

Form **1028**

Department of the  
Treasury  
Internal Revenue  
Service (99)

**Application for Recognition of Exemption  
Under Section 521 of the Internal Revenue Code**

**For the use of farmers', fruit growers', or like associations  
applying for recognition of exempt cooperatives**

**See Separate Instructions.**

OMB No.  
1545-0058



Form 1028 (Rev. 09-2006) Catalog Number 17138N  
Department of the Treasury **Internal Revenue Service** [www.irs.gov](http://www.irs.gov)



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**If your organization does not have an organizing document, do not file this application.** Every organization must furnish all the information specified on the form and in the instructions. An attachment may be used if more space is needed for any item. If the required information and appropriate documents are not submitted along with Form 8718 (with payment of the appropriate user fee), the application may be returned to you.

## Part I Identification

<b>1a</b> Full name of organization (See instructions.)		<b>b</b> Employer identification number (See instructions.) :	
<b>2a</b> Number, street, and room or suite no. (or P.O. box number if mail is not delivered to street address)			
<b>b</b> City or town, county, state, and ZIP code			
<b>3</b> Name and telephone number (including area code) of person to be contacted during business hours  ( )		<b>4</b> Date incorporated or formed	
		<b>5</b> Month the annual accounting period ends	
<b>6a</b> Has the organization filed Federal income tax returns? _____ <input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>			
<b>b</b> If “ <b>Yes</b> ,” state the form numbers, years filed, and Internal Revenue office where filed ► ----- -----			

Part II Type of Entity and Organizational Documents (See instructions.)

Check the applicable entity box below and attach a conformed copy of the organizing and operational documents listed.

- ☐ Corporation—Articles of Incorporation, bylaws
- ☐ Other—Constitution or Articles of Association, bylaws

Part III Activities and Operational Information

1 Number of shares of each class of capital stock currently outstanding, if any, the value of the consideration for which issued, and the rate of dividend paid:

		Share	Amou	Rate of Dividend
	1a			
a Preferred stock (voting)	1b			
b Preferred stock (nonvoting)	1c			
c Common stock (voting)	1d			

2 Number of shares of capital stock (other than nonvoting preferred) owned by:

a Producers	2a	
b Nonproducers	2b	
c Current and active producers	2c	
d Total number of shares—Add lines 2a and 2b	2d	
	2e	%

3 What provision is made for retiring the voting stock held by a nonproducer?

4 Describe who is accorded voting rights in the cooperative and how many votes one person may have. If a person may be entitled to more than one vote, explain in detail how voting rights are acquired.

5 Legal rate of interest in the state where the association is located . . . . . ▶

<b>Please Sign Here</b>	Under penalties of perjury, I declare that I am authorized to sign this application on behalf of the above organization; and I have examined this application, including the accompanying statements, and to the best of my knowledge and belief it is true, correct, and complete. (See General Instruction "C.")		
	▶ ----- (Signature)	----- (Title or authority of signer)	----- (Date)

**6** If the association issues any nonvoting preferred stock, explain whether the owners, upon dissolution or liquidation, may participate in the profits of the association beyond fixed dividends.

<b>7a</b> Does state law require the accumulation and maintenance of reserves? _____	<input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>				
<b>b</b> If “ <b>Yes</b> ,” state the names and purposes of the reserves and enter the amount of each: ----- -----	<table><tr><th>Amount</th></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr></table>	Amount			
Amount					

<b>8a</b> Does the association maintain or plan to maintain any reserve or reserves other than those required by state law? _____	<input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>				
<b>b</b> If “ <b>Yes</b> ,” state the names and purposes of the reserves and enter the amount of each: ----- -----	<table><tr><th>Amount</th></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr></table>	Amount			
Amount					



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**14** Explain how the association charges for supplies and equipment bought for members and nonmembers.

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**15** Explain the requirements for membership in the association.

**16** Federated cooperatives only:

- a** Are all the association's member cooperatives exempt under section 521? \_\_\_\_\_ ☐ **Yes** ☐ **No**
- b** If "**No**," do the nonexempt member cooperatives have the same annual accounting period as the association's? \_\_\_\_\_ ☐ **Yes** ☐ **No**
- c** If "**No**," to 16b, check the method below that the association used, or will use, to provide a common or comparable unit of time for analyzing and evaluating its operations and those of its members.

**Note:** *Methods listed below do not apply to the filing of returns or the manner in which operating results are reported by a federated cooperative and its members.*

1. ☐ Method 1—The association uses the operations of members for those months that correspond to the months that make up its tax year.
  2. ☐ Method 2—The association uses the tax years of members that end within its tax year.
  3. ☐ Method other than 1 or 2 above (explain) ►
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<div>17</div> <div>Value of agricultural products marketed or handled for: (See instructions.)</div> <div><div>*a</div><div>Members—</div><div><div>1.</div><div>Actually produced by members</div><div></div></div><div><div>2.</div><div>Not actually produced by members but marketed by them through the association</div><div></div></div><div><div>b</div><div>Nonmembers—</div><div><div>1.</div><div>Actually produced by nonmembers</div><div></div></div><div><div>2.</div><div>Not actually produced by nonmembers but marketed by them through the association</div><div></div></div></div></div>	Current tax year	3 prior tax years		
	(a) From	(b)	(c)	(d)
<div>18</div> <div>Value of supplies and equipment purchased for or sold to: (See instructions.)</div> <div><div>*a</div><div>Members who were producers</div><div></div></div> <div><div>b</div><div>Nonmembers who were producers</div><div></div></div>				
<div>19</div> <div>Amount of business done with the United States</div>				

**20** Does the association plan to do business with the United States Government or any of its agencies in the future? ☐ **Yes** ☐ **No**

**21a** Were all of the net earnings (after payment of dividends, if any, on capital stock) for the years shown on lines 17–19 distributed as patronage dividends? (See instructions for lines 17–19.) ☐ **Yes** ☐ **No**

**b** If “**No**,” were undistributed net earnings apportioned on the records to all patrons on a patronage basis? ☐ **Yes** ☐ **No**

**22a** Has the organization operated in a manner consistent with the information given since the date formed? ☐ **Yes** ☐ **No**

**b** If “**No**,” state the changes that have occurred and dates of the changes.

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\*If it is necessary to own one or more shares of stock in order to become a member, include on lines 17a and 18a only the amount of business transacted with persons actually owning the required number of shares.

Part IV

Financial Data (See instructions.)

Complete the Statement of Receipts and Expenditures and Balance Sheets for the current year and for each of the three immediately preceding years that the organization was in existence.

**Statement of Receipts and Expenditures**, for period ending \_\_\_\_\_, \_\_\_\_\_.  
(If you prepare a statement of receipts and expenditures that is more descriptive and detailed than the statement below, you may submit that statement instead of this one.)

Receipts	1	Gross dues and assessments from members _____		1		
	2	Gross dues and assessments from affiliated organizations _____		2		
	3a	Gross amount derived from activities related to organization's exempt purpose (attach schedule) _____	3a			
	b	Less cost of goods sold _____	3b	( )	3c	
	4a	Gross amount from other business activities (attach schedule) _____	4a			
	b	Less cost of goods sold _____	4b	( )	4c	
	5a	Gross amount received from sale of assets, excluding inventory items (attach schedule) _____				
	b	Less cost or other basis and sales expense of assets sold (attach schedule) _____	5b	( )	5c	
	6	Interest, dividends, rents and royalties _____			6	
	7	Other receipts (attach schedule) _____			7	
8	Total receipts—Add lines 1 through 7 in far right column _____			8		

Expenditures	9	Compensation of officers, directors, and trustees (attach schedule) _____	9	
	10	Other salaries and wages _____	10	
	11	Interest _____	11	
	12	Rent _____	12	
	13	Depreciation and depletion _____	13	
	14	Dues and assessments to affiliated organizations _____	14	
	15	Other expenditures (see instructions—attach schedule) _____	15	
	16	Patronage dividends (see instructions—attach schedule) _____	16	
	17	<b>Total expenditures</b> —Add lines 9 through 16 _____	17	
	18	Excess of receipts over expenditures (line 8 less line 17) _____	18	

Balance Sheets			Enter Dates ►	Beginning date	Ending date
Assets	19	Cash _____	19		
	20	Trade notes and accounts receivable (less allowance for bad debts) _____	20		
	21	Inventories _____	21		
	22	Investments (attach schedule) _____	22		
	23	Other current assets (attach schedule) _____	23		
	24	Depreciable and depletable assets (less accumulated depreciation/depletion) _____	24		
	25	Land (net of any amortization) _____	25		
	26	Other assets (attach schedule) _____	26		
	27	<b>Total assets</b> _____	27		

Liabilities and Capital	<b>28</b>	Accounts payable _____	<b>28</b>			
	<b>29</b>	Mortgages, notes, bonds payable in less than one year _____	<b>29</b>			
	<b>30</b>	Other current liabilities (attach schedule) _____	<b>30</b>			
	<b>31</b>	Mortgages, notes, bonds payable in one year or more _____	<b>31</b>			
	<b>32</b>	Other liabilities (attach schedule) _____	<b>32</b>			
	<b>33</b>	Patronage dividends allocated in noncash form, other than capital stock and interest-bearing obligations _____				
	<b>34</b>	Per-unit retains allocated in noncash form _____	<b>34</b>			
	<b>35</b>	Capital stock (enter numbers at end of year):				
			Number of shares			
			Issued for money	Issued as patronage benefits		
			Number of			
	<b>a</b>	Voting preferred stock _____	<b>35a</b>			
	<b>b</b>	Nonvoting preferred stock _____	<b>35b</b>			
	<b>c</b>	Voting common stock _____	<b>35c</b>			
	<b>d</b>	Nonvoting common stock _____	<b>35d</b>			
<b>36</b>	Paid-in or capital surplus _____	<b>36</b>				
<b>37</b>	Retained earnings (attach schedule) _____	<b>37</b>				
<b>38</b>	Less cost of treasury stock _____	<b>38</b>	( )	( )		
<b>39</b>	<b>Total liabilities and capital</b> _____	<b>39</b>				