

# 2018

## ANNUAL REPORT



# FARMERS COOPERATIVE BOARD OF DIRECTORS



**Galen Kuska**.....Chairman  
**Ron Holst**.....Secretary  
**Mike Nohavec**.....Vice-Chairman  
**Michael Busboom**.....Director  
**Alan Dorn** .....Director  
**Darren Eberspacher** .....Director  
**Ryan Holtmeier** .....Director

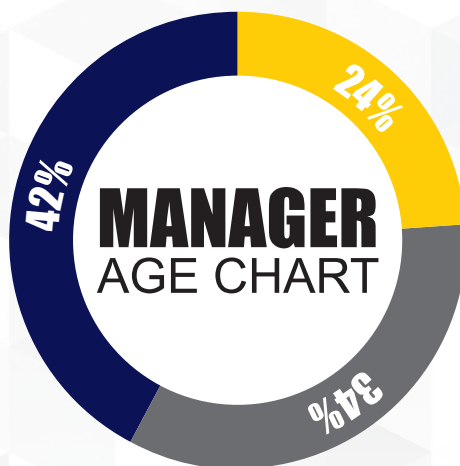
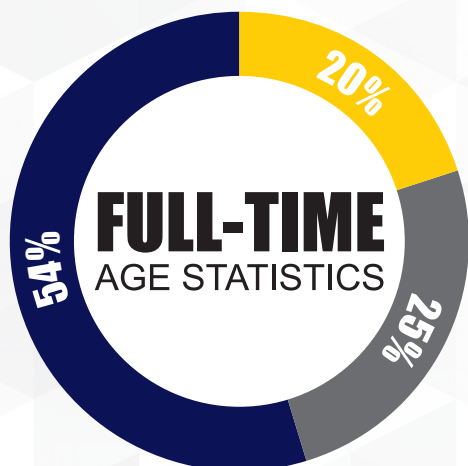
**Tom Hueske** .....Director  
**Max Larsen**.....Director  
**Darren Meinke**.....Director  
**Neal Onnen**.....Director  
**Mike Pracheil**.....Director  
**Brian Schwartz**.....Director  
**Dan Tiemann** .....Director

## MANAGEMENT

**Ron Velder**.....CEO



|                             |                         |
|-----------------------------|-------------------------|
| <b>Stan Mitchell</b> .....  | Chief Financial Officer |
| <b>Dale Hayek</b> .....     | Grain                   |
| <b>Barry Jung</b> .....     | Fertilizer              |
| <b>Jeff Leininger</b> ..... | Chemical                |
| <b>Scott Heinrich</b> ..... | Seed                    |
| <b>Wesley Hedges</b> .....  | Precision Agronomy      |
| <b>Kevin Wittler</b> .....  | Feed                    |
| <b>Tom Garner</b> .....     | Fuels                   |
| <b>Brent Colgrove</b> ..... | Tires                   |
| <b>Chris Foree</b> .....    | Oil                     |
| <b>Brian Bohling</b> .....  | Controller              |
| <b>Tom Hermance</b> .....   | Human Resources         |
| <b>Douglas Salmon</b> ..... | Safety                  |
| <b>Dennis Kenning</b> ..... | Marketing               |
| <b>Darren Sasse</b> .....   | Information Technology  |



■ Under 50 ■ 60 Years + ■ 50-59 Years

■ Under 50 ■ 60 Years + ■ 50-59 Years

# FARMERS COOPERATIVE

## CONSOLIDATED STATEMENTS OF SAVINGS

*Years Ended August 31, 2018 and 2017*

|                                    | <b>2018</b>         | <b>2017</b>         |
|------------------------------------|---------------------|---------------------|
| <b>Sales</b>                       | \$ 781,158,019      | \$791,465,451       |
| <b>Cost of Goods Sold</b>          | 713,423,457         | 726,916,637         |
| <b>Gross Savings on Sales</b>      | 67,734,562          | 64,548,814          |
| <b>Other Operating Revenue</b>     | 31,403,636          | 32,100,779          |
| <b>Total Gross Revenue</b>         | 99,138,198          | 96,649,593          |
| <b>Operating Expenses</b>          | 90,239,022          | 86,861,063          |
| <b>Operating Savings</b>           | 8,899,176           | 9,788,530           |
| <b>Patronage Dividend Income</b>   | 3,486,777           | 5,045,143           |
| <b>Savings Before Income Taxes</b> | 12,385,953          | 14,833,673          |
| <b>Income Tax Expense</b>          | 439,915             | 488,312             |
| <b>Net Savings</b>                 | <b>\$11,946,038</b> | <b>\$14,345,361</b> |

### DISTRIBUTION OF NET SAVINGS

|                               |                     |                     |
|-------------------------------|---------------------|---------------------|
| <b>Patronage Dividends</b>    |                     |                     |
| <b>Cash</b>                   | \$ 2,224,794        | \$2,447,133         |
| <b>Deferred Non-Qualified</b> | 2,224,794           | 2,447,132           |
|                               | 4,449,588           | 4,894,265           |
| <b>Retained Savings</b>       | 7,496,450           | 9,451,096           |
| <b>Net Savings</b>            | <b>\$11,946,038</b> | <b>\$14,345,361</b> |

# FARMERS COOPERATIVE

*Years Ended August 31, 2018 and 2017*

## SCHEDULES OF CONSOLIDATED OTHER OPERATING REVENUES

|                                       | 2018                | 2017                |
|---------------------------------------|---------------------|---------------------|
| Fertilizer, Application & Services    | \$ 9,207,189        | \$ 9,302,875        |
| Storage & Handling                    | 8,743,447           | 9,960,560           |
| Trucking Income                       | 7,213,231           | 6,793,124           |
| Service Income                        | 2,771,549           | 2,646,529           |
| Drying & Other Grain Services         | 1,485,138           | 2,213,557           |
| Gain On Sale Of Prop, Plant & Equip   | 872,638             | 205,080             |
| Finance Charges & Interest            | 687,337             | 603,200             |
| Other                                 | 423,107             | 580,934             |
| <b>Total Other Operating Revenues</b> | <b>\$31,403,636</b> | <b>\$32,100,779</b> |

## SCHEDULES OF CONSOLIDATED OPERATING EXPENSES

|                                   | 2018                | 2017                |
|-----------------------------------|---------------------|---------------------|
| Payroll                           | \$ 39,400,190       | \$ 38,995,121       |
| Depreciation & Amortization       | 18,479,126          | 18,544,888          |
| Trucking & Application            | 7,282,853           | 6,218,004           |
| Repairs                           | 5,671,399           | 6,369,654           |
| Utilities                         | 4,504,986           | 4,460,597           |
| Interest & Bank Charges           | 4,465,214           | 2,171,457           |
| Supplies                          | 2,860,221           | 2,877,372           |
| Property Taxes                    | 2,617,423           | 2,354,689           |
| Professional & Marketing Services | 2,602,546           | 2,579,489           |
| Insurance                         | 2,023,356           | 1,896,833           |
| Other                             | 331,708             | 392,959             |
| <b>Total Operating Expenses</b>   | <b>\$90,239,022</b> | <b>\$86,861,063</b> |

# FARMERS COOPERATIVE

## CONSOLIDATED BALANCE SHEETS

*August 31, 2018 and 2017*

| ASSETS                        | 2018                 | 2017                 |
|-------------------------------|----------------------|----------------------|
| Current Assets                | \$145,716,203        | \$139,935,057        |
| Property, Plant & Equipment   | 137,261,327          | 144,627,403          |
| Other Assets                  | 2,095,625            | 2,454,875            |
| Equity In Other Organizations | 49,757,481           | 50,234,917           |
| <b>Total Assets</b>           | <b>\$334,830,636</b> | <b>\$337,252,252</b> |

| LIABILITIES & MEMBERS' EQUITY                  | 2018                 | 2017                 |
|--|----------------------|----------------------|
| Current Liabilities                            | \$82,104,423         | \$96,663,103         |
| Long Term Liabilities                          | 12,800,000           | 6,000,000            |
| Deferred Income Taxes                          | 1,322,560            | 2,650,700            |
| Members' Equity                                | 238,603,653          | 231,938,449          |
| <b>Total Liabilities &amp; Members' Equity</b> | <b>\$334,830,636</b> | <b>\$337,252,252</b> |

### **WORKING CAPITAL**

**\$63,611,780**

**\$43,271,954**



**CASH PATRONAGE**  
■ **\$2,225,000**

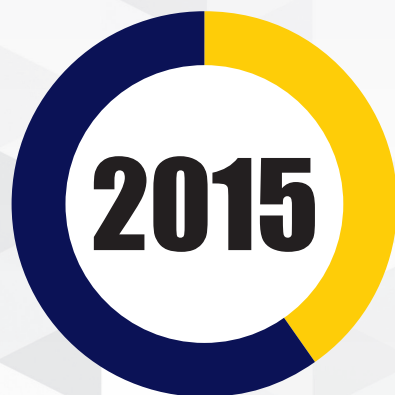
**EQUITY REDEMPTIONS**  
■ **\$3,059,000**



■ **\$2,447,000**    ■ **\$3,447,000**



■ **\$2,380,000**    ■ **\$2,893,000**



■ **\$4,573,000**    ■ **\$3,074,000**



■ **\$3,556,000**    ■ **\$2,949,000**

# FARMERS COOPERATIVE

## PATRONAGE RATES

*August 31, 2018*

|                              |                              |
|------------------------------|------------------------------|
| Grain .....                  | 2.18 Cents Per Bushel Settle |
| Fertilizer & Chemicals ..... | 1.65% of Purchase Price      |
| Propane, Gas & Fuel .....    | 0.72% of Purchase Price      |
| Feed .....                   | 1.41% of Purchase Price      |
| Tires .....                  | 1.81% of Purchase Price      |
| Oil & Grease .....           | 1.51% of Purchase Price      |
| Seed .....                   | 0.85% of Purchase Price      |



**\$30.6 M**

Cash patronage and equity to patrons over the last five years.

**\$123.1M**

Capital investments in facilities and equipment over the last five years.

**\$10.3M**

Property taxes paid to local county treasuries over the last five years.

# FARMERS COOPERATIVE

## LOCAL COMMUNITY INVESTMENTS