

A Year Like No Other

with hope for better days ahead

2020 Annual Report



HIGHLIGHTS	<i>Year Ended Dec. 31, 2020</i>	Year Ended Dec. 31, 2019	Year Ended Dec. 31, 2018
Total Members' Equity	\$25,758,000	\$26,379,000	\$25,836,000
Income from ProGold LLC	\$5,936,000	\$7,659,000	\$6,924,000
Net Income	\$5,575,000	\$7,235,000	\$6,421,000
Earnings per Unit	\$0.36	\$0.47	\$0.41

Financial Review

Golden Growers Cooperative is an agricultural cooperative owned by 1511 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.

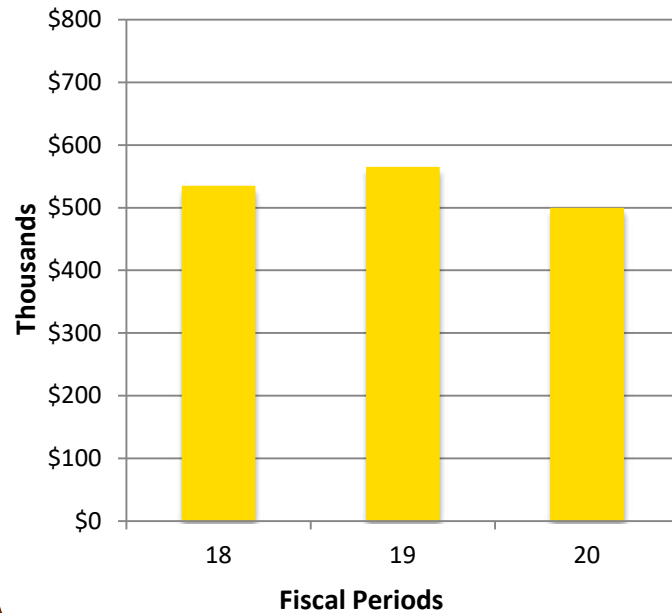
Golden Growers is registered as a Minnesota cooperative governed by Minnesota statute 308B. The financial reports presented in this document reflect audited financial reports for the periods ending December 31, 2020, 2019, and 2018.

For the year ended December 31, 2020, Golden Growers had net income of \$5,575,000, compared with a net income of \$7,235,000 for 2019, and \$6,421,000 for 2018.

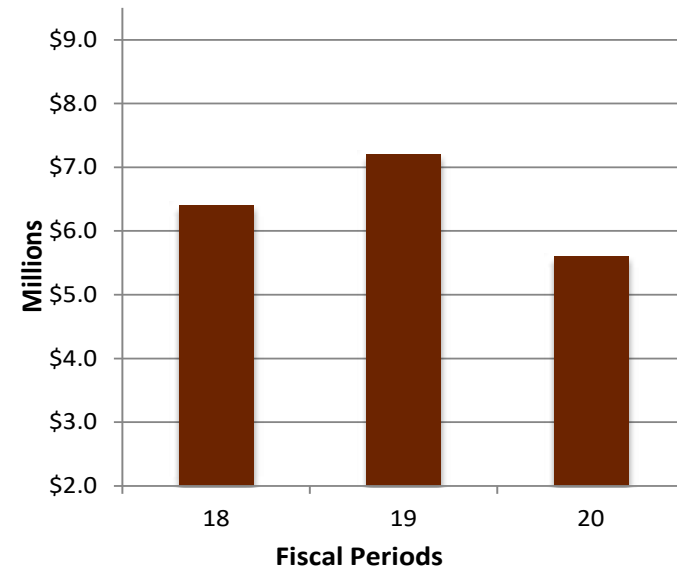
ProGold's fiscal year ends on August 31st. Adjusted for the calendar year, ProGold's net income for the twelve months ending December 31 of 2020 was \$12,114,000 compared to \$15,630,000 for calendar year 2019, and \$14,131,000 for calendar year 2018.

Decreases in net income for Golden Growers and ProGold are primarily attributable to decreases in ProGold's net income and lease revenue in 2020 compared to 2019.

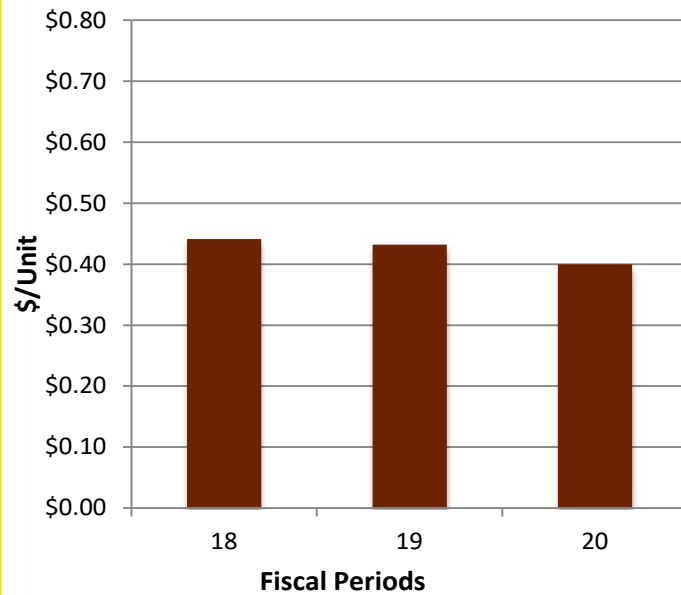
General & Admin Expenses



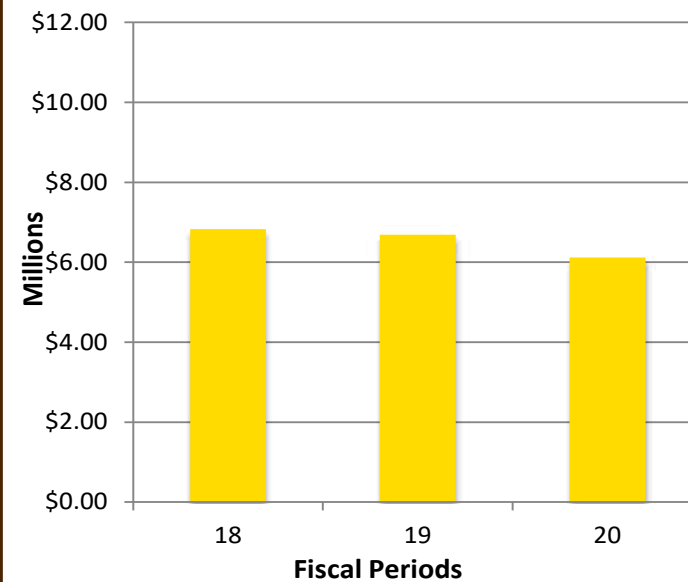
Net Earnings



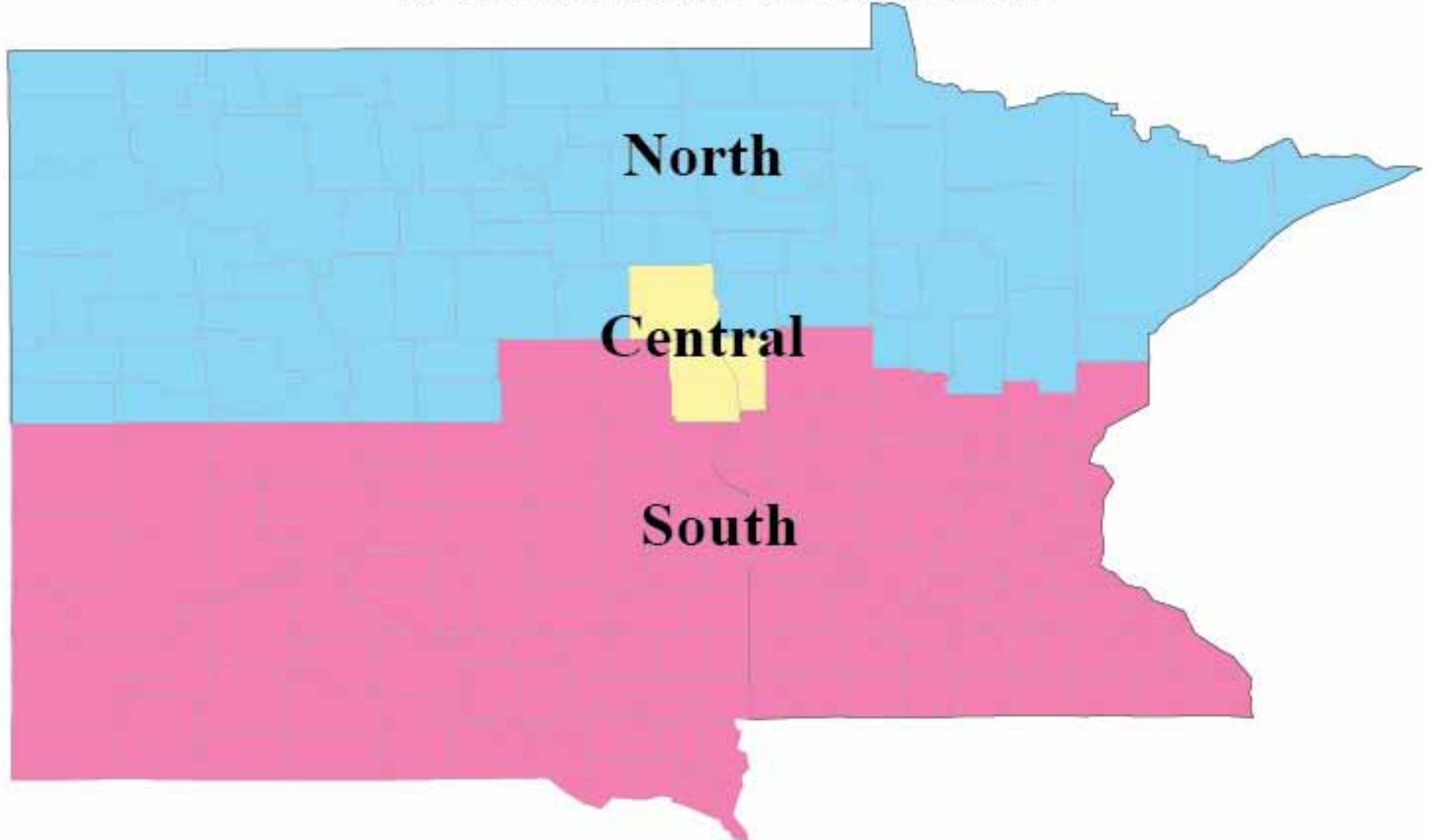
Distributions Per Unit



Distributions to Members



Territorial 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

North



David Benedict
Sabin, MN



Mark Harless
Borup, MN

Central



Gary 'Butch' Jirak
Breckenridge, MN



Brett Johnson
Mooreton, ND



Nicolas Pyle
Casselton, ND

South



Richard Bot
Minneota, MN



Les Nesvig
LaMoure, ND



Bruce Speich
Milnor, ND



Larry Vipond
Herman, MN

Executive Committee

Chairperson

Mark Harless

First Vice Chair

Nicolas Pyle

Second Vice Chair

Brett Johnson

Secretary

Matt Hasbargen

Treasurer

Leslie Nesvig

At Large



Matt Hasbargen
Fargo, ND



Scott Jetvig
Hawley, MN



Byron Koehl
Hancock, MN



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

Opinion on the Financial Statements

We have audited the accompanying balance sheets of **Golden Growers Cooperative** as of December 31, 2020 and 2019, and the related statements of operations, comprehensive income, changes in members' equity and cash flows for each of the three years in the period ended December 31, 2020, 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 **Golden Growers Cooperative** as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, 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 **Golden Growers 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. **Golden Growers 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.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Carrying Value of the Investment in ProGold LLC

As described further in Notes 2 and 3 to the financial statements, the investment in ProGold LLC is record at historical cost plus its pro-rata share of ProGold LLC's net income and additional paid-in capital less distributions received from ProGold LLC. Management evaluates the investment in ProGold LLC for impairment on an annual basis, or more frequently if impairment indicators exist. The determination of the carrying value of the investment in ProGold LLC requires management to make significant estimates and assumptions. Changes in these assumptions could materially affect the determination of the fair value of the investment in ProGold LLC.

We identified the carrying value of the investment in ProGold LLC as the critical audit matter. The principal consideration for this determination is that management utilized significant judgment when evaluating the investment in ProGold LLC for impairment. In turn, auditing management's judgments regarding the key factors and assumptions, involved a high degree of subjectivity due to the uncertainty of management's significant judgments.

Our audit procedures related to the carrying value of the investment in ProGold LLC included the following, among others:

- We recalculated the carrying value using ProGold LLC's August 31, 2020 audited financial statements and subsequent unaudited internal financial statements.
- We reviewed audit working papers from ProGold LLC's August 31, 2020 Audit.
- We tested management's assertion that there was no impairment on the investment in ProGold LLC by independently assessing the assertion by performing the following procedures:
 - Reviewing current and previous operating conditions for indication of impairment
 - Reviewing board minutes and news for indications of impairment
 - Reviewing professional industry reports for indications of impairment

Widmer Roel PC

We have served as **Golden Growers Cooperative's** auditor since 2008.

Widmer Roel, PC
Fargo, ND
March 6, 2021



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

A Year Like No Other

One year ago, we found ourselves scrambling to change our 'in person' annual meeting to a 'virtual' format because the CDC and State Health Departments were warning us about a novel coronavirus with potentially serious health complications for all of us. Little did we know at the time how significantly the SARS-CoV-2 and the COVID-19 disease it causes would dominate our lives and impact our economy.

Who would have ever guessed that we would be watching professional baseball, basketball, and football being played in empty stadiums. We've experienced restrictions on bars and restaurants, and online learning became the new reality for students from elementary through graduate schools. Office buildings became vacant as employees were asked to work from home to avoid contact. Others had no choice but to show up while taking precautions of wearing masks, keeping distance, and generous use of sanitizing stations.

We've all been impacted in some manner. Friends or family members have been infected, become very sick, and some have died from the disease.

Animal agriculture was hit particularly hard early on as the virus spread quickly among workers at slaughtering plants who labor in close proximity with little or no protection. Fat animals with no place to be processed were euthanized and buried.

With fewer people on the road, gasoline consumption hit the lowest level since 1997. Ethanol production declined by over two billion gallons. Facilities were idled and some were permanently closed. Use of corn-based sweeteners were hit particularly hard with the loss of business at bars, restaurants, and sporting events. And while there were increased sales of carbonated soft drinks at retail markets, those increases did not offset losses from other areas.

Looking forward, we see a light at the end of this pandemic tunnel. Vaccines are rolling out and infection rates appear to be on the decline. People will be driving more, eating out more, and attending more events as the months go by. There will be bumps along the way, but we have hope that life will begin to seem more normal with better days to come.

With regard to the ProGold plant, investments continue to be made. Repair of the finish dryer was completed and the phased replacement of the distributive control system continues to move forward and on schedule. There were no natural gas curtailments in 2020, in part due to a bypass Great Plains Natural Gas completed at Fergus Falls in late 2019. This improvement does not solve future natural gas needs in the Wahpeton area, however.

ProGold's current lease with Cargill continues through 2022 with the possibility of an additional year (through 2023). While Cargill's exclusive option to purchase 50% interest in the plant continues through 2021, ProGold will begin preparations for lease negotiations this year.

Mark Harless, Chairman

Scott Stofferahn, Executive V.P.

BALANCE SHEETS

Golden Growers Cooperative

December 31,

(in thousands)

2020

2019

ASSETS

Cash and Cash Equivalents	\$ 3,547	\$ 3,228
Short-Term Investments	3,438	1,807
Other Current Assets	<u>258</u>	<u>275</u>
Total Current Assets	7,243	5,310
Long-term Investments	1,743	3,220
Investment in ProGold Limited Liability Company	<u>16,976</u>	<u>18,059</u>
Total Assets	<u>\$ 25,962</u>	<u>\$ 26,589</u>

LIABILITIES AND MEMBERS' EQUITY

Current Liabilities		
Accounts Payable	\$ 2	\$ 2
Accrued Liabilities	<u>202</u>	<u>208</u>
Total Current Liabilities	204	210
Non-Current Liabilities	<u>-</u>	<u>-</u>
Members' Equity	25,758	26,379
Members' Equity		
Membership Units, Authorized 60,000,000 Units, Issued and Outstanding 15,490,480 as of December 31, 2020 and 2019		
Accumulated Other Comprehensive Income	<u>-</u>	<u>-</u>
Total Members' Equity	<u>25,758</u>	<u>26,379</u>
Total Liabilities and Members' Equity	<u>\$ 26,962</u>	<u>\$ 26,589</u>

See Notes to Financial Statements

STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

OPERATIONS

Golden Growers Cooperative (in thousands)	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Corn Revenue	\$ 50,563	\$ 54,296	\$ 50,102
Corn Expense	(50,606)	(54,336)	(50,152)
Net Income from ProGold Limited Liability Company	5,936	7,659	6,924
General & Administrative Expenses	<u>(500)</u>	<u>(565)</u>	<u>(535)</u>
Net Income from Operations	5,393	7,054	6,339
Other Income	<u>182</u>	<u>181</u>	<u>82</u>
Net Income Before Tax	<u>5,575</u>	<u>7,054</u>	<u>6,421</u>
Net Income	<u>\$ 5,575</u>	<u>\$ 7,235</u>	<u>\$ 6,421</u>
Weighted Average Shares/Units Outstanding	<u>15,490,480</u>	<u>15,490,480</u>	<u>15,490,480</u>
Earnings per Share/Membership Unit Primary and Fully Diluted	<u>\$ 0.36</u>	<u>\$ 0.47</u>	<u>\$ 0.41</u>

COMPREHENSIVE INCOME

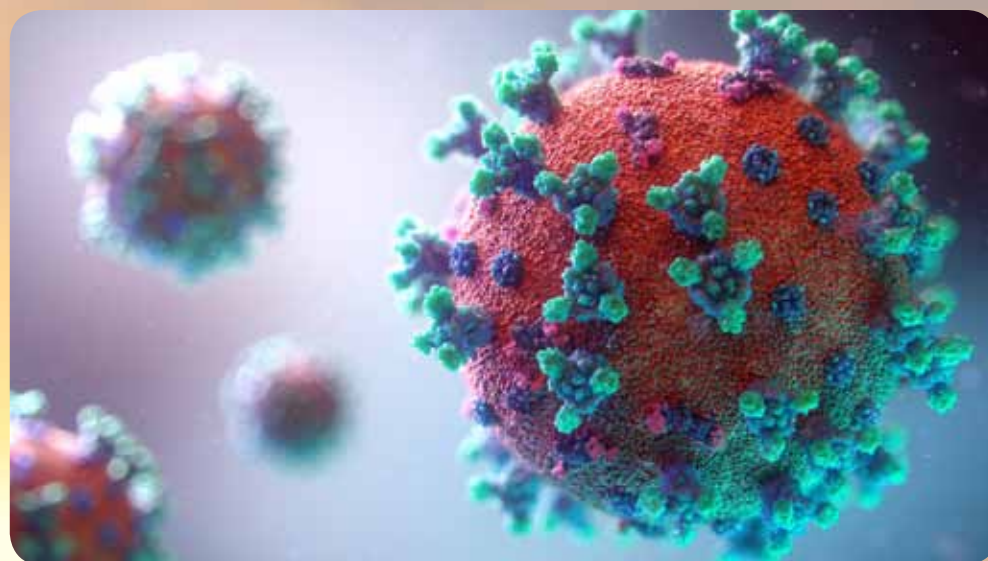
Golden Growers Cooperative (in thousands)	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Net Income	<u>\$ 5,575</u>	<u>\$ 7,235</u>	<u>\$ 6,421</u>
Comprehensive Income	<u>\$ 5,575</u>	<u>\$ 7,235</u>	<u>\$ 6,421</u>

See Notes to Financial Statements

STATEMENTS OF CHANGES IN MEMBERS' EQUITY

Golden Growers Cooperative

(in thousands)	Total Members' Equity
BALANCE, DECEMBER 31, 2017	\$ 26,246
Net Income	6,421
Member Distributions	(6,831)
Pension liability adjustment	-
BALANCE, DECEMBER 31, 2018	\$ 25,836
Net Income	7,235
Member Distributions	(6,692)
Pension liability adjustment	-
BALANCE, DECEMBER 31, 2019	\$ 26,379
Net Income	5,575
Member Distributions	(6,196)
Pension liability adjustment	-
BALANCE, DECEMBER 31, 2020	\$ 25,758



STATEMENT OF CASH FLOWS

Golden Growers Cooperative (in thousands)

	Year Ending December 31, 2020	Year Ending December 31, 2019	Year Ending December 31, 2018
Cash Flows from Operating Activities			
Net Income	\$ 5,575	\$ 7,235	\$ 6,421
Net (Income) from ProGold Limited Liability Company	(5,936)	(7,659)	(6,924)
Changes in Assets and Liabilities			
Other Current Assets	17	(31)	(26)
Accrued Liabilities and Payables	(6)	(3)	(13)
Net Cash Used in Operating Activities	(350)	(458)	(542)
Cash Flows from Investing Activities			
(Purchase) Sale of Investments	(154)	(106)	(4,701)
Distribution received from ProGold LLC	7,019	8,081	8,216
Net Cash Provided by Investing Activities	6,865	7,975	3,515
Cash Flows from Financing Activities			
Member Distributions Paid	(6,196)	(6,692)	(6,831)
Net Cash Used by Financing Activities	(6,196)	(6,692)	(6,831)
Increase (Decrease) in Cash and Cash Equivalents	319	825	(3,858)
Cash and Cash Equivalents, Beginning of Year	3,228	2,403	6,261
Cash and Cash Equivalents, End of Year	\$ 3,547	\$ 3,228	\$ 2,403



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 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

Significant Accounting Policies:

Investments – Effective January 1, 2018 the Cooperative 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 \$7.3 million and \$7.3 million as of December 31, 2020 and 2019, 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.

Leases – Effective January 1, 2019, the cooperative adopted ASU 2016-02 Leases the standard increases the transparency and comparability among organizations by requiring the recognition of right-of-use ("ROU") assets

and lease liabilities on the balance sheet. The standard did not have a significant impact on the Cooperative's financial statements.

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 reports the purchase price as the product of Method A bushels delivered during a month and the average purchase price for the month. If at the conclusion of the year, a Method A member fails to fully satisfy the corn delivery requirement, Cargill will purchase replacement corn. The member with a Method A shortfall will be responsible for a purchased corn fee payable

NOTE 2 - Continued

to Cargill and an agency fee determined by the Board of Directors for all bushels needed to complete their annual Method A delivery.

The Cooperative shall notify Cargill of the number of Method B bushels to be purchased during the quarter. Cargill will certify to the Cooperative that it has purchased the necessary Method B bushels. Method B corn revenue will be determined to be equal to the price paid. 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, 2020, the Cooperative's cash balance exceeded the FDIC insurance limits by approximately \$3.3 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):

	2020	December 31, 2019	2018
Current Assets	\$ 216	\$ 230	\$ 245
Long-Term Assets	39,700	38,962	38,643
Total Assets	\$ 39,916	\$ 39,192	\$ 38,888
Current Liabilities	\$ 3,106	\$ 5	\$ 5
Long-Term Liabilities	2,176	2,333	1,167
Total Liabilities	5,237	2,338	1,172
Members' Equity	34,643	36,854	37,716
Total Liabilities and Members' Equity	\$ 39,916	\$ 39,192	\$ 38,888
Rent Revenue on Operating Lease	\$ 16,293	\$ 19,085	\$ 17,571
Expenses	4,179	3,445	3,440
Net Income	\$ 12,114	\$ 15,630	\$ 14,131

NOTE 4 - INVESTMENTS

The Cooperative has determined fair value of its investments held to maturity based on Level 2 inputs (in thousands).

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Corporate Bonds	\$ -	\$ 4,848	\$ -	\$ 4,848
Money Market & CD's	-	441	-	441
	<u>\$ -</u>	<u>\$ 5,289</u>	<u>\$ -</u>	<u>\$ 5,289</u>
December 31, 2019				
Corporate Bonds	\$ -	\$ 4,772	\$ -	\$ 4,772
Money Market & CD's	-	336	-	336
	<u>\$ -</u>	<u>\$ 5,108</u>	<u>\$ -</u>	<u>\$ 5,108</u>

The Cooperative's investments held to maturity are as follows as of December 31, 2020 and 2019 (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2020				
Corporate Bonds	\$ 4,740	\$ 113	\$ (5)	\$ 4,848
Money Market & CD's	441	-	-	441
	<u>\$ 5,181</u>	<u>\$ 113</u>	<u>\$ (5)</u>	<u>\$ 5,289</u>
December 31, 2019				
Corporate Bonds	\$ 4,691	\$ 81	\$ -	\$ 4,772
Money Market & CD's	336	-	-	336
	<u>\$ 5,027</u>	<u>\$ 81</u>	<u>\$ -</u>	<u>\$ 5,108</u>

Corporate bond maturities are as follows as of December 31, 2020 (in thousands):

	Net Carrying Amount	Fair Value
Due in 1 Year or Less	\$ 2,997	\$ 3,022
Due in 2 to 5 Years	1,536	1,624
Due in 6-10 Years	207	202
	<u>\$ 4,740</u>	<u>\$ 4,848</u>

**Iowa Included In Federal
Investigation Into Meat Packing
Plant Virus Outbreaks**

Iowa Public Radio News | By Cassidy Arena
Published February 1, 2021 at 2:50 PM CST



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, 2020 and 2019. 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, 2020, 2019 and 2018.



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, 2020, 2019 and 2018, the pension expenses were \$1,000, \$0, and \$4,000, respectively.

As of December 31, 2019, 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 benchmark yields, reported trades, broker/dealer quotes and others. There has been no changes in valuation techniques and inputs in 2020, 2019 and 2018.

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

	2020	2019
Discount Rate	3.50%	4.50%
Expected Return on Plan Assets	5.07%	5.45%
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
2021	55
2022	55
2023	50
2024	49
2025	49
2026-2030	<u>239</u>
Total	<u>\$ 497</u>

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

NEWS

**Minneapolis Fed: COVID-19 vaccinations
will spur return to normal**

NOTE 6 - Continued

The following schedules provide the components of the Net Periodic Pension Costs for the periods ended December 31, 2020, 2019, and 2018 (in thousands):

	2020	December 31, 2019	2018
Interest Cost	\$ 25	\$ 26	\$ 32
Expected Return on Plan Assets	(46)	(44)	(38)
Amortization of Net (Gain) Loss	-	-	77
Net Periodic Pension Cost	\$ (21)	\$ (18)	\$ 71

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, 2020 and 2019 and a statement of the funded status and amounts recognized in the Balance Sheets and Accumulated Other Comprehensive Income as of December 31, 2020 and 2019 (in thousands):

Change in Benefit Obligation	2020	December 31, 2019
Obligation at the Beginning of the Period	\$ 784	\$ 734
Service Cost	-	-
Interest Cost	26	32
Actuarial (Gain) Loss	(3)	73
Benefits Paid	(55)	(55)
Obligation at the End of the Period	\$ 752	\$ 784
Change in Plan Assets		
Fair Value at the Beginning of the Period	844	766
Actual Returns on Plan Assets	145	133
Employer Contributions	1	-
Benefits Paid	(55)	(55)
Fair Value at the End of the Period	\$ 935	\$ 844
Funded Status		
Funded Status as of Period Ended	\$ 183	\$ 60
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 \$6,829, \$6,931, and \$6,602 for the years ended December 31, 2020, 2019 and 2018, 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 2020. 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, 2022. 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, 2020.

NOTE 9 - SUBSEQUENT EVENTS

In February of 2021, the Cooperative declared a distribution of \$2,013,762, or \$0.13 per outstanding membership unit.

Management has reviewed subsequent events through March 6, 2021 the date to which the financial statements were available to be issued and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.



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12 hrs ago



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Jessica Schiadebeck · 2 hrs ago



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

Fiscal Year:
January 1 through December 31

Annual Meeting:
March 25, 2021
By Remote Communication

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