

Dear Valued Member,

I hope this message finds you well. We want to take a moment to express our gratitude for your continued support and trust in CFS. As we look ahead, it's important to reflect on why people choose to do business with CFS and the cooperative model we proudly represent.

At CFS, we offer more than just products and services; we provide a partnership rooted in trust, quality, and community. Our commitment to excellence ensures that you receive the best in agricultural solutions, feed, energy products, and grain marketing services.

The cooperative model brings additional value to you as our valued customer. Being a cooperative means we are owned and operated by the people we serve. This structure allows us to return profits to our members through patronage, directly sharing the financial success of our cooperative. This model not only fosters a sense of community and shared purpose but also enhances the economic well-being of our members.

Choosing to do business with CFS means investing in a sustainable future for our member-owners and our communities. Our cooperative is built on the principles of mutual benefit and shared growth, and we are proud to reinvest in the areas we serve. Your support and dedication make this possible, and we are grateful to have you as a part of the CFS family.

Thank you for being a part of CFS and for your commitment to our purpose of providing Trusted Service and Cooperative Value. Together, we will continue to achieve great things and support the customers who rely on us.

Sincerely,

Merlyn Kruger, CFS CEO

# Patronage and Equity

## FY2024 Patronage

- Total = \$12 million
- \$4.8 million in cash paid to members.
- \$7.2 million in deferred equity to be paid later

## FY2024 Schedule of Allocated Patronage Dividend Rates

<u>Product/Service</u>	<u>Rate</u>
Corn	7.0000 ¢
Soybeans	6.0000 ¢
Fertilizer	7.0000 %
Chemicals	4.5000 %
Seed	0.0000 %
Feed	0.0000 %
Feed Service	3.4000 %
Grease & Oil	0.0000 %
LP	8.5000 ¢
Gas & Fuel	5.0000 ¢

## Patronage - 40% cash and 60% deferred equity

As we finish each fiscal year at CFS, we assess the income the coop has made, and management and the board begin exploring the best options to allocate those dollars to the patrons while continuing to grow the company's balance sheet. Based on the earnings of fiscal year 2024, the CFS Board of Directors allocated \$12 million of total patronage to its members. Forty percent of that will be paid in cash in 2024, and sixty percent will be placed in the members' names as deferred equity to be retired later. The cash portion will be sent the first week in December 2024. Allocation is based on business transacted with Central Farm Service from September 1, 2023, to August 31, 2024.

## **Previous Member's Equity to be paid in February 2025**

- **\$5.4 million**

In addition to the current year's payout of patronage dollars, we also look ahead to retiring old patron equity. The board and management review our balance sheet to decide on capital expenditure (i.e., trucks, pickups, etc.) spending and how much equity to retire. With the merger of two companies with large equity pools, we faced substantial payouts of older equity and have been working diligently to address them. Our stronger earnings over the last few years have enabled us to pay off larger balances, and this year will be another significant year. This payout, scheduled for February 2025, will retire all old equity except for the legacy Watonwan Farm Service and Central Valley Coop equity.

## **Total CFS Patronage & Equity Payout since 2019**

Since 2019, CFS has demonstrated its commitment to its members by distributing a remarkable \$51,133,387 through patronage allocations and equity retirements. This significant financial return underscores our dedication to providing value to our patrons and ensuring their investments are rewarded. By carefully managing our resources and maintaining strong earnings, we have been able to consistently allocate substantial sums back to our members.

In February 2025, we are furthering this effort by allocating \$5.4 million to pay out equity from previous years. This initiative aims to address outstanding equity obligations and transition towards a more current equity distribution process. The February 2025 equity payout is part of our plan to clean up older equity and get more current in our equity distributions.