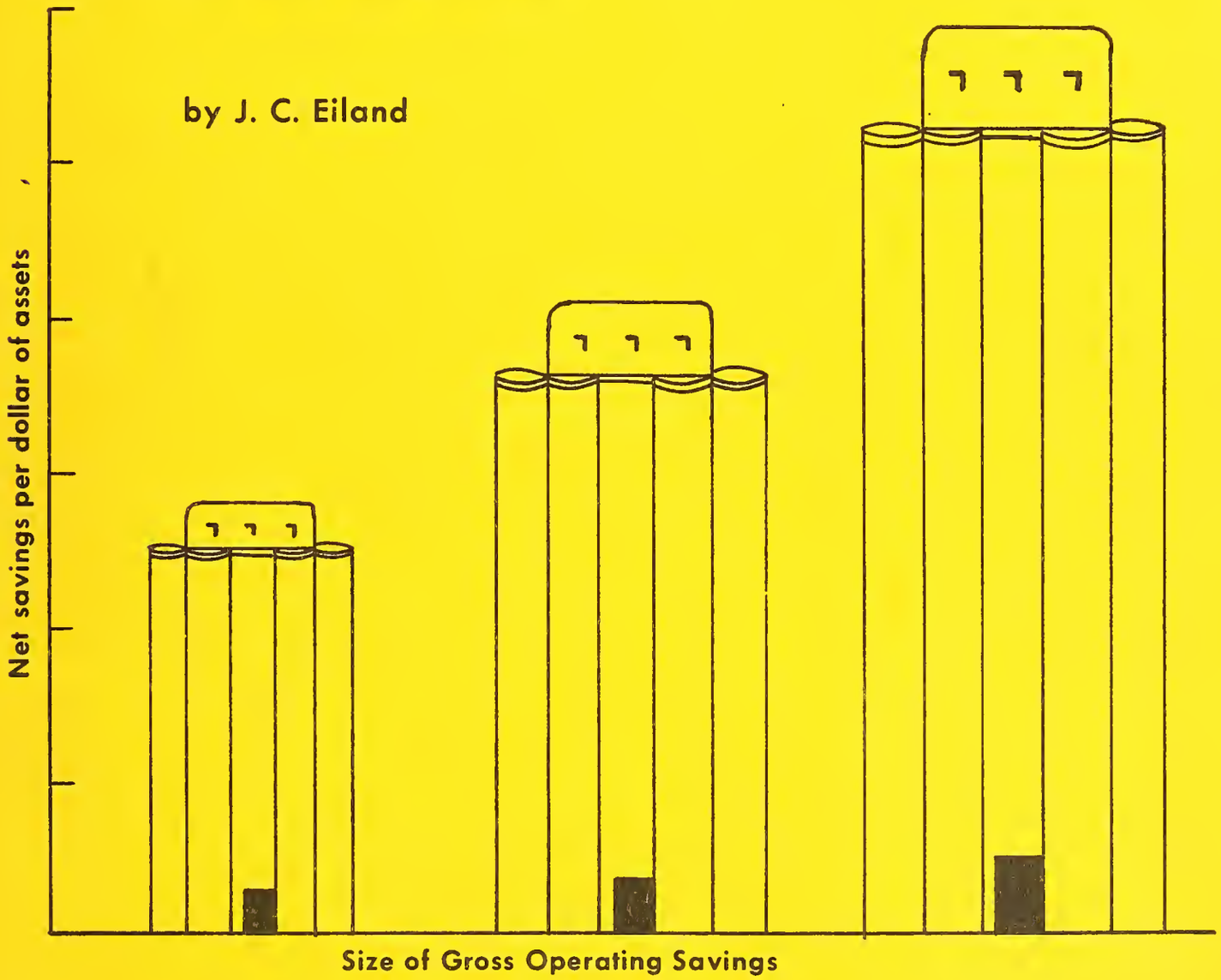
A Business Analysis of Local Grain Cooperatives in Oklahoma

by J. C. Eiland



FARMER COOPERATIVE SERVICE
U. S. DEPARTMENT OF AGRICULTURE

Service Report 48
September 1959

FARMER COOPERATIVE SERVICE

U. S. DEPARTMENT OF AGRICULTURE

WASHINGTON 25, D. C.

Joseph G. Knapp, Administrator

The Farmer Cooperative Service conducts research studies and service activities of assistance to farmers in connection with cooperatives engaged in marketing farm products, purchasing farm supplies, and supplying business services. The work of the Service relates to problems of management, organization, policies, financing, merchandising, product quality, costs, efficiency, and membership.

The Service publishes the results of such studies; confers and advises with officials of farmer cooperatives; and works with educational agencies, cooperatives, and others in the dissemination of information relating to cooperative principles and practices.

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Successful business operations depend on sound management decisions. These decisions largely depend on information based on regular and systematic analyses of operating and financial data.

Furthermore, as an evaluation test, management should compare their operations with the operations of other organizations. With this in mind, this report presents detailed information against which grain cooperatives can analyze and evaluate their own operations.

This study analyzes financial and operating data of 81 Oklahoma local grain cooperatives (59 single-unit and 22 multiple-unit cooperatives). The two types differed in size of operation, assets, and membership. Relationships within the cooperative and between cooperatives brought out in this analysis were essentially the same for both types of organization. Therefore, only their more pronounced differences are discussed and the financial and operating data of the single-unit cooperatives presented in detail.

Analyses were of two types: (1) the comparative type, or the reducing of items to a percentage of the total of all items in a statement, and (2) the ratio type, or the reducing of a specific item to a percentage of another item.

These methods can be used as guides to individual managers of cooperatives in comparing data in this report or other similar data, or for comparing their own data. For example, a manager can get a comparative picture by analyzing his financial and operating statements periodically and then comparing one period with another. The picture thus presented can provide him with a basis for making sound decisions and applying effective management controls.

Status of 81 Grain Cooperatives

The 81 Oklahoma local grain cooperatives included in this study marketed about 27 million bushels of grain, or 35 percent of the grain marketed by farmers in the State during the fiscal year 1954-55. The volume of grain moving off Oklahoma farms and through these farmer-owned facilities more than equaled their elevator bin capacity.

These cooperatives served 46,391 members, an average of 573 members per cooperative. They served their members with an average of six employees per cooperative. Their total elevator bin capacity was 26.4 million bushels. This amounted to an average of 326,000 bushels per cooperative and 570 bushels per member.

Financial Status--The total assets for the cooperatives were valued at $26.8 million in 1954-55. The average value of assets was $331,000 per cooperative and $578 per member. Total assets were 56 percent fixed assets, 25 percent current assets, and 19 percent other assets.

On the average the financial status of these cooperatives was good. Members had invested $3 in their cooperatives for each dollar invested by all lenders. The average ratio of member equities to liabilities, therefore, was 300 percent.

Operating Status.--Gross operating savings of these 81 farmer cooperatives amounted to about $7 million in 1954-55. Total gross savings, which includes gross operating savings, patronage refunds received and other nonoperating savings or expenses, amounted to nearly $8.5 million. Average gross operating savings and average total gross savings per cooperative were $86,400 and $105,500, respectively.

These cooperatives derived their gross operating savings from the following sources: 60 percent from grain handling and storage, 14 percent from grain sales margins, 18 percent from merchandising sales margins, and about 8 percent from service savings. About half of the grain handling and storage savings were derived from grain handling and half from grain storage.

Analysis of 59 Single-Unit Grain Cooperatives

The size of the gross operating savings was the most important factor explaining the differences among the 59 single-unit grain cooperatives analyzed in this study. This was the best measure of overall volume of business; grain sales and merchandise sales provided a source for only 32 percent of these savings, and various services rendered accounted for the remainder.

Gross Savings.--The size of gross operating savings in general were larger in operations that had higher than average elevator bin capacity. Also savings were larger in cooperatives that derived a higher than average percentage of their savings from grain. Moreover, gross operating savings were larger in cooperatives that derived higher than average proportions of their total gross savings from their own operations. Furthermore, the cooperatives with higher than average gross operating savings served a larger than average number of members. In addition, cooperatives that were above the average for these items realized a higher-than-average rate of net savings per dollar of assets.

Expenses.--Labor and salaries averaged 47 percent of total expenses among these cooperatives. Depreciation averaged 18 percent, utilities and communications 5 percent, and "other" expenses of numerous nature made up the remaining 30 percent.

The larger cooperatives--based on capacity, membership, and volume of business--had a lower proportion of labor and salary costs than the smaller cooperatives. Also, depreciation was proportionally greater among these cooperatives. Thus the larger cooperatives substituted more fixed assets for labor than the small cooperatives.

Savings.--On the average, larger operations derived a higher proportion of their net savings from their gross operating savings and less from dividends and refunds from other cooperatives than the smaller operations. Cooperatives with gross operating savings of $100,000 or more derived on an average 71 percent of their net savings from their gross operating savings and 29 percent from outside sources. For those cooperatives whose individual gross operating savings were under $50,000, only 49 percent of their net savings came from their gross operating savings and 51 percent from outside sources.

Membership.--Dividing the number of cooperatives equally into two groups on the basis of elevator bin capacity, the higher capacity group realized greater savings and served over 25 percent more members on the average than the lower capacity group.

Balance Sheet.--Asset items as percentages of total assets did not vary with size of gross operating savings. Liabilities, however, made up a smaller percentage of the total liabilities and member equities in cooperatives saving $100,000 and over than in cooperatives saving less. Cooperatives with higher savings had more assets per member than cooperatives with lower savings.

Business Ratios.--Business ratios were used to further describe the financial and operating relationships among these cooperatives. These ratios showed that the cooperatives generally were in a strong financial position. The middle half of the cooperatives had current assets to current liabilities of between 400 and 1,020 percent, with one-fourth below and the other fourth above this range.

In one-fourth of the cooperatives, members had invested less than $1.78 for each dollar invested by lenders. Business analysts commonly agree that owners' equity in a business should be equivalent to the value of the noncurrent assets. In half of these cooperatives, members held equities equal to the noncurrent asset value, in the other half they held less. However, noncurrent assets made up over 75 percent of total assets on the average among these cooperatives.

Net savings per dollar of assets were used to measure how efficiently the cooperatives used their assets. In half these cooperatives, net savings per dollar of assets varied between 13 and 22 cents. The other half was equally divided above 22 cents and below 13 cents per dollar of asset valuation.

The middle half of the cooperatives had a gross margin per dollar of grain sales between 1.5 and 5.4 cents. One-fourth realized a margin below and the other fourth above this range.

The middle half of the cooperatives realized a margin between 6.6 and 12.1 cents per dollar on sideline sales. The other half was equally divided above and below this range.

When the audits were made, the middle half of the cooperatives had a ratio of sideline sales to accounts receivable of between 540 and 2,330 percent for the year. If accounts receivable for each cooperative at the accounting date were about the same as the average for the year, it took from 13 to 55 business days to collect for sideline sales in half the elevators. For one-fourth of the cooperatives, it took more than 55 business days; for the other one-fourth, it took less than 13 business days.

The middle half of these cooperatives showed labor and salary expenses of from 40 to 53 percent of their total expenses. The other half was equally divided above and below this range.

The ratio of operating expenses to gross operating savings ranged from 43 to 80 percent in the middle half of these cooperatives in 1954-55. The other half was equally divided above 80 and below 43 percent.

Comparison of Multiple and Single-Unit Cooperatives

As expected, multiple-unit cooperatives averaged larger in assets, elevator bin capacity, membership, number of employees, and volume of business than the single-unit cooperatives did. But gross margins per dollar of grain and merchandise sales were higher in single-unit than in multiple-unit cooperatives.

In both groups of cooperatives, the larger operations had a higher ratio of net savings to assets than the smaller ones. The single-unit cooperatives generally had more net savings per dollar of assets than multiple-unit cooperatives. This was the result of higher patronage refunds and other nonoperating savings per dollar of assets in the single units and not of more efficient operation. Net operating savings per dollar of assets were about the same for both groups of cooperatives.

In any business organization, economic efficiency is of primary importance. However, a cooperative must look beyond this to the economic efficiency gained by its members as a result of the cooperative's efforts. This may often justify increased services offered by the cooperative even at the expense of reducing the organization's savings efficiency.

Suggestions

The following suggestions should be helpful in evaluating the operations and financial positions of grain marketing cooperatives:

1. Make annual or, if desired, more frequent analyses of the financial and operating statements and compare them with data presented here. Also compare your own data from year to year or for several years in sequence.

2. In these analyses, study the comparisons to determine trends; look to see whether the performance of your organization is improving. If it is not improving, you may want to determine the cause and take action to correct it.

3. Study the ratios to see if items at the time of the accounting are about the same as the average for the period covered. If they are about the same as the average but not up to the lower range of the middle 50 percent of the cooperatives in the study, find the causes and determine whether corrective steps are necessary.

4. Determine the rate of net savings per dollar of assets, preferably on the asset replacement values. A general guide for evaluating how effectively borrowed capital is being used is to compare net savings per dollar of asset valuation with the rate of interest charged by lenders for investment capital.

A BUSINESS ANALYSIS OF LOCAL GRAIN COOPERATIVES IN OKLAHOMA

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BACKGROUND OF STUDY

Good management decisions are essential to the success of a cooperative as well as a noncooperative business. Without regular and systematic analyses of operating and financial data upon which to base informed judgments, these decisions are seriously handicapped. This points to the importance of accurate and detailed records from which to draw vital information in order to make wise decisions.

But the analysis should not stop here. Management would do well to study other operations to form a basis or set up a test for evaluating their own operations. With this in mind, this report presents detailed information against which grain cooperatives can analyze and evaluate their own operations.

Analysis which reduces items of the balance sheet statement to percentages of the total (commonly called a commonsize analysis or statement by business analysts) offers an easy method of comparison and evaluation. When similar data are available for other organizations engaged in the same kind of business, this provides a means of comparing one organization with one or any number of other similar organizations. It also provides an easy means of comparing data of different periods for the same organization to determine trends.

Analysis which reduces one item of the financial statement to a percentage of another item (ratio analysis) also provides a means of comparing specific relationships for two or more organizations. These ratios calculated for several continuous periods provide a picture of the trend taking place and adds to their meaning and significance.

These analyses become more valuable to the organization as trends are determined. This sort of information presents a clearer picture of the organization by showing changes occurring. Experience gained from these analyses enables management to make better informed decisions. That is the central purpose of this study.

Note: Appreciation is expressed to the following: Thomas E. Hall, formerly Chief of the Grain Branch, Farmer Cooperative Service, now Chief, Special Crops Branch, Federal Extension Service, U. S. Department of Agriculture, and Dr. Adlowe Larson, Professor of Agricultural Economics, Oklahoma State University, for important contributions in planning and developing the early work. Stanley K. Thurston, formerly of the Grain Branch, Farmer Cooperative Service, now Sugar Marketing Specialist, Sugar Division, Commodity Stabilization Service, for substantial help in planning the report and analyzing data; D. G. Nelson, formerly Grain Marketing Specialist, Oklahoma State University, now Executive Vice President of the Grain Sorghum Producers Association, Amarillo, Texas, for help in collecting field data; and the managers of the 81 participating local farmer cooperative grain marketing associations for contributing information and giving their valuable time, without which this study could not have been made.

Scope

This report covers 81 local grain marketing cooperatives in Oklahoma. These cooperatives received 27 million bushels of grain in one fiscal year for handling, storing, and merchandising. This volume was about 2 percent more than the total elevator bin capacity.

The study covered the various fiscal years ending between May 1954 and April 1955, which in most instances included grain harvested in 1954 (appendix table 1).

Of the 27 million bushels of grain moving into or through these cooperative elevators, about 12 million bushels were sold commercially and nearly 15 million bushels were stored as government loan grain. The peak amount of grain on hand at any time during the period studied totaled 21.7 million bushels, or over 80 percent of their storage capacity (table 1).

All grain moved off Oklahoma farms from the 1954 crop amounted to 76.4 million bushels. The estimated 27 million bushels delivered to these cooperatives amounted to more than 35 percent of all grain channeled into the State's marketing system (table 2 and appendix table 2).

In addition to their grain business, most of these elevators performed other services, such as merchandising production supplies and feed grinding and mixing. Merchandise sales amounted to $13.6 million. Gross savings from their various services amounted to $589,200. Eighty of the 81 cooperatives surveyed engaged in some sideline activities as follows:

Type of sideline business	Number engaged	Number not engaged
Merchandising farm supplies	75	6
Rendering services, such as feed grinding, seed cleaning and treating, and the like	74	7
Total number surveyed	80	1

This report breaks down in detail the operating and financial data of the 81 cooperatives. Emphasis was on the following: volume of business, grain versus sideline activities, sources of gross savings, and elevator capacity. The various items were analyzed in terms of their relationship within organizations as well as between organizations.

Gross operating savings was the best measure in determining the size of the cooperative and volume of business done by it. The size of operations as measured by this method is used throughout the report as the most meaningful in explaining differences among the cooperatives studied.

A good single measure of size of operation was difficult to determine. Sales volume is often used in business analysis as a measure of business volume. But because on the average only about 28 percent of total gross savings was provided by merchandise and grain sales combined, sales did not adequately satisfy this purpose. Grain handling and storage provided for about 51 percent of savings. Other savings and patronage refunds from other cooperatives provided for the remainder. Because of these facts and the fact that uniform prices were generally paid for the farmer's grain and that uniform rates were charged for

Table 1.--Grain received, elevator bin capacity, and peak grain in storage of 81 Oklahoma local grain cooperatives, 1954-55

Item	Amount	Average	Percentage of total grain received
	1,000 bu.	1,000 bu.	Percent
Grain volume received			
Commercial sales			
Wheat	10,574	131	39.2
Other grain	1,558	19	5.8
Total	12,132	150	45.0
Government loan grain	14,835 (est.)	183	55.0
Total grain	26,967 (est.)	333	100.0
Elevator bin capacity	26,429	326	98.0
Peak grain in storage 1/	21,674 (est.)	268	80.4

1/ Management was asked to estimate the peak volume of grain in storage or on hand at any time during the year. The peak may not have occurred on a common date for all cooperatives.

Table 2.--Relation of total farm grain marketing to total elevator bin capacity in Oklahoma, 1954-55

Item	Amount	Grain marketing to elevator capacity
	Million bu.	Percent
Elevator capacity		
State total - country and terminal	1/ 135.0	-
Farm grain marketing		
Commercial sales by farmers	34.3	25.4
Delivered to Government	2/ 42.1	31.2
Total	3/ 76.4	56.6

1/ Estimated
2/ Includes grain delivered to the Government under the price support program.
Source: Commodity Stabilization Service, U.S. Dept. of Agr.
3/ Represents all grain not consumed on the farm including Government loan grain.
Source: Agricultural Statistics, U.S. Dept. of Agr.

grain handling and storage, gross operating savings were used as the best measure of size of operation.

Findings of the study indicated that there were differences in operating and balance sheet data between single-unit and multiple-unit cooperatives. 1/ However, available detailed information on the individual units making up multiple-unit cooperatives did not show that the type of organization made the differences. It was necessary, therefore, to include only the 59 single-unit cooperatives in a detailed discussion to show the financial relationship within and between cooperatives.

There were some general differences, however, between single-unit and multiple-unit cooperatives. A short discussion later in this report covers these differences.

Method

Information was collected by personal interviews with management and from audit reports of these cooperatives. The schedule of questions, used in the personal interviews, included financial statement data, capital structure, commodities and services, operating size and efficiency, and number of members and employees.

The information in this report went through three stages of analysis: (1) overall analysis of 81 cooperatives, (2) analysis of single-unit cooperatives and multiple-unit cooperatives separately, and (3) comparison of the two types of cooperatives. The report follows this order of analysis but omits much detail on the multiple-units.

The overall analysis of the 81 cooperatives describes the general status of Oklahoma local grain cooperatives. It shows their total volume of business, total assets and other balance sheet items, and pertinent information on capacity, employees, and members.

The analysis of the cooperatives included grouping together the single-units and the multiple-units and following two general approaches:

1. Within the two groups, the cooperatives were further grouped by size of gross operating savings, by percentage of gross operating savings derived from grain, and by total volume of elevator bin capacity. After these groupings were made, the items on the balance sheet were reduced to percentages of the total for each group. The operating statement was handled the same way. This made it possible to compare one group of grain cooperatives with another group, regardless of size or number. An individual cooperative can use this method to compare its own individual data with any or all groups of cooperatives and to compare its own data for one period with another period.

1/ A single-unit cooperative has facilities at only one location; a multiple-unit cooperative has facilities at more than one location.

2. Operating and financial ratios were computed. They were arranged from the smallest to the largest, and those falling within the middle half of the range were used to describe the variations and as a general standard for comparison purposes. This method of analysis was used for both the single-unit and multiple-unit cooperatives. However, as explained earlier, this report includes a detailed analysis of only the single-unit cooperatives.

One of the problems to overcome in a comparative analysis of these cooperatives was how to make adjustments for the different ways the cooperatives treated depreciation in their financial statements.

To solve this problem, we made adjustments of depreciation expenses for those cooperatives with new facilities that were amortizing their new facilities over a 5-year period. An expected useful life of 20 years for these facilities was the basis for adjusting depreciation figures and thus the balance sheet items affected. To make adjustments in the balance sheet, we added three-fourths of rapid depreciation totals, including previous years, to elevator assets, total fixed assets, total assets, reserves, and total member equities.

To make adjustments in the operating statement, we deducted three-fourths of one year's rapid depreciation from the total depreciation expenses when included in depreciation in the operating statement. However, when rapid depreciation was not included in depreciation in the operating statement, we added one-fourth of it to the operating statement. We adjusted net savings in the same manner.

STATUS OF COOPERATIVES STUDIED

The cooperatives included in this study consisted of 59 single-units with elevator facilities in one location and 22 cooperatives with elevator facilities in more than one location. The multiple-unit cooperatives had 61 units located in as many towns. Together the single and multiple units had elevator facilities in operation, full or part time, at 120 communities in Oklahoma during the fiscal year 1954-55.

Nonfinancial Status

Discussed under nonfinancial status are elevator bin capacity, membership, and employees.

Elevator Bin Capacity

Bin capacity of the 81 grain cooperatives for the period studied totaled about 26.4 million bushels. This was an average of 326,000 bushels per cooperative and 570 bushels per member-patron. Elevator bin capacity ranged from a low of 9,000 to a high of 2 million bushels per cooperative.

The cooperatives with larger storage capacity elevators generally had the newer elevators or had recently made new additions. The cooperatives with larger elevators showed higher gross operating savings than those with smaller elevators. The cooperatives with higher elevator bin capacity derived higher proportions of savings from grain sources than cooperatives with lower bin capacities (appendix table 3).

Membership

These 81 grain cooperatives served 46,391 members. This was an average of 573 members per cooperative (table 3). Only 26 percent of the cooperatives had gross operating savings of $100,000 or more each, but they served 41 percent of the members. Conversely, the group with savings under $50,000 included about the same number of cooperatives, but served only 12 percent of the members. Therefore, larger membership meant larger gross savings per cooperative.

Employees

These cooperatives employed a total of 503 persons, including managers. This was an average of six employees per cooperative. The range was from 1 to 28 full-time employees. For each employee, wheat sales averaged $54,000 and sideline sales averaged $27,019. The cooperatives averaged $14,396 gross operating savings and $6,346 net operating savings per employee. The total net saved, which included nonoperating income, averaged $9,283 per employee.

Financial Status

Discussed under financial status are gross savings, expenses, net savings, and balance sheets.

Gross Savings

The combined gross operating savings of the cooperatives amounted to almost $7 million. With more than $1.5 million received in patronage refunds from other cooperatives, their total gross savings for the year were actually over $8.5 million (table 4 and appendix table 4). Thus each cooperative averaged $86,400 in gross operating savings and $19,100 in patronage refunds from other cooperatives. Total gross savings thus averaged $105,500.

Of the almost $7 million of combined gross operating savings, 74 percent, or nearly $5.2 million, came from grain operations alone. Of the remaining 26 percent, or $1.8 million, merchandise margins accounted for 18 percent and service savings accounted for 8 percent.

Grain handling and storage accounted for approximately $4.2 million or about 60 percent of the gross operating savings of all 81 cooperatives--an average of $51,300 per cooperative (table 4).

Sixty-two of the cooperatives segregated grain handling and grain storage savings. Of their grain savings, they derived 51 percent from grain handling and 49 percent from grain storage. These cooperatives accounted for over 98 percent of all savings from grain handling and storage for the 81 cooperatives studied. Therefore, one source of savings was on the average about as important in all 81 cooperatives as the other source.

Grain sales amounted to more than twice the sideline sales; yet gross savings on sideline sales exceeded gross savings on grain sales. On the average, gross savings on sideline sales were greater than gross savings on grain sales by more than $2,000. Thus if grain storage and handling savings shrink, a cooperative with a sideline business is in a better position than a cooperative without that business.

Table 3.--Membership classified by size of gross savings for 81 Oklahoma local grain cooperatives, 1954-55

Size of gross operating savings	Cooperatives: Percent of total	Cooperatives: Total number	Membership: Percent of total	Membership: Total number	Membership: Average number per cooperative
$1,000					
Under 50	24.7	20	12.0	5,578	279
50 - 99.9	49.4	40	46.6	21,624	541
100 and over	25.9	21	41.4	19,189	914
Total	100.0	81	100.0	46,391	573

Forty-three cooperatives (33 single-unit and 10 multiple-unit cooperatives) deriving more than 80 percent of their gross operating savings from grain sources, including grain sales and storage and handling, controlled 65 percent of the elevator bin capacity (appendix table 5). Significantly, these cooperatives had better records of savings than the remainder of the cooperatives, which derived less than 80 percent of their gross operating savings from grain.

Expenses

Operating expenses of the 81 cooperatives amounted to $3.8 million, or 54 percent as much as gross operating savings. These expenses per cooperative averaged $47,000 compared with gross operating savings of $86,400. Nonoperating expenses for the 81 cooperatives amounted to $68,400. This brought total expenses to almost $3.9 million, or $47,800 per cooperative (table 4).

An analysis of the total expenses logically fell into the four categories according to audit reports: labor and salaries, utilities and communications, depreciation, and "other" 2/ expenses. Of the total expenses, labor and salaries averaged 48 percent, depreciation 18 percent, utilities and communications 4 percent, and "other" expenses made up the remaining 30 percent.

2/ "Other" is used instead of miscellaneous because it is the term used in a majority of the audit reports of these cooperatives.

Table 4.--Consolidated operating statement, 81 Oklahoma local grain cooperatives, 1954-55

Item	Total	Average per cooperative
	$1,000	$1,000
Sales		
Grain	28,162.7	347.7
Merchandise	13,590.4	167.8
Total sales	41,753.1	515.5
Gross operating savings		
Grain margins	1,010.3	12.5
Grain handling and storage savings	4,156.6	51.3
Merchandise margins	1,240.3	15.3
Services (feed grinding, seed treating, etc.)	589.2	7.3
Total gross operating savings	6,996.4	86.4
Patronage refunds received from other cooperatives	1,545.5	19.1
Total gross savings	8,541.9	105.5
Expenses of operation	3,804.2	47.0
Net operating savings	3,192.2	39.4
Net nonoperating savings or expenses 1/	- (68.4)	-(0.8)
Total net savings (before income tax)	4,669.3	57.7

1/ This figure is the net difference between additions such as sales of fixed assets, cash long, oil leases, adjustments to accounts receivable, old checks canceled, and refunds on insurance, and deductions such as interest paid, cash short, directors' fees, and bad accounts charged off.

"Other" expenses included 19 different items (table 5). The most important of these were: advalorem taxes, interest, insurance and bonds, elevator supplies, and repairs. Altogether these expense items averaged over 20 percent of total expenses and two-thirds of "other" expenses. Thus, it is important that management carefully consider these so called "other" expenses in analyzing their operations.

Net Savings

Total net savings before income taxes were $4.7 million, or an average of $57,700 per cooperative. Of this total, $3.2 million were net operating savings and $1.5 million were mainly patronage refunds received from other cooperatives (table 4). Total net savings averaged 123 percent of operating expenses and 67 percent of gross operating savings. This favorable ratio between expenses and gross operating savings, coupled with sizeable patronage refunds, resulted in relatively high average net savings.

Net operating savings accounted for over two-thirds of total net savings for these cooperatives. The sources of net savings were as follows:

Source	Percent
Net operating savings	68.4
Patronage refunds	33.1
Nonoperating net receipts	- 1.5
Total	100.0

Net savings per member averaged $100.65. Dollars per member from each source were therefore about the same as the percentages shown above.

Balance Sheets

The book value of total assets varied widely among the 81 farmer cooperatives in 1954-55. Values varied from just under $40,000 to just over $1.9 million. Most of the cooperatives owned assets of under $400,000 in book valuation. Sixty-four elevators fell within this range (table 6).

We made no attempt to determine what influence the age of assets and accumulated depreciation write-off had on asset values. However, where rapid rates of amortization were reported, book values were lower than they would have been if regular depreciation rates had been applied. Seventy-five percent of such accumulated depreciation allowances was added to items of the balance sheet that had been affected. Moreover, we did not attempt to exclude what influence the general price-level change had on asset value. Generally speaking, the newer elevators had more bin space and higher fixed asset valuation. Their book values were more in line with the current price level and replacement values than the smaller and older elevators of lower asset valuations.

Assets of the 81 elevators in 1954-55 totaled more than $26.8 millions. They were nearly 25 percent current assets, 56 percent fixed assets, and 19 percent "other" assets. Elevator buildings and equipment made up about 48 percent of all assets (table 7).

Table 5.--Total expenses classified for 32 Oklahoma local grain cooperatives, 1954-55 1/

Class of expense		Percent of total expenses
Labor and salaries		46.58
Utilities and communications		4.20
Depreciation		17.59
"Other" expenses		
Office supplies and postage	1.50	
Dues and subscriptions	0.40	
Repairs and yard improvements	3.47	
Truck and hauling	0.93	
Audit and legal	0.78	
Testing and inspection fees	0.15	
Elevator expense, insecticides, controls, etc.	2.47	
Bad accounts and adjustments	0.26	
Fuel	0.19	
Insurance and bonds	5.60	
Travel	0.28	
Interest expense	5.48	
Directors' fees	0.37	
Advertising, promotions, donations, discounts allowed, and so on	1.66	
Miscellaneous	2.02	
Employment taxes	1.33	
Excise tax	0.29	
Advalorem tax	3.61	
Licenses	0.84	
Total "other" expenses		31.63
Total expenses		100.00

1/ These co-ops are representative of the 81 because the four major classes of expenses are about the same percentage of total expenses for the 32 as for the 81. "Other" expenses could be analyzed for only 32 cooperatives, because of overlapping of classes under "other" expenses in the remaining 49 cooperatives, or because of a lack of detailed classification.

Table 6.--Eighty-one Oklahoma local grain cooperatives grouped by size of assets, 1954-55

Size of assets	Number of cooperatives
$1,000	
Under 100	11
100 - 199.9	14
200 - 299.9	19
300 - 399.9	20
400 - 499.9	6
500 - 599.9	2
600 and over	9
Total	81

Liabilities and member equities made up about 25 percent and 75 percent, respectively, of that total figure. Liabilities included money loaned to the cooperatives by their members. Members held $3 in ownership capital for each dollar borrowed from all sources by their cooperatives. When member loans to their cooperatives were included as member equities, ownership capital amounted to $4 for each dollar borrowed from sources outside their cooperatives.

Each of these cooperatives, on the average, controlled assets valued at nearly $331,000. The net book value of elevator buildings and equipment averaged nearly $159,000. Members' equities averaged over $247,000 (appendix table 6). Similar data grouped by single-unit and multiple-unit cooperatives are shown in appendix table 7. The average value of assets per member was $578.

ANALYSIS OF 59 SINGLE-UNIT COOPERATIVES

As already pointed out, results of the analysis of the 59 single-unit cooperatives was sufficient to show the results of this study. Although there were a number of differences between the single-unit and multiple-unit cooperatives, the overall financial problems of one type fairly reflected those of the other. The more pronounced differences are discussed later in the report.

Table 7.--Consolidated balance sheet for 81 Oklahoma local grain cooperatives, 1954-55

Assets			Liabilities plus member equities		
Item	Total of 81 co-ops	Percent of total	Item	Total of 81 co-ops	Percent of total
	$1,000	Percent		$1,000	Percent
Current assets			Current liabilities		
Cash	1,865.4	6.9	Accounts payable 2/	885.6	3.3
Inventories	1,976.8	7.4	Dividends " 3/	262.5	1.0
Other	2,807.3	10.5	Short-term borrowing	56.3	0.2
Total current assets	6,649.5	24.8	Total current liabilities	1,204.4	4.5
Fixed assets			Long-term borrowing		
Elevator bldgs.& equip.	12,844.8	47.9	From members 4/	1,864.2	6.9
Other bldgs. & equip.	2,219.2	8.3	From other sources	3,720.9	13.9
Total fixed assets	15,064.0	56.2	Total long-term borrowing	5,585.1	20.8
Other assets 1/	5,093.9	19.0			
			Total liabilities	6,789.5	25.3
			Member equities		
			Certificates and credits	16,217.0	60.5
			Reserves 5/	3,800.9	14.2
			Total member equities	20,017.9	74.7
			Total liabilities and member equities		
Total assets	26,807.4	100.0		26,807.4	100.0

1/ Includes investments in other cooperative and noncooperative business, prepaid insurance, etc.
2/ Includes accruals for tax and other similar current reserves.
3/ Includes interest accruals on certificate of indebtedness and stocks if shown in current liabilities; otherwise they are treated as surplus and reserve items.
4/ Includes certificates of indebtedness and building fund certificates.
5/ Includes amounts allocated to patrons' equities. Also included are patronage refunds not shown on audits as current liabilities, net savings for 1954-55, 75 percent of accumulated rapid amortization figures, plus any other unallocated reserves.

Operating Statement Comparisons

The cooperatives were grouped by the following factors to show influences on operations: The size of gross operating savings, the percentage of these savings derived from grain operations, and the elevator capacity. The findings indicated that all three influences were interrelated. For example, cooperatives that had higher gross operating savings generally derived a higher percentage of their savings from grain; these cooperatives also had higher elevator storage capacity than those with lower gross operating savings.

Of the three factors related to operations in this study, the size of gross operating savings had the greatest influence.

Gross Savings

Gross operating savings averaged $66,900 for the 59 single-unit cooperatives. Total patronage refunds received by each cooperative averaged $15,400 (appendix table 4). Together these two sources of savings were $82,300 per cooperative.

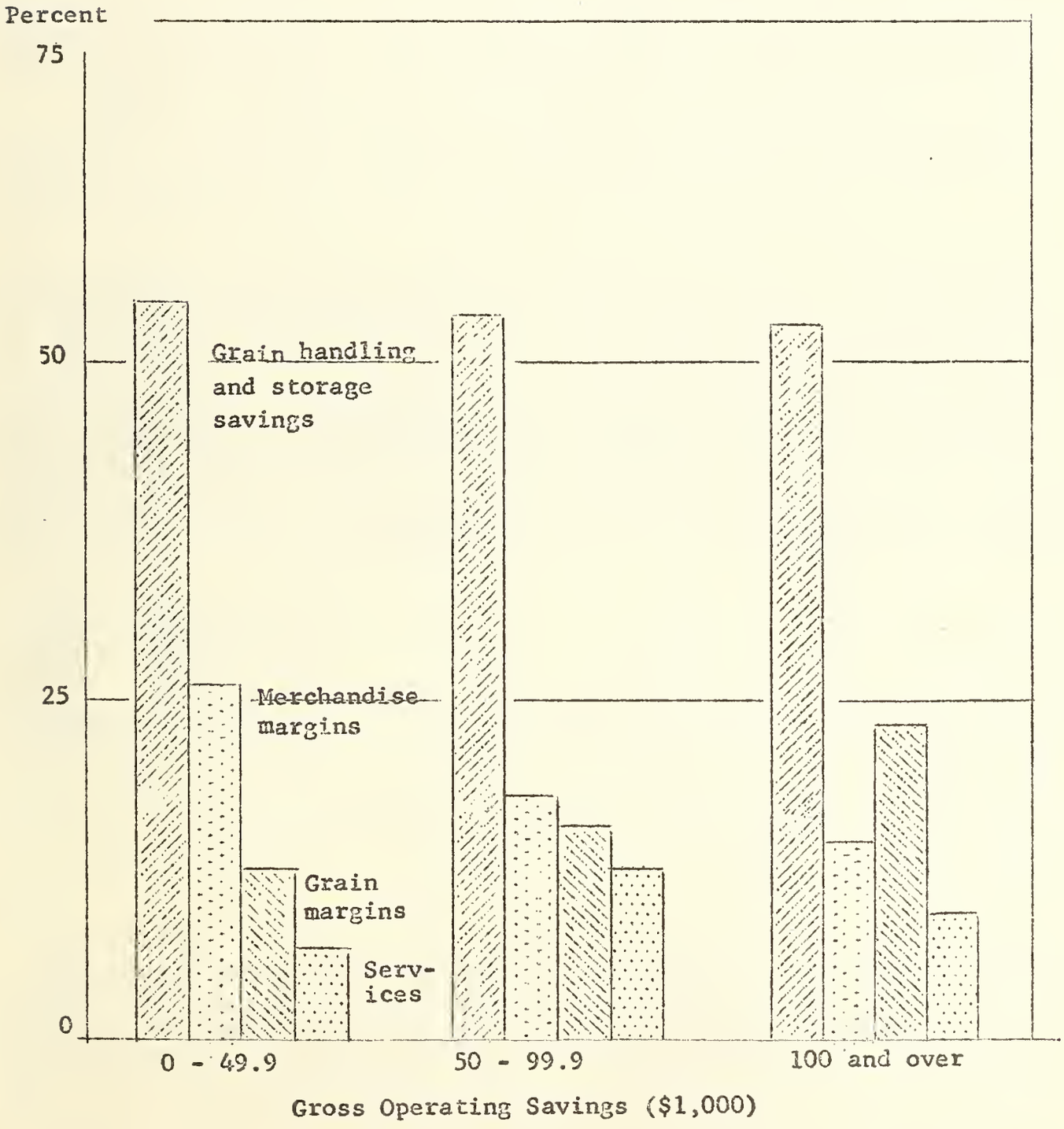
As the dollar volume of gross operating savings increased, the proportion of the savings derived from grain sources increased. This was true primarily because grain margins increased in a greater proportion than other grain savings did. Storage and grain handling savings increased in about the same proportion as gross operating savings (table 8 and figure 1).

Table 8.--Gross operating savings by sources and in percentages of total savings for 59 single-unit Oklahoma local grain cooperatives, grouped by size of gross operating savings, 1954-55

Size of Gross operating savings	Cooperatives	Sources of gross operating savings				
		Grain margins	Grain handling and storage	Merchandise margins	Services	Total
$1,000	Number	Percent				
Under 50	18	12.8	54.1	26.2	6.9	100.0
50 - 99.9	33	15.9	53.4	18.0	12.7	100.0
100 and over	8	23.2	52.7	14.7	9.4	100.0
Total	59	17.5	53.3	18.2	11.0	100.0

Cooperatives with high storage capacity derived most of their gross operating savings from handling and storing grain (appendix table 3). High-capacity cooperatives also derived a higher percentage of their savings from grain margins than low-capacity cooperatives did. Merchandise margins and services, therefore, were relatively less important in the high-capacity cooperatives than in the low-capacity cooperatives.

Figure 1.--Sources of gross operating savings of 59 Oklahoma local grain cooperatives, grouped by size of gross operating savings, 1954-55



Expenses

Operating expenses for the single-unit cooperatives amounted to about $2.2 million, an average of $36,900 per cooperative (appendix table 4). These expenses were broken down about as follows: Labor and salaries, 47 percent; depreciation, 18 percent; utilities and communications, 5 percent; and "other" expenses, 30 percent (table 9).

Labor and salaries constituted a smaller percentage of total operation expenses for cooperatives with gross operating savings of more than $50,000 a year than for cooperatives with lower savings. Depreciation amounted to a larger percentage of total expenses for cooperatives with gross operating savings over $50,000 than for cooperatives with lower savings (table 9).

Table 9.--Expenses of operation by type and in percentages of total expenses for 59 single-unit Oklahoma local grain cooperatives, grouped by size of gross operating savings, 1954-55

Size of gross operating savings	Cooperative elevators	Expense class: Labor and salaries	Utilities and communications 1/	Depreciation	Other expenses 2/	Total
$1,000	Number	Percent				
Under 50	18	51.9	4.0	16.3	27.8	100.0
50 to 99.9	33	45.7	4.8	17.9	31.6	100.0
100 and over	8	46.8	4.0	20.0	29.2	100.0
Total	59	47.0	4.5	18.1	30.4	100.0

1/ Utilities and communications included telephone, telegraph, fuel, electric power, and water.
2/ For a detailed listing of expense items, see table 5.

The size of the cooperative also influenced the proportionate amounts of the various operating expenses. On the average, labor and salary expenses and utilities and communication expenses constituted a larger percentage of total operating expenses for the smaller storage capacity cooperatives than for the larger. However, depreciation and "other" expenses were proportionately greater for the larger cooperatives than for the smaller (appendix table 8).

These relationships reflected a higher investment in buildings and equipment among the higher capacity cooperatives and a proportionately greater dependence upon labor among the smaller cooperatives.

Net Savings

Total net savings for the single-unit cooperatives amounted to about $2.7 million. This was an average of $45,700 per cooperative, of which $30,100 were from operations (appendix table 4).

Cooperatives whose gross operating savings were under $50,000 derived on the average only 49 percent of their total net savings from gross operating savings. Those with gross operating savings of $100,000 and over averaged 71 percent. Thus, cooperatives with higher gross operating savings derived a higher proportion of their net savings from their gross operating savings than cooperatives of lower gross operating savings did (table 10).

The net savings per member were also higher for cooperatives with higher gross operating savings than for cooperatives with lower gross operating savings. Dollar savings per member from operations increased much more than the increase per member from patronage refunds did (table 11).

Eight of the 59 single-unit cooperatives, or 14 percent, that had gross operating savings of $100,000 or over accounted for more than 33 percent of the total net savings of the group. The cooperatives with savings between $50,000 and $100,000 were about average; they contributed to total savings in proportion to number. They made up 56 percent of the number and accounted for 55 percent of total net savings. The remaining 30 percent with savings under $50,000 accounted for only about 11 percent of the total net savings of the group (table 12). Looking at net operating savings we see the differences were even greater, because among cooperatives of low gross operating savings a higher proportion of these savings was needed to meet expenses of operations than among the cooperatives with higher savings.

Elevator Bin Capacity

Out of a total of 14.1 million bushels of elevator bin capacity owned by the 59 single-unit cooperatives, 8 of them owned over 4.5 million bushels. Thus, less than 14 percent of the single-unit cooperatives controlled 32 percent of the total bin capacity. The eight were in the high gross operating savings group each with savings of $100,000 or more. Therefore, the gross operating savings on the average were higher for those cooperatives with the greater bin capacity (table 13). At the other extreme, 30 percent of the cooperatives, whose gross operating savings were under $50,000 each, had only about 12 percent of the bin capacity.

Of the 59 cooperatives, 30 operated 84 percent of the total bin capacity, and 29 operated 16 percent. The dividing point between the two groups was 225,000 bushel capacity for an individual cooperative. The cooperatives below this capacity averaged 78,000 bushels of bin capacity. Those above this capacity averaged 396,000 bushels, or 5 times as much capacity as the lower group averaged (appendix table 9).

Table 10.--Net savings by sources and in percentages of total gross savings for 59 single-unit Oklahoma local grain cooperatives, grouped by size of gross operating savings, 1954-55

Size of gross operating savings	Source of net savings: Gross operating savings	Patronage refunds received	Other nonoperating savings	Total savings
$1,000	Percent of net savings			
Under 50	48.9	45.6	5.5	100.0
50 - 99.9	65.9	34.2	(-0.1)	100.0
100 and over	71.3	28.9	(-0.2)	100.0
Total	65.8	33.7	0.5	100.0

Table 11.--Net savings per member by sources and percentages of gross operating savings derived from grain for 59 single-unit Oklahoma local grain cooperatives, grouped by size of gross operating savings, 1954-55

Size of gross operating savings	Gross operating savings from grain	Source of net savings: Gross operating savings	Patronage refunds received	Other nonoperating savings	Total savings
$1,000	Percent	Dollars per member			
Under 50	66.9	30.12	28.03	3.39	61.54
50 - 99.9	69.2	55.04	28.62	(-0.10)	83.56
100 and over	75.9	117.85	47.75	(-0.40)	165.20
Total	70.8	62.71	32.30	0.46	95.37

Table 12.--Sources of net savings expressed in percentages of totals for 59 single-unit Oklahoma local grain cooperatives, grouped by size of gross operating savings, 1954-55

Size of gross operating savings	Cooperative associations	Source of net savings: Operating savings	Patronage refunds	Total
$1,000	Percent	Percent of net savings		
Under 50	30.5	8.5	15.4	11.4
50 - 99.9	55.9	55.4	56.2	55.2
100 and over	13.6	36.1	28.4	33.4
Total	100.0	100.0	100.0	100.0

Table 13.--Total and average elevator bin capacity and number of cooperatives: 59 single-unit Oklahoma local grain cooperatives grouped by size of gross operating savings, 1954-55

Size of gross operating savings	Cooperative associations	Elevator bin capacity		
		Total	Average per cooperative	Percentage of total bin capacity
$1,000	Number	1,000 bushels		Percent
Under 50	18	1,669	93	11.8
50 - 99.9	33	7,938	241	56.2
100 and over	8	4,530	566	32.0
Total	59	14,137	240	100.0

Membership

Based on the same dividing line used in the preceding section, the higher capacity cooperatives served a larger membership than the lower capacity cooperatives. The upper half served 16,184 of the 28,289 members belonging to the 59 cooperatives. The lower half, therefore, served the other 12,105 members. Each of the higher capacity cooperatives averaged about 539 members, which was over 25 percent more than each of the lower capacity cooperatives (appendix table 10).

Employees

Cooperatives that realized 80 to 100 percent of their savings from grain not only averaged greater total savings than the others, but did so with fewer employees. It follows, therefore, that these cooperatives averaged higher savings per employee than the other cooperatives that realized less than 80 percent of their savings from grain (appendix table 11). Conversely, sideline operations required more labor for each dollar of gross operating savings than grain operations did.

Balance Sheet Comparisons

Most of the grain cooperatives studied showed balance sheets in favorable condition for the fiscal year 1954-55. Balance sheets revealed the following significant points: Members owned a large proportion of their cooperatives' assets, current assets held a favorable relation to current liabilities, and a large portion of the current assets were either in cash or in such a form that they could be converted into cash readily enough to meet current liability demands for cash.

In light of savings, debts of the cooperatives were under good control. However, some of the cooperatives failed to provide needed facilities and services because of an apparent desire to keep debts at a minimum. When a business provides services needed by its patrons, it stands a much better chance of successful operation.

Financial Structure and Operating Savings

The size of gross operating savings of the single-unit cooperatives had no noticeable influence on the proportions of current, fixed, or other assets to total assets. The assets varied but not in proportion to the size of savings. However, the percentages of liabilities and member equities varied with the size of gross savings (table 14).

Assets per member averaged $525 for the cooperatives whose gross operating savings were between $50,000 and $100,000. Cooperatives with gross operating savings under $50,000 averaged $493 in assets per member, and those above $100,000 in savings had assets per member of $735 (table 15).

The value of assets averaged nearly twice as much among cooperatives deriving more than 40 percent of their gross operating savings from grain than those cooperatives deriving 40 percent or less from grain (appendix table 12). A similar relationship held for all types of assets: current, fixed and "other" assets.

Assets per member were also higher among the cooperatives that derived more as compared to those that derived less than 40 percent of their savings from grain (appendix table 13). Total assets averaged $622 in single-unit cooperatives that derived more than 80 percent of their gross operating savings from grain. The group that derived no more than 40 percent of gross operating savings from grain had total assets per member of about $420.

The value of elevator buildings and equipment per member was greater, too, for those grain cooperatives where grain savings were more important. However, the value of all other buildings and equipment was greater per member for those grain cooperatives where sideline savings were of relatively greater importance than grain savings.

Member equities and total liabilities were greater per member among grain cooperatives receiving a high proportion of their savings from grain operations. This was particularly true of long-term borrowings and member equities.

Financial Structure and Elevator Bin Capacity

Cooperatives with an individual elevator bin capacity of 225,000 bushels and over had a higher percentage of their total assets in fixed assets than cooperatives of less bin capacity. The cooperatives with a high storage capacity had about 50 percent of their total assets tied up in elevator facilities, while the low capacity cooperatives had about 36 percent of their total assets tied up in these facilities (appendix table 14).

Assets, as well as liabilities and member equities, were higher among cooperatives with high elevator bin capacity than cooperatives with low bin capacity (appendix table 15). This was particularly true for elevator buildings and equipment, since there is a direct relation between the size of an elevator and its cost of construction.

Table 14.--Balance sheet items as a percentage of total by size of gross operating savings for 59 single-unit Oklahoma local grain cooperatives, 1954-55

Balance sheet items	Gross operating savings		
	$0 - 49,999	$50,000 - 99,999	$100,000 and over
	Percent of total		
Assets			
Current assets	26.7	25.9	28.7
Fixed assets	51.9	56.0	52.2
Other assets	21.4	18.1	19.1
Total assets	100.0	100.0	100.0
Liabilities and member equities			
Current liabilities	5.5	4.5	3.5
Long-term borrowing:			
From members	10.0	6.1	3.4
From other sources	15.8	17.4	8.0
Total long-term borrowing	25.8	23.5	11.4
Member equities:			
Certificates and credits	56.3	59.5	71.6
Reserves	12.4	12.5	13.5
Total member equities	68.7	72.0	85.1
Total liabilities and member equities	100.0	100.0	100.0
	Number of cooperatives		
	18	33	8

Table 15.--Balance sheet items in dollars per member by size of gross operating savings for 59 single-unit Oklahoma local grain cooperatives, 1954-55

Balance sheet items	Size of gross operating savings		
	$0 - 49,999	$50,000 - 99,999	$100,000 and over
	Dollars per member		
Assets			
Current assets	132	136	211
Fixed assets	256	294	384
Other assets	105	95	140
Total assets	493	525	735
Liabilities and member equities			
Current liabilities	28	24	25
Long-term borrowing:			
From members	49	32	25
From other sources	78	91	59
Total long-term borrowing	127	123	84
Member equities:			
Certificates & credits	277	312	527
Reserves	61	66	99
Total member equities	338	378	626
Total liabilities and member equities	493	525	735
	Number of cooperatives		
	18	33	8

The assets per member of the high capacity single-unit cooperatives averaged $652 compared with $356 for the low capacity single-unit cooperatives (appendix table 16).

Financial Structure and Total Assets

Among the cooperatives averaging more than $200,000 in total assets, fixed assets constituted the greatest portion of those total assets. Therefore, current assets and "other" assets were less important than fixed assets among these cooperatives (appendix table 17).

Financial and Operating Ratios of 59 Single-Unit Cooperatives

This part of the report has two purposes: To provide a description and an analysis of how various items in a financial statement relate to each other, and to point the way toward a guide for management in improving their cooperative operations.

The use of financial and operating ratios offers a means of showing the relationship between two items in the financial statemement of a business operation. However, these ratios do not automatically solve a problem. They merely describe. Thus ratios have significance only through a detailed analysis of figures behind the relationships.

In order for ratios to serve as a means for formulating action, the management must understand the limitations of the ratios. This involves not only the type of operations the ratios represent but also the period of time under examination. This is complicated by the fact that both items in a ratio are subject to wide variations and that there are no strictly fixed standards for evaluating a ratio.

To some, it may appear on the surface that a large ratio is always the best ratio. But it is more desirable for certain ratios to be small rather than large. When a large ratio is desirable, however, there is a limit beyond which an increase in size has no significance. To help determine the adequate size of a ratio, management must look behind the items and understand what is involved. The size of the ratios given in this report describes the range in variation of the cooperatives. This is the middle half of the elevators when arranged in sequence from the smallest to the largest ratio (table 16). This eliminates the extreme variations among the other half which is equally divided above and below this range. 3/

When a high ratio is favorable, the cooperative falling into the bottom fourth or below the middle half are generally in a weaker position than the other cooperatives. These business ratios can serve as a guide for country elevator management in making comparisons to see where their strong and weak positions are and where problems exist or may develop. This permits controls to be applied early before problems arise or get very big.

3/ With an odd number of cooperatives, one more than half the elevators are included in the middle 50 percent of the range. Therefore, whenever half and one-fourth of the elevators are referred to in the report, they are necessarily approximate.

Table 16.--Financial and operating ratios: Range of middle half and the median for 59 single-unit Oklahoma local grain cooperatives, 1954-55

Ratio	Range of middle half [1]		Median for group [2]
	Low	High	
	Percent [3]		
Financial ratios			
Current assets to current liabilities	400	1020	760
Member equities to liabilities	178	694	289
Member equities to noncurrent assets	83	120	99
Operating ratios			
Margin per dollar grain sales	1.5	5.4	3.1
Margin per dollar sideline sales	6.6	12.1	9.5
Sideline sales to accounts receivable	540	2330	1051
Labor-salaries to total expenses	40.5	53.1	47.2
Operating expenses to gross operating savings	43.1	80.2	53.9
Net savings to total assets	13.1	22.2	16.6

1/ This is the range in ratio size of the middle half of the cooperatives. This means the other half of the cooperatives was equally divided above and below this range.

2/ This is a ratio size that divides the group of cooperatives into two subgroups with half of them above and half below. The median divides the middle half equally as well as it divides the group.

4/ See footnote 4, page 25.

Financial Ratios

Financial ratios show the proportionate relationships of two items in a balance sheet to each other. They not only describe the financial structure of an organization in relative terms, but are very useful in comparing organizations of various sizes. Three kinds of financial ratios are analyzed here.

Current Ratio - The current ratio shows the relationship between current assets and current liabilities and serves as a general measure of liquidity, or of the ability to meet current obligations to creditors. An organization cannot pay its bills if current assets are allowed to remain low for many months when compared with current liabilities. The form these assets take over a period of time in relation to credit demands coming due for that period determines the ratio size that is adequate.

Some business analysts say that a current ratio of 200 percent 4/ is adequate, thus implying that anything smaller is inadequate. But it is not that simple. An adequate ratio depends upon (1) how well the ratio represents the relationship for a specific period and (2) whether enough of the assets take the form of cash to meet cash needs for the period.

Two methods may be used to shed further light on whether a ratio is adequate.

First, a comparison of quick assets (cash, accounts receivable, and temporary investments) with current liabilities offers a rough means of determining adequate ratio size. If the ratio of quick assets to liabilities is 100 percent or greater, then the current ratio is generally considered adequate.

Next, a more detailed and precise measure for determining the adequacy of the current ratio is commonly referred to as the "current position." This is a method of setting up a schedule by date of expected cash receipts for a specific period against a schedule of expected outlays needed to maintain business during the same period. Expected cash receipts and available cash must equal or exceed the expected outlays. These approaches offer management a means to determine action needed to correct a situation before serious problems develop.

The middle half of the single-unit cooperatives in this study had current ratios of between 400 and 1,020 percent (table 16). One-fourth of the cooperatives below the middle half were in the weakest current position at that time. However, there were only four of them whose current ratios were below 200 percent.

Ratio of Member Equities to Liabilities - This ratio shows the relationship between ownership capital 5/ and borrowed capital in the capital structure of the cooperative. Its purpose is to aid in determining whether or not

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4/ Ratios are expressed in percentages; the first mentioned item in the ratio is expressed in terms of percentage of the second item. For example, current assets of 200 percent of current liabilities is the same as 2 to 1.

5/ Ownership capital is used here to mean investment by members (owners) by means of stock, stock credits, allocated and unallocated reserves as differentiated from bonds, certificates of indebtedness, and other such loans which have a definite due date and which members hold as creditors' capital.

the investment by owners is adequate. Generally, the owners should furnish enough of the capital to permit them to maintain control of their business. Since the Wichita Bank for Cooperatives is one of the principal sources of outside credit for these cooperatives, this is not a serious problem area. 6/

Two factors influence the safe size of this ratio. (1) Whether it is the policy of the lender to want to enter into management decisions of the organization at some point in the amount loaned (often this happens to a certain extent in the business world), and (2) whether there is a likelihood of a major decline developing in the general price level. When a drastic decline in price level occurs, revenues are reduced and asset values lowered. However, liabilities decline only by being paid off as they come due. But there is a decline in business volume generally associated with a price level decline. This results in less revenue being available to meet liability demands that are inflexible. This can lead to serious trouble.

For the middle half of the single-unit cooperatives, the ratio of member equities to liabilities ranged from 178 to 694 percent, with a median of 289 percent. In one-fourth of all 59 cooperatives, the owners furnished less than $1.78 for each dollar supplied by creditors. In the other one-fourth, the owners supplied more than $6.94 for each dollar supplied by creditors (table 16). In only four of the 59 cooperatives did the owners invest less than a dollar for each invested by creditors.

Ratio of Member Equities to Noncurrent Assets 7/- Generally, owners should furnish capital equivalent to the value of noncurrent assets. It is desirable, therefore, to determine the ratio of member equities to noncurrent assets before finally evaluating the ratio of member equities to liabilities.

Among the single-unit cooperatives included in this study, the median ratio was 99 percent. This means that for half the single-unit cooperatives the members had furnished capital that was less than the total of noncurrent assets. However, noncurrent assets made up 73 percent of total assets in these cooperatives (appendix table 7).

6/ The following excerpt from Circular 6, "Loans to Farmers Cooperatives," issued by Farm Credit Administration, Washington 25, D.C., bears on this subject: "By law the loans on physical facilities may not exceed 60 percent of the bank's appraisal of the security offered. However, it is usually wise for the cooperative to finance larger proportions of its facilities from its own funds."

Public Law 439 (H.R. 5345), subchapter V, ch. 7, Title 12, U.S.C., Sec. 1134c, however, states that under certain specified conditions banks for cooperatives are permitted to make loans for erecting storage facilities up to 80 percent of the cost of such structures. Relative to grain storage facility loans the important ones are: (1) That existing private facilities are inadequate, (2) that the cooperative can supply appropriate commitment from Commodity Credit Corporation, that C.C.C. will lease or guarantee utilization of not less than 75 percentum of the storage space for a period of three years if the structures are not additions to existing structures, or two years if such structures are additions to existing structures. C.C.C. no longer leases or guarantees utilization of new storage facilities.

7/ Noncurrent assets includes fixed assets and assets other than current assets, such as investments in other cooperatives.

Among the middle half of single-unit cooperatives, the ratios of member equities to noncurrent assets ranged between 83 and 120 percent. In one-fourth of the cooperatives that fell below the range given, members had furnished less than 83 percent of the noncurrent assets (table 16).

More of the cooperatives that had high financial ratios also had high net savings on assets. However, it is not clear whether the high savings rates caused high financial ratios or vice versa. Although it is logical to believe that a history of substantial savings can result in good financing and sound financial ratios, it is also true that good financing and sound financial ratios can contribute to the current ability to realize substantial savings.

Operating Ratios

Operating ratios show the proportionate relationships between items in an operating statement or between items in an operating statement and a balance sheet. They are used to compare the performance of two or more business concerns. Computed for several accounting periods for the individual organization, they provide a very good means for that organization to compare its performance one period with its performances during other periods. In that way, the direction of and extent of trends are determined so that management knows its accomplishments as well as its opportunities.

Ratio of Net Savings to Assets - In half of the single-unit cooperatives, net savings per dollar of assets as reflected in current book values were above 16.6 percent. The middle half of the cooperatives had net savings to total assets ranging between 13.1 and 22.2 percent (table 16). For one-fourth net savings were more than 22.2 percent of their book value of total assets. Most of the cooperatives had good savings records.

Margin per Dollar of Grain Sales - This ratio shows the difference between the advances for grain received and the value of sales of grain marketed by the cooperative, allowing for the changes in value of beginning and ending inventories of commercial grain.

The size of this ratio varied widely among the single-unit cooperatives. A summary of this variation follows:

Margin per dollar of grain sales, 1954-55 (Cents)	Single-unit cooperatives (Number)
1.0 and under	9
1.1 - 3.0	18
3.1 - 5.0	12
5.1 - 7.0	5
7.1 and over	11
Unavailable	4
	59

Half the single-unit cooperatives showed margins per dollar of grain sales of 1.5 to 5.4 cents. One-fourth showed margins under 1.5 cents, and one-fourth above 5.4 cents. The median was 3.1 cents (table 16).

Conditions that caused the variation from one cooperative to another in the size of this ratio are as follows:

1. Variations among cooperatives in prices paid and received for grain due to:

   a. Moisture discount schedules used or lack of discounting.
   b. Variations in kinds of grain handled by these cooperatives.

2. Changes in grades and other quality factors between the time the farmer delivered the grain and the time of sale by the cooperative, due to:

   a. Upgrading through blending or other operations.
   b. Deterioration of quality.
   c. Variations among cooperatives in grading standards, sampling errors, and interpretation of standards.

3. Variations among cooperatives of weights in and out due to:

   a. Weighing errors.
   b. Shrinkage, both natural and otherwise.
   c. Other losses of grain.

4. Different methods of pricing inventories, such as:

   a. LIFO method (valuing inventories on a last-in-first-out basis).
   b. FIFO method (valuing inventories on a first-in-first-out basis).

Margin per Dollar of Sideline Sales - This ratio shows the difference between the price paid by cooperatives for farm supplies and the per dollar advance made by the farmer for those supplies when he receives them. The ratio is determined by dividing gross margins on sideline sales by the sideline sales and is expressed in cents per dollar of sales.

Some influences causing variations in this ratio from one cooperative to another were:

1. Buying practices to take advantage of influence of volume discounts, buying ahead, and seasonal lows.

2. Inventory valuation methods, such as FIFO and LIFO.

3. Inventory losses.

4. Retail price changes between purchases and sales.

5. Differences in the proportions of sales of merchandise which varied in margin.

6. Differences in policies and practices regarding credit and write-off of bad debts (it makes a difference in the margin depending on when they are charged against sideline sales).

7. Rate of inventory turnover.

Most of these influences can be controlled in achieving maximum gross and net savings. But it must be remembered that wider margins per dollar of sales do not always result in higher savings. For it is the combination of volume and margin that determines gross savings. The best opportunity for keeping margins wide while maintaining volume sales necessary for maximum savings is offered by efficient buying practices, by keeping credit losses low and by avoiding losses in inventory values rather than by charging higher prices.

The middle half of single units in this study had a margin that ranged between 6.6 and 12.1 cents per dollar of sideline sales. The median for the group was 9.5 cents (table 16).

Margins on grain and sideline sales together contributed 32.9 percent of total gross operating savings. Therefore, they are not to be ignored as unimportant to these cooperatives.

Ratio of Sideline Sales to Accounts Receivable - This ratio shows the relationship between sales volume for a given period and all uncollected accounts, including any brought forward from previous periods. An appraisal of this ratio depends upon the following facts:

1. The proportion of sales on credit during the period.

2. The proportion of accounts receivable not yet due.

3. The age of accounts receivable when they are charged off as bad debts.

4. The difference in the amount of accounts receivable at the end of the period compared with the amount at the beginning of the period.

Half of the single-unit cooperatives studied had annual sideline sales of over 10 times the accounts receivable (table 16). The middle 50 percent of the single units ranged from 540 to 2,330 percent in their ratios of sideline sales to accounts receivable. The one-fourth that fell below the ratio of 540 percent required 55 business days or more under normal conditions to collect for sideline sales.

Ratio of Labor Costs and Salaries to Total Operating Expenses - The cost of labor and salaries ranged from 27 to 69 percent of total expenses among the single-unit cooperatives studied. The ratio of these expenses was greater than 47 percent in half these cooperatives. The middle half of the single-unit cooperatives ranged between 40 and 53 percent (table 16).

A cooperative whose labor and salary costs exceed 47 percent of their total expenses may need to examine such costs in detail.

Ratio of Operating Expenses to Gross Operating Savings - The middle 50 percent of the cooperatives ranged from 43 to 80 percent in their ratios of operating expenses to gross operating savings. In half the cooperatives, operating expenses exceeded 54 percent of their gross operating savings. In one-fourth of the cooperatives, this ratio was above 80 percent; thus these cooperatives had a narrow margin of net savings (table 16). Some of

them might need to examine their operations to find ways to either reduce costs or derive higher gross savings.

COMPARISON OF SINGLE-UNIT AND MULTIPLE-UNIT COOPERATIVES

Although a detailed analysis of single-unit and multiple-unit cooperatives showed many similarities, there were some differences significant enough for examination here. These differences cannot be attributed only to the organizational makeup of the two types of cooperatives. Other aspects such as size also may have contributed to these differences.

In general, multiple-unit cooperatives were larger than single-unit cooperatives in sales and savings (appendix table 4). They were also larger in elevator bin capacity and number of employees, and they served a larger trade area and more members. The assets of the two different types of cooperatives are compared in table 17 and appendix tables 7 and 15.

Single-unit cooperatives, however, averaged more income from services such as feed grinding, mixing, and seed cleaning than the multiple-unit cooperatives did. Multiple-unit cooperatives appeared to devote relatively more attention to grain and merchandise sales (table 17).

Single-unit cooperatives averaged higher margins per dollar of grain and merchandise sales as follows:

Commodity	Single units	Multiple units
Grain	4.1 cents	2.8 cents
Merchandise	11.0 "	7.4 "

The various sources of saving in relation to total gross operating savings are compared for single-unit and multiple-unit cooperatives in the following summary:

Source of savings	Percentage of total gross operating savings	
	Single units	Multiple units
Grain sales	18	11
Grain handling and storage	53	67
Merchandise sales	18	17
Services	11	5
Total savings	100	100

Single-unit cooperatives had higher net savings per dollar of asset valuation than multiple-unit cooperatives (table 18). The higher net savings per dollar of assets in the single-unit cooperatives was the result of higher patronage refunds and other nonoperating savings per dollar of assets and not of more efficient operations in general. Net operating savings per dollar of assets were about the same for both groups of cooperatives (table 19). In both groups, the cooperatives with higher gross operating savings generally had higher net savings per dollar of assets (figure 2).

Table 17.--Comparison of various items for 59 single-unit and 22 multiple-unit Oklahoma local grain cooperatives, 1954-55

Item of comparison	Single units	Multiple units
	Average	
	Dollars	
Assets	251,931	542,886
Sales		
Grain	285,800	513,600
Merchandise	110,400	321,700
Grain handling and storage savings	35,700	93,300
Service savings	7,400	7,000
Gross savings	66,900	138,500
Total net savings	45,700	89,500
	Bushels	
Elevator bin capacity	240,000	559,000
	Number	
Membership	479	823
Employees	5	10

Table 18.--Net savings per dollar of assets compared for 59 single-unit and 22 multiple-unit Oklahoma local grain cooperatives, grouped by size of gross operating savings, 1954-55

Size of gross operating savings	Net savings per dollar of assets	
	Single units	Multiple units
$1,000	Cents	Cents
Under 50	13.1	7.6
50 - 99.9	17.5	13.8
100 and over	22.5	17.3
Total	18.2	16.5

Figure 2.--Relation of size of gross operating savings to net savings per dollar of assets in Oklahoma local grain cooperatives, 1954-55

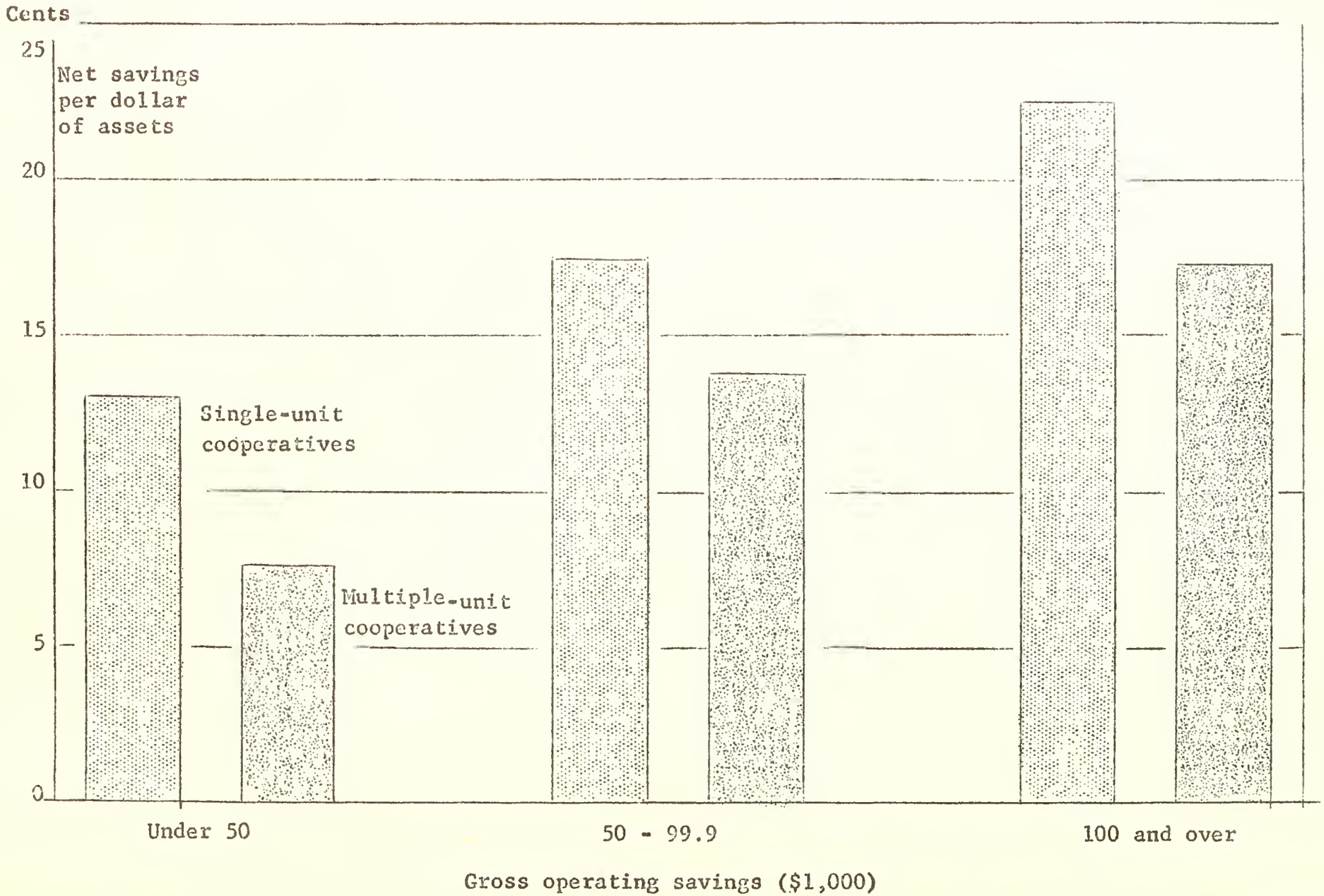

Table 19.--Net savings per dollar of assets by sources of savings compared for 59 single-unit and 22 multiple-unit Oklahoma local grain cooperatives, 1954-55

Sources of net savings	Net savings per dollar of assets	
	Single units	Multiple units
	Cents	Cents
Gross operating savings	12.0	11.9
Patronage refunds received and other nonoperating savings or expenses	6.2	4.6
Total	18.2	16.5

This report has dwelt on economic aspects of cooperative business operation that can be measured by use of data. Although these aspects are vitally important in analyzing cooperatives as well as individual proprietorships, considerations that cannot be measured by actual data must not be overlooked. Services performed, number of members served, and benefits the cooperative provides to the community should be considered by the cooperative in its self evaluation.

APPENDIX

Appendix table 1.--Classification of 59 single-unit and 22 multiple-unit Oklahoma local grain cooperatives, by the month in which the operating year ended, 1954-55

End of year	Cooperatives		
	Multiple units	Single units	Total
	Number		
1954			
May	0	3	3
June	0	0	0
July	0	1	1
August	0	0	0
September	1	6	7
October	2	6	8
November	1	7	8
December	7	8	15
1955			
January	1	1	2
February	2	9	11
March	5	10	15
April	3	8	11
	22	59	81

Appendix table 2.--Volume of off farm sales of grain (first sale) in Oklahoma, 1954-55

Kind of sale	Volume of sales			
		Percent of		
	1,000 bu.	Total sales	Oklahoma elevator bin capacity 1/	Local cooperative elevator bin capacity 1/
Total sales by farmers 2/	76,395	100.0	56.6	289.4
Commercial sales by farmers	34,341	45.0	25.4	130.1
Noncommercial sales by farmers 3/	42,054	55.0	31.2	159.3
Total sales by 81 local cooperatives	26,967	35.3	20.0	102.1
Commercial sales by 81 local "	12,132	15.9	9.0	46.0
Noncommercial sales by 81 " "	14,835	19.4	11.0	56.2

1/ Oklahoma elevator bin capacity, including terminal elevators, was estimated to be 135.0 million bushels. Local grain cooperatives had 26.4 million bushels of elevator bin capacity.

2/ Source: Agricultural Statistics, Agricultural Marketing Service, U. S. Dept. of Agr. Includes all grain not consumed on the farm.

3/ Source: Commodity Stabilization Service, U. S. Dept. of Agr.

Appendix table 3.--Gross operating savings of 59 single-unit Oklahoma local grain cooperatives by storage capacity and source of savings, 1954-55

Storage capacity	Cooperatives	Percentage of gross operating savings derived from: Grain margins	Grain handling and storage	Merchandise margins	Services	Total
1,000 bushels	No.	Percent				
Under 225	29	13.2	35.3	32.0	19.5	100.0
225 and over	30	19.2	62.3	11.6	6.9	100.0
Total	59	17.5	53.3	18.2	11.0	100.0

Appendix table 4.--Consolidated operating data of 59 single-unit and 22 multiple-unit Oklahoma local grain cooperatives, 1954-55

Item	Single units: Total	Single units: Average per cooperative	Multiple units: Total	Multiple units: Average per cooperative	Multiple units: Average per unit 1/
Sales	$1,000 2/				
Grain	16,864.5	285.8	11,298.1	513.6	185.2
Merchandise	6,512.8	110.4	7,077.6	321.7	116.0
Total	23,377.3	396.2	18,375.7	835.3	301.2
Gross operating savings					
Grain margins	692.7	11.7	317.6	14.4	5.2
Grain handling and storage	2,104.1	35.7	2,052.5	93.3	33.6
Merchandise margins	716.9	12.2	523.4	23.8	8.6
Services (feed grinding, etc.)	434.8	7.4	154.4	7.0	2.5
Total	3,948.5	66.9	3,047.9	138.5	50.0
Expenses of operation	2,174.3	36.9	1,629.9	74.1	26.7
Net operating savings	1,774.2	30.1	1,418.0	64.4	23.2
Patronage refunds received	910.8	15.4	634.7	28.8	10.4
Nonoperating savings or expenses	13.0	0.2	-(81.4)	-(3.7)	-(1.3)
Total net savings (before income taxes)	2,698.0	45.7	1,971.3	89.5	32.3

1/ A unit is a location.
2/ Due to rounding, some figures do not add to total.

Appendix table 5.--Oklahoma local grain cooperatives classified by gross operating savings derived from grain, 1954-55

Gross operating savings derived from grain	Cooperatives	Elevator bin capacity		
		Total	Average per cooperative	Percentage of all bin capacity
Percent	Number	1,000 bu.	1,000 bu.	Percent
Single units				
80.1 - 100	33	10,037	304	38.0
60.1 - 80	7	1,841	263	7.0
40.1 - 60	8	1,689	211	6.4
Under 40.1	11	570	52	2.1
Total	59	14,137	240	53.5
Multiple units				
80.1 - 100	10	7,145	714	27.0
60.1 - 80	7	4,333	619	16.4
40.1 - 60	5	814	163	3.1
Under 40.1	0	-	-	-
Total	22	12,292	559	46.5
All cooperatives	81	26,429	326	100.0

Appendix table 6.--Balance sheet items averaged for 81 Oklahoma local grain cooperatives, 1954-55

Assets	Average of 81 cooperatives	Liabilities and member equities	Average of 81 cooperatives
Current assets	$	Current liabilities	$
Cash	23,030	Accounts payable	10,933
Inventories	24,405	Dividends payable	3,241
Other	34,658	Short-term borrowing	695
Total current assets	82,093	Total current liabilities	14,869
Fixed assets		Long-term borrowings	
Elevator bldgs. & equipment	158,578	From members	23,015
Other bldgs. & equipment	27,397	From other sources	45,937
Total fixed assets	185,975	Total long-term borrowings	68,952
Other assets	62,888	Total liabilities	83,821
		Member equities	
		Certificates and credits	200,210
		Reserves	46,925
		Total member equities	247,135
		Total liabilities and member equities	330,956
Total assets	330,956		

Appendix table 7.--Balance sheet items averaged for 59 single-unit and 22 multiple-unit Oklahoma local grain cooperatives, 1954-55

Balance sheet items	Single-unit cooperatives				Multiple-unit cooperatives			
	Average amount		Percent of total		Average amount		Percent of total	
Assets								
Current assets		$ 67,843		26.9		$120,310		22.2
Fixed assets		136,325		54.1		319,129		58.8
Other assets		47,764		19.0		103,447		19.0
Total assets		251,932		100.0		542,886		100.0
Liabilities and member equities								
Current liabilities		11,254		4.5		24,565		4.5
Long-term borrowing:								
From members	14,795		5.9		45,059		8.3	
From other sources	36,349		14.4		71,650		13.2	
Total long term borrowing		51,144		20.3		116.709		21.5
Member equities:								
Certificates and credits	158,607		62.9		311,784		57.4	
Reserves	30,927		12.3		89,828		16.6	
Total member equities		189,534		75.2		401,612		74.0
Total liabilities and member equities		251,932		100.0		542,886		100.0

Appendix table 8.--Groups of expenses classified by elevator bin capacity and in percentages for 59 single-unit and 22 multiple-unit Oklahoma local grain cooperatives, 1954-55

Elevator bin capacity	Cooperatives	Percentage distribution of expenses: Labor and salaries	Utilities and communications	Depreciation	Other expenses	Total
1,000 bushels	Number	Percent				
Total all cooperatives	81	47.5	4.3	18.2	30.0	100.0
Single units						
Under 225	29	49.7	4.7	14.0	31.6	100.0
255 and over	30	45.0	4.3	21.2	29.5	100.0
Total	59	47.0	4.5	18.1	30.4	100.0
Multiple units						
Under 400	10	51.5	4.1	15.9	28.5	100.0
400 and over	12	46.6	3.9	19.5	30.0	100.0
Total	22	48.8	4.0	17.9	29.3	100.0

Appendix table 9.--Elevator bin capacity for 59 single-unit Oklahoma local grain cooperatives, grouped by elevator bin capacity, 1954-55

Elevator bin capacity	Cooperatives	Elevator bin capacity: Total	Average per cooperative	Percent of total capacity
1,000 bushels	Number	1,000 bushels		Percent
Under 225	29	2,262	78	16.0
225 and over	30	11,875	396	84.0
Total	59	14,137	240	100.0

Appendix table 10.--Membership of 59 single-unit Oklahoma local grain cooperatives, grouped by elevator bin capacity, 1954-55

Elevator bin capacity	Cooperatives	Members	
		Total	Average per cooperative
1,000 bushels		Number	
Under 225	29	12,105	417
225 and over	30	16,184	539
Total	59	28,289	479

Appendix table 11.--Employees and gross operating savings for 59 single-unit Oklahoma local grain cooperatives, grouped by percentage of gross operating savings derived from grain, 1954-55

Gross operating savings from grain	Employees per cooperative	Average gross operating savings	
		Per cooperative	Per employee
Percent	Number	Dollars	
80.1 - 100	4	68,902	17,226
60.1 - 80	5	64,552	12,910
40.1 - 60	8	82,819	10,352
Under 40.1	6	50,931	8,488
Total	5	66,923	13,385

Appendix table 12.--Balance sheet items averaged for 59 single-unit and 22 multiple-unit Oklahoma local grain cooperatives, grouped by percentage of gross operating savings derived from grain, 1954-55

Balance sheet items	Grouped by percentage of gross operating savings derived from grain			
	Single units			
	80.1 - 100	60.1 - 80	40.1 - 60	40 and under
	Average per cooperative			
	$1,000			
Assets				
Current assets	70.1	75.6	76.5	49.9
Fixed assets	143.7	166.5	159.0	78.5
Other assets	54.2	43.8	52.7	27.4
Total assets	268.0	285.9	288.2	155.8
Liability and member equities				
Current liabilities	11.2	15.4	12.8	7.6
Long term borrowing:				
From members	18.7	4.4	16.6	8.3
From other sources	34.2	57.7	50.6	18.9
Total long term borrowing	52.9	62.1	67.2	27.2
Member equities:				
Certificates and credits	170.9	167.5	179.5	101.1
Reserves	33.0	40.9	28.7	19.9
Total member equities	203.9	208.4	208.2	121.0
Total liabilities and member equities	268.0	285.9	288.2	155.8
	Multiple units			
	80.1 - 100	60.1 - 80	40.1 - 60	40 and under
	Average per cooperative			
	$1,000			
Assets				
Current assets	124.5	121.4	110.5	-
Fixed assets	387.9	336.9	156.7	-
Other assets	106.0	110.4	88.6	-
Total assets	618.4	568.7	355.8	-
Liability and member equities				
Current liabilities	22.9	33.3	15.5	-
Long term borrowing:				
From members	83.4	18.3	6.0	-
From other sources	50.6	137.9	20.9	-
Total long term borrowing	134.0	156.2	26.9	-
Member equities:				
Certificates and credits	376.7	293.0	208.5	-
Reserves	84.8	86.2	104.9	-
Total member equities	461.5	379.2	313.4	-
Total liabilities and member equities	618.4	568.7	355.8	-

Appendix table 13.--Balance sheet items in dollars per member for 59 single-unit and 22 multiple-unit Oklahoma local grain cooperatives, grouped by percentage of gross operating savings derived from grain, 1954-55

Balance sheet items	Grouped by percentage of gross operating savings derived from grain							
	Single units							
	80.1 - 100		60.1 - 80		40.1 - 60		40 and under	
	Dollars per member							
Assets								
Current assets		163		136		144		131
Fixed assets:								
Elevator	304		270		233		111	
Other	32		29		66		98	
Total fixed assets		336		299		299		209
Other assets		123		79		99		80
Total assets		622		514		542		420
Liabilities & member equities								
Current liabilities		25		28		24		18
Long-term borrowing:								
From members	43		8		31		26	
From others	82		103		95		44	
Total long-term borrowing		125		111		126		70
Member equities:								
Certificates and credits	391		301		338		273	
Reserves	81		74		54		59	
Total member equities		472		375		392		332
Total liabilities and member equities		622		514		542		420
	Multiple units							
	80.1 - 100		60.1 - 80		40.1 - 60		40 and under	
	Dollars per member							
Assets								
Current assets		128		164		160		-
Fixed assets:								
Elevator	360		342		145		-	
Other	42		32		81		-	
Total fixed assets		402		374		226		-
Other assets		110		114		128		-
Total assets		640		652		514		-
Liabilities & member equities								
Current liabilities		24		33		23		-
Long-term borrowing:								
From members	86		37		9		-	
From others	52		144		30		-	
Total long-term borrowing		138		181		39		-
Member equities:								
Certificates and credits	390		344		301		-	
Reserves	88		94		151		-	
Total member equities		478		438		452		
Total liabilities and member equities		640		652		514		-

Appendix table 14.--Balance sheet items in percentages of total assets for 59 single-unit Oklahoma local grain cooperatives, grouped by elevator bin capacity, 1954-55

Balance sheet items	Grouped by elevator bin capacity			
	Under 225,000 bu.		225,000 bu. and over	
	Percent			
Assets				
Current assets		30.9		25.3
Fixed assets:				
Elevator	35.8		49.5	
Other	15.4		5.8	
Total fixed assets		51.2		55.3
Other assets		17.9		19.4
Total assets		100.0		100.0
Liabilities and member equities				
Current liabilities		5.7		3.9
Long-term borrowing:				
From members	8.3		4.9	
From others	13.3		14.9	
Total long-term borrowing		21.6		19.8
Member equities:				
Certificates and credit	63.0		62.9	
Reserves	9.7		13.4	
Total member equities		72.7		76.3
Total liabilities and member equities		100.0		100.0
	Number of cooperatives			
	29		30	

Appendix table 15.--Balance sheet items averaged for 59 single-unit and 22 multiple-unit Oklahoma local grain cooperatives, grouped by elevator bin capacity, 1954-55

Balance sheet items	Grouped by elevator bin capacity			
	Single units		Multiple units	
	Under 225,000 bushels	225,000 bushels and over	Under 400,000 bushels	400,000 bushels and over
	Average per cooperative			
Assets				
Current assets	45,917	89,037	86,895	148,157
Fixed assets:				
Elevator	53,243	174,028	113,677	411,687
Other	22,872	20,499	36,456	48,272
Total fixed assets	76,115	194,527	150,133	459,959
Other assets	26,574	68,248	71,174	130,341
Total assets	148,606	351,812	308,202	738,457
Liabilities & member equities				
Current liabilities	8,494	13,921	13,026	34,183
Long-term borrowing:				
From members	12,329	17,179	13,166	71,635
From others	19,808	52,338	30,733	105,748
Total long-term borrowing	32,137	69,517	43,899	177,383
Member equities:				
Certificates and credits	93,633	221,415	179,521	422,003
Reserves	14,342	46,959	71,756	104,888
Total member equities	107,975	268,374	251,277	526,891
Total liabilities and member equities	148,606	351,812	308,202	738,457
	Number of cooperatives			
	29	30	10	12

Appendix table 16.--Balance sheet items averaged and in dollars per member for 59 single-uni and 22 multiple-unit Oklahoma local grain cooperatives, grouped by elevator bin capacity, 1954-55

Balance sheet items	Grouped by elevator bin capacity			
	Single units		Multiple units	
	Under 225,000 bushels	225,000 bu. and over	Under 400,000 bushels	400,000 b and over
	Dollars per member			
Assets				
Current assets	110	164	161	14
Fixed assets:				
Elevator	127	323	211	388
Other	55	38	68	46
Total fixed assets	182	361	279	43
Other assets	64	127	132	12
Total assets	356	652	572	69
Liabilities & member equities				
Current liabilities	20	26	25	3
Long-term borrowing:				
From members	30	32	24	68
From others	47	97	57	100
Total long-term borrowing	77	129	81	16
Member equities:				
Certificates & credits	225	410	333	398
Reserves	34	87	133	99
Total member equities	259	497	466	49
Total liabilities and member equities	356	652	572	69
	Number of cooperatives			
	29	30	10	12

endix table 17.--Balance sheet items expressed as percentages of total assets for 59 single-unit Oklahoma local grain cooperatives, grouped by size of total assets, 1954-55

Balance sheet items	Groupings of cooperatives by total assets		
	Under $200,000	$200,000-499,000	$500,000 and over
	Percent		
ets			
urrent assets	31.9	25.1	28.3
ixed assets:			
Elevator	34.4	48.3	47.2
Other	13.3	7.6	7.4
Total fixed assets	47.7	55.9	54.6
ther assets	20.4	19.0	17.1
Total assets	100.0	100.0	100.0
bilities and member equities			
urrent liabilities	5.8	4.3	3.6
ong-term borrowing:			
From members	7.0	6.3	3.1
From others	8.6	16.9	10.9
Total long-term borrowing	15.6	23.2	14.0
ember equities:			
Certificates and credits	70.8	59.0	69.7
Reserves	7.8	13.5	12.7
Total member equities	78.6	72.5	82.4
Total liabilities and member equities	100.0	100.0	100.0
	Number of cooperatives		
	23	32	4