

Financial Statement
of



Growing Value Together

31-Dec-21

~Board of Directors~

Jeff Teubner - President

Mark Heinz - Vice President

Cordell Beaver - Secretary/Treasurer

Bradyn Henderson

Tim Hendrickson

Tim Hudson

Bruce Lewallen

Sebastian Wald

Travis Westlind

Sean Slowinski - CEO

Abstracted from the financial statements

as audited by EIDE BAILLY LLP

Certified Public Accountants and Consultants

Aberdeen, South Dakota

The financial statements of Legacy Cooperative as of and for the year ended December 31, 2021, including the notes to the financial statements and independent auditor's report, have been audited by Eide Bailly LLP and are on file at the Company's office.

Legacy Cooperative
Balance Sheets
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 22,250,614	\$ 9,421,757
Marketable Securities	1,037,631	1,022,963
Accounts receivable - trade (net of allowance for bad debts)	3,721,651	3,581,437
Grain in transit	151,459	4,645,043
Advances	20,000	15,866
Grain receivable	2,611,051	1,323,548
Storage/delayed price charges receivable	521,631	716,956
Margin deposit and other receivables	2,405,177	2,628,592
Grain inventory	81,454,782	50,903,167
Exchange-traded hedges	834,246	-
Merchandise inventory	17,256,788	20,256,098
Prepaid merchandise and prepaid expense	13,401,453	3,093,709
Total current assets	<u>145,666,483</u>	<u>97,609,136</u>
PROPERTY AND EQUIPMENT, at cost	99,332,378	96,738,508
Less accumulated depreciation	<u>46,022,120</u>	<u>40,122,602</u>
	<u>53,310,258</u>	<u>56,615,906</u>
OTHER ASSETS		
Investments in other cooperatives	17,579,608	17,613,512
Non Qualified Investments in other cooperatives	<u>2,618,155</u>	<u>2,167,594</u>
Total other assets	<u>20,197,763</u>	<u>19,781,106</u>
	<u>\$ 219,174,504</u>	<u>\$ 174,006,148</u>
LIABILITIES AND PATRONS' EQUITY		
CURRENT LIABILITIES		
Drafts payable	\$ 5,667,860	\$ 2,282,624
Exchange traded hedges	-	1,659,724
Grain contracts payable - deferred payment	55,082,897	31,382,447
Grain contracts payable - grain payable	10,850,191	6,864,189
Forward contracts	1,572,204	1,831,269
Accounts payable - trade	3,040,277	2,782,409
Accounts payable - grain delayed price	17,953,444	12,062,047
Customer credit balances	12,809,255	12,501,556
Accrued taxes and expenses	2,938,115	1,805,097
Patronage dividend payable (cash portion)	3,250,000	2,946,000
Current portion of long-term debt	3,394,320	3,240,298
Current portion of lease payable	14,511	13,660
Total current liabilities	<u>116,573,074</u>	<u>79,371,320</u>
LONG-TERM LIABILITIES		
Deferred payment contracts	8,971,335	5,460,261
Lease payable, net of current portion	48,785	63,295
Long-term debt, net of current portion	<u>14,590,640</u>	<u>10,713,443</u>
Total long term liabilities	<u>23,610,760</u>	<u>16,236,999</u>
DEFERRED INCOME TAXES PAYABLE	<u>1,144,517</u>	<u>1,064,882</u>
	<u>141,328,351</u>	<u>96,673,201</u>
PATRONS' EQUITY		
	<u>77,846,153</u>	<u>77,332,947</u>
	<u>\$ 219,174,504</u>	<u>\$ 174,006,148</u>

Legacy Cooperative
Statements of Operations
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Total Sales	\$ 269,706,585	\$ 186,152,793
GRAIN		
Wheat	\$ 5,562,096	\$ 5,790,206
Corn	36,738	161,502
Soybeans	3,475,163	2,137,787
Oats	36,974	9,777
Flax	85,052	40,116
Canola	1,890,366	1,337,788
Barley	136,846	110,992
NuSun and Sunflowers	39,635	34,552
Pinto Beans	120,525	(121,431)
Peas	(2,279)	1,700
	<u>11,381,116</u>	<u>9,502,990</u>
MERCHANDISE		
Chemicals	2,372,173	3,699,717
Fertilizer	5,306,209	4,357,170
Feed & Livestock Supply	46,699	48,648
Misc Merchandise	1,159,442	
Tires and Automotive	500,778	1,466,622
Petroleum Products	2,538,520	2,602,771
Seed	1,839,911	1,251,967
	<u>13,763,732</u>	<u>13,426,895</u>
Gross Trading Margin	\$ 25,144,848	\$ 22,929,884
Other Income		
Storage and handling	\$ 601,860	\$ 1,221,933
Labor and service	582,337	602,979
Spreading/Spraying	2,063,812	2,014,104
Cleaning, treating and drying	248,484	512,812
Grinding and weighing	20,937	22,691
Bad debt recoveries	1,747	3,554
Rent	11,939	13,332
Interest, dividend income and finance charges	356,718	358,450
PPP loan forgiveness	1,825,978	-
Miscellaneous	666,845	606,294
Gain on disposal of fixed assets	9,750	57,195
	<u>\$ 6,390,407</u>	<u>\$ 5,413,344</u>
Gross margin and other income	\$ 31,535,255	\$ 28,343,228
Expenses		
General and administrative	17,092,502	15,625,617
Depreciation	6,326,452	6,286,520
Interest	677,297	598,571
Total expenses	<u>24,096,251</u>	<u>22,510,708</u>
LOCAL SAVINGS	7,439,004	5,832,520
PATRONAGE INCOME	1,083,727	2,075,059
SAVINGS BEFORE INCOME TAXES	8,522,731	7,907,579
INCOME TAX EXPENSE	171,441	198,969
NET INCOME	<u>\$ 8,351,290</u>	<u>\$ 7,708,610</u>
GRAIN RECEIPTS	<u>2021</u>	<u>2020</u>
Wheat - bu.	10,917,375	10,568,482
Corn - bu.	259,463	290,355
Soybeans - bu.	4,239,912	4,342,641
Oats - bu.	2,364	22,388
Flax - bu.	17,120	35,824
Canola - cwt.	1,684,277	1,655,963
Barley - bu.	192,031	291,277
NuSun & Sunflowers - cwt.	19,316	35,328
Pinto Beans - cwt	38,089	107,536
Peas - bu.	2,705	14,230
	<u>17,372,652</u>	<u>17,364,024</u>

Legacy Cooperative
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Net income	\$ 8,351,290	\$ 7,708,610
Adjustments to reconcile net savings to net cash from (used for) operating activities:		
Depreciation	6,326,452	6,286,520
Accretion of discount on investments in other cooperatives	(104,880)	(104,880)
Gain on disposal of fixed assets	(9,750)	(57,195)
Bad debt expense	40,228	16,558
Deferred income taxes	79,635	138,218
Dividend allocations from other cooperatives	(523,825)	(1,168,498)
Forgiveness of PPP loan	(1,825,978)	-
Unrealized Gain on Securities	(6,269)	(56,752)
Changes in assets and liabilities:		
Receivables and margin deposits	3,440,245	(4,047,515)
Inventories	(27,552,305)	(15,601,860)
Prepays	(10,307,744)	9,856,643
Exchange traded hedges and forward contracts	(2,753,035)	- 3,015,690
Payables	42,212,367	13,653,114
NET CASH FROM OPERATING ACTIVITIES	17,366,431	19,638,653
INVESTING ACTIVITIES		
Purchase of property and equipment	(3,060,426)	(7,813,063)
Acquisition of assets from business combination	-	(936,967)
Proceeds from disposal of fixed assets	9,750	65,000
Purchase of marketable securities	(8,399)	(8,410)
Investments in other cooperatives redeemed	212,046	230,702
NET CASH USED FOR INVESTING ACTIVITIES	(2,847,029)	(8,462,737)
FINANCING ACTIVITIES		
Payments on lease payable	(13,659)	(12,861)
Payments on long-term debt	(4,042,803)	(8,495,914)
Proceeds from long-term debt	9,900,000	12,449,655
Proceeds from (payments on) short term seasonal note payable	-	(10,235,807)
Payment of prior year dividends	(2,864,789)	(1,457,034)
Payment of prior year patronage credits	(4,669,294)	(1,730,948)
NET CASH FROM FINANCING ACTIVITIES	(1,690,545)	(9,482,909)
NET CHANGE IN CASH AND CASH EQUIVALENTS	12,828,857	1,693,007
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,421,757	7,728,750
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 22,250,614	\$ 9,421,757
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	\$ 671,119	\$ 626,258
Income taxes paid	243,330	80,140
SUPPLEMENTAL SCHEDULE OF INVESTING ACTIVITIES		
ACQUISITION OF BUSINESS COMBINATION ASSETS AND LIABILITIES		
Merchandise inventory	\$ -	\$ 1,459,877
Land, buildings, and equipment	-	500,000
Customer prepayments/deposits	-	(1,022,910)
Cash paid	\$ -	\$ 936,967
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Patronage dividends payable	\$ 3,250,000	\$ 2,946,000
Fixed asset purchases included in accounts payable	-	39,623