

Unsettled

Lingering Effects of the Pandemic

2022 Annual Report



HIGHLIGHTS	<i>Year Ended Dec. 31, 2022</i>	Year Ended Dec. 31, 2021	Year Ended Dec. 31, 2020
Total Members' Equity	<i>\$27,921,000</i>	\$27,747,000	\$25,758,000
Income from ProGold LLC	<i>\$6,751,000</i>	\$8,418,000	\$5,936,000
Net Income	<i>\$6,680,000</i>	\$8,030,000	\$5,575,000
Earnings per Unit	<i>\$0.43</i>	\$0.52	\$0.36

Financial Review

Golden Growers Cooperative is an agricultural cooperative owned by 1480 members who reside primarily in Minnesota, North Dakota, and South Dakota. The cooperative was created in 1994 with the goal of adding value to members' corn by processing it into value added products. Until recently, Golden Growers owned 49% and American Crystal Sugar Company of Moorhead, Minnesota owned 51% interest in ProGold, LLC. On March 1st 2022, Cargill, Inc. and Golden Growers became 50/50 partners in ProGold, LLC.

Effective March 1st, 2022, ProGold, LLC amended its lease agreement with Cargill Inc. to operate the ProGold corn wet-milling facility through December 31st, 2026. Under this agreement, ProGold retains ownership of the facility and receives rent of \$15.5 million for 2022-3, \$16 million for 2024-6. ProGold will commit infrastructure maintenance spending of \$750,000 per year for 2022-3 and \$500,000 per year for 2024-6. Cargill will deploy capital for several approved projects. They will hold a leasehold interest in these capital projects and receive the benefit of depreciation during the lease period.

Under certain conditions, Golden Growers and Cargill may enter into an integrated JV agreement to operate the facility. If Cargill and Golden Growers achieve an integrated Joint Venture agreement, Golden Growers will reimburse Cargill for 50% of the undepreciated capital expense associated with those approved projects. If conditions do not occur OR if Cargill Inc. and Golden Growers are unable to agree on an integrated JV agreement, Cargill will purchase Golden Growers interest in ProGold for \$81,000,000 plus half of any remaining lease payments.

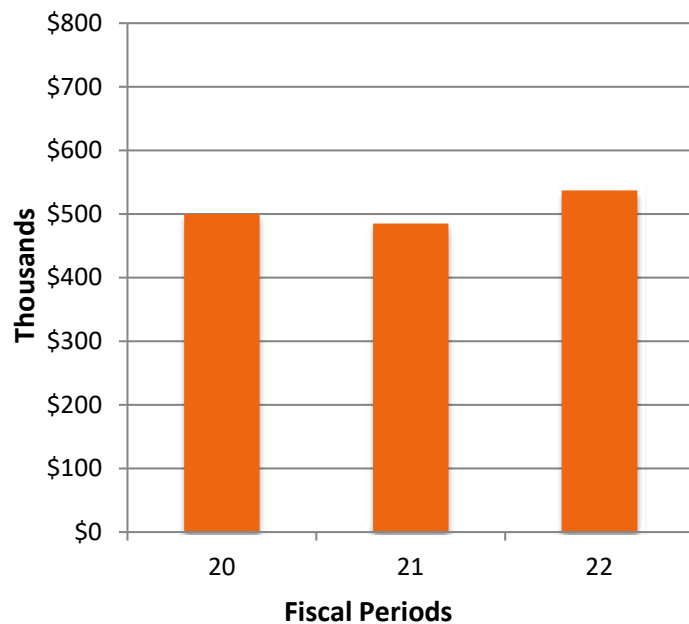
Golden Growers is registered as a Minnesota cooperative governed by Minnesota statute 308B. The financial reports presented in this document reflect audited financial reports for the periods ending December 31, 2022, 2021, and 2020.

For the year ended December 31, 2022, Golden Growers had net income of \$6,680,000, compared with \$8,030,000 for 2021, and \$5,575,000 for 2020.

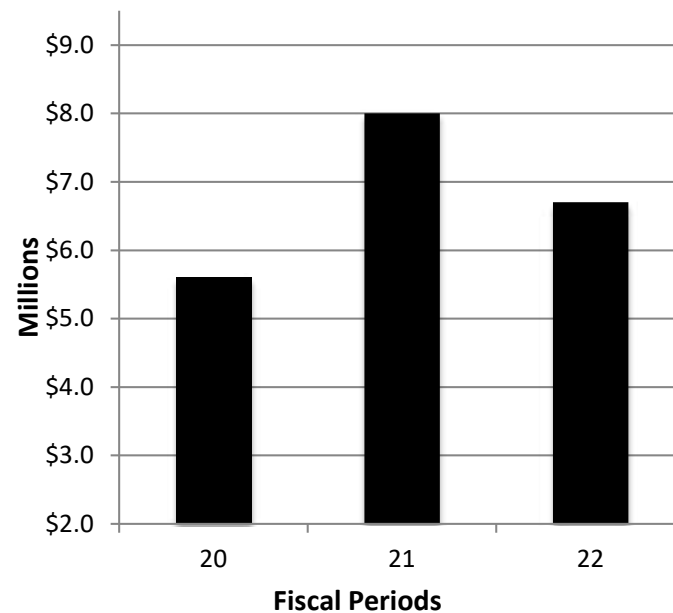
Until recently, ProGold's fiscal year ended on August 31st. Adjusted for the calendar year, ProGold's net income for the twelve months ending December 31 of 2022 was \$13,549,000 compared to \$17,180,000 for calendar year 2021, and \$12,114,000 for calendar year 2020.

Decreased net income for Golden Growers and ProGold are primarily attributable to decreased supplemental lease income in 2022 compared to 2021.

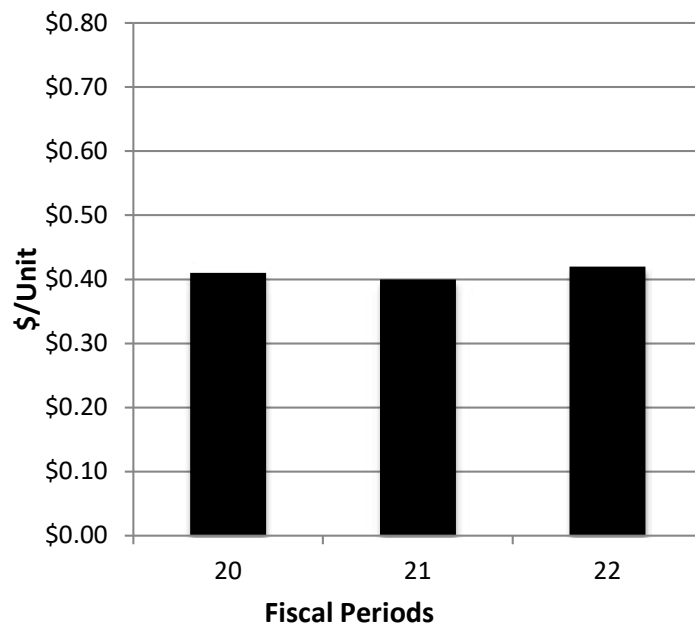
General & Admin Expenses



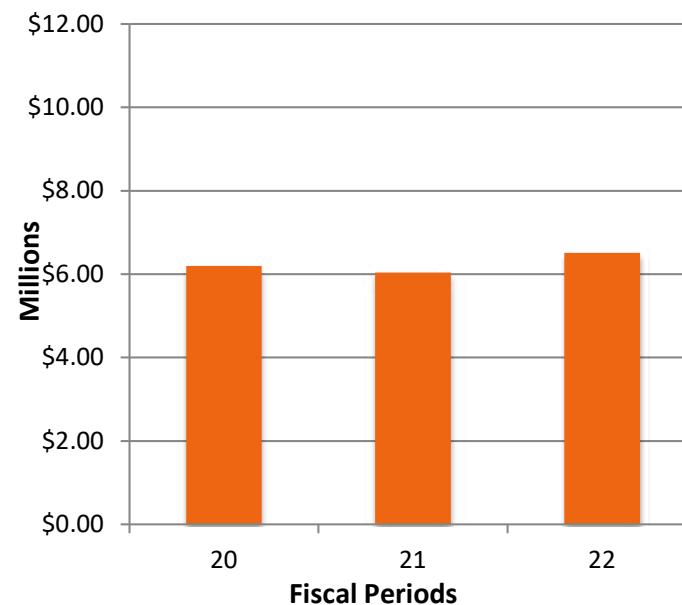
Net Earnings



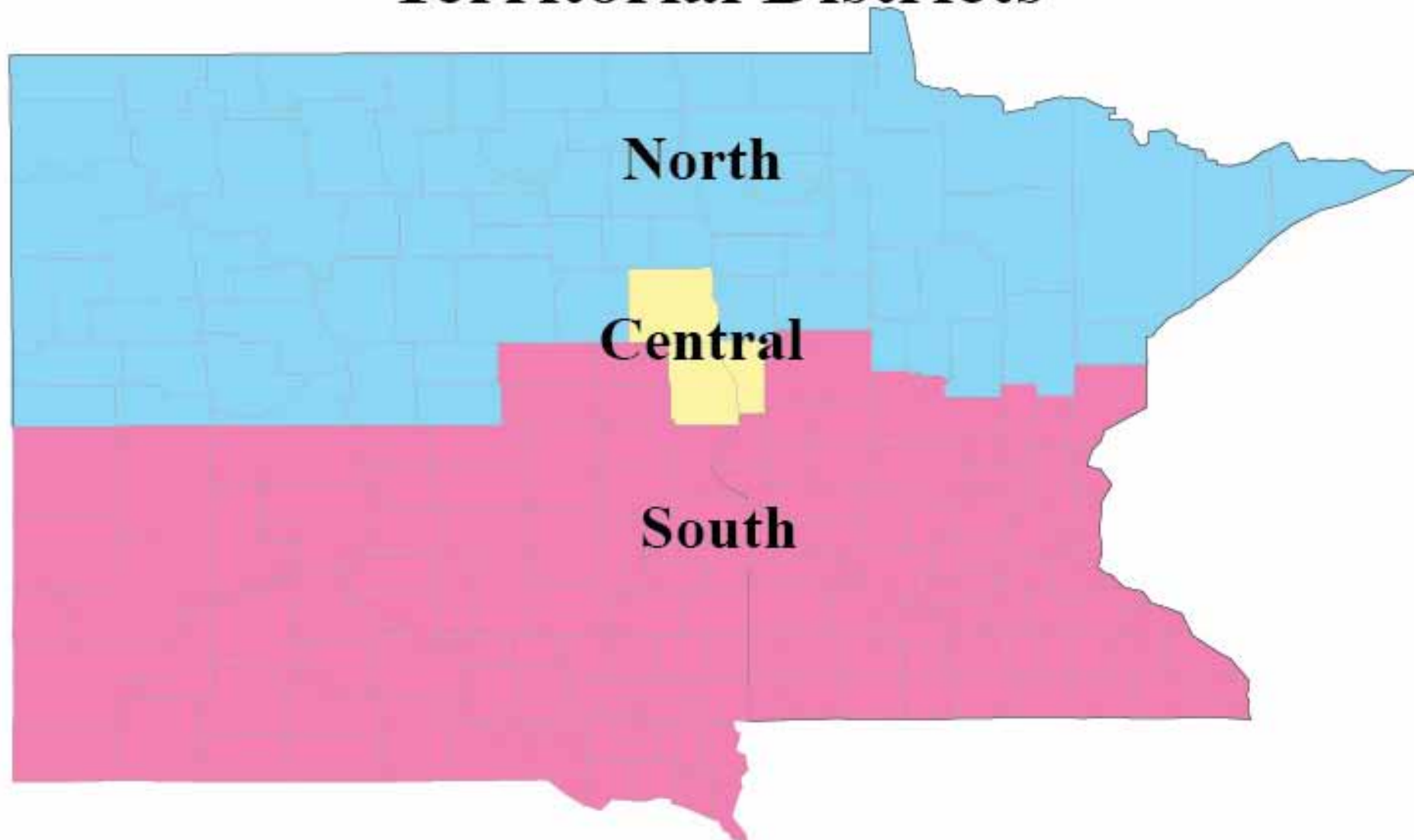
Distributions Per Unit



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



Blane Benedict
Sabin, MN



Mark Harless
Borup, MN
Chairperson

Central



Brett Johnson
Mooreton, ND
First Vice-Chair



Chris Johnson
Breat Bend, ND



Scott Stofferahn
Executive Vice President

South



Richard Bot
Minneota, MN



Larry Vipond
Herman, MN
Treasurer

At Large



Matt Hasbargen
Fargo, ND
Secretary



Scott Jetvig
Hawley, MN
Second Vice-Chair



Brady Koehl
Hancock, MN



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Audit Committee, Board of Directors and Members
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, 2022 and 2021, 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, 2022, 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, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, 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

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgements. We determined that there are no critical audit matters.

A handwritten signature in black ink that reads 'Widmer Roel PC'.

Widmer Roel, PC

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

Fargo, ND
March 8, 2023



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

Unsettled - Lingering Effects of the Pandemic

The corn refining industry has emerged from the difficult days of the pandemic in a strong position. High Fructose Corn Syrup (HFCS) has recovered from the pandemic related restrictions for restaurants and events. Higher prices for corn have resulted in corresponding increases in HFCS prices and demand remains strong.

Despite positive signs of recovery for the industry, lasting impacts of the pandemic present challenges to agricultural processing. Rail transportation, supply chain, inflation, a tight labor market and the ongoing war in Ukraine all contribute to an unsettled environment.

At the height of the pandemic, class I railroads furloughed a significant portion of their workforce and parked equipment. When things began to turn around, many of those furloughed employees were no longer available. Remaining employees found themselves stretched thin and their unions pushed hard for a better work-life balance with demands for improved work rules, staffing, and schedules. In December, to avoid a major blow to the economy, Congress voted to impose a September tentative labor agreement.

Since December, class I railroads have made some progress in hiring and training more employees and placing more equipment in service. However, ports and rail yards continue to suffer from congestion, and timely delivery of rail cars often results in curtailing of production in locations like Wahpeton.

A whole host of goods that U.S. companies rely on are often in short supply and at inflated prices due to Chinese lockdowns of cities and factories. Tight labor markets have made it difficult for businesses of all types to fill positions critical to returning to pre-pandemic activity. And the war in Ukraine significantly fueled food inflation over the past year.

While the world remains a bit unsettled due to the lingering effects of the pandemic, some things appear to be calm and steady.

For instance, one year ago we announced our new partnership with Cargill and Golden Growers as fifty-fifty owners of the ProGold plant in Wahpeton. That significant event started Golden Growers on a path toward a different future, one that holds both possibilities and a promise. Possibilities include a potential future where Golden Growers members would share in the profits and losses in the processing of their corn in the same manner as originally envisioned when they invested in the plant nearly thirty years ago. If that future does not come to pass, members have the promise that Cargill will purchase their interest in the facility for a set amount of \$81 million in late 2026.

We can report that our partnership in ProGold has been a positive experience. Cargill and Golden Growers have an open line of communication and our operational and financial interactions have been open and transparent. While the future of ProGold LLC and Golden Growers remains uncertain, we are encouraged by our experience in this partnership over the past year.

Mark Harless, Chairman

Scott Stofferahn, Executive V.P.

BALANCE SHEETS**Golden Growers Cooperative****December 31,**

(in thousands)

2022**2021****ASSETS**

Current Assets

Cash and Cash Equivalents

\$ 2,146 \$ 1,595

Short-Term Investments

4,720 4,290

Other Current Assets

308 255

Total Current Assets

7,141 6,140

Long-term Investments

2,352 1,009

Investment in ProGold Limited Liability Company

18,333 20,803

Total Assets

\$ 27,859 \$ 27,952**LIABILITIES AND MEMBERS' EQUITY**

Current Liabilities

Accounts Payable

\$ - \$ 1

Accrued Liabilities

205 204

Total Current Liabilities

205 205

Members' Equity

Members' Equity

27,921 27,747

Membership Units, Authorized 60,000,000 Units, Issued
and Outstanding 15,490,480 as of December 31, 2022 and 2021

Accumulated Other Comprehensive Loss

(267) -

Total Members' Equity

27,654 27,747

Total Liabilities and Members' Equity

\$ 27,859 \$ 27,952

STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

OPERATIONS

Golden Growers Cooperative (in thousands)	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020
Corn Revenue	\$ 107,409	\$ 89,565	\$ 50,563
Corn Expense	(107,451)	(89,605)	(50,606)
Net Income from ProGold Limited Liability Company	6,751	8,418	5,936
General & Administrative Expenses	<u>(537)</u>	<u>(485)</u>	<u>(500)</u>
Net Income from Operations	6,172	7,893	5,393
Other Income	<u>508</u>	<u>137</u>	<u>182</u>
Net Income	<u>\$ 6,680</u>	<u>\$ 8,030</u>	<u>\$ 5,575</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>\$ 0.43</u>	<u>\$ 0.52</u>	<u>\$ 0.36</u>

COMPREHENSIVE INCOME

Golden Growers Cooperative (in thousands)	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020
Net Income	\$ 6,680	\$ 8,030	\$ 5,575
Unrealized loss on investments	<u>(267)</u>	<u>-</u>	<u>-</u>
Comprehensive Income	<u>\$ 6,413</u>	<u>\$ 8,030</u>	<u>\$ 5,575</u>

See accompanying Report of Independent Registered Public Accounting Firm and Notes to Financial Statements

STATEMENTS OF CHANGES IN MEMBERS' EQUITY

Golden Growers Cooperative (in thousands)	Total Members' Equity
BALANCE, DECEMBER 31, 2019	\$ 26,379
Net Income	5,575
Member Distributions	(6,196)
Unrealized loss on investments	-
BALANCE, DECEMBER 31, 2020	\$ 25,758
Net Income	8,030
Member Distributions	(6,041)
Unrealized loss on investments	-
BALANCE, DECEMBER 31, 2021	\$ 27,747
Net Income	6,680
Member Distributions	(6,506)
Unrealized loss on investments	(267)
BALANCE, DECEMBER 31, 2022	\$ 27,654

STATEMENTS OF CASH FLOWS

Golden Growers Cooperative

(in thousands)

For the Years Ended December 31

2022

2021

2020

Cash Flows from Operating Activities

Net Income	\$ 6,680	\$ 8,030	\$ 5,575
Net (Income) from ProGold LLC	(6,751)	(8,418)	(5,936)
Realized (Gain) Loss - Investments	(286)	-	-
Changes in Assets and Liabilities			
Other Current Assets	(53)	3	17
Accrued Liabilities and Payables	-	1	(6)
Net Cash Used in Operating Activities	<u>(410)</u>	<u>(384)</u>	<u>(350)</u>

Cash Flows from Investing Activities

(Purchase) Sale of Investments	(2,039)	(116)	(154)
Investment in ProGold LLC	(89)	-	-
Distribution received from ProGold LLC	<u>9,595</u>	<u>4,589</u>	<u>7,019</u>
Net Cash Provided by Investing Activities	<u>7,467</u>	<u>4,473</u>	<u>6,865</u>

Cash Flows from Financing Activities

Member Distributions Paid	<u>(6,506)</u>	<u>(6,041)</u>	<u>(6,196)</u>
Net Cash Used by Financing Activities	<u>(6,506)</u>	<u>(6,041)</u>	<u>(6,196)</u>

Increase (Decrease) in Cash and Cash Equivalents

	551	(1952)	319
Cash and Cash Equivalents, Beginning of Year	<u>1,595</u>	<u>3,547</u>	<u>3,228</u>

Cash and Cash Equivalents, End of Year	<u>\$ 2,146</u>	<u>\$ 1,595</u>	<u>\$ 3,547</u>
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Supplemental Schedule of Non-Cash and Investing Activity

Investing Activity			
Unrealized Gain(Loss) on Investments	\$ (267)	\$ -	\$ -

See accompanying Report of Independent Registered Public Accounting Firm and 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"). Effective March 1, 2022, Cargill exercised its Option to purchase 50% interest in ProGold from American Crystal Sugar. Simultaneously with the exercise of the Option, the Cooperative, pursuant to the Consent Agreement, elected to purchase American Crystal's remaining 1% interest in ProGold. Under the joint venture, GG-ND (and indirectly its members) had the right and obligation to deliver corn to be processed at the Facility. In 1997, the Facility was leased to Cargill Incorporated ("Cargill") who continues to operate the Facility. In connection with the Option exercise, ProGold and Cargill entered into that certain First Amended and Second Amended and Restated Facility lease, effective March 1, 2022, which extended the term of the Facility Lease through December 31, 2026.

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 — The Cooperative's investment in corporate bonds are held to maturity and recorded at amortized cost. The Cooperative's investment in fixed income funds are recorded at fair value. 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 and overnight sweep accounts to be cash equivalents. 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 — Golden Growers Cooperative is 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. The Cooperative's net financial basis in its assets and liabilities exceeded its tax basis by approximately \$8.3 million and \$7.3 million as of December 31, 2021 and 2020, 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 — Revenue from marketing of members' corn is recognized as a point in time upon delivery of the corn to 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, 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 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, 2021, the Cooperative's cash balance exceeded the FDIC insurance limits by approximately \$1.3 million.

NOTE 2 - Continued

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

For the years 2020, and 2021, and the first two months of 2022, the Cooperative had a 49% ownership interest in ProGold LLC. For the last ten months of 2022, the Cooperative had a 50% ownership in ProGold LLC. Following is summary financial information for ProGold LLC. (in thousands):

	2022	December 31, 2021	2020
Current Assets	\$ 223	\$ 4,873	\$ 216
Long-Term Assets	<u>36,475</u>	<u>43,320</u>	<u>39,700</u>
Total Assets	<u>\$ 48,193</u>	<u>\$ 48,193</u>	<u>\$ 39,916</u>
Current Liabilities	\$ 31	\$ 3,903	\$ 3,106
Long-Term Liabilities	<u>-</u>	<u>1,833</u>	<u>2,176</u>
Total Liabilities	31	5,736	5,237
Members' Equity	<u>36,667</u>	<u>42,457</u>	<u>34,643</u>
Total Liabilities and Members' Equity	<u>\$ 36,698</u>	<u>\$ 48,193</u>	<u>\$ 39,916</u>
Rent Revenue on Operating Lease	\$ 17,468	\$ 21,045	\$ 16,293
Expenses	<u>3,919</u>	<u>3,865</u>	<u>4,179</u>
Net Income	<u>\$ 13,549</u>	<u>\$ 17,180</u>	<u>\$ 12,114</u>

NOTE 4 - INVESTMENTS

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

	Level 1	Level 2	Level 3	Total
December 31, 2022				
Corporate Bonds - Held to Maturity	\$ -	\$ 4,461	\$ -	\$ 4,461
Fixed Income Funds	-	2,453	-	2,453
Money Market & CD's	-	75	-	75
	<u>\$ -</u>	<u>\$ 6,989</u>	<u>\$ -</u>	<u>\$ 6,989</u>
December 31, 2021				
Corporate Bonds - Held to Maturity	\$ -	\$ 2,227	\$ -	\$ 2,227
Fixed Income Funds	-	2,619	-	2,619
Money Market & CD's	-	448	-	448
	<u>\$ -</u>	<u>\$ 5,294</u>	<u>\$ -</u>	<u>\$ 5,294</u>

The Cooperative's investments are as follows as of December 31, 2022 and 2021 (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2022				
Corporate Bonds - Held to Maturity	\$ 4,544	\$ 1	\$ (84)	\$ 4,461
Fixed Income Funds	2,720	-	(267)	2,453
Money Market & CD's	75	-	-	75
	<u>\$ 7,339</u>	<u>\$ 1</u>	<u>\$ (351)</u>	<u>\$ 6,989</u>
December 31, 2021				
Corporate Bonds - Held to Maturity	\$ 2,232	\$ 41	\$ (46)	\$ 2,227
Fixed Income Funds	2,619	-	-	2,619
Money Market & CD's	448	-	-	448
	<u>\$ 5,299</u>	<u>\$ 41</u>	<u>\$ (46)</u>	<u>\$ 5,294</u>

Corporate bond maturities are as follows as of December 31, 2022 (in thousands):

	Net Carrying Amount	Fair Value
Due in 1 Year or Less	\$ 2,191	\$ 2,171
Due in 2 to 5 Years	1,741	1,703
Due in 6-10 Years	642	587
	<u>\$ 4,544</u>	<u>\$ 4,461</u>

NOTE 4 - INVESTMENTS, Continued

The following table shows the gross unrealized losses and fair value of the Cooperative's Securities with unrealized losses that are not deemed to have credit losses, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2022 and 2021:

	Less than 12 months		More than 12 months	
	Fair Value	Gross Unrealized Gains	Fair Value	Gross Unrealized Gains
December 31, 2022				
Corporate Bonds - Held to Maturity	\$ 3,612	\$ (68)	\$ 282	\$ (16)
Fixed Income Funds - Available for Sale	-	-	2,453	(267)
	<u>\$ 3,612</u>	<u>\$ (68)</u>	<u>\$ 2,735</u>	<u>\$ (283)</u>
December 31, 2021				
Corporate Bonds - Held to Maturity	<u>\$ 739</u>	<u>\$ (46)</u>	<u>\$ -</u>	<u>\$ -</u>

The Cooperative has determined that unrealized losses are deemed to be temporary impairments as of December 31, 2022 and 2021. The Cooperative believes that the unrealized losses generally are caused by interest rate increases and increases in the risk premiums required by market participants rather than an adverse change in cash flows or a fundamental weakness in the credit quality of the issuer or underlying assets.

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, 2022 and 2021. 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, 2022, 2021 and 2020.

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, 2022, 2021 and 2020, the pension expenses were \$0, \$0, and \$1,000, respectively.

In December 2022, the Cooperative approved a resolution to terminate the plan on March 31, 2023. The process of terminating the plan includes the purchase of annuities from the assets of the plan to satisfy payment of vested benefits to participants as prescribed by the Pension Benefit Guarantee Corporation's standard termination process. As of December 31, 2022, the pension plan was funded as required by the funding standards set forth by the Employee Retirement Income Security Act (ERISA). While there are currently sufficient funds to purchase annuities for the plan's two (2) participants to pay all of the benefits owed under the plan, if conditions worsen, the Cooperative is liable to pay the difference between the pension assets and the cost of annuities for participants to cover all benefit liabilities. The Cooperative anticipates that the process of terminating the plan will conclude in July 2024.

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 I 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 2022, 2021 and 2020.

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

	2022	2021
Discount Rate	4.50%	3.50%
Expected Return on Plan Assets	2.91%	4.27%
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):

	<u>Expected Benefits Payments</u>
2023	51
2024	49
2025	49
2026	49
2027	49
2028-2032	<u>237</u>
Total	<u>\$ 484</u>

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, 2022, 2021, and 2020 (in thousands):

	<u>December 31,</u>		
	2022	2021	2020
Interest Cost	\$ 27	\$ 24	\$ 25
Expected Return on Plan Assets	(19)	(38)	(46)
Amortization of Net (Gain) Loss	<u>2</u>	<u>-</u>	<u>-</u>
Net Periodic Pension Cost	<u>\$ 10</u>	<u>\$ (14)</u>	<u>\$ (21)</u>

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, 2022 and 2021 and a statement of the funded status and amounts recognized in the Balance Sheets and Accumulated Other Comprehensive Income as of December 31, 2022 and 2021 (in thousands):

	<u>December 31,</u>	
	2022	2021
Change in Benefit Obligation		
Obligation at the Beginning of the Period	\$ 718	\$ 752
Service Cost	-	-
Interest Cost	24	25
Actuarial (Gain) Loss	(51)	(4)
Benefits Paid	<u>(55)</u>	<u>(55)</u>
Obligation at the End of the Period	<u>\$ 636</u>	<u>\$ 718</u>
Change in Plan Assets		
Fair Value at the Beginning of the Period	935	935
Actual Returns on Plan Assets	(151)	30
Employer Contributions	-	-
Benefits Paid	<u>(55)</u>	<u>(55)</u>
Fair Value at the End of the Period	<u>\$ 704</u>	<u>\$ 910</u>
Funded Status		
Funded Status as of Period Ended	<u>\$ 168</u>	<u>\$ 193</u>
Net Amount Recognized	<u>\$ -</u>	<u>\$ -</u>

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 \$7,325, \$6,959, and \$6,829 for the years ended December 31, 2022, 2021 and 2020, 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 2022. The contract continues through 2026.

On February 28, 2022, the Cooperative and Cargill entered into an operating agreement for ProGold. If a defined triggering event occurs, the Cooperative and Cargill will expeditiously and in good faith work together to finalize a joint venture agreement for the structure, governance and operation of ProGold according to certain operating principles and other guideline terms. If a joint venture agreement is agreed to, the Cooperative will reimburse Cargill for 50% of the undepreciated capital expense associated with approved projects. If the Cooperative and Cargill are unable to agree on terms for a joint venture agreement, Cargill agrees to purchase the Cooperative's 50% interest in ProGold for \$81 million and half of any remaining lease payments due through December 31, 2026.

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, 2024. 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, 2022 and 2021.

NOTE 9 - SUBSEQUENT EVENTS

In February of 2023, the Cooperative declared a distribution of \$2,478,476 or \$0.16 per outstanding membership unit.

Management evaluated all other activity of the Company through March 8, 2023, the date to which the financial statements were available to be issued, and concluded that, other than the matters described above, no other subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.



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

Fiscal Year:
January 1 through December 31

Annual Meeting:
March 24, 2022
DoubleTree by Hilton, West Fargo

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