



2021

ANNUAL REPORT

BOARD OF DIRECTORS

Darren Sletten, President

Jeff Krueger, Vice President

Robert Schmidt, Secretary/Treasurer

Ricky Scheid, Director

Jeff Braun, Director

Jay Harstad, Director

Shawn Kaylor, Director

Advisory Members:

Owen Fiedler

Dennis Deutsch

LEADERSHIP TEAM

Tony Bernhardt	CEO	Amanda Haugen	Asst. Petroleum Manager
Ricky Aberle	CFO	Sheri Endresen	Energy Sales
Lavon Wolf	Office Manager	Al Medler	Sales and Dispatch
Lolly Gorze	Human Resource Manager	Craig Giroux	Machinery Sales
Lori Fettig	Acct. Rec./Credit Manager	Becky Kuntz	Machinery Sales
Myrna Moberg	Financial Analyst	Shawna Chilcoat	C-Store Operations Manager
Mandy Hansen	Accounts Payable	Eric Giroux	Agrabase Assembly Manager
Kathy Gonzalez	Petroleum Manager	Brad MacClennan	Warehouse Mgr/Logistics

YEARS OF SERVICE AWARDS

Thank you for your dedication to this cooperative!

5
YEARS

Lolly Gorze Human Resource Manager

Harold Lockwood Corner Express Carwash

15
YEARS

Edward Montez
Parts/Hardware Specialist

John Young
Safety/Maintenance

35 YEARS

Randy Thor Petroleum Driver

45 YEARS

Charles Schmaltz

Propane Driver

93rd ANNUAL MEETING MINUTES

MARCH 25, 2021

Board President Darren Sletten called the meeting to order at 6:00 pm at the Grand Hotel. With the state recommendations still in place, this year's annual meeting was condensed to the board members and a few Enerbase employees in attendance, and was live streamed once again. He introduced everyone that was present which included Tony Bernhardt, CEO, Ricky Aberle, CFO, board members Darren Sletten, Mark Larson, Greg Marshall, Jeff Krueger, Ricky Scheid, Robert Schmidt, and Jeff Braun, advisory members Shawn Kaylor, Owen Fiedler, Jay Harstad, and Dennis Deutsch, Jayme Burkhart, marketing director, and Lavon Wolf, recording secretary.

Notice of the annual meeting was read by secretary Greg Marshall. He also declared a quorum with 179 ballots confirmed. A motion was made by Jeff Krueger to dispense with reading of the minutes and Mark Larson seconded. Darren Sletten asked for corrections or additions to the 2020 minutes as presented. There were none and a motion was made by Ricky Scheid and seconded by Jeff Krueger to accept the minutes. Director Mark Larson presented this year's scholarship report. There were 17 applicants with eight \$1000 scholarships awarded this year. The scholarship winners were Elizabeth Parmenter, Jenna Retterath, Breanna Gange, Jade Lohnes, Mariah Braasch, Reese Sys, Calma Henry, and Kori Nagel.

Ricky Aberle presented the annual report. Enerbase had sales of \$107,436,934 in 2020 and a net savings of \$9,874,630 which was a 9.2% return on sales compared to \$131,308,518 sales and a net savings of \$5,841,507 which was a 4.4% return on sales for 2019. Darren Sletten asked for a motion to approve the annual report. A motion was made by Jeff Krueger and a second by Greg Marshall to accept the annual report. Ricky Aberle also presented the Dakota Agronomy Partners Report. DAP had profits of \$1,494,605 for 2020 compared to \$3,718,076 in 2019.

Darren Sletten presented his chairman's report. He pointed out that 2020 was a very challenging year business wise, politically and personally with Covid 19. He thanked Jayme Burkhart for again coordinating the

annual meeting on Zoom. He also spoke of the Plaza Farmers Union Oil Company merger with Enerbase that took place December 1, 2020. There was an overwhelming majority acceptance by the Plaza patrons to merge and 100% of their patron's equity credits were brought into Enerbase. Jay Harstad and Dennis Deutsch came on as advisory members from the Plaza area.

Tony Bernhardt presented his manager's report. After ninety-three years and a couple of name changes Enerbase Cooperative resources is still serving the ever-changing needs of our patron/owners as per our mission statement. He also spoke about the renovations that were made at Corner Express this past year and image upgrades that were done.

Darren Sletten gave the nominating committee report. Secretary Greg Marshall and vice chairman Mark Larson's term limit of 12 years have expired and they were both presented with clocks from Enerbase in appreciation for their years on the board of directors. Also, Jeff Larson, Kevin Bonness, Tom Burch and Merlin Routledge have agreed to serve on the 2021 Nominating Committee.

Shawn Kaylor was the only candidate running for the At Large District that was vacated by Mark Larson and Jay Harstad was the only candidate running for the N.W. District that was vacated by Greg Marshall. Both won their districts. Terms will expire for Rob Schmidt's At Large position and Jeff Krueger's S.E. District position next year. Rob will be eligible to run again and Jeff will term out.

Darren Sletten declared the meeting adjourned at 6:34 pm.

Respectfully Submitted,

Greg Marshall, Secretary

BALANCE SHEET

December 31, 2021 and 2020

ASSETS	2021	2020
CURRENT ASSETS		
Cash & cash equivalents	1,467,285	2,296,164
Trade accounts receivable	5,089,879	3,007,886
Current portion of investment in sales-type leases	30,376	-
Other receivables	269,149	266,592
Inventories	9,230,713	9,154,461
Prepaids	38,200	45,070
Prepaid income tax	0	477,243
Total current assets	<u>\$16,125,602</u>	<u>\$15,247,416</u>
FIXED ASSETS		
Property & equipment	59,334,543	58,506,592
Less accumulated depreciation	<u>17,487,039</u>	<u>16,025,711</u>
	<u>\$41,847,504</u>	<u>\$42,480,881</u>
Investment in sales-type leases, net of current	137,608	-
INVESTMENTS		
Cooperatives	57,306,637	56,211,890
Dakota Agronomy Partners, LLC	<u>11,020,440</u>	<u>10,674,726</u>
	<u>68,327,079</u>	<u>66,886,616</u>
	<u>\$126,437,793</u>	<u>\$124,614,913</u>
LIABILITIES & MEMBERS' EQUITY		
CURRENT LIABILITIES		
Short-term notes payable	2,172,307	0
Current portion of long-term debt	2,013,355	2,120,622
Trade accounts payable	4,824,219	4,173,493
Customer deposits	863,714	488,417
Other accrued expenses	1,566,271	1,917,734
Accrued income tax payable	83,632	-
Total current liabilities	<u>\$11,523,498</u>	<u>\$8,700,266</u>
DEFERRED INCOME TAXES		
	3,604,000	4,726,000
LONG-TERM DEBT, NET OF CURRENT PORTION		
	6,008,055	12,593,334
MEMBERS' EQUITY		
Patronage equity & reinvested refunds	36,411,849	34,619,441
Allocated capital reserve	100,349	100,346
Unallocated capital reserve	68,790,045	63,875,526
Total members' equity	<u>105,302,240</u>	<u>98,595,313</u>
	<u>\$126,437,793</u>	<u>\$124,614,913</u>

STATEMENT OF OPERATIONS

December 31, 2021 and 2020

	2021	2020
Gross sales	133,941,943	107,436,934
Cost of sales	113,733,951	89,572,079
Gross profit	<u>20,207,992</u>	<u>\$17,864,855</u>
Operating expenses		
Other operating expenses	15,193,516	13,966,333
Local savings from operations	<u>5,014,476</u>	<u>\$3,898,522</u>
Other income (expenses)		
PPP Loan Forgiveness	1,588,750	1,579,200
Other expenses	(1,260,395)	(1,129,555)
Local savings	<u>5,342,831</u>	<u>\$4,348,167</u>
Net income from DAP, LLC	1,245,714	472,514
Cooperative dividends	<u>2,023,095</u>	<u>7,528,631</u>
Savings before income tax	8,611,640	\$12,349,312
Provisions for income tax	412,425	(2,474,682)
Net savings	<u>\$9,024,065</u>	<u>\$9,874,630</u>

STATEMENT OF MEMBERS' EQUITY

December 31, 2021 and 2020

	Members' Equity Credits	Nonqualified Equity Credits	Patronage Ref. for Reinvest.	Allocated Capital Reserve	Unallocated Capital Reserve	Total
Members' Equity Jan. 1, 2020	\$29,065,960		\$2,212,000	\$100,346	\$56,303,144	\$87,681,450
Equity from business combination	2,423,106		0		396,450	2,819,556
2019 patronage distribution		0	1,078,311	(2,212,000)	588,302	(545,387)
Retirements:						0
Estates	(582,023)	(25,559)				(607,582)
2004 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
2020 patronage distribution		3,293,881	(3,287,000)		(698,832)	(691,951)
Retirements:						
Estates	(588,824)	(74,092)				(662,916)
2005 Minot stock retirement	(611,611)					(611,611)
1982 F/U Oil Velva stock ret.	(52,734)					(52,734)
1994 Plaza stock retirement	(96,857)					(96,857)
19.2% 2019 NQ stock ret.		(199,844)				(199,844)
Account receivable payoffs	(1,257)	(6,617)				(7,874)
Adjustments					6,649	6,649
Net savings				3,417,636	5,606,702	9,024,065
Members' equity Dec. 31, 2020	\$28,928,561	\$4,065,925	\$3,417,363	\$100,346	\$68,790,045	105,302,240

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 4 - INVENTORIES

Inventory costs at December 31 are

	2021	2020
New whole goods	\$1,162,343	\$1,956,724
Parts	961,997	774,433
Petroleum products	3,279,590	2,390,849
Used whole goods	287,596	330,193
Hardware products	343,762	288,348
Hopper bins	1,704,274	1,695,247
C-store inventories	1,097,845	1,014,436
Propane, LP, NH3 tanks and trailers	211,412	528,800
Miscellaneous inventories	65,346	65,988
Tires	69,262	61,639
Antifreeze	47,286	47,804
	<hr/> <u>\$9,230,713</u>	<hr/> <u>\$9,154,461</u>

NOTE 5 - PROPERTY & EQUIPMENT

Property & equipment costs at December 31 are

Land & improvements	\$23,844,427	\$23,844,427
Buildings & improvements	17,955,237	17,676,114
Machinery & equipment	12,738,471	12,413,767
Vehicles	3,177,341	3,098,807
Construction in progress	145,590	-
	<hr/> <u>\$57,861,066</u>	<hr/> <u>\$57,033,115</u>

NOTE 6 - INVESTMENT IN COOPERATIVES

CHS Inc.	\$55,037,416	\$53,985,528
Land O' Lakes, Inc	1,556,699	1,518,833
Souris River Telephone	204,504	193,425
Farmers Union of Wilton	27,725	27,725
West River Mutual Telephone	135,268	138,390
All others	345,027	347,989
	<hr/> <u>\$57,306,639</u>	<hr/> <u>\$56,211,890</u>

INVESTMENT IN DAKOTA AGRONOMY PARTNERS, LLC

Summary of the cooperative's 15% ownership activity for the years ended December 31, 2021 & 2020

Beginning of year balance	\$10,674,726	\$10,802,212
Share of net income	1,245,714	472,514
Capital distributions	(900,000)	(600,000)
End of year balance	<hr/> <u>\$11,020,440</u>	<hr/> <u>\$10,674,726</u>

For the years ended December 31, 2021 and 2020, the cooperative had sales to DAP, LLC totaling \$700,493 and \$556,085 respectively, of which \$97,118 and \$21,213 was receivable, respectively. For the years ended December 31, 2021 and 2020, the cooperative had purchases from DAP, LLC of \$28,833 and \$39,673 respectively of which \$1,969 and \$3,930 was payable, respectively. DAP, LLC is also 59% owned by CHS SunPrairie, and 26% owned by Border Ag & Energy.

SCHEDULE OF OPERATING EXPENSES

December 31, 2021 and 2020

DISTRIBUTION

	2021	2020
Salaries & wages	\$7,319,924	\$6,734,749
Delivery expenses	1,060,563	908,121
Employee insurance	1,105,066	1,012,611
Payroll taxes	514,936	464,478
Advertising & promotion	130,083	166,946
Pension contributions	236,790	247,018
Consulting	4,700	15,743
	\$10,372,062	\$9,549,666

GENERAL

Repairs & supplies	\$1,281,586	\$1,126,284
Depreciation	1,706,231	1,568,404
Utilities	615,117	506,474
Insurance	217,396	211,485
Property taxes	364,142	367,249
Rent	57,120	54,200
Business licenses	64,386	79,559
	\$4,305,978	\$3,913,655

ADMINISTRATION

Telephone	\$124,460	\$107,985
Professional services	65,633	68,688
Meetings & travel	39,354	73,022
Educational fund	43,339	43,083
Data processing	150,193	128,850
Office supplies	35,623	33,709
Director fees	35,546	33,627
Dues & donations	17,520	17,158
Bad debts	3,808	(3,110)
	515,476	503,012
	\$15,193,516	\$13,966,333

Condensed financial information of DAP, LLC as of/and for the periods ended August 31, 2021 & 2020

Current assets	\$48,305,255	\$43,895,312
Property & equipment, net	34,778,739	39,171,652
Investment in cooperatives	313,652	223,358
Other assets	12,187,040	12,187,040
	\$95,584,686	\$95,477,362
Current liabilities	\$24,191,247	\$20,471,205
Long-term debt	11,240,614	13,250,032
Members' equity	60,152,825	61,756,125
	\$95,584,686	\$95,477,362
Sales	\$127,007,118	\$117,279,860
Net income	\$4,396,700	\$1,494,605

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
MAKOTI
PLAZA