2021 ANNUAL REPORT

CALAMCO

A PARTNERSHIP WITH GROWERS

MESSAGE TO SHAREHOLDERS

Throughout 2021, we experienced a significant increase in ammonia pricing. Unstable European natural gas costs combined with planned and unplanned production outages created supply shortages both internationally and domestically.

As we entered our 2021 fiscal year, we held the price stable for as long as we could, however by early spring we were forced to increase our price to customers by +50% to reflect the increase in our cost. By fall, our cost for goods had increased by an additional 25%, with no end in sight. As a cooperative, we make $0 profit on our patronage business over the year. Any money we make during the year is paid out in a dividend to our members at the end of the year.

In mid-2021, we notified members we delayed our planned UAN32 project due to legal disputes that developed with Simplot. The primary dispute relates to the 2011 Storage and Handling Agreement between CALAMCO and Simplot and the 2020 Amendment. We asked the San Joaquin County Superior Court to interpret the language of the Agreement and the Amendment.

CALAMCO has serviced Simplot's UAN business since 2002. Simplot acquires and markets the product for its own financial benefit. CALAMCO owns and operates the Stockton storage and handling facility, pays the Port of Stockton for services, and receives a small fee from Simplot in return. Effective 2021, CALAMCO discontinued paying patronage on Simplot UAN. ■

SAFETY

For over 25 years, CALAMCO has been providing Ammonia Safety Training to First Responders and customer employees throughout California.

Safety training has typically been held at the Stockton Fire Department – Station #2. CALAMCO provides 3-hour training sessions on various topics over four to five days. Annual participation typically ranges from 160-210 participants.

With the COVID-19 pandemic and the statewide lockdown in full effect, CALAMCO management elected to attempt a virtual self-paced ammonia safety training session. CALAMCO partnered with Vector Solutions and Ammonia Safety Training Institute (ASTI) to provide training on 4 topics:

- Hazard Communications & HazMat Transportation
- Chemical and Physical Characteristics of Ammonia
- Emergency Response Guide (ERG) Training
- Personal Protective Equipment

Considering this virtual option was a prototype training model, we were very pleased with the results. Over 1290 hours of training were completed by 324 individuals.

CALAMCO Management, with the assistance of a local marketing team, designed an informational "Site Security and Safety Orientation Video" for all outside contractors, drivers, and visitors to the Stockton and Sycamore facilities. This 6-minute video provides each person visiting the terminal a basic understanding of terminal access requirements, basic facility operations, safe work requirements, and emergency procedures. By delivering this information to each person entering the facility in a consistent format, CALAMCO's focused effort on safe and secure operations becomes the foundation for how we operate, and visitors' expectations.

Over the course of 2021, we continued to recognize the sensitivity and concern the COVID-19 virus created and have taken every reasonable precaution to keep our employees, and those that we are in contact with safe by implementing the best practices and prevention recommendations from guidelines listed by the Centers for Disease Control. ■

MARKETING

Lack of rain created yet another season of drought throughout California. State and federal allocations of surface water were slashed to a trickle due to low snowpack in the Sierra Nevada, forcing some growers to utilize well water as an additional source of water, in some cases just to keep permanent crops alive.

Water curtailments along with water sales created a large reduction in planted rice acreage in the northern California region.

In an average year, there would be 500-550 thousand acres of rice planted. USDA reports stated that there were 417 thousand acres planted in 2021.

CALAMCO direct sales for 2021 ended up slightly (1%) over 2020. This includes total ammonia, aqua, and AN20 as well as Industrial sales, however ammonia for manufacturing was down. We ended the year down 4% overall compared to our 2020 fiscal year.

We are pleased with the continued increase in members reporting online. Online reporting increased from 61% last year to 74% of the total use reports received this year. In addition, growers who have signed up to be paid via direct deposit are now at 67%. Those growers that both reported online and signed up for direct deposit were able to increase their dividend from $36.56 per ton to $38.56 per ton in 2021. ■

CALIFORNIA CROPS

IN THOUSANDS OF ACRES PLANTED

CROP	2020	2021
Rice	517	417
Corn	440	470
Wheat	385	355
Cotton	181	140

Source: USDA - Acreage Report June 2021

OPERATIONS

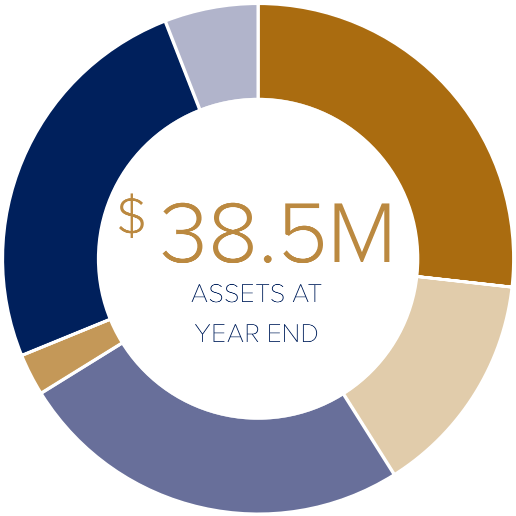
By early spring, CALAMCO had received twenty-five new anhydrous ammonia C-Grade trailers, bringing our ammonia trailer fleet to a total of fifty trailers.

This investment in commerical, "ag-grade trailers, demonstrates CALAMCO's commitment to ensure a reliable and steady supply of product to our customers and members for the long-term.

In 2021, CALAMCO's trucking fleet consisted of six tractors, while Chavez Trucking, who sub-hauls for CALAMCO on a year-round basis, provided an additional four tractors, along with a total of twelve drivers between the two companies. During our peak spring season, CALAMCO was able to contract with additional carriers that signed Sub-Hauler Transportation Agreements to assist with the transportation of anhydrous ammonia to our customers. The additional trucks, tractors, and drivers allowed us to supply product to customers 24/7 during the peak demand.

CALAMCO received a $1.7 million settlement from Chemical Transfer/ Cal Tank, our previous 3rd party trucking supplier in 2021. Cal Tank agreed to settle our claim of overcharges versus the "Best Price" clause in the 2014-2020 Motor Carrier Transportation Contract. Our "Best Price" discovery directly led to $1.1 million savings in 2021 from specific pricing adjustments. These savings will continue going forward and is included in the overall 2021 patronage. ■

FINANCIAL HIGHLIGHTS



$10.31M CASH AND EQUIVALENTS

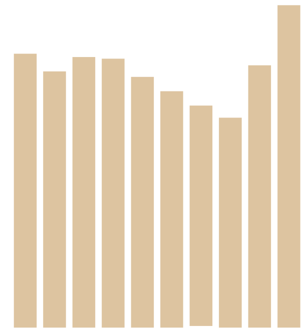
$9.73M PROPERTY AND EQUIPMENT, NET

$9.68M INVENTORY

$5.50M ACCOUNTS RECEIVABLE

$2.28M TOTAL INVESTMENTS

$1.02M PREPAID EXPENSES AND DEPOSITS

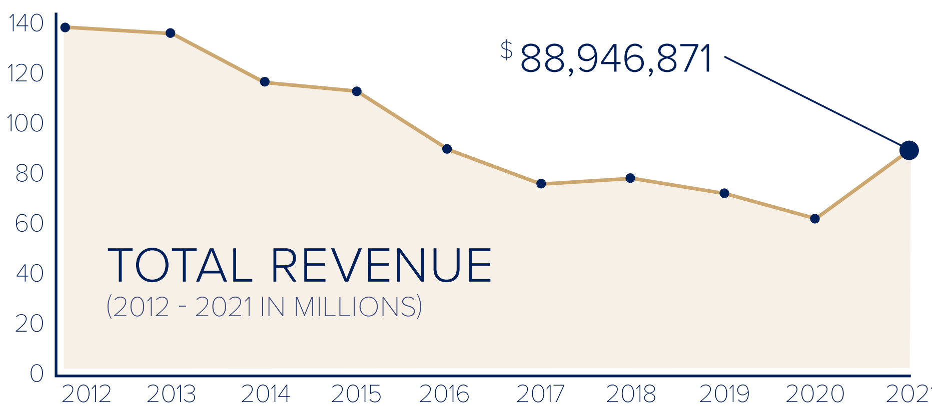


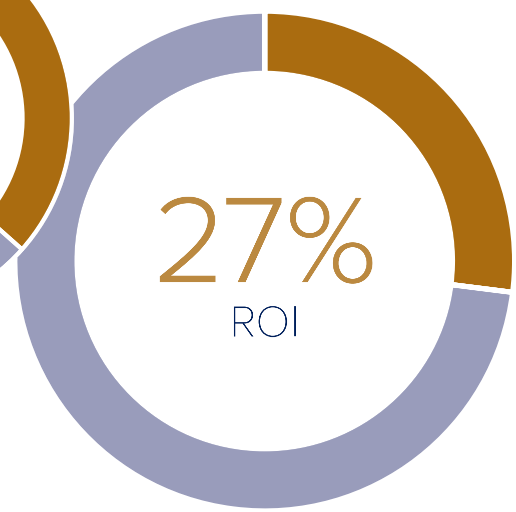
$9.73M
PROPERTY AND EQUIPMENT, NET

$8.26M
CASH PATRONAGE ALLOCATED

$16.96M
NET WORKING CAPITAL

$24.92M
SHAREHOLDERS EQUITY

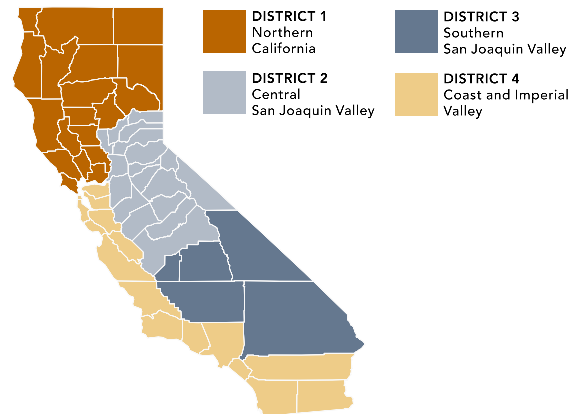




2.07M
SHARES OUTSTANDING AT YEAR-END

986
SHAREHOLDERS

$0
LONG-TERM DEBT



FINANCIAL SUMMARY

CALAMCO's revenues for 2021 were $88.9 million compared to $62.1 million for 2020. Total cost of materials and expenses were $80.8 million compared to $54.9 million for 2020, leaving a consolidated net margin for 2021 of $8.25 million compared to $7.2 million for 2020.

The Board of Directors declared a distribution of patronage income of $6.4 million which was paid out to members based on 169,914 tons of qualifying ammonia equivalent. We returned a base dividend of $36.56 per ton of ammonia equivalent to qualifying members for our 2021 fiscal year, which equates to a 27% return on investment for stock purchased at $20 per share.

In 2016, CALAMCO invested $3M in Delaware Limited Liability Company (DLLC). In 2017, we invested an additional $1.4M. DLLC had plans to build a NH3 Plant that would produce anhydrous ammonia using next generation production technology. Subsequently, CALAMCO sold back $1.4M of our investment. In 2021, management determined that the investment in the DLLC was impaired and wrote off the remaining investment of $3M, which is included in other expenses. We were subsequently notified by the CEO of the DLLC that all equity holders unanimously decided to dissolve the entity.

Shareholder equity of $25 million remains the same as our 2020 fiscal year. The company's $2 million available line of credit had no outstanding balance at year end.

The financial condition of CALAMCO remains as strong as ever. CALAMCO's on-going financial strength is reflected in the following financial statements. ■

DAN STONE
President, Chief Executive Officer

CASE VAN STEYN
Chairman of the Board

BOARD OF DIRECTORS

CHAIRMAN OF THE BOARD

Case Van Steyn
District 2

DIRECTORS

Bardin Bengard
District 4

Alan Freese
District 1

Beau Howard
District 3

G.Rey Reinhardt
J.R. Simplot Co.

Chris Shelden
J.R. Simplot Co.

Richard Sunderland
J.R. Simplot Co.

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF CALAMCO

STOCKTON, CALIFORNIA

We have audited the accompanying financial statements of CALAMCO, which comprise the balance sheets as of October 31, 2021 and 2020, and the related statements of net margin and distribution of net margin, shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CALAMCO as of October 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. ■

CliftonLarsonAllen LLP

CLIFTONLARSONALLEN LLP
Roseville, California
December 17, 2021

FINANCIAL STATEMENTS

BALANCE SHEETS

ASSETS AS OF OCTOBER 31,	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	$ 10,317,721	$ 4,008,635
Certificates of deposit	-	6,543,296
Accounts receivable (Net of allowance for doubtful accounts of $113 and $10,046 for 2021 and 2020, respectively)	5,501,225	3,166,976
Inventory	9,678,976	5,603,807
Prepaid expenses and deposits	1,021,692	995,644
TOTAL CURRENT ASSETS	26,519,614	20,318,358
PROPERTY AND EQUIPMENT, NET	9,732,817	7,970,959
INVESTMENTS		
LLC [1]	2,001,700	2,000,000
NH3 plant [1]	-	2,992,929
Insurance program [1]	281,637	242,970
TOTAL INVESTMENTS	2,283,337	5,235,899
TOTAL ASSETS	**$ 38,535,768**	**$ 33,525,216**

LIABILITIES AND SHAREHOLDERS' EQUITY AS OF OCTOBER 31,	2021	2020
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 2,851,632	$ 3,093,694
Current notes payable	509,688	-
Income taxes payable	800	800
Patronage dividend due to shareholders	6,199,997	4,508,458
TOTAL CURRENT LIABILITIES	9,562,117	7,602,952
LONG TERM LIABILITIES		
Long-term notes payable	3,391,555	-
Deferred revenue	248,438	474,207
Deferred compensation plan	413,509	463,151
TOTAL LONG TERM LIABILITIES	4,053,502	937,358
TOTAL LIABILITIES	13,615,619	8,540,310
COMMITMENTS AND CONTINGENCIES [10]		
SHAREHOLDERS' EQUITY		
Common stock	5,179,872	5,179,872
Additional paid-in capital	11,539,373	11,502,386
Retained earnings	8,436,167	8,436,166
Common stock subscriptions	(235,263)	(133,518)
TOTAL SHAREHOLDERS' EQUITY	24,920,149	24,984,906
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 38,535,768**	**$ 33,525,216**

See accompanying Notes to the Financial Statements

STATEMENTS OF NET MARGIN AND DISTRIBUTION OF NET MARGIN

REVENUES FOR YEARS ENDED OCTOBER 31,	2021	2020
Sales	$ 83,894,497	$ 59,408,847
Terminaling	2,972,263	2,379,983
Interest income and other	2,080,111	320,721
TOTAL REVENUES	$ 88,946,871	$ 62,109,551

COSTS AND EXPENSES FOR YEARS ENDED OCTOBER 31,	2021	2020
Cost of materials, operations, and distribution	$ 74,916,194	$ 51,956,063
Selling, general, and administrative expenses	2,780,384	2,783,812
Interest expense	25,715	23,165
Other expense	3,097,661	138,104
TOTAL COSTS AND EXPENSES	80,819,954	54,901,144
NET MARGIN BEFORE TAXES	8,126,917	7,208,407
Income tax expense (Benefit)	(128,106)	800
NET MARGIN	$ 8,255,023	$ 7,207,607
Net margin from member business	$ 10,280,800	$ 6,822,170
Net margin from non-member business	(2,025,777)	385,437
NET MARGIN	$ 8,255,023	$ 7,207,607

See accompanying Notes to the Financial Statements

FINANCIAL STATEMENTS

STATEMENTS OF SHAREHOLDERS' EQUITY

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	COMMON STOCK SUBSCRIPTIONS	TOTAL SHAREHOLDERS' EQUITY
	SHARES	AMOUNT				
BALANCES AT NOVEMBER 1, 2019	2,063,106	$ 5,179,873	$ 11,297,384	$ 8,050,729	$ (92,054)	$ 24,435,932
Issuance of common stock	33,480	83,700	612,149	-	(89,000)	606,849
Retirement of common stock	(28,203)	(83,701)	(407,147)	-	-	(490,848)
Payments received on common stock subscriptions	-	-	-	-	47,536	47,536
Distributions declared	-	-	-	(6,822,170)	-	(6,822,170)
NET MARGIN	-	-	-	7,207,607	-	7,207,607
BALANCES AT OCTOBER 31, 2020	2,063,383	$ 5,179,872	$ 11,502,386	$ 8,436,166	$ (133,518)	$ 24,984,906

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	COMMON STOCK SUBSCRIPTIONS	TOTAL SHAREHOLDERS' EQUITY
	SHARES	AMOUNT				
BALANCES AT OCTOBER 31, 2020	2,068,383	$ 5,179,872	$ 11,502,386	$ 8,436,166	$ (133,518)	$ 24,984,906
Issuance of common stock	16,650	41,625	291,375	-	(133,380)	199,620
Retirement of common stock	(16,976)	(41,625)	(263,943)	-	-	(305,568)
Payments received on common stock subscriptions	-	-	9,555	-	31,635	41,190
Distributions declared	-	-	-	(8,255,022)	-	(8,255,022)
NET MARGIN	-	-	-	8,255,023	-	8,255,023
BALANCES AT OCTOBER 31, 2021	2,068,057	$ 5,179,872	$ 11,539,373	$ 8,436,167	$ (235,263)	$ 24,920,149

See accompanying Notes to the Financial Statements

STATEMENTS OF CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES FOR YEARS ENDED OCTOBER 31,	2021	2020
Net margin	$ 8,255,023	$ $7,207,607
Adjustments to reconcile net margin to net cash provided by operating activities:		
Depreciation	1,359,582	1,230,006
Gain on equity method investment	(140,798)	(42,136)
Distributions from equity method investment	102,131	8,640
Loss on investment impairment	2,962,929	-
Effect of changes in:		
Accounts receivable, net	(2,334,249)	(346,410)
Inventory	(4,075,169)	1,295,688
Prepaid expenses and deposits	(26,048)	(99,255)
Deferred compensation	(49,642)	(141,307)
Deferred revenue	(225,769)	(225,788)
Accounts payable and accrued expenses	(242,062)	(4,106,929)
NET CASH PROVIDED BY OPERATING ACTIVITIES	5,585,928	4,780,116
CASH FLOWS FROM INVESTING ACTIVITIES FOR YEARS ENDED OCTOBER 31,	**2021**	**2020**
Purchases of property and equipment	(3,121,440)	(2,957,876)
Proceeds from maturities of certificates of deposit	6,543,296	19,795,994
Purchases of certificates of deposit	-	(16,981,564)
Proceeds from sale of investment	30,000	390,000
Investment contribution	(1,700)	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	3,450,156	246,554
CASH FLOWS FROM FINANCING ACTIVITIES FOR YEARS ENDED OCTOBER 31,	**2021**	**2020**
Proceeds from issuance of common stock	199,620	606,849
Retirement of common stock	(305,568)	(490,848)
Payments received on common stock subscriptions	41,190	47,536
Distributions to members	(6,563,483)	(8,096,909)
Proceeds from long-term debt	3,901,243	-
NET CASH USED IN FINANCING ACTIVITIES	(2,726,998)	(7,933,372)
NET CHANGE IN CASH AND CASH EQUIVALENTS	6,309,086	(2,906,702)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,008,635	6,915,337
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 10,317,721	$ $4,008,635
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	**2021**	**2020**
Cash paid for income taxes	$ 800	$ 800
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES	**2021**	**2020**
Common stock subscriptions issued	$ 133,380	$ 89,000
Accrual of patronage dividend due to shareholders	$ 6,199,997	$ 4,508,458

See accompanying Notes to the Financial Statements

NOTES TO FINANCIAL STATEMENTS

NOTE 1:
Summary of Significant Accounting Policies

The following items comprise the significant accounting policies of CALAMCO (the Company). The policies reflect industry practices and conform to accounting principles generally accepted in the United States of America.

Company's Activities:

CALAMCO, located in Stockton, California, is a non-exempt agricultural cooperative that sells and transports anhydrous ammonia and related fertilizer products to its members. The Company also provides terminaling services. Patronage retains are levied and remitted to members at the discretion of the Board of Directors.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents:

The Company considers all highly liquid instruments with a maturity, at date of purchase, of three months or less to be cash equivalents.

Certificates of Deposit:

The Company held certificates of deposits totaling $6,543,296 as of October 31, 2020. The certificates bore interest ranging from 0.13% to 0.80% and had maturities of six to ten months. As of October 31, 2021, the Company held no certificates of deposit.

Accounts Receivable:

Receivables are carried at the original invoice amount and are written off to expense in the period in which they are deemed uncollectible. The Company provides for estimated losses on accounts receivable based on historical bad debt experience and a review of existing customer receivables. Past due status is based on the terms of each sale. Management's evaluation of accounts receivable resulted in an allowance of $113 and $10,046 for the years ended October 31, 2021 and 2020, respectively. The Company charges 1.5% interest per month on past due balances over 30 days.

Inventories:

Inventories, which consist primarily of anhydrous ammonia and aqua ammonia, are carried at the lower of cost (first-in, first-out method) and net realizable value.

Property and Equipment:

Property and equipment are stated at cost, less accumulated depreciation. Costs of repairs and maintenance are charged to expense. Depreciation is computed using the straight-line method over the estimated useful lives of assets, which range from 3 to 50 years. Periodically, the Company assesses the recoverability of its long-lived assets to determine if assets have been impaired. Any impairment loss would be measured at the excess of the carrying amounts of assets over their fair value.

Investments:

A) Insurance Program: The Company became a member of a multi-provider captive insurance company (the Captive) for general liability, auto, and workers' compensation insurance in 2006.

The Captive agreement provides for specific deductibles, a risk sharing pool, and layers of indemnity coverage. Any surplus or deficit of the Risk Pool in respect of a policy year after meeting the attributable claims and expenses shall be credited or debited to the dividend pool balances of the shareholders in accordance with their risk pool allocations. The investment balances, which reflect the expected future payouts from the dividend pool, were $281,637 and $242,970 as of October 31, 2021 and 2020, respectively. The difference between the investment carrying value of the Company to the underlying net assets of the Captive is due to the allocation of equity back to the Company based on how its individual risk pool (Company's claim performance) performance in addition to the general pool. Also, members of the Captive are required to fund surplus contributions (based on claims performance), as necessary, which are held as collateral for claims activity.

The Company owns one of thirty-seven shares in the Captive. The Company's investment for the membership interest is included in investments and accounted for using the equity method given the influence the Company provides for its' own claims activity as well as its board representation in the Captive.

The Company amortizes the premiums paid to the Captive over the policy year. At October 31, 2021 and 2020, the Company has a $315,039 letter of credit available for possible claims. Management estimates any contingent liabilities under the Captive agreement are not material.

Summarized financial information is based upon the most recent financial reports available for the Captive at June 30, 2021 and December 30, 2020 is as follows:

	Unaudited 2021	Audited 2020
Total assets	$ 125,920,275	$ 115,446,828
Total liabilities	77,148,415	65,552,768
Net income	7,117,645	11,637,524

B) LLC Investment: During 2015 the Company purchased 25,000 Class A shares in an Arizona Limited Liability Company (the LLC) for the total sum of $2,000,000 for an 8.5% stake. The LLC is in the business of developing next generation nitrogen fertilizer production technology and has a patent for a zero emissions combined fertilizer and thermal power plant. The Company's interest in the investment is accounted for using the cost method with original investment recorded at cost, plus or minus observable change in value and less impairment. During the current year, there was no observable change in value and there was no impairment recognized.

C) NH3 Plant Investment: During 2016 the Company purchased 30,000 units (share equivalents) in a Delaware Limited Liability Company (DLLC) for the total sum of $3,000,000 for a 4.11% stake. During 2017 the Company purchased an additional 13,829 units in the DLLC for $1,382,929 increasing its stake to 5.89%. Subsequent to this, the Company sold back 14,200 shares for $1,420,000. DLLC had plans to build a NH3 Plant that would produce nitrogen-based fertilizer using next generation production technology. The Company's interest in the investment was accounted for using the cost method with original investment recorded at cost, plus or minus observable changes in value and less impairment.

During the year ended October 31, 2021, management determined that its investment in the DLLC was impaired and wrote off its remaining investment in the DLLC. The impairment write-off totaled $2,962,929 and is included in other expenses. Subsequent to year end, the Company was notified by the CEO of the DLLC that all equity holders unanimously decided to dissolve the entity.

Impairment of Long-Lived Assets:

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable.

Recoverability of these assets is determined by comparing the forecasted undiscounted net cash flows of the operation to which the assets relate to the carrying amount. If the operation is determined to be unable to recover the carrying amount of its assets, then assets are written down first, followed by other long-lived assets of the operation to fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. As previously noted, there was $2,962,929 of impairment losses recognized related to the Company's investment in the DLLC as of October 31, 2021. There were no other impairment losses recognized for long-lived assets as of October 31, 2020.

Income Taxes:

Under the federal tax code, the Company is a non-exempt cooperative association. Non-exempt cooperatives accrue income taxes on net non-patronage proceeds. No provision for taxes is made for net patronage proceeds paid or allocated to members as qualified notices of allocation.

Deferred tax assets and liabilities are calculated by applying applicable tax rates to the non-patronage differences between the financial statement basis and tax basis of assets and liabilities currently recognized in the financial statements. Deferred tax liabilities and assets are classified as noncurrent on the balance sheet. The accounting standard for uncertain tax positions prescribes a recognition threshold and measurement process for accounting and also provides guidance on various related matters such as derecognition, interest, penalties, and disclosures required. The Company does not have any entity level uncertain tax positions.

It is the Company's policy to include interest and penalties related to unrecognized tax benefits within the provision for income taxes on the statement of net margin. No amounts were recognized for interest and penalties related to unrecorded tax benefits during fiscal years 2021 or 2020.

Patronage Retains:

Net margin may be retained or distributed to members at the option of the Board of Directors. The Board annually determines whether additional retains are needed. Net margins of $2,025,777, were allocated to offset non-member operating results from fiscal year 2021. There were no net margins allocated to offset non-member results from fiscal year 2020.

Member Distributions:

Net margins from member business are distributed on the basis of patronage, not to exceed a calculation based on the number of shares of common stock owned by the individual member.

Revenue Recognition:

The Company recognizes revenue when its customer obtains control of promised goods or services in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. To determine revenue recognition for the arrangements that the Company determines are within the scope of Topic 606, the Company performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the Company satisfies a performance obligation.

The Company enters contracts with its customers to sell ammonia-based fertilizer products (products) which are generally short-term contracts allowing for the satisfaction of all performance obligations in less than one month. The Company also enters into terminaling contracts with a related party where the Company charges a terminaling fee (see Note 12). A contract exists when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance, and collectability of consideration is probable. The Company's contracts with customers typically include a single performance obligation to transfer its products.

The pricing and payment terms for contracts are based on the Company's standard terms and conditions. Contracts do not contain a significant financing component, as the Company's standard terms and conditions generally require payment 30 days from the invoice date.

Revenue is recognized when control of products including shipping and handling fees billed to customers has transferred to customers. For the majority of the Company's customer arrangements related to ammonia product sales, control transfers to customers at a point in time when the products have been delivered to the customer as that is generally when legal title, physical possession, and the risks and rewards of the products transfers to the customer. Revenues related to terminaling fees are recognized over time.

The timing of revenue recognition, billings, and cash collections results in receivables, contract assets, and contract liabilities. Accounts receivable are recorded when the right to consideration becomes unconditional and are presented separately in the balance sheets. The Company does not have significant contract assets as of October 31, 2021 or 2020. The Company had certain contract liabilities as of October 31, 2021 and 2020 included in deferred revenue related to terminaling revenue and deferred lease liability.

The Company has elected a practical expedient to recognize incremental costs incurred to obtain contracts, which primarily represent sales commissions where the amortization period would be less than one year, as an expense when incurred in the financial statements.

The transaction price includes estimates for reductions in revenue from prompt payment discounts, the right to return eligible products, and/or other forms of variable consideration. These amounts are estimated based upon the most likely amount of consideration to which the customer will be entitled. All estimates are based on historical experience, anticipated performance and the Company's best judgment at the time to the extent it is probable that a significant reversal of revenue recognized will not occur. All estimates for variable consideration are reassessed periodically.

Amounts billed to customers related to shipping and handling costs are included in net revenue in the statement of margin and distribution of net margin. The Company has elected to account for shipping and handling costs as fulfillment costs and are included in cost of materials, operations, and distribution in the Statement of Net Margin and Distribution of Net Margin.

Rental income is recognized under the current lease standards with the exception of certain ancillary non-lease revenue items. The Company had no ancillary non-lease revenue items that fall under the guidance of Topic 606.

Recently issued Accounting Pronouncements:

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which changes accounting requirements for leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the entity's leasing activities. In May 2020, the FASB issued ASU 2020-05 which defers the effective date of ASU 2016-02 for fiscal years beginning after December 15, 2021 for nonpublic companies. Early adoption is permitted. Management is currently evaluating the effects of this new standard.

NOTES TO FINANCIAL STATEMENTS

NOTE 2:
Property and Equipment

Property and equipment as of October 31, 2021 and 2020 consist of the following:

	2021	2020
Land	$ 70,000	$ 70,000
Plant equipment	39,954,617	35,278,003
Construction in progress	498,430	2,053,605
Total	40,523,047	37,401,608
Less accumulated depreciation	30,790,230	29,430,649
Property and equipment, net	$ 9,732,817	$ 7,970,959

Depreciation expense amounted to $1,359,582 and $1,230,006 for the years ended October 31, 2021 and 2020, respectively.

NOTE 3:
Income Taxes

The components of the provisions for income taxes for the years end October 31, 2021 and 2020 are as follows:

	2021	2020
Federal:		
Current tax expense (benefit)	$ (128,906)	$ -
Deferred tax (benefit) expense	-	-
	(128,906)	-
State:		
Current tax expense (benefit)	800	800
Deferred tax (benefit) expense	-	-
	800	800
Total tax (benefit) expense	$ (128,106)	$ 800

Income taxes reported on the statement of operations differs from the amount that would result in applying the statutory rate primarily due to treatment of the patronage dividends, deferred tax valuation allowance and other return to provision true ups.

In addition, the Company recognized $128,906 in Federal income tax refunds during 2021 related to prior period amended tax returns.

The components of net deferred tax assets (liabilities) as of October 31, 2021 and 2020 are as follows:

	2021	2020
Deferred tax assets (liabilities):		
Deferred compensation	$ 359	$ 7,115
Other	149	3,612
Depreciation	(29,256)	(257,332)
Loss carry-forwards	915,925	320,283
Net deferred tax assets	656,049	73,678
Valuation allowance	(656,049)	(73,678)
Net deferred tax assets (liabilities)	$ -	$ -

The Company has total deferred tax assets of $916,433 and $331,010 at October 31, 2021 and 2020, respectively. Deferred taxes relate primarily to federal and state loss carry-forwards. Gross Federal and State loss carry-forwards totaled $3,469,030 and $1,388,754, respectively. Federal and State loss carry-forwards begin to expire in the fiscal year ending 2034.

The valuation allowance for deferred tax assets as of October 31, 2021 and 2020 was $656,049 and $73,678, respectively. The net change in the total valuation allowance was an increase of $582,371 for the year ended October 31 2021 and a decrease of $110,064 for the year ended October 31, 2020. The valuation allowance relates to uncertainties about the ability to realize the loss carry-forwards as a result of the Company's current operating performance related to non-patronage business. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized.

NOTE 4:
Leases

The Company leases administrative offices, railcars, and certain other equipment under operating lease agreements. Port terminal space is also leased under an agreement that expires, following a 20-year extension, in December 2041. All ammonia is delivered through this port.

Future minimum lease payments for noncancellable operating leases with terms in excess of one year as of October 31, 2021 are as follows:

Year Ending October 31:	
2022	$ 921,994
2023	839,486
2024	718,688
2025	550,055
2026	531,258
Thereafter	6,857,822
	$ 10,419,303

The port lease agreement also entitles the Company to receive a wharfage credit against the lease expense based on a tonnage delivered to the port. The lease agreement provides that the Company may be required to remove improvements to the property at its cost at the conclusion of the lease. The Company estimates that the present value of any removal costs is not material. Rental expense incurred under operating leases (including month-to-month rentals) was $957,341 and $955,553 for the years ended October 31, 2021 and 2020, respectively.

On March 13, 2014 the Company entered into a sublease agreement for a portion of the land from the port. The sublease agreement is between the Company (sublessor) and Crowne Cold Storage LLC (sublessee). The specific terms of the sublease agreement call for $500,000 to be paid by the sublessor to the sublessee in the first three years of the lease, after which the payments decrease to $40,000 per year for all years after December 31, 2016. Future minimum expected lease receipts are as follows:

Year Ending October 31:	
2022	$ 40,000
2023	40,000
2024	40,000
2025	40,000
2026	40,000
Thereafter	680,000
	$ 880,000

The Company recognizes rental income under the straight line method and has recorded a deferred rent liability of $248,438 and $262,414 within deferred revenue on the balance sheets as of October 31, 2021 and 2020, respectively. Rental income recognized for the years ended October 31, 2021 and 2020 was $53,976.

NOTE 5:
Bank Financing

On October 19, 2015, the Company entered into a credit agreement which had an available borrowing limit of $5,000,000 at October 31, 2016. The Company's line of credit is limited to the lesser of combined totals of 65% of inventories and 80% of eligible accounts receivable or a fixed amount as defined in the line of credit agreement. The fixed amount fluctuates from a minimum of $2,000,000 to a maximum of $3,500,000 over the life of the agreement. At October 31, 2021, the maximum line of credit available amounted to $2,000,000. The line of credit accrues interest at LIBOR Daily Floating Rate plus 1.375% and expires on October 1, 2022. No balance was outstanding at October 31, 2021 and 2020.

The Company has available letters of credit that may not exceed $1,000,000. The letter of credit in the amount of $315,039 was outstanding at October 31, 2021 and 2020. The letter of credit matures on October 1, 2022. The Company must pay a non-refundable fee equal to 1.375% per annum of the outstanding undrawn amount of each standby letter of credit, payable annually in advance, calculated on the basis of the face amount of outstanding on the day the fee is calculated.

The credit facilities are subject to an unused commitment fee of .20% per year based on the daily amount of credit outstanding. In the event the Company does not need the full amounts of credit, the Company may lower the upper limits in the existing agreements.

The Company's bank financing is collateralized by substantially all of the Company's accounts receivable, inventory, and equipment.

NOTE 6:
Notes Payable

Long-term debt as of October 31, 2021 and 2020 consists of the following:

	Interest Rate	2021	2020
Note payable, monthly principal and interest payments of $51,416, secured by equipment	2.93%	$ 3,901,243	$ -
Less current maturities		(509,688)	-
		$ 3,391,555	$ -

Aggregate maturities on long-term debt over the next five years are as follows:

Year Ending October 31:	
2022	$ 509,688
2023	524,797
2024	540,353
2025	556,370
2026	572,862
Thereafter	1,197,173
	$ 3,901,243

NOTE 7:
Common Stock

Common stock consists of the following:

	October 31, 2021	October 31, 2020
Class A, par value $2.50 per share, 1,200,000 shares authorized; 1,009,422 and 1,019,748 shares issued and outstanding at October 31, 2021 and 2020, respectively.	$ 2,533,285	$ 2,558,284
Class B, par value $2.50 per share, 1,250,000 shares authorized; 1,058,635 and 1,048,635 shares issued and outstanding at October 31, 2021 and 2020, respectively.	2,646,587	2,621,588
	$ 5,179,872	$ 5,179,872

Class A shareholders are entitled to elect at least a simple majority of directors. Class B shareholders are entitled to elect at least one director. J.R. Simplot Co. and affiliates are a 37% shareholder of the Company. 72% of the Class B common stock is owned by Cal Ida Chemical Co. (Cal Ida), a wholly-owned subsidiary of J.R. Simplot Co. (see Note 12).

NOTE 8:
Employee Retirement Plan

The Company has a defined contribution retirement plan covering employees meeting eligibility requirements. Employees are eligible to participate on the first day of the plan year in which they complete 12 months of employment, provided that they have worked at least 1,000 hours during that period. Minimum annual contributions to the plan are based upon 6% of annual compensation. Additional amounts may be contributed at the discretion of the Company's Board of Directors. The plan has an indefinite expiration date. The employee retirement plan expense was $414,044 and $403,769 for the years ended October 31, 2021 and 2020, respectively.

NOTE 9:
Savings Plan

The Company has a 401(k) savings plan. Employees are eligible upon date of hire. Matching contributions are made at the discretion of the Board of Directors. All other contributions are made at the discretion of the Board of Directors. All contributions vest immediately. The Company contributed $119,360 and $111,084 for the years ended October 31, 2021 and 2020, respectively.

NOTE 10:
Deferred Compensation Plan

The Company maintains a non-qualified deferred compensation plan whereby certain eligible employees can defer their compensation. The plan is governed by the Internal Revenue Code and qualifies under the Employee Retirement Income Security Act of 1974. The plan is funded from the general assets of the Company as needed. The Company is the owner and beneficiary of certain life insurance policies, held in a Rabbi Trust, to provide the Company with a source of funds to assist in meeting the liabilities under the plan. The Trust is subject to claims of Company creditors in the event of insolvency of the Company. Historically investments had included life insurance policies recorded at their cash surrender value. During the year ended October 31, 2018 the related life insurance policy was surrendered for cash. Payments of $177,553 and $177,253 were made to participants during the year ended October 31, 2021 and 2020, respectively. Also, included on the balance sheets as of October 31, 2021 and 2020 are liabilities of $413,509 and $463,151, respectively. These liabilities consist of participating employee deferrals adjusted for gains and losses based on model employee-directed investment portfolios in various equity securities and mutual funds.

NOTE 11:
Commitments and Contingencies

The Company has a long-term agreement in which it will purchase effectively 100% of ammonia from one vendor. The agreement expires on December 31, 2022. Management believes that alternate vendors are available, if necessary.

The Company is occasionally involved in litigation matters that arise in the ordinary course of business. During the year ended October 31, 2021, the Company settled its ongoing litigation with a vendor where the Company was the Plaintiff. The Company received a favorable outcome and as a result of the settlement, recognized $1,733,217 of other income included in the statement of net margin and distribution of net margin for the year ended October 31, 2021. As of December 31, 2021, $350,000 of the total settlement was included in accounts receivable on the balance sheet.

NOTES TO FINANCIAL STATEMENTS

There are no other pending significant legal proceedings to which the Company is a party for which management believes the ultimate outcome would have a material adverse effect on the Company's financial position.

NOTE 12:
Related Party

The Company has an agreement with J.R. Simplot Co. and affiliates (collectively Simplot), a 37% shareholder, under which Simplot has agreed to purchase all of their anhydrous ammonia manufacturing needs in California from the Company. Under this agreement, the Company's price for anhydrous ammonia to Simplot is the Company's best dealer price less discounts (as defined in the agreement). Simplot receives an estimated patronage refund at the time of purchase. However, this amount is adjusted to actual monthly, and Simplot pays interest on the amount of any patronage refund received in advance. In February 2019, the Company also entered into an agreement with Simplot in which Simplot manufactures and/or procures AN20 for the Company in exchange for a toll price. This tolling agreement requires Simplot to supply the Company with a minimum of 20,000 short tons of AN-20 a year for 5 years. The agreement will automatically renew for one additional year unless either party notifies the other its intention not to renew.

In April of 2020, the Company modified its agreement with Simplot and its subsidiary Cal Ida Chemical Company (Cal Ida), under which the Cal Ida agrees to purchase all the anhydrous ammonia required by Cal Ida for manufacturing at its or its affiliate-owned Helm, California and Lathrop California plants up to Cal Ida's preferred patronage right in any given calendar year. This agreement has an initial term ending October 31, 2030 and afterwards renews annually unless written notice is provided by either party 180 days before renewal.

In 2012, the Company completed construction and placed into service a second storage tank dedicated to terminaling Urea Ammonium Nitrate (UN32). The Company has entered into an agreement with Simplot to terminal UN32. The Company does not take possession of or sell the product on behalf of Simplot, but merely stores the product for Simplot and charges a related terminaling fee. The agreement has a five-year term with Simplot having the right to exercise seven consecutive five-year options to extend the term.

The total UN32 terminaling revenue includes handling fees and recovery of construction costs for the tank placed into service in 2012. The Company recovered $2,020,000 for the cost of constructing the storage tank from Simplot within the first five years of the agreement. Management has deferred recognizing the recovery over a ten-year term under the assumption that Simplot will exercise its first option to extend the terminaling agreement for an additional five-year term.

The following amounts relate to transactions with Simplot:

	Years Ended October 31,			
	2021	% of Total	2020	% of Total
Sales	$ 34,284,427	40%	$ 22,558,020	38%
Accounts receivable	$ 1,245,834	24%	$ 1,331,229	42%
Tolling costs incurred through Simplot	$ 4,137,381		$ 3,397,369	
UN32 terminaling revenue	$ 2,760,470		$ 2,168,174	
UN32 deferred revenue realized	$ 211,973		$ 211,812	
UN32 deferred revenue	$ -		$ 211,793	
Accounts payable	$ 352,213		$ 390,409	

NOTE 13:
Concentration of Credit Risk and Uncertainties

Financial instruments that potentially subject the Company to credit risk are funds held by depository institutions and customer trade accounts receivable generated in the normal course of business.

The Company maintains funds at depository institutions, including balances in short-term investment accounts, that periodically exceed the FDIC insurance limits, or in the case of the short-term investments, are not insured. The Company has not experienced any credit losses on these funds held at depository institutions.

The Company has a labor union contract for its Stockton Port employees with International Longshore and Warehouse Union. The contract expires on June 30, 2023. The union employees are covered through the CALAMCO Employee Retirement Plan.

As discussed in Note 1, the Company sells anhydrous ammonia and related fertilizer products primarily to agricultural distributors and retailers located throughout California and the western United States; therefore, a portion of its customers' ability to service their obligations is dependent on the agribusiness sector of the economy. Accounts receivable are recorded at the original invoiced amount and are written off against the allowance account when deemed uncollectible by management. While management believes that its security as a creditor is adequate and that the allowance for doubtful accounts is sufficient to provide for potential uncollectible receivables, it is possible that future write-offs could exceed the current allowance. Historical losses and current aging trends have been and are within management's expectations. Management determines the allowance for doubtful accounts based on the evaluation of individual accounts and historical write-offs. The Company does not have a policy for placing trade receivables on non-accrual status and does charge 1.5% interest on past due balances over 30 days.

NOTE 14:
Risk and Uncertainties

In Early 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Company, COVID-19 may impact various parts of its 2022 fiscal year operations and financial results. Management believes the Company is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated.

NOTE 15:
Subsequent Events

The Company has evaluated subsequent events through December 17, 2021, the date the financial statements were available to be issued and has determined that there are no subsequent events that require disclosure.

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1776 West March Lane, Ste. 420
Stockton, CA 95207