

CONSUMERS COOPERATIVE OIL COMPANY

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2025



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CONSUMERS COOPERATIVE OIL COMPANY
2025
ANNUAL REPORT
(UNAUDITED)

OFFICERS AND DIRECTORS

Tom Schwarz	Chair
Mike Kindschi	Vice-Chair
Steve Kindschi	Secretary-Treasurer
Joel Wyttenbach	Director
Greg Elsing	Director

PERSONNEL

Eric Cantwell	General Manager
Robert Misceovich	Controller

OTHER INFORMATION

Date of Incorporation	March 18, 1927
Fiscal Year-End	December 31
Annual Meeting Date	To Be Determined

**CONSUMERS COOPERATIVE OIL COMPANY
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YEAR ENDED DECEMBER 31, 2025**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Consumers Cooperative Oil Company
Sauk City, Wisconsin

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Consumers Cooperative Oil Company (a state of Wisconsin corporation), which comprises the balance sheet as of December 31, 2025, and the related statements of operations, patrons' equities, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Consumers Cooperative Oil Company as of December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Consumers Cooperative Oil Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Consumers Cooperative Oil Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.


In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Consumers Cooperative Oil Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Consumers Cooperative Oil Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, except for the unit data on page 22, on which we express no opinion nor provide any assurance on, has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



CliftonLarsonAllen LLP

Middleton, Wisconsin
March 31, 2026

**CONSUMERS COOPERATIVE OIL COMPANY
BALANCE SHEET
DECEMBER 31, 2025**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 1,411,046
Receivables	1,655,383
Inventories	3,277,683
Prepaid Inventory and Expenses	280,392
Total Current Assets	6,624,504

INVESTMENTS AND OTHER ASSETS

Investments	10,017,809
Marketable Securities	632,572
Rental Real Estate, Net of Accumulated Depreciation	3,336,237
Total Investments and Other Assets	13,986,618

PROPERTY AND EQUIPMENT

Less: Accumulated Depreciation	29,831,604
Net Property and Equipment	(11,529,259)

Total Assets	\$ 38,913,467
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LIABILITIES AND PATRON EQUITIES

CURRENT LIABILITIES

Line of Credit	\$ 1,440,000
Current Maturities of Long-Term Debt	2,695,032
Accounts Payable	1,766,942
Patron Credit Balances and Prepayments	993,497
Accrued Expenses	977,664
Income Taxes Payable	30,095
Taxes Payable	879,971
Patronage Refunds Payable in Cash	110,000
Total Current Liabilities	8,893,201

LONG-TERM LIABILITIES

Long-Term Debt, Less Current Maturities	12,087,852
Deferred Taxes	218,000
Total Long-Term Liabilities	12,305,852

Total Liabilities	21,199,053
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PATRON EQUITIES

Allocated Equity Credits	4,326,799
Unallocated Capital Reserve	13,387,615
Total Patron Equities	17,714,414

Total Liabilities and Patron Equities	\$ 38,913,467
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See accompanying Notes to Financial Statements.

CONSUMERS COOPERATIVE OIL COMPANY
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2025

	Amount	Percent of Sales
SALES	\$ 84,165,907	100.00 %
COST OF SALES	68,833,397	81.78
GROSS MARGIN	15,332,510	18.22
OPERATING EXPENSES		
Distribution:		
Salaries and Wages	6,504,785	
Payroll Taxes	575,133	
Employee Insurance	987,644	
Pension	179,554	
Vehicle Expense	123,664	
Advertising	238,989	
Total Distribution	8,609,769	10.23
General:		
Depreciation	1,581,371	
Insurance	514,498	
Property Taxes	331,318	
Equipment Rental	57,680	
Supplies and Repairs	1,724,406	
Utilities	777,171	
Total General	4,986,444	5.92
Administrative:		
Professional Services	215,939	
Recovery for Doubtful Accounts	(9,476)	
Directors' Fees and Expenses	102,000	
Meetings, Travel and Entertainment	66,276	
Office Supplies and Expense	37,087	
Telephone	119,869	
Total Administrative	531,695	0.63
Total Operating Expenses	14,127,908	16.78
LOSS ON DISPOSAL OF PROPERTY AND EQUIPMENT	(38,251)	(0.05)
OPERATING INCOME	1,166,351	1.39
OTHER INCOME (EXPENSE)		
Interest Expense	(1,390,862)	
Patron Finance Charges	45,852	
Rental Income - Net	376,914	
Other Revenue	237,548	
Other Expense	(1,661,376)	
Total Other Expense	(2,391,924)	(2.84)
LOCAL NET LOSS	(1,225,573)	(1.46)
PATRONAGE REFUNDS RECEIVED	2,267,615	2.69
Net Savings before Income Taxes	1,042,042	1.23
PROVISION FOR INCOME TAXES	175,000	0.21
NET SAVINGS	\$ 867,042	1.03

See accompanying Notes to Financial Statements.

**CONSUMERS COOPERATIVE OIL COMPANY
STATEMENT OF PATRONS' EQUITIES
YEAR ENDED DECEMBER 31, 2025**

	Allocated Equity Credits	Patronage Refunds Payable in Equity	Unallocated Capital Reserve	Total
BALANCE - DECEMBER 31, 2024	\$ 4,415,673	\$ -	\$ 12,630,593	\$ 17,046,266
Equities Redeemed and Adjustments	(88,874)	-	(20)	(88,894)
2025 Net Savings Before Allocation	-	867,042	-	867,042
Patronage Refunds Payable in Cash	-	(110,000)	-	(110,000)
Unallocated Capital Reserve	-	(757,042)	757,042	-
BALANCE - DECEMBER 31, 2025	<u>\$ 4,326,799</u>	<u>\$ -</u>	<u>\$ 13,387,615</u>	<u>\$ 17,714,414</u>

See accompanying Notes to Financial Statements.

**CONSUMERS COOPERATIVE OIL COMPANY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2025**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Patrons for Goods and Services	\$ 83,749,597
Cash Paid to Suppliers and Employees	(82,028,341)
Patron Finance Charges	45,852
Interest Paid	(1,390,862)
Rental Income Received	581,346
Other Revenue Received	237,548
Other Expenses Paid	(1,661,376)
Cash Patronage Refunds Received	1,034,111
Income Taxes Paid	(82,824)
Net Cash Provided by Operating Activities	<u>485,051</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investments Redeemed by Other Cooperatives	657,077
Additions to Property and Equipment	(244,079)
Proceeds from Sale of Property and Equipment	1,000
Net Cash Provided by Investing Activities	<u>413,998</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Patron Equities Redeemed, Net of Adjustments	(88,894)
Principal Payments on Long-Term Debt	(1,381,654)
Net Cash Used by Financing Activities	<u>(1,470,548)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS

(571,499)

Cash and Cash Equivalents - Beginning of Year

1,982,545

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 1,411,046

See accompanying Notes to Financial Statements.

**CONSUMERS COOPERATIVE OIL COMPANY
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025**

**RECONCILIATION OF NET SAVINGS TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Net Savings	\$ 867,042
Adjustments to Reconcile Net Savings to Net Cash	
Provided by Operating Activities:	
Depreciation	1,785,803
Noncash Patronage Refunds Received	(1,233,504)
Loss on Disposal of Property and Equipment	38,251
Deferred Taxes	183,000
Effects of Changes in Operating Assets and Liabilities:	
Receivables, Net	(246,085)
Inventories	18,078
Prepaid Inventory and Expenses	(136,531)
Accounts Payable	(1,543,712)
Patron Credit Balances and Prepayments	(179,701)
Accrued Expenses	245,739
Taxes Payable	777,495
Income Taxes Receivable and Payable	<u>(90,824)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 485,051</u></u>

See accompanying Notes to Financial Statements.

**CONSUMERS COOPERATIVE OIL COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Consumers Cooperative Oil Company (the Cooperative) is a patron-owned cooperative incorporated in Wisconsin to purchase petroleum and other supplies for its patrons. Sales of the Cooperative consist primarily of petroleum products (71%), convenience store products, and services (29%) provided to patrons. Significant accounting policies of the Cooperative are presented below:

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Cooperative considers all highly liquid investments in debt instruments of other entities, with a maturity date of less than three months at the date of purchase, to be cash equivalents.

Receivables and Credit Policies

The Cooperative has retail facilities throughout the state of Wisconsin, for the sale of petroleum and other supplies to its patrons. The Cooperative grants credit to patrons, substantially all of whom are local area residents.

Accounts receivable are uncollateralized customer obligations that generally require payment within 30 days from the invoice date. Accounts receivable are stated at the invoice amount plus accrued interest. Unpaid accounts over 30 days old bear interest at 1.5% per month. Account balances with invoices over 30 days old are considered delinquent. Accounts are placed on nonaccrual status when they are put into collection. Customers put into collections are decided on a case-by-case basis.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. Management reviews individual delinquent accounts receivable balances and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful accounts.

Inventories

Inventories consist entirely of retail commodities purchased for sale to the Cooperative's patrons. They are recorded in the balance sheets at the lower of cost or net realizable value, with cost determined on a first-in, first-out basis.

**CONSUMERS COOPERATIVE OIL COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Supplier and Customer Prepayments

The Cooperative enters into contracts with suppliers and customers for the future deliveries of various inventory items. Payments made to suppliers are recorded as a prepaid inventory in the balance sheet. Payments received from customers are recorded as patron prepayments on the balance sheets.

Investments

Investments in other cooperatives do not have a readily determinable fair value, are not transferable, and no cash is received until such time as redeemed at the discretion of the other cooperative. The Cooperative has elected to record these investments in other cooperatives at original cost, plus the face value of equities received as qualified patronage refunds, less impairment, if any. Nonqualified patronage refunds are recognized only to the extent of anticipated future cash flows, based largely on the issuing cooperative's indication on whether or not the redemption would be included in the company's annual equity redemption program. The face value of equities redeemed by other cooperatives is deducted from the investment balance. Patronage refunds and redemptions are recorded in the year received.

Marketable Securities

Marketable securities are carried at fair value. Dividends on marketable equity securities are included in other revenue.

Property and Equipment and Rental Real Estate

Actual cost of items of property and equipment and rental real estate are recorded as assets. The cost of each item recorded as an asset is allocated to expense, as depreciation, on a straight-line basis over the following estimated useful lives:

Land Improvements	15 Years
Buildings	25 to 40 Years
Equipment	3 to 10 Years
Vehicles	5 to 7 Years

Revenue Recognition

The Cooperative recognizes substantially all its revenue when the performance obligations under the terms of a contract with a customer are satisfied, which generally occurs when control of the goods has transferred to the customer. For substantially all of these customer contracts, control transfers to customers at a point-in-time when the goods or services have been delivered, since that is generally when legal title, physical possession and risks and rewards transfers to the customer. Provisions for any rebates, sales incentives, promotions and product returns, and discounts to customers are accounted for as reductions in revenues in the same period revenues are recorded. The Cooperative does not have significant contract assets and has \$993,497 of contract liabilities as of December 31, 2025. As of January 1, 2025, the Cooperative had trade accounts receivable of \$1,405,428, no significant contract assets and contract liabilities of \$1,173,198.

CONSUMERS COOPERATIVE OIL COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Cooperative is subject to federal income tax and exempt from Wisconsin income tax. The Cooperative is permitted a deduction from taxable income for the portion of net savings refunded to patrons.

Deferred income taxes are provided on temporary differences between financial statement and income tax reporting. Temporary differences are differences between the amounts of assets and liabilities reported for financial statement purposes and their tax bases. Deferred tax assets are recognized for temporary differences that will be deductible in future years' tax returns and for operating loss carryforwards. Deferred tax assets are recognized only if it is more likely than not that a tax position will be realized or sustained upon examination by the relevant tax authority. A tax position that meets the more likely than not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information.

Deferred tax assets are reduced by a valuation allowance if it is deemed more likely than not that some or all of the deferred tax assets will not be realized. Deferred tax liabilities are recognized for temporary differences that will be taxable in future years' tax returns.

Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in ROU assets – financing and lease liability – financing in the balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Company has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets in the balance sheets.

When individual lease contracts do not provide information about the discount rate implicit in the lease, the Company has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

CONSUMERS COOPERATIVE OIL COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

There are not any ROU assets and corresponding liabilities as of December 31, 2025. There was \$57,680 of short-term lease expense as of December 31, 2025.

The Cooperative leases various assets, as the lessor, under operating lease agreements. The Cooperative recognizes the lease income over a straight-line basis over the lease term. The operating lease income is included in rent income – net on the statement of operations and consists primarily of fixed lease payments received over the lease term.

NOTE 2 RECEIVABLES

Balance sheets total comprise the following elements:

	2025
Trade Accounts:	
Other Patrons	\$ 1,597,267
Directors and Employees	29,623
Other	87,724
Allowance for Credit Losses	(59,231)
Total Receivables	\$ 1,655,383

There was no material activity in the allowance for credit losses during the year ended December 31, 2025.

NOTE 3 INVESTMENTS

The principal elements of the totals shown in the balance sheets are as follows:

	2025
CHS Inc.	\$ 10,001,647
Other	16,162
Total Investments	\$ 10,017,809

CONSUMERS COOPERATIVE OIL COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4 RENTAL REAL ESTATE

The Cooperative has buildings and land improvements that are used for rental real estate activities. The cost of these facilities was \$5,538,172 at December 31, 2025. Related depreciation expense on rental real estate was \$204,432 in 2025. Accumulated depreciation at December 31, 2025 was \$2,201,935. The amount shown as rental income in the financial statements is net of depreciation.

The rental lease agreements expire at various terms through 2028. There are no options in the lease agreement that allow the lessee to purchase the building.

Minimum scheduled income on rental real estate is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2026	\$ 464,835
2027	356,211
2028	123,482
2029	18,000
2030	18,000
Total	<u><u>\$ 980,528</u></u>

NOTE 5 PROPERTY AND EQUIPMENT

The Cooperative's investment in property and equipment is recorded in the balance sheet at cost. The principal elements of the totals shown in the balance sheet are as follows:

	<u>2025</u>
Land and Land Improvements	\$ 3,047,919
Buildings	13,663,065
Equipment	11,930,205
Vehicles	1,190,415
Total Property and Equipment	<u><u>\$ 29,831,604</u></u>

CONSUMERS COOPERATIVE OIL COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 6 DEBT

Debt is comprised of the following elements:

<u>Description</u>	<u>Amount</u>
\$1,500,000 Line of Credit with CHS Capital, LLC with monthly payments plus interest at the rate of 6.68%, due in June, 2026. The line of credit is secured by all assets.	\$ 1,440,000
Term revolver note payable to CHS Capital, LLC with monthly payments of interest only at 6.88% with one final balloon payment due in February, 2026. The note is secured by real estate.	1,700,000
Note payable to Bank of Prairie du Sac with a monthly payment of \$15,852, with interest calculated on the unpaid principal balance using a rate of 8% and a final payment of the remainder of the balance due in November, 2028. The note is secured by real estate.	1,116,732
Note payable to Bank of Prairie du Sac with a monthly payment of \$17,071, with interest calculated on the unpaid principal balance using a rate of 8% and a final payment of the remainder of the balance due in January, 2029. The note is secured by real estate.	1,203,031
Note payable to CHS Capital, LLC with a monthly payment of \$122,850, plus interest at the rate of 6.88%, due in February, 2033. The note is secured by real estate.	<u>10,763,121</u>
Total Debt	16,222,884
Less: Line of Credit and Short-Term Notes	(1,440,000)
Total Long-Term Debt	14,782,884
Less: Current Portion of Long-Term Debt	<u>(2,695,032)</u>
Long-Term Debt, Less Current Maturities	<u><u>\$ 12,087,852</u></u>

CONSUMERS COOPERATIVE OIL COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 6 DEBT (CONTINUED)

Scheduled principal payments on long-term debt are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2026	\$ 2,695,032
2027	10,215,592
2028	1,029,518
2029	842,742
Total	<u>\$ 14,782,884</u>

The CHS Capital, LLC loans are secured by substantially all of the tangible and intangible assets of the Cooperative. The Cooperative was not in compliance with certain covenants required of CHS Capital, LLC as of December 31, 2025; however, the Cooperative has subsequently received a waiver from CHS Capital, LLC.

NOTE 7 COMMITMENTS AND CONTINGENCIES

At December 31, 2025, the Cooperative has contracted to purchase and sell various inventory items for later delivery at specified prices. The Cooperative is at risk for price fluctuations on any contracted quantities not directly offset by inventory or forward fixed price purchase/sales contracts with suppliers/customers and is also exposed to loss in the event of nonperformance by counterparties to the contracts.

In the ordinary course of conducting business, the Cooperative is subject to legal proceedings, claims, and litigation arising in the normal course of business. While such matters have an element of uncertainty, the Cooperative believes that any outcome will not have a material adverse effect on the financial condition of the Cooperative.

The Cooperative is subject to federal and state regulations regarding the care, delivery, and containment of petroleum products which the Cooperative either does or has handled. The Cooperative is contingently liable for any cleanup or reconstruction costs which could arise from the handling, delivery, and containment of these products. As of December 31, 2025, management of the Cooperative believes there will not be any additional material costs associated with remediation projects.

NOTE 8 PATRON EQUITIES

The Cooperative is organized as a nonstock corporation. None of the Cooperative's equities are transferable except as permitted by the Cooperative's board of directors.

CONSUMERS COOPERATIVE OIL COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 9 PENSION EXPENSE

Payments to a defined contribution retirement plan are charged to expense on the accrual basis. The Cooperative matches 100% of employees' contributions up to a maximum employer contribution of 4%, and then matches 50% of employees' contributions on the next 2% of contributions. To be eligible to participate, an employee must have attained age 21 and completed one year of service. All employees meeting these criteria participate in the plan.

NOTE 10 INCOME TAXES

The sources of deferred tax assets and liabilities and the tax effect of each are as follows:

	2025
Deferred Tax Assets:	
Allowance for Credit Losses	\$ 12,000
Unrealized Gain on Preferred Stock	8,000
Accrued Vacation	93,000
Net Operating Loss Carryforward	270,000
Section 263(a) Inventory	1,000
Interest Expense Limitation Carryforward	553,000
Total Deferred Tax Assets	937,000
 Deferred Tax Liabilities	
Property and Equipment Basis and Depreciation Differences	(422,000)
Nonqualified Equity Distributions	(733,000)
Total Deferred Tax Liabilities	(1,155,000)
Net Deferred Tax Liability	\$ (218,000)

The provision for income taxes consists of the following components:

	2025
Current	\$ (8,000)
Deferred	183,000
Total Provision for Income Taxes	\$ 175,000

CONSUMERS COOPERATIVE OIL COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 10 INCOME TAXES (CONTINUED)

The following is a reconciliation between the provision for income taxes at the statutory rate applied to net savings before income tax and the provision (benefit) for income taxes recorded in the statements of operations:

	2025
Statutory Rates Applied to Net Savings (Loss)	
Before Income Tax	\$ 219,000
Allocated to Patrons	(23,000)
Other	(21,000)
Provision for Income Taxes Recorded in the Statements of Operations	\$ 175,000

NOTE 11 CONCENTRATIONS OF CREDIT RISK

The Cooperative maintains cash and temporary investments at various financial institutions. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. As of December 31, 2025, certain cash and temporary investments exceeded the amounts insured by the FDIC.

The Cooperative purchases a substantial amount of their agricultural and petroleum products, as well as various equipment and supply items from CHS Inc., a regional cooperative. The Cooperative's investment in CHS Inc. amounted to \$10,001,647 at December 31, 2025.

NOTE 12 FAIR VALUE OF FINANCIAL INSTRUMENTS

In determining fair value, the Cooperative uses various valuation approaches within the fair value measurement and disclosures framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

The fair value accounting standards establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The standard defines levels within the hierarchy based on the reliability of inputs as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets;

Level 2 – Quoted prices for similar assets or liabilities or identical assets or liabilities in active markets (other than those included in Level 1), which are observable for the asset or liability, either directly or indirectly; and

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

**CONSUMERS COOPERATIVE OIL COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 12 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Following is a description of the valuation methodologies used for instruments measured at fair value and their classification in the valuation hierarchy.

Marketable Securities – Equity securities listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Such securities are classified within Level 1 of the valuation hierarchy.

Fair Value of Financial Instruments

The following table presents assets and liabilities measured at fair value by classification within the fair value hierarchy as of December 31, 2025:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Marketable Securities	<u>\$ 632,572</u>	<u>\$ 632,572</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 13 SUBSEQUENT EVENTS

Management evaluated subsequent events through March 31, 2026, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2025, but prior to March 31, 2026, that provided additional evidence about conditions that existed at December 31, 2025, have been recognized in the financial statements for the year ended December 31, 2025. Events or transactions that provided evidence about conditions that did not exist at December 31, 2025, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended.

**CONSUMERS COOPERATIVE OIL COMPANY
FINANCIAL RATIOS
YEAR ENDED DECEMBER 31, 2025**

Current Ratio	0.74
Working Capital to Sales	(2.70)%
Ownership Ratio	45.52 %
Local Ownership Ratio	26.64 %
Accounts Receivable - Trade:	
Days' Sales in Year-End Total	42.27
Year-End Total as a Percent of Sales	1.93 %
Inventories:	
Turnover Rates:	
Total Inventories	20.94
Petroleum Products in Total	43.59
All Other Commodities in Total	8.24
Selected Others:	
Hardware and Accessories	1.66
Year-End Total as a Percent of Sales	3.89 %
Salaries and Wages to Gross Margin	42.42 %
Distribution Expense to Gross Margin	56.15 %
Return on Total Assets	2.23 %
Return on Total Patron Equities	4.89 %
Return on Local Assets*	(4.24)%
Return on Local Equities**	(15.92)%

* Local net savings divided by total assets less investments.

**Local net savings divided by total patron equities less investments.

**CONSUMERS COOPERATIVE OIL COMPANY
WORKING CAPITAL ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

WORKING CAPITAL PROVIDED FROM:

Operations:

Net Savings	\$ 867,042
Adjustments for Elements of Net Savings Not Affecting Working Capital:	
Depreciation	1,785,803
Noncash Portion of Patronage Refunds Received	(1,233,504)
Gain Loss on Disposal of Property and Equipment	38,251
Working Capital Provided from Operations	1,640,592

Investments Redeemed by Other Cooperatives	657,077
Proceeds from Sale of Property and Equipment	1,000
Total Working Capital Provided	2,298,669

WORKING CAPITAL USED FOR:

Repayment of Long-Term Debt	(2,404,280)
Additions to Property and Equipment	(244,079)
Patron Equities Redeemed, Net of Adjustments	(88,894)
Total Working Capital Used	(2,847,253)

NET INCREASE (DECREASE) IN WORKING CAPITAL	(548,584)
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Beginning Working Capital	(1,720,113)
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ENDING WORKING CAPITAL	\$ (2,268,697)
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**CONSUMERS COOPERATIVE OIL COMPANY
SALES AND GROSS MARGINS
YEAR ENDED DECEMBER 31, 2025**

	<u>Sales</u>	<u>Gross Margin</u>	<u>Percent of Sales</u>
PETROLEUM PRODUCTS			
Gasoline	\$ 40,058,704	\$ 4,832,449	12.06 %
Fuel Oil	15,466,386	1,730,740	11.19
L.P. Gas	3,716,472	1,489,459	40.08
Lube Oil, Grease, and Drums	174,189	52,138	29.93
Totals Petroleum Products	<u>59,415,751</u>	<u>8,104,786</u>	13.64
OTHER COMMODITIES			
Hardware, Accessories, and Miscellaneous	1,257,927	492,029.00	39.11
Tobacco	7,794,899	1,717,135	22.03
Beer	3,798,686	860,400	22.65
Confections and Groceries	9,900,399	3,492,757	35.28
Lottery Tickets	1,551,006	220,388	14.21
Totals Other Commodities	<u>24,302,917</u>	<u>6,782,709</u>	27.91
Totals All Commodities	83,718,668	14,887,495	17.78
SERVICES			
Car Wash	490,645	488,421	99.55
Equipment Rental, Services and Labor	21,205	21,205	100.00
Totals Services	<u>511,850</u>	<u>509,626</u>	99.57
PATRONS' DISCOUNTS			
	<u>(64,611)</u>	<u>(64,611)</u>	
NET TOTALS, ALL COMMODITIES AND SERVICES			
	<u>\$ 84,165,907</u>	<u>\$ 15,332,510</u>	18.22 %

**CONSUMERS COOPERATIVE OIL COMPANY
SCHEDULE OF SALES
YEAR ENDED DECEMBER 31, 2025**

	Units (Unaudited)	Amount
PETROLEUM PRODUCTS		
Gasoline	12,759,798	\$ 40,058,704
Fuel Oil	3,870,428	15,466,386
L.P. Gas	2,178,975	3,716,472
Lube Oil, Grease and Drums		174,189
Total Petroleum Products		59,415,751
OTHER COMMODITIES		
Hardware and Accessories		1,257,927
Tobacco		7,794,899
Beer		3,798,686
Confections and Groceries		9,900,399
Lottery Tickets		1,551,006
Total Other Commodities		24,302,917
Total All Commodities		83,718,668
SERVICES		
Car Wash		490,645
Equipment Rental, Services and Labor		21,205
Total Services		511,850
PATRONS' DISCOUNT		(64,611)
NET TOTALS, ALL COMMODITIES AND SERVICES		\$ 84,165,907



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