

UNITED
COOPERATIVE™
R E L Y O N U S

85th Annual Report

2020





Letter from the CEO

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 dealing with COVID-19, your cooperative continues to be well-positioned financially into 2021.

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 6,500-ton dry fertilizer plant and a 150-ton blending tower has been built at Prairie du Sac. A shop facility with a wash bay was added to the Darlington location in addition to the liquid fertilizer plant. Several enhancements were made to the cooperative's Shawano and Wilton feed facilities to improve feed services. The Shawano feed location received 9 additional inbound ingredient bins with a total capacity of 450 ton, 2 additional load out bins with a additional capacity of 65 tons, tripling the capacity of the bin above the calf feed mixer, the ability to process corn direct to load out bins increasing our capacity and an additional scale hopper which will increase the capacity of the mill operations by 15%. The Wilton feed location received 6 additional inbound ingredient bins with a total capacity of 400 ton, tripling the capacity of the bin above the calf feed mixer, and the ability to process corn direct to load out bins increasing our capacity.

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 \$160,726.68 in 2020. In 2020, 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 418 over the last twelve years since the program's inception.

Returning Value to Members

Revenues for 2020 were \$752.4 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 \$9 million to our net income in 2020. Patronage from regional cooperatives was \$6.5 million dollars. All combined, United Cooperative had a total net margin before income taxes in 2020 of \$33.3 million dollars.

With those numbers, United Cooperative is returning \$20.9 million in total patronage to members. Forty percent of this patronage, or \$8.3 million, will be distributed in cash to our patron member owners in April, while 60 percent, or \$12.6 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 2021.

Cooperatively yours,

David Cramer
United Cooperative President and Chief Executive Officer

2020 Officers & Directors

Front row, left to right:

GREG TAUCHEN, DIRECTOR
Bonduel

GARY NOLDEN, VICE CHAIRMAN
Prairie du Sac

HOWARD BOHL, CHAIRMAN
Beaver Dam

ROD LEITERMAN, DIRECTOR
Denmark



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, 2020
Annual meeting date.....Set by board of directors

Personnel

David Cramer
President and CEO

In 2020, your cooperative...

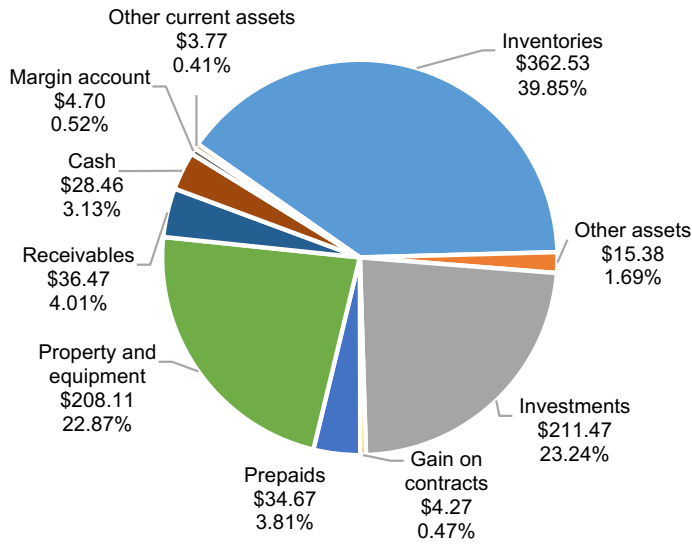
- Because of your 2020 business, your cooperative is returning \$20.9 million in total patronage to members. Forty percent of this patronage, or \$8.3 million, will be distributed in cash to our patron members in April 2020, while 60 percent, or \$12.6 million will be retained in equity credits
- Paid \$7 million in stock revolvment
- The Darlington agronomy location received a new liquid fertilizer plant and a new shop facility with a wash bay
- A new 6,500-ton dry fertilizer plant and a 150-ton blending tower was built at Prairie du Sac
- Upgrades were made at the Wilton feed location to improve feed services, including 6 additional inbound ingredient bins with a total capacity of 400 ton, tripling the capacity of the bin above the calf feed mixer, and the ability to process corn direct to load out bins increasing our capacity
- The Shawano feed location received upgrades to improve feed services, including 9 additional inbound ingredient bins with a total capacity of 450 ton, 2 additional load out bins with a additional capacity of 65 tons, tripling the capacity of the bin above the calf feed mixer, the ability to process corn direct to load out bins increasing our capacity and an additional scale hopper which will increase the capacity of the mill operations by 15%
- Awarded \$50,000 in scholarships to high school seniors and continuing education students
- Provided \$51,500 to 53 local food pantries, over \$30,000 to local rural health and safety groups, and over \$25,000 to local FFA/4-H chapters and other agriculture related groups
- Ranked 40th on USDA's Top 100 list of agricultural cooperatives in the United States
- Ranked 23rd on the 2020 CropLife 100 agronomy companies nationally

Balance Sheet

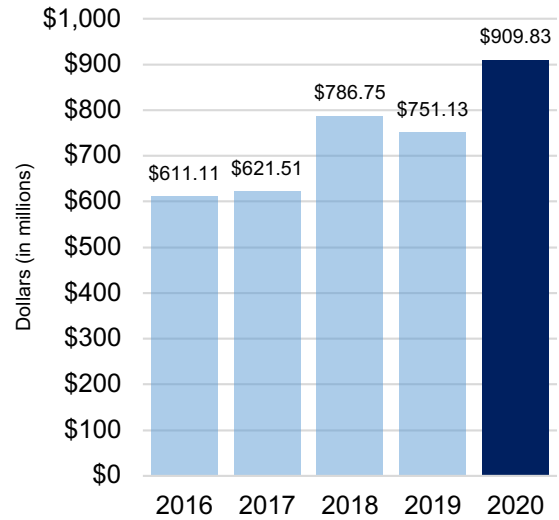
	<u>2020</u>	<u>2019</u>
Current Assets		
Cash and cash equivalents	\$28,459,482	\$21,342,326
Receivables, net	36,467,653	25,519,442
Inventories	362,535,558	269,274,084
Margin account	4,700,939	5,272,882
Unrealized gain on forward contracts	4,266,407	1,142,904
Prepaid expenses	34,666,996	44,914,713
Other current assets	<u>3,769,316</u>	<u>3,769,316</u>
Total current assets	474,866,351	371,235,667
Investments and other assets		
Investments	211,474,195	153,846,566
Other assets	<u>15,375,225</u>	<u>23,905,921</u>
Total investments and other assets	226,849,420	177,752,487
Property and equipment	427,340,583	401,870,306
Less accumulated depreciation	<u>(219,231,203)</u>	<u>(199,727,431)</u>
Net property and equipment	208,109,380	202,142,875
Total assets	\$909,825,151	\$751,131,029
Current liabilities		
Notes payable	\$50,000,000	\$122,307,071
Current maturities of long-term debt	8,820,000	428,926
Accounts payable	21,188,129	25,997,318
Grain payables	59,224,015	31,116,516
Patron credit balances	5,619,534	5,421,469
Unrealized loss of forward contracts	4,551,917	365,125
Accrued expenses	9,329,922	8,918,928
Taxes payable	2,411,369	2,549,268
Patronage refunds payable in cash	8,374,000	9,268,000
Patron prepayments	76,777,930	47,614,610
Remediation payable	428,000	548,000
Other	<u>14,418,123</u>	<u>14,441,968</u>
Total current liabilities	261,142,939	268,977,199
Long-term liabilities		
Long-term debt, less current maturities above	128,430,981	308,000
Remediation payable	122,000	210,000
Deferred income taxes	<u>3,632,000</u>	<u>4,545,000</u>
Total long-term liabilities	132,184,981	5,063,000
Total liabilities	\$393,327,920	\$274,040,199
Patron equities		
Preferred equities	170,635,758	142,517,352
Equity credits	135,944,452	131,400,932
Patronage refunds payable in equity	12,560,000	13,903,000
General reserve	<u>197,357,021</u>	<u>189,269,546</u>
Total patron equities	516,497,231	477,090,830
Total liabilities and equities	\$909,825,151	\$751,131,029

Assets

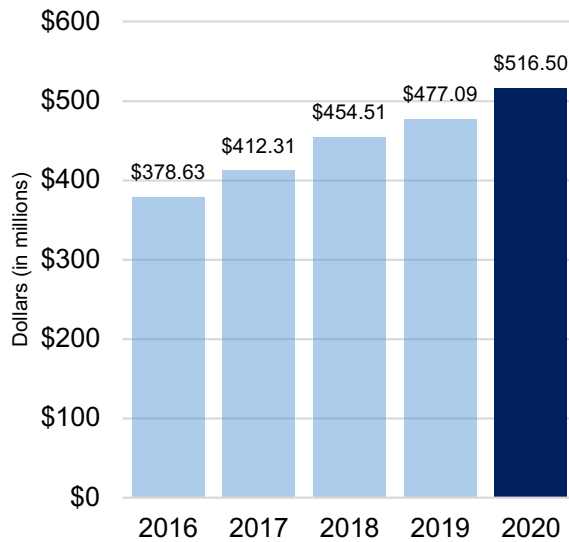
\$909,825,151
(in millions and percentage)



Total Assets

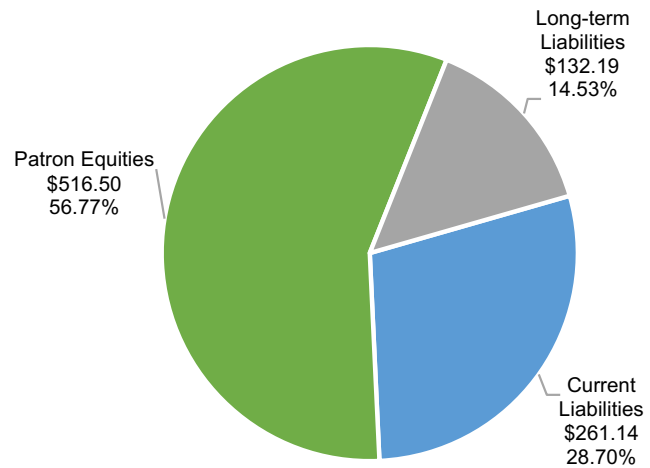


Patron Equities



Liabilities and Patron Equities

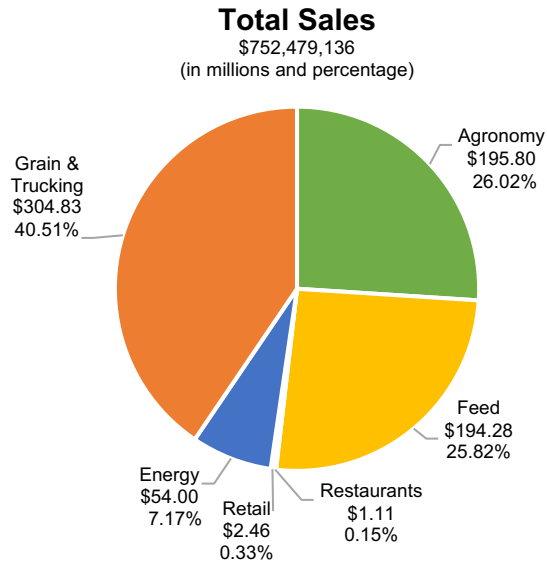
(in millions and percentage)



➤ Pictured here is the Darlington agronomy location's new liquid fertilizer plant and the shop facility with a wash bay

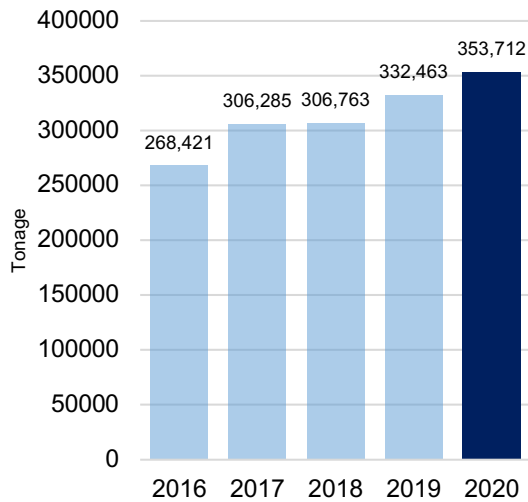
Statement of Operations

	2020		2019	
Sales	\$752,479,136	100.00%	\$767,564,174	100.00%
Less discounts	<u>(3,051,131)</u>	<u>(0.41)</u>	<u>(2,860,834)</u>	<u>(0.37)</u>
Net sales	749,428,005	99.59	764,703,340	99.63
Cost of sales	<u>632,194,139</u>	<u>84.01</u>	<u>635,175,295</u>	<u>82.75</u>
Gross margin	117,233,866	15.58	129,528,045	16.88
Operating expenses				
Merchandising expenses				
Salaries and wages	40,802,312		39,898,514	
Less: wages reimbursed	(6,791,785)		(6,444,968)	
Payroll taxes	2,610,836		2,548,396	
Employee insurance	927,778		891,675	
Pension expense	4,086,727		3,954,580	
Vehicle expense	6,774,640		7,273,948	
Supplies and licenses	1,359,109		1,645,407	
Utilities	2,774,691		2,708,288	
Repairs and maintenance	2,782,629		2,639,379	
Advertising	291,898		339,126	
Merchandising fee	47,020		119,453	
Corn dryer expense	1,525,648		2,141,184	
Bean roasting expense	40,723		29,053	
Employee training and travel	43,191		115,126	
Fieldmen	238,323		264,297	
Miscellaneous	<u>(290,850)</u>		<u>(204,823)</u>	
<i>Total merchandising expense</i>	57,222,890	7.60	57,918,635	7.55
<i>Total administrative expense</i>	1,342,138	0.18	1,365,177	0.18
General				
Depreciation and amortization	29,395,488		28,933,168	
Insurance	2,887,020		2,646,114	
Property taxes	2,020,876		2,107,112	
Education, rent and miscellaneous	<u>428,436</u>		<u>494,774</u>	
<i>Total general expenses</i>	34,731,820	4.62	34,181,168	4.45
Interest and other expenses (income)				
Gain on removal of property and equipment	(605,504)		(187,391)	
Finance charges income	(407,469)		(601,136)	
Purchase discounts	(783,976)		(828,004)	
Other revenue	(1,766,013)		(1,175,098)	
Interest expense	1,874,413		3,979,764	
Collection and other expense	<u>8,155,978</u>		<u>14,061,098</u>	
<i>Total interest and other expenses (income)</i>	6,467,429	0.86	15,249,233	1.99
Net operating expenses	99,764,277	13.26	108,714,213	14.17
Local net margin	17,469,589	2.32	20,813,832	2.71
Income from affiliates	9,239,652	1.23	5,389,812	0.70
Patronage refunds received	<u>6,580,566</u>	<u>0.87</u>	<u>5,170,537</u>	<u>0.67</u>
<i>Net margin before income taxes</i>	33,289,807	4.42	31,374,181	4.08
Income taxes	<u>1,211,000</u>	<u>0.16</u>	<u>1,048,000</u>	<u>0.13</u>
Net margin	\$32,078,807	4.26%	\$30,326,181	3.95%

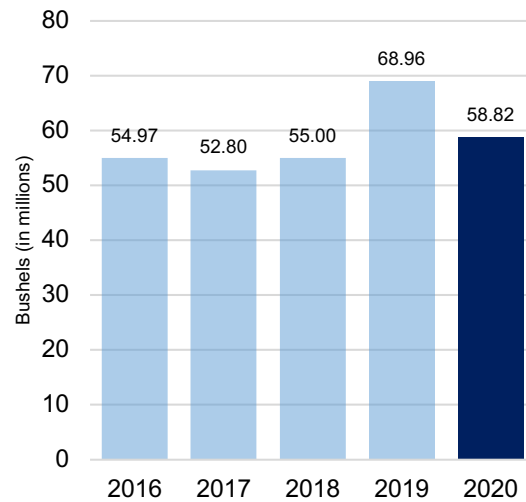


➤ Several enhancements were made to the cooperative's Shawano and Wilton feed facilities to improve feed services. Pictured here is the Wilton feed location.

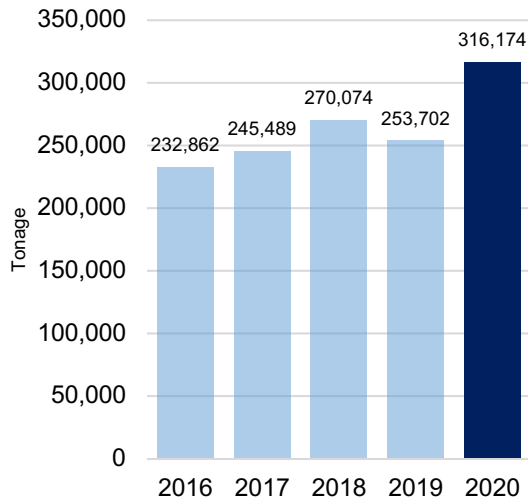
Feed Volume



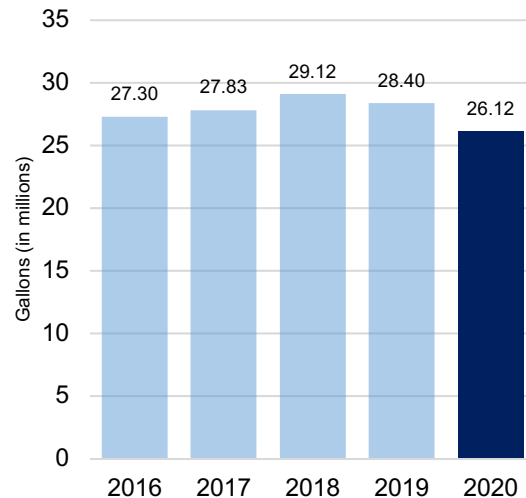
Grain Volume



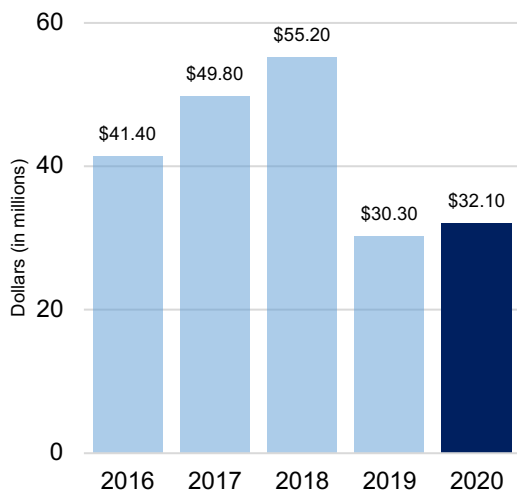
Fertilizer Volume



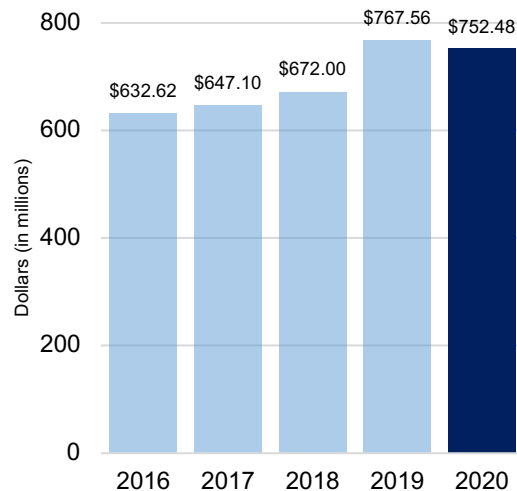
Fuel Volume



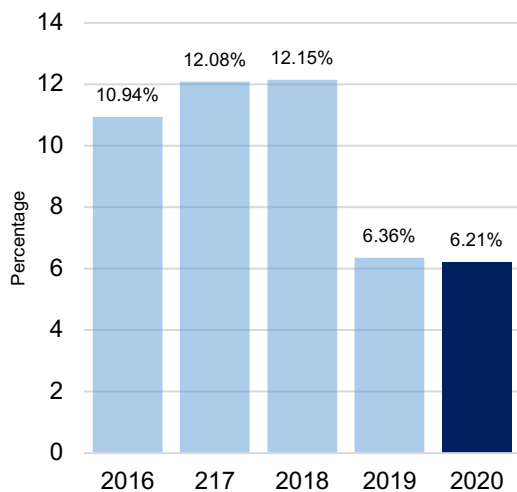
Net income total for five years



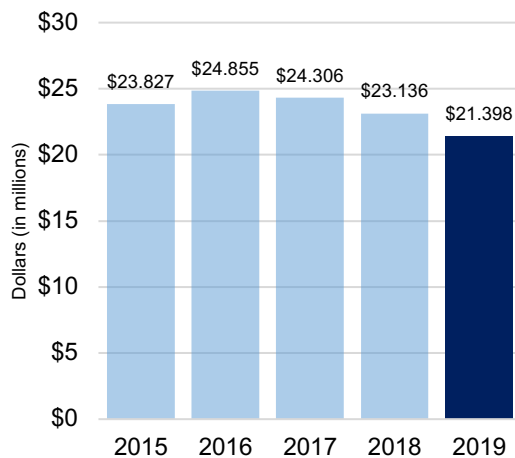
Annual Sales



Return on Equity



Cash returned to members in five years



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>2020</u>	<u>2019</u>
Sales	\$100.00	\$100.00
Less discount	(0.41)	(0.37)
Cost of sales	<u>84.01</u>	<u>82.75</u>
Gross margin	15.58	16.88
Merchandising expense	7.60	7.55
Administrative expense	0.18	0.18
General expense	4.62	4.45
Interest and other expense	<u>0.86</u>	<u>1.99</u>
<i>Total operating expenses</i>	13.26	14.17
Local net	2.32	2.71
Income from affiliates	1.23	0.70
Patronage refunds received	0.87	0.67
Income taxes	<u>(0.16)</u>	<u>(0.13)</u>
Net margin*	\$4.26	\$3.95

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



Notes

[illegible]

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
Pickett	920-589-2311
Poynette	608-635-7002
Reedsburg	608-524-6115
Wilton	608-435-6977
Wyocena	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

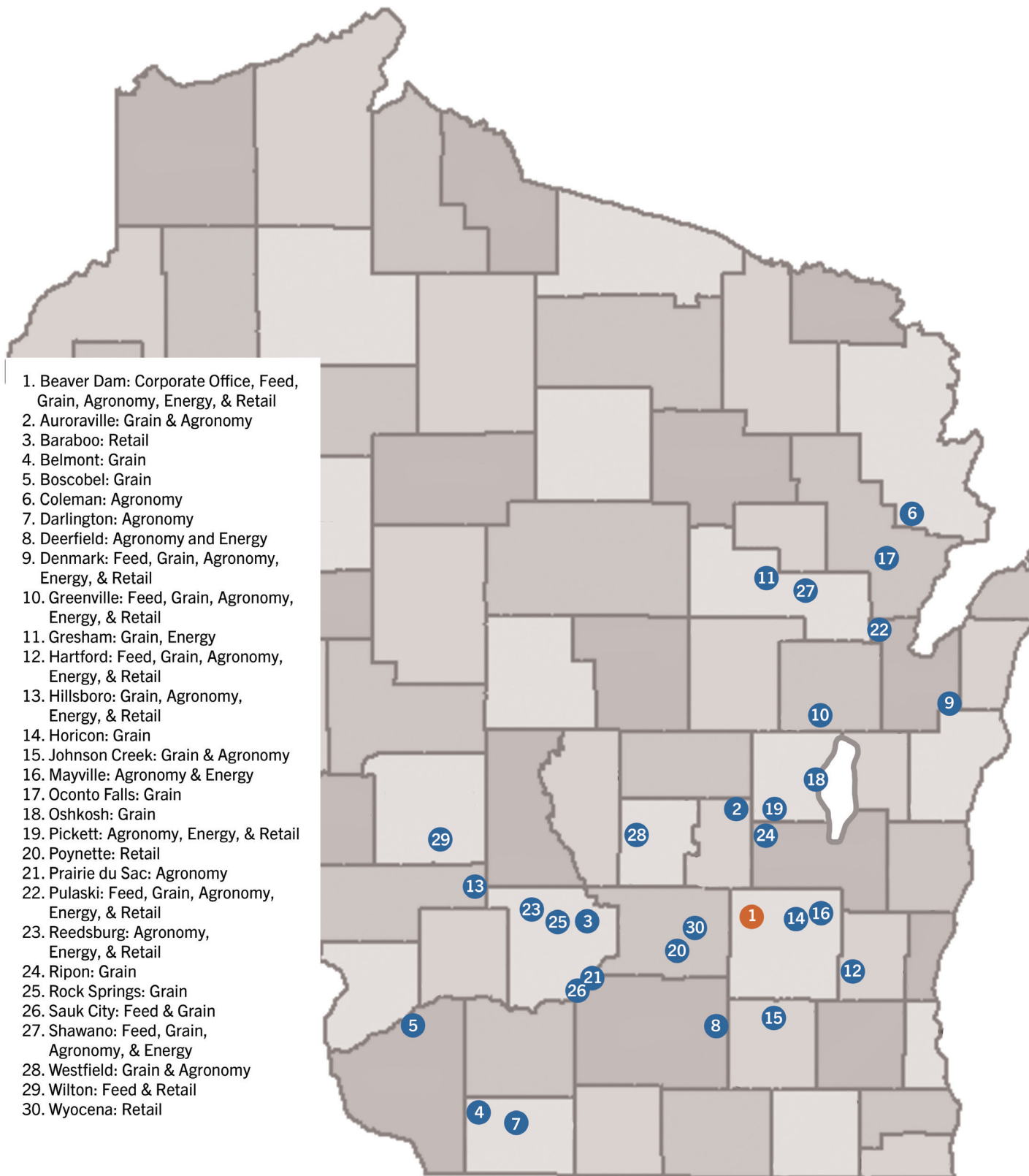
Beaver Dam	920-887-1756
Deerfield	608-764-5454
Denmark	920-863-2171
Greenville	920-757-6556
Hartford	262-673-8960
Hillsboro	608-489-2231
Mayville	920-387-2410
Pickett	920-589-2311
Pulaski	920-822-3235
Reedsburg	608-524-2822
Shawano	715-526-3197
Watertown	920-262-6770
Wilton	608-435-6421

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
-------------------------------	---------------------



Follow us on
Social Media:

