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**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
Greenwood, Mississippi

Combined Financial Statements
Years Ended June 30, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Express Grain Terminals, LLC and Affiliates
Greenwood, Mississippi

Report on the Financial Statements

We have audited the accompanying combined financial statements of Express Grain Terminals, LLC and Affiliates (the "Companies") which comprise the combined balance sheets as of June 30, 2020 and 2019, and the related combined statements of operations, changes in members' equity and cash flows for the years then ended and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Companies as of June 30, 2020 and 2019, and the results of their operations and their cash flows for the year ended June 30, 2020, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying combined financial statements for the year ended June 30, 2020, have been prepared assuming that the Companies will continue as a going concern. As discussed in Note 1 to the combined financial statements, the Companies have accumulated losses of approximately \$21,600,000 since its inception and their total current liabilities exceed total current assets at June 30, 2020. The biodiesel facility was placed into service during fiscal 2019 but has not operated at full capacity. The Companies have a line-of-credit with a balance at June 30, 2020 of approximately \$24.6 million that matures within the next twelve months. These conditions raise substantial doubt about the Companies' ability to continue as a going concern. Management's plans concerning these matters are also discussed in Note 1 to the combined financial statements. The combined financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining information on pages 19-20 is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual companies and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The combining information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

HORNE LLP

Ridgeland, Mississippi
May 20, 2021

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

Combined Balance Sheets

June 30, 2020 and 2019

	2020	2019
ASSETS		
Current assets		
Cash	\$ 846,382	\$ 641,737
Accounts receivable	3,836,719	2,032,387
Inventories	14,756,192	16,820,642
Prepaid expenses	542,094	1,141,353
Biodiesel tax credit receivable	1,541,352	-
Forward contracts	-	3,394,322
Margin assets	2,238,493	1,577,888
Total current assets	23,761,232	25,608,329
Notes receivable	18,904,582	18,904,582
Property and equipment, net	59,018,549	62,284,298
Restricted cash	369,455	561,455
Total assets	<u>\$ 102,053,818</u>	<u>\$ 107,358,664</u>
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable	\$ 2,462,623	\$ 1,548,940
Current maturities of long-term debt	4,333,848	3,035,488
Forward contracts	374,471	-
Borrowings on line-of-credit	24,662,990	20,416,819
Unpriced grain purchases	8,671,337	234,016
Deferred revenue	2,412,781	2,173,002
Accrued expenses	597,705	576,562
Total current liabilities	43,515,755	27,984,827
Note payable, related party	5,568,680	3,435,965
Long-term debt, less current maturities	50,628,198	52,370,301
Total liabilities	99,712,633	83,791,093
Members' equity	2,341,185	23,567,571
Total liabilities and members' equity	<u>\$ 102,053,818</u>	<u>\$ 107,358,664</u>

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

Combined Statements of Operations
Years Ended June 30, 2020 and 2019

	2020	2019
Net sales	\$ 166,243,623	\$ 141,471,072
Cost of goods sold	153,206,190	118,058,322
Gross margin	13,037,433	23,412,750
Operating expenses		
Depreciation & amortization expense	7,229,293	3,993,901
Impairment loss	13,258,995	-
Other operating expenses	13,537,451	9,468,469
Total operating expenses	34,025,739	13,462,370
Operating income (loss)	(20,988,306)	9,950,380
Other income (expense)		
Other income	2,023,856	231,109
Interest expense	(2,261,936)	(3,870,455)
Total other expense	(238,080)	(3,639,346)
Net income (loss)	\$ (21,226,386)	\$ 6,311,034

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES
Combined Statements of Members' Equity
Years Ended June 30, 2020 and 2019

	Members'
	Equity
Balance, July 1, 2018	\$ 16,756,537
Net income	6,311,034
Contributions	500,000
Balance, June 30, 2019	23,567,571
Net loss	(21,226,386)
Balance, June 30, 2020	\$ 2,341,185

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

Combined Statements of Cash Flows

Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Net income (loss)	\$ (21,226,386)	\$ 6,311,034
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation and amortization	7,229,293	3,993,901
Impairment loss on property and equipment	13,258,995	-
Changes in operating assets and liabilities:		
Margin asset	(660,605)	1,300,658
Accounts receivable	(1,804,332)	2,903,096
Inventories	2,064,450	1,503,390
Biodiesel tax credit receivable	(1,541,352)	-
Grain payable	8,437,321	(56,632)
Forward contracts	3,768,793	(5,877,110)
Prepaid expenses	599,259	(125,267)
Accounts payable and accrued expenses	934,826	628,748
Deferred revenue	239,779	(1,228,834)
Net cash provided by operating activities	11,300,041	9,352,984
Cash flows from investing activities		
Purchases of property and equipment	(16,725,340)	(9,525,578)
Net cash used in investing activities	(16,725,340)	(9,525,578)
Cash flows from financing activities		
Net decrease in borrowings on line-of-credit	4,246,171	(4,143,772)
Proceeds from long-term borrowings	2,205,000	-
Proceeds from related-party borrowings	3,910,000	3,435,965
Payment on related-party borrowings	(1,777,285)	-
Principal payment on long-term borrowings	(3,053,442)	(262,021)
Payment of debt issuance costs	(92,500)	-
Members' contributions	-	500,000
Net cash provided by (used in) financing activities	5,437,944	(469,828)
 Increase (decrease) in cash and restricted cash	 12,645	 (642,422)
Cash and restricted cash at beginning of year	1,203,192	1,845,614
Cash and restricted cash at end of year	\$ 1,215,837	\$ 1,203,192
Noncash investing and financing activities		
Notes payable for equipment	\$ 245,604	\$ 42,850
Supplemental disclosures of cash flow information		
Cash paid for interest	\$ 2,474,753	\$ 3,764,529

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

June 30, 2020 and 2019

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies

Description of Business and Principles of Combination

Express Grain Terminals, LLC, ("EGT"), a limited liability company, is a registered grain storage facility with its primary operations in Greenwood and Sidon, Mississippi. EGT specializes in buying and selling soybeans, soybean oil, wheat and feed. EGT mills soybeans at its Greenwood facility. The products produced from the milling process include soybean oil, soybean meal and soybean hulls. In addition, the Greenwood facility produces biodiesel utilizing soybean oil from the milling process.

The accompanying combined financial statements include the accounts of EGT, as well as the accounts of Express Biodiesel, LLC ("Express Biodiesel"), Express Processing, LLC ("EGT Processing") and its 95 percent owned subsidiary, EGT Leverage Lender, LLC ("Leverage Lender") (collectively, the "Companies"). EGT Processing and Leverage Lender were formed in 2015 and Express Biodiesel was formed in 2018 in connection with EGT's New Markets Tax Credit ("NMTC") Financing as more fully described in Note 7. EGT and these entities share similar ownership. All significant intercompany balances and transactions have been eliminated in combination.

Plan of Operation

The Companies have accumulated losses of approximately \$21.6 million since its inception and their total current liabilities exceed total current assets at June 30, 2020. As described in Note 4, EGT has a \$35 million revolving line-of-credit (the "LOC") and a \$25.2 million term loan (the "Term Loan") as of June 30, 2020 that matured November 30, 2020. On December 17, 2020, the Company amended the LOC to a \$40 million LOC maturing October 31, 2021 and the Term Loan to a \$35 million loan maturing October 31, 2023. See Note 11 for more details. EGT continues to invest in its Greenwood biodiesel facility which began operations on March 28, 2019. After a brief period of operation, the biodiesel facility was idled to make process improvements and was placed back into operation in December 2019, but not operating at full capacity. The Companies' ability to meet their future commitments is significantly dependent upon the profitability of their biodiesel operations and ability to renew and extend its LOC. There can be no assurances that the Companies will have sufficient cash flows from its biodiesel operations to meet their future commitments or that they will be able to renew or extend the line of credit under acceptable terms. These conditions raise substantial doubt about the Companies' ability to continue as a going concern.

The combined financial statements have been prepared on a going concern basis of accounting, which contemplates continuity of operations, realization of assets, and satisfaction of liabilities and commitments in the normal course of business. The combined financial statements do not reflect any adjustments that might result from the outcome of the uncertainties as discussed above.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Companies' management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Specifically, the Companies' management utilizes certain techniques that require significant judgment and estimates to verify quantities on hand of its commodities inventory. Actual results could differ from those estimates.

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

June 30, 2020 and 2019

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Cash and Cash Equivalents

The Companies consider all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at estimated net realizable value. Management determines the allowance for doubtful accounts based on a variety of factors, including the length of time the receivables are past due, significant one-time events and historical experience. Accounts older than 30 days are generally considered past due. No interest accrues on past due accounts. Management has not recorded an allowance for doubtful accounts at June 30, 2020 or 2019.

Inventories

Inventories consist primarily of agricultural commodity inventories, such as wheat, soybeans, soybean oil, soybean meal and soybean hulls that are readily convertible to cash because of their commodity characteristics, widely available markets and pricing mechanisms. All of EGT's agricultural commodity inventories are valued at net realizable value. The agricultural commodity inventories are freely traded, have quoted market prices, may be sold without significant further processing and have predictable and insignificant disposal costs. Changes in market values are recognized in earnings as a component of cost of sales. This accounting policy is in accordance with the guidelines described in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 905, *Agriculture*. The Companies also have biofuel inventories, which are state at the lower of cost or market. Cost is determined using primarily the weighted-average cost method.

Renewable Identification Numbers

When the Companies produce and sell a gallon of biomass-based diesel, 1.5 renewable identification numbers ("RIN") per gallon are generated. RINs are used to track compliance with the renewable fuel standard ("RFS2"). RFS2 allows the Companies to attach between zero and 2.5 RINs to a gallon of biomass diesel. As a result, a portion of the selling price for the biomass-diesel is generally attributable to RFS2 compliance. However, RINs that the Companies generate are a form of government incentive and not a result of the physical attributes of the biomass-based diesel production. Therefore, no cost is allocated to the RIN when it is generated, regardless of whether transferred with the biomass-based diesel produced or held by the Companies pending attachment to other biomass-based diesel.

Margin Assets

EGT has margin deposits with a commodity brokerage firm used to acquire futures and option contracts to manage the price volatility risk of its commodity inventories and unpriced grain purchases. These contracts are recorded at market value.

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES
June 30, 2020 and 2019

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided on the straight-line method based on the following estimated useful lives: buildings - 39 years, equipment - 3 to 7 years, grain systems - 7 to 39 years, rail systems - 7 to 15 years and land improvements - 7 to 15 years. Major renewals or betterments that extend the useful lives of assets are capitalized. Repairs and maintenance costs are expensed as incurred.

Upon the retirement or sale of property and equipment, its cost and related accumulated depreciation are removed from the respective accounts and any gain or loss is reflected in the operations of the current period.

Asset Impairments

The Companies periodically evaluate whether current facts or circumstances indicate that the carrying value of its depreciable assets to be held and used may not be recoverable. If such circumstances are determined to exist, an estimate of undiscounted future cash flows produced by the long-lived asset or the appropriate grouping of assets is compared to the carrying value to determine whether impairment exists. If an asset is determined to be impaired, the loss is measured based on the difference between the asset's fair value and its carrying value.

Notes Receivable

The notes receivable relate to Leverage Lender's receivable from a non-related entity entered into in connection with the New Markets Tax Credit financing transactions, as more fully described in Note 7. The notes bear interest at 1.08 to 1.54 percent and are carried at net realizable value. The note, maturing November 19, 2035, requires quarterly, interest only payments through March 2023 with the principal and unpaid interest due November 19, 2035. The note, maturing May 10, 2036, requires quarterly, interest only payments through May 2025 with quarterly principal and interest payments commencing September 10, 2025 through May 10, 2036.

Derivative Instruments and Hedging Activities

All of EGT's derivatives are designated as non-hedge derivatives. The futures and options contracts used by EGT are discussed in Note 6. EGT, as part of its trading activity, use futures and option contracts offered through regulated commodity exchanges. EGT is exposed to risk of loss in the market value of inventories and its unpriced grain purchases. To reduce that risk, EGT generally takes opposite and offsetting positions using futures contracts or options.

Debt Issuance Costs

Debt issuance costs represent costs to acquire debt associated with the NMTC financing, which is more fully described in Note 7, and are amortized using the straight-line method, which approximates the effective interest method, over the expected term of the related debt. Such costs are treated as a reduction of the debt proceeds.

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

June 30, 2020 and 2019

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Unpriced Grain Purchases

EGT transacts with certain of its suppliers for commodities for which a purchase price is not determined when EGT takes possession of the related commodities. Under these arrangements, suppliers determine the date for which the pricing will be determined. EGT and its suppliers utilize regulated commodity exchanges to determine pricing. Accordingly, the liability for unpriced grain purchases is recorded at its estimated fair value or estimated price to settle the obligation at June 30, 2020 and 2019.

Revenue Recognition

Sales of agricultural commodities are recognized when persuasive evidence of an arrangement exists, the price is determinable, the product has been delivered, title to the product and risk of loss transfer to the customer, which is dependent on the agreed upon sales terms with the customer and when collection of the sales price is reasonably assured. Sales terms provide for passage of title either at the time and point of shipment or at the time and point of delivery of the product being sold. Shipping and handling costs are included in cost of sales.

Deferred revenues relate to customers who prepay for products that are shipped to them over time. Revenue is recognized on these sales once title and risk of loss is transferred to the customer.

Income Taxes

Taxable income or loss of the Companies is reported on the tax returns of the members. Accordingly, no provision or liability for income taxes has been included in the financial statement of the Companies.

Fair Value Measurements

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosure*, ("ASC 820") establishes a three-level hierarchy for fair value measurements. The hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The classification of fair value within the hierarchy is based upon the lowest level of input that is significant to the measurement. For Level 1, the valuation is based upon quoted prices for identical assets or liabilities in an active market. For Level 2, the valuation is based upon quoted prices for similar assets and liabilities in active markets or other inputs that are observable, either directly or indirectly, for substantially the full term of the financial instrument. For Level 3, the valuation is based upon other unobservable inputs that are significant to the fair value measurement.

The derivative instruments held by EGT, include forward purchase and sales contracts and futures and option contracts which are recorded at fair value. The fair value of futures contracts is determined using the commodity exchange quoted prices (Level 1 inputs). The estimated fair value of forward contracts is determined using the commodity exchange quoted prices, adjusted as appropriate for differences in the local market (Level 1 inputs). Agricultural commodity inventories are stated at market value (net realizable value). Agricultural commodity inventories reported at fair value are valued based on commodity exchange quotations or market transactions with appropriate adjustments for differences in local markets where EGT's inventories are located (Level 2).

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

June 30, 2020 and 2019

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

The following table presents information about the assets and liabilities recorded at fair value on a recurring basis at June 30, 2020:

Fair Value Measurements at June 30, 2020				
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Agricultural commodity inventories	\$ -	\$ 14,304,882	\$ -	\$ 14,304,882
Margin assets	2,238,493	-	-	2,238,493
Forward contracts	(374,471)	-	-	(374,471)
Unpriced grain purchases	-	(8,671,337)	-	(8,671,337)
Total	\$ 1,864,022	\$ 5,633,545	\$ -	\$ 7,497,567

The following table presents information about the assets and liabilities recorded at fair value on a recurring basis at June 30, 2019:

Fair Value Measurements at June 30, 2019				
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Agricultural commodity inventories	\$ -	\$ 16,766,642	\$ -	\$ 16,766,642
Margin assets	1,577,888	-	-	1,577,888
Forward contracts	3,394,322	-	-	3,394,322
Unpriced grain purchases	-	(234,016)	-	(234,016)
Total	\$ 4,972,210	\$ 16,532,626	\$ -	\$ 21,504,836

The majority of the Companies' non-financial instruments, which include property and equipment, are not required to be carried at fair value on a recurring basis but are subject to fair value adjustments only in certain circumstances. If certain triggering events occur such that a non-financial instrument is required to be evaluated for impairment, any resulting asset impairment would require that the non-financial instrument be recorded at the lower of historical cost or its fair value. The Companies determined certain biodiesel and soybean processing assets were impaired at the June 30, 2020. The impairment of approximately \$13 million was determined primarily utilizing a sales comparison approach which the Companies determined to be at Level 2 in the fair value hierarchy.

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which clarifies the principles for recognizing revenue. This guidance requires an entity to recognize revenue to depict the transfer of promised goods or services

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES
June 30, 2020 and 2019

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Companies were required to adopt ASU 2014-09 as of July 1, 2019, fiscal year 2020. In June 2020, the FASB issued ASU 2020-05, *Effective Dates for Certain Entities*, which provides entities that had yet to issue financial statements reflecting the adoption of ASU 2014-09 to defer the required adoption of ASU 2014-09 for one year. As a result of the Companies' adoption of ASU 2020-05, the Companies will be required to adopt ASU 2014-09 for their 2021 annual financial statements. The Companies are currently evaluating the impact of ASU 2014-09 on the Companies' financial condition, results of operations and cash flows.

In August 2017, the FASB issued ASU 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*, which expands and refines hedge accounting for both financial and non-financial risk components, aligns the recognition and presentation of the effects of hedging instruments and hedge items in the financial statements, and includes certain targeted improvements to ease the application of current guidance related to the assessment of hedge effectiveness. ASU 2017-12 is effective for the Companies for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Companies have not yet evaluated the impact of this standard on its financial statements and related disclosures.

In April 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the Emerging Issues Task Force)*, which states amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning and end of year total amounts shown on the statement of cash flows. ASU 2016-18 is effective for the Companies for the fiscal year beginning July 1, 2019 and for all years presented on the financial statements. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the combined balance sheet that sums to the total of the same such amounts shown on the combined statement of cash flows.

	June 30,	
	2020	2019
Cash and cash equivalents	\$ 846,382	\$ 641,737
Restricted cash	369,455	561,455
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	<u>\$ 1,215,837</u>	<u>\$ 1,203,192</u>

Note 2. Property and Equipment

Property and equipment consisted of the following at June 30, 2020 and 2019:

	2020	2019
Land and improvements	\$ 1,125,007	\$ 1,125,007
Buildings	917,709	716,863
Equipment, bins and grain systems	30,169,744	30,619,937
Oil mill facility	28,708,188	30,142,458
Biodiesel facility	11,533,136	14,194,218
Construction in progress	67,023	2,710,026
Total property and equipment	<u>72,520,807</u>	<u>79,508,509</u>
Less accumulated depreciation and amortization	<u>13,502,258</u>	<u>17,224,211</u>
Property and equipment, net	<u>\$ 59,018,549</u>	<u>\$ 62,284,298</u>

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES
June 30, 2020 and 2019

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2. Continued

The Company obtained an appraisal of its property and equipment subsequent to year-end as a result of ongoing losses from its biodiesel operations. In accordance with ASC 360, *Property, Plant and Equipment*, the Companies evaluated their fixed assets for impairment at the lowest level for which identifiable cash flows were largely independent of the cash flows of other assets and liabilities. Based on this appraisal, the carrying value of the property and equipment associated with the biodiesel and soybean processing facility was determined to be impaired and was written down by approximately \$13 million to their estimated fair value as of June 30, 2020. There was no impairment recognized related to the Companies grain storage facility assets.

Note 3. Inventories

Inventories at June 30, 2020 and 2019 were as follows:

	2020	2019
Soybeans	\$ 6,034,377	\$ 9,325,047
Soybean oil	3,362,115	2,091,689
Soybean meal	4,361,635	2,484,639
Soybean hulls	107,100	525,720
Corn	388,431	2,069,700
Wheat	51,224	53,155
Feed	-	216,692
Biodiesel	406,310	-
Other	45,000	54,000
	<u>\$ 14,756,192</u>	<u>\$ 16,820,642</u>

Note 4. Line-of-Credit and Long-term Debt

EGT has a LOC that provides for a maximum of \$35,000,000 in available borrowings at June 30, 2020 and 2019. Effective February 15, 2019, the LOC was amended to, among other things, convert \$28,000,000 of the borrowings on the LOC to a term loan maturing September 2020. As of June 30, 2020, the maturity date for the term loan was November 30, 2020. On December 17, 2020, the Company amended its agreement to convert a portion of its outstanding borrowings on the LOC to the Term Loan, increasing the principal amount of the Term Loan to \$35,000,000, with a maturity date of October 31, 2023. The amendment also increased the LOC to provide for a maximum of \$40,000,000 in available borrowings, with a maturity date of October 31, 2021. See Note 11 for further discussion. Borrowings bear interest at variable rates based on LIBOR plus the applicable margin (4.42 percent at June 30, 2020). Substantially all assets of EGT collateralize borrowings under the LOC and term loan. At June 30, 2020, outstanding borrowings under the LOC were \$24,662,990. The LOC matures November 30, 2020. However, the LOC may be canceled at any time, at the sole discretion of the lender. The LOC requires EGT maintain a tangible net worth, as defined, of not less than \$20,000,000 and a minimum debt service ratio of 1.25:1.00. As of June 30, 2020, EGT was not in compliance with the tangible net worth or the minimum debt service requirement. The December 17, 2020 amendment required EGT to have a tangible net worth of at least \$16,000,000 as of December 31, 2020 and a debt service coverage of 1.25:1.00. EGT was not in compliance with these covenants as of December 31, 2020. Finally, the LOC limits the number of un-hedged commodities contracts to be held by EGT. EGT held long positions for certain commodities exceeding limits allowed under the LOC, which represents an event of default. These violations related to un-hedged commodities as of June 30, 2020 were waived.

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES
June 30, 2020 and 2019

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

The following is a summary of long-term debt at June 30, 2020 and 2019:

	2020	2019
JOHN DEERE FINANCIAL		
Payable in monthly, interest-free payments through July 2020 \$	117,885	\$ 344,644
CAT FINANCIAL		
Payable in monthly, interest free payments through December 2022	149,889	-
CHASE AUTO		
Payable in monthly, interest free payments through November 2024	23,620	-
STATE BANK NOTE		
Payable in monthly, interest free payments through April 2026	31,823	-
RUSTIC VENTURES, LLC NOTE A		
Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	3,941,006	3,941,006
RUSTIC VENTURES, LLC NOTE B		
Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	1,938,994	1,938,994
AMCREF CDE FUND 34, LLC NOTE A		
Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	5,441,776	5,441,776
AMCREF CDE FUND 34, LLC NOTE B		
Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	2,605,224	2,605,224
AMCREF CDE FUND 34, LLC NOTE C		
Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	1,153,000	1,153,000
EGT STATE FUND, LLC		
Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	1,153,000	1,153,000

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

June 30, 2020 and 2019

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

	2020	2019
AMCREF FUND 47, LLC LOAN A		
Payable in quarterly, interest-only payments through May 2025 with principal and unpaid interest due upon maturity May 2038	\$ 3,662,000	\$ 3,662,000
AMCREF FUND 47, LLC LOAN B		
Payable in quarterly, interest-only payments through March 2025 with principal and interest due quarterly from June 2025 through May 2038	1,338,000	1,338,000
MUNISTRATEGIES SUB-CDE#26, LLC LOAN A		
Payable in quarterly, interest-only payments through May 2025 with principal and unpaid interest due upon maturity May 2038	4,706,800	4,706,800
MUNISTRATEGIES SUB-CDE#26, LLC LOAN B		
Payable in quarterly, interest-only payments through March 2025 with principal and interest due quarterly from June 2025 through May 2038	1,764,560	1,764,560
MUNISTRATEGIES SUB-CDE#26, LLC LOAN C		
Payable in quarterly, interest-only payments through March 2025 with principal and unpaid interest due upon maturity May 2025	458,640	458,640
UMB TERM LOAN		
Payable in quarterly, principal and interest payments of \$700,000 beginning July 1, 2019 through November 2020 with remaining principal and accrued and unpaid interest due November 2020	25,200,000	28,000,000
PAYROLL PROTECTION PROGRAM LOAN		
Payable in monthly, principal and interest payments of \$124,113 beginning November 2020 through April 2022	2,205,000	-
Debt issuance costs	(929,171)	(1,101,855)
Total long-term debt	54,962,046	55,405,789
Less current maturities	4,333,848	3,035,488
Long-term debt less current maturities	\$ 50,628,198	\$ 52,370,301

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

June 30, 2020 and 2019

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

Aggregate annual maturities of notes payable outstanding at June 30, 2020, based upon the amended terms, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 4,333,848
2022	4,785,762
2023	3,537,485
2024	15,060,632
2025	5,485
Thereafter	28,168,005
Total, excluding debt issuance costs	55,891,217
Total debt issuance costs	(929,171)
Total long-term debt	<u>\$ 54,962,046</u>

Note 5. Paycheck Protection Program

During fiscal 2020, the Companies received a loan of \$2,205,000 under the Paycheck Protection Program ("PPP") with a financial institution under the Federal "Cares Act" to provide for the payroll payments during the COVID-19 Pandemic. The loan matures April 2022. Borrowings under the loan bear interest at 1.00 percent. Interest and principal payments are due monthly. The PPP Program provides for an initial six-month deferral of payments, which is subsequently deferred by another 10 months. The Company is in the process of submitting its application for forgiveness for the PPP loan but has not done so as of the report date. Therefore, the loan is included in debt on the combined balance sheets and classified as current and non-current debt based on the assumption it will not be forgiven.

Note 6. Derivatives

EGT enters into forward purchase and sales contracts ("forward contracts") for the purchase and sale of agricultural commodity inventories. Forward contracts are recorded at fair value. Changes in the fair value of these contracts are recognized in earnings as margin gains and losses. As of June 30, 2020 and 2019, the fair value of forward contracts was (\$374,471) and \$3,394,322, respectively. To reduce price risk fluctuations, EGT also follows a policy of using exchange-traded futures contracts to minimize its net position of merchandisable agricultural commodity inventories and forward cash purchase and sales contracts. Changes in the fair value of these investments are recognized in sales as margin gains or losses. As of June 30, 2020 and 2019, EGT's fair value of margin assets was \$2,238,493 and \$1,577,888, respectively. During 2020 and 2019, EGT recognized losses of \$3,768,792 and gains of \$5,877,109, respectively, on forward contracts. During 2020 and 2019, EGT recognized losses of \$2,172,876 and gains of \$2,664,119, respectively, on margin assets. These amounts are included in cost of goods sold in the statements of operations.

Unrealized gains related to EGT's open positions on exchange traded futures contracts totaled \$555,040 and \$308,790 at June 30, 2020 and 2019, respectively. Management did not meet the designation and documentation requirements to account for these transactions as hedge derivatives. Accordingly, the unrealized gains are recognized in cost of goods sold in the accompanying statements of operations.

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

June 30, 2020 and 2019

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 6. Continued

EGT considers commodities on hand less unpriced grain purchases, priced forward purchases and sales contracts, and futures contracts when evaluating its net long or short position. EGT utilizes a standard conversion to convert soybeans to soybean oil and meal and biodiesel to soybean oil. The following table summarizes the Companies net long (short) position by commodity at June 30, 2020:

Corn (bushels)	(26,184)
Soybeans (bushels)	1,492,486

Note 7. New Markets Tax Credit Financing

During 2015, EGT and EGT Processing executed a NMTC transaction, EGT received proceeds to be used for the purchase of specific equipment, as permitted by the NMTC program. EGT and EGT Processing also received below market interest rate loans of \$15,080,000 and \$1,153,000, bearing interest at 1.5 percent, and maturing in 2035, respectively. In addition, EGT recorded notes receivable for \$10,535,782 bearing interest at 1.5 percent, maturing in 2035. In order to comply with the NMTC program, the notes payable and notes receivable are required to be outstanding during a seven year, interest only compliance period. If certain conditions are met, EGT and EGT Processing will be able to settle the net of all the notes payable and notes receivable for a discounted amount after the compliance period.

During 2018, EGT and Express Biodiesel executed a NMTC transaction. EGT received proceeds to be used for the purchase of specific equipment, as permitted by the NMTC program. EGT and Express Biodiesel also received below market interest rate loans of \$5,000,000 and \$6,930,000, bearing interest from 1.02 to 1.54 percent and maturing in 2038. In addition, EGT recorded notes receivable for \$8,368,800 bearing interest at 1.08 percent, maturing in 2036. In order to comply with the NMTC program, the notes payable and notes receivable are required to be outstanding during a seven year, interest only compliance period. If certain conditions are met, EGT and Express Biodiesel will be able to settle the net of all the notes payable and notes receivable for a discounted amount after the compliance period. In connection with the NMTC transaction, EGT assigned assets in construction in progress of \$18,194,241 to Express Biodiesel, as of June 30, 2018. The assets transferred represent assets critical to the biodiesel operations and were placed in service in March of 2019.

Incremental costs to maintain the transaction structure during the compliance period are expensed as incurred.

Following is a summary of the assets at June 30, 2020 and 2019 resulting from the NMTC transactions:

	2020	2019
Cash (Included in restricted cash)	\$ 369,455	\$ 561,455
Notes receivable from Twain Investment Fund 139, LLC	10,535,782	10,535,782
Notes receivable from Express Biodiesel Greenwood Investment Fund, LLC	8,368,800	8,638,800
Total	<u>\$ 19,274,037</u>	<u>\$ 19,736,037</u>

The above assets are subject to certain risks associated with the compliance requirements of the applicable NMTC transactions.

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES
June 30, 2020 and 2019

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 8. Related Party Transactions

EGT had no purchases of inventories, in the normal course of business, from its owners during the years of June 30, 2020 and 2019. EGT had no payables to owners for inventory purchases at June 30, 2020 or 2019.

The Companies had an outstanding balance due to an owner at June 30, 2020 and 2019 of \$5,568,680 and \$3,435,965, respectively. The note payable with the related party has no stated interest rate or maturity date. The amounts are not expected to be repaid within the next twelve months and do not bear any interest.

Note 9. Concentration of Credit Risk

The Companies generally maintain cash on deposit at banks in excess of federally insured amounts. The amount of uninsured bank balances at risk as of June 30, 2020 totaled approximately \$468,111. The Companies have not experienced any losses in such accounts.

Note 10. Commitments

EGT, from time to time, enters into transactions with a third party to sell soybeans at a specific price and, simultaneously, enter into an agreement to purchase the same quantity of soybeans at a future date. The terms of the future purchase of soybeans by EGT from the third party do not include a fixed price and, therefore, no obligation has been recognized by EGT at June 30, 2020. Sales recognized by EGT under these arrangements totaled approximately \$52,392,972 for the year ended June 30, 2020. In connection with these agreements, EGT had 2,350,000 bushels of soybeans under forward purchase contracts at June 30, 2020 priced under basis contracts.

Note 11. Subsequent Events

Subsequent to the balance sheet date, EGT and Leverage Lender executed a NMTC transaction. EGT received proceeds to be used for the purchase of specific equipment, as permitted by the NMTC program. EGT and Leverage Lender also received below market interest rate loans of \$8,637,200, \$8,133,133 and \$5,000,000, bearing interest rates of 1.21 percent, maturing in July 2050. In addition, Leverage Lender recorded notes receivable for \$4,850,695 and \$12,721,945. In order to comply with the NMTC program, the notes payable and notes receivable are required to be outstanding during a seven year, interest only compliance period. If certain conditions are met, EGT and Leverage Lender will be able to settle the net of all the notes payable and notes receivable for a discounted amount after the compliance period.

Also subsequent to the balance sheet date, on December 17, 2020, the Companies amended their agreement for their LOC and Term Loan to convert a portion of the outstanding LOC to the Term Loan, increasing the principal amount of the Term Loan to \$35,000,000, with a maturity date of October 31, 2023. The amendment also increased the LOC to provide for a maximum of \$40,000,000 in available borrowings, with a maturity dates of October 31, 2021.

The Companies have evaluated subsequent events through May 20, 2021, the date these financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

Combining Balance Sheet

June 30, 2020

	Express Grain Terminals, LLC	Express Biodiesel, LLC Express Processing, LLC and Subsidiary	Eliminations	Express Grain Terminals, LLC Combined
ASSETS				
Current assets				
Cash and cash equivalents	\$ 5,376	\$ 841,006	\$ -	\$ 846,382
Accounts receivable	3,834,625	2,094	-	3,836,719
Inventories	14,756,192	-	-	14,756,192
Prepaid expenses	542,094	-	-	542,094
Biodiesel tax credit receivable	1,541,352	-	-	1,541,352
Margin assets	2,238,493	-	-	2,238,493
Total current assets	22,918,132	843,100	-	23,761,232
Notes receivable	-	36,667,085	17,762,503	18,904,582
Property and equipment, net	47,019,311	11,999,238	-	59,018,549
Restricted cash	9,956,075	(1,607,061)	7,979,559	369,455
Total assets	\$ 79,893,518	\$ 47,902,362	\$ 25,742,062	\$ 102,053,818
LIABILITIES AND MEMBERS' EQUITY				
Current liabilities				
Accounts payable	\$ 2,460,627	\$ 1,996	\$ -	\$ 2,462,623
Current maturities of long-term debt	4,333,848	-	-	4,333,848
Forward contracts	374,471	-	-	374,471
Borrowings on line-of-credit	24,662,990	-	-	24,662,990
Unpriced grain purchases	8,671,337	-	-	8,671,337
Deferred revenue	2,412,781	-	-	2,412,781
Accrued expenses	339,589	258,116	-	597,705
Total current liabilities	43,255,643	260,112	-	43,515,755
Note payable, related party	5,568,680	-	-	5,568,680
Long-term debt, less current maturities	38,184,135	30,206,566	17,762,503	50,628,198
Total liabilities	87,008,458	30,466,678	17,762,503	99,712,633
Total members' equity	(7,114,940)	17,435,684	7,979,559	2,341,185
Total liabilities and members' equity	\$ 79,893,518	\$ 47,902,362	\$ 25,742,062	\$ 102,053,818

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

Combining Statement of Operations

Year Ended June 30, 2020

	Express Grain Terminals, LLC	Express Biodiesel, LLC Express Processing, LLC and Subsidiary	Eliminations	Express Grain Terminals, LLC Combined
Net sales	\$ 166,243,623	\$ -	\$ -	\$ 166,243,623
Cost of goods sold	152,715,075	491,115	-	153,206,190
Gross margin	13,528,548	(491,115)	-	13,037,433
Operating expenses				
Depreciation & amortization expense	5,047,917	2,181,376	-	7,229,293
Impairment loss	9,693,369	3,565,626	-	13,258,995
Other operating expenses	12,912,094	625,357	-	13,537,451
Total operating expenses	27,653,380	6,372,359	-	34,025,739
Operating loss	(14,124,832)	(6,863,474)	-	(20,988,306)
Other income (expense)				
Other income	2,023,856	-	-	2,023,856
Interest Income	-	362,036	(362,036)	-
Interest expense	(2,337,946)	(286,026)	362,036	(2,261,936)
Total other income (expense)	(314,090)	76,010	-	(238,080)
Net loss	\$ (14,438,922)	\$ (6,787,464)	\$ -	\$ (21,226,386)