Knowing Where We Stand
2016 Annual Report

Golden Growers Cooperative

HIGHLIGHTS	*Year Ended Dec. 31, 2016*	Year Ended Dec. 31, 2015	Year Ended Dec. 31, 2014
Total Members' Equity	*$23,616,000*	$28,313,000	$34,053,000
Income from ProGold LLC	*$5,375,000*	$5,250,000	$5,981,000
Net Income	*$4,704,000*	$4,533,000	$5,242,000
Earnings per Unit	*$0.30*	$0.29	$0.34

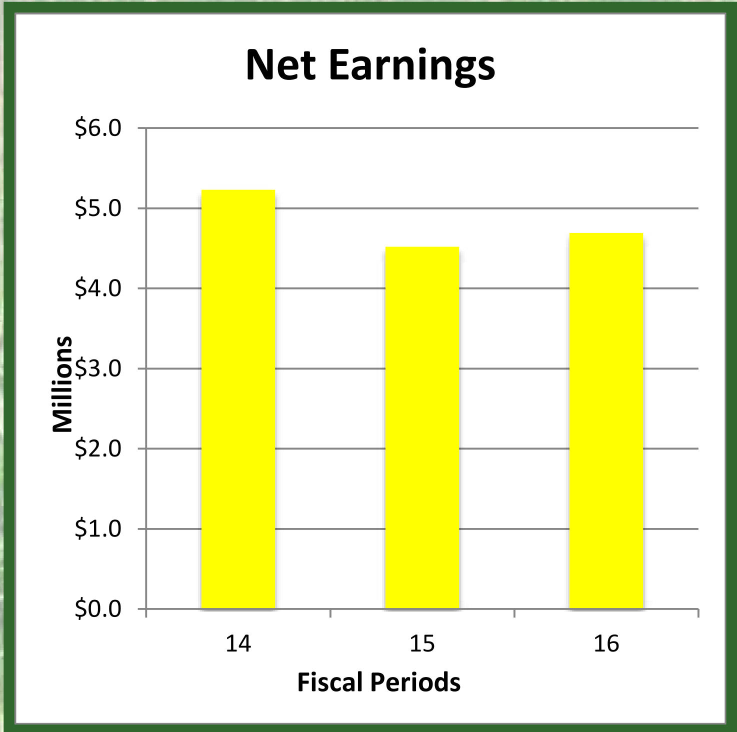
Financial Review

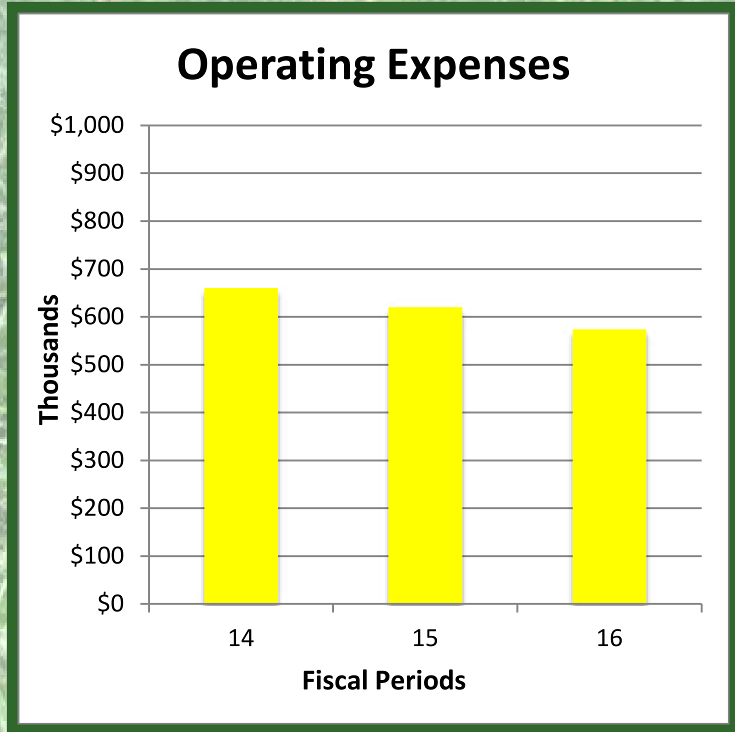
Golden Growers Cooperative is an agricultural cooperative owned by 1552 members who reside primarily in Minnesota, North Dakota, and South Dakota. The cooperative was created in 1994 to own a 49 percent interest in ProGold Limited Liability Company. Golden Growers has one partner in ProGold. American Crystal Sugar Company of Moorhead, Minnesota owns 51%.

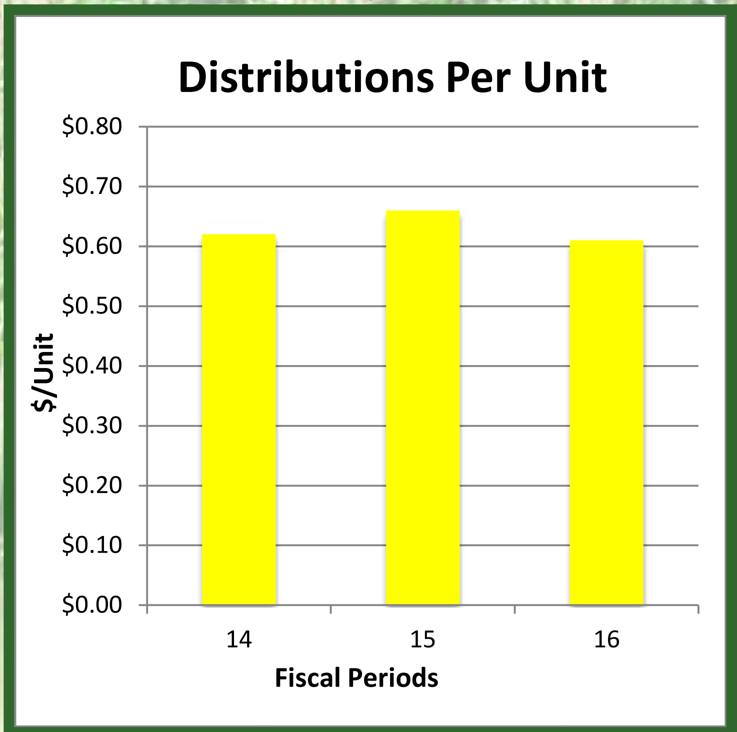
On January 1, 2008, ProGold LLC entered into a second ten-year lease agreement with Cargill, Inc., to operate the ProGold corn wet-milling facility near Wahpeton, North Dakota. That lease expires December 31, 2017. Under this agreement, ProGold retains ownership of the facility and receives rent averaging $21.9 million annually over the life of the lease. ProGold is essentially debt free. Negotiations for a future lease or other arrangements have not concluded at the time of writing this report.

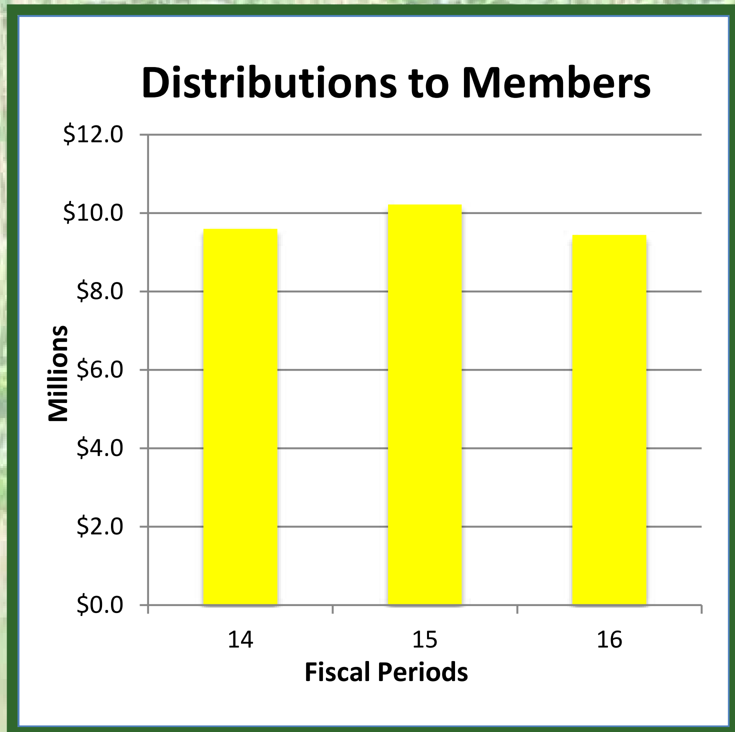
On September 1, 2009, Golden Growers converted from a North Dakota cooperative to a Minnesota cooperative governed by Minnesota statute 308B. The financial reports presented in this document reflect audited financial reports for the periods ending December 31, 2016, 2015, and 2014.
For the year ended December 31, 2016, Golden Growers had net income of $4,704,000, compared with a net income of $4,533,000 for 2015, and $5,242,000 for 2014.

ProGold's fiscal year ends on August 31st. Adjusted for the calendar year, ProGold's net income for the twelve months ending December 31 of 2016 was $10,971,000 compared to $10,714,000 for calendar year 2014, and $12,206,000 for calendar year 2014.

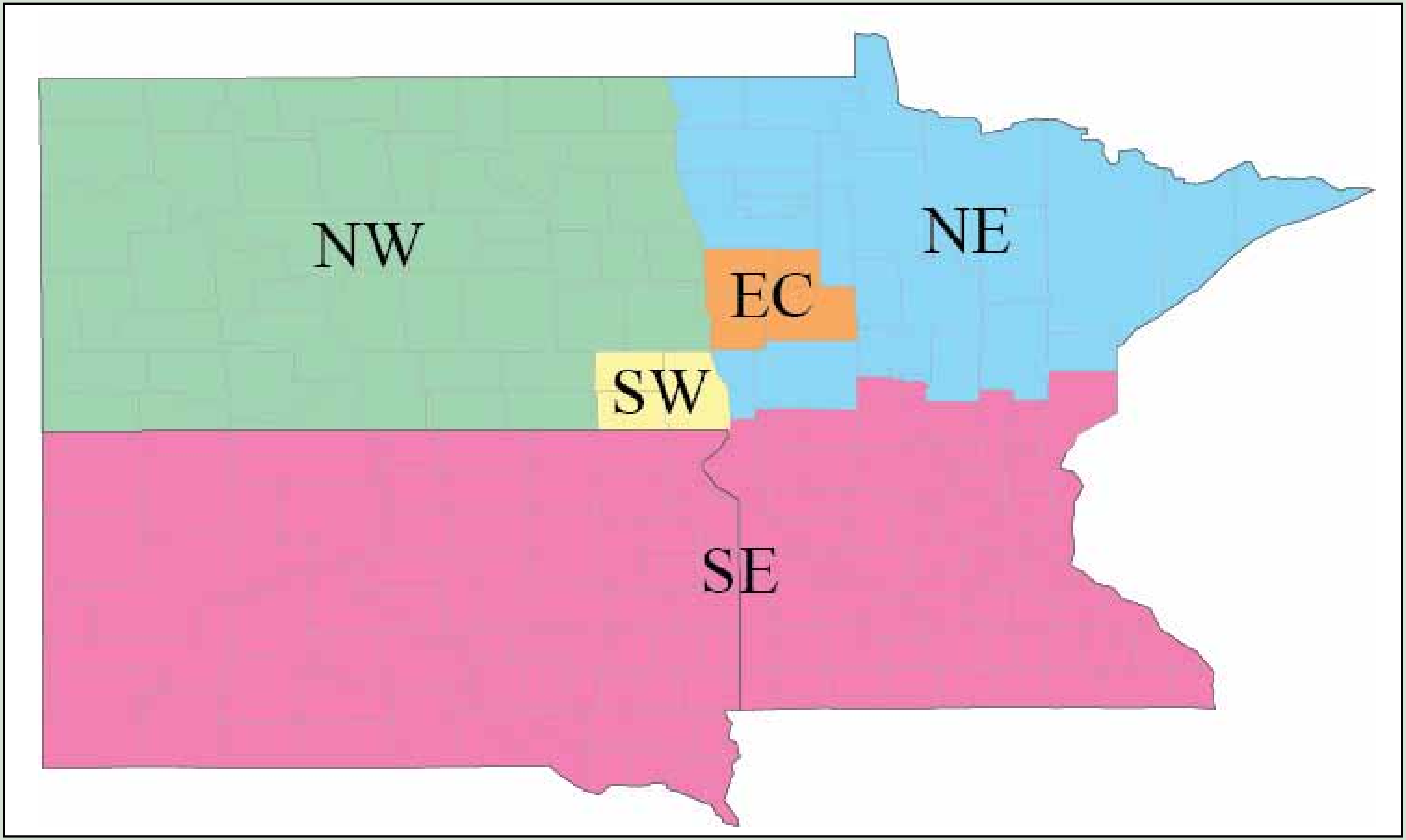

Net Earnings
$6.0
$5.0
$4.0
$3.0
$2.0
$1.0
$0.0
Millions
14
15
16
Fiscal Periods


Operating Expenses
$1,000
$900
$800
$700
$600
$500
$400
$300
$200
$100
$0
Thousands
14
15
16
Fiscal Periods


Distributions Per Unit
$0.80
$0.70
$0.60
$0.50
$0.40
$0.30
$0.20
$0.10
$0.00
$/Unit
14
15
16
Fiscal Periods


Distributions to Members
$12.0
$10.0
$8.0
$6.0
$4.0
$2.0
$0.0
Millions
14
15
16
Fiscal Periods

Member Districts



This communication contains discussion of some of our expectations regarding Golden Growers Cooperative and ProGold LLC's future performance. These forward looking statements are based on our current views and assumptions. Actual results could differ materially from these current expectations and forecasts, and from historical performance. Members should consider such risks and uncertainties when evaluating any forward-looking statement and not put undue reliance on any forward-looking statements. Golden Growers Cooperative undertakes no obligation to update any forward-looking statements in this presentation to reflect future events or developments.

Board of Directors and Management

Nicolas Pyle
Casselton, ND
Northwest

Glenn Johnson
Mayville, ND
Northwest

David Benedict
Sabin, MN
East Central

Larry Vipond
Herman, MN
Southeast

Bernie DeCock
Ghent, MN
Southeast

Bruce Speich
Milnor, ND
Southwest

Brett Johnson
Mooreton, ND
Southwest

Scott Stofferahn
Executive VP

Mark Harless
Borup, MN
East Central

Les Nesvig
LaMoure, ND
Northwest

Chris Johnson
Wahpeton, ND
Southwest

Matt Hasbargen
Fargo, ND
Northeast

Byron Koehl
Hancock, MN
Southeast

Gary 'Butch' Jirak
Breckenridge, MN
Northeast

Scott Jetvig
Hawley, MN
Southwest

Shaun Beauclair
Stephen, MN
Northeast

Executive Committee

Chairperson
Mark Harless
First Vice Chair
Nicolas Pyle
Second Vice Chair
Shaun Beauclair
Secretary
Matt Hasbargen
Treasurer
Leslie Nesvig

Knowing Where We Stand

Over the past year we have been spending a great deal of effort considering the status of Golden Growers Cooperative. We've surveyed our members to understand their preferences, we've researched and evaluated the corn wet milling market, and we've spent considerable time negotiating a path forward for ProGold, LLC.

It had been nearly twenty years since we surveyed our members. Some of what we learned was anticipated. When Golden Growers was formed, every member had to be an active producer. Over the past twenty years, many of you have retired. Others have backed away from the farm, but remain tied to the operation as family members have taken over. Based on the survey response, 76% of our members are actively farming or associated with an active farming operation.

When it comes to adding value added processing capability at to the ProGold plant, 46% of members believed we should retain lease income for that purpose while 54% preferred that members be allowed to invest. When it comes to investing in processing unrelated to the ProGold plant 54% were not interested while 46% responded affirmatively. Of those responding affirmatively, soybean crushing was the preferred alternative.

From among producers responding, 74% raise corn, 82% raise soybeans, 25% raise sugarbeets, and 47% raise small grains, and oilseeds at 4%. Over the past twenty years, member production has shifted away from small grains, sunflowers, and sugarbeets to corn and soybeans.

43% of producers indicated that they raise specialty crops and 20% have produced non-GM corn or soybeans. 69% of producers indicated that they would be willing to produce crops for specialty markets. And a whopping 90% approved of pursuing alternative or niche market opportunities if it meant long term stability for the ProGold plant.

In February, we received a final report on a market research and valuation project conducted by NDSU's College of Agribusiness and Finance. In summary, the report identified the continued decline in domestic consumption of HFCS. As domestic consumption of HFCS declines, the corn wet milling industry adapts by exploiting export markets, shifting to ethanol production, and converting grind to other products. A major strength of the ProGold plant is the low cost of corn. Golden Growers adds to that advantage by controlling feedstock to the plant. Plant valuations were widely divergent based on optimistic or pessimistic outlooks for HFCS prices going forward.

As you are well aware, the current lease with Cargill expires on December 31, 2017. For over a year, ProGold, LLC has been involved in pursuing all alternatives that might provide a path forward. The uncertainty of HFCS consumption, price, and plant utilization has been an important factor throughout our discussions. We anticipate an announcement in the near future to reveal the results of those negotiations. From the Golden Growers board perspective, it is important that our plans cover the immediate future and lay the groundwork for long term stability.

Mark Harless, Chairman

Scott Stofferahn, Executive Vice President

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Audit Committee and Board of Directors
Golden Growers Cooperative
West Fargo, North Dakota

We have audited the accompanying balance sheets of Golden Growers Cooperative as of December 31, 2016 and 2015, and the related statements of operations, comprehensive income, changes in members' equity and cash flows for each of the years in the three-year period ended December 31, 2016. Golden Growers Cooperative's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Golden Growers Cooperative, as of December 31, 2016 and 2015, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

Widmer Roel PC

Widmer Roel, PC
Fargo, ND
March 2, 2017

MANAGEMENT'S DISCUSSION OF FINANCIAL RESPONSIBILITY

The management of Golden Growers Cooperative is responsible for the preparation, integrity and objectivity of the accompanying financial statements and related information contained in this annual report. The accompanying financial statements have been prepared in conformity with generally accepted accounting principles. Where appropriate, management has included estimates and judgments it believes are reasonable under the circumstances.

As a means of fulfilling its responsibility for the integrity of financial information included in this annual report, management has established a system of internal controls to obtain reasonable assurance that assets are safeguarded and transactions are properly recorded. Although no system of internal controls can detect and prevent all errors and irregularities, management believes the established system provides reasonable assurance that material errors and irregularities will be detected. The Board of Directors has also engaged independent certified accountants to review and assess the effectiveness of the internal accounting control system and to audit the cooperative's financial statements.

The Board of Directors has formed a finance committee to meet on a regular basis to review accounting, internal control, auditing and financial reporting matters. In addition, the finance committee meets with independent certified public accountants to discuss the planning and results of their audits.

Scott B. Stofferahn
Executive Vice President

BALANCE SHEETS

Golden Growers Cooperative

(In Thousands)	December 31, 2015	December 31, 2016
ASSETS		
Cash and Cash Equivalents	$ 2,272	$ 2,792
Short-Term Investments	220	219
Prepaid Expenses	287	342
Total Current Assets	2,779	3,353
Furniture and Equipment, Net	3	1
Investment in ProGold Limited Liability Company	25,831	20,484
Total Assets	$ 28,613	$ 23,838
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts Payable	$ 23	$ 1
Accrued Liabilities	229	221
Total Current Liabilities	252	222
Non-Current Liabilities	48	-
Members' Equity	28,361	23,616
Members' Equity		
Membership Units, Authorized 60,000,000 Units, Issued and Outstanding 15,490,480 as of December 31, 2016 and 2015		
(Accumulated Other Comprehensive Income)	(48)	-
Total Members' Equity	28,313	23,616
Total Liabilities and Members' Equity	$ 28,613	$ 23,838

See Notes to Financial Statements

STATEMENTS OF OPERATIONS

Golden Growers Cooperative

(In Thousands)		Year Ended December 31, 2014		Year Ended December 31, 2015		Year Ended December 31, 2016
OPERATIONS						
Corn Revenue	$	61,130	$	56,370	$	52,135
Corn Expense		(61,219)		(56,475)		(52,240)
Net Income from ProGold Limited Liability Company		5,981		5,250		5,375
General & Administrative Expenses		(660)		(620)		(574)
Net Income from Operations		5,232		4,525		4,696
Interest Income		10		8		8
Net Income Before Tax		5,242		4,533		4,704
Income Tax Provision		-		-		-
Net Income	$	5,242	$	4,533	$	4,704
Weighted Average Shares/Units Outstanding		15,490,480		15,490,480		15,490,480
Earnings per Share/Membership Unit Primary and Fully Diluted	$	0.34	$	0.29	$	0.30

See Notes to Financial Statements

STATEMENTS OF COMPREHENSIVE INCOME

Golden Growers Cooperative

(in thousands)	Year Ending December 31, 2014	Year Ending December 31, 2015	Year Ending December 31, 2016
Net Income	$ 5,242	$ 4,533	$ 4,704
Pension liability adjustment	-	(48)	48
Comprehensive Income	$ 5,242	$ 4,485	$ 4,752

STATEMENTS OF CHANGES IN MEMBERS' EQUITY

Golden Growers Cooperative

(in thousands)	(Accumulated Other Comprehensive Income)	Members' Equity	Total Members' Equity
BALANCE, DECEMBER 31, 2013	$ -	$ 38,416	$ 38,416
Net Income	-	5,242	5,242
Member Distributions	-	(9,605)	(9,605)
Pension liability adjustment	-	-	-
BALANCE, DECEMBER 31, 2014	$ -	$ 34,053	$ 34,053
Net Income	-	4,533	4,533
Member Distributions	-	(10,225)	(10,225)
Pension liability adjustment	(48)	-	(48)
BALANCE, DECEMBER 31, 2015	$ (48)	$ 28,361	$ 28,313
Net Income	-	4,704	4,704
Member Distributions	-	(9,449)	(9,449)
Pension liability adjustment	48	-	48
BALANCE, DECEMBER 31, 2016	$ -	$ 23,616	$ 23,616

See Notes to Financial Statements

STATEMENT OF CASH FLOWS

Golden Growers Cooperative

(in thousands)	Year Ending December 31, 2014	Year Ending December 31, 2015	Year Ending December 31, 2016
Cash Flows from Operating Activities			
Net Income	$ 5,242	$ 4,533	$ 4,704
Net (Income) from ProGold Limited Liability Company	(5,981)	(5,250)	(5,375)
Depreciation	2	1	2
Changes in Assets and Liabilities			
Prepaid Expenses	(210)	(67)	(55)
Accounts Payable	-	23	(22)
Accrued Liabilities	212	13	(7)
Net Cash Used in Operating Activities	(735)	(747)	(753)
Cash Flows from Investing Activities			
(Purchase) Sale of Investments	-	(2)	1
Distribution received from ProGold LLC	9,669	10,763	10,721
Net Cash Provided by Investing Activities	9,669	10,761	10,722
Cash Flows from Financing Activities			
Member Distributions Paid	(9,605)	(10,225)	(9,449)
Net Cash Used by Financing Activities	(9,605)	(10,225)	(9,449)
Increase (Decrease) in Cash and Cash Equivalents	(671)	(211)	520
Cash and Cash Equivalents, Beginning of Period	3,154	2,483	2,272
Cash and Cash Equivalents, End of Period	$ 2,483	$ 2,272	$ 2,792

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

Golden Growers Cooperative
December 31, 2016, 2015, and 2014

NOTE 1 - NATURE OF OPERATIONS

Organization - Golden Growers Cooperative was initially organized as a North Dakota member-owned cooperative incorporated on January 19, 1994 ("GG-ND"). GG-ND and two other partners, one of whom was American Crystal Sugar Company ("ACSC") entered into a joint venture that formed ProGold Limited Liability Company, a Minnesota limited liability company ("ProGold") which designed and constructed a corn wet-milling facility in Wahpeton, North Dakota (the "Facility"). Under the joint venture, GG-ND (and indirectly its members) had the right and obligation to deliver corn to be processed at the Facility. After it was constructed and operated briefly by its members, the Facility was leased to Cargill Incorporated ("Cargill") who continues to operate the Facility under a lease that runs through December 31, 2017. Golden Growers Cooperative and ASCS are the current members of ProGold, with Golden Growers Cooperative holding a 49% interest and ACSC holding the remaining 51% interest.

On July 29, 2009 GG-ND formed a wholly owned cooperative subsidiary in the state of Minnesota (GG-MN), organized under Minnesota Statutes chapter 308A, solely for the purpose of reincorporating into the state of Minnesota. On September 1, 2009, GG-ND merged into GG-MN and reincorporated into the state of Minnesota. Immediately after the merger, GG-MN statutorily converted into a cooperative association governed under Minnesota Statutes 308B. As a result of its reincorporation and reorganization GG-ND, a North Dakota cooperative association historically taxed as a tax-exempt cooperative under Subchapter T of the Internal Revenue Code, became Golden Growers Cooperative, a Minnesota cooperative association governed by Minnesota Statutes chapter 308B as a cooperative for state law purposes but taxed as a partnership under Subchapter K of the Internal
Revenue Code for tax purposes. Golden Growers Cooperative succeeded to the business of Golden Growers - North Dakota and except for changes to the structure and operations as a result of the reincorporation and statutory
conversion, continues to operate the business of Golden Growers - North Dakota.

As part of the Conversion, GG-ND's members exchanged their shares of Class A Common Voting Membership Stock and Class B Non-Voting Equity Stock for identical and equal shares of such stock in GG-MN. Each member's single share of Class A Common Voting Membership Stock was redeemed for $150 and each member received membership units in GG-MN equal to the number of shares of Class B Non-Voting Equity Stock each member held in GG-ND prior to the Merger.

Prior to September 1, 2009, ownership of membership stock, which signified membership in the Cooperative, was restricted to producers of agricultural products. The ownership of equity stock was restricted to members of the Cooperative. Preferred stock could be held by persons who were not members of the Cooperative. At August 31, 2009 and 2008, the Cooperative had 10,000 shares of non-voting, $1,000 par-value preferred stock authorized, of which none were issued or outstanding. Equity requirements, as determined by the board of directors, could be retained from amounts due to patrons and credited to members' equity in the form of unit retains or allocated patronage.

The Cooperative reserved the right to acquire any of its stock offered for sale and the right to recall the stock of any member. In the event this right was exercised, the consideration paid for such stock was 25% of its book value.

Beginning September 1, 2009, ownership of membership units is available to any person or entity residing in the United States of America. Net proceeds or losses will be allocated to members on the basis of their patronage of the Cooperative.

In connection with the Conversion, the Cooperative changed its fiscal year end to December 31.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recently Issued Accounting Pronouncements - In May 2014, the FASB issued ASU 2014-09, Revenues from Contracts with Customers. The new revenue guidance broadly replaces the revenue guidance provided throughout the Codification. The core principle of the revenue guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The new revenue guidance also requires the capitalization of certain contract acquisition costs. Reporting entities must prepare new disclosures providing qualitative and quantitative information on the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. New disclosures also include qualitative and quantitative information on significant judgments, changes in judgments, and contract acquisition assets. At issuance, ASU 2014-09 was effective starting in 2017 for calendar-year public entities, and interim periods within that year. In August 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers: Deferral of the Effective Date, which defers the adoption of ASU 2014-09 to annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. During the fourth quarter of 2016, The Cooperative completed the initial evaluation of the new standard and the related assessment and review of existing revenue contracts with its customers. The Cooperative determined, on a preliminary basis, that the timing, pattern and amount of revenue recognized during the year should remain substantially the same. The Cooperative anticipates utilizing the full retrospective transition method. The primary impact of the adoption on the Cooperative's financial statements will be the additional required disclosures around revenue recognition in the notes to the financial statements.

Investments – The Cooperative's investment securities are held to maturity and recorded at amortized cost. The Cooperative's investment in ProGold is recorded at historical cost plus its pro-rata share of ProGold's net income and additional paid-in capital less distributions received from ProGold. Unrealized gains or losses are recorded in accumulated other comprehensive income within members' equity. Gains and losses are determined using the specific identification method.

Cash and Cash Equivalents – The Cooperative considers all demand accounts to be cash equivalents and overnight sweep accounts. Cash equivalents do not include money market accounts maintained by the Cooperative's investment managers. Cash equivalents do not include any investment with a stated maturity date, regardless of the term to maturity.

Income Taxes – Beginning September 1, 2009, Golden Growers Cooperative is taxed as a limited liability company under Subchapter K of the Internal Revenue Code. As such, the Cooperative will generally not be subject to income taxes. Instead, net income will be reported by its members who will be responsible for any income taxes which may be due. Prior to September 1, 2009, Golden Growers Cooperative was an exempt cooperative for federal income tax purposes. As such, the cooperative was generally not subject to income taxes. Instead, net proceeds were allocated to the Cooperative's patrons who were responsible for any income taxes which may have been due. The Cooperative's net financial basis in its assets and liabilities exceeded its tax basis by approximately $8 million and $11 million as of December 31, 2016 and 2015, respectively.

Property and Equipment – Property and equipment are stated at cost. Depreciation on assets placed in service is provided using the straight-line method over estimated useful lives ranging from 5 to 10 years.

Accounting Estimates – The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition – The Cooperative's members are contractually obligated to annually deliver corn to the Cooperative by either Method A or Method B or a combination of both. Under Method A, a member is required to physically deliver corn to the cooperative and under Method B a member appoints the cooperative as its agent to arrange for the acquisition and delivery of corn on the member's behalf. For an annual fee of $92,000 paid quarterly, the Cooperative contractually appoints Cargill as its agent to arrange for the delivery of the corn by its members who elect to deliver corn using Method A and to acquire corn on its behalf for its members who elect to deliver corn using Method B. The price per bushel paid to the member who elects to deliver corn using Method B is equal to the price per bushel paid by Cargill to acquire the corn as the Cooperative's agent. Members who deliver corn under Method A are paid the market price or contracted price for their corn at the time of delivery. The Cooperative pays members who deliver corn under Method A an incentive payment of $.05 per bushel while members who elect Method B to deliver corn pay the Cooperative a $.02 per bushel agency fee for the cost of having the Cooperative deliver corn on their behalf. The board has the discretion to change the incentive fee and the agency fee based on the Cooperative's corn delivery needs. The incentive fee and agency fee are a component of Corn Expense.

With respect to all Method A corn that is delivered, Cargill pays the aggregate purchase price for corn purchased from the Cooperative's members to the Cooperative and then, on the Cooperative's behalf, makes individual payments for corn directly to its members. If a Method A member fails to fully satisfy the corn delivery requirement, Cargill purchases replacement corn for which the Cooperative reimburses Cargill the amount by which the underlying contracted corn price is less than the price of buying the replacement corn that was due on the delivery date. The Method A member who fails to deliver corn is then invoiced by the Cooperative for the price of the corn.

Based on what is to be delivered by its members using Method A, Cargill then purchases the remainder of the corn to be delivered by the Cooperative on behalf of its Method B delivering members. Because Cargill purchases the corn on the Cooperative's behalf of Method B delivering members, the purchase price for the corn that would be paid to the Cooperative's members if they actually delivered the corn offsets against the payment to be made by the Cooperative to Cargill for the cost to purchase the corn, thus no payment is made from Cargill to the Cooperative for corn delivered using Method B. The Cooperative has determined Corn Expense for Method B deliveries based on the average quarterly cost per bushel paid by Cargill to the Cooperative's members for Method A quarterly deliveries.

Concentrations - Several times during the year, the Cooperative maintained a cash balance in excess of the Federal Deposit Insurance Corporation ("FDIC") limits. At December 31, 2016, the Cooperative's cash balance exceeded the FDIC insurance limits by approximately $2.8 million.

Fair Value Measurements - The Cooperative has determined the fair value of certain assets and liabilities in accordance with the provisions of Accounting Standards Codification ("ASC") 820-10, which provides a framework for measuring fair value under generally accepted accounting principles.

ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820-10 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

NOTE 3 - PROGOLD LIMITED LIABILITY COMPANY

The Cooperative has a 49% ownership interest in ProGold LLC. Following is summary financial information for ProGold LLC (in thousands):

	December 31, 2016	December 31, 2015	December 31, 2014
Current Assets	$ 125	$ 133	$ 2,375
Long-Term Assets	42,086	53,386	65,019
Total Assets	$ 42,211	$ 53,519	$ 67,394
Current Liabilities	$ 407	$ 404	$ 2,627
Long-Term Liabilities	-	400	800
Total Liabilities	407	804	3,427
Members' Equity	41,804	52,715	63,967
Total Liabilities and Members' Equity	$ 42,211	$ 53,519	$ 67,394
Rent Revenue on Operating Lease	$ 22,837	$ 23,106	$ 24,125
Expenses	11,866	12,392	11,919
Net Income	$ 10,971	$ 10,714	$ 12,206

NOTE 4 - INVESTMENTS

The Cooperative has determined fair value of its investments held to maturity based on Level 1 inputs.
The Cooperative's investments held to a majority are as follows as of December 31, 2016 and 2015 (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2016				
Money Market & CD's	$ 219	$ -	$ -	$ 219
December 31, 2015				
Money Market & CD's	$ 220	$ -	$ -	$ 220

NOTE 5 - INCOME TAXES

The Cooperative follows the provisions of ASC 740-10 related to accounting for uncertainty in income taxes.

The Cooperative had no unrecognized tax benefits on December 31, 2016 and 2014. No interest or penalties are recognized in the statements of operations or in the balance sheets.

The Cooperative recognized no income tax expense for the years ended December 31, 2016, 2015 and 2014.

NOTE 6 - EMPLOYEE BENEFIT PLANS

Pension Plan – In December 2012, the Cooperative approved a change to freeze the Cooperative's defined benefit pension plan. As a result, no additional benefits will accrue to participants in the plan and no new employees are eligible for the plan. During the year ended December 31, 2016, 2015 and 2014, the pension expenses were $12,000, $25,000, and $74,000, respectively.

As of December 31, 2016, the pension plans were funded as required by the funding standards set forth by the Employee Retirement Income Security Act (ERISA).

The Cooperative's Compensation Committee has the responsibility of managing the operations and administration of the Cooperative's retirement plans. The Cooperative has an investment policy that establishes target asset allocations to reduce the risk of large losses. Asset classes are diversified to reduce risk, and equity exposure is limited to 75% of the total portfolio value. The stated goal is for each component of the plan to earn a rate of return greater than its corresponding benchmark. The return objective of the plan is to achieve a minimum average total rate of return of four percentage points (4.0%) above the rate of inflation as measured by the Consumer Price Index. The real rate of return goal assumes a real rate of return for equities of 10.0% and a real rate of return for fixed income of 4.0%.

Substantially all of the Plan's assets consist of BNY Mellon funds (Fund) and are valued based on Level II inputs, as determined from the Fund's FAS 157 footnote included in the Fund's audited financial statements. The Fund's valuation techniques include market matrix pricing and market inputs, including bench mark yields, reported trades, broker/dealer quotes and others. There has been no changes in valuation techniques and inputs in 2016, 2015 and 2014.

The assumptions used in the measurement of the Cooperative's benefit obligations are shown below:

	2016	2015
Discount Rate	4.50%	5.00%
Expected Return on Plan Assets	6.25%	6.25%
Rate of Compensation Increase	4.73%	4.73%

The following schedule reflects the expected pension benefits payments during each of the next five years and the aggregate for the following five years (in thousands):

	Expected Benefits Payments
2017	54
2018	54
2019	54
2020	54
2021	54
2022-2026	243
Total	$ 513

The Cooperative expects to make contributions of approximately $9,000 to the defined benefit pension plan during the next fiscal year.

The following schedules provide the components of the Net Periodic Pension Costs for the periods ended December 31, 2016, 2015, and 2014 (in thousands):

		December 31,	
	2015	2015	2014
Service Cost	$ -	$ -	$ -
Interest Cost	34	37	36
Expected Return on Plan Assets	(48)	(44)	(48)
Amortization of Net (Gain) Loss	5	11	25
Net Periodic Pension Cost	$ (9)	$ 4	$ (13)

The following schedules set forth a reconciliation of the changes in the plan's benefit obligation and fair value of assets for the periods ending December 31, 2016 and 2015 and a statement of the funded status and amounts recognized in the Balance Sheets and Accumulated Other Comprehensive Income as of December 31, 2016 and 2015 (in thousands):

	December 31,	
	2016	2015
Change in Benefit Obligation		
Obligation at the Beginning of the Period	$ 775	$ 748
Service Cost	-	-
Interest Cost	37	36
Actuarial (Gain) Loss	15	45
Benefits Paid	(55)	(54)
Obligation at the End of the Period	$ 772	$ 775
Change in Plan Assets		
Fair Value at the Beginning of the Period	727	777
Actual Returns on Plan Assets	107	(21)
Employer Contributions	12	25
Benefits Paid	(55)	(54)
Fair Value at the End of the Period	$ 791	$ 727

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	December 31, 2016	December 31, 2015
Funded Status		
Funded Status as of Period Ended	$ 19	$ (48)
Net Amount Recognized	$ -	$ (48)
Amounts Recognized in the Balance Sheets		
Noncurrent Assets	$ -	$ -
Current Liabilities	-	-
Noncurrent Liabilities	-	(48)
Net Amount Recognized	$ -	$ (48)
Accumulated Gain (Loss) Recognized in Accumulated Other Comprehensive Income		
Accumulated Gain (Loss) Beginning of the Period	$ (48)	$ -
Recognized in Periodic Cost	-	-
Amount Arising During the Period	48	(48)
Accumulated Gain (Loss) End of the Period	$ -	$ (48)

401(k) Plan - The Cooperative has a 401(k) plan that covers employees that meet eligibility requirements. The Cooperative's contributions to the plan totaled $7,489, $7123, and $6,979 for the years ended December 31, 2016, 2015, and 2014 respectively.

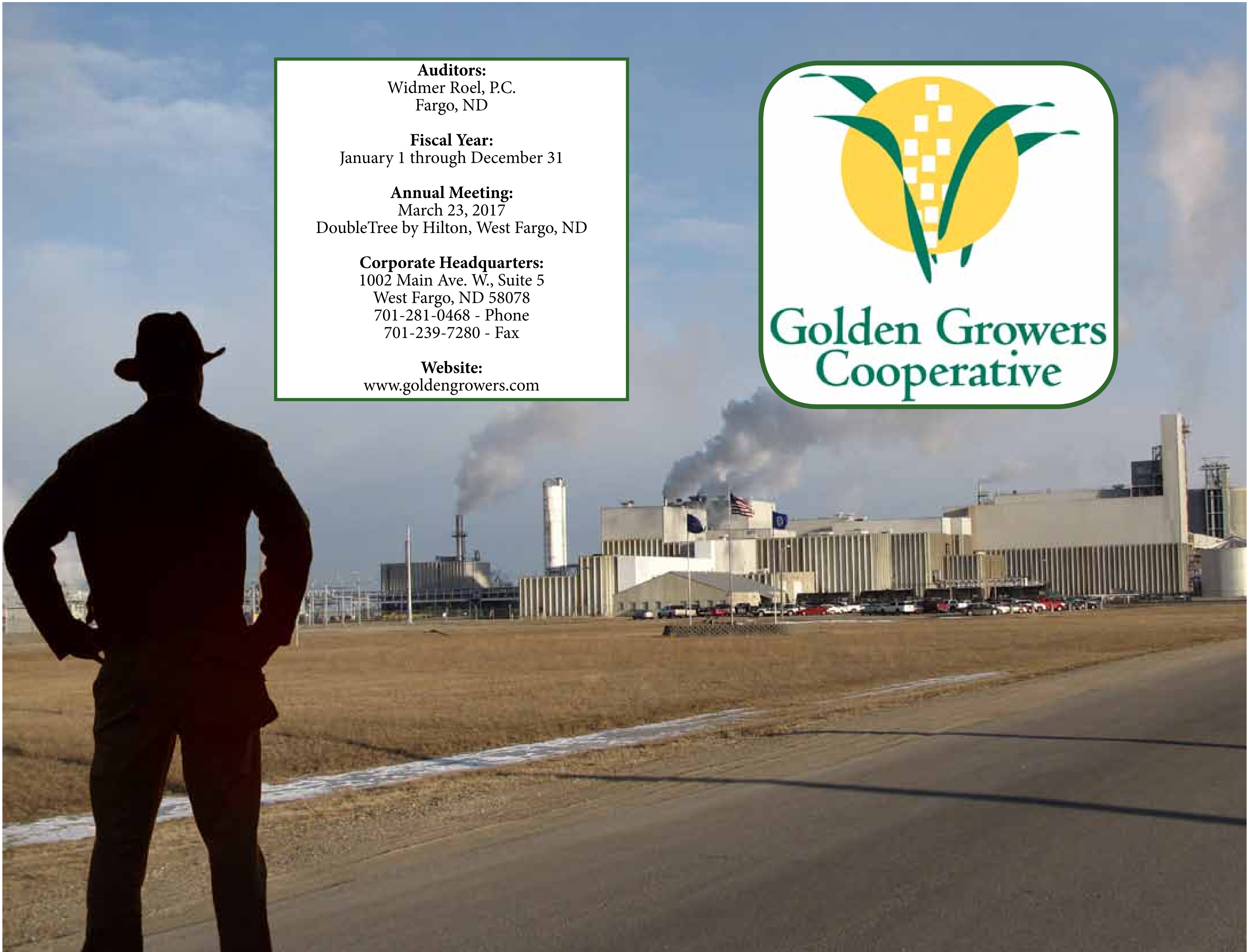
NOTE 7 - COMMITMENTS AND CONTINGENCIES

The Cooperative contracted with Cargill, Incorporated in connection with the procurement of corn which includes payments of $92,000 annually and terminates December 31, 2017.

NOTE 8 - SUBSEQUENT EVENTS

In February of 2017, the Cooperative declared a distribution of $2,215,138, or $0.143 per outstanding membership unit.

Management has reviewed subsequent events through March 2, 2017, the date to which the financial statements were available to be issued.



Auditors:
Widmer Roel, P.C.
Fargo, ND

Fiscal Year:
January 1 through December 31

Annual Meeting:
March 23, 2017
DoubleTree by Hilton, West Fargo, ND

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Golden Growers Cooperative