



2019 ANNUAL REPORT



President: Darren Sletten
Vice President: Mark Larson
Secretary/Treasurer: Craig Johnson

Directors:
Greg Marshall Robert Schmidt
Jeff Krueger Ricky Scheid

Advisory Members:
Owen Fiedler
Shawn Kaylor

ENERBASE EMPLOYEES

MINOT

Tony Bernhardt
Ricky Aberle
Mary Zimmerman
Lavon Wolf
Lolly Gorze
Paula Nelson
Jeanine Lorenz
Lori Fettig
Myrna Moberg
Mandy Hansen
Charles Schestler
Gordy Schmidt
Robert Preston
Sheri Endresen
Kathy Gonzalez
Amanda Haugen
Al Medler
Randy Thor
Orris Brown Jr.
Gordon Theil
Nolan Glock
Duane Rockvoy
Ryan Schoen
Mike Vollmer
Darryl Endresen
Roger Peterson
Doral Wallace
Aimee O'Keefe
Dana Solberg
Randy Michalenko
Larry Dove
Jeremy Ford
Rebecca Kuntz
Ron Johnson
Craig Giroux
Thomas Hallamayer
GLENBURN
Denise Gunning
RYDER
Roger Folden
Derek Olson
DRAKE
Lillie Turner
Lance Reider

MINOT C-STORES:

Shawna Chilcoat
Ginger Smith
John Young
Todd Olson
Thomas Crow
Irmina Helmer
Eloyce Anderson
Kathy Kastner
Kaitlyn Denhe
David Woiwode
Miranda Lockwood
Nikki Rose-Benoit
Russell Dominic
Crystal Fletcher
Samantha Pflugradt
Jamie Trotter
Carrilyn Masima
Bryce Allen
WASHBURN
Walker Treasure
Kelly Perkerwicz
Dave Duchscherer
VELVA
Melissa Kongslie
Shannon Dove
Chuck Schmaltz

C-Store Operations Mgr
C-Store Operations Asst Mgr
C-Store Maintenance/OSHA
Carwash Maintenance
N Bdwy C-Store Mgr
Southeast C-Store Mgr
Southeast Deli Mgr
S Bdway C-Store Mgr
S Bdway Asst Mgr
Corner Express C-Store Mgr
Corner Express Asst Mgr
Corner Express Deli Mgr
Xpressmart C-Store Mgr
Xpressmart Asst Mgr
Travel Plaza Manager
Travel Plaza Asst Mgr
Travel Plaza Deli Mgr
Downtown C-Store Mgr
Washburn C-Store Mgr
Washburn Deli Mgr
Petroleum Delivery
Velva C-Store Mgr
Velva Deli Mgr
Propane Sales and Delivery

AGRABASE EMPLOYEES

Eric Giroux
Roger Gonzalez
Timothy Pietsch
Kurt Boechler
Dayton Gotsvaslee
Joshua Kumferman
Elvis Hegle
David Freeman
Casey Marquardt
Greg Maxwell
Brandon Hallameyer
Sky Kerzmann
Warren Boehler
Brad MacClennan
Laura Knapp
Dennis Chapman
Edward Montez
Sierra Hysjulien

Assembly Manager
Assembly Line Leader
Assembly Line Leader
Assembly Line Leader
Grounds
Assembly
Assembly
Assembly
Assembly
Assembly
Assembly
Assembly
Assembly
Assembly
Warehouse Mgr/Logistics
Warehouse
Warehouse/small engine repair
Warehouse
Parts Controller



91ST ANNUAL MEETING MINUTES MARCH 28, 2019

Chairman Darren Sletten called the meeting to order in Washburn and Director Jeff Krueger read the notice of annual meeting. Sletten introduced the Enerbase board of directors and special guest, CHS director Dennis Carlson. Director Greg Marshall gave the scholarship report. CFO Rick Aberle gave the financial report and Darren Sletten gave the board report. General Manager Tony Bernhardt gave the manager's report and reported on the growth of Enerbase. Dakota Agronomy Partners manager Dan Sem gave the DAP financial report and talked about DAP consolidations. Dennis Carlson gave an overview of CHS financials. Door prizes were given throughout the morning with Denise Brown winning the 500 gallons of propane, gas or fuel. The meeting recessed at 12:30 pm.

Chairman Sletten reconvened the annual meeting in Minot at 6:45 pm. He introduced the board of directors, manager, CFO, and their spouses. He also introduced Shawn Kaylor and Owen Fielder, the new advisory members from the Velva area. Notice of the annual meeting was read by secretary Craig Johnson. Sletten appointed Lavon Wolf as recording secretary and Jason McKinney, NDFU, as parliamentarian. Johnson declared a quorum with 151 ballots confirmed. Chairman Sletten asked for a motion to dispense of the reading of the minutes and to approve them. A motion was made and seconded to accept and approve the minutes.

Director Marshall presented this year's scholarship report. There were 21 students who applied, with eight scholarships awarded this year. The scholarship winners were: Colton Whitesell, Emily Scheresky, Hannah Retterath, Matthew Krueger, Benjamin Goven, Rebecca Schmidt, Emma Howe and Aaron Klain.

CFO Ricky Aberle presented the annual report. Enerbase had total sales of \$146,823,154 in 2018 and a net savings of \$3,098,118, which was a 2.1% return on sales, compared to \$115,642,692 sales and \$3,847,152 net savings for a return of 3.3% in 2017. He also reported that 95% of our accounts receivable were under 60 days. Sletten asked for a motion to approve the annual report. Motion was made by Kevin Bonness and seconded by Kaylor.

Sletten presented his chairman's report. He spoke on the transferring of Enerbase's agronomy assets to DAP in September 2018. The board put a lot of work into the transfer to ensure it was financially responsible for the Enerbase patrons. He also spoke on the Velva Farmers Union Oil Company merger with Enerbase that also happened in September. He pointed out that the Velva patron's equity came in at 100%. He reiterated from last year the need for new candidates for the board in the upcoming future, with a majority of the board terming out in the next four years.

Manager Bernhardt presented his manager's report. He covered the retirement of Velva's 1972-1978 equity and Enerbase's 2002-2003 equity coming this spring. The opportunity to exchange Enerbase equity for CHSCO stock was extended to the years 2006 through 2010.

DAP Manager Dan Sem presented the DAP report. DAP had \$71.3 million dollars in sales in 2018. Their net income was \$4.1 million in 2018 compared to \$4.3 million in 2017. The ownership of DAP for the coming year will be as follows: Enerbase 15%, Border Ag 26%, and CHS SunPrairie 59%.

CHS director Dennis Carlson spoke on Qualified and Non-Qualified patronage.

Jeff Larson gave the nominating committee report. Jeff Krueger was the only candidate running for the SE District and Rob Schmidt was the only candidate running for the At Large position. Both won their districts. Terms will expire for Darren's SW District, Craig's NE District and Rick's South of the Lake District next year. Craig will term out and Darren and Rick will be eligible to run again. The nominating committee for 2020 will be Kevin Bonness, Jeff Larson, and Merlin Routledge.

Door prizes were given away throughout the evening with the grand prize of 500 gallons of propane, gas, or fuel won by Kevin Bonness. Darren Sletten declared the meeting adjourned at 8:10.

Respectfully Submitted,

Craig Johnson, Secretary

BALANCE SHEET

December 31, 2019 and 2018

ASSETS

CURRENT ASSETS

	2019	2018
Cash & cash equivalents	\$1,292,325	\$2,608,247
Trade accounts receivable	4,574,345	4,329,159
Other receivables	221,806	203,086
Inventories	8,599,200	6,549,130
Securities - available for sale	0	467,329
Prepays	57,910	17,500
Prepaid income tax	153,425	214,623
Deferred income taxes		52,000
Total current assets	14,899,011	14,441,074

FIXED ASSETS

Property & equipment	56,267,888	55,238,764
Less accumulated depreciation	15,091,555	13,827,562
	41,176,333	41,411,202

INVESTMENTS

Cooperatives	48,485,409	44,985,437
Dakota Agronomy Partners, LLC	10,802,212	11,123,976
	59,287,621	56,109,413
	\$115,362,965	\$111,961,689

LIABILITIES & MEMBERS' EQUITY

CURRENT LIABILITIES

Short-term notes payable	2,742,813	\$3,224,666
Current portion of long-term debt	1,830,066	1,818,988
Trade accounts payable	4,268,830	3,035,729
Customer deposits	344,124	427,299
Other accrued expenses	1,353,116	1,303,216
Patronage refunds payable in cash	0	295,050
Total current liabilities	10,538,949	10,104,948

DEFERRED INCOME TAXES

LONG-TERM DEBT, NET OF CURRENT PORTION

MEMBERS' EQUITY

Patronage equity & reinvested refunds	31,277,960	30,983,342
Allocated capital reserve	100,346	100,346
Unallocated capital reserve	56,303,144	52,588,421
Total members' equity	87,681,450	83,672,109

STATEMENT OF OPERATIONS

December 31, 2019 and 2018

	2019	2018
Gross sales	\$131,308,518	\$146,823,154
Cost of sales	113,822,512	129,337,002
Gross profit	17,486,006	17,486,152
Operating expenses		
Impairment loss	0	2,642,420
Other operating expenses	13,785,878	14,461,456
Local savings from operations	3,700,128	382,276
Other income (expenses)	(1,263,955)	1,357,571
Enerbase local savings	2,436,173	1,486,019
DAP, LLC local savings	(44,264)	58,110
Cooperative dividends	4,771,830	957,866
Savings before income tax	7,163,739	2,501,995
Provisions for income tax	(1,322,232)	596,123
Net savings	\$5,841,507	\$3,098,118

STATEMENT OF MEMBERS' EQUITY

December 31, 2019 and 2018

	Members' Equity Credits	Patronage Reference for Reinvestment	Allocated Capital Reserve	Unallocated Capital Reserve	Total
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	(572,476)
FU Oil Velva patronage	4,811,278				4,811,278
Retirements:					0
Estates	(558,686)				(558,686)
2001 stock retirement	(283,684)				(283,684)
CHS preferred stock transfers	(5,640)				(5,640)
Account receivable payoffs	(2,237)				(2,237)
Net savings		843,000		2,255,118	3,098,118
Provision for cash refunds		(295,050)			(295,050)
Members' equity December 31, 2018	30,435,392	547,950	100,346	52,588,421	83,672,109
Reverse provision for cash refunds		295,050			295,050
2018 patronage distribution	461,655	(843,000)		85,216	(296,126)
Retirements:					0
Estates	(610,828)				(610,828)
2002-03 stock retirement	(565,878)				(565,878)
1972-78 FU Oil Velva stock retirement	(125,546)				(125,546)
Preferred stock equity exchange	(493,307)				(493,307)
Account receivable payoffs	(35,528)				(35,528)
Net savings			2,212,000	3,629,507	5,841,507
Members' equity December 31, 2019					87,681,450

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 3 - INVENTORIES

Inventory costs at December 31 are

	2019	2018
New whole goods	\$2,098,339	\$1,341,274
Parts	716,238	829,932
Petroleum products	2,258,733	1,825,996
Used whole goods	136,347	47,131
Hardware products	228,855	265,094
Hopper bins	1,834,137	904,947
C-store inventories	876,335	869,454
Propane, LP & anhydrous tanks & trailers	331,078	281,115
Miscellaneous inventories	56,892	119,432
Tires	16,235	24,281
Antifreeze	46,011	40,474
	<u>\$8,599,200</u>	<u>\$6,549,130</u>

NOTE 4 - PROPERTY & EQUIPMENT

Property & equipment costs at December 31 are

Land & improvements	\$23,353,564	23,446,663
Buildings & improvements	16,212,214	15,885,000
Machinery & equipment	12,185,913	11,954,470
Vehicles	2,921,857	2,479,154
	<u>54,794,411</u>	<u>\$53,765,287</u>

NOTE 5 - INVESTMENT IN COOPERATIVES

CHS Inc.
Land O' Lakes, Inc
Souris River Telephone
Ace Hardware, Inc
Farmers Union of Wilton
West River Mutual Telephone
All others

CHS Inc.	\$46,353,564	\$43,004,924
Land O' Lakes, Inc	1,506,795	1,489,292
Souris River Telephone	184,626	135,728
Ace Hardware, Inc	15,188	29,720
Farmers Union of Wilton	27,725	202,023
West River Mutual Telephone	117,667	27,725
All others	279,844	96,025
	<u>\$48,485,409</u>	<u>\$44,985,437</u>

INVESTMENT IN DAKOTA AGRONOMY PARTNERS, LLC

Summary of the cooperative's 15% ownership activity for the years ended December 31, 2019 & 2018

Beginning of year balance	\$11,123,976	\$6,450,866
Share of net income	(44,264)	58,110
Capital contributions		5,200,000
Capital distributions	(277,500)	(585,000)
End of year balance	<u>\$10,802,212</u>	<u>\$11,123,976</u>

For the years ended December 31, 2019 and 2018, the cooperative had sales to DAP, LLC totaling \$497,405 and \$3,394,581 respectively, of which \$18,652 and \$17,213 was receivable, respectively. For the years ended December 31, 2019 and 2018, the cooperative had purchases from DAP, LLC of \$44,248 and \$1,218,625, respectively of which \$1,560 and \$2,824 was payable, respectively. DAP, LLC is 59% owned by CHS SunPrairie, and 26% owned by Border Ag & Energy.

SCHEDULE OF OPERATING EXPENSES

December 31, 2019 and 2018

DISTRIBUTION

Salaries & wages
Delivery expenses
Employee insurance
Payroll taxes
Advertising & promotion
Pension contributions
Consulting

2019	2018
\$6,539,823	\$6,775,953
929,782	1,050,529
1,036,288	913,205
472,015	488,300
182,979	186,534
245,279	290,559
34,148	40,975
<u>9,440,338</u>	<u>9,746,055</u>

GENERAL

Repairs & supplies
Depreciation
Utilities
Insurance
Property taxes
Rent
Business licenses
Impairment loss

2019	2018
1,007,327	948,291
1,608,556	1,893,645
532,542	501,880
203,440	301,162
366,857	418,830
51,000	51,000
49,489	53,874
	<u>2,642,420</u>
<u>\$3,819,213</u>	<u>\$6,811,102</u>

ADMINISTRATION

Telephone
Professional services
Meetings & travel
Educational fund
Data processing
Office supplies
Director fees
Dues & donations
Bad debts

2019	2018
106,388	107,676
72,049	91,371
87,874	79,033
43,017	43,087
148,959	130,706
32,829	52,179
31,571	30,751
15,598	16,665
(11,958)	(4,749)
<u>526,327</u>	<u>546,719</u>
<u>\$13,785,878</u>	<u>\$17,103,876</u>

Condensed financial information of DAP, LLC as of/and for the periods ended December 31, 2019 & 2018

Current assets
Property & equipment, net
Investment in cooperatives
Other assets

2019	2018
\$42,905,305	\$25,824,095
44,475,203	13,804,921
90,741	95,642
12,187,040	\$9,787,040
<u>\$99,658,289</u>	<u>\$49,511,698</u>

Current liabilities
Long-term debt
Members' equity

2019	2018
\$27,390,797	\$14,427,054
6,155,972	2,550,000
66,111,520	32,534,644
<u>\$99,658,289</u>	<u>\$49,511,698</u>
<u>\$131,781,994</u>	<u>\$70,869,650</u>
<u>\$3,718,076</u>	<u>\$4,131,275</u>



CORPORATE OFFICE

DRAWER F
205 46th Avenue NE
Minot, ND 58703

701-852-2501

WWW.ENERBASE.COOP

CENEX-BRANDED LOCATIONS:

7 IN MINOT
GLENBURN
MAXBASS
WASHBURN
RYDER
DRAKE
VELVA