Being part of a co-op is very important. We have shares in this company — we own this company.”

Ken Vogt | Sauk Centre, Minn.

At AMPI, “Co-op Crafted” is more than a clever twist of words. It’s our pledge to work together and always do the right thing.

It represents the Upper Midwest dairy farm families who united 50 years ago to ensure a reliable market for their milk. Generations later, it continues to tell the story of farmers who care for their animals and land while producing nutritious, wholesome milk to feed a hungry world.

Co-op Crafted also signifies our expertise in making some of the world’s best dairy products. It symbolizes an unrivaled depth of knowledge and the exceptional dedication of artisans who carefully craft AMPI cheese, butter and powdered products from milk produced on AMPI member farms.

Co-op Crafted stands for the pride every AMPI member and employee takes in a job well done. Day after day. Year after year.

Last year, a camera crew joined us when we visited with AMPI members and employees to learn more about what it means to be Co-op Crafted.

HERE ARE JUST A FEW OF OUR STORIES.
Dairy farming is not so much a job as a way of life for the Vogts. Four generations of the AMPI-member family have cared for cows and produced milk at their farm in Sauk Centre, Minn.

Ken and Sally Vogt partner with their sons and spouses, Aaron and Nicki, and Ethan and Kari. They are carrying on a legacy begun when Elmer Vogt, Ken’s father, bought the farm in 1961.

“Family is the most important thing,” Ken said about dairying alongside his sons. “I’m so proud to be working with them.”

Aaron and Ethan were both star athletes who wrestled and played baseball in college. But their passion for the farm brought them home again.

“I've always loved farming,” Aaron said. “I was always with my grandpa or my dad on the tractor.”

“We were in the barn before we could even walk,” he added, referring to how his parents kept their babies in a playpen they rolled up and down the alleyway while milking. Aaron and Ethan remember helping milk when they were about 5 years old.

Now, a fourth generation of Vogts is growing up at the farm. The brothers are passing along dairy farm wisdom to their children.

“Whether they choose to farm or not, I hope they grow up with a strong work ethic and understanding of how to treat animals,” Aaron said.

Providing exceptional care and facilities for their cows is a priority for the Vogts.

“They’re living creatures, and it’s our responsibility to take care of them. Dad instilled that in us when we were young,” Ethan said.

The Vogt children are also learning that a job well done consistently produces the best milk. “We take pride in making quality milk so the products that come from it will be the top, too,” Ken said.

The value of their family’s long-standing AMPI membership is another lesson the younger Vogts are learning from Ken.

“Heading part of a co-op is very important,” Ken said. “We have shares in this company — we own this company.”
“Our cows are like our family. If they’re not happy, we’re not happy.”

Alan Qual dispenses this bit of wisdom as he passes stalls of calm, nearly silent cows. Happy cows.

Ensuring happy cows is a family affair at Qual Dairy near Lisbon, N.D. Alan and his brother, Rod, are the senior partners at the dairy and grain farm their father acquired after returning home from World War II. Joining them are Alan’s sons, Mark and Jon, and Rod’s sons, Nathan and Tyler.

“It makes you proud when your children come back to the operation ... that they feel what you’re doing is a worthwhile goal,” Alan said.

The six family members have pooled their experience, skills, knowledge and education to earn Qual Dairy a reputation for progressiveness in the industry. Two years ago they invested in a cutting-edge robotic, rotary milking parlor. It was only the fourth of its kind in North America and among only 15 in the world when it was installed.

“It allows us to closely monitor each cow and attend to her needs to help her be as healthy as possible,” Mark said.

The Quals know healthy cows are good for business. Their herd consistently produces top-quality milk, the essential ingredient in AMPI’s award-winning cheese, butter and powdered products.

There is great satisfaction in knowing you have a hand in making good food for your family and for others, added Courtney, Jon’s wife.

“We want those products to be the best for us and the best for everybody else,” Courtney said.

Keeping happy, healthy cows that produce good milk is hard work for the Quals, but there are no regrets. Mark concluded:

“We have a lot of family pride in what we do – taking care of the land, taking care of the animals, providing for our families. On top of that, we’re taking part in feeding the world.”

“With a lot of family pride in what we do.”

Mark Qual
Lisbon, N.D.
Dave Vander Kooi loves cows.

That simple fact prompted him to buy four cows from a neighbor and begin milking when he was a sophomore in high school. He’s still at it 48 years later and has been an AMPI member since that first milking.

“I’m probably one of the oldest numbered AMPI patrons,” Dave said. “I’ve never sold milk to anybody else. They’ve always been good to me, and I’ve tried to be good for them.”

These days, Dave partners with his son Joe to operate Ocheda Dairy in the southwest corner of Minnesota. Their 2,000 cows produce enough milk to fill nearly three, 7,000-gallon truckloads daily.

Cow care is a priority at Ocheda Dairy. “I learned early on in my dairy farming career that if you take care of the cows, the cows will take care of you financially,” Dave said.

Animal comfort is key. “We do a lot of things that may cost a little more on the front side, but we believe it’s better for the cow and, at the end of the day, it’s better for our bottom line,” Joe said.

Joe and wife Rita are raising their five children on the farm, which they believe provides an enriching environment.

“There’s nothing like watching your kids play in this setting,” Rita said. “We’re very fortunate that they can grow up right here.”

Rita enjoys sharing her farm lifestyle with friends. “I love to give tours of the dairy, especially to my friends who are moms,” she said. “When I talk to them about the way we care for our cows, so much of it relates to how they care for their children.”

She likes connecting with consumers to help them understand where their food comes from.

“We are really proud that we make a great product. Our milk has a nutritional value for all families,” Rita said. “And it’s neat to think that my friends are serving food produced here at our farm to their families.”

“I learned early on in my dairy farming career that if you take care of the cows, they will take care of you financially.”

Dave Vander Kooi
Worthington, Minn.
Robert Groen has been working at AMPI since Jimmy Carter was president and bell bottom pants were in style.

He figures he’s had a hand in crafting more than one million tons of the co-op’s signature American-style cheese at the Sanborn, Iowa, plant. On several occasions, that cheese has been honored as the industry’s very best.

Robert says consistency is the “secret” for making some of the world’s best cheese.

“Our cheese is great because everyone does their job — day after day and year after year,” said Robert, who holds the distinction of being AMPI’s longest-tenured employee currently making cheese. “And we always start with the best ingredient — quality milk from AMPI member farms.”

Knowledge, handed down from generation to generation of AMPI cheesemakers, plays a role, too. Robert remembers being tutored by longtime AMPI employees who taught him the art of consistently making perfect cheese.

Mike Ranweiler tells a similar story. He’s been crafting butter at AMPI’s New Ulm, Minn., plant for 18 years.

“We have better equipment and facilities today, but we’re still making butter the way I was taught to do it in 2002,” he said.

Robert and Mike represent the AMPI employees who elevate cheese- and butter-making to an art form. These dedicated employees transform nearly 6 billion pounds of milk annually into an array of products that consumers crave and cause judges to rave. In 2019 alone, AMPI products were awarded 21 top-three finishes in some of the world’s most respected dairy foods competitions.

“It’s gratifying to know that what we do is judged as some of the world’s best,” said Robert. “But what’s even more satisfying for me is knowing that I make food my family and friends — as well as people all over the U.S. — love to eat.”

"Our cheese is great because everyone does their job — day after day and year after year."

Robert Groen
AMI Sanborn Cheesemaker

"We have better equipment and facilities today, but we’re still making butter the way I was taught to do it in 2002."

Robert Groen
AMI Sanborn Cheesemaker
As we reflect on 2019 and the co-op’s past 50 years, we see an AMPI that has been tested and strengthened. On our farms and in our manufacturing plants, we have persevered in the face of unpredictable weather, erratic market prices and a changing marketplace.

The past year of markets was a tale of two halves. The January cheese market started with blocks and barrels below $1.40. A heavy supply kept a lid on prices until the second half of the year. When supply tightened, blocks peaked at $2.23 in mid September and barrels at $2.39 in early November — the highest prices in five years.

Five years. That’s an eternity for dairy farmers to bear the weight of low prices. Another year of low prices and tight margins led to record sellouts across the U.S., with milk production declining especially in the East. Production per cow continues to strengthen overall milk production, but where those cows are located is shifting.

At AMPI, our fiscal year concluded with the closing of the Arlington, Iowa, nonfat dry milk plant and the Rochester, Minn., cheese plant. While difficult, the decision allows the cooperative to focus resources on those areas of the business yielding the highest returns.

For AMPI, that’s products for which demand is growing: cheese and butter. Total natural cheese consumption now tallies 38 pounds per person, which is the highest level on record. Of that total, American-type cheeses such as Cheddar, Colby and Monterey Jack — the varieties AMPI produces — account for more than 15 pounds. Annual butter consumption also keeps inching up, hitting nearly 6 pounds per person.

Total AMPI cheese production — natural and processed — surpassed 650 million pounds. Butter production was 120 million pounds. Cheese accounted for 63 percent of the co-op’s sales and butter 19 percent, both driving 2019 earnings. The co-op ended the year with sales of $1.7 billion.

New in 2019, AMPI launched Dinner Bell Creamery to more boldly tell our farmer-owned story. We also introduced the Co-op Crafted promise, enabling consumers to more easily know how their food is made.

As we turn the page on our first 50 years, we can be proud of how far we’ve come. We are driven by a shared purpose: feeding people. We are devoted to our farming families, employees and local communities. We are committed to doing the right thing and taking steps to ensure long-term, trusted markets.

Together, we create what we couldn’t achieve alone. At AMPI, we live our purpose every day. That’s our Co-op Crafted story.
EARNING TOP HONORS
AMPI’s cheese and buttermakers are among the best at what they do, based on the 21 top-three finishes earned in 2019. A Parmesan made at the co-op’s Hoven, S.D., facility, was named the best overall entry at the National Milk Producers Federation Championship Cheese Contest. Pasteurized process cheese slices made at the Portage, Wis., facility received a gold medal at the 2019 U.S. Championship Cheese Contest. Mild Cheddar and Colby Jack cheese, a limited-edition bourbon butter and powdered whey made in AMPI plants earned first-place awards at the World Dairy Expo Championship Dairy Product Contest.

RINGING IN A NEW BRAND
AMPI debuted a new brand in 2019. The Dinner Bell Creamery brand and accompanying Co-op Crafted mark capitalizes on consumers’ desire to know the source and makers of their food. The new brand’s marketing strategy spotlights AMPI’s dairy farmer-owners and those who craft their butter and cheese. Butter quarters wrapped in the new ButterLock wrap was the first product marketed under the brand name. Each butter stick wrap features Farmhouse Rules, words of wisdom shared by AMPI members.

YCS EXPLORE “UP NORTH”
AMPI Young Cooper (YC) families traveled “up north” to Alexandria, Minn., in July for farm tours, education and family fun. Nearly 80 young co-op members and their families participated in the annual summer event that included peer networking, conversations with AMPI leaders and a virtual tour of the AMPI Paynesville plant.

ADVOCATING FOR TRADE
AMPI dairy farmer-owners advocated for ratification of the U.S.-Mexico-Canada Agreement (USMCA), which is critical to preserving and strengthening trade with two key export markets. Among the advocacy activities was a Farmers for Free Trade event hosted by AMPI members Steve and Kerry Hoffman at their farm near New Ulm, Minn. The event was part of an 11-state tour to urge policymakers to approve USMCA. By early 2020 the agreement had passed in Congress and was signed by the president.

EXPANDING THE SANBORN PLANT
Cooler space at the co-op’s Sanborn, Iowa, cheese plant was added to accommodate increased cheese production. A 2018 installation of new cheese-making equipment more than doubled processing capacity at the plant. The new cooler area is about 15,000 square feet and has the capacity to store more than 7,000, 700-pound blocks of cheese. This represents about 14 days of production at the plant.

WINNING WITH DAIRY
When the Caledonia, Minn., Warriors claimed a fifth consecutive Class AA state football championship last November, they celebrated by refueling with chocolate milk. The team has consumed more than 4,000 pints after practices and games since 2015. “That protein replenishes and rebuilds their muscles and makes recovery better,” said head football coach Carl Fruechte. AMPI members recognized the Warriors’ dedication to dairy by hosting a meal of pizza, chocolate milk and cookies made with the co-op’s Dinner Bell Creamery butter.
2019 STATISTICS

AMPI produces nearly 10 percent of the nation’s American-type cheese, processed cheese and butter.

TOTAL SALES

$1.7 billion

Includes inter-company sales

5.1 billion

Milk Volume (lbs.)

1,500

Member-Owners

662 million

Cheese (lbs.)

119 million

Butter (lbs.)

109 million

Powder (lbs.)

$15.8 million

Earnings

1,500

Member-Owners

5.1 billion

Milk Volume (lbs.)

662 million

Cheese (lbs.)

119 million

Butter (lbs.)

109 million

Powder (lbs.)

$15.8 million

Earnings

2019 ANNUAL REPORT

BALANCE SHEET

November 30, 2019 2018

($ in thousands)

ASSETS

CURRENT ASSETS

Cash $ 8,065 $ 6,257

Receivable - Net of Allowance 149,534 102,183

Notes Receivable, Current 21 138

Other Receivables 2,806 2,032

Inventories 98,868 75,110

Prepaid Expenses and Other Current Assets 7,057 3,219

Total Current Assets $ 266,351 $ 188,939

PROPERTY, PLANT AND EQUIPMENT

Land and Land Improvements 4,844 5,771

Building and Leasehold Improvements 78,723 90,030

Machinery and Equipment 153,552 183,543

Accumulated Depreciation (165,237) (200,232)

Undepreciated Cost 71,882 79,112

Construction in Process 4,965 3,211

Property Held for Sale 4,231 0

Net Property, Plant and Equipment $ 81,078 $ 82,323

INVESTMENTS AND OTHER ASSETS

Notes Receivable - Net of Current Portion and Allowance 17 105

Other 22 735

Investments in Other Cooperatives 5,428 6,626

Restricted Cash 2,871 2,810

Deferred Income Taxes 14,741 13,528

Total Investments and Other Assets $ 23,079 $ 23,804

TOTAL ASSETS $ 370,508 $ 295,066

LIABILITIES AND MEMBERS’ EQUITY

CURRENT LIABILITIES

Current Maturities of Long-Term Debt $ 3,366 $ 3,366

Line of Credit 73,802 53,323

Due to Producers 90,377 61,298

Accounts Payable 51,517 35,822

Accrued Expenses 1,074 11,041

Total Current Liabilities $ 231,136 $ 164,850

LONG-TERM DEBT - Net of Current Maturities

Long-Term Debt 18,857 23,457

Other Long-Term Liabilities 3,530 3,220

Total Long-Term Liabilities $ 22,387 $ 26,677

MINIMUM PENSION LIABILITY $ 22,373 $ 14,432

MEMBERS’ EQUITY

Allocated Equities 104,675 96,819

Unallocated Surplus 34,748 35,015

Accumulated Other Comprehensive Loss (61,389) (54,540)

Unallocated Net Income 4,965 3,211

Total Members’ Equity $ 94,612 $ 88,827

TOTAL LIABILITIES AND MEMBERS’ EQUITY $ 370,508 $ 295,066

16 2019 AMPI ANNUAL REPORT

AMPI produces nearly 10 percent of the nation’s American-type cheese, processed cheese and butter.