

Biofuels, LLC Annual Meeting

August 24, 2022

Soy Innovation Center
734 Country Club Drive
Jefferson City, MO
10:30 AM CST

AGENDA

Call to Order

Warren Stemme

Welcome and Introductions

Warren Stemme

Minutes of 2021 Annual Meeting

Kevin Dye

Review of Financial Reports

Kim Hill/Warren Stemme

Election of Board Members

President's Message

Warren Stemme

Mid-America Biofuels Report

Cliff Smith, MAB GM

Legislative Report

Casey Wasser

Other Business

Adjournment

Biofuels, LLC
Annual Meeting Minutes
August 11, 2021

The annual meeting of Biofuels, LLC was held via Webinar/teleconference. There were 32 attendees. The meeting was called to order by Chairman Warren Stemme at 10:05 am

Stemme began by thanking the Biofuels members and guests for attending the meeting. He then introduced the current Board members. Mr. Stemme also recognized MO Soybean Association staff in attendance, including Kim Hill, Gary Wheeler, Matt Amick, and Casey Wasser.

Meeting materials were mailed out to investors prior to the meeting, and were also available on the MSA website through the Biofuels, LLC annual meeting link. Included were the agenda and financial reports.

Minutes from the 2020 annual meeting were presented during the Webinar, and were read by Chairman Warren Stemme. Upon motion duly made and seconded, minutes passed as presented.

MSA CFO Kim Hill presented the financial reports. Ms. Hill first presented a “Return on Investment Information” page showing total distributions since 2006, and an ROI calculation and “book value” that members could use that in determining a value for their investment. Reports presented included the 2019 and 2020 year-ending statements and management report through June 30, 2021

for Biofuels LLC. Also presented was the 2019 and 2020 year ending statements for Jefferson Biofuels, LLC. CFO Hill also mentioned that the Jefferson Biofuels blending facility sale was completed in 2020, and final tax returns and distributions had been completed. Upon motion duly made and seconded, the financial reports were accepted as presented.

Nominating committee chairman John Kleiboeker presented the slate of Warren Stemme and Kevin Dye for re-election for three year terms, and Jeff Ragsdale for a three year term to replace retiring board member Gary Riedel. Kleiboeker then asked for nominations from the floor, and no additional names were given. A motion was duly made and seconded to close nominations from the floor and elect the slate by acclamation. Motion passed.

Stemme then gave the President's report. He thanked the current board members for their service, and recognized former board member Ron Flatt, who resigned earlier this year due to significant health challenges, and retiring board member Gary Riedel, who has been serving on the board since 2001, for their years of service on behalf of the company.

Stemme also gave a brief report on the MAB biodiesel plant in Mexico, including that the plant was originally constructed for 30 MGY capacity, and had recently completed expansion to 60 MGY capacity, on the same footprint of property that was purchased originally. The biggest challenge facing the biodiesel industry now is the

renewable diesel industry, and the competition for the same feedstocks that the biodiesel industry uses.

There has been one distribution in 2021, with another one anticipated after the MAB board meets next week on August 19, 2021.

Stemme also told attendees that their contact information can be updated on the Biofuels link on the MSA website, and also that forms are available online for investors to transfer their interests to trusts, or other estate planning instruments they may have.

Mr. Stemme then introduced Cliff Smith, General Manager of Mid-America Biofuels. Smith thanked the investors for attending the meeting. Smith presented a report on the activities of the Mid-America Biofuels plant, since the 2020 annual meeting. The report included year-end 2020 and YTD 2021 production and financial numbers, and a state of the industry report. Mr. Smith gave updates on the RFS and Small Refinery Exemptions, and current BTC legislation in place, with a phase-out clause. The plant production volumes and income were lower in Q1 and Q2, but Q3, and Q4 look better, with a significant number of forward sales booked.

Matt Amick, Executive Director of the Biodiesel Coalition of MO, gave an update on state legislative efforts since the last annual meeting, and ongoing work of BCM over the past twelve months. Members include biodiesel producers, input suppliers, marketers and other biodiesel supporters.

Amick reported that for a second year in the row, a major legislative effort was undertaken in 2021 for a MO Biodiesel Standard. That legislation did not make it to the finish line due to last minute conflicts on other legislation at the end of the session. Mr. Amick said the current plan is to re-introduce that legislation again in 2022.

Mr. Stemme thanked the MSA team and BCM members, including Chairman James Greer of MFA Oil, and MAB GM Cliff Smith for all the hard work on the biodiesel standard legislation during the 2021 legislative session.

Mr. Stemme thanked the MSA staff for putting together and coordinating today's virtual meeting, and thanked everyone for attending. There being no further business, a motion was made and seconded to adjourn. Motion carried and the meeting was adjourned at 11:07 am.

BIOFUELS, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2021



To the Members of
Biofuels, LLC
Jefferson City, Missouri:

Management is responsible for the accompanying financial statements of Biofuels, LLC (a partnership), which comprise the statement of assets, liabilities, and capital—income tax basis as of December 31, 2021 and 2020, and the related statements of revenues and expenses—income tax basis and cash flows—income tax basis for the years then ended in accordance with the income tax basis of accounting, and for determining that the income tax basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the income tax basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the income tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Partnership's assets, liabilities, members' capital, revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Biofuels, LLC

Seaver & Forck, CPAs

Seaver & Forck CPAs
Jefferson City, Missouri
February 21, 2022

BIOFUELS, LLC
STATEMENT OF ASSETS, LIABILITIES, AND CAPITAL - INCOME TAX BASIS
AS OF DECEMBER 31, 2021 AND 2020

ASSETS	<u>2021</u>	<u>2020</u>
Current Assets		
Cash in Bank	\$ 2,654	\$ 198,502
Total Current Assets	<u>2,654</u>	<u>198,502</u>
Other Current Assets		
Due from Members	<u>-</u>	<u>-</u>
Other Assets		
Investment in Mid America Biofuels - at cost	<u>30,772,737</u>	<u>30,660,027</u>
Total Other Assets	<u>30,772,737</u>	<u>30,660,027</u>
 TOTAL ASSETS	 <u><u>30,775,391</u></u>	 <u><u>30,858,529</u></u>
 LIABILITIES AND MEMBERS' CAPITAL		
Current Liabilities		
Accounts Payable	<u>-</u>	<u>152,491</u>
Total Current Liabilities	<u>-</u>	<u>152,491</u>
Members' Capital		
Member Capital-Beginning Of Year	30,706,038	27,448,810
Current Year Income (Loss)	5,169,349	26,207,210
Capital Distributions	<u>(5,099,996)</u>	<u>(22,949,982)</u>
Total Member Capital	<u>30,775,391</u>	<u>30,706,038</u>
 TOTAL LIABILITIES AND MEMBER CAPITAL	 <u><u>\$ 30,775,391</u></u>	 <u><u>\$ 30,858,529</u></u>

BIOFUELS, LLC
STATEMENT OF REVENUES AND EXPENSES - INCOME TAX BASIS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
REVENUES		
Mid America Biofuels Operating Income (Loss)	\$ 5,197,056	\$ 26,197,922
Jefferson Biofuels Operating Income (Loss)	-	32,278
Interest Income	42,103	43,522
Total Revenues (Losses)	<u>5,239,159</u>	<u>26,273,722</u>
EXPENSES		
Legal and Professional Fees	6,137	4,252
Membership Dues	500	500
Sponsorship	-	4,750
Insurance	9,246	9,279
Postage	1,360	1,708
Printing	-	109
Supplies	491	264
Telephone	-	15
Meeting Expenses	-	750
Political Contributions	5,000	-
Non-deductible Expenses-Mid America Biofuels	47,076	44,885
Total Expenses	<u>69,810</u>	<u>66,512</u>
Net Income	<u>\$ 5,169,349</u>	<u>\$ 26,207,210</u>

BIOFUELS, LLC
STATEMENT OF CASH FLOWS - INCOME TAX BASIS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	\$ 5,169,349	\$ 26,207,210
Adjustments to Reconcile Net Income to Net Cash		
Provided by Operating Activities:		
Pass Through (Income) Loss From Investments In:		
MidAmerica Biofuels, LLC	(5,212,710)	(26,196,559)
Jefferson Biofuels, LLC	-	(32,278)
(Increase) Decrease In:		
Due From Members: State Tax	-	3,117
Increase (Decrease) In:		
Accounts Payable and Other Liabilities	(152,491)	145,991
	(195,852)	127,481
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(195,852)	127,481
CASH FLOWS FROM INVESTING ACTIVITIES:		
Distribution received from Jefferson Biofuels	-	32,707
Distribution received from MidAmerica Biofuels	5,100,000	22,950,000
	5,100,000	22,982,707
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	5,100,000	22,982,707
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash distributions to members	(5,099,996)	(22,949,982)
	(5,099,996)	(22,949,982)
NET CASH PROVIDED BY FINANCING ACTIVITIES	(5,099,996)	(22,949,982)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(195,848)	160,206
CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR	198,502	38,296
CASH AND CASH EQUIVALENTS-END OF YEAR	\$ 2,654	\$ 198,502

BIOFUELS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 1: Basis Of Accounting

The financial statements are prepared on the income tax basis of accounting. Revenues and expenses are reported when incurred. Investments are reported at cost.

Note 2: Investments

Biofuels, LLC has invested in the following entities:

MidAmerica Biofuels, LLC - 51% ownership

Jefferson Biofuels, LLC - 51% ownership-Liquidated in 2020

Investments are reported at cost as calculated for income tax purposes. Investment cost basis is increased or decreased for the pro rata share of net income or loss allocated to Biofuels, LLC. Investment cost basis is also increased for any additional capital contributions made or decreased for any cash distributions received from the investments.

A summary of pass through income allocated to Biofuels, LLC from these investments is as follows:

	<u>2021</u>	
	Jefferson Biofuels	MidAmerica Biofuels, LLC
Net Income From Operations	\$ -	\$ 5,217,683
Interest Income		42,103
Capital Loss		
Charitable Contributions		
Nondeductible Expense		(47,076)
Total Increase In Investment	<u>-</u>	<u>5,212,710</u>
Cash Distributions Received	-	5,100,000
Net Increase (Decrease) In Investment	<u>\$ -</u>	<u>\$ 112,710</u>

	<u>2020</u>	
	Jefferson Biofuels	MidAmerica Biofuels, LLC
Net Income From Operations	\$ 32,278	\$ 26,197,922
Interest Income	-	43,522
Capital Loss	-	-
Charitable Contributions	-	-
Nondeductible Expense	-	(44,885)
Total Increase In Investment	<u>32,278</u>	<u>26,196,559</u>
Cash Distributions Received	32,707	22,950,000
Net Increase (Decrease) In Investment	<u>\$ (429)</u>	<u>\$ 3,246,559</u>

Management Report

Biofuels, LLC

For the period ended December 31, 2022

Prepared by

MSA - ADMIN

Prepared on

August 9, 2022

Profit and Loss

January - August, 2022

	Total
INCOME	
4260 MAB Dividend Receipt	1,530,000.00
Total Income	1,530,000.00
GROSS PROFIT	
	1,530,000.00
EXPENSES	
6280 Shareholder Dividends	1,499,999.45
7015 Accounting Fees	6,585.00
7020 Dues & Subscriptions	500.00
7045 Insurance	1,492.00
7055 Postage	90.21
7057 Printing	294.22
7070 Supplies	348.74
Total Expenses	1,509,309.62
NET OPERATING INCOME	20,690.38
NET INCOME	\$20,690.38

Balance Sheet

As of August 31, 2022

	Total
ASSETS	
Current Assets	
Bank Accounts	
1011 Checking - Central Bank	39,426.03
Total Bank Accounts	39,426.03
Other Current Assets	
1300 Due from members-tax withheld	4,545.00
Total Other Current Assets	4,545.00
Total Current Assets	43,971.03
Other Assets	
1800 Investment in MAB- Cost	30,772,736.82
Total Other Assets	30,772,736.82
TOTAL ASSETS	\$30,816,707.85
LIABILITIES AND EQUITY	
Liabilities	
Total Liabilities	
Equity	
32000 Member Capital	30,796,017.47
Net Income	20,690.38
Total Equity	30,816,707.85
TOTAL LIABILITIES AND EQUITY	\$30,816,707.85

Distributions through the years:

Mid-America Biofuels has distributed \$192M, of which 51%, or \$96,390,000 is Biofuels' share. The initial investment into MAB by Biofuels, LLC was \$27 million. This equates to the following dividends per unit invested in Biofuels, LLC:

2007	\$	1,616.66
2008	\$	1,616.66
2009	\$	1,616.66
2010	\$	808.83
2011	\$	3,233.32
2012	\$	7,005.53
2013	\$	7,274.97
2014	\$	8,622.18
2015	\$	8,622.18
2016	\$	11,475.12
2017	\$	4,416.76
2018	\$	14,549.94
2019	\$	1,616.66
2020	\$	24,249.89
2021	\$	5,388.87
2022	\$	1,616.66
Total	\$	103,730.89

Return on investment:

Simple calculation of return on investment:

Dividends Received in excess of initial investment:	\$88,731
Investment Term:	16 years
Return on Investment (%):	581.54%
Simple Annualized ROI (%):	12.85%

Note: Tax credits received over the years are not included in the return on investment calculations or dividends.

Book Value of Investment:

As of 12/31/2021 : \$18,800.28

Biofuels, LLC
Board Member Election Schedule
Rev. 07-27-2022

Board Member

Term Expires

Kelly Forck
John Kleiboeker

2022
2022

Alan Weber
Jay Schutte
Barbara Wilson

2023
2023
2023

Kevin Dye
Jeff Ragsdale
Warren Stemme

2024
2024
2024

Standing Positions

Representative

Missouri Soybean Association

Gary Wheeler

MFA Oil

James Greer

Ray-Carroll County Grain Growers, Inc.

Beau Hepler