TIM RIDNOUR, AGRONOMY DEPARTMENT MANAGER

I would like to start off by saying thank you for your patience and understanding in these challenging times. Please don’t be afraid to reach out if you have any questions or concerns.

So far with COVID-19 and the rapidly changing markets, the supply chain has been working normally.

We haven’t seen any fertilizer or chemical disruptions due to transportation. That’s not to say it could change tomorrow. We are in unprecedented times, and things are changing daily. My crystal ball is pretty fuzzy!

Don’t forget to reach out to us for all your late seed decisions this spring. We have some dryland programs for corn and all your forage and grass seed needs. Have a safe spring, as it is a very busy time of the year for everybody.

“Tough times never last, but tough people do!” - Robert H. Schuller

ARLAN TANNER, FARM SUPPLY DEPARTMENT MANAGER

What a crazy time we are living in! The ACE Hardware and NAPA Auto Parts stores finished the fiscal year strong and are off to a great start during the first quarter of this year. I would like to thank each and every one of you for the opportunity to serve you and for your continued support. I would also like to thank and publicly acknowledge the tremendous, professional employees we have in the farm supply division. They continue to adapt from extremely busy record-breaking months to doing business in the middle of a global pandemic! During this time, they are taking additional precautions to help keep you and them safe by establishing social distancing measures in the stores and frequently disinfecting common surfaces. Since this situation is constantly and rapidly changing, I cannot state in this letter what additional changes could be in place by the time you are reading this. However, please know we are constantly monitoring the situation and looking into additional precautions to be able to safely continue to serve you for your farm supply and auto parts needs. In the meantime, if you would like to request curb side pickup, you can call any of the stores with your order and have it brought outside to you. As we navigate these unprecedented times, please know that we are here to serve you the best that we can. We thank you for your continued support and pray for safety and prosperity for your families, farms, and business.

The St. Francis team has really fit into our agronomy group. With that being said, a Purina dealership was brought over in the transition, therefore we are going to bring the Purina lineup into Burlington, Kirk and Idalia. We are very excited to team up with a leader in the livestock industry. We expect it will take time as we get all the logistics and inventories figured out. The Purina line will be available at the Ag Center in Burlington and the Agronomy locations in Kirk and Idalia.

SPRING 2020

MIKE WEBBER, PETROLEUM DEPARTMENT MANAGER

The petroleum world has been nuts! The Organization of the Petroleum Exporting Countries or also known as OPEC is an international organization that has a large portion of the oil reserves of the world. Iran, Iraq, Nigeria, Kuwait, Saudi Arabia and Algeria (and more) are members of OPEC. They meet on a regular basis to try to ensure the price of a barrel of crude stays higher rather than lower. Lately, they seem to be satisfied with a crude oil price of $55.00 to $65.00 a barrel. But with the COVID-19 virus bringing fear into the market, it really started to drive the price down, so OPEC met with other non-OPEC countries to try to limit oil production and thus retain a higher crude price. To sum up: Russia said that they were not going to play that game (I believe that they need funds in the worst way) so Saudi Arabia said, OK, we won’t play that game either and they increased production to a crazy level that has not been seen...just to spite the Russians. This drove the crude price down rapidly, as there was a glut of oil already out there. The Saudi Arabs can afford to do this. Then, the COVID-19 pandemic slowly crept into the economy and reduced consumption by quite a bit. Thus, we have seen transport diesel pricing at very good levels and gas pricing is coming down as well.

With winter almost behind us (with the exception of a possible spring blizzard to help encourage those reluctant cows to calve) we saw much less propane usage than in past colder winters. We are looking forward to spring like most of you are, as well. We will finish propane routes to fill as much of the contracted propane for the year as we can. The prepaid propane contracts were a good buy again this season, as during mid-season it was saving those fortunate enough to be participating as much as 20 cents over regular price. With demand slowly dropping I will be on the watch for some good propane buys to save even more money in the upcoming 2020/2021 winter propane program, which is just around the corner. (The older I get the sooner this comes every year!) Ricky will be checking some of your systems this summer (we try to do 20% of our customers annually) for leaks and replacing regulators as required by the state and our insurance carrier, but mostly to ensure your system is up to date and safe for you and your families.
Your Car Care Center in Stratton has become a force to be reckoned with as far as bulk oil is concerned. Isaac has stepped up and is really providing excellent bulk oil service as well as handling all of your packaged oil needs. Isaac has become the “go to” DEF (diesel exhaust fluid) provider in the area. Give him a call at the Stratton Car Care Center at 719-348-5345 and schedule your delivery today. And speaking of DEF, I also want to remind you that at our Kirk Car Care facility we have DEF available on our Hi Speed, off road and highway diesel islands. This provides unbeatable convenience. Also, at our Car Care Centers we have been busy working on sprinkler tires to get those center pivots ready for another season of making it rain on demand. Call 719-346-5560 in Burlington to chat with Chad, or 970-362-4297 at Kirk and talk to Dan about all of your spring tire needs. We are all ready to help you with all of your tire needs. The summer travel season is coming up and now is a great time to let us change the oil, and check over your vehicle to make sure they are ready to go for the summer. We’ll even kick the tires for you. Our annual “best tire sale of the year” will be coming up so watch for it!

On another note…we are looking for a friendly, hardworking tire tech at our Kirk facility. If you know someone like this send them in to talk to us!

TONY LEIGHTY, GRAIN DEPARTMENT MANAGER

The unprecedented hourly changes in the world today make it very difficult to define any of the markets.

In my opinion, the corn market is in trouble. I know of several ethanol plants that have ceased production. With no foreseeable planting issues, low crude prices and little demand while still having ample supply, there will be a squeeze on ethanol, making the corn market bearish. I expect having ample supply, there will be a squeeze on low crude prices and little demand while still experiencing the fear of not getting the crop out because of the coronavirus shutdowns are occurring. Due to the uncertain times other countries will stockpile wheat.

On the operations side, the new bin in Burlington is finished except for the electrical work and millwrights need to come in and put the auger on top for filling the bin and install aeration fans. Hopefully in a few weeks the painter will show up at Stratton to start painting the bolted steel bins by the office. Our team is busy loading wheat cars, picking up ground piles, loading corn trucks and also doing maintenance. Thank you for your business and have a great spring!

back up for business and the number of acres of corn USDA projects are planted, I think corn could drop below $3.00. I would sell if there were any decent rallies on corn.

We have a good opportunity to stay where it is or even have a decent rally because we are witnessing the lowest number of acres planted since 1919. I do not believe we are going to have the yields we have seen in the last few years. Issues in other countries such as droughts, locusts and the fear of not getting the crop out because of the coronavirus shutdowns are occurring. Due to the uncertain times other countries will stockpile wheat.

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JIM TURNER, GENERAL MANAGER

The coronavirus is the dominate story, but there are many underlying stories starting to rear their heads, as well. In this time of uncertainty, I want you to know we are doing everything we can to help our members and our employees navigate these unique conditions. We know our entire community is feeling very unsettled by the impacts of the coronavirus.

As we are considered an essential business by the Department of Homeland Security and the state of Colorado, we are moving forward with all departments open and running. We have made some modifications to protect you and our employees. We have closed the main office in Stratton to outside traffic. We have restricted truck drivers to the side entryway only in Stratton and in Burlington we are passing tickets and bill of lading through the window by the scales. We have also locked the doors at the Ag Center in Burlington. We have blocked off the tables at the Ampride.

We have about one-half of the office staff working from home along with a few other employees. As you know, not all employees can work from home. That is why I want to assure you our team is working virtually at full-strength ready to help you through these difficult times. If you need to speak to anybody, we ask that you do so over the phone. We have placed a drop box in the lobby at Stratton for customers to drop off their payments. This is a very fluid situation and I hope we don’t have to make any more changes, but we will see how things go.

We have postponed our annual meeting for now. We will let everyone know when we have rescheduled it. We had a solid year as far as earnings so here is a short recap of our results.

<table>
<thead>
<tr>
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<th>FY2020</th>
<th>FY2019</th>
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</thead>
<tbody>
<tr>
<td>Sales</td>
<td>125,492,453</td>
<td>122,293,842</td>
</tr>
<tr>
<td>Gross Margins</td>
<td>13,089,782</td>
<td>13,311,501</td>
</tr>
<tr>
<td>Operating Income</td>
<td>5,155,481</td>
<td>3,226,333</td>
</tr>
<tr>
<td>Total Income</td>
<td>18,245,263</td>
<td>16,357,834</td>
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<tr>
<td>Total Expenses</td>
<td>15,972,242</td>
<td>14,760,516</td>
</tr>
<tr>
<td>Local Savings</td>
<td>2,273,021</td>
<td>1,777,315</td>
</tr>
<tr>
<td>Patronage Income</td>
<td>790,553</td>
<td>593,195</td>
</tr>
<tr>
<td>Operating Savings</td>
<td>3,063,574</td>
<td>2,370,513</td>
</tr>
<tr>
<td>Income Tax Expense</td>
<td>(36,000)</td>
<td>(341,050)</td>
</tr>
<tr>
<td>Net Profit</td>
<td>3,099,574</td>
<td>2,711,513</td>
</tr>
</tbody>
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Here is the approximate amounts for patronage pay outs:

- Wheat: .65 cents/bushel
- Elevator Corn: .6075 cents/bushel
- Off-farm Corn: .0225 cents/bushel
- Soybeans: .937 cents/bushel
- Fuel: .09 cents/gallon

Farm Supply: 1.6 percent of farm supply

Of the patronage dividend we will be paying out 50 percent in cash ($521,500) and 50 percent in deferred non-qualified equity. We will be getting the checks out in the near future.

The warmer weather means everyone will be gearing up for spring planting season. The Agronomy department is busy, Car Care Centers, NAPA stores and hardware stores have also been busy.

As we work through this spring season, things will get better. We will beat back the coronavirus and things will slowly return to normal. But I think the new normal will be much different than what we have known. I implore everyone to practice social distancing, washing your hands often and using common sense. As the spring season warms up and activities on the farm increase, please be careful.

I want to thank all of our customers for their patience and understanding during this trying time. I want to thank everyone for their business and look forward to continuing our great relationships.

We would like to congratulate the winners of our scholarship: Emily Tanner, Tyler Schneider, Tyson Schneider and Trevor Frank! We appreciate all of the interest shown in our scholarship program and look forward to watching everyone as they embark on their future endeavors! Congratulations seniors of the 2020 class, and we hope you continue to prove resilient as you grow into adulthood.

CONGRATS, SENIORS!