



FINANCIAL STATEMENTS

Year Ended December 31, 2019

## 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, 2019 and 2018, 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.

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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, 2019 and 2018, 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.

*Christina RCP*

Willmar, Minnesota  
February 11, 2020

**BUSHMILLS ETHANOL, INC**  
**BALANCE SHEETS**  
December 31, 2019 and 2018

**ASSETS**

	<b>2019</b>	<b>2018</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 12,154,963	\$ 7,601,374
Accounts receivable	5,024,736	4,902,199
Inventories	6,963,402	5,745,660
Prepaid expenses	554,416	303,728
Hedge accounts	1,741,418	2,186,905
<b>TOTAL CURRENT ASSETS</b>	<b>26,438,935</b>	<b>20,739,866</b>
<b>PROPERTY AND EQUIPMENT</b>		
Land and improvements	5,659,373	5,659,373
Buildings	7,478,340	7,478,340
Vehicles	81,374	81,374
Office equipment	406,462	375,094
Plant equipment	98,299,340	94,572,344
Construction in progress	831,412	2,604,046
	112,756,301	110,770,571
Accumulated depreciation	(66,007,724)	(59,477,864)
	46,748,577	51,292,707
<b>OTHER ASSETS</b>		
Financing costs, net of amortization	102,787	127,806
Investments	433,248	457,726
	536,035	585,532
<b>TOTAL ASSETS</b>	<b>\$ 73,723,547</b>	<b>\$ 72,618,105</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 5,255,145	\$ 4,518,852
Accounts payable - related party	1,613,845	1,113,305
Accrued expenses	567,223	769,326
Deferred corn pool fees	139,612	139,838
<b>TOTAL CURRENT LIABILITIES</b>	<b>7,575,825</b>	<b>6,541,321</b>
<b>MEMBERS' EQUITY</b>	<b>66,147,722</b>	<b>66,076,784</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$ 73,723,547</b>	<b>\$ 72,618,105</b>

Excerpted from audited financial statements.

**BUSHMILLS ETHANOL, INC**  
**STATEMENTS OF OPERATIONS**  
Years Ended December 31, 2019 and 2018

	<u>2019</u>		<u>2018</u>
<b>SALES</b>	\$ 142,253,376	\$	113,261,920
<b>COST OF SALES</b>	<u>137,789,796</u>		<u>104,425,538</u>
<b>GROSS PROFIT</b>	4,463,580		8,836,382
<b>OPERATING EXPENSES</b>	<u>2,934,111</u>		<u>2,773,622</u>
<b>INCOME FROM OPERATIONS</b>	1,529,469		6,062,760
<b>OTHER INCOME (EXPENSE)</b>			
Interest and dividend income	37,177		32,515
Interest expense	(45,000)		(35,290)
Miscellaneous income	2,875		17,373
	<u>(4,948)</u>		<u>14,598</u>
<b>NET INCOME</b>	\$ <u>1,524,521</u>	\$	<u>6,077,358</u>

Excerpted from audited financial statements.

**BUSHMILLS ETHANOL, INC**  
**STATEMENTS OF CHANGES IN MEMBERS' EQUITY**  
**Years Ended December 31, 2019 and 2018**

<b>BALANCE - December 31, 2017</b>	\$	64,361,676
Membership fees - patron		1,500
Distributions		(4,363,750)
Net income		<u>6,077,358</u>
<b>BALANCE - December 31, 2018</b>		66,076,784
Membership fees - patron		1,000
Distributions		(1,454,583)
Net income		<u>1,524,521</u>
<b>BALANCE - December 31, 2019</b>	\$	<u><u>66,147,722</u></u>

Excerpted from audited financial statements.

**BUSHMILLS ETHANOL, INC**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 1,524,521	\$ 6,077,358
Charges to net income not affecting cash		
Depreciation and amortization	6,554,879	4,784,154
Realized and unrealized (gains) losses on hedging activities	2,710,843	(2,521,976)
(Increase) decrease in current assets		
Accounts receivable	(122,537)	(612,311)
Prepaid accounts	(250,688)	38,554
Net cash received on hedging activities	(2,265,355)	1,400,000
Inventories	(1,217,742)	905,572
Increase (decrease) in current liabilities		
Accounts payable	2,388,911	527,260
Accrued expenses	(202,103)	(76,001)
Deferred corn pool fees	(226)	(1,406)
	<b>9,120,503</b>	<b>10,521,204</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(3,137,809)	(18,901,031)
Purchases of investments	24,478	(611)
	<b>(3,113,331)</b>	<b>(18,901,642)</b>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		
<b>FINANCING ACTIVITIES</b>		
Payments for financing costs	-	(130,475)
Distributions to members	(1,454,583)	(4,363,750)
Proceeds from membership fees	1,000	1,500
	<b>(1,453,583)</b>	<b>(4,492,725)</b>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		
	4,553,589	(12,873,163)
<b>CASH AND CASH EQUIVALENTS - beginning of year</b>		
	7,601,374	20,474,537
<b>CASH AND CASH EQUIVALENTS - end of year</b>		
	\$ 12,154,963	\$ 7,601,374
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 45,000	\$ 35,290
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Property and equipment purchases included in accounts payable	\$ 156,328	\$ 1,308,408

Excerpted from audited financial statements.