



Aurora Cooperative

# ANNUAL REPORT

2022





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# LETTER TO

# OUR OWNERS.

To the Farmer Owners of Aurora Cooperative,

A new year, a new chapter, and a new opportunity to be the cooperative we were designed to be; one of integrity to our owners, belief in our values, and relevance within our industry. Taking the chance to correct where we have gone wrong and take the next step in being the best partner for you.

As 2023 begins, Aurora Cooperative is preparing for change. Our willingness to accept these changes is what will set us apart. Just as you are not the same farmer or rancher you were 20 years ago, 15 years ago, or even 12 months ago, we are not the same cooperative we were in the 1960's, 1980's or 2000's. We look forward to the addition of new team members, expanding our partnerships, and providing you with cutting edge technology to take your operations to the next level. We will continue to embrace the essence of a local cooperative and be forward thinking in all that we do.

Every year, we face new challenges, from weather, to policy changes, shifts in commodity prices, and new protocols. As we have in the past, we will approach challenges head on, with an open mind and with full transparency to get you the best timely information possible. The core of Aurora Cooperative is stronger than ever and the strength of our core makes for better partnerships, relationships, and accountability. We aim to work smarter for you and with you.

We are holding steadfast to the values the farmer owners and team members established over 100 years ago; providing unmatched customer service, the best products available, and good stewards to the land and communities we serve.

I truly believe we are all blessed to get to live where we do, and to work alongside so many wonderful customers. Without you, we would not be here. You are the heart of the Aurora Cooperative.

I want to thank you all for your business, your commitment to the Aurora Cooperative, and the work you do to keep the Midwest God's Country.

Sincerely,

*Chris Decker*

*President & CEO*



*Chris Decker - President & CEO*



*Bill Schuster - Board Chairman*





# CAPITAL INVESTMENTS.



## SEDAN

Sedan facility improvements included a 60,000 bushel per hour bulk weigher system which increased the speed of loading a train by 6-8 hours per train.



## KEARNEY

We were able to replace our 1,600 ton shed with a much more efficient 5,000 ton shed. This improvement allowed for quick unload times not only by truck, but by rail as well.



## AURORA

The Aurora seed shed investment will allow for further expansion into new areas and improve timeliness in delivery to our dealer network and create efficiencies by combining seed assets from multiple locations into two larger hubs. This will enhance local customer experience for the owners who will be able to utilize the facility.

2022 has been a year of great improvements for Aurora Cooperative. One of the biggest accomplishments for the team this fiscal year was the construction of a new 5,500-ton dry fertilizer shed at the Kearney location. This shed has three times the capacity of the old shed and was built on the same footprint.

The equipment installed in the shed has increased the speed of unloading and loading product four times faster than before. The new shed has also been set up to unload both trucks and rail cars, and has the capability to treat fertilizer prior to going into the bins. The upgrades to the facility have improved our efficiency significantly. This made the process much safer, ensuring our employees are in the best possible working environment.

Aurora Cooperative had significant growth in the Prairie Valley seed line due to the excellent performance with on-farm yield. This growth has allowed us to secure two fully operational seed storage and treatment facilities in Kearney and Aurora, Nebraska. These investments will allow for further expansion and growth into new areas as well as improve timeliness in delivery and service to our dealer network. The new facilities will create more efficiencies by combining seed assets from multiple locations into two larger hubs, as well as enhancing the experience for the local customer.

Another capitol improvement project completed in 2022 was the installation of a hot water heating system at the Paddock location. The addition of the hot water heating system will enable us to be able to produce a higher quality product in less time.

On the fuel side of the business, we added bulk ethanol tanks and plumbing to six of our bulk fuel sites. With the installation of the new tanks, we have the capability to blend different quantities of ethanol for deliveries to our growers. During this process we doubled the size of the bulk plant at the Bertrand location in turn creating greater efficiency at the location.

*Don Engel  
Director of Project  
Management & Operations*



# PARTNERSHIP.

Aurora Cooperative and KAAPA Ethanol Holdings, LLC announce joint venture of Aurora Cooperative Ethanol.

Aurora, Nebraska - Aurora Cooperative Elevator Company ("Aurora Cooperative") and KAAPA Ethanol Holdings, LLC ("KAAPA") are pleased to announce a joint venture involving Aurora Cooperative's ethanol and grain facilities located west of Aurora, Nebraska.

The joint venture plans to make significant investments with the goal of increasing production and efficiency at the ethanol facilities so that the facilities remain a destination for area farmers' corn for many years to come.

Aurora Cooperative's Board Chair, Bill Schuster, said "We are looking forward to a partnership with KAAPA Ethanol at our ethanol and grain facilities. KAAPA has a track record of operational expertise and strong financial performance. We believe this partnership will strengthen the future of the ethanol plant for our farmer-owners."

KAAPA's Board Chair, Paul Kenney, said "Aurora Cooperative has led the way in promoting E-15 and higher ethanol blend fuels in Nebraska with its A-Stops and other efforts. We are pleased to have the opportunity to partner with Aurora Cooperative with its ethanol and grain facilities west of Aurora and look forward to a long and prosperous partnership."

Chris Decker, Aurora Cooperative's Chief Executive Officer, said "I'm excited to partner with KAAPA, they are a successful Nebraska-based company. Like Aurora Cooperative, KAAPA is owned by farmers. Aurora Cooperative and KAAPA share similar values and exist for the sole purpose of serving our farmer-owners. Aurora Cooperative believes this partnership will allow us to make the investments needed in order for these assets to remain a value-added destination market for our farmer-owners in the future."

Chuck Woodside, KAAPA's Chief Executive Officer, said, "We are excited for the opportunity to partner with Aurora Cooperative at its ethanol facilities west of Aurora. Hamilton County is an excellent location logistically for an ethanol plant. The proximity to our plants in Minden and Ravenna will give us the opportunity for additional synergies."

Aurora Cooperative and KAAPA anticipate the transaction will close in early 2023, subject to customary closing conditions, and look forward to a bright future serving Hamilton County and surrounding area farmers.



# COMMUNITY INVOLVEMENT.



## COMMUNITIES

One of our biggest highlights in the communities this year was our involvement with our youth at our Aurora Cooperative Show Clinics. We had the opportunity to help over **170** show kids improve their showmanship skills and their overall animal knowledge. All day clinics were held in York, Franklin, St. Paul and Belleville, KS. With the overwhelming attendance and positive feedback from attendees, the Animal Nutrition team is looking forward to hosting more show clinics at different locations in 2023.



## DONATIONS

In 2022 we exceeded over **\$300,000** worth of local community donations. Supporting our schools, chambers, church activities, sporting teams, community groups, FFA Chapters and more. In addition, we were able to participate in many educational agriculture events to help further develop our upcoming youth and those wanting to pursue a future in agriculture. We were able to give back to over **50** communities throughout the Midwest and within our trade territory.



## GRANTS

In 2022 Aurora Cooperative infused **\$51,000** into our local communities by partnering with Land O'Lakes, CHS and CoBank through a matching grant program, thus doubling the impact of our giving to hometown projects. Dollars given through the matching grant program went to a variety of projects that focused on education, hunger relief and community vitality, including early childhood education centers, development of agriculture learning labs and Title I reading and math programs in school districts, community garden projects, and renovations and repairs to buildings vital to the survival of our communities. Aurora Cooperative is thankful for the opportunity to collaborate with Land O'Lakes, CHS and CoBank to support and strengthen our communities. We are looking forward to aiding more communities in 2023!



This is an awesome opportunity for us to get involved with youth in the communities and in the show ring. We always want to be a resource for our youth, helping them any step of the way. Our goal is for our youth to be as successful as they can be.

Jefferson Keller  
Animal Nutrition Clinic Lead



# INTERNSHIPS.

10 interns  
10 locations  
4 full-time commits



Grain  
Agronomy  
Animal Nutrition  
Marketing  
Seed

"Aurora Coop provided me with the opportunity to experience three internships through the course of one summer, something I couldn't have done anywhere else. The people and environment are unlike any other business, which is why I am so excited to get the opportunity to intern with them again this summer!" - Molly Carraher



# SCHOLARSHIPS.

\$1,000 winners

- Avery Eitzmann - Deshler High School
- Lacey Schmidt - Deshler High School
- Wyatt Brockman - Lawrence Nelson High School
- Joshua Shaw - Sandy Creek High School
- Madison Hirschman - St. Paul High School



Avery Eitzman  
Deshler High School

\$500 winners

- Abigail Meyer - Blue Hill High School
- Ashlyn Robinson - Wallace High School
- Tanner Huber - Sutton High School
- Kaitlyn Heyen- Sandy Creek High School
- Kylie Beard - Arcadia High School
- Brekyn Papineau - Aurora High School
- Wyatt Reese - Pleasanton High School
- Katelyn Karr - Silver Lake High School
- Peyton Pribyl - Exeter-Milligan High School
- Joshua Jerabek - St. Paul High School



Joshua Shaw  
Sandy Creek High School



# DIVISION HIGHLIGHTS.

# AGRONOMY.

## Challenge & Success

As I look back on Aurora Agronomy's 2022 season, it proved to be another year full of successes and challenges. Our employees and customers worked together to overcome weather-related challenges with much of our trade territory, being affected by wind, hail, and this year's specialty, widespread drought throughout most of Nebraska. The numerous weather-related challenges coupled with ongoing supply chain issues and nationwide labor shortages caused plenty of reasons for concern. However, our employee group, working side-by-side with our growers, proved to make an extremely daunting job look easy. I am very proud of our group of employees and how they stepped up in the face of adversity and found solutions to these challenges.

In 2022 we continued to invest capital into projects that will continue to improve efficiencies, not only for our employees, but for our growers as well. For instance, after an electrical fire at our Buda facility in Kearney, we were able to replace our 1,600 ton shed with a much more efficient 5,000 ton shed. This improvement made the facility capable of extremely quick unload times not only by truck, but by rail as well. This upgrade has also allowed us to add a state-of-the-art fertilizer impregnation unit to treat product upon arrival, along with significantly cutting down on wait times on outbound shipments. In addition, we have added a hot blending system to our Central City facility, allowing us to make high quality custom blends at our customers request in a fraction of the time. We have also upgraded our blending system at our Mitchell, South Dakota location allowing for faster blend times. We finished off the year adding 20 side by side anhydrous trailers between our Aurora and Fairbury locations, allowing for safer delivery by our employees and longer run times for our growers applying ammonia.

Finally, as Aurora Agronomy moves into 2023 we will continue to further our team's

agronomic knowledge by testing the newest products on the market through Real Farm Research and Owners Acres research engines. From the information gained through our research, we will provide growers with new and innovative ways to produce the best crops as economically as possible.

The Agronomy Division remains committed to bringing a digital footprint to our growers. Utilizing systems like Field Aalytics and Aurora's digital platform, allows growers to see and analyze their farm's information, making it simple to connect all your farm's equipment and application data and turning it into usable information. We also continue to improve our mobile app, creating a unique experience by giving you the ability to see all your fields, grain tickets, sign fertilizer contracts, and approve all your application work orders in one spot. We strongly encourage all customers to please ask their Aurora representative about accessing and utilizing the Aurora Cooperative Digital App.

As it is with everything, 2022 was rewarding and challenging for both our growers and the Aurora Agronomy Division. We sincerely hope that all of you and your families have a safe and blessed 2023 growing season!

*Jason Throener*  
*Senior Vice President of Agronomy*





# GRAIN.

## Under New Leadership

Unique, that is how I would describe 2022. Commodity prices were historically high with over \$1.00 inverse in the market. This environment led us to be able to get the lowest on inventory that we have been in many years. We were able to clean many of our bins and make space for the fall crop. We had strong participation in our "High of the Day" program that was very successful in 2022. This again will roll out in mid to late March for this marketing year.



We lost two grain bins at Clay Center due to the windstorm in May. We ramped up our outbound shipments during harvest to be sure we were able to keep space for your grain and are currently working on what our best plans would be to replace and improve operations there. Additionally, we had the explosion at Sedan in June. Thankfully nobody was hurt. Heavy shipment in early harvest was also necessary to keep available space for you. We have been able to replace and improve on the equipment in Sedan. We had hoped to have all the bugs worked out by Harvest but unfortunately it took longer than we had hoped. Thank you very much for your patience as we work through this unfortunate incident.

I am new to Aurora Cooperative having started October 1st, but I can say I am really excited about being here. My focus will be to move our Grain Division forward, focus on future growth and improvements, and having the right folks in the right place to accomplish this.

*Dale Gilyard  
Vice President of Grain*

# ANIMAL NUTRITION.

## Allied Nutrition

2022 was a year of unknown happenings, whether it was the markets, the weather, or the global climate. The one thing our Animal Nutrition Team has been certain of – is building for the future.

We have been investing in our customers and their livestock, while supporting the next generation of agricultural leaders. We have also taken an initiative to grow our team to ensure vitality of the division for years ahead. Our team is backed by experience and powered by fresh perspective on conquering competitive markets. From the location growth in south central Nebraska and the interest of producers out west, to the growth and expansion of different products, it has been a year of building.

The summer featured our first annual A-Team Show Clinics. Four sessions were hosted with locations including: St. Paul, Franklin, Belleville, KS, and York. We were able to impact 170 youth, with each day focused on project selection, nutrition, daily care, and showmanship. Our team was able to be one-on-one with youth on feeding tips and showmanship work with cattle, sheep, goat, and pigs.



Our people are the backbone of our division and work diligently to build relationships with our customers. In 2022 we began building ways to differentiate ourselves and open new doors of opportunity for employees, customers, and dealers. This is why Allied Nutrition was developed, with three distinct lines of products including a Show feed line, Traditional product line, and a Field and Flock line. Allied Nutrition will completely roll-out as our animal nutrition feed line in early spring of 2023. Allied Nutrition has set our division up for internal growth with tangible tools to expand a partner dealer network, allowing for a wider distribution of product. We believe we have premier products backed by a knowledgeable team and superior service leading to growth and success.

Allied Nutrition will work to empower our animals to achieve more. Our people will ensure we fit your needs, with fully customizable solutions. This is our division, our brand, and our plan to continue to build for the future.

*Andy Bowman  
Vice President of Animal Nutrition*

**AN**  
**ALLIED**  
NUTRITION





# ENERGY.

## New Opportunities

This past year the Energy Division celebrated many accomplishments, making this year one of the busiest and most successful years we have seen. However, we have also endured a few challenges. The labor market and supply chain shortages with equipment and goods, not to mention the very dry weather pattern, made for an interesting year. Nevertheless, our staff performed at a very high level and stepped up to the challenge. We are prepared to embrace new obstacles, and are excited about the new additions we will see in 2023.

As we looked for ways to be more innovative, the Energy Division was forced to adopt practices to become more efficient. We aggressively stepped up our implementation of tank monitoring technology to help increase efficiency for our employees and supply for our patrons. We have upgraded six of our bulk fuel sites with ethanol tanks and blending equipment to be more effective in providing customers with ethanol blended fuel choices delivered to their tanks throughout our trade

territory. These changes are exciting, and we will continue to look for more ways to improve our efficiencies.

The Energy Division is currently in the process of expanding retail fueling sites by adding A-stop locations and growing services such as on-farm tire service in strategic locations throughout the Aurora Coeprative footprint. We will continue to upgrade equipment and rolling stock to keep up with growth and customer's needs.

We have enjoyed growing in 2022 and are excited to see what the future holds.

*Bill Gowen*  
Vice President of Energy



# PRAIRIE VALLEY.

## Grow Without Limits

Growing without limits is what we do and because we have stayed focused on this promise we have been able to grow exponentially since inception in 2019.

For three straight years, we have doubled growth of Prairie Valley seed which currently has us over one point of market share in both corn and soybeans. We integrated Enlist and XTendFlex soybean portfolios into the Prairie Valley Brand to provide growers with solutions they need. Prairie Valley has access to multiple genetic and trait suppliers allowing us to continue to offer elite seed genetics which have been locally selected and tested to optimize each acre in our region.

In 2022, we significantly expanded our dealer network outside of Aurora Cooperative retail to allow other areas in Nebraska to experience the Prairie Valley way. We continue to conduct our own research in combination with our genetics suppliers to pick the products that are built for our areas - "the seeds for where you are". Expanded testing at Real Farm Research and Owners Acres continues to test products using the farm management practices that are relevant to your geographies.

As we look to the future, we are building a brand that will stand the test of time. We are investing not only in our product portfolio but also in our distribution network, our people and most importantly, technology enabled agronomic research, that will continue to keep us on the forefront of the seed business. Because we put the work into finding the right solutions for the way you farm, Prairie Valley is the brand you can plant with confidence. We guarantee you will grow without limits.

*Kevin Sagehorn*  
Executive Vice President



"I tried Prairie Valley corn for the first time last year, against a competitor and had really good results. Better yield, better plant health, better stock quality, overall really impressive."

Ross Houck  
Strang, Nebraska



"We have been very happy with Prairie Valley. The genetics fit well. It is bred for our area and geography."

Derek Klute  
Hampton, Nebraska



# 2022

# FINANCIALS.

CURRENT ASSETS	2022	2021
Grain marketed	719,808,524	565,057,494
Merchandise sales	890,695,689	663,494,861
Other operating revenue	46,214,429	41,267,700
<b>TOTAL SALES</b>	<b>1,656,718,642</b>	<b>1,269,820,055</b>
Cost of Goods Sold	(1,489,702,701)	(1,112,569,247)
General and Administrative Expenses	(140,087,867)	(135,612,274)
Operating Income	26,928,074	21,638,534
Other Income (Expenses):		
Interest income and finance charges	2,325,710	1,754,304
Interest expense	(17,731,040)	(18,493,771)
Investment income and other	8,982,236	8,512,809
Debt Forgiveness	1,600,000	-
Impairment of Intangibles and Goodwill	-	(3,675,945)
Impairment of Property and Equipment	(10,348,595)	(16,301,612)
Insurance Proceeds	8,271,751	29,259,160
Gain on Sale of Property and Equipment	442,365	-
<b>TOTAL OTHER INCOME (EXPENSE)-NET</b>	<b>(6,457,573)</b>	<b>1,054,945</b>
Income before income taxes	20,470,501	22,693,479
Income tax benefit (Note 10)	(459,967)	978,814
Net Income	20,930,468	21,714,665
Distribution of Net Income:		
Cash patronage	2,000,000	-
Members' equity credits	3,000,000	-
<b>TOTAL PATRONAGE REFUNDS</b>	<b>5,000,000</b>	<b>-</b>
<b>RETAINED EARNINGS</b>	<b>15,930,468</b>	<b>21,714,665</b>
<b>NET INCOME</b>	<b>20,930,468</b>	<b>21,714,665</b>

## Consolidated Balance Sheet

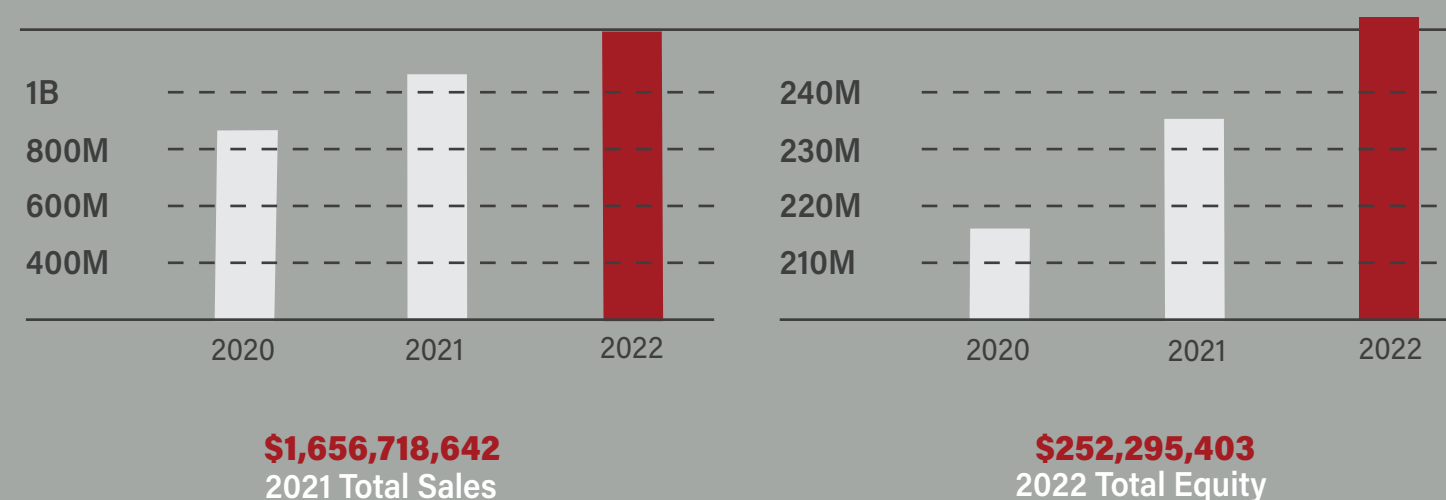
	2022	2021
Total Current Assets	468,013,985	521,460,424
Total Investments	52,517,607	51,795,917
Net Property and Equipment	200,616,617	208,500,722
Total Other Assets	6,492,814	7,938,698
<b>TOTAL</b>	<b>727,641,023</b>	<b>789,695,761</b>

## Liabilities and Members' Equities

	2022	2021
Total Current Liabilities	362,686,599	517,417,715
Total Long-term Liabilities	112,659,021	36,656,134
Total Members' Equity	252,295,403	235,621,912
<b>TOTAL</b>	<b>727,641,023</b>	<b>789,695,761</b>

## 2022 Equity

Over Age 65 Equity Revolvement	<b>\$417,000</b>
PROCAP Equity	<b>\$4,635,000</b>
2022 Total Revolvement	<b>\$5,052,000</b>





# THE NEXT CHAPTER.

As we turn the page onto the next chapter for us, and for you, we reflect on where we have been and where we want to go. We are more eager than ever to be the Cooperative we were designed to be. We look forward to the addition of new team members, expanding our partnerships, and providing you with cutting edge technology to take your operation to the next level. We will strive to embrace the essence of a local cooperative and be forward thinking in all we do. We are ready to be your trusted, loyal partner and to serve you the best ways we can.

## Executive Team



**Chris Decker**



**Carl Smith**



**Kenton Schegg**



**Kevin Sagehorn**



**Kara Ronnau**

## Board of Directors



**Bill Schuster**



**Evan Brandes**



**Paul McHargue**



**Robin Bochart**



**Craig B. Grams**



**Ryan Sands**



**Scott Elting**



**John Willoughby**



**Paul Mumm**



**Ken Kozisek**



**Brad Kroeger**



**Tobe Duensing**



**Chris Beins**



**Troy Rainforth**



**Cortney Brandes**



**Ryan Bonham**





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