UNITED WISCONSIN GRAIN PRODUCERS, LLC

Financial Statements

FRIESLAND, WISCONSIN
March 31, 2021

UNITED WISCONSIN GRAIN PRODUCERS, LLC

Contents

UNITED WISCONSIN GRAIN PRODUCERS, LLC

Balance Sheets

ASSETS	March 31, 2021 (Unaudited)	December 31, 2020
Current Assets		
Cash	$ -	$ 7,814,732
Restricted cash	6,697,887	5,393,575
Accounts receivable, net	5,857,337	3,494,797
Prepaid expenses	426,344	626,615
Inventory	6,332,330	4,968,900
Total current assets	19,313,898	22,298,619
Property, plant, and equipment, net	34,020,231	35,591,926
Total Assets	$ 53,334,129	$ 57,890,545
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Disbursments in excess of bank balance	$ 528,457	$ -
Accounts payable	1,438,154	3,301,611
Accrued expenses	425,895	643,396
Commodity derivative instruments	4,501,419	3,814,375
Total current liabilities	6,893,925	7,759,382
Long-Term Liabilities		
Revolving line of credit	1,000,000	-
Total long-term liabilities	1,000,000	-
Total Liabilities	$ 7,893,925	$ 7,759,382
Members’ Equity, 28,346 multiple class units authorized, issued, and outstanding	45,440,204	50,131,163
Total Liabilities and Members’ Equity	$ 53,334,129	$ 57,890,545

The accompanying notes are an integral part of these financial statements.

UNITED WISCONSIN GRAIN PRODUCERS, LLC

Statements of Operations
(Unaudited)

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Revenues	$ 34,312,151	$ 30,231,640
Cost of Goods Sold	33,759,792	27,250,044
Gross Profit	552,359	2,981,596
Operating Expenses	994,315	961,854
Operating Income (Loss)	(441,956)	2,019,742
Other Income (Expense), Net	2,897	(7,356)
Net Income (Loss)	$ (439,059)	$ 2,012,386
Weighted Average Units Outstanding - Basic and Diluted (Class A, B, C)	28,346	28,346
Net Income (Loss) Per Unit - Basic and Diluted (Class A, B, C)	$ (15.49)	$ 70.99
Distributions Per Unit (Class A, B, C)	$ 150.00	$ 115.00

The accompanying notes are an integral part of these financial statements.

UNITED WISCONSIN GRAIN PRODUCERS, LLC

Statement of Changes in Members' Equity

Balance - December 31, 2020	$	50,131,163
Net loss for three months March 31, 2021	$	(439,059)
Member distributions		(4,251,900)
Balance - March 31, 2021 (Unaudited)	$	45,440,204

The accompanying notes are an integral part of these financial statements.

UNITED WISCONSIN GRAIN PRODUCERS, LLC

Statements of Cash Flows

(Unaudited)

		Three Months Ended March 31, 2021		Three Months Ended March 31, 2020
Cash Flows from Operating Activities				
Net income (loss)	$	(439,059)	$	2,012,386
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation		1,803,097		1,874,526
Change in fair value of commodity derivative instruments		5,080,995		(1,189,537)
Changes in operating assets and liabilities:				
Accounts receivable		(2,362,540)		618,866
Prepaid expenses		200,271		142,714
Inventory		(1,363,430)		(355,994)
Accounts payable		(1,894,987)		(2,356,597)
Accrued liabilities		(217,501)		(252,215)
Commodity derivative instruments		(4,393,951)		-
Due to broker		-		995,200
Net cash provided by (used in) operating activities		(3,587,105)		1,489,349
Cash Flows from Investing Activities				
Payments for capital expenditures		(199,872)		(537,364)
Net cash used in investing activities		(199,872)		(537,364)
Cash Flows from Financing Activities				
Payment of member distributions		(4,251,900)		(3,259,790)
Proceeds from revolving line of credit		1,000,000		-
Disbursments in excess of bank balances		528,457		-
Net cash used in financing activities		(2,723,443)		(3,259,790)
Net Decrease in Cash and Restricted Cash		(6,510,420)		(2,307,805)
Cash and Restricted Cash – Beginning of Period		13,208,307		6,679,922
Cash and Restricted Cash – End of Period	$	6,697,887	$	4,372,117
Reconcilation of Cash and Restricted Cash				
Cash	$	-	$	4,372,117
Restricted Cash		6,697,887		-
Total Cash and Restricted Cash	$	6,697,887	$	4,372,117
Supplemental Cash Flow Information				
Interest paid	$	18,694	$	15,972
Supplemental Disclosure of Non-Cash Investing and Financing Activities:				
Construction in progress included in accounts payable	$	48,496	$	-

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

United Wisconsin Grain Producers, LLC, (the "Company") is a Wisconsin limited liability company currently operating an approximately 60 million gallon per year production capacity ethanol plant located near the town of Friesland in the township of Randolph, Wisconsin. The Company is currently producing fuel-grade ethanol, distillers grains, high protein yeast supplement, and crude corn oil.

Accounting Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. The Company uses estimates and assumptions in accounting for the following significant matters, among others: allowance for doubtful accounts, useful lives and valuation of property, plant, and equipment, valuation of commodity derivatives, inventory valuation, valuation of inventory purchase commitments, and legal contingencies. Actual results may differ from previously estimated amounts, and such differences may be material to the financial statements. The Company periodically reviews estimates and assumptions, and the effects of revisions are reflected in the period in which the revision is made.

Cash

The Company maintains its accounts primarily at two financial institutions. At times throughout the year, the Company's cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation. The Company does not believe it is exposed to any significant credit risk on its cash balances.

Restricted Cash

The Company may have restricted cash balances relating to margin requirements with the Company's commodity derivative instruments based on open commodity contracts.

Accounts Receivable

Accounts receivable are recorded at their estimated net realizable value, net of an allowance for doubtful accounts. The allowance for doubtful accounts is established through provisions charged against income and is maintained at a level believed adequate by management to absorb estimated bad debts based on historical experience and current economic conditions. The Company extends credit to customers for sales of ethanol and ethanol related products in the normal course of business. Credit is extended based on an on-going evaluation of a customer's financial condition and generally no collateral is required. Accounts receivable are ordinarily due in 10 business days. If payment is not received on a timely basis in accordance with the Company's credit terms it is considered past due. Invoices that remain unpaid after 30 days may bear interest at 18% and are considered delinquent if past due over 120 days. Delinquent receivables are written off based on credit evaluation and specific circumstances of the customer. At March 31, 2021 and December 31, 2020, the Company established an allowance for doubtful accounts of approximately $23,000.

Inventory

Inventory is stated at the lower of weighted average cost or net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Inventory consists of raw materials, work in process, finished goods, and spare parts. Corn is the primary raw material. Finished goods consist of ethanol, distillers grains, high protein yeast supplement, and corn oil.

Property, Plant, and Equipment
Property, plant, and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives as follows for the major classes of assets:

Asset Description	Estimated Lives
Land improvements	5-20 years
Buildings	10-40 years
Plant and process equipment	5-15 years
Office equipment and computer systems	3-10 years

Maintenance and repairs are expensed as incurred; major improvements and betterments are capitalized. Construction in progress expenditures will be depreciated using the straight-line method over their estimated useful lives once the assets are placed into service.

Long-Lived Assets
Long-lived assets, such as property, plant, and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset to be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques that may include, but not limited to, discounted cash flow models, quoted market values, and third-party independent appraisals, as considered necessary. No impairment has been recognized for the periods ending March 31, 2021 or December 31, 2020.

Derivative Instruments
From time to time the Company enters into derivative transactions to hedge its exposure to commodity price fluctuations. The Company is required to record these derivatives in the balance sheet at fair value.

In order for a derivative to qualify as a hedge, specific criteria must be met and appropriate documentation maintained. Gains and losses from derivatives that do not qualify as hedges, or are undesignated, must be recognized immediately in earnings. If the derivative does qualify as a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will be either offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. Changes in the fair value of undesignated derivatives are recorded in revenue or cost of goods sold based on the commodity being hedged.

Additionally, the Company is required to evaluate its contracts to determine whether the contracts are derivatives. Certain contracts that meet the definition of a derivative may be exempted as “normal purchases or normal sales.” Normal purchases and normal sales are contracts that provide for the purchase or sale of something other than a financial instrument or derivative instrument that will be delivered in quantities expected to be used or sold over a reasonable period in the normal course of business. Certain corn and other commodity contracts that meet the requirements of normal purchases or sales are documented and exempted from the accounting and reporting requirements and therefore, are not marked to market in the financial statements.

Fair Value of Financial Instruments
The Company’s accounting for fair value measurements of assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring or nonrecurring basis adheres to the Financial Accounting Standards Board (FASB) 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 measurements involving significant unobservable inputs (Level 3 measurements).

Fair Value of Financial Instruments (continued)

The three levels of the fair value hierarchy are as follows:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the Company at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The carrying value of cash, restricted cash, accounts receivable, accounts payable, accrued expenses, and other financial instruments approximates fair value due to the short maturity of these instruments. The Company obtains fair value measurements from an independent pricing service for corn and ethanol contracts. The fair value measurements consider observable data that may include dealer quotes and live trading levels from the Chicago Board of Trade ("CBOT") and New York Mercantile Exchange ("NYMEX") markets.

Except for those assets and liabilities which are required by authoritative accounting guidance to be recorded at fair value on the balance sheets, the Company has elected not to record any other assets or liabilities at fair value. No events occurred during the three months ended March 31, 2021 or year ended December 31, 2020 that required adjustment to the recognized balances of assets or liabilities, which are recorded at fair value on a nonrecurring basis.

Income Taxes

The Company is treated as a partnership for federal and state income tax purposes, and generally does not incur income taxes. Instead, its earnings and losses are included in the income tax returns of its members. Therefore, no provision or liability for federal or state income taxes has been included in these financial statements. The Company had no significant uncertain tax positions as of March 31, 2021 or December 31, 2020.

Revenue Recognition

The Company determines revenue recognition through the following steps:

- Identification of the contract or contracts with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when or as the Company satisfied the performance obligations.

Revenue from the production of ethanol and the related products is recorded when control of these products is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those products. The Company's performance obligations consist of the delivery of ethanol, distillers grains, high protein yeast supplement, and crude corn oil to its customers. Control is generally transferred when the Company has a legal right to payment and usually occurs when products are shipped. Payment for products is usually recognized shortly after control of the product transfers to the customer. Collectability of revenue is reasonably assured based on historical evidence of collectability between the Company and its customers.

Shipping and Handling Costs
The Company's ethanol and related products are generally shipped free on board (FOB) shipping point. Shipping costs incurred by the Company in the sale of ethanol and ethanol related products are included in cost of goods sold.

Environmental Liabilities
The Company's operations are subject to environmental laws and regulations adopted by various governmental authorities in the jurisdiction in which it operates. These laws require the Company to investigate and remediate the effects of the release or disposal of materials at its locations. Accordingly, the Company has adopted policies, practices and procedures in the areas of pollution control, occupational health, and the production, handling, storage, and use of hazardous materials to prevent material environmental or other damage, and to limit the financial liability which could result from such events. Environmental liabilities are recorded when the Company's liability is probable and the costs can be reasonably estimated. No liability or expense was recorded as of or for the three months ended March 31, 2021 or the year ended December 31, 2020 for environmental liabilities.

Net Income per Unit
Basic net income per unit is computed by dividing net income by the weighted average number of all classes of members' units outstanding during the period. Diluted net income per unit is computed by dividing net income by the weighted average number of all classes of members' units and members' unit equivalents outstanding during the period. There were no member unit equivalents outstanding during the periods presented; accordingly, for all periods presented, the Company's basic and diluted net income per unit are the same.

Recently Issued Accounting Pronouncements
In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), which provides guidance for accounting for leases. The new guidance requires companies to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. The ASU is effective for the Company beginning in fiscal 2022. It is to be adopted using a modified retrospective approach. The Company is currently evaluating the impact that the adoption of this guidance will have on its financial statements.

Subsequent Events
The Company has evaluated subsequent events through May 6, 2021, the date the financial statements were available to be issued.

2. RISKS AND UNCERTAINTIES

The Company has certain risks and uncertainties that it experiences during volatile market conditions. These volatilities can have a severe impact on operations. The Company's revenues are derived from the sale and distribution of ethanol and ethanol-related products to customers primarily located in the United States. Corn for the production process is supplied to the plant primarily from local agricultural producers and from purchases on the open market. Ethanol sales average approximately 80% and 68% of total revenues for the three months ended March 31, 2021 and 2020, respectively; corn costs average approximately 70% and 77% of cost of goods sold for the three months ended March 31, 2021 and 2020, respectively.

The Company's operating and financial performance is largely driven by the prices at which it sells ethanol and the net expense of corn. The price of ethanol is influenced by factors such as supply and demand, the weather, government policies and programs, and unleaded gasoline prices and the petroleum markets as a whole. Excess ethanol supply in the market, in particular, puts downward pressure on the price of ethanol. The cost of corn is generally impacted by factors such as supply and demand, the weather, government policies and programs, and the Company's risk management program used to protect against the price volatility of these commodities. The Company has attempted to partially mitigate its concentration of revenue from ethanol sales by developing and continuing to market its high-protein yeast product (more highly refined ethanol production by-product).

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus ("COVID-19") a global pandemic. COVID-19 had significant adverse effects on the ethanol industry as a result of industry-wide record low ethanol prices due to reduced demand and high industry inventory levels. COVID-19 may have a significant adverse effect on the Company's operating results and financial condition by interfering with its ability, or that of its employees, suppliers, customers, and other business partners to perform their respective responsibilities and obligations relative to the conduct of its business. The Company continues to monitor COVID-19 developments in order to determine whether potential future adjustments to operations are warranted believes it has sufficient liquidity to meet anticipated working capital, debt service, and other needs for at least the next twelve months.

3. CONCENTRATIONS

The Company has identified certain concentrations that are present in their business operations. Three customers accounted for approximately 99% and 97% of revenue from ethanol sales, net of derivative activity, for the three months ended March 31, 2021 and 2020, respectively. Sales to those customers accounted for approximately 80% and 66% of the Company’s total revenues, net of derivative activity, for the three months ended March 31, 2021 and 2020, respectively. Three customers accounted for approximately 76% and 75% of the outstanding accounts receivable balance at March 31, 2021 and December 31, 2020, respectively.

4. INVENTORY

Inventory consists of the following:

	March 31, 2021 (Unaudited)	December 31, 2020
Raw materials	$ 3,413,886	$ 1,888,062
Work in process	580,861	423,352
Finished goods	836,477	1,116,618
Spare parts	1,501,106	1,540,868
Total	$ 6,332,330	$ 4,968,900

At March 31, 2021 and December 31, 2020, the Company did not have a realizable value write-down of corn inventory.

5. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consists of the following at:

	March 31, 2021 (Unaudited)	December 31, 2020
Land and land improvements	$ 7,372,646	$ 7,372,646
Office equipment and computer systems	2,043,459	2,043,459
Buildings	7,783,435	7,776,050
Plant and process equipment	108,958,144	108,921,960
Construction in process	836,850	649,017
Total property, plant, and equipment	**126,994,534**	**126,763,132**
Less: accumulated depreciation	92,974,303	91,171,206
Net property, plant, and equipment	**$ 34,020,231**	**$ 35,591,926**

Depreciation expense for the three months ended March 31, 2021 and 2020 was approximately $1,803,000 and $1,875,000, respectively.

6. COMMODITY DERIVATIVE INSTRUMENTS

The Company from time-to-time enters into ethanol and corn derivative instruments, which are required to be recorded as either assets or liabilities at fair value on the balance sheet. Derivatives qualify for treatment as hedges when there is a high correlation between the change in fair value of the derivative instrument and the related change in value of the underlying hedged item and when the Company formally documents, designates, and assesses the effectiveness of transactions that receive hedge accounting initially and on an on-going basis. The Company must designate the hedging instruments based upon the exposure being hedged as a fair value hedge or a cash flow hedge. While the Company does not typically designate the derivative instruments that it enters into as hedging instruments because of the administrative costs associated with the related accounting, the Company believes that the derivative instruments represent an economic hedge. The Company does not enter into financial instruments for trading or speculative purposes.

In order to reduce the risk caused by market fluctuations, the Company occasionally hedges its anticipated corn purchases and ethanol sales by entering into options and futures contracts. These contracts are used with the intention to fix the purchase price of anticipated requirements of corn in the Company's ethanol production activities and the related sales price of ethanol. The fair value of these contracts is based on quoted prices in active exchange-traded or over-the-counter markets. Although the Company believes its commodity derivative positions are economic hedges, none have been formally designated as a hedge for accounting purposes and derivative positions are recorded on the balance sheet at their fair market value, with changes in fair value recognized in current period earnings or losses. Gains and losses from ethanol related derivative instruments, including unrealized changes in the fair value of these positions, are included in the results of operations and are classified as a component of revenue. Gains and losses from corn derivative instruments, including unrealized changes in the fair value of these positions, are included in the results of operations and are classified as a component of costs of goods sold. The Company records withdrawals and payments against the trade equity of derivative instruments as a reduction or increase in the value of the derivative instruments.

As of March 31, 2021, the total notional amount of the Company's outstanding ethanol derivative instruments was approximately 8,820,000 gallons that were entered into to hedge forecasted ethanol sales through October 2021. As of March 31, 2021, the total notional amount of the Company's outstanding corn derivative instruments was approximately 8,460,000 bushels that were entered into to hedge forecasted corn purchases through December 2022.

As of December 31, 2020, the total notional amount of the Company's outstanding ethanol derivative instruments was approximately 11,340,000 gallons that were entered into to hedge forecasted ethanol sales through June 2021. As of December 31, 2020, the total notional amount of the Company's outstanding corn derivative instruments was approximately 4,260,000 bushels that were entered into to hedge forecasted corn purchases through July 2022. There may be offsetting positions that are not shown on a net basis that could lower the notional amount of positions outstanding as disclosed above.

The following tables provide details regarding the Company's derivative instruments at March 31, 2021, none of which are designated as hedging instruments (unaudited):

	Balance Sheet Location	Assets	Liabilities
Ethanol Contracts	Commodity derivative instruments	$ -	$ (1,932,525)
Corn Contracts	Commodity derivative instruments	-	(2,568,894)
Totals		$ -	$ (4,501,419)

In addition, as of March 31, 2021, there was approximately $6,700,000 of restricted cash related to margin requirements for the Company's commodity derivative instrument positions.

The following tables provide details regarding the Company's derivative instruments at December 31, 2020, none of which are designated as hedging instruments:

	Balance Sheet Location	Assets	Liabilities
Corn Contracts	Commodity derivative instruments	$ -	$ (2,097,625)
Ethanol Contracts	Commodity derivative instruments	-	(1,716,750)
Totals		$ -	$ (3,814,375)

In addition, as of December 31, 2020, there was approximately $5,390,000 of restricted cash related to margin requirements for the Company's commodity derivative instrument positions.

The following tables provide details regarding the gains and losses from Company's commodity derivative instruments in the statements of operations, none of which are designated as hedging instruments (unaudited):

	Statement of Operations Location	Three months Ended March 31, 2021	Three months Ended March 31, 2020
Corn Contracts	Cost of Goods Sold	$ (3,229,522)	$ 1,054,297
Ethanol Contracts	Revenue	(3,689,209)	1,809,158
Total Gain (Loss)		$ (6,918,731)	$ 2,863,455

7. FAIR VALUE MEASUREMENTS

The Company obtains fair value measurements from an independent pricing service for ethanol and corn contracts. The fair value measurements consider observable data that may include dealer quotes and live trading levels from the CBOT and NYMEX markets.

The following table provides information on those derivative instruments measured at fair value on a recurring basis at March 31, 2021 (unaudited):

	Carrying Amount in Balance Sheet March 31, 2021	Fair Value March 31, 2021	Fair Value Measurement Using		
			Level 1	Level 2	Level 3
Financial Liability: Commodity Derivative Instruments - Corn	$ (2,568,894)	$ (2,568,894)	$ (2,568,894)	$ -	$ -
Financial Liability: Commodity Derivative Instruments - Ethanol	$ (1,932,525)	$ (1,932,525)	$ (1,932,525)	$ -	$ -
Total Financial Liability	$ (4,501,419)	$ (4,501,419)	$ (4,501,419)	$ -	$ -

The following table provides information on those derivative instruments measured at fair value on a recurring basis at December 31, 2020:

	Carrying Amount in Balance Sheet December 31, 2020	Fair Value December 31, 2020	Fair Value Measurement Using		
			Level 1	Level 2	Level 3
Financial Liability: Commodity Derivative Instruments - Corn	$(2,097,625)	$(2,097,625)	$(2,097,625)	$ -	$ -
Financial Liability: Commodity Derivative Instruments - Ethanol	$(1,716,750)	$(1,716,750)	$(1,716,750)	$ -	$ -
Total Financial Liability	$(3,814,375)	$(3,814,375)	$(3,814,375)	$ -	$ -

8. Paycheck Protection Program Loan

On April 10, 2020, the Company received the funding of a loan from a lending institution in the aggregate amount of $772,637 pursuant to the Paycheck Protection Program (the "PPP") under the Federal Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), which was enacted March 27, 2020. The PPP is administered by the U.S. Small Business Administration ("SBA"). The PPP loan matures April 10, 2022 and bears interest at a rate of 1.0% per year, payable monthly commencing November 10, 2020. The loan may be prepaid at any time prior to maturity with no prepayment penalties. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

During the year ended December 31, 2020, the Company recognized forgiveness income of $772,637 which was recorded as a component of other income. On December 18, 2020, the Company received notice that the PPP loan was fully forgiven.

In addition, in December 2020, the Company received a grant of approximately $418,000 from the State of Wisconsin as part of the Ethanol CARES Act passed during the year in response to the global pandemic, which was included as a component of other income.

9. BANK FINANCING

Revolving Lines of Credit
The Company has a Term Revolving Loan with the bank to be used for capital expenditures with a maximum availability on this instrument of $15,000,000. The interest rate on amounts the Company borrows under the line of credit is a variable rate equal to 0.25% over the highest US prime rate as published in the Wall Street Journal “Money Table” which totaled 3.50% at March 31, 2021 and December 31, 2020. The interest rate adjusts as and when the index rate changes. Interest is due monthly on this revolving credit facility. No prepayment fees exist on the revolving credit facility; however, the Company is required to pay a commitment fee equal to 0.25% per year of the average daily unused portion of the line of credit. The maturity date of the line of credit is August 1, 2021. The Company had $1,000,000 borrowed against the revolving line of credit at March 31, 2021. The Company did not have any outstanding borrowings against the revolving line of credit at December 31, 2020.

During 2019, the Company renewed the Revolving and Term Credit Agreement with a bank for a revolving line of credit with a maximum availability of $10,000,000. The interest rate on amounts the Company borrows under the line of credit is a fixed rate of 5.75%. Interest is due monthly on this revolving credit facility. No prepayment fees exist on the revolving credit facility; however, the Company is required to pay a commitment fee equal to 0.25% per year of the average daily unused portion of the line of credit. The maturity date of the line of credit is May 1, 2024. The Company did not have any outstanding borrowings against the revolving line of credit at March 31, 2021 and December 31, 2020.

Borrowing under our revolving lines of credit are secured by substantially all of the assets of the Company. The revolving credit facilities are subject to restrictive covenants including, but not limited to, requiring minimum financial ratios and limitations on capital expenditures, investments, and distributions. As of and for the period ended March 31, 2021 and the year ended December 31, 2020, the Company was in compliance with these covenants. The Company expects to be in compliance with all covenants through April 1, 2022.

10. LEASE OBLIGATIONS

The Company commenced a thirty-six month lease agreement in July 2015 with a leasing company for twenty-five covered hopper rail cars at $480 per month per rail car. The agreement was extended in June 2018 for an updated rate of $405 per month per rail car starting August 2018 through July 2021. Lease expense for operating leases was approximately $30,000 the three months ending March 31, 2021.

At March 31, 2021, the Company had the following minimum commitments for payment of operating leases:

Period	Minimum Lease Commitment
April 2021 – July 2021	$ 40,500
Total	$ 40,500

11. MEMBERS’ EQUITY

Membership Units
The Company currently has three classes of membership units. There are 17,630 Class A units issued and outstanding, 7,038 Class B units issued and outstanding, and 3,678 Class C units issued and outstanding. The voting rights of Class A units do not have any voting restrictions. The voting rights of Class B units are restricted to the election of directors and dissolution of the Company. The voting rights of Class C members are restricted to voting only on dissolution. Income, losses, and distributions are allocated to all members based upon their respective percentage units held regardless of the unit classification.

Membership Distributions

In January 2019, the Board of Directors declared and paid a cash distribution of $160 per membership unit for all classes for a total distribution of $4,535,360 to its unit holders of record on January 11, 2019.

In January 2020, the Board of Directors declared a cash distribution of $115 per membership unit for all classes for a total distribution of $3,259,790 to its unit holders of record on January 10, 2020.

In August 2020, the Board of Directors declared a cash distribution of $50 per membership unit for all classes for a total distribution of $1,417,300 to its unit holders of record on August 12, 2020.

In January 2021, the Board of Directors declared a cash distribution of $150 per membership unit for all classes for a total distribution of $4,251,900 to its unit holders of record on January 12, 2021.

12. RELATED PARTY TRANSACTIONS

The Company incurred approximately $27,500 and $22,600 in director fees and related expenses for the three months ended March 31, 2021 and 2020, respectively.

For the three months ended March 31, 2021 the Company purchased approximately $1,427,000 of corn from directors and employees of the Company, none of which is unpaid and included in accounts payable at March 31, 2021. For the three months ended March 31, 2020 the Company purchased approximately $1,416,000 of corn from directors and employees of the Company. At December 31, 2020 approximately $317,000 of related-party purchases were unpaid and included in accounts payable. Related-party corn purchases were consummated on terms equivalent to those that prevail in arm's length transactions.

The Company had accounts receivable from members that totaled approximately $177,000 and $145,000 at March 31, 2021 and December 31, 2020, respectively.

13. EMPLOYEE BENEFIT PLANS

The Company has adopted a 401(k) plan which provides retirement savings options for all eligible employees. Employees meeting certain eligibility requirements can participate in the plan. The Company makes a matching contribution based on the participants' eligible wages. The Company has accrued and expensed amounts of approximately $44,000 and $43,000 during the three months ended March 31, 2021 and 2020, respectively. At December 31, 2020, approximately $141,000 was included in accrued expense as matching contributions. The employer matching portion has the following vesting schedule: 33% after one year of employment, 67% after two years of employment, and 100% after three years of employment. The non-vested balance that is forfeited by a terminated employee may be used to offset administrative expenses of the plan or future matching contributions by the Company.

The Company has two discretionary incentive programs for all eligible employees. The high earnings reward program allows for a percentage of the Company's earnings in excess of a pre-determined amount to be divided between eligible employees and payment to be made six months after it is earned to eligible employees still employed with the Company at the time of payment. The annual incentive plan is based on safety, production, and earnings targets and if there are earnings on the program it is paid out in February.

14. COMMITMENTS AND CONTINGENCIES

Ethanol Contracts

At March 31, 2021, the Company had forward futures contracts to sell 8,800,000 gallons of ethanol for various delivery periods through October 2021. The prices on these contracts range from $1.40 to $1.83 per gallon.

At March 31, 2021, the Company had forward ethanol sales contracts totaling 15,100,000 gallons for various delivery periods through June 2021. The prices on these contracts have a basis level established by the Oil Price Information Service ("OPIS") Chicago ethanol market between ($0.01) and ($0.05).

Distillers Grains, High Protein Yeast Contracts
At March 31, 2021, the Company had forward dry distillers grains sales contracts totaling approximately 11,300 tons for various delivery periods through December 2021 with a price range of $117 to $225 per ton.

At March 31, 2021, the Company had forward high protein yeast feed sales contracts totaling approximately 12,200 tons for various delivery periods through December 2021 with a price range of $360 to $415 per ton.

Corn Oil Contracts
At March 31, 2021, the Company had forward crude corn oil sales contracts totaling 6,000,000 pounds for various delivery periods through December 2021 with a price range of $0.30 to $0.50 per pound.

Corn, Natural Gas, and Denaturant Contracts
At March 31, 2021, the Company had forward corn purchase contracts with grain producers and dealers totaling 14,000,000 bushels for various delivery periods through October 2022. The prices on these contracts range from $3.73 to $4.85 per bushel or have a basis level established by the CBOT futures between ($0.34) and $0.25.

At March 31, 2021 the Company had forward contracts to purchase approximately 650,000 British Thermal Units (MMBTU's) of natural gas during the months through December 2021 at an average price of $2.91 per MMBTU.

At March 31, 2021, the Company had forward contracts to purchase approximately 314,000 gallons of denaturant through June 2021 at the average price of the OPIS Conway In-Well Natural Gasoline daily high and low prices for the full calendar month of date of loading plus $0.19 per net gallon.

15. LEGAL PROCEEDINGS

From time to time in the ordinary course of business, the Company may be named as a defendant in legal proceedings related to various issues, including without limitation, workers' compensation claims, tort claims, or contractual disputes.