



Ethanol Plants Receiving Producer Payments From the State of Minnesota

2010 Report

MDA Finance and Budget Division
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This report is submitted in fulfillment of the requirement in Minnesota Statutes, Section 41A.09, which states:

Not later than the 15th day of February in each year the commissioner shall deliver to the chairs of the standing committees of the senate and the house of representatives that deal with agricultural policy and agricultural finance issues an annual report summarizing aggregated data from plants receiving payments under this section during the preceding calendar year. Audited financial statements and notes and disclosure statements submitted to the commissioner are nonpublic data under section 13.02, subdivision 9. Notwithstanding the provisions of chapter 13 relating to nonpublic data, summaries of the submitted audited financial reports and notes and disclosure statements will be contained in the report to the committee chairs and will be public data.

During the 2009 legislative session, M.S. 41A.09 was amended (Laws of 2009, Chapter 94, Section 82) to change the reporting of plant ownership as follows:

~~*Subsequent annual reports must reflect noncumulative changes in ownership of ten percent or more of the entity.*~~ *Subsequent annual reports must affirm that majority ownership of the entity is held by farmers or other entities eligible to farm or own agricultural land under section 500.24 or individuals residing within 30 miles of the plant.*

This reports aggregates information from ten ethanol plants, which received producer payments and/or deficiency payments from the State of Minnesota in calendar year 2009. These plants are:

Agra-Resources Co-op; POET Glenville East (Albert Lea),
Agri-Energy, LLC (Luverne),
Al-Corn Clean Fuel Limited Partnership (Claremont),
Central Mn Ethanol Co-op (Little Falls),
Chippewa Valley Ethanol Company, LLLP (Benson),
CornPlus, LLLP (Winnebago),
Ethanol 2000, LLP; POET Bingham Lake (Bingham Lake),

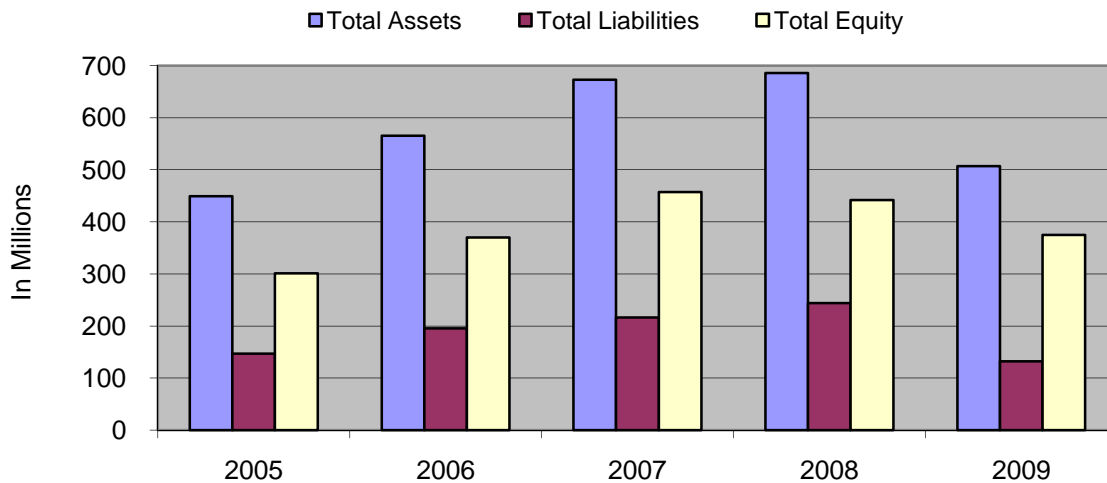
Heartland Corn Products (Winthrop),
Minnesota Energy (Buffalo Lake) and
Pro-Corn, LLC; POET Preston (Preston).

This is two fewer plants than covered by the 2009 report. One plant, Melrose Dairy Proteins, LLC (Melrose) discontinued production prior to calendar year 2009 and fell out of eligibility for future payments. One other plant, Diversified Energy Co., LLC (Morris), did receive one payment during the 2009 (in February, 2009, which was for the quarter ending December 31, 2008) but discontinued production after that and thus fell out of eligibility for future payments. Data received from the ten plants reporting is aggregated into a financial section, a statistical section and an ownership section.

FINANCIAL SECTION:

The tables on pages 3 and 4 present aggregated comparative financial information reported by plants for 2009 and 2008. The following charts summarize key numbers from Balance Sheet reports. Note that the number of plants reporting prior to 2008 was 13 and fell to 12 for 2008 and to 10 for 2009.

**Annual Comparison
Ethanol Producer Disclosures: Balance Sheet**



**Minnesota Department of Agriculture
Balance Sheet Summary Data
Comparison of 2009 & 2008 Ethanol Producer Disclosures
Ethanol Report for February 2010**

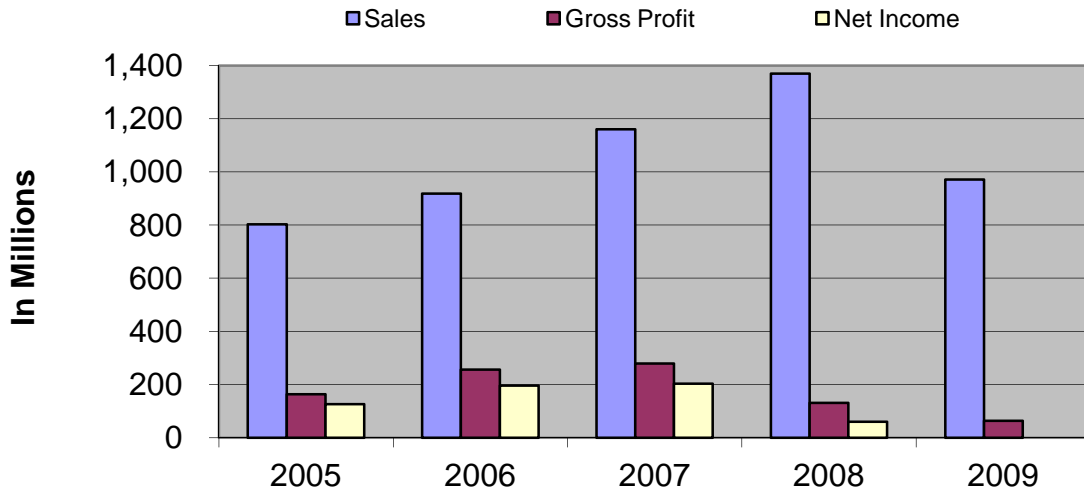
| | <u>2009</u> | <u>2008</u> | <u>Increase (Decrease)</u> | <u>Current Year Average Ethanol</u> |
|---------------------------------------|-----------------------|-----------------------|--------------------------------|---|
| Assets | | | | |
| <i>Current</i> | | | | |
| Cash..... | \$ 56,509,250 | \$ 51,009,377 | 5,499,873 | \$ 5,650,925 |
| Accounts Receivable..... | 42,626,506 | 78,223,992 | (35,597,486) | 4,262,651 |
| Inventory..... | 46,639,758 | 74,853,640 | (28,213,882) | 4,663,976 |
| Other..... | 6,542,394 | 28,609,692 | (22,067,298) | 654,239 |
| <i>Total Current Assets</i> | <u>152,317,908</u> | <u>232,696,701</u> | <u>(80,378,793)</u> | <u>15,231,791</u> |
| <i>Investments</i> | | | | |
| In Coops..... | 6,741,180 | 6,213,145 | 528,035 | 674,118 |
| Other..... | 25,471,322 | 50,349,327 | (24,878,005) | 2,547,132 |
| <i>Total Investments</i> | <u>32,212,502</u> | <u>56,562,472</u> | <u>(24,349,970)</u> | <u>3,221,250</u> |
| <i>Fixed Assets</i> | | | | |
| Land..... | 19,245,144 | 17,506,444 | 1,738,700 | 1,924,514 |
| Plant & Equipment..... | 566,023,681 | 634,067,288 | (68,043,607) | 56,602,368 |
| Accumulated Depreciation..... | (289,636,564) | (277,719,039) | (11,917,525) | (28,963,656) |
| <i>Total Fixed Assets</i> | <u>295,632,261</u> | <u>373,854,693</u> | <u>(78,222,432)</u> | <u>29,563,226</u> |
| <i>Other Assets</i> | | | | |
| Financing Costs..... | 538,116 | 1,427,977 | (889,861) | 53,812 |
| Other..... | 26,548,983 | 21,754,881 | 4,794,102 | 2,654,898 |
| <i>Total Other Assets</i> | <u>27,087,099</u> | <u>23,182,858</u> | <u>3,904,241</u> | <u>2,708,710</u> |
| Total Assets | <u>\$ 507,249,770</u> | <u>\$ 686,296,724</u> | <u>(179,046,954)</u> | <u>\$ 50,724,977</u> |
| Liabilities | | | | |
| <i>Current</i> | | | | |
| Accounts Payable..... | 45,468,193 | \$ 84,052,629 | (38,584,436) | \$ 4,546,819 |
| Current Portion Long-Term Debt..... | 14,564,600 | 18,806,382 | (4,241,782) | 1,456,460 |
| Earnings Distribution..... | 5,746,797 | 13,487,341 | (7,740,544) | 574,680 |
| Other..... | 22,285,280 | 23,308,917 | (1,023,637) | 2,228,528 |
| <i>Total Current Liabilities</i> | <u>88,064,870</u> | <u>139,655,269</u> | <u>(51,590,399)</u> | <u>8,806,487</u> |
| <i>Long-Term</i> | | | | |
| Long-Term Debt..... | 41,339,933 | 96,138,719 | (54,798,786) | 4,133,993 |
| Other Long Term Liabilities..... | 2,684,434 | 8,233,020 | (5,548,586) | 268,443 |
| <i>Total Long Term Liabilities</i> | <u>44,024,367</u> | <u>104,371,739</u> | <u>(60,347,372)</u> | <u>4,402,437</u> |
| Total Liabilities | <u>132,089,237</u> | <u>244,027,008</u> | <u>(111,937,771)</u> | <u>13,208,924</u> |
| Equity | | | | |
| Cooperative..... | 136,966,220 | 137,780,659 | (814,439) | 13,696,622 |
| Other..... | 144,204,000 | 182,274,802 | (38,070,802) | 14,420,400 |
| Undistributed..... | 93,990,313 | 122,214,255 | (28,223,942) | 9,399,031 |
| <i>Total Equity</i> | <u>\$ 375,160,533</u> | <u>442,269,716</u> | <u>(67,109,183)</u> | <u>37,516,053</u> |
| Total Liabilities & Equity | <u>\$ 507,249,770</u> | <u>\$ 686,296,724</u> | <u>(179,046,954)</u> | <u>\$ 50,724,977</u> |

Minnesota Department of Agriculture
Statement of Income Summary Data
Comparison of 2009 & 2008 Ethanol Producer Disclosures
Ethanol Report for February 2010

| | <u>2009</u> | <u>2008</u> | <u>Increase (Decrease)</u> | <u>Current Year Average Ethanol</u> |
|--|---------------------|----------------------|--------------------------------|---|
| <u>Sales</u> | | | | |
| Sales | \$ 971,318,567 | \$ 1,368,759,230 | \$ (397,440,663) | \$ 97,131,857 |
| Cost of Sales | (907,328,786) | (1,237,262,647) | 329,933,861 | (90,732,879) |
| <i>Gross Profit</i> | <u>63,989,781</u> | <u>131,496,583</u> | <u>(67,506,802)</u> | <u>6,398,978</u> |
| <u>Operating Expenses</u> | | | | |
| Employee Costs | 7,361,534 | 7,233,385 | 128,148 | 736,153 |
| Supplies | 1,821,116 | 1,783,556 | 37,559 | 182,112 |
| Repairs and Maintenance | 1,222,657 | 1,060,168 | 162,490 | 122,266 |
| Other Operating Expenses | 15,496,450 | 19,057,147 | (3,560,697) | 1,549,645 |
| Depreciation and Amortization | 29,872,923 | 38,936,353 | (9,063,430) | 2,987,292 |
| <i>Operating Expenses</i> | <u>55,774,680</u> | <u>68,070,609</u> | <u>(12,295,929)</u> | <u>5,577,468</u> |
| <u>Income from Operations</u> | | | | |
| | <u>8,215,101</u> | <u>63,425,974</u> | <u>(55,210,873)</u> | <u>821,510</u> |
| <u>Other Income (Expenses)</u> | | | | |
| State Ethanol Producer Payments | 11,115,606 | 15,830,783 | (4,715,177) | 1,111,561 |
| CCC Bioenergy Program Payments | - | - | - | - |
| Investment Earnings | (5,384,973) | 12,037,553 | (17,422,526) | (538,497) |
| Interest Expense | (5,298,697) | (8,917,122) | 3,618,425 | (529,870) |
| Gain (Loss) on Assets | (8,175,175) | 405,382 | (8,580,557) | (817,518) |
| Other | (2,695,619) | (18,554,145) | 15,858,526 | (269,562) |
| <i>Other Income (Expenses)</i> | <u>(10,438,858)</u> | <u>802,451</u> | <u>(11,241,309)</u> | <u>(1,043,886)</u> |
| <u>Income before Income Taxes</u> | | | | |
| | (2,223,757) | 64,228,425 | (66,452,182) | (222,376) |
| <u>Income Taxes</u> | | | | |
| | (1,980,105) | 3,894,417 | (5,874,522) | (198,011) |
| <u>Net Income</u> | | | | |
| | <u>\$ (243,652)</u> | <u>\$ 60,334,008</u> | <u>\$ (60,577,660)</u> | <u>\$ (24,365)</u> |

The following charts summarize key numbers from Statement of Income reports. While six of the ten plants showed positive net income for the current period, four plants showed negative net income for the period. When aggregated, the ten plants as a group showed virtually zero net income for the period.

**Annual Comparison
Ethanol Producer Disclosures: Sales & Income**



STATISTICAL SECTION:

The table on page 6 shows various ratios of liquidity, leverage, activity and profitability resulting from the aggregated information on sales, profits, and so on.

Note that the financial statements provided for this report are for the most recently audited fiscal year of each individual plant. As such, these statements represent a variety of fiscal year end dates, but in all cases are one year newer than those aggregated in last year's report.

Minnesota Department of Agriculture
Statistical Summary Data
Comparison of 2009 & 2008 Ethanol Producer Disclosures
Ethanol Report for February 2010

| | <u>2009</u> | <u>2008</u> | <u>Increase (Decrease)</u> | <u>Current Year Average Ethanol</u> |
|-------------------------------------|----------------|------------------|--------------------------------|---|
| <u>Statistics</u> | | | | |
| Gross Revenues..... | \$ 966,178,406 | \$ 1,378,478,803 | \$ (412,300,397) | \$ 96,617,841 |
| Sales..... | 971,318,567 | 1,368,759,230 | (397,440,663) | 97,131,857 |
| Operating Income..... | 8,215,101 | 63,425,974 | (55,210,873) | 821,510 |
| Profit before taxes..... | (2,223,757) | 64,228,425 | (66,452,182) | (222,376) |
| Net Income..... | (243,652) | 60,334,008 | (60,577,660) | (24,365) |
| Government Incentives: | | | | |
| <i>MN Producer Payment</i> | 11,115,606 | 15,830,783 | (4,715,177) | 1,111,561 |
| <i>CCC Bio-Energy Program</i> | - | - | - | - |
| Patronage Dividends Paid/Other Dis | 38,763,268 | 107,104,685 | (68,341,417) | 3,876,327 |
| Interest Expense..... | 5,298,697 | 8,917,122 | (3,618,425) | 529,870 |
| <u>Liquidity</u> | | | | |
| Current Ratio..... | 1.73 | 1.67 | 0.06 | 1.73 |
| Quick Ratio..... | 1.20 | 1.13 | 0.07 | 1.20 |
| <u>Leverage</u> | | | | |
| Debt to total assets..... | 9.00% | 15.00% | -6.00% | 9.00% |
| Debt to equity..... | 35.00% | 55.00% | -20.00% | 35.00% |
| Liabilities to equity..... | 12.00% | 24.00% | -12.00% | 12.00% |
| Times interest earned..... | 0.58 | 8.20 | -7.62 | 0.58 |
| <u>Activity</u> | | | | |
| Inventory turnover..... | 20.83 | 18.29 | 2.54 | 20.83 |
| Fixed assets turnover..... | 3.29 | 3.66 | -0.37 | 3.29 |
| Total asset turnover..... | 1.91 | 1.99 | -0.08 | 1.91 |
| <u>Profitability</u> | | | | |
| Profit margin on sales..... | 0.00% | 4.00% | -4.00% | 0.00% |
| Return on total assets..... | 0.00% | 9.00% | -9.00% | 0.00% |
| Return on total equity..... | 0.00% | 14.00% | -14.00% | 0.00% |

OWNERSHIP SECTION:

In accordance with M.S. 41A.09 as amended by the Laws of 2009, an official from each of the ten plants reporting signed the Ethanol Production Facility Disclosure Statement, which states:

“I hereby affirm that majority ownership of this entity is held by farmers or other entities eligible to farm or own agricultural land under Minnesota Statutes, Section 500.24, or individuals residing within 30 miles of the plant.”

This affirmation is a statutory requirement for these plants to continue to receive deficiency payments for past production that received payments of less than 20 cents per gallon.