



BIG SKY



WINTER 2022



## CHS Big Sky wraps up challenging, rewarding year



Keith Schumacher  
General Manager  
CHS Big Sky

Looking back at fiscal year 2021, which ended August 31, we experienced a challenging yet rewarding year for CHS Big Sky. Our business units faced trying markets, labor shortages and widespread drought. Highlights from the year include a successful consolidation between CHS Cut Bank and CHS

Big Sky, as well as great financial performances for both business units. Let's take a closer look at the year.

A significant amount of time and effort went into the thoughtful review of the CHS Cut Bank and CHS Big Sky consolidation by the producer boards and management. As the teams combined, we could begin looking forward to the strategies and success that will provide returns to our member-owners.

We saw outstanding growth in the agronomy businesses, along with strong financial performance in the grain businesses. CHS Big Sky also saw fair return in the energy and feed sectors. Both the former CHS Cut Bank and CHS Big Sky closed the fiscal year with strong financial performances, with net profits of \$2.3 million and \$4.477 million, respectively.

The financial performance for the two

businesses resulted in good patronage rates for our customers, which have been finalized, and we expect to distribute payments in March. For fiscal year 2022, the newly formed business unit has moved to one consolidated patronage pool.

FY 21 MARGINS		CHS Big Sky	CHS Cut Bank
	Grain	\$6,895,693	\$4,504,255
	Fertilizer	\$7,181,493	\$3,724,260
	CPP	\$2,727,232	\$411,949
	Feed	\$591,684	\$141,292
	Seed	\$106,501	\$45,102
	Energy	\$1,160,305	\$5,536
	Merchandise	\$386,512	\$25,252
	Service	\$2,037,416	\$920,117
	<b>Total Margins</b>	<b>\$19,049,421</b>	<b>\$9,774,762</b>
EXPENSES		\$16,947,444	\$7,479,322
LOCAL SAVINGS		\$4,139,393	\$2,295,440
PATRONAGE & EQUITY INV		\$338,337	\$10,195
<b>TOTAL NET SAVINGS</b>		<b>\$4,477,730</b>	<b>\$2,305,636</b>

So, what does FY22 look like for the new CHS Big Sky? So far so good!

- The agronomy business continues to see good growth amid unprecedented volatility in the fertilizer market that we've been experiencing since last summer.

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## 2021 wrap up

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• The grain division is facing challenges from the drought conditions that plagued growers during the 2021 growing season, along with crop loss from hail damage in large areas of our northwestern territory. Despite these challenges, the team is doing a great job finding trading opportunities that will generate returns.

The CHS Big Sky leadership team sincerely wants to recognize every one of our employees. They've worked tirelessly through the challenges of COVID-19, including labor shortages and supply-chain bottlenecks. Thank you for your hard work and commitment each day to serve our member-owners.

We also want to thank you, our customers, for your support and loyalty as we navigate the challenges of the agriculture industry and look forward to a successful year ahead. ■

## The cooperative difference: Patronage

For fiscal 2020-21, CHS Big Sky and CHS Cut Bank returned \$5.5 million in patronage to local member-owners. Patronage is one of the key benefits of co-op membership.

### Final FY 2020-21 Patronage Rates, CHS Big Sky

Winter Wheat	\$0.146 cents per bushel
Spring Wheat	\$0.126 cents per bushel
Fertilizer	1.6% of purchases
Crop Protection	4.1% of purchases
Feed	3.8% of purchases
Seed	0.16% of purchases
Energy Products	No patronage

### Final FY 2020-21 Patronage Rates, CHS Cut Bank

Winter Wheat	\$0.16 cents per bushel
Spring Wheat	\$0.21 cents per bushel
Fertilizer	1.4% of purchases
Crop Protection	3.25% of purchases
Feed	0.05% of purchases



## Grain: The best of times - and the worst



Ken Slezak  
Grain Originator  
CHS Big Sky

Last year was the best of times, and the worst, for grain producers. They had a tremendous crop in 2020, followed by one of the worst in 2021 due to severe drought and hail damage. Although yields were down, prices were higher.

Unfortunately, we're still in a drought situation, which hasn't been corrected over the winter. I know all of us are hoping to see more snow and rain in the next couple of months. Getting that critical moisture will have a huge impact on the 2022 crop.

Last year was also the best of times for another reason — the merger between CHS Cut Bank and CHS Big Sky. CHS Cut Bank had worked with CHS Big Sky for years. With our staff in place, the transition in the Grain department went smoothly. An additional plus is that we're no longer in direct competition.

Together, we're a bigger operation with three large shuttle facilities in the Golden Triangle, which lets us execute sales more efficiently. We now have better buying capacity and selling opportunities. All these factors will benefit our growers, and you'll see more of those benefits in 2022. ■



## Meet board member Ernie Boumans



Ernie Boumans  
Vice Chair  
CHS Big Sky Producer Board

Ernie Boumans is vice chair of the CHS Big Sky Producer Board. We caught up with him at his daughter's basketball game, and here's what he had to say:

**Tell us about your farming operation.** My grandfather started the farm near Valier, Mont., in 1914. My dad and uncle took it over in 1953. I came back in 2003, making this a third-generation farm. We raise small grains.

**Did you always want to be a farmer?** Yes, but after I went to college, where I got a degree in ag business with a minor in economics, my dad said I had to work elsewhere before I could come back. I sold farm machinery in town, although I was on the farm every spring for planting and harvest in the fall, until 2003. I'm taking the same approach with my son.

**Tell us about your family.** My wife is Margie. We have two kids: Will, who is a freshman in college, and Kristen, an eighth grader.

**How did you become interested in the board?** I attended a new leader conference in Portland, and that's what got me thinking I should run for the board. It's been a really rewarding experience, and I believe it gives you an opportunity to help run the company you own.

**Why are cooperatives important?** We've always done business with the co-op, starting with my grandfather, who was a member of GTA. I think it's even more important today. Being part of a co-op like CHS, as members, we get the benefit of the economies of scale they can provide, which can help with everything from prices to supply. As a member, you're an owner of the co-op, you have an investment in it, and it returns benefits in the way of patronage to you. ■

The Boumans family, left to right: Will, Kristen, Ernie and Margie.



## Agronomy dedicated to providing best customer service

Despite fertilizer prices and supply chain issues grabbing the headlines in 2021, we also looked to the future to see how we could streamline our operations and provide the best experience for our customers.

Last year, we invested approximately \$1 million in rolling stock so we could move supply out of our hub facilities, where we've already made significant investments, directly to our growers' fields. This year, we're investing an additional \$1 million to upgrade our rolling stock and application equipment.

Of course, a major element of customer service is having the right product available when growers need it. Given the constraints on the market, we've been highly focused on moving product out the door in preparation for spring planting. We've been in touch with customers to determine their needs before the season starts. Even with intense pre-planning, we may experience some shortages mid-season. Our goal is to meet customers' needs while ending up with as little inventory on hand at the end of the season,

We're keeping grower profitability in mind with crop protection products. Because a lot of the chemistry for these products is manufactured overseas, we've focused on forecasting our producers' needs. We know some products are going to be in very tight or short supply, so we're also prepared to fill in with other options that will still do the job for our growers.

We appreciate your flexibility and support, and we want to emphasize that CHS Big Sky's Agronomy team is here for you throughout the growing season. ■



Ryan Lammers  
Assistant  
General Manager  
CHS Big Sky



# Take a look at three financing programs from CHS Big Sky

In 2022, CHS Big Sky is offering three financing programs, and one of them is sure to be a good fit for your operation. The options are:

## 0% Input Program

Provides financing for fertilizer, chemicals, seed and application in 2022. Here are the details:

- 0% interest if paid by Nov. 15
- Requires approved CHS capital loan
- Application deadline: March 31
- Program can be extended Nov. 16 to Jan. 15, 2023, at 5.25% variable interest rate
- Maximum loan: \$500,000
- Loan fee: \$200
- Requires commitment of grain bushels, with considerations given in event of a crop peril; check with your agronomy sales rep and grain procurement specialist for details.

## CHS Capital Crop Input Loan

Provides financing for all inputs purchased from CHS Big Sky in 2022. Here's how it works:

- 3.5% interest if paid by Aug. 15
- Application deadline: March 31
- Program can be extended Aug. 16 to Jan. 15, 2023, at 5.25% variable interest rate
- Maximum loan: \$500,000
- Loan fee: \$200

## CHS Capital Feed Loan

Provides financing for all livestock feed purchased from CHS Big Sky in 2022. Here are the details:

- 5.75% interest
- Maximum loan: \$100,000
- Loan fee: \$100

If you're interested, please contact your local sales rep or Tanisha McDuffie, credit administrator, at 406-873-5551 or [tanisha.mcduffie@chsinc.com](mailto:tanisha.mcduffie@chsinc.com). ■



Denton employees, left to right: McKenzie Brevig, Keith Wickens, Gary Friesen and Donald Weinheimer

## Strong communities equal a strong cooperative

CHS Big Sky is proud to support the communities where we live and work. That's why we have a firm commitment to providing financial support to various groups and organizations throughout the area. In 2021, we made donations totaling more than \$100,000. These included:

- 4-H: \$40,000
- Chinook School welding program: \$5,000
- Denton ambulance fund: \$5,000
- Big Sandy pool project: \$5,000
- Bear Paw Volunteer Fire Department: \$5,000
- Denton fire relief: \$20,000

On December 1, 2021, a wildfire driven by 60-mph winds swept through Denton. The grain elevators were the first to catch fire. It quickly spread through the surrounding community, eventually destroying half of the town.

Our donation to the Denton Fire Relief included \$10,000 in cash and \$5,000 in gift cards from CHS Energy. CHS Nutrition provided \$5,000 in feed products for farmers and ranchers who lost pasture.

"We are proud to live our value of cooperative spirit through these donations," says Keith Schumacher, CHS Big Sky general manager. ■

