

**UNITED  
COOPERATIVE™**  
RELY ON US

# 84th Annual Report

2019





# CEO MESSAGE

As you know, the purpose of a cooperative is to work together for the benefit of all the members: creating more buying power and, in turn, offering products and services to you at competitive prices and helping you to be more financially successful. Despite a challenging year at the farm-gate, your cooperative continues to be well-positioned financially into 2020.

## **Advancing the Cooperative**

Your cooperative is advancing with several construction projects during the year that will add value in our agronomy, grain, feed and energy divisions.

These upgrades were only made possible in your communities by your support and the cooperative being committed to your success as producers.

These building projects not only provided jobs during construction, but also keep jobs in the area long after the project is completed. In agronomy, a new 5,500-ton dry fertilizer plant and a 150-ton blending tower is being built at Darlington. A 12,000 sq. ft. warehouse was built at the Pickett location. In addition, your cooperative made upgrades to the Westfield location. Several enhancements were made to the cooperative's grain facilities to improve market access include the expansion of the Belmont location with the addition of a 1.2-million-bushel grain storage bin and receiving pit. Your cooperative made additional upgrades to the grain handling capabilities at the Westfield and Boscobel locations. In our energy division, we added a convenience store at the Greenville location, with an ACE Hardware store opening at the location as well.

## **Advancing Wisconsin Communities & People**

United Cooperative recognizes the importance of giving back and helps advance many non-profit organization's initiatives throughout the year. The cooperative's approach is to target community giving to three areas that support members the most: rural health and safety; youth education; and food pantries. Total giving to initiatives in these three areas reached \$205,713.56 in 2019. In 2019, 50 high school and college students were awarded a \$1,000 United Cooperative scholarship, bringing the total number of students supported through this program to 368 over the last eleven years since the program's inception.

## **Returning Value to Members**

Revenues for 2019 were \$767.6 million. United Cooperative's core businesses of agronomy, grain, feed and energy generated \$26 million in profits. The investment United Cooperative made in ethanol contributed \$5 million to our net income in 2019. Patronage from regional cooperatives was \$5.1 million dollars. All combined, United Cooperative had a total net margin before income taxes in 2019 of \$31.3 million dollars.

With those numbers, United Cooperative is returning \$23.2 million in total patronage to members. Forty percent of this patronage, or \$9.3 million, will be distributed in cash to our patron member owners in April, while 60 percent, or \$13.9 million will be retained in equity credits. In addition, we plan to revolve stock in October, retire stock at age 77 and pay all estates as requested.

We strive to uphold United Cooperative's promise to build on all available resources to create positive customer experiences while growing profits for members and the cooperative. We want members to "Rely on Us" for high quality reliable products and exceptional service, all backed by up-to-date, efficient equipment and facilities.

Thank you for your support of the cooperative this past year and may you have a safe and productive 2020.

Cooperatively yours,

David Cramer  
United Cooperative President and Chief Executive Officer

# 2019 OFFICERS & DIRECTORS

Front row, left to right:

**GREG TAUCHEN, DIRECTOR**  
Bonduel

**ROD LEITERMAN, DIRECTOR**  
Denmark

**HOWARD BOHL, CHAIRMAN**  
Beaver Dam

**GARY NOLDEN, VICE CHAIRMAN**  
Prairie du Sac

**LARRY PLAMANN, DIRECTOR**  
Greenville



Back row, left to right:

**DAVID CRAMER, TREASURER**  
Beaver Dam

**PETER MLSNA, DIRECTOR**  
Hillsboro

**DUANE HINCHLEY, DIRECTOR**  
Cambridge

**ANTHONY SCHADT, DIRECTOR**  
Watertown

**BRAD KRUEGER, DIRECTOR**  
Shawano

**ROBIN CRAKER, SECRETARY**  
Reedsburg

## ADDITIONAL INFORMATION

Date of incorporation.....Jan. 27, 1936  
Fiscal year end.....Dec. 31, 2019  
Annual meeting date.....Set by board of directors

## PERSONNEL

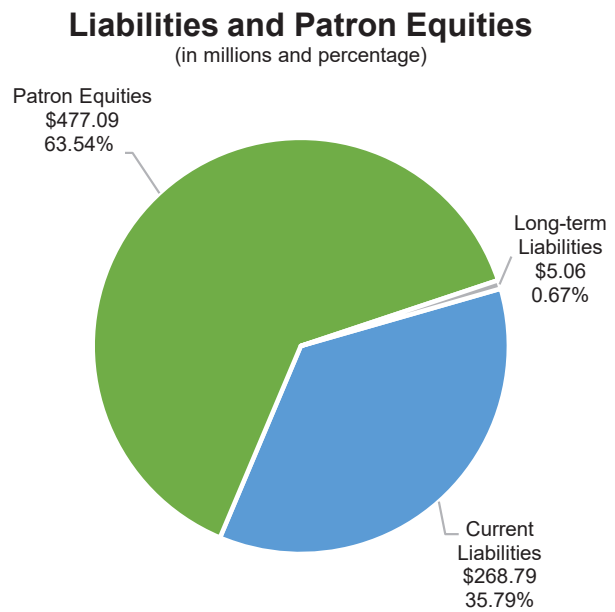
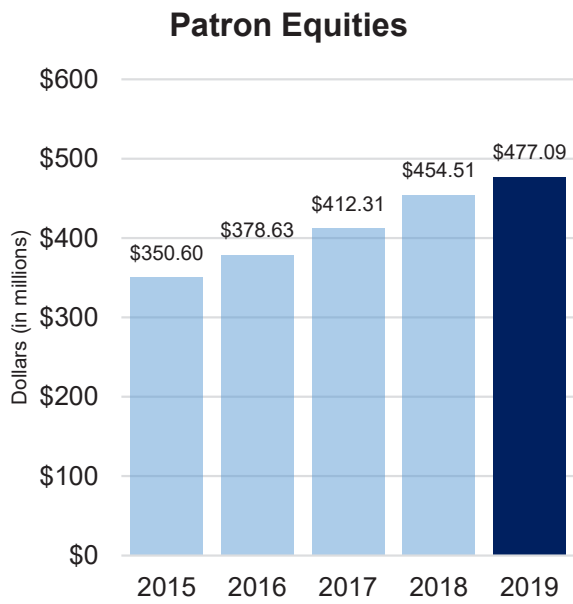
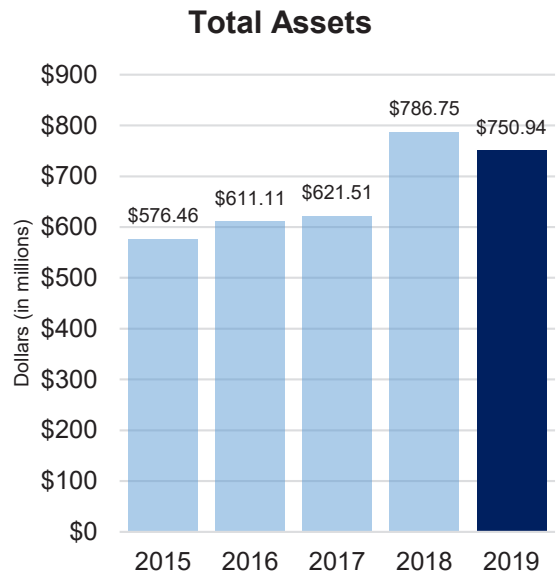
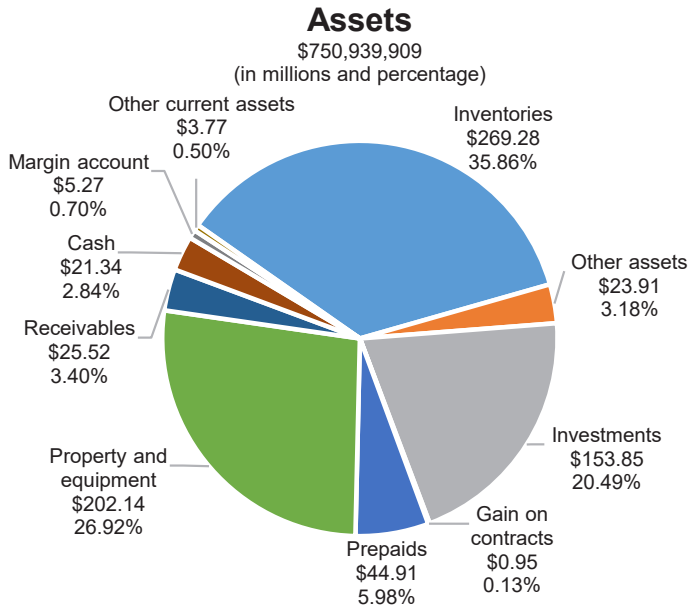
David Cramer  
President and CEO

## IN 2019, YOUR COOPERATIVE ...

- Because of your 2019 business, your cooperative is returning \$23.2 million in total patronage to members. Forty percent of this patronage, or \$9.3 million, will be distributed in cash to our patron members in April 2020, while 60 percent, or \$13.9 million will be retained in equity credits
- Paid \$7 million in stock revolvment
- A new 5,500-ton dry fertilizer plant and a 150-ton blending tower is being built at Darlington.
- A 12,000 sq. ft. warehouse was built at the Pickett location
- Upgrades were made at the Westfield location to improve agronomy services.
- Expansion of the Belmont location with the addition of a 1.2-million-bushel grain storage bin and receiving pit.
- Additional upgrades to the grain handling capabilities at the Westfield and Boscobel locations
- A convenience store was opened at the Greenville location, with an ACE Hardware store open at the location as well
- Awarded \$50,000 in scholarships to high school seniors.
- Provided \$48,000 to 40 local food pantries, over \$53,000 to local rural health and safety groups, and over \$53,000 to local FFA/4-H chapters and other agriculture related groups.
- Employees completed 3,409 online safety training classes.
- Trained 45 local firefighters and 160 United Cooperative employees in bin entry and rescue.
- Ranked 41st on USDA's Top 100 list of agricultural cooperatives in the United States
- Ranked 26th on the 2019 CropLife 100 agronomy companies nationally.

## BALANCE SHEET

	<b>2019</b>	<b>2018</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$21,342,326	\$17,583,777
Receivables, net	25,519,442	29,389,705
Inventories	269,274,084	285,050,219
Margin account	5,272,882	9,949,363
Unrealized gain on forward contracts	951,784	671,463
Prepaid expenses	44,914,713	70,876,747
Other current assets	<u>3,769,316</u>	<u>5,324,847</u>
<b>Total current assets</b>	371,044,547	418,846,121
<b>Investments and other assets</b>		
Investments	153,846,566	155,292,402
Other assets	<u>23,905,921</u>	<u>9,317,578</u>
<b>Total investments and other assets</b>	177,752,487	164,609,980
<b>Property and equipment</b>	401,870,306	381,608,436
Less accumulated depreciation	<u>(199,727,431)</u>	<u>(178,310,300)</u>
<b>Net property and equipment</b>	202,142,875	203,298,136
<b>Total assets</b>	<b>\$750,939,909</b>	<b>\$786,754,237</b>
<b>Current liabilities</b>		
Notes payable	\$122,307,071	\$125,000,000
Current maturities of long-term debt	428,926	449,927
Accounts payable	25,997,318	17,899,216
Grain payables	31,116,516	28,338,654
Patron credit balances	5,421,469	3,656,078
Unrealized loss of forward contracts	174,005	861,826
Accrued expenses	8,918,928	11,183,257
Taxes payable	2,549,268	2,296,563
Patronage refunds payable in cash	9,268,000	10,139,000
Patron prepayments	47,614,610	46,608,333
Remediation payable	548,000	467,000
Other	<u>14,441,968</u>	<u>13,720,420</u>
<b>Total current liabilities</b>	268,786,079	260,620,274
<b>Long-term liabilities</b>		
Long-term debt, less current maturities above	308,000	65,660,048
Deferred compensation	-	314,194
Remediation payable	210,000	94,000
Deferred income taxes	<u>4,545,000</u>	<u>5,552,000</u>
<b>Total long-term liabilities</b>	5,063,000	71,620,242
<b>Total liabilities</b>	<b>\$273,849,079</b>	<b>\$332,240,516</b>
<b>Patron equities</b>		
Preferred equities	142,517,352	127,477,523
Equity credits	131,400,932	125,873,151
Patronage refunds payable in equity	13,903,000	15,209,000
General reserve	<u>189,269,546</u>	<u>185,954,047</u>
<b>Total patron equities</b>	477,090,830	454,513,721
<b>Total liabilities and equities</b>	<b>\$750,939,909</b>	<b>\$786,754,237</b>

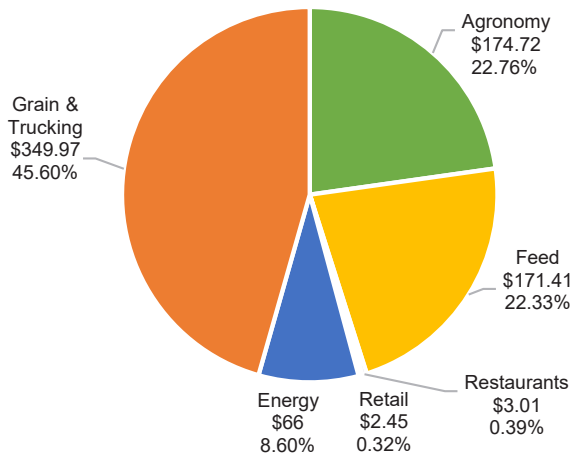


➤ Pictured here is the convenience store that was opened at the Greenville location, with an ACE Hardware store open at the location as well.

# STATEMENT OF OPERATIONS

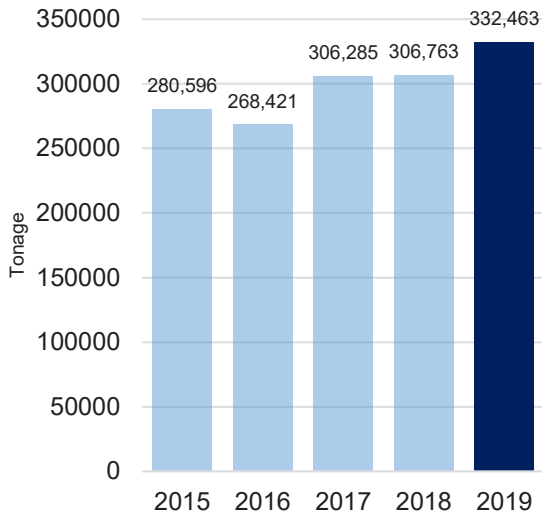
	<u>2019</u>		<u>2018</u>	
<b>Sales</b>	\$767,564,174	100.00%	\$671,998,792	100.00%
Less discounts	<u>(2,860,834)</u>	<u>(0.37)</u>	<u>(2,598,374)</u>	<u>(0.39)</u>
Net sales	764,703,340	99.63	669,400,418	99.61
<b>Cost of sales</b>	<u>635,175,295</u>	<u>82.75</u>	<u>549,156,090</u>	<u>81.72</u>
Gross margin	129,528,045	16.88	120,244,328	17.89
<b>Operating expenses</b>				
Merchandising expenses				
Salaries and wages	39,898,514		39,737,512	
Less: wages reimbursed	(6,444,968)		(6,288,101)	
Payroll taxes	2,548,396		2,323,338	
Employee insurance	3,954,580		3,857,563	
Pension expense	891,675		814,565	
Vehicle expense	7,273,948		7,663,163	
Supplies and licenses	1,645,407		1,553,074	
Utilities	2,708,288		2,501,066	
Repairs and maintenance	2,639,379		2,202,739	
Advertising	339,126		250,524	
Merchandising fee	119,453		120,052	
Corn dryer expense	2,141,184		2,301,506	
Bean roasting expense	29,053		30,955	
Employee training and travel	115,126		123,063	
Fieldmen	264,297		260,958	
Miscellaneous	<u>(204,823)</u>		<u>(156,158)</u>	
<i>Total merchandising expense</i>	57,918,635	7.55	57,295,819	8.53
<i>Total administrative expense</i>	1,365,177	0.18	1,334,096	0.20
General				
Depreciation and amortization	28,933,168		26,821,219	
Insurance	2,646,114		3,051,824	
Property taxes	2,107,112		1,974,978	
Education, rent and miscellaneous	<u>494,774</u>		<u>778,631</u>	
<i>Total general expenses</i>	34,181,168	4.45	32,626,652	4.86
Interest and other expenses (income)				
Gain on removal of property and equipment	(187,391)		(122,246)	
Finance charges income	(601,136)		(723,736)	
Purchase discounts	(828,004)		(892,689)	
Other revenue	(1,175,098)		(1,643,421)	
Interest expense	3,979,764		2,835,203	
Collection and other expense	<u>14,061,098</u>		<u>1,439,559</u>	
<i>Total interest and other expenses (income)</i>	15,249,233	1.99	892,670	0.13
<b>Net operating expenses</b>	108,714,213	14.17	92,149,237	13.72
<b>Local net margin</b>	20,813,832	2.71	28,095,091	4.17
Income from affiliates	5,389,812	0.70	23,475,598	3.49
<b>Patronage refunds received</b>	<u>5,170,537</u>	<u>0.67</u>	<u>5,783,890</u>	<u>0.86</u>
<i>Net margin before income taxes</i>	31,374,181	4.08	57,354,579	8.52
<b>Income taxes</b>	<u>1,048,000</u>	<u>0.13</u>	<u>2,150,000</u>	<u>0.32</u>
<b>Net margin</b>	<b>\$30,326,181</b>	<b>3.95%</b>	<b>\$55,204,579</b>	<b>8.20%</b>

**Total Sales**  
\$767,564,174  
(in millions and percentage)

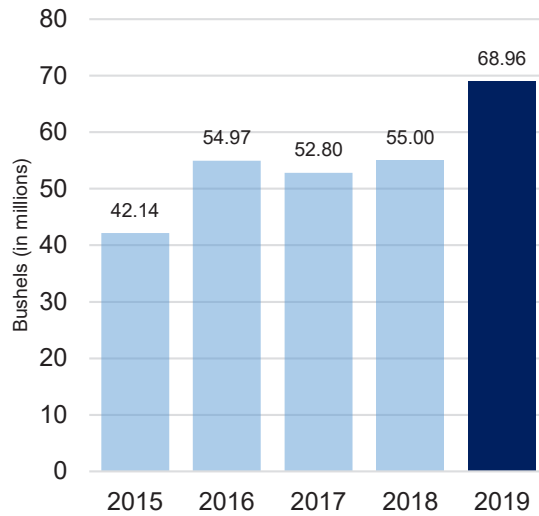


» A new 5,500-ton dry fertilizer plant and a 150-ton blending tower is being built at Darlington.

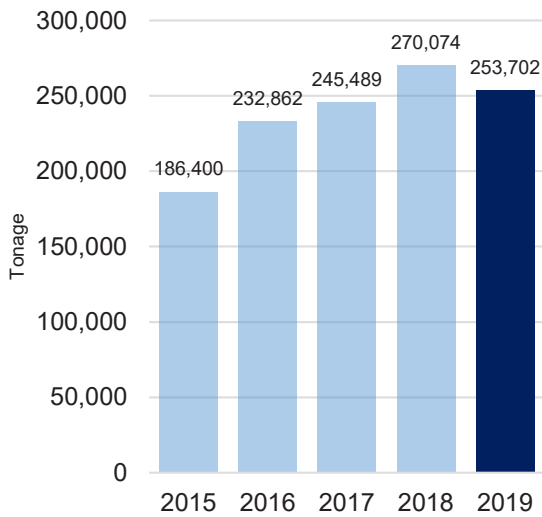
**Feed Volume**



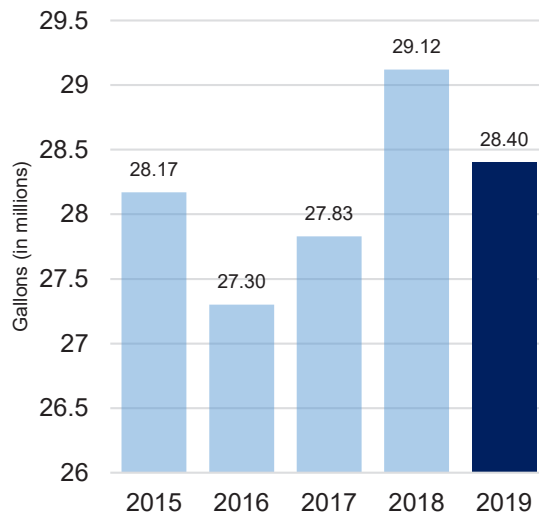
**Grain Volume**



**Fertilizer Volume**

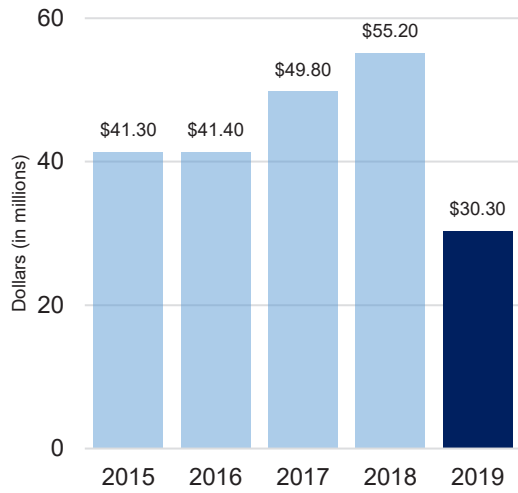


**Fuel Volume**

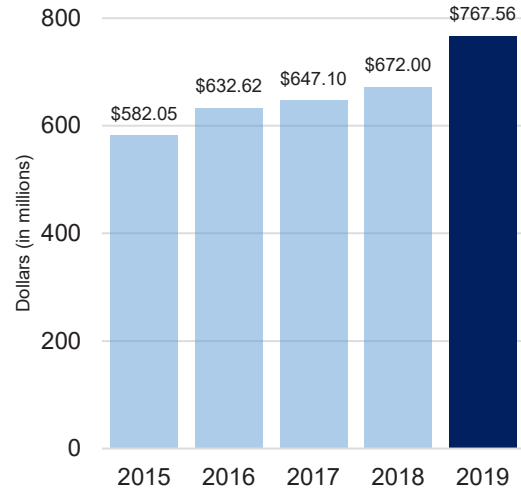


# ANNUAL REPORT 2019

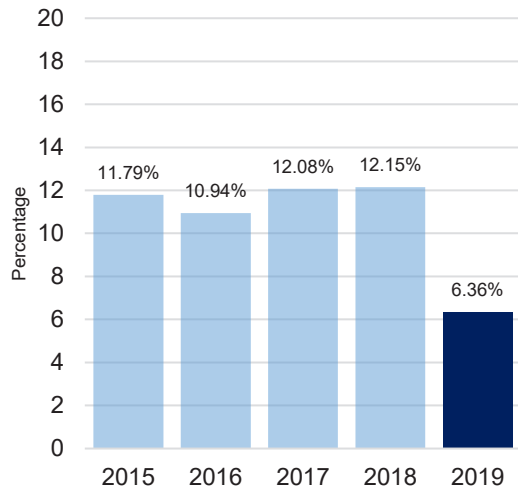
### Net income total for five years



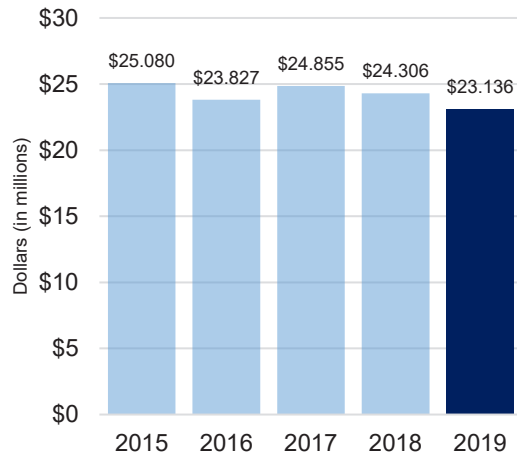
### Annual Sales



### Return on Equity



### Cash returned to members in five years



7



Relying on United Cooperative means relying on our dedicated, experienced staff. Our employees are our greatest asset and are here to help your operation succeed.



# NET MARGIN BASED ON AN AVERAGE SALE OF \$100

	<u>2019</u>	<u>2018</u>
<b>Sales</b>	\$100.00	\$100.00
Less discount	(0.37)	(0.39)
Cost of sales	82.75	<u>81.72</u>
Gross margin	16.88	17.89
Merchandising expense	7.55	8.53
Administrative expense	0.18	0.20
General expense	4.45	4.86
Interest and other expense	1.99	<u>0.13</u>
<i>Total operating expenses</i>	14.17	13.72
<b>Local net</b>	2.71	4.17
Income from affiliates	0.70	3.49
Patronage refunds received	0.67	0.86
Income taxes	<u>(0.13)</u>	<u>(0.32)</u>
<b>Net margin*</b>	\$3.95	\$8.20

*\*Net margin used for debt repayment, capital expenditures, and equity retirements*





# UNITED COOPERATIVE LOCATION DIRECTORY

## FEED

Beaver Dam .....	920-885-5522
Denmark .....	920-863-2171
Greenville .....	920-757-6556
Hartford .....	262-673-8960
Hillsboro .....	608-489-2231
Pulaski .....	920-822-3252
Sauk City .....	608-643-3345
Shawano .....	715-526-6115
Wilton .....	608-435-6421

## GRAIN

Auroraville North .....	920-361-4854
Auroraville South .....	920-361-3361
Belmont .....	608-762-5976
Boscobel .....	608-375-2800
Denmark .....	920-863-2171
Greenville .....	920-757-6556
Hartford .....	262-673-8960
Hillsboro .....	608-489-4120
Horicon .....	920-485-9707
Johnson Creek .....	920-699-2771
Oconto Falls .....	920-846-4775
Oshkosh .....	920-233-2261
Pulaski .....	920-822-3252
Ripon North .....	920-748-7488
Ripon South .....	920-748-7999
Rock Springs .....	608-524-5246
Sauk City .....	608-643-3345
Shawano .....	715-526-6115
South Beaver Dam .....	920-887-7671
Westfield .....	608-296-3237

## CONVENIENCE STORES

Baraboo Ash St. ....	608-356-2703
Baraboo Hwy. 12 .....	608-356-2703
Beaver Dam .....	920-887-1756
Greenville Hwy 76 .....	920-659-4950
Greenville Hwy 15 .....	920-757-5792
Hartford .....	262-673-8960
Hustisford .....	920-349-3989
Kendall .....	608-463-7872
Ontario .....	608-337-4525
Pickett .....	920-589-2311
Poynette .....	608-635-7002
Reedsburg .....	608-524-6115
Wilton .....	608-435-6977
Wonewoc .....	608-464-7191
Wycena .....	608-429-9262

## AGRONOMY

Auroraville North .....	920-361-4854
Coleman .....	920-897-4010
Darlington .....	608-776-3860
Deerfield .....	608-764-5454
Denmark .....	920-863-2171
Greenville .....	920-757-6556
Hartford .....	262-673-8960
Hillsboro .....	608-489-3444
Johnson Creek .....	920-699-4990
Mayville .....	920-387-2410
Oshkosh .....	920-233-2261
Pickett .....	920-589-2311
Prairie du Sac .....	608-643-2348
Pulaski .....	920-822-3341
Reedsburg .....	608-524-2822
South Beaver Dam .....	920-887-7671
Shawano .....	715-524-8812
Westfield .....	608-296-3237

## ENERGY

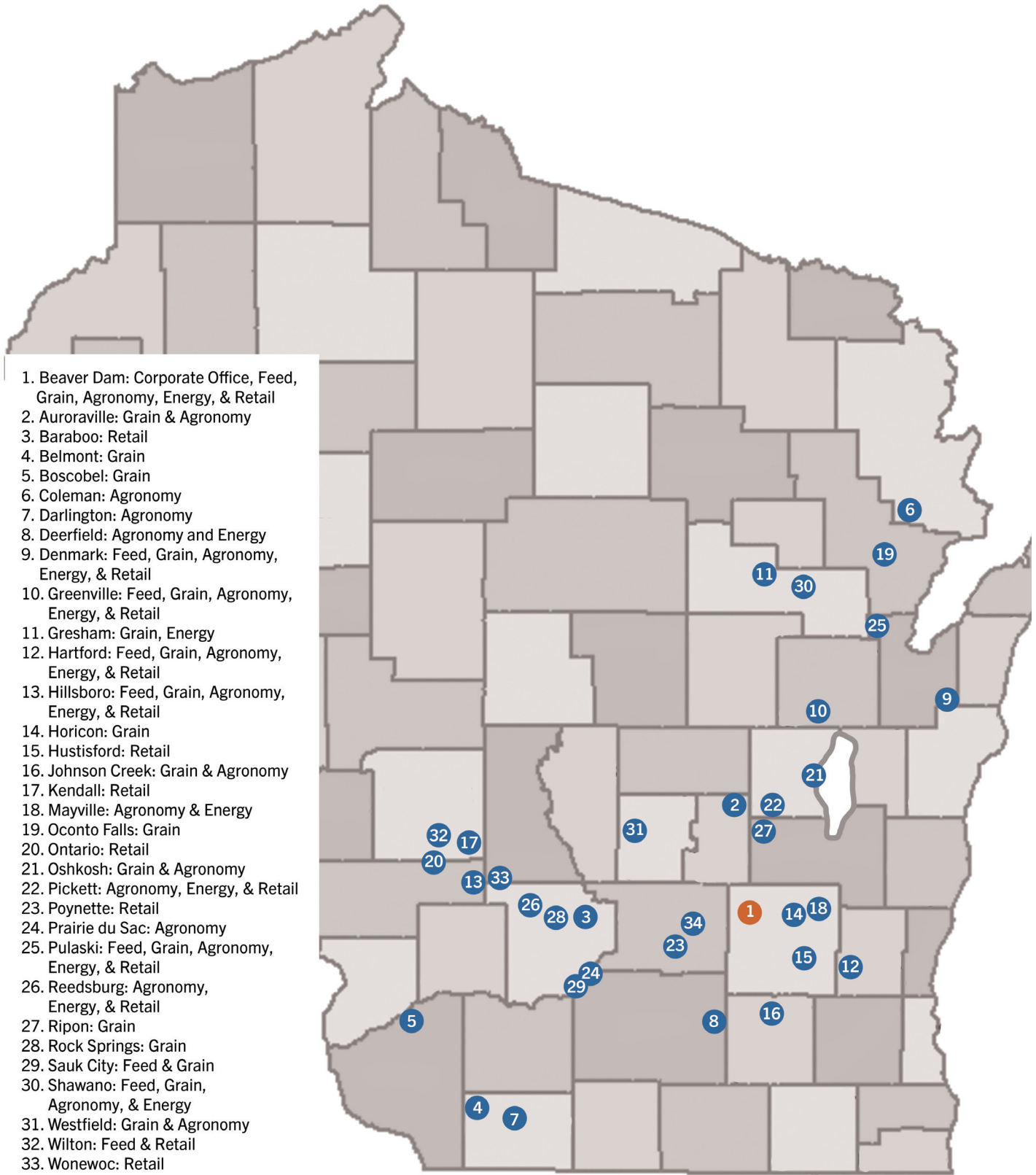
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Deerfield .....	608-764-5454
Denmark .....	920-863-2171
Greenville .....	920-757-6556
Hartford .....	262-673-8960
Hillsboro .....	608-489-2231
Mayville .....	920-387-2410
Pickett .....	920-589-2311
Pulaski .....	920-822-3235
Reedsburg .....	608-524-2822
Shawano .....	715-526-3197
Watertown .....	920-262-6770
Wilton .....	608-435-6421

## RETAIL

<i>Ponderosa</i>	
Beaver Dam .....	920-885-2755
Hartford .....	262-673-2248

<i>Hardware</i>	
Hillsboro .....	608-489-2231
Pulaski Ace .....	920-822-6396
Greenville Ace .....	920-659-4950

**Corporate Office ..... 920-887-1756**



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