



# GROWTH THROUGH UNCERTAINTY



**2021 ANNUAL REPORT**





# LEADERSHIP MESSAGE

Calendar year 2020 will certainly be a year none of us will forget! Our theme this year, “Growth through Uncertainty” certainly applies to what we faced for our 2021 fiscal year. Rocky Mountain Supply was able to demonstrate its resilience through these uncertain times and pull off what could be considered the best in the company’s history.

Grow, we did, in many ways. About the only area we did not grow in was dollar sales. Sales finished the year at \$83,276,776, slightly below last year’s \$84,031,462. The primary reason for the slight dip in dollar sales was the result of a significant drop in fuel prices and fertilizer prices. Two major commodity areas that RMSI sells throughout the year. If these commodity prices would have stayed somewhat consistent with what we have seen in recent years, we likely would have touched \$100 million in sales. Local net savings ended at \$3,240,003, which is \$2,243,294 better than the previous year. An extremely strong year, especially with the challenges presented by COVID-19. When our local net savings is added to our earnings from Montana Energy Alliance, RMSI’s propane joint venture, as well as regional cooperative patronage dividends, total pre-tax net savings ended at \$7,458,722. Again, by all accounts, a very exceptional year!

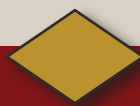
We thank you, our members, and customers, along with the commitment and hard work of our employees for all you did help accomplish this result. This continues to build upon the financial strength of your cooperative that will continue to allow us to invest, grow and be relevant long into the future!

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Part of what allowed us to achieve the success we did this past year is we did not have any, what we would call, “internal disruption”. What this means is that this is one of the very few years in recent memory that we did not have a remodel project impact the operations of one of our locations. It was a year in which RMSI was essentially fully functional. This year provides an example of what this cooperative is capable of when it is fully functioning.

As mentioned earlier in this message, our dollar sales were down slightly from the previous year. However, we set sales records in many product areas including fuel gallons, fertilizer tons, in-store dollar sales and seed sales. This is attributable to the effort of the sales and operations staff in each of our operating divisions. Over the last 5 years RMSI has invested not only in its facilities, but also its people. Today, we have 7 employees essentially fully investing their time in the country working with our members and customers to help them be more successful at what they do. Offering RMSI products and services in this process. Prior to the 5-year time frame mentioned previously, RMSI essentially did not have any employees committed to being in the country full-time. Now that these employees have had a couple years under their belts working with all of you establishing relationships, this investment along with their time and effort is paying great dividends!

The decision was also made for RMSI to participate in the Paycheck Protection Program (PPP) offered by the U.S. Federal Government early in the onset of the pandemic. At the time, we were very uncertain about how the pandemic would impact our business. It was determined that if we were negatively impacted, this program will help to ensure we keep employees on board to serve our members and customers in as normal of fashion as possible.





As it relates to fixed asset reinvestment, RMSI did and will continue to replace and upgrade rolling stock such as fuel delivery trucks, transport trucks and trailers, fertilizer tenders and application equipment and facility upgrades and repairs. This is table stakes just to remain in the business. We did complete one business acquisition through the 2021 fiscal year that has paid dividends from day one of its acquisition. This was the fuel business owned by the Danhof's in Amsterdam, MT. This acquisition included a refined fuel bulk route with delivery trucks, refined fuel bulk plant location in Amsterdam as well as a card activated retail fueling site in Amsterdam. Shortly after acquisition, we rebranded all the rolling stock and locations to Rocky Mountain Supply and the retail "Cenex" fuel brand which included upgrades the fuel dispensers and canopy at the retail fueling site. This has been a great acquisition and certainly contributed to the growth in our refined fuels business.

We will also continue to make great efforts to return as much cash as we are able to the country in the form of both cash patronage as well as equity retirements. As a result of our strong performance in fiscal year 2021, we plan to send approximately \$1,600,000 to our members from cash patronage and equity retirements! One other change we are implementing this year that will benefit our agricultural producer members is the use of non-qualified equity as the form of equity being distributed as part of the patronage dividend distribution. What this form of equity distribution does for you, our member, is make the equity portion of the distribution non-taxable in the year it is received. The member will only pay tax on the portion received in cash. Please look for more information on this in a future Rocky Talk newsletter as well as our website.

As mentioned at the beginning of this message, when we began fiscal year 2021, we, along with everyone else, was hit with the brunt of the COVID-19 pandemic. This created a tremendous amount of uncertainty in our business and society in general. This cooperative persevered through this uncertainty, trying to create an atmosphere that was as "normal" as possible and had another terrific year. All this would not have been possible without the effort and commitment of our employees. There were some unique challenges experienced this year that made it a bit more difficult to get the job done, but everyone worked through it all doing a great job serving our members and customers!!!

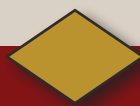
Lastly, thank you to all of you, our members, and customers, without your enduring commitment, this cooperative would not experience the success it has! Your resilience through this past year must be admired! Thank you for your business and trust that you put in Rocky Mountain Supply every day!

A handwritten signature in black ink, appearing to read "Chuck Kohlbeck".

Chuck Kohlbeck,  
Board President

A handwritten signature in black ink, appearing to read "Brad Gjermo".

Brad Gjermo,  
CEO



**ASSETS****2021****2020****CURRENT ASSETS**

Cash and Cash Equivalents	
Receivables	
Inventories	
Marketable Securities	
Prepaid Expenses and Other Current Assets	
Income Taxes Refundable	

\$ 3,543,493
2,686,166
8,913,423
2,250,273
1,351,969
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\$ 219,682
2,366,759
8,642,270
2,192,803
749,139
108,532

**TOTAL CURRENT ASSETS****18,745,324****14,279,185****INVESTMENTS AND OTHER ASSETS**

Investments in Cooperatives	
Investment in MEA LLC	
Other Assets	

20,039,963
1,770,631
102,975

17,516,274
2,193,505
154,462

**TOTAL INVESTMENTS AND OTHER ASSETS****21,913,569****19,864,241****PROPERTY AND EQUIPMENT**

Less: Accumulated Depreciation	
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33,002,077
(13,079,046)

31,850,053
(11,967,369)

**NET PROPERTY AND EQUIPMENT****19,923,031****19,882,684****TOTAL ASSETS****\$60,581,924****\$54,026,110****LIABILITIES & PATRON EQUITIES****CURRENT LIABILITIES**

Notes Payable	
Current Maturities of Long-Term Debt	
Accounts Payable	
Patron' Credit Balances	
Accrued Expenses	
Income Taxes Payable	
Patronage Refunds Payable in Cash	

\$ ---
314,640
3,458,495
3,909,421
852,362
253,846
870,066

\$ 2,401,389
314,640
2,741,805
2,329,198
413,421
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430,885

**TOTAL CURRENT LIABILITIES****9,658,830****8,631,338****LONG-TERM LIABILITIES**

Long-Term Debt, Less Current Maturities Above	
Deferred Income Taxes	

2,149,508
1,147,000

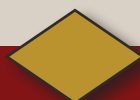
2,464,148
1,327,000

**Total Long-Term Liabilities****3,296,508****3,791,148****TOTAL LIABILITIES****12,955,338****12,422,486****PATRON EQUITIES**

Preferred Stock	
Patronage Refunds Payable in Equity	
Unallocated Capital Reserve	

22,483,288
1,267,026
23,876,272

22,183,620
733,669
18,686,335

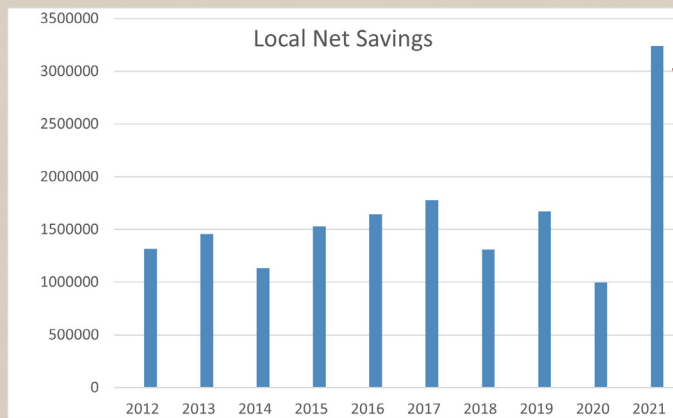
**Total Patron Equities****47,626,586****41,603,624****TOTAL LIABILITIES & PATRON EQUITIES****\$60,581,924****\$54,026,110**



	2021		2020	
	Amount	% of Sales	Amount	% of Sales
<b>SALES</b>	<b>83,276,776</b>	<b>100%</b>	<b>84,031,462</b>	<b>100%</b>
<b>COST OF SALES</b>	<b>68,811,652</b>	<b>82.63</b>	<b>72,526,649</b>	<b>86.31</b>
<b>GROSS MARGIN</b>	<b>14,465,124</b>	<b>17.37</b>	<b>11,504,813</b>	<b>13.69</b>
<b>OPERATING EXPENSES</b>				
Distribution:				
Salaries & Wages	5,740,595		4,601,123	
Payroll Expenses	1,396,955		1,318,099	
	<b>7,137,550</b>	<b>8.57</b>	<b>5,919,222</b>	<b>7.04</b>
General:				
Depreciation	1,641,384		1,460,608	
Delivery Expense	783,005		789,582	
Business Expenses	1,302,696		1,216,467	
	<b>3,727,085</b>	<b>4.48</b>	<b>3,466,657</b>	<b>4.13</b>
Administrative:				
Advertising & Promotion	250,241		225,924	
Professional Services	249,689		114,827	
Meetings, School, & Travel	58,834		82,893	
Credit Card Charges	584,784		521,617	
Admin Expenses	492,825		308,239	
	<b>1,636,373</b>	<b>1.96</b>	<b>1,253,500</b>	<b>1.49</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$12,501,008</b>	<b>15.01</b>	<b>\$10,639,379</b>	<b>12.66</b>
GAIN ON REMOVAL OF PROPERTY & EQUIPMENT	60,145	<b>0.07</b>	26,233	<b>0.03</b>
<b>OPERATING INCOME</b>	<b>2,024,261</b>	<b>2.43</b>	<b>891,667</b>	<b>1.06</b>
<b>OTHER INCOME (EXPENSE)</b>				
Interest Expense	(184,948)		(295,230)	
Patron Finance Charges	49,928		78,327	
Other Revenue (Expense)	1,350,762		321,945	
<b>TOTAL OTHER INCOME</b>	<b>1,215,742</b>	<b>1.46</b>	<b>105,042</b>	<b>0.13</b>
<b>LOCAL NET SAVINGS</b>	<b>3,240,003</b>	<b>3.89</b>	<b>996,709</b>	<b>1.19</b>
PATRONAGE REFUNDS RECEIVED	3,442,920	<b>4.13</b>	2,146,007	<b>2.55</b>
EARNINGS FROM MEA LLC	775,799	<b>0.93</b>	1,215,596	<b>1.45</b>
NET SAVINGS BEFORE INCOME TAXES	7,458,722	<b>8.95</b>	4,358,312	<b>5.19</b>
(BENEFIT) PROVISIONS FOR INCOME TAXES	60,000	<b>0.07</b>	(166,000)	<b>(0.20)</b>
<b>NET SAVINGS</b>	<b>7,398,722</b>	<b>8.88</b>	<b>4,524,312</b>	<b>5.38</b>

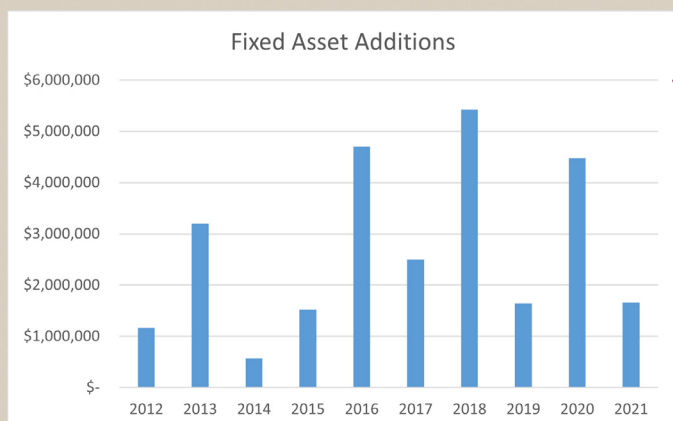
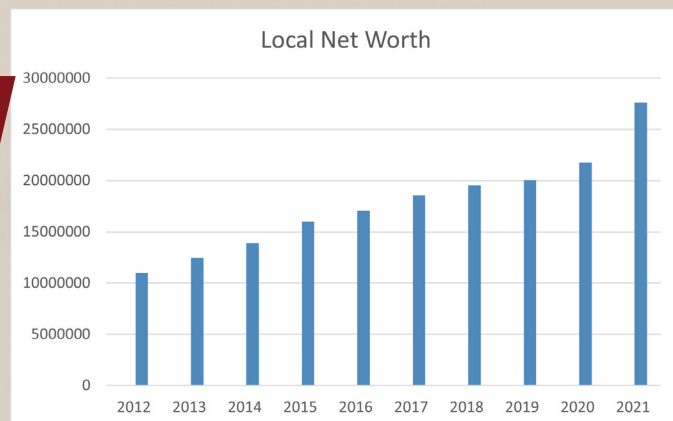
Years Ended January 31, 2021 & 2020

STATEMENTS OF OPERATIONS AND INCOME



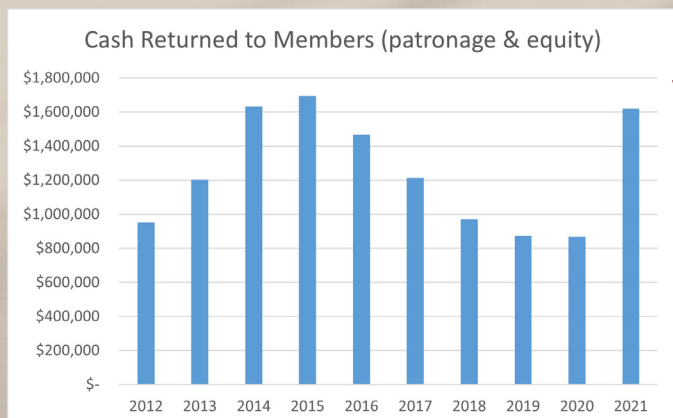
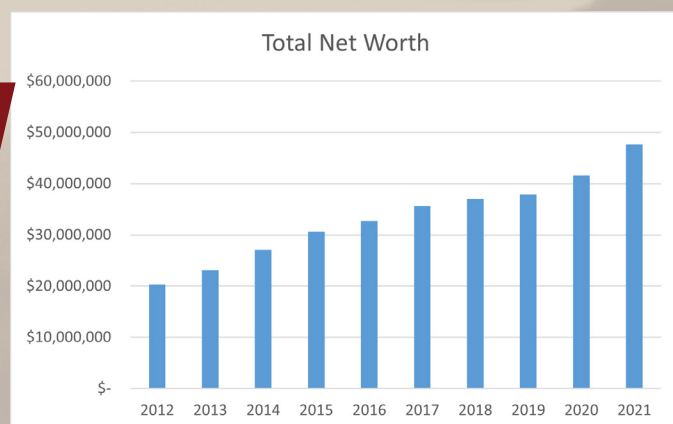
## LOCAL NET SAVINGS

## LOCAL NET WORTH



## FIXED ASSET ADDITIONS

## TOTAL NET WORTH



## CASH RETURNED TO MEMBERS (Patronage & Equity)





## Our Employees

Chara Allen  
 Todd Andersen-Wear  
 Tori Anderson  
 Kirk Andrews  
 Dalton Aullman  
 Barbara Axtell  
 Scott Baize  
 William Balliet  
 Desirae Bandy  
 Riley Barger  
 Christine Bausch  
 Todd Beatty  
 Gabrielle Bennink  
 Daniel Blessinger  
 Kaelor Bogle  
 James Bohrman  
 William Boise  
 Kailyn Bonnell  
 Kaitlyn Bragg  
 Susan Brainard  
 Cy Briggs  
 Josi Brosam  
 Thomas Brosam  
 Dalton Byrd  
 Donald Cerovski  
 Kyle Cerovski  
 Fortunato Chagua  
 Abigail Chocholaty  
 Martin Churchwell  
 Chrissie Coffman  
 Randy Craig  
 Emily Curtis  
 Christopher Dettmann  
 Richard Dozier  
 Connie Dubois  
 Adam Duncan  
 Julie Duval  
 Christy Dyer  
 Tari Eaves  
 Devon Eddie

Bridger Fergusson  
 Jessica Fields  
 Melanie Fields  
 Kash Fike  
 Brandon Flikkema  
 Dawn Forcier  
 Ryan Foster  
 Taylor Fries  
 Justin Geer  
 Nicole Gilbertson  
 Brad Gjermo  
 Elissa Godinez  
 Tayber Goff  
 Andrew Gomez  
 Brian Graham  
 Hannah Green  
 Jesse Gullion  
 Andrew Hauser  
 Kimberly Hay  
 Kelly Higgins  
 Aaron Hollatz  
 James Horner  
 Jeremy Huckleberry  
 Wayne Humphreys  
 Megan Hurst  
 Richard Jackson  
 Susan Jenkins  
 Diane Johnson  
 Tami Johnson  
 Richard Jones  
 Bruce Jordan  
 Jonathan Kaker  
 Akota Kalina  
 Chase Kitchen  
 Kelly Kleingartner  
 Jeanette Klompier  
 Ruth Knowles  
 Kerry Lambert  
 Nichole Lambert  
 Sheila Lambert

Megan Lee  
 Robert Lindsay  
 Charles Lombard  
 Robin Long  
 Nicole Lubick  
 Chad Martin  
 Chase Masolo  
 Cade McParland  
 Alexis Mehlmauer  
 Robert Michael Jr.  
 Cimeri Miller  
 Zachary Miller  
 Joby Minier  
 Patricia Mock  
 Jessica Molitor  
 Shannon Moody  
 Samuel Moos  
 Justin Morris  
 Alexis Morrison  
 Luke Neal  
 Daniel Neely  
 Jesse Neiminen  
 Jeffrey Nesbitt  
 Chris Newcombe  
 John Nichols  
 Richard Nuss  
 Taden Olsen  
 Jessica Park  
 Raymond Parr  
 Jeffrey Parsons  
 Courtney Pavao  
 Thomas Pierce  
 Jeffrey Pruitt  
 Cole Pulliam  
 Charles Pulse  
 Blake Rauser  
 Connor Reid  
 John Roberts  
 Regan Robertson  
 Carolyn Robinson

Kelly Root  
 Jason Rorabaugh  
 Tyler Rorabaugh  
 Stephen Schintzius  
 Timothy Schneider  
 Perry Shank  
 Annmarie Sheets  
 Curtis Sheets  
 Robert Shorthill  
 Christina Simonich  
 Charles Sines  
 William Smith  
 Katie Snowden  
 Lorna Sobrepena  
 Wayson Spencer  
 Yvette Stapp  
 Gregory Stearman  
 Charles Steele  
 Ronald Stringer  
 Yvonne Sutliff  
 Terrence Sweeney  
 Kenneth Thompson  
 Sarah Thorpe  
 Barbara Vail  
 Lucas VanVolsem  
 Richard Vetsch  
 Kenneth Visser  
 Rodney Wagner  
 Cayla Watson  
 Derek Weir  
 Evan Weir  
 Elizabeth Westerbuhr  
 Kylee Westervelt  
 Katelyn White  
 Philip Whitney  
 Amanda Worts  
 Robin Young  
 Austin Zeadow  
 Barry Zentz





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