Financial Statements
August 31, 2016 and 2015

Redfield Energy, LLC

REDFIELD ENERGY, LLC
Financial Statements
August 31, 2016

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Managers
Redfield Energy, LLC
Redfield, South Dakota

Report on the Financial Statements
We have audited the accompanying financial statements of Redfield Energy, LLC which comprise of the balance sheets as of August 31, 2016 and 2015, and the related 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 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 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 financial statements referred to above present fairly, in all material respects, the financial position of Redfield Energy, LLC as of August 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Sioux Falls, South Dakota
November 30, 2016

REDFIELD ENERGY, LLC
Balance Sheets

	August 31, 2016	August 31, 2015
ASSETS		
Current Assets		
Cash and cash equivalents	$ 8,612,940	$ 13,939,153
Receivables		
Fuel ethanol	1,496,175	1,455,535
Distillers grains, net	1,080,630	1,101,008
Incentives refunds	166,667	142,857
Other	17,820	37,015
Inventory	4,810,071	4,838,876
Margin deposit and derivative financial instruments	965,522	1,241,617
Prepaid expenses and other current assets	347,917	299,292
Total current assets	17,497,742	23,055,353
Property and Equipment		
Land and land improvements	8,349,513	8,343,539
Railroad improvements	2,140,587	2,140,587
Process buildings	3,065,543	3,065,543
Process and grain storage tanks	14,967,030	14,967,030
Process equipment	67,494,655	57,314,190
Administration building	1,199,970	1,199,970
Office equipment	1,124,975	1,097,108
Rolling stock	1,422,438	1,330,783
Construction in progress	87,108	6,033,914
	99,851,819	95,492,664
Less accumulated depreciation	(65,248,549)	(58,287,191)
Net Property and equipment	34,603,270	37,205,473
Other Assets		
Financing costs, net of amortization of $236,519 and $186,278	24,687	64,928
Other investments	187,221	157,103
Total other assets	211,908	222,031
Total Assets	$ 52,312,920	$ 60,482,857

See Notes to Financial Statements.

REDFIELD ENERGY, LLC
Balance Sheets

	August 31, 2016	August 31, 2015
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Current portion of long-term debt	$ 1,445,687	$ 1,378,838
Accounts payable	922,672	1,103,511
Corn payable	384,126	814,755
Accrued interest payable	50,996	67,264
Other accrued liabilities	1,270,095	1,408,460
Total current liabilities	4,073,576	4,772,828
Long-term debt, net of current portion	4,341,315	5,786,867
Total liabilities	8,414,891	10,559,695
Commitments and Contingencies (Note G)		
Members' Equity		
Member contributions:		
Class A and B units, net of $158,190 costs related to capital contributions, 40,871,052 units issued and outstanding	40,037,862	40,037,862
Class G units, 100 units issued and outstanding	1,000	1,000
Retained earnings	3,859,167	9,884,300
Total members' equity	43,898,029	49,923,162
Total Liabilities and Members' Equity	$ 52,312,920	$ 60,482,857

See Notes to Financial Statements.

REDFIELD ENERGY, LLC
Statements of Operations

	Fiscal Year Ended August 31, 2016	Fiscal Year Ended August 31, 2015
Revenues		
Fuel ethanol sales	$ 78,597,813	$ 89,154,923
Distillers grains sales	20,489,063	23,839,245
Corn oil sales	4,860,402	3,699,727
State ethanol producer incentive	533,888	416,667
Total revenues	104,481,166	117,110,562
Cost of Revenues		
Corn ground	70,492,653	69,721,928
Freight costs and commissions	7,943,658	7,962,593
Natural gas	4,448,603	5,786,871
Depreciation	7,075,759	5,847,747
Denaturant, chemicals, and ingredients	8,052,226	7,525,032
Other production costs	8,789,495	8,743,492
Total cost of revenues	106,802,394	105,587,663
Gross Profit (Loss)	(2,321,228)	11,522,899
General and Administrative Expenses		
Other costs	551,236	513,093
Administrative labor costs	1,200,789	1,245,447
Professional fees	255,880	340,092
Insurance	264,839	258,914
Property taxes	222,761	177,109
Depreciation	116,302	65,364
Industry dues & fees	179,857	190,342
Amortization of financing costs	50,241	54,324
Total general and administrative expenses	2,841,905	2,844,685
Income (Loss) from Operations	(5,163,133)	8,678,214
Other Income (Expense)		
Interest income	17,341	28,787
Other income	1,114,222	724,728
Interest expense	(358,720)	(234,847)
Total other income	772,843	518,668
Net Income (Loss)	$ (4,390,290)	$ 9,196,882
Weighted Average Units Outstanding	40,871,052	40,871,052
Net Income (Loss) per Unit	$ (0.107)	$ 0.225

See Notes to Financial Statements.

REDFIELD ENERGY, LLC
Statements of Changes in Members' Equity
Fiscal Years Ended August 31, 2016 and 2015

	Class A and B Units	
	Units	Amount
Balance, August 31, 2014	20,435,526	$ 40,037,862
2-for-1 unit split	20,435,526	-
Balance, August 31, 2015 & 2016	40,871,052	$ 40,037,862

	Total Class G Units	
	Units	Amount
Balance, August 31, 2014	100	$ 1,000
2-for-1 unit split	-	-
Balance, August 31, 2015 & 2016	100	$ 1,000

	Total Capital Units	
	Units	Amount
Balance, August 31, 2014	20,435,626	$ 40,038,862
2-for-1 unit split	20,435,526	-
Balance, August 31, 2015 & 2016	40,871,152	$ 40,038,862

	Retained Earnings	Total Equity
Balance, August 31, 2014	$ 12,131,312	$ 52,170,174
Net income	9,196,882	9,196,882
Distributions to members	(11,443,894)	(11,443,894)
Balance, August 31, 2015	9,884,300	49,923,162
Net (loss)	(4,390,290)	(4,390,290)
Distributions to members	(1,634,843)	(1,634,843)
Balance, August 31, 2016	$ 3,859,167	$ 43,898,029

See Notes to Financial Statements.

REDFIELD ENERGY, LLC
Statements of Cash Flows

		Fiscal Year Ended August 31, 2016		Fiscal Year Ended August 31, 2015
Operating Activities				
Net income (loss)	$	(4,390,290)	$	9,196,882
Changes to net income not affecting cash				
Depreciation		7,192,061		5,913,111
Amortization of financing costs		50,241		54,324
Net (gains) losses recognized from derivative financial instruments		276,096		(484,963)
Increase (decrease) in current assets				
Receivables		(24,877)		948,866
Inventory		28,805		(116,001)
Prepaid expenses		(48,625)		133,653
Increase (decrease) in current liabilities				
Checks issued in excess of available cash balance		-		(195,867)
Accounts and corn payable		(611,468)		(417,850)
Accrued liabilities		(154,633)		(152,290)
Net Cash Provided By Operating Activities		2,317,310		14,879,865
Investing Activities				
Purchase of property and equipment		(4,589,858)		(11,606,805)
Other investments		(30,118)		(52,572)
Net Cash Used for Investing Activities		(4,619,976)		(11,659,377)
Financing Activities				
Borrowings on term loan		-		7,500,000
Principal payments on term loan		(1,378,704)		(334,295)
Payments for financing costs		(10,000)		(25,000)
Distributions to members		(1,634,843)		(11,443,894)
Net Cash Used for Financing Activities		(3,023,547)		(4,303,189)
Net (Decrease) Increase in Cash and Cash Equivalents		(5,326,213)		(1,082,701)
Cash and Cash Equivalents - Beginning of Period		13,939,153		15,021,854
Cash and Cash Equivalents - End of Period	$	8,612,940	$	13,939,153
Supplemental Disclosures of Cash Flow Information				
Cash paid for interest	$	374,989	$	182,587

See Notes to Financial Statements.

NOTE A: NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of business – Redfield Energy, LLC (a South Dakota limited liability company located two miles north of Redfield, South Dakota) was organized to operate a 50 million gallons per year dry mill ethanol plant for commercial sales throughout the United States. Redfield Energy, LLC (the "Company" or "Redfield Energy") was organized on July 14, 2005 and was in the development stage until operations began on April 26, 2007. The Company is comprised of 703 members who represent three unit classes. Class A equity unit holders are required to deliver corn on an annual fiscal year basis. Class B and G equity unit holders do not have a corn requirement.

The plant has the capacity to process approximately 20 million bushels of corn into ethanol per year. During the fiscal year ended August 31, 2016, the plant produced more than 59 million gallons of ethanol. This is about one million gallons more than the prior fiscal year. At normal operating production levels, the plant will also produce approximately 160,000 equivalent dry tons of modified wet and dried distiller grains, which will be sold to the local and out of state markets.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition – Revenue from the sale of ethanol and distiller grains is recorded when title transfers to the customer, which occurs when the product is loaded into the railcar or truck. Interest income is recognized as earned. Amounts received under the incentive program from the State of South Dakota are recognized as revenue based on terms of the agreement (based on production or sale of ethanol).

Cost of Revenues – The primary components of cost of revenues from the production of ethanol and related co-product are corn expense, energy expense (natural gas and electricity), depreciation, raw materials expense (chemicals and denaturant), shipping costs on revenues, and direct labor costs. Shipping costs incurred by the Company are recorded as a component of cost of revenues. Shipping costs in cost of revenues include inbound freight charges, purchasing and receiving costs, inspection costs, warehousing costs, and internal transfer costs.

NOTE A: NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations of Credit Risk – The Company performs periodic credit evaluations of its customers and generally does not require collateral. The Company's operations may vary with the volatility of the markets for inputs (including corn, natural gas, chemicals and denaturant) and for the finished products (ethanol and distiller grains). The Company's cash balances are maintained in bank depositories and frequently exceed federally insured limits.

Current Vulnerability Due to Certain Concentrations – The Company's operations consist primarily of the production of fuel ethanol, corn oil, and related distiller grains products. The Company currently markets all of its ethanol produced through one marketer. All dry distiller sales shipped by rail are marketed by a single entity. All corn oil sales are marketed by a single entity. A loss of one or both of these marketers could cause a delay in production and a possible loss of sales and receivables, which would affect operating results adversely. Because of these concentrations the Company is exposed to risk of loss greater than it would have had it mitigated its risk through diversification.

The Company also relies on all of its corn purchases coming from one grain handler. In addition, corn procured by the Company is relied upon to come from a small geographic area around Redfield, South Dakota. If there is a loss of area crop production due to weather conditions this could cause higher priced corn purchases.

Cash Equivalents – The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable – The Company has engaged the services of two national marketers to sell all of its ethanol and distillers grains shipped by rail. The marketers handle nearly all sales functions including billing, logistics, and sales pricing. Once product is shipped, the marketer assumes the risk of payment from the consumer and handles all delinquent payment issues. In addition, the company has engaged the services of a national marketer to sell all of its corn oil.

The Company does market modified wet distiller grains and dried distiller grains sales by truck directly to primarily local consumers and generally bills daily with payments due within 15 days of invoice date. The Company considers accounts older than 120 days to be delinquent and would generally initiate collection procedures. If the collection procedures have not provided collection within one year of the invoice date, the account will be written off as a bad debt.

NOTE A: NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts receivable are shown net of credits and anticipated uncollectible amounts. The Company reviews historical collection experience and the current status of accounts to compute its allowance for uncollectible accounts. As of August 31, 2016 and 2015 the Company's allowance was $146,277 for uncollectible accounts.

Inventories – All inventories, except for distiller grains, are stated at the lower of cost (first-in, first-out) or market. Distillers grains are stated at net realizable value.

Derivative Financial Instruments and Hedging Activities – The Company had cash deposits and market value of open positions of $965,522 in broker accounts as of August 31, 2016 and $1,241,617 in broker accounts as of August 31, 2015. These deposits are restricted by the broker based upon minimum margin requirements for such accounts. The Company has elected to net the fair value of amounts recognized for multiple similar derivative instruments executed with the same counterparty with the cash deposits.

The Company enters into short-term cash grain, option and futures contracts as a means of securing corn for the ethanol plant and managing exposure to changes in commodity prices. All of Redfield Energy's derivatives are designated as non-hedge derivatives, and accordingly are recorded at fair value with changes in fair value recognized in net income. Although the contracts are considered economic hedges of specified risks, they are not designated as and accounted for as hedging instruments.

As part of its trading activity, Redfield Energy uses futures and option contracts offered through regulated commodity exchanges to reduce risk, and are exposed to risk of loss in the market value of inventories. To reduce that risk, Redfield Energy generally takes positions using cash, futures contracts, and options.

Unrealized gains and losses related to derivative contracts related to corn and natural gas purchases are included as a component of cost of revenues and derivative contracts related to ethanol sales are included as a component of revenues in the accompanying financial statements. The fair values of derivative contracts are presented on the accompanying balance sheet as derivative financial instruments.

NOTE A: NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

FASB Accounting Standards Codification Topic 815 requires entities to provide transparency in interim and annual financial statements about how and why the entity uses derivative instruments, how the instruments and related hedged items are accounted for, and how the instruments and related hedged items affect the financial position, results of operations, and cash flows of the entity. Detailed disclosures of the Company's involvement in commodities contracts, derivative instruments, and hedging activities are outlined in Note L to the financial statements.

PROPERTY AND EQUIPMENT – Property and equipment is stated at cost. Depreciation for financial purposes is computed using the straight-line method over the estimated useful lives of the assets as follows:

Land improvements	15–20 years
Railroad improvements	10–20 years
Process buildings	20–30 years
Process and grain storage tanks	7–10 years
Process equipment	7–10 years
Administration building	10–20 years
Office equipment	3–7 years
Rolling stock	3 years

Depreciation on the majority of the assets commenced when the Company completed the development stage and began full operations on April 26, 2007. Repairs and maintenance are expensed as incurred; major improvements are capitalized. Long-lived assets are reviewed for impairment whenever events or changes in business circumstances indicate the carrying value of the assets may not be recoverable.

Financing Costs – Financing costs are recorded at cost. Amortization of financing costs is computed using the straight-line method over the term of the loans. Any remaining unamortized financing costs associated with a debt facility refinanced are written off immediately.

NOTE A: NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes – The Company is a limited liability company and allocates all profits and losses to members in proportion to the number of Class A and Class B units owned, so no income tax expense is recognized at the Company level. The Company uses accelerated depreciation methods for income tax purposes, which may cause taxable income to be different than net income for financial purposes. Other items affecting book/tax income differences include start-up costs, organization costs, and unrealized gains or losses on hedging activities.

Advertising and Promotion Costs – Advertising costs are expensed when incurred. Advertising and promotion costs totaled $39,226 and $28,723 for the fiscal years ended August 31, 2016 and 2015, respectively.

NOTE B: INVENTORIES

	August 31, 2016	August 31, 2015
Ethanol and distillers grains:		
Finished goods	$ 775,295	$ 1,085,822
In process	700,785	800,678
Denaturant, chemicals and ingredients	575,027	673,802
Spare parts	2,758,964	2,278,574
Total inventory	$ 4,810,071	$ 4,838,876

Corn Supply Agreement – Redfield Energy partners with Wheat Growers for its corn procurement. Redfield Energy members and Wheat Grower members are able to sell and deliver corn directly to Redfield Energy's plant through a supply agreement. On August 30, 2013 both parties agreed to a new three-year contract from October 1, 2013 to September 30, 2016. On October 2, 2015 Wheat Growers and the Company amended the current corn procurement agreement to be extended until September 30, 2017.

Under the terms of the grain supply agreement, the Company receives semi-annual payments for lease of its grain handling facilities to Wheat Growers. Redfield Energy is responsible for all costs of repair to said equipment and facility operated by Wheat Growers. The agreement sets forth a minimum base of 15 million bushels of corn to be supplied and paid for each year during the term of the agreement. If the Company's usage is below the minimum, Wheat Growers will be entitled to additional compensation to offset its lease and other operating expenses.

NOTE C: LONG-TERM DEBT

Facility B Term Loan – On March 31, 2015 the Company entered into a term loan with FCSA. The amount borrowed on this term loan was $7,500,000. The amount outstanding on August 31, 2016 was $5,787,002. The company is required to make quarterly payments including interest of $423,036 on July 1, October 1, January 1, and April 1 until the final payment is made on April 1, 2020. The commitment under the loan is to finance the purchase and installation of the ICM Fiber Separation Technology system. The interest rate to be applied to principal payments on this loan until maturity date is 4.63%.

Minimum principal payments on long-term debt are estimated as follows:

Twelve Months Ended August 31,	
2017	$1,445,687
2018	1,514,613
2019	1,586,975
2020	1,239,727
	$5,787,002

Long Term Revolver – On October 20, 2011, the Company entered into a credit agreement with FCSA. FCSA agreed to make advances to the Company or issue Letters of Credit on behalf of Redfield Energy up to an aggregate amount of $20 million (maximum principal balance) until November 1, 2016. Each quarter the commitment was reduced until January 1, 2014. At that time, the maximum principal balance shall be $10 million. The proceeds of said loan was used by Redfield Energy to (i) refinance existing term debt with Great Western Bank; (ii) provide additional working capital to support operating expenses; (iii) fund capital expenditures; and (iv) issue letters of credit. Interest shall accrue from the date of each advance, from April 1, 2015 until maturity date, at a variable rate per annum equivalent to one-month Libor rate, plus 3.25% (variable rate). The variable rate shall be adjusted each month. This credit agreement is secured by substantially all assets of the Company.

Subsequent amendments to the original credit agreement have been made to allow the Company more flexibility in distributions to members and capital spending. Effective January 1, 2013 the maximum amount available for subsequent advances was $15 million; thereafter, the balance available for subsequent advances shall be reduced by $1 million on the first day of January and the first day of July commencing January 1, 2014 and continuing through and including January 1, 2016, at which time it was reduced to $10 million. The term of the agreement has been extended one year, to July 1, 2017.

NOTE C: LONG-TERM DEBT (continued)

The Company is allowed to make annual capital expenditures, from any source of available, up to $13 million in aggregate beginning with fiscal year 2015, and decreasing to $5 million effective with fiscal year 2016 and thereafter. The Company is allowed to make distribution of profits to members as long as working capital (current assets minus current liabilities according to GASP) remains above $10 million and the Company remains in compliance with all other loan covenants on a post-distribution basis. The credit agreement was amended on the 1st day of March, 2016. The Primary change was a reduction in the maximum principle balance to $5,000,000 effective April 1, 2016 until the maturity date on April 1, 2021.

The amount available to borrow under this revolver is $4,599,667 at August 31, 2016 as follows:

Maximum Principal Balance	$ 5,000,000
Borrowed Funds at 8/31/16	-
Letters of Credit	(400,333)
Amounts Available	$ 4,599,667

The Company was not in compliance with the Debt Service Coverage Ratio for the year ended August 31, 2016. On November 29, 2016 FCSA waived the event of noncompliance with the covenant.

NOTE D: LEASES

Dry Distillers Hopper Car Leases – The Company leases 101 hopper cars under two operating lease agreements. The original hopper car lease runs through early 2017. An additional 7-year lease, on 30 hopper cars, was entered into effective June 1, 2015. The operating lease agreements currently contain a monthly base rental amount of $77,030. Generally, the Company is required to pay executory costs such as maintenance and insurance. During the most recent fiscal year, the Company both sub-leased out and leased in hopper cars. Net lease payments during the fiscal year ended August 31, 2016, were $946,214. Lease payments during the fiscal year ended August 31, 2015, were $686,032.

Ethanol Rail Car Leases – At the end of the fiscal year ended August 31, 2016, the Company leased a total of 228 rail cars for the shipment of ethanol under operating agreements with several parties. A majority of the rail cars are leased for periods from one to five years. Commitments on a few cars extend to the year 2022.

NOTE D: Leases (continued)

Lease payments on the rail cars during the fiscal year ended August 31, 2016 and 2015 were $3,182,794 and $2,984,852 respectively.

Future minimum lease commitments for dry distiller hopper cars and ethanol rail cars are as follows:

	101 hopper cars	227 ethanol cars	Total cars
Fiscal Year Ended August 31,			
2017	665,210	2,550,302	3,215,512
2018	302,400	1,218,876	1,521,276
2019	302,400	690,000	992,400
2020	302,400	690,000	992,400
2021	302,400	408,000	710,400
remainder through 2022	226,800	110,000	336,800
Total	$ 2,101,610	$ 5,667,178	$ 7,768,788

NOTE E: RELATED PARTY TRANSACTIONS AND CONCENTRATIONS

Cash Rent Crop Land Lease with Member of Board of Managers – For each fiscal year ended August 31, 2016 and 2015, the Company recorded $5,985 of cash rent from cropland leased to a member of the Board of Managers. The Company leases a 57-acre parcel of crop land adjacent to the plant site to the member. The cash rent is $105 per acre beginning in January 2015 for a three-year term.

Professional Fees – For the fiscal year ended August 31, 2016 and 2015, the Company recorded $12,265 and $9,624, respectively, of professional fees for services obtained from members. All amounts for these services have been paid as of August 31, 2016.

Corn Marketing and Purchases – Redfield Energy has a uniform marketing and delivery agreement with all Class A members. Under the terms of this agreement, the member agrees to commit and deliver to the Company one bushel of corn during each processing year for each Class A unit of Redfield Energy owned by the member. For those bushels not delivered by the members of the Company, Redfield Energy will obtain those bushels through a corn pool operated by the Company and will charge a pool fee of $0.03 per bushel.

The commitment to deliver corn will be for a processing year ending each August 31. The Company billed out $17,170 in September 2016 for pool fees related to fiscal year 2016. In September 2015, the Company billed out $18,301 in fees related to fiscal year 2015.

NOTE E: RELATED PARTY TRANSACTIONS AND CONCENTRATIONS (continued)

For the twelve months ended August 31, 2016 and 2015, the Company purchased corn from all of its corn members (South Dakota Wheat Growers) as follows:

	Fiscal Year Ended August 31, 2016		Fiscal Year Ended August 31, 2015	
	Bushels	**Dollars**	**Bushels**	**Dollars**
Members that are elevators	20,837,220	$ 69,763,968	20,552,946	$ 69,807,270

Included in the costs from the members of the Company for the purchase of corn for the periods above, the Company incurred freight allowance costs paid to Class A members on committed bushels. In addition, the Company incurred commercial freight premium costs on committed bushels to those members who purchased 50,000 units or more at the time the Company was organized (called “Class A Commercial Level Investors”).

Corn Supply Agreement – Class A Commercial Level Investors that do not deliver their committed bushels receive their commercial freight premium through an offset of the pool fee for non-delivered bushels. Deliveries by Class A members to South Dakota Wheat Growers qualify for the freight allowance and commercial freight premium under the corn supply agreement with Wheat Growers.

	Fiscal Year Ended August 31, 2016	Fiscal Year Ended August 31, 2015
Freight Allowance	$ 318,368	$ 300,676
Commercial Freight Premium	$ 117,894	$ 117,245

As of August 31, 2016, the Company owed members $26,993 for freight allowances, $8,275 for fees payable to commercial level investors and $348,858 for corn purchased, for a total corn payable of $384,126. As of August 31, 2015, the Company owed members $17,287 for freight allowances, $5,516 for fees payable to commercial level investors and $791,952 for corn purchased, for a total corn payable of $814,755.

NOTE E: RELATED PARTY TRANSACTIONS AND CONCENTRATIONS (continued)

Distillers Grains Sales – For the periods stated below, the Company sold distillers grains to members of the Company as follows:

Fiscal Year Ended August 31, 2016	Tons	Dollars
Dry Distillers Grain ("DDG")	27,060	$ 3,213,415
Modified Wet Distillers Grain ("MWDG")	39,918	3,122,611
Totals		$ 6,336,026

Fiscal Year Ended August 31, 2015	Tons	Dollars
Dry Distillers Grain ("DDG")	27,266	$ 3,377,726
Modified Wet Distillers Grain ("MWDG")	35,186	2,414,898
Totals		$ 5,792,624

As of August 31, 2016 and 2015, amounts due from distiller grains sales to members were $277,984 and $319,798 respectively.

NOTE F: DEFINED CONTRIBUTION PLAN

The Company has established a 401(k) plan for its employees. Under the 401(k) plan, eligible employees are able to contribute amounts (subject to IRS limits) and the Company will match 100% of the employee’s contribution, up to a maximum of 6% of the contribution. The amounts contributed by the Company will vest on a two-year vesting schedule. Forfeitures of unvested amounts return to the Company. During the periods stated below, the Company incurred the following expenses:

	Fiscal Year Ended August 31, 2016	Fiscal Year Ended August 31, 2015
Company Contributions (net of forfeitures)	$ 172,600	$ 198,650
Administrative Expenses	$ 2,040	$ 2,030

NOTE G: COMMITMENTS AND CONTINGENCIES

Environmental – The Company's facility is subject too federal, state, and local regulations relating to the discharge of materials into the environment. Compliance with these provisions has not had, nor does management expect to have, any material effect upon operations. Management believes that the current practices and procedures for the control and disposition of such wastes will comply with the applicable federal and state requirements.

Ethanol Marketing – On January 8, 2009, the Company entered into Termination Agreement with its ethanol marketer, Aventine, to terminate the marketing agreement between Aventine and the Company and all rights and obligations of the parties under the marketing agreement, effective January 16, 2009, other than the ethanol payment and pricing provisions of the marketing agreement, which survived the termination with respect to ethanol sold to Aventine and shipped prior to the effective termination date. The Company has not recorded a receivable for the unpaid true - up payments on sales of ethanol to Aventine from January 2009. Management believes that the payment of the unpaid termination fees may be subject to various defenses, including rights of offset and recoupment for the unpaid ethanol true-up payments.

The Termination Agreements also provided that Aventine would sublease to the Company and the Company would accept such subleases from Aventine, certain railcars listed on exhibit to the Termination Agreement totaling approximately 163 tanker cars on the same terms and conditions as Aventine's master railcar leases with various railcar companies for the railcars.

On April 7, 2009, Aventine filed for relief under Chapter 11 of the United States Bankruptcy Code. On May 5, 2009, the United States Bankruptcy Court granted Aventine's motion to reject and entered an Order rejecting certain contracts including the master railcar leases between Aventine and various railcar companies of the tanker cars that the Company had subleased from Aventine under the Termination Agreement, effective as of April 7, 2009.

Following the rejection of the master railcar leases, the Company leased a number of railcars it had previously subleased from Aventine from the various railcar companies.

In January 2013, the Company was served with a summons and complaint in adversary proceedings brought by Aventine against the Company in Delaware Bankruptcy Court. The company secured a dismissal of the adversary actions in the Delaware Bankruptcy Court on July 16, 2013, when the Court found that it did not have jurisdiction over the disputes.

NOTE G: COMMITMENTS AND CONTINGENCIES (continued)

Thereafter, Aventine re-filed the lawsuit against the Company in state court in Tazewell County, Illinois on July 23, 2013. Like the complaint Aventine previously filed in the Delaware Bankruptcy Court, this complaint alleges breach of the Termination Agreements, and seeks recovery of unpaid termination fees of $50,000, recovery of alleged breach of contract damages relating to the master railcar leases of amounts exceeding $1,200,000, and right of setoff of such amounts against the Company's scheduled claims for unpaid ethanol payments in the Aventine bankruptcy. Aventine alleged, among other things, that the Company breached the Termination Agreement by not assuming certain railcar leases covered by the master railcar leases. In September, 2013, the Company filed motion to dismiss the complaint for failure to state a claim for relief under New York law, which is the governing law specified in the Termination Agreement. On October 30, 2013, the court granted, in part and denied, in part, the Company's motion to dismiss. The Court permitted Aventine to amend its complaint to cure what the court perceived as a pleading deficiency. Management has continued to defend vigorously against the lawsuit claims. Discovery has been completed, and the court is currently considering cross-motions for summary judgement that were argued in August 2015. In a related Federal District Court action in the Glacial /Aberdeen case the court granted summary judgement in our favor on February 29, 2016. Aventine has appealed the decision to the 7th Circuit Court of Appeals. Pending a decision from that court, the state-court case against the Company has been stayed, or put on hold. The oral argument at the 7th Circuit was held on November 8, 2016. It is expected that a decision from that court will be within two to three months. It is possible that the Company could take a loss in the amount of $1,250,000.

Distillers Grain Marketing – In April 2006, the Company entered into an agreement with a national distiller grains marketer for a primary term of one year commencing on start-up of production (April 26, 2007). Under the agreement, the Company is required to sell all of its production of distiller grains shipped by rail cars to the national marketer and pay a commission based on the net selling price. Thereafter, this agreement shall remain in effect until terminated by either party at its unqualified option by providing the other party hereto not less than 90 days' written notice of its election to terminate the agreement.

Standby Letters of Credit – Farm Credit Services issued standby letters of credit, on behalf of Redfield Energy, prior to August 31, 2016 in the amount of $400,333 for rail car leases and natural gas delivery.

NOTE G: COMMITMENTS AND CONTINGENCIES (continued)

Forward Purchase and Forward Sales Contracts – As of August 31, 2016 and August 31, 2015, the Company has entered into forward "fixed priced futures" and "basis only" contracts to purchase corn from South Dakota Wheat Growers as follows:

	Delivery Year	Bushels	Average Price	
Futures Only	2016	1,275,928	$	3.28
	2015	17,105	$	3.74
Basis Only	2016	-	$	-
	2015	125,750	$	(0.69)

As of August 31, 2016, the Company has also entered into contracts for the sale of approximately 3,300 tons of DDG and approximately 6,900 tons of MWDG to be shipped by truck or rail through December 2016 at fixed prices. The average price contracted, excluding rail shipping costs, is $108 per ton of DDG and $43 per ton of MWDG.

As of August 31, 2016, the Company has entered into variable-price contracts, with its national ethanol marketer Eco-Energy, for the delivery of ethanol through December 31, 2016. Total gallons committed to be sold on an index price contract were 13,306,242.

As of August 31, 2016, the Company entered into fixed priced corn oil sales on 1,976 tons at an average sales netback price of $0.276 per pound.

As of August 31, 2016, the Company has entered into in forward purchases of Ventura priced natural gas of 3,000 MMBtu/day at $2.28 per MMBtu from September 2016 thru October 2016, and 1,000 MMBtu/day at $2.66 per MMBtu from November 2016 thru March 2017.

As of August 31, 2016, the Company also entered into forward purchases of Ventura priced natural gas basis of 2,000 MMBtu/day at $0.18 per MMBtu from November 2016 thru March 2017.

Minimum Utility Purchases – In connection with the arrangements for certain utility services for the plant, there are minimum purchase commitments. The minimum annual purchases from the water service provider are $87,984. The minimum annual purchase from the local natural gas distribution delivery service is $145,635. Both the agreement with the water service provided and the natural gas distribution delivery service run through 2017.

NOTE G: COMMITMENTS AND CONTINGENCIES (continued)

Tax Increment Financing Bonds of Spink County – In September 2006, Spink County issued $1,450,000 of Tax Increment Financing ("TIF") Bonds for the purpose of providing funds to Spink County to improve the main road into the Company's plant and provide an economic contribution to the Company. The TIF Bonds will be repaid by Spink County from the regular real estate taxes that will be paid by the Company. The TIF Bonds are scheduled to mature in December 2023. From the proceeds of the TIF Bonds, the Company received $948,935 that was applied to land development and infrastructure costs incurred by the Company. The Company recorded this receipt as a reduction of property and equipment.

As part of the documentation related to the TIF Bonds, the Company signed a Guaranty with Great Western Bank (who purchased the TIF Bonds). The guarantee was for an amount not to exceed $1,450,000 plus accrued interest. As of August 31, 2016, the outstanding principal balance on the bonds was $415,328 at a fixed interest rate of 8.0%. Management is not aware of any impending circumstances that might cause the guarantee to be enforced by the bank and as such believes the fair value of the guarantee to be nominal.

NOTE H: GOVERNMENT PROGRAMS

The Company participates in the Ethanol Production Incentive Payment Program operated by the state of South Dakota ("State Program"). In accordance with the terms of this agreement, the Company receives payments based on ethanol sold. The maximum amount that can be received in a program year is $1,000,000 and payments are subject to pro rata reduction if the aggregate payments to eligible producers in a program year exceed the maximum annual funding of the State Program. The program year for the State Program is from July 1 to June 30.

The Company recognized $533,888 and $416,667 under this program for the fiscal years ended August 31, 2016 and 2015, respectively. At August 31, 2016, amounts due the Company under the State Program totaled $166,667.

The South Dakota 2011 Legislature passed a bill that affected the State Program. This bill took a portion of the incentive monies and placed it in two other programs. It also delayed the payments for the State Program.

NOTE H: GOVERNMENT PROGRAMS (continued)

The cumulative annual production incentive payments available during program year 2011 (twelve months ending June 30, 2011) was $7,000,000. The change in law reduced the amount available to $4,000,000 for fiscal years 2012 and 2013 and to $4,500,000 for fiscal years 2014 through 2016. In fiscal year 2017 and thereafter the original $7,000,000 is restored.

NOTE I: JOINT VENTURE WITH GEVO

On June 13, 2011, the membership of the Company approved a joint venture with a subsidiary of advanced biofuel producer Gevo, Inc. The joint venture transaction was completed on June 15, 2011 to retrofit the Company's ethanol plant to produce isobutanol. The retrofit of the Company's 50 million gallon per year ethanol plant was expected to result in production capacity of approximately 38 million gallons per year of isobutanol. Physical construction of the retrofit is not expected as a result of Gevo's performance at its Luverne, Minnesota plant.

NOTE J: MEMBERS' EQUITY

Class A and B Units – In September 2005, the Company conducted an offering of units to residents of South Dakota to be issued to finance a portion of the cost of constructing a proposed ethanol plant in Redfield, South Dakota. The board of managers accepted subscriptions for a total of 18,750,000 units or $37,500,000. In connection with the Operating Agreement, the Company granted to GLE 1,010,526 Class B units in Redfield Energy, representing 5% of the outstanding equity.

The remaining 675,000 units outstanding are comprised of the initial 450,000 units sold as seed capital and options to purchase an additional 225,000 units made available to GLE and the eight members of the Company's Board of Managers.

Each Class A unit and Class B unit represents a pro rata ownership interest in the Company's assets, profits, losses and distributions. The rights of the holders of the Class A and the Class B units are equal, except that the holders of Class A units have a corn delivery obligation and will receive a freight allowance.

Additionally, those investors that purchased at least 50,000 Class A units were designated Commercial Level Investors and are entitled to a $0.03 per bushel premium on each bushel of corn required to be delivered.

NOTE J: MEMBERS' EQUITY (continued)

Each holder of Class A units and Class B units is entitled to one vote per unit, voting as a combined class on the election of the Company's Board of Managers and voting as separate classes on other matters that come before a vote of the members. As of August 31, 2016, there were 174 Class A members owning 10,183,750 units and 690 Class B members owning 30,687,302 units.

On October 15, 2015, the Redfield Energy, LLC Board of Managers authorized a cash distribution of $0.04 per unit for Class A and B members of record on November 1, 2015. The $1,634,843 distribution was paid on November 9, 2015.

Class G Units - In connection with the joint venture agreement with Gevo, the Company received $1,000 for 100 units of Class G units. These units are non-voting and do not earn a share of the Company's profits and losses.

NOTE K: UNCERTAINTIES

The Company has certain risks and uncertainties that it experiences during volatile market conditions. These volatilities can have a severe impact on operations. The Company's revenues are derived from the sale and distribution of ethanol and distiller grains to customers primarily located in the U.S.

Corn for the production process is supplied to our plant primarily from local agricultural producers. Ethanol sales, historically since the start-up of operations in April 2007, average 80.3% of total revenues and corn costs historically average 68.1% of cost of revenues.

The Company's operating and financial performance is largely driven by the prices at which we sell ethanol and the net expense of corn. The price of ethanol is influenced by factors such as prices of supply and demand, weather, government policies and programs, and unleaded gasoline and the petroleum markets. Excess ethanol supply in the market, in particular, puts downward pressure on the price of ethanol. Our largest cost of production is corn. The cost of corn is generally impacted by factors such as supply and demand, weather, government policies and programs, and our risk management program used to protect against the price volatility of these commodities.

NOTE L: DERIVATIVE FINANCIAL INSTRUMENTS

As discussed in Note A, the Company is exposed to certain risks related to its ongoing business operations. The primary risks that the Company manages by using forward or derivative instruments are price risk on anticipated purchases of corn and natural gas and the sale of ethanol. The Company enters into short-term cash, options and futures contracts as a means of securing corn and natural gas for the ethanol plant and managing exposure to changes in commodity prices. As part of its trading activity, the Company uses futures and option contracts and ethanol swaps offered through regulated commodity exchanges to reduce risk.

As of August 31, 2016, the Company has entered into ethanol and corn contracts that are considered derivatives under accounting guidance. The Company records derivative financial instruments at fair value in the balance sheet with the exception of those that meet the requirements of and are documented “normal purchase and sales”. These derivatives are not designated as hedges for accounting purposes, thus all of the Company’s derivatives are considered non-hedge derivatives, and accordingly are recorded at fair value with changes in fair value recognized in net income.

The Company uses futures or options contracts to reduce the risk related to changes in market prices of anticipated volumes of corn to be purchased and processed in a future month. The Company’s plant anticipates grinding approximately 20 million bushels of corn per year. As of August 31, 2016 the Company had commitments of 1,275,928 bushels to purchase corn.

At times the Company also uses the combination of ethanol, corn, and natural gas futures contracts to reduce the effect of the risk of commodity price changes on the gross margin of anticipated volumes of ethanol to be sold in future months.

During the fiscal year ended August 31, 2016 all of the Company’s ethanol sales were forward contracted, except for minimal rail and truck spot sales. The Company occasionally enters into derivative contracts at varying notional amounts throughout the year.

Unrealized gains and losses on non-exchange traded forward contracts for ethanol sales, corn purchases and natural gas contracts are deemed “normal purchases or sales” under authoritative accounting guidance and therefore are not marked to market in the Company’s financial statements.

NOTE L: DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The fair value of the Company's derivatives in the balance sheet not designated as hedging instruments under accounting guidance are summarized in the following table:

Asset Derivatives August 31, 2016			Asset Derivatives August 31, 2015		
Balance Sheet Location		Fair Value	Balance Sheet Location		Fair Value
*Futures and option contracts**			*Futures and option contracts**		
Current assets	$	(33,181)	Current assets	$	(12,575)

* Excludes the fair value of cash serving as collateral on commodity contracts of $998,703 and $1,254,192 at August 31, 2016 and 2015, respectively

Realized and unrealized gains and losses on derivatives not designated as hedging instruments are recognized in earnings as follows:

Fiscal Year Ended August 31, 2016			Fiscal Year Ended August 31, 2015		
Statement of Operations Location		Gain/(Loss)	Statement of Operations Location		Gain/(Loss)
Futures and options contracts			*Futures and options contracts*		
Revenues	$	33,497	Revenues	$	-
Futures and option contracts			*Futures and option contracts*		
Cost of revenues	$	(309,592)	Cost of revenues	$	484,963

NOTE M: FAIR VALUE MEASUREMENTS

Authoritative accounting guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market. A hierarchy is used to determine the fair value of an asset or liability. The fair value hierarchy has three levels of inputs, both observable and unobservable.

NOTE M: FAIR VALUE MEASUREMENTS (continued)

The Company uses the lowest possible level of input to determine fair value. Level 1 inputs include quoted market prices in an active market for identical assets or liabilities. Level 2 inputs are market data, other than Level 1, that are observable either directly or indirectly. Level 2 inputs include quoted market prices for similar assets or liabilities, quoted market prices in an inactive market, and other observable information that can be corroborated by market data. Level 3 inputs are unobservable and corroborated by little or no market data.

Except for those assets and liabilities which are required by authoritative accounting guidance to be recorded at fair value in its balance sheets, the Company has elected not to record any other assets or liabilities at fair value. No events occurred during 2016 which would require adjustment to the recognized balances of assets or liabilities which are recorded at fair value on a nonrecurring basis.

Disclosure requirements for fair value of financial instruments require disclosure of the fair value of financial assets and financial liabilities, including those financial assets and financial liabilities that are not measured and reported at fair value on a recurring basis or nonrecurring basis. The Company considers the carrying amount of significant classes of financial instruments on the balance sheets, including cash, accounts receivable, inventories, other assets, accounts payable, accrued liabilities, and variable rate long-term debt to be reasonable estimates of fair value either due to their length of maturity or the existence of variable interest rates underlying such financial instruments that approximate prevailing market rates at August 31, 2016 and 2015. The fair value of fixed rate long-term debt fluctuates in comparison to the carrying amount based on changes in the interest rates and borrowing conditions at a given time. At August 31, 2016 the Company had $5,787,002 of 4.63% per annum fixed-rate long-term debt.

The Company’s commodity contracts principally include corn and natural gas futures and option contracts and ethanol contracts net of cash deposits, the fair values for which are obtained from quoted market prices from the Chicago Board of Trade (CBOT) for identical assets or liabilities, and are designated as Level 1 within the valuation hierarchy.

NOTE N: SUBSEQUENT EVENTS

The Company has evaluated subsequent events through November 30, 2016, the date which the financial statements were available to be issued.