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Financial Profile of the 100 Largest Agricultural Cooperatives, 2001

Preface

Cooperative board rooms were very busy places in 2001. While mergers and acquisitions dominated the scene in the 1990s, joint ventures and limited liability companies were the focus of activity among the nation's largest cooperatives at the start of the new millennium.

Several of the larger cooperatives merged some of their operations into new businesses. It had a negative impact on their sales (now counted under the new business entity). Other cooperatives, striving to provide additional high-return marketing options for members' products, formed ventures with non-cooperatives to operate value-added processing facilities. Any net margins generated by these ventures were added to the cooperative's bottom line as non-operating revenue.

Total revenue for the Top 100 cooperatives climbed 3.8 percent, to \$74.2 billion in 2001, while net margins increased nearly 10 percent, to more than \$502 million. Still, most cooperatives found 2001 a difficult year, with 2002 not showing much of an improvement. Indeed, two of the nation's largest cooperatives (Farmland and Agway) filed to reorganize under Chapter 11 bankruptcy in 2002, and several other major ones are facing serious financial stress.

However, most cooperatives should come out of these trying times stronger. To compete, cooperatives will need to rely less on debt and more on member equity. A stronger equity position provides a cushion when the economy dictates a prolonged down cycle, as we currently are experiencing.

Cooperatives also need to determine their long-range goals and try to focus on their individual strengths. There are many ways a cooperative can get distracted from its mission, especially during these hard times. Everyone is looking for ways to bring in extra revenue. Cooperatives should resist the urge to be all things to all members and focus on areas where they have a greater competitive advantage.

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Highlights

The combined total revenue of the largest 100 agricultural cooperatives jumped from \$71.5 billion in 2000 to \$74.2 billion in 2001. The 4-percent increase is due mostly to higher revenues for dairy cooperatives. Total revenues for the last 2 years were as follows:

<u>Year</u>	<u>Total Operating Revenue</u> <i>Billion dollars</i>
2000	71.5
2001	74.2

Total revenue was not the only area showing promise; gross margins improved 3 percent, to \$6.6 billion in 2001. The average gross margin as a percent of total operating revenue is illustrated below:

<u>Year</u>	<u>Gross Profit Margins</u> <i>Percent</i>
2000	14.9
2001	15.2

While sales and gross margins were up by more than 3 percent, net operating margins nearly doubled that, increasing by more than 6 percent, to \$957 million in 2001. A lower growth in operating expenses in relation to revenue supported higher net operating margins.

<u>Year</u>	<u>Net Operating Margins</u> <i>Million dollars</i>
2000	899.4
2001	957.1

With higher operating margins, total net margins were up 10 percent, to \$502.5 million in 2001. Higher income from other non-operating sources supported the bottom line. Net margins for the last 2 years are shown below:

<u>Year</u>	<u>Net Margins</u> <i>Million dollars</i>
2000	457.1
2001	502.5

Combined assets for the 100 largest agricultural cooperatives were valued at \$29.9 billion, unchanged from 2000. However, the change in various categories fluctuated.

<u>Year</u>	<u>Total Assets</u> <i>Billion dollars</i>
2000	29.9
2001	29.9

Total liabilities also remained fairly steady in 2001. Short-term debt was down 11 percent while long-term debt increased by 9 percent.

<u>Year</u>	<u>Short-term Debt</u>	<u>Long-term Debt</u>
	<i>Billion dollars</i>	
2000	3.8	6.5
2001	3.3	7.1

Member equity also remained unchanged. Unallocated equity fell by 5.6 percent, to end 2001 at \$1.5 billion while member equity was up 1 percent. Sources of member equity are:

<u>Year</u>	<u>2000</u>	<u>2001</u>
	<i>Billion dollars</i>	
Preferred Stock	1.8	1.8
Common Stock	0.7	0.7
Certificates and Credit	6.0	6.1
Unallocated	<u>1.6</u>	<u>1.5</u>
Total	10.1	10.1

The liquidity for the largest 100 agricultural cooperatives also remained fairly steady. This is illustrated in the current and quick ratios.

<u>Year</u>	<u>Current</u> <i>Ratio</i>	<u>Quick</u>
2000	1.37	0.75
2001	1.38	0.75

Cooperatives increased their leverage slightly in 2001. This was mostly due to larger changes in liabilities. The slight increase in leverage and unchanged liquidity would indicate that operations are continually being financed by debt rather than by the operations themselves.

<u>Year</u>	<u>Debt-to-Asset</u> <i>Percent</i>	<u>Long-term</u> <u>Debt-to-Equity</u> <i>Ratio</i>
2000	61	.59
2001	62	.62

Some activity ratios held steady with the increase in revenue while others increased along with higher revenues. Lower fixed asset purchases boosted the fixed asset turnover.

<u>Year</u>	<u>Local Asset</u> <u>Turnover</u> <i>Percent</i>	<u>Fixed Asset</u> <u>Turnover</u>
2000	2.9	14.5
2001	2.9	15.3

Financial Profile of Largest 100 Agricultural Cooperatives

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Cooperative board rooms were very busy places in 2001. While mergers and acquisitions dominated the scene in the 1990s, joint ventures and limited liability companies were the focus of activity among the nation's largest cooperatives at the start of the new millennium.

Several of the larger cooperatives merged some of their operations into new businesses. It had a negative impact on their sales (now counted under the new business entity). Other cooperatives, striving to provide additional high-return marketing options for members' products, formed ventures with non-cooperatives to operate value-added processing facilities. Any net margins generated by these ventures were added to the cooperative's bottom line as non-operating revenue.

Total revenue for the Top 100 cooperatives climbed 3.8 percent, to \$74.2 billion in 2001, while net margins increased nearly 10 percent, to more than \$502 million. Still, most cooperatives found 2001 a difficult year, with 2002 not showing much of an improvement. Indeed, two of the nation's largest cooperatives (Farmland and Agway) filed to reorganize under Chapter 11 bankruptcy in 2002, and several other major ones are facing serious financial stress.

However, most cooperatives should come out of these trying times stronger. To compete, cooperatives will need to rely less on debt and more on member equity. A stronger equity position provides a cushion when the economy dictates a prolonged down cycle, as we currently are experiencing.

Cooperatives also need to determine their long-range goals and try to focus on their individual strengths. There are many ways a cooperative can get distracted from its mission, especially during these hard times. Everyone is looking for ways to bring in

extra revenue. Cooperatives should resist the urge to be all things to all members and focus on areas where they have a greater competitive advantage.

Operations

Total revenue for the Top 100 cooperatives jumped \$2.7 billion, to \$74.2 billion, in 2001 (table 1). Dairy cooperatives, with an increase of \$2.8 billion in revenue, accounted for most of the advances. Prices earned and volume handled both increased for dairy cooperatives in 2001. Poultry & livestock, fruit & vegetable and sugar cooperatives also saw revenue increases in 2001. Revenue from farm supply sales for Top 100 cooperatives declined 2.1 percent, to \$18.4 million. But cooperatives that sell only farm supplies (excluding diversified supply/grain cooperatives) saw revenue increase \$621 million. Higher demand pushed up prices for energy products, which prompted much of the increase in farm supply sales.

Gross margins were up for the Top 100 cooperatives, however, not all cooperatives fared well in this area. Farm supply cooperatives ended 2001 with lower gross margins, mostly due to higher cost of raw materials. Not all could pass along this price increase to their members.

Operating expenses for the Top 100 were up 2.5 percent, to \$5.6 billion, in 2001. Farm supply, grain, poultry & livestock, rice and sugar cooperatives all posted higher operating expenses, which pushed up operating expenses for all of the largest cooperatives.

In these sectors, all but poultry & livestock cooperatives reported higher labor expenses. Cotton, diversified, dairy and fruit & vegetable cooperatives reported lower labor expenses, which helped keep their total operating expenses below 2000 levels.

Table 1—Consolidated Statement of Operations, 2000-01, Top 100 Cooperatives

	2001	2000	Difference	Percent Change
	<i>\$ thousand</i>			
Revenues				
Marketing	54,991,765	51,893,235	3,098,530	6.0
Farm Supply	18,418,734	18,818,592	(399,858)	-2.1
Total Sales	73,410,499	70,711,827	2,698,672	3.8
Other Operating Revenues	773,525	796,729	(23,204)	-2.9
Total Operating Revenues	74,184,024	71,508,556	2,675,468	3.7
Cost of Goods Sold	67,613,430	65,132,847	2,480,583	3.8
Gross Margin	6,570,594	6,375,709	194,885	3.1
Expenses				
Operating Expenses	5,613,542	5,476,282	137,260	2.5
Net Operating Margins	957,052	899,427	57,625	6.4
Other Revenues (Expenses)				
Interest Expense	(810,127)	(754,924)	(55,203)	7.3
Interest Revenue	94,232	94,276	(44)	0.0
Other Income	323,153	260,288	62,865	24.2
Other Expenses	(92,227)	(114,055)	21,828	-19.1
Patronage Revenue	43,457	34,855	8,602	24.7
Net Margins from Operations	515,540	419,867	95,673	22.8
Non-Operating Rev. (Exp.)	(13,084)	37,184	(50,268)	-135.2
Net Margins	502,456	457,051	45,405	9.9
Distribution of Net Margins				
Cash Patronage Dividends	241,038	220,146	20,892	9.5
Retain Patronage Dividends	368,529	210,548	157,981	75.0
Nonqualified Noncash Patronage	16,112	19,021	(2,909)	-15.3
Dividends	39,029	47,279	(8,250)	-17.4
Unallocated Equity	(105,846)	(24,643)	(81,203)	329.5
Income Tax	(56,406)	(15,300)	(41,106)	268.7
Total Distribution	502,456	457,051	45,405	9.9

Net operating margins were up 6.4 percent for the Top 100 in 2001. However, not all sectors performed well. Most farm supply and marketing cooperatives had lower margins, and a few were hit hard by a combination of lower gross margins and higher expenses. This caused substantial losses from operations in 2001. Diversified (supply/grain), fruit & vegetable, grain and poultry & livestock cooperatives had substantial increases in their net operating margins. These increases pulled up the net operating margins by nearly 10 percent for the overall Top 100. Each sector had a unique situation that contributed to improved operations for all cooperatives.

Interest revenue and expense, income and losses from subsidiaries, rent, patronage refunds and other items not directly related to operations are included in "other revenue and expense." Revenues and expenses not directly related to operations resulted in \$442 million in expenses, \$38 million less than in 2000. Most of this decline in this account is due to other income from dairy and poultry & livestock cooperatives. Income from subsidiaries for these commodity groups, as well as one-time policy changes, helped push up other income by \$63 million. Other income not directly related to operations reached \$323 million in 2001. Interest revenue was flat compared with 2000 while revenues from patronage refunds were up about \$9 million.

For the largest cooperatives, interest expense was by far the biggest expense not directly tied to operations. Nearly all cooperative sectors had higher interest expenses in 2001, which jumped \$55 million to a record high of \$810 million. Diversified cooperatives accounted for 40 percent of the total increase in interest expense. Only grain and sugar cooperatives lowered their interest expense.

Net margins from operations were up \$96 million, to finish 2001 at \$516 million. Leading this increase were poultry & livestock cooperatives. Dairy, diversified, fruit & livestock and grain cooperatives also increased their net margins from operations.

On the other hand, cotton, farm supply, rice and sugar cooperatives all had lower net operating margins. Farm supply and sugar cooperatives ended the year with larger net losses than in 2000.

Non-operating revenue and expenses include extraordinary gains/losses, discontinued operations or accounting changes. In 2001, this equaled a net expense of \$13 million for the Top 100, with diversified cooperatives accounting for the majority of the expense. Farm supply and dairy cooperatives were the only sectors that had non-operating revenue.

The bottom line: the largest cooperatives ended 2001 with net margins of \$502 million, up \$45 million from 2000. The leading sector was dairy. While net margins were up for the largest cooperatives, so too were net losses. Fifteen of the Top 100 suffered net losses in 2001, down from 17 in 2000. However, total losses amounted to \$350 million, up from \$254 million in 2000.

Cash payments to members were up nearly 10 percent in 2001. For those cooperatives that had net margins to distribute, 28 percent was allocated cash payments. This compares with 31 percent in 2000. Seventy-five percent of net margins were allocated back to members in cash and qualified allocated equity, compared with 70 percent in 2000.

With more margins being allocated back to members in 2001, non-qualified non-cash patronage refunds and dividends were down 15 percent, to \$16 million. Dividends paid to share holders fell 17 percent, to \$39 million.

The 15 cooperatives that suffered a net loss in 2001 deducted some of that from deferred patronage, but most took it from the unallocated account. Losses also generate a net tax benefit, which was again greater than the total amount of taxes paid in 2001 for all 100 cooperatives. Tax benefits in 2001 reached \$57 million.

Cotton

While the volume of cotton produced in the United States was up, lower per-bale prices pushed overall values down (appendix table 1). This, in turn, hurt revenues for the largest cotton cooperatives. According to USDA's National Agricultural Statistics Service, total volume for all cotton produced in the United States was up 17 percent from 2000. However, prices were down 32 percent, which suppressed total value of cotton produced by 21 percent. The largest cotton cooperatives did not fare as poorly, with marketing revenues declining only 14 percent in 2001.

Lower prices received by the cooperatives also pushed down payments to members. Whether by choice or design, cotton cooperatives did not pass the full decline in prices along to their members.

Several of the cotton cooperatives were able to cut operating expenses, which dropped 3 percent to \$87 million. Much of this decline can be attributed to lower labor costs. Those cooperatives reporting labor expenses indicated a 22 percent savings in wages and benefits. Despite lower operating expenses, declining

revenues pushed net operating margins down 62 percent to \$25 million. This was the lowest operating margin cotton cooperatives experienced since 1993.

What helped cotton cooperatives in 2001 were increases in other operating revenues, which reached \$14 million. Higher operating loans pushed interest expense up to \$25 million. Cotton cooperatives usually average less than \$2 million in non-operating income. If a \$6 million loss from discontinued operations is deducted, the cotton cooperatives finished 2001 with net margins of \$9 million to distribute.

Despite the lower margins, cotton cooperatives paid a substantial amount of cash back to members in the form of cash patronage and dividends. These cash payments reached \$30 million. The \$21 million difference between net margins and cash distributed was deducted from their retained patronage account and unallocated equity.

Dairy

Dairy cooperatives enjoyed a good year in 2001. With an increase of \$2.8 billion in revenue, they accounted for most of the increase for all the largest cooperatives (appendix table 2). Prices earned and volume handled both increased for dairy cooperatives in 2001.

Not only did the cooperatives enjoy higher revenues, but they also passed these revenues on to the producers. The dairy cooperatives paid a higher cost of goods sold, which was reflected in higher patronage. These cooperatives paid 95 percent of their revenues in cost of goods sold in 2001 compared with 94 percent in 2000. Gross margins remained steady from 2000 to 2001 at \$968 million.

Operating expenses were down \$2 million to \$791 million, attributed to lower labor costs. Reported wages, salaries and benefits were down nearly \$2 million in 2001. Interest expense was up 7 percent to \$57 million. This matches the increase in overall debt. Interest revenue was down \$1 million to \$11 million. Other income, net of expense, was up 77 percent or \$93 million from 2000. Much of this increase can be attributed to joint ventures in dairy processing. Dairy cooperatives added 19 percent to their bottom line, ending 2001 with net margins of \$241 million.

Dairy cooperatives not only improved their net margins from 2000, but also allocated more to their members. Cash payments of \$102 million were the largest returned to members since 1993. Not only were cash payments one of the largest, but allocated patronage also reached record levels at \$185 million, or a 186-

percent increase from 2000. On the other hand, unallocated equity was drawn down \$75 million to pay for taxes and the higher cash and non-cash allocations.

Diversified

Diversified supply/grain cooperatives suffered the largest decline in operating revenues, with a drop of \$942 million from 2000 (appendix table 3). Diversified cooperatives ended the year with total operating revenues of \$27 billion. Part of this can be attributed to large cooperatives moving some operations to a joint venture with other cooperatives and investor-owned firms (IOFs). In a case such as this, sales (for this survey) are no longer attributed to the cooperative, although a share of net margins from the joint venture is allocated back to the cooperative.

Cost of goods sold also fell by 4 percent to \$26 billion. This was mostly caused by the loss of farm supply sales. However, their marketing revenues were strong enough to provide a 4-percent increase in their gross margins, which finished the year at \$1.7 billion.

Expenses were held in check in 2001 at \$1.4 billion. This allowed a 24-percent jump in net operating margins. Diversified cooperatives ended 2001 with net operating margins of \$304 million.

A large increase in long-term debt pushed up interest expense 14 percent to \$309 million. Interest revenue was up 11 percent but other income was down while other expenses had a huge decline. The net effect of these other revenues/expenses was an increase in expenses of \$23 million.

Net margins from operations were up 45 percent or \$113 million from 2000. Higher gross margins were able to absorb the higher expenses from operations. However, there was a net loss from outside sources in 2001. The majority were losses from joint ventures. These non-operational losses pushed net margins down 33 percent to \$88 million, the lowest level since 1993.

Despite lower net margins, the diversified cooperatives allocated a substantial amount of cash patronage back to members. Cash patronage dividends totaled \$68 million in 2001, up 4 percent from 2000. Retained patronage was down 71 percent to \$37 million while \$30 million was added to the unallocated equity account. What helped the diversified cooperatives with allocation was a net \$54 million tax benefit generated from net losses and deferred losses.

Fruit & vegetable

Production of most fruits and vegetables was down in 2001 from 2000. On the other hand, nut pro-

duction was higher. The value of fruit and vegetables produced was mixed. However, these cooperatives had \$6.7 billion in total operating revenues in 2001, up 3 percent from 2000 (appendix table 4).

Cost of goods sold also jumped 3 percent to \$5.0 billion. This left gross margins up 4 percent at \$1.7 billion. With operating expenses unchanged, net operating margins jumped 37 percent to end 2001 with \$266 million, the highest amount since 1993.

An interesting note in 2001, interest expense increased 5 percent while overall debt fell 11 percent. However, the drop in total debt is attributed almost exclusively to fewer short-term loans. The sum of other income and expenses was down. Non-operating expenses were also down. An accounting change caused a substantial write-off in 2000, which was not present in 2001. Overall, the total net margins for fruit & vegetable cooperatives jumped a whopping 252 percent in 2001 to \$106 million.

Fruit & vegetable cooperatives allocated little of their net margins back to their members in 2001, instead adding most to a deferred equity account to be allocated at a later date. Members also received less cash payments combined in the form of cash patronage and dividends.

Farm supply

In contrast to general farm supply sales for the top 100, those cooperatives selling predominately farm supplies had a 10-percent increase in sales, resulting in an overall 9-percent increase in total operating revenues of \$7.6 billion (appendix table 5). Despite higher revenues, the cost of production supplies rose faster, resulting in higher cost of goods sold. Gross margins fell 6 percent to \$741 million.

Not only did the cost of inputs rise, but operating expenses jumped 8 percent to \$770 million in 2001. Part of this increase can be attributed to higher labor costs, which jumped 9 percent. The higher costs and expenses eroded any gain made by higher revenues, producing operating losses of \$29 million.

Interest expense was up 6 percent to \$108 million. Other income and patronage revenue were up 25 percent to \$37 million, while other expenses were up 10 percent to \$22 million. Net margins from operations dropped \$98 million in 2001, ending the year with a \$100 million loss. Non-operating revenues help soften the loss by \$18 million. They were accounting changes that took effect in 2001. The result was net margins falling from \$400,000 to a net loss of \$82 million in 2001.

While these losses sound like a lot, they were caused by a relatively few cooperatives. If the two cooperatives with net losses are dropped, the farm supply cooperatives as a whole would end 2001 with net margins of \$60 million. Therefore, we see an increase in the distribution of cash patronage as well as retained patronage.

Cash patronage was up 19 percent to \$417 million. Retained patronage was nearly doubled to \$34 million. The unallocated equity account absorbed the net losses from operations. Unallocated equity fell \$54 million, which totaled a \$79 million deduction. These losses also generated tax benefits of \$59 million.

Grain

Most Top 100 grain cooperatives enjoyed higher revenue in 2001, due mostly to higher commodity prices (appendix table 6). Crop volume remained steady. However, a few cooperatives had substantial declines in grain sales, and their losses caused revenue for the overall grain sector to remain relatively flat at \$5.1 billion in 2001.

Large grain cooperatives cut their cost of goods sold by 1 percent. Stagnant sales along with lower cost of goods sold implies grain cooperatives were paying their members a smaller percentage of their sales to cover higher operating expenses. In fact, gross margins were up 16 percent to \$522 million.

Operating expenses were up 8 percent to \$412 million. Reported labor costs jumped 19 percent, which would account for a majority of the higher operating expenses. However, the increase in gross margins absorbed the higher operating expenses, resulting in a 66-percent jump in net operating margins which ended 2001 at \$111 million.

Interest expenses were down despite higher short-term debt levels. Interest expense fell 18 percent to \$36 million. The sum of other income and expenses was also down 28 percent, which negated the savings from lower interest expense. However, overall net margins from operations were up 54 percent to \$109 million from 2000.

Nearly three-quarters of the net margins from operations were retained by the cooperatives either through retained patronage or unallocated equity. Cash payments to members were up only 4 percent to \$19 million.

Poultry & livestock

Total revenues for poultry & livestock cooperatives were up 15 percent to \$2.5 billion in 2001 (appendix table 7) mostly due to acquisitions from a livestock

cooperative. Cost of goods sold increased by 13 percent to \$2.4 billion. As a percent of total sales, cost of goods sold fell from 72 percent to 69 percent. This implies that they were paying their members a smaller percentage of their sales to cover higher operating expenses and to recover net losses from 2000. Gross margins were up 85 percent to \$146 million.

Operating expenses jumped 21 percent and ended 2001 at \$118 million. Despite higher operating expenses, reported labor costs fell 1 percent.

Net operating margins were up \$47 million. In 2000 poultry & livestock cooperatives ended the year with net losses of \$19 million. By 2001, they turned the operations around to post net operating margins of \$28 million.

Interest expense was up 11 percent to \$46 million. However, the biggest change in the other revenue/expense category was in other income. This reached \$44 million in income in 2001 compared with a net expense of \$2 million in 2000. Net margins for 2001 netted \$38 million for poultry & livestock cooperatives.

Most net margins were retained in the unallocated equity account, which replenished the loss that was deducted from there in the prior year.

Rice

Rice production levels were up but the price received fell substantially, causing revenues to fall 3 percent for rice cooperatives (appendix table 8). Similar to a few other commodity groups, rice cooperatives paid out less as a percentage of sales to their members in terms of cost of goods sold. Cost of goods sold represented 69 percent of total sales in 2001 compared with 72 percent in 2000. Therefore, despite declining sales, gross margins were boosted 6 percent to \$322 million in 2001.

Higher gross margins were not able to cover the additional operating expenses for rice cooperatives. Operating expenses jumped 8 percent to \$307 million due partly to higher labor costs. Reported labor expenses increased 3 percent in 2001. This jump in operating expenses left net operating margins down 17 percent at \$15 million.

Despite lower debt, interest expense increased \$1 million in 2001. Rice cooperatives, for instance, paid \$4 million. Higher interest caused a decline in net margins of 42 percent to \$8 million in 2001.

Despite lower net margins, rice cooperatives paid out 9 percent more in cash patronage. Eighty-nine percent of net margins were paid out in cash versus 48 percent in 2000. With higher cash payments, there was

less unallocated equity distributed. Unallocated equity was down 85 percent with less than \$1 million distributed to that account. There was a \$1 million tax credit.

Sugar

Total revenues for sugar cooperatives were up 7 percent to \$1.7 billion (appendix table 9). Despite lower yields and prices for most sugar cooperatives, one increased its sugar production 10 percent and pulled up revenues for all the sugar cooperatives in the top 100. Cost of goods sold also increased by 8 percent to \$1.3 billion. A few of the sugar cooperatives returned more of their revenues to members in the form of cost of goods sold. So it pushed down gross margins by 1 percent to \$404 million.

Unfortunately, higher expenses also took a bite out of net operating margins. Operating expenses increased 5 percent, partly due to higher labor costs. Reported labor increased 1 percent. These higher costs pushed down net operating margins 26 percent to \$61 million.

Declining debt levels lowered interest expense 8 percent to \$61 million. Other expenses were down 24 percent to \$20 million. These other expenses were loss allocations from subsidiaries. Net losses for the largest sugar cooperatives were up nearly 200 percent to \$15 million.

The losses from a few of the cooperatives were deducted from the unallocated equity account. Those cooperatives, with net margins at the end of 2001, allocated \$20 million to their members in cash and retained patronage, the highest amount since before 1993.

Financial position

Assets for Top 100 cooperatives remained steady, at \$30 billion, in 2001 (table 2). However, the makeup of those assets has changed. Current assets fell by \$363 million, due to declining accounts receivable and inventories. Most occurred in the diversified and farm supply sectors. Cash balances for the largest cooperatives were up 25 percent, mainly due to dairy and diversified cooperatives.

Total investment reached \$4.3 billion, up 6 percent from 2000. Most of the \$244 million increase was attributed to non-cooperative investment, which increased \$199 million. Most of the increase in these investments was concentrated in joint ventures and other partnership arrangements between cooperatives and non-cooperative businesses. However, other investments declined, which kept the non-cooperative investment below the \$200 million mark. Other invest-

Table 2—Consolidated Balance Sheet, 2000-01, Top 100 Cooperatives

	2001	2000	Difference	Percent Change
	<i>\$ thousand</i>			
Assets				
Cash	880,360	704,462	175,898	25.0
Accounts Receivable	5,778,956	6,106,753	(327,797)	-5.4
Inventory	5,865,377	6,228,431	(363,054)	-5.8
Other Current Assets	1,379,382	1,227,134	152,248	12.4
Total Current Assets	13,904,075	14,266,780	(362,705)	-2.5
Investment				
Bank of Cooperatives	346,715	351,921	(5,206)	-1.5
Other Cooperatives	1,822,865	1,771,951	50,914	2.9
Other Investments	2,082,937	1,884,236	198,701	10.5
Total Investments	4,252,517	4,008,108	244,409	6.1
Net Property Plant & Equipment	8,700,579	8,770,000	(69,421)	-0.8
Other Assets	3,058,603	2,808,338	250,265	8.9
Total Assets	29,915,774	29,853,226	62,548	0.2
Liabilities				
Current Liabilities				
Total Short-Term Debt	3,341,825	3,775,334	(433,509)	-11.5
Accounts Payable	3,585,340	3,574,155	11,185	0.3
Member Payables	551,684	487,388	64,296	13.2
Patron and Pool Liabilities	1,434,194	1,470,407	(36,213)	-2.5
Other Current Liabilities	1,755,716	1,984,672	(228,956)	-11.5
Total Current Liabilities	10,668,759	11,291,956	(623,197)	-5.5
Long-Term Debt				
Less Current Portion	7,083,163	6,490,032	593,131	9.1
Other Liabilities and Deferred Credits	1,137,885	1,054,019	83,866	8.0
Total Noncurrent Liabilities	8,221,048	7,544,051	676,997	9.0
Total Liabilities	18,889,807	18,836,007	53,800	0.3
Minority Interest	899,995	891,504	8,491	1.0
Member Equity				
Preferred Stock	1,794,562	1,790,651	3,911	0.2
Common Stock	733,063	731,369	1,694	0.2
Equity Certificates and Credits	6,050,674	5,964,779	85,895	1.4
Unallocated Capital	1,547,673	1,638,916	(91,243)	-5.6
Total Equity	10,125,972	10,125,715	257	0.0
Total Liabilities and Equity	29,915,774	29,853,226	62,548	0.2

ments include notes receivable, property held for sale, marketable securities, and leases receivable. Dairy and diversified cooperatives had the largest increase in non-cooperative investment, at \$256 million.

Cooperative investment, excluding investment in CoBank, increased 3 percent. Most of this increase was concentrated in the diversified and farm supply cooperatives, which accounted for 87 percent. CoBank investment declined by \$5 million.

Net fixed assets fell 1 percent in 2001. With the exception of dairy and diversified cooperatives, all other sectors had less fixed assets. This indicates sales of fixed assets and depreciation were greater than new purchases.

As was the case with assets, total liabilities remained relatively unchanged in 2001, yet their make-up changed substantially. Current liabilities fell 6 percent, due to reduced short-term debt along with other accrued payables.

Short-term debt was down 12 percent, to \$3.3 billion. Leading the decline were diversified, fruit & vegetable, poultry & livestock and sugar cooperatives. These sectors used \$903 million less short-term debt in 2001. Conversely, cotton, farm supply and grain cooperatives required \$463 million in additional operating loans than in 2000. Most of this funding came from CoBank loans.

Account and member payables and pooled liabilities owed to member patrons increased 1 percent. This is interesting, given that inventory levels fell 6 percent. Usually, inventory levels reflect payments for those products. For example, as expected, farm supply cooperatives had lower accounts payable with lower inventory levels. On the other hand, cotton and grain cooperatives had higher levels of inventories but lower member payables. This would indicate cooperatives might be using operating loans to pay for unsold members' products. In fact, short-term debt was higher for both of these sectors.

Dairy cooperatives had a 16-percent increase in member payables due to a \$270 million jump in member and pool liabilities. It appears likely this would be the payment members will receive for the successful year dairy cooperatives had in 2001.

Long-term debt, less amounts currently due, increased \$593 million. However, most of this increase was concentrated within the diversified cooperative sector. Large, diversified cooperatives increased their use of commercial banks, as well as issuing their own notes.

The value of Top 100 agricultural cooperatives' minority interest in joint ventures was up 1 percent, to

\$900 million in 2001. Dairy cooperatives were the driving force due to some new joint-venture processing facilities. Most of the other sectors ended up with lower minority interest.

The amount of member equity for the largest 100 cooperatives ended 2001 virtually unchanged. However, there was some movement between unallocated and allocated equity. There were also substantial changes within each sector. Farm supply cooperatives, for instance, used unallocated equity to absorb some of the net losses during 2001. Conversely, diversified, grain and poultry & livestock cooperatives replenished their unallocated equity accounts while revolving member equity. This shifted their equity structure from allocated funding to unallocated funding. Dairy cooperatives provided the impetus for higher allocated equities among the overall Top 100.

Cotton

Current assets for cotton cooperatives jumped 50 percent to \$585 million in 2001 (appendix table 10) due to higher accounts receivable and other current assets along with inventory. Inventory jumped 37 percent to \$271 million. Accounts receivable jumped \$29 million to \$157 million while other receivables hit a whopping 304 percent to \$153 million. Cash, on the other hand, fell 86 percent to \$4 million.

Total investments fell 2 percent to \$54 million. However, investments in other cooperatives were up 7 percent. Higher loans from cooperative banks caused equity investment in them to increase 5 percent to \$23 million. Other investments--short-term investments and assets held for sale and investments in non-cooperative businesses--were down 9 percent to \$29 million.

Net plant property and equipment remained largely unchanged from 2000 at \$197 million for the largest cotton cooperatives. However, purchases of fixed assets of \$13 million in 2001 were down from \$27 million in 2000. Other assets jumped 70 percent to \$37 million because of higher long-term receivables.

Current liabilities jumped 77 percent to \$507 million. The largest increase occurred in short-term debt, which increased \$269 million to \$436 million in 2001. A majority of the funds were provided by cooperative banks, with the remainder coming from Government programs and commercial banks.

Accounts payable increased 26 percent to \$19 million. Member and pooling liabilities totaled \$29 million, dropping \$47 million from 2000. It appeared that

in 2000 cotton cooperatives were using member liabilities to help fund operations but reversed course and borrowed the funds to pay back the members in 2001.

Long-term debt increased 9 percent to \$89 million, 90 percent of it provided by cooperative banks. Overall, total liabilities jumped 61 percent.

Member equity fell 7 percent. Allocated equity in the form of equity certificates increased 1 percent to \$262 million. However, unallocated equity fell 73 percent to \$8 million.

Dairy

Current assets for dairy cooperatives increased 9 percent and ended 2001 at \$2.3 billion (appendix table 11). However, unlike cotton cooperatives, the largest increase was in their cash account, which jumped 117 percent to \$349 million. Accounts receivable, which makes up more than one-half of total current assets, actually decreased 4 percent to 1.2 billion. Inventory levels were up 6 percent to \$588 million.

Investments were up 21 percent to \$1.2 billion in 2001, largely because of joint ventures with non-cooperative businesses. Most were investments in processing facilities helping to add value to member's raw product.

Fixed assets increased 4 percent to \$1.2 billion. The average dairy cooperative purchased \$10 million worth of fixed assets in 2001. Total assets reached a record of \$4.8 billion in 2001, up 10 percent from 2000.

Total liabilities also reached record amounts in 2001. They jumped 12 percent to \$2.7 billion mostly due to current liabilities which jumped 14 percent to \$2 billion. More specifically, member liabilities were the main reason for the increase. They jumped 33 percent to \$1 billion. The remaining current liabilities declined 1 percent. It would appear that a lot of dairy cooperatives' investment was financed by liabilities owed to members.

Long-term debt increased 7 percent to \$599 million. Most of the increased debt was through self-financing and non-financial institutions.

Minority interest jumped 25 percent to \$378 million, illustrating the investments dairy cooperatives are making in joint venture processing businesses.

Much of the asset growth was financed through member liabilities. Equity financing played a minimal roll. Total equity grew at 3 percent in 2001 and ended the year with a total of \$1.7 billion. Although the overall growth was relatively small, patron's equity expanded significantly. Allocated equity certificates

and credits jumped 11 percent to \$1.3 billion. Unallocated capital dropped 19 percent to \$324 million.

Diversified

Diversified cooperatives had an interesting year in 2001. While overall assets, liabilities and equity remained steady, the composition of each account changed substantially (appendix table 12). Total assets were unchanged at \$10.7 billion. However, current assets fell 9 percent to \$4.8 billion.

The main causes of this decline were falling accounts receivable and inventory levels. Accounts receivable fell 12 percent to \$2.3 billion and inventory dropped 17 percent to \$1.7 billion. On the other hand, cash balances jumped 204 percent to \$245 million.

Investments increased 6 percent to \$1.5 billion, both within the cooperative and with outside non-cooperative businesses. Cooperative investment increased 4 percent to \$991 million and non-cooperative business investment jumped 13 percent to \$443 million.

The net value of fixed assets was up 4 percent to \$2.7 billion. While purchases of new property, plant and equipment were lower than in prior years, diversified cooperatives purchased fixed assets worth more than \$300 million.

Other assets were up 19 percent to \$1.7 billion, many of them intangible assets as well as goodwill. It will be interesting to see how this group of assets will be affected by some new accounting rulings.

Again, total liabilities remained steady but the categories of liabilities changed dramatically. Current liabilities were \$3.8 billion, down 15 percent. Short-term debt dropped 34 percent to \$1 billion while other current liabilities remained fairly constant from 2000.

Long-term debt was up 24 percent to \$3.1 billion, in part because diversified cooperatives transferred their debt from current to long-term. Most of the increase was from commercial banks and bonds issued by the cooperatives.

Minority interest declined for the diversified cooperatives, dropping 23 percent to \$180 million, due to some acquisitions from minority shareholders.

Total equity held by members fell 1 percent to \$2.8 billion. This was replaced by an increase of 11 percent in unallocated equity, which ended 2001 at \$310 million. Total equity was similar to 2000 at \$3.1 billion.

Fruit & vegetable

Total assets for the largest fruit & vegetable cooperatives fell 4 percent to \$4.1 billion in 2001 (appendix

table 13), the largest, \$72 million, being current assets. Inventory levels were down 3 percent to \$1.3 billion. Accounts receivable were up 1 percent to \$635 million.

Investments, although a small component for fruit & vegetable cooperatives, were down 12 percent to \$157 million in 2001. In 2001, total investments represented less than 4 percent of their total assets compared with a little more than 14 percent for all cooperatives in the top 100.

Fixed assets fell 5 percent to \$1.3 billion. The amount of plant, property and equipment purchased in 2001 was half of that purchased in 2000. It appears that fruit & vegetable cooperatives used their higher earnings to pay off debt levels rather than invest in fixed assets. Other assets also fell 3 percent to \$528 million, due mostly to amortization of goodwill.

Current liabilities are down thanks to lower working capital loans. Short-term debt was down 39 percent to \$335 million, the lowest amount since 1997. Accounts payable held steady at \$394 million. Amounts due members in the form of member-payable and pool liabilities were up 10 percent, totaling \$314 million. Total current liabilities fell 13 percent to \$1.3 billion.

Long-term debt remained constant at \$1.3 billion, although the sources of debt changed some. Fruit & vegetable cooperatives moved their debt from cooperative banks to notes issued by the cooperative and commercial banks. Fruit & vegetable cooperatives ended 2001 with total liabilities at \$2.9 billion.

Total equity was up 2 percent in 2001 to \$1.2 billion, much of it in the unallocated capital account. Unallocated equity was up 4 percent to \$253 million. Total equity directly owned by members was up 1 percent to \$942 million.

Farm supply

Total assets for farm supply cooperatives fell 7 percent to \$3.9 billion (appendix table 14), triggered by current assets, which dropped 17 percent to \$1.6 billion. Every category of current assets declined. The largest hit was the cash balance. Cash on hand fell 63 percent to \$68 million. Inventory was reduced by 14 percent and ended 2001 with an \$817 million inventory level.

Investments were up 2 percent to \$753 million, the majority in other cooperatives, which represent 79 percent of the total.

Fixed assets fell 4 percent to \$1.4 billion, with new purchases steadily declining since 1997. Other

assets were up 25 percent to \$246 million, mostly due to deferred taxes from a few of the larger farm supply cooperatives.

Total current liabilities fell 13 percent to \$1.2 billion despite a 23-percent jump in short-term debt. It reached \$486 million, the highest since before 1993. Accounts payable, member and pool liabilities and other liabilities were down 28 percent to \$678 million.

Long-term debt fell 6 percent to \$755 million, much of it caused by lower levels of cooperative bank borrowings and bonds issued by cooperatives. Other liabilities and deferred credit fell 12 percent to \$153 million. Despite the large increase in short-term debt, total liabilities owed by farm supply cooperatives fell 10 percent to \$2.1 billion.

Total equity for farm supply cooperatives was down 4 percent to \$1.9 billion. Losses suffered from some were absorbed by unallocated equity, which fell 14 percent to \$331 million.

Grain

Total assets were up 3 percent to \$2.3 billion (appendix table 15), led by current assets which jumped 16 percent to \$1.2 billion. Inventory and accounts receivable provided the bulk of the increase. Inventory levels increased too, jumping 20 percent to \$647 million. Accounts receivable was up \$58 million to \$407 million.

Investments in cooperatives were up 5 percent to \$221 million while non-cooperative investment fell 13 percent to \$56 million. These changes left total investments for grain cooperatives up 1 percent at \$278 million. Purchases of new property, plant and equipment were down from 2000, which helped fixed assets fall 7 percent to \$736 million.

Short-term debt was up 31 percent to \$437 million, pushing total liabilities higher in 2001. The majority of these working capital loans were provided by cooperative banks and accounted for 78 percent of short-term loans outstanding. Accounts payable were down 4 percent to \$204 million. Member-payable liabilities were down 25 percent to \$187 million while other liabilities were up 15 percent to \$133 million. The cumulative effect pushed current liabilities up 9 percent to \$961 million.

Long-term debt held constant at \$339 million. A drop in other liabilities and deferred credit of 22 percent to \$23 million pushed down total noncurrent liabilities 2 percent. Total liabilities were up 6 percent to \$1.3 billion, due mostly to the higher working capital loans.

Total equity was down 1 percent to \$918 million due to declining member capital accounts. Member equity fell 4 percent to \$679 million. On the other hand, unallocated equity was up 11 percent to \$240 million.

Poultry & livestock

Current assets for poultry & livestock cooperatives grew at 5 percent to \$520 million (appendix table 16). However, this increase is attributed to a reclassification of an investment to a current account. The total cash, accounts receivable, and inventory levels were down 9 percent to \$409 million. Total investments were down 26 percent to \$127 million.

Fixed assets fell 4 percent to \$254 million. However, new purchases of property, plant and equipment held steady from prior years. Overall, total assets fell 4 percent to \$1 billion.

Total liabilities fell 8 percent to \$727 million thanks to declining levels of working capital loans. Short-term debt fell 30 percent to \$196 million. The largest drop was with commercial banks, which fell 35 percent to \$98 million. Accounts payable were up 9 percent to \$102 million.

Long-term debt was up 10 percent to \$286 million. The majority came from bonds issued by the cooperatives, which jumped 83 percent to \$98 million. However, commercial banks still held 44 percent of total long-term debt followed by bond issues at 32 percent. Other liabilities and deferred credit fell 30 percent to \$56 million, which kept total non-current liabilities to almost no change.

Equity held by members fell 3 percent to \$214 million. However, unallocated equity was up 39 percent to \$99 million. After absorbing losses from the prior year, poultry & livestock cooperatives replenished the unallocated equity with net margins generated in 2001. Total equity held in the cooperatives was up 7 percent to \$313 million.

Rice

Asset values for rich cooperatives declined in nearly all asset categories (appendix table 17), led by current assets. They ended 2001 with \$243 million, a 7-percent decline. Cash balances, receivables and inventory levels were all down.

Similar to those in cotton, fruit & vegetable and sugar, rice cooperatives are not heavily invested in cooperatives or other outside businesses. Total investments represent only 7 percent of total assets. Despite

their minor importance, investments were down 4 percent to \$33 million mostly with non-cooperative investment.

Fixed assets were the only category to show an increase, up 3 percent to \$194 million. Total assets fell 3 percent to \$472 million, the lowest amount since 1995.

Liabilities also shrunk in 2001. Current liabilities fell 9 percent, with a decline in every major liability category. Short-term debt levels fell 7 percent to \$74 million. Accounts payable were down 8 percent to \$30 million. Member-payable and pool liabilities had a substantial decrease of \$6 million or 15 percent.

Long-term debt fell 6 percent to \$66 million. The result was a drop of 8 percent in total liabilities, ending the year with \$224 million.

Along with declining levels of debt, increased equity should help bolster the financial strength of rice cooperatives. Total equity was up 2 percent to \$248 million. Member-held equity was up 1 percent to \$165 million, levels not seen since 1993. Unallocated equity reached a record \$83 million, up 2 percent from 2000.

Sugar

Cash balances as well as inventory levels were drained, causing a 9-percent drop in current assets (appendix table 18). Cash balances were down 83 percent to \$13 million, while inventories were down 12 percent to \$259 million. Increased accounts receivable of 30 percent to \$186 million kept current assets from falling even further. Current assets ended 2001 at \$484 million.

Investments were up 2 percent to \$89 million, mostly due to a \$2 million increased equity position in a joint venture. Investments in fixed assets fell over the past few years. This, in turn, resulted in a lower value for net fixed assets. Plant, property and equipment were down 3 percent to \$855 million. Lower current and fixed assets pulled down the value of total assets 4 percent to \$1.7 billion.

The loan value of sugar under the Commodity Credit Corporation (CCC) loan program pushed down short-term debt. Loans under the CCC program fell 71 percent to \$40 million. Total short-term debt fell 34 percent to \$177 million.

Accounts payable and member pool liabilities jumped 28 percent, with pool liabilities increasing the most at 41 percent to \$100 million. Accounts payable was up 17 percent to \$104 million. Overall, current liabilities fell 12 percent to \$405 million.

Long-term debt fell 5 percent to \$488 million. Most were loans from banks. Loan amounts from cooperative and commercial banks fell 43 percent, with

substantial amounts of the decline coming from cooperative banks. However, bonds issued by the sugar cooperatives jumped 127 percent to \$164 million. Total liabilities fell 7 percent to \$969 million, the lowest level since 1997.

Total equity remained unchanged at \$511 million. However, the amount of equity held by members was up 6 percent to \$613 million. Unallocated equity, which is used to absorb losses, showed further deterioration, with a negative balance of \$101 million.

Performance measurements

Performance measurements, based on the average ratio calculated for the largest cooperatives, are presented in table 3. An average of these ratios is used to negate the effect of changes in a few of the largest cooperatives. When the 6 largest cooperatives generate 50 percent of total sales for the top100, any changes by them would weigh more heavily if total summed values were used in the calculations.

Liquidity remained fairly stagnant in 2001. The average current liquidity ratio moved from 1.37 to 1.38, while the average quick ratio remained unchanged at 0.75.

Leverage ratios provide a more long-term look at the capital and debt structure of a cooperative. The average long-term debt-to-equity ratio increased from 0.59 to 0.62 in 2001. The average total debt-to-asset ratio was 0.62, up from 0.61 in 2000.

The combined effect of stable liquidity and higher leverage ratios illustrates the change in the term structure of the cooperative debt. In other words, cooperatives appear to be shifting their debt loads from short term to long term. Funds generated from operations were higher in 2001 and were able to fund current operations, which cut the need for working capital loans.

However, some cooperatives changed their debt structure. Expansion of fixed assets slowed, yet long-term debt continued expanding. This could indicate that some cooperatives were having problems meeting their current obligations or that favorable interest rates made it advantageous for them to restructure their debt towards long-term financing.

Efficiency ratios look at how well a cooperative uses its assets in generating sales. Local asset turnover remained at 2.9. This means that each dollar of local assets generated nearly \$3 of sales. Activity ratios indicate that cooperatives slowed their investment in fixed assets. Several commodity groups were able to expand their market through investments in joint ventures. This was especially evident in the dairy sector.

While not an absolute indicator of fiscal health, profitability ratios provide a view of financial strength for a cooperative. Average gross profit margins inched upwards, from 14.9 in 2000 to 15.2 in 2001. However, net operating margins continued to fall, from 1.3 to 1.1. This would indicate either that cooperatives are not able to efficiently handle higher sales, or that they rely heavily on non-operating revenue to support operations.

Return on total assets continued to decline in 2001, falling from 3.6 to 3.4. This ratio focuses on the results of their operation regardless of how the cooperative is financed. This reflects lower efficiencies in the use of the cooperative's assets in generating net margins. The return on member equity ratio measures the return on member investment after all expenses have been deducted, including taxes and interest. This ratio continues to erode. In 1997 the average return was 14.3, but by 2001 it had fallen to 7.

The average cooperative in the Top 100 produced higher sales in 2001. However, generating these sales was not cost effective for many cooperatives. One exception was the dairy sector, which was able to turn

Table 3—Average ratios, 2000-01, Top 100 Cooperatives

	Current Ratio	Quick Ratio	Debt To Assets	Long-Term Debt To Equity	Times Interest Earned	Local Assets Turnover	Fixed Assets Turnover	Gross Profit Margin	Net Operating Margin	Return On Total Assets	Return On Members Equity
	-----Liquidity-----		-----ratio----- -----Leverage-----			-----times----- -----Efficiency-----		----Profitability---		-----percent----- -----Return-----	
1997	1.42	0.79	0.60	0.49	4.52	3.31	16.69	13.90	1.62	6.0	14.28
1998	1.38	0.77	0.60	0.51	5.16	3.00	14.99	14.45	1.50	5.4	13.40
1999	1.41	0.77	0.59	0.56	3.63	2.66	13.70	16.54	2.66	5.5	12.66
2000	1.37	0.75	0.61	0.59	3.56	2.90	14.47	14.91	1.28	3.6	8.38
2001	1.38	0.75	0.62	0.62	3.79	2.88	15.34	15.19	1.14	3.4	7.02

those higher sales into higher margins for members. Overall, higher total debt levels coupled with lower non-operating revenue, put pressure on the bottom line.

Cotton

Cotton cooperatives are facing tough times. Appendix table 19 lists the common ratios by cooperative type for a 2-year period beginning in 2000. Liquidity eroded as debt levels rose. Cotton cooperatives seem to rely more on debt to fund inventory and operations. If profitability continues to fall, they may find debt and interest payments eating into member returns. Plant efficiency and use of assets also declined. Lower sales and margins have hampered investments in new equipment. This is illustrated by declining return on assets and on members' equity.

Dairy

Dairy cooperatives fared well in 2001. While their liquidity dropped slightly, profitability gained substantially from 2000. They were able to handle the added debt as illustrated by their bump-up in times-interest-earned ratio. The added efficiency to their operations was mostly due to significant investments in value-added processing with non-cooperative ventures. Venture revenues bolstered the bottom line while minimizing expenses. Return on members' equity was one of the highest of all commodity groups.

Diversified

Diversified cooperatives showed mounting stress that cumulated in several publicized bankruptcies in 2002. Liquidity declined for several years, although 2001 seems to have stopped this trend. However, long-term debt ballooned in that time and some cooperatives had trouble covering interest payment in 2001. This cut into overall profitability. In some cases, diversified cooperatives overextended their operations. Selling off some outside interest and focusing on their core business may prove beneficial for most of their principal members.

Fruit & vegetable

Fruit & vegetable cooperatives fared well in 2001. Liquidity levels were up due to operations generating sufficient working capital. They relied less on loans to bridge that gap. This is also illustrated in their higher efficiency ratios. However, these cooperatives work on narrow margins and the gained efficiencies and liquidity did not carry over to profitability. Higher interest

expense from a few cooperatives with higher long-term debt caused the average return to members' equity to stagnate from 2000.

Farm supply

Despite losses from a few farm supply cooperatives, the average cooperative improved its financial position and increased efficiency. The average liquidity was up slightly, yet a few struggling cooperatives needed substantial increases in working capital loans to help fund current operations. The higher interest cost on these loans, coupled with operating losses, caused the times-interest-earned ratio to bottom out. Losses from these operations also put pressure on profitability and pulled down the average profitability ratios for all of the farm supply cooperatives.

Grain

The average grain cooperative showed a slight decline in its liquidity position, due mostly to higher working capital loans to help fund inventory and operations. Lower payments to members, in terms of cost of goods sold for grain products, helped increase the average revenue stream. The higher revenues bumped up operational efficiency and profitability of these cooperatives.

Poultry & livestock

Liquidity improved for poultry & livestock cooperatives. However, the transferring of short-term debt to long-term caused a shift in their capital structure. Higher sales coupled with lower payments to members for their products sold allowed the cooperatives to curb their demand for working capital loans. Higher sales helped improve the efficient use of the cooperatives assets. However, higher sales came at a price.

One cooperative caused substantial increases in expenses to generate its higher sales. This consumed any margins the higher sales generated and produced a loss for that cooperative. This net loss ended up affecting the average return on members' equity tremendously because the equity owned by members represents only 5 percent of its total equity. Excluding that cooperative, the average return on members' equity jumps to 14 percent.

Rice

The performance of rice cooperatives remained fairly steady despite lower sales. Liquidity improved slightly, mostly due to falling short-term debt and member payables. Interestingly, rice cooperatives were the only commodity group with a debt to asset ratio of

less than 50 percent. Lower cost of goods sold allowed the cooperatives to pay off a fairly large amount of their liabilities. It appears that the rice cooperatives are positioning themselves for the future.

Sugar

Sugar cooperatives are in a precarious situation. While their liquidity improved from 2000, they still rely tremendously on long-term debt. Interest expense consumes much of the net margins generated from operations. The sugar industry is capital intensive. This requires substantial amounts of long-term investment. Low margins have forced the cooperatives to rely on borrowed funds. This is illustrated by the fact that sugar cooperatives are the only commodity group that averages a long-term debt to equity ratio greater than 1. The Credit Commodity Corporation program for sugar helped bail out some of the cooperatives in 2001 while others continued to struggle.

Appendix

Appendix Table 1—Consolidated Statement of Operations, 2000-01, Cotton Cooperatives

	2001 \$ thousand	2000	Difference	Percent Change	2001 Common size statement percent of total revenue	2000
Revenues						
Marketing	2,154,113	2,514,716	(360,603)	-14.3	96.3	96.7
Farm Supply	50,333	60,650	(10,317)	-17.0	2.3	2.3
Total Sales	2,204,446	2,575,366	(370,920)	-14.4	98.6	99.0
Other Operating Revenues	32,065	26,567	5,498	20.7	1.4	1.0
Total Operating Revenues	2,236,511	2,601,933	(365,422)	-14.0	100.0	100.0
Cost of Goods Sold	2,124,001	2,445,751	(321,750)	-13.2	95.0	94.0
Gross Margin	112,510	156,182	(43,672)	-28.0	5.0	6.0
Expenses						
Operating Expenses	87,729	90,476	(2,747)	-3.0	3.9	3.5
Net Operating Margins	24,781	65,706	(40,925)	-62.3	1.1	2.5
Other Revenues (Expenses)						
Interest Expense	(24,544)	(16,299)	(8,245)	50.6	-1.1	-0.6
Interest Revenue	184	1,785	(1,601)	-89.7	0.0	0.1
Other Income	14,232	2,390	11,842	495.5	0.6	0.1
Other Expenses						
Patronage Revenue	507	3,419	(2,912)	-85.2	0.0	0.1
Net Margins from Operations	15,160	57,001	(41,841)	-73.4	0.7	2.2
Non-Operating Revenue (Expenses)	(6,200)		(6,200)	-0.3	0.0	
Net Margins	8,960	57,001	(48,041)	-84.3	0.4	2.2
Distribution of Net Margins						
Cash Patronage Dividends	14,066	26,325	(12,259)	-46.6	157.0	46.2
Retain Patronage Dividends	(12,679)	(5,860)	(6,819)	116.4	-141.5	-10.3
Nonqualified Noncash Patronage	447	602	(155)	-25.8	5.0	1.1
Dividends	15,988	22,380	(6,392)	-28.6	178.4	39.3
Unallocated Equity	(8,997)	13,224	(22,221)	-168.0	-100.4	23.2
Income Tax	135	330	(195)	-59.0	1.5	0.6
Total Distribution	8,960	57,001	(48,041)	-84.3	100.0	100.0

Appendix Table 2—Consolidated Statement of Operations, 2000-01, Dairy Cooperatives

	2001 \$ thousand	2000	Difference	Percent Change	2001 Common size statement percent of total revenue	2000
Revenues						
Marketing	19,701,355	16,960,685	2,740,670	16.2	99.0	99.1
Farm Supply	123,331	87,959	35,372	40.2	0.6	0.5
Total Sales	19,824,686	17,048,644	2,776,042	16.3	99.7	99.6
Other Operating Revenues	67,410	70,597	(3,187)	-4.5	0.3	0.4
Total Operating Revenues	19,892,096	17,119,241	2,772,855	16.2	100.0	100.0
Cost of Goods Sold	18,924,249	16,153,026	2,771,223	17.2	95.1	94.4
Gross Margin	967,847	966,215	1,632	0.2	4.9	5.7
Expenses						
Operating Expenses	791,300	793,004	(1,704)	-0.2	4.0	4.6
Net Operating Margins	176,547	173,211	3,336	1.9	0.9	1.0
Other Revenues (Expenses)						
Interest Expense	(56,826)	(53,309)	(3,517)	6.6	-0.3	-0.3
Interest Revenue	10,534	11,881	(1,347)	-11.3	0.1	0.1
Other Income	119,315	78,636	40,679	51.7	0.6	0.5
Other Expenses	(26,252)	(25,971)	(281)	1.1	-0.1	-0.2
Patronage Revenue	6,622	4,630	1,992	43.0	0.0	0.0
Net Margins from Operations	229,940	189,078	40,862	21.6	1.2	1.1
Non-Operating Revenue (Expenses)	10,661	12,624	(1,963)	-15.6	0.1	0.1
Net Margins	240,601	201,702	38,899	19.3	1.2	1.2
Distribution of Net Margins						
Cash Patronage Dividends	102,351	75,220	27,131	36.1	42.5	37.3
Retain Patronage Dividends	185,831	64,970	120,861	186.0	77.2	32.2
Nonqualified Noncash Patronage Dividends	920	941	(21)	-2.2	0.4	0.5
Unallocated Equity	(75,131)	39,856	(114,987)	-288.5	-31.2	19.8
Income Tax	26,630	20,715	5,915	28.6	11.1	10.3
Total Distribution	240,601	201,702	38,899	19.3	100.0	100.0

Appendix Table 3—Consolidated Statement of Operations, 2000-01, Diversified Cooperatives

	2001 \$ thousand	2000	Difference	Percent Change	2001 Common size statement percent of total revenue	2000
Revenues						
Marketing	17,308,686	17,145,116	163,570	1.0	63.1	60.5
Farm Supply	9,747,984	10,859,240	(1,111,256)	-10.2	35.6	38.3
Total Sales	27,056,670	28,004,356	(947,686)	-3.4	98.7	98.8
Other Operating Revenues	356,506	351,010	5,496	1.6	1.3	1.2
Total Operating Revenues	27,413,176	28,355,366	(942,190)	-3.3	100.0	100.0
Cost of Goods Sold	25,757,641	26,755,516	(997,875)	-3.7	94.0	94.4
Gross Margin	1,655,535	1,599,850	55,685	3.5	6.0	5.7
Expenses						
Operating Expenses	1,351,253	1,353,727	(2,474)	-0.2	4.9	4.8
Net Operating Margins	304,282	246,123	58,159	23.6	1.1	0.9
Other Revenues (Expenses)						
Interest Expense	(308,539)	(271,626)	(36,913)	13.6	-1.1	-1.0
Interest Revenue	28,296	25,426	2,870	11.3	0.1	0.1
Other Income	98,362	107,039	(8,677)	-8.1	0.4	0.4
Other Expenses	(15,813)	(35,566)	19,753	-55.5	-0.1	-0.1
Patronage Revenue	6,592	6,589	3	0.1	0.0	0.0
Net Margins from Operations	113,180	77,985	35,195	45.1	0.4	0.3
Non-Operating Revenue (Expenses)	(25,500)	52,772	(78,272)	-148.3	-0.1	0.2
Net Margins	87,680	130,757	(43,077)	-32.9	0.3	0.5
Distribution of Net Margins						
Cash Patronage Dividends	67,570	64,890	2,680	4.1	77.1	49.6
Retain Patronage Dividends	36,604	125,714	(89,110)	-70.9	41.8	96.1
Nonqualified Noncash Patronage Dividends	8,000	8,817	(817)	-9.3	9.1	6.7
Unallocated Equity	29,951	(46,460)	76,411	-164.5	34.2	-35.5
Income Tax	(54,445)	(22,204)	(32,241)	145.2	-62.1	-17.0
Total Distribution	87,680	130,757	(43,077)	-32.9	100.0	100.0

Appendix Table 4—Consolidated Statement of Operations, 2000-01, Fruit & Vegetable Cooperatives

	2001 \$ thousand	2000	Difference	Percent Change	2001 Common size statement percent of total revenue	2000
Revenues						
Marketing	6,575,672	6,367,115	208,557	3.3	98.5	98.4
Farm Supply	10,931	10,414	517	5.0	0.2	0.2
Total Sales	6,586,603	6,377,529	209,074	3.3	98.7	98.6
Other Operating Revenues	89,223	91,334	(2,111)	-2.3	1.3	1.4
Total Operating Revenues	6,675,826	6,468,863	206,963	3.2	100.0	100.0
Cost of Goods Sold	4,975,434	4,840,276	135,158	2.8	74.5	74.8
Gross Margin	1,700,392	1,628,587	71,805	4.4	25.5	25.2
Expenses						
Operating Expenses	1,433,821	1,433,802	19	0.0	21.5	22.2
Net Operating Margins	266,571	194,785	71,786	36.9	4.0	3.0
Other Revenues (Expenses)						
Interest Expense	(165,024)	(157,338)	(7,686)	4.9	-2.5	-2.4
Interest Revenue	326	412	(86)	-20.9	0.0	0.0
Other Income	7,676	18,394	(10,718)	-58.3	0.1	0.3
Other Expenses	(3,505)	(1,476)	(2,029)	137.5	-0.1	-0.0
Patronage Revenue	2,544	4,193	(1,649)	-39.3	0.0	0.1
Net Margins from Operations	108,588	58,970	49,618	84.1	1.6	0.9
Non-Operating Revenue (Expenses)	(2,415)	(28,840)	26,425	-91.6	-0.0	-0.5
Net Margins	106,173	30,130	76,043	252.4	1.6	0.5
Distribution of Net Margins						
Cash Patronage Dividends	2,997	5,868	(2,871)	-48.9	2.8	19.5
Retain Patronage Dividends	69,109	(18,733)	87,842	-468.9	65.1	-62.2
Nonqualified Noncash Patronage	15,327	18,103	(2,776)	-15.3	14.4	60.1
Dividends	8,404	7,691	713	9.3	7.9	25.5
Unallocated Equity	4,028	8,779	(4,751)	-54.1	3.8	29.1
Income Tax	6,308	8,422	(2,114)	-25.1	5.9	28.0
Total Distribution	106,173	30,130	76,043	252.4	100.0	100.0

Appendix Table 5—Consolidated Statement of Operations, 2000-01, Farm Supply Cooperatives

	2001 \$ thousand	2000	Difference	Percent Change	2001 Common size statement percent of total revenue	2000 Common size statement percent of total revenue
Revenues						
Marketing	506,953	482,361	24,592	5.1	6.7	6.9
Farm Supply	7,014,976	6,398,841	616,135	9.6	92.4	91.7
Total Sales	7,521,929	6,881,202	640,727	9.3	99.1	98.6
Other Operating Revenues	65,532	97,191	(31,659)	-32.6	0.9	1.4
Total Operating Revenues	7,587,461	6,978,393	609,068	8.7	100.0	100.0
Cost of Goods Sold	6,846,674	6,193,991	652,683	10.5	90.2	88.8
Gross Margin	740,787	784,402	(43,615)	-5.6	9.8	11.2
Expenses						
Operating Expenses	770,158	712,350	57,808	8.1	10.2	10.2
Net Operating Margins	(29,371)	72,052	(101,423)	-140.8	-0.4	1.0
Other Revenues (Expenses)						
Interest Expense	(107,776)	(101,327)	(6,449)	6.4	-1.4	-1.55
Interest Revenue	22,083	20,975	1,108	5.3	0.3	0.3
Other Income	26,972	22,035	4,937	22.4	0.4	0.3
Other Expenses	(22,452)	(20,373)	(2,079)	10.2	-0.3	-0.3
Patronage Revenue	10,669	4,956	5,713	115.3	0.14	0.07
Net Margins from Operations	(99,875)	(1,682)	(98,193)	5837.9	-1.32	-0.02
Non-Operating Revenue (Expenses)	18,189	2,113	16,076	760.8	0.24	0.03
Net Margins	(81,686)	431	(82,117)	-19052.7	-1.08	0.01
Distribution of Net Margins						
Cash Patronage Dividends	16,813	14,187	2,626	18.5	-20.6	3291.7
Retain Patronage Dividends	34,072	17,177	16,895	98.4	-41.7	3985.4
Nonqualified Noncash Patronage Dividends	5,164	6,932	(1,768)	-25.5	-6.3	1608.4
Unallocated Equity	(79,083)	(24,881)	(54,202)	217.8	96.8	-5772.9
Income Tax	(58,652)	(12,984)	(45,668)	351.7	71.8	-3012.5
Total Distribution	(81,686)	431	(82,117)	-19052.7	100.0	100.0

Appendix Table 6—Consolidated Statement of Operations, 2000-01, Grain Cooperatives

	2001 \$ thousand	2000	Difference	Percent Change	2001 Common size statement percent of total revenue	2000
Revenues						
Marketing	3,546,657	3,619,427	(72,770)	-2.0	69.1	70.6
Farm Supply	1,466,413	1,399,680	66,733	4.8	28.6	27.3
Total Sales	5,013,070	5,019,107	(6,037)	-0.1	97.7	97.9
Other Operating Revenues	117,325	105,148	12,177	11.6	2.3	2.1
Total Operating Revenues	5,130,395	5,124,255	6,140	0.1	100.0	100.0
Cost of Goods Sold	4,607,942	4,674,709	(66,767)	-1.4	89.8	91.2
Gross Margin	522,453	449,546	72,907	16.2	10.2	8.8
Expenses						
Operating Expenses	411,878	382,963	28,915	7.6	8.0	7.5
Net Operating Margins	110,575	66,583	43,992	66.1	2.2	1.3
Other Revenues (Expenses)						
Interest Expense	(36,423)	(44,310)	7,887	-17.8	-0.7	-0.9
Interest Revenue	10,264	10,342	(78)	-0.8	0.2	0.2
Other Income	10,552	29,262	(18,710)	-63.9	0.2	0.6
Other Expenses	(1,758)	(1,131)	(627)	55.4	-0.0	-0.0
Patronage Revenue	16,522	11,068	5,454	49.3	0.3	0.2
Net Margins from Operations	109,732	71,814	37,918	52.8	2.1	1.4
Non-Operating Revenue (Expenses)	(689)	(1,143)	454	-39.7	-0.0	-0.0
Net Margins	109,043	70,671	38,372	54.3	2.1	1.4
Distribution of Net Margins						
Cash Patronage Dividends	18,605	17,850	755	4.2	17.1	25.3
Retain Patronage Dividends	42,581	26,386	16,195	61.4	39.1	37.3
Nonqualified Noncash Patronage	338	316	22	7.0	0.3	0.5
Dividends	107	59	48	81.4	0.1	0.1
Unallocated Equity	37,016	15,788	21,228	134.5	34.0	22.3
Income Tax	10,396	10,272	124	1.2	9.5	14.5
Total Distribution	109,043	70,671	38,372	54.3	100.0	100.0

Appendix Table 7—Consolidated Statement of Operations, 2000-01, Poultry & Livestock Cooperatives

	2001 \$ thousand	2000	Difference	Percent Change	2001 Common size statement percent of total revenue	2000 Common size statement percent of total revenue
Revenues						
Marketing	2,508,721	2,182,592	326,129	14.9	99.6	99.8
Farm Supply						
Total Sales	2,508,721	2,182,592	326,129	14.9	99.6	99.8
Other Operating Revenues	9,207	4,425	4,782	108.1	0.4	0.2
Total Operating Revenues	2,517,928	2,187,017	330,911	15.1	100.0	100.0
Cost of Goods Sold	2,371,945	2,108,143	263,802	12.5	94.2	96.4
Gross Margin	145,983	78,874	67,109	85.1	5.8	3.6
Expenses						
Operating Expenses	118,412	98,047	20,365	20.8	4.7	4.5
Net Operating Margins	27,571	(19,173)	46,744	-243.8	1.1	-0.9
Other Revenues (Expenses)						
Interest Expense	(46,101)	(41,420)	(4,681)	11.3	-1.8	-1.9
Interest Revenue	19,313	20,253	(940)	-4.6	0.8	0.9
Other Income	44,338	(2,500)	46,838	-1873.5	1.8	-0.1
Other Expenses						
Patronage Revenue						
Net Margins from Operations	45,121	(42,840)	87,961	-205.3	1.8	-2.0
Non-Operating Revenue (Expenses)	(7,130)	(342)	(6,788)	1984.8	-0.3	-0.0
Net Margins	37,991	(43,182)	81,173	-188.0	1.5	-2.0
Distribution of Net Margins						
Cash Patronage Dividends	2,933	2,919	14	0.5	7.7	-6.8
Retain Patronage Dividends	566	563	3	0.5	1.5	-1.3
Nonqualified Noncash Patronage Dividends						
Unallocated Equity	21,222	(25,121)	46,343	-184.5	55.9	58.2
Income Tax	13,271	(21,543)	34,814	-161.6	34.9	49.9
Total Distribution	37,992	(43,182)	81,174	-188.0	100.0	100.0

Appendix Table 8—Consolidated Statement of Operations, 2000-01, Rice Cooperatives

	2001 \$ thousand	2000	Difference	Percent Change	2001 Common size statement percent of total revenue	2000
Revenues						
Marketing	1,035,663	1,071,322	(35,659)	-3.3	99.8	100.0
Farm Supply	2,624		2,624		0.2	
Total Sales	1,038,287	1,071,322	(33,035)	-3.1	100.0	100.0
Other Operating Revenues						
Total Operating Revenues	1,038,287	1,071,322	(33,035)	-3.1	100.0	100.0
Cost of Goods Sold	716,781	768,688	(51,907)	-6.8	69.0	71.7
Gross Margin	321,506	302,634	18,872	6.2	31.0	28.3
Expenses						
Operating Expenses	306,544	284,638	21,906	7.7	29.5	26.6
Net Operating Margins	14,962	17,996	(3,034)	-16.9	1.4	1.7
Other Revenues (Expenses)						
Interest Expense	(4,381)	(3,227)	(1,154)	35.8	-0.4	-0.3
Interest Revenue						
Other Income	116	2,590	(2,474)	-95.5	0.0	0.2
Other Expenses	(2,256)	(2,848)	592	-20.8	-0.2	-0.3
Patronage Revenue						
Net Margins from Operations	8,441	14,511	(6,070)	-41.8	0.8	1.4
Non-Operating Revenue (Expenses)						
Net Margins	8,441	14,511	(6,070)	-41.8	0.8	1.4
Distribution of Net Margins						
Cash Patronage Dividends	7,519	6,919	600	8.7	89.1	47.7
Retain Patronage Dividends	563	331	232	70.1	6.7	2.3
Nonqualified Noncash Patronage Dividends	446	459	(13)	-2.8	5.3	3.2
Unallocated Equity	827	5,624	(4,797)	-85.3	9.8	38.8
Income Tax	(914)	1,178	(2,092)	-177.6	-10.8	8.1
Total Distribution	8,441	14,511	(6,070)	-41.8	100.0	100.0

Appendix Table 9—Consolidated Statement of Operations, 2000-01, Sugar Cooperatives

	2001 \$ thousand	2000	Difference	Percent Change	2001 Common size statement percent of total revenue	2000
Revenues						
Marketing	1,653,945	1,549,901	104,044	6.7	97.8	96.7
Farm Supply	2,142	1,808	334	18.5	0.1	0.7
Total Sales	1,656,087	1,551,709	104,378	6.7	97.9	96.8
Other Operating Revenues	36,257	50,457	(14,200)	-28.1	2.1	3.2
Total Operating Revenues	1,692,344	1,602,166	90,178	5.6	100.0	100.0
Cost of Goods Sold	1,288,763	1,192,747	96,016	8.1	76.1	74.5
Gross Margin	403,581	409,419	(5,838)	-1.4	23.9	25.5
Expenses						
Operating Expenses	342,447	327,275	15,172	4.6	20.2	20.4
Net Operating Margins	61,134	82,144	(21,010)	-25.6	3.6	5.1
Other Revenues (Expenses)						
Interest Expense	(60,513)	(66,068)	5,555	-8.4	-3.6	-4.1
Interest Revenue	3,232	3,202	30	0.9	0.2	0.2
Other Income	1,590	2,442	(852)	-34.9	0.1	0.2
Other Expenses	(20,191)	(26,690)	6,499	-24.4	-1.2	-1.7
Patronage Revenue						
Net Margins from Operations	(14,748)	(4,970)	(9,778)	196.7	-0.9	-0.3
Non-Operating Revenue (Expenses)						
Net Margins	(14,748)	(4,970)	(9,778)	196.7	-0.9	-0.3
Distribution of Net Margins						
Cash Patronage Dividends	8,184	5,968	2,216	37.1	-55.5	-120.1
Retain Patronage Dividends	11,882		11,882		-80.6	
Nonqualified Noncash Patronage Dividends						
Unallocated Equity	(35,679)	(11,452)	(24,227)	211.6	241.9	230.4
Income Tax	865	514	351	68.3	-5.9	-10.3
Total Distribution	(14,748)	(4,970)	(9,778)	196.7	100.0	100.0

Appendix Table 10—Consolidated Balance Sheet, 2000-01, Cotton Cooperatives

	2001	2000	Difference	Percent Change
	----- \$ thousand -----			
Assets				
Cash	3,632	26,046	(22,414)	-86.1
Accounts Receivable	157,404	128,237	29,167	22.7
Inventory	270,654	197,590	73,064	37.0
Other Current Assets	153,169	37,889	115,280	304.3
Total Current Assets	584,859	389,762	195,097	50.1
Investment				
Bank of Cooperatives	23,123	22,028	1,095	5.0
Other Cooperatives	2,379	1,902	477	25.1
Other Investments	28,599	31,448	(2,849)	-9.1
Total Investments	54,101	55,378	(1,277)	-2.3
Net Property Plan & Equipment	196,764	197,613	(849)	-0.4
Other Assets	36,712	21,634	15,078	69.7
Total Assets	872,436	664,387	208,049	31.3
Liabilities				
Curren Liabilities				
Total Short-Term Debt	436,124	167,987	268,137	159.6
Accounts Payable	18,928	15,008	3,920	26.1
Member Payables	19,819	60,134	(40,315)	-67.0
Patron and Pool Liabilities	9,313	15,883	(6,570)	-41.4
Other Current Liabilities	22,725	27,351	(4,626)	-16.9
Total Current Liabilities	506,909	286,363	220,546	77.0
Long-Term Debt				
Less Current Portion	88,651	81,626	7,025	8.6
Other Liabilities and Deferred Credits	5,765	6,531	(766)	-11.7
Total Noncurrent Liabilities	94,416	88,157	6,259	7.1
Total Liabilities	601,325	374,520	226,805	60.6
Minority Interest				
				N/A
Member Equity				
Preferred Stock				N/A
Common Stock	13	13		0.0
Equity Certificates and Credits	262,695	259,119	3,576	1.4
Unallocated Capital	8,403	30,735	(22,332)	-72.7
Total Equity	271,111	289,867	(18,756)	-6.5
Total Liabilities and Equity	872,436	664,387	208,049	31.3

Appendix Table 11—Consolidated Balance Sheet, 2000-01, Dairy Cooperatives

	2001	2000	Difference	Percent Change
	----- \$ thousand -----			
Assets				
Cash	349,199	160,887	188,312	117.0
Accounts Receivable	1,199,101	1,251,127	(52,026)	-4.2
Inventory	588,178	557,034	31,144	5.6
Other Current Assets	176,291	161,432	14,859	9.2
Total Current Assets	2,312,769	2,130,480	182,289	8.6
Investment				
Bank of Cooperatives	25,660	25,166	494	2.0
Other Cooperatives	38,071	40,063	(1,992)	-5.0
Other Investments	1,172,243	968,642	203,601	21.0
Total Investments	1,235,974	1,033,871	202,103	19.5
Net Property Plan & Equipment	1,164,752	1,122,535	42,217	3.8
Other Assets	74,739	79,407	(4,668)	-5.9
Total Assets	4,788,234	4,366,293	421,941	9.7
Liabilities				
Current Liabilities				
Total Short-Term Debt	174,711	162,483	12,228	7.5
Accounts Payable	606,145	591,796	14,349	2.4
Member Payables	364,843	274,086	90,757	33.1
Patron and Pool Liabilities	667,741	502,893	164,848	32.8
Other Current Liabilities	185,602	219,976	(34,374)	-15.6
Total Current Liabilities	1,999,042	1,751,234	247,808	14.2
Long-Term Debt				
Less Current Portion	599,077	560,423	38,654	6.9
Other Liabilities and Deferred Credits	93,243	84,949	8,294	9.8
Total Noncurrent Liabilities	692,320	645,372	46,948	7.3
Total Liabilities	2,691,362	2,396,606	294,756	12.3
Minority Interest	377,962	302,628	75,334	24.9
Member Equity				
Preferred Stock	69,964	69,539	425	0.6
Common Stock	23	25	(2)	-8.0
Equity Certificates and Credits	1,324,927	1,195,577	129,350	10.8
Unallocated Capital	323,996	401,918	(77,922)	-19.4
Total Equity	1,718,910	1,667,059	51,851	3.1
Total Liabilities and Equity	4,788,234	4,366,293	421,941	9.7

Appendix Table 12—Consolidated Balance Sheet, 2000-01, Diversified Cooperatives

	2001	2000	Difference	Percent Change
	----- \$ thousand -----			
Assets				
Cash	244,846	80,652	164,194	203.6
Accounts Receivable	2,311,872	2,635,176	(323,304)	-12.3
Inventory	1,671,010	2,010,260	(339,250)	-16.9
Other Current Assets	564,572	551,514	13,058	2.4
Total Current Assets	4,792,300	5,277,602	(485,302)	-9.2
Investment				
Bank of Cooperatives	92,868	93,371	(503)	-0.5
Other Cooperatives	990,660	950,897	39,763	4.2
Other Investments	442,577	390,290	52,287	13.4
Total Investments	1,526,105	1,434,558	91,547	6.4
Net Property Plan & Equipment	2,661,743	2,556,378	105,365	4.1
Other Assets	1,698,125	1,425,238	272,887	19.1
Total Assets	10,678,273	10,693,776	(15,503)	-0.1
Liabilities				
Current Liabilities				
Total Short-Term Debt	1,025,872	1,543,209	(517,337)	-33.5
Accounts Payable	1,599,838	1,576,246	23,592	1.5
Member Payables	101,054	82,364	18,690	22.7
Patron and Pool Liabilities	147,621	168,714	(21,093)	-12.5
Other Current Liabilities	951,917	1,124,036	(172,119)	-15.3
Total Current Liabilities	3,826,302	4,494,569	(668,267)	-14.9
Long-Term Debt				
Less Current Portion	3,133,224	2,535,614	597,610	23.6
Other Liabilities and Deferred Credits	454,713	340,436	114,277	33.6
Total Noncurrent Liabilities	3,587,937	2,876,050	711,887	24.8
Total Liabilities	7,414,239	7,370,619	43,620	0.6
Minority Interest	179,892	232,618	(52,726)	-22.7
Member Equity				
Preferred Stock	138,529	140,669	(2,140)	-1.5
Common Stock	559,383	557,046	2,337	0.4
Equity Certificates and Credits	2,075,885	2,113,956	(38,071)	-1.8
Unallocated Capital	310,345	278,868	31,477	11.3
Total Equity	3,084,142	3,090,539	(6,397)	-0.2
Total Liabilities and Equity	10,678,273	10,693,776	(15,503)	-0.1

Appendix Table 13—Consolidated Balance Sheet, 2000-01, Fruit & Vegetable Cooperatives

	2001	2000	Difference	Percent Change
	----- \$ thousand -----			
Assets				
Cash	80,401	50,676	29,725	58.7
Accounts Receivable	634,619	626,072	8,547	1.4
Inventory	1,299,706	1,344,689	(44,983)	-3.3
Other Current Assets	147,424	212,603	(65,179)	-30.7
Total Current Assets	2,162,150	2,234,040	(71,890)	-3.2
Investment				
Bank of Cooperatives	55,284	59,886	(4,602)	-7.7
Other Cooperatives	7,834	18,272	(10,438)	-57.1
Other Investments	93,956	100,471	(6,515)	-6.5
Total Investments	157,074	178,629	(21,555)	-12.1
Net Property Plant & Equipment	1,252,209	1,315,614	(63,405)	-4.8
Other Assets	527,962	543,329	(15,367)	-2.8
Total Assets	4,099,395	4,271,612	(172,217)	-4.0
Liabilities				
Current Liabilities				
Total Short-Term Debt	335,487	545,289	(209,802)	-38.5
Accounts Payable	394,069	394,031	38	0.0
Member Payables	19,272	24,970	(5,698)	-22.8
Patron and Pool Liabilities	294,858	261,170	33,688	12.9
Other Current Liabilities	221,231	233,045	(11,814)	-5.1
Total Current Liabilities	1,264,917	1,458,505	(193,588)	-13.3
Long-Term Debt				
Less Current Portion	1,328,016	1,327,873	143	0.0
Other Liabilities and Deferred Credits	276,637	271,094	5,543	2.0
Total Noncurrent Liabilities	1,604,653	1,598,967	5,686	0.4
Total Liabilities	2,869,570	3,057,472	(187,902)	-6.1
Minority Interest	35,000	43,000	(8,000)	-18.6
Member Equity				
Preferred Stock	274,070	269,303	4,767	1.8
Common Stock	136,920	134,106	2,814	2.1
Equity Certificates and Credits	531,113	525,453	5,660	1.1
Unallocated Capital	252,722	242,278	10,444	4.3
Total Equity	1,194,825	1,171,140	23,685	2.0
Total Liabilities and Equity	4,099,395	4,271,612	(172,217)	-4.0

Appendix Table 14—Consolidated Balance Sheet, 2000-01, Farm Supply Cooperatives

	2001	2000	Difference	Percent Change
	----- \$ thousand -----			
Assets				
Cash	67,925	184,460	(116,535)	-63.2
Accounts Receivable	598,864	653,434	(54,570)	-8.4
Inventory	817,336	947,341	(130,005)	-13.7
Other Current Assets	79,520	87,015	(7,495)	-8.6
Total Current Assets	1,563,645	1,872,250	(308,605)	-16.5
Investment				
Bank of Cooperatives	59,998	66,669	(6,671)	-10.0
Other Cooperatives	596,567	580,703	15,864	2.7
Other Investments	96,311	90,189	6,122	6.8
Total Investments	752,876	737,561	15,315	2.1
Net Property Plant & Equipment	1,385,445	1,449,814	(64,369)	-4.4
Other Assets	245,984	196,770	49,214	25.0
Total Assets	3,947,950	4,256,395	(308,445)	-7.2
Liabilities				
Current Liabilities				
Total Short-Term Debt	485,821	393,390	92,431	23.5
Accounts Payable	526,132	570,703	(44,571)	-7.8
Member Payables	21,455	22,976	(1,521)	-6.6
Patron and Pool Liabilities	15,819	210,282	(194,463)	-92.5
Other Current Liabilities	114,520	136,201	(21,681)	-15.9
Total Current Liabilities	1,163,747	1,333,552	(169,805)	-12.7
Long-Term Debt				
Less Current Portion	754,930	802,945	(48,015)	-6.0
Other Liabilities and Deferred Credits	152,648	174,191	(21,543)	-12.4
Total Noncurrent Liabilities	907,578	977,136	(69,558)	-7.1
Total Liabilities	2,071,325	2,310,688	(239,363)	-10.4
Minority Interest	10,618	11,204	(586)	-5.2
Member Equity				
Preferred Stock	1,085,389	1,082,391	2,998	0.3
Common Stock	14,554	14,695	(141)	-1.0
Equity Certificates and Credits	434,756	453,633	(18,877)	-4.2
Unallocated Capital	331,308	383,784	(52,476)	-13.7
Total Equity	1,866,007	1,934,503	(68,496)	-3.5
Total Liabilities and Equity	3,947,950	4,256,395	(308,445)	-7.2

Appendix Table 15—Consolidated Balance Sheet, 2000-01, Grain Cooperatives

	2001	2000	Difference	Percent Change
	----- \$ thousand -----			
Assets				
Cash	72,439	73,625	(1,186)	-1.6
Accounts Receivable	407,497	349,792	57,705	16.5
Inventory	647,102	541,426	105,676	19.5
Other Current Assets	114,424	110,198	4,226	3.8
Total Current Assets	1,241,462	1,075,041	166,421	15.5
Investment				
Bank of Cooperatives	45,994	42,277	3,717	8.8
Other Cooperatives	175,364	168,616	6,748	4.0
Other Investments	56,316	64,343	(8,027)	-12.5
Total Investments	277,674	275,236	2,438	0.9
Net Property Plant & Equipment	736,077	792,860	(56,783)	-7.2
Other Assets	60,556	104,967	(44,411)	-42.3
Total Assets	2,315,769	2,248,104	67,665	3.0
Liabilities				
Current Liabilities				
Total Short-Term Debt	437,400	334,794	102,606	30.6
Accounts Payable	203,777	211,414	(7,637)	-3.6
Member Payables	23,267	20,846	2,421	11.6
Patron and Pool Liabilities	164,109	199,559	(35,450)	-17.8
Other Current Liabilities	132,698	115,645	17,053	14.7
Total Current Liabilities	961,251	882,258	78,993	9.0
Long-Term Debt				
Less Current Portion	338,911	338,426	485	0.1
Other Liabilities and Deferred Credits	23,332	29,922	(6,590)	-22.0
Total Noncurrent Liabilities	362,243	368,348	(6,105)	-1.7
Total Liabilities	1,323,494	1,250,606	72,888	5.8
Minority Interest	73,819	73,359	460	0.6
Member Equity				
Preferred Stock	77,222	78,972	(1,750)	-2.2
Common Stock	20,834	24,093	(3,259)	-13.5
Equity Certificates and Credits	580,517	605,038	(24,521)	-4.1
Unallocated Capital	239,883	216,036	23,847	11.0
Total Equity	918,456	924,139	(5,683)	-0.6
Total Liabilities and Equity	2,315,769	2,248,104	67,665	3.0

Appendix Table 16—Consolidated Balance Sheet, 2000-01, Poultry & Livestock Cooperatives

	2001	2000	Difference	Percent Change
	----- \$ thousand -----			
Assets				
Cash	25,425	27,720	(2,295)	-8.3
Accounts Receivable	204,816	230,894	(26,078)	-11.3
Inventory	178,339	192,578	(14,239)	-7.4
Other Current Assets	111,605	44,879	66,726	148.7
Total Current Assets	520,185	496,071	24,114	4.9
Investment				
Bank of Cooperatives	3,100	2,562	538	21.0
Other Cooperatives	2,383	722	1,661	230.1
Other Investments	121,662	167,988	(46,326)	-27.6
Total Investments	127,145	171,272	(44,127)	-25.8
Net Property Plant & Equipment	254,367	264,082	(9,715)	-3.7
Other Assets	139,267	154,436	(15,169)	-9.8
Total Assets	1,040,964	1,085,861	(44,897)	-4.1
Liabilities				
Current Liabilities				
Total Short-Term Debt	195,907	281,820	(85,913)	-30.5
Accounts Payable	102,965	94,205	8,760	9.3
Member Payables	556	560	(4)	-0.7
Patron and Pool Liabilities				N/A
Other Current Liabilities	83,777	74,092	9,685	13.1
Total Current Liabilities	383,205	450,677	(67,472)	-15.0
Long-Term Debt				
Less Current Portion	286,218	260,678	25,540	9.8
Other Liabilities and Deferred Credits	56,244	80,365	(24,121)	-30.0
Total Noncurrent Liabilities	342,462	341,043	1,419	0.4
Total Liabilities	725,667	791,720	(66,053)	-8.3
Minority Interest	2,080	1,390	690	49.6
Member Equity				
Preferred Stock				N/A
Common Stock	955	1,011	(56)	-5.5
Equity Certificates and Credits	213,002	220,549	(7,547)	-3.4
Unallocated Capital	99,260	71,191	28,069	39.4
Total Equity	313,217	292,751	20,466	7.0
Total Liabilities and Equity	1,040,964	1,085,861	(44,897)	-4.1

Appendix Table 17—Consolidated Balance Sheet, 2000-01, Rice Cooperatives

	2001	2000	Difference	Percent Change
	----- \$ thousand -----			
Assets				
Cash	23,602	26,607	(3,005)	-11.3
Accounts Receivable	78,877	89,331	(10,454)	-11.7
Inventory	134,239	142,699	(8,460)	-5.9
Other Current Assets	5,821	3,205	2,616	81.6
Total Current Assets	242,539	261,842	(19,303)	-7.4
Investment				
Bank of Cooperatives	15,339	15,503	(164)	-1.1
Other Cooperatives				N/A
Other Investments	17,164	18,325	(1,161)	-6.3
Total Investments	32,503	33,828	(1,325)	-3.9
Net Property Plant & Equipment	194,434	189,674	4,760	2.5
Other Assets	2,358	2,613	(255)	-9.8
Total Assets	471,834	487,957	(16,123)	-3.3
Liabilities				
Current Liabilities				
Total Short-Term Debt	73,846	79,466	(5,620)	-7.1
Accounts Payable	29,521	32,139	(2,618)	-8.1
Member Payables	1,418	1,452	(34)	-2.3
Patron and Pool Liabilities	34,921	41,313	(6,392)	-15.5
Other Current Liabilities	18,359	19,192	(833)	-4.3
Total Current Liabilities	158,065	173,562	(15,497)	-8.9
Long-Term Debt				
Less Current Portion	65,671	70,063	(4,392)	-6.3
Other Liabilities and Deferred Credits				N/A
Total Noncurrent Liabilities	65,671	70,063	(4,392)	-6.3
Total Liabilities	223,736	243,625	(19,889)	-8.2
Minority Interest				
				N/A
Member Equity				
Preferred Stock				N/A
Common Stock	8	8	0	0.0
Equity Certificates and Credits	164,928	162,888	2,040	1.3
Unallocated Capital	83,162	81,436	1,726	2.1
Total Equity	248,098	244,332	3,766	1.5
Total Liabilities and Equity	471,834	487,957	(16,123)	-3.3

Appendix Table 18—Consolidated Balance Sheet, 2000-01, Sugar Cooperatives

	2001	2000	Difference	Percent Change
	----- \$ thousand -----			
Assets				
Cash	12,891	73,789	(60,898)	-82.5
Accounts Receivable	185,906	142,690	43,216	30.3
Inventory	258,813	294,814	(36,001)	-12.2
Other Current Assets	26,556	18,399	8,157	44.3
Total Current Assets	484,166	529,692	(45,526)	-8.6
Investment				
Bank of Cooperatives	25,349	24,459	890	3.6
Other Cooperatives	9,607	10,776	(1,169)	-10.8
Other Investments	54,109	52,540	1,569	3.0
Total Investments	89,065	87,775	1,290	1.5
Net Property Plant & Equipment	854,788	881,430	(26,642)	-3.0
Other Assets	272,900	279,944	(7,044)	-2.5
Total Assets	1,700,919	1,778,841	(77,922)	-4.4
Liabilities				
Current Liabilities				
Total Short-Term Debt	176,657	266,896	(90,239)	-33.8
Accounts Payable	103,965	88,613	15,352	17.3
Member Payables				N/A
Patron and Pool Liabilities	99,812	70,593	29,219	41.4
Other Current Liabilities	24,887	35,134	(10,247)	-29.2
Total Current Liabilities	405,321	461,236	(55,915)	-12.1
Long-Term Debt				
Less Current Portion	488,465	512,384	(23,919)	-4.7
Other Liabilities and Deferred Credits	75,303	66,531	8,772	13.2
Total Noncurrent Liabilities	563,768	578,915	(15,147)	-2.6
Total Liabilities	969,089	1,040,151	(71,062)	-6.8
Minority Interest	220,624	227,305	(6,681)	-2.9
Member Equity				
Preferred Stock	149,388	149,777	(389)	-0.3
Common Stock	373	372	1	0.3
Equity Certificates and Credits	462,851	428,566	34,285	8.0
Unallocated Capital	(101,406)	(67,330)	(34,076)	50.6
Total Equity	511,206	511,385	(179)	0.0
Total Liabilities and Equity	1,700,919	1,778,841	(77,922)	-4.4

Appendix Table 19—Average ratios, 2000-01, Top 100 Cooperatives by commodity type

	Current Ratio	Quick Ratio	Debt To Assets	Long-Term Debt To Equity	Times Interest Earned	Local Assets Turnover	Fixed Assets Turnover	Gross Profit Margin	Net Operating Margin	Return On Total Assets	Return On Members Equity
	ratio				times		percent				
	Liquidity		Leverage		Efficiency		Profitability		Return		
Cotton											
2000	1.60	0.99	0.50	0.33	6.37	5.10	27.43	12.79	4.37	11.01	21.66
2001	1.29	0.68	0.62	0.36	3.27	2.78	22.31	9.83	0.15	3.53	8.03
Dairy											
2000	1.34	0.96	0.59	0.31	10.46	5.52	30.56	9.09	1.40	5.22	10.74
2001	1.32	0.94	0.60	0.35	12.39	5.80	32.15	8.31	1.45	5.81	15.21
Diversified											
2000	1.23	0.83	0.72	1.50	1.65	2.18	10.11	10.38	0.63	1.33	3.58
2001	1.22	0.84	0.73	1.70	1.35	2.18	9.68	10.57	(0.40)	(0.34)	(3.49)
Fruit & Vegetable											
2000	1.44	0.63	0.70	0.96	1.49	1.91	9.95	24.66	0.58	1.79	7.94
2001	1.57	0.69	0.69	0.98	1.73	2.04	11.58	25.60	1.07	2.10	7.93
Farm Supply											
2000	1.36	0.61	0.58	0.52	2.33	2.13	10.81	14.91	1.12	2.80	5.61
2001	1.37	0.63	0.57	0.50	1.78	2.30	11.42	14.76	0.32	2.53	6.11
Grain											
2000	1.25	0.61	0.59	0.45	2.05	2.36	8.49	12.62	1.18	3.43	9.15
2001	1.23	0.58	0.61	0.42	2.41	2.21	8.61	13.33	1.47	4.04	10.31
Poultry & Livestock											
2000	2.38	1.95	0.57	0.64	0.16	1.82	25.33	7.16	2.09	1.99	(1.28)
2001	2.42	2.00	0.57	1.42	0.37	2.75	40.69	9.94	2.88	2.17	(52.90)
Rice											
2000	1.68	0.77	0.50	0.34	6.13	2.29	5.63	29.38	2.10	5.06	10.70
2001	1.69	0.89	0.48	0.33	7.48	2.29	5.48	32.07	2.09	5.11	11.29
Sugar											
2000	1.17	0.54	0.67	1.12	1.05	0.86	1.63	25.84	0.52	0.43	(0.19)
2001	1.31	0.68	0.66	1.16	1.19	0.93	1.73	27.96	2.16	1.18	(1.61)

U.S. Department of Agriculture

Rural Business–Cooperative Service

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