



*PAT*

*KAUTZMAN*

**Tax Partner**

**Eide Bailly**

# **GOLDEN GROWERS COOPERATIVE 2026 ANNUAL MEETING**

**PREPARING FOR TAXES ON THE EXPECTED SALE**



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**PATRICK KAUTZMAN, CPA**

**PARTNER, TAX PRACTICE LEADER – MIDWEST REGION**

## DISCLAIMER

This presentation is presented with the understanding that the information contained does not constitute legal, accounting or other professional advice. It is not intended to be responsive to any individual situation or concerns, as the contents of this presentation are intended for general information purposes only. Viewers are urged not to act upon the information contained in this presentation without first consulting competent legal, accounting or other professional advice regarding implications of a particular factual situation. Questions and additional information can be submitted to your Eide Bailly representative, or to the presenter of this session.



# SALE OF PROGOLD LLC INTEREST TAX REPORTING TIMELINE

**Effective date of sale expected to be 1/1/27**

**Taxable gain allocated on calendar year 2027 Schedule K-1**

**Exact date of entity liquidation unknown (~May 2027)**

**2027 **Final** Schedule K1s issued Feb 2028 similar to prior years timing**



# TAXATION OF GAIN – REPORTED ON SCHEDULE K-1



**ORDINARY INCOME**



**SECTION 1250 GAIN (25%)**



**CAPITAL GAIN (0%/15%/20%)**

# TAXATION OF LIQUIDATION/REDEMPTION OF UNITS



**LIQUIDATING DISTRIBUTION**



**LESS TAX BASIS OF YOUR UNITS**



**= CAPITAL GAIN (LOSS)**

# HISTORY - THE CONVERSION 9/1/09

- Golden Growers Cooperative was taxed as a Cooperative
  - Concerns with corn pool and operating on a coop basis
  - Taxation as a C Corporation is not tax efficient
  - Large loss carryovers made taxable conversion possible
- Taxable Conversion to MN Section 308B Cooperative treated as a Partnership for income tax purposes
- GGC Stock/ProGold valued per certified appraisal
- **Taxable conversion of GGC stock into GGC partnership units**
- **Beginning tax basis in GGC Units reset to Fair Market Value @ conversion (~\$2.85/Unit)**





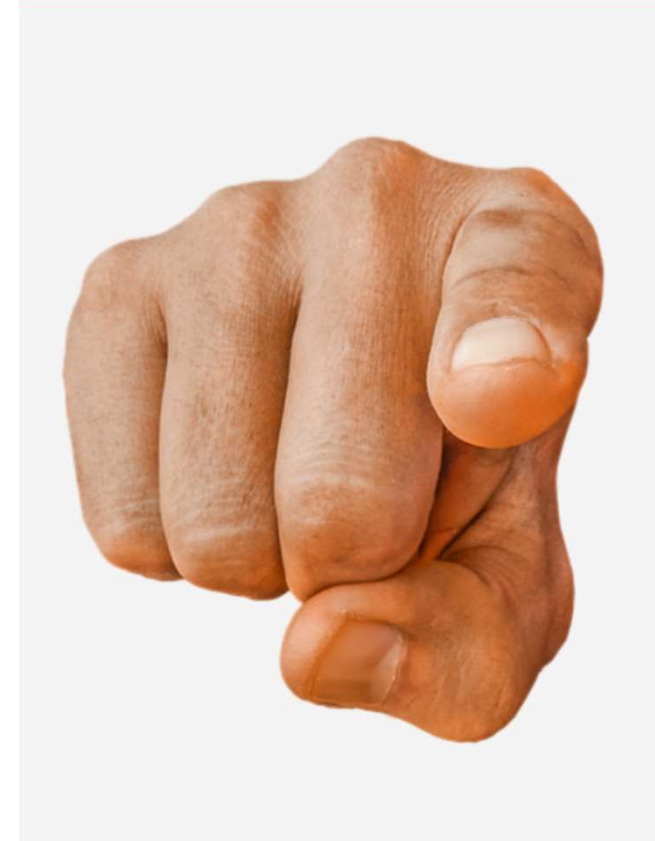
## **TAX BASIS OF PARTNERSHIP INTEREST**

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- **Basis is NOT Static – Constantly Changing**
  - **Annual Taxable Income/(Loss) Allocations**
  - **Partnership Distributions**
- **Sale of Units**
- **Purchase of Units**
- **Gifting of Units – (carryover basis)**
- **Inheritance of Units – (basis step-up/down)**

# TAX BASIS - WHOSE RESPONSIBILITY?

- **YOUR responsibility!**
- **Golden Growers does NOT track your tax basis for you**
- **Eide Bailly does NOT track your tax basis for you**
- **Does your tax preparer track for you?** 🙄
- **Recommend you start preparing ASAP**



# TAX BASIS - IS IT ON SCHEDULE K1? - MAYBE

Schedule K-1 (Form 1065) 2025  
 Department of the Treasury Internal Revenue Service  
 For calendar year 2025, or tax year

Final K-1 Amended K-1 OMB No. 1545-0123

**Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items**

1 Ordinary business income (loss) 175.  
 2 Net rental real estate income (loss) 1887.  
 3 Other net rental income (loss)  
 4a Guaranteed payments for services  
 4b Guaranteed payments for capital  
 4c Total guaranteed payments  
 5 Interest income 77.  
 6a Ordinary dividends  
 6b Qualified dividends  
 6c Dividend equivalents  
 7 Royalties  
 8 Net short-term capital gain (loss)  
 9a Net long-term capital gain (loss)  
 9b Collectibles (28% gain loss)  
 9c Unrecaptured section 1250 gain  
 10 Net section 1231 gain (loss)  
 11 Other income (loss)  
 12 Section 179 deduction  
 13 Other deductions  
 14 Self-employment earnings (loss)  
 15 Credits  
 16 Schedule K-1 is attached if checked  
 17 Alternative min tax (AMT) items  
 18 Tax-exempt income and nondeductible expenses  
 19 Distributions  
 20 Other information  
 21 Foreign taxes paid or accrued  
 22 More than one activity for "risk purposes"  
 23 More than one activity for "passive activity purposes"

**Part I Information About the Partnership**

A Partnership's employer identification number 27-1312571  
 B Partnership's name, address, city, state, and ZIP code  
 GOLDEN GROWERS COOPERATIVE  
 1002 MAIN AVENUE WEST, STE 5  
 WEST FARGO, ND 58078  
 C IRS center where partnership filed return: E-F ILLS  
 D Check if this is a publicly traded partnership (PTP)  
**Part II Information About the Partner**  
 F Name, address, city, state, and ZIP code for partner entered in E. See instructions.  
 G General partner or LLC member-manager  Limited partner or other LLC member  
 H1  Domestic partner  Foreign partner  
 H2  If the partner is a disregarded entity (DE), enter the partner's name  
 I1 What type of entity is this partner? INDIVIDUAL  
 I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here   
 J Partner's share of profit, loss, and capital: SEE STATEMENT

	Beginning	%	Ending	%
Profit				
Loss				
Capital				

Check if decrease is due to:  
 Sale or  Exchange of partnership interest. See instructions.

K1 Partner's share of liabilities:  
 Nonrecourse \$ 53. Ending 48.  
 Qualified nonrecourse \$  
 Financing \$  
 Recourse \$ 0. Ending 0.

K2 Check this box if item K-1 includes liability amounts from lower-tier partnerships   
 K3 Check if any of the above liability is subject to guarantees or other payment obligations by the partner. See instructions

**I Partner's Capital Account Analysis**

Beginning capital account	\$ 5013.
Capital contributed during the year	\$
Current year net income (loss)	\$ 1784.
Other increase (decrease) (attach explanation)	\$
Withdrawals and distributions	\$( 2760.)
<b>Ending capital account</b>	<b>\$ 4037.</b>

M Did the partner contribute property with a built-in gain (loss)?  
 Yes  No If "Yes," attach statement. See instructions.

N Partner's Share of Net Unrecaptured Section 704(c) Gain or (Loss)  
 Beginning \$  
 Ending \$

For IRS Use Only

LPA For Paperwork Reduction Act Notice, see the Instructions for Form 1065. www.irs.gov/Form1065 Schedule K-1 (Form 1065) 2025 Created 02/28/25 1

L Partner's Capital Account Analysis	
Beginning capital account	\$ 5013.
Capital contributed during the year	\$
Current year net income (loss)	\$ 1784.
Other increase (decrease) (attach explanation)	\$
Withdrawals and distributions	\$( 2760.)
<b>Ending capital account</b>	<b>\$ 4037.</b>

M Did the partner contribute property with a built-in gain (loss)?



# TAX BASIS - DOCUMENTS YOU MAY NEED

## IF YOU HAVE BOUGHT OR SOLD ADDITIONAL UNITS

## IF YOU HAVE ACQUIRED UNITS THROUGH GIFT OR INHERITANCE

- **Locate** your prior Schedule K1s
- **Document purchase price** of additional units acquired (Outside Basis)
- **Document basis deducted** of units sold – (Tax Return for year units sold)
- **Document FMV** inherited units (Estate Tax Returns/Recent Sales History)
- **Document tax basis** of gifted units (May need all or any of the above for giftor)

## **TAX BASIS - SCHEDULE K1 “TRANSFERRED CAPITAL”**

- **Transferred Capital is likely NOT what you paid for shares acquired**
- **Transferred Capital “might” be the tax basis of gifted shares**
- **Transferred Capital “might” be the tax basis of shares sold**

# SCHEDULE K1 — TRANSFERRED CAPITAL

**Schedule K-1 (Form 1065)**  
Department of the Treasury  
Internal Revenue Service

**2025**  
For calendar year 2025, or tax year

**Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items**

**Part I Information About the Partnership**

A Partnership's employer identification number  
27-1312571

B Partnership's name, address, city, state, and ZIP code  
GOLDEN GROWERS COOPERATIVE  
1002 MAIN AVENUE WEST, STE 5  
WEST FARGO, ND 58078

C IRS center where partnership filed return:  
B-FILE

D  Check if this is a publicly traded partnership (PTP)

**Part II Information About the Partner**

E Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.)

F Name, address, city, state, and ZIP code for partner entered in E. See instructions.

G  General partner or LLC member (partner)  
 Limited partner or other LLC member

H1  Domestic partner  Foreign partner

H2  If the partner is a disregarded entity (DE), enter the partner's: Name \_\_\_\_\_ TIN \_\_\_\_\_

I1 What type of entity is this partner? **INDIVIDUAL**

I2 If this partner is a retirement plan (IRA/SEP/401(k)), check here

J Partner's share of profit, loss, and capital. **STATEMENT**

	Beginning	Ending
Profit	%	%
Loss	%	%
Capital	%	%

Check if decrease is due to:  
 Sale or  Exchange of partnership interest. See instructions.

K1 Partner's share of liabilities:

	Beginning	Ending
Nonrecourse	\$ 52.	\$ 0.
Qualified nonrecourse	\$	\$
Recourse	\$ 0.	\$ 0.

K2 Check this box if item K-1 includes liability amounts from love-for-partnership:

K3 Check if any of the above liability is subject to guarantees or other payment obligations by the partner. See instructions.

**L Partner's Capital Account Analysis**

Beginning capital account	\$ 4994.
Capital contributed during the year	\$
Current year net income (loss)	\$ 1779.
Other increase (decrease) (attach explanation)	\$
<b>Withdrawals and distributions</b>	<b>\$( 6773.)</b>
Ending capital account	\$ 0.

M Did the partner contribute property with a built-in gain (loss)?  
 Yes  No. If "Yes," attach statement. See instructions.

N Partner's Share of Net Unrecognized Section 704(c) Gain or (Loss)

	Beginning	Ending
	\$	\$

OMB No. 1545-0047

L Partner's Capital Account Analysis	
Beginning capital account	\$ 4994.
Capital contributed during the year	\$
Current year net income (loss)	\$ 1779.
Other increase (decrease) (attach explanation)	\$
<b>Withdrawals and distributions</b>	<b>\$( 6773.)</b>
Ending capital account	\$ 0.

SCHEDULE K-1

WITHDRAWALS AND DISTRIBUTIONS

DESCRIPTION

AMOUNT

CASH DISTRIBUTION

920.

**TRANSFERRED CAPITAL**

**5853.**

TOTAL TO SCHEDULE K-1, ITEM L, WITHDRAWALS AND DISTRIBUTIONS

6773.



# SCHEDULE K1 – TRANSFERRED CAPITAL

Schedule K-1 (Form 1065) 2025  
 Department of the Treasury Internal Revenue Service  
 For calendar year 2025, or tax year

Final K-1  Amended K-1 OMB No. 1545-0123

**Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items**

**Part I Information About the Partnership**

A Partnership's employer identification number: 27-1312571  
 B Partnership's name, address, city, state, and ZIP code: GOLDEN GROWERS COOPERATIVE, 1002 MAIN AVENUE WEST, STE 5, WEST FARGO, ND 58078  
 C IRS center where partnership filed return: E-FILE  
 D  Check if this is a publicly traded partnership (PTP)  
**Part II Information About the Partner**  
 E Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.)  
 F Name, address, city, state, and ZIP code for partner entered in E. See instructions.

G  General partner or LLC member-manager  Limited partner or other LLC member  
 H1  Domestic partner  Foreign partner  
 H2  If the partner is a disregarded entity (DE), enter the partner's:  
 TIN \_\_\_\_\_ Name \_\_\_\_\_  
 I1 What type of entity is this partner? INDIVIDUAL  
 I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here   
 J Partner's share of profit, loss, and capital: SEE STATEMENT  
 Beginning Ending  
 Profit % %  
 Loss % %  
 Capital % %  
 Check if decrease is due to:  
 Sale or  Exchange of partnership interest. See instructions.  
 K1 Partner's share of liabilities:  
 Beginning Ending  
 Nonrecourse \$ 421 \$ 436  
 Qualified nonrecourse financing \$ \$  
 Recourse \$ 0 \$ 0  
 K2 Check the box if item K-1 includes liability amounts from other partnerships:  
 Yes  No  
 K3 Check if any of the above liability is subject to guarantees or other payment obligations by the partner. See instructions.  Yes  No  
 L **Partner's Capital Account Analysis**  
 Beginning capital account \$ 39977.  
 Capital contributed during the year \$ 5853.  
 Current year net income (loss) \$ 14231.  
 Other increase (decrease) (attach explanation) \$  
 Withdrawals and distributions \$(23920.)  
 Ending capital account \$ 36141.  
 M Did the partner contribute property with a built-in gain (loss)?  
 Yes  No If "yes," attach statement. See instructions.  
 N Partner's Share of Net Unrecognized Section 704(c) Gain or (Loss)  
 Beginning \$  
 Ending \$

1 Ordinary business income (loss) -1399.  
 2 Net rental real estate income (loss) 15061.  
 3 Other net rental income (loss)  
 4a Guaranteed payments for services  
 4b Guaranteed payments for capital  
 4c Total guaranteed payments  
 5 Interest income 616.  
 6a Ordinary dividends C\* 12.  
 6b Qualified dividends  
 6c Dividend equivalents A 23920.  
 7 Royalties  
 8 Net short-term capital gain (loss) Z + STMT  
 9a Net long-term capital gain (loss) AJ \* STMT  
 9b Collectibles (28%) gain (loss)  
 9c Unrecaptured section 1250 gain  
 10 Net section 1231 gain (loss)  
 11 Other income (loss)  
 12 Section 179 deduction  
 13 Other deductions  
 14 Self-employment earnings (loss) A 0.  
 15 Credits  
 16 Schedule K-9 is attached if checked   
 17 Alternative min tax (AMT) items  
 18 Tax-exempt income and nondeductible expenses  
 19 Distributions A 23920.  
 20 Other information A 616.  
 21 Foreign taxes paid or accrued  
 22  More than one activity for at-risk purposes\*  
 23  More than one activity for passive activity purposes\*  
 \*See attached statement for additional information.

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L Partner's Capital Account Analysis	
Beginning capital account	\$ 39977.
Capital contributed during the year	\$ 5853.
Current year net income (loss)	\$ 14231.
Other increase (decrease) (attach explanation)	\$
Withdrawals and distributions	\$(23920.)
Ending capital account	\$ 36141.

SCHEDULE K-1 CAPITAL CONTRIBUTED DURING THE YEAR	
DESCRIPTION	AMOUNT
TRANSFERRED CAPITAL	5853.
TOTAL TO SCHEDULE K-1, ITEM L, CAPITAL CONTRIBUTED	5853.



# HYPOTHETICAL EXAMPLE

**GGC Sells Progold LLC interest on 1/1/27**

<b>Proceeds</b>	<b>\$81,000,000</b>
<b>GGC Tax Basis in PGLLC</b>	<b><u>(\$9,000,000)</u></b>
<b>Taxable Gain</b>	<b>\$72,000,000</b>

**~15.5M Shares of GGC**

<b>Taxable Gain Per Unit</b>	<b>\$4.66</b>
<b>Final Cash Distribution Per Unit</b>	<b>\$5.23</b>



# MEMBER A EXAMPLE

## Member A

**Owns 10,000 Units purchased in 1995**

**Appraised value in 2009 at \$2.85/Unit at time of conversion**

## MEMBER A EXAMPLE (CONTINUED)

<b>Beginning Basis 9/1/09</b>	<b>\$28,500</b>
<b>Basis Adjustments 2009 – 2026</b>	<b>( <u>22,800</u> )</b>
<b>Basis 12/31/26</b>	<b>5,700</b>
<b>Taxable Gain (10,000 x \$4.66)</b>	<b><u>46,600</u></b>
<b>Adjusted Basis</b>	<b>52,300</b>
<b>Distribution (10,000 x \$5.23)</b>	<b>( <u>52,300</u> )</b>
<b>Ending Basis</b>	<b>\$ <u><u>0</u></u></b>

## MEMBER A EXAMPLE (CONTINUED)

<b>Taxable Gain</b>	<b>\$46,600</b>
<b>Hypothetical Gain Allocation</b>	
<b>40% = Ordinary Income ~</b>	<b>\$18,600</b>
<b>50% = 25% Capital Gain ~</b>	<b>\$23,300</b>
<b>10% = 15% Capital Gain ~</b>	<b>\$ 4,700</b>
<b>Federal Tax</b>	
<b>Ordinary Income (30% assumed)~</b>	<b>\$ 5,600</b>
<b>Section 1250</b>	<b>5,800</b>
<b>Capital Gain</b>	<b><u>700</u></b>
<b>Total Federal Tax (~26%)</b>	<b><u><u>\$12,100</u></u></b>

## **MEMBER B EXAMPLE**

### **Member B**

**Owns 10,000 Units purchased 12/31/16**

**Purchase Price \$4.60 per Unit from Member Z**

**Member Z Tax Basis 12/31/16 = \$1.04 per Unit**

## MEMBER B EXAMPLE (CONTINUED)

<b>Beginning Basis 1/1/17</b>	<b>\$46,000</b>
<b>Basis Adjustments 2017 – 2026</b>	<b>( <u>4,600</u> )</b>
<b>Basis 12/31/26</b>	<b>41,400</b>
<b>Taxable Gain (10,000 x \$4.66)</b>	<b><u>46,600</u></b>
<b>Adjusted Basis</b>	<b>88,000</b>
<b>Distribution (10,000 x \$5.23)</b>	<b>( <u>52,300</u> )</b>
<b>Ending Basis (Capital Loss)</b>	<b><u>\$ 35,700</u></b>

## MEMBER B EXAMPLE (CONTINUED)

Taxable Gain	\$46,600
Hypothetical Gain Allocation	
40% Ordinary Income ~	\$18,600
50% 25% Capital Gain ~	\$23,300
10% 15% Capital Gain ~	\$ 4,700
Capital Loss	(\$35,700)
<b>Federal Tax</b>	
Ordinary Income (30% assumed)~	\$ 5,600
Section 1250	5,800
Capital Gain	700
Capital Loss (Limited - C/F \$7,700)	( <u>6,500</u> )
Total Federal Tax	<u>\$ 5,600</u>



# MEMBER C EXAMPLE

## **Member C**

Owens 6,000 Units purchased 1995

**Inherited** 4,000 Units from Member X in 2021

Member X Tax Basis = \$1.26 per Unit

FMV 2021 DOD Recent Sales = \$2.50 Unit



## MEMBER C EXAMPLE (CONTINUED)

Beginning Basis 1/1/22	\$ 7,600
Basis Inherited Units	10,000
Basis Adjustments 2022 – 2026	( <u>6,900</u> )
Basis 12/31/26	10,700
Taxable Gain (10,000 x \$4.66)	<u>46,600</u>
Adjusted Basis	57,300
Distribution (10,000 x \$5.23)	( <u>52,300</u> )
Ending Basis ( <b>Capital Loss</b> )	\$ <u><u>5,000</u></u>



## MEMBER C EXAMPLE (CONTINUED)

Taxable Gain	\$46,600
Hypothetical Gain Allocation	
40% Ordinary Income ~	\$18,600
50% 25% Capital Gain ~	\$23,300
10% 15% Capital Gain ~	\$ 4,700
Capital Loss	(\$ 5,000)
<b>Federal Tax</b>	
Ordinary Income (30% assumed)~	\$ 5,600
Section 1250	5,800
Capital Gain	700
Capital Loss	( <u>800</u> )
Total Federal Tax	<u>\$ 11,300</u>





**QUESTIONS?**

# THANK YOU!

**Patrick Kautzman, CPA**

**Partner**

701.239.8501

[pkautzman@eidebailly.com](mailto:pkautzman@eidebailly.com)

