



Ethanol Plants Receiving Producer Payments From the State of Minnesota

2011 Report

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

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

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

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

This reports aggregates information from nine ethanol plants, which received producer payments and/or deficiency payments from the State of Minnesota in calendar year 2010. These plants are:

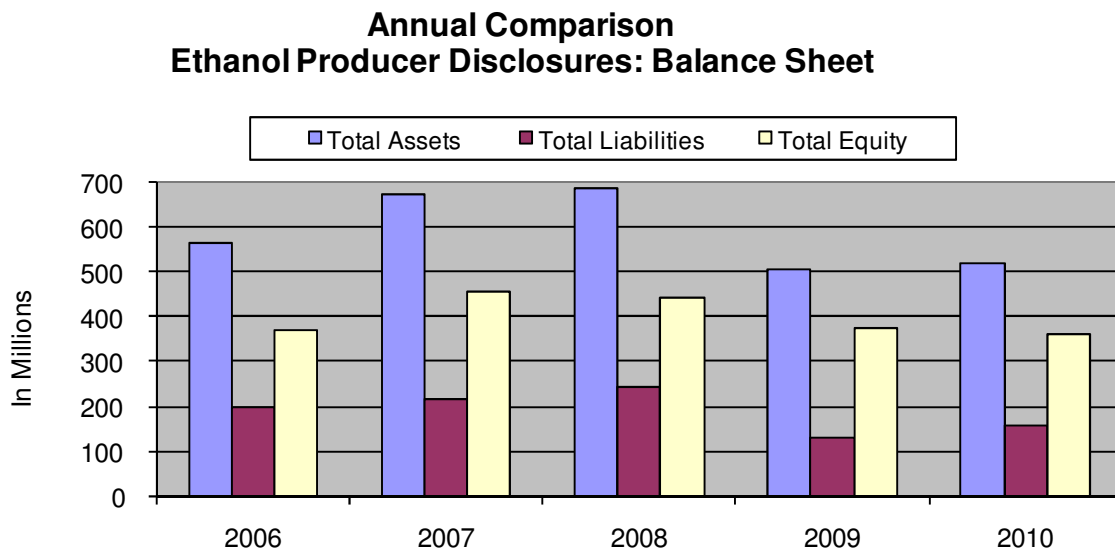
Agra-Resources Co-op; POET Glenville East (Albert Lea),
Agri-Energy, LLC (Luverne),
Al-Corn Clean Fuel Limited Partnership (Claremont),
Central Mn Ethanol Co-op (Little Falls),
Chippewa Valley Ethanol Company, LLLP (Benson),
CornPlus, LLLP (Winnebago),
Ethanol 2000, LLP; POET Bingham Lake (Bingham Lake),

Heartland Corn Products (Winthrop),
Pro-Corn, LLC; POET Preston (Preston).

This is one fewer plant than covered by the 2010 report. Minnesota Energy in Buffalo Lake received one payment during 2010, but discontinued production after that and thus fell out of eligibility for future payments. Data received from the nine plants reporting is aggregated into a financial section, a statistical section and an ownership section.

FINANCIAL SECTION:

The tables on pages 3 and 4 present aggregated comparative financial information reported by plants for 2010 and 2009. The following chart summarizes key numbers from Balance Sheet report. Note that the number of plants reporting prior to 2008 was thirteen, twelve for 2008, ten for 2009 and nine for 2010.



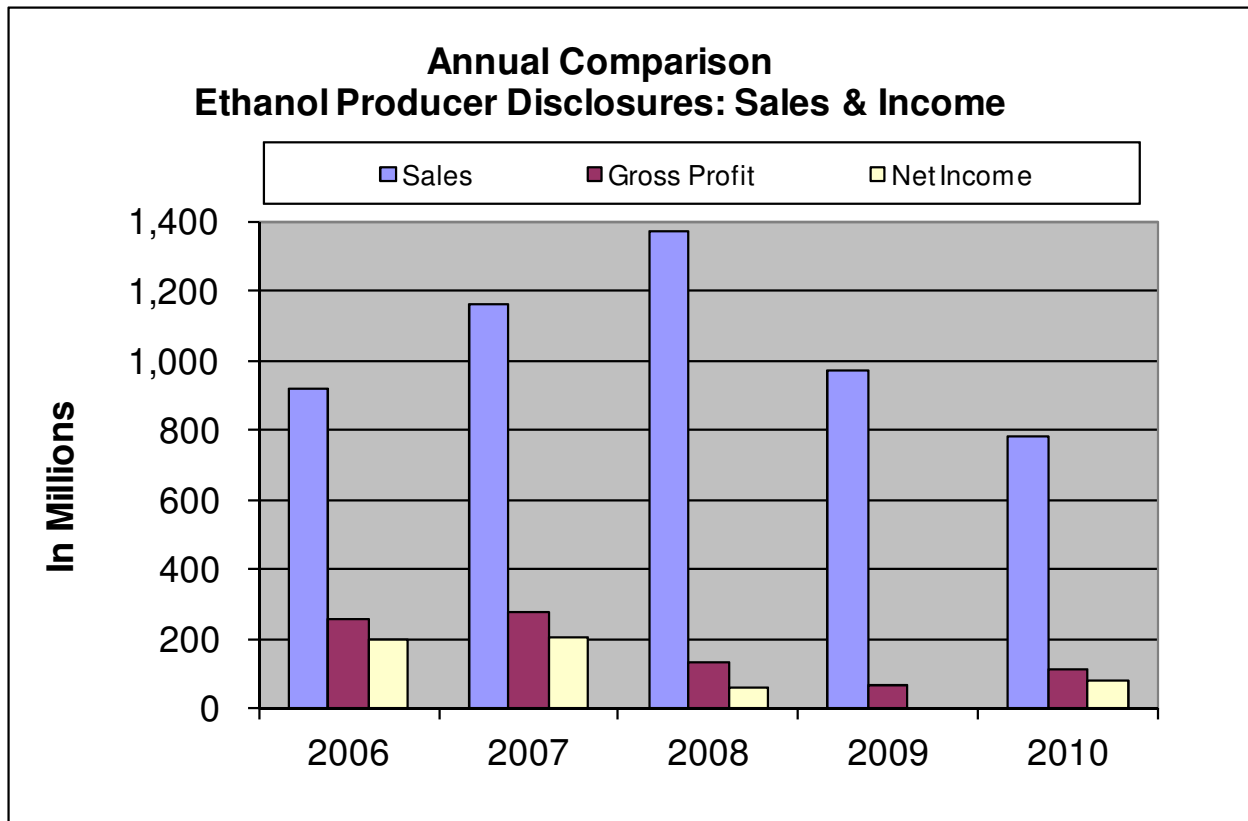
Minnesota Department of Agriculture
Balance Sheet Summary Data
Comparison of 2010 & 2009 Ethanol Producer Disclosures
Ethanol Report for February 2011

	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease)</u>	<u>Current Year Average Ethanol</u>
Assets				
<i>Current</i>				
Cash.....	\$ 81,424,856	\$ 56,509,250	\$ 24,915,606	\$ 9,047,206
Accounts Receivable.....	41,315,536	42,626,506	(1,310,970)	4,590,615
Inventory.....	54,840,584	46,639,758	8,200,826	6,093,398
Other.....	10,975,490	6,542,394	4,433,096	1,219,499
<i>Total Current Assets</i>	<u>188,556,466</u>	<u>152,317,908</u>	<u>36,238,558</u>	<u>20,950,718</u>
<i>Investments</i>				
In Coops.....	7,871,348	6,741,180	1,130,168	874,594
Other.....	29,755,940	25,471,322	4,284,618	3,306,216
<i>Total Investments</i>	<u>37,627,288</u>	<u>32,212,502</u>	<u>5,414,786</u>	<u>4,180,810</u>
<i>Fixed Assets</i>				
Land.....	20,058,104	19,245,144	812,960	2,228,678
Plant & Equipment.....	538,779,677	566,023,681	(27,244,004)	59,864,409
Accumulated Depreciation.....	(297,263,436)	(289,636,564)	(7,626,872)	(33,029,271)
<i>Total Fixed Assets</i>	<u>261,574,345</u>	<u>295,632,261</u>	<u>(34,057,916)</u>	<u>29,063,816</u>
<i>Other Assets</i>				
Financing Costs.....	457,934	538,116	(80,182)	50,882
Other.....	31,716,805	26,548,983	5,167,822	3,524,089
<i>Total Other Assets</i>	<u>32,174,739</u>	<u>27,087,099</u>	<u>5,087,640</u>	<u>3,574,971</u>
Total Assets	<u>\$ 519,932,838</u>	<u>\$ 507,249,770</u>	<u>\$ 12,683,068</u>	<u>\$ 57,770,315</u>
Liabilities				
<i>Current</i>				
Accounts Payable.....	\$ 54,734,599	\$ 45,468,193	\$ 9,266,406	\$ 6,081,622
Current Portion Long-Term Debt.....	9,803,368	14,564,600	(4,761,232)	1,089,263
Earnings Distribution.....	17,610,921	5,746,797	11,864,124	1,956,769
Other.....	12,934,255	22,285,280	(9,351,025)	1,437,139
<i>Total Current Liabilities</i>	<u>95,083,143</u>	<u>88,064,870</u>	<u>7,018,273</u>	<u>10,564,793</u>
<i>Long-Term</i>				
Long-Term Debt.....	59,033,979	41,339,933	17,694,046	6,559,331
Other Long Term Liabilities.....	3,321,824	2,684,434	637,390	369,092
<i>Total Long Term Liabilities</i>	<u>62,355,803</u>	<u>44,024,367</u>	<u>18,331,436</u>	<u>6,928,423</u>
Total Liabilities	<u>157,438,946</u>	<u>132,089,237</u>	<u>25,349,709</u>	<u>17,493,216</u>
Equity				
Cooperative.....	135,220,086	136,966,220	(1,746,134)	15,024,454
Other.....	138,889,545	144,204,000	(5,314,455)	15,432,172
Undistributed.....	88,384,261	93,990,313	(5,606,052)	9,820,473
<i>Total Equity</i>	<u>362,493,892</u>	<u>375,160,533</u>	<u>(12,666,641)</u>	<u>40,277,099</u>
Total Liabilities & Equity	<u>\$ 519,932,838</u>	<u>\$ 507,249,770</u>	<u>\$ 12,683,068</u>	<u>\$ 57,770,315</u>

Minnesota Department of Agriculture
Statement of Income Summary Data
Comparison of 2010 & 2009 Ethanol Producer Disclosures
Ethanol Report for February 2011

	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease)</u>	<u>Current Year Average Ethanol</u>
<u>Sales</u>				
Sales	\$ 779,147,205	\$ 971,318,567	\$ (192,171,362)	\$ 86,571,912
Cost of Sales	(665,129,758)	(907,328,786)	242,199,028	(73,903,306)
<i>Gross Profit</i>	<u>114,017,447</u>	<u>63,989,781</u>	<u>50,027,666</u>	<u>12,668,606</u>
<u>Operating Expenses</u>				
Employee Costs	7,173,531	7,361,534	(188,003)	797,059
Supplies	1,144,204	1,821,116	(676,912)	127,134
Repairs and Maintenance	1,194,308	1,222,657	(28,349)	132,701
Other Operating Expenses	22,240,020	15,496,450	6,743,570	2,471,113
Depreciation and Amortization	26,620,778	29,872,923	(3,252,145)	2,957,864
<i>Operating Expenses</i>	<u>58,372,841</u>	<u>55,774,680</u>	<u>2,598,161</u>	<u>6,485,871</u>
<u>Income from Operations</u>	<u>55,644,606</u>	<u>8,215,101</u>	<u>47,429,505</u>	<u>6,182,735</u>
<u>Other Income (Expenses)</u>				
State Ethanol Producer Payments	12,177,863	11,115,606	1,062,257	1,353,096
CCC Bioenergy Program Payments	-	-	-	-
Investment Earnings	9,112,387	(5,384,973)	14,497,360	1,012,487
Interest Expense	(2,388,143)	(5,298,697)	2,910,554	(265,349)
Gain (Loss) on Assets	430,278	(8,175,175)	8,605,453	47,809
Other	6,919,393	(2,695,619)	9,615,012	768,821
<i>Other Income (Expenses)</i>	<u>26,251,778</u>	<u>(10,438,858)</u>	<u>36,690,636</u>	<u>2,916,864</u>
<u>Income before Income Taxes</u>	81,896,384	(2,223,757)	84,120,141	9,099,599
<u>Income Taxes</u>	3,857,008	(1,980,105)	5,837,113	428,556
<u>Net Income</u>	<u>\$ 78,039,376</u>	<u>\$ (243,652)</u>	<u>\$ 78,283,028</u>	<u>\$ 8,671,043</u>

The following chart summarizes key numbers from Statement of Income report. All of the nine plants showed positive net income for the current period. When aggregated, the nine plants as a group showed \$78 million in net income for the period, \$56 million from operations and \$22M from other income which included state producer payments, investment earnings and sale of assets.



STATISTICAL SECTION:

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

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

Minnesota Department of Agriculture
Statistical Summary Data
Comparison of 2010 & 2009 Ethanol Producer Disclosures
Ethanol Report for February 2011

	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease)</u>	<u>Current Year Average Ethanol Producer</u>
<u>Statistics</u>				
Gross Revenues.....	\$ 807,787,126	\$ 966,178,406	\$ (158,391,280)	\$ 89,754,125
Sales.....	779,147,205	971,318,567	(192,171,362)	86,571,912
Operating Income.....	55,644,606	8,215,101	47,429,505	6,182,734
Profit before taxes.....	81,896,384	(2,223,757)	84,120,141	9,099,598
Net Income.....	78,039,376	(243,652)	78,283,028	8,671,042
Government Incentives:				
<i>MN Producer Payment</i>	12,177,863	11,115,606	1,062,257	1,353,096
<i>CCC Bio-Energy Program</i>	-	-	-	-
Patronage Dividends Paid/Other Dist	33,004,796	38,763,268	(5,758,472)	3,667,200
Interest Expense.....	2,388,143	5,298,697	(2,910,554)	265,349
<u>Liquidity</u>				
Current Ratio.....	1.98	1.73	0.25	1.98
Quick Ratio.....	1.41	1.20	0.21	1.41
<u>Leverage</u>				
Debt to total assets.....	12.00%	9.00%	3.00%	12.00%
Debt to equity.....	43.00%	35.00%	8.00%	43.00%
Liabilities to equity.....	17.00%	12.00%	5.00%	17.00%
Times investment income earned.....	35.29	0.58	34.71	35.29
<u>Activity</u>				
Inventory turnover.....	14.21	20.83	(6.62)	14.21
Fixed assets turnover.....	2.98	3.29	(0.31)	2.98
Total asset turnover.....	1.50	1.91	(0.41)	1.50
<u>Profitability</u>				
Profit margin on sales.....	10.00%	0.00%	10.00%	10.00%
Return on total assets.....	15.00%	0.00%	15.00%	15.00%
Return on total equity.....	22.00%	0.00%	22.00%	22.00%

OWNERSHIP SECTION:

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

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

Agri-Energy, LLC (Luverne) did not sign the Ethanol Production Facility Disclosure Statement since the facility is now owned by an ineligible entity.

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