

AUGUST 31, 2007



100th Annual Report



COOPERATIVE

RISING.



100th Anniversary Annual Report

TO AURORA COOPERATIVE SHAREHOLDERS

MANAGEMENT

George Hohwieler
President & CEO

Chris Vincent
Chief Operating Officer

Alan Hagemeier
Vice President of Grain Marketing/
Merchandising/Transportation

Mark Cleveland
Grain Operations

Jeff Bart
Employee Services

Kelly Grossnicklaus
Credit Services

Chris Decker
Agronomy Services

Carl Smith
Finance (Operating Divisions)

Gerald Painter
Finance (Corporate)

Chad Carlson
Corporate Operations

In these times of incredible change in agriculture, your cooperative, backed by your loyalty and support, has performed beyond expectations.

In fact, in this 100th annual report of your cooperative, we are proud to report that sales, earnings, and cash patronage to members all reached record levels in fiscal 2007.

Sales and related income reached \$475.0 million, a 40 percent increase over the prior year. Sales volumes increased in all core businesses, demonstrating broad success on all fronts. Earnings from core businesses and other ventures totaled \$9.6 million. The liquidation of our stock in FCStone earned an additional \$13.9 million, bringing total earnings to \$23.5 million before taxes.

With these solid earnings, the board of directors approved \$12.0 million in patronage refunds, with \$4.2 million of that being paid as cash patronage. In addition, Aurora Cooperative revolved \$1.4 million of members' equity, bringing the total cash payments to members to \$5.6 million, the highest single-year level in the history of the company.

During this fiscal year we welcomed employees from the Roseland Ag Supply Center, Fahrenbruch Farm Center, and Upland Cooperative to the Aurora Cooperative family. We formed a partnership and built Giltner West. We saw the Aurora West grain elevator rise from the ground to 140 feet in just six days, while the Aurora West dry fertilizer complex opened for business. It was an exciting year.

Yet success in one year – or over 100 years – does not ensure success for tomorrow. That is why we continuously review the direction of the Aurora Cooperative. Are we making the right decisions in grain marketing? Can we better leverage our purchasing power and storage capacity to give members an edge on fertilizer prices? Are we taking advantage of new knowledge to provide the best possible feed rations? Do we need to further broaden our reach to continue our success in supporting the biofuels sector? Are we nimble enough?

Throughout its 100 years, the Aurora Cooperative has met these and hundreds of other self-examining questions head on. Striving for continuous improvement and adapting to change helped make your company successful in the past – and will help ensure its success in the future.

For your business, support, and encouragement, we thank you.

George Hohwieler
George Hohwieler (L)
President and CEO

Bill Schuster
Bill Schuster (R)
Board Chairman



Charting a course

BOARD TERMS

Bill Schuster
2010 Chairman

Birger Benson
2008 Vice Chairman

Barry Handrup
2009 Secretary-Treasurer

Roger Fehr
2008 Director

Roy Stoltenberg
2008 Director

Ken Boswell
2009 Director

Evan Brandes
2009 Director

Scott Elting
2009 Director

Duane Keller
2009 Director

Steve Olson
2009 Director

Robin Bochart
2010 Director

Curt Carlson
2010 Director

Danny Janzen
2010 Director

Les Simonsen
2010 Director

John Willoughby
2010 Director

Steve Bunger
2009 Associate Director

Craig Grams
2009 Associate Director

Andy Wilson
2009 Associate Director



The Aurora Cooperative's board of directors meets each month to review the progress of the company and to ensure the company's management team is meeting its mission. The regular directors, who serve three-year terms, and associate directors, who serve two-year terms, also represent the long-term interests of the cooperative's farmer-owners and help make sure their needs are being met.

To keep the cooperative on track with changes in agriculture, a specific business unit, or operational efficiencies, the board conducts an annual retreat. At the retreat, board members and the management team take an in-depth look at the cooperative, the sectors in which it operates, and what the future may hold. From these sessions, the board and management develop a comprehensive business strategy and long-term plan.

Since the cooperative's founding in 1908, the board of directors, working with the company's management team, has helped steer the Aurora Cooperative through times of challenging opportunity and overwhelming success.



(Front row from left)

Steve Bunger, Scott Elting, Birger Benson, Bill Schuster, Barry Handrup, Evan Brandes, Duane Keller, Curt Carlson.

(Back row from left)

Robin Bochart, Danny Janzen, Steve Olson, John Willoughby, Roger Fehr, Ken Boswell, Roy Stoltenberg, Les Simonsen, and Andy Wilson.
Not pictured Craig Grams.



An annual tour gives the board of directors a chance to visit new locations and informally meet with employees.

Highlights from the past year

The 2006-07 fiscal year will go down as one of the most exciting in the history of the Aurora Cooperative.

Not only did the cooperative see the Aurora West grain complex rise toward the sky and the new fertilizer complex open for business, but several other projects and business agreements were finalized.

Business agreements expanded the company to Upland, Bertrand, Elwood, and Roseland. In the mean time, construction of Giltner West got underway, while Minden and Keene saw projects wrap up.

By the end of the fiscal year, the company had 460 employees across its 41 locations. To the new Aurora Cooperative employees: Welcome. And to all employees throughout the cooperative: Thank you for another tremendous year of growth.



March 2007: The new state-of-the-art Minden agronomy service center was completed.

April 2007: The Aurora Cooperative and Upland Cooperative announced merger. Upland employees include (from left) Suzanne Fries, Location Manager Steve Fries, Lisa Johnson, Alan Bunger, and Troy Braddy.



November 2006: In six days, the Aurora West elevator grew from the ground up to its final height of 140 feet.



August 2007: The dry fertilizer plant on the Aurora West complex opened for business.



July 2007: The Aurora Cooperative began operating the Roseland Ag Supply Center in Roseland, Nebraska. Employees include (from left): Manager Deanie Harris, John Paulsen, and Cheryl Klein.

August 2007: The Keene Agronomy Center/ Liquid Plant construction nears completion.



April 2007: The Aurora Cooperative and Fahrenbruch Farm Center Inc. (FFC) of Bertrand, Nebraska, announced that the parties closed on an asset acquisition deal involving the agronomy and petroleum facilities of FFC.



January 2007: The Aurora Cooperative and Giltner West LLC announced that they have agreed to develop a new agri-business site 2.5 miles west of Giltner. The site will offer contemporary grain-handling facilities, an automated fueling station, and an agronomy center.



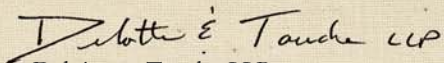
INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying consolidated balance sheet of Aurora Cooperative Elevator Company (the "Company") as of August 31, 2007, and the related consolidated statements of operations, members' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements and financial statement schedules of the Company for the year ended August 31, 2006, were audited by other auditors whose report, dated October 18, 2006, on those statements and schedules expressed a qualified opinion because the statements and schedules are not presented as though the combination of the merged companies occurred at the beginning of the year.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2007 consolidated financial statements present fairly, in all material respects, the financial position of Aurora Cooperative Elevator Company as of August 31, 2007, and the results of its operations and its cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the 2007 basic financial statements taken as a whole. The 2007 additional supplementary data listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of the Company's management. The 2007 supplementary schedules have been subjected to the auditing procedures applied in our audit of the 2007 basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the 2007 basic financial statements taken as a whole.


 Deloitte & Touche LLP
 January 23, 2008

CONSOLIDATED BALANCE SHEETS

AS OF AUGUST 31, 2007 AND 2006

	2007	2006
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,922,529	\$ 391,336
Accounts, notes, and other receivables — net	62,035,428	32,409,945
Advances on inventory	17,355,741	5,875,066
Inventories:		
Grain	24,866,400	15,181,148
Merchandise	30,681,020	18,239,866
Deferred income taxes	203,661	181,469
Prepaid expenses	1,878,104	1,088,023
Total current assets	<u>139,942,883</u>	<u>73,366,853</u>
INVESTMENTS		
Investments in other cooperatives	12,979,916	10,150,357
Other investments	3,216,708	2,730,753
Total investments	<u>16,196,624</u>	<u>12,881,110</u>
PROPERTY AND EQUIPMENT:		
Land	1,782,114	1,093,996
Buildings, equipment, and vehicles	64,937,731	59,332,046
Construction in progress	19,632,566	1,117,603
	86,352,411	61,543,645
Accumulated depreciation	<u>(44,242,352)</u>	<u>(41,383,634)</u>
Net property and equipment	<u>42,110,059</u>	<u>20,160,011</u>
OTHER ASSETS:		
Patron accounts		49,699
Notes receivable	413,033	542,270
Prepaid expenses	77,928	125,322
Goodwill and intangible assets	<u>1,268,331</u>	<u>146,258</u>
Total other assets	<u>1,759,292</u>	<u>863,549</u>
TOTAL	<u>\$ 200,008,858</u>	<u>\$ 107,271,523</u>

(Continued)

CONSOLIDATED BALANCE SHEETS

AS OF AUGUST 31, 2007 AND 2006

	2007	2006
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES:		
Outstanding check liability	\$ 1,823,652	\$ 2,993,804
Notes payable		
Line of credit	87,465,416	39,033,916
Current portion of term debt	1,909,622	2,387,317
Accounts and other payables	18,997,214	10,274,033
Unearned revenue	200,000	366,765
Accrued expenses	6,580,657	3,106,311
Cash patronage refunds	4,138,451	2,582,669
Total current liabilities	121,115,012	60,744,815
LONG-TERM LIABILITIES:		
Notes payable	25,951,442	7,609,128
Unearned revenue	375,800	675,800
Compensation liability	179,772	-
Deferred income taxes	6,609	1,233
Total long-term liabilities	26,513,623	8,286,161
COMMITMENTS AND CONTINGENCIES		
MEMBERS' EQUITY:		
Capital stock	77,975	79,625
Members' equity credits	30,306,731	23,293,798
Retained savings	21,995,517	14,867,124
Total members' equity	52,380,223	38,240,547
TOTAL	\$ 200,008,858	\$ 107,271,523

PATRONAGE REFUND RATES

For the Year Ended August 31, 2007

	Total Rate	Cash Rate
GRAIN	\$0.0729/bu	\$.0246/bu
FEED	6.38%	2.342%
AGRONOMY	3.84%	1.420%
PETROLEUM	7.62%	2.290%

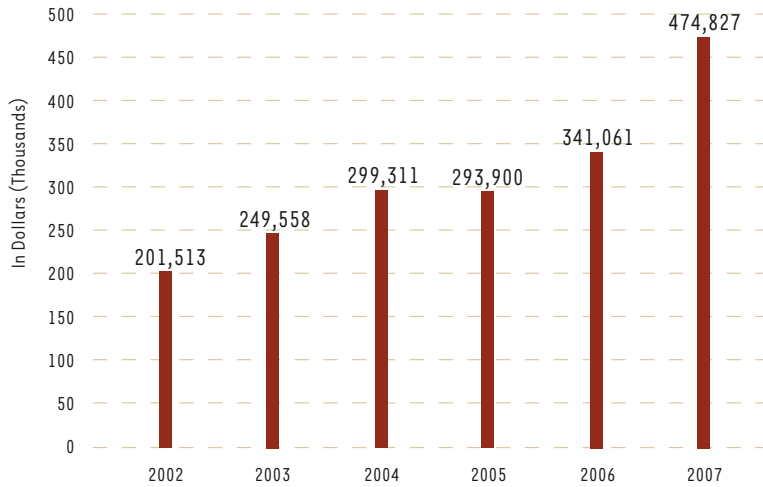
CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED AUGUST 31, 2007 AND 2006

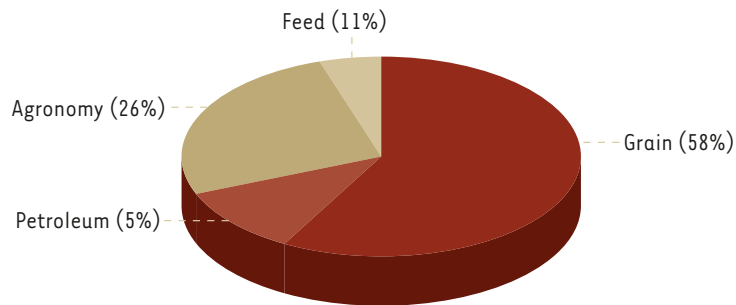
	2007	2006
SALES:		
Grain marketed	\$ 265,330,716	\$ 188,067,734
Merchandise sales	195,847,228	141,969,076
Other operating revenue	13,649,288	11,024,475
Total sales	474,827,232	341,061,285
COST OF GOODS SOLD	419,422,865	296,745,426
GROSS MARGIN	55,404,367	44,315,859
GENERAL AND ADMINISTRATIVE EXPENSES	(42,482,660)	(35,170,404)
OPERATING INCOME	12,921,707	9,145,455
OTHER INCOME (EXPENSE):		
Interest income and finance charges	981,948	656,193
Interest expense	(10,629,960)	(5,052,802)
Investment income	20,055,336	3,773,432
Other income — net	220,396	-
Total other income (expense) — net	10,627,720	(623,177)
INCOME BEFORE INCOME TAXES	23,549,427	8,522,278
INCOME TAX EXPENSE	4,431,669	1,048,507
NET INCOME	\$ 19,117,758	\$ 7,473,771
DISTRIBUTION OF NET INCOME:		
Cash patronage	\$4,138,451	\$2,266,007
Members' equity credits	7,848,266	3,399,010
Total patronage refunds	11,986,717	5,665,017
RETAINED SAVINGS	7,131,041	1,808,754
NET INCOME	\$ 19,117,758	\$ 7,473,771

(Concluded)

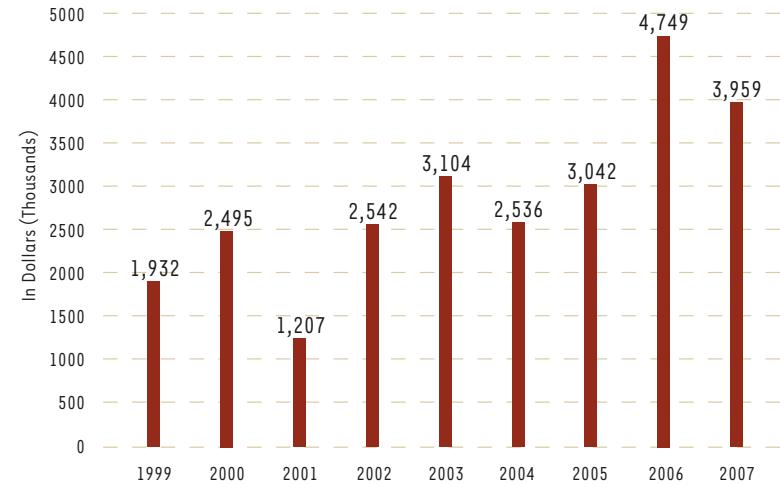
Charting success



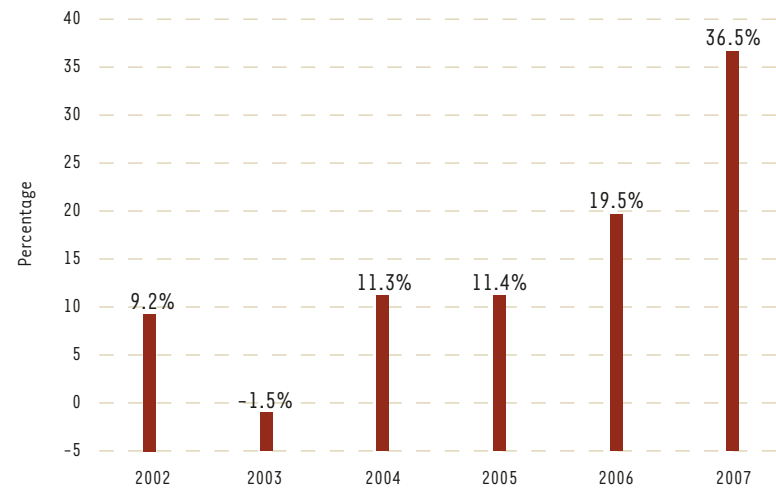
COMPANY SALES



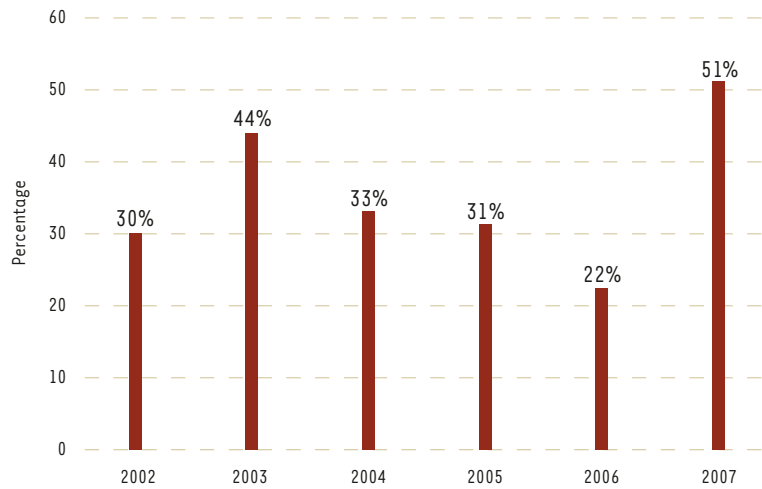
2007 SALES SUMMARY



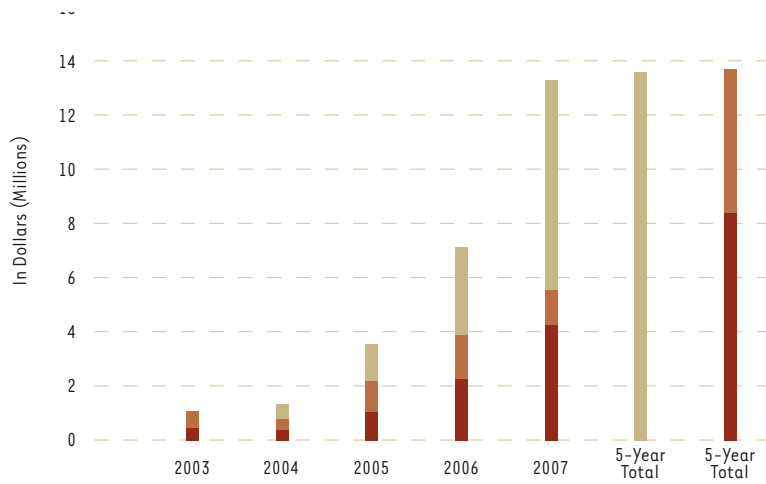
LOCAL NET SAVINGS



ROE (NET SAVINGS TO EQUITY)



LONG TERM DEBT TO EQUITY



	In Dollars (Thousands)					
Deferred Equity	\$722	\$1,655	\$3,399	\$7,848	\$13,624	
Eqty. Rvlmt. Rev.	\$599	\$470	\$1,172	\$1,558	\$1,364	\$5,163
Cash Patronage	\$496	\$481	\$1,103	\$2,266	\$4,138	\$8,486

PATRONAGE/EQUITY REVOLVEMENT HISTORY



