

Glacial Lakes Corn Processors

Consolidated Financial Report
August 31, 2024

Contents

Independent auditor's report	1-2
<hr/>	
Financial statements	
Consolidated balance sheets	3
Consolidated statements of operations	4
Consolidated statements of stockholders' equity	5
Consolidated statements of cash flows	6
Notes to consolidated financial statements	7-27
Supplementary information	
Consolidating balance sheets	28-29
Consolidating statements of operations	30-31

Independent Auditor's Report

Board of Directors
Glacial Lakes Corn Processors

Opinion

We have audited the consolidated financial statements of Glacial Lakes Corn Processors and its subsidiaries (the Company), which comprise the consolidated balance sheets as of August 31, 2024 and 2023, 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).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of August 31, 2024 and 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

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, results of operations and cash flows 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 audit 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 14, 2024

Glacial Lakes Corn Processors

Consolidated Balance Sheets August 31, 2024 and 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 133,594,578	\$ 62,007,180
Short-term investments	32,339,723	79,402,876
Accounts receivable, trade	24,235,813	32,952,136
Inventories	43,437,829	47,032,969
Derivative financial instruments	3,798,560	9,817,490
Prepaid expenses	1,109,371	919,696
Other receivables	2,099,348	1,951,858
Total current assets	240,615,222	234,084,205
Property and equipment, net	173,568,144	136,683,796
Right-of-use operating lease assets, net	36,995,701	39,917,425
Investments in unconsolidated affiliates	30,137,920	29,143,296
Other assets	1,279,736	1,526,798
Total assets	\$ 482,596,723	\$ 441,355,520
Liabilities and Stockholders' Equity		
Current liabilities:		
Current maturities of long-term debt	\$ 4,900,000	\$ 4,900,000
Accounts payable	74,128,988	78,302,822
Accrued expenses	9,063,881	10,353,880
Current portion—operating leases	13,738,533	13,509,949
Tax payable	46,392	52,195
Commissions payable to Glacial Lakes Energy Exports, Inc.	2,702,870	3,653,329
Total current liabilities	104,580,664	110,772,175
Long-term debt, less current maturities and debt issuance costs	20,662,670	26,718,100
Operating leases, net of current portion	23,269,297	26,764,546
Deferred income taxes	2,574,481	2,135,175
Railcar damage accrual	9,799,836	8,005,424
Total liabilities	160,886,948	174,395,420
Commitments (Notes 11 and 12)		
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	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	206,836,928	152,087,253
Total stockholders' equity	321,709,775	266,960,100
Total liabilities and stockholders' equity	\$ 482,596,723	\$ 441,355,520

See notes to consolidated financial statements.

Glacial Lakes Corn Processors

**Consolidated Statements of Operations
Years Ended August 31, 2024 and 2023**

	2024	2023
Net sales:		
Ethanol sales	\$ 616,373,535	\$ 803,081,466
Distillers grains sales	152,134,111	203,792,944
Corn oil sales	74,613,673	81,753,092
Total revenue	843,121,319	1,088,627,502
Cost of goods sold	(723,274,907)	(1,012,225,490)
Gross profit	119,846,412	76,402,012
General and administrative expenses	(12,046,211)	(10,491,222)
Grant income	-	1,986,798
Other operating income, net	864,378	1,703,349
Operating income	108,664,579	69,600,937
Nonoperating income (expense):		
Interest expense, net (Note 4)	(601,541)	325,509
Interest income	8,044,293	4,229,912
Equity in earnings of unconsolidated affiliates	5,861,083	3,755,681
	13,303,835	8,311,102
Income before income tax expense	121,968,414	77,912,039
Income tax expense	(655,005)	(2,137,189)
Net income	\$ 121,313,409	\$ 75,774,850
Basic and diluted earnings per common share	\$ 0.653	\$ 0.408

See notes to consolidated financial statements.

Glacial Lakes Corn Processors

Consolidated Statements of Stockholders' Equity Years Ended August 31, 2024 and 2023

	Common Stock	Additional Paid-In Capital	Certificates of Interest	Unallocated Capital	Total
Balance, August 31, 2022	\$ 103,061	\$ 113,507,620	\$ 1,262,166	\$ 141,249,940	\$ 256,122,787
Net income	-	-	-	75,774,850	75,774,850
Dividends	-	-	-	(59,589,345)	(59,589,345)
Glacial Lakes Energy Exports, Inc. distributions	-	-	-	(5,348,192)	(5,348,192)
Balance, August 31, 2023	103,061	113,507,620	1,262,166	152,087,253	266,960,100
Net income	-	-	-	121,313,409	121,313,409
Dividends	-	-	-	(62,373,914)	(62,373,914)
Glacial Lakes Energy Exports, Inc. distributions	-	-	-	(4,189,820)	(4,189,820)
Balance, August 31, 2024	\$ 103,061	\$ 113,507,620	\$ 1,262,166	\$ 206,836,928	\$ 321,709,775

See notes to consolidated financial statements.

Glacial Lakes Corn Processors

Consolidated Statements of Cash Flows Years Ended August 31, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Net income	\$ 121,313,409	\$ 75,774,850
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	19,984,512	18,949,231
Deferred income taxes	439,306	(441,451)
Equity in earnings of unconsolidated affiliates	(5,861,083)	(3,755,681)
Distributions from unconsolidated affiliates	4,866,459	7,672,820
Amortized gain on short-term investments	(4,527,843)	(2,385,526)
(Gain) loss from sale of property and equipment	(61,700)	20,838
(Gain) on derivative financial instruments	(9,631,949)	(11,284,347)
Operating leases	(344,941)	357,072
Change in operating assets and liabilities:		
Trade and other receivables	8,568,833	(13,033,885)
Inventories	3,595,140	16,308,368
Derivative financial instruments	15,650,879	17,366,228
Prepaid expenses	(189,675)	(97,002)
Tax payable	(5,803)	819,518
Other assets	247,062	(164,560)
Accounts payable	(4,553,412)	402,508
Accrued expenses and railcar damage accrual	504,413	246,127
Net cash provided by operating activities	149,993,607	106,755,108
Cash flows from investing activities:		
Purchases of property and equipment	(56,432,686)	(34,068,104)
Proceeds from sale of property and equipment	74,674	346,006
Investment in unconsolidated affiliates	-	(4,859,726)
Purchase of short-term investments	(450,909,004)	(237,187,396)
Maturity of short-term investments	502,500,000	239,876,925
Net cash used in investing activities	(4,767,016)	(35,892,295)
Cash flows from financing activities:		
Payments on long-term debt	(6,125,000)	(4,900,000)
Dividends paid	(62,373,914)	(78,153,010)
Glacial Lakes Exports distributions paid	(5,140,279)	(5,663,775)
Net cash used in financing activities	(73,639,193)	(88,716,785)
Net increase (decrease) in cash and cash equivalents	71,587,398	(17,853,972)
Cash and cash equivalents:		
Beginning	62,007,180	79,861,152
Ending	\$ 133,594,578	\$ 62,007,180
Supplemental disclosures of cash flow information:		
Cash paid for interest, net of capitalized interest of \$1,452,965 and \$1,511,023	\$ 2,660,361	\$ 2,277,445
Cash paid for income taxes	\$ 221,502	\$ 2,184,880
Supplemental schedule of noncash investing and financing activities:		
Property and equipment acquired with accounts payable	\$ 1,045,814	\$ 666,236
Right-of-use assets arising from obtaining operating lease assets	\$ 12,229,316	\$ 53,882,591
Commissions payable to Glacial Lakes Energy Exports, Inc.	\$ 2,702,870	\$ 3,653,329

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), Aberdeen Energy, LLC (AE), Hub City Energy, LLC (HCE) and Huron Energy, LLC (HE). GLE owns and operates a 130 million gallon per year ethanol plant near Watertown, South Dakota. AE owns and operates a 140 million gallon per year ethanol plant near Aberdeen, South Dakota. HCE owns and operates a 50 million gallon per year ethanol plant near Aberdeen, South Dakota. HE owns and operates a 40 million gallon per year ethanol plant near Huron, South Dakota.

Principles of consolidation: The consolidated financial statements (collectively, 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 Cooperative'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 accrual for damage to leased railcars.

Revenue recognition: The Cooperative uses a five-step model for recognizing revenues from contracts with customers as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

The Cooperative assesses the contract term as the period in which the parties to the contract have enforceable rights and obligations.

The Cooperative generally sells ethanol and distillers grains pursuant to marketing agreements and corn oil pursuant to contract agreements with third parties. Revenue from the sale of product is recognized at a point in time, upon transfer of control to the customer. For single manifest ethanol railcars, distillers grains, and corn oil sales, control transfers when loaded into the railcar. For ethanol sales by unit trains, control transfers when the last railcar of the unit train is loaded and the shipping documentation transferred to the customer. In some instances, the Cooperative enters into contracts with customers that contain performance obligations to deliver volumes of ethanol or coproducts over a contractual period of less than 12 months.

Glacial Lakes Corn Processors

Notes to Consolidated Financial Statements

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

The Cooperative allocates the transaction price to each performance obligation identified in the contract based on relative standalone selling prices and recognizes the related revenue as control of each individual product is transferred to the customer in satisfaction of the corresponding performance obligations. The Cooperative has elected to treat shipping and handling activities related to contracts with customers as a cost of fulfilling the promise to transfer the associated product and not as a separate performance obligation. Railcar lease costs incurred by the Cooperative in the sale of its products are included in the cost of goods sold.

Payment terms on invoiced amounts are typically three to 15 business days. As these payment terms are less than one year, the Cooperative has determined that a significant financing component does not exist. The primary purpose of the Cooperative's invoicing term is to provide customers with simplified and predictable ways of purchasing the product and not to receive financing from or provide financing to the customer.

The Cooperative has elected to apply the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

The following is a description of principal activities from which the Cooperative generates revenue. Revenues from contracts with customers are recognized when control of the promised goods are transferred to customers, in an amount that reflects the consideration expected to be received in exchange for those goods.

- Ethanol sales
- Distillers grains sales
- Corn oil sales

All revenue recognized in the consolidated statements of operations is considered to be revenue from contracts with customers.

Taxes collected from customers: The Cooperative collects various taxes from customers for remittance to governmental authorities. These amounts are recorded on a net basis.

Shipping and commission costs: Shipping costs were \$119,525,521 and \$114,798,732 and commission costs were \$3,396,938 and \$3,548,197 for the years ended August 31, 2024 and 2023, respectively. Shipping costs for ethanol and distillers grains sales paid directly by the Cooperative's marketers and commissions deducted by the marketers are presented on a net basis in revenue on the consolidated statements of operations.

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, distillers 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 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)

Short-term investments: Short-term investments consist solely of debt securities that the Cooperative has the positive intent and ability to hold to maturity and are stated at amortized cost. The Cooperative measures expected credit losses on held to maturity debt securities on a collective basis by major security type. For United States Treasury securities, there are no material expected credit losses as they are guaranteed by the U.S. government and are highly rated by major rating agencies.

Accounts receivable: Trade accounts receivable are carried at original invoice amount less an allowance for expected credit losses. Management determines the allowance for credit losses by identifying troubled accounts and considering the customer's financial condition, credit history, and current economic conditions along with using historical experience. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recognized when received. As of August 31, 2024 and 2023, the Cooperative determined that the allowance for credit losses was not material due to historical and forecasted collectability of the accounts. As of September 1, 2022, the trade receivables balance was \$19,694,626.

Inventories: Grain and spare parts inventories are 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 and ethanol, 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. The Cooperative has elected the normal purchase, normal sale exception and therefore, 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 and interest rate swaps are recognized as either assets or liabilities at their fair value in the consolidated balance sheets with the changes in the fair value reported in current-period earnings. Changes in fair value of exchange-traded futures contracts are included in product sales or cost of goods sold on the consolidated statements of operations consistent with the commodity being hedged. Changes in fair value of interest rate swaps are included in interest expense on the consolidated statements of operations.

Property and equipment: Property and equipment is stated at cost. Expenditures for major renewals and betterments that extend useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are expense as incurred. Depreciation is computed by the straight-line method over the following estimated useful lives:

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

Glacial Lakes Corn Processors

Notes to Consolidated Financial Statements

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

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. During the years ended August 31, 2024 and 2023, there were no events or circumstances that indicated the asset groups of the Cooperative may be impaired.

Leases: The Cooperative utilizes the Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 842 to account for its leases. Under this guidance, lessees are required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: (1) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted cash flow basis; and (2) a right-of-use (ROU) asset, which is an asset that represents the lessee's right to use the specified asset for the lease term. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the statement of operations.

The Cooperative determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract, and (ii) the Cooperative obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Cooperative also considers whether its service agreements include the right to control the use of an asset.

The Cooperative made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. To determine the present value of lease payments, the Cooperative made an accounting policy election available to nonpublic companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date.

Certain of the Cooperative's leases also include nonlease components that transfer a distinct service to the Cooperative, such as common area maintenance services and other operating costs and charges. For all asset classes, the Cooperative has elected the lessee practical expedient to combine lease and nonlease components and accounts for the combined unit as a single lease component.

Glacial Lakes Corn Processors

Notes to Consolidated Financial Statements

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

Investments in unconsolidated affiliates: The Cooperative has a 20.37% investment interest in Harvestone Group, LLC, which markets the Cooperative's ethanol. The Cooperative also has a 16.62% ownership interest in Granite Falls Energy, LLC and a 8.16% ownership interest in Redfield Energy, LLC. These investments are flow-through entities and are being accounted for by the equity method of accounting under which the Cooperative's share of earnings or losses are recognized in the Cooperative's statements of operations and added to the investment account. Distributions or dividends received from the investments are treated as a reduction of the investment account.

Grant income: In August 2023, the Cooperative received funding from the U.S. Department of Agriculture in the amount of \$1,986,798 pursuant to the Biofuel Producer Program (BPP). The funding received from the grant is not required to be repaid. Since these funds are provided to subsidize historical losses of the Cooperative, and are not to be repaid, the Cooperative accounted for the proceeds by analogy to International Accounting Standards 20 *Accounting for Government Grants and Disclosure of Government Assistance*, and reported as grant income within operating income in the accompanying consolidated statements of operations.

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 notices of allocation 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, long-term incentive plan, 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 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, 2024 and 2023, 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 for jurisdictions in which it files. The Cooperative has no U.S. federal or state examinations currently in progress.

Earnings per share: Basic earnings per share is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted earnings 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.

Glacial Lakes Corn Processors

Notes to Consolidated Financial Statements

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

Domestic international sales corporation: The Cooperative's members own Glacial Lakes Energy Exports Holdings, LLC (GLEEH), a South Dakota Limited Liability Company which is treated as a partnership for income tax purposes. GLEEH in turn owns Glacial Lakes Energy Exports, Inc. (GLEEI), an interest charge domestic international sales corporation (IC-DISC) under the Internal Revenue Code. GLEEI receives a commission from the Cooperative on certain international sales. Earnings from the commission are paid as a dividend from GLEEI to GLEEH, which in turn pays them to the Cooperative's members as a partnership distribution. These payments are specific to the overall IC-DISC structure and are not considered patronage-sourced income to Cooperative members. These payments 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 \$133,114 and \$199,773 for the years ended August 31, 2024 and 2023, respectively.

Subsequent events: The Cooperative has evaluated subsequent events through November 14, 2024, the date which the financial statements were available to be issued.

The Board of Directors of the Cooperative voted to have its members deliver 131,802,023 (0.71 per share) bushels of corn for the year ending August 31, 2025, on an open delivery system.

Note 2. Short-Term Investments

The following is a summary of the Cooperative's short-term investments (original maturity due within one year):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Market Value
August 31, 2024:				
United States Treasury securities	\$ 32,339,723	\$ -	\$ (60,073)	\$ 32,279,650
August 31, 2023:				
United States Treasury securities	\$ 79,402,876	\$ -	\$ (121,596)	\$ 79,281,280

Short-term investments are recorded in the consolidated balance sheets at amortized cost. Estimated fair market value at August 31, 2024 and 2023, 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.

Glacial Lakes Corn Processors

Notes to Consolidated Financial Statements

Note 3. Inventories

The following table summarizes inventories as of August 31, 2024 and 2023:

	2024	2023
Grain	\$ 14,305,110	\$ 21,119,788
Chemicals and ingredients	2,616,004	2,576,773
Ethanol and coproducts:		
Finished goods	15,877,825	12,307,403
In process	2,482,578	3,830,519
Spare parts	8,156,312	7,198,486
	<u>\$ 43,437,829</u>	<u>\$ 47,032,969</u>

The Cooperative recorded no material inventory valuation adjustments the years ended August 31, 2024 and 2023.

Note 4. Derivative Financial Instruments

The Cooperative is exposed to certain risks relating to its ongoing business operations. The primary risks managed by using derivative instruments are commodity price risk and interest rate risk. Short-term exchange-traded contracts are entered into to manage the price risk associated with forecasted purchases and sales of materials used and products sold in the Cooperative's manufacturing process.

The Cooperative had a floating-to-fixed interest rate swap agreement to manage interest rate risk associated with its Secured Overnight Financing Rate (SOFR)-based borrowings which is not designated as a cash flow hedge. The differential to be paid or received on all swap agreement and related amount on deposit with (due to) broker are presented net in derivative financial instruments in the consolidated balance sheets. Amounts paid or received in connection with the swap agreement monthly settlements, as well as changes in fair value, are included in interest expense. The swap agreement effectively fixed the interest rate at 1.76%. During the year ended August 31, 2024, the Cooperative terminated the interest rate swap and recorded a gain of approximately \$1,640,000, which is netted with interest expense in the consolidated statement of operations for the year ended August 31, 2024.

In December 2023, the Cooperative entered into an interest rate cap agreement, in the notional amount of \$29,400,000, intended to reduce the Cooperative's exposure to potential rises in long-term interest rates. The Cooperative paid \$180,000 in a one-time premium. The interest rate cap agreement expires in December 2029 and caps the interest rate at 5.5%. The obligation is designated as a nonhedged derivative for accounting purposes. Changes in fair value of the interest rate cap are included in interest expense in the consolidated statement of operations.

Glacial Lakes Corn Processors

Notes to Consolidated Financial Statements

Note 4. Derivative Financial Instruments (Continued)

As of August 31, 2024 and 2023, the Cooperative has entered into the following derivative financial instruments, none of which are designated as hedging instruments:

	Notional	2024		2023	
		Notional	Fair Value	Notional	Fair Value
		Long (Short)	Assets (Liabilities)	Long (Short)	Assets (Liabilities)
Corn contracts	Bushels	1,282,108	\$ 3,514,883	285,625	\$ (50,643)
		(1,822,108)	(510,823)	(12,008,125)	5,674,268
Ethanol contracts	Gallons	(7,350,000)	511,560	(6,930,000)	1,592,766
		(11,382,000)	(769,755)	(13,818,000)	(2,123,835)
Interest rate swap	Dollars	-	-	31,850,000	2,310,415
Interest rate cap	Dollars	29,400,000	43,949	-	-
Total derivatives			2,789,814		7,402,971
Deposit with broker			1,008,746		2,414,519
Total			\$ 3,798,560		\$ 9,817,490

These contracts and related amount on deposit with broker are presented net in derivative financial instruments in the consolidated 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, 2024 and 2023, none of which are designated as hedging instruments:

	2024	2023
Gain (loss) recognized in consolidated statements of operations:		
Ethanol sales:		
Ethanol contracts	\$ 17,463,756	\$ (4,241,273)
Cost of goods sold:		
Corn contracts	(7,402,108)	19,154,525
Natural gas contracts	-	(4,981,809)
Interest income (expense):		
Interest rate swap	(293,648)	1,352,904
Interest rate cap	(136,051)	-

The Cooperative has approximately 5,400,000 bushels of corn inventory delivered under delayed-pricing contracts as of August 31, 2024. The contracts have various pricing deadlines through October 1, 2025. The Cooperative is subject to risk of changes in the corn market until they are priced.

Glacial Lakes Corn Processors

Notes to Consolidated Financial Statements

Note 5. Property and Equipment

The following table summarizes property and equipment as of August 31, 2024 and 2023:

	2024	2023
Land and land improvements	\$ 33,843,576	\$ 32,704,615
Buildings	37,144,451	36,630,032
Railroad equipment and rolling stock	22,218,709	21,404,623
Machinery and equipment	425,394,437	383,220,903
Office equipment	1,416,363	1,137,089
Construction in progress	40,454,546	28,863,833
	560,472,082	503,961,095
Less accumulated depreciation	(386,903,938)	(367,277,299)
	<u>\$ 173,568,144</u>	<u>\$ 136,683,796</u>

Depreciation expense for the years ended August 31, 2024 and 2023, was \$19,914,942 and \$18,879,661, respectively.

Note 6. Revolving Term Note and Long-Term Debt

Revolving term note: The Cooperative has a \$50,000,000 revolving term note with Compeer Financial. Revolving term note advances borrowed and repaid may be reborrowed at any time prior to the termination date. Amounts borrowed on the revolving term note bear interest at a rate of 2.90% above the Farm Credit one-month SOFR Index (8.16% at August 31, 2024). There were no outstanding borrowings, and the amount available under the agreement was \$50,000,000 as of August 31, 2024. The revolving term note expires on December 19, 2026.

The Cooperative pays Compeer Financial an unused commitment fee on the average daily unused portion of the revolving term note from the closing date until the maturity date at the rate of 30 basis points on a per-annum basis.

Term loan: The Cooperative has a \$49,000,000 term note with Compeer Financial to finance the purchase of certain assets acquired and liabilities assumed as part of the acquisition of Advanced BioEnergy, LLC. The term loan bears interest at a rate 2.80% above the Farm Credit one-month SOFR Index (8.06% at August 31, 2024), with equal quarterly payments of principal in the amount of \$1,225,000 plus interest accrued during the period. The Cooperative may convert a portion of the term loan to a fixed rate loan, bearing interest at a rate defined in the term loan agreement, if the Cooperative provides a written notice to the lender 30 days prior to the effective date of request and receives approval from the lender, among other conditions.

Amounts borrowed under the revolving line of credit and term loan are secured by substantially all the assets of the Cooperative.

Letters of credit: The Cooperative can request up to \$2,000,000 in standby letters of credit from Compeer Financial. Outstanding letters of credit plus the outstanding revolving line of credit shall not at any time exceed the term revolving loan commitment. Any letters of credit must expire by December 19, 2026. No letters of credit were issued or outstanding during the years ended August 31, 2024 or 2023.

Glacial Lakes Corn Processors

Notes to Consolidated Financial Statements

Note 6. Revolving Term Note and Long-Term Debt (Continued)

Covenants and requirements of loan agreement: The primary financial covenants and restrictions, all determined in accordance with U.S. GAAP, include the following:

- **Working capital**—The Cooperative must maintain a consolidated working capital of not less than \$40,000,000 measured on a monthly basis. For this purpose, working capital is defined as current assets less current liabilities, excluding current portion of lease liability, plus the available portion on the term revolving line of credit.
- **Debt service coverage ratio**—The Cooperative must maintain a consolidated debt service coverage ratio of not less than 1.40-to-1.00, measured annually at the end of the Cooperative's fiscal year. For this purpose, debt service coverage ratio is defined as net income before depreciation and amortization divided by \$4,900,000.
- **Distributions**—The Cooperative may make distributions to its members as long as working capital, including the available portion of the revolving line of credit, exceeds \$65,000,000 after distribution. If working capital, including the available portion of the revolving line of credit, is less than \$65,000,000 immediately prior to or after distribution, aggregated distributions in any fiscal year shall not exceed 100% of the Cooperative's net income for the immediately preceding year. Distributions made by DISC are recognized as distributions to the Cooperative's members.
- **Indebtedness**—The Cooperative cannot create, incur, assume or suffer to exist any debt in an aggregate principal amount in excess of the \$250,000 without the prior written consent from Compeer Financial, except for permitted indebtedness defined within agreement.

Long-term debt: The following table summarizes long-term debt outstanding as of August 31, 2024 and 2023.

	2024	2023
Term loan	\$ 25,725,000	\$ 31,850,000
Less unamortized debt issuance costs	(162,330)	(231,900)
	25,562,670	31,618,100
Less current maturities	(4,900,000)	(4,900,000)
	<u>\$ 20,662,670</u>	<u>\$ 26,718,100</u>

Maturities of long-term debt as of August 31, 2024, are as follows:

Years ending August 31:	
2025	\$ 4,900,000
2026	4,900,000
2027	4,900,000
2028	4,900,000
2029	4,900,000
Thereafter	1,225,000
	<u>\$ 25,725,000</u>

Glacial Lakes Corn Processors

Notes to Consolidated Financial Statements

Note 7. 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.

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 and common stock share amounts used in the calculation of basic and diluted earnings per share for the years ended August 31, 2024 and 2023, are as follows:

	Net Income	Weighted-Average Shares Outstanding	Per Share Amount
2024:			
Basic and diluted earnings per share	\$ 121,313,409	185,636,652	\$ 0.653
2023:			
Basic and diluted earnings per share	75,774,850	185,636,652	0.408

Glacial Lakes Corn Processors

Notes to Consolidated Financial Statements

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: Inputs to the valuation methodology include significant 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: Unobservable inputs to the valuation methodology 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 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 tables summarize by level, within the fair value hierarchy, the Cooperative's assets (liabilities) measured at fair value on a recurring basis at August 31, 2024 and 2023:

Balance Sheet Location	August 31, 2024			
	Level 1	Level 2	Level 3	Total
Derivative financial instruments	\$ 4,026,443	\$ 43,949	\$ -	\$ 4,070,392
Derivative financial instruments	(1,280,578)	-	-	(1,280,578)

Balance Sheet Location	August 31, 2023			
	Level 1	Level 2	Level 3	Total
Derivative financial instruments	\$ 7,267,034	\$ 2,310,415	\$ -	\$ 9,577,449
Derivative financial instruments	(2,174,478)	-	-	(2,174,478)

The derivative financial instruments consist of commodity contracts and interest rate cap and swaps. Commodity contracts are valued based on quoted market prices and therefore are classified as Level 1. Interest rate cap and swap are valued based upon externally developed pricing models based upon observable market inputs and therefore are classified as Level 2.

Glacial Lakes Corn Processors

Notes to Consolidated Financial Statements

Note 9. Operating Leases

The Cooperative leases tanker and hopper rail cars under operating lease agreements that have remaining terms of one to six years. The Cooperative's leases generally do not contain any restrictive covenants or residual value guarantees.

Operating lease costs and sublease income are recognized on a straight-line basis over the lease term. The components of lease expense are as follows for the years ended August 31, 2024 and 2023:

	2024	2023
Operating lease cost	\$ 15,990,771	\$ 15,250,391
Short-term lease cost	999,000	510,600
Sublease income, gross	(1,260,353)	(897,936)
Total lease cost	<u>\$ 15,729,418</u>	<u>\$ 14,863,055</u>

The Cooperative's approximate future minimum lease payments as of August 31, 2024, are as follows:

Years ending August 31:	
2025	\$ 14,793,835
2026	10,648,801
2027	7,800,277
2028	4,605,318
2029	1,304,354
Thereafter	-
Total lease payments	<u>39,152,585</u>
Less imputed interest	<u>(2,144,755)</u>
Total present value of lease liabilities	<u>\$ 37,007,830</u>

The weighted-average discount rate on the Cooperative's operating leases was 3.66% and 3.38% as of August 31, 2024 and 2023, respectively. The weighted-average remaining lease term of the leases was 3.21 and 3.73 years as of August 31, 2024 and 2023, respectively.

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, 2024 and 2023, were \$11,093,685 and \$10,706,512, respectively. The portions of these accruals classified as long-term were \$9,799,836 and \$8,005,424 as of August 31, 2024 and 2023, respectively.

Note 10. Related-Party Transactions and Concentrations

Corn marketing and purchases: The Board of Directors of the Cooperative voted to have its members deliver 131,802,023 (0.71 per share) and 129,945,656 (0.70 per share) bushels of corn for the years ended August 31, 2024 and 2023, respectively, 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 \$0.006 per bushel for both August 31, 2024 and 2023.

Glacial Lakes Corn Processors

Notes to Consolidated Financial Statements

Note 10. Related-Party Transactions and Concentrations (Continued)

For the years ended August 31, 2024 and 2023, the Cooperative purchased corn from its members (including committed bushels described above) as follows:

	Bushels	Dollars
2024:		
Individuals	41,670,575	\$ 174,356,111
Elevators	24,192,555	105,868,818
	<u>65,863,130</u>	<u>\$ 280,224,929</u>
2023:		
Individuals	38,534,977	\$ 247,953,810
Elevators	29,508,104	200,737,768
	<u>68,043,081</u>	<u>\$ 448,691,578</u>

The Cooperative paid \$2,826,890 and \$2,621,308 as freight allowance on committed bushels to the members for the purchase of corn for the years ended August 31, 2024 and 2023, respectively. The Cooperative also paid approximately \$60,900 to those members who purchased over 50,000 shares of stock at the time the Cooperative was organized (called "Commercial Level Investors") for each of the years ended August 31, 2024 and 2023.

Distillers grains sales: For the years ended August 31, 2024 and 2023, the Cooperative sold distillers grains to members of the Cooperative as follows:

	Tons	Dollars
2024:		
Dry distillers grains	6,885	\$ 1,142,214
Wet distillers grains	63,972	5,795,568
	<u>70,857</u>	<u>\$ 6,937,782</u>
2023:		
Dry distillers grains	11,866	\$ 2,874,110
Wet distillers grains	58,453	6,756,645
	<u>70,319</u>	<u>\$ 9,630,755</u>

Receivables and payables: As of August 31, 2024 and 2023, amounts receivable from or due to members of the Cooperative were as follows:

	2024	2023
Receivables for distillers grains	\$ 154,020	\$ 321,357
Receivables for net pool fees	825,170	615,672
Payables for corn and freight allowances	33,128,831	41,987,586

Glacial Lakes Corn Processors

Notes to Consolidated Financial Statements

Note 10. Related-Party Transactions and Concentrations (Continued)

Customer concentrations: During the years ended August 31, 2024 and 2023, the Cooperative had major customers from which the product sales and receivables were as follows:

	Product Sales		Accounts Receivable	
	Years Ended August 31		August 31	
	2024	2023	2024	2023
Harvestone Commodities, LLC	\$ 609,604,685	\$ 812,591,326	\$ 13,922,396	\$ 23,825,207
Genex Harvest States	73,045,313	104,411,498	2,795,703	2,431,115

Note 11. 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 Internal Revenue Service limits) and the Cooperative will match 100% of the first 4% of the employees' contributions and 50% of the next 1% of employees' contributions, for a maximum match of 4.5% of the employees' salary. On January 1, 2024, the Cooperative amended the plan and will match an additional 50% of the next 1% of employees' contributions, for a maximum of 5% of the employees' salary. All employer contributions for eligible employees are vested immediately. During the years ended August 31, 2024 and 2023, the Cooperative contributed \$754,696 and \$629,160, respectively, to the 401(k) plan.

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 1,600,000 Units may be awarded under the Plan. The Units vest three years from the date of employment or promotion. The Units also carry a Dividend Equivalent, which is the equivalent amount of patronage and DISC 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, 2024, the Cooperative has awarded 985,625 Units under the plan and 956,250 of these Units were vested. The Cooperative has recorded a liability of \$1,979,438 and \$1,383,688 for the value of the Units as of August 31, 2024 and 2023, respectively, which is included in accrued expenses in the consolidated balance sheets.

Note 12. Commitments

Environmental: 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 entered into ethanol marketing agreements with Harvestone Commodities, LLC which provides that Harvestone Commodities, LLC may market, sell and transport the entire ethanol output of the Cooperative excluding up to 10% of the Cooperative annual production as higher level blends directly to local customers. The Cooperative pays Harvestone Commodities, LLC a marketing fee based upon gallons sold by the marketer. The marketing agreements expire in May 2029. Revenues from the agreements were \$609,604,685 and \$812,591,326 for the years ended August 31, 2024 and 2023, respectively. Accounts receivable from the marketer were \$13,922,396 and \$23,825,207 as of August 31, 2024 and 2023, respectively.

Glacial Lakes Corn Processors

Notes to Consolidated Financial Statements

Note 12. Commitments (Continued)

Distillers grains marketing: The Cooperative has agreements with a national distillers grains marketer to sell its production of distillers grains from GLE and AE to the marketer and pay a commission based on the tons sold. The agreements are for a rolling one-year period expiring on October 1 of each year and the agreements 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 agreements allow the Cooperative to sell distillers grains shipped by truck while the national marketer sells distillers grains shipped by railcars. Revenues from the agreements were \$73,045,313 and \$104,411,498 for the years ended August 31, 2024 and 2023, respectively. Accounts receivable from the marketer were \$2,795,703 and \$2,431,115 as of August 31, 2024 and 2023, respectively. The Cooperative provided notice to the marketer in May 2024 of its election to terminate the agreement, and the agreement was terminated on July 31, 2024.

The Cooperative has an agreement with a national distillers grains marketer to sell its production of distillers grains from its HCE plant to the marketer and pay a commission based on the net selling price. The agreement shall remain in effect until terminated by either party by providing the other party not less than 30 days' written notice of its election to terminate the agreement. Revenues from the agreement were \$13,031,018 and \$13,650,809 for the years ended August 31, 2024 and 2023, respectively. Accounts receivable from the marketer were \$976,831 and \$321,461 as of August 31, 2024 and 2023, respectively. In April 2024, the Cooperative entered into an agreement with the distillers grains marketer to sell 100% of its production of distillers grains from its HCE, AE, GLE, and HE plants. The agreement became effective on August 1, 2024 and shall continue until terminated by either party on no less than 90 days written notice.

The Cooperative has agreements with a local distillers grains marketer to sell its production of distillers grains from its HCE, HE and AE plants to the marketer and pay a commission based on the net selling price. The agreements expire on August 31, 2025. Revenues from the agreements were \$19,503,989 and \$25,532,803 for the years ended August 31, 2024 and 2023, respectively. Accounts receivable from the marketer were \$443,627 and \$564,163 as of August 31, 2024 and 2023, respectively.

Grain procurement agreement: The Cooperative has a grain procurement agreement with a regional ag cooperative where the ag cooperative originates, stores, and delivers all corn needs for the operations of the HE plant. The Cooperative pays a per bushel price equal to handling cost plus the forward fixed-priced contract or daily spot pricing. Corn purchased through the agreement was \$64,404,732 and \$95,554,544 for the years ended August 31, 2024 and 2023, respectively. Accounts payable to the ag cooperative were \$316,253 and \$197,244 as of August 31, 2024 and 2023, respectively.

Natural gas supply: The Cooperative currently has natural gas supply agreements in place with a national supplier for its production requirements. The contracts expire on September 30, 2024.

Glacial Lakes Corn Processors

Notes to Consolidated Financial Statements

Note 12. Commitments (Continued)

Forward purchase and sales contracts: As of August 31, 2024, 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	10,765,390		By 3/31/2026
Priced contracts	2,955,312	\$ 3.83	By 6/30/2025
Total (from members)	<u>13,720,702</u>		
Sale of ethanol (in gallons):			
Index contracts	30,643,928		By 12/31/2024
Priced contracts	82,290	\$ 1.89	By 9/01/2024
Total	<u>30,726,218</u>		
Sale of dry distillers grains (in tons):			
Priced contracts	204,674	\$ 197	By 9/30/2025
Total	<u>204,674</u>		
Sale of modified wet distillers grains (in tons):			
Priced contracts	22,006	\$ 66	By 6/30/2025
Total	<u>22,006</u>		

Note 13. Investments in Unconsolidated Affiliates

The Cooperative's investments in other renewable fuel businesses consist of the following as of August 31, 2024 and 2023:

	2024	2023
Granite Falls Energy, LLC	\$ 19,365,489	\$ 16,928,214
Redfield Energy, LLC	4,293,990	4,428,904
Harvestone Group, LLC	6,244,937	7,555,836
Other investments	233,504	230,342
	<u>\$ 30,137,920</u>	<u>\$ 29,143,296</u>

Investments in Granite Falls Energy, LLC: The Cooperative owns 5,004 units (16.62%) of Granite Falls Energy, LLC (GFE). GFE operates a 70 million gallon fuel ethanol plant near Granite Falls, Minnesota, and a 72.3 million gallon fuel ethanol plant near Heron Lake, Minnesota, through its wholly owned subsidiary Heron Lake Bioenergy, LLC.

For the years ended August 31, 2024 and 2023, the Cooperative recognized equity in net income (loss) of GFE of \$3,513,135 and \$1,241,795, respectively. The Cooperative received cash distributions of \$1,075,860 and \$500,400 during the years ended August 31, 2024 and 2023, respectively.

Glacial Lakes Corn Processors

Notes to Consolidated Financial Statements

Note 13. 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, 2024 and October 31, 2023 (its fiscal year), is as follows:

Condensed Balance Sheets	July 31, 2024 (Unaudited)	October 31, 2023 (Unaudited)
Current assets	\$ 53,594,135	\$ 61,253,776
Property and equipment, net	62,403,380	62,768,718
Other assets	29,328,328	29,885,254
Total assets	\$ 145,325,843	\$ 153,907,748
Current liabilities	\$ 21,421,635	\$ 36,631,600
Long-term debt, less current maturities	-	600,000
Long-term liabilities	8,343,474	12,565,203
Members' equity	115,560,734	104,110,945
Total liabilities and members' equity	\$ 145,325,843	\$ 153,907,748
	Nine Months Ended July 31, 2024 (Unaudited)	Year Ended October 31, 2023 (Unaudited)
Condensed Statements of Operations		
Revenues	\$ 222,259,119	\$ 363,200,213
Costs of goods sold	(202,798,003)	(344,286,063)
Gross profit	19,461,116	18,914,150
Operating expenses	(7,012,781)	(9,410,694)
Other income, net	5,474,244	3,208,390
Net income	\$ 17,922,579	12,711,846

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 13. Investments in Unconsolidated Affiliates (Continued)

For the years ended August 31, 2024 and 2023, the Cooperative recognized equity in net income of RE of \$861,401 and \$799,111, respectively. The Cooperative received cash distributions of \$996,316 and \$431,737 during the years ended August 31, 2024 and 2023, respectively.

The Cooperative's equity in the net income 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, 2024 and 2023, is as follows:

Condensed Balance Sheets	August 31, 2024 (Unaudited)	August 31, 2023 (Unaudited)
Current assets	\$ 27,098,603	\$ 32,935,551
Property and equipment, net	25,919,028	22,229,889
Other assets	17,714,789	12,687,918
Total assets	<u>\$ 70,732,420</u>	<u>\$ 67,853,358</u>
Current liabilities	\$ 7,319,861	\$ 7,973,852
Other accrued liabilities	10,790,129	5,822,621
Members' equity	52,622,430	54,056,885
Total liabilities and members' equity	<u>\$ 70,732,420</u>	<u>\$ 67,853,358</u>

Condensed Statements of Operations	Year Ended August 31, 2024 (Unaudited)	Year Ended August 31, 2023 (Unaudited)
Revenues	\$ 144,268,572	\$ 197,064,585
Costs of revenues	(128,956,138)	(184,308,984)
Gross profit	<u>15,312,434</u>	<u>12,755,601</u>
General and administrative expenses	(4,780,212)	(4,596,876)
Other income	244,388	1,415,975
Net income	<u>\$ 10,776,610</u>	<u>\$ 9,574,700</u>

Investments in Harvestone Group, LLC (Harvestone Group): The Cooperative owns 49 units (20.37%) of Harvestone Group. Harvestone Group is a commodity merchant company focused on the marketing and trading of biofuels across North America.

For the years ended August 31, 2024 and 2023, the Cooperative recognized equity in net income of Harvestone Group of \$1,456,910 and \$1,714,775, respectively. The Cooperative received cash distributions of \$2,767,809 and \$1,880,957 during the years ended August 31, 2024 and 2023, respectively.

Glacial Lakes Corn Processors

Notes to Consolidated Financial Statements

Note 13. Investments in Unconsolidated Affiliates (Continued)

The Cooperative's equity in the net income of Harvestone Group is based upon estimated earnings of the affiliate for the 12 months ended August 31 of each year. Summary financial information for Harvestone Group is as follows:

Condensed Balance Sheets	August 31, 2024 (Unaudited)	December 31, 2023 (Unaudited)
Current assets	\$ 176,648,753	\$ 126,343,433
Property and equipment, net	7,044,094	7,073,626
Other noncurrent assets	6,082,108	7,613,849
Total assets	\$ 189,774,955	\$ 141,030,908
Current liabilities	\$ 146,522,216	\$ 97,383,219
Long-term debt	3,998,073	4,183,874
Non-current deferred tax liability	565,923	17,939
Other noncurrent liabilities	4,088,791	5,061,771
Members' equity	34,599,952	34,384,105
Total liabilities and members' equity	\$ 189,774,955	\$ 141,030,908
	Eight	
	Months Ended	Year Ended
Condensed Statements of Operations	August 31, 2024 (Unaudited)	December 31, 2023 (Unaudited)
Sales	\$ 1,288,114,106	\$ 2,866,678,389
Costs of goods sold	(1,267,935,197)	(2,844,638,664)
Gross profit	20,178,909	22,039,725
Selling, general and administrative expense	(8,332,449)	(10,021,417)
Other expense, net	(2,111,743)	(2,708,164)
Provision for income taxes	(1,709,478)	(1,580,993)
Net income	\$ 8,025,239	\$ 7,729,151

Note 14. Income Taxes

The provision for income taxes charged to operations for the years ended August 31, 2024 and 2023, consists of the following:

	2024	2023
Current expense	\$ 215,699	\$ 2,578,640
Deferred (benefit) expense	439,306	(441,451)
Total income tax expense	\$ 655,005	\$ 2,137,189

Glacial Lakes Corn Processors

Notes to Consolidated Financial Statements

Note 14. Income Taxes (Continued)

Deferred taxes are composed of basis differences related to nonpatronage 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 liabilities as of August 31, 2024 and 2023, are as follows:

	2024	2023
Deferred tax liability—investment in GFE and RE	\$ (2,574,481)	\$ (2,135,175)

As of August 31, 2024, the net patronage loss carryforward and research and development credit carryforward for income tax purposes had not been determined. As of August 31, 2023, the Cooperative had net patronage loss carryforward of \$0 and patronage sourced research and development credit for income tax purposes of \$29,482,843. The Cooperative may use the net patronage research and development credit to offset future patronage taxable income. The research and development credits carryforward for 20 years and will begin to expire after the August 31, 2033, tax year.

Glacial Lakes Corn Processors

Consolidating Balance Sheet August 31, 2024

	Glacial Lakes Corn Processors	Glacial Lakes Energy, LLC	Aberdeen Energy, LLC	Huron Energy, LLC	Hub City Energy, LLC	Eliminations	Consolidated
Assets							
Current assets:							
Cash and cash equivalents	\$ 589	\$ 97,809,150	\$ 66,639,588	\$ (23,456,630)	\$ (7,398,119)	\$ -	\$ 133,594,578
Short-term investments	-	32,339,723	-	-	-	-	32,339,723
Accounts receivable, trade	-	9,067,458	10,779,224	3,459,896	929,235	-	24,235,813
Inventories	-	15,951,889	13,759,837	4,315,144	9,410,959	-	43,437,829
Derivative financial instruments	-	616,081	2,710,313	193,884	278,282	-	3,798,560
Prepaid expenses	-	699,513	213,761	80,761	115,336	-	1,109,371
Other receivables	-	2,698,124	760,527	438,006	2,546,233	(4,343,542)	2,099,348
Total current assets	589	159,181,938	94,863,250	(14,968,939)	5,881,926	(4,343,542)	240,615,222
Property and equipment, net	-	37,356,231	78,820,918	16,939,499	40,451,496	-	173,568,144
Right-of-use operating lease assets, net	-	25,906,608	5,666,286	1,016,905	4,405,902	-	36,995,701
Investments in unconsolidated affiliates	-	30,137,920	-	-	-	-	30,137,920
Investments in consolidated subsidiaries	324,330,528	-	-	-	-	(324,330,528)	-
Other assets	-	723,506	553,752	330	2,148	-	1,279,736
Total assets	\$ 324,331,117	\$ 253,306,203	\$ 179,904,206	\$ 2,987,795	\$ 50,741,472	\$ (328,674,070)	\$ 482,596,723
Liabilities and Stockholders' Equity							
Current liabilities:							
Current maturities of long-term debt	\$ -	\$ -	\$ -	\$ 673,298	\$ 4,226,702	\$ -	\$ 4,900,000
Accounts payable	469	20,917,887	36,736,059	2,187,894	18,630,221	(4,343,542)	74,128,988
Accrued expenses	-	4,467,665	1,913,148	793,588	1,889,480	-	9,063,881
Current portion—operating leases	-	9,689,558	2,351,899	264,039	1,433,037	-	13,738,533
Tax payable	46,392	-	-	-	-	-	46,392
Commissions payable to Glacial Lakes Energy Exports, Inc.	-	243,325	166,454	2,293,091	-	-	2,702,870
Total current liabilities	46,861	35,318,435	41,167,560	6,211,910	26,179,440	(4,343,542)	104,580,664
Long-term debt, less current maturities	-	-	-	3,008,383	17,654,287	-	20,662,670
Operating leases, net of current portion	-	16,229,180	3,314,387	752,866	2,972,864	-	23,269,297
Deferred income taxes	2,574,481	-	-	-	-	-	2,574,481
Railcar damage accrual	-	6,174,000	1,423,163	638,775	1,563,898	-	9,799,836
Total liabilities	2,621,342	57,721,615	45,905,110	10,611,934	48,370,489	(4,343,542)	160,886,948
Stockholders' equity	321,709,775	195,584,588	133,999,096	(7,624,139)	2,370,983	(324,330,528)	321,709,775
Total liabilities and stockholders' equity	\$ 324,331,117	\$ 253,306,203	\$ 179,904,206	\$ 2,987,795	\$ 50,741,472	\$ (328,674,070)	\$ 482,596,723

Glacial Lakes Corn Processors

Consolidating Balance Sheet

August 31, 2023

	Glacial Lakes Corn Processors	Glacial Lakes Energy, LLC	Aberdeen Energy, LLC	Huron Energy, LLC	Hub City Energy, LLC	Eliminations	Consolidated
Assets							
Current assets:							
Cash and cash equivalents	\$ 1,733,285	\$ 32,154,530	\$ 54,882,531	\$ (19,220,955)	\$ (7,542,211)	\$ -	\$ 62,007,180
Short-term investments	-	79,402,876	-	-	-	-	79,402,876
Accounts receivable, trade	-	10,069,696	9,490,289	5,519,571	7,872,580	-	32,952,136
Inventories	-	15,260,251	21,453,747	3,342,407	6,976,564	-	47,032,969
Derivative financial instruments	-	1,894,566	3,066,188	450,284	4,406,452	-	9,817,490
Prepaid expenses	-	567,094	190,305	81,567	80,730	-	919,696
Other receivables	-	2,607,255	1,641,808	542,132	1,671,540	(4,510,877)	1,951,858
Total current assets	1,733,285	141,956,268	90,724,868	(9,284,994)	13,465,655	(4,510,877)	234,084,205
Property and equipment, net	-	32,899,392	47,138,187	13,860,589	42,785,628	-	136,683,796
Right-of-use operating lease assets, net	-	27,674,474	7,395,653	1,303,473	3,543,825	-	39,917,425
Investments in unconsolidated affiliates	-	29,143,296	-	-	-	-	29,143,296
Investments in consolidated subsidiaries	269,401,432	-	-	-	-	(269,401,432)	-
Other assets	-	862,970	662,494	178	1,156	-	1,526,798
Total assets	\$ 271,134,717	\$ 232,536,400	\$ 145,921,202	\$ 5,879,246	\$ 59,796,264	\$ (273,912,309)	\$ 441,355,520
Liabilities and Stockholders' Equity							
Current liabilities:							
Current maturities of long-term debt	\$ -	\$ -	\$ -	\$ 673,298	\$ 4,226,702	\$ -	\$ 4,900,000
Accounts payable	1,987,247	26,763,217	32,067,065	1,210,699	20,785,471	(4,510,877)	78,302,822
Accrued expenses	-	4,406,271	1,410,439	1,023,853	3,513,317	-	10,353,880
Current portion—operating leases	-	7,812,299	2,738,116	286,568	2,672,966	-	13,509,949
Tax payable	52,195	-	-	-	-	-	52,195
Commissions payable to Glacial Lakes Energy Exports, Inc.	-	11,110	581,096	3,061,123	-	-	3,653,329
Total current liabilities	2,039,442	38,992,897	36,796,716	6,255,541	31,198,456	(4,510,877)	110,772,175
Long-term debt, less current maturities	-	-	-	3,793,681	22,924,419	-	26,718,100
Operating leases, net of current portion	-	19,968,483	4,718,376	1,016,904	1,060,783	-	26,764,546
Deferred income taxes	2,135,175	-	-	-	-	-	2,135,175
Railcar damage accrual	-	5,144,000	1,605,900	638,775	616,749	-	8,005,424
Total liabilities	4,174,617	64,105,380	43,120,992	11,704,901	55,800,407	(4,510,877)	174,395,420
Stockholders' equity	266,960,100	168,431,020	102,800,210	(5,825,655)	3,995,857	(269,401,432)	266,960,100
Total liabilities and stockholders' equity	\$ 271,134,717	\$ 232,536,400	\$ 145,921,202	\$ 5,879,246	\$ 59,796,264	\$ (273,912,309)	\$ 441,355,520

Glacial Lakes Corn Processors

Consolidating Statement of Operations Year Ended August 31, 2024

	Glacial Lakes Corn Processors	Glacial Lakes Energy, LLC	Aberdeen Energy, LLC	Huron Energy, LLC	Hub City Energy, LLC	Eliminations	Consolidated
Net sales:							
Ethanol sales	\$ -	\$ 205,449,963	\$ 242,166,000	\$ 74,376,474	\$ 94,381,098	\$ -	\$ 616,373,535
Distillers grains sales	-	50,424,796	60,214,418	18,401,443	23,093,454	-	152,134,111
Corn oil sales	-	26,800,679	28,351,052	8,415,075	11,046,867	-	74,613,673
Total revenue	-	282,675,438	330,731,470	101,192,992	128,521,419	-	843,121,319
Cost of goods sold	-	(242,305,226)	(274,006,044)	(88,282,280)	(118,681,357)	-	(723,274,907)
Gross profit	-	40,370,212	56,725,426	12,910,712	9,840,062	-	119,846,412
General and administrative expenses	(1,621)	(4,873,194)	(3,379,180)	(1,724,080)	(2,068,136)	-	(12,046,211)
Other operating income, net	9,500	468,321	42,989	7,144	336,424	-	864,378
Operating income	7,879	35,965,339	53,389,235	11,193,776	8,108,350	-	108,664,579
Nonoperating income (expense):							
Interest expense, net	-	(151,497)	(1,392)	(63,014)	(385,638)	-	(601,541)
Interest income	14,704	8,017,258	1,315	2,513	8,503	-	8,044,293
Glacial Lakes Energy Exports, Inc. distributions	-	(254,742)	(359,406)	(3,575,672)	-	4,189,820	-
Equity in earnings of unconsolidated affiliates	-	5,861,083	-	-	-	-	5,861,083
Equity in earnings of consolidated subsidiaries	117,756,009	-	-	-	-	(117,756,009)	-
	117,770,713	13,472,102	(359,483)	(3,636,173)	(377,135)	(113,566,189)	13,303,835
Income before income tax expense	117,778,592	49,437,441	53,029,752	7,557,603	7,731,215	(113,566,189)	121,968,414
Income tax expense	(655,005)	-	-	-	-	-	(655,005)
Net income	\$ 117,123,587	\$ 49,437,441	\$ 53,029,752	\$ 7,557,603	\$ 7,731,215	\$ (113,566,189)	\$ 121,313,409

Glacial Lakes Corn Processors

Consolidating Statement of Operations Year Ended August 31, 2023

	Glacial Lakes Corn Processors	Glacial Lakes Energy, LLC	Aberdeen Energy, LLC	Huron Energy, LLC	Hub City Energy, LLC	Eliminations	Consolidated
Net sales:							
Ethanol sales	\$ -	\$ 273,262,393	\$ 311,573,244	\$ 95,032,268	\$ 123,213,561	\$ -	\$ 803,081,466
Distillers grains sales	-	70,040,027	80,280,778	23,687,741	29,784,398	-	203,792,944
Corn oil sales	-	28,830,591	31,710,905	8,810,616	12,400,980	-	81,753,092
Total revenue	-	372,133,011	423,564,927	127,530,625	165,398,939	-	1,088,627,502
Cost of goods sold	-	(350,888,392)	(385,453,259)	(120,138,312)	(155,745,527)	-	(1,012,225,490)
Gross profit	-	21,244,619	38,111,668	7,392,313	9,653,412	-	76,402,012
General and administrative expenses	(1,732)	(3,366,255)	(3,194,181)	(1,869,843)	(2,059,211)	-	(10,491,222)
Grant income	-	752,690	576,862	360,928	296,318	-	1,986,798
Other operating income, net	8,500	665,389	856,675	42,532	130,253	-	1,703,349
Operating income	6,768	19,296,443	36,351,024	5,925,930	8,020,772	-	69,600,937
Nonoperating income (expense):							
Interest expense, net	-	(151,893)	(1,767)	66,411	412,758	-	325,509
Interest income	25,670	4,217,589	(13,705)	(34)	392	-	4,229,912
Glacial Lakes Energy Exports, Inc. distributions	-	(14,654)	(780,623)	(4,552,915)	-	5,348,192	-
Equity in earnings of unconsolidated affiliates	-	3,755,681	-	-	-	-	3,755,681
Equity in earnings of consolidated subsidiaries	72,531,409	-	-	-	-	(72,531,409)	-
	72,557,079	7,806,723	(796,095)	(4,486,538)	413,150	(67,183,217)	8,311,102
Income before income tax expense	72,563,847	27,103,166	35,554,929	1,439,392	8,433,922	(67,183,217)	77,912,039
Income tax expense	(2,137,189)	-	-	-	-	-	(2,137,189)
Net income	\$ 70,426,658	\$ 27,103,166	\$ 35,554,929	\$ 1,439,392	\$ 8,433,922	\$ (67,183,217)	\$ 75,774,850