Consolidated Financial Statements
August 31, 2013 and 2012

Glacial Lakes Corn Processors

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Directors
Glacial Lakes Corn Processors
Watertown, South Dakota

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Glacial Lakes Corn Processors which comprise of the consolidated balance sheets as of August 31, 2013 and 2012, and 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.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Glacial Lakes Corn Processors as of August 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Sioux Falls, South Dakota
November 18, 2013

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	2013	2012
Assets		
Current Assets		
Cash and cash equivalents	$ 9,004,734	$ 6,986,468
Receivables	25,865,236	30,180,426
Derivative financial instruments	-	161,110
Inventories	26,935,484	23,970,384
Margin deposits	8,615,386	6,764,225
Prepaid expenses	889,837	1,076,482
Income tax receivable	323,667	-
Assets held for sale	-	1,392,000
Total current assets	71,634,344	70,531,095
Other Non-Current Assets		
Investments in unconsolidated affiliates	11,738,578	10,865,949
Debt issuance costs, net of accumulated amortization of $113,074 and $24,000 in 2013 and 2012, respectively	334,644	333,676
Other assets	77,500	77,500
Due from broker	-	339,475
Income tax receivable	-	2,109,574
	77,500	2,526,549
Property and equipment, net	125,901,140	146,627,466
Total Assets	$ 209,686,206	$ 230,884,735

See Notes to Consolidated Financial Statements

	2013	2012
Liabilities and Stockholders' Equity		
Current Liabilities		
Checks issued in excess of bank balance	$ 533,756	$ -
Accounts payable	9,347,564	17,583,308
Accrued expenses	4,407,233	4,655,964
Derivative financial instruments	2,186,484	3,840,588
Accrued loss on forward purchase contracts	-	1,380,000
Revolving line of credit	-	2,000,000
Current maturities of long-term debt	13,365,764	13,355,752
Current maturities of interest rate swaps	-	2,288,221
Total current liabilities	29,840,801	45,103,833
Long-Term Liabilities		
Long-term debt, less current maturities	40,277,617	64,643,382
Deferred income taxes	3,329,000	2,675,100
Other	2,072,131	1,232,420
Total long-term liabilities	45,678,748	68,550,902
Total Liabilities	75,519,549	113,654,735
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 186,123,152 and 186,028,652 shares issued, and 185,522,652 and 185,427,652 shares outstanding, in 2013 and 2012, respectively	103,398	103,339
Additional paid-in capital	113,663,806	113,630,268
Treasury stock, at cost	(159,023)	(159,023)
Certificates of interest	1,262,166	1,262,166
Unallocated capital reserve	13,376,536	(3,526,524)
Allocated capital reserve	5,919,774	5,919,774
Total Stockholders' Equity	134,166,657	117,230,000
Total Liabilities and Stockholders' Equity	$ 209,686,206	$ 230,884,735

	2013	2012
Revenue		
Product sales	$ 703,128,078	$ 616,500,198
Service revenue	60,285	122,870
Government incentive revenue	387,729	270,907
Total revenue	703,576,092	616,893,975
Costs of Goods Sold	676,821,239	618,950,739
Gross Profit (Loss)	26,754,853	(2,056,764)
General and Administrative Expenses	8,713,594	6,630,392
Operating Income (Loss)	18,041,259	(8,687,156)
Other Income (Expense)		
Interest expense	(2,240,624)	(3,541,718)
Interest income	39,484	83,193
Equity in earnings of unconsolidated affiliates	872,629	880,201
Other income (expense), net	458,596	10,044
Total other income (expense)	(869,915)	(2,568,280)
Income Before Income Taxes (Loss)	17,171,344	(11,255,436)
Income Tax Provision	(268,284)	186,764
Net Income (Loss)	$ 16,903,060	$ (11,068,672)
Distribution of Net Income (Loss)		
Unallocated capital reserve	$ 16,903,060	$ (11,068,672)
Net Income (Loss)	$ 16,903,060	$ (11,068,672)
Earnings per Common Share		
Basic	$ 0.091	$ (0.060)
Diluted	0.091	(0.060)

	Common Stock	Additional Paid-In Capital	Treasury Stock	Certificates of Interest	Unallocated Capital Reserve	Allocated Capital Reserve	Total
Balance, August 31, 2011	$ 103,267	$ 113,605,011	$ (159,023)	$ 1,262,166	$ 12,766,463	$ 6,254,404	$ 133,832,288
Net loss	-	-	-	-	(11,068,672)	-	(11,068,672)
Patronage earnings allocated to stockholders					(5,224,315)	5,224,315	-
Patronage distribution						(5,558,945)	(5,558,945)
Stock-based compensation, including 135,000 shares issued	75	27,125	-	-	-	-	27,200
Stock repurchased under stock plan for tax withholding, 5,500 shares	(3)	(1,868)	-	-	-	-	(1,871)
Balance, August 31, 2012	103,339	113,630,268	(159,023)	1,262,166	(3,526,524)	5,919,774	117,230,000
Net income	-	-	-	-	16,903,060	-	16,903,060
Stock-based compensation, including 105,000 shares issued	59	33,538	-	-	-	-	33,597
Balance, August 31, 2013	$ 103,398	$ 113,663,806	$ (159,023)	$ 1,262,166	$ 13,376,536	$ 5,919,774	$ 134,166,657

	2013	2012
Operating Activities		
Net income (loss)	$ 16,903,060	$ (11,068,672)
Adjustments to reconcile net income to net cash from (used for) operating activities		
Depreciation and amortization	26,435,306	28,781,701
Gain from sale of property and equipment	(445,423)	-
Deferred income taxes	653,900	(165,000)
Change in fair value of interest rate swaps	(2,288,221)	(3,365,920)
Equity in earnings of unconsolidated affiliates	(872,629)	(880,201)
Stock-based compensation	33,597	27,200
Changes in assets and liabilities		
Receivables	4,315,190	14,273
Inventories	(2,965,100)	2,888,374
Margin deposits	(1,851,161)	7,355,289
Prepaid expenses	186,645	765,199
Income tax receivable	1,785,907	-
Derivative financial instruments	(1,492,994)	(5,785,020)
Checks issued in excess of bank balance	533,756	-
Accounts payable	(8,235,744)	8,719,849
Accrued expenses and other	590,980	156,109
Accrued loss on forward purchase contracts	(1,380,000)	1,380,000
Net Cash from Operating Activities	31,907,069	28,823,181
Investing Activities		
Purchases of property and equipment	(5,643,906)	(3,125,626)
Proceeds from sale of land	1,837,423	-
Due from broker	339,475	(339,475)
Distributions from unconsolidated affiliates	-	1,523,553
Net Cash used for Investing Activities	(3,467,008)	(1,941,548)

	2013	2012
Financing Activities		
Net (borrowings) payments on revolving lines of credit	$ (2,000,000)	$ 2,000,000
Proceeds from long-term debt	17,000,000	90,000,000
Payments on long-term debt	(41,355,753)	(119,927,247)
Debt issuance costs paid	(66,042)	(368,976)
Patronage dividends paid	-	(5,558,945)
Stock repurchased	-	(1,871)
Net Cash used for Financing Activities	(26,421,795)	(33,857,039)
Net Change in Cash and Cash Equivalents	2,018,266	(6,975,406)
Cash and Cash Equivalents, Beginning of Year	6,986,468	13,961,874
Cash and Cash Equivalents, End of Year	$ 9,004,734	$ 6,986,468

	2013	2012
Supplemental Disclosure of Cash Flow Information		
Cash payments for		
Interest	$ 1,452,210	$ 3,193,911
Income taxes	-	2,110,803

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 to build and operate ethanol plants in South Dakota for commercial sales. Wholly-owned subsidiaries of GLCP are Glacial Lakes Energy, LLC (GLE), Aberdeen Energy, LLC (AE), and Missouri Valley Energy, LLC (MVE). 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 inter-company accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 stock-based compensation, accrual for damage to leased railcars, the allowance for doubtful accounts, derivative financial instruments, deferred income taxes, and useful lives of property and equipment.

Revenue Recognition

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.

Expense Classification

Cost of goods sold primarily includes raw materials, payroll for plant employees and general plant overhead charges. General and administrative expenses consist primarily of payroll for management and administrative employees and fees paid to service providers for legal, accounting and consulting services.

Shipping and Commission Costs

Shipping costs for product sales are generally paid by the Cooperative's marketers. Shipping and commissions costs paid to the marketers are presented on a net basis in product sales on the consolidated statements of operations. Shipping costs were $74,045,100 and $62,553,125 and commission costs were $5,318,861 and $4,199,051 for the years ended August 31, 2013 and 2012, respectively.

Concentrations of Credit Risk

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

Cash and Cash Equivalents

The Cooperative considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. The Cooperative maintains its cash and cash equivalents in bank deposit accounts which periodically exceeded federally insured limits. At August 31, 2013, cash was deposited primarily in two financial institutions. The Cooperative has not experienced any losses in such accounts. The Cooperative believes it is not exposed to any significant credit risk on cash and cash equivalents.

Restricted Cash

Restricted cash, which may periodically exceed federally insured limits, represents loan proceeds not used for construction costs and/or deposits into debt service reserve accounts.

Receivables

Receivables are carried at original invoice amount less an allowance made 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.

Inventories

All inventories, except for distiller's grains and spare parts, are stated at the lower of cost or market on the first-in, first-out method. Spare parts inventory is stated at the lower of cost or market on the weighted-average cost method. Distiller's grains are stated at net realizable value, which approximates historical cost.

Derivative Financial Instruments

The Cooperative enters into forward purchase and sales contracts for corn, natural gas, denaturant 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, 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.

Interest Rate Swap Agreements

Fair value of the Cooperative's interest rate swap agreements are recognized as either an asset or liability in the consolidated balance sheets, with changes in fair value reported in interest expense in the consolidated statements of operations.

Investments in Unconsolidated Affiliates

The Cooperative accounts for its investments in Granite Falls Energy, LLC (GFE) and Redfield Energy, LLC (RE) using the equity method of accounting under which the Cooperative's respective share of the net income of the unconsolidated affiliates is recognized as equity in earnings of unconsolidated affiliates on the consolidated statements of operations and the net income, less any distributions received, is added to (subtracted from) the investment accounts.

Property and Equipment

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

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

Construction in progress is depreciated when construction is complete and the property and equipment is placed into service. Repairs and maintenance costs are expensed as incurred and significant improvements are capitalized.

Long-Lived Assets

The Cooperative reviews long-lived assets used in operations for impairment when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. In such cases, an impairment loss is recognized for the excess of the carrying value of the asset over its fair value.

Debt Issuance Costs

Debt issuance costs are amortized over the term of the related debt instrument by a method that approximates the effective interest method.

Stock-Based Compensation

Costs of employee share-based payments are measured at fair value on the award's grant date and recognized in the financial statements over the requisite service period on a straight-line basis.

Income Taxes

The Cooperative is a non-exempt cooperative association subject to federal income tax on non-patronage 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 non-patronage 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 and certain recorded losses. No deferred income taxes are recognized on these differences.

The Cooperative recognizes interest and penalties related to unrecognized tax benefits in its provision for income taxes. During the years ended August 31, 2013 and 2012, there were no amounts recognized for interest or penalties related to unrecognized tax benefits.

Earnings per Common Share (EPS)

Basic EPS is computed by dividing net income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted EPS 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.

Fair Value

The carrying amounts for cash and cash equivalents, receivables, accounts payable, and accrued expenses approximate fair value. Fair values for derivative financial instruments are determined based on quoted market prices. Fair values of interest rate swap agreements are obtained from the counterparty, who computes the values based upon nominal and current interest rates and interest yield curves. Derivative financial instruments and interest rate swap agreements are recorded at fair value on the accompanying consolidated balance sheets. The Cooperative does not consider it practicable to estimate the fair value of its revolving lines of credit, long-term debt or subordinated note payable due to the unique nature of the obligations.

Advertising Costs

Advertising and promotion costs are expensed when incurred and totaled $74,289 and $74,307 for the years ending August 31, 2013 and 2012, respectively.

Reclassifications

Certain reclassifications have been made to the 2012 consolidated financial statements to make them conform to the 2013 presentation. The reclassifications had no effect on previously stated net income or total stockholders' equity.

Note 2 - Receivables

The following table summarizes receivables as of August 31, 2013 and 2012:

	2013	2012
Trade	$ 25,179,190	$ 26,638,859
Other	871,809	884,942
	26,050,999	27,523,801
Less allowance for doubtful accounts	185,763	56,908
	$ 25,865,236	$ 27,466,893

Note 3 - Inventories

The following table summarizes inventories as of August 31, 2013 and 2012:

	2013	2012
Grain	$ 14,681,090	$ 10,050,713
Ethanol and distiller's grains		
Finished goods	3,569,601	5,357,077
In process	4,670,402	5,130,059
Chemicals and ingredients	1,482,391	1,109,774
Spare parts	2,532,000	2,322,761
	$ 26,935,484	$ 23,970,384

Note 4 - Property and Equipment

The following table summarizes property and equipment as of August 31, 2013 and 2012:

	2013	2012
Land and land improvements	$ 8,012,945	$ 7,979,252
Buildings	30,258,753	30,244,041
Railroad equipment and rolling stock	11,846,351	11,811,762
Machinery and equipment	252,106,577	246,428,886
Office equipment	966,731	962,597
Construction in progress	1,218,266	1,339,179
	304,409,623	298,765,717
Less accumulated depreciation	178,508,483	152,138,251
	$ 125,901,140	$ 146,627,466

Depreciation expense for the years ended August 31, 2013 and 2012 was $26,370,232 and $28,151,907, respectively.

Note 5 - Debt Issuance Costs

Amortization of debt issuance costs was $77,774, and $629,794 during the years ended August 31, 2013 and 2012, respectively. Future amortization of debt issuance costs is as follows:

Years Ending August 31,		
2014	$	89,853
2015		89,853
2016		89,853
2017		65,085
	$	334,644

Note 6 - Revolving Line of Credit, Long-Term Debt and Subordinated Note Payable

Revolving Line of Credit

The following table summarized revolving line of credit as of August 31, 2013 and 2012:

	2013		2012	
Revolving Line of Credit	$	-	$	2,000,000

Under the loan agreement with a group of lenders administered by First National Bank of Omaha (the Bank) signed May 9, 2012, the Cooperative, GLE and AE have a combined $20,000,000 and $30,000,000 line of credit as of August 31, 2013 and August 31, 2012, respectively. The current revolving line of credit matures on April 1, 2014. The revolving lines of credit bear an interest rate at 3.00% above the 1-month LIBOR (3.19% floor rate at August 31, 2013) Amounts available under the revolving lines of credit were $20,000,000 at August 31, 2013 and a combined $18,314,475 as of August 31, 2012. Availability under the revolving lines of credit are subject to a borrowing base, calculated as a percentage of eligible receivables and certain inventory categories (less related payables). Amounts borrowed under the revolving line of credit are secured by substantially all assets of the Cooperative, GLE, and AE. The Cooperative pays an unused commitment fee on the revolving lines of credit of 0.30%.

On October 1, 2013 the Cooperative, GLE and AE executed a Third Amendment to the Amended and Restated Loan Agreement with the Bank. This Amendment increases the available revolving funds by $25,000,000 (the Bulge line) from the period of October 1, 2013 through May 31, 2014. Over this time frame revolving funds available total $45,000,000. From June 1, 2014 through September 30, 2014 revolving funds available total $20,000,000, subject to the borrowing base.

Long Term Debt

The following table summarizes long-term debt as of August 31, 2013 and 2012:

	2013	2012
Variable notes	$ 40,660,714	$ 47,732,142
Long-term revolving note (net of prepayment of $21,000,000 and $10,000,000 at August 31, 2013 and 2012 respectively)	12,267,857	29,053,572
Economic development loan, due in monthly installments of $22,929 including interest at 5.0%, matures October 2014 collateralized by ethanol producer incentive payments	311,183	563,888
Economic development loan, due in monthly installments of $21,835 including interest at 3.0%, matures March 2015 collateralized by ethanol producer incentive payments	403,627	649,532
	53,643,381	77,999,134
Less current maturities	13,365,764	13,355,752
	$ 40,277,617	$ 64,643,382

On May 9, 2012, the Cooperative, GLE and AE signed new variable-rate term loans with 5-year maturity (May 9, 2017) with a Bank Group administered by First National Bank of Omaha. The new $90,000,000 term loans consisted of a variable note of $49,500,000 and a long-term revolving note of $40,500,000. Under the new variable note, a fixed quarterly principal payment of $1,767,857 (based on seven-year amortization) plus accrued interest are due. Under the new long-term revolving note, a fixed quarterly payment of $1,446,429 (based on seven-year amortization) plus accrued interest are due.

Under the new loan agreement, the Cooperative, GLE and AE can make additional principal prepayments against the long-term revolving note with the ability to re-borrow, subject to the terms of the note. The amount available to be prepaid and to be re-borrowed is based on the original note amount of $40,500,000 and decreases based on a seven-year amortization. GLE prepaid $21,000,000 and $10,000,000 on August 31, 2013 and 2012, respectively.

The new variable note and the long-term revolving note bear an interest rate of 3.20% above the 3-month LIBOR (3.48% at August 31, 2013). Amounts borrowed under these long-term notes are secured by substantially all the assets of the Cooperative, GLE and AE.

Covenants and Requirements of Loan Agreement

The Loan Agreement requires compliance with number of covenants including minimum working capital levels and historical fixed charge coverage ratio.

On August 31, 2013, the Cooperative, GLE and AE were in compliance with all applicable covenants of the new loan agreement. At August 31, 2012, the Cooperative, GLE and AE were in compliance with all applicable covenants of the loan agreement, with the exception of the historic fixed charge coverage ratio for the three-month period ended August 31, 2012. The Cooperative, GLE and AE requested and received a waiver of the covenant violation from the bank. The waiver of the fixed charge coverage ratio for the fiscal quarter ended August 31, 2012 suspends the measurement for the fiscal quarters ending November 2012, February 2013 and May 2013. It also establishes a fixed charge coverage ratio of no less than 1.05:1.00 tested as of August 31, 2013 and no less than 1.10:1.00 tested as of November 30, 2013 and thereafter. The bank also reduced the revolving line of credit to $20,000,000.

Future Principal Payments

Maturities of long-term debt as of August 31, 2013 are estimated as follows:

Years Ending August 31,	Total
2014	$ 13,365,764
2015	13,063,332
2016	12,857,143
2017	9,642,857
2018	4,714,285
	$ 53,643,381

Standby Letters of Credit

Under the loan agreement, the Bank agreed to provide a facility for standby letters of credit. At August 31, 2013, AE has outstanding standby letters of credit of $2,135,006 and GLE has no standby letters of credit. At August 31, 2012, AE had outstanding letters of credit of $3,300,000 and GLE has no standby letters of credit.

Note 7 - Derivatives

Interest Rate Swap Agreements

The Cooperative has entered into various interest rate swap agreements with the Bank. The swap agreements were entered into to reduce the volatility of interest rates under the variable notes and the swap notes. As of August 31, 2013 and 2012, the Cooperative has entered into the following interest rate swap agreements:

	Maturity Date	Original Notional Amount	Cooperative Pays	Cooperative Receives	Fair Value 2013	Fair Value 2012
GLE						
Swap 1	3/2013	$ 5,025,490	7.690%	3 month LIBOR + 3.0%	$ -	$ (129,844)
Swap 2	3/2013	$ 26,959,165	7.950%	3 month LIBOR + 2.8%	-	(766,925)
AE						
Swap 1	6/2013	$ 6,282,346	7.710%	3 month LIBOR + 3.0%	-	(213,396)
Swap 2	6/2013	$ 31,022,718	7.985%	3 month LIBOR + 2.8%	-	(1,178,056)
Total					$ -	$ (2,288,221)

The notional amounts on these swap agreements reduce on a quarterly basis in proportion to the scheduled principal reduction under the notes for the respective time periods. The swap agreements require settlement payments to be made or received quarterly.

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, 2013 and 2012, the Cooperative has entered into the following derivative financial instruments:

	Notional	Notional Quantity	Fair Value 2013	Fair Value 2012
GLE				
Exchange-traded corn contracts	Bushels - short / (long)	155,000	$ (1,289,538)	$ (796,150)
Exchange-traded ethanol contracts	Gallons - short / (long)	17,386,500	682,562	(2,963,492)
Exchange-traded natural gas			-	124,980
AE				
Exchange-traded corn contracts	Bushels - short / (long)	(1,070,000)	(1,106,875)	(186,175)
Exchange-traded ethanol contracts	Gallons - short / (long)	25,242,000	(472,634)	16,380
Exchange-traded natural gas			-	124,980
Total			$ (2,186,485)	$ (3,679,477)

The following table summarizes the derivative transactions reflected in the Cooperative's consolidated balance sheets and consolidated statements of operations for the years ended August 31, 2013 and 2012:

	2013	2012
Classification with Consolidated Balance Sheets		
Current Asset		
Fair value of derivative financial instruments	$ -	$ 161,110
Short-term Liability		
Fair value of interest rate swap agreements	-	(2,288,221)
Fair value of derivative financial instruments	(2,186,484)	(3,840,588)
Gain (Loss) Recognized in Consolidated Statements of Operations		
Revenue		
Derivative financial instruments	(3,408,702)	(3,531,553)
Cost of Goods Sold		
Derivative financial instruments	3,474,968	(11,689,838)
Interest Expense		
Interest rate swaps	582,714	196,332

Note 8 - 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.

Assets and liabilities measured at fair value on a recurring basis at August 31, 2013 and 2012, respectively, are as follows:

	2013	2012
Assets		
Derivative financial instruments	$ -	$ 161,110
Liabilities		
Derivative financial instruments	(2,186,484)	(3,840,588)
Interest rate swap agreements	-	(2,288,221)

The following table summarizes by level, within the fair value hierarchy, the Cooperative's assets and (liabilities) that are measured at fair value on a recurring basis at August 31, 2013 and 2012:

August 31, 2013	Level 1	Level 2	Level 3	Total
Derivative financial instruments	$ (2,186,484)	$ -	$ -	$ (2,186,484)
Interest rate swap agreements	-	-	-	-

August 31, 2012	Level 1	Level 2	Level 3	Total
Derivative financial instruments	$ (3,679,478)	$ -	$ -	$ (3,679,478)
Interest rate swap agreements	-	(2,288,221)	-	(2,288,221)

The derivative financial instruments consist of commodity contracts which are valued based on quoted market prices. The fair value of the interest rate swaps are based upon estimates of the related LIBOR swap rates during the term of the swap agreements.

Note 9 - Leases

The Cooperative leases 383 hopper and 620 tanker cars under operating lease agreements. Generally, the Cooperative is required to pay executory costs such as maintenance and insurance.

Base and contingent rent expense on the rail cars (based on the dates the cars were put into service) for the years ended August 31, 2013 and 2012 totaled $7,643,912 and $6,202,110, respectively. During the years ended August 31, 2013 and 2012 the Cooperative sub-leased certain of the hopper cars from other ethanol plants and tanker cars from its marketer on a short-term basis and recorded $47,599 and $595,341, respectively, as an increase to rent expense.

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, 2013 and 2012 were $2,592,420 and $2,112,420 respectively. The portions of these accruals classified as long-term were $2,072,131 and $1,232,421, as of August 31, 2013 and 2012, respectively.

Minimum lease payments in the future years are as follows:

Years Ending August 31,	
2014	$ 7,459,081
2015	5,453,838
2016	2,422,853
2017	1,412,976
2018	628,796
	$ 17,377,544

Note 10 - Related Party Transactions and Concentrations

Corn Marketing and Purchases

GLE has a corn marketing agreement with the Cooperative. The Board of Directors of the Cooperative voted to have its members deliver 85,620,329 and 83,712,893 bushels of corn (0.46 and 0.45 per share, respectively), for each of the years ended August 31, 2014 and 2013, on an open delivery system. For those bushels not delivered by the members of the Cooperative, GLE obtains those bushels through a corn pool operated by GLE and charges a pool fee of $0.01 per bushel for 2013 and $0.004 per bushel for 2014.

For the years ended August 31, 2013 and 2012 the Cooperative purchased corn from its members (including committed bushels described above) as follows:

	Bushels	Dollars
2013		
Individuals	13,329,509	$ 92,710,286
Elevators	50,537,160	351,522,946
	63,866,669	$ 444,233,232
2012		
Individuals	13,007,575	$ 83,724,630
Elevators	46,013,090	294,465,973
	59,020,665	$ 378,190,603

Included in the amounts paid to the members of the Cooperative for the purchase of corn for the years ended August 31, 2013 and 2012, the Cooperative paid $1,371,465 and $1,151,498, respectively, as freight allowance on committed bushels and $60,900 and $79,824, respectively, as additional price to those members who purchased over 50,000 shares of stock at the time the Cooperative was organized (called "Commercial Level Investors").

Distiller's Grain Sales

For the years ended August 31, 2013 and 2012, the Cooperative sold distiller's grain to members of the Cooperative as follows:

	Tons	Dollars
2013		
Dry distiller's grain	11,121	$ 2,731,246
Wet distiller's grain	96,463	12,616,877
	107,584	$ 15,348,123
2012		
Dry distiller's grain	12,787	$ 2,568,007
Wet distiller's grain	102,563	9,576,387
	115,350	$ 12,144,394

Receivables and Payables

As of August 31, 2013 and 2012, amounts receivable from or due to members of the Cooperative were as follows:

	2013	2012
Receivables for distiller's grains	$ 773,009	$ 791,006
Receivables for net pool fees	719,770	709,179
Payables for corn and freight allowances	5,923,749	7,385,616

Major Customers

During the years ended August 31, 2013 and 2012, 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,	
	2013	2012	2013	2012
Eco Energy	$ 266,282,790	$ 256,580,732	$ 9,010,264	$ 11,611,022
Noble/Mansfield	259,409,621	237,995,895	8,557,052	8,066,726

Note 11 - Defined Contribution Plan

The Cooperative has established a 401(k) plan for its employees. Eligible employees are able to contribute amounts (subject to IRS limits) and the Cooperative will match 50% of the employee's contribution, up to a maximum of 3% of the employees' salary. The amounts contributed by the Cooperative are subject to a 5-year vesting schedule. Forfeitures of unvested amounts are returned to the Cooperative. During the years ended August 31, 2013 and 2012, the Cooperative contributed (net of forfeitures) $119,711 and $112,934, respectively, to the 401(k) plan.

Note 12 - 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.

Other Litigation and Claims

On January 8, 2009, the Cooperative entered into Termination Agreements with their ethanol marketer, Aventine, to terminate the marketing agreements with GLE and AE and all rights and obligations of the parties under the marketing agreements, effective January 16, 2009, other than the ethanol payment and pricing provisions of the marketing agreements, which survived the termination with respect to ethanol sold to Aventine and shipped prior to the effective termination date. Under the Termination Agreements, as of August 31, 2012 and August 31, 2011, the Cooperative has recorded a combined net receivable of $965,876 (related to unpaid true –up payments on sales of ethanol to Aventine from January 2009) and a combined net payable of $1,184,188 (related to unpaid termination fees and other charges). Management believes that the payment of the unpaid termination fees may be subject to various defenses, including rights of offset and recoupment for the unpaid true-up payments.

The Termination Agreements also provided that Aventine would sublease to the Cooperative, and the Cooperative would accept, such subleases from Aventine, certain railcars listed on exhibits to the Termination Agreements totaling approximately 673 tanker cars, on the same terms and conditions as Aventine's master railcar leases with various railcar companies for the railcars. On April 7, 2009, Aventine filed for relief under Chapter 11 of the United States Bankruptcy Code. On May 5, 2009, the United States Bankruptcy Court granted Aventine's motion to reject and entered an Order rejecting certain contracts including the master railcar leases between Aventine and various railcar companies of the tanker cars that the Cooperative has subleased from Aventine under the Termination Agreements, effective as of April 7, 2009. Following the rejection of the master railcar leases, the Cooperative leased a number of the railcars it had previously subleased from Aventine from the various railcar companies.

In January 2013, the Cooperative was served with two summons and complaints in adversary proceedings brought by Aventine against Glacial Lakes Energy and Aberdeen Energy in Delaware Bankruptcy Court. An adversary proceeding is a lawsuit that is filed within a bankruptcy proceeding. The complaints alleged breach of the Termination Agreements, and sought recovery of unpaid termination fees of amounts exceeding $1,100,000, recovery of alleged breach of contract damages relating to the master railcar leases of amounts exceeding $7,400,000, and right of setoff of such amounts against the Cooperative's scheduled claims for unpaid ethanol payments in the Aventine bankruptcy of $965,000. Aventine alleged, among other things, that Glacial Lakes Energy and Aberdeen Energy breached the Termination Agreements by not assuming certain railcar leases covered by the master railcar leases. The Cooperative had thirty days to answer the lawsuits. On July 16, 2013, the Delaware Bankruptcy Court dismissed the adversary actions for lack of jurisdiction.

On July 23, 2013, Aventine filed complaints in the Tazewell County (Illinois) Circuit Court against Glacial Lakes Energy and Aberdeen Energy asserting claims for breach of contract, declaratory judgment and attorneys' fees. Aventine's complaints seek the same relief it sought in the Delaware Bankruptcy Court. Glacial Lakes Energy and Aberdeen Energy removed these cases to the United States District Court for the Central District of Illinois and have filed motions to dismiss for failure to state a claim for which relief can be granted, which motions are currently pending before the Court. Management intends to defend vigorously against the lawsuit claims. An estimate of the amount or range of possible loss cannot be made. No inference may or should be drawn from the absence of any statement about the probability of outcome or an estimate of the amount or range of potential loss that Glacial Lakes Energy and Aberdeen Energy will not prevail in the Aventine litigation.

IRS Examination

In April, 2008, the IRS began an examination of the Cooperative's consolidated Federal income tax returns for the years ended August 31, 2005 and 2006. The IRS initially issued an examination report dated June 30, 2009 that proposed to disallow 39% of the patronage dividend deduction for fiscal year 2005 and 14% of the patronage dividend deduction for fiscal year 2006. The Cooperative protested the proposed adjustments in their entirety and requested the matter be sent to the IRS Appeals Office by protest dated July 24, 2009. The IRS issued a revised examination report on September 16, 2009 with a different rationale for disallowance, but with no change in the proposed adjustment amounts. The Cooperative protested the revised examination report in its entirety on October 15, 2009, and the case was forwarded to the IRS Appeals Office. The Cooperative and the IRS reached a final closing agreement on August 4, 2011, wherein the Cooperative paid the tax on the disallowed percentages of their divided deduction as noted above: $603,495 for fiscal year 2005 and $1,506,079 for fiscal year 2006, totaling $2,109,574, plus interest in the amount of $539,701 during fiscal year 2011.

The Cooperative filed a claim for refund on May 12, 2011, applying Net Operating Losses (NOL's) from fiscal years 2008 and 2009 to the amended income per the IRS final closing agreement for fiscal years 2005 and 2006. The amounts of the refunds applied for are equal to the remittance paid in the closing agreement noted above, without considering an interest adjustment.

On March 19, 2013, the IRS notified the Cooperative by letter that it had examined the Cooperative's refund claim and proposed full disallowance of the claim, as shown in the examination report enclosed with the letter. The Cooperative had thirty days to protest the disallowance of the refund claim to the IRS administrative appeals division. In the alternative, the Cooperative could pursue the refund claim through refund litigation in either federal district court or the federal court of claims. The Cooperative determined to do neither, and instead will carry forward the NOL's from fiscal years 2008 and 2009 that it had applied to the amended income per the IRS final closing agreement for fiscal years 2005 and 2006 to offset taxable income for fiscal year 2013 and future fiscal years. The Cooperative treated the IRS disallowance of its refund claim as an impairment of the entire income tax receivable asset it had recorded on its balance sheet at August 31, 2011 and August 31, 2012.

Ethanol Marketing

The Cooperative currently has marketing agreements with two national marketers; one to sell its production of ethanol from GLE, and the other to sell its production of ethanol from AE. The Cooperative will pay a commission based on the net selling price. The contract and all extensions for GLE expired on October 31, 2013. GLE has entered into an agreement with a new national marketer through September 30, 2014. The contract for AE expired on June 30, 2013. The contract is expected to be extended through September 30, 2014.

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 one-year period expiring on October 1, 2014 and the agreement shall remain in effect until terminated by either party by providing the other party not less than 90 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.

In addition to the agreement referenced above, AE also has an agreement with a local feed manufacturing and marketing company to promote and market its production of distiller's grain and syrup and pay a fixed commission. The agreement shall remain in effect until August 31, 2014 or until terminated by either party providing the other party not less than 90 days written notice of its election to terminate the agreement.

Corn Commitments from Elevators

In March 2012, AE signed an agreement with a local elevator group (who is a member of the Cooperative) to provide 1,500,000 bushels per month at a costs determined by the pricing formula in the agreement. The agreement is for a two-year period ending March 31, 2014.

In November 2012, AE signed an agreement with another local elevator group (who is also a member of the Cooperative) to provide 1,000,000 bushels per month at a cost determined by the pricing formula in the agreement. The agreement was for the period from December 1, 2012 to September 30, 2013. The Cooperative did not renew this agreement upon expiration.

Natural Gas Supply

The Cooperative currently has natural gas supply agreements in place with two national suppliers for its production requirements. The contract for GLE is for a two-year period and expires on June 30, 2014. The contract for AE is for a two-year period and expires on August 31, 2015.

Forward Purchase and Sales Contracts

As of August 31, 2013, the Cooperative has entered into forward purchase contracts for the following:

	Quantity	Average Price	Delivery Date
Purchase of Corn (in bushels):			
Basis contracts	2,346,229		By 11/15/2013
Priced contracts	4,524,320	$ 5.60	By 5/31/2014
Total (primarily from members)	6,870,549		

As of August 31, 2012, the Cooperative has entered into forward sales contracts for the following:

	Quantity	Average Price	Delivery Date
Sale of Ethanol (in gallons):			
Index contracts	9,773,000		By 10/1/2013
Priced contracts	6,504,054	$ 2.19	By 9/1/2013
Total	16,277,054		
Sale of Dry Distiller's Grains (in tons):			
Index contracts	-		
Priced contracts	80,356	$ 186.12	By 12/31/2013
Total	80,356		
Sale of Modified Wet Distiller's Grains (in tons):			
Index contracts	-		
Priced contracts	24,835	$ 96.90	By 4/30/2014
Total	24,835		

Note 13 - Investments in Unconsolidated Affiliates

The Cooperative had the following investments in other renewable fuel businesses at August 31, 2013 and 2012, respectively:

	2013	2012
Granite Falls Energy, LLC	$ 8,549,154	$ 7,837,950
Redfield Energy, LLC	3,189,424	3,027,999
	$ 11,738,578	$ 10,865,949

Investment in Granite Falls Energy, LLC

At August 31, 2013 and 2012, the Cooperative owned 4,525 units (14.76%) of Granite Falls Energy, LLC (GFE). GFE operates a 50 million gallon fuel ethanol plant near Granite Falls, Minnesota.

As of August 31, 2013 and 2012, the Cooperative’s recorded investment in GFE exceeded its ownership interest percentage in the equity of the affiliate by $73,456 and $107,359, respectively. The excess arose from the purchase of units in the affiliate at amounts greater than the book value of the affiliate, primarily related to accumulated deficits of the affiliate prior to beginning production. The excess is being amortized over a ten year period that will end in fiscal year 2016.

For the years ended August 31, 2013 and 2012, the Cooperative recognized equity in net income of GFE of $711,204 and $1,004,560, respectively, and received cash distributions of $-0- and $1,357,500, respectively.

The Cooperative's equity in the net income of GFE is based upon estimated earnings of the affiliate as of August 31 of each year. Summary financial information for GFE as of August, 2013 and October 31, 2012 (its fiscal year) is as follows:

Condensed Balance Sheets

	August 31, 2013 (Unaudited)	October 31, 2012
Current Assets	$ 10,940,268	$ 20,715,050
Property and Equipment, Net	37,872,498	40,418,082
Other Assets	17,026,500	-
Total assets	$ 65,839,266	$ 61,133,132
Current Liabilities	$ 4,629,936	$ 6,002,937
Long-Term Debt, less current maturities	3,881,772	5,274,870
Members' Equity	57,327,558	49,855,325
Total liabilities and members' equity	$ 65,839,266	$ 61,133,132

Condensed Statements of Operations

	Ten Months Ended August 31, 2013 (Unaudited)	Year Ended October 31, 2012
Revenues	$ 159,915,474	$ 175,162,043
Cost of Goods Sold	(150,423,925)	(172,708,074)
Gross profit	9,491,549	2,453,969
Operating Expenses	(2,114,644)	(2,449,596)
Other Income (Expense), Net	60,328	156,234
Net Income	$ 7,437,233	$ 160,607

Glacial Lakes Energy, LLC has agreed to purchase 479 membership units of Granite Falls Energy, LLC, subject to GFE Board approval as well as a signed agreement from the seller. If approved, this transaction would increase GLE's ownership interest in GFE to 5,004 membership units or 16.35% of membership units outstanding. The transaction is expected to close in January, 2014.

Investment in Redfield Energy, LLC

At August 31, 2013 and 2012, the Cooperative owned 1,660,526 units (8.13%) of Redfield Energy, LLC (RE). RE operates a 50 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 $2.00 per unit.

As of August 31, 2013 and 2012, the Cooperative's recorded investment in RE was less than its estimated underlying equity in the net assets of the affiliate by $67,476 and $85,879, respectively. The difference is being amortized into earnings over a ten year period that will end in fiscal year 2017.

For the years ended August 31, 2013 and 2012 the Cooperative recognized equity in net income (loss) of RE of $161,425 and ($124,359), respectively, and received $-0- and $166,052 of cash distributions, respectively.

The Cooperative's equity in the net income of RE is based upon estimated earnings of the affiliate as of August 31 of each year. Summary financial information for RE as of August 31, 2013 and 2012 and for the years August 31, 2013 and 2012 is as follows:

Condensed Balance Sheets

	August 31, 2013 (Unaudited)	2012
Current Assets	$ 12,569,783	$ 13,250,851
Property and Equipment, Net	33,767,135	38,990,796
Other Assets, Net	213,507	237,312
Total assets	$ 46,550,425	$ 52,478,959
Current Liabilities	$ 3,712,442	$ 3,150,144
Long-Term Debt,	-	8,250,025
Members' Equity	42,837,983	41,078,790
Total liabilities and members' equity	$ 46,550,425	$ 52,478,959

Condensed Statements of Operations

	2013 (Unaudited)	2012
Revenues	$ 189,729,022	$ 154,061,434
Cost of Goods Sold	(186,224,741)	(153,495,521)
Gross profit	3,504,281	565,913
Operating Expenses	(2,110,972)	(2,582,600)
Other Income (Expense), Net	365,884	105,140
Net Income (Loss)	$ 1,759,193	$ (1,911,547)

Note 14 - Income Taxes

The provision for income taxes charged to income for the years ended August 31, 2013 and 2012 consists of the following:

	2013	2012
Current expense (benefit)		
Current expense	$ (385,616)	$ (21,764)
Deferred expense (benefit)	653,900	(165,000)
Total income tax expense (benefit)	$ 268,284	$ (186,764)

Deferred taxes are comprised of basis differences related to non-patronage earnings from the Cooperative's investments in GFE and RE. 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.

Deferred tax assets and liabilities as of August 31, 2013 and 2012 are as follows:

	2013	2012
Deferred tax liability		
Investment in GFE and RE	$ (3,329,000)	$ (2,675,100)
Net deferred tax liability	$ (3,329,000)	$ (2,675,100)

As of August 31, 2013, the Cooperative has the following net patronage loss carryforward for income tax purposes:

Patronage earnings for the year ended August 31, 2013	$ (16,016,199)	
Allocation (patronage dividend) for the year ended August 31, 2013	5,565,679	
Carryforward of NOL generated in the year ended August 31, 2009		$ (10,450,520)
Patronage loss for the year ended August 31, 2012		13,350,969
Patronage earnings for the year ended August 31, 2011	(5,224,315)	
Allocation for the year ended August 31, 2011	5,224,315	
Patronage earnings for the year ended August 31, 2010	33,927,920	
Allocation of patronage earnings to members in excess of patronage of patronage earnings for year ended August 31, 2007	28,059	
Carryfoward of NOL generated in the year ended August 31, 2008		(32,785,532)
Carryfoward of NOL generated in the year ended August 31, 2009		(1,114,329)
Patronage loss for the year ended August 31, 2009		88,772,735
Patronage loss for the year ended August 31, 2008		32,785,532
Net patronage loss carryforward		$ 90,558,855

Patronage losses for tax purposes can be carried forward for 20 years to be used to offset patronage income in future years.

The Cooperative files income tax returns in the U.S. federal jurisdiction and in the state of Minnesota. The Cooperative is no longer subject to U.S federal and state examination by tax authorities for years ending on or before August 31, 2008. See Note 12 related to the IRS examination for the years ended August 31, 2005 and 2006.

Note 15 - Assets Held for Sale

In 2006, the Cooperative announced its intention to build a 50 million gallon per year plant in the Vermillion, South Dakota area. In September, 2006, land was purchased for the proposed plant and site preparations began in early 2007 for the Missouri Valley Energy, LLC (MVE) site. The project was suspended in October 2007 due to economic factors in the industry. In August 2008, the Cooperative discontinued plans to complete the project due to economic factors in the industry. As such, the Cooperative wrote the land and improvements down to the appraised value of $1,392,000 as of August 31, 2008.

In July 2012, the Cooperative entered into a real estate sales agreement for the sale of the MVE. The closing of the sale occurred in January 2013. The Cooperative recognized a gain on sale of $445,424 on proceeds of $1,837,424.

Note 16 - Stockholders' Equity

General

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.

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. No ordinary dividends can be paid on the common stock. According to the articles of incorporation, the Corporative may issue preferred stock. Preferred stock of the Cooperative is non-voting with allowable dividends paid on preferred stock not to exceed 8% annually of the par value of the preferred stock. Any such dividends on the preferred stock are not cumulative.

Liquidation or Dissolution

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 to the holders of the common stock, and any nonvoting certificate 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 to the members holding patron equities in the order from oldest to most recent and finally to the existing members on the basis of their past patronage, fourth to patrons in accordance with their credited interest in capital reserves, and any remaining assets in proportion 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 the 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.

Earnings per Share

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

	Net (Loss) Income	Weighted Average Shares Outstanding	Per Share Amount
2013			
Basic EPS	$ 16,903,060	185,989,731	$ 0.091
Effects of dilutive securities			
Exercise of stock units	-	-	-
	$ 16,903,060	185,989,731	$ 0.091
2012			
Basic EPS	$ (11,068,672)	185,860,631	$ (0.060)
Effects of dilutive securities			
Exercise of stock units	-	-	-
	$ (11,068,672)	185,860,631	$ (0.060)

Stock options for -0- and 55,000 shares for 2013 and 2012, respectively, were not included in the calculation of diluted EPS because their effects would be anti-dilutive.

Note 17 - Due from Broker

The Cooperative held segregated customer accounts with MF Global Inc. for clearing and settling of commodity transactions through their broker, the Linn Group. On October 31, 2011, MF Global Holdings Ltd, the parent of MF Global Inc., filed a petition for Chapter 11 Bankruptcy, at which time the Chicago Mercantile Exchange (CME Group) suspended MF Global Inc. as a clearing member. That same day, the Securities Investor Protection Corporation applied for the appointment of a trustee under the Securities Investors Protection Act (SIPA Trustee). James Giddens was appointed by the District Court for the Southern District of New York. The SIPA Trustee continues to manage the liquidation of MF Global, Inc.

The SIPA Trustee sought authority from the bankruptcy court to transfer all open positions and seventy-two (72%) of the maintenance margin requirement for those positions from MF Global, Inc. to other futures commission merchants or clearinghouses. As of the November 4th, 2011 market close, our positions were transferred from MF Global, Inc. to Rosenthal Collins Group. The amount of transfer to Rosenthal Collins Group was frozen from withdrawal by the CME Group. At the time of transfer, our account equity with MF Global, Inc. was $2,263,169. The amount transferred to Rosenthal Collins Group was $1,629,482. The amount remaining in the SIPA liquidation under the control of the SIPA Trustee at the time of the transfer was $633,687.

Under the Bankruptcy Code, a debtor or trustee may, under certain circumstances, avoid and recover for the debtor certain payments made to creditors within 90 days prior to the filing of the bankruptcy petition. In the 90 days prior to the bankruptcy petition, the Cooperative remitted $7.3 million to its segregated customer account with MF Global, Inc. and withdrew $12.0 million. The Bankruptcy Code provides various defenses to such avoidance actions, including but not limited to payments that were made in the ordinary course of business. Also, withdrawals of funds from segregated customer accounts may not be subject to this avoidance.

Between November 4, 2011 and August 31, 2013, the Cooperative has received distributions from the SIPA Trustee that brings the total received from the SIPA Trustee to 98%.

The balance as of August 31, 2013 and 2012 is comprised of the following:

	2013	2012
Due from SIPA Trustee	$ 45,264	$ 452,634
Allowance for potential loss	(45,264)	(113,159)
	$ -	$ 339,475

The allowance for potential loss of $113,159 provided in the year ended August 31, 2012 is included in General and Administrative expenses.

Note 18 - Subsequent Events

The Cooperative has evaluated subsequent events through November 18, 2013, the date which the consolidated financial statements were available to be issued.

On November 12, 2013, the Board of Directors declared a dividend payable to shareholders of record as of August 31, 2013. The amount of the dividend is $.03 per share for a total of $5,565,679. In addition, the Cooperative will pay a $.01 per share retainage for a total of $1,319,872. These amounts are expected to be paid in January of 2014.

Supplementary Information
August 31, 2013 and 2012

Glacial Lakes Corn Processors

EideBailly®

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Supplementary Information

The Board of Directors
Glacial Lakes Corn Processors
Watertown, South Dakota

We have audited the consolidated financial statements of Glacial Lakes Corn Processors as of and for the years ended August 31, 2013 and 2012 and have issued our report thereon dated November 18, 2013, which expressed an unqualified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 33 and 34 is presented for purposes of additional analysis of the consolidated financial statements, rather than to present financial position, results of operations, and cash flows of the individual companies, and it is not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepared the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information on pages 33 and 34 is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Eide Bailly LLP

Sioux Falls, South Dakota
November 18, 2013

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	Glacial Lakes Corn Processors	Glacial Lakes Energy, LLC	Aberdeen Energy, LLC	Total	Eliminations	Consolidated
Assets						
Current Assets						
Cash and cash equivalents	$ 213,275	$ 5,407,723	$ 3,383,736	$ 9,004,734	$ -	$ 9,004,734
Receivables	32,191	13,804,195	12,061,041	25,897,427	(32,191)	25,865,236
Inventories	-	17,699,965	9,235,519	26,935,484	-	26,935,484
Margin deposits	-	3,537,521	5,077,865	8,615,386	-	8,615,386
Prepaid expenses	-	426,474	463,363	889,837	-	889,837
Income tax receivable	323,667	-	-	323,667	-	323,667
Total current assets	569,133	40,875,878	30,221,524	71,666,535	(32,191)	71,634,344
Investments	136,926,524	11,738,578	-	148,665,102	(136,926,524)	11,738,578
Debt issuance costs, Net	-	167,322	167,322	334,644	-	334,644
Other assets	-	77,500	-	77,500	-	77,500
Due from broker	-	-	-	-	-	-
Property and equipment, net	-	45,927,840	79,973,300	125,901,140	-	125,901,140
	$ 137,495,657	$ 98,787,118	$ 110,362,146	$ 346,644,921	$ (136,958,715)	$ 209,686,206
Liabilities and Stockholders' Equity						
Current Liabilities						
Checks issued in excess of balance	$ -	$ 533,756	$ -	$ 533,756	$ -	$ 533,756
Accounts payable	-	7,262,304	2,117,451	9,379,755	(32,191)	9,347,564
Accrued expenses	-	2,359,784	2,047,449	4,407,233	-	4,407,233
Derivative financial instruments	-	606,975	1,579,509	2,186,484	-	2,186,484
Current maturities of long-term debt	-	5,142,857	8,222,907	13,365,764	-	13,365,764
Total current liabilities	-	15,905,676	13,967,316	29,872,992	(32,191)	29,840,801
Long-Term Liabilities						
Long-term debt, less current maturities	-	8,428,571	31,849,046	40,277,617	-	40,277,617
Deferred income taxes	3,329,000	-	-	3,329,000	-	3,329,000
Other	-	1,055,021	1,017,110	2,072,131	-	2,072,131
Total long-term liabilities	3,329,000	9,483,592	32,866,156	45,678,748	-	45,678,748
Total liabilities	3,329,000	25,389,268	46,833,472	75,551,740	(32,191)	75,519,549
Stockholders' Equity	134,166,657	73,397,850	63,528,674	271,093,181	(136,926,524)	134,166,657
	$ 137,495,657	$ 98,787,118	$ 110,362,146	$ 346,644,921	$ (136,958,715)	$ 209,686,206

	Glacial Lakes Corn Processors	Glacial Lakes Energy, LLC	Aberdeen Energy, LLC	Missouri Valley Energy, LLC	Total	Eliminations	Consolidated
Revenue							
Product sales	$ -	$ 345,361,446	$ 357,766,632	$ -	$ 703,128,078	$ -	$ 703,128,078
Service revenue	-	60,285	-	-	60,285	-	60,285
Government incentive revenue	-	387,729	-	-	387,729	-	387,729
Total revenue	-	345,809,460	357,766,632	-	703,576,092	-	703,576,092
Cost of Goods Sold	-	328,140,628	348,680,611	-	676,821,239	-	676,821,239
Gross Profit	-	17,668,832	9,086,021	-	26,754,853	-	26,754,853
General and Administrative Expenses	2,109,724	3,322,820	3,281,050	-	8,713,594	-	8,713,594
Operating Income (Loss)	(2,109,724)	14,346,012	5,804,971	-	18,041,259	-	18,041,259
Other Income (Expense)							
Interest expense	-	(626,044)	(1,614,580)	-	(2,240,624)	-	(2,240,624)
Interest income	1,966	25,306	12,212	-	39,484	-	39,484
Equity in earnings of unconsolidated affiliates	-	872,629	-	-	872,629	-	872,629
Equity in earnings of consolidated subsidiaries	19,273,352	-	-	-	19,273,352	(19,273,352)	-
Other income (expense), net	5,750	445,424	7,422	-	458,596	-	458,596
Total other income (expense)	19,281,068	717,315	(1,594,946)	-	18,403,437	(19,273,352)	(869,915)
Income Before Income Taxes	17,171,344	15,063,327	4,210,025	-	36,444,696	(19,273,352)	17,171,344
Income tax provision	(268,284)	-	-	-	(268,284)	-	(268,284)
Net Income	$ 16,903,060	$ 15,063,327	$ 4,210,025	$ -	$ 36,176,412	$ (19,273,352)	$ 16,903,060