



# ANNUAL REPORT

20  
22

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



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

Happy Centennial to Centra Sota Cooperative!

2022 marks the 100th year since the formation of your cooperative. While we've changed names a few times over the years, we still remain rooted in the local communities just as we were in 1922. We may no longer have milk delivered via horses but our main purpose of serving farmers has not changed.

What was the world like in 1922? Cooperatives were just beginning to form as a means to bring agricultural products to a market collectively vs individually. What else was happening that year?

- A first-class stamp was \$.02 - today it's \$.60
- Gasoline cost \$.11/gallon; last year we approached \$5.00/gallon
- \$100 in 1922 translates to over \$1,700 today
- Life expectancy for men was 58 years, and for women - 61 years
- Lincoln Memorial was opened in Washington DC
- Readers Digest published its first ever magazine
- President Harding had the first radio installed at the White House
- The Union of Soviet Socialist Republics (USSR) is formed

In the last 100 years so much has changed in agriculture but the goal as a farmer cooperative is still to provide collectively for our members' needs - and those are ever-changing. We've evolved from making butter to providing feed, crop inputs, energy products, services, lawn care, retail stores, etc. Along the way there have been dozens of mergers, partnerships, acquisitions and joint ventures - each has played a part in our evolution as a cooperative.

The pace of change has greatly accelerated in the past 25 years. In 1997 we had sales of \$10M and employed 25 people. This past year sales totaled \$238M and we employed 170 people full-time and approximately 60 more on a seasonal or part-time basis.

This longevity as a company is exceptionally uncommon. Some statistics show the average life-span of a company as low as 18 years. Large multinational companies that make up the Fortune 500 only average a life-span of 40 years. 20% of companies fail in the 1st year, 50% fail within 5 years, and 70% fail within 10 years. Only 1/2 of 1% of companies have survived and thrived for more than 100 years and we are proud to say that Centra Sota Cooperative is one of them!

Why have we been able to flourish for a century and, more importantly, what is it going to take to be viable in 2122? Our cooperative can never accept the status quo, even if it seems to be working. It is human nature to be always looking forward. "We've always done it this way" does not

guarantee future success. We need to have the right strategic vision and mission. We invested a considerable amount of time this past year exploring this idea, and defining what this looks like. In this year's report, we're pleased to share our Mission, Vision, & Values statements. These are the principles and strategy that will guide our cooperative into the next century.

We know that these statements are pointless if we don't put action behind them. So we created an initiative for each of our locations to provide donations to strengthen their community, as well as aligning strategic initiatives. We're proud to share these here as well.

We will continue to watch for ways to improve our model as the needs of our customers change, paying particular attention to the speed at which technology is evolving agriculture. We are already making major investments in technology to innovate, stay ahead of the competition and not simply rest on our success.

Thank you for your continued support of Centra Sota Cooperative and happy 100th Birthday to us all!



Jeff Johnson  
CEO



Steve Sievek  
Chairman, Board of Directors



# 100 YEAR DONATIONS

One hundred years is a huge reason to celebrate, and what better way to celebrate than giving back. Each of our locations selected local organizations to support. Check out these awesome organizations below!

- Albany - Albany Fire Department
- Buffalo - Rivers of Hope & Buffalo Food Shelf
- Cokato - Cokato Food Shelf, Dassel-Cokato FFA, HLWW FFA
- Little Falls - Pine Grove Zoo
- Santiago - Foley Cross Center
- Sauk Centre - Sauk Centre Food Shelf
- St. Martin - Paynesville FFA & Albany FFA
- Upsala - Upsala Area Schools & Upsala EMS & Fire Department
- Watkins - Eden Valley & Watkins Fire Departments

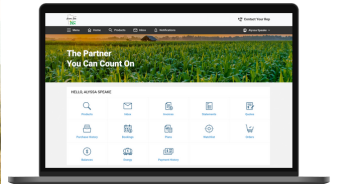
## WHAT'S NEW IN '22

**PEER Recognition Program** aligns with our values giving all team members an opportunity to recognize others when they see them living out our values.

- P = People Focused
- E = Experienced Innovation
- E = Exceptional Service
- R = Remarkable Team

**Website** - completely redesigned website for usability and updated image

**Customer Portal** - launched customer portal using AgVend, allowing customers to view information, invoices, make payments, and contact us from anywhere!





## FIVE YEAR HISTORICAL INFO

	2022	2021	2020	2019	2018
<b>Sales</b>	\$237,967,895	\$191,650,005	\$158,850,984	\$161,573,873	\$160,192,367
<b>Local Net Savings</b>	\$2,788,470	(\$3,219,851)	(\$867,542)	\$1,001,909	\$1,461,208
<b>Total Net Savings</b>	\$4,578,389	(\$1,507,323)	\$3,518,668	\$3,097,870	\$2,830,216
<b>Cash Returned to Members</b>	\$1,377,348	\$1,625,190	\$663,972	\$1,180,342	\$1,831,338
<b>Working Capital</b>	\$18,652,757	\$16,036,695	\$17,887,352	\$16,061,075	\$13,478,571
<b>Local Return on Local Equity</b>	6.96%	-8.83%	-2.20%	2.73%	4.17%
<b>Ownership Percentage</b>	54.76%	60.76%	66.84%	58.72%	59.18%
<b>Local Ownership Percentage</b>	47.26%	52.59%	59.59%	50.55%	50.82%
<b>Employee Efficiency Ratio</b>	41.00%	45.36%	45.28%	43.40%	42.58%

## 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

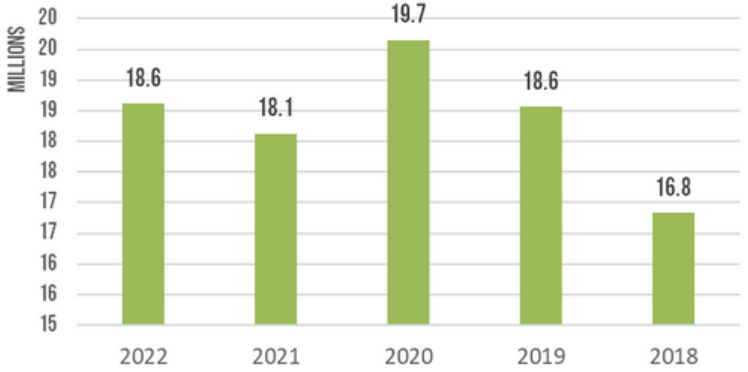


<b>STATEMENT OF OPERATIONS</b>	<b>2022</b>	<b>2021</b>
SALES	\$237,967,895	\$191,650,005
COST OF SALES	<u>\$203,533,638</u>	<u>\$162,846,095</u>
<b>OPERATING REVENUE</b>	<b>\$34,434,257</b>	<b>\$28,803,910</b>
<b>EXPENSES:</b>		
EMPLOYEE EXPENSE	\$14,766,053	\$13,718,944
DEPRECIATION	\$3,638,440	\$3,649,501
INSURANCE	\$1,198,221	\$518,348
OTHER OPERATING EXPENSES	<u>\$12,310,034</u>	<u>\$10,411,787</u>
TOTAL OPERATING EXPENSES	\$31,912,748	\$28,298,580
NET OPERATING MARGIN	<b>\$2,521,509</b>	<b>\$505,330</b>
<b>OTHER INCOME (EXPENSE)</b>		
INTEREST EXPENSE	(\$984,529)	(\$640,904)
COLLECTION/LEGAL EXPENSE	(\$322,373)	(\$4,518,788)
PARTNERSHIP INCOME - MLN, LLC.	\$163,327	\$139,829
OTHER REVENUE AND EXPENSE	<u>\$1,410,536</u>	<u>\$1,294,682</u>
NET OTHER INCOME (EXPENSE)	\$266,961	(\$3,725,181)
<b>LOCAL NET SAVINGS</b>	<b>\$2,788,470</b>	<b>(\$3,219,851)</b>
PATRONAGE INCOME	\$2,064,116	\$1,743,708
<b>NET INCOME BEFORE TAXES</b>	<b>\$4,852,586</b>	<b>(\$1,476,143)</b>
INCOME TAXES	(\$274,197)	(\$31,180)
<b>NET SAVINGS</b>	<b>\$4,578,389</b>	<b>(\$1,507,323)</b>

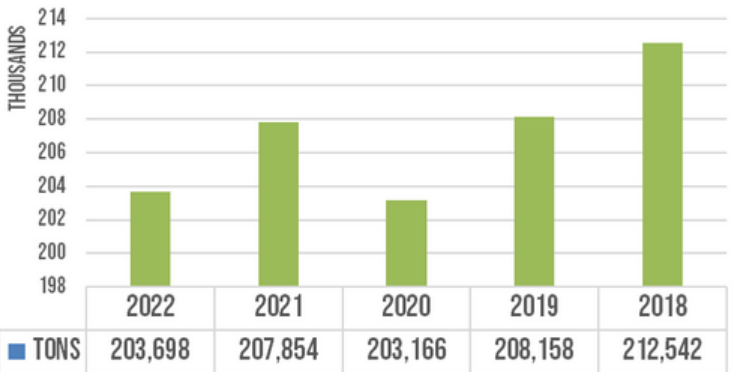
<b>BALANCE SHEET</b>	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
CURRENT ASSETS:		
CASH	\$236,892	\$0
NET RECEIVABLES	\$21,759,707	\$17,216,530
INVENTORY/OTHER CURRENT ASSETS	<u>\$38,340,610</u>	<u>34,214,499</u>
<b>TOTAL CURRENT ASSETS</b>	\$60,337,209	\$45,367,649
<b>OTHER ASSETS</b>		
FIXED ASSETS	\$61,381,655	\$57,362,133
LESS: ACCUMULATED DEPRECIATION	<u>(\$39,308,074)</u>	<u>(\$36,134,584)</u>
NET FIXED ASSETS	\$22,073,581	\$21,227,549
INVESTMENTS IN OTHER COOPERATIVES	<u>\$16,415,879</u>	<u>\$17,129,084</u>
<b>TOTAL ASSETS</b>	<b>\$98,826,669</b>	<b>\$83,724,282</b>
<b>LIABILITIES</b>		
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE	\$14,142,239	\$9,723,958
PATRONAGE DIVIDENDS PAYABLE	\$1,018,764	\$451,262
OTHER CURRENT LIABILITIES	<u>\$26,523,449</u>	<u>\$19,155,734</u>
TOTAL CURRENT LIABILITIES	\$41,684,452	\$29,330,954
LONG TERM LIABILITIES	<u>\$3,022,675</u>	<u>\$3,524,900</u>
<b>TOTAL LIABILITIES</b>	\$44,707,127	\$32,855,854
<b>EQUITY</b>		
MEMBER EQUITY	\$26,867,771	\$25,736,565
CAPITAL RESERVE	<u>\$27,251,771</u>	<u>\$25,131,863</u>
<b>TOTAL PATRON EQUITY</b>	\$54,119,542	\$50,868,428
<b>TOTAL LIABILITIES &amp; PATRON EQUITY</b>	<b>\$98,826,669</b>	<b>\$83,724,282</b>

2022

## PETROLEUM SALES (GALLONS)

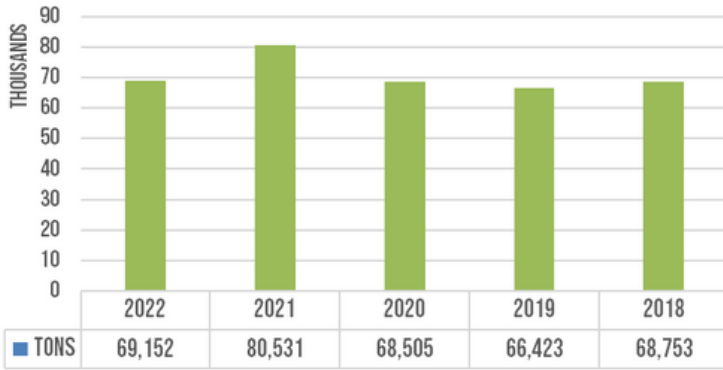


## FEED SALES (TONS)

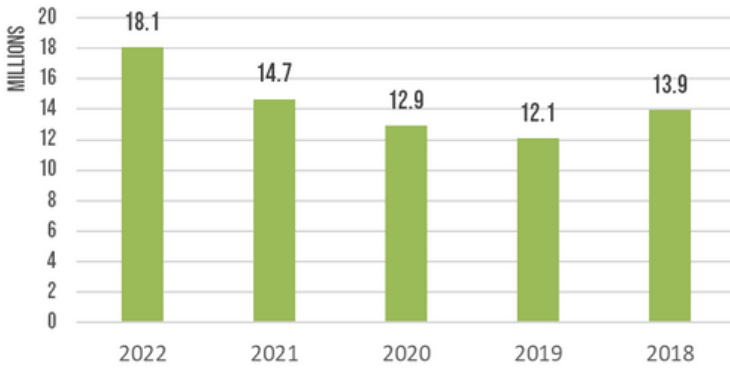




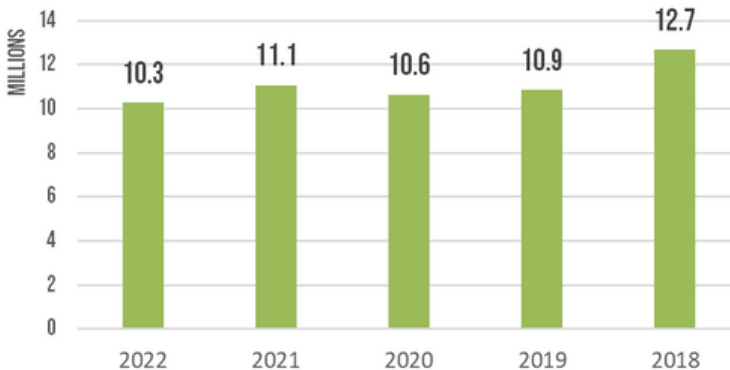
## FERTILIZER SOLD (TONS)



## CHEMICAL SALES (\$)



## SEED SALES (\$)





# 100 Years OF CENTRA SOTA

## 1877

Buffalo, MN farmers join together to market milk and butter through a local creamery



## 1920's

**1922-** Capper-Volstead Act is passed and Producers Co-op Creamery is formed

**1924-** Producers Co-op becomes one of the first co-ops licensed for Land O Lakes Sweet Cream Butter production. Butter is shipped from MN to London, England



## 1940's & 50's

Producers Co-op name is changed to Buffalo Co-op Creamery, smaller co-ops merged

**1959-** Acquired Osborne/McMillan Elevator in Soo Town, began feed and grain business



## 1960's

Mergers prompt another name change, "Centra Sota Co-op"; Merged with Santiago Dairy Assoc.

**1969-** Farm store constructed off the rail line. Agronomy continues to thrive, but the creamery business is sold to Twin City Milk Producers



## 1980's

**1987-** Merge with Agronomy Dept. of Benton County Co-op

**1988-** Our venture into energy begins with the merge of Watertown Co-op



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## 1990's

- 1994-** Purchase Vigoro Fertilizer plant in Eden Valley
- 1996-** A partnership with Land O Lakes to purchase Munson Feed Mill in Howard Lake brings upgrades to inefficient facilities



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## 2000's

- 2000-** Purchase Terra Fertilizer in Watkins
- 2001-** Purchase Lake Region Co-op in Maple Lake and Cokato; Agronomy business doubles!
- 2002-** Begin energy partnership with Lake Region Co-op
- 2003-** Community Lawn Care starts
- 2006-** Merger with Upsala Co-op; 3 legged milk stool reference created.
- 2008-** Acquire Wright Way Ag, rolled into Cokato location
- 2009-** Merge with St. Martin Co-op



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## 2010's

- 2011-** Buy out Lake Region Co-op energy share after 9yr partnership
- 2013-** Energy department grows with the addition of Harding Bulk (Woitalla Energy) site
- 2014-** Addition of JD Oil in Cokato
- 2017-** Addition of Anderson Gilyard Oil & Propane



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## 2022

Today, Centra Sota celebrates five thriving business units - Agronomy, Feed, Energy, Community Lawn Care, and Country Stores. We have 17 locations throughout central Minnesota, and nearly 200 team members. We are exceptionally proud of our history, passionate about innovation and service, and looking forward to the next hundred years!

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# Our Why

## OUR VISION

To improve lives and create a more vibrant future for farmers, families, and communities in Central MN.

## OUR MISSION

To be a people-focused cooperative offering honest and helpful information, innovative products, and exceptional service from a reliable team of experts who care.

## OUR VALUES

### PEOPLE-FOCUSED

People are at the heart of everything we do. We strive to build life-long, genuine relationships with our customers, our vendors, our team members, their families, and our communities. We look for opportunities to give back and positively impact each community we're in.

### EXPERIENCED INNOVATORS

Locally-owned with roots stretching back a century, we're proud of our rich history but are always planning for the future. We invest in innovations to ensure we're bringing our customers the best products and practices, and making business easier to do than ever before.

### EXCEPTIONAL SERVICE

We know that respect and trust are earned, and we stand behind what we do. We'll take the time to really listen, understand your needs, and then offer honest, knowledgeable guidance to help your operation thrive. If there's a problem, we'll do our best to make it right.

### REMARKABLE TEAM

Many of our teams consider each other family, and treat our customers the same way. Their hard work and dedication are unparalleled. We attribute our success to their knowledge, experience, and commitment. We strive to build a safe, flexible, family-like, and engaging environment that empowers everyone to succeed.