



## FINANCIAL STATEMENTS

Year Ended December 31, 2017

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Bushmills Ethanol, Inc  
Atwater, Minnesota

We have audited the accompanying financial statements of **Bushmills Ethanol, Inc** (a Minnesota cooperative) which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations, changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

📍 WILLMAR

302 SW 5th St, Willmar, MN 56201  
P 320.235.5937 F 320.235.5962

📍 LITCHFIELD

194 S Litchfield Ave, Litchfield, MN 55355  
P 320.373.1040 F 320.373.1041

[christiansoncpa.com](http://christiansoncpa.com)

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

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Bushmills Ethanol, Inc** as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Christensen REP*

Willmar, Minnesota  
February 1, 2018

**BUSHMILLS ETHANOL, INC**  
**BALANCE SHEETS**  
December 31, 2017 and 2016

**ASSETS**

	<b>2017</b>	<b>2016</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 20,474,537	\$ 27,928,771
Accounts receivable	4,289,888	2,999,871
Inventories	6,651,232	6,736,780
Prepaid expenses	342,282	330,131
Hedge accounts	1,064,929	1,222,925
<b>TOTAL CURRENT ASSETS</b>	<b>32,822,868</b>	<b>39,218,478</b>
<b>PROPERTY AND EQUIPMENT</b>		
Land and improvements	5,659,373	5,659,373
Buildings	7,478,340	7,478,340
Vehicles	90,005	90,005
Office equipment	263,853	216,067
Plant equipment	67,244,298	66,777,496
Construction in progress	10,084,990	544,583
	90,820,859	80,765,864
Accumulated depreciation	(54,763,454)	(50,157,890)
	36,057,405	30,607,974
<b>OTHER ASSETS</b>		
Financing costs, net of amortization	14,333	20,713
Investments	457,115	413,250
	471,448	433,963
<b>TOTAL ASSETS</b>	<b>\$ 69,351,721</b>	<b>\$ 70,260,415</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 2,926,257	\$ 4,551,328
Accounts payable - related party	1,077,217	1,670,373
Accrued expenses	845,327	903,479
Deferred corn pool fees	141,244	130,894
<b>TOTAL CURRENT LIABILITIES</b>	<b>4,990,045</b>	<b>7,256,074</b>
<b>MEMBERS' EQUITY</b>	<b>64,361,676</b>	<b>63,004,341</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$ 69,351,721</b>	<b>\$ 70,260,415</b>

Excerpted from audited financial statements.

**BUSHMILLS ETHANOL, INC**  
**STATEMENTS OF OPERATIONS**  
Years Ended December 31, 2017 and 2016

	<b>2017</b>	<b>2016</b>
<b>SALES</b>	\$ 110,955,292	\$ 110,188,877
<b>COST OF SALES</b>	99,177,704	95,478,784
<b>GROSS PROFIT</b>	11,777,588	14,710,093
<b>OPERATING EXPENSES</b>	2,929,979	3,042,646
<b>INCOME FROM OPERATIONS</b>	8,847,609	11,667,447
<b>OTHER INCOME (EXPENSE)</b>		
Interest and dividend income	103,707	99,492
Interest expense	(22,500)	(28,125)
Loss on sale of asset	-	(11,768)
Miscellaneous income	186,297	10,123
	267,504	69,722
<b>NET INCOME</b>	\$ 9,115,113	\$ 11,737,169

Excerpted from audited financial statements.

**BUSHMILLS ETHANOL, INC**  
**STATEMENTS OF CHANGES IN MEMBERS' EQUITY**  
**Years Ended December 31, 2017 and 2016**

<b>BALANCE - December 31, 2015</b>	\$	59,591,811
Membership fees - patron		2,000
Redemption of units		(80,000)
Distributions		(8,246,639)
Net income		<u>11,737,169</u>
<b>BALANCE - December 31, 2016</b>		63,004,341
Distributions		(7,757,778)
Net income		<u>9,115,113</u>
<b>BALANCE - December 31, 2017</b>	\$	<u><u>64,361,676</u></u>

Excerpted from audited financial statements.

**BUSHMILLS ETHANOL, INC**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2017 and 2016**

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 9,115,113	\$ 11,737,169
Charges to net income not affecting cash		
Depreciation and amortization	4,611,944	4,779,184
Realized and unrealized (gains) losses on hedging activities	(2,042,004)	(2,816,431)
Bad debt expense	-	23,580
Loss on equipment	-	11,768
(Increase) decrease in current assets		
Accounts receivable	(1,290,017)	180,395
Prepaid accounts	(12,151)	30,617
Net cash received (paid) on hedging activities	2,200,000	3,348,000
Inventories	85,548	(1,903,497)
Net proceeds from escrow funds	-	-
Increase (decrease) in current liabilities		
Accounts payable	(2,425,214)	(379,931)
Accrued expenses	(58,152)	271,187
Deferred corn pool fees	10,350	(225)
	<b>10,195,417</b>	<b>15,281,816</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>INVESTING ACTIVITIES</b>		
Purchases of fixed assets	(9,848,008)	(1,237,773)
Purchases of investments	(43,865)	3,793
	<b>(9,891,873)</b>	<b>(1,233,980)</b>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		
<b>FINANCING ACTIVITIES</b>		
Distributions to members	(7,757,778)	(8,246,639)
Redemption of units	-	(80,000)
Proceeds from membership fees	-	2,000
	<b>(7,757,778)</b>	<b>(8,324,639)</b>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	<b>(7,454,234)</b>	<b>5,723,197</b>
<b>CASH AND CASH EQUIVALENTS - beginning of year</b>	<b>27,928,771</b>	<b>22,205,574</b>
<b>CASH AND CASH EQUIVALENTS - end of year</b>	<b>\$ 20,474,537</b>	<b>\$ 27,928,771</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	<b>\$ 22,500</b>	<b>\$ 22,500</b>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Property and equipment purchases included in accounts payable	<b>\$ 206,987</b>	<b>\$ -</b>

Excerpted from audited financial statements.