

RiverCountry CO-OP

CHIPPEWA FALLS, WISCONSIN

2021 ANNUAL REPORT

YEARS ENDED AUGUST 31, 2021 AND 2020

OFFICERS & DIRECTORS

Randy Mahr
Brad Juedes
Eric Vogel
Doug Geiger
Jeremy Goessl
Les Danielson
Marc Boettcher
Steve Wall
Terry Gumz
Tim Hager

President
Vice President
Secretary
Director
Director
Director
Director
Director
Director
Director

PERSONNEL

Bruce Mlsna

CEO



CliftonLarsonAllen



August 2021 marked the end of the second year of the merger between Heartland and River Country Co-op. We have made a lot of progress in the last two years and set a solid foundation for the future. Synergies promoted pre-merger have come to fruition, employee teamwork is evidenced every day and the plan enacted with the merger vote passage has resulted in a successful financial statement here in 2021.

Here is a short commentary reviewing our year: **2021 was the first full year** of business as last year’s income statement included only 8 months of operations from business of the former Heartland Cooperative Services. If you look at comparisons for 2020/2021, this is why there is the large disparity in year-to-year comparison activity in both revenue and expenses.

Business year 2021 showed revenues ending at 254 million dollars. Of this total, sales revenues from River Country were around 235 million dollars, while our subsidiary company, Marathon Feed and Grain, of which we own 60%, had revenues of 26 million dollars, both company revenue records. All business units of the co-op were up in terms of revenue and volumes over 2020.

The fall of 2020 started off with a strong grain harvest, especially in our eastern trade territory. This contributed to significant grain volume increases over 2019. Grain prices increased substantially from the fall to spring, and the volume and inflationary grain prices saw revenue from grain operations rise substantially. Moving through the winter, temperatures were relatively the same on average as the previous year, but the company still managed increases in propane volume through increased business gains in new propane tank sets. Entering spring, our weather turned favorable for spring planting, along with above normal economic returns on grain with the higher commodity prices. The results of these factors and new business gained were double digit increases in volumes of fertilizer and agronomy application.

The summer of 2021 saw timely rains for our farmers’ crops and life returned to a more normal atmosphere with the Covid pandemic more in the rear-view mirror. As social activity resumed, the convenience stores responded with increases in traffic which allowed our sales to exceed pre-pandemic levels in most areas. Other consumer business units such as our NAPA stores, have seen revenue increases as well. Milk prices for dairy farmers were above average, which gave our dairy producers optimism and that, along with some new people talent in our feed division, resulted in significant gains in feed volumes.

Past review of notes from merger meetings were “We are committed to looking ahead with a unified vision”. To start anything, you have to have a vision of where you want to go, a plan to get there and a commitment from all involved. In early 2022, we will return 1 million dollars in patronage as part of the vision we had when we started the merger journey. The commitment is still there, but the plan is not yet finished. More to follow in 2022.

Thanks for the business.


 Bruce Mlsna
 CEO

**RIVER COUNTRY CO-OP • BALANCE SHEETS
AUGUST 31, 2021 AND 2020**

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash	\$ 2,849,137	\$ 3,220,835
Margin Account Equity	2,492,472	905,763
Receivables, Net	13,363,090	12,675,959
Inventories	21,603,249	22,028,704
Prepaid Expenses	1,552,230	1,308,314
Unrealized Gain on Forward Contracts	3,840,951	641,362
Marketable Equity Securities	-	107,541
Marketable Equity Securities	<u>35,406</u>	<u>-</u>
Total Current Assets	45,736,535	40,888,478
INVESTMENTS & OTHER ASSETS		
Investments	36,516,750	35,907,843
Goodwill & Intangibles, Net of Amortization	70,000	90,000
Receivables	<u>225,000</u>	<u>225,000</u>
Total Investments & Other Assets	36,811,750	36,222,843
PROPERTY & EQUIPMENT		
Less Accumulated Depreciation	96,639,105	87,668,854
Net Property & Equipment	<u>30,726,805</u>	<u>26,854,358</u>
	65,912,300	60,814,496
Total Assets	<u>\$ 148,460,585</u>	<u>\$ 137,925,817</u>
<u>LIABILITIES & PATRON EQUITIES</u>		
CURRENT LIABILITIES		
Checks Issued Against Future Deposits	\$ -	\$ 142,046
Short-Term Notes Payable	10,198,951	13,988,886
Current Maturities of Long-Term Debt	8,577,599	3,595,446
Current Maturities of Debenture Bonds	800,000	825,000
Accounts Payable	7,289,263	5,104,960
Accounts Payable - Grain	271,261	133,802
Accounts Payable - Grain Received, No Price Established	126,376	134,702
Patron Credit Balances	6,213,443	4,929,880
Accrued Expenses	1,599,161	1,505,591
Taxes Payable, Other Than Income Taxes	496,950	493,282
Patronage Refunds Payable in Cash	300,000	210,000
Unrealized Loss on Forward Contracts	1,034,049	758,818
Other Current Liabilities	<u>615,927</u>	<u>468,820</u>
Total Current Liabilities	37,522,980	32,291,233
DEFERRED INCOME TAXES	3,349,700	1,669,812
LONG-TERM DEBT, LESS CURRENT MATURITIES	30,885,351	30,414,220
DEBENTURE BONDS, LESS CURRENT MATURITIES	-	880,000
ENVIRONMENTAL REMEDIATION	<u>276,280</u>	<u>276,280</u>
Total Liabilities	72,034,311	65,531,545
PATRON EQUITIES		
Preferred Stock	2,470,000	475,000
Patronage Equity Credits	15,177,712	15,316,748
Patronage Refunds Payable in Equities	700,000	490,000
Acquisition Equity	2,132,483	2,132,483
Capital Reserve	53,395,162	51,487,243
Noncontrolling Interest	<u>2,550,917</u>	<u>2,492,798</u>
Total Patron Equities	76,426,274	72,394,272
Total Liabilities & Patron Equities	<u>\$ 148,460,585</u>	<u>\$ 137,925,817</u>

RIVER COUNTRY CO-OP • STATEMENTS OF OPERATIONS
YEARS ENDED AUGUST 31, 2021 AND 2020

	<u>2021</u>	Percent of Sales	<u>2020</u>	Percent of Sales
	Amount		Amount	
SALES	\$ 254,010,308	100%	\$ 167,844,914	100%
COST OF SALES	<u>213,535,900</u>	84.07	<u>133,091,173</u>	79.29
GROSS MARGIN	40,474,408	15.93	34,753,741	20.71
OPERATING EXPENSES				
Distribution:				
Salaries & Wages	16,944,296		14,415,289	
Payroll Taxes	1,275,027		1,093,684	
Employee Benefits	1,942,273		1,621,534	
Vehicle Expense	3,677,710		2,856,624	
Advertising	515,194		328,158	
Total Distribution	<u>24,354,500</u>	9.59	<u>20,315,289</u>	12.10
General:				
Depreciation	4,309,038		3,407,861	
Insurance	1,034,992		995,250	
Property Taxes	750,636		591,875	
Rent	739,916		791,999	
Supplies & Repairs	3,006,327		2,355,500	
Utilities	1,466,320		1,316,547	
Total General	<u>11,307,229</u>	4.45	<u>9,459,032</u>	5.64
Administrative:				
Professional Services	276,347		230,282	
Provision for Bad Debts	(40,701)		82,064	
Data Processing	840,278		709,681	
Directors' Fees	52,118		37,211	
Total Administrative	<u>1,128,042</u>	0.44	<u>1,059,238</u>	0.63
Total Operating Expenses	36,789,771	14.48	30,833,559	18.37
Gain on Sale of Property & Equipment	<u>\$ 116,601</u>	0.05%	<u>\$ 184,039</u>	0.11%
OTHER INCOME (EXPENSE)				
Interest Expense	(2,328,609)		(2,145,375)	
Credit Card Fees	(1,157,695)		(904,981)	
Patron Finance Charges	629,118		572,973	
Other Revenue	2,172,504		732,208	
Other Expense	(710,031)		(700,883)	
Total Other Income (Expense)	<u>(1,394,713)</u>	(0.55)	<u>(2,446,058)</u>	(1.46)
LOCAL NET SAVINGS	2,406,525	0.95	1,658,163	0.99
Patronage Refunds Received	<u>2,130,739</u>	0.84	<u>4,714,133</u>	2.81
Net Savings Before Income Taxes	4,537,264	1.79	6,372,296	3.80
Provision for Income Taxes	<u>1,644,482</u>	0.65	<u>808,876</u>	0.48
NET SAVINGS	2,892,782	2.44	5,563,420	4.28
Less: Net Savings Attributable to Noncontrolling Interest	<u>188,347</u>	0.07	<u>209,877</u>	0.13
NET SAVINGS ATTRIBUTABLE TO RIVER COUNTRY CO-OP	<u>\$ 2,704,435</u>	2.37	<u>\$ 5,353,543</u>	4.15

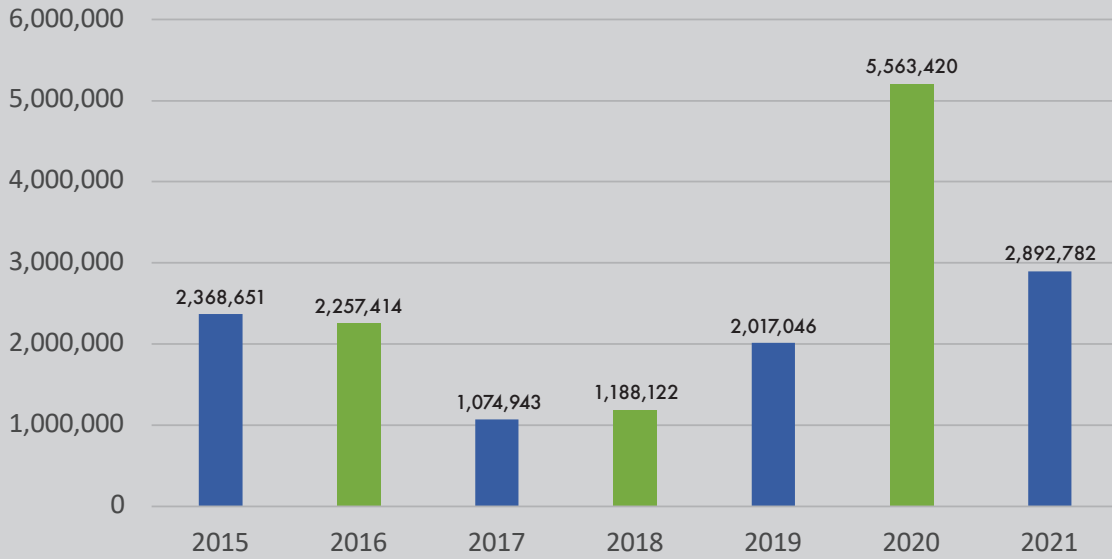
RIVER COUNTRY CO-OP • STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Patrons for Goods & Services	\$ 254,647,441	\$ 171,911,180
Cash Paid to Suppliers and Employees	(248,107,202)	(157,584,499)
Interest Paid	(2,315,989)	(2,089,479)
Patron Finance Charges Received	629,118	572,973
Other Revenue Received	301,724	782,844
Other Expenses Paid	(1,867,726)	(1,605,864)
Cash Patronage Refunds Received	827,449	1,202,295
Income Tax Refunds Received	-	9,191
Net Cash Provided by Operating Activities	<u>4,114,815</u>	<u>13,198,641</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments Redeemed by Other Cooperatives	669,398	791,113
Sale of Marketable Equity Securities	127,139	1,617,954
Acquisition of Heartland Cooperative Services	-	1,168,151
Additions to Property & Equipment	(9,368,205)	(4,429,556)
Sale of Property & Equipment	<u>363,465</u>	<u>220,049</u>
Net Cash Used by Investing Activities	<u>(8,208,203)</u>	<u>(632,289)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Short-Term Bank Payments	(3,789,935)	(14,544,379)
Net Increase (Decrease) in Checks Issued Against Future Deposits	(142,046)	142,046
Preferred Stock Issued	2,045,000	475,000
Distribution of Noncontrolling Investment	(130,228)	(11,112)
Long-Term Debenture Bond Payments	(905,000)	(120,000)
Long-Term Debt Borrowings	19,725,000	11,725,281
Principal Payments on Long-Term Debt	(12,395,549)	(7,253,771)
Patron Equities Redeemed	(453,953)	(358,847)
Patronage Refunds, Net of Adjustments	<u>(231,599)</u>	<u>(113,521)</u>
Net Cash Provided (Used) by Financing Activities	<u>3,721,690</u>	<u>(10,059,303)</u>
NET INCREASE (DECREASE) IN CASH	(371,698)	2,507,049
CASH – BEGINNING OF YEAR	3,220,835	713,786
CASH – END OF YEAR	<u>2,849,137</u>	<u>3,220,835</u>
RECONCILIATION OF NET SAVINGS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net Savings	\$ 2,892,782	\$ 5,563,420
Adjustments to Reconcile Net Savings to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	4,309,038	3,407,861
Provision for Bad Debts	(40,701)	82,064
Noncash Patronage Refunds Received	(1,303,290)	(3,511,838)
Equity in Loss of Investees	24,985	40,260
Deferred Income Taxes	1,679,888	793,543
Loss (Gain) on Sale of Marketable Equity Securities	(19,598)	10,376
Gain on Sale of Property and Equipment	(116,601)	(184,039)
PPP Forgiveness	(1,876,167)	-
Effect of Changes in Operating Assets & Liabilities:		
Receivables, Net	(646,430)	3,487,363
Margin Account Equity	(1,586,709)	(483,974)
Inventories	425,455	5,167,465
Prepaid Expenses	(243,916)	28,539
Unrealized Gain on Forward Contracts	(3,199,589)	(43,385)
Accounts Payable	1,918,802	(1,939,477)
Grain Payable	129,133	(180,537)
Patron Credit Balances	1,283,563	578,903
Accrued Expenses	93,570	(565,505)
Taxes Payable, Other than Income Taxes	3,668	322,475
Income Taxes Receivable/Payable	(35,406)	24,524
Unrealized Loss on Forward Contracts	275,231	227,574
Other Current Liabilities	<u>147,107</u>	<u>373,029</u>
Net Cash Provided by Operating Activities	<u>\$ 4,144,815</u>	<u>\$ 13,198,641</u>

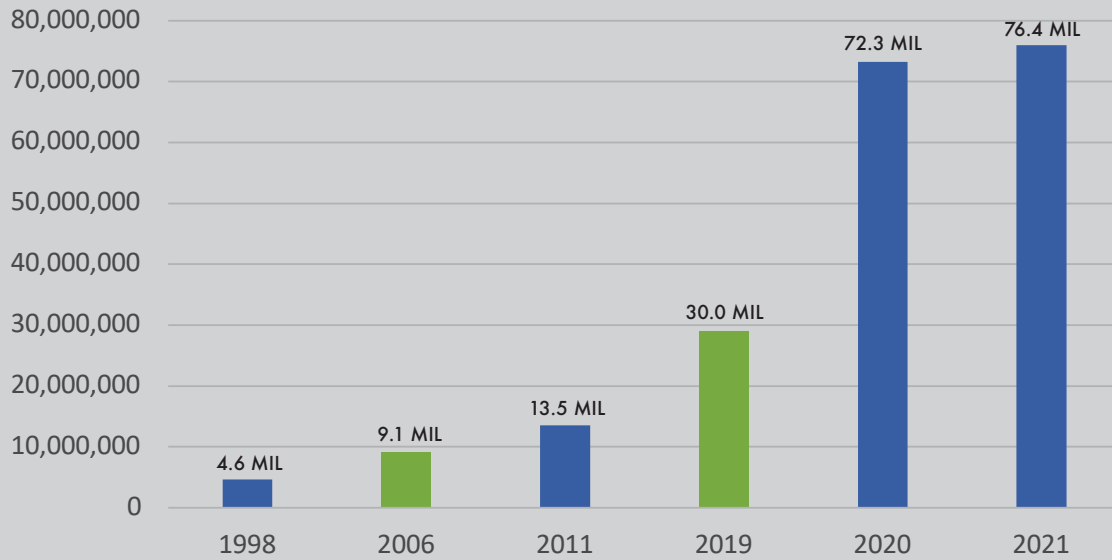
**RIVER COUNTRY CO-OP • STATEMENTS OF PATRON EQUITIES
YEARS ENDED AUGUST 31, 2021 AND 2020**

	Preferred Stock	Patronage Equity Credits	Patronage Refunds Payable in Equities	Acquisition Equity	Capital Reserve	Total	Noncontrolling Interest	Total
BALANCE AUG. 31, 2019	\$12,944	\$3,517,925	\$195,000	-	\$26,129,919	\$29,855,788	-	29,855,788
Patronage Refunds from 2019 Net Savings	-	129,522	(195,000)	-	71,957	6,479	-	6,479
Equity Issued for Acquisition of Heartland Coop Services	-	11,765,153	-	3,368,055	20,881,875	36,015,083	2,294,033	38,309,116
Acquisition Equity - Fair Value Adjustment	-	-	-	(1,235,572)	-	(1,235,572)	-	(1,235,572)
Preferred Stock Issued Equities Redeemed & Adjustments	475,000 (12,944)	-	-	-	-	475,000	-	475,000
2020 Net Savings Portion of 2020 Net Savings Allocated to: Patronage Refunds Payable in Cash Capital Reserve	-	(95,852)	5,353,543	-	(250,051)	5,353,543	(11,112) 209,877	(369,959) 5,563,420
	-	-	(210,000)	-	-	(210,000)	-	(210,000)
	-	-	(4,653,543)	-	4,653,543	-	-	-
BALANCE AUG. 31, 2020	\$475,000	\$15,316,748	\$490,000	\$2,132,483	\$51,487,243	\$69,901,474	\$2,492,798	\$72,394,272
Patronage Refunds from 2020 Net Savings	-	332,596	(490,000)	-	135,805	(21,599)	-	(21,599)
Preferred Stock Issued Equities Redeemed & Adjustments	2,045,000 (50,000)	-	-	-	-	2,045,000	-	2,045,000
2021 Net Savings Portion of 2021 Net Savings Allocated to: Patronage Refunds Payable in Cash Capital Reserve	-	(471,632)	2,704,435	-	67,679	(453,953) 2,704,435	(130,228) 188,347	(584,181) 2,892,782
	-	-	(300,000)	-	-	(300,000)	-	(300,000)
	-	-	(1,704,435)	-	1,704,435	-	-	-
BALANCE AUG. 31, 2021	\$2,470,000	\$15,177,712	\$700,000	\$2,132,483	\$53,395,162	\$73,875,357	\$2,550,917	\$76,426,274

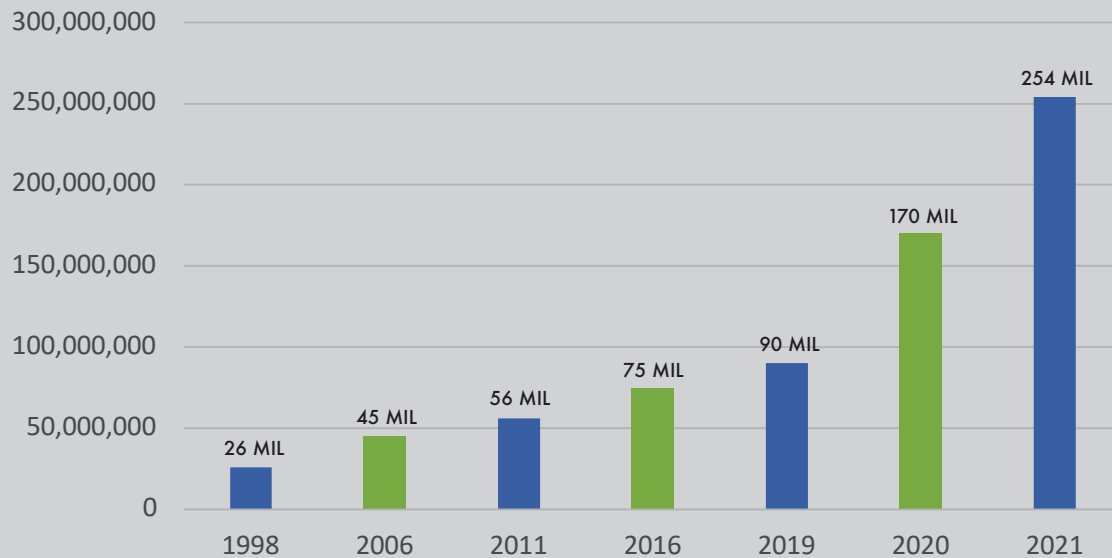
NET SAVINGS – LAST 7 YEARS



NET WORTH



SALES REVENUE



2021 River Country Co-op Board of Directors



Front Row: Doug Geiger, Randy Mahr, Tim Hager, Steve Wall, Marc Boettcher
Back Row: Terry Gumz, Brad Juedes, Jeremy Goessl, Eric Vogel, Les Danielson

RiverCountry CO-OP LOCATIONS

12 Mile CENEX
(715) 532-9654

Abbotsford NAPA
(715) 223-6371

Agri-Tech/Bloomer Grain
(715) 568-2934

Antigo Country Store
(715) 623-3516

Athens Agronomy
(715) 257-7676

Athens CENEX
(715) 257-7587

Athens Feed Mill
(715) 257-7591

Bloomer CENEX
(715) 568-2343

**Bloomer CENEX Shop/
Auto Value Parts Store**
(715) 568-2170/
(715) 568-2191

Boyd CENEX
(715) 667-3595

Boyd Feed Mill
(715) 667-3245

Brokaw Grain
(715) 870-2455

Cadott Truckstop
(715) 289-3953

Chippewa Falls CENEX
(715) 723-7005

Chippewa Falls Main Office
(715) 723-2828

Cornell Country Store
(715) 239-3173

Dorchester Agronomy
(715) 654-5401

Dorchester CENEX
(715) 654-5559

Dorchester Grain
(715) 654-6065

Eau Claire Ferry St. CENEX
(715) 832-0045

Eau Claire Third St. CENEX
(715) 835-2003

**Eau Claire Travel Center
- 29 Pines Restaurant & Bar**
(715) 874-2929
- CENEX Store
(715) 874-0290
**- Sleep Inn & Suites
Conference Center**
(715) 874-2900

Edgar CENEX
(715) 352-2414

Gilman CENEX
(715) 447-5746

Greenwood CENEX
(715) 267-6105

Jim Falls CENEX
(715) 382-4554

Lake Holcombe CENEX
(715) 595-4112

Marathon City NAPA
(715) 443-3460

Marathon Feed & Grain
(715) 443-2424

Merrill CENEX
(715) 536-5600

Merrill Country Store
(715) 536-2491

New Auburn CENEX
(715) 967-2171

Owen Agronomy
(715) 229-4621

Owen Feed Mill
(715) 229-4613

Owen Main Office
(715) 654-5134

Owen NAPA
(715) 229-2181

Prairie Farm CENEX
(715) 455-1490

Sheldon Agronomy
(715) 452-5242

Sheldon CENEX/Shop
(715) 452-5111/
(715) 452-5115

Sheldon Feed Mill
(715) 452-5116

Weyerhaeuser CENEX
(715) 353-2612