

# Larkin Hoffman

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December 23, 2021

VIA E-FILE

Mr. Geoffrey Spray  
Registration Division  
Minnesota Department of Commerce  
85 7th Place East, Suite 280  
St. Paul, MN 55101-2198

Re: **CHS Inc. d/b/a Cenex, Branded Petroleum Distributor Program  
Registration No. F-6129**

Dear Mr. Spray:

Enclosed for filing is a franchise renewal application, submitted on behalf of CHS Inc. d/b/a Cenex (the "Company"), renewing its motor vehicle franchise registration under Minnesota regulation 2860.5200 for its Branded Petroleum Distributor program.

Pursuant to the requirements of Minnesota regulations, Section 2860.5200 and 2860.5300, we have enclosed the following:

1. A blackline of the Public Offering Statement pursuant to Minnesota regulations, Section 2860.5200;
2. Audited financial statements of the Company pursuant to Minnesota regulations, Section 2860.5300A; and
3. The names, addresses and business telephone numbers of all existing distributors of the Company in the State of Minnesota, to address the requirements of Minnesota regulations, Section 2860.5300B.

The provisions of Minnesota regulations, Section 2860.5300 suggest that apart from the public offering statement, the only information required to be filed with this application is the financial statements and a list of franchisees in Minnesota. However, we have nevertheless enclosed the following additional items to expedite the review of this Annual Report:

- Application for Registration, in the form prescribed by Minnesota Regulations, Section 2860.9910;
- Corporate and Individual Verification, in the form prescribed by Minnesota Regulations, Section 2860.9920; and

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- Our check in the amount of \$300, as the renewal filing fee (by Federal Express).

Because the Company is based in Minnesota, there would be no need for a Consent to Service of Process. If you have any questions with respect to this application, please contact me. Thank you.

Sincerely,



Joseph J. Fittante, Jr., for  
Larkin Hoffman

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Enclosures  
4886-5091-2770, v. 1

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of CHS Inc.:

### ***Opinion on the Financial Statements***

We have audited the accompanying consolidated balance sheets of CHS Inc. and its subsidiaries (the "Company") as of August 31, 2021 and 2020, and the related consolidated statements of operations, comprehensive income, changes in equities and cash flows for each of the three years in the period ended August 31, 2021, including the related notes and schedule of valuation and qualifying accounts and reserves for each of the three years in the period ended August 31, 2021, appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of August 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended August 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As discussed in Note 19 to the consolidated financial statements, the Company changed the manner in which it accounts for leases as of September 1, 2019.

### ***Basis for Opinion***

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

### ***Critical Audit Matters***

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### ***Valuation of Grain Inventories and Grain Forward Commodity Purchase and Sales Contracts***

As described in Notes 4, 15, and 16 to the consolidated financial statements, the Company's grain and oilseed inventories were \$1,435.5 million as of August 31, 2021, and commodity derivatives in an asset and liability position were \$532.8 million and \$444.9 million, respectively, as of August 31, 2021, of which grain inventories and grain forward commodity purchase and sales contracts make up the majority. Management enters into various derivative instruments to manage the Company's exposure to movements primarily associated with agricultural and energy commodity prices. The net realizable value of grain inventories and fair value of grain forward commodity purchase and sales contracts are determined using inputs that are

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