CALAMCO

A PARTNERSHIP WITH GROWERS

2024 ANNUAL REPORT


ORIENTAL
SMOKING

MESSAGE TO SHAREHOLDERS

In 2024, the Panama Canal had restrictions on ship traffic due to low water levels, which affected global trade and supply chains. The Canal is fed by freshwater outflows from Gatun Lake, which is replenished by an annual May-December rainy season. Reduced rain last year led to lower lake levels (88 feet to 81 feet). To conserve available water, the Canal has been reducing drafts, transiting fewer ships and enforcing stricter scheduling. Ships missing transit appointments must either wait longer or out-bid others for a small number of auction spots; and auction spots can be very expensive, with an average of around $650,000.

We were able to work closely with our supplier, Koch Nitrogen, to mitigate any risks through this time. Koch schedules their transit appointments many months in advance. With multiple customers serviced by the same ship, Koch has the ability to adjust offload tonnages to meet our specific and evolving needs. CALAMCO operates an industry-leading, rapid unloading arm, whereby we can turn a ship in minimum time. This proves to be critical when the return Panama Canal appointment window is approaching.

In all, we were able to deliver our 2024 ammonia demand, while at the same time, avoiding any large Canal auction fees.

On an equally interesting note, CALAMCO is always researching areas of opportunity. Currently, there is substantial commercial, government, and NGO interest in developing new ammonia production methods and potential uses. With our storage & shipping capacity, CALAMCO is well positioned to take advantage of progress in these areas. ■

OPERATIONS

CALAMCO continues to prioritize the integrity and safety of its terminal. In 2024, CALAMCO completed a mandatory 20-year internal inspection of our second ammonia storage tank, D1A. As with the previous inspection of tank D1, D1A had also been found to be in sound condition, reflecting our commitment to rigorous maintenance practices. This tank was returned to full service in late October. We owe hearty thanks to both our internal team and external partners as we look forward to another 20 years of safe and effective operation of the storage tanks.

To facilitate the thorough inspection of the loadout line, we incurred our first ever out-of-service period, requiring us to shut down outbound loading for approximately 10 days. The terminal strategically preloaded ammonia trailers, which ensured continued service to our customers without interruption. This operation was executed seamlessly and serves as a testament to CALAMCO's dedication to operational excellence. ■

TRUCKING

In order to meet our heavy demand for the 2024 spring planting season, CALAMCO contracted with fifteen trucking companies from throughout California, as well as surrounding states. Most of these companies had worked with us in previous years, and their drivers were familiar with our facilities and customers. These companies added approximately 40 trucks and drivers, bringing our total to over 50 trucks and drivers, including CALAMCO.

The drivers assisted in hauling CALAMCO ammonia trailers to our customers throughout the region. CALAMCO shipped 119,405 tons of product in 2024, of which 118,587 (99.3%) was shipped to shareholders. CALAMCO's drivers hauled a near-record 44,095 tons; this was up significantly from 2020 when our drivers hauled 24,710 tons. ■

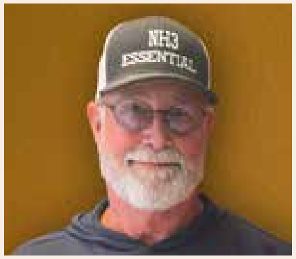
MARKETING

CALAMCO completed fiscal year 2024 with $6.2 million in patronage. This equates to a $54.95 dividend per ton for qualified purchases; a 41% return on investment for those members who purchased their stock at $20 per share. Members who received the additional incentives of $1 per ton for submitting their fertilizer purchases online and $1 for receiving their rebate via direct deposit, increased their rebate by $2 per ton, resulting in a dividend of $56.95. This equates to a 43% return on investment!

We are pleased with the continued increase of members who file their fertilizer usage reports online. In 2024, 79% of members filed their reports online, and 77% were signed up to receive their rebate via direct deposit.

This past year, 70% of our members reported fertilizer use. This lower number is partly due to heavy rainfall and more significantly, the closure of the J.R. Simplot Company's fertilizer manufacturing plant in Lathrop, California, which occurred in the late spring of 2024. The Lathrop facility was built in the 1950's and after thorough examination, it was clear that updating the facility to meet current and future demand would not be feasible. This significantly impacts CALAMCO as Lathrop historically purchased 20-25,000 tons of ammonia per year to manufacture a variety of fertilizer blends. ■

2024 RETIREMENTS

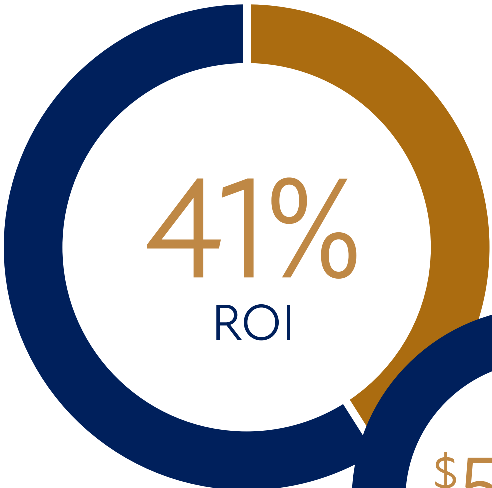


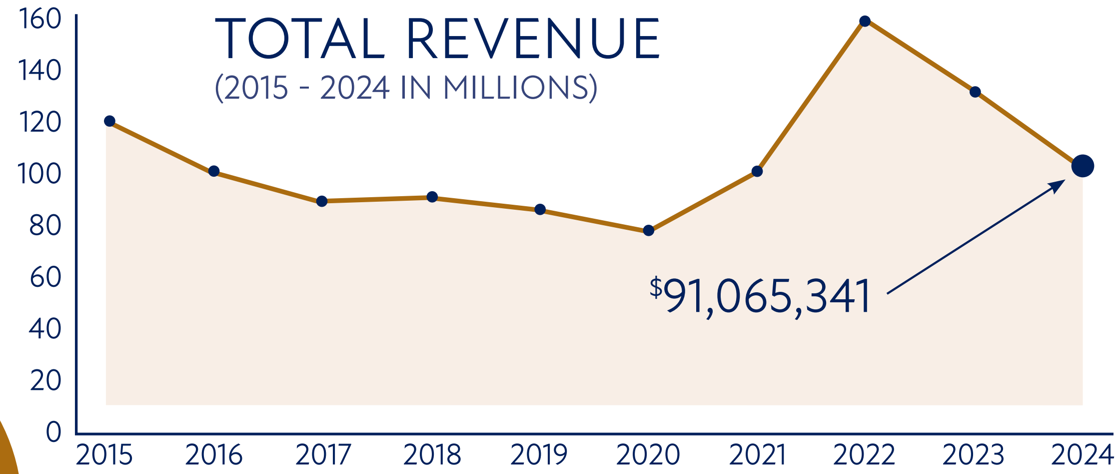
Scott Johnson, Driver
11 Years of Service

José Rubalcaba, Driver
14 Years of Service

Alan Sifford, Driver
7 Years of Service

FINANCIAL HIGHLIGHTS

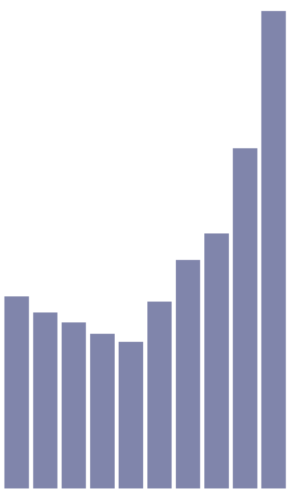




2.05M
SHARES OUTSTANDING AT YEAR-END

816
SHAREHOLDERS

$2.29M
LONG-TERM DEBT



$20.35M
PROPERTY AND EQUIPMENT, NET

$6.61M
CASH PATRONAGE ALLOCATED

$7.90M
NET WORKING CAPITAL

$26.72M
SHAREHOLDERS EQUITY

$3.70M	CASH AND CASH EQUIVALENTS
$6.61M	CERTIFICATES OF DEPOSIT
$4.07M	ACCOUNTS RECEIVABLE
$4.45M	INVENTORY
$1.03M	PREPAID EXPENSES AND DEPOSITS
$20.35M	PROPERTY AND EQUIPMENT, NET
$7.56M	OPERATING RIGHT-OF-USE-ASSET, NET
$0.80M	INVESTMENTS

FINANCIAL SUMMARY

CALAMCO's revenues for 2024 were $91 million compared to $126.1 million for 2023. Total cost of materials and expenses were $85 million compared to $117.8 million for 2023, leaving a consolidated net margin for 2024 of $6.6 million compared to $8.3 million for 2023. The Board of Directors declared a distribution of patronage income of $6.2 million which was paid out to members based on 117,457 tons of qualifying ammonia equivalent.

Shareholder equity of $26.7 million for 2024 is an increase of $0.7 million from our 2023 fiscal year. On October 19, 2015, the Company entered into a credit agreement which had an available borrowing limit of $5 million as of October 31, 2016. The agreement was amended on August 25, 2022. The Company's line of credit is limited to the lesser of combined totals of 65% of inventories and 70% of eligible accounts receivable or a fixed amount as defined in the line of credit agreement. The fixed amount fluctuates to a maximum of $5 million over the life of the agreement. As of October 31, 2024, the maximum line of credit available amounted to $5 million. The line of credit expired on October 1, 2024, and was not extended. The balance outstanding was $0 on October 31, 2024, and 2023.

On October 22, 2024, the Company entered into a credit agreement which has an available borrowing limit of $12 million for date between March 1st, to and including June 30th of any calendar year, and $5 million at all other times. The line accrues interest at daily SOFR plus 1.1 (6% on October 31, 2024) and expires on October 22, 2027. There was no outstanding balance on October 31, 2024.

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.

Jana Owens
J.R. Simplot Co.

Richard Sunderland
J.R. Simplot Co.

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF CALAMCO

STOCKTON, CALIFORNIA

OPINION

We have audited the accompanying financial statements of CALAMCO, which comprise the balance sheets as of October 31, 2024 and 2023, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CALAMCO as of October 31, 2024 and 2023, 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.

BASIS FOR OPINION

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CALAMCO and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 CALAMCO's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CALAMCO's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit. ■

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Roseville, California
December 20, 2024

FINANCIAL STATEMENTS

BALANCE SHEETS (AS OF OCTOBER 31)

ASSETS	2024	2023
CURRENT ASSETS		
Cash and Cash Equivalents	$ 3,704,288	$ 2,422,164
Certificates of Deposit	6,609,895	12,207,460
Accounts Receivable (Net of Allowance for Credit Losses of $1,700 for 2024 and 2023)	4,066,775	4,924,137
Inventory	4,445,758	3,785,798
Prepaid expenses and deposits	1,030,554	1,139,469
TOTAL CURRENT ASSETS	19,857,270	24,479,028
PROPERTY AND EQUIPMENT, NET	20,345,574	14,490,502
OPERATING RIGHT-OF-USE-ASSET, NET	7,557,492	7,244,069
DEFERRED TAX ASSET	638,669	-
INVESTMENTS		
LLC (NOTE 1)	169,277	2,006,378
Insurance program (NOTE 1)	632,565	353,878
TOTAL INVESTMENTS	801,842	2,360,256
TOTAL ASSETS	$ 49,200,847	$ 48,573,855

LIABILITIES AND SHAREHOLDERS' EQUITY	2024	2023
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 4,883,789	$ 4,138,734
Current Lease Liability - Operating	470,074	496,857
Current Notes Payable	698,321	606,441
Income Taxes Payable	13,464	800
Patronage Dividend Due to Shareholders	5,896,025	7,130,636
TOTAL CURRENT LIABILITIES	11,961,673	12,373,468
LONG TERM LIABILITIES		
Long-Term Notes Payable	2,290,958	2,657,097
Long-Term Lease Liability - Operating (Less Current Maturities)	7,090,756	6,748,764
Deferred Revenue	206,510	220,486
Deferred Compensation Plan	930,733	571,952
TOTAL LONG TERM LIABILITIES	10,518,957	10,198,299
TOTAL LIABILITIES	22,480,630	22,571,767
COMMITMENTS AND CONTINGENCIES (NOTE 11)		
SHAREHOLDERS' EQUITY		
Common Stock	5,127,281	5,180,161
Additional Paid-In Capital	12,230,478	11,934,469
Retained Earnings	9,406,458	9,406,458
Common Stock Subscriptions	(44,000)	(519,000)
TOTAL SHAREHOLDERS' EQUITY	26,720,217	26,002,088
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 49,200,847	$ 48,573,855

See accompanying Notes to the Financial Statements

STATEMENTS OF NET MARGIN AND DISTRIBUTION OF NET MARGIN

REVENUES FOR YEARS ENDED OCTOBER 31,	2024	2023
Sales	$ 88,439,444	$ 123,444,476
Terminaling	2,044,702	2,099,882
Interest Income and Other	581,195	572,862
TOTAL REVENUES	$ 91,065,341	$ 126,117,220

COSTS AND EXPENSES FOR YEARS ENDED OCTOBER 31,	2024	2023
Cost of Materials, Operations, and Distribution	$ 79,507,002	$ 113,816,276
Selling, General, and Administrative Expenses	3,354,935	3,092,581
Interest Expense	230,040	386,208
Other Expense	1,984,287	516,552
TOTAL COSTS AND EXPENSES	85,076,264	117,811,617
NET MARGIN BEFORE INCOME TAXES	5,989,077	8,305,603
INCOME TAX EXPENSE (BENEFIT)	(625,205)	800
NET MARGIN	$ 6,614,282	$ 8,304,803
Net Margin from Member Business	$ 7,200,225	$ 7,572,385
Net Margin from Nonmember Business	(585,943)	732,418
NET MARGIN	$ 6,614,282	$ 8,304,803

See accompanying Notes to the 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, 2022	2,070,736	$	5,186,569	$	11,764,568	$	8,674,040	$	(534,000)	$ 25,091,177
Issuance of Common Stock	27,600		69,000		483,000		-		(30,000)	522,000
Repurchase of Common Stock	(26,272)		(75,408)		(318,349)		-		-	(393,757)
Payments Received on Common Stock Subscriptions	-		-		5,250		-		45,000	50,250
Distributions Declared	-		-		-		(7,572,385)		-	(7,572,385)
NET MARGIN	-		-		-		8,304,803		-	8,304,803
BALANCES AT OCTOBER 31, 2023	2,072,064	$	5,180,161	$	11,934,469	$	9,406,458	$	(519,000)	$ 26,002,088

	COMMON STOCK			ADDITIONAL PAID-IN CAPITAL		RETAINED EARNINGS		COMMON STOCK SUBSCRIPTIONS		TOTAL SHAREHOLDERS' EQUITY
	SHARES		AMOUNT							
BALANCES AT OCTOBER 31, 2023	2,072,064	$	5,180,161	$	11,934,469	$	9,406,458	$	(519,000)	$ 26,002,088
Issuance of Common Stock	17,500		43,750		306,250		-		-	350,000
Repurchase of Common Stock	(38,652)		(96,630)		(53,991)		-		-	(150,621)
Payments Received on Common Stock Subscriptions	-		-		43,750		-		475,000	518,750
Distributions Declared	-		-		-		(6,614,282)		-	(6,614,282)
NET MARGIN	-		-		-		6,614,282		-	6,614,282
BALANCES AT OCTOBER 31, 2024	2,050,912	$	5,127,281	$	12,230,478	$	9,406,458	$	(44,000)	$ 26,720,217

See accompanying Notes to the Financial Statements

STATEMENTS OF CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES FOR YEARS ENDED OCTOBER 31,	2024	2023
Net Margin	$ 6,614,282	$ 8,304,803
Adjustments to Reconcile Net Margin to Net Cash Provided by Operating Activities:		
Depreciation	1,623,914	1,244,665
Gain on Equity Method Investment	(100,889)	(129,898)
Distributions from Equity Method Investment	137,241	33,045
Change in Cost Method Investment	1,846,884	-
Accrued Interest on Certificates of Deposit	(166,127)	-
Noncash Lease Expense	1,786	1,552
Deferred Income Taxes	(638,669)	-
Effect of Changes in:		
Accounts Receivable, Net	857,362	1,916,465
Inventory	(659,960)	16,300,026
Prepaid Expenses and Deposits	108,915	48,232
Deferred Compensation	358,781	208,081
Deferred Revenue	(13,976)	(13,976)
Income Tax Payable	12,664	-
Accounts Payable and Accrued Expenses	745,055	1,460,806
NET CASH PROVIDED BY OPERATING ACTIVITIES	10,727,263	29,373,801

CASH FLOWS FROM INVESTING ACTIVITIES FOR YEARS ENDED OCTOBER 31,	2024	2023
Purchases of Property and Equipment	(7,478,986)	(4,870,326)
Purchases of Certificates of Deposit	(12,000,000)	(12,207,460)
Proceeds from Certificates of Deposit	17,763,692	-
Investment Contribution	(324,822)	(1,275)
NET CASH USED BY INVESTING ACTIVITIES	(2,040,116)	(17,079,061)

CASH FLOWS FROM FINANCING ACTIVITIES FOR YEARS ENDED OCTOBER 31,	2024	2023
Proceeds from Issuance of Common Stock	350,000	522,000
Retirement of Common Stock	(150,621)	(393,757)
Payments Received on Common Stock Subscriptions	518,750	50,250
Distributions to Members	(7,848,893)	(5,129,473)
Repayment of Long-Term Debt	(274,259)	(588,103)
Revolving Line of Credit, Net	-	(4,672,343)
NET CASH USED BY FINANCING ACTIVITIES	(7,405,023)	(10,211,426)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,282,124	2,083,314
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,422,164	338,850
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3,704,288	$ 2,422,164

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	2024	2023
Cash Paid for Interest, Net Capitalized Interest	$ 230,040	$ 386,208
Cash Paid for Income Taxes	$ 800	$ 800

SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES	2024	2023
Common Stock Subscriptions Issued	$ -	$ 30,000
Accrual of Patronage Dividend Due to Shareholders	$ 5,896,025	$ 7,130,636

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 nonexempt agricultural cooperative that sells and transports anhydrous ammonia and related fertilizer products to its members. The Company also provides terminaling, transportation, and trucking 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 holds certificates of deposit totaling $6,609,895 and $12,207,460 at October 31, 2024 and 2023, respectively. The certificates bear interest ranging from 5.29% to 5.35% and have maturities of four to seven months.

ACCOUNTS RECEIVABLE

In 2023, the Company adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Company adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Company's financial statements but did change how the allowance for credit losses is determined.

Accounts receivable are stated at their estimated collectible amounts and comprise amounts billed and currently due from customers. The Companies extend credit to customers in the normal course of business. The Companies establish an allowance for credit losses to present the net amount of accounts receivable expected to be collected. The allowance represents the estimate of expected credit losses based on historical experience, current economic conditions, and certain forward-looking information. The Company charges 1.5% interest per month on past due balances over 30 days. Management's evaluation of accounts receivable resulted in an allowance of $1,700 for the years ended October 31, 2024 and 2023.

INVENTORIES

Inventories, which consist primarily of anhydrous ammonia, aqua ammonia, and ammonia nitrate, 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

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 $632,565 and $353,878 as of October 31, 2024 and 2023, 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 forty-one 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, 2024 and 2023, the Company has a $-0- and $315,039 letter of credit available for possible claims, respectively. The Letter of Credit was replaced with cash contribution during year ended October 31, 2024. 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, 2024, and June 30, 2023, is as follows:

	UNAUDITED 2024	UNAUDITED 2023
Total Assets	$ 154,944,725	$ 136,995,686
Total Liabilities	97,544,908	89,332,068
Net Income (Loss)	10,000,272	8,139,608

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 the original investment recorded at cost, plus or minus observable changes in value less impairment. As of October 31, 2024 and 2023, the carrying amount of the investment was $169,277 and $2,006,378, respectively. During the years ended October 31, 2024 and 2023, the Company contributed an additional $9,783 and $1,275 to the LLC, respectively. During the year ended October 31, 2024, the investment was remeasured based on observable price changes from an additional round of funding for the LLC. Unrealized loss resulting from observable price changes for the year ended October 31, 2024 was $1,846,884, which is included in other expense. There were no observable price changes for the year ended October 31, 2023. Net unrealized losses for the investment were $1,846,884 and $-0- for the years ended October 31, 2024 and 2023, respectively. The Company maintains an option on an offtake agreement in the event the LLC constructs a NH3 Plant in California under a new 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. There were no impairment losses recognized for long-lived assets as of October 31, 2024 and 2023.

INCOME TAXES

Under the federal tax code, the Company is a nonexempt cooperative association. Nonexempt cooperatives accrue income taxes on net nonpatronage 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 nonpatronage 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 statements of net margin and distribution of net margin. No amounts were recognized for interest and penalties related to unrecorded tax benefits during fiscal years 2024 or 2023.

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 $585,943, were allocated to offset non-member operating results from fiscal year 2024. There were no net margins allocated to offset non-member results from fiscal year 2023.

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 or liabilities as of October 31, 2024 and 2023.

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 Total Revenue in the statements of margin and distribution of net margin. The Company has elected to account for shipping and handling costs as fulfillment costs, and they are included in Cost Of Materials, Operations, and Distribution in the statements of net margin and distribution of net margin.

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

LEASES

The Company leases administrative offices, railcars, and certain other equipment under operating lease agreements. The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Company uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet.

NOTES TO FINANCIAL STATEMENTS

NOTE 1, continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

LEASES, CONTINUED

The Company has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

NOTE 2

PROPERTY AND EQUIPMENT

Property and equipment as of October 31 consist of the following:

	2024	2023
Land	$ 70,000	$ 70,000
Plant Equipment	52,145,873	44,270,091
Construction in Progress	94,016	3,420,699
Total	52,309,889	47,760,790
Less: Accumulated Depreciation	31,964,315	33,270,288
Property and Equipment, net	$ 20,345,574	$ 14,490,502

Depreciation expense amounted to $1,623,914 and $1,244,665 for the years ended October 31, 2024 and 2023, respectively. Capitalized interest expense included in construction in progress totaled $-0- and $116,075, respectively, for the years ended October 31, 2024 and 2023.

NOTE 3

INCOME TAXES

The components of the provisions for income taxes for the years ended October 31 are as follows:

	2024	2023
Federal:		
Current Tax Expense (Benefit)	$ 12,664	$ -
Deferred Tax (Benefit) Expense	(595,327)	-
Total	(582,663)	-
State:		
Current Tax Expense (Benefit)	800	800
Deferred Tax (Benefit) Expense	(43,342)	-
	(42,542)	800
Total Tax (Benefit) Expense	$ (625,205)	$ 800

Income taxes reported on the statements of net margin and distribution of net margin differ 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.

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

	2024	2023
Deferred Tax Assets (Liabilities):		
Deferred Compensation	$ 3,334	$ 848
Other	28,940	867
Depreciation	(94,047)	12,615
Investment	18,625	(495,462)
Loss Carry-Forwards	681,817	813,872
Net Deferred Tax Assets	638,669	332,740
Valuation Allowance	-	(332,740)
Net Deferred Tax Assets (Liabilities)	$ 638,669	$ -

The Company has total deferred tax assets of $732,716 and $828,202 at October 31, 2024 and 2023, respectively. Deferred taxes relate primarily to federal and state loss carry-forwards.

Gross federal loss carry-forwards totaled $2,529,452 as of October 31, 2024 and carry-forwards indefinitely. Gross state loss carry-forwards totaled $2,235,165 as of October 31, 2024 and begin to expire in the fiscal year ending 2041.

The valuation allowance for deferred tax assets as of October 31, 2023, was $332,740. There was no valuation allowance as of October 31, 2024. The net change in the total valuation allowance was a decrease of $332,740 for the year ended October 31, 2024, and a decrease of $217,272 for the year ended October 31, 2023. 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 nonpatronage 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 in December 2041.

In calculating the right of use asset and liability, certain lease arrangements include options to extend which the Company has considered when it is reasonably certain that the Company will exercise the option.

The following table provides quantitative information concerning the Company's leases as of October 31:

	2024	2023
Lease Costs:		
Operating Lease Cost	$ 806,216	$ 831,131
Short-Term Lease Cost	261,290	364,087
Total Lease Cost	$ 1,067,506	$ 1,195,218
Other Information:		
Operating Cash Flows from Operating Leases	$ 804,430	$ 829,579
Right of Use Assets Obtained in Exchange For New Operating Lease Liabilities	$ 724,536	$ 7,749,642
Weighted Average Remaining Lease Term - Operating Leases	15.3 Years	16.9 Years
Weighted Average Discount Rate - Operating Leases	4.41%	4.37%

The Company classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of October 31, 2024 , is as follows:

Year Ending October 31:	Amount
2025	$ 791,745
2026	789,745
2027	780,145
2028	727,255
2029	682,226
Thereafter	6,616,205
Undiscountred Cash Flows	10,387,321
Less: Imputed Interest	(2,826,491)
Total Present Value	$ 7,560,830

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.

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:	Amount
2025	$ 40,000
2026	40,000
2027	40,000
2028	40,000
2029	40,000
Thereafter	560,000
Total	$ 760,000

The Company recognizes rental income under the straight line method and has recorded a deferred rent liability of $206,510 and $220,486 within Deferred Revenue on the balance sheets as of October 31, 2024 and 2023, respectively. Rental income recognized for the years ended October 31, 2024 and 2023 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. The agreement was amended on August 25, 2022. The Company's line of credit is limited to the lesser of combined totals of 65% of inventories and 70% of eligible accounts receivable or a fixed amount as defined in the line of credit agreement. The fixed amount fluctuates a maximum of $5,000,000 over the life of the agreement. At October 31, 2024, the maximum line of credit available amounted to $5,000,000. The line of credit expired on October 1, 2024 and was not extended. The balance outstanding was $-0- at October 31, 2024 and 2023.

The Company has available letters of credit that may not exceed $1,000,000. The letter of credit in the amount of $-0- and $315,039 was outstanding at October 31, 2024 and 2023, respectively. The letter of credit also matured on October 1, 2024 and was not renewed. The Company must pay a nonrefundable 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.

On October 22, 2024, the Company entered into a credit agreement which had an available borrowing limit of $12,000,000 for date between March 1st to and including June 30th of any calendar year, and $5,000,000 at all other times. The line accrues interest at daily SOFR plus 1.1% (6% at October 31, 2024) and expires on October 22, 2027. There was no balance outstanding at October 31, 2024.

NOTE 6

NOTES PAYABLE

Long-term debt as of October 31 consists of the following:

Description	Interest Rate	2024	2023
Notes payable, monthly principal and interest payments of $111,002, secured by equipment	2.93%	$ 2,989,279	$ 3,263,538
Less: Current Maturities		(698,321)	(606,441)
Total		$ 2,290,958	$ 2,657,097

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

Year Ending October 31:	Amount
2025	$ 698,321
2026	723,113
2027	748,913
2028	775,767
2029	43,165
Total	$ 2,989,279

NOTE 7

COMMON STOCK

Common stock consists of the following at October 31:

	2024	2023
Class A, par value $2.50 per share, 1,200,000 shares authorized; 920,459 and 956,929 shares issued and outstanding at October 31, 2024 and 2023, respectively.	$ 2,301,149	$ 2,392,323
Class B, par value $2.50 per share, 1,250,000 shares authorized; 1,130,453 and 1,115,135 shares issued and outstanding at October 31, 2024 and 2023, respectively.	2,826,132	2,787,838
Total	$ 5,127,281	$ 5,180,161

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. 69% 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 $587,841 and $503,793 for the years ended October 31, 2024 and 2023, respectively.

NOTE 9

SAVINGS PLAN

The Company has a 401(k) savings plan. Employees are eligible upon date of hire. The Company offers its employees a safe harbor 3% match of their compensation after a 90-day probation period. All other contributions are made at the discretion of the board of directors. All contributions vest immediately. The Company contributed $149,071 and $138,327 for the years ended October 31, 2024 and 2023, respectively.

NOTE 10

DEFERRED COMPENSATION PLAN

The Company maintains a nonqualified 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. Payments of $-0- and $48,110 were made to participants during the year ended October 31, 2024 and 2023, respectively. Also, included on the balance sheets as of October 31, 2024 and 2023, are liabilities of $930,733 and $571,952, 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 two-year agreement in which it will purchase effectively 100% of ammonia from one vendor. The agreement expires on December 31, 2026. Management believes that alternate vendors are available, if necessary.

The Company is currently involved in proceedings with the Environmental Protection Agency (EPA) regarding a compliance inspection which began in 2022 at the Company's facility at the Port of Stockton and has received remediation observations. Total capital expenditures resulting from the inspection totaled $2,117,890 through October 31, 2024. The Company has budgeted $850,000 in capital expenditures related to their Port of Stockton facility for the year ended October 31, 2025, which includes general improvements and costs related to the remediations observations. The Company has assessed the potential outcome of the proceeding and has determined it probable that a fine will be levied and that the amount can be reasonably estimated. The Company has accrued an estimated settlement liability $375,000 for the year ended October 31, 2023. As of October 31, 2024, the matter remains ongoing and no fine has been levied by the EPA. No additional accruals have been made during the year ended October 31, 2024. Total legal fees incurred in related to this matter totaled $173,326 and $355,166 for the years ended October 31, 2024 and 2023, respectively.

The Company made a change in 2021 and made another change in 2022 to the patronage allocation process, which management believes to be more aligned with the Company's by-laws. This is currently being challenged by one or more shareholders.

There is another dispute whether the Company may enter the urea ammonium nitrate (UAN32) market in California, in which J.R. Simplot Co. and affiliates (Simplot, a member of the cooperative) now competes, and uses facilities owned by the Company at the Port of Stockton for the storage and handling of UAN32.

Currently both matters related to the patronage allocation process and the UAN32 market are ongoing, and the ultimate outcome is uncertain. Total legal fees related to these matters incurred during the year ended October 31, 2024 and 2023 totaled $580,333 and $226,639, respectively.

NOTE 12
RELATED PARTY

The Company has an agreement with 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 ammonium nitrate (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 AN20 a year for five 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 UAN32. The Company has entered into an agreement with Simplot to terminal UAN32. 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 following amounts relate to transactions with Simplot for the years ended October 31:

	2024	% of Total	2023	% of Total
Sales	$ 30,366,122	34%	$ 52,527,722	43%
Accounts Receivable	1,089,791	27%	2,639,951	54%
Tolling Costs Incurred Through Simplot	2,557,357		3,682,185	
UN32 Terminaling Revenue	2,025,921		2,099,882	
Accounts Payable	420,416		424,631	

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 Federal Deposit Insurance Corporation (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, 2026. 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 credit losses 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 credit losses based on the evaluation of individual accounts and historical write-offs. The Company does not have a policy for placing trade receivables on nonaccrual status and does charge 1.5% interest on past due balances over 30 days.

NOTE 14
SUBSEQUENT EVENTS

The Company has evaluated subsequent events through December 20, 2024, 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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