

**UNITED
COOPERATIVE™**
RELY ON US

86th Annual Report

2021



AGRONOMY



GRAIN



FEED



ENERGY



Letter from the CEO

With 2021 completed, I would like to reflect on the tremendous performance we have experienced this year. Our employees and facilities functioned at a very high level which created growth, timely service, and demand creation. I would like to thank the employees for their continued commitment and dedication and to our member/owners for your loyalty and trust. Each one of our core divisions saw unit increases and captured efficiencies to provide a good return on our investment. United Cooperative was also able to complete many building projects this year to meet the demands of our customers. We finished construction projects in Darlington, Prairie du Sac, and South Beaver Dam. We were also able to start new construction projects in Reedsburg, Shawano, and Fall River.

We were also blessed with a fantastic crop year. The planting season started early and strong. We moved a lot of products in a short period of time. On another positive note, we were able to find the labor and manage the logistics to get this accomplished. Thank you to our seasonal labor and our suppliers for this achievement. The harvest season followed with great weather and good harvesting conditions. Overall, we enjoyed favorable yields and excellent fall tillage conditions. We also had a huge fall fertilizer application this year. This should take some of the pressure off of our spring planting season.

December 31st marked the end of our fiscal year and the privilege of being in business for 86 years and United Cooperative had another strong year. Planning, execution, product availability, customer service and loyal members are the foundational pieces for United Cooperatives success.

Our vision for the future has to parallel the agricultural changes of our farmers in order to create a positive customer experience and where our farmers can “Rely On Us”. This is really evident today based on the economic environment, supply chain issues, inflation and worldwide markets. To maintain this type of experience, please have a discussion with your trusted advisors at United Cooperative as you prepare for your 2022 farm plan and input needs. Decision making, forecasting, planning and execution all have a direct impact on profitability at the farm and the cooperative.

United Cooperative takes pride in giving back to our local communities 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; agricultural youth; and food pantries. Total giving to initiatives in these three areas reached over \$100,000. In 2021, 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 over 500 since the program’s inception in 2008.

Revenues for 2021 were \$1.1 billion. United Cooperative’s core businesses of agronomy, grain, feed and energy generated \$42.7 million in profits. The investment United Cooperative made in ethanol contributed \$26.2 million to our net income in 2021. Patronage from regional cooperatives was \$4.6 million dollars. All combined, United Cooperative had a total net margin before income taxes in 2021 of \$73.7 million dollars.

With those numbers, United Cooperative is returning \$23 million in total patronage to members. Forty percent of this patronage, or \$9.2 million, will be distributed in cash to our patron members in May, while 60 percent, or \$13.8 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 again for your patronage in 2021 and I look forward to an exciting and prosperous year in 2022.

Cooperatively yours,

A handwritten signature in black ink that reads "David Cramer". The signature is written in a cursive, flowing style.

David Cramer
United Cooperative President and Chief Executive Officer

2021 Officers & Directors

Front row, left to right:

PETER MLSNA, DIRECTOR
Hillsboro

JORDAN CRAVE, DIRECTOR
Waterloo

HOWARD BOHL, CHAIRMAN
Beaver Dam

ROD LEITERMAN, DIRECTOR
Denmark



Back row, left to right:

DAVID CRAMER, TREASURER
Beaver Dam

GARY NOLDEN, VICE CHAIRMAN
Prairie du Sac

GREG TAUCHEN, DIRECTOR
Bonduel

DUANE HINCHLEY, DIRECTOR
Cambridge

BRAD KRUEGER, DIRECTOR
Shawano

ROBIN CRAKER, SECRETARY
Reedsburg

Additional Information

Date of incorporation..... Jan. 27, 1936
Fiscal year end..... Dec. 31, 2021
Annual meeting date..... Set by board of directors

Personnel

David Cramer
President and CEO

In 2021, your cooperative...

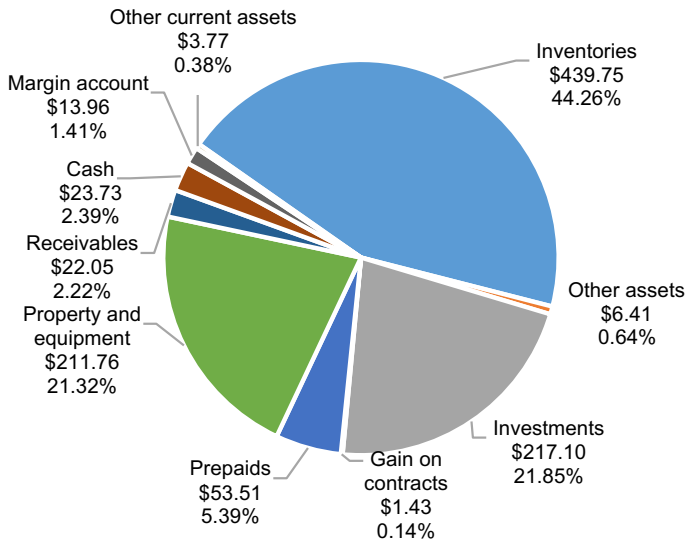
- Because of your 2021 business, your cooperative is returning \$23 million in total patronage to members. Forty percent of this patronage, or \$9.2 million, will be distributed in cash to our patron members in May 2022, while 60 percent, or \$13.8 million will be retained in equity credits
- Paid \$15 million in stock revolvment
- The Reedsburg agronomy location received a 12,000 sq ft warehouse along with a 1400 sq ft liquid load out bay addition.
- A new 36,000 sq ft warehouse was constructed at our South Beaver Dam agronomy locataion.
- Our Fall River project is a 5,700 sq ft fertilizer transfer building that will have a new railroad spur which will allow fertilizer to be transferred from rail to trucks.
- The Shawano agronomy location is receiving a 9,600 sq ft addition to the fertilizer plant.
- Awarded \$50,000 in scholarships to high school seniors and continuing education students
- Provided \$49,500 to 50 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 41st 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

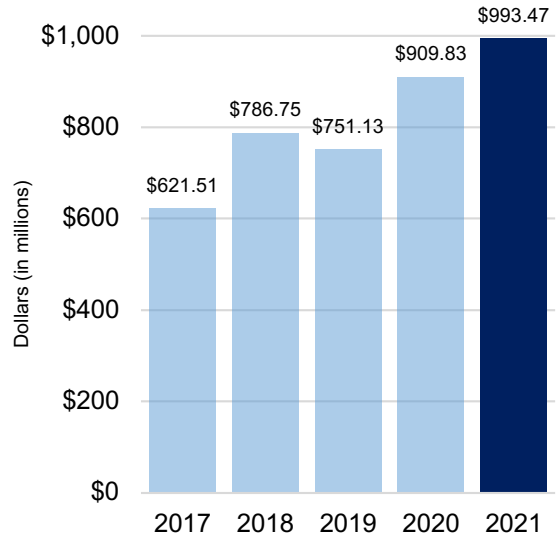
	<u>2021</u>	<u>2020</u>
Current Assets		
Cash and cash equivalents	\$23,725,037	\$28,459,482
Receivables, net	22,050,425	36,467,653
Inventories	439,751,867	362,535,558
Margin account	13,955,505	4,700,939
Unrealized gain on forward contracts	1,434,513	4,266,407
Prepaid expenses	53,506,752	34,666,996
Other current assets	<u>3,769,316</u>	<u>3,769,316</u>
Total current assets	558,193,415	474,866,351
Investments and other assets		
Investments	217,103,107	211,474,195
Other assets	<u>6,407,603</u>	<u>15,375,225</u>
Total investments and other assets	223,510,710	226,849,420
Property and equipment	444,759,520	427,340,583
Less accumulated depreciation	<u>(232,998,441)</u>	<u>(219,231,203)</u>
Net property and equipment	211,761,079	208,109,380
Total assets	\$993,465,204	\$909,825,151
Current liabilities		
Notes payable	\$50,000,000	\$50,000,000
Current maturities of long-term debt	8,865,000	8,820,000
Accounts payable	32,288,924	21,188,129
Grain payables	74,579,111	59,224,015
Patron credit balances	5,865,235	5,619,534
Unrealized loss of forward contracts	-	4,551,917
Accrued expenses	12,554,910	9,329,922
Taxes payable	7,288,966	2,411,369
Patronage refunds payable in cash	9,216,000	8,374,000
Patron prepayments	124,777,106	76,777,930
Remediation payable	-	428,000
Other	<u>4,789,939</u>	<u>14,418,123</u>
Total current liabilities	330,225,191	261,142,939
Long-term liabilities		
Long-term debt, less current maturities above	81,139,274	128,430,981
Remediation payable	965,000	122,000
Deferred income taxes	<u>2,168,000</u>	<u>3,632,000</u>
Total long-term liabilities	84,272,274	132,184,981
Total liabilities	\$414,497,465	\$393,327,920
Patron equities		
Preferred equities	194,168,086	170,635,758
Equity credits	131,839,962	135,944,452
Patronage refunds payable in equity	13,824,000	12,560,000
General reserve	<u>239,135,691</u>	<u>197,357,021</u>
Total patron equities	578,967,739	516,497,231
Total liabilities and equities	\$993,465,204	\$909,825,151

Assets

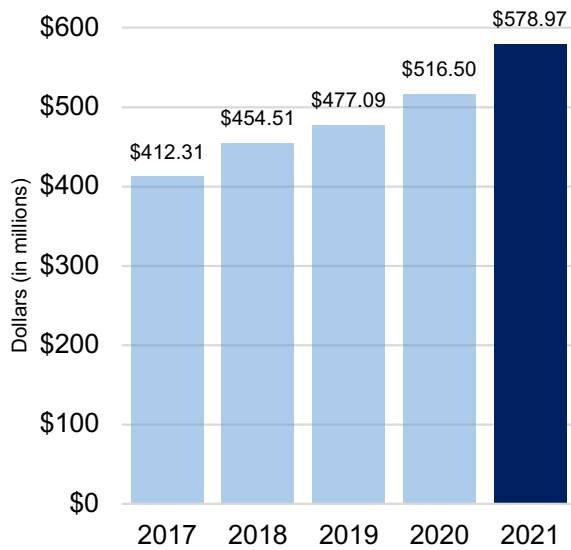
\$993,465,204
(in millions and percentage)



Total Assets

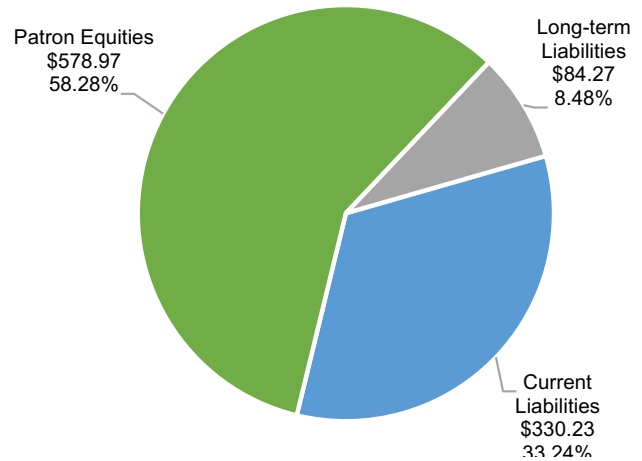


Patron Equities



Liabilities and Patron Equities

(in millions and percentage)



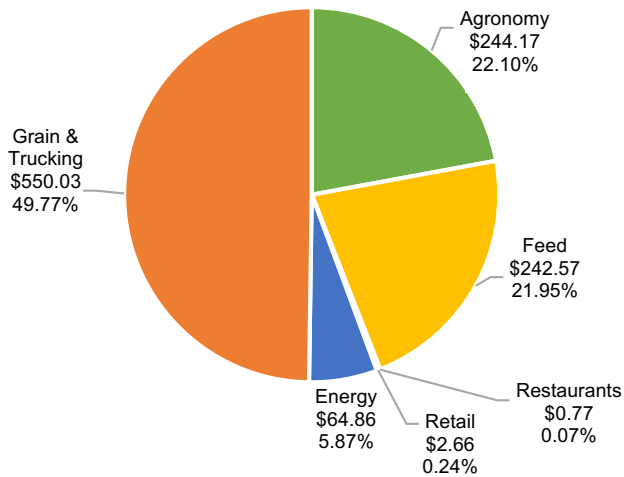
➤ Pictured here is the Shawano agronomy location's 9,600 sq ft addition to the fertilizer plant.

Statement of Operations

	<u>2021</u>		<u>2020</u>	
Sales	\$1,105,056,017	100.00%	\$752,479,136	100.00%
Less discounts	<u>(3,225,465)</u>	<u>(0.29)</u>	<u>(3,051,131)</u>	<u>(0.41)</u>
Net sales	1,101,830,552	99.71	749,428,005	99.59
Cost of sales	<u>959,493,723</u>	<u>86.83</u>	<u>632,194,139</u>	<u>84.01</u>
Gross margin	142,336,829	12.88	117,233,866	15.58
Operating expenses				
Merchandising expenses				
Salaries and wages	46,239,653		40,802,312	
Less: wages reimbursed	(7,924,859)		(6,791,785)	
Payroll taxes	2,538,395		2,610,836	
Pension expense	986,796		927,778	
Employee insurance	4,433,368		4,086,727	
Vehicle expense	8,569,778		6,774,640	
Supplies and licenses	1,310,164		1,359,109	
Utilities	2,614,400		2,774,691	
Repairs and maintenance	2,717,530		2,782,629	
Advertising	214,984		291,898	
Merchandising fee	31,522		47,020	
Corn dryer expense	2,378,202		1,525,648	
Bean roasting expense	34,739		40,723	
Employee training and travel	44,996		43,191	
Contracted personal	228,746		238,323	
Miscellaneous	<u>(275,080)</u>		<u>(290,850)</u>	
<i>Total merchandising expense</i>	64,143,334	5.80	57,222,890	7.60
<i>Total administrative expense</i>	1,413,217	0.13	1,342,138	0.18
General				
Depreciation and amortization	40,562,576		29,395,488	
Insurance	3,143,042		2,887,020	
Property taxes	2,014,527		2,020,876	
Education, rent and miscellaneous	<u>858,775</u>		<u>428,436</u>	
<i>Total general expenses</i>	46,578,920	4.22	34,731,820	4.62
Interest and other expenses (income)				
Gain on removal of property and equipment	(3,372,021)		(605,504)	
Finance charges income	(288,463)		(407,469)	
Purchase discounts	(947,166)		(783,976)	
Other revenue	(2,305,317)		(1,766,013)	
Interest expense	2,936,329		1,874,413	
Collection and other expense	<u>7,612,710</u>		<u>8,155,978</u>	
<i>Total interest and other expenses (income)</i>	3,636,072	0.33	6,467,429	0.86
Net operating expenses	115,771,543	10.48	99,764,277	13.26
Local net margin	26,565,286	2.40	17,469,589	2.32
Income from affiliates	42,521,337	3.85	9,239,652	1.23
Patronage refunds received	<u>4,616,473</u>	<u>0.42</u>	<u>6,580,566</u>	<u>0.87</u>
<i>Net margin before income taxes</i>	73,703,096	6.67	33,289,807	4.42
Income taxes	<u>4,305,000</u>	<u>0.39</u>	<u>1,211,000</u>	<u>0.16</u>
Net margin	\$69,398,096	6.28%	\$32,078,807	4.26%

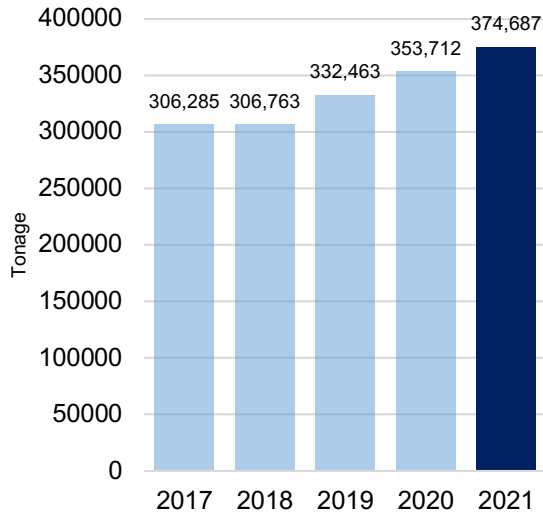
Total Sales

\$1,105,056,017
(in millions and percentage)

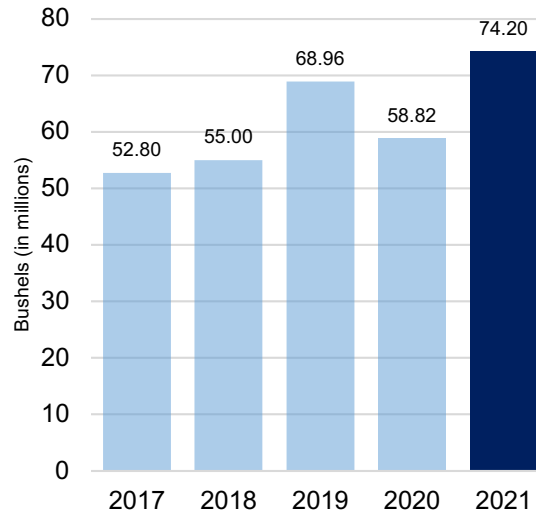


➤ Pictured here is our Fall River project. This is a 5,700 sq ft fertilizer transfer building that will have a new railroad spur which will allow fertilizer to be transferred from rail to trucks.

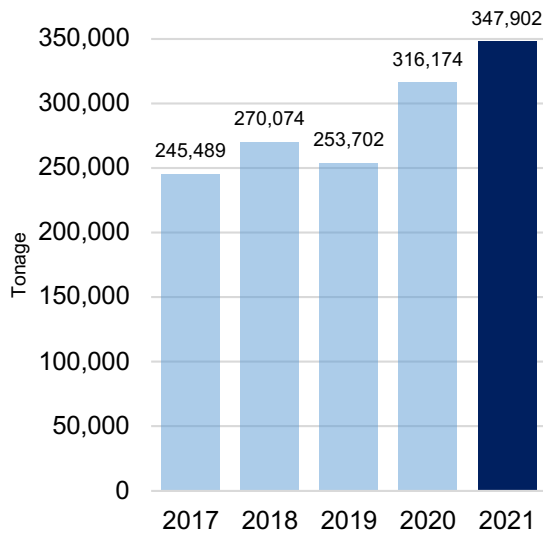
Feed Volume



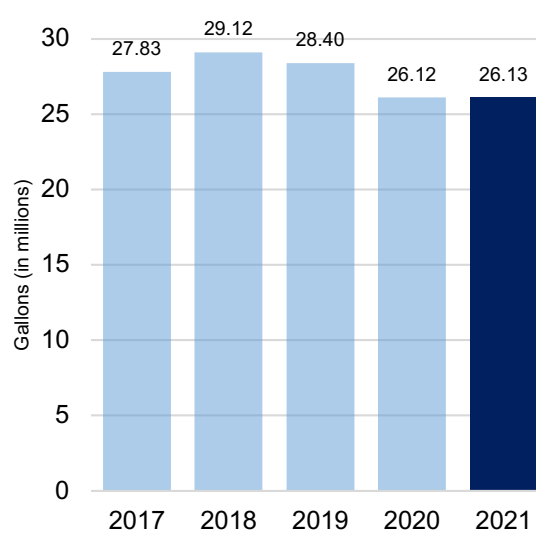
Grain Volume



Fertilizer Volume

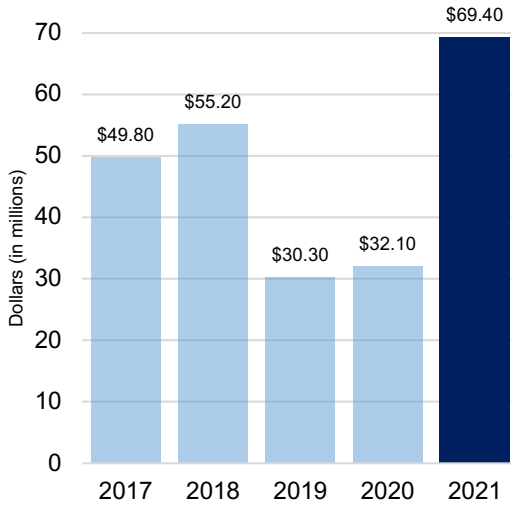


Fuel Volume

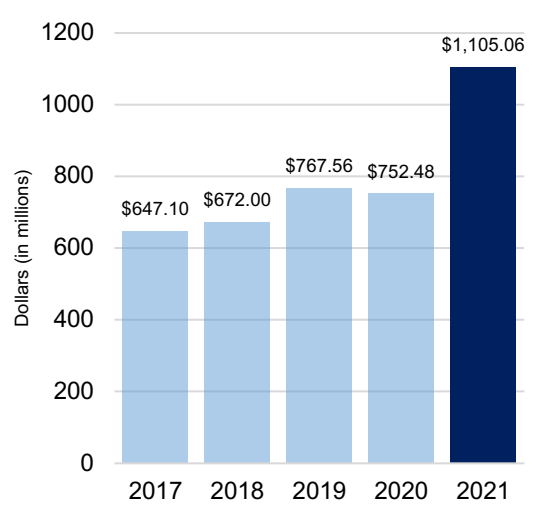


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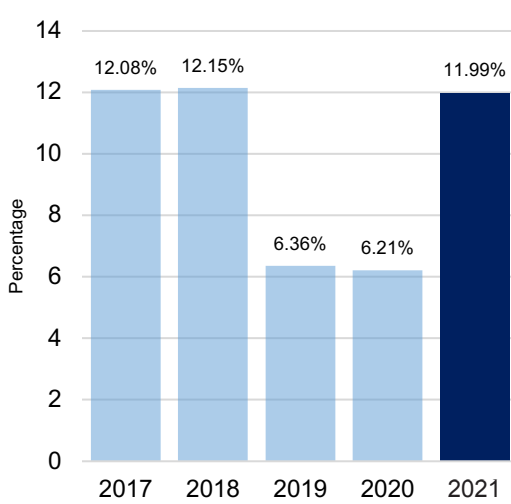
Net income total for five years



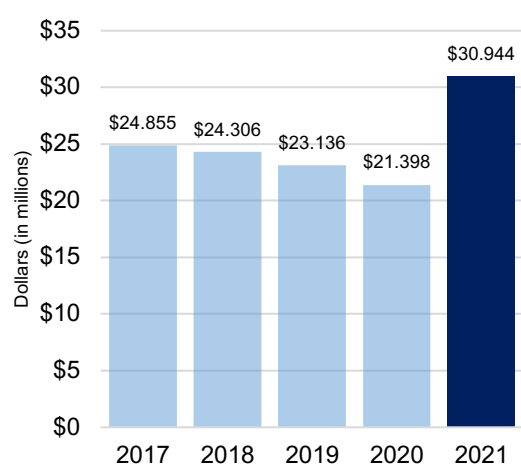
Annual Sales



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>2021</u>	<u>2020</u>
Sales	\$100.00	\$100.00
Less discount	(0.29)	(0.41)
Cost of sales	<u>86.83</u>	<u>84.01</u>
Gross margin	12.88	15.58
Merchandising expense	5.80	7.60
Administrative expense	0.13	0.18
General expense	4.22	4.62
Interest and other expense	<u>0.33</u>	<u>0.86</u>
<i>Total operating expenses</i>	10.48	13.26
Local net	2.40	2.32
Income from affiliates	3.85	1.23
Patronage refunds received	0.42	0.87
Income taxes	<u>(0.39)</u>	<u>(0.16)</u>
Net margin*	\$6.28	\$4.26

**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
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
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
Reedsburg	608-524-6115
Wilton	608-435-6977
Wycocena	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
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

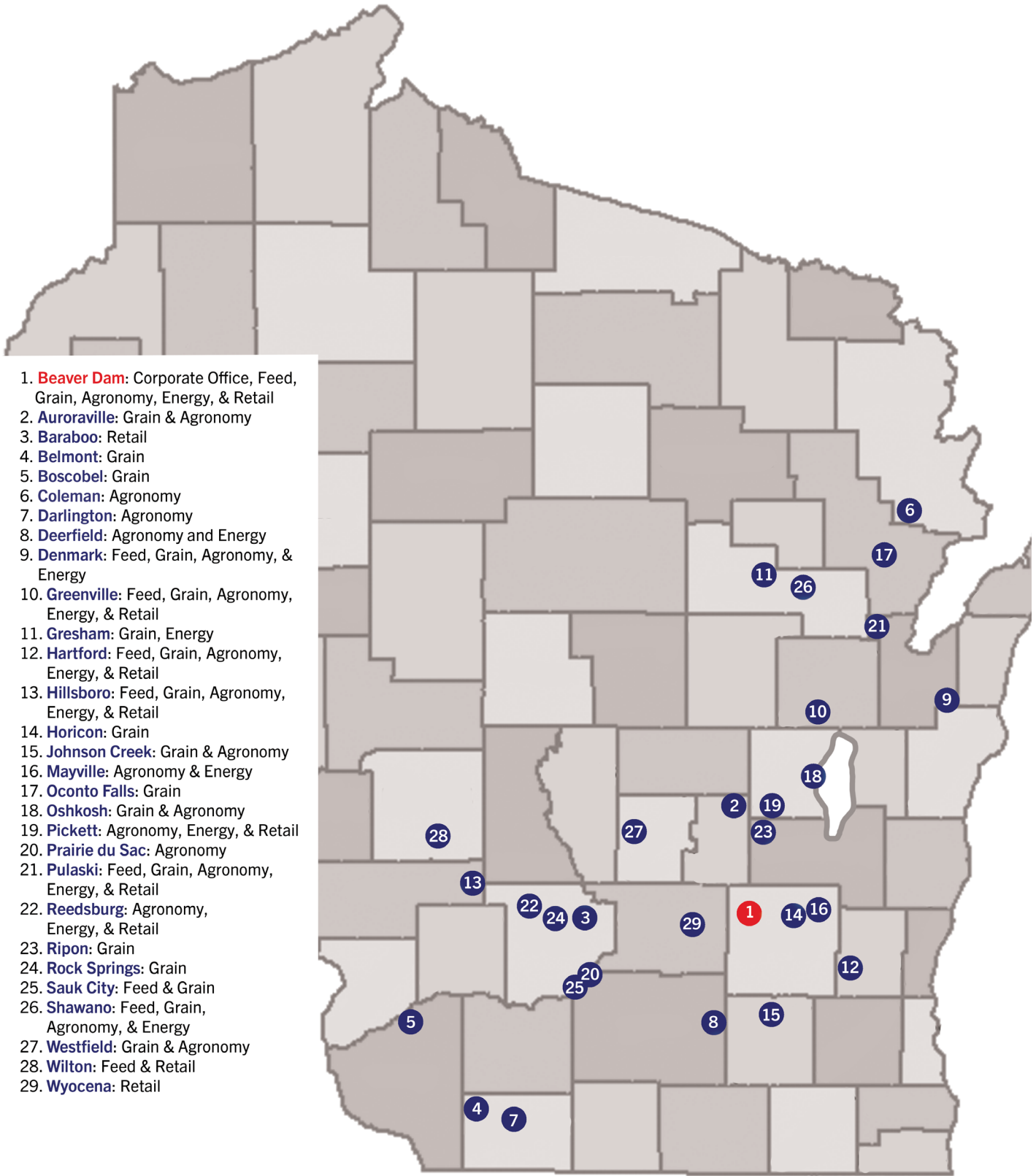
ENERGY

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

Corporate Office **920-887-1756**



1. **Beaver Dam:** Corporate Office, Feed, Grain, Agronomy, Energy, & Retail
2. **Aurora:** Grain & Agronomy
3. **Baraboo:** Retail
4. **Belmont:** Grain
5. **Boscobel:** Grain
6. **Coleman:** Agronomy
7. **Darlington:** Agronomy
8. **Deerfield:** Agronomy and Energy
9. **Denmark:** Feed, Grain, Agronomy, & Energy
10. **Greenville:** Feed, Grain, Agronomy, Energy, & Retail
11. **Gresham:** Grain, Energy
12. **Hartford:** Feed, Grain, Agronomy, Energy, & Retail
13. **Hillsboro:** Feed, Grain, Agronomy, Energy, & Retail
14. **Horicon:** Grain
15. **Johnson Creek:** Grain & Agronomy
16. **Mayville:** Agronomy & Energy
17. **Oconto Falls:** Grain
18. **Oshkosh:** Grain & Agronomy
19. **Pickett:** Agronomy, Energy, & Retail
20. **Prairie du Sac:** Agronomy
21. **Pulaski:** Feed, Grain, Agronomy, Energy, & Retail
22. **Reedsburg:** Agronomy, Energy, & Retail
23. **Ripon:** Grain
24. **Rock Springs:** Grain
25. **Sauk City:** Feed & Grain
26. **Shawano:** Feed, Grain, Agronomy, & Energy
27. **Westfield:** Grain & Agronomy
28. **Wilton:** Feed & Retail
29. **Wycocena:** Retail

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