



2023 Annual Report

Five Star Leadership Team



Scott Black
Chief Executive Officer



Laura Schwickerath
Chief Financial Officer



Tony Myers
Chief Operating Officer



Bruce Halvorson
Energy Director



Bill Hayes
Feed Director



Amanda Dowd
Human Resources Director



Nick Sawyer
Agronomy Director



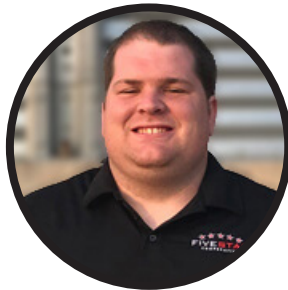
Gary Heselton
Transportation Director



Emily Bailey
Marketing & Communications Director



Rick Pleggenkuhle
Retail Manager



Marc Thronson
Grain Director

A Note From Our CEO



Scott Black, Chief Executive Officer

Yielding Success. It is more than just a tagline for us...it reflects who are, and how we want to enhance and improve on everything we do. Words we believe have come to represent our commitment to our membership, our team, and the communities we serve. The landscape and environment we are all operating in today is challenging, complex and exhilarating all at the same time. As I reflect on fiscal 2023 these words certainly ring true.

In 2023 we faced strong headwinds in many areas – inverse markets within our grain business created a challenging trading environment, fertilizer prices adjusted down which created margin pressure and the swine industry is in a down cycle not see since the late 1990’s effecting our feed business. I am extremely proud of how our team reacted to these challenges and persevered to achieve a solid financial year. For fiscal 2023 Five Star delivered net earnings of \$19.2 million (an increase of \$8 million) on sales of \$540 million. Sales were down 2% due to lower commodity prices offset by volume increases. Our balance sheet is strong with significant improvement in many key financial ratios with total member’s equity up 20%.

A lot of exciting things occurred for us in 2023. In June we broke ground in Burchinal on the largest agronomy project in our cooperative’s history. This state-of-the-art agronomy complex will serve the changing needs and desires of our membership not only today but well into the future. We made great progress in bringing our team together as one to better serve our membership with a focus on mutual respect, cooperation, and accountability. Our team did a tremendous job moving Project Beautify forward... our never-ending initiative to clean up and improve our locations to enhance safety and properly display who we are at Five Star. We also made great strides in amplifying the Five Star brand by telling our story through enhanced marketing strategies.

During the year we kicked off our culture of caring focus with an emphasis on team member well being and happiness. We truly feel the pathway to customer happiness is through team member happiness. Achieving both results in our cooperative experiencing financial strength and happiness.

One final point I want to make concerning 2023. We were able to verify our roots as a cooperative date back to 1889...1889! This makes us one of the oldest agricultural supply cooperatives in the country. How cool is that!

Looking to the future. We certainly understand there will be challenges and choppy waters in 2024...there always are. Due to drought conditions in a large part of our territory our handle of corn and beans will be significantly down in 2024.This will result in margin pressures for our grain business. We also anticipate continued market volatility in all of our commodity-based businesses. We are confident with the progress we have made in developing our one cooperative one team approach, culture of caring and focus on doing the right thing we will face these challenges head on with resiliency and accomplishment.

Foundational priorities are making Five Star a better place to work and do business with. These priorities align closely with our strengthening relationships and financial strength and stability Strategic Pillars. We are well positioned to have a great year in our agronomy business as we have experienced relevant growth through strong agronomics and effective fieldwork by our operations team. We realize our energy business will experience pressures due to reduced corn drying income; however, this impact will be offset with growth in our residential propane business.

We are committed to creating an innovative business well positioned to meet the demands of increasingly complex markets and better serve our membership. I hope you are as excited about the future of our cooperative as I am. I want to thank our team and board for all they do to make Five Star great. And to our members...thank you for your steady support and business!

In service,
Scott

Five Star Board Members



Tom Shatek
President
Elma, IA



Steve Breitbach
Vice President
New Hampton, IA



Terry Thomas
Secretary
Rockwell, IA



John Eichenberger
East Director
Lawler, IA



Scott Glaser
East Director
Ionia, IA



Steve McGrath
Central Director
Mason City, IA



Casey Schlichting
Central Director
Mason City, IA



Mark Pueggel
West Director
Ventura, IA



Shana Cash
West Director
Garner, IA



Andy Edson
Associate - East
Nashua, IA



Brandon Wood
Associate - Central
Rockford, IA

Comments From Our Board President



Tom Shatek,
Board President

“Better than expected” seems to be a common theme when we talk about how our crops turned out this year. Very spotty and inconsistent rains all year combined with extreme heat during critical times made everyone feel like yields would be very poor. We must have gotten just enough rain and heavy dews at the right time to allow the improved drought tolerant genetics to produce what many would call an average crop. The last several years we have been blessed with bumper crops so a more normal or short crop was inevitable at some point. I feel we were lucky to get what we did. I am thankful for that.

This theme also carried through for the financial performance of the Coop as the year turned out better than expected. The inverses in the grain markets made it difficult to make the profit we were hoping for. Fertilizer made an about face on price as product values dropped so margins dropped. LP usage was down so higher priced inventory was reduced to remain competitive. There was also lower tonnage and margin in feed because of the poor cycle the hog market is in. These are all market challenges that are always lurking. What was odd about it this year was that they occurred in all of our major departments. Yes, it was challenging, but the coop still had a good year financially.

There were significant assets added this past year. The Burchinal Agronomy Complex was approved and is currently being constructed. It is on target to be completed next spring. It will be a game changer for members as seed, seed treatment, dry fertilizer, and 24 hour liquid UAN will be handled at this facility. The Coop also traded in 9 pieces of agronomy application equipment for 7 new pieces. This purchase was necessary to keep up with the needs of our members and avoid the down time you might get with older machines. 6 slightly used pickups were also added replacing some junkers that were on their last leg. The hardware store theme was changed to a more “Country Store” theme with additional beverages, snacks, and sandwiches added to the store.

The Coop continues to focus on general cleanup and updating all of it’s locations. Painting, siding, windows, floor coverings are some of the things being done to modernize these facilities. More of these improvements are coming in the next fiscal year as we continue to improve our image in the communities we serve. It is time and money well spent as we want our members and employees to be proud of their location and want to work and do business there.

With good local earnings and strong regional income the Coop was able to revolve over \$2.1 million in old equity and payout \$3.6 million in current year equity with \$1.2 million being in cash. The Board and management feel it is important to pay patronage whenever possible so the members see that the Coop model does work and is more than just a place to do business.

This was Scott Black’s first full year as CEO at the Coop. He has done a great job and has made some really good hires. These new additions combined with the rest of the team give Five Star an outstanding group of employees. Another thing I would like to comment on is the “culture of caring” that Scott has initiated at Five Star. This involves taking better care of employees, customers, facilities, equipment, and most importantly yourself. I feel a shift has occurred and it is exciting to see this happening. This is important for worker recruitment, retention, and the overall experience of working and doing business in the future. Going forward Scott wants to make it easier to do business at Five Star. Not sure what those changes are yet, but I am confident he will move the needle like he has already done with the culture.

What will the next year bring? Who knows? Will the drought persist? I’m sure there will be challenges. I feel the Coop is well positioned with employees, locations, and equipment to handle whatever comes our way and do what it takes to serve member needs. As always, thank you for your past, present, and future business.

Five Star Location Updates in 2023

Scarville Location Update



New Outbound Scale



New Grain Shaker



Joice:
Straightened and
Cleaned Vertical Tanks

Hanlontown Location Updates



BEFORE



AFTER



BEFORE



AFTER



AFTER



Burchinal Tank Refinishing



BEFORE



AFTER



Nashua Fertilizer Plant Updates



BEFORE



AFTER



BEFORE



AFTER



New Hampton Main Location Update



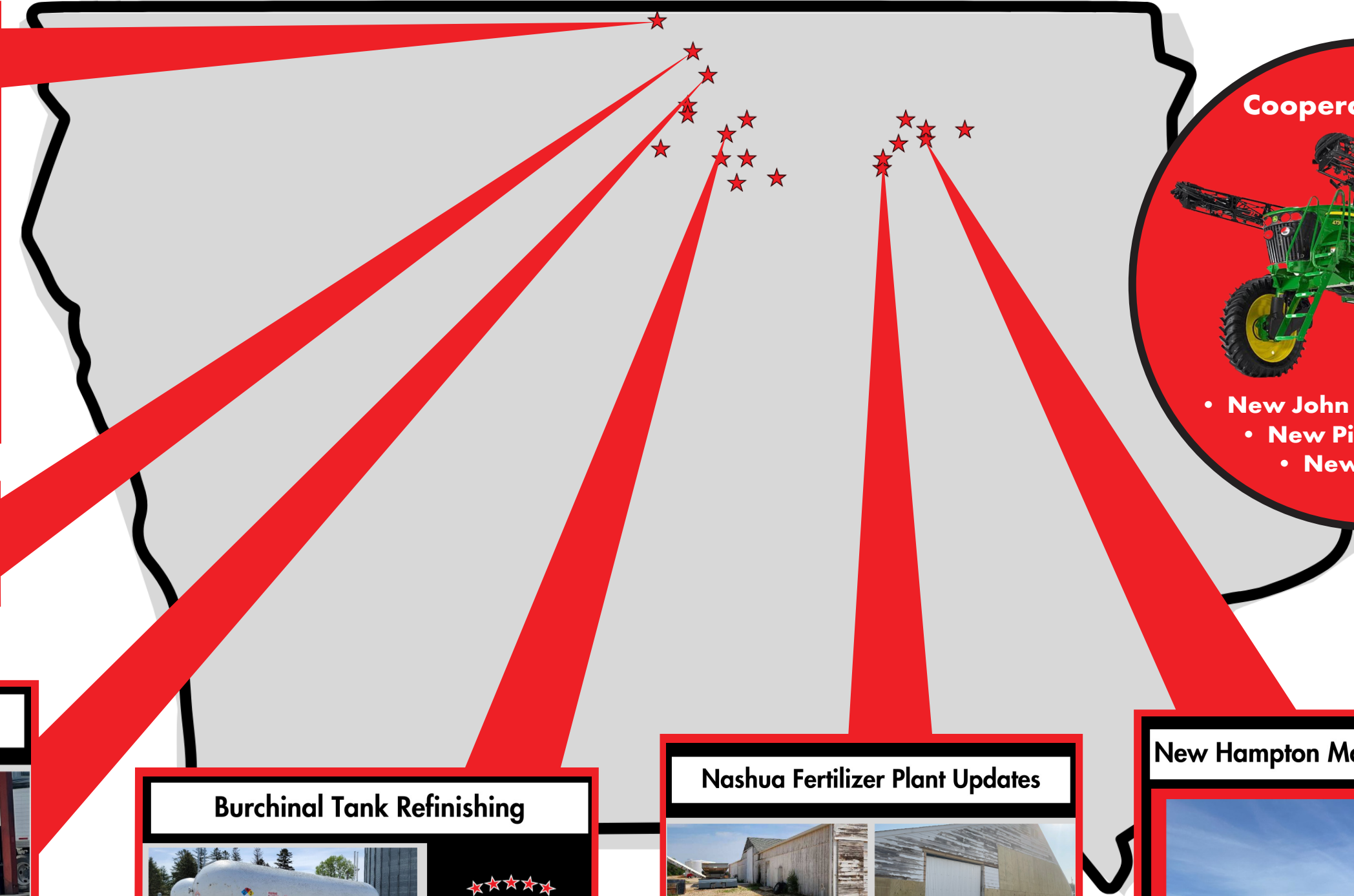
Planted
Trees
for Dust
Control



Cooperative Wide:



- New John Deere Sprayers
- New Pick-up Trucks
- New Signage



2023 Scholarship Winners

2023 Recipients of Five Star's \$500 Scholarship Award

- Dan Orthaus -- New Hampton High School
- Landon Pratt -- Nashua-Plainfield High School
- Trinity Brincks -- Sumner-Fredericksburg High School
- Braden Boehnke -- Garner-Hayfield-Ventura High School
- Maya Bruening -- Charles City High School
- Cody Fett -- Crestwood High School
- Ryan Franzen -- Turkey Valley High School
- Abigail Larson -- North Iowa High School
- Carter Markwardt -- Clear Lake High School
- Cabot Neuberger -- Clear Lake High School
- Ashley Rosonke -- New Hampton High School
- Rose Rother -- West Fork High School
- Allison Rygh -- Scarville Lutheran High School



Update From One of Our 2023 Scholarship Recipients

"I am currently at Iowa State studying Agriculture Communications. I love Ames and all the opportunities that come with it! It's been really fun to network with other students who have a passion for agriculture, just like me! Aside from my classes I am also involved in the Agriculture Communicators of Tomorrow Club, Collegiate 4-H, and the Line Dancing Club. I'm super excited for the rest of my journey here at Iowa State and can't wait to see where it takes me!"

-Maya Bruening

2024 Five Star Scholarship deadlines will be announced soon!...
As in previous years, applicants must be a child of a Class A Five Star Member, and be attending collage for an agriculture related major. The application form will be posted on our website in a downloadable and printable form. Please watch for updates!

Stay in the Know with Five Star!

How to Contact Us:

New Hampton Main Office: 641.394.3052 Grain Office: 641.394.3056 Country Store: 641.394.6155 Ag Retail Center: 641.394.6004	Rockwell 641.822.3221	Ventura North: 641.829.3893 South: 641.829.3891
Lawler 563.238.2814	Burchinal 641.822.4660	Joice 641.588.3111
Ionis 641.394.3616	Dougherty 641.794.3434	Hanlontown 641.896.2610
North Washington 641.394.2060	Swaledale 641.822.3221	Scarville 641.568.3351
Nashua Main Office: 641.435.4163 Fertilizer Plant: 641.435.4665	Sheffield 641.892.4355	
	Mason City (35th St) 641.424.9500	
	Klemme 641.587.2207	

Website: [FiveStarCoop.com](https://www.fivestarcoop.com) | Email: [Info@FiveStarCoop.com](mailto:info@fivestarcoop.com)



Wanting a better way to stay up to date on field happenings?

Check out our new Agronomy Sales Text group! Sign up with the QR code and select your sales representative. Receive real time alerts and feedback from your rep!

Sign up for our Energy Department Texts and Emails

Energy Update Texts
Burchinal Location

Energy Update Texts
New Hampton Location

Weekly Market Opinion Emails

Social Media: @FiveStarCoop

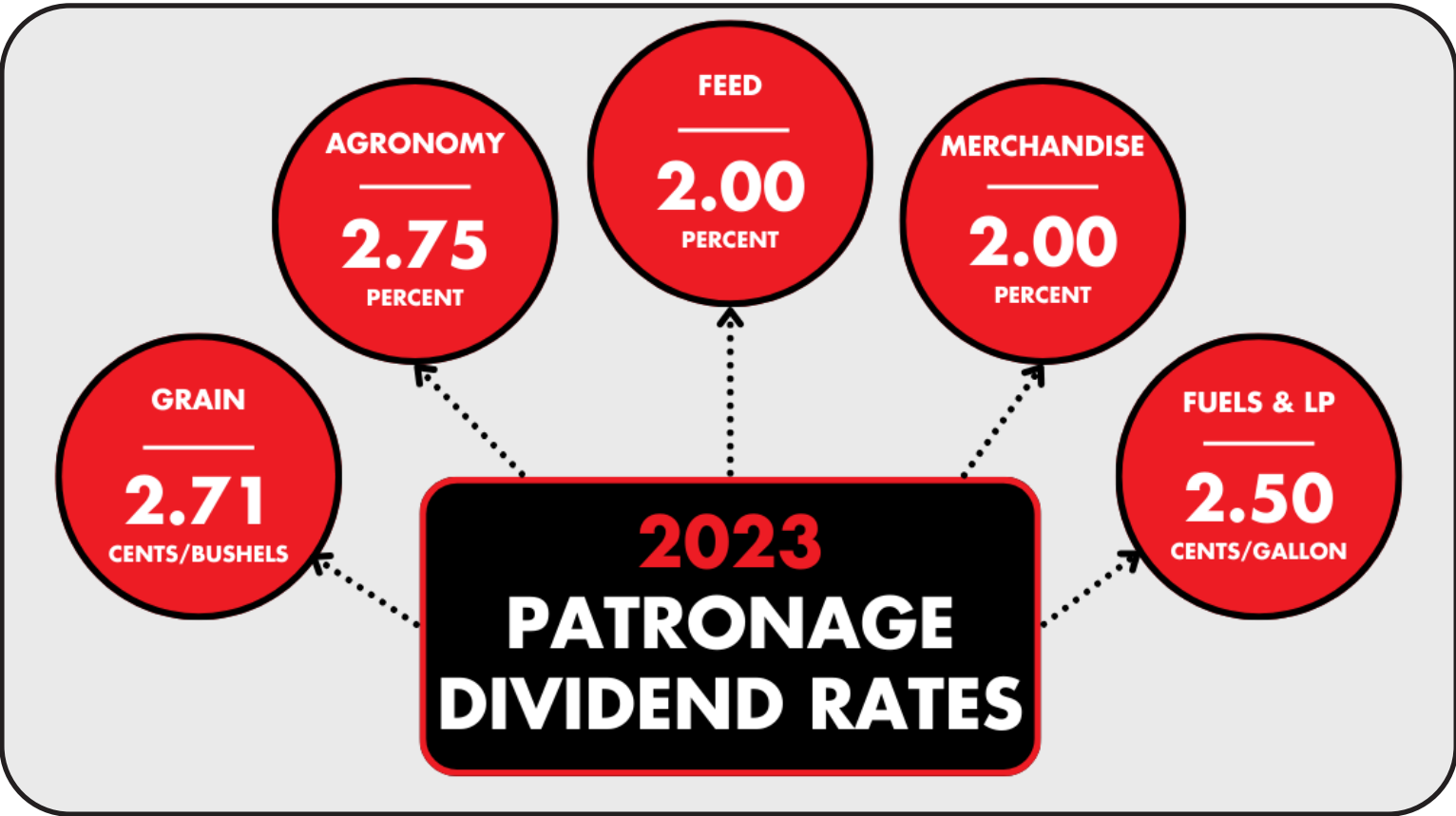


Statement of Savings

	2023	2022
Sales	\$540,333,425	\$553,237,723
Cost of Goods Sold	\$518,497,000	\$525,567,030
Gross Savings on Sales	\$21,836,425	\$27,670,693
Other Operating Revenue	\$25,626,769	\$20,802,322
Total Gross Revenue	\$47,463,194	\$48,473,015
Expenses	\$45,386,150	\$42,144,895
Operating Savings	\$2,077,044	\$6,358,120
Patronage, Investment & Other	\$17,680,813	\$5,112,836
Savings Before Income Taxes	\$19,757,857	\$11,470,956
Income Tax Expense (Benefit)	\$539,974	\$298,634
Net Savings	\$19,217,883	\$11,172,322

Distribution of Savings

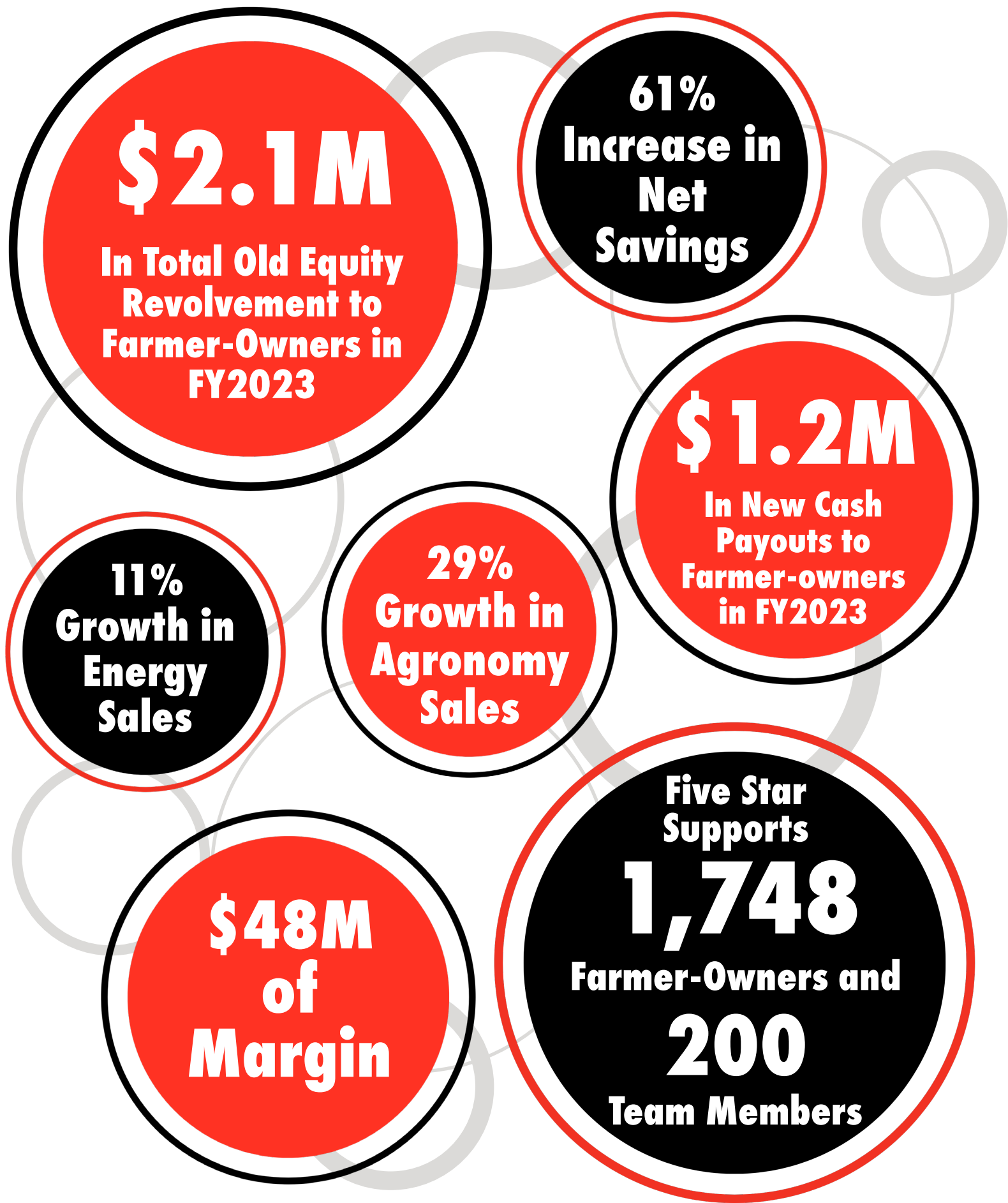
Patronage Dividends		
Cash - 35%	\$1,257,155	\$1,899,646
Deffered - 65%	\$2,334,716	\$3,527,913
	\$3,591,871	\$5,427,559
Retained Savings	\$15,626,012	\$5,744,763
	\$19,217,883	\$11,172,322



Balance Sheet

Assets		
Current Assets	2023	2022
Cash	\$11,804,018	\$11,301
Receivables (Net of Allow. For Doubtful Accounts)	\$5,736,901	\$5,625,370
Margin Deposits	\$3,986,792	\$13,773,918
Other	\$4,400,071	\$2,694,782
Inventories	\$47,237,507	\$63,435,034
Depostis on Future Purchases	\$2,468,490	\$3,907,841
Prepaid Expenses	\$204,013	\$249,255
Total Current Assets	\$75,837,792	\$89,697,501
Property, Plant & Equipment		
Land Buildings & Equipment (net of Accum. Depr.)	\$51,290,272	\$50,835,933
Other Assets	\$1,908,286	\$607,140
Equity in Other Organizations	\$21,510,958	\$21,124,896
TOTAL ASSETS	\$150,547,308	\$162,265,470
Current Liabilities		
Checks in Excess of Bank Balance	\$2,720,200	\$1,211,366
Current Maturities of Long-Term Debt & Lease Obligations	\$1,214,651	\$3,900,000
Notes payable-Seasonal	\$0	\$26,013,347
Payables (Trade and Grain)	\$16,112,017	\$19,091,732
Patron Credit Balances and Pre-Payments	\$13,424,335	\$9,021,776
Accrued Expenses	\$3,604,074	\$4,215,833
Allocated Patronage Dividends	\$1,257,155	\$1,899,646
Total Current Liabilities	\$38,332,432	\$65,353,700
Operating Lease Obligations	\$1,010,161	0
Long-Term Notes Payable	\$4,850,000	\$6,250,000
Accrued Pension Costs	\$2,841,462	\$4,646,234
Total Liabilities	\$47,034,055	\$76,249,934
Members' Equity		
Stock	\$19,231,068	\$17,834,192
Allocated Patronage Divdends	\$2,334,716	\$3,527,913
Other Equity/ Comprehensive Income (Loss)	(\$7,006,132)	(\$8,675,595)
Retained Savings	\$88,953,601	\$73,329,026
Total Member's Equity	\$103,513,253	\$86,015,536
TOTAL LIABILITIES & MEMBERS' EQUITY	\$150,547,308	\$162,265,470

Coop Highlights



Community Events

Parades



Customer Appreciation Picnics



Plot Days



FALL PHOTO CONTEST WINNERS!!!



Top Staff Pick AND Top Facebook Pick:
Mitch Gleason - New Hampton



Runner-up Facebook Pick:
Sara Jerdee - New Hampton



Runner-up Staff Pick:
Wade Schmitt - Ionia/NW



Enriching Communities: A Five Star Commitment

Underpinning our commitment to Strengthening Our Relationships, one of our Strategic Pillars, is our intensified engagement with communities. This year witnessed an escalation of our efforts, as we actively participated in county fairs, hometown parades, and fundraisers. Demonstrating our dedication, numerous team members contributed to various organizations through our Volunteer Time Off program. Our resolve is unwavering—we will persist in building on these initiatives to firmly establish Five Star at the heart of our communities.

2023 Fiscal Year Highlights

Agronomy



Nick Sawyer Brings New Light to Agronomy

Expressing our gratitude to Olin A. for his dedicated service, we are thrilled to introduce Nick Sawyer, our Agronomy Director, who joined Five Star last December. Nick is at the helm of our experienced agronomy team, collectively boasting over 100 years of expertise. Building on our NexStar brand, Nick has pioneered the launch of RateStar financing, providing flexible options for our members. Stay tuned for the exciting developments unfolding in Agronomy under Nick’s dynamic leadership, as we continue to cultivate innovation and excellence.



Breaking Ground on our Burchinal Agronomy Complex

We held a groundbreaking event for our new Agronomy Complex in Burchinal featuring a 24-hour liquid fertilizer load out, a state-of-the-art seed treatment facility, and a high efficiency dry fertilizer plant. “When I think about this project, the word cooperation comes to mind. It started with a disaster with the tornado in Mason City. It was a lot of cooperation between team members, the board, the insurance company, the management team, Marcus Construction, neighboring cooperatives, and all those involved to keep our chins up and know better days are ahead. We are excited we are here today starting the facility.” Tom Shatek, Five Star Board Chairman. We anticipate this facility being operational in the Spring of 2024.

Transportation



Gary Heselton Joins Five Star Team

Welcoming Gary Heselton to the Five Star team signifies a strategic move towards enhanced operational excellence. As our Transportation Director, Gary has swiftly integrated his extensive experience in fleet leadership and team coordination. Since joining us in November 2022, he has spearheaded initiatives to boost efficiencies, centralize dispatch communication, implement cross-training, and assess our assets. We anticipate ongoing benefits from these improvements under Gary’s adept leadership, reinforcing our commitment to operating seamlessly as one cooperative team.

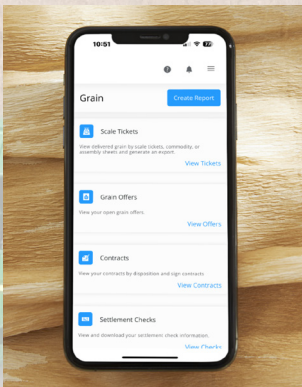
Grain



Fostering Strong Processor Relationships

CEO Scott Black, COO Tony Myers, and our dedicated Grain Team have been steadfastly cultivating connections with our grain processor partners. Given the significance of ethanol in Iowa’s grain utilization, these partners remain integral to the majority of our grain sales. Through regular formal and informal engagements with their leadership, we are committed to ensuring mutually beneficial relationships while actively exploring alternative avenues for grain buyers. Our focus remains on fortifying ties and expanding opportunities in this key aspect of our operations.

IT



Empower Your Connectivity with Five Star’s Mobile App

This year, we proudly launched the Five Star phone app, available for download on both Google Play and the Apple App Store. Offering a seamless experience, this free app puts valuable account information at your fingertips. From viewing scale tickets and invoices to receiving timely notifications on agronomy applications, accessing field information, patronage details, monitoring Five Star Energy tanks, paying bills, and beyond – our app is a comprehensive resource. Executed by our dedicated IT team, this significant project ensures convenience and accessibility for all your account needs. Don’t miss out—download and sign up today for a streamlined and user-friendly experience.



Photo Credit: Wade S.



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