

2018 ANNUAL REPORT

TOUGHER TOGETHER

AURORA COOPERATIVE





THINK



MANEUVER



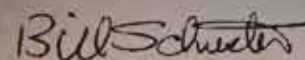
PERFORM

OUR LIGHTS ARE ON *UNTIL YOURS ARE OFF*

As a farmer, you know what toughness is all about. Toughness is perseverance season after season. It's resilience in the face of adversity. And it's trusting in a partner who will be there for you from start to finish. Because legacies aren't created alone. They come from doing things the right way, together, generation after generation.

It's why every decision and every investment we make is focused on helping you outthink challenges, outmaneuver obstacles and outperform expectations. We strive to be the best partner — and the best cooperative — you can choose. Because we understand that our success comes from helping you create your own.

We thank you for your continued patronage and we look forward to working by your side — every day — and growing together for generations to come.



BILL SCHUSTER

Chairman



CHRIS VINCENT

President & CEO





ABOUT AURORA

A LEGACY OF WORKING TOGETHER

Trust, innovation and hard work. At Aurora Cooperative, these aren't just words — they're principles that drive performance. With Aurora, farmer-owners have a trusted partner who will help them make the best decisions for their farm so they can create, and carry on, their own legacy.

“

*You put your blood, sweat and tears out here every year to put food on the table. To be able to **PASS THAT LAND, WORK ETHIC AND FAMILY VALUES ON TO THE NEXT GENERATION** means so much.*

THAT'S WHY WE FARM.

DON WEEDIN

Hampton, Nebraska



AURORA ACROSS AMERICA

82
LOCATIONS

7
STATES

With locations across the country, Aurora Cooperative is proud to offer services to farmers wherever they call home.



“

*The joy of being employed by Aurora Cooperative is having the ability to work alongside the owners toward a common goal. That goal is to **TURN EACH DAY'S SUCCESS OVER TO THE NEXT GENERATION** of sons and daughters.*

DEREK HENRY | Ames, Kansas

“

*Aurora Cooperative has **MET AND EXCEEDED THE PROMISES THAT THEY MADE** us and our staff. Our location takes pride in how we serve our local owners. It has been rewarding working with the farmer-owners to discover new solutions to their challenges and help them get improved yields and quality.*

LARIE JONES | Wray, Colorado

WE BELIEVE IN OUR OWNERS' CULTURE *WE STRIVE TO LIVE BY IT EVERY DAY*

Doing right for you not only means investing in facilities, equipment, processes and technology but also means investing in the employees who put your success first. It's why we focus on training and development for Aurora Cooperative employees that supports an owners' culture within the cooperative.

645 TOTAL EMPLOYEES

132,042 HOURS OF TRAINING ACROSS EMPLOYEES

4,325 COMBINED YEARS OF AURORA EXPERIENCE

RELATIONSHIPS ARE AT THE FOREFRONT OF EVERYTHING WE DO

Each farmer-owner has their own unique needs. Because of this, personal connections and relationships are at the heart of everything we do. It's this earned trust with our farmer-owners that allows us to provide quality recommendations and timely services they can count on.

“

*The people who work here, they go out every day trying to do their best to take care of our customers. We have really strong relationships with our customers and we want to continue that positive relationship. **WHEN THEY DO WELL, WE DO WELL**, and that's what it's all about.*

BEN JONES | Aerial Employee – Wray, Colorado



AURORA IN THE COMMUNITY

Our commitment to agriculture goes beyond the field and into local communities, schools and youth organizations. We believe the future of agriculture lies with our young people, and we're honored to help them grow their passion for farming.



COMMITTED TO COMMUNITY



CENTRAL CITY INVESTMENTS

Central City is building a new hospital, there is the potential for an addition to our public schools, and new restaurants have recently opened their doors. As we talk to new families looking at relocating to Central City, many tell us that the Child Development Center seals the deal. **WE ARE LOOKING INTO THE FUTURE AND WE WOULD LIKE TO THANK AURORA COOPERATIVE** for their continued support.

AMY KUCERA | Merrick County Child Development Center – Central City, Nebraska

WOOD RIVER HIGH SCHOOL

The impact of those scoreboards have far exceeded our expectation. We now have two classes that are learning real-life applications and working with products that some advertising businesses use today. **WE ARE THANKFUL TO AURORA COOPERATIVE FOR BELIEVING IN OUR SCHOOL** and its vision for preparing students for life after school.

BRENDA HIRCHERT | Wood River, Nebraska



EMPOWERING FUTURE FARMERS

Aurora Cooperative is **AN IMPORTANT PART OF OUR COMMUNITY.** By working with our local schools, is has provided students an opportunity to see potential careers in agriculture.

ALICE MCDONALD | Phillips, Nebraska



5 \$1,000 SCHOLARSHIP RECIPIENTS | **10 \$500 RECIPIENTS**
\$10,000 TOTAL 2019 DISTRIBUTIONS

INTERNSHIPS

The hardworking individuals at Aurora Cooperative truly **STRIVE TO MAKE THE MOST OF A GROWER'S FARM.** They're also more than willing to work with me to make sure that I get the most out of my internship.

JON SIMONSON | Agronomy Intern

8 INTERNSHIPS | **4,000** HOURS OF EXPERIENCE GAINED



START WITH A PLAN

Every season comes with new opportunities and new challenges. That's why it's so important to have a partner who knows your unique needs and goals. By providing you with better people, better research, better products and better information, Aurora Cooperative can help you plan for a breakout season.



At Aurora Cooperative, **THE PROFESSIONALS WE WORK WITH ARE ALWAYS HELPING US** fine-tune our production practices. They bring our farm a combination of proven technologies and science they have learned from experience on area farms, Aurora research and industry partners.

MARK KNOBEL | Fairbury, Nebraska



WITH YOU AT EVERY STEP

A smart plan is just the beginning. You also need a dependable partner who can be a guide on your journey. Because we care about your success as much as you do, we're committed to making sure you have everything you need to outthink problems and outmaneuver challenges.



Aurora Cooperative has made planting easier because **THEY PUT THE RIGHT SEED IN THE RIGHT SOIL**. With Bryan's help and the delivery of products, Aurora is a one-stop shop so I don't have to price shop.

RYAN BONHAM | Franklin, Nebraska



FINISH STRONG

Your job doesn't start at 9 and end at 5, and neither does ours. Our lights are on until yours are off. Until the last farmer brings in his last truck of the day, our grain elevators stay open. This same mantra exists across all divisions. Whenever you need us, we'll be there — any time, every time



Keene helps us every day in our operation. **THEY ARE VERY PERSONABLE**. We've known Lance and the crew for 20-30 years. It's the relationship with Keene and Aurora Cooperative that helps get things done for harvest.

CARSON BLUM | Upland, Nebraska



GROW WITH A PARTNER

Because we're with you at every step of the process, you never have to worry about missing out on the full benefits of Aurora Cooperative. We're always looking toward the future, with new ways to maximize your farm or ranch while minimizing your risk. We're your one-stop, do-it-all advisor who helps you outperform all year long.



At Aurora Cooperative, they teach me what I could do differently and **THEY GET ME TO TRY NEW THINGS**, to be more efficient and to increase our yields to see how high they can go.

DAN ASPERGREN | Geneva, Nebraska



PLAN

PLANT

HARVEST

GROW



YOUR YIELD IS OUR FOCUS

We believe in yield. Your yield. At Aurora Cooperative, our goal is to make sure you have access to data and information that help you make the most profitable decisions for your farm. Our local experts, backed by research, tools and experience, will help you make the right choices for products, practices and technologies that can maximize your farm's profitability and reach your goals. **We take your success personally and we are out to prove it every day.**



The reason I do Aurora Yield Advantage is to learn more from others, that way I can spread my risk. **YOU GET A LOT OF GOOD INFORMATION FROM A LOT OF DIFFERENT GUYS** and a lot more acres than what I am able to do on my own. I take what I can do on a small scale and take it to an operation size to try and increase yield.

BEN HEATH | Geneva, Nebraska

YIELD ADVANTAGE VS. NEBRASKA



2018 APPLICATION ACRES

2,137,418 LIQUID FERTILIZED ACRES

374,872 DRY FERTILIZED ACRES

1,024,703 AERIAL FERTILIZED ACRES

SERVICE THAT DOESN'T STOP UNTIL YOU DO

Aurora Cooperative is located in the heart of grain country. We're continually investing in key infrastructure designed to increase the efficiency and velocity of grain moving through our network — more than 100 million bushels of grain handled a year. Helping you manage risk, provide insights and create revenue-generating solutions in an ever-changing market is our goal.



Aurora Cooperative has made a big impact on our community. We really appreciate the investment they have made. **THE POLICY 'OUR LIGHTS ARE ON UNTIL YOURS ARE OFF' HAS MADE A HUGE IMPACT ON OUR OPERATION** — especially years like this year where the weather's been a challenge. It's going to be a big factor going forward.

ANDY MEYER | Superior, Nebraska

107,334,133 TOTAL BUSHELS OF GRAIN

27,521 RAILCARS

112,171 INBOUND TRUCKS

LATE HARVEST HOURS SAVINGS

84 HOURS SAVED BY GRAIN CUSTOMERS

3.5 DAYS SAVED BY FARMERS

321,132 TOTAL HOURS SAVED

FUELING YOUR NEEDS

Whether it's for your farm or your family, Aurora Cooperative provides you with the energy you need to power your success. We offer a full line of quality refined fuels for all purposes, but we're also focused on building strong relationships and offering convenient services centered on your needs.


A-STOPS

Convenient, fast and clean, our A-Stop locations are ready to fuel your day and your vehicles with multiple blends — including E-15.

AURORA DOWNTOWN 

YORK 

MARQUETTE 

AURORA WEST 

DANNEBROG 

SUPERIOR 

GRAND ISLAND 

ELWOOD 

UPLAND 

GRANT 

GIBBON 

CHAPMAN (DAYTIME ONLY) 

MINDEN 

HARDY 

CLAY CENTER 

ST. PAUL 

HARVARD 

INVESTING IN THE FUTURE OF ETHANOL

Aurora Cooperative is proud to be a leader in growing the availability of locally produced ethanol made from locally grown corn. Investing in homegrown, clean-burning, renewable ethanol gives local communities the fuel they need and puts money back into the area by supporting local corn farmers.



PETE RICKETTS | Governor of Nebraska



As the number two ethanol-producing state in the U.S., Nebraska's corn farmers realize how important the ethanol industry is to their bottom line. **AURORA COOPERATIVE ALSO UNDERSTANDS THE IMPORTANCE OF ETHANOL TO NEBRASKA'S FARMERS** and has been aggressive in adding fueling sites that include higher ethanol blends of fuel such as E15, E30 and E85.

For this reason, the Nebraska Corn Board is happy to partner with Aurora Cooperative with the approval of three \$50,000 grants, to date, to help cover the additional costs associated with the installation of enhanced equipment.

ROGER BARRY | Nebraska Corn Board

HERE FOR YOU AND YOUR LIVESTOCK

Helping your livestock operation perform at its peak is our top priority. With expert nutritionists and a skilled staff offering a diverse selection of quality products, our team is here to serve you and your animals.



We have been doing business with Aurora Cooperative for about six years and only use the Animal Nutrition department. We are happy with the services and the relationships we have built. **EVERYTHING IS CONSISTENT AND THAT IS IMPORTANT.** I never worry about running out of product or having a big stock sitting around.

PENNY SOCK | Manager, Bobcat Feeders — Oconto, Nebraska



We are a full-line feed manufacturing facility. We have capabilities of grind and mix to pelleting. We offer customized rations whether it be cow/calf producer, background yard or finishing feedlots. **WE CUSTOMIZE RATIONS TO PRODUCERS' NEEDS** and their available feedstuffs for optimal performance and gain.

MARTY FITZKE | Director of Animal Nutrition Operations





RESEARCH AND ADVICE

RFR REAL FARM RESEARCH

Nothing is more local than farming. With Real Farm Research (RFR) products, trials are conducted in the same kind of soils and conditions you work with. So you can be confident that the products selected will perform on your acres and be backed by years of data collected through extensive testing.

16 RESEARCH PLOTS | **10** TOURS | **63** COMPANIES



OWNERS ACRES

With Owners Acres, Aurora Cooperative sets aside acres that act as a classroom and research facility rolled into one. Farmer-owners can see firsthand how Aurora-branded products perform and which management practices and agronomic solutions work best. By putting your equity to work on Owners Acres, you can achieve greater success on your own.

3 SITES | **4** TOURS | **800** ATTENDEES

GROWING STRONGER WITH EVERY INVESTMENT

With each capital investment made by Aurora Cooperative, our goal is to take your hard-earned equity and reinvest it in people, equipment, technology, facilities and services that will benefit you and your farm.

2018 CAPITAL INVESTMENTS

- **A-STOP LOCATIONS**
GRANT, ST. PAUL AND MINDEN
- **A-STOP IMPROVEMENTS**
AURORA
- **3 NH3 NURSE TANKS**
YORK
- **PROPANE TANKS**
YORK
- **GROUND PILE AND SCALE**
HARVARD
- **GROUND PILE AND SCALE**
CHAPMAN
- **OUTBOUND SCALE**
GRAND ISLAND TERMINAL
- **INCREASED CAPACITY
GRAIN RINGS**
SEDAN TERMINAL
- **UVA TANK PROJECT**
AURORA
- **HEATED STORAGE**
AURORA WEST
- **LAND PURCHASE FOR FERTILIZER
AND SEED SHED**
DANNEBROG
- **FEED MILL ROOF**
GRAND ISLAND
- **WELL**
GRANT
- **HOIST SERVICE CENTER**
AURORA
- **HANGER CONCRETE**
YUMA

AURORA COOP * YOU | TOUGHER TOGETHER



SUPPORT BEYOND THE FIELD

We understand that farming doesn't just happen in the field. There are many things you depend on that happen off the farm. It's why, at Aurora Cooperative, we have a team — the A-Team — that works behind the scenes to meet all your needs. From the finance team to office managers, our employees strive to exceed your expectations and keep the cooperative running smoothly.



KATHY WARREN | OFFICE MANAGER

*Kathy has a great personality. She likes to bring us goodies every once in a while. **KATHY ALWAYS KNOWS WHERE EVERYTHING IS AND HOW TO HELP.** We really enjoy coming in and seeing her face every day!*

3 O'CLOCK COFFEE CREW

SARA ROY | OFFICE MANAGER

*Sara has a great personality and is always willing to help. I know as soon as I walk in I will get greeted with a smile. **SHE'S GREAT AT HER JOB AND KNOWS WHAT THE CUSTOMER NEEDS,** I really appreciate that.*

DUANE LEWANDOWSKI



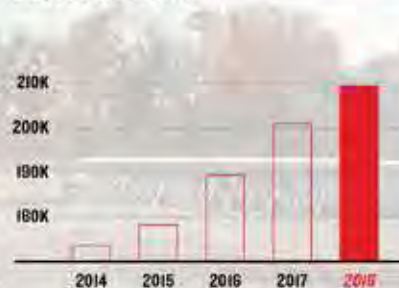
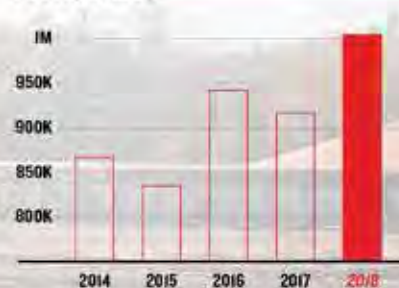
CONSOLIDATED BALANCE SHEETS

AS OF AUGUST 31, 2018 AND 2017

	2018	2017
CURRENT ASSETS:		
CASH AND CASH EQUIVALENTS	430,570	409,668
RESTRICTED CASH	4,402,091	—
ACCOUNTS, NOTES AND OTHER RECEIVABLES - NET	142,180,514	151,047,006
ADVANCES ON INVENTORY	12,608,542	4,822,897
INVENTORIES:		
GRAIN	45,138,710	26,911,702
MERCHANDISE	239,948,341	200,074,480
DEFERRED INCOME TAXES	235,663	170,630
PREPAID EXPENSES AND OTHER CURRENT ASSETS	17,493,279	9,324,774
• TOTAL CURRENT ASSETS	462,437,710	392,961,157
INVESTMENTS:		
INVESTMENTS IN OTHER COOPERATIVES	33,201,481	33,131,060
OTHER INVESTMENTS	47,868,838	50,791,668
• TOTAL INVESTMENTS	81,070,319	83,922,728
PROPERTY AND EQUIPMENT:		
LAND	9,336,889	9,314,631
BUILDING, EQUIPMENT AND VEHICLES	189,606,040	191,082,996
CONSTRUCTION IN PROGRESS	2,348,114	200,093
TOTAL PROPERTY AND EQUIPMENT	201,292,053	200,597,720
ACCUMULATED DEPRECIATION	(78,318,798)	(72,823,096)
NET PROPERTY AND EQUIPMENT	122,973,255	127,774,624
OTHER ASSETS:		
NOTES RECEIVABLE	5,961,606	5,919,140
PREPAID EXPENSES	529,915	722,562
GOODWILL AND INTANGIBLE ASSETS	16,483,042	18,824,869
• TOTAL OTHER ASSETS	22,974,563	25,466,571
TOTAL	689,455,847	630,025,080

LIABILITIES AND MEMBERS' EQUITY

	2018	2017
CURRENT LIABILITIES:		
OUTSTANDING CHECK LIABILITY	9,465,026	5,157,835
NOTES PAYABLE:		
LINE OF CREDIT	163,194,695	142,753,489
CURRENT PORTION OF TERM DEBT	12,032,356	10,602,188
ACCOUNTS AND OTHER PAYABLES	177,042,77	138,404,197
ACCRUED EXPENSES	7,522,880	7,257,390
CASH PATRONAGE REFUNDS	1,500,000	1,500,000
• TOTAL CURRENT LIABILITIES	370,757,734	305,675,099

EQUITY HISTORY**TOTAL SALES****CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**

FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

	2018	2017
SALES:		
GRAIN MARKETED	524,784,643	466,882,379
MERCHANDISE SALES	444,409,100	424,571,297
OTHER OPERATING REVENUE	40,393,370	45,980,830
• TOTAL SALES	1,009,586,113	937,244,302
COST OF GOODS SOLD	(655,042,665)	(783,261,965)
GENERAL AND ADMINISTRATIVE EXPENSES	(129,861,938)	(128,267,987)
OPERATING INCOME	24,881,510	25,714,340
OTHER INCOME (EXPENSE):		
INTEREST INCOME AND FINANCE CHARGES	2,410,993	2,244,123
INTEREST EXPENSE	(17,881,271)	(15,007,831)
INVESTMENT INCOME AND OTHER	369,998	1,946,908
• TOTAL OTHER INCOME (EXPENSE) - NET	(15,101,280)	(10,816,800)
INCOME BEFORE INCOME TAXES	9,780,230	14,897,540
INCOME TAX EXPENSE	(1,379,259)	805,585
NET INCOME	11,159,488	14,291,955
DISTRIBUTION OF NET INCOME:		
CASH PATRONAGE	1,500,000	1,500,000
MEMBERS' EQUITY CREDITS	3,500,000	1,500,000
• TOTAL PATRONAGE REFUNDS	5,000,000	3,000,000
RETAINED EARNINGS	6,159,488	11,291,955
NET INCOME	11,159,488	14,291,955
OTHER COMPREHENSIVE INCOME:		
UNREALIZED GAIN ON INTEREST RATE SWAPS	434,362	1,092,892
OTHER COMPREHENSIVE LOSS	434,362	1,092,892
COMPREHENSIVE INCOME	11,593,950	15,384,847

THE CONSOLIDATED BALANCE SHEETS AND CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME INCLUDED HERE WERE DERIVED FROM THE CONSOLIDATED FINANCIAL STATEMENTS AUDITED BY DELOITTE & TOUCHE LLP UPON WHICH THERE WAS AN UNQUALIFIED OPINION.

	2018	2017
LONG-TERM LIABILITIES:		
NOTES PAYABLE	104,892,971	117,005,192
OTHER LONG-TERM LIABILITIES	882,275	1,218,797
DEFERRED INCOME TAX LIABILITY	3,121,914	4,385,067
• TOTAL LONG-TERM LIABILITIES	108,897,160	122,609,056
TOTAL LIABILITIES	479,654,894	428,284,155
MEMBERS' EQUITY:		
CAPITAL STOCK	73,950	70,650
MEMBERS' EQUITY CREDITS	49,706,145	48,301,091
RETAINED EARNINGS	159,868,810	153,651,498
ACCUMULATED OTHER COMPREHENSIVE INCOME	152,048	(282,314)
• TOTAL MEMBERS' EQUITY	209,800,953	201,740,925
TOTAL	689,455,847	630,025,080

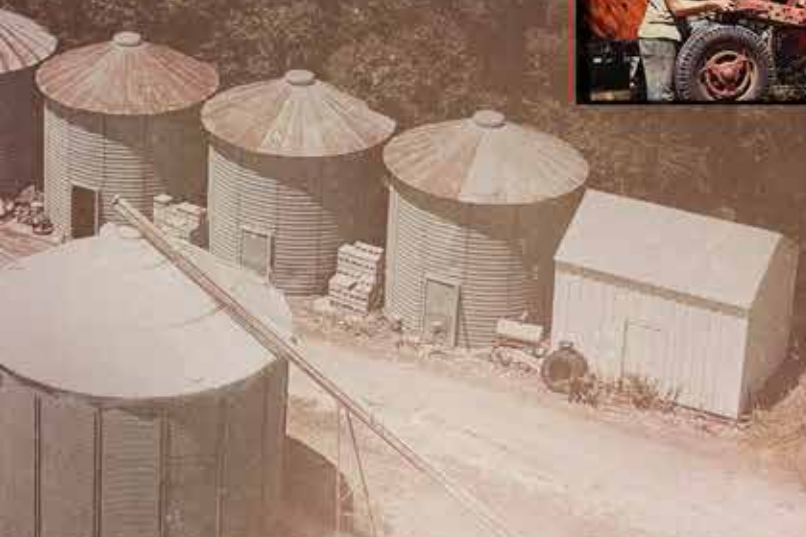
OVER 100 YEARS OF FAMILY FARMING

In 1908, a group of farmers joined together to form what is now Aurora Cooperative. Today, over 100 years later, we're proud to help our farmer-owners create and continue their own legacies on family farms — and some centennial farms — with the same level of courage and determination.



In 2019 the farm will be in the same family for 100 years. **TO HAVE A FARM FOR 100 YEARS, IN ONE FAMILY, IT'S THE WORLD.** We try to do our very best and that's why we partner with Aurora Cooperative, because of their values and their expertise. The people at Aurora step up to the plate.

WEEDIN FAMILY | Hampton, Nebraska



My dad started in the early 1950s and I continued with his farm. I had three sons and who would expect that all three sons would come on. **THEY'VE TAKEN WHAT I'VE LEARNED AND MOVED IT TO THE NEXT STEP.** It's a great feeling to know that my boys are going to carry on my legacy.

PANOWICZ FAMILY | Cairo, Nebraska



My mother-in-law had inherited farm ground. We got here in 1969 and we've been here ever since, expanding and making improvements.

The reason we came to Aurora Cooperative was because **THEY CARE ABOUT OUR WORKING HOURS AND WHAT WE NEED TO HAVE DONE.** We would not be where we are today without Aurora Cooperative.

SCHULTZ FAMILY
Doniphan, Nebraska

EVERY DECISION, EVERY INVESTMENT, EVERY DAY IS FOCUSED ON YOUR FUTURE

At Aurora Cooperative, we strive to be the best partner for your farm and your future. Our leadership team's vision is focused on putting your equity to work so we can grow tougher together.

EXECUTIVE PROFILES



CHRIS VINCENT | *Chief Executive Officer*

Aurora Cooperative has been a great place for me and my family, the group of A-Team members is so incredible. I have lifelong friends here. The ownership we have in making this a great farmer-owned cooperative is special.



CHRIS DECKER | *Chief Operating Officer*

My father worked for a cooperative for 33 years. He passed on to me the importance they play in our small towns. The Aurora Cooperatives has a strong tradition of customer service and taking care of its owners and employees. I believe it's what makes us strong. And it's what will keep us strong for the next 100 years.



CARL SMITH | *Chief Financial Officer*

My hope is for the employee group to be empowered and accountable, and for the farmer-owners to feel that they can count on their Cooperative to be here for them for another 100 years.

BOARD OF DIRECTORS



BILL SCHUSTER
Chairman - 1985



EVAN BRANDES
Vice Chairman - 2003



ROBIN BOCHART
*Governance Committee,
Director - 2004*



DANNY JANZEN
Director - 2004



SCOTT ELTING
Director - 2006



JOHN WILLOUGHBY
Director - 2007



CRAIG GRAMS
*Audit Committee
Chairman - 2009*



PAUL MUMM
Director - 2009



PAUL MCHARGUE
*Secretary/Treasurer,
Director - 2011*



RYAN SANDS
Director - 2014



KEN KOZISEK
Director - 2014



BRAD KROEGER
*Nominating Committee,
Director - 2014*



TOBE DUENSING
Director - 2015



DEAN SCHWENKA
Director - 2015

AURORA COOP + YOU | TOUGHER TOGETHER

