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Financial Profile of Dairy Cooperatives, 2012



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ABSTRACT

This study profiles the financial status and performance for U.S. dairy cooperatives in 2012. Consolidated financial statements for 89 dairy cooperatives are presented. Dairy cooperatives were categorized into groups based on their primary function and according to size (volume of milk handled). Balance sheets and operating statements were presented on a

per-hundredweight (cwt) of milk basis by operating type and by size category. Dairy cooperatives employed \$10.90 per cwt in assets to market member milk. Net margins before tax were 19 cents per cwt of total milk handled, which represented an 8.4-percent return on member equity.

Key Words: Cooperatives, financial statements, financial structure, milk, dairy.

Financial Profile of Dairy Cooperatives, 2012

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PREFACE

Information for this report resulted from a 2013 survey of all U.S. dairy cooperatives that gathered financial and marketing data for cooperatives' fiscal years ending in calendar 2012. Of the 132 dairy cooperatives operating in 2012, 89 provided sufficient financial information that could be used in this study. However, those cooperatives represent 80.1 percent of the net milk volume handled by all dairy cooperatives and an estimated 93 percent of the assets employed by all cooperatives that handle milk from dairy cows.

Some cooperatives reported the value of the milk they bargained for as sales in the income statements, while others did not. For this latter group, an estimated value of the milk that was bargained for was included in the milk and dairy products sales in order for the cooperative sales figures to be consistent. The estimated value is offset by adding an equal amount as cost of goods sold and, therefore, does not affect the total net savings reported. Milk and

dairy product sales may also include some inter-cooperative transactions, but they are also netted out to arrive at the total net savings of dairy cooperatives as a group.

This report presents consolidated balance sheets and operating statements for U.S. dairy cooperatives. Dairy cooperatives vary in size and functions performed in marketing members' milk. Thus, financial profiles according to functional type and size (based on net volume of milk handled) are also presented.

The consolidated financial statements are expressed on a per-cwt-of-milk basis. This makes it easier for an individual dairy cooperative to compare its financial structure with the profiled cooperatives and to facilitate comparisons between cooperatives of different size and scope. Relationships between various items in the balance sheet and operating statement are also used to analyze comparative dairy cooperative performance.

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HIGHLIGHTS

More than 80 percent of the milk handled by U.S. dairy cooperatives was accounted for by the 89 cooperatives for which USDA collected complete financial information and are included in this report. These co-ops were categorized according to the type of operations: bargaining-only, niche-marketing, and diversified.

The cooperatives were also categorized according to the volume of milk they handled into small-, medium-, and large-size groups.

Overall, dairy cooperatives had \$10.90 of assets per hundredweight (cwt) to market their members' milk in 2012. Current assets came to \$6.74 per cwt of member milk, while property, plant, and equipment were \$3.42 per cwt. Total liabilities were \$8.12 per cwt, of which \$5.38 (66.3 percent) were current liabilities. Member equity was \$2.78 per cwt of milk. (Dairy cooperatives typically pay members for their milk twice a month. A large proportion of the current assets and current liabilities are related to such periodic cash payments to members.)

Bargaining-only cooperatives used the least assets to market a cwt of milk (\$2.31), while diversified cooperatives used the most (\$12.15). Likewise, bargaining-only cooperatives had the fewest liabilities per cwt (\$1.49). Niche-marketing and diversified cooperatives had more total liabilities per cwt (\$6.29 and \$9.08, respectively).

Diversified cooperative members had the highest equity per cwt of member milk (\$3.07)—more than three times the 82 cents of equity per cwt of bargaining-only cooperatives. Niche-marketing cooperatives had twice the member equity per cwt as bargaining-only cooperatives.

Total assets per cwt of member milk were highest for the large cooperatives (\$11.52) and lowest for the medium-size group (\$4.07). Member equity per cwt was also lowest for the medium-sized cooperatives (\$1.44) but highest for the small group (\$4.06).

Most of the cooperatives (95.5 percent) had some amount of member equity in 2012. Allocated equity made up the bulk of member equity in terms of value—83.8 percent of total equity—while retained earnings/unallocated equity represented just 7.6 percent in 2012. Preferred stock amounted to 7.0 percent of total equity while non-controlling minor-

ity interests and common stock represented a slight amount of the total value of members' equity in the cooperative.

Milk and dairy product sales was the largest source of income at \$23.69 per cwt of milk handled in 2012. Supply and other sales was the next largest item at \$6.68 per cwt. Total revenue was \$30.56 per cwt, while net margins before tax came to 19 cents per cwt of total milk handled by the 89 cooperatives.

Niche-marketing cooperatives generated the largest milk and dairy product sales per cwt of total milk handled (\$32.29), while bargaining-only cooperatives generated the least (\$20.42). Diversified cooperatives' supply sales (\$7.33 per cwt) were considerably larger than those of the other two types (\$1.08 for bargaining-only and 12 cents for niche marketing cooperatives). Still, niche-marketing cooperatives had the largest total revenue per cwt for 2012, \$32.69.

Diversified cooperatives' net margins-before-tax were the highest of the three types of cooperatives (20 cents per cwt). Bargaining-only cooperatives had 7 cents in net margins while niche-marketing cooperatives had less than 1 cent per cwt in net margins.

Small cooperatives reported the highest total revenue—\$37.93 per cwt of milk handled—and also the highest expenses: \$36.26 per cwt. In contrast, medium-size cooperatives reported the lowest total sales and income, \$24.64 per cwt, and lowest expenses, \$24.45 per cwt. However, net margins for the medium and large cooperatives were within 1 cent of each other, 19 and 18 cents per cwt, respectively—both well below those of the small cooperatives: \$1.67 per cwt.

The small cooperative group included a number of bargaining-only cooperatives that had substantial supply and other operations. These non-dairy operations impacted the structure of these cooperatives' financial statements. For some of these, supply and other sales were greater than milk and dairy product sales.

Return on equity (before taxes) was 8.4 percent for dairy cooperatives in 2012. The rate of return on equity ranged from 8.7 percent for bargaining-only

cooperatives and 8.4 percent for diversified cooperatives to 0.2 percent for niche-marketing cooperatives.

Return on assets employed in marketing milk averaged 2.1 percent overall. Niche-marketing cooperatives had the lowest return-to-total-assets compared to bargaining-only or diversified cooperatives.

There was somewhat greater variation in returns among different size groups than among different types. Small cooperatives achieved the highest level of return both to equity and to assets. The subset of small cooperatives that earned a majority of their revenue from nondairy items boosted these measures of return.

Financial Profile of Dairy Cooperatives, 2012

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Introduction

Farmer cooperative statistics are collected annually by USDA Rural Development to provide information on the status and growth of cooperatives. In August 2012 through June 2013, dairy cooperatives were surveyed by mail for details about their marketing operations during fiscal 2012. This data was used to develop financial statistics specific to dairy cooperatives for this report. Analysis of the 2012 marketing operations of all U.S. dairy marketing cooperatives is presented in Research Report 230 (Ling).

Functional types of dairy cooperatives

Dairy cooperatives perform a variety of functions for their members and have taken different approaches to ensure there is a market for their members' milk. Each cooperative's operations are unique, due to the characteristics of its member-owners and the marketing environment in which it operates. That said, there are similarities among dairy cooperative operations. All dairy cooperatives market milk at the first-handler level, while some also own and operate plants to make at least a portion of their members' milk into various products.

Dairy cooperatives may be classified into three groups by function: bargaining-only, niche-marketing, and diversified dairy cooperatives. Those cooperatives that only operate at the first-handler level are known as "bargaining-only" cooperatives. They assist members in the marketplace by negotiating prices, facilitating arrangements between milk buyer and seller, ensuring that milk weights and tests are accurate, and other milk marketing services. Most of these cooperatives do not own plants. However, some operate milk shipping and receiving stations. A few operate plants for processing small

volumes of raw milk for balancing purposes or to facilitate shipping by removing some of the water from raw milk via ultra-filtration or reverse osmosis.

Of the 132 cooperatives handling milk from cows in 2012 (RR 230), there were 93 bargaining-only cooperatives, of these 41.9 percent were small, handling less than 50 million pounds of milk; 51.6 percent were medium-sized, handling 50 million to 1 billion pounds of milk; and 6.5 percent were large, handling more than 1 billion pounds of milk. Bargaining-only cooperatives are most numerous in the Nation's Upper Midwestern and Northeastern States, but 32 States had dairy farmers who were members of a bargaining-only cooperative.

Dairy cooperatives that operate plants to further process their members' milk have been divided into two groups: "niche-marketing" and "diversified."

Cooperatives that typically use most or all of their members' milk to make specialty dairy products are called niche-marketing cooperatives. Included in this category are small- and medium-sized cooperatives that make artisan or branded cheese. Some of these also distinguish their products by the way the milk was produced. For example, they may require organic production methods or only accept milk from grass-fed cows. Some of these cooperatives may contract with others to have the niche products made from their milk.

In 2012, there were just 12 niche-marketing cooperatives. Three-fourths of these cooperatives were small, while the rest were medium-sized. All but one was headquartered in Wisconsin, but members of niche-marketing cooperatives were reported in four States.

Diversified cooperatives own and operate plants to make a variety of commodity and/or differentiated products. They also sell a portion of their

Table 1: Comparison of cooperatives in the financial profile study and all U.S. dairy cooperatives, 2012

<i>Item</i>	<i>Financial profile cooperatives</i>	<i>U.S. dairy cooperatives</i>	<i>Profile cooperatives as a percent of all U.S. cooperatives</i>
	--- Number ---		- Percent -
Cooperatives ¹	89	132	67.4
	--- Million dollars ---		- Percent -
Milk and dairy sales ¹	37,913	41,753	88.7
Assets ¹	13,940	15,036	92.7
	--- Million pounds ---		- Percent -
Total net milk volume ²	134,384	167,673	80.1

¹ Estimated for U.S. dairy cooperatives.

² Total milk handled by cooperatives less inter-cooperative transfers.

Table 2: Cooperatives in the study compared with all U.S. dairy cooperatives, by type, 2012

<i>Primary function</i>	<i>Financial profile cooperatives</i>	<i>U.S. dairy cooperatives</i>	<i>Share of U.S. represented</i>
	Number of Cooperatives		
	--- Number ---		- Percent -
Bargaining-only	60	93	64.5
Niche-marketing	4	12	33.3
Diversified	25	27	92.6
	Net Milk Volume ¹		
	--- Million pounds ---		- Percent -
Bargaining-only	16,265	30,625	53.1
Niche-marketing	261	469	55.7
Diversified	117,859	136,580	86.3
	Total assets ²		
	--- Million dollars ---		- Percent -
Bargaining-only	375	438	85.6
Niche-marketing	21	28	75.4
Diversified	13,544	14,570	93.0

¹ Total milk handled by cooperatives less inter-cooperative transfers.

² Estimated for U.S. dairy cooperatives.

members' milk as bulk raw milk. They typically make some hard products such as butter, dried dairy products, and/or cheese. These co-ops may also make packaged fluid milk and "soft" products, like sour cream, dips, yogurt, cottage cheese, and ice cream. Rather than owning and operating production facilities, these cooperative may contract with milk plants for the manufacture and processing of

products, but this is rare.

Two of the cooperatives in this group are focused on the fluid beverage market. They were formerly classified as "fluid-processing" cooperatives. However, these cooperatives fit in the diversified category because their operations also include making a variety of other products, as well as selling bulk raw whole milk. The fluid category has been discontinued since there are too few cooperatives with operations exclusively focused on packaging fluid milk to warrant a separate category.

None of the 27 diversified cooperatives were small—22.2 percent were medium-sized and 77.8 percent were large. Some dairy farmers in each of the 48 contiguous States are members of a diversified cooperative.

Financial profile

Of the 132 dairy cooperatives surveyed in 2013, 89 provided complete financial data for fiscal 2012, which is presented in this report. Over two-thirds of the dairy cooperatives in the United States (67.4 percent) are represented by the cooperatives in this study (table 1). Co-ops included in this financial profile handled 80.1 percent of the total co-op milk

volume (net of inter-cooperative transfers). They employed an estimated 92.7 percent of the total assets of all cooperatives that handled milk and represented 88.7 percent of the milk and dairy sales of all cooperatives in 2012.

Two of the three operating types of dairy co-ops are well-represented in this study (table 2). Sufficient data was obtained from a majority (64.5 percent) of the bargaining-only dairy cooperatives in the United States.

The 60 bargaining-only cooperatives that provided financial data for this study represent 53.1 percent of the milk handled by that group. However, the reporting cooperatives accounted for about 85.6 percent of all bargaining-only cooperative assets.

The niche-marketing cooperatives were somewhat under-represented. Just one-third (33.3 percent) of niche-marketing cooperatives provided detailed financial data. However, these four reporting cooperatives handled 55.7 percent of the niche-marketing cooperatives' milk. Further, these cooperatives represent an estimated 75.4 percent of the assets of niche-marketing cooperatives in 2012. Nevertheless, one should use caution in applying the results to all cooperatives of this type because of the few niche-marketing cooperatives represented.

Most of the diversified cooperatives (92.6 percent) provided financial details. They also represent 92.7 percent of all the assets used by this type of cooperative and 86.3 percent of the milk handled by diversified cooperatives in 2012.

Appendix table 1 shows the 2012 consolidated financial statements for all 89 dairy cooperatives, by type of cooperative. The financial performance of all

Table 3: Cooperatives in the study compared with all U.S. dairy cooperatives, by size, 2012

<i>Primary function</i>	<i>Financial profile cooperatives</i>	<i>U.S. dairy cooperatives</i>	<i>Share of U.S. represented</i>
	Number of Cooperatives		
	--- Number ---		- Percent -
Small ¹	27	48	56.3
Medium ²	40	57	70.2
Large ³	22	27	81.5
	Net Milk Volume		
	--- Million pounds ---		- Percent -
Small	531	1,008	52.7
Medium	10,482	14,681	71.4
Large	123,371	151,984	81.2
	Total assets ⁴		
	--- Million dollars ---		- Percent -
Small	44	54	80.2
Medium	428	484	88.4
Large	13,469	14,498	92.9

¹Cooperatives that handled less than 50 million pounds of milk.

²Cooperatives that handled 50 to 1 billion pounds of milk.

³Cooperatives that handled 1 billion pounds of milk or more.

⁴Estimated for U.S. dairy cooperatives.

profiled dairy cooperatives reflects the dominance of diversified cooperatives because, as a group, they represent most of the assets and total revenues.

Size Categories

Dairy cooperatives were also categorized into three size groups according to the volume of milk handled: small (less than 50 million pounds of milk), medium (50 million to 1 billion pounds) and large (more than 1 billion pounds). Most of the large cooperatives (81.5 percent) are represented in this study. A majority of the medium-sized cooperatives (70.2 percent) and small cooperatives (56.3 percent) are also represented in this study (table 3). A similar proportion of the net milk volume handled by cooperatives is accounted for by each of the size groups. Most of the assets of cooperatives in each size category are represented by the profiled cooperatives.

Most of the small- and medium-sized cooperatives function as bargaining-only cooperatives. However, some cooperatives of each of the three operating types are medium-sized. In contrast, there were no small diversified cooperatives. The large

Table 4: Dairy cooperative numbers by type and by size, financial profile cooperatives and U.S. dairy cooperatives, 2012

Size category	Type of cooperative			All
	Bargaining-only	Niche-marketing	Diversified	
<i>Percent of all cooperatives¹</i>				
<u>Financial profile cooperatives</u>				
Small	28.1	2.2	-	30.3
Medium	36.0	2.2	6.7	44.9
Large	3.4	-	21.3	24.7
All	67.4	4.5	28.1	100.0
<u>U.S. dairy cooperatives</u>				
Small	29.5	6.8	-	36.4
Medium	36.4	2.3	4.5	43.2
Large	4.5	-	15.9	20.5
	70.5	9.1	20.5	100.0

Note: Totals may not add due to rounding

¹89 total financial profile cooperatives; 132 U.S. dairy cooperatives

Table 5: Consolidated balance sheet per cwt of member milk, overall and by type of dairy cooperative, financial profile cooperatives, 2012

Size category	Type of cooperative			
	All	Bargaining-only	Niche-marketing	Diversified
<i>Dollars per cwt of member milk</i>				
Current assets	6.74	1.24	3.94	7.55
Net PP&E ¹ and other assets	3.42	0.80	3.59	3.80
Investments in other co-ops	0.74	0.27	0.51	0.81
Total assets	10.90	2.31	8.04	12.15
Current liabilities	5.38	1.06	5.22	6.01
Long-term liabilities	2.74	0.43	1.07	3.07
Total liabilities	8.12	1.49	6.29	9.08
Common stock	0.00	0.00	0.00	0.00
Preferred stock	0.19	0.11	0.00	0.21
Allocated equity	2.33	0.56	1.51	2.59
Unallocated equity	0.21	0.14	0.24	0.22
Minority interests	0.04	-	-	0.05
Total equity	2.78	0.82	1.75	3.07
Total liabilities and equity	10.90	2.31	8.04	12.15
Member milk (million lbs.)	127,942	16,232	261	111,449

Note: Totals may not add due to rounding; cwt = hundredweight.

¹ Property, plant and equipment.

cooperatives were mostly diversified cooperatives, while some were bargaining-only cooperatives and none were niche-marketing cooperatives. The proportions of each operating type by size groups are similar to those for dairy cooperatives overall (table 4).

See appendix table 2 for the consolidated financial statements by size of dairy cooperative.

Financial Statements

The consolidated financial statements are expressed in terms of dollars per hundredweight (cwt) of milk. Common-sized financial statements—expressed as a percent of total assets and a percent of total revenue—can be found in appendix tables 3 through 6.

Balance Sheet

Balance sheet information is presented on a per-cwt-of-member-milk basis to show the capital required to market members' milk (table 5). Overall, the profiled dairy cooperatives had \$10.90 in assets for each cwt of

Table 6: Forms of equity used by profiled dairy cooperatives, 2012

<i>Item</i>	<i>Percent of cooperatives using¹</i>	<i>Percent of total equity value</i>
Allocated equity	85.4	83.8
Retained earnings/ Unallocated equity	67.4	7.6
Non-controlling minority interests	6.7	1.6
Common stock	39.3	0.0
Preferred stock	13.5	7.0
No member equity	4.5	-
		100.0

¹ Will not add to 100 percent because many cooperatives had more than one type of equity.

milk members sold through the co-op in 2012.

Dairy cooperative assets were comprised of \$6.74 in current assets, \$3.42 in fixed assets (net of investments in other cooperatives) and 74 cents per cwt of member milk in investments in other cooperatives in 2012. Current assets represented 61.9 percent of dairy cooperatives' total assets.

On the other side of the balance sheet, total liabilities were \$8.12 per cwt in 2012. Two-thirds of the liabilities were current liabilities, or \$5.38 per cwt. This may include pending payments to members for their delivered milk.

A unique characteristic of a dairy cooperative's balance sheet can be seen its current assets and current liabilities. Dairy cooperatives typically pay members for their milk twice a month. A large proportion of the current assets and current liabilities are related to such periodic cash payments to members.

Total member equity amounted to about one-half of the current liabilities--\$2.78 for each cwt of milk marketed through cooperatives. Member equity supplied 25.5 percent of the total assets employed by the cooperatives to market their milk.

Table 6 shows different forms of equity reported by the profiled dairy cooperatives. Only 4.5 percent of the cooperatives did not have member equity. Those not reporting retained earnings or unallocated

member equity were typically bargaining-only cooperatives that did not have any assets.

Most of the cooperatives (85.4 percent) had allocated equity, while 67.4 percent reported retained earnings or unallocated equity in 2012. However, some co-ops may allocate the unallocated equity at a later date. Moreover, as part of total equity, the unallocated equity represented just 7.6 percent for dairy cooperatives overall. A small number of cooperatives (6.7 percent) had non-controlling minority interests. This type of equity was only reported by large, diversified cooperatives.

Common stock was issued by 39.3 percent of the cooperatives. This stock typically carries only a token value, being used primarily to signify membership. It thus represents a negligible proportion of total equity.

Preferred stock was issued by 13.5 percent of the cooperatives, amounting to 7.0 percent of total cooperative equity value in 2012.

(Note: some cooperatives may not have identified the different classes of equity. For example, common stock is generally of little monetary value, and some cooperatives may not have reported it separately.)

Balance Sheet by Type

The structure of balance sheets varied according to the operational type of dairy cooperative. Among the three groups of cooperatives, bargaining-only cooperatives have relatively low assets because they, for the most part, do not own milk-handling facilities. Thus, bargaining-only cooperatives required the least assets to market milk, \$2.31 per cwt of member milk.

Niche-marketing cooperatives, on the other hand, have relatively high assets, \$8.04 per cwt. However, diversified cooperatives had the most assets per cwt: \$12.15 per cwt of member milk.

Current assets per cwt of member milk likewise showed a wide range between operating types—ranging from just \$1.24 for bargaining-only cooperatives to \$7.55 for diversified cooperatives. For niche-marketing cooperatives, current assets represented 49.0 percent of total assets, unlike the other two types, where a majority of assets were current assets (53.6 percent for bargaining-only and 62.1 percent for diversified cooperatives).

Table 7: Consolidated balance sheet per cwt of member milk, by size of profiled dairy cooperative, 2012

Item	Size Group		
	Small	Medium	Large
	-----Dollars per cwt of member milk-----		
Current assets	5.29	2.70	7.11
Net PP&E ¹ and other assets	1.01	1.02	3.64
Investments in other co-ops	1.89	0.35	0.77
Total assets	8.20	4.07	11.52
Current liabilities	3.65	2.35	5.66
Long-term liabilities	0.49	0.28	2.97
Total liabilities	4.14	2.63	8.63
Total equity	4.06	1.44	2.89
Total liabilities and equity	8.20	4.07	11.52

Note: Totals may not add due to rounding; cwt = hundredweight.

¹ Property, plant and equipment.

Property, plant, and equipment and other assets totaled 80 cents per cwt for bargaining-only cooperatives, while niche and diversified cooperatives used \$3.59 and \$3.80, respectively. Investment in other cooperatives ranged from 27 cents (bargaining-only cooperatives) to 81 cents per cwt (diversified cooperatives). Investment in other cooperatives may include investment in a cooperative bank as part of a loan requirement.

Diversified cooperatives also had the highest total liabilities per cwt, \$9.08, followed by niche-marketing cooperatives—\$6.29. Bargaining-only cooperatives had relatively low liabilities, \$1.49 per cwt.

Current liabilities were also lowest for bargaining-only cooperatives, \$1.06 per cwt. Niche-marketing cooperatives had \$5.22 in current liabilities per cwt, with diversified cooperatives' a bit higher at \$6.01 per cwt.

Reflecting the nature of their operations, bargaining-only cooperatives had few long-term liabilities, 43 cents per cwt, while niche-marketing and diversified cooperatives had higher levels of long-term liabilities: \$1.07 and \$3.07 per cwt, respectively.

Members of diversified cooperatives had the highest investment in their cooperatives on a per-cwt basis. Members had \$3.07 of equity for each cwt of milk they marketed through their diversified

cooperatives. In contrast, bargaining-only cooperative members had just 82 cents per cwt in member equity. Niche-marketing cooperatives' member equity was \$1.75 per cwt in 2012.

Comparing total member equity to total assets, equity amounted to 35.4 percent of total assets for bargaining-only cooperatives but was just 21.9 percent of niche-marketing cooperatives' total assets and 25.3 percent of diversified cooperatives' total assets.

Balance Sheet by Size

Total assets employed per cwt of member milk ranged from \$4.07 for medium-size cooperatives to \$11.52 for the large cooperatives, and small cooperatives averaged \$8.20 per cwt (table 7). Total liabilities followed the same pattern, ranging from \$2.63 for medium cooperatives to \$8.63 for the large cooperatives, where small cooperatives had \$4.14 in total liabilities.

In contrast, small cooperatives had the largest total member equity, \$4.06 per cwt. Further, comparing total member equity to total assets, small cooperatives' member equity was 49.5 percent of total assets. Equity expressed as a percent of total assets fell as size group increased—35.5 percent for medium-sized cooperatives and 25.1 percent for large cooperatives. Medium-sized cooperatives had the least member equity, \$1.44 per cwt, versus \$2.89 per cwt for large cooperatives.

The larger the size group, the larger the proportion of cooperatives that reported retained earnings or unallocated equity and that had preferred stock.

Table 8 shows the balance sheet by size of bargaining-only and diversified cooperatives. (There were not enough niche-marketing cooperatives reporting to show their statements by size.) The small, bargaining-only cooperatives employed

more assets than did the larger bargaining-only cooperatives.

Conversely, the large diversified cooperatives had greater assets per cwt than the medium-sized diversified cooperatives.

The same pattern held true for the member equity invested in the cooperative per cwt of milk. A segment of the cooperatives had significant supply operations which impact their balance sheets, as is particularly evident with the small, bargaining-only cooperatives.

Table 8: Consolidated balance sheet per cwt of member milk, by type and size of profiled dairy cooperative, 2012

Item	Bargaining-only			Diversified	
	Small	Medium	Large	Medium	Large
	<i>Dollars per cwt of member milk</i>				
Current assets	5.54	1.68	0.66	4.87	7.63
Net PP&E ¹ and other assets	0.97	0.35	1.16	2.29	3.84
Investments in other co-ops	1.93	0.46	0.03	0.15	0.83
Total assets	8.44	2.48	1.85	7.31	12.30
Current liabilities	3.90	1.40	0.64	4.19	6.06
Long-term liabilities	0.34	0.13	0.68	0.57	3.15
Total liabilities	4.24	1.53	1.32	4.76	9.21
Common stock	0.01	0.00	0.00	0.00	0.00
Preferred stock	0.00	0.00	0.21	-	0.21
Allocated equity	3.32	0.68	0.32	1.88	2.61
Unallocated equity	0.86	0.27	0.00	0.67	0.21
Minority interests	-	-	-	-	0.05
Total equity	4.20	0.95	0.53	2.55	3.08
Total liabilities and equity	8.44	2.48	1.85	7.31	12.30
Member milk (million pounds)	455	7,053	8,724	3,244	108,205

Note: Totals may not add due to rounding; cwt = hundredweight.

¹ Property, plant and equipment.

Operating Statement

Operating statements are presented on a basis of per-cwt of total milk handled. This shows the revenues, expenses and margins generated by the total volume of milk going through cooperatives. Some of this milk may have also been handled by other cooperatives.

Dairy cooperatives included in this study generated \$23.69 in milk and dairy product sales per cwt of milk handled in 2012 (table 9, next page). Included in this figure were 91 cents per cwt in export sales. Supply and other sales was the next largest item, \$6.68 per cwt. Total revenue was \$30.56 per cwt of milk handled. After expenses of \$30.38 per cwt, dairy cooperatives realized net margins before taxes of 19 cents per cwt. These margins represent 0.6 percent of total revenue.

Operating Statement by Type

Milk and dairy product sales per cwt of milk handled were lowest for bargaining-only cooperatives, \$20.42. These sales were highest for niche-marketing cooperatives, \$32.29 per cwt. This may reflect

the “value-added” focus of the niche-marketing cooperatives, where they aim to command higher prices by the uniqueness of their products.

Conversely, bargaining-only cooperatives add little “value” to members’ milk, focusing primarily on finding markets for it. Diversified cooperatives, which sell a substantial portion of their milk at the first handler level while also making some bulk and value-added products, had the second-highest dairy product sales, \$24.06 per cwt. This includes \$1.01 per cwt in export sales.

Diversified cooperatives had markedly higher supply and other sales, \$7.33 per cwt, than did bargaining-only or niche-marketing cooperatives, which had sales per cwt of \$1.08 and 12 cents, respectively.

Service receipts and other income per cwt were highest for niche-marketing cooperatives, 27 cents, followed by diversified cooperatives at 20 cents. Bargaining-only cooperatives had just 6 cents per cwt of service receipts and other non-dairy income.

Table 9: Profiled dairy cooperatives' consolidated operating statement, per cwt of total milk handled, overall and by type of cooperative, 2012

Size category	Type of cooperative			
	All	Bargaining-only	Niche-marketing	Diversified
	<i>Dollars per cwt</i>			
Milk and dairy product sales	23.69	20.42	32.29	24.06
Supply and other sales	6.68	1.08	0.12	7.33
Service receipts & other income	0.19	0.06	0.27	0.20
Patronage refunds received	<u>0.00</u>	<u>0.04</u>	<u>0.00</u>	<u>0.00</u>
Total revenue	30.56	21.61	32.69	31.59
Cost of goods sold	28.48	20.92	30.54	29.34
Expenses	1.71	0.61	2.08	1.84
Non-operating income and non-recurring losses	<u>0.19</u>	<u>0.01</u>	<u>0.07</u>	<u>0.21</u>
Total costs and expenses	30.38	21.54	32.69	31.39
Net margins before tax	0.19	0.07	0.00	0.20
	<i>(million pounds)</i>			
Total milk handled	160,005	16,483	261	143,261

Note: Totals may not add due to rounding; cwt = hundredweight.

Table 10: Profiled dairy cooperatives' consolidated operating statement per cwt of total milk handled, by size of cooperative, 2012

Item	Size Group		
	Small	Medium	Large
	<i>Dollars per cwt</i>		
Milk and dairy product sales	20.62	23.11	23.75
Supply and other sales	16.74	1.40	7.02
Service receipts and other income	0.32	0.08	0.19
Patronage refunds received	<u>0.25</u>	<u>0.05</u>	<u>0.00</u>
Total revenue	37.93	24.64	30.96
Cost of goods sold	33.81	23.34	28.83
Expenses	2.46	1.18	1.75
Non-operating income and non-recurring losses	<u>0.00</u>	<u>(0.07)</u>	<u>0.21</u>
Total costs and expenses	36.26	24.45	30.78
Net margins before tax	1.67	0.19	0.18
Total milk handled (million pounds)	531	10,701	148,772

Note: Totals may not add due to rounding; cwt = hundredweight.

Bargaining-only cooperatives reported patronage refunds received of 4 cents per cwt, but niche-marketing and diversified cooperatives had essentially no patronage refunds per cwt.

Total revenue varied by over \$11 per cwt between the different types of cooperatives. Niche-marketing cooperatives had the highest total revenue per cwt, \$32.69, followed closely by diversified cooperatives at \$31.59. Bargaining-only cooperatives had the lowest total revenue, \$21.61 per cwt. Total costs and expenses ranged from \$21.54 for bargaining-only cooperatives to \$32.69 for niche-marketing cooperatives.

Net margins before taxes were 20 cents per cwt for diversified cooperatives, while niche-marketing cooperatives had virtually no pretax net margins. Bargaining-only cooperatives had net margins of 7 cents per cwt. Net margins before tax represented 0.6 percent of total revenue for diversified cooperatives and 0.3 percent for bargaining-only cooperatives.

*Operating Statement
by Size*

As seen with the balance sheets by size, the structure of the operating statement varied among the different size groups (table 10). Milk and dairy product sales per cwt of milk handled were lowest for the small cooperatives, \$20.62, and highest for the large cooperatives, \$23.75. This was followed closely by the medium-sized cooperatives at \$23.11 per cwt.

Small cooperatives also had the highest supply and other sales, \$16.74 per cwt. This far exceeded medium-sized cooperatives, which had the lowest supply and other sales of \$1.40 per cwt. Small cooperatives also showed the highest service receipts and other income, 32 cents per cwt, and patronage refunds received, 25 cents per cwt. As a result, small cooperatives had the highest total revenue, \$37.93 per cwt, while medium-sized cooperatives had the lowest at \$24.64.

Total costs and expenses per cwt of milk handled were the highest for small cooperatives at \$36.26, while medium-sized cooperatives ranked lowest at \$24.45. Large cooperatives were again in the middle at \$30.78 per cwt.

Net margins before tax per cwt were similar for the medium-sized and large cooperatives, 19 cents and 18 cents, respectively. The small cooperatives' net margins before taxes of \$1.67 per cwt were the largest of the three size groups.

Table 11 shows the operating statement by size of bargaining-only and diversified cooperatives. The small bargaining-only cooperatives generated over half of their total revenue from sales of supplies and

Table 11: Profiled dairy cooperatives' consolidated operating statement, per cwt of total milk handled, by type and size, 2012

Item	Bargaining-only			Diversified	
	Small	Medium	Large	Medium	Large
	<i>Dollars per cwt of member milk</i>				
Milk and dairy product sales	20.01	20.55	20.35	27.68	23.97
Supply and other sales	19.50	1.27	0.00	1.75	7.47
Service receipts & other income	0.22	0.12	0.01	0.00	0.21
Patronage refunds received	0.29	0.07	0.00	0.01	0.00
Total revenue	40.03	22.00	20.36	29.44	31.65
Cost of goods sold	36.02	21.14	19.99	27.24	29.39
Expenses	2.13	0.79	0.39	1.98	1.84
Non-operating income and non-recurring losses	(0.01)	(0.01)	0.02	(0.21)	0.22
Total costs and expenses	38.14	21.91	20.40	29.01	31.45
Net margins before tax	1.89	0.09	(0.04)	0.43	0.19
	<i>Million pounds</i>				
Total milk handled	455	7,053	8,975	3,464	139,797
Number	25	32	3	6	19

Note: Totals may not add due to rounding; cwt = hundredweight.

other non-dairy items. The small bargaining-only cooperatives had the largest net margins before taxes compared to medium-size and large bargaining-only cooperatives. Net margins for large bargaining-only cooperatives were negative for 2012.

Large diversified cooperatives had higher total revenue than medium-sized diversified co-ops due to having four times more sales of supplies and other non-dairy items. However, the large diversified cooperatives had greater total costs and expenses, due to higher costs of goods sold. Their net margins before taxes were lower than for medium-sized diversified cooperatives.

Ratios

The relationships between various items in the balance sheet and operating statement can be used to analyze comparative dairy cooperative performance. The ratios overall and by type and by size are shown in table 12 (next page).

The ability to meet current obligations can be evaluated by calculating the cooperatives' current ratio: current assets divided by current liabilities.

Table 12: Financial ratios, overall and by type and by size of profiled dairy cooperative, 2012

Item	Type of cooperative				Size group		
	All	Bargaining-only	Niche-marketing	Diversified	Small	Medium	Large
<i>Ratio</i>							
<u>Capitalization</u>							
Current ratio (working capital)	1.25	1.17	0.76	1.26	1.45	1.15	1.26
Long-term liabilities to equity	0.98	0.53	0.61	1.00	0.12	0.19	1.02
Equity to fixed assets and investments	0.67	0.76	0.43	0.67	1.40	1.05	0.66
<i>Percent</i>							
<u>Return on investment</u>							
Return ¹ on equity	8.4	8.7	0.2	8.4	41.2	13.7	7.9
Return ¹ on total assets	2.1	3.1	0.0	2.1	20.4	4.9	2.0

¹Net margins before taxes used in calculation.

Overall, cooperatives had \$1.25 in current assets for each \$1 of current liabilities, a current ratio of 1.25. Diversified cooperatives also showed a current ratio of 1.26 while bargaining-only cooperatives had a ratio of 1.17. In contrast, niche-marketing cooperatives had 76 cents in current assets for every \$1 of current liabilities. Current ratios according to cooperative size ranged from 1.15 for the medium-sized cooperatives to 1.45 for the small cooperatives.

A longer term measure of financial health compares obligations with member equity. Total long-term liabilities, divided by member equity, shows the level which members are providing the cooperative’s risk capital. Overall, long-term liabilities came to 98 percent of total equity in 2012. Relative to the other groups, diversified cooperatives had a markedly higher level of long-term liabilities at \$1.00 of long-term liabilities for each \$1 of member equity. Bargaining-only cooperatives reported the lowest ratio: 53 cents of long-term liabilities for each \$1 of equity. Niche-marketing cooperatives had a ratio of 0.61. The ratio improved as the size group decreased—ranging from 1.02 for the large cooperatives to 0.12 for the small cooperatives.

Fixed assets and investments are the most permanent assets owned by cooperatives. The ratio of member equity to fixed assets and investments

indicates the degree to which these permanent assets are financed by the most permanent capital, member’s equity. Overall, cooperatives had 67 cents in equity for each \$1 invested in fixed assets and investments. Bargaining-only cooperatives, with relatively few fixed assets and investments per cooperative, had the highest ratio, 0.76, while niche-marketing cooperatives had the lowest ratio of 43 cents of equity for

each \$1 of fixed assets and investments.

The ratio of equity to fixed assets and investments dropped as the size category increased. The ratio ranged from 1.40 for small cooperatives to 0.66 for large cooperatives. Medium-size cooperatives had a ratio of 1.05.

Return to members’ investment in a cooperative can be measured in several ways. The ratios calculated here indicate a cooperative’s success in providing a financial return on member investment. However, in a dairy cooperative “profit” may be an imprecise term because the cooperative’s pricing policy plays a large role in the amount of “profit” a co-op has. Cooperative profits may be lower if a cooperative’s board decides to pay higher milk prices, premiums, etc. to members for their milk (in which case the membership benefits from these relatively higher prices).

The return-to-equity ratio measures profitability relative to member investment after all claims on returns are accounted for. Net margin divided by total member equity was 8.4 percent for all dairy cooperatives in 2012. Ideally, return-to-member equity should equal or exceed what members could earn if the capital were invested elsewhere (the opportunity cost of investing in the cooperative).

Diversified cooperatives’ return on equity aver-

Table 13: Comparison of profiled dairy cooperatives' operating statements per cwt of member milk, by share of total sales and income from supply

Item	Supply and other sales	
	>50% of total sales	<50% of total sales
Milk and dairy product sales	30.34	23.07
Supply and other sales	72.93	0.41
Service receipts & other income	0.16	0.19
Patronage refunds received	0.02	0.00
Total revenue	103.44	23.67
Cost of goods sold	94.31	22.25
Expenses	6.85	1.23
Non-operating income and non-recurring losses	0.39	0.17
Total costs and expenses	101.55	23.65
Net margins before tax	1.89	0.02
Total milk handled (million lbs.)	13,829	146,176

Note: Totals may not add due to rounding; cwt = hundredweight.

Table 14: Comparison of the balance sheets of profiled dairy cooperatives, per cwt of member milk, by share of total sales and income from supply

Item	Supply and other sales	
	>50% of total sales	<50% of total sales
Current assets	33.17	3.73
Net PP&E1 and other assets	13.18	2.31
Investments in other co-ops	2.71	0.52
Total assets	49.05	6.56
Current liabilities	27.33	2.88
Long-term liabilities	12.22	1.66
Total liabilities	39.55	4.54
Total equity	9.50	2.02
Total liabilities and equity	49.05	6.56
Member milk (million pounds)	13,068	114,874

Note: Totals may not add due to rounding; cwt = hundredweight.
¹ Property, plant and equipment

aged 8.4 percent while niche-marketing cooperatives' return on equity came to just 0.2 percent. Return on equity declined as the size category increased, ranging from 41.2 percent for small cooperatives to 7.9 percent for large cooperatives.

Return to total assets (net margins before taxes, divided by total assets) measures the effectiveness of the cooperative in employing its assets to generate profits. This averaged 2.1 percent for dairy cooperatives. Bargaining-only cooperatives showed a 3.1-percent return to the assets employed by dairy cooperatives, but niche-marketing cooperatives had virtually no return on their assets. Small cooperatives again showed the highest return, 20.4 percent of total assets. Medium-size cooperatives averaged the next largest return on total assets, 4.9 percent, while the large cooperatives' net margins were just 2.0 percent of total assets in 2012.

Discussion

While a majority of the cooperatives included in the financial profile did not report any sales of supplies

or other non-dairy items, 7.9 percent of the cooperatives profiled earned a majority of their total sales and income from these items. For these few cooperatives, the provision of farm supplies to members was a major focus of cooperative operations. Sale of these items provided more revenue than did sales of milk and dairy products. A majority of these cooperatives were small, bargaining-only cooperatives.

These farm supply operations affect the cooperatives' financial statements. For example, tables 13 and 14 compare the financial statements of cooperatives that derived a majority of total revenue from supply and other sales versus cooperatives where these sales accounted for a minor share of revenue.

For cooperatives that earned a majority of their revenue from supply and other non-dairy sales, these sales amounted to \$72.93 per cwt of milk handled. Their milk and dairy product sales of \$30.34 per cwt were just 29.3 percent of revenue. In contrast, for most of the profiled cooperatives—those with minor or no supply and other sales—these sales equaled just 41 cents per cwt of milk handled. These co-ops earned 97.5 percent of their revenue from

Table 15: Comparison of financial profile dairy cooperatives per cwt, overall and by type of cooperative, 2007 and 2012

<i>Item</i>	<i>All</i>	<i>Bargaining- only</i>	<i>Niche- marketing</i>	<i>Diversified</i>
		<i>Dollars per cwt of member milk</i>		
Total assets				
2012	10.90	2.31	8.04	12.15
2007	8.41	1.74	12.54	10.09
Total liabilities				
2012	8.12	1.49	6.29	9.08
2007	6.09	1.31	7.76	7.30
Equity				
2012	2.78	0.82	1.75	3.07
2007	2.32	0.42	4.78	2.79
Member milk (million pounds)				
2012	127,942	16,232	261	111,449
2007	142,865	28,902	1,034	112,929
		<i>Dollars per cwt of total milk handled</i>		
Milk & dairy product sales				
2012	23.69	20.42	32.29	24.06
2007	23.68	18.40	48.22	24.71
Total revenue				
2012	30.56	21.61	32.69	31.59
2007	27.03	19.27	48.30	28.65
Net margins before tax				
2012	0.19	0.07	0.00	0.20
2007	0.25	0.05	0.66	0.29
Return on equity				
2012	8.4	8.7	0.2	8.4
2007	12.2	12.8	13.8	12.1
Return on assets				
2012	2.1	3.1	0.0	2.1
2007	3.4	3.1	5.3	3.4
Total milk handled (million pounds)				
2012	160,005	16,483	261	143,261
2007	163,683	30,507	1,039	132,137
Number of cooperatives				
2012	89	60	4	25
2007	94	60	9	25

Note: Totals may not add due to rounding; cwt = hundredweight.

milk and dairy product sales or \$23.07 per cwt.

On a per-cwt-of-milk-handled basis, cooperatives with a majority of total revenue derived from supplies and other non-dairy sales reported net margins before taxes of \$1.89. In contrast, co-ops with a minor proportion of total revenue derived from supply and other items had only 2 cents per cwt in net margins.

The total assets employed by cooperatives with substantial supply operations came to \$49.05 per cwt of member milk, while cooperatives with only a minor proportion of supplies and other sales employed much fewer assets per cwt, \$6.56 (table 12). Likewise, those with limited supply and other sales had the lowest equity investment per cwt of member milk, \$2.02, as compared to \$9.50 per cwt for those with a majority of total revenue from supply and other non-dairy sales. The operations that facilitate the supply and other sales likely require a unique set of addi-

tional assets to support the activities, differing from those employed to market members' milk.

Comparison with 2007

It may be useful to compare 2012 survey results with the results from the 2007 survey (table 15). However, be aware that the numbers have not been adjusted to reflect changes in price levels over time. Please note also that there were some differences in the sets of cooperatives included in each study. For example, twice as many niche-marketing cooperatives provided financial data in 2007 (and a greater proportion of the existing niche-marketing cooperatives) as compared with 2012. And, to the extent existing cooperatives' operating practices changed between survey years, they would have been reclassified accordingly.

Total assets per cwt of member milk were more than \$2 per cwt higher in 2012 than in 2007. Total liabilities also increased by over \$2 per cwt. Member equity per cwt showed much less change. Member equity in 2012 was just 46 cents per cwt higher than in 2007. So, a smaller proportion of total assets was supported by member equity in 2012 (25.5 percent) relative to 2007 (27.6 percent).

Milk and dairy product sales per cwt of milk handled in 2012 were a mere 1 cent per cwt above those in 2007. However, 2012 total revenue was \$3.53 per cwt higher than in 2007. The higher total revenue in 2012 was due to the profiled cooperatives having twice the supply and other sales (\$6.68 per cwt) as in 2007 (\$3.13 per cwt).

Net margins before tax were 6 cents per cwt lower than in 2007. And, measures of financial performance (return on assets and return on equity) were also lower in 2012 than in 2007.

Summary

The financial information presented in this study was provided by a majority of the cooperatives in the United States that handled (bovine) milk. Results by general categories of operational focus show that the average financial performance varied between groups by type of operations. Average financial performance also varied between cooperatives when grouped by size (in terms of the volume of milk handled). Furthermore, there were

differences between groups of cooperatives using the same operational focus but handling different amounts of milk. Some key observations include:

- Diversified cooperatives represented 28.1 percent of the profiled cooperatives but held 97.2 percent of the assets and accounted for 90.9 percent of milk and dairy product sales.
- Bargaining-only cooperatives made up 67.4 percent of the profiled cooperatives, but accounted for 8.9 percent of the milk and dairy product sales and just 2.7 percent of total assets held by the dairy cooperatives included in this study.
- Niche-marketing cooperatives were a small segment of the dairy cooperatives in this study, 4.5 percent, and their member milk, assets, and dairy product sales were each only 0.2 percent of all profiled dairy cooperatives.
- Large, diversified cooperatives utilized the most assets per cwt of members' milk.
- Large, bargaining-only cooperatives utilized the least assets per cwt and had negative net margins before tax.
- Small, bargaining-only cooperatives had more supply and other non-dairy sales than milk and dairy product sales and the largest net margins before tax per cwt of milk handled.
- About 25 percent of the profiled cooperatives had negative net margins before income tax. A somewhat smaller proportion of diversified cooperatives had negative returns relative to the other types.

This study should help clarify the performance of dairy cooperatives in the United States and provide some valuable comparisons by size and type. It also provides a means for dairy cooperatives to examine their own financial records in 2012 to see how they compare to the aggregate statistics of the profiled cooperatives.

References

Ling, Charles K. *Marketing Operations of Dairy Cooperatives*, 2012. Research Report No. 230, U.S. Department of Agriculture, Rural Development, Rural Business-Cooperative Service, Washington, DC, May, 2014.

APPENDIX TABLES

Appendix table 1: Consolidated financial statements overall and by type of profiled dairy cooperative, 2012

Item	Type of cooperative			
	All financial profile dairy cooperatives	Bargaining- only	Niche- marketing	Diversified
	----- \$1,000 -----			
Balance sheet				
Current assets	8,623,306	201,040	10,281	8,411,985
Net PP&E ¹ and other assets	4,371,161	130,279	9,376	4,231,506
Investment in other co-ops	945,765	43,957	1,323	900,484
Total assets	13,940,232	375,275	20,981	13,543,976
Current liabilities	6,883,583	172,291	13,607	6,697,684
Long-term liabilities	3,499,336	70,197	2,786	3,426,354
Total liabilities	10,382,920	242,488	16,393	10,124,038
Common stock	1,163	99	5	1,060
Preferred stock	247,959	18,430	0	229,529
Allocated equity	2,980,614	91,457	3,946	2,885,211
Retained earnings/ unallocated equity	270,680	22,802	637	247,241
Non-controlling minority interests	56,896	-	-	56,896
Total member equity	3,557,312	132,787	4,588	3,419,938
Liabilities and equity	13,940,232	375,275	20,981	13,543,976
Member milk (million pounds)	127,942	16,232	261	111,449
Sales and income				
Milk & dairy product sales	37,912,890	3,366,543	84,251	34,462,096
Supply and other sales	10,684,699	178,041	315	10,506,343
Service receipts & other income ²	299,017	10,448	711	287,857
Patronage refunds received	7,605	6,115	3	1,487
Total revenue	48,904,210	3,561,147	85,281	45,257,783
Cost of goods sold	45,564,875	3,448,797	79,672	42,036,407
Expenses	2,739,858	99,936	5,418	2,634,504
Non-recurring losses & (non-operating income)	301,477	835	183	300,460
Total costs and expenses	48,606,211	3,549,568	85,273	44,971,371
Net margins before tax	297,999	11,579	8	286,412
Number of cooperatives	89	60	4	25
Milk handled (million pounds) ³	160,005	16,483	261	143,261

Note: Totals may not add due to rounding.

¹ Property, plant and equipment.

² Includes non-recurring gains.

³ Total milk volume handled by cooperatives (including inter-cooperative transfers).

Appendix table 2: Consolidated financial statements, by size of profiled dairy cooperative, 2012

<i>Item</i>	<i>Size Group</i>		
	<i>Small</i>	<i>Medium</i>	<i>Large</i>
	----- \$1,000 -----		
Balance sheet	\$1,000		
Current assets	28,129	283,391	8,311,785
Net PP&E ¹ and other assets	5,369	107,361	4,258,431
Investment in other co-ops	10,060	37,111	898,594
Total assets	<u>43,558</u>	<u>427,863</u>	<u>13,468,811</u>
Current liabilities	19,409	246,435	6,617,739
Long-term liabilities	2,580	29,473	3,467,283
Total liabilities	<u>21,989</u>	<u>275,907</u>	<u>10,085,022</u>
Common stock	51	76	1,036
Preferred stock	2	228	247,729
Allocated equity	17,552	110,566	2,852,495
Retained earnings/ unallocated equity	3,963	41,086	225,631
Non-controlling minority interests	0	0	56,896
Total member equity	<u>21,569</u>	<u>151,956</u>	<u>3,383,788</u>
Liabilities and equity	43,558	427,863	13,468,811
Member milk (million pounds)	531	10,481	116,929
Sales and income			
Million dollars			
Milk and dairy product sales	109,615	2,473,538	35,329,737
Supply and other sales	88,961	150,049	10,445,688
Service receipts and other income ²	1,712	8,311	288,994
Patronage refunds	1,333	5,292	980
Total revenue	<u>201,621</u>	<u>2,637,190</u>	<u>46,065,399</u>
Cost of goods sold	179,680	2,498,118	42,887,077
Expenses	13,066	126,131	2,600,661
Non-recurring losses & (non-operating income)	(18)	(7,815)	309,311
Total costs and expenses	<u>192,728</u>	<u>2,616,434</u>	<u>45,797,049</u>
Net margins before tax	8,893	20,756	268,350

Number of cooperatives	27	40	22
Total milk handled (million lbs) ³	531	10,701	148,772

Note: Totals may not add due to rounding.

¹ Property, plant and equipment.

² Includes non-recurring gains.

³ Total milk volume handled by cooperatives (including inter-cooperative transfers).

Appendix table 3: Common-sized balance sheet, by type of profiled dairy cooperative, 2012

<i>Item</i>	<i>Type of cooperative</i>			
	<i>All</i>	<i>Bargaining-only</i>	<i>Niche-marketing</i>	<i>Diversified</i>
		<i>Percent of total assets</i>		
Current assets	61.9	53.6	49.0	62.1
Net PP&E ¹ and other assets	31.4	34.7	44.7	31.2
Investment in other co-ops	6.8	11.7	6.3	6.6
Total assets	100.0	100.0	100.0	100.0
Current liabilities	49.4	45.9	64.9	49.5
Long-term liabilities	25.1	18.7	13.3	25.3
Total liabilities	74.5	64.6	78.1	74.7
Equity	25.5	35.4	21.9	25.3
Liabilities and equity	100.0	100.0	100.0	100.0

Note: Totals may not add due to rounding.

¹Property, plant and equipment.

Appendix table 4: Common-sized balance sheet, by size of profiled dairy cooperative, 2012

<i>Item</i>	<i>Size Group</i>		
	<i>Small</i>	<i>Medium</i>	<i>Large</i>
		<i>Percent of total assets</i>	
Current assets	64.6	66.2	61.7
Net PP&E ¹ and other assets	12.3	25.1	31.6
Investments in other co-ops	23.1	8.7	6.7
Total assets	100.0	100.0	100.0
Current liabilities	44.6	57.6	49.1
Long term liabilities	5.9	6.9	25.7
Total liabilities	50.5	64.5	74.9
Equity	49.5	35.5	25.1
Liabilities and equity	100.0	100.0	100.0

Note: Totals may not add due to rounding.

¹Property, plant and equipment.

Appendix table 5: Common-sized operating statement, by type of profiled dairy cooperative, 2012

<i>Item</i>	<i>Type of cooperative</i>			
	<i>All</i>	<i>Bargaining-only</i>	<i>Niche-marketing</i>	<i>Diversified</i>
		<i>Percent of total assets</i>		
Milk and dairy product sales	77.5	94.5	98.8	76.1
Supply and other sales	21.8	5.0	0.4	23.2
Service receipts and other income ¹	0.6	0.3	0.8	0.6
Patronage refunds received	0.0	0.2	0.0	0.0
Total revenue	100.0	100.0	100.0	100.0
Cost of goods sold	93.2	96.8	93.4	92.9
Expenses	5.6	2.8	6.4	5.8
Non-operating income and non-recurring losses	0.6	0.0	0.2	0.7
Total costs and expenses	99.4	99.7	100.0	99.4
Net margins before tax	0.6	0.3	0.0	0.6

Note: Totals may not add due to rounding.

¹ Property, plant and equipment.

Appendix table 6: Common-sized operating statement, by size of profiled dairy cooperative, 2012

<i>Item</i>	<i>Size Group</i>		
	<i>Small</i>	<i>Medium</i>	<i>Large</i>
		<i>Percent of total assets</i>	
Milk and dairy product sales	54.4	93.8	76.7
Supply and other sales	44.1	5.7	22.7
Service receipts and other income ¹	0.8	0.3	0.6
Patronage refunds received	0.7	0.2	0.0
Total revenue	100.0	100.0	100.0
Cost of goods sold	89.1	94.7	93.1
Expenses	6.5	4.8	5.6
Non-operating income and non-recurring losses	0.0	(0.3)	0.7
Total costs and expenses	95.6	99.2	99.4
Net margins before tax	4.4	0.8	0.6

Note: Totals may not add due to rounding.

¹ Includes non-recurring gains.

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