



# FY2023 ANNUAL REPORT

## OUR MISSION

To be a trusted partner for the high-quality, dependable products, services and insights that help those who count on us to achieve their goals.

## OUR VISION

To provide sustainable solutions and exceptional service that enable current and future generations to achieve success.





**Winthrop, Minnesota**

**CONSOLIDATED FINANCIAL STATEMENTS**  
August 31, 2023

**Officers and Directors**

<u>Name</u>	<u>Address</u>	<u>Term Expires</u>	<u>Position</u>
Jeff Manderscheid.....	Olivia, MN.....	2025 .....	Chairman
Todd Kettner.....	Winthrop, MN .....	2023 .....	Vice-Chairman
Tyler Stehr.....	Winthrop, MN .....	2023 .....	Secretary/Treasurer
Kevin Lindeman .....	Brownton, MN .....	2025.....	Director
Jeff Franta .....	Lafayette, MN.....	2024.....	Director
Ryan Mackenthun .....	Brownton, MN .....	2024.....	Director
Kurt Martens.....	Gaylord, MN.....	2024.....	Director

**Management**

Mitch Altermatt ..... CEO/General Manager

CONSOLIDATED BALANCE SHEETS  
August 31, 2023 and 2022

**Assets**

	2023	2022
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 22,619,917	\$ 1,048,595
Receivables		
Current Portion of Notes Receivable	66,603	66,603
Trade – Net of Allowance for Doubtful Accounts of \$1,442,814 (2023) and 1,447,302 (2022)	14,359,697	15,170,378
Grain in Transit	1,779,279	2,467,510
Other	1,941,095	3,054,899
Margin Accounts	3,484,971	7,359,558
Inventories		
Grain	4,079,120	5,135,819
Agronomy	12,866,645	25,156,228
Feed and Farm Supply	12,799,055	8,962,703
Energy	1,479,578	1,816,034
Prepaid Inventories	2,322,230	4,649,230
Prepaid Expenses	1,152,428	1,121,730
Prepaid Income Taxes	282,097	-
Total Current Assets	79,232,715	76,009,287
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Land	5,918,995	5,921,088
Land Improvements	13,105,450	13,671,643
Buildings and Equipment	82,554,811	84,968,950
	101,579,256	104,561,681
Accumulated Depreciation	(51,485,654)	(56,010,073)
Undepreciated Cost	50,093,602	48,551,608
Construction in Process	879,284	786,112
Net Property, Plant and Equipment	50,972,886	49,337,720
<b>OTHER ASSETS</b>		
Right-of-Use Assets	8,134,735	-
Notes Receivable	467,521	666,262
Deferred Compensation Plan Assets	-	49,891
Intangible Assets	80,000	120,000
Intangible Assets – Other	-	10,985
Total Other Assets	8,682,256	847,138
<b>INVESTMENTS</b>		
Equity in Other Organizations	17,755,689	17,205,495
Investments in Other Companies	1,026,353	926,353
Total Investments	18,782,042	18,131,848
<b>TOTAL ASSETS</b>	<b>\$ 157,669,899</b>	<b>\$ 144,325,993</b>

CONSOLIDATED BALANCE SHEETS  
August 31, 2023 and 2022

**Liabilities and Members' Equity**

	2023	2022
<b>CURRENT LIABILITIES</b>		
Checks in Excess of Bank Balance	\$ 8,083	\$ 24,414
Current Maturities of Long-Term Notes	776,040	3,017,164
Current Maturities of Finance Leases	2,713,669	442,888
Patron Investments – Demand Notes	1,221,162	4,126,328
Payables		
Trade	10,441,139	7,420,380
Unpaid Grain	15,989,776	13,400,522
Patron Credits	7,259,449	12,802,346
Deferred Payment Contracts	3,582,816	5,118,137
Other	2,362,742	1,599,338
Margin Account	3,362,558	608,234
Accrued Expenses		
Property Taxes	595,939	592,871
Interest	120,344	142,917
Income Taxes Payable	-	27,874
Payroll and Payroll Taxes	4,217,523	3,981,437
Other	1,193,514	1,334,042
Patronage Dividends Payable	4,075,000	2,749,133
Total Current Liabilities	57,919,754	57,388,025
<b>LONG-TERM LIABILITIES – Net of Current Maturities</b>		
Notes Payable	1,442,206	2,050,883
Finance Leases	6,730,829	1,309,763
Deferred Payment Contracts	74,123	17,022
Patron Investments – Certificates	2,013,645	2,059,643
Other	465,239	1,953,607
Total Long-Term Liabilities	10,726,042	7,390,918
<b>DEFERRED INCOME TAXES</b>	801,357	904,326
<b>MEMBERS' EQUITY</b>		
Revolving Funds	24,551,313	21,615,406
Non-Qualified Allocation	6,412,305	6,461,237
General Reserve	57,259,128	50,566,081
Total Members' Equity	88,222,746	78,642,724
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$157,669,899</b>	<b>\$144,325,993</b>

CONSOLIDATED STATEMENTS OF SAVINGS  
Years Ended August 31, 2023 and 2022

	2023	2022
Sales	\$473,412,805	\$452,461,823
Cost of Goods Sold	441,586,834	417,603,412
Gross Savings on Sales	31,825,971	34,858,411
Other Revenue	15,540,095	14,776,033
Total Gross Revenue	47,366,066	49,634,444
Operating Expenses, Including Interest	38,075,055	39,617,921
Operating Savings - Local	9,291,011	10,016,523
Patronage Dividend Income	5,819,675	397,255
Savings Before Income Taxes	15,110,686	10,413,778
Income Tax Expense (Benefit)		
Current	447,255	320,168
Deferred	(102,969)	843,966
Net Savings	\$ 14,766,400	\$ 9,249,644

**DISTRIBUTION OF NET SAVINGS**

Qualified Patronage Dividend Provision		
Cash – 50% (2023) and 70% (2022)	\$ 4,075,000	\$ 2,749,133
Deferred – 50% (2023) and 30% (2022)	4,075,000	1,178,200
	8,150,000	3,927,333
Retained Earnings	6,616,400	5,322,311
	\$ 14,766,400	\$ 9,249,644

CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY  
Years Ended August 31, 2023 and 2022

	Total	Revolving Funds	Non- Allocation	Preferred Equity	General Reserve
Balance – August 31, 2021	\$78,068,348	\$21,583,831	\$ 8,934,191	\$ 2,465,348	\$45,084,978
Equity Redeemed	(3,662,272)	(1,146,625)	(50,299)	(2,465,348)	-
Non-Qualified Redemption	(2,142,663)	-	(2,142,663)	-	-
Transfers/Adjustments	51,374	-	(279,992)	-	331,366
Preferred Equity Dividend	(172,574)	-	-	-	(172,574)
Current Year Net Savings	9,249,644	-	-	-	9,249,644
Patronage Dividends					
Current	(2,749,133)	-	-	-	(2,749,133)
Deferred	-	1,178,200	-	-	(1,178,200)
Balance – August 31, 2022	78,642,724	21,615,406	6,461,237	-	50,566,081
Equity Redeemed	(1,184,395)	(1,139,037)	(48,932)	-	3,574
Transfers/Adjustments	73,020	(56)	-	-	73,073
Current Year Net Savings	14,766,400	-	-	-	14,766,400
Patronage Dividends					
Current	(4,075,000)	-	-	-	(4,075,000)
Deferred	-	4,075,000	-	-	(4,075,000)
Balance – August 31, 2023	\$88,222,746	\$24,551,313	\$ 6,412,305	\$ -	\$57,259,128

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
Years Ended August 31, 2023 and 2022

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Savings	\$ 14,766,400	\$ 9,249,644
Adjustments to Reconcile Net Savings to Net Cash Provided by Operating Activities		
Depreciation and Amortization	4,839,253	4,695,674
Gain on Sale of Property, Plant and Equipment	(676,822)	(1,342,714)
Patronage Dividend Income Received as Equity	(2,775,662)	(208,743)
Deferred Income Tax Expense (Benefit)	(102,969)	843,966
Change in Assets and Liabilities		
(Increase) Decrease in Receivables	2,612,716	(3,549,176)
(Increase) Decrease in Margin Account	6,628,911	(330,693)
(Increase) Decrease in Inventories	9,846,386	(10,520,392)
Decrease in Prepayments on Inventories	2,327,000	2,683,650
Increase in Prepaid Expenses	(30,698)	(128,458)
(Increase) Decrease in Prepaid Income Taxes	(309,971)	584,176
Increase (Decrease) in Payables	(664,031)	10,087,688
Increase in Accrued Expenses	76,053	2,243,381
Net Cash Provided by Operating Activities	36,536,566	14,308,003
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Property, Plant and Equipment	805,928	4,197,843
Additions to Property, Plant and Equipment	(6,552,540)	(3,400,606)
Decrease in Notes Receivable	198,741	542,016
Equity in Other Organizations Redeemed	2,218,990	356,601
Redemptions from Investments in Other Companies	6,478	696,497
Contributions to Investment in Other Companies	(100,000)	-
Net Cash Provided by (Used in) Investing Activities	(3,422,403)	2,392,351
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Repayments of Short-Term Notes	-	(5,822,513)
Additional Long-Term Borrowings	2,337,562	-
Repayment of Long-Term Notes	(5,250,719)	(8,312,100)
Net Issuance (Repayment) of Patron Notes and Certificates	(2,955,664)	2,987,202
Net Issuance (Payment) of Finance Leases	(442,887)	643,996
Redemption of Members' Equity	(1,184,395)	(3,662,272)
Preferred Equity Dividend	-	(172,574)
Redemption of Non-Qualified Patronage	-	(2,142,663)
Allocated Patronage Dividends Paid in Cash	(2,749,189)	(2,199,839)
Employee Retention Credit and Deferred Revenues	(1,427,477)	1,881,717
Other Financing Activities	129,928	18,220
Net Cash Used in Financing Activities	(11,542,841)	(16,780,826)
Net Increase (Decrease) in Cash	\$ 21,571,322	\$ (80,472)
Cash – Beginning of Year	1,048,595	1,129,067
Cash – End of Year	\$ 22,619,917	\$ 1,048,595

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

Cash Paid (Received) During the Year for:

Interest	\$ (103,921)	\$ 1,161,032
Income Taxes	911,794	(547,189)

**SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING ACTIVITIES**

Property, Plant and Equipment Acquired through Capital Leases	\$ -	\$ 1,099,677
Right-of-Use Assets Obtained in Exchange for Lease Liabilities	10,457,736	-

**SUPPLEMENTAL SCHEDULE OF NON-CASH FINANCING ACTIVITIES**

Allocated Patronage Dividends	\$ 8,150,000	\$ 3,927,333
Right-of-Use Liabilities Obtained in Exchange for Lease Assets	10,457,736	-

**FOUR-YEAR SUMMARY**  
Years Ended

<b>August 31</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
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STATEMENTS OF SAVINGS

Sales	\$ 473,412,805	\$ 452,461,823	\$ 366,111,309	\$ 258,796,204
Operating Expenses, Including Interest	38,075,055	39,617,921	37,817,745	40,191,867
Operating Savings - Local	9,291,011	10,016,523	3,309,730	2,439,907
Net Savings	14,766,400	9,249,644	8,302,730	3,501,167
Operating Savings - Local to:				
Sales	1.96%	2.21%	0.90%	0.94%
Equity	10.53%	12.74%	4.24%	3.27%

BALANCE SHEETS

Current Assets	\$ 79,232,715	\$ 76,009,287	\$ 64,141,545	\$ 42,300,215
Total Assets	157,669,899	144,325,993	138,047,570	119,626,810
Long-Term Liabilities	10,726,042	7,390,918	10,276,024	13,043,226
Total Members' Equity	88,222,746	78,642,724	78,068,348	74,709,633
Working Capital	21,312,961	18,621,262	14,498,707	10,426,264
Current Assets Ratio	1.37	1.32	1.29	1.33
Ownership Percentage	56%	54%	57%	62%
Local Ownership Percentage	48%	45%	46%	50%
Long-Term Liabilities to PPE & Right-of-Use Assets	18%	15%	19%	23%

OTHER HIGHLIGHTS

Property, Plant, & Equipment Additions	\$ 6,552,540	\$ 3,400,606	\$ 2,715,082	\$ 2,212,042
Patronage Allocated - Cash	\$ 4,075,000	\$ 2,749,133	\$ 2,200,000	\$ 1,000,000
Patronage Allocated - Deferred	\$ 4,075,000	\$ 1,178,200	\$ -	\$ -
Qualified Patronage Retired	\$ 1,139,037	\$ 1,146,625	\$ 854,644	\$ 768,928
Non-Qualified Patronage Retired	\$ 48,932	\$ 2,192,962	\$ 79,947	\$ 17,039
Preferred Stock Dividend	\$ -	\$ 172,574	\$ 234,468	\$ 274,418
Preferred Stock Redeemed	\$ -	\$ 2,465,348	\$ 1,454,916	\$ 352,384
Sales to:				
Property, Plant and Equipment	9.29	9.17	6.85	4.56
Equity	5.37	5.75	4.69	3.46
Expenses	12.43	11.42	9.44	5.68
Personnel Costs	32.30	27.41	23.14	12.28
Working Capital	22.21	24.30	25.25	24.82