



Thirteenth Annual Report 2019



2019 Annual Report

Officers and Board Members

Steve Knoebel, Class B	Chairman
Duane Hinchley, Class B	Vice Chairman
Anthony Schadt, Class B	Secretary
David A. Cramer	Treasurer
Howard Bohl, Class A	Board Member
Christopher Seitz, Class A	Board Member
Bob Weiland, Class C	Board Member
Jim Shelton, Class C	Board Member

Personnel

David A. Cramer	President and Chief Executive Officer
Damian E. Girten	Chief Financial Officer
Dan Shickles	General Manager

Other Information

Date formed	May 2005
Fiscal year end	Dec. 31
Annual meeting date	Set by board of managers
This year's annual meeting date	March 16, 2020



INDEPENDENT AUDITORS' REPORT

Board of Managers
United Ethanol LLC and Subsidiary
Milton, Wisconsin

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of United Ethanol LLC and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of operations, member equities, and cash flows for the years then ended, and the related notes to consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting practices 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of United Ethanol LLC and Subsidiary as of December 31, 2019 and 2018, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statement 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 consolidated financial statements as a whole.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.**CliftonLarsonAllen LLP**

Middleton, Wisconsin
February 4, 2020

UNITED ETHANOL LLC AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 7,245	\$ 33,174
Short-Term Investments	6,048,037	4,408,073
Accounts Receivable - Trade	3,361,587	2,437,634
Inventories	3,637,357	3,683,356
Prepaid Expenses	<u>355,637</u>	<u>271,865</u>
Total Current Assets	13,409,863	10,834,102
INVESTMENTS AND OTHER ASSETS		
Investments	4,004,716	3,533,342
PROPERTY AND EQUIPMENT		
Less: Accumulated Depreciation	87,407,873	86,387,432
	<u>(64,744,130)</u>	<u>(60,639,282)</u>
Net Property and Equipment	22,663,743	25,748,150
Total Assets	<u><u>\$ 40,078,322</u></u>	<u><u>\$ 40,115,594</u></u>
LIABILITIES AND MEMBER EQUITIES		
CURRENT LIABILITIES		
Checks Issued in Excess of Bank Balance	\$ 296,095	\$ 108,289
Accounts Payable	2,363,501	3,420,862
Accrued Expenses	222,132	216,106
Taxes Payable	<u>190,240</u>	<u>179,569</u>
Total Current Liabilities	3,071,968	3,924,826
MEMBER EQUITIES		
Class A Units	14,150,000	14,150,000
Class B Units	7,000,000	7,000,000
Class C Units	10,295,000	10,295,000
Accumulated Capital	<u>5,561,354</u>	<u>4,745,768</u>
Total Member Equities	37,006,354	36,190,768
Total Liabilities and Member Equities	<u><u>\$ 40,078,322</u></u>	<u><u>\$ 40,115,594</u></u>

**UNITED ETHANOL LLC AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
NET SALES	\$ 104,477,654	\$ 93,761,653
COST OF GOODS SOLD	<u>100,583,742</u>	<u>90,714,054</u>
GROSS PROFIT	3,893,912	3,047,599
GENERAL AND ADMINISTRATIVE EXPENSES	(914,602)	(927,417)
OTHER OPERATING INCOME (EXPENSE)	<u>7,175</u>	<u>24,249</u>
INCOME FROM OPERATIONS	2,986,485	2,144,431
OTHER INCOME (EXPENSE)		
Patronage, Dividend, and Interest Income	855,988	943,354
Interest Expense	<u>(26,887)</u>	<u>(7,464)</u>
NET INCOME	<u><u>\$ 3,815,586</u></u>	<u><u>\$ 3,080,321</u></u>

UNITED ETHANOL LLC AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF MEMBER EQUITIES
YEARS ENDED DECEMBER 31, 2019 AND 2018

	Class A Units	Class B Units	Class C Units	Accumulated Capital
BALANCE - JANUARY 1, 2018	\$ 14,150,000	\$ 7,000,000	\$ 10,295,000	\$ 7,665,447
2018 Net Income	-	-	-	3,080,321
Member Distributions	-	-	-	(6,000,000)
BALANCE - DECEMBER 31, 2018	14,150,000	7,000,000	10,295,000	4,745,768
2019 Net Income	-	-	-	3,815,586
Member Distributions	-	-	-	(3,000,000)
BALANCE - DECEMBER 31, 2019	<u>\$ 14,150,000</u>	<u>\$ 7,000,000</u>	<u>\$ 10,295,000</u>	<u>\$ 5,561,354</u>

UNITED ETHANOL LLC AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 3,815,586	\$ 3,080,321
Adjustments to Reconcile Net Income to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	4,104,848	6,054,299
Noncash Patronage Refunds Received	(593,267)	(747,495)
Change in Assets and Liabilities:		
Accounts Receivable	(923,953)	394,239
Inventories	45,999	(55,189)
Prepaid Expenses	(83,772)	16,417
Accounts Payable	(916,384)	1,318,482
Accrued Expenses	6,026	(53,043)
Taxes Payable	10,671	(23,436)
Net Cash Provided by Operating Activities	5,465,754	9,984,595
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Property and Equipment	(1,161,418)	(2,986,712)
Purchase of Investments	(1,518,071)	(957,751)
Net Cash Used by Investing Activities	(2,679,489)	(3,944,463)
CASH FLOWS FROM FINANCING ACTIVITIES		
Member Distributions	(3,000,000)	(6,000,000)
Increase (Decrease) in Checks Issued in Excess of Bank Balance	187,806	(24,491)
Net Cash Used by Financing Activities	(2,812,194)	(6,024,491)
NET INCREASE (DECREASE) IN CASH	(25,929)	15,641
Cash - Beginning of Year	33,174	17,533
CASH - END OF YEAR	\$ 7,245	\$ 33,174
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	\$ 26,861	\$ 7,506

UNITED ETHANOL LLC AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

United Ethanol LLC and Subsidiary (the Company) is a Wisconsin company that manufactures ethanol, distillers grain, corn oil, and carbon dioxide at a plant in Milton, Wisconsin. The plant has a production capacity of approximately 60,000,000 gallons of ethanol annually.

UE Exports, Inc. (UE Exports) is a wholly owned subsidiary of United Ethanol LLC. UE Exports is an IC-DISC entity which was formed on June 1, 2015. The purpose of this entity is to sell, exchange, or otherwise dispose of ethanol or related by-products manufactured or produced in the United States by other persons for direct use, consumption, or disposition outside of the United States and to perform services related or ancillary to any such sale, exchange, or disposition.

Principles of Consolidation

The consolidated financial statements include the accounts of United Ethanol LLC and its wholly owned subsidiary, UE Exports (together known as the Company). Significant intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in accordance with auditing standards generally accepted in the United States of America requires 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 amounts of revenue and expenses during the reporting period. Actual results will differ from those estimates.

Adoption of New Accounting Standards

In 2019, the Company adopted the FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (Topic 606), which requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. There was no material impact on the Company's financial position and results of operations upon adoption of the new standard.

In 2019, the Company adopted FASB Accounting Standards Update No. 2016-01, Financial Instruments—Overall (Subtopic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities*, using a modified retrospective transition method. The Company's investments are primarily in other cooperatives where there is not a readily determinable fair value as described under 'Investments' in note 1. There was no material impact on the Company's financial position and results of operations upon adoption of the new standard.

UNITED ETHANOL LLC AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are uncollateralized customer obligations which generally require payment within 30 days from the invoice date. The Company does not accrue interest on past due accounts.

Account balances with invoices over 90 days old are considered delinquent. Payments of accounts receivable are applied to the specific invoices identified on the customer's remittance advice or, if unspecified, to the earliest unpaid invoices.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectibility of specific customer accounts and the aging of the accounts receivable. If there is a deterioration of a major customer's creditworthiness or actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due the Company could be adversely affected. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful accounts.

As of December 31, 2019 and 2018, there were no accounts outstanding greater than 90 days and management believes all accounts are collectible. As a result, no allowance for uncollectible accounts has been recorded.

Inventories

Inventory is stated at the lower of cost or net realizable value, with cost determined on a first-in, first-out (FIFO) basis. Cost of work in process and finished goods includes labor and an allocation of indirect manufacturing costs.

Property and Equipment

Property and equipment are stated at cost. Major expenditures for property and equipment and those that substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. Lives used for calculating depreciation are as follows:

Land Improvements	15 Years
Plant Buildings, Machinery, and Equipment	12 to 39 Years
Office Equipment	3 to 7 Years
Vehicles	5 Years

UNITED ETHANOL LLC AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

Investments

Investments are primarily in other cooperatives and do not have a readily determinable fair value, are not transferable, and no cash is received until such time as redeemed at the discretion of the other cooperative. The Cooperative has elected to record these investments in other cooperatives at original cost, plus the face value of equities received as qualified patronage refunds, less impairment, if any. Nonqualified patronage refunds are recognized only to the extent of anticipated future cash flows, based largely on the issuing cooperative's indication on whether or not the redemption would be included in the company's annual equity redemption program. The face value of equities redeemed by other cooperatives is deducted from the investment balance. Patronage refunds and redemptions are recorded in the year received.

Revenue Recognition

The Company recognizes revenue when its customer obtains control of promised goods or services in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. To determine revenue recognition for the arrangements that the Company determines are within the scope of Topic 606, the Company performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the Company satisfies a performance obligation.

The Company enters into contracts with its customers to provide ethanol and ethanol byproducts, which are generally short-term contracts allowing for the satisfaction of all performance obligations in less than one year. A contract exists when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance, and collectability of consideration is probable. The Company's contracts with customers typically include a single performance obligation to transfer ethanol or ethanol byproducts to the shipping point.

The pricing and payment terms for contracts are based on the Company's standard terms and conditions or the result of specific negotiations with each customer. Contracts do not contain a significant financing component as the Company's standard terms and conditions generally require payment within 30 days from the invoice date depending on the customer.

UNITED ETHANOL LLC AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Revenue is recognized when control of the ethanol or ethanol byproducts has transferred to customers. For the majority of the Company's customer arrangements, control transfers to customers at a point in time when ethanol or ethanol byproducts have been loaded onto rail cars or into trucks at the manufacturing facility, as that is generally when legal title, physical possession, and the risks and rewards of the ethanol or ethanol byproducts transfers to the customer.

The timing of revenue recognition, billings, and cash collections results in receivables, contract assets, and contract liabilities. Accounts receivable are recorded when the right to consideration becomes unconditional and are presented separately in the balance sheets. The Company does not have significant contract assets and contract liabilities as of December 31, 2019.

Shipping Costs

Substantially all costs of shipping products to customers are netted in sales.

Advertising

The Company expenses advertising costs as incurred.

Income Taxes

The Company is organized as a limited liability company under state law and has elected to be taxed under sections of federal and state income tax law as a partnership. As a result of this election, no income taxes are paid by the Company. Instead, the members separately pay tax on their pro rata shares of the Company's income, deductions, losses, and credits.

Subsequent Events

Management evaluated subsequent events through February 4, 2020, the date the consolidated financial statements were available to be issued. Events or transactions occurring after December 31, 2019, but prior to February 4, 2020 that provided additional evidence about conditions that existed at December 31, 2019, have been recognized in the consolidated financial statements for the year ended December 31, 2019.

NOTE 2 INVENTORIES

Inventories consist of the following at December 31:

	2019	2018
Raw Materials	\$ 421,300	\$ 246,251
Work in Process	591,100	507,600
Finished Goods	936,852	1,258,716
Spare Parts	1,688,105	1,670,789
Total Inventories	<u>\$ 3,637,357</u>	<u>\$ 3,683,356</u>

UNITED ETHANOL LLC AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 3 PROPERTY AND EQUIPMENT

The Company's investment in property and equipment is recorded in the consolidated balance sheets at cost. The principal elements of the total shown in the consolidated balance sheets are as follows at December 31:

	2019	2018
Land and Land Improvements	\$ 3,794,357	\$ 3,794,357
Buildings, Machinery, and Equipment	82,735,004	81,737,846
Office Equipment	66,521	66,521
Vehicles	811,991	788,708
Total Property and Equipment	<u>\$ 87,407,873</u>	<u>\$ 86,387,432</u>

Depreciation expense was \$4,104,848 and \$6,054,299 for 2019 and 2018, respectively.

NOTE 4 CONCENTRATIONS OF CREDIT RISK

The Company maintains cash at various financial institutions. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specific limits. Balances in excess of FDIC limits are uninsured. Total cash held by the financial institutions was \$4,745 and \$30,674 at December 31, 2019 and 2018, respectively.

NOTE 5 RELATED PARTY TRANSACTIONS

United Cooperative, as 37.16% owner, serves as the managing member of the Company and provides administrative services to the Company. Administrative services are reimbursed at cost plus 5%. Administrative services consist of reimbursements of various office expenses and employee salaries, wages, and benefits. The Company has a contract to purchase all of its corn from United Cooperative. The Company also pays management fees to United Cooperative for management services provided.

Transactions between the entities are as follows for the years ended December 31:

	2019	2018
Accounts Receivable from	\$ 276,221	\$ 214,616
Accounts Payable to	1,291,897	1,918,228
Sales to	2,377,915	4,127,346
Purchases from	76,949,583	65,043,454
Reimbursed Wages for Leased Employees	2,781,805	2,788,268
Management Fee	288,540	288,540

United Cooperative leases all of the Company's grain storage space for a one-year term ended January 2014 with automatically renewing one-year terms for \$1 per year plus stock carrying costs.

UNITED ETHANOL LLC AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 5 RELATED PARTY TRANSACTIONS (CONTINUED)

At December 31, 2019 and 2018, the Company owned shares of United Cooperative's preferred stock included as short-term investments in the consolidated balance sheets. The stock is dividend bearing, redeemable at the discretion of United Cooperative (currently redeemed as presented), is uninsured, and not specifically pledged as collateral.

NOTE 6 COMMITMENTS AND CONTINGENCIES

The Company has an ethanol purchase and marketing agreement with one vendor to sell 100% of the production of ethanol from the facility. The agreement expires in January 2020. The agreement is automatically renewable in March for a one-year term, unless notice of termination is provided by one of the parties.

The Company has an exclusive marketing agreement that appoints one vendor to be the exclusive marketer of the dried distillers grain with soluble, wet distillers grains, and condensed corn distillers soluble produced at the facility. The term of the agreement is from June 2019 through June 2020. The agreement is automatically renewable in June for a one-year term, unless notice of termination is provided by one of the parties.

The Company has an exclusive marketing agreement that appoints one vendor to be the exclusive marketer of distillers crude corn oil produced at the facility. The term of the agreement is for November 2019 through October 2020. The agreement is automatically renewable in November 2020 for a one-year term, unless notice of termination is provided by one of the parties.

The Company has also entered into a throughput service agreement for natural gas with one vendor. The agreement is automatically renewable in August 2020 for a one-year term, unless notification of termination is provided by one of the parties. Under this agreement, the Company is contingently liable for the capital expenditures that will be incurred by the vendor in order to provide service to the Company.

The Company has entered into a corn supply agreement with United Cooperative for the purchase of all of the Company's corn requirements for ethanol production. The term of the agreement shall be for a period of five years, commencing in April 2012 with automatic one-year renewal terms.

During 2013, the Company sold the production equipment, building, and storage tanks used in the manufacturing of liquefied carbon dioxide. The Company then entered into an agreement with the buyer to sell them the carbon dioxide gas from the facility to be further processed into liquid carbon dioxide. The agreement expires in March 2023. The agreement is automatically renewable for two additional five-year periods thereafter, unless notice of termination is provided by one of the parties.

In the ordinary course of conducting business, the Company becomes involved in various legal proceedings, claims, and litigation. While such items have an element of uncertainty, the Company believes that any outcome will not have a material adverse effect on the financial condition of the Company.

UNITED ETHANOL LLC AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 6 COMMITMENTS AND CONTINGENCIES (CONTINUED)

The commodity markets that directly affect the Company, including the corn, ethanol, and oil markets, have been volatile during 2019 and 2018. These markets and their interrelationships directly affect the supply and demand for the products produced by the Company and the Company's operating results. The impact of these markets on future operations, if any, cannot be determined.

The Company is at risk for price fluctuations on any contracted quantities not directly offset by inventory or forward fixed price purchase/sales contracts with suppliers/customers and is also exposed to loss in the event of nonperformance by counterparties to the contracts. The Company has contracted to purchase and sell various inventory items for later delivery at specified prices as follows:

- Sales contracts for 10,753,427 gallons of ethanol
- Purchase contracts for 2,120,340 bushels of corn
- Sales contracts for 20,600 tons of dried distillers grain
- Sales contracts for 861,660 pounds of corn oil
- Purchase contracts for 2,477,200 mmbtus of natural gas

The Company's operations are subject to environmental laws and regulations adopted by various governmental authorities in the jurisdiction in which it operates. These laws require the Company to investigate and remediate the effects of the release or disposal of materials at its locations. Accordingly, the Company has adopted policies, practices, and procedures in the areas of pollution control, occupational health, and the production, handling, storage, and use of hazardous materials to prevent material environmental or other damage, and to limit the financial liability which could result from such events. Environmental liabilities are recorded when the liability is probable and the costs can be reasonably estimated.

NOTE 7 MEMBER EQUITIES

The Company has authorized 3,000,000 units of Class A and Class C equity. Class A and Class C are identical with respect to voting rights. At December 31, 2019 and 2018, 1,421,725 of Class A units and 960,875 of Class C units were issued and outstanding. The majority of Class A unit holders are members, holders of debt, preferred stock, or patronage equity of United Cooperative.

The Company has also issued 930,000 units of Class B equity. Class B units are owned by United Cooperative and carry the same voting rights as the Class A and Class C units.

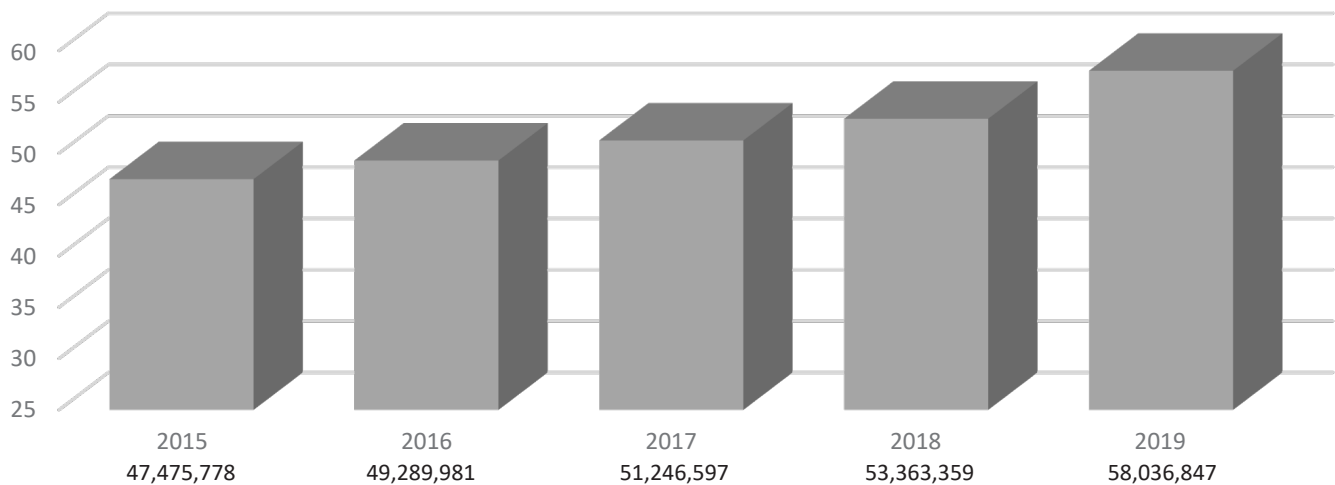
NOTE 8 INCOME TAXES

The Company files income tax returns in the U.S. federal jurisdiction and one state. The Company is a pass-through entity for income tax purposes whereby any income tax liabilities or benefits are attributable to the Company's owners.

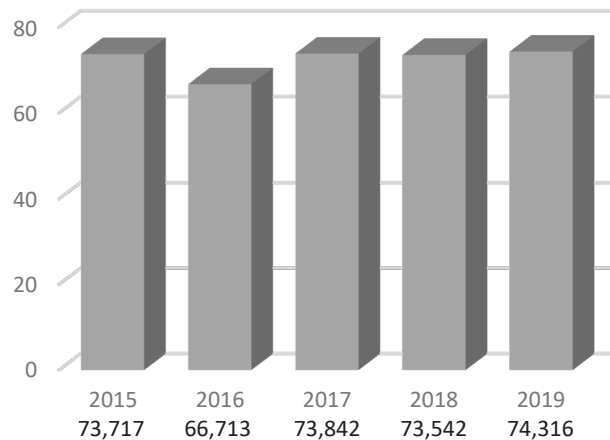
UNITED ETHANOL LLC AND SUBSIDIARY
CONSOLIDATED WORKING CAPITAL ANALYSIS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>2019</u>	<u>2018</u>
WORKING CAPITAL PROVIDED FROM		
Net Income	\$ 3,815,586	\$ 3,080,321
Adjustments for Elements of Net Income Not Affecting Working Capital:		
Depreciation and Amortization	4,104,848	6,054,299
Noncash Portion of Patronage Refunds Received	<u>(593,267)</u>	<u>(747,495)</u>
Working Capital Provided from Operations	7,327,167	8,387,125
Proceeds from the Redemption of Investments	<u>121,893</u>	<u>41,683</u>
Total Working Capital Provided	7,449,060	8,428,808
WORKING CAPITAL USED FOR		
Acquisition of Property and Equipment	1,020,441	3,157,579
Member Distributions	<u>3,000,000</u>	<u>6,000,000</u>
Total Working Capital Used	4,020,441	9,157,579
NET INCREASE (DECREASE) IN WORKING CAPITAL	3,428,619	(728,771)
Working Capital - Beginning of Year	<u>6,909,276</u>	<u>7,638,047</u>
WORKING CAPITAL - END OF YEAR	<u><u>\$ 10,337,895</u></u>	<u><u>\$ 6,909,276</u></u>

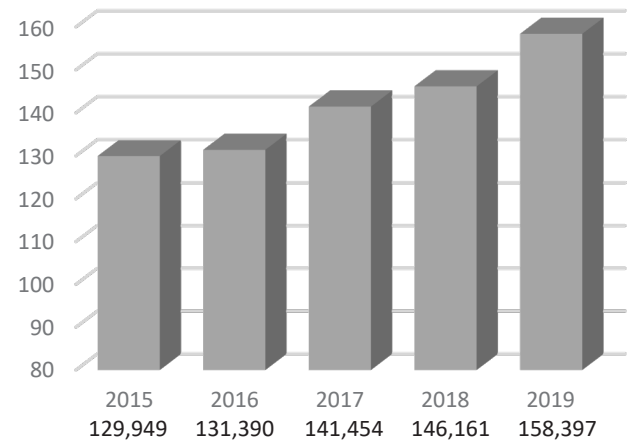
Ethanol Production



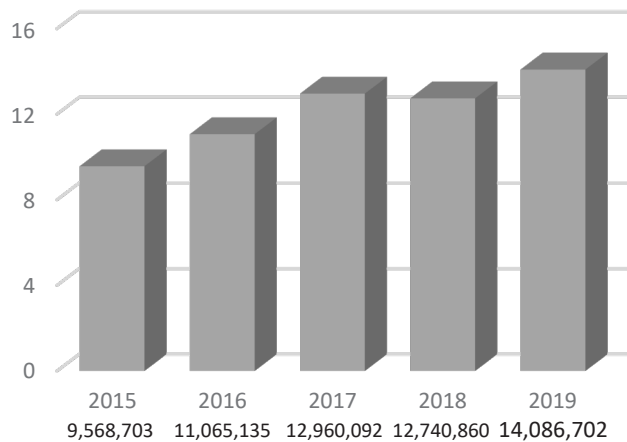
CO₂ Production



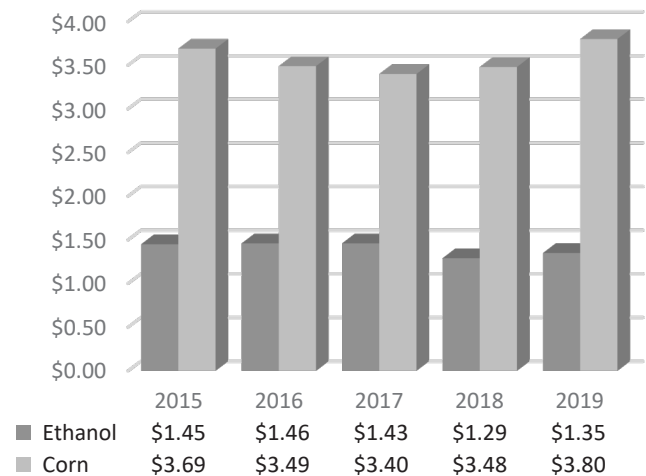
Distillers Grain Production



Corn-oil Production



Commodity Prices





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www.unitedethanol.com