



2022 ANNUAL REPORT

# THE START...

**AgState**  
HELPING PRODUCERS PROSPER.





# THE START..



**TROY UPAH**  
Chief Executive Officer



**CHUCK SPECKETER**  
Board President

The 2021/22 Fiscal Year was officially completed on October 18th when the AgState Board of Directors met with our independent auditing firm, Gardiner & Company, to review the audit reports. Your cooperative saw significant market opportunities and industry challenges this past year. The September 2021 merger between First Cooperative Association and ALCECO formed AgState which provides a strong base. This will allow your cooperative to continue to align with member needs for future success in a challenging environment.

The AgState team performed well these past 12 months. Total net income was \$21.5 million with \$1.5 billion in sales. Our employee team helped to finish the year well above expectations in our agronomy and energy businesses. Feed earnings were in line with budget, but feed volumes were tempered due to poor pig health and a customer starting their own feed mill this past year. Our grain and feed facilities set a new record handling 140 million bushels of grain during this fiscal year. Market volatility from the Ukraine war and ethanol plant shutdowns impacted grain trading results. Aaron Meyerle, AgState’s Grain VP, joined us early this past summer and brings considerable trading experience to help AgState better address this increased market volatility.

As we visited locations over the past 18 months, our operations team made it clear that we needed to increase the speed at which we address facility maintenance and repairs. We added a mobile millwright/maintenance crew to address these location requests. This crew has completed about 50% of the original list but continue to see new projects added. AgState has invested over \$10 million into projects designed to make facilities more reliable, efficient, customer-friendly, and easier to operate by the AgState team. These upgrades have included considerable investment in facility safety.

The merger of the two cooperatives is already providing considerable savings and opportunities for the AgState membership. The combined company now operates four grain shuttle loaders (110

railcars per train) which eliminates the need to make a duplicate investment – saving members more than \$15 million. Fertilizer is now closer to customer fields in the Aurelia and Albert City areas which reduces tendering costs and improves floater efficiencies. Our combined volumes provide improved market access to products potentially impacted by supply chain and import disruptions.

As we look forward, our focus will be in addressing key industry challenges: Rapidly rising business costs, labor shortages, drought conditions and supply chain disruptions. AgState’s Board of Directors and employee team are already evaluating how we can increase efficiencies. We understand that we must find new and different ways of meeting member needs to ensure we continue to provide the products and services needed in your farming operation at a competitive price.

Unfortunately, there is not a clear solution for the labor shortages that will continue in the foreseeable future. It is impacting so many businesses in our local communities as witnessed by the “help wanted” signs on so many windows. Many cooperatives in Iowa are seeing their total open positions averaging 10% of their total employee counts. As of the first of November, AgState had 30 open positions with many of those being operational positions. Unfortunately, we do not see a quick fix for this challenge. We do know that making the right changes will need to include new and different approaches. Attracting and retaining a great team will continue to be a top priority for AgState.

Thank you for continuing to choose AgState as a key business partner in your farming operation. While our mission of “Helping Producers Prosper” sounds simple, it is a job that AgState is committed to each and every day.

Thanks for your business and continued support of your local cooperative, AgState.

*Troy Upah*      *Chuck Specketer*

## Consolidated Statement of Savings

Sales	\$ 1,517,645,379
Cost of Goods Sold	1,438,700,083
<b>Total Gross Savings on Sales</b>	<b>78,945,296</b>
Other Operating Revenue	29,320,536
<b>Total Gross Revenue</b>	<b>108,265,832</b>
Operating Expenses	105,782,480
<b>Operating Savings</b>	<b>2,483,352</b>
Debt Forgiveness Income	2,970,900
Patronage Dividend Income	16,389,887
<b>Savings Before Income Taxes</b>	<b>21,844,139</b>
Income Tax Expense	292,004
<b>NET SAVINGS</b>	<b>\$ 21,552,135</b>

### DISTRIBUTION OF NET SAVINGS

Patronage Dividends	
Qualified	
Cash - 30%	\$ 2,263,142
Deferred - 70%	5,280,666
<b>7,543,808</b>	
Retained Savings	14,008,327

**Net Savings**      **\$ 21,552,135**

### PATRONAGE DIVIDEND ALLOCATION

Grain	3.50 ¢/bu.	\$ 3,302,668
Agronomy	1.75 %	2,526,108
Petroleum Products	4.50 ¢/gal.	448,330
Feed	1.25 %	1,266,702

**Total Patronage Dividend**      **\$ 7,543,808**



Consolidated Balance Sheet

ASSETS

CURRENT ASSETS

2022

Cash	\$ 1,097,687
Marketable Securities	293,635
Receivables	
Notes & Contracts	3,626,723
Trade <i>Net of Allowances for Doubtful Accounts</i>	43,434,858
Accrued Storage	70,351
Grain in Transit	7,399,331
Other	5,836,781
Margin Deposit	26,734,949
Inventories	
Grain	48,339,844
Soil Products	67,954,807
Petroleum Products	3,718,810
Merchandise	6,181,487
Prepaid Purchases & Expenses	18,804,531

Total Current Assets \$ 233,493,794

PROPERTY, PLANT AND EQUIPMENT

Land and Land Improvements	\$ 5,136,861
Buildings	195,566,314
Equipment	80,763,375
	<b>281,466,550</b>
Accumulated Depreciation	(117,883,015)
Undepreciated Cost	<b>163,583,535</b>
Construction in Process	5,561,882
<b>Net Property, Plant and Equipment</b>	<b>\$ 169,145,417</b>

OTHER ASSETS

Interest Rate Swap	\$ 155,881
Defined Benefit Plan - Pension	604,532
Right-of-Use Lease Assets	3,028,646
Goodwill and Other Intangibles Assets	2,578,723
<b>Total Other Assets</b>	<b>\$ 6,367,782</b>

INVESTMENTS

Equity in Regional Cooperatives	\$ 47,030,384
Investments in Other Organizations	8,530,212
<b>Total Investments</b>	<b>\$ 55,560,596</b>

**TOTAL ASSETS** \$ 464,567,589

Consolidated Balance Sheet

LIABILITIES & EQUITY

CURRENT LIABILITIES

2022

Current Maturities of Long-Term Debt	
Notes Payable	\$ 9,183,055
Current Lease Liability	2,081,560
Notes Payable - Seasonal Line	38,905,359
<b>Payables</b>	
Trade	29,283,643
Grain	57,753,240
Customer Credit Balances	19,353,265
Other	3,525
Deferred Revenue - Current	78,482
Accrued Expenses	12,836,055
Patronage Dividends Payable	2,263,142

Total Current Liabilities \$ 171,741,326

LONG-TERM LIABILITIES *Net of Current Maturities*

Notes Payable - Secured	\$ 78,421,035
Right-of-Use-Liability	4,491,577
<b>Total Long-Term Liabilities</b>	<b>\$ 82,912,612</b>

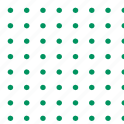
OTHER LONG-TERM LIABILITIES

Deferred Income Tax	\$ 3,655,397
Deferred Revenue	241,405
Interest Rate Swap	0
<b>Total Long-Term Liabilities</b>	<b>\$ 3,896,802</b>

MEMBERS' EQUITY

Common Stock	\$ 411,225
Preferred Stock	51,014,855
Retained Savings	154,590,769
<b>Total Members' Equity</b>	<b>\$ 206,016,849</b>

**TOTAL LIABILITIES & EQUITY** \$ 464,567,589





RECORD YEAR IN GRAIN HANDLING

**140 MILLION BU.**

AgState's Energy Department provided

**19.6 MILLION GAL.**

of refined fuels and propane to meet member needs



**OVER 30 MILLION BU.**

WERE CONSUMED BY AGSTATE'S FEED BUSINESS.

#### INSITE CDM

Insite CDM enrolled

**OVER  
225,000  
ACRES**

of data management  
services making a  
difference in the  
bottom lines of  
farmers throughout  
NW Iowa.



#### AWARDED

**22 SCHOLARSHIPS  
TO LOCAL STUDENTS**

to support higher education in agriculture and related careers.

AGSTATE BOARD OF DIRECTORS APPROVED

**\$5.4 MILLION  
REVOLVEMENT**

AGSTATE SAYS THANK YOU TO THE

**475 FULL-TIME AND PART-TIME EMPLOYEES**

WHO HELP US SERVE CUSTOMERS EACH AND EVERY DAY.

AgState

The logo features the word "AgState" in a white, sans-serif font. A stylized white swoosh underline is positioned beneath the "A". A small "SM" trademark symbol is located at the bottom right of the word.

AgState<sup>SM</sup>