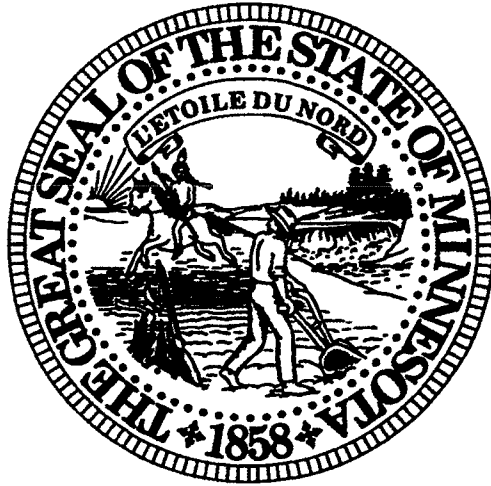


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**Ethanol Plants Receiving  
Producer Payments  
From the State of Minnesota**

2007 Report

February 15, 2007

Minnesota Department of Agriculture

**Ethanol Plants Receiving  
Producer Payments  
From the State of Minnesota**

2007 Report

This report is submitted in fulfillment of the statutory requirement in section 41A.09, which states:

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

Thirteen ethanol plants received producer payments and/or deficiency payments from the State of Minnesota in calendar year 2006. These plants are:

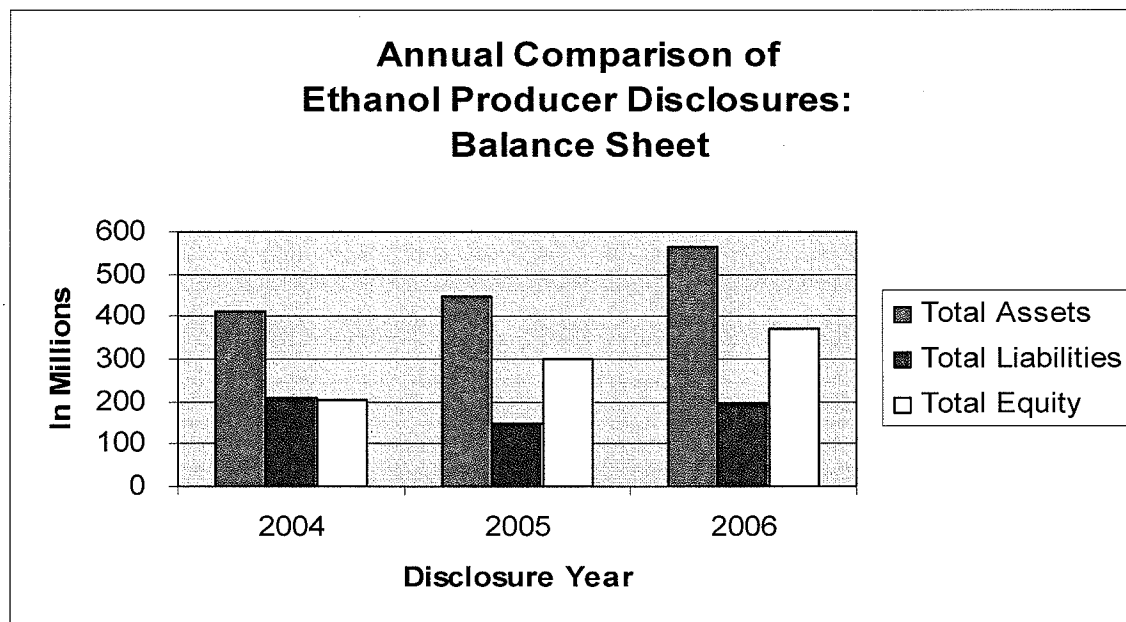
Agra-Resources Co-op; EXOL (Albert Lea),  
Agri-Energy, LLC (Luverne),  
Al-Corn Clean Fuel Limited Partnership (Claremont),  
Central Mn Ethanol Co-op (Little Falls),  
Chippewa Valley Ethanol Company, LLLP (Benson),  
CornPlus, LLLP (Winnebago),  
Diversified Energy Co., LLC (Morris),  
Ethanol 2000, LLP (Bingham Lake),  
Gopher State Ethanol, LLC (St. Paul),  
Heartland Corn Products (Winthrop),  
Melrose Dairy Proteins, LLC (Melrose),  
Minnesota Energy (Buffalo Lake) and  
Pro-Corn, LLC (Preston).

This report aggregates data from twelve of the thirteen producer plants into a financial section, a statistical section and percentage of ownership section. Gopher State Ethanol, LLC (St. Paul) is not included in the aggregate data since it is no longer a producer.

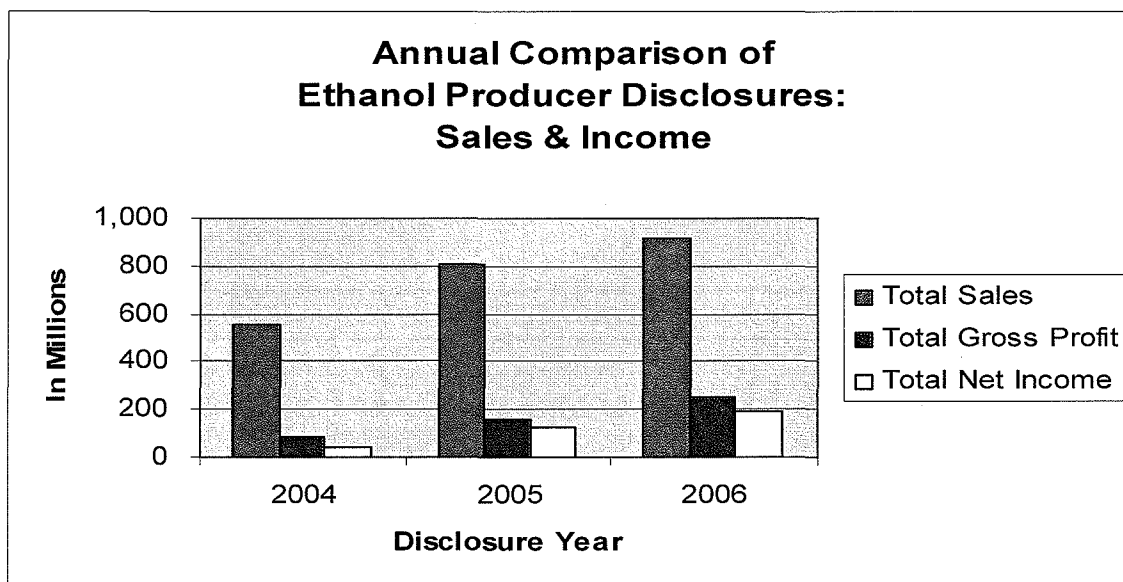
### FINANCIAL SECTION:

The financial section presents the aggregate comparative Balance Sheet and Statement of Income for 2006 and 2005. This aggregate financial information is the total of all twelve entities presented for 2006 and 2005, the increase or decrease between these years, and the average of the twelve entities.

In summary, the Balance Sheet presents aggregate producer total assets for 2006 of \$565,619,672, an increase of \$116,293,237 from the 2005 aggregate total assets of \$449,326,435. The aggregate total liabilities for 2006 are \$195,516,998, an increase of \$47,629,198 from the 2005 aggregate total liabilities of \$147,887,800. The aggregate total equity for 2006 is \$370,102,674, an increase of \$68,664,039 from the 2005 aggregate total equity of \$301,438,635.



The Statement of Income shows aggregate total sales for 2006 of \$918,301,825, an increase of \$114,832,502 from the 2005 aggregate total sales of \$803,469,323. The aggregate total gross profit for 2006 is \$256,031,809, an increase of \$92,699,526 from the 2005 aggregate total gross profit of \$163,332,283. The aggregate total net income for 2006 is \$195,471,932, an increase of \$69,626,134 from the 2005 aggregate total net income of \$125,845,798.



**STATISTICAL SECTION:**

The statistical section presents current year and comparison summary information including; revenues, sales, profits, government incentives, patronage dividends, interest expense, etc. The resulting ratios include ratios of liquidity, leverage, activity and profitability. As with the financial data information, the presentation is the same with the aggregate total and the average of all twelve entities. Aggregate government incentives for 2006 total \$18,708,659 which is a decrease of \$2,456,879 from the 2005 incentives of \$21,165,538. The decrease was due to the State of Minnesota reduction of \$1,717,535 and the Federal Bio-Program reduction of \$739,344.

The 2006 aggregate government incentives provided by the State of Minnesota are \$17,935,751 and the CCC Bio-Energy program provided \$772,908.

## **OWNERSHIP SECTION:**

The percentage of ownership section presents aggregate producer disclosure on ethanol producer plant entity ownership. This data is presented based on overall ownership type and M.S. 500.24 defined farmer ownership.

### **For 2006:**

Overall ownership of the producer plants for 2006 were: 44% by individuals with less than 10% ownership, 50% by cooperatives, 4% by corporations and 2% by LLC's.

Ownership by farmers or other entities eligible to farm or own agricultural land in Minnesota as defined in M.S. 500.24 for 2006 totaled approximately 61%: approximately 30% by farmers with less than 10% direct ownership and approximately 31% by farmers through membership in cooperatives.

### **For 2005:**

Overall ownership of the producer plants for 2005 were: 43% by individuals with less than 10% ownership, 51% by cooperatives, 4% by corporations and 2% by LLC's.

Ownership by farmers or other entities eligible to farm or own agricultural land in Minnesota as defined in M.S. 500.24 for 2005 totaled approximately 60%: approximately 29% by farmers with less than 10% direct ownership and approximately 31% by farmers through membership in cooperatives.

## Financial Section

**Minnesota Department of Agriculture  
Balance Sheet Summary Data  
Comparison of 2006 & 2005 Ethanol Producer Disclosures  
Ethanol Report: February 15, 2007**

	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease)</u>	<u>Current Year Average Ethanol Producer</u>
<b>Assets</b>				
<b>Current</b>				
Cash.....	\$ 62,138,873	\$ 49,837,833	\$ 12,301,040	\$ 5,178,239
Accounts Receivable.....	70,197,743	70,183,957	13,786	5,849,812
Inventory.....	34,950,606	24,040,291	10,910,315	2,912,551
Other.....	24,140,129	4,600,260	19,539,869	2,011,677
<i>Total Current Assets</i>	<u>191,427,351</u>	<u>148,662,341</u>	<u>42,765,010</u>	<u>15,952,279</u>
<b>Investments</b>				
In Coops.....	4,739,757	3,976,241	763,516	394,980
Other.....	17,603,641	18,799,784	(1,196,143)	1,466,970
<i>Total Investments</i>	<u>22,343,398</u>	<u>22,776,025</u>	<u>(432,627)</u>	<u>1,861,950</u>
<b>Fixed Assets</b>				
Land.....	14,484,698	13,120,302	1,364,396	1,207,058
Plant & Equipment.....	527,006,620	425,008,305	101,998,315	43,917,218
Accumulated Depreciation.....	(193,473,909)	(162,829,872)	(30,644,037)	(16,122,826)
<i>Total Fixed Assets</i>	<u>348,017,409</u>	<u>275,298,735</u>	<u>72,718,674</u>	<u>29,001,451</u>
<b>Other Assets</b>				
Financing Costs.....	806,130	764,220	41,910	67,178
Other.....	3,025,384	1,825,114	1,200,270	252,115
<i>Total Other Assets</i>	<u>3,831,514</u>	<u>2,589,334</u>	<u>1,242,180</u>	<u>319,293</u>
<b>Total Assets</b>	<u>\$ 565,619,672</u>	<u>\$ 449,326,435</u>	<u>\$ 116,293,237</u>	<u>\$ 47,134,973</u>
<b>Liabilities</b>				
<b>Current</b>				
Accounts Payable.....	\$ 51,979,583	\$ 40,539,374	\$ 11,440,209	\$ 4,331,632
Current Portion Long-Term Debt.....	19,632,417	13,816,775	5,815,642	1,636,035
Earnings Distribution.....	26,652,722	12,190,482	14,462,240	2,221,060
Other.....	15,146,189	11,017,934	4,128,255	1,262,182
<i>Total Current Liabilities</i>	<u>113,410,911</u>	<u>77,564,565</u>	<u>35,846,346</u>	<u>9,450,909</u>
<b>Long-Term</b>				
Long-Term Debt.....	80,907,692	69,879,910	11,027,782	6,742,308
Other Long Term Liabilities.....	1,198,395	443,325	755,070	99,866
<i>Total Long Term Liabilities</i>	<u>82,106,087</u>	<u>70,323,235</u>	<u>11,782,852</u>	<u>6,842,174</u>
<i>Total Liabilities</i>	<u>195,516,998</u>	<u>147,887,800</u>	<u>47,629,198</u>	<u>16,293,083</u>
<b>Equity</b>				
Cooperative.....	105,884,873	107,219,616	(1,334,743)	8,823,739
Other.....	171,868,027	165,894,875	5,973,152	14,322,336
Undistributed.....	92,349,774	28,324,144	64,025,630	7,695,815
<i>Total Equity</i>	<u>370,102,674</u>	<u>301,438,635</u>	<u>68,664,039</u>	<u>30,841,890</u>
<b>Total Liabilities &amp; Equity</b>	<u>\$ 565,619,672</u>	<u>\$ 449,326,435</u>	<u>\$ 116,293,237</u>	<u>\$ 47,134,973</u>

**Minnesota Department of Agriculture**  
**Statement of Income Summary Data**  
**Comparison of 2006 & 2005 Ethanol Producer Disclosures**  
**Ethanol Report: February 15, 2007**

	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease)</u>	<u>Current Year Average Ethanol Producer</u>
<b><u>Sales</u></b>				
Sales	\$ 918,301,825	\$ 803,469,323	\$ 114,832,502	\$ 76,525,152
Cost of Sales	(662,270,016)	(640,137,040)	(22,132,976)	(55,189,168)
<i>Gross Profit</i>	<u>256,031,809</u>	<u>163,332,283</u>	<u>92,699,526</u>	<u>21,335,984</u>
<b><u>Operating Expenses</u></b>				
Employee Costs	8,270,983	5,972,594	2,298,389	689,249
Supplies	1,896,723	1,555,170	341,553	158,060
Repairs and Maintenance	6,359,306	5,098,611	1,260,695	529,942
Other Operating Expenses	27,924,226	16,020,445	11,903,781	2,327,019
Depreciation and Amortization	31,765,327	28,836,742	2,928,585	2,647,111
<i>Operating Expenses</i>	<u>76,216,565</u>	<u>57,483,562</u>	<u>18,733,003</u>	<u>6,351,380</u>
<b><u>Income from Operations</u></b>	<u>179,815,244</u>	<u>105,848,721</u>	<u>73,966,523</u>	<u>14,984,604</u>
<b><u>Other Income (Expenses)</u></b>				
State Ethanol Producer Payments	17,935,751	19,430,294	(1,494,543)	1,494,646
CCC Bioenergy Program Payments	772,908	1,512,252	(739,344)	64,409
Investment Earnings	6,575,107	4,981,709	1,593,398	547,926
Interest Expense	(6,504,800)	(5,514,383)	(990,417)	(542,067)
Gain (Loss) on Assets	25,996	(49,538)	75,534	2,166
Other	(359,910)	1,065,624	(1,425,534)	(29,993)
<i>Other Income (Expenses)</i>	<u>18,445,052</u>	<u>21,425,958</u>	<u>(2,980,906)</u>	<u>1,537,088</u>
<b><u>Income before Income Taxes</u></b>	<u>198,260,296</u>	<u>127,274,679</u>	<u>70,985,617</u>	<u>16,521,691</u>
<b><u>Income Taxes</u></b>	<u>2,788,364</u>	<u>1,428,881</u>	<u>1,359,483</u>	<u>232,364</u>
<b><u>Net Income</u></b>	<u>\$ 195,471,932</u>	<u>\$ 125,845,798</u>	<u>\$ 69,626,134</u>	<u>\$ 16,289,328</u>



# Statistical Section

**Minnesota Department of Agriculture  
Statistical Summary Data  
Comparison of 2006 & 2005 Ethanol Producer Disclosures  
Ethanol Report: February 15, 2007**

	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease)</u>	<u>Current Year Average Ethanol Producer</u>
<b><u>Statistics</u></b>				
Gross Revenues.....	\$ 943,251,677	\$ 821,779,255	\$ 121,472,422	\$ 78,604,306
Sales.....	918,301,825	805,365,844	112,935,981	76,525,152
Operating Income.....	179,815,244	110,325,482	69,489,762	14,984,604
Profit before taxes.....	198,260,296	131,130,121	67,130,175	16,521,691
Net Income.....	195,471,932	121,929,788	73,542,144	16,289,328
Government Incentives:				
<i>MN Producer Payment</i> .....	17,935,751	19,653,286	(1,717,535)	1,494,646
<i>CCC Bio-Energy Program</i> .....	772,908	1,512,252	(739,344)	64,409
Patronage Dividends Paid/Other Dist....	110,815,544	68,965,015	41,850,529	9,234,629
Interest Expense.....	6,504,800	6,093,013	411,787	542,067
<b><u>Liquidity</u></b>				
Current Ratio.....	1.69	1.92	-0.23	1.69
Quick Ratio.....	1.38	1.61	-0.23	1.38
<b><u>Leverage</u></b>				
Debt to total assets.....	15.00%	16.00%	-1.00%	15.00%
Debt to equity.....	53.00%	49.00%	4.00%	53.00%
Liabilities to equity.....	22.00%	23.00%	-1.00%	22.00%
Times interest earned.....	31.48	22.52	8.96	31.48
<b><u>Activity</u></b>				
Inventory turnover.....	26.27	33.50	-7.23	26.27
Fixed assets turnover.....	2.64	2.93	-0.29	2.64
Total asset turnover.....	1.62	1.79	-0.17	1.62
<b><u>Profitability</u></b>				
Profit margin on sales.....	21.00%	15.00%	6.00%	21.00%
Return on total assets.....	35.00%	27.00%	8.00%	35.00%
Return on total equity.....	53.00%	40.00%	13.00%	53.00%

## Ownership Section

**Minnesota Department of Agriculture  
 Ownership Summary Data from Ethanol Disclosures  
 Disclosures with Fiscal Years ending in 2006  
 Ethanol Report: February 15, 2007**

<b>Ownership category/name</b>	<b>Overall % of total</b>	<b>M.S. 500.24 % of total (1)</b>
Individuals < 10% ownership	44.39%	30.42%
Cooperatives	49.41%	30.48%
Corporations	3.81%	0%
LLC	2.39%	0%
	100.00%	60.90%

Note:

(1) does not include estates/trusts which may qualify under 500.24

