



United States Department of Agriculture
Rural Development

July 23, 2013

ID=9000, Ed=J, Form=D

Mr. John S. Curtis, General Manager
Farmers' Cooperative
123 Main Street
Stuart, IA 50250

Dear Mr. Curtis:

We hope the enclosed letter report will be useful to Farmers' Cooperative; the information in this report is from our annual survey. Thank you for responding to our annual survey.

Table 1 presents a balance sheet comparing your cooperative with similar mixed farm supply cooperatives with sales from \$20 million to \$30 million. Table 2 has an income statement with averages for similar cooperatives and your cooperative. Table 3 shows common financial ratios for comparison cooperatives.

If you have any questions or comments on this information, feel free to either phone (202) 690.1415 or E-mail me, eldon.eversull@wdc.usda.gov. For additional cooperative information and reports listed by subject, please visit our web site, www.rurdev.usda.gov/rbs/pub/newpub.htm.

Information from Farmers' Cooperative is held in the strictest of confidence. We hope you will complete and return the questionnaire that will soon be sent to you after your fiscal year ends for your business year ending in 2012 and include an annual report with detailed operating expenses so that we can provide performance data to you next year.

Sincerely,

A handwritten signature in blue ink that reads "E. Eldon Eversull".

E. Eldon Eversull

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eldon.eversull@wdc.usda.gov

phone: 202.690.1415

Rural Development, Stop 3256, 1400 Independence Avenue, SW, Washington, DC 20250-0700
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Table 1—Common size balance sheet for Farmers' Cooperative

	<u>Your cooperative</u>	<u>Similar cooperatives</u>
Current Assets	54.86	55.29
Other Assets	.07	6.48
Investments	29.80	12.86
PP&E (net)	<u>15.26</u>	<u>25.37</u>
Total Assets	100.00	100.00
Current Liabilities	<u>27.13</u>	<u>35.33</u>
Total Liabilities	28.36	46.22
Allocated Equity	66.45	37.25
Retained Earnings	<u>5.19</u>	<u>16.54</u>
Total Equity	<u>71.64</u>	<u>53.78</u>
Total Equity and Liabilities	100.00	100.00

All items are a percentage of total assets, values for similar cooperatives are an average that excludes your cooperative, data is for 2011.

Table 2—Common size income statement for Farmers' Cooperative

	<u>Your cooperative</u>	<u>Similar cooperatives</u>
Total Sales	100.00	100.00
Cost of Goods Sold	<u>88.39</u>	<u>87.57</u>
Gross Margin	11.61	12.43
Service and Other Income	<u>1.88</u>	<u>4.15</u>
Gross Revenue	13.49	16.59
Expenses		
Wages	4.86	7.77
Depreciation	1.03	1.62
Interest	.00	.66
Other	<u>5.97</u>	<u>5.70</u>
Total Expenses	11.87	15.74
Net Operating Margins	1.62	.84
Patronage Income	.81	1.90
Nonoperating Income	<u>.11</u>	<u>.79</u>
Net Income Before Taxes	2.54	3.53
Taxes	<u>.10</u>	<u>.23</u>
Net Income	2.45	3.30

All items are a percentage of total sales or service if your cooperative is a service cooperative. Values for similar cooperatives are an average that excludes your cooperative, 2011 data.

Table 3—Ratio analysis for Farmers' Cooperative

Ratio	Your cooperative	Similar cooperatives
Current	2.02	1.56
Debt to Asset	.28	.46
Debt to Equity	.40	.86
Times Interest Earned		6.37
Total Asset Turnover	2.21	1.96
Fixed Asset Turnover	14.46	7.74
Gross Profit Margin	11.61	12.43
Return on Assets	5.61	8.21
Return on Equity	8.12	17.40

Values for similar cooperatives are an average that excludes your cooperative, 2011 data.

Some ratios were considered outliers so are blank in the above table. If information for **Your cooperative** is blank, we did not receive a usable response from your cooperative in 2011. The enclosed information is for your use, some information has been estimated for missing data items.

The ratios are as follows:

Current = current assets / current liabilities.

Debt to asset = debt / total assets (Please note: debt = all liabilities).

Debt to equity = (debt / total assets) / (equity / total assets).

Times interest earned = (NIBT + interest expense) / interest expense.

Total asset turnover = total sales / total assets.

Fixed asset turnover = total sales / PP&E.

Gross profit margin = gross margin.

Return on assets before interest and taxes = (NIBT + interest expense) / total assets.

Return on member equity = net income / allocated equity.

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