



Enerbase
Cooperative resources.

2023

ANNUAL REPORT

BOARD OF DIRECTORS

Darren Sletten, President

Jay Harstad, Vice President

Robert Schmidt, Secretary/Treasurer

Jeff Braun, Director

Shawn Kaylor, Director

Don Robinson, Director

Owen Fiedler, Director

LEADERSHIP TEAM

Tony Bernhardt	CEO - Retiring	Sheri Endresen	Energy Sales
Ricky Aberle	CEO - Incoming	Seth Kostenko	Energy Sales
Megan Awalt	CFO	Craig Giroux	Machinery Sales
Lavon Wolf	Office Manager	Becky Kuntz	Machinery Sales
Becky Nelson	Human Resource Manager	Richard Faul	Machinery Sales
Lori Fettig	Acct. Rec./Credit Manager	Shawna Chilcoat	C-Store Operations Manager
Mandy Briggs	Financial Analyst	Paul Chilcoat	Agrabase Assembly Manager
Paula Nelson	Accounts Payable	Eric Giroux	Agrabase Operations Manager
Kathy Gonzalez	Petroleum Manager	Warren Boehler	Agrabase Sales
Amanda Haugen	Asst. Petroleum Manager	Brad MacClennan	Warehouse Mgr./Logistics

YEARS OF SERVICE AWARDS

Thank you for your dedication to this cooperative!

5
YEARS

Matthew Brown
Warren Haller
Jayden Chilcoat
Rebecca Kuntz

Lori Fettig
Ronald Lang
Jeremy Ford

Aimee O'Keefe
Denise Gunning
Robert Preston

10
YEARS

Amanda Haugen
Robert Reum

Dana Solberg

15
YEARS

Shawna Chilcoat
Larry Dove

Roger Gonzalez
Lavon Wolf

30
YEARS

Darryl Endresen

95th ANNUAL MEETING MINUTES

MARCH 28, 2023

The 95th Annual Meeting was called to order at 6:00 pm at the Grand International Inn by Board President Darren Sletten. Patrons were able to attend the meeting in person this year and it was also live streamed. Board Secretary Robert Schmidt was unable to attend so Board Member Owen Fiedler read the notice of meeting and declared a quorum with 162 ballots confirmed. Special guests Trent Sherven and Merlin Routledge from CHS SunPrairie and Jon Erickson from CHS Board of Directors were in attendance and introduced. A motion was made by Trent Sherven and seconded by Merlin Routledge to accept the 2022 minutes.

Vice President Jay Harstad presented the scholarship report. Eight scholarships were awarded this year with five of the recipients in attendance. The scholarship winners were: Annaliese Rauschenber-South Prairie High School, Brecken Bieber-Beulah High School, Cade Kjelstrup-Underwood High School, Charlee Schenfisch-North Shore Plaza High School, Connor Martin-Glenburn High School, Hailey Haugen-Minot High School, Isabell Buynak-Mohall Lansford Sherwood High School, and Lydia Repnow-Minot High School.

Enerbase CFO Ricky Aberle presented the financial report. Enerbase had sales of \$185,786,106 in 2022 and a net savings of \$7,480,222 which is a return on sales of 4 percent. Enerbase total assets were \$134,605,692 at the end of 2022 which is an increase of \$8,167,750 from 2021. A motion was made by Mike Smith and seconded by Jon Erickson to accept the annual report.

The Dakota Agronomy Partners report was also presented by Ricky Aberle. DAP had sales of \$191,089,251 with a net savings of \$10,710,729. Ricky also broke down the current DAP ownership with CHS-SunPrairie at 59 percent, Border Ag at 26 percent, and Enerbase at 15 percent.

Darren Sletten presented his chairman's report. Darren spoke on the opening of Makoti's new C-store, the closing of the Ryder C-store, and the opening of a cardtrol site in Ryder in 2022. A lot of work and planning by the Board of Directors went into each of these and the closing of a location is never an easy or

popular decision to make. He also touched on an equity bylaw change that will be voted on at the CHS annual meeting that will be held in December 2023. Once more information is available it will be shared with our patrons.

Tony Bernhardt presented his manager's report. Years of service awards were announced with Susan Ahrendt-Ronnie, Kurt Boechler, Jeffrey Cepak, Craig Giroux, Kari Kautzman and Randy Michalenko with 5 years; Ricky Aberle, Eloyce Anderson, Louis Anderson, Mandy Briggs, Warren Boehler, Kathy Gonzalez, Myrna Moberg, and Roger Peterson with 10 years; and Roger Folden and Todd Olson with 15 years. He also announced the retirement of 18 years of patronage equity. Minot will be retiring 2007-2009, Velve 1986-1995, and Plaza 2004-2008. Tony also stated that earlier in the day at the monthly board meeting a clock was presented to Ricky Scheid for his years of service on the Board of Directors.

In new business, a patron from the Ryder area brought up a concern with filling semis at the new Ryder cardtrol site. He said it is difficult to turn semis around in the lot. Tony responded that there is still more dirt work and landscaping that needs to take place in 2023 and that should help alleviate that problem.

Darren Sletten announced the Board of Directors election results. Darren Sletten ran unopposed and was reelected to the SW District, Jeff Braun ran unopposed and was reelected to the NE District, and Donald Robinson was elected to the South of Lake Sakakawea District that was left vacant when Ricky Scheid decided not to seek reelection. 162 ballots were returned with 9 spoiled ballots.

Next year Jay Harstad's NW District and Shawn Kaylor's At Large District terms will expire with both eligible to run.

Jeff Larson, Kevin Bonness, Tom Burtch, and Merlin Routledge will continue on the Nominating Committee for the 2024 Annual Meeting.

Darren Sletten declared the meeting adjourned at 6:43pm.

BALANCE SHEET

December 31, 2023 and 2022

ASSETS	2023	2022
CURRENT ASSETS		
Cash & cash equivalents	\$1,214,672	\$2,521,965
Trade accounts receivable	5,045,680	6,283,188
Current portion of investment in sales-type leases	109,912	44,666
Other receivables	239,675	296,248
Inventories	13,814,148	11,526,751
Prepays	480,151	265,819
Prepaid income tax	106,089	211,858
Total current assets	<u>\$21,010,327</u>	<u>\$21,150,495</u>
FIXED ASSETS		
Property & equipment	\$67,539,160	\$63,612,894
Less accumulated depreciation	19,291,411	18,585,099
	<u>\$48,247,749</u>	<u>\$45,027,795</u>
Investment in sales-type leases, net of current	\$494,718	\$184,547
INVESTMENTS		
Cooperatives	\$55,526,917	\$56,828,649
Dakota Agronomy Partners, LLC	11,389,462	11,414,206
	<u>66,916,379</u>	<u>68,242,855</u>
	<u>\$136,669,173</u>	<u>\$134,605,692</u>
LIABILITIES & MEMBERS' EQUITY		
CURRENT LIABILITIES		
Short-term notes payable	\$0	\$3,107,878
Current portion of long-term debt	2,669,440	2,119,440
Trade accounts payable	5,061,415	6,395,594
Customer deposits	802,944	1,707,814
Other accrued expenses	2,002,273	1,717,245
Total current liabilities	<u>\$10,536,072</u>	<u>\$15,047,971</u>
DEFERRED INCOME TAXES	\$3,413,000	\$3,422,000
LONG-TERM DEBT, NET OF CURRENT PORTION	\$4,834,464	\$6,015,431
MEMBERS' EQUITY		
Patronage equity & reinvested refunds	\$34,559,781	\$36,717,284
Allocated capital reserve	100,346	100,346
Unallocated capital reserve	83,225,510	73,302,660
Total members' equity	<u>117,885,637</u>	<u>110,120,290</u>
	<u>\$136,669,173</u>	<u>\$134,605,692</u>

STATEMENT OF OPERATIONS

December 31, 2023 and 2022

	2023	2022
Gross sales	\$166,708,358	\$185,786,106
Cost of sales	141,745,939	162,011,398
Gross profit	<u>24,962,419</u>	<u>23,774,708</u>
Operating expenses		
Other operating expenses	17,587,840	16,824,395
Local savings from operations	<u>7,374,579</u>	<u>6,950,313</u>
Other income (expenses)		
Other income (expenses)	(1,063,470)	(1,579,290)
Local savings	<u>6,311,109</u>	<u>5,371,023</u>
Net income from DAP, LLC	1,175,256	1,593,766
Cooperative dividends	<u>7,523,914</u>	<u>643,902</u>
Savings before income tax	15,010,279	7,608,691
Provisions for income tax	(1,773,169)	(128,469)
Net savings	<u>\$13,237,110</u>	<u>\$7,480,222</u>

STATEMENT OF MEMBERS' EQUITY

December 31, 2023 and 2022

	Members' Equity Credits	Nonqualified Equity Credits	Patronage Ref. for Reinvest.	Allocated Capital Reserve	Unallocated Capital Reserve	Total
Members' Equity Jan. 1, 2022	\$28,928,561	\$4,065,925	\$3,417,363	\$100,346	\$68,786,422	\$105,298,617
2021 patronage distribution		2,148,558	(3,417,363)		28,396	(1,240,409)
Retirements:						
Estates & 70+	(430,961)	(62,082)				(493,043)
2006 & 75% of 2007 stock ret.	(803,628)					(803,628)
1983-85 Velva/Drake/Butte stock ret.	(85,211)					(85,211)
1996-00 Plaza stock ret.	(29,916)					(29,916)
Adjustments	(362,275)	11,780			344,153	(6,342)
Net savings			3,336,533		4,143,689	7,480,222
Members' Equity Dec. 31, 2022	27,216,570	6,164,181	3,336,533	100,346	73,302,660	110,120,290
2022 patronage distribution		2,100,264	(3,336,533)		3,023	(1,233,246)
Retirements:						
Estates & 70+	(677,117)	(208,258)				(885,375)
2007-09 Minot Stock Retirement	(2,476,830)					(2,476,830)
1986-95 Velva/Drake/Butte stock ret.	(587,057)					(587,057)
2004-08 Plaza stock retirement	(308,414)					(308,414)
Account receivable payoffs	(27)	(64)				(91)
Adjustments					19,250	19,250
Net savings			5,458,719		7,778,391	13,237,110
Members' equity Dec. 31, 2023	<u>\$23,167,125</u>	<u>\$8,056,123</u>	<u>\$5,458,719</u>	<u>\$100,346</u>	<u>\$81,103,324</u>	<u>\$117,885,637</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

INVENTORIES

	2023	2022
Inventory costs at December 31 are		
New whole goods	\$5,821,730	\$2,124,137
Parts	1,588,796	1,285,988
Petroleum products	3,074,796	3,694,891
Used whole goods	447,699	317,173
Hardware products	446,931	369,298
Hopper bins	921,833	1,623,792
C-store inventories	1,130,638	1,194,363
Propane, LP, NH3 tanks and trailers	194,628	722,397
Miscellaneous inventories	80,098	70,472
Tires	55,035	68,393
Antifreeze	51,964	55,847
	<u>\$13,814,148</u>	<u>\$11,526,751</u>

PROPERTY & EQUIPMENT

Property & equipment costs at December 31 are		
Land & improvements	\$24,296,877	\$23,342,742
Buildings & improvements	21,067,771	20,368,939
Machinery & equipment	15,680,600	14,106,081
Vehicles	4,254,072	3,406,355
Construction in progress	766,363	915,300
	<u>\$66,065,683</u>	<u>\$62,139,417</u>

INVESTMENT IN COOPERATIVES

CHS Inc.	\$53,239,782	\$54,573,575
Land O' Lakes, Inc	1,538,969	1,528,260
Souris River Telephone	224,490	214,470
Farmers Union of Wilton	141,686	139,044
West River Mutual Telephone	129,539	111,995
All others	252,451	261,305
	<u>\$55,526,917</u>	<u>\$56,828,649</u>

INVESTMENT IN DAKOTA AGRONOMY PARTNERS, LLC

Summary of the cooperative's 15% ownership activity for the years ended December 31, 2023 & 2022

	2023	2022
Beginning of year balance	\$11,414,206	\$11,020,440
Share of net income	1,175,256	1,593,766
Capital distributions	(1,200,000)	(1,200,000)
End of year balance	<u>\$11,389,462</u>	<u>\$11,414,206</u>

Condensed financial information of DAP, LLC as of/and for the periods ended August 31, 2023 & 2022

Current assets	\$62,707,647	\$70,931,146
Property and equipment, net	33,161,487	33,413,562
Investment in Cooperatives	660,214	374,337
Other assets	12,187,040	12,187,040
Right-of-use finance lease assets	982,232	0
Right-of-use operating lease assets	220,882	0
	<u>\$109,919,502</u>	<u>\$116,906,085</u>

SCHEDULE OF OPERATING EXPENSES

December 31, 2023 and 2022

	2023	2022
DISTRIBUTION		
Salaries & wages	\$8,539,527	\$7,882,504
Delivery expenses	1,242,047	1,201,872
Employee insurance	1,124,975	1,185,082
Payroll taxes	602,357	557,398
Advertising & promotion	117,870	156,279
Pension contributions	241,789	240,532
Consulting	35,805	10,412
	<u>\$11,904,370</u>	<u>\$11,234,079</u>
GENERAL		
Repairs & supplies	\$1,574,656	\$1,675,003
Depreciation	2,021,815	1,724,028
Utilities	606,067	694,706
Insurance	369,173	408,248
Property taxes	429,610	386,544
Rent	24,920	57,920
Business licenses	78,715	55,630
Recruitment & testing	34,859	22,107
Uniforms	31,922	22,464
	<u>\$5,171,737</u>	<u>\$5,046,650</u>
ADMINISTRATION		
Telephone	\$117,453	\$122,547
Professional services	83,221	96,583
Meetings & travel	47,129	65,369
Educational fund	43,000	43,000
Data processing	115,432	129,208
Office supplies	51,500	38,075
Director fees	30,954	29,036
Dues & donations	22,943	22,374
Bad debts	101	(2,526)
	<u>511,733</u>	<u>543,666</u>
	<u>\$17,587,840</u>	<u>\$16,824,395</u>

	2023	2022
Current liabilities	\$38,950,113	\$44,654,966
Long-term debt, net of current portion	6,956,250	9,387,565
Long-term finance lease liabilities, net	351,743	0
Long-term operating lease liabilities, net	192,978	0
Members' equity	63,468,418	62,863,554
	<u>\$109,919,502</u>	<u>\$116,906,085</u>
Sales	<u>\$192,766,521</u>	<u>\$191,089,251</u>
Net income	<u>\$8,604,864</u>	<u>\$10,710,729</u>

For the years ended December 31, 2023 and 2022, the Cooperative had sales to Dakota Agronomy Partners, LLC totaling \$672,846 and \$758,258 respectively, of which \$16,054 and \$18,053, respectively was receivable. For the years ended December 31, 2023 and 2022, the Cooperative had purchases from Dakota Agronomy Partners, LLC of \$10,456 and \$16,117, respectively, of which \$852 and \$3,183 respectively, was payable.

CORPORATE OFFICE

DRAWER F

205 46th Avenue NE

Minot, ND 58703

701-852-2501

WWW.ENERBASE.COOP



CENEX-BRANDED LOCATIONS:

7 IN MINOT	WASHBURN	VELVA
GLENBURN	RYDER	MAKOTI
MAXBASS	DRAKE	PLAZA