Golden Growers Cooperative

2023 Annual Report

Due Diligence

Examining Possibilities & Probabilities

HIGHLIGHTS	Year Ended Dec. 31, 2023	Year Ended Dec. 31, 2022	Year Ended Dec. 31, 2021
Total Members' Equity	$26,403,000	$27,654,000	$27,747,000
Income from ProGold LLC	$6,084,000	$6,751,000	$8,418,000
Net Income	$5,331,000	$6,680,000	$8,030,000
Earnings per Unit	$0.34	$0.43	$0.52

Financial Review

Golden Growers Cooperative is an agricultural cooperative owned by 1462 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.

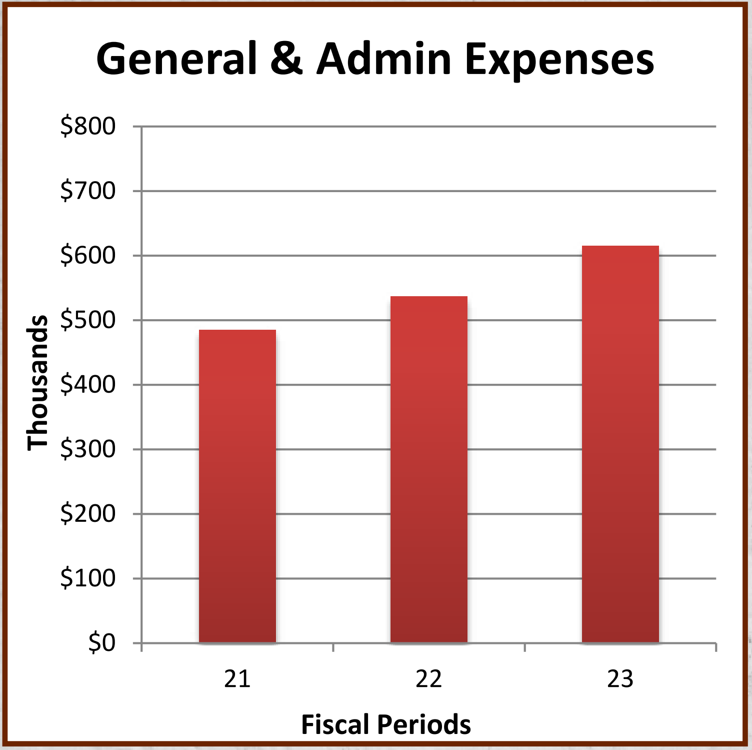
Effective March 1st, 2022, ProGold, LLC amended its lease agreement with Cargill Inc. to operate the ProGold corn wet-milling facility through December 31st, 2026. Under this agreement, ProGold retains ownership of the facility and receives rent of $15.5 million for 2022-3, $16 million for 2024-6. ProGold 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.

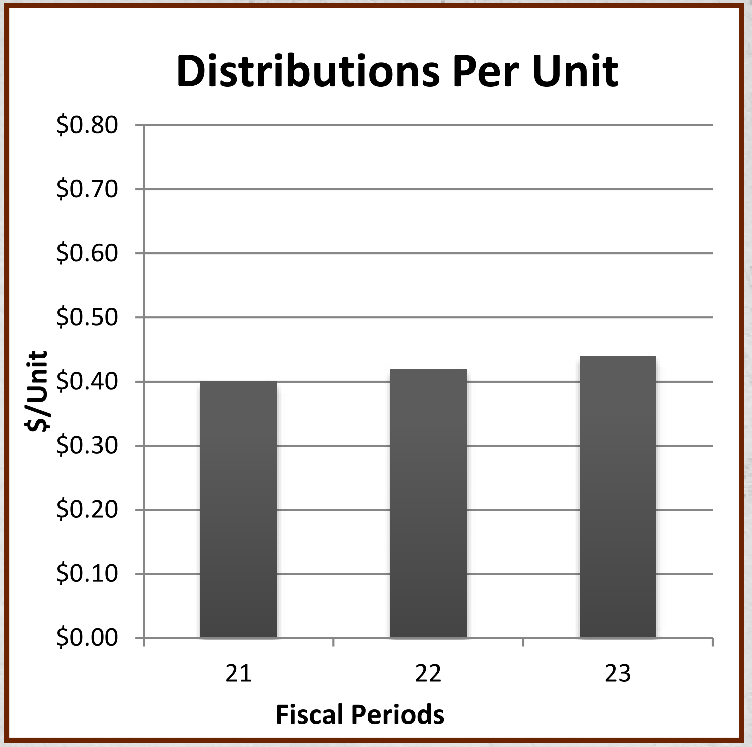
Under certain conditions, Golden Growers and Cargill may enter into an integrated JV agreement to operate the facility. If Cargill and Golden Growers achieve an integrated Joint Venture agreement, Golden Growers will reimburse Cargill for 50% of the undepreciated capital expense associated with those 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.

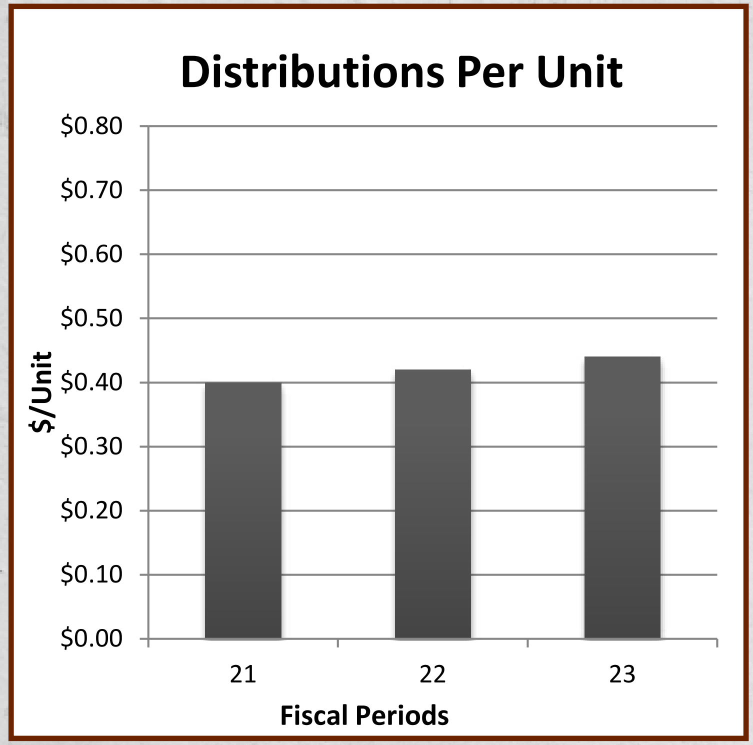
Golden Growers is registered as a Minnesota cooperative governed by Minnesota statute 308B. The financial reports presented in this document reflect audited financial reports for the periods ending December 31, 2023, 2022, and 2021.

For the year ended December 31, 2023, Golden Growers had net income of $5,331,000, compared with a net income of $6,680,000for 2022, and $8,030,000 for 2021.

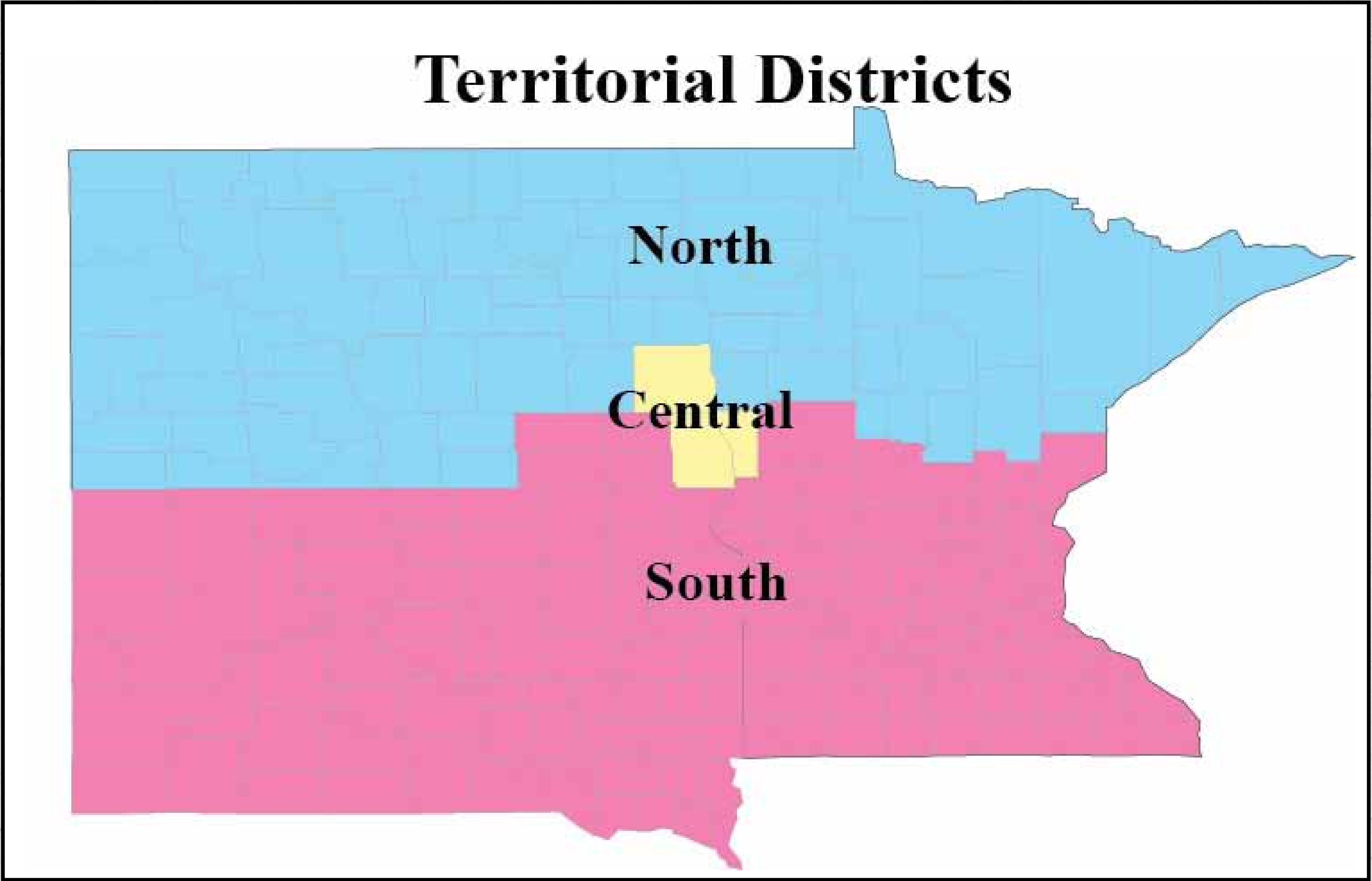
ProGold's net income for the twelve months ending December 31 of 2023 was $12,169,000 compared to $13,549,000 for calendar year 2022, and $17,180,000 for calendar year 2021. Decreased net income for Golden Growers and ProGold are primarily attributable to decreased supplemental lease income in 2023 compared to 2022.


General & Admin Expenses
$800
$700
$600
$500
$400
$300
$200
$100
$0
Thousands
21
22
23
Fiscal Periods


Distributions Per Unit
$0.80
$0.70
$0.60
$0.50
$0.40
$0.30
$0.20
$0.10
$0.00
$/Unit
21
22
23
Fiscal Periods


Distributions Per Unit
$0.80
$0.70
$0.60
$0.50
$0.40
$0.30
$0.20
$0.10
$0.00
$/Unit
21
22
23
Fiscal Periods

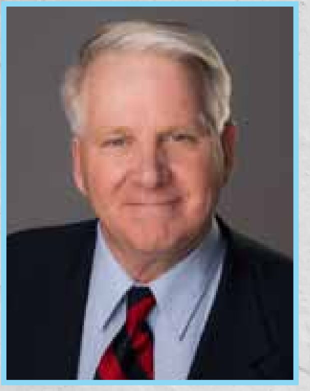

Distributions to Members
$12.00
$10.00
$8.00
$6.00
$4.00
$2.00
$0.00
Millions
21
22
23
Fiscal Periods



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

David Kragnes
Felton, MN

Central

Brett Johnson
Mooreton, ND
Chairman

Nicolas Pyle
Casselton, 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

WIDMER ROEL
CPAs • BUSINESS ADVISORS

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, 2023 and 2022, 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, 2023, 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, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, 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 these 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.

Widmer Roel PC

Widmer Roel, PC

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

Fargo, ND
March 12, 2024

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

Due Diligence - Examining Possibilites and Probabilities

At the conclusion of last year's annual meeting, your Board began examining what Golden Growers may face in is the next three years.

For the most part, we discussed the probability of achieving a long-term joint venture with Cargill OR a buyout of Golden Growers interest at the end of 2026 for an agreed upon price of $81 million.

As we thought about our situation, we wondered if the future of Golden Growers had to be a binary decision. Should explore other options for our members if no agreement with Cargill is reached.

Therefore, we spent much of the last year looking at options and potential outcomes.

If Cargill would buy Golden Growers out, could the cooperative continue by becoming involved in a different enterprise for the benefit of our members? Starting an agricultural processing facility from scratch would be unrealistic due to cost and timing. Most likely, we would need to look at existing operations and evaluate if we could become an equity partner. It would need to process a crop raised by our members and in a location that could allow continued cooperative status through member deliveries. And any enterprise would need to deliver equal or better revenue to our members compared to the current situation. These would be high hurdles, but not entirely impossible.

There are Securities and Exchange Commission issues as well. How would the SEC view the transition from one business enterprise to another? Would it be possible to discontinue SEC reporting?

We considered the demographics of our members. While some might welcome participation in a different enterprise, others may simply want to 'cash out' and walk away. Could we give members the 'option' of taking payment or continuing into a different processing venture? If we gave members the option, would remaining assets be enough to invest in a viable enterprise.

After some rather in-depth discussions and evaluations, the Board determined that it would not be possible to consider an alternative enterprise if Cargill bought Golden Growers interest in ProGold.

This determination led us to spend considerable time reviewing member tax consequences of a sale. That discussion is ongoing and we continue to review any actions we might take that might be beneficial.

Finally, we discussed the process of dissolving Golden Growers Cooperative. What would be the timeline? When would the membership vote on a dissolution plan?

Although our discussions revolved around numerous 'what if' scenarios, we felt it was our obligation to look at every option available so that we could assure our members that we've done our homework related to any alternative we might face.

Brett Johnson, Chairman

Scott Stofferahn, Executive V.P.

BALANCE SHEETS

Golden Growers Cooperative

(in thousands)	December 31, 2023	2022
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 2,097	$ 2,146
Short-Term Investments	4,548	4,720
Other Current Assets	318	308
Total Current Assets	6,963	7,141
Long-term Investments	2,788	2,352
Investment in ProGold Limited Liability Company	17,073	18,333
Total Assets	$ 26,824	$ 27,859
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts Payable	$ -	$ -
Accrued Liabilities	421	205
Total Current Liabilities	421	205
Members' Equity		
Members' Equity	26,436	27,921
Membership Units, Authorized 60,000,000 Units, Issued and Outstanding 15,490,480 as of December 31, 2022 and 2021		
Accumulated Other Comprehensive Loss	(33)	(267)
Total Members' Equity	26,403	27,654
Total Liabilities and Members' Equity	$ 26,824	$ 27,859

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

STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

OPERATIONS

Golden Growers Cooperative (in thousands)	**Year Ended December 31, 2023**	**Year Ended December 31, 2022**	**Year Ended December 31, 2021**
Corn Revenue	$ 88,019	$ 107,409	$ 89,565
Corn Expense	(88,278)	(107,451)	(89,605)
Net Income from ProGold Limited Liability Company	6,084	6,751	8,418
General & Administrative Expenses	(615)	(537)	(485)
Net Income from Operations	5,210	6,172	7,893
Other Income	121	508	137
Net Income	$ 5,331	$ 6,680	$ 8,030
Weighted Average Shares/Units Outstanding	15,490,480	15,490,480	15,490,480
Earnings per Share/Membership Unit			
Primary and Fully Diluted	$ 0.34	$ 0.43	$ 0.52

COMPREHENSIVE INCOME

Golden Growers Cooperative (in thousands)	**Year Ended December 31, 2023**	**Year Ended December 31, 2022**	**Year Ended December 31, 2021**
Net Income	$ 5,331	$ 6,680	$ 8,030
Unrealized loss on investments	234	(267)	-
Comprehensive Income	$ 5,565	$ 6,413	$ 8,030

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, 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
Net Income	5,331
Member Distributions	(6,816)
Unrealized loss on investments	(267)
BALANCE, DECEMBER 31, 2023	$ 26,403

STATEMENTS OF CASH FLOWS

Golden Growers Cooperative
(in thousands)

	For the Years Ended December 31 2023	2022	2021
Cash Flows from Operating Activities			
Net Income	$ 5,331	$ 6,680	$ 8,030
Net (Income) from ProGold LLC	(6,084)	(6,751)	(8,418)
Realized (Gain)Loss - Investments	266	(286)	-
Changes in Assets and Liabilities			
Other Current Assets	(10)	(53)	3
Accrued Liabilities and Payables	216	-	1
Net Cash Used in Operating Activities	(281)	(410)	(384)
Cash Flows from Investing Activities			
(Purchase) Sale of Investments	(2,312)	(2,039)	(116)
Proceeds from investments	2,016	-	-
Investment in ProGold LLC	-	(89)	-
Distribution received from ProGold LLC	7,344	9,595	4,589
Net Cash Provided by Investing Activities	7,048	7,467	4,473
Cash Flows from Financing Activities			
Member Distributions Paid	(6,816)	(6,506)	(6,041)
Net Cash Used by Financing Activities	(6,816)	(6,506)	(6,041)
Increase (Decrease) in Cash and Cash Equivalents	(49)	551	(1952)
Cash and Cash Equivalents, Beginning of Year	2,146	1,595	3,547
Cash and Cash Equivalents, End of Year	$ 2,097	$ 2,146	$ 1,595
Supplemental Schedule of Non-Cash and Investing Activity			
Investing Activity			
Unrealized Gain(Loss) on Investments	$ 234	$ (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 a 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:

Receivables — The Cooperative charges members an agency fee in connection with corn procurement services provided to the members. The Cooperative has tracked historical loss information for its member receivables and has compiled historical credit loss percentages for different aging categories. The Cooperative's member receivables are included in Other Current Assets in the accompanying balance sheets and totaled $220,000 as of December 31, 2023, $223,000 as of December 31, 2022 and $224,000 as of January 1, 2022.

The Cooperative believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for member receivables held at December 31, 2023 and 2022 because the composition of the member receivables at those dates are consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its members and its lending practices have not changed significantly over time). Additionally, the Cooperative has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. Accordingly, there was no allowance for credit losses at December 31, 2023 and 2022.

Investments — 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.
The Cooperative classifies its debt securities into held-to-maturity, trading,
or available-for-sale categories. Debt securities are classified as held-to-maturity when the Cooperative has the positive intent and ability to hold the securities to maturity. Held-to-maturity securities are recorded as either short-term or long-term on the balance sheet based on contractual maturity date and are stated at amortized cost. Debt securities not classified as held-to-maturity or as trading are classified as available-for-sale and are carried at fair market value, with unrealized gains and losses included in the determination of comprehensive income and reported as a component of stockholders' equity.
T
he Cooperative establishes an allowance for credit losses on debt securities where the fair value is less than the amortized cost basis to the extent the unrealized loss is due to credit losses. The expected credit losses are presented as loss on investments in the accompanying statement of operations. The Cooperative's process for establishing the allowance for credit losses considers the risk characteristics of the security class. To the extent possible, losses are estimated collectively for classes of securities with similar risk characteristics. For securities that do not share similar risk characteristics with others, the losses are estimated individually. For available-for-sale debt securities, losses are estimated at the individual security level. The Cooperative's allowance for credit losses are influenced by a variety of factors, including portfolio credit quality and general economic conditions. General economic conditions are forecasted using economic variables which will create volatility as those variables change over time. The Cooperative's allowance for credit losses on it's held to maturity securities and its available for sale securities was not significant as of December 31, 2023 and 2022. The Cooperative did not recognize any credit losses on it's held to maturity securities and available for sale securities for the years ended December 31, 2023 and 2022.

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 $6.1 million and $7.9 million as of December 31, 2023 and 2022, 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.

NOTE 2 - Continued

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, the Cooperative, at the request of the member, arranges for the acquisition and delivery of corn on the member's behalf. For those members delivering under Method A, the Cooperative has an agreement with Cargill, Inc. (Cargill) in which Cargill coordinates the delivery of the corn to the ProGold plant by the Cooperative's members. For those members delivering under Method B, the Cooperative has an agreement with Cargill in which Cargill acquires corn on behalf of the Cooperative's members in fulfillment of the members' delivery commitments. In exchange for these services, the Cooperative pays Cargill an annual fee of $60,000, paid in quarterly installments.

In fiscal year 2023, the Cooperative paid members who deliver corn under Method A an incentive payment of $.10 per bushel while members who elect Method B to deliver corn pay the Cooperative a $.02 per bushel fee for the cost of having the Cooperative deliver corn on their behalf. For fiscal year 2024, the Cooperative will pay a $.05 per bushel Method A incentive payment. The board has the discretion to change the incentive fees based on the Cooperative's corn delivery needs. The delivery fees are a component of Corn Expense.

With respect to all Method A corn deliveries, members who deliver corn under Method A are paid the market or contracted price for their corn. However, per agreement with the Cooperative, Cargill reports the purchase price as the product of Method A bushels delivered during a month and the average market 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 a fee determined by the Board of Directors for all bushels needed to complete their annual Method A delivery.

With respect to Method B corn deliveries, 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 market price per bushel reported 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, 2023, the Cooperative's cash balance exceeded the FDIC insurance limits by approximately $1.9 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.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2023, the Cooperative adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13), which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including contract, trade and loan receivables and held-to-maturity debt securities. CECL requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current condi-

NOTE 3 - CONTINUED

tions, and reasonable and supportable forecasts. The update also requires that credit losses on available-for-sale debt securities be presented as an allowance rather than a write-down of the security. This standard provides financial statement users with more decision-useful information about the expected losses on financial instruments.

The Cooperative adopted ASU 2016-13 using the modified retrospective review method for all financial assets measured at amortized cost. Results for reporting periods beginning after January 1, 2023, are presented under Topic 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. As a result of the adoption of the new credit loss guidance, the Cooperative recognized on January 1, 2023, the beginning of the adoption period, no cumulative effect adjustment to member's equity and no adjustments to financial assets. The adoption of the new standard did not materially impact the Cooperative's statements of operations and comprehensive income, statements of changes in members' equity, or statements of cash flows.

NOTE 4 - PROGOLD LIMITED LIABILITY COMPANY

For the year 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 and all of 2023, the Cooperative had a 50% owneship in ProGold LLC. Following is summary financial information for ProGold LLC. (in thousands):

	December 31,		
	2023	**2022**	**2021**
Current Assets	$ 201	$ 223	$ 4,873
Long-Term Assets	33,945	36,475	43,320
Total Assets	$ 34,146	$ 36,698	$ 48,193
Current Liabilities	$ -	$ 31	$ 3,903
Long-Term Liabilities	-	-	1,833
Total Liabilities	-	31	5,736
Members' Equity	34,146	36,667	42,457
Total Liabilities and Members' Equity	$ 34,146	$ 36,698	$ 48,193
Rent Revenue on Operating Lease	$ 15,810	$ 17,468	$ 21,045
Expenses	3,641	3,919	3,865
Net Income	$ 12,169	$ 13,549	$ 17,180

NOTE 5 - 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, 2023				
Corporate Bonds - Held to Maturity	$ -	$ 6,030	$ -	$ 6,030
Fixed Income Funds	-	685	-	685
Money Market & CD's	-	601	-	601
	$ -	$ 7,316	$ -	$ 7,316
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
	$ -	$ 6,989	$ -	$ 6,989

The Cooperative's investments are as follows as of December 31, 2023 and 2022 (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2023				
Corporate Bonds - Held to Maturity	$ 6,050	$ 30	$ (50)	$ 6,030
Fixed Income Funds	718	-	(33)	685
Money Market & CD's	601	-	-	601
	$ 7,369	$ 30	$ (83)	$ 7,316
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
	$ 7,339	$ 1	$ (351)	$ 6,989

Corporate bond maturities are as follows as of December 31, 2023 (in thousands):

	Net Carrying Amount	Fair Value
Due in 1 Year or Less	$ 3,262	$ 3,256
Due in 2 to 5 Years	2,455	2,460
Due in 6-10 Years	333	314
	$ 6,050	$ 6,030

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 securites have been in a continuous unrealized loss poition, at December 31, 2023 and 2022:

	Less than 12 months		More than 12 months	
	Fair Value	Gross Unrealized Gains	Fair Value	Gross Unrealized Gains
December 31, 2023				
Corporate Bonds - Held to Maturity	$ 1,037	$ (18)	$ 1,433	$ (32)
Fixed Income Funds - Available for Sale	201	(1)	484	(32)
	$ 1,238	$ (19)	$ 1,917	$ (64)
December 31, 2022				
Corporate Bonds - Held to Maturity	$ 3,612	$ (68)	$ 282	$ (16)
Fixed Income Funds	-	-	2,453	(267)
	$ 3,612	$ (68)	$ 2,735	$ (283)

The Cooperative has determined that unrealized losses are deemed to be temporary impairments as of December 31, 2023 and 2022. 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 fundmental weakness in the credit quality of the issuer or underlying assets.

NOTE 6 - 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, 2023 and 2022. 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, 2023, 2022 and 2021.

NOTE 7 - 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 years ended December 31, 2023, 2022 and 2021, there were no pension expenses.

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, 2023, 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 2023, 2022 and 2021.

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

	2023	**2022**
Discount Rate	4.92%	4.50%
Expected Return on Plan Assets	5.78%	2.91%
Rate of Compensation Increase	N/A	N/A

The following schedule reflects the expected purchase of annuities for the one beneficiary in 2024 associated with the termination of the pension. (in thousands):

	Expected Benefits Payments
2024	$ 680
Total	$ 680

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

NOTE 7 - Continued

The following schedules provide the components of the Net Periodic Pension Costs for the periods ended December 31, 2023, 2022 and 2021 (in thousands):

	December 31, 2023	December 31, 2022	December 31, 2021
Interest Cost	$ 2	$ 27	$ 24
Expected Return on Plan Assets	(3)	(19)	(38)
Amortization of Net (Gain) Loss	1	2	-
Net Periodic Pension Cost	$ -	$ 10	$ (14)

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, 2023 and 2022 and a statement of the funded status and amounts recognized in the Balance Sheets and Accumulated Other Comprehensive Income as of December 31, 2023 and 2022 (in thousands):

	December 31, 2023	December 31, 2022
Change in Benefit Obligation		
Obligation at the Beginning of the Period	$ 636	$ 718
Service Cost	-	-
Interest Cost	27	24
Actuarial (Gain) Loss	68	(51)
Benefits Paid	(51)	(55)
Obligation at the End of the Period	$ 680	$ 636
Change in Plan Assets		
Fair Value at the Beginning of the Period	704	910
Actual Returns on Plan Assets	41	(151)
Employer Contributions	-	-
Benefits Paid	(51)	(55)
Fair Value at the End of the Period	$ 694	$ 704
Funded Status		
Funded Status as of Period Ended	$ 15	$ 68
Net Amount Recognized	$ -	$ -

NOTE 7 - 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 $7,693, $7,325, and $6,959 for the years ended December 31, 2023, 2022 and 2021, respectively.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The Cooperative contracted with Cargill, Incorporated in connection with the procurement of corn which includes payments of $60,000 in 2023. 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 9 - 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, 2023 and 2022.

NOTE 10 - SUBSEQUENT EVENTS

In February of 2024, the Cooperative declared a distribution of $2,788,286, or $.18 per outstanding membership unit.

In February of 2024, in connection with the termination process for the Cooperative's pension plan, an annuity was purchased using plan assets at a cost of approximately $625,000. See also Note 7.

Management evaluated all other activity of the Cooperative through March 12, 2024, 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 21, 2024
DoubleTree by Hilton, West Fargo

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