

**NORTHERN PARTNERS COOPERATIVE AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
FEBRUARY 28, 2018 AND 2017**

ASSETS	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 512,568	\$ 677,549
Margin Account Equity	1,029,269	631,525
Receivables, Net	2,774,652	1,789,426
Grain Inventory	36,980,694	23,077,562
Merchandise Inventory	13,523,996	11,806,769
Advance Payments to Vendors for Inventory Purchases	3,702,797	4,940,519
Prepaid Expenses	255,390	264,352
Unrealized Gain on Forward Contracts	731,054	109,484
Deferred Taxes	59,800	178,146
Total Current Assets	<u>59,570,220</u>	<u>43,475,332</u>
 INVESTMENTS AND OTHER ASSETS		
Investments	3,641,404	4,496,094
Other Assets	53,144	53,534
Total Investments and Other Assets	<u>3,694,548</u>	<u>4,549,628</u>
 PROPERTY AND EQUIPMENT, NET		
	<u>17,888,876</u>	<u>17,324,112</u>
Total Assets	<u><u>\$ 81,153,644</u></u>	<u><u>\$ 65,349,072</u></u>

See accompanying Notes to Consolidated Financial Statements.

LIABILITIES AND STOCKHOLDERS' EQUITY	<u>2018</u>	<u>2017</u>
CURRENT LIABILITIES		
Checks Drawn in Excess of Available Balances	\$ 1,828,394	\$ 1,776,774
Seasonal Note	24,702,182	9,004,277
Current Maturities on Long-Term Debt	887,383	1,047,090
Current Maturities of Capital Leases	14,079	20,833
Accounts Payable	2,251,042	2,105,083
Accounts Payable - Grain Received, no Price Established	11,341,154	8,846,298
Patron Prepayments and Credit Balances	9,561,933	11,113,713
Unrealized Loss of Forward Contracts	201,506	98,336
Accrued Expenses	824,333	777,950
Member Distributions	129,443	183,484
Dividends Payable	18,363	16,619
Total Current Liabilities	<u>51,759,812</u>	<u>34,990,457</u>
LONG-TERM LIABILITIES		
Long-Term Debt, Less Current Maturities Above	5,836,250	5,716,574
Long-Term Capital Leases, Less Current Maturities Above	52,970	69,910
Deferred Income Taxes	1,125,900	1,788,996
Total Long-Term Liabilities	<u>7,015,120</u>	<u>7,575,480</u>
Total Liabilities	58,774,932	42,565,937
STOCKHOLDERS' EQUITY		
Capital Stock	306,050	342,318
Partial Credits in Preferred Stock	795,854	798,337
Noncontrolling Interest in Subsidiaries	269,438	453,552
Retained Income	21,007,370	21,188,928
Total Stockholders' Equity	<u>22,378,712</u>	<u>22,783,135</u>
Total Liabilities and Stockholders' Equity	<u>\$ 81,153,644</u>	<u>\$ 65,349,072</u>

NORTHERN PARTNERS COOPERATIVE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED FEBRUARY 28, 2018 AND 2017

	2018	2017
GRAIN SALES		
Grain Sales	\$ 58,617,723	\$ 68,668,215
Grain Cost of Sales	<u>55,389,555</u>	<u>65,680,543</u>
Gross Margin-Grain	3,228,168	2,987,672
MERCHANDISE SALES		
Merchandise Sales	39,255,911	36,488,280
Merchandise Cost of Sales	<u>32,707,406</u>	<u>30,136,764</u>
Gross Margin-Merchandise	6,548,505	6,351,516
OTHER OPERATING INCOME	<u>5,013,530</u>	<u>4,623,228</u>
Total Gross Income	<u>14,790,203</u>	<u>13,962,416</u>
OPERATING EXPENSES		
People	7,107,117	6,518,296
Facility	6,651,825	6,249,181
Administrative	<u>888,605</u>	<u>803,268</u>
Total Operating Expenses	14,647,547	13,570,745
GAIN ON DISPOSITIONS OF ASSETS	<u>111,235</u>	<u>420,545</u>
OPERATING INCOME	253,891	812,216
OTHER INCOME (EXPENSE)	<u>(87,703)</u>	<u>307,806</u>
TOTAL INCOME	166,188	1,120,022
INTEREST EXPENSE		
Seasonal	428,375	111,480
Term	<u>234,554</u>	<u>274,233</u>
Total Interest Expense	<u>662,929</u>	<u>385,713</u>
INCOME (LOSS) BEFORE INCOME TAXES	(496,741)	734,309
PROVISION (BENEFIT) FOR INCOME TAXES	<u>(533,875)</u>	<u>111,830</u>
CONSOLIDATED NET INCOME	37,134	622,479
LESS: INCOME TO NONCONTROLLING INTEREST	<u>129,443</u>	<u>167,224</u>
CONSOLIDATED NET INCOME (LOSS) TO CONTROLLING INTEREST	<u>\$ (92,309)</u>	<u>\$ 455,255</u>

See accompanying Notes to Consolidated Financial Statements.

DMD Tax Credits 2018

\$1,276,160

Fuel	5.0¢	gallon
Dry Fertilizer	\$25.00	ton
Anhydrous	\$25.00	ton
UAN	\$25.00	ton
Chemical	10.00%	purchases
Seed Corn	\$10.00	unit
Seed Bean	\$5.00	unit
All Grain	5.0¢	bushel