



**First Quarter 2016**  
**LSCP, LLLP**  
**General Manager Comments**

The Company ended the 1<sup>st</sup> quarter of fiscal year 2016 on December 31, 2015 with a positive result, net profit for the quarter was \$3.73M. Remember, earning in the first fiscal quarter are included in your 2015 tax liability. (i.e. \$20.28M). I repeat this statement every year, but it can get confusing so I feel it's worth repeating. Enclosed you will find the financial overview, I'll leave the numbers at that and move on to our construction projects just completed and the projects that your Board of Directors have approved for 2016.

The Board of Directors made the decision in early 2015 to construct 2 additional fermenters, a degasification system, add additional cells to each of our two coolers towers, replace the slurry mixer, upgrade our heat transfer system in slurry, add a pre-condenser off the CO<sub>2</sub> scrubber, and upgrade our milling capacity. These projects along with others approved throughout the year brought total capital expenditures to 15.94M. Of last year's capital outlay, 13.79M was utilized to upgrade from 120-million-gallon production to our current rate of 135-million gallons and 2.15M was for membership in RPMG, our ethanol and rail distiller grain marketer.

I don't know how to say this, but what a major success the capital expenditures have been for the plant. In calendar year 2014, our corn to ethanol conversion was 2.836 gallons per bushel. In late 2014 and early 2015, we transitioned to a new genetically modified yeast which increased yield to 2.88 gallons per bushel by mid-year 2015. All the capital investments came on line by October 2015 and by year-end our yield improved to slightly over 2.96 gallons per bushel. I am pleased to report our yield has increased to 2.97 in January 2016 and February appears today to be slightly better yet. Of the 13 Fagen/ICM plants surveyed in Iowa, Little Sioux had the 2<sup>nd</sup> highest ethanol conversion for calendar 2015 and was #1 for the 4<sup>th</sup> quarter 2015 which is a major accomplishment and a true benchmark of your investment.

LSCP personnel continue to market our corn oil, modified wet distillers, and dry distillers sold by truck. Prior to our membership in RPMG our marketing fee was 1¢ per gallon. Since our membership became effective April 1, 2015 our marketing fee is based upon cost incurred by RPMG which to date is about 4/10<sup>th</sup> per gallon. At today's operating rate our fee prior to membership would have been \$1.35M per year. Now, with the membership investment our fee is reduced to approximately \$540,000. The investment in RPMG will pay for itself in 2.65 years if costs remain stable. I fully expect the RPMG investment to give us positive returns well past the time required to recover the investment.

Of course, the next question is exactly what does this all do for you, the investor. For this analysis, I am using 2014 and 2015 calendar year conversions rates of 2.836 and 2.923, respectively. Along with the improved yield, our chemical cost did increase about 1.01¢ per gallon from 2014 to 2015. If we use our current 135-million-gallon rate,

chemical cost per year have increased \$1.4 million year on year, but at the same time our corn grind requirement has decreased 1.4 million bushels. Our cost of corn is currently in the \$3.60/bushel range at this writing. The increase in yield reduced corn cost by \$5.1M, a net cost saving of \$3.7M. I think it's fair that over time the volume increase of 15 million gallons will increase net earnings by an additional \$1.5 million dollars. By adding the earnings increase and the cost reduction incurred, that translates to 2.64 year payback on the investment and a positive for the long term viability of the company. I'm not going to lay this all at the feet of our capital improvements, the technology advances in the yeast and more effective enzymes we currently have in our program have made a difference. However, without the expenditure of capital we would not be in our present place in regard to yield or total production. You can't do one without the other and have maximum effect. Coupling the two has been a success for Little Sioux Corn Processors.

At the October 2015, meeting the Board approved a railcar mover, additional mole sieve capacity, two new centrifuges, one additional hammer mill, cooling at the CO2 scrubber, milling conveyors to process, and a leg/conveyor to elevate dry DDG into flat storage for load out. The total capital expenditure for these projects is approximately 11.4M. These projects are moving along nicely and when the weather moderate's construction will commence. We are hopeful this latest expansion will be operational by year-end. As I mentioned in the last newsletter, this capital investment will increase our domestic rate to 150-million gallons and export specifications to a 140 million rate, which will allow the company a great deal of flexibility to hit the best market whether it be domestic or foreign.

Also, mark your calendar, the annual meeting of Little Sioux Corn Processors, LLC will be March 31, 2016 at WITCC in Cherokee. I look forward to seeing you there.

Congratulations, your company had another good year.

Steve

## Financial Statements Review

By Gary Grotjohn

### First Quarter Ended December 31, 2015

We ended the quarter with a profit for LSCP, LLLP of \$4,025,000, resulting in a profit for the LLC of \$2,251,000. This compares to last year where LSCP, LLLP showed a profit of \$19,568,000 resulting in a profit for the LLC of \$10,941,000.

**The Fiscal Quarter Ended December 31, 2015 and 2014 (unaudited) results are as follows:**

|                                                 | <b>Three Months Ended<br/>December 31, 2015<br/>(Unaudited)</b> | <b>Three Months Ended<br/>December 31, 2014<br/>(Unaudited)</b> |
|-------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|
| Revenues                                        | \$ 58,674,000                                                   | \$ 66,002,000                                                   |
| Cost of Goods Sold                              | 53,875,000                                                      | 54,123,000                                                      |
| Gross Margin                                    | <u>4,799,000</u>                                                | <u>11,879,000</u>                                               |
| Selling, General and Administrative Expenses    | 1,110,000                                                       | 1,116,000                                                       |
| Other Income and (Expense)                      | <u>336,000</u>                                                  | <u>8,805,000</u>                                                |
| Net Income Before Minority Interest             | 4,025,000                                                       | 19,568,000                                                      |
| Minority Interest in Subsidiary Income          | 1,775,000                                                       | 8,627,000                                                       |
| Net Income for Little Sioux Corn Processors LLC | <u><u>\$ 2,250,000</u></u>                                      | <u><u>\$ 10,941,000</u></u>                                     |
| Outstanding Units                               | 164,115                                                         | 164,115                                                         |
| Net Income (Loss) per Unit                      | 13.71                                                           | 66.67                                                           |

December 2015 Revenues are 11% lower than last year due to 25% lower prices, offset by 12% higher ethanol sales gallons. Co-product sales prices were mixed with DDG and MWDG prices increasing over last year, offset by reduced prices of corn oil.

Cost of Goods Sold for the quarter was similar to last year, with corn prices nearly steady and natural gas prices decreasing 30% over last year.

Our Selling, General and Administrative expenses were consistent with last year's amount.

Other Income decreased approximately 8,800,000 over last year. This was due to the 2014 sale of an investment resulting in a long term capital gain.

**Balance Sheet as of December 31, 2015 and 2014:**

|                                            | <b>December 31, 2015<br/>Unaudited</b> | <b>December 31, 2014<br/>Unaudited</b> |
|--------------------------------------------|----------------------------------------|----------------------------------------|
| Total Current Assets                       | \$ 59,141,000                          | \$ 89,768,000                          |
| Net Property and Equipment                 | 74,506,000                             | 71,630,000                             |
| Other Assets                               | 9,019,000                              | 6,582,000                              |
| Total Assets                               | <u>\$ 142,666,000</u>                  | <u>\$ 167,980,000</u>                  |
|                                            |                                        |                                        |
| Total Current Liabilities                  | \$ 19,734,000                          | \$ 20,812,000                          |
| Other Long Term Liabilites                 | -                                      | -                                      |
| Long Term Debt, net of current maturities  | -                                      | -                                      |
| Minority Interest                          | 52,733,000                             | 63,418,000                             |
| Members' Equity, 164,115 outstanding units | 70,199,000                             | 83,750,000                             |
| Total Liabilities and Members Equity       | <u>\$ 142,666,000</u>                  | <u>\$ 167,980,000</u>                  |

The decrease in Total Current Assets and Members Equity is a result of a lower cash balance over last year resulting from the \$44.8 million cash distributions paid in 2015 partially offset by 2015 earnings. The increase in Net Property and Equipment is a result of new capital expenditures offset by normal depreciation. Other Assets increased due to the income from our investments in affiliates.

**Other Comments:**

Our annual meeting is scheduled for March 31, 2016 at 7:00 pm. The meeting will again be held at Western Iowa Tech in Cherokee. The complete audited financial statements for Fiscal 2015 and the annual meeting material will be mailed prior to the meeting. Please reserve this date and plan to attend.

**Distribution to Owners**

LSCP had another profitable year. The board of directors of Little Sioux Corn Processors, LLC authorized a cash distribution to the owners of \$40.88 per unit, which was distributed the first week of February.

## **Recent Little Sioux Corn Processors, LLC Units Traded**

In October 2015, 100 Class B units were sold for \$415/unit and an additional 100 Class A units sold for \$400/unit in February. This represents 6 times the initial cost of the units from when Little Sioux was formed. Additionally, each LLC unit represents approximately 460 gallons of ethanol production at the present annual rate of 135,000,000 gallons, making these sold units equal to approximately 90¢ and 87¢ per gallon of production, respectively.

Recent unit sales, offers to buy, and units for sale can be reviewed at the unit trading site. Go to [www.littlesiouxcornprocessors.com](http://www.littlesiouxcornprocessors.com) and on the left side select "Customer Menu Group". Then select "Stock Information" that redirects to the next page which has the shortcut of "Please click [here](#) to go to their website" that opens the FNC Ag Stock, LLC trading page. Scroll down to the Little Sioux Corn Processors, LLC Class A, or Class B or Class C pages. Each of these pages show the recent sales, standing offers to buy and the listing of units for sale.

As of the writing of this newsletter, the Little Sioux Corn Processors, LLC Class A page has a standing offer to purchase 30 units at \$380/unit, and a listing of 200 units for sale at \$400/unit.

If you are interested in buying or selling LLC units, please contact FNC Ag Stock LLC directly. Their web site can be viewed as listed above and has their contact information.



## 2016 ACE SCHOLARSHIP PROGRAM:

**TO:** ACE ETHANOL PRODUCER, VOTING, AND ASSOCIATE MEMBERS  
**FROM:** SHANNON GUSTAFSON – DIRECTOR OF STRATEGIC PROJECTS  
**SUBJECT:** 2015 ACE SCHOLARSHIP PROGRAM  
**DATE:** 2/5/2016

The American Coalition for Ethanol is pleased to notify you that we will be awarding three \$1000 scholarships to employees and dependents of employees and shareholders of ACE **Ethanol Producer**, **Voting**, and **Associate** member companies and organizations in good standing.

### Eligibilities:

Employees or shareholders, spouses of employees or shareholders, or dependent children age 24 and under of employees or shareholders, of an Associate, Voting, or Ethanol Producer member of ACE are eligible. Employees must be employed a minimum of one year as of the application deadline date.

Applicants must be high school seniors or graduates who plan to enroll, or students who are already enrolled, in a full-time undergraduate course of study at an accredited two- or four-year college or university, or vocational-technical school for an entire upcoming academic year.

The program is administered by Scholarship Management Services, a program of Scholarship America, a national nonprofit student aid service organization.

The deadline for application is **April 1**. All entries must be postmarked by that date.

Please make all eligible employees aware of this terrific opportunity available to them through your company's membership in the American Coalition for Ethanol.

Winners will be notified by Scholarship America on or around May 10.

Again, thank you for your continued support of the ethanol industry, and best of luck to all applicants.

You may share copies of the enclosed application, or contact Shannon Gustafson at [sgustafson@ethanol.org](mailto:sgustafson@ethanol.org) to receive the application electronically.

*The ACE Scholarship Program is made possible by proceeds from raffle ticket purchases. In addition, Associations Motor Club Marketing (AMCM) donates a portion of each auto club membership purchased through the "I Support Biofuels" link at [www.amcm-online.com](http://www.amcm-online.com) to the ACE Scholarship Program.*



# American Coalition for Ethanol

TYPE OR PRINT ALL INFORMATION EXCEPT SIGNATURES

Completeness and neatness ensure your application will be reviewed properly.

Application postmark deadline April 1

FOR  
SCHOLARSHIP  
MANAGEMENT  
SERVICES  
USE ONLY

| I.D. # | AA | PD | RIC/CS | GPA | SATCR | SATM | SATW | ACTC | TOTAL |
|--------|----|----|--------|-----|-------|------|------|------|-------|
|        |    |    |        |     |       |      |      |      |       |

## APPLICANT DATA

Last Name \_\_\_\_\_ First \_\_\_\_\_ Middle Initial \_\_\_\_\_  
Permanent Home \_\_\_\_\_  
Mailing Address \_\_\_\_\_ Apartment # \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ ZIP Code \_\_\_\_\_  
Phone ( \_\_\_\_\_ ) \_\_\_\_\_ Date of Birth: Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_  
Email Address \_\_\_\_\_

Please indicate your status. (For statistical purposes only)

☐ Male

☐ Female

☐ American Indian/Alaska Native

☐ Black/African American

☐ Multi-Racial

☐ White

☐ Asian

☐ Hispanic/Latino

☐ Native Hawaiian/Pacific Islander

## EMPLOYEE PARENT OR GUARDIAN INFORMATION

Member/Employee/Shareholder Status (Check one):

Employee of a company that is a(n):

☐ Ethanol Producer Member of the American Coalition for Ethanol

☐ Voting Member of the American Coalition for Ethanol

☐ Associate Member of the American Coalition for Ethanol

Member Company Name \_\_\_\_\_

Employee Last Name \_\_\_\_\_ First \_\_\_\_\_ Middle Initial \_\_\_\_\_

Job Title \_\_\_\_\_ Work Phone ( \_\_\_\_\_ ) \_\_\_\_\_

Email Address \_\_\_\_\_

Division/Subsidiary \_\_\_\_\_ Department \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Relationship to Applicant \_\_\_\_\_

The applicant is a dependent of the member/employee ☐ Yes ☐ No

## HIGH SCHOOL DATA

School Name \_\_\_\_\_ High School Graduation Date: Month \_\_\_\_\_ Year \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Phone ( \_\_\_\_\_ ) \_\_\_\_\_

## POST- SECONDARY SCHOOL DATA

Name of postsecondary school you plan to attend. (If unknown, please list in order of preference the schools to which you have applied.)  
Use official school names. Do not use abbreviations.

\_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_

\_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_

☐ 4 yr. College or University

☐ 2 yr. Community or Junior College

☐ Vocational-Technical School

☐ Other, explain \_\_\_\_\_

Year in school next year: 1 2 3 4 5 or Graduate Study

Major or course of study \_\_\_\_\_ Expected college graduation date: Month \_\_\_\_\_ Year \_\_\_\_\_

Degree sought: ☐ Bachelor ☐ Associate ☐ Certificate ☐ Other, explain \_\_\_\_\_



Sending a resumé does not replace any part of this application. If space provided in any section is inadequate, you may continue on additional sheets. Attachments must follow the same format. DO NOT repeat information already reported on the application form. Your name, address and name of this scholarship program should be included on all attachments.

**WORK  
EXPERIENCE**

Describe your work experience during the **past four years** (e.g., food server, babysitting, lawn mowing, office work). Indicate dates of employment for each job and approximate **number of hours worked** each week.

| Employer/Position | From - Mo/Yr | To - Mo/Yr | Hours per Week | Were you paid for your work? |
|-------------------|--------------|------------|----------------|------------------------------|
|                   |              |            |                | YES / NO                     |
|                   |              |            |                | YES / NO                     |
|                   |              |            |                | YES / NO                     |
|                   |              |            |                | YES / NO                     |
|                   |              |            |                | YES / NO                     |
|                   |              |            |                | YES / NO                     |
|                   |              |            |                | YES / NO                     |

**ACTIVITIES,  
AWARDS AND  
HONORS**

List all school activities in which you have participated during the **past four years** (e.g., student government, music, sports, etc.). List all community activities in which you have participated without pay during the **past four years** (e.g., Boy/Girl Scouts, hospital volunteer, Special Olympics). Note all special awards, honors and offices held. **Indicate whether high school or college activities.**

| Activity | No. of Years Partic. | Special Awards, Honors | Offices Held | Activity | No. of Years Partic. | Special Awards, Honors | Offices Held |
|----------|----------------------|------------------------|--------------|----------|----------------------|------------------------|--------------|
|          |                      |                        |              |          |                      |                        |              |
|          |                      |                        |              |          |                      |                        |              |
|          |                      |                        |              |          |                      |                        |              |
|          |                      |                        |              |          |                      |                        |              |
|          |                      |                        |              |          |                      |                        |              |
|          |                      |                        |              |          |                      |                        |              |
|          |                      |                        |              |          |                      |                        |              |

**GOALS  
AND  
ASPIRATIONS**

Make a brief statement or summary of your plans as they relate to your educational and career objectives and long-term goals.

**UNUSUAL  
CIRCUMSTANCES**

Please describe how and when any unusual family or personal circumstances have affected your achievement in school, work experience, or your participation in school and community activities.



**APPLICANT  
APPRAISAL  
(REQUIRED)**

**To the Applicant:** This section is required and must be completed in the format provided. If incomplete, your application will not be evaluated. The section is to be completed by a high school or college counselor or advisor, an instructor, or a work supervisor who knows you well.

**To the Adult Appraiser:** You have been asked to provide information in support of this application. Please give immediate and serious attention to the following statements. When complete, please return to applicant. If you prefer, photocopy this section and return to applicant in a sealed envelope. A letter of recommendation does not replace this section.

|                                                                                              |                                                |                                           |                                                 |                                        |
|----------------------------------------------------------------------------------------------|------------------------------------------------|-------------------------------------------|-------------------------------------------------|----------------------------------------|
| The applicant's choice of a postsecondary educational program is                             | <input type="checkbox"/> extremely appropriate | <input type="checkbox"/> very appropriate | <input type="checkbox"/> moderately appropriate | <input type="checkbox"/> inappropriate |
| The applicant's achievements reflect his/her ability                                         | <input type="checkbox"/> extremely well        | <input type="checkbox"/> very well        | <input type="checkbox"/> moderately well        | <input type="checkbox"/> not well      |
| The applicant's ability to set realistic and attainable goals is                             | <input type="checkbox"/> excellent             | <input type="checkbox"/> good             | <input type="checkbox"/> fair                   | <input type="checkbox"/> poor          |
| The quality of the applicant's commitment to school and/or community is                      | <input type="checkbox"/> excellent             | <input type="checkbox"/> good             | <input type="checkbox"/> fair                   | <input type="checkbox"/> poor          |
| The applicant is able to seek, find, and use learning resources                              | <input type="checkbox"/> extremely well        | <input type="checkbox"/> very well        | <input type="checkbox"/> moderately well        | <input type="checkbox"/> not well      |
| The applicant demonstrates curiosity and initiative                                          | <input type="checkbox"/> extremely well        | <input type="checkbox"/> very well        | <input type="checkbox"/> moderately well        | <input type="checkbox"/> not well      |
| The applicant demonstrates good problem-solving skills, follows through, and completes tasks | <input type="checkbox"/> extremely well        | <input type="checkbox"/> very well        | <input type="checkbox"/> moderately well        | <input type="checkbox"/> not well      |
| The applicant's respect for self and others is                                               | <input type="checkbox"/> excellent             | <input type="checkbox"/> good             | <input type="checkbox"/> fair                   | <input type="checkbox"/> poor          |

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Appraiser's Name \_\_\_\_\_ Title \_\_\_\_\_ Telephone ( \_\_\_\_\_ ) \_\_\_\_\_  
Signature \_\_\_\_\_ Organization \_\_\_\_\_ Date \_\_\_\_\_

**TRANSCRIPT  
INFORMATION**

A complete transcript of grades **must** be sent with this application. Grade reports are not acceptable.

- 1. Students currently or previously enrolled in college or vocational-technical school must** include all college or vo-tech transcripts of grades from each school attended. Online transcripts must display student name, school name, grade and credit hours earned for each course, and term in which each course was taken. (Completion of high school information below is not necessary.)
- 2. High school seniors and students who have completed less than one full quarter or semester of postsecondary education must** include a high school transcript of grades and have this section completed by the appropriate school official. **(A clear explanation of the high school's grading scale must also be submitted.)**

|                                              |                                |  |                  |      |         |         |      |         |         |           |
|----------------------------------------------|--------------------------------|--|------------------|------|---------|---------|------|---------|---------|-----------|
| Applicant ranks _____<br>in a class of _____ | Cumulative Grade Point Average |  | SAT              |      |         | ACT     |      |         |         |           |
|                                              | Weighted: _____/4.0 scale      |  | Critical Reading | Math | Writing | English | Math | Reading | Science | Composite |
|                                              | Unweighted: _____/4.0 scale    |  |                  |      |         |         |      |         |         |           |

School Official's Signature \_\_\_\_\_ Date \_\_\_\_\_ Title \_\_\_\_\_ Telephone ( \_\_\_\_\_ ) \_\_\_\_\_

School Official's Address: Street \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ ZIP Code \_\_\_\_\_

**APPLICATION  
CHECKLIST**

The student is responsible for submitting all materials to Scholarship Management Services on time. Incomplete applications will not be evaluated. This application becomes complete and valid only when all of the following materials have been received:

- ☐ Student Application with completed Applicant Appraisal
- ☐ Current Complete Transcript(s) of Grades (including grading scale)

All materials, including transcript, must be addressed to:

**American Coalition for Ethanol Scholarship Program**  
Scholarship Management Services  
One Scholarship Way  
Saint Peter, MN 56082

**Postmark deadline April 1**

**CERTIFICATION**

Scholarship Management Services has the sole responsibility for selecting recipients based on criteria as set forth in the program's description. This application becomes the property of Scholarship Management Services. (It is recommended you keep a copy for your files.)

*I acknowledge decisions are final. I certify I meet eligibility requirements of the program as described in the guidelines and the information provided is complete and accurate to the best of my knowledge. If requested, I will provide proof of information, including an official transcript of grades. Falsification of information may result in termination of any award granted.*

Applicant's Signature \_\_\_\_\_ Date \_\_\_\_\_

Employee's Signature \_\_\_\_\_ Date \_\_\_\_\_