



ANNUAL REPORT



2020



Darren Sletten, President
 Mark Larson, Vice President
 Greg Marshall, Secretary/Treasurer
 Robert Schmidt, Director
 Jeff Krueger, Director
 Ricky Scheid, Director
 Jeff Braun, Director

Advisory Members:
 Owen Fiedler
 Shawn Kaylor
 Jay Harstad
 Dennis Deutsch

92nd ANNUAL MEETING MINUTES

MARCH 26, 2020



ENERBASE EMPLOYEES

MINOT

Tony Bernhardt	CEO
Ricky Aberle	CFO
Lavon Wolf	Office Manager
Lolly Gorze	Human Resource Manager
Jeanine Lorenz	Accts. Receivable
Lori Fettig	Credit Manager
Myrna Moberg	Financial Analyst
Mandy Hansen	Accts. Payable
Paula Nelson	Accts. Payable
Amanda Randall	Receptionist
Charles Schestler	Service Shop Manager
Gordy Schmidt	Tire Sales/Service
Robert Preston	Tire Sales/Service
Sheri Endresen	Energy Sales
Kathy Gonzalez	Petroleum Manager
Amanda Haugen	Asst. Petroleum Manager
Al Medler	Sales and Dispatch
Duane Rockvov	Petroleum Transport Delivery
Ryan Schoen	Petroleum Transport Delivery
Doral Wallace	Petroleum Transport Delivery
Cory Brattelid	Petroleum Transport Delivery
Michael Riley	Petroleum Transport Delivery
Mike Vollmer	Petroleum Delivery
Darryl Endresen	Petroleum Delivery
Roger Peterson	Petroleum Delivery
JR Brown	Propane Delivery
Dana Solberg	Propane Delivery
Aimee O'Keefe	Lube Terminal Warehouse
Randy Michalenko	Oil Delivery
JC Holmen	Oil Delivery
Larry Dove	Oil Warehouse
Jeremy Ford	Hardware/Parts Sales
Rebecca Kuntz	Hardware/Parts Sales
Edward Montez	Hardware/Parts Sales
Ron Johnson	Machinery Sales
Craig Giroux	Machinery Sales
Randy Thor	General Maintenance
Thomas Hallamayer	Driver/Delivery

GLENBURN

Denise Gunning	Station Manager
Charlie Cup	Service Shop

RYDER

Derek Olson	Energy Sales and Delivery
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MINOT C-STORES:

Shawna Chilcoat	C-Store Operations Mgr
Crystal Fletcher	C-Store Operations Asst Mgr
Todd Olson	C-Store Maintenance/OSHA
Thomas Crow	N Bdwy C-Store Mgr
David Woiwode	Southeast C-Store Mgr
Abagayle Tohm	S Bdway C-Store Mgr
Irmina Helmer	Corner Express C-Store Mgr
Angelina Crow	Xpressmart C-Store Mgr
Kathy Kastner	Travel Plaza Manager
Bryce Allen	Downtown C-Store Mgr

WASHBURN

Walker Treasure	Washburn C-Store Mgr
Dave Duchsherer	Energy Sales and Delivery
Jason Gramling	Energy Sales and Delivery

VELVA

Melissa Kongsli	Velva C-Store Mgr
Chuck Schmaltz	Energy Sales and Delivery

DRAKE

Ginger Smith	Drake C-Store Mgr
Lance Reider	Energy Sales and Delivery

PLAZA

Roger Folden	Location Manager
Cole Thunshelle	Energy Sales and Delivery
Robert Reum	Service Shop

MAKOTI

Becky Harvey	C-Store Manager
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AGRABASE EMPLOYEES

Eric Giroux	Assembly Manager
Roger Gonzalez	Assembly Line Leader
Timothy Pietsch	Assembly Line Leader
Kurt Boechler	Assembly Line Leader
Dayton Gotvaslee	Grounds
David Freeman	Assembly
Brandon Hallameyer	Assembly
Devon Gotvaslee	Assembly
Brad Hamel	Assembly
Josiah Jezbera	Assembly
Warren Boehler	Sales
Brad MacClennan	Warehouse Mgr/Logistics
Laura Knapp	Warehouse
Dennis Chapman	Warehouse/small engine repair
Benjamin Valdez	Warehouse
Sierra Hysjulien	Parts Controller

Board President Darren Sletten called the annual meeting to order at 6:30 in the Enerbase board room with live streaming by Zoom. The location was changed from the Grand Hotel due to the Covid-19 pandemic. He introduced everyone that was present in the board room which included Rick Aberle- CFO; Board Members Craig Johnson, Jeff Krueger, Ricky Scheid, and Mark Larson; Advisory Member Owen Fiedler; Marketing Director Jayme Burkhart; and Lavon Wolf. Notice of the annual meeting was read by Secretary Craig Johnson. Darren Sletten appointed Lavon Wolf as recording secretary and Jason McKenney, NDFU, as parliamentarian. Craig Johnson declared a quorum with 202 ballots confirmed. Darren Sletten asked for corrections or additions to the 2019 minutes as presented and printed. There were none and a motion was made by Jeff Krueger and seconded by Ricky Scheid to accept the minutes.

Director Mark Larson presented this year's scholarship report. There were 13 applicants this year with eight scholarships awarded. The scholarship recipients were: Grace Mogen, Jericho Limke, Erika Neshem, Shelby Meckle, Rayna Rice, Mackenzie Woodall, James McElwain, and Maggie Eng.

Enerbase CFO Ricky Aberle presented the annual report. Enerbase had sales of \$131,308,518 in 2019 and a net savings of \$5,841,507 which was a 4.4% return on sales compared to \$146,823,154 sales and \$3,098,118 net savings for a return of 2.1% in 2018. Darren Sletten asked for a motion to approve the annual report. Motion was made by Jeff Krueger and a second was messaged in by Greg Marshall to accept the annual report.

Ricky Aberle also presented Dakota Agronomy Partners Report. DAP had profits of about \$4 million in the last two years.

Darren Sletten presented his chairman's report. He thanked the patrons, board of directors, management, and employees for the great year that Enerbase had. At the February planning session the board of directors had everything planned out, now so much has changed with Covid-19. This is our new reality and Enerbase will do everything possible to keep things going as

smoothly as possible during this trying time. Our patrons will be taken care of throughout this process and it was important to be able to bring the annual meeting to our patrons using technology this year. He thanked Jayme Burkhart for everything she did to stream the meeting this year. He also asked patrons to think about running for the board next year as we will have two positions up for election. Mark Larson will term out in the At Large position and Greg Marshall will term out in the N.W. District.

Tony Bernhardt presented the manager's report via a live stream from his home. He went through a slide presentation of when various businesses started with Enerbase. It started with Glenburn and ended with the Velva/Drake merger in 2018. He announced the retirement of Velva's 1979-1981 equity and Enerbase's 2004 equity coming up later this year. He thanked the listening audience and asked for thoughts about streaming meetings going forward.

Darren Sletten gave the nominating committee report. Secretary Craig Johnson's term limit of 12 years has expired and he was presented with a clock from Enerbase in appreciation for his years on the board of directors. Jeff Braun was the only candidate running for N.E District that was vacated by Craig Johnson. Darren Sletten was the only candidate running for S.W. District and Rick Scheid was the only candidate running for South of the Lake District. All three of them won their districts.

Darren Sletten declared the meeting adjourned at 7:06.

Respectfully Submitted,

Craig Johnson, Secretary

BALANCE SHEET

December 31, 2020 and 2019

ASSETS	2020	2019
CURRENT ASSETS		
Cash & cash equivalents	2,296,164	1,292,325
Trade accounts receivable	3,007,886	4,574,345
Other receivables	266,592	221,806
Inventories	9,154,461	8,599,200
Prepays	45,070	57,910
Prepaid income tax	477,243	153,425
Total current assets	\$15,247,416	\$14,899,011
FIXED ASSETS		
Property & equipment	58,506,592	56,267,888
Less accumulated depreciation	16,025,711	15,091,555
	\$42,480,881	\$41,176,333
INVESTMENTS		
Cooperatives	56,211,890	48,485,409
Dakota Agronomy Partners, LLC	10,674,726	10,802,212
	66,886,616	59,287,621
	\$124,614,913	\$115,362,965
LIABILITIES & MEMBERS' EQUITY		
CURRENT LIABILITIES		
Short-term notes payable	0	2,742,813
Current portion of long-term debt	2,120,622	1,830,066
Trade accounts payable	4,173,493	4,268,830
Customer deposits	488,417	344,124
Other accrued expenses	1,917,734	1,353,116
Patronage refunds payable in cash	\$8,700,266	\$10,538,949
Total current liabilities		
DEFERRED INCOME TAXES	4,726,000	2,872,000
LONG-TERM DEBT, NET OF CURRENT PORTION	12,593,334	14,270,566
MEMBERS' EQUITY		
Patronage equity & reinvested refunds	34,619,441	31,277,960
Allocated capital reserve	100,346	100,346
Unallocated capital reserve	63,875,526	56,303,144
Total members' equity	98,595,313	87,681,450
	\$124,614,913	\$115,362,965

STATEMENT OF OPERATIONS

December 31, 2020 and 2019

	2020	2019
Gross sales	107,436,934	131,308,518
Cost of sales	89,585,772	113,822,512
Gross profit	\$17,851,162	\$17,486,006
Operating expenses		
Other operating expenses	13,908,090	13,785,878
Local savings from operations	\$3,943,072	\$3,700,128
Other income (expenses)		
PPP Loan Forgiveness	1,579,200	0
Other expenses	(1,174,105)	(1,263,955)
Enerbase local savings	\$4,348,167	\$2,436,173
DAP, LLC local savings	472,514	(44,264)
Cooperative dividends	7,528,631	4,771,830
Savings before income tax	\$12,349,312	\$7,163,739
Provisions for income tax	(2,474,682)	(1,322,232)
Net savings	\$9,874,630	\$5,841,507

STATEMENT OF MEMBERS' EQUITY

December 31, 2020 and 2019

	Members' Equity Credits	Nonqualified Equity Credits	Patronage Ref. for Reinvest.	Allocated Capital Reserve	Unallocated Capital Reserve	Total
Members' Equity Dec. 31, 2018	\$30,435,392		\$547,950	\$100,346	\$52,588,421	\$83,672,109
Reverse provision-cash refunds			295,050			295,050
2018 patronage distribution	461,655		(843,000)		85,216	(296,129)
Retirements:						
Estates	(610,828)					(610,828)
02-03 Minot stock retirement	(565,878)					(565,878)
72-78 F/U Oil Velva stock ret.	(125,546)					(125,546)
CHS pref. stock equity exch.	(493,307)					(493,307)
Account receivable payoffs	(35,528)					(35,528)
Net savings			2,212,000		3,629,507	5,841,507
Members' Equity Dec. 31, 2019	29,065,960		2,212,000	100,346	56,303,144	87,681,450
Plaza/Makoti Patronage	2,423,106				396,450	2,819,556
2019 patronage distribution		1,078,311	(2,212,000)		588,302	(545,387)
Retirements:						
Estates	(582,023)	(25,559)				(607,582)
04 Minot stock retirement	(467,095)					(467,095)
79-81 F/U Oil Velva stock ret.	(155,519)					(155,519)
Account receivable payoffs	(4,585)	(155)				(4,740)
Net savings			3,287,000		6,587,630	9,874,630
Members' equity Dec. 31, 2020	\$30,279,844	\$1,052,597	\$3,287,000	\$100,346	\$63,875,526	\$98,595,313

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE 4 - INVENTORIES

Inventory costs at December 31 are

	2020	2019
New whole goods	\$1,956,724	\$2,098,339
Parts	774,433	716,238
Petroleum products	2,390,849	2,258,733
Used whole goods	330,193	136,347
Hardware products	288,348	228,855
Hopper bins	1,695,247	1,834,137
C-store inventories	1,014,436	876,335
Propane	528,800	331,078
Miscellaneous inventories	65,988	56,892
Tires	61,639	16,235
Antifreeze	47,804	46,011
	<u>\$9,154,461</u>	<u>\$8,599,200</u>

NOTE 5 - PROPERTY & EQUIPMENT

Property & equipment costs at December 31 are

Land & improvements	\$23,844,427	\$23,353,564
Buildings & improvements	17,676,114	16,212,214
Machinery & equipment	12,413,767	12,185,913
Vehicles	3,098,807	2,921,857
	<u>\$57,033,115</u>	<u>\$54,794,411</u>

NOTE 6 - INVESTMENT IN COOPERATIVES

CHS Inc.	\$53,985,528	\$46,353,564
Land O' Lakes, Inc	1,518,833	1,506,795
Souris River Telephone	193,425	184,626
Farmers Union of Wilton	27,725	27,725
West River Mutual Telephone	138,390	117,667
All others	347,989	295,032
	<u>\$56,211,890</u>	<u>\$48,485,409</u>

INVESTMENT IN DAKOTA AGRONOMY PARTNERS, LLC

Summary of the cooperative's 15% ownership activity for the years ended December 31, 2020 & 2019

Beginning of year balance	\$10,802,212	\$11,123,976
Share of net income	472,514	(44,264)
Capital distributions	(600,000)	(277,500)
End of year balance	<u>\$10,674,726</u>	<u>\$10,802,212</u>

For the years ended December 31, 2020 and 2019, the cooperative had sales to DAP, LLC totaling \$556,085 and \$497,405 respectively, of which \$21,213 and \$18,652 was receivable, respectively. For the years ended December 31, 2020 and 2019, the cooperative had purchases from DAP, LLC of \$39,673 and \$44,248, respectively of which \$3,930 and \$1,560 was payable, respectively. DAP, LLC is 59% owned by CHS SunPrairie, and 26% owned by Border Ag & Energy.

SCHEDULE OF OPERATING EXPENSES

December 31, 2020 and 2019

DISTRIBUTION

	2020	2019
Salaries & wages	\$6,721,056	\$6,539,823
Delivery expenses	908,121	929,782
Employee insurance	1,012,611	1,036,288
Payroll taxes	464,478	472,015
Advertising & promotion	166,946	182,979
Pension contributions	247,018	245,279
Consulting	15,743	34,148
	<u>\$9,535,973</u>	<u>\$9,440,338</u>

GENERAL

Repairs & supplies	\$1,084,934	\$1,007,327
Depreciation	1,568,404	1,608,556
Utilities	506,474	532,542
Insurance	211,485	203,440
Property taxes	367,249	366,857
Rent	51,000	51,000
Business licenses	79,559	49,489
	<u>\$3,869,105</u>	<u>\$3,819,213</u>

ADMINISTRATION

Telephone	\$107,985	\$106,388
Professional services	68,688	72,049
Meetings & travel	73,022	87,874
Educational fund	43,083	43,017
Data processing	128,850	148,959
Office supplies	33,709	32,829
Director fees	33,627	31,571
Dues & donations	17,158	15,598
Bad debts	(3,110)	(11,958)
	<u>503,012</u>	<u>526,327</u>
	<u>\$13,908,090</u>	<u>\$13,785,878</u>

Condensed financial information of DAP, LLC as of/and for the periods ended December 31, 2020 & 2019

Current assets	\$43,895,312	\$42,905,305
Property & equipment, net	39,171,652	44,475,203
Investment in cooperatives	223,358	90,741
Other assets	12,187,040	12,187,040
	<u>\$95,477,362</u>	<u>\$99,658,289</u>
Current liabilities	\$20,471,205	\$27,390,797
Long-term debt	13,250,032	6,155,972
Members' equity	61,756,125	66,111,520
	<u>\$95,477,362</u>	<u>\$99,658,289</u>
Sales	\$117,279,860	\$131,781,994
Net income	<u>\$1,494,605</u>	<u>\$3,718,076</u>

CENEX-BRANDED LOCATIONS:

7 IN MINOT
MAXBASS
RYDER
VELVA
PLAZA

GLENBURN
WASHBURN
DRAKE
MAKOTI

CORPORATE OFFICE
DRAWER F
205 46th Avenue NE
Minot, ND 58703

701-852-2501

WWW.ENERBASE.COOP

