

NORTHERN PARTNERS COOPERATIVE AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
February 28, 2017 and February 29, 2016

ASSETS

	2017	2016
CURRENT ASSETS		
Cash and cash equivalents	\$ 677,549	\$ 718,131
Margin account equity	631,525	308,442
Receivables, net	1,789,426	2,647,918
Grain inventory	23,077,562	15,442,405
Merchandise inventory	11,806,769	12,777,907
Advance payments to vendors for inventory purchases	4,940,519	5,569,556
Prepaid expenses	264,352	111,901
Unrealized gain on forward contracts	109,484	37,153
Deferred taxes	178,146	187,952
Total current assets	43,475,332	37,801,365
INVESTMENTS AND OTHER ASSETS		
Investments	4,496,094	4,740,051
Other assets	53,534	75,333
Total investments and other assets	4,549,628	4,815,384
PROPERTY AND EQUIPMENT, NET	17,324,112	17,324,101
TOTAL ASSETS	\$ 65,349,072	\$ 59,940,850

LIABILITIES AND STOCKHOLDERS' EQUITY

	2017	2016
CURRENT LIABILITIES		
Checks drawn in excess of available balances	\$ 1,776,774	\$ -
Seasonal note	9,004,277	3,137,493
Current maturities on long-term debt	1,047,090	1,076,804
Current maturities of capital leases	20,833	16,941
Accounts payable	2,105,083	1,281,840
Accounts payable - grain received, no price established	8,846,298	11,626,165
Patron prepayments and credit balances	11,113,713	10,804,665
Unrealized loss of forward contracts	98,336	61,513
Accrued expenses	777,850	770,993
Member distributions	183,484	99,324
Dividends payable	16,619	16,665
Patronage refunds payable in cash	-	150,843
Total current liabilities	34,990,457	29,043,246
LONG-TERM LIABILITIES		
Long-term debt, less current maturities above	5,716,574	6,726,164
Long-term capital leases, less current maturities above	69,910	86,245
Deferred income taxes	1,788,996	1,652,850
Total long-term liabilities	7,575,480	8,465,259
Total liabilities	42,565,937	37,508,505
STOCKHOLDERS' EQUITY		
Capital Stock	342,318	409,004
Partial credits in preferred stock	798,337	797,660
Noncontrolling interest in subsidiaries	453,552	469,812
Retained income	21,188,928	20,755,869
Total stockholders' equity	22,783,135	22,432,345
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 65,349,072	\$ 59,940,850

The accompanying notes are an integral part of the financial statements.

NORTHERN PARTNERS COOPERATIVE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended February 28, 2017 and February 29, 2016

	<u>2017</u>	<u>2016</u>
GRAIN SALES		
Grain sales	\$ 68,668,215	\$ 66,327,478
Grain cost of sales	<u>65,680,543</u>	<u>63,523,050</u>
Gross grain margin	<u>2,987,672</u>	<u>2,804,428</u>
MERCHANDISE SALES		
Merchandise sales	36,488,280	40,859,816
Merchandise cost of sales	<u>30,136,764</u>	<u>34,471,794</u>
Gross merchandise margin	<u>6,351,516</u>	<u>6,388,022</u>
OTHER OPERATING INCOME	<u>4,623,228</u>	<u>4,054,144</u>
Total gross income	<u>13,962,416</u>	<u>13,246,594</u>
OPERATING EXPENSES		
People	6,518,296	6,056,845
Facility	6,249,181	5,812,700
Administrative	<u>803,268</u>	<u>632,929</u>
Total operating expenses	<u>13,570,745</u>	<u>12,502,474</u>
Gain on dispositions of assets	<u>420,545</u>	<u>119,214</u>
Operating income	812,216	863,334
Other income	<u>307,806</u>	<u>686,891</u>
TOTAL INCOME	1,120,022	1,550,225
INTEREST EXPENSE		
Seasonal interest	111,480	41,851
Term interest	<u>274,233</u>	<u>253,707</u>
Total interest expense	<u>385,713</u>	<u>295,558</u>
INCOME BEFORE INCOME TAX EXPENSE	<u>734,309</u>	<u>1,254,667</u>
PROVISION (BENEFIT) FOR INCOME TAXES	<u>111,830</u>	<u>(1,789,801)</u>
CONSOLIDATED NET INCOME	622,479	3,044,468
LESS: INCOME TO NON CONTROLLING INTEREST	<u>167,224</u>	<u>134,912</u>
CONSOLIDATED NET INCOME TO CONTROLLING INTEREST	<u>\$ 455,255</u>	<u>\$ 2,909,556</u>

The accompanying notes are an integral part of the financial statements.

DMD Tax Credits 2017**Total \$1,852,428**

Diesel	6.5¢	gallon
Dry Fertilizer	\$20.00	ton
Anhydrous	\$20.00	ton
UAN	\$20.00	ton
Chemical	7.50%	purchases
All Grain	5.0¢	bushel

DMD Tax Credits (Dec)**\$2,259,852**

All Grain	25.0¢	bushel
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