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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 | \$ 102,053,818 | \$ 107,358,664 |
| 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 | \$ 102,053,818 | \$ 107,358,664 |

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 | <u>13,037,433</u> | <u>23,412,750</u> |
| 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 | <u>34,025,739</u> | <u>13,462,370</u> |
| 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 | <u>(238,080)</u> | <u>(3,639,346)</u> |
| Net income (loss) | <u>\$ (21,226,386)</u> | <u>\$ 6,311,034</u> |

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 | <u>500,000</u> |
| Balance, June 30, 2019 | 23,567,571 |
| Net loss | <u>(21,226,386)</u> |
| Balance, June 30, 2020 | <u>\$ 2,341,185</u> |

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 | <u>11,300,041</u> | <u>9,352,984</u> |
| Cash flows from investing activities | | |
| Purchases of property and equipment | <u>(16,725,340)</u> | <u>(9,525,578)</u> |
| Net cash used in investing activities | <u>(16,725,340)</u> | <u>(9,525,578)</u> |
| 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 | <u>5,437,944</u> | <u>(469,828)</u> |
| Increase (decrease) in cash and restricted cash | 12,645 | (642,422) |
| Cash and restricted cash at beginning of year | <u>1,203,192</u> | <u>1,845,614</u> |
| Cash and restricted cash at end of year | <u>\$ 1,215,837</u> | <u>\$ 1,203,192</u> |
| Noncash investing and financing activities | | |
| Notes payable for equipment | <u>\$ 245,604</u> | <u>\$ 42,850</u> |
| Supplemental disclosures of cash flow information | | |
| Cash paid for interest | <u>\$ 2,474,753</u> | <u>\$ 3,764,529</u> |

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 | \$ 1,215,837 | \$ 1,203,192 |

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 | 72,520,807 | 79,508,509 |
| Less accumulated depreciation and amortization | 13,502,258 | 17,224,211 |
| Property and equipment, net | \$ 59,018,549 | \$ 62,284,298 |

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 | <u>28,168,005</u> |
| Total, excluding debt issuance costs | 55,891,217 |
| Total debt issuance costs | <u>(929,171)</u> |
| 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) |

AFFIDAVIT

STATE OF MISSISSIPPI
COUNTY OF Madison

I, the undersigned, do hereby state that I am under oath and that I have personal knowledge of the matters and things stated herein.

I do hereby state that I am the director of the grain division ("division") of the Mississippi Department of Agriculture and Commerce ("Department"), an agency of the State of Mississippi. I do further state that I am the custodian of the records maintained by the division, which includes applications for a grain warehouse license and the applicants' supporting financial statements. I do further state that the document attached hereto is a true and correct copy of the financial statement submitted to the division by Express Grain Terminals, LLC in support of its application for a grain warehouse license for FY 2021-22.


GENE ROBERTSON

SWORN TO AND SUBSCRIBED before me on this, the 20th day of January, 2022.


NOTARY PUBLIC

My commission expires



Andy Gipson

From: Coleman, John (EGT) <john@expressgrain.com>
Sent: Thursday, May 27, 2021 5:35 PM
To: Gene Robertson
Subject: 2020 audit
Attachments: EGT 2020 Audit.pdf

Gene,

We are getting together our warehouse license, and I believe it is going in the mail today. I wanted to send you our 2020 audit as part of the package. It is attached.

John Coleman

President



2015 River Road Extd
Greenwood, MS 38930
Direct: 662-262-5300
Express Grain Main: 662-453-0800
john@expressgrain.com
www.expressgrain.com

**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 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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. 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

February 3rd, 2021

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
Combined Balance Sheets
June 30, 2020 and 2019

| | 2020 | 2019 |
|---|----------------|----------------|
| ASSETS | | |
| Current assets | | |
| Cash | \$ 3,865 | \$ 641,737 |
| Accounts receivable | 3,836,719 | 2,032,387 |
| Inventories | 11,152,795 | 16,820,642 |
| Prepaid expenses | 542,094 | 1,141,353 |
| Biodiesel tax credit receivable | 1,541,352 | - |
| Forward contracts | 1,082,155 | 3,394,322 |
| Margin assets | 5,802,226 | 4,885,976 |
| Total current assets | 23,961,206 | 28,916,417 |
| Notes receivable | 18,904,582 | 18,904,582 |
| Property and equipment, net | 72,045,339 | 62,284,298 |
| Restricted cash | 516,955 | 561,455 |
| Total assets | \$ 115,428,082 | \$ 110,666,752 |
| LIABILITIES AND MEMBERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable | \$ 2,409,611 | \$ 1,548,940 |
| Current maturities of long-term debt | 25,390,844 | 3,035,488 |
| Forward contracts | - | - |
| Borrowings on line-of-credit | 24,662,990 | 20,416,820 |
| Unpriced grain purchases | 2,035,695 | 234,016 |
| Deferred revenue | 2,412,781 | 2,173,002 |
| Accrued expenses | 597,705 | 576,562 |
| Total current liabilities | 57,509,626 | 27,984,828 |
| Note payable, related party | 5,568,680 | 3,485,965 |
| Long-term debt, less current maturities | 27,366,202 | 52,370,301 |
| Total liabilities | 90,444,507 | 83,791,094 |
| Members' equity | 24,983,574 | 26,875,658 |
| Total liabilities and members' equity | \$ 115,428,082 | \$ 110,666,752 |

See accompanying notes to combined financial statements.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
Combined Statement of Operations
Years Ended June 30, 2020 and 2019

| | 2020 | 2019 |
|-------------------------------------|----------------|----------------|
| Net sales | \$ 113,243,623 | \$ 141,471,072 |
| Cost of goods sold | 92,136,896 | 122,126,779 |
| Gross margin | 21,106,727 | 19,344,293 |
| Operating expenses | | |
| Depreciation & amortization expense | 7,406,430 | 3,993,901 |
| Other operating expenses | 13,537,451 | 9,468,469 |
| Total operating expenses | 20,943,881 | 13,462,370 |
| Operating income (loss) | 162,846 | 5,881,923 |
| Other income (expense) | | |
| Other income | 207,006 | 231,109 |
| Interest expense | (2,261,936) | (3,870,455) |
| Total other expense | (2,054,930) | (3,639,346) |
| Net income (loss) | \$ (1,892,084) | \$ 2,242,577 |

See accompanying notes to combined financial statements.

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

| | Members' Equity |
|------------------------|----------------------------|
| Balance, July 1, 2018 | \$ 24,133,082 |
| Net income | 2,242,577 |
| Contributions | 500,000 |
| Balance, June 30, 2019 | 26,875,658 |
| Net loss | (1,892,084) |
| Balance, June 30, 2020 | \$ 24,983,574 |

See accompanying notes to combined financial statements.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**

Combined Statement of Cash Flows
Year Ended June 30, 2020

| | 2020 | 2019 |
|---|----------------|--------------|
| Cash flows from operating activities | | |
| Net income (loss) | \$ (1,892,084) | \$ 2,242,577 |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities | | |
| Depreciation and amortization | 7,406,430 | 3,993,901 |
| Changes in operating assets and liabilities: | | |
| Margin asset | (916,250) | (2,007,430) |
| Accounts receivable | (1,804,332) | 2,899,643 |
| Inventories | 5,667,847 | 1,503,390 |
| Biodiesel tax credit receivable | (1,541,352) | - |
| Grain payable | 1,801,679 | (56,632) |
| Forward contracts | 2,312,167 | (1,334,188) |
| Prepaid expenses | 599,259 | (799,765) |
| Accounts payable and accrued expenses | 881,814 | 628,748 |
| Deferred revenue | 239,779 | (1,228,834) |
| Net cash provided by operating activities | 12,754,957 | 5,900,354 |
| Cash flows from investing activities | | |
| Purchases of property and equipment | (17,167,471) | (9,014,004) |
| Net cash used in investing activities | (17,167,471) | (9,014,004) |
| Cash flows from financing activities | | |
| Net decrease in borrowings on line-of-credit | 4,246,170 | (1,143,771) |
| Proceeds from long-term borrowings | 497,199 | - |
| Proceeds from related-party borrowings | 2,132,715 | 3,435,965 |
| Principal payment on long-term borrowings | (3,053,442) | (262,021) |
| Payment of debt issuance costs Members' contributions | (92,500) | - |
| | - | 500,000 |
| Net cash provided by (used in) financing activities | 3,730,142 | 2,530,173 |
| Increase (decrease) in cash and restricted cash | (682,372) | (583,477) |
| Cash and restricted cash at beginning of year | 1,203,192 | 1,225,214 |
| Cash and restricted cash at end of year | \$ 520,820 | \$ 641,737 |
| 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

EGT continues to invest in its Greenwood facility. 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 utilized certain assets of their biodiesel plant in Greenwood as collateral for the long-term financing. The Companies' ability to meet their future commitments is significantly dependent upon the profitability of their Greenwood operations and ability to renew and extend its Credit Facility.

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, soybean hulls and biofuel 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*.

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.

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.

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

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

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.

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.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**

June 30, 2020 and 2019

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

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 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 | \$ - | \$ 11,152,795 | \$ - | \$ 11,152,795 |
| Margin assets | 5,802,226 | - | - | 5,802,226 |
| Forward contracts | 1,082,155 | - | - | 1,082,155 |
| Unpriced grain purchases | - | (2,035,695) | - | (2,035,695) |
| Total | \$ 6,884,381 | \$ 9,117,100 | \$ - | \$ 16,001,480 |

The following table presents information about the assets and liabilities recorded at fair value 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 | \$ - | \$ 16,820,642 | \$ - | \$ 16,820,642 |
| Margin assets | 4,885,976 | - | - | 4,885,976 |
| Forward contracts | 3,394,322 | - | - | 3,394,322 |
| Unpriced grain purchases | - | (234,016) | - | (234,016) |
| Total | \$ 8,280,789 | \$ 16,586,626 | \$ - | \$ 24,866,924 |

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.

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 | \$ 3,865 | \$ 641,737 |
| Restricted cash | 516,955 | 561,455 |
| Total cash, cash equivalents and restricted cash shown in the statement of cash flows | <u>\$ 520,820</u> | <u>\$ 1,203,192</u> |

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

NOTES TO COMBINED FINANCIAL STATEMENTS

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 | 1,379,640 | 716,863 |
| Equipment, bins and grain systems | 31,168,261 | 30,619,937 |
| Oil mill facility | 45,387,496 | 30,142,458 |
| Biodiesel facility | 17,615,576 | 14,194,218 |
| Construction in progress | - | 2,710,026 |
| Total property and equipment | 96,675,980 | 79,508,509 |
| Less accumulated depreciation and amortization | 24,630,641 | 17,224,211 |
| Property and equipment, net | <u>\$ 72,045,339</u> | <u>62,284,298</u> |

The Companies capitalized \$-0- and \$193,347 of interest in connection with the construction in progress in 2020 and 2019, respectively.

Note 3. Inventories

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

| | 2020 | 2019 |
|---------------|----------------------|----------------------|
| Soybeans | \$ 887,570 | \$ 9,325,047 |
| Soybean oil | 3,448,870 | 2,091,689 |
| Soybean meal | 4,354,425 | 2,484,639 |
| Soybean hulls | 103,740 | 525,720 |
| Corn | 354,467 | 2,069,700 |
| Wheat | 51,587 | 53,155 |
| Feed | - | 216,692 |
| Biodiesel | 402,038 | - |
| RINs | 1,505,098 | - |
| Other | 45,000 | 54,000 |
| | <u>\$ 11,152,795</u> | <u>\$ 16,820,642</u> |

Note 4. Credit Facility and Long-term Debt

EGT has a Credit Facility that provides for a maximum of \$35,000,000 in available borrowings at June 30, 2020 and 2019. Effective December 17, 2020, the Credit Facility was renewed to, among other things, increase the revolving line-of-credit limit to \$40,000,000 and increase the term loan to \$35,000,000 for the purpose of increasing working capital. The new maturity date for the line is October 31, 2021 and the term loan is December 17th 2023. However, the revolving line-of-credit may be canceled at any time, at the sole discretion of the lender. Borrowings bear interest at variable rates based on LIBOR plus the applicable margin (4.42 percent at June 30, 2020 and 4.25 percent as of December 17, 2020). Substantially all assets of EGT collateralize borrowings under the Credit Facility. At June 30, 2020, outstanding borrowings under the Revolving Loan were \$24,662,990.

**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 |
| Debt issuance costs | (929,171) | (1,101,855) |
| Total long-term debt | 52,757,046 | 55,405,789 |
| Less current maturities | 25,390,844 | 3,035,488 |
| Long-term debt less current maturities | \$ 27,366,202 | \$ 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, are as follows:

| Year Ending June 30, | Amount |
|--------------------------------------|----------------------|
| 2021 | 25,390,844 |
| 2022 | 73,765 |
| 2023 | 37,485 |
| 2024 | 10,632 |
| 2025 | 5,485 |
| Thereafter | 28,168,006 |
| Total, excluding debt issuance costs | 53,686,217 |
| Total debt issuance costs | (929,171) |
| Total long-term debt | <u>\$ 52,757,046</u> |

Note 5. 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 \$1,082,155 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 \$5,802,226 and \$4,885,976, respectively. During 2020 and 2019, EGT recognized losses of \$2,312,167 and gains of \$1,334,188, respectively, on forward contracts. During 2020 and 2019, EGT recognized gains of \$916,250 and \$2,007,430, respectively, on margin assets. These amounts are included in cost of goods sold in the statements of operations.

Unrealized gains (losses) related to EGT's open positions on exchange traded futures contracts totaled \$(370,190) and \$(538,977) 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.

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) | 5,654 |
| Soybean meal (tons) | 65 |
| Soybean oil (pounds) | (36,423) |

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**

June 30, 2020 and 2019

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 6. 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> |

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

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 7. Related Party Transactions

EGT purchased \$0 and \$0 of inventories, in the normal course of business, from its owners during the year of June 30, 2020 and 2019, respectively. 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 \$3,485,965, 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 8. 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 \$520,820. The Companies have not experienced any losses in such accounts.

Note 9. 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.

Note 10. 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.

The Companies have evaluated subsequent events through February 3rd, 2020, the date these financial statements were available to be issued.

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

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 | \$ (21,226,386) | \$ 6,311,034 |
| Net income (loss) | | |
| 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 | (16,725,340) | (9,525,578) |
| Purchases of property and equipment | (16,725,340) | (9,525,578) |
| Net cash used in investing activities | | |
| Cash flows from financing activities | 4,246,171 | (4,143,772) |
| Net decrease in borrowings on line-of-credit | 2,205,000 | - |
| Proceeds from long-term borrowings | 3,910,000 | 3,435,965 |
| Proceeds from related-party borrowings | (1,777,285) | - |
| Payment on related-party borrowings | (3,053,442) | (262,021) |
| Principal payment on long-term borrowings | (92,500) | - |
| Payment of debt issuance costs | - | 500,000 |
| Members' contributions | 5,437,944 | (469,828) |
| Net cash provided by (used in) financing activities | | |
| 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 | \$ 245,604 | \$ 42,850 |
| Notes payable for equipment | | |
| Supplemental disclosures of cash flow information | \$ 2,474,753 | \$ 3,764,529 |
| Cash paid for interest | | |

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 stated 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 | \$ 1,215,837 | \$ 1,203,192 |

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 | 72,520,807 | 79,508,509 |
| Less accumulated depreciation and amortization | 13,502,258 | 17,224,211 |
| Property and equipment, net | \$ 59,018,549 | \$ 62,284,298 |

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:

| Year Ending June 30, | Amount |
|--------------------------------------|---------------|
| 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 | \$ 54,962,046 |

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) |

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**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**

Greenwood, Mississippi

Combined Financial Statements
Years Ended June 30, 2019 and 2018



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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, 2019 and 2018, 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 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 statement 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, 2019 and 2018, and the results of their operations and their cash flows for the year ended June 30, 2019, 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, 2019, 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 \$14,000,000 since its inception and their total current liabilities exceed total current assets at June 30, 2019. The Companies have a line-of-credit and a term loan with balances at June 30, 2019 of approximately \$20 million and \$28 million, respectively, which mature 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
December 31, 2019

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
Combined Balance Sheets
June 30, 2019 and 2018

| | 2019 | 2018 |
|---|----------------|----------------|
| ASSETS | | |
| Current assets | | |
| Cash | \$ 641,737 | \$ 1,225,214 |
| Accounts receivable | 2,032,387 | 4,932,030 |
| Inventories | 16,820,642 | 18,324,032 |
| Prepaid expenses | 1,141,353 | 841,588 |
| Forward contracts | 3,394,322 | - |
| Margin assets | 1,577,888 | 2,878,546 |
| Total current assets | 25,608,329 | 28,201,410 |
| Notes receivable | 18,904,582 | 18,904,582 |
| Property and equipment, net | 62,284,298 | 54,007,175 |
| Prepaid expenses, noncurrent | - | 174,498 |
| Restricted cash | 561,455 | 620,400 |
| Total assets | \$ 107,358,664 | \$ 101,908,065 |
| LIABILITIES AND MEMBERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable | \$ 1,548,940 | \$ 1,268,423 |
| Current maturities of long-term debt | 3,035,488 | 235,488 |
| Forward contracts | - | 2,482,788 |
| Borrowings on line-of-credit | 20,416,819 | 52,560,591 |
| Unpriced grain purchases | 234,016 | 290,648 |
| Deferred revenue | 2,173,002 | 944,168 |
| Accrued expenses | 576,562 | 228,331 |
| Total current liabilities | 27,984,827 | 58,010,437 |
| Note payable, related party | 3,435,965 | - |
| Long-term debt, less current maturities | 52,370,301 | 27,141,091 |
| Total liabilities | 83,791,093 | 85,151,528 |
| Members' equity | 23,567,571 | 16,756,537 |
| Total liabilities and members' equity | \$ 107,358,664 | \$ 101,908,065 |

See accompanying notes to combined financial statements.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
Combined Statement of Operations
Years Ended June 30, 2019 and 2018

| | 2019 | 2018 |
|-------------------------------------|---------------------|-----------------------|
| Net sales | \$ 141,471,072 | \$ 130,729,900 |
| Cost of goods sold | <u>118,058,322</u> | <u>126,870,573</u> |
| Gross margin | 23,412,750 | 3,859,327 |
| Operating expenses | | |
| Depreciation & amortization expense | 3,993,901 | 2,650,215 |
| Other operating expenses | <u>9,468,469</u> | <u>7,956,774</u> |
| Total operating expenses | <u>13,462,370</u> | <u>10,606,989</u> |
| Operating income (loss) | 9,950,380 | (6,747,662) |
| Other income (expense) | | |
| Other income | 231,109 | 134,028 |
| Interest expense | <u>(3,870,455)</u> | <u>(2,719,516)</u> |
| Total other expense | <u>(3,639,346)</u> | <u>(2,585,488)</u> |
| Net income (loss) | <u>\$ 6,311,034</u> | <u>\$ (9,333,150)</u> |

See accompanying notes to combined financial statements.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
Combined Statement of Members' Equity
Years Ended June 30, 2019 and 2018

| | Members' Equity |
|------------------------|--------------------|
| Balance, July 1, 2017 | \$ 18,814,687 |
| Net loss | (9,333,150) |
| Contributions | 7,275,000 |
| Balance, June 30, 2018 | 16,756,537 |
| Net income | 6,311,034 |
| Contributions | 500,000 |
| Balance, June 30, 2019 | \$ 23,567,571 |

See accompanying notes to combined financial statements.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
Combined Statement of Cash Flows
Year Ended June 30, 2018

| | 2019 | 2018 |
|---|--------------|----------------|
| Cash flows from operating activities | | |
| Net income (loss) | \$ 6,311,034 | \$ (9,333,150) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities | | |
| Depreciation and amortization | 3,993,901 | 2,650,215 |
| Changes in operating assets and liabilities: | | |
| Margin asset | 1,300,658 | (981,647) |
| Accounts receivable | 2,903,096 | (1,844,094) |
| Inventories | 1,503,390 | 14,300,517 |
| Restricted cash | 58,945 | (290,400) |
| Grain payable | (56,632) | (151,785) |
| Forward contracts | (5,877,110) | 2,222,131 |
| Prepaid expenses | (125,267) | (585,617) |
| Accounts payable and accrued expenses | 628,748 | (189,419) |
| Deferred revenue | (1,228,834) | 944,168 |
| Net cash provided by operating activities | 9,411,929 | 6,740,919 |
| Cash flows from investing activities | | |
| Increase in notes receivable | - | (8,368,800) |
| Purchases of property and equipment | (9,525,578) | (12,934,584) |
| Net cash used in investing activities | (9,525,578) | (21,303,384) |
| Cash flows from financing activities | | |
| Net decrease in borrowings on line-of-credit | (4,143,772) | (3,189,694) |
| Proceeds from long-term borrowings | - | 12,310,981 |
| Proceeds from related-party borrowings | 3,435,965 | - |
| Principal payment on long-term borrowings | (262,021) | (91,417) |
| Payment of debt issuance costs | - | (747,685) |
| Members' contributions | 500,000 | 7,275,000 |
| Net cash provided by financing activities | (469,828) | 15,557,185 |
| Increase (decrease) in cash | (583,477) | 994,720 |
| Cash at beginning of year | 1,225,214 | 230,494 |
| Cash at end of year | \$ 641,737 | \$ 1,225,214 |
| Noncash investing and financing activities | | |
| Notes payable for equipment | \$ 42,850 | \$ 380,981 |
| Supplemental disclosures of cash flow information | | |
| Cash paid for interest | \$ 3,764,529 | \$ 2,909,299 |

See accompanying notes to combined financial statements.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2019 and 2018

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. In addition, EGT mills soybeans at its Greenwood facility. The products produced from the milling process include soybean oil, soybean meal and soybean hulls.

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 ("NMTCT") Financing as more fully described in Note 6. 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 \$14 million since its inception and their total current liabilities exceed total current assets at June 30, 2019. As described in Note 4, EGT has a \$35 million revolving line-of-credit (the "Credit Facility") that matures October 31, 2020 and a \$28 million term loan (the "Term Loan") that matures September 1, 2020. 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 utilized certain assets of their biodiesel plant in Greenwood as collateral for the long-term financing. 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 Credit Facility. Management expects the biodiesel facility to be fully operational in January 2020. 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 Credit Agreement and Term Loan 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, 2019 and 2018

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, 2019 or 2018.

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*.

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.

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

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2019 and 2018

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

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.

The Companies have construction in process of \$2,710,026 at June 30, 2019 related to their biodiesel facility. The total net book value of the biodiesel facility was \$16,140,693 at June 30, 2019. As referenced in Note 2, the Companies incurred an additional \$7.6 million subsequent to June 30, 2019 to complete the projects. Management completed its estimates of undiscounted cash flow related to the biodiesel assets and determined no impairment existed. Operations began March 28, 2019, but after a brief period of operation, was idled to make process improvements and was placed back into operation in December 2019, but not operating at full capacity. There can be no assurances that future cash flows will be sufficient to recover the investments in the biodiesel facility.

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 6. The notes bear interest at 1.02 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 5. 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 6, 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.

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, 2019 and 2018.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2019 and 2018

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

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, 2019 and 2018

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

The following table presents information about the assets and liabilities recorded at fair value 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 following table presents information about the assets and liabilities recorded at fair value at June 30, 2018:

| Fair Value Measurements at June 30, 2018 | | | | |
|---|---|--|--|----------------------|
| | 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 | \$ - | \$ 18,274,532 | \$ - | \$ 18,274,532 |
| Margin assets | 2,878,546 | - | - | 2,878,546 |
| Forward contracts | (2,482,788) | - | - | (2,482,788) |
| Unpriced grain purchases | - | (290,648) | - | (290,648) |
| Total | \$ 395,758 | \$ 17,983,884 | \$ - | \$ 18,379,642 |

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.

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, 2019 and 2018

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 will be required to adopt ASU 2014-09 as of July 1, 2019, fiscal year 2020. 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.

Note 2. Property and Equipment

Property and equipment consisted of the following at June 30, 2019 and 2018:

| | 2019 | 2018 |
|--|---------------|---------------|
| Land and improvements | \$ 1,125,007 | \$ 1,118,468 |
| Buildings | 716,863 | 500,815 |
| Equipment, bins and grain systems | 30,619,937 | 28,068,503 |
| Oil mill facility | 30,142,458 | 19,163,048 |
| Biodiesel facility | 14,194,218 | - |
| Construction in progress | 2,710,026 | 18,895,009 |
| Total property and equipment | 79,508,509 | 67,745,843 |
| Less accumulated depreciation and amortization | 17,224,211 | 13,738,668 |
| Property and equipment, net | \$ 62,284,298 | \$ 54,007,175 |

Subsequent to year end, EGT incurred capital expenditures, totaling approximately \$7.6 million, to complete the construction in progress. The Companies capitalized \$193,347 and \$266,970 of interest in connection with the construction in progress in 2019 and 2018, respectively.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2019 and 2018

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 3. Inventories

Inventories at June 30, 2019 and 2018 were as follows:

| | 2019 | 2018 |
|---------------|----------------------|----------------------|
| Soybeans | \$ 9,325,047 | \$ 9,997,319 |
| Soybean oil | 2,091,689 | 2,970,038 |
| Soybean meal | 2,484,639 | 3,678,231 |
| Soybean hulls | 525,720 | 776,476 |
| Corn | 2,069,700 | - |
| Wheat | 53,155 | 144,055 |
| Feed | 216,692 | 708,413 |
| Other | 54,000 | 49,500 |
| | <u>\$ 16,820,642</u> | <u>\$ 18,324,032</u> |

Note 4. Credit Facility and Long-term Debt

EGT has a Credit Facility that provides for a maximum of \$35,000,000 and \$55,000,000 in available borrowings at June 30, 2019 and 2018, respectively. At June 30, 2018, outstanding borrowings under the Credit Facility exceeded available borrowings. Effective February 15, 2019, the Credit Facility was amended to, among other things, convert \$28,000,000 of the revolving line-of-credit to a term loan maturing September 2020. Borrowings bear interest at variable rates based on LIBOR plus the applicable margin (6.69 percent at June 30, 2019). Substantially all assets of EGT collateralize borrowings under the Credit Facility. At June 30, 2019, outstanding borrowings under the Revolving Loan were \$20,416,819. The revolving line-of-credit matures October 31, 2020. However, the revolving line-of-credit may be canceled at any time, at the sole discretion of the lender. The Credit Facility 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. Finally, the Credit Facility limits the number of un-hedged commodities contracts to be held by EGT. EGT held long positions for certain commodities, which exceed limits allowed under the Credit Facility, which represents an event of default. However, these violations were waived.

As of March 31, 2018 and June 30, 2018, EGT failed to comply with its debt service coverage ratio and minimum tangible net worth related to its Revolving Loan. In addition, EGT violated these financial covenants for the financial quarters ending September 30, and December 31, 2018. However, these violations were waived.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2019 and 2018

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

The following is a summary of long-term debt at June 30, 2019 and 2018:

| | 2019 | 2018 |
|---|-----------|------------|
| JOHN DEERE FINANCIAL | | |
| Payable in monthly, interest-free payments through July 2020 \$ | 344,644 | \$ 563,814 |
| 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 |
| 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 |

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2019 and 2018

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

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 September 2020 with remaining principal and accrued and unpaid interest due September 2020

28,000,000 -

Debt issuance costs

(1,101,855) (1,350,235)

Total long-term debt

55,405,789 27,376,579

Less current maturities

3,035,488 235,488

Long-term debt less current maturities

\$ 52,370,301 \$ 27,141,091

Aggregate annual maturities of notes payable outstanding at June 30, 2019, are as follows:

| Year Ending June 30, | Amount |
|--------------------------------------|----------------------|
| 2020 | \$ 3,035,488 |
| 2021 | 25,309,156 |
| 2022 | - |
| 2023 | - |
| 2024 | - |
| Thereafter | 28,163,000 |
| Total, excluding debt issuance costs | 56,507,644 |
| Total debt issuance costs | (1,101,855) |
| Total long-term debt | <u>\$ 55,405,789</u> |

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2019 and 2018

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 5. 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, 2019 and 2018, the fair value of forward contracts was \$3,394,322 and (\$2,482,788), 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, 2019 and 2018, EGT's fair value of margin assets was \$1,577,888 and \$2,878,546, respectively. During 2019 and 2018, EGT recognized gains of \$5,877,109 and losses of \$2,222,131, respectively, on forward contracts. During 2019 and 2018, EGT recognized gains of \$2,664,119 and losses of \$4,729,664, respectively, on margin assets. These amounts are included in cost of goods sold in the statements of operations.

Unrealized gains (losses) related to EGT's open positions on exchange traded futures contracts totaled \$308,790 and \$(4,441,201) at June 30, 2019 and 2018, respectively. Management did not meet the designation and documentation requirements to account for these transactions as hedge derivatives. Accordingly, the unrealized gains (losses) are recognized in cost of goods sold in the accompanying statements of operations.

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. The following table summarizes the Companies net long (short) position by commodity at June 30, 2019:

| | |
|----------------------|------------|
| Corn (bushels) | 3,003,194 |
| Soybean meal (tons) | 53,217 |
| Soybean oil (pounds) | 27,540,993 |
| Natural gas (MMBTU) | 160,000 |

Note 6. 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.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2019 and 2018

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 6. Continued

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, 2019 and 2018 resulting from the NMTC transactions:

| | 2019 | 2018 |
|---|----------------------|----------------------|
| Cash (included in restricted cash) | \$ 561,455 | \$ 620,400 |
| 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>\$ 19,466,037</u> | <u>\$ 19,524,982</u> |

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

Note 7. Related Party Transactions

EGT purchased \$0 and \$62,498 of inventories, in the normal course of business, from its owners during the year of June 30, 2019 and 2018, respectively. EGT had no payables to owners for inventory purchases at June 30, 2019 or 2018.

During 2019, an owner advanced \$3,435,965 to the Companies for use in operations. The note payable with the related party has not 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. No amounts owed to owners were outstanding as of June 30, 2018.

Note 8. 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, 2019 totaled approximately \$333,327. The Companies have not experienced any losses in such accounts.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2019 and 2018

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 9. 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, 2019. Sales recognized by EGT under these arrangements totaled approximately \$26,986,324 for the year ended June 30, 2019. In connection with these agreements, EGT had 4,555,000 bushels of soybeans under forward purchase contracts at June 30, 2019 priced under basis contracts.

Note 10. Subsequent Events

The Companies have evaluated subsequent events through December 31, 2019, the date these financial statement were available to be issued.

SUPPLEMENTARY INFORMATION

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

Combining Balance Sheet

June 30, 2019

| | 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 | \$ 31,087 | \$ 610,650 | \$ - | \$ 641,737 |
| Accounts receivable | 1,997,202 | 35,185 | - | 2,032,387 |
| Inventories | 15,939,842 | 880,800 | - | 16,820,642 |
| Prepaid expenses | 1,141,353 | - | - | 1,141,353 |
| Forward contracts | 3,394,322 | - | - | 3,394,322 |
| Margin assets | 1,577,888 | - | - | 1,577,888 |
| Total current assets | 24,081,694 | 1,526,635 | - | 25,608,329 |
| Notes receivable | - | 36,667,085 | 17,762,503 | 18,904,582 |
| Property and equipment, net | 44,534,249 | 17,750,049 | - | 62,284,298 |
| Restricted cash | 10,016,075 | (1,475,061) | 7,979,559 | 561,455 |
| Total assets | \$ 78,632,018 | \$ 54,468,708 | \$ 25,742,062 | \$ 107,358,664 |
| LIABILITIES AND MEMBERS' EQUITY | | | | |
| Current liabilities | | | | |
| Accounts payable | \$ 1,548,940 | \$ - | \$ - | \$ 1,548,940 |
| Current maturities of long-term debt | 3,035,488 | - | - | 3,035,488 |
| Borrowings on line-of-credit | 20,416,819 | - | - | 20,416,819 |
| Unpriced grain purchases | 234,016 | - | - | 234,016 |
| Deferred revenue | 2,173,002 | - | - | 2,173,002 |
| Accrued expenses | 541,377 | 35,185 | - | 576,562 |
| Total current liabilities | 27,949,642 | 35,185 | - | 27,984,827 |
| Note payable, related party | 3,435,965 | - | - | 3,435,965 |
| Long-term debt, less current maturities | 39,926,233 | 30,206,571 | 17,762,503 | 52,370,301 |
| Total liabilities | 71,311,840 | 30,241,756 | 17,762,503 | 83,791,093 |
| Total members' equity | 7,320,178 | 24,226,952 | 7,979,559 | 23,567,571 |
| Total liabilities and members' equity | \$ 78,632,018 | \$ 54,468,708 | \$ 25,742,062 | \$ 107,358,664 |

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES
Combining Statement of Operations
Year Ended June 30, 2019

| | Express Grain Terminals, LLC | Express Biodiesel, LLC Express Processing, LLC and Subsidiary | Eliminations | Express Grain Terminals, LLC Combined |
|-------------------------------------|---------------------------------|---|--------------|---|
| Net sales | \$ 141,471,072 | \$ - | - | \$ 141,471,072 |
| Cost of goods sold | 116,785,444 | 1,272,878 | - | 118,058,322 |
| Gross margin | 24,685,628 | (1,272,878) | - | 23,412,750 |
| Operating expenses | | | | |
| Depreciation & amortization expense | 3,440,955 | 552,946 | - | 3,993,901 |
| Other operating expenses | 9,377,364 | 91,105 | - | 9,468,469 |
| Total operating expenses | 12,818,319 | 644,051 | - | 13,462,370 |
| Operating income (loss) | 11,867,309 | (1,916,929) | - | 9,950,380 |
| Other income (expense) | | | | |
| Other income | 231,109 | - | - | 231,109 |
| Interest income | - | 398,307 | (398,307) | - |
| Interest expense | (3,931,769) | (336,993) | 398,307 | (3,870,455) |
| Total other income (expense) | (3,700,660) | 61,314 | - | (3,639,346) |
| Net income (loss) | \$ 8,166,649 | \$ (1,855,615) | \$ - | \$ 6,311,034 |

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

Combined Financial Statements
Years Ended June 30, 2018 and 2017



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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, 2018 and 2017, 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 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 statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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, 2018 and 2017, and the results of their operations and their cash flows for the year ended June 30, 2018, 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, 2018, 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 incurred net losses in 2018 and 2017 totaling \$9,333,150 and \$2,400,028, respectively, which raises substantial doubt about the Companies' ability to continue as a going concern. In addition, borrowings as of June 30, 2018 of \$52,560,591 exceed the borrowing base by \$7,054,105. 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 17-18 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 6, 2019

EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES
Combined Balance Sheets
June 30, 2018 and 2017

| | 2018 | 2017 |
|---|----------------|---------------|
| ASSETS | | |
| Current assets | | |
| Cash | \$ 1,225,214 | \$ 230,494 |
| Accounts receivable | 4,932,030 | 3,087,936 |
| Inventories | 18,324,032 | 32,624,549 |
| Prepaid expenses | 841,588 | 430,469 |
| Margin assets | 2,878,546 | 1,896,899 |
| Total current assets | 28,201,410 | 38,270,347 |
| Notes receivable | 18,904,582 | 10,535,782 |
| Prepaid expenses, noncurrent | 174,498 | - |
| Property and equipment, net | 54,007,175 | 43,586,101 |
| Other assets | 620,400 | 330,000 |
| Total assets | \$ 101,908,065 | \$ 92,722,230 |
| LIABILITIES AND MEMBERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable | \$ 1,268,423 | \$ 1,544,831 |
| Current maturities of long-term debt | 235,488 | 91,416 |
| Forward contracts | 2,482,788 | 260,657 |
| Borrowings on line of credit | 52,560,591 | 55,750,285 |
| Unpriced grain purchases | 290,648 | 442,433 |
| Deferred revenue | 944,168 | - |
| Accrued expenses | 228,331 | 141,342 |
| Total current liabilities | 58,010,437 | 58,230,964 |
| Long-term debt, less current maturities | 27,141,091 | 15,676,579 |
| Total liabilities | 85,151,528 | 73,907,543 |
| Members' equity | 16,756,537 | 18,814,687 |
| Total liabilities and members' equity | \$ 101,908,065 | \$ 92,722,230 |

See accompanying notes to combined financial statements.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
Combined Statement of Operations
Years Ended June 30, 2018 and 2017

| | 2018 | 2017 |
|-------------------------------------|-----------------------|-----------------------|
| Net sales | \$ 130,729,900 | \$ 99,013,286 |
| Cost of goods sold | 126,870,573 | 91,889,906 |
| Gross margin | <u>3,859,327</u> | <u>7,123,380</u> |
| Operating expenses | | |
| Depreciation & amortization expense | 2,650,215 | 2,655,302 |
| Other operating expenses | 7,956,774 | 5,126,998 |
| Total operating expenses | <u>10,606,989</u> | <u>7,782,300</u> |
| Operating loss | (6,747,662) | (658,920) |
| Other income (expense) | | |
| Other income | 134,028 | 95,699 |
| Interest expense | (2,719,516) | (1,836,807) |
| Net other expense | <u>(2,585,488)</u> | <u>(1,741,108)</u> |
| Net loss | <u>\$ (9,333,150)</u> | <u>\$ (2,400,028)</u> |

See accompanying notes to combined financial statements.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
Combined Statement of Members' Equity
Years Ended June 30, 2018 and 2017

| | Members' Equity |
|------------------------|----------------------------|
| Balance, July 1, 2016 | \$ 19,214,715 |
| Net loss | (2,400,028) |
| Contributions | 2,000,000 |
| Balance, June 30, 2017 | 18,814,687 |
| Net loss | (9,333,150) |
| Contributions | 7,275,000 |
| Balance, June 30, 2018 | <u>\$ 16,756,537</u> |

See accompanying notes to combined financial statements.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**

Combined Statement of Cash Flows
Year Ended June 30, 2018

| | 2018 | 2017 |
|--|----------------|----------------|
| Cash flows from operating activities | | |
| Net loss | \$ (9,333,150) | \$ (2,400,028) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities | | |
| Depreciation and amortization | 2,650,215 | 2,655,302 |
| Changes in operating assets and liabilities: | | |
| Margin asset | (981,647) | 1,910,917 |
| Accounts receivable | (1,844,094) | (2,213,103) |
| Inventories | 14,300,517 | 13,166,679 |
| Other assets | (290,400) | - |
| Grain payable | (151,785) | (769,778) |
| Forward contracts | 2,222,131 | 2,981,310 |
| Prepaid expenses | (585,617) | (95,144) |
| Accounts payable and accrued expenses | (189,419) | (429,203) |
| Deferred revenue | 944,168 | - |
| Net cash provided by (used in) operating activities | 6,740,919 | 14,806,952 |
| Cash flows from investing activities | | |
| Increase in notes receivable | (8,368,800) | - |
| Purchases of property and equipment | (12,934,584) | (15,420,659) |
| Proceeds from sale of property and equipment | - | 48,848 |
| Net cash used in investing activities | (21,303,384) | (15,371,811) |
| Cash flows from financing activities | | |
| Net decrease in borrowings on line of credit | (3,189,694) | (1,277,621) |
| Proceeds from long-term borrowings | 12,310,981 | - |
| Payment on long-term borrowings | (91,417) | - |
| Payment of debt issuance costs | (747,685) | - |
| Members' contributions | 7,275,000 | 2,000,000 |
| Net cash provided by financing activities | 15,557,185 | 722,379 |
| Increase (decrease) in cash | 994,720 | 157,520 |
| Cash at beginning of year | 230,494 | 72,974 |
| Cash at end of year | \$ 1,225,214 | \$ 230,494 |
| Noncash investing and financing activities | | |
| Notes payable for equipment | \$ 380,981 | \$ 269,000 |
| Supplemental disclosures of cash flow information | | |
| Cash paid for interest | \$ 2,909,299 | \$ 2,026,590 |

See accompanying notes to combined financial statements.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2018 and 2017

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. In addition, EGT mills soybeans at its Greenwood facility. The products produced from the milling process include soybean oil, soybean meal and soybean hulls.

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 6. EGT and these entities share similar ownership. All significant intercompany balances and transactions have been eliminated in combination.

Plan of Operation

As described in Note 4, EGT had a \$55 million revolving line-of-credit ("Credit Facility") that matured October 31, 2019. As of June 30, 2018, the total outstanding principal amount of EGT's indebtedness under the Credit Facility was \$52,560,591, which exceeded their borrowing base by \$7 million at year end. EGT also violated their minimum tangible net worth and debt service coverage ratio covenants as of June 30, 2018. In addition, EGT violated these financial covenants for the financial quarters ending September 30, and December 31, 2018. Effective February 15, 2019, the Credit Facility was amended to, among other things, convert \$28,000,000 of the revolving line-of-credit to a term loan and reduce available borrowings under the revolving line-of-credit to \$35,000,000. See Note 4 for further discussion regarding amendments to the Credit Facility.

The Companies had net losses in 2018 and 2017 totaling \$9,333,150 and \$2,400,028, respectively. EGT continues to invest in its Greenwood facility and began operations of its biodiesel plant March 28 2019. EGT incurred approximately \$3.5 million in capital expenditures, subsequent to year end, to complete construction of the biodiesel plant. These capital expenditures were met through cash flows from operations and borrowings made available through its Credit Facility and NMTC financing. Any additional expenditures are expected to be met through member contributions.

The Companies utilized certain assets of their biodiesel plant in Greenwood as collateral for the long-term financing. The Companies' ability to meet their future commitments is significantly dependent upon their biodiesel operations. There can be no assurances that the Companies will have sufficient cash flows from its biodiesel operations to meet its future commitments. This potential outcome results in significant 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.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**

June 30, 2018 and 2017

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

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.

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, 2018 or 2017.

Inventories

Inventories consist primarily of agricultural commodity inventories, such as feed, 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*.

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.

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.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**

June 30, 2018 and 2017

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

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.

The Companies have construction in process of \$18,194,241 at June 30, 2018. As referenced in Note 2, the Companies incurred an additional \$3.5 million to complete the projects. Future cash flows related to these capital investments will depend largely on the Companies biodiesel operations, which commenced on or about March 28, 2019. There can be no assurances that future cash flows will be sufficient to recover the investments in the biodiesel facility.

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 6. The notes bear interest at 1.08 to 1.50 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 5. 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 6, 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, 2018 and 2017

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, 2018 and 2017.

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, 2018 and 2017

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

The following table presents information about the assets and liabilities recorded at fair value at June 30, 2018:

| Fair Value Measurements at June 30, 2018 | | | | |
|---|---|--|--|----------------------|
| | 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 | \$ - | \$ 18,274,532 | \$ - | \$ 18,274,532 |
| Margin assets | 2,878,546 | - | - | 2,878,546 |
| Forward contracts | (2,482,788) | - | - | (2,482,788) |
| Unpriced grain purchases | - | (290,648) | - | (290,648) |
| Total | \$ 395,758 | \$ 17,983,884 | \$ - | \$ 18,379,642 |

The following table presents information about the assets and liabilities recorded at fair value at June 30, 2017:

| Fair Value Measurements at June 30, 2017 | | | | |
|---|---|--|--|----------------------|
| | 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 | \$ - | \$ 32,594,849 | \$ - | \$ 32,594,849 |
| Margin assets | 1,896,899 | - | - | 1,896,899 |
| Forward contracts | (260,657) | - | - | (260,657) |
| Unpriced grain purchases | - | (442,433) | - | (442,433) |
| Total | \$ 1,636,242 | \$ 32,152,416 | \$ - | \$ 33,788,658 |

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.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**

June 30, 2018 and 2017

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

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 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 will be required to adopt ASU 2014-09 as of July 1, 2019, fiscal year 2020. 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.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. These reclassifications had no effect on previously reported income or total members' equity.

Note 2. Property and Equipment

Property and equipment consisted of the following at June 30, 2018 and 2017:

| | 2018 | 2017 |
|--|---------------|---------------|
| Land and improvements | \$ 1,118,468 | \$ 1,118,468 |
| Buildings | 500,815 | 492,815 |
| Equipment, bins and grain systems | 28,068,503 | 27,101,251 |
| Oil mill facility | 19,163,048 | 18,154,512 |
| Construction in progress | 18,895,009 | 7,944,213 |
| Total property and equipment | 67,745,843 | 54,811,259 |
| Less accumulated depreciation and amortization | 13,738,668 | 11,225,158 |
| Property and equipment, net | \$ 54,007,175 | \$ 43,586,101 |

Subsequent to year end, EGT incurred capital expenditures, totaling approximately \$3.5 million, to complete the construction in progress. The capital expenditures subsequent to year end were funded from cash provided by operations and borrowings made available through the line of credit, NMTC financing, and member contributions. In 2018, the Companies capitalized \$266,970 of interest in connection with the construction in progress.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2018 and 2017

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 3. Inventories

Inventories at June 30, 2018 and 2017 were as follows:

| | 2018 | 2017 |
|---------------|----------------------|----------------------|
| Soybeans | \$ 9,997,319 | \$ 19,518,013 |
| Soybean oil | 2,970,038 | 1,167,782 |
| Soybean meal | 3,678,231 | 11,193,473 |
| Soybean hulls | 776,476 | 630,368 |
| Wheat | 144,055 | 85,213 |
| Feed | 708,413 | - |
| Other | 49,500 | 29,700 |
| | <u>\$ 18,324,032</u> | <u>\$ 32,624,549</u> |

Note 4. Credit Facility and Long-term Debt

EGT has a credit agreement (the "Revolving Loan") that provided for a maximum of \$55,000,000 in available borrowings. Borrowings bear interest at variable rates based on LIBOR plus the applicable margin (6.34 percent at June 30, 2018). Substantially all assets of EGT collateralize borrowings under the Revolving Loan. At June 30, 2018, outstanding borrowings under the Revolving Loan were \$52,560,591 and exceeded borrowings available under the Revolving Loan by approximately \$7,000,000. As of March 31, 2018 and June 30, 2018, EGT failed to comply with its debt service coverage ratio and minimum tangible net worth related to its Revolving Loan. In addition, EGT violated these financial covenants for the financial quarters ending September 30, and December 31, 2018. Effective February 15, 2019, the Credit Facility was amended to, among other things, convert \$28,000,000 of the revolving line-of-credit to a term loan maturing September 2020. In addition, the financial covenant violations were waived, and the available borrowings under the revolving line-of-credit were reduced to \$35,000,000. The revolving line-of-credit matures October 31, 2019. However, the revolving line-of-credit may be canceled at any time, at the sole discretion of the lender. The Credit Facility 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. Finally, the Credit Facility limits the number of un-hedged commodities contract to be held by EGT.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2018 and 2017

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

The following is a summary of long-term debt at June 30, 2018 and 2017:

| | 2018 | 2017 |
|---|---------------|---------------|
| JOHN DEERE FINANCIAL | | |
| Payable in monthly, interest-free payments through July 2020 | \$ 563,814 | \$ 274,250 |
| RUSTIC VENTURES, LLC NOTE A | | |
| Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2023 | 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 2023 | 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 2023 | 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 2023 | 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 2023 | 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 |
| AMCREF FUND 47, LLC LOAN A | | |
| Payable in quarterly, interest-only payments through March 2025 with principal and interest due quarterly from June 2025 through May 2038 | 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 | - |
| MUNISTRATEGIES SUB-CDE#26, LLC LOAN A | | |
| Payable in quarterly, interest-only payments through March 2025 with principal and interest due quarterly from June 2025 through May 2038 | 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 | - |
| MUNISTRATEGIES SUB-CDE#26, LLC LOAN C | | |
| Payable in quarterly, interest-only payments through March 2025 with principal and interest due quarterly from June 2025 through May 2038 | 458,640 | - |
| Debt issuance costs | (1,350,235) | (739,255) |
| Total long-term debt | 27,376,579 | 15,767,995 |
| Less current maturities | 235,488 | 91,416 |
| Long-term debt less current maturities | \$ 27,141,091 | \$ 15,676,579 |

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2018 and 2017

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 5. 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, 2018 and 2017, the fair value of forward contracts was \$(2,482,788) and (\$260,657), 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, 2018 and 2017, EGT's fair value of margin assets was \$2,878,546 and \$1,896,899, respectively. During 2018 and 2017, EGT recognized losses of \$2,222,131 and \$2,981,310, respectively, on forward contracts. During 2018 and 2017, EGT recognized losses of \$4,729,664 and gains of \$11,739,484, respectively, on margin assets. These amounts are included in cost of goods sold in the statements of operations.

Unrealized gains (losses) related to EGT's open positions on exchange traded futures contracts totaled (\$4,441,201) and \$1,829,757 at June 30, 2018 and 2017, respectively. Management did not meet the designation and documentation requirements to account for these transactions as hedge derivatives. Accordingly, the unrealized gains (losses) are recognized in cost of goods sold in the accompanying statements of operations.

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. The following table summarizes the Companies net long (short) position by commodity at June 30, 2018:

| | |
|----------------------|-------------|
| Corn (bushels) | (45,466) |
| Soybean meal (tons) | (96,038) |
| Soybean oil (pounds) | (1,141,757) |

Note 6. 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 \$9,382,782 and \$8,379,721, 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.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2018 and 2017

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 6. Continued

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. The assets transferred represent assets critical to the biodiesel operations.

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, 2018 and 2017 resulting from the NMTC transactions:

| | 2018 | 2017 |
|---|----------------------|----------------------|
| Cash (included in other assets) | \$ 620,400 | \$ 330,000 |
| 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 | - |
| Total | <u>\$ 19,524,982</u> | <u>\$ 10,865,782</u> |

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

Note 7. Related Party Transactions

EGT purchased inventories, in the normal course of business, from its owners during the year of June 30, 2018 and 2017. EGT had no payables to owners for inventory purchases at June 30, 2018 or 2017.

Note 8. 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, 2018 totaled approximately \$131,576. The Companies have not experienced any losses in such accounts.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**

June 30, 2018 and 2017

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 9. 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, 2018. Sales recognized by EGT under these arrangements totaled approximately \$33,600,000 for the year ended June 30, 2018. In connection with these agreements, EGT had 2,400,000 bushels of soybeans under forward purchase contracts at June 30, 2018 priced under basis contracts.

Note 10. Subsequent Events

The Companies have evaluated subsequent events through May 6, 2019, the date these financial statement were available to be issued.

SUPPLEMENTARY INFORMATION

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES
Combining Balance Sheet
June 30, 2018

| | Express Grain Terminals, LLC | Express Blodlesel, LLC Express Processing, LLC and Subsidiary | Eliminations | Express Grain Terminals, LLC Combined |
|---|---------------------------------|---|---------------|---|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 30,866 | \$ 1,194,348 | \$ - | \$ 1,225,214 |
| Accounts receivable | 4,932,030 | - | - | 4,932,030 |
| Inventories | 18,324,032 | - | - | 18,324,032 |
| Prepaid expenses | 841,588 | - | - | 841,588 |
| Margin assets | 2,878,546 | - | - | 2,878,546 |
| Total current assets | 27,007,062 | 1,194,348 | - | 28,201,410 |
| Notes receivable | - | 36,667,085 | 17,762,503 | 18,904,582 |
| Property and equipment, net | 35,812,934 | 18,194,241 | - | 54,007,175 |
| Prepaid expenses, noncurrent | 174,498 | - | - | 174,498 |
| Other assets | 8,475,248 | 124,711 | 7,979,559 | 620,400 |
| Total assets | \$ 71,469,742 | \$ 56,180,385 | \$ 25,742,062 | \$ 101,908,065 |
| LIABILITIES AND MEMBERS' EQUITY | | | | |
| Current liabilities | | | | |
| Accounts payable | \$ 1,268,423 | \$ - | \$ - | \$ 1,268,423 |
| Current maturities of long-term debt | 235,488 | - | - | 235,488 |
| Forward contracts | 2,482,788 | - | - | 2,482,788 |
| Borrowings on line of credit | 52,560,591 | - | - | 52,560,591 |
| Unpriced grain purchases | 290,648 | - | - | 290,648 |
| Deferred revenue | 944,168 | - | - | 944,168 |
| Accrued expenses | 228,331 | - | - | 228,331 |
| Total current liabilities | 58,010,437 | - | - | 58,010,437 |
| Long-term debt, less current maturities | 14,805,776 | 30,097,818 | 17,762,503 | 27,141,091 |
| Total liabilities | 72,816,213 | 30,097,818 | 17,762,503 | 85,151,528 |
| Total members' equity | (1,346,471) | 26,082,567 | 7,979,559 | 16,756,537 |
| Total liabilities and members' equity | \$ 71,469,742 | \$ 56,180,385 | \$ 25,742,062 | \$ 101,908,065 |

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES
Combining Statement of Operations
Year Ended June 30, 2018

| | Express Grain Terminals, LLC | Express Biodiesel, LLC Express Processing, LLC and Subsidiary | Eliminations | Express Grain Terminals, LLC Combined |
|-------------------------------------|---------------------------------|---|--------------|---|
| Net sales | \$ 130,729,900 | \$ - | - | \$ 130,729,900 |
| Cost of goods sold | 126,870,573 | - | - | 126,870,573 |
| Gross margin | 3,859,327 | - | - | 3,859,327 |
| Operating expenses | | | | |
| Depreciation & amortization expense | 2,650,215 | - | - | 2,650,215 |
| Other operating expenses | 7,956,557 | 217 | - | 7,956,774 |
| Total operating expenses | 10,606,772 | 217 | - | 10,606,989 |
| Operating loss | (6,747,445) | (217) | - | (6,747,662) |
| Other income (expense) | | | | |
| Other income | 134,028 | - | - | 134,028 |
| Interest income | - | 219,673 | (219,673) | - |
| Interest expense | (2,823,738) | (115,451) | 219,673 | (2,719,516) |
| Total other income (expense) | (2,689,710) | 104,222 | - | (2,585,488) |
| Net income (loss) | \$ (9,437,155) | \$ 104,005 | \$ - | \$ (9,333,150) |

Subpart 2-Administrative Rules
Chapter 10 - Grain Warehouses

Definitions

- 100 As used in these regulations, unless the context otherwise clearly requires:
1. "Act" shall mean the "Mississippi Grain Warehouse Law," Title 75, Chapter 44, Section 1-71, Miss. Code Ann. , as amended.
 2. "Bin" shall mean a bin, tank, interstice, or other container in a warehouse in which bulk grain may be stored.
 3. The term "Commissioner" shall mean the Commissioner of the Mississippi Department of Agriculture and Commerce, or his designated representative.
 4. "Grain" shall mean all grains for which standards have been established pursuant to the United States Grain Standards Act as amended, and rice as defined by the Agriculture Marketing Act of 1946, as amended.
 5. "Grain Bank Grain" shall mean grain owned by a depositor and held temporarily by the warehouseman for use in the formulation of feed to be returned to the depositor on demand.
 6. "Inspector" shall mean a person authorized by the warehouseman to weigh, inspect, grade and/or certificate the weight and grade of grain stored or to be stored in a grain warehouse.
 7. "License" shall mean a license issued under the Act to a warehouse or warehouseman.
 8. "Person" includes individuals, corporations, partnerships and all associations of two (2) or more persons having a joint or common interest.
 9. "Grain Warehouse" shall mean any building, structure or other protected enclosure in the state used for the purpose of storing grain for a consideration.
 10. "Grain Warehouseman" shall mean any person who operates a grain warehouse as herein defined.
 11. "Station" shall mean two (2) or more warehouses, which do not exceed eight (8) miles in distance, operated by one (1) person.
 12. "Stored grain" shall mean any grain received in any public grain warehouse, located in this state, if same is not purchased and beneficially owned by the grain warehouseman.
 13. "Warehouse receipt" shall mean a negotiable grain storage receipt and/or a nonnegotiable scale ticket by a grain warehouse.

Source: *Miss. Code Ann.* §75-44-5 and §75-44-7.

Application of Rules and Regulations

- 101 These rules and regulations apply to all persons engaged in the business of storing grain, whether or not any of the grain therein is owned by the person, as defined by the "Mississippi Grain Warehouse Law" and are subject to change and modification as the Commissioner may from time to time deem advisable and to such exceptions as may be considered just and reasonable in individual cases.



Source: *Miss. Code Ann. §75-44-7.*

Licensing Requirements

- 102.01 Any person engaged in, or desiring to establish a grain warehouse business shall make application to the Mississippi Department of Agriculture and Commerce on forms prescribed by the Commissioner. Each application shall be accompanied with an application fee of \$150.00 and a license fee as provided for. The license fee will be returned if a license is refused.
- 102.02 A chart showing the location of all facilities to be licensed, including a bin chart assigning a number to each bin or compartment, will be attached to the application.
- 102.03 Each application for license or renewal thereof shall be accompanied by a financial statement prepared by an independent public accountant and the grain warehouseman. The accountant, in addition to preparing the financial statement, must check and certify to the accuracy of the accounts receivable and listed inventories. Such financial statement to include, but not limited to, a balance sheet and operating statement as of the close of the most recent fiscal year. A warehouse may furnish a detailed listing of insurable assets such as buildings, machinery, equipment and merchandise inventory listing the current market value of such assets and the extent that such assets are protected by insurance against loss or damage. A Certificate of Insurance on the insurable assets, providing that no cancellation shall be effective unless thirty (30) days advance notice of such cancellation is given to the Commissioner is to be furnished to comply with the net asset requirement of Section 75-44-21 of the Act.
- 102.04 Each application for license or renewal thereof shall be accompanied by a Certificate of Issuance of Insurance. Such insurance to at all times keep the grain stored in the grain warehouse insured for its full market value against loss by fire, inherent explosion, lightning and windstorm. All policies shall provide that no cancellation shall be effective unless thirty (30) day prior notice is given to the Commissioner.
- 102.05 Every grain warehouseman shall file, with his application for license, a copy of his schedule of charges for storage and other services. The schedule of charges shall be kept conspicuously posted and shall be strictly adhered to.
- 102.06 Before any person is granted a license, such person shall give a bond to the Commissioner executed by the grain warehouseman as principal and by corporate surety licensed to do business in this state as a surety. The bond shall be in favor of the Commissioner for the benefit of all persons interested, their legal representative, attorneys or assigns, conditioned upon the faithful compliance by

the grain warehouseman. The amount of bond to be furnished for each grain warehouse is detailed in Section 75-44-31 of the Act.

- 102.07 Immediately upon the receipt of his license, the grain warehouseman shall keep it posted in a conspicuous place in the office of the public warehouse where receipts issued by such grain warehouseman are delivered to depositors.

Source: *Miss. Code Ann.* §§75-44-7.

Examinations

- 103.01 Each licensed warehouse or warehouseman shall permit any officer or authorized representative of the Mississippi Department of Agriculture and Commerce to enter and inspect or examine, on any business day, during usual business hours, the grain warehouse's business, mode of conducting the same, facilities, equipment, inventories, property, books, records, accounts, papers and minutes of proceedings held at such grain warehouse, and any other records deemed relevant to the operation of the grain warehouse. The warehouseman shall provide the necessary assistance required for any examination made in accordance with the Act.
- 103.02 All scales used for the weighing of property in grain warehouses shall be subject to test by a scale inspector of the Weights and Measures Division of the Mississippi Department of Agriculture and Commerce.
- 103.03 Every grain warehouse shall be examined at least yearly by a representative of the Commissioner of Agriculture and Commerce. Additional examinations may be made at any time, at the discretion of the Commissioner.

Source: *Miss. Code Ann.* §75-44-7.

Bonding

- 104.01 Each applicant for a warehouse license shall, as a condition to the granting thereof, file or have on file with the Commissioner a current and effective bond, running to the Commissioner, executed by the applicant as principal, and by a corporate surety licensed to do business in this state, as surety.
- 104.02 The bond shall be on the form provided by the Commissioner.
- 104.03 1. The bond shall be conditioned upon
- a. the faithful performance of all obligations of a warehouseman under the law and these regulations from the effective date of the bond until the earlier of the time the license is revoked or the bond is canceled, and
 - b. such faithful performance from the effective date of the bond and thereafter, whether or not the warehouse or warehouses operated by

the warehouseman exist on the effective date of the bond or are assumed subsequent to that date but prior to the earlier of the time the license of the warehouseman is revoked or the bond is canceled.

2. The determination as to whether the obligations of the warehouseman have been faithfully performed shall be made at a hearing before the commissioner or his designated representative. At that hearing, to be held in accordance with the provisions of the Act, interested parties shall be deemed to include the warehouseman, corporate surety, the holders of outstanding and uncanceled receipts and scale tickets and any other person or party claiming any rights under the bond. At such hearing, the Commissioner or his designated representative shall hear evidence and determine whether a loss has occurred. Upon a determination that a loss has occurred, the presiding officer shall determine the date of the loss, the fair market value at the place of loss or in the region immediately surrounding the place of loss, whether payments should be made by the corporate surety and, if so, to what parties and in what amounts. Recovery under the bond shall be prorated by the Commissioner or his designated representative when the claims exceed the liability of the corporate surety under the bond. The burden of establishing such proration shall be on the corporate surety as a matter of defense. The final determination as to liability under the bond and as to payment to interested parties who are claiming under the bond shall be final, binding and conclusive on all parties.

104.04 If a warehouseman elects to file a single bond for all warehouses operated by him, the entire amount of the bond shall be held on behalf of any depositor of any warehouse operated by him. Any person claiming any rights under the bond, which rights are asserted with respect to one warehouse operated by a warehouseman who operates more than one warehouse, shall be entitled to recover the entire amount of the warehouseman's bond for such claim.

104.05 The total and aggregate liability of the surety on any bond required by law shall be limited to the amount specified in the bond.

104.06 The surety bond shall be effective on the date of issue, shall not be affected by the expiration of the license period and shall continue in full force and effect until cancelled. The continuous nature of the bond shall in no event be construed as allowing the liability of the surety under a bond to accumulate for each successive license period during which the bond is in force but shall be limited in the aggregate to the bond amount stated or changed by appropriate endorsement or rider.

104.07 Any corporate surety licensed to do business in this state which acts or intends to act as a surety on an undertaking required by the Act shall maintain at all times on file with the Commissioner a correct statement appointing and authorizing an individual to act as such corporate surety's attorney-in-fact and to execute on behalf of and to bind such corporate surety bonds filed under this Act. Only one such appointment and authorization shall be required for each corporate surety

and that shall relate to and be effective with respect to all bonds signed by such attorney-in-fact on behalf of the corporate surety. The power-of-attorney granted such attorney-in-fact may be modified or terminated only upon ten (10) days prior notice to the Commissioner.

Source: *Miss. Code Ann.* §§75-44-7.

Insurance

- 105.01 Each applicant for a warehouse license shall, as a condition to the granting thereof, file or have on file a current and effective certificate of insurance evidencing a current and effective policy of insurance issued by an insurance company authorized to do business in this state insuring in the name of the applicant all commodities which are or may be in such warehouse for their full market value against loss by fire, inherent explosion, lightning and windstorm.
- 105.02 In the event that fire, inherent explosion, lightning or windstorm destroys or damages any commodities in a licensed warehouse, the warehouseman shall, upon demand by the depositor and upon being presented with the receipt, ticket or other evidence of ownership, make settlement, after deducting the warehouseman's charges and advances, at the market value of the commodity based on the value at the average price for the commodity of the same grade and quality on the date of the loss at the location of the warehouse. In the event such settlement is not made within sixty (60) days from the date of such demand, the depositor shall have the right to seek recovery from the insurance company.
- 105.03 In the event of a dispute regarding (1) the date of loss or (2) the market value of the commodity, the parties to such dispute shall submit the issue or issues in dispute to the Commissioner or his designated representative who shall resolve such dispute after a hearing, provided that such hearing shall be an informal hearing unless otherwise requested by a party to the dispute.

Source: *Miss. Code Ann.* §§75-44-7.

Cancellation of Bond/Insurance

- 106.01 No warehouseman may cancel an approved bond or approved insurance without the prior written approval of the Commissioner and his approval of substitute bond or insurance. The surety on a bond may cancel a bond required by the Act only after the expiration of thirty-five (35) days from the date the surety shall have been mailed to the Commissioner, by registered or certified mail, with return receipt, a notice of intent to cancel such bond. An insurance company may cancel insurance required by the Act only after the expiration of a thirty (30) day period from the mailing to the Commissioner, by registered or certified mail, with return receipt, of notice of intent to cancel such insurance. The surety and the insurance company shall, at the time of giving notice to the Commissioner, send a copy of

such notice to any other governmental agency requesting it. Upon receipt of any such notice, the Commissioner shall promptly notify the affected warehouseman.

106.02 Notwithstanding any other provisions of the Act, the license of a warehouse shall automatically be suspended for failure

1. to file a new bond within the thirty-five (35) day period as provided in subsection 106.01 of this chapter, or
2. file new evidence of insurance within the thirty (30) day period as provided in the Act, or
3. maintain at all times a bond and insurance as provided in the Act.

Such suspension shall continue as long as any such failure exists.

106.03 Not later than eighteen (18) days prior to the date upon which the bond cancellation becomes effective and not later than fifteen (15) days prior to the date upon which the insurance cancellation becomes effective, the warehouseman shall give written notice to the Commissioner that he has obtained a new bond or insurance coverage which will become effective and is to be in full force and effect on and after the date upon which his existing bond or insurance, as the case may be, is to be cancelled.

Source: *Miss. Code Ann.* §§75-44-7.

Warehouse Receipts

107.01 Except as provided in additional regulations, the issuance of receipts by grain warehouses shall be governed by Section 75-44-47 through 75-44-67 of the Act.

107.02 The Commissioner shall prescribe the form of warehouse receipts to be used and no other character or form of receipt shall be issued except those so authorized. Warehousemen shall procure receipt forms by submitting their order, in lots of fifty (50) forms, to the Commissioner accompanied by a check or money order for the cost of printing, payable to the Mississippi Department of Agriculture and Commerce.

107.03 When several warehouses are operated by one grain warehouseman, each such warehouse will be numbered. This numerical designation will be on all receipts.

107.04 Receipts from only one receipt book will be issued for commodities stored, or received for storage, in any one warehouse. When all of the receipts of any one book have been issued, a new book will be substituted for it. No receipt will be issued from a book pertaining to one warehouse for commodities stored in another warehouse.

107.05 Receipts of each grain warehouse must be issued in numerical sequence and executed in at least quadruplicate. The first (original-negotiable) to the depositor, the second (copy-non-negotiable) to the depositor, the third (copy-non-negotiable)

to the Mississippi Department of Agriculture and Commerce within seven (7) calendar days from date of receipt, and the fourth (copy-non-negotiable) to be retained in the receipt book and not to be removed therefrom.

107.06 If a warehouseman or manager of a grain warehouse omits any information from a receipt, for which a blank space is provided, he shall indicate by an "X" in such space that the information was intentionally omitted. However, this requirement shall not be interpreted as encouraging or approving the omission of any requisite information.

107.07 Each grain warehouse shall file with the Commissioner the name and specimen of signature of each person authorized to sign warehouse receipts for the grain warehouse. The use of facsimile signature stamps is prohibited on receipts. Any changes or additions to such authorization shall be immediately brought to the attention of the Commissioner by the grain warehouseman.

Source: *Miss. Code Ann.* §75-44-7.

Scale Tickets

108.01 Upon the deposit in a licensed warehouse facility of any agricultural commodity, the warehouseman shall issue a scale ticket which conforms to the provisions of this regulation.

108.02 Each warehouseman shall have sequentially pre-numbered scale tickets which shall have an original and not less than one (1) copy.

108.03 Each scale ticket shall contain the following information:

1. The name and location of the licensed warehouse facility where delivered.
2. The name and other information sufficient to identify the owner of the grain.
3. The type, quantity, and grade or applicable grade factors necessary to determine the net value of the grain received.
4. The date the grain was delivered.
5. One of the following, as appropriate:
 - a. If the grain is to be deposited for market, the phrase "MARKET or SALE."
 - b. If the grain is to be deposited for storage, the phrase "STORAGE."
 - c. If the grain is to be deposited for processing, the phrase "PROCESSING."
 - d. If the grain is to be deposited for contract, the phrase "CONTRACT."

108.04 A current copy of the form of scale ticket used by the warehouseman shall be kept on file with the Commissioner.

108.05 A copy of all scale tickets shall be maintained in numerical sequence as part of the warehouseman's records.

Source: *Miss. Code Ann. §75-44-7.*

Lost Receipts

109.01 In the case of lost or destroyed warehouse receipts, a new receipt upon the same terms, subject to the same conditions, and bearing on its face the number and the date of the receipt in lieu of which it is issued and a plain and conspicuous statement that it is a duplicate receipt issued in lieu of a lost or destroyed receipt, may be issued upon compliance with this regulation.

109.02 Before issuing such new or duplicate receipt the warehouseman shall require the depositor or other person applying therefor to make and file with him:

1. an affidavit showing that the applicant is lawfully entitled to the possession of the original receipt, that he has not negotiated or assigned it, how the original receipt was lost or destroyed, and if lost, that diligent effort has been made to find the receipt without success, and
2. a bond in an amount double the market value, at the time the bond is given, of the grain represented by the lost or destroyed receipt. Such bond shall be in a form approved for that purpose by the Commissioner, shall be conditioned to indemnify the warehouseman against any loss sustained by reason of the issuance of such receipt, and shall be executed by the depositor as principal and by a corporate surety licensed to do business in this state, as surety.

109.03 Upon receipt of such affidavit and bond, the warehouseman shall send copies thereof to the Commissioner.

109.04 The original affidavit and bond shall be retained by the warehouseman not fewer than five (5) years after the duplicate receipt is cancelled.

Source: *Miss. Code Ann. §75-44-7.*

Issuing of Warehouse Receipts

110.01 Each lot of grain received in any warehouse for which there has not been a bona fide sale shall be considered as received for storage. Grain Bank grain is considered stored grain and there will be a non-negotiable warehouse receipt issued.

110.02 A warehouseman shall issue a warehouse receipt only upon actual delivery of grain into storage. The receipt must be issued from the warehouse of storage, except as otherwise provided. The warehouseman shall not issue more than one receipt for the same lot of grain, except where partial receipts are desired. The total of the aggregate receipts of a particular lot shall be no greater than the total of the original lot unless additional grain is deposited. Should the depositor desire to consolidate several receipts into one, the warehouseman may issue a new consolidated receipt, but only after the original receipts have been cancelled.

- 110.03 A warehouseman or his employee shall not issue, cause to be issued, or assist in issuing warehouse receipts for grain that has not been delivered to a warehouse or not under their control as otherwise provided in the statute or rules and regulations. The issuer of such a receipt and the receiver of such a receipt shall be subject to the penalty provision of the Act.

Source: *Miss. Code Ann.* §75-44-7.

Transfer and Redeposit of Grain

- 111.01 Licensed warehousemen may transfer and redeposit grain in another licensed warehouse or a warehouse licensed by the U. S. Government. The warehouseman redepositing grain must increase his performance bond (surety bond) to cover the redeposited grain.
- 111.02 If the warehouseman issues warehouse receipts to depositors for redeposited grain, the warehouseman shall stamp across the face of the warehouse receipt received for the redeposited grain "Non-negotiable" and stamp across the face of warehouse receipts issued to depositors of the redeposited grain this phrase, "Grain represented by this receipt has been redeposited."

Source: *Miss. Code Ann.* §75-44-7.

Delivery of Grain and Cancellation of Warehouse Receipt

- 112.01 The holder of a warehouse receipt for grain in a warehouse may request the grain to be delivered to him. The grain must be delivered in the quantity and grade as designated on the warehouse receipt. The warehouse receipt holder, upon delivery of grain, must surrender the warehouse receipt properly endorsed and pay storage, warehouseman's liens, and any other charges.
- 112.02 The warehouseman shall take a sample of each lot or truckload of grain so delivered and shall grade it or have it graded by a licensed grain inspector or competent person. When grain is delivered from storage or sold to the warehouseman where stored, receipts must be cancelled, date cancelled, and shall be so marked across the face of receipts.
- 112.03 The settlement sheet non-negotiable warehouse receipt must indicate each transaction of grain delivered in lots from a grain bank. The depositor in a Grain Bank is entitled to grain of the same quality as the grain deposited, except as necessary to keep the grain in condition as required by the Act.
- 112.04 The depositor of grain in a Grain Bank shall pay upon delivery the storage, drying charges, and other liens for services.

112.05 If only a portion of the commodity represented by a receipt is delivered, the original receipt must be returned to the issuing warehouseman at or before the time of such delivery and must be cancelled as provided in this regulation. At the time of cancellation, a new receipt shall be issued covering the balance or undelivered portion of the commodity, which new receipt shall state in the remarks section that it represents grain which was previously evidenced by the original receipt and giving the number thereof.

112.06 Receipts voided by the warehouseman for any reason shall be so marked, signed, and dated and all copies of the voided receipts shall be held in the same manner and for the same period as are cancelled receipts.

Source: *Miss. Code Ann. §75-44-7.*

Grain Bank

113.01 Grain Deposited for Grain Bank purposes must be accounted for in a separate record on an approved non-negotiable warehouse receipt listing each lot of grain deposited and withdrawn showing a net balance.

113.02 The warehouseman will furnish a statement to each depositor monthly or after each transaction indicating the current balance. Grain Bank obligations will be determined by the total amount due depositors in bushels or pounds or both.

Source: *Miss. Code Ann. §75-44-7.*

Surrender of Warehouse Receipts

114 When a license is revoked, cancelled, or has expired, and at the direction of the Commissioner, upon the suspension of a license, all unused receipts under such license shall be immediately surrendered to the Commissioner or the designated representative. Upon the revocation, cancellation, or expiration of a warehouse license and, at the direction of the Commissioner, upon the suspension of a license, all receipts which have been issued that are still outstanding shall immediately be recalled and, upon delivery of the commodity, such receipts shall be marked cancelled, signed and dated by the warehouseman who shall notify the Commissioner that such receipts have been recalled and cancelled.

Source: *Miss. Code Ann. §75-44-7.*

Stored Grain

115.01 Every warehouseman shall maintain stored grain inventories of sufficient quantities, qualities, and grade to meet at all times his storage obligations.

115.02 Grain evidenced by outstanding and uncanceled warehouse receipts shall be maintained in the specific warehouse facility shown on the warehouse receipt issued when the grain was deposited originally. For the purposes of this regulation each separate warehouse facility must maintain such an inventory for receipts issued by it at that location; thus the operation of two or more warehouses as a station shall not allow one warehouse facility to hold warehouse-receipted grain on behalf of another facility even though they constitute a single station.

Source: *Miss. Code Ann. §75-44-7.*

Price Later contracts

116.01 "Price Later Contract," "Basis Contract," "Deferred Price Contract," "Delayed Price Contract," "Growers Option Contract" or similar agreement means a complete written contract and it constitutes a bona fide sale and a change in ownership when either the price for the grain or the formula for determining the price has been agreed upon and the contract obligation is either paid in full or carried as an account payable.

116.02 A "price later contract" shall be made out in duplicate on a form approved by the Department. One copy shall be given to the producer and the other copy kept for the warehouseman's files. A statement that the grain is not covered by the warehouse bond shall be printed on the contract directly above the place for the producer to sign. To validate the contract, both the producer and the warehouseman shall sign this agreement. This contract must be written and contain a clear agreement between the two parties involved as to how the price will be determined.

Source: *Miss. Code Ann. §75-44-7.*

Out of Condition Grain

117.01 If any warehouseman considers that any portion of the commodities stored in his warehouse is out of condition, or is becoming so, he shall direct a grain inspector to examine the commodity in question. If the grain inspector finds such commodity to be out of condition or becoming so and he is of the opinion that by conditioning, the commodity can be brought back into condition, or that further deterioration can be prevented, such warehouseman shall immediately, in his warehouse to the extent to which it has equipment suitable for the purpose or, upon giving notice to the Commissioner in another warehouse so equipped to the extent to which his warehouse is not equipped with suitable equipment, subject the commodity to such conditioning.

117.02 Notice of out of condition grain.

1. If the warehouseman with the approval of the grain inspection, shall determine that further deterioration of any commodity cannot be prevented by

reconditioning or after treating it in accordance with subsection 117 of this chapter, it is still out of condition, the warehouseman shall give immediate notice of that fact.

2. The notice shall state:
 - a. The warehouse in which the commodity is stored,
 - b. The quantity, kind, and grade, if determined, of the commodity at the time the notice is given.
 - c. The actual condition of the commodity as nearly as can be ascertained, and the reason, if known, for such condition,
 - d. Either:
 - i. receipts or tickets relating to the kind of commodity out of condition, other than sacked or specially binned commodities, upon which the commodity will be delivered, giving the number and date of each such receipt or ticket and the quantity, the kind and grade of the commodity as stated on such receipts or tickets, or
 - ii. the outstanding receipts or tickets relating to the kind of commodity out of condition, the identity of which was to have been preserved, giving the number and date of each such receipt or ticket and the designation of the bin, container, or location of such commodity as stated thereon, and
 - e. That such commodity will be delivered upon the return and cancellation of the receipts or ticket therefor.
3. A copy of the notice shall be delivered in person or shall be sent by mail
 - a. to the persons holding the receipts or tickets covering the kind of commodity in question mentioned in paragraph (2) (d) of this subsection, if known to the warehouseman,
 - b. to any other person, including the persons mentioned in paragraph (4) of this subsection, known by the warehouseman to be interested in the commodity, and
 - c. to the Commissioner.
 - d. If the holders of the receipts or tickets and the owners of that kind of commodity are known to the warehouseman cannot, in the regular course of the mails, be reached within twelve (12) hours, the warehouseman shall, whether or not requested to do so, also immediately notify such person by telegraph or telephone at their expense.
 - e. Public notice shall also be given by posting a copy of such notice in a conspicuous place in the main office of the warehouse where the receipts or tickets are issued.
4. Any person interested in any commodity or the receipt or ticket covering such commodity stored in a warehouse, may notify the warehouseman operating such warehouse, in writing, of the fact and nature of his interest, and such warehouseman shall keep a record of such written notices. If such person requests, in writing, that he be notified regarding the change in condition of any such commodity and agrees to pay the cost of any telegraph or telephone toll charge, such warehouseman shall notify such person in accordance with such request.

117.03 Nothing contained in this regulation shall be construed as relieving the warehouseman from properly caring for any commodity and the warehouseman shall be liable and held accountable for his failure to do so.

117.04 If the commodity, advertised in accordance with the requirements of subsection 117.02 of this chapter has not been removed from storage by the depositor thereof or other arrangements made under the supervision of the Commissioner or his designated representative within ten (10) days from the date of notice of its being out of condition, the warehouseman in whose warehouse such commodity is stored may sell the same at public auction or as may be authorized by the Commissioner or his designated representative for the account of the depositor.

Source: *Miss. Code Ann.* §75-44-7.

Duties of the Warehouseman

118.01 Each grain warehouse shall employ, during all regular business hours, a grain inspector who shall be responsible for the accuracy of weights and grades noted on all warehouse receipts.

118.02 All licensed grain storage facilities shall be maintained in such a manner as to be suitable for proper and safe storage of grain. Safe and adequate means of ingress and egress to the various storage bins and compartments of the warehouse shall be provided and maintained by the warehouseman. Storage bins and compartments having an entrance above ground on floor level shall be equipped with a fixed ladder or a safe and adequate lift. When equipped with a fixed ladder, such ladder shall have side rails and rungs; the rungs to be spaced not to exceed one foot centers. There shall be sufficient space between ladder rungs and face of the bin or compartment to permit safe foothold. Catwalks, walkways, lifts, and ladders shall be kept clean and free of grain and other foreign matter. Storage facilities failing to meet these standards will be brought to the attention of the warehouseman. It shall be his responsibility to immediately make the necessary corrections to bring his storage facility into compliance.

118.03 Each licensed warehouseman shall keep his warehouse reasonably clean at all times, free from rubbish, accumulation of dust and grain, or material that would increase fire hazards or interfere with proper handling and storage of grain.

118.04 Each warehouse shall be kept open for the purposes of receiving grain for storage and delivering out of storage every business day, except those warehouses which are open only for certain periods (example – harvest time). Every warehouseman shall post in a conspicuous place in his office and warehouse a notice stating the days of the week and the hours of each business day that he will remain open. Warehouses which are open only for certain periods shall have posted the name, address and telephone number of a responsible contact.

118.05 License; posting requirements.

1. There shall be posted in a conspicuous place in the office of each warehouse the warehouse license and schedule of storage rates. Before making any changes in the schedule of rates, the warehouseman shall submit to the Department in writing the proposed changes at least thirty (30) days in advance of such change.
2. Each licensed warehouse must have a permanent sign, not smaller than sixteen(16) inches high and thirty-six (36) inches wide, posted at or near the main entrance to the warehouse so as to be visible at such main entrance, which shall include the following in letters or type not smaller than three (3) inches high:
 - a. The name under which the licensed warehouse is operated.
 - b. The following: "STATE BONDED WAREHOUSE"

118.06 The operator of a warehouse shall keep all grain in his warehouse in condition by whatever means so deemed necessary to prevent the quality of such grain from deteriorating. When an operator discovers or is advised that grain in storage in his warehouse is out of condition, he shall immediately comply with the requirements of section 117 of this chapter.

118.07 The warehouseman shall immediately give written notice to the Commissioner upon the occurrence of any of the following:

1. Loss or damage to stored grain or licensed storage facilities.
2. The death or legal incapacity of an individual or any member of a partnership operating a licensed warehouse.
3. Change of ownership of a licensed warehouse, including a change in the members of a partnership, firm or association.
4. Change in shareholders or the relative amount of stock held by stockholders where the licensee is a corporation with twenty (20) or fewer share holders.
5. Change in name under which a licensed warehouse is operated.
6. Any major structural change to a bin or storage facility licensed for storage.
7. The termination of a lease on a licensed warehouse, the destruction or removal of storage facilities, or the leasing of such a facility to any other person.

Source: *Miss. Code Ann.* §75-44-7.

Change of Management or Cessation of Operation

119.01 If upon the change of management, cessation of operations, change of partners in a partnership, change of corporate structure of a corporation, or sale, the Commissioner may suspend a warehouse license. It becomes the duty of every licensed warehouse receipts to immediately notify the Commissioner as to such change; and if directed by the Commissioner, to deliver his license and all unused warehouse receipts to the office of the Commissioner together with a notarized statement accounting for all receipts, and setting forth the arrangements made

with depositors for final disposition of the grain in storage and for fulfilling the obligations of the retiring warehouseman.

119.02 When there is a change of management or cessation of operations, the Commissioner, when deemed appropriate, may cause an audit and examination to be made. The cost of such audit or examination will be charged to the operator as provided for by the Law.

Source: *Miss. Code Ann.* §75-44-7.

Records and Reporting

120.01 Records of Warehouse Receipts – Every warehouseman shall maintain at his place of business a warehouse receipt register containing the duplicate copy of all issued receipts and a list thereof, each by consecutive number. Upon cancellation of a receipt, the original shall be retained in the warehouseman's files attached to its duplicate, and after cancellation neither the original nor the duplicate shall be removed from the files.

120.02 Records of Transaction –

1. The warehouseman shall maintain at each licensed warehouse facility current and complete records with respect to all agricultural commodities delivered to, withdrawn from, and received, stored, or processed by, the warehouseman for each such licensed warehouse facility. Such records shall include but not be limited to the following:
 - a. A perpetual inventory showing the total quantity of each kind and class of grain received and loaded out and the quantity of each kind and class of grain remaining in the warehouse and the total storage obligations for each kind and class of grain. This record shall be kept current as of the close of each business day, provided that if no transaction takes place during a business day a record showing the actual status as to quantity and storage obligations as of the close of the next preceding business day during which recordable transactions occurred shall be deemed to be current.
 - b. A rail and/or truck ledger.
 - c. Prenumbered warehouse receipts.
 - d. Prenumbered scale tickets.
 - e. Prenumbered grain bank contracts.
 - f. A current copy of the periodic insurance report submitted to the insurer.
 - g. If all issued warehouse receipts and scale tickets do not recite the name and complete address of the owner or owners of stored grain, a current and complete list of the name and complete address of the owner or owners of said grain.
2. On or before the tenth (10th) day of each month, the warehouseman shall send to the Commissioner copies of the following:
 - a. The perpetual inventory for the last business day of the preceding month.
 - b. The monthly report to the warehouseman's insurance carrier.

- c. A periodic statement on a form prescribed by the Commissioner, which may include but is not limited to a schedule of all warehouse receipts issued or cancelled by the warehouseman, prepared as of close of business at the end of that period if such is required by the Commissioner. If required, a statement must be filed for a calendar month regardless of whether or not the warehouseman has commodities in storage.

Source: *Miss. Code Ann.* §75-44-7.

120.03 Financial Records –

1. In addition to the records required by subsections 120.01 and 120.02 of this chapter, the warehouseman shall maintain such adequate financial records as will clearly reflect his current financial position and as will clearly support such financial information as is required to be submitted to the Commissioner from time to time. Such records shall be brought current not less often than once a month, and shall include a general ledger or its equivalent which provides a summarization of information reflected in detail in subsidiary records.
2. Every warehouseman shall also maintain the necessary journals to sustain the entries recorded in the general ledger, which journals may include:
 - a. A general journal in which necessary periodic adjusting entries are recorded;
 - b. A cash receipts journal wherein each cash collection is recorded;
 - c. A cash disbursements journal which details each disbursement on behalf of the dealer;
 - d. Supporting documents and other information.
3. Every warehouseman shall use and maintain:
 - a. Prenumbered checks;
 - b. Prenumbered grain bank contracts, if the warehouseman is operating a grain bank;
 - c. Prenumbered warehouse receipts, if the warehouseman is to issue such receipts;
 - d. Prenumbered scale tickets;
 - e. A periodic detailed aging of accounts receivable; and
 - f. A periodic listing of accounts payable.
4. If, upon written request of a warehouseman, the Commissioner determines that any of the records called for by these regulations are not necessary to clearly support the warehouseman's current financial condition, he may waive, in writing, the maintenance of such unnecessary records.

120.04 Each contract, instrument, document or record which is to be prenumbered shall be used in numerical order.

120.05 All books, records, and accounts of warehousemen shall be kept and held available for inspection for a period of not less than five (5) years after the close of the period for which such book or record was required.

120.06 All of the books, records and accounts required by this regulation shall be kept separate and distinct from the books, records, and accounts held and maintained by the warehouseman in connection with any other business

120.07 A warehouseman shall keep available for inspection all of his books, records and accounts required by these regulations and any other books, records and accounts relevant to his operation of warehouses as a warehouseman. An inspection may be performed by the Commissioner, his designated representative, or an auditor, and may take place at any time during the normal business hours of the warehouseman, or if prior notice of the inspection is given to the warehouseman, at such time as is prescribed in that notice.

Source: *Miss. Code Ann.* §75-44-7.



State of Mississippi
Department of Agriculture and Commerce
P.O. Box 1609
Jackson, MS 39215-1609
601-359-1111

RECEIVED
JUN 02 2021
Dept. of Agriculture
No. 188-WH

APPLICATION FOR GRAIN WAREHOUSE

The undersigned applicant hereby applies for a license to operate a Grain Warehouse (buying/selling/storing grain from producers) as defined and required by Section 75-44-9 of the Mississippi Code of 1972, as amended.

| | | | |
|---|--|---|--|
| Business Name: Express Grain Terminals, LLC | | E-mail Address: John@expressgrain.com | |
| Contact Person: John Coleman | | Telephone Number: (662) 453-0800 | Fax Number: |
| Mailing Address: P.O. Box 189 808 12th St. | City: Greenwood | State: MS | Zip: 38954 38930 |
| Warehouse Physical Address: 2820 County Road 2 | City: Minter City | State: MS | Zip: 38944 |
| Warehouse Telephone Number: (662) 658-1030 | Fax Number: | County where Warehouse is located: | |
| Warehouse operator to appear on License: John Coleman | | Commodity Stored: | |
| Bushel Capacity: 2187000 | Previous Year's Dollar Amount of Grain Purchased: \$17,484,297 | License Fee: \$100 | Warehouse & Dealer Bond 1000000 100000 |

Warehouse - License Fee Based on capacity: Up to 1 Million bushels \$50; 1 to 2 Million bushels \$75; over 2 Million bushels \$100

Type of Business: ☐ Individual ☐ Partnership ☐ Association ☐ Cooperative ☐ Corporation

As part of the application, please include:

- ☐ Application Fee \$150
- ☒ License Fee - as noted
- ☐ Schedule of Charges
- ☒ Most recent financial statement - (minimum \$20,000 assets - warehouse)
- ☒ Bond or Letter of Credit and must also have a Grain Dealer bond -- as noted
- ☐ Bin Chart
- ☐ Blank warehouse receipts and/or contracts; specimen of authorized signature
- ☐ Current scale ticket
- ☒ List of sub offices
- ☒ Completed Certificate of Insurance

| |
|---|
| <input type="checkbox"/> new warehouse applicants or change to existing |
| <input checked="" type="checkbox"/> Must be included with application |





State of Mississippi
Department of Agriculture and Commerce
P.O. Box 1609
Jackson, MS 39215-1609
601-359-1111

RECEIVED
JUN 02 2021
Dept. of Agriculture
No. 187-WH

APPLICATION FOR GRAIN WAREHOUSE

The undersigned applicant hereby applies for a license to operate a Grain Warehouse (buying/selling/storing grain from producers) as defined and required by Section 75-44-9 of the Mississippi Code of 1972, as amended.

| | | | |
|---|--|---|--|
| Business Name: Express Grain Terminals, LLC | | E-mail Address: John@expressgrain.com | |
| Contact Person: John Coleman | | Telephone Number: (662) 453-0800 | Fax Number: |
| Mailing Address: P.O. Box 189 808 12th St. | City: Sidon Greenwood | State: MS | Zip: 38954 38930 |
| Warehouse Physical Address: 2015 River Road Extd | City: Greenwood | State: MS | Zip: 38930 |
| Warehouse Telephone Number: (662) 453-4312 | Fax Number: | County where Warehouse is located: | |
| Warehouse operator to appear on License: John Coleman | | Commodity Stored: | |
| Bushel Capacity: 5939000 | Previous Year's Dollar Amount of Grain Purchased: \$50,391,042 | License Fee: \$100 | Warehouse & Dealer Bond 1000000 100000 |

Warehouse - License Fee Based on capacity: Up to 1 Million bushels \$50; 1 to 2 Million bushels \$75; over 2 Million bushels \$100

Type of Business: ☐ Individual ☐ Partnership ☐ Association ☐ Cooperative ☐ Corporation

As part of the application, please include:

- ☐ Application Fee \$150
- ☒ License Fee - as noted
- ☐ Schedule of Charges
- ☒ Most recent financial statement - (minimum \$20,000 assets - warehouse)
- ☒ Bond or Letter of Credit and must also have a Grain Dealer bond -- as noted
- ☐ Bin Chart
- ☐ Blank warehouse receipts and/or contracts; specimen of authorized signature
- ☐ Current scale ticket
- ☒ List of sub offices
- ☒ Completed Certificate of Insurance

- ☐ new warehouse applicants or change to existing
- ☒ Must be included with application



State of Mississippi
Department of Agriculture and Commerce
P.O. Box 1609
Jackson, MS 39215-1609
601-359-1111

RECEIVED
JUN 02 2021
Dept. of Agriculture
No. 145-WH

APPLICATION FOR GRAIN WAREHOUSE

The undersigned applicant hereby applies for a license to operate a Grain Warehouse (buying/selling/storing grain from producers) as defined and required by Section 75-44-9 of the Mississippi Code of 1972, as amended.

| | | | |
|---|--|---|--|
| Business Name: Express Grain Terminals LLC | | E-mail Address: john@expressgrain.com | |
| Contact Person: John Coleman | | Telephone Number: (662) 392-3400 262-5300 | Fax Number: 453-3790 0829 |
| Mailing Address: P.O. Box 189 BOB 12th St. | City: Sidon Greenwood | State: MS | Zip: 38954 38930 |
| Warehouse Physical Address: 23248 CR 512 | City: Sidon | State: MS | Zip: 38954 |
| Warehouse Telephone Number: (662) 453-0800 | Fax Number: (662) 455-3790 | County where Warehouse is located: | |
| Warehouse operator to appear on License: John Coleman | | Commodity Stored: | |
| Bushel Capacity: 4117000 | Previous Year's Dollar Amount of Grain Purchased: \$33,302,228 | License Fee: \$100 | Warehouse & Dealer Bond 1000000 100000 |

Warehouse - License Fee Based on capacity: Up to 1 Million bushels \$50; 1 to 2 Million bushels \$75; over 2 Million bushels \$100

Type of Business: ☐ Individual ☐ Partnership ☐ Association ☐ Cooperative ☐ Corporation

As part of the application, please include:

- ☐ Application Fee \$150
- ☒ License Fee - as noted
- ☐ Schedule of Charges
- ☒ Most recent financial statement - (minimum \$20,000 assets - warehouse)
- ☒ Bond or Letter of Credit and must also have a Grain Dealer bond -- as noted
- ☐ Bin Chart
- ☐ Blank warehouse receipts and/or contracts; specimen of authorized signature
- ☐ Current scale ticket
- ☒ List of sub offices
- ☒ Completed Certificate of Insurance

- ☐ new warehouse applicants or change to existing
- ☒ Must be included with application

Signature Section:

I, John Lee, being first duly sworn, depose and say that I
am the President
OWNER, PARTNER, OFFICER OF CORPORATION

of the applicant Express Grain Terminals, LLC
Business Name

that I am authorized on the part of said applicant to verify and file with the Mississippi Department of Agriculture and Commerce. this financial statement; that I have full knowledge of the matters set forth herein and that all of same are true in substance and in fact, and that this financial statement has been prepared by a licensed Certified Public Accountant who is not in the employment of, related to or directly associated with the applicant. Also, the undersigned applicant hereby certifies that all statements, information or schedules attached hereto are hereby made a part of this application and that all statements and information contained herein are true and correct.

Subscribed and sworn to before me this 26th day of May, 20 21.

My commission expires June 18, 2023



Jamatha E. Pearson
NOTARY PUBLIC

THIS SECTION MUST BE COMPLETED OR THIS STATEMENT CANNOT BE ACCEPTED
(if not a part of the prepared financial statement.)

Name and address of the accountant, or firm, that prepared the financial statement.

| | | |
|---------------------------|------------|----------|
| Name of Accountant | | |
| Street or Route and Box # | | |
| City | State | Zip Code |
| Telephone Number | Fax Number | |

SIGNATURE OF ACCOUNTANT

Client#: 1767704

EXPREGRA1

DATE (MM/DD/YYYY)

9/07/2021

ACORD™

CERTIFICATE OF LIABILITY INSURANCE

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer any rights to the certificate holder in lieu of such endorsement(s).

| | | | | | | | | | | | | | | | |
|---|--------------|--|--|--|--------------|---|-------|--|-------|------------|--|------------|--|------------|--|
| PRODUCER USI Insurance Services LLC /CL 5100 Poplar Avenue, #1200 Memphis, TN 38137 901 766-5990 | | CONTACT NAME: Shonda Smith PHONE (A/C, No, Ext): 901-255-3912 E-MAIL ADDRESS: Shonda.Smith@usi.com FAX (A/C, No): 610-362-8621 | | | | | | | | | | | | | |
| INSURED Express Grain Terminals LLC 808 12th Street Greenwood, MS 38930 | | INSURER(S) AFFORDING COVERAGE <table border="1"> <tr> <td>INSURER A: National Union Fire Ins Co of Pitts, PA</td> <td>NAIC # 19445</td> </tr> <tr> <td>INSURER B: Starstone Specialty Ins. Co.</td> <td>44776</td> </tr> <tr> <td>INSURER C: New Hampshire Insurance Company</td> <td>23841</td> </tr> <tr> <td>INSURER D:</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> </tr> </table> | | INSURER A: National Union Fire Ins Co of Pitts, PA | NAIC # 19445 | INSURER B: Starstone Specialty Ins. Co. | 44776 | INSURER C: New Hampshire Insurance Company | 23841 | INSURER D: | | INSURER E: | | INSURER F: | |
| INSURER A: National Union Fire Ins Co of Pitts, PA | NAIC # 19445 | | | | | | | | | | | | | | |
| INSURER B: Starstone Specialty Ins. Co. | 44776 | | | | | | | | | | | | | | |
| INSURER C: New Hampshire Insurance Company | 23841 | | | | | | | | | | | | | | |
| INSURER D: | | | | | | | | | | | | | | | |
| INSURER E: | | | | | | | | | | | | | | | |
| INSURER F: | | | | | | | | | | | | | | | |

| COVERAGES | | CERTIFICATE NUMBER: | | REVISION NUMBER: | | |
|---|--|---------------------|---------------|-------------------------|-------------------------|--|
| THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS. | | | | | | |
| INSR LTR | TYPE OF INSURANCE | ADDL SUBR INSR WVD | POLICY NUMBER | POLICY EFF (MM/DD/YYYY) | POLICY EXP (MM/DD/YYYY) | LIMITS |
| A | <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC OTHER: AUTOMOBILE LIABILITY ANY AUTO OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS ONLY <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> | | 1938387 | 09/01/2021 | 09/01/2022 | EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$500,000 MED EXP (Any one person) \$25,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMP/OP AGG \$2,000,000 COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ |
| B | UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR EXCESS LIAB <input checked="" type="checkbox"/> CLAIMS-MADE DED RETENTION \$ | | 704851210ALI | 09/01/2021 | 06/01/2022 | EACH OCCURRENCE \$3,000,000 AGGREGATE \$3,000,000 |
| C | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input checked="" type="checkbox"/> N/A (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below | | 048240098 | 09/01/2021 | 09/01/2022 | PER STATUTE <input checked="" type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000 |

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

| | |
|---|---|
| CERTIFICATE HOLDER MS Department of Agriculture & Commerce PO Box 1609 Jackson, MS 39215-1609 | CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE <i>Kenneth Payton</i> |
|---|---|

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145 WH

EXPREGRA1

ACORD™ EVIDENCE OF COMMERCIAL PROPERTY INSURANCE

DATE (MM/DD/YYYY)
07/13/2021

THIS EVIDENCE OF COMMERCIAL PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

| | | | | |
|---|--------------------------------------|--|---|---------------------------------------|
| PRODUCER NAME, CONTACT PERSON AND ADDRESS USI Insurance Services LLC /CL 5100 Poplar Avenue, #1200 Memphis, TN 38137 | | PHONE (A/C, No, Ext): 901 255 3912 | COMPANY NAME AND ADDRESS Lloyd's of London | NAIC NO: SURPLU |
| FAX (A/C, No): 610-362-8621 | E-MAIL ADDRESS: Shonda.Smith@usi.com | IF MULTIPLE COMPANIES, COMPLETE SEPARATE FORM FOR EACH | | |
| CODE: | SUB CODE: | POLICY TYPE Special | | |
| AGENCY CUSTOMER ID #: 1767704 | LOAN NUMBER | | POLICY NUMBER B1740MCG210199000 | |
| NAMED INSURED AND ADDRESS Express Grain Terminals LLC 808 12th Street Greenwood, MS 38930 | | EFFECTIVE DATE 06/12/2021 | EXPIRATION DATE 06/12/2022 | CONTINUED UNTIL TERMINATED IF CHECKED |
| ADDITIONAL NAMED INSURED(S) | | THIS REPLACES PRIOR EVIDENCE DATED: | | |

PROPERTY INFORMATION (ACORD 101 may be attached if more space is required) ☐ BUILDING OR ☐ BUSINESS PERSONAL PROPERTY

LOCATION/DESCRIPTION
23248 County Road 512 Sidon, MS 38954
2015 River Road Ext. Greenwood, MS 38930

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| COVERAGE INFORMATION | PERILS INSURED | BASIC | BROAD | X SPECIAL | DED: 10,000 |
|---|----------------|-------|-------|-----------|---|
| COMMERCIAL PROPERTY COVERAGE AMOUNT OF INSURANCE: \$ Stock \$40,000,000 | | | | | |
| <input checked="" type="checkbox"/> BUSINESS INCOME <input type="checkbox"/> RENTAL VALUE | YES NO N/A | X | | | Actual Loss Sustained; # of months |
| BLANKET COVERAGE EE Only | | X | | | If YES, indicate value(s) reported on property identified above. \$ |
| TERRORISM COVERAGE | | | X | | Attach Disclosure Notice / DEC |
| IS THERE A TERRORISM-SPECIFIC EXCLUSION? | | X | | | |
| IS DOMESTIC TERRORISM EXCLUDED? | | X | | | |
| LIMITED FUNGUS COVERAGE | | X | | | If YES, LIMIT: External Only DED: \$10,000 |
| FUNGUS EXCLUSION (IF "YES", specify organization's form used) | | X | | | |
| REPLACEMENT COST | | | X | | |
| AGREED VALUE | | | X | | |
| COINSURANCE | | | X | | If YES, % |
| EQUIPMENT BREAKDOWN (If Applicable) | | | X | | If YES, LIMIT: DED: |
| ORDINANCE OR LAW - Coverage for loss to undamaged portion of bldg | | | X | | If YES, LIMIT: DED: |
| - Demolition Costs | | | X | | If YES, LIMIT: DED: |
| - Incr. Cost of Construction | | | X | | If YES, LIMIT: DED: |
| EARTH MOVEMENT (If Applicable) | | | X | | If YES, LIMIT: DED: |
| FLOOD (If Applicable) | | | X | | If YES, LIMIT: DED: |
| WIND/HAIL INCL <input type="checkbox"/> YES <input type="checkbox"/> NO Subject to Different Provisions | | | X | | If YES, LIMIT: \$40,000,000 DED: \$10,000 |
| NAMED STORM INCL <input type="checkbox"/> YES <input type="checkbox"/> NO Subject to Different Provisions | | | X | | If YES, LIMIT: \$40,000,000 DED: \$10,000 |
| PERMISSION TO WAIVE SUBROGATION IN FAVOR OF MORTGAGE HOLDER PRIOR TO LOSS | | | X | | |

CANCELLATION
SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

| | | |
|--|--|--|
| ADDITIONAL INTEREST | | LENDER SERVING AGENT NAME AND ADDRESS |
| <input type="checkbox"/> CONTRACT OF SALE | <input type="checkbox"/> LENDER'S LOSS PAYABLE <input type="checkbox"/> LOSS PAYEE | |
| <input type="checkbox"/> MORTGAGEE | | |
| NAME AND ADDRESS MS Department of Agriculture & Commerce PO Box 1609 Jackson, MS 39215-1609 | | AUTHORIZED REPRESENTATIVE <i>Kenneth Paylor</i> |

EVIDENCE OF COMMERCIAL PROPERTY INSURANCE REMARKS - Including Special Conditions (Use only if more space is required)

2820 County Road 26 Miner City, MS 38944
10201 Hwy 352 Prairie, MS 39756

ACORD™

Client#: 1767704

EXPREGRA1

DATE (MM/DD/YYYY)

5/28/2021

CERTIFICATE OF LIABILITY INSURANCE

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer any rights to the certificate holder in lieu of such endorsement(s).

| | | |
|--|--|---|
| PRODUCER USI Insurance Services LLC /CL 5100 Poplar Avenue, #1200 Memphis, TN 38137 901 766-5990 | CONTACT NAME: Shonda Smith | FAX (A/C, No): 610-362-8621 |
| | PHONE (A/C, No, Ext): 901-255-391 | E-MAIL ADDRESS: Shonda.Smith@usi.com |
| INSURED Express Grain Terminals LLC 808 12th Street Greenwood, MS 38930 | INSURER(S) AFFORDING COVERAGE | |
| | INSURER A: Everest Indemnity Insurance Company | NAIC # 10851 |
| | INSURER B: Bridgefield Casualty Insurance Company | 10335 |
| | INSURER C: Atlantic Specialty Insurance Company | 27154 |
| | INSURER D: | |
| | INSURER E: | |
| INSURER F: | | |

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| INSR LTR | TYPE OF INSURANCE | ADDL SUBR INSR WVD | POLICY NUMBER | POLICY EFF (MM/DD/YYYY) | POLICY EXP (MM/DD/YYYY) | LIMITS |
|----------|--|--|-------------------------|-------------------------|-------------------------|---|
| A | <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC OTHER: | | CF3GL00109201201 | 06/12/2020 | 09/01/2021 | EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$100,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMP/OP AGG \$2,000,000 COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ |
| A | UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$ | | CU22401204 | 06/12/2020 | 09/01/2021 | EACH OCCURRENCE \$3,000,000 AGGREGATE \$3,000,000 |
| B | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input checked="" type="checkbox"/> N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below | <input type="checkbox"/> Y <input checked="" type="checkbox"/> N | 019649584 | 10/16/2019 | 10/16/2020 | <input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000 |
| C | Leased/ Rented Equipment | | 7900254830002 | 06/12/2020 | 09/01/2021 | \$600,000 |

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

CANCELLATION

MS Department of Agriculture & Commerce
PO Box 1609
Jackson, MS 39215-1609

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Kenneth Bayler

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License No: 187-WH



The State of Mississippi
Department of Agriculture and Commerce
Post Office Box 1609 Jackson, Mississippi 39215-1609

Grain Warehouse License

The Mississippi Department of Agriculture and Commerce does hereby grant and license:

John Coleman
Express Grain Terminals, LLC
Greenwood

To operate said grain warehouse having a capacity of 5,939,000 bushels
And bonded in the amount of \$1,000,000.00 after having qualified and met
the provisions of Title 75 Chapter 44 Sections 1-71, Mississippi Code of 1972, As
Amended.

If operating as a Grain Dealer, after having qualified and met the provision of
Title 75 Chapter 45 Sections 301-315, Mississippi Code of 1972, as amended, and
having a bond in the amount of \$100,000.00

This license is conditioned on compliance with the requirements of the aforesaid
Code and is effective pending cancellation, suspension, or revocation by the
Commissioner of Agriculture and/or discontinuance notice to the Commissioner
of Agriculture by said Warehouse.

This license expires: 6/30/2022


Commissioner



License No: 145-WH



The State of Mississippi
Department of Agriculture and Commerce
Post Office Box 1609 Jackson, Mississippi 39215-1609

Grain Warehouse License

The Mississippi Department of Agriculture and Commerce does hereby grant and license:

John Coleman
Express Grain Terminals LLC
Sidon

To operate said grain warehouse having a capacity of 4,117,000 bushels
And bonded in the amount of \$1,000,000.00 after having qualified and met
the provisions of Title 75 Chapter 44 Sections 1-71, Mississippi Code of 1972, As
Amended.

If operating as a Grain Dealer, after having qualified and met the provision of
Title 75 Chapter 45 Sections 301-315, Mississippi Code of 1972, as amended, and
having a bond in the amount of \$100,000.00

This license is conditioned on compliance with the requirements of the aforesaid
Code and is effective pending cancellation, suspension, or revocation by the
Commissioner of Agriculture and/or discontinuance notice to the Commissioner
of Agriculture by said Warehouse.

This license expires: 6/30/2022


Commissioner

License No: 188-WH



The State of Mississippi
Department of Agriculture and Commerce
Post Office Box 1609 Jackson, Mississippi 39215-1609

Grain Warehouse License

The Mississippi Department of Agriculture and Commerce does hereby grant and license:

John Coleman
Express Grain Terminals, LLC
Minter City

To operate said grain warehouse having a capacity of 2,187,000 bushels
And bonded in the amount of \$1,000,000.00 after having qualified and met
the provisions of Title 75 Chapter 44 Sections 1-71, Mississippi Code of 1972, As
Amended.

If operating as a Grain Dealer, after having qualified and met the provision of
Title 75 Chapter 45 Sections 301-315, Mississippi Code of 1972, as amended, and
having a bond in the amount of \$100,000.00

This license is conditioned on compliance with the requirements of the aforesaid
Code and is effective pending cancellation, suspension, or revocation by the
Commissioner of Agriculture and/or discontinuance notice to the Commissioner
of Agriculture by said Warehouse.

This license expires: 6/30/2022


Commissioner

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

Combined Financial Statements
Years Ended June 30, 2019 and 2018



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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, 2019 and 2018, 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 financial statements.

Management'

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 statement 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, 2019 and 2018, and the results of their operations and their cash flows for the year ended June 30, 2019, in accordance with accounting principles generally accepted in the United States of America.

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
December 31, 2019

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
Combined Balance Sheets
June 30, 2019 and 2018

| | 2019 | 2018 |
|---|----------------|----------------|
| ASSETS | | |
| Current assets | | |
| Cash | \$ 641,737 | \$ 1,225,214 |
| Accounts receivable | 2,032,387 | 4,932,030 |
| Inventories | 16,820,642 | 18,324,032 |
| Prepaid expenses | 1,141,353 | 341,588 |
| Forward contracts | 3,394,322 | 2,060,134 |
| Margin assets | 4,885,976 | 2,878,546 |
| Total current assets | 28,916,417 | 29,761,544 |
| Notes receivable | 18,904,582 | 18,904,582 |
| Property and equipment, net | 62,284,298 | 53,840,798 |
| Prepaid expenses, noncurrent | | 674,498 |
| Other assets | 561,455 | 620,400 |
| Total assets | \$ 110,666,752 | \$ 103,801,822 |
| LIABILITIES AND MEMBERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable | \$ 1,548,940 | \$ 1,268,423 |
| Current maturities of long-term debt | 3,035,488 | 235,488 |
| Forward contracts | | 2,482,788 |
| Borrowings on line-of-credit | 20,416,820 | 49,560,591 |
| Unpriced grain purchases | 234,016 | 290,648 |
| Deferred revenue | 2,173,002 | 944,168 |
| Accrued expenses | 576,562 | 228,331 |
| Total current liabilities | 27,984,828 | 52,527,649 |
| Note payable, related party | 3,435,965 | |
| Long-term debt, less current maturities | 52,370,301 | 27,141,091 |
| Total liabilities | 83,791,094 | 79,668,740 |
| Members' equity | 26,875,658 | 24,133,082 |
| Total liabilities and members' equity | \$ 110,666,752 | \$ 103,801,822 |

See accompanying notes to combined financial statements.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
Combined Statement of Operations
Years Ended June 30, 2019 and 2018

| | 2019 | 2018 |
|-------------------------------------|---------------------|-----------------------|
| Net sales | \$ 141,471,072 | \$ 130,729,900 |
| Cost of goods sold | 122,126,779 | 119,228,419 |
| Gross margin | <u>19,344,293</u> | <u>11,501,481</u> |
| Operating expenses | | |
| Depreciation & amortization expense | 3,993,901 | 2,663,809 |
| Other operating expenses | 9,468,469 | 8,222,383 |
| Total operating expenses | <u>13,462,370</u> | <u>10,886,192</u> |
| Operating income (loss) | 5,881,923 | 615,289 |
| Other income (expense) | | |
| Other income | 231,109 | 134,028 |
| Interest expense | (3,870,455) | (2,705,922) |
| Total other expense | <u>(3,639,346)</u> | <u>(2,571,894)</u> |
| Net income (loss) | <u>\$ 2,242,577</u> | <u>\$ (1,956,605)</u> |

See accompanying notes to combined financial statements.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
Combined Statement of Members' Equity
Years Ended June 30, 2019 and 2018

| | Members' Equity |
|------------------------|----------------------------|
| Balance, July 1, 2017 | \$ 18,814,687 |
| Net loss | (1,956,605) |
| Contributions | 7,275,000 |
| Balance, June 30, 2018 | 24,133,082 |
| Net income | 2,242,577 |
| Contributions | 500,000 |
| Balance, June 30, 2019 | <u>\$ 26,875,658</u> |

See accompanying notes to combined financial statements.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
Combined Statement of Cash Flows
Year Ended June 30, 2018

| | 2019 | 2018 |
|--|---------------------|---------------------|
| Cash flows from operating activities | | |
| Net income (loss) | \$ 2,242,577 | \$ (1,956,605) |
| Adjustments to reconcile net loss to net cash provided by operating activities | | |
| Depreciation and amortization | 3,993,901 | 2,663,809 |
| Changes in operating assets and liabilities: | | |
| Margin asset | (2,007,430) | (981,647) |
| Accounts receivable | 2,899,643 | (1,844,094) |
| Inventories | 1,503,390 | 14,300,517 |
| Other assets | 58,945 | (290,400) |
| Grain payable | (56,632) | (151,785) |
| Forward contracts | (1,334,188) | (2,320,791) |
| Prepaid expenses | (799,765) | (585,617) |
| Accounts payable and accrued expenses | 628,748 | (189,419) |
| Deferred revenue | (1,228,834) | 944,168 |
| Net cash provided by operating activities | <u>5,900,354</u> | <u>9,588,136</u> |
| Cash flows from investing activities | | |
| Increase in notes receivable | - | (8,368,800) |
| Purchases of property and equipment | (9,014,004) | (12,387,226) |
| Net cash used in investing activities | <u>(9,014,004)</u> | <u>(20,756,026)</u> |
| Cash flows from financing activities | | |
| Net decrease in borrowings on line-of-credit | (1,143,771) | (6,189,694) |
| Proceeds from long-term borrowings | - | 11,930,000 |
| Proceeds from related-party borrowings | 3,435,965 | - |
| Payment on long-term borrowings | (262,021) | (91,417) |
| Payment of debt issuance costs | - | (761,279) |
| Members' contributions | 500,000 | 7,275,000 |
| Net cash provided by financing activities | <u>2,530,173</u> | <u>12,162,610</u> |
| Increase (decrease) in cash | (583,477) | 994,720 |
| Cash at beginning of year | <u>1,225,214</u> | <u>230,494</u> |
| Cash at end of year | <u>\$ 641,737</u> | <u>\$ 1,225,214</u> |
| Noncash investing and financing activities | | |
| Notes payable for equipment | <u>\$ 42,850</u> | <u>\$ 380,981</u> |
| Supplemental disclosures of cash flow information | | |
| Cash paid for interest | <u>\$ 3,764,529</u> | <u>\$ 2,895,705</u> |

See accompanying notes to combined financial statements.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2019 and 2018

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. In addition, EGT mills soybeans at its Greenwood facility. The products produced from the milling process include soybean oil, soybean meal and soybean hulls.

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 6. EGT and these entities share similar ownership. All significant intercompany balances and transactions have been eliminated in combination.

Plan of Operation

As described in Note 4, EGT has a \$35 million revolving line-of-credit ("Credit Facility") that matures October 31, 2020 and a \$31 million term loan ("Term Loan") that matures September 1, 2020. EGT continues to invest in its Greenwood facility and began operations of its biodiesel plant March 28 2019. After a brief period of operation, the biodiesel facility was idled to make process improvements and is planned to be operational early 2020. The Companies utilized certain assets of their biodiesel plant in Greenwood as collateral for the long-term financing. The Companies' ability to meet their future commitments is significantly dependent upon their biodiesel operations.

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.

Cash and Cash Equivalents

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

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**

June 30, 2019 and 2018

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

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, 2019 or 2018.

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*.

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.

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.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2019 and 2018

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

The Companies have construction in process of \$2,710,026 at June 30, 2019. As referenced in Note 2, the Companies incurred an additional \$1.1 million to complete the projects. Future cash flows related to these capital investments will depend largely on the Companies biodiesel operations, which began operations March 28, 2019, but after a brief period of operation, was idled to make process improvements and was being started back up as of December 31, 2019.

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 6. The notes bear interest at 1.02 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 5. 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 6, 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.

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, 2019 and 2018.

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.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2019 and 2018

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

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).

The following table presents information about the assets and liabilities recorded at fair value 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 | 4,886,467 | - | - | 4,886,467 |
| Forward contracts | 3,394,322 | - | - | 3,394,322 |
| Unpriced grain purchases | - | (234,016) | - | (234,016) |
| Total | \$ 8,280,789 | \$ 16,532,626 | \$ - | \$ 24,813,415 |

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2019 and 2018

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

The following table presents information about the assets and liabilities recorded at fair value at June 30, 2018:

| Fair Value Measurements at June 30, 2018 | | | | |
|---|---|--|--|----------------------|
| | 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 | \$ - | \$ 18,324,032 | \$ - | \$ 18,324,032 |
| Margin assets | 2,878,546 | - | - | 2,878,546 |
| Forward contracts | 2,060,134 | - | - | 2,060,134 |
| Unpriced grain purchases | - | (290,648) | - | (290,648) |
| Total | \$ 4,938,680 | \$ 18,033,384 | \$ - | \$ 22,972,064 |

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.

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 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 will be required to adopt ASU 2014-09 as of July 1, 2019, fiscal year 2020. 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.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2019 and 2018

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2. Property and Equipment

Property and equipment consisted of the following at June 30, 2019 and 2018:

| | 2019 | 2018 |
|--|---------------|---------------|
| Land and improvements | \$ 1,125,007 | \$ 1,118,468 |
| Buildings | 716,863 | 500,815 |
| Equipment, bins and grain systems | 30,619,937 | 27,802,894 |
| Oil mill facility | 30,142,458 | 19,963,048 |
| BioDiesel facility | 14,194,218 | - |
| Construction in progress | 2,710,026 | 18,194,241 |
| Total property and equipment | 79,508,509 | 67,579,466 |
| Less accumulated depreciation and amortization | 17,224,211 | 13,738,668 |
| Property and equipment, net | \$ 62,284,298 | \$ 53,840,798 |

Subsequent to year end, EGT incurred capital expenditures, totaling approximately \$1.1 million, to complete the construction in progress. In 2019, the Companies capitalized \$193,347 of interest in connection with the construction in progress.

Note 3. Inventories

Inventories at June 30, 2019 and 2018 were as follows:

| | 2019 | 2018 |
|---------------|---------------|---------------|
| Soybeans | \$ 9,325,047 | \$ 9,997,319 |
| Soybean oil | 2,091,689 | 2,970,038 |
| Soybean meal | 2,484,639 | 3,678,231 |
| Soybean hulls | 525,720 | 776,476 |
| Corn | 2,069,700 | - |
| Wheat | 53,155 | 144,055 |
| Feed | 216,692 | 708,413 |
| Other | 54,000 | 49,500 |
| | \$ 16,820,642 | \$ 18,324,032 |

Note 4. Credit Facility and Long-term Debt

EGT has a credit agreement (the "Revolving Loan") that provides for a maximum of \$35,000,000 in available borrowings. Borrowings bear interest at variable rates based on LIBOR plus the applicable margin (6.69 percent at June 30, 2019). Substantially all assets of EGT collateralize borrowings under the Revolving Loan. At June 30, 2019, outstanding borrowings under the Revolving Loan were \$20,416,819. The revolving line-of-credit matures October 31, 2019. However, the revolving line-of-credit may be canceled at any time, at the sole discretion of the lender. The Credit Facility 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.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2019 and 2018

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

The following is a summary of long-term debt at June 30, 2019 and 2018:

| | 2019 | 2018 |
|---|------------|-----------|
| JOHN DEERE FINANCIAL | | |
| Payable in monthly, interest-free payments through July 2020 \$ | 344,644 \$ | 563,814 |
| 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 |
| 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 |

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2019 and 2018

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

| | | |
|--|----------------------|----------------------|
| 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 September 2020 with remaining principal and accrued and unpaid interest due September 2020 | | |
| | 31,000,000 | - |
| Debt issuance costs | (1,101,855) | (1,350,235) |
| Total long-term debt | 58,405,789 | 27,376,579 |
| Less current maturities | 3,035,488 | 235,488 |
| Long-term debt less current maturities | <u>\$ 55,370,301</u> | <u>\$ 27,141,091</u> |

Aggregate annual maturities of notes payable outstanding at June 30, 2019, are as follows:

| Year Ending June 30, | Amount |
|--------------------------------------|----------------------|
| 2020 | \$ 3,035,488 |
| 2021 | 25,309,156 |
| 2022 | - |
| 2023 | - |
| 2024 | - |
| Thereafter | 28,163,000 |
| Total, excluding debt issuance costs | 56,507,644 |
| Total debt issuance costs | (1,101,855) |
| Total long-term debt | <u>\$ 55,405,789</u> |

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2019 and 2018

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 5. 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, 2019 and 2018, the fair value of forward contracts was \$3,394,322 and \$2,060,134, 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, 2019 and 2018, EGT's fair value of margin assets was \$4,886,467 and \$2,878,546, respectively. During 2019 and 2018, EGT recognized gains of \$5,877,109 and losses of \$2,222,131, respectively, on forward contracts. During 2019 and 2018, EGT recognized gains of \$2,664,119 and losses of \$4,729,664, respectively, on margin assets. These amounts are included in cost of goods sold in the statements of operations.

Unrealized gains (losses) related to EGT's open positions on exchange traded futures contracts totaled \$(538,977) and \$(1,441,201) at June 30, 2019 and 2018, respectively. Management did not meet the designation and documentation requirements to account for these transactions as hedge derivatives. Accordingly, the unrealized gains (losses) are recognized in cost of goods sold in the accompanying statements of operations.

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. The following table summarizes the Companies net long (short) position by commodity at June 30, 2019:

| | |
|----------------------|--------------|
| Corn (bushels) | 12,014 |
| Soybeans (bushels) | 2,855,225 |
| Soybean Meal (tons) | (60,484) |
| Soybean Oil (pounds) | (33,194,623) |

Note 6. 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 \$9,382,782 and \$8,379,721, 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.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2019 and 2018

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 6. Continued

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, 2019 and 2018 resulting from the NMTC transactions:

| | 2019 | 2018 |
|---|----------------------|----------------------|
| Cash (included in other assets) | \$ 561,955 | \$ 620,400 |
| 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>\$ 19,466,537</u> | <u>\$ 19,524,982</u> |

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

Note 7. Related Party Transactions

EGT purchased inventories, in the normal course of business, from its owners during the year of June 30, 2019 and 2018. EGT had no payables to owners for inventory purchases at June 30, 2019 or 2018.

During 2019, an owner advanced \$3,435,965 to the Companies for use in operations. The note payable with the related party has not 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. No amounts owed to owners were outstanding as of June 30, 2018.

Note 8. 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, 2019 totaled approximately \$333,327. The Companies have not experienced any losses in such accounts.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2019 and 2018

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 9. 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, 2019. Sales recognized by EGT under these arrangements totaled approximately \$26,986,324 for the year ended June 30, 2019. In connection with these agreements, EGT had 4,555,000 bushels of soybeans under forward purchase contracts at June 30, 2019 priced under basis contracts.

Note 10. Subsequent Events

The Companies have evaluated subsequent events through December 31, 2019, the date these financial statement were available to be issued.

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

Combined Financial Statements
Years Ended June 30, 2018 and 2017



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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, 2018 and 2017, 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 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 statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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, 2018 and 2017, and the results of their operations and their cash flows for the year ended June 30, 2018, in accordance with accounting principles generally accepted in the United States of America.

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 17-18 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.

Ridgeland, Mississippi
January 8, 2019

HORNE LLP

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
Combined Balance Sheets
June 30, 2018 and 2017

| | 2018 | 2017 |
|--|----------------|---------------|
| ASSETS | | |
| Current assets | | |
| Cash | \$ 1,225,214 | \$ 230,494 |
| Accounts receivable | 4,932,030 | 3,087,936 |
| Inventories | 18,324,032 | 32,624,549 |
| Prepaid expenses | 341,588 | 430,469 |
| Forward contracts | 2,060,134 | - |
| Margin assets | 2,878,546 | 1,896,899 |
| Total current assets | 29,761,544 | 38,270,347 |
| Notes receivable | 18,904,582 | 10,535,782 |
| Prepaid expenses, noncurrent | 674,498 | |
| Property and equipment, net | 53,040,798 | 43,586,101 |
| Other assets | 620,400 | 330,000 |
| Total assets | \$ 103,001,822 | \$ 92,722,230 |
| LIABILITIES AND MEMBERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable | \$ 1,268,423 | \$ 1,544,831 |
| Current maturities of long-term debt | 235,488 | 91,416 |
| Forward contracts | - | 260,657 |
| Borrowings on line of credit | 49,560,591 | 55,750,285 |
| Unpriced grain purchases | 290,648 | 442,433 |
| Deferred revenue | 944,168 | - |
| Accrued expenses | 228,331 | 141,342 |
| Total current liabilities | 52,527,649 | 58,230,964 |
| Long-term debt | 27,141,091 | 15,676,579 |
| Total liabilities | 79,668,740 | 73,907,543 |
| Members' equity | 23,333,082 | 18,814,687 |
| Total liabilities and members' equity | \$ 103,001,822 | \$ 92,722,230 |

See accompanying notes to combined financial statements.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
Combined Statement of Operations
Years Ended June 30, 2018 and 2017

| | 2018 | 2017 |
|-------------------------------------|----------------|----------------|
| Net sales | \$ 130,729,900 | \$ 99,013,286 |
| Cost of goods sold | 120,028,419 | 91,889,906 |
| Gross margin | 10,701,481 | 7,123,380 |
| Operating expenses | | |
| Depreciation & amortization expense | 2,663,809 | 2,655,302 |
| Other operating expenses | 8,222,383 | 5,126,998 |
| Total operating expenses | 10,886,192 | 7,782,300 |
| Operating loss | (184,711) | (658,920) |
| Other income (expense) | | |
| Other income | 134,028 | 95,699 |
| Interest expense | (2,705,922) | (1,836,807) |
| Net other expense | (2,571,894) | (1,741,108) |
| Net loss | \$ (2,756,605) | \$ (2,400,028) |

See accompanying notes to combined financial statements.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
Combined Statement of Members' Equity
Years Ended June 30, 2018 and 2017

| | Members' Equity |
|------------------------|----------------------------|
| Balance, July 1, 2016 | \$ 19,214,715 |
| Net loss | (2,400,028) |
| Contributions | 2,000,000 |
| Balance, June 30, 2017 | 18,814,687 |
| Net loss | (2,756,605) |
| Contributions | 7,275,000 |
| Balance, June 30, 2018 | \$ 23,333,082 |

See accompanying notes to combined financial statements.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
Combined Statement of Cash Flows
Year Ended June 30, 2018

| | 2018 | 2017 |
|--|----------------|----------------|
| Cash flows from operating activities | | |
| Net loss | \$ (2,756,605) | \$ (2,400,028) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities | | |
| Depreciation and amortization | 2,663,809 | 2,655,302 |
| Changes in operating assets and liabilities: | | |
| Margin asset | (981,647) | 1,910,917 |
| Accounts receivable | (1,844,094) | (2,213,103) |
| Inventories | 14,300,517 | 13,166,679 |
| Other Assets | (290,400) | - |
| Grain payable | (151,785) | (769,778) |
| Forward contracts | (2,320,791) | 2,981,310 |
| Prepaid expenses | (585,617) | (95,144) |
| Accounts payable and accrued expenses | (189,419) | (429,203) |
| Deferred Revenue | 944,168 | - |
| Net cash provided by (used in) operating activities | 8,788,136 | 14,806,952 |
| Cash flows from investing activities | | |
| Increase in notes receivable | (8,368,800) | - |
| Purchases of property and equipment | (11,587,226) | (15,420,659) |
| Proceeds from sale of property and equipment | - | 48,848 |
| Net cash used in investing activities | (19,956,026) | (15,371,811) |
| Cash flows from financing activities | | |
| Net decrease in borrowings on line of credit | (6,189,694) | (1,277,621) |
| Proceeds from long-term borrowings | 11,930,000 | - |
| Payment on long-term borrowings | (91,417) | - |
| Payment of debt issuance costs | (761,279) | - |
| Members' contributions | 7,275,000 | 2,000,000 |
| Net cash provided by financing activities | 12,162,610 | 722,379 |
| Increase (decrease) in cash | 994,720 | 157,520 |
| Cash at beginning of year | 230,494 | 72,974 |
| Cash at end of year | \$ 1,225,214 | \$ 230,494 |
| Noncash investing and financing activities | | |
| Notes payable for equipment | \$ 380,981 | \$ 269,000 |
| Supplemental disclosures of cash flow information | | |
| Cash paid for interest | \$ 2,895,705 | \$ 2,026,590 |

See accompanying notes to combined financial statements.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**

June 30, 2018 and 2017

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. In addition, EGT mills soybeans at its Greenwood facility. The products produced from the milling process include soybean oil, soybean meal and soybean hulls.

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 6. EGT and these entities share similar ownership. All significant intercompany balances and transactions have been eliminated in combination.

Plan of Operation

The Companies have generated net losses in 2018 and 2017 totaling \$2,756,605 and \$2,400,028, respectively. The Companies continue to invest in its Greenwood facility in order to bring a biodiesel plant online by end of year 2018. The Companies have incurred approximately \$1.5 million in capital expenditures subsequent to year end through the date these financial statements were issued. These capital expenditures have been met through cash flows from operations and borrowings made available through its Credit Facility and NMTC financing and additional expenditures are expected to be met through member contributions.

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. Actual results could differ from those estimates.

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, 2018 or 2017.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2018 and 2017

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Inventories

Inventories consist primarily of agricultural commodity inventories, such as feed, 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 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*.

Margin Assets

The Companies have 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.

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.

The Companies have construction in process of \$18,194,241 at June 30, 2018. As referenced in Note 2, the Companies incurred an additional \$1,500,000 as of the date these financial statements were issued. Future cash flows related to these capital investments will depend largely on the Companies biodiesel operations, which is scheduled to commence on or about January 30, 2018. There can be no assurances that future cash flows will be sufficient to recover the investments in the biodiesel facility.

EXPRESS GRAIN TERMINALS, LLC

AND AFFILIATES

June 30, 2018 and 2017

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

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 6. The notes bear interest at 1.08 to 1.50 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 the Companies' derivatives are designated as non-hedge derivatives. The futures and options contracts used by the Companies are discussed in Note 5. The Companies, as part of its trading activity, use futures and option contracts offered through regulated commodity exchanges. The Companies are exposed to risk of loss in the market value of inventories and its unpriced grain purchases. To reduce that risk, the Companies generally take 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 6, 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.

Unpriced Grain Purchases

The Companies transact with certain of its suppliers for commodities for which a purchase price is not determined when the Companies take possession of the related commodities. Under these arrangements, suppliers determine the date for which the pricing will be determined. The Companies 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, 2018 and 2017.

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 sale 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.

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.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2018 and 2017

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

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 the Companies 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, 2018 and 2017

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

The following table presents information about the assets and liabilities recorded at fair value at June 30, 2018:

| Fair Value Measurements at June 30, 2018 | | | | |
|--|--|---|--|---------------|
| | 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 | \$ - | \$ 18,274,532 | \$ - | \$ 18,274,532 |
| Margin assets | 2,878,546 | - | - | 2,878,546 |
| Forward contracts | (2,482,788) | - | - | (2,482,788) |
| Unpriced grain purchases | - | (290,648) | - | (290,648) |
| Total | \$ 395,758 | \$ 17,983,884 | \$ - | \$ 18,379,642 |

The following table presents information about the assets and liabilities recorded at fair value at June 30, 2017:

| Fair Value Measurements at June 30, 2017 | | | | |
|--|--|---|--|---------------|
| | 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 | \$ - | \$ 32,594,849 | \$ - | \$ 32,594,849 |
| Margin assets | 1,896,899 | - | - | 1,896,899 |
| Forward contracts | (260,657) | - | - | (260,657) |
| Unpriced grain purchases | - | (442,433) | - | (442,433) |
| Total | \$ 1,636,242 | \$ 32,152,416 | \$ - | \$ 33,788,658 |

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.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2018 and 2017

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

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 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 Company will be required to adopt ASU 2014-09 as of July 1, 2019, fiscal year 2020. The Company is currently evaluating the impact of ASU 2014-09 on the Company's 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 Company for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Company has not yet evaluated the impact of this standard on its financial statements and related disclosures.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. These reclassifications had no effect on previously reported income or total members' equity.

Note 2. Property and Equipment

Property and equipment consisted of the following at June 30, 2018 and 2017:

| | 2018 | 2017 |
|--|----------------------|----------------------|
| Land and improvements | \$ 1,118,468 | \$ 1,118,468 |
| Buildings | 500,815 | 492,815 |
| Equipment, bins and grain systems | 27,802,894 | 27,101,251 |
| Oil mill facility | 19,163,048 | 18,154,512 |
| Construction in progress | 18,194,241 | 7,944,213 |
| Total property and equipment | 66,779,466 | 54,811,259 |
| Less accumulated depreciation and amortization | 13,738,668 | 11,225,158 |
| Property and equipment, net | <u>\$ 53,040,798</u> | <u>\$ 43,586,101</u> |

As of June 30, 2018, the Companies anticipated capital expenditures to complete the construction in progress totaled approximately \$1.2 million, and had incurred approximately \$1.5 million as of the date these financial statements were issued. The capital expenditures subsequent to year end were funded from cash provided by operations and borrowings made available through the line of credit and NMTC financing and are expected to continue to be funded through member contributions. In 2018, the Companies capitalized \$266,970 of interest in connection with the construction in progress.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2018 and 2017

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 3. Inventories

Inventories at June 30, 2018 and 2017 were as follows:

| | 2018 | 2017 |
|---------------|----------------------|----------------------|
| Soybeans | \$ 9,997,319 | \$ 19,518,013 |
| Soybean oil | 2,970,038 | 1,167,782 |
| Soybean meal | 3,678,231 | 11,193,473 |
| Soybean hulls | 776,476 | 630,368 |
| Wheat | 144,055 | 85,213 |
| Feed | 708,413 | - |
| Other | 49,500 | 29,700 |
| | <u>\$ 18,324,032</u> | <u>\$ 32,624,549</u> |

Note 4. Credit Facility and Long-term Debt

The Companies have a credit agreement (the "Revolving Loan") that provides for a maximum of \$55,000,000 in available borrowings. Borrowings bear interest at variable rates based on LIBOR plus the applicable margin (6.34 percent at June 30, 2018). Substantially all assets of the Companies collateralize borrowings under the Revolving Loan. At June 30, 2018, outstanding borrowings under the Revolving Loan were \$49,560,591. The Revolving Loan matured on December 10, 2018, and was renewed for a one year term. The maximum available borrowings was also increased to \$60,000,000.

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2018 and 2017

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

The following is a summary of long-term debt at June 30, 2018 and 2017:

| | 2018 | 2017 |
|---|---------------|---------------|
| JOHN DEERE FINANCIAL | | |
| Payable in monthly, interest-free payments through July 2020 | \$ 563,814 | \$ 274,250 |
| RUSTIC VENTURES, LLC NOTE A | | |
| Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2023 | 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 2023 | 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 2023 | 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 2023 | 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 2023 | 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 |
| AMCREF FUND 47, LLC LOAN A | | |
| Payable in quarterly, interest-only payments through March 2025 with principal and interest due quarterly from June 2025 through May 2038 | 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 | - |
| MUNISTRATEGIES SUB-CDE#26, LLC LOAN A | | |
| Payable in quarterly, interest-only payments through March 2025 with principal and interest due quarterly from June 2025 through May 2038 | 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 | - |
| MUNISTRATEGIES SUB-CDE#26, LLC LOAN C | | |
| Payable in quarterly, interest-only payments through March 2025 with principal and interest due quarterly from June 2025 through May 2038 | 458,640 | - |
| Debt issuance costs | (1,350,235) | (739,255) |
| Total long-term debt | 27,376,579 | 15,767,995 |
| Less current maturities | 235,488 | 91,416 |
| Long-term debt less current maturities | \$ 27,141,091 | \$ 15,676,579 |

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2018 and 2017

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 5. Derivatives

The Companies enter 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, 2018 and 2017, the fair value of forward contracts was \$2,060,134 and (\$260,657), respectively. To reduce price risk fluctuations, the Companies also follow 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, 2018 and 2017, the Companies' fair value of margin assets was \$2,878,546 and \$1,896,899, respectively.

Note 6. New Markets Tax Credit Financing

During 2015, The Company and EGT Processing executed a NMTC transaction, which was enacted by the U.S. Congress as part of the Community Renewal Tax Relief Act of 2000. The Company received proceeds to be used for the purchase of specific equipment, as permitted by the NMTC program. The Company and EGT Processing also received below market interest rate loans of \$9,382,782 and \$8,379,721, bearing interest at 1.5 percent, and maturing in 2035, respectively. In addition, the Company 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, the Company 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, The Company and Express Biodiesel executed a NMTC transaction, which was enacted by the U.S. Congress as part of the Community Renewal Tax Relief Act of 2000. The Company received proceeds to be used for the purchase of specific equipment, as permitted by the NMTC program. The Company 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, the Company 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, the Company 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. The assets transferred represent assets critical to the biodiesel operations.

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, 2018 and 2017 resulting from the NMTC transactions:

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**
June 30, 2018 and 2017

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 6. Continued

| | 2018 | 2017 |
|---|----------------------|----------------------|
| Cash (reserve account) | \$ 620,400 | \$ 330,000 |
| Notes receivable from Twain Investment Fund 139, LLC | 10,535,782 | 10,535,782 |
| Notes Receivable from Express Biodiesel Greenwood Investment Fund, LLC | 8,638,800 | - |
| Total | <u>\$ 19,524,982</u> | <u>\$ 10,865,782</u> |

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

Note 7. Related Party Transactions

The Companies purchased inventories from its owners during the year of June 30, 2018 and 2017. The Companies had no payables to owners for inventory purchases at June 30, 2018 or 2017.

Note 8. 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, 2018 totaled approximately \$131,576. The Companies have not experienced any losses in such accounts.

Note 9. Commitments

The Companies, from time to time, enter 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 the Companies from the third party, do not include a fixed price and therefore, no obligation has been recognized by the Companies at June 30, 2018. Sales recognized by the Companies under these arrangements totaled approximately \$33,600,000 for the year ended June 30, 2018. In connection with these agreements, the Companies had 2,400,000 bushels of soybeans under forward purchase contracts at June 30, 2018.

Note 10. Subsequent Events

The Companies have evaluated subsequent events through January 8, 2018, the date these financial statement were available to be issued.

SUPPLEMENTARY INFORMATION

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES
Combining Balance Sheet
June 30, 2018

| | 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 | \$ 30,866 | \$ 1,194,348 | \$ - | \$ 1,225,214 |
| Receivables, net | 4,932,030 | - | - | 4,932,030 |
| Inventories | 18,324,032 | - | - | 18,324,032 |
| Prepaid expenses | 341,588 | - | - | 341,588 |
| Forward contracts | 2,060,134 | - | - | 2,060,134 |
| Margin assets | 2,878,546 | - | - | 2,878,546 |
| Total current assets | 28,567,196 | 1,194,348 | - | 29,761,544 |
| Notes receivable | - | 36,667,085 | 17,762,503 | 18,904,582 |
| Property and equipment, net | 34,846,557 | 18,194,241 | - | 53,040,798 |
| Prepaid expenses, noncurrent | 674,498 | - | - | 674,498 |
| Other Assets | 8,475,248 | 124,711 | 7,979,559 | 620,400 |
| Total assets | \$ 72,563,499 | \$ 56,180,385 | \$ 25,742,062 | \$ 103,001,822 |
| LIABILITIES AND MEMBERS' EQUITY | | | | |
| Current liabilities | | | | |
| Accounts payable | \$ 1,268,423 | \$ - | \$ - | \$ 1,268,423 |
| Current maturities of long-term debt | 235,488 | - | - | 235,488 |
| Borrowings on line of credit | 49,560,591 | - | - | 49,560,591 |
| Unpriced grain purchases | 290,648 | - | - | 290,648 |
| Deferred Revenue | 944,168 | - | - | 944,168 |
| Accrued expenses | 228,331 | - | - | 228,331 |
| Total current liabilities | 52,527,649 | - | - | 52,527,649 |
| Long-term debt | 14,805,776 | 30,097,818 | 17,762,503 | 27,141,091 |
| Total liabilities | 67,333,425 | 30,097,818 | 17,762,503 | 79,668,740 |
| Total members' equity | 5,230,074 | 26,082,567 | 7,979,559 | 23,333,082 |
| Total liabilities and members' equity | \$ 72,563,499 | \$ 56,180,385 | \$ 25,742,062 | \$ 103,001,822 |

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES
Combining Statement of Operations
Year Ended June 30, 2018

| | Express Grain Terminals, LLC | Express Biodiesel, LLC Express Processing, LLC and Subsidiary | Eliminations | Express Grain Terminals, LLC Combined |
|-------------------------------------|---------------------------------|---|--------------|---|
| Net sales | \$ 130,729,900 | \$ - | \$ - | \$ 130,729,900 |
| Cost of goods sold | 120,028,419 | - | - | 120,028,419 |
| Gross margin | 10,701,481 | - | - | 10,701,481 |
| Operating expenses | | | | |
| Depreciation & amortization expense | 2,650,215 | 13,594 | - | 2,663,809 |
| Other operating expenses | 8,222,166 | 217 | - | 8,222,383 |
| Total operating expenses | 10,872,381 | 13,811 | - | 10,886,192 |
| Operating loss | (170,900) | (13,811) | - | (184,711) |
| Other income (expense) | | | | |
| Other income | 134,028 | - | - | 134,028 |
| Interest income | - | 219,673 | (219,673) | - |
| Interest expense | (2,823,738) | (101,857) | 219,673 | (2,705,922) |
| Total other income (expense) | (2,689,710) | 117,816 | - | (2,571,894) |
| Net income (loss) | \$ (2,860,610) | \$ 104,005 | \$ - | \$ (2,756,605) |

SO ORDERED,



Selene D. Maddox

Judge Selene D. Maddox

United States Bankruptcy Judge

The Order of the Court is set forth below. The case docket reflects the date entered.

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF MISSISSIPPI

IN RE: EXPRESS GRAIN TERMINALS, LLC¹

CASE NO. 21-11832-SDM

DEBTOR

CHAPTER 11

**FINAL ORDER (I) AUTHORIZING USE OF CASH COLLATERAL, (II) AUTHORIZING
CONTINUED USE OF EXISTING BANK ACCOUNTS AND CASH MANAGEMENT
SYSTEM, (III) GRANTING ADEQUATE PROTECTION, AND (IV) FOR OTHER RELIEF**

This matter, once again, came before the Court for hearing on January 26, 2022 on the *Motion for Use of Cash Collateral, to Authorize Continued Use of Existing Bank Accounts and Cash Management System and Granting Adequate Protection* (the "Cash Collateral Motion") (Dkt. #16) filed by Express Grain Terminals, LLC ("Express Grain", the "Debtor", or collectively with the administratively consolidated Debtors as the "Business Debtors"). In addition to Express Grain's request for this Court to enter a Final Order authorizing the use of cash collateral, the Court also considered the *EGT Winddown Plan* (Dkt. #1759) (Debtor's Exhibit 2). After review of the evidence presented (both testimony and documents) and arguments made by Express Grain and other Creditors and interested parties in their pleadings and at the hearing, the Court is now prepared to rule.

¹ The above styled case is being jointly administered with *In re Express Biodiesel, LLC*, Case No. 21-11834-SDM and *In re Express Processing, LLC*, Case No. 21-11835-SDM.



Since the beginning of this bankruptcy case on September 29, 2021 until the present, it has been clear to the Court (even after its review of all the evidence presented at the most recent hearing on January 26, 2022) that the best path forward for the Business Debtors is continued operation to maximize the value of the business and assets with the end goal being a sale of the business and its assets as a going concern at the highest price possible. In most of the Court's orders, including six interim cash collateral orders (Dkt. #s 120, 603, 643, 976, 1309, 1509, 1605, and 1648) and in its most recent Memorandum Opinion and Order (Dkt. #1767), the Court has taken this position based on the evidence presented to it. For some reason, and it is still lost on the Court, some parties continue to advocate for the immediate shutdown of operations in hopes to force a sale of the Business Debtors' assets either in a chapter 7 liquidation², by the appointment of a chapter 11 trustee, or at the hands of CR3 Partners, LLC ("CR3") and its personnel (including Dennis Gerrard ("Gerrard"), the Chief Restructuring Officer (the "CRO")).

The Mississippi Department of Agriculture argued at the hearing that if the Court allows the continued use of cash collateral, the Court would be "sanctioning fraud," even though there is no evidence to indicate that CR3 and the CRO had anything to do with the fraud allegations against Express Grain's President, John Coleman ("Coleman"), or the Business Debtors prior to CR3's arrival. The Court is allowing the manufacturing operation to continue in large part due to Express Grain's control under CR3 and the CRO—not Coleman. Some production lenders, farmers and farming entities continue to assert that the use of prepetition soybeans (and likely postpetition

² The Court is scheduled to hear the *Amended Joint Motion to Convert to Chapter 7 Liquidation and for Order Directing Appointment of Trustee Pursuant to 11 U.S.C. §§ 701 and 702 or, Alternatively, for Appointment of Chapter 11 Trustee* (Dkt. #1768) filed by various farmers and farming entities on February 7, 2022. While the Court has not chosen to appoint a trustee or force Express Grain's immediate closure based on the evidence presented thus far in the bankruptcy case, the facts and circumstances may dictate a different conclusion by the Court on February 7, 2022.

soybeans) in Express Grain's manufacturing operation is a lost cause. While the Court considers every argument and all evidence submitted in support of and against Express Grain's continued use of cash collateral, the Court weighs that information against the CRO's testimony and the financial information provided by Gerrard and other parties.

Most importantly, the Court considers the likelihood of potential buyers at this point in the bankruptcy case. Gerrard's testimony at the hearing suggested that there are multiple buyers interested in in the terminal or storage side of the Business Debtors' operation, as well as at least one buyer with "moderate interest" in the manufacturing facility. Based on this information, the Court believes that the Business Debtors should be allowed to use cash collateral on a final basis to implement "Scenario 2" as described in the EGT Winddown Plan. Either way, this Court's Order should be viewed by the Business Debtors as its final opportunity—it is time for the Business Debtors to put their cards on the table or withdraw from the game. In other words, the Court expects the Business Debtors to effectively winddown operation but focus primarily on securing a buyer for the purchase of the business as a going concern.

The Court must also acknowledge that it does agree with counsel for at least two production lenders that there are certain requirements that should be in place regardless of the Court's decision to allow CR3 to use cash collateral on a final basis and effectuate "Scenario 2" of the EGT Winddown Plan. In addition to extending the same protections and adequate protection as provided for in the sixth interim cash collateral order, the Court is also imposing the requirement that the Business Debtors must file all outstanding Monthly Operating Reports (MORs) no later than seven days from the entry of this final Order.

The goal of this Final Order is to implement the proposed final, cash collateral order (which amends the sixth interim cash collateral order (Dkt. #1648) offered by UMB, the EGT Winddown

Plan as proposed by Express Grain and CR3, and at least one or two suggestions from counsel for two production lenders. To the extent that the EGT Winddown Plan conflicts with the terms required for the final use of cash collateral as described in this Final Order, this Final Order shall control over the EGT Winddown Plan.

Based on the above, the Court finds as follows³:

1. The Business Debtors commenced the jointly administered cases by filing their Voluntary Petition for Relief under Chapter 11 of the United States Bankruptcy Code (“the Bankruptcy Code”) on September 29, 2021 (the “Petition Date”).

2. This Court has jurisdiction to hear the Cash Collateral Motion under 28 U.S.C. §§ 157 and 1334. This matter is a “core proceeding” within the meaning of 28 U.S.C. § 157.

3. The Business Debtors continue to operate their businesses and manage their property as debtors in possession pursuant to 11 U.S.C. §§ 1107 and 1108.⁴ On December 14, 2022, the Court appointed Dennis Gerrard, with CR3 Partners, LLC, as chief restructuring officer (the “CRO”) in its bench ruling and then later in its Memorandum Opinion and Order (Dkt. #1767).

4. As of the Petition Date, the Business Debtors were originally in possession and control of cash and, since the Petition Date, have continued business operations that generate cash. The Business Debtors have reduced and continue to reduce various assets asserted by the Business Debtors to be assets of the bankruptcy estate to include cash and including, without limitation,

³ The Court notes that it revised some of the provisions below, which differ from the sixth interim cash collateral order and/or proposal submitted by UMB. The parties, particularly the Business Debtors, should review as necessary to ensure compliance with any requirements.

⁴ Unless noted otherwise, all statutory references will be to Title 11 of the United States Code.

inventory (whether grain held by Express Grain or finished inventory, e.g., oil, meal, hulls, pellets), farm products, and accounts receivable collections (collectively, the “Cash Collateral”).⁵

5. StoneX, Macquarie, UMB, and several other interested parties (including farmers, farming entities, and production lenders) assert lien and/or ownership interests in certain pre-petition soybeans and corn stored by one or more of the Business Debtors (the “PrePetition Grain”) by virtue of, among other reasons, their possession of documentation that constitute valid warehouse receipts and scale tickets under applicable law (collectively, the “PrePetition Grain Interest Holders”). The PrePetition Grain was generally held in common storage and not segregated by the party asserting ownership and/or lien rights in such PrePetition Grain. Accordingly, the proceeds from the use and sale of the PrePetition Grain may also be considered, at least in part, Cash Collateral.

6. In the Cash Collateral Motion, the Business Debtors seek to use property that constitutes Cash Collateral under § 363. In addition, the Business Debtors need to continue to use the soybeans that make up the PrePetition Grain as part of their soybean crushing and refining operations and to execute “Scenario 2” of the EGT Winddown Plan. Certain production lenders and farmers have objected to the use of the soybeans under § 557(i) in their prior objections to the use of Cash Collateral. This Court issued a bench ruling on December 14, 2021, which is the subject of a Memorandum Opinion and Order (Dkt. #1767) issued on January 25, 2022, that addresses the § 557(i) issue. The Court determined that the timing of § 557(i)’s implementation is subject to the Court’s discretion under the § 557 procedures. Objections to the continued crushing of soybeans were, nevertheless, renewed at the hearing held on January 26, 2022.

⁵ All interested parties’ rights, claims, and defenses are reserved as to whether and to what extent any of the Cash Collateral as defined in this Order is property of any of the Business Debtors’ estates.

7. Business Debtors assert, and the Courts finds, that an immediate need exists for the Business Debtors to use Cash Collateral and the PrePetition Grain to continue essential operations, acquire goods and services, and pay other necessary and essential business expenses, and execute “Scenario 2” of the EGT Winddown Plan. The Court finds and agrees with the Business Debtors that the failure of the Business Debtors’ ability to use such Cash Collateral and PrePetition Grain would immediately and irreparably harm the Business Debtors, their bankruptcy estates, and their Creditors. Multiple objections to the use of Cash Collateral have been filed to the Cash Collateral Motion, renewed throughout the various hearings on this issue and are overruled to the extent not otherwise in this Order.

8. In the ordinary course of the Business Debtors’ operations, the Business Debtors maintain certain bank accounts (collectively, the “Bank Accounts”) with UMB, which provide established mechanisms for the collection, management, and disbursement of funds used in the Business Debtors’ operations (the “Cash Management System”). The Business Debtors also maintained bank accounts with BankPlus, which have now been closed. In addition, the prepetition Bank Accounts at UMB have now been closed. After the Petition Date, Express Grain received sale proceeds for the sale of soybeans in the amount of \$4,614,282.74., which, under the Court’s previous order, are currently being held in a separately segregated DIP Account maintained by UMB.

9. On October 5, 2021, the Court first entered the Agreed Interim Order (I) Authorizing Use of Cash Collateral, (II) Authorizing Use of Existing Bank Accounts Cash Management System, and (III) Granting Adequate Protection (Dkt. #32), which has been amended and subsequently continued through January 28, 2022 (as amended, the “Cash Collateral Order”). See Dkt. #s 120, 603, 643, 976, 1309, 1509, 1605, and 1648.

10. Good cause has been shown for the immediate entry of this Order and the continued use of Cash Collateral and for the use of the PrePetition Grain⁶ to implement and execute “Scenario 2” of the EGT Winddown Plan. Further, the Court believes the Business Debtors have met their burden to prove there is sufficient adequate protection under § 361(p)(1). In the Sixth Interim Order granting use of cash collateral, the Court found that additional adequate protection under §§ 361 and 363(c)(2)(b) was ordered over and above that provided by prior interim orders of this Court pending this Court’s consideration of this Final Order on the Cash Collateral Motion. The Court finds that the additional adequate protection should be continued because, among other things, the entry of the Order: (i) will enable the Business Debtors to continue the operation of their business, subject to the provisions of this Order, and avoid immediate and irreparable harm to the Business Debtors’ estates; (ii) will permit the Business Debtors’ to acquire essential goods and services, and pay other necessary and ordinary business expenses; (iii) implement and execute “Scenario 2” of the EGT Winddown Plan and (iv) is in the best interests of the Debtors, their creditors, and their bankruptcy estates. While the Cash Collateral Motion was filed only in Express Grain’s bankruptcy case, Case No. 21- 11832, prior to orders allowing joint administration, it is the Court’s intention that this Order along with the previous cash collateral orders equally apply in the associated Business Debtor cases, i.e., Case Nos. 21-11834-SDM and 21-11835-SDM.

Based on the findings above, it is therefore, **ORDERED**, that on a final basis, subject to further orders of the Court that may be entered in the future, the Business Debtors are hereby

⁶ The terms “Collateral”, “Cash Collateral” and “PrePetition Grain” are used throughout this Order separately and together. For the avoidance of doubt, PrePetition Grain may also fall into the definition of Collateral and proceeds related to PrePetition Grain may constitute Cash Collateral. Separate use of such terms in this Order is without prejudice to any argument or claim that any of PrePetition Grain may constitute Collateral and that the proceeds from the PrePetition Grain may constitute Cash Collateral.

authorized under §§ 105(a) and 363(c)(1) to continue to manage collection and disbursement of its cash utilizing its Cash Management System in the ordinary course of business consistent with its prepetition practices, and to collect and disburse cash in accordance with the Cash Management System subject to the provisions of this Order.

It is further, **ORDERED**, that with respect to the final use of the Cash Management System:

a. The Business Debtors shall continue their Cash Management System with UMB and continue to centralize their depository accounts with UMB, including, but not limited to any debtor-in-possession accounts that the Business Debtors may open (the “DIP Accounts”).⁷ The Business Debtors shall not open any additional accounts at any other financial institutions without (i) giving adequate notice to the United States Trustee (the “UST”), UMB, and other interested parties as the Court may direct, and (ii) receiving the express written consent from UMB and Court approval. The Business Debtors shall continue to maintain a separate DIP account at UMB holding the \$4,614,292.74 (the “Segregated Train DIP Account”) in sale proceeds from the sale of soybeans which were received after the Petition Date.

b. UMB is authorized to continue to service and administer the Bank Accounts as depository accounts of the Business Debtors as debtors-in-possession without interruption and in the usual and ordinary course of business, and to receive, process, honor, and pay, in accordance with this Order, any or all checks, drafts, wires or ACH Transfers drawn on such Bank Account.

c. UMB is authorized to accept and rely upon, without further inquiry, all representations from the Business Debtors as to which checks, drafts, wires or ACH Transfers are

⁷ The term “Bank Accounts” shall include the DIP Accounts.

dated prior to, on, or after the Petition Date and which checks are to be honored or dishonored, regardless of whether such payment or honoring is or is not authorized by an order of the Court. UMB shall not incur, and is hereby released from, any liability for relying upon the Business Debtors' instruction as to which checks, drafts, wires or ACH Transfers should be honored or dishonored or for such UMB's inadvertence in honoring any check, draft, wire or ACH Payment at variance from the Debtors' instructions unless such inadvertence constituted gross negligence or willful misconduct on the part of UMB. The Business Debtors shall promptly provide a list of checks to UMB for each Bank Account, specifying by check sequencing number, dollar amount and payee information those checks that are to be dishonored by UMB, which checks may include those issued after the Petition Date as well as those issued prior to the Petition Date that are not to be honored or paid according to any order of the Court, and UMB may honor all other checks.

d. Except for those checks, drafts, wires or ACH Transfers that are authorized or required to be honored under an order of the Court, the Business Debtors shall not instruct or request UMB to pay or honor any check, draft or other payment item issued on a Bank Account prior to the Petition Date but presented to UMB for payment after the Petition Date.

e. Notwithstanding anything to the contrary herein, UMB shall not be obligated to honor any check or other payment item drawn on a Bank Account at UMB unless there are sufficient and collected funds in such Bank Account.

f. The Business Debtors and UMB are hereby authorized to continue to perform pursuant to the terms of any prepetition agreement that exists between them relating to any Bank Account, or other cash management service relating to the Cash Management System, except to the extent expressly prohibited by this Order, and the parties to such agreements shall continue to enjoy the rights, benefits, liens, offset rights, privileges, and remedies afforded them under such

agreements except to the extent expressly modified by the terms of this Order.

g. The Business Debtors are hereby expressly directed to notify UMB of all pending checks, drafts, or other advances that should be stopped because of the bankruptcy filing and take the necessary steps with UMB to stop payment on such checks, drafts, or advance. UMB shall not be required to review each check, wire, draft, or other advance to determine whether such item should be paid and may pay all incoming items absent contrary timely written direction from the Debtors. Further, to the extent that UMB in good faith (i) honors a check, draft, wire, or other advance that is not in compliance with this Order or any other of this Court's orders (a "Noncompliant Advance") or (ii) refuses to honor a check, draft, wire or other advance, then UMB shall have no liability for the same or be deemed to have waived any of its rights with respect to the same.

h. UMB is authorized to accept and honor all representations from the Business Debtors as to which checks, drafts, wires, transfer requests, or ACH transfers shall be honored or dishonored consistent with any order(s) of this Court and governing law, whether such checks, drafts, wires, transfer requests, or ACH transfers are dated prior to or subsequent to the Petition Date. To the extent the Business Debtors overdraw their account, any deficiency or debt created because of a postpetition overdraft shall be an administrative expense pursuant to Code § 503(b).

i. UMB is authorized to charge back against the bank accounts (i) any returned items drawn or presented against the bank accounts, regardless of whether such returned items originated prepetition or postpetition, and (ii) any overadvances, credit balances or other customary fees or expenses on the bank account that arise in the ordinary course of business, either prepetition or postpetition, in connection with the use and management of such bank accounts; provided, however, that UMB shall not be required to make transfers from or honor any draws against any

of the Bank Accounts except to the extent of collected funds available in such respective bank accounts. For the avoidance of doubt, UMB is not authorized pursuant to this Order to charge back against the DIP Accounts the overdraft that existed on the Petition Date in the approximate amount of \$1,865,471.24.

j. UMB is authorized to (i) continue to charge the Business Debtors for certain services and other fees, costs, charges and expenses (collectively, the “Bank Fees”) and (ii) charge back returned items, whether such items are dated prior to, on or subsequent to the Petition Date, to the bank accounts in the ordinary course, and the Debtors are authorized to pay such fees.

k. MuniStrategies Sub-CDE#26, LLC, Heartland Renaissance Fund Sub 32, LLC, Rustic Ventures, L.L.C., AMCREF Fund 47, LLC, AMCREF Fund 50, LLC, and NEW MARKETS INVESTMENT 126, LLC filed and/or asserted limited objections to the Cash Collateral Motion asserting certain lien and pledge rights in the following Accounts:

| Last 4 Digits of Account | |
|--------------------------|--------------------------------|
| 1563 | SunTrust Bank |
| 7974 | U.S. Bank National Association |
| 8390 | U.S. Bank National Association |
| 1555 | SunTrust Bank |
| 7958 | U.S. Bank National Association |
| 7966 | U.S. Bank National Association |

(the “Non-UMB Reserve Accounts”). Notwithstanding any other provision in this Order to the contrary, the funds in the Non-UMB Reserve Accounts shall not be transferred to UMB and such accounts shall remain frozen pending a determination of the validity, extent, and priority of the various security interests and liens in such account. For the avoidance of doubt, no determination has been made with respect to the various interests in the Non-UMB Reserve Accounts. The depository institutions holding such funds are directed to take all steps to secure and freeze such

accounts subject to further Order of this Court. The Business Debtors are hereby directed to immediately provide this Order to such financial institutions alerting them of this Court's Order.

I. Under the Cash Collateral Order, the following segregated DIP Accounts have been established: (a) the "Segregated Train DIP Account"; (b) the "Segregated Bean DIP Account"; (c) the "Segregated Corn DIP Account"; and (d) "Additional Revenue Proceeds DIP Account".

It is further, **ORDERED**, to the extent not closed, that BankPlus is hereby directed to close the Business Debtors' accounts and transfer all account balances with respect to the Business Debtors to the DIP Accounts at UMB. BankPlus and UMB are authorized to communicate directly, exchange information, and cooperate with each other to comply with the terms of this Order and the previous cash collateral orders and to facilitate the orderly transition of the accounts.

It is further, **ORDERED**, that the Business Debtors, subject to the provisions and limitations of this Order, are granted the use of Cash Collateral and PrePetition Grain on a final basis for the expenses listed in the budget attached as **Exhibit A** (the "Budget") for the time period from January 25, 2022 to and including February 25, 2022 (the "Final Period"), and for payment of United States Trustee fees owed pursuant to 28 U.S.C. § 1930(a)(6), unless specifically prohibited by this Order. Absent separate Order of the Court, no salary shall be paid to John Coleman.

It is further, **ORDERED**, that the Court finds that those with interests in the PrePetition Grain and Cash Collateral are adequately protected by the prior orders this Court has entered allowing interim use of Cash Collateral and by this Order, and adequate protection has been, and is, being provided to the PrePetition Grain Holders and those who assert interests in Cash Collateral under the following provisions, particularly with respect to granting of rights under Paragraphs b, c, and d, and under Paragraph (j)(4) of this Order, which require that the Business Debtors' continued

final use of Cash Collateral and PrePetition Grain is expressly conditioned upon the following:

a. Budget. Without prior approval of the Court or the express written consent of UMB, the Business Debtors are authorized to pay the reasonable amounts which are the actual, ordinary and necessary expenses in the operation of its business not to exceed one hundred and ten percent (110%) of the amount stated for each category of expenses in the Budget during the Final Period; provided, however, that in no event, even if included in the Budget, should Cash Collateral or proceeds of the Pre-Petition Grain during the Final Period be used to pay pre-petition claims or obligations, other secured claims, or obligations to insiders unless specifically authorized by this Order or separate order from this Court. The only pre-petition claims that have been authorized to be paid are the Status Quo Operating Expenses (as defined in previous cash collateral orders). With respect to the payment of professional fees, accrued, billed, and budgeted professional fees and expenses shall be escrowed on a weekly basis, but shall not be paid without further Court order. Business Debtors shall provide on a weekly basis supporting invoices related to the escrowed fees subject to any necessary redactions to preserve attorney client, work product, or other applicable privilege. All fees and expenses remain subject to approval pursuant to §§ 327, 328, 329, 330, and 331 and applicable Local and Bankruptcy Rule. Nothing herein shall be deemed as consent by UMB or other PrePetition Grain Holders to a carveout for such fees. The Budget remains subject to the various adequate protection provisions set forth in this Final Order.

b. Replacement Liens. Effective as of the Petition Date, UMB and the other Pre-Petition Grain Interest Holders are hereby granted replacement security interests in, and liens on, all property acquired postpetition of the Business Debtors and the Business Debtors' bankruptcy estates that is the same type of property that UMB and the other PrePetition Grain Interest Holders may respectively hold a prepetition interest, lien or security interest to the extent of the validity and

priority of such interests, liens, or security interests, if any (the “Replacement Liens”). The amount of each of the Replacement Liens shall be up to the amount of any diminution in value of the respective collateral positions of such parties from the Petition Date. The priority of the Replacement Liens shall be in the same priority as such parties’ prepetition interests, liens and security interests in similar property.

c. Automatic Perfection. Any Replacement Lien granted in this Order shall be effective and perfected upon the date of entry of the First Interim Order without necessity for the execution or recordation of filings of deeds of trust, mortgages, security agreements, control agreements, pledge agreements, financing statements or similar documents, or the possession or control by UMB or other PrePetition Grain Interest Holders of, or over, any property subject to the Replacement Liens. UMB and the other PrePetition Grain Interest Holders are hereby authorized, but not required, to file or record financing statements or similar instruments in any jurisdiction to validate and perfect the Replacement Liens. Any error or omission in such documents shall in no way affect the validity, perfection, or priority of the Replacement Liens. If a party chooses to file a financing statement or similar instrument pursuant to the terms of this subparagraph and it is later determined by Court order or judgment that such party is not entitled to a Replacement Lien, then such party shall file a termination statement of such financing statement or similar instrument within fourteen (14) days of such order or judgment becoming final and non-appealable.

d. Super Priority Claims. To the extent that the Replacement Liens prove inadequate to protect UMB or other PrePetition Grain Interest Holders from a demonstrated diminution in the value of their respective collateral positions from the Petition Date, then such parties are hereby granted an administrative expense claim under § 503(b) with priority in payment under § 507(b) (“Lender Super Priority Claim”). In addition, to protect PrePetition Grain Interest Holders from

a demonstrated diminution in the value of their property interests in the PrePetition Grain, such parties are granted an administrative expense claim under § 503(b) with the same priority in payment of the Lender Super Priority Claim ("Warehouse Super Priority Claim").

e. Lien and Ownership Challenges. Nothing in this Order shall prohibit any party from challenging the amount, nature, extent, validity and priority of another party's claims, ownership rights, or security interests in, and liens on, Cash Collateral, Collateral, PrePetition Grain, Third-Party Proceeds (as defined below) and PrePetition Beans Proceeds (as defined below). Further, nothing in this Order shall prohibit the Business Debtors or other parties in interest from asserting that the cash in the Debtors' possession or otherwise under their control does not constitute Cash Collateral or proceeds from PrePetition Grain. For the avoidance of doubt, this Order is without prejudice as to any agreements between the various parties with interests in the PrePetition Grain and Collateral. All such rights are expressly preserved. For the further avoidance of doubt, the entry of this Order or the Debtors' use of Cash Collateral or PrePetition Grain shall not constitute a waiver or relinquishment of any ownership interests or other rights in the PrePetition Grain. The proper manner of calculating or ascertaining the calculation and/or diminution of the value of respective positions will likely be in dispute amongst the various parties. Accordingly, the manner of calculating or ascertaining the diminution in value of a party's position remains an open question and nothing in this Order waives, restricts, or prejudices the ability of any otherwise appropriate party to raise issues regarding diminution of value should such a position be asserted by any other party to this case for purposes of asserting a Replacement Lien, Lender Super Priority Claim, and/or Warehouse Super Priority Claim. Nothing herein abrogates Miss. Bankr. L.R. 4001-1(b)(1)(B) and any challenge period with respect to the claims and liens of parties' asserting liens or security interests in the Business Debtors' assets will be set by further Order of the Court.

f. Additional Adequate Protection. The adequate protection granted in this Final Order is without prejudice to UMB or the other PrePetition Grain Interest Holders seeking further and other adequate protection to the extent it deems the same necessary and appropriate. Further, this Final Order is without prejudice to (i) UMB or the other PrePetition Grain Interest Holders seeking the early termination of the Business Debtors' use of Cash Collateral, Collateral, or Pre-Petition Grain (including proceeds thereof) prior to the expiration of this Final Order for cause, including lack of adequate protection; (ii) the Business Debtors opposing such early termination; or (iii) UMB or other PrePetition Grain Interest Holders objecting to the further use of Cash Collateral and PrePetition Grain.

g. Insurance. The Business Debtors shall continue to maintain adequate and sufficient insurance on all their property and assets.

h. Reporting. On Wednesday of each week, the Business Debtors shall provide a report to UMB and other PrePetition Grain Interest Holders, on actual revenue and expenses for the prior week, sale and use of PrePetition Grain, the amount in the various segregated DIP Accounts, and such other reports as required by this Order including, without limitation, the reporting related to the PrePetition Grain. The reporting shall be in a mutually agreeable form and should also apprise UMB and other PrePetition Grain Interest Holders on the Business Debtors' efforts to implement "Scenario 2" of the EGT Winddown Plan. In addition, the CRO and his agents shall promptly advise UMB and all other PrePetition Grain Interest Holders of all efforts to sell any portion of the Collateral, including the terms of discussion, drafts of purchase agreements, and status of negotiations. To the extent not already provided, the Business Debtors continue to be obligated to provide the information to UMB and other PrePetition Grain Interest Holders as required by prior Interim Orders of this Court.

i. Inspection and Access to Information. Prior to the entry of this Order, the Business Debtors voluntarily agreed to UMB's and certain other PrePetition Grain Interest Holders' immediate inspection of the physical collateral in addition to the Business Debtors' books and records. The Debtors shall continue to cooperate with UMB and the other PrePetition Grain Interest Holders with respect to such inspection including allowing certain UMB and other Pre-Petition Grain Interest Holders representatives to remain at Business Debtors' facilities during this Final Period to verify any shipments of grain, soybeans, inventory, or other farm products so long as the representatives do not disrupt ordinary course of business activities during business hours. Going forward, UMB, the other PrePetition Grain Interest Holders, and their respective professionals shall have the right at all reasonable times to audit, examine, and inspect Collateral and PrePetition Grain wherever located, along with any books and records related to Collateral, the PrePetition Grain, or the business operations of the Business Debtors so long as these activities do not unreasonably interfere with, or delay, Business Debtors' ordinary course of business operations during normal business hours and normal business activities. Such inspections shall include the quantitative inspection and sampling of the physical grain/beans. Except as otherwise provided herein, UMB and the other Pre-Petition Grain Interest Holders shall provide Business Debtors with twenty-four (24) hours' notice prior to any audit, examination, or inspection. Such inspection rights shall continue notwithstanding the expiration of this Order.

j. Sale and Use of Pre-Petition Grain.

(1) PrePetition Soybeans. Business Debtors shall track the amount of PrePetition Grain sold and/or used in its soybean crush/refinement process. The soybean price associated with the PrePetition Grain used in the soybean crush/refinement process shall be a per bushel price based on: (A) if on or before December 31, 2021, the daily settle price

of the January soybean futures plus \$0.30; or (B) if after December 31, 2021, and through February 25, 2022, the daily settle price of March soybean futures plus \$0.30 (the “Interim Established Price”). This Interim Established Price shall be effective as of September 29, 2021. The Interim Established Price is subject to adjustment by further order of the Court and is without prejudice to the price that may be ultimately negotiated or later determined by the Court and any arguments that may be advanced with respect to the use of a different price. The cost of the use or sale⁸ of the soybeans at the Interim Established Price (collectively, the “Third-Party Proceeds”) shall be subtracted from the sale proceeds received postpetition by the Business Debtors from the sale of soybeans, bean meal, and/or oil (the “PrePetition Beans Proceeds”). The Third-Party Proceeds shall be kept in the Segregated Bean DIP Account. The Business Debtors are not authorized to, and shall not, use the funds in the Segregated Bean DIP Account without further order of the Court. Nothing in this Order shall prejudice any party or their claim to all or any portion of the Third-Party Proceeds or the PrePetition Beans Proceeds. Any amount recovered by the Business Debtors over Third-Party Proceeds on or after January 26, 2022 shall be segregated pursuant to subparagraph (4) below.

(2) PrePetition Corn. Starting effective November 5, 2021, and on a going forward basis, the proceeds from the sale of pre-petition corn (the “PrePetition Corn Proceeds”) shall be kept in the Segregated Corn DIP Account. Despite any contrary indications in the attached Budget, the Business Debtors are not authorized to, and shall

⁸ Whether a sale has occurred by Express Grain’s crushing of the prepetition grain is a contested legal issue in this bankruptcy case and all rights, claims, defenses, and arguments are reserved as to this issue.

not, use the PrePetition Corn Proceeds without further order of the Court. Nothing in this Order shall prejudice any party or their claim to all or any portion of the PrePetition Corn Proceeds.

(3) The Business Debtors shall provide weekly reports to the PrePetition Grain Interest Holders detailing the PrePetition Grain sold and/or used, the amount of PrePetition Beans Proceeds and PrePetition Corn Proceeds received, and the amount of Third Party Proceeds and PrePetition Corn Proceeds placed in the segregated DIP accounts. In addition, within two business days after the entry of this Final Order, the Business Debtors shall provide the PrePetition Grain Interest Holders with a (i) schedule of the PrePetition Grain and PostPetition Grain that the Debtors anticipate using or selling during the Final Period, including the quantity and location of both PrePetition and PostPetition Grain, and (ii) copies of the Business Debtors' contracts for the sale of products generated from the Debtors' use of PrePetition Grain and PostPetition Grain.

(4) Additional Revenue and Cash Segregation. Effective as of January 25, 2022 and through February 25, 2022, all other revenues from the Business Debtors' operations shall be deposited initially in the Business Debtors' general collections account which is titled the "Credit Account" and shall be subject to the following transfers and conditions:

- (i) The revenue from and after January 26, 2022 generated from PrePetition Corn Proceeds shall continue to be deposited in the existing segregated DIP Corn Account as provided in Paragraph (j)(2) in this Order.
- (ii) "Third-Party Proceeds" shall continue to be calculated consistent with Paragraph (j)(1) of this Order and the "Third-Party Proceeds" shall immediately be transferred to the existing Segregated Bean DIP Account as

provided in Paragraph (j)(1).

(iii) On January 27, 2022, after conducting the transfers contemplated in Paragraphs (j)(4)(i) and (ii), Business Debtors shall immediately transfer from the Credit Account to the Segregated Bean DIP Account all funds over and above the amount of \$2,750,000 (the "Operating Reserve"). Thereafter and subject to subparagraph (v), all Pre-Petition Bean Proceeds over and above the Third-Party Proceeds being segregated, shall be deposited in the Segregated DIP Bean Account until such time as postpetition use of Pre-Petition Beans has been fully funded, at which time all further PrePetition Bean Proceeds will be deposited in the Additional Revenue Proceeds DIP Account. Additionally, all funds held in the Additional Revenue Proceeds DIP Account that would otherwise constitute PrePetition Beans Proceeds shall be immediately transferred to the Segregated Bean DIP Account. The transfers contemplated in this subparagraph (iii) shall be without prejudice to any party or their claims with respect to all or any portion of such transferred funds and all claims, liens or other interests are fully preserved in such funds.

- (i) Subject to subparagraph (v), the balance of the revenue from and after January 26, 2022 ("Additional Revenue Proceeds"), after subtracting the amounts for transfer to the Segregated Corn DIP Account and Segregated Bean DIP Account, shall be deposited in the Additional Revenue Proceeds DIP Account. The Business Debtors are not authorized to, and shall not, use any funds in the Additional Revenue Proceeds DIP

Account without further order of the Court. Nothing in this Order shall prejudice any party or their claim to all or any portion of funds in the Additional Revenue Proceeds DIP Account and all claims, liens or other interests are fully preserved.

- (ii) Notwithstanding further segregation of receipts and revenue as contemplated in this Order, Business Debtors shall be entitled to maintain the Operating Reserve at a balance of no less than \$2,500,000 and no more than \$2,750,000. To maintain the Operating Reserve as set forth herein, Business Debtors may use PrePetition Bean Proceeds and Additional Revenue Proceeds. Any funding necessary to maintain the Operating Reserve shall be paid, pro rata, from PrePetition Bean Proceeds and Additional Revenue Proceeds. Other than with respect to those budget line items and expenses related to the funding of the other Segregated Accounts pursuant to Subparagraphs (1) and (2) above, other budget line items and expenses shall be funded from the Operating Reserve. Nothing in this Order shall prejudice any party or their claim to any remaining portion of funds in the Operating Reserve and all claims, liens or other interests are fully preserved.

It is further, **ORDERED**, that the continued retention of the CRO pursuant to the terms of the Court's December 14, 2021 bench ruling and subsequent Memorandum Opinion and Order (Dkt. #1767) is hereby authorized. The CRO shall be entitled to reasonable compensation for the Final Period and, to the extent not superseded by a subsequent order related to the final appointment of the chief restructuring officer, shall have standing to assert a surcharge claim against the Collateral

and/or PrePetition Grain for the reasonable and necessary cost and expense of preserving, or disposing of such property, with all parties' rights reserved to oppose any such surcharge claim. The CRO shall have the powers during the Final Period as authorized in the Court's Memorandum Opinion and Order.

It is further, **ORDERED**, that UMB and the other PrePetition Grain Interest Holders, without liability, are authorized and strongly encouraged to contact parties that may have an interest in purchasing the Business Debtors' business and/or assets in order to notify them of a potential sale opportunity and direct them to the CRO and the Business Debtors' counsel.

It is further, **ORDERED**, that the provisions of this Order are not intended to provide UMB and the other PrePetition Grain Interest Holders with sufficient control over the Business Debtors so as to subject them to any liability in connection with the management of the Business Debtors' business or any of the Business Debtors' assets. By taking any actions pursuant to this Order, UMB and the other PrePetition Grain Interest Holders shall not: (a) be deemed to be in control of the operations or liquidation of the Business Debtors; or (b) be deemed to be acting as a "responsible person" or "owner or operator" with respect to the operation, management or liquidation of the Business Debtors.

It is further, **ORDERED**, that this Order shall expire and the Business Debtors' right to use Cash Collateral and the PrePetition Grain (and proceeds therefrom) shall terminate, unless extended by further order of this Court or by express written consent of UMB and the other Pre-Petition Grain Interest Holders, on the earlier of (the "Termination Date") (i) **February 25, 2022**; (i) the first business day after the date of the final hearing on the Debtor's use of Cash Collateral and Pre-Petition Grain (and proceeds therefrom); (iii) the failure of the Business Debtors to comply with any provision of this Order; (iv) the entry of an order authorizing, or if there shall occur, a

conversion or dismissal of this case under § 1112; (v) the entry of an order appointing a trustee, or appointing an examiner with powers exceeding those set forth in § 1106(b); (vi) the closing of a sale of all or a substantial portion of the assets of the Business Debtors; (vii) the cessation of day-to-day operations of the Business Debtors; (viii) any loss of accreditation or licensing of the Business Debtors that would materially impede or impair the Business Debtors' ability to operate as a going concern; (ix) the termination of the CRO; (x) the failure of the Business Debtors to receive PrePetition Bean Proceeds sufficient to cover the Third-Party Proceeds attributable to the use and/or sale of PrePetition Grain; and (xi) any material provision of this Order for any reason ceases to be enforceable, valid, or binding upon the Business Debtors.

It is further, **ORDERED**, that to be effective, any waiver by UMB or the other PrePetition Grain Interest Holders of the provisions of this Order or consent required under this Order must be in writing, which includes electronic mail.

It is further, **ORDERED**, that the provisions of this Order and the adequate protection granted herein, including the Replacement Liens, shall also extend to any cash or PrePetition Grain used by the Business Debtors subsequent to the Petition Date, but prior to entry of this Order. However, nothing in this Order is meant to ratify or authorize on a *nunc pro tunc* basis any unauthorized payments on prepetition claims and such payments remain subject to recovery by the bankruptcy estates under applicable bankruptcy law including, without limitation, pursuant to §§ 549 and 550. Similarly, nothing in this Order authorizes the payment of prepetition claims and the payment of any prepetition claims shall be by separate order. This Order is without prejudice to the Business Debtors requesting, by proper motion, the authority for the payment of prepetition claims, and any parties corresponding right to object to such a request.

It is further, **ORDERED**, that the provisions of this Order shall be binding upon and inure

to the benefit of UMB, the other PrePetition Grain Interest Holders, the Business Debtors, and their respective successors and assigns (including without limitation, any chapter 11 or chapter 7 trustee, examiner, or other fiduciary hereafter appointed for the Business Debtors or with respect to any of the Business Debtors' property).

It is further, **ORDERED**, that this Final Order shall become effective and enforceable upon approval and entry as an order of the Bankruptcy Court. If any provision of this Final Order is hereafter modified, vacated or stayed by subsequent order of this or any other Court for any reason, such modification, vacation, or stay shall not affect the validity of any obligation or liability incurred pursuant to this Final Order and prior to the later of (a) the effective date of such modification, vacation, or stay, or (b) the entry of the order pursuant to which such modification, vacation, or stay was established. The liens and claims granted to UMB and the other PrePetition Grain Interest Holders under this Final Order, and the priority thereof, shall be binding (subject to the terms of this Final Order) on the Business Debtors, their bankruptcy estate, any subsequent trustee or examiner, and all creditors of the Business Debtors.

It is further, **ORDERED**, that no party has yet established the existence of a valid, perfected and unavoidable claim or interest in the Business Debtors' cash, any other property of the Debtors or bankruptcy estates, or the PrePetition Grain (to the extent not included in the in this Order). Nothing in this Order shall be construed to establish any such claim or interest in the Business Debtors' cash, any other property of the Business Debtors or bankruptcy estates, or the PrePetition Grain (to the extent is not included in this Order). The extent of the Replacement Liens and super priority claims provided in this Final Order shall be subject to subsequent rulings which establishes the valid, perfected and unavoidable claim or interest in the Business Debtors' cash, any other property of the Debtor or bankruptcy estate, and the PrePetition Grain (to the extent not included

in this Order), and the secured status such claims or interests under § 506 (the “Cash Collateral Ruling”). UMB, the other PrePetition Grain Interest Holders, or the Debtors may seek or request a Cash Collateral Ruling in conjuncture with the enforcement of this Final Order including an expedited ruling under § 557. Nothing in this Order, however, shall alter the parties’ respective burdens of proof under applicable bankruptcy law including, without limitation, §§ 363, 506, 557 and Bankruptcy Rules 3001 and 4001.

It is further, **ORDERED**, that this Order is without prejudice to the various rights and remedies that UMB, the other PrePetition Grain Interest Holders, or other parties may have pursuant to applicable law including, without limitation, the right to seek an appointment of a trustee or examiner under § 1104. Such parties have not waived or otherwise relinquished their rights to seek such relief. This Order is without prejudice to any rights and defenses of the Business Debtors. The Business Debtors have not waived or relinquished any rights and defenses.

##END OF ORDER##

EXHIBIT A

| 1 DRAFT CASH FCGT | | Week Number: → | | 7 Weeks thru | | Week Ending: → | | Actual | | Actual | | Actual | | Actual | | Actual | | Actual | | Actual | |
|--|--------------|----------------|-------------|--------------|-------------|----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--|
| 1 | | 19-Nov-21 | | 26-Nov-21 | | 3-Dec-21 | | 10-Dec-21 | | 17-Dec-21 | | 24-Dec-21 | | 31-Dec-21 | | 7-Jan-22 | | 14-Jan-22 | | 21-Jan-22 | |
| Sales | | | | | | | | | | | | | | | | | | | | | |
| Corn | 4,182,283 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Soybean | 4,614,293 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Misc | 8,472,110 | 1,267,902 | 935,262 | 1,305,218 | 1,471,027 | 1,231,747 | 706,423 | 1,264,348 | 962,697 | 1,083,718 | 1,531,742 | 1,531,742 | 1,531,742 | 1,531,742 | 1,531,742 | 1,531,742 | 1,531,742 | 1,531,742 | 1,531,742 | 1,531,742 | |
| Oil | 3,088,024 | 608,555 | 300,033 | 3,234,603 | 708,531 | 302,835 | 253,867 | 609,714 | 2,197,670 | 894,412 | 1,333,000 | 1,209,000 | 1,209,000 | 1,209,000 | 1,209,000 | 1,209,000 | 1,209,000 | 1,209,000 | 1,209,000 | 1,209,000 | |
| Oil (Replaced Riceland w/ barge sales) | 434,491 | 33,990 | 47,145 | 32,465 | 30,705 | 22,157 | 35,170 | 6,622 | 25,973 | 7,875 | 7,875 | 7,875 | 7,875 | 7,875 | 7,875 | 7,875 | 7,875 | 7,875 | 7,875 | 7,875 | |
| Hulls | 770,736 | 65,417 | 90,655 | 46,864 | 69,323 | 68,559 | 70,622 | 39,793 | 35,787 | 59,167 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | |
| Other | 4,182,283 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Aggregate Sales | 26,561,937 | 1,975,864 | 1,373,096 | 3,709,150 | 2,279,586 | 1,625,298 | 1,066,082 | 1,920,538 | 3,222,127 | 2,069,927 | 3,582,733 | 2,775,617 | 2,775,617 | 2,775,617 | 2,775,617 | 2,775,617 | 2,775,617 | 2,775,617 | 2,775,617 | 2,775,617 | |
| Receipts | 25,270,073 | 4,208,337 | 4,263,786 | 3,840,106 | 2,857,434 | 1,985,960 | 1,499,513 | 2,129,635 | 1,586,154 | 3,103,924 | 3,582,733 | 2,775,617 | 2,775,617 | 2,775,617 | 2,775,617 | 2,775,617 | 2,775,617 | 2,775,617 | 2,775,617 | 2,775,617 | |
| Total Receipts | | | | | | | | | | | | | | | | | | | | | |
| Disbursements (Operating) | (45,410) | (23,139) | (111,453) | (26,176) | (12,913) | (13,820) | (6,121) | (93,854) | (18,081) | (15,934) | (26,176) | (11,453) | (11,453) | (11,453) | (11,453) | (11,453) | (11,453) | (11,453) | (11,453) | (11,453) | |
| Overhead & Taxes | (1,185,409) | (174,655) | (98,648) | (166,093) | (95,334) | (174,196) | (100,090) | (232,542) | (165,632) | (230,522) | (230,522) | (100,090) | (100,090) | (100,090) | (100,090) | (100,090) | (100,090) | (100,090) | (100,090) | (100,090) | |
| Salaries Payroll & Payroll Tax | (777,919) | (48,963) | (181,773) | (8,071) | (3,615) | (118,103) | (8,686) | (118,103) | (8,686) | (103,820) | (50,750) | (50,750) | (50,750) | (50,750) | (50,750) | (50,750) | (50,750) | (50,750) | (50,750) | (50,750) | |
| Operational Contractors | (185,243) | (60,290) | (11,468) | (3,244) | (3,011) | (1,207) | (3,894) | (69,192) | (3,894) | (60,290) | (11,468) | (8,272) | (8,272) | (8,272) | (8,272) | (8,272) | (8,272) | (8,272) | (8,272) | (8,272) | |
| Health, Dental, Life, 401K | (189,563) | (240,227) | (15,820) | (30,354) | (49,927) | (15,820) | (21,210) | (6,185) | (31,511) | (65,000) | (96,680) | (114,368) | (114,368) | (114,368) | (114,368) | (114,368) | (114,368) | (114,368) | (114,368) | (114,368) | |
| Electric | (734,584) | (295,281) | (4,015) | (5,749) | (5,749) | (5,749) | (5,749) | (5,749) | (5,749) | (5,749) | (5,749) | (5,749) | (5,749) | (5,749) | (5,749) | (5,749) | (5,749) | (5,749) | (5,749) | (5,749) | |
| Natural Gas | (592,212) | (6,170,927) | (89,441) | (13,096) | (129,464) | (161) | (39,050) | (63,967) | (94,139) | (94,295) | (115,538) | (115,538) | (115,538) | (115,538) | (115,538) | (115,538) | (115,538) | (115,538) | (115,538) | (115,538) | |
| Propane & Hexane | (6,170,927) | (89,441) | (13,096) | (129,464) | (161) | (39,050) | (63,967) | (94,139) | (94,295) | (115,538) | (115,538) | (115,538) | (115,538) | (115,538) | (115,538) | (115,538) | (115,538) | (115,538) | (115,538) | (115,538) | |
| Farmers | (61,852) | (137,334) | (98,441) | (157,000) | (26,348) | (64,305) | (21,404) | (92,992) | (48,961) | (37,385) | (39,040) | (26,055) | (26,055) | (26,055) | (26,055) | (26,055) | (26,055) | (26,055) | (26,055) | (26,055) | |
| Trucker Freight | (309,770) | (79,793) | (64,305) | (26,348) | (64,305) | (26,348) | (64,305) | (26,348) | (64,305) | (26,348) | (64,305) | (26,348) | (26,348) | (26,348) | (26,348) | (26,348) | (26,348) | (26,348) | (26,348) | (26,348) | |
| Property and Casualty Insurance | (6,500) | (7,665) | (21,404) | (36,644) | (92,992) | (48,961) | (37,385) | (39,040) | (26,055) | (26,055) | (26,055) | (26,055) | (26,055) | (26,055) | (26,055) | (26,055) | (26,055) | (26,055) | (26,055) | (26,055) | |
| Professional Fees | (292,997) | (7,665) | (21,404) | (36,644) | (92,992) | (48,961) | (37,385) | (39,040) | (26,055) | (26,055) | (26,055) | (26,055) | (26,055) | (26,055) | (26,055) | (26,055) | (26,055) | (26,055) | (26,055) | (26,055) | |
| Facility Repairs & Maintenance | (10,218) | (292,997) | (7,665) | (21,404) | (36,644) | (92,992) | (48,961) | (37,385) | (39,040) | (26,055) | (26,055) | (26,055) | (26,055) | (26,055) | (26,055) | (26,055) | (26,055) | (26,055) | (26,055) | (26,055) | |
| Assumed critical vendor and contingency | (2,040,631) | (1,835,255) | (275,033) | (3,337,599) | (1,702,706) | (556,220) | (1,699,158) | (2,928,551) | (1,968,615) | (3,567,548) | (4,362,224) | (1,997,627) | (3,567,548) | (3,567,548) | (3,567,548) | (3,567,548) | (3,567,548) | (3,567,548) | (3,567,548) | (3,567,548) | |
| Est. Corn, Oil, Meal, Hull sale receipts to be segreg. | (750,000) | (2,040,631) | (1,835,255) | (3,337,599) | (1,702,706) | (556,220) | (1,699,158) | (2,928,551) | (1,968,615) | (3,567,548) | (4,362,224) | (1,997,627) | (3,567,548) | (3,567,548) | (3,567,548) | (3,567,548) | (3,567,548) | (3,567,548) | (3,567,548) | (3,567,548) | |
| Reserve for Hedge Position | (14,228,555) | (2,636,466) | (1,089,415) | (3,817,452) | (2,124,932) | (556,220) | (1,699,158) | (2,928,551) | (1,968,615) | (3,567,548) | (4,362,224) | (1,997,627) | (3,567,548) | (3,567,548) | (3,567,548) | (3,567,548) | (3,567,548) | (3,567,548) | (3,567,548) | (3,567,548) | |
| Disbursements (Operating) Total | 11,041,518 | 1,571,871 | 3,174,370 | 22,654 | 732,502 | 1,429,741 | (199,646) | (796,918) | (582,462) | (463,624) | (1,460,098) | 72,390 | 72,390 | 72,390 | 72,390 | 72,390 | 72,390 | 72,390 | 72,390 | 72,390 | |
| Net Operating Cash Flow | 15,488,561 | 2,634,966 | 658,726 | 3,824,746 | 1,546,932 | 325,557 | 1,265,728 | 1,123,623 | 1,003,692 | 1,640,300 | 2,122,635 | 2,858,210 | 2,858,210 | 2,858,210 | 2,858,210 | 2,858,210 | 2,858,210 | 2,858,210 | 2,858,210 | 2,858,210 | |
| Disbursements (Non-Operating) | | | | | | | | | | | | | | | | | | | | | |
| Interest / Bank Fees | (1,915) | (28,852) | - | (820) | - | - | - | (829) | - | - | (7,847) | - | - | - | - | - | - | - | - | - | |
| U.S. Trustee Fees | - | - | - | - | - | - | - | - | - | - | (250,500) | - | - | - | - | - | - | - | - | - | |
| Other Bank Fees (Letters of Credit) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Cap Ex | (472,246) | (76,928) | (43,019) | (63,486) | (54,465) | (64,414) | - | (79,050) | (101,159) | - | (394,500) | (72,300) | (72,300) | (72,300) | (72,300) | (72,300) | (72,300) | (72,300) | (72,300) | (72,300) | |
| Chapter 11 Professional Fees | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Other Non-Operating Expenses | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Disbursements (Non-Operating) Total | (484,162) | (105,780) | (43,019) | (64,306) | (54,465) | (64,414) | - | (79,050) | (101,159) | - | (394,500) | (72,300) | (72,300) | (72,300) | (72,300) | (72,300) | (72,300) | (72,300) | (72,300) | (72,300) | |
| Net Cash Flow | 15,004,399 | 2,529,186 | 615,707 | 3,760,440 | 1,492,467 | 261,143 | 1,265,728 | 1,123,623 | 1,003,692 | 1,640,300 | 2,122,635 | 2,858,210 | 2,858,210 | 2,858,210 | 2,858,210 | 2,858,210 | 2,858,210 | 2,858,210 | 2,858,210 | 2,858,210 | |
| Net Cash Flow | | | | | | | | | | | | | | | | | | | | | |
| Beginning Cash Balance (Book) | (1,879,818) | 8,256,576 | 9,722,667 | 12,854,019 | 12,812,366 | 13,490,404 | 14,855,730 | 11,293,412 | 10,416,616 | 9,929,995 | 9,799,936 | 2,750,000 | 2,750,000 | 2,750,000 | 2,750,000 | 2,750,000 | 2,750,000 | 2,750,000 | 2,750,000 | 2,750,000 | |
| Net Cash Flow (+/-) | 10,557,356 | 1,466,091 | 3,131,352 | (41,652) | (41,652) | (41,652) | (3,962,673) | (876,796) | (483,621) | (544,012) | (1,793,043) | 9,929,995 | 9,929,995 | 9,929,995 | 9,929,995 | 9,929,995 | 9,929,995 | 9,929,995 | 9,929,995 | 9,929,995 | |
| Ending Available Cash Balance (Book) | 8,677,568 | 9,722,667 | 12,854,019 | 12,812,366 | 13,490,404 | 14,855,730 | 11,293,412 | 10,416,616 | 9,929,995 | 9,799,936 | 2,750,000 | 2,750,000 | 2,750,000 | 2,750,000 | 2,750,000 | 2,750,000 | 2,750,000 | 2,750,000 | 2,750,000 | 2,750,000 | |
| Ending Available Cash Balance (Book) | | | | | | | | | | | | | | | | | | | | | |
| (1) Segregated \$4.6MM re: ADM sale balance | 4,614,293 | 4,614,293 | 4,614,293 | 4,614,293 | 4,614,293 | 4,614,293 | 4,614,293 | 4,614,293 | 4,614,293 | 4,614,293 | 4,614,293 | 4,614,293 | 4,614,293 | 4,614,293 | 4,614,293 | 4,614,293 | 4,614,293 | 4,614,293 | 4,614,293 | 4,614,293 | |
| (2) Segregated oil, meal and hull bean balance | 2,040,631 | 2,976,280 | 2,976,280 | 2,976,280 | 2,976,280 | 2,976,280 | 2,976,280 | 2,976,280 | 2,976,280 | 2,976,280 | 2,976,280 | 2,976,280 | 2,976,280 | 2,976,280 | 2,976,280 | 2,976,280 | 2,976,280 | 2,976,280 | 2,976,280 | 2,976,280 | |
| (3) Excess proceeds segregation account | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| (4) Segregated corn proceeds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |

(1) Based on the 2nd cash collateral order

(2) Based on the 2nd cash collateral order and estimated price of soybean and soybean oil - beginning Oct 31

(3) Based on the 6th cash collateral order segregating sales proceeds in excess of corn and bean proceeds

(4) Based on the 5th cash collateral order segregating corn proceeds beginning on sales beginning Nov 5th with catch-up payment per August

| | | | | | | | | | | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| of 28 | | | | | | | | | | | | | | |
| Working Capital | | | | | | | | | | | | | | |
| Accounts Receivable | | | | | | | | | | | | | | |
| Beginning A/R | 9,889,378 | 7,300,771 | 5,844,780 | 5,767,142 | 3,905,750 | 4,559,103 | 5,009,141 | 4,159,105 | 6,034,806 | 5,320,196 | 5,680,801 | 6,386,492 | 5,579,376 | 4,990,376 |
| ADD: Sales | - | - | - | - | - | - | - | - | - | - | 5,320,196 | 5,680,801 | 6,386,492 | 5,579,376 |
| LESS: Receipts | - | - | - | - | - | - | - | - | - | - | 3,582,733 | 2,775,617 | 2,775,617 | 2,547,902 |
| Other discounts, finance charges | - | - | - | - | - | - | - | - | - | - | 3,222,127 | 2,069,927 | 3,582,733 | 2,775,617 |
| Ending A/R | - | - | - | - | - | - | - | - | - | - | 4,762,661 | 6,346,492 | 5,579,376 | 4,762,661 |
| Inventory | | | | | | | | | | | | | | |
| Beginning Inventory | 143,131 | - | - | - | - | - | - | - | - | - | - | - | - | 143,131 |
| ADD: Purchases | - | - | - | - | - | - | - | - | - | - | 123,529 | - | - | 153,698 |
| LESS: Cost of Goods Sold | - | - | - | - | - | - | - | - | - | - | - | - | - | 10,567 |
| Ending Inventory | - | - | - | - | - | - | - | - | - | - | - | - | - | 10,567 |
| Pre-petition | | | | | | | | | | | | | | |
| Beginning Balance (BU) | 143,131 | 112,962 | 112,962 | 123,529 | 123,529 | 123,529 | 123,529 | 123,529 | 123,529 | 123,529 | 123,529 | - | - | - |
| Outgoing (BU) | 30,169 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Pre-petition Ending Balance (BU) | 112,962 | 112,962 | 112,962 | 123,529 | 123,529 | 123,529 | 123,529 | 123,529 | 123,529 | 123,529 | 123,529 | - | - | - |
| Post-petition Beginning Balance (BU) | 10,567 | 10,567 | - | - | - | - | - | - | - | - | - | - | - | - |
| Incoming (BU) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Post-petition Ending Balance (BU) | 10,567 | 10,567 | - | - | - | - | - | - | - | - | - | - | - | - |
| Post-petition | | | | | | | | | | | | | | |
| Beginning Balance (BU) | 10,567 | 10,567 | - | - | - | - | - | - | - | - | - | - | - | - |
| Outgoing (BU) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Post-petition Ending Balance (BU) | 10,567 | 10,567 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Ending Balance (BU) | | | | | | | | | | | | | | |
| Total Ending Balance (BU) | 744,262 | 589,234 | 589,234 | 605,292 | 608,998 | 625,057 | 608,998 | 635,057 | 639,880 | 683,116 | - | - | - | - |
| Total Ending Balance (\$) | - | 899,606 | 275,033 | 339,963 | 260,898 | 3,362,673 | - | - | - | - | - | 683,116 | - | - |
| Price from Merch | | | | | | | | | | | | | | |
| \$ To Be Segregated from Oct 13th | - | 899,606 | 1,174,639 | 1,514,602 | 1,775,699 | 1,775,499 | 5,138,172 | 5,138,172 | 5,138,172 | 5,138,172 | 5,138,172 | 5,821,287 | 5,821,287 | 5,138,172 |
| Amounts segregated balance (\$) | | | | | | | | | | | | | | |

DRAFT CASH FCST

Based on info provided

Based on info provided

Case 21-11832-SDM Doc 1787 Filed 01/28/22 Entered 03/08/22 14:28:23

1 DRAFT CASH ECST

Based on info provided by EGT Week Ending: →

| | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 19-Nov-21 | 26-Nov-21 | 3-Dec-21 | 10-Dec-21 | 17-Dec-21 | 24-Dec-21 | 31-Dec-21 | 7-Jan-22 | 14-Jan-22 | 21-Jan-22 | | |
| Soybeans | | | | | | | | | | | | |
| Pre-petition Beginning Balance (BU) | 2,061,074 | 1,858,697 | 1,712,592 | 1,535,356 | 1,348,621 | 1,173,727 | 973,313 | 757,694 | 605,274 | 419,966 | 163,208 | 43,208 |
| Outgoing (BU) | 202,377 | 146,105 | 177,236 | 168,739 | 174,894 | 200,414 | 215,619 | 152,420 | 185,775 | 136,758 | 120,000 | 43,208 |
| Crushed (BU) | 1,858,697 | 1,712,592 | 1,535,356 | 1,366,617 | 1,173,727 | 973,313 | 757,694 | 605,274 | 419,966 | 283,208 | 163,208 | 43,208 |
| Pre-petition Ending Balance (BU) | 1,858,697 | 1,712,592 | 1,535,356 | 1,366,617 | 1,173,727 | 973,313 | 757,694 | 605,274 | 419,966 | 283,208 | 163,208 | 43,208 |
| Pre-petition Ending Balance (\$) | 23,995,778 | 21,985,400 | 19,917,406 | 17,735,272 | 15,437,444 | 13,256,523 | 10,297,061 | 8,661,471 | 5,818,451 | 4,089,524 | 2,356,724 | 623,924 |
| Post-petition Beginning Balance (BU) | 229,698 | 237,466 | 234,725 | 234,725 | 261,186 | 266,710 | 266,710 | 266,710 | 266,710 | 269,554 | 279,923 | 203,131 |
| Incoming (BU) | 4,048 | 979 | | 25,577 | | | | | | 2,844 | 30,369 | |
| Outgoing (BU) | | | | | | | | | | | | |
| Crushed (BU) | | | | | | | | | | | | |
| Post-petition Ending Balance (BU) | 233,746 | 234,725 | 234,725 | 260,302 | 266,710 | 266,710 | 266,710 | 266,710 | 269,554 | 279,923 | 279,923 | 203,131 |
| Total Ending Balance (\$) | 3,017,666 | 3,013,288 | 3,044,976 | 3,378,075 | 3,507,909 | 3,632,596 | 3,624,595 | 3,816,626 | 3,738,716 | 4,042,090 | 4,042,090 | 1,200,414 |
| Total Ending Balance (\$) | 27,013,445 | 24,998,688 | 22,962,381 | 21,113,347 | 18,945,353 | 16,883,119 | 13,321,656 | 12,478,097 | 9,557,167 | 8,131,614 | 6,398,814 | 2,933,214 |
| Price from Merch | | | | | | | | | | | | |
| Meal | 864 | 1,699 | 1,846 | 3,486 | 4,375 | 4,615 | 5,953 | 8,376 | 8,914 | 10,619 | 10,944 | 8,664 |
| Beginning Balance (Tons) | 4,189 | 3,024 | 2,761 | 3,493 | 3,628 | 4,149 | 4,463 | 3,155 | 3,846 | 2,831 | 2,700 | 1,870 |
| Crushed Yield (Tons) | 3,354 | 2,877 | 2,031 | 3,098 | 3,387 | 2,811 | 2,040 | 2,617 | 2,140 | 2,507 | 3,450 | 3,450 |
| Outgoing (Tons) | 1,699 | 1,846 | 2,575 | 3,882 | 4,615 | 5,953 | 8,376 | 8,914 | 10,619 | 10,944 | 10,184 | 7,904 |
| Total Ending Balance (Tons) | 662,654 | 749,764 | 1,008,503 | 1,617,834 | 1,982,331 | 2,715,118 | 3,867,287 | 4,309,904 | 4,836,139 | 4,844,736 | 4,500,284 | 4,171,832 |
| Total Ending Balance (\$) | 809,299 | 543,086 | 2,375,089 | 845,557 | 1,266,589 | 1,718,444 | 629,064 | 808,295 | 731,317 | 832,231 | 1,140,807 | 1,148,807 |
| Price from Merch | | | | | | | | | | | | |
| Oil | 2,040,631 | 2,583,717 | 2,583,717 | 4,958,205 | 5,804,363 | 5,804,363 | 7,070,952 | 8,789,396 | 9,418,460 | 10,226,755 | 10,958,072 | 11,790,302 |
| Beginning Balance (Tons) | 7,396,820 | 9,118,919 | 9,691,355 | 7,355,796 | 8,328,833 | 9,154,443 | 10,908,098 | 12,930,961 | 13,355,031 | 13,054,333 | 13,306,437 | 10,624,037 |
| Crushed Yield (Tons) | 2,222,099 | 1,607,156 | 1,949,096 | 1,856,133 | 1,923,830 | 2,204,555 | 2,371,823 | 1,676,630 | 2,043,542 | 1,504,344 | 1,317,600 | 1,317,600 |
| Outgoing (Tons) | 500,000 | 1,034,720 | 2,346,200 | 1,402,300 | 1,098,220 | 450,900 | 348,960 | 1,252,240 | 4,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Total Ending Balance (Tons) | 9,118,919 | 9,691,355 | 9,294,751 | 7,809,629 | 9,154,443 | 10,908,098 | 12,930,961 | 13,355,031 | 13,054,333 | 13,306,437 | 10,624,037 | 10,941,637 |
| Total Ending Balance (\$) | 6,109,676 | 6,301,319 | 5,855,693 | 4,661,568 | 5,481,680 | 6,701,935 | 8,055,969 | 8,497,806 | 8,294,280 | 8,915,313 | 7,118,105 | 7,330,897 |
| Price from Merch | | | | | | | | | | | | |
| \$ To be segregated after pre-Oct 13th oil work-down | 392,563 | | | 622,547 | 596,251 | | 24,437 | 121,517 | 137,714 | 311,155 | 402,174 | 163,677 |
| Approx. cumulative segregated balance (\$) | 392,563 | 392,563 | 392,563 | 1,015,110 | 1,611,362 | 1,611,362 | 1,635,798 | 1,757,315 | 1,895,028 | 2,206,183 | 2,608,356 | 3,015,973 |
| Hulls | 392 | 384 | 270 | 301 | 309 | 303 | 216 | 243 | 465 | 576 | 429 | 429 |
| Beginning Balance (Tons) | 111 | (40) | | 7 | 132 | 110 | 5 | 142 | 187 | 228 | 25 | 45 |
| Crushed Yield (Tons) | 119 | 74 | 233 | 114 | 116 | 91 | 115 | 26 | 117 | 173 | 45 | 45 |
| Outgoing (Tons) | 384 | 270 | 44 | 319 | 303 | 216 | 243 | 404 | 576 | 429 | 429 | 429 |
| Total Ending Balance (Tons) | 67,165 | 49,939 | 8,066 | 56,971 | 56,007 | 37,882 | 42,541 | 70,681 | 100,868 | 75,021 | 75,021 | 75,021 |
| Total Ending Balance (\$) | | | | | | | | | | | | |
| Price from Merch | | | | | | | | | | | | |
| Pellets | 127 | 115 | 60 | 57 | 6 | 73 | 133 | 120 | (10) | 7 | 7 | 7 |
| Beginning Balance (Tons) | 250 | 308 | 312 | 188 | 433 | 415 | 357 | 80 | 202 | 324 | 135 | 135 |
| Crushed Yield (Tons) | 262 | 363 | 400 | 212 | 366 | 355 | 370 | 210 | 192 | 317 | 135 | 135 |
| Outgoing (Tons) | 115 | 60 | (28) | 33 | 73 | 133 | 120 | (10) | 7 | 7 | 7 | 7 |
| Total Ending Balance (Tons) | 22,940 | 11,562 | (5,572) | 6,560 | 14,586 | 26,650 | 24,062 | (1,970) | 1,316 | 1,316 | 1,316 | 1,316 |
| Total Ending Balance (\$) | | | | | | | | | | | | |
| Price from Merch | | | | | | | | | | | | |
| Accounts Payable | | | | | | | | | | | | |
| Beginning A/P | | | | | | | | | | | | |
| ADD: Purchases (accruing processing expenses) | | | | | | | | | | | | |
| | | | | | | | | | | | | |

**EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES**

Greenwood, Mississippi

Combined Financial Statements

As of December 31, 2020 and
June 30, 2020 and For the Six Months Ended
December 31, 2020

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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 December 31, 2020 and June 30, 2020, and the related combined statements of income, changes in members' equity and cash flows for the six months period ended December 31, 2020 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 the 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 December 31, 2020 and June 30, 2020, and the results of their operations and their cash flows for the six months ended December 31, 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 December 31, 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 \$19,400,00 since their inception and their total current liabilities exceed total current assets at December 31, 2020. The Companies have a line-of-credit with a balance at December 31, 2020 of approximately \$47.2 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 21-22 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
August 30, 2021

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

Combined Balance Sheets

December 31, 2020 and June 30, 2020

| | December 31, 2020 | June 30, 2020 |
|---|-------------------|----------------|
| ASSETS | | |
| Current assets | | |
| Cash | \$ 1,069,189 | \$ 846,382 |
| Accounts receivable | 5,103,331 | 3,836,719 |
| Inventories | 86,562,020 | 14,756,192 |
| Prepaid expenses | 558,213 | 542,094 |
| Biodiesel tax credit receivable | 1,011,859 | 1,541,352 |
| Forward contracts | 2,658,876 | - |
| Margin assets | 2,480,441 | 2,238,493 |
| Total current assets | 99,443,929 | 23,761,232 |
| Notes receivable | 36,477,222 | 18,904,582 |
| Property and equipment, net | 62,615,699 | 59,018,549 |
| Restricted cash | 1,531,579 | 369,455 |
| Total assets | \$ 200,068,429 | \$ 102,053,818 |
| LIABILITIES AND MEMBERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable | \$ 2,885,946 | \$ 2,462,623 |
| Current maturities of long-term debt | 4,677,629 | 4,333,848 |
| Forward contracts | - | 374,471 |
| Borrowings on line-of-credit | 47,239,449 | 24,662,990 |
| Unpriced grain purchases | 45,145,358 | 8,671,337 |
| Deferred revenue | 5,000,001 | 2,412,781 |
| Accrued expenses | 1,220,883 | 597,705 |
| Total current liabilities | 106,169,266 | 43,515,755 |
| Note payable, related party | 6,843,680 | 5,568,680 |
| Long-term debt, less current maturities | 82,494,017 | 50,628,198 |
| Total liabilities | 195,506,963 | 99,712,633 |
| Members' equity | 4,561,466 | 2,341,185 |
| Total liabilities and members' equity | \$ 200,068,429 | \$ 102,053,818 |

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATESCombined Statement of Income
Six Months Ended December 31, 2020

| | | |
|-------------------------------------|----|-------------------------|
| Net sales | \$ | 103,358,997 |
| Cost of goods sold | | 86,596,420 |
| Gross margin | | <u>16,762,577</u> |
| Operating expenses | | |
| Depreciation & amortization expense | | 2,513,467 |
| Impairment loss | | 1,000,000 |
| Other operating expenses | | 9,475,212 |
| Total operating expenses | | <u>12,988,679</u> |
| Operating income | | 3,773,898 |
| Other income (expense) | | |
| Other income | | 1,282,193 |
| Interest expense | | (2,835,810) |
| Total other expense | | <u>(1,553,617)</u> |
| Net income | \$ | <u><u>2,220,281</u></u> |

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

Combined Statement of Members' Equity

Six Months Ended December 31, 2020

| | | Members' Equity |
|----------------------------|----|----------------------------------|
| Balance, July 1, 2020 | \$ | 2,341,185 |
| Net income | | <u>2,220,281</u> |
| Balance, December 31, 2020 | \$ | <u><u>4,561,466</u></u> |

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

Combined Statement of Cash Flows
Six Months Ended December 31, 2020

| | 2020 |
|--|----------------------------|
| Cash flows from operating activities | |
| Net income | \$ 2,220,281 |
| Adjustments to reconcile net income to net cash used in operating activities | |
| Depreciation and amortization | 2,513,467 |
| Impairment loss on property and equipment | 1,000,000 |
| Changes in operating assets and liabilities: | |
| Margin asset | (241,948) |
| Accounts receivable | (1,266,612) |
| Inventories | (71,805,828) |
| Biodiesel tax credit receivable | 529,493 |
| Grain payable | 36,474,021 |
| Forward contracts | (3,033,347) |
| Prepaid expenses | (16,119) |
| Accounts payable and accrued expenses | 1,046,501 |
| Deferred revenue | 2,587,220 |
| Net cash used in operating activities | <u>(29,992,871)</u> |
| Cash flows from investing activities | |
| Increase in notes receivable | (17,572,640) |
| Purchases of property and equipment | <u>(6,872,910)</u> |
| Net cash used in investing activities | <u>(24,445,550)</u> |
| Cash flows from financing activities | |
| Increase in borrowings on line-of-credit | 22,576,459 |
| Proceeds from long-term borrowings | 33,715,943 |
| Proceeds from related-party borrowings | 1,500,000 |
| Principal payments on long-term borrowings | (1,037,323) |
| Payment of debt issuance costs | <u>(931,727)</u> |
| Net cash provided by financing activities | <u>55,823,352</u> |
| Increase in cash and restricted cash | 1,384,931 |
| Cash and restricted cash at beginning of year | <u>1,215,837</u> |
| Cash and restricted cash at end of year | <u><u>\$ 2,600,768</u></u> |
| Supplemental disclosures of cash flow information | |
| Cash paid for interest | <u><u>\$ 2,749,354</u></u> |

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

December 31, 2020 and June 30, 2020 and

For the Six Months Ended December 31, 2020

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 ("NMTTC") 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 \$19,400,000 million since their inception and their total current liabilities exceed total current assets at December 31, 2020. The Companies have a \$40 million line of credit maturing October 31, 2021 and term loan of \$35 million maturing October 31, 2023. EGT continues to invest in its Greenwood biodiesel facility which began operations on March 28, 2019. The biodiesel facility continues to operate but not 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 line of credit. 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

December 31, 2020 and June 30, 2020 and
For the Six Months Ended December 31, 2020

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 December 31, 2020 or June 30, 2020.

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

December 31, 2020 and June 30, 2020 and
For the Six Months Ended December 31, 2020

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 receivables from non-related entities entered into in connection with the New Markets Tax Credit financing transactions, as more fully described in Note 7. The notes bear interest from 1.07 to 1.50 percent and are carried at net realizable value. The notes mature at various dates including November 19, 2035, May 10, 2036, and July 2, 2047. The notes require quarterly, interest only payments with the first principal payment due March 2023.

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

December 31, 2020 and June 30, 2020 and
For the Six Months Ended December 31, 2020

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 December 31, 2020 and June 30, 2020.

Revenue Recognition

The Company's revenue comprises sales from forward commodity contracts that are accounted for under ASC 815, "Derivatives and Hedging" ("ASC 815") and sales of products that are accounted for under ASC 606, "Revenue from Contracts with Customers" ("ASC 606").

Revenue from commodity contracts primarily relates to forward sales of commodities, such as soybeans, corn, and wheat, which are accounted for as derivatives at fair value under ASC 815. These forward sales meet the definition of a derivative under ASC 815 as they have an underlying (e.g., the price of soybeans), a notional amount (e.g., metric tons), no initial net investment and can be net settled since the commodity is readily convertible to cash. EGT does not apply the normal purchase and normal sale exception available under ASC 815 to these contracts.

Revenue from commodity contracts is recognized in net sales for the contracted amount when the contracts are settled. Settlement of the commodity contracts generally occurs upon shipment or delivery of the product when title and risks and rewards of ownership transfers to the customer. From inception through settlement, these forward sales arrangements are recorded at fair value under ASC 815 with unrealized gains and losses recognized in cost of goods sold and carried on the combined balance sheet as current assets or current liabilities, respectively.

Revenue from contracts with customers primarily relate to sales of commodities, such as soybeans, corn and wheat. The Company recognizes revenue from these contracts at a point in time when it satisfies a performance obligation by transferring control of a product to a customer, generally when legal title and risks and rewards of ownership transfer to the customer.

Freight charged to customers for sales transactions, when applicable are included in sales. The Company has elected to account for freight activities that occur after the customer obtains control of the promised goods as fulfillment activities and not promised services. Freight costs incurred are accounted for as cost of sales.

The Company's revenues within the scope of ASC 606 do not include material amounts of variable consideration. Payment terms vary by the products or services offered. The time between invoicing and when payment is due is not significant. Contracts with customers do not generally include a significant financing component or result in significant obligations associated with returns or refunds.

The Company has elected the practical expedient that allows the Company to recognize the incremental costs of obtaining a contract as an expense, when incurred, if the amortization period of the asset that the Company otherwise would have recognized is one year or less.

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

December 31, 2020 and June 30, 2020 and

For the Six Months Ended December 31, 2020

NOTES TO COMBINED FINANCIAL STATEMENTS**Note 1. Continued**

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 combined 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).

The following table presents information about the assets and liabilities recorded at fair value on a recurring basis at December 31, 2020:

| Fair Value Measurements at December 31, 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 | \$ - | \$ 85,151,299 | \$ - | \$ 85,151,299 |
| Margin assets | 2,480,441 | - | - | 2,480,441 |
| Forward contracts | 2,658,876 | - | - | 2,658,876 |
| Unpriced grain purchases | - | (45,145,358) | - | (45,145,358) |
| Total | \$ 5,139,317 | \$ 40,005,941 | \$ - | \$ 45,145,258 |

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

December 31, 2020 and June 30, 2020 and
For the Six Months Ended December 31, 2020

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 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 December 31, 2020 and June 30, 2020. The impairment of approximately \$1 million and \$13 million was determined primarily utilizing a sales comparison approach which the Companies determined to be at Level 2 in the fair value hierarchy.

Restricted Cash

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.

| | December 31, 2020 | June 30, 2020 |
|---|----------------------|------------------|
| Cash and cash equivalents | \$ 1,069,189 | \$ 846,382 |
| Restricted cash | 1,531,579 | 369,455 |
| Total cash, cash equivalents and restricted cash shown in the statement of cash flows | \$ 2,600,768 | \$ 1,215,837 |

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

December 31, 2020 and June 30, 2020 and
For the Six Months Ended December 31, 2020

NOTES TO COMBINED FINANCIAL STATEMENTS**Note 1. Continued**Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 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 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 Company adopted the standard on January 1, 2019 under the modified retrospective approach, applying it only to contracts with customers open as of that date. The impact of adoption of the standard did not have a material impact to these combined financial statements.

Note 2. Property and Equipment

Property and equipment consisted of the following at December 31, 2020 and June 30, 2020:

| | December 31, 2020 | June 30, 2020 |
|--|------------------------------|--------------------------|
| Land and improvements | \$ 1,125,007 | \$ 1,125,007 |
| Buildings | 956,694 | 917,709 |
| Equipment, bins and grain systems | 30,870,718 | 30,169,744 |
| Oil mill facility | 30,542,645 | 28,708,188 |
| Biodiesel facility | 11,566,150 | 11,533,136 |
| Construction in progress | 3,527,258 | 67,023 |
| Total property and equipment | 78,588,472 | 72,520,807 |
| Less accumulated depreciation and amortization | 15,972,773 | 13,502,258 |
| Property and equipment, net | <u>\$ 62,615,699</u> | <u>\$ 59,018,549</u> |

The Company obtained an appraisal of its property and equipment in 2020 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 \$1 million and \$13 million to their estimated fair value as of December 31, 2020 and June 30, 2020, respectively. There was no impairment recognized related to the Companies grain storage facility assets.

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

December 31, 2020 and June 30, 2020 and

For the Six Months Ended December 31, 2020

NOTES TO COMBINED FINANCIAL STATEMENTS**Note 3. Inventories**

Inventories at December 31, 2020 and June 30, 2020 were as follows:

| | December 31, 2020 | June 30, 2020 |
|---------------|------------------------------|--------------------------|
| Soybeans | \$ 81,166,174 | \$ 6,034,377 |
| Soybean oil | 2,076,945 | 3,362,115 |
| Soybean meal | 1,538,068 | 4,361,635 |
| Soybean hulls | 79,240 | 107,100 |
| Corn | 290,872 | 388,431 |
| Wheat | - | 51,224 |
| Biodiesel | 1,365,721 | 406,310 |
| Other | 45,000 | 45,000 |
| | \$ 86,562,020 | \$ 14,756,192 |

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

EGT has a credit agreement that provides for maximum available borrowings of \$40,000,000 under a line of credit and a \$35,000,000 term loan at December 31, 2020. Borrowings under the line of credit bear interest at variable rates based on LIBOR plus the applicable margin (4.00 percent at December 31, 2020). Substantially all assets of EGT collateralize borrowings under the credit agreement. At December 31, 2020, outstanding borrowings under the line of credit were \$47,239,449, which included \$11,423,285 of outstanding checks, and exceeded its maximum available borrowings. The line of credit matures October 31, 2021, but may be canceled at any time, at the sole discretion of the lender. The credit agreement requires EGT maintain a tangible net worth, as defined, of not less than \$1,000,000 and a minimum debt service ratio of 1.25:1.00. The terms of the line of credit were amended to waive any noncompliance of the debt service ratio covenant through June 30, 2021. The credit agreement also 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 line of credit, which represents an event of default. On August 26, 2021, EGT was granted a waiver in connection with this event of default.

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

December 31, 2020 and June 30, 2020 and
For the Six Months Ended December 31, 2020

NOTES TO COMBINED FINANCIAL STATEMENTS**Note 4. Continued**

The following is a summary of long-term debt at December 31, 2020 and June 30, 2020:

| | December 31, 2020 | June 30, 2020 |
|--|----------------------|------------------|
| JOHN DEERE FINANCIAL | | |
| Payable in monthly, interest-free payments through July 2020 \$ | 42,141 | \$ 117,885 |
| CAT FINANCIAL | | |
| Payable in monthly, interest free payments through December 2022 | 118,878 | 149,889 |
| CHASE AUTO | | |
| Payable in monthly, interest free payments through November 2024 | 21,095 | 23,620 |
| STATE BANK NOTE | | |
| Payable in monthly, interest free payments through April 2026 | 29,081 | 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

December 31, 2020 and June 30, 2020 and
For the Six Months Ended December 31, 2020

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

| | December 31, 2020 | June 30, 2020 |
|--|----------------------|------------------|
| 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 \$875,000 beginning March 31, 2021 through October 31, 2023 with remaining principal and accrued and unpaid interest due October 2023 | 35,000,000 | 25,200,000 |
| PAYROLL PROTECTION PROGRAM LOAN | | |
| Payable in monthly, principal and interest payments of \$124,113 beginning November 2020 through April 2022 | 2,205,000 | 2,205,000 |
| SCOTT FINANCIAL SERVICES, LLC | | |
| Payable in monthly, principal and interest payments beginning January 2021 through December 2025 | 309,500 | - |
| AMCREF COMMUNITY CAPITAL, LLC | | |
| Payable in quarterly, interest-only payments, with the principal and unpaid interest due July 2050 | 656,612 | - |

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

December 31, 2020 and June 30, 2020 and
For the Six Months Ended December 31, 2020

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

| | December 31, 2020 | June 30, 2020 |
|--|------------------------------|--------------------------|
| AMCREF QLICI, NOTE A | | |
| Payable in quarterly, interest-only payments through June 2027, with the principal and unpaid interest due July 2050 | \$ 6,053,961 | \$ - |
| AMCREF QLICI, NOTE B | | |
| Payable in quarterly, interest-only payments through June 2027, with the principal and unpaid interest due July 2050 | 2,116,113 | - |
| AMCREF QLICI, NOTE C | | |
| Payable in quarterly, interest-only payments through June 2027, with the principal and unpaid interest due July 2050 | 467,126 | - |
| HRF QLICI, NOTE A | | |
| Payable in quarterly, interest-only payments through June 2027, with the principal and unpaid interest due July 2050 | 3,842,900 | - |
| HRF QLICI, NOTE B | | |
| Payable in quarterly, interest-only payments through June 2027, with the principal and unpaid interest due July 2050 | 1,157,000 | - |
| AMCREF COMMUNITY CAPITAL, LLC | | |
| Payable in quarterly, interest-only payments, with the principal and unpaid interest due July 2050 | 454,455 | - |
| NMSC MISSISSIPPI QLICI NOTE | | |
| Payable in quarterly, interest-only payments through June 2027, with the principal and unpaid interest due July 2050 | 3,333,333 | - |
| NMSC FEDERAL QLICI NOTE | | |
| Payable in quarterly, interest-only payments through June 2027, with the principal and unpaid interest due July 2050 | 4,800,000 | - |
| Debt issuance costs | (1,598,549) | (929,171) |
| Total long-term debt | 87,171,646 | 54,962,046 |
| Less current maturities | 4,677,629 | 4,333,848 |
| Long-term debt less current maturities | \$ 82,494,017 | \$ 50,628,198 |

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

December 31, 2020 and June 30, 2020 and
For the Six Months Ended December 31, 2020

NOTES TO COMBINED FINANCIAL STATEMENTS**Note 4. Continued**

Aggregate annual maturities of notes payable outstanding at December 31, 2020 are as follows:

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|--------------------------------------|----------------------|
| 2021 | \$ 4,677,629 |
| 2022 | 4,849,512 |
| 2023 | 3,580,561 |
| 2024 | 24,576,826 |
| 2025 | 39,307 |
| Thereafter | 51,046,360 |
| Total, excluding debt issuance costs | 88,770,195 |
| Total debt issuance costs | (1,598,549) |
| Total long-term debt | <u>\$ 87,171,646</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 submitted for and received loan forgiveness on July 23, 2021.

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 December 31, 2020 and June 30, 2020, the fair value of forward contracts was \$2,658,876 and (\$374,471), 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 December 31, 2020 and June 30, 2020, EGT's fair value of margin assets was \$2,480,441 and \$2,238,493, respectively. For the six months ended December 31, 2020, EGT recognized gains of \$3,033,347 on forward contracts which are included in net sales in the statement of income. For the six months ended December 31, 2020, EGT recognized losses of \$7,362,801 on margin assets which included unrealized losses of \$9,175,649 and realized gains of \$1,812,848. Losses on margin assets are included in cost of goods sold in the statement of income.

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

December 31, 2020 and June 30, 2020 and
For the Six Months Ended December 31, 2020

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 December 31, 2020:

| | |
|--------------------|-------------|
| Corn (bushels) | (68,182) |
| Soybeans (bushels) | (3,247,765) |
| Wheat (bushels) | (3,000) |

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.

During 2020, 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, \$5,000,000, and \$1,111,067, bearing interest at 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.

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

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

December 31, 2020 and June 30, 2020 and
For the Six Months Ended December 31, 2020

NOTES TO COMBINED FINANCIAL STATEMENTS**Note 7. Continued**

Following is a summary of the assets at December 31, 2020 and June 30, 2020 resulting from the NMTC transactions:

| | December 31, 2020 | June 30, 2020 |
|---|----------------------|------------------|
| Cash (included in restricted cash) | \$ 1,858,479 | \$ 369,455 |
| 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 | 8,368,800 |
| Notes receivable from USBCDC Investment Fund 284, LLC | 17,572,640 | - |
| Total | \$ 38,335,701 | \$ 19,274,037 |

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

Note 8. Related Party Transactions

The Companies had an outstanding balance due to an owner at December 31, 2020 and June 30, 2020 of \$6,843,680 and \$5,568,680, 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 December 31, 2020 totaled approximately \$1,555,000. 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 \$7,332,121 for the six months ended December 31, 2020. There are no bushels of soybean under forward purchase contracts at year under these agreements.

Note 11. Subsequent Events

The Companies have evaluated subsequent events through August 30, 2021, the date these financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

Combining Balance Sheet

December 31, 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 | \$ 4,007 | \$ 1,065,182 | \$ - | \$ 1,069,189 |
| Accounts receivable | 5,101,237 | 2,094 | - | 5,103,331 |
| Inventories | 86,562,020 | - | - | 86,562,020 |
| Prepaid expenses | 558,213 | - | - | 558,213 |
| Biodiesel tax credit receivable | 1,011,859 | - | - | 1,011,859 |
| Forward contracts | 2,658,876 | - | - | 2,658,876 |
| Margin assets | 2,480,441 | - | - | 2,480,441 |
| Total current assets | 98,376,653 | 1,067,276 | - | 99,443,929 |
| Notes receivable | | | | |
| Property and equipment, net | | 70,701,298 | 34,224,076 | 36,477,222 |
| Receivable from affiliates | 47,050,835 | 15,564,864 | - | 62,615,699 |
| Restricted cash | 14,907,257 | - | 14,907,257 | - |
| | 1,204,679 | 326,900 | - | 1,531,579 |
| Total assets | \$ 161,539,424 | \$ 87,660,338 | \$ 49,131,333 | \$ 200,068,429 |
| LIABILITIES AND MEMBERS' EQUITY | | | | |
| Current liabilities | | | | |
| Accounts payable | \$ 2,883,851 | \$ 2,095 | \$ - | \$ 2,885,946 |
| Current maturities of long-term debt | 4,677,629 | - | - | 4,677,629 |
| Borrowings on line-of-credit | 47,239,449 | - | - | 47,239,449 |
| Unpriced grain purchases | 45,145,358 | - | - | 45,145,358 |
| Deferred revenue | 5,000,001 | - | - | 5,000,001 |
| Accrued expenses | 314,210 | 906,673 | - | 1,220,883 |
| Total current liabilities | 105,260,498 | 908,768 | - | 106,169,266 |
| Note payable, related party | 6,843,680 | 6,928,198 | 6,928,198 | 6,843,680 |
| Long-term debt, less current maturities | 68,884,410 | 47,833,683 | 34,224,076 | 82,494,017 |
| Total liabilities | 180,988,588 | 55,670,649 | 41,152,274 | 195,506,963 |
| Total members' equity (deficit) | (19,449,164) | 31,989,689 | 7,979,059 | 4,561,466 |
| Total liabilities and members' equity | \$ 161,539,424 | \$ 87,660,338 | \$ 49,131,333 | \$ 200,068,429 |

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

Combining Statement of Income

Six Months Ended December 31, 2020

| | Express Grain Terminals, LLC | Express Biodiesel, LLC Express Processing, LLC and Subsidiary | Eliminations | Express Grain Terminals, LLC Combined |
|-------------------------------------|---------------------------------|---|--------------|---|
| Net sales | \$ 103,358,997 | \$ - | \$ - | \$ 103,358,997 |
| Cost of goods sold | 87,274,427 | (678,007) | - | 86,596,420 |
| Gross margin | 16,084,570 | 678,007 | - | 16,762,577 |
| Operating expenses | | | | |
| Depreciation & amortization expense | 2,459,090 | 54,377 | - | 2,513,467 |
| Impairment loss | 1,000,000 | - | - | 1,000,000 |
| Other operating expenses | 6,945,485 | 2,529,727 | - | 9,475,212 |
| Total operating expenses | 10,404,575 | 2,584,104 | - | 12,988,679 |
| Operating income (loss) | 5,679,995 | (1,906,097) | - | 3,773,898 |
| Other income (expense) | | | | |
| Other income | 1,282,193 | - | - | 1,282,193 |
| Interest income | - | 342,966 | (342,966) | - |
| Interest expense | (3,014,960) | (163,816) | 342,966 | (2,835,810) |
| Total other income (expense) | (1,732,767) | 179,150 | - | (1,553,617) |
| Net income (loss) | \$ 3,947,228 | \$ (1,726,947) | \$ - | \$ 2,220,281 |