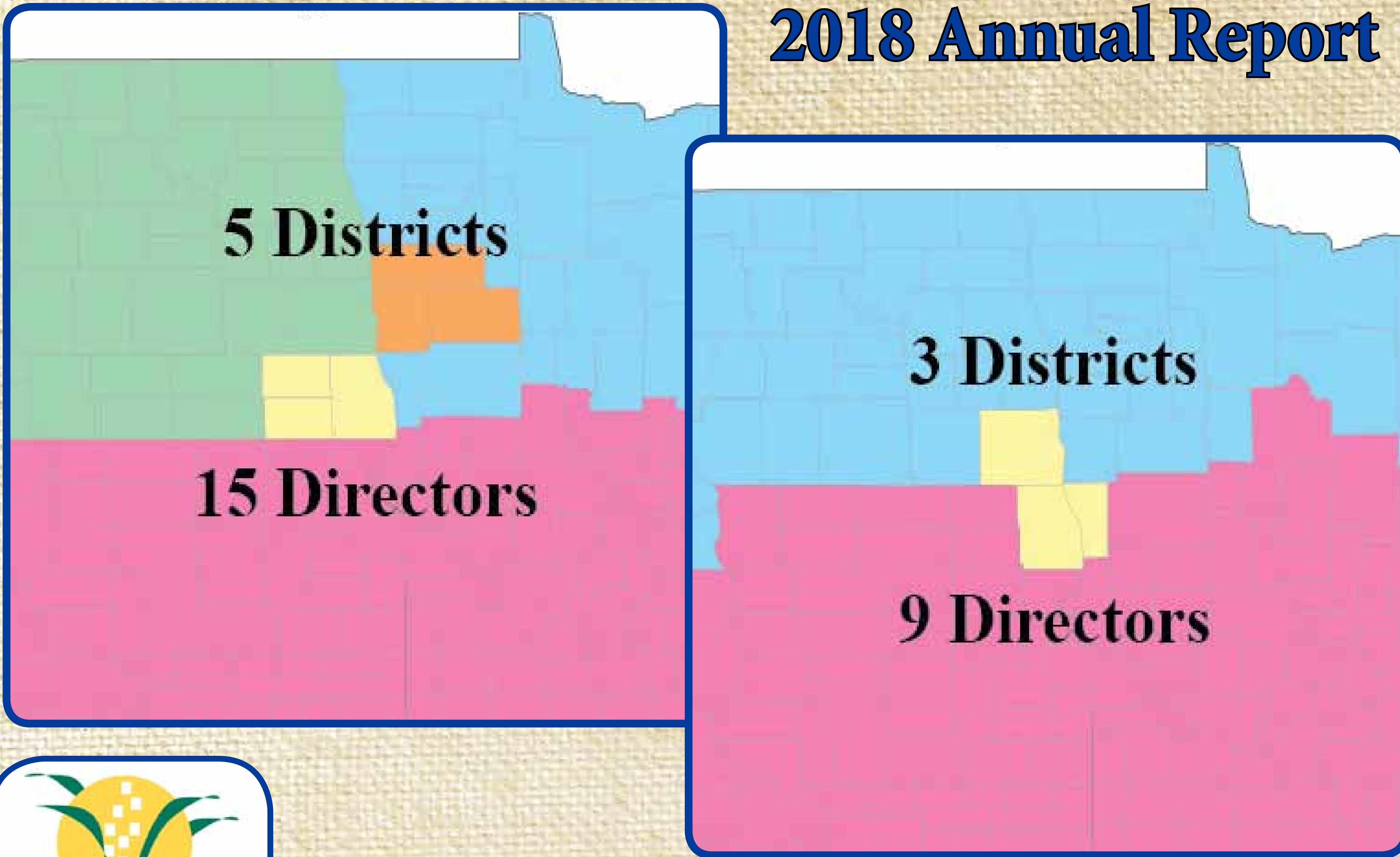
2018 Annual Report



Golden Growers Cooperative

Proposal: A Change in Governing Structure

HIGHLIGHTS	Year Ended Dec. 31, 2018	Year Ended Dec. 31, 2017	Year Ended Dec. 31, 2016
Total Members' Equity	$25,836,000	$26,246,000	$23,616,000
Income from ProGold LLC	$6,924,000	$9,785,000	$5,375,000
Net Income	$6,421,000	$9,182,000	$4,704,000
Earnings per Unit	$0.41	$0.59	$0.30

Financial Review

Golden Growers Cooperative is an agricultural cooperative owned by 1543 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%.

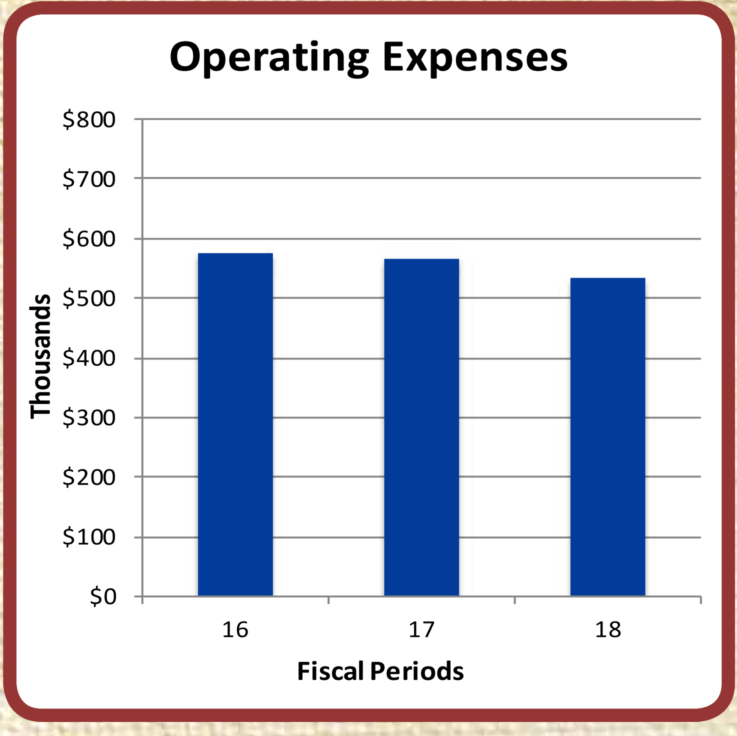
ProGold LLC entered into a third lease with Cargill, Inc., to operate the ProGold corn wet-milling facility near Wahpeton, North Dakota effective January 1, 2018 for five years. The lease will expire on December 31, 2022 unless an optional sixth year is triggered. Under this agreement, ProGold retains ownership of the facility and receives rent of $17.5 million for 2018-9, $16 million for 2020, $15.5 million for 2021-2, and $14 million in the optional 6th year of 2023. ProGold has also committed $750,000 per year for infrastructure maintenance. ProGold may also be required to pay for capital improvements during the lease period. ProGold is essentially debt free.

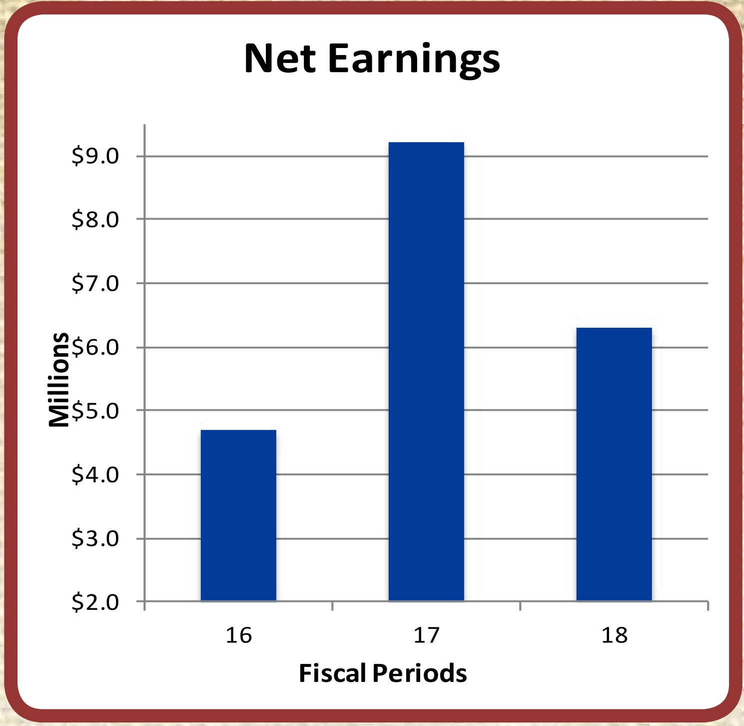
Golden Growers is registered as a Minnesota cooperative governed by Minnesota statute 308B. The financial reports presented in this document reflect audited financial reports for the periods ending December 31, 2018, 2017, and 2016.

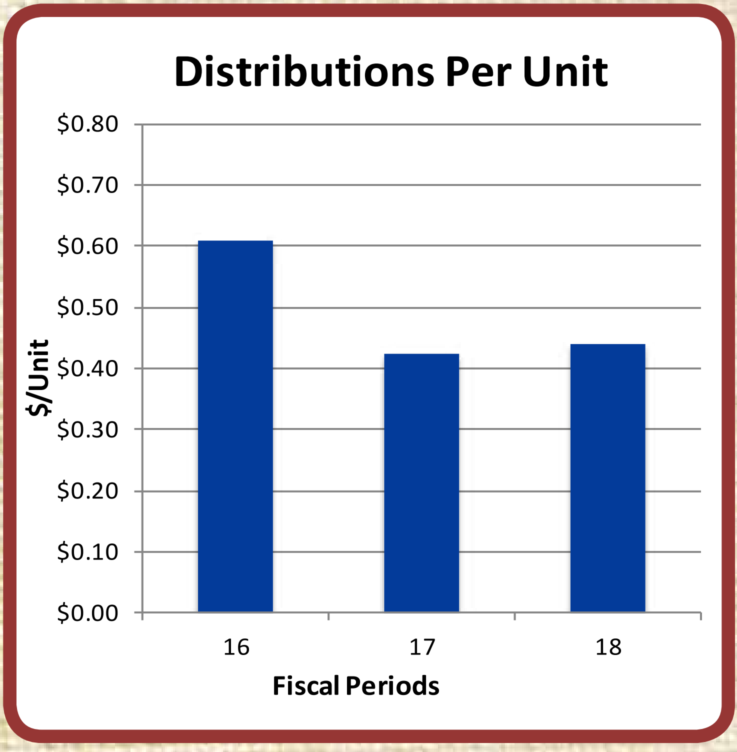
For the year ended December 31, 2018, Golden Growers had net income of $6,421,000, compared with a net income of $9,182,000 for 2017, and $4,704,000 for 2016.

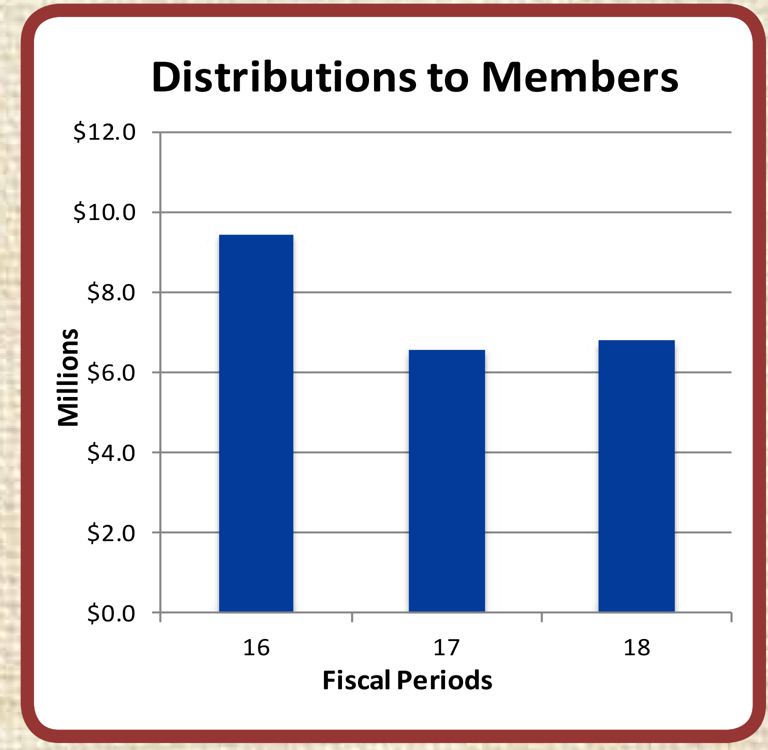
ProGold's fiscal year ends on August 31st. Adjusted for the calendar year, ProGold's net income for the twelve months ending December 31 of 2018 was $14,131,000 compared to $19,968,000 for calendar year 2017, and $10,971,000 for calendar year 2016.

Decreases in net income for Golden Growers and ProGold is primarily attributable to ProGold's reduced lease income from Cargill in 2018 compared to 2017.

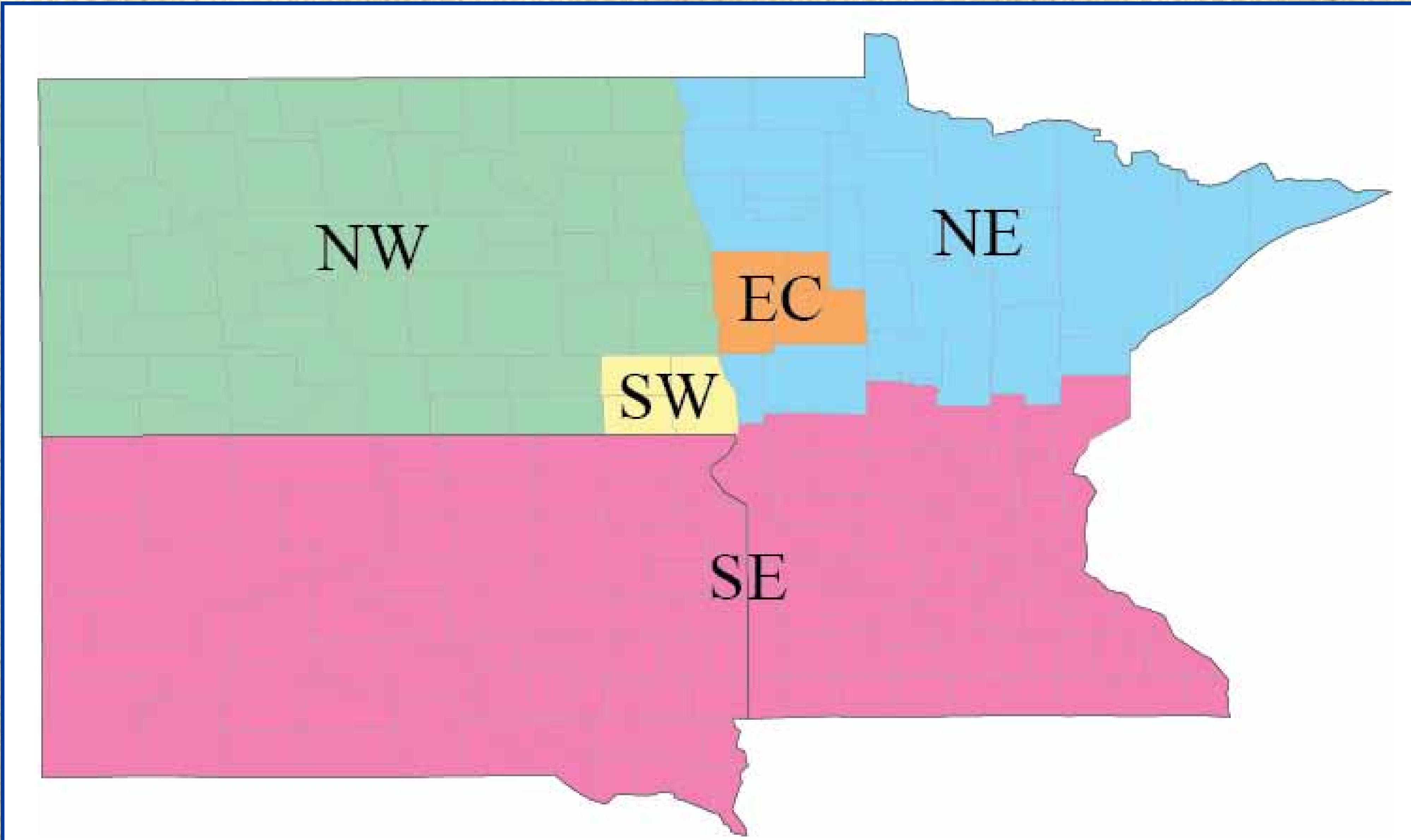

Operating Expenses
$800
$700
$600
$500
$400
$300
$200
$100
$0
Thousands
16
17
18
Fiscal Periods


Net Earnings
$9.0
$8.0
$7.0
$6.0
$5.0
$4.0
$3.0
$2.0
Millions
16
17
18
Fiscal Periods


Distributions Per Unit
$0.80
$0.70
$0.60
$0.50
$0.40
$0.30
$0.20
$0.10
$0.00
$/Unit
16
17
18
Fiscal Periods


Distributions to Members
$12.0
$10.0
$8.0
$6.0
$4.0
$2.0
$0.0
Millions
16
17
18
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

Northwest


Glenn Johnson
Mayville, ND


Les Nesvig
LaMoure, ND


Nicolas Pyle
Casselton, ND

Northeast

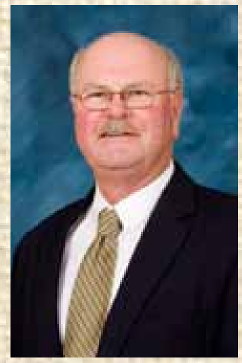

Shaun Beauclair
Stephen, MN


Matt Hasbargen
Fargo, ND


Gary ‘Butch’ Jirak
Breckenridge, MN

Southwest


Brett Johnson
Mooreton, ND


Chris Johnson
Wahpeton, ND


Bruce Speich
Milnor, ND

Southeast


Richard Bot
Minneota, MN


Byron Koehl
Hancock, MN


Larry Vipond
Herman, MN

East Central

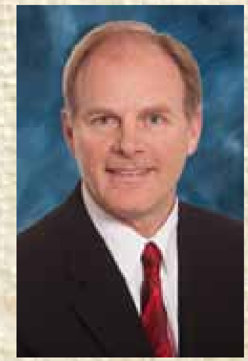

David Benedict
Sabin, MN


Mark Harless
Borup, MN


Scott Jetvig
Hawley, MN

Executive Committee

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


Scott Stofferahn
Executive Vice President

A Change in Governance

At the 2018 Golden Growers Annual Meeting, we presented a plan that would result in reducing the number of Directors from 15 members to 9 members and 5 Districts to 3. The proposal would elect two Directors from each District and three Directors at large. This reduction would occur through attrition as current Board members reach their term limits in 2020 and 2021. Consequently, there will be a transition period to achieve the reduction and to appropriately stagger director terms between districts.

Members in attendance reacted favorably to the proposal. Golden Growers then conducted a survey of our members through mail and online. A reasonable sample of our members overwhelmingly favored a reduction in the size of the Board and number of Districts.

Based on both annual meeting comments and survey responses, the Board of Directors elected to move forward with drafting new Bylaws to implement the proposal. In addition, Bylaw changes include updating a section on Tax Matters to reflect current laws and regulations AND a section that clearly allows decisions of the Board to be conducted through electronic means (email).

Members of Golden Growers Cooperative will vote on these Bylaw changes at our 2019 Annual Meeting.

You will note in the financial statements that Golden Growers held current assets and long-term investments in excess of $7.5 million at the end of 2018. This increase in current and intermediate assets is intended to give the Board the ability to level out member distributions while preparing for anticipated ProGold capital investments at the plant during the course of the current lease.

Recently, the ProGold board voted to move forward with the first two phases of the replacement of the Distributive Control System (DCS). This is the computerized system that controls functions throughout the plant. The current system has become obsolete. The plan is to complete replacement of roughly half of the system during this lease. Because the DCS replacement is a major capital expense, ProGold is responsible for the cost. Fortunately, our present and future reserves appear sufficient to handle these expenses when they become due.

In terms of industry activity, Ingredion announced a $125 million cost savings plan that would result in ceasing corn wet milling at Stockton, CA. Ingredion cited lower sweetener demand and higher manufacturing costs. The Stockton plant was roughly two thirds of the size of ProGold's Wahpeton plant. Reported prices for HFCS were higher during 2018 and the sweetener side of the industry appeared to be profitable.

Meanwhile, the ethanol side of the business struggled financially due to numerous EPA issued 'hardship waivers' that reduced ethanol volume by 1.5 billion gallons. In late October, ethanol producers were heartened by the Administration's announcement that they would allow for year round sales of 15% ethanol gasoline blends or E15. Although E15 regulations are anticipated soon, the American Petroleum Institute is reportedly ramping up opposition in an attempt to scuttle or delay the change. Consequentely, the ethanol picture remains unclear.

Continued reductions in HFCS demand combined with poor ethanol profits are pushing corn refiners to look for innovative uses of corn starch and syrup, often referred to as 'converting the grind'. The long term future of the ProGold plant may rely on the success of this strategy.

Mark Harless, Chairman

Scott Stofferahn, Executive Vice President

WIDMER ROEL
CPAs • BUSINESS ADVISORS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Financial Statements
We have audited the accompanying balance sheets of Golden Growers Cooperative (the Cooperative) as of December 31, 2018 and 2017, 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, 2018, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Cooperative as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion
These financial statements are the responsibility of the Cooperative's management. Our responsibility is to express an opinion on the Cooperative's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Cooperative in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Cooperative is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Cooperative's auditor since 2008.

Widmer Roel PC

Widmer Roel, PC
Fargo, ND
March 7, 2019

Golden Growers
Cooperative

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 informationincluded 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, 2017	December 31, 2018
ASSETS		
Cash and Cash Equivalents	$ 6,261	$ 2,403
Short-Term Investments	220	2,758
Prepaid Expenses	218	244
Total Current Assets	6,699	5,405
Long-term Investments	-	2,163
Investment in ProGold Limited Liability Company	19,773	18,481
Total Assets	$ 26,472	$ 26,049
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts Payable	$ 6	$ 1
Accrued Liabilities	220	212
Total Current Liabilities	226	213
Non-Current Liabilities	-	-
Members' Equity	26,246	25,836
Members' Equity		
Membership Units, Authorized 60,000,000 Units, Issued and Outstanding 15,490,480 as of December 31, 2018 and 2017		
Accumulated Other Comprehensive Income	-	-
Total Members' Equity	26,246	25,836
Total Liabilities and Members' Equity	$ 26,472	$ 26,049

See Notes to Financial Statements

STATEMENTS OF OPERATIONS

Golden Growers Cooperative

(in thousands)	Year Ended December 31, 2016	Year Ended December 31, 2017	Year Ended December 31, 2018
OPERATIONS			
Corn Revenue	$ 52,135	$ 49,890	$ 50,201
Corn Expense	(52,240)	(49,960)	(50,152)
Net Income from ProGold Limited Liability Company	5,375	9,785	6,924
General & Administrative Expenses	(574)	(565)	(535)
Net Income from Operations	4,696	9,150	6,339
Interest Income	8	32	82
Net Income Before Tax	4,704	9,182	6,421
Income Tax Provision	-	-	-
Net Income	$ 4,704	$ 9,182	$ 6,421
Weighted Average Shares/Units Outstanding	15,490,480	15,490,480	15,490,480
Earnings per Share/Membership Unit Primary and Fully Diluted	$ 0.30	$ 0.59	$ 0.41

See Notes to Financial Statements

STATEMENTS OF COMPREHENSIVE INCOME

Golden Growers Cooperative

(in thousands)	Year Ending December 31, 2016	Year Ending December 31, 2017	Year Ending December 31, 2018
Net Income	$ 4,704	$ 9,182	$ 6,421
Pension liability adjustment	48	-	-
Comprehensive Income	$ 4,752	$ 9,182	$ 6,421

STATEMENTS OF CHANGES IN MEMBERS' EQUITY

Golden Growers Cooperative

(in thousands)	(Accumulated Other Comprehensive Income)	Members' Equity	Total Members' Equity
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
Net Income	-	9,182	9,182
Member Distributions	-	(6,552)	(6,552)
Pension liability adjustment	-	-	-
BALANCE, DECEMBER 31, 2017	$ -	$ 26,246	$ 26,246
Net Income	-	6,421	6,421
Member Distributions	-	(6,831)	(6,831)
Pension liability adjustment	-	-	-
BALANCE, DECEMBER 31, 2018	$ -	$ 25,836	$ 25,836

See Notes to Financial Statements

STATEMENT OF CASH FLOWS

Golden Growers Cooperative

(in thousands)	Year Ending December 31, 2016	Year Ending December 31, 2017	Year Ending December 31, 2018
Cash Flows from Operating Activities			
Net Income	$ 4,704	$ 9,182	$ 6,421
Net (Income) from ProGold Limited Liability Company	(5,375)	(9,785)	(6,924)
Depreciation	2	1	-
Changes in Assets and Liabilities			
Prepaid Expenses	(55)	124	(26)
Accrued Liabilities and Payables	(29)	4	(13)
Net Cash Used in Operating Activities	(753)	(474)	(542)
Cash Flows from Investing Activities			
(Purchase of) Proceeds from Investments	1	(1)	(4,701)
Distribution received from ProGold LLC	10,721	10,496	8,216
Net Cash Provided by Investing Activities	10,722	10,495	3,515
Cash Flows from Financing Activities			
Member Distributions Paid	(9,449)	(6,552)	(6,831)
Net Cash Used by Financing Activities	(9,449)	(6,552)	(6,831)
Increase (Decrease) in Cash and Cash Equivalents	520	3,469	(3,858)
Cash and Cash Equivalents, Beginning of Period	2,272	2,792	6,261
Cash and Cash Equivalents, End of Period	$ 2,792	$ 6,261	$ 2,403

See Notes to Financial Statements

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, 2022 and which will be automatically extended through 2023 in the event that either (i) Cargill has not, prior to December 31, 2021, exercised an option to purchase ACSC's 50% interest in ProGold pursuant to an Option Agreement between Cargill and ACSC dated as of April 4, 2017 and effective as of January 1, 2018 or (ii) if the parties have not otherwise mutually agreed to extend or terminate the lease. Golden Growers Cooperative and ACSC 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 Golden Growers – North Dakota, 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 Review 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 Unites 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

Leases – In February 2016, the FASB issued a new standard related to leases to increase transparency and comparability among organizations by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the balance sheet. The standard will be effective for us beginning January 1, 2019. We anticipate that the standard will not have a significant impact on the Cooperative's financial statements.

Investments – Effective January 1, 2018 the company adopted ASU 2016-01 Financial Instruments. The standard did not have a significant impact on the Cooperative's financial statements. 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. 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 – Since September 1, 2009, Golden Growers Cooperative has been taxed as a limited liability company under Subchapter K of the Internal Revenue Code. As such, the Cooperative is generally not subject to income taxes. Instead, net income is 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 $7.1 million and $8.5 million as of December 31, 2018 and 2017, 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 - Effective January 1, 2018, the Cooperative adopted ASU 2014-09, Revenue from Contracts with Customers. 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. The Cooperative determined that timing, pattern and amount of revenue recognized under the new standard is substantially the same as previously recognized by the Cooperative. 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. 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. In exchange for these services, commencing on January 1, 2018, the Cooperative paid Cargill an annual fee of $60,000, paid in quarterly installments. 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

NOTE 2 - Continued

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, 2018, the Cooperative's cash balance exceeded the FDIC insurance limits by approximately $2.9 million.

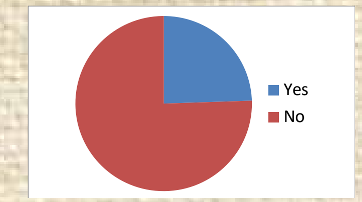
Fair Value Measurements - The Cooperative has determined the fair value of certain assets and liabilities in accordance with the provisions of Accounting Standards Codification ("ASC") 820-10, which provides a framework for measuring fair value under generally accepted accounting principles.

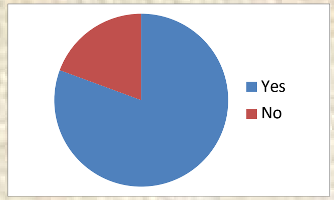
ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820-10 requires 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.

Member Survey Responses (July 2018)

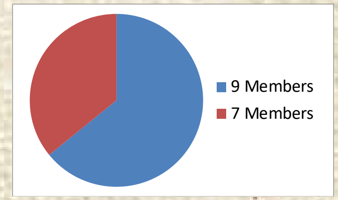
Q: Do you belive a larger board provides more member engagement for Golden Growers members?

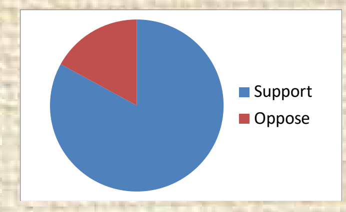




Q: Do you believe a smaller board is more engaged and results in improved decision making?

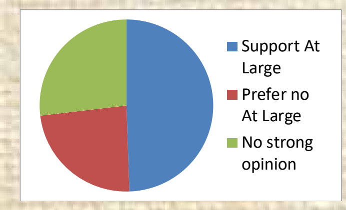
Q: If Golden Growers reduces the size of the board, what size would you most prefer?





Q: Would you support or oppose a plan to reduce the number of member districts from 5 to 3?

Q: Would you support or oppose a plan with 2 members elected from each district and 3 members elected at large?



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):

(in Thousands)	2018	December 31, 2017	2016
Current Assets	$ 245	$ 514	$ 125
Long-Term Assets	39,643	39,843	42,086
Total Assets	$ 39,888	$ 40,357	$ 42,211
Current Liabilities	$ 5	$ 5	$ 407
Long-Term Liabilities	1,167	-	-
Total Liabilities	1,172	5	407
Members' Equity	37,716	40,352	41,804
Total Liabilities and Members' Equity	$ 38,888	$ 40,357	$ 42,211
Rent Revenue on Operating Lease	$ 17,571	$ 22,873	$ 22,837
Expenses	3,440	2,905	11,866
Net Income	$ 14,131	$ 19,968	$ 10,971

NOTE 4 - INVESTMENTS

The Cooperative has determined fair value of its investments held to maturity based on Level 2 inputs.
The Cooperative's investments held to a majority are as follows as of December 31, 2018 and 2017 (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2018				
Corporate Bonds	2,164	2	(1)	2,165
Money Market & CD's	2,757	-	-	2,757
	$ 4,921	$ 2	$ (1)	$ 4,922
December 31, 2017				
Money Market & CD's	$ 220	$ -	$ -	$ 220

NOTE 5 - Continued

Corporate bone maturities are as follows as of December 31, 2018 (In thousands):

	Net Carrying Amount	Fair Value
Due in 1 Year or less	$ -	$ -
Due in 2 to 5 years	2,164	2,165
Due in 6 to 10 years	-	-
	$ 2,164	$ 2,165

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, 2018 and 2017. 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, 2018, 2017 and 2016.

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 of January 1, 2013. 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, 2018, 2017 and 2016, the pension expenses were $4,000, $6,000, and $12,000, respectively.

As of December 31, 2018, 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 50% of the total portfolio value. The investment objective is to achieve a rate of return sufficient to fully fund the pension obligation of the plan without assuming undue risk through investment vehicles with no greater than average variability of the markets themselves.

Substantially all of the Plan's assets consist of Collective Investment Trusts or Mutual funds (Fund) and are valued based on Level 1 or Level II inputs, as determined from the Fund's ASC 715-30 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 2018, 2017 and 2016.

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

	2018	2017
Discount Rate	4.50%	4.50%
Expected Return on Plan Assets	5.18%	6.32%
Rate of Compensation Increase	N/A	N/A

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
2019	55
2020	55
2021	55
2022	55
2023	50
2024-2028	241
Total	$ 511

The Cooperative does not expect to contribute to the defined benefit pension plan during the next fiscal year.

NOTE 6 - Continued

The following schedules provide the components of the Net Periodic Pension Costs for the periods ended December 31, 2018, 2017, and 2016 (in thousands):

	December 31, 2018	December 31, 2017	December 31, 2016
Service Cost	$ -	$ -	$ -
Interest Cost	32	33	34
Expected Return on Plan Assets	(38)	(52)	(48)
Amortization of Net (Gain) Loss	77	4	5
Net Periodic Pension Cost	$ 77	$ (15)	$ (9)

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, 2018 and 2017 and a statement of the funded status and amounts recognized in the Balance Sheets and Accumulated Other Comprehensive Income as of December 31, 2018 and 2017 (in thousands):

Change in Benefit Obligation	December 31, 2018	December 31, 2017
Obligation at the Beginning of the Period	$ 759	$ 772
Service Cost	-	-
Interest Cost	32	33
Actuarial (Gain) Loss	(2)	9
Benefits Paid	(55)	(55)
Obligation at the End of the Period	$ 734	$ 759
Change in Plan Assets		
Fair Value at the Beginning of the Period	837	791
Actual Returns on Plan Assets	(20)	95
Employer Contributions	4	6
Benefits Paid	(55)	(55)
Fair Value at the End of the Period	$ 766	$ 837
Funded Status		
Funded Status as of Period Ended	$ 31	$ 78
Net Amount Recognized	$ -	$ -

NOTE 6 - Continued

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 $6,662, $4,604, and $7,489 for the years ended December 31, 2018, 2017, and 2016 respectively.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

The Cooperative contracted with Cargill, Incorporated in connection with the procurement of corn which includes payments of $60,000 in 2018 and $70,000 in 2017. The contract continues until the termination of the second amended and restated facility lease agreement between ProGold and Cargill, which was effective as of January 1, 2018.

On April 4, 2017, the Cooperative, Cargill, and American Crystal entered into a Consent Agreement, effective on January 1, 2018, relating to the lease of ProGold's wet-milling facility to Cargill and the Cooperative's interest in ProGold. On the same day, Cargill and American Crystal entered into an Option Agreement, effective on January 1, 2018, detailing the price, term and other conditions under which American Crystal grants to Cargill an exclusive option to purchase a 50% interest in ProGold from American Crystal during the first four years of the lease. Under the Consent Agreement, the Cooperative approves and consents to the transfer of the 50% interest in ProGold from American Crystal to Cargill in the event Cargill exercises its option. The Cooperative also secures the right to purchase American Crystal's remaining 1% interest in ProGold for a base price ranging from $1.7 million to $1.3 million, depending on when Cargill notifies American Crystal of its intention to exercise its option. The Cooperative would also be required to pay to American Crystal a capital adjustment in an amount equal to 1% of the portion of costs that have not been paid by Cargill to ProGold through additional rent with respect to certain projects at the facility. In the event Cargill intends to exercise its option, before exercising such option, Cargill and the Cooperative will expeditiously and in good faith work together to finalize agreements for the structure, governance and operation of ProGold according to certain operational principles and other guideline terms as provided in a Memorandum of Understanding attached to the Consent Agreement.

NOTE 8 - LINE OF CREDIT

The Cooperative established a $2,000,000 line of credit with a variable interest rate based on the prime rate that terminates on October 16, 2019. The line of credit is secured by the Investment Management Agency account for Golden Growers maintained by Bell Bank. There is no outstanding balance as of December 31, 2018.

NOTE 9 - SUBSEQUENT EVENTS

In February of 2018, the Cooperative declared a distribution of $2,354,553, or $.152 per outstanding membership unit.

Management has reviewed subsequent events through March 7, 2019 the date to which the financial statements were available to be issued.


Change
Just Ahead

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

Fiscal Year:
January 1 through December 31

Annual Meeting:
March 29, 2018
DoubleTree by Hilton, West Fargo, ND

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