

Farmer co-ops have been serving local residents with inputs and services since the 1920s. According to the National Cooperative Business Association, Americans hold more than 350 million co-op memberships. The top 100 co-ops generate \$150 billion annually in revenues. NCBA estimates the co-op impact from patronage dividends and refunds to be \$79 billion. (Patronage is the annual return paid to members based on the business they do with the co-op. Equity is the “credit” a member builds over time, and is ultimately redeemed for cash.)

**To be successful, today’s co-op is more aggressive, competitive, responsive and innovative than ever before.** Strong co-op partnerships are being formed now to bring even more resources home, while still retaining the local representation, ownership and control of a “small” supplier. A strong co-op not only delivers products and services, but is also a major local employer, tax payer and agricultural advocate in the community. Plus, as NCBA points out, a well managed co-op returns significant patronage right back into the local community it serves. Most Americans agree that farmer-owned co-ops help farmers succeed, and strengthen rural communities. Rural residents have a rich tradition of standing together and helping one another, and as your local cooperative, Co-Alliance is proud to be part of that heritage. We invite you to find out more about us... just keep reading....



## Today’s Successful Co-ops Deliver Advantages

If you are doing business at your co-op, but are not a **member**, you are missing out on valuable advantages! Membership in the local co-op (Midland, IMPACT, LaPorte County, Frontier or Excel) is a great investment for any grower. For a **one-time \$5 purchase of stock**, members gain many advantages. We invite you to join us!

### 5 Great Advantages as a Co-op:

- ▶ We are **locally** owned, controlled and staffed. We give locally, too.
- ▶ The co-op is democratically controlled. Directors are members.
- ▶ Our roots are based in people working together to solve a problem.
- ▶ We negotiate “large” with vendors but serve “local” in your community.
- ▶ In a typical year, patronage = significant savings on each purchase.

### Definitions of Familiar Co-op Terms:

**Stock** is purchased by a farmer/landowner for \$5. A stock purchase and approved membership application are the only requirements to become a “member” in the local co-op (meaning one of the partners, not the LLP).

**Patronage** is the return of any profit left after financial and business obligations of the company are met. It is distributed among shareholders in proportion to the amount of business a person does with the co-op that year. Refunds come in two forms (usually in January)... cash and equity credits.

**Cash** is obviously the most exciting kind. The board of directors determines what percent of the year’s return will be paid in cash (0% up to 100%).

**Equity** is the promise of a payment to occur in the future. It builds throughout our relationship. By deferring immediate redemption, stockholders understand we use the funds to invest in equipment, people, training and more. Your patience makes it possible to get the benefits a well funded operation can deliver. Rest assured, equity has value and is ultimately redeemed.

### Other Famous Co-ops:

- ▶ REMC
- ▶ CountryMark
- ▶ Land O’Lakes
- ▶ GROWMARK
- ▶ Ocean Spray
- ▶ Sunkist
- ▶ Associated Press
- ▶ Diamond Nuts
- ▶ ACE Hardware
- ▶ Green Bay Packers

### Remember This:

When co-ops join our partnership, they don’t get a smaller piece of pie... they gain access to a much larger pie!



### 5 Myths:

- ▶ The co-op is a monopoly.
- ▶ Co-ops don’t pay taxes.
- ▶ You have to be a member.
- ▶ The manager runs the co-op.
- ▶ Patronage/equity don’t add up.

### 5 Truths:

- ▶ Co-Alliance competes just like every supplier in the marketplace.
- ▶ Our company pays millions in local, state and federal taxes every year.
- ▶ Anyone can do business at any branch or retail facility.
- ▶ The elected directors set policy and hire a competent manager.
- ▶ Last year alone, **\$9 million** in patronage paid/\$1 million in equity.