

CO-OP CONNECTION

Weathering Stiff Economic Winds

By Tom Boland, President & CEO



Daily headlines reflect the very real headwinds farmers feel as they return to their fields this spring. Higher fuel prices, fertilizer prices and labor costs are the most recent challenges. Consumers saw their budgets turned upside down this past winter, and spring promises little reprieve. Sales will undoubtedly slow as

our economy rebalances itself, one family and one budget at a time.

As you know from visiting the local grocery store, our national supply chain fell further behind in February and March. Fill rates from suppliers of our Country Stores and AFCO in Spokane have decreased. We receive less and less of what we order as companies struggle to source material and find talent to work in their organizations. Economic recalibration is happening but at a much slower rate than predicted, although things seem to be improving as we move through April.

Our agronomy team made the decision last August to order our 2022 crop nutrition and crop protection inventories. That was three or four months earlier than normal and at prices considerably higher than last season.

We've expanded our storage capacity in recent years, and those investments have paid off this spring. While the cost of most products

is up, we do have much of your agronomic needs in stock. Our strong balance sheet can carry those higher costs for a longer time.

In the back of our minds, we're already thinking about what this means for next year.

Grower meetings valuable

On a brighter note, our busy winter meeting schedule was positive and productive. Not everyone wanted to meet in-person, but we had good attendance all the way around. We hosted several meetings, starting with new members in Lynden in late November.

In early February, at a conference in Leavenworth, we connected innovative vendors with farmers wanting to grow more with less. In mid-February, our annual two-day recertification meeting in Mount Vernon was well attended, both in-person and virtually.

Finally, in March in Mount Vernon, we held the 88th Annual Meeting of Skagit Farmers Supply (SFS). See pictures and read more about these successful events throughout this newsletter.

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Feed display at SFS's Spokane Country Store during their winter feed sale—the largest feed event of the year.



Amy Frey and Jason Slosberg own Boldly Grown Farm in the Skagit Valley.

PHOTO CREDIT: SHAWN LINEHAN

GROWER SPOTLIGHT: BOLDLY GROWN STARTS FROM SCRATCH

By Brianna Hackler, Graphic & Multimedia Specialist

One of the main things that attracted the owners of Boldly Grown Farm to their current location in the valley is the comradery of the agriculture industry.

“Being involved in the broader agriculture community is important to us,” said Amy Frye, who co-owns Boldly Grown with her husband, Jacob Slosberg. “That’s part of what drew us to Skagit County. There’s good support throughout the ag community.”

Amy pointed to organizations such as Puget Sound Food Hub and Genuine Skagit Valley that promote all aspects of Skagit agriculture to help the local industry thrive. Amy said that being members of organizations that are ingrained in the local community - such as Skagit Farmers Supply (SFS) cooperative – is important to them. Boldly Grown gets fuel, fertilizer and supplies from SFS.

Another organization is Viva Farms, a farm incubator, where Boldly Grown started with just one acre in 2015. From those beginnings, Amy and Jacob have grown and recently purchased nearly 60 acres of their own land to farm.

Boldly Grown grows and sells fall and winter crops, such as carrots, radicchio, kale, and cabbage--and summer crops like peppers.

Amy and Jacob met at University of British Columbia in Vancouver, BC, where both were attending college for agriculture-

and food-related degrees. The two met while working at the school’s farm. They later married on site at the farm. For about a decade, the couple worked in different jobs at the college’s agriculture and farm program, but they knew they wanted to eventually start their own farm.

In 2015, Jacob began working at Osborne Seed Company in the Skagit Valley. Amy and Jacob were familiar with the area, having driven through the valley many times to visit family in Seattle. Once they realized the amount of agricultural support and opportunities Skagit County offered, they decided the valley might be the perfect place to start their farm.

Farm history

Starting with a single acre at Viva Farms about seven years ago, Boldly Grown began selling at the Skagit Valley Co-op and a few other smaller wholesale locations. The farm has continued to grow each year; in 2021, the couple grew approximately 25 acres of vegetables.

Amy said the couple likes selling at grocery stores, where they can influence what people are buying and help their customers choose local, organic products.

“If we want to move that needle, meeting the customer where they’re at in the grocery store, where the choice to eat organic is

in front of them, is the way to go,” she said. “If you’re at a farmers’ market, they’ve already made that choice-- they’ve already bought in. But if you’re in the grocery store, that’s where we have the opportunity to make an impact.”

“And so far, that’s been successful,” Jacob added. “We’ve been able to keep up with demand.”

Amy and Jacob have always dreamed of owning their own property to farm. During the COVID-19 pandemic, they saw an increase in demand for their local, organic products. People began paying more attention to where their food was coming from, Amy said, and demand for products in the grocery store and through the farm’s CSA program (which had about 270 members last year) continued to grow.

Buying land

Amy and Jacob had been looking for property of their own for several years. The couple was finally able to purchase a neglected dairy just off Chuckanut Drive in Bow, last summer. They have already planted about 10 acres of grains and will plant about 30 acres of vegetables this year. They are in the process of removing the defunct dairy barns and will soon begin building a vegetable washing and packing facility.

Tapping into more agriculture support, Amy and Jacob utilized resources such as USDA Farm Service Agency programs for operating and equipment loans, as well as Northwest Farm Credit Services land purchase loans to buy the property. They said their ability to navigate government programs, as well as their financial planning, sets them apart from their peers and has helped bring their dreams of owning their own farm to fruition.

“No one gets into farming because they love running financial projects, but that’s why we’re still here,” Amy said with a laugh. “Farming is just as much about spreadsheets and financials as it is about growing stuff.”

The road ahead

Amy and Jacob said they are excited to have land of their own, because they get to farm in the ways that support their values. For example, environmental sustainability is important to the owners of Boldly Grown, so they chose to have the materials from the old dairy buildings salvaged and repurposed. Concrete from the foundation will even be reused for fill on site.

Additionally, they plan to find ways to incorporate natural habitats into their farm, such as a pollinator hedgerow on the property. They also plan to continue to support other local agriculture and food businesses by creating value-added products for their CSA boxes, like turning their grains into flour at area mills or using local processors to make sour kraut from their cabbage. In the future, they hope to sell items like this in a farm store on the premise.

“Now we get to fulfill that vision that got us excited about farming in the first place,” Amy said.

To learn more or sign up for Boldly Grown’s CSA program, visit www.boldlygrownfarm.com



COUNTRY STORE SPOTLIGHT: COLVILLE COUNTRY STORE SUPPORTS AG AND YOUTH

By Brianna Hackler, Graphic & Multimedia Specialist

With more than half of our 11 retail stores located in Northwest Washington, we sometimes forget about the retail stores located outside our corner of the country. The truth is, other small communities across Washington, North Idaho and Western Montana also benefit from the services SFS's Country Stores have to offer. One such location is the Colville Country Store.

Colville, Washington, is located 75 miles north of Spokane, in Stevens County. Colville has an official population of about 4,800 residents, but the Country Store there serves many people from surrounding towns.

"Our customers are everyone in the community--anyone in Stevens County," said Colville store manager, Pam Humphrey. "It's an all-season place, so we help our people with everything – supplies for pets, wildlife, livestock, chickens, soil, anything for their home or hobbies."

Located in the heart of town, the Colville Country Store sits on West 1st Street, just blocks from the downtown commercial strip. The store occupies a historic building, the oldest U.S. flour mill still standing. Visitors to Colville cannot miss the iconic four-story white building rising against the mountains.

The mill was built in 1905 by the Lasswell brothers. It was one of the county's first flour mills, powered at one time by the waters of the Colville River. In the mid-1970s, Steve Fuhrman bought the mill, turning it into a feed store. It became an Aslin-Finch branded store in 2007. In 2013, Aslin-Finch was acquired by Skagit Farmers Supply and the building became a Country Store.

Today, the Colville Country Store has about 11 employees, although the number fluctuates with the seasons, said Humphrey, who has been at the store for 30 years.

While it is located in a rural part of Washington state, the Colville Country Store isn't an island by itself. Products manufactured at the SFS Burlington agronomy plant are sold at the store. Last year, the store sold more than 300 tons of bulk fertilizer, plus the 50 lb. bags the store stocks on its shelves. Humphrey said the store and SFS helps support the broader agriculture community, which is mostly made up of alfalfa and grain farmers.

In addition to providing supplies for the agricultural community, the Country Store has also become a hub for the youth in the area.

The Country Store's Youth Rewards Program has more than 50 members in Stevens County.

Bridging income gaps

"The Country Store really supports the kids in a big way," said Ashley Pratt, mom to two members of the Youth Rewards Program (YRP). "From the way they support the kids at fairs and livestock shows, to all the programs, like the essay contest, photo contest, big sales and price breaks, it really makes a difference."

Pratt is also a youth club leader in the Colville area. In the past, she's been a 4-H club leader, but switched to Junior Grange this year. Pratt said that Junior Grange clubs don't have the same national support and name recognition that 4-H does, so it has been hard on the club financially to get resources and supplies for the kids involved. Benefits from the Country Store's Youth Rewards Program, including rebates to participating clubs and discounts for YRP members, have helped offset the cost of the new club.

"Those rebates are awesome to get," Pratt said. "In the past, those funds got used in a lot of different ways, and now, we're using them to keep our programs going."

Because Stevens is a rural county, area youth don't always have the access to educational classes that more metropolitan areas, like Spokane, might have. Jessica Jabbay, mother of a YRP member and a leader in Junior Grange, said her club uses the club rebates to put on educational classes and clinics for its members.

Jabbay said she has seen the Country Store team go above and beyond to support the local youth in agriculture year after year. She said that while she's not normally an outwardly emotional person, she was moved to tears during the fair last year at the donations the Country Store brought for all the participating kids.

"They had these 5-gallon buckets filled with all these supplies and giveaways," she said. "There were t-shirts, gift cards, water bottles with coupons on them, sunglasses – it was so much, I was just blown away."

Because there are a significant number of kids and families in Stevens County that fall below the poverty line, Jabbay said the discounts that YRP members receive help fill the gaps and allow kids to stay involved in programs like Junior Grange, 4-H and FFA.

"It's not just a t-shirt with a Country Store logo on it," Jabbay said. "They truly are invested in continuing to build the agricultural community."



The Colville Country Store donated 5-gallon buckets filled with supplies to youth participating in the Northeast Washington Fair last year.

Spring 2022 Grower Meetings



Skagit Farmers Supply (SFS) held its annual Recertification Meetings at the Skagit Valley Inn & Convention Center in Mount Vernon, WA on February 15-16, 2022.

Growers attending each one-day session received six Washington State Department of Agriculture pesticide credits. Over 70 growers attended in-person each day, with another 100 growers attending virtually.

After the first day's meeting, SFS gave growers the opportunity to tour its Burlington Agronomy Plant.

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Sharing experiences

Part of our success results from our being engaged with the larger agricultural and cooperative support industry. For instance, we feature a local co-op in each newsletter to underscore how vibrant and vital these farmer-owned businesses are to society.

I was invited to interact, in January, with other co-ops and to discuss our success at the Texas Farm Store Summit in Fredericksburg, TX.

Organized by the Texas Ag Co-op Council and their executive vice president, Tommy Engelke, this event brings in presenters from outside of Texas to speak on lessons learned in overcoming adversity, specifically with farm stores. I was asked to present SFS to the Summit.

Besides telling our story, it was helpful to listen and talk with managers of co-ops with similar experiences. It was valuable to see how they focused on their customers while confidently looking to the future.

It was a great event, made even more memorable as I brought my two high school-age daughters along. It was a quick trip, but we took in the Alamo, the LBJ Ranch, and other local sites we'd never visited.

What we can control

Back to the Summit, much of what we read about in the headlines are things over which we have little or no control. Mr. Engelke helped attendees prioritize what they can influence—like customer service, how to respond to challenges, and growing margins.

As a farmer-owned and farmer-directed company, Skagit Farmers Supply will continue to focus on our customers and our employees. That's where we've found success.

Have a safe spring.





Co-op Returns to In-Person Annual Members Meeting

The 88th Annual Meeting of the Members of Skagit Farmers Supply (SFS) was called to order by Chair Nels Lagerlund at 11:30 a.m. on Wednesday, March 9, 2022. The meeting returned to the Skagit Valley Inn and Convention Center after a one-year hiatus due to the Covid pandemic. A link to the 2021 virtual meeting was sent to members along with the invite to this years' annual meeting in February.

The 88th Annual Meeting in Mount Vernon.

CEO Tom Boland gives the managers' report

It was very nice to be meeting again in person and to share good results with our membership. Despite the many challenges across our society and economy, SFS employees achieved record sales of \$140 million and just missed matching our record earnings from fiscal 2020. The cooperative's \$7.3 million in net income reflects the staff's efforts to keep the interests of our members and customers at the forefront, despite the uncertainty in which we all continue to live.



Vice Chair Spencer Fuentes greets members

In his report to the members, CEO Tom Boland spoke to SFS's mission statement in support of agricultural viability and profitability. All four business units have achieved solid growth over the past five years. Retail is up 18%, energy is up 25%, AFCO wholesale is up 42%, and our agronomy department is up 45% in sales over the past half decade.



Swag bags for our members and guests

The board has worked with management on capital budget needs, and over the past five years, we’ve reinvested \$8 million in agronomy and \$9 million in the other departments. Many of the improvements in technology and automation have improved our efficiency and performance.

Thank you to all staff who helped make the annual meeting so special and thank you to all members who showed your interest and support of Skagit Farmers Supply by attending.



Long time CEO Ken Kadlec shares a story with Jerry Nelson



SFS Administrator Raelene Smillie visits with Steve and Penne Sakuma



Director Cristina Waltner visits with Kelly Boland



Chair Nels Lagerlund welcomes the membership to the annual meeting



Retail Ops Manager George Arnold hands off a door prize to Mary Ellen Byerly.



Valley Wide has more than 500 employees across all divisions. The cooperative operates 19 retail stores in Washington, Oregon, Utah and Wyoming that carry products for farm and rural living



The fuel division of Valley Wide Cooperative includes 20 locations, which supply fuels, propane, and oils and lubricants for farmers, homeowners, fleets and businesses.

CO-OP SPOTLIGHT: VALLEY WIDE HAS 100-YEAR-OLD ROOTS

By Brianna Hackler, Graphic & Multimedia Specialist

During the past century, Valley Wide Cooperative has continually changed to serve its members. Acquisitions and mergers with other co-ops, as well as growth into new communities across the northwestern U.S., means the cooperative has been an evolving entity since its formation in the 1920s.

“Valley Wide Cooperative has grown significantly over the past 25 years,” said Valley Wide CEO, Dave Holtom, in a recent letter to membership. “Much of that growth is in response to how our customer base has grown and changed. That’s how it should be.”

Headquartered in Nampa, Idaho, Valley Wide serves more than 60 communities across the northwest. Services include agronomy, retail, propane and fuel, and a feed center.

In the early 20th century, area farmers in southern Idaho banded together to increase their buying power as they purchased seed and supplies, forming Wendell Grange Co-op in 1920. Soon after, Buhl Co-op formed, followed by other area co-ops – Franklin County Grain Growers, Minidoka Co-op Supply, Menan Cooperative, Madison Co-op, Mini-Cassia Marketing Co-op and more. After several decades working separately, the area cooperatives began to merge and grow, evolving to meet the needs of the ever-changing membership and eventually creating Valley Wide Cooperative.

Strategic growth

Today, Valley Wide Cooperative has more than 500 employees at 28 locations across Idaho, Oregon, Washington, Wyoming and Utah. These locations include 15 propane plants, 19 retail stores, 24 agronomy locations and a feed center.

Throughout the years, co-ops across the northwest have continued to merge, creating Valley Wide Cooperative in the 1990s. However, growth has always been done with intention, with the best interest of current and future members in mind, said communications specialist Carly Weaver.

“It’s not about being a big company; it’s not just growth for growth’s sake,” said Weaver. “It is very strategic growth, growth that is beneficial for the current membership.”

Weaver said one of her favorite stories about the co-op is when the current CEO, Holtom, wanted to merge with another area cooperative to grow the company’s buying power and reach.

At the time, Holtom got some pushback from the board of directors; they thought the merger would be too difficult, as the co-op he wanted to potentially merge with was more than 12 miles away and on the opposite side of a river.

“They thought, ‘Oh, it just seems too messy,’” Weaver said with a laugh. “They thought, ‘Who would want to cross the river to go to meetings and a new location?’ But it ended up being a great move, a great merger.”

Weaver added that one thing that sets Valley Wide apart from other similar businesses is the board of directors’ commitment to the future and longevity of the co-op.

“The board is extremely involved,” she said. “And they take a lot of input from the membership.”

The board is made up of nine elected producers who serve three-year terms. They represent three regional areas in the Valley Wide footprint across Idaho, Washington, Oregon, Utah and Wyoming.

Note to Readers: Cooperatives such as Skagit Farmers Supply (SFS) continue to grow, innovate and thrive. CO-OP SPOTLIGHT shines a light on fellow ag supply co-ops in the PNW. In many cases, SFS shares information with, learns from and does business with these cooperatives.

Today’s cooperative

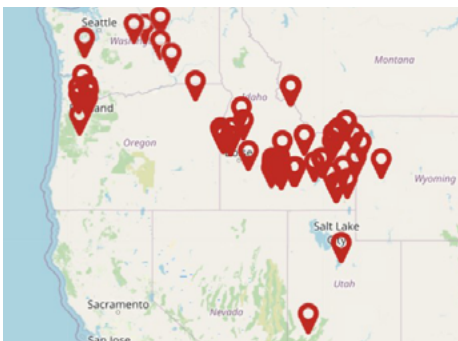
Valley Wide is made up of four main business units. The feed mill creates custom-blended feed for dairy and beef, swine, horses, dog and cat, lamb and goat, and poultry, as well as bulk feed options. The retail stores sell products for farms and farm living, similar to Skagit Farmers Supply’s Country Stores.

The fuel division of Valley Wide Cooperative includes 20 locations, which supply fuels, propane, and lubricants for farmers, homeowners, fleets and businesses.

Technology plays a big part in the co-op’s agronomy division, which boasts Precision Ag Technology to utilize tools to help producers be more accurate and maximize their yield. Tech tools include programs such as Agworld, a farm management software that uses maps and data to keep records throughout the season; EC Mapping, which helps farmers know and manage soil variability; and the R7 Tool by Winfield, a field monitoring tool that helps farmers scout and plan nutrient application more efficiently.

The agronomy division includes Valley Agronomics, a partnership between Wilco, Winfield United and Valley Wide to serve producers in more locations.

To learn more about Valley Wide, visit valleywidecoop.com.



Valley Wide’s agronomy team utilizes technology to help producers be more accurate and maximize yield. Some tools include programs such as Agworld, EC Mapping and the R7 Tool by Winfield.



WHOLESALE AND MILLING



A wholly owned subsidiary of Skagit Farmers Supply, Spokane-based AFCO Distribution and Milling continues to grow and build relationships and brands with manufacturing partners, adding growth in sales and expanded product offerings to our portfolio.

Sales continue to grow with The Healthy Dog and Cat Small Footprint Store Initiative. This initiative allows us to deliver to smaller, boutique-type pet stores along the Washington and Oregon I-5 corridor. In addition, our Western Oregon routes continue to grow exponentially, and E-Commerce ordering continues to support overall AFCO sales and growth.

We see strong sales continuing through the rest of the year, even with continuing supply challenges and increased costs. We do not anticipate the supply chain and shipping challenges will improve through the end of the year.

The team is excited and busy planning for the virtual AFCO Buying Show that will take place June 1-18, 2022. Even though held virtually, last year's show broke all previous sales records. We are hopeful this will be our last virtual buying show, returning to an in-person show next year. We are also looking forward to networking in person with others in the industry and seeing new product offerings at the upcoming Global Pet Expo and Super Zoo buying shows.

At AFCO, we continue to focus on our staff in this changing economy. We have taken advantage of the pandemic to learn new and better ways to engage on-site and remote staff as well as our drivers.

We use media platforms to share events and capital projects with staff and to provide them an opportunity to share input on how to help us be more efficient. The staff is very engaged with the success of the cooperative.

LMF Branded Feeds

The LMF business has strong sales and tonnage is up slightly, despite the cost of goods and air freight increasing significantly. The sales team is focusing on getting back in the field and attending events for all our brands.

We will be representing LMF at many in-person equine events over the next several months, and we anticipate great attendance at local community events as well as shows like the Washington,



Oregon, and Idaho Horse Expos.

Our manufacturing partners, Farmers Warehouse in California and the team in Texas, will also be promoting the LMF brand through their area show circuits.

Milling

Our Spokane mill continues to perform. Capital improvements to the docks have made the shipping and utilization of space at the mill more efficient.

We recently moved the manufacturing of our export product from Farmers Warehouse in California to Spokane. The above-mentioned capital improvements allowed the move to go more smoothly, even though tonnage is down slightly due to the more complex and time-consuming export formulations.

The mill's capital projects are not moving at the pace we would like, due to contractor and supply chain issues; however, we are adding an additional millwright to the mill staff to speed these projects up and get us to the goal of automation at this facility.

Campbell Chairs Industry Org

At the end of 2021, Lloyd Campbell, AFCO's director of wholesale distribution and milling, was elected chairman of the board of the national Pet Industry Distributor's Association (PIDA). PIDA was organized in 1968 to promote progress within the pet industry and to conduct programs and activities on behalf of the wholesaler-distributor. Membership includes pet product distributors, live pet wholesalers, pet product manufacturers and suppliers.

PIDA cosponsors the annual Global Pet Expo each spring.





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MISSION STATEMENT

To preserve and enhance viability of the local agriculture economy through cooperative profitability.

VISION STATEMENT

To be the premier cooperative in the Pacific Northwest by being:

- The producers' first choice
- The consumers' first choice
- The employees' first choice

CORE VALUES

Customer Commitment - People - Integrity
Performance - Quality - Safety - Community

DIRECTORY

Main Office—Burlington

360.757.6053

AFCO Distribution & Milling

800.538.8700

Agronomy—Conway

360.445.5015

Agronomy—Lynden

360.755.3615

Agronomy—Burlington

360.757.7870

Energy—Main Office

360.757.6053

Petroleum & Propane Delivery

360.757.6053 // 888.757.6053

Emergency: 360.209.0310

Country Stores

Farm • Pet • Home

Burlington	360.757.4055
Coeur d'Alene (Idaho)	208.772.2715
Colville	509.684.2232
Freeland	360.331.1970
Mount Vernon	360.424.4207
Oak Harbor	360.675.2277
Oroville	509.560.7088
Sedro Woolley	360.856.6567
Spokane Central	509.534.1412
Stanwood	360.629.7033
Stevensville (Montana)	406.777.5527

Spring 2022 Grower Education Conference

Skagit Farmers Supply (SFS) hosted over 100 growers, vendors and employees at a Grower Education Conference in Leavenworth, WA on February 1-2, 2022.



Icicle Village Resort at Leavenworth served as the venue for our Conference.



Pictured above is the Skagit Farmers Supply agronomy crew and vendors who put on the 2022 Conference

The conference centered on growing more with less, and featured breakout sessions around potatoes, corn silage, berries, and seed.