



# GROWTH

**THROUGH PERSISTENCE**



**2020 ANNUAL REPORT**



# GROWTH THROUGH PERSEVERANCE

Our annual report theme this year is Growth Through Perseverance. I would like to explore both of the key words—Growth and Perseverance—in the next several paragraphs.

First, our numbers. While sales were down \$6.84 million to \$84 million, we finished with solid net earnings of \$996,709. When we add in earnings from Montana Energy Alliance, our propane joint venture with Vigilante Electric Cooperative, and our other regional cooperative patronage, your cooperative's total earnings before the provision for income taxes totaled \$4,358,312—\$1.63 million more than fiscal year 2019. Consequently, we will be distributing approximately \$1.16 million of patronage dividends back to our patrons, with approximately \$430,000 of this total being in the form of cash.

After reading this, some of you might question the word "Growth." After all, sales dollars and local net income decreased compared to the previous year. This is the point at which "Perseverance" applies.

Rocky Mountain Supply (RMSI) is operating in a very challenging agricultural environment—one that has resulted in very slim or negative returns for many retailers. At the same time, we executed a 10-month remodel of our Belgrade store. A project of this magnitude created a significant impact on both productivity and revenue, as both employees and customers experience the disruption of "business as usual." For the company and those directly impacted by both the project and the economic turmoil in the ag sector to persevere and deliver a very solid year is something we can all be proud of.

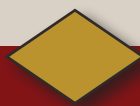
This is not to give the impression that your cooperative struggled operationally in fiscal 2020. All areas of RMSI that were able to operate normally had a very strong year. Our retail stores in Dillon, Townsend and Ennis, as well as our energy and agronomy divisions, experienced strong earnings and growth in many product areas.

For example, we moved a record number of fertilizer tons in fiscal 2020. We sold 21,663 tons of fertilizer to our patrons, an increase of 2,185 tons from fiscal 2019—a year-over-year increase of more than 11%. It takes your confidence and support to achieve a result like this, and we appreciate it. We look forward to a more "normal" fiscal 2021 for operations, with no significant project planned except for the Townsend store remodel, slated to begin the last quarter of fiscal year 2021.

## INVESTING IN YOU

RMSI continues to reinvest in key assets to serve our growing patron base. In the last fiscal year, \$4.5 million was spent to serve patrons today and for many years down the road.

The most significant of these investments was the completion of the Belgrade retail store remodel. This major undertaking created a significant amount of business disruption for much of the 2020 fiscal year. We are happy with the result and are extremely confident this investment will not only help us continue to grow this business but create a better experience for our customers and patrons who visit the store.



Other investments include a new refined fuels bulk delivery truck for the Gallatin and Park county area. We also purchased additional dry fertilizer tending equipment to support our increase in business and boost efficiency by keeping our dry fertilizer custom application units operating at their maximum capacity. We also made many smaller investments to repair or replace equipment to maintain a high level of customer service.

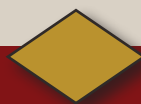
This emphasis on investment and reinvestment did not come at the expense of our retiring patrons and those who have long held equity in RMSI. Your cooperative retired \$436,649 of equity to members in fiscal 2020. This was the second year of our dual equity retirement plan implementation, which enables us to retire equity by both the age of the patron as well as the year in which the equity was earned. This approach allows more patrons to participate and to have a portion of their equity returned to them. So far, the results and reviews of this new system have been very positive.

### **YOUR SUPPORT = OUR SUCCESS**

As has been the case many times in previous years, RMSI accomplished everything a strong locally owned cooperative should do in fiscal 2020. We provided quality products and services to our patrons, operated efficiently to generate sufficient earnings to enable strong patronage dividends to patrons, reinvested in assets to serve the patrons of today and tomorrow, retired equity back to retiring patrons and still built upon our balance sheet. This final accomplishment allows RMSI to take advantage of future growth opportunities, positioning your cooperative to build upon its historical success.

Once again, I would like to recognize our employees for the hard work, commitment and loyalty demonstrated each day in serving our patrons! Without the diligent work of this group of people, RMSI would not have been able to experience the level of success it has enjoyed over the years. You can have the best facilities and rolling stock, but without great people, the value of the assets are greatly diminished.

Last, but most certainly not least, we would like to thank our patrons for your enduring support of RMSI! Without it, Rocky Mountain Supply would not be able to experience the lasting success it has and continue to reinvest to better serve you. We look forward to continuing to earn your trust and business every day!



**ASSETS****CURRENT ASSETS**

Cash and Cash Equivalents	
Receivables	
Inventories	
Available-for-Sale Securities	
Prepaid Expenses and Other Current Assets	
Income Taxes Refundable	

**TOTAL CURRENT ASSETS****CURRENT ASSETS**

Investments in Cooperatives	
Investment in MEA LLC	
Other Assets	

**TOTAL INVESTMENTS AND OTHER ASSETS****PROPERTY AND EQUIPMENT**

Less: Accumulated Depreciation	
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**NET PROPERTY AND EQUIPMENT****TOTAL ASSETS****2020****2019**

\$ 219,682	\$ 48,401
2,366,759	3,300,175
8,642,270	7,979,137
2,192,803	2,149,891
749,139	901,858
108,532	---
<b>14,279,185</b>	<b>14,379,462</b>
17,516,274	15,956,383
2,193,505	1,884,216
154,462	205,949
<b>19,864,241</b>	<b>18,046,548</b>
31,850,053	28,201,578
(11,967,369)	(10,792,682)
<b>19,882,684</b>	<b>17,408,896</b>
<b>\$54,026,110</b>	<b>\$49,834,906</b>

**LIABILITIES & PATRON EQUITIES****CURRENT LIABILITIES**

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

**TOTAL CURRENT LIABILITIES****LONG-TERM LIABILITIES**

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

**Total Long-Term Liabilities****TOTAL LIABILITIES****PATRON EQUITIES**

Preferred Stock	
Patronage Refunds Payable in Equity	
Accumulated Other Comprehensive Income	
Unallocated Capital Reserve	

**Total Patron Equities****TOTAL LIABILITIES & PATRON EQUITIES**

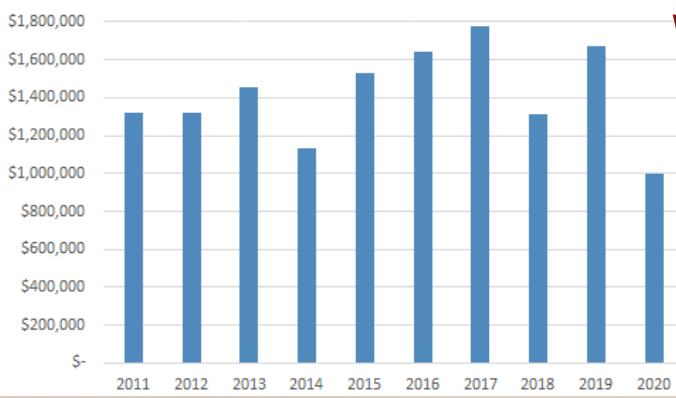
\$ 2,401,389	\$ 993,149
402,662	---
314,640	314,640
2,339,143	3,319,833
2,329,198	2,032,144
413,421	490,209
---	101,468
430,865	418,609
<b>8,631,338</b>	<b>7,670,052</b>
2,464,148	2,778,788
1,327,000	1,478,000
<b>3,791,148</b>	<b>4,256,788</b>
<b>12,422,486</b>	<b>11,926,840</b>
22,183,620	21,788,591
733,669	744,193
---	93
18,686,335	15,375,189
<b>41,603,624</b>	<b>37,908,066</b>
<b>\$54,026,110</b>	<b>\$49,834,906</b>

	2020		2019	
	Amount	% of Sales	Amount	% of Sales
<b>CURRENT SALES</b>	<b>84,031,462</b>	<b>100%</b>	<b>90,875,470</b>	<b>100%</b>
<b>COST OF SALES</b>	<b>72,526,649</b>	<b>86.31</b>	<b>79,165,002</b>	<b>87.11</b>
<b>GROSS MARGIN</b>	<b>11,504,813</b>	<b>13.69</b>	<b>11,710,468</b>	<b>12.89</b>
<b>OPERATING EXPENSES</b>				
Distribution:				
Salaries & Wages	4,601,123		4,427,831	
Payroll Expenses	1,318,099		1,239,819	
	<b>5,919,222</b>	<b>7.04</b>	<b>5,667,650</b>	<b>6.24</b>
General:				
Depreciation	1,460,608		1,315,981	
Delivery Expense	789,582		802,363	
Business Expenses	1,216,467		1,084,808	
	<b>3,466,657</b>	<b>4.13</b>	<b>3,203,152</b>	<b>3.52</b>
Administrative:				
Advertising & Promotion	225,926		197,310	
Professional Services	114,827		113,322	
Meetings, School, & Training	142,016		121,176	
Credit Card Charges	521,617		530,137	
Admin Expenses	249,116		369,141	
	<b>1,253,500</b>	<b>1.49</b>	<b>1,331,086</b>	<b>1.46</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$10,639,379</b>	<b>12.66</b>	<b>\$10,201,086</b>	<b>11.23</b>
<b>OTHER INCOME (EXPENSE)</b>				
Interest Expense	(295,230)		(239,988)	
Patron Finance Charges	78,327		135,091	
Other Revenue (Expense)	321,945		245,352	
	<b>105,042</b>	<b>0.13</b>	<b>140,455</b>	<b>0.15</b>
<b>GAIN (LOSS) ON ASSET REMOVAL</b>	<b>26,233</b>		<b>21,124</b>	
<b>LOCAL NET SAVINGS</b>	<b>996,709</b>	<b>1.19</b>	<b>1,670,159</b>	<b>1.84</b>
<b>PATRONAGE REFUNDS RECEIVED</b>	<b>2,146,007</b>	<b>2.55</b>	<b>300,605</b>	<b>0.33</b>
<b>EARNINGS FROM MEA LLC</b>	<b>1,215,596</b>	<b>1.45</b>	<b>757,462</b>	<b>0.83</b>
<b>NET SAVINGS BEFORE INCOME TAXES</b>	<b>4,358,312</b>	<b>5.19</b>	<b>2,728,226</b>	<b>3.00</b>
(BENEFIT) PROVISIONS FOR INCOME TAXES	(166,000)		840,000	
<b>NET SAVINGS</b>	<b>4,524,312</b>	<b>5.38</b>	<b>1,888,226</b>	<b>2.08</b>
Unrealized Gain on Available-for-Sale Securities	---		(99,441)	
<b>COMPREHENSIVE INCOME</b>	<b>\$4,524,312</b>		<b>\$1,788,785</b>	

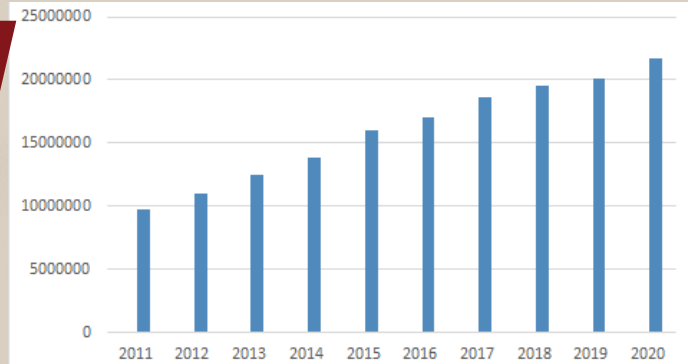
Years Ended January 31, 2020 & 2019

STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

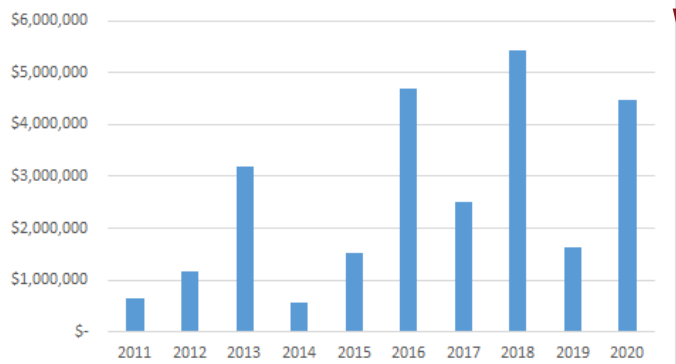
## LOCAL NET SAVINGS



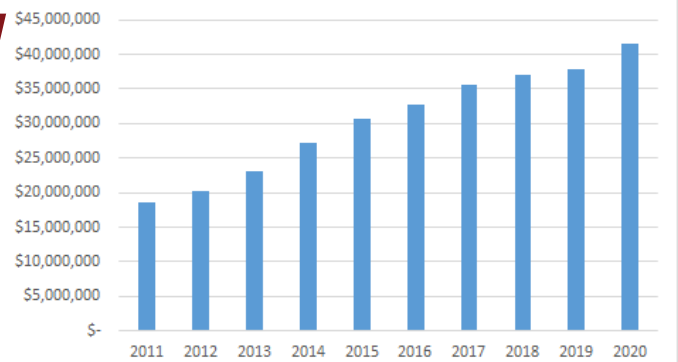
## LOCAL NET WORTH



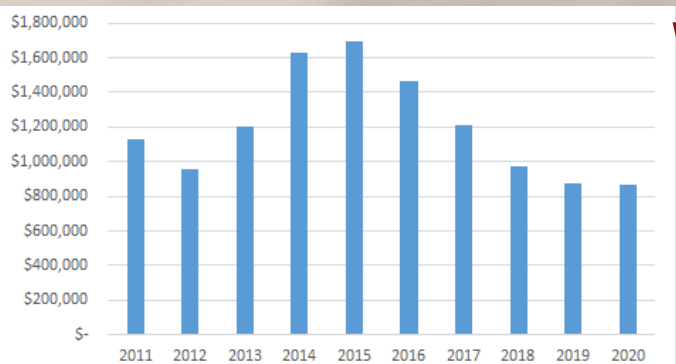
## FIXED ASSET ADDITIONS



## TOTAL NET WORTH



## CASH RETURNED TO MEMBERS (Patronage & Equity)







## Our Employees

Avery Adams  
Clifford Alberda  
Tori Anderson  
Barbara Axtell  
Scott Baize  
Gary Baker  
Faith Baker  
William Balliet  
Desirae Bandy  
Riley Barger  
Raelynne Barnett  
Barbara Barthel  
Todd Beatty  
Donalee Betts  
Alexia Biederman  
Tana Billingsley  
Stephanie Blasenak  
Daniel Blessinger  
James Bohrman  
Kaitlyn Bragg  
Susan Brainard  
Josi Brosam  
David Brower  
Lisa Browning  
Jeff Bruce  
Henry Buchholz  
Payton Burman  
Adam Camara  
Melissa Carvey  
Kyle Cerovski  
Micheal Chesnut  
David Cicmil  
Ian Clark  
Chrissie Coffman  
Ethan Coleman  
Carli Costle  
Scott Crist  
Brittany Delehant

Christopher Dettmann  
Marc Dietsch  
Payton Dobbs  
Hunter Dobbs  
Richard Dozier  
Connie Dubois  
Julie Duval  
Tari Eaves  
Bridger Fergusson  
Jessica Fields  
Kash Fike  
Brandon Flikkema  
Dawn Forcier  
Jocelyn Frasier  
Justin Geer  
Brad Gjermo  
Tayber Goff  
Andrew Gomez  
Cynthia Green  
Jesse Gullion  
Shalene Hafner  
Shannon Hamilton  
Ross Henderson  
Gregory Hess  
Aaron Hollatz  
Grady Holt  
Sydney Hopkins  
James Horner  
Jeremy Huckleberry  
Ian Huffington  
Megan Hurst  
Piper Johnson  
Richard Jones  
Akota Kalina  
Gavin Kewish  
Clarence Klompian  
Shane Koski

Sheila Lambert  
Harold Leneve  
Robert Lindsay  
Sky Losleben  
Devin McClayland  
Jared McGuire  
Gabriel McManus  
Cheree Meek  
Zachary Meng  
Robert Michael Jr.  
Joby Minier  
Patricia Mock  
Parker Moody  
Shannon Moody  
Samuel Moos  
Melissa Morlan  
Justin Morris  
Luke Neal  
Daniel Neely  
Jesse Neiminen  
Rhonda Nelson  
Parker Nesbit  
Jeffrey Nesbitt  
Brittany Neurerberg  
Chris Newcombe  
Vickie Noack  
Richard Nuss  
Hope Opie  
Mckenna Parke  
Raymond Parr  
Jeffrey Parsons  
Courtney Pavao  
Karinne Percy  
Jessica Peavler  
Matthew Peavler  
Thomas Pierce  
Blake Rauser  
Laura Regan

Connor Reid  
William Reints  
John Roberts  
Regan Robertson  
Carolyn Robinson  
Jason Rorabaugh  
Stephen Schintzius  
Catherine Schmidt  
Radley Scoffield  
Curtis Sheets  
Timothy Shields  
Velvet Short  
Christina Simonich  
David Smolnikar  
Katie Snowden  
Lorna Sobrepena  
Wayson Spencer  
Gregory Stearman  
Charles Steele  
Brodie Stinar  
Yvonne Sutliff  
Terrence Sweeney  
Kristen Swenson  
Sarah Thorpe  
Sherri Tice  
Gene Todd  
Barbara Vail  
Shayla VanHorne  
Lucas Vanvolsem  
Kenneth Visser  
Rodney Wagner  
Cayla Watson  
Eric Weaver  
Aaron Wellman  
Amanda Worts  
Jedidiah Wylie  
Robin Young





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