



# 2023

## ANNUAL REPORT



**CENTRA SOTA  
COOPERATIVE**

800.229.1464

[www.centrasota.com](http://www.centrasota.com)

Improving lives and creating a more vibrant future for farmers, families, & communities in central MN.

## A MESSAGE TO OUR MEMBERS.....

Another year is in the books! As you know, fiscal year 2023 - the 101st year for Centra Sota Cooperative - ended on 9/30. It was a very successful year for all divisions. We totaled sales of over \$237M, which is very similar to 2022. We once again dealt with higher prices mainly due to inflation, interest rates, and the higher costs for products. However, we also had very solid volumes of product sold. Our Net Margin for the year totaled \$7.1M which represents an all-time record for Centra Sota. We received very large patronage payments this year from regional cooperatives that contributed to this increase.

This past year we were also able to return a record amount of cash back to you, our members, in the form of cash patronage and retirements of equity held in the cooperative. This record will be short-lived as we plan to return an even higher amount during 2024 beginning with the \$1.5M in patronage today. We're also planning on a major cash retirement of equities scheduled to take place in April. In addition, each September we retire equities in full for members who have attained the age of 75 and are no longer active in production agriculture.

Thanks to the continued support of your business, we're able to return this cash to our members more quickly than planned. We will continue to make this a priority going forward provided earnings allow for it. We always strive to achieve a healthy balance to ensure we're able to replace assets as needed and invest in the growth of the cooperative. We have several projects that will demand significant investments in the near future to position Centra Sota for success for many more years.

As we embark on the second century of business for Centra Sota, we felt it was the right time to refresh our logo. We spent many hours evaluating designs and incorporating feedback from our team members, and we're proud of the final product. A logo and brand should help tell the story of who we are as a company. Innovation has always been important to Centra Sota, but in recent years we've prioritized this by introducing a new customer portal, a new website, drone technology, decision data for fields, and more. Our new look helps potential customers and strategic partners to see us as the modern cooperative we are! Another important change is the addition of the word "Cooperative" to our new logo. This is fundamental to who we are, and we believe it's a differentiator from many of the other companies we compete with. We are proud to be a farmer-owned cooperative and want to share that message at every opportunity!

Our Vision Statement at Centra Sota is "To improve lives and create a more vibrant future for farmers, families, and communities in central Minnesota." You will notice many of the pictures in this year's report include younger people. Some of these are interns who joined us for the summer, and others

are those who attended Centra Sota events. This year we held an Ag Careers Field Day event that drew more than 350 students from high schools throughout central Minnesota, most of whom are in FFA or taking Agriculture classes. The event used the site of our Answer Plot to teach them about agriculture and career options within our industry. Several colleges and vocational institutions attended and exhibited, sharing resources to help students make decisions about their future. This event was so successful that we plan to make it a regular event. Our goal was to show students how many opportunities there are in agriculture. One student offered this comment, "All was amazing, I wasn't a big agriculture fan but seeing all the things involved in agriculture really interested me and was very cool to see." Another shared that they "loved the variety and knowledge shared, great presenters, very engaging!"

As we move into 2024, we fully expect that volatility will continue. No one can predict how this might impact prices. Regardless, our Mission remains the same - "To be a people-focused cooperative offering honest and helpful information, innovative products, and exceptional service from a reliable team of experts who care."

Thank you for your continued support of Centra Sota Cooperative! We look forward to another century serving farmers, families, and communities in central Minnesota!



Jeff Johnson  
CEO



Steve Sievek  
Chairman, Board of Directors

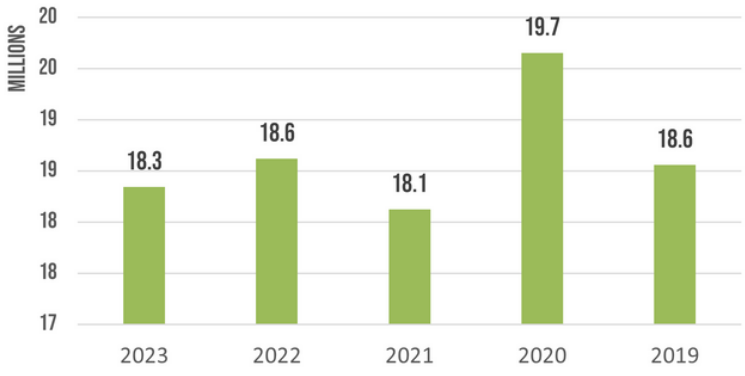


<b>STATEMENT OF OPERATIONS</b>	<b>2023</b>	<b>2022</b>
SALES	\$237,623,167	\$237,967,895
COST OF SALES	<u>\$200,685,572</u>	<u>\$203,533,638</u>
<b>OPERATING REVENUE</b>	<b>\$36,937,595</b>	<b>\$34,434,257</b>
<b>EXPENSES:</b>		
EMPLOYEE EXPENSE	\$16,484,074	\$14,766,053
DEPRECIATION	\$4,328,524	\$3,638,440
INSURANCE	\$943,529	\$1,198,221
OTHER OPERATING EXPENSES	<u>\$12,223,812</u>	<u>\$12,310,034</u>
TOTAL OPERATING EXPENSES	\$33,979,939	\$31,912,748
NET OPERATING MARGIN	<b>\$2,957,656</b>	<b>\$2,521,509</b>
<b>OTHER INCOME (EXPENSE)</b>		
INTEREST EXPENSE	(\$1,828,864)	(\$984,529)
COLLECTION/LEGAL EXPENSE	(\$371,027)	(\$322,373)
PARTNERSHIP INCOME - MLN, LLC.	\$260,145	\$163,327
OTHER REVENUE AND EXPENSE	<u>\$1,546,556</u>	<u>\$1,410,536</u>
NET OTHER INCOME (EXPENSE)	(\$393,190)	\$266,961
<b>LOCAL NET SAVINGS</b>	<b>\$2,564,466</b>	<b>\$2,788,470</b>
PATRONAGE INCOME	\$4,895,552	\$2,064,116
<b>NET INCOME BEFORE TAXES</b>	<b>\$7,460,018</b>	<b>\$4,852,586</b>
INCOME TAXES	(\$326,725)	(\$274,197)
<b>NET SAVINGS</b>	<b>\$7,133,293</b>	<b>\$4,578,389</b>

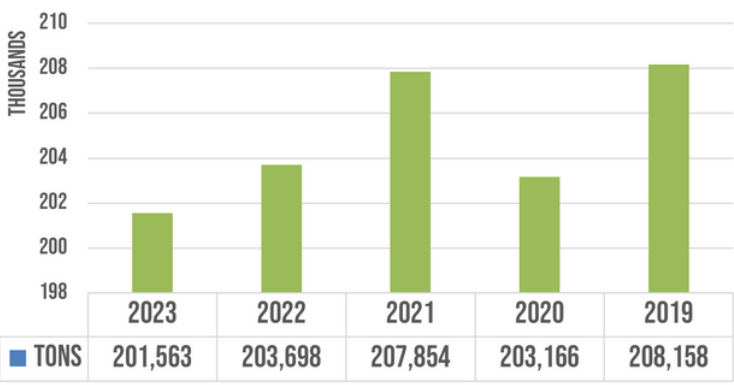
<b>BALANCE SHEET</b>	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
CURRENT ASSETS:		
CASH	\$598,173	\$236,892
NET RECEIVABLES	\$23,278,289	\$21,759,707
INVENTORY/OTHER CURRENT ASSETS	<u>\$37,846,038</u>	<u>\$38,340,610</u>
<b>TOTAL CURRENT ASSETS</b>	\$61,722,500	\$60,337,209
<b>OTHER ASSETS</b>		
FIXED ASSETS	\$73,308,180	\$61,381,655
LESS: ACCUMULATED DEPRECIATION	<u>(\$42,521,548)</u>	<u>(\$39,308,074)</u>
NET FIXED ASSETS	\$30,786,632	\$22,073,581
INVESTMENTS IN OTHER COOPERATIVES	<u>\$16,225,896</u>	<u>\$16,415,879</u>
<b>TOTAL ASSETS</b>	<b>\$108,735,028</b>	<b>\$98,826,669</b>
<b>LIABILITIES</b>		
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE	\$14,387,640	\$14,142,239
PATRONAGE DIVIDENDS PAYABLE	\$1,629,758	\$1,018,764
OTHER CURRENT LIABILITIES	<u>\$26,080,729</u>	<u>\$26,523,449</u>
TOTAL CURRENT LIABILITIES	\$42,098,127	\$41,684,452
LONG TERM LIABILITIES	<u>\$8,062,409</u>	<u>\$3,022,675</u>
<b>TOTAL LIABILITIES</b>	\$50,160,536	\$44,707,127
<b>EQUITY</b>		
MEMBER EQUITY	\$28,181,537	\$26,867,771
CAPITAL RESERVE	<u>\$30,392,955</u>	<u>\$27,251,771</u>
<b>TOTAL PATRON EQUITY</b>	\$58,574,492	\$54,119,542
<b>TOTAL LIABILITIES &amp; PATRON EQUITY</b>	<b>\$108,735,028</b>	<b>\$98,826,669</b>

2023

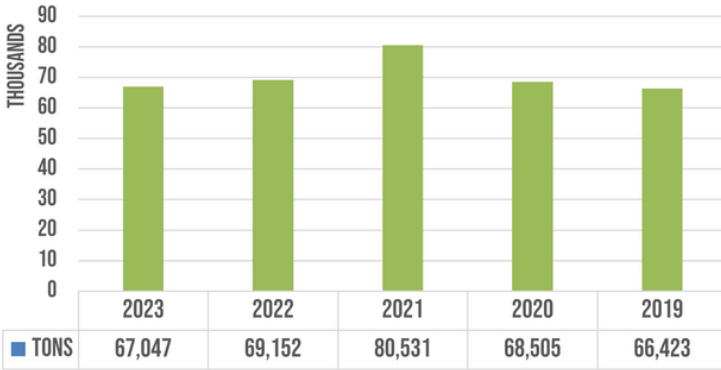
## PETROLEUM SALES (GALLONS)



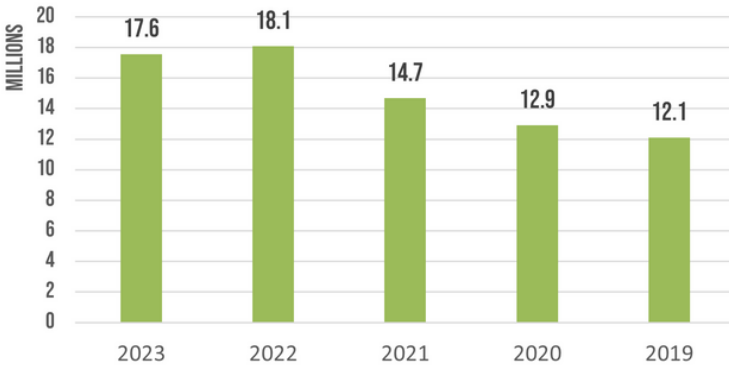
## FEED SALES (TONS)



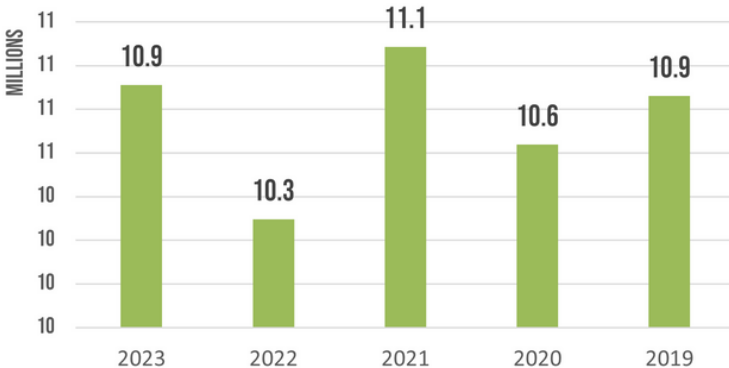
## FERTILIZER SOLD (TONS)



## CHEMICAL SALES (\$)



## SEED SALES (\$)



## FIVE-YEAR HISTORICAL INFO

	2023	2022	2021	2020	2019
<b>Sales</b>	\$237,623,167	\$237,967,895	\$191,650,005	\$158,850,984	\$161,573,873
<b>Local Net Savings</b>	\$2,564,466	\$2,788,470	(\$3,219,851)	(\$867,542)	\$1,001,909
<b>Total Net Savings</b>	\$7,133,293	\$4,578,389	(\$1,507,323)	\$3,518,668	\$3,097,870
<b>Cash Returned to Members</b>	\$2,076,220	\$782,875	\$1,493,224	\$991,825	\$1,111,352
<b>Working Capital</b>	\$19,624,373	\$18,652,757	\$16,036,695	\$17,887,352	\$16,061,075
<b>Local Return on Local Equity</b>	5.80%	6.96%	-8.83%	-2.20%	2.73%
<b>Long-Term Debt to Local Equity</b>	18.22%	7.54%	9.67%	10.2%	11.98%
<b>Employee Efficiency Ratio</b>	42.55%	41.00%	45.36%	45.28%	43.40%

## BOARD OF DIRECTORS

Steve Sievek	Chairman	Brainerd
Charles Krause	Vice-Chairman	Buffalo
Bill Holthaus	Secretary	Buffalo
Dennis Lietha	Director	St. Cloud
Rodney Domjahn	Director	Montrose
Ken Welle	Director	Little Falls
Roger Roerick	Director	Upsala
Don Thomes	Director	Paynesville
Vern Willenbring	Director	Albany
Jeff Johnson	CEO	Buffalo
Valerie Megaw	CFO	Buffalo

