

U.S. Income Tax Return for Cooperative Associations

For calendar year 2007 or tax year beginning _____, 2007, ending _____, 20 _____

2007

▶ See separate Instructions.

| | | | |
|--|----------------------|--|---|
| <p>A Check if:</p> <p>1 Consolidated return (attach Form 851) <input type="checkbox"/></p> <p>2 Schedule M-3 (Form 1120) attached <input type="checkbox"/></p> <p>3 Form 1120 filed in previous tax year <input type="checkbox"/></p> | Please type or print | <p>Name _____</p> <p>Number, street, and room or suite no. (If a P.O. box, see instructions.) _____</p> <p>City or town, state, and ZIP code _____</p> | <p>B Employer identification number</p> <p>_____</p> <p>C Check if:</p> <p>(1) Farmers' tax exempt cooperative <input type="checkbox"/></p> <p>(2) Nonexempt cooperative <input type="checkbox"/></p> |
| <p>D Check if: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change (5) <input type="checkbox"/> Amended return</p> | | | |

| | | | | | | | | | |
|---|------------|---|------------|-----------------------------------|----------|--------------|------------|-----------|--|
| Income | 1a | Gross receipts or sales _____ | b | Less returns and allowances _____ | c | Bal ▶ | 1c | | |
| | 2 | Cost of goods sold (Schedule A, line 9) | | | | | 2 | | |
| | 3 | Gross profit. Subtract line 2 from line 1c | | | | | 3 | | |
| | 4 | Dividends (Schedule C, line 19) | | | | | 4 | | |
| | 5 | Interest | | | | | 5 | | |
| | 6 | Gross rents and royalties | | | | | 6 | | |
| | 7 | Capital gain net income (attach Schedule D (Form 1120)) | | | | | 7 | | |
| | 8 | Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797) | | | | | 8 | | |
| | 9 | Other income (see instructions—attach schedule) | | | | | 9 | | |
| | 10 | Total income. Add lines 3 through 9 ▶ | | | | | 10 | | |
| Deductions (See instructions for limitations on deductions.) | 11 | Compensation of officers (Schedule E, line 4) | | | | | 11 | | |
| | 12 | Salaries and wages (less employment credits) | | | | | 12 | | |
| | 13 | Bad debts | | | | | 13 | | |
| | 14 | Rents | | | | | 14 | | |
| | 15 | Taxes and licenses | | | | | 15 | | |
| | 16 | Interest | | | | | 16 | | |
| | 17 | Charitable contributions | | | | | 17 | | |
| | 18 | Depreciation not claimed in Schedule A or elsewhere on return (attach Form 4562) | | | | | 18 | | |
| | 19 | Advertising | | | | | 19 | | |
| | 20 | Pension, profit-sharing, etc., plans | | | | | 20 | | |
| | 21 | Employee benefit programs | | | | | 21 | | |
| | 22 | Domestic production activities deduction (attach Form 8903) | | | | | 22 | | |
| | 23 | Other deductions (attach schedule) | | | | | 23 | | |
| | 24 | Total deductions. Add lines 11 through 23 ▶ | | | | | 24 | | |
| | 25 | Taxable income before section 1382, NOL, and special deductions. Subtract line 24 from line 10 | | | | | 25 | | |
| Tax and Payments | 26 | Less: a Deductions and adjustments under section 1382 (Schedule H, line 5) | 26a | | | | 26d | | |
| | | b Net operating loss deduction (see instructions) | 26b | | | | | | |
| | | c Special deductions (Schedule C, line 20) | 26c | | | | | | |
| | 27 | Taxable income. Subtract line 26d from line 25 (see instructions) | | | | | | 27 | |
| | 28 | Total tax (Schedule J, line 9) | | | | | 28 | | |
| | 29a | 2006 overpayment credited to 2007 | 29a | | | | 29h | | |
| | b | 2007 estimated tax payments | 29b | | | | | | |
| | c | 2007 refund applied for on Form 4466 | 29c | () | | | | | |
| | e | Tax deposited with Form 7004 | 29e | | | | | | |
| | f | Credits: (1) Form 2439 _____ (2) Form 4136 _____ | 29f | | | | | | |
| | g | Section 1383 adjustment (see instructions) | 29g | | | | | | |
| | 30 | Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶ <input type="checkbox"/> | | | | | | 30 | |
| | 31 | Amount owed. If line 29h is smaller than the total of lines 28 and 30, enter amount owed | | | | | 31 | | |
| | 32 | Overpayment. If line 29h is larger than the total of lines 28 and 30, enter amount overpaid | | | | | 32 | | |
| | 33 | Enter amount of line 32 you want: Credited to 2008 estimated tax ▶ _____ Refunded ▶ _____ | | | | | 33 | | |

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

| | | | |
|---------------------------------|---|--|---|
| Sign Here | <p>Signature of officer _____ Date _____</p> | <p>Title _____</p> | <p>May the IRS discuss this return with the preparer shown below (see instructions)? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> |
| Paid Preparer's Use Only | <p>Preparer's signature _____ Date _____</p> | <p>Check if self-employed <input type="checkbox"/></p> | <p>Preparer's SSN or PTIN _____</p> |
| | <p>Firm's name (or yours if self-employed), address, and ZIP code _____</p> | <p>EIN _____</p> | <p>Phone no. () _____</p> |

Schedule A Cost of Goods Sold (see instructions)

| | | | | |
|------------|---|------------|--|--|
| 1 | Inventory at beginning of year | 1 | | |
| 2 | Purchases | 2 | | |
| 3 | Cost of labor | 3 | | |
| 4 | Per-unit retain allocations paid in: | | | |
| a | Qualified per-unit retain certificates | 4a | | |
| b | Money or other property (except nonqualified per-unit certificates) | 4b | | |
| 5 | Nonqualified per-unit retain certificates redeemed this year | 5 | | |
| 6a | Additional section 263A costs (attach schedule) | 6a | | |
| b | Other costs (attach schedule) | 6b | | |
| 7 | Total. Add lines 1 through 6b | 7 | | |
| 8 | Inventory at end of year | 8 | | |
| 9 | Cost of goods sold. Subtract line 8 from line 7. Enter here and on line 2, page 1 | 9 | | |
| 10a | Check all methods used for valuing closing inventory: | | | |
| | (i) <input type="checkbox"/> Cost as described in Regulations section 1.471-3 | | | |
| | (ii) <input type="checkbox"/> Lower of cost or market as described in Regulations section 1.471-4 | | | |
| | (iii) <input type="checkbox"/> Other (Specify method used and attach explanation) ▶ | | | |
| b | Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) ▶ | | | <input type="checkbox"/> |
| c | Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ | | | <input type="checkbox"/> |
| d | If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO | 10d | | |
| e | If property is produced or acquired for resale, do the rules of section 263A apply to the cooperative? | | | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| f | Was there any change in determining quantities, cost, or valuations between opening and closing inventory? | | | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| | If "Yes," attach explanation. | | | |

Schedule C Dividends and Special Deductions (see instructions)

| | (a) Dividends received | (b) % | (c) Deduction ((a) × (b)) |
|--|------------------------|------------------|---------------------------|
| 1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock) | | 70 | |
| 2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock) | | 80 | |
| 3 Dividends on debt-financed stock of domestic and foreign corporations | | See instructions | |
| 4 Dividends on certain preferred stock of less-than-20%-owned public utilities | | 42 | |
| 5 Dividends on certain preferred stock of 20%-or-more-owned public utilities | | 48 | |
| 6 Dividends from less-than-20%-owned foreign corporations and certain FSCs | | 70 | |
| 7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs | | 80 | |
| 8 Dividends from wholly owned foreign subsidiaries | | 100 | |
| 9 Total. Add lines 1 through 8. See instructions for limitation | | | |
| 10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958 | | 100 | |
| 11 Dividends from affiliated group members | | 100 | |
| 12 Dividends from certain FSCs | | See instructions | |
| 13 Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12. | | | |
| 14 Income from controlled foreign corporations under subpart F (attach Form(s) 5471) | | | |
| 15 Foreign dividend gross-up | | | |
| 16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3 | | | |
| 17 Other dividends | | | |
| 18 Deduction for dividends paid on certain preferred stock of public utilities | | | |
| 19 Total dividends. Add lines 1 through 17. Enter here and on line 4, page 1 ▶ | | | |
| 20 Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on line 26c, page 1. . . . ▶ | | | |

Schedule E Compensation of Officers (See instructions for line 11, page 1.)

Complete Schedule E only if total receipts (line 1a, plus lines 4 through 9, of page 1) are \$500,000 or more.

| (a) Name of officer | (b) Social security number | (c) Percent of time devoted to business | Percent of association's stock owned | | (f) Amount of compensation |
|---|----------------------------|---|--------------------------------------|---------------|----------------------------|
| | | | (d) Common | (e) Preferred | |
| 1 | | % | % | % | |
| | | % | % | % | |
| | | % | % | % | |
| | | % | % | % | |
| | | % | % | % | |
| 2 Total compensation of officers | | | | | 2 |
| 3 Compensation of officers claimed on Schedule A and elsewhere on return | | | | | 3 |
| 4 Subtract line 3 from line 2. Enter the result here and on line 11, page 1. | | | | | 4 |

Schedule G Allocation of Patronage and Nonpatronage Income and Deductions. Before completing, see Question 14 of Schedule K.

| | | (a) Patronage | (b) Nonpatronage |
|--|-----------|---------------|------------------|
| 1 Gross receipts or sales | 1 | | |
| 2 Cost of goods sold | 2 | | |
| 3 Gross profit. Subtract line 2 from line 1 | 3 | | |
| 4 Other income | 4 | | |
| 5 Total income. Combine lines 3 and 4 | 5 | | |
| 6a Domestic production activities deduction (attach Form 8903) | 6a | | |
| b Other deductions | 6b | | |
| c Total deductions (add lines 6a and 6b) | 6c | | |
| 7 Taxable income before section 1382, NOL, and special deductions. Subtract line 6c from line 5 | 7 | | |
| 8 Deductions and adjustments under section 1382 from Schedule H, line 5 (see instructions) | 8 | | |
| 9a Net operating loss deduction (attach schedule) | 9a | | |
| b Special deductions (see instructions) | 9b | | |
| 10 Taxable income. Subtract the total of lines 8, 9a, and 9b from line 7 | 10 | | |
| 11 Combined taxable income. Combine columns (a) and (b) of line 10 (see instructions) | 11 | | |
| 12 Unused patronage loss (see instructions) | 12 | | |
| 13 Unused nonpatronage loss (see instructions) | 13 | | |

Schedule H Deductions and Adjustments Under Section 1382 (see instructions)

| | | | |
|---|-----------|---|---|
| 1 Dividends paid on capital stock (section 521 cooperatives only) | 1 | | |
| 2 Nonpatronage income allocated to patrons (section 521 cooperatives only) | 2 | | |
| 3 Patronage dividends: | | | |
| a Money | 3a | | |
| b Qualified written notices of allocation | 3b | | |
| c Other property (except nonqualified written notices of allocation) | 3c | | |
| d Money or other property (except written notices of allocation) in redemption of nonqualified written notices of allocation | 3d | | |
| 4 Domestic production activities deduction allocated to patrons | 4 | (|) |
| 5 Total. Combine lines 1 through 4. Enter here and on line 26a, page 1, and Schedule G, line 8 | 5 | | |

Schedule J Tax Computation (see instructions)

| | | | | |
|----|--|----|--|--|
| 1 | Check if the cooperative is a member of a controlled group (attach Schedule O (Form 1120)) | | | |
| 2 | Income tax (see instructions) | | | |
| 3 | Alternative minimum tax (attach Form 4626) | | | |
| 4 | Add lines 2 and 3 | | | |
| 5a | Foreign tax credit (attach Form 1118) | 5a | | |
| b | Credits from Forms 5735 and 8834 | 5b | | |
| c | General business credit. Check applicable box(es): <input type="checkbox"/> Form 3800 <input type="checkbox"/> Form 5884 <input type="checkbox"/> Form 6478 <input type="checkbox"/> Form 8835, Section B <input type="checkbox"/> Form 8844 <input type="checkbox"/> Form 8846 | 5c | | |
| d | Credit for prior year minimum tax (attach Form 8827) | 5d | | |
| 6 | Total credits. Add lines 5a through 5d | 6 | | |
| 7 | Subtract line 6 from line 4 | 7 | | |
| 8 | Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Other (attach schedule) <input type="checkbox"/> Form 8902 | 8 | | |
| 9 | Total tax. Add lines 7 and 8. Enter here and on line 28, page 1 | 9 | | |

Schedule K Other Information (see instructions)

| | Yes | No | | Yes | No |
|---|---|----|-----|---|----|
| 1 | Check accounting method: | | 8 | At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of stock of the cooperative entitled to vote or (b) the total value of all classes of stock of the cooperative? If "Yes," enter: (a) Percentage owned ▶ and (b) Owner's country ▶ | |
| a | <input type="checkbox"/> Cash | | c | The cooperative may have to file Form 5472 , Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached ▶ | |
| b | <input type="checkbox"/> Accrual | | 9 | Check this box if the cooperative issued publicly offered debt instruments with original issue discount. ▶ <input type="checkbox"/> If checked, the cooperative may have to file Form 8281 , Information Return for Publicly Offered Original Issue Discount Instruments. | |
| c | <input type="checkbox"/> Other (specify) ▶ | | 10 | Enter the amount of tax-exempt income received or accrued during the tax year (for example, interest or extraterritorial income) ▶ \$ | |
| 2 | See the instructions and enter the: | | 11a | Enter the number of foreign patrons at the end of the tax year ▶ | |
| a | Business activity code no. ▶ | | b | Enter the total amount of patronage distributions described in (or deducted under) IRC 1382(b) paid or allocated to foreign patrons ▶ | |
| b | Business activity ▶ | | 12 | If the cooperative has an NOL for the tax year and is electing to forego the carryback period, check here . . . ▶ <input type="checkbox"/> If the cooperative is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid. | |
| c | Product or service ▶ | | 13 | Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 26b.) Patronage ▶ \$ Nonpatronage ▶ \$ | |
| 3 | Enter the date of incorporation ▶ | | 14 | Are the cooperative's total receipts (line 1a plus lines 4 through 9 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the cooperative is not required to complete Schedules G, L, M-1, or M-2. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. ▶ \$ | |
| 4 | At the end of the tax year, did the cooperative own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year. | | | | |
| 5 | Is the cooperative a subsidiary in an affiliated group or a parent-subsidiary controlled group? If "Yes," enter name and EIN of the parent corporation ▶ | | | | |
| 6 | At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the cooperative's voting stock? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 5 above.) Enter percentage owned ▶ | | | | |
| 7 | Enter the cooperative's total assets (see instructions) ▶ \$ | | | | |

| Schedule L Balance Sheets per Books | | Beginning of tax year | | End of tax year | |
|--|---|-----------------------|-----|-----------------|-----|
| | | (a) | (b) | (c) | (d) |
| Assets | | | | | |
| 1 | Cash | | | | |
| 2a | Trade notes and accounts receivable | | | | |
| b | Less allowance for bad debts | () | | () | |
| 3 | Inventories | | | | |
| 4 | Other current assets (attach schedule) | | | | |
| 5 | Investments (see instructions) | | | | |
| 6 | Loans to shareholders | | | | |
| 7 | Mortgage and real estate loans | | | | |
| 8a | Buildings and other depreciable assets | | | | |
| b | Less accumulated depreciation | () | | () | |
| 9a | Depletable assets | | | | |
| b | Less accumulated depletion | () | | () | |
| 10 | Land (net of amortization) | | | | |
| 11a | Intangible assets (amortizable only) | | | | |
| b | Less accumulated amortization | () | | () | |
| 12 | Other assets (attach schedule) | | | | |
| 13 | Total assets | | | | |
| Liabilities and Capital | | | | | |
| 14 | Accounts payable | | | | |
| 15 | Mortgages, notes, bonds payable in less than 1 year | | | | |
| 16 | Other current liabilities (attach schedule) | | | | |
| 17 | Loans from shareholders | | | | |
| 18 | Mortgages, notes, bonds payable in 1 year or more | | | | |
| 19 | Other liabilities (attach schedule) | | | | |
| 20 | Capital stock: a Preferred stock | | | | |
| | b Common stock | | | | |
| 21 | Additional paid-in capital | | | | |
| 22 | Patronage dividends allocated in noncash form | | | | |
| 23 | Per-unit retains allocated in noncash form | | | | |
| 24 | Retained earnings—Appropriated (attach schedule) | | | | |
| 25 | Retained earnings—Unappropriated | | | | |
| 26 | Adjustments to shareholders' equity (attach schedule) | | | | |
| 27 | Less cost of treasury stock | | () | | () |
| 28 | Total liabilities and capital | | | | |

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return
Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more—see instructions

| | | | | | |
|----------|---|--|-----------|--|--|
| 1 | Net income (loss) per books | | 7 | Income recorded on books this year not included in this tax return (itemize): | |
| 2 | Federal income tax per books | | | Tax-exempt interest \$ | |
| 3 | Excess of capital losses over capital gains | | | | |
| 4 | Income subject to tax not recorded on books this year (itemize): | | | | |
| 5 | Expenses recorded on books this year not deducted in this return (itemize): | | 8 | Deductions in this tax return not charged against book income this year (itemize): | |
| a | Depreciation . . . \$ | | a | Depreciation \$ | |
| b | Charitable contributions \$ | | b | Charitable contributions \$ | |
| c | Travel and entertainment \$ | | | | |
| 6 | Add lines 1 through 5 | | 9 | Add lines 7 and 8 | |
| | | | 10 | Income (line 25, page 1)—line 6 less line 9 | |

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

| | | | | | |
|----------|--|--|----------|---|--|
| 1 | Balance at beginning of year | | 5 | Distributions: a Cash | |
| 2 | Net income (loss) per books | | | b Stock | |
| 3 | Other increases (itemize): | | | c Property | |
| | | | 6 | Other decreases (itemize): | |
| | | | 7 | Add lines 5 and 6 | |
| 4 | Add lines 1, 2, and 3 | | 8 | Balance at end of year (line 4 less line 7) | |