

CHS INC  
Form 10-K/A  
August 15, 2005

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**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Form 10-K/A**

**þ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

**for the fiscal year ended August 31, 2004**

**or**

**o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

**for the transition period from to .**

**Commission file number: 0-50150**

**CHS Inc.**

*(Exact name of registrant as specified in its charter)*

**Minnesota**

*(State or other jurisdiction of  
incorporation or organization)*

**41-0251095**

*(I.R.S. Employer  
Identification Number)*

**5500 Cenex Drive**

**Inver Grove Heights, Minnesota 55077**

*(Address of principal executive office)*

**(651) 355-6000**

*(Registrant's Telephone number,  
including area code)*

**SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:**

**None**

**SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:**

**8% Cumulative Redeemable Preferred Stock**

*(Title of Class)*

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K: Not applicable.

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter:

The registrant's voting and non-voting common equity has no market value (the registrant is a member cooperative).

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date:

The registrant has no common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

None.

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SIGNATURES

Consent of Independent Registered Public Accounting Firm

Independent Auditors' Consent

Certification Pursuant to Section 302

Certification Pursuant to Section 302

Certification Pursuant to Section 906

Certification Pursuant to Section 906

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**Table of Contents****CHS Inc.****Explanatory Note**

This Form 10-K/A amends the Registrant's Annual Report on Form 10-K for the fiscal year ended August 31, 2004. This Form 10-K/A is being filed solely to amend Item 8, Item 15(a)(1) and Item 15(a)(3) to include, pursuant to the requirements of Section 210.3-09 of Regulation S-X and in place of those included in the Registrant's Annual Report, the separate financial statements of Ventura Foods, LLC, a nonconsolidated 50% owned equity investment. In addition, in connection with the filing of this Form 10-K/A and pursuant to the rules of the Securities and Exchange Commission, the Registrant is including with this Form 10-K/A certain currently dated certifications. No other changes have been made to the Annual Report. This Form 10-K/A does not modify or update the disclosure contained in the Form 10-K in any way other than as required to reflect the amendments discussed above and reflected below.

**PART II.****Item 8. Financial Statements and Supplementary Data**

Item 8 is hereby amended to add and replace the current financial statements of Ventura Foods, LLC, a non-consolidated 50% owned equity investment. The financial statements of Ventura Foods, LLC, which are included in this Form 10-K/A following the signatures, are hereby incorporated by reference in this Item 8.

**PART IV.****Item 15. Exhibits, Financial Statements and Reports Filed on Form 8-K****(a)(1) FINANCIAL STATEMENTS**

Item 15(a)(1) is hereby amended to add and replace the following:

Ventura Foods, LLC, a non-consolidated 50% owned equity investment

Independent Auditors' Report	F-33
Balance Sheets as of March 31, 2005 and 2004	F-34
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**(a)(3) EXHIBITS**

3.1	Articles of Incorporation of the Company, as amended.(13)
3.2	Articles of Amendment to the Articles of Incorporation.(17)
3.3	Bylaws of the Company, as amended.(13)
4.1	Resolution Creating a Series of Preferred Equity to be Designated 8% Cumulative Redeemable Preferred Stock.(14)
4.2	Form of Certificate Representing 8% Cumulative Redeemable Preferred Stock.(15)
4.3	Unanimous Written Consent Resolution of the Board of Directors Amending the Amended and Restated Resolution Creating a Series of Preferred Equity to be Designated 8% Cumulative Redeemable Preferred Stock.(15)

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4.4	Unanimous Written consent Resolution of the Board of Directors Amending the Amended and Restated Resolution Creating a Series of Preferred Equity to be Designated 8% Cumulative Redeemable Preferred Stock to change the record date for dividends.(16)
10.1	Lease between the Port of Kalama and North Pacific Grain Growers, Inc., dated November 22, 1960.(1)
10.2	Limited Liability Company Agreement for the Wilsey-Holsum Foods, LLC dated July 24, 1996.(1)
10.3	Long Term Supply Agreement between Wilsey-Holsum Foods, LLC and Harvest States Cooperatives dated August 30, 1996.*(1)
10.4	TEMCO, LLC Limited Liability Company Agreement between Cargill, Incorporated and Cenex Harvest States Cooperatives dated as of August 26, 2002.(12)
10.5	Cenex Harvest States Cooperatives Supplemental Savings Plan.(7)
10.6	Cenex Harvest States Cooperatives Supplemental Executive Retirement Plan.(7)
10.7	Cenex Harvest States Cooperatives Senior Management Compensation Plan.(7)
10.8	Cenex Harvest States Cooperatives Executive Long-Term Variable Compensation Plan.(7)
10.9	Cenex Harvest States Cooperatives Share Option Plan.(21)
10.9A	Amendment to Cenex Harvest States Share Option Plan, dated June 28, 2001.(10)
10.9B	Amendment No. 2 to Cenex Harvest States Share Option Plan, dated May 2, 2001.(21)
10.9C	Amendment No. 3 to Cenex Harvest States Share Option Plan, dated June 4, 2002.(21)
10.9D	Amendment No. 4 to Cenex Harvest States Share Option Plan, dated April 6, 2004.(21)
10.10	CHS Inc. Share Option Plan Option Agreement.(21)
10.11	CHS Inc. Share Option Plan Trust Agreement.(21)
10.11A	Amendment No. 1 to the Trust Agreement.(21)
10.12	\$225,000,000 Note Agreement (Private Placement Agreement) dated as of June 19, 1998 among Cenex Harvest States Cooperatives and each of the Purchasers of the Notes.(2)
10.12A	First Amendment to Note Agreement (\$225,000,000 Private Placement), effective September 10, 2003, among CHS Inc. and each of the Purchasers of the notes.(18)
10.13	Credit Agreement (Revolving Loan) dated as of May 21, 2003 among Cenex Harvest States Cooperatives, CoBank, ACB, SunTrust Bank, Cooperative Centrale Raiffeisen-Boerenleenbank B.A., BNP Paribas and the Syndication Parties.(16)
10.13A	First Amendment to Credit Agreement dated as of May 20, 2004 between CHS Inc., CoBank, ACB, and the Syndication Parties. (20)
10.14	\$200 Million Term Loan Credit Agreement dated as of June 1, 1998 among Cenex Harvest States Cooperatives, CoBank, ACB, and St. Paul Bank for Cooperatives, including Exhibit 2.4 (form of \$200 Million Promissory Note).(2)
10.14A	First Amendment to Credit Agreement (Term Loan), effective as of May 31, 1999 among Cenex Harvest States Cooperatives, CoBank, ACB, and St. Paul Bank for Cooperatives.(4)
10.14B	Second Amendment to Credit Agreement (Term Loan) dated May 23, 2000 by and among Cenex Harvest States Cooperatives, CoBank, ACB, St. Paul Bank for Cooperatives and the Syndication Parties.(6)
10.14C	Third Amendment to Credit Agreement (Term Loan) dated May 23, 2001 among Cenex Harvest States Cooperatives, CoBank, ACB, and the Syndication Parties.(9)
10.14D	Fourth Amendment to Credit Agreement (Term Loan) dated May 22, 2002 among Cenex Harvest States Cooperatives, CoBank, ACB and the Syndication Parties.(11)
10.14E	Fifth Amendment to Credit Agreement (Term Loan) dated May 21, 2003 by and among Cenex Harvest States Cooperatives, CoBank, ACB and the Syndication Parties.(21)
10.14F	Sixth Amendment to Credit Agreement (Term Loan) dated as of May 20, 2004 by and among CHS Inc., CoBank, ACB, and the Syndication Parties.(20)

10.15	Limited Liability Agreement of United Harvest, LLC dated November 9, 1998 between United Grain Corporation and Cenex Harvest States Cooperatives.(3)
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10.16	Joint Venture Agreement for Agrilience LLC, dated as of January 1, 2000 among Farmland Industries, Inc., Cenex Harvest States Cooperatives, United Country Brands, LLC and Land O Lakes, Inc.(5)
10.17	Employment Agreement dated November 6, 2003 by and between John D. Johnson and CHS Inc.(18)
10.18	CHS Inc. Special Supplemental Executive Retirement Plan.(18)
10.19	Note purchase and Private Shelf Agreement dated as of January 10, 2001 between Cenex Harvest States Cooperatives and The Prudential Insurance Company of America.(8)
10.19A	Amendment No. 1 to Note Purchase and Private Shelf Agreement, dated as of March 2, 2001.(8)
10.20	Note Purchase Agreement and Series D & E Senior Notes dated October 18, 2002.(12)
10.21	2003 Amended and Restated Credit Agreement (\$15 million, 2 Year Facility) dated December 16, 2003 between CoBank, ACB, U.S. AgBank, FCB and the National Cooperative Refinery Association, Inc.(19)
10.22	Note Purchase and Private Shelf Agreement between CHS Inc. and Prudential Capital Group dated as of April 13, 2004.(20)
21.1	Subsidiaries of the Registrant.(21)
23.1	Consent of Independent Registered Public Accounting Firm.(22)
23.2	Independent Auditors Consent.(22)
24.1	Power of Attorney.(21)
31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(22)
31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(22)
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.(22)
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.(22)

\* Pursuant to Rule 406 of the Securities Act of 1933, as amended, confidential portions of Exhibit 10.3 have been deleted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

- (1) Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-17865), filed February 7, 1997.
- (2) Incorporated by reference to the Company's Form 10-Q Transition Report for the period June 1, 1998 to August 31, 1998, filed October 14, 1998.
- (3) Incorporated by reference to the Company's Form 10-Q for the quarterly period ended November 30, 1998, filed January 13, 1999.
- (4) Incorporated by reference to the Company's Form 10-Q for the quarterly period ended May 31, 1999, filed July 13, 1999.
- (5) Incorporated by reference to the Company's Form 10-Q for the quarterly period ended February 29, 2000 filed April 11, 2000.
- (6)



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Incorporated by reference to the Company's Form 10-Q for the quarterly period ended May 31, 2000, filed July 10, 2000.

- (7) Incorporated by reference to the Company's Form 10-K for the year ended August 31, 2000, filed November 22, 2000.
- (8) Incorporated by reference to the Company's Form 10-Q for the quarterly period ended February 28, 2001, filed April 10, 2001.
- (9) Incorporated by reference to the Company's Form 10-Q for the quarterly period ended May 31, 2001, filed July 3, 2001.

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- (10) Incorporated by reference to the Company's Registration Statement on Form S-2 (File No. 333-65364), filed October 26, 2001.
- (11) Incorporated by reference to the Company's Form 10-Q for the quarterly period ended May 31, 2002, filed July 3, 2002.
- (12) Incorporated by reference to the Company's Form 10-K for the year ended August 31, 2002, filed November 25, 2002.
- (13) Incorporated by reference to the Company's Form 10-Q for the quarterly period ended November 30, 2002, filed January 9, 2003.
- (14) Incorporated by reference to Amendment No. 1 to the Company's Registration Statement on Form S-2 (File No. 333-101916), dated January 13, 2003.
- (15) Incorporated by reference to Amendment No. 2 to the Company's Registration Statement on Form S-2 (File No. 333-101916), dated January 23, 2003.
- (16) Incorporated by reference to the Company's Form 10-Q for the quarterly period ended May 31, 2003, filed July 2, 2003.
- (17) Incorporated by reference to the Company's Form 8-K, filed August 5, 2003.
- (18) Incorporated by reference to the Company's Form 10-K for the year ended August 31, 2003 filed on November 21, 2003.
- (19) Incorporated by reference to the Company's Form 10-Q for the quarterly period ended February 29, 2004, filed April 7, 2004.
- (20) Incorporated by reference to the Company's Form 10-Q for the quarterly period ended May 31, 2004, filed July 12, 2004.
- (21) Incorporated by reference to the Company's Form 10-K for the year ended August 31, 2004 filed November 18, 2004.

(22) Filed herewith.

**(c) Reports on Form 8-K**

We filed an 8-K on May 4, 2005 for changes to our Articles of Incorporation and Bylaws which allow us to take advantage of the repeal of the Federal Dividend Allocation Rule.

We filed an 8-K on May 16, 2005 to announce the filing of a registration statement with the Securities and Exchange Commission by CF Industries Holdings, Inc., a holding company for CF Industries, Inc., of which we have an equity interest in.

We filed an 8-K on June 1, 2005 to announce the completion of the sale of our Mexican Foods tortilla and chip businesses to Gruma Corporation.

We filed an 8-K on June 8, 2005 for the renewal and expansion of our committed lines of revolving credit.

**(c) Exhibits**

The exhibits shown in Item 15(a)(3) above are being filed herewith.

**(d) Schedules**

None.

**Supplemental Information**

As a cooperative, the Company does not utilize proxy statements.

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**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

By: /s/ JOHN SCHMITZ

Date: August 15, 2005

John Schmitz  
*Executive Vice President and  
Chief Financial Officer*

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**CHS INC.**  
**CONSOLIDATED BALANCE SHEETS**

August 31

2004

2003

(Dollars in thousands)

<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$	136,491	\$ 168,249
Receivables		834,965	763,780
Inventories		723,893	801,883
Other current assets		273,355	178,661
Total current assets		1,968,704	1,912,573
Investments		575,816	532,893
Property, plant and equipment		1,249,655	1,122,982
Other assets		237,117	239,520
Total assets	\$	4,031,292	\$ 3,807,968
<b>LIABILITIES AND EQUITIES</b>			
Current liabilities:			
Notes payable	\$	116,115	\$ 251,131
Current portion of long-term debt		35,117	14,951
Customer credit balances		88,686	58,417
Customer advance payments		64,042	123,383
Checks and drafts outstanding		64,584	85,239
Accounts payable		717,501	627,250
Accrued expenses		305,650	254,415
Dividends and equities payable		83,569	39,049
Total current liabilities		1,475,264	1,453,835
Long-term debt		648,701	648,222
Other liabilities		148,526	111,555
Minority interests in subsidiaries		130,715	112,645
Commitments and contingencies			
Equities		1,628,086	1,481,711
Total liabilities and equities	\$	4,031,292	\$ 3,807,968

The accompanying notes are an integral part of the consolidated financial statements.

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**CHS INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

**For the Years Ended August 31**

	<b>2004</b>	<b>2003</b>	<b>2002</b>
	<b>(Dollars in thousands)</b>		
Revenues:			
Net sales	\$ 10,909,333	\$ 9,270,734	\$ 7,156,454
Other revenues	141,303	122,578	107,351
	11,050,636	9,393,312	7,263,805
Cost of goods sold	10,604,245	9,060,555	6,940,050
Marketing, general and administrative	208,284	183,757	182,175
Operating earnings	238,107	149,000	141,580
Gain on sale of investment	(14,666)		
Gain on legal settlements	(692)	(10,867)	(2,970)
Interest	51,625	48,675	42,455
Equity income from investments	(79,022)	(47,299)	(58,133)
Minority interests	33,830	21,950	15,390
Income before income taxes	247,032	136,541	144,838
Income taxes	25,700	12,700	18,700
Net income	\$ 221,332	\$ 123,841	\$ 126,138
Distribution of net income:			
Patronage refunds	\$ 166,850	\$ 90,000	\$ 92,900
Unallocated capital reserve	54,482	33,841	33,238
Net income	\$ 221,332	\$ 123,841	\$ 126,138

The accompanying notes are an integral part of the consolidated financial statements.

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**CHS INC.**  
**CONSOLIDATED STATEMENTS OF EQUITIES AND COMPREHENSIVE INCOME**

**For the Years Ended August 31, 2004, 2003 and 2002**

	<b>Capital Equity Certificates</b>	<b>Nonpatronage Equity Certificates</b>	<b>Preferred Stock</b>	<b>Patronage Refunds</b>	<b>Unallocated Capital Reserve</b>	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Allocated Capital Reserve</b>	<b>Total Equities</b>
<b>(Dollars in thousands)</b>								
Balances, September 1, 2001	\$ 971,873	\$ 28,158		\$ 90,230	\$ 164,757	\$ (1,915)	\$ 8,050	\$ 1,261,153
Dividends and equity retirement determination	33,484			38,670				72,154
Patronage distribution	92,484			(128,900)	(3,666)			(40,082)
Equities retired	(31,099)	(46)						(31,145)
Equities issued	2,600							2,600
Preferred stock issued, net			\$ 9,325		(3,428)			5,897
Preferred stock dividends					(240)			(240)
Other, net	(106)	(339)			100			(345)
Comprehensive income:								
Net income				92,900	33,238			126,138
Other comprehensive loss						(49,982)		(49,982)
Total comprehensive income								76,156
Dividends and equities payable	(28,640)			(27,870)				(56,510)
Balances, August 31, 2002	1,040,596	27,773	9,325	65,030	190,761	(51,897)	8,050	1,289,638
Dividends and equity retirement determination	28,639			27,870				56,509
Patronage distribution	61,784			(92,900)	4,638			(26,478)
Equities retired	(31,092)	(52)						(31,144)

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Equities issued	350			350
Preferred stock issued, net		86,379	(3,895)	82,484
Preferred stock redeemed		(2,002)		(2,002)
Preferred stock dividends			(3,575)	(3,575)
Other, net	(2,440)	(3)	(4)	(2,447)
Comprehensive income:				
Net income				