

A black and white photograph of a large white dump truck driving through a field of tall grass. The truck is positioned on the right side of the frame, moving towards the left. A dark blue diagonal bar is on the left side of the image. Overlaid on the image is a black rectangular box containing the text "2018 ANNUAL REPORT" in white, bold, sans-serif font.

2018 ANNUAL  
REPORT

## OFFICERS & DIRECTORS

Darren Sletten	President
Mark Larson	Vice President
Craig Johnson	Secretary/Treasurer
Greg Marshall	Director
Robert Schmidt	Director
Jeff Krueger	Director
Ricky Scheid	Director
Owen Fiedler	Advisory Member
Shawn Kaylor	Advisory Member

## EMPLOYEES

### MINOT

Tony Bernhardt	General Manager
Ricky Aberle	CFO
Mary Zimmerman	Payroll Manager
Lavon Wolf	Office Manager
Lolly Gorze	Human Resource Manager
Aimee Ness	Receptionist
Jeanine Lorenz	Accts. Receivable
Lori Fettig	Credit Manager
Myrna Moberg	Accts. Payable
Mandy Hansen	Accts. Payable
Jayme Burkhardt	Marketing Director
Charles Schestler	Service Shop Manager
Gordy Schmidt	Tire Sales
Robert Preston	Tire Sales/Service
Sheri Endresen	Minot Petroleum Manager
Amanda Haugen	Asst. Petroleum Manager
Al Medler	Sales and Dispatch
Randy Thor	Propane Sales and Delivery

Orris Brown Jr.	Propane Sales and Delivery
Gordon Theil	Petroleum Transport Delivery
Nolan Glock	Petroleum Transport Delivery
Charles Schmaltz	Propane Sales and Delivery
Duane Rockvoy	Petroleum Transport Delivery
Lance Reider	Propane Sales and Delivery
Ryan Schoen	Petroleum Transport Delivery
Mike Vollmer	Petroleum Delivery
Darryl Endresen	Petroleum Delivery
Roger Peterson	Petroleum Delivery
Kathy Gonzalez	Lube Terminal Warehouse Mgr
Mark Holter	CLT/Sales Specialist
Dana Solberg	Oil Delivery
Randy Michalenko	Oil Delivery
Larry Dove	Oil Delivery
Misty Peterman	Hardware/Parts Sales
Mike Lee	Hardware /Small Engine Repair
Ron Johnson	Machinery Sales
Craig Giroux	Machinery Sales
Thomas Hallamayer	Trucker/Delivery

### AGRABASE

Eric Giroux	Assembly Manager
Roger Gonzalez	Assembly Line Leader
Timothy Pietsch	Assembly Line Leader
Dayton Gotsvaslee	Grounds
Joshua Kumferman	Assembly
Elvis Hegle	Assembly
Kurt Boechler	Assembly
David Freeman	Assembly
Casey Marquardt	Assembly
Lester Vetter	Assembly
Warren Boehler	Sales
Brad MacClennan	Warehouse Mgr/Logistics
Laura Knapp	Warehouse
Dennis Chapman	Warehouse/small engine repair
Brandon Hallameyer	Wholegoods
Sierra Hysjulien	Parts Controller

### GLENBURN

Charlie Cupp	Station Manager
Joann Kotzer	Customer Service

### RYDER

Roger Folden	Station Manager
Derek Olson	Station Attendant

### MINOT C-STORES

Shawna Chilcoat	C-Store Operations Mgr
John Young	C-Store Maintenance/OSHA
Dennis Chapman	Carwash Maint/Delivery
Thomas Crow	N Bdwy C-Store Mgr
Irmina Helmer	Southeast C-Store Mgr
Jakob Olander	Southeast Asst Mgr
Eloyce Anderson	Southeast Deli Mgr
Edward Montez	S Bdway C-Store Mgr
Pete Anderson	S Bdway Asst Mgr
David Woiwode	Corner Express C-Store Mgr
Miranda Hartsock	Corner Express Asst Mgr
Buffy Weber	Corner Express Hot Stuff Mgr
Crystal Fletcher	ExpressMart Manager
Jeremy Ford	ExpressMart Hot Stuff Mgr
Samantha Pflugradt	Travel Plaza Manager
Kelsie Mathieson	Travel Plaza Asst Mgr
Carrilyn Masima	Travel Plaza Deli Mgr
Justin Mace	Downtown C-Store Mgr
Todd Olson	Tunnel of Suds Manager

### WASHBURN

Stephanie Thompson	Washburn C-Store Mgr
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### VELVA

Stephanie Wright	Velva C-Store Mgr
Melissa Kongslie	Velva Asst Mgr
Shannon Dove	Velva Deli Mgr

### DRAKE

Lillie Turner	Drake C-Store Mgr
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**FARMERS UNION OIL COMPANY OF MINOT, ND**  
**BALANCE SHEETS**

December 31, 2018 and 2017

	2018	2017
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,608,247	\$ 3,521,100
Trade accounts receivable	4,329,159	3,753,699
Current portion of contract receivable	0	1,023,400
Other receivables	203,086	123,137
Inventories	6,549,130	10,130,665
Securities - available for sale	467,329	529,497
Prepays	17,500	5,050,312
Prepaid income tax	214,623	2,636
Deferred income taxes	52,000	32,000
Total current assets	<u>14,441,074</u>	<u>24,166,446</u>
<b>PROPERTY AND EQUIPMENT</b>		
Less accumulated depreciation	55,238,764	61,016,257
	<u>13,827,562</u>	<u>15,493,429</u>
	<u>41,411,202</u>	<u>45,522,828</u>
<b>Cooperatives</b>		
Dakota Agronomy Partners, LLC	44,985,437	39,971,292
	11,123,976	6,450,866
	<u>56,109,413</u>	<u>46,422,158</u>
	<u><b>\$111,961,689</b></u>	<u><b>\$116,111,432</b></u>

**FARMERS UNION OIL COMPANY OF MINOT, ND**  
**BALANCE SHEETS**

December 31, 2018 and 2017

	2018	2017
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Short-term notes payable	\$ 3,224,666	\$ 10,645,019
Current portion of long-term debt	1,818,988	1,500,000
Trade accounts payable	3,035,729	3,759,751
Customer deposits	427,299	2,606,109
Other accrued expenses	1,303,216	915,067
Patronage refunds payable in cash	295,050	591,150
Total current liabilities	<u>10,104,948</u>	<u>20,017,096</u>
<b>DEFERRED INCOME TAXES</b>		
	2,084,000	2,830,000
<b>LONG-TERM DEBT, NET OF CURRENT PORTION</b>		
	16,100,632	16,375,000
<b>MEMBERS' EQUITY</b>		
Patronage equity and reinvested refunds	30,983,342	26,610,347
Allocated capital reserve	100,346	100,346
Unallocated capital reserve	52,588,421	50,178,643
Total members' equity	<u>83,672,109</u>	<u>76,889,336</u>
	<u><b>\$111,961,689</b></u>	<u><b>\$116,111,432</b></u>

**FARMERS UNION OIL COMPANY OF MINOT, ND**  
**STATEMENT OF OPERATIONS**

December 31, 2018 and 2017

	2018	2017
Gross Sales	\$ 146,823,154	\$ 115,642,692
Cost of Sales	129,337,002	100,067,333
Gross Profit	17,486,152	15,575,359
Operating Expenses		
Impairment loss	2,642,420	
Other operating expenses	14,461,456	14,203,855
Local Savings from Operations	382,276	1,371,504
Other Income (Expense)	1,357,571	(1,050,791)
Local Savings	1,739,847	320,713
Net Income from Dakota Agronomy Partners, LLC	(195,718)	776,778
Cooperative Dividends	957,866	2,323,966
Savings Before Income Tax	2,501,995	3,421,457
Provision for Income Tax	596,123	425,695
Net Savings	<u>\$ 3,098,118</u>	<u>\$ 3,847,152</u>

**FARMERS UNION OIL COMPANY OF MINOT, ND**  
**STATEMENT OF MEMBERS' EQUITY**

December 31, 2018 and 2017

	Members' Equity Credits	Patronage Reference for Reinvestment	Allocated Capital Reserve	Unallocated Capital Reserve	Total
Members' Equity December 31, 2016	\$23,714,223	2,200,250	100,346	48,099,305	74,114,124
Reverse provision for cash refunds		1,184,750			1,184,750
2016 Patronage distribution	2,214,774	(3,385,000)			(78,814)
Retirements:					(1,249,040)
Estates	(384,525)				(384,525)
CHS preferred stock transfers	(14,444)				(14,444)
Account Receivable Payoffs	(17,531)				(17,531)
Net savings		1,689,000			2,158,152
Provision for cash refunds		(591,150)			(591,150)
Members' Equity December 31, 2017	25,512,497	1,097,850	100,346	50,178,643	76,889,336
Reverse provision for cash refunds		591,150			591,150
2017 Patronage distribution	961,864	(1,689,000)			154,660
Velva/Drake/Butte patronage	4,811,278				(572,476)
Retirements:					4,811,278
Estates	(558,686)				(558,686)
2001 Stock retirement	(283,684)				(283,684)
Preferred stock equity exchange	(5,640)				(5,640)
Account Receivable Payoffs	(2,237)				(2,237)
Net Savings		843,000			2,255,118
Provision for cash refunds		(295,050)			(295,050)
Members' Equity December 31, 2018	<u>\$30,435,392</u>	<u>547,950</u>	<u>100,346</u>	<u>52,588,421</u>	<u>83,672,109</u>

**FARMERS UNION OIL COMPANY OF MINOT, ND**  
**NOTES TO FINANCIAL STATEMENTS**

December 31, 2018 and 2017

**NOTE 3 - INVENTORIES**

Inventory costs at December 31, are as follows

	<b>2018</b>	<b>2017</b>
New whole goods	\$ 1,341,274	\$ 1,034,923
Parts	829,932	1,209,665
Petroleum products	1,825,996	1,761,500
Fertilizer & Chemicals	0	3,676,213
Used whole goods	47,131	170,190
Hardware products	265,094	309,220
Hopper bins	904,947	590,868
C-Store inventories	869,454	607,521
Propane, LP, and anhydrous tanks and trailers	281,115	289,260
Miscellaneous inventories	119,432	403,945
Tires	24,281	27,175
Antifreeze	40,474	50,185
	<b>\$6,549,130</b>	<b>\$10,130,665</b>

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment costs at December 31 are as follows

Land and improvements	23,446,663	\$25,836,583
Buildings and improvements	15,885,000	15,096,285
Machinery and equipment	11,954,470	16,026,056
Vehicles	2,479,154	2,583,856
	<b>\$53,765,287</b>	<b>\$59,542,780</b>

**NOTE 5 - INVESTMENT IN COOPERATIVES**

Cenex Harvest States	\$43,004,924	\$38,314,212
Land O' Lakes, Inc.	1,489,292	1,199,144
Souris River Telephone	135,728	131,485
Ace Hardware, Inc.	29,720	53,240
All others	202,023	167,534
Farmers Union of Wilton	27,725	27,725
West River Mutual Telephone	96,025	77,952
	<b>\$44,985,437</b>	<b>\$39,971,292</b>

**FARMERS UNION OIL COMPANY OF MINOT, ND**  
**NOTES TO FINANCIAL STATEMENTS**

December 31, 2018 and 2017

**NOTE 6 - INVESTMENT IN DAKOTA AGRONOMY PARTNERS, LLC**

Following is a summary of the Cooperative's 20% investment activity for the years ended December 31, 2018 and 2017, for Dakota Agronomy Partners, LLC:

	<b>2018</b>	<b>2017</b>
Beginning of year balance	\$ 6,450,866	\$ 5,989,618
Share of net income of Dakota Agronomy Partners, LLC for years ended December 31, 2016 and 2015	58,110	961,248
Capital contributions	5,200,000	
Capital distributions	(585,000)	(500,000)
End of year balance	<b>\$ 11,123,976</b>	<b>\$ 6,450,866</b>

Condensed financial information of Dakota Agronomy Partners, LLC, as of and for the period ended December 31, is as follows:

Current assets	\$ 91,477,835	\$ 61,563,591
Property and equipment, net	43,110,119	14,598,126
Investment in Cooperatives	95,642	100,580
Other assets	\$ 12,187,040	\$ 9,812,769
	<b>146,870,636</b>	<b>86,075,066</b>
Current liabilities	\$ 71,724,131	\$ 52,094,795
Long-term debt	5,625,000	
Members' equity	69,521,505	33,980,270
	<b>\$146,870,636</b>	<b>\$ 86,075,066</b>
Sales	\$ 71,412,083	\$ 76,854,756
Net income	\$ (105,733)	\$ 4,806,244

For the years ended December 31, 2018 and 2017, the Cooperative had sales to Dakota Agronomy Partners, LLC totaling \$3,394,581 and \$211,440 respectively, of which \$17,213 and \$7,212 was receivable, respectively. For the years ended December 31, 2018 and 2017, the Cooperative had purchases from Dakota Agronomy Partners, LLC of \$1,218,625 and \$9,493,042, respectively of which \$2,824 and \$196,553 was payable, respectively. Dakota Agronomy Partners, LLC is 59% owned by CHS SunPrairie and 26% owned by Border Ag & Energy.

## 90TH ANNUAL MEETING MINUTES MARCH 22, 2018

Chairman Darren Sletten started the meeting in Washburn and welcomed everyone. Secretary Craig Johnson gave the notice of annual meeting. Sletten called the meeting to order and introduced CHS directors Dennis Carlson and Jon Erickson. Sletten also introduced the Enerbase board of directors. Mark Larson gave the scholarship report and had those winners from the Washburn area introduced themselves. They were Taylor Tweeten, Madison Sommer, Maria Wirtz, and Brooke Goven. Rick Aberle gave the financial report. Manager Tony Bernhardt gave a presentation on growth and financial history. DAP Manager Dan Sem gave a presentation on locations and assets. Together, Tony and Dan gave an overview of the advantages of all the agronomy assets being combined into DAP. CHS Board Director Dennis Carlson gave an overview of CHS and the challenges they've faced in the past year. He stressed that CHS is going back to their core business values to strengthen relationships, be operationally excellent, and maintain financial flexibility. Door prizes were given throughout the morning with Madison Sommer winning the 500 gallons of propane, gas, or fuel. The meeting recessed at 1:00 PM.

The meeting reconvened by Sletten at 6:45 in Minot. Johnson read the notice of the annual meeting. Sletten appointed Lavon Wolf as recording secretary and Jason McKenney, NDFU, as parliamentarian. Sletten appointed an Election Committee consisting of Kevin Bonness, Tom Burtch, Mark Giedd, Jeff Larson, Sheri Endresen, Al Medler, Amanda Haugen and Curt Abfalter. Johnson declared a quorum with 152 ballots confirmed.

Sletten introduced the Board of Directors, Manager, CFO, and their spouses. He also introduced CHS Director Jon Erickson. Sletten asked for corrections or additions to the 2017 minutes as presented and printed. There were none and a motion to accept the minutes was made by Greg Simonson and seconded by Darold Larson. Motion carried. Director Mark Larson presented this year's scholarship report. There were 16 applicants with eight scholarships awarded this year. The scholarship winners were: Taylor Tweeten, Maddison Sommer, Maria Wirtz, Brooke Goven, Hannah Newman, Sydney Larson, Karlee Zablotney and Trey Klain.

Enerbase CFO Ricky Aberle presented the annual report. Enerbase had sales of \$115,642,692 in 2017 and a net savings of \$3,847,152 which was a 3.3% return on sales compared to \$110,623,432 sales and \$6,452,335 in net savings for a return of 5.8% in 2016. He also pointed out that we have a credit on this year's statement of operations for provisions for income taxes because of tax changes that occurred in 2017. Accounts receivable for the company are also in very good shape with 87% of our receivables under 30 days. Sletten asked for a motion to approve the annual report. Motion was made by

Tom Burtch and seconded by Dennis Krueger. Bernhardt presented the manager's report. He presented a director's map pinpointing each director's area and talked about the need for new candidates for the board in the upcoming future with the majority of the board terming out in the next four years. He also talked about Enerbase's new unmanned gas and fuel system in Maxbass that opened in the fall of 2017. It is a partnership with Farden Construction that has been working out well for the company. He explained that Enerbase owns the assets but not the land. Enerbase had 36.8 million gallons of refined fuel sales last year and we are ranked #4 nationwide in CHS. Bernhardt also announced that the board approved 2001 patron equity be retired in April/May of this year and patrons can still exchange Enerbase equity from the years 2002 thru 2005 for CHSCO stock.

Dan Sem presented the Dakota Agronomy Partners report. He had various slide presentations beginning with DAP's history of ownership with its Certificate of Organization in 1999 to present day ownership. He also had slides and talked about DAP's many locations and where they were located on the map.

CHS Board Director Jon Erickson spoke on Section 199 and CHS's equity redemption. CHS decided to issue 100% non-qualified patronage for 2017. Greg Marshall was the only candidate running for NW District, Mark Larson was the only candidate running for At Large position, and Rick Scheid was the only one running for South of Lake Sakakawea position. Unanimous ballots were cast for all three. Greg and

Mark will serve three-year terms and Rick will serve the remaining two years of Gary Knell's term. Terms will expire for Rob Schmidt's At Large position and Jeff Krueger's SE District position next year. Both are eligible to run. The nominating committee will stay the same for the 2019 annual meeting. They are Kevin Bonness, Tom Burtch, Jeff Larson, and Mark Giedd.

Door prizes were given away throughout the evening with the grand prize of 500 gallons of propane, gas, or fuel won by Jay Newman. Sletten declared the meeting adjourned at 8:20.

Respectfully submitted,

*Craig A. Johnson*

Craig A. Johnson- Secretary

FARMERS UNION OIL COMPANY OF MINOT, ND  
SCHEDULE OF OPERATING EXPENSES

December 31, 2018 and 2017

	2018	2017
<b>DISTRIBUTION</b>		
Salaries and wages	\$ 6,775,953	\$ 6,365,786
Delivery expenses	1,050,529	1,013,350
Employee insurance	913,205	1,120,326
Payroll taxes	488,300	474,842
Advertising and promotion	186,534	229,948
Pension contributions	290,559	272,514
Consulting	40,975	7,391
	<b>9,746,055</b>	<b>9,484,157</b>
<b>GENERAL</b>		
Repairs and supplies	948,291	758,185
Depreciation	1,893,645	2,059,591
Utilities	501,880	509,297
Insurance	301,162	395,427
Property taxes	418,830	379,711
Rent	51,000	54,600
Business licenses	53,874	57,075
Impairment loss	2,642,420	\$ 6,811,102
	<b>\$ 4,213,886</b>	
<b>ADMINISTRATION</b>		
Telephone	107,676	114,672
Professional services	91,371	50,988
Meetings and travel	79,033	92,139
Educational fund	43,087	43,000
Data processing	130,706	131,288
Office supplies	52,179	37,667
Director fees	30,751	27,687
Dues and donations	16,665	16,043
Bad debts	(4,749)	(7,672)
	<b>546,719</b>	<b>505,812</b>
	<b>\$ 17,103,876</b>	<b>\$ 14,203,855</b>

**CORPORATE OFFICE**

205 46th Avenue NE  
Minot, ND 58703  
701-852-2501

WITH LOCATIONS IN WASHBURN,  
VELVA, DRAKE, RYDER,  
GLENBURN AND MAXBASS

[WWW.ENERBASE.COOP](http://WWW.ENERBASE.COOP)

