



HERITAGE[®]
Cooperative

**ANNUAL REPORT
FISCAL YEAR 2022**

Letter from the Chairman

Heritage Cooperative Members,

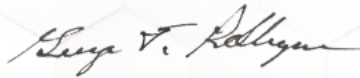
There is a cardiologist on television who has the punch line, “Time waits for no one.” It seems like just last month I wrote the annual report letter for 2021. Time seems to go by quickly, but it is a constant. I just need to face up to the fact I am getting older and moving slower.

One of the advantages of getting older is slowing down to reflect on what has taken place. Fiscal year 2022 was a good year for Heritage Cooperative. All four cylinders (divisions) are providing power to the bottom line creating a strong financial position. With this increased financial strength, we were able to make a strategic acquisition for the Feed Division. We were also able to launch several projects to improve facilities and update equipment. Most important was being able to return patronage to our members.

It is also time to reflect on what a cooperative is and why are we members of Heritage Cooperative. A cooperative is defined as being, “An enterprise that is collectively owned and operated for mutual benefit.” Heritage meets this definition. Profits generated in the operation of Heritage are invested back into the cooperative as opposed to non-cooperative operations where the profits are paid out to the investors. The cooperative model works and the more we believe in it the stronger it becomes.

My last reflection is, this past year was only possible by the team effort of all the Heritage employees and their relentless desire to make Heritage Cooperative the vendor of choice.

Thank you for being a member of Heritage Cooperative. We shall continue our quest to provide value to our members.



George Rellinger
Chairman, Board of Directors



Board of Directors



George F. Rellinger
Chairman



Lamar L. Liming
Vice Chairman



Kenneth J. Schilling
Secretary



Randy Campbell
HR and Compensation
Committee Chair



Phil Herring
Audit/Credit
Committee Chair



Edward A. Zimmerman III
Governance
Committee Chair



Raymond Bricker
Director



Dennis D. Comstock
Director



Adam Graham
Director



Michael T. Graham
Director



Kevin Henry
Director

MISSION

To be an agricultural cooperative providing value to our members and customers through individualized solutions.

VISION

To be the partner of choice by enabling our people to provide superior customer experience, efficiencies, and strategic alignments.

VALUES

Provide Superior Customer Service
Highest Standards of Integrity and Trust
Continuous Improvement
Being a Good Partner

Letter from the President and CEO

Heritage Cooperative Members,

2022 has been as challenging as it was in 2021. We continued to see supply chain issues and labor shortages. Inflation increased prices across the board. In February, the war in Ukraine changed the flow of fertilizer, fuel, and food. Despite these challenges, Heritage improved its financial results in 2022 by over nine million dollars to almost nineteen million dollars.

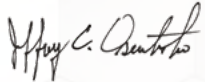
As with any business, Heritage continues to invest back into its operations. Some items we invested in included adding grain storage, updating application equipment, updating anhydrous ammonia storage, implementing robotics in feed, and reinvesting in the Shur Grow seed brand and digital platforms, to name a few. A multi-year project that the Board approved is increasing the speed, space and adding automation at our Kenton grain facility. A strategic purchase for Heritage was Witmer Feed and Grain in Columbiana, Ohio. All of these are a reflection of our core value of Continuous Improvement.

Our most important reinvestment is in our people. Taking on these projects, new challenges, new roles, and responsibilities, in addition to training inside and outside the cooperative, will better prepare Heritage for the future.

Again, I would like to personally thank the entire Heritage Cooperative team for working together through these challenging times to help mitigate or avoid negatively impacting our partners and customers. Their dedication, hard work, and ability to tackle new challenges daily allowed us to fulfill our customers' needs in a timely manner.

Thank you to our members/owners for being part of the Heritage Cooperative system and allowing us to be part of your operations as we improve and grow together.

Respectfully submitted,



Jeffrey C. Osentoski
President & CEO



STATEMENT OF OPERATIONS

	2022		2022
SALES		OTHER REVENUE	\$ 23,677,084
Supply	\$ 394,829,810	OPERATING EXPENSES	\$ (90,391,565)
Marketing	\$ 663,557,337	INTEREST EXPENSE	\$ (3,695,017)
Total Sales	\$ 1,058,387,147	SAVINGS FROM OPERATIONS	\$ 13,769,155
COST OF SALES		OTHER INCOME (EXPENSE)	
Supply	\$ 333,815,741	Patronage Refunds	\$ 3,847,330
Marketing	\$ 640,392,753	Loss from Investments in Other Businesses	\$ -
Total Cost of Sales	\$ 974,208,494	Investment Income, Net	\$ 649,911
GROSS MARGIN		Interest Income	\$ 80,669
Supply	\$ 61,014,069	Net Gain on Sale of Property and Equipment	\$ 233,976
Marketing	\$ 23,164,584	Total Other Income	\$ 4,811,886
Total Gross Margin	\$ 84,178,653	SAVINGS BEFORE INCOME TAXES	\$ 18,581,041
		BENEFIT FROM INCOME TAXES	\$ (122,099)
		NET SAVINGS	\$ 18,703,140

2022 FINANCIAL REPORT

BALANCE SHEET

ASSETS	2022
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 1,177,226
Accounts Receivable, Net of Allowance for Doubtful	
Accounts of \$1,360,000 at August 31, 2022	\$ 68,502,226
Grain and Miscellaneous Receivables	\$ 17,455,069
Income Taxes Refundable	\$ 50,000
Inventory	\$ 86,323,824
Margin Account Equity	\$ 12,117,674
Unrealized Gains on Forward Contracts	\$ 3,122,046
Prepaid Inventory	\$ 1,649,105
Prepaid Expenses	\$ 606,999
Total Current Assets	\$ 191,004,169

PROPERTY AND EQUIPMENT	
Land	\$ 10,237,691
Land Improvements	\$ 15,657,452
Buildings	\$ 72,932,311
Machinery and Equipment	\$ 94,308,035
Office Equipment	\$ 2,372,193
Delivery Equipment	\$ 30,984,695
Constructions in Progress	\$ 5,538,340
Total	\$ 232,030,717
Less: Accumulated Depreciation	\$ 142,870,966
Total Property and Equipment	\$ 89,159,751

ASSETS	2022
INVESTMENTS AND OTHER ASSETS	
Investments in Cooperatives	\$ 22,549,554
Investments in Marketable Securities and Other Businesses	\$ 3,426,297
Cash Surrender Value of Life Insurance	262,168
Intangible Assets, Net of Amortization	-
Goodwill	\$ 3,355,000
Interest Rate Swap Agreement	\$ 231,655
Deferred Taxes	\$ 771,000
Total Investments and Other Assets	\$ 30,595,674
Total Assets	\$ 310,759,594

LIABILITIES AND EQUITY	2022
CURRENT LIABILITIES	
Notes and Mortgage Loans Payable	\$ 41,683,933
Accounts Payable	\$ 26,117,076
Grain Payable	\$ 34,653,935
Delayed Price and Basis Grain Obligations	\$ 12,170,778
Customer Prepaid Balances	\$ 5,822,087
Cash Patronage Refunds Payable	\$ 5,197,353
Unrealized Losses on Forward Contracts	\$ 698,525
Accrued Wages and Taxes	\$ 7,774,676
Accrued Interest	\$ 365,668
Other Liabilities	\$ 1,562,616
Total Current Liabilities	\$ 136,046,647
LONG-TERM LIABILITIES	
Long-Term Notes Payable	\$ 35,100,000
Interest Rate Swap Agreement	\$ -
Pension and Post Retirement Obligations	\$ 3,777,306
Total Long-Term Liabilities	\$ 38,877,306
Total Liabilities	\$ 174,923,953

LIABILITIES AND EQUITY	2022
SHAREHOLDERS' AND PATRONS' EQUITY	
Capital Shares	\$ 506,560
Patrons' Equity	\$ 61,632,036
Capital Reserve	\$ 76,673,556
Accumulated Other Comprehensive Loss	\$ (2,976,511)
Total Shareholders' and Patrons' Equity	\$ 135,835,641
Total Liabilities and Equity	\$ 310,759,594

Audited by: Clifton Larson Allen LLP



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