

Brent Oestman, **GENERAL MANAGER**

Flagler Coop, as well as our area members, certainly experienced a wild and unpredictable year in 2018. We started with expectations of large harvests and decent commodity prices. Several hail storms later, the harvest was greatly diminished and not nearly the size we had originally anticipated. Through it all, the Flagler Cooperative team was able to perform well beyond our wildest expectations returning record profits to our patrons.

For our fiscal year ending December 2018, Flagler Cooperative Association had record profitability driven by excellent margins in our commodities sector. Additionally, two major hail storms in the town of Flagler generated large sales of roofing supplies, creating an excellent year in the hardware and lumber sector as well. The timing of the expansion of our Genoa and Flagler facilities created opportunities to pass through excellent tax savings and a large cash patronage back to our patrons.

Flagler Cooperative was able to distribute a little over 2 million dollars of cash and stocks to our member patrons: \$1,550,000 million dollars in qualified equity (\$1,240,000 in cash and \$310,000 in preferred stock). Additionally we are distributing \$477,000 of non-qualified stock.

There are a couple of important distinctions with regards to the different types of stock. Qualified stock is what the Coop has historically distributed to its membership, and it is taxable to the patron in the year that it is distributed. So this year, for every dollar of qualified equity, Flagler Coop paid 80 cents in cash and 20 cents in preferred stock to each eligible stockholder. Non-qualified stock is different in that the Cooperative pays the tax obligation, but the stock is distributed to the eligible patron's accounts for future payments as the board deems appropriate.

We, as the Flagler Cooperative, would like to thank you for your continued support. We look forward to serving you and our communities throughout the area in 2019.



Chester Ewing, **FUELS MANAGER**

Personal Service and Support is part of our mission statement at the Flagler Coop. The fuel department, in the past year, made a concerted effort to focus on this statement. We wanted to center our attention towards providing timely delivery, competitive pricing and quality service to the customers that depend on our products and services.

We continue to provide fuel delivery out of our bulk plant located in Flagler. We offer two different types of diesel, Premium Cenex Diesel and unbranded diesel. We do this in order to give our customers choices and flexibility on the type of fuel they use. Fieldmaster and Roadmaster are Cenex branded premium diesel that contain an additive package for