

ANNUAL REPORT

FY2024



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Winthrop, Minnesota

Officers and Directors

<u>Name</u>	<u>Address</u>	<u>Term Expires</u>	<u>Position</u>
Jeff Manderscheid.....	Olivia, MN.....	2025.....	Chairman
Todd Kettner.....	Winthrop, MN	2026.....	Vice-Chairman
Tyler Stehr.....	Winthrop, MN	2026.....	Secretary/Treasurer
Kevin Lindeman	Brownton, MN	2025	Director
Jeff Franta	Lafayette, MN.....	2024	Director
Ryan Mackenthun	Brownton, MN	2024	Director
Kurt Martens.....	Gaylord, MN.....	2024.....	Director
Ryan Ponwith	Cleveland, MN.....	2025.....	Associate Director

Management

Mitch Altermatt CEO/General Manager

UNITED FARMERS COOPERATIVE

CONSOLIDATED BALANCE SHEETS

August 31, 2024 and 2023

Assets

	2024	2023
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 15,911,811	\$ 22,619,917
Receivables		
Current Portion of Notes Receivable	13,743	66,603
Trade - Net of Reserve for Credit Loss of \$1,637,673 and \$1,442,814	10,402,023	14,359,697
Grain in Transit	2,133,660	1,779,279
Other	862,465	1,941,095
Margin Account	576,342	3,484,971
Inventories		
Grain	5,718,592	4,079,120
Agronomy	9,718,515	12,866,645
Feed and Farm Supply	13,972,237	12,799,055
Energy	1,370,064	1,479,578
Prepaid Inventories	2,512,942	2,322,230
Prepaid Expenses	358,678	1,152,428
Prepaid Income Taxes	190,425	282,097
Total Current Assets	63,741,497	79,232,715
PROPERTY, PLANT AND EQUIPMENT		
Land	5,870,837	5,918,995
Land Improvements	13,032,690	13,105,450
Buildings and Equipment	87,097,997	82,554,811
	106,001,524	101,579,256
Accumulated Depreciation	(55,692,347)	(51,485,654)
Undepreciated Cost	50,309,177	50,093,602
Construction in Process	1,950,046	879,284
Total Property, Plant & Equipment	52,259,223	50,972,886
OTHER ASSETS		
Right-of-Use Assets - Operating	771,154	8,134,735
Notes Receivable	268,854	467,521
Intangible Assets	-	80,000
Total Other Assets	1,040,008	8,682,256
INVESTMENTS		
Equity in Other Cooperatives	18,567,873	17,755,689
Investments in Other Companies	746,764	1,026,353
Total Investments	19,314,637	18,782,042
TOTAL ASSETS	\$ 136,355,365	\$ 157,669,899

UNITED FARMERS COOPERATIVE

CONSOLIDATED BALANCE SHEETS

August 31, 2024 and 2023

Liabilities and Members' Equity

	2024	2023
Checks in Excess of Bank Balance	\$ 135,539	\$ 8,083
Current Maturities of Long-Term Debt	957,600	776,040
Current Maturities of Lease Liability - Financing	413,047	431,106
Current Maturities of Lease Liability - Operating	443,756	2,282,563
Patron Investments - Demand Notes	359,966	1,221,162
Payables		
Trade	9,898,689	10,441,139
Unpaid Grain	11,007,344	15,989,776
Patron Credits	4,984,782	7,259,449
Deferred Payment Contracts	1,657,125	3,582,816
Other	2,370,540	2,362,742
Margin Account	3,661,344	3,362,558
Accrued Expenses		
Property Taxes	442,171	595,939
Interest	93,534	120,344
Payroll and Payroll Taxes	4,061,384	4,217,523
Other	1,154,495	1,193,514
Patronage Dividends Payable	2,250,000	4,075,000
Total Current Liabilities	43,891,316	57,919,754
LONG-TERM LIABILITIES - Net of Current Maturities		
Notes Payable	1,013,397	1,442,206
Lease Liability - Financing	465,610	878,657
Lease Liability - Operating	327,398	5,852,172
Deferred Payment Contracts	45,001	74,123
Patron Investments - Certificates	1,260,025	2,013,645
Other	375,241	465,239
Total Long-Term Liabilities	3,486,672	10,726,042
DEFERRED INCOME TAXES	685,431	801,357
MEMBERS' EQUITY		
Revolving Fund	17,408,566	24,551,313
Non-Qualified Allocation	6,402,581	6,412,305
General Reserve	64,480,799	57,259,128
Total Members' Equity	88,291,946	88,222,746
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 136,355,365	\$ 157,669,899

UNITED FARMERS COOPERATIVE

CONSOLIDATED STATEMENTS OF SAVINGS
Years Ended August 31, 2024 and 2023

	2024	2023
Sales	\$ 334,893,912	\$ 473,412,805
Cost of Goods Sold	305,017,859	441,586,834
Gross Savings on Sales	29,876,053	31,825,971
Other Revenue	17,773,363	15,540,095
Total Gross Revenue	47,649,416	47,366,066
Operating Expenses, Including Interest	40,508,619	38,075,055
Operating Savings - Local	7,140,797	9,291,011
Patronage Dividend Income	2,782,408	5,819,675
Savings before Taxes	9,923,205	15,110,686
Income Tax Expense (Benefit) Current		
Current	332,448	447,255
Deferred	(115,926)	(102,969)
Net Savings	\$ 9,706,683	\$ 14,766,400

DISTRIBUTION OF NET SAVINGS

Qualified Patronage Dividend Provision		
Cash - 90% (2024) and 50% (2023)	\$ 2,250,000	\$ 4,075,000
Deferred - 10% (2024) and 50% (2023)	250,000	4,075,000
	2,500,000	8,150,000
General Reserve	7,206,683	6,616,400
	\$ 9,706,683	\$ 14,766,400

CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY
Years Ended August 31, 2024 and 2023

	Total	Revolving Funds	Non-Qualified Allocation	General Reserve
Balance – August 31, 2022	\$ 78,642,724	\$ 21,615,406	\$ 6,461,237	\$ 50,566,081
Equity Redeemed	(1,184,395)	(1,139,037)	(48,932)	3,574
Transfers/Adjustments	73,020	(56)	-	73,073
Current Year Net Savings	14,766,400	-	-	14,766,400
Patronage Dividends				
Current	(4,075,000)	-	-	(4,075,000)
Deferred	-	4,075,000	-	(4,075,000)
Balance – August 31, 2023	88,222,746	24,551,313	6,412,305	57,259,128
Equity Redeemed	(7,401,596)	(7,391,872)	(9,724)	-
Transfers/Adjustments	14,113	(875)	-	14,988
Current Year Net Savings	9,706,683	-	-	9,706,683
Patronage Dividends				
Current	(2,250,000)	-	-	(2,250,000)
Deferred	-	250,000	-	(250,000)
Balance – August 31, 2024	\$ 88,291,947	\$ 17,408,566	\$ 6,402,581	\$ 64,480,799

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended August 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Savings	\$ 9,706,683	\$ 14,766,400
Adjustments to Reconcile Net Savings to Net Cash		
Provided by Operating Activities		
Depreciation & Amortization	5,440,750	4,839,253
Gain on Sale of Property, Plant & Equipment	(135,744)	(676,822)
Patronage Dividend Income Received as Equity	(2,437,120)	(2,775,662)
Deferred Income Taxes	(115,926)	(102,969)
Change in Assets and Liabilities		
Decrease in Receivables	4,681,923	2,612,716
Decrease in Margin Account	3,207,415	6,628,911
Decrease in Inventories	444,990	9,846,386
(Increase) Decrease in Prepayments on Inventories	(190,712)	2,327,000
(Increase) Decrease in Prepaid Expenses	793,750	(30,698)
(Increase) Decrease in Prepaid Income Taxes	91,672	(309,971)
Decrease in Payables	(9,619,108)	(664,031)
Increase (Decrease) in Accrued Expenses	(375,736)	76,053
Net Cash Provided by Operating Activities	11,492,837	36,536,566
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Property, Plant & Equipment	1,748,716	805,928
Additions to Property, Plant & Equipment	(8,260,059)	(6,552,540)
Issuance of Notes Receivable	251,527	198,741
Equity in Other Organizations Redeemed	1,624,936	2,218,990
Distributions from Investments in Other Companies	-	6,478
Contributions to Investment in Other Companies	279,588	(100,000)
Net Cash Used in Investing Activities	(4,355,292)	(3,422,403)
CASH FLOWS FROM FINANCING ACTIVITIES		
Additional Long-Term Borrowings	-	2,337,562
Repayment of Long-Term Borrowings	(706,040)	(5,250,719)
Net Issuance (Repayment) of Patron Notes and Certificates	(1,156,816)	(2,955,664)
Net Issuance (Payments) of Financing Leases	6,932,476	(442,887)
Net Issuance (Payments) of Operating Leases	(7,363,581)	-
Redemption of Members' Equity	(7,401,596)	(1,184,395)
Allocated Patronage Dividends Paid in Cash	(4,076,781)	(2,749,189)
Employee Retention Credit & Fill-Me-Up	(89,998)	(1,427,477)
Other Financing Activities	16,685	129,928
Net Cash Used in Financing Activities	(13,845,651)	(11,542,841)
Net Increase (Decrease) in Cash	(6,708,106)	21,571,322
Cash - Beginning of Year	22,619,917	1,048,595
Cash - End of Year	\$ 15,911,811	\$ 22,619,917

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash Paid (Received) During the Year for:

Interest	\$ (121,625)	\$ (103,921)
Income Taxes	170,485	911,794

SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES

Property, Plant & Equipment Contributed to LLC Investment	1,226,531	-
Right-of-Use Assets Obtained in Exchange for Lease Liabilities	-	10,457,736
Allocated Patronage Dividends	2,500,000	8,150,000
Right-of-Use Liabilities Obtained in Exchange for Lease Assets	-	10,457,736

FIVE-YEAR SUMMARY

Years Ended

August 31	2024	2023	2022	2021	2020
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STATEMENTS OF SAVINGS

Sales	\$ 334,893,912	\$ 473,412,805	\$ 452,461,823	\$ 366,111,309	\$ 258,796,204
Operating Expenses, Including Interest	40,508,619	38,075,055	39,617,921	37,817,745	40,191,867
Operating Savings - Local	7,140,797	9,291,011	10,016,523	3,309,730	2,439,907
Net Savings	9,706,683	14,766,400	9,249,644	8,302,730	3,501,167
Operating Savings - Local to:					
Sales	2.13%	1.96%	2.21%	0.90%	0.94%
Equity	8.09%	10.53%	12.74%	4.24%	3.27%

BALANCE SHEETS

Current Assets	\$ 63,741,497	\$ 79,232,715	\$ 76,009,287	\$ 64,141,545	\$ 42,300,215
Total Assets	136,355,365	157,669,899	144,325,993	138,047,570	119,626,810
Long-Term Liabilities	3,486,672	10,726,042	7,390,918	10,276,024	13,043,226
Total Members' Equity	88,291,946	88,222,746	78,642,724	78,068,348	74,709,633
Working Capital	19,850,181	21,312,961	18,621,262	14,498,707	10,426,264
Current Assets Ratio	1.45	1.37	1.32	1.29	1.33
Ownership Percentage	65%	56%	54%	57%	62%
Local Ownership Percentage	51%	45%	43%	44%	47%
Long-Term Liabilities to PPE & Right-of-Use Assets	7%	18%	15%	19%	23%

OTHER HIGHLIGHTS

Property, Plant, & Equipment Additions	\$ 8,260,059	\$ 6,552,540	\$ 3,400,606	\$ 2,715,082	\$ 2,212,042
Patronage Allocated - Cash	\$ 2,250,000	\$ 4,075,000	\$ 2,749,133	\$ 2,200,000	\$ 1,000,000
Patronage Allocated - Deferred	\$ 250,000	\$ 4,075,000	\$ 1,178,200	\$ -	\$ -
Qualified Patronage Retired	\$ 7,391,872	\$ 1,139,037	\$ 1,146,625	\$ 854,644	\$ 768,928
Non-Qualified Patronage Retired	\$ 9,724	\$ 48,932	\$ 2,192,962	\$ 79,947	\$ 17,039
Preferred Stock Dividend	\$ -	\$ -	\$ 172,574	\$ 234,468	\$ 274,418
Preferred Stock Redeemed	\$ -	\$ -	\$ 2,465,348	\$ 1,454,916	\$ 352,384
Sales to:					
Property, Plant and Equipment	6.41	9.29	9.17	6.85	4.56
Equity	3.79	5.37	5.75	4.69	3.46
Expenses	8.27	12.43	11.42	9.44	5.68
Personnel Costs	18.93	32.30	27.41	23.14	12.28
Working Capital	16.87	22.21	24.30	25.25	24.82