

Glacial Lakes Corn Processors

Consolidated Financial Report
August 31, 2019

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Independent Auditor's Report

Board of Directors
Glacial Lakes Corn Processors

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Glacial Lakes Corn Processors and its subsidiaries, which comprise the consolidated balance sheets as of August 31, 2019 and 2018, the related consolidated statements of operations, stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Glacial Lakes Corn Processors and its subsidiaries as of August 31, 2019 and 2018, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Sioux Falls, South Dakota
November 19, 2019

Glacial Lakes Corn Processors

Consolidated Balance Sheets August 31, 2019 and 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 24,423,249	\$ 21,337,952
Short-term investments	49,859,616	68,632,797
Accounts receivable, net	8,466,527	11,973,976
Inventories	21,153,188	18,133,078
Derivative financial instruments	1,821,119	2,742,461
Prepaid expenses	132,799	94,447
Income tax receivable	230,192	27,741
Total current assets	106,086,690	122,942,452
Property and equipment, net	92,791,329	101,727,856
Investments in unconsolidated affiliates	17,019,224	18,824,096
Other assets	1,360,806	1,359,482
Total assets	\$ 217,258,049	\$ 244,853,886
Liabilities and Stockholders' Equity		
Current liabilities:		
Checks issued in excess of bank balance	\$ 1,242,638	\$ 1,108,222
Accounts payable	28,978,192	26,963,322
Accrued expenses	2,482,175	3,158,138
Patronage dividends payable	-	7,425,466
Glacial Lakes Exports distributions payable	2,968,138	2,271,058
Total current liabilities	35,671,143	40,926,206
Deferred income taxes	1,037,422	1,415,644
Other	5,484,700	4,486,900
Total liabilities	42,193,265	46,828,750
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Preferred stock, \$1.00 par value; authorized 1,000,000 shares; no shares issued and outstanding	-	-
Common stock, \$0.00056 par value; authorized 500,000,000 shares; 185,636,652 shares issued and outstanding in 2019 and 2018	103,061	103,061
Additional paid-in capital	113,507,620	113,507,620
Certificates of interest	1,262,166	1,262,166
Unallocated capital	60,191,937	75,726,823
Allocated capital	-	7,425,466
Total stockholders' equity	175,064,784	198,025,136
Total liabilities and stockholders' equity	\$ 217,258,049	\$ 244,853,886

See notes to consolidated financial statements.

Glacial Lakes Corn Processors

Consolidated Statements of Operations Years Ended August 31, 2019 and 2018

	2019	2018
Revenue:		
Product sales	\$ 410,850,388	\$ 430,268,242
Service revenue	118,760	598,042
Government incentive revenue	-	358,385
Total revenue	410,969,148	431,224,669
Cost of goods sold	412,579,346	395,013,366
Gross profit (loss)	(1,610,198)	36,211,303
General and administrative expenses	7,127,425	7,153,613
Operating income (loss)	(8,737,623)	29,057,690
Other income (expense):		
Interest expense	(100,000)	(226,780)
Interest income	1,811,067	1,368,402
Equity in earnings (losses) of unconsolidated affiliates	(1,604,710)	1,697,829
Other income (expense), net	126,400	202,506
	232,757	3,041,957
Income (loss) before income tax benefit	(8,504,866)	32,099,647
Income tax benefit	(420,675)	(951,446)
Net income (loss)	\$ (8,084,191)	\$ 33,051,093
Basic and diluted earnings (loss) per common share	\$ (0.044)	\$ 0.178

See notes to consolidated financial statements.

Glacial Lakes Corn Processors

Consolidated Statements of Stockholders' Equity Years Ended August 31, 2019 and 2018

	Common Stock	Additional Paid-In Capital	Certificates of Interest	Unallocated Capital	Allocated Capital	Total
Balance, August 31, 2017	\$ 103,061	\$ 113,507,620	\$ 1,262,166	\$ 75,229,290	\$ 7,425,466	\$ 197,527,603
Net income	-	-	-	33,051,093	-	33,051,093
Patronage earnings allocated to stockholders	-	-	-	(29,701,864)	29,701,864	-
Patronage dividends	-	-	-	-	(29,701,864)	(29,701,864)
Glacial Lakes Exports distributions	-	-	-	(2,851,696)	-	(2,851,696)
Balance, August 31, 2018	103,061	113,507,620	1,262,166	75,726,823	7,425,466	198,025,136
Net loss	-	-	-	(8,084,191)	-	(8,084,191)
Patronage earnings allocated to stockholders	-	-	-	(11,138,349)	11,138,349	-
Patronage dividends	-	-	-	7,425,466	(18,563,815)	(11,138,349)
Glacial Lakes Exports distributions	-	-	-	(3,737,812)	-	(3,737,812)
Balance, August 31, 2019	\$ 103,061	\$ 113,507,620	\$ 1,262,166	\$ 60,191,937	\$ -	\$ 175,064,784

See notes to consolidated financial statements.

Glacial Lakes Corn Processors

Consolidated Statements of Cash Flows Years Ended August 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Net income (loss)	\$ (8,084,191)	\$ 33,051,093
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	14,206,344	18,848,290
Deferred income taxes	(378,222)	(1,549,187)
Equity in (earnings) losses of unconsolidated affiliates	1,604,710	(1,697,829)
Distributions from unconsolidated affiliates	200,162	2,424,697
Amortized (gain) loss on held-to-maturity investments	(541,699)	54,645
Loss from sale of property and equipment	303,529	220,851
Gains on derivative financial instruments	(4,502,197)	(9,936,440)
Change in operating assets and liabilities:		
Accounts receivable	3,507,449	1,411,749
Inventories	(3,020,110)	(111,733)
Derivative financial instruments	5,423,539	7,942,421
Prepaid expenses	(38,352)	154,973
Income tax receivable	(202,451)	(21,136)
Other assets	(1,324)	(2,544)
Accounts payable	2,627,587	966,019
Accrued expenses	321,837	310,035
Net cash provided by operating activities	11,426,611	52,065,904
Cash flows from investing activities:		
Purchases of property and equipment	(6,481,346)	(19,150,875)
Proceeds from sale of property and equipment	295,283	1,642,109
Purchase of short-term investment securities	(49,685,120)	(72,723,088)
Maturity of short-term investment securities	69,000,000	52,000,000
Investment in unconsolidated affiliates	-	(2,500,000)
Net cash provided by (used in) investing activities	13,128,817	(40,731,854)
Cash flows from financing activities:		
Increase (decrease) in checks issued in excess of bank balance	134,416	(3,709,479)
Payments on long-term debt	-	(7,050,000)
Patronage dividends paid	(18,563,815)	(29,701,864)
Glacial Lakes Exports distributions	(3,040,732)	(1,639,172)
Net cash used in financing activities	(21,470,131)	(42,100,515)
Net increase (decrease) in cash and cash equivalents	3,085,297	(30,766,465)
Cash and cash equivalents:		
Beginning	21,337,952	52,104,417
Ending	\$ 24,423,249	\$ 21,337,952
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 100,000	\$ 252,684
Cash paid for income taxes	\$ 160,000	\$ 618,987
Supplemental schedule of noncash investing and financing activities:		
Property and equipment acquired with accounts payable	\$ 92,572	\$ 705,289
Patronage dividends payable	\$ -	\$ 7,425,466

See notes to consolidated financial statements.

Glacial Lakes Corn Processors

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies

Nature of business: Glacial Lakes Corn Processors (GLCP), a cooperative located near Watertown, South Dakota, was organized in May 2001 and operates ethanol plants in South Dakota for commercial sales. Wholly owned subsidiaries of GLCP are Glacial Lakes Energy, LLC (GLE) and Aberdeen Energy, LLC (AE). GLE owns and operates a 100 million gallon per year ethanol plant near Watertown, South Dakota. AE owns and operates a 100 million gallon per year ethanol plant near Aberdeen, South Dakota.

Principles of consolidation: The financial statements include the accounts of GLCP and its wholly owned subsidiaries (collectively, the Cooperative). All significant intercompany accounts and transactions have been eliminated in consolidation.

A summary of the Company's significant accounting policies follows:

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates. Estimates significant to the financial statements include inventory valuation, stock-based compensation, accrual for damage to leased railcars, derivative financial instruments, deferred income taxes, and useful lives of property and equipment.

Revenue recognition: The Company generally sells ethanol and dried distillers grains pursuant to marketing agreements. Revenue from product sales is recorded when the product is loaded and title transfers to the customer. Product sales are recorded net of outbound shipping costs and commissions. Service revenue is recognized as earned. Government incentive revenue is recognized in accordance with the terms of the program.

Shipping and commission costs: Shipping costs for product sales paid directly by the Cooperative's marketers and commissions deducted by the marketers are presented on a net basis in product sales on the consolidated statements of operations. Shipping costs were \$79,471,036 and \$73,737,604 and commission costs were \$2,898,055 and \$2,877,872 for the years ended August 31, 2019 and 2018, respectively.

Concentrations of credit risk: The Cooperative performs periodic credit evaluations of its customers and generally does not require collateral. The Cooperative's results of operations may vary with the volatility of the markets for inputs (including corn, natural gas, chemicals and denaturant) and for the finished products (ethanol, distiller's grains and corn oil).

Cash and cash equivalents: The Cooperative considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Cooperative maintains bank deposit accounts that regularly exceed federally insured limits. The company analyzes the financial information of the financial institutions on a quarterly basis. The Cooperative has not experienced any losses in such accounts.

Glacial Lakes Corn Processors

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Accounts receivable: Accounts receivable are carried at original invoice amount less an allowance for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and using historical experience applied to an aging of receivables. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recognized when received.

Inventory: Corn inventory is stated at the lower of cost or net realizable value on the weighted-average cost method. Other inventories are stated at the lower of cost or net realizable value on the first-in, first-out method.

Derivative financial instruments: The Cooperative enters into forward purchase and sales contracts for corn, ethanol and distiller's grain, which meet the definition of a derivative under accounting standards but qualify for the normal purchase, normal sale exception to derivative accounting. These contracts provide for the purchase or sale of commodities in quantities that are expected to be used or sold over a reasonable period of time in the normal course of operations. These contracts are not marked to market in the financial statements. In circumstances where management estimates that cash contract values from purchased corn cannot be recovered through the sale of ethanol and related coproducts, a loss is recorded on the contract. Such losses are included in cost of goods sold.

Exchange-traded futures contracts are marked to market as derivative financial instruments on the consolidated balance sheets. Changes in fair value are included in product sales or cost of goods sold on the consolidated statements of operations consistent with the commodity being hedged.

Property and equipment: Property and equipment is stated at cost. Depreciation is computed by the straight-line method over the following estimated useful lives:

	Years
Land improvements	15-20
Buildings	20-30
Railroad equipment and rolling stock	5-20
Machinery and equipment	7-30
Office equipment	3-7

Long-lived assets: The Cooperative reviews long-lived assets for impairment when events and circumstances indicate that the assets may not be recoverable. For purposes of this review, long-lived assets are grouped with other assets to the lowest level for which identifiable cash flows are largely independent of other groups of assets and liabilities (asset group). If the sum of undiscounted cash flows estimated to be generated by an asset group are less than the carrying amounts of those assets, an impairment loss is recognized for the excess of the carrying value of the asset group over its fair value.

Glacial Lakes Corn Processors

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Income taxes: The Cooperative is a nonexempt cooperative association subject to federal income tax on nonpatronage income and patronage income not allocated to members. The Cooperative is permitted to deduct the portion of patronage income allocated to the members in the form of cash dividends and qualified written notice of allocations from taxable income. The Cooperative allocates its patronage income on the tax basis. Deferred income taxes are recorded on the consolidated balance sheets for basis differences related to nonpatronage income from the Cooperative's investments in unconsolidated affiliates. The deferred tax liability represents the future tax return consequences of those differences. The Cooperative uses accelerated depreciation methods for income tax purposes, which causes taxable income to be different than net income for financial reporting purposes. Taxable income is also different than net income on the consolidated statements of operations for differences related to derivative financial instruments, stock-based compensation, accrued railcar damages, accrued compensation and certain recorded losses. No deferred income taxes are recognized on these differences.

Management has evaluated the Cooperative's tax positions and concluded that the Cooperative has taken no uncertain tax positions that require recognition in the financial statements. The Cooperative recognizes interest and penalties related to unrecognized tax benefits in its provision for income taxes. During the years ended August 31, 2019 and 2018, there were no material amounts recognized for interest or penalties related to unrecognized tax benefits.

The Cooperative files income tax returns in the federal and Minnesota jurisdiction. The Cooperative is no longer subject to federal tax examinations by tax authorities beyond three years. The Cooperative has no U.S. federal or state examinations currently in progress.

Earnings (loss) per share: Basic earnings (loss) per share is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share reflects the potential dilution that would occur, using the treasury stock method, if securities or other obligations to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that shared in the Cooperative's earnings, unless such effects are antidilutive.

Domestic international sales corporation: The Cooperative's members own Glacial Lakes Exports Holdings, LLC. Glacial Lakes Exports Holdings, LLC owns 100% of Glacial Lakes Exports, Inc., which is a domestic international sales corporation (DISC) under the Internal Revenue Code. Glacial Lakes Exports, Inc. receives a commission from GLE and AE on certain international sales. These commissions are recognized as distributions to the Cooperative's members in the consolidated statements of stockholders' equity in the year the sales occur.

Advertising costs: Advertising and promotion costs are expensed when incurred and totaled \$169,845 and \$225,993 for the years ended August 31, 2019 and 2018, respectively.

Recent accounting pronouncements: In August 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*. These amendments refine and expand hedge accounting for both financial (e.g., interest rate) and commodity risks. Its provisions create more transparency around how economic results are presented, both on the face of the financial statements and in the notes. It also makes certain targeted improvements to simplify the application of hedge accounting guidance. The ASU will be effective for the Cooperative beginning on September 1, 2020; however, early adoption is permitted. The Cooperative is currently evaluating the impact of this guidance on its financial statements.

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Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

In October 2016, the FASB issued ASU No. 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory*. These amendments require an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The amendments eliminate the exception for an intra-entity transfer of an asset other than inventory. The amendments do not include new disclosure requirements; however, existing disclosure requirements might be applicable when accounting for the current and deferred income taxes for an intra-entity transfer of an asset other than inventory. The ASU will be effective for the Cooperative beginning on September 1, 2019; however, early adoption is permitted. The adoption of this guidance is not expected to have a material impact on the financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Cooperative is currently evaluating the impact of the adoption of the new standard on its financial statements. See Note 10 for potential impact.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2018. The Cooperative does not expect the impact of adoption to be material to the Cooperative's financial statements. The Cooperative continues to evaluate the disclosure requirements related to the new standard.

Subsequent events: The Cooperative has evaluated subsequent events through November 19, 2019, the date which the financial statements were available to be issued.

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Notes to Consolidated Financial Statements

Note 2. Short-Term Investment Securities

The following is a summary of the Cooperative's short-term investment securities:

	2019		2018	
Due within one year	\$	49,859,616	\$	68,632,797

	Short-Term Investment Securities			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Market Value
August 31, 2019:				
United States and corporate securities	\$ 49,859,616	\$ 45,638	\$ (741)	\$ 49,904,513
August 31, 2018:				
United States and corporate securities	\$ 68,632,797	\$ -	\$ (47,684)	\$ 68,585,113

The securities in a loss position have been in an unrealized loss position for less than 12 consecutive months as of August 31, 2019.

Short-term investment securities are recorded in the consolidated balance sheets at amortized cost. Estimated market value at August 31, 2019 and 2018, was determined by reference to quotations or market indices for the respective investment securities. The unrealized gains and losses are determined at a point in time and would only be realized upon the sale of the investment securities. If the investment securities are held to their contractual maturities, no gains or losses are realized. Actual maturities may differ from contractual maturities because the issuers of certain debt securities may have the right to call or prepay their obligations.

Note 3. Accounts Receivable

The following table summarizes accounts receivable as of August 31, 2019 and 2018:

	2019		2018	
Trade	\$	6,304,348	\$	9,990,830
Other		2,162,179		1,985,694
		8,466,527		11,976,524
Less allowance for doubtful accounts		-		2,548
	\$	8,466,527	\$	11,973,976

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Notes to Consolidated Financial Statements

Note 4. Inventories

The following table summarizes inventories as of August 31, 2019 and 2018:

	2019	2018
Grain	\$ 7,521,659	\$ 7,737,612
Chemicals and ingredients	854,924	1,144,532
Ethanol and coproducts:		
Finished goods	7,038,551	3,753,936
In process	1,781,016	1,695,013
Spare parts	3,957,038	3,801,985
	<u>\$ 21,153,188</u>	<u>\$ 18,133,078</u>

Inventory is stated net of a valuation adjustment of \$684,959 and \$572,640 for the years ended August 31, 2019 and 2018, respectively.

Note 5. Derivative Financial Instruments

The Cooperative has entered into short-term exchange-traded contracts as a means of managing exposure to changes in commodity prices. As of August 31, 2019 and 2018, the Cooperative has entered into the following exchange-traded derivative financial instruments, none of which are designated as hedging instruments:

	Notional	2019		2018	
		Notional Quantity Long (Short)	Fair Value Assets (Liabilities)	Notional Quantity Long (Short)	Fair Value
GLE:					
Corn contracts	Bushels	(1,805,000)	\$ 389,000	(2,495,000)	\$ 742,425
Ethanol contracts	Gallons	-	-	(2,730,000)	634,725
Deposit with broker			179,970		1,079,914
AE:					
Corn contracts	Bushels	(4,545,000)	2,228,588	(2,535,000)	969,725
		(480,000)	(9,800)	(20,000)	(100,838)
Ethanol contracts	Gallons	-	-	(16,380,000)	2,960,475
		-	-	(2,016,000)	(40,421)
Deposit with (due to) broker			(966,639)		(3,503,544)
Total			<u>\$ 1,821,119</u>		<u>\$ 2,742,461</u>

These contracts and related amount on deposit with (due to) broker are presented net in derivative financial instruments in the balance sheets.

The following table summarizes the gains (losses) on derivative transactions reflected in the Cooperative's consolidated statements of operations for the years ended August 31, 2019 and 2018, none of which are designated as hedging instruments:

	2019	2018
Gain (loss) recognized in consolidated statements of operations:		
Revenue—product sales:		
Ethanol contracts	\$ (280,078)	\$ 10,350,153
Cost of goods sold:		
Corn contracts	4,782,275	(949,260)

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Notes to Consolidated Financial Statements

Note 6. Property and Equipment

The following table summarizes property and equipment as of August 31, 2019 and 2018:

	2019	2018
Land and land improvements	\$ 18,879,298	\$ 19,042,873
Buildings	30,948,033	31,240,436
Railroad equipment and rolling stock	18,672,836	19,139,000
Machinery and equipment	316,539,632	315,165,110
Office equipment	764,860	1,307,298
Construction in progress	2,203,724	2,013,326
	388,008,383	387,908,043
Less accumulated depreciation	(295,217,054)	(286,180,187)
	<u>\$ 92,791,329</u>	<u>\$ 101,727,856</u>

Depreciation expense for the years ended August 31, 2019 and 2018, was \$14,206,344 and \$18,690,165, respectively.

Note 7. Revolving Line of Credit and Long-Term Debt

Revolving line of credit: The Cooperative has a \$25,000,000 term revolving line of credit with Compeer Financial. Revolving line of credit advances borrowed and repaid may be reborrowed at any time prior to the revolving line of credit termination date. The line of credit renews on a month-to-month basis upon agreement of both parties. Amounts borrowed on the revolving line of credit bear interest at a rate 3.10% above the one-month LIBOR (5.3009% at August 31, 2019). Amounts borrowed under the revolving line of credit are secured by substantially all the assets of the Cooperative, GLE and AE. There were no outstanding borrowings, and the amount available under the agreement was \$25,000,000 as of August 31, 2019.

The Company will pay Compeer Financial an unused commitment fee on the average daily unused portion of the term revolving line of credit from the closing date until the maturity date at the rate of 40 basis points on a per-annum basis.

Covenants and requirements of loan agreement: The Loan Agreement with Compeer Financial requires compliance with a number of covenants including minimum working capital levels, fixed-charge coverage ratio, minimum tangible net worth, limitations on distributions and limitations on capital expenditures.

Note 8. Stockholders' Equity

The Cooperative is an agricultural association whereby members must meet established membership criteria, hold a minimum of 2,500 shares of common stock, pay the required membership fee and enter into a uniform delivery and marketing agreement.

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Notes to Consolidated Financial Statements

Note 8. Stockholders' Equity (Continued)

The common stock of the Cooperative is the membership stock of the Cooperative and entitles each member to one vote in the affairs of the Cooperative regardless of the number of common shares owned. Patronage dividends are paid on the common stock. According to the articles of incorporation, the Cooperative may issue preferred stock. Preferred stock of the Cooperative would be nonvoting with allowable noncumulative dividends paid on preferred stock not to exceed 8% annually of the par value of the preferred stock.

In the event of a liquidation or dissolution of the Cooperative, net assets remaining after the liabilities of the Cooperative are settled will be distributed first to the holders of preferred stock up to an amount equal to the consideration given. Second, distributions will be to the holders of the common stock and any nonvoting certificates of interest into which the common stock was converted, up to an amount equal to the consideration given plus, in the case of holders of certain shares of common stock, a Share Revaluation Preference. Third in preference is the members holding patron equities in the order from oldest to most recent. Fourth distribution is to the existing members on the basis of their past patronage. Final distributions will be to patrons in accordance with their credited interest in capital reserves, and any remaining assets to patrons in proportion to their patronage since the most recent issuance of capital stock in which a Share Revaluation Preference was created. The purpose of the Share Revaluation Preference is to equalize the liquidating distribution entitlements associated with outstanding shares with those associated with newly issued shares, notwithstanding that they were issued at different times and at different prices. This will equalize the entitlements of the pre-2006 shares with shares issued after May 31, 2006 (newly issued shares). However, the tax treatment on liquidation will be considerably different because the Share Revaluation Preference on the pre-2006 shares will be taxed as patronage dividends to the holders of those shares, to the extent the Cooperative recognizes gain on sale of assets and such gain constitutes patronage sourced gain, and assuming that the Cooperative remains taxable as a cooperative. The newly issued shares, on the other hand, will have their tax basis to offset against their distribution.

A reconciliation of net income (loss) from continuing operations and common stock share amounts used in the calculation of basic and diluted earnings (loss) per share for the years ended August 31 are as follows:

	Net Income (Loss)	Weighted Average Shares Outstanding	Per Share Amount
2019:			
Basic loss per share	\$ (8,084,191)	185,636,652	\$ (0.044)
2018:			
Basic earnings per share	\$ 33,051,093	185,636,652	\$ 0.178

Glacial Lakes Corn Processors

Notes to Consolidated Financial Statements

Note 9. Fair Value Measurements

Accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Cooperative has the ability to access.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table summarizes by level, within the fair value hierarchy, the Cooperative's assets (liabilities) measured at fair value on a recurring basis at August 31, 2019 and 2018:

Balance Sheet Location	August 31, 2019			
	Level 1	Level 2	Level 3	Total
Derivative financial instruments, assets	\$ 2,617,588	\$ -	\$ -	\$ 2,617,588
Derivative financial instruments, liabilities	(9,800)	-	-	(9,800)

Balance Sheet Location	August 31, 2018			
	Level 1	Level 2	Level 3	Total
Derivative financial instruments, assets	\$ 5,307,350	\$ -	\$ -	\$ 5,307,350
Derivative financial instruments, liabilities	(141,259)	-	-	(141,259)

The derivative financial instruments consist of commodity contracts, which are valued based on quoted market prices.

Note 10. Leases

The Cooperative leases 505 hopper and 619 tanker cars under operating lease agreements. Generally, the Cooperative is required to pay executory costs such as maintenance and insurance.

Rent expense on the rail cars for the years ended August 31, 2019 and 2018, totaled \$5,526,421 and \$6,024,939, respectively, which is net of sublease income of \$108,718 and \$158,909, respectively.

Glacial Lakes Corn Processors

Notes to Consolidated Financial Statements

Note 10. Leases (Continued)

The Cooperative is responsible for repairs and maintenance on the rail cars, as well as damages that are assessed at the end of the lease term. Accruals recorded for estimated damages as of August 31, 2019 and 2018, were \$5,795,800 and \$5,070,400, respectively. The portions of these accruals classified as long-term were \$5,484,700 and \$4,486,900 as of August 31, 2019 and 2018, respectively.

The Cooperative's approximate future minimum lease payments as of August 31, 2019, are as follows:

Years ending August 31:	
2020	\$ 8,956,205
2021	7,605,230
2022	5,901,980
2023	3,098,980
2024	1,443,660
Thereafter	399,000
	<u>\$ 27,405,055</u>

Note 11. Related-Party Transactions and Concentrations

Corn marketing and purchases: The Board of Directors of the Cooperative voted to have its members deliver 92,818,326 (0.50 per share) bushels of corn for each of the years ended August 31, 2019 and 2018, on an open delivery system. For those bushels not delivered by the members of the Cooperative, GLE obtained those bushels through a corn pool operated by GLE and charged a pool fee of \$0.008 per bushel for 2019 and 2018.

For the years ended August 31, 2019 and 2018, the Cooperative purchased corn from its members (including committed bushels described above) as follows:

	Bushels	Dollars
2019:		
Individuals	26,154,777	\$ 89,793,451
Elevators	25,713,990	92,618,276
	<u>51,868,767</u>	<u>\$ 182,411,727</u>
2018:		
Individuals	29,196,796	\$ 92,893,722
Elevators	30,519,857	97,116,594
	<u>59,716,653</u>	<u>\$ 190,010,316</u>

Included in the amounts paid to the members of the Cooperative for the purchase of corn for the years ended August 31, 2019 and 2018, the Cooperative paid \$3,007,978 and \$3,395,180, respectively, as freight allowance on committed bushels and \$60,900 as additional payment to those members who purchased over 50,000 shares of stock at the time the Cooperative was organized (called "Commercial Level Investors") for the years ended August 31, 2019 and 2018.

Glacial Lakes Corn Processors

Notes to Consolidated Financial Statements

Note 11. Related-Party Transactions and Concentrations (Continued)

Distiller's grain sales: For the years ended August 31, 2019 and 2018, the Cooperative sold distiller's grain to members of the Cooperative as follows:

	Tons	Dollars
2019:		
Dry distiller's grain	12,974	\$ 1,681,049
Wet distiller's grain	66,992	4,486,142
	<u>79,966</u>	<u>\$ 6,167,191</u>
2018:		
Dry distiller's grain	10,316	\$ 1,344,020
Wet distiller's grain	76,114	4,699,604
	<u>86,430</u>	<u>\$ 6,043,624</u>

Receivables and payables: As of August 31, 2019 and 2018, amounts receivable from or due to members of the Cooperative were as follows:

	2019	2018
Receivables for distiller's grains	\$ 322,663	\$ 426,408
Receivables for net pool fees	547,080	526,970
Payables for corn and freight allowances	10,436,211	10,559,955

Customer concentrations: During the years ended August 31, 2019 and 2018, the Cooperative had major customers from which the product sales and receivables were as follows:

	Product Sales Years Ended August 31		Accounts Receivable August 31	
	2019	2018	2019	2018
Eco Energy	\$ 311,344,351	\$ 322,283,206	\$ 747,439	\$ 4,558,622
Cenex Harvest States	51,680,114	50,140,611	2,712,697	2,926,790

Note 12. Employee Benefits

Defined contribution plan: The Cooperative has a Safe Harbor 401(k) plan for its employees. Eligible employees are able to contribute amounts (subject to IRS limits) and the Cooperative will match 100% of the first 3% of the employees' contributions and 50% of the next 2% of employees' contributions, for a maximum match of 4% of the employees' salary. All employer contributions for eligible employees are vested immediately. During the years ended August 31, 2019 and 2018, the Cooperative contributed \$344,386 and \$327,385, respectively, to the 401(k) plan.

Glacial Lakes Corn Processors

Notes to Consolidated Financial Statements

Note 12. Employee Benefits (Continued)

Long-term incentive plan: The Cooperative has a Long-Term Stock Unit Incentive Plan, which provides deferred compensation to certain key employees of the Cooperative. The plan awards Stock Incentive Units (Units), which are assigned a value determined by the Board of Directors. No grants of new Units shall be made under the plan after August 31, 2025, and the plan terminates after all participants have been paid in full. Up to 650,000 Units may be awarded under the Plan. The Units vest three years from the date of employment. The Units also carry a Dividend Equivalent, which is the equivalent amount of patronage dividends actually paid in cash to the Cooperative's and Glacial Lakes Exports Holdings, LLC's members. Dividend Equivalents are paid on both vested and unvested Units. As of August 31, 2019, the Cooperative has awarded 456,250 Units under the plan and 388,750 of these units were vested. The Cooperative has recorded a liability of \$583,125 and \$456,950 for the value of the Units as of August 31, 2019 and 2018, respectively.

Note 13. Commitments and Contingencies

Environmental: Substantially all of the Cooperative's facilities are subject to federal, state and local regulations relating to the discharge of materials into the environment. Compliance with these provisions has not had, nor does management expect to have, any material effect upon operations. Management believes that the current practices and procedures for the control and disposition of such byproducts will substantially comply with the applicable federal and state requirements.

Ethanol marketing: The Cooperative sells substantially all of the ethanol produced from both GLE and AE pursuant to a marketing agreement. The Cooperative pays a commission on a per gallon sold basis. The contract term for both GLE and AE commenced on January 1, 2017, and expires March 31, 2020.

Distiller's grain marketing: The Cooperative has an agreement with a national distiller's grain marketer to sell its production of distiller's grain to the marketer and pay a commission based on the net selling price. The agreement is for a rolling one-year period expiring on October 1 of each year and the agreement shall remain in effect until terminated by either party by providing the other party not less than 120 days written notice of its election to terminate the agreement. The agreement allows the Cooperative to sell distiller's grain shipped by truck while the national marketer sells distiller's grain shipped by railcars.

Natural gas supply: The Cooperative currently has natural gas supply agreements in place with a national supplier for its production requirements. The contracts for GLE and AE expire on October 31, 2021.

Purchase agreement: On August 1, 2019, the Cooperative signed an asset purchase agreement to acquire substantially all assets and the assumption of certain liabilities of ABE South Dakota LLC and Advanced BioEnergy, LLC (collectively ABE) for approximately \$47,500,000. ABE consists of two ethanol plants, a 48 million gallon plant in Aberdeen, South Dakota, and 32 million gallon plant in Huron, South Dakota. Management anticipates the acquisition will close in December 2019.

Glacial Lakes Corn Processors

Notes to Consolidated Financial Statements

Note 13. Commitments and Contingencies (Continued)

Forward purchase and sales contracts: As of August 31, 2019, the Cooperative has entered into forward purchase and sale contracts for the following:

	Quantity	Average Price	Delivery Date
Purchase of corn (in bushels):			
Basis contracts	5,495,963		By 7/31/21
Priced contracts	5,887,203	\$ 3.74	By 11/30/20
Total (primarily from members)	<u>11,383,166</u>		
Sale of ethanol (in gallons):			
Index contracts	52,896,000		By 1/1/20
Priced contracts	-	\$ -	
Total	<u>52,896,000</u>		
Sale of dry distiller's grains (in tons):			
Index contracts	-		
Priced contracts	55,871	\$ 125.61	By 3/31/20
Total	<u>55,871</u>		
Sale of modified wet distiller's grains (in tons):			
Index contracts	-		
Priced contracts	42,219	\$ 73.21	By 12/31/19
Total	<u>42,219</u>		

Note 14. Investments in Unconsolidated Affiliates

The Cooperative's investments in other renewable fuel businesses consist of the following as of August 31, 2019 and 2018, respectively:

	2019	2018
Granite Falls Energy, LLC	\$ 11,488,586	\$ 12,551,860
Redfield Energy, LLC	3,176,000	3,766,636
Harvestone Group, LLC	2,349,038	2,500,000
Other investments	5,600	5,600
	<u>\$ 17,019,224</u>	<u>\$ 18,824,096</u>

Investments in Granite Falls Energy, LLC: The Cooperative owns 5,004 units (16.35%) of Granite Falls Energy, LLC (GFE). GFE operates a 70 million gallon fuel ethanol plant near Granite Falls, Minnesota. GFE has a controlling ownership interest (50.7%) of Heron Lake BioEnergy, LLC (HLBE). HLBE operates a 72.3 million gallon fuel ethanol plant near Heron Lake, Minnesota.

For the years ended August 31, 2019 and 2018, the Cooperative recognized equity in net income (loss) of GFE of \$(863,113) and \$1,304,693, respectively, and received cash distributions of \$200,162 and \$1,925,852, respectively.

Glacial Lakes Corn Processors

Notes to Consolidated Financial Statements

Note 14. Investments in Unconsolidated Affiliates (Continued)

The Cooperative's equity in the net income (loss) of GFE is based upon estimated earnings (loss) of the affiliate for the 12 months ended July 31 of each year. Summary financial information for GFE as of July 31, 2019 and October 31, 2018 (its fiscal year), is as follows:

Condensed Balance Sheets	July 31, 2019 (Unaudited)	October 31, 2018
Current assets	\$ 36,336,471	\$ 38,607,967
Property and equipment, net	60,035,255	66,675,671
Other assets	12,048,820	11,577,431
Total assets	<u>\$ 108,420,546</u>	<u>\$ 116,861,069</u>
Current liabilities	\$ 10,585,538	\$ 12,131,612
Long-term debt, less current maturities	7,077,920	7,799,410
Members' equity	70,267,721	75,083,782
Noncontrolling interest	20,489,367	21,846,265
Total liabilities and members' equity	<u>\$ 108,420,546</u>	<u>\$ 116,861,069</u>
	Nine Months Ended July 31, 2019 (Unaudited)	Year Ended October 31, 2018
Condensed Statements of Operations		
Revenues	\$ 155,201,136	\$ 210,312,407
Costs of goods sold	(155,186,219)	(200,726,921)
Gross profit	14,917	9,585,486
Operating expenses	(4,985,276)	(6,284,403)
Other income, net	21,626	75,303
Net income (loss)	(4,948,733)	3,376,386
Less noncontrolling interest	1,356,898	(512,174)
Net income (loss) attributed to GFE	<u>\$ (3,591,835)</u>	<u>\$ 2,864,212</u>

Investment in Redfield Energy, LLC: The Cooperative owns 3,321,052 units (8.16%), of Redfield Energy, LLC (RE). RE operates a 60 million gallon fuel ethanol plant near Redfield, South Dakota.

Included in the total units of RE owned by the Cooperative are 1,010,526 units received as part of the consulting and management agreement, representing 5% of the outstanding units after the close of the offering in February 2006. These units receive a pro rata allocation of the ongoing earnings and distributions of RE; however, under the terms of RE's operating agreement, no amount was initially credited to the Cooperative's capital account at RE for these units, effectively reducing the Cooperative's equity in the net assets of RE from what would otherwise be expected. However, these units have a distribution preference of up to \$2,021,052 in any gain recognized by RE upon liquidation as long as other members receive a minimum liquidating distribution of \$1.00 per unit.

Glacial Lakes Corn Processors

Notes to Consolidated Financial Statements

Note 14. Investments in Unconsolidated Affiliates (Continued)

For the years ended August 31, 2019 and 2018, the Cooperative recognized equity in net income (loss) of RE of \$(590,635) and \$392,452, respectively, and received \$0 and \$498,158 of cash distributions, respectively.

The Cooperative's equity in the net income (loss) of RE is based upon estimated earnings of the affiliate for the fiscal year ended August 31 of each year. Summary financial information for RE as of and for the years ended August 31, 2019 and 2018, is as follows:

Condensed Balance Sheets	2019 (Unaudited)	2018
Current assets	\$ 12,732,027	\$ 18,569,837
Property and equipment, net	33,775,971	27,977,854
Other assets, net	5,295,506	5,270,948
Total assets	<u>\$ 51,803,504</u>	<u>\$ 51,818,639</u>
Current liabilities	\$ 9,381,933	\$ 4,424,360
Long-term debt, less current maturities	3,500,000	1,240,582
Members' equity	38,921,571	46,153,697
Total liabilities and members' equity	<u>\$ 51,803,504</u>	<u>\$ 51,818,639</u>
Condensed Statements of Operations	2019 (Unaudited)	2018
Revenues	\$ 104,678,317	\$ 109,461,663
Costs of goods sold	(109,387,194)	(102,379,659)
Gross profit (loss)	(4,708,877)	7,082,004
Operating expenses	(2,866,877)	(3,021,711)
Other income, net	343,627	778,475
Net income (loss)	<u>\$ (7,232,127)</u>	<u>\$ 4,838,768</u>

Investments in Harvestone Group, LLC: The Cooperative owns 25 units (9.98%), of Harvestone Group, LLC (Harvestone). Harvestone, is an ethanol marketer that intends to market ethanol for various ethanol plants throughout the country. Harvestone was in the startup stage and had limited operations as of August 31, 2018.

For the years ended August 31, 2019 and 2018, the Cooperative recognized equity in net income (loss) of Harvestone of \$(150,962) and \$0, respectively.

Glacial Lakes Corn Processors

Notes to Consolidated Financial Statements

Note 14. Investments in Unconsolidated Affiliates (Continued)

The Cooperative's equity in the net income (loss) of Harvestone is based upon estimated earnings of the affiliate for the 12 months ended August 31 of each year. Summary financial information for Harvestone as of August 31, 2019 and December 31, 2018, is as follows:

Condensed Balance Sheets	August 31, 2019 (Unaudited)	December 31, 2018
Current assets	\$ 82,998,711	\$ 25,622,452
Property and equipment, net	559,584	546,858
Other assets, net	231,913	668,426
Total assets	<u>\$ 83,790,208</u>	<u>\$ 26,837,736</u>
Current liabilities	\$ 60,252,762	\$ 5,053,764
Long-term debt, less current maturities	-	-
Members' equity	23,537,446	21,783,972
Total liabilities and members' equity	<u>\$ 83,790,208</u>	<u>\$ 26,837,736</u>
	Eight Months Ended August 31, 2019 (Unaudited)	Year Ended December 31, 2018
Condensed Statements of Operations		
Revenues	\$ 355,386,949	\$ 19,430,109
Costs of goods sold	(351,675,088)	(20,207,342)
Gross profit	<u>3,711,861</u>	<u>(777,233)</u>
Operating expenses	(2,294,530)	(3,399,143)
Other income (expense), net	(792,242)	361,232
Net income (loss)	<u>\$ 625,089</u>	<u>\$ (3,815,144)</u>

Note 15. Income Taxes

The provision for income taxes charged to operations for the years ended August 31, 2019 and 2018, consists of the following:

	2019	2018
Current expense (benefit)	\$ (42,453)	\$ 597,741
Deferred benefit	(378,222)	(1,549,187)
Total income tax benefit	<u>\$ (420,675)</u>	<u>\$ (951,446)</u>

Deferred taxes are composed of basis differences related to non-patronage earnings from the Cooperative's investments in GFE, RE and Harvestone. Since the Cooperative allocates its patronage earnings on the tax basis of accounting, deferred income taxes have not been recognized on the temporary differences associated with its patronage earnings. The most significant differences between book and tax earnings are depreciation and recognition of gains and losses associated with derivative financial instruments.

Glacial Lakes Corn Processors

Notes to Consolidated Financial Statements

Note 15. Income Taxes (Continued)

Deferred tax liabilities as of August 31, 2019 and 2018, are as follows:

	2019	2018
Deferred tax liability:		
Investment in GFE, RE, and Harvestone	\$ (1,037,422)	\$ (1,415,644)
Net deferred tax liability	<u>\$ (1,037,422)</u>	<u>\$ (1,415,644)</u>

As of August 31, 2019 and 2018, the Cooperative has a net patronage loss carryforward for income tax purposes of \$0 and a net patronage research and development credit carryforward for income tax purposes of approximately \$23,700,000 and \$17,900,000, respectively.

Independent Auditor's Report on the Supplementary Information

Board of Directors
Glacial Lakes Corn Processors

We have audited the consolidated financial statements of Glacial Lakes Corn Processors and its subsidiaries as of and for the years ended August 31, 2019 and 2018, and have issued our report thereon, which contains an unmodified opinion on those financial statements. See Page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual companies and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Sioux Falls, South Dakota
November 19, 2019

Glacial Lakes Corn Processors

Consolidating Balance Sheet August 31, 2019

	Glacial Lakes Corn Processors	Glacial Lakes Energy, LLC	Aberdeen Energy, LLC	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	\$ 42,575	\$ 13,290,251	\$ 11,090,423	\$ -	\$ 24,423,249
Short-term investments	-	31,907,158	17,952,458	-	49,859,616
Accounts receivable, net	-	8,179,337	909,195	(622,005)	8,466,527
Inventories	-	11,341,724	9,811,464	-	21,153,188
Derivative financial instruments	-	568,970	1,252,149	-	1,821,119
Prepaid expenses	-	96,739	36,060	-	132,799
Income tax receivable	230,192	-	-	-	230,192
Total current assets	272,767	65,384,179	41,051,749	(622,005)	106,086,690
Property and equipment, net	-	49,871,093	42,920,236	-	92,791,329
Investments in unconsolidated affiliates	-	17,019,224	-	-	17,019,224
Investments in consolidated subsidiaries	175,829,439	-	-	(175,829,439)	-
Other assets	-	819,101	541,705	-	1,360,806
Total assets	\$ 176,102,206	\$ 133,093,597	\$ 84,513,690	\$ (176,451,444)	\$ 217,258,049
Liabilities and Stockholders' Equity					
Current liabilities:					
Checks issued in excess of bank balance	\$ -	\$ -	\$ 1,242,638	\$ -	\$ 1,242,638
Accounts payable	-	11,214,717	18,385,480	(622,005)	28,978,192
Accrued expenses	-	1,655,790	826,385	-	2,482,175
Patronage dividends payable	-	-	-	-	-
Glacial Lakes Exports distributions payable	-	1,484,069	1,484,069	-	2,968,138
Total current liabilities	-	14,354,576	21,938,572	(622,005)	35,671,143
Deferred income taxes	1,037,422	-	-	-	1,037,422
Other	-	4,323,000	1,161,700	-	5,484,700
Total liabilities	1,037,422	18,677,576	23,100,272	(622,005)	42,193,265
Stockholders' equity	175,064,784	114,416,021	61,413,418	(175,829,439)	175,064,784
Total liabilities and stockholders' equity	\$ 176,102,206	\$ 133,093,597	\$ 84,513,690	\$ (176,451,444)	\$ 217,258,049

Glacial Lakes Corn Processors

Consolidating Balance Sheet August 31, 2018

	Glacial Lakes Corn Processors	Glacial Lakes Energy, LLC	Aberdeen Energy, LLC	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,592,755	\$ 11,742,861	\$ 8,002,336	\$ -	\$ 21,337,952
Short-term investments	-	38,795,756	29,837,041	-	68,632,797
Accounts receivable, net	7,425,466	7,007,359	5,571,578	(8,030,427)	11,973,976
Inventories	-	9,563,225	8,569,853	-	18,133,078
Derivative financial instruments	-	2,457,064	285,397	-	2,742,461
Prepaid expenses	-	75,230	19,217	-	94,447
Income tax receivable	27,741	-	-	-	27,741
Total current assets	9,045,962	69,641,495	52,285,422	(8,030,427)	122,942,452
Property and equipment, net	-	53,540,596	48,187,260	-	101,727,856
Investments in unconsolidated affiliates	-	18,824,096	-	-	18,824,096
Investments in consolidated subsidiaries	197,820,429	-	-	(197,820,429)	-
Other assets	-	817,777	541,705	-	1,359,482
Total assets	\$ 206,866,391	\$ 142,823,964	\$ 101,014,387	\$ (205,850,856)	\$ 244,853,886
Liabilities and Stockholders' Equity					
Current liabilities:					
Checks issued in excess of bank balance	\$ -	\$ -	\$ 1,108,222	\$ -	\$ 1,108,222
Accounts payable	150	12,965,598	22,028,001	(8,030,427)	26,963,322
Accrued expenses	-	2,178,883	979,255	-	3,158,138
Patronage dividends payable	7,425,466	-	-	-	7,425,466
Glacial Lakes Exports distributions payable	-	698,812	1,572,246	-	2,271,058
Total current liabilities	7,425,616	15,843,293	25,687,724	(8,030,427)	40,926,206
Deferred income taxes	1,415,644	-	-	-	1,415,644
Other	-	3,423,000	1,063,900	-	4,486,900
Total liabilities	8,841,260	19,266,293	26,751,624	(8,030,427)	46,828,750
Stockholders' equity	198,025,131	123,557,671	74,262,763	(197,820,429)	198,025,136
Total liabilities and stockholders' equity	\$ 206,866,391	\$ 142,823,964	\$ 101,014,387	\$ (205,850,856)	\$ 244,853,886

Glacial Lakes Corn Processors

Consolidating Statement of Operations Year Ended August 31, 2019

	Glacial Lakes Corn Processors	Glacial Lakes Energy, LLC	Aberdeen Energy, LLC	Eliminations	Consolidated
Revenue:					
Product sales	\$ -	\$ 201,717,252	\$ 209,133,136	\$ -	\$ 410,850,388
Service revenue	-	96,521	22,239	-	118,760
Government incentive revenue	-	-	-	-	-
Total revenue	-	201,813,773	209,155,375	-	410,969,148
Cost of goods sold	-	200,378,016	212,201,330	-	412,579,346
Gross profit (loss)	-	1,435,757	(3,045,955)	-	(1,610,198)
General and administrative expenses	1,167	3,749,623	3,376,635	-	7,127,425
Operating loss	(1,167)	(2,313,866)	(6,422,590)	-	(8,737,623)
Other income (expense):					
Interest expense	-	(50,000)	(50,000)	-	(100,000)
Interest income	6,783	1,145,260	659,024	-	1,811,067
Glacial Lakes Exports distributions	-	(1,571,133)	(2,166,679)	3,737,812	-
Equity in losses of unconsolidated affiliates	-	(1,604,710)	-	-	(1,604,710)
Equity in losses of consolidated subsidiaries	(12,252,794)	-	-	12,252,794	-
Other income (expense), net	4,500	121,900	-	-	126,400
Total other income (expense)	(12,241,511)	(1,958,683)	(1,557,655)	15,990,606	232,757
Loss before income tax benefit	(12,242,678)	(4,272,549)	(7,980,245)	15,990,606	(8,504,866)
Income tax benefit	(420,675)	-	-	-	(420,675)
Net loss	\$ (11,822,003)	\$ (4,272,549)	\$ (7,980,245)	\$ 15,990,606	\$ (8,084,191)

Glacial Lakes Corn Processors

Consolidating Statement of Operations Year Ended August 31, 2018

	Glacial Lakes Corn Processors	Glacial Lakes Energy, LLC	Aberdeen Energy, LLC	Eliminations	Consolidated
Revenue:					
Product sales	\$ -	\$ 210,509,719	\$ 219,758,523	\$ -	\$ 430,268,242
Service revenue	-	567,361	30,681	-	598,042
Government incentive revenue	-	358,385	-	-	358,385
Total revenue	-	211,435,465	219,789,204	-	431,224,669
Cost of goods sold	-	186,225,025	208,788,341	-	395,013,366
Gross profit	-	25,210,440	11,000,863	-	36,211,303
General and administrative expenses	1,294	4,137,896	3,014,423	-	7,153,613
Operating income (loss)	(1,294)	21,072,544	7,986,440	-	29,057,690
Other income (expense):					
Interest expense	-	(114,839)	(111,941)	-	(226,780)
Interest income	10,043	877,117	481,242	-	1,368,402
Glacial Lakes Exports distributions	-	(746,158)	(2,105,537)	2,851,695	-
Equity in earnings of unconsolidated affiliates	-	1,697,829	-	-	1,697,829
Equity in earnings of consolidated subsidiaries	29,228,241	-	-	(29,228,241)	-
Other income, net	10,957	191,549	-	-	202,506
Total other income (expense)	29,249,241	1,905,498	(1,736,236)	(26,376,546)	3,041,957
Income before income tax benefit	29,247,947	22,978,042	6,250,204	(26,376,546)	32,099,647
Income tax benefit	(951,446)	-	-	-	(951,446)
Net income	\$ 30,199,393	\$ 22,978,042	\$ 6,250,204	\$ (26,376,546)	\$ 33,051,093

