

# FIVE YEAR HISTORICAL INFORMATION

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Sales	\$161,573,873	\$160,192,367	\$145,442,180	\$144,224,361	\$159,992,862
Local Net Savings	\$1,001,909	\$1,461,208	\$1,023,069	\$1,441,399	\$2,531,270
Total Net Savings	\$3,097,870	\$2,830,216	\$3,042,332	\$3,809,521	\$5,071,211
Cash Returned to Members	\$1,180,342	\$1,831,338	\$1,652,476	\$1,224,030	\$1,470,823
Working Capital	\$16,061,075	\$13,478,571	\$12,883,963	\$12,428,599	\$13,725,932
Local Return on Local Equity	2.73%	4.17%	3.00%	4.33%	8.10%
Ownership Percentage	58.72%	59.18%	66.37%	64.60%	61.69%
Local Ownership Percentage	50.55%	50.82%	58.32%	56.59%	53.37%
Employee Efficiency Ratio	43.40%	42.58%	45.05%	43.90%	40.66%



**Centra Sota**  
 Buffalo, MN 55313  
 800.229-1464  
[www.centrasota.com](http://www.centrasota.com)

*Serving Central Minnesota*

*To be the partner you can count on,  
 providing real solutions,  
 for today and tomorrow.*



**Centra Sota**

**Centra Sota Cooperative  
 Annual Report 2019**

# A MESSAGE TO OUR MEMBERS...

With all the volatility and change taking place around us it is very important we keep doing our work. ***“Perseverance is the hard work you do after you get tired of doing the hard work you already did”***. This quote really sums up what we all are dealing with daily in our industry. Volatility exists in so many ways – in production agriculture the most impactful volatility measures are in weather and market prices. The impacts we all feel can be negative or positive, but in 2019 the impacts were negative. We dealt with unprecedented weather conditions and worldwide trade wars significantly affected the agricultural markets. Despite the conditions we all had to endure over the past year, your cooperative performed well and continued to make significant investments for the future. In addition to the annual replacing of rolling stock, we made large improvements to our facilities in St. Martin and the Albany Feed Mill.

As you can see in this year's financial statement, your cooperative achieved sales of \$161 million and earnings of \$3.1 million. These figures are very similar to 2018 and represent solid earnings in a very volatile environment. While we always have to deal with the ups and downs in weather, this past year the impact was unprecedented. The winter didn't want to end and the spring brought rainfalls making for poor field conditions for custom application, and the fall seemed to only last a week before winter kicked in. This made for a very challenging year for our customers from beginning to end! The final numbers showed our customers were unable to plant over 100,000 acres across the territory we serve and many of the acres planted didn't yield well due to conditions.

Not too many years ago the impact of losing input sales on 20% of the acres we serve could have had a more dire impact on Centra Sota and our owners. This speaks to the diversification taken place and how important it is. We have spoken in past years about the “3–legged stool”. A stool can't remain upright and steady with only 1 leg. The Agronomy leg had a challenging year, but both Feed and Energy performed very well. We have seen this vary several times over the history of Centra Sota which is why we will strive to keep growing all 3 businesses over time.

As we begin a new decade and look forward, we will all have to continue to manage the volatility surrounding us and hope for better days ahead. Farm income has declined 6 years in a row and now seems to have leveled off and possibly started to rebound. Recently some progress has been made in the trade area with several of the world's largest importers of American Agriculture products. These agreements should help our markets as we move into 2020 and beyond.

Centra Sota is taking a long-term view as we go forward. We are making significant investments in new facilities, equipment, and people. Over \$6.3 million was spent in 2019 and our financial plan for 2020 shows continual investments needed for future growth. We are committed to providing the best level of service possible to our patrons and this remains constant year in and year out. Another commitment we have made is returning cash back to you. This past year we have returned almost \$1.3 million in cash to members with cash patronage and equity retirements. Over the past 5 years cash paid back totals \$7.4 million. This represents almost 100% of our local earnings in this time period while at the same time making investments for the future. This is our commitment to our patrons – return as much cash as we can feasibly do to help your operations.

While many changes lie ahead we are committed to persevering. What doesn't change is the vision and mission of Centra Sota. “To be the partner you can count on, providing real solutions, for today and tomorrow”.



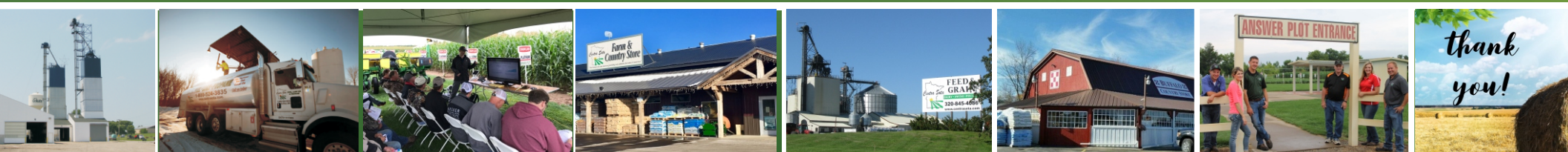
*Jeffrey A. Johnson*

Jeff Johnson  
CEO/General Manager



Steve Sievek

Steve Sievek  
Chairman  
Board of Directors



thank you!

## OFFICERS & DIRECTORS

Steve Sievek	Chairman	Brainerd
Charles Krause	Vice Chairman	Buffalo
Bill Holthaus	Secretary	Buffalo
Dennis Lietha	Director	St. Cloud
Tom Hammer	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/GM	
Dan Malinski	CFO	

## STATEMENT OF OPERATIONS

	2019	2018
Sales	\$161,573,873	\$160,192,367
Cost of Sales	\$135,115,326	\$134,089,233
Operating Revenue	\$26,458,547	\$26,103,134
Expenses:		
Employee Expense	\$12,470,849	\$11,818,982
Depreciation	\$3,072,056	\$2,903,677
Insurance	\$841,761	\$655,006
Other Operating Expenses	\$9,758,779	\$9,890,612
Total Operating Expenses	\$26,143,445	\$25,268,277
Net Operating Margin	\$315,102	\$834,857
Other Income (Expense)		
Interest Expense	(\$1,243,030)	(\$703,665)
Collection/Legal Expense	(\$343,187)	(\$324,276)
Partnership Income — MLN, LLC.	\$94,129	\$148,675
Other Revenue and Expense	\$2,178,895	\$1,505,617
Net Other Income (Expense)	\$686,807	\$626,351
<b>Local Net Savings</b>	<b>\$1,001,909</b>	<b>\$1,461,208</b>
Patronage Income	\$2,057,877	\$1,405,598
<b>Net Income Before Taxes</b>	<b>\$3,059,786</b>	<b>\$2,866,806</b>
Income Taxes	\$38,084	(\$36,590)
<b>Net Savings</b>	<b>\$3,097,870</b>	<b>\$2,830,216</b>

## CENTRA SOTA COOPERATIVE

Serving Central  
Minnesota

**Our Vision:**  
*To be the partner you can count on,  
providing real solutions for today and tomorrow.*

This summarized financial information has been extracted from the complete financial statements and auditor's opinions which are on file in the cooperative's offices.

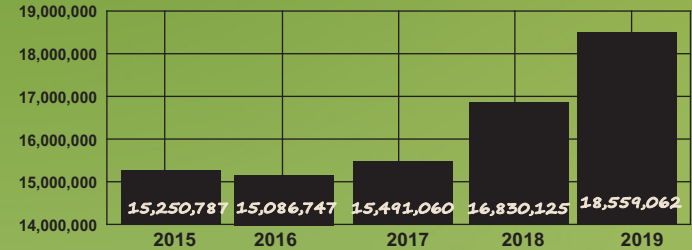


# BALANCE SHEET

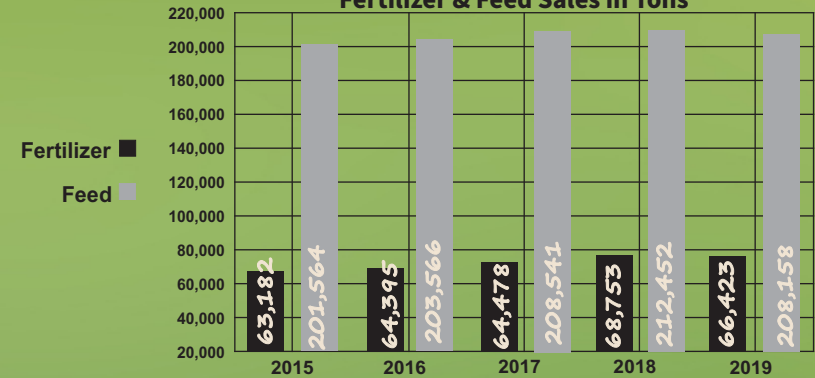
ASSETS	2019	2018
<b>Current Assets:</b>		
Cash	\$ 178,869	\$ 675,981
Receivables	17,104,960	17,201,494
Less: Allowance for Doubtful Accounts	(1,256,482)	(1,288,370)
Inventory and Other Current Assets	31,534,762	30,726,589
<b>Total Current Assets</b>	<b>47,562,109</b>	<b>47,315,694</b>
<b>Other Assets:</b>		
Fixed Assets	52,454,127	47,284,241
Less: Accumulated Depreciation	(31,334,178)	(29,352,285)
Net Fixed Assets	21,119,949	17,931,956
Investments in Other Cooperatives	18,280,571	17,745,332
<b>Total Assets</b>	<b>86,962,629</b>	<b>82,992,982</b>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	10,652,322	11,282,413
Patronage Dividends Payable	710,127	686,665
Other Current Liabilities	20,138,585	21,868,045
<b>Total Current Liabilities</b>	<b>31,501,034</b>	<b>33,837,123</b>
Long Term Liabilities	4,395,000	40,000
<b>Total Liabilities</b>	<b>35,896,034</b>	<b>33,877,123</b>
<b>EQUITY</b>		
Member Equity	26,112,456	25,570,648
Capital Reserve	24,954,139	23,545,211
<b>Total Patron Equity</b>	<b>51,066,595</b>	<b>49,115,859</b>
<b>Total Liabilities and Patron Equity</b>	<b>\$ 86,962,629</b>	<b>\$ 82,992,982</b>

# HISTORIC SALES VOLUMES

Petroleum Sales in Gallons



Fertilizer & Feed Sales in Tons



Seed & Chemical Sales in Dollars

