

2023 ANNUAL REPORT

***BUILDING  
FOR THE  
FUTURE***

**AgState**<sup>®</sup>  
HELPING PRODUCERS PROSPER.



## **BUILDING FOR THE FUTURE**



**TROY UPAH**  
Chief Executive Officer

Our 2023 Fiscal Year ended on August 31st. It was a year filled with new challenges and new opportunities. First, the good news is that AgState, your cooperative, performed well with a total net income of \$31.3 Million with sales of \$1.35 Billion. Net income was greatly improved over Fiscal Year 2022 while total sales dollars were down from last year's \$1.5 Billion. Drought conditions last summer and reduced rail export opportunities at Alta impacted our corn and bean volumes this past year. According to the USDA, Northwest Iowa produced 9-10% less corn and soybeans which drove most of this decrease in sales.

The AgState team executed very well in key areas to improve local and regional earnings. Improvements were achieved in grain trading, fertilizer position management, feed ingredient trading, access to chemistry products, diesel procurement and expense management. The inverted grain market and good operational planning allowed facilities to clean out bin bottoms, clean aeration tubes and make necessary updates to bins where needed. With many bins emptied, AgState was able to "weigh up" or get a "clean house" confirming the actual bushels at 30 locations. Thanks to the AgState operations team for their hard work in getting this done.

AgState continued to make improvements in facilities and rolling stock. AgState invested \$12 million through capital projects and another \$10 million in repair/maintenance in 2023. Our maintenance team did a great job of continuing to complete key projects while outside contractors continued to focus on the bigger needs. One of these projects included updated cardrol pedestals to ensure compliance with national credit card regulations.



**CHUCK SPECKETER**  
Board President

Challenges this past year included reduced feed volumes due to poor pig herd health and financial losses in much of the livestock sector. Access to labor continues to plague NW Iowa. We do not see it getting any easier in the foreseeable future. AgState continues to evaluate and restructure our compensation plans and recruiting practices to ensure we have the right workforce for the future. AgState is not immune to the pressures others in the industry are facing, those being higher insurance rates, rising interest cost and high inflation. Despite these challenges, overall expenses decreased this year by \$4.5 million.

As we reflect on the past 2 years of AgState, we have come a long way. We have worked hard to capture many of the synergies identified in the merger study. We have listened to your feedback and are driving solutions to address your concerns or evaluate new ideas on how to do things better. AgState and your board of directors, are committed to our membership. Revolving \$5.4 million to patrons in August 2023 and another \$3.6 million in December 2022 is only part of that commitment. Our commitment also lies within local communities by operating 35 different locations, paying over \$32 million in payroll, and covering \$4 million in property taxes.

AgState is committed to providing great products and services, that is core to our mission. Our employee team is enthusiastic about serving your farming operations in the months and years ahead.

Thank you for your membership and continued support of AgState!

*Troy Upah*

*Chuck Specketer*

## Consolidated Statement of Savings

	2023	2022
<b>Sales</b>	<b>\$ 1,346,207,883</b>	<b>\$ 1,517,645,379</b>
Cost of Goods Sold	1,268,866,950	1,438,700,083
<b>Total Gross Savings on Sales</b>	<b>77,340,933</b>	<b>78,945,296</b>
Other Operating Revenue	29,387,835	29,320,536
<b>Total Gross Revenue</b>	<b>106,728,768</b>	<b>108,265,832</b>
Operating Expenses	101,229,398	105,782,480
<b>Operating Savings</b>	<b>5,499,370</b>	<b>2,483,352</b>
Debt Forgiveness Income	-	2,970,900
Patronage Dividend Income	28,441,008	16,389,887
<b>Savings Before Income Taxes</b>	<b>33,940,378</b>	<b>21,844,139</b>
Income Tax Expense	2,660,713	292,004
<b>NET SAVINGS</b>	<b>\$ 31,279,665</b>	<b>\$ 21,552,135</b>

	2023	2022
<b>DISTRIBUTION OF NET SAVINGS</b>		
Patronage Dividends Qualified		
Cash - 30%	\$ 3,183,158	\$ 2,263,142
Deferred - 70%	7,427,370	5,280,666
	<b>10,610,528</b>	<b>7,543,808</b>
Retained Savings	20,669,137	14,008,327
<b>Net Savings</b>	<b>\$ 31,279,665</b>	<b>\$ 21,552,135</b>

### PATRONAGE DIVIDEND ALLOCATION

Grain	6.00 ¢/bu.	\$ 4,759,965	3.50 ¢/bu.	\$ 3,302,668
Agronomy	3.00 %	4,825,836	1.75 %	2,526,108
Petroleum Products	5.00 ¢/gal.	455,160	4.50 ¢/gal.	448,330
Feed	0.50 %	569,567	1.25 %	1,266,702
<b>Total Patronage Dividend</b>		<b>\$ 10,610,528</b>		<b>\$ 7,543,808</b>

## Consolidated Balance Sheet

### ASSETS

CURRENT ASSETS			PROPERTY, PLANT AND EQUIPMENT		
	2023	2022		2023	2022
Cash	\$ 42,652,023	\$ 1,097,687	Land and Land Improvements	\$ 5,082,211	\$ 5,136,861
Marketable Securities	286,447	293,635	Buildings	200,143,481	195,566,314
Receivables			Equipment	89,124,166	80,763,375
Notes & Contracts	32,770	3,626,723		<b>294,349,858</b>	281,466,550
Trade <i>Net of Allowances for Doubtful Accounts</i>	34,254,271	43,434,858	Accumulated Depreciation	(130,983,879)	(117,883,015)
Accrued Storage	2,681	70,351	Undepreciated Cost	<b>163,365,979</b>	163,583,535
Grain in Transit	162,982	7,399,331	Construction in Process	2,634,817	5,561,882
Other	2,712,454	5,836,781	<b>Net Property, Plant and Equipment</b>	<b>166,000,796</b>	169,145,417
Margin Deposit	-	26,734,949			
Inventories			<b>OTHER ASSETS</b>		
Grain	17,734,454	48,339,844	Interest Rate Swap	234,499	155,881
Soil Products	46,455,801	67,954,807	Defined Benefit Plan - Pension	501,752	604,532
Petroleum Products	2,610,316	3,718,810	Right-of-Use Lease Assets	2,415,727	3,028,646
Merchandise	6,043,277	6,181,487	Goodwill and Other Intangibles Assets	2,243,390	2,578,723
Prepaid Purchases & Expenses	14,245,077	18,804,531	<b>Total Other Assets</b>	<b>5,395,368</b>	6,367,782
			<b>INVESTMENTS</b>		
			Equity in Regional Cooperatives	49,946,689	46,400,900
			Investments in Other Organizations	9,441,159	9,159,696
			<b>Total Investments</b>	<b>59,387,848</b>	55,560,596
<b>Total Current Assets</b>	<b>\$ 167,192,553</b>	<b>\$ 233,493,794</b>	<b>TOTAL ASSETS</b>	<b>\$ 397,976,565</b>	<b>\$ 464,567,589</b>

## Consolidated Balance Sheet

## LIABILITIES &amp; EQUITY

CURRENT LIABILITIES			2023	2022	LONG-TERM LIABILITIES <small>Net of Current Maturities</small>			2023	2022
Current Maturities of Long-Term Debt					Notes Payable - Secured	\$	29,233,267	\$	78,421,035
Notes Payable	\$	5,339,417	\$	9,183,055	Right-of-Use-Liability		3,790,469		4,491,577
Current Lease Liability		1,006,982		2,081,560	<b>Total Long-Term Liabilities</b>		<b>33,023,736</b>		<b>82,912,612</b>
Notes Payable - Seasonal Line		-		38,905,359	<b>OTHER LONG-TERM LIABILITIES</b>				
<b>Payables</b>					Deferred Income Tax		4,478,881		3,655,397
Trade		31,727,482		29,283,643	Deferred Revenue		158,083		241,405
Grain		55,272,472		57,753,240	<b>Total Long-Term Liabilities</b>		<b>4,636,964</b>		<b>3,896,802</b>
Customer Credit Balances		17,479,760		19,353,265	<b>MEMBERS' EQUITY</b>				
Other		71,101		3,525	Common Stock		415,600		411,225
Margin Deposits		4,665,480		-	Preferred Stock		48,935,598		51,014,855
Deferred Revenue - Current		83,322		78,482	Retained Savings		175,340,283		154,590,769
Accrued Expenses		11,417,724		12,836,055	<b>Total Members' Equity</b>		<b>224,691,481</b>		<b>206,016,849</b>
Patronage Dividends Payable		3,183,158		2,263,142					
Accrued Revolverment		5,377,486		-					
<b>Total Current Liabilities</b>			<b>\$ 135,624,384</b>	<b>\$ 171,741,326</b>	<b>TOTAL LIABILITIES &amp; EQUITY</b>			<b>\$ 397,976,565</b>	<b>\$ 464,567,589</b>



**Net Savings**

**Patronage Dividend**

**AgState**

**2023**

**A T A G L A N C E**

\$30 mil

\$20 mil

\$10 mil

\$0

\$31,279,665

\$21,552,135

FY 22

FY 23

\$7,543,808

FY 22

\$10,610,528

FY 23



**2023 AgState Board of Directors**

*Top Row L-R: Steve Recker, Doyle Anderson, Chad Harms, Brian Wells, Mason Goodenow, David Dean, Mark Johnson  
Bottom Row L-R: Jim Franzmeier, Jim Wagner, Chuck Specketer, John Van Gorp, Bill Langel*



### RESPECT

Treat others as you want to be treated.



### INTEGRITY

Doing the right thing.



### SAFETY

Always.



### EXCELLENCE

Leading with passion, focus and innovation to achieve greater results.

#### COMMUNITY ENRICHMENT

**\$23,550** TO FAIRS, AG ED, FFA, 4-H, & SCHOOLS

**\$4 MILLION** PAID IN PROPERTY TAXES

**Over \$32 MILLION** PAID IN WAGES

**\$50,000** IOWA STATE UNIVERSITY FEED MILL SPONSOR OVER 5 YEARS

#### INVESTMENTS & IMPROVEMENTS

**\$22 MILLION** was spent in capital projects & repairs at locations

**\$23.4 MILLION** has been approved for this current year

#### SCHOLARSHIPS

36 SCHOLARSHIPS TOTALING **\$31,000**

#### AGSTATE BOARD OF DIRECTORS APPROVED

**\$10.6 MILLION** IN TOTAL PATRONAGE DIVIDEND

#### AGSTATE

**10%**

TOTAL ACRE GROWTH

# AgState®



FOLLOW US ON

