CHS

EMPOWERED

2021 CHS Annual Report

2021

Our purpose
Creating connections to empower agriculture

Integrity

We set high standards and hold ourselves accountable.

Safety

We put the well-being of our people, customers and communities first every day.

Inclusion

We believe excellence and growth stem from diverse thinking.

Cooperative spirit

We work together for shared success and to strengthen our communities.

From left, Debertin, Schurr

Together, we are empowered

The power of a strong, diverse CHS was evident in fiscal 2021. As external forces challenged one business, other businesses delivered exceptional results. When doors of opportunity opened, our experienced teams quickly leveraged the digitally connected supply chain to give owners access to new markets. And as the world slowly adjusted to living with a pandemic, we were ready to meet returning demand for energy, grain and food ingredients.

Our strategically built agronomy portfolio rose to the challenges posed by favorable weather through both harvest and planting seasons, which drove demand for agronomic inputs. Globally sourced crop nutrients and enhanced efficiency fertilizer provided ready supplies of fertilizer and sustainable options to meet crop needs. Innovative crop protection products, local expertise and precision agriculture techniques helped growers optimize results on every acre.

Our global grain marketing teams took full advantage of a year of improved trade relations with foreign trade partners and identified new markets for corn, soy, wheat and other crops, sending more grain through our export terminals in the Pacific Northwest than ever before and triggering plans to expand our Myrtle Grove, La., export facility by 30%. We continue to expand our soy processing capacity to meet growing demand for plant-based foods and renewable fuels.

While demand shocks caused by the COVID-19 pandemic began to subside, our energy business experienced exceptionally high costs for renewable energy credits and less favorable pricing on crude oil processed by our two refineries. Improved margins in refined fuels helped drive strong third and fourth quarters, but could not completely offset the effects of the severe headwinds faced in the first half of the year by our Energy segment.

The power of our combined businesses, the strength of the cooperative system and the support of our owners delivered a 31% increase in net income over fiscal 2020 and a 35% increase in revenues over fiscal 2020, the highest annual revenues recorded since fiscal 2014.

Those results allowed the CHS Board of Directors to authorize cash returns to owners in fiscal 2022 of $150 million, including an estimated $50 million in cash patronage and $100 million in equity redemptions to member cooperatives and individual owners.

In the new fiscal year, we are focused on efforts that will enable growth to benefit our owners:

- We will empower the people of CHS through inclusive, diverse teams to deliver opportunities for collaboration and growth.
- We will transform how we run our businesses to become a stronger, better company.
- We will continue investing in our supply chain, in technology and innovation, and in our products and brands to drive growth that supports our owners, customers and communities.

Thank you for your business and for your commitment to the cooperative system. The power we derive from working together is unmatched and the future is bright. We look forward to ongoing success as we continue creating connections to empower agriculture.

Dan Schurr
Chair, Board of Directors

Jay Debertin
President and Chief Executive Officer

Record grain export volume of **538 million bushels** through Pacific Northwest ports

Year in Review

- Early in fiscal 2021, **CHS Global Grain Marketing** and **CHS Processing and Food Ingredients** operations were combined to form **CHS Global Grain & Processing**. The consolidation was another step in executing on our strategy to transform our business to unleash the full power of the enterprise. With teams and processes organized along product lines — corn, oilseeds, wheat and specialty crops — CHS increased operational efficiency, established standardized work across all regions, introduced rigorous forecasting and operations planning and drove precision across the end-to-end supply chain.

- Expansion of the **Fairmont, Minn., soybean crushing facility** was completed at the close of the fiscal year, in time to receive soybeans from the 2021 harvest. Increased capacity of 30% will provide new market options for farmer-owners and will help CHS meet growing demand for soy oil for food products and renewable diesel production. During the year, plans were announced to expand the **Mankato, Minn., soy oil refining facility.** The $60 million project is the second phase of CHS investments to capitalize on evolving demand dynamics and grow market access. When complete, refined soy oil production at the facility is expected to increase by more than 35%.

- Preparation began in mid-2021 on renovation and expansion of the **CHS grain export terminal at Myrtle Grove, La.**, which loads ships bound for customers around the globe. Additional storage capacity and handling equipment are expected to allow the terminal to handle 30% more grain annually with the ability to simultaneously load multiple products. High water and storm damage caused by Hurricane Ida idled the terminal briefly in late August 2021.

- Record-high grain volumes were exported through our **TEMCO joint venture** in fiscal 2021. Strong collaboration through the cooperative system increased operational efficiency, offered global market opportunities in Spain, Portugal, North Africa and other countries and increased CHS market share in the Pacific Northwest. Higher freight rates for oceangoing vessels through much of the year tempered returns for grain exports.

- Reorganizing CHS Global Grain & Processing and CHS Agronomy **transportation services**, including barge and rail, leveraged scale, reduced duplicative functions and provided one face to customers. Automation and technology advancements, including live cameras, grain sensors, drones and process automation, improved accuracy, efficiency, safety and customer service.

- **CHS Hedging** saw a 9% increase in commission revenues in fiscal 2021, driven by strong commodity prices and market volatility. Continued strong collaboration across the CHS enterprise meant that CHS Hedging cleared nearly all CHS grain, energy and crop nutrient exchange traded contracts, providing cost savings for the enterprise and volume-driven opportunities.

- Launched in fiscal 2021, **CHS Global Research** is providing insights and analysis on topics ranging from commodity market fundamentals to macroeconomic and quantitative analysis and forecasting. The cross-disciplinary group of experts publishes and speaks on key market factors, providing updates that are used by business partners within the enterprise to guide decision-making on behalf of CHS owners and customers.

- **CHS Energy** customer support for the benefits of Cenex® brand premium diesel fuels led to near-record sales of 900 million gallons. Overall refined fuels demand gradually recovered from the most severe effects of the global pandemic, with volumes down slightly from the previous year. Strong collaboration internally and with customers, coupled with digital tools to anticipate and automate needs, helped inform refined fuels product supply, distribution, inventory and price risk.

- Efforts to make **ethanol-blended fuels** more available to Cenex retailers included adding E15 to more CHS terminals, advocating for year-round sales and streamlining safety and regulatory compliance procedures. Increased use of blended renewable fuels supports energy customers and helps grow market opportunities for cooperative farmer-owners who produce corn.

- The Cenex LIFT initiative is energizing the Cenex brand by updating exterior branding to the Halo image at all **Cenex refined fuels retail locations** over a four-year period. A unique program offers no-interest funding through CHS Capital to help retailers update store interiors to meet changing consumer demands and increase in-store revenue opportunities.

- **CHS Capital** expanded its portfolio of financing progams by leveraging strong partnerships with core businesses. Financing through the CHS Country Operations Autumn Rewards program grew 22% year over year. Significant adoption of the Accolade Producer Financing Program proved its value as a financing option for member cooperatives and independent retailers selling CHS crop nutrient and crop protection products.

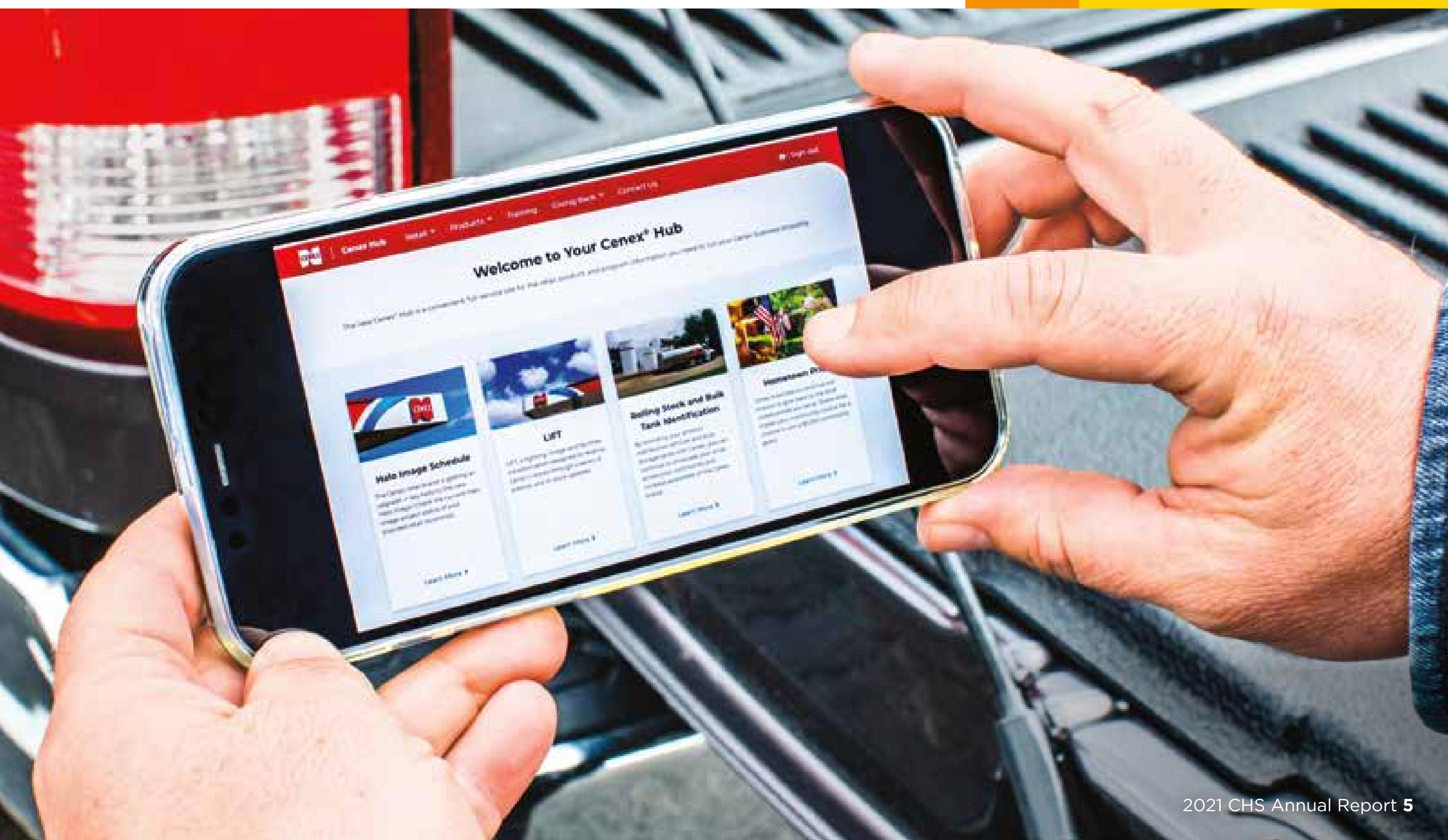
- **CHS Lubricants** delivered increased year-over-year sales volumes for branded lubricants and greases, which contributed to return on assets exceeding 34% for fiscal 2021. With continued emphasis on safety, the three CHS lubricant blending plants completed a record-setting third consecutive year with no lost-time injuries.

- Warm, dry weather throughout the fall and winter of fiscal 2021 reduced demand for propane to dry crops and heat homes and businesses. While the demand drop affected **CHS Propane** volume and earnings for the year, the business maintained volume of nearly 900 million gallons of propane and natural gas liquids and grew market share by leveraging industry-leading tools and programs and strategic supply planning. Acting on the CHS core value of safety, propane teams completed more than three years with zero safety incidents at CHS-owned and leased wholesale propane facilities. The energy equipment team delivered a second consecutive year of record-setting revenues, providing value-added solutions for customers.

- Severe winter weather events caused significant energy disruptions in the southern U.S. in fiscal 2021. In February 2021, the CHS refinery in McPherson, Kan., played a key role in maintaining electrical service to the city of McPherson and the region by providing more than 5 million gallons of diesel fuel to run generators during a severe storm. **CHS refineries** at McPherson and Laurel, Mont., continued strong operations despite pandemic-related demand pressure, all while focusing on employee health and safety to reduce COVID-19 infection risk. Attention to controlling operating costs and managing capital expenditures was critical to maximizing returns.

- Restructuring **CHS Transportation and Logistics** to align with enterprisewide strategies and business needs brought growth opportunities and improved customer service while enhancing labor and asset utilization. A centralized approach to logistics and fleet management created a more effective services offering and increased collaboration of fleets within CHS Energy and with CHS Country Operations, CHS Agronomy and CHS Global Grain & Processing. Driver- and equipment-sharing optimized product delivery to customers through busy seasons and supply challenges.

Exterior updates for all Cenex retail locations over four years



7% increase

in year-over-year crop nutrient volume

- Significant gains in volume and market share drove record sales in **crop protection** products for **CHS Agronomy**, led by branded proprietary products that help crop producers increase return on input investments. This result was achieved despite severe active ingredient supply constraints during much of 2021. The growing line of unique adjuvants combines advanced technology with targeted performance to help enhance weed and disease control. More growers and acres benefited from application of enhanced efficiency fertilizers including Trivar®, which makes phosphorus more available for growing crops using the patented ingredient Levesol®. Trivar was chosen for the next-generation fertilizer challenge administered by the U.S. Environmental Protection Agency and moved into the greenhouse trial stage of the challenge in 2021.

- Continued strong growth in **crop nutrients** volume and market share demonstrated the position of CHS as a leading U.S. fertilizer supplier. The business ended the year with total fertilizer sales of 8.6 million tons, a 7% year-over-year increase. Continued focus on efficient use of assets helped reduce operating costs as a percentage of sales revenues.

- The first full year of marketing **ammonium thiosulfate (ATS) fertilizer** produced at the CHS refinery in McPherson, Kan., through CHS Agronomy channels saw a nearly tenfold increase in per-ton revenues when compared with previous use of third-party marketers. The collaboration provides significant value to owners through dependable fertilizer supplies and more efficient use of refinery assets.

- The CHS investment in **CF Nitrogen** contributed significantly to fiscal year results, while helping to meet CHS owner crop nutrient needs with reliable domestic production during a year marked by significant supply chain disruptions due to severe winter storms and global shipping delays. Strong grain markets and related increased fertilizer demand helped drive CF Nitrogen earnings.

- Effective collaboration with all CHS businesses helped the **CHS Country Operations** retail platform build market share and find efficiencies that brought value to owners. Greater alignment in grain marketing, agronomy and energy added volume and supply chain strength, while reducing costs to give owners greater access to products and markets to achieve their own business goals. Overall efficiency also saw gains through a streamlined organizational structure and sale of certain retail assets while maintaining supply agreements with the new owners.

- Technology tools designed to aid planning for crop producers and their agronomists gained traction during the year as the **Agellum**® full-farm planning and managing solution saw a 40% increase in adoption. The **MyCHS app** continued to make it easier for customers to do business with CHS, including adding the ability to pay invoices online. Significantly increased volumes of **Allegiant**® corn and soybean seed over the previous year indicated customer satisfaction in product performance and value.

- Recording 19% year-over-year volume and earnings growth, Payback® feeds from **CHS Animal Nutrition** continued to meet the needs of beef, dairy and other livestock producers, especially as many in the western U.S. struggled with dry weather that reduced pasture and forage resources. More efficient use of feed manufacturing assets was a focus of the group's strategic growth plan.

- **Ventura Foods, LLC**, a joint venture between CHS and Mitsui & Co., continues to hold a leadership position in oils, dressings, sauces, mayonnaises and margarines for foodservice and retail customers in more than 60 countries. In fiscal 2021, Ventura Foods teams developed 26 new dressing, dip and sauce products, including Marie's® plant-based salad dressings and Dean's® Dairy Dip Sports Bar Favorites — all innovative solutions for retail and foodservice customers and consumers.

- **Ardent Mills, LLC**, a CHS joint venture with Cargill Incorporated and Conagra Brands, continued to pursue its growth strategy with the acquisition of Hinrichs Trading Company's chickpea business. The acquisition is part of the company's continued focus on emerging nutrition, building on its existing wheat flour and plant-forward business. CHS continues as the largest wheat supplier to Ardent Mills, providing 58 million bushels per year as a key ingredient in cultivating the future of plant-based solutions.

- Multiple critical control points and tools were implemented in fiscal 2021 to help ensure CHS teams demonstrate their commitment to **compliance and integrity**. The SAP Global Trade Services module was launched to define and help monitor certain trade compliance practices in the SAP environment. Case-study-based training was implemented, empowering CHS employees to address trade compliance risks with integrity and confidence. A cross-functional team created an assessment tool to enhance understanding of potential fraud scenarios and mitigation strategies. Proactive reporting tools were developed to help prevent conflicts of interest and policy violations in areas such as travel, gifts and entertainment.

- The CHS value of **safety** drove continued development of a safety culture that encourages safe behavior and continuous improvement. Recognizing and acting on close calls and near misses has helped make all employees aware of the role they play in maintaining safe environments. In fiscal year 2021, enterprisewide OSHA recordable incidents were 22% lower than the three-year average and the lowest in company history. Our commercial transportation fleet maintained its position in the top 1% of the industry, with the equivalent of more than 8 million miles of safe driving between DOT incidents and more than 33 million miles of safe driving overall. We continued to focus on keeping our employees, owners, customers and communities safe through effective COVID-19 prevention protocols.

- Cooperative Leadership Academy programs offered by **CHS Cooperative Resources** bolstered skills and leadership abilities for more than 300 current and future member cooperative leaders in fiscal 2021. Live online learning programs became a key component, with widespread satisfaction reported by learners due to enhanced content engagement in the instructor-led virtual environment.

- The CHS **Government Affairs** team advocated for agriculture and cooperatives with federal, state and local policymakers in critical areas including climate change and carbon certification, renewable energy and broadband access for rural America. In discussions concerning U.S. infrastructure and the need to ensure liquid fuels of all types are available to power rural America (the Renewable Fuel Standard), the team raised awareness of complex issues regarding support for producers of ethanol and other renewable fuels, while working to alleviate the high cost of RINs (renewable identification numbers), which CHS incurs in producing refined fuels. Representing agriculture in debates regarding smart climate practices helped reinforce the need for effective programs that benefit farmers, ranchers and private forest owners.

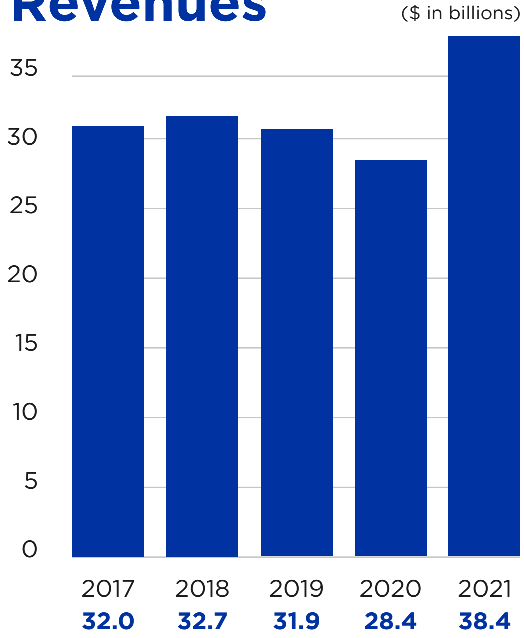
- Together, **CHS Community Giving** and the **CHS Foundation** contributed $8.6 million in fiscal 2021 to support ag safety, develop future leaders and build strong communities. The Seeds for Stewardship matching grants program has provided nearly $900,000 since 2019 to augment member cooperative support in more than 300 communities. Providing grain bin safety training and rescue equipment for first responders, sponsoring farm safety camps for kids and bringing additional health training and resources to rural America are key initiatives. In fiscal 2021, CHS also joined a coalition of organizations focused on enhancing internet connectivity and digital inclusion in rural communities. The CHS Foundation partnered with Discovery Education to educate thousands of students across the CHS trade territory about the cooperative business model and cooperative careers.

- Engaging audiences across a wide range of media to demonstrate the power of cooperative ownership, the comprehensive multimedia CHS **brand campaign** was energized by the Around the Table program, which shared news and insights from voices across the cooperative system and reinforced the CHS purpose of creating connections to empower agriculture.

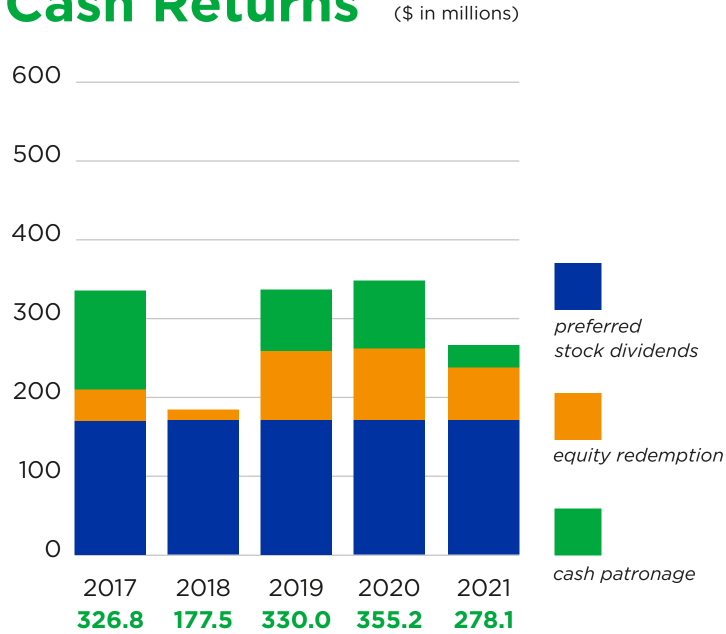
$8.6 million
contributed to support safety, leaders and communities

Fiscal 2021 Financial Highlights

Revenues

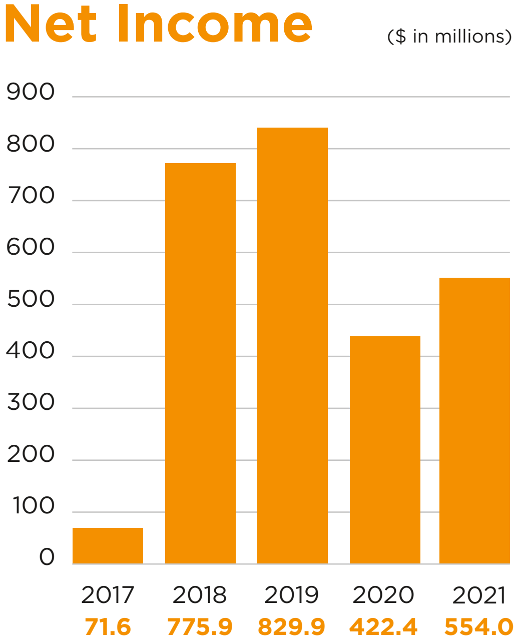


Cash Returns



Cash patronage is distributed in the fiscal year shown and based on amounts using financial statements earnings from the prior fiscal year.

Net Income



Net income increases by 31% over fiscal 2020; strongest revenues since fiscal 2014

Consolidated net income increased significantly in fiscal 2021 compared with fiscal 2020, reflecting exceptional results in our Ag segment driven by heightened demand for grain and oilseed in response to improved trade relations between the U.S. and foreign trade partners. While refined fuels demand and margins gradually improved from lows seen during early months of the COVID-19 pandemic in fiscal 2020, our Energy segment earnings deficit reflected exceptionally high costs for renewable energy credits and less favorable pricing on the heavy Canadian crude oil we process at our refineries. Our investments in CF Nitrogen and Ventura Foods were strong contributors to fiscal 2021 earnings.

CHS reported net income of $554.0 million for fiscal 2021 (Sept. 1, 2020, through Aug. 31, 2021) compared with $422.4 million in net income reported in fiscal 2020 (Sept. 1, 2019, through Aug. 31, 2020). Consolidated revenues totaled $38.4 billion for fiscal 2021, compared with $28.4 billion in fiscal 2020. Pretax income was $515.3 million for fiscal 2021 compared with $386.9 million in pretax income reported in fiscal 2020.

Energy

Energy segment income before income taxes for fiscal 2021 decreased by $235.9 million from fiscal 2020 to a loss of $10.6 million. While refining margins improved throughout the year in our refined fuels business as demand shocks from the COVID-19 pandemic began to subside, those margins were negatively impacted by exceptionally high costs for renewable energy credits and less favorable pricing on heavy Canadian crude oil, which is processed by CHS refineries. Propane volumes and resulting earnings decreased during fiscal 2021 due to warmer, drier weather conditions, which reduced demand for propane to dry crops and heat homes and businesses.

Ag

The Ag segment, which includes global grain & processing, country operations and wholesale agronomy, recorded income before income taxes in fiscal 2021 of $298.1 million, an increase of $224.4 million over fiscal 2020. This significant increase reflects favorable harvest and growing conditions, which encouraged strong demand for crop nutrients and crop protection products and services, plus a full year of improved trade relations between the U.S. and foreign trade partners. Our processing business experienced strengthening demand for soy oil and other products, which increased volumes and earnings. Improved earnings were partially offset by lower grain and oilseed margins, including mark-to-market losses that are expected to reverse over time.

Additional Segments

The Nitrogen Production segment, which consists of our investment in CF Nitrogen, reported $121.0 million in income before income taxes for fiscal 2021, an increase of $69.2 million from fiscal 2020. The increase reflects higher sale prices of urea and urea ammonium nitrate, which are produced and sold by CF Nitrogen. Those increased sale prices were partially offset by increased natural gas costs in fiscal 2021.

The Foods segment, which was previously included in the Corporate and Other category, includes our joint venture investment in Ventura Foods and allocated expenses. For fiscal 2021, the segment reported income before income taxes of $67.9 million, an increase of $43.7 million from fiscal 2020. The earnings increase reflects favorable market conditions for edible oils and improved sales volumes, which rebounded from COVID-19 pandemic-driven decreases in out-of-home dining in fiscal 2020.

Corporate and Other recorded income before income taxes of $38.9 million, a $7.1 million increase for this revised category from fiscal 2020, which reflects increased income from our investment in the Ardent Mills wheat-milling joint venture. This category also includes CHS Capital, our wholly-owned financing subsidiary, and CHS Hedging, our wholly-owned brokerage subsidiary. Combined earnings for those two businesses increased slightly in fiscal 2021.

Based on fiscal year 2021 earnings, CHS expects to return an estimated $50 million in cash patronage and $100 million in equity redemptions to member cooperatives and individual owners in fiscal 2022.

CONSOLIDATED BALANCE SHEETS

AUGUST 31, (DOLLARS IN THOUSANDS)	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 413,159	$ 140,874
Receivables	2,860,884	2,366,047
Inventories	3,334,675	2,742,138
Other current assets	1,390,233	1,017,488
Total current assets	7,998,951	6,266,547
Investments	3,669,111	3,630,033
Property, plant and equipment	4,810,005	4,957,938
Other assets	1,098,208	1,139,429
Total assets	$ 17,576,275	$ 15,993,947
LIABILITIES AND EQUITIES		
Current liabilities:		
Notes payable	$ 1,740,859	$ 1,575,491
Current portion of long-term debt	38,450	189,287
Accounts payable	2,616,052	1,724,516
Accrued expenses	622,723	501,904
Other current liabilities	1,307,929	928,843
Total current liabilities	6,326,013	4,920,041
Long-term debt	1,579,911	1,601,836
Other liabilities	653,025	652,897
Commitments and contingencies (Note 17)		
Equities:		
Preferred stock	2,264,038	2,264,038
Equity certificates	5,247,238	5,161,610
Accumulated other comprehensive loss	(216,391)	(233,924)
Capital reserves	1,713,976	1,618,147
Total CHS Inc. equities	9,008,861	8,809,871
Noncontrolling interests	8,465	9,302
Total equities	9,017,326	8,819,173
Total liabilities and equities	$ 17,576,275	$ 15,993,947

The accompanying notes are an integral part of the consolidated financial statements.
CHS Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS

YEARS ENDED AUGUST 31, (DOLLARS IN THOUSANDS)	2021	2020	2019
Revenues	$ 38,448,033	$ 28,406,365	$ 31,900,453
Cost of goods sold	37,496,634	27,424,558	30,516,120
Gross profit	951,399	981,807	1,384,333
Marketing, general and administrative expenses	745,602	704,542	724,731
Operating earnings	205,797	277,265	659,602
Interest expense	104,565	116,977	167,065
Other income	(59,559)	(39,875)	(86,309)
Equity income from investments	(354,529)	(186,715)	(236,755)
Income before income taxes	515,320	386,878	815,601
Income tax benefit	(38,249)	(36,731)	(12,456)
Net income	553,569	423,609	828,057
Net (loss) income attributable to noncontrolling interests	(383)	1,170	(1,823)
Net income attributable to CHS Inc.	$ 553,952	$ 422,439	$ 829,880

The accompanying notes are an integral part of the consolidated financial statements.
CHS Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED AUGUST 31, (DOLLARS IN THOUSANDS)	2021	2020	2019
Net income	$ 553,569	$ 423,609	$ 828,057
Other comprehensive income (loss), net of tax:			
Pension and other postretirement benefits	18,295	12,798	(32,559)
Cash flow hedges	(6,062)	(4,411)	20,196
Foreign currency translation adjustment	5,300	(15,378)	(9,949)
Other comprehensive income (loss), net of tax	17,533	(6,991)	(22,312)
Comprehensive income	571,102	416,618	805,745
Comprehensive (loss) income attributable to noncontrolling interests	(383)	1,170	(1,823)
Comprehensive income attributable to CHS Inc.	$ 571,485	$ 415,448	$ 807,568

The accompanying notes are an integral part of the consolidated financial statements.
CHS Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITIES

	YEARS ENDED AUGUST 31, 2021, 2020 AND 2019		
	EQUITY CERTIFICATES		
(DOLLARS IN THOUSANDS)	CAPITAL EQUITY CERTIFICATES	NONPATRONAGE EQUITY CERTIFICATES	NONQUALIFIED EQUITY CERTIFICATES
BALANCES, AUGUST 31, 2018	$ 3,837,580	$ 29,498	$ 742,378
Reversal of prior year patronage and redemption estimates	78,941	—	(345,330)
Distribution of 2018 patronage refunds	—	—	352,980
Redemptions of equities	(70,859)	(409)	(14,272)
Preferred stock dividends	—	—	—
Other, net	(2,169)	(15)	(1,844)
Net income (loss)	—	—	—
Other comprehensive loss, net of tax	—	—	—
Reclassification of tax effects to capital reserves	—	—	—
Estimated 2019 patronage refunds	—	—	472,398
Estimated 2019 equity redemptions	(90,000)	—	—
BALANCES, AUGUST 31, 2019	3,753,493	29,074	1,206,310
Reversal of prior year patronage and redemption estimates	80,000	—	(462,398)
Distribution of 2019 patronage refunds	—	—	474,407
Redemptions of equities	(80,133)	(340)	(15,965)
Preferred stock dividends	—	—	—
ASC Topic 842 cumulative-effect adjustment	—	—	—
Other, net	(1,173)	(7)	(628)
Net income	—	—	—
Other comprehensive loss, net of tax	—	—	—
Estimated 2020 patronage refunds	—	—	211,970
Estimated 2020 equity redemptions	(28,000)	—	(5,000)
BALANCES, AUGUST 31, 2020	3,724,187	28,727	1,408,696
Reversal of prior year patronage and redemption estimates	28,000	—	(206,970)
Distribution of 2020 patronage refunds	—	—	214,733
Redemptions of equities	(67,403)	(290)	(11,688)
Preferred stock dividends	—	—	—
Other, net	(873)	(6)	(165)
Net income (loss)	—	—	—
Other comprehensive income, net of tax .	—	—	—
Estimated 2021 patronage refunds	—	—	230,290
Estimated 2021 equity redemptions	(100,000)	—	—
Balances, August 31, 2021	$ 3,583,911	$ 28,431	$ 1,634,896

The accompanying notes are an integral part of the consolidated financial statements.
CHS Inc. and Subsidiaries

YEARS ENDED AUGUST 31, 2021, 2020 AND 2019

	PREFERRED STOCK	ACCUMULATED OTHER COMPREHENSIVE LOSS	CAPITAL RESERVES	NONCONTROLLING INTERESTS	TOTAL EQUITIES
	$ 2,264,038	$ (199,915)	$ 1,482,003	$ 9,446	$ 8,165,028
	—	—	420,330	—	153,941
	—	—	(428,756)	—	(75,776)
	—	—	—	—	(85,540)
	—	—	(168,668)	—	(168,668)
	—	—	7,061	(233)	2,800
	—	—	829,880	(1,823)	828,057
	—	(22,312)	—	—	(22,312)
	—	(4,706)	4,706	—	—
	—	—	(562,398)	—	(90,000)
	—	—	—	—	(90,000)
	2,264,038	(226,933)	1,584,158	7,390	8,617,530
	—	—	562,398	—	180,000
	—	—	(564,522)	—	(90,115)
	—	—	—	—	(96,438)
	—	—	(168,668)	—	(168,668)
	—	—	25,320	—	25,320
	—	—	(1,008)	742	(2,074)
	—	—	422,439	1,170	423,609
	—	(6,991)	—	—	(6,991)
	—	—	(241,970)	—	(30,000)
	—	—	—	—	(33,000)
	2,264,038	(233,924)	1,618,147	9,302	8,819,173
	—	—	241,970	—	63,000
	—	—	(244,775)	—	(30,042)
	—	—	—	—	(79,381)
	—	—	(168,668)	—	(168,668)
	—	—	(6,360)	(454)	(7,858)
	—	—	553,952	(383)	553,569
	—	17,533	—	—	17,533
	—	—	(280,290)	—	(50,000)
	—	—	—	—	(100,000)
	$ 2,264,038	$ (216,391)	$ 1,713,976	$ 8,465	$ 9,017,326

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED AUGUST 31, (DOLLARS IN THOUSANDS)	2021	2020	2019
Cash flows from operating activities:			
Net income	$ 553,569	$ 423,609	$ 828,057
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization, including amortization of deferred major maintenance	535,498	550,251	541,507
Equity (income) loss from investments, net of distributions received	(40,035)	49,130	12,560
Provision for doubtful accounts	6,692	3,418	57,745
Gain/recovery on sale of business	(19,034)	(1,450)	(3,886)
LIFO liquidations	(35,258)	—	—
Deferred taxes	(11,957)	(32,761)	(13,852)
Other, net	(41,218)	(1,642)	6,094
Changes in operating assets and liabilities, net of acquisitions:			
Receivables	(568,752)	308,399	(218,192)
Inventories	(549,221)	104,884	284,694
Accounts payable and accrued expenses	1,007,229	(330,949)	(38,229)
Other, net	(79,702)	14,340	(316,567)
Net cash provided by operating activities	757,811	1,087,229	1,139,931
Cash flows from investing activities:			
Acquisition of property, plant and equipment	(317,794)	(418,359)	(443,216)
Proceeds from disposition of property, plant and equipment	20,742	32,670	53,974
Proceeds from sale of business	81,366	1,139	5,044
Expenditures for major maintenance	(40,922)	(14,496)	(232,094)
Changes in CHS Capital notes receivable, net	132,268	119,591	(10,903)
Financing extended to customers	(1,926)	(6,386)	(12,210)
Payments from customer financing	6,892	35,791	90,193
Business acquisitions, net of cash acquired	—	231	(119,421)
Other investing activities, net	17,702	6,114	7,350
Net cash used in investing activities	(101,672)	(243,705)	(661,283)
Cash flows from financing activities:			
Proceeds from notes payable and long-term borrowings	31,765,082	24,343,870	29,071,363
Payments on notes payable, long-term debt and finance lease obligations	(31,806,918)	(24,948,926)	(29,450,339)
Preferred stock dividends paid	(168,668)	(168,668)	(168,668)
Redemptions of equities	(79,381)	(96,438)	(85,540)
Cash patronage dividends paid	(30,042)	(90,115)	(75,776)
Other financing activities, net	(6,658)	29,129	(16,686)
Net cash used in financing activities	(326,585)	(931,148)	(725,646)
Effect of exchange rate changes on cash and cash equivalents	(4,063)	4,942	2,733
Net increase (decrease) in cash and cash equivalents and restricted cash	325,491	(82,682)	(244,265)
Cash and cash equivalents and restricted cash at beginning of period	216,993	299,675	543,940
Cash and cash equivalents and restricted cash at end of period	$ 542,484	$ 216,993	$ 299,675
Supplemental cash flow information:			
Cash paid for interest	$ 102,093	$ 119,354	$ 172,259
Cash (received) paid for income taxes, net of refunds	(8,842)	6,840	19,918
Other significant noncash investing and financing transactions:			
Capital expenditures and major maintenance incurred but not yet paid	28,010	14,906	28,478
Finance lease obligations incurred	12,831	11,190	7,351
Accrual of dividends and equities payable	150,000	63,000	180,000
Assets contributed to joint venture	—	—	7,353

The accompanying notes are an integral part of the consolidated financial statements.
CHS Inc. and Subsidiaries

ONE

Organization, Basis of Presentation and Significant Accounting Policies

Organization

CHS Inc. (referred to herein as "CHS," "we," "us" or "our") is the nation's leading integrated agricultural cooperative. As a cooperative, CHS is owned by farmers and ranchers and member cooperatives ("members") across the United States. We also have preferred shareholders that own shares of our five series of preferred stock, all of which are listed and traded on the Global Select Market of The Nasdaq Stock Market LLC ("The Nasdaq"). See Note 12, *Equities*, for more detailed information.

We buy commodities from and provide products and services to individual agricultural producers, local cooperatives and other companies (including member and other nonmember customers), both domestically and internationally. Those products and services include initial agricultural inputs such as fuels, farm supplies, crop nutrients and crop protection products, as well as agricultural outputs that include grains and oilseeds, processed grains and oilseeds, renewable fuels and food products. A portion of our operations are conducted through equity investments and joint ventures whose operating results are not fully consolidated with our results; rather, a proportionate share of the income or loss from those entities is included as a component in our net income under the equity method of accounting.

Basis of Presentation

The consolidated financial statements include the accounts of CHS and all our subsidiaries and limited liability companies in which we have a controlling interest. The effects of all significant intercompany transactions have been eliminated.

The notes to our consolidated financial statements refer to our Energy, Ag, Nitrogen Production and Foods reportable segments, as well as our Corporate and Other category, which represents an aggregation of individually immaterial operating segments. The Nitrogen Production reportable segment consists of our investment in CF Industries Nitrogen, LLC ("CF Nitrogen"), and allocated expenses. The Foods reportable segment met quantitative criteria to become a reportable segment during fiscal 2021 and consists of our investment in Ventura Foods, LLC ("Ventura Foods"), and allocated expenses. See Note 14, *Segment Reporting*, for more information.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We base our estimates on assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Due to the inherent uncertainty involved in making estimates, actual results could differ from those estimates. We evaluate our estimates and assumptions on an ongoing basis.

Significant Accounting Policies

Significant accounting policies are summarized below or within the related notes to our consolidated financial statements.

Cash and Cash Equivalents and Restricted Cash

Cash equivalents include short-term, highly liquid investments with original maturities of three months or less at the date of acquisition. The carrying value of cash and cash equivalents approximates the fair value due to the short-term nature of the instruments.

Restricted cash is included in our Consolidated Balance Sheets within other current assets and primarily relates to customer deposits for futures and option contracts associated with regulated commodities held in separate accounts as required under federal and other regulations. Pursuant to the requirements of the Commodity Exchange Act, such funds must be carried in separate accounts that are designated as segregated customer accounts, as applicable. Restricted cash also includes funds held in escrow pursuant to applicable regulations limiting their usage.

The following table provides a reconciliation of cash and cash equivalents and restricted cash as reported within our Consolidated Balance Sheets that aggregates to the amount presented in our Consolidated Statements of Cash Flows.

(DOLLARS IN THOUSANDS)	AUGUST 31, 2021	2020	2019
Cash and cash equivalents	$ 413,159	$ 140,874	$ 211,179
Restricted cash included in other current assets	129,325	76,119	88,496
Total cash and cash equivalents and restricted cash	$ 542,484	$ 216,993	$ 299,675

Recent Accounting Pronouncements

Except for the recent accounting pronouncements described below, other recent accounting pronouncements are not expected to have a material impact on our consolidated financial statements.

Adopted

In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments—Credit Losses* ("ASC Topic 326"): *Measurement of Credit Losses on Financial Instruments*. The amendments in this ASU introduce a new approach, based on expected losses, to estimate credit losses on certain types of financial instruments. This ASU is intended to provide financial statement users with more decision-useful information about the expected credit losses associated with most financial assets measured at amortized cost and certain other instruments, including trade and other receivables, loans, held-to-maturity debt securities, net investments in leases and off-balance sheet credit exposures. Entities are required to apply the provisions of this ASU as a cumulative-effect adjustment to the opening balance of capital reserves as of the beginning of the first reporting period in which the guidance is adopted. As part of our adoption efforts, we performed various data-gathering activities, developed credit loss models, performed data analyses and made accounting policy election determinations. The impact of adoption on September 1, 2020, did not have a material impact on our consolidated financial statements.

Not Yet Adopted

There are not any recent accounting pronouncements yet to be adopted that we expect to have a material impact on our consolidated financial statements.

TWO

Revenues

We provide a wide variety of products and services, from agricultural inputs such as fuels, farm supplies and agronomy products, to agricultural outputs that include grain and oilseed, processed grains and oilseeds and food products, and renewable fuels production and marketing. We primarily conduct our operations and derive revenues within our Energy and Ag segments. Our Energy segment derives its revenues through refining, wholesaling and retailing of petroleum products. Our Ag segment derives its revenues through origination and marketing of grain, including service activities conducted at export terminals; through wholesale agronomy sales of crop nutrient and crop protection products; from sales of soybean meal, soybean refined oil and soyflour products; through production and marketing of renewable fuels; and through retail sales of petroleum and agronomy products, processed sunflowers, and feed and farm supplies. Corporate and Other primarily consists of our financing and hedging businesses.

Revenue is recognized when performance obligations under the terms of a contract with a customer are satisfied, which generally occurs when control of the goods has transferred to customers in accordance with the underlying contract. For the majority of our contracts with customers, control transfers to customers at a point in time when goods and/or services have been delivered, as that is generally when legal title, physical possession and risks and rewards of ownership of the goods and/or services transfer to the customer. In limited arrangements, control transfers over time as the customer simultaneously receives and consumes the benefits of the service as we complete our performance obligation(s). Revenue is recognized as the transaction price we expect to be entitled to in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. For physically settled derivative sales contracts that are outside the scope of the revenue guidance, we recognize revenue when control of the inventory is transferred within the meaning of Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC Topic 606"). Revenues arising from our financing business are recognized in accordance with ASC Topic 470, *Debt* ("ASC Topic 470") and fall outside the scope of ASC Topic 606.

Shipping and Handling Costs

Shipping and handling amounts billed to a customer as part of a sales transaction are included in revenues, and the related costs are included in cost of goods sold. Shipping and handling is treated as a fulfillment activity, rather than a promised service, and therefore is not considered a separate performance obligation.

Taxes Collected from Customers and Remitted to Governmental Authorities

Revenues are recorded net of taxes collected from customers that are remitted to governmental authorities, with the collected taxes recorded as current liabilities until remitted to the relevant government authority.

Contract Costs

Commissions related to contracts with a duration of less than one year are expensed as incurred. We recognize incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets we otherwise would have recognized is one year or less.

TWO: *Revenues, continued*

Disaggregation of Revenues

The following tables present revenues recognized under ASC Topic 606 disaggregated by reportable segment, as well as the amount of revenues recognized under ASC Topic 815, *Derivatives and Hedging* ("ASC Topic 815"), and other applicable accounting guidance for the years ended August 31, 2021, 2020 and 2019. Other applicable accounting guidance primarily includes revenues recognized under ASC Topic 470 and ASC Topic 842, *Leases* ("ASC Topic 842") that fall outside the scope of ASC Topic 606:

REPORTABLE SEGMENT* (DOLLARS IN THOUSANDS)	YEAR ENDED AUGUST 31, 2021			
	ASC TOPIC 606	ASC TOPIC 815	OTHER GUIDANCE	TOTAL REVENUES
Energy	$ 5,680,391	$ 694,870	$ —	$ 6,375,261
Ag	7,491,484	24,517,033	26,825	32,035,342
Corporate and Other	18,325	—	19,105	37,430
Total revenues	$ 13,190,200	$ 25,211,903	$ 45,930	$ 38,448,033

REPORTABLE SEGMENT* (DOLLARS IN THOUSANDS)	YEAR ENDED AUGUST 31, 2020			
	ASC TOPIC 606	ASC TOPIC 815	OTHER GUIDANCE	TOTAL REVENUES
Energy	$ 4,833,003	$ 598,131	$ —	$ 5,431,134
Ag	5,963,198	16,901,258	61,643	22,926,099
Corporate and Other	22,903	—	26,229	49,132
Total revenues	$ 10,819,104	$ 17,499,389	$ 87,872	$ 28,406,365

REPORTABLE SEGMENT* (DOLLARS IN THOUSANDS)	YEAR ENDED AUGUST 31, 2019			
	ASC TOPIC 606	ASC TOPIC 815	OTHER GUIDANCE	TOTAL REVENUES
Energy	$ 6,393,075	$ 726,001	$ —	$ 7,119,076
Ag	6,319,304	18,268,977	131,791	24,720,072
Corporate and Other	20,262	—	41,043	61,305
Total revenues	$ 12,732,641	$ 18,994,978	$ 172,834	$ 31,900,453

* Our Nitrogen Production and Foods reportable segments represent equity method investments that record earnings and allocated expenses, but not revenues.

Less than 1% of revenues accounted for under ASC Topic 606 included within the tables above are recorded over time and relate primarily to service contracts.

Contract Assets and Contract Liabilities

Contract assets relate to unbilled amounts arising from goods that have already been transferred to the customer where the right to payment is not conditional on the passage of time. This results in the recognition of an asset, as the amount of revenue recognized at a certain point in time exceeds the amount billed to the customer. Contract assets are recorded in accounts receivable within our Consolidated Balance Sheets and were immaterial as of August 31, 2021 and 2020.

Contract liabilities relate to advance payments from customers for goods and services that we have yet to provide. Contract liabilities of $213.9 million and $139.1 million as of August 31, 2021 and 2020, respectively, are recorded within other current liabilities on our Consolidated Balance Sheets. For the years ended August 31, 2021, 2020 and 2019, we recognized revenues of $139.1 million, $194.8 million and $170.7 million related to contract liabilities, respectively. These amounts were included in the other current liabilities balance at the beginning of the respective period.

THREE

Receivables

Receivables as of August 31, 2021 and 2020, are as follows:

(DOLLARS IN THOUSANDS)	2021	2020
Trade accounts receivable	$ 2,047,198	$ 1,476,585
CHS Capital short-term notes receivable	505,778	563,934
Other	451,630	491,068
Gross receivables	3,004,606	2,531,587
Less allowances and reserves	143,722	165,540
Total receivables	$ 2,860,884	$ 2,366,047

Trade Accounts Receivable

Trade accounts receivable are recorded at net realizable value, which includes an allowance for expected credit losses in accordance with ASC Topic 326. The allowance for expected credit losses is based on our best estimate of expected credit losses in existing receivable balances and is determined using historical write-off experience, adjusted for various industry and regional data and current expectations of future credit losses. Receivables from related parties are disclosed in Note 18, *Related Party Transactions*. No third-party customer accounted for more than 10% of the total receivables balance as of August 31, 2021 or 2020.

CHS Capital Notes Receivable

Notes Receivable

CHS Capital, LLC ("CHS Capital"), our wholly-owned subsidiary, has short-term notes receivable from commercial and producer borrowers. The short-term notes receivable have maturity terms of 12 months or less and are reported at their outstanding unpaid principal balances, less an allowance for expected credit losses, as CHS Capital has the intent and ability to hold the applicable loans for the foreseeable future or until maturity or payoff. The carrying value of CHS Capital short-term notes receivable approximates fair value given the notes' short-term duration and use of market pricing adjusted for risk.

Notes receivable from commercial borrowers are collateralized by various combinations of mortgages, personal property, accounts and notes receivable, inventories and assignments of certain regional cooperatives' capital stock. These loans are primarily originated in the states of North Dakota and Minnesota. CHS Capital also has loans receivable from producer borrowers that are collateralized by various combinations of growing crops, livestock, inventories, accounts receivable, personal property and supplemental mortgages and are originated in the same states as the commercial notes.

In addition to the short-term balances included in the table above, CHS Capital had long-term notes receivable, with durations of generally not more than 10 years, totaling $55.4 million and $101.5 million at August 31, 2021 and 2020, respectively. The long-term notes receivable are included in other assets on our Consolidated Balance Sheets. As of August 31, 2021 and 2020, commercial notes represented 28% and 33%, respectively, and producer notes represented 72% and 67%, respectively, of total CHS Capital notes receivable.

CHS Capital has commitments to extend credit to customers if there are no violations of any contractually established conditions. As of August 31, 2021, CHS Capital customers had additional available credit of $706.9 million.

Allowance for Loan Losses

CHS Capital maintains an allowance for loan losses that is an estimate of current expected losses inherent in the loans receivable portfolio. In accordance with ASC Topic 326, the allowance for loan losses is based on our current expectation for future losses, which takes into consideration historical loss experience, third-party industry forecasts, as well as other quantitative and qualitative factors addressing operational risks and industry trends. Additions to the allowance for loan losses are reflected within marketing, general and administrative expenses in the Consolidated Statements of Operations. The portion of loans receivable deemed uncollectible is charged off against the allowance for loan losses. Recoveries of previously charged off amounts increase the allowance for loan losses. No significant amounts of CHS Capital notes were past due as of August 31, 2021 or 2020, and the allowance for loan losses related to CHS Capital notes were not material as of either date.

Interest Income

Interest income is recognized on the accrual basis using a method that computes simple interest on a daily basis. Accrual of interest on commercial loans receivable is discontinued at the time the receivable is 90 days past due unless the credit is well-collateralized and in process of collection. Past due status is based on contractual terms of the loan. Producer loans receivable are placed in nonaccrual status based on estimates and analysis due to the annual debt service terms inherent to CHS Capital's producer loans. In all cases, loans are placed in nonaccrual status or charged off at an earlier date if collection of principal or interest is considered doubtful.

Troubled Debt Restructurings

Restructuring of a loan constitutes a troubled debt restructuring, or restructured loan, if the creditor, for economic reasons related to the debtor's financial difficulties, grants a concession to the debtor that it would otherwise not consider. Concessions vary by program and borrower. Concessions may include interest rate reductions, term extensions, payment deferrals or the acceptance of additional collateral in lieu of payments. In limited circumstances, principal may be forgiven. When a restructured loan constitutes a troubled debt restructuring, CHS includes these loans within its impaired loans. CHS Capital had no significant troubled debt restructurings during the years ended August 31, 2021, 2020 and 2019, and no third-party borrowers that accounted for more than 10% of the total CHS Capital notes receivable or total receivables as of August 31, 2021 or 2020.

Loan Participations

For the years ended August 31, 2021 and 2020, CHS Capital sold $40.8 million and $70.6 million of notes receivable, respectively, to various counterparties under a master participation agreement. The sales resulted in the removal of notes receivable from the Consolidated Balance Sheets. CHS Capital has no retained interests in the transferred notes receivable, other than collection and administrative services. Proceeds from sales of notes receivable have been included in investing activities in the Consolidated Statements of Cash Flows. Fees received related to the servicing of notes receivable are recorded in other income in the Consolidated Statements of Operations. We consider the fees received adequate compensation for services rendered and, accordingly, have recorded no servicing asset or liability.

Other Receivables

Other receivables are comprised of certain other amounts recorded in the normal course of business, including receivables related to vendor rebates, value-added taxes, certain financing receivables and pre-crop financing, primarily to Brazilian farmers, to finance a portion of supplier production costs. We receive volume-based rebates from certain vendors during the year. These vendor rebates are accounted for in accordance with ASC 705, *Cost of Sales and Services,* based on the terms of the volume rebate program. For rebates that meet the definition of a binding arrangement and are both probable and estimable, we estimate the amount of the rebate we will receive and accrue it as a reduction of the cost of inventory and cost of goods sold over the period in which the rebate is earned. For pre-crop financing arrangements, we do not bear costs or operational risks associated with the related growing crops, although our ability to be paid depends on the crops actually being produced. The financing is collateralized by future crops, land and physical assets of the farmers, carries a local market interest rate and settles when the farmer's crop is harvested and sold. No significant troubled debt restructurings occurred during the years ended August 31, 2021, 2020 and 2019, and no third-party customer or borrower accounted for more than 10% of the total receivables balance as of August 31, 2021 or 2020.

FOUR

Inventories

Inventories as of August 31, 2021 and 2020, are as follows:

(DOLLARS IN THOUSANDS)	2021	2020
Grain and oilseed	$ 1,435,544	$ 1,064,079
Energy	762,317	696,858
Agronomy	958,548	822,535
Processed grain and oilseed	140,975	126,022
Other	37,291	32,644
Total inventories	$ 3,334,675	$ 2,742,138

Grain, processed grain, oilseed, processed oilseed and other minimally processed soy-based inventories are accounted for in accordance with ASC Topic 330, *Inventory*, and are stated at net realizable value. These inventories are agricultural commodity inventories that are readily convertible to cash because of their commodity characteristics, widely available markets and international pricing mechanisms. The net realizable value of agricultural commodity inventories is determined using inputs that are generally based on exchange traded prices and/or recent market bids and offers, including location-specific adjustments. Location-specific inputs are driven by local market supply and demand and are generally based on broker or dealer quotations or market transactions in either listed or over-the-counter ("OTC") markets. Changes in the net realizable value of agricultural commodity inventories are recognized in earnings as a component of cost of goods sold.

All other inventories are stated at the lower of cost or net realizable value. Costs for inventories produced or modified by us through a manufacturing process include fixed and variable production and raw material costs, and inbound freight costs for raw materials. Costs for inventories purchased for resale include the cost of products and freight incurred to place the products at our points of sale. The costs of certain energy inventories (wholesale refined products, crude oil and asphalt) are determined on the last-in, first-out ("LIFO") method; all other inventories of nongrain products purchased for resale are valued on the first-in, first-out ("FIFO") and average cost methods.

As of August 31, 2021 and 2020, we valued approximately 13% and 16%, respectively, of inventories, primarily crude oil and refined fuels within our Energy segment, using the lower of cost, determined on the LIFO method, or net realizable value. If the FIFO method of accounting had been used, inventories would have been higher than the reported amount by $359.2 million and $93.5 million as of August 31, 2021 and 2020, respectively. During fiscal 2021, we recorded LIFO liquidations for certain energy product inventories. The costs of these liquidated inventories in the historical LIFO layers were lower than current costs, which resulted in decreased cost of goods sold of $35.3 million had the inventory liquidations not taken place. There were no liquidations of LIFO inventories during fiscal 2020 or fiscal 2019.

FIVE

Other Current Assets

Other current assets as of August 31, 2021 and 2020, are as follows:

(DOLLARS IN THOUSANDS)	2021	2020
Derivative assets (Note 15)	$ 559,056	$ 371,195
Margin and related deposits	336,397	194,097
Supplier advance payments	194,706	198,699
Restricted cash	129,325	76,119
Other	170,749	177,378
Total other current assets	$ 1,390,233	$ 1,017,488

Margin and Related Deposits

Many of our derivative contracts with futures and options brokers require us to make margin deposits of cash or other assets. Subsequent margin deposits may also be necessary when changes in commodity prices result in a loss on the contract value to comply with applicable regulations. Our margin and related deposit assets are generally held in separate accounts to support the associated derivative contracts and may be used to fund or partially fund the settlement of those contracts as they expire. Similar to our derivative financial instruments, margin and related deposits are reported on a gross basis.

Supplier Advance Payments

Supplier advance payments are typically for periods less than 12 months and primarily include amounts paid for grain purchases from suppliers and amounts paid to crop nutrient and crop protection product suppliers to lock in future supply, pricing and discounts.

SIX

Investments

Investments as of August 31, 2021 and 2020, are as follows:

(DOLLARS IN THOUSANDS)	2021	2020
Equity method investments		
CF Industries Nitrogen, LLC	$ 2,667,164	$ 2,662,618
Ventura Foods, LLC	388,612	381,351
Ardent Mills, LLC	220,132	208,927
TEMCO, LLC	31,464	19,444
Other equity method investments	232,923	233,738
Other investments	128,816	123,955
Total investments	$ 3,669,111	$ 3,630,033

Joint ventures and other investments in which we have significant ownership and influence but not control, are accounted for in our consolidated financial statements using the equity method of accounting. Our significant equity method investments consist of CF Nitrogen, Ventura Foods, Ardent Mills, LLC (“Ardent Mills”) and TEMCO, LLC (“TEMCO”), which are summarized below. In addition to the recognition of our share of income from our equity method investments, our equity method investments are evaluated for indicators of other-than-temporary impairment on an ongoing basis in accordance with U.S. GAAP. We have approximately $458.2 million of cumulative undistributed earnings from our equity method investees included in the investments balance as of August 31, 2021.

All equity securities that do not result in consolidation and are not accounted for under the equity method are measured at fair value with changes therein reflected in net income. We have elected to utilize the measurement alternative for equity investments that do not have readily determinable fair values and measure these investments at cost less impairment plus or minus observable price changes in orderly transactions. Our share in the income or loss of these equity method investments is recorded within equity income from investments in the Consolidated Statements of Operations. Other investments consist primarily of investments in cooperatives without readily determinable fair values and are generally recorded at cost, unless an impairment or other observable market price change occurs requiring an adjustment. Investments in other cooperatives are recorded in a manner similar to equity investments without readily determinable fair values, plus patronage dividends received in the form of capital stock and other equities. Patronage dividends are recorded as a reduction to cost of goods sold at the time qualified written notices of allocation are received. Investments in debt and equity instruments are carried at amounts that approximate fair values.

CF Nitrogen

We have a $2.7 billion investment in CF Nitrogen, a strategic venture with CF Industries Holdings, Inc. (“CF Industries”). The investment consists of an approximate 10% membership interest (based on product tons) in CF Nitrogen. At the time we entered into the strategic venture, we also entered into a supply agreement that entitles us to purchase up to 1.1 million tons of granular urea and 580,000 tons of urea ammonium nitrate (“UAN”) annually from CF Nitrogen for ratable delivery through fiscal 2096. Our purchases under the supply agreement are based on prevailing market prices and we receive semiannual cash distributions (in January and July of each year) from CF Nitrogen via our membership interest. These distributions are based on actual volumes purchased from CF Nitrogen under the strategic venture and will have the effect of reducing our investment to zero over 80 years on a straight-line basis. We account for this investment using the hypothetical liquidation at book value method, recognizing our share of the earnings and losses of CF Nitrogen as equity income from investments in our Nitrogen Production segment based on our contractual claims on the entity's net assets pursuant to the liquidation provisions of CF Nitrogen's Limited Liability Company Agreement, adjusted for the semiannual cash distributions.

Cash distributions received from CF Nitrogen for the years ended August 31, 2021, 2020 and 2019, were $193.9 million, $174.3 million and $186.5 million, respectively.

The following tables provide aggregate summarized financial information for CF Nitrogen for balance sheets as of August 31, 2021 and 2020, and statements of operations for the 12 months ended August 31, 2021, 2020 and 2019:

(DOLLARS IN THOUSANDS)	2021	2020
Current assets	$ 850,048	$ 552,127
Noncurrent assets	6,248,315	6,564,086
Current liabilities	301,174	222,391
Noncurrent liabilities	2,454	3,036

(DOLLARS IN THOUSANDS)	2021	2020	2019
Net sales	$ 2,975,983	$ 2,522,827	$ 2,894,795
Gross profit	866,880	570,901	737,168
Net earnings	809,536	529,462	706,291
Earnings attributable to CHS Inc.	198,439	127,954	160,373

Ventura Foods

We have a 50% interest in Ventura Foods, a joint venture with Mitsui & Co., that produces and distributes primarily edible oil-based products. We account for Ventura Foods as an equity method investment, and our share of the results of this equity method investment are included in our Foods segment.

The following tables provide aggregate summarized financial information for our equity method investment in Ventura Foods for balance sheets as of August 31, 2021 and 2020, and statements of operations for the 12 months ended August 31, 2021, 2020 and 2019:

(DOLLARS IN THOUSANDS)	2021	2020
Current assets	$ 810,593	$ 695,911
Noncurrent assets	628,516	647,105
Current liabilities	374,361	274,807
Noncurrent liabilities	313,253	331,235

(DOLLARS IN THOUSANDS)	2021	2020	2019
Net sales	$ 2,584,532	$ 2,246,412	$ 2,463,945
Gross profit	350,708	289,590	299,959
Net earnings	151,196	68,055	102,069
Earnings attributable to CHS Inc.	78,519	34,026	51,608

Ardent Mills and TEMCO

We have a 12% interest in Ardent Mills, which is a joint venture with Cargill Incorporated ("Cargill") and Conagra Brands, Inc., and is the largest flour miller in the United States. Additionally, we have a 50% interest in TEMCO, which is a joint venture with Cargill focused on export elevation, primarily to Asia. We account for Ardent Mills and TEMCO as equity method investments, and our shares of the results of these equity method investments are included in Corporate and Other and our Ag segment, respectively.

The following tables provide aggregate summarized financial information for our equity method investments in Ardent Mills and TEMCO for balance sheets as of August 31, 2021 and 2020, and statements of operations for the 12 months ended August 31, 2021, 2020 and 2019:

(DOLLARS IN THOUSANDS)	2021	2020
Current assets	$ 1,194,484	$ 960,358
Noncurrent assets	1,971,103	1,923,696
Current liabilities	628,344	452,382
Noncurrent liabilities	626,479	637,850

(DOLLARS IN THOUSANDS)	2021	2020	2019
Net sales	$ 6,897,330	$ 5,976,835	$ 6,603,450
Gross profit	541,718	347,209	319,296
Net earnings	247,544	80,328	118,251
Earnings attributable to CHS Inc.	43,339	(1,432)	3,572

Our investments in other equity method investees are not significant in relation to our consolidated financial statements, either individually or in the aggregate.

SEVEN

Property, Plant and Equipment

Major classes of property, plant and equipment, including finance lease assets, are summarized in the table below as of August 31, 2021 and 2020.

(DOLLARS IN THOUSANDS)	2021	2020
Land and land improvements	$ 324,757	$ 317,714
Buildings	1,171,423	1,110,490
Machinery and equipment	7,673,748	7,559,437
Office equipment and other	378,352	362,084
Construction in progress	337,977	310,901
Gross property, plant and equipment	9,886,257	9,660,626
Less accumulated depreciation and amortization	5,076,252	4,702,688
Total property, plant and equipment	$ 4,810,005	$ 4,957,938

Property, plant and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are provided on the straight-line method by charges to operations at rates based on the expected useful lives of individual or groups of assets (generally 15 to 20 years for land improvements, 20 to 40 years for buildings, five to 20 years for machinery and equipment, and three to 10 years for office equipment and other). Expenditures for maintenance and minor repairs and renewals are expensed. We also capitalize and amortize eligible costs to acquire or develop internal-use software that are incurred during the application development stage. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the related accounts and resulting gains or losses are reflected in operations.

Depreciation expense, including amortization of finance lease assets, for the years ended August 31, 2021, 2020 and 2019, was $455.9 million, $470.4 million and $495.3 million, respectively.

Property, plant and equipment and other long-lived assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable in accordance with U.S. GAAP. This evaluation of recoverability is based on various indicators, including the nature, future economic benefits and geographic locations of the assets, historical or future profitability measures and other external market conditions. If these indicators suggest the carrying amounts of an asset or asset group may not be recoverable, potential impairment is evaluated using undiscounted estimated future cash flows. Should the sum of the expected future net cash flows be less than the carrying value, an impairment loss would be recognized. An impairment loss would be measured as the amount by which the carrying value of the asset or asset group exceeds its fair value. No significant impairments were identified during fiscal 2021, fiscal 2020 or fiscal 2019.

We have asset retirement obligations with respect to certain of our refineries and other assets due to various legal obligations to clean and/or dispose of the component parts at the time they are retired. In most cases, these assets can be used for extended and indeterminate periods of time if they are properly maintained and/or upgraded. It is our practice and current intent to maintain refineries and related assets and to continue making improvements to those assets based on technological advances. As a result, we believe our refineries and related assets have indeterminate lives for purposes of estimating asset retirement obligations because dates or ranges of dates upon which we would retire a refinery and related assets cannot reasonably be estimated at this time. When a date or range of dates can reasonably be estimated for the retirement of any component part of a refinery or other asset, we estimate the cost of performing the retirement activities and record a liability for the fair value of that future cost.

We have other assets that we may be obligated to dismantle at the end of corresponding lease terms subject to the lessor's discretion for which we have recorded asset retirement obligations. Based on our estimates of timing, cost and probability of removal, these obligations are not material.

EIGHT

Other Assets

Other assets as of August 31, 2021 and 2020, are as follows:

(DOLLARS IN THOUSANDS)	2021	2020
Goodwill	$ 171,601	$ 172,404
Customer lists, trademarks and other intangible assets	58,395	65,025
Notes receivable (Note 3)	73,713	109,145
Long-term derivative assets (Note 15)	21,567	21,157
Prepaid pension and other benefits (Note 13)	119,825	106,209
Capitalized major maintenance	196,641	228,511
Cash value life insurance	147,682	130,673
Operating lease right of use assets (Note 19)	253,451	257,834
Other	55,333	48,471
Total other assets	$ 1,098,208	$ 1,139,429

Goodwill and Other Intangible Assets

Goodwill represents the excess of cost over the fair value of identifiable assets acquired. Goodwill is assessed for impairment on an annual basis as of July 31, either by first assessing qualitative factors to determine whether a quantitative goodwill impairment test is necessary or by proceeding directly to the quantitative test. The quantitative test may be required more frequently if triggering events or other circumstances occur that could indicate impairment. Goodwill is assessed for impairment at the reporting unit level, which has been determined to be our operating segments or one level below our operating segments in certain instances.

Changes in the net carrying amount of goodwill for the year ended August 31, 2021, are included in the table below. There were no changes in the net carrying amount of goodwill for the year ended August 31, 2020.

(DOLLARS IN THOUSANDS)	ENERGY	AG	CORPORATE AND OTHER	TOTAL
Balances, August 31, 2020	$ 552	$ 161,278	$ 10,574	$ 172,404
Goodwill disposed of during the period	—	(803)	—	(803)
Balances, August 31, 2021	$ 552	$ 160,475	$ 10,574	$ 171,601

No goodwill has been allocated to our Nitrogen Production or Foods segments, which each consist of a single investment accounted for under the equity method.

No goodwill impairments were identified as a result of our annual goodwill analyses performed as of July 31, 2021 or 2020. However, as a result of our annual goodwill impairment analyses performed as of July 31, 2019, we recorded a goodwill impairment charge of $27.4 million associated with a reporting unit in our Ag segment. The impairment charge primarily resulted from changing market dynamics that reduced future profitability within the reporting unit, as well as strategy changes and the challenging economic environment in the agriculture industry. The impairment charge was recorded in marketing, general and administrative expenses in the Consolidated Statement of Operations for the year ended August 31, 2019. Management will continue to monitor the results and projected cash flows for each of our businesses to assess whether any reserves or impairments may be necessary in the future, particularly for our businesses that have experienced or could experience substantial reductions in demand or price declines associated with the COVID-19 pandemic or other factors.

Intangible assets subject to amortization primarily include customer lists, trademarks and noncompete agreements, and are amortized over their respective useful lives (ranging from two to 30 years). We have no material intangible assets with indefinite useful lives. All long-lived assets, including other identifiable intangible assets, are also assessed for impairment in accordance with U.S. GAAP and evaluated for impairment whenever triggering events or other circumstances indicate the carrying amount of an asset group or reporting unit may not be recoverable. Information regarding intangible assets is as follows:

	AUGUST 31, 2021			AUGUST 31, 2020		
(DOLLARS IN THOUSANDS)	CARRYING AMOUNT	ACCUMULATED AMORTIZATION	NET	CARRYING AMOUNT	ACCUMULATED AMORTIZATION	NET
Customer lists	$ 84,565	$ (29,254)	$ 55,311	$ 84,895	$ (23,770)	$ 61,125
Trademarks and other intangible assets	10,425	(7,341)	3,084	10,735	(6,835)	3,900
Total intangible assets	$ 94,990	$ (36,595)	$ 58,395	$ 95,630	$ (30,605)	$ 65,025

Intangible asset amortization expense for the years ended August 31, 2021, 2020 and 2019, was $6.9 million, $7.3 million and $5.3 million, respectively. The estimated annual amortization expense related to intangible assets subject to amortization for future years is as follows:

(DOLLARS IN THOUSANDS)	
2022	$ 6,701
2023	6,607
2024	6,557
2025	6,340
2026	6,159
Thereafter	25,945
Total	$ 58,309

Capitalized Major Maintenance

Activity related to capitalized major maintenance costs at our refineries for the years ended August 31, 2021, 2020 and 2019, is summarized below:

(DOLLARS IN THOUSANDS)	BALANCE AT BEGINNING OF YEAR	COST DEFERRED	AMORTIZATION	BALANCE AT END OF YEAR
2021	$ 228,511	$ 41,899	$ (73,769)	$ 196,641
2020	286,890	14,496	(72,875)	228,511
2019	130,780	224,406	(68,296)	286,890

Within our Energy segment, major maintenance activities are regularly performed at our Laurel, Montana, and McPherson, Kansas, refineries. Major maintenance activities are the planned and required shutdowns of refinery processing units, which include replacement or overhaul of equipment that has experienced decreased efficiency in resource conversion. Because major maintenance activities are performed to extend the life, increase the capacity and/or improve the safety or efficiency of refinery processing assets, we follow the deferral method of accounting for major maintenance activities. Expenditures for major maintenance activities are capitalized (deferred) when incurred and amortized on a straight-line basis over a period of two to five years, which is the estimated time lapse between major maintenance activities. Should the estimated time between major maintenance activities change, we may be required to amortize the remaining cost of the major maintenance activities over a shorter period, which would result in higher depreciation and amortization costs. Amortization expense related to the capitalized major maintenance costs is included in cost of goods sold in our Consolidated Statements of Operations.

Selection of the deferral method, as opposed to expensing major maintenance activity costs when incurred, results in deferring recognition of major maintenance activity expenditures. The deferral method also results in classification of related cash outflows as investing activities in our Consolidated Statements of Cash Flows, whereas expensing these costs as incurred would result in classifying the cash outflows as operating activities. Repair, maintenance and related labor costs are expensed as incurred and are included in operating cash flows.

NINE

Notes Payable and Long-Term Debt

Our notes payable and long-term debt are subject to various restrictive requirements for maintenance of minimum consolidated net worth and other financial ratios. We were in compliance with our debt covenants as of August 31, 2021.

Notes Payable

Notes payable as of August 31, 2021 and 2020, consisted of the following:

	WEIGHTED-AVERAGE INTEREST RATE			
(DOLLARS IN THOUSANDS)	2021	2020	2021	2020
Notes payable	1.18%	1.96%	$ 864,147	$ 763,215
CHS Capital notes payable	1.00%	1.29%	876,712	812,276
Total notes payable			$ 1,740,859	$ 1,575,491

Our primary line of credit is a five-year unsecured revolving credit facility with a syndicate of domestic and international banks. The credit facility provides a committed amount of $2.75 billion that expires on July 16, 2024. As of August 31, 2021, there were no borrowings outstanding on this facility, and $345.0 million outstanding as of August 31, 2020. We also maintain certain uncommitted bilateral facilities to support our working capital needs with borrowings outstanding of $335.0 million as of August 31, 2021, and no borrowings outstanding as of August 31, 2020.

In addition to our facilities referenced above, our wholly-owned subsidiaries, CHS Europe S.a.r.l. and CHS Agronegocio Industria e Comercio Ltda have lines of credit with $268.0 million outstanding as of August 31, 2021, and our other international subsidiaries have lines of credit with $204.3 million outstanding as of August 31, 2021.

CHS Capital Notes Payable

We have a receivables and loans securitization facility ("Securitization Facility") with certain unaffiliated financial institutions ("Purchasers"). Under the Securitization Facility, we and certain of our subsidiaries ("Originators") sell trade accounts and notes receivable ("Receivables") to Cofina Funding, LLC ("Cofina"), a wholly-owned bankruptcy-remote indirect subsidiary of CHS. Cofina in turn transfers the Receivables to the Purchasers, and this arrangement is accounted for as a secured borrowing. We use the proceeds from the sale of Receivables under the Securitization Facility for general corporate purposes and settlements are made on a monthly basis. The amount available under the Securitization Facility fluctuates over time based on the total amount of eligible Receivables generated during the normal course of business. As of August 31, 2021, total availability under the Securitization Facility was $671.9 million, $600.0 million of which had been utilized.

We also have a repurchase facility ("Repurchase Facility") related to the Securitization Facility. Under the Repurchase Facility, we can borrow up to $150.0 million, collateralized by a subordinated note issued by Cofina in favor of the Originators and representing a portion of the outstanding balance of the Receivables sold by the Originators to Cofina under the Securitization Facility. As of August 31, 2021 and 2020, the outstanding balance under the Repurchase Facility was $150.0 million.

On September 24, 2020, the Securitization Facility and Repurchase Facility were amended, increasing the maximum availability under the Securitization Facility to $600.0 million from $500.0 million and extending termination dates to July 30, 2021 and September 24, 2021, respectively. On July 30, 2021 the Securitization Facility was further amended to extend its termination date to August 31, 2021. Subsequently on August 31, 2021, the Securitization Facility and Repurchase Facility were again amended, increasing the maximum committed availability under the Securitization Facility to $700.0 million from $600.0 million, adding a $250.0 million uncommitted portion to the Securitization Facility, and extending their respective maturity dates to August 30, 2022.

CHS Capital sells loan commitments it has originated to Compeer Financial, PCA, d/b/a ProPartners Financial on a recourse basis. The total outstanding commitments under the program were $150.0 million as of August 31, 2021, of which $49.9 million was borrowed under these commitments. On September 29, 2021, the total commitments under the program were reduced to $100.0 million.

CHS Capital borrows funds under short-term notes issued as part of a surplus funds program. Borrowings under this program are unsecured and are due upon demand. Borrowings under these notes totaled $132.3 million as of August 31, 2021.

Long-Term Debt

During the year ended August 31, 2021, we repaid approximately $547.3 million of long-term debt consisting of scheduled debt maturities and optional prepayments. On August 14, 2020, we entered into a Note Purchase Agreement to borrow $375.0 million of long-term debt in the form of notes that were funded on November 2, 2020. Amounts included in long-term debt on our Consolidated Balance Sheets as of August 31, 2021 and 2020, are presented in the table below:

(DOLLARS IN THOUSANDS)	2021	2020
4.00% unsecured notes $100 million face amount, due in equal installments beginning in fiscal 2017 through fiscal 2021	$ —	$ 20,000
4.52% unsecured notes $160 million face amount, due in fiscal 2021	—	162,090
4.67% unsecured notes $130 million face amount, due in fiscal 2023	134,873	137,623
4.39% unsecured notes $152 million face amount, due in fiscal 2023	152,000	152,000
3.85% unsecured notes $80 million face amount, due in fiscal 2025	80,000	80,000
3.80% unsecured notes $100 million face amount, due in fiscal 2025	100,000	100,000
4.58% unsecured notes $150 million face amount, due in fiscal 2025	153,101	154,012
4.82% unsecured notes $80 million face amount, due in fiscal 2026	80,000	80,000
4.69% unsecured notes $58 million face amount, due in fiscal 2027	58,000	58,000
3.24% unsecured notes $95 million face amount, due in fiscal 2027	95,000	—
4.74% unsecured notes $95 million face amount, due in fiscal 2028	95,000	95,000
3.48% unsecured notes $100 million face amount, due in fiscal 2030	100,000	—
4.89% unsecured notes $100 million face amount, due in fiscal 2031	100,000	100,000
3.58% unsecured notes $65 million face amount, due in fiscal 2032	65,000	—
4.71% unsecured notes $100 million face amount, due in fiscal 2033	100,000	100,000
3.73% unsecured notes $115 million face amount, due in fiscal 2035	115,000	—
5.40% unsecured notes $125 million face amount, due in fiscal 2036	125,000	125,000
Private placement debt	1,552,974	1,363,725
2.25% unsecured term loans from cooperative and other banks, due in fiscal 2025 (a)	—	366,000
Bank financing	—	366,000
Finance lease liabilities	36,034	31,460
Other notes and contracts with interest rates from 2.6% to 9.0%	33,443	34,709
Deferred financing costs	(4,090)	(4,771)
Total long-term debt	1,618,361	1,791,123
Less current portion	38,450	189,287
Long-term portion	$ 1,579,911	$ 1,601,836

(a) Borrowings are variable under the agreement and bear interest at a base rate (or LIBOR) plus an applicable margin.

As of August 31, 2021, the fair value of our long-term debt is estimated to be $1.7 billion based on quoted market prices of similar debt (a Level 2 fair value measurement based on the classification hierarchy of ASC Topic 820, *Fair Value Measurement*).

On February 19, 2021, we amended our 10-year term loan facility to convert the entire $366.0 million aggregate principle amount outstanding thereunder into a revolving loan, which can be paid down and readvanced in an amount up to the referenced $366.0 million until February 19, 2022. On February 19, 2022, the total funded loan balance outstanding reverts to a nonrevolving term loan that is payable on September 4, 2025. There was no balance outstanding under this facility as of August 31, 2021.

Long-term debt outstanding as of August 31, 2021, has aggregate maturities, excluding fair value adjustments and finance leases (see Note 19, *Leases*, for a schedule of minimum future lease payments under finance leases), as follows:

(DOLLARS IN THOUSANDS)	
2022	$ 31,108
2023	282,860
2024	837
2025	330,549
2026	80,034
Thereafter	853,034
Total	$ 1,578,422

Interest expense for the years ended August 31, 2021, 2020 and 2019, was $104.6 million, $117.0 million and $167.1 million, respectively, net of capitalized interest of $8.0 million, $10.9 million and $9.4 million, respectively.

TEN

Other Current Liabilities

Other current liabilities as of August 31, 2021 and 2020, are as follows:

(DOLLARS IN THOUSANDS)	2021	2020
Customer margin deposits and credit balances	$ 269,114	$ 149,539
Customer advance payments	439,293	300,100
Derivative liabilities (Note 15)	449,522	416,204
Dividends and equity payable (Note 12)	150,000	63,000
Total other current liabilities	$ 1,307,929	$ 928,843

ELEVEN

Income Taxes

CHS is a nonexempt agricultural cooperative and files a consolidated federal income tax return within our tax return period. We are subject to tax on income from nonpatronage sources, nonqualified patronage distributions and undistributed patronage-sourced income. Income tax (benefit) expense is primarily the current tax payable for the period and the change during the period in certain deferred tax assets and liabilities. Deferred income taxes reflect the impact of temporary differences between the amounts of assets and liabilities recognized under U.S. GAAP and such amounts recognized for federal and state income tax purposes, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income.

The (benefit from) provision for income taxes for the years ended August 31, 2021, 2020 and 2019 is as follows:

(DOLLARS IN THOUSANDS)	2021	2020	2019
Current:			
Federal	$ (533)	$ 4,519	$ 211
State	2,943	(2,231)	3,815
Foreign	56	2,748	(2,630)
Total Current	2,466	5,036	1,396
Deferred:			
Federal	(24,676)	(36,231)	(4,923)
State	(15,666)	(5,263)	(8,491)
Foreign	(373)	(273)	(438)
Total Deferred	(40,715)	(41,767)	(13,852)
Total	$ (38,249)	$ (36,731)	$ (12,456)

Domestic income before income taxes was $497.5 million, $324.4 million and $825.7 million for the years ended August 31, 2021, 2020 and 2019, respectively. Foreign income (loss) before income taxes was $17.8 million, $62.5 million and ($3.1) million for the years ended August 31, 2021, 2020 and 2019, respectively.

Deferred taxes are comprised of basis differences related to investments, accrued liabilities and certain federal and state tax credits. Deferred tax assets and liabilities as of August 31, 2021 and 2020, are as follows:

(DOLLARS IN THOUSANDS)	2021	2020
Deferred tax assets:		
Accrued expenses	$ 57,245	$ 51,560
Postretirement health care and deferred compensation	42,217	42,898
Tax credit carryforwards	128,824	123,193
Loss carryforwards	115,327	116,741
Nonqualified equity	391,309	344,924
Lease obligations	62,770	64,140
Other	92,325	85,856
Deferred tax assets valuation allowance	(208,810)	(219,891)
Total deferred tax assets	681,207	609,421
Deferred tax liabilities:		
Pension	24,277	17,131
Investments	110,910	95,916
Property, plant and equipment	557,129	556,160
Right of use assets	61,870	64,140
Other	28,549	15,417
Total deferred tax liabilities	782,735	748,764
Net deferred tax liabilities	$ 101,528	$ 139,343

We have total gross loss carryforwards of $527.5 million, as of August 31, 2021, of which $304.4 million will expire over periods ranging from fiscal 2022 to fiscal 2042. The remainder will carry forward indefinitely. Based on estimates of future taxable profits and losses in certain foreign tax jurisdictions, as well as consideration of other factors, we assessed whether a valuation allowance was necessary to reduce specific foreign loss carryforwards to amounts we believe are more likely than not to be realized as of August 31, 2021. If our estimates prove inaccurate, adjustments to the valuation allowances may be required in the future with gains or losses being charged to income in the period such determination is made. McPherson refinery's gross state tax credit carryforwards for income tax were approximately $129.7 million and $125.5 million as of August 31, 2021 and 2020, respectively. McPherson refinery's valuation allowance on Kansas state credits is necessary due to the limited amount of taxable income generated in Kansas by the combined group on an annual basis.

Our general business credits of $44.1 million, comprised primarily of low-sulfur diesel credits, will begin to expire on August 31, 2027, and our state tax credits of $129.7 million will begin to expire on August 31, 2022.

The reconciliation of the statutory federal income tax rates to the effective tax rates for the years ended August 31, 2021, 2020 and 2019 is as follows:

	2021	2020	2019
Statutory federal income tax rate	21.0%	21.0%	21.0%
State and local income taxes, net of federal income tax benefit	(2.6)	(1.8)	(0.7)
Patronage earnings	(11.4)	(13.1)	(14.3)
Domestic production activities deduction	(8.2)	(19.0)	(9.9)
Export activities at rates other than the U.S. statutory rate	0.5	1.8	(2.1)
Intercompany transfer of business assets	(4.7)	(1.6)	—
Increase in unrecognized tax benefits	0.8	4.2	0.2
Valuation allowance	(0.2)	(1.0)	2.6
Tax credits	—	0.2	0.4
Other	(2.6)	(0.2)	1.3
Effective tax rate	(7.4)%	(9.5)%	(1.5)%

Primary drivers of the fiscal 2021 income tax benefit were retaining the current Domestic Production Activities Deduction ("DPAD") benefit and from tax planning associated with certain assets. Primary drivers of the fiscal 2020 income tax benefit were retaining the current DPAD benefit and the settlement of a U.S. federal audit, resulting in additional tax credit carryovers, which were partially offset by an increase in our uncertain tax position. Primary drivers of the fiscal 2019 income tax benefit were retaining the current DPAD benefit and deducting previously disallowed DPAD available from the carryback of excise tax credits, which were partially offset by an increase in our unrecognized deferred tax benefit.

We file income tax returns in the U.S. federal jurisdiction, as well as various state and foreign jurisdictions. Our uncertain tax positions are affected by the tax years that are under audit or remain subject to examination by the relevant taxing authorities. In addition to the current year, fiscal 2007 through 2020 remain subject to examination for certain issues.

Reserves are recorded against unrecognized tax benefits when we believe certain fully supportable tax return positions are likely to be challenged and we may or may not prevail. If we determine that a tax position is more likely than not to be sustained upon audit, based on the technical merits of the position, we recognize the benefit by measuring the amount that is greater than 50% likely of being realized. We reevaluate the technical merits of our tax positions and recognize an uncertain tax benefit, or derecognize a previously recorded tax benefit, when there is (i) completion of a tax audit, (ii) effective settlement of an issue, (iii) a change in applicable tax law including a tax case or legislative guidance, or (iv) expiration of the applicable statute of limitations. Significant judgment is required in accounting for tax reserves. A reconciliation of the gross beginning and ending amounts of unrecognized tax benefits for the periods presented follows:

(DOLLARS IN THOUSANDS)	2021	2020	2019
Balance at beginning of period	$ 119,150	$ 101,128	$ 91,135
Additions attributable to current year tax positions	2,000	14,410	14,162
Additions attributable to prior year tax positions	15,974	6,128	—
Reductions attributable to prior year tax positions	(14,975)	(2,516)	(4,169)
Balance at end of period	$ 122,149	$ 119,150	$ 101,128

If we were to prevail on all positions taken in relation to uncertain tax positions, $114.3 million of the unrecognized tax benefits would ultimately benefit our effective tax rate. It is reasonably possible that the total amount of unrecognized tax benefits could significantly change in the next 12 months.

We recognize interest and penalties related to unrecognized tax benefits in our provision for income taxes. We recognized benefits of $1.4 million and $1.0 million and expense of $1.7 million for interest and penalties related to unrecognized tax benefits in our Consolidated Statements of Operations for the years ended August 31, 2021, 2020 and 2019, respectively, and a related $2.5 million, $1.0 million and $2.9 million interest payable on our Consolidated Balance Sheets as of August 31, 2021, 2020 and 2019, respectively.

TWELVE

Equities

Patronage and Equity Redemptions

In accordance with our bylaws and by action of the Board of Directors, annual net earnings from patronage sources are distributed to consenting patrons following the close of each fiscal year and are based on amounts using financial statement earnings. The cash portion of the qualified patronage distribution, if any, is determined annually by the Board of Directors, with the balance issued in the form of qualified and/or nonqualified capital equity certificates. Total patronage distributions for fiscal 2021 are estimated to be $280.3 million, with the qualified cash portion estimated to be $50.0 million and nonqualified equity distributions of $230.3 million. No portion of annual net earnings for fiscal 2021 will be issued in the form of qualified capital equity certificates.

The following table presents estimated patronage distributions for the year ending August 31, 2022, and actual patronage distributions for the years ended August 31, 2021, 2020 and 2019:

(DOLLARS IN MILLIONS)	2022	2021	2020	2019
Patronage distributed in cash	$ 50.0	$ 30.0	$ 90.1	$ 75.8
Patronage distributed in equity	230.3	214.8	474.4	353.0
Total patronage distributed	$ 280.3	$ 244.8	$ 564.5	$ 428.8

Annual net earnings from patronage or other sources may be added to the unallocated capital reserve or, upon action by the Board of Directors, may be allocated to members in the form of nonpatronage equity certificates. The Board of Directors authorized, in accordance with our bylaws, that 10% of the earnings from patronage business for fiscal 2021, 2020 and 2019 be added to our capital reserves.

Redemptions of outstanding equity are at the discretion of the Board of Directors. Redemptions of capital equity certificates approved by the Board of Directors are divided into two pools, one for nonindividuals (primarily member cooperatives) who may participate in an annual redemption program for qualified equities held by them and another for individual members who are eligible for equity redemptions at age 70 or upon death. The CHS redemption policy includes a redemption program for individuals similar to the one that is available to nonindividual members, subject to Board of Directors overall discretion whether to redeem outstanding equity. In accordance with authorization from the Board of Directors, we expect total redemptions related to the year ended August 31, 2021, which will be distributed in fiscal 2022, to be approximately $100.0 million. This amount is classified as a current liability on our August 31, 2021, Consolidated Balance Sheet. During the years ended August 31, 2021, 2020 and 2019, we redeemed in cash, outstanding owners' equities in accordance with authorization from the Board of Directors, in the amounts of $79.4 million, $96.4 million and $85.5 million, respectively.

Preferred Stock

The following is a summary of our outstanding preferred stock as of August 31, 2021, all shares of which are listed and traded on The Nasdaq:

(DOLLARS IN MILLIONS)	NASDAQ SYMBOL	ISSUANCE DATE	SHARES OUTSTANDING	REDEMPTION VALUE	NET PROCEEDS (a)	DIVIDEND RATE (b) (c)	DIVIDEND PAYMENT FREQUENCY	REDEEMABLE BEGINNING (D)
8% Cumulative Redeemable	CHSCP	(e)	12,272,003	$ 306.8	$ 311.2	8.00%	Quarterly	7/18/2023
Class B Cumulative Redeemable, Series 1	CHSCO	(f)	21,459,066	536.5	569.3	7.875%	Quarterly	9/26/2023
Class B Reset Rate Cumulative Redeemable, Series 2	CHSCN	3/11/2014	16,800,000	420.0	406.2	7.10%	Quarterly	3/31/2024
Class B Reset Rate Cumulative Redeemable, Series 3	CHSCM	9/15/2014	19,700,000	492.5	476.7	6.75%	Quarterly	9/30/2024
Class B Cumulative Redeemable, Series 4	CHSCL	1/21/2015	20,700,000	517.5	501.0	7.50%	Quarterly	1/21/2025

(a) Includes patrons' equities redeemed with preferred stock.

(b) The Class B Reset Rate Cumulative Redeemable Preferred Stock, Series 2 accumulates dividends at a rate of 7.10% per year until March 31, 2024, and then at a rate equal to the three-month LIBOR plus 4.298%, not to exceed 8.00% per annum, subsequent to March 31, 2024.

(c) The Class B Reset Rate Cumulative Redeemable Preferred Stock, Series 3 accumulates dividends at a rate of 6.75% per year until September 30, 2024, and then at a rate equal to the three-month LIBOR plus 4.155%, not to exceed 8.00% per annum, subsequent to September 30, 2024.

(d) Preferred stock is redeemable for cash at our option, in whole or in part, at a per share price equal to the per share liquidation preference of $25.00 per share, plus all dividends accumulated and unpaid on that share to and including the date of redemption, beginning on the dates set forth in this column.

(e) The 8% Cumulative Redeemable Preferred Stock was issued at various times from 2003 through 2010.

(f) Shares of Class B Cumulative Redeemable Preferred Stock, Series 1 were issued on September 26, 2013; August 25, 2014; March 31, 2016; and March 30, 2017.

Preferred Stock Dividends

We made dividend payments on our preferred stock of $168.7 million during each of the years ended August 31, 2021, 2020 and 2019. As of August 31, 2021, the Board of Directors had not authorized the issuance of any preferred shares that were not outstanding.

The following is a summary of dividends per share by series of preferred stock for the years ended August 31, 2021 and 2020:

(DOLLARS PER SHARE)	NASDAQ SYMBOL	YEARS ENDED AUGUST 31, 2021	2020
8% Cumulative Redeemable	CHSCP	$ 2.00	$ 2.00
Class B Cumulative Redeemable, Series 1	CHSCO	1.97	1.97
Class B Reset Rate Cumulative Redeemable, Series 2	CHSCN	1.78	1.78
Class B Reset Rate Cumulative Redeemable, Series 3	CHSCM	1.69	1.69
Class B Cumulative Redeemable, Series 4	CHSCL	1.88	1.88

Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive income (loss) by component, for the years ended August 31, 2021, 2020 and 2019 are as follows:

(DOLLARS IN THOUSANDS)	PENSION AND OTHER POSTRETIREMENT BENEFITS	UNREALIZED NET GAIN (LOSS) ON AVAILABLE FOR SALE INVESTMENTS	CASH FLOW HEDGES	FOREIGN CURRENCY TRANSLATION ADJUSTMENT	TOTAL
Balance as of August 31, 2018, net of tax	$ (140,335)	$ 8,861	$ (5,882)	$ (62,559)	$ (199,915)
Other comprehensive income (loss), before tax:					
Amounts before reclassifications	(51,118)	—	37,709	(9,990)	(23,399)
Amounts reclassified out	10,279	—	(9,843)	—	436
Total other comprehensive income (loss), before tax	(40,839)	—	27,866	(9,990)	(22,963)
Tax effect	8,280	—	(7,670)	41	651
Other comprehensive income (loss), net of tax	(32,559)	—	20,196	(9,949)	(22,312)
Reclassifications	416	(8,861)	983	2,756	(4,706)
Balance as of August 31, 2019, net of tax	(172,478)	—	15,297	(69,752)	(226,933)
Other comprehensive income (loss), before tax:					
Amounts before reclassifications	(4,751)	—	16,430	(17,021)	(5,342)
Amounts reclassified out	19,908	—	(22,291)	—	(2,383)
Total other comprehensive income (loss), before tax	15,157	—	(5,861)	(17,021)	(7,725)
Tax effect	(2,359)	—	1,450	1,643	734
Other comprehensive income (loss), net of tax	12,798	—	(4,411)	(15,378)	(6,991)
Balance as of August 31, 2020, net of tax	(159,680)	—	10,886	(85,130)	(233,924)
Other comprehensive income (loss), before tax:					
Amounts before reclassifications	4,048	—	11,700	5,573	21,321
Amounts reclassified out	20,256	—	(19,753)	—	503
Total other comprehensive income (loss), before tax	24,304	—	(8,053)	5,573	21,824
Tax effect	(6,009)	—	1,991	(273)	(4,291)
Other comprehensive income (loss), net of tax	18,295	—	(6,062)	5,300	17,533
Balance as of August 31, 2021, net of tax	$ (141,385)	$ —	$ 4,824	$ (79,830)	$ (216,391)

Amounts reclassified from accumulated other comprehensive income (loss) were related to pension and other postretirement benefits, cash flow hedges, available-for-sale investments and foreign currency translation adjustments. Pension and other postretirement reclassifications include amortization of net actuarial loss, prior service credit and transition amounts and are recorded as cost of goods sold and marketing, general and administrative expenses (see Note 13, *Benefit Plans*, for further information). Gains or losses on the sale of available-for-sale investments and foreign currency translation reclassifications related to sales of businesses are recorded in other income. As described in Note 15, *Derivative Financial Instruments and Hedging Activities*, amounts reclassified from accumulated other comprehensive loss for cash flow hedges are recorded in cost of goods sold.

THIRTEEN

Benefit Plans

We have various pension and other defined benefits as well as defined contribution plans in which substantially all employees may participate. We also have nonqualified supplemental executive and Board retirement plans. We provide defined life insurance and health care benefits for certain retired employees and Board of Directors participants. The plan is contributory based on years of service and family status, with retiree contributions adjusted annually.

Financial information on changes in projected benefit obligation, plan assets funded and balance sheet status as of August 31, 2021 and 2020, is as follows:

	QUALIFIED PENSION BENEFITS		NONQUALIFIED PENSION BENEFITS		OTHER BENEFITS	
(DOLLARS IN THOUSANDS)	2021	2020	2021	2020	2021	2020
Change in benefit obligation:						
Projected benefit obligation at beginning of period	$ 918,002	$ 876,696	$ 19,183	$ 19,047	$ 30,316	$ 31,098
Service cost	45,229	42,151	433	405	1,186	1,050
Interest cost	16,563	21,722	273	429	493	747
Actuarial loss (gain)	34,958	6,265	2,034	1,382	(765)	(2,286)
Assumption change	(12,847)	40,694	(55)	775	(398)	1,275
Plan amendments	113	—	—	—	—	—
Settlements	—	—	—	(2,130)	—	—
Benefits paid	(76,779)	(69,526)	(1,264)	(725)	(1,763)	(1,568)
Projected benefit obligation at end of period	$ 925,239	$ 918,002	$ 20,604	$ 19,183	$ 29,069	$ 30,316
Change in plan assets:						
Fair value of plan assets at beginning of period	$ 976,542	$ 909,427	$ —	$ —	$ —	$ —
Actual gain on plan assets	70,161	90,241	—	—	—	—
Company contributions	23,200	46,400	1,264	2,855	1,763	1,568
Settlements	—	—	—	(2,130)	—	—
Benefits paid	(76,779)	(69,526)	(1,264)	(725)	(1,763)	(1,568)
Fair value of plan assets at end of period	$ 993,124	$ 976,542	$ —	$ —	$ —	$ —
Funded status at end of period	$ 67,885	$ 58,540	$ (20,604)	$ (19,183)	$ (29,069)	$ (30,316)
Amounts recognized on balance sheet:						
Noncurrent assets	$ 67,885	$ 58,540	$ —	$ —	$ —	$ —
Accrued benefit cost:						
Current liabilities	—	—	(2,220)	(1,660)	(1,970)	(2,090)
Noncurrent liabilities	—	—	(18,384)	(17,523)	(27,099)	(28,226)
Ending balance	$ 67,885	$ 58,540	$ (20,604)	$ (19,183)	$ (29,069)	$ (30,316)
Amounts recognized in accumulated other comprehensive loss (pretax):						
Prior service cost (credit)	$ 873	$ 938	$ (388)	$ (502)	$ (2,270)	$ (2,715)
Net loss (gain)	199,785	225,983	5,579	3,813	(14,862)	(15,064)
Ending balance	$ 200,658	$ 226,921	$ 5,191	$ 3,311	$ (17,132)	$ (17,779)

The accumulated benefit obligation of the qualified pension plans was $877.9 million and $871.6 million at August 31, 2021 and 2020, respectively. The accumulated benefit obligation of the nonqualified pension plans was $20.5 million and $18.2 million at August 31, 2021 and 2020, respectively.

Information for the pension plans with an accumulated benefit obligation in excess of plan assets is set forth below:

	YEARS ENDED AUGUST 31,	
(DOLLARS IN THOUSANDS)	2021	2020
Projected benefit obligation	$ 20,604	$ 19,183
Accumulated benefit obligation	20,513	18,172

Components of net periodic benefit costs for the years ended August 31, 2021, 2020 and 2019, are as follows:

	QUALIFIED PENSION BENEFITS			NONQUALIFIED PENSION BENEFITS			OTHER BENEFITS		
(DOLLARS IN THOUSANDS)	2021	2020	2019	2021	2020	2019	2021	2020	2019
Components of net periodic benefit costs:									
Service cost	$ 45,229	$ 42,151	$ 38,592	$ 433	$ 405	$ 311	$ 1,186	$ 1,050	$ 1,053
Interest cost	16,563	21,722	28,396	273	429	747	493	747	1,094
Expected return on assets	(43,641)	(46,684)	(44,968)	—	—	—	—	—	—
Settlement of retiree obligations	—	—	51	—	—	191	—	—	—
Prior service cost (credit) amortization	178	178	190	(114)	(114)	(75)	(445)	(445)	(556)
Actuarial loss (gain) amortization	21,790	21,583	12,348	212	98	2	(1,365)	(1,392)	(1,627)
Net periodic benefit cost (benefit)	$ 40,119	$ 38,950	$ 34,609	$ 804	$ 818	$1,176	$ (131)	$ (40)	$ (36)

Plan assumptions for the years ended August 31, 2021, 2020 and 2019, are as follows:

	QUALIFIED PENSION BENEFITS			NONQUALIFIED PENSION BENEFITS			OTHER BENEFITS		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Weighted-average assumptions to determine the net periodic benefit cost:									
Interest credit rate for cash balance plans	4.65%	4.65%	4.65%	4.65%	4.65%	4.65%	N/A	N/A	N/A
Discount rate	2.65%	3.06%	4.23%	2.07%	2.70%	4.09%	2.43%	2.89%	4.08%
Expected return on plan assets	4.90%	5.50%	5.50%	N/A	N/A	N/A	N/A	N/A	N/A
Rate of compensation increase	4.99%	5.28%	5.14%	4.99%	5.28%	5.14%	N/A	N/A	N/A
Weighted-average assumptions to determine the benefit obligations:									
Discount rate	2.78%	2.67%	3.06%	2.08%	2.15%	2.70%	2.57%	2.43%	2.89%
Rate of compensation increase	4.79%	4.99%	5.28%	4.79%	4.99%	5.28%	N/A	N/A	N/A

Components of net periodic benefit costs and amounts recognized in other comprehensive loss (income) for the years ended August 31, 2021, 2020 and 2019, are as follows:

	QUALIFIED PENSION BENEFITS			NONQUALIFIED PENSION BENEFITS			OTHER BENEFITS		
(DOLLARS IN THOUSANDS)	2021	2020	2019	2021	2020	2019	2021	2020	2019
Other comprehensive loss (income):									
Prior service cost	$ 113	$ —	$ 18	$ —	$ —	$ —	$ —	$ —	$ —
Net actuarial loss (gain)	(4,408)	3,401	47,556	1,978	2,157	1,917	(1,163)	(1,011)	801
Amortization of actuarial (gain) loss	(21,790)	(21,583)	(12,307)	(212)	(98)	(2)	1,365	1,392	1,627
Amortization of prior service (credit) costs	(178)	(178)	(190)	114	114	75	445	445	556
Settlement of retiree obligations (a)	—	—	—	—	(397)	(191)	—	—	—
Total recognized in other comprehensive loss (income)	$ (26,263)	$ (18,360)	$ 35,077	$ 1,880	$1,776	$ 1,799	$ 647	$ 826	$ 2,984

(a) Reflects amounts reclassified from accumulated other comprehensive loss (income) to net earnings.

Estimated amortization in fiscal 2022 from accumulated other comprehensive loss into net periodic benefit cost is as follows:

(DOLLARS IN THOUSANDS)	QUALIFIED PENSION BENEFITS	NONQUALIFIED PENSION BENEFITS	OTHER BENEFITS
Amortization of prior service cost (credit)	$ 178	$ (114)	$ (445)
Amortization of actuarial loss (gain)	23,343	478	(1,259)

A significant assumption for pension costs and obligations is the discount rate. We utilize a full-yield curve approach by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. The discount rate reflects the rate at which the associated benefits could be effectively settled as of the measurement date. In estimating this rate, we look at rates of return on fixed-income investments of similar duration to the liabilities in the plans that receive high investment-grade ratings by recognized ratings agencies.

For measurement purposes, a 6.8% annual rate of increase in the per capita cost of covered health care benefits was assumed for the year ended August 31, 2021. The rate was assumed to decrease gradually to 4.5% by 2028 and remain at that level thereafter.

An annual analysis of the risk versus the return of the investment portfolio is conducted to justify the expected long-term rate of return assumption. We generally use long-term historical return information for the targeted asset mix identified in asset and liability studies. Adjustments are made to the expected long-term rate of return assumption when deemed necessary, based upon revised expectations of future investment performance of the overall investment markets.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in the assumed health care cost trend rates would have the following effects:

(DOLLARS IN THOUSANDS)	1% INCREASE	1% DECREASE
Effect on total of service and interest cost components	$ 180	$ (150)
Effect on postretirement benefit obligation	2,000	(1,700)

Contributions depend primarily on market returns on the pension plan assets and minimum funding level requirements. During fiscal 2021, we made a discretionary contribution of $23.2 million to the pension plans. Based on the funded status of the qualified pension plans as of August 31, 2021, we do not currently believe we will be required to contribute to these plans in fiscal 2022, although we may voluntarily elect to do so. We expect to pay $4.2 million to participants of the nonqualified pension and postretirement benefit plans during fiscal 2022.

Our retiree benefit payments, which reflect expected future service, are anticipated to be paid as follows:

(DOLLARS IN THOUSANDS)	QUALIFIED PENSION BENEFITS	NONQUALIFIED PENSION BENEFITS	OTHER BENEFITS
2022	$ 70,100	$ 2,220	$ 1,970
2023	70,900	2,490	2,260
2024	70,300	2,210	2,340
2025	71,400	2,110	2,340
2026	73,900	2,100	2,290
2027-2031	342,700	7,930	8,920

We have trusts that hold the assets for the defined benefit plans. CHS has a qualified plan committee that sets investment guidelines with the assistance of external consultants. Investment objectives for the plans' assets are as follows:

- Optimization of the long-term returns on plan assets at an acceptable level of risk;
- Maintenance of broad diversification across asset classes and among investment managers; and
- Focus on long-term return objectives.

Asset allocation targets promote optimal expected return and volatility characteristics given the long-term time horizon for fulfilling the obligations of the pension plans. The investment portfolio contains a diversified portfolio of investment categories, including equities, fixed-income securities and real estate. Securities are also diversified in terms of domestic and international securities, short- and long-term securities, growth and value equities, large and small cap stocks, as well as active and passive management styles. Our pension plans' investment policy strategy is such that liabilities match assets. This is being accomplished through the asset portfolio mix by reducing volatility and de-risking the plans. The plans' target allocation percentages range between 45% and 80% for fixed income securities and range between 20% and 55% for equity securities.

The qualified plan committee believes that with prudent risk tolerance and asset diversification, the plans should be able to meet pension obligations in the future.

Our pension plans' recurring fair value measurements by asset category at August 31, 2021 and 2020, are presented in the tables below:

	2021			
(DOLLARS IN THOUSANDS)	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Cash and cash equivalents	$ 11,383	$ —	$ —	$ 11,383
Equities:				
Common/collective trust at net asset value (1)	—	—	—	180,766
Fixed income securities:				
Common/collective trust at net asset value (1)	—	—	—	707,831
Partnership and joint venture interests measured at net asset value (1)	—	—	—	93,144
Total	$ 11,383	$ —	$ —	$ 993,124

(DOLLARS IN THOUSANDS)	2020 LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Cash and cash equivalents	$ 57,801	$ —	$ —	$ 57,801
Equities:				
Common/collective trust at net asset value (1)	—	—	—	219,050
Fixed income securities:				
Common/collective trust at net asset value (1)	—	—	—	603,250
Partnership and joint venture interests measured at net asset value (1)	—	—	—	94,400
Other assets measured at net asset value (1)	—	—	—	2,041
Total	$ 57,801	$ —	$ —	$ 976,542

(1) In accordance with ASC Topic 820-10, Fair Value Measurement, certain assets that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the "Financial information on changes in projected benefit obligation, plan assets funded and balance sheet status" table above.

Definitions for valuation levels are found in Note 16, *Fair Value Measurements*. We use the following valuation methodologies for assets measured at fair value.

Common/collective trusts. Common/collective trusts primarily consist of equity and fixed income funds and are valued using other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risks, referenced indices, quoted prices in inactive markets, adjusted quoted prices in active markets, adjusted quoted prices on foreign equity securities that were adjusted in accordance with pricing procedures approved by the trust, etc.). Common/collective trust investments can be redeemed daily and without restriction. Redemption of the entire investment balance generally requires a 45- to 60-day notice period. The equity funds provide exposure to large, mid and small cap U.S. equities, international large and small cap equities and emerging market equities. The fixed income funds provide exposure to U.S., international and emerging market debt securities.

Partnership and joint venture interests. Valued at the net asset value of shares held by the plan at year-end as a practical expedient for fair value. The net asset value is based on the fair value of the underlying assets owned by the trust, minus its liabilities, then divided by the number of units outstanding. Redemptions of these interests generally require a 45- to 60-day notice.

Other assets. Other assets primarily include real estate funds and hedge funds held in the asset portfolio of our U.S. defined benefit pension plans.

We are one of approximately 400 employers that contribute to the Co-op Retirement Plan ("Co-op Plan"), which is a defined benefit plan constituting a "multiple employer plan" under the Internal Revenue Code of 1986, as amended, and a "multiemployer plan" under the accounting standards. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers;
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; and
- If we choose to stop participating in the multiemployer plan, we may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability. The withdrawal liability associated with the multiemployer plan was approximately $32.0 million as of August 31, 2021.

Our participation in the Co-op Plan for the years ended August 31, 2021, 2020 and 2019, is outlined in the table below:

(DOLLARS IN THOUSANDS)		CONTRIBUTIONS OF CHS				
PLAN NAME	EIN/PLAN NUMBER	2021	2020	2019	SURCHARGE IMPOSED	EXPIRATION DATE OF COLLECTIVE BARGAINING AGREEMENT
Co-op Retirement Plan	01-0689331/001	$ 1,172	$ 1,455	$ 1,712	N/A	N/A

Our contributions for the years stated above did not represent more than 5% of total contributions to the Co-op Plan as indicated in the Co-op Plan's most recently available annual report (Form 5500).

Provisions of the Pension Protection Act of 2006 ("PPA") do not apply to the Co-op Plan because there is a special exemption for cooperative plans if the plan is maintained by more than one employer and at least 85% of the employers are rural cooperatives or cooperative organizations owned by agricultural producers. In the Co-op Plan, a "zone status" determination is not required, and therefore not determined. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employers. The most recent financial statements available in 2021 and 2020 are for the Co-op Plan's year-end at March 31, 2021 and 2020, respectively. In total, the Co-op Plan was at least 80% funded on those dates based on the total plan assets and accumulated benefit obligations.

Because the provisions of the PPA do not apply to the Co-op Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

In addition to the contributions to the Co-op Plan listed above, total contributions to individually insignificant multi-employer pension plans were immaterial in fiscal 2021, 2020 and 2019.

We have other contributory defined contribution plans covering substantially all employees. Total contributions by us to these plans were $30.1 million, $34.5 million and $31.0 million, for the years ended August 31, 2021, 2020 and 2019, respectively.

FOURTEEN

Segment Reporting

We are an integrated agricultural cooperative, providing grain, foods and energy resources to businesses and consumers on a global basis. We provide a wide variety of products and services, from initial agricultural inputs such as fuels, farm supplies, crop nutrients and crop protection products, to agricultural outputs that include grains and oilseeds, processed grains and oilseeds, renewable fuels and food products. We define our operating segments in accordance with ASC Topic 280, *Segment Reporting*, to reflect the manner in which our chief operating decision maker, our Chief Executive Officer, evaluates performance and allocates resources in managing the business. We have aggregated those operating segments into four reportable segments: Energy, Ag, Nitrogen Production and Foods.

Our Energy segment produces and provides primarily for the wholesale distribution of petroleum products and transportation of those products. Our Ag segment purchases and further processes or resells grains and oilseeds originated by our country operations business, by our member cooperatives and by third parties; serves as a wholesaler and retailer of crop inputs; and produces and markets ethanol. Our Nitrogen Production segment consists of our equity method investment in CF Nitrogen and allocated expenses, which entitles us, pursuant to a supply agreement that we entered with

CF Nitrogen, to purchase up to a specified quantity of granular urea and UAN annually from CF Nitrogen. Our Foods segment consists of our equity method investment in Ventura Foods and allocated expenses. Prior to August 31, 2021, Ventura Foods was reported as a component of Corporate and Other. Reported segment results and balances prior to August 31, 2021, have been recast to reflect the addition of the Foods segment. There were no changes to the composition of our Energy, Ag or Nitrogen Production segments as a result of the addition of the Foods segment. Corporate and Other represents our financing and hedging businesses, which primarily consists of a U.S. Commodity Futures Trading Commission-regulated futures commission merchant ("FCM") for commodities hedging and financial services related to crop production. Our nonconsolidated investment in Ardent Mills is also included in our Corporate and Other category.

Corporate administrative expenses and interest are allocated to each reportable segment, along with Corporate and Other, based on direct use for services, such as information technology and legal, and other factors or considerations relevant to the costs incurred.

Many of our business activities are highly seasonal and our operating results vary throughout the year. For example, in our Ag segment, our country operations business generally experiences higher volumes and revenues during the fall harvest and spring planting seasons, which generally correspond to our first and third fiscal quarters, respectively. Additionally, our agronomy business generally experiences higher volumes and revenues during the spring planting season. Our global grain and processing operations are subject to fluctuations in volume and revenues based on producer harvests, world grain prices, demand and international trade relationships. Our Energy segment generally experiences higher volumes and revenues in certain operating areas, such as refined products, in the spring, summer and early fall when gasoline and diesel fuel use by agricultural producers is highest and is subject to global supply and demand forces. Other energy products, such as propane, generally experience higher volumes and revenues during the winter heating and fall crop-drying seasons.

Our revenues, assets and cash flows can be significantly affected by global market prices for commodities such as petroleum products, natural gas, grains, oilseeds, crop nutrients and flour. Changes in market prices for commodities that we purchase without a corresponding change in the selling prices of those products can affect revenues and operating earnings. Commodity prices are affected by a wide range of factors beyond our control, including the weather, crop damage due to plant disease or insects, drought, availability and adequacy of supply, availability of a reliable rail and river transportation networks, outbreaks of disease, government regulations and policies, global trade disputes, and general political and economic conditions.

While our revenues and operating results are derived primarily from businesses and operations that are wholly-owned or subsidiaries and limited liability companies in which we have a controlling interest, a portion of our business operations are conducted through companies in which we hold ownership interests of 50% or less or do not control the operations. We account for these investments primarily using the equity method of accounting, wherein we record our proportionate share of income or loss reported by the entity as equity income from investments, without consolidating the revenues and expenses of the entity in our Consolidated Statements of Operations. In our Nitrogen Production segment, this consists of our approximate 10% membership interest (based on product tons) in CF Nitrogen. In our Foods segment, this consists of our 50% ownership in Ventura Foods. In Corporate and Other, this principally includes our 12% ownership in Ardent Mills. See Note 6, *Investments*, for more information related to CF Nitrogen, Ventura Foods and Ardent Mills.

Reconciling amounts represent the elimination of revenues between segments. Such transactions are executed at market prices to more accurately evaluate the profitability of the individual business segments.

Segment information for the years ended August 31, 2021, 2020 and 2019, is presented in the tables below.

(DOLLARS IN THOUSANDS)	ENERGY	AG	NITROGEN PRODUCTION	FOODS	CORPORATE AND OTHER	RECONCILING AMOUNTS	TOTAL
Year ended August 31, 2021							
Revenues, including intersegment revenues	$ 6,812,478	$ 32,058,064	$ —	$ —	$ 46,476	$ (468,985)	$ 38,448,033
Intersegment revenues	(437,217)	(22,722)	—	—	(9,046)	468,985	—
Revenues, net of intersegment revenues	$ 6,375,261	$ 32,035,342	$ —	$ —	$ 37,430	$ —	$ 38,448,033
Operating earnings (loss)	(15,775)	265,362	(35,432)	(10,617)	2,259		205,797
Interest expense	1,113	65,099	44,461	—	1,804	(7,912)	104,565
Other income	(2,819)	(47,452)	(2,489)	—	(14,711)	7,912	(59,559)
Equity income from investments	(3,473)	(50,381)	(198,439)	(78,519)	(23,717)		(354,529)
Income before income taxes	$ (10,596)	$ 298,096	$ 121,035	$ 67,902	$ 38,883	$ —	$ 515,320
Capital expenditures	112,160	148,770	—	—	56,864	—	317,794
Depreciation and amortization	245,273	182,210	—	—	34,247	—	461,730
Total assets as of August 31, 2021	4,286,677	7,451,559	2,683,652	388,612	2,765,775	—	17,576,275

(DOLLARS IN THOUSANDS)	ENERGY	AG	NITROGEN PRODUCTION	FOODS	CORPORATE AND OTHER	RECONCILING AMOUNTS	TOTAL
Year ended August 31, 2020							
Revenues, including intersegment revenues	$ 5,820,154	$ 22,940,712	$ —	$ —	$ 55,567	$ (410,068)	$ 28,406,365
Intersegment revenues	(389,020)	(14,613)	—	—	(6,435)	410,068	—
Revenues, net of intersegment revenues	$ 5,431,134	$ 22,926,099	$ —	$ —	$ 49,132	$ —	$ 28,406,365
Operating earnings (loss)	219,861	82,543	(33,497)	(9,847)	18,205	—	277,265
Interest expense	308	71,682	45,255	—	11,806	(12,074)	116,977
Other income	(3,005)	(35,560)	(2,635)	—	(10,749)	12,074	(39,875)
Equity income from investments	(2,759)	(7,303)	(127,954)	(34,026)	(14,673)	—	(186,715)
Income before income taxes	$ 225,317	$ 53,724	$ 51,837	$ 24,179	$ 31,821	$ —	$ 386,878
Capital expenditures	175,169	158,903	—	—	84,287	—	418,359
Depreciation and amortization	245,983	196,510	—	—	34,882	—	477,375
Total assets as of August 31, 2020	4,447,526	6,325,857	2,681,616	381,351	2,157,597	—	15,993,947

FOURTEEN: *Segment Reporting, continued*

(DOLLARS IN THOUSANDS)	ENERGY	AG	NITROGEN PRODUCTION	FOODS	CORPORATE AND OTHER	RECONCILING AMOUNTS	TOTAL
Year ended August 31, 2019							
Revenues, including intersegment revenues	$ 7,581,450	$ 24,736,425	$ —	$ —	$ 68,710	$ (486,132)	$ 31,900,453
Intersegment revenues	(462,374)	(16,353)	—	—	(7,405)	486,132	—
Revenues, net of intersegment revenues	$ 7,119,076	$ 24,720,072	$ —	$ —	$ 61,305	$ —	$ 31,900,453
Operating earnings (loss)	615,662	65,181	(35,046)	(8,912)	22,717	—	659,602
Interest expense	5,719	101,386	55,226	—	11,684	(6,950)	167,065
Other income	(5,548)	(74,774)	(2,769)	—	(10,168)	6,950	(86,309)
Equity income from investments	(2,697)	(4,447)	(160,373)	(51,608)	(17,630)	—	(236,755)
Income before income taxes	$ 618,188	$ 43,016	$ 72,870	$ 42,696	$ 38,831	$ —	$ 815,601
Capital expenditures	268,877	110,197	—	—	64,142	—	443,216
Depreciation and amortization	233,624	208,294	—	—	31,293	—	473,211

We have international sales, which are predominantly in our Ag segment. The following table presents our sales, based on the geographic location of the subsidiary making the sale, for the years ended August 31, 2021, 2020 and 2019:

(DOLLARS IN THOUSANDS)	2021	2020	2019
North America (a)	$ 36,540,178	$ 25,360,077	$ 27,896,269
South America	242,848	1,559,380	2,027,020
Europe, Middle East and Africa (EMEA)	955,605	774,068	895,472
Asia Pacific (APAC)	709,402	712,840	1,081,692
Total	$ 38,448,033	$ 28,406,365	$ 31,900,453

(a) Revenues in North America are substantially all attributed to revenues from the United States.

Long-lived assets include our property, plant and equipment, finance lease assets and capitalized major maintenance costs. The following table presents long-lived assets by geographical region based on physical location:

(DOLLARS IN THOUSANDS)	2021	2020
United States	$ 4,944,574	$ 5,121,315
International	62,072	65,134
Total	$ 5,006,646	$ 5,186,449

FIFTEEN

Derivative Financial Instruments and Hedging Activities

We enter into various derivative instruments to manage our exposure to movements primarily associated with agricultural and energy commodity prices and, to a lesser degree, foreign currency exchange rates and interest rates. Except for certain interest rate swaps and certain cash-settled swaps related to future crude oil purchases and refined product sales, which are accounted for as fair value hedges and cash flow hedges, respectively, our derivative instruments represent economic hedges of price risk for which hedge accounting under ASC Topic 815 is not applied. Rather, the derivative instruments are recorded on our Consolidated Balance Sheets at fair value with changes in fair value being recorded directly to earnings, primarily within cost of goods sold in our Consolidated Statements of Operations. See Note 16, *Fair Value Measurements,* for additional information. The majority of our exchange traded agricultural commodity futures are settled daily through CHS Hedging, LLC, our wholly-owned futures commission merchant.

Derivatives Not Designated as Hedging Instruments

The following tables present the gross fair values of derivative assets, derivative liabilities and margin deposits (cash collateral) recorded on our Consolidated Balance Sheets, along with related amounts permitted to be offset in accordance with U.S. GAAP. Although we have certain netting arrangements for our exchange-traded futures and options contracts and certain OTC contracts, we have elected to report our derivative instruments on a gross basis on our Consolidated Balance Sheets under ASC Topic 210-20, *Balance Sheet — Offsetting*.

	AUGUST 31, 2021			
		AMOUNTS NOT OFFSET ON THE CONSOLIDATED BALANCE SHEET BUT ELIGIBLE FOR OFFSETTING		
(DOLLARS IN THOUSANDS)	GROSS AMOUNTS RECOGNIZED	CASH COLLATERAL	DERIVATIVE INSTRUMENTS	NET AMOUNTS
Derivative Assets				
Commodity derivatives	$ 532,832	$ —	$ 4,174	$ 528,658
Foreign exchange derivatives	19,429	—	5,582	13,847
Embedded derivative asset	16,488	—	—	16,488
Total	$ 568,749	$ —	$ 9,756	$ 558,993
Derivative Liabilities				
Commodity derivatives	$ 444,861	$ 2,485	$ 4,174	$ 438,202
Foreign exchange derivatives	8,506	—	5,582	2,924
Total	$ 453,367	$ 2,485	$ 9,756	$ 441,126

	AUGUST 31, 2020			
	AMOUNTS NOT OFFSET ON THE CONSOLIDATED BALANCE SHEET BUT ELIGIBLE FOR OFFSETTING			
(DOLLARS IN THOUSANDS)	GROSS AMOUNTS RECOGNIZED	CASH COLLATERAL	DERIVATIVE INSTRUMENTS	NET AMOUNTS
Derivative Assets				
Commodity derivatives	$ 327,493	$ —	$ 2,980	$ 324,513
Foreign exchange derivatives	11,809	—	9,385	2,424
Embedded derivative asset	18,998	—	—	18,998
Total	$ 358,300	$ —	$ 12,365	$ 345,935
Derivative Liabilities				
Commodity derivatives	$ 343,343	$ 956	$ 5,578	$ 336,809
Foreign exchange derivatives	69,466	—	9,385	60,081
Total	$ 412,809	$ 956	$ 14,963	$ 396,890

Derivative assets and liabilities with maturities of less than 12 months are recorded in other current assets and other current liabilities, respectively, on our Consolidated Balance Sheets. Derivative assets and liabilities with maturities greater than 12 months are recorded in other assets and other liabilities, respectively, on our Consolidated Balance Sheets. The amount of long-term derivative assets recorded on our Consolidated Balance Sheet at August 31, 2021 and 2020, was $21.6 million and $21.2 million, respectively. The amount of long-term derivative liabilities recorded on our Consolidated Balance Sheet at August 31, 2021 and 2020, was $4.8 million and $5.4 million, respectively.

The majority of our derivative instruments have not been designated as hedging instruments. The following table sets forth the pretax gains (losses) on derivatives not accounted for as hedging instruments that have been included in our Consolidated Statements of Operations for the years ended August 31, 2021, 2020 and 2019:

DERIVATIVE TYPE (DOLLARS IN THOUSANDS)	LOCATION OF GAIN (LOSS)	2021	2020	2019
Commodity derivatives	Cost of goods sold	$ (971,581)	$ 89,248	$ 125,323
Foreign exchange derivatives	Cost of goods sold	25,277	(184,692)	4,228
Foreign exchange derivatives	Marketing, general and administrative expenses	1,105	(2,986)	(1,229)
Interest rate derivatives	Interest expense	—	(1,226)	—
Embedded derivative	Other income	2,489	2,634	2,769
Total		$ (942,710)	$ (97,022)	$ 131,091

Commodity Contracts

When we enter into a commodity purchase or sales commitment, we incur risks related to price changes and performance, including delivery, quality, quantity and shipment period. In the event that market prices decrease, we are exposed to risk of loss for the market value of inventory and purchase contracts with fixed- or partially fixed-prices. Conversely, we are exposed to risk of loss on our fixed- or partially fixed-price sales contracts in the event that market prices increase.

Our use of hedging reduces exposure to price volatility by protecting against adverse short-term price movements but also limits the benefits of favorable short-term price movements. To reduce the price risk associated with fixed-price commitments, we generally enter into commodity derivative contracts, to the extent practical, to achieve a net commodity position within the formal position limits we have established and deemed prudent for each commodity. These contracts are primarily transacted through our FCM on regulated commodity futures exchanges, but may include over-the-counter derivative instruments when deemed appropriate. These contracts are recorded at fair values based on quotes listed on regulated commodity exchanges or the market prices of the underlying products listed on the exchanges, except that certain contracts are accounted for as normal purchase and normal sales transactions. For commodities where there is no liquid derivative contract, risk is managed through the use of forward sales contracts, other pricing arrangements and, to some extent, futures contracts in highly correlated commodities. These contracts are economic hedges of price risk, but are not designated as hedging instruments for accounting purposes. Unrealized gains and losses on these contracts are recognized in cost of goods sold in our Consolidated Statements of Operations.

When a futures position is established, initial margin must be deposited with the applicable exchange or broker. The amount of margin required varies by commodity and is set by the applicable exchange at its sole discretion. If the market price relative to a short futures position increases, an additional margin deposit would be required. Similarly, a margin deposit would be required if the market price relative to a long futures position decreases. Conversely, if the market price increases relative to a long futures position or decreases relative to a short futures position, margin deposits may be returned by the applicable exchange or broker.

Our policy is to manage our commodity price risk exposure according to internal policies and in alignment with our tolerance for risk. It is our policy that our profitability should come from operations, primarily derived from margins on products sold and grain merchandised, not from hedging transactions. At any one time, inventory and purchase contracts for delivery to us may be substantial. We have risk management policies and procedures that include established net physical position limits. These limits are defined for each commodity and business unit, and business units may include both trader and management limits as appropriate. The limits policy is overseen at a high level by our corporate compliance team, with day-to-day monitoring procedures being implemented within each individual business unit to ensure any limits overage is explained and exposures reduced, or a temporary limit increase is established if needed. The position limits are reviewed at least annually with our senior leadership and Board of Directors. We monitor current market conditions and may expand or reduce our net position limits or procedures in response to changes in those conditions.

The use of hedging instruments does not protect against nonperformance by counterparties to cash contracts. We evaluate counterparty exposure by reviewing contracts and adjusting the values to reflect potential nonperformance. Risk of nonperformance by counterparties includes the inability to perform because of a counterparty's financial condition and the risk that the counterparty will refuse to perform on a contract during periods of price fluctuations where contract prices are significantly different than the current market prices. We manage these risks by entering into fixed-price purchase and sales contracts with preapproved producers and by establishing appropriate limits for individual suppliers. Fixed-price contracts are entered into with customers of acceptable creditworthiness, as internally evaluated. Regarding our use of derivatives, we transact in exchange traded instruments or enter into over-the-counter derivatives that primarily clear through our FCM, which limits our counterparty exposure relative to hedging activities. Historically, we have not experienced significant events of nonperformance on open contracts. Accordingly, we only adjust the estimated fair values of specifically identified contracts for nonperformance. Although we have established policies and procedures, we make no assurances that historical nonperformance experience will carry forward to future periods.

As of August 31, 2021 and 2020, we had outstanding commodity futures and options contracts that were used as economic hedges, as well as fixed-price forward contracts related to physical purchases and sales of commodities. The table below presents the notional volumes for all outstanding commodity contracts:

DERIVATIVE TYPE (UNITS IN THOUSANDS)	2021		2020	
	LONG	SHORT	LONG	SHORT
Grain and oilseed (bushels)	666,726	851,582	664,673	892,303
Energy products (barrels)	9,881	7,656	10,028	6,570
Processed grain and oilseed (tons)	559	3,418	657	3,304
Crop nutrients (tons)	66	12	74	127
Ocean freight (metric tons)	210	—	1,140	95

Foreign Exchange Contracts

We conduct a substantial portion of our business in U.S. dollars, but we are exposed to risks relating to foreign currency fluctuations primarily due to global grain marketing transactions in South America, the Asia Pacific region and Europe, and purchases of products from Canada. We use foreign currency derivative instruments to mitigate the impact of exchange rate fluctuations. Although CHS has some risk exposure relating to foreign currency transactions, a larger impact with exchange rate fluctuations is the ability of foreign buyers to purchase U.S. agricultural products and the competitiveness of U.S. agricultural products compared to the same products offered by alternative sources of world supply. The notional amount of our foreign exchange derivative contracts was $1.2 billion as of both August 31, 2021 and 2020.

Embedded Derivative Asset

Under the terms of our strategic investment in CF Nitrogen, if the CF Industries credit rating is reduced below certain levels by two of three specified credit ratings agencies, we are entitled to receive a nonrefundable annual payment of $5.0 million from CF Industries. These payments will continue on an annual basis until the date the CF Industries credit rating is upgraded to or above certain levels by two of the three specified credit ratings agencies or February 1, 2026, whichever is earlier.

During fiscal 2021, fiscal 2020 and fiscal 2019, the CF Industries credit rating was below the specified levels and we received an annual payment of $5.0 million from CF Industries. Gains totaling $2.5 million, $2.6 million and $2.8 million were recognized in other income in our Consolidated Statements of Operations during fiscal 2021, fiscal 2020 and fiscal 2019, respectively. The fair value of the embedded derivative asset recorded on our Consolidated Balance Sheet as of August 31, 2021, was equal to $16.5 million. The current and long-term portions of the embedded derivative asset are included in other current assets and other assets on our Consolidated Balance Sheet, respectively. See Note 16, *Fair Value Measurements*, for additional information regarding the valuation of the embedded derivative asset.

Derivatives Designated as Cash Flow or Fair Value Hedging Strategies

Fair Value Hedges

During the year ended August 31, 2020, we exited all our interest rate swaps resulting in a $16.4 million gain, which is being amortized over the life of the fixed-rate debt for which the swaps had previously been designated as fair value hedges, through fiscal 2025. Our objective in entering into these transactions was to offset changes in the fair value of the debt associated with the risk of variability in the three-month U.S. dollar LIBOR interest rate, in essence converting the fixed-rate debt to variable-rate debt. Under these interest rate swaps, we received fixed-rate interest payments and made interest payments based on the three-month LIBOR. Offsetting changes in the fair values of both the swap instruments and the hedged debt were recorded contemporaneously each period and only created an impact to earnings to the extent the hedge was ineffective.

The following table sets forth the pretax gains (losses) on derivatives accounted for as hedging instruments that have been included in our Consolidated Statements of Operations for the years ended August 31, 2021, 2020 and 2019:

GAIN (LOSS) ON FAIR VALUE HEDGING RELATIONSHIPS (DOLLARS IN THOUSANDS)	LOCATION OF GAIN (LOSS)	2021	2020	2019
Interest rate swaps	Interest expense	$ —	$ (1,897)	$ 21,158
Hedged item	Interest expense	—	1,897	(21,158)
Total		$ —	$ —	$ —

Cash Flow Hedges

Certain pay-fixed, receive-variable, cash-settled swaps are designated as cash flow hedges of future crude oil purchases in our Energy segment. We also designate certain pay-variable, receive-fixed, cash-settled swaps as cash flow hedges of future refined product sales. These hedging instruments and the related hedged items are exposed to significant market price risk and potential volatility. As part of our risk management strategy, we look to hedge a portion of our expected future crude oil needs and the resulting refined product output based on prevailing futures prices, management's expectations about future commodity price changes and our risk appetite. We may also elect to dedesignate certain derivative instruments previously designated as cash flow hedges as part of our risk management strategy. Amounts recorded in other comprehensive income for these dedesignated derivative instruments remain in other comprehensive income and are recognized in earnings in the period in which the underlying transactions affect earnings. As of August 31, 2021 and 2020, the aggregate notional amount of cash flow hedges was 2.7 million and 9.7 million barrels, respectively.

The following table presents the fair value of our commodity derivative instruments designated as cash flow hedges and the line items on our Consolidated Balance Sheets in which they are recorded as of August 31, 2021 and 2020:

BALANCE SHEET LOCATION (DOLLARS IN THOUSANDS)	DERIVATIVE ASSETS		BALANCE SHEET LOCATION (DOLLARS IN THOUSANDS)	DERIVATIVE LIABILITIES	
	2021	2020		2021	2020
Other current assets	$ 11,874	$ 34,052	Other current liabilities	$ 1,001	$ 8,821

The following table presents the pretax gains (losses) recorded in other comprehensive income relating to cash flow hedges for the years ended August 31, 2021, 2020 and 2019:

(DOLLARS IN THOUSANDS)	2021	2020	2019
Commodity derivatives	$ (7,824)	$ (2,596)	$ 27,650

The following table presents the pretax gains relating to our existing cash flow hedges that were reclassified from accumulated other comprehensive loss into our Consolidated Statements of Operations for the years ended August 31, 2021, 2020 and 2019:

(DOLLARS IN THOUSANDS)	LOCATION OF GAIN (LOSS)	2021	2020	2019
Commodity derivatives	Cost of goods sold	$ 21,262	$ 23,807	$ 11,497

SIXTEEN

Fair Value Measurements

ASC Topic 820, *Fair Value Measurement,* defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

We determine fair values of derivative instruments and certain other assets, based on the fair value hierarchy established in ASC Topic 820, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances. ASC Topic 820 describes three levels within its hierarchy that may be used to measure fair value, and our assessment of relevant instruments within those levels is as follows:

Level 1. Values are based on unadjusted quoted prices in active markets for identical assets or liabilities. These assets and liabilities may include exchange-traded derivative instruments, rabbi trust investments, deferred compensation investments and available-for-sale investments.

Level 2. Values are based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. These assets and liabilities include interest rate, foreign exchange and commodity swaps; forward commodity contracts with a fixed price component; and other OTC derivatives whose values are determined with inputs that are based on exchange traded prices, adjusted for location-specific inputs that are primarily observable in the market or can be derived principally from, or corroborated by, observable market data.

Level 3. Values are generated from unobservable inputs that are supported by little or no market activity and that are a significant component of the fair value of the assets or liabilities. These unobservable inputs would reflect our own estimates of assumptions that market participants would use in pricing related assets or liabilities. Valuation techniques might include the use of pricing models, discounted cash flow models or similar techniques.

The following tables present assets and liabilities, included on our Consolidated Balance Sheets, that are recognized at fair value on a recurring basis and indicate the fair value hierarchy utilized to determine these fair values. Assets and liabilities are classified in their entirety based on the lowest level of input that is a significant component of the fair value measurement. The lowest level of input is considered Level 3. Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the classification of fair value assets and liabilities within the fair value hierarchy levels.

Recurring fair value measurements at August 31, 2021 and 2020, are as follows:

	2021			
(DOLLARS IN THOUSANDS)	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	TOTAL
Assets				
Commodity derivatives	$ 2,453	$ 542,253	$ —	$ 544,706
Foreign currency derivatives	—	19,429	—	19,429
Deferred compensation assets	51,940	—	—	51,940
Embedded derivative asset	—	16,488	—	16,488
Segregated investments and marketable securities	99,837	—	—	99,837
Other assets	6,052	—	—	6,052
Total	$ 160,282	$ 578,170	$ —	$ 738,452
Liabilities				
Commodity derivatives	$ 1,615	$ 444,247	$ —	$ 445,862
Foreign currency derivatives	—	8,506	—	8,506
Total	$ 1,615	$ 452,753	$ —	$ 454,368

	2020			
(DOLLARS IN THOUSANDS)	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	TOTAL
Assets				
Commodity derivatives	$ 5,762	$ 355,783	$ —	$ 361,545
Foreign currency derivatives	—	11,523	—	11,523
Deferred compensation assets	47,669	—	—	47,669
Embedded derivative asset	—	18,998	—	18,998
Segregated investments and marketable securities	85,950	—	—	85,950
Other assets	5,276	—	—	5,276
Total	$ 144,657	$ 386,304	$ —	$ 530,961
Liabilities				
Commodity derivatives	$ 6,037	$ 346,126	$ —	$ 352,163
Foreign currency derivatives	—	69,467	—	69,467
Total	$ 6,037	$ 415,593	$ —	$ 421,630

Commodity and foreign currency derivatives. Exchange-traded futures and options contracts are valued based on unadjusted quoted prices in active markets and are classified within Level 1. Our forward commodity purchase and sales contracts with fixed-price components, select ocean freight contracts and other OTC derivatives are determined using inputs that are generally based on exchange traded prices and/or recent market bids and offers, including location-specific adjustments, and are classified within Level 2. Location-specific inputs are driven by local market supply and demand and are generally based on broker or dealer quotations or market transactions in either listed or OTC markets. Changes in the fair values of these contracts are recognized in our Consolidated Statements of Operations as a component of cost of goods sold.

Deferred compensation and other assets. Our deferred compensation investments consist primarily of rabbi trust assets that are valued based on unadjusted quoted prices on active exchanges and classified within Level 1. Changes in the fair values of these other assets are primarily recognized in our Consolidated Statements of Operations as a component of marketing, general and administrative expenses.

Embedded derivative asset. The embedded derivative asset relates to contingent payments inherent to our investment in CF Nitrogen. The inputs used in the fair value measurement include the probability of future upgrades and downgrades of the CF Industries credit rating based on historical credit rating movements of other public companies and the discount rates applied to potential annual payments based on applicable historical and current yield coupon rates. Based on these observable inputs, our fair value measurement is classified within Level 2. See Note 15, *Derivative Financial Instruments and Hedging Activities*, for additional information.

Segregated investments and marketable securities. Our segregated investments and marketable securities are comprised of investments in various government agencies and U.S. Treasury securities, which are valued using quoted market prices and classified within Level 1.

SEVENTEEN

Commitments and Contingencies

Environmental

We are required to comply with various environmental laws and regulations incidental to our normal business operations. To meet our compliance requirements, we establish reserves for future costs of remediation associated with identified issues that are both probable and can be reasonably estimated. Estimates of environmental costs are based on current available facts, existing technology, undiscounted site-specific costs and currently enacted laws and regulations and are included in cost of goods sold and marketing, general and administrative expenses in our Consolidated Statements of Operations. Recoveries, if any, are recorded in the period in which recovery is received. Liabilities are monitored and adjusted as new facts or changes in law or technology occur. The resolution of any such matters may affect consolidated net income for any fiscal period; however, we currently believe any resulting liabilities, individually or in the aggregate, will not have a material effect on our consolidated financial position, results of operations or cash flows during any fiscal year.

Other Litigation and Claims

We are involved as a defendant in various lawsuits, claims and disputes, which are in the normal course of our business. The resolution of any such matters may affect consolidated net income for any fiscal period; however, we currently believe any resulting liabilities, individually or in the aggregate, will not have a material effect on our consolidated financial position, results of operations or cash flows during any fiscal year.

Guarantees

We are a guarantor for lines of credit and performance obligations of related, nonconsolidated companies. Our bank covenants allow maximum guarantees of $1.0 billion, of which $153.7 million were outstanding on August 31, 2021. We have collateral for a portion of these contingent obligations. We have not recorded a liability related to the contingent obligations as we do not expect to pay out any cash related to them, and the fair values are considered immaterial. The underlying loans to the counterparties for which we provide these guarantees are current as of August 31, 2021.

Credit Commitments

CHS Capital has commitments to extend credit to customers if there is no violation of any condition established in the contracts. As of August 31, 2021, CHS Capital customers have additional available credit of $706.9 million.

Unconditional Purchase Obligations

Unconditional purchase obligations are commitments to transfer funds in the future for fixed or minimum amounts or quantities of goods or services at fixed or minimum prices. Our long-term unconditional purchase obligations primarily relate to pipeline and grain handling take-or-pay and throughput agreements and are not recorded on our Consolidated Balance Sheets. As of August 31, 2021, minimum future payments required under long-term commitments that are noncancelable and that third parties have used to secure financing for facilities that will provide contracted goods, are as follows:

	PAYMENTS DUE BY PERIOD						
(DOLLARS IN THOUSANDS)	TOTAL	2022	2023	2024	2025	2026	THEREAFTER
Long-term unconditional purchase obligations	$ 537,047	$ 83,044	$ 65,918	$ 65,650	$ 60,115	$ 57,951	$ 204,369

Total payments under these arrangements were $81.0 million, $77.6 million and $70.8 million for the years ended August 31, 2021, 2020 and 2019, respectively.

EIGHTEEN

Related Party Transactions

We purchase and sell grain and other agricultural commodity products from certain equity investees, primarily CF Nitrogen, Ventura Foods, Ardent Mills and TEMCO. Sales to and purchases from related parties for the years ended August 31, 2021, 2020 and 2019, respectively, are as follows:

(DOLLARS IN THOUSANDS)	2021	2020	2019
Sales	$ 2,744,482	$ 2,528,921	$ 2,628,670
Purchases	2,682,165	872,819	901,812

Receivables due from and payables due to related parties as of August 31, 2021 and 2020, are as follows:

(DOLLARS IN THOUSANDS)	2021	2020
Due from related parties	$ 40,485	$ 129,397
Due to related parties	90,986	53,602

As a cooperative, we are owned by farmers and ranchers and member cooperatives, which are referred to as members. We buy commodities from and provide products and services to our members. Individually, our members do not have a significant ownership in CHS.

NINETEEN

Leases

We assess arrangements at inception to determine whether they contain a lease. An arrangement is considered to contain a lease if it conveys the right to control the use of an asset for a period of time in exchange for consideration. The right to control the use of an asset must include both (a) the right to obtain substantially all economic benefits associated with an identified asset and (b) the right to direct how and for what purpose the identified asset is used. Certain service agreements may provide us with the right to use an identified asset; however, most of these arrangements are not considered to represent a lease as we do not control how and for what purpose the identified asset is used.

We lease property, plant and equipment used in our operations primarily under operating lease agreements and, to a lesser extent, under finance lease agreements. Our leases are primarily for railcars, equipment, vehicles and office space, many of which contain renewal options and escalation clauses. Renewal options are included as part of the right of use asset and liability when it is reasonably certain that we will exercise the renewal option; however, renewal options are generally not included as we are not reasonably certain to exercise such options.

After the adoption of ASC Topic 842, *Leases*, on September 1, 2019, right of use assets and liabilities for operating and finance leases are recognized at the lease commencement date for leases in excess of 12 months based on the present value of lease payments over the lease term. For measurement and classification of lease agreements, lease and nonlease components are grouped into a single lease component for all asset classes. Variable lease payments are excluded from measurement of right of use assets and liabilities and generally include payments for nonlease components such as maintenance costs, payments for leased assets beyond their noncancelable lease term and payments for other nonlease components such as sales tax. The discount rate used to calculate present value is our collateralized incremental borrowing rate or, if available, the rate implicit in the lease. The incremental borrowing rate is determined for each lease based primarily on its lease term. Certain lease arrangements include rental payments adjusted annually based on changes in an inflation index. Our lease arrangements generally do not contain residual value guarantees or material restrictive covenants.

Lease expense is recognized on a straight-line basis over the lease term. The components of lease expense recognized in our Consolidated Statements of Operations as of August 31, 2021 and 2020, are as follows:

(DOLLARS IN THOUSANDS)	2021	2020
Operating lease expense	$ 73,489	$ 71,541
Finance lease expense:		
Amortization of assets	8,065	8,205
Interest on lease liabilities	938	1,060
Short-term lease expense	16,955	15,991
Variable lease expense	2,300	3,674
Total net lease expense*	$ 101,747	$ 100,471

* Income related to sub-lease activity is not material and has been excluded from the table above.

NINETEEN: *Leases, continued*

Supplemental balance sheet information related to operating and finance leases as of August 31, 2021 and 2020, are as follows:

(DOLLARS IN THOUSANDS)	BALANCE SHEET LOCATION	2021	2020
Operating leases			
Assets			
Operating lease right of use assets	Other assets	$ 253,451	$ 257,834
Liabilities			
Current operating lease liabilities	Accrued expenses	56,424	57,200
Long-term operating lease liabilities	Other liabilities	200,720	203,691
Total operating lease liabilities		$ 257,144	$ 260,891
Finance leases			
Assets			
Finance lease assets	Property, plant and equipment	$ 48,625	$ 44,860
Liabilities			
Current finance lease liabilities	Current portion of long-term debt	7,444	7,993
Long-term finance lease liabilities	Long-term debt	28,590	23,467
Total finance lease liabilities		$ 36,034	$ 31,460

Information related to the lease term and discount rate for operating and finance leases as of August 31, 2021 and 2020, are as follows:

	2021	2020
Weighted average remaining lease term (in years)		
Operating leases	7.9	8.3
Finance leases	10.3	6.0
Weighted average discount rate		
Operating leases	3.01%	3.11%
Finance leases	3.50%	3.33%

Supplemental cash flow and other information related to operating and finance leases as of August 31, 2021 and 2020, are as follows:

(DOLLARS IN THOUSANDS)	2021	2020
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows from operating leases	$ 71,702	$ 71,003
Operating cash flows from finance leases	938	1,060
Financing cash flows from finance leases	8,235	7,949
Supplemental noncash information:		
Right of use assets obtained in exchange for lease liabilities	43,991	56,461
Right of use asset modifications	27,664	7,333

Maturities of lease liabilities by fiscal year as of August 31, 2021, were as follows:

	AUGUST 31, 2021	
(DOLLARS IN THOUSANDS)	FINANCE LEASES	OPERATING LEASES
2022	$ 8,517	$ 66,132
2023	6,979	52,874
2024	4,217	42,666
2025	2,797	31,782
2026	2,387	23,858
Thereafter	19,557	86,654
Total maturities of lease liabilities	44,454	303,966
Less amounts representing interest	8,420	46,822
Present value of future minimum lease payments	36,034	257,144
Less current obligations	7,444	56,424
Long-term obligations	$ 28,590	$ 200,720

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of CHS Inc.:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of CHS Inc. and its subsidiaries (the "Company") as of August 31, 2021 and 2020, and the related consolidated statements of operations, comprehensive income, changes in equities and cash flows for each of the three years in the period ended August 31, 2021, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of August 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended August 31, 2021 in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 19 to the consolidated financial statements, the Company changed the manner in which it accounts for leases as of September 1, 2019.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of Grain Inventories and Grain Forward Commodity Purchase and Sales Contracts

As described in Notes 4, 15, and 16 to the consolidated financial statements, the Company's grain and oilseed inventories were $1,435.5 million as of August 31, 2021, and commodity derivatives in an asset and liability position were $532.8 million and $444.9 million, respectively, as of August 31, 2021, of which grain inventories and grain forward commodity purchase and sales contracts make up the majority. Management enters into various derivative instruments to manage the Company's exposure to movements primarily associated with agricultural and energy commodity prices. The net realizable value of grain inventories and fair value of grain forward commodity purchase and sales contracts are determined using inputs that are generally based on exchange traded prices and/or recent market bids and offers, including location-specific adjustments. Location-specific inputs are driven by local market supply and demand and are generally based on broker or dealer quotations or market transactions in either listed or over-the-counter markets.

The principal considerations for our determination that performing procedures relating to the valuation of grain inventories and grain forward commodity purchase and sales contracts is a critical audit matter are (i) the significant judgment by management to determine the net realizable value of grain inventories and the fair value of grain forward commodity purchase and sales contracts and (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating management's inputs related to exchange traded prices and/or recent market bids and offers, including location-specific adjustments.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others, (i) testing management's process for determining the net realizable value of grain inventories and the fair value grain forward commodity purchase and sales contracts; (ii) evaluating the appropriateness of the valuation models; (iii) testing the accuracy of the underlying data used in the valuations; and (iv) evaluating the reasonableness of inputs used by management related to the exchange traded prices and/or recent market bids and offers, including location-specific adjustments. Evaluating management's inputs related to the exchange traded prices and/or recent market bids and offers, including location-specific adjustments involved (i) comparing the exchange traded prices and/or recent market bids and location-specific inputs to third-party information; and (ii) comparing the location-specific adjustments to broker or dealer quotations or market transactions in either listed or over-the-counter markets.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Minneapolis, Minnesota
November 4, 2021

We have served as the Company's auditor since 1998.

Board of Directors

Dan Schurr
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LeClaire, Iowa

C.J. Blew
First vice chair
Castleton, Kansas

Russ Kehl
Secretary-treasurer
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Alexandria, South Dakota

Perry Meyer
New Ulm, Minnesota

Kevin Throener
Cogswell, North Dakota

Cortney Wagner
Hardin, Montana

Detailed biographical information on the CHS Board of Directors is available at chsinc.com.

From left, Meyer, Erickson, Kayser, Wagner, Fritel, Kehl, Farrell, Schurr, Jones, Blew, Clemensen, Riegel, Holm, Beckman, Cordes, Throener, Johnsrud

Executive Team

Jay Debertin
President and chief executive officer

David Black
Senior vice president,
enterprise transformation,
and chief information officer

Rick Dusek
Executive vice president,
country operations

John Griffith
Executive vice president,
ag business and CHS Hedging

Gary Halvorson
Senior vice president,
enterprise customer development

Darin Hunhoff
Executive vice president,
energy

Mary Kaul-Hottinger
Senior vice president,
human resources

Olivia Nelligan
Executive vice president
and chief financial officer

Brandon Smith
Executive vice president
and general counsel

Detailed biographical information on the CHS Board of Directors is available at chsinc.com.

Acknowledgements

To create this annual report, CHS worked with cooperative teams and farmer-owners and their families. We thank them for their cooperative spirit.

Illinois: Denise Ramm, Maple Park; David Myers and the CHS team based in Elburn

Kansas: Mark Cantrell, Matt Grieb and the CHS refinery team in McPherson

Minnesota: Megan and Adam Hilpert, Browns Valley; Brandon Nordstrom and the CHS soy processing team in Fairmont; Jim Graham and the CHS soy processing team in Mankato; Central Farm Service Cooperative, Owatonna

Oregon: Richard Larsen, Tom Rodman and the TEMCO export terminal team in Portland

South Dakota: Nick Uilk, Parker Aase and Rosalyn Madsen, South Dakota State University, Brookings; Mike Traxinger, Agtegra Cooperative, and his family

Wisconsin: The Synergy Community Cooperative team based in Cumberland

Wyoming: Kevin and Brandy Evans, LaGrange; Todd Olson, CHS Animal Nutrition

From left, Dusek, Hunhoff, Smith, Griffith, Debertin, Kaul-Hottinger, Nelligan, Black, Halvorson

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NASDAQ: CHSCP, CHSCO, CHSCN, CHSCM, CHSCL