BEFORE THE MISSISSIPPI DEPARTMENT OF
AGRICULTURE AND COMMERCE

IN THE MATTER OF EXPRESS
GRAIN TERMINALS, LLC

NO. 2021-0206-AC

PETITION TO CANCEL AND/OR REVOKE GRAIN WAREHOUSE LICENSES

COMES NOW, the undersigned Director of the Grain Division of the Mississippi Department of Agriculture and Commerce (hereinafter, "Petitioner"), and brings this petition to cancel and/or revoke the grain warehouse licenses held by Express Grain Terminals, LLC, Respondent herein (hereinafter, "Respondent") and would show as grounds for this petition the following:

I

The Mississippi Department of Agriculture and Commerce (hereinafter, "Department") is an agency of the State of Mississippi. *Miss. Code Ann.*, §69-1-1. Its principal offices are located in Jackson, Mississippi.

II

Express Grain Terminals, LLC is a Mississippi limited liability company, which may be served with process by serving its registered agent, John Coleman, at 2015 River Road Ext., Greenwood, Mississippi 38930

III

Grain warehouses operating in this state are governed by the Mississippi Grain Warehouse Law (hereinafter, "the Act"). *Miss. Code Ann.*, §75-44-1, et. seq. The Commissioner of the Department is charged with the duty of carrying out and

enforcing the provisions of the Act. *Miss. Code Ann.*, §75-44-7. A person may not operate a grain warehouse in this state unless it has obtained a license pursuant to the terms of the Act. *Miss. Code Ann.*, §75-44-9.

IV

Every person applying for a grain warehouse license must submit to the Department a written application, application fee, certified financial statement and such further information as the commissioner may by regulation require. *Miss. Code Ann.*, §75-44-11. Additional requirements are stated as follows:

> Each application for license or renewal thereof shall be accompanied by a financial statement prepared by an independent public accountant and the grain warehouseman. The accountant, in addition to preparing the financial statement, must check and certify to the accuracy of the accounts receivable and listed inventories. Such financial statement to include, but not limited to, a balance sheet and operating statement as of the close of the most recent fiscal year. *Miss. Agri. Regs.*, Title 2, Part 1, Subpart 2, Ch. 10, §102.03
>
> In addition to the records required by subsections 120.01 and 120.02 of this chapter, the warehouseman shall maintain such adequate financial records as will clearly reflect his current financial position and as will clearly support such financial information as is required to be submitted to the Commissioner from time to time. *Miss. Agri. Regs.*, Title 2, Part 1, Subpart 2, Ch. 10, §120.03(1).

Furthermore, every grain warehouse must also at least annually send to the Commissioner a copy of its financial statement prepared by an accountant licensed by the state and sworn to by the accountant and the grain warehouseman. *Miss. Code Ann.*, §75-44-43(2).

V

The Department has previously issued the following described grain warehouse licenses to Respondent, copies of which are attached hereto as Exhibit A, to-wit:

1. "John Coleman, Express Grain terminals, LLC, Greenwood", License No. 187-WH, expires 6/30/22.

2. "John Coleman, Express Grain Terminals, LLC, Sidon", License No. 145-WH, expires 6/30/22.

3. "John Coleman, Express Grain Terminals, LLC, Minter City", License No. 188-WH, expires 6/30/22.

VI

Express Grain was also acting as a grain dealer. By virtue of being licensed as a grain warehouse, Express Grain was not required to obtain a separate grain dealer's license. *Miss. Code Ann.*, §75-45-304. Express Grain filed with the Department a separate surety bond with regard to its activities as a grain dealer. *Miss. Code Ann.*, §75-45-305(1).

VII

In connection with its application for grain warehouse licenses for FY 2021-22, Express Grain engaged the services of Horne, LLP, a public accounting firm. Horne then audited the combined financial statements of Express Grain as of June 30, 2020 and 2019 in accordance with the aforesaid statutes and regulations. On May 20, 2021, Horne issued an Independent Auditor's Report of said audit and delivered said report to Express Grain. On December 22, 2021, the U.S. Bankruptcy Court for the Northern District of Mississippi entered an Order in cause number 21-11832-SDM

allowing the filing under seal of said Auditor's Report. Therefore, in view of said Order, a copy of said Report is not attached to this Petition, but is being delivered to Respondent under separate cover.

VIII

Express Grain subsequently submitted to the Department what it purported to be the said audit report by Horne, being dated February 3, 2021, as part of the documentation required for the renewal of Respondent's licenses. This report was also filed with the Bankruptcy Court under seal, and is not attached to this Petition. It will also be delivered to Respondent under separate cover.

IX

The report submitted by Express Grain to the Department, dated February 3, 2021, is not the same as the report submitted by Horne to Express Grain, dated May 20, 2021, as Horne's original audit report had been altered by Express Grain in the following respects, to-wit:

1. Removal of the section entitled "Emphasis of Matter Regarding Going Concern" on p. 2.

2. Concealing a $21M loss on p. 4.

3. Changing Horne's letterhead by substituting a letterhead format that Horne no longer uses.

4. Numerous other material alterations to be shown on a hearing hereof.

X

The audit report prepared by Horne and submitted to Express Grain was altered by Express Grain before being submitted to the Department. The alterations

made to Horne's audit report by Express Grain were done willfully, intentionally, knowingly, deliberately and were not the result of an honest mistake, inadvertence or oversight. Express Grain made the alterations to Horne's original audit report and submitted the altered report to the Department with fraudulent intent and for the purpose of obtaining grain warehouse licenses, which the Department otherwise would not have granted.

XI

If the Commissioner determines that any grain warehouseman has violated any of the provisions of the Act, or any of the rules and regulation adopted by the Commissioner pursuant to the Act, the Commissioner may, at his discretion, suspend, cancel or revoke the license of such grain warehouseman. *Miss. Code Ann.*, §75-44-25(1). No license shall be cancelled or revoked except after a hearing before the Commissioner upon reasonable notice to the licensee and an opportunity to appear and defend. *Miss. Code Ann.*, §75-44-25(2).

XII

Petitioner would show that Express Grain's alteration of the Horne audit report and submission of the altered audit report to the Department were in violation of *Miss. Code Ann.*, §75-44-11, 75-44-43(2) and the Department's said regulations and that Respondent's warehouse licenses should be cancelled and/or revoked.

WHEREFORE, PREMISES CONSIDERED, Petitioner prays that the aforesaid Petition will be received and filed by the Department, and that process shall be issued to Express Grain, requiring it to respond to the Petition, and that upon a

hearing hereof, the Commissioner will enter his order cancelling and/or revoking Respondent's licenses. Petitioner prays for general relief.

GENE ROBERTSON, DIRECTOR,
GRAIN DIVISION, MISSISSIPPI
DEPARTMENT OF AGRICULTURE
AND COMMERCE

Robert W. Graves, Bar #4977
Special Assistant Attorney General
P.O. Box 220
Jackson, MS 39205
(601)359-1201
bob.graves@ago.ms.gov

License No: *187-WH*

The State of Mississippi
Department of Agriculture and Commerce
Post Office Box 1609 Jackson, Mississippi 39215-1609

Grain Warehouse License

The Mississippi Department of Agriculture and Commerce does hereby grant and license:

John Coleman
Express Grain Terminals, LLC
Greenwood

To operate said grain warehouse having a capacity of 5,939,000 bushels And bonded in the amount of $1,000,000.00 after having qualified and met the provisions of Title 75 Chapter 44 Sections 1-71, Mississippi Code of 1972, As Amended.

If operating as a Grain Dealer, after having qualified and met the provision of Title 75 Chapter 45 Sections 301-315, Mississippi Code of 1972, as amended, and having a bond in the amount of $100,000.00

This license is conditioned on compliance with the requirements of the aforesaid Code and is effective pending cancellation, suspension, or revocation by the Commissioner of Agriculture and/or discontinuance notice to the Commissioner of Agriculture by said Warehouse.

This license expires: 6/30/2022

Commissioner

EXHIBIT
A

License No: *145-WH*

The State of Mississippi
Department of Agriculture and Commerce
Post Office Box 1609 Jackson, Mississippi 39215-1609

Grain Warehouse License

The Mississippi Department of Agriculture and Commerce does hereby grant and license:

John Coleman
Express Grain Terminals LLC
Sidon

To operate said grain warehouse having a capacity of 4,117,000 bushels And bonded in the amount of $1,000,000.00 after having qualified and met the provisions of Title 75 Chapter 44 Sections 1-71, Mississippi Code of 1972, As Amended.

If operating as a Grain Dealer, after having qualified and met the provision of Title 75 Chapter 45 Sections 301-315, Mississippi Code of 1972, as amended, and having a bond in the amount of $100,000.00

This license is conditioned on compliance with the requirements of the aforesaid Code and is effective pending cancellation, suspension, or revocation by the Commissioner of Agriculture and/or discontinuance notice to the Commissioner of Agriculture by said Warehouse.

This license expires: 6/30/2022

Commissioner

License No: *188-WH*

The State of Mississippi
Department of Agriculture and Commerce
Post Office Box 1609 Jackson, Mississippi 39215-1609

Grain Warehouse License

The Mississippi Department of Agriculture and Commerce does hereby grant and license:

John Coleman
Express Grain Terminals, LLC
Minter City

To operate said grain warehouse having a capacity of 2,187,000 bushels And bonded in the amount of $1,000,000.00 after having qualified and met the provisions of Title 75 Chapter 44 Sections 1-71, Mississippi Code of 1972, As Amended.

If operating as a Grain Dealer, after having qualified and met the provision of Title 75 Chapter 45 Sections 301-315, Mississippi Code of 1972, as amended, and having a bond in the amount of $100,000.00

This license is conditioned on compliance with the requirements of the aforesaid Code and is effective pending cancellation, suspension, or revocation by the Commissioner of Agriculture and/or discontinuance notice to the Commissioner of Agriculture by said Warehouse.

This license expires: 6/30/2022

Commissioner

BEFORE THE MISSISSIPPI DEPARTMENT OF
AGRICULTURE AND COMMERCE

IN THE MATTER OF EXPRESS
GRAIN TERMINALS, LLC

NO. 2021-0206-AC

ORDER

THIS DAY this cause came on for consideration of the Petition to Cancel and/or Revoke Grain Warehouse Licenses, which was filed herein by Gene Robertson, Director of the Grain Division of the Mississippi Department of Agriculture and Commerce, Petitioner herein. The Petitioner seeks to revoke the grain warehouse licenses held by Express Grain Terminals, LLC, (hereinafter, "Express Grain" or "Respondent"). Copies of the Petition and Summons having been served on the Respondent for the time and in the manner required by law, and the Department having held a hearing herein on February 3, 2022, in which the Petitioner and Respondent and their respective counsel appeared and presented evidence and argument to the undersigned Commissioner, and being fully advised in the premises, I do hereby make the following findings of fact and conclusions of law.

FINDINGS OF FACT

The Mississippi Department of Agriculture and Commerce (hereinafter, "Department") is an agency of the State of Mississippi. Express Grain is a Mississippi limited liability company. The Department, as an agency of the State of Mississippi, has jurisdiction of the subject matter and parties herein and has the statutory, regulatory and police powers to investigate and enforce matters within its

jurisdiction. See Miss. Code Ann. §§ 75-44-7, 25, 43(1) and (2), and 71; Miss. Agri. Regs., Title 2, Part 1, Subpart 2, Chapter 10 § 101; *Board of Governors v. MCorp Financial, Inc.*, 502 U.S. 32, 39 (1991)(agency given wide latitude in carrying out function enforcing government's police or regulatory power); *Hollywood Cemetery Ass'n v. Board of Mayor and Selectmen of City of McComb City*, 760 So.2d 715, 718-19 (Miss. 2000)(rule well-established that exercise of police power is valid if it protects and promotes public health, safety, morality or welfare); and *Great South Fair v. City of Petal*, 548 So.2d 1289, 1291 (Miss. 1989)(police power is right of government to promote public health, safety, morals, general welfare, peace, order, public comfort and convenience). At issue is the determination related to the status of certain licenses issued to Express Grain, and whether such licenses should be cancelled or revoked. The Department expressly retains jurisdiction over the enforcement of this, or any other Order against Express Grain, and over any other issues related to Express Grain as a licensee of the Department, including, but not limited to, any future determination of valid claims on any bond delivered to the Department by/for Express Grain or its surety.

Grain warehouses operating in this state are governed by the Mississippi Grain Warehouse Law (hereinafter, "the Act"). *Miss. Code Ann.* §75-44-1, et. seq. The Commissioner of the Department is charged with the duty of carrying out and enforcing the provisions of the Act. *Miss. Code Ann.* §75-44-7. A person may not operate a grain warehouse in this state unless it has obtained a license pursuant to the terms of the Act. *Miss. Code Ann.* §75-44-9.

Every person applying for a grain warehouse license must submit to the Department a written application, application fee, certified financial statement, required bond and such further information as the commissioner may by regulation require. *Miss. Code Ann.* §75-44-11. Additional requirements are stated as follows:

> Each application for license or renewal thereof shall be accompanied by a financial statement prepared by an independent public accountant and the grain warehouseman. The accountant, in addition to preparing the financial statement, must check and certify to the accuracy of the accounts receivable and listed inventories. Such financial statement to include, but not limited to, a balance sheet and operating statement as of the close of the most recent fiscal year. *Miss. Agri. Regs.*, Title 2, Part 1, Subpart 2, Ch. 10, §102.03
>
> In addition to the records required by subsections 120.01 and 120.02 of this chapter, the warehouseman shall maintain such adequate financial records as will clearly reflect his current financial position and as will clearly support such financial information as is required to be submitted to the Commissioner from time to time. *Miss. Agri. Regs.*, Title 2, Part 1, Subpart 2, Ch. 10, §120.03(1).

Furthermore, every grain warehouse must also at least annually provide the Commissioner a copy of its financial statement prepared by an accountant licensed by the state and sworn to by the accountant and the grain warehouseman. *Miss. Code Ann.* §75-44-43(2).

Based on the information submitted to the Department in Express Grain's sworn applications for grain warehouse licenses dated June 2, 2021, including the required surety bond, the Department previously issued the following described grain warehouse licenses to Express Grain, to-wit:

1. "John Coleman Express Grain Terminals, LLC, Greenwood", License No. 187-WH, expires 6/30/22.

2. "John Coleman Express Grain Terminals, LLC, Sidon", License No. 145-WH, expires 6/30/22.

3. "John Coleman Express Grain Terminals, LLC, Minter City", License No. 188-WH, expires 6/30/22. (hereinafter, "Licenses")

In its applications, Express Grain also sought to operate as a grain dealer buying or selling grain, pursuant to the Mississippi Grain Dealer Law, Miss. Code Ann. §75-45-1, et. seq. As a grain warehouse under the Act, Express Grain was not required to obtain a separate grain dealer's license as provided in Miss. Code Ann. §75-45-304. Express Grain filed with the Department a separate surety bond related to its proposed activities as a grain dealer as required by Miss. Code Ann. §75-45-305(1). This information is reflected on each of the Licenses issued to Express Grain.

As required by Miss. Code Ann. §75-45-19, each License was required to be posted for the public "in a conspicuous place in the office of the grain warehouse to which such license applies." Moreover, each License bears the following disclaimer:

> **This license is conditioned on compliance with the requirements of the aforesaid Code and is effective pending cancellation, suspension, or revocation by the Commissioner of Agriculture and/or discontinuance notice to the Commissioner of Agriculture by said Warehouse.**

See composite Exhibit 8 admitted into evidence at the hearing held on February 3, 2022.

In connection with its applications for the Licenses for FY 2021-22, Respondent engaged the services of Horne, LLP ("Horne"), a public accounting firm. Horne then audited the combined financial statements of Express Grain as of June 30, 2020 and 2019 in accordance with the aforesaid regulations. On May 20, 2021, Horne issued

an Independent Auditor's Report of said audit and delivered said report to Express Grain ("Correct Horne Report"). See Exhibit 1.

On May 27, 2021, Express Grain submitted to the Department what it represented to be the Independent Auditor's Report by Horne, being dated February 3, 2021 ("False Horne Report"), as part of the documentation required for issuance of Respondent's Licenses for FY 2021-22. See affidavit of Gene Robertson, Exhibit 2, and Exhibit 7, the June 2021, Application of Express Grain.

Based on the uncontroverted evidence presented at the hearing in this matter, I do hereby find that the False Horne Report and related financial statements submitted by Express Grain to the Department is not the report submitted by Horne to Express Grain, dated May 20, 2021. The Correct Horne Report has been materially altered by Express Grain in many respects, some of which are:

1. Removal of the section of the audit opinion entitled "Emphasis of Matter Regarding Going Concern" on p. 2.

2. Alteration of amount of assets from $102M to $115M on p. 3.

3. Alteration of amount of liabilities from $99M to $90M on p. 3.

4. Alteration of an operating loss of $20M to operating income of $162K on p. 4.

5. Alteration of net loss of $21M to $1.8M on p. 4.

6. Alteration of members' equity from $2M to $24M on p. 5.

7. Numerous other material alterations of Horne's audit report as shown on the highlighted version admitted in evidence.

8. Changing Horne's letterhead by substituting a letterhead format that Horne no longer uses.

See Exhibit 3, the marked version of Exhibit 1 prepared by witness Joe Green of Horne, LLP.

From the nature of the alterations as presented by witness Joe Green at the hearing, I find that the alterations made to the Correct Horne Report by Express Grain were done willfully, intentionally, knowingly, deliberately and were not the result of an honest mistake, inadvertence or oversight and amounted to forgery.

I find that Express Grain made material alterations to the Correct Horne Report and submitted the False Horne Report to the Department for the purpose of fraudulently obtaining grain warehouse licenses and grain dealer authority under false pretenses.

I find based on the testimony of Gene Robertson, Director of the Department's Grain Division, that if Department officials had known that the False Horne Report had been forged, or had they known that fraud had been perpetrated by Express Grain, the Department would not have issued the Licenses to Express Grain.

I find further based on the testimony of Gene Robertson that if the Correct Horne Report and related combined financial statements for the years ended June 30, 2020 and 2019 had been filed with the Department, including the Emphasis of Matter Regarding Going Concern contained in the Correct Horne Report, the Department would not have issued the Licenses to Express Grain.

Based on the evidence submitted as Exhibits 4, 5, 9 and 10 at the hearing (the actual financial statements and audits prepared by Horne LLP for previous fiscal years ended June 30, 2019 and 2018 and June 30, 2018 and 2017 admitted into

evidence as Exhibits 4 and 5, and the altered financial statements submitted by Express Grain to the Department for the same periods in Exhibits 9 and 10), this scheme of altered financial statements and audit reports appears to have been part of an ongoing fraud regarding Express Grain's filings with the Department since at least 2019.[1]

CONCLUSIONS OF LAW

The Department's issuance of the Licenses was specifically conditioned on Express Grain's compliance with the requirements of the Grain Warehouse Law.

Based upon the facts determined above, I hereby find and determine that Express Grain committed multiple violations of the Act and rules and regulations thereunder, including specifically Miss. Code Ann. §75-44-11, §75-44-43(2) and *Miss. Agri. Regs.*, Title 2, Part 1, Subpart 2, Ch. 10, §102.03 relating to financial statement requirements and audits. See Exhibit 6, a copy of the pertinent regulations.

I find that each of these violations occurred as part of Express Grain's applications prior to the issuance of the Licenses by the Department, such that the Licenses were both fraudulently sought and obtained on the basis of material misrepresentations contained in the applications and accompanying documents. Specifically, I find that Express Grain's Applications submitted to the Department on June 2, 2021 and admitted into evidence as Exhibit 7, were fraudulent, as demonstrated by the sworn verification dated May 26, 2021 of John Coleman as

[1] Exhibits 4, 5, 9 and 10 suggest altered financial statements and audit reports were part of an ongoing fraud since 2019. However, Exhibits 4, 5, 9 and 10 are not relied upon as support for the findings of fact and conclusions of law herein.

President of Express Grain, coupled with Express Grain's submission of the uncontested altered and falsified False Horne Report and financial statements.

Mississippi law provides that if the Commissioner determines that any grain warehouseman has violated any of the provisions of the Act, or any of the rules and regulations adopted by the Commissioner pursuant to the Act, the Commissioner may, at his discretion, suspend, cancel or revoke the license of such grain warehouseman. *Miss. Code Ann.* §75-44-25(1). The law provides that no license shall be cancelled or revoked except after a hearing before the Commissioner upon reasonable notice to the licensee and an opportunity to appear and defend. *Miss. Code Ann.* §75-44-25(2). After due and proper notice to all parties, a hearing was held on February 3, 2022 at the office of the Department at which time Express Grain appeared through Dennis Garrard, CRO, and its counsel, but did not deny or contest the falsified 2021 Application, the financial statements or the False Horne Report.

I do hereby find that Express Grain's alteration of the Correct Horne Report and the submission of the False Horne Report to the Department were in violation of *Miss. Code Ann.* §75-44-11, 75-44-43(2) and the above-described statutes and regulations, and that said Licenses were fraudulently applied for and obtained.

Fraud vitiates everything it touches. This is a well-founded, long-recognized principle under Mississippi law. *Telephone Man, Inc. v. Hinds County*, 791 So.2d 208, 211 (Miss. 2001)(citing *J.A. Fay & Egan Co. v. Louis Cohn & Bros.*, 158 Miss. 733, 740, 130 So. 290, 292 (1930). Where a license or authority is sought and obtained on the basis of fraud and in violation of statutory law, the license or authority is not

merely "voidable," but is void *ab initio*. See *Ground Control, LLC v. Capsco Industries, Inc.*, 120 So.3d 365, 374 (Miss. 2013)(lack of certificate of responsibility rendered contract null and void); *Sun Mut. Ins. Co. v. Searles*, 18 So. 544, 545 (Miss. 1895)(contract entered in violation of statute is void); *King Metal Buildings, Inc., v. Renasant Insurance, Inc.*, 159 So.3d 567, 576 (Miss. Ct. App. 2014)(contract entered in violation of statute renders contract void). See also *In re Northlake Development LLC,* 643 F.3d 448, 450-51 (5th Cir. 2011)(deed purporting to transfer company's interest in property without authority was void). The egregious uncontested facts of this case present the unusual situation where Express Grain's violation and fraud occurred prior to the issuance of the Licenses, not afterward. Therefore I find that the Licenses issued to Express Grain were and are the product of fraud, and because Mississippi law deems these Licenses void, I find the Licenses were never lawfully issued to Express Grain.

IT IS, THEREFORE, ORDERED AND ADJUDGED that the above-described Licenses and grain dealer authority issued by the Department to Express Grain Terminals, LLC were obtained on the basis of fraud and are hereby revoked *ab initio* and are determined and deemed to be null and void *ab initio* and without legal effect since July 1, 2021, to-wit:

1. "John Coleman Express Grain Terminals, LLC, Greenwood", License No. 187-WH, expires 6/30/22.

2. "John Coleman Express Grain Terminals, LLC, Sidon", License No. 145-WH, expires 6/30/22.

3. "John Coleman Express Grain Terminals, LLC, Minter City", License No. 188-WH, expires 6/30/22.

Moreover, I find that Express Grain violated the conditions of its Licenses before they were ever issued, by virtue of the fraudulent misrepresentations contained in the Application of Express Grain.

ORDERED AND ADJUDGED on this, the 10th day of February, 2022.

COMMISSIONER, MISSISSIPPI
DEPARTMENT OF AGRICULTURE
AND COMMERCE

1 BEFORE THE MISSISSIPPI DEPARTMENT
OF AGRICULTURE AND COMMERCE
2

3 IN THE MATTER OF EXPRESS
GRAIN TERMINALS, LLC NO. 2021-0206-AC
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8
ADMINISTRATIVE HEARING
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12 APPEARANCES NOTED HEREIN

13

14 DATE: FEBRUARY 3, 2022
PLACE: MISSISSIPPI DEPARTMENT OF
15 AGRICULTURE AND COMMERCE
121 N. JEFFERSON STREET
16 JACKSON, MISSISSIPPI
TIME: 9:00 a.m.
17

18

19

20

21 REPORTED BY: AMANDA M. WOOTTON, CSR, RPR

22

AW Reporting
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24 Ridgeland, Mississippi 39157

1 APPEARANCES:

2

3 HEARING BEFORE COMMISSIONER ANDY GIPSON

4

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1 E X H I B I T S

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Exhibit No. 12: Combined Financial Statements as of December 31, 2020 and June 30, 2020 and For the Six Months Ended December 31, 2020 - Express Grain Terminals, LLC and Affiliates 84

* * * * * *

COMMISSIONER GIPSON: This is Commissioner Andy Gibson. Hello, Mr. Gerrard.

Do we have counsel for Express Grain Terminals, LLC?

MR. GENO: Craig Geno.

COMMISSIONER GIPSON: Mr. Geno. Thank you. Glad to see you're doing better.

MR. GENO: Thank you, sir.

COMMISSIONER GIPSON: Family is as well?

MR. GENO: I appreciate your patience with me and my family.

COMMISSIONER GIPSON: Yes. Well, good. And let's see here. We need the other counsel to identify yourself for the -- the parties in this matter are, of course, Express Grain Terminal, LLC and the Mississippi Department of Agriculture and Commerce.

20 I'm Andy Gipson, the commissioner of
21 Agriculture and Commerce, and pursuant to the
22 Mississippi Code Section 75-44-1 et seq. and
23 Mississippi Code Section 75-45-1 et seq., that would
24 be the Mississippi Grain Warehouse License Statute and
25 the Mississippi Grain Dealer Statute, we're holding

1 this hearing regarding the license of Express Grain
2 Terminals, LLC, for its three grain elevator
3 locations.
4 All of that I read into the record at
5 the hearing we started to have on January the 24th,
6 and I won't repeat myself to that effect.
7 Counsel for the Department of
8 Agriculture and Commerce, Bob Graves, and we have --
9 how many witnesses today, do we have that you're going
10 to be representing, Counsel?
11 MR. GRAVES: I've got two witnesses.
12 COMMISSIONER GIPSON: Okay. And
13 Mr. Geno?
14 MR. GENO: Just one.
15 COMMISSIONER GIPSON: One? Okay. Are
16 all of the witnesses present and accounted for? Who
17 are our witnesses going to be, Bob?
18 MR. GRAVES: Gene Robertson and Joe

19 Green are our witnesses.

20 COMMISSIONER GIPSON: Gene Robertson

21 with the Mississippi Department of Agriculture and

22 Commerce, and Joe Green, who's a partner with Horne

23 LLP. Those are the two witnesses the department will

24 call.

25 All right. And Mr. Geno, welcome to

1 the table. You're going to call Mr. Gerrard?

2 MR. GENO: I am.

3 COMMISSIONER GIPSON: And what is his

4 official title and relationship to Express Grain, LLC?

5 MR. GENO: He is the bankruptcy

6 court-appointed chief restructuring officer for

7 Express Grain.

8 COMMISSIONER GIPSON: Welcome, Mr.

9 Gerrard. Now, procedurally today, I am, pursuant to

10 the statute, serving as the hearing officer. I may

11 have questions of my own, depending on how this

12 unfolds. I have the right to ask those questions. I

13 will do so on a limited basis. But I think at this

14 point, we need to go ahead and swear our witnesses in.

15 Bob, are you ready to proceed?

16 MR. GRAVES: We're ready, Your Honor.

17 COMMISSIONER GIPSON: Okay. Well,

18 proceed.

19 MR. GRAVES: Okay. Do you want an

20 opening statement, Judge?

21 COMMISSIONER GIPSON: That would be

22 great.

23 MR. GRAVES: Okay. And do you want to

24 swear the witnesses first?

25 COMMISSIONER GIPSON: We want to

1 operate as close as we can to the way a court

2 operates. So what would the court normally do?

3 COURT REPORTER: I normally swear the

4 witness in right before they testify, one at a time.

5 COMMISSIONER GIPSON: Well, let's do it

6 that way then.

7 Counsel, you can make your opening

8 statement.

9 MR. GRAVES: All right. Can I just be

10 seated while I make my statement, Your Honor?

11 COMMISSIONER GIPSON: You have my

12 permission to be seated. Thank you.

13 MR. GRAVES: My name is Bob Graves,

14 Your Honor. I represent the Department of

15 Agriculture. A petition has been filed in this case

16 to cancel the three grain warehouse licenses of

17 Express Grain Terminals on grounds of failure to
18 provide a certified financial statement to the
19 department in connection with Express Grains'
20 application for a grain warehouse license.
21 The Department of Agriculture is the
22 agency that licenses grain warehouses. The license
23 must be renewed every year. An applicant for a grain
24 warehouse must supply to the department a certified
25 financial statement prepared by a CPA and the grain

1 warehouseman, which must include a balance sheet and
2 an operating statement.
3 In May of 2021, Express Grain was
4 preparing its application for a grain warehouse
5 license for fiscal year 2021 through 2022. Express
6 Grain engaged the services of Horne LLP to prepare the
7 required financial statement. Horne reviewed Express
8 Grain's books and prepared its audit report dated
9 May 20th of 2021, which Horne then submitted to
10 Express Grain. Unbeknownst to Horne, Express Grain
11 made a massive alteration and complete rewrite of
12 Horne's report and submitted the forged report to the
13 Department of Agriculture in support of Express
14 Grain's license application.
15 On July 1st of 2021, the department

16 issued three warehouse licenses to Express Grain based
17 upon the forged financial statement. Several months
18 later, Express Grain filed for bankruptcy protection.
19 It then came to light that the Horne report had been
20 forged by Express Grain and had been submitted to the
21 department in order to obtain the licenses.
22 State law provides that a grain
23 warehouse license may be revoked by the commissioner
24 where the warehouseman has violated the grain
25 warehouse laws and regulations. Express Grain's

1 alteration of the financial statement was a deliberate
2 act of deception and was a violation of the laws
3 requiring a certified financial statement to be filed
4 with the application for a grain warehouse license and
5 is ground -- is grounds for license revocation.
6 Therefore, we ask the commissioner to revoke the three
7 grain warehouse licenses issued to Express Grain.
8 COMMISSIONER GIPSON: Thank you,
9 Counsel.
10 Mr. Geno, do you want to reserve your
11 remarks until later, or would you like to say
12 something at this time?
13 MR. GENO: I think I'll take door
14 number two, Mr. Commissioner.

15 COMMISSIONER GIPSON: Thank you. All
16 right.
17 MR. GENO: If it please the commission,
18 and ladies and gentlemen, my name is Craig Geno. I
19 represent the debtor, Express Grain Terminal, and the
20 applicant here today in its bankruptcy case and here.
21 I am not here to defend what Express
22 Grain did prior to the filing of the bankruptcy
23 petition. The professionals of the bankruptcy case
24 did not know that an altered application or altered
25 financials had been submitted until after the

1 bankruptcy case had been filed.
2 A cursory review of the two
3 applications and the two sets of financial statements
4 show that they've been materially altered. I can't
5 defend that. What happened after that is a tragedy.
6 It is equated to natural disasters that we seem to
7 suffer in this state from time to time with tornado
8 season coming around the corner, which seems to be 12
9 months of the year now. There is no excuse for it,
10 there is no defense for it, and I'm not here to try to
11 defend it, because I can't.
12 Mr. Gerrard and I did agree to unseal
13 both of the audits that were filed by your counsel and

14 the bankruptcy court so that the farmers, creditors,
15 the lawyers and the public could see what had happened
16 in this case. In addition to that, I agreed to let a
17 former employee of Express Grain meet with your
18 investigators last evening in order to verify that
19 John Coleman had, in fact, executed these
20 applications. It was a brief 15, 20 minutes.
21 I don't know if your investigator is
22 going to testify today, but I'll tell you what
23 Ms. Pearson, who was the notary who notarized the
24 application for Mr. Coleman, said. She said she
25 notarized the application on the date in question and

1 that it was Mr. Coleman's signature on the
2 applications. The investigators asked us some more
3 questions about the history of Express Grain and a few
4 other things, but for today's purposes, I allowed her
5 to speak with the investigators. I didn't have to,
6 but I did. And they conducted an interview of her,
7 and she verified that she notarized the application,
8 she recognized Mr. Coleman's signature, and it was his
9 signature. That is the first verification we've had
10 officially of that.
11 What I am here today to tell you about
12 and what Mr. Gerrard is here to tell you about is the

13 status of Express Grain and its operations in the
14 bankruptcy court. Judge Maddox entered an order last
15 week allowing Express Grain to use cash, available
16 cash, to finish up its manufacturing operations
17 through February 25th of this year.
18 We hope, although the judge has not set
19 this yet, to have an auction of substantially all of
20 the assets of Express Grain on February 25th. The
21 procedure for that usually is, we have the auction in
22 the morning, and then the debtor, Express Grain, would
23 pick the highest or best bidder or bidders, we think
24 there will be multiple, that morning. The chief
25 restructuring officer, in consultation with the

1 creditors, will make a recommendation to the judge as
2 to is the highest and best bidder or bidders. We'll
3 have a hearing that afternoon, assuming the judge sets
4 it that day, and that's the day we've requested in
5 order to approve the highest and best bidder.
6 Mr. Gerrard will testify about the
7 amount of interest that has been shown in the three
8 locations, Minter City and Sidon, which are basically
9 storage facilities, and then the Greenwood facility,
10 which is more of a manufacturing facility.
11 We'll ask the commission, through

12 Mr. Gerrard today, to allow Express Grain to finish up
13 its manufacturing operations, wind things up, because
14 closing a plant like that, you just -- I know
15 everybody knows this, you can't just do turn off the
16 lights and walk away. There's some cleanup issues,
17 there's some bleeding off of chemicals issues, there
18 are some environmental issues that we need to comply
19 with, and that's going to take the next couple of
20 weeks.
21 We believe that we have enough soybean
22 inventory to finish manufacturing those soybeans
23 around February 18th to 25th, depending on the
24 available labor, depending on the equipment's
25 reliability and competency. And then once the auction

1 occurs, there will be a short period of transition
2 between the time that the purchaser takes over the
3 assets and Express Grain gives them the key and ceases
4 its operation in Greenwood, Sidon and Minter City.
5 Thank you, sir.
6 COMMISSIONER GIPSON: Thank you. And
7 just for the record, you said the finishing the
8 soybean manufacture, is that -- is that the pressing
9 of these beans into soybean oil? Is that what's going
10 on?

11 MR. GENO: It is. And soybean meal.

12 COMMISSIONER GIPSON: Soybean oil and

13 meal?

14 MR. GENO: Yes, sir.

15 COMMISSIONER GIPSON: Is that the only

16 manufacture that's happening?

17 MR. GENO: Yes, sir.

18 COMMISSIONER GIPSON: Thank you.

19 Now, before we get going with the

20 testimony today, I do want to point out our agents

21 were able to serve Mr. John Coleman and Mr. Michael

22 Coleman, who are the -- as we understand it, the only

23 members of Express Grain Terminals, LLC.

24 I do not see them here today. If

25 they're here, would they announce themselves?

1 Mr. John Coleman? Or on the phone. John Coleman,

2 John Coleman? And seeing none and hearing none, we

3 will note that he is not here.

4 Mr. Michael Coleman, is he here or

5 represented here today? Michael Coleman? Michael

6 Coleman? Seeing none and hearing none, we'll assume

7 he's not here nor represented here today.

8 All right. With those openings, thank

9 you for those gentlemen, Counsel Graves, you are

10 recognized to present your case and swear your

11 witness. Swear your witnesses and present your case.

12 MR. GRAVES: Okay. Gene and Joe.

13 (WHEREUPON JOSEPH EARL GREEN WAS DULY SWORN UNDER

14 OATH.)

15 * * * * * *

16 EXAMINATION OF JOSEPH EARL GREEN

17 * * * * * *

18 COMMISSIONER GIPSON: Mr. Graves,

19 proceed.

20 E X A M I N A T I O N

21 DIRECT EXAMINATION BY MR. GRAVES:

22 Q Okay. What's your name, please?

23 A My full legal name is Joseph Earl Green.

24 Joe, for short.

25 Q Okay, Joe. And what's your educational

1 background?

2 A I received my Bachelor's and Master's in

3 accountancy from Mississippi State University.

4 Q And do you have any professional

5 certifications?

6 A I'm a Certified Public Accountant licensed

7 in the state of Mississippi.

8 Q And you are currently engaged in the

9 profession?

10 A Yes, sir.

11 Q Okay. And I think you said you're with

12 Horne?

13 A Right.

14 Q And how many years have you been in the

15 practice?

16 A Twenty years.

17 Q Okay.

18 MR. GRAVES: Do you want to stipulate

19 to his qualifications as an expert in public

20 accounting?

21 MR. GENO: I do.

22 MR. GRAVES: (Continuing.)

23 Q All right. Joe, are you familiar with the

24 Express Grain Terminals in Greenwood?

25 A Yes, sir.

1 Q Have you ever done any accounting work for

2 Express Grain?

3 A Yes.

4 Q Do you recall if you did any accounting work

5 for them in 2021?

6 A Yes, I did.

7 Q All right. If you would, tell us about the

8 work you did for them in connection with the audit you
9 performed in 2021.
10 A We performed an audit of the fiscal years
11 ending -- in 2021, we completed our audit as of fiscal
12 year ending June 30th, 2020, which covered the income
13 statement from July 1st of 2018 all the way through
14 the period of June 30th of 2020, and then the balance
15 sheets of the -- the report includes the balance
16 sheets of June 30th, 2019 and 2020.
17 Q Okay. Did you know at the time how Express
18 Grain would utilize your audit report?
19 A It was our understanding that those
20 financial statements would be submitted to the -- to
21 their lender.
22 Q Okay.
23 MR. GRAVES: Did I give you a copy of
24 my exhibits?
25 MR. GENO: You did.

1 MR. GRAVES: Okay. All right.
2 BY MR. GRAVES
3 Q Can you identify this document, Mr. Green?
4 A These are the financial statements of
5 Express Grain Terminals, LLC, and affiliates, for the
6 years ending June 30th, 2020 and 2019, accompanied by

7 Horne's independent audit report dated May 20th, 2021.

8 MR. GRAVES: (Continuing.)

9 Q Okay. And you prepared that audit report?

10 A Yes, sir.

11 Q Okay.

12 MR. GRAVES: We offer it into evidence,

13 Your Honor.

14 COMMISSIONER GIPSON: All right.

15 Exhibit 1 is offered into evidence and received, and

16 mark it as such. And that is -- read the title of it

17 again just for the record.

18 MR. GRAVES: Express Grain Terminals

19 and Affiliates, Greenwood, Mississippi, Combined

20 Financial Statements, years ended June 30th, 2020 and

21 2019.

22 COMMISSIONER GIPSON: Dated? Audit

23 report dated?

24 MR. GRAVES: The date on it is

25 May 20th, 2021.

1 COMMISSIONER GIPSON: All right. It's

2 received and admitted.

3 (DOCUMENT MARKED AS EXHIBIT NO. 1 AND

4 ATTACHED)

5 MR. GRAVES: (Continuing.)

6 Q All right. Joe, so this covers a period of
7 July 1 of 2018 through June 30th of 2020?
8 A Yes, sir.
9 Q Okay. And then after you prepared the
10 report, did you deliver it to Express Grain?
11 A Yes.
12 Q Okay. And when did you deliver it to them?
13 A We would have delivered an electronic copy
14 May 20th of 2021.
15 Q Okay. I'm going to hand you another
16 document here. That's an affidavit from Gene
17 Robertson. Do you see that?
18 A Yes, sir.
19 Q He's the director of the grain division at
20 the Department of Agriculture?
21 A Yes, sir.
22 MR. GRAVES: All right. Your Honor, we
23 would offer it into evidence.
24 COMMISSIONER GIPSON: Okay. The
25 affidavit of Gene Robertson, it would be Exhibit 2, is

1 there. Any objection?
2 MR. GENO: No, no objection.
3 COMMISSIONER GIPSON: Let it be
4 received and admitted marked Exhibit 2.

5 (DOCUMENT MARKED AS EXHIBIT NO. 2 AND

6 ATTACHED)

7 MR. GRAVES: (Continuing.)

8 Q Joe, if you would, read that affidavit.

9 A "I, the undersigned, do hereby state that I

10 am under oath and that I have personal knowledge of

11 the matters and things stated herein. I do hereby

12 state that I am the director of the grain division,"

13 division in quotes, "of the Mississippi Department of

14 Agriculture and Commerce," Department, in quotes, "an

15 agency of the State of Mississippi. I do further

16 state that I am the custodian of the records

17 maintained by the Division, which includes

18 applications for a grain warehouse license and the

19 applicant's supporting financial statements. I do

20 further state that the document attached hereto is a

21 true and correct copy of the financial statement

22 submitted to the Division by Express Grain Terminals,

23 LLC, in support of its application for a grain

24 warehouse license for FY2021-22. Signed by Gene

25 Robertson."

1 Q Okay. and he has attached to it a financial

2 statement?

3 A Yes, sir.

4 Q And is that the -- appear to be a report
5 from Horne LLP?
6 A It appears to be a Horne report.
7 Q Okay. And what's the date of that report?
8 A February 3rd, 2021.
9 Q And does it say what period of time this
10 report covers?
11 A It covers the balance sheets as of
12 June 30th, 2020 and 2019, in the statement of
13 operations for the periods that ended, so July 1st of
14 '18 through -- for the P and L, July 1st of '18
15 through June 30th of 2020.
16 Q And what items are you contained in this
17 report?
18 A An independent auditor's report, the
19 combined balance sheets, combined statement of
20 operations, combined statement of members equity,
21 combined statement of cash flows, and the notes to the
22 combined financial statements.
23 Q All right. Have you had a chance to review
24 the statements and figures in the report submitted by
25 Express Grain to the state?

1 A Yes, I have.
2 Q Is this the same report that Horne submitted

3 to Express Grain for the period of July 1, 2018
4 through June 30th of 2020?
5 A No, it is not.
6 Q Should these reports have been -- should
7 they have been exactly the same?
8 A Yes.
9 Q And are they the same?
10 A No.
11 Q All right. And have you taken a copy of
12 Horne's true report and had it marked to show the
13 differences in the two reports with a yellow
14 highlighter?
15 A I have identified the differences in the
16 report, yes, sir.
17 Q I'm going to hand you this document and ask
18 if you can identify that.
19 A This is the copy of the financial statements
20 in the independent auditor's report issued by Horne,
21 which has been highlighted in yellow identifying
22 differences.
23 Q Okay. So that's the true report but with
24 the differences marked; is that right?
25 A Yes, sir.

1 MR. GRAVES: We offer it into evidence,

2 Your Honor.

3 COMMISSIONER GIPSON: Thank you. That

4 would be offered as Exhibit 3, which is the marked --

5 that's the marked?

6 MR. GRAVES: Yes.

7 COMMISSIONER GIPSON: The real audit

8 report marked by Horne to show the differences --

9 MR. GRAVES: Yes.

10 COMMISSIONER GIPSON: -- to the forged

11 report.

12 MR. GRAVES: That's right.

13 COMMISSIONER GIPSON: All right. Let

14 it be marked as Exhibit 3 and received and admitted.

15 (DOCUMENT MARKED AS EXHIBIT NO. 3 AND

16 ATTACHED.)

17 MR. GRAVES: (Continuing.)

18 Q All right. Joe, then referring to the

19 highlighted report and to the report submitted by

20 Express Grain to the Department of Agriculture, have

21 you looked at the Horne logo in the two reports?

22 A Yes, I have.

23 Q Are they the same?

24 A No, sir.

25 Q Okay. And then you stated you reviewed

1 these reports. Can you just go through here and give
2 us the major differences that you noticed in these two
3 reports?
4 A Yes, sir. And I'll refer to the Horne
5 issued report page numbers in doing so. The first
6 difference I'll note, and probably --
7 MR. GENO: Mr. Graves, would you let
8 him identify which exhibit he's talking about? I
9 think it's Number 3.
10 A Yes, sir. I'm referring to Exhibit No. 3 in
11 my review.
12 MR. GRAVES: (Continuing.)
13 Q Okay. All right. Go ahead, Joe.
14 A Yes. The first difference I'll identify is
15 the exclusion in the report issued to the Department
16 of Ag of the "Emphasis of Matter Regarding Going
17 Concern," which, among other things, identified that
18 there existed substantial doubt about the company's
19 ability to continue as a going concern.
20 The paragraph references the company's
21 accumulated losses since exception of 21.6 million,
22 the fact that it's current liabilities exceeded
23 current assets at June 30th, 2020. The biodiesel
24 facility was placed in service during fiscal 2019, but
25 it has not operated at full capacity. And the

1 company's line of credit, with a balance at June 30th,
2 2020 of approximately 24.6 million, would mature in
3 the next 12 months. And these conditions raise
4 substantial doubt about the company's ability to
5 continue as a going concern.
6 Q And it is your testimony that paragraph was
7 eliminated entirely in the reports submitted to
8 Agriculture?
9 A Yes, sir.
10 Q Okay. Was that a significant item that was
11 removed?
12 A Yes, sir.
13 Q Go ahead with your testimony.
14 A Flip to page three, on the next page of
15 Exhibit 3, and note a few differences here. Property
16 and equipment net per the report issued by Horne was
17 approximately 59 million. The report provided to the
18 Department of Ag showed property and equipment net of
19 approximately 72 million.
20 Another significant difference here is the
21 report issued by Horne presents members' equity at
22 approximately 2.3 million, and the report issued to
23 the Department of Ag shows members' equity
24 24.9 million, or almost 25 million, so a difference of

25 23 -- 22 or 23 million --

1 Q All right.

2 A -- less in Horne's issued report.

3 Flipping over to the next page on the

4 statement of operations, I'll point to the line item

5 titled "Impairment loss" and the report issued by

6 Horne of approximately 13.3 million, which is excluded

7 from the report issued to the Department of Ag, and a

8 net less for 2020 of approximately 21.2 million for

9 fiscal 2020, compared to a loss of 1.9 million in the

10 report issued to the Department of Ag.

11 Flipping over to the next page, which is a

12 statement of members' equity, again just focusing on

13 the balance at June 30th, 2020, the report issued by

14 Horne showed members' equity of approximately

15 2.3 million compared to the report issued by -- issued

16 to the Department of Ag of 24.9 or almost 25 million,

17 which the amount -- in the report issued by Horne is

18 again less by that 22, $23 million.

19 Q Okay.

20 A Flipping to the next page of the statement

21 of cash flows, I'll point again to the loss at the top

22 of page six of the report issued by Horne referencing

23 the loss of 21.2 million, compared to the net loss

24 issued shown in the report provided to the Department
25 of Ag of 1.9 million.

1 If you refer to the subheading in that
2 statement under "Cash flows from financing
3 activities," you'll find differences in each of those
4 line items, with the exception of -- the first line
5 item described is net decrease in borrowings on line
6 of credit, principal payments on long-term borrowings,
7 and the payment of debt issuance cost. There's other
8 formatting issues in the report issued by -- issued to
9 the Department of Ag, but those are the significant
10 differences.
11 Flipping over to page seven of the report
12 issued by Horne, the next -- I would say described as
13 the next significant matter here is under the plan of
14 operations, which describes the company's plan of
15 operations as it relates to the concern regarding
16 substantial doubt. It states "The company's
17 accumulated losses of approximately 2.6 million since
18 its inception, and their total liabilities exceed
19 total assets at June 30th. As described in note 4,
20 EGT has a 35-million-dollar revolving line of credit
21 and a 25.2-million term loan as of June 30th that
22 matures November 30th, 2020."

23 "On December 17th, 2020, the company amended
24 the line of credit to a 40-million-dollar line of
25 credit maturing October 31st, 2021, and the term loan

1 to a 35-million loan maturing October 31, 2023. See
2 note 11 for more details."
3 It goes on to say that "There can be no
4 assurances that the companies will have different cash
5 flows from its biodiesel operations to meet the future
6 commitments or that they will be able to renew or
7 extend the line of credit under acceptable terms.
8 These conditions raise substantial doubt about the
9 companies' ability to continue as a going concern."
10 Q So that language you just read in the plan
11 of operations was completely removed in the report
12 submitted to the department?
13 A Yes, sir. That information was excluded.
14 Q Okay. All right. Go ahead.
15 A The next thing I would highlight is on page
16 11 of the report issued by Horne, which is outlined in
17 note 1 to the financial statements.
18 At the bottom of that page, it -- the
19 financial statements refers to "The companies
20 determined certain biodiesel and soybean processing
21 assets were impaired at June 30th, 2020. The

22 impairment of approximately 13 million has -- was
23 determined primarily using a sales comparison
24 approach, which the companies determined to be at
25 Level 2 in the fair value hierarchy."

1 This disclosure covers the fact that
2 management concluded there was a 13-million-dollar
3 impairment and the methods used to determine that fair
4 value. And that entire section was stricken from the
5 report provided to the Department of Ag.
6 The next section I refer to is on page 13.
7 Note 2 again discusses the biodiesel and soybean
8 processing facility. The company obtained an
9 appraisal of its -- and to clarify, this section is
10 excluded from the report issued to the Department of
11 Ag. "The company obtained an appraisal of its
12 property and equipment subsequent to year-end as a
13 result of ongoing losses from its biodiesel
14 operations."
15 And reading further down, "Based on this
16 appraisal, the carrying value of the property and
17 equipment associated with the biodiesel and soybean
18 processing facility was determined to be impaired and
19 was written down by approximately $13 million to their
20 estimated fair values at June 30th, 2020. There was

21 no impairment recognized related to the companies'
22 storage facility assets."
23 Q And that language had been removed to the
24 report submitted to the department?
25 A Yes, sir.

1 Q Okay.
2 A Further down. Note 4 read, "Line of credit
3 and long-term debt" in the report issued by Horne. In
4 the report provided to the Department of Ag, the note
5 4 title was "Credit facility and long-term debt." And
6 the parts I'm about to read were excluded from the
7 report issued to the Department of Ag.
8 "Effective February 2019, the line of credit
9 was amended to, among other things, convert 28 million
10 of the borrowings on the line of credit to a term loan
11 maturing September 2020. As of June 30th, 2020, the
12 maturity date on the -- for the long-term -- for the
13 term loan was November 30th, 2020."
14 Further down, "We note that the loan -- the
15 line of credit matures November 30th, 2020. However,
16 the line of credit may be canceled at any time at the
17 sole discretion of the lender. The line of credit
18 requires EGT to maintain a tangible net worth as
19 defined of not less than 20 million and a minimum debt

20 service ratio of 1.2 to 1."

21 "As of June 30th, EGT was not in compliance

22 with the tangible net worth or the minimum debt

23 service requirement. The December 17, 2020 amendment

24 required EGT to have a tangible net worth of at least

25 16 million as of December 31st, 2020, and a debt

1 service coverage ratio of 1.25 to 1. EGT was not in

2 compliance with these covenants as of December 31st,

3 2020."

4 "Finally, the line of credit limits the

5 number of unhedged commodity contracts to be held by

6 EGT. EGT held long positions for certain commodities,

7 exceeding its limit allowed under the line of credit,

8 which represents an event of default. These

9 violations related to the unhedged commodities as of

10 June 30th were waived."

11 Q And that language was eliminated from the

12 report presented to the department?

13 A Yes, those were -- those were eliminated.

14 If you'll flip over to page 16 of Exhibit 3,

15 note 5 of those financial statements talks about the

16 Paycheck Protection Program loan. It references the

17 company received a loan of 2.2 million under the

18 Paycheck Protection Program, and that information is

19 excluded from the report issued to the Department of
20 Ag.
21 The next thing I would highlight is in
22 note 6 of the report issued by Horne, which
23 summarizes, again, the unhedged commodity contracts,
24 which refers back to the debt footnote discussion we
25 just had. But it shows that the soybeans and bushels

1 were at a net long position of approximately
2 1.5 million bushels.
3 Q That language was eliminated from the
4 department's report?
5 A Correct. Flipping to page 18 of the report
6 issued by Horne, note 10 is titled "Commitments."
7 This is actually titled note 9 in the report issued to
8 the Department of Ag. The -- this sentence was
9 removed from the report issued to the Department of
10 Ag, but it reads, "In connection with these
11 agreements, EGT had 2.35 million bushels of soybeans
12 under forward purchase contracts at June 30th, 2020,
13 priced under basis contracts," as it relates to the
14 transaction described in note 10.
15 Finally, at the bottom of note 11, it
16 describes the subsequent events. These would be
17 events happening after June 30th, 2020, which refers

18 back to the fact that "The company amended their
19 agreement for their line of credit card and term loan
20 to convert a portion of their line of credit,
21 increasing the principal amount of the loan to
22 35 million, with a maturity date of October 31st,
23 2023. And the amendment also increased the line of
24 credit to provide for a maximum of 40 million in
25 available borrowings, with a maturity date of 2021."

1 The next sentence reads that subsequent
2 events have been evaluated through May 20, 2021, and
3 that's important because you're required to evaluate
4 subsequent events through the report issuance date,
5 which was me. As we've talked about earlier, the
6 Horne report was dated May 20, '21.
7 Lastly, the supplemental information
8 provided in the report issued by Horne, which includes
9 Express Grain Terminals, LLC and its affiliates, with
10 the column for eliminations rolling to the combined
11 totals, which the combined totals would agree back to
12 the face of the balance sheet and statement of
13 operations on page three and page four of the report.
14 That highlights the differences I noted.
15 Q Okay. Mr. Green, do you have an opinion as
16 to whether or not the alterations and deletions that

17 are highlighted in yellow were made to items that are
18 material or financially significant?
19 A Yes, I do have an opinion, and yes, they
20 were --
21 Q What's your opinion?
22 A They were significant.
23 Q Okay. All right. Let's see. I've got some
24 more reports here.
25 MR. GRAVES: Indulge me for a minute,

1 Your Honor.
2 MR. GRAVES: (Continuing.)
3 Q Okay. I'm going to hand you another
4 document, Mr. Green, and ask if you can identify that.
5 A This was the report issued on the combined
6 financial statements of Express Grain Terminals, LLC
7 and affiliates for the years ending June 30th, 2019
8 and 2018.
9 Q Okay. Those reports are from Horne, LLP?
10 A Yes, sir.
11 MR. GRAVES: Okay. We offer it into
12 evidence, Your Honor.
13 COMMISSIONER GIPSON: Okay. That would
14 be Exhibit Number 4.
15 MR. GRAVES: Okay.

16 COMMISSIONER GIPSON: Which is the
17 Horne, LLP financial statements and audit for June 30,
18 2019 and 2018.
19 MR. GRAVES: Correct.
20 COMMISSIONER GIPSON: Let it be marked
21 and admitted.
22 (DOCUMENT MARKED AS EXHIBIT NO. 4 AND
23 ATTACHED)
24 MR. GRAVES: (Continuing.)
25 Q All right. I've got another document I'm

1 going to show you, Mr. Green, and ask you if you can
2 identify that.
3 A These are the financial statements of
4 Express Grain Terminals, LLC and affiliates for the
5 years ending June 30th, 2018 and 2017, with Horne's
6 independent auditor's report attached dated May 6th,
7 2019.
8 MR. GRAVES: We offer it into evidence,
9 Your Honor.
10 COMMISSIONER GIPSON: Exhibit 5, the
11 June 30, 2018 and 2017 financial statements prepared
12 by Horne and audited by Horne. Just for my own
13 benefit, these are the correct -- these are the
14 Horne --

15 THE WITNESS: Yes, sir, they include

16 the "Emphasis of Matter" --

17 COMMISSIONER GIPSON: Both Exhibit 4

18 and 5. All right. Let it be marked Exhibit 5 and

19 admitted.

20 (DOCUMENT MARKED AS EXHIBIT NO. 5 AND

21 ATTACHED)

22 MR. GRAVES: We tender the witness,

23 Your Honor.

24 COMMISSIONER GIPSON: Thank you.

25 Mr. Geno.

1 MR. GENO: Thank you, Mr. Commissioner.

2 E X A M I N A T I O N

3 CROSS-EXAMINATION BY MR. GENO:

4 Q Good morning, Mr. Green. I'm Craig Geno. I

5 represent Express Grain.

6 Is it Horne's practice when it prepares an

7 audit to submit a draft of it to its client for

8 review?

9 A Yes.

10 Q Did you do that in these cases with all of

11 these exhibits we talked about this morning?

12 A Yes.

13 Q Did you get any comments or feedback from

14 Express Grain?

15 A Yes.

16 Q Do you remember what they are were?

17 A Well, we issued drafts. Again, drafts are

18 watermarked with a draft -- watermark on them.

19 They're not signed by Horne and they're not dated.

20 Mr. Coleman reviewed those statements and provided

21 cursory comments but nothing of any substance, I would

22 say. I don't remember exactly what his comments would

23 have been.

24 Q Did he take any issue with any of the

25 highlighted material that you highlighted in one of

1 your exhibits that did not appear in the audited

2 financials that were submitted to the commissioner?

3 A Take issue, I'm not sure. We had lengthy

4 discussions on the impairment loss and how that was

5 determined and accounted for.

6 Q Did he take issue, for example, with your

7 comments and your audit about going concern or

8 questions you had about going concern?

9 A Yes, he did.

10 Q Did he dispute that?

11 A I don't know that he disputed it. He wanted

12 to understand or the basis for our conclusion.

13 Q When you finished with your conversation,
14 was it your view that he understood why Horne had
15 classified going concern in the language that you did
16 in your report?
17 A That was my understanding.
18 Q Did any of the discussions you had with
19 Mr. Coleman when you're sending those draft reports
20 change your mind about any of the information that you
21 put in the audit?
22 A No.
23 MR. GENO: No further questions,
24 Mr. Commissioner.
25 Thank you, Joe. Good to see you.

1 MR. GRAVES: No redirect, Your Honor.
2 COMMISSIONER GIPSON: Before you step
3 down, Mr. Green, I just had a couple of maybe simple
4 questions.
5 You've testified that your
6 understanding was they would be provided to the
7 lender. Who would that be? Up to the lender to
8 Express Grain, lender or lenders. Who would you
9 anticipate that would be?
10 THE WITNESS: I'm not sure if this is
11 their legal name, but UMB Bank.

12 COMMISSIONER GIPSON: Did you ever have
13 any discussions with UMB Bank about these financial
14 statements?
15 THE WITNESS: I had discussion -- one
16 discussion with UMB Bank about the audit process and
17 financial statements and when the audit would be
18 completed.
19 COMMISSIONER GIPSON: Do you recall
20 when you had that conversation, for what periods you
21 were talking about?
22 THE WITNESS: I don't -- I'm not sure
23 exactly. It was in May or June of 2021, I believe.
24 COMMISSIONER GIPSON: Do you know
25 whether UMB Bank had the financial statements and

1 audit that you prepared at Horne?
2 THE WITNESS: I do not know that. I
3 can't say that they did or didn't.
4 COMMISSIONER GIPSON: Do you know what
5 financial statements UMB Bank did have?
6 THE WITNESS: I do not know. We
7 provided the audited financial statements to the
8 client, and they provided that -- they would provide
9 that financial statement to whomever.
10 COMMISSIONER GIPSON: I think this is

11 my last question. Did you ever have any reason to
12 believe that John Coleman was submitting to the
13 Department of Agriculture and Commerce anything but
14 your prepared financial statements and audit?
15 THE WITNESS: No, sir.
16 COMMISSIONER GIPSON: So as far as you
17 knew, Express Grain Terminals, LLC was submitting to
18 this agency those financial statements as a condition
19 of receiving a license to operate?
20 THE WITNESS: I was not familiar with
21 the process for the Mississippi license so -- but I
22 would gather that Mr. Coleman would submit the audited
23 statements prepared by Horne to whomever.
24 COMMISSIONER GIPSON: So you would also
25 have believed he submitted those same financial

1 statements to UMB Bank?
2 THE WITNESS: The Horne-issued
3 statements, yes.
4 COMMISSIONER GIPSON: The Horne-issued
5 statements. For ease of reference, let's call them
6 the real financial statements.
7 THE WITNESS: The real financial
8 statements, yes, I would gather that those would have
9 been submitted to the bank.

10 COMMISSIONER GIPSON: Okay. One more
11 question. You said there was a paycheck protection
12 loan of $2.2 million that Express Grain Terminals, LLC
13 had gotten. Do you know when that was? Was that the
14 federal program that Congress passed during the
15 pandemic?
16 THE WITNESS: They received a loan of
17 2,205,000 under the Paycheck Protection Program, which
18 is a financial institution under the Federal Cares Act
19 to provide payroll payments during the COVID-19
20 pandemic. So I believe your reference is correct.
21 COMMISSIONER GIPSON: Do you know
22 whether -- I don't know a lot about that program, but
23 I remember it was a forgivable loan program. Do you
24 know if that was forgiven or if it has been, or is it
25 still something that's out there?

1 THE WITNESS: I don't recall. I
2 mean --
3 COMMISSIONER GIPSON: Okay.
4 THE WITNESS: That may have been
5 disclosed in the December 31st, 2020 audited
6 statements, but --
7 COMMISSIONER GIPSON: Yeah, that was my
8 last question. I promise you this is my last

9 question. Of course, the Department of Agriculture
10 and Commerce is a party in the bankruptcy proceeding
11 that Mr. Geno referenced earlier, and I have had
12 occasion to read some of the pleadings and documents,
13 and they were represented in that case by Ed Lawler,
14 who's sitting down at the -- and Keith Foreman with
15 Lawler & McKay. Some of those documents, I think
16 maybe even the UMB documents, referred to there was a
17 change in the fiscal year, that Express Grain
18 Terminals, LLC had a fiscal year previously of
19 June 30th, and that was reflected in everything that
20 was filed with the Department of Agriculture that
21 year-end, but I read that there was a change in the
22 fiscal year. Do you know anything about that?
23 THE WITNESS: Yes. The company's, and
24 I'll refer to it as tax year, has always been
25 December 31st, and John Coleman requested that the

1 audit period and company's fiscal year-end would be
2 changed to December 31st to better align with the tax
3 year, and that was the extent.
4 COMMISSIONER GIPSON: Do you know when
5 that request was made?
6 THE WITNESS: I believe there was
7 discussions had in calendar '21 -- no, sorry. Those

8 discussions would have been -- would have occurred in
9 fall of or late 2020 and then again early '21.
10 COMMISSIONER GIPSON: And to your
11 knowledge, are there any other financial statements
12 that are audited or unaudited that you know about
13 subsequent to these June 30, 2020 financial
14 statements?
15 THE WITNESS: Horne issued an audit
16 report on the December 31st, 2020 balance sheet and
17 the statement of operations for the six-month period
18 of June 1st -- July 1st, 2020 through December 31st,
19 2020.
20 COMMISSIONER GIPSON: Okay. I don't
21 think I've seen those, and I may not have -- I did not
22 know about that. But I will make the proper request
23 of those -- of the proper party. Are they in Horne's
24 possession?
25 THE WITNESS: Yes, sir, we maintain

1 copies of those reports.
2 COMMISSIONER GIPSON: Is there any
3 objection to getting those records just for the
4 record, getting them submitted here as a late-filed
5 exhibit?
6 MR. GENO: No objection,

7 Mr. Commissioner.

8 COMMISSIONER GIPSON: Okay.

9 Mr. Graves, you can follow up with Mr. Green on that

10 and we will get those copies. Are we done with this

11 witness?

12 MR. GRAVES: I am.

13 COMMISSIONER GIPSON: Thank you,

14 Mr. Green.

15 Mr. Graves, you may call your next

16 witness.

17 MR. GRAVES: Okay. Gene Robertson.

18 COMMISSIONER GIPSON: Gene Robertson.

19 (WHEREUPON GENE ROBERTSON WAS DULY SWORN UNDER OATH.)

20 * * * * * *

21 EXAMINATION OF GENE ROBERTSON

22 * * * * * *

23 E X A M I N A T I O N

24 DIRECT EXAMINATION BY MR. GRAVES:

25 Q Okay. What's your name?

1 A Legal name, Ernest Eugene Robertson, III. I

2 go by Gene.

3 Q Okay. Gene. What's your educational

4 background?

5 A I graduated Mississippi State with a

6 Bachelor's degree.

7 Q And what's your degree in?

8 A Ag business.

9 Q Agricultural business?

10 A Yes, sir.

11 Q Okay. And where are you employed?

12 A Mississippi Department of Agriculture and

13 Commerce.

14 Q And what's your job title?

15 A Department Bureau Director of Regulatory

16 Services.

17 Q What does regulatory services cover, or

18 what's your part of regulatory?

19 A Grain, egg marketing, waste measures,

20 petroleum, consumer protection, bean inspection,

21 fruits and vegetables.

22 Q Okay. And how long have you been with the

23 department?

24 A Twenty-eight years.

25 Q And are you familiar with the state laws and

1 regulations concerning the licensing of grain

2 warehouses and grain dealers?

3 A Yes, sir.

4 Q And tell us a little bit about the licensing

5 scheme, if there's separate licenses, that sort of
6 thing.
7 A Renewal licensing or licensing -- renewals
8 go out about two months prior to the end of June,
9 which is in April, first of May. We send out
10 renewals, request financial statements, insurance
11 report, insurance document, bond, renewal, bin charts,
12 seed ticket, just normal operating stuff that any
13 grain dealer, grain warehouse, would use.
14 Q What I was talking about was are there
15 separate licenses for warehouses and dealers? Isn't
16 it separate licenses?
17 A It's separate licenses.
18 Q Okay.
19 A That's right.
20 Q All right. And if you're -- you can have a
21 license for one but not for the other one?
22 A Well, a grain warehouse is except from grain
23 dealer law from having a separate license. Not from
24 not following the law.
25 Q So if you have a grain warehouse license,

1 you're automatically licensed to be a grain dealer as
2 well?
3 A Yes, sir.

4 Q Okay. And I think you just got into this a
5 little bit about the licensing of a grain warehouse.
6 You were telling about the documentation they have to
7 provide?
8 A Well, it's the financial statement and proof
9 of insurance and bond are the major ones, because I
10 usually have on file their seed tickets and warehouse
11 receipts from previous years.
12 Q Blank warehouse receipts?
13 A And then they have a list of officers.
14 Q Okay. Can you identify this document?
15 A Yes, sir. It is our administrative rules
16 for a grain warehouse.
17 Q Grain warehouse regulations?
18 A Yes, sir.
19 Q Adopted by the Department of Agriculture?
20 A Yes, sir.
21 MR. GRAVES: Okay. We offer it into
22 evidence, Your Honor.
23 COMMISSIONER GIPSON: All right. We're
24 going to do that as an exhibit. That would be
25 Exhibit 6 if we're going to do it by exhibit, or I can

1 just take notice of the grain warehouse -- let's do it
2 as an exhibit. Exhibit 6, Grain Warehouse

3 regulations, will be admitted.

4 (DOCUMENT MARKED AS EXHIBIT NO. 6 AND

5 ATTACHED)

6 MR. GRAVES: (Continuing.)

7 Q All right. Gene, if you would, look at

8 Section 102.3 in the regulations.

9 A Yes, sir.

10 Q Do you see that?

11 A Yes, sir.

12 Q All right. Does that section set forth the

13 requirements for a financial statement for a warehouse

14 application?

15 A Yes, sir.

16 Q All right. Can you read the first two

17 sentences in that section?

18 A "Each application for license or renewal

19 thereof shall be accompanied by a financial statement

20 prepared by an independent public accountant and the

21 grain warehouseman. The accountant, in addition to

22 preparing the financial statement, must check and

23 certify to the accuracy of the accounts receivable and

24 listed inventories."

25 Q Can you identify this document?

1 A Yes.

2 Q What is that?

3 A It's our application for a grain warehouse.

4 Q Is that from Express Grain?

5 A Yes, sir.

6 Q What was the fiscal year for that

7 application?

8 A '21. '21. June -- July 1 of '21 through

9 June '22.

10 Q And was this application received in your

11 office?

12 A Sir?

13 Q Was it received in your office?

14 A Yes, sir.

15 Q Okay.

16 MR. GRAVES: We offer it into evidence,

17 Your Honor.

18 COMMISSIONER GIPSON: Exhibit 7, with

19 no objection, Application for License by Express Grain

20 Terminals, LLC, for the period July 1, 2021 to

21 June 30th, 2022. Mark it and admit it.

22 (DOCUMENT MARKED AS EXHIBIT NO. 7 AND

23 ATTACHED)

24 MR. GRAVES: (Continuing.)

25 Q All right. And that application was from

1 Express Grain?

2 A Yes, sir.

3 Q And what date was it received in your

4 office?

5 A June 2nd, 2021.

6 Q How many warehouse locations are mentioned

7 in there?

8 A Three.

9 Q In which cities?

10 A Minter City, Greenwood and Sidon.

11 Q And who signed the application?

12 A John Coleman.

13 Q He signed as an officer for Express Grain?

14 A Yes, sir.

15 Q All right. Do you see over on the signature

16 page?

17 A Yes.

18 Q What I want you to do is read the text in

19 the signature section, beginning with "I, John

20 Coleman," down through the "true and correct." Can

21 you read that?

22 A Yes, sir. "I, John Coleman, being first

23 duly sworn, depose and say that I am the president of

24 applicant Express Grain Terminal, LLC, that I am

25 authorized on the part of said applicant to verify and

1 file with the Department of Agriculture and Commerce
2 this financial statement; that I have full -- full
3 knowledge of the matters set forth herein, and that
4 all of same are true in substance and in fact; and
5 that the financial statement has been prepared by a
6 licensed Certified Public Accountant who is not an
7 employee of, related to or directly associated with
8 the applicant. Also, the undersigned applicant hereby
9 certifies that all statements, information, or
10 schedules attached hereto are hereby made part of the
11 application, and that all statements and information
12 contained herein are true and correct."
13 Q Okay. And that's -- Mr. Coleman signed
14 that?
15 A Yes, sir.
16 Q Did the Department of Agriculture rely on
17 this statement in considering Express Grain's request
18 for a license?
19 A Yes.
20 Q Would the department have granted a license
21 if you believed that this statement was false?
22 A No.
23 Q All right. You see Exhibit 2 that's in
24 evidence?

25 A Yes, sir.

1 Q Are you familiar with that report attached
2 to your affidavit?
3 A Yes, sir.
4 Q And was this submitted to the department as
5 part of Express Grain's license application?
6 A Yes.
7 Q Did someone at the Department of Agriculture
8 examine the financial statement before the licenses
9 were issued?
10 A Yes, sir.
11 Q Did the department rely upon the information
12 in the financial statement as being true?
13 A Yes.
14 Q Did the department approve Express Grain's
15 application for the licenses?
16 A Yes.
17 Q You heard Mr. Green testify that the Horne
18 report, the true Horne report had been altered? You
19 heard him testify to that?
20 A Yes, sir.
21 Q Did you have any idea when you issued the
22 licenses that the information in this financial
23 statement might have been false?

24 A No.

25 Q If you had known that the financial

1 statement was false, would the department have

2 approved the application?

3 A No.

4 Q Can you identify these documents, the

5 documents stapled together, three pages?

6 A Yes, sir.

7 Q All right. What are they?

8 A They're a license for Express Grain

9 Terminal.

10 Q Okay. For the three locations?

11 A Yes, sir.

12 Q They were issued by your office?

13 A Yes, sir.

14 MR. GRAVES: We offer them into

15 evidence, Your Honor.

16 COMMISSIONER GIPSON: The three

17 licenses issued to Express Grain Terminals, LLC for

18 the three locations as Exhibit 8. Is there any

19 objection?

20 MR. GENO: No, sir.

21 COMMISSIONER GIPSON: Seeing none, let

22 it be marked -- let them be marked and admitted as

23 composite Exhibit 8, all in one.

24 MR. GRAVES: Yes.

25 (DOCUMENT MARKED AS EXHIBIT NO. 8 AND

1 ATTACHED)

2 MR. GRAVES: (Continuing.)

3 Q And the licensee in there is Express Grain?

4 A Sir?

5 Q The licensee listed in those licenses is

6 Express Grain Terminals?

7 A Yes.

8 MR. GRAVES: We tender the witness,

9 Your Honor.

10 COMMISSIONER GIPSON: Okay.

11 MR. GENO: No questions,

12 Mr. Commissioner.

13 COMMISSIONER GIPSON: Thank you.

14 Mr. Robertson, I just have two or three.

15 MR. GRAVES: I have one other document.

16 Excuse me. I forgot, Your Honor.

17 MR. GRAVES: (Continuing.)

18 Q Gene, I'll hand you this document and ask if

19 you can tell me what that is.

20 A It's Express Grain Terminals' financial

21 statement for year ending June 30, '19 and '18.

22 MR. GRAVES: We offer it into evidence,

23 Your Honor.

24 COMMISSIONER GIPSON: Thank you.

25 Before we do that, is this the one that was submitted

1 to the department?

2 THE WITNESS: To the department.

3 COMMISSIONER GIPSON: To your office?

4 THE WITNESS: Yes, sir.

5 COMMISSIONER GIPSON: June 30, 2019 and

6 2018, we're doing that as one exhibit or two separate?

7 MR. GRAVES: Yeah, that's one exhibit.

8 COMMISSIONER GIPSON: One? Okay. That

9 will be Exhibit 9. Do you have a copy of that?

10 MR. GRAVES: We didn't -- we just got

11 these together about eight minutes --

12 COMMISSIONER GIPSON: Okay.

13 MS. WILSON: It's -- you both have a

14 copy of what I gave you a few minutes ago.

15 MR. GRAVES: All right.

16 MS. WILSON: You've got all three of

17 those.

18 MR. GRAVES: All right.

19 COMMISSIONER GIPSON: All right. Any

20 objection?

21 MR. GENO: No, Mr. Commissioner.

22 COMMISSIONER GIPSON: Let it be marked

23 and admitted as Exhibit 9, the financial statement

24 submitted to the Department of Agriculture for

25 June 30, 2019 and 2018.

1 (DOCUMENT MARKED AS EXHIBIT NO. 9 AND

2 ATTACHED)

3 MR. GRAVES: (Continuing.)

4 Q All right. Gene, I have one other document.

5 I ask if you can identify that.

6 A Yes, Express Grain Terminals, LLC and

7 affiliates combined financial statement for year

8 ending June 30, 2018 and 2017.

9 Q Okay. Was this the report that was

10 submitted to you by Express Grain?

11 A Yes, sir.

12 Q Okay.

13 MR. GRAVES: We offer it into evidence,

14 Your Honor.

15 COMMISSIONER GIPSON: As Exhibit 10,

16 the reports for June 30, 2018 and 2017 that were

17 submitted by Express Grain to the department -- to

18 your department.

19 THE WITNESS: Yes, sir.

20 COMMISSIONER GIPSON: Division of the
21 Department of Agriculture. Exhibit 10. Any
22 objection?
23 MR. GENO: No, sir.
24 COMMISSIONER GIPSON: All right. Let
25 it be marked and admitted.

1 (DOCUMENT MARKED AS EXHIBIT NO. 10 AND
2 ATTACHED)
3 COMMISSIONER GIPSON: Any questions,
4 Mr. Geno?
5 MR. GENO: No, sir. No questions.
6 COMMISSIONER GIPSON: Are you done,
7 Mr. Graves?
8 MR. GRAVES: No redirect, Your Honor.
9 COMMISSIONER GIPSON: I just had two or
10 three questions, Mr. Robertson.
11 Is it true that Express Grain Terminal,
12 LLC's licenses, which are now composite Exhibit 8, the
13 ones for the three locations, those authorize Express
14 Grain Terminal to operate as both a grain warehouse
15 and a grain dealer?
16 THE WITNESS: Yes, sir.
17 COMMISSIONER GIPSON: Could you explain
18 the difference between the grain warehouse and the

19 grain dealer?

20 THE WITNESS: The grain warehouse has

21 storage with capacity to store grain or issue

22 warehouse receipts. They grain dealer does not. They

23 just buy direct on contract or on demand. That's the

24 major differences in the two.

25 COMMISSIONER GIPSON: So Express Grain,

1 as a grain warehouse licensed by this agency, was

2 authorized under the statute to receive and store

3 grain for farmers or whoever delivered the grain?

4 THE WITNESS: Yes, sir.

5 COMMISSIONER GIPSON: And when they do

6 that, what are they issue as documentation of that?

7 THE WITNESS: It could be a contract or

8 a storage agreement, or it could be a warehouse

9 receipt. And they charge the farmer, you know, per

10 bushel for the storage.

11 COMMISSIONER GIPSON: Okay. And as a

12 grain dealer, in contrast, under the other law and the

13 other aspect of the license, explain what the grain

14 dealer does.

15 THE WITNESS: The grain dealer will

16 just take the corn and have it delivered somewhere and

17 would pay the farmer on whatever their contract, let's

18 say. But at that point, though, the farmer no longer
19 has title to that grain.
20 COMMISSIONER GIPSON: So the farmer is
21 selling the grain?
22 THE WITNESS: Outright sales, yes, sir.
23 COMMISSIONER GIPSON: Under a contract?
24 THE WITNESS: Under a contract.
25 COMMISSIONER GIPSON: If you could look

1 on the -- you have a copy of the licenses?
2 THE WITNESS: Yes, sir.
3 COMMISSIONER GIPSON: There is some
4 language on those licenses --
5 THE WITNESS: Yes, sir.
6 COMMISSIONER GIPSON: -- at the bottom
7 about the reason why these regulations and financial
8 statements are so important, to protect the people of
9 Mississippi, the economic development of the state
10 under the regulatory and police powers of the state.
11 What does that language say, if you don't mind reading
12 that?
13 THE WITNESS: "This license is
14 conditioned on compliance with requirements of the
15 aforesaid code, and is effective pending cancellation,
16 suspension or revocation by the Commissioner of

17 Agriculture and/or his discontinuation notice to the
18 Commissioner of Agriculture by said warehouse."
19 MR. GRAVES: (Continuing.)
20 Q And those licenses were issued when? All
21 three of them were issued effective what date?
22 THE WITNESS: July 1, 2021.
23 COMMISSIONER GIPSON: And when do they
24 expire?
25 THE WITNESS: June 30, 2022.

1 COMMISSIONER GIPSON: Are there any
2 other licenses that are held --
3 THE WITNESS: Not by Express Grain --
4 COMMISSIONER GIPSON: -- by Express
5 Grain Terminals, LLC?
6 THE WITNESS: No, sir.
7 COMMISSIONER GIPSON: Has anybody else
8 applied for a license to operate these facilities?
9 THE WITNESS: Those facilities, no,
10 sir. The Express Grain facilities?
11 COMMISSIONER GIPSON: Right.
12 THE WITNESS: No.
13 COMMISSIONER GIPSON: The three
14 locations. Name them again. The Sidon facility, the
15 Minter City --

16 THE WITNESS: Greenwood, Sidon, and
17 Minter City.
18 COMMISSIONER GIPSON: Greenwood, Sidon
19 and Minter City.
20 THE WITNESS: Yes, sir.
21 COMMISSIONER GIPSON: Okay. Do you
22 have a question?
23 MR. GENO: I do as a result of your
24 question.
25 COMMISSIONER GIPSON: I'm going to give

1 you the right to ask it.
2 E X A M I N A T I O N
3 CROSS-EXAMINATION BY MR. GENO:
4 Q Mr. Robertson, I'm Greg Geno. I represent
5 Express Grain Terminals.
6 A Yes, sir.
7 Q I thought I heard you say, but correct me if
8 I'm wrong, that Express Grain Terminals charges
9 storage costs or storage fees to farmers who deliver
10 grain to it.
11 A If they have a storage agreement with them,
12 yes, sir.
13 Q Do you know if they ever have storage
14 agreements?

15 A I don't know, sir.

16 Q Do you know if they've ever charged farmers

17 storage fees --

18 A I know that they have a schedule of charges

19 filed with me on what they -- on how they would do it

20 if they did. I don't really know if they had storage.

21 I do -- only thing I know they had is warehouse

22 receipts issued.

23 MR. GENO: Thank you. Nothing further.

24 Thank you, Mr. Commissioner.

25 COMMISSIONER GIPSON: Thank you. Okay.

1 Mr. Robertson, last question. The law

2 requires a certain bond --

3 THE WITNESS: Yes, sir.

4 COMMISSIONER GIPSON: -- to be placed

5 by the licensee operating as a warehouse, and then an

6 additional bond if they're operating as a dealer.

7 THE WITNESS: Yes, sir.

8 COMMISSIONER GIPSON: Was Express Grain

9 operating as a warehouse and a dealer?

10 THE WITNESS: Yes, sir.

11 COMMISSIONER GIPSON: Did they have

12 both bonds in place?

13 THE WITNESS: Yes, sir.

14 COMMISSIONER GIPSON: Are they still in
15 place today?
16 THE WITNESS: Yes, sir.
17 COMMISSIONER GIPSON: How much are
18 they? And those bonds are for the benefit of farmers,
19 correct?
20 THE WITNESS: Farmers, yes, sir.
21 COMMISSIONER GIPSON: How many are
22 those bonds?
23 THE WITNESS: The one-million-dollar
24 bond for the warehouse and $100,000 for the grain
25 dealers.

1 COMMISSIONER GIPSON: Is that the
2 maximum bond authorized by the law?
3 THE WITNESS: Max allowed by the law.
4 COMMISSIONER GIPSON: And why was that
5 maximum imposed by your division?
6 THE WITNESS: It is based on storage
7 capacity for the grain warehouse, and then 10 percent
8 of purchases up to $100,000 for a grain dealer.
9 COMMISSIONER GIPSON: So it is designed
10 to protect farmers?
11 THE WITNESS: Yes, sir.
12 COMMISSIONER GIPSON: The reason -- you

13 agree with me the reason we have these regulations is
14 to protect farmers, protect the public, protect the
15 economies of the state of Mississippi?
16 THE WITNESS: Yes, sir.
17 COMMISSIONER GIPSON: The reason we
18 require good financial condition. And as far as you
19 knew and what you received from Express Grain
20 Terminals, LLC, everything checked out?
21 THE WITNESS: Yes, sir.
22 COMMISSIONER GIPSON: Did you ever have
23 any farmer call and say they had a problem being paid?
24 THE WITNESS: In 2020.
25 COMMISSIONER GIPSON: How many farmers

1 called?
2 THE WITNESS: One.
3 COMMISSIONER GIPSON: Just one?
4 THE WITNESS: Just one. December of
5 2020.
6 COMMISSIONER GIPSON: What did he say?
7 THE WITNESS: He was concerned about
8 slow pay or, you know, hadn't gotten his payment.
9 Just wanted to know what was going on.
10 COMMISSIONER GIPSON: There's a
11 procedure for farmers to follow and file with the

12 department if they are not paid after a certain period
13 of time.
14 THE WITNESS: Yes, sir.
15 COMMISSIONER GIPSON: Was this that
16 procedure or was this just a phone call to check in?
17 THE WITNESS: Just a phone call.
18 COMMISSIONER GIPSON: What did you do
19 in response, if anything, to that call?
20 THE WITNESS: I called John Coleman and
21 discussed the issue with him. He told me what, you
22 know, was happening with the company. They were
23 restructuring their line of credit or loan and that it
24 should be good in a couple of weeks. I relayed that
25 information. Well, he also gave me the banker, UM

1 Bank, his representative there. I talked to him. He
2 told me the same thing.
3 COMMISSIONER GIPSON: Did he tell you
4 to call his banker?
5 THE WITNESS: Yes, he said, You can
6 call my banker. I don't have a problem with that.
7 COMMISSIONER GIPSON: Did he send you
8 the banker's contact information?
9 THE WITNESS: Yes, sir.
10 COMMISSIONER GIPSON: Did you call him?

11 THE WITNESS: Yes, sir.

12 COMMISSIONER GIPSON: Do you remember

13 who it was?

14 THE WITNESS: Mark Reinhardt, I think.

15 I've got it listed.

16 COMMISSIONER GIPSON: What did he say?

17 THE WITNESS: He told me the same thing

18 John did, that we're restructuring, that we will --

19 you know, he should be good to go in a couple of

20 weeks.

21 COMMISSIONER GIPSON: Okay. Did

22 anything else happen after that conversation?

23 THE WITNESS: Well, I just called the

24 farmer to let him know what I found out and -- but I

25 never heard from the farmer again, so I made the

1 assumption it was -- everything was good.

2 COMMISSIONER GIPSON: You assumed he

3 got paid?

4 THE WITNESS: Yes, sir. I'm pretty

5 sure he would have called me if he hadn't.

6 COMMISSIONER GIPSON: I'm pretty sure

7 he would too. Okay. That's all I have. Anything

8 else, anybody?

9 MR. GENO: No, thank you, Mr.

10 Commissioner.

11 COMMISSIONER GIPSON: Thank you,

12 Mr. Robertson. You're dismissed.

13 All right. Anyone else, Mr. Graves?

14 MR. GRAVES: State rests, Your Honor.

15 COMMISSIONER GIPSON: Very good. Thank

16 you. Mr. Geno?

17 MR. GENO: I call Dennis Gerrard.

18 COMMISSIONER GIPSON: Mr. Gerrard. How

19 are we going to swear Mr. Gerrard in? Is he going to

20 be sworn? How do we do that on the phone?

21 MR. GRAVES: Does he have a notary

22 there?

23 MR. GENO: Dennis, do you have a

24 notary? Can you hear me? You're on mute, I bet.

25 THE WITNESS: Excuse me. Yes, I have a

1 notary here.

2 COMMISSIONER GIPSON: Ask your notary

3 there -- where are you located, Mr. Gerrard, just for

4 the record?

5 THE WITNESS: Naples, Florida.

6 COMMISSIONER GIPSON: Naples, Florida.

7 Would you have your notary in Naples, Florida there to

8 administer an oath to you so we can get you on the

9 record here and proceed with the testimony?

10 Okay. We're ready. Go right ahead.

11 (WHEREUPON DENNIS GERRARD WAS DULY SWORN UNDER OATH.)

12 * * * * * *

13 EXAMINATION OF DENNIS GERRARD

14 * * * * * *

15 COMMISSIONER GIPSON: So help you God.

16 MR. GENO: May I proceed,

17 Mr. Commissioner?

18 COMMISSIONER GIPSON: You may. We'll

19 consider him sworn, duly sworn.

20 E X A M I N A T I O N

21 DIRECT EXAMINATION BY MR. GENO:

22 Q Mr. Gerrard, state your full name for the

23 record, please, sir.

24 A Dennis Gerrard.

25 Q Mr. Gerrard, it may be because I'm hard of

1 hearing, but I'm having a little trouble picking up

2 everything you say. Would you speak maybe a little

3 lower and maybe back off your microphone just a bit?

4 A Okay. How is that?

5 Q A little better. State your full name,

6 please, sir.

7 A Dennis Gerrard.

8 Q That's G-E-R-R-A-R-D?

9 A That's correct.

10 Q And you're a resident of the state of

11 Florida; is that correct?

12 A I am.

13 Q Where do you work, Mr. Gerrard?

14 A CR3 Partners.

15 Q What is your connection to the bankruptcy

16 case of Express Grain Terminal?

17 A I am the court-appointed chief restructuring

18 officer.

19 Q What does that mean?

20 A I'm essentially the -- I'm the fiduciary for

21 the company right now. In other words, the CEO of the

22 company in the bankruptcy case.

23 Q Does anyone else, at least as of the judge's

24 opinion in December of last year, have higher

25 authority or more ultimate authority to make decisions

1 for Express Grain other than you?

2 A No, they do not.

3 Q Mr. Gerrard, when did you come onboard at

4 Express Grain?

5 A October 13th, 2021.

6 Q Tell us just very briefly what you found

7 when you first started work at Express Grain as the
8 chief restructuring officer.
9 A A number of things that you typically find
10 in a bankruptcy case when you show up. In this one in
11 particular, we found a very disillusioned workforce.
12 There had been some communications to the workforce
13 and I think to the community in general that the
14 things at Express Grain were, you know, on some solid
15 footing and moving forward. The bankruptcy filing was
16 a shock and a surprise to everyone.
17 From an operational standpoint, you know,
18 the facility in Greenwood, probably not the, you know,
19 most stable operation that we've run across.
20 Production was, you know -- when we looked at
21 production records and so forth, it was erratic
22 probably is a good way to put that. The financial
23 books and records of the company were scattered and,
24 you know, a little tough to work through.
25 The company has had -- has three separate

1 operating systems that don't communicate with one
2 another, so there is a great deal of manual
3 intervention required. There was Silo communications
4 inside the financial department as well. Not everyone
5 had access or communicated effectively with -- with

6 one another in that group. There was -- the company
7 did not have a full-time chief financial officer.
8 They had engaged a fractional CFO to handle those
9 duties. So that's -- you know, that's a summary of
10 the things that we found.
11 Q And has the bankruptcy court authorized
12 Express Grain to use available cash since the
13 beginning of the case to pay its operating expenses
14 and its overhead?
15 A Yes, they have.
16 Q If I remember correctly, we've had six
17 cash -- they call it cash collateral hearings,
18 authorizing the use of those funds; is that right?
19 A Yes. That's correct.
20 Q And then the judge entered on the 28th of
21 January of this year a final order authorizing the use
22 of cash collateral; is that correct?
23 A Yes, through February 25th.
24 Q Tell us, Mr. Gerrard, the status of Express
25 Grain currently, what operations are ongoing, and what

1 you're going to do between now and February 25th, when
2 that approval to use cash expires.
3 A Yeah. We're continuing to crush the beans
4 that we have on hand. We believe that we have enough

5 to keep the operation running between now and, you
6 know, close to the 25th of February. We are -- we're
7 continuing to sell the finished product, you know, the
8 by-products from the beans, and we're actively
9 marketing the assets of the company. We've had
10 conversations with upwards of 40, you know, different
11 groups or individuals at this point expressing various
12 levels of interest, and, you know, we're awaiting bid
13 procedures from the court so that we can move to an
14 auction in late February.
15 Q Do you have any plans to continue
16 manufacturing soybeans past the February 25th date?
17 A No, we do not.
18 Q And it could be you end operations before
19 then if you run out of beans before that date; is that
20 a fair statement?
21 A We could very well end the crushing
22 activity. We would continue to sell the by-products,
23 principally the oil.
24 Q And did you give Judge Maddox, the
25 bankruptcy judge, a wind-down plan at the last cash

1 collateral hearing we had that resulted in her order
2 of January 28th?
3 A Yes, we did.

4 Q And did you offer her two different paths to
5 wind down the business of the company at that hearing
6 in late January?
7 A Yes, we did. We offered one to essentially
8 discontinue operations immediately and begin, you
9 know, a wind-down/wind-up process. And then we
10 gave -- we presented her with one, which is the path
11 that we're following, which is part of the order, to
12 continue to crush the beans through, you know, through
13 the end of the beans, which will be sometime in late
14 February and then commence the cleanup operation to
15 secure the assets.
16 Q And have we asked the bankruptcy judge to
17 set an auction for the sale of substantially all of
18 the assets of Express Grain for the morning of
19 February 25th?
20 A Yes, we have.
21 Q And we also asked her to set a hearing on
22 whoever is selected as the highest, best bidder or
23 bidders for the afternoon of February 25th?
24 A Yes. That's correct.
25 Q Can you tell us just a little bit about the

1 level of interest you've had as to the different
2 facilities owned by Express Grain from interested

3 purchasers?

4 A Yeah. We still have about 15 or so parties

5 that, you know, are actively working the data room or

6 visiting the facility and asking questions of the --

7 you know, the various people inside the company or my

8 colleagues at NCR Freight.

9 There's, you know, I would say considerable

10 interest at both the Sidon and Minter City facilities

11 and tempered interest in the Greenwood crushing

12 operation.

13 Q Tell us briefly what's located at Sidon.

14 MR. GRAVES: Your Honor, at this time

15 we would like to object to any further testimony about

16 what will happen in an auction or with the bankruptcy

17 court. The only issue here today is whether this --

18 there has been a violation of the rules and

19 regulations of the department with regard to grain

20 warehouses. So we think this line of questioning and

21 testimony is irrelevant. We object to it.

22 MR. GENO: If I may respond,

23 Mr. Commissioner. Revocation of the license and

24 suspension is certainly an important issue today.

25 We've seen the financials, and there's no defense to

1 them. But the steps that the department takes with

2 respect to the future of the company, whether it's
3 onboard with finishing up, winding up the operation
4 that we have, preserving the jobs that are there, and
5 then leaving the going concern value open, especially
6 at Sidon and Minter City, and that's what I was going
7 to ask Mr. Gerrard, we think it's an important issue
8 for the commission to consider it. That's why we are
9 bringing this up.
10 COMMISSIONER GIPSON: I'm going to
11 allow you to finish quickly this line of questioning.
12 MR. GENO: We don't have much more.
13 COMMISSIONER GIPSON: Very quickly.
14 And in particular, I heard him say there wasn't a lot
15 of interest, or maybe he said something else about the
16 Greenwood facility. I want to hear that, the reasons
17 for that.
18 MR. GENO: Yes, sir. We'll move
19 quickly.
20 MR. GENO: (Continuing.)
21 Q Mr. Gerrard, what is located at Sidon?
22 A It's a grain terminal with about 120 acres
23 of property and a loop rail access.
24 Q What's located at Minter City?
25 A That's principally flat storage in that

1 location.

2 Q What's located at Greenwood?

3 A Greenwood is a -- Greenwood is a crushing

4 operation with a bio -- with a bio -- with biodiesel

5 capabilities, which has been idle since back in the

6 summertime, to crush the beans into meal, oil and

7 hauling pellet by-products as well.

8 Q And would it be a fair statement to say that

9 you've had more interest in Sidon and Minter City than

10 in the manufacturing facilities at Greenwood?

11 A Yes. That's -- that's true.

12 Q Have you already started the winding down

13 operation and the cleanup at Greenwood?

14 A Yes. Yes, we have.

15 Q And you've got to work with the MDEQ to get

16 that done; is that right?

17 A That's correct. We've had two meetings with

18 them over the past -- past week to make sure that, you

19 know, we put together a plan that's safe and secure.

20 Q Thank you, sir.

21 MR. GENO: The only other thing that I

22 have, Mr. Commissioner, is to put into evidence a copy

23 of the judge's order from February 28th, 2022,

24 authorizing Express Grain to use cash collateral

25 through February 25th, 2022.

1 COMMISSIONER GIPSON: That's January --
2 what's the date of that order again?
3 MR. GENO: January 28, 2022, Docket
4 1787.
5 MR. GRAVES: No objection.
6 COMMISSIONER GIPSON: That would be
7 Exhibit 11. No objection. Let it be marked and
8 admitted.
9 (DOCUMENT MARKED AS EXHIBIT NO. 11 AND
10 ATTACHED)
11 COMMISSIONER GIPSON: And let me say,
12 since we're talking about the bankruptcy, and it's
13 marked and admitted Exhibit 11, the bankruptcy order,
14 we understand that this matter is in bankruptcy, and
15 we understand that the scope of this matter is the
16 investigation we're conducting under our regulatory
17 and police powers as the State of Mississippi to
18 safeguard the public interest. We understand all of
19 that. And, of course, we understand there will be
20 hearings on the future of this operation in the
21 bankruptcy court, and we want to be respectful of
22 that, because there is a place for that as well.
23 At the same time, the scope of this
24 department's findings and investigation are going to

25 be with regard to whether these licenses were

1 wrongfully obtained on the basis of the inaccurate,
2 misleading information that was filed. So do you have
3 any other questions?
4 MR. GENO: One other question,
5 Mr. Commissioner.
6 MR. GENO: (Continuing.)
7 Q Mr. Gerrard, Express Grain is not going to
8 attempt to transfer, assign, sell, or do anything else
9 with these licenses, is it?
10 A No, not at all.
11 MR. GENO: That's all I have. Thank
12 you, Mr. Commissioner, and thank you, Mr. Gerrard.
13 COMMISSIONER GIPSON: Thank you.
14 Mr. Graves?
15 MR. GRAVES: No cross-examination, Your
16 Honor.
17 COMMISSIONER GIPSON: I just have a
18 few. Mr. Gerrard, thank you for that testimony. You
19 testified you came on board October 13th, 2021. Was
20 that when you were appointed by the bankruptcy judge
21 to operate this -- these Express Grain Terminal
22 facilities?
23 THE WITNESS: Yes, it is.

24 COMMISSIONER GIPSON: Okay. When

25 you -- since you've been there since October 13, have

1 there been any findings or discussions about the

2 current financial status of the company in the way of

3 current financial statements, audits, anything along

4 that line?

5 THE WITNESS: Well, we're not in the

6 position to consider an audit of the company, and we

7 have monthly financial reporting requirements to the

8 court. And we -- you know, we're essentially managing

9 the company on a cash basis right now, and we report

10 to all of the constituents in the case, you know, what

11 the cash position is and what the cash flow activity

12 is on a weekly basis.

13 COMMISSIONER GIPSON: And you said you

14 were -- you might have enough beans to operate through

15 February 25th, is that correct, or thereabouts?

16 THE WITNESS: Thereabouts, yes.

17 COMMISSIONER GIPSON: In your

18 discussions with the investors, have they reviewed

19 financial statements relating to the company?

20 THE WITNESS: Some of them have.

21 COMMISSIONER GIPSON: And which

22 financial statements were they reviewing?

23 THE WITNESS: We have in the -- in the
24 data room, which we provide access to for anybody
25 that's signed a nondisclosure agreement, we have

1 the audit reports that we received directly from
2 Horne.
3 COMMISSIONER GIPSON: And when did you
4 receive those, if you recall?
5 THE WITNESS: I believe that was
6 late -- late October. I've got the date here
7 someplace. Bear with me. I'll give you that date.
8 That was the 26th of October.
9 COMMISSIONER GIPSON: So on
10 October 26th, you received what I'm calling the real
11 financial statements from Horne, LLP?
12 THE WITNESS: Yes, that's correct.
13 COMMISSIONER GIPSON: What periods did
14 those cover?
15 THE WITNESS: I don't -- I don't -- I
16 don't recall, you know, the -- all of the periods that
17 we put in the data room. I would have to -- I would
18 have to go back and look at it. Certainly the ones
19 that covered the financial period ending the 20th
20 of -- or excuse me, the end of December 2020.
21 COMMISSIONER GIPSON: So is it correct

22 to say that all of these investors who reviewed those
23 reports have seen the true financial statements that
24 reflect the concern that this operation cannot
25 continue as a going concern?

1 THE WITNESS: Yes.
2 COMMISSIONER GIPSON: In your
3 discussions with these investors, have you discussed
4 with them the status of the licenses to operate as a
5 grain warehouse and/or grain dealer as licensed by the
6 State of Mississippi.
7 THE WITNESS: No. No. We've not.
8 COMMISSIONER GIPSON: Would you agree
9 with me that -- I may not get the terminology right,
10 but as chief restructuring officer, you essentially
11 stepped in the shoes of Express Grain Terminals, LLC,
12 so that whatever they had, you had to operate?
13 THE WITNESS: Yeah. That's -- I think
14 that's a fair characterization.
15 COMMISSIONER GIPSON: So if you had --
16 if they had damaged beans, you had damaged beans to
17 work with?
18 THE WITNESS: Yes. Correct.
19 COMMISSIONER GIPSON: If they had
20 damaged equipment, you had damaged equipment, correct?

21 THE WITNESS: Correct, yes.

22 COMMISSIONER GIPSON: And if their

23 licenses to operate were fraudulently obtained, that's

24 what you had as well, correct?

25 THE WITNESS: That would be correct.

1 COMMISSIONER GIPSON: When did you

2 become aware of this potential fraud?

3 THE WITNESS: Not until the State filed

4 the motion.

5 COMMISSIONER GIPSON: Okay. Last

6 question. You said the biodiesel operation had been

7 stopped or shuttered, or I forget the terminology,

8 shut down; is that correct? Inoperative.

9 THE WITNESS: Yes, that is correct.

10 COMMISSIONER GIPSON: So this

11 manufacturing of meal, soybean meal and soybean oil, I

12 presume it's being sold somewhere. Where is it --

13 where is it going?

14 THE WITNESS: A variety of customers.

15 COMMISSIONER GIPSON: Do any of your

16 potential investors have the intent to continue

17 operating this warehouse/dealership there at any of

18 these locations?

19 THE WITNESS: I'm sorry, sir. I missed

20 the beginning of your question.

21 COMMISSIONER GIPSON: Do any of the

22 investors that you've been talking with, I think you

23 said about 15, do they have the intentions to continue

24 operating these facilities at the three locations as a

25 warehouse and/or dealership?

1 THE WITNESS: What -- you know,

2 specifically what their -- what their method of

3 operation would be, I don't know.

4 COMMISSIONER GIPSON: Okay. I don't

5 have any other questions. Mr. Graves, Mr. Geno?

6 MR. GRAVES: No questions. No, Your

7 Honor.

8 MR. GENO: Just one.

9 CONTINUED DIRECT EXAMINATION BY MR. GENO:

10 Q Mr. Gerrard, could you be a little more

11 specific about the customers for your soybean meal?

12 Isn't that the poultry and catfish industry in

13 Mississippi?

14 A Yes. Yes, it is.

15 MR. GENO: That's all I have. Thank

16 you, sir.

17 COMMISSIONER GIPSON: Thank you. Are

18 there any other witnesses? Do we need to call Jamie?

19 We stipulated to the authenticity of the signature, to
20 John Coleman's signature.
21 MR. GRAVES: Yeah. We don't have any
22 rebuttal, Your Honor.
23 COMMISSIONER GIPSON: All right.
24 Any -- do you want to make closing statements?
25 MR. GRAVES: Do you want a final

1 argument, Your Honor?
2 COMMISSIONER GIPSON: No, I don't. I
3 think I've got enough here.
4 I want to thank you for coming today.
5 I want to close -- I will close by saying this is
6 obviously a very serious matter. There are many
7 affected people, families and interest at stake here.
8 This is a tragedy. I mean, I think we all agree with
9 that. This is obviously a tragedy. And we will
10 consider all the evidence that's been submitted here.
11 We will make findings, proposed findings of fact,
12 conclusions of law, and we will make a decision on
13 whether the licenses of Express Grain Terminals, LLC
14 should be canceled and/or revoked within the purposes
15 and intents of the Mississippi Grain Warehouse Law and
16 Mississippi Grain Dealers Law.
17 My deputy commissioner, I'm going to

18 lean to you and ask you is there anything else that we

19 need to do?

20 DEPUTY COMMISSIONER LUKE: No, sir.

21 Not that I can think.

22 COMMISSIONER GIPSON: This is Ricky

23 Luke, for the record, deputy commissioner.

24 All right. Well, then in that case,

25 this hearing is adjourned. I don't have a gavel, but

1 I'll knock the table.

2 (DOCUMENT MARKED AS EXHIBIT NO. 12 AND

3 ATTACHED)

4 (WHEREUPON, THE HEARING WAS CONCLUDED

5 AT APPROXIMATELY 10:40 a.m.)

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2 CERTIFICATE OF REPORTER

3

4 I, AMANDA WOOTTON, Court Reporter and Notary
5 Public for the State of Mississippi, do hereby certify
6 that the above and foregoing pages contain a full,
7 true and correct transcript of the proceedings had in
8 the aforenamed case at the time and place indicated,
9 which proceedings were recorded by me to the best of
10 my skill and ability.
11 I also certify that I placed the witness under
12 oath to tell the truth and that all answers were given
13 under that oath.
14 I certify that I have no interest, monetary or
15 otherwise, in the outcome of this case.

16 This the 6th day of February 2022.

17

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19

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21

22 AMANDA M. WOOTTON

23 My Commission Expires:
December 15, 2022

24

25

RECEIVED
DEC 17 2021

EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES

Greenwood, Mississippi

Combined Financial Statements

Years Ended June 30, 2020 and 2019

EXHIBIT
1

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HORNE

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Express Grain Terminals, LLC and Affiliates
Greenwood, Mississippi

Report on the Financial Statements

We have audited the accompanying combined financial statements of Express Grain Terminals, LLC and Affiliates (the "Companies") which comprise the combined balance sheets as of June 30, 2020 and 2019, and the related combined statements of operations, changes in members' equity and cash flows for the years then ended and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these combined 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 audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 combined financial statements referred to above present fairly, in all material respects, the financial position of the Companies as of June 30, 2020 and 2019, and the results of their operations and their cash flows for the year ended June 30, 2020, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying combined financial statements for the year ended June 30, 2020, have been prepared assuming that the Companies will continue as a going concern. As discussed in Note 1 to the combined financial statements, the Companies have accumulated losses of approximately $21,600,000 since its inception and their total current liabilities exceed total current assets at June 30, 2020. The biodiesel facility was placed into service during fiscal 2019 but has not operated at full capacity. The Companies have a line-of-credit with a balance at June 30, 2020 of approximately $24.6 million that matures within the next twelve months. These conditions raise substantial doubt about the Companies' ability to continue as a going concern. Management's plans concerning these matters are also discussed in Note 1 to the combined financial statements. The combined financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining information on pages 19-20 is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual companies and is not a required part of the combined 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 combined financial statements. The combining information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements 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 combined financial statements as a whole.

HORNE LLP

Ridgeland, Mississippi
May 20, 2021

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

Combined Balance Sheets

June 30, 2020 and 2019

	2020	2019
ASSETS		
Current assets		
Cash	$ 846,382	$ 641,737
Accounts receivable	3,836,719	2,032,387
Inventories	14,756,192	16,820,642
Prepaid expenses	542,094	1,141,353
Biodiesel tax credit receivable	1,541,352	-
Forward contracts	-	3,394,322
Margin assets	2,238,493	1,577,888
Total current assets	23,761,232	25,608,329
Notes receivable	18,904,582	18,904,582
Property and equipment, net	59,018,549	62,284,298
Restricted cash	369,455	561,455
Total assets	$ 102,053,818	$ 107,358,664
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable	$ 2,462,623	$ 1,548,940
Current maturities of long-term debt	4,333,848	3,035,488
Forward contracts	374,471	-
Borrowings on line-of-credit	24,662,990	20,416,819
Unpriced grain purchases	8,671,337	234,016
Deferred revenue	2,412,781	2,173,002
Accrued expenses	597,705	576,562
Total current liabilities	43,515,755	27,984,827
Note payable, related party	5,568,680	3,435,965
Long-term debt, less current maturities	50,628,198	52,370,301
Total liabilities	99,712,633	83,791,093
Members' equity	2,341,185	23,567,571
Total liabilities and members' equity	$ 102,053,818	$ 107,358,664

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

Combined Statements of Operations

Years Ended June 30, 2020 and 2019

	2020	2019
Net sales	$ 166,243,623	$ 141,471,072
Cost of goods sold	153,206,190	118,058,322
Gross margin	13,037,433	23,412,750
Operating expenses		
Depreciation & amortization expense	7,229,293	3,993,901
Impairment loss	13,258,995	-
Other operating expenses	13,537,451	9,468,469
Total operating expenses	34,025,739	13,462,370
Operating income (loss)	(20,988,306)	9,950,380
Other income (expense)		
Other income	2,023,856	231,109
Interest expense	(2,261,936)	(3,870,455)
Total other expense	(238,080)	(3,639,346)
Net income (loss)	$ (21,226,386)	$ 6,311,034

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

Combined Statements of Members' Equity

Years Ended June 30, 2020 and 2019

		Members' Equity
Balance, July 1, 2018	$	16,756,537
Net income		6,311,034
Contributions		500,000
Balance, June 30, 2019		23,567,571
Net loss		(21,226,386)
Balance, June 30, 2020	$	2,341,185

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES
Combined Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Net income (loss)	$ (21,226,386)	$ 6,311,034
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation and amortization	7,229,293	3,993,901
Impairment loss on property and equipment	13,258,995	-
Changes in operating assets and liabilities:		
Margin asset	(660,605)	1,300,658
Accounts receivable	(1,804,332)	2,903,096
Inventories	2,064,450	1,503,390
Biodiesel tax credit receivable	(1,541,352)	-
Grain payable	8,437,321	(56,632)
Forward contracts	3,768,793	(5,877,110)
Prepaid expenses	599,259	(125,267)
Accounts payable and accrued expenses	934,826	628,748
Deferred revenue	239,779	(1,228,834)
Net cash provided by operating activities	11,300,041	9,352,984
Cash flows from investing activities		
Purchases of property and equipment	(16,725,340)	(9,525,578)
Net cash used in investing activities	(16,725,340)	(9,525,578)
Cash flows from financing activities		
Net decrease in borrowings on line-of-credit	4,246,171	(4,143,772)
Proceeds from long-term borrowings	2,205,000	-
Proceeds from related-party borrowings	3,910,000	3,435,965
Payment on related-party borrowings	(1,777,285)	-
Principal payment on long-term borrowings	(3,053,442)	(262,021)
Payment of debt issuance costs	(92,500)	-
Members' contributions	-	500,000
Net cash provided by (used in) financing activities	5,437,944	(469,828)
Increase (decrease) in cash and restricted cash	12,645	(642,422)
Cash and restricted cash at beginning of year	1,203,192	1,845,614
Cash and restricted cash at end of year	$ 1,215,837	$ 1,203,192
Noncash investing and financing activities		
Notes payable for equipment	$ 245,604	$ 42,850
Supplemental disclosures of cash flow information		
Cash paid for interest	$ 2,474,753	$ 3,764,529

See accompanying notes to combined financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies

Description of Business and Principles of Combination

Express Grain Terminals, LLC, ("EGT"), a limited liability company, is a registered grain storage facility with its primary operations in Greenwood and Sidon, Mississippi. EGT specializes in buying and selling soybeans, soybean oil, wheat and feed. EGT mills soybeans at its Greenwood facility. The products produced from the milling process include soybean oil, soybean meal and soybean hulls. In addition, the Greenwood facility produces biodiesel utilizing soybean oil from the milling process.

The accompanying combined financial statements include the accounts of EGT, as well as the accounts of Express Biodiesel, LLC ("Express Biodiesel"), Express Processing, LLC ("EGT Processing") and its 95 percent owned subsidiary, EGT Leverage Lender, LLC ("Leverage Lender") (collectively, the "Companies"). EGT Processing and Leverage Lender were formed in 2015 and Express Biodiesel was formed in 2018 in connection with EGT's New Markets Tax Credit ("NMTC") Financing as more fully described in Note 7. EGT and these entities share similar ownership. All significant intercompany balances and transactions have been eliminated in combination.

Plan of Operation

The Companies have accumulated losses of approximately $21.6 million since its inception and their total current liabilities exceed total current assets at June 30, 2020. As described in Note 4, EGT has a $35 million revolving line-of-credit (the "LOC") and a $25.2 million term loan (the "Term Loan") as of June 30, 2020 that matured November 30, 2020. On December 17, 2020, the Company amended the LOC to a $40 million LOC maturing October 31, 2021 and the Term Loan to a $35 million loan maturing October 31, 2023. See Note 11 for more details. EGT continues to invest in its Greenwood biodiesel facility which began operations on March 28, 2019. After a brief period of operation, the biodiesel facility was idled to make process improvements and was placed back into operation in December 2019, but not operating at full capacity. The Companies' ability to meet their future commitments is significantly dependent upon the profitability of their biodiesel operations and ability to renew and extend its LOC. There can be no assurances that the Companies will have sufficient cash flows from its biodiesel operations to meet their future commitments or that they will be able to renew or extend the line of credit under acceptable terms. These conditions raise substantial doubt about the Companies' ability to continue as a going concern.

The combined financial statements have been prepared on a going concern basis of accounting, which contemplates continuity of operations, realization of assets, and satisfaction of liabilities and commitments in the normal course of business. The combined financial statements do not reflect any adjustments that might result from the outcome of the uncertainties as discussed above.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Companies' 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 amount of revenues and expenses during the reporting period. Specifically, the Companies' management utilizes certain techniques that require significant judgment and estimates to verify quantities on hand of its commodities inventory. Actual results could differ from those estimates.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Cash and Cash Equivalents

The Companies consider all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at estimated net realizable value. Management determines the allowance for doubtful accounts based on a variety of factors, including the length of time the receivables are past due, significant one-time events and historical experience. Accounts older than 30 days are generally considered past due. No interest accrues on past due accounts. Management has not recorded an allowance for doubtful accounts at June 30, 2020 or 2019.

Inventories

Inventories consist primarily of agricultural commodity inventories, such as wheat, soybeans, soybean oil, soybean meal and soybean hulls that are readily convertible to cash because of their commodity characteristics, widely available markets and pricing mechanisms. All of EGT's agricultural commodity inventories are valued at net realizable value. The agricultural commodity inventories are freely traded, have quoted market prices, may be sold without significant further processing and have predictable and insignificant disposal costs. Changes in market values are recognized in earnings as a component of cost of sales. This accounting policy is in accordance with the guidelines described in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 905, *Agriculture*. The Companies also have biofuel inventories, which are state at the lower of cost or market. Cost is determined using primarily the weighted-average cost method.

Renewable Identification Numbers

When the Companies produce and sell a gallon of biomass-based diesel, 1.5 renewable identification numbers ("RIN") per gallon are generated. RINs are used to track compliance with the renewable fuel standard ("RFS2"). RFS2 allows the Companies to attach between zero and 2.5 RINs to a gallon of biomass diesel. As a result, a portion of the selling price for the biomass-diesel is generally attributable to RRS2 compliance. However, RINs that the Companies generate are a form of government incentive and not a result of the physical attributes of the biomass-based diesel production. Therefore, no cost is allocated to the RIN when it is generated, regardless of whether transferred with the biomass-based diesel produced or held by the Companies pending attachment to other biomass-based diesel.

Margin Assets

EGT has margin deposits with a commodity brokerage firm used to acquire futures and option contracts to manage the price volatility risk of its commodity inventories and unpriced grain purchases. These contracts are recorded at market value.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided on the straight-line method based on the following estimated useful lives: buildings – 39 years, equipment – 3 to 7 years, grain systems – 7 to 39 years, rail systems – 7 to 15 years and land improvements – 7 to 15 years. Major renewals or betterments that extend the useful lives of assets are capitalized. Repairs and maintenance costs are expensed as incurred.

Upon the retirement or sale of property and equipment, its cost and related accumulated depreciation are removed from the respective accounts and any gain or loss is reflected in the operations of the current period.

Asset Impairments

The Companies periodically evaluate whether current facts or circumstances indicate that the carrying value of its depreciable assets to be held and used may not be recoverable. If such circumstances are determined to exist, an estimate of undiscounted future cash flows produced by the long-lived asset or the appropriate grouping of assets is compared to the carrying value to determine whether impairment exists. If an asset is determined to be impaired, the loss is measured based on the difference between the asset's fair value and its carrying value.

Notes Receivable

The notes receivable relate to Leverage Lender's receivable from a non-related entity entered into in connection with the New Markets Tax Credit financing transactions, as more fully described in Note 7. The notes bear interest at 1.08 to 1.54 percent and are carried at net realizable value. The note, maturing November 19, 2035, requires quarterly, interest only payments through March 2023 with the principal and unpaid interest due November 19, 2035. The note, maturing May 10, 2036, requires quarterly, interest only payments through May 2025 with quarterly principal and interest payments commencing September 10, 2025 through May 10, 2036.

Derivative Instruments and Hedging Activities

All of EGT's derivatives are designated as non-hedge derivatives. The futures and options contracts used by EGT are discussed in Note 6. EGT, as part of its trading activity, use futures and option contracts offered through regulated commodity exchanges. EGT is exposed to risk of loss in the market value of inventories and its unpriced grain purchases. To reduce that risk, EGT generally takes opposite and offsetting positions using futures contracts or options.

Debt Issuance Costs

Debt issuance costs represent costs to acquire debt associated with the NMTC financing, which is more fully described in Note 7, and are amortized using the straight-line method, which approximates the effective interest method, over the expected term of the related debt. Such costs are treated as a reduction of the debt proceeds.

Note 1. Continued

Unpriced Grain Purchases

EGT transacts with certain of its suppliers for commodities for which a purchase price is not determined when EGT takes possession of the related commodities. Under these arrangements, suppliers determine the date for which the pricing will be determined. EGT and its suppliers utilize regulated commodity exchanges to determine pricing. Accordingly, the liability for unpriced grain purchases is recorded at its estimated fair value or estimated price to settle the obligation at June 30, 2020 and 2019.

Revenue Recognition

Sales of agricultural commodities are recognized when persuasive evidence of an arrangement exists, the price is determinable, the product has been delivered, title to the product and risk of loss transfer to the customer, which is dependent on the agreed upon sales terms with the customer and when collection of the sales price is reasonably assured. Sales terms provide for passage of title either at the time and point of shipment or at the time and point of delivery of the product being sold. Shipping and handling costs are included in cost of sales.

Deferred revenues relate to customers who prepay for products that are shipped to them over time. Revenue is recognized on these sales once title and risk of loss is transferred to the customer.

Income Taxes

Taxable income or loss of the Companies is reported on the tax returns of the members. Accordingly, no provision or liability for income taxes has been included in the financial statement of the Companies.

Fair Value Measurements

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosure,* ("ASC 820") establishes a three-level hierarchy for fair value measurements. The hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The classification of fair value within the hierarchy is based upon the lowest level of input that is significant to the measurement. For Level 1, the valuation is based upon quoted prices for identical assets or liabilities in an active market. For Level 2, the valuation is based upon quoted prices for similar assets and liabilities in active markets or other inputs that are observable, either directly or indirectly, for substantially the full term of the financial instrument. For Level 3, the valuation is based upon other unobservable inputs that are significant to the fair value measurement.

The derivative instruments held by EGT, include forward purchase and sales contracts and futures and option contracts which are recorded at fair value. The fair value of futures contracts is determined using the commodity exchange quoted prices (Level 1 inputs). The estimated fair value of forward contracts is determined using the commodity exchange quoted prices, adjusted as appropriate for differences in the local market (Level 1 inputs). Agricultural commodity inventories are stated at market value (net realizable value). Agricultural commodity inventories reported at fair value are valued based on commodity exchange quotations or market transactions with appropriate adjustments for differences in local markets where EGT's inventories are located (Level 2).

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

The following table presents information about the assets and liabilities recorded at fair value on a recurring basis at June 30, 2020:

	Fair Value Measurements at June 30, 2020			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Agricultural commodity inventories	$ -	$ 14,304,882	$ -	$ 14,304,882
Margin assets	2,238,493	-	-	2,238,493
Forward contracts	(374,471)	-	-	(374,471)
Unpriced grain purchases	-	(8,671,337)	-	(8,671,337)
Total	$ 1,864,022	$ 5,633,545	$ -	$ 7,497,567

The following table presents information about the assets and liabilities recorded at fair value on a recurring basis at June 30, 2019:

	Fair Value Measurements at June 30, 2019			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Agricultural commodity inventories	$ -	$ 16,766,642	$ -	$ 16,766,642
Margin assets	1,577,888	-	-	1,577,888
Forward contracts	3,394,322	-	-	3,394,322
Unpriced grain purchases	-	(234,016)	-	(234,016)
Total	$ 4,972,210	$ 16,532,626	$ -	$ 21,504,836

The majority of the Companies' non-financial instruments, which include property and equipment, are not required to be carried at fair value on a recurring basis but are subject to fair value adjustments only in certain circumstances. If certain triggering events occur such that a non-financial instrument is required to be evaluated for impairment, any resulting asset impairment would require that the non-financial instrument be recorded at the lower of historical cost or its fair value. The Companies determined certain biodiesel and soybean processing assets were impaired at the June 30, 2020. The impairment of approximately $13 million was determine primarily utilizing a sales comparison approach which the Companies determined to be at Level 2 in the fair value hierarchy.

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which clarifies the principles for recognizing revenue. This guidance requires an entity to recognize revenue to depict the transfer of promised goods or services

Note 1. Continued

to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Companies were required to adopt ASU 2014-09 as of July 1, 2019, fiscal year 2020. In June 2020, the FASB issued ASU 2020-05, *Effective Dates for Certain Entities*, which provides entities that had yet to issue financial statements reflecting the adoption of ASU 2014-09 to defer the required adoption of ASU 2014-09 for one year. As a result of the Companies' adoption of ASU 2020-05, the Companies will be required to adopt ASU 2014-09 for their 2021 annual financial statements. The Companies are currently evaluating the impact of ASU 2014-09 on the Companies' financial condition, results of operations and cash flows.

In August 2017, the FASB issued ASU 2017-12, Derivatives and Hedging (Topic 815): *Targeted Improvements to Accounting for Hedging Activities*, which expands and refines hedge accounting for both financial and non-financial risk components, aligns the recognition and presentation of the effects of hedging instruments and hedge items in the financial statements, and includes certain targeted improvements to ease the application of current guidance related to the assessment of hedge effectiveness. ASU 2017-12 is effective for the Companies for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Companies have not yet evaluated the impact of this standard on its financial statements and related disclosures.

In April 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the Emerging Issues Task Force)*, which states amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning and end of year total amounts shown on the statement of cash flows. ASU 2016-18 is effective for the Companies for the fiscal year beginning July 1, 2019 and for all years presented on the financial statements. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the combined balance sheet that sums to the total of the same such amounts shown on the combined statement of cash flows.

	June 30,	
	2020	2019
Cash and cash equivalents	$ 846,382	$ 641,737
Restricted cash	369,455	561,455
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	$ 1,215,837	$ 1,203,192

Note 2. Property and Equipment

Property and equipment consisted of the following at June 30, 2020 and 2019:

	2020	2019
Land and improvements	$ 1,125,007	$ 1,125,007
Buildings	917,709	716,863
Equipment, bins and grain systems	30,169,744	30,619,937
Oil mill facility	28,708,188	30,142,458
Biodiesel facility	11,533,136	14,194,218
Construction in progress	67,023	2,710,026
Total property and equipment	72,520,807	79,508,509
Less accumulated depreciation and amortization	13,502,258	17,224,211
Property and equipment, net	$ 59,018,549	$ 62,284,298

Note 2. Continued

The Company obtained an appraisal of its property and equipment subsequent to year-end as a result of ongoing losses from its biodiesel operations. In accordance with ASC 360, *Property, Plant and Equipment*, the Companies evaluated their fixed assets for impairment at the lowest level for which identifiable cash flows were largely independent of the cash flows of other assets and liabilities. Based on this appraisal, the carrying value of the property and equipment associated with the biodiesel and soybean processing facility was determined to be impaired and was written down by approximately $13 million to their estimated fair value as of June 30, 2020. There was no impairment recognized related to the Companies grain storage facility assets.

Note 3. Inventories

Inventories at June 30, 2020 and 2019 were as follows:

	2020	2019
Soybeans	$ 6,034,377	$ 9,325,047
Soybean oil	3,362,115	2,091,689
Soybean meal	4,361,635	2,484,639
Soybean hulls	107,100	525,720
Corn	388,431	2,069,700
Wheat	51,224	53,155
Feed	-	216,692
Biodiesel	406,310	-
Other	45,000	54,000
	$ 14,756,192	$ 16,820,642

Note 4. Line-of-Credit and Long-term Debt

EGT has a LOC that provides for a maximum of $35,000,000 in available borrowings at June 30, 2020 and 2019. Effective February 15, 2019, the LOC was amended to, among other things, convert $28,000,000 of the borrowings on the LOC to a term loan maturing September 2020. As of June 30, 2020, the maturity date for the term loan was November 30, 2020. On December 17, 2020, the Company amended its agreement to convert a portion of its outstanding borrowings on the LOC to the Term Loan, increasing the principal amount of the Term Loan to $35,000,000, with a maturity date of October 31, 2023. The amendment also increased the LOC to provide for a maximum of $40,000,000 in available borrowings, with a maturity date of October 31, 2021. See Note 11 for further discussion. Borrowings bear interest at variable rates based on LIBOR plus the applicable margin (4.42 percent at June 30, 2020). Substantially all assets of EGT collateralize borrowings under the LOC and term loan. At June 30, 2020, outstanding borrowings under the LOC were $24,662,990. The LOC matures November 30, 2020. However, the LOC may be canceled at any time, at the sole discretion of the lender. The LOC requires EGT maintain a tangible net worth, as defined, of not less than $20,000,000 and a minimum debt service ratio of 1.25:1.00. As of June 30, 2020, EGT was not in compliance with the tangible net worth or the minimum debt service requirement. The December 17, 2020 amendment required EGT to have a tangible net worth of at least $16,000,000 as of December 31, 2020 and a debt service coverage of 1.25:1.00. EGT was not in compliance with these covenants as of December 31, 2020. Finally, the LOC limits the number of un-hedged commodities contracts to be held by EGT. EGT held long positions for certain commodities exceeding limits allowed under the LOC, which represents an event of default. These violations related to un-hedged commodities as of June 30, 2020 were waived.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

The following is a summary of long-term debt at June 30, 2020 and 2019:

	2020	2019
JOHN DEERE FINANCIAL Payable in monthly, interest-free payments through July 2020	$ 117,885	$ 344,644
CAT FINANCIAL Payable in monthly, interest free payments through December 2022	149,889	-
CHASE AUTO Payable in monthly, interest free payments through November 2024	23,620	-
STATE BANK NOTE Payable in monthly, interest free payments through April 2026	31,823	-
RUSTIC VENTURES, LLC NOTE A Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	3,941,006	3,941,006
RUSTIC VENTURES, LLC NOTE B Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	1,938,994	1,938,994
AMCREF CDE FUND 34, LLC NOTE A Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	5,441,776	5,441,776
AMCREF CDE FUND 34, LLC NOTE B Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	2,605,224	2,605,224
AMCREF CDE FUND 34, LLC NOTE C Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	1,153,000	1,153,000
EGT STATE FUND, LLC Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	1,153,000	1,153,000

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

	2020	2019
AMCREF FUND 47, LLC LOAN A Payable in quarterly, interest-only payments through May 2025 with principal and unpaid interest due upon maturity May 2038	$ 3,662,000	$ 3,662,000
AMCREF FUND 47, LLC LOAN B Payable in quarterly, interest-only payments through March 2025 with principal and interest due quarterly from June 2025 through May 2038	1,338,000	1,338,000
MUNISTRATEGIES SUB-CDE#26, LLC LOAN A Payable in quarterly, interest-only payments through May 2025 with principal and unpaid interest due upon maturity May 2038	4,706,800	4,706,800
MUNISTRATEGIES SUB-CDE#26, LLC LOAN B Payable in quarterly, interest-only payments through March 2025 with principal and interest due quarterly from June 2025 through May 2038	1,764,560	1,764,560
MUNISTRATEGIES SUB-CDE#26, LLC LOAN C Payable in quarterly, interest-only payments through March 2025 with principal and unpaid interest due upon maturity May 2025	458,640	458,640
UMB TERM LOAN Payable in quarterly, principal and interest payments of $700,000 beginning July 1, 2019 through November 2020 with remaining principal and accrued and unpaid interest due November 2020	25,200,000	28,000,000
PAYROLL PROTECTION PROGRAM LOAN Payable in monthly, principal and interest payments of $124,113 beginning November 2020 through April 2022	2,205,000	-
Debt issuance costs	(929,171)	(1,101,855)
Total long-term debt	54,962,046	55,405,789
Less current maturities	4,333,848	3,035,488
Long-term debt less current maturities	$ 50,628,198	$ 52,370,301

Note 4. Continued

Aggregate annual maturities of notes payable outstanding at June 30, 2020, based upon the amended terms , are as follows:

Year Ending June 30,	Amount
2021	$ 4,333,848
2022	4,785,762
2023	3,537,485
2024	15,060,632
2025	5,485
Thereafter	28,168,005
Total, excluding debt issuance costs	55,891,217
Total debt issuance costs	(929,171)
Total long-term debt	$ 54,962,046

Note 5. Paycheck Protection Program

During fiscal 2020, the Companies received a loan of $2,205,000 under the Paycheck Protection Program ("PPP") with a financial institution under the Federal "Cares Act" to provide for the payroll payments during the COVID-19 Pandemic. The loan matures April 2022. Borrowings under the loan bear interest at 1.00 percent. Interest and principal payments are due monthly. The PPP Program provides for an initial six-month deferral of payments, which is subsequently deferred by another 10 months. The Company is in the process of submitting its application for forgiveness for the PPP loan but has not done so as of the report date. Therefore, the loan is included in debt on the combined balance sheets and classified as current and non-current debt based on the assumption it will not be forgiven.

Note 6. Derivatives

EGT enters into forward purchase and sales contracts ("forward contracts") for the purchase and sale of agricultural commodity inventories. Forward contracts are recorded at fair value. Changes in the fair value of these contracts are recognized in earnings as margin gains and losses. As of June 30, 2020 and 2019, the fair value of forward contracts was ($374,471) and $3,394,322, respectively. To reduce price risk fluctuations, EGT also follows a policy of using exchange-traded futures contracts to minimize its net position of merchandisable agricultural commodity inventories and forward cash purchase and sales contracts. Changes in the fair value of these investments are recognized in sales as margin gains or losses. As of June 30, 2020 and 2019, EGT's fair value of margin assets was $2,238,493 and $1,577,888, respectively. During 2020 and 2019, EGT recognized losses of $3,768,792 and gains of $5,877,109, respectively, on forward contracts. During 2020 and 2019, EGT recognized losses of $2,172,876 and gains of $2,664,119, respectively, on margin assets. These amounts are included in cost of goods sold in the statements of operations.

Unrealized gains related to EGT's open positions on exchange traded futures contracts totaled $555,040 and $308,790 at June 30, 2020 and 2019, respectively. Management did not meet the designation and documentation requirements to account for these transactions as hedge derivatives. Accordingly, the unrealized gains are recognized in cost of goods sold in the accompanying statements of operations.

Note 6. Continued

EGT considers commodities on hand less unpriced grain purchases, priced forward purchases and sales contracts, and futures contracts when evaluating its net long or short position. EGT utilizes a standard conversion to convert soybeans to soybean oil and meal and biodiesel to soybean oil. The following table summarizes the Companies net long (short) position by commodity at June 30, 2020:

Corn (bushels)	(26,184)
Soybeans (bushels)	1,492,486

Note 7. New Markets Tax Credit Financing

During 2015, EGT and EGT Processing executed a NMTC transaction, EGT received proceeds to be used for the purchase of specific equipment, as permitted by the NMTC program. EGT and EGT Processing also received below market interest rate loans of $15,080,000 and $1,153,000, bearing interest at 1.5 percent, and maturing in 2035, respectively. In addition, EGT recorded notes receivable for $10,535,782 bearing interest at 1.5 percent, maturing in 2035. In order to comply with the NMTC program, the notes payable and notes receivable are required to be outstanding during a seven year, interest only compliance period. If certain conditions are met, EGT and EGT Processing will be able to settle the net of all the notes payable and notes receivable for a discounted amount after the compliance period.

During 2018, EGT and Express Biodiesel executed a NMTC transaction. EGT received proceeds to be used for the purchase of specific equipment, as permitted by the NMTC program. EGT and Express Biodiesel also received below market interest rate loans of $5,000,000 and $6,930,000, bearing interest from 1.02 to 1.54 percent and maturing in 2038. In addition, EGT recorded notes receivable for $8,368,800 bearing interest at 1.08 percent, maturing in 2036. In order to comply with the NMTC program, the notes payable and notes receivable are required to be outstanding during a seven year, interest only compliance period. If certain conditions are met, EGT and Express Biodiesel will be able to settle the net of all the notes payable and notes receivable for a discounted amount after the compliance period. In connection with the NMTC transaction, EGT assigned assets in construction in progress of $18,194,241 to Express Biodiesel, as of June 30, 2018. The assets transferred represent assets critical to the biodiesel operations and were placed in service in March of 2019.

Incremental costs to maintain the transaction structure during the compliance period are expensed as incurred.

Following is a summary of the assets at June 30, 2020 and 2019 resulting from the NMTC transactions:

	2020	2019
Cash (included in restricted cash)	$ 369,455	$ 561,455
Notes receivable from Twain Investment Fund 139, LLC	10,535,782	10,535,782
Notes receivable from Express Biodiesel Greenwood Investment Fund, LLC	8,368,800	8,638,800
Total	$ 19,274,037	$ 19,736,037

The above assets are subject to certain risks associated with the compliance requirements of the applicable NMTC transactions.

Note 8. Related Party Transactions

EGT had no purchases of inventories, in the normal course of business, from its owners during the years of June 30, 2020 and 2019. EGT had no payables to owners for inventory purchases at June 30, 2020 or 2019.

The Companies had an outstanding balance due to an owner at June 30, 2020 and 2019 of $5,568,680 and $3,435,965, respectively. The note payable with the related party has no stated interest rate or maturity date. The amounts are not expected to be repaid within the next twelve months and do not bear any interest.

Note 9. Concentration of Credit Risk

The Companies generally maintain cash on deposit at banks in excess of federally insured amounts. The amount of uninsured bank balances at risk as of June 30, 2020 totaled approximately $468,111. The Companies have not experienced any losses in such accounts.

Note 10. Commitments

EGT, from time to time, enters into transactions with a third party to sell soybeans at a specific price and, simultaneously, enter into an agreement to purchase the same quantity of soybeans at a future date. The terms of the future purchase of soybeans by EGT from the third party do not include a fixed price and, therefore, no obligation has been recognized by EGT at June 30, 2020. Sales recognized by EGT under these arrangements totaled approximately $52,392,972 for the year ended June 30, 2020. In connection with these agreements, EGT had 2,350,000 bushels of soybeans under forward purchase contracts at June 30, 2020 priced under basis contracts.

Note 11. Subsequent Events

Subsequent to the balance sheet date, EGT and Leverage Lender executed a NMTC transaction. EGT received proceeds to be used for the purchase of specific equipment, as permitted by the NMTC program. EGT and Leverage Lender also received below market interest rate loans of $8,637,200, $8,133,133 and $5,000,000, bearing interest rates of 1.21 percent, maturing in July 2050. In addition, Leverage Lender recorded notes receivable for $4,850,695 and $12,721,945. In order to comply with the NMTC program, the notes payable and notes receivable are required to be outstanding during a seven year, interest only compliance period. If certain conditions are met, EGT and Leverage Lender will be able to settle the net of all the notes payable and notes receivable for a discounted amount after the compliance period.

Also subsequent to the balance sheet date, on December 17, 2020, the Companies amended their agreement for their LOC and Term Loan to convert a portion of the outstanding LOC to the Term Loan, increasing the principal amount of the Term Loan to $35,000,000, with a maturity date of October 31, 2023. The amendment also increased the LOC to provide for a maximum of $40,000,000 in available borrowings, with a maturity dates of October 31, 2021.

The Companies have evaluated subsequent events through May 20, 2021, the date these financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

Combining Balance Sheet

June 30, 2020

	Express Grain Terminals, LLC	Express Biodiesel, LLC Express Processing, LLC and Subsidiary	Eliminations	Express Grain Terminals, LLC Combined
ASSETS				
Current assets				
Cash and cash equivalents	$ 5,376	$ 841,006	$ -	$ 846,382
Accounts receivable	3,834,625	2,094	-	3,836,719
Inventories	14,756,192	-	-	14,756,192
Prepaid expenses	542,094	-	-	542,094
Biodiesel tax credit receivable	1,541,352	-	-	1,541,352
Margin assets	2,238,493	-	-	2,238,493
Total current assets	22,918,132	843,100	-	23,761,232
Notes receivable	-	36,667,085	17,762,503	18,904,582
Property and equipment, net	47,019,311	11,999,238	-	59,018,549
Restricted cash	9,956,075	(1,607,061)	7,979,559	369,455
Total assets	$ 79,893,518	$ 47,902,362	$ 25,742,062	$ 102,053,818
LIABILITIES AND MEMBERS' EQUITY				
Current liabilities				
Accounts payable	$ 2,460,627	$ 1,996	$ -	$ 2,462,623
Current maturities of long-term debt	4,333,848	-	-	4,333,848
Forward contracts	374,471	-	-	374,471
Borrowings on line-of-credit	24,662,990	-	-	24,662,990
Unpriced grain purchases	8,671,337	-	-	8,671,337
Deferred revenue	2,412,781	-	-	2,412,781
Accrued expenses	339,589	258,116	-	597,705
Total current liabilities	43,255,643	260,112	-	43,515,755
Note payable, related party	5,568,680	-	-	5,568,680
Long-term debt, less current maturities	38,184,135	30,206,566	17,762,503	50,628,198
Total liabilities	87,008,458	30,466,678	17,762,503	99,712,633
Total members' equity	(7,114,940)	17,435,684	7,979,559	2,341,185
Total liabilities and members' equity	$ 79,893,518	$ 47,902,362	$ 25,742,062	$ 102,053,818

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

Combining Statement of Operations

Year Ended June 30, 2020

	Express Grain Terminals, LLC	Express Biodiesel, LLC Express Processing, LLC and Subsidiary	Eliminations	Express Grain Terminals, LLC Combined
Net sales	$ 166,243,623	$ -	$ -	$ 166,243,623
Cost of goods sold	152,715,075	491,115	-	153,206,190
Gross margin	13,528,548	(491,115)	-	13,037,433
Operating expenses				
Depreciation & amortization expense	5,047,917	2,181,376	-	7,229,293
Impairment loss	9,693,369	3,565,626	-	13,258,995
Other operating expenses	12,912,094	625,357	-	13,537,451
Total operating expenses	27,653,380	6,372,359	-	34,025,739
Operating loss	(14,124,832)	(6,863,474)	-	(20,988,306)
Other income (expense)				
Other income	2,023,856	-	-	2,023,856
Interest income	-	362,036	(362,036)	-
Interest expense	(2,337,946)	(286,026)	362,036	(2,261,936)
Total other income (expense)	(314,090)	76,010	-	(238,080)
Net loss	$ (14,438,922)	$ (6,787,464)	$ -	$ (21,226,386)

AFFIDAVIT

STATE OF MISSISSIPPI
COUNTY OF Madison

I, the undersigned, do hereby state that I am under oath and that I have personal knowledge of the matters and things stated herein.

I do hereby state that I am the director of the grain division ("division") of the Mississippi Department of Agriculture and Commerce ("Department"), an agency of the State of Mississippi. I do further state that I am the custodian of the records maintained by the division, which includes applications for a grain warehouse license and the applicants' supporting financial statements. I do further state that the document attached hereto is a true and correct copy of the financial statement submitted to the division by Express Grain Terminals, LLC in support of its application for a grain warehouse license for FY 2021-22.

GENE ROBERTSON

SWORN TO AND SUBSCRIBED before me on this, the 20th day of January, 2022.

NOTARY PUBLIC

My commission expires:

STATE OF MISSISSIPPI NOTARY PUBLIC ID # 73407 TRACY FARRIOR Commission Expires May 23, 2024 RANKIN COUNTY

EXHIBIT 2

Andy Gipson

From: Coleman, John (EGT) <john@expressgrain.com>
Sent: Thursday, May 27, 2021 5:35 PM
To: Gene Robertson
Subject: 2020 audit
Attachments: EGT 2020 Audit.pdf

Gene,

We are getting together our warehouse license, and I believe it is going in the mail today. I wanted to send you our 2020 audit as part of the package. It is attached.

John Coleman
President

EXPRESS GRAIN TERMINAL, LLC

2015 River Road Extd
Greenwood, MS 38930
Direct: 662-262-5300
Express Grain Main: 662-453-0800
john@expressgrain.com
www.expressgrain.com

EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES

Greenwood, Mississippi

Combined Financial Statements

Years Ended June 30, 2020 and 2019

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HORNE
CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Express Grain Terminals, LLC and Affiliates
Greenwood, Mississippi

Report on the Financial Statements

We have audited the accompanying combined financial statements of Express Grain Terminals, LLC and Affiliates (the "Companies") which comprise the combined balance sheets as of June 30, 2020 and 2019, and the related combined statements of operations, changes in members' equity and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these combined 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 audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 combined financial statements referred to above present fairly, in all material respects, the financial position of the Companies as of June 30, 2020 and 2019, and the results of their operations and their cash flows for the year ended June 30, 2020, in accordance with accounting principles generally accepted in the United States of America.

OtherMatter

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. 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 combined financial statements. The combining information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements 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 combined financial statements as a whole.

HORNE LLP

Ridgeland, Mississippi
February 3rd, 2021

EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES
Combined Balance Sheets
June 30, 2020 and 2019

	2020	2019
ASSETS		
Current assets		
Cash	$ 3,865	$ 641,737
Accounts receivable	3,836,719	2,032,387
Inventories	11,152,795	16,820,642
Prepaid expenses	542,094	1,141,353
Biodiesel tax credit receivable	1,541,352	-
Forward contracts	1,082,155	3,394,322
Margin assets	5,802,226	4,885,976
Total current assets	23,961,206	28,916,417
Notes receivable	18,904,582	18,904,582
Property and equipment, net	72,045,339	62,284,298
Restricted cash	516,955	561,455
Total assets	$ 115,428,082	$ 110,666,752
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable	$ 2,409,611	$ 1,548,940
Current maturities of long-term debt	25,390,844	3,035,488
Forward contracts	-	-
Borrowings on line-of-credit	24,662,990	20,416,820
Unpriced grain purchases	2,035,695	234,016
Deferred revenue	2,412,781	2,173,002
Accrued expenses	597,705	576,562
Total current liabilities	57,509,626	27,984,828
Note payable, related party	5,568,680	3,485,965
Long-term debt, less current maturities	27,366,202	52,370,301
Total liabilities	90,444,507	83,791,094
Members' equity	24,983,574	26,875,658
Total liabilities and members' equity	$ 115,428,082	$ 110,666,752

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES
Combined Statement of Operations
Years Ended June 30, 2020 and 2019

	2020	2019
Net sales	$ 113,243,623	$ 141,471,072
Cost of goods sold	92,136,896	122,126,779
Gross margin	21,106,727	19,344,293
Operating expenses		
Depreciation & amortization expense	7,406,430	3,993,901
Other operating expenses	13,537,451	9,468,469
Total operating expenses	20,943,881	13,462,370
Operating income (loss)	162,846	5,881,923
Other income (expense)		
Other income	207,006	231,109
Interest expense	(2,261,936)	(3,870,455)
Total other expense	(2,054,930)	(3,639,346)
Net income (loss)	$ (1,892,084)	$ 2,242,577

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES
Combined Statement of Members' Equity
Years Ended June 30, 2020 and 2019

		Members' Equity
Balance, July 1, 2018	$	24,133,082
Net income		2,242,577
Contributions		500,000
Balance, June 30, 2019		26,875,658
Net loss		(1,892,084)
Balance, June 30, 2020	$	24,983,574

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES
Combined Statement of Cash Flows
Year Ended June 30, 2020

	2020	2019
Cash flows from operating activities		
Net income (loss)	$ (1,892,084)	$ 2,242,577
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation and amortization	7,406,430	3,993,901
Changes in operating assets and liabilities:		
Margin asset	(916,250)	(2,007,430)
Accounts receivable	(1,804,332)	2,899,643
Inventories	5,667,847	1,503,390
Biodiesel tax credit receivable	(1,541,352)	-
Grain payable	1,801,679	(56,632)
Forward contracts	2,312,167	(1,334,188)
Prepaid expenses	599,259	(799,765)
Accounts payable and accrued expenses	881,814	628,748
Deferred revenue	239,779	(1,228,834)
Net cash provided by operating activities	12,754,957	5,900,354
Cash flows from investing activities		
Purchases of property and equipment	(17,167,471)	(9,014,004)
Net cash used in investing activities	(17,167,471)	(9,014,004)
Cash flows from financing activities		
Net decrease in borrowings on line-of-credit	4,246,170	(1,143,771)
Proceeds from long-term borrowings	497,199	-
Proceeds from related-party borrowings	2,132,715	3,435,965
Principal payment on long-term borrowings	(3,053,442)	(262,021)
Payment of debt issuance costs Members'	(92,500)	-
contributions	-	500,000
Net cash provided by (used in) financing activities	3,730,142	2,530,173
Increase (decrease) in cash and restricted cash	(682,372)	(583,477)
Cash and restricted cash at beginning of year	1,203,192	1,225,214
Cash and restricted cash at end of year	$ 520,820	$ 641,737
Noncash investing and financing activities		
Notes payable for equipment	$ 245,604	$ 42,850
Supplemental disclosures of cash flow information		
Cash paid for interest	$ 2,474,753	$ 3,764,529

See accompanying notes to combined financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies

Description of Business and Principles of Combination

Express Grain Terminals, LLC, ("EGT"), a limited liability company, is a registered grain storage facility with its primary operations in Greenwood and Sidon, Mississippi. EGT specializes in buying and selling soybeans, soybean oil, wheat and feed. EGT mills soybeans at its Greenwood facility. The products produced from the milling process include soybean oil, soybean meal and soybean hulls. In addition, the Greenwood facility produces biodiesel utilizing soybean oil from the milling process.

The accompanying combined financial statements include the accounts of EGT, as well as the accounts of Express Biodiesel, LLC ("Express Biodiesel"), Express Processing, LLC ("EGT Processing") and its 95 percent owned subsidiary, EGT Leverage Lender, LLC ("Leverage Lender") (collectively, the "Companies"). EGT Processing and Leverage Lender were formed in 2015 and Express Biodiesel was formed in 2018 in connection with EGT's New Markets Tax Credit ("NMTC") Financing as more fully described in Note 7. EGT and these entities share similar ownership. All significant intercompany balances and transactions have been eliminated in combination.

Plan of Operation

EGT continues to invest in its Greenwood facility. After a brief period of operation, the biodiesel facility was idled to make process improvements and was placed back into operation in December 2019, but not operating at full capacity. The Companies utilized certain assets of their biodiesel plant in Greenwood as collateral for the long-term financing. The Companies' ability to meet their future commitments is significantly dependent upon the profitability of their Greenwood operations and ability to renew and extend its Credit Facility.

The combined financial statements have been prepared on a going concern basis of accounting, which contemplates continuity of operations, realization of assets, and satisfaction of liabilities and commitments in the normal course of business. The combined financial statements do not reflect any adjustments that might result from the outcome of the uncertainties as discussed above.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Companies' 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 amount of revenues and expenses during the reporting period. Specifically, the Companies' management utilizes certain techniques that require significant judgment and estimates to verify quantities on hand of its commodities inventory. Actual results could differ from those estimates.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Cash and Cash Equivalents

The Companies consider all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at estimated net realizable value. Management determines the allowance for doubtful accounts based on a variety of factors, including the length of time the receivables are past due, significant one-time events and historical experience. Accounts older than 30 days are generally considered past due. No interest accrues on past due accounts. Management has not recorded an allowance for doubtful accounts at June 30, 2020 or 2019.

Inventories

Inventories consist primarily of agricultural commodity inventories, such as wheat, soybeans, soybean oil, soybean meal, soybean hulls and biofuel that are readily convertible to cash because of their commodity characteristics, widely available markets and pricing mechanisms. All of EGT's agricultural commodity inventories are valued at net realizable value. The agricultural commodity inventories are freely traded, have quoted market prices, may be sold without significant further processing and have predictable and insignificant disposal costs. Changes in market values are recognized in earnings as a component of cost of sales. This accounting policy is in accordance with the guidelines described in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 905, *Agriculture*.

Margin Assets

EGT has margin deposits with a commodity brokerage firm used to acquire futures and option contracts to manage the price volatility risk of its commodity inventories and unpriced grain purchases. These contracts are recorded at market value.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided on the straight-line method based on the following estimated useful lives: buildings – 39 years, equipment – 3 to 7 years, grain systems – 7 to 39 years, rail systems – 7 to 15 years and land improvements – 7 to 15 years. Major renewals or betterments that extend the useful lives of assets are capitalized. Repairs and maintenance costs are expensed as incurred.

Upon the retirement or sale of property and equipment, its cost and related accumulated depreciation are removed from the respective accounts and any gain or loss is reflected in the operations of the current period.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Asset Impairments

The Companies periodically evaluate whether current facts or circumstances indicate that the carrying value of its depreciable assets to be held and used may not be recoverable. If such circumstances are determined to exist, an estimate of undiscounted future cash flows produced by the long-lived asset or the appropriate grouping of assets is compared to the carrying value to determine whether impairment exists. If an asset is determined to be impaired, the loss is measured based on the difference between the asset's fair value and its carrying value.

Notes Receivable

The notes receivable relate to Leverage Lender's receivable from a non-related entity entered into in connection with the New Markets Tax Credit financing transactions, as more fully described in Note 7. The notes bear interest at 1.08 to 1.54 percent and are carried at net realizable value. The note, maturing November 19, 2035, requires quarterly, interest only payments through March 2023 with the principal and unpaid interest due November 19, 2035. The note, maturing May 10, 2036, requires quarterly, interest only payments through May 2025 with quarterly principal and interest payments commencing September 10, 2025 through May 10, 2036.

Derivative Instruments and Hedging Activities

All of EGT's derivatives are designated as non-hedge derivatives. The futures and options contracts used by EGT are discussed in Note 6. EGT, as part of its trading activity, use futures and option contracts offered through regulated commodity exchanges. EGT is exposed to risk of loss in the market value of inventories and its unpriced grain purchases. To reduce that risk, EGT generally takes opposite and offsetting positions using futures contracts or options.

Debt Issuance Costs

Debt issuance costs represent costs to acquire debt associated with the NMTC financing, which is more fully described in Note 7, and are amortized using the straight-line method, which approximates the effective interest method, over the expected term of the related debt. Such costs are treated as a reduction of the debt proceeds.

Unpriced Grain Purchases

EGT transacts with certain of its suppliers for commodities for which a purchase price is not determined when EGT takes possession of the related commodities. Under these arrangements, suppliers determine the date for which the pricing will be determined. EGT and its suppliers utilize regulated commodity exchanges to determine pricing. Accordingly, the liability for unpriced grain purchases is recorded at its estimated fair value or estimated price to settle the obligation at June 30, 2020 and 2019.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Revenue Recognition

Sales of agricultural commodities are recognized when persuasive evidence of an arrangement exists, the price is determinable, the product has been delivered, title to the product and risk of loss transfer to the customer, which is dependent on the agreed upon sales terms with the customer and when collection of the sales price is reasonably assured. Sales terms provide for passage of title either at the time and point of shipment or at the time and point of delivery of the product being sold. Shipping and handling costs are included in cost of sales.

Deferred revenues relate to customers who prepay for products that are shipped to them over time. Revenue is recognized on these sales once title and risk of loss is transferred to the customer.

Income Taxes

Taxable income or loss of the Companies is reported on the tax returns of the members. Accordingly, no provision or liability for income taxes has been included in the financial statement of the Companies.

Fair Value Measurements

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosure,* ("ASC 820") establishes a three-level hierarchy for fair value measurements. The hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The classification of fair value within the hierarchy is based upon the lowest level of input that is significant to the measurement. For Level 1, the valuation is based upon quoted prices for identical assets or liabilities in an active market. For Level 2, the valuation is based upon quoted prices for similar assets and liabilities in active markets or other inputs that are observable, either directly or indirectly, for substantially the full term of the financial instrument. For Level 3, the valuation is based upon other unobservable inputs that are significant to the fair value measurement.

The derivative instruments held by EGT, include forward purchase and sales contracts and futures and option contracts which are recorded at fair value. The fair value of futures contracts is determined using the commodity exchange quoted prices (Level 1 inputs). The estimated fair value of forward contracts is determined using the commodity exchange quoted prices, adjusted as appropriate for differences in the local market (Level 1 inputs). Agricultural commodity inventories are stated at market value (net realizable value). Agricultural commodity inventories reported at fair value are valued based on commodity exchange quotations or market transactions with appropriate adjustments for differences in local markets where EGT's inventories are located (Level 2).

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

The following table presents information about the assets and liabilities recorded at fair value at June 30, 2020:

	Fair Value Measurements at June 30, 2020			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Agricultural commodity inventories	$ -	$ 11,152,795	$ -	$ 11,152,795
Margin assets	5,802,226	-	-	5,802,226
Forward contracts	1,082,155	-	-	1,082,155
Unpriced grain purchases	-	(2,035,695)	-	(2,035,695)
Total	$ 6,884,381	$ 9,117,100	$ -	$ 16,001,480

The following table presents information about the assets and liabilities recorded at fair value at June 30, 2019:

	Fair Value Measurements at June 30, 2019			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Agricultural commodity inventories	$ -	$ 16,820,642	$ -	$ 16,820,642
Margin assets	4,885,976	-	-	4,885,976
Forward contracts	3,394,322	-	-	3,394,322
Unpriced grain purchases	-	(234,016)	-	(234,016)
Total	$ 8,280,789	$ 16,586,626	$ -	$ 24,866,924

The majority of the Companies' non-financial instruments, which include property and equipment, are not required to be carried at fair value on a recurring basis but are subject to fair value adjustments only in certain circumstances. If certain triggering events occur such that a non-financial instrument is required to be evaluated for impairment, any resulting asset impairment would require that the non-financial instrument be recorded at the lower of historical cost or its fair value.

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which clarifies the principles for recognizing revenue. This guidance requires an entity to recognize revenue to depict the transfer of promised goods or services

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Companies were required to adopt ASU 2014-09 as of July 1, 2019, fiscal year 2020. In June 2020, the FASB issued ASU 2020-05, *Effective Dates for Certain Entities*, which provides entities that had yet to issue financial statements reflecting the adoption of ASU 2014-09 to defer the required adoption of ASU 2014-09 for one year. As a result of the Companies' adoption of ASU 2020-05, the Companies will be required to adopt ASU 2014-09 for their 2021 annual financial statements. The Companies are currently evaluating the impact of ASU 2014-09 on the Companies' financial condition, results of operations and cash flows

In August 2017, the FASB issued ASU 2017-12, Derivatives and Hedging (Topic 815): *Targeted Improvements to Accounting for Hedging Activities*, which expands and refines hedge accounting for both financial and non-financial risk components, aligns the recognition and presentation of the effects of hedging instruments and hedge items in the financial statements, and includes certain targeted improvements to ease the application of current guidance related to the assessment of hedge effectiveness. ASU 2017-12 is effective for the Companies for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Companies have not yet evaluated the impact of this standard on its financial statements and related disclosures.

In April 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the Emerging Issues Task Force)*, which states amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning and end of year total amounts shown on the statement of cash flows. ASU 2016-18 is effective for the Companies for the fiscal year beginning July 1, 2019 and for all years presented on the financial statements. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the combined balance sheet that sums to the total of the same such amounts shown on the combined statement of cash flows.

	June 30,	
	2020	2019
Cash and cash equivalents	$ 3,865	$ 641,737
Restricted cash	516,955	561,455
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	$ 520,820	$ 1,203,192

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2. Property and Equipment

Property and equipment consisted of the following at June 30, 2020 and 2019:

	2020	2019
Land and improvements	$ 1,125,007	$ 1,125,007
Buildings	1,379,640	716,863
Equipment, bins and grain systems	31,168,261	30,619,937
Oil mill facility	45,387,496	30,142,458
Biodiesel facility	17,615,576	14,194,218
Construction in progress	-	2,710,026
Total property and equipment	96,675,980	79,508,509
Less accumulated depreciation and amortization	24,630,641	17,224,211
Property and equipment, net	$ 72,045,339	62,284,298

The Companies capitalized $-0- and $193,347 of interest in connection with the construction in progress in 2020 and 2019, respectively.

Note 3. Inventories

Inventories at June 30, 2020 and 2019 were as follows:

	2020	2019
Soybeans	$ 887,570	$ 9,325,047
Soybean oil	3,448,870	2,091,689
Soybean meal	4,354,425	2,484,639
Soybean hulls	103,740	525,720
Corn	354,467	2,069,700
Wheat	51,587	53,155
Feed	-	216,692
Biodiesel	402,038	-
RINs	1,505,098	-
Other	45,000	54,000
	$ 11,152,795	$ 16,820,642

Note 4. Credit Facility and Long-term Debt

EGT has a Credit Facility that provides for a maximum of $35,000,000 in available borrowings at June 30, 2020 and 2019. Effective December 17, 2020, the Credit Facility was renewed to, among other things, increase the revolving line-of-credit limit to $40,000,000 and increase the term loan to $35,000,000 for the purpose of increasing working capital. The new maturity date for the line is October 31, 2021 and the term loan is December 17th 2023. However, the revolving line-of-credit may be canceled at any time, at the sole discretion of the lender. Borrowings bear interest at variable rates based on LIBOR plus the applicable margin (4.42 percent at June 30, 2020 and 4.25 percent as of December 17,2020). Substantially all assets of EGT collateralize borrowings under the Credit Facility. At June 30, 2020, outstanding borrowings under the Revolving Loan were $24,662,990.

Note 4. Continued

The following is a summary of long-term debt at June 30, 2020 and 2019:

	2020	2019
JOHN DEERE FINANCIAL Payable in monthly, interest-free payments through July 2020	$ 117,885	$ 344,644
CAT FINANCIAL Payable in monthly, interest free payments through December 2022	149,889	-
CHASE AUTO Payable in monthly, interest free payments through November 2024	23,620	-
STATE BANK NOTE Payable in monthly, interest free payments through April 2026	31,823	-
RUSTIC VENTURES, LLC NOTE A Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	3,941,006	3,941,006
RUSTIC VENTURES, LLC NOTE B Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	1,938,994	1,938,994
AMCREF CDE FUND 34, LLC NOTE A Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	5,441,776	5,441,776
AMCREF CDE FUND 34, LLC NOTE B Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	2,605,224	2,605,224
AMCREF CDE FUND 34, LLC NOTE C Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	1,153,000	1,153,000
EGT STATE FUND, LLC Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	1,153,000	1,153,000

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

	2020	2019
AMCREF FUND 47, LLC LOAN A Payable in quarterly, interest-only payments through May 2025 with principal and unpaid interest due upon maturity May 2038	$ 3,662,000	$ 3,662,000
AMCREF FUND 47, LLC LOAN B Payable in quarterly, interest-only payments through March 2025 with principal and interest due quarterly from June 2025 through May 2038	1,338,000	1,338,000
MUNISTRATEGIES SUB-CDE#26, LLC LOAN A Payable in quarterly, interest-only payments through May 2025 with principal and unpaid interest due upon maturity May 2038	4,706,800	4,706,800
MUNISTRATEGIES SUB-CDE#26, LLC LOAN B Payable in quarterly, interest-only payments through March 2025 with principal and interest due quarterly from June 2025 through May 2038	1,764,560	1,764,560
MUNISTRATEGIES SUB-CDE#26, LLC LOAN C Payable in quarterly, interest-only payments through March 2025 with principal and unpaid interest due upon maturity May 2025	458,640	458,640
UMB TERM LOAN Payable in quarterly, principal and interest payments of $700,000 beginning July 1, 2019 through November 2020 with remaining principal and accrued and unpaid interest due November 2020	25,200,000	28,000,000
Debt issuance costs	(929,171)	(1,101,855)
Total long-term debt	52,757,046	55,405,789
Less current maturities	25,390,844	3,035,488
Long-term debt less current maturities	$ 27,366,202	$ 52,370,301

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

Aggregate annual maturities of notes payable outstanding at June 30, 2020, are as follows:

Year Ending June 30,	Amount
2021	25,390,844
2022	73,765
2023	37,485
2024	10,632
2025	5,485
Thereafter	28,168,006
Total, excluding debt issuance costs	53,686,217
Total debt issuance costs	(929,171)
Total long-term debt	$ 52,757,046

Note 5. Derivatives

EGT enters into forward purchase and sales contracts ("forward contracts") for the purchase and sale of agricultural commodity inventories. Forward contracts are recorded at fair value. Changes in the fair value of these contracts are recognized in earnings as margin gains and losses. As of June 30, 2020 and 2019, the fair value of forward contracts was $1,082,155 and $3,394,322, respectively. To reduce price risk fluctuations, EGT also follows a policy of using exchange-traded futures contracts to minimize its net position of merchandisable agricultural commodity inventories and forward cash purchase and sales contracts. Changes in the fair value of these investments are recognized in sales as margin gains or losses. As of June 30, 2020 and 2019, EGT's fair value of margin assets was $5,802,226 and $4,885,976, respectively. During 2020 and 2019, EGT recognized losses of $2,312,167 and gains of $1,334,188, respectively, on forward contracts. During 2020 and 2019, EGT recognized gains of $916,250 and $2,007,430, respectively, on margin assets. These amounts are included in cost of goods sold in the statements of operations.

Unrealized gains (losses) related to EGT's open positions on exchange traded futures contracts totaled $(370,190) and $(538,977) at June 30, 2020 and 2019, respectively. Management did not meet the designation and documentation requirements to account for these transactions as hedge derivatives. Accordingly, the unrealized gains are recognized in cost of goods sold in the accompanying statements of operations.

EGT considers commodities on hand less unpriced grain purchases, priced forward purchases and sales contracts, and futures contracts when evaluating its net long or short position. EGT utilizes a standard conversion to convert soybeans to soybean oil and meal and biodiesel to soybean oil. The following table summarizes the Companies net long (short) position by commodity at June 30, 2020:

Corn (bushels)	5,654
Soybean meal (tons)	65
Soybean oil (pounds)	(36,423)

Note 6. New Markets Tax Credit Financing

During 2015, EGT and EGT Processing executed a NMTC transaction, EGT received proceeds to be used for the purchase of specific equipment, as permitted by the NMTC program. EGT and EGT Processing also received below market interest rate loans of $15,080,000 and $1,153,000, bearing interest at 1.5 percent, and maturing in 2035, respectively. In addition, EGT recorded notes receivable for $10,535,782 bearing interest at 1.5 percent, maturing in 2035. In order to comply with the NMTC program, the notes payable and notes receivable are required to be outstanding during a seven year, interest only compliance period. If certain conditions are met, EGT and EGT Processing will be able to settle the net of all the notes payable and notes receivable for a discounted amount after the compliance period.

During 2018, EGT and Express Biodiesel executed a NMTC transaction. EGT received proceeds to be used for the purchase of specific equipment, as permitted by the NMTC program. EGT and Express Biodiesel also received below market interest rate loans of $5,000,000 and $6,930,000, bearing interest from 1.02 to 1.54 percent and maturing in 2038. In addition, EGT recorded notes receivable for $8,368,800 bearing interest at 1.08 percent, maturing in 2036. In order to comply with the NMTC program, the notes payable and notes receivable are required to be outstanding during a seven year, interest only compliance period. If certain conditions are met, EGT and Express Biodiesel will be able to settle the net of all the notes payable and notes receivable for a discounted amount after the compliance period. In connection with the NMTC transaction, EGT assigned assets in construction in progress of $18,194,241 to Express Biodiesel, as of June 30, 2018. The assets transferred represent assets critical to the biodiesel operations and were placed in service in March of 2019.

Incremental costs to maintain the transaction structure during the compliance period are expensed as incurred.

Following is a summary of the assets at June 30, 2020 and 2019 resulting from the NMTC transactions:

	2020	2019
Cash (included in restricted cash)	$ 369,455	$ 561,455
Notes receivable from Twain Investment Fund 139, LLC	10,535,782	10,535,782
Notes receivable from Express Biodiesel Greenwood Investment Fund, LLC	8,368,800	8,638,800
Total	$ 19,274,037	$ 19,736,037

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 7. Related Party Transactions

EGT purchased $0 and $0 of inventories, in the normal course of business, from its owners during the year of June 30, 2020 and 2019, respectively. EGT had no payables to owners for inventory purchases at June 30, 2020 or 2019.

The Companies had an outstanding balance due to an owner at June 30, 2020 and 2019 of $5,568,680 and $3,485,965, respectively. The note payable with the related party has no stated interest rate or maturity date. The amounts are not expected to be repaid within the next twelve months and do not bear any interest.

Note8. Concentration of Credit Risk

The Companies generally maintain cash on deposit at banks in excess of federally insured amounts. The amount of uninsured bank balances at risk as of June 30, 2020 totaled approximately $520,820. The Companies have not experienced any losses in such accounts.

Note9. Commitments

EGT, from time to time, enters into transactions with a third party to sell soybeans at a specific price and, simultaneously, enter into an agreement to purchase the same quantity of soybeans at a future date. The terms of the future purchase of soybeans by EGT from the third party do not include a fixed price and, therefore, no obligation has been recognized by EGT at June 30, 2020. Sales recognized by EGT under these arrangements totaled approximately $52,392,972 for the year ended June 30, 2020.

Note10. Subsequent Events

Subsequent to the balance sheet date, EGT and Leverage Lender executed a NMTC transaction. EGT received proceeds to be used for the purchase of specific equipment, as permitted by the NMTC program. EGT and Leverage Lender also received below market interest rate loans of $8,637,200, $8,133,133 and $5,000,000, bearing interest rates of 1.21 percent, maturing in July 2050. In addition, Leverage Lender recorded notes receivable for $4,850,695 and $12,721,945. In order to comply with the NMTC program, the notes payable and notes receivable are required to be outstanding during a seven year, interest only compliance period. If certain conditions are met, EGT and Leverage Lender will be able to settle the net of all the notes payable and notes receivable for a discounted amount after the compliance period.

The Companies have evaluated subsequent events through February 3rd, 2020, the date these financial statements were available to be issued.

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EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

Greenwood, Mississippi

Combined Financial Statements

Years Ended June 30, 2020 and 2019

EXHIBIT
3

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HORNE

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Express Grain Terminals, LLC and Affiliates
Greenwood, Mississippi

Report on the Financial Statements

We have audited the accompanying combined financial statements of Express Grain Terminals, LLC and Affiliates (the "Companies") which comprise the combined balance sheets as of June 30, 2020 and 2019, and the related combined statements of operations, changes in members' equity and cash flows for the years then ended and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these combined 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 audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 combined financial statements referred to above present fairly, in all material respects, the financial position of the Companies as of June 30, 2020 and 2019, and the results of their operations and their cash flows for the year ended June 30, 2020, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying combined financial statements for the year ended June 30, 2020, have been prepared assuming that the Companies will continue as a going concern. As discussed in Note 1 to the combined financial statements, the Companies have accumulated losses of approximately $21,600,000 since its inception and their total current liabilities exceed total current assets at June 30, 2020. The biodiesel facility was placed into service during fiscal 2019 but has not operated at full capacity. The Companies have a line-of-credit with a balance at June 30, 2020 of approximately $24.6 million that matures within the next twelve months. These conditions raise substantial doubt about the Companies' ability to continue as a going concern. Management's plans concerning these matters are also discussed in Note 1 to the combined financial statements. The combined financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining information on pages 19-20 is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual companies and is not a required part of the combined 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 combined financial statements. The combining information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements 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 combined financial statements as a whole.

HORNE LLP

Ridgeland, Mississippi
May 20, 2021

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

Combined Balance Sheets

June 30, 2020 and 2019

	2020	2019
ASSETS		
Current assets	$ 846,382	$ 641,737
Cash	3,836,719	2,032,387
Accounts receivable	14,756,192	16,820,642
Inventories	542,094	1,141,353
Prepaid expenses	1,541,352	-
Biodiesel tax credit receivable	-	3,394,322
Forward contracts	2,238,493	1,577,888
Margin assets	23,761,232	25,608,329
Total current assets		
Notes receivable	18,904,582	18,904,582
Property and equipment, net	59,018,549	62,284,298
Restricted cash	369,455	561,455
Total assets	$ 102,053,818	$ 107,358,664
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable	$ 2,462,623	$ 1,548,940
Current maturities of long-term debt	4,333,848	3,035,488
Forward contracts	374,471	-
Borrowings on line-of-credit	24,662,990	20,416,819
Unpriced grain purchases	8,671,337	234,016
Deferred revenue	2,412,781	2,173,002
Accrued expenses	597,705	576,562
Total current liabilities	43,515,755	27,984,827
Note payable, related party	5,568,680	3,435,965
Long-term debt, less current maturities	50,628,198	52,370,301
Total liabilities	99,712,633	83,791,093
Members' equity	2,341,185	23,567,571
Total liabilities and members' equity	$ 102,053,818	$ 107,358,664

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

Combined Statements of Operations

Years Ended June 30, 2020 and 2019

	2020	2019
Net sales	$ 166,243,623	$ 141,471,072
Cost of goods sold	153,206,190	118,058,322
Gross margin	13,037,433	23,412,750
Operating expenses		
Depreciation & amortization expense	7,229,293	3,993,901
Impairment loss	13,258,995	-
Other operating expenses	13,537,451	9,468,469
Total operating expenses	34,025,739	13,462,370
Operating income (loss)	(20,988,306)	9,950,380
Other income (expense)		
Other income	2,023,856	231,109
Interest expense	(2,261,936)	(3,870,455)
Total other expense	(238,080)	(3,639,346)
Net income (loss)	$ (21,226,386)	$ 6,311,034

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

Combined Statements of Members' Equity

Years Ended June 30, 2020 and 2019

	Members' Equity
Balance, July 1, 2018	$ 16,756,537
Net income	6,311,034
Contributions	500,000
Balance, June 30, 2019	23,567,571
Net loss	(21,226,386)
Balance, June 30, 2020	$ 2,341,185

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

Combined Statements of Cash Flows

Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Net income (loss)	$ (21,226,386)	$ 6,311,034
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation and amortization	7,229,293	3,993,901
Impairment loss on property and equipment	13,258,995	-
Changes in operating assets and liabilities:		
Margin asset	(660,605)	1,300,658
Accounts receivable	(1,804,332)	2,903,096
Inventories	2,064,450	1,503,390
Biodiesel tax credit receivable	(1,541,352)	-
Grain payable	8,437,321	(56,632)
Forward contracts	3,768,793	(5,877,110)
Prepaid expenses	599,259	(125,267)
Accounts payable and accrued expenses	934,826	628,748
Deferred revenue	239,779	(1,228,834)
Net cash provided by operating activities	11,300,041	9,352,984
Cash flows from investing activities		
Purchases of property and equipment	(16,725,340)	(9,525,578)
Net cash used in investing activities	(16,725,340)	(9,525,578)
Cash flows from financing activities		
Net decrease in borrowings on line-of-credit	4,246,171	(4,143,772)
Proceeds from long-term borrowings	2,205,000	-
Proceeds from related-party borrowings	3,910,000	3,435,965
Payment on related-party borrowings	(1,777,285)	-
Principal payment on long-term borrowings	(3,053,442)	(262,021)
Payment of debt issuance costs	(92,500)	-
Members' contributions	-	500,000
Net cash provided by (used in) financing activities	5,437,944	(469,828)
Increase (decrease) in cash and restricted cash	12,645	(642,422)
Cash and restricted cash at beginning of year	1,203,192	1,845,614
Cash and restricted cash at end of year	$ 1,215,837	$ 1,203,192
Noncash investing and financing activities		
Notes payable for equipment	$ 245,604	$ 42,850
Supplemental disclosures of cash flow information		
Cash paid for interest	$ 2,474,753	$ 3,764,529

See accompanying notes to combined financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies

Description of Business and Principles of Combination

Express Grain Terminals, LLC, ("EGT"), a limited liability company, is a registered grain storage facility with its primary operations in Greenwood and Sidon, Mississippi. EGT specializes in buying and selling soybeans, soybean oil, wheat and feed. EGT mills soybeans at its Greenwood facility. The products produced from the milling process include soybean oil, soybean meal and soybean hulls. In addition, the Greenwood facility produces biodiesel utilizing soybean oil from the milling process.

The accompanying combined financial statements include the accounts of EGT, as well as the accounts of Express Biodiesel, LLC ("Express Biodiesel"), Express Processing, LLC ("EGT Processing") and its 95 percent owned subsidiary, EGT Leverage Lender, LLC ("Leverage Lender") (collectively, the "Companies"). EGT Processing and Leverage Lender were formed in 2015 and Express Biodiesel was formed in 2018 in connection with EGT's New Markets Tax Credit ("NMTC") Financing as more fully described in Note 7. EGT and these entities share similar ownership. All significant intercompany balances and transactions have been eliminated in combination.

Plan of Operation

The Companies have accumulated losses of approximately $21.6 million since its inception and their total current liabilities exceed total current assets at June 30, 2020. As described in Note 4, EGT has a $35 million revolving line-of-credit (the "LOC") and a $25.2 million term loan (the "Term Loan") as of June 30, 2020 that matured November 30, 2020. On December 17, 2020, the Company amended the LOC to a $40 million LOC maturing October 31, 2021 and the Term Loan to a $35 million loan maturing October 31, 2023. See Note 11 for more details. EGT continues to invest in its Greenwood biodiesel facility which began operations on March 28, 2019. After a brief period of operation, the biodiesel facility was idled to make process improvements and was placed back into operation in December 2019, but not operating at full capacity. The Companies' ability to meet their future commitments is significantly dependent upon the profitability of their biodiesel operations and ability to renew and extend its LOC. There can be no assurances that the Companies will have sufficient cash flows from its biodiesel operations to meet their future commitments or that they will be able to renew or extend the line of credit under acceptable terms. These conditions raise substantial doubt about the Companies' ability to continue as a going concern.

The combined financial statements have been prepared on a going concern basis of accounting, which contemplates continuity of operations, realization of assets, and satisfaction of liabilities and commitments in the normal course of business. The combined financial statements do not reflect any adjustments that might result from the outcome of the uncertainties as discussed above.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Companies' 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 amount of revenues and expenses during the reporting period. Specifically, the Companies' management utilizes certain techniques that require significant judgment and estimates to verify quantities on hand of its commodities inventory. Actual results could differ from those estimates.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Cash and Cash Equivalents

The Companies consider all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at estimated net realizable value. Management determines the allowance for doubtful accounts based on a variety of factors, including the length of time the receivables are past due, significant one-time events and historical experience. Accounts older than 30 days are generally considered past due. No interest accrues on past due accounts. Management has not recorded an allowance for doubtful accounts at June 30, 2020 or 2019.

Inventories

Inventories consist primarily of agricultural commodity inventories, such as wheat, soybeans, soybean oil, soybean meal and soybean hulls that are readily convertible to cash because of their commodity characteristics, widely available markets and pricing mechanisms. All of EGT's agricultural commodity inventories are valued at net realizable value. The agricultural commodity inventories are freely traded, have quoted market prices, may be sold without significant further processing and have predictable and insignificant disposal costs. Changes in market values are recognized in earnings as a component of cost of sales. This accounting policy is in accordance with the guidelines described in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 905, *Agriculture*. The Companies also have biofuel inventories, which are state at the lower of cost or market. Cost is determined using primarily the weighted-average cost method.

Renewable Identification Numbers

When the Companies produce and sell a gallon of biomass-based diesel, 1.5 renewable identification numbers ("RIN") per gallon are generated. RINs are used to track compliance with the renewable fuel standard ("RFS2"). RFS2 allows the Companies to attach between zero and 2.5 RINs to a gallon of biomass diesel. As a result, a portion of the selling price for the biomass-diesel is generally attributable to RRS2 compliance. However, RINs that the Companies generate are a form of government incentive and not a result of the physical attributes of the biomass-based diesel production. Therefore, no cost is allocated to the RIN when it is generated, regardless of whether transferred with the biomass-based diesel produced or held by the Companies pending attachment to other biomass-based diesel.

Margin Assets

EGT has margin deposits with a commodity brokerage firm used to acquire futures and option contracts to manage the price volatility risk of its commodity inventories and unpriced grain purchases. These contracts are recorded at market value.

Note 1. Continued

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided on the straight-line method based on the following estimated useful lives: buildings - 39 years, equipment - 3 to 7 years, grain systems - 7 to 39 years, rail systems - 7 to 15 years and land improvements - 7 to 15 years. Major renewals or betterments that extend the useful lives of assets are capitalized. Repairs and maintenance costs are expensed as incurred.

Upon the retirement or sale of property and equipment, its cost and related accumulated depreciation are removed from the respective accounts and any gain or loss is reflected in the operations of the current period.

Asset Impairments

The Companies periodically evaluate whether current facts or circumstances indicate that the carrying value of its depreciable assets to be held and used may not be recoverable. If such circumstances are determined to exist, an estimate of undiscounted future cash flows produced by the long-lived asset or the appropriate grouping of assets is compared to the carrying value to determine whether impairment exists. If an asset is determined to be impaired, the loss is measured based on the difference between the asset's fair value and its carrying value.

Notes Receivable

The notes receivable relate to Leverage Lender's receivable from a non-related entity entered into in connection with the New Markets Tax Credit financing transactions, as more fully described in Note 7. The notes bear interest at 1.08 to 1.54 percent and are carried at net realizable value. The note, maturing November 19, 2035, requires quarterly, interest only payments through March 2023 with the principal and unpaid interest due November 19, 2035. The note, maturing May 10, 2036, requires quarterly, interest only payments through May 2025 with quarterly principal and interest payments commencing September 10, 2025 through May 10, 2036.

Derivative Instruments and Hedging Activities

All of EGT's derivatives are designated as non-hedge derivatives. The futures and options contracts used by EGT are discussed in Note 6. EGT, as part of its trading activity, use futures and option contracts offered through regulated commodity exchanges. EGT is exposed to risk of loss in the market value of inventories and its unpriced grain purchases. To reduce that risk, EGT generally takes opposite and offsetting positions using futures contracts or options.

Debt Issuance Costs

Debt issuance costs represent costs to acquire debt associated with the NMTC financing, which is more fully described in Note 7, and are amortized using the straight-line method, which approximates the effective interest method, over the expected term of the related debt. Such costs are treated as a reduction of the debt proceeds.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Unpriced Grain Purchases

EGT transacts with certain of its suppliers for commodities for which a purchase price is not determined when EGT takes possession of the related commodities. Under these arrangements, suppliers determine the date for which the pricing will be determined. EGT and its suppliers utilize regulated commodity exchanges to determine pricing. Accordingly, the liability for unpriced grain purchases is recorded at its estimated fair value or estimated price to settle the obligation at June 30, 2020 and 2019.

Revenue Recognition

Sales of agricultural commodities are recognized when persuasive evidence of an arrangement exists, the price is determinable, the product has been delivered, title to the product and risk of loss transfer to the customer, which is dependent on the agreed upon sales terms with the customer and when collection of the sales price is reasonably assured. Sales terms provide for passage of title either at the time and point of shipment or at the time and point of delivery of the product being sold. Shipping and handling costs are included in cost of sales.

Deferred revenues relate to customers who prepay for products that are shipped to them over time. Revenue is recognized on these sales once title and risk of loss is transferred to the customer.

Income Taxes

Taxable income or loss of the Companies is reported on the tax returns of the members. Accordingly, no provision or liability for income taxes has been included in the financial statement of the Companies.

Fair Value Measurements

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosure*, ("ASC 820") establishes a three-level hierarchy for fair value measurements. The hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The classification of fair value within the hierarchy is based upon the lowest level of input that is significant to the measurement. For Level 1, the valuation is based upon quoted prices for identical assets or liabilities in an active market. For Level 2, the valuation is based upon quoted prices for similar assets and liabilities in active markets or other inputs that are observable, either directly or indirectly, for substantially the full term of the financial instrument. For Level 3, the valuation is based upon other unobservable inputs that are significant to the fair value measurement.

The derivative instruments held by EGT, include forward purchase and sales contracts and futures and option contracts which are recorded at fair value. The fair value of futures contracts is determined using the commodity exchange quoted prices (Level 1 inputs). The estimated fair value of forward contracts is determined using the commodity exchange quoted prices, adjusted as appropriate for differences in the local market (Level 1 inputs). Agricultural commodity inventories are stated at market value (net realizable value). Agricultural commodity inventories reported at fair value are valued based on commodity exchange quotations or market transactions with appropriate adjustments for differences in local markets where EGT's inventories are located (Level 2).

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

The following table presents information about the assets and liabilities recorded at fair value on a recurring basis at June 30, 2020:

	Fair Value Measurements at June 30, 2020			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Agricultural commodity inventories	$ -	$ 14,304,882	$ -	$ 14,304,882
Margin assets	2,238,493	-	-	2,238,493
Forward contracts	(374,471)	-	-	(374,471)
Unpriced grain purchases	-	(8,671,337)	-	(8,671,337)
Total	$ 1,864,022	$ 5,633,545	$ -	$ 7,497,567

The following table presents information about the assets and liabilities recorded at fair value on a recurring basis at June 30, 2019:

	Fair Value Measurements at June 30, 2019			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Agricultural commodity inventories	$ -	$ 16,766,642	$ -	$ 16,766,642
Margin assets	1,577,888	-	-	1,577,888
Forward contracts	3,394,322	-	-	3,394,322
Unpriced grain purchases	-	(234,016)	-	(234,016)
Total	$ 4,972,210	$ 16,532,626	$ -	$ 21,504,836

The majority of the Companies' non-financial instruments, which include property and equipment, are not required to be carried at fair value on a recurring basis but are subject to fair value adjustments only in certain circumstances. If certain triggering events occur such that a non-financial instrument is required to be evaluated for impairment, any resulting asset impairment would require that the non-financial instrument be recorded at the lower of historical cost or its fair value. The Companies determined certain biodiesel and soybean processing assets were impaired at the June 30, 2020. The impairment of approximately $13 million was determine primarily utilizing a sales comparison approach which the Companies determined to be at Level 2 in the fair value hierarchy.

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which clarifies the principles for recognizing revenue. This guidance requires an entity to recognize revenue to depict the transfer of promised goods or services

Note 1. Continued

to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Companies were required to adopt ASU 2014-09 as of July 1, 2019, fiscal year 2020. In June 2020, the FASB issued ASU 2020-05, *Effective Dates for Certain Entities*, which provides entities that had yet to issue financial statements reflecting the adoption of ASU 2014-09 to defer the required adoption of ASU 2014-09 for one year. As a result of the Companies' adoption of ASU 2020-05, the Companies will be required to adopt ASU 2014-09 for their 2021 annual financial statements. The Companies are currently evaluating the impact of ASU 2014-09 on the Companies' financial condition, results of operations and cash flows.

In August 2017, the FASB issued ASU 2017-12, Derivatives and Hedging (Topic 815): *Targeted Improvements to Accounting for Hedging Activities*, which expands and refines hedge accounting for both financial and non-financial risk components, aligns the recognition and presentation of the effects of hedging instruments and hedge items in the financial statements, and includes certain targeted improvements to ease the application of current guidance related to the assessment of hedge effectiveness. ASU 2017-12 is effective for the Companies for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Companies have not yet evaluated the impact of this standard on its financial statements and related disclosures.

In April 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the Emerging Issues Task Force)*, which states amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning and end of year total amounts shown on the statement of cash flows. ASU 2016-18 is effective for the Companies for the fiscal year beginning July 1, 2019 and for all years presented on the financial statements. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the combined balance sheet that sums to the total of the same such amounts shown on the combined statement of cash flows.

	June 30, 2020	June 30, 2019
Cash and cash equivalents	$ 846,382	$ 641,737
Restricted cash	369,455	561,455
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	$ 1,215,837	$ 1,203,192

Note 2. Property and Equipment

Property and equipment consisted of the following at June 30, 2020 and 2019:

	2020	2019
Land and improvements	$ 1,125,007	$ 1,125,007
Buildings	917,709	716,863
Equipment, bins and grain systems	30,169,744	30,619,937
Oil mill facility	28,708,188	30,142,458
Biodiesel facility	11,533,136	14,194,218
Construction in progress	67,023	2,710,026
Total property and equipment	72,520,807	79,508,509
Less accumulated depreciation and amortization	13,502,258	17,224,211
Property and equipment, net	$ 59,018,549	$ 62,284,298

Note 2. Continued

The Company obtained an appraisal of its property and equipment subsequent to year-end as a result of ongoing losses from its biodiesel operations. In accordance with ASC 360, *Property, Plant and Equipment*, the Companies evaluated their fixed assets for impairment at the lowest level for which identifiable cash flows were largely independent of the cash flows of other assets and liabilities. Based on this appraisal, the carrying value of the property and equipment associated with the biodiesel and soybean processing facility was determined to be impaired and was written down by approximately $13 million to their estimated fair value as of June 30, 2020. There was no impairment recognized related to the Companies grain storage facility assets.

Note 3. Inventories

Inventories at June 30, 2020 and 2019 were as follows:

	2020	2019
Soybeans	$ 6,034,377	$ 9,325,047
Soybean oil	3,362,115	2,091,689
Soybean meal	4,361,635	2,484,639
Soybean hulls	107,100	525,720
Corn	388,431	2,069,700
Wheat	51,224	53,155
Feed	-	216,692
Biodiesel	406,310	-
Other	45,000	54,000
	$ 14,756,192	$ 16,820,642

Note 4. Line-of-Credit and Long-term Debt

EGT has a LOC that provides for a maximum of $35,000,000 in available borrowings at June 30, 2020 and 2019. Effective February 15, 2019, the LOC was amended to, among other things, convert $28,000,000 of the borrowings on the LOC to a term loan maturing September 2020. As of June 30, 2020, the maturity date for the term loan was November 30, 2020. On December 17, 2020, the Company amended its agreement to convert a portion of its outstanding borrowings on the LOC to the Term Loan, increasing the principal amount of the Term Loan to $35,000,000, with a maturity date of October 31, 2023. The amendment also increased the LOC to provide for a maximum of $40,000,000 in available borrowings, with a maturity date of October 31, 2021. See Note 11 for further discussion. Borrowings bear interest at variable rates based on LIBOR plus the applicable margin (4.42 percent at June 30, 2020). Substantially all assets of EGT collateralize borrowings under the LOC and term loan. At June 30, 2020, outstanding borrowings under the LOC were $24,662,990. The LOC matures November 30, 2020. However, the LOC may be canceled at any time, at the sole discretion of the lender. The LOC requires EGT maintain a tangible net worth, as defined, of not less than $20,000,000 and a minimum debt service ratio of 1.25:1.00. As of June 30, 2020, EGT was not in compliance with the tangible net worth or the minimum debt service requirement. The December 17, 2020 amendment required EGT to have a tangible net worth of at least $16,000,000 as of December 31, 2020 and a debt service coverage of 1.25:1.00. EGT was not in compliance with these covenants as of December 31, 2020. Finally, the LOC limits the number of un-hedged commodities contracts to be held by EGT. EGT held long positions for certain commodities exceeding limits allowed under the LOC, which represents an event of default. These violations related to un-hedged commodities as of June 30, 2020 were waived.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

The following is a summary of long-term debt at June 30, 2020 and 2019:

	2020	2019
JOHN DEERE FINANCIAL Payable in monthly, interest-free payments through July 2020	$ 117,885	$ 344,644
CAT FINANCIAL Payable in monthly, interest free payments through December 2022	149,889	-
CHASE AUTO Payable in monthly, interest free payments through November 2024	23,620	-
STATE BANK NOTE Payable in monthly, interest free payments through April 2026	31,823	-
RUSTIC VENTURES, LLC NOTE A Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	3,941,006	3,941,006
RUSTIC VENTURES, LLC NOTE B Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	1,938,994	1,938,994
AMCREF CDE FUND 34, LLC NOTE A Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	5,441,776	5,441,776
AMCREF CDE FUND 34, LLC NOTE B Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	2,605,224	2,605,224
AMCREF CDE FUND 34, LLC NOTE C Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	1,153,000	1,153,000
EGT STATE FUND, LLC Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	1,153,000	1,153,000

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

	2020	2019
AMCREF FUND 47, LLC LOAN A Payable in quarterly, interest-only payments through May 2025 with principal and unpaid interest due upon maturity May 2038	$ 3,662,000	$ 3,662,000
AMCREF FUND 47, LLC LOAN B Payable in quarterly, interest-only payments through March 2025 with principal and interest due quarterly from June 2025 through May 2038	1,338,000	1,338,000
MUNISTRATEGIES SUB-CDE#26, LLC LOAN A Payable in quarterly, interest-only payments through May 2025 with principal and unpaid interest due upon maturity May 2038	4,706,800	4,706,800
MUNISTRATEGIES SUB-CDE#26, LLC LOAN B Payable in quarterly, interest-only payments through March 2025 with principal and interest due quarterly from June 2025 through May 2038	1,764,560	1,764,560
MUNISTRATEGIES SUB-CDE#26, LLC LOAN C Payable in quarterly, interest-only payments through March 2025 with principal and unpaid interest due upon maturity May 2025	458,640	458,640
UMB TERM LOAN Payable in quarterly, principal and interest payments of $700,000 beginning July 1, 2019 through November 2020 with remaining principal and accrued and unpaid interest due November 2020	25,200,000	28,000,000
PAYROLL PROTECTION PROGRAM LOAN Payable in monthly, principal and interest payments of $124,113 beginning November 2020 through April 2022	2,205,000	-
Debt issuance costs	(929,171)	(1,101,855)
Total long-term debt	54,962,046	55,405,789
Less current maturities	4,333,848	3,035,488
Long-term debt less current maturities	$ 50,628,198	$ 52,370,301

Note 4. Continued

Aggregate annual maturities of notes payable outstanding at June 30, 2020, based upon the amended terms , are as follows:

Year Ending June 30,	Amount
2021	$ 4,333,848
2022	4,785,762
2023	3,537,485
2024	15,060,632
2025	5,485
Thereafter	28,168,005
Total, excluding debt issuance costs	55,891,217
Total debt issuance costs	(929,171)
Total long-term debt	$ 54,962,046

Note 5. Paycheck Protection Program

During fiscal 2020, the Companies received a loan of $2,205,000 under the Paycheck Protection Program ("PPP") with a financial institution under the Federal "Cares Act" to provide for the payroll payments during the COVID-19 Pandemic. The loan matures April 2022. Borrowings under the loan bear interest at 1.00 percent. Interest and principal payments are due monthly. The PPP Program provides for an initial six-month deferral of payments, which is subsequently deferred by another 10 months. The Company is in the process of submitting its application for forgiveness for the PPP loan but has not done so as of the report date. Therefore, the loan is included in debt on the combined balance sheets and classified as current and non-current debt based on the assumption it will not be forgiven.

Note 6. Derivatives

EGT enters into forward purchase and sales contracts ("forward contracts") for the purchase and sale of agricultural commodity inventories. Forward contracts are recorded at fair value. Changes in the fair value of these contracts are recognized in earnings as margin gains and losses. As of June 30, 2020 and 2019, the fair value of forward contracts was ($374,471) and $3,394,322, respectively. To reduce price risk fluctuations, EGT also follows a policy of using exchange-traded futures contracts to minimize its net position of merchandisable agricultural commodity inventories and forward cash purchase and sales contracts. Changes in the fair value of these investments are recognized in sales as margin gains or losses. As of June 30, 2020 and 2019, EGT's fair value of margin assets was $2,238,493 and $1,577,888, respectively. During 2020 and 2019, EGT recognized losses of $3,768,792 and gains of $5,877,109, respectively, on forward contracts. During 2020 and 2019, EGT recognized losses of $2,172,876 and gains of $2,664,119, respectively, on margin assets. These amounts are included in cost of goods sold in the statements of operations.

Unrealized gains related to EGT's open positions on exchange traded futures contracts totaled $555,040 and $308,790 at June 30, 2020 and 2019, respectively. Management did not meet the designation and documentation requirements to account for these transactions as hedge derivatives. Accordingly, the unrealized gains are recognized in cost of goods sold in the accompanying statements of operations.

Note 6. Continued

EGT considers commodities on hand less unpriced grain purchases, priced forward purchases and sales contracts, and futures contracts when evaluating its net long or short position. EGT utilizes a standard conversion to convert soybeans to soybean oil and meal and biodiesel to soybean oil. The following table summarizes the Companies net long (short) position by commodity at June 30, 2020:

Corn (bushels)	(26,184)
Soybeans (bushels)	1,492,486

Note 7. New Markets Tax Credit Financing

During 2015, EGT and EGT Processing executed a NMTC transaction, EGT received proceeds to be used for the purchase of specific equipment, as permitted by the NMTC program. EGT and EGT Processing also received below market interest rate loans of $15,080,000 and $1,153,000, bearing interest at 1.5 percent, and maturing in 2035, respectively. In addition, EGT recorded notes receivable for $10,535,782 bearing interest at 1.5 percent, maturing in 2035. In order to comply with the NMTC program, the notes payable and notes receivable are required to be outstanding during a seven year, interest only compliance period. If certain conditions are met, EGT and EGT Processing will be able to settle the net of all the notes payable and notes receivable for a discounted amount after the compliance period.

During 2018, EGT and Express Biodiesel executed a NMTC transaction. EGT received proceeds to be used for the purchase of specific equipment, as permitted by the NMTC program. EGT and Express Biodiesel also received below market interest rate loans of $5,000,000 and $6,930,000, bearing interest from 1.02 to 1.54 percent and maturing in 2038. In addition, EGT recorded notes receivable for $8,368,800 bearing interest at 1.08 percent, maturing in 2036. In order to comply with the NMTC program, the notes payable and notes receivable are required to be outstanding during a seven year, interest only compliance period. If certain conditions are met, EGT and Express Biodiesel will be able to settle the net of all the notes payable and notes receivable for a discounted amount after the compliance period. In connection with the NMTC transaction, EGT assigned assets in construction in progress of $18,194,241 to Express Biodiesel, as of June 30, 2018. The assets transferred represent assets critical to the biodiesel operations and were placed in service in March of 2019.

Incremental costs to maintain the transaction structure during the compliance period are expensed as incurred.

Following is a summary of the assets at June 30, 2020 and 2019 resulting from the NMTC transactions:

	2020	2019
Cash (included in restricted cash)	$ 369,455	$ 561,455
Notes receivable from Twain Investment Fund 139, LLC	10,535,782	10,535,782
Notes receivable from Express Biodiesel Greenwood Investment Fund, LLC	8,368,800	8,638,800
Total	$ 19,274,037	$ 19,736,037

The above assets are subject to certain risks associated with the compliance requirements of the applicable NMTC transactions.

Note 8. Related Party Transactions

EGT had no purchases of inventories, in the normal course of business, from its owners during the years of June 30, 2020 and 2019. EGT had no payables to owners for inventory purchases at June 30, 2020 or 2019.

The Companies had an outstanding balance due to an owner at June 30, 2020 and 2019 of $5,568,680 and $3,435,965, respectively. The note payable with the related party has no stated interest rate or maturity date. The amounts are not expected to be repaid within the next twelve months and do not bear any interest.

Note 9. Concentration of Credit Risk

The Companies generally maintain cash on deposit at banks in excess of federally insured amounts. The amount of uninsured bank balances at risk as of June 30, 2020 totaled approximately $468,111. The Companies have not experienced any losses in such accounts.

Note 10. Commitments

EGT, from time to time, enters into transactions with a third party to sell soybeans at a specific price and, simultaneously, enter into an agreement to purchase the same quantity of soybeans at a future date. The terms of the future purchase of soybeans by EGT from the third party do not include a fixed price and, therefore, no obligation has been recognized by EGT at June 30, 2020. Sales recognized by EGT under these arrangements totaled approximately $52,392,972 for the year ended June 30, 2020. In connection with these agreements, EGT had 2,350,000 bushels of soybeans under forward purchase contracts at June 30, 2020 priced under basis contracts.

Note 11. Subsequent Events

Subsequent to the balance sheet date, EGT and Leverage Lender executed a NMTC transaction. EGT received proceeds to be used for the purchase of specific equipment, as permitted by the NMTC program. EGT and Leverage Lender also received below market interest rate loans of $8,637,200, $8,133,133 and $5,000,000, bearing interest rates of 1.21 percent, maturing in July 2050. In addition, Leverage Lender recorded notes receivable for $4,850,695 and $12,721,945. In order to comply with the NMTC program, the notes payable and notes receivable are required to be outstanding during a seven year, interest only compliance period. If certain conditions are met, EGT and Leverage Lender will be able to settle the net of all the notes payable and notes receivable for a discounted amount after the compliance period.

Also subsequent to the balance sheet date, on December 17, 2020, the Companies amended their agreement for their LOC and Term Loan to convert a portion of the outstanding LOC to the Term Loan, increasing the principal amount of the Term Loan to $35,000,000, with a maturity date of October 31, 2023. The amendment also increased the LOC to provide for a maximum of $40,000,000 in available borrowings, with a maturity dates of October 31, 2021.

The Companies have evaluated subsequent events through May 20, 2021, the date these financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES
Combining Balance Sheet
June 30, 2020

	Express Grain Terminals, LLC	Express Biodiesel, LLC Express Processing, LLC and Subsidiary	Eliminations	Express Grain Terminals, LLC Combined
ASSETS				
Current assets				
Cash and cash equivalents	$ 5,376	$ 841,006	$ -	$ 846,382
Accounts receivable	3,834,625	2,094	-	3,836,719
Inventories	14,756,192	-	-	14,756,192
Prepaid expenses	542,094	-	-	542,094
Biodiesel tax credit receivable	1,541,352	-	-	1,541,352
Margin assets	2,238,493	-	-	2,238,493
Total current assets	22,918,132	843,100	-	23,761,232
Notes receivable	-	36,667,085	17,762,503	18,904,582
Property and equipment, net	47,019,311	11,999,238	-	59,018,549
Restricted cash	9,956,075	(1,607,061)	7,979,559	369,455
Total assets	$ 79,893,518	$ 47,902,362	$ 25,742,062	$ 102,053,818
LIABILITIES AND MEMBERS' EQUITY				
Current liabilities				
Accounts payable	$ 2,460,627	$ 1,996	$ -	$ 2,462,623
Current maturities of long-term debt	4,333,848	-	-	4,333,848
Forward contracts	374,471	-	-	374,471
Borrowings on line-of-credit	24,662,990	-	-	24,662,990
Unpriced grain purchases	8,671,337	-	-	8,671,337
Deferred revenue	2,412,781	-	-	2,412,781
Accrued expenses	339,589	258,116	-	597,705
Total current liabilities	43,255,643	260,112	-	43,515,755
Note payable, related party	5,568,680	-	-	5,568,680
Long-term debt, less current maturities	38,184,135	30,206,566	17,762,503	50,628,198
Total liabilities	87,008,458	30,466,678	17,762,503	99,712,633
Total members' equity	(7,114,940)	17,435,684	7,979,559	2,341,185
Total liabilities and members' equity	$ 79,893,518	$ 47,902,362	$ 25,742,062	$ 102,053,818

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES
Combining Statement of Operations
Year Ended June 30, 2020

	Express Grain Terminals, LLC	Express Biodiesel, LLC Express Processing, LLC and Subsidiary	Eliminations	Express Grain Terminals, LLC Combined
Net sales	$ 166,243,623	$ -	$ -	$ 166,243,623
Cost of goods sold	152,715,075	491,115	-	153,206,190
Gross margin	13,528,548	(491,115)	-	13,037,433
Operating expenses				
Depreciation & amortization expense	5,047,917	2,181,376	-	7,229,293
Impairment loss	9,693,369	3,565,626	-	13,258,995
Other operating expenses	12,912,094	625,357	-	13,537,451
Total operating expenses	27,653,380	6,372,359	-	34,025,739
Operating loss	(14,124,832)	(6,863,474)	-	(20,988,306)
Other income (expense)				
Other income	2,023,856	-	-	2,023,856
Interest income	-	362,036	(362,036)	-
Interest expense	(2,337,946)	(286,026)	362,036	(2,261,936)
Total other income (expense)	(314,090)	76,010	-	(238,080)
Net loss	$ (14,438,922)	$ (6,787,464)	$ -	$ (21,226,386)

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EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

Greenwood, Mississippi

Combined Financial Statements

Years Ended June 30, 2019 and 2018

EXHIBIT

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HORNE
CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Express Grain Terminals, LLC and Affiliates
Greenwood, Mississippi

Report on the Financial Statements

We have audited the accompanying combined financial statements of Express Grain Terminals, LLC and Affiliates (the "Companies") which comprise the combined balance sheets as of June 30, 2019 and 2018, and the related combined statements of operations, changes in members' equity and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statement 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 audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 combined financial statements referred to above present fairly, in all material respects, the financial position of the Companies as of June 30, 2019 and 2018, and the results of their operations and their cash flows for the year ended June 30, 2019, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying combined financial statements for the year ended June 30, 2019, have been prepared assuming that the Companies will continue as a going concern. As discussed in Note 1 to the combined financial statements, the Companies have accumulated losses of approximately $14,000,000 since its inception and their total current liabilities exceed total current assets at June 30, 2019. The Companies have a line-of-credit and a term loan with balances at June 30, 2019 of approximately $20 million and $28 million, respectively, which mature within the next twelve months. These conditions raise substantial doubt about the Companies' ability to continue as a going concern. Management's plans concerning these matters are also discussed in Note 1 to the combined financial statements. The combined financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining information on pages 19-20 is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual companies and is not a required part of the combined 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 combined financial statements. The combining information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements 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 combined financial statements as a whole.

HORNE LLP

Ridgeland, Mississippi
December 31, 2019

EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES
Combined Balance Sheets
June 30, 2019 and 2018

	2019	2018
ASSETS		
Current assets		
Cash	$ 641,737	$ 1,225,214
Accounts receivable	2,032,387	4,932,030
Inventories	16,820,642	18,324,032
Prepaid expenses	1,141,353	841,588
Forward contracts	3,394,322	-
Margin assets	1,577,888	2,878,546
Total current assets	25,608,329	28,201,410
Notes receivable	18,904,582	18,904,582
Property and equipment, net	62,284,298	54,007,175
Prepaid expenses, noncurrent	-	174,498
Restricted cash	561,455	620,400
Total assets	$ 107,358,664	$ 101,908,065
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable	$ 1,548,940	$ 1,268,423
Current maturities of long-term debt	3,035,488	235,488
Forward contracts	-	2,482,788
Borrowings on line-of-credit	20,416,819	52,560,591
Unpriced grain purchases	234,016	290,648
Deferred revenue	2,173,002	944,168
Accrued expenses	576,562	228,331
Total current liabilities	27,984,827	58,010,437
Note payable, related party	3,435,965	-
Long-term debt, less current maturities	52,370,301	27,141,091
Total liabilities	83,791,093	85,151,528
Members' equity	23,567,571	16,756,537
Total liabilities and members' equity	$ 107,358,664	$ 101,908,065

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES
Combined Statement of Operations
Years Ended June 30, 2019 and 2018

	2019	2018
Net sales	$ 141,471,072	$ 130,729,900
Cost of goods sold	118,058,322	126,870,573
Gross margin	23,412,750	3,859,327
Operating expenses		
Depreciation & amortization expense	3,993,901	2,650,215
Other operating expenses	9,468,469	7,956,774
Total operating expenses	13,462,370	10,606,989
Operating income (loss)	9,950,380	(6,747,662)
Other income (expense)		
Other income	231,109	134,028
Interest expense	(3,870,455)	(2,719,516)
Total other expense	(3,639,346)	(2,585,488)
Net income (loss)	$ 6,311,034	$ (9,333,150)

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES
Combined Statement of Members' Equity
Years Ended June 30, 2019 and 2018

		Members' Equity
Balance, July 1, 2017	$	18,814,687
Net loss		(9,333,150)
Contributions		7,275,000
Balance, June 30, 2018		16,756,537
Net income		6,311,034
Contributions		500,000
Balance, June 30, 2019	$	23,567,571

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES
Combined Statement of Cash Flows
Year Ended June 30, 2018

	2019	2018
Cash flows from operating activities		
Net income (loss)	$ 6,311,034	$ (9,333,150)
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation and amortization	3,993,901	2,650,215
Changes in operating assets and liabilities:		
Margin asset	1,300,658	(981,647)
Accounts receivable	2,903,096	(1,844,094)
Inventories	1,503,390	14,300,517
Restricted cash	58,945	(290,400)
Grain payable	(56,632)	(151,785)
Forward contracts	(5,877,110)	2,222,131
Prepaid expenses	(125,267)	(585,617)
Accounts payable and accrued expenses	628,748	(189,419)
Deferred revenue	(1,228,834)	944,168
Net cash provided by operating activities	9,411,929	6,740,919
Cash flows from investing activities		
Increase in notes receivable	-	(8,368,800)
Purchases of property and equipment	(9,525,578)	(12,934,584)
Net cash used in investing activities	(9,525,578)	(21,303,384)
Cash flows from financing activities		
Net decrease in borrowings on line-of-credit	(4,143,772)	(3,189,694)
Proceeds from long-term borrowings	-	12,310,981
Proceeds from related-party borrowings	3,435,965	-
Principal payment on long-term borrowings	(262,021)	(91,417)
Payment of debt issuance costs	-	(747,685)
Members' contributions	500,000	7,275,000
Net cash provided by financing activities	(469,828)	15,557,185
Increase (decrease) in cash	(583,477)	994,720
Cash at beginning of year	1,225,214	230,494
Cash at end of year	$ 641,737	$ 1,225,214
Noncash investing and financing activities		
Notes payable for equipment	$ 42,850	$ 380,981
Supplemental disclosures of cash flow information		
Cash paid for interest	$ 3,764,529	$ 2,909,299

See accompanying notes to combined financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies

Description of Business and Principles of Combination

Express Grain Terminals, LLC, ("EGT"), a limited liability company, is a registered grain storage facility with its primary operations in Greenwood and Sidon, Mississippi. EGT specializes in buying and selling soybeans, soybean oil, wheat and feed. In addition, EGT mills soybeans at its Greenwood facility. The products produced from the milling process include soybean oil, soybean meal and soybean hulls.

The accompanying combined financial statements include the accounts of EGT, as well as the accounts of Express Biodiesel, LLC ("Express Biodiesel"), Express Processing, LLC ("EGT Processing") and its 95 percent owned subsidiary, EGT Leverage Lender, LLC ("Leverage Lender") (collectively, the "Companies"). EGT Processing and Leverage Lender were formed in 2015 and Express Biodiesel was formed in 2018 in connection with EGT's New Markets Tax Credit ("NMTC") Financing as more fully described in Note 6. EGT and these entities share similar ownership. All significant intercompany balances and transactions have been eliminated in combination.

Plan of Operation

The Companies have accumulated losses of approximately $14 million since its inception and their total current liabilities exceed total current assets at June 30, 2019. As described in Note 4, EGT has a $35 million revolving line-of-credit (the "Credit Facility") that matures October 31, 2020 and a $28 million term loan (the "Term Loan") that matures September 1, 2020. EGT continues to invest in its Greenwood Biodiesel facility which began operations on March 28, 2019. After a brief period of operation, the biodiesel facility was idled to make process improvements and was placed back into operation in December 2019, but not operating at full capacity. The Companies utilized certain assets of their biodiesel plant in Greenwood as collateral for the long-term financing. The Companies' ability to meet their future commitments is significantly dependent upon the profitability of their biodiesel operations and ability to renew and extend its Credit Facility. Management expects the biodiesel facility to be fully operational in January 2020. There can be no assurances that the Companies will have sufficient cash flows from its biodiesel operations to meet their future commitments or that they will be able to renew or extend the Credit Agreement and Term Loan under acceptable terms. These conditions raise substantial doubt about the Companies' ability to continue as a going concern.

The combined financial statements have been prepared on a going concern basis of accounting, which contemplates continuity of operations, realization of assets, and satisfaction of liabilities and commitments in the normal course of business. The combined financial statements do not reflect any adjustments that might result from the outcome of the uncertainties as discussed above.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Companies' 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 amount of revenues and expenses during the reporting period. Specifically, the Companies' management utilizes certain techniques that require significant judgment and estimates to verify quantities on hand of its commodities inventory. Actual results could differ from those estimates.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Cash and Cash Equivalents

The Companies consider all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at estimated net realizable value. Management determines the allowance for doubtful accounts based on a variety of factors, including the length of time the receivables are past due, significant one-time events and historical experience. Accounts older than 30 days are generally considered past due. No interest accrues on past due accounts. Management has not recorded an allowance for doubtful accounts at June 30, 2019 or 2018.

Inventories

Inventories consist primarily of agricultural commodity inventories, such as wheat, soybeans, soybean oil, soybean meal, and soybean hulls that are readily convertible to cash because of their commodity characteristics, widely available markets and pricing mechanisms. All of EGT's agricultural commodity inventories are valued at net realizable value. The agricultural commodity inventories are freely traded, have quoted market prices, may be sold without significant further processing and have predictable and insignificant disposal costs. Changes in market values are recognized in earnings as a component of cost of sales. This accounting policy is in accordance with the guidelines described in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 905, *Agriculture*.

Margin Assets

EGT has margin deposits with a commodity brokerage firm used to acquire futures and option contracts to manage the price volatility risk of its commodity inventories and unpriced grain purchases. These contracts are recorded at market value.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided on the straight-line method based on the following estimated useful lives: buildings – 39 years, equipment – 3 to 7 years, grain systems – 7 to 39 years, rail systems – 7 to 15 years and land improvements – 7 to 15 years. Major renewals or betterments that extend the useful lives of assets are capitalized. Repairs and maintenance costs are expensed as incurred.

Upon the retirement or sale of property and equipment, its cost and related accumulated depreciation are removed from the respective accounts and any gain or loss is reflected in the operations of the current period.

Asset Impairments

The Companies periodically evaluate whether current facts or circumstances indicate that the carrying value of its depreciable assets to be held and used may not be recoverable. If such circumstances are determined to exist, an estimate of undiscounted future cash flows produced by

Note 1. Continued

the long-lived asset or the appropriate grouping of assets is compared to the carrying value to determine whether impairment exists. If an asset is determined to be impaired, the loss is measured based on the difference between the asset's fair value and its carrying value.

The Companies have construction in process of $2,710,026 at June 30, 2019 related to their biodiesel facility. The total net book value of the biodiesel facility was $16,140,693 at June 30, 2019. As referenced in Note 2, the Companies incurred an additional $7.6 million subsequent to June 30, 2019 to complete the projects. Management completed its estimates of undiscounted cash flow related to the biodiesel assets and determined no impairment existed. Operations began March 28, 2019, but after a brief period of operation, was idled to make process improvements and was placed back into operation in December 2019, but not operating at full capacity. There can be no assurances that future cash flows will be sufficient to recover the investments in the biodiesel facility.

Notes Receivable

The notes receivable relate to Leverage Lender's receivable from a non-related entity entered into in connection with the New Markets Tax Credit financing transactions, as more fully described in Note 6. The notes bear interest at 1.02 to 1.54 percent and are carried at net realizable value. The note, maturing November 19, 2035, requires quarterly, interest only payments through March 2023 with the principal and unpaid interest due November 19, 2035. The note, maturing May 10, 2036, requires quarterly, interest only payments through May 2025 with quarterly principal and interest payments commencing September 10, 2025 through May 10, 2036.

Derivative Instruments and Hedging Activities

All of EGT's derivatives are designated as non-hedge derivatives. The futures and options contracts used by EGT are discussed in Note 5. EGT, as part of its trading activity, use futures and option contracts offered through regulated commodity exchanges. EGT is exposed to risk of loss in the market value of inventories and its unpriced grain purchases. To reduce that risk, EGT generally takes opposite and offsetting positions using futures contracts or options.

Debt Issuance Costs

Debt issuance costs represent costs to acquire debt associated with the NMTC financing, which is more fully described in Note 6, and are amortized using the straight-line method, which approximates the effective interest method, over the expected term of the related debt. Such costs are treated as a reduction of the debt proceeds.

Unpriced Grain Purchases

EGT transacts with certain of its suppliers for commodities for which a purchase price is not determined when EGT takes possession of the related commodities. Under these arrangements, suppliers determine the date for which the pricing will be determined. EGT and its suppliers utilize regulated commodity exchanges to determine pricing. Accordingly, the liability for unpriced grain purchases is recorded at its estimated fair value or estimated price to settle the obligation at June 30, 2019 and 2018.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Revenue Recognition

Sales of agricultural commodities are recognized when persuasive evidence of an arrangement exists, the price is determinable, the product has been delivered, title to the product and risk of loss transfer to the customer, which is dependent on the agreed upon sales terms with the customer and when collection of the sales price is reasonably assured. Sales terms provide for passage of title either at the time and point of shipment or at the time and point of delivery of the product being sold. Shipping and handling costs are included in cost of sales.

Deferred revenues relate to customers who prepay for products that are shipped to them over time. Revenue is recognized on these sales once title and risk of loss is transferred to the customer.

Income Taxes

Taxable income or loss of the Companies is reported on the tax returns of the members. Accordingly, no provision or liability for income taxes has been included in the financial statement of the Companies.

Fair Value Measurements

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosure,* ("ASC 820") establishes a three-level hierarchy for fair value measurements. The hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The classification of fair value within the hierarchy is based upon the lowest level of input that is significant to the measurement. For Level 1, the valuation is based upon quoted prices for identical assets or liabilities in an active market. For Level 2, the valuation is based upon quoted prices for similar assets and liabilities in active markets or other inputs that are observable, either directly or indirectly, for substantially the full term of the financial instrument. For Level 3, the valuation is based upon other unobservable inputs that are significant to the fair value measurement.

The derivative instruments held by EGT, include forward purchase and sales contracts and futures and option contracts which are recorded at fair value. The fair value of futures contracts is determined using the commodity exchange quoted prices (Level 1 inputs). The estimated fair value of forward contracts is determined using the commodity exchange quoted prices, adjusted as appropriate for differences in the local market (Level 1 inputs). Agricultural commodity inventories are stated at market value (net realizable value). Agricultural commodity inventories reported at fair value are valued based on commodity exchange quotations or market transactions with appropriate adjustments for differences in local markets where EGT's inventories are located (Level 2).

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

The following table presents information about the assets and liabilities recorded at fair value at June 30, 2019:

	Fair Value Measurements at June 30, 2019			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Agricultural commodity inventories	$ -	$ 16,766,642	$ -	$ 16,766,642
Margin assets	1,577,888	-	-	1,577,888
Forward contracts	3,394,322	-	-	3,394,322
Unpriced grain purchases	-	(234,016)	-	(234,016)
Total	$ 4,972,210	$ 16,532,626	$ -	$ 21,504,836

The following table presents information about the assets and liabilities recorded at fair value at June 30, 2018:

	Fair Value Measurements at June 30, 2018			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Agricultural commodity inventories	$ -	$ 18,274,532	$ -	$ 18,274,532
Margin assets	2,878,546	-	-	2,878,546
Forward contracts	(2,482,788)	-	-	(2,482,788)
Unpriced grain purchases	-	(290,648)	-	(290,648)
Total	$ 395,758	$ 17,983,884	$ -	$ 18,379,642

The majority of the Companies' non-financial instruments, which include property and equipment, are not required to be carried at fair value on a recurring basis but are subject to fair value adjustments only in certain circumstances. If certain triggering events occur such that a non-financial instrument is required to be evaluated for impairment, any resulting asset impairment would require that the non-financial instrument be recorded at the lower of historical cost or its fair value.

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which clarifies the principles for recognizing revenue. This guidance requires an entity to recognize revenue to depict the transfer of promised goods or services

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Companies will be required to adopt ASU 2014-09 as of July 1, 2019, fiscal year 2020. The Companies are currently evaluating the impact of ASU 2014-09 on the Companies' financial condition, results of operations and cash flows

In August 2017, the FASB issued ASU 2017-12, Derivatives and Hedging (Topic 815): *Targeted Improvements to Accounting for Hedging Activities*, which expands and refines hedge accounting for both financial and non-financial risk components, aligns the recognition and presentation of the effects of hedging instruments and hedge items in the financial statements, and includes certain targeted improvements to ease the application of current guidance related to the assessment of hedge effectiveness. ASU 2017-12 is effective for the Companies for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Companies have not yet evaluated the impact of this standard on its financial statements and related disclosures.

Note 2. Property and Equipment

Property and equipment consisted of the following at June 30, 2019 and 2018:

	2019	2018
Land and improvements	$ 1,125,007	$ 1,118,468
Buildings	716,863	500,815
Equipment, bins and grain systems	30,619,937	28,068,503
Oil mill facility	30,142,458	19,163,048
Biodiesel facility	14,194,218	-
Construction in progress	2,710,026	18,895,009
Total property and equipment	79,508,509	67,745,843
Less accumulated depreciation and amortization	17,224,211	13,738,668
Property and equipment, net	$ 62,284,298	$ 54,007,175

Subsequent to year end, EGT incurred capital expenditures, totaling approximately $7.6 million, to complete the construction in progress. The Companies capitalized $193,347 and $266,970 of interest in connection with the construction in progress in 2019 and 2018, respectively.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 3. Inventories

Inventories at June 30, 2019 and 2018 were as follows:

	2019	2018
Soybeans	$ 9,325,047	$ 9,997,319
Soybean oil	2,091,689	2,970,038
Soybean meal	2,484,639	3,678,231
Soybean hulls	525,720	776,476
Corn	2,069,700	-
Wheat	53,155	144,055
Feed	216,692	708,413
Other	54,000	49,500
	$ 16,820,642	$ 18,324,032

Note 4. Credit Facility and Long-term Debt

EGT has a Credit Facility that provides for a maximum of $35,000,000 and $55,000,000 in available borrowings at June 30, 2019 and 2018, respectively. At June 30, 2018, outstanding borrowings under the Credit Facility exceeded available borrowings. Effective February 15, 2019, the Credit Facility was amended to, among other things, convert $28,000,000 of the revolving line-of-credit to a term loan maturing September 2020. Borrowings bear interest at variable rates based on LIBOR plus the applicable margin (6.69 percent at June 30, 2019). Substantially all assets of EGT collateralize borrowings under the Credit Facility. At June 30, 2019, outstanding borrowings under the Revolving Loan were $20,416,819. The revolving line-of-credit matures October 31, 2020. However, the revolving line-of-credit may be canceled at any time, at the sole discretion of the lender. The Credit Facility requires EGT maintain a tangible net worth, as defined, of not less than $20,000,000 and a minimum debt service ratio of 1.25:1.00. Finally, the Credit Facility limits the number of un-hedged commodities contracts to be held by EGT. EGT held long positions for certain commodities, which exceed limits allowed under the Credit Facility, which represents an event of default. However, these violations were waived.

As of March 31, 2018 and June 30, 2018, EGT failed to comply with its debt service coverage ratio and minimum tangible net worth related to its Revolving Loan. In addition, EGT violated these financial covenants for the financial quarters ending September 30, and December 31, 2018. However, these violations were waived.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

The following is a summary of long-term debt at June 30, 2019 and 2018:

	2019	2018
JOHN DEERE FINANCIAL Payable in monthly, interest-free payments through July 2020	$ 344,644	$ 563,814
RUSTIC VENTURES, LLC NOTE A Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	3,941,006	3,941,006
RUSTIC VENTURES, LLC NOTE B Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	1,938,994	1,938,994
AMCREF CDE FUND 34, LLC NOTE A Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	5,441,776	5,441,776
AMCREF CDE FUND 34, LLC NOTE B Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	2,605,224	2,605,224
AMCREF CDE FUND 34, LLC NOTE C Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	1,153,000	1,153,000
EGT STATE FUND, LLC Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	1,153,000	1,153,000
AMCREF FUND 47, LLC LOAN A Payable in quarterly, interest-only payments through May 2025 with principal and unpaid interest due upon maturity May 2038	3,662,000	3,662,000
AMCREF FUND 47, LLC LOAN B Payable in quarterly, interest-only payments through March 2025 with principal and interest due quarterly from June 2025 through May 2038	1,338,000	1,338,000

Note 4. Continued

MUNISTRATEGIES SUB-CDE#26, LLC LOAN A Payable in quarterly, interest-only payments through May 2025 with principal and unpaid interest due upon maturity May 2038	4,706,800	4,706,800
MUNISTRATEGIES SUB-CDE#26, LLC LOAN B Payable in quarterly, interest-only payments through March 2025 with principal and interest due quarterly from June 2025 through May 2038	1,764,560	1,764,560
MUNISTRATEGIES SUB-CDE#26, LLC LOAN C Payable in quarterly, interest-only payments through March 2025 with principal and unpaid interest due upon maturity May 2025	458,640	458,640
UMB TERM LOAN Payable in quarterly, principal and interest payments of $700,000 beginning July 1, 2019 through September 2020 with remaining principal and accrued and unpaid interest due September 2020	28,000,000	-
Debt issuance costs	(1,101,855)	(1,350,235)
Total long-term debt	55,405,789	27,376,579
Less current maturities	3,035,488	235,488
Long-term debt less current maturities	$ 52,370,301	$ 27,141,091

Aggregate annual maturities of notes payable outstanding at June 30, 2019, are as follows:

Year Ending June 30,	Amount
2020	$ 3,035,488
2021	25,309,156
2022	-
2023	-
2024	-
Thereafter	28,163,000
Total, excluding debt issuance costs	56,507,644
Total debt issuance costs	(1,101,855)
Total long-term debt	$ 55,405,789

Note 5. Derivatives

EGT enters into forward purchase and sales contracts ("forward contracts") for the purchase and sale of agricultural commodity inventories. Forward contracts are recorded at fair value. Changes in the fair value of these contracts are recognized in earnings as margin gains and losses. As of June 30, 2019 and 2018, the fair value of forward contracts was $3,394,322 and ($2,482,788), respectively. To reduce price risk fluctuations, EGT also follows a policy of using exchange-traded futures contracts to minimize its net position of merchandisable agricultural commodity inventories and forward cash purchase and sales contracts. Changes in the fair value of these investments are recognized in sales as margin gains or losses. As of June 30, 2019 and 2018, EGT's fair value of margin assets was $1,577,888 and $2,878,546, respectively. During 2019 and 2018, EGT recognized gains of $5,877,109 and losses of $2,222,131, respectively, on forward contracts. During 2019 and 2018, EGT recognized gains of $2,664,119 and losses of $4,729,664, respectively, on margin assets. These amounts are included in cost of goods sold in the statements of operations.

Unrealized gains (losses) related to EGT's open positions on exchange traded futures contracts totaled $308,790 and $(4,441,201) at June 30, 2019 and 2018, respectively. Management did not meet the designation and documentation requirements to account for these transactions as hedge derivatives. Accordingly, the unrealized gains (losses) are recognized in cost of goods sold in the accompanying statements of operations.

EGT considers commodities on hand less unpriced grain purchases, priced forward purchases and sales contracts, and futures contracts when evaluating its net long or short position. EGT utilizes a standard conversion to convert soybeans to soybean oil and meal. The following table summarizes the Companies net long (short) position by commodity at June 30, 2019:

Corn (bushels)	3,003,194
Soybean meal (tons)	53,217
Soybean oil (pounds)	27,540,993
Natural gas (MMBTU)	160,000

Note 6. New Markets Tax Credit Financing

During 2015, EGT and EGT Processing executed a NMTC transaction, EGT received proceeds to be used for the purchase of specific equipment, as permitted by the NMTC program. EGT and EGT Processing also received below market interest rate loans of $15,080,000 and $1,153,000, bearing interest at 1.5 percent, and maturing in 2035, respectively. In addition, EGT recorded notes receivable for $10,535,782 bearing interest at 1.5 percent, maturing in 2035. In order to comply with the NMTC program, the notes payable and notes receivable are required to be outstanding during a seven year, interest only compliance period. If certain conditions are met, EGT and EGT Processing will be able to settle the net of all the notes payable and notes receivable for a discounted amount after the compliance period.

Note 6. Continued

During 2018, EGT and Express Biodiesel executed a NMTC transaction. EGT received proceeds to be used for the purchase of specific equipment, as permitted by the NMTC program. EGT and Express Biodiesel also received below market interest rate loans of $5,000,000 and $6,930,000, bearing interest from 1.02 to 1.54 percent and maturing in 2038. In addition, EGT recorded notes receivable for $8,368,800 bearing interest at 1.08 percent, maturing in 2036. In order to comply with the NMTC program, the notes payable and notes receivable are required to be outstanding during a seven year, interest only compliance period. If certain conditions are met, EGT and Express Biodiesel will be able to settle the net of all the notes payable and notes receivable for a discounted amount after the compliance period. In connection with the NMTC transaction, EGT assigned assets in construction in progress of $18,194,241 to Express Biodiesel, as of June 30, 2018. The assets transferred represent assets critical to the biodiesel operations and were placed in service in March of 2019.

Incremental costs to maintain the transaction structure during the compliance period are expensed as incurred.

Following is a summary of the assets at June 30, 2019 and 2018 resulting from the NMTC transactions:

	2019	2018
Cash (included in restricted cash)	$ 561,455	$ 620,400
Notes receivable from Twain Investment Fund 139, LLC	10,535,782	10,535,782
Notes receivable from Express Biodiesel Greenwood Investment Fund, LLC	8,368,800	8,638,800
Total	$ 19,466,037	$ 19,524,982

The above assets are subject to certain risks associated with the compliance requirements of the applicable NMTC transactions.

Note 7. Related Party Transactions

EGT purchased $0 and $62,498 of inventories, in the normal course of business, from its owners during the year of June 30, 2019 and 2018, respectively. EGT had no payables to owners for inventory purchases at June 30, 2019 or 2018.

During 2019, an owner advanced $3,435,965 to the Companies for use in operations. The note payable with the related party has not stated interest rate or maturity date. The amounts are not expected to be repaid within the next twelve months and do not bear any interest. No amounts owed to owners were outstanding as of June 30, 2018.

Note 8. Concentration of Credit Risk

The Companies generally maintain cash on deposit at banks in excess of federally insured amounts. The amount of uninsured bank balances at risk as of June 30, 2019 totaled approximately $333,327. The Companies have not experienced any losses in such accounts.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 9. Commitments

EGT, from time to time, enters into transactions with a third party to sell soybeans at a specific price and, simultaneously, enter into an agreement to purchase the same quantity of soybeans at a future date. The terms of the future purchase of soybeans by EGT from the third party do not include a fixed price and, therefore, no obligation has been recognized by EGT at June 30, 2019. Sales recognized by EGT under these arrangements totaled approximately $26,986,324 for the year ended June 30, 2019. In connection with these agreements, EGT had 4,555,000 bushels of soybeans under forward purchase contracts at June 30, 2019 priced under basis contracts.

Note 10. Subsequent Events

The Companies have evaluated subsequent events through December 31, 2019, the date these financial statement were available to be issued.

SUPPLEMENTARY INFORMATION

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES
Combining Balance Sheet
June 30, 2019

	Express Grain Terminals, LLC	Express Biodiesel, LLC Express Processing, LLC and Subsidiary	Eliminations	Express Grain Terminals, LLC Combined
ASSETS				
Current assets				
Cash and cash equivalents	$ 31,087	$ 610,650	$ -	$ 641,737
Accounts receivable	1,997,202	35,185	-	2,032,387
Inventories	15,939,842	880,800	-	16,820,642
Prepaid expenses	1,141,353	-	-	1,141,353
Forward contracts	3,394,322	-	-	3,394,322
Margin assets	1,577,888	-	-	1,577,888
Total current assets	24,081,694	1,526,635	-	25,608,329
Notes receivable	-	36,667,085	17,762,503	18,904,582
Property and equipment, net	44,534,249	17,750,049	-	62,284,298
Restricted cash	10,016,075	(1,475,061)	7,979,559	561,455
Total assets	$ 78,632,018	$ 54,468,708	$ 25,742,062	$ 107,358,664
LIABILITIES AND MEMBERS' EQUITY				
Current liabilities				
Accounts payable	$ 1,548,940	$ -	$ -	$ 1,548,940
Current maturities of long-term debt	3,035,488	-	-	3,035,488
Borrowings on line-of-credit	20,416,819	-	-	20,416,819
Unpriced grain purchases	234,016	-	-	234,016
Deferred revenue	2,173,002	-	-	2,173,002
Accrued expenses	541,377	35,185	-	576,562
Total current liabilities	27,949,642	35,185	-	27,984,827
Note payable, related party	3,435,965	-	-	3,435,965
Long-term debt, less current maturities	39,926,233	30,206,571	17,762,503	52,370,301
Total liabilities	71,311,840	30,241,756	17,762,503	83,791,093
Total members' equity	7,320,178	24,226,952	7,979,559	23,567,571
Total liabilities and members' equity	$ 78,632,018	$ 54,468,708	$ 25,742,062	$ 107,358,664

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES
Combining Statement of Operations
Year Ended June 30, 2019

	Express Grain Terminals, LLC	Express Biodiesel, LLC Express Processing, LLC and Subsidiary	Eliminations	Express Grain Terminals, LLC Combined
Net sales	$ 141,471,072	$ -	$ -	$ 141,471,072
Cost of goods sold	116,785,444	1,272,878	-	118,058,322
Gross margin	24,685,628	(1,272,878)	-	23,412,750
Operating expenses				
Depreciation & amortization expense	3,440,955	552,946	-	3,993,901
Other operating expenses	9,377,364	91,105	-	9,468,469
Total operating expenses	12,818,319	644,051	-	13,462,370
Operating income (loss)	11,867,309	(1,916,929)	-	9,950,380
Other income (expense)				
Other income	231,109	-	-	231,109
Interest income	-	398,307	(398,307)	-
Interest expense	(3,931,769)	(336,993)	398,307	(3,870,455)
Total other income (expense)	(3,700,660)	61,314	-	(3,639,346)
Net income (loss)	$ 8,166,649	$ (1,855,615)	$ -	$ 6,311,034

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EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

Greenwood, Mississippi

Combined Financial Statements

Years Ended June 30, 2018 and 2017

EXHIBIT

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HORNE
CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Express Grain Terminals, LLC and Affiliates
Greenwood, Mississippi

Report on the Financial Statements

We have audited the accompanying combined financial statements of Express Grain Terminals, LLC and Affiliates (the "Companies") which comprise the combined balance sheets as of June 30, 2018 and 2017, and the related combined statements of operations, changes in members' equity and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statement based on our audit. We conducted our audit 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 combined financial statements referred to above present fairly, in all material respects, the financial position of the Companies as of June 30, 2018 and 2017, and the results of their operations and their cash flows for the year ended June 30, 2018, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying combined financial statements for the year ended June 30, 2018, have been prepared assuming that the Companies will continue as a going concern. As discussed in Note 1 to the combined financial statements, the Companies incurred net losses in 2018 and 2017 totaling $9,333,150 and $2,400,028, respectively, which raises substantial doubt about the Companies' ability to continue as a going concern. In addition, borrowings as of June 30, 2018 of $52,560,591 exceed the borrowing base by $7,054,105. Management's plans concerning these matters are also discussed in Note 1 to the combined financial statements. The combined financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining information on pages 17-18 is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual companies and is not a required part of the combined 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 combined financial statements. The combining information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements 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 combined financial statements as a whole.

HORNE LLP

Ridgeland, Mississippi
May 6, 2019

EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES
Combined Balance Sheets
June 30, 2018 and 2017

	2018	2017
ASSETS		
Current assets		
Cash	$ 1,225,214	$ 230,494
Accounts receivable	4,932,030	3,087,936
Inventories	18,324,032	32,624,549
Prepaid expenses	841,588	430,469
Margin assets	2,878,546	1,896,899
Total current assets	28,201,410	38,270,347
Notes receivable	18,904,582	10,535,782
Prepaid expenses, noncurrent	174,498	-
Property and equipment, net	54,007,175	43,586,101
Other assets	620,400	330,000
Total assets	$ 101,908,065	$ 92,722,230
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable	$ 1,268,423	$ 1,544,831
Current maturities of long-term debt	235,488	91,416
Forward contracts	2,482,788	260,657
Borrowings on line of credit	52,560,591	55,750,285
Unpriced grain purchases	290,648	442,433
Deferred revenue	944,168	-
Accrued expenses	228,331	141,342
Total current liabilities	58,010,437	58,230,964
Long-term debt, less current maturities	27,141,091	15,676,579
Total liabilities	85,151,528	73,907,543
Members' equity	16,756,537	18,814,687
Total liabilities and members' equity	$ 101,908,065	$ 92,722,230

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES
Combined Statement of Operations
Years Ended June 30, 2018 and 2017

	2018	2017
Net sales	$ 130,729,900	$ 99,013,286
Cost of goods sold	126,870,573	91,889,906
Gross margin	3,859,327	7,123,380
Operating expenses		
Depreciation & amortization expense	2,650,215	2,655,302
Other operating expenses	7,956,774	5,126,998
Total operating expenses	10,606,989	7,782,300
Operating loss	(6,747,662)	(658,920)
Other income (expense)		
Other income	134,028	95,699
Interest expense	(2,719,516)	(1,836,807)
Net other expense	(2,585,488)	(1,741,108)
Net loss	$ (9,333,150)	$ (2,400,028)

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES
Combined Statement of Members' Equity
Years Ended June 30, 2018 and 2017

		Members' Equity
Balance, July 1, 2016	$	19,214,715
Net loss		(2,400,028)
Contributions		2,000,000
Balance, June 30, 2017		18,814,687
Net loss		(9,333,150)
Contributions		7,275,000
Balance, June 30, 2018	$	16,756,537

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES
Combined Statement of Cash Flows
Year Ended June 30, 2018

	2018	2017
Cash flows from operating activities		
Net loss	$ (9,333,150)	$ (2,400,028)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Depreciation and amortization	2,650,215	2,655,302
Changes in operating assets and liabilities:		
Margin asset	(981,647)	1,910,917
Accounts receivable	(1,844,094)	(2,213,103)
Inventories	14,300,517	13,166,679
Other assets	(290,400)	-
Grain payable	(151,785)	(769,778)
Forward contracts	2,222,131	2,981,310
Prepaid expenses	(585,617)	(95,144)
Accounts payable and accrued expenses	(189,419)	(429,203)
Deferred revenue	944,168	-
Net cash provided by (used in) operating activities	6,740,919	14,806,952
Cash flows from investing activities		
Increase in notes receivable	(8,368,800)	-
Purchases of property and equipment	(12,934,584)	(15,420,659)
Proceeds from sale of property and equipment	-	48,848
Net cash used in investing activities	(21,303,384)	(15,371,811)
Cash flows from financing activities		
Net decrease in borrowings on line of credit	(3,189,694)	(1,277,621)
Proceeds from long-term borrowings	12,310,981	-
Payment on long-term borrowings	(91,417)	-
Payment of debt issuance costs	(747,685)	-
Members' contributions	7,275,000	2,000,000
Net cash provided by financing activities	15,557,185	722,379
Increase (decrease) in cash	994,720	157,520
Cash at beginning of year	230,494	72,974
Cash at end of year	$ 1,225,214	$ 230,494
Noncash investing and financing activities		
Notes payable for equipment	$ 380,981	$ 269,000
Supplemental disclosures of cash flow information		
Cash paid for interest	$ 2,909,299	$ 2,026,590

See accompanying notes to combined financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies

Description of Business and Principles of Combination

Express Grain Terminals, LLC, ("EGT"), a limited liability company, is a registered grain storage facility with its primary operations in Greenwood and Sidon, Mississippi. EGT specializes in buying and selling soybeans, soybean oil, wheat and feed. In addition, EGT mills soybeans at its Greenwood facility. The products produced from the milling process include soybean oil, soybean meal and soybean hulls.

The accompanying combined financial statements include the accounts of EGT, as well as the accounts of Express Biodiesel, LLC ("Express Biodiesel"), Express Processing, LLC ("EGT Processing") and its 95 percent owned subsidiary, EGT Leverage Lender, LLC ("Leverage Lender") (collectively, the "Companies"). EGT Processing and Leverage Lender were formed in 2015 and Express Biodiesel was formed in 2018 in connection with EGT's New Markets Tax Credit ("NMTC") Financing as more fully described in Note 6. EGT and these entities share similar ownership. All significant intercompany balances and transactions have been eliminated in combination.

Plan of Operation

As described in Note 4, EGT had a $55 million revolving line-of-credit ("Credit Facility") that matured October 31, 2019. As of June 30, 2018, the total outstanding principal amount of EGT's indebtedness under the Credit Facility was $52,560,591, which exceeded their borrowing base by $7 million at year end. EGT also violated their minimum tangible net worth and debt service coverage ratio covenants as of June 30, 2018. In addition, EGT violated these financial covenants for the financial quarters ending September 30, and December 31, 2018. Effective February 15, 2019, the Credit Facility was amended to, among other things, convert $28,000,000 of the revolving line-of-credit to a term loan and reduce available borrowings under the revolving line-of-credit to $35,000,000. See Note 4 for further discussion regarding amendments to the Credit Facility.

The Companies had net losses in 2018 and 2017 totaling $9,333,150 and $2,400,028, respectively. EGT continues to invest in its Greenwood facility and began operations of its biodiesel plant March 28 2019. EGT incurred approximately $3.5 million in capital expenditures, subsequent to year end, to complete construction of the biodiesel plant. These capital expenditures were met through cash flows from operations and borrowings made available through its Credit Facility and NMTC financing. Any additional expenditures are expected to be met through member contributions.

The Companies utilized certain assets of their biodiesel plant in Greenwood as collateral for the long-term financing. The Companies' ability to meet their future commitments is significantly dependent upon their biodiesel operations. There can be no assurances that the Companies will have sufficient cash flows from its biodiesel operations to meet its future commitments. This potential outcome results in significant doubt about the Companies' ability to continue as a going concern.

The combined financial statements have been prepared on a going concern basis of accounting, which contemplates continuity of operations, realization of assets, and satisfaction of liabilities and commitments in the normal course of business. The combined financial statements do not reflect any adjustments that might result from the outcome of the uncertainties as discussed above.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Companies' 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 amount of revenues and expenses during the reporting period. Specifically, the Companies' management utilizes certain techniques that require significant judgment and estimates to verify quantities on hand of its commodities inventory. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Companies consider all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at estimated net realizable value. Management determines the allowance for doubtful accounts based on a variety of factors, including the length of time the receivables are past due, significant one-time events and historical experience. Accounts older than 30 days are generally considered past due. No interest accrues on past due accounts. Management has not recorded an allowance for doubtful accounts at June 30, 2018 or 2017.

Inventories

Inventories consist primarily of agricultural commodity inventories, such as feed, wheat, soybeans, soybean oil, soybean meal, and soybean hulls that are readily convertible to cash because of their commodity characteristics, widely available markets and pricing mechanisms. All of EGT's agricultural commodity inventories are valued at net realizable value. The agricultural commodity inventories are freely traded, have quoted market prices, may be sold without significant further processing and have predictable and insignificant disposal costs. Changes in market values are recognized in earnings as a component of cost of sales. This accounting policy is in accordance with the guidelines described in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 905, *Agriculture*.

Margin Assets

EGT has margin deposits with a commodity brokerage firm used to acquire futures and option contracts to manage the price volatility risk of its commodity inventories and unpriced grain purchases. These contracts are recorded at market value.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided on the straight-line method based on the following estimated useful lives: buildings – 39 years, equipment – 3 to 7 years, grain systems – 7 to 39 years, rail systems – 7 to 15 years and land improvements – 7 to 15 years. Major renewals or betterments that extend the useful lives of assets are capitalized. Repairs and maintenance costs are expensed as incurred.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Upon the retirement or sale of property and equipment, its cost and related accumulated depreciation are removed from the respective accounts and any gain or loss is reflected in the operations of the current period.

Asset Impairments

The Companies periodically evaluate whether current facts or circumstances indicate that the carrying value of its depreciable assets to be held and used may not be recoverable. If such circumstances are determined to exist, an estimate of undiscounted future cash flows produced by the long-lived asset or the appropriate grouping of assets is compared to the carrying value to determine whether impairment exists. If an asset is determined to be impaired, the loss is measured based on the difference between the asset's fair value and its carrying value.

The Companies have construction in process of $18,194,241 at June 30, 2018. As referenced in Note 2, the Companies incurred an additional $3.5 million to complete the projects. Future cash flows related to these capital investments will depend largely on the Companies biodiesel operations, which commenced on or about March 28, 2019. There can be no assurances that future cash flows will be sufficient to recover the investments in the biodiesel facility.

Notes Receivable

The notes receivable relate to Leverage Lender's receivable from a non-related entity entered into in connection with the New Markets Tax Credit financing transactions, as more fully described in Note 6. The notes bear interest at 1.08 to 1.50 percent and are carried at net realizable value. The note, maturing November 19, 2035, requires quarterly, interest only payments through March 2023 with the principal and unpaid interest due November 19, 2035. The note, maturing May 10, 2036, requires quarterly, interest only payments through May 2025 with quarterly principal and interest payments commencing September 10, 2025 through May 10, 2036.

Derivative Instruments and Hedging Activities

All of EGT's derivatives are designated as non-hedge derivatives. The futures and options contracts used by EGT are discussed in Note 5. EGT, as part of its trading activity, use futures and option contracts offered through regulated commodity exchanges. EGT is exposed to risk of loss in the market value of inventories and its unpriced grain purchases. To reduce that risk, EGT generally takes opposite and offsetting positions using futures contracts or options.

Debt Issuance Costs

Debt issuance costs represent costs to acquire debt associated with the NMTC financing, which is more fully described in Note 6, and are amortized using the straight-line method, which approximates the effective interest method, over the expected term of the related debt. Such costs are treated as a reduction of the debt proceeds.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Unpriced Grain Purchases

EGT transacts with certain of its suppliers for commodities for which a purchase price is not determined when EGT takes possession of the related commodities. Under these arrangements, suppliers determine the date for which the pricing will be determined. EGT and its suppliers utilize regulated commodity exchanges to determine pricing. Accordingly, the liability for unpriced grain purchases is recorded at its estimated fair value or estimated price to settle the obligation at June 30, 2018 and 2017.

Revenue Recognition

Sales of agricultural commodities are recognized when persuasive evidence of an arrangement exists, the price is determinable, the product has been delivered, title to the product and risk of loss transfer to the customer, which is dependent on the agreed upon sales terms with the customer and when collection of the sales price is reasonably assured. Sales terms provide for passage of title either at the time and point of shipment or at the time and point of delivery of the product being sold. Shipping and handling costs are included in cost of sales.

Deferred revenues relate to customers who prepay for products that are shipped to them over time. Revenue is recognized on these sales once title and risk of loss is transferred to the customer.

Income Taxes

Taxable income or loss of the Companies is reported on the tax returns of the members. Accordingly, no provision or liability for income taxes has been included in the financial statement of the Companies.

Fair Value Measurements

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosure,* ("ASC 820") establishes a three-level hierarchy for fair value measurements. The hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The classification of fair value within the hierarchy is based upon the lowest level of input that is significant to the measurement. For Level 1, the valuation is based upon quoted prices for identical assets or liabilities in an active market. For Level 2, the valuation is based upon quoted prices for similar assets and liabilities in active markets or other inputs that are observable, either directly or indirectly, for substantially the full term of the financial instrument. For Level 3, the valuation is based upon other unobservable inputs that are significant to the fair value measurement.

The derivative instruments held by EGT, include forward purchase and sales contracts and futures and option contracts which are recorded at fair value. The fair value of futures contracts is determined using the commodity exchange quoted prices (Level 1 inputs). The estimated fair value of forward contracts is determined using the commodity exchange quoted prices, adjusted as appropriate for differences in the local market (Level 1 inputs). Agricultural commodity inventories are stated at market value (net realizable value). Agricultural commodity inventories reported at fair value are valued based on commodity exchange quotations or market transactions with appropriate adjustments for differences in local markets where EGT's inventories are located (Level 2).

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

The following table presents information about the assets and liabilities recorded at fair value at June 30, 2018:

	Fair Value Measurements at June 30, 2018			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Agricultural commodity inventories	$ -	$ 18,274,532	$ -	$ 18,274,532
Margin assets	2,878,546	-	-	2,878,546
Forward contracts	(2,482,788)	-	-	(2,482,788)
Unpriced grain purchases	-	(290,648)	-	(290,648)
Total	$ 395,758	$ 17,983,884	$ -	$ 18,379,642

The following table presents information about the assets and liabilities recorded at fair value at June 30, 2017:

	Fair Value Measurements at June 30, 2017			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Agricultural commodity inventories	$ -	$ 32,594,849	$ -	$ 32,594,849
Margin assets	1,896,899	-	-	1,896,899
Forward contracts	(260,657)	-	-	(260,657)
Unpriced grain purchases	-	(442,433)	-	(442,433)
Total	$ 1,636,242	$ 32,152,416	$ -	$ 33,788,658

The majority of the Companies' non-financial instruments, which include property and equipment, are not required to be carried at fair value on a recurring basis but are subject to fair value adjustments only in certain circumstances. If certain triggering events occur such that a non-financial instrument is required to be evaluated for impairment, any resulting asset impairment would require that the non-financial instrument be recorded at the lower of historical cost or its fair value.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), which clarifies the principles for recognizing revenue. This guidance requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Companies will be required to adopt ASU 2014-09 as of July 1, 2019, fiscal year 2020. The Companies are currently evaluating the impact of ASU 2014-09 on the Companies' financial condition, results of operations and cash flows

In August 2017, the FASB issued ASU 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities, which expands and refines hedge accounting for both financial and non-financial risk components, aligns the recognition and presentation of the effects of hedging instruments and hedge items in the financial statements, and includes certain targeted improvements to ease the application of current guidance related to the assessment of hedge effectiveness. ASU 2017-12 is effective for the Companies for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Companies have not yet evaluated the impact of this standard on its financial statements and related disclosures.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. These reclassifications had no effect on previously reported income or total members' equity.

Note 2. Property and Equipment

Property and equipment consisted of the following at June 30, 2018 and 2017:

	2018	2017
Land and improvements	$ 1,118,468	$ 1,118,468
Buildings	500,815	492,815
Equipment, bins and grain systems	28,068,503	27,101,251
Oil mill facility	19,163,048	18,154,512
Construction in progress	18,895,009	7,944,213
Total property and equipment	67,745,843	54,811,259
Less accumulated depreciation and amortization	13,738,668	11,225,158
Property and equipment, net	$ 54,007,175	$ 43,586,101

Subsequent to year end, EGT incurred capital expenditures, totaling approximately $3.5 million, to complete the construction in progress. The capital expenditures subsequent to year end were funded from cash provided by operations and borrowings made available through the line of credit, NMTC financing, and member contributions. In 2018, the Companies capitalized $266,970 of interest in connection with the construction in progress.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 3. Inventories

Inventories at June 30, 2018 and 2017 were as follows:

	2018	2017
Soybeans	$ 9,997,319	$ 19,518,013
Soybean oil	2,970,038	1,167,782
Soybean meal	3,678,231	11,193,473
Soybean hulls	776,476	630,368
Wheat	144,055	85,213
Feed	708,413	-
Other	49,500	29,700
	$ 18,324,032	$ 32,624,549

Note 4. Credit Facility and Long-term Debt

EGT has a credit agreement (the "Revolving Loan") that provided for a maximum of $55,000,000 in available borrowings. Borrowings bear interest at variable rates based on LIBOR plus the applicable margin (6.34 percent at June 30, 2018). Substantially all assets of EGT collateralize borrowings under the Revolving Loan. At June 30, 2018, outstanding borrowings under the Revolving Loan were $52,560,591 and exceeded borrowings available under the Revolving Loan by approximately $7,000,000. As of March 31, 2018 and June 30, 2018, EGT failed to comply with its debt service coverage ratio and minimum tangible net worth related to its Revolving Loan. In addition, EGT violated these financial covenants for the financial quarters ending September 30, and December 31, 2018. Effective February 15, 2019, the Credit Facility was amended to, among other things, convert $28,000,000 of the revolving line-of-credit to a term loan maturing September 2020. In addition, the financial covenant violations were waived, and the available borrowings under the revolving line-of-credit were reduced to $35,000,000. The revolving line-of-credit matures October 31, 2019. However, the revolving line-of-credit may be canceled at any time, at the sole discretion of the lender. The Credit Facility requires EGT maintain a tangible net worth, as defined, of not less than $20,000,000 and a minimum debt service ratio of 1.25:1.00. Finally, the Credit Facility limits the number of un-hedged commodities contract to be held by EGT.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

The following is a summary of long-term debt at June 30, 2018 and 2017:

	2018	2017
JOHN DEERE FINANCIAL Payable in monthly, interest-free payments through July 2020	$ 563,814	$ 274,250
RUSTIC VENTURES, LLC NOTE A Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2023	3,941,006	3,941,006
RUSTIC VENTURES, LLC NOTE B Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2023	1,938,994	1,938,994
AMCREF CDE FUND 34, LLC NOTE A Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2023	5,441,776	5,441,776
AMCREF CDE FUND 34, LLC NOTE B Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2023	2,605,224	2,605,224
AMCREF CDE FUND 34, LLC NOTE C Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2023	1,153,000	1,153,000
EGT STATE FUND, LLC Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	1,153,000	1,153,000
AMCREF FUND 47, LLC LOAN A Payable in quarterly, interest-only payments through March 2025 with principal and interest due quarterly from June 2025 through May 2038	3,662,000	-
AMCREF FUND 47, LLC LOAN B Payable in quarterly, interest-only payments through March 2025 with principal and interest due quarterly from June 2025 through May 2038	1,338,000	-
MUNISTRATEGIES SUB-CDE#26, LLC LOAN A Payable in quarterly, interest-only payments through March 2025 with principal and interest due quarterly from June 2025 through May 2038	4,706,800	-
MUNISTRATEGIES SUB-CDE#26, LLC LOAN B Payable in quarterly, interest-only payments through March 2025 with principal and interest due quarterly from June 2025 through May 2038	1,764,560	-
MUNISTRATEGIES SUB-CDE#26, LLC LOAN C Payable in quarterly, interest-only payments through March 2025 with principal and interest due quarterly from June 2025 through May 2038	458,640	-
Debt issuance costs	(1,350,235)	(739,255)
Total long-term debt	27,376,579	15,767,995
Less current maturities	235,488	91,416
Long-term debt less current maturities	$ 27,141,091	$ 15,676,579

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 5. Derivatives

EGT enters into forward purchase and sales contracts ("forward contracts") for the purchase and sale of agricultural commodity inventories. Forward contracts are recorded at fair value. Changes in the fair value of these contracts are recognized in earnings as margin gains and losses. As of June 30, 2018 and 2017, the fair value of forward contracts was $(2,482,788) and ($260,657), respectively. To reduce price risk fluctuations, EGT also follows a policy of using exchange-traded futures contracts to minimize its net position of merchandisable agricultural commodity inventories and forward cash purchase and sales contracts. Changes in the fair value of these investments are recognized in sales as margin gains or losses. As of June 30, 2018 and 2017, EGT's fair value of margin assets was $2,878,546 and $1,896,899, respectively. During 2018 and 2017, EGT recognized losses of $2,222,131 and $2,981,310, respectively, on forward contracts. During 2018 and 2017, EGT recognized losses of $4,729,664 and gains of $11,739,484, respectively, on margin assets. These amounts are included in cost of goods sold in the statements of operations.

Unrealized gains (losses) related to EGT's open positions on exchange traded futures contracts totaled ($4,441,201) and $1,829,757 at June 30, 2018 and 2017, respectively. Management did not meet the designation and documentation requirements to account for these transactions as hedge derivatives. Accordingly, the unrealized gains (losses) are recognized in cost of goods sold in the accompanying statements of operations.

EGT considers commodities on hand less unpriced grain purchases, priced forward purchases and sales contracts, and futures contracts when evaluating its net long or short position. EGT utilizes a standard conversion to convert soybeans to soybean oil and meal. The following table summarizes the Companies net long (short) position by commodity at June 30, 2018:

Corn (bushels)	(45,466)
Soybean meal (tons)	(96,038)
Soybean oil (pounds)	(1,141,757)

Note 6. New Markets Tax Credit Financing

During 2015, EGT and EGT Processing executed a NMTC transaction, EGT received proceeds to be used for the purchase of specific equipment, as permitted by the NMTC program. EGT and EGT Processing also received below market interest rate loans of $9,382,782 and $8,379.721, bearing interest at 1.5 percent, and maturing in 2035, respectively. In addition, EGT recorded notes receivable for $10,535,782 bearing interest at 1.5 percent, maturing in 2035. In order to comply with the NMTC program, the notes payable and notes receivable are required to be outstanding during a seven year, interest only compliance period. If certain conditions are met, EGT and EGT Processing will be able to settle the net of all the notes payable and notes receivable for a discounted amount after the compliance period.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 6. Continued

During 2018, EGT and Express Biodiesel executed a NMTC transaction. EGT received proceeds to be used for the purchase of specific equipment, as permitted by the NMTC program. EGT and Express Biodiesel also received below market interest rate loans of $5,000,000 and $6,930,000, bearing interest from 1.02 to 1.54 percent and maturing in 2038. In addition, EGT recorded notes receivable for $8,368,800 bearing interest at 1.08 percent, maturing in 2036. In order to comply with the NMTC program, the notes payable and notes receivable are required to be outstanding during a seven year, interest only compliance period. If certain conditions are met, EGT and Express Biodiesel will be able to settle the net of all the notes payable and notes receivable for a discounted amount after the compliance period. In connection with the NMTC transaction, EGT assigned assets in construction in progress of $18,194,241 to Express Biodiesel. The assets transferred represent assets critical to the biodiesel operations.

Incremental costs to maintain the transaction structure during the compliance period are expensed as incurred.

Following is a summary of the assets at June 30, 2018 and 2017 resulting from the NMTC transactions:

	2018	2017
Cash (included in other assets)	$ 620,400	$ 330,000
Notes receivable from Twain Investment Fund 139, LLC	10,535,782	10,535,782
Notes receivable from Express Biodiesel Greenwood Investment Fund, LLC	8,368,800	-
Total	$ 19,524,982	$ 10,865,782

The above assets are subject to certain risks associated with the compliance requirements of the applicable NMTC transactions.

Note 7. Related Party Transactions

EGT purchased inventories, in the normal course of business, from its owners during the year of June 30, 2018 and 2017. EGT had no payables to owners for inventory purchases at June 30, 2018 or 2017.

Note 8. Concentration of Credit Risk

The Companies generally maintain cash on deposit at banks in excess of federally insured amounts. The amount of uninsured bank balances at risk as of June 30, 2018 totaled approximately $131,576. The Companies have not experienced any losses in such accounts.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 9. Commitments

EGT, from time to time, enters into transactions with a third party to sell soybeans at a specific price and, simultaneously, enter into an agreement to purchase the same quantity of soybeans at a future date. The terms of the future purchase of soybeans by EGT from the third party do not include a fixed price and, therefore, no obligation has been recognized by EGT at June 30, 2018. Sales recognized by EGT under these arrangements totaled approximately $33,600,000 for the year ended June 30, 2018. In connection with these agreements, EGT had 2,400,000 bushels of soybeans under forward purchase contracts at June 30, 2018 priced under basis contracts.

Note 10. Subsequent Events

The Companies have evaluated subsequent events through May 6, 2019, the date these financial statement were available to be issued.

SUPPLEMENTARY INFORMATION

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES
Combining Balance Sheet
June 30, 2018

	Express Grain Terminals, LLC	Express Biodiesel, LLC Express Processing, LLC and Subsidiary	Eliminations	Express Grain Terminals, LLC Combined
ASSETS				
Current assets				
Cash and cash equivalents	$ 30,866	$ 1,194,348	$ -	$ 1,225,214
Accounts receivable	4,932,030	-	-	4,932,030
Inventories	18,324,032	-	-	18,324,032
Prepaid expenses	841,588	-	-	841,588
Margin assets	2,878,546	-	-	2,878,546
Total current assets	27,007,062	1,194,348	-	28,201,410
Notes receivable	-	36,667,085	17,762,503	18,904,582
Property and equipment, net	35,812,934	18,194,241	-	54,007,175
Prepaid expenses, noncurrent	174,498	-	-	174,498
Other assets	8,475,248	124,711	7,979,559	620,400
Total assets	$ 71,469,742	$ 56,180,385	$ 25,742,062	$ 101,908,065
LIABILITIES AND MEMBERS' EQUITY				
Current liabilities				
Accounts payable	$ 1,268,423	$ -	$ -	$ 1,268,423
Current maturities of long-term debt	235,488	-	-	235,488
Forward contracts	2,482,788	-	-	2,482,788
Borrowings on line of credit	52,560,591	-	-	52,560,591
Unpriced grain purchases	290,648	-	-	290,648
Deferred revenue	944,168			944,168
Accrued expenses	228,331	-	-	228,331
Total current liabilities	58,010,437	-	-	58,010,437
Long-term debt, less current maturities	14,805,776	30,097,818	17,762,503	27,141,091
Total liabilities	72,816,213	30,097,818	17,762,503	85,151,528
Total members' equity	(1,346,471)	26,082,567	7,979,559	16,756,537
Total liabilities and members' equity	$ 71,469,742	$ 56,180,385	$ 25,742,062	$ 101,908,065

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES
Combining Statement of Operations
Year Ended June 30, 2018

	Express Grain Terminals, LLC	Express Biodiesel, LLC Express Processing, LLC and Subsidiary	Eliminations	Express Grain Terminals, LLC Combined
Net sales	$ 130,729,900	$ -	$ -	$ 130,729,900
Cost of goods sold	126,870,573	-	-	126,870,573
Gross margin	3,859,327	-	-	3,859,327
Operating expenses				
Depreciation & amortization expense	2,650,215	-	-	2,650,215
Other operating expenses	7,956,557	217	-	7,956,774
Total operating expenses	10,606,772	217	-	10,606,989
Operating loss	(6,747,445)	(217)	-	(6,747,662)
Other income (expense)				
Other income	134,028	-	-	134,028
Interest income	-	219,673	(219,673)	-
Interest expense	(2,823,738)	(115,451)	219,673	(2,719,516)
Total other income (expense)	(2,689,710)	104,222	-	(2,585,488)
Net income (loss)	$ (9,437,155)	$ 104,005	$ -	$ (9,333,150)

Subpart 2-Administrative Rules
Chapter 10 - Grain Warehouses

Definitions

100 As used in these regulations, unless the context otherwise clearly requires:

1. "Act" shall mean the "Mississippi Grain Warehouse Law," Title 75, Chapter 44, Section 1-71, Miss. Code Ann. , as amended.
2. "Bin" shall mean a bin, tank, interstice, or other container in a warehouse in which bulk grain may be stored.
3. The term "Commissioner" shall mean the Commissioner of the Mississippi Department of Agriculture and Commerce, or his designated representative.
4. "Grain" shall mean all grains for which standards have been established pursuant to the United States Grain Standards Act as amended, and rice as defined by the Agriculture Marketing Act of 1946, as amended.
5. "Grain Bank Grain" shall mean grain owned by a depositor and held temporarily by the warehouseman for use in the formulation of feed to be returned to the depositor on demand.
6. "Inspector" shall mean a person authorized by the warehouseman to weigh, inspect, grade and/or certificate the weight and grade of grain stored or to be stored in a grain warehouse.
7. "License" shall mean a license issued under the Act to a warehouse or warehouseman.
8. "Person" includes individuals, corporations, partnerships and all associations of two (2) or more persons having a joint or common interest.
9. "Grain Warehouse" shall mean any building, structure or other protected enclosure in the state used for the purpose of storing grain for a consideration.
10. "Grain Warehouseman" shall mean any person who operates a grain warehouse as herein defined.
11. "Station" shall mean two (2) or more warehouses, which do not exceed eight (8) miles in distance, operated by one (1) person.
12. "Stored grain" shall mean any grain received in any public grain warehouse, located in this state, if same is not purchased and beneficially owned by the grain warehouseman.
13. "Warehouse receipt" shall mean a negotiable grain storage receipt and/or a nonnegotiable scale ticket by a grain warehouse.

Source: *Miss. Code Ann.* §75-44-5 and §75-44-7.

Application of Rules and Regulations

101 These rules and regulations apply to all persons engaged in the business of storing grain, whether or not any of the grain therein is owned by the person, as defined by the" Mississippi Grain Warehouse Law" and are subject to change and modification as the Commissioner may from time to time deem advisable and to such exceptions as may be considered just and reasonable in individual cases.

Source: *Miss. Code Ann.* §75-44-7.

Licensing Requirements

102.01 Any person engaged in, or desiring to establish a grain warehouse business shall make application to the Mississippi Department of Agriculture and Commerce on forms prescribed by the Commissioner. Each application shall be accompanied with an application fee of $150.00 and a license fee as provided for. The license fee will be returned if a license is refused.

102.02 A chart showing the location of all facilities to be licensed, including a bin chart assigning a number to each bin or compartment, will be attached to the application.

102.03 Each application for license or renewal thereof shall be accompanied by a financial statement prepared by an independent public accountant and the grain warehouseman. The accountant, in addition to preparing the financial statement, must check and certify to the accuracy of the accounts receivable and listed inventories. Such financial statement to include, but not limited to, a balance sheet and operating statement as of the close of the most recent fiscal year. A warehouse may furnish a detailed listing of insurable assets such as buildings, machinery, equipment and merchandise inventory listing the current market value of such assets and the extent that such assets are protected by insurance against loss or damage. A Certificate of Insurance on the insurable assets, providing that no cancellation shall be effective unless thirty (30) days advance notice of such cancellation is given to the Commissioner is to be furnished to comply with the net asset requirement of Section 75-44-21 of the Act.

102.04 Each application for license or renewal thereof shall be accompanied by a Certificate of Issuance of Insurance. Such insurance to at all times keep the grain stored in the grain warehouse insured for its full market value against loss by fire, inherent explosion, lightning and windstorm. All policies shall provide that no cancellation shall be effective unless thirty (30) day prior notice is given to the Commissioner.

102.05 Every grain warehouseman shall file, with his application for license, a copy of his schedule of charges for storage and other services. The schedule of charges shall be kept conspicuously posted and shall be strictly adhered to.

102.06 Before any person is granted a license, such person shall give a bond to the Commissioner executed by the grain warehouseman as principal and by corporate surety licensed to do business in this state as a surety. The bond shall be in favor of the Commissioner for the benefit of all persons interested, their legal representative, attorneys or assigns, conditioned upon the faithful compliance by

the grain warehouseman. The amount of bond to be furnished for each grain warehouse is detailed in Section 75-44-31 of the Act.

102.07 Immediately upon the receipt of his license, the grain warehouseman shall keep it posted in a conspicuous place in the office of the public warehouse where receipts issued by such grain warehouseman are delivered to depositors.

Source: *Miss. Code Ann.* §§75-44-7.

Examinations

103.01 Each licensed warehouse or warehouseman shall permit any officer or authorized representative of the Mississippi Department of Agriculture and Commerce to enter and inspect or examine, on any business day, during usual business hours, the grain warehouse's business, mode of conducting the same, facilities, equipment, inventories, property, books, records, accounts, papers and minutes of proceedings held at such grain warehouse, and any other records deemed relevant to the operation of the grain warehouse. The warehouseman shall provide the necessary assistance required for any examination made in accordance with the Act.

103.02 All scales used for the weighing of property in grain warehouses shall be subject to test by a scale inspector of the Weights and Measures Division of the Mississippi Department of Agriculture and Commerce.

103.03 Every grain warehouse shall be examined at least yearly by a representative of the Commissioner of Agriculture and Commerce. Additional examinations may be made at any time, at the discretion of the Commissioner.

Source: *Miss. Code Ann.* §75-44-7.

Bonding

104.01 Each applicant for a warehouse license shall, as a condition to the granting thereof, file or have on file with the Commissioner a current and effective bond, running to the Commissioner, executed by the applicant as principal, and by a corporate surety licensed to do business in this state, as surety.

104.02 The bond shall be on the form provided by the Commissioner.

104.03 1. The bond shall be conditioned upon
   a. the faithful performance of all obligations of a warehouseman under the law and these regulations from the effective date of the bond until the earlier of the time the license is revoked or the bond is canceled, and
   b. such faithful performance from the effective date of the bond and thereafter, whether or not the warehouse or warehouses operated by

the warehouseman exist on the effective date of the bond or are assumed subsequent to that date but prior to the earlier of the time the license of the warehouseman is revoked or the bond is canceled.

2. The determination as to whether the obligations of the warehouseman have been faithfully performed shall be made at a hearing before the commissioner or his designated representative. At that hearing, to be held in accordance with the provisions of the Act, interested parties shall be deemed to include the warehouseman, corporate surety, the holders of outstanding and uncanceled receipts and scale tickets and any other person or party claiming any rights under the bond. At such hearing, the Commissioner or his designated representative shall hear evidence and determine whether a loss has occurred. Upon a determination that a loss has occurred, the presiding officer shall determine the date of the loss, the fair market value at the place of loss or in the region immediately surrounding the place of loss, whether payments should be made by the corporate surety and, if so, to what parties and in what amounts. Recovery under the bond shall be prorated by the Commissioner or his designated representative when the claims exceed the liability of the corporate surety under the bond. The burden of establishing such proration shall be on the corporate surety as a matter of defense. The final determination as to liability under the bond and as to payment to interested parties who are claiming under the bond shall be final, binding and conclusive on all parties.

104.04 If a warehouseman elects to file a single bond for all warehouses operated by him, the entire amount of the bond shall be held on behalf of any depositor of any warehouse operated by him. Any person claiming any rights under the bond, which rights are asserted with respect to one warehouse operated by a warehouseman who operates more than one warehouse, shall be entitled to recover the entire amount of the warehouseman's bond for such claim.

104.05 The total and aggregate liability of the surety on any bond required by law shall be limited to the amount specified in the bond.

104.06 The surety bond shall be effective on the date of issue, shall not affected by the expiration of the license period and shall continue in full force and effect until cancelled. The continuous nature of the bond shall in no event be construed as allowing the liability of the surety under a bond to accumulate for each successive license period during which the bond is in force but shall be limited in the aggregate to the bond amount stated or changed by appropriate endorsement or rider.

104.07 Any corporate surety licensed to do business in this state which acts or intends to act as a surety on an undertaking required by the Act shall maintain at all times on file with the Commissioner a correct statement appointing and authorizing an individual to act as such corporate surety's attorney-in-fact and to execute on behalf of and to bind such corporate surety bonds filed under this Act. Only one such appointment and authorization shall be required for each corporate surety

and that shall relate to and be effective with respect to all bonds signed by such attorney-in-fact on behalf of the corporate surety. The power-of-attorney granted such attorney-in-fact may be modified or terminated only upon ten (10) days prior notice to the Commissioner.

Source: *Miss. Code Ann.* §§75-44-7.

Insurance

105.01 Each applicant for a warehouse license shall, as a condition to the granting thereof, file or have on file a current and effective certificate of insurance evidencing a current and effective policy of insurance issued by an insurance company authorized to do business in this state insuring in the name of the applicant all commodities which are or may be in such warehouse for their full market value against loss by fire, inherent explosion, lightning and windstorm.

105.02 In the event that fire, inherent explosion, lightning or windstorm destroys or damages any commodities in a licensed warehouse, the warehouseman shall, upon demand by the depositor and upon being presented with the receipt, ticket or other evidence of ownership, make settlement, after deducting the warehouseman's charges and advances, at the market value of the commodity based on the value at the average price for the commodity of the same grade and quality on the date of the loss at the location of the warehouse. In the event such settlement is not made within sixty (60) days from the date of such demand, the depositor shall have the right to seek recovery from the insurance company.

105.03 In the event of a dispute regarding (1) the date of loss or (2) the market value of the commodity, the parties to such dispute shall submit the issue or issues in dispute to the Commissioner or his designated representative who shall resolve such dispute after a hearing, provided that such hearing shall be an informal hearing unless otherwise requested by a party to the dispute.

Source: *Miss. Code Ann.* §§75-44-7.

Cancellation of Bond/Insurance

106.01 No warehouseman may cancel an approved bond or approved insurance without the prior written approval of the Commissioner and his approval of substitute bond or insurance. The surety on a bond may cancel a bond required by the Act only after the expiration of thirty-five (35) days from the date the surety shall have been mailed to the Commissioner, by registered or certified mail, with return receipt, a notice of intent to cancel such bond. An insurance company may cancel insurance required by the Act only after the expiration of a thirty (30) day period from the mailing to the Commissioner, by registered or certified mail, with return receipt, of notice of intent to cancel such insurance. The surety and the insurance company shall, at the time of giving notice to the Commissioner, send a copy of

such notice to any other governmental agency requesting it. Upon receipt of any such notice, the Commissioner shall promptly notify the affected warehouseman.

106.02 Notwithstanding any other provisions of the Act, the license of a warehouse shall automatically be suspended for failure

1. to file a new bond within the thirty-five (35) day period as provided in subsection 106.01 of this chapter, or
2. file new evidence of insurance within the thirty (30) day period as provided in the Act, or
3. maintain at all times a bond and insurance as provided in the Act.

Such suspension shall continue as long as any such failure exists.

106.03 Not later than eighteen (18) days prior to the date upon which the bond cancellation becomes effective and not later than fifteen (15) days prior to the date upon which the insurance cancellation becomes effective, the warehouseman shall give written notice to the Commissioner that he has obtained a new bond or insurance coverage which will become effective and is to be in full force and effect on and after the date upon which his existing bond or insurance, as the case may be, is to be cancelled.

Source: *Miss. Code Ann.* §§75-44-7.

Warehouse Receipts

107.01 Except as provided in additional regulations, the issuance of receipts by grain warehouses shall be governed by Section 75-44-47 through 75-44-67 of the Act.

107.02 The Commissioner shall prescribe the form of warehouse receipts to be used and no other character or form of receipt shall be issued except those so authorized. Warehousemen shall procure receipt forms by submitting their order, in lots of fifty (50) forms, to the Commissioner accompanied by a check or money order for the cost of printing, payable to the Mississippi Department of Agriculture and Commerce.

107.03 When several warehouses are operated by one grain warehouseman, each such warehouse will be numbered. This numerical designation will be on all receipts.

107.04 Receipts from only one receipt book will be issued for commodities stored, or received for storage, in any one warehouse. When all of the receipts of any one book have been issued, a new book will be substituted for it. No receipt will be issued from a book pertaining to one warehouse for commodities stored in another warehouse.

107.05 Receipts of each grain warehouse must be issued in numerical sequence and executed in at least quadruplicate. The first (original-negotiable) to the depositor, the second (copy-non-negotiable) to the depositor, the third (copy-non-negotiable)

to the Mississippi Department of Agriculture and Commerce within seven (7) calendar days from date of receipt, and the fourth (copy-non-negotiable) to be retained in the receipt book and not to be removed therefrom.

107.06 If a warehouseman or manager of a grain warehouse omits any information from a receipt, for which a blank space is provided, he shall indicate by an "X" in such space that the information was intentionally omitted. However, this requirement shall not be interpreted as encouraging or approving the omission of any requisite information.

107.07 Each grain warehouse shall file with the Commissioner the name and specimen of signature of each person authorized to sign warehouse receipts for the grain warehouse. The use of facsimile signature stamps is prohibited on receipts. Any changes or additions to such authorization shall be immediately brought to the attention of the Commissioner by the grain warehouseman.

Source: *Miss. Code Ann.* §75-44-7.

Scale Tickets

108.01 Upon the deposit in a licensed warehouse facility of any agricultural commodity, the warehouseman shall issue a scale ticket which conforms to the provisions of this regulation.

108.02 Each warehouseman shall have sequentially pre-numbered scale tickets which shall have an original and not less than one (1) copy.

108.03 Each scale ticket shall contain the following information:

1. The name and location of the licensed warehouse facility where delivered.
2. The name and other information sufficient to identify the owner of the grain.
3. The type, quantity, and grade or applicable grade factors necessary to determine the net value of the grain received.
4. The date the grain was delivered.
5. One of the following, as appropriate:
   a. If the grain is to be deposited for market, the phrase "MARKET or SALE."
   b. If the grain is to be deposited for storage, the phrase "STORAGE."
   c. If the grain is to be deposited for processing, the phrase "PROCESSING."
   d. If the grain is to be deposited for contract, the phrase "CONTRACT."

108.04 A current copy of the form of scale ticket used by the warehouseman shall be kept on file with the Commissioner.

108.05 A copy of all scale tickets shall be maintained in numerical sequence as part of the warehouseman's records.

Source: *Miss. Code Ann.* §75-44-7.

Lost Receipts

109.01 In the case of lost or destroyed warehouse receipts, a new receipt upon the same terms, subject to the same conditions, and bearing on its face the number and the date of the receipt in lieu of which it is issued and a plain and conspicuous statement that it is a duplicate receipt issued in lieu of a lost or destroyed receipt, may be issued upon compliance with this regulation.

109.02 Before issuing such new or duplicate receipt the warehouseman shall require the depositor or other person applying therefor to make and file with him:

1. an affidavit showing that the applicant is lawfully entitled to the possession of the original receipt, that he has not negotiated or assigned it, how the original receipt was lost or destroyed, and if lost, that diligent effort has been made to find the receipt without success, and
2. a bond in an amount double the market value, at the time the bond is given, of the grain represented by the lost or destroyed receipt. Such bond shall be in a form approved for that purpose by the Commissioner, shall be conditioned to indemnify the warehouseman against any loss sustained by reason of the issuance of such receipt, and shall be executed by the depositor as principal and by a corporate surety licensed to do business in this state, as surety.

109.03 Upon receipt of such affidavit and bond, the warehouseman shall send copies thereof to the Commissioner.

109.04 The original affidavit and bond shall be retained by the warehouseman not fewer than five (5) years after the duplicate receipt is cancelled.

Source: *Miss. Code Ann.* §75-44-7.

Issuing of Warehouse Receipts

110.01 Each lot of grain received in any warehouse for which there has not been a bona fide sale shall be considered as received for storage. Grain Bank grain is considered stored grain and there will be a non-negotiable warehouse receipt issued.

110.02 A warehouseman shall issue a warehouse receipt only upon actual delivery of grain into storage. The receipt must be issued from the warehouse of storage, except as otherwise provided. The warehouseman shall not issue more than one receipt for the same lot of grain, except where partial receipts are desired. The total of the aggregate receipts of a particular lot shall be no greater than the total of the original lot unless additional grain is deposited. Should the depositor desire to consolidate several receipts into one, the warehouseman may issue a new consolidated receipt, but only after the original receipts have been cancelled.

110.03 A warehouseman or his employee shall not issue, cause to be issued, or assist in issuing warehouse receipts for grain that has not been delivered to a warehouse or not under their control as otherwise provided in the statute or rules and regulations. The issuer of such a receipt and the receiver of such a receipt shall be subject to the penalty provision of the Act.

Source: *Miss. Code Ann.* §75-44-7.

Transfer and Redeposit of Grain

111.01 Licensed warehousemen may transfer and redeposit grain in another licensed warehouse or a warehouse licensed by the U. S. Government. The warehouseman redepositing grain must increase his performance bond (surety bond) to cover the redeposited grain.

111.02 If the warehouseman issues warehouse receipts to depositors for redeposited grain, the warehouseman shall stamp across the face of the warehouse receipt received for the redeposited grain "Non-negotiable" and stamp across the face of warehouse receipts issued to depositors of the redeposited grain this phrase, "Grain represented by this receipt has been redeposited."

Source: *Miss. Code Ann.* §75-44-7.

Delivery of Grain and Cancellation of Warehouse Receipt

112.01 The holder of a warehouse receipt for grain in a warehouse may request the grain to be delivered to him. The grain must be delivered in the quantity and grade as designated on the warehouse receipt. The warehouse receipt holder, upon delivery of grain, must surrender the warehouse receipt properly endorsed and pay storage, warehouseman's liens, and any other charges.

112.02 The warehouseman shall take a sample of each lot or truckload of grain so delivered and shall grade it or have it graded by a licensed grain inspector or competent person. When grain is delivered from storage or sold to the warehouseman where stored, receipts must be cancelled, date cancelled, and shall be so marked across the face of receipts.

112.03 The settlement sheet non-negotiable warehouse receipt must indicate each transaction of grain delivered in lots from a grain bank. The depositor in a Grain Bank is entitled to grain of the same quality as the grain deposited, except as necessary to keep the grain in condition as required by the Act.

112.04 The depositor of grain in a Grain Bank shall pay upon delivery the storage, drying charges, and other liens for services.

112.05 If only a portion of the commodity represented by a receipt is delivered, the original receipt must be returned to the issuing warehouseman at or before the time of such delivery and must be cancelled as provided in this regulation. At the time of cancellation, a new receipt shall be issued covering the balance or undelivered portion of the commodity, which new receipt shall state in the remarks section that it represents grain which was previously evidenced by the original receipt and giving the number thereof.

112.06 Receipts voided by the warehouseman for any reason shall be so marked, signed, and dated and all copies of the voided receipts shall be held in the same manner and for the same period as are cancelled receipts.

Source: *Miss. Code Ann.* §75-44-7.

Grain Bank

113.01 Grain Deposited for Grain Bank purposes must be accounted for in a separate record on an approved non-negotiable warehouse receipt listing each lot of grain deposited and withdrawn showing a net balance.

113.02 The warehouseman will furnish a statement to each depositor monthly or after each transaction indication the current balance. Grain Bank obligations will be determined by the total amount due depositors in bushels or pounds or both.

Source: *Miss. Code Ann.* §75-44-7.

Surrender of Warehouse Receipts

114 When a license is revoked, cancelled, or has expired, and at the direction of the Commissioner, upon the suspension of a license, all unused receipts under such license shall be immediately surrendered to the Commissioner or the designated representative. Upon the revocation, cancellation, or expiration of a warehouse license and, at the direction of the Commissioner, upon the suspension of a license, all receipts which have been issued that are still outstanding shall immediately be recalled and, upon delivery of the commodity, such receipts shall be marked cancelled, signed and dated by the warehouseman who shall notify the Commissioner that such receipts have been recalled and cancelled.

Source: *Miss. Code Ann.* §75-44-7.

Stored Grain

115.01 Every warehouseman shall maintain stored grain inventories of sufficient quantities, qualities, and grade to meet at all times his storage obligations.

115.02 Grain evidenced by outstanding and uncancelled warehouse receipts shall be maintained in the specific warehouse facility shown on the warehouse receipt issued when the grain was deposited originally. For the purposes of this regulation each separate warehouse facility must maintain such an inventory for receipts issued by it at that location; thus the operation of two or more warehouses as a station shall not allow one warehouse facility to hold warehouse-receipted grain on behalf of another facility even though they constitute a single station.

Source: *Miss. Code Ann.* §75-44-7.

Price Later contracts

116.01 "Price Later Contract," "Basis Contract," "Deferred Price Contract," "Delayed Price Contract," "Growers Option Contract" or similar agreement means a complete written contract and it constitutes a bona fide sale and a change in ownership when either the price for the grain or the formula for determining the price has been agreed upon and the contract obligation is either paid in full or carried as an account payable.

116.02 A "price later contract" shall be made out in duplicate on a form approved by the Department. One copy shall be given to the producer and the other copy kept for the warehouseman's files. A statement that the grain is not covered by the warehouse bond shall be printed on the contract directly above the place for the producer to sign. To validate the contract, both the producer and the warehouseman shall sign this agreement. This contract must be written and contain a clear agreement between the two parties involved as to how the price will be determined.

Source: *Miss. Code Ann.* §75-44-7.

Out of Condition Grain

117.01 If any warehouseman considers that any portion of the commodities stored in his warehouse is out of condition, or is becoming so, he shall direct a grain inspector to examine the commodity in question. If the grain inspector finds such commodity to be out of condition or becoming so and he is of the opinion that by conditioning, the commodity can be brought back into condition, or that further deterioration can be prevented, such warehouseman shall immediately, in his warehouse to the extent to which it has equipment suitable for the purpose or, upon giving notice to the Commissioner in another warehouse so equipped to the extent to which his warehouse is not equipped with suitable equipment, subject the commodity to such conditioning.

117.02 Notice of out of condition grain.

1. If the warehouseman with the approval of the grain inspection, shall determine that further deterioration of any commodity cannot be prevented by

reconditioning or after treating it in accordance with subsection 117 of this chapter, it is still out of condition, the warehouseman shall give immediate notice of that fact.

2. The notice shall state:
   a. The warehouse in which the commodity is stored,
   b. The quantity, kind, and grade, if determined, of the commodity at the time the notice is given.
   c. The actual condition of the commodity as nearly as can be ascertained, and the reason, if known, for such condition,
   d. Either:
      i. receipts or tickets relating to the kind of commodity out of condition, other than sacked or specially binned commodities, upon which the commodity will be delivered, giving the number and date of each such receipt or ticket and the quantity, the kind and grade of the commodity as stated on such receipts or tickets, or
      ii. the outstanding receipts or tickets relating to the kind of commodity out of condition, the identity of which was to have been preserved, giving the number and date of each such receipt or ticket and the designation of the bin, container, or location of such commodity as stated thereon, and
   e. That such commodity will be delivered upon the return and cancellation of the receipts or ticket therefor.
3. A copy of the notice shall be delivered in person or shall be sent by mail
   a. to the persons holding the receipts or tickets covering the kind of commodity in question mentioned in paragraph (2) (d) of this subsection, if known to the warehouseman,
   b. to any other person, including the persons mentioned in paragraph (4) of this subsection, known by the warehouseman to be interested in the commodity, and
   c. to the Commissioner.
   d. If the holders of the receipts or tickets and the owners of that kind of commodity are known to the warehouseman cannot, in the regular course of the mails, be reached within twelve (12) hours, the warehouseman shall, whether or not requested to do so, also immediately notify such person by telegraph or telephone at their expense.
   e. Public notice shall also be given by posting a copy of such notice in a conspicuous place in the main office of the warehouse where the receipts or tickets are issued.
4. Any person interested in any commodity or the receipt or ticket covering such commodity stored in a warehouse, may notify the warehouseman operating such warehouse, in writing, of the fact and nature of his interest, and such warehouseman shall keep a record of such written notices. If such person requests, in writing, that he be notified regarding the change in condition of any such commodity and agrees to pay the cost of any telegraph or telephone toll charge, such warehouseman shall notify such person in accordance with such request.

117.03 Nothing contained in this regulation shall be construed as relieving the warehouseman from properly caring for any commodity and the warehouseman shall be liable and held accountable for his failure to do so.

117.04 If the commodity, advertised in accordance with the requirements of subsection 117.02 of this chapter has not been removed from storage by the depositor thereof or other arrangements made under the supervision of the Commissioner or his designated representative within ten (10) days from the date of notice of its being out of condition, the warehouseman in whose warehouse such commodity is stored may sell the same at public auction or as may be authorized by the Commissioner or his designated representative for the account of the depositor.

Source: *Miss. Code Ann.* §75-44-7.

Duties of the Warehouseman

118.01 Each grain warehouse shall employ, during all regular business hours, a grain inspector who shall be responsible for the accuracy of weights and grades noted on all warehouse receipts.

118.02 All licensed grain storage facilities shall be maintained in such a manner as to be suitable for proper and safe storage of grain. Safe and adequate means of ingress and egress to the various storage bins and compartments of the warehouse shall be provided and maintained by the warehouseman. Storage bins and compartments having an entrance above ground on floor level shall be equipped with a fixed ladder or a safe and adequate lift. When equipped with a fixed ladder, such ladder shall have side rails and rungs; the rungs to be spaced not to exceed one foot centers. There shall be sufficient space between ladder rungs and face of the bin or compartment to permit safe foothold. Catwalks, walkways, lifts, and ladders shall be kept clean and free of grain and other foreign matter. Storage facilities failing to meet these standards will be brought to the attention of the warehouseman. It shall be his responsibility to immediately make the necessary corrections to bring his storage facility into compliance.

118.03 Each licensed warehouseman shall keep his warehouse reasonably clean at all times, free from rubbish, accumulation of dust and grain, or material that would increase fire hazards or interfere with proper handling and storage of grain.

118.04 Each warehouse shall be kept open for the purposes of receiving grain for storage and delivering out of storage every business day, except those warehouses which are open only for certain periods (example – harvest time). Every warehouseman shall post in a conspicuous place in his office and warehouse a notice stating the days of the week and the hours of each business day that he will remain open. Warehouses which are open only for certain periods shall have posted the name, address and telephone number of a responsible contact.

118.05 License; posting requirements.

1. There shall be posted in a conspicuous place in the office of each warehouse the warehouse license and schedule of storage rates. Before making any changes in the schedule of rates, the warehouseman shall submit to the Department in writing the proposed changes at least thirty (30) days in advance of such change.
2. Each licensed warehouse must have a permanent sign, not smaller than sixteen(16) inches high and thirty-six (36) inches wide, posted at or near the main entrance to the warehouse so as to be visible at such main entrance, which shall include the following in letters or type not smaller than three (3) inches high:
   a. The name under which the licensed warehouse is operated.
   b. The following: "STATE BONDED WAREHOUSE"

118.06 The operator of a warehouse shall keep all grain in his warehouse in condition by whatever means so deemed necessary to prevent the quality of such grain from deteriorating. When an operator discovers or is advised that grain in storage in his warehouse is out of condition, he shall immediately comply with the requirements of section 117 of this chapter.

118.07 The warehouseman shall immediately give written notice to the Commissioner upon the occurrence of any of the following:

1. Loss or damage to stored grain or licensed storage facilities.
2. The death or legal incapacity of an individual or any member of a partnership operating a licensed warehouse.
3. Change of ownership of a licensed warehouse, including a change in the members of a partnership, firm or association.
4. Change in shareholders or the relative amount of stock held by stockholders where the licensee is a corporation with twenty (20) or fewer share holders.
5. Change in name under which a licensed warehouse is operated.
6. Any major structural change to a bin or storage facility licensed for storage.
7. The termination of a lease on a licensed warehouse, the destruction or removal of storage facilities, or the leasing of such a facility to any other person.

Source: *Miss. Code Ann.* §75-44-7.

<u>Change of Management or Cessation of Operation</u>

119.01 If upon the change of management, cessation of operations, change of partners in a partnership, change of corporate structure of a corporation, or sale, the Commissioner may suspend a warehouse license. It becomes the duty of every licensed warehouse receipts to immediately notify the Commissioner as to such change; and if directed by the Commissioner, to deliver his license and all unused warehouse receipts to the office of the Commissioner together with a notarized statement accounting for all receipts, and setting forth the arrangements made

with depositors for final disposition of the grain in storage and for fulfilling the obligations of the retiring warehouseman.

119.02 When there is a change of management or cessation of operations, the Commissioner, when deemed appropriate, may cause an audit and examination to be made. The cost of such audit or examination will be charged to the operator as provided for by the Law.

Source: *Miss. Code Ann.* §75-44-7.

Records and Reporting

120.01 Records of Warehouse Receipts – Every warehouseman shall maintain at his place of business a warehouse receipt register containing the duplicate copy of all issued receipts and a list thereof, each by consecutive number. Upon cancellation of a receipt, the original shall be retained in the warehouseman's files attached to its duplicate, and after cancellation neither the original nor the duplicate shall be removed from the files.

120.02 Records of Transaction –

1. The warehouseman shall maintain at each licensed warehouse facility current and complete records with respect to all agricultural commodities delivered to, withdrawn from, and received, stored, or processed by, the warehouseman for each such licensed warehouse facility. Such records shall include but not be limited to the following:
   a. A perpetual inventory showing the total quantity of each kind and class of grain received and loaded out and the quantity of each kind and class of grain remaining in the warehouse and the total storage obligations for each kind and class of grain. This record shall be kept current as of the close of each business day, provided that if no transaction takes place during a business day a record showing the actual status as to quantity and storage obligations as of the close of the next preceding business day during which recordable transactions occurred shall be deemed to be current.
   b. A rail and/or truck ledger.
   c. Prenumbered warehouse receipts.
   d. Prenumbered scale tickets.
   e. Prenumbered grain bank contracts.
   f. A current copy of the periodic insurance report submitted to the insurer.
   g. If all issued warehouse receipts and scale tickets do not recite the name and complete address of the owner or owners of stored grain, a current and complete list of the name and complete address of the owner or owners of said grain.
2. On or before the tenth (10th) day of each month, the warehouseman shall send to the Commissioner copies of the following:
   a. The perpetual inventory for the last business day of the preceding month.
   b. The monthly report to the warehouseman's insurance carrier.

c. A periodic statement on a form prescribed by the Commissioner, which may include but is not limited to a schedule of all warehouse receipts issued or cancelled by the warehouseman, prepared as of close of business at the end of that period if such is required by the Commissioner. If required, a statement must be filed for a calendar month regardless of whether or not the warehouseman has commodities in storage.

Source: *Miss. Code Ann.* §75-44-7.

120.03 Financial Records –

1. In addition to the records required by subsections 120.01 and 120.02 of this chapter, the warehouseman shall maintain such adequate financial records as will clearly reflect his current financial position and as will clearly support such financial information as is required to be submitted to the Commissioner from time to time. Such records shall be brought current not less often than once a month, and shall include a general ledger or its equivalent which provides a summarization of information reflected in detail in subsidiary records.
2. Every warehouseman shall also maintain the necessary journals to sustain the entries recorded in the general ledger, which journals may include:
   a. A general journal in which necessary periodic adjusting entries are recorded;
   b. A cash receipts journal wherein each cash collection is recorded;
   c. A cash disbursements journal which details each disbursement on behalf of the dealer;
   d. Supporting documents and other information.
3. Every warehouseman shall use and maintain:
   a. Prenumbered checks;
   b. Prenumbered grain bank contracts, if the warehouseman is operating a grain bank;
   c. Prenumbered warehouse receipts, if the warehouseman is to issue such receipts;
   d. Prenumbered scale tickets;
   e. A periodic detailed aging of accounts receivable; and
   f. A periodic listing of accounts payable.
4. If, upon written request of a warehouseman, the Commissioner determines that any of the records called for by these regulations are not necessary to clearly support the warehouseman's current financial condition, he may waive, in writing, the maintenance of such unnecessary records.

120.04 Each contract, instrument, document or record which is to be prenumbered shall be used in numerical order.

120.05 All books, records, and accounts of warehousemen shall be kept and held available for inspection for a period of not less than five (5) years after the close of the period for which such book or record was required.

120.06 All of the books, records and accounts required by this regulation shall be kept separate and distinct from the books, records, and accounts held and maintained by the warehouseman in connection with any other business

120.07 A warehouseman shall keep available for inspection all of his books, records and accounts required by these regulations and any other books, records and accounts relevant to his operation of warehouses as a warehouseman. An inspection may be performed by the Commissioner, his designated representative, or an auditor, and may take place at any time during the normal business hours of the warehouseman, or if prior notice of the inspection is given to the warehouseman, at such time as is prescribed in that notice.

Source: *Miss. Code Ann.* §75-44-7.

State of Mississippi
Department of Agriculture and Commerce
P.O. Box 1609
Jackson, MS 39215-1609
601-359-1111

RECEIVED
JUN 02 2021
Dept. of Agriculture

No. 188-WH

APPLICATION FOR GRAIN WAREHOUSE

The undersigned applicant hereby applies for a license to operate a Grain Warehouse (buying/selling/storing grain from producers) as defined and required by Section 75-44-9 of the Mississippi Code of 1972, as amended.

Business Name: **Express Grain Terminals, LLC**		**E-mail Address:** **John@expressgrain.com**	
Contact Person: **John Coleman**		Telephone Number: **(662) 453-0800**	Fax Number:
Mailing Address: ~~P.O. Box 189~~ 808 12th St.	City: ~~Sidon~~ Greenwood	State: **MS**	Zip: ~~38954~~ 38930
Warehouse Physical Address: **2820 County Road 2**	City: **Minter City**	State: **MS**	Zip: **38944**
Warehouse Telephone Number: **(662) 658-1030**	Fax Number:	County where Warehouse is located:	
Warehouse operator to appear on License: John Coleman		Commodity Stored:	

Bushel Capacity: 2187000	Previous Year's Dollar Amount of Grain Purchased: $17,484,297	License Fee: **$100**	Warehouse & Dealer Bond **1000000** **100000**

Warehouse - License Fee Based on capacity: Up to 1 Million bushels $50; 1 to 2 Million bushels $75; over 2 Million bushels $100

Type of Business: ☐ **Individual** ☐ **Partnership** ☐ **Association** ☐ **Cooperative** ☐ **Corporation**

As part of the application, please include:

☐ new warehouse applicants or change to existing
✓ Must be included with application

- ☐ **Application Fee $150**
- ✓ **License Fee – as noted**
- ☐ **Schedule of Charges**
- ✓ **Most recent financial statement – (minimum $20,000 assets – warehouse)**
- ✓ **Bond or Letter of Credit and must also have a Grain Dealer bond -- as noted**
- ☐ **Bin Chart**
- ☐ **Blank warehouse receipts and/or contracts; specimen of authorized signature**
- ☐ **Current scale ticket**
- ✓ **List of sub offices**
- ✓ **Completed Certificate of Insurance**

EXHIBIT 7

State of Mississippi
Department of Agriculture and Commerce
P.O. Box 1609
Jackson, MS 39215-1609
601-359-1111

RECEIVED
JUN 02 2021
Dept. of Agriculture

No. 187-WH

APPLICATION FOR GRAIN WAREHOUSE

The undersigned applicant hereby applies for a license to operate a Grain Warehouse (buying/selling/storing grain from producers) as defined and required by Section 75-44-9 of the Mississippi Code of 1972, as amended.

Business Name: **Express Grain Terminals, LLC**		**E-mail Address:** **John@expressgrain.com**	
Contact Person: **John Coleman**		Telephone Number: **(662) 453-0800**	Fax Number:
Mailing Address: ~~P.O. Box 189~~ 808 12th St.	City: ~~Sidon~~ Greenwood	State: **MS**	Zip: ~~38954~~ 38930
Warehouse Physical Address: **2015 River Road Extd**	City: **Greenwood**	State: **MS**	Zip: **38930**
Warehouse Telephone Number: **(662) 453-4312**	Fax Number:	County where Warehouse is located:	
Warehouse operator to appear on License: John Coleman		Commodity Stored:	

Bushel Capacity: 5939000	Previous Year's Dollar Amount of Grain Purchased: $50,391,042	License Fee: **$100**	Warehouse & Dealer Bond **1000000** **100000**

Warehouse - License Fee Based on capacity: Up to 1 Million bushels $50; 1 to 2 Million bushels $75; over 2 Million bushels $100

Type of Business: ☐ **Individual** ☐ **Partnership** ☐ **Association** ☐ **Cooperative** ☐ **Corporation**

As part of the application, please include:

☐ **new warehouse applicants or change to existing**
✓ **Must be included with application**

- ☐ **Application Fee $150**
- ✓ **License Fee – as noted**
- ☐ **Schedule of Charges**
- ✓ **Most recent financial statement – (minimum $20,000 assets – warehouse)**
- ✓ **Bond or Letter of Credit and must also have a Grain Dealer bond -- as noted**
- ☐ **Bin Chart**
- ☐ **Blank warehouse receipts and/or contracts; specimen of authorized signature**
- ☐ **Current scale ticket**
- ✓ **List of sub offices**
- ✓ **Completed Certificate of Insurance**

State of Mississippi
Department of Agriculture and Commerce

P.O. Box 1609
Jackson, MS 39215-1609
601-359-1111

RECEIVED
JUN 02 2021
Dept. of Agriculture

No. 145-WH

APPLICATION FOR GRAIN WAREHOUSE

The undersigned applicant hereby applies for a license to operate a Grain Warehouse (buying/selling/storing grain from producers) as defined and required by Section 75-44-9 of the Mississippi Code of 1972, as amended.

Business Name: **Express Grain Terminals LLC**		**E-mail Address:** **john@expressgrain.com**	
Contact Person: **John Coleman**		Telephone Number: (662) ~~392-3409~~ 262-5300	Fax Number: (662) ~~455-3790~~ 453-0829
Mailing Address: ~~P O Box 189~~ 808 12th St.	City: ~~Sidon~~ Greenwood	State: **MS**	Zip: ~~38954~~ 38930
Warehouse Physical Address: **23248 CR 512**	City: **Sidon**	State: **MS**	Zip: **38954**
Warehouse Telephone Number: **(662) 453-0800**	Fax Number: **(662) 455-3790**	County where Warehouse is located:	
Warehouse operator to appear on License: John Coleman		Commodity Stored:	

Bushel Capacity: 4117000	Previous Year's Dollar Amount of Grain Purchased: $33,302,228	License Fee: **$100**	Warehouse & Dealer Bond **1000000** **100000**

Warehouse - License Fee Based on capacity: Up to 1 Million bushels $50; 1 to 2 Million bushels $75; over 2 Million bushels $100

Type of Business: ☐ **Individual** ☐ **Partnership** ☐ **Association** ☐ **Cooperative** ☐ **Corporation**

As part of the application, please include:

☐ **new warehouse applicants or change to existing**
✓ **Must be included with application**

- ☐ **Application Fee $150**
- ✓ **License Fee – as noted**
- ☐ **Schedule of Charges**
- ✓ **Most recent financial statement – (minimum $20,000 assets – warehouse)**
- ✓ **Bond or Letter of Credit and must also have a Grain Dealer bond -- as noted**
- ☐ **Bin Chart**
- ☐ **Blank warehouse receipts and/or contracts; specimen of authorized signature**
- ☐ **Current scale ticket**
- ✓ **List of sub offices**
- ✓ **Completed Certificate of Insurance**

Signature Section:

I, _____, being first duly sworn, depose and say that I

am the President
OWNER, PARTNER, OFFICER OF CORPORATION

of the applicant Express Grain Terminals, LLC
Business Name

that I am authorized on the part of said applicant to verify and file with the Mississippi Department of Agriculture and Commerce. this financial statement; that I have full knowledge of the matters set forth herein and that all of same are true in substance and in fact, and that this financial statement has been prepared by a licensed Certified Public Accountant who is not in the employment of, related to or directly associated with the applicant. Also, the undersigned applicant hereby certifies that all statements, information or schedules attached hereto are hereby made a part of this application and that all statements and information contained herein are true and correct.

Subscribed and sworn to before me this 26th day of May, 20 21.

My commission expires June 18 2023

STATE OF MISSISSIPPI
TAMATHA E PEARSON
NOTARY PUBLIC
ID No. 112772
Commission Expires
June 18, 2023
MONTGOMERY COUNTY

Tamatha E. Pearson
NOTARY PUBLIC

THIS SECTION MUST BE COMPLETED OR THIS STATEMENT CANNOT BE ACCEPTED
(if not a part of the prepared financial statement.)

Name and address of the accountant, or firm, that prepared the financial statement.

Name of Accountant		
Street or Route and Box #		
City	State	Zip Code
Telephone Number	Fax Number	

_____
SIGNATURE OF ACCOUNTANT

9-21-21

Client#: 1767704

EXPREGRA1

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 9/07/2021

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer any rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
USI Insurance Services LLC /CL
5100 Poplar Avenue, #1200
Memphis, TN 38137
901 766-5990

CONTACT NAME: Shonda Smith
PHONE (A/C, No, Ext): 901-255-3912 FAX (A/C, No): 610-362-8621
E-MAIL ADDRESS: Shonda.Smith@usi.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : National Union Fire Ins Co of Pitts, PA	19445
INSURER B : Starstone Specialty Ins. Co.	44776
INSURER C : New Hampshire Insurance Company	23841
INSURER D :	
INSURER E :	
INSURER F :	

INSURED
Express Grain Terminals LLC
808 12th Street
Greenwood, MS 38930

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE / X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY / PRO-JECT / X LOC OTHER:			1938387	09/01/2021	09/01/2022	EACH OCCURRENCE	$1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$500,000
							MED EXP (Any one person)	$25,000
							PERSONAL & ADV INJURY	$1,000,000
							GENERAL AGGREGATE	$2,000,000
							PRODUCTS - COMP/OP AGG	$2,000,000
								$
	AUTOMOBILE LIABILITY ANY AUTO OWNED AUTOS ONLY / SCHEDULED AUTOS HIRED AUTOS ONLY / NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident)	$
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
B	UMBRELLA LIAB / X OCCUR			704851210ALI	09/01/2021	06/01/2022	EACH OCCURRENCE	$3,000,000
	X EXCESS LIAB / CLAIMS-MADE						AGGREGATE	$3,000,000
	DED / RETENTION $							$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y / N: N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N / A		048240098	09/01/2021	09/01/2022	X PER STATUTE / OTH-ER	
							E.L. EACH ACCIDENT	$1,000,000
							E.L. DISEASE - EA EMPLOYEE	$1,000,000
							E.L. DISEASE - POLICY LIMIT	$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

MS Department of Agriculture &
Commerce
PO Box 1609
Jackson, MS 39215-1609

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Kenneth Boyles

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145 WH

EXPREGRA1

ACORD™ EVIDENCE OF COMMERCIAL PROPERTY INSURANCE

DATE (MM/DD/YYYY): 07/13/2021

THIS EVIDENCE OF COMMERCIAL PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

PRODUCER NAME, CONTACT PERSON AND ADDRESS
USI Insurance Services LLC /CL
5100 Poplar Avenue, #1200
Memphis, TN 38137

PHONE (A/C, No, Ext): 901 255 3912

FAX (A/C, No): 610-362-8621

E-MAIL ADDRESS: Shonda.Smith@usi.com

CODE:

SUB CODE:

AGENCY CUSTOMER ID #: 1767704

NAMED INSURED AND ADDRESS
Express Grain Terminals LLC
808 12th Street
Greenwood, MS 38930

ADDITIONAL NAMED INSURED(S)

COMPANY NAME AND ADDRESS
Lloyd's of London

NAIC NO: SURPLU

IF MULTIPLE COMPANIES, COMPLETE SEPARATE FORM FOR EACH

POLICY TYPE
Special

LOAN NUMBER

POLICY NUMBER
B1740MCG210199000

EFFECTIVE DATE: 06/12/2021

EXPIRATION DATE: 06/12/2022

☐ CONTINUED UNTIL TERMINATED IF CHECKED

THIS REPLACES PRIOR EVIDENCE DATED:

PROPERTY INFORMATION (ACORD 101 may be attached if more space is required)

☐ BUILDING OR ☐ BUSINESS PERSONAL PROPERTY

LOCATION/DESCRIPTION
23248 County Road 512 Sidon, MS 38954
2015 River Road Ext. Greenwood, MS 38930

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGE INFORMATION

PERILS INSURED: ☐ BASIC ☐ BROAD X SPECIAL ☐

COMMERCIAL PROPERTY COVERAGE AMOUNT OF INSURANCE: $ Stock $40,000,000 DED: 10,000

	YES	NO	N/A		
☒ BUSINESS INCOME ☐ RENTAL VALUE	X			If YES, LIMIT: $250,000	☐ Actual Loss Sustained; # of months
BLANKET COVERAGE EE Only	X			If YES, indicate value(s) reported on property identified above. $	
TERRORISM COVERAGE		X		Attach Disclosure Notice / DEC	
IS THERE A TERRORISM-SPECIFIC EXCLUSION?	X				
IS DOMESTIC TERRORISM EXCLUDED?	X				
LIMITED FUNGUS COVERAGE	X			If YES, LIMIT: External Only	DED: $10,000
FUNGUS EXCLUSION (IF "YES", specify organization's form used)	X				
REPLACEMENT COST		X			
AGREED VALUE		X			
COINSURANCE		X		If YES, %	
EQUIPMENT BREAKDOWN (If Applicable)		X		If YES, LIMIT:	DED:
ORDINANCE OR LAW - Coverage for loss to undamaged portion of bldg		X		If YES, LIMIT:	DED:
- Demolition Costs		X		If YES, LIMIT:	DED:
- Incr. Cost of Construction		X		If YES, LIMIT:	DED:
EARTH MOVEMENT (If Applicable)		X		If YES, LIMIT:	DED:
FLOOD (If Applicable)	X			If YES, LIMIT:	DED:
WIND/HAIL INCL ☐ YES ☐ NO Subject to Different Provisions	X			If YES, LIMIT: $40,000,000	DED: $10,000
NAMED STORM INCL ☐ YES ☐ NO Subject to Different Provisions	X			If YES, LIMIT: $40,000,000	DED: $10,000
PERMISSION TO WAIVE SUBROGATION IN FAVOR OF MORTGAGE HOLDER PRIOR TO LOSS	X				

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

ADDITIONAL INTEREST

☐ CONTRACT OF SALE ☐ LENDER'S LOSS PAYABLE ☐ LOSS PAYEE
☐ MORTGAGEE

NAME AND ADDRESS
MS Department of Agriculture & Commerce
PO Box 1609
Jackson, MS 39215-1609

LENDER SERVICING AGENT NAME AND ADDRESS

AUTHORIZED REPRESENTATIVE
Kenneth Boylan

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SXSEP
ACORD 28 (2016/03)

EVIDENCE OF COMMERCIAL PROPERTY INSURANCE REMARKS - Including Special Conditions (Use only if more space is required)

2820 County Road 26 Miner City, MS 38944
10201 Hwy 382 Prairie, MS 39756

Client#: 1767704 EXPREGRA1

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 5/28/2021

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer any rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
USI Insurance Services LLC /CL
5100 Poplar Avenue, #1200
Memphis, TN 38137
901 766-5990

CONTACT NAME: Shonda Smith
PHONE (A/C, No, Ext): 901-255-391 FAX (A/C, No): 610-362-8621
E-MAIL ADDRESS: Shonda.Smith@usi.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Everest Indemnity Insurance Company	10851
INSURER B : Bridgefield Casualty Insurance Company	10335
INSURER C : Atlantic Specialty Insurance Company	27154
INSURER D :	
INSURER E :	
INSURER F :	

INSURED
Express Grain Terminals LLC
808 12th Street
Greenwood, MS 38930

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X COMMERCIAL GENERAL LIABILITY			CF3GL00109201201	06/12/2020	09/01/2021	EACH OCCURRENCE	$1,000,000
	CLAIMS-MADE X OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	$100,000
							MED EXP (Any one person)	$5,000
							PERSONAL & ADV INJURY	$1,000,000
							GENERAL AGGREGATE	$2,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						PRODUCTS - COMP/OP AGG	$2,000,000
	POLICY PRO-JECT LOC							$
	OTHER:						COMBINED SINGLE LIMIT (Ea accident)	$
	AUTOMOBILE LIABILITY						BODILY INJURY (Per person)	$
	ANY AUTO						BODILY INJURY (Per accident)	$
	OWNED AUTOS ONLY / SCHEDULED AUTOS						PROPERTY DAMAGE (Per accident)	$
	HIRED AUTOS ONLY / NON-OWNED AUTOS ONLY							$
A	UMBRELLA LIAB / OCCUR			CU22401204	06/12/2020	09/01/2021	EACH OCCURRENCE	$3,000,000
	EXCESS LIAB / CLAIMS-MADE						AGGREGATE	$3,000,000
	DED / RETENTION $							$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			019649584	10/16/2019	10/16/2020	X PER STATUTE / OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y/N N	N/A					E.L. EACH ACCIDENT	$1,000,000
	(Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$1,000,000
							E.L. DISEASE - POLICY LIMIT	$1,000,000
C	Leased/ Rented Equipment			7900254830002	06/12/2020	09/01/2021	$600,000	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

MS Department of Agriculture &
Commerce
PO Box 1609
Jackson, MS 39215-1609

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Kenneth Paylor

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License No: *187-WH*

The State of Mississippi
Department of Agriculture and Commerce
Post Office Box 1609 Jackson, Mississippi 39215-1609

Grain Warehouse License

The Mississippi Department of Agriculture and Commerce does hereby grant and license:

John Coleman
Express Grain Terminals, LLC
Greenwood

To operate said grain warehouse having a capacity of 5,939,000 bushels And bonded in the amount of $1,000,000.00 after having qualified and met the provisions of Title 75 Chapter 44 Sections 1-71, Mississippi Code of 1972, As Amended.

If operating as a Grain Dealer, after having qualified and met the provision of Title 75 Chapter 45 Sections 301-315, Mississippi Code of 1972, as amended, and having a bond in the amount of $100,000.00

This license is conditioned on compliance with the requirements of the aforesaid Code and is effective pending cancellation, suspension, or revocation by the Commissioner of Agriculture and/or discontinuance notice to the Commissioner of Agriculture by said Warehouse.

This license expires: 6/30/2022

Commissioner

EXHIBIT
8

License No: *145-WH*

The State of Mississippi
Department of Agriculture and Commerce
Post Office Box 1609 Jackson, Mississippi 39215-1609

Grain Warehouse License

The Mississippi Department of Agriculture and Commerce does hereby grant and license:

John Coleman
Express Grain Terminals LLC
Sidon

To operate said grain warehouse having a capacity of 4,117,000 bushels And bonded in the amount of $1,000,000.00 after having qualified and met the provisions of Title 75 Chapter 44 Sections 1-71, Mississippi Code of 1972, As Amended.

If operating as a Grain Dealer, after having qualified and met the provision of Title 75 Chapter 45 Sections 301-315, Mississippi Code of 1972, as amended, and having a bond in the amount of $100,000.00

This license is conditioned on compliance with the requirements of the aforesaid Code and is effective pending cancellation, suspension, or revocation by the Commissioner of Agriculture and/or discontinuance notice to the Commissioner of Agriculture by said Warehouse.

This license expires: 6/30/2022

Commissioner

License No: *188-WH*

The State of Mississippi
Department of Agriculture and Commerce
Post Office Box 1609 Jackson, Mississippi 39215-1609

Grain Warehouse License

The Mississippi Department of Agriculture and Commerce does hereby grant and license:

John Coleman
Express Grain Terminals, LLC
Minter City

To operate said grain warehouse having a capacity of 2,187,000 bushels
And bonded in the amount of $1,000,000.00 after having qualified and met the provisions of Title 75 Chapter 44 Sections 1-71, Mississippi Code of 1972, As Amended.

If operating as a Grain Dealer, after having qualified and met the provision of Title 75 Chapter 45 Sections 301-315, Mississippi Code of 1972, as amended, and having a bond in the amount of $100,000.00

This license is conditioned on compliance with the requirements of the aforesaid Code and is effective pending cancellation, suspension, or revocation by the Commissioner of Agriculture and/or discontinuance notice to the Commissioner of Agriculture by said Warehouse.

This license expires: 6/30/2022

Commissioner

EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES

Greenwood, Mississippi

Combined Financial Statements

Years Ended June 30, 2019 and 2018

EXHIBIT

9

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HORNE
CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Express Grain Terminals, LLC and Affiliates
Greenwood, Mississippi

Report on the Financial Statements

We have audited the accompanying combined financial statements of Express Grain Terminals, LLC and Affiliates (the "Companies") which comprise the combined balance sheets as of June 30, 2019 and 2018, and the related combined statements of operations, changes in members' equity and cash flows for the years then ended and the related notes to the financial statements.

Management'

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

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statement 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 audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 combined financial statements referred to above present fairly, in all material respects, the financial position of the Companies as of June 30, 2019 and 2018, and the results of their operations and their cash flows for the year ended June 30, 2019, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining information on pages 19-20 is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual companies and is not a required part of the combined 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 combined financial statements. The combining information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements 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 combined financial statements as a whole.

HORNE LLP

Ridgeland, Mississippi
December 31, 2019

EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES
Combined Balance Sheets
June 30, 2019 and 2018

	2019	2018
ASSETS		
Current assets		
Cash	$ 641,737	$ 1,225,214
Accounts receivable	2,032,387	4,932,030
Inventories	16,820,642	18,324,032
Prepaid expenses	1,141,353	341,588
Forward contracts	3,394,322	2,060,134
Margin assets	4,885,976	2,878,546
Total current assets	28,916,417	29,761,544
Notes receivable	18,904,582	18,904,582
Property and equipment, net	62,284,298	53,840,798
Prepaid expenses, noncurrent	-	674,498
Other assets	561,455	620,400
Total assets	$ 110,666,752	$ 103,801,822
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable	$ 1,548,940	$ 1,268,423
Current maturities of long-term debt	3,035,488	235,488
Forward contracts	-	2,482,788
Borrowings on line-of-credit	20,416,820	49,560,591
Unpriced grain purchases	234,016	290,648
Deferred revenue	2,173,002	944,168
Accrued expenses	576,562	228,331
Total current liabilities	27,984,828	52,527,649
Note payable, related party	3,435,965	-
Long-term debt, less current maturities	52,370,301	27,141,091
Total liabilities	83,791,094	79,668,740
Members' equity	26,875,658	24,133,082
Total liabilities and members' equity	$ 110,666,752	$ 103,801,822

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES
Combined Statement of Operations
Years Ended June 30, 2019 and 2018

	2019	2018
Net sales	$ 141,471,072	$ 130,729,900
Cost of goods sold	122,126,779	119,228,419
Gross margin	19,344,293	11,501,481
Operating expenses		
Depreciation & amortization expense	3,993,901	2,663,809
Other operating expenses	9,468,469	8,222,383
Total operating expenses	13,462,370	10,886,192
Operating income (loss)	5,881,923	615,289
Other income (expense)		
Other income	231,109	134,028
Interest expense	(3,870,455)	(2,705,922)
Total other expense	(3,639,346)	(2,571,894)
Net income (loss)	$ 2,242,577	$ (1,956,605

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES
Combined Statement of Members' Equity
Years Ended June 30, 2019 and 2018

		Members' Equity
Balance, July 1, 2017	$	18,814,687
Net loss		(1,956,605)
Contributions		7,275,000
Balance, June 30, 2018		24,133,082
Net income		2,242,577
Contributions		500,000
Balance, June 30, 2019	$	26,875,658

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES
Combined Statement of Cash Flows
Year Ended June 30, 2018

	2019	2018
Cash flows from operating activities		
Net income (loss)	$ 2,242,577	$ (1,956,605)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation and amortization	3,993,901	2,663,809
Changes in operating assets and liabilities:		
Margin asset	(2,007,430)	(981,647)
Accounts receivable	2,899,643	(1,844,094)
Inventories	1,503,390	14,300,517
Other assets	58,945	(290,400)
Grain payable	(56,632)	(151,785)
Forward contracts	(1,334,188)	(2,320,791)
Prepaid expenses	(799,765)	(585,617)
Accounts payable and accrued expenses	628,748	(189,419)
Deferred revenue	(1,228,834)	944,168
Net cash provided by operating activities	5,900,354	9,588,136
Cash flows from investing activities		
Increase in notes receivable	-	(8,368,800)
Purchases of property and equipment	(9,014,004)	(12,387,226)
Net cash used in investing activities	(9,014,004)	(20,756,026)
Cash flows from financing activities		
Net decrease in borrowings on line-of-credit	(1,143,771)	(6,189,694)
Proceeds from long-term borrowings	-	11,930,000
Proceeds from related-party borrowings	3,435,965	-
Payment on long-term borrowings	(262,021)	(91,417)
Payment of debt issuance costs	-	(761,279)
Members' contributions	500,000	7,275,000
Net cash provided by financing activities	2,530,173)	12,162,610
Increase (decrease) in cash	(583,477)	994,720
Cash at beginning of year	1,225,214	230,494
Cash at end of year	$ 641,737	$ 1,225,214
Noncash investing and financing activities		
Notes payable for equipment	$ 42,850	$ 380,981
Supplemental disclosures of cash flow information		
Cash paid for interest	$ 3,764,529	$ 2,895,705

See accompanying notes to combined financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies

Description of Business and Principles of Combination

Express Grain Terminals, LLC, ("EGT"), a limited liability company, is a registered grain storage facility with its primary operations in Greenwood and Sidon, Mississippi. EGT specializes in buying and selling soybeans, soybean oil, wheat and feed. In addition, EGT mills soybeans at its Greenwood facility. The products produced from the milling process include soybean oil, soybean meal and soybean hulls.

The accompanying combined financial statements include the accounts of EGT, as well as the accounts of Express Biodiesel, LLC ("Express Biodiesel"), Express Processing, LLC ("EGT Processing") and its 95 percent owned subsidiary, EGT Leverage Lender, LLC ("Leverage Lender") (collectively, the "Companies"). EGT Processing and Leverage Lender were formed in 2015 and Express Biodiesel was formed in 2018 in connection with EGT's New Markets Tax Credit ("NMTC") Financing as more fully described in Note 6. EGT and these entities share similar ownership. All significant intercompany balances and transactions have been eliminated in combination.

Plan of Operation

As described in Note 4, EGT has a $35 million revolving line-of-credit ("Credit Facility") that matures October 31, 2020 and a $31 million term loan ("Term Loan") that matures September 1, 2020. EGT continues to invest in its Greenwood facility and began operations of its biodiesel plant March 28 2019. After a brief period of operation, the biodiesel facility was idled to make process improvements and is planned to be operational early 2020. The Companies utilized certain assets of their biodiesel plant in Greenwood as collateral for the long-term financing. The Companies' ability to meet their future commitments is significantly dependent upon their biodiesel operations.

The combined financial statements have been prepared on a going concern basis of accounting, which contemplates continuity of operations, realization of assets, and satisfaction of liabilities and commitments in the normal course of business. The combined financial statements do not reflect any adjustments that might result from the outcome of the uncertainties as discussed above.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Companies' 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 amount of revenues and expenses during the reporting period. Specifically, the Companies' management utilizes certain techniques that require significant judgment and estimates to verify quantities on hand of its commodities inventory. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Companies consider all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Accounts Receivable

Accounts receivable are stated at estimated net realizable value. Management determines the allowance for doubtful accounts based on a variety of factors, including the length of time the receivables are past due, significant one-time events and historical experience. Accounts older than 30 days are generally considered past due. No interest accrues on past due accounts. Management has not recorded an allowance for doubtful accounts at June 30, 2019 or 2018.

Inventories

Inventories consist primarily of agricultural commodity inventories, such as wheat, soybeans, soybean oil, soybean meal, and soybean hulls that are readily convertible to cash because of their commodity characteristics, widely available markets and pricing mechanisms. All of EGT's agricultural commodity inventories are valued at net realizable value. The agricultural commodity inventories are freely traded, have quoted market prices, may be sold without significant further processing and have predictable and insignificant disposal costs. Changes in market values are recognized in earnings as a component of cost of sales. This accounting policy is in accordance with the guidelines described in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 905, *Agriculture*.

Margin Assets

EGT has margin deposits with a commodity brokerage firm used to acquire futures and option contracts to manage the price volatility risk of its commodity inventories and unpriced grain purchases. These contracts are recorded at market value.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided on the straight-line method based on the following estimated useful lives: buildings – 39 years, equipment – 3 to 7 years, grain systems – 7 to 39 years, rail systems – 7 to 15 years and land improvements – 7 to 15 years. Major renewals or betterments that extend the useful lives of assets are capitalized. Repairs and maintenance costs are expensed as incurred.

Upon the retirement or sale of property and equipment, its cost and related accumulated depreciation are removed from the respective accounts and any gain or loss is reflected in the operations of the current period.

Asset Impairments

The Companies periodically evaluate whether current facts or circumstances indicate that the carrying value of its depreciable assets to be held and used may not be recoverable. If such circumstances are determined to exist, an estimate of undiscounted future cash flows produced by the long-lived asset or the appropriate grouping of assets is compared to the carrying value to determine whether impairment exists. If an asset is determined to be impaired, the loss is measured based on the difference between the asset's fair value and its carrying value.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

The Companies have construction in process of $2,710,026 at June 30, 2019. As referenced in Note 2, the Companies incurred an additional $1.1 million to complete the projects. Future cash flows related to these capital investments will depend largely on the Companies biodiesel operations, which began operations March 28, 2019, but after a brief period of operation, was idled to make process improvements and was being started back up as of December 31, 2019.

Notes Receivable

The notes receivable relate to Leverage Lender's receivable from a non-related entity entered into in connection with the New Markets Tax Credit financing transactions, as more fully described in Note 6. The notes bear interest at 1.02 to 1.54 percent and are carried at net realizable value. The note, maturing November 19, 2035, requires quarterly, interest only payments through March 2023 with the principal and unpaid interest due November 19, 2035. The note, maturing May 10, 2036, requires quarterly, interest only payments through May 2025 with quarterly principal and interest payments commencing September 10, 2025 through May 10, 2036.

Derivative Instruments and Hedging Activities

All of EGT's derivatives are designated as non-hedge derivatives. The futures and options contracts used by EGT are discussed in Note 5. EGT, as part of its trading activity, use futures and option contracts offered through regulated commodity exchanges. EGT is exposed to risk of loss in the market value of inventories and its unpriced grain purchases. To reduce that risk, EGT generally takes opposite and offsetting positions using futures contracts or options.

Debt Issuance Costs

Debt issuance costs represent costs to acquire debt associated with the NMTC financing, which is more fully described in Note 6, and are amortized using the straight-line method, which approximates the effective interest method, over the expected term of the related debt. Such costs are treated as a reduction of the debt proceeds.

Unpriced Grain Purchases

EGT transacts with certain of its suppliers for commodities for which a purchase price is not determined when EGT takes possession of the related commodities. Under these arrangements, suppliers determine the date for which the pricing will be determined. EGT and its suppliers utilize regulated commodity exchanges to determine pricing. Accordingly, the liability for unpriced grain purchases is recorded at its estimated fair value or estimated price to settle the obligation at June 30, 2019 and 2018.

Revenue Recognition

Sales of agricultural commodities are recognized when persuasive evidence of an arrangement exists, the price is determinable, the product has been delivered, title to the product and risk of loss transfer to the customer, which is dependent on the agreed upon sales terms with the customer and when collection of the sales price is reasonably assured. Sales terms provide for passage of title either at the time and point of shipment or at the time and point of delivery of the product being sold. Shipping and handling costs are included in cost of sales.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Deferred revenues relate to customers who prepay for products that are shipped to them over time. Revenue is recognized on these sales once title and risk of loss is transferred to the customer.

Income Taxes

Taxable income or loss of the Companies is reported on the tax returns of the members. Accordingly, no provision or liability for income taxes has been included in the financial statement of the Companies.

Fair Value Measurements

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosure*, ("ASC 820") establishes a three-level hierarchy for fair value measurements. The hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The classification of fair value within the hierarchy is based upon the lowest level of input that is significant to the measurement. For Level 1, the valuation is based upon quoted prices for identical assets or liabilities in an active market. For Level 2, the valuation is based upon quoted prices for similar assets and liabilities in active markets or other inputs that are observable, either directly or indirectly, for substantially the full term of the financial instrument. For Level 3, the valuation is based upon other unobservable inputs that are significant to the fair value measurement.

The derivative instruments held by EGT, include forward purchase and sales contracts and futures and option contracts which are recorded at fair value. The fair value of futures contracts is determined using the commodity exchange quoted prices (Level 1 inputs). The estimated fair value of forward contracts is determined using the commodity exchange quoted prices, adjusted as appropriate for differences in the local market (Level 1 inputs). Agricultural commodity inventories are stated at market value (net realizable value). Agricultural commodity inventories reported at fair value are valued based on commodity exchange quotations or market transactions with appropriate adjustments for differences in local markets where EGT's inventories are located (Level 2).

The following table presents information about the assets and liabilities recorded at fair value at June 30, 2019:

	Fair Value Measurements at June 30, 2019			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Agricultural commodity inventories	$ -	$ 16,766,642	$ -	$ 16,766,642
Margin assets	4,886,467	-	-	4,886,467
Forward contracts	3,394,322	-	-	3,394,322
Unpriced grain purchases	-	(234,016)	-	(234,016)
Total	$ 8,280,789	$ 16,532,626	$ -	$ 24,813,415

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

The following table presents information about the assets and liabilities recorded at fair value at June 30, 2018:

	Fair Value Measurements at June 30, 2018			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Agricultural commodity inventories	$ -	$ 18,324,032	$ -	$ 18,324,032
Margin assets	2,878,546	-	-	2,878,546
Forward contracts	2,060,134	-	-	2,060,134
Unpriced grain purchases	-	(290,648)	-	(290,648)
Total	$ 4,938,680	$ 18,033,384	$ -	$ 22,972,064

The majority of the Companies' non-financial instruments, which include property and equipment, are not required to be carried at fair value on a recurring basis but are subject to fair value adjustments only in certain circumstances. If certain triggering events occur such that a non-financial instrument is required to be evaluated for impairment, any resulting asset impairment would require that the non-financial instrument be recorded at the lower of historical cost or its fair value.

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), which clarifies the principles for recognizing revenue. This guidance requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Companies will be required to adopt ASU 2014-09 as of July 1, 2019, fiscal year 2020. The Companies are currently evaluating the impact of ASU 2014-09 on the Companies' financial condition, results of operations and cash flows

In August 2017, the FASB issued ASU 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities, which expands and refines hedge accounting for both financial and non-financial risk components, aligns the recognition and presentation of the effects of hedging instruments and hedge items in the financial statements, and includes certain targeted improvements to ease the application of current guidance related to the assessment of hedge effectiveness. ASU 2017-12 is effective for the Companies for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Companies have not yet evaluated the impact of this standard on its financial statements and related disclosures.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2. Property and Equipment

Property and equipment consisted of the following at June 30, 2019 and 2018:

	2019	2018
Land and improvements	$ 1,125,007	$ 1,118,468
Buildings	716,863	500,815
Equipment, bins and grain systems	30,619,937	27,802,894
Oil mill facility	30,142,458	19,963,048
BioDiesel facility	14,194,218	-
Construction in progress	2,710,026	18,194,241
Total property and equipment	79,508,509	67,579,466
Less accumulated depreciation and amortization	17,224,211	13,738,668
Property and equipment, net	$ 62,284,298	$ 53,840,798

Subsequent to year end, EGT incurred capital expenditures, totaling approximately $1.1 million, to complete the construction in progress. In 2019, the Companies capitalized $193,347 of interest in connection with the construction in progress.

Note 3. Inventories

Inventories at June 30, 2019 and 2018 were as follows:

	2019	2018
Soybeans	$ 9,325,047	$ 9,997,319
Soybean oil	2,091,689	2,970,038
Soybean meal	2,484,639	3,678,231
Soybean hulls	525,720	776,476
Corn	2,069,700	-
Wheat	53,155	144,055
Feed	216,692	708,413
Other	54,000	49,500
	$ 16,820,642	$ 18,324,032

Note 4. Credit Facility and Long-term Debt

EGT has a credit agreement (the "Revolving Loan") that provides for a maximum of $35,000,000 in available borrowings. Borrowings bear interest at variable rates based on LIBOR plus the applicable margin (6.69 percent at June 30, 2019). Substantially all assets of EGT collateralize borrowings under the Revolving Loan. At June 30, 2019, outstanding borrowings under the Revolving Loan were $20,416,819. The revolving line-of-credit matures October 31, 2019. However, the revolving line-of-credit may be canceled at any time, at the sole discretion of the lender. The Credit Facility requires EGT maintain a tangible net worth, as defined, of not less than $20,000,000 and a minimum debt service ratio of 1.25:1.00.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

The following is a summary of long-term debt at June 30, 2019 and 2018:

	2019	2018
JOHN DEERE FINANCIAL Payable in monthly, interest-free payments through July 2020	$ 344,644	$ 563,814
RUSTIC VENTURES, LLC NOTE A Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	3,941,006	3,941,006
RUSTIC VENTURES, LLC NOTE B Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	1,938,994	1,938,994
AMCREF CDE FUND 34, LLC NOTE A Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	5,441,776	5,441,776
AMCREF CDE FUND 34, LLC NOTE B Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	2,605,224	2,605,224
AMCREF CDE FUND 34, LLC NOTE C Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	1,153,000	1,153,000
EGT STATE FUND, LLC Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	1,153,000	1,153,000
AMCREF FUND 47, LLC LOAN A Payable in quarterly, interest-only payments through May 2025 with principal and unpaid interest due upon maturity May 2038	3,662,000	3,662,000
AMCREF FUND 47, LLC LOAN B Payable in quarterly, interest-only payments through March 2025 with principal and interest due quarterly from June 2025 through May 2038	1,338,000	1,338,000

Note 4. Continued

MUNISTRATEGIES SUB-CDE#26, LLC LOAN A Payable in quarterly, interest-only payments through May 2025 with principal and unpaid interest due upon maturity May 2038	4,706,800	4,706,800
MUNISTRATEGIES SUB-CDE#26, LLC LOAN B Payable in quarterly, interest-only payments through March 2025 with principal and interest due quarterly from June 2025 through May 2038	1,764,560	1,764,560
MUNISTRATEGIES SUB-CDE#26, LLC LOAN C Payable in quarterly, interest-only payments through March 2025 with principal and unpaid interest due upon maturity May 2025	458,640	458,640
UMB TERM LOAN Payable in quarterly, principal and interest payments of $700,000 beginning July 1, 2019 through September 2020 with remaining principal and accrued and unpaid interest due September 2020	31,000,000	-
Debt issuance costs	(1,101,855)	(1,350,235)
Total long-term debt	58,405,789	27,376,579
Less current maturities	3,035,488	235,488
Long-term debt less current maturities	$ 55,370,301	$ 27,141,091

Aggregate annual maturities of notes payable outstanding at June 30, 2019, are as follows:

Year Ending June 30,	Amount
2020	$ 3,035,488
2021	25,309,156
2022	-
2023	-
2024	-
Thereafter	28,163,000
Total, excluding debt issuance costs	56,507,644
Total debt issuance costs	(1,101,855)
Total long-term debt	$ 55,405,789

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 5. Derivatives

EGT enters into forward purchase and sales contracts ("forward contracts") for the purchase and sale of agricultural commodity inventories. Forward contracts are recorded at fair value. Changes in the fair value of these contracts are recognized in earnings as margin gains and losses. As of June 30, 2019 and 2018, the fair value of forward contracts was $3,394,322 and $2,060,134, respectively. To reduce price risk fluctuations, EGT also follows a policy of using exchange-traded futures contracts to minimize its net position of merchandisable agricultural commodity inventories and forward cash purchase and sales contracts. Changes in the fair value of these investments are recognized in sales as margin gains or losses. As of June 30, 2019 and 2018, EGT's fair value of margin assets was $4,886,467 and $2,878,546, respectively. During 2019 and 2018, EGT recognized gains of $5,877,109 and losses of $2,222,131, respectively, on forward contracts. During 2019 and 2018, EGT recognized gains of $2,664,119 and losses of $4,729,664, respectively, on margin assets. These amounts are included in cost of goods sold in the statements of operations.

Unrealized gains (losses) related to EGT's open positions on exchange traded futures contracts totaled $(538,977) and $(1,441,201) at June 30, 2019 and 2018, respectively.Management did not meet the designation and documentation requirements to account for these transactions as hedge derivatives. Accordingly, the unrealized gains (losses) are recognized in cost of goods sold in the accompanying statements of operations.

EGT considers commodities on hand less unpriced grain purchases, priced forward purchases and sales contracts, and futures contracts when evaluating its net long or short position. EGT utilizes a standard conversion to convert soybeans to soybean oil and meal. The following table summarizes the Companies net long (short) position by commodity at June 30, 2019:

Corn (bushels)	12,014
Soybeans (bushels)	2,855,225
Soybean Meal (tons)	(60,484)
Soybean Oil (pounds)	(33,194,623)

Note 6. New Markets Tax Credit Financing

During 2015, EGT and EGT Processing executed a NMTC transaction, EGT received proceeds to be used for the purchase of specific equipment, as permitted by the NMTC program. EGT and EGT Processing also received below market interest rate loans of $9,382,782 and $8,379.721, bearing interest at 1.5 percent, and maturing in 2035, respectively. In addition, EGT recorded notes receivable for $10,535,782 bearing interest at 1.5 percent, maturing in 2035. In order to comply with the NMTC program, the notes payable and notes receivable are required to be outstanding during a seven year, interest only compliance period. If certain conditions are met, EGT and EGT Processing will be able to settle the net of all the notes payable and notes receivable for a discounted amount after the compliance period.

Note 6. Continued

During 2018, EGT and Express Biodiesel executed a NMTC transaction. EGT received proceeds to be used for the purchase of specific equipment, as permitted by the NMTC program. EGT and Express Biodiesel also received below market interest rate loans of $5,000,000 and $6,930,000, bearing interest from 1.02 to 1.54 percent and maturing in 2038. In addition, EGT recorded notes receivable for $8,368,800 bearing interest at 1.08 percent, maturing in 2036. In order to comply with the NMTC program, the notes payable and notes receivable are required to be outstanding during a seven year, interest only compliance period. If certain conditions are met, EGT and Express Biodiesel will be able to settle the net of all the notes payable and notes receivable for a discounted amount after the compliance period. In connection with the NMTC transaction, EGT assigned assets in construction in progress of $18,194,241 to Express Biodiesel, as of June 30, 2018. The assets transferred represent assets critical to the biodiesel operations and were placed in service in March of 2019.

Incremental costs to maintain the transaction structure during the compliance period are expensed as incurred.

Following is a summary of the assets at June 30, 2019 and 2018 resulting from the NMTC transactions:

	2019	2018
Cash (included in other assets)	$ 561,955	$ 620,400
Notes receivable from Twain Investment Fund 139, LLC	10,535,782	10,535,782
Notes receivable from Express Biodiesel Greenwood Investment Fund, LLC	8,368,800	8,638,800
Total	$ 19,466,537	$ 19,524,982

The above assets are subject to certain risks associated with the compliance requirements of the applicable NMTC transactions.

Note 7. Related Party Transactions

EGT purchased inventories, in the normal course of business, from its owners during the year of June 30, 2019 and 2018. EGT had no payables to owners for inventory purchases at June 30, 2019 or 2018.

During 2019, an owner advanced $3,435,965 to the Companies for use in operations. The note payable with the related party has not stated interest rate or maturity date. The amounts are not expected to be repaid within the next twelve months and do not bear any interest. No amounts owed to owners were outstanding as of June 30, 2018.

Note 8. Concentration of Credit Risk

The Companies generally maintain cash on deposit at banks in excess of federally insured amounts. The amount of uninsured bank balances at risk as of June 30, 2019 totaled approximately $333,327. The Companies have not experienced any losses in such accounts.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 9. Commitments

EGT, from time to time, enters into transactions with a third party to sell soybeans at a specific price and, simultaneously, enter into an agreement to purchase the same quantity of soybeans at a future date. The terms of the future purchase of soybeans by EGT from the third party do not include a fixed price and, therefore, no obligation has been recognized by EGT at June 30, 2019. Sales recognized by EGT under these arrangements totaled approximately $26,986,324 for the year ended June 30, 2019. In connection with these agreements, EGT had 4,555,000 bushels of soybeans under forward purchase contracts at June 30, 2019 priced under basis contracts.

Note 10. Subsequent Events

The Companies have evaluated subsequent events through December 31, 2019, the date these financial statement were available to be issued.

EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES

Greenwood, Mississippi

Combined Financial Statements

Years Ended June 30, 2018 and 2017

EXHIBIT

10

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Express Grain Terminals, LLC and Affiliates
Greenwood, Mississippi

Report on the Financial Statements

We have audited the accompanying combined financial statements of Express Grain Terminals, LLC and Affiliates (the "Companies") which comprise the combined balance sheets as of June 30, 2018 and 2017, and the related combined statements of operations, changes in members' equity and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statement based on our audit. We conducted our audit 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 combined financial statements referred to above present fairly, in all material respects, the financial position of the Companies as of June 30, 2018 and 2017, and the results of their operations and their cash flows for the year ended June 30, 2018, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining information on pages 17-18 is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual companies and is not a required part of the combined 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 combined financial statements. The combining information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements 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 combined financial statements as a whole.

Ridgeland, Mississippi
January 8, 2019

HORNE LLP

EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES
Combined Balance Sheets
June 30, 2018 and 2017

	2018	2017
ASSETS		
Current assets		
Cash	$ 1,225,214	$ 230,494
Accounts receivable	4,932,030	3,087,936
Inventories	18,324,032	32,624,549
Prepaid expenses	341,588	430,469
Forward contracts	2,060,134	-
Margin assets	2,878,546	1,896,899
Total current assets	29,761,544	38,270,347
Notes receivable	18,904,582	10,535,782
Prepaid expenses, noncurrent	674,498	
Property and equipment, net	53,040,798	43,586,101
Other assets	620,400	330,000
Total assets	$ 103,001,822	$ 92,722,230
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable	$ 1,268,423	$ 1,544,831
Current maturities of long-term debt	235,488	91,416
Forward contracts	-	260,657
Borrowings on line of credit	49,560,591	55,750,285
Unpriced grain purchases	290,648	442,433
Deferred revenue	944,168	-
Accrued expenses	228,331	141,342
Total current liabilities	52,527,649	58,230,964
Long-term debt	27,141,091	15,676,579
Total liabilities	79,668,740	73,907,543
Members' equity	23,333,082	18,814,687
Total liabilities and members' equity	$ 103,001,822	$ 92,722,230

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES
Combined Statement of Operations
Years Ended June 30, 2018 and 2017

	2018	2017
Net sales	$ 130,729,900	$ 99,013,286
Cost of goods sold	120,028,419	91,889,906
Gross margin	10,701,481	7,123,380
Operating expenses		
Depreciation & amortization expense	2,663,809	2,655,302
Other operating expenses	8,222,383	5,126,998
Total operating expenses	10,886,192	7,782,300
Operating loss	(184,711)	(658,920)
Other income (expense)		
Other income	134,028	95,699
Interest expense	(2,705,922)	(1,836,807)
Net other expense	(2,571,894)	(1,741,108)
Net loss	$ (2,756,605)	$ (2,400,028)

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES
Combined Statement of Members' Equity
Years Ended June 30, 2018 and 2017

		Members' Equity
Balance, July 1, 2016	$	19,214,715
Net loss		(2,400,028)
Contributions		2,000,000
Balance, June 30, 2017		18,814,687
Net loss		(2,756,605)
Contributions		7,275,000
Balance, June 30, 2018	$	23,333,082

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES
Combined Statement of Cash Flows
Year Ended June 30, 2018

	2018	2017
Cash flows from operating activities		
Net loss	$ (2,756,605)	$ (2,400,028)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Depreciation and amortization	2,663,809	2,655,302
Changes in operating assets and liabilities:		
Margin asset	(981,647)	1,910,917
Accounts receivable	(1,844,094)	(2,213,103)
Inventories	14,300,517	13,166,679
Other Assets	(290,400)	-
Grain payable	(151,785)	(769,778)
Forward contracts	(2,320,791)	2,981,310
Prepaid expenses	(585,617)	(95,144)
Accounts payable and accrued expenses	(189,419)	(429,203)
Deferred Revenue	944,168	-
Net cash provided by (used in) operating activities	8,788,136	14,806,952
Cash flows from investing activities		
Increase in notes receivable	(8,368,800)	-
Purchases of property and equipment	(11,587,226)	(15,420,659)
Proceeds from sale of property and equipment	-	48,848
Net cash used in investing activities	(19,956,026)	(15,371,811)
Cash flows from financing activities		
Net decrease in borrowings on line of credit	(6,189,694)	(1,277,621)
Proceeds from long-term borrowings	11,930,000	-
Payment on long-term borrowings	(91,417)	-
Payment of debt issuance costs	(761,279)	-
Members' contributions	7,275,000	2,000,000
Net cash provided by financing activities	12,162,610	722,379
Increase (decrease) in cash	994,720	157,520
Cash at beginning of year	230,494	72,974
Cash at end of year	$ 1,225,214	$ 230,494
Noncash investing and financing activities		
Notes payable for equipment	$ 380,981	$ 269,000
Supplemental disclosures of cash flow information		
Cash paid for interest	$ 2,895,705	$ 2,026,590

See accompanying notes to combined financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies

Description of Business and Principles of Combination

Express Grain Terminals, LLC, ("EGT"), a limited liability company, is a registered grain storage facility with its primary operations in Greenwood and Sidon, Mississippi. EGT specializes in buying and selling soybeans, soybean oil, wheat and feed. In addition, EGT mills soybeans at its Greenwood facility. The products produced from the milling process include soybean oil, soybean meal and soybean hulls.

The accompanying combined financial statements include the accounts of EGT, as well as the accounts of Express Biodiesel, LLC ("Express Biodiesel"), Express Processing, LLC ("EGT Processing") and its 95 percent owned subsidiary, EGT Leverage Lender, LLC ("Leverage Lender") (collectively, the "Companies"). EGT Processing and Leverage Lender were formed in 2015 and Express Biodiesel was formed in 2018 in connection with EGT's New Markets Tax Credit ("NMTC") Financing as more fully described in Note 6. EGT and these entities share similar ownership. All significant intercompany balances and transactions have been eliminated in combination.

Plan of Operation

The Companies have generated net losses in 2018 and 2017 totaling $2,756,605 and $2,400,028, respectively. The Companies continue to invest in its Greenwood facility in order to bring a biodiesel plant online by end of year 2018. The Companies have incurred approximately $1.5 million in capital expenditures subsequent to year end through the date these financial statements were issued. These capital expenditures have been met through cash flows from operations and borrowings made available through its Credit Facility and NMTC financing and additional expenditures are expected to be met through member contributions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Companies' 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Companies consider all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at estimated net realizable value. Management determines the allowance for doubtful accounts based on a variety of factors, including the length of time the receivables are past due, significant one-time events and historical experience. Accounts older than 30 days are generally considered past due. No interest accrues on past due accounts. Management has not recorded an allowance for doubtful accounts at June 30, 2018 or 2017.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Inventories

Inventories consist primarily of agricultural commodity inventories, such as feed, wheat, soybeans, soybean oil, soybean meal, and soybean hulls that are readily convertible to cash because of their commodity characteristics, widely available markets and pricing mechanisms. All EGT's agricultural commodity inventories are valued at net realizable value. The agricultural commodity inventories are freely traded, have quoted market prices, may be sold without significant further processing and have predictable and insignificant disposal costs. Changes in market values are recognized in earnings as a component of cost of sales. This accounting policy is in accordance with the guidelines described in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 905, *Agriculture*.

Margin Assets

The Companies have margin deposits with a commodity brokerage firm used to acquire futures and option contracts to manage the price volatility risk of its commodity inventories and unpriced grain purchases. These contracts are recorded at market value.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided on the straight-line method based on the following estimated useful lives: buildings – 39 years, equipment – 3 to 7 years, grain systems – 7 to 39 years, rail systems – 7 to 15 years and land improvements – 7 to 15 years. Major renewals or betterments that extend the useful lives of assets are capitalized. Repairs and maintenance costs are expensed as incurred.

Upon the retirement or sale of property and equipment, its cost and related accumulated depreciation are removed from the respective accounts and any gain or loss is reflected in the operations of the current period.

Asset Impairments

The Companies periodically evaluate whether current facts or circumstances indicate that the carrying value of its depreciable assets to be held and used may not be recoverable. If such circumstances are determined to exist, an estimate of undiscounted future cash flows produced by the long-lived asset or the appropriate grouping of assets is compared to the carrying value to determine whether impairment exists. If an asset is determined to be impaired, the loss is measured based on the difference between the asset's fair value and its carrying value.

The Companies have construction in process of $18,194,241 at June 30, 2018. As referenced in Note 2, the Companies incurred an additional $1,500,000 as of the date these financial statments were issued. Future cash flows related to these capital investments will depend largely on the Companies biodiesel operations, which is scheduled to commence on or about January 30, 2018. There can be no assurances that future cash flows will be sufficient to recover the investments in the biodiesel facility.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Notes Receivable

The notes receivable relate to Leverage Lender's receivable from a non-related entity entered into in connection with the New Markets Tax Credit financing transactions, as more fully described in Note 6. The notes bear interest at 1.08 to 1.50 percent and are carried at net realizable value. The note, maturing November 19, 2035, requires quarterly, interest only payments through March 2023 with the principal and unpaid interest due November 19, 2035. The note, maturing May 10, 2036, requires quarterly, interest only payments through May 2025 with quarterly principal and interest payments commencing September 10, 2025 through May 10, 2036.

Derivative Instruments and Hedging Activities

All of the Companies' derivatives are designated as non-hedge derivatives. The futures and options contracts used by the Companies are discussed in Note 5. The Companies, as part of its trading activity, use futures and option contracts offered through regulated commodity exchanges. The Companies are exposed to risk of loss in the market value of inventories and its unpriced grain purchases. To reduce that risk, the Companies generally take opposite and offsetting positions using futures contracts or options.

Debt Issuance Costs

Debt issuance costs represent costs to acquire debt associated with the NMTC financing, which is more fully described in Note 6, and are amortized using the straight-line method, which approximates the effective interest method, over the expected term of the related debt. Such costs are treated as a reduction of the debt proceeds.

Unpriced Grain Purchases

The Companies transact with certain of its suppliers for commodities for which a purchase price is not determined when the Companies take possession of the related commodities. Under these arrangements, suppliers determine the date for which the pricing will be determined. The Companies and its suppliers utilize regulated commodity exchanges to determine pricing. Accordingly, the liability for unpriced grain purchases is recorded at its estimated fair value or estimated price to settle the obligation at June 30, 2018 and 2017.

Revenue Recognition

Sales of agricultural commodities are recognized when persuasive evidence of an arrangement exists, the price is determinable, the product has been delivered, title to the product and risk of loss transfer to the customer, which is dependent on the agreed upon sales terms with the customer and when collection of the sale price is reasonably assured. Sales terms provide for passage of title either at the time and point of shipment or at the time and point of delivery of the product being sold. Shipping and handling costs are included in cost of sales.

Income Taxes

Taxable income or loss of the Companies is reported on the tax returns of the members. Accordingly, no provision or liability for income taxes has been included in the financial statement of the Companies.

Note 1. Continued

Fair Value Measurements

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosure,* ("ASC 820") establishes a three-level hierarchy for fair value measurements. The hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The classification of fair value within the hierarchy is based upon the lowest level of input that is significant to the measurement. For Level 1, the valuation is based upon quoted prices for identical assets or liabilities in an active market. For Level 2, the valuation is based upon quoted prices for similar assets and liabilities in active markets or other inputs that are observable, either directly or indirectly, for substantially the full term of the financial instrument. For Level 3, the valuation is based upon other unobservable inputs that are significant to the fair value measurement.

The derivative instruments held by the Companies include forward purchase and sales contracts and futures and option contracts which are recorded at fair value. The fair value of futures contracts is determined using the commodity exchange quoted prices (Level 1 inputs). The estimated fair value of forward contracts is determined using the commodity exchange quoted prices, adjusted as appropriate for differences in the local market (Level 1 inputs). Agricultural commodity inventories are stated at market value (net realizable value). Agricultural commodity inventories reported at fair value are valued based on commodity exchange quotations or market transactions with appropriate adjustments for differences in local markets where EGT's inventories are located (Level 2).

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

The following table presents information about the assets and liabilities recorded at fair value at June 30, 2018:

	Fair Value Measurements at June 30, 2018			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Agricultural commodity inventories	$ -	$ 18,274,532	$ -	$ 18,274,532
Margin assets	2,878,546	-	-	2,878,546
Forward contracts	(2,482,788)	-	-	(2,482,788)
Unpriced grain purchases	-	(290,648)	-	(290,648)
Total	$ 395,758	$ 17,983,884	$ -	$ 18,379,642

The following table presents information about the assets and liabilities recorded at fair value at June 30, 2017:

	Fair Value Measurements at June 30, 2017			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Agricultural commodity inventories	$ -	$ 32,594,849	$ -	$ 32,594,849
Margin assets	1,896,899	-	-	1,896,899
Forward contracts	(260,657)	-	-	(260,657)
Unpriced grain purchases	-	(442,433)	-	(442,433)
Total	$ 1,636,242	$ 32,152,416	$ -	$ 33,788,658

The majority of the Companies' non-financial instruments, which include property and equipment, are not required to be carried at fair value on a recurring basis but are subject to fair value adjustments only in certain circumstances. If certain triggering events occur such that a non-financial instrument is required to be evaluated for impairment, any resulting asset impairment would require that the non-financial instrument be recorded at the lower of historical cost or its fair value.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), which clarifies the principles for recognizing revenue. This guidance requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company will be required to adopt ASU 2014-09 as of July 1, 2019, fiscal year 2020. The Company is currently evaluating the impact of ASU 2014-09 on the Company's financial condition, results of operations and cash flows

In August 2017, the FASB issued ASU 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities, which expands and refines hedge accounting for both financial and non-financial risk components, aligns the recognition and presentation of the effects of hedging instruments and hedge items in the financial statements, and includes certain targeted improvements to ease the application of current guidance related to the assessment of hedge effectiveness. ASU 2017-12 is effective for the Company for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Company has not yet evaluated the impact of this standard on its financial statements and related disclosures.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. These reclassifications had no effect on previously reported income or total members' equity.

Note 2. Property and Equipment

Property and equipment consisted of the following at June 30, 2018 and 2017:

	2018	2017
Land and improvements	$ 1,118,468	$ 1,118,468
Buildings	500,815	492,815
Equipment, bins and grain systems	27,802,894	27,101,251
Oil mill facility	19,163,048	18,154,512
Construction in progress	18,194,241	7,944,213
Total property and equipment	66,779,466	54,811,259
Less accumulated depreciation and amortization	13,738,668	11,225,158
Property and equipment, net	$ 53,040,798	$ 43,586,101

As of June 30, 2018, the Companies anticipated capital expenditures to complete the construction in progress totaled approximately $1.2 million, and had incurred approximately $1.5 million as of the date these financial statements were issued. The capital expenditures subsequent to year end were funded from cash provided by operations and borrowings made available through the line of credit and NMTC financing and are expected to continue to be funded through member contributions. In 2018, the Companies capitalized $266,970 of interest in connection with the construction in progress.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 3. Inventories

Inventories at June 30, 2018 and 2017 were as follows:

	2018	2017
Soybeans	$ 9,997,319	$ 19,518,013
Soybean oil	2,970,038	1,167,782
Soybean meal	3,678,231	11,193,473
Soybean hulls	776,476	630,368
Wheat	144,055	85,213
Feed	708,413	-
Other	49,500	29,700
	$ 18,324,032	$ 32,624,549

Note 4. Credit Facility and Long-term Debt

The Companies have a credit agreement (the "Revolving Loan") that provides for a maximum of $55,000,000 in available borrowings. Borrowings bear interest at variable rates based on LIBOR plus the applicable margin (6.34 percent at June 30, 2018). Substantially all assets of the Companies collateralize borrowings under the Revolving Loan. At June 30, 2018, outstanding borrowings under the Revolving Loan were $49,560,591. The Revolving Loan matured on December 10, 2018, and was renewed for a one year term. The maximum available borrowings was also increased to $60,000,000.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

The following is a summary of long-term debt at June 30, 2018 and 2017:

	2018	2017
JOHN DEERE FINANCIAL Payable in monthly, interest-free payments through July 2020	$ 563,814	$ 274,250
RUSTIC VENTURES, LLC NOTE A Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2023	3,941,006	3,941,006
RUSTIC VENTURES, LLC NOTE B Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2023	1,938,994	1,938,994
AMCREF CDE FUND 34, LLC NOTE A Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2023	5,441,776	5,441,776
AMCREF CDE FUND 34, LLC NOTE B Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2023	2,605,224	2,605,224
AMCREF CDE FUND 34, LLC NOTE C Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2023	1,153,000	1,153,000
EGT STATE FUND, LLC Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	1,153,000	1,153,000
AMCREF FUND 47, LLC LOAN A Payable in quarterly, interest-only payments through March 2025 with principal and interest due quarterly from June 2025 through May 2038	3,662,000	-
AMCREF FUND 47, LLC LOAN B Payable in quarterly, interest-only payments through March 2025 with principal and interest due quarterly from June 2025 through May 2038	1,338,000	-
MUNISTRATEGIES SUB-CDE#26, LLC LOAN A Payable in quarterly, interest-only payments through March 2025 with principal and interest due quarterly from June 2025 through May 2038	4,706,800	-
MUNISTRATEGIES SUB-CDE#26, LLC LOAN B Payable in quarterly, interest-only payments through March 2025 with principal and interest due quarterly from June 2025 through May 2038	1,764,560	-
MUNISTRATEGIES SUB-CDE#26, LLC LOAN C Payable in quarterly, interest-only payments through March 2025 with principal and interest due quarterly from June 2025 through May 2038	458,640	-
Debt issuance costs	(1,350,235)	(739,255)
Total long-term debt	27,376,579	15,767,995
Less current maturities	235,488	91,416
Long-term debt less current maturities	$ 27,141,091	$ 15,676,579

Note 5. Derivatives

The Companies enter into forward purchase and sales contracts ("forward contracts") for the purchase and sale of agricultural commodity inventories. Forward contracts are recorded at fair value. Changes in the fair value of these contracts are recognized in earnings as margin gains and losses. As of June 30, 2018 and 2017, the fair value of forward contracts was $2,060,134 and ($260,657), respectively. To reduce price risk fluctuations, the Companies also follow a policy of using exchange-traded futures contracts to minimize its net position of merchandisable agricultural commodity inventories and forward cash purchase and sales contracts. Changes in the fair value of these investments are recognized in sales as margin gains or losses. As of June 30, 2018 and 2017, the Companies' fair value of margin assets was $2,878,546 and $1,896,899, respectively.

Note 6. New Markets Tax Credit Financing

During 2015, The Company and EGT Processing executed a NMTC transaction, which was enacted by the U.S. Congress as part of the Community Renewal Tax Relief Act of 2000. The Company received proceeds to be used for the purchase of specific equipment, as permitted by the NMTC program. The Company and EGT Processing also received below market interest rate loans of $9,382,782 and $8,379.721, bearing interest at 1.5 percent, and maturing in 2035, respectively. In addition, the Company recorded notes receivable for $10,535,782 bearing interest at 1.5 percent, maturing in 2035. In order to comply with the NMTC program, the notes payable and notes receivable are required to be outstanding during a seven year, interest only compliance period. If certain conditions are met, the Company and EGT Processing will be able to settle the net of all the notes payable and notes receivable for a discounted amount after the compliance period.

During 2018, The Company and Express Biodiesel executed a NMTC transaction, which was enacted by the U.S. Congress as part of the Community Renewal Tax Relief Act of 2000. The Company received proceeds to be used for the purchase of specific equipment, as permitted by the NMTC program. The Company and Express Biodiesel also received below market interest rate loans of $5,000,000 and $6,930,000, bearing interest from 1.02 to 1.54 percent and maturing in 2038. In addition, the Company recorded notes receivable for $8,368,800 bearing interest at 1.08 percent, maturing in 2036. In order to comply with the NMTC program, the notes payable and notes receivable are required to be outstanding during a seven year, interest only compliance period. If certain conditions are met, the Company and Express Biodiesel will be able to settle the net of all the notes payable and notes receivable for a discounted amount after the compliance period. In connection with the NMTC transaction, EGT assigned assets in construction in progress of $18,194,241 to Express Biodiesel. The assets transferred represent assets critical to the biodiesel operations.

Incremental costs to maintain the transaction structure during the compliance period are expensed as incurred.

Following is a summary of the assets at June 30, 2018 and 2017 resulting from the NMTC transactions:

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 6. Continued

	2018	2017
Cash (reserve account)	$ 620,400	$ 330,000
Notes receivable from Twain Investment Fund 139, LLC	10,535,782	10,535,782
Notes Receivable from Express Biodiesel Greenwood Investment Fund, LLC	8,638,800	-
Total	$ 19,524,982	$ 10,865,782

The above assets are subject to certain risks associated with the compliance requirements of the applicable NMTC transactions.

Note 7. Related Party Transactions

The Companies purchased inventories from its owners during the year of June 30, 2018 and 2017. The Companies had no payables to owners for inventory purchases at June 30, 2018 or 2017.

Note 8. Concentration of Credit Risk

The Companies generally maintain cash on deposit at banks in excess of federally insured amounts. The amount of uninsured bank balances at risk as of June 30, 2018 totaled approximately $131,576. The Companies have not experienced any losses in such accounts.

Note 9. Commitments

The Companies, from time to time, enter into transactions with a third party to sell soybeans at a specific price and, simultaneously, enter into an agreement to purchase the same quantity of soybeans at a future date. The terms of the future purchase of soybeans, by the Companies from the third party, do not include a fixed price and therefore, no obligation has been recognized by the Companies at June 30, 2018. Sales recognized by the Companies under these arrangements totaled approximately $33,600,000 for the year ended June 30, 2018. In connection with these agreements, the Companies had 2,400,000 bushels of soybeans under forward purchase contracts at June 30, 2018.

Note 10. Subsequent Events

The Companies have evaluated subsequent events through January 8, 2018, the date these financial statement were available to be issued.

SUPPLEMENTARY INFORMATION

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES
Combining Balance Sheet
June 30, 2018

	Express Grain Terminals, LLC	Express Biodiesel, LLC Express Processing, LLC and Subsidiary	Eliminations	Express Grain Terminals, LLC Combined
ASSETS				
Current assets				
Cash and cash equivalents	$ 30,866	$ 1,194,348	$ -	$ 1,225,214
Receivables, net	4,932,030	-	-	4,932,030
Inventories	18,324,032	-	-	18,324,032
Prepaid expenses	341,588	-	-	341,588
Forward contracts	2,060,134	-	-	2,060,134
Margin assets	2,878,546	-	-	2,878,546
Total current assets	28,567,196	1,194,348	-	29,761,544
Notes receivable	-	36,667,085	17,762,503	18,904,582
Property and equipment, net	34,846,557	18,194,241	-	53,040,798
Prepaid expenses, noncurrent	674,498	-	-	674,498
Other Assets	8,475,248	124,711	7,979,559	620,400
Total assets	$ 72,563,499	$ 56,180,385	$ 25,742,062	$ 103,001,822
LIABILITIES AND MEMBERS' EQUITY				
Current liabilities				
Accounts payable	$ 1,268,423	$ -	$ -	$ 1,268,423
Current maturities of long-term debt	235,488	-	-	235,488
Borrowings on line of credit	49,560,591	-	-	49,560,591
Unpriced grain purchases	290,648	-	-	290,648
Deferred Revenue	944,168			944,168
Accrued expenses	228,331	-	-	228,331
Total current liabilities	52,527,649	-	-	52,527,649
Long-term debt	14,805,776	30,097,818	17,762,503	27,141,091
Total liabilities	67,333,425	30,097,818	17,762,503	79,668,740
Total members' equity	5,230,074	26,082,567	7,979,559	23,333,082
Total liabilities and members' equity	$ 72,563,499	$ 56,180,385	$ 25,742,062	$ 103,001,822

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES
Combining Statement of Operations
Year Ended June 30, 2018

	Express Grain Terminals, LLC	Express Biodiesel, LLC Express Processing, LLC and Subsidiary	Eliminations	Express Grain Terminals, LLC Combined
Net sales	$ 130,729,900	$ -	$ -	$ 130,729,900
Cost of goods sold	120,028,419	-	-	120,028,419
Gross margin	10,701,481	-	-	10,701,481
Operating expenses				
Depreciation & amortization expense	2,650,215	13,594	-	2,663,809
Other operating expenses	8,222,166	217	-	8,222,383
Total operating expenses	10,872,381	13,811	-	10,886,192
Operating loss	(170,900)	(13,811)	-	(184,711)
Other income (expense)				
Other income	134,028	-	-	134,028
Interest income	-	219,673	(219,673)	-
Interest expense	(2,823,738)	(101,857)	219,673	(2,705,922)
Total other income (expense)	(2,689,710)	117,816	-	(2,571,894)
Net income (loss)	$ (2,860,610)	$ 104,005	$ -	$ (2,756,605)

SO ORDERED,

Judge Selene D. Maddox

United States Bankruptcy Judge

The Order of the Court is set forth below. The case docket reflects the date entered.

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF MISSISSIPPI

IN RE: EXPRESS GRAIN TERIMNALS, LLC[1] **CASE NO. 21-11832-SDM**

DEBTOR **CHAPTER 11**

FINAL ORDER (I) AUTHORIZING USE OF CASH COLLATERAL, (II) AUTHORIZING CONTINUED USE OF EXISTING BANK ACCOUNTS AND CASH MANAGEMENT SYSTEM, (III) GRANTING ADEQUATE PROTECTION, AND (IV) FOR OTHER RELIEF

This matter, once again, came before the Court for hearing on January 26, 2022 on the *Motion for Use of Cash Collateral, to Authorize Continued Use of Existing Bank Accounts and Cash Management System and Granting Adequate Protection* (the "Cash Collateral Motion") (Dkt. #16) filed by Express Grain Terminals, LLC ("Express Grain", the "Debtor", or collectively with the administratively consolidated Debtors as the "Business Debtors"). In addition to Express Grain's request for this Court to enter a Final Order authorizing the use of cash collateral, the Court also considered the *EGT Winddown Plan* (Dkt. #1759) (Debtor's Exhibit 2). After review of the evidence presented (both testimony and documents) and arguments made by Express Grain and other Creditors and interested parties in their pleadings and at the hearing, the Court is now prepared to rule.

[1] The above styled case is being jointly administered with *In re Express Biodiesel, LLC*, Case No. 21-11834-SDM and *In re Express Processing, LLC*, Case No. 21-11835-SDM.

Since the beginning of this bankruptcy case on September 29, 2021 until the present, it has been clear to the Court (even after its review of all the evidence presented at the most recent hearing on January 26, 2022) that the best path forward for the Business Debtors is continued operation to maximize the value of the business and assets with the end goal being a sale of the business and its assets as a going concern at the highest price possible. In most of the Court's orders, including six interim cash collateral orders (Dkt. #s 120, 603, 643, 976, 1309, 1509, 1605, and 1648) and in its most recent Memorandum Opinion and Order (Dkt. #1767), the Court has taken this position based on the evidence presented to it. For some reason, and it is still lost on the Court, some parties continue to advocate for the immediate shutdown of operations in hopes to force a sale of the Business Debtors' assets either in a chapter 7 liquidation[2], by the appointment of a chapter 11 trustee, or at the hands of CR3 Partners, LLC ("CR3") and its personnel (including Dennis Gerrard ("Gerrard"), the Chief Restructuring Officer (the "CRO")).

The Mississippi Department of Agriculture argued at the hearing that if the Court allows the continued use of cash collateral, the Court would be "sanctioning fraud," even though there is no evidence to indicate that CR3 and the CRO had anything to do with the fraud allegations against Express Grain's President, John Coleman ("Coleman"), or the Business Debtors prior to CR3's arrival. The Court is allowing the manufacturing operation to continue in large part due to Express Grain's control under CR3 and the CRO—not Coleman. Some production lenders, farmers and farming entities continue to assert that the use of prepetition soybeans (and likely postpetition

[2] The Court is scheduled to hear the *Amended Joint Motion to Convert to Chapter 7 Liquidation and for Order Directing Appointment of Trustee Pursuant to 11 U.S.C. §§ 701 and 702 or, Alternatively, for Appointment of Chapter 11 Trustee* (Dkt. #1768) filed by various farmers and farming entities on February 7, 2022. While the Court has not chosen to appoint a trustee or force Express Grain's immediate closure based on the evidence presented thus far in the bankruptcy case, the facts and circumstances may dictate a different conclusion by the Court on February 7, 2022.

soybeans) in Express Grain's manufacturing operation is a lost cause. While the Court considers every argument and all evidence submitted in support of and against Express Grain's continued use of cash collateral, the Court weighs that information against the CRO's testimony and the financial information provided by Gerrard and other parties.

Most importantly, the Court considers the likelihood of potential buyers at this point in the bankruptcy case. Gerrard's testimony at the hearing suggested that there are multiple buyers interested in in the terminal or storage side of the Business Debtors' operation, as well as at least one buyer with "moderate interest" in the manufacturing facility. Based on this information, the Court believes that the Business Debtors should be allowed to use cash collateral on a final basis to implement "Scenario 2" as described in the EGT Winddown Plan. Either way, this Court's Order should be viewed by the Business Debtors as its final opportunity—it is time for the Business Debtors to put their cards on the table or withdraw from the game. In other words, the Court expects the Business Debtors to effectively winddown operation but focus primarily on securing a buyer for the purchase of the business as a going concern.

The Court must also acknowledge that it does agree with counsel for at least two production lenders that there are certain requirements that should be in place regardless of the Court's decision to allow CR3 to use cash collateral on a final basis and effectuate "Scenario 2" of the EGT Winddown Plan. In addition to extending the same protections and adequate protection as provided for in the sixth interim cash collateral order, the Court is also imposing the requirement that the Business Debtors must file all outstanding Monthly Operating Reports (MORs) no later than seven days from the entry of this final Order.

The goal of this Final Order is to implement the proposed final, cash collateral order (which amends the sixth interim cash collateral order (Dkt. #1648) offered by UMB, the EGT Winddown

Plan as proposed by Express Grain and CR3, and at least one or two suggestions from counsel for two production lenders. To the extent that the EGT Winddown Plan conflicts with the terms required for the final use of cash collateral as described in this Final Order, this Final Order shall control over the EGT Winddown Plan.

Based on the above, the Court finds as follows[3]:

1. The Business Debtors commenced the jointly administered cases by filing their Voluntary Petition for Relief under Chapter 11 of the United States Bankruptcy Code ("the Bankruptcy Code") on September 29, 2021 (the "Petition Date").

2. This Court has jurisdiction to hear the Cash Collateral Motion under 28 U.S.C. §§ 157 and 1334. This matter is a "core proceeding" within the meaning of 28 U.S.C. § 157.

3. The Business Debtors continue to operate their businesses and manage their property as debtors in possession pursuant to 11 U.S.C. §§ 1107 and 1108.[4] On December 14, 2022, the Court appointed Dennis Gerrard, with CR3 Partners, LLC, as chief restructuring officer (the "CRO") in its bench ruling and then later in its Memorandum Opinion and Order (Dkt. #1767).

4. As of the Petition Date, the Business Debtors were originally in possession and control of cash and, since the Petition Date, have continued business operations that generate cash. The Business Debtors have reduced and continue to reduce various assets asserted by the Business Debtors to be assets of the bankruptcy estate to include cash and including, without limitation,

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[3] The Court notes that it revised some of the provisions below, which differ from the sixth interim cash collateral order and/or proposal submitted by UMB. The parties, particularly the Business Debtors, should review as necessary to ensure compliance with any requirements.

[4] Unless noted otherwise, all statutory references will be to Title 11 of the United States Code.

inventory (whether grain held by Express Grain or finished inventory, e.g., oil, meal, hulls, pellets), farm products, and accounts receivable collections (collectively, the "Cash Collateral").[5]

5. StoneX, Macquarie, UMB, and several other interested parties (including farmers, farming entities, and production lenders) assert lien and/or ownership interests in certain pre-petition soybeans and corn stored by one or more of the Business Debtors (the "PrePetition Grain") by virtue of, among other reasons, their possession of documentation that constitute valid warehouse receipts and scale tickets under applicable law (collectively, the "PrePetition Grain Interest Holders"). The PrePetition Grain was generally held in common storage and not segregated by the party asserting ownership and/or lien rights in such PrePetition Grain. Accordingly, the proceeds from the use and sale of the PrePetition Grain may also be considered, at least in part, Cash Collateral.

6. In the Cash Collateral Motion, the Business Debtors seek to use property that constitutes Cash Collateral under § 363. In addition, the Business Debtors need to continue to use the soybeans that make up the PrePetition Grain as part of their soybean crushing and refining operations and to execute "Scenario 2" of the EGT Winddown Plan. Certain production lenders and farmers have objected to the use of the soybeans under § 557(i) in their prior objections to the use of Cash Collateral. This Court issued a bench ruling on December 14, 2021, which is the subject of a Memorandum Opinion and Order (Dkt. #1767) issued on January 25, 2022, that addresses the § 557(i) issue. The Court determined that the timing of § 557(i)'s implementation is subject to the Court's discretion under the § 557 procedures. Objections to the continued crushing of soybeans were, nevertheless, renewed at the hearing held on January 26, 2022.

[5] All interested parties' rights, claims, and defenses are reserved as to whether and to what extent any of the Cash Collateral as defined in this Order is property of any of the Business Debtors' estates.

7. Business Debtors assert, and the Courts finds, that an immediate need exists for the Business Debtors to use Cash Collateral and the PrePetition Grain to continue essential operations, acquire goods and services, and pay other necessary and essential business expenses, and execute "Scenario 2" of the EGT Winddown Plan. The Court finds and agrees with the Business Debtors that the failure of the Business Debtors' ability to use such Cash Collateral and PrePetition Grain would immediately and irreparably harm the Business Debtors, their bankruptcy estates, and their Creditors. Multiple objections to the use of Cash Collateral have been filed to the Cash Collateral Motion, renewed throughout the various hearings on this issue and are overruled to the extent not otherwise in this Order.

8. In the ordinary course of the Business Debtors' operations, the Business Debtors maintain certain bank accounts (collectively, the "Bank Accounts") with UMB, which provide established mechanisms for the collection, management, and disbursement of funds used in the Business Debtors' operations (the "Cash Management System"). The Business Debtors also maintained bank accounts with BankPlus, which have now been closed. In addition, the prepetition Bank Accounts at UMB have now been closed. After the Petition Date, Express Grain received sale proceeds for the sale of soybeans in the amount of $4,614,282.74., which, under the Court's previous order, are currently being held in a separately segregated DIP Account maintained by UMB.

9. On October 5, 2021, the Court first entered the Agreed Interim Order (I) Authorizing Use of Cash Collateral, (II) Authorizing Use of Existing Bank Accounts Cash Management System, and (III) Granting Adequate Protection (Dkt. #32), which has been amended and subsequently continued through January 28, 2022 (as amended, the "Cash Collateral Order"). See Dkt. #s 120, 603, 643, 976, 1309, 1509, 1605, and 1648.

10. Good cause has been shown for the immediate entry of this Order and the continued use of Cash Collateral and for the use of the PrePetition Grain[6] to implement and execute "Scenario 2" of the EGT Winddown Plan. Further, the Court believes the Business Debtors have met their burden to prove there is sufficient adequate protection under § 361(p)(1). In the Sixth Interim Order granting use of cash collateral, the Court found that additional adequate protection under §§ 361 and 363(c)(2)(b) was ordered over and above that provided by prior interim orders of this Court pending this Court's consideration of this Final Order on the Cash Collateral Motion. The Court finds that the additional adequate protection should be continued because, among other things, the entry of the Order: (i) will enable the Business Debtors to continue the operation of their business, subject to the provisions of this Order, and avoid immediate and irreparable harm to the Business Debtors' estates; (ii) will permit the Business Debtors' to acquire essential goods and services, and pay other necessary and ordinary business expenses; (iii) implement and execute "Scenario 2" of the EGT Winddown Plan and (iv) is in the best interests of the Debtors, their creditors, and their bankruptcy estates. While the Cash Collateral Motion was filed only in Express Grain's bankruptcy case, Case No. 21- 11832, prior to orders allowing joint administration, it is the Court's intention that this Order along with the previous cash collateral orders equally apply in the associated Business Debtor cases, i.e., Case Nos. 21-11834-SDM and 21-11835-SDM.

Based on the findings above, it is therefore, **ORDERED,** that on a final basis, subject to further orders of the Court that may be entered in the future, the Business Debtors are hereby

[6] The terms "Collateral", "Cash Collateral" and "PrePetition Grain" are used throughout this Order separately and together. For the avoidance of doubt, PrePetition Grain may also fall into the definition of Collateral and proceeds related to PrePetition Grain may constitute Cash Collateral. Separate use of such terms in this Order is without prejudice to any argument or claim that any of PrePetition Grain may constitute Collateral and that the proceeds from the PrePetition Grain may constitute Cash Collateral.

authorized under §§ 105(a) and 363(c)(1) to continue to manage collection and disbursement of its cash utilizing its Cash Management System in the ordinary course of business consistent with its prepetition practices, and to collect and disburse cash in accordance with the Cash Management System subject to the provisions of this Order.

It is further, **ORDERED,** that with respect to the final use of the Cash Management System:

a. The Business Debtors shall continue their Cash Management System with UMB and continue to centralize their depository accounts with UMB, including, but not limited to any debtor-in-possession accounts that the Business Debtors may open (the "DIP Accounts").[7] The Business Debtors shall not open any additional accounts at any other financial institutions without (i) giving adequate notice to the United States Trustee (the "UST"), UMB, and other interested parties as the Court may direct, and (ii) receiving the express written consent from UMB and Court approval. The Business Debtors shall continue to maintain a separate DIP account at UMB holding the $4,614,292.74 (the "Segregated Train DIP Account") in sale proceeds from the sale of soybeans which were received after the Petition Date.

b. UMB is authorized to continue to service and administer the Bank Accounts as depository accounts of the Business Debtors as debtors-in-possession without interruption and in the usual and ordinary course of business, and to receive, process, honor, and pay, in accordance with this Order, any or all checks, drafts, wires or ACH Transfers drawn on such Bank Account.

c. UMB is authorized to accept and rely upon, without further inquiry, all representations from the Business Debtors as to which checks, drafts, wires or ACH Transfers are

[7] The term "Bank Accounts" shall include the DIP Accounts.

dated prior to, on, or after the Petition Date and which checks are to be honored or dishonored, regardless of whether such payment or honoring is or is not authorized by an order of the Court. UMB shall not incur, and is hereby released from, any liability for relying upon the Business Debtors' instruction as to which checks, drafts, wires or ACH Transfers should be honored or dishonored or for such UMB's inadvertence in honoring any check, draft, wire or ACH Payment at variance from the Debtors' instructions unless such inadvertence constituted gross negligence or willful misconduct on the part of UMB. The Business Debtors shall promptly provide a list of checks to UMB for each Bank Account, specifying by check sequencing number, dollar amount and payee information those checks that are to be dishonored by UMB, which checks may include those issued after the Petition Date as well as those issued prior to the Petition Date that are not to be honored or paid according to any order of the Court, and UMB may honor all other checks.

d. Except for those checks, drafts, wires or ACH Transfers that are authorized or required to be honored under an order of the Court, the Business Debtors shall not instruct or request UMB to pay or honor any check, draft or other payment item issued on a Bank Account prior to the Petition Date but presented to UMB for payment after the Petition Date.

e. Notwithstanding anything to the contrary herein, UMB shall not be obligated to honor any check or other payment item drawn on a Bank Account at UMB unless there are sufficient and collected funds in such Bank Account.

f. The Business Debtors and UMB are hereby authorized to continue to perform pursuant to the terms of any prepetition agreement that exists between them relating to any Bank Account, or other cash management service relating to the Cash Management System, except to the extent expressly prohibited by this Order, and the parties to such agreements shall continue to enjoy the rights, benefits, liens, offset rights, privileges, and remedies afforded them under such

agreements except to the extent expressly modified by the terms of this Order.

g. The Business Debtors are hereby expressly directed to notify UMB of all pending checks, drafts, or other advances that should be stopped because of the bankruptcy filing and take the necessary steps with UMB to stop payment on such checks, drafts, or advance. UMB shall not be required to review each check, wire, draft, or other advance to determine whether such item should be paid and may pay all incoming items absent contrary timely written direction from the Debtors. Further, to the extent that UMB in good faith (i) honors a check, draft, wire, or other advance that is not in compliance with this Order or any other of this Court's orders (a "Noncompliant Advance") or (ii) refuses to honor a check, draft, wire or other advance, then UMB shall have no liability for the same or be deemed to have waived any of its rights with respect to the same.

h. UMB is authorized to accept and honor all representations from the Business Debtors as to which checks, drafts, wires, transfer requests, or ACH transfers shall be honored or dishonored consistent with any order(s) of this Court and governing law, whether such checks, drafts, wires, transfer requests, or ACH transfers are dated prior to or subsequent to the Petition Date. To the extent the Business Debtors overdraw their account, any deficiency or debt created because of a postpetition overdraft shall be an administrative expense pursuant to Code § 503(b).

i. UMB is authorized to charge back against the bank accounts (i) any returned items drawn or presented against the bank accounts, regardless of whether such returned items originated prepetition or postpetition, and (ii) any overadvances, credit balances or other customary fees or expenses on the bank account that arise in the ordinary course of business, either prepetition or postpetition, in connection with the use and management of such bank accounts; provided, however, that UMB shall not be required to make transfers from or honor any draws against any

of the Bank Accounts except to the extent of collected funds available in such respective bank accounts. For the avoidance of doubt, UMB is not authorized pursuant to this Order to charge back against the DIP Accounts the overdraft that existed on the Petition Date in the approximate amount of $1,865,471.24.

j. UMB is authorized to (i) continue to charge the Business Debtors for certain services and other fees, costs, charges and expenses (collectively, the "Bank Fees") and (ii) charge back returned items, whether such items are dated prior to, on or subsequent to the Petition Date, to the bank accounts in the ordinary course, and the Debtors are authorized to pay such fees.

k. MuniStrategies Sub-CDE#26, LLC, Heartland Renaissance Fund Sub 32, LLC, Rustic Ventures, L.L.C., AMCREF Fund 47, LLC, AMCREF Fund 50, LLC, and NEW MARKETS INVESTMENT 126, LLC filed and/or asserted limited objections to the Cash Collateral Motion asserting certain lien and pledge rights in the following Accounts:

Last 4 Digits of Account	
1563	SunTrust Bank
7974	U.S. Bank National Association
8390	U.S. Bank National Association
1555	SunTrust Bank
7958	U.S. Bank National Association
7966	U.S. Bank National Association

(the "Non-UMB Reserve Accounts"). Notwithstanding any other provision in this Order to the contrary, the funds in the Non-UMB Reserve Accounts shall not be transferred to UMB and such accounts shall remain frozen pending a determination of the validity, extent, and priority of the various security interests and liens in such account. For the avoidance of doubt, no determination has been made with respect to the various interests in the Non-UMB Reserve Accounts. The depository institutions holding such funds are directed to take all steps to secure and freeze such

accounts subject to further Order of this Court. The Business Debtors are hereby directed to immediately provide this Order to such financial institutions alerting them of this Court's Order.

l. Under the Cash Collateral Order, the following segregated DIP Accounts have been established: (a) the "Segregated Train DIP Account"; (b) the "Segregated Bean DIP Account"; (c) the "Segregated Corn DIP Account"; and (d) "Additional Revenue Proceeds DIP Account".

It is further, **ORDERED**, to the extent not closed, that BankPlus is hereby directed to close the Business Debtors' accounts and transfer all account balances with respect to the Business Debtors to the DIP Accounts at UMB. BankPlus and UMB are authorized to communicate directly, exchange information, and cooperate with each other to comply with the terms of this Order and the previous cash collateral orders and to facilitate the orderly transition of the accounts.

It is further, **ORDERED**, that the Business Debtors, subject to the provisions and limitations of this Order, are granted the use of Cash Collateral and PrePetition Grain on a final basis for the expenses listed in the budget attached as **Exhibit A** (the "Budget") for the time period from January 25, 2022 to and including February 25, 2022 (the "Final Period"), and for payment of United States Trustee fees owed pursuant to 28 U.S.C. § 1930(a)(6), unless specifically prohibited by this Order. Absent separate Order of the Court, no salary shall be paid to John Coleman.

It is further, **ORDERED**, that the Court finds that those with interests in the PrePetition Grain and Cash Collateral are adequately protected by the prior orders this Court has entered allowing interim use of Cash Collateral and by this Order, and adequate protection has been, and is, being provided to the PrePetition Grain Holders and those who assert interests in Cash Collateral under the following provisions, particularly with respect to granting of rights under Paragraphs b, c, and d, and under Paragraph (j)(4) of this Order, which require that the Business Debtors' continued

final use of Cash Collateral and PrePetition Grain is expressly conditioned upon the following:

a Budget. Without prior approval of the Court or the express written consent of UMB, the Business Debtors are authorized to pay the reasonable amounts which are the actual, ordinary and necessary expenses in the operation of its business not to exceed one hundred and ten percent (110%) of the amount stated for each category of expenses in the Budget during the Final Period; provided, however, that in no event, even if included in the Budget, should Cash Collateral or proceeds of the Pre-Petition Grain during the Final Period be used to pay pre-petition claims or obligations, other secured claims, or obligations to insiders unless specifically authorized by this Order or separate order from this Court. The only pre-petition claims that have been authorized to be paid are the Status Quo Operating Expenses (as defined in previous cash collateral orders). With respect to the payment of professional fees, accrued, billed, and budgeted professional fees and expenses shall be escrowed on a weekly basis, but shall not be paid without further Court order. Business Debtors shall provide on a weekly basis supporting invoices related to the escrowed fees subject to any necessary redactions to preserve attorney client, work product, or other applicable privilege. All fees and expenses remain subject to approval pursuant to §§ 327, 328, 329, 330, and 331 and applicable Local and Bankruptcy Rule. Nothing herein shall be deemed as consent by UMB or other PrePetition Grain Holders to a carveout for such fees. The Budget remains subject to the various adequate protection provisions set forth in this Final Order.

b. Replacement Liens. Effective as of the Petition Date, UMB and the other Pre-Petition Grain Interest Holders are hereby granted replacement security interests in, and liens on, all property acquired postpetition of the Business Debtors and the Business Debtors' bankruptcy estates that is the same type of property that UMB and the other PrePetition Grain Interest Holders may respectively hold a prepetition interest, lien or security interest to the extent of the validity and

priority of such interests, liens, or security interests, if any (the "Replacement Liens"). The amount of each of the Replacement Liens shall be up to the amount of any diminution in value of the respective collateral positions of such parties from the Petition Date. The priority of the Replacement Liens shall be in the same priority as such parties' prepetition interests, liens and security interests in similar property.

c. Automatic Perfection. Any Replacement Lien granted in this Order shall be effective and perfected upon the date of entry of the First Interim Order without necessity for the execution or recordation of filings of deeds of trust, mortgages, security agreements, control agreements, pledge agreements, financing statements or similar documents, or the possession or control by UMB or other PrePetition Grain Interest Holders of, or over, any property subject to the Replacement Liens. UMB and the other PrePetition Grain Interest Holders are hereby authorized, but not required, to file or record financing statements or similar instruments in any jurisdiction to validate and perfect the Replacement Liens. Any error or omission in such documents shall in no way affect the validity, perfection, or priority of the Replacement Liens. If a party chooses to file a financing statement or similar instrument pursuant to the terms of this subparagraph and it is later determined by Court order or judgment that such party is not entitled to a Replacement Lien, then such party shall file a termination statement of such financing statement or similar instrument within fourteen (14) days of such order or judgment becoming final and non-appealable.

d. Super Priority Claims. To the extent that the Replacement Liens prove inadequate to protect UMB or other PrePetition Grain Interest Holders from a demonstrated diminution in the value of their respective collateral positions from the Petition Date, then such parties are hereby granted an administrative expense claim under § 503(b) with priority in payment under § 507(b) ("Lender Super Priority Claim"). In addition, to protect PrePetition Grain Interest Holders from

a demonstrated diminution in the value of their property interests in the PrePetition Grain, such parties are granted an administrative expense claim under § 503(b) with the same priority in payment of the Lender Super Priority Claim ("Warehouse Super Priority Claim").

e. Lien and Ownership Challenges. Nothing in this Order shall prohibit any party from challenging the amount, nature, extent, validity and priority of another party's claims, ownership rights, or security interests in, and liens on, Cash Collateral, Collateral, PrePetition Grain, Third-Party Proceeds (as defined below) and PrePetition Beans Proceeds (as defined below). Further, nothing in this Order shall prohibit the Business Debtors or other parties in interest from asserting that the cash in the Debtors' possession or otherwise under their control does not constitute Cash Collateral or proceeds from PrePetition Grain. For the avoidance of doubt, this Order is without prejudice as to any agreements between the various parties with interests in the PrePetition Grain and Collateral. All such rights are expressly preserved. For the further avoidance of doubt, the entry of this Order or the Debtors' use of Cash Collateral or PrePetition Grain shall not constitute a waiver or relinquishment of any ownership interests or other rights in the PrePetition Grain. The proper manner of calculating or ascertaining the calculation and/or diminution of the value of respective positions will likely be in dispute amongst the various parties. Accordingly, the manner of calculating or ascertaining the diminution in value of a party's position remains an open question and nothing in this Order waives, restricts, or prejudices the ability of any otherwise appropriate party to raise issues regarding diminution of value should such a position be asserted by any other party to this case for purposes of asserting a Replacement Lien, Lender Super Priority Claim, and/or Warehouse Super Priority Claim. Nothing herein abrogates Miss. Bankr. L.R. 4001-1(b)(1)(B) and any challenge period with respect to the claims and liens of parties' asserting liens or security interests in the Business Debtors' assets will be set by further Order of the Court.

f. Additional Adequate Protection. The adequate protection granted in this Final Order is without prejudice to UMB or the other PrePetition Grain Interest Holders seeking further and other adequate protection to the extent it deems the same necessary and appropriate. Further, this Final Order is without prejudice to (i) UMB or the other PrePetition Grain Interest Holders seeking the early termination of the Business Debtors' use of Cash Collateral, Collateral, or Pre-Petition Grain (including proceeds thereof) prior to the expiration of this Final Order for cause, including lack of adequate protection; (ii) the Business Debtors opposing such early termination; or (iii) UMB or other PrePetition Grain Interest Holders objecting to the further use of Cash Collateral and PrePetition Grain.

g. Insurance. The Business Debtors shall continue to maintain adequate and sufficient insurance on all their property and assets.

h. Reporting. On Wednesday of each week, the Business Debtors shall provide a report to UMB and other PrePetition Grain Interest Holders, on actual revenue and expenses for the prior week, sale and use of PrePetition Grain, the amount in the various segregated DIP Accounts, and such other reports as required by this Order including, without limitation, the reporting related to the PrePetition Grain. The reporting shall be in a mutually agreeable form and should also apprise UMB and other PrePetition Grain Interest Holders on the Business Debtors' efforts to implement "Scenario 2" of the EGT Winddown Plan. In addition, the CRO and his agents shall promptly advise UMB and all other PrePetition Grain Interest Holders of all efforts to sell any portion of the Collateral, including the terms of discussion, drafts of purchase agreements, and status of negotiations. To the extent not already provided, the Business Debtors continue to be obligated to provide the information to UMB and other PrePetition Grain Interest Holders as required by prior Interim Orders of this Court.

i. Inspection and Access to Information. Prior to the entry of this Order, the Business Debtors voluntarily agreed to UMB's and certain other PrePetition Grain Interest Holders' immediate inspection of the physical collateral in addition to the Business Debtors' books and records. The Debtors shall continue to cooperate with UMB and the other PrePetition Grain Interest Holders with respect to such inspection including allowing certain UMB and other Pre-Petition Grain Interest Holders representatives to remain at Business Debtors' facilities during this Final Period to verify any shipments of grain, soybeans, inventory, or other farm products so long as the representatives do not disrupt ordinary course of business activities during business hours. Going forward, UMB, the other PrePetition Grain Interest Holders, and their respective professionals shall have the right at all reasonable times to audit, examine, and inspect Collateral and PrePetition Grain wherever located, along with any books and records related to Collateral, the PrePetition Grain, or the business operations of the Business Debtors so long as these activities do not unreasonably interfere with, or delay, Business Debtors' ordinary course of business operations during normal business hours and normal business activities. Such inspections shall include the quantitative inspection and sampling of the physical grain/beans. Except as otherwise provided herein, UMB and the other Pre-Petition Grain Interest Holders shall provide Business Debtors with twenty-four (24) hours' notice prior to any audit, examination, or inspection. Such inspection rights shall continue notwithstanding the expiration of this Order.

j. Sale and Use of Pre-Petition Grain.

(1) PrePetition Soybeans. Business Debtors shall track the amount of PrePetition Grain sold and/or used in its soybean crush/refinement process. The soybean price associated with the PrePetition Grain used in the soybean crush/refinement process shall be a per bushel price based on: (A) if on or before December 31, 2021, the daily settle price

of the January soybean futures plus $0.30; or (B) if after December 31, 2021, and through February 25, 2022, the daily settle price of March soybean futures plus $0.30 (the "Interim Established Price"). This Interim Established Price shall be effective as of September 29, 2021. The Interim Established Price is subject to adjustment by further order of the Court and is without prejudice to the price that may be ultimately negotiated or later determined by the Court and any arguments that may be advanced with respect to the use of a different price. The cost of the use or sale[8] of the soybeans at the Interim Established Price (collectively, the "Third-Party Proceeds") shall be subtracted from the sale proceeds received postpetition by the Business Debtors from the sale of soybeans, bean meal, and/or oil (the "PrePetition Beans Proceeds"). The Third-Party Proceeds shall be kept in the Segregated Bean DIP Account. The Business Debtors are not authorized to, and shall not, use the funds in the Segregated Bean DIP Account without further order of the Court. Nothing in this Order shall prejudice any party or their claim to all or any portion of the Third-Party Proceeds or the PrePetition Beans Proceeds. Any amount recovered by the Business Debtors over Third-Party Proceeds on or after January 26, 2022 shall be segregated pursuant to subparagraph (4) below.

(2) PrePetition Corn. Starting effective November 5, 2021, and on a going forward basis, the proceeds from the sale of pre-petition corn (the "PrePetition Corn Proceeds") shall be kept in the Segregated Corn DIP Account. Despite any contrary indications in the attached Budget, the Business Debtors are not authorized to, and shall

[8] Whether a sale has occurred by Express Grain's crushing of the prepetition grain is a contested legal issue in this bankruptcy case and all rights, claims, defenses, and arguments are reserved as to this issue.

not, use the PrePetition Corn Proceeds without further order of the Court. Nothing in this Order shall prejudice any party or their claim to all or any portion of the PrePetition Corn Proceeds.

(3) The Business Debtors shall provide weekly reports to the PrePetition Grain Interest Holders detailing the PrePetition Grain sold and/or used, the amount of Pre-Petition Beans Proceeds and PrePetition Corn Proceeds received, and the amount of Third Party Proceeds and PrePetition Corn Proceeds placed in the segregated DIP accounts. In addition, within two business days after the entry of this Final Order, the Business Debtors shall provide the PrePetition Grain Interest Holders with a (i) schedule of the PrePetition Grain and PostPetition Grain that the Debtors anticipate using or selling during the Final Period, including the quantity and location of both PrePetition and PostPetition Grain, and (ii) copies of the Business Debtors' contracts for the sale of products generated from the Debtors' use of PrePetition Grain and PostPetition Grain.

(4) Additional Revenue and Cash Segregation. Effective as of January 25, 2022 and through February 25, 2022, all other revenues from the Business Debtors' operations shall be deposited initially in the Business Debtors' general collections account which is titled the "Credit Account" and shall be subject to the following transfers and conditions:

(i) The revenue from and after January 26, 2022 generated from Pre-Petition Corn Proceeds shall continue to be deposited in the existing segregated DIP Corn Account as provided in Paragraph (j)(2) in this Order.

(ii) "Third-Party Proceeds" shall continue to be calculated consistent with Paragraph (j)(1) of this Order and the "Third-Party Proceeds" shall immediately be transferred to the existing Segregated Bean DIP Account as

provided in Paragraph (j)(1).

(iii) On January 27, 2022, after conducting the transfers contemplated in Paragraphs (j)(4)(i) and (ii), Business Debtors shall immediately transfer from the Credit Account to the Segregated Bean DIP Account all funds over and above the amount of $2,750,000 (the "Operating Reserve"). Thereafter and subject to subparagraph (v), all Pre-Petition Bean Proceeds over and above the Third-Party Proceeds being segregated, shall be deposited in the Segregated DIP Bean Account until such time as postpetition use of Pre-Petition Beans has been fully funded, at which time all further PrePetition Bean Proceeds will be deposited in the Additional Revenue Proceeds DIP Account. Additionally, all funds held in the Additional Revenue Proceeds DIP Account that would otherwise constitute PrePetition Beans Proceeds shall be immediately transferred to the Segregated Bean DIP Account. The transfers contemplated in this subparagraph (iii) shall be without prejudice to any party or their claims with respect to all or any portion of such transferred funds and all claims, liens or other interests are fully preserved in such funds.

(i) Subject to subparagraph (v), the balance of the revenue from and after January 26, 2022 ("Additional Revenue Proceeds"), after subtracting the amounts for transfer to the Segregated Corn DIP Account and Segregated Bean DIP Account, shall be deposited in the Additional Revenue Proceeds DIP Account. The Business Debtors are not authorized to, and shall not, use any funds in the Additional Revenue Proceeds DIP

Account without further order of the Court. Nothing in this Order shall prejudice any party or their claim to all or any portion of funds in the Additional Revenue Proceeds DIP Account and all claims, liens or other interests are fully preserved.

(ii) Notwithstanding further segregation of receipts and revenue as contemplated in this Order, Business Debtors shall be entitled to maintain the Operating Reserve at a balance of no less than $2,500,000 and no more than $2,750,000. To maintain the Operating Reserve as set forth herein, Business Debtors may use PrePetition Bean Proceeds and Additional Revenue Proceeds. Any funding necessary to maintain the Operating Reserve shall be paid, pro rata, from PrePetition Bean Proceeds and Additional Revenue Proceeds. Other than with respect to those budget line items and expenses related to the funding of the other Segregated Accounts pursuant to Subparagraphs (1) and (2) above, other budget line items and expenses shall be funded from the Operating Reserve. Nothing in this Order shall prejudice any party or their claim to any remaining portion of funds in the Operating Reserve and all claims, liens or other interests are fully preserved.

It is further, **ORDERED**, that the continued retention of the CRO pursuant to the terms of the Court's December 14, 2021 bench ruling and subsequent Memorandum Opinion and Order (Dkt. #1767) is hereby authorized. The CRO shall be entitled to reasonable compensation for the Final Period and, to the extent not superseded by a subsequent order related to the final appointment of the chief restructuring officer, shall have standing to assert a surcharge claim against the Collateral

and/or PrePetition Grain for the reasonable and necessary cost and expense of preserving, or disposing of such property, with all parties' rights reserved to oppose any such surcharge claim. The CRO shall have the powers during the Final Period as authorized in the Court's Memorandum Opinion and Order.

It is further, **ORDERED**, that UMB and the other PrePetition Grain Interest Holders, without liability, are authorized and strongly encouraged to contact parties that may have an interest in purchasing the Business Debtors' business and/or assets in order to notify them of a potential sale opportunity and direct them to the CRO and the Business Debtors' counsel.

It is further, **ORDERED**, that the provisions of this Order are not intended to provide UMB and the other PrePetition Grain Interest Holders with sufficient control over the Business Debtors so as to subject them to any liability in connection with the management of the Business Debtors' business or any of the Business Debtors' assets. By taking any actions pursuant to this Order, UMB and the other PrePetition Grain Interest Holders shall not: (a) be deemed to be in control of the operations or liquidation of the Business Debtors; or (b) be deemed to be acting as a "responsible person" or "owner or operator" with respect to the operation, management or liquidation of the Business Debtors.

It is further, **ORDERED**, that this Order shall expire and the Business Debtors' right to use Cash Collateral and the PrePetition Grain (and proceeds therefrom) shall terminate, unless extended by further order of this Court or by express written consent of UMB and the other Pre-Petition Grain Interest Holders, on the earlier of (the "Termination Date") (i) **February 25, 2022**; (i) the first business day after the date of the final hearing on the Debtor's use of Cash Collateral and Pre-Petition Grain (and proceeds therefrom); (iii) the failure of the Business Debtors to comply with any provision of this Order; (iv) the entry of an order authorizing, or if there shall occur, a

conversion or dismissal of this case under § 1112; (v) the entry of an order appointing a trustee, or appointing an examiner with powers exceeding those set forth in § 1106(b); (vi) the closing of a sale of all or a substantial portion of the assets of the Business Debtors; (vii) the cessation of day-to-day operations of the Business Debtors; (viii) any loss of accreditation or licensing of the Business Debtors that would materially impede or impair the Business Debtors' ability to operate as a going concern; (ix) the termination of the CRO; (x) the failure of the Business Debtors to receive PrePetition Bean Proceeds sufficient to cover the Third-Party Proceeds attributable to the use and/or sale of PrePetition Grain; and (xi) any material provision of this Order for any reason ceases to be enforceable, valid, or binding upon the Business Debtors.

It is further, **ORDERED**, that to be effective, any waiver by UMB or the other PrePetition Grain Interest Holders of the provisions of this Order or consent required under this Order must be in writing, which includes electronic mail.

It is further, **ORDERED**, that the provisions of this Order and the adequate protection granted herein, including the Replacement Liens, shall also extend to any cash or PrePetition Grain used by the Business Debtors subsequent to the Petition Date, but prior to entry of this Order. However, nothing in this Order is meant to ratify or authorize on a *nunc pro tunc* basis any unauthorized payments on prepetition claims and such payments remain subject to recovery bythe bankruptcy estates under applicable bankruptcy law including, without limitation, pursuant to §§ 549 and 550. Similarly, nothing in this Order authorizes the payment of prepetition claims and the payment of any prepetition claims shall be by separate order. This Order is without prejudice to the Business Debtors requesting, by proper motion, the authority for the payment of prepetition claims, and any parties corresponding right to object to such a request.

It is further, **ORDERED**, that the provisions of this Order shall be binding upon and inure

to the benefit of UMB, the other PrePetition Grain Interest Holders, the Business Debtors, and their respective successors and assigns (including without limitation, any chapter 11 or chapter 7 trustee, examiner, or other fiduciary hereafter appointed for the Business Debtors or with respect to any of the Business Debtors' property).

It is further, **ORDERED**, that this Final Order shall become effective and enforceable upon approval and entry as an order of the Bankruptcy Court. If any provision of this Final Order is hereafter modified, vacated or stayed by subsequent order of this or any other Court for any reason, such modification, vacation, or stay shall not affect the validity of any obligation or liability incurred pursuant to this Final Order and prior to the later of (a) the effective date of such modification, vacation, or stay, or (b) the entry of the order pursuant to which such modification, vacation, or stay was established. The liens and claims granted to UMB and the other PrePetition Grain Interest Holders under this Final Order, and the priority thereof, shall be binding (subject to the terms of this Final Order) on the Business Debtors, their bankruptcy estate, any subsequent trustee or examiner, and all creditors of the Business Debtors.

It is further, **ORDERED**, that no party has yet established the existence of a valid, perfected and unavoidable claim or interest in the Business Debtors' cash, any other property of the Debtors or bankruptcy estates, or the PrePetition Grain (to the extent not included in the in this Order). Nothing in this Order shall be construed to establish any such claim or interest in the Business Debtors' cash, any other property of the Business Debtors or bankruptcy estates, or the PrePetition Grain (to the extent is not included in this Order). The extent of the Replacement Liens and super priority claims provided in this Final Order shall be subject to subsequent rulings which establishes the valid, perfected and unavoidable claim or interest in the Business Debtors' cash, any other property of the Debtor or bankruptcy estate, and the PrePetition Grain (to the extent not included

in this Order), and the secured status such claims or interests under § 506 (the "Cash Collateral Ruling"). UMB, the other PrePetition Grain Interest Holders, or the Debtors may seek or request a Cash Collateral Ruling in conjuncture with the enforcement of this Final Order including an expedited ruling under § 557. Nothing in this Order, however, shall alter the parties' respective burdens of proof under applicable bankruptcy law including, without limitation, §§ 363, 506, 557 and Bankruptcy Rules 3001 and 4001.

It is further, **ORDERED**, that this Order is without prejudice to the various rights and remedies that UMB, the other PrePetition Grain Interest Holders, or other parties may have pursuant to applicable law including, without limitation, the right to seek an appointment of a trustee or examiner under § 1104. Such parties have not waived or otherwise relinquished their rights to seek such relief. This Order is without prejudice to any rights and defenses of the Business Debtors. The Business Debtors have not waived or relinquished any rights and defenses.

##END OF ORDER##

13WeekCashFlow - Detailed

EXHIBIT A

1 DRAFT CASH FCST	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual							
1 Week Number: →	7 Weeks thru	1	2	3	4	5	6	7	8	9							
1 Based on info provided by EGT Week Ending: →	19-Nov-21	26-Nov-21	3-Dec-21	10-Dec-21	17-Dec-21	24-Dec-21	31-Dec-21	7-Jan-22	14-Jan-22	21-Jan-22							
Sales																	
Corn	4,182,283	-	-	-	-	-	-	-	-	-	683,116	-	-	-	-	-	4,865,399
Soybean	4,614,293	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,614,293
Meal	8,472,110	1,267,902	935,262	1,305,218	1,471,027	1,231,747	706,423	1,264,348	962,697	1,083,718	1,531,742	1,531,742	1,531,742	1,531,742	1,531,742		26,359,164
Oils (Replaced Riceland w/ barge sales)	8,088,024	608,555	300,033	2,324,603	708,531	302,835	253,867	609,774	2,197,670	894,412	1,333,000	1,209,000	1,209,000	620,000	992,000		21,651,304
Hulls	434,491	33,990	47,145	32,465	30,705	22,157	35,170	6,622	25,973	32,630	7,875	7,875	7,875	7,875	5,455		738,303
Other	770,736	65,417	90,655	46,864	69,323	68,559	70,622	39,793	35,787	59,167	27,000	27,000	27,000	27,000	18,705		1,443,628
Aggregate Sales	**26,561,937**	**1,975,864**	**1,373,095**	**3,709,150**	**2,279,586**	**1,625,298**	**1,066,082**	**1,920,538**	**3,222,127**	**2,069,927**	**3,582,733**	**2,775,617**	**2,775,617**	**2,186,617**	**2,547,902**		**59,672,090**
Receipts																	
Total Receipts	**25,270,073**	**4,208,337**	**4,263,786**	**3,840,106**	**2,857,434**	**1,985,960**	**1,499,513**	**2,129,635**	**1,586,154**	**3,103,924**	**3,222,127**	**2,069,927**	**3,582,733**	**2,775,617**	**2,775,617**		**65,170,943**
Disbursements (Operating)																	
Overhead & Taxes	(45,410)	(23,133)	(111,453)	(26,176)	(12,913)	(13,820)	(6,121)	(93,854)	(18,081)	(15,934)	(286,564)	(111,453)	(26,176)	(12,913)	(13,820)		(817,818)
Salaried Payroll & Payroll Tax	(1,185,409)	(174,655)	(98,648)	(166,093)	(95,334)	(174,196)	(100,090)	(232,542)	(165,632)	(230,522)	(215,351)	(230,522)	(100,090)	(230,522)	(100,090)		(3,499,698)
Operational Contractors	(777,919)	(48,963)	(181,773)	(8,071)	(3,615)	(1,525)	(5,167)	(118,103)	(8,686)	(103,820)	(50,750)	(50,750)	(50,750)	(50,750)	(50,750)		(1,511,391)
Health, Dental, Life, 401K	(185,243)	-	(60,290)	(11,468)	(3,244)	(3,011)	(1,207)	(69,192)	(3,894)		(60,290)	(11,468)	(3,244)	(3,011)	(1,207)		(416,767)
Electric	(189,563)	-	(100,425)	(8,272)	(15,894)	(3,520)	(116,545)	(5,223)	(727)		(116,507)	(8,272)	(15,894)	(3,520)	(116,545)		(700,907)
Natural Gas	(734,584)	(240,227)	-	-	-	(195,488)	-	-	-	(207,227)	-	-	-	(300,000)	-		(1,677,526)
Propane & Hexane	(295,281)	-	(15,820)	(30,354)	(49,927)	-	(21,210)	(6,185)	(31,511)	(65,000)	(96,680)	(114,368)	-	(49,927)	(96,680)		(872,942)
Diesel	(592,212)	-	(4,015)	-	(5,749)	-	-	(5,352)	-	(5,890)	(4,265)	-	(3,580)	(4,265)	-		(625,328)
Farmers	(6,170,927)	(89,441)	(57,807)	(9,429)	(13,096)	-	-	(341,588)	(33,737)	(124,121)	-	-	-	-	-		(6,840,1[illegible])
Trucker Freight	(641,892)	(137,334)	(98,441)	(157,000)	(129,464)	(115,538)	(81,357)	(111,545)	(94,139)	(94,295)	(115,538)	(115,538)	(115,538)	(115,538)	(115,538)		(2,238,0[illegible])
Property and Casualty Insurance	(309,770)	(79,793)	(64,305)	(26,348)		(161)	(39,050)	(63,967)	-		(141,926)						(725,3[illegible])
Professional Fees	(6,500)	-	-	-		-	-	-	-	(1,200)	(2,225)	(2,225)	(2,225)	(2,225)	(2,225)		(18,8[illegible])
Facility Repairs & Maintenance	(292,997)	(7,665)	(21,404)	(36,644)	(92,992)	(48,961)	(37,385)	(39,040)	(26,055)	(26,567)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)		(879,[illegible])
Assumed critical vendor and contingency	(10,218)	-	-	-	-	-	-	-	-		-	-	-	-	-		(10,[illegible])
Est. Corn, Oil, Meal, Hull sale receipts to be segreg.	(2,040,631)	(1,835,255)	(275,033)	(3,337,599)	(1,702,706)	-	(1,291,026)	(1,839,961)	(1,586,154)	(2,692,972)	(3,222,127)	(1,303,092)	(3,142,936)	(1,880,647)	(1,951,316)		(28,101,394)
Reserve for Hedge Position	(750,000)	-	-	-	-	-	-	-	-								(750,000)
Disbursements (Operating) Total	**(14,228,555)**	**(2,636,466)**	**(1,089,415)**	**(3,817,452)**	**(2,124,932)**	**(556,220)**	**(1,699,158)**	**(2,926,551)**	**(1,968,615)**	**(3,567,548)**	**(4,362,224)**	**(1,997,627)**	**(3,510,433)**	**(2,703,317)**	**(2,498,170)**		**(49,686,683)**
Net Operating Cash Flow	**11,041,518**	**1,571,871**	**3,174,370**	**22,654**	**732,502**	**1,429,741**	**(199,646)**	**(796,916)**	**(382,462)**	**(463,624)**	**(1,140,096)**	**72,300**	**72,300**	**72,300**	**277,447**		**15,484,2[illegible]**
Disbursements (Non-Operating)																	
Interest / Bank Fees	(11,915)	-	-	(820)	-	-	-	(829)	-	-	(7,847)	-	-	-	(7,847)		(29,[illegible])
U.S. Trustee Fees	-	(28,852)	-	-	-	-	-	-	-	-	(250,500)	-	-	-	-		(279,[illegible])
Other Bank Fees (Letters of Credit)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Cap Ex	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Chapter 11 Professional Fees	(472,246)	(76,928)	(43,019)	(63,486)	(54,465)	(64,414)	-	(79,050)	(101,159)	(80,388)	(394,600)	(72,300)	(72,300)	(72,300)	(269,600)		(1,916,256)
Other Non-Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Disbursements (Non-Operating) Total	**(484,162)**	**(105,780)**	**(43,019)**	**(64,306)**	**(54,465)**	**(64,414)**	**-**	**(79,879)**	**(101,159)**	**(80,388)**	**(652,947)**	**(72,300)**	**(72,300)**	**(72,300)**	**(277,447)**		**(2,224,8[illegible])**
Net Cash Flow	**10,557,356**	**1,466,091**	**3,131,352**	**(41,652)**	**678,037**	**1,365,327**	**(199,646)**	**(876,796)**	**(483,621)**	**(544,012)**	**(1,793,043)**	**-**	**-**	**-**	**-**		**13,259,393**
Beginning Cash Balance (Book)	**(1,879,818)**	8,256,576	9,722,667	12,854,019	12,812,366	13,490,404	14,855,730	11,293,412	10,416,616	9,932,995	9,799,936	2,750,000	2,750,000	2,750,000	2,750,000		(1,879,818)
Net Cash Flow (+/-)	10,557,356	1,466,091	3,131,352	(41,652)	678,037	1,365,327	(199,646)	(876,796)	(483,621)	(544,012)	(1,793,043)	-	-	-	-		13,259,393
Adjustment (bank-to-book or Other)	(420,962)	-	-	-	-	-	(3,362,673)	-	-	410,952	(5,256,892)	-	-	-	-		(8,629,575)
Ending Available Cash Balance (Book)	**8,256,576**	**9,722,667**	**12,854,019**	**12,812,366**	**13,490,404**	**14,855,730**	**11,293,412**	**10,416,616**	**9,932,995**	**9,799,936**	**2,750,000**	**2,750,000**	**2,750,000**	**2,750,000**	**2,750,000**		**2,750,000**
(1) Segregated $4.6MM re: ADM sale balance	4,614,293	4,614,293	4,614,293	4,614,293	4,614,293	4,614,293	4,614,293	4,614,293	4,614,293	4,614,293	4,614,293	4,614,293	4,614,293	4,614,293	4,614,293		
(2) Segregated oil, meal and hull bean balance	2,040,631	2,976,280	2,976,280	5,973,916	7,415,724	7,415,724	8,706,750	10,546,711	11,313,489	12,432,939	18,823,321	19,819,229	21,211,974	22,582,028	23,952,081		
(3) Excess proceeds segregation account	-	-	-	-	-	-	-	-	717,796	2,291,318	4,379,955	4,687,078	5,754,154	6,264,747	6,846,009		
(4) Segregated corn proceeds	-	899,606	1,174,639	1,514,602	1,775,499	1,775,499	5,138,172	5,138,171.86	5,138,172	5,138,172	5,138,172	5,138,172	5,821,287	5,821,287	5,821,287		

(1)Based on the 2nd cash collateral order
(2)Based on the 2nd cash collateral order and estimated price of soybean and soybean oil - beginnin Oct 3rd inventory runoff
(3)Based on the 6th cash collateral order segregating sales proceeds in excess of corn and bean proceeds
(4)Based on the 5th cash collateral order segregating corn proceeds beginning on sales beginning Nov 5th with catch-up payment per Judge

13WeekCashFlow - Detailed

1 DRAFT CASH FCST 1 Week Number: → 1 Based on info provided by EGT Week Ending: →	Actual 7 Weeks thru 19-Nov-21	Actual 1 26-Nov-21	Actual 2 3-Dec-21	Actual 3 10-Dec-21	Actual 4 17-Dec-21	Actual 5 24-Dec-21	Actual 6 31-Dec-21	Actual 7 7-Jan-22	Actual 8 14-Jan-22	Actual 9 21-Jan-22	[redacted]					
Working Capital Summary																
Ending A/R	9,889,378	7,300,771	5,844,760	5,767,142	3,905,750	4,559,103	5,009,141	4,159,105	6,034,806	5,320,196	5,680,801	6,386,492	5,579,376	4,990,376	4,762,661	
Corn																
Total Ending Balance (BU)	123,529	123,529	123,529	123,529	123,529	123,529	123,529	123,529	123,529	123,529	-	-	-	-	-	
Total Ending Balance ($)	744,262	589,234	589,234	605,292	608,998	625,057	608,998	625,057	639,880	683,116	-	-	-	-	-	
Soybeans																
Total Ending Balance (BU) (adj from beginning ba	2,092,443	1,947,317	1,770,081	1,626,919	1,440,437	1,240,023	1,024,404	871,984	689,053	563,131	443,131	323,131	203,131	83,131	-	
Total Ending Balance ($)	27,013,445	24,998,688	22,962,381	21,113,347	18,945,353	16,889,119	13,921,656	12,478,097	9,557,167	8,131,614	6,398,814	4,666,014	2,933,214	1,200,414	-	
Meal																
Total Ending Balance (Tons)	1,699	1,846	2,575	3,882	4,615	5,953	8,376	8,914	10,619	10,944	10,184	9,424	8,664	7,904	6,314	
Total Ending Balance ($)	662,654	749,764	1,088,503	1,617,834	1,982,331	2,715,118	3,867,287	4,309,904	4,838,139	4,844,736	4,508,284	4,171,832	3,835,380	3,498,928	2,795,235	
Oil																
Total Ending Balance (#)	9,118,919	9,691,355	9,294,751	7,809,629	9,154,443	10,908,098	12,930,961	13,355,031	13,054,333	13,306,437	10,624,037	10,941,637	11,259,237	8,576,837	8,489,617	
Total Ending Balance ($)	6,109,676	6,301,319	5,855,693	4,661,568	5,481,680	6,701,935	8,055,989	8,497,806	8,284,280	8,915,313	7,118,105	7,330,897	7,543,689	5,746,481	5,688,043	
Hulls																
Total Ending Balance (Tons)	384	270	44	319	303	216	243	404	576	429	429	429	429	429	429	
Total Ending Balance ($)	67,165	49,939	8,066	58,971	56,007	37,882	42,541	70,681	100,868	75,021	75,021	75,021	75,021	75,021	75,021	
Pellets																
Total Ending Balance (Tons)	115	60	(28)	33	73	133	120	(10)	(0)	7	7	7	7	7	7	
Total Ending Balance ($)	22,940	11,962	(5,572)	6,560	14,586	26,650	24,062	(1,970)	(12)	1,316	1,316	1,316	1,316	1,316	1,316	
Ending A/P (post-petition)	1,213,838	1,045,228	463,761	274,449	167,627	224,382	202,627	501,019	378,851	139,068	228,335	185,493	167,045	167,045	93,309	
Net Working Capital																
Ending Cash Including Segregated Accts & Deposits	14,911,500	18,212,846	21,619,230	24,915,176	27,295,920	28,661,247	29,752,627	30,715,792	31,716,744	34,276,656	35,705,740	37,008,772	40,151,708	42,032,355	43,983,671	
Plus Ending A/R	9,889,378	7,300,771	5,844,760	5,767,142	3,905,750	4,559,103	5,009,141	4,159,105	6,034,806	5,320,196	5,680,801	6,386,492	5,579,376	4,990,376	4,762,661	
Plus Ending Inventory	33,469,298	32,700,905	30,498,306	28,063,572	27,088,956	26,995,761	26,520,533	25,979,576	23,420,323	22,651,115	18,101,539	16,245,079	14,388,619	10,522,159	8,559,615	
Plus reserve for hedge position	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	
Less Ending A/P	(1,213,838)	(1,045,228)	(463,761)	(274,449)	(167,627)	(224,382)	(202,627)	(501,019)	(378,851)	(139,068)	(228,335)	(185,493)	(167,045)	(167,045)	(93,309)	
Net Working Capital	**57,806,338**	**57,919,294**	**58,248,535**	**59,221,441**	**58,872,999**	**60,741,729**	**61,829,673**	**61,103,454**	**61,543,022**	**62,858,900**	**60,009,746**	**60,204,850**	**60,702,658**	**58,127,846**	**57,962,637**	
Working Capital																
Accounts Receivable											5,320,196	5,680,801	6,386,492	5,579,376	4,990,376	
Beginning A/R											3,582,733	2,775,617	2,775,617	2,186,617	2,547,902	13,868,4[illegible]
ADD: Sales											3,222,127	2,069,927	3,582,733	2,775,617	2,775,617	14,426,021
LESS: Receipts											-	-	-	-	-	-
Other-discounts, finance charges											-	-	-	-	-	-
Ending A/R	**9,889,378**	**7,300,771**	**5,844,760**	**5,767,142**	**3,905,750**	**4,559,103**	**5,009,141**	**4,159,105**	**6,034,806**	**5,320,196**	**5,680,801**	**6,386,492**	**5,579,376**	**4,990,376**	**4,762,661**	**4,762,661**
Corn																
Pre-petition Beginning Balance (BU)	143,131	112,962	112,962	123,529	123,529	123,529	123,529	123,529	123,529	123,529	123,529	-	-	-	-	143,131
Outgoing (BU)	30,169	-	-	-	-	-	-	-	-	-	123,529	-	-	-	-	153,698
Pre-petition Ending Balance (BU)	112,962	112,962	112,962	123,529	123,529	123,529	123,529	123,529	123,529	123,529	-	-	-	-	-	(10,567)
Post-petition Beginning Balance (BU)	10,567	10,567	10,567	-	-	-	-	-	-	-	-	-	-	-	-	10,567
Incoming (BU)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Outgoing (BU)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,567
Post-petition Ending Balance (BU)	10,567	10,567	10,567	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Ending Balance (BU)	**123,529**	**123,529**	**123,529**	**123,529**	**123,529**	**123,529**	**123,529**	**123,529**	**123,529**	**123,529**	-	-	-	-	-	-
Total Ending Balance ($) *Price from Merch*	**744,262**	**589,234**	**589,234**	**605,292**	**608,998**	**625,057**	**608,998**	**625,057**	**639,880**	**683,116**	-	-	-	-	-	
$ To Be Segrated from Oct 13th	-	*899,606*	*275,033*	*339,963*	*260,898*	-	*3,362,673*	-	-	-	-	-	*683,116*	-	-	
Approx. cumulative segregated balance ($)	-	*899,606*	*1,174,639*	*1,514,602*	*1,775,499*	*1,775,499*	*5,138,172*	*5,138,172*	*5,138,172*	*5,138,172*	*5,138,172*	*5,138,172*	*5,821,287*	*5,821,287*	*5,821,287*	*5,138,172*

13WeekCashFlow - Detailed

1 DRAFT CASH FCST
1
1 Based on info provided by EGT

		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual							
Week Number: →		7 Weeks thru	1	2	3	4	5	6	7	8	9							
Week Ending: →		19-Nov-21	26-Nov-21	3-Dec-21	10-Dec-21	17-Dec-21	24-Dec-21	31-Dec-21	7-Jan-22	14-Jan-22	21-Jan-22							
Soybeans																		
Pre-petition Beginning Balance (BU)		2,061,074	1,858,697	1,712,592	1,535,356	1,348,621	1,173,727	973,313	757,694	605,274	419,966	283,208	163,208	43,208	-	-		2,061,074
Outgoing (BU)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
Crushed (BU)		202,377	146,105	177,236	168,739	174,894	200,414	215,619	152,420	185,775	136,758	120,000	120,000	43,208	-	-		2,043,545
Pre-petition Ending Balance (BU)		1,858,697	1,712,592	1,535,356	1,366,617	1,173,727	973,313	757,694	605,274	419,499	283,208	163,208	43,208	-	-	-		17,529
Pre-petition Ending Balance ($) Premiu $	0.30	23,995,778	21,985,400	19,917,406	17,735,272	15,437,444	13,256,523	10,297,061	8,661,471	5,818,451	4,089,524	2,356,724	623,924	-	-	-		-
Post-petition Beginning Balance (BU)		229,698	233,746	234,725	234,725	261,186	266,710	266,710	266,710	266,710	269,554	279,923	279,923	279,923	203,131	83,131		229,698
Incoming (BU)		4,048	979	-	25,577	5,524	-	-	-	2,844	10,369	-	-	-	-	-		49,341
Outgoing (BU)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
Crushed (BU)		-	-	-	-	-	-	-	-	-	-	-	-	76,792	120,000	83,131		279,923
Post-petition Ending Balance (BU)		233,746	234,725	234,725	260,302	266,710	266,710	266,710	266,710	269,554	279,923	279,923	279,923	203,131	83,131	-		(884)
Total Ending Balance ($)		3,017,666	3,013,288	3,044,976	3,378,075	3,507,909	3,632,596	3,624,595	3,816,626	3,738,716	4,042,090	4,042,090	4,042,090	2,933,214	1,200,414	-		-
Total Ending Balance ($) *Price from Merch*		27,013,445	24,998,688	22,962,381	21,113,347	18,945,353	16,889,119	13,921,656	12,478,097	9,557,167	8,131,614	6,398,814	4,666,014	2,933,214	1,200,414	-		-
Meal																		
Beginning Balance (Tons)		864	1,699	1,846	3,486	4,375	4,615	5,953	8,376	8,914	10,619	10,944	10,184	9,424	8,664	7,904		864
Crushed Yield (Tons)	75%	4,189	3,024	2,761	3,493	3,628	4,149	4,463	3,155	3,846	2,831	2,700	2,700	2,700	2,700	1,870		48,208
Outgoing (Tons)		3,354	2,877	2,031	3,098	3,387	2,811	2,040	2,617	2,140	2,507	3,460	3,460	3,460	3,460	3,460		44,162
Total Ending Balance (Tons)		1,699	1,846	2,575	3,882	4,615	5,953	8,376	8,914	10,619	10,944	10,184	9,424	8,664	7,904	6,314		4,910
Total Ending Balance ($) *Price from Merch*		662,654	749,764	1,088,503	1,617,834	1,982,331	2,715,118	3,867,287	4,309,904	4,838,139	4,844,736	4,508,284	4,171,832	3,835,380	3,498,928	2,795,235		2,795,235
$ To Be Segrated from Oct 13th		*809,299*	*543,086*	-	*2,375,089*	*845,557*	-	*1,266,589*	*1,718,444*	*629,064*	*808,295*	*731,317*	*832,231*	*1,148,807*	*1,148,807*	*1,148,807*		
Approx. cumulative segregated balance ($)		*2,040,631*	*2,583,717*	*2,583,717*	*4,958,805*	*5,804,363*	*5,804,363*	*7,070,952*	*8,789,396*	*9,418,460*	*10,226,755*	*10,958,072*	*11,790,302*	*12,939,109*	*14,087,915*	*15,236,722*		*15,236,722*
Oil																		
Beginning Balance (#)		7,396,820	9,118,919	9,691,355	7,355,796	8,328,833	9,154,443	10,908,098	12,930,961	13,355,031	13,054,333	13,306,437	10,624,037	10,941,637	11,259,237	8,576,837		7,396,820
Crushed Yield (#)	18%	2,222,099	1,607,156	1,949,596	1,856,133	1,923,830	2,204,555	2,371,823	1,676,630	2,043,542	1,504,344	1,317,600	1,317,600	1,317,600	1,317,600	912,780		25,542,888
Outgoing (#)		500,000	1,034,720	2,346,200	1,402,300	1,098,220	450,900	348,960	1,252,560	2,344,240	1,252,240	4,000,000	1,000,000	1,000,000	4,000,000	1,000,000		23,030,340
Total Ending Balance (#)		9,118,919	9,691,355	9,294,751	7,809,629	9,154,443	10,908,098	12,930,961	13,355,031	13,054,333	13,306,437	10,624,037	10,941,637	11,259,237	8,576,837	8,489,617		9,909,3[illegible]
Total Ending Balance ($) *Price from Merch*		6,109,676	6,301,319	5,855,693	4,661,568	5,481,680	6,701,935	8,055,989	8,497,806	8,284,280	8,915,313	7,118,105	7,330,897	7,543,689	5,746,481	5,688,043		5,688,043
$ To be segregated after pre-Oct 13th oil work-down		-	*392,563*	-	*622,547*	*596,251*	-	*24,437*	*121,517*	*137,714*	*311,155*	*402,174*	*163,677*	*243,939*	*221,247*	*221,247*		
Approx. cumulative Segregated balance ($)		-	*392,563*	*392,563*	*1,015,110*	*1,611,362*	*1,611,362*	*1,635,798*	*1,757,315*	*1,895,028*	*2,206,183*	*2,608,356*	*2,772,034*	*3,015,973*	*3,237,220*	*3,458,467*		*3,458,467*
Hulls																		
Beginning Balance (Tons)		392	384	270	301	309	303	216	243	465	576	429	429	429	429	429		39[illegible]
Crushed Yield (Tons)	1%	111	(40)	7	132	110	5	142	187	228	25	45	45	45	45	31		1,[illegible]
Outgoing (Tons)		119	74	233	114	116	91	115	26	117	173	45	45	45	45	31		1,390
Total Ending Balance (Tons)		384	270	44	319	303	216	243	404	576	429	429	429	429	429	429		429
Total Ending Balance ($) *Price from Merch*		67,165	49,939	8,066	58,971	56,007	37,882	42,541	70,681	100,868	75,021	75,021	75,021	75,021	75,021	75,021		75,021
Pellets																		
Beginning Balance (Tons)		127	115	60	57	6	73	133	120	(10)	(0)	7	7	7	7	7		127
Crushed Yield (Tons)	4%	250	308	312	188	433	415	357	80	202	324	135	135	135	135	94		3,503
Outgoing (Tons)		262	363	400	212	366	355	370	210	192	317	135	135	135	135	94		3,681
Total Ending Balance (Tons)		115	60	(28)	33	73	133	120	(10)	(0)	7	7	7	7	7	7		7
Total Ending Balance ($) *Price from Merch*		22,940	11,962	(5,572)	6,560	14,586	26,650	24,062	(1,970)	(12)	1,316	1,316	1,316	1,316	1,316	1,316		1,316
Accounts Payable																		
Beginning A/P												139,068	228,335	185,493	167,045	167,045		[illegible]
ADD: Purchases (accruing processing expenses)												135,623	92,781	222,783	222,783	92,781		766,751
LESS: Payments												(46,356)	(135,623)	(241,230)	(222,783)	(166,517)		(812,509)
Other-discounts, finance charges												-	-	-	-	-		-
Ending A/P (Incl former pmnts)		1,213,838	1,045,228	463,761	274,449	167,627	224,382	202,627	501,019	378,851	139,068	228,335	185,493	167,045	167,045	93,309		93,309

PRELIMINARY - SUBJECT TO CHANGE

EXPRESS GRAIN TERMINALS, LLC
AND AFFILIATES

Greenwood, Mississippi

Combined Financial Statements

As of December 31, 2020 and
June 30, 2020 and For the Six Months Ended
December 31, 2020

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HORNE

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Express Grain Terminals, LLC and Affiliates
Greenwood, Mississippi

Report on the Financial Statements

We have audited the accompanying combined financial statements of Express Grain Terminals, LLC and Affiliates (the "Companies") which comprise the combined balance sheets as of December 31, 2020 and June 30, 2020, and the related combined statements of income, changes in members' equity and cash flows for the six months period ended December 31, 2020 and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these combined 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 audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 combined financial statements referred to above present fairly, in all material respects, the financial position of the Companies as of December 31, 2020 and June 30, 2020, and the results of their operations and their cash flows for the six months ended December 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying combined financial statements for the year ended December 31, 2020, have been prepared assuming that the Companies will continue as a going concern. As discussed in Note 1 to the combined financial statements, the Companies have accumulated losses of approximately $19,400,00 since their inception and their total current liabilities exceed total current assets at December 31, 2020. The Companies have a line-of-credit with a balance at December 31, 2020 of approximately $47.2 million that matures within the next twelve months. These conditions raise substantial doubt about the Companies' ability to continue as a going concern. Management's plans concerning these matters are also discussed in Note 1 to the combined financial statements. The combined financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining information on pages 21-22 is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual companies and is not a required part of the combined 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 combined financial statements. The combining information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements 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 combined financial statements as a whole.

HORNE LLP

Ridgeland, Mississippi
August 30, 2021

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

Combined Balance Sheets

December 31, 2020 and June 30, 2020

	December 31, 2020	June 30, 2020
ASSETS		
Current assets		
Cash	$ 1,069,189	$ 846,382
Accounts receivable	5,103,331	3,836,719
Inventories	86,562,020	14,756,192
Prepaid expenses	558,213	542,094
Biodiesel tax credit receivable	1,011,859	1,541,352
Forward contracts	2,658,876	-
Margin assets	2,480,441	2,238,493
Total current assets	99,443,929	23,761,232
Notes receivable	36,477,222	18,904,582
Property and equipment, net	62,615,699	59,018,549
Restricted cash	1,531,579	369,455
Total assets	$ 200,068,429	$ 102,053,818
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable	$ 2,885,946	$ 2,462,623
Current maturities of long-term debt	4,677,629	4,333,848
Forward contracts	-	374,471
Borrowings on line-of-credit	47,239,449	24,662,990
Unpriced grain purchases	45,145,358	8,671,337
Deferred revenue	5,000,001	2,412,781
Accrued expenses	1,220,883	597,705
Total current liabilities	106,169,266	43,515,755
Note payable, related party	6,843,680	5,568,680
Long-term debt, less current maturities	82,494,017	50,628,198
Total liabilities	195,506,963	99,712,633
Members' equity	4,561,466	2,341,185
Total liabilities and members' equity	$ 200,068,429	$ 102,053,818

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

Combined Statement of Income

Six Months Ended December 31, 2020

Net sales	$	103,358,997
Cost of goods sold		86,596,420
Gross margin		16,762,577
Operating expenses		
Depreciation & amortization expense		2,513,467
Impairment loss		1,000,000
Other operating expenses		9,475,212
Total operating expenses		12,988,679
Operating income		3,773,898
Other income (expense)		
Other income		1,282,193
Interest expense		(2,835,810)
Total other expense		(1,553,617)
Net income	$	2,220,281

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

Combined Statement of Members' Equity

Six Months Ended December 31, 2020

		Members' Equity
Balance, July 1, 2020	$	2,341,185
Net income		2,220,281
Balance, December 31, 2020	$	4,561,466

See accompanying notes to combined financial statements.

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

Combined Statement of Cash Flows

Six Months Ended December 31, 2020

		2020
Cash flows from operating activities		
Net income	$	2,220,281
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation and amortization		2,513,467
Impairment loss on property and equipment		1,000,000
Changes in operating assets and liabilities:		
Margin asset		(241,948)
Accounts receivable		(1,266,612)
Inventories		(71,805,828)
Biodiesel tax credit receivable		529,493
Grain payable		36,474,021
Forward contracts		(3,033,347)
Prepaid expenses		(16,119)
Accounts payable and accrued expenses		1,046,501
Deferred revenue		2,587,220
Net cash used in operating activities		(29,992,871)
Cash flows from investing activities		
Increase in notes receivable		(17,572,640)
Purchases of property and equipment		(6,872,910)
Net cash used in investing activities		(24,445,550)
Cash flows from financing activities		
Increase in borrowings on line-of-credit		22,576,459
Proceeds from long-term borrowings		33,715,943
Proceeds from related-party borrowings		1,500,000
Principal payments on long-term borrowings		(1,037,323)
Payment of debt issuance costs		(931,727)
Net cash provided by financing activities		55,823,352
Increase in cash and restricted cash		1,384,931
Cash and restricted cash at beginning of year		1,215,837
Cash and restricted cash at end of year	$	2,600,768
Supplemental disclosures of cash flow information		
Cash paid for interest	$	2,749,354

See accompanying notes to combined financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies

Description of Business and Principles of Combination

Express Grain Terminals, LLC, ("EGT"), a limited liability company, is a registered grain storage facility with its primary operations in Greenwood and Sidon, Mississippi. EGT specializes in buying and selling soybeans, soybean oil, wheat and feed. EGT mills soybeans at its Greenwood facility. The products produced from the milling process include soybean oil, soybean meal and soybean hulls. In addition, the Greenwood facility produces biodiesel utilizing soybean oil from the milling process.

The accompanying combined financial statements include the accounts of EGT, as well as the accounts of Express Biodiesel, LLC ("Express Biodiesel"), Express Processing, LLC ("EGT Processing") and its 95 percent owned subsidiary, EGT Leverage Lender, LLC ("Leverage Lender") (collectively, the "Companies"). EGT Processing and Leverage Lender were formed in 2015 and Express Biodiesel was formed in 2018 in connection with EGT's New Markets Tax Credit ("NMTC") Financing as more fully described in Note 7. EGT and these entities share similar ownership. All significant intercompany balances and transactions have been eliminated in combination.

Plan of Operation

The Companies have accumulated losses of approximately $19,400,000 million since their inception and their total current liabilities exceed total current assets at December 31, 2020. The Companies have a $40 million line of credit maturing October 31, 2021 and term loan of $35 million maturing October 31, 2023. EGT continues to invest in its Greenwood biodiesel facility which began operations on March 28, 2019. The biodiesel facility continues to operate but not at full capacity. The Companies' ability to meet their future commitments is significantly dependent upon the profitability of their biodiesel operations and ability to renew and extend its line of credit. There can be no assurances that the Companies will have sufficient cash flows from its biodiesel operations to meet their future commitments or that they will be able to renew or extend the line of credit under acceptable terms. These conditions raise substantial doubt about the Companies' ability to continue as a going concern.

The combined financial statements have been prepared on a going concern basis of accounting, which contemplates continuity of operations, realization of assets, and satisfaction of liabilities and commitments in the normal course of business. The combined financial statements do not reflect any adjustments that might result from the outcome of the uncertainties as discussed above.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Companies' 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 amount of revenues and expenses during the reporting period. Specifically, the Companies' management utilizes certain techniques that require significant judgment and estimates to verify quantities on hand of its commodities inventory. Actual results could differ from those estimates.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Cash and Cash Equivalents

The Companies consider all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at estimated net realizable value. Management determines the allowance for doubtful accounts based on a variety of factors, including the length of time the receivables are past due, significant one-time events and historical experience. Accounts older than 30 days are generally considered past due. No interest accrues on past due accounts. Management has not recorded an allowance for doubtful accounts at December 31, 2020 or June 30, 2020.

Inventories

Inventories consist primarily of agricultural commodity inventories, such as wheat, soybeans, soybean oil, soybean meal and soybean hulls that are readily convertible to cash because of their commodity characteristics, widely available markets and pricing mechanisms. All of EGT's agricultural commodity inventories are valued at net realizable value. The agricultural commodity inventories are freely traded, have quoted market prices, may be sold without significant further processing and have predictable and insignificant disposal costs. Changes in market values are recognized in earnings as a component of cost of sales. This accounting policy is in accordance with the guidelines described in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 905, *Agriculture*. The Companies also have biofuel inventories, which are state at the lower of cost or market. Cost is determined using primarily the weighted-average cost method.

Renewable Identification Numbers

When the Companies produce and sell a gallon of biomass-based diesel, 1.5 renewable identification numbers ("RIN") per gallon are generated. RINs are used to track compliance with the renewable fuel standard ("RFS2"). RFS2 allows the Companies to attach between zero and 2.5 RINs to a gallon of biomass diesel. As a result, a portion of the selling price for the biomass-diesel is generally attributable to RFS2 compliance. However, RINs that the Companies generate are a form of government incentive and not a result of the physical attributes of the biomass-based diesel production. Therefore, no cost is allocated to the RIN when it is generated, regardless of whether transferred with the biomass-based diesel produced or held by the Companies pending attachment to other biomass-based diesel.

Margin Assets

EGT has margin deposits with a commodity brokerage firm used to acquire futures and option contracts to manage the price volatility risk of its commodity inventories and unpriced grain purchases. These contracts are recorded at market value.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided on the straight-line method based on the following estimated useful lives: buildings – 39 years, equipment – 3 to 7 years, grain systems – 7 to 39 years, rail systems – 7 to 15 years and land improvements – 7 to 15 years. Major renewals or betterments that extend the useful lives of assets are capitalized. Repairs and maintenance costs are expensed as incurred.

Upon the retirement or sale of property and equipment, its cost and related accumulated depreciation are removed from the respective accounts and any gain or loss is reflected in the operations of the current period.

Asset Impairments

The Companies periodically evaluate whether current facts or circumstances indicate that the carrying value of its depreciable assets to be held and used may not be recoverable. If such circumstances are determined to exist, an estimate of undiscounted future cash flows produced by the long-lived asset or the appropriate grouping of assets is compared to the carrying value to determine whether impairment exists. If an asset is determined to be impaired, the loss is measured based on the difference between the asset's fair value and its carrying value.

Notes Receivable

The notes receivable relate to Leverage Lender's receivables from non-related entities entered into in connection with the New Markets Tax Credit financing transactions, as more fully described in Note 7. The notes bear interest from 1.07 to 1.50 percent and are carried at net realizable value. The notes mature at various dates including November 19, 2035, May 10, 2036, and July 2, 2047. The notes require quarterly, interest only payments with the first principal payment due March 2023.

Derivative Instruments and Hedging Activities

All of EGT's derivatives are designated as non-hedge derivatives. The futures and options contracts used by EGT are discussed in Note 6. EGT, as part of its trading activity, use futures and option contracts offered through regulated commodity exchanges. EGT is exposed to risk of loss in the market value of inventories and its unpriced grain purchases. To reduce that risk, EGT generally takes opposite and offsetting positions using futures contracts or options.

Debt Issuance Costs

Debt issuance costs represent costs to acquire debt associated with the NMTC financing, which is more fully described in Note 7, and are amortized using the straight-line method, which approximates the effective interest method, over the expected term of the related debt. Such costs are treated as a reduction of the debt proceeds.

Note 1. Continued

Unpriced Grain Purchases

EGT transacts with certain of its suppliers for commodities for which a purchase price is not determined when EGT takes possession of the related commodities. Under these arrangements, suppliers determine the date for which the pricing will be determined. EGT and its suppliers utilize regulated commodity exchanges to determine pricing. Accordingly, the liability for unpriced grain purchases is recorded at its estimated fair value or estimated price to settle the obligation at December 31, 2020 and June 30, 2020.

Revenue Recognition

The Company's revenue comprises sales from forward commodity contracts that are accounted for under ASC 815, "Derivatives and Hedging" ("ASC 815") and sales of products that are accounted for under ASC 606, "Revenue from Contracts with Customers" ("ASC 606").

Revenue from commodity contracts primarily relates to forward sales of commodities, such as soybeans, corn, and wheat, which are accounted for as derivatives at fair value under ASC 815. These forward sales meet the definition of a derivative under ASC 815 as they have an underlying (e.g., the price of soybeans), a notional amount (e.g., metric tons), no initial net investment and can be net settled since the commodity is readily convertible to cash. EGT does not apply the normal purchase and normal sale exception available under ASC 815 to these contracts.

Revenue from commodity contracts is recognized in net sales for the contracted amount when the contracts are settled. Settlement of the commodity contracts generally occurs upon shipment or delivery of the product when title and risks and rewards of ownership transfers to the customer. From inception through settlement, these forward sales arrangements are recorded at fair value under ASC 815 with unrealized gains and losses recognized in cost of goods sold and carried on the combined balance sheet as current assets or current liabilities, respectively.

Revenue from contracts with customers primarily relate to sales of commodities, such as soybeans, corn and wheat. The Company recognizes revenue from these contracts at a point in time when it satisfies a performance obligation by transferring control of a product to a customer, generally when legal title and risks and rewards of ownership transfer to the customer.

Freight charged to customers for sales transactions, when applicable are included in sales. The Company has elected to account for freight activities that occur after the customer obtains control of the promised goods as fulfillment activities and not promised services. Freight costs incurred are accounted for as cost of sales.

The Company's revenues within the scope of ASC 606 do not include material amounts of variable consideration. Payment terms vary by the products or services offered. The time between invoicing and when payment is due is not significant. Contracts with customers do not generally include a significant financing component or result in significant obligations associated with returns or refunds.

The Company has elected the practical expedient that allows the Company to recognize the incremental costs of obtaining a contract as an expense, when incurred, if the amortization period of the asset that the Company otherwise would have recognized is one year or less.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Deferred revenues relate to customers who prepay for products that are shipped to them over time. Revenue is recognized on these sales once title and risk of loss is transferred to the customer.

Income Taxes

Taxable income or loss of the Companies is reported on the tax returns of the members. Accordingly, no provision or liability for income taxes has been included in the combined financial statement of the Companies.

Fair Value Measurements

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosure,* ("ASC 820") establishes a three-level hierarchy for fair value measurements. The hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The classification of fair value within the hierarchy is based upon the lowest level of input that is significant to the measurement. For Level 1, the valuation is based upon quoted prices for identical assets or liabilities in an active market. For Level 2, the valuation is based upon quoted prices for similar assets and liabilities in active markets or other inputs that are observable, either directly or indirectly, for substantially the full term of the financial instrument. For Level 3, the valuation is based upon other unobservable inputs that are significant to the fair value measurement.

The derivative instruments held by EGT, include forward purchase and sales contracts and futures and option contracts which are recorded at fair value. The fair value of futures contracts is determined using the commodity exchange quoted prices (Level 1 inputs). The estimated fair value of forward contracts is determined using the commodity exchange quoted prices, adjusted as appropriate for differences in the local market (Level 1 inputs). Agricultural commodity inventories are stated at market value (net realizable value). Agricultural commodity inventories reported at fair value are valued based on commodity exchange quotations or market transactions with appropriate adjustments for differences in local markets where EGT's inventories are located (Level 2).

The following table presents information about the assets and liabilities recorded at fair value on a recurring basis at December 31, 2020:

	Fair Value Measurements at December 31, 2020			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Agricultural commodity inventories	$ -	$ 85,151,299	$ -	$ 85,151,299
Margin assets	2,480,441	-	-	2,480,441
Forward contracts	2,658,876	-	-	2,658,876
Unpriced grain purchases	-	(45,145,358)	-	(45,145,358)
Total	$ 5,139,317	$ 40,005,941	$ -	$ 45,145,258

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

The following table presents information about the assets and liabilities recorded at fair value on a recurring basis at June 30, 2020:

	Fair Value Measurements at June 30, 2020			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Agricultural commodity inventories	$ -	$ 14,304,882	$ -	$ 14,304,882
Margin assets	2,238,493	-	-	2,238,493
Forward contracts	(374,471)	-	-	(374,471)
Unpriced grain purchases	-	(8,671,337)	-	(8,671,337)
Total	$ 1,864,022	$ 5,633,545	$ -	$ 7,497,567

The majority of the Companies' non-financial instruments, which include property and equipment, are not required to be carried at fair value on a recurring basis but are subject to fair value adjustments only in certain circumstances. If certain triggering events occur such that a non-financial instrument is required to be evaluated for impairment, any resulting asset impairment would require that the non-financial instrument be recorded at the lower of historical cost or its fair value. The Companies determined certain biodiesel and soybean processing assets were impaired at the December 31, 2020 and June 30, 2020. The impairment of approximately $1 million and $13 million was determine primarily utilizing a sales comparison approach which the Companies determined to be at Level 2 in the fair value hierarchy.

Restricted Cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the combined balance sheet that sums to the total of the same such amounts shown on the combined statement of cash flows.

	December 31, 2020	June 30, 2020
Cash and cash equivalents	$ 1,069,189	$ 846,382
Restricted cash	1,531,579	369,455
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	$ 2,600,768	$ 1,215,837

Note 1. Continued

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("Topic 606"), which clarifies the principles for recognizing revenue. This guidance requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company adopted the standard on January 1, 2019 under the modified retrospective approach, applying it only to contacts with customers open as of that date. The impact of adoption of the standard did not have a material impact to these combined financial statements.

Note 2. Property and Equipment

Property and equipment consisted of the following at December 31, 2020 and June 30, 2020:

	December 31, 2020	June 30, 2020
Land and improvements	$ 1,125,007	$ 1,125,007
Buildings	956,694	917,709
Equipment, bins and grain systems	30,870,718	30,169,744
Oil mill facility	30,542,645	28,708,188
Biodiesel facility	11,566,150	11,533,136
Construction in progress	3,527,258	67,023
Total property and equipment	78,588,472	72,520,807
Less accumulated depreciation and amortization	15,972,773	13,502,258
Property and equipment, net	$ 62,615,699	$ 59,018,549

The Company obtained an appraisal of its property and equipment in 2020 as a result of ongoing losses from its biodiesel operations. In accordance with ASC 360, *Property, Plant and Equipment*, the Companies evaluated their fixed assets for impairment at the lowest level for which identifiable cash flows were largely independent of the cash flows of other assets and liabilities. Based on this appraisal, the carrying value of the property and equipment associated with the biodiesel and soybean processing facility was determined to be impaired and was written down by approximately $1 million and $13 million to their estimated fair value as of December 31, 2020 and June 30, 2020, respectively. There was no impairment recognized related to the Companies grain storage facility assets.

Note 3. Inventories

Inventories at December 31, 2020 and June 30, 2020 were as follows:

	December 31, 2020	June 30, 2020
Soybeans	$ 81,166,174	$ 6,034,377
Soybean oil	2,076,945	3,362,115
Soybean meal	1,538,068	4,361,635
Soybean hulls	79,240	107,100
Corn	290,872	388,431
Wheat	-	51,224
Biodiesel	1,365,721	406,310
Other	45,000	45,000
	$ 86,562,020	$ 14,756,192

Note 4. Line-of-Credit and Long-term Debt

EGT has a credit agreement that provides for maximum available borrowings of $40,000,000 under a line of credit and a $35,000,000 term loan at December 31, 2020. Borrowings under the line of credit bear interest at variable rates based on LIBOR plus the applicable margin (4.00 percent at December 31, 2020). Substantially all assets of EGT collateralize borrowings under the credit agreement. At December 31, 2020, outstanding borrowings under the line of credit were $47,239,449, which included $11,423,285 of outstanding checks, and exceeded its maximum available borrowings. The line of credit matures October 31, 2021, but may be canceled at any time, at the sole discretion of the lender. The credit agreement requires EGT maintain a tangible net worth, as defined, of not less than $1,000,000 and a minimum debt service ratio of 1.25:1.00. The terms of the line of credit were amended to waive any noncompliance of the debt service ratio covenant through June 30, 2021. The credit agreement also limits the number of un-hedged commodities contracts to be held by EGT. EGT held long positions for certain commodities exceeding limits allowed under the line of credit, which represents an event of default. On August 26, 2021, EGT was granted a waiver in connection with this event of default.

Note 4. Continued

The following is a summary of long-term debt at December 31, 2020 and June 30, 2020:

	December 31, 2020	June 30, 2020
JOHN DEERE FINANCIAL Payable in monthly, interest-free payments through July 2020	$ 42,141	$ 117,885
CAT FINANCIAL Payable in monthly, interest free payments through December 2022	118,878	149,889
CHASE AUTO Payable in monthly, interest free payments through November 2024	21,095	23,620
STATE BANK NOTE Payable in monthly, interest free payments through April 2026	29,081	31,823
RUSTIC VENTURES, LLC NOTE A Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	3,941,006	3,941,006
RUSTIC VENTURES, LLC NOTE B Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	1,938,994	1,938,994
AMCREF CDE FUND 34, LLC NOTE A Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	5,441,776	5,441,776
AMCREF CDE FUND 34, LLC NOTE B Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	2,605,224	2,605,224
AMCREF CDE FUND 34, LLC NOTE C Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	1,153,000	1,153,000
EGT STATE FUND, LLC Payable in quarterly, interest-only payments through March 2023 with the principal and unpaid interest due November 2035	1,153,000	1,153,000

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

	December 31, 2020	June 30, 2020
AMCREF FUND 47, LLC LOAN A Payable in quarterly, interest-only payments through May 2025 with principal and unpaid interest due upon maturity May 2038	$ 3,662,000	$ 3,662,000
AMCREF FUND 47, LLC LOAN B Payable in quarterly, interest-only payments through March 2025 with principal and interest due quarterly from June 2025 through May 2038	1,338,000	1,338,000
MUNISTRATEGIES SUB-CDE#26, LLC LOAN A Payable in quarterly, interest-only payments through May 2025 with principal and unpaid interest due upon maturity May 2038	4,706,800	4,706,800
MUNISTRATEGIES SUB-CDE#26, LLC LOAN B Payable in quarterly, interest-only payments through March 2025 with principal and interest due quarterly from June 2025 through May 2038	1,764,560	1,764,560
MUNISTRATEGIES SUB-CDE#26, LLC LOAN C Payable in quarterly, interest-only payments through March 2025 with principal and unpaid interest due upon maturity May 2025	458,640	458,640
UMB TERM LOAN Payable in quarterly, principal and interest payments of $875,000 beginning March 31, 2021 through October 31, 2023 with remaining principal and accrued`and unpaid interest due October 2023	35,000,000	25,200,000
PAYROLL PROTECTION PROGRAM LOAN Payable in monthly, principal and interest payments of $124,113 beginning November 2020 through April 2022	2,205,000	2,205,000
SCOTT FINANCIAL SERVICES, LLC Payable in monthly, principal and interest payments beginning January 2021 through December 2025	309,500	-
AMCREF COMMUNITY CAPITAL, LLC Payable in quarterly, interest-only payments, with the principal and unpaid interest due July 2050	656,612	-

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

	December 31, 2020	June 30, 2020
AMCREF QLICI, NOTE A Payable in quarterly, interest-only payments through June 2027, with the principal and unpaid interest due July 2050	$ 6,053,961	$ -
AMCREF QLICI, NOTE B Payable in quarterly, interest-only payments through June 2027, with the principal and unpaid interest due July 2050	2,116,113	-
AMCREF QLICI, NOTE C Payable in quarterly, interest-only payments through June 2027, with the principal and unpaid interest due July 2050	467,126	-
HRF QLICI, NOTE A Payable in quarterly, interest-only payments through June 2027, with the principal and unpaid interest due July 2050	3,842,900	-
HRF QLICI, NOTE B Payable in quarterly, interest-only payments through June 2027, with the principal and unpaid interest due July 2050	1,157,000	-
AMCREF COMMUNITY CAPITAL, LLC Payable in quarterly, interest-only payments, with the principal and unpaid interest due July 2050	454,455	-
NMSC MISSISSIPPI QLICI NOTE Payable in quarterly, interest-only payments through June 2027, with the principal and unpaid interest due July 2050	3,333,333	-
NMSC FEDERAL QLICI NOTE Payable in quarterly, interest-only payments through June 2027, with the principal and unpaid interest due July 2050	4,800,000	-
Debt issuance costs	(1,598,549)	(929,171)
Total long-term debt	87,171,646	54,962,046
Less current maturities	4,677,629	4,333,848
Long-term debt less current maturities	$ 82,494,017	$ 50,628,198

Note 4. Continued

Aggregate annual maturities of notes payable outstanding at December 31, 2020 are as follows:

Year Ending December 31,		Amount
2021	$	4,677,629
2022		4,849,512
2023		3,580,561
2024		24,576,826
2025		39,307
Thereafter		51,046,360
Total, excluding debt issuance costs		88,770,195
Total debt issuance costs		(1,598,549)
Total long-term debt	$	87,171,646

Note 5. Paycheck Protection Program

During fiscal 2020, the Companies received a loan of $2,205,000 under the Paycheck Protection Program ("PPP") with a financial institution under the Federal "Cares Act" to provide for the payroll payments during the COVID-19 Pandemic. The loan matures April 2022. Borrowings under the loan bear interest at 1.00 percent. Interest and principal payments are due monthly. The PPP Program provides for an initial six-month deferral of payments, which is subsequently deferred by another 10 months. The Company submitted for and received loan forgiveness on July 23, 2021.

Note 6. Derivatives

EGT enters into forward purchase and sales contracts ("forward contracts") for the purchase and sale of agricultural commodity inventories. Forward contracts are recorded at fair value. Changes in the fair value of these contracts are recognized in earnings as margin gains and losses. As of December 31, 2020 and June 30, 2020, the fair value of forward contracts was $2,658,876 and ($374,471), respectively. To reduce price risk fluctuations, EGT also follows a policy of using exchange-traded futures contracts to minimize its net position of merchandisable agricultural commodity inventories and forward cash purchase and sales contracts. Changes in the fair value of these investments are recognized in sales as margin gains or losses. As of December 31, 2020 and June 30, 2020, EGT's fair value of margin assets was $2,480,441 and $2,238,493, respectively. For the six months ended December 31, 2020, EGT recognized gains of $3,033,347 on forward contracts which are included in net sales in the statement of income. For the six months ended December 31, 2020, EGT recognized losses of $7,362,801 on margin assets which included unrealized losses of $9,175,649 and realized gains of $1,812,848. Losses on margin assets are included in cost of goods sold in the statement of income.

Note 6. Continued

EGT considers commodities on hand less unpriced grain purchases, priced forward purchases and sales contracts, and futures contracts when evaluating its net long or short position. EGT utilizes a standard conversion to convert soybeans to soybean oil and meal and biodiesel to soybean oil. The following table summarizes the Companies net long (short) position by commodity at December 31, 2020:

Corn (bushels)	(68,182)
Soybeans (bushels)	(3,247,765)
Wheat (bushels)	(3,000)

Note 7. New Markets Tax Credit Financing

During 2015, EGT and EGT Processing executed a NMTC transaction, EGT received proceeds to be used for the purchase of specific equipment, as permitted by the NMTC program. EGT and EGT Processing also received below market interest rate loans of $15,080,000 and $1,153,000, bearing interest at 1.5 percent, and maturing in 2035, respectively. In addition, EGT recorded notes receivable for $10,535,782 bearing interest at 1.5 percent, maturing in 2035. In order to comply with the NMTC program, the notes payable and notes receivable are required to be outstanding during a seven year, interest only compliance period. If certain conditions are met, EGT and EGT Processing will be able to settle the net of all the notes payable and notes receivable for a discounted amount after the compliance period.

During 2018, EGT and Express Biodiesel executed a NMTC transaction. EGT received proceeds to be used for the purchase of specific equipment, as permitted by the NMTC program. EGT and Express Biodiesel also received below market interest rate loans of $5,000,000 and $6,930,000, bearing interest from 1.02 to 1.54 percent and maturing in 2038. In addition, EGT recorded notes receivable for $8,368,800 bearing interest at 1.08 percent, maturing in 2036. In order to comply with the NMTC program, the notes payable and notes receivable are required to be outstanding during a seven year, interest only compliance period. If certain conditions are met, EGT and Express Biodiesel will be able to settle the net of all the notes payable and notes receivable for a discounted amount after the compliance period. In connection with the NMTC transaction, EGT assigned assets in construction in progress of $18,194,241 to Express Biodiesel, as of June 30, 2018. The assets transferred represent assets critical to the biodiesel operations and were placed in service in March of 2019.

During 2020, EGT and Leverage Lender executed a NMTC transaction. EGT received proceeds to be used for the purchase of specific equipment, as permitted by the NMTC program. EGT and Leverage Lender also received below market interest rate loans of $8,637,200, $8,133,133, $5,000,000, and $1,111,067, bearing interest at 1.21 percent, maturing in July 2050. In addition, Leverage Lender recorded notes receivable for $4,850,695 and $12,721,945. In order to comply with the NMTC program, the notes payable and notes receivable are required to be outstanding during a seven year, interest only compliance period. If certain conditions are met, EGT and Leverage Lender will be able to settle the net of all the notes payable and notes receivable for a discounted amount after the compliance period.

Incremental costs to maintain the transaction structure during the compliance period are expensed as incurred.

Note 7. Continued

Following is a summary of the assets at December 31, 2020 and June 30, 2020 resulting from the NMTC transactions:

	December 31, 2020	June 30, 2020
Cash (included in restricted cash)	$ 1,858,479	$ 369,455
Notes receivable from Twain Investment Fund 139, LLC	10,535,782	10,535,782
Notes receivable from Express Biodiesel Greenwood Investment Fund, LLC	8,368,800	8,368,800
Notes receivable from USBCDC Investment Fund 284, LLC	17,572,640	-
Total	$ 38,335,701	$ 19,274,037

The above assets are subject to certain risks associated with the compliance requirements of the applicable NMTC transactions.

Note 8. Related Party Transactions

The Companies had an outstanding balance due to an owner at December 31. 2020 and June 30, 2020 of $6,843,680 and $5,568,680, respectively. The note payable with the related party has no stated interest rate or maturity date. The amounts are not expected to be repaid within the next twelve months and do not bear any interest.

Note 9. Concentration of Credit Risk

The Companies generally maintain cash on deposit at banks in excess of federally insured amounts. The amount of uninsured bank balances at risk as of December 31, 2020 totaled approximately $1,555,000. The Companies have not experienced any losses in such accounts.

Note 10. Commitments

EGT, from time to time, enters into transactions with a third party to sell soybeans at a specific price and, simultaneously, enter into an agreement to purchase the same quantity of soybeans at a future date. The terms of the future purchase of soybeans by EGT from the third party do not include a fixed price and, therefore, no obligation has been recognized by EGT at June 30, 2020. Sales recognized by EGT under these arrangements totaled approximately $7,332,121 for the six months ended December 31, 2020. There are no bushels of soybean under forward purchase contracts at year under these agreements.

Note 11. Subsequent Events

The Companies have evaluated subsequent events through August 30, 2021, the date these financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES

Combining Balance Sheet

December 31, 2020

	Express Grain Terminals, LLC	Express Biodiesel, LLC Express Processing, LLC and Subsidiary	Eliminations	Express Grain Terminals, LLC Combined
ASSETS				
Current assets				
Cash and cash equivalents	$ 4,007	$ 1,065,182	$ -	$ 1,069,189
Accounts receivable	5,101,237	2,094	-	5,103,331
Inventories	86,562,020	-	-	86,562,020
Prepaid expenses	558,213	-	-	558,213
Biodiesel tax credit receivable	1,011,859	-	-	1,011,859
Forward contracts	2,658,876	-	-	2,658,876
Margin assets	2,480,441	-	-	2,480,441
Total current assets	98,376,653	1,067,276	-	99,443,929
Notes receivable	-	70,701,298	34,224,076	36,477,222
Property and equipment, net	47,050,835	15,564,864	-	62,615,699
Receivable from affiliates	14,907,257	-	14,907,257	-
Restricted cash	1,204,679	326,900	-	1,531,579
Total assets	$ 161,539,424	$ 87,660,338	$ 49,131,333	$ 200,068,429
LIABILITIES AND MEMBERS' EQUITY				
Current liabilities				
Accounts payable	$ 2,883,851	$ 2,095	$ -	$ 2,885,946
Current maturities of long-term debt	4,677,629	-	-	4,677,629
Borrowings on line-of-credit	47,239,449	-	-	47,239,449
Unpriced grain purchases	45,145,358	-	-	45,145,358
Deferred revenue	5,000,001	-	-	5,000,001
Accrued expenses	314,210	906,673	-	1,220,883
Total current liabilities	105,260,498	908,768	-	106,169,266
Note payable, related party	6,843,680	6,928,198	6,928,198	6,843,680
Long-term debt, less current maturities	68,884,410	47,833,683	34,224,076	82,494,017
Total liabilities	180,988,588	55,670,649	41,152,274	195,506,963
Total members' equity (deficit)	(19,449,164)	31,989,689	7,979,059	4,561,466
Total liabilities and members' equity	$ 161,539,424	$ 87,660,338	$ 49,131,333	$ 200,068,429

EXPRESS GRAIN TERMINALS, LLC AND AFFILIATES
Combining Statement of Income
Six Months Ended December 31, 2020

	Express Grain Terminals, LLC	Express Biodiesel, LLC Express Processing, LLC and Subsidiary	Eliminations	Express Grain Terminals, LLC Combined
Net sales	$ 103,358,997	$ -	$ -	$ 103,358,997
Cost of goods sold	87,274,427	(678,007)	-	86,596,420
Gross margin	16,084,570	678,007	-	16,762,577
Operating expenses				
Depreciation & amortization expense	2,459,090	54,377	-	2,513,467
Impairment loss	1,000,000	-	-	1,000,000
Other operating expenses	6,945,485	2,529,727	-	9,475,212
Total operating expenses	10,404,575	2,584,104	-	12,988,679
Operating income (loss)	5,679,995	(1,906,097)	-	3,773,898
Other income (expense)				
Other income	1,282,193	-	-	1,282,193
Interest income	-	342,966	(342,966)	-
Interest expense	(3,014,960)	(163,816)	342,966	(2,835,810)
Total other income (expense)	(1,732,767)	179,150	-	(1,553,617)
Net income (loss)	$ 3,947,228	$ (1,726,947)	$ -	$ 2,220,281