperatives totaled \$11 billion, down \$1.0 billion from 2003. Marketing cooperatives accounted for 58 percent of farmer cooperatives' combined net worth, down 3 points from 2003. Net worth for farm supply cooperatives totaled almost \$8 billion and was 40 percent of the total. For marketing cooperatives, the highest percentage of total assets represented by net worth shown in Figure 13 (60 percent) was for other marketing cooperatives. The lowest, 26 percent, was for cooperatives marketing livestock and poultry. Marketing and farm supply cooperatives had 40 percent and 45 percent, respectively, of their assets financed by net worth.

Figure 12—Cooperatives' Assets, Liabilities, and Net Worth, 1996-2005



Income Statement

The income statement shows the net results of a cooperative's operations. Because most managers' performance is judged by net income, members attach great importance to the income statement. Table 9 presents a common-size income statement for all cooperatives by 5 different sizes. Each item in a common-size income statement is represented as a percent of total sales. Common-size income statements by cooperative type and size are presented in appendix table 6.

Total (net) sales

Total (net) sales are all sales less discounts and returns and allowances from gross sales. Service cooperatives do not have a total sales value: the first income statement item for these cooperatives is service.

Cost of goods sold (COGS)

COGS includes the beginning inventory plus purchases and freight costs, minus purchase returns and allowances, purchase discounts, and ending inventory. COGS, therefore, was the purchase price of the farm supplies sold or products marketed. For all sizes of cooperatives, COGS was at least 85 percent of net sales. COGS can be much lower for cooperatives that process products or provide technical services. Artificial insemination cooperatives have a lower COGS and processed fruit and vegetable cooperatives can also have a lower COGS.

Gross Margins

The excess of net sales over the cost of goods sold is the gross margin or gross margin percentage, and it is an important operating ratio. A small change in the gross margin can tremendously impact local savings. A cooperative manager must maintain a gross margin near industry averages. Thus, least cost sources of supplies need to be developed and marketing cooperatives need to pay market rates on the products they purchase.

Cooperatives are often characterized as businesses that provide goods and services "at cost." However, a cooperative cannot operate at cost on a daily basis. Cooperatives need adequate gross margins to be profitable and afford to finance essential future-directed discretionary expenditures, such as expansion and advertising.

Gross margin equals net sales less cost of goods sold, so cooperatives with higher COGS had lower gross margins. COGS were about 4 points lower for the very largest cooperatives than the other sizes. As discussed earlier in COGS, those cooperatives with low COGS would have high gross margins.

Table 4—Cooperatives' number of full-time employees, 2005-2000

Commodity	2005	2004	2003	2002	2001	2000
	<i>Thousands</i>					
Cotton	1.8		1.9	2.0	1.8	1.8
Dairy	24.4		23.4	23.7	20.7	23.4
Fruits and vegetables	13.5		18.4	18.7	19.9	25.1
Grains and oilseeds	17.6		20.4	18.9	19.6	20.3
Livestock and poultry	1.9		34.4	34.4	35.8	34.6
Rice	2.4		2.6	2.5	2.4	2.6
Sugar	6.8		4.9	4.5	4.4	4.5
Other marketing	7.2		5.8	6.8	6.3	8.8
Total marketing	75.5		111.9	111.3	111.0	121.1
Total farm supply	46.0		48.2	50.7	50.6	51.3
Service	3.9		5.0	4.0	4.0	4.2
Total	125.4		165.1	166.1	165.7	176.7

Service and other income

This consists of any service these cooperatives provided. Some cooperatives only provide services such as rice driers, cotton gins, storage and transportation, grinding (feed), locker plants, pest management and scouting, and other miscellaneous services. Service income is important to marketing and farm supply cooperatives: they provide hauling, storage, grading, delivery, custom application, record keeping and drying, to name some of the most common. Other income comes from providing financing for sales and interest from investments. Other income also could come from the sale of property, plant, and equipment, rentals, and extraordinary items.

Sometimes property, plant, and equipment were sold to generate income, but usually they are fully depreciated. When sold, if the market value was greater than the book value, income is generated. In some cases, disposal of a fully depreciated asset may mean a loss. Rental income from unused facilities or equipment provided income flows. Extraordinary items might be either a gain or a loss. A gain could result from a fire loss where the insurance settlement was greater than the book value. A loss might occur from flood damage for which the cooperative had no coverage.

For service cooperatives, service is 100 percent on their income statement. By cooperative size, service income is the most important for smaller cooperatives

Table 5—Full-time and part-time and seasonal employees of farmer cooperatives, by cooperative type, 2005-2003¹

Principal product(s) marketed or major function	Total employees		Full-time		Part-time & seasonal	
	2005	2003	2005	2003	2005	2003
Products marketed	<i>Thousands</i>					
Cotton	2.2	2.1	1.8	1.9	0.4	0.2
Dairy	25.8	24.7	24.4	23.4	1.4	1.3
Fruit and vegetable	31.2	42.3	13.5	18.4	17.7	23.9
Grain and oilseed ²	23.3	25.8	17.6	20.4	5.7	5.4
Livestock and poultry	3.1	37.3	1.9	34.4	1.2	3.0
Rice	3.0	3.3	2.4	2.6	0.5	0.7
Sugar	10.2	6.4	6.8	4.9	3.4	1.5
Other marketing ³	10.5	8.8	7.2	5.8	3.4	3.0
Marketing	109.2	150.8	75.5	111.9	33.7	38.9
Farm supply	60.7	65.7	46.0	48.2	14.7	17.4
Service	10.0	10.3	3.9	5.0	6.1	5.3
Total	179.9	226.7	125.4	165.1	54.4	61.6

¹ Totals may not add due to rounding.

² Excludes oilseed meal and oil. Oilseed meal is included in feed sales while oil sales are included in other marketing sales.

³ Includes dry edible bean and pea, nut, tobacco, wool, fishery, and other product marketing cooperatives.

and diminishes as size increases. Many of the cotton ginning cooperatives have only service income and no sales, hence the 53 percent of sales value for service income for these cooperatives.

Operating expenses

There are only four accounts for expenses in table 9, wages, depreciation, interest, and all other. The wage account includes all employee expenses, some of which are salaries and wages, payroll taxes, employee insurance, unemployment compensation, and pension expense. The all other account would include administrative expenses (which are overhead costs associated with a cooperative and indirectly related to revenue production) such as professional services, office supplies, telephone, meetings and travel, donations, dues and subscriptions, directors' fees and expense, and annual meetings. The all other account would also include general expenses (which are directly related to revenue production) such as advertising and promotion, delivery (auto and truck), insurance, property, business and other taxes and licenses, rent and lease expenses, plant supplies and repairs, repairs and maintenance, utilities, miscellaneous, bad debts and other.

Wage expenses were the highest for smaller cooperative and fell as cooperative size increased from 11 percent for the smallest cooperatives to 4 percent for the largest. Wage expenses were large for service cooperatives as they are generally small and lack other sales to spread out wage costs.

Depreciation expenses did not change much with cooperative size; their range was less than 1 with an average cost just over 1 percent of sales. Ethanol cooperatives have newer PP&E and a lot of undepreciated costs, so they have some of the highest depreciation expenses (almost 5 percent) relative to sales.

Interest expenses were relatively minor for all sizes of cooperatives, comprising less than 1 percent of total sales. Other expenses fell as cooperatives grew larger. However, there are many different accounts that could be included in this other expense category. Also included in other expenses were wages, depreciation, and interest for the few cooperatives that did not break out individual expenses on the survey or in their annual report. As a result, other expenses could be larger than expected.

Income from own operations

This is gross margins minus total expenses but before taxes and patronage refunds from other cooperatives, so it is income generated by the cooperatives own operations. Income from own operations for all cooperatives in 2005 was \$2.5 billion, including inter-cooperative dividends and refunds (table 11). Net income was up 130 percent from the \$1.1 billion in 2003. Net income was \$2 billion in 1996 (down from the record of \$2.36 billion in 1995), and generally fell through 2003, but rebounded in 2005 (appendix table 6 and figure 14).

Marketing cooperatives' total net income of \$1,389 million was up 142 percent from the \$575 million generated in 2003. There were several large cooperatives with losses in 2003 that lowered income.

Total net income of farm supply cooperatives was \$1,016 million in 2005, up 194 percent from \$346 million in 2003 (figure 15). They accounted for 40 percent of cooperatives' total net income in 2003, compared with

Table 6—Farmer cooperatives and memberships, by gross business volume, 2005¹

Sales volume group(million \$)	Cooperatives		Dollar volume		Memberships ²	
	Number	Percent of total	Gross ³ (million \$)	Percent of total	Number (1,000)	Percent of total
Less than 5.0	1,289	44.5	2,438	2.0	361	14.0
5 - 9.9	470	16.2	3,554	2.9	296	11.5
10 - 14.9	260	9.0	3,319	2.7	154	6.0
15 - 24.9	257	8.9	5,174	4.3	209	8.1
25 - 49.9	268	9.3	9,300	7.7	322	12.5
50 - 99.9	160	5.5	11,798	9.7	243	9.4
100 - 199.9	113	3.9	9,372	7.7	353	13.7
200 - 499.9	46	1.6	14,290	11.8	82	3.2
500 - 999.9	17	0.6	12,322	10.2	127	4.9
1,000 and more	16	0.6	49,690	41.0	425	16.5
Total ⁴	2,896	100.0	121,256	100.0	2,572	100.0

¹ Business volume includes revenues from marketing plus the value of products bargained for or handled on a commission basis, supply sales, service receipts, and other income.

² Includes number of farmers, ranchers, and fishermen eligible to vote for directors. Does not include memberships held by other cooperatives, such as local cooperative memberships in regional cooperatives.

³ Excludes inter-cooperative business volume.

⁴ Total may not add due to rounding.

31 percent in 2003 (appendix figure 8). Income from their own operations, excluding patronage refunds from other cooperatives and CoBank, was \$751 million, up 151 percent from \$299 million in 2003.

Losses totaled \$54 million in 2005, a vast improvement over the \$1,034 million in losses in 2003. The number of cooperatives with losses was down from 778 to 242, or a decrease of 69 percent (appendix figure 9).

Income from own operations as a percent of net sales was about 2 percent for all cooperatives by size (table 9). Fish marketing, livestock marketing, and most dairy marketing cooperatives had low income from own operations. Most service cooperatives, rice drier and ethanol cooperatives had high income from own operations.

Patronage income

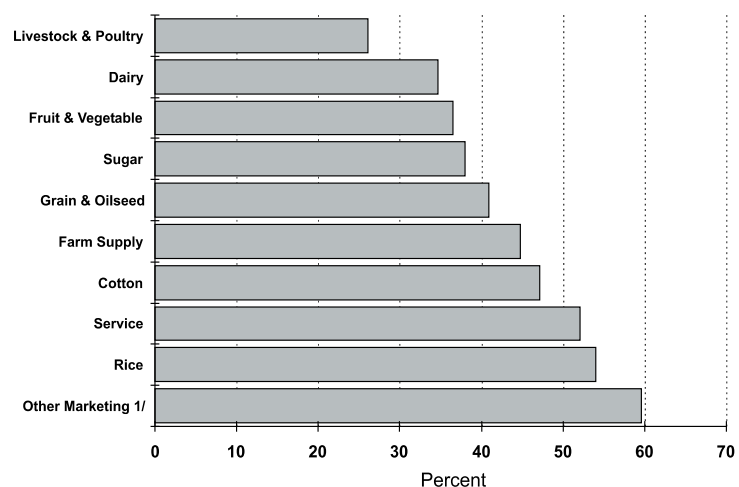
Refunds received or income from other cooperatives resulted from business cooperatives generated with other cooperatives, generally regionals or CoBank, a cooperative bank. The patronage refund from regionals was based on business volume and consist-

ed of cash refunds and equity stock. Stock was usually revolved back to the local cooperative on a set schedule. Many cooperatives that borrowed funds from CoBank received both cash and noncash patronage income. The noncash patronage from CoBank was from investing in the bank, which was usually required in proportion to the funds borrowed.

Patronage refunds received from other cooperatives, including CoBank, totaled \$401 million, up tremendously (335 percent) from \$92 million in 2003 (appendix figure 7). In 1996, refunds from other cooperatives totaled \$773 million,

or 34 percent of total net income. In 2005, refunds had fallen to 16 percent of total net income.

Patronage refunds were less than 0.75 percent of sales for the smallest cooperatives and fell to 0.2 percent for the largest (table 9). Livestock marketing and fruit and vegetable cooperatives tended to have very low levels of patronage refunds while small farm supply cooperatives had some of the highest refunds relative to total sales.

Figure 13—Percentage of Assets Financed by Net Worth, by Cooperative Type, 2005

1/ Includes dry bean and pea, nut, tobacco, wool and mohair, fishery, and other product marketing cooperatives.

Table 7—Cooperatives' gross and net business volumes by commodity, 2005 & 2003¹

Commodity	Gross volume		Net volume	
	2005	2003	2005	2003
<i>Billion \$</i>				
Products marketed:				
Beans and peas (dry edible)	.065	.132	.061	.129
Cotton	3.522	2.617	3.411	2.536
Dairy	31.001	25.984	28.163	23.454
Fruits and vegetables	7.598	7.453	7.258	6.900
Grains and oilseeds ²	22.981	23.552	22.977	20.612
Livestock	2.322	6.795	2.297	6.795
Nuts	.781	.851	.771	.851
Poultry ³	1.154	2.667	1.140	2.653
Rice	1.036	.969	.856	.968
Sugar	3.516	3.513	3.357	3.513
Tobacco	.153	.085	.153	.085
Wool and mohair	.005	.011	.005	.011
Other marketing ⁴	3.890	2.614	3.703	2.496
Total farm products	78.024	77.242	74.152	71.002
Supplies purchased:				
Crop protectants	3.317	3.165	2.952	2.776
Feed	7.022	7.220	5.381	5.873
Fertilizer	6.417	6.482	5.370	4.640
Petroleum	16.308	12.827	9.799	7.512
Seed	2.069	1.828	1.252	1.234
Other supplies ⁵	4.169	3.976	3.672	3.463
Total farm supplies	39.302	35.498	28.426	25.499
Services and other income ⁶	3.929	4.118	3.929	4.118
Total business	121.256	116.858	106.508	100.619

¹ Gross includes and net excludes inter-cooperative business. Totals may not add due to rounding.

² Excludes cottonseed. Cottonseed oil is included in other marketings while cottonseed meal is included in feed.

³ Includes eggs, turkeys, ratite, squab, and related products.

⁴ Includes coffee, fish, forest products, hay, hops, seed marketed for growers, nursery stock, ethanol, other farm products not separately classified, and sales of farm products not received directly from member patrons. Also includes manufactured food products and resale items marketed by cooperatives.

⁵ Includes building materials, containers and packaging supplies, farm machinery and equipment, meats and groceries, automotive supplies, hardware, chicks, and other supplies not separately classified.

Income Taxes

Cooperatives paid income taxes on earnings not allocated to members (retained earnings) and on dividend payments. The board determined what amounts of income were allocated to retained earnings and to members. Nonmember business has an impact on retained earnings because cooperatives can allocate the earnings to nonmembers or retain the income. By size, all cooperatives paid less than 0.25 percent of sales as income taxes. Larger farm supply and mixed farm supply paid the highest proportion of income taxes, but still less than 1 percent of sales.

Net Income

Net income (local savings plus patronage refunds minus taxes) was the highest for smaller cooperatives (2.7 percent) but fell to less than 2 percent for the largest cooperatives (1.6 percent). Nut, rice and ethanol marketing as well as most service cooperatives had the highest levels of net income relative to sales.

Selected Financial Ratios

Financial ratios express relationships between items in the balance sheet and income statements of a business operation and help in analyzing a cooperative's economic and financial situation. Ratios can indicate problem areas, serve as guidelines for planning, and aid in formulating actions. However, ratio interpretation is largely subjective.

Nine financial ratios were used to measure cooperative performance or financial condition—the current ratio, debt to asset, debt to equity, times interest earned, total asset turnover, fixed asset turnover, gross profit margin, return on assets and return on member equity.

Liquidity Ratio

The *current ratio* is a liquidity ratio—a measure of the cooperative's ability to meet short-term obligations. It focuses on the cooperative's ability to remain solvent. The current ratio is current assets divided by current liabilities. However, this ratio does not consider the degree of liquidity of each of the current asset components. If the current assets of a cooperative were mainly cash, they would be much more liquid than if comprised of mainly inventory.

⁶ Includes trucking, cotton ginning, storage, grinding, application, locker plants, and other related items. Services include charges related to marketing or purchasing, but not included in the volume reported for those activities, plus other income and extraordinary items.

Table 8—Combined assets for farmer cooperatives, 2005¹

Principal product(s) marketed and major function	Co-ops ²	Assets of own operations	Investments in other co-ops ³	Total assets	Investments in other co-ops as percent of total
Products marketed	<i>No.</i>	<i>Billion \$</i>			<i>Percent</i>
Cotton	14	.833	.029	.862	3.4
Dairy	193	8.061	1.376	9.437	14.6
Fruits and vegetables	188	3.667	.091	3.758	2.4
Grains and oilseeds ⁴	683	7.207	.778	7.985	9.7
Livestock and poultry	73	.535	.016	.551	2.9
Rice	15	.511	.002	.513	0.5
Sugar	47	2.436	.099	2.535	3.9
Other marketing ⁵	199	2.536	.058	2.594	2.2
Total marketing	1,412	25.785	2.450	28.235	8.7
Total farm supply	1,128	15.602	1.796	17.399	10.3
Service	356	.853	.091	.944	9.6
Total	2,896	42.241	4.337	46.578	9.3

¹ Totals may not add due to rounding.

² Many cooperatives have multi-product and multi-functional operations. Most are classified according to predominant commodity or function as indicated by business volume.

³ Also includes investments in CoBank.

⁴ Excludes cottonseed and other oilseed oils and meals. Oilseed oil is included in other marketings while meal is included in farm supplies (feed).

⁵ Includes dry edible beans and peas, fish, nuts, tobacco, wool, and other product marketing.

If the ratio is less than 1, current liabilities exceed current assets and the cooperative's liquidity is threatened. Improvements can be achieved by selling additional capital stock, borrowing additional long-term debt, or disposing of unproductive fixed assets and retaining proceeds. Current liabilities may also be reduced by retaining a greater portion of allocated savings (reducing the cash portion).

A high current ratio is a favorable condition financially because it indicates the ability to pay current liabilities from the conversion of current assets into cash. Operationally, this same high ratio tends to increase operating freedom and reduce the probability of bill-paying

difficulty from write-downs of accounts receivable or inventory.

The current ratios of five sizes of cooperatives are shown in table 9 (for all types and sizes, see table 6). By size, the ratio is always less than 1.5, meaning current assets exceed current liabilities by 1.5 times. If needed, these current assets could be sold to cover all short-term liabilities and the cooperative would still have some liquid assets left. By type, the current ratio exceeds 2 for small livestock marketing cooperatives and small farm supply.

Leverage Ratios

Leverage or debt to asset ratios look at the long-term solvency of the cooperative and help analyze the use of debt and the ability to meet obligations in times of crisis. Debt to asset ratio is defined as total debt divided by total assets. Elements include long-term debt plus short-term debt and total assets. Generally, larger cooperatives relied on the use of more debt financing. Reducing debt, increasing savings, or financing a greater portion of assets with working capital may improve this ratio.

Debt financing was used for about half of assets owned by cooperatives up to \$100 million

in sales and rose to over 60 percent for the largest cooperatives. The smallest farm supply and mixed farm supply cooperatives use debt to finance about a third of their assets.

Debt to equity ratio is calculated by dividing debt by total member equity. This ratio shows the financial flexibility and the long-term capital structure of the cooperative.

High ratios indicate inadequate borrowing power. A low ratio is more favorable and financially makes the cooperative more independent of outside sources of funds, because there is owners' equity available. A low ratio may indicate low return on equity. Opera-

Table 9—Common size analysis by cooperative size, 2005

Cooperative sales size	< \$5 million	From \$5 to \$15 million	From \$15 to \$100 million	From \$100 to \$500 million	> \$500 million
Balance sheet					
	<i>Percent of total assets</i>				
Current Assets	56.21	56.14	55.48	56.53	52.54
Other Assets	10.77	6.79	5.93	6.46	12.02
Investments	6.22	9.80	10.86	5.76	10.17
PP&E (net)	26.79	27.26	27.73	31.24	25.26
Total Assets	100.00	100.00	100.00	100.00	100.00
Current Liabilities	38.01	40.60	43.16	38.20	39.23
Total Liabilities	48.75	49.50	54.02	57.20	62.32
Allocated Equity	35.54	33.08	28.50	30.20	31.55
Retained Earnings	15.72	17.42	17.40	12.60	6.13
Total Equity	51.25	50.50	45.98	42.80	37.68
Total Equity and Liabilities	100.00	100.00	100.00	100.00	100.00
Income statement					
	<i>Percent of total sales</i>				
Total Sales	100.00	100.00	100.00	100.00	100.00
Cost of Goods Sold	86.22	87.63	87.36	85.54	91.82
Gross Margin	13.78	12.24	11.99	13.19	8.18
Service and other income	9.65	7.15	5.05	3.77	1.76
Gross Revenue	23.43	19.37	17.03	16.96	9.94
Expenses					
Wages	10.67	8.25	6.70	6.24	3.79
Depreciation	1.75	1.67	1.60	1.39	1.02
Interest	0.66	0.60	0.61	0.74	0.57
Other	8.32	6.68	6.01	6.75	3.00
Total Expenses	21.41	17.21	14.92	15.13	8.38
Income from own operations	2.02	2.16	2.11	1.83	1.56
Patronage Income	0.73	0.63	0.59	0.28	0.22
Net Income Before Taxes	2.75	2.78	2.77	2.27	1.78
Taxes	0.05	0.11	0.24	0.24	0.18
Net Income	2.70	2.69	2.46	1.87	1.61
Ratios					
	<i>Percent or number</i>				
Current	1.48	1.38	1.29	1.48	1.34
Debt to asset	0.49	0.50	0.54	0.57	0.62
Debt to equity	0.95	0.98	1.18	1.34	1.65
Times interest earned	5.16	5.63	5.52	4.06	4.12
Total asset turnover	1.72	1.98	2.29	2.31	2.89
Fixed asset turnover	6.43	7.25	8.26	7.38	11.44
Gross profit margin	13.78	12.24	11.99	13.19	8.18
Return on assets	5.88	6.69	7.76	6.94	6.78
Return on member equity	13.10	16.10	19.80	14.28	14.70

Table 10—Combined balance sheet data for farmer cooperatives, 2005¹

Principal product(s) marketed and major function	Co-ops	Total assets	Total liabilities	Net worth
Products marketed:	<i>No.</i>	<i>Billion dollars</i>		
Cotton	14	.86	.46	.41
Dairy	193	9.44	6.17	3.27
Fruits and vegetables	188	3.76	2.39	1.37
Grains and oilseeds ²	683	7.99	4.72	3.27
Livestock and poultry	73	.55	.41	.14
Rice	15	.51	.24	.28
Sugar	47	2.54	1.57	.96
Other marketing ³	199	2.59	1.05	1.55
Total marketing	1,412	28.23	16.99	11.24
Total farm supply	1,128	17.40	9.60	7.80
Service	356	.94	.45	.49
Total	2,896	46.58	27.05	19.53

¹ Totals may not add due to rounding.

² Excludes cottonseed and other oilseed oils and meals. Oilseed oil is included in other marketing while meal is included in farm supplies (feed).

³ Includes dry edible beans and peas, fish, nuts, tobacco, wool, cottonseed, and other product marketing.

tionally, a low ratio tends to reduce interest cost. Improvement may be gained by disposing of unproductive assets and using proceeds to liquidate debt, or accelerating payments on long-term loans.

Other ways of improvement include increasing local equity by generating higher levels of local savings, slowing down equity retirement programs, selling additional capital stock, or retaining more allocated savings.

As cooperatives' size grew, so did their use of debt. The ratio was less than 1 for the smallest cooperatives and it grew to 1.65 for the largest. Large livestock marketing and small fish marketing both had ratios greater than 5.

Times interest earned ratio is the number of times interest expense is covered by earnings. It is calculated by dividing earnings before interest and taxes by interest expense. A ratio of 1.0 or more indicates the ability of current earnings to pay current interest expenses.

Lending institutions are more apt to loan to coopera-

Table 11—Farmer cooperatives' net income before taxes, 2005¹

Principal product(s) marketed and major function	Co-ops ²	Income before taxes	Income from own operations	Patronage income ³
Products marketed:	<i>No.</i>	<i>Million dollars</i>		
Cotton	14	122.3	121.1	1.2
Dairy	193	391.2	366.2	25.0
Fruits and vegetables	188	196.0	190.0	6.0
Grains and oilseeds ⁴	683	372.6	282.5	90.1
Livestock and poultry	73	22.4	20.4	2.0
Rice	15	6.7	6.1	.6
Sugar	47	60.5	74.1	-13.6
Other marketing ⁵	199	217.2	213.3	3.9
Total marketing	1,412	1,388.9	1,273.6	115.2
Total farm supply	1,128	1,016.1	751.3	264.9
Service	356	143.0	122.3	20.6
Total	2,896	2,547.9	2,147.2	400.7

¹ Adjusted for losses and before taxes. Before tax income used in this table because historically, after tax net income was not collected. Totals may not add due to rounding.

² Includes a number of cooperatives operating on a strictly pooling basis, but not their pool proceeds.

³ Includes patronage refunds from CoBank.

⁴ Excludes cottonseed and other oilseed oils and meals. Oilseed oil is included in othemarketings while meal is included in farm supplies (feed).

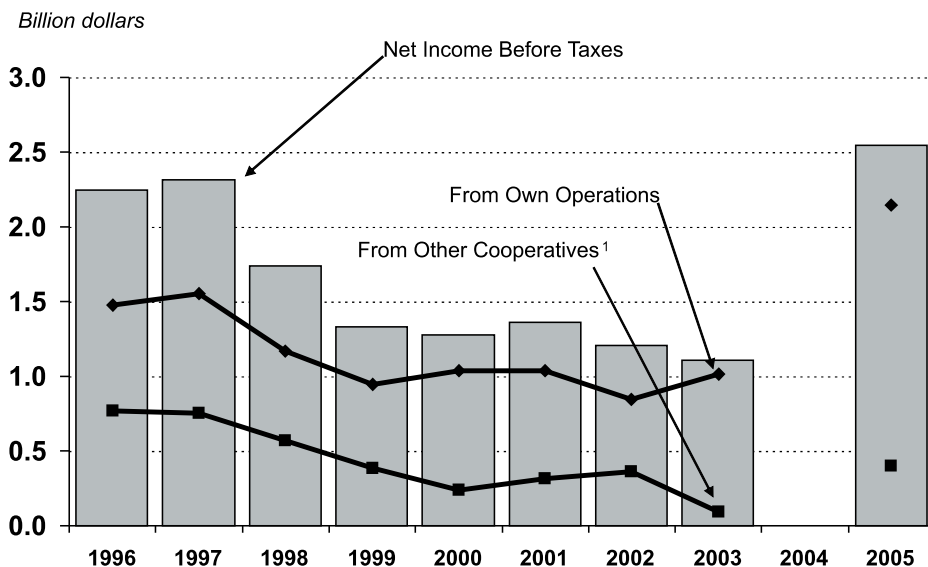
⁵ Includes dry edible beans and peas, fish, nuts, tobacco, wool, and other product marketing.

tives whose times interest earned ratio is more than 1.0 because it shows their ability to pay interest payments. Subsequently, a lending institution may lend funds at lower rates more readily for capital improvements.

Collecting old receivables, improving inventory turnover, disposing of assets and reducing debt with proceeds, or reducing debt with working capital, may improve this ratio. Financially, a high ratio affects the return on equity and tends to increase it. Operationally, a high ratio reduces interest cost.

Interest coverage was between 4 and 5 for all sizes of cooperatives. Some especially high values were calculated by cooperative type but these values could be

Figure 14—Cooperatives' Net Income Before Taxes, 1996-2005



^{1/} Includes dividends and patronage refunds from other farmer cooperatives, CoBank, and Banks for Cooperatives.

influenced by a number of cooperatives in any particular type not breaking out interest expenses in their surveys or on their annual reports.

Activity ratios

These ratios measure how well cooperatives use assets. A low ratio could mean that the cooperative was overcapitalized or carrying too much inventory.

Total asset turnover ratio was found by dividing sales by total assets. A high ratio favorably influences finances through the reduction of financial leverage and/or increased return on equity. A high ratio operationally tends to reduce interest costs. The ratio grew as cooperatives were larger. Dairy cooperatives all have a high total asset turnover ratio.

Fixed asset turnover ratio represents sales divided by net PP&E. This ratio is similar to the total-asset turnover ratio and shows how well the cooperative used its fixed assets. This ratio by itself might not give a complete picture of the cooperative's financial health. A cooperative with fully depreciated assets would have an artificially high ratio. A cooperative that invested heavily

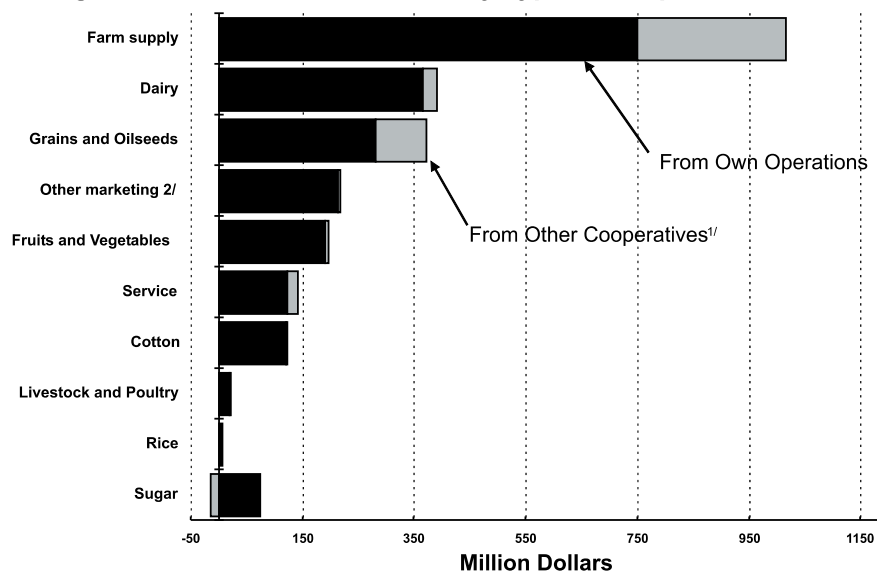
in PP&E for future expansion will have a temporarily low ratio.

The measure for this ratio may or may not show favorable or unfavorable conditions, but merely cooperative conditions. An abnormally high ratio usually indicates very old, nearly depreciated fixed assets or the leasing of property and equipment. Financially, a high ratio is influenced favorably by increasing asset use, reducing financial leverage, and/or increasing return on equity. Operationally, it tends to reduce depreciation and interest costs. It may also increase costs related to operating leases, personnel and travel, or delivery ex-

penses. This ratio may be improved by restricting further investments in fixed assets; redesigning production or office facilities to increase the sales-generating potential of existing space and equipment; and/or selling idle machinery and parts, unused vehicles, and unnecessary equipment.

The fixed asset turnover ratio was between 6 and 8 for all sizes of cooperatives except the very largest where it grew to 11. As with the total asset turnover ratio, dairy cooperatives all have a high fixed asset turnover ratio.

Figure 15—Net Income or Loss, by Type of Cooperative, 2005



^{1/} Includes dividends and patronage refunds from other farmer cooperatives and CoBank.

^{2/} Includes dry bean and pea, nut, tobacco, wool and mohair, fishery, and other product marketing cooperatives.

Profitability Ratios

Profitability ratios indicate the efficiency of the cooperative's operations. Because a cooperative is owned by its user-members, many common industry profitability ratios have little meaning. For instance, profitability ratios measuring the return on common or preferred stock of similar investor-oriented firms are not appropriate because there is seldom an open market for cooperative stock. Gross profit margin, a profitability ratio, was discussed in the income statement so will not be reexamined in this section.

Return on assets measures the rate of return on total investment. It is determined by dividing net income by total assets and usually calculated before interest and taxes. This ratio is a measure of performance. It is not sensitive to the leverage position of the cooperative. Although some assets were financed through debt, the ratio measures return to both members and lenders.

Operationally, a high ratio tends to reduce interest cost and financially indicates a comparatively high rate of return on assets employed. This ratio rose from almost 6 for the smallest cooperatives to almost 8 for

cooperatives with sales of \$15 to \$100 million and then fell to under 7 for the largest cooperatives. It is high for many of the fresh fruit and vegetable cooperatives and for those cooperatives identified earlier with high net incomes as a percentage of sales (larger service cooperatives, large rice marketing and ethanol cooperatives).

Return on member equity is net income divided by allocated equity. It represents members' investment in their cooperative and is an important measure of profitability. This ratio is sensitive to the amount of debt capital in the cooperative and is best used in conjunction with other measures such as the return on assets. Financially, a high ratio is favorable and tends to decrease financial leverage. However, a high ratio may also be a symptom of insufficient investment. Operationally, a high ratio tends to reduce interest cost over time but may occur when both total debt and interest costs are high. By size, the highest return on member equity was almost 20 percent for cooperatives with \$15 to \$100 million in sales. Larger service cooperatives, rice marketing and ethanol cooperatives have very high returns on member equity.

APPENDIX TABLES

Appendix Table 1—Number of cooperatives by major business activity, 2005-1996

Major business activity	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Products marketed:	<i>Number</i>									
Beans and peas (dry edible)	6		8	8	9	8	8	8	8	9
Cotton	14		14	14	14	14	15	15	16	16
Dairy	193		197	198	204	208	221	228	236	237
Fruits and vegetables	188		207	212	220	232	231	249	259	267
Grain and oilseed ¹	683		772	769	789	826	896	964	1,014	1,066
Livestock	59		67	66	70	74	81	80	88	89
Nuts	17		17	18	18	18	18	18	18	19
Poultry ²	14		19	19	19	19	15	18	20	16
Rice	15		15	15	15	16	17	17	18	19
Sugar ³	47		48	48	48	48	48	52	51	49
Tobacco	19		21	22	24	25	25	26	26	26
Wool and mohair	71		76	78	80	83	84	91	88	97
Other marketing	86		90	92	96	101	90	97	99	102
Total farm products	1,412		1,551	1,559	1,606	1,672	1,749	1,863	1,941	2,012
Total farm supplies	1,128		1,156	1,201	1,234	1,277	1,313	1,347	1,386	1,403
Total related services	356		379	380	389	397	404	441	464	469
Total business	2,896		3,086	3,140	3,229	3,346	3,466	3,651	3,791	3,884

¹ Cooperatives primarily handling grains and oilseeds, excluding cottonseed.

² Cooperatives primarily handling eggs, turkeys, ratite, squab, and related products.

³ Cooperatives primarily handling sugar beets, sugarcane, honey, and related products.

Appendix Table 2—Cooperative memberships, by major business activity, 2005-1996

Major business activity	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Products marketed:										
					<i>Thousands</i>					
Beans and peas (dry edible)	1.7		2.1	2.2	2.7	2.8	2.8	2.9	2.9	4.0
Cotton	43.2		43.4	43.5	45.9	45.4	43.8	41.3	42.7	42.6
Dairy	60.8		80.8	81.7	91.0	96.9	90.7	92.9	104.9	111.4
Fruits and vegetables	29.8		32.7	32.5	37.8	41.1	40.9	44.0	44.0	46.8
Grain and oilseed ¹	479.3		555.3	542.5	581.5	615.3	657.9	728.7	745.0	783.4
Livestock	82.9		91.9	94.0	105.3	132.1	137.1	161.5	236.0	278.8
Nuts	15.4		33.8	35.8	40.1	41.7	43.7	46.0	41.7	48.0
Poultry ²	0.4		26.3	26.1	19.1	29.2	29.2	36.3	34.3	32.3
Rice	12.1		12.5	12.4	13.9	12.2	11.8	12.9	14.0	14.8
Sugar ³	14.8		13.9	13.9	16.3	15.6	15.7	15.9	13.8	11.8
Tobacco	160.1		127.4	127.8	165.7	165.9	170.0	172.8	172.9	266.7
Wool and mohair	10.5		10.9	11.1	12.6	13.0	15.4	17.9	16.7	17.5
Other marketing	21.2		23.3	25.5	28.0	31.9	23.9	25.3	29.0	24.2
Total farm products	932.2		1,054.2	1,049.1	1,160.0	1,243.0	1,282.8	1,398.4	1,497.8	1,682.4
Total farm supplies	1,538.3		1,590.4	1,637.1	1,745.8	1,717.8	1,731.4	1,773.7	1,743.2	1,794.7
Total related services	101.2		113.3	107.4	128.1	124.3	159.1	180.6	183.1	186.5
Total business	2,571.7		2,758.0	2,793.6	3,033.9	3,085.1	3,173.3	3,352.6	3,424.2	3,663.6

¹ Cooperatives primarily handling grains and oilseeds, excluding cottonseed.

² Cooperatives primarily handling eggs, turkeys, ratite, squab, and related products.

³ Cooperatives primarily handling sugar beets, sugarcane, honey, and related products.

Appendix Table 3—Cooperatives' gross business volume, by type of cooperative, 2005-1996

Major business activity	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Products marketed:	<i>Billion \$</i>									
Beans and peas (dry edible)	0.1		0.1	0.1	.2	.1	.2	.2	.2	.2
Cotton	3.5		2.6	2.5	2.5	2.8	2.2	3.0	3.1	2.7
Dairy	31.0		26.0	25.9	29.4	25.8	28.5	27.8	26.3	26.0
Fruits and vegetables	7.6		7.5	8.4	9.7	10.1	10.1	9.9	9.8	9.9
Grains and oilseeds	23.0		23.6	20.1	22.6	22.9	21.7	25.3	28.8	33.9
Livestock	2.3		6.8	9.9	9.6	8.0	7.4	7.6	7.5	6.7
Nuts	0.8		0.9	.9	.9	.7	.9	.9	.9	1.0
Poultry	1.2		2.7	2.5	2.2	2.2	2.2	2.1	2.1	2.1
Rice	1.0		1.0	.8	.8	.8	.9	.9	.9	.9
Sugar	3.5		3.5	2.4	2.7	2.7	2.7	2.7	2.4	2.0
Tobacco	0.2		0.1	.2	.4	.6	.3	.3	.6	1.4
Wool and mohair	0.0		0.0	.0	.0	.0	.0	.0	.0	.0
Other marketing	3.9		2.6	2.8	3.0	3.7	3.5	3.7	3.3	3.4
Total farm marketing	78.0		77.2	76.6	84.0	80.4	80.5	84.5	85.9	90.3
Supplies purchased:										
Crop protectants	3.3		3.2	3.1	3.6	4.0	3.8	4.1	4.4	3.9
Feed	7.0		7.2	6.7	5.5	6.6	6.4	7.2	8.1	7.4
Fertilizer	6.4		6.5	5.2	7.4	7.3	7.3	7.8	8.9	8.7
Petroleum	16.3		12.8	11.4	14.1	13.3	8.1	8.8	10.6	9.8
Seed	2.1		1.8	1.6	1.5	1.4	1.1	1.0	.9	.9
Other supplies	4.2		4.0	3.6	4.0	4.1	4.3	4.1	4.2	4.1
Total farm supplies	39.3		35.5	31.5	36.1	36.8	30.9	33.0	37.1	34.7
Services and other income	3.9		4.1	3.4	3.5	3.5	3.9	3.5	3.6	3.1
Total business	121.3		116.9	111.6	123.6	120.7	115.3	121.0	126.7	128.1

Appendix Table 4—Cooperatives' net business volume, by type of cooperative, 2005-1996

Major business activity	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Products marketed:										
	<i>Billion \$</i>									
Beans and peas (dry edible)	0.1		0.1	.1	.2	.1	.2	.2	.2	.2
Cotton	3.4		2.5	2.5	2.4	2.7	2.1	3.0	3.0	2.7
Dairy	28.2		23.5	23.0	26.2	22.7	26.0	25.3	23.4	22.9
Fruits and vegetables	7.3		6.9	7.3	8.8	9.6	9.3	9.4	9.3	9.4
Grains and oilseeds	23.0		20.6	17.5	18.1	18.4	17.1	21.3	24.6	27.7
Livestock	2.3		6.8	9.9	9.6	8.0	7.3	7.4	7.5	6.7
Nuts	0.8		0.9	.9	.9	.7	.9	.9	.9	1.0
Poultry	1.1		2.7	2.4	2.2	2.1	2.2	2.1	2.1	1.8
Rice	0.9		1.0	.7	.8	.8	.9	.9	.9	.9
Sugar	3.4		3.5	2.4	2.6	2.7	2.5	2.4	2.3	1.9
Tobacco	0.2		0.1	.2	.4	.6	.3	.3	.6	1.4
Wool and mohair	0.0		0.0	.0	.0	.0	.0	.0	.0	.0
Other marketing	3.7		2.5	2.6	2.9	3.6	3.1	3.3	3.1	2.9
Total farm marketing	74.2		71.0	69.7	75.0	72.1	72.0	76.6	77.8	79.4
Supplies sold:										
Crop protectants	3.0		2.8	2.7	3.0	3.0	3.0	3.2	3.1	2.8
Feed	5.4		5.9	5.4	4.0	4.7	4.7	5.4	6.0	5.4
Fertilizer	5.4		4.6	4.3	5.0	4.6	4.8	5.2	5.4	5.2
Petroleum	9.8		7.5	7.2	8.4	7.5	6.3	6.6	6.8	6.3
Seed	1.3		1.2	1.1	1.1	.9	.8	.7	.7	.7
Other supplies	3.7		3.5	3.0	3.3	3.4	3.7	3.5	3.2	3.3
Total farm supplies	28.4		25.5	23.7	24.8	24.1	23.2	24.6	25.2	23.7
Services and other income	3.9		4.1	3.4	3.5	3.5	3.9	3.5	3.6	3.1
Total business	106.5		100.6	96.8	103.3	99.7	99.1	104.7	106.7	106.2

Appendix Table 5—Combined balance sheet data for farmer cooperatives, 1996-2005

Year	Assets from own operations	Investments in other cooperatives ¹	Total assets	Total liabilities	Net worth
<i>Billion dollars</i>					
1996	39.011	3.577	42.588	25.195	17.392
1997	39.922	4.074	43.996	25.459	18.537
1998	41.884	4.676	46.560	26.606	19.954
1999	42.330	5.352	47.682	27.418	20.263
2000	44.635	5.087	49.722	29.447	20.275
2001	43.285	5.180	48.465	28.317	20.148
2002	41.947	5.539	47.486	27.883	19.602
2003	42.864	4.058	46.922	26.493	20.429
2004					
2005	42.241	4.337	46.578	27.048	19.530
<i>Percent of total assets</i>					
1996	91.6	8.4	100.0	59.2	40.8
1997	90.7	9.3	100.0	57.9	42.1
1998	90.0	10.0	100.0	57.1	42.9
1999	88.8	11.2	100.0	57.5	42.5
2000	89.8	10.2	100.0	59.2	40.8
2001	89.3	10.7	100.0	58.4	41.6
2002	88.3	11.7	100.0	58.7	41.3
2003	91.4	8.6	100.0	56.5	43.5
2004					
2005	90.7	9.3	100.0	58.1	41.9

¹ Includes investments in other farmer cooperatives, CoBank, and Banks for Cooperatives, where applicable.

Appendix table 6—Common size analysis, by cooperative type and size, 2005

Type of cooperative	Artificial insemination		Cotton marketing		Cotton ginning
	> \$10 million	< \$10 million	\$30 to \$200 million	Less than \$30 million	
Cooperative sales size					all sizes
Balance sheet					
	<i>Percent of total assets</i>				
Current Assets	52.91	70.69	44.88	42.25	44.40
Other Assets	15.64	5.07	29.62	17.62	5.15
Investments	5.34	10.04	0.99	2.53	11.83
PP&E (net)	26.11	14.20	24.51	37.60	38.63
Total Assets	100.00	100.00	100.00	100.00	100.00
Current Liabilities	25.53	23.27	52.90	40.52	31.17
Total Liabilities	30.03	24.02	61.87	57.28	45.47
Allocated Equity	53.31	46.81	22.69	34.23	46.80
Retained Earnings	16.66	29.17	15.44	8.49	7.74
Total Equity	69.97	75.98	38.13	42.72	54.53
Total Equity and Liabilities	100.00	100.00	100.00	100.00	100.00
Income statement					
	<i>Percent of total sales</i>				
Total Sales	100.00	100.00	100.00	100.00	100.00
Cost of Goods Sold	15.68	31.69	88.88	83.01	82.00
Gross Margin	84.32	68.31	11.12	16.99	18.00
Service and other income	11.40	13.88	1.29	0.95	53.42
Gross Revenue	95.73	82.19	12.41	17.94	71.42
Expenses					
Wages	37.40	31.65	2.64	4.06	17.73
Depreciation	2.82	1.92	0.87	1.96	4.24
Interest	0.15	0.00	0.97	1.28	0.96
Other	48.03	29.81	3.46	6.50	34.69
Total Expenses	88.40	63.39	7.93	13.81	57.62
Income from own operations	7.33	18.80	4.48	4.13	13.80
Patronage Income	0.42	1.04	0.06	0.13	5.09
Net Income Before Taxes	7.75	19.84	4.54	4.26	18.90
Taxes	1.35	0.63	0.13	0.11	0.12
Net Income	6.40	19.21	4.41	4.15	18.77
Ratios					
	<i>Percent or number</i>				
Current	2.07	3.04	0.85	1.04	1.42
Debt to asset	0.30	0.24	0.62	0.57	0.45
Debt to equity	0.43	0.32	1.62	1.34	0.83
Times interest earned	51.64	na	5.69	4.32	20.65
Total asset turnover	1.49	1.28	2.50	2.16	0.63
Fixed asset turnover	5.71	9.04	10.21	5.74	1.64
Gross profit margin	84.32	68.31	11.12	16.99	18.00
Return on assets	11.78	25.47	13.79	11.96	12.59
Return on member equity	17.89	52.70	48.61	26.18	25.43

Appendix table 6—Common size analysis, by cooperative type and size, 2005 (continued)

Type of cooperative	Dairy and dairy products			
	Cooperative sales size > \$500 million	\$200 to \$500 million	\$100 to \$200 million	\$50 to \$100 million
Balance sheet				
	<i>Percent of total assets</i>			
Current Assets	70.52	61.62	74.73	58.75
Other Assets	2.23	4.42	2.93	2.93
Investments	2.30	5.34	6.32	8.45
PP&E (net)	24.95	28.62	16.03	29.87
Total Assets	100.00	100.00	100.00	100.00
Current Liabilities	71.51	50.85	71.01	42.43
Total Liabilities	75.59	68.79	79.54	48.43
Allocated Equity	23.89	23.86	19.89	43.85
Retained Earnings	0.52	7.36	0.57	7.71
Total Equity	24.41	31.21	20.46	51.57
Total Equity and Liabilities	100.00	100.00	100.00	100.00
Income statement				
	<i>Percent of total sales</i>			
Total Sales	100.00	100.00	100.00	100.00
Cost of Goods Sold	94.61	89.59	92.80	91.95
Gross Margin	5.39	10.41	7.20	8.05
Service and other income	2.75	1.04	2.23	0.53
Gross Revenue	8.13	11.45	9.43	8.58
Expenses				
Wages	1.64	4.42	3.30	3.66
Depreciation	0.38	0.61	0.38	0.77
Interest	0.09	0.24	0.19	0.09
Other	4.98	5.47	5.79	2.24
Total Expenses	7.09	10.74	9.67	6.77
Income from own operations	1.05	0.71	-0.23	1.80
Patronage Income	0.28	0.04	0.00	0.12
Net Income Before Taxes	1.33	1.90	-0.23	1.93
Taxes	0.01	0.10	0.00	0.01
Net Income	1.31	0.66	-0.23	1.91
Ratios				
	<i>Percent or number</i>			
Current	0.99	1.21	1.05	1.38
Debt to asset	0.76	0.69	0.80	0.48
Debt to equity	3.10	2.20	3.89	0.94
Times interest earned	15.51	8.84	-0.19	21.38
Total asset turnover	5.44	5.53	6.04	4.94
Fixed asset turnover	21.82	19.34	37.68	16.55
Gross profit margin	5.39	10.41	7.20	8.05
Return on assets	7.72	11.85	-0.22	9.99
Return on member equity	29.96	15.33	-7.03	21.56

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Appendix table 6—Common size analysis, by cooperative type and size, 2005 (continued)

Type of cooperative	Dairy and dairy products			
	Cooperative sales size \$20 to \$50 million	\$10 to \$20 million	\$5 to \$10 million	Less than \$5 million
Balance sheet				
	<i>Percent of total assets</i>			
Current Assets	57.73	63.20	44.44	48.58
Other Assets	2.87	10.02	2.48	6.67
Investments	19.82	16.26	32.42	29.20
PP&E (net)	19.58	10.52	20.67	15.55
Total Assets	100.00	100.00	100.00	100.00
Current Liabilities	49.78	51.14	24.26	34.39
Total Liabilities	58.24	55.50	34.32	40.23
Allocated Equity	33.89	38.35	58.00	55.91
Retained Earnings	7.87	6.15	7.68	3.86
Total Equity	41.76	44.50	65.68	59.77
Total Equity and Liabilities	100.00	100.00	100.00	100.00
Income statement				
	<i>Percent of total sales</i>			
Total Sales	100.00	100.00	100.00	100.00
Cost of Goods Sold	92.74	98.40	94.69	91.44
Gross Margin	7.26	1.60	5.31	8.56
Service and other income	0.65	2.54	0.95	0.72
Gross Revenue	7.91	4.13	6.26	9.29
Expenses				
Wages	2.63	1.97	3.67	4.70
Depreciation	0.55	0.31	0.44	0.61
Interest	0.16	0.18	0.23	0.22
Other	4.03	1.53	1.37	4.03
Total Expenses	7.37	3.99	5.70	9.57
Income from own operations	0.54	0.15	0.56	-0.28
Patronage Income	0.42	0.28	0.51	0.25
Net Income Before Taxes	0.97	0.43	1.07	-0.03
Taxes	-0.05	0.02	0.10	0.00
Net Income	1.01	0.41	0.97	-0.03
Total Sales	100.00	100.00	100.00	100.00
Ratios				
	<i>Percent or number</i>			
Current	1.16	1.24	1.83	1.41
Debt to asset	0.58	0.56	0.34	0.40
Debt to equity	1.39	1.25	0.52	0.67
Times interest earned	6.99	3.33	5.73	0.87
Total asset turnover	5.37	5.69	5.28	4.64
Fixed asset turnover	27.42	54.08	25.54	29.84
Gross profit margin	7.26	1.60	5.31	8.56
Return on assets	6.05	3.49	6.82	0.90
Return on member equity	16.03	6.14	8.83	-0.23

Appendix table 6—Common size analysis, by cooperative type and size, 2005 (continued)

Type of cooperative	Fresh fruit and vegetable				
	Cooperative sales size > \$50 million	\$25 to \$50 million	\$10 to \$20 million	\$3 to \$7 million	Less than \$1 million
Balance sheet					
	<i>Percent of total assets</i>				
Current Assets	61.02	55.16	53.19	62.74	71.92
Other Assets	7.64	2.04	0.42	1.85	24.86
Investments	1.98	4.95	4.99	4.22	0.03
PP&E (net)	29.36	37.85	41.40	31.20	3.20
Total Assets	100.00	100.00	100.00	100.00	100.00
Current Liabilities	41.52	50.96	33.90	40.12	55.23
Total Liabilities	48.42	64.51	47.06	46.69	62.28
Allocated Equity	48.94	20.24	42.05	43.24	50.26
Retained Earnings	2.64	15.25	10.89	10.07	-12.55
Total Equity	51.58	35.49	52.94	53.31	37.72
Total Equity and Liabilities	100.00	100.00	100.00	100.00	100.00
Income statement					
	<i>Percent of total sales</i>				
Total Sales	100.00	100.00	100.00	100.00	100.00
Cost of Goods Sold	84.67	64.95	76.72	80.46	59.95
Gross Margin	15.33	35.05	23.28	19.54	40.05
Service and other income	2.50	26.80	6.26	5.38	2.34
Gross Revenue	17.84	61.85	29.54	24.92	42.40
Expenses					
Wages	1.18	13.64	10.33	4.95	2.80
Depreciation	1.83	1.84	1.84	0.71	0.16
Interest	0.29	0.26	0.53	0.12	0.00
Other	8.13	43.93	9.68	18.22	32.46
Total Expenses	11.43	59.66	22.37	23.99	35.42
Income from own operations	6.41	2.19	7.17	0.93	6.98
Patronage Income	0.21	0.29	0.03	0.07	0.01
Net Income Before Taxes	6.62	2.48	7.20	0.99	6.67
Taxes	-0.25	0.04	0.05	0.07	0.00
Net Income	6.87	2.44	7.14	0.92	6.98
Ratios					
	<i>Percent or number</i>				
Current	1.47	1.08	1.57	1.56	1.30
Debt to asset	0.48	0.65	0.47	0.47	0.62
Debt to equity	0.94	1.82	0.89	0.88	1.65
Times interest earned	24.16	10.67	14.66	9.38	na
Total asset turnover	3.11	1.97	2.36	2.14	3.09
Fixed asset turnover	10.61	5.20	5.70	6.87	na
Gross profit margin	15.33	35.05	23.28	19.54	40.05
Return on assets	21.51	5.39	18.24	2.39	20.65
Return on member equity	43.71	23.73	40.13	4.57	42.97

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Appendix table 6—Common size analysis, by cooperative type and size, 2005 (continued)

Type of cooperative	Processed and fresh fruit and vegetable			
	Cooperative sales size > \$300 million	\$200 to \$300 million	\$5 to \$100 million	Less than \$2 million
Balance sheet	<i>Percent of total assets</i>			
Current Assets	56.10	64.94	69.81	62.10
Other Assets	10.06	7.47	2.88	0.00
Investments	2.73	1.76	5.62	5.55
PP&E (net)	31.11	25.83	21.70	32.36
Total Assets	100.00	100.00	100.00	100.00
Current Liabilities	32.75	38.08	44.04	36.41
Total Liabilities	63.20	65.17	69.79	38.91
Allocated Equity	28.31	19.19	22.68	60.09
Retained Earnings	8.49	15.64	7.53	1.00
Total Equity	36.80	34.83	30.21	61.09
Total Equity and Liabilities	100.00	100.00	100.00	100.00
Income statement	<i>Percent of total sales</i>			
Total Sales	100.00	100.00	100.00	100.00
Cost of Goods Sold	77.72	56.85	83.60	83.64
Gross Margin	22.28	43.15	16.40	16.36
Service and other income	5.92	0.29	1.51	0.36
Gross Revenue	28.20	43.44	17.91	16.71
Expenses				
Wages	8.35	9.96	6.16	7.94
Depreciation	2.28	2.55	1.13	1.97
Interest	1.07	1.00	0.57	0.74
Other	9.13	25.27	9.70	2.16
Total Expenses	20.83	38.78	17.56	12.81
Income from own operations	7.37	4.66	0.35	3.90
Patronage Income	0.01	0.06	0.05	0.10
Net Income Before Taxes	7.40	4.73	0.40	4.00
Taxes	0.10	0.27	0.02	0.00
Net Income	7.28	4.45	0.38	4.00
Ratios	<i>Percent or number</i>			
Current	1.71	1.71	1.59	1.71
Debt to asset	0.63	0.65	0.70	0.39
Debt to equity	1.72	1.87	2.31	0.64
Times interest earned	7.89	5.74	1.70	6.41
Total asset turnover	1.74	1.50	2.34	1.51
Fixed asset turnover	5.58	5.82	10.77	4.66
Gross profit margin	22.28	43.15	16.40	16.36
Return on assets	14.70	8.61	2.26	7.14
Return on member equity	44.61	34.88	3.92	10.04

Appendix table 6—Common size analysis, by cooperative type and size, 2005 (continued)

Type of cooperative	Farm supply			
	Cooperative sales size > \$1 billion	\$50 to \$100 million	\$30 to \$50 million	\$20 to \$30 million
Balance sheet				
	<i>Percent of total assets</i>			
Current Assets	59.11	59.48	57.06	53.56
Other Assets	9.52	1.37	1.74	1.93
Investments	7.49	17.29	16.76	19.32
PP&E (net)	23.87	21.87	24.43	25.18
Total Assets	100.00	100.00	100.00	100.00
Current Liabilities	41.32	48.02	37.90	39.06
Total Liabilities	59.60	53.90	44.95	48.77
Allocated Equity	33.75	24.68	29.89	32.29
Retained Earnings	6.64	21.41	25.16	18.95
Total Equity	40.40	46.10	55.05	51.23
Total Equity and Liabilities	100.00	100.00	100.00	100.00
Income statement				
	<i>Percent of total sales</i>			
Total Sales	100.00	100.00	100.00	100.00
Cost of Goods Sold	91.26	85.93	84.66	83.19
Gross Margin	8.74	14.07	15.34	16.81
Service and other income	1.43	3.34	3.87	2.96
Gross Revenue	10.17	17.40	19.21	19.77
Expenses				
Wages	0.42	8.46	8.87	9.42
Depreciation	0.58	1.57	1.76	1.71
Interest	0.56	0.60	0.66	0.83
Other	4.66	5.03	5.20	6.22
Total Expenses	6.22	15.66	16.49	18.18
Income from own operations	3.96	1.74	2.72	1.59
Patronage Income	0.43	0.92	0.80	1.20
Net Income Before Taxes	3.97	2.66	3.52	2.79
Taxes	0.78	0.52	0.60	0.38
Net Income	3.19	2.15	2.92	2.41
Ratios				
	<i>Percent or number</i>			
Current	1.43	1.24	1.51	1.37
Debt to asset	0.60	0.54	0.45	0.49
Debt to equity	1.48	1.17	0.82	0.95
Times interest earned	8.10	5.43	6.32	4.36
Total asset turnover	2.44	2.13	2.18	2.02
Fixed asset turnover	10.23	9.73	8.93	8.04
Gross profit margin	8.74	14.07	15.34	16.81
Return on assets	11.07	6.95	9.12	7.32
Return on member equity	23.08	18.49	21.30	15.11 (continued next page)

Appendix table 6—Common size analysis, by cooperative type and size, 2005 (continued)

Type of cooperative	Farm supply		
	Cooperative sales size \$10 to \$20 million	\$5 to \$10 million	Less than \$5 million
Balance sheet	<i>Percent of total assets</i>		
Current Assets	52.44	52.85	57.98
Other Assets	0.96	2.06	1.94
Investments	21.77	20.59	20.45
PP&E (net)	24.83	24.50	19.63
Total Assets	100.00	100.00	100.00
Current Liabilities	35.97	30.95	22.05
Total Liabilities	43.47	34.56	30.45
Allocated Equity	36.16	45.68	52.69
Retained Earnings	20.21	19.77	16.86
Total Equity	56.53	65.44	69.55
Total Equity and Liabilities	100.00	100.00	100.00
Income statement	<i>Percent of total sales</i>		
Total Sales	100.00	100.00	100.00
Cost of Goods Sold	83.75	84.03	84.24
Gross Margin	16.25	15.97	15.76
Service and other income	3.77	2.85	3.62
Gross Revenue	20.03	18.61	19.38
Expenses			
Wages	9.17	9.10	9.71
Depreciation	1.91	1.71	1.56
Interest	0.57	0.56	0.59
Other	6.39	5.74	6.36
Total Expenses	18.05	17.11	18.22
Income from own operations	1.98	1.50	1.16
Patronage Income	1.19	1.13	1.04
Net Income Before Taxes	3.17	2.84	2.20
Taxes	0.31	0.19	0.16
Net Income	2.87	2.65	2.05
Ratios	<i>Percent or number</i>		
Current	1.46	1.71	2.63
Debt to asset	0.43	0.35	0.30
Debt to equity	0.77	0.53	0.44
Times interest earned	6.58	6.06	4.76
Total asset turnover	1.98	1.95	1.95
Fixed asset turnover	7.97	7.97	9.92
Gross profit margin	16.25	15.97	15.76
Return on assets	7.40	6.65	5.43
Return on member equity	15.68	11.35	7.56

Appendix table 6—Common size analysis, by cooperative type and size, 2005 (continued)

Type of cooperative	Mixed farm supply		
	Cooperative sales size \$100 to \$200 million	\$50 to \$100 million	\$30 to \$50 million
Balance sheet	<i>Percent of total assets</i>		
Current Assets	56.28	59.09	61.58
Other Assets	1.81	2.13	2.80
Investments	16.03	17.66	13.73
PP&E (net)	25.88	21.11	21.89
Total Assets	100.00	100.00	100.00
Current Liabilities	42.89	46.77	50.00
Total Liabilities	61.40	57.50	60.14
Allocated Equity	19.24	22.18	23.31
Retained Earnings	19.36	20.32	16.56
Total Equity	38.60	42.50	39.86
Total Equity and Liabilities	100.00	100.00	100.00
Income statement	<i>Percent of total sales</i>		
Total Sales	100.00	100.00	100.00
Cost of Goods Sold	87.31	87.44	86.89
Gross Margin	12.69	12.56	13.11
Service and other income	4.16	4.29	5.21
Gross Revenue	16.85	16.85	18.32
Expenses			
Wages	6.58	7.21	8.13
Depreciation	1.51	1.56	1.80
Interest	1.02	0.81	0.90
Other	6.50	5.82	6.14
Total Expenses	15.60	15.40	16.96
Income from own operations	1.25	1.45	1.36
Patronage Income	0.90	1.08	0.90
Net Income Before Taxes	2.14	2.53	2.26
Taxes	0.48	0.49	0.29
Net Income	1.66	2.04	1.96
Ratios	<i>Percent or number</i>		
Current	1.31	1.26	1.23
Debt to asset	0.61	0.57	0.60
Debt to equity	1.59	1.35	1.51
Times interest earned	3.10	4.12	3.52
Total asset turnover	2.46	2.26	1.91
Fixed asset turnover	9.52	10.69	8.74
Gross profit margin	12.69	12.56	13.11
Return on assets	7.79	7.53	6.03
Return on member equity	21.28	20.73	16.11

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Appendix table 6—Common size analysis, by cooperative type and size, 2005 (continued)

Type of cooperative	Mixed farm supply		
	Cooperative sales size \$20 to \$30 million	\$5 to \$10 million	Less than \$5 million
Balance sheet	<i>Percent of total assets</i>		
Current Assets	53.50	60.52	56.71
Other Assets	1.70	0.77	0.94
Investments	21.13	14.04	17.06
PP&E (net)	23.67	24.66	25.29
Total Assets	100.00	100.00	100.00
Current Liabilities	40.06	39.64	25.43
Total Liabilities	50.86	46.44	31.51
Allocated Equity	32.45	34.58	42.72
Retained Earnings	16.69	18.99	25.77
Total Equity	49.14	53.56	68.49
Total Equity and Liabilities	100.00	100.00	100.00
Income statement	<i>Percent of total sales</i>		
Total Sales	100.00	100.00	100.00
Cost of Goods Sold	87.97	87.43	85.96
Gross Margin	12.03	12.57	14.04
Service and other income	4.57	5.61	5.74
Gross Revenue	16.60	18.18	19.78
Expenses			
Wages	7.40	8.06	10.04
Depreciation	1.73	1.77	1.77
Interest	0.71	0.69	0.52
Other	5.43	6.65	6.96
Total Expenses	15.27	17.17	19.29
Income from own operations	1.34	1.01	0.49
Patronage Income	1.10	0.91	0.89
Net Income Before Taxes	2.44	1.91	1.38
Taxes	0.26	0.21	0.03
Net Income	2.18	1.70	1.34
Ratios	<i>Percent or number</i>		
Current	1.34	1.53	2.23
Debt to asset	0.51	0.46	0.32
Debt to equity	1.03	0.87	0.46
Times interest earned	4.46	3.78	3.67
Total asset turnover	2.20	2.12	2.00
Fixed asset turnover	9.32	8.59	7.91
Gross profit margin	12.03	12.57	14.04
Return on assets	6.93	5.51	3.79
Return on member equity	14.81	10.42	6.30

Appendix table 6—Common size analysis, by cooperative type and size, 2005 (continued)

Type of cooperative	Mixed grain and oilseed marketing				
	Cooperative sales size \$200 to \$400 million	\$100 to \$200 million	\$50 to \$100 million	\$30 to \$50 million	\$20 to \$30 million
Balance sheet	<i>Percent of total assets</i>				
Current Assets	64.82	54.04	60.91	59.51	56.81
Other Assets	2.45	12.59	1.02	1.58	2.76
Investments	9.71	12.46	14.66	13.13	15.06
PP&E (net)	23.03	20.91	23.41	25.78	25.37
Total Assets	100.00	100.00	100.00	100.00	100.00
Current Liabilities	50.19	45.77	50.72	50.35	41.11
Total Liabilities	64.38	69.07	61.46	62.14	48.43
Allocated Equity	24.07	20.17	23.52	22.60	31.70
Retained Earnings	11.55	10.76	15.01	13.76	19.87
Total Equity	35.62	30.93	38.54	37.86	51.57
Total Equity and Liabilities	100.00	100.00	100.00	100.00	100.00
Income statement	<i>Percent of total sales</i>				
Total Sales	100.00	100.00	100.00	100.00	100.00
Cost of Goods Sold	91.33	92.28	91.43	91.24	90.90
Gross Margin	8.67	7.72	8.57	8.76	9.10
Service and other income	4.40	6.31	5.23	6.26	5.35
Gross Revenue	13.07	14.02	13.80	15.02	14.44
Expenses					
Wages	4.60	5.04	5.39	6.16	5.88
Depreciation	1.36	1.59	1.48	1.79	1.70
Interest	0.64	0.91	0.73	0.72	0.58
Other	5.11	5.27	4.93	5.49	4.70
Total Expenses	11.72	12.81	12.54	14.16	12.86
Income from own operations	1.35	1.21	1.27	0.86	1.59
Patronage Income	0.49	0.59	0.66	0.74	0.71
Net Income Before Taxes	1.84	1.80	2.81	1.56	2.29
Taxes	0.22	0.32	0.26	0.26	0.21
Net Income	1.62	1.48	1.66	1.34	2.09
Ratios	<i>Percent or number</i>				
Current	1.29	1.18	1.20	1.18	1.38
Debt to asset	0.64	0.69	0.61	0.62	0.48
Debt to equity	1.81	2.23	1.60	1.64	0.94
Times interest earned	3.87	2.98	4.83	3.16	4.97
Total asset turnover	2.58	1.82	2.31	2.19	2.35
Fixed asset turnover	11.20	8.71	9.86	8.49	9.25
Gross profit margin	8.67	7.72	8.57	8.76	9.10
Return on assets	6.39	4.94	8.17	5.01	6.74
Return on member equity	17.37	13.38	16.27	13.00	15.45

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Appendix table 6—Common size analysis, by cooperative type and size, 2005 (continued)

Type of cooperative	Fish marketing		Poultry marketing	Wool marketing
Cooperative sales size	> \$10 million	< \$10 million	> \$40 million	All sizes
Balance sheet	<i>Percent of total assets</i>			
Current Assets	64.91	45.67	51.21	
Other Assets	0.11	0.15	1.23	
Investments		0.08	0.00	8.24
PP&E (net)	34.89	54.18	39.33	
Total Assets	100.00	100.00	100.00	100.00
Current Liabilities	52.87	37.03	32.36	
Total Liabilities	60.95	83.33	46.66	19.49
Allocated Equity	39.05	13.68	27.25	
Retained Earnings	0.00	2.67	26.09	
Total Equity	39.05	16.34	53.34	78.36
Total Equity and Liabilities	100.00	100.00	100.00	100.00
Income statement	<i>Percent of total sales</i>			
Total Sales	100.00	100.00	100.00	100.00
Cost of Goods Sold	87.64	85.52	83.41	
Gross Margin	12.36	14.48	16.59	
Service and other income	1.97	0.60	1.44	1.84
Gross Revenue	14.34	15.08	18.03	101.84
Expenses				
Wages	6.98	3.80	4.39	0.96
Depreciation	0.83	1.08	0.98	
Interest	0.57	0.60	1.42	
Other	5.90	8.50	8.34	
Total Expenses	14.29	13.98	15.14	101.71
Income from own operations	0.05	1.10	2.89	0.13
Patronage Income	0.12	0.02	0.58	
Net Income Before Taxes	0.17	1.12	3.47	0.13
Taxes	0.03	0.01	0.13	
Net Income	0.14	1.11	3.33	0.13
Ratios	<i>Percent or number</i>			
Current	1.23	1.23	1.58	
Debt to asset	0.61	0.84	0.47	0.22
Debt to equity	1.56	5.12	0.87	0.28
Times interest earned	1.30	2.86	3.44	
Total asset turnover	3.08	8.49	4.26	1.82
Fixed asset turnover	8.84	15.68	10.84	
Gross profit margin	12.36	14.48	16.59	
Return on assets	2.29	14.56	20.83	0.24
Return on member equity	1.12	68.76	52.16	0.31

Appendix table 6—Common size analysis, by cooperative type and size, 2005 (continued)

Type of cooperative	Livestock marketing		
	> \$100 million	From \$10 to \$50 million	< \$7 million
Balance sheet			
	<i>Percent of total assets</i>		
Current Assets	90.04	65.08	26.09
Other Assets	2.29	13.75	7.95
Investments	1.87	0.36	52.45
PP&E (net)	5.80	20.82	13.52
Total Assets	100.00	100.00	100.00
Current Liabilities	71.98	52.34	5.31
Total Liabilities	84.47	61.95	48.41
Allocated Equity	19.11	14.70	63.24
Retained Earnings	-3.58	23.35	-11.65
Total Equity	15.53	38.05	51.59
Total Equity and Liabilities	100.00	100.00	100.00
Income statement			
	<i>Percent of total sales</i>		
Total Sales	100.00	100.00	100.00
Cost of Goods Sold	98.84	98.70	97.90
Gross Margin	1.16	1.30	2.10
Service and other income	1.64	2.20	1.05
Gross Revenue	2.80	3.50	3.15
Expenses			
Wages	0.65	1.26	1.50
Depreciation	0.09	0.26	0.05
Interest	0.35	0.12	0.05
Other	1.61	1.15	1.84
Total Expenses	2.70	2.79	3.43
Income from own operations	0.10	0.71	-0.28
Patronage Income	0.03	0.00	0.00
Net Income Before Taxes	0.13	0.74	-0.28
Taxes	0.06	0.06	0.00
Net Income	0.07	0.68	-0.28
Ratios			
	<i>Percent or number</i>		
Current	1.25	1.24	4.91
Debt to asset	0.84	0.62	0.48
Debt to equity	5.44	1.63	0.94
Times interest earned	1.37	7.17	-4.31
Total asset turnover	7.00	10.78	14.64
Fixed asset turnover	120.60	51.77	108.31
Gross profit margin	1.16	1.30	2.10
Return on assets	3.39	9.27	-3.38
Return on member equity	2.44	49.72	-6.59

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Appendix table 6—Common size analysis, by cooperative type and size, 2005 (continued)

Type of cooperative	Dry bean and pea marketing		Nut marketing	
Cooperative sales size	> \$10 million	< \$10 million	> \$50 million	< \$8 million
Balance sheet	<i>Percent of total assets</i>			
Current Assets	71.99	73.78	53.05	36.85
Other Assets	0.06	0.15	21.04	0.98
Investments	6.64	1.89	2.77	1.43
PP&E (net)	21.31	24.18	23.15	60.74
Total Assets	100.00	100.00	100.00	100.00
Current Liabilities	60.66	51.15	27.90	32.38
Total Liabilities	67.42	55.79	56.24	78.55
Allocated Equity	27.38	19.89	25.99	19.43
Retained Earnings	5.20	24.33	17.77	2.03
Total Equity	32.58	44.21	43.76	21.45
Total Equity and Liabilities	100.00	100.00	100.00	100.00
Income statement	<i>Percent of total sales</i>			
Total Sales	100.00	100.00	100.00	100.00
Cost of Goods Sold	85.56	77.81	35.83	93.17
Gross Margin	14.44	22.19	64.17	6.83
Service and other income	0.73	16.99	0.70	18.89
Gross Revenue	15.17	39.18	64.88	25.71
Expenses				
Wages	7.14	16.61	10.30	9.96
Depreciation	2.22	2.47	0.90	2.18
Interest	0.86	1.26	1.24	1.72
Other	3.97	12.80	1.84	8.59
Total Expenses	14.18	33.14	14.29	22.45
Income from own operations	0.99	6.05	50.59	3.27
Patronage Income	0.37	0.18	0.10	0.06
Net Income Before Taxes	1.36	6.23	50.68	3.32
Taxes	-0.04	1.25	0.32	0.04
Net Income	1.40	4.98	50.36	3.28
Ratios	<i>Percent or number</i>			
Current	1.19	1.44	1.90	1.14
Debt to asset	0.67	0.56	0.56	0.79
Debt to equity	2.07	1.26	1.29	3.66
Times interest earned	2.59	5.93	41.79	2.93
Total asset turnover	1.47	1.07	2.33	0.96
Fixed asset turnover	6.91	4.44	10.05	1.59
Gross profit margin	14.44	22.19	64.17	6.83
Return on assets	3.26	8.03	120.79	4.85
Return on member equity	7.51	26.87	450.81	16.24

Appendix table 6—Common size analysis, by cooperative type and size, 2005 (continued)

Type of cooperative	Ethanol marketing	Other marketing	
Cooperative sales size	From \$30 to \$75 million	> \$20 million	< \$ 3 million
Balance sheet			
	<i>Percent of total assets</i>		
Current Assets	30.27	50.69	18.69
Other Assets	0.57	15.70	61.43
Investments	5.08	2.66	0.00
PP&E (net)	64.08	30.95	19.88
Total Assets	100.00	100.00	100.00
Current Liabilities	15.95	22.22	7.27
Total Liabilities	31.41	35.30	9.82
Allocated Equity	33.05	42.94	87.87
Retained Earnings	35.53	21.76	2.31
Total Equity	68.59	64.70	90.18
Total Equity and Liabilities	100.00	100.00	100.00
Income statement			
	<i>Percent of total sales</i>		
Total Sales	100.00	100.00	100.00
Cost of Goods Sold	71.24	86.22	76.40
Gross Margin	28.76	13.78	23.60
Service and other income	3.70	1.27	2.14
Gross Revenue	32.46	15.04	25.74
Expenses			
Wages	1.49	7.70	7.89
Depreciation	4.61	2.14	0.53
Interest	0.47	0.47	0.04
Other	2.62	2.99	8.95
Total Expenses	9.19	13.31	17.41
Income from own operations	23.27	1.74	8.33
Patronage Income	0.08	0.02	0.00
Net Income Before Taxes	23.35	1.76	8.33
Taxes	0.30	0.13	0.00
Net Income	23.04	1.63	8.33
Ratios			
	<i>Percent or number</i>		
Current	1.90	2.28	1.82
Debt to asset	0.31	0.35	0.10
Debt to equity	0.46	0.55	0.11
Times interest earned	50.56	4.73	198.71
Total asset turnover	1.25	2.80	1.15
Fixed asset turnover	1.95	9.06	5.77
Gross profit margin	28.76	13.78	23.60
Return on assets	29.73	6.24	9.60
Return on member equity	87.04	10.63	10.87

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Appendix table 6—Common size analysis, by cooperative type and size, 2005 (continued)

Type of cooperative	Rice marketing		Sugar marketing		Tobacco marketing
Cooperative sales size	> \$10 million	< \$10 million	> \$ 100 million	< \$75 million	All sizes
Balance sheet					
	<i>Percent of total assets</i>				
Current Assets	54.75	58.65	30.25	26.56	91.74
Other Assets	1.11	0.80	24.17	2.17	0.05
Investments	0.91	15.83	4.55	4.30	0.02
PP&E (net)	43.23	24.73	41.02	66.97	8.18
Total Assets	100.00	100.00	100.00	100.00	100.00
Current Liabilities	33.73	34.94	25.19	28.57	0.51
Total Liabilities	45.61	36.43	65.48	43.42	15.02
Allocated Equity	47.99	86.84	33.93	54.70	7.87
Retained Earnings	6.39	-23.27	0.59	1.88	77.11
Total Equity	54.39	63.57	34.52	56.58	84.98
Total Equity and Liabilities	100.00	100.00	100.00	100.00	100.00
Income statement					
	<i>Percent of total sales</i>				
Total Sales	100.00	100.00	100.00	100.00	100.00
Cost of Goods Sold	34.31	82.33	56.86	63.95	98.43
Gross Margin	65.69	17.67	43.14	36.05	1.57
Service and other income	2.35	9.98	5.25	0.25	11.05
Gross Revenue	68.04	27.64	48.39	36.30	12.61
Expenses					
Wages	10.77	4.97	12.37	14.05	4.67
Depreciation	1.89	0.37	4.10	3.53	2.09
Interest	0.41	0.26	2.01	2.04	0.02
Other	10.10	23.97	11.41	20.40	5.92
Total Expenses	23.17	29.55	29.90	40.02	12.70
Income from own operations	44.86	-1.91	18.48	-3.71	-0.08
Patronage Income	0.11	0.34	-0.58	0.22	0.00
Net Income Before Taxes	44.82	-1.57	17.71	-3.50	-0.09
Taxes	0.08	0.00	0.12	-0.76	-0.11
Net Income	44.74	-1.57	17.59	-2.74	0.03
Ratios					
	<i>Percent or number</i>				
Current	1.62	1.68	1.20	0.93	180.56
Debt to asset	0.46	0.36	0.65	0.43	0.15
Debt to equity	0.84	0.57	1.90	0.77	0.18
Times interest earned	110.46	-5.12	9.80	-0.72	-3.40
Total asset turnover	2.34	2.60	1.18	1.17	0.30
Fixed asset turnover	5.40	10.53	2.87	1.74	3.70
Gross profit margin	65.69	17.67	43.14	36.05	1.57
Return on assets	105.66	-3.42	23.25	-1.70	-0.02
Return on member equity	217.78	-4.70	61.11	-5.84	0.12

Appendix table 6—Common size analysis, by cooperative type and size, 2005 (continued)

Type of cooperative	Rice drier		Storage and transportation	
	All sizes	> \$1 million	< \$ 1 million	
Cooperative sales size				
Balance sheet	<i>Percent of total assets</i>			
Current Assets	48.63	46.72	37.55	
Other Assets	0.35	5.13	0.00	
Investments	0.00	1.51	2.76	
PP&E (net)	51.02	46.64	59.69	
Total Assets	100.00	100.00	100.00	
Current Liabilities	25.82	26.14	5.88	
Total Liabilities	41.83	31.40	13.37	
Allocated Equity	51.44	54.62	68.82	
Retained Earnings	6.73	13.98	11.93	
Total Equity	58.17	68.60	80.75	
Total Equity and Liabilities	100.00	100.00	100.00	
Income statement	<i>Percent of service</i>			
Service and other income	100.00	100.00	100.00	
Gross Revenue	100.00	100.00	100.00	
Expenses				
Wages	22.65	31.97	23.15	
Depreciation	5.76	6.33	3.49	
Interest	0.16	0.29	0.00	
Other	30.17	61.71	63.79	
Total Expenses	58.74	100.31	90.43	
Income from own operations	41.26	-0.31	9.57	
Patronage Income	0.00	0.21	0.29	
Net Income Before Taxes	41.26	-0.10	9.86	
Taxes	-0.05	-0.17	0.23	
Net Income	41.31	0.07	9.63	
Ratios	<i>Percent or number</i>			
Current	1.88	1.79	6.39	
Debt to asset	0.42	0.31	0.06	
Debt to equity	0.72	0.46	0.06	
Times interest earned	251.80	0.66	na	
Total asset turnover	0.67	2.29	0.47	
Fixed asset turnover	1.32	4.92	0.79	
Return on assets	27.86	0.44	4.64	
Return on member equity	54.01	0.30	5.52	

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Appendix table 6—Common size analysis, by cooperative type and size, 2005 (continued)

Type of cooperative	Service		
	> \$5 million	\$ 1 to \$ 5 million	< \$ 1 million
Balance sheet			
	<i>Percent of total assets</i>		
Current Assets	56.59	49.06	42.76
Other Assets	0.63	0.64	17.01
Investments	0.64	41.31	0.13
PP&E (net)	42.14	8.99	40.11
Total Assets	100.00	100.00	100.00
Current Liabilities	33.83	73.93	15.10
Total Liabilities	51.27	76.53	29.03
Allocated Equity	42.40	9.02	52.47
Retained Earnings	6.33	14.45	18.50
Total Equity	48.73	23.47	70.97
Total Equity and Liabilities	100.00	100.00	100.00
Income statement			
	<i>Percent of service</i>		
Service and other income	100.00	100.00	100.00
Gross Revenue	100.00	100.00	100.00
Expenses			
Wages	23.24	21.98	34.10
Depreciation	2.69	5.12	4.99
Interest	1.01	6.48	2.02
Other	51.51	28.99	52.37
Total Expenses	78.46	62.57	93.49
Income from own operations	21.54	37.43	6.51
Patronage Income	0.01	0.51	0.74
Net Income Before Taxes	21.54	37.95	5.02
Taxes	-0.17	0.16	0.08
Net Income	21.72	37.79	5.01
Ratios			
	<i>Percent or number</i>		
Current	1.67	0.66	2.83
Debt to asset	0.51	0.77	0.29
Debt to equity	1.05	3.26	0.41
Times interest earned	22.25	6.86	3.48
Total asset turnover	1.18	0.21	0.64
Fixed asset turnover	2.79	2.29	1.60
Gross profit margin	0.00	0.00	0.00
Return on assets	26.52	9.12	4.52
Return on member equity	60.21	86.06	6.14

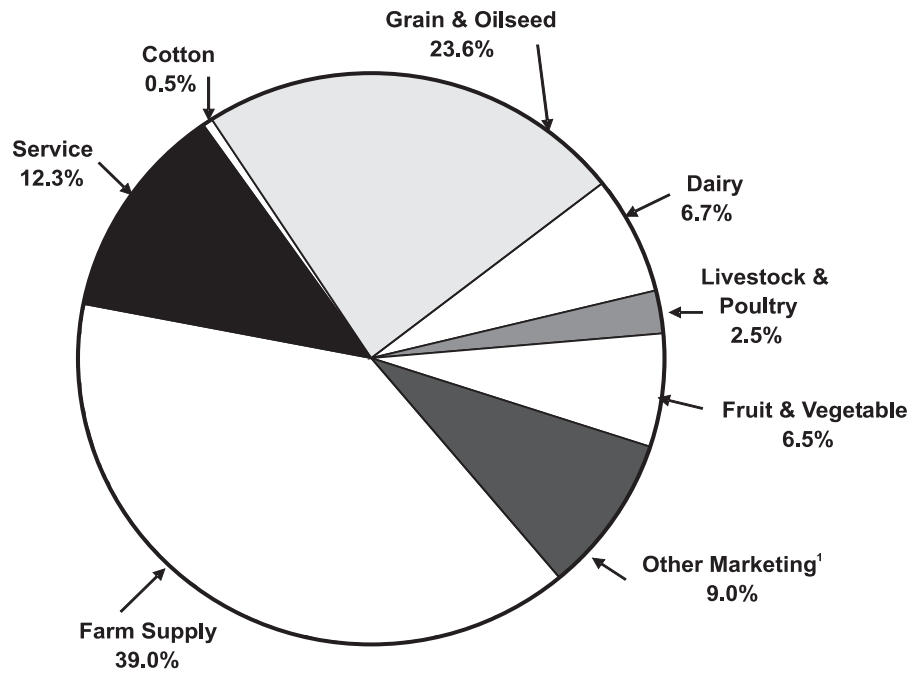
Appendix Table 7—Net income of farmer cooperatives, 1996-2005¹

Year	From own operations	From other cooperatives ²	Total
		<i>Million dollars</i>	
1996	1,475	773	2,248
1997	1,557	757	2,314
1998	1,169	573	1,742
1999	945	384	1,328
2000	1,041	235	1,276
2001	1,039	318	1,357
2002	847	362	1,210
2003	1,013	92	1,105
2005	2,147	401	2,548

¹ Totals may not add due to rounding. Excludes income from cooperative pooling operations.

² Dividends and patronage refunds received from other marketing, farm supply, and related-service cooperatives, CoBank, and Banks for Cooperatives, where applicable.

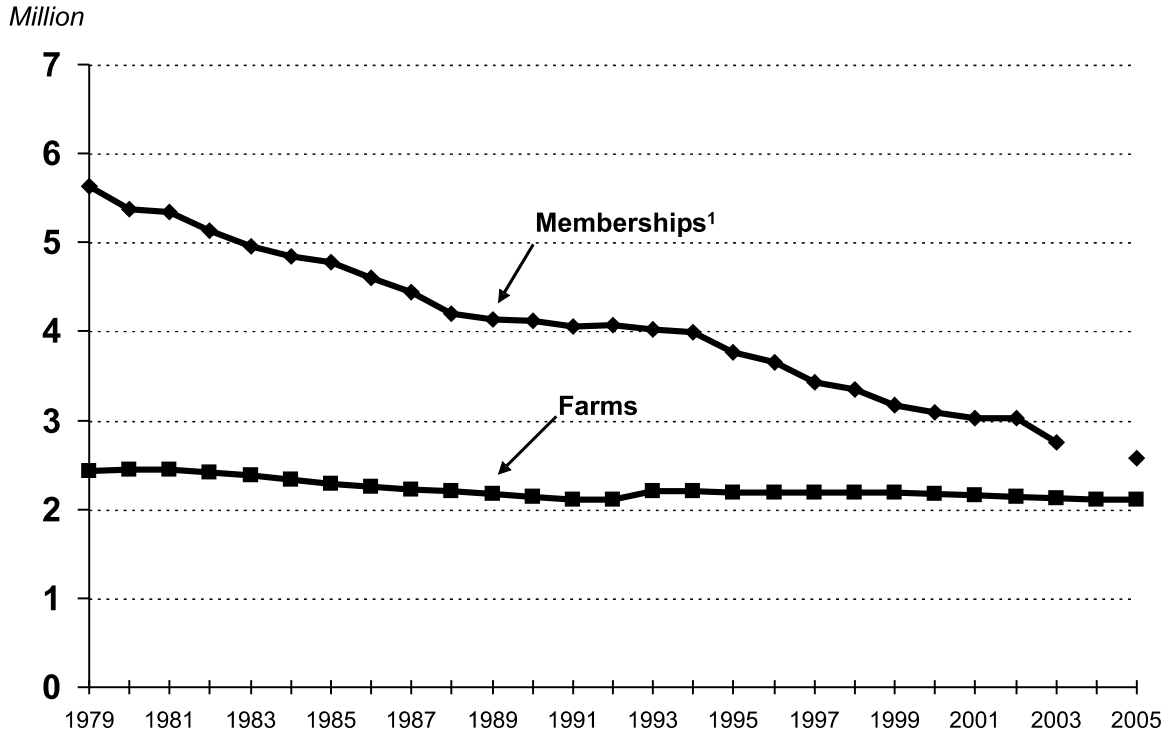
APPENDIX FIGURES

Appendix Figure 1—Distribution of Farmer Cooperatives by Type, 2005

Percentages are based on a total of 2,896 cooperatives.

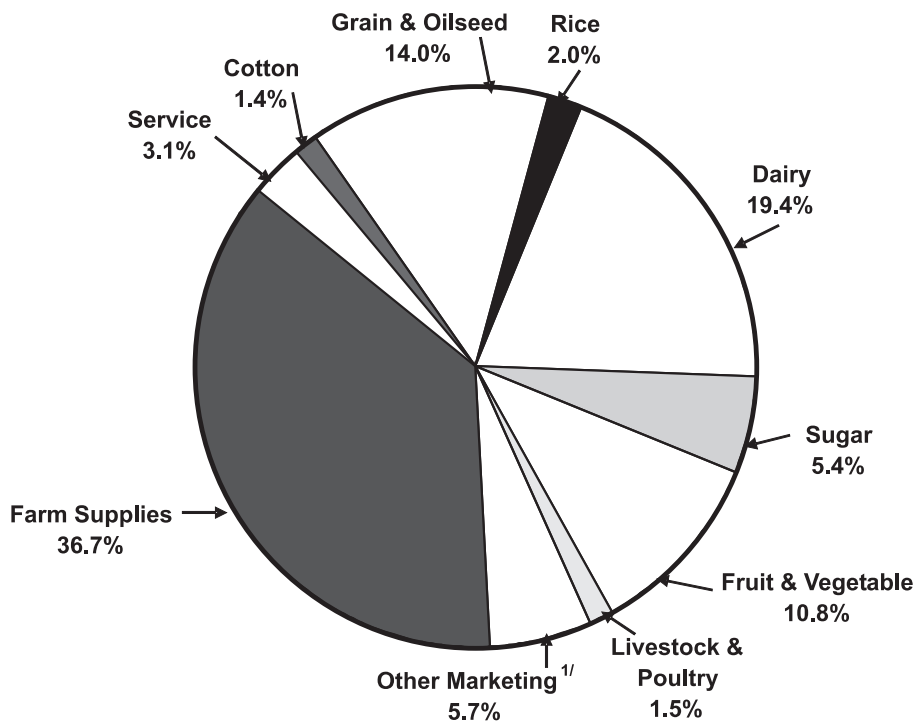
¹ Includes dry bean and pea, nut, wool and mohair, tobacco, rice, sugar, fishery, and other product marketing cooperatives.

Appendix Figure 2—U.S. Farms and Farmer Cooperative Memberships, 1979-2005



¹ Memberships were higher than farm numbers because many farmers belonged to more than one cooperative.

Appendix Figure 3—Distribution of Full-Time Employees by Cooperative Type, 2005

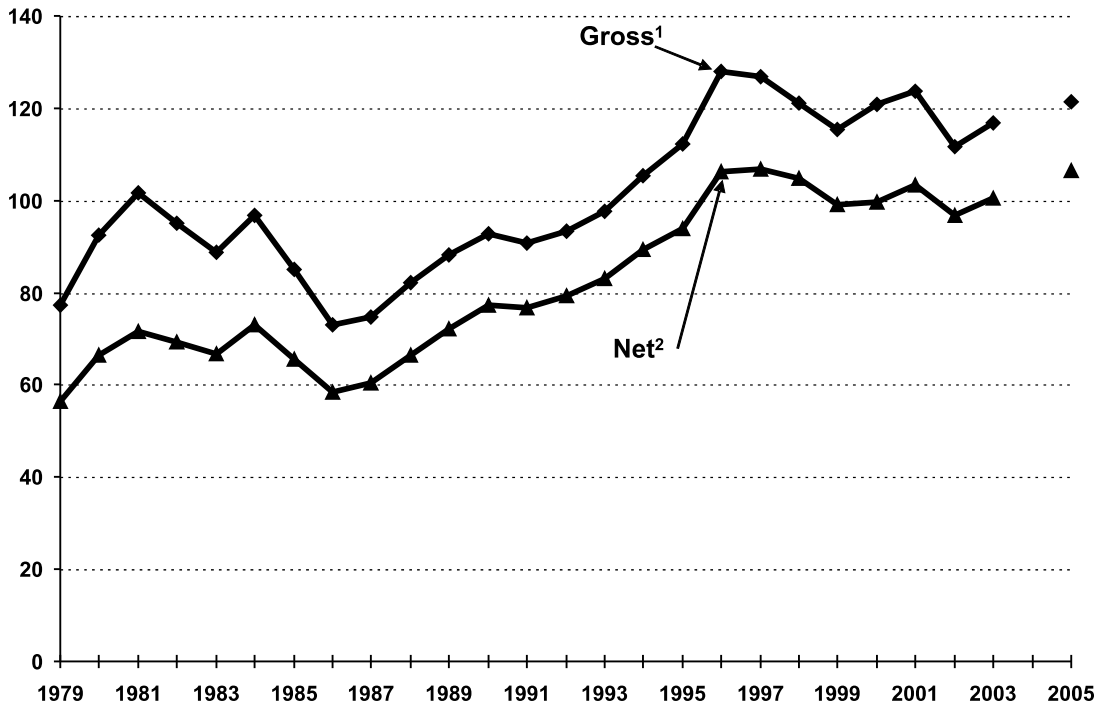


Percentages are based on a total of 125,000 full-time employees.

¹ Includes dry bean and pea, nut, wool and mohair, tobacco, fishery, and other product marketing cooperatives.

Appendix Figure 4—Cooperatives' Gross and Net Business Volumes, 1979-2005

Billion dollars

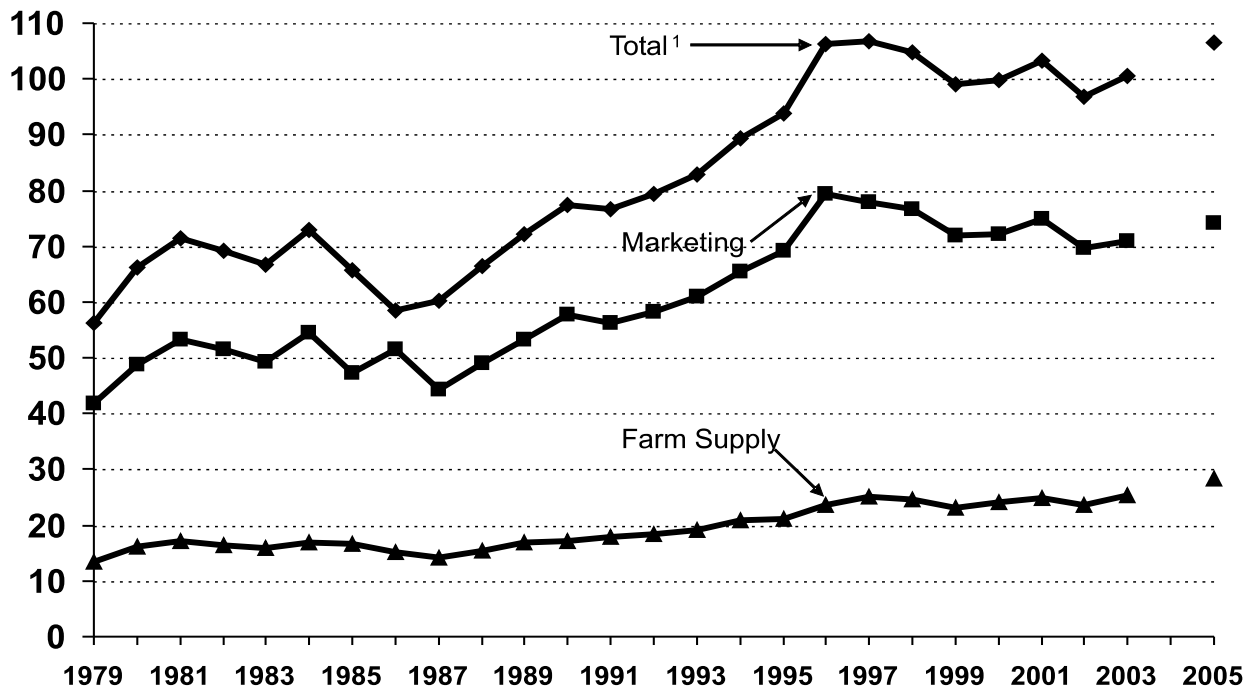


¹ Includes inter-cooperative business.

² Excludes inter-cooperative business.

Appendix Figure 5—Cooperatives' Net Business Volume, 1979-2005

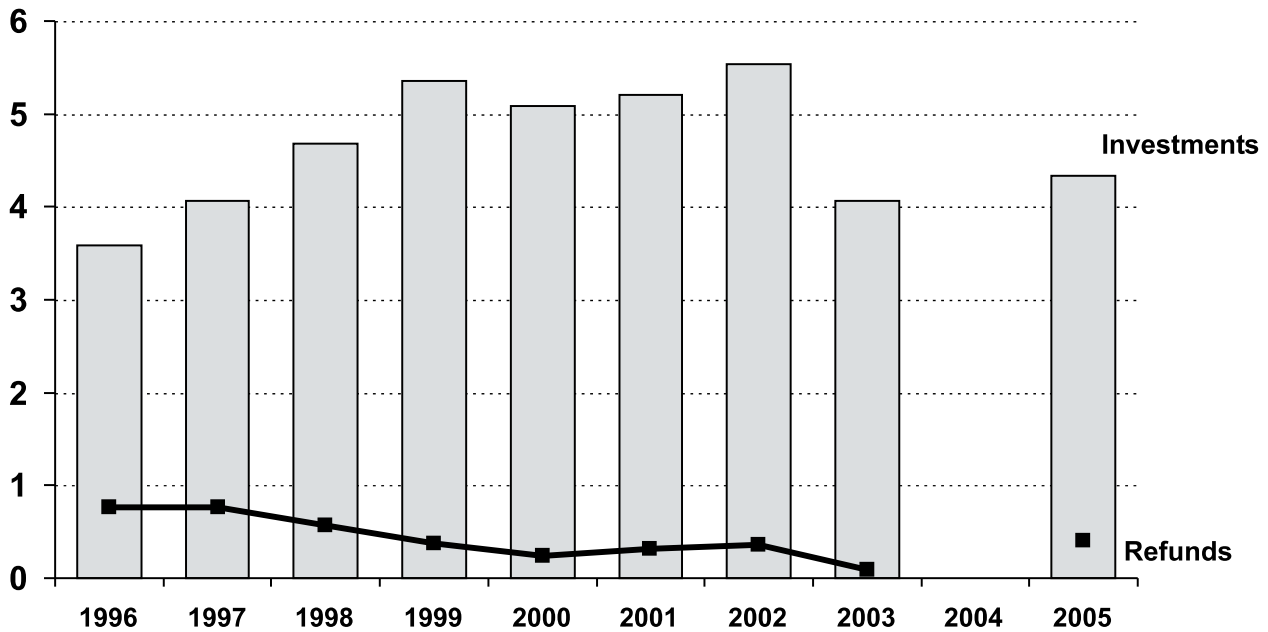
Billion dollars



¹ Total includes value of related services and other income.

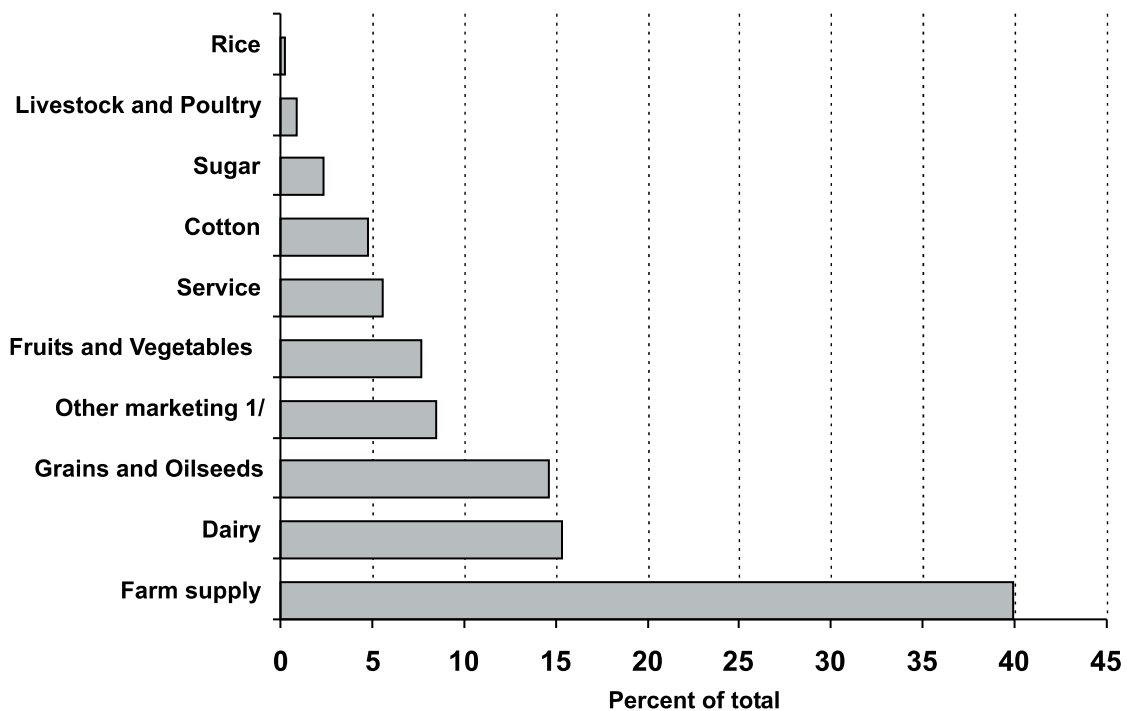
Appendix Figure 6—Cooperatives' Investments in Other Cooperatives and Patronage Refunds Received From Other Cooperatives,¹ 1996-2005

Billion dollars



¹ Includes other farmer cooperatives and CoBank.

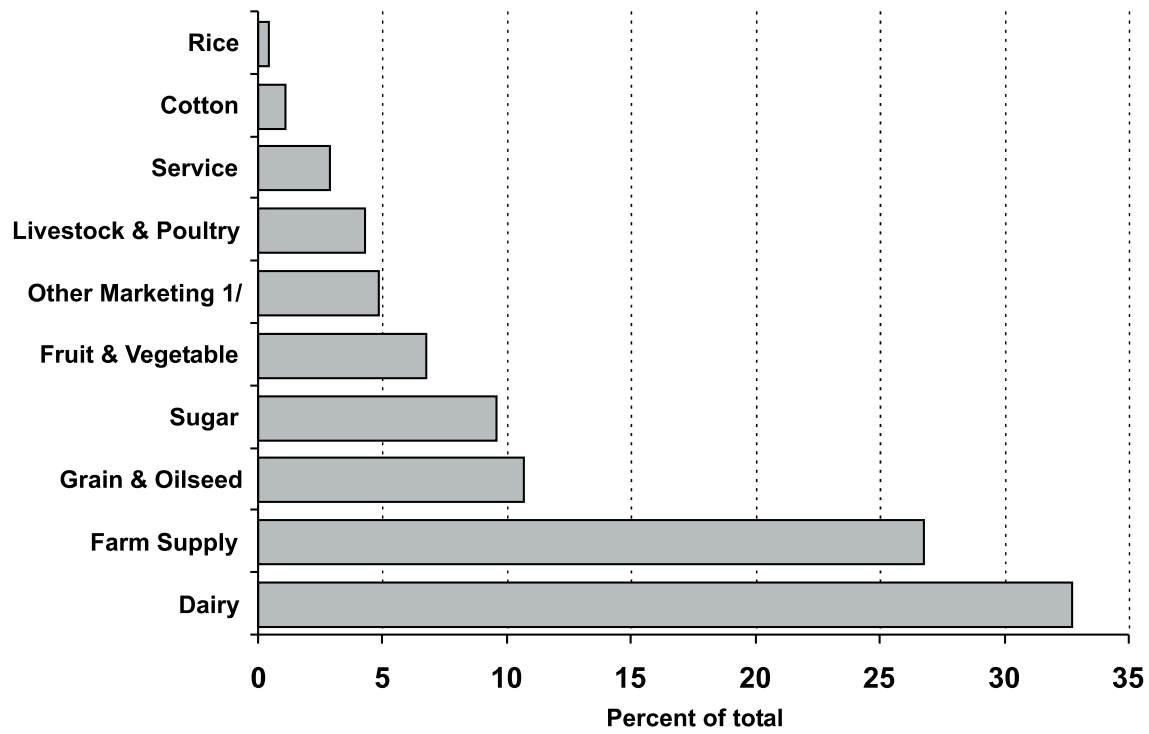
Appendix Figure 7—Distribution of Net Income, by Type of Cooperative, 2005



Percentage based on total net income of \$2.5 billion.

¹ Includes dry bean and pea, livestock, poultry, nut, wool and mohair, tobacco, sugar, fishery, and other product marketing cooperatives.

Appendix Figure 8—Distribution of Losses, by Type of Cooperative, 2005



Percentage based on total losses of \$54 million.

¹ Includes dry bean and pea, cotton, nut, wool and mohair, sugar, tobacco, rice, sugar, fishery, and other product marketing cooperatives.

