

STATE OF SOUTH DAKOTA)
) :SS
 COUNTY OF BON HOMME)

IN CIRCUIT COURT
 FIRST JUDICIAL CIRCUIT

IN THE MATTER OF FARMERS COOPERATIVE ELEVATOR, AVON, SOUTH DAKOTA	*	04CIV21-037
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	*	
	*	APRIL 2022
	*	MONTHLY UPDATE
	*	

Cody Chambliss, Receiver for Farmers Cooperative Elevator (FCE), hereby files this Monthly Update, as required by the Court’s Order Appointing Receiver.

The sale of the grain elevator, agronomy business, and bulk fuel business to Battle Creek Farmers Cooperative, Non-Stock (Pride Grain) closed on March 28, 2022. Upon closing, proceeds were utilized to pay FCE creditors in full, closing out all payables. Those payments are reflected below.

Financial Report

	August	October	December	February	April
Cash (Common Account)	\$507,785	\$819,097	\$370,752	\$207,578	\$2,735,167*
Cash (Receiver Account)		\$30,300	\$56,324	\$76,077	\$23,068
Grain Inventory	\$665,340	\$41,275	-	-	-
Inventory	\$503,000	\$360,202	\$466,361	\$305,551	\$233,437
Receivables	\$410,063	\$181,413	\$142,077	\$87,840	\$128,889
Trucking Income		\$19,420	\$5,175	\$23,655	\$14,650
Investments	\$1,344,694	\$1,344,694	\$1,344,694	\$1,223,819	\$0
Fixed Assets less Depreciation	\$1,669,988	\$1,669,988	\$1,669,988	\$1,669,988	~\$300,000
General Payables	\$929,979	\$428,138	\$304,546	\$140,024	\$5,474
Grain Payable	\$1,693,500	\$1,480,407	\$1,467,627	\$1,244,836	\$0
Customer Prepays	\$73,100	\$67,893	\$62,375	\$137,108	\$601
Term Loans	\$2,899,601	\$2,885,940	\$2,631,868	\$1,683,192	\$0

*This current bank balance does not include outstanding checks for grain, patron notes, and accounts payable.

Details of Sale to Pride Grain

The sale price was \$3,220,312 for facilities, equipment, and patron equities. Upon receipt of the funds, checks were issued to pay in full all producers, holders of patron bin notes,

Community Bank of Avon, and other creditors in the ordinary course of business. All judgments, liens, and mortgages are now being processed to be released per the title company and bank, although Receiver is not aware of any judgments.

Because FCE will survive as an entity, continuing to operate the fuel store and feed store, all remaining proceeds from the sale after the checks to producers, patrons, and creditors have cleared will remain with FCE.

In addition to paying all creditors, throughout this receivership and sale, no jobs were lost at this business. Pride Grain retained the employees that worked at the elevator and agronomy entities. Pride Grain plans to add more jobs in the near future. All other FCE employees were retained by FCE. Without the dedication of these employees, the board of directors, and their commitment to FCE through this process, this outcome would not have been possible.

Notable Developments

Receiver traveled to Avon, South Dakota to be present for and assist with the closing of the sale to Pride Grain. While on site, Receiver did a walkthrough of all FCE facilities. During this walkthrough, it was discovered slightly more than two thousand bushels of corn inventory in an old feed facility. The corn had been unaccounted for and on site for at least four years after the facility where it was stored became non-operational. The corn had severe bug damage. However, Receiver was able to sell it for slightly more than \$5,000. That money was deposited into FCE's common account and is the property of FCE, as it was not included in the sale to Pride Grain.

Also during the walkthrough, some new tires were discovered in an old warehouse that had previously been unaccounted for in FCE's inventory. The tires were moved to the fuel store, which FCE continues to operate.

Plan of Action

In the immediate future, Receiver will work to verify that all producers and patron note holders were paid and that the checks that were issued are cashed.

Receiver continues to work with Assistant Attorney General Jonathan Van Patten to protect FCE's rights as a bankruptcy creditor in the Namminga bankruptcy proceedings. Receiver secured an appraisal, which indicated there is an additional \$125,000 in asset value available to the unsecured creditors. FCE holds approximately 47 percent of the unsecured claim amount and would, therefore, receive an additional \$58,750.

A few accounts receivable remain to be collected and the appropriate filing to be made with the court after small claims judgments have been satisfied.

Approximately twenty patrons of FCE that were owed for shares have either requested to be paid or need to be paid out because of death of the shareholder or other status change that makes the shareholder ineligible for membership in the cooperative. Pursuant to the by-laws of the cooperative, payout to the shareholder is required under these circumstances.

Dated this 5 day of April 2022.



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