



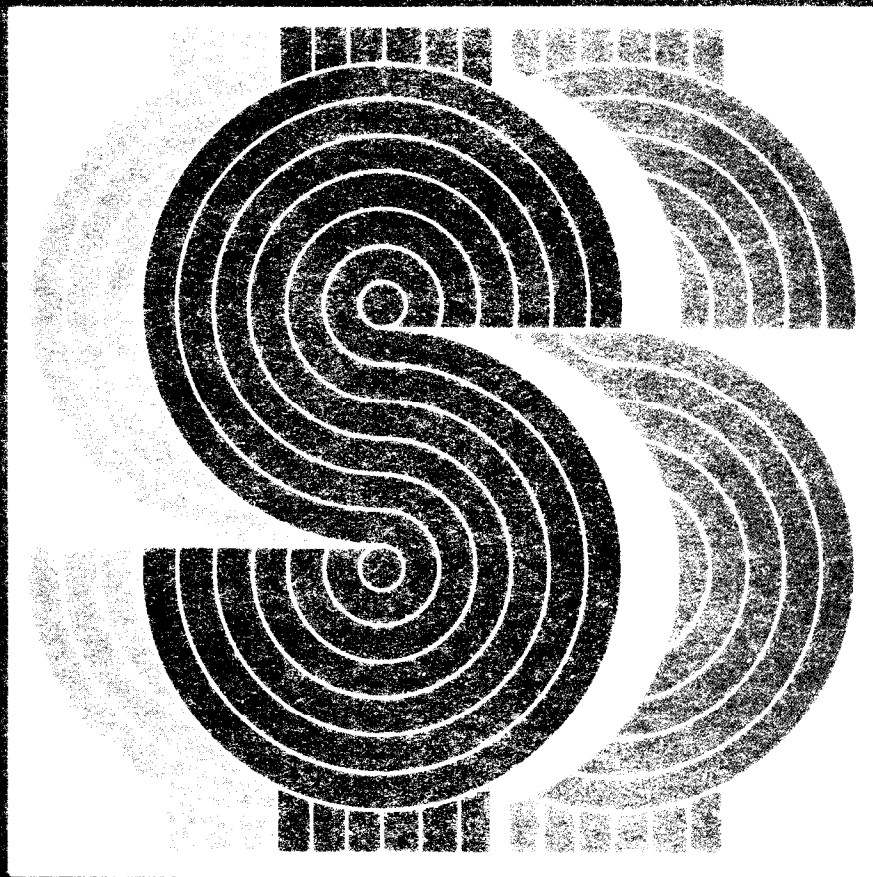
**United States
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**Agricultural
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Service**

**Cooperative
Information
Report 43**

Working with Financial Statements

Guide for Cooperative Members



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Working with Financial Statements

Guide for Cooperative Members

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This report is designed to help members understand and analyze their cooperative's financial statements. The financial statements contained in a cooperative's annual report are the members' chief source of financial information about their cooperative.

Grain and farm supply cooperatives are the two largest groups of agricultural cooperatives, and examples will concentrate on these groups. The discussion is at a basic level for members unfamiliar with financial statements.

WHAT'S IN AN ANNUAL REPORT?

Contents of annual reports vary among cooperatives, but annual reports contain, at least, a balance sheet and statement of operations. Lists of officers, directors, management staff, and employees are often included. Reports by the board president and general manager may be presented. Trends are sometimes used to give a longer view of a cooperative's history.

Financial statements of cooperatives are similar to statements of other businesses; however, because of the way cooperatives operate, some terms and the distribution of net income are different.

WHY ARE FINANCIAL STATEMENTS NEEDED?

During each business day, many transactions occur between a cooperative and its patrons, suppliers, employees, and customers. To understand and control the entire business operation, information must be brought together from all parts of the organization. Managers of individual operations or departments need information on physical units such as tons of fertilizer or number of auto batteries. However, to manage all operations, financial records are needed to control the total business.

Financially, the performance of a business is judged as a single unit. Banks look at the total business when lending. Suppliers want to know about the strength of the total business before granting credit. Managers and directors use financial information for the entire organization in making many decisions, including if purchases of new facilities are possible or when member equity can be redeemed.

Members and patrons also have an interest in understanding cooperative financial statements. Financial strength determines a cooperative's ability to control its future and provide services for its members and patrons. Services provided by a local cooperative can be an important part of members' operations. Members depend on financially strong organizations to serve their current and future needs.

Members build an equity investment in their cooperative. Usually cooperatives do not pay dividends on this investment but redeem the equity upon the board of directors' decisions. A financially secure cooperative is able to redeem equity regularly. A financially weak cooperative may delay equity redemption indefinitely.

Many people are interested
in the cooperative's financial statements

Financial Statement 1—BALANCE SHEET (Example)

ASSETS		
	Current 2001	Balance 2000
CURRENT ASSETS		
Cash	\$ 82,585	\$ 144,240
Accounts Receivable	915,000	970,000
Inventories	555,000	522,000
Total Current Assets	1,552,585	1,436,240
OTHER ASSETS		
Investments in Cooperatives	670,000	656,000
FIXED ASSETS		
Land, Buildings, and Equipment	1,804,565	1,381,910
Less Accumulated Depreciation	(823,150)	(522,500)
Net Fixed Assets	1,178,885	902,510
TOTAL ASSETS	\$3,279,250	\$2,895,750
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	\$ 211,125	\$ 129,000
Accrued Taxes	41,890	33,790
Accrued Expenses	87,000	81,000
Patronage Refunds Payable	30,000	62,000
Loan Payable	188,565	120,000
Total Current Liabilities	498,580	356,250
LONG-TERM LIABILITIES		
Mortgage Loan Payable — Long-Term Portion	779,250	834,500
MEMBERS' EQUITY		
Common Stock	178,500	188,000
Allocated Equity Credits	1,306,200	1,282,500
Retained Earnings	838,548	467,500
TOTAL EQUITY	2,015,008	1,906,000
TOTAL LIABILITIES AND EQUITY	\$3,278,250	\$2,895,750



Bankers, Directors, Members, Managers, Suppliers

WHAT DO FINANCIAL STATEMENTS REPRESENT?

Financial statements are developed from day-to-day transactions entered in a cooperative's accounting records. A transaction is an economic exchange between two parties. A purchase by a patron or an order placed with a supplier are examples.

Some transactions, such as construction of grain storage facilities, represent long-term decisions. When the job is complete, the building contractor is paid. However, the storage facility will be around for many years. The financial statements will reflect both the initial purchase and the use of the storage facility over time.

Sometimes, accounting adjustments are made when conditions change. Increasing the allowance for bad debts because of greater credit losses is an example of such an adjustment.

LIMITATION OF FINANCIAL STATEMENTS

Over time, conditions change and financial statements may not reflect current market values. For example, a cooperative's grain elevator may be built on land purchased a generation ago. The association's financial statements will continue to carry the land at the original purchase price. However, real estate values of the property may have changed drastically. Accounting records do not necessarily reflect the current value of the property. The financial statements are a record of transactions that have occurred. If a property's current value is needed, the financial statements give a starting point for analysis but do not attempt to give an up-to-date value. If a business is being sold, then values of the financial statements must be examined carefully to see how they relate to current values. An independent analysis may be needed for a current appraisal.

BALANCE SHEET

The balance sheet statement can be considered as two lists. One list includes all property owned, and the other includes all claims against the organization by suppliers, lenders, and owners. A balance sheet is prepared as of a particular day and is often compared with a snapshot of a business — a look at a business at a point in time. Each cooperative may choose the date for its business year to end. Often, a period of low activity when inventories and accounts are low will be chosen for the year ending.

Basic Equation

When accounting practices are followed, total assets equal total liabilities and members' equity. There is nothing magical about this. Each accounting transaction results in either an equal change in both sides of the balance sheet or a shift among accounts on either the asset or liability/equity side. The balance between assets and claims against the assets remains unchanged.

Balance Sheet Terms

Assets

The terms found on the balance sheet are discussed in the order they appear on a balance sheet. The term being defined will be underlined.

On financial statement 1, current asset accounts are the first asset accounts. Current assets are cash or are items expected to be converted into cash within 12 months. Cash includes checking accounts and funds in other accounts that are readily available.

Accounts receivable are amounts owed to the cooperative. In a supply cooperative, many of these accounts are due from the farmer patrons who owe for feed, fertilizer, and other

Financial Statement I-BALANCE SHEET (Example)

ASSETS		
	<u>Current year</u>	<u>Previous year</u>
CURRENT ASSETS		
Cash	\$ 62,585	\$144, 240
Accounts Receivable	915,000	870, 000
Inventories	<u>555,000</u>	<u>420,000</u>
Total Current Assets	1,532,585	1,434,240
OTHER ASSETS		
Investments in Cooperatives	570, 000	555. 000
FIXED ASSETS		
Land, Buildings, and Equipment	1,804,815	1,381,910
Less Accumulated Depreciation	<u>(629,150)</u>	<u>(475,400)</u>
Net Fixed Assets 1,175,665	906, 510
TOTAL ASSETS	<u>.\$3,278,250</u>	<u>\$2,895,750</u>

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES		
Accounts Payable	\$211, 125	\$ 129, 000
Accrued Taxes	39, 000	33, 750
Accrued Expenses	27, 000	21, 000
Patronage Refunds Payable	41, 250	52, 500
Loan Payable	<u>166,580</u>	<u>120,000</u>
Total Current Liabilities	484, 955	356, 250
LONG-TERM LIABILITIES		
Mortgage Loan Payable		
— Long-Term Portion	779,250	634, 500
MEMBERS' EQUITY		
Common Stock	172, 500	165, 000
Allocated Equity Credits . . .*	1,305,000	1,282,500
Retained Earnings	<u>536,545</u>	<u>457,500</u>
TOTAL EQUITY	2,014,045	1,905,000
TOTAL LIABILITIES AND EQUITY	<u>\$3 278 250</u>	<u>\$2,895,750</u>

supplies. In a grain marketing cooperative, for example, accounts receivable include accounts of grain customers who purchased grain, but have not yet paid.

For grain and supply cooperatives, inventories are the products available for sale. In manufacturing or processing organizations, inventories also include raw materials used in processing. Inventory amounts vary according to the time of year. For instance, farm supply inventories increase before the spring planting season, while grain inventories are usually large after harvest.

Investments in other cooperatives are investments one cooperative has in another. Cooperatives handling farm supplies form cooperatives to provide fertilizer, petroleum, and other supply products. Grain marketing cooperatives join together to process soybeans and jointly market grain.

The land, buildings, and equipment account includes land, all types of buildings, vehicles, and other equipment. Usually the original cost is listed with depreciation subtracted to arrive at a net land, buildings, and equipment total. Depreciation is a charge made against the original cost of buildings and equipment to reflect the use of an asset over time.

Liabilities

Liabilities are financial claims against an organization. Current liabilities are due within 12 months. Accounts payable to suppliers, payments due employees, loan payments, and amounts due members are included in current liabilities.

Long-term liabilities are amounts not due in the next 12 months. Mortgage loans on building and equipment are listed in this section.

The final section is members' equity accounts. Cooperatives use a variety of names for equity accounts. Common stock is used by many cooperatives. Often a member's first share of common stock signifies a member's right to vote. Common stock may be purchased or, as is often the case, earned through patronage refunds. Patronage refunds are

based on business done with a cooperative and are the most important way members acquire equity in cooperatives.*

Allocated equity credits include yearly additions of retained patronage refunds. Cooperative members are usually unable to demand their equity investment whenever they want. Cooperatives adopt procedures that determine when equity will be redeemed. The board of directors considers the financial condition and needs of the cooperative when they decide on the amount of equity that can be redeemed.

Retained earnings are not allocated to individual members, since they are usually from business done with nonmembers. Other terms, such as general reserves or unallocated capital reserve, are also used for equity not allocated.

STATEMENT OF OPERATIONS

The statement of operations reports the business results of the current year and often includes the previous year's results for comparison. At the bottom of the operating statement, the net income for the year's operation is shown (financial statement 2). After all expenses are deducted from total revenues, net income remains. Cooperatives sometimes use other terms, such as net savings and net margins; they have the same meaning as net income.

Net income is the focus of this statement. A high net income is a measure of success. A loss raises questions about the current year's performance. Continued losses may cause a cooperative to discontinue operations.

¹Some marketing cooperatives have agreements with their members to deduct part of their marketing proceeds and issue per-unit capital retains for the amount deducted.

Financial Statement 2—STATEMENT OF OPERATIONS (Example)

	Current Year	Previous Year
SUPPLY SALES \$ 6,000,000	\$5437,500
GRAIN SALES	<u>3,465,000</u>	<u>3,450,000</u>
TOTAL SALES	9,465,000	8,887,500
COST OF SUPPLY SALES	5137,500	4,593,750
COST OF GRAIN SALES	<u>3,206,250</u>	<u>3,191,250</u>
TOTAL COST OF SALES	8,343,750	7,785,000
GROSS MARGINS ON SUPPLY & GRAIN	1,121,250	1,102,500
OTHER OPERATING INCOME		
Grain Storage	90,000	157,500
Grinding, Mixing, & Drying	82,500	90,000
Fertilizer Services	127,500	108,750
Finance Charges	<u>101,254</u>	<u>97,504</u>
Total Other Operating Income	401,250	453,750
TOTAL GROSS MARGIN	1,522,500	1,556,250
OPERATING EXPENSES		
Labor	558,750	536,250
Depreciation	153,750	150,000
Insurance	105,000	86,250
Truck Operating Expenses	76,125	75,000
Utilities	47,105	55,110
Property Taxes	35,475	35,285
Reserve for Bad Debts	33,750	12,750
Interest	115,500	99,000
Other Operating Expenses	<u>119,254</u>	<u>133,504</u>
Total Operating Expenses	1,244,705	1,183,145
NET INCOME FROM OPERATIONS	277,795	373,105
OTHER INCOME		
Patronage Refunds Received	<u>9,375</u>	<u>3,750</u>
NET INCOME BEFORE INCOME TAXES	287,170	376,855
INCOME TAXES	<u>16,875</u>	<u>20,625</u>
NET INCOME AFTER TAXES	\$270,295	\$356,230

Distribution of Net Income

Patronage Refunds — Cash	\$41,250	\$52,500
— Equity Credits	150,000	210,000
Retained Earnings	79,045	<u>93,730</u>
Total Distribution of Net Income	\$270,295	\$356,230

Definition of Terms

The primary revenue sources are listed first on the operating statement. Sales is the amount received for products sold. In financial statement 2, grain sales and farm supply sales are shown separately. Sales are often shown on operating statements with no breakdown by product.

Cost of sales or cost of goods sold is the amount a cooperative pays for products it sells. For example, the amount a cooperative paid to its supplier for fertilizer is the cost of sales of the fertilizer.

Gross margins on sales represents the difference between sales and cost of sales. Farm supply gross margins are usually larger than grain gross margins, because farm supply products usually require more time and effort to store, handle, and sell and a larger margin is required to cover the costs.

Other operating income includes income not from selling products but from providing services. Grain storage, fertilizer services, and service charges are examples of other operating income.

Total gross margins combines margins from sales and service income. Expenses are listed next and represent the costs of goods and services used in the year's operations. Salaries, utilities, taxes, and fuel are examples. Most expenses are amounts spent by a cooperative to provide for needed products and services. Some expenses are not actual payments but represent accounting adjustments made to match the charge for an expense item to the year in which it was used.

Depreciation is usually the largest expense that was not paid in cash during the year. Depreciation is an accounting charge for the use of buildings and equipment during the year. For example, since a truck usually lasts more than a year, it is not fair to charge the entire cost of the truck to the year the truck was purchased. The cost is spread over the expected life of the truck, and each year the operating statement is charged with depreciation, a share of the cost of the truck.

Patronage refunds or patronage dividends received rep-

resents refunds from one cooperative to another. Cooperatives join together to form cooperatives in the same way farmers do. Net income of these cooperatives is often distributed back to its member cooperatives based on the business volume done with the cooperative. Cooperatives with other cooperatives as members are referred to as federated cooperatives. Federated cooperatives providing farm supplies include some of the largest cooperatives in the United States.

Net income earned on member business is usually allocated to members in a combination of cash and **noncash** equity allocations. The board of directors, subject to the bylaws and other agreements, decide on the distribution of net income. Based on the year's results, directors decide on patronage refunds rates and the proportion of patronage refund to be paid in cash and **noncash** equity allocations. When a cooperative has a loss, directors are faced with a different set of decisions. They decide how the loss will be allocated and if other decisions are required.

Distribution of Net Income

Distribution of net income is not a part of the operating statement, and not all annual reports present a separate listing of the distribution of net income. However, including the distribution of net income at the bottom of the operating statement is a clear way to show what happens to the income the cooperative has earned.

The board of directors makes decisions on how net income will be distributed. In making these decisions, board members consider the plans of the cooperative, agreements with lenders, and interests of current and past patrons.

STATEMENT OF CASH FLOWS

Not all cooperatives include a statement of cash flows in their annual report. However, this statement is gaining wider use. This is a very basic statement that shows a cooperative's ability to meet its immediate obligations to lenders, suppliers, and members. This is especially important for lenders watching the cooperatives' ability to repay their loans, and also for cooperative personnel responsible for maintaining cooperatives' ability to finance all their activities.

Only cash payments or receipts are included. For example, only cash and checks received in payment for supplies would be included, and credit sales not yet received would be excluded.

The cash flow statement divides all cash payments and receipts into three activities — operating, investing, and financing activities.

Operating activities include business activities involved in providing goods and services. Sales of grain and supplies

Financial Statement S-STATEMENT OF CASH FLOWS (Example)

Cash Flow From Operating Activities	
Cash Received from Customers	\$ 9,850,000
Cash paid to Suppliers and Employees	(9,250,000)
Cash Paid in Interest and Taxes	<u>(175,000)</u>
Net Cash from Operating Activities	425,000
Cash Flow From Investing Activities	
Purchase of Equipment	<u>(475,000)</u>
Net Cash from Investing Activities	(475,000)
Cash Flow From Financing Activities	
Net Increase in Loans Payable to Banks	<u>180,000</u>
Net Cash from Financing Activities	180,000
Net Increase (Decrease) in Cash	\$ 130,000

are examples that bring in cash through operating activities, and payments to suppliers and for salaries are examples that send out cash.

Acquiring new production facilities and investment in another cooperative are examples of investing activities that use cash. Sale of land or redeeming investments in another firm are investing activities that generate cash. Financing activities obtain or return financial resources from members or others. Obtaining or repaying a bank loan is an example.

Financial statement 3 gives a simplified example of how information is shown on a statement of cash flows. In this example, the cooperative generates \$425,000 from operations, purchases \$475,000 worth of new equipment, and obtains an additional \$180,000 bank loan. This statement brings all these activities together on the same statement.

A cooperative's statement of cash flows includes activities for an entire year, so more items would be included than are shown in the example.

FINANCIAL ANALYSIS

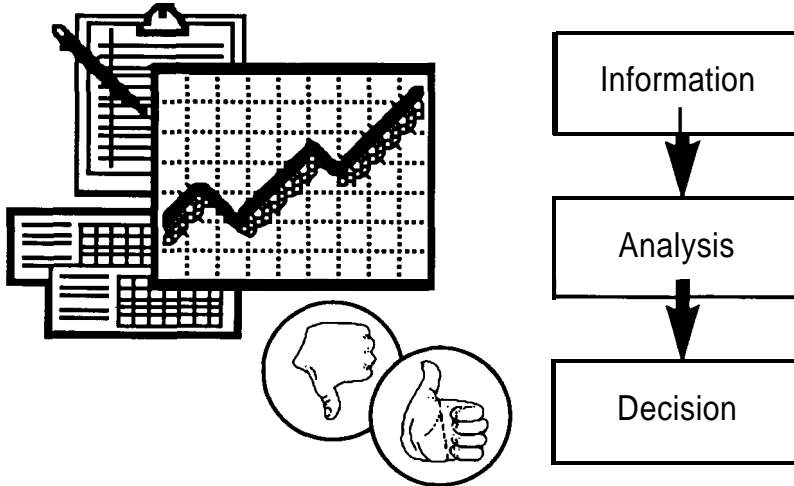
The next step after dealing with accounting definitions is putting the accounting information to work. When the dollar values of the financial statements are put into a logical framework, the information can be used to help make decisions.

Comparative Financial Statements

Most cooperative annual reports include financial statements for the past 2 years. A comparison of changes between the 2 years is a good analytical tool. What changes have occurred between the 2 years? What factors outside the cooperative and what factors from within the organization can help explain these changes?

The statement of operations is a good place to start year-to-year comparisons. Comparing sales between the 2 years will show how the size of business operations has changed.

Financial Decision Process



Changes between years need to be judged in light of market conditions, prices, and even weather conditions in the cooperative's trade area. Conditions that affect members' operations may also affect cooperatives' operations.

Changes in the individual line items for income or expenses may reflect changes in operations, such as a change in store locations. Information members have about their local area and cooperative can be matched with the changes found in the financial statements. Decreases in grain prices may show up in lower cooperative grain sales. A new location serving an expanded trade area may account for higher farm supply sales. Changes in balance sheet accounts show how the mix of assets used by a cooperative has changed and how these assets are being financed.

Simple explanations may not be easily found for many

changes, and a member should feel free to ask questions of the manager, directors, or other sources directly involved in a cooperative's operations.

Two years' information is not long enough to identify trends affecting a cooperative. A longer period is needed to show if positive or negative trends are occurring. Reports of the board president and manager at the annual meeting deal with the cooperative's experience in the past year and explain the cooperative's leaders' view of the forces and trends that are influencing the cooperative's performance. Understanding financial statements makes these management reports more useful. In addition to reports, annual meetings give an opportunity for questions and discussion.

Not all annual reports include written reports of the board president and manager. This is an area where some cooperatives could improve their reporting to members.

Financial Ratios

In this section, assets, net income, and members' equity are used to calculate financial measures for evaluating cooperative performance. The financial measures used in this discussion apply best to cooperatives that buy or sell at market prices with their member/patrons. Net income for these cooperatives is the amount earned by a cooperative after market prices have been paid.

Marketing cooperatives, except grain cooperatives, often operate on a market pool basis. Patrons of these cooperatives are not paid a market price at delivery but receive cash advances during the year, followed by a final pool payment. The total of these payments represents both the value of products delivered and value added by the cooperatives' operations. Cooperatives operating market pools should be judged on how their marketing pools are structured. Financial ratios using net income may not apply. Since most grain and farm supply cooperatives do not operate on a pooling basis, net

income for these cooperative is probably the best available measure of financial performance.

Many different ratios can be used in financial analysis. A ratio looks at only a part of a business operation, and no single ratio can measure an organization's total performance.

Only three ratios are discussed here. For each ratio, summarized values of small- to medium-sized grain and farm supply cooperatives are shown **in graph form. (Information for graphs is based on a sample of 3,373 grain and farm supply cooperatives with sales under \$15 million.)**

Equity/Asset Ratio

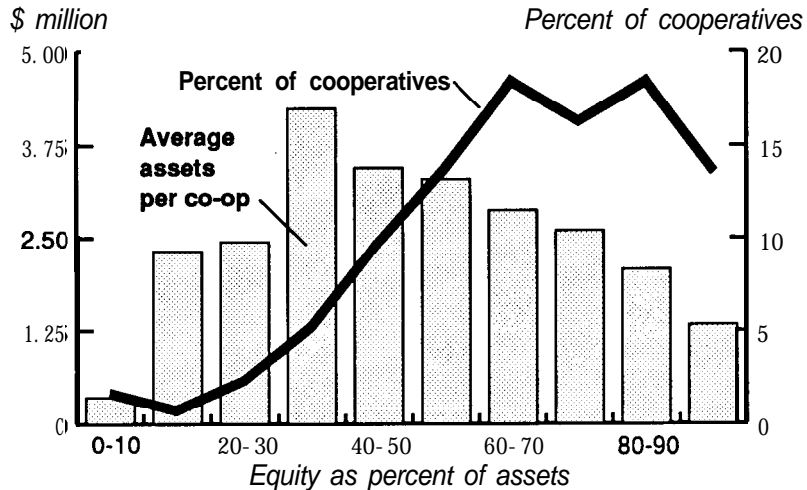
Some method is needed to provide for all the assets a cooperative needs in order to operate. Providing for or financing of assets occurs in several different ways. Accounts payable provide an important source of financing on a short-term basis. However, the majority of financing must come from either members' equity or loans from banks or other sources.

The equity-to-asset ratio shows the proportion of a cooperative's assets financed by members' equity. The ratio is total equity divided by total assets. On the sample balance sheet (financial statement 1), total assets are \$3,278,250 for the current year, and total equity is \$2,014,045. Therefore, this cooperative's equity/asset ratio is 61.4 percent.

Cooperatives vary widely **in the proportion of financing provided by members' equity. In figure 1**, the line represents the relative number of cooperatives within each equity-to-asset range, and the bars represent the average assets per cooperative for cooperatives within a range.

Few cooperatives had less than 30 percent equity, and most cooperatives had equity asset ratios above 50 percent. However, the 30-to-40 percent equity-to-asset level had the largest cooperatives. The smallest cooperatives were those with the lowest and the highest equity-to-asset ratios. **The cooperatives that had grown were those that had used considerable borrowed funds.**

Figure 1—Distribution of Cooperatives and Average Assets by Equity Asset Ratio¹



¹ Based on grain and farm supply cooperatives with sales of less than \$15 million, fiscal year 1987.

Cooperatives with low levels of equity might not have the reserves to weather difficult times. Low levels of equity are caused by operating losses, low initial equity investment, or financial plans not designed to build equity. The continuing existence of these cooperatives may depend on favorable interest and continued successful operations.

Cooperatives with high levels of equity have the benefit of low or no interest expense; however, in building their high equity base, they may have delayed expansion or placed heavy burdens on their members for financing and may not develop their potential.

A cooperative's level of equity is determined by net income over time, equity investments, and decisions on growth and distribution of income. Cooperatives decide what to do with the income earned; they can pay out larger amounts to members in cash or build up equity by retaining it

in the cooperative. Active member participation and support play a necessary role in these decisions.

Return on assets

The return-on-assets ratio considers the financial return to both debt and equity. Interest paid is added to net income to measure total return to assets. How a cooperative is financed is not considered. The question answered is “How much total income has the cooperative earned with the assets employed by it?”

Figure 2 shows the total returns, net income and interest payments, earned by small- to medium-sized grain and farm supply cooperatives within each return-on-assets range. Management of each cooperative tries to have as high a return as possible. Figure 2 demonstrates how this group of cooperatives performed. Only a small proportion of cooperatives had either negative returns or very high returns on assets. Changes in market conditions and cooperative performance cause return on assets to change from year to year.

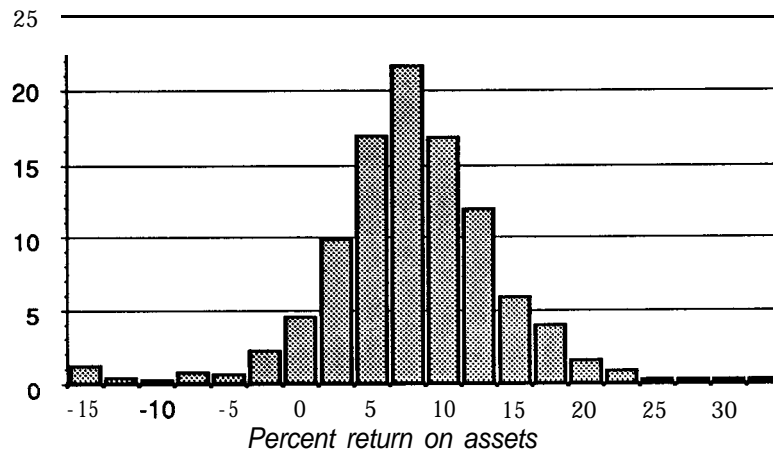
From financial statement 2, the total of interest paid and net income before taxes for the current year equals \$402,670. This total divided by total assets from the balance sheet equals a **12.3-percent** return on assets.

By comparing year-to-year changes, members can follow how effectively their cooperative is utilizing its assets. The returns **shown** on figure 2 can be used for comparison.

Return on Assets = (Net Income + Interest) ÷ Assets

**Figure 2—Distribution of Cooperatives
by Return-on-Assets Levels¹**

Percent of cooperatives



¹ Based on grain and farm supply cooperatives with sales of less than \$15 million, fiscal year 1987.

Return on Equity

The return-on-equity ratio weighs yearly earnings against total equity and takes a slightly different view of performance than the return-on-assets ratio. This measure considers not only the earnings from operations but also how operations were financed.

$$\text{Return on Equity} = \text{Net Income} \div \text{Equity}$$

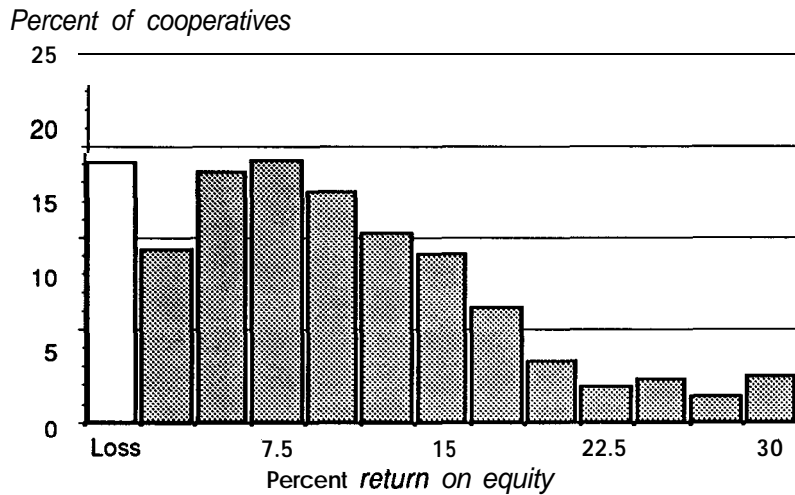
The level of net income and equity are both elements in determining the return on equity. If a cooperative has a large proportion of its assets financed by member equity, the return on equity and on assets will be relatively close. However, when a cooperative is using a high degree of borrowed funds, the return on equity can vary greatly depending on how the interest rate paid compares to the return on assets.

Each cooperative must decide through its management and board of directors what level of borrowed funds it is comfortable with and how this risk fits its objectives.

Members can calculate the return on equity for their cooperative for each year and along with reports from management can evaluate the current effectiveness of their cooperative.

Using information from sample financial statements 1 and 2, current year's net income before taxes equals \$287,170.

Figure 3—Distribution of Cooperatives by Return-on-Equity Levels¹



¹ Based on grain and farm supply cooperatives with sales of less than \$15 million, fiscal year 1987.

This net income divided by total equity equals a 14.3 percent return on equity. On figure 3, the distribution of net income is shown within each return-on-equity range.

CONCLUSION

The financial health and performance of cooperatives can have a major impact on the financial conditions and operations of cooperative patrons. Financial statements are cooperatives' report to their lenders, suppliers, and members.

Member understanding of these statements is critical to the long-term performance and potential of cooperatives. It is the responsibility of cooperative members, as patrons and owners, to have accurate knowledge of their cooperative's condition and where it is going. The continued presence and performance of cooperatives is not assured but depends on the support of cooperative members. Understanding the financial condition and performance of cooperatives is an important element in developing cooperative support.

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

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

ACS publishes research and educational materials and issues *Farmer Cooperatives* magazine. All programs and activities are conducted on a nondiscriminatory basis, without regard to race, creed, color, sex, age, marital status, handicap, or national origin.