



# ANNUAL REPORT 2022

ROCKY MOUNTAIN SUPPLY INC.



# LEADERSHIP MESSAGE

**Rocky Mountain Supply continued to show its resilience through the 2022 fiscal year! We continued to face the challenges of an ongoing pandemic which created supply chain issues and staffing challenges. This cooperative and its employees continued to take these challenges head on and were able to pull off another year for the record books at Rocky Mountain Supply! We topped the \$100 million sales mark for the first time in 2022 with sales finishing at \$135,539,071. This is an increase of \$52,262,295 over the 2021 fiscal year sales results.**

Part of this significant increase in sales was driven by the recovery of fuel prices from the early pandemic lows in calendar 2020. However, we did see significant unit increases in many product areas, setting sales records in all of them. Local net savings ended at \$2,930,473, which is down \$309,530 from the 2021 fiscal year. However, if you recall from last year's report, RMSI participated in the U.S. federal government's Paycheck Protection Program (PPP), which provided loans to help businesses keep people employed during the pandemic. RMSI had its PPP loan forgiven in January 2021 which boosted the local net savings

for fiscal year 2021 by just over \$1 million. If we subtract out the amount of the loan forgiveness from the fiscal year 2021 income statement, the local net savings for fiscal year 2022 is \$697,730 better than fiscal year 2021. This is the first time we topped \$2 million in local net savings in consecutive years. Our total net savings before taxes for the year ended at \$4,458,990, down \$2,999,732 from fiscal year 2021. The main reason for this is that our earnings from our propane joint venture, Montana Energy Alliance, was down slightly. Also, our regional cooperative partners patronage based on their earnings was down signif-

icantly. In particular CHS, Inc., which is our primary fuel & oil supplier as well as feed, crop protection products and fertilizer supplier, had their earnings impacted significantly by the COVID-19 pandemic. They are bouncing back, and we look forward to stronger earnings and patronage dividends from them in future years!

As many of you are aware, we have spent the last year in the construction phase of our new Townsend retail location. This new location opened the middle of May 2022. The benefit of building at a new site is that our old store was able to operate business as usual without the disruptions of a remodel. This again allowed us to operate as a company without "internal disruption." We look forward to the improved experience our customers will have with this new retail location in Townsend. It is most definitely a significant upgrade from our retail location that we have operated from for the last many years. Without this internal disruption, we were again able to set sales records in many product categories. We topped thirty million gallons sold in refined fuels (gasoline & diesel) for the first time! We also set sales records in fertilizer tonnage, in-store sales, and seed sales. This has been sales records for two to three years in a row for many of these product areas!

With our strong local net savings, we again will have the opportunity to send a significant amount of cash back to the country this year. We will be sending out patronage dividend checks totaling over \$800,000 this year based on our total net earnings. Our farm & ranch members will again receive the equity portion of their patronage dividends in the form of non-qualified equity. As we have previously shared, the non-qualified equity does not carry the current tax obligation on behalf of the patron. We also plan to send out approximately \$750,000 in equity retirement checks to patrons based on age of patron as well as the year in which equity was earned. We are currently fully paid to those patrons born during 1950 or before, as well as fully paid on equity earned in 1992 or earlier. Our long-term goal is to have no active equity on our books older than 20 years. What this would mean is that many of our active patrons would receive two checks from Rocky Mountain Supply each year, one for current year patronage dividends and another for equity retirement. Many of you have seen this over the last couple of years already! When you add our planned cash patronage to our planned equity retirement, we will have almost \$1.6 million of cash being distributed to the country during calendar year 2022!

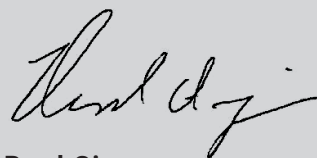
As mentioned as the beginning of this message, Rocky Mountain

Supply again showed its resilience against all the challenges of the ongoing pandemic! Through the hard work of our employee team, we again were able to grow your cooperative in many ways. With strong local net savings and record sales growth, we continue to position your cooperative for continued success and relevance well into the future! Thank you to all our employees for the commitment they have shown to serve our patrons and customers in a fashion that has allowed us to succeed as we have!

Lastly, we would like to thank all of you, our patrons and customers, for your enduring support and commitment which has again allowed year cooperative to experience another successful year! Your own resilience must be admired as well! Thank you for your business and trust you put in Rocky Mountain Supply every day!



**Chuck Kohlbeck,**  
Board President



**Brad Gjermo,**  
CEO

**ASSETS****2022****2021****CURRENT ASSETS**

Cash and Cash Equivalents	\$20,311	\$3,543,493
Receivables	3,571,674	2,686,166
Inventories	15,222,057	8,913,423
Marketable Equity Securities	1,952,667	2,250,273
Prepaid Expenses and Other Current Assets	815,460	1,351,969
Income Taxes Refundable	7,750	-
<b>TOTAL CURRENT ASSETS</b>	<b>21,589,919</b>	<b>18,745,324</b>

**INVESTMENTS AND OTHER ASSETS**

Investments in Cooperatives	20,481,969	20,039,963
Investment in MEA LLC	1,789,042	1,770,631
Other Assets	51,488	102,975
<b>TOTAL INVESTMENTS AND OTHER ASSETS</b>	<b>22,322,499</b>	<b>21,913,569</b>

**PROPERTY AND EQUIPMENT**

Less: Accumulated Depreciation	(14,389,334)	(13,079,046)
<b>NET PROPERTY AND EQUIPMENT</b>	<b>24,910,845</b>	<b>19,923,031</b>

**TOTAL ASSETS****\$ 68,823,263****\$60,581,924****LIABILITIES AND PATRON EQUITIES****CURRENT LIABILITIES**

Notes Payable	\$ 3,127,012	\$ -
Current Maturities of Long-Term Debt	690,510	314,640
Accounts Payable	5,256,952	3,458,495
Patrons' Credit Balances	4,592,084	3,909,421
Accrued Expenses	1,031,392	852,362
Income Taxes Payable	-	253,846
Patronage Refunds Payable In Cash	807,963	870,066
<b>TOTAL CURRENT LIABILITIES</b>	<b>15,505,913</b>	<b>9,658,830</b>

**LONG-TERM LIABILITIES**

Long-Term Debt, Less Current Maturities Above	2,483,998	2,149,508
Deferred Income Taxes	879,000	1,147,000
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>3,362,998</b>	<b>3,296,508</b>

**TOTAL LIABILITIES****18,868,911****12,955,338****PATRON EQUITIES**

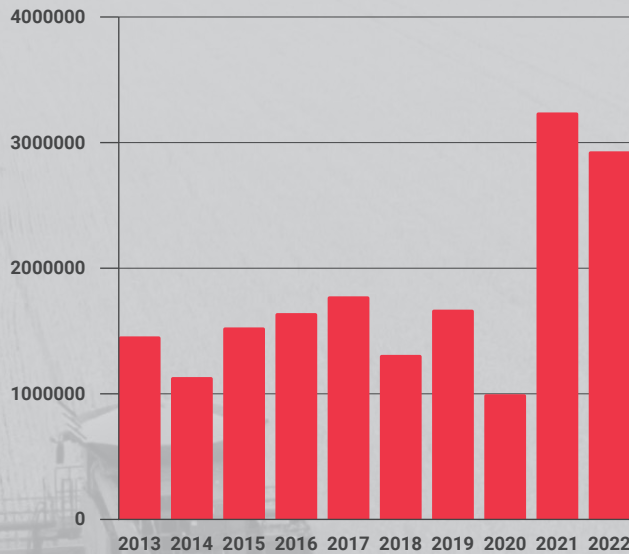
Preferred Stock	23,012,374	22,483,288
Patronage Refunds Payable in Equity	1,058,609	1,267,026
Unallocated Capital Reserve	25,883,369	23,876,272
<b>TOTAL PATRON EQUITIES</b>	<b>49,954,352</b>	<b>47,626,586</b>

**TOTAL LIABILITIES AND PATRON EQUITIES****\$ 68,823,263****\$ 60,581,924**

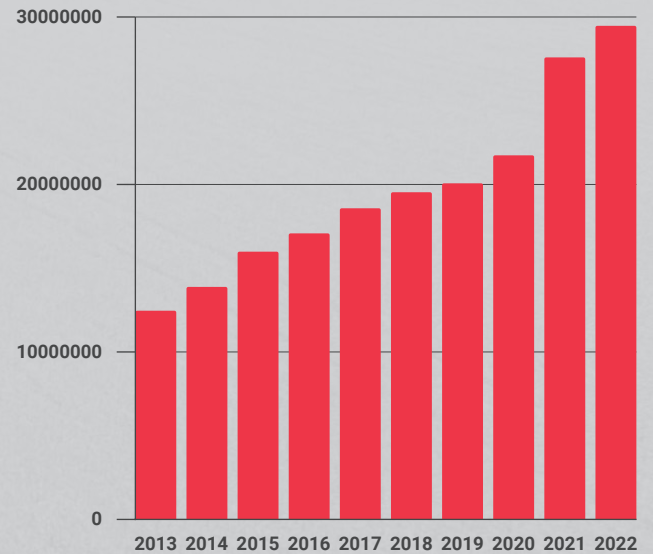


	2022		2021	
	Amount	% of Sales	Amount	% of Sales
<b>SALES</b>	<b>\$ 135,539,071</b>	<b>100.00 %</b>	<b>\$ 83,276,776</b>	<b>100.00 %</b>
<b>COST OF SALES</b>	<b>118,747,083</b>	<b>87.61</b>	<b>68,811,652</b>	<b>82.63</b>
<b>GROSS MARGIN</b>	<b>16,791,988</b>	<b>12.39</b>	<b>14,465,124</b>	<b>17.37</b>
<b>OPERATING EXPENSES</b>				
Distribution:				
Salaries and Wages	6,316,266		5,740,595	
Payroll Expenses	1,575,838		1,396,955	
	<b>7,892,104</b>	<b>5.82</b>	<b>7,137,550</b>	<b>8.57</b>
General:				
Depreciation	1,770,858		1,641,384	
Delivery Expense	1,094,837		783,005	
Business Expenses	1,349,282		1,302,696	
	<b>4,214,977</b>	<b>3.11</b>	<b>3,727,085</b>	<b>4.48</b>
Administrative:				
Advertising and Promotion	292,399		250,241	
Professional Services	323,172		249,689	
Meetings, Schools and Travel	97,637		58,834	
Credit Card Charges	782,219		584,784	
Admin Expenses	532,683		492,825	
	<b>2,028,110</b>	<b>1.50</b>	<b>1,636,373</b>	<b>1.96</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>14,135,191</b>	<b>10.43</b>	<b>12,501,008</b>	<b>15.01</b>
GAIN ON REMOVAL OF PROPERTY AND EQUIPMENT	145,300	0.11	60,145	0.07
<b>OPERATING INCOME</b>	<b>2,802,097</b>	<b>2.07</b>	<b>2,024,261</b>	<b>2.43</b>
<b>OTHER INCOME (EXPENSE)</b>				
Interest Expense	(147,206)		(184,948)	
Patron Finance Charges	60,752		49,928	
Other Revenue (Expense)	214,830		1,350,762	
<b>TOTAL OTHER INCOME</b>	<b>128,376</b>	<b>0.09</b>	<b>1,215,742</b>	<b>1.46</b>
<b>LOCAL NET SAVINGS</b>	<b>2,930,473</b>	<b>2.16</b>	<b>3,240,003</b>	<b>3.89</b>
PATRONAGE REFUNDS RECEIVED	842,103	0.62	3,442,920	4.13
EARNINGS FROM MEA LLC	686,414	0.51	775,799	0.93
NET SAVINGS BEFORE INCOME TAXES	4,458,990	3.29	7,458,722	8.95
PROVISION (BENEFIT) FOR INCOME TAXES	575,000	0.63	60,000	0.07
<b>NET SAVINGS</b>	<b>3,883,990</b>	<b>2.66</b>	<b>7,398,722</b>	<b>8.88</b>

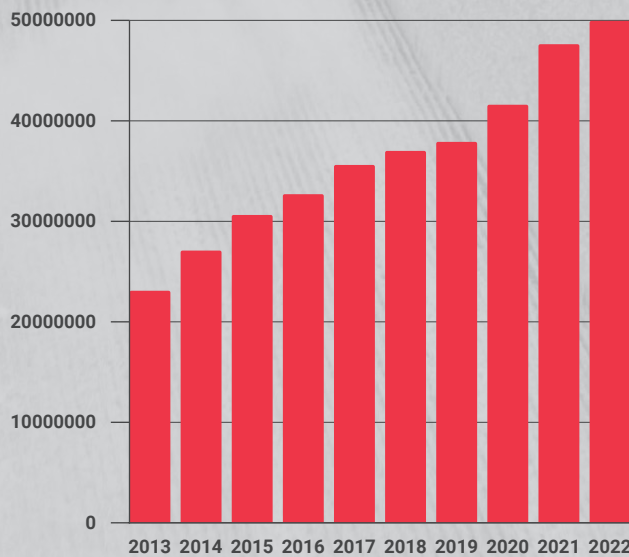
**LOCAL NET SAVINGS**



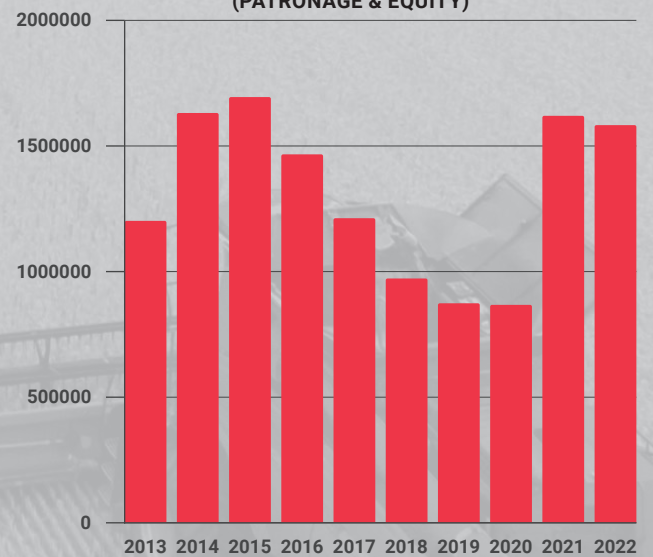
**LOCAL NET WORTH**



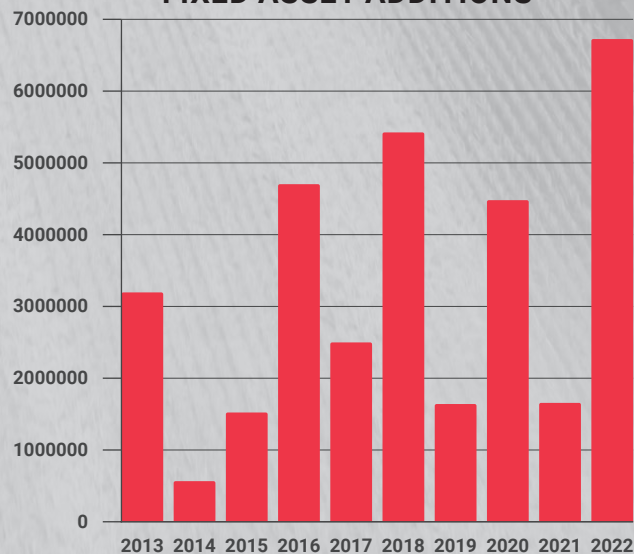
**TOTAL NET WORTH**



**CASH RETURNED TO MEMBERS  
(PATRONAGE & EQUITY)**



**FIXED ASSET ADDITIONS**





## BOARD OF DIRECTORS

Chuck Kohlbeck – Bozeman, MT

John Jackson – Jackson, MT

Jerry Meine – Dillon, MT

Daryl Marx – Bozeman, MT

Ned Zimmerman – Wilsall, MT

Eric Leachman – Toston, MT

Lindsay Seidensticker – Twin Bridges, MT

## EMPLOYEES

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Lori A. Anderson  
Tori A. Anderson  
Kirk D. Andrews  
Dalton H. Aullman  
Barbara J. Axtell  
Ryan J. Baeth  
Scott E. Baize  
William L. Balliet  
Desirae J. Bandy  
Evelynn Barcomb  
Riley M. Barger  
Ethan H. Bennett  
Clay Blankenship  
Daniel N. Blessinger  
Kaelor Bogle  
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Kailyn Bonnell  
Austin Brackenbury  
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Kyle T. Cerovski  
Aspen Christy  
Martin Churchwell  
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Marie Clark  
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Zane Coleman  
Haven Cooper  
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Jose Davis

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Julie A. Duval  
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Micheal C. Edwards  
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Bridger Z. Fergusson  
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Jurney Glover  
Elissa Godinez  
Andrew W. Gomez  
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Rob L. Graham  
Hannah d. Green  
Wilma J. Griffith  
Jesse G. Gullion  
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Rachel R. Helgersson  
Kelly Higgins  
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Aaron G. Hollatz  
Zachary J. Hollatz

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Andrew Hopper  
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Susan Jenkins  
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Jalissa L. Johnson  
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Richard J. Jones  
Robert M. Jones  
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Tristian Klinkenberg  
Jeanette M. Klompier  
Jesse Kreuz  
Nichole Lambert  
Sheila R. Lambert  
Elizabeth Leafly  
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Robin G. Long  
Gregory J. Meaney  
Alexis Mehlmauer  
Robert J. Michael Jr.  
Cimeri K. Miller  
Joby A. Minier  
Kasey Mock  
Shannon S. Moody  
Samuel M. Moos  
Justin J. Morris  
Luke M. Neal  
Daniel A. Neely

Jesse J. Neiminen  
Jeffrey A. Nesbitt  
Chris R. Newcombe  
John D. Nichols  
Richard L. Nuss  
Walker N. Nygren  
Steven C. Olp  
Jessica L. Park  
Jeffrey D. Parsons  
Trusten L. Payne  
Michael J. Peters  
Steven C. Peterson  
Ruby J. Pierce  
Thomas V. Pierce  
Haley P. Potter  
Kimberly L. Potter  
Anna Preston  
Jeffrey L. Pruitt  
Charles K. Pulse  
Blake W. Rauser  
Connor P. Reid  
Kori "Parker" Rider  
Brian F. Roberts  
John T. Roberts  
Carolyn A. Robinson  
Hayden R. Roethle  
Kelly L. Root  
Jason L. Rorabaugh  
Lewis W. Rorabaugh  
Cynthia M. Sanderson  
Alex Schaible  
Stephen C. Schintzius  
Timothy J. Schneider  
Perry G. Shank  
Annmarie Sheets

Curtis P. Sheets  
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Scot W. Shuler  
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Cayla J. Watson  
Derek D. Weir  
Evan D. Weir  
Philip C. Whitney  
Brianna Willey  
Mary F. Wiltscheck  
Amanda M. Worts  
Robin R. Young





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