

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 / Gen Mgr | Buffalo |
| Valerie Megaw | CFO | Buffalo |

FIVE YEAR HISTORICAL INFORMATION

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|
| SALES | \$191,650,005 | \$158,850,984 | \$161,573,873 | \$160,192,367 | \$145,442,180 |
| LOCAL NET SAVINGS | (\$3,219,851) | (\$867,542) | \$1,001,909 | \$1,461,208 | \$1,023,069 |
| TOTAL NET SAVINGS | (\$1,507,323) | \$3,518,668 | \$3,097,870 | \$2,830,216 | \$3,042,332 |
| CASH RETURNED TO MEMBERS | \$1,625,190 | \$663,972 | \$1,180,342 | \$1,831,338 | \$1,652,476 |
| WORKING CAPITAL | \$16,036,695 | \$17,887,352 | \$16,061,075 | \$13,478,571 | \$12,883,963 |
| LOCAL RETURN ON LOCAL EQUITY | -8.83% | -2.20% | 2.73% | 4.17% | 3.00% |
| OWNERSHIP PERCENTAGE | 60.76% | 66.84% | 58.72% | 59.18% | 66.37% |
| LOCAL OWNERSHIP PERCENTAGE | 52.59% | 59.59% | 50.55% | 50.82% | 58.32% |
| EMPLOYEE EFFICIENCY RATIO | 45.36% | 45.28% | 43.40% | 42.58% | 45.05% |



CENTRA SOTA COOPERATIVE ANNUAL REPORT 2021

800.229.1464 | www.centrasota.com



A MESSAGE TO OUR MEMBERS.....

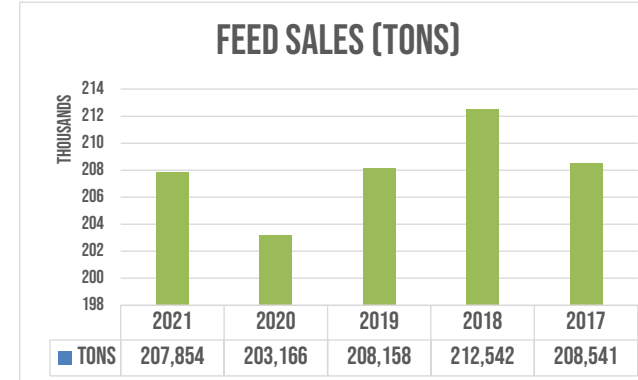
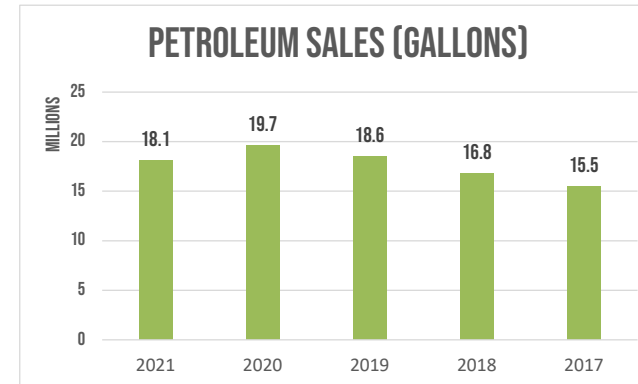
Many of us would never have imagined the possibility of a pandemic during our lifetimes. Maybe the advancements in medicine and in overall quality of life made it seem impossible. But as the saying goes, "Never say never." This year concludes the 99th year for Centra Sota Cooperative. There is no doubt we have seen many things change over this last century. When the founding members joined together to create Centra Sota, they might never have imagined it turning 100, the same way we couldn't imagine how covid would impact everything. But both of these are a reality (though we're much happier about one than the other)!

Last year we were locked down, unable to even gather as members of Centra Sota, and today we are still dealing with this pandemic. It's affected each of our lives, and has also impacted your cooperative for both customers and employees. Despite these challenges, we continued the legacy of what Centra Sota is known for - providing what our members need to help them with their operations and lives. And as we enter the 100th year for Centra Sota we know our job is to continue this legacy no matter what obstacles are presented.

In fiscal year 2021 we broke many records in historical sales and volumes while dealing with major supply and logistical challenges. The final numbers show that sales increased \$33 million over 2020, and a record volume of products were delivered in many areas. Notably, our fertilizer sales increased by more than 12,000 tons to a total of over 80,000. Our Feed, Country Store, and Energy divisions also had a very strong year despite similar supply disruptions.

Undoubtedly, we've all heard about the supply chain challenges impacting everything from computer chips to food to commodities. Here at Centra Sota, we are working daily on how to acquire what we need for our customers. Fertilizer, chemicals, fuel, feed ingredients – nearly every area of our business faces supply challenges. During times of shortages, prices increase

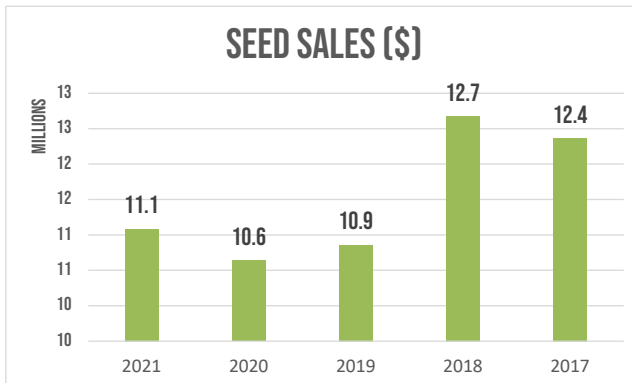
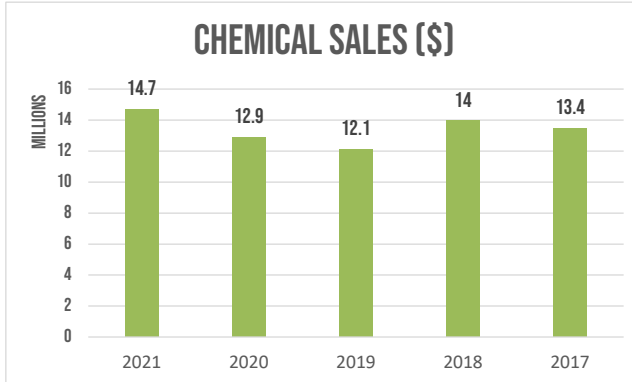
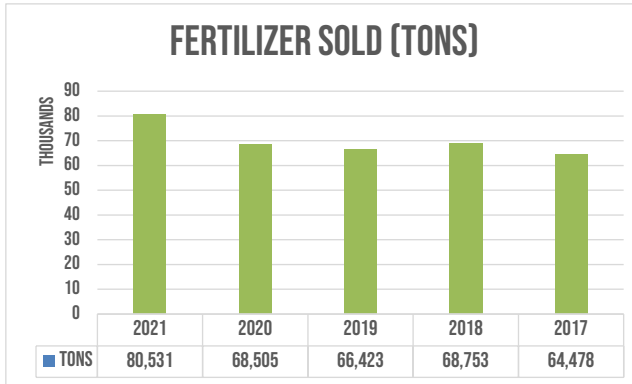
HISTORIC SALES VOLUMES



ANNUAL REPORT



HISTORIC SALES VOLUMES



due to high demand. The products we deliver to our patrons come from all parts of the world, so challenges around the world can impact our ability to access products we need both for business and in our personal lives.

These challenges don't appear to be ending anytime soon. Ships waiting for weeks or months to dock, the lack of truck drivers, and other factors all continue to compound this issue. The Centra Sota team did a remarkable job this year not only supplying what our customers needed, but anticipating an increased demand with higher commodity prices, and taking a proactive approach to supply additional needs as well.

Weather was another challenge this year. Rainfall varied throughout the communities we serve with some areas experiencing severe droughts. Harvest yield reports were widely varied for our customers with comments ranging from "best year ever" to "worst year since 1988." The drought clearly had a negative impact in many areas.

We continue to be optimists, hoping next year will be a good year for all of us. Like all businesses, Centra Sota is facing many challenges today. We will meet these challenges head-on, always working to do what is in the best interest of our patron members. This philosophy has guided us throughout our 99-year history, and will continue to direct us as we embark upon the next century of serving farmers in Central Minnesota!

Thank you for your continued patronage of your cooperative. Let's take some time this next year to celebrate what we have accomplished and learned, and prepare Centra Sota for the next 100 years!



JEFF JOHNSON
CEO/GENERAL MANAGER



STEVE SIEVEK
CHAIRMAN
BOARD OF DIRECTORS

STATEMENT OF OPERATIONS

| | 2021 | 2020 |
|--------------------------------|----------------------|--------------------|
| SALES | \$191,650,005 | \$158,850,984 |
| COST OF SALES | \$162,846,095 | \$132,254,721 |
| OPERATING REVENUE | \$28,803,910 | \$26,596,263 |
| EXPENSES: | | |
| EMPLOYEE EXPENSE | \$13,718,944 | \$12,962,640 |
| DEPRECIATION | \$3,649,501 | \$3,306,233 |
| INSURANCE | \$518,348 | \$834,499 |
| OTHER OPERATING EXPENSES | \$10,411,787 | \$10,121,456 |
| TOTAL OPERATING EXPENSES | \$28,298,580 | \$27,224,828 |
| NET OPERATING MARGIN | \$505,330 | (\$628,565) |
| OTHER INCOME (EXPENSE) | | |
| INTEREST EXPENSE | (\$640,904) | (\$927,168) |
| COLLECTION/LEGAL EXPENSE | (\$4,518,788) | (\$1,326,685) |
| PARTNERSHIP INCOME - MLN, LLC. | \$139,829 | \$120,215 |
| OTHER REVENUE AND EXPENSE | \$1,294,682 | \$1,894,661 |
| NET OTHER INCOME (EXPENSE) | (\$3,725,181) | (\$238,977) |
| LOCAL NET SAVINGS | (\$3,219,851) | (\$867,542) |
| PATRONAGE INCOME | \$1,743,708 | \$2,165,218 |
| GAIN ON EXTINGUISH OF DEBT | | \$2,310,382 |
| NET INCOME BEFORE TAXES | (\$1,476,143) | \$3,608,058 |
| INCOME TAXES | (\$31,180) | (\$89,390) |
| NET SAVINGS | (\$1,507,323) | \$3,518,668 |



The Energy team received a long-awaited new propane truck.

Buffalo Country Store enjoys a visit from the Chamber of Commerce.



BALANCE SHEET

| | 2021 | 2020 |
|--|---------------------|---------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| CASH | \$0 | \$756,188 |
| NET RECEIVABLES | \$17,216,530 | \$18,123,846 |
| INVENTORIES | \$26,158,569 | 19,430,201 |
| OTHER CURRENT ASSETS | \$1,992,550 | \$2,321,649 |
| TOTAL CURRENT ASSETS | \$45,367,649 | \$40,631,884 |
| OTHER ASSETS: | | |
| FIXED ASSETS | \$57,362,133 | \$55,730,973 |
| LESS: ACCUMULATED DEPRECIATION | (\$36,134,584) | (\$33,555,198) |
| NET FIXED ASSETS | \$21,227,549 | \$22,175,775 |
| INVESTMENTS IN OTHER COOPERATIVES | \$17,129,084 | \$17,910,902 |
| TOTAL ASSETS | \$83,724,282 | \$80,718,561 |
| LIABILITIES | | |
| CURRENT LIABILITIES: | | |
| ACCOUNTS PAYABLE | \$9,723,958 | \$8,760,844 |
| PATRONAGE DIVIDENDS PAYABLE | \$451,262 | \$347,770 |
| OTHER CURRENT LIABILITIES | \$19,155,734 | \$13,635,918 |
| TOTAL CURRENT LIABILITIES | \$29,330,954 | \$22,744,532 |
| LONG TERM LIABILITIES | \$3,524,900 | \$4,024,900 |
| TOTAL LIABILITIES | \$32,855,854 | \$26,769,432 |
| EQUITY | | |
| MEMBER EQUITY | \$25,736,565 | \$26,276,307 |
| CAPITAL RESERVE | \$25,131,863 | \$27,672,822 |
| TOTAL PATRON EQUITY | \$50,868,428 | \$53,949,129 |
| TOTAL LIABILITIES AND PATRON EQUITY | \$83,724,282 | \$80,718,561 |