

99th Annual Report December 31, 2019

Rockingham Cooperative



Officers and Directors

Michael Humphries	President
Keith Phillips	Sr. Vice-President
Norman Wenger	Treasurer
Brenda Allison	Secretary
Jerry Burner	John Knicely
Kenneth Cupp	David Matthews
Michael Dirting	Jeff Patterson
John Etzler V	Matt Teets
Charles Garber	

Keith Phillips, Public Director

Mission Statement

As a farmer-owned cooperative, we serve as a resource to exceed our customer's expectations, by providing goods and services which enable us to invest in our valued employees, facilities, and the community!

Management

Norman Wenger	Chief Executive Officer
Drew Easter	Chief Financial Officer
Robin Lindsay	Human Resources Manager
Samuel Liggett	Operations Manager
Keith Turner	Feed Division Manager
David Jesse	Agronomy Division Manager
William Freeman	Ace Hardware Division Manager
Matthew Deltz	Training & Development Manager

Locations

Harrisonburg	Stuarts Draft
Bridgewater	Timberville
Dayton	Troutville
Elkton	Verona
Franklin County	Waynesboro
Monterey	Woodstock
Strasburg	

Corporate Office
112 Meigs Lane
Dayton, VA 22821

To Our Members and Patrons

This past year was a successful year. We continue to face the major issues of the continuing decline in the dairy industry and the fact that nearly 80% of our total business is related to agriculture which is a flat to shrinking market. Given these challenges, we continue to be able to generate the needed earnings and cash flow to achieve that necessary balance of reinvesting in our current facilities, returning cash to members and being able to take advantage of opportunities when they become available.

Significant changes this past year were adding a 14th location with the acquisition of Verona Ace Hardware, the consolidation of our Corporate Offices on Meigs Lane in Dayton and the expansion of our business to business wholesale initiative.

Financial comparisons with the previous year were impacted slightly due to the acquisition of Verona Ace Hardware. Same store sales of \$103.3 million were down \$684 thousand from the previous year. This decrease in sales was offset by an .8% increase in gross margin dollars. Total expenses of \$22 million increased by 3.7% and Net Income of \$1,435,725 increased significantly by \$430,000 over the previous year.

Our Balance Sheet remains strong with \$32.4 million in equity and a 50.4% Patrons' Equity Ratio. Your Board strategically invested \$1.6 million in improvements and equipment in 2019 and total assets exceed \$64 million.

Your Cooperative returned \$764,000 to its members in 2019. In the past ten years \$10.5 million has been returned to members through the cash portion of the annual patronage dividend and through redemption of outstanding equities. In looking back over 40 years, a cash dividend has been paid in all but three years. Being able to consistently return cash to our members is a major strength of your Cooperative.

Next year we will be celebrating our 100th anniversary of being in business. We do not take our successful history for granted. We value our long-term relationships with each of our member-owners and realize that our continued success is dependent upon being able to help each of our members succeed in their own operations.

Thanks for giving us the opportunity to serve you this past year. We also express our appreciation for the dedicated efforts of our employees and directors in making 2019 another successful year.

Norman R. Wenger
Norman R. Wenger
Chief Executive Officer

Michael S. Humphries
Michael Humphries
President

Statement of Income

	2019	2018
Sales	\$104,454,959	\$104,025,277
Gross Margin	22,780,936	21,135,525
Percentage	21.81%	20.67%
Other Operating Income	533,479	570,597
Total Income	23,314,415	21,706,122
Expenses		
Salaries	10,414,584	9,768,119
Depreciation	2,642,606	2,740,623
Interest	782,000	715,055
General Expenses	8,245,244	7,687,876
Total Expenses	22,084,434	20,911,673
Operating Income	1,229,981	794,449
Other Income	205,744	211,287
Net Income	\$1,435,725	\$1,005,736

Balance Sheet

Assets

Current Assets		
Cash	\$513,988	\$409,518
Receivables	9,015,354	8,881,267
Inventories	15,963,820	15,515,812
Prepaid Expenses	2,204,906	2,210,867
Other Current Assets	1,045,483	676,738
Total Current Assets	28,743,551	27,694,202
Investments & Goodwill	3,490,667	2,908,450
Fixed Assets	32,146,769	33,349,371
Total Assets	\$64,380,987	\$63,952,023
Current Ratio	1.34	1.39

Liabilities and Equities

Accounts Payable	\$5,544,254	\$3,802,191
Advance deposits from customers	2,882,710	3,338,295
Accrued Expenses	1,257,529	1,018,010
Notes Payable	10,214,971	10,703,004
Current Portion of Long-term Debt	1,484,818	1,108,045
Total Current Liabilities	21,384,282	19,969,545
Deferred Income Tax and Other Liabilities	4,203,480	4,679,879
Long-term Debt	6,362,234	7,688,677
Total Liabilities	31,949,996	32,338,101
Patrons' Equities	32,430,991	31,613,922
Total Liabilities and Patrons' Equities	\$64,380,987	\$63,952,023
Patrons' Equity Ratio	50.4%	49.4%