

The TRUTH About FARMERS COOPERATIVE EXCHANGE

Its VOLUME - NET MARGINS - TAXES

YEAR ENDING, JUNE 30, 1946

Volume & Net Margins

Number Patron-Members	(over) 54,000
Volume of Business during past Fiscal Year by Class:	
State Office with Distributors and Affiliated:	
Warehouses	\$6,447,291.00
Affiliated Warehouses and Departments with Patrons	7,455,384.31
Local Marketing by Warehouses	1,288,974.08
Net Margins (receipts less expenses before patronage dividends or interest on stock paid)	352,443.54
Total of Patronage Refunds paid	301,833.20
Dividend paid on Stock	45,581.33
Undivided Margins	5,029.01

The taxes listed in the chart to the right are the taxes paid by the Farmers Cooperative Exchange in 1946. They were paid on the same basis as any other business firm in North Carolina.

Had the Farmers Cooperative Exchange been required to operate under the same rule as ordinary commercial corporations, it would have paid, in addition to the taxes listed on right, a franchise tax of \$1.75 per \$1,000 on its capital stock of \$1,964,165.70 or \$3,437.28 instead of the \$270 paid as license tax in lieu of the franchise tax, or a total of \$3,167.28 more than it paid. Also, it would have paid a 6% income tax on savings of \$45,581.33 that was distributed as dividends on capital stock and on undivided margins of \$5,029.01. The total tax on these would have amounted to \$3,036.62.

The total amount of additional taxes the Farmers Cooperative Exchange would have been required to pay in 1946, under the rule applied to regular commercial corporations, would have amounted to only \$6,203.90.

We hereby certify that we were employed by the Board of Directors to audit the books and accounts of the Farmers' Cooperative Exchange for the year ending June 30, 1946, and that the above statements regarding volume, margin and taxes are true.

A. T. Allen & Company
Certified Public Accountants

Taxes Paid By FCX

Sales Tax	\$19,205.48
Old Age Tax	4,573.02
Unemployment	11,810.76
City Tax	9,997.97
County Tax	9,099.31
Intangible Tax	1,941.14
License Tax in lieu Franchise Tax	270.00
Truck License	4,997.98
Chick Dealer	100.00
City License and permits	258.00
Seed Dealer	490.00
TOTAL	\$62,163.51

WHAT IS THE REAL ISSUE?

Statements have been made by representatives of the North Carolina Merchants Association, inferring that farmer cooperatives were great octopuses reaching out to grab everything and giving nothing in return. In fact, they have created an impression that farmer cooperatives do not pay taxes. It has also been contended that the State of North Carolina was losing millions of dollars in revenue and that the farmer was not carrying his end of the tax burden.

The Farmers Cooperative Exchange offers the certified statement of a reputable accounting firm, which stated above that in the fiscal year ending June 30, 1946, the Farmers Cooperative Exchange, owned by the farmers of North Carolina and operating under the Cooperative Law, paid \$62,163.51 in taxes on exactly the same basis as any other business in the State.

Had it been required to pay the State income tax and franchise tax as re-

quired of ordinary commercial corporations, it would have paid \$6,203.90 in additional taxes.

With only \$6,203.90 more tax, it is obvious that it is not the amount of taxes involved that many of the merchants are fighting, but the farmers and their rights to own and operate their own cooperatives in order that they may better their economic condition, enjoy a higher standard of living, and farm in a competitive world.

Farmers of North Carolina have always paid their share of taxes. They had to list every mule, every plow, and everything else they owned because those things were tangible. That has not always been true with other groups.

Many merchants in the state own farms and farm in direct competition with the farmers, who depend 100% on farming for a living, yet they frown upon the idea of the farmer organizing his own business in competition with the merchant.

What is the real issue? Is it taxes or is it the farmer's right to organize his own business?

Why The Farmers Cooperative Exchange Was Organized?

It was not by choice or chance that the farmers of North Carolina organized their own business—they were forced to in order to exist.

For 66 years, they tilled the soil producing food and fiber for their fellowman, waiting and hoping for help and advice that never came.

Finally, after years of waiting and hoping, they were forced to provide help for themselves.

Hardly had the farmer recovered from the depression of the early twenties, his fourth since the Civil War, before the depression of 1932 was at hand. During that year, North Carolina's 1,600,000 farm people were forced to accept conditions that will never be forgotten. Cash farm income sank to an average of 18 cents per day per capita and an average farm family of five had but a total of 90 cents per day to provide clothing, medical care, hospitalization, and to meet religious, educational and social obligations. Practically every farm market was glutted.

Many merchants, who up until that time had been the farmer's chief counsel and adviser, failed to step into the gap and help the farmer.

At this point the farmers of the State began to look around them and take stock. They found out that

from 1925 to 1932 the average per capita cash income had been only 38 cents per day and that over 50 per cent of the State's 332,000 farm homes had depreciated to the extent that they had a value of less than \$500 each.

It was because of these deplorable conditions that agricultural leaders decided something had to be done. North Carolina's farm economy had broken apart. The farm markets were glutted and the farmer's purchasing power was getting smaller by the year. In most cases, many merchants, who had proven such staunch friends in the better days when the farmer had money to spend, turned their back on the farmer once his money or farm was gone. They had made little or no effort to help the farmer develop a market, but rather expected the farmer to sell on a glutted market during the fall months for whatever price he could get.

The Farmers Cooperative Exchange was organized in 1934. Its first investment was in a modern seed and grain cleaning plant to aid the farmers in producing more seed and grain.

The second move was a fertilizer factory to assist the farmers in taking advantage of the information and research data given out by the State Agricultural College and North Carolina Test Farms.

The third step was to build a feed mill to provide a market for the farmer's grain and manufacture their own feeds by formulas recommended by the State's Agricultural College. It should also be pointed out that prior to this time they had no way to take advantage of the research and information and experimental work of the College and the Department of Agriculture.

Since that day the Farmers Cooperative Exchange has provided numerous marketing services for its owner-members. In eggs alone, it has saved the farmers thousands of dollars and in grain and seed, furnished the farmer a year-round market.

Today, North Carolina farmers, through their own organization and with the help of North Carolina State College and the North Carolina Department of Agriculture, are rapidly turning North Carolina into a balanced agricultural State, which is the only hope for the future security of our economy.

The only way to make farming a profitable business is to lower cost of production and to market in such a way as to give farmers their share of the consumer dollar—this is what farmers are doing through their own cooperatives.

Make Agriculture a profitable way of life and our whole economy will be safe.



FARMERS COOPERATIVE EXCHANGE

RALEIGH, NORTH CAROLINA

