

2009 OHIO COOPERATIVE EDUCATION EXAM

- record answer on correct form supplied by CDE Committee

1. A _____ cooperative is one which serves member local and regional cooperatives.
 - a. centralized
 - b. federated
 - c. mixed
 - d. nationalized

2. Cooperatives in the United States are:
 - a. socialistic
 - b. private enterprise
 - c. government organizations

3. The board of directors in a cooperative are:
 - a. elected by the membership
 - b. appointed by the manager
 - c. chosen by the government

4. Almost all U.S. cooperatives are incorporated under:
 - a. state incorporation statutes
 - b. Federal incorporation statutes
 - c. the Capper-Volstead Act

5. A cooperative principle is defined as a _____.
 - a. wise or expedient rule of conduct or management
 - b. governing law of conduct, a general or fundamental truth
 - c. usual method, customary habit, action, or convention

6. With respect to cooperatives, a usual method, customary habit, action, or convention is called a _____.
 - a. policy
 - b. practice
 - c. principle
 - d. problem

7. Consumer cooperatives _____.
 - a. sell to consumers but are owned by investors
 - b. are formed and owned by consumers to purchase items
 - c. are not allowed in the United States
 - d. are grocery store formed by farmers in cities

8. In the U.S. there are member-owned cooperatives that provide _____.
 - a. farm insurance
 - b. health care
 - c. telephone service
 - d. all of the above

9. Examples of products from cooperatives are _____.
 - a. Sunkist oranges
 - b. Ocean Spray cranberry juice
 - c. Land O'Lakes butter
 - d. all of the above

10. By working together in a cooperative farmers can _____.
 - a. reduce their bargaining power
 - b. maintain their same level of operating efficiency
 - c. decrease their marketing and purchasing costs
 - d. increase market access

11. Farmers organize and operate marketing cooperatives to _____.
- purchase farm supplies
 - achieve quality improvements not available to individual producers through grading and marketing large volumes
 - harvest their crops
 - all of the above
12. A marketing cooperative may increase the income of members' products by _____.
- selling at a low price
 - handling large volumes so that per-unit marketing costs can be kept low
 - not returning any net savings or margins above operating costs
 - all of the above
13. A marketing cooperative can provide information to its members that will _____.
- help them in their home purchases
 - encourage better family health practices
 - help them to increase crop yields and livestock gains
 - all of the above
14. Marketing cooperatives _____.
- are operated completely different from other firms
 - must determine handling charges and margins, storage rates, and hauling practices, and rates just like other firms
 - are operated by government employees
 - all or the above
15. Cooperatives can expand their operations (vertically integrate) by _____.
- increasing the number of employees
 - performing more functions and services in marketing the same product as it moves from the farmer to the consumer
 - increasing the size of the board of directors
 - all of the above
16. Farmers belong to purchasing cooperatives to _____.
- reduce costs of production supplies and equipment
 - socialize with their neighbors and friends
 - market their products in a more efficient manner
 - all of the above
17. An objective of a purchasing cooperative is to _____.
- purchase all the products members produce.
 - provide dependable service to help improve farm practices and reduce time and labor for farmer-members
 - loan money to members to produce their crops
 - all of the above
18. A purchasing cooperative can reduce the cost of production supplies and equipment for members by:
- buying small quantities
 - not becoming involved in manufacturing or processing
 - distributing some supplies in bulk directly from plants to farms
 - all of the above
19. In general, cooperatives _____.
- increase the market power of farmers
 - decrease the market power of farmers
 - so not affect the market power of farmers
 - none of the above choices

20. Cooperative management is concerned primarily with _____.
- maximizing the profit of the cooperative
 - meeting the needs of farmer-members
 - fulfilling members' needs while maintaining a strong business
 - meeting government regulations
21. A cooperative often has _____.
- more objectives than a non-cooperative business
 - less objectives than a non-cooperative business
 - different objectives than a non-cooperative business
 - the same objectives as a non-cooperative business
22. Cooperatives bargaining is effective because of _____.
- improved operating efficiency of member farms
 - ability to control large volumes of a product
 - additional processing
 - all of the above
23. A marketing agreement is _____.
- a written contract between the cooperative and a member
 - an oral agreement between members and outside buyers
 - a contract with an advertising company
 - a contract with an options trading exchange
24. Marketing agreements usually include _____.
- the law the cooperative is organized under
 - the amount of product members must market through the cooperative
 - the amount of fertilizer each member must purchase
 - all of the above
25. Per-unit capital retains are _____.
- an out-of-pocket, on-time expense
 - a deduction based on volume of product marketed through the cooperative
 - the amount of product members can market on their own
 - none of the above
26. Cooperative marketing _____.
- increases risk to the individual producer.
 - reduces risk to the individual producer
 - does not affect risk to the individual producer
27. Cooperatives which contract for production of poultry and livestock provide _____.
- breeding stock, feed, technical and managerial assistance, processing, and marketing services
 - processing and marketing services only
 - land, labor, and facilities
28. Producers who contract with a cooperative to provide poultry livestock are paid _____.
- full market value
 - wholesale price
 - a fee per unit
29. Cooperatives benefit consumers as well as producers by _____.
- producing quality products and enforcing grades and standards
 - subsidizing cheaper prices to the consumer
 - paying reduces prices to producers
 - paying high prices to producers
30. Voting in marketing cooperatives is characterized by _____.
- one vote per member
 - additional votes according to volume of business done with the cooperative
 - both A & B
 - none of the above

31. "Mixed" cooperatives are characterized by _____.
- handling many different types of products
 - providing both farm supply and marketing services
 - serving both member-farmers and member cooperatives
32. Most marketing cooperatives _____
- specialize in one type of product
 - handle several types of products
 - handle all types of products
33. A farmer cooperative is a type of business that _____.
- buys things like grain and milk.
 - sells things like fertilizer and feed
 - invests money in buildings and equipment
 - makes and loses money
 - all of the above
34. Land, buildings, and equipment are examples of a cooperative's _____.
- member equity
 - assets
 - liabilities
35. A balance sheet for a cooperative does not contain information on _____.
- the money a cooperative borrows
 - what a cooperative owns
 - the amount a cooperative sells
 - none of the above
36. A cooperative should be operated to make a profit for _____.
- only the people who invest
 - the members who use it
 - only full-time farmers
37. With the revolving fund method of equity redemption _____
- equity investments are redeemed (returned) in the order they were issued: that is the oldest investment is redeemed first
 - investments are redeemed according to member's age
 - members take turns in having their investments redeemed
 - the cooperative redeems the same amount of each member's investment
38. A cooperative patron is _____.
- a cooperative member
 - an investor in a cooperative
 - a user of a cooperative
39. A cooperative's equity redemption policy is established by _____.
- the general manager
 - the board of directors
 - advisors to the cooperative
 - Federal law
40. Equity capital is the _____.
- amount of cash held by the cooperative
 - value of all assets
 - members' and patrons' ownership capital
41. Overall management of the cooperative is primarily the responsibility of the _____.
- manager
 - directors
 - board president
 - members

42. Day-to-day operations are primarily the responsibility of the _____.
a. manager
b. directors
c. board president
d. members
43. Providing necessary capital is primarily the responsibility of the _____.
a. manager
b. directors
c. board president
d. members
44. Appointing members of the policy setting committees is primarily the responsibility of the _____.
a. manager
b. directors
c. board president
d. members
45. Changes in the bylaws are approved by the cooperative's _____.
a. manager
b. attorney
c. members
d. directors
46. The manager is hired (and if necessary, fired) by the _____.
a. members
b. board president
c. banker
d. directors
47. The bookkeeper is hired (and if necessary, fired) by the _____.
a. members
b. board president
c. manager
d. directors
48. The manager's salary and other compensation are determined by _____.
a. members
b. board president
c. extension agent
d. directors
49. The bookkeeper's salary and other compensation are determined by the _____.
a. members
b. board president
c. manager
d. directors
50. Keeping the financial records of the cooperative is the responsibility of the _____.
a. manager
b. board president
c. secretary
d. treasurer
51. Each year the cooperative should have its financial records reviewed by the _____.
a. extension agent
b. auditor
c. manager
d. board president

52. The person responsible for leading cooperative meetings is the _____.
- manager
 - attorney
 - board president
 - extension agent
53. If the president is absent, a cooperative meeting is run by the _____.
- vice president
 - secretary
 - manager
 - extension agent
54. The function (s) of cooperative management include _____
- planning future operations
 - organizing the way things are done
 - directing day-to-day operations
 - all of the above
55. Which of the following are not decisions to be made by the professional managers of cooperatives?
- buying product inventories
 - hiring sales people
 - setting manager salaries
 - handling member complaints
56. Which of the following is not a decision to be made by cooperatives members?
- selecting of directors
 - merger with another cooperative
 - deciding credit policy
57. Which of the following is not a decision that should be made by the directors of a cooperative?
- selection of office employees
 - making long range plans
 - approving the budget
58. The best definition of controlling in a cooperative is _____.
- establishing reasonable goals
 - setting standards and checking on progress
 - making the cooperative do what you want
59. What is included in long range or strategic planning?
- setting prices
 - meeting employee needs
 - changing the purpose of the co-op
60. Compared to other managers, cooperative managers must _____.
- have better financial skills
 - know their products better
 - have better communication skills
61. Farmers can try to survive in a changing economic environment by _____.
- being more competitive with other farmers
 - forging new relationships with other businesses
 - borrowing more money
 - becoming more independent from anyone else
62. To start a cooperative successfully _____.
- organizers must create a need for it
 - non-farmers must be involved to tell farmers what it takes to run a business
 - economic feasibility must be studied
 - farmers must not be required to put money into the cooperative until its success is assured

63. A new cooperative does not necessarily need _____.

- a. a marketing agreement with farmers
- b. articles of incorporation
- c. bylaws
- d. an employer tax identification number

64. Farmers forming a cooperative do not need _____.

- a. legal help
- b. approval from the Federal government
- c. financial planning
- d. market analysis

65. Most laws relating to cooperative formation are _____.

- a. found at the state level
- b. found at the Federal level
- c. found at the county level
- d. give farmers freedom to form whatever kind of association they want.

PROBLEMS #66 to #75 see charts below for information

CHART "A"- Five-year Summary- Fiscal years-

National Citrus Cooperative- ending December 31, 2008- for problems #66, #67, #68

Years ending December 31	2008	2007	2006	2005	2004
Net sales.....	\$577,781	\$577,489	\$573,178	\$547,791	\$528,184
Net proceeds.....	\$58,522	\$75,224	\$75,752	\$65,056	\$67,367
Patron tons sold.....	279,415	278,435	254,913	231,529	245,951
Distributable patron proceeds/ton...	\$196	\$250	\$288	\$308	\$271
Number of patrons.....	1,309	1,333	1,351	1,388	1,423
Patron acreage.....	49,593	49,859	49,731	49,567	49,400
Capital expenditures.....	\$28,569	\$29,224	\$24,720	\$21,473	\$18,087
Total assets.....	\$383,615	\$372,732	\$349,633	\$330,472	\$352,647

66. The growth in capital expenditures from 2005 to 2007 is _____.

- a. \$7,751
- b. \$7,096
- c. \$10,482
- d. \$11,137
- e. no correct choice

67. The decline in number of patrons from 2005 to 2008 is _____.

- a. 29
- b. 114
- c. 79
- d. 90
- e. no correct answer

68. The change in net proceeds from 2004 to 2007 is _____.

- a. increased \$10,168
- b. increased \$7,857
- c. decreased \$16,702
- d. decreased \$8,845
- e. no correct answer

CHART "B"- Reiter Cooperative Balance Sheet- 2008 Annual Report-for problems #69 and #70

ASSETS	2008	2007
Current assets:		
Cash and cash equivalents	\$ 942	\$ 3,163
Accounts receivable	54,463	57,568
Inventories	84,192	80,527
Other	5,789	3,394
Total current assets.....	145,386	144,652

Property, plant and equipment:		
Land and improvements	11,605	10,410
Buildings and improvements	90,628	88,658
Machinery and equipment	290,408	377,428
	392,641	476,496
Less accumulated depreciation	262,344	245,616

69. What is the growth in the value of the inventories from 2007 to 2008?

- a. \$2,223
- b. \$3,665
- c. \$2,395
- d. \$3,105
- e. no correct answer listed

70. What is the growth of land and improvements from 2007 to 2008?

- a. \$1,195
- b. 87,020
- c. \$1,515
- d. \$15,213
- e. no listed correct answer above

CHART "C" 2008 Southwest Coop by Commodity- for problems #71 and #72

COMMODITY PRODUCTS MARKET		GROSS VOLUME
	Million \$	Percent
beans and peas.....	\$ 101.4	.01
sorghum.....	2,526.9	2.3
dairy.....	25,891.1	23.8
fruits and vegetables.....	8,435.4	7.6
grains and oilseeds.....	20,147.9	18.1
livestock.....	9,901.1	8.9
nuts.....	947.2	0.8
poultry.....	2,467.2	2.2
tobacco.....	226.7	0.2
wool and mohair.....	7.8	0.0
other products.....	2,773.7	2.5
TOTAL FARM PRODUCTS-	\$ 76,617.9.....	68.7
<u>SUPPLIES PURCHASED:</u>		
crop protectants.....	3,116.9	2.8
feed.....;	6,685.8	6.0
fertilizer.....	5,150.7	4.6
petroleum.....	11,383.9	10.2
seed.....	1,592.4	1.4
other supplies.....	3,589.2	3.2
TOTAL FARM SUPPLIES-	\$ 31,519.0	28.3
SERVICES AND OTHER INCOME	\$3,415.8	3.1
TOTAL BUSINESS 2008-	\$111,552.6.....	100.0

71. What is the total value of the commodities sorghum, nuts, and tobacco combined?
- \$3,700.8
 - \$30,996.2
 - \$54,474.4
 - \$11,909.5
 - no correct answer listed
72. What percent indicates the total of fertilizer, petroleum and seed?
- 12%
 - 13.4
 - 16.2
 - 20.8
 - no listed correct answer above

Chart "D" "BUTLER-PREBLE-RURAL ELECTRIC COOPERATIVE BALANCE SHEET- 2008
-use for problems #73, #74, #75-

ELECTRIC PLANT

In Service- at cost.....	\$ 62,837,286
Construction work in progress.....	688,535
Sub total.....	63,525,821
Less accumulated provisions for depreciation and amortization.....	18,094,934
Net Electric Plant.....	\$ 45,430,887

OTHER ASSETS AND INVESTMENTS

Investments in Associated Organizations.....	\$ 20,555,157
Investment in deferred compensation fund.....	117,186
Total other assets & investments.....	\$ 20,672,343

CURRENT ASSETS

Cash and cash equivalents.....	\$ 1,237,012
Accounts receivable.....	3,169,793
Materials and supplies.....	392,191
Prepaid expenses.....	78,606
Other current assets.....	1,030,546
Total current assets.....	5,908,148
<u>TOTAL ASSETS- December 31, 2006.....</u>	<u>\$ 72,011,378</u>

73. What is the total investment in the deferred compensation fund?
- \$45, 430,887
 - \$20, 555,157
 - \$20,672,343
 - \$117,186
 - no correct answer
74. What is the combined value of the cash and cash equivalents plus materials and supplies?
- \$1,629,203
 - \$3,640,590
 - \$4,406,805
 - \$4,306,805
 - no correct answer
75. What is the combined value of prepaid expenses plus accounts receivable?
- \$5,908,148
 - \$1,109,152
 - \$3,248,399
 - \$470,797
 - no correct answer

End of exam

2009 Ohio Cooperative Education Exam KEY

1. B
2. B
3. A
4. A
5. B
6. B
7. B
8. D
9. D
10. D
11. B
12. B
13. C
14. B
15. B
16. A
17. B
18. C
19. A
20. C
21. C
22. B
23. A
24. B
25. B
26. B
27. A
28. C
29. A
30. B
31. C
32. A
33. E
34. B
35. C
36. B
37. A
38. C
39. B
40. C
41. B
42. A
43. D
44. C
45. C
46. D
47. C
48. D
49. C
50. D
51. B
52. C
53. A
54. D
55. C
56. C
57. A
58. B
59. C
60. C
61. B
62. C
63. A
64. B
65. A
66. A- $\$29,224 - 21,473 = \$7,751$ - ANSWER
67. C- $1388 - 1309 = 79$ -ANSWER
68. B- $\$75,224 - 67,367 = \$7,857$ - ANSWER
69. B- $\$84,192 - 80,527 = \$3,665$ - ANSWER
70. A- $\$11,605 - 10,410 = \$1,195$ - ANSWER
71. A- $2526.9 + 947.2 + 226.7 = \$3,700.8$ - ANSWER
72. C- $4.6 + 10.2 + 1.4 = 16.2$ -ANSWER
73. D- $\$117,186$ - ANSWER
74. A- $\$1,237,012 + 392,191 = \$1,629,203$ - ANSWER
75. C- $\$3,169,793 + 78,606 = \$3,248,399$ - ANSWER

2008 OHIO COOPERATIVE EDUCATION CDE EXAM

- **PLACE ANSWERS ON BACK OF MULTI PURPOSE FORM “A”. THERE ARE 75 QUESTIONS ON THIS EXAM, MAKE SURE YOUR EXAM HAS 75 QUESTIONS ON IT!!!!**

1. Which of the following is not a general farm organization?

- a. American Farm Bureau Federation
- b. Cooperative Extension Service
- c. National Farmers Union
- d. National Grange

2. The Agricultural Cooperative Service is a _____.

- a. general farm organization
- b. Federal agency
- c. foundation
- d. volunteer society

3. Who owns the business in an Agricultural Cooperative?

- a. the individual
- b. the partners
- c. the stockholders
- d. the member-patrons

4. Requirements to vote in a cooperative are:

- a. owning common stock
- b. meeting membership qualifications
- c. transacting more than 50% of your business with it
- d. owning a farm with over 100 acres

5. Who sets policy in a cooperative?

- a. the board of directors elected by the membership
- b. the manager hired by the board of directors
- c. provisions of the incorporating statute
- d. farmers and local school board members in the area of the cooperative

6. The manager of a cooperative _____.

- a. usually owns most of the stock
- b. is hired by the board of directors
- c. appoints the board of directors
- d. serves as an ex-officio member of the local school board

7. “Continuing education” is an important practice that _____.

- a. is considered a principle by some cooperatives
- b. is applicable to any business
- c. was called a duty by Rochdale pioneers
- d. all of the above

8. “Cooperation among cooperatives,” considered by some to be a good practice or policy, nevertheless is defined as a principle by _____.

- a. The International Cooperative Alliance
- b. The Capper-Volstead Act
- c. The International Harvester Alliance

9. Current cooperative principles _____.

- a. bear little, if any, resemblance to those espoused by the Rochdale Society
- b. described in law include several espoused by the Rochdale Society
- c. were developed by the United States Department of Agriculture
- d. were formulated by former President Franklin D. Roosevelt

10. United States policy has generally been _____.
- favorable toward creation and operation of cooperatives
 - unfavorable toward creation and operation of cooperatives
 - neutral toward creation and operation of cooperatives
 - to allow local school boards to overrule cooperatives
11. Interregional and national cooperatives are _____.
- usually organized by a group of local cooperatives
 - usually organized by two or more regional cooperatives
 - usually organized directly by farmers
 - organized and controlled by the government
12. Centralized cooperatives are cooperatives _____.
- in which farmers hold direct membership
 - which are owned by other cooperatives
 - which are controlled by the central committee of planned economy countries
 - located in the center of the U.S.
13. Federated cooperatives are cooperatives _____.
- in which farmers hold direct membership
 - which are owned by other cooperatives
 - operated by the Federal government
 - that operate the federated department store
14. The National Council of Farmer Cooperatives (NCFC) _____.
- is a political voice for U.S. farmer cooperatives
 - is a national federation of cooperatives to market vegetables
 - is a trade association that does voluntary overseas cooperative development
 - is a USDA agency devoted to farmer cooperatives
15. State cooperative councils _____.
- regulate cooperatives within a state.
 - are statewide associations for cooperatives
 - are cooperative advisory boards set up by state governments
 - have been outlawed in most states
16. The Agricultural Cooperative Service _____.
- is an agency of USDA which promotes knowledge of cooperative principles and practices
 - is an organization owned by cooperatives to service local cooperatives
 - is a division of the National Cooperative Business Association
 - is a division of the National Bank for Cooperatives-CoBank
17. The Government agency that requires the cooperatively owned Farm Credit System is _____.
- The national Credit Union Administration
 - The Farm Credit Administration
 - The U.S. Department of Agriculture
 - The Rural Electric Administration
18. In the U.S. cooperatives are owned by _____.
- the general investing public
 - the users of the cooperative
 - the government
19. Grower marketing agreements are used by some cooperatives to:
- hire employees
 - build new facilities
 - specify to growers in some detail certain rights, duties, and obligations

20. A grower that signs a marketing agreement with a cooperative:
- can no longer manage his or her farm
 - is not concerned with becoming more involved in orderly marketing
 - gives the cooperative the authority to decide price and terms of sale for the product included in the agreement
21. A cooperative that prices at prevailing market levels _____.
- is not competitive
 - increases the chance for the cooperative to realize net margins and accumulate operating reserves to cushion the effects of market price declines or unusual expenses
 - will always go broke
22. Most cooperatives do not price at the “cost of doing business” because _____.
- it is impossible to calculate and leaves no leeway for unforeseen expenses
 - it is a practice followed by investor-oriented firms only
 - Federal regulations do not allow it
23. The primary reason for farmers joining cooperatives is to _____.
- improve their well-being
 - drive other firms out of business
 - gain greater knowledge of agriculture
 - help the community
24. If the average costs of cooperatives decreases as they get larger, they will likely _____.
- reduce the size of their business
 - expand the size of their business
 - keep their business the same size
25. If a medium sized farmer cooperative finds its average cost decreases as business volume increases, it would likely _____.
- make every effort to expand its business volume
 - decrease its business volume
 - keep its business volume about the same
 - fire the manager
26. Cooperatives exist because _____.
- farmers are greedy
 - existing firms are not adequately servicing the needs of farmers
 - farmers like to work together
 - farmers want to put other farms out of business
27. Marketing agreements include provisions for _____.
- volume of product to be delivered.
 - enforcement.
 - delivery schedules.
28. Marketing cooperatives operating on a buy-and-sell basis usually set their prices _____.
- below other firms in the trade areas
 - higher than other firms in the trade area
 - in line with other firms in the trade area
 - the same as the Chicago board of Trade
29. A cooperative which integrates vertically _____.
- adds branch facilities to perform the same types of services
 - performs more functions or services to the same product as it moves from farmer to consumer.
 - adds a service to farmers using helicopters
 - none of the above

30. Which type of cooperative generally requires a lower financial investment?
- processing
 - bargaining
 - storage
 - pooling
31. Vertically integrated cooperatives perform what functions?
- selling
 - distribution
 - processing
 - any of the above
32. Benefits of marketing cooperatives include which of the following?
- expanded markets
 - loss of market power
 - increased farm income
 - a & c
33. Bargaining cooperatives are most common in which commodity area?
- dairy
 - grain
 - fruits and vegetables for processing
 - a & c
34. Patronage refunds may be calculated on the basis of_____.
- dollar value of business done with a cooperative
 - physical units of business done with a cooperative
 - a combination of dollar value and physical units
 - a & b & c (all of the above)
35. Most of the equity of marketing and farm supply cooperatives comes from___
- per-unit capital retains
 - the direct cash investment of members
 - retained patronage refunds
 - unallocated reserves
36. Fixed assets do not include_____.
- inventory of products for resale
 - buildings
 - equipment
 - land
37. Current liabilities do not include_____.
- accounts payable
 - accrued expenses
 - short-term loans
 - retained earnings
38. Total liabilities do not include_____.
- fixed assets
 - investments in other cooperatives
 - other assets
 - all of the above
39. How are cooperatives different from other businesses?
- cooperatives are always smaller
 - cooperatives distribute their earnings differently
 - cooperatives do not own land and buildings

40. For a cooperative to succeed for many years, its operations must _____.
a. generate enough income to cover all costs and meet capital needs for expansion
b. continue to have new cash investment from members
c. sell stock to investors
d. use the investments of new members to pay expenses
41. What is a cooperative?
a. a business owned and controlled by the people who use its services
b. a government agency
c. an organization with primarily social political goals
42. A cooperative can be responsive to members' needs only if _____.
a. members express those needs and recognize they must bear the financial burden to fulfill those needs.
b. the needs fit into the long range plan of the cooperative's manager
c. new members will be brought into the cooperative
d. the cooperative has enough cash on hand to pay for the new services
43. Which is not a "rule for success" for cooperatives?
a. keep members informed and involved
b. follow sound business practices
c. maintain proper board-manager relations
d. maximize amount of credit extended to patrons
44. Changing cooperatives marketing structure refers to changing _____.
a. size of the cooperative members.
b. the size of cooperatives.
c. supplies offered to farmers by cooperatives.
d. marketing functions are cooperative offers to members.
45. Changing cooperative marketing structure does not refer to _____.
a. the number and kind of products handled by the cooperative.
b. the number of members a cooperative has.
c. the cooperative's strategy to sell products for farmers.
d. the size of the cooperative compared to other firms who also deal in farm commodities.
46. A cooperative can best provide services at a lower cost _____.
a. by being efficient at whatever it does
b. by specializing in one commodity or service
c. by staying small and responsive to members' wishes
d. by decreasing its staff and reducing salaries
47. A cooperative may not grow by _____.
a. expanding its major line of business.
b. adding services formerly provided by its suppliers
c. extending its membership to non farmers
d. adding services formerly provided by those who purchase from it
48. Cooperative horizontal expansion involves _____.
a. doing more business in its major line of business
b. adding services formerly performed by its suppliers
c. adding services formerly performed by those who purchased from it
d. adding unrelated business activities
49. Articles of incorporation generally _____.
a. describe commodities the cooperative will handle
b. include its name, purpose, business location, and terms of existence
c. list the names of employees and the manager
d. list how much the cooperative will pay farmers

50. Bylaws generally _____
- list how much the cooperative will pay farmers.
 - list the names of directors and the manager
 - describe how patronage are determined
 - mandate the appropriate number of directors, their qualifications, and their conduct
51. Because cooperatives are owned by farmers, they need not _____.
- educate members about the cooperative
 - demonstrate the value of member patronage
 - yield a return to users
 - guarantee a dividend on capital stock
52. Farmer control of cooperatives is lessened by _____.
- sale of common stock to non farmers
 - a centralized structure
 - a federated structure
 - election of directors by districts
53. Constant communication with members is necessary to _____.
- select information members are qualified to hear
 - share information among board members to help their farming operations
 - enable members to control the cooperative more effectively
 - enable members to chose when to deal with the cooperative
54. Existing cooperatives cannot be restructured by _____.
- combining with other cooperatives
 - becoming subsidiaries of other companies
 - making alliances with other firms
 - finding new methods of financing
55. The appropriate scope and organizational structure of the cooperative is dictated by _____.
- federal tax laws
 - agreement with non cooperative competing firms
 - farmers' willingness to finance the cooperative
 - the U. S. Department of Agriculture
56. Cooperatives should pay least attention to _____.
- maintaining member relations
 - finding ways to reward directors for their services
 - establishing equitable pricing and refund systems
 - assessing response to member control issues
57. Favorable public policy toward cooperatives _____
- gives them tax breaks and good Advantages over competitors
 - gives competitive advantages under antitrust laws
 - is supported by everyone
 - may change quickly
58. Which of the following is typical of cooperative organizational structures ____.
- it is a top-down structure giving great power to management
 - structures are rigidly defined by law
 - members have an interest in internal cooperative structures
 - structure is not relevant to effective operation and success
59. Policy making authority in a cooperative depends most on which of the following, possibly conflicting, relations?
- board of directors and manager
 - members and board of directors
 - manager and members
 - manager and staff

60. Daily operation depends primarily on decisions by _____.
- individual directors
 - members who deal with the cooperative on a daily basis
 - banks from who the cooperative borrow money
 - the manager
61. Farmer cooperatives _____.
- by law, cannot work with other kinds of business
 - cannot engage in predatory practices
 - cannot sell to non cooperatives
 - can require farmers either to become members or not sell to others
62. What will affect farmers and their cooperatives the least in the future?
- the average number of apples on the shelves in Moscow grocery stores
 - financial and fiscal policies of the U.S. Government
 - local elections in the Utter Pradish of India
 - the price paid for a check of soybeans in the Amazon jungle
63. Cooperatives _____.
- gained a large share of the expert market in recent years
 - dominated the export market in recent years
 - are generally well positioned to engage in foreign trade
 - will never be effective marketers in foreign markets
64. Obtaining member investment in the future will require cooperatives to:
- return older member investments on a timely basis
 - retain older member investments for a longer time
 - borrow more money
 - give attractive returns on investment by paying high dividends on capital stock
65. Cooperatives may be justified _____.
- providing services to patrons who are not members.
 - providing more services than patrons are willing to pay for.
 - keeping uneconomical facilities or providing losing services
 - marketing services farmers do not want

 CHART "A"- Five-year Summary- Fiscal years-
 National Orange Cooperative- ending December 31, 2007

Years ending December 31	2007	2006	2005	2004	2003
Net sales.....	\$577,781	\$577,489	\$573,178	\$547,791	\$528,184
Net proceeds.....	\$58,522	\$75,224	\$75,752	\$65,056	\$67,367
Patron tons sold.....	279,415	278,435	254,913	231,529	245,951
Distributable patron proceeds/ton...	\$196	\$250	\$288	\$308	\$271
Number of patrons.....	1,309	1,333	1,351	1,388	1,423
Patron acreage.....	49,593	49,859	49,731	49,567	49,400
Capital expenditures.....	\$28,569	\$29,224	\$24,720	\$21,473	\$18,087
Total assets.....	\$383,615	\$372,732	\$349,633	\$330,472	\$352,647

66. Growth in capital expenditures from 2004 to 2007 is _____.
- \$7,751
 - \$7,096
 - \$10,482
 - \$11,137
67. Decline in number of patrons from 2003 to 2006 is _____.
- 29
 - 114
 - 79
 - 90

68. Change in net sales from 2004 to 2006 is _____.
- a. \$29,698
 - b. \$29,990
 - c. \$49,305
 - d. \$25,387

**CHART 'B' - Big Dairy Cooperative Balance Sheet- 2007 Annual Report
- for problems #69 and #70-**

<i>ASSETS</i>	2007	2006
Current assets:		
Cash and cash equivalents	\$ 942	\$ 3,163
Accounts receivable	54,463	57,568
Inventories	84,192	80,527
Other	5,789	3,394
<i>Total current assets</i>	145,386	144,652
Property, plant and equipment:		
Land and improvements	11,605	10,410
Buildings and improvements	90,628	88,658
Machinery and equipment	290,408	377,428
	392,641	476,496
Less accumulated depreciation	262,344	245,616

69. Change in accounts receivable from 2006 to 2007?
- a. \$2,223
 - b. \$3,665
 - c. \$2,395
 - d. \$3,105

70. Change in machinery and equipment from 2006 to 2007?
- a. \$1,970
 - b. 87,020
 - c. \$1,515
 - d. \$15,213

**CHART "C" Interstate Co-operative 2007 Business by Commodity
- for problems #71 and #72**

<i>COMMODITY</i>	<i>GROSS VOLUME</i>	
<u>PRODUCTS MARKET-</u>	Million \$	Percent
beans and peas..... \$	101.4	.01
cotton.....	2,526.9	2.3
dairy.....	25,891.1	23.8
fruits and vegetables.....	8,435.4	7.6
grains and oilseeds.....	20,147.9	18.1
livestock.....	9,901.1	8.9
nuts.....	947.2	0.8
poultry.....	2,467.2	2.2
tobacco.....	226.7	0.2
wool and mohair.....	7.8	0.0
other products.....	2,773.7	2.5
TOTAL FARM PRODUCTS-	\$ 76,617.9	68.7
 <u>SUPPLIES PURCHASED:</u>		
crop protectants.....	3,116.9	2.8
feed.....;	6,685.8	6.0
fertilizer.....	5,150.7	4.6
petroleum.....	11,383.9	10.2
seed.....	1,592.4	1.4
other supplies.....	3,589.2	3.2
TOTAL FARM SUPPLIES-	\$ 31,519.0	28.3
SERVICES AND OTHER INCOME	\$3,415.8	3.1
TOTAL BUSINESS 2007-	\$111,552.6	100.0

71. Total million dollars for commodity products market including cotton, nuts, and fruits and vegetables.

- a. \$28519.4
- b. \$30,996.2
- c. \$54,474.4
- d. \$11,909.5

72. Total combined percent of supplies purchased including feed, fertilizer, and seed.

- a. 12%
- b. 13.4
- c. 13.8
- d. 20.8

CHART "D" LORAIN-MEDINA-RURAL ELECTRIC COOPERATIVE BALANCE SHEET- 2007
-use for problems #73, #74, #75-

ELECTRIC PLANT

In Service- at cost.....	\$ 62,837,286
Construction work in progress.....	688,535
<i>Sub total</i>	\$ 63,525,821
Less accumulated provisions for depreciation and amortization....	18,094,934
<i>Net Electric Plant</i>	\$ 45,430,887

OTHER ASSETS AND INVESTMENTS

Investments in Associated Organizations.....	\$ 20,555,157
Investment in deferred compensation fund.....	117,186
<i>Total other assets & investments</i>	\$ 20,672,343

CURRENT ASSETS

Cash and cash equivalents.....	\$ 1,237,012
Accounts receivable.....	3,169,793
Materials and supplies.....	392,191
Prepaid expenses.....	78,606
Other current assets.....	1,030,546
<i>Total current assets</i>	\$ 5,908,148

TOTAL ASSETS- December 31, 2006..... \$ 72,011,378

73. Investments in Associated Organizations.

- a. \$45, 430,887
- b. \$20, 555,157
- c. \$20,672,343
- d. \$117,186

74. Current assets including cash and cash equivalents plus accounts receivable?

- a. \$3,561,984
- b. \$3,640,590
- c. \$4,406,805
- d. \$4,306,805

75. Total current assets including prepaid expenses plus materials and supplies.

- a. \$5,908,148
- b. \$1,109,152
- c. \$3,248,399
- d. \$470,797

2008 Ohio Cooperative Education CDE-page #13

2008 Ohio Cooperative Education CDE Exam-KEY

- 1. b
 - 2. b
 - 3. d
 - 4. b
 - 5. a
 - 6. b
 - 7. d
 - 8. a
 - 9. b
 - 10. a
 - 11. b
 - 12. a
 - 13. b
 - 14. a
 - 15. b
 - 16. a
 - 17. b
 - 18. b
 - 19. c
 - 20. c
 - 21. b
 - 22. a
 - 23. a
 - 24. b
 - 25. a
 - 26. b
 - 27. b
 - 28. c
 - 29. b
 - 30. b
 - 31. d
 - 32. d
 - 33. d
 - 34. d
 - 35. c
 - 36. a
 - 37. d
 - 38. d
 - 39. b
 - 40. b
 - 41. a
 - 42. a
 - 43. d
 - 44. d
 - 45. b
 - 46. a
 - 47. c
 - 48. a
 - 49. b
 - 50. d
 - 51. d
 - 52. a
 - 53. c
 - 54. b
 - 55. c
 - 56. b
 - 57. d
 - 58. c
 - 59. a
 - 60. d
 - 61. b
 - 62. c
 - 63. c
 - 64. a
 - 65. a
66. b..... $\$28,569 - \$21,473 = \$7,096$answer
67. d..... $1423 - 1333 = 90$ answer
68. a..... $\$577,489 - \$547,791 = \$29,698$...answer
69. d..... $\$57,567 - \$54,463 = \$3,105$answer
70. b..... $\$377,428 - \$290,408 = \$87,020$answer
71. d..... $\$2,526.9 + \$8,435.4 + \$947.2 = \$11,909$answer
72. a..... $6.0\% + 4.6\% + 1.4\% = 12\%$answer
73. b..... $\$20,555,157$answer
74. c..... $\$1,237,012 + \$3,169,793 = \$4,406,805$answer
75. d..... $\$392,191 + \$78,606 = \$470,797$answer

2007 OHIO COOPERATIVE EDUCATION EXAM- May 4, 2007

- record correct answer on provided answer sheet using #2 pencil- **DO NOT USE INK-WORTH 2 POINTS EACH-**

IT IS YOUR RESPONSIBILITY TO MAKE SURE THAT THERE ARE 75 QUESTIONS ON THIS EXAM, ALSO THAT YOU USE ONLY MULTI PURPOSE "A" AND PLACE ANSWERS ON THE BACK OF SCANSHEET 1-75!

1. People organize cooperatives to:
 - a) reduce costs
 - b) obtain products or services otherwise not available
 - c) obtain market access
 - d) increase income
 - e) all of the above

2. Member-users control. Their cooperatives on the basis of:
 - a) years of membership
 - b) amount of members ' equity
 - c) one-member, one-vote or voting according to use
 - d) all of the above

3. Which of the following is the federal agency authorized by the Cooperative Marketing Act of 1926 to help develop sound and efficient cooperatives?
 - a) Agricultural Cooperative Service (ACS)
 - b) Agricultural Stabilization and Conservation Service (ASCS)
 - c) Cooperative State Research Service (CSRS)
 - d) Extension Service (ES)

4. What general farm organization is recognized as a pioneer in spreading cooperative principles into agricultural areas of the Nation?
 - a) American Farm Bureau Federation
 - b) National Council of Farmer Cooperatives
 - c) National Farmers Organization
 - d) National Grange

5. Which of the following is not a function of USDA's Agricultural Cooperative Service (ASC)?
 - a) research
 - b) technical assistance
 - c) history and statistics
 - d) education and information
 - e) short term loans

6. The "Magna Carta" of farmer cooperatives was passage of legislation known as:
 - a) Agricultural Marketing Act of 1926
 - b) Capper-Volstead Act
 - c) Rural Electrification Act
 - d) Smith-Lever Act

7. The process for nominating and electing directors of a cooperative is usually defined by the_____.
 - a) manager
 - b) members
 - c) board of directors
 - d) articles of incorporation/by laws

8. Which of the following is a major responsibility of a cooperative's board of directors?
 - a) adopt and amend bylaws
 - b) employ a general manager
 - c) control daily operations
 - d) elect competent board members

9. Planning, organizing, directing, coordinating, and controlling are functions generally assigned to cooperative:
 - a) directors
 - b) members
 - c) employees
 - d) managers

10. The first known formal cooperative in the United States claimed as one of its founders:
- Pocahontas
 - Benjamin Franklin
 - Robert Owen
 - George Washington
 - Woody Hayes
11. In terms of memberships, U.S. cooperatives are largest in:
- agricultural marketing
 - agricultural supply purchasing
 - credit unions
 - worker
12. A regional farm supply cooperative may be organized as all the following EXCEPT:
- a centralized cooperative
 - a federated cooperative
 - a mixed cooperative containing both centralized and federated components
 - a nonmember, investor-owned cooperative
13. In an agricultural cooperative, the benefits normally go to:
- patrons in proportion to use
 - only to member-investors in proportion to their investment
 - all stockholders according to their investment
 - the manager and employees according to their hours
14. The Capper-Volstead Act was passed by congress in:
- 1875
 - 1900
 - 1922
 - 1939
15. The basic cooperative principles were developed by:
- James Wallingford
 - the Romans
 - trades people in Rochdale, England
 - a group of pioneer farmers in Meyersville, New Hampshire
16. All of the following Are considered National cooperative organizations EXCEPT:
- National Milk Producers Federation
 - National Rural Electric Cooperative Association
 - National Cattleman's Association
 - Volunteers in Overseas Cooperative Assistance
17. A rural electric cooperative would be classified as a :
- marketing cooperative
 - supply cooperative
 - service cooperative
 - purchasing cooperative
18. The purpose of the first formal cooperative in the United States was to provide:
- a market for cheese
 - for the marketing of hogs
 - fire insurance
 - a way to purchase fertilizer more economically
19. Farmers become members of cooperatives for the following reasons EXCEPT:
- dividends and chance for appreciation of the stock
 - increased farm income
 - to secure a source of a particular supply
 - to gain market power

20. Cooperatives endeavor to:
- maximize net income
 - minimize costs of acquisition and operation
 - provide their services as economically as possible
 - all of the above
21. By working together in a cooperative, members can:
- increase their marketing and purchasing costs
 - take advantage of economies of size
 - reduce their bargaining power
 - limit market access
22. A pooling cooperative:
- assembles and commingles products from many producers
 - combines sales returns and operating expenses
 - prorates or distributes net returns among members in proportion to the volume each provides through the cooperative over a specified time
 - all of the above
23. A cooperative that prices at prevailing levels:
- increases the likelihood of extreme pricing practices by competitors
 - increases the chances for the cooperatives to realize net margins and accumulate operating reserves to cushion the effects of market price declines or unusual expenses
 - transfers some decision making to the cooperative
 - all of the above
24. Most cooperatives do not price at the “cost of doing business” because:
- it is impossible to calculate and leaves no leeway for unforeseen expenses
 - net margins would become too high
 - it would give competitors an advantage
 - all of the above
25. Farmers belong to purchasing cooperatives to:
- reduce costs of production supplies and equipment
 - ensure they have a dependable source of supplies
 - obtain supplies of a quality that will help them maximize their returns
 - all of the above
26. Purchasing cooperatives benefit farmers by:
- lowering the cost of production supplies
 - increasing the daily purchasing price levels in many trade areas
 - enhancing the gross margins of competing firms
 - all of the above
27. People join a cooperative:
- because of social objectives
 - economic benefits—services and increased income
 - for investment purposes
 - all of the above
28. The primary reason for farmers joining cooperatives is to:
- improve their well-being
 - drive other firms out of business
 - gain greater knowledge of agriculture
 - help the community

29. If the average costs of cooperatives decrease as they get larger, they will likely:
- reduce the size of their business
 - expand the size of their business
 - keep their business the same size
 - none of the above
30. Cooperative management is concerned primarily with:
- maximizing the profit of the cooperative
 - meeting the needs of farmer-members
 - fulfilling members' needs while maintaining a strong business
 - meeting government regulations
31. Bargaining cooperatives negotiate for:
- product grade and quality differentials
 - product prices
 - delivery schedules
 - all of the above
32. Advantages of commodity pools include:
- spreads market risks
 - permits orderly marketing
 - helps finance the cooperatives
 - all of the above
33. Orderly marketing requires:
- a degree of control over the product
 - advance information on product volumes available
 - authority to make firm sales commitments
 - all of the above
34. Marketing cooperatives are able to expand markets for members products by:
- developing new products
 - expanding geographically
 - making products bigger
 - A and B only
 - All of the above
35. The marketing technique used to create a unique image for a product is called:
- product differentiation
 - market differentiation
 - market segmentation
 - product segmentation
36. A product is most profitable during what period of its life cycle?
- introductory period
 - market growth period
 - market maturity period
 - sales decline period
37. Marketing is best defined as:
- selling a product
 - distribution of the product to the final consumer
 - advertising, promotion, and sale of products and services
 - all of the activities required to bring customer and product together in a sale
38. Most of cooperative equity comes from:
- retained patronage refunds
 - per-unit capital retains
 - direct cash investment
 - unallocated reserves

39. The most common type of systematic equity redemption plan is:
- per-unit retains
 - the base capital plan
 - the revolving fund plan
 - percent-of –all-equity plan
40. The current assets of a cooperative minus its current liabilities gives you:
- working capital
 - net income
 - cost of goods sold
 - undistributed proceeds
41. With the percent-of-equity redemption plan:
- a cash dividend is paid instead of redeeming equity
 - the same percent of equity capital is redeemed from all equity holders
 - the earliest year outstanding is redeemed
 - only equity of inactive members is redeemed
42. A distinctive difference between cooperatives and other business types is:
- how earnings are distributed
 - the size of the business
 - the number of owners
 - the types of products sold
43. The retained portion of a patronage refund is:
- paid to members in cash the next year
 - allocated to members' equity accounts and paid out later
 - retained in unallocated earnings of the cooperative
 - equal to the amount of cash patronage refunds
44. Patronage refunds demonstrate which cooperative feature?
- democratic control
 - benefits in proportion to use
 - cooperation among farmers
 - political neutrality
45. Cooperative equity usually has:
- a definite dividend rate
 - a maturity date
 - an interest rate
 - none of the above
46. Having an established plan for redeeming member equity earned in earlier years:
- helps to keep the cooperative's ownership in the hands of current users
 - reduces patrons' income
 - decreases the amount of current member ownership in the cooperative
 - reduces current patrons' investment and increases past patrons' investment
47. The balance sheet item "investment in other cooperatives" of a local farm supply cooperative usually represents:
- cash investments the cooperative has made in support of the cooperatives in its service area
 - investments other cooperatives have made in the local supply cooperative
 - the cooperative's ownership of federated cooperatives
 - federated cooperatives ownership in the local cooperative
48. The primary management function of the directors of a cooperative is:
- determining objectives and general policies
 - approving amendments to the articles of incorporation and by-laws
 - deciding the color scheme for company vehicles
 - making day-to-day operating decisions

49. The primary management function of the manager is:
- determining objectives and general policies
 - approving amendments to the articles of incorporation and by-laws
 - making day-to-day operating decisions
 - appointing policy committee
50. The officers of a cooperative are usually selected by:
- members
 - board president
 - directors
 - extension agent
51. Developing long-range plans for the cooperative is a responsibility of the:
- directors
 - board president
 - manager
 - members
52. Deciding how to handle daily business activities is a responsibility of the:
- directors
 - board president
 - manager
 - members
53. Keeping cooperative meetings running smoothly is the responsibility of the:
- directors
 - board president
 - member
 - manager
54. Selecting the attorney is the responsibility of the:
- manager
 - auditor
 - directors
 - members
55. Selecting the auditor is the responsibility of the:
- treasurer
 - directors
 - board president
 - manager
56. Approving a loan is the responsibility of the:
- directors
 - treasurer
 - manager
 - auditor
57. The Clayton does NOT:
- legalize the organization of agricultural associations
 - explicitly exempt agricultural cooperatives from all antitrust laws
 - prohibit monopolization and restraint of trade
 - prohibit certain kinds of price discrimination
58. The Sherman Act:
- was passed to legalize the organization of agricultural cooperatives
 - prohibits restraint of trade and monopolization
 - prohibits price discrimination
 - declares unlawful, unfair methods of competition, or unfair or deceptive acts or practices

59. The Robinson-Patman Act:
- was passed to legalize the organization of agricultural cooperatives
 - prohibits restraint of trade and monopolization
 - prohibits price discrimination
 - declares unlawful, unfair methods of competition, or unfair or deceptive acts or practices
60. The Capper-Volstead Act applies to:
- farmer supply cooperatives
 - all marketing cooperatives
 - farmer marketing cooperatives
 - cooperatives with limited marketing power
61. Which of the following is most beyond a cooperative's ability to control?
- emerging biotechnology and information technology
 - limitations of being a cooperative
 - the choice of organizational structure
 - markets in which cooperatives have a role to play
62. U.S. Office of Technology Assessment suggests which agricultural segment will be the least likely to survive?
- small farms
 - moderate-size family farms
 - large farms
 - cooperatives
63. Under the Capper-Volstead Act, farmer members may not act together in:
- collectively processing
 - restraining trade
 - handling nonmember products
 - bargaining for an enhanced price
64. The Capper-Volstead Act prohibits:
- farmers from becoming members of more than one cooperative
 - cooperatives from unduly enhancing the price of any agricultural product
 - cooperatives from sharing specific facilities
 - cooperatives from coordinating their marketing arrangements
65. The Capper-Volstead Act:
- prohibits collaborating with non-cooperatives
 - allows collaborating with non-cooperatives
 - says nothing about collaborating with non cooperatives
 - prohibits cooperatives from enhancing the price of any agricultural product

For questions # 66- # 75 use charts "A", "B", "C", and "D" attached.

Use chart "A" – National Grape Cooperative, for problems #66, #67, and # 68

-see page #9-

66. Growth in *net proceeds* from 2002 to 2005 was_____.
- + \$8,845
 - + \$7,857
 - + \$8,385
 - \$8.834
67. The number of *patrons* decreased by _____ from 2003 to 2006.
- 42
 - 35
 - 79
 - 114

68. Growth in *capital expenditures* from 2002 to 2006 was \$_____.
- a) \$11,137
 - b) \$3,386
 - c) \$10,482
 - d) \$4,504

For problems # 69 and #70 use chart "B", Sunshine Cooperative.

-see page #9

69. The change in *accounts receivable* from 2005 to 2006 _____.
- a) increased \$3,665
 - b) decreased \$3,665
 - c) increased \$3,105
 - d) decreased \$3,105
70. *Goodwill plus other assets* combined change in dollars from 2005 to 2006 _____.
- a) increased \$11,915
 - b) decreased \$251
 - c) increased \$10,883
 - d) increased \$11,664
 - e) decreased \$1,515

Use chart "C", Daisy Cooperative, for problems #71 and #72.

- see page #10

71. *Dairy plus grains and oilseeds* combined represent over \$46,029 million dollars of the commodity products market or a gross volume of _____% of the total business.
- a) 31.4
 - b) 41.9
 - c) 27.0
 - d) 60.1
72. When you combine the *petroleum and feed* under supplies purchased for 2006, they represent 16.2% of the total business or \$_____ in million dollars spent for supplies purchased by Daisy Cooperative.
- a) \$11,836.5
 - b) \$12,976.3
 - c) \$5,106.1
 - d) \$18,069.7

For problems #73, #74, #75 use chart "D", Redi Kilawatt Rural Electric Cooperative

-see page #10-

73. Redi Kilawatt value of the electric plant *construction work in progress* for 2006 was \$_____.
- a) \$45,430,887
 - b) \$18,094,934
 - c) \$63,525,821
 - d) \$688,535
74. *Investments in Associated Organizations* under other assets and investments were \$_____ in 2006.
- a) \$45,430,887
 - b) \$20,555,157
 - c) \$20,672,343
 - d) \$117,186
75. Under current assets, the combined total for *prepaid expenses plus other current assets* total \$_____.
- a) \$1,470,797
 - b) \$6,938,694
 - c) \$1,109,152
 - d) \$1,422,737

**DID YOU ANSWER 75 QUESTIONS ON THIS EXAM AND BUBBLE IN YOUR ANSWERS ON MULTI PURPOSE "A" BACK SIDE OF THE SCAN SHEET? IF NOT FIND OUT WHY!!!!
IT IS YOUR RESPONSIBILITY TO MAKE SURE!!!!1**

CHART "A"- Five-year Summary- Fiscal years- National Grape Cooperative- ending December 31, 2006
 - for problems # 66, #67, #68-

Years ending December 31	2006	2005	2004	2003	2002
Net sales.....	\$577,781	\$577,489	\$573,178	\$547,791	\$528,184
Net proceeds.....	\$ 58, 522	\$75,224	\$ 75,752	\$ 65,056	\$ 67,367
Patron tons sold.....	279,415	278,435	254,913	231,529	245,951
Distributable patron proceeds/ton...	\$196	\$250	\$288	\$308	\$271
Number of patrons.....	1,309	1,333	1,351	1,388	1,423
Patron acreage.....	49,593	49,859	49,731	49,567	49,400
Capital expenditures.....	\$28,569	\$29,224	\$24,720	\$21,473	\$18,087
Total assets.....	\$383,615	\$372,732	\$349,633	\$330,472	\$352,647

CHART "B"- Sunshine Cooperative Balance Sheet- 2006 Annual Report

- for problems #69 and #70-

ASSETS	2006	2005
Current assets:		
Cash and cash equivalents	\$ 942	\$ 3,163
Accounts receivable	54,463	57,568
Inventories	84,192	80,527
Other	5,789	3,394
<i>Total current assets.....</i>	<i>145,386</i>	<i>144,652</i>
Property, plant and equipment:		
Land and improvements	11,605	10,410
Buildings and improvements	90,628	88,658
Machinery and equipment	290,408	377,428
	<i>392,641</i>	<i>377,428</i>
Less accumulated depreciation	262,344	245,616
Net property, plant and equipment.....	130,297	131,812
Goodwill	19,873	20,124
Other assets.....	88,059	76,144
TOTAL ASSETS.....	\$383,615	\$372,732

CHART "C" Daisy Cooperative 2006 Business by Commodity
 - for problems #71 and #72

<u>COMMODITY</u>		<u>GROSS VOLUME</u>
<u>PRODUCTS MARKET-</u>	<u>Million \$</u>	<u>Percent</u>
beans and peas.....	\$ 101.4	.01
cotton.....	2,526.9	2.3
dairy.....	25,891.1	23.8
fruits and vegetables.....	8,435.4	7.6
grains and oilseeds.....	20,147.9	18.1
livestock.....	9,901.1	8.9
nuts.....	947.2	0.8
poultry.....	2,467.2	2.2
tobacco.....	226.7	0.2
wool and mohair.....	7.8	0.0
other products.....	2,773.7	2.5
TOTAL FARM PRODUCTS-	\$ 76,617.9	68.7
 <u>SUPPLIES PURCHASED:</u>		
crop protectants.....	3,116.9	2.8
feed.....;	6,685.8	6.0
fertilizer.....	5,150.7	4.6
petroleum.....	11,383.9	10.2
seed.....	1,592.4	1.4
other supplies.....	3,589.2	3.2
TOTAL FARM SUPPLIES-	\$ 31,519.0	28.3
 SERVICES AND OTHER INCOME		
	\$3,415.8	3.1
TOTAL BUSINESS 2006-	\$111,552.6	100.0

CHART "D"- REDI KILAWATT RURAL ELECTRIC COOPERATIVE BALANCE SHEET- 2006
 -use for problems #73, #74, #75-

<u>ELECTRIC PLANT</u>	
In Service- at cost.....	\$ 62,837,286
Construction work in progress.....	688,535
<i>Sub total</i>	\$ 63,525,821
Less accumulated provisions for depreciation and amortization.....	18,094,934
<i>Net Electric Plant</i>	\$ 45,430,887

<u>OTHER ASSETS AND INVESTMENTS</u>	
Investments in Associated Organizations.....	\$ 20,555,157
Investment in deferred compensation fund.....	117,186
<i>Total other assets & investments</i>	\$ 20,672,343

<u>CURRENT ASSETS</u>	
Cash and cash equivalents.....	\$ 1,237,012
Accounts receivable.....	3,169,793
Materials and supplies.....	392,191
Prepaid expenses.....	78,606
Other current assets.....	1,030,546
<i>Total current assets</i>	\$ 5,908,148
TOTAL ASSETS- December 31, 2006	\$ 72,011,378

KEY FOR 2007 Ohio Cooperative Education Exam- not to be released until after May 4, 2007 2 POINTS EACH

1. E
2. C
3. A
4. D
5. E
6. B
7. D
8. B
9. D
10. B
11. C
12. D
13. A
14. C
15. C
16. C
17. C
18. C
19. A
20. D
21. B
22. D
23. C
24. A
25. D
26. A
27. B
28. A
29. B
30. C
31. D
32. D
33. D
34. D
35. A
36. C
37. D
38. A
39. C
40. A
41. B
42. A
43. B
44. B
45. D
46. A
47. C
48. A
49. C
50. C
51. A
52. C
53. B
54. C
55. B
56. A
57. B
58. B
59. C
60. C
61. A
62. B
63. B
64. B
65. C

66. B- + \$7,857 (\$75,224-\$67,367)

69. D- -\$3,105 (\$57,568- \$54,463)

72. D- \$18,069.7 (\$6,685.8 + \$11,383.9)

75. C- \$1,109,152 (\$78,606 + 1,030,546)

67. C- 79 (1,388- 1,309)

70. D- +\$11,664 (\$107,932- \$96,268)

73. D- \$688,535 (from chart)

68. A- \$11,137 (\$29,224- \$18,087)

71. B- 41.9% (23.8 + 18.1)

74. B- \$20,555,157 (from chart)

2005 OHIO COOPERATIVE EDUCATION EXAM

-record answers on provided answer sheet

1. Credit is given to _____ as the organizer of the first cooperative in the United States
 - a) Benjamin Franklin
 - b) George Washington
 - c) Thomas Jefferson
 - d) Patrick Henry
2. The _____ is incorporated under laws of the District of Columbia as an educational organization.
 - a) American Institute of Cooperation
 - b) Farm Credit Council
 - c) National Cooperative Business Association
 - d) National Council of Farmer Cooperatives
3. People join cooperatives to _____.
 - a) Make new friends
 - b) Develop a tax shelter
 - c) Gain economic benefits
 - d) Guarantee a profit
4. Cooperatives are generally classified by their major activity. Which of the following is not a usual classification:
 - a) Marketing
 - b) Purchasing
 - c) Lobbying
 - d) Service
5. Three groups of people are essential to start a cooperative and operate it successfully. Which of the following is not a key group:
 - a) Members
 - b) Management
 - c) Employees
 - d) Investors
6. In terms of number of U.S. agricultural cooperatives, the largest percentage:
 - a) Provide marketing services
 - b) Purchase farm supplies for members
 - c) Provide specialized services as their primary function
 - d) No data available to answer question currently
7. In terms of membership, U.S. cooperatives are largest in:
 - a) Agricultural marketing
 - b) Agricultural supply purchasing
 - c) Credit unions
 - d) Worker
8. When looking at dollar sales, U.S. agricultural marketing cooperatives are most prominent in:
 - a) Grain, soybeans and related products
 - b) Fruits and vegetables
 - c) Rice
 - d) Cotton and cotton products
9. Approximately what percentage of U.S. milk is cooperatively marketed:
 - a) 25-40%
 - b) 45-60%
 - c) 75-90%
 - d) Over 90%
10. Approximately what percentage of U.S. livestock is cooperatively marketed:
 - a) under 20%
 - b) 30-50%
 - c) 60-80%
 - d) over 90%
11. Interregional purchasing cooperatives were formed by regional cooperatives to:
 - a) Improve purchasing power and increase net margins by purchasing and manufacturing supplies on a joint basis
 - b) Increase the number of cooperatives
 - c) Provide more social activities for members
 - d) All of the above
12. Cooperatives generally price supplies at prevailing market prices for items of comparable quality because:
 - a) It allows farmers to compare prices
 - b) Cooperatives don't give quantity or volume discounts and cash discounts
 - c) It reduces friction with competitors, returns a reasonable net margin and allows for patronage refunds
 - d) All of the above
13. A purchasing cooperative could expand (vertically integrate) its operation by:
 - a) Helping to finance its members
 - b) Contracting with growers to produce seed stocks under specifications
 - c) Hiring more employees
 - d) All of the above
14. Purchasing cooperatives benefit farmers by:
 - a) Lowering the cost of production supplies
 - b) Marketing their products at a higher price
 - c) Increasing the gross margins of competing firms
 - d) All of the above
15. The cooperative principle of "operations at cost" is usually accomplished by:
 - a) Setting prices in order to cover expenses
 - b) Refunding to patrons any net margins remaining after deducting operating expenses
 - c) The board of directors
 - d) All of the above
16. A supply cooperative that "operates at cost":
 - a) Charges less than competitive prices for supplies sold
 - b) Charges prevailing market or competitive prices for supplies sold
 - c) Charges prices for supplies that are about equal to its costs
 - d) All of the above
17. A cooperative is organized to:
 - a) Allow members an alternative for investment
 - b) Provide a return on investment to stockholders only
 - c) Provide economic services to its members rather than just to generate a return on investment
 - d) Generate economic benefits for the public

18. A cooperative may be organized for the following reasons:
 - a) To improve bargaining power when dealing with other businesses
 - b) To reduce marketing and purchasing costs
 - c) To obtain market access or broaden marketing opportunities
 - d) All of the above
19. By working together in a cooperative, members can:
 - a) Increase their marketing and purchasing costs
 - b) Take advantage of economies of size
 - c) Reduce their bargaining power
 - d) Limit marketing access
20. Farmers organize and operate marketing cooperatives to:
 - a) Maximize income from sale of their product
 - b) Achieve quality improvements not available to individual producers through grading and marketing large volumes
 - c) Assure farmers of dependable services on a year-round basis
 - d) All of the above
21. A farmer has less individual business risk when he or she belongs to a cooperative, because the:
 - a) Cooperative speculates in the futures market for him or her
 - b) Risk is divided among all the farmer members
 - c) Cooperative guarantees all prices
 - d) Cooperative assumes all the risk for members
22. In general, cooperatives:
 - a) Increase the market power of farmers
 - b) Decrease the market power of farmers
 - c) Do not affect the market power of farmers
 - d) None of the above
23. Cooperative management is concerned primarily with:
 - a) Maximizing the profit of the organization
 - b) Meeting the needs of farmer-members
 - c) Fulfilling members needs while maintaining a strong business
 - d) Meeting government regulations
24. A cooperative often has:
 - a) More objectives than a non cooperative business
 - b) Less objectives than a non cooperative business
 - c) Different objectives than a non cooperative business
 - d) The same objectives as a non cooperative business
25. Cooperatives often have:
 - a) The same management strategies as non cooperative business
 - b) Different management strategies than non cooperative businesses
 - c) Better management strategies than non cooperative businesses
 - d) Worse management strategies than non cooperative business
26. An imperfect market provides incentives for farmers to:
 - a) Vertically integrate
 - b) Horizontally integrate
 - c) Neither A or B
 - d) Depends on farmer
27. A spatial monopoly is where a:
 - a) Few buyers control a geographical region
 - b) Few sellers control a geographical region
 - c) Single buyer controls a geographical region
 - d) Single seller controls a geographical region
28. The potential for cooperatives helping farmers through better coordination of inputs, production and marketing appears to:
 - a) Not exist
 - b) Be small
 - c) Be quite large
 - d) Have potential for becoming large
29. Cooperatives allow farmers to:
 - a) Gain cost efficiencies while reducing concerns about monopolistic profits
 - b) Gain cost efficiencies while increasing monopolistic profits
 - c) Achieve total control over prices
 - d) None of the above
30. In competitive long run equilibrium, prices and outputs of cooperatives and investor-oriented firms will be:
 - a) The same
 - b) Much different
 - c) A little different
 - d) None of the above
31. Objectives of marketing cooperatives include:
 - a) Assure farmers dependable service
 - b) Maximize income from sale of member products
 - c) Provide information to farmers
 - d) All of the above
32. Marketing cooperatives try to maximize member's income through/by:
 - a) Adding value from processing operations
 - b) Reducing per unit marketing costs by handling large volumes
 - c) Elimination of all other competitors
 - d) Both A & B
33. Marketing cooperatives are owned by:
 - a) Investors
 - b) Producers of farm products
 - c) Federal government
 - d) Manager and employees of the cooperative
34. The objective which would give members of a marketing cooperative the highest price for their product before considering patronage refunds include:
 - a) Maximizing net price received by patrons
 - b) Operating at costs
 - c) Maximizing net income like an investor-oriented firm
 - d) None of the above
35. The most common sales method used by marketing cooperatives is:
 - a) Auctions
 - b) Bargaining
 - c) Buy-and-sell
 - d) Road side stands
36. To say that the demand for a commodity is elastic means:
 - a) That the demand curve slopes downward and to the right
 - b) That a greater quantity is sold at a lower price
 - c) That a rise in price will increase total revenue
 - d) That the change in quantity sold is proportionally greater than the change in price

37. Bargaining cooperatives:
- Negotiate with farmers for products
 - Negotiate with processors on behalf of producer-members
 - Negotiate for farm labor
38. Bargaining cooperatives negotiate for:
- Product grade and quality differentials
 - Product prices
 - Delivery schedules
 - All of the above
39. Pooling is a cooperative marketing method involving:
- Assembling and commingling products from many producers
 - Combining sales returns and operating expenses and distributing returns to members according to the volume of product provided
 - Both A & B
40. Advantage of commodity pools include:
- Spreads market risks
 - Permits orderly marketing
 - Helps finance the cooperative
 - All of the above
41. The demand for vegetables is probably more elastic than the demand for:
- Food
 - Carrots
 - Spinach
 - Automobiles
42. A demand curve is completely inelastic if:
- A rise in price causes a fall in quantity demanded
 - A fall in price causes a rise in the sellers' total revenue
 - The commodity in question is highly perishable
 - A change in price does not change quantity demanded
43. If the government imposes a tax on a commodity, it will obtain the most revenue if the demand for the product is:
- Perfectly inelastic
 - Relatively inelastic
 - Perfectly elastic
 - Relatively elastic
44. If demand is relatively elastic, a change in price (up or down) causes:
- A change in total revenue in the same direction
 - A change in total revenue in the opposite direction
 - An increase in total revenue
 - A decrease in total revenue
 - No change in total revenue
45. If demand is relatively inelastic, a change in price (up or down) causes:
- A change in total revenue in the same direction
 - A change in total revenue in the opposite direction
 - An increase in total revenue
 - No change in total revenue
46. Farmer control of cooperatives is lessened by:
- Sale of common stock to non farmers
 - A centralized structure
 - A federated structure
 - Election of directors by districts
47. Constant communication with members is necessary to:
- Select information members are qualified to hear
 - Share information among board members to help their farming operations
 - Enable members to control the cooperative more effectively
 - Enable members to chose when to deal with the cooperative
48. Existing cooperatives cannot be restructured by:
- Combining with other cooperatives
 - Becoming subsidiaries of other companies
 - Making alliances with other firms
 - Finding new methods of financing
49. The appropriate scope and organizational structure of the cooperative is dictated by:
- Federal tax law
 - Agreement with non cooperative competing firms
 - Farmers willingness to finance the cooperative
 - The U.S. Department of Agriculture
50. The appropriate scope and organizational structure of the cooperative should NOT be dictated by:
- The economic environment in which it operates
 - Skills and abilities of the manager
 - What farmers need from the cooperative
 - Economic resources available
51. When a nonqualified written notice is redeemed by a cooperative:
- The cooperative must include the amount it is redeeming as income
 - The cooperative can exclude the amount redeemed from its income
 - The decision is strictly up to the manager, no guidelines for a cooperative
52. A distinctive difference between cooperatives and other business types is:
- How earnings are distributed
 - The size of the business
 - The number of owners
 - The types of products sold
53. The retained portion of a patronage refund is:
- Paid to members in cash the next year
 - Allocated to members' equity accounts and paid out later
 - Retained in unallocated earnings of the cooperative
 - Equal to the amount of cash patronage refunds
54. Patronage refunds demonstrates which cooperative features?
- Democratic control
 - Benefits in proportion to use
 - Cooperation among farmers
 - Political neutrality
55. Cooperatives equity usually has:
- A definite dividend rate
 - A maturity rate
 - An interest rate
 - None of the above

56. If a cooperative is able to shorten the revolving period from 15 years to 10 years, which of the following will NOT occur?
- Current patrons' share of equity will probably increase
 - Inactive members' share of ownership should decrease
 - Current patrons share of equity will probably decrease
 - Within 90 days of the close of the cooperative's tax year
 - Before the close of the cooperative's fiscal year
57. With a base capital plan method of financing, which of the following does NOT occur?
- The cooperative's equity capital requirement is reestablished
 - Patronage of individual members during the base period is determined
 - Length of revolving period is set
 - Both A & B
58. Nonqualified written notices of allocations are issued for:
- Patronage refunds only
 - Per-unit capital retains only
 - Either patronage refunds or per-unit capital retains
 - Currently no specific guidelines to answer question correctly
59. Cooperatives that have section 521-tax status (commonly called exempt cooperatives) are:
- Not required to pay Federal income tax regardless of distribution of net margins
 - Allowed to allocate income from non patronage sources to patrons and exclude it from cooperative taxable income
 - Not required to meet the 20 percent cash requirement on qualified patronage refunds
 - No correct choice listed
60. Patronage refunds must be distributed:
- Within 8 ½ months after the close of the cooperative's tax year
 - Within 12 months after the close of the cooperative's tax year
 - Within 90 days of the close of the cooperative's tax year
 - Before the close of the cooperative's fiscal year
61. The primary management function of the members of a cooperative is:
- Hiring (and if necessary, firing) the manager
 - Approving the budget
 - Electing the directors
 - Keeping employees in line
62. The primary management function of the directors of a cooperative is:
- Determining objectives and general policies
 - Approving amendments to the articles of incorporation and bylaws
 - Deciding the color scheme for company vehicles
 - Making day-to-day operating decisions
63. The primary management function of the manager is:
- Determining objectives and general policies
 - Approving amendments to the articles of incorporation and bylaws
 - Making day-to-day operating decisions
 - Appointing policy committees
64. The officers of a cooperative are usually selected by the:
- Members
 - Board President
 - Directors
 - Extension agent
65. Developing long-range plans for the cooperative is a responsibility of the:
- Directors
 - Board President
 - Manager
 - Members

PROBLEMS-

Use Chart "A" - Problems #66, #67, #68

Use Chart "B" - Problems #69 #70

Use Chart "C" - Problems #71, #72, #73

Use Chart "D" - Problems #74, #75

66. From chart "A" figure the growth in patronage capital for the year ended December 31, 2003.
- a) \$942,305 b) \$909,407 c) \$314,936 d) \$1,942,305 e) \$38,298,146
67. Total amount of operating expenses from chart "A" that includes both taxes and cost of power as part of the total operating expenses of \$31,359,052 is_____.
- A) \$22,590,190 b) \$20,892,349 c) \$3,305,415
d) \$21,466,842 e) \$19,535
68. After reviewing the breakout of chart "A" graph, (How Your Electric Dollar Was Spent in 2003), what represented the largest portion of the electric dollar spent?
- a) member accounting b) operations & maintenance
c) Buckeye Purchased Power d) administration e) taxes
69. The chart "B" balance sheet shows the change in total assets from 2003-2004 was_____.

- a) \$12,521,599 b) \$12,519,738 c) \$21,117,376
d) \$21,115,519 e) \$18,876,742
70. When totaling the data on chart "B", the growth in liabilities from 2003-2004 was _____.
- a) \$21,117,376 b) \$21,115,519 c) \$37,592,000
d) \$12,521,595 e) no correct or close answer listed
71. After you analyzed chart "C", what was the change in sales of grain from 2003-2004?
- a) decreased \$29,251,960 b) decreased \$57,272,887
c) increased \$29,251,960 d) increased \$57,272,887
e) increased \$31,805,140
72. Data compiled from chart "C" shows the combined agronomy and feed sales in 2004 was _____.
- a)\$24,523,207 b)\$53,325,974 c)\$13,019,914
d)\$28,802,767 e)\$7,292,926
73. What was the change in Federal income taxes from 2003-2004 on chart "C" (Results of Operation)?
- a)decreased \$27,459 b)decreased \$309,862 c)increased \$27,459
d)increased \$309,862 e)increased \$742,397
74. The Farm Credit System chart "D", shows the total assets for the Farm Credit Systems Banks of Wichita and Texas totaled _____.
- a)\$12,472,966 b)\$13,711,805 c)\$11,141,600
d)\$16,475,125 e)\$14,049,145
75. With the supplied data on chart "D", what is the total capital of AgFirst and AgriBank in the Farm Credit System Banks?
- a)\$50,039,284 b)\$44,293,950 c)\$6,942,617
d)\$2,868,083 e)\$1,363,470

END OF EXAM.....check all work and record answers on correct form

KEY- 2005 COOPERATIVE EDUCATION CDE May 6, 2005

- 1-A
- 2-A
- 3-C
- 4-C
- 5-D
- 6-A
- 7-C
- 8-A
- 9-C
- 10-A
- 11-A
- 12-C
- 13-B
- 14-A
- 15-B
- 16-B
- 17-C
- 18-D
- 19-B
- 20-D
- 21-B
- 22-A
- 23-C

- 44-B
- 45-A
- 46-A
- 47-C
- 48-B
- 49-C
- 50-B
- 51-B
- 52-A
- 53-B
- 54-B
- 55-D
- 56-C
- 57-C
- 58-C
- 59-B
- 60-A
- 61-C
- 62-A
- 63-C
- 64-C
- 65-A

PROBLEMS

- 25-B 66-A- \$942,305 (\$40,464,794 - \$39,522,489)
- 26-A
- 27-D 67-B-\$20,892,349 (\$19,526,888 + \$1,365,461)
- 28-C
- 29-A 68-C-Buckeye Purchased Power
- 30-A
- 31-D 69-C-\$21,117,376 (\$62,635,101 - \$41,517,725)
- 32-D
- 33-B 70-B-\$21,115,519 (\$50,113,506 - \$28,997,987)
- 34-B
- 35-C 71-C-increased \$29,251,960 (\$81,372,562 - \$52,120,602)
- 36-D
- 37-B 72-D-\$28,802,767 (\$24,099,675 + \$4,703,092)
- 38-D
- 39-C 73-C- increased \$27,459 (\$139,998 - \$112,539)
- 40-D
- 41-A 74-B-\$13,711,805 (\$6,408,794 + \$7,303,011)
- 42-D
- 43-A 75-D-\$2,868,083 (\$1,984,546 + \$883,537)