UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.**

For the fiscal year ended December 31, 2020

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.**

Commission file number 000-53202

HOMELAND ENERGY SOLUTIONS, LLC
(Exact name of registrant as specified in its charter)

Iowa	**20-3919356**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2779 Highway 24	**Lawler**	**52154**
(Address of principal executive offices)	**IA**	(Zip Code)

(563) 238-5555
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: **None**

Title of each class	Trading Symbol(s)	Name of each exchange on which registered

Securities registered pursuant to Section 12(g) of the Act: **Membership Units**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
☐ Yes ☒ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
☐ Yes ☒ No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
(Do not check if a smaller reporting company)		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☒ No

As of June 30, 2020, the aggregate market value of the membership units held by non-affiliates (computed by reference to the most recent offering price of membership units) was $56,803,000.

As of March 11, 2021, there were 64,560 membership units outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The registrant has incorporated by reference into Part III of this Annual Report on Form 10-K portions of its definitive proxy statement to be filed with the Securities and Exchange Commission within 120 days after the close of the fiscal year covered by this Annual Report.

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CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This annual report contains historical information, as well as forward-looking statements that involve known and unknown risks and relate to future events, our future financial performance, or our expected future operations and actions. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "future," "intend," "could," "hope," "predict," "target," "potential," or "continue" or the negative of these terms or other similar expressions. These forward-looking statements are only our predictions based on current information and involve numerous assumptions, risks and uncertainties. Our actual results or actions may differ materially from these forward-looking statements for many reasons, including the reasons described in this report. While it is impossible to identify all such factors, factors that could cause actual results to differ materially from those estimated by us include:

- A slowdown in global and regional economic activity, demand for our products and the potential for labor shortages and shipping disruptions resulting from pandemics including COVID-19;
- Reductions in the corn-based ethanol use requirement in the Federal Renewable Fuels Standard;
- Lower oil and gasoline prices which result in lower ethanol prices;
- Competition from electric cars;
- Negative operating margins which result from lower ethanol prices;
- Lower ethanol prices which result from the Chinese and Brazilian tariffs;
- Lower distillers grains prices which result from the Chinese anti-dumping and anti-subsidy duties;
- Changes in the availability and price volatility of corn and natural gas;
- Decreases in the market price of ethanol, distiller grains and corn oil;
- Changes in economic conditions or the occurrence of certain events causing an economic impact in the agriculture, oil or automobile industries;
- Our ability to continue to satisfy the financial covenants contained in our credit agreements with our lender;
- Changes in interest rates or the lack of credit availability;
- Our ability to generate sufficient liquidity to fund our operations, debt service requirements and capital expenditures;
- The results of our hedging transactions and other risk management strategies;
- Changes in plant production capacity or technical difficulties in operating the plant;
- Changes in environmental regulations or in our ability to comply with the environmental regulations that apply to our plant site and our operations;
- Changes in or elimination of federal and/or state laws having an impact on the ethanol industry;
- Overcapacity within the ethanol industry;
- Lack of transport, storage and blending infrastructure preventing our products from reaching high demand markets;
- Changes and advances in ethanol production technology that may make it more difficult for us to compete with other ethanol plants utilizing such technology;
- Our reliance on key management personnel; and
- Competition in the ethanol industry from alternative fuels.

The cautionary statements referred to in this section also should be considered in connection with any subsequent written or oral forward-looking statements that may be issued by us or any persons acting on our behalf. We undertake no duty to update these forward-looking statements, even though our situation may change in the future. Furthermore, we cannot guarantee future results, events, levels of activity, performance, or achievements. We caution you not to put undue reliance on any forward-looking statements, which speak only as of the date of this report. You should read this report and the documents that we reference in this report and have filed as exhibits, completely and with the understanding that our actual future results may be materially different from what we currently expect. We qualify all of our forward-looking statements by these cautionary statements.

AVAILABLE INFORMATION

Information about us is also available on our website at *www.homelandenergysolutions.com*, under "Investor Relations - SEC Filings," which includes links to reports we have filed with the Securities and Exchange Commission. The contents of our website are not incorporated by reference in this Annual Report on Form 10-K.

PART I

ITEM 1. BUSINESS.

Business Development

Homeland Energy Solutions, LLC (referred to herein as "we," "us," the "Company," "Homeland" or "Homeland Energy Solutions") is an Iowa limited liability company. We were formed on December 7, 2005 to build and operate a 100 million gallon per year ethanol plant located near Lawler, Iowa. The primary products produced at the plant are ethanol, distiller grains and corn oil. We commenced production on April 4, 2009. The ethanol plant is currently operating at a rate in excess of its nameplate production capacity of 100 million gallons of ethanol per year.

On June 13, 2013, we entered into an agreement with Steve Retterath, our largest member, to repurchase and retire all of the units owned by Mr. Retterath. We agreed to repurchase and retire 25,860 membership units owned by Mr. Retterath in exchange for $30 million, to be paid in two equal installments, payable at closing and on July 1, 2014. We completed the repurchase of Mr. Retterath's units in April 2020.

Details of the Company's lawsuit against Mr. Retterath are provided below in the section entitled "**PART I - Item 3. Legal Proceedings**."

In December 2020, we completed construction and commenced startup of our industrial alcohol production equipment. Industrial alcohol that meets certain purity tests and can be used in products such as hand sanitizer and other disinfectant products. Industrial alcohol is not denatured with gasoline like the fuel ethanol we produce. We expect to be able to sell industrial grade alcohol for a premium over the price we receive for our fuel grade ethanol.

On February 7, 2019 we executed a second amended and restated consulting agreement with Cornerstone Resources LLC (the "Cornerstone Agreement"). Pursuant to the Cornerstone Agreement, Cornerstone Resources provides the services of James Broghammer to serve as the President and CEO of the Company. Pursuant to the Cornerstone Agreement, the engagement of Cornerstone Resources will continue until December 31, 2021 unless it is earlier terminated. Thereafter, the Cornerstone Agreement will continue on a month-to-month basis. Cornerstone Resources will be compensated on a flat fee basis per day of services provided. Cornerstone Resources is entitled to reimbursement of certain out of pocket expenses incurred pursuant to the Cornerstone Agreement. Mr. Broghammer is entitled to a bonus based on our net income pursuant to the restrictions set forth in the Cornerstone Agreement.

During our 2020 fiscal year, we paid one distribution for a total distribution of $9,684,000, which equaled $150 per membership unit, paid in December 2020.

The ethanol industry experienced industry-wide record low ethanol prices throughout most of 2018 and 2019 due to reduced demand and high industry inventory levels. This continued into 2020 and the situation was compounded by the crisis associated with the 2019 novel coronavirus disease (“COVID-19”). In response to these unfavorable operating conditions and a slowdown in global and regional economic activity and a disruption in transportation fuel demand resulting from the COVID-19 pandemic, we reduced our ethanol production rate early in 2020 which impacted our total ethanol production for our 2020 fiscal year.

Financial Information

Please refer to "**Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations**" for information about our revenue, profit and loss measurements and total assets and liabilities and "**Item 8 - Financial Statements and Supplementary Data**" for our financial statements and supplementary data.

Principal Products

The principal products that we produce are ethanol, distiller grains and corn oil. The table below shows the approximate percentage of our total revenue which is attributed to each of our primary products for each of our last three fiscal years.

Product	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
Ethanol	75 %	78 %	76 %
Distiller Grains	20 %	18 %	20 %
Corn Oil	5 %	4 %	4 %

Ethanol

Ethanol is ethyl alcohol, a fuel component made primarily from corn and various other grains. Ethanol is primarily used as: (i) an octane enhancer in fuels; (ii) an oxygenated fuel additive for the purpose of reducing ozone and carbon monoxide vehicle emissions; and (iii) a non-petroleum-based gasoline substitute. Ethanol produced in the United States is primarily used for blending with unleaded gasoline and other fuel products. Ethanol blended fuel is typically designated in the marketplace according to the percentage of the fuel that is ethanol, with the most common fuel blend being E10, which includes 10% ethanol. The United States Environmental Protection Agency ("EPA") has approved the use of gasoline blends that contain 15% ethanol, or E15, for use in all vehicles manufactured in model year 2001 and later. In addition, flexible fuel vehicles can use gasoline blends that contain up to 85% ethanol called E85.

Our ethanol plant uses corn as the feedstock in the ethanol production process. A corn-based ethanol plant is essentially a fermentation plant. Ground corn and water are mixed with enzymes and yeast to produce a substance called "beer," which contains approximately 15% alcohol, 11% solids and 74% water. The beer is boiled to separate the water, resulting in ethyl alcohol, which is then dehydrated to increase the alcohol content. This product is then mixed with a certified denaturant, such as gasoline, to make the product unfit for human consumption which allows it to be sold commercially.

Starting in our 2021 fiscal year, we anticipate selling industrial grade alcohol.

Distiller Grains

The principal co-product of the ethanol production process is distiller grains, a high protein, high-energy animal feed supplement primarily marketed to the dairy and beef industry. We produce two forms of distiller grains: Modified/Wet Distiller Grains ("MWDG") and Distiller Dried Grains with Solubles ("DDGS"). MWDG is processed corn mash that has been dried to approximately 50% moisture. MWDG has a shelf life of approximately seven days and is often sold to markets near our ethanol plant. DDGS is processed corn mash that has been dried to approximately 10% moisture. It has a longer shelf life and may be sold and shipped to any market, regardless of its vicinity to our ethanol plant. We market nearly all of our distiller grains as DDGS.

Corn Oil

In October 2011, we commenced operating our corn oil extraction equipment. The corn oil extraction equipment we installed allows us to remove some of the corn oil contained in our distiller grains and sell the corn oil separately. The corn oil that we are capable of producing is not food grade corn-oil and it cannot be used for human consumption. The primary uses of the corn oil that we produce are for animal feed, industrial uses and biodiesel production.

Principal Product Markets

Ethanol

The primary market for our ethanol is the domestic fuel blending market. Other than in 2019 and 2020, over recent years the United States has experienced increased ethanol exports. This increase in ethanol exports followed a conscious effort by the United States ethanol industry to expand ethanol exports along with lower ethanol prices which encourage exports. During our 2020 fiscal year, exports of ethanol decreased, but with the top export destinations being Brazil, Canada, India and Mexico. Ethanol export demand is more unpredictable than domestic demand and tends to fluctuate throughout the year as it is subject to monetary and political forces in other nations. An example of this, the imposition of a tariff on imported ethanol by Brazil and increased tariffs implemented by China have created uncertainty as to the viability of these markets for ethanol produced in the United States and may require United States producers to seek out other markets for their products. The trade actions taken by other countries are unpredictable and can have a significant impact on domestic demand and prices as excess ethanol supply can significantly reduce domestic ethanol prices. The industry continues to look for new export markets in order to diversify demand for ethanol. Export demand has also decreased due to the disruption in global fuel demand resulting from travel restrictions in response to the COVID-19 pandemic. Restricted travel, new lockdown measures and slow economic growth continue to have a negative effect on global fuel consumption and it is unknown when such demand will recover as reopening efforts continue to evolve.

Ethanol is generally blended with gasoline before it is sold to the end consumer. Therefore, the primary purchasers of ethanol are fuel blending companies who mix the ethanol we produce with gasoline. As discussed below in the section entitled "Distribution of Principal Products," we have a third party marketer that sells all of our ethanol. Our ethanol marketer makes substantially all decisions regarding where our ethanol is sold.

Distiller Grains

Distiller grains are primarily used as animal feed. Distiller grains are typically fed to animals instead of other traditional animal feeds such as corn and soybean meal. Distiller grains exports have increased in recent years as distiller grains have become a more accepted animal feed. During our 2020 fiscal year, the largest importers of United States distiller grains were Mexico, China, Canada, Japan, Colombia and South Korea. Distiller grains demand has continued to be impacted by Chinese tariffs on distiller grains. Historically, China was the largest export market for United States distiller grains. However, due to continuing trade tensions between the United States and China, management does not believe China will significantly increase its demand for distiller grains in the near term which could impact profitability in the ethanol industry during 2021.

Corn Oil

The primary markets for corn oil are the industrial chemicals market, animal feeding market and the biodiesel production market. Corn oil demand was relatively stable during our 2020 fiscal year. However, additional corn oil supply has continued to enter the market as the production capacity of the United States ethanol industry has expanded which has impacted corn oil prices. The market for corn oil is expected to continue to shift as changes in supply and demand of corn oil interact. Our corn oil is primarily marketed in the United States and we do not expect that significant exports of corn oil will occur in the near future.

Distribution of Principal Products

We have hired third party marketers which are responsible for the distribution of all of the products we produce. Below is a description of the arrangements we have with our ethanol, distiller grains and corn oil marketers.

Ethanol Distribution

We have an ethanol marketing agreement with Renewable Products Marketing Group, Inc. ("RPMG"), a professional third party marketer, which is the sole marketer of our ethanol. RPMG also markets all of our corn oil. We are an equity owner of RPMG, LLC ("RPMG, LLC"), the parent company of RPMG, which allows us to realize favorable marketing fees and transparency in the sale of our ethanol and corn oil. Our ethanol marketing agreement provides we can sell our ethanol either through an index arrangement or at a fixed price agreed to between RPMG and the Company. The term of the ethanol marketing agreement is perpetual, until it is terminated. The primary reasons the ethanol marketing agreement would terminate are if we cease to be an owner of RPMG, LLC, if there is a breach of the ethanol marketing agreement which is not cured, or if we give advance notice to RPMG that we wish to terminate the ethanol marketing agreement. Notwithstanding our right to terminate the ethanol marketing agreement, we may be obligated to continue to market our ethanol through RPMG for a period of time after termination. Further, following termination, we would accept an assignment of certain railcar leases which RPMG has secured to service our ethanol sales. If our ethanol marketing agreement is terminated, it would trigger a redemption by RPMG, LLC of our ownership interest in RPMG, LLC.

Distiller Grains Distribution

We have a Distiller Grains Marketing Agreement with CHS, Inc. ("CHS"), pursuant to which CHS agreed to purchase all of the distiller grains produced at our plant. The initial term of the distiller grains marketing agreement was one year, beginning with the start-up of operations and production at the plant. After the initial one-year term, the agreement automatically renews for successive one year terms unless either party gives 90 days written notice of termination before the current term expires.

CHS agreed to pay us 98% of the actual sale price received by CHS from its customers for DDGS sold and 96% of the actual sale price received by CHS for MWDG sold, subject to certain minimum and maximum fees per ton. CHS deducts the customary freight costs incurred by CHS in delivering the distiller grains to its customers from our portion of the distiller grains sale price.

Corn Oil Distribution

In July 2011, we entered into a Corn Oil Marketing Agreement with RPMG. We have an exclusive marketing arrangement with RPMG where it will market all of the corn oil that we produce. We agreed to pay RPMG a commission based on each pound of corn oil that RPMG sells on our behalf. We also agreed to pay certain costs associated with RPMG marketing our corn oil. The initial term of the corn oil marketing agreement is for one year and the agreement automatically renews for additional one year terms unless written notice is given, either by us or RPMG, at least ninety days prior to the expiration of the current term of the agreement.

New Products and Services

We did not introduce any new products or services during our 2020 fiscal year. Following the end of the 2020 fiscal year, we commenced production and sale of industrial grade alcohol.

Competition

We are in direct competition with numerous ethanol producers in the sale of our products and with respect to raw material purchases related to those products. Many of the ethanol producers with which we compete have greater resources than we do. While management believes we are a lower cost producer of ethanol, larger ethanol producers may be able to take advantage of economies of scale due to their larger size and increased bargaining power with both ethanol, distiller grains and corn oil customers as well as raw material suppliers. As of December 31, 2020, the Renewable Fuels Association estimates that there are 210 ethanol production facilities in the United States with capacity to produce approximately 17.6 billion gallons of ethanol per year. The largest ethanol producers include Archer Daniels Midland, Flint Hills Resources, Green Plains Renewable Energy, POET Biorefining, and Valero Renewable Fuels, each of which are capable of producing significantly more ethanol than we produce.

The following table identifies the largest ethanol producers in the United States along with their production capacities.

U.S. FUEL ETHANOL PRODUCTION CAPACITY
BY TOP PRODUCERS
Producers of Approximately 800
million gallons per year (MMgy) or more

Company	**Current Capacity (MMgy)**	**Percent of Market**
Archer Daniels Midland	1,716	10%
POET Biorefining	1,805	10%
Valero Renewable Fuels	1,730	10%
Green Plains Renewable Energy	1,128	6%
Flint Hills Resources	840	5%

Updated: December 31, 2020

The products that we produce are commodities. Since our products are commodities, there are typically no significant differences between the products we produce and the products of our competitors that would allow us to distinguish our products in the market. As a result, competition in the ethanol industry is primarily based on price and consistent quality.

We have experienced increased competition from oil companies that have purchased ethanol production facilities. These oil companies are required to blend a certain amount of ethanol each year. Therefore, the oil companies may be able to operate their ethanol production facilities at times when it is unprofitable for us to operate our ethanol plant. Further, some ethanol producers own multiple ethanol plants which may allow them to compete more effectively by providing them flexibility to run certain production facilities while they have other facilities shut down. Finally, some ethanol producers which own ethanol plants in different areas of the United States may spread the risk they encounter related to feedstock prices due to localized corn shortages or poor growing conditions.

A number of automotive, industrial and power generation manufacturers are developing alternative clean power systems using fuel cells, plug-in hybrids, electric cars or clean burning gaseous fuels. Electric car technology has grown in popularity, especially in urban areas. While there are currently a limited number of vehicle recharging stations, making electric cars not feasible for all consumers, there has been increased focus on developing these recharging stations to make electric car technology more widely available. These efforts have resulted in increased market share enjoyed by electric cars. Additional competition from these other sources of alternative energy, particularly in the automobile market, could reduce the demand for ethanol, which would negatively impact our profitability.

Competition among ethanol producers may continue to increase as gasoline demand decreases due to more fuel efficient vehicles being produced. If the concentration of ethanol used in most gasoline does not increase and gasoline demand is lower due to increased fuel efficiency by the vehicles operated in the United States, competition may increase among ethanol producers to supply the ethanol market.

Distiller Grains Competition

Our ethanol plant competes with other ethanol producers in the production and sales of distiller grains. Distiller grains are primarily used as an animal feed supplement which replaces corn and soybean meal. As a result, we believe that distiller grains prices are positively impacted by increases in corn and soybean prices. In addition, in recent years the United States ethanol industry has increased exports of distiller grains which management believes has positively impacted demand and prices for distillers grains in the United States. In the event these distiller grains exports decrease, including as a result of the Chinese tariffs which have significantly reduced export demand for distiller grains, it could lead to an oversupply of distiller grains in the United States. An oversupply of distiller grains could result in increased competition among ethanol producers for sales of distiller grains which could negatively impact market distiller grains prices in the United States.

Corn Oil Competition

We compete with many ethanol producers for the sale of corn oil. Many ethanol producers have installed the equipment necessary to separate corn oil from the distiller grains they produce which has increased competition for corn oil sales. Many ethanol producers have increased corn oil production due to the relatively low value of distiller grains which has increased corn oil competition.

Sources and Availability of Raw Materials

Corn Supply

The major raw material required to produce ethanol, distiller grains and corn oil at our plant is corn. The ethanol plant is currently operating at a rate in excess of its nameplate capacity. We anticipate that we will require approximately 65 million bushels of corn per year to produce approximately 195 million gallons of ethanol per year. We buy as much corn as possible from local grain elevators and farmers. Our commodities manager is responsible for purchasing corn for our operations, scheduling corn deliveries and establishing hedging positions to protect the price we pay for corn.

Corn prices were lower during our 2020 fiscal year compared to previous years primarily due to decreased corn demand for ethanol production related to the COVID-19 pandemic. However, later in our 2020 fiscal year, corn prices were increasing due to unfavorable weather conditions which impacted the size of the corn crop harvested in the fall 2020 in our local corn draw area. In addition, corn demand from the ethanol industry was increasing. We have not had difficulty securing the corn we need to operate the ethanol plant, however, our cost to purchase the corn we require has been higher. This may require us to purchase corn which is grown farther away from our plant which may increase our corn costs during our 2021 fiscal year. Since corn is the primary raw material we use to produce our products, the availability and cost of corn can have a significant impact on the profitability of our operations.

Commodities Account/Risk Management

In an attempt to minimize the effects of the volatility of corn costs on our profitability, we have two commodities trading accounts with ADM Investor Services, Inc. ("ADMIS") and an account with R.J. O'Brien & Associates, LLC ("RJO"). In addition, we have a commodities manager who manages our corn procurement activities. ADMIS and RJO serve as our broker for the purchase and sale of commodity futures contracts for corn, and enters into transactions and exercises commodity options for our account in accordance with our instructions. We are required to maintain adequate margins in our accounts, and if we do not maintain adequate margins, ADMIS or RJO may close out any of our positions or transfer funds from our other accounts to cover the margin.

The effectiveness of our risk management strategy is dependent on the cost of corn and our ability to sell sufficient ethanol to use all of the corn for which we have futures contracts. Our risk management activities may not be successful in reducing the risk caused by price fluctuation, which may leave us vulnerable to high corn prices.

Utilities

We entered into an agreement with Northern Natural Gas in April 2008 for connection to its interstate pipeline and for transportation services for our natural gas supply. To access sufficient supplies of natural gas to operate the plant, a dedicated lateral pipeline from Northern Natural Gas's interstate pipeline has been constructed to service our plant. Construction of the natural gas lateral pipeline was completed prior to the commencement of our operations at the ethanol plant. We purchase our natural gas through various suppliers.

We entered into an Energy Management Services Agreement with U.S. Energy dated July 10, 2009. U.S. Energy is now known as Kinect. Pursuant to the agreement, Kinect assists us with electric energy and natural gas management and procurement. Kinect's responsibilities include administration of our gas supply contracts, nomination, scheduling and other logistical issues such as storage and transportation, negotiation and delivery. We work with Kinect to provide estimated usage volumes on a monthly basis. In exchange for these management services, we pay a monthly service fee, as well as pre-approved expenses in connection with the services. The agreement for these services continues on a month-to-month basis.

On March 6, 2009, we entered into an Electrical Services Agreement with Hawkeye Tri-County Electric Cooperative (Hawkeye), to supply all of the electricity necessary to operate the ethanol plant. Pursuant to the agreement, Hawkeye has installed the electrical facilities necessary to deliver all of the electric power and energy required to operate our ethanol plant. The agreement with Hawkeye remained in effect for ten years from the date we began processing ethanol at the plant (April 2009), and terminated on the tenth anniversary of that date (April 2019). We may continue to receive the service following expiration of the ten-year term for a minimum of two years. Either party will then have the right to terminate the agreement upon six months' written notice. Hawkeye recently completed a merger and is now called MiEnergy Cooperative.

During our 2016 fiscal year we installed a steam turbine which allows us to use excess steam produced by the ethanol plant to generate electricity that we use in our production process. Management believes that this project allows us to decrease our total utility costs and allows us to operate the ethanol plant more profitably.

Seasonality of Sales

We experience some seasonality of demand for our ethanol, distiller grains and corn oil. Since ethanol is predominantly blended with gasoline for use in automobiles, ethanol demand tends to shift in relation to gasoline demand. As a result, we experience some seasonality of demand for ethanol in the summer months related to increased driving and, as a result, increased gasoline demand. In addition, we experience some increased ethanol demand during holiday seasons related to increased gasoline demand. We also experience decreased distiller grains demand during the summer months due to natural depletion in the size of herds at cattle feed lots and when the animals are turned out to pasture or are slaughtered. Further, we expect some seasonality of demand for our corn oil since a major corn oil user is the biodiesel industry which typically reduces production during the winter months.

Working Capital

We primarily use our working capital for purchases of raw materials necessary to operate the ethanol plant, for payments on our credit facilities, for distributions to our members and for capital expenditures to maintain and upgrade the ethanol plant. Our primary sources of working capital are income from our operations as well as our revolving line of credit with our primary lender, Home Federal Savings Bank ("Home Federal"). Management believes that our current sources of working capital are sufficient to sustain our operations for our 2021 fiscal year and beyond.

Dependence on One or a Few Major Customers

As discussed previously, we have exclusive marketing agreements with RPMG for sales of our ethanol and corn oil and with CHS for sales of our distiller grains. As a result, we rely on RPMG and CHS for the sale and distribution of all of our products. Any loss of RPMG or CHS as the marketing agent for our products could have a significant negative impact on our revenues. While we anticipate that we could secure other ethanol, distiller grains and corn oil marketers if necessary, any loss of our marketers could significantly impact our ability to operate the ethanol plant profitably.

Patents, Trademarks, Licenses, Franchises and Concessions

We do not currently hold any patents, trademarks, franchises or concessions. We were granted a perpetual and royalty free license by ICM, Inc. ("ICM") to use certain ethanol production technology necessary to operate our ethanol plant. The cost of the license granted by ICM was included in the amount we paid to Fagen, Inc. to design and build our ethanol plant.

Federal Ethanol Supports and Governmental Regulation

Federal Ethanol Supports

The ethanol industry is dependent on the Federal Renewable Fuels Standard (the "RFS"). The RFS requires that in each year, a certain amount of renewable fuels must be used in the United States. The RFS is a national program that does not require that any renewable fuels be used in any particular area or state, allowing refiners to use renewable fuel blends in those areas where it is most cost-effective. The RFS statutory volume requirement increases incrementally each year until the United States is required to use 36 billion gallons of renewable fuels by 2022, including both corn-based and advanced ethanol. Starting in 2009, the RFS required that a portion of the RFS must be met by certain "advanced" renewable fuels. These advanced renewable fuels include ethanol that is not made from corn, such as cellulosic ethanol and biomass based biodiesel. The use of these advanced renewable fuels increases each year as a percentage of the total renewable fuels required to be used in the United States.

The United States Environmental Protection Agency (the "EPA") has the authority to waive the RFS statutory volume requirement, in whole or in part, provided one of the following two conditions have been met: (1) there is inadequate domestic renewable fuel supply; or (2) implementation of the requirement would severely harm the economy or environment of a state, region or the United States. Annually, the EPA is supposed to pass a rule that establishes the number of gallons of different types of renewable fuels that must be used in the United States which is called the renewable volume obligations. Recently, the EPA has been granting small refinery exemptions from the RFS while not using its authority to waive the RFS statutory volume requirements. These small refinery exemptions created unallocated gallons reducing the corn-based conventional biofuel RFS requirements by 2.25 billion gallons in 2018 and 2 billion gallons in 2019. These small refinery exemptions have had a significant negative impact on domestic demand for ethanol and have resulted in negative operating margins in the ethanol industry. In January 2020, the Tenth Circuit Court of Appeals ruled that small refinery exemptions may only be granted to refineries that had secured them continuously each year since 2010. Consistent with this ruling, in September 2020, the EPA denied certain small refinery exemption petitions filed by oil refineries in 2020 seeking retroactive relief from their ethanol use requirements for prior years. Recently, the EPA announced that it will be supporting the Tenth Circuit Court of Appeals decision from January 2020.

In recent years, the EPA has reduced the volume obligations for advanced renewable fuels under the RFS which has negatively impacted demand for ethanol. The RFS statutory Renewable Volume Obligation (RVO) and the EPA's RVO (in billion gallons) are as follows:

Year		Total Renewable Volume Obligation	Total Renewable Volume Obligation For Corn-based Ethanol
2017	Statutory	24.00	15.00
	EPA Rule	19.28	15.00
2018	Statutory	26.00	15.00
	EPA Rule	19.29	15.00
2019	Statutory	28.00	15.00
	EPA Rule	19.92	15.00
2020	Statutory	30.00	15.00
	EPA Rule	20.09	15.00

The EPA has not yet established the RFS volume obligations for 2021.

Most ethanol that is used in the United States is sold in a blend called E10. E10 is a blend of 10% ethanol and 90% gasoline. E10 is approved for use in all standard vehicles. Estimates indicate that gasoline demand in the United States is approximately 143 billion gallons per year. Assuming that all gasoline in the United States is blended at a rate of 10% ethanol and 90% gasoline, the maximum domestic demand for ethanol is 14.3 billion gallons per year. This is commonly referred to as the "blend wall," which represents a theoretical limit where more ethanol cannot be blended into the national gasoline pool. This is a theoretical limit because it is believed that it would not be possible to blend ethanol into every gallon of gasoline that is being used in the United States and it discounts the use of higher percentage blends such as E15 or E85. These higher percentage blends may lead to additional ethanol demand if they become more widely available and accepted by the market. Gasoline demand was lower for 2020 due to COVID-19.

Many in the ethanol industry believe that it will be impossible to meet the RFS requirement in future years without an increase in the percentage of ethanol that can be blended with gasoline for use in standard (non-flex fuel) vehicles. The EPA has approved the use of E15, gasoline which is blended at a rate of 15% ethanol and 85% gasoline, in vehicles manufactured in the model year 2001 and later. However, there are still hurdles that need to be addressed in some states before E15 will become more widely available. Many states still have regulatory issues that prevent the sale of E15. Sales of E15 may be limited because it is not approved for use in all vehicles, the EPA requires a label that management believes may discourage consumers from using E15, and retailers may choose not to sell E15 due to concerns regarding liability. As a result, the approval of E15 by the EPA has not had an immediate impact on ethanol demand in the United States. In June 2019, the Trump Administration approved the use of E15 year-round at the federal level which has somewhat expanded the use of E15.

In May 2020, the United States Department of Agriculture ("USDA") announced the Higher Blends Infrastructure Incentive Program which consists of up to $100 million in funding for grants to be used to increase the availability of higher blends of ethanol and biodiesel fuels. Funds may be awarded to retailers such as fueling stations and convenience stores to assist in the cost of installation or upgrading of fuel pumps and other infrastructure. In October 2020, the USDA announced the first round of awards to recipients of $22 million worth of grants. Recently a second round of funding of approximately $30 million in grants was announced.

Effect of Governmental Regulation

Plant operations are governed by the Occupational Safety and Health Administration ("OSHA"). OSHA regulations may change such that the costs of operating the ethanol plant may increase. Any of these regulatory factors may result in higher costs or other adverse conditions effecting our operations, cash flows and financial performance.

In late 2009, California passed a Low Carbon Fuels Standard ("LCFS"). The California LCFS requires that renewable fuels used in California must accomplish certain reductions in greenhouse gases which is measured using a lifecycle analysis, similar to the RFS. The LCFS could have a negative impact on demand for corn-based ethanol and result in decreased ethanol prices affecting our ability to operate profitably.

In August 2017, Brazil instituted an import quota for ethanol produced in the United States and exported to Brazil, along with a 20% tariff on ethanol imports in excess of the quota. In September 2019, the Brazilians increased the tariff free import quota from 600 million liters to 750 million liters. The quota expired in December 2020 so all U.S. ethanol exports to Brazil are now subject to the tariff. This tariff has reduced exports of ethanol to Brazil and may continue to negatively impact ethanol exports from the United States. Any reduction in ethanol exports could negatively impact market ethanol prices in the United States. In addition, the Chinese government increased the tariff on United States ethanol imports into China from 30% to 45% and ultimately to 70%. Management does not expect these Chinese tariffs to be removed in the near term. Both China and Brazil have been major sources of import demand for United States ethanol and distillers grains. These trade actions may result in negative operating margins for United States ethanol producers.

Costs and Effects of Compliance with Environmental Laws

We are subject to extensive air, water and other environmental regulations and we require a number of environmental permits to operate the plant. We have obtained all permits that are currently required for operation of the plant. In the fiscal year ended December 31, 2020, we incurred costs and expenses of approximately $234,000 complying with environmental laws, including the cost of obtaining permits. Although we have been successful in obtaining all of the permits currently required, any retroactive change in environmental regulations, either at the federal or state level, could require us to obtain additional or new permits or spend considerable resources in complying with such regulations. We anticipate incurring costs and expenses of approximately $200,000 for compliance with environmental laws for our fiscal year ended December 31, 2021.

Employees

As of December 31, 2020, we had 60 full-time employees. We do not anticipate a significant change in the number of full-time employees we have in the next 12 months.

ITEM 1A. RISK FACTORS.

You should carefully read and consider the risks and uncertainties below and the other information contained in this report. The risks and uncertainties described below are not the only ones we may face. The following risks, together with additional risks and uncertainties not currently known to us or that we currently deem immaterial could impair our financial condition and results of operation.

Risks Relating to Our Business

We are subject to global and regional economic downturns and related risks and the effects of COVID-19 or another pandemic may materially and adversely affect demand and the market price for our products. The level of demand for our products is affected by global and regional demographic and macroeconomic conditions. A significant downturn in global economic growth, or recessionary conditions in major geographic regions for prolonged periods, may lead to reduced demand for our products, which could have a negative effect on the market price of our products. In December 2019, a novel coronavirus surfaced in Wuhan, China ("COVID-19"). The spread of COVID-19 worldwide has resulted in businesses suspending or substantially curtailing global operations and travel, quarantines, and an overall substantial slowdown of economic activity. Transportation fuels in particular, including ethanol, have experienced significant price declines and reduced demand. The effects of COVID-19 have and may continue to materially and adversely affect the market price for our products, our business, results of operations and liquidity.

COVID-19 or another pandemic may negatively impact our ability to operate our business which could decrease or eliminate the value of our units. COVID-19 has resulted in significant uncertainty in many areas of our business. We do not know how long these conditions will last. This uncertainty is expected to negatively impact our operations. We may experience labor shortages if our employees are unable or unwilling to come to work. If our suppliers cannot deliver the supplies we need to operate our business or if we are unable to ship our products due to trucking or rail shipping disruptions, we may be forced to suspend operations or reduce production. If we are unable to operate the ethanol plant at capacity, it may result in unfavorable operating results. Any shut down of operations or reduction in production, especially for an extended period of time, could reduce or eliminate the value of our units.

The spread between ethanol and corn prices can vary significantly which can negatively impact our financial condition. Our only sources of revenue come from sales of our ethanol, distiller grains and corn oil. The primary raw materials we use to produce our ethanol, distiller grains and corn oil are corn and natural gas. In order to operate the ethanol plant profitably, we must maintain a positive spread between the revenue we receive from sales of our products and our corn and natural gas costs. This spread between the market price of our products and our raw material costs has been volatile in the past. If we were to experience a period of time where this spread is negative, and the negative margins continue for an extended period of time, it may prevent us from profitably operating the ethanol plant which could decrease the value of our units.

Decreasing gasoline prices may lower ethanol prices which could negatively impact our ability to operate profitably. In recent years, the price of ethanol has been less than the price of gasoline which increased demand for ethanol from fuel blenders. However, at times the price of gasoline has decreased which has reduced the spread between the price of gasoline and the price of ethanol. This trend negatively impacted ethanol prices. If this trend were to return and continue for a significant period of time, it could hurt our ability to profitably operate the ethanol plant which could decrease the value of our units.

Distiller grains demand and prices has been negatively impacted by the Chinese anti-dumping and countervailing duty investigation. China was historically the world's largest importer of distiller grains produced in the United States. On January 12, 2016, the Chinese government announced that it would commence an anti-dumping and countervailing duty investigation related to distiller grains imported from the United States. In January 2017, the Chinese finalized the anti-dumping and anti-subsidy duties at rates from 42.2% to 53.7% for the anti-dumping claim and from 11.2% to 12% for the anti-subsidy duty. These trade actions have negatively impacted distiller grains demand and prices which could continue to his potential negatively impact our ability to profitably operate the ethanol plant.

A reduction in ethanol exports to Brazil due to the imposition by the Brazilian government of a tariff on U.S. ethanol could have a negative impact on ethanol prices. Brazil has historically been a top destination for ethanol produced in the United States. However, in 2017, Brazil imposed a 20% tariff on ethanol which is produced in the United States and exported to Brazil. The effect of the tariff has been mitigated somewhat by the adoption of a rate tariff quota that allowed 750 million liters of ethanol annually to be allowed into Brazil before the tariff applies. However, this rate tariff quota expired on December 14, 2020, so all of the ethanol exports to Brazil are now subject to the 20% tariff. This tariff has already resulted in a decline in demand for ethanol from Brazil and could negatively impact the market price of ethanol in the United States and our ability to profitably operate the ethanol plant.

We may be forced to reduce production or cease production altogether if we are unable to secure the corn we require at prices which allow us to profitably operate the ethanol plant. We require a significant amount of corn to operate the ethanol plant at capacity. In recent years, the supply of corn in the market has been higher and we have not had difficulty securing the corn we require at prices that allow us to operate profitably. However, poor weather conditions in the area surrounding the plant impacted the size of the corn crop in our area which has negatively impacted our average cost per bushel of corn. If we are unable to secure the corn we require to continue to operate the ethanol plant, or we are unable to secure corn at prices that allow us to operate profitably, we may have to reduce production or cease operating altogether which may negatively impact the value of our units.

We may violate the terms of our credit agreements and financial covenants which could result in our lender demanding immediate repayment of our loans. Our credit agreements with Home Federal require that we comply with various financial loan covenants. We are currently in compliance with all of our financial loan covenants. Current management projections indicate that we will be in compliance with our loan covenants for at least the next 12 months. However, unforeseen circumstances may develop which could result in us violating our loan covenants. If we violate the terms of our credit agreements, including our financial loan covenants, Home Federal could deem us to be in default of our loans and prevent us from drawing funds on our revolving line of credit and also require us to immediately repay any outstanding balance of our loans. If we do not have the funds available to repay the loans or we cannot find another source of financing, we may fail which could decrease or eliminate the value of our units.

Our marketers may fail to sell all of the ethanol, distiller grains and corn oil we produce which could negatively impact our profitability. We rely on our ethanol, distiller grains and corn oil marketers to sell all of our products. Currently we have an agreement with RPMG which markets all of our ethanol and corn oil and we have an agreement with CHS to market all of our distiller grains. Our only source of revenue is from the sale of our ethanol, distiller grains and corn oil. If our marketers are unable to sell all of the ethanol, distiller grains or corn oil we produce, or if they are unable to sell them at prices that allow us to operate profitability, the value of our units may be negatively impacted. Further, RPMG or CHS could fail. While we anticipate that we will be able to secure alternative marketers should RPMG or CHS cease marketing our products for any reason, we may not be able to do so without incurring additional costs or without a reduction in our revenue. Any loss of our ethanol, distiller grains or corn oil marketers may negatively impact our profitability and could decrease the value of our units.

We engage in hedging transactions which involve risks that can harm our business. We are exposed to market risk from changes in commodity prices. Exposure to commodity price risk results from our dependence on corn and natural gas in the ethanol production process. We seek to minimize the risks from fluctuations in the prices of corn and natural gas through the use of hedging instruments. These hedging instruments can be risky and can negatively impact our liquidity. In times when commodity prices are volatile, we may be required to use significant amounts of cash to make margin calls as a result of our hedging positions. The effectiveness of our hedging strategies is dependent on the cost of corn and natural gas and our ability to sell sufficient products to use all of the corn and natural gas for which we have futures contracts. Our hedging activities may not successfully reduce the risk caused by price fluctuations which may leave us vulnerable to high corn and natural gas prices. Alternatively, we may choose not to engage in hedging transactions in the future. As a result, our future results of operations and financial condition may also be adversely affected during periods in which corn and/or natural gas prices increase. These hedging transactions could impact our ability to profitably operate the ethanol plant and negatively impact our liquidity.

Our business is not diversified. Our success depends almost entirely on our ability to profitably operate our ethanol plant. We do not have any other lines of business or other sources of revenue if we are unable to operate our ethanol plant and manufacture ethanol, distiller grains and corn oil. If economic or political factors adversely affect the market for ethanol, distiller grains and corn oil, we have no other line of business to fall back on. Our business would also be significantly harmed if the ethanol plant could not operate at full capacity for any extended period of time which could reduce the value of our units.

We depend on our management and key employees, and the loss of these relationships could negatively impact our ability to operate profitably. We are highly dependent on our management team to operate our ethanol plant. Our management employees may decide to end their employment with us. If one or more of our management employees terminate their employment, we may not be able to replace these individuals. While we seek to compensate our management and key employees in a manner that will encourage them to continue their employment with us, they may choose to seek other employment. Any loss of these managers or key employees may prevent us from operating the ethanol plant profitably and could decrease the value of our units.

We may incur casualty losses that are not covered by insurance which could negatively impact the value of our units. We have purchased insurance which we believe adequately covers our losses from foreseeable risks. However, there are risks that we may encounter for which there is no insurance or for which insurance is not available on terms that are acceptable to us. If we experience a loss which materially impairs our ability to operate the ethanol plant which is not covered by insurance, the value of our units could be reduced or eliminated.

Our operations may be negatively impacted by natural disasters, severe weather conditions, and other unforeseen plant shutdowns which can negatively impact our operations. Our operations may be negatively impacted by events outside of our control such as natural disasters, severe weather, strikes, train derailments and other unforeseen events which may negatively impact our operations. If we experience any of these unforeseen circumstances which negatively impact our operations, it may affect our cash flow and negatively impact the value of our business.

Changes and advances in ethanol production technology could require us to incur costs to update our plant or could otherwise hinder our ability to compete in the ethanol industry or operate profitably. Advances and changes in the technology of ethanol production are expected to occur. Such advances and changes may make the ethanol production technology installed in our plant less desirable or obsolete. These advances could also allow our competitors to produce ethanol at a lower cost than us. If we are unable to adopt or incorporate technological advances, our ethanol production methods and processes could be less efficient than our competitors, which could cause our plant to become uncompetitive or completely obsolete. If our competitors develop, obtain or license technology that is superior to ours or that makes our technology obsolete, we may be required to incur significant costs to enhance or acquire new technology so that our ethanol production remains competitive. Alternatively, we may be required to seek third-party licenses, which could also result in significant expenditures. These third-party licenses may not be available or, once obtained, they may not continue to be available on commercially reasonable terms. These costs could negatively impact our financial performance by increasing our operating costs and reducing our net income.

Failures of our information technology infrastructure could negatively impact our operations. We utilize various software applications and other information technology that are critically important to our business operations. We rely on information technology networks and systems, including the Internet, to process, transmit and store electronic and financial information, to manage a variety of business processes and activities, including production, manufacturing, financial, logistics, sales, marketing and administrative functions. We depend on our information technology infrastructure to communicate internally and externally with employees, customers, suppliers and others. We also use information technology networks and systems to comply with regulatory, legal and tax requirements. These information technology systems, some of which are managed by third parties, may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software, databases or components thereof, power outages, hardware failures, computer viruses, attacks by computer hackers or other cybersecurity risks, telecommunication failures, user errors, natural disasters, terrorist attacks or other catastrophic events. If any of our significant information technology systems suffer severe damage, disruption or shutdown, and our disaster recovery and business continuity plans do not effectively resolve the issues in a timely manner, our product sales, financial condition and results of operations may be materially and adversely affected.

A cyber attack or other information security breach could negatively impact our operations and financial performance. We are regularly the target of attempted cyber and other security threats and must continuously monitor and develop our information technology networks and infrastructure to prevent, detect, address and mitigate the risk of unauthorized access, misuse, computer viruses and other events that could have a security impact. If we are unable to prevent cyber attacks and other information security breaches, we may encounter significant disruptions in our operations which could adversely impact our business, financial condition and results of operations or result in the unauthorized disclosure of confidential information. Such breaches may also harm our reputation, result in financial losses or subject us to litigation or other costs or penalties.

Risks Related to Ethanol Industry

Excess ethanol supply in the market could put negative pressure on the price of ethanol which could lead to tight operating margins and may impact our ability to operate profitably. In the past the ethanol industry has confronted market conditions where ethanol supply exceeded demand which led to unfavorable operating conditions. In 2012, profitability in the ethanol industry was reduced due to increased ethanol imports from Brazil at a time when gasoline demand in the United States was lower and domestic ethanol supplies were higher. This disconnect between ethanol supply and demand resulted in lower ethanol prices at a time when corn prices were higher which led to unfavorable operating conditions. We may experience periods of time when ethanol supply exceeds demand which could negatively impact our profitability. The United States benefited from additional exports of ethanol in recent years. However, this did not continue to occur for our 2020 fiscal year, and may not continue to occur during our 2021 fiscal year. We may experience periods of ethanol supply and demand imbalance during our 2021 fiscal year. If we experience excess ethanol supply, either due to increased ethanol production or lower gasoline demand, it could negatively impact the price of ethanol which could hurt our ability to profitably operate the ethanol plant.

Demand for ethanol may not continue to grow unless ethanol can be blended into gasoline in higher percentage blends for standard vehicles. Currently, ethanol is primarily blended with gasoline for use in standard (non-flex fuel) vehicles to create a blend which is 10% ethanol and 90% gasoline. Estimates indicate that approximately 143 billion gallons of gasoline are sold in the United States each year. Assuming that all gasoline in the United States is blended at a rate of 10% ethanol and 90% gasoline, the maximum demand for ethanol is 14.3 billion gallons. This is commonly referred to as the "blend wall," which represents a theoretical limit where more ethanol cannot be blended into the national gasoline pool. Many in the ethanol industry believe that the ethanol industry has reached this blend wall. In order to expand demand for ethanol, higher percentage blends of ethanol must be utilized in standard vehicles. Such higher percentage blends of ethanol are a contentious issue. Automobile manufacturers and environmental groups have fought against higher percentage ethanol blends. The EPA approved the use of E15 for standard (non-flex fuel) vehicles produced in the model year 2001 and later. The fact that E15 has not been approved for use in all vehicles and the labeling requirements associated with E15 may lead to gasoline retailers refusing to carry E15. Without an increase in the allowable percentage blends of ethanol that can be used in all vehicles, demand for ethanol may not continue to increase which could decrease the selling price of ethanol and could result in our inability to operate the ethanol plant profitably, which could reduce or eliminate the value of our units.

Growth in the ethanol industry is dependent on growth in the fuel blending infrastructure to accommodate ethanol, which may be slow and could result in decreased ethanol demand. The ethanol industry depends on the fuel blending industry to blend the ethanol that is produced with gasoline so it may be sold to the end consumer. Substantial investments are required to expand this blending infrastructure and the fuel blending industry may choose not to expand the blending infrastructure to accommodate ethanol. Should the ability to blend ethanol not expand at the same rate as increases in ethanol supply, it may decrease the demand for ethanol which may lead to a decrease in the selling price of ethanol, which could impact our ability to operate profitably.

We operate in an intensely competitive industry and compete with larger, better financed companies which could impact our ability to operate profitably. There is significant competition among ethanol producers. There are numerous producer-owned and privately-owned ethanol plants operating throughout the Midwest and elsewhere in the United States. We also face competition from ethanol producers located outside of the United States. The largest ethanol producers include Archer Daniels Midland, Flint Hills Resources, Green Plains Renewable Energy, POET Biorefining, and Valero Renewable Fuels, each which is capable of producing significantly more ethanol than we produce. Further, many believe that there will be consolidation occurring in the ethanol industry which will likely lead to a few companies which control a significant portion of the United States ethanol production market. We may not be able to compete with these larger producers. These larger ethanol producers may be able to affect the ethanol market in ways that are not beneficial to us which could negatively impact our financial performance and the value of our units.

Competition from the advancement of alternative fuels and technologies may lessen demand for ethanol. Alternative fuels, gasoline oxygenates and ethanol production methods are continually under development. A number of automotive, industrial and power generation manufacturers are developing alternative clean power systems using fuel cells, plug-in hybrids, and electric cars or clean burning gaseous fuels. Like ethanol, these emerging technologies offer an option to address worldwide energy costs, the long-term availability of petroleum reserves and environmental concerns. If these alternative technologies continue to expand and gain broad acceptance and become readily available to consumers for motor vehicle use, we may not be able to compete effectively. This additional competition could reduce the demand for ethanol, resulting in lower ethanol prices that might adversely affect our results of operations and financial condition.

If exports of ethanol are reduced, ethanol prices may be negatively impacted. The United States ethanol industry was supported during our 2020 fiscal year with exports of ethanol. Management believes exports of ethanol were due to lower market ethanol prices in the United States and increased global demand for ethanol. However, these ethanol exports were lower in 2020 compared to prior years and they may continue to decrease. In 2017, China and Brazil both implemented import tariffs on United States ethanol and the European Union has maintained a tariff since 2012, which was only recently repealed in 2019. As a result of small refinery exemptions in 2018 and 2019, and the impacts of the COVID-19 pandemic, we are experiencing the impact of excess ethanol supplies in the market. Without exports of ethanol, excess ethanol supplies in the United States will continue which could continue to negatively impact prices. Any decrease in ethanol prices or demand may negatively impact our ability to profitably operate the ethanol plant.

Consumer resistance to the use of ethanol based on the belief that ethanol is expensive, adds to air pollution, harms engines and/or takes more energy to produce than it contributes or based on perceived issues related to the use of corn as the feedstock to produce ethanol may affect demand for ethanol. Certain individuals believe that the use of ethanol will have a negative impact on gasoline prices at the pump. Some also believe that ethanol adds to air pollution and harms car and truck engines. Still other consumers believe that the process of producing ethanol actually uses more fossil energy, such as oil and natural gas, than the amount of energy that is produced. Further, some consumers object to the fact that ethanol is produced using corn as the feedstock which these consumers perceive as negatively impacting food prices. These consumer beliefs could potentially be wide-spread and may be increasing as a result of recent efforts to increase the allowable percentage of ethanol that may be blended for use in vehicles. If consumers choose not to buy ethanol based on these beliefs, it would affect the demand for the ethanol we produce which could negatively affect our profitability and financial condition.

Overcapacity within the ethanol industry could cause an oversupply of ethanol and a decline in ethanol prices. Excess ethanol production capacity could have an adverse impact on our results of operations, cash flows and general financial condition. If demand for ethanol does not grow at the same pace as increases in supply, we would expect the price of ethanol to decline. If excess capacity in the ethanol industry occurs, the market price of ethanol may decline to a level that is inadequate to generate sufficient cash flow to cover our costs which could reduce the value of our units.

Many ethanol producers are expanding their production capacity which could continue to increase the oversupply of ethanol in the United States. Recently, many ethanol producers have commenced projects to expand their ethanol production capacities. These expansions have resulted in a significant increase in the supply of ethanol in the United States. Currently, ethanol prices are supported by ethanol exports which may not continue at their current levels. While many in the ethanol industry are working to increase the amount of ethanol that is used domestically, specifically in the form of E15, which contains 15% ethanol as compared to the 10% ethanol which is used in most current blends, adoption of E15 has not been as rapid as most ethanol producers would like. Also, the additional ethanol capacity which is being constructed may exceed current domestic and export demand. If an oversupply of ethanol were to continue, it could continue to negatively impact domestic ethanol prices which could negatively impact our ability to profitably operate the ethanol plant.

Risks Related to Regulation and Governmental Action

Government incentives for ethanol production may be reduced or eliminated in the future, which could hinder our ability to operate at a profit. The ethanol industry is assisted by various federal and state ethanol incentives, the most important of which is the RFS set forth in the Energy Policy Act of 2005. The RFS helps support a market for ethanol that might disappear without this incentive. The EPA has the authority to waive the RFS statutory volume requirement, in whole or in part, provided certain conditions have been met. Annually, the EPA is supposed to pass a rule that establishes the number of gallons of different types of renewable fuels that must be used in the United States which is called the renewable volume obligations. In the past, the EPA has set the renewable volume obligations below the statutory volume requirements. The EPA has not yet released its final rule to set the 2021 RFS volume obligations. If the EPA were to significantly reduce the volume requirements under the RFS or if the RFS were to be otherwise reduced or eliminated by the exercise of the EPA waiver authority or by Congress in the future, the market price and demand for ethanol could decrease which will negatively impact our financial performance.

Government policies and regulations, particularly those affecting the agricultural sector and related industries, could adversely affect our operations and profitability. Agricultural commodity production and trade flows are significantly affected by government policies and regulations. Governmental policies affecting the agricultural industry, such as taxes, trade tariffs, duties, subsidies, import and export restrictions on commodities and commodity products, can influence industry profitability, the planting of certain crops, the location and size of crop production, whether unprocessed or processed commodity products are traded, and the volume and types of imports and exports. In addition, international trade disputes can adversely affect trade flows by limiting or disrupting trade between countries or regions. Future governmental policies, regulations or actions affecting our industry may adversely affect the supply of, demand for and prices of our products, restrict our ability to do business and cause our financial results to suffer. We may experience negative impacts of higher ethanol tariffs and other disruptions to international agricultural trade. Increased ethanol tariffs would likely reduce overall U.S. ethanol export demand, which could have a negative effect on U.S. domestic ethanol prices.

The California Low Carbon Fuel Standard may decrease demand for corn-based ethanol which could negatively impact our profitability. California passed a Low Carbon Fuels Standard ("LCFS") which requires that renewable fuels used in California must accomplish certain reductions in greenhouse gases which reductions are measured using a lifecycle analysis. Management believes that these regulations could preclude corn-based ethanol produced in the Midwest from being used in California. California represents a significant ethanol demand market. If the ethanol industry is unable to supply corn-based ethanol to California, it could significantly reduce demand for the ethanol we produce. This could result in a reduction of our revenues and negatively impact our ability to profitably operate the ethanol plant.

Changes in environmental regulations or violations of these regulations could be expensive and reduce our profitability. We are subject to extensive air, water and other environmental laws and regulations. In addition, some of these laws require our plant to operate under a number of environmental permits. These laws, regulations and permits can often require expensive pollution control equipment or operational changes to limit actual or potential impacts to the environment. A violation of these laws and regulations or permit conditions can result in substantial fines, damages, criminal sanctions, permit revocations and/or plant shutdowns. In the future, we may be subject to legal actions brought by environmental advocacy groups and other parties for actual or alleged violations of environmental laws or our permits. Additionally, any changes in environmental laws and regulations, both at the federal and state level, could require us to spend considerable resources in order to comply with future environmental regulations. The expense of compliance could be significant enough to reduce our profitability and negatively affect our financial condition.

Carbon dioxide may be regulated in the future by the EPA as an air pollutant requiring us to obtain additional permits and install additional environmental mitigation equipment, which could adversely affect our financial performance. In 2007, the Supreme Court decided a case in which it ruled that carbon dioxide is an air pollutant under the Clean Air Act for motor vehicle emissions. Our plant produces a significant amount of carbon dioxide. While there are currently no regulations restricting carbon dioxide emissions, if the EPA or the State of Iowa were to regulate carbon dioxide emissions by plants such as ours, we may have to apply for additional permits or we may be required to install carbon dioxide mitigation equipment or take other as yet unknown steps to comply with these potential regulations. Compliance with any future regulation of carbon dioxide, if it occurs, could be costly and may prevent us from operating the ethanol plant profitably which could decrease or eliminate the value of our units.

ITEM 2. PROPERTIES.

Our plant is located on an approximately 350 acre site in Chickasaw County, Iowa. The plant's address is 2779 Highway 24, Lawler, Iowa 52154. Construction of our plant was completed in April 2009. All of our operations are located at this site.

We selected our plant site because of its close proximity to rail service and access to natural gas supplies capable of meeting plant consumption needs. The plant is located on Iowa Highway 24, which runs east/west, and is about 10 miles east of Iowa Highway 63, which runs north/south, and about 40 miles north of Iowa Highway 20, which runs east/west. Our proximity to these highways provides us with easy access to Interstate 35 and Interstate 80. In addition, the plant is located on the Canadian Pacific railroad line which provides us access to many markets for our products.

All of our tangible and intangible property, real and personal, serves as the collateral for our debt financing with Home Federal, which is described below under "**Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations - Short-Term and Long-Term Debt Sources**."

ITEM 3. LEGAL PROCEEDINGS.

Retterath Lawsuit

On August 14, 2013, the Company filed a lawsuit against Steve Retterath in the Iowa state court located in Polk County, Iowa. The purpose of the lawsuit is to enforce the terms of the repurchase agreement the Company executed with Mr. Retterath on June 13, 2013. The Company asked the Iowa state court to require Mr. Retterath to perform his obligations under the repurchase agreement pursuant to its terms. Mr. Retterath removed the case to federal court in the Federal District Court for the Southern District of Iowa in December 2013. The Company believed that this removal was improper and as a result the Company moved to remand the case back to the Iowa state court in Polk County which was granted. Mr. Retterath answered the lawsuit in August 2014, denying the validity of the repurchase agreement. In addition, the Iowa state court permitted Jason Retterath and Annie Retterath, the son and daughter-in-law of Steve Retterath, to be added as parties to the Iowa state lawsuit. In February 2015, the Company filed a motion for summary judgment asking the Iowa state court to enforce the repurchase agreement. The Retteraths also filed motions for summary judgment asking the Iowa state court to find the repurchase agreement invalid. On October 16, 2015, the Iowa state court entered a ruling granting Homeland's motion for summary judgment and determined no membership vote was required as Mr. Retterath has contended. The Iowa state court also denied the summary judgment motions filed by Mr. Retterath and his son and daughter-in-law.

Mr. Retterath and his son and daughter-in-law filed a motion to add a significant number of additional parties to the Iowa lawsuit along with additional claims against the Company. We filed a resistance to Mr. Retterath's attempts to expand the scope of the Iowa lawsuit. In November 2016, the Iowa Court ruled that our original claims against Mr. Retterath would proceed to trial in January 2017 as scheduled and that any other issues that remain following that trial would be litigated after a ruling is issued in the January 2017 trial. The trial was held in January 2017. On June 15, 2017, the Iowa Court ruled in favor of Homeland that the repurchase agreement was valid and directed Mr. Retterath to perform his obligations under the repurchase agreement by August 1, 2017. Mr. Retterath subsequently filed motions with the Iowa Court to reconsider its ruling or alternatively award Mr. Retterath a new trial. Mr. Retterath also asked the Iowa Court to stay his obligation to perform the repurchase agreement until these motion are ruled on by the Iowa Court. The Iowa Court granted Mr. Retterath's stay while the court considered his post-trial motions. On May 7, 2018, the Iowa Court denied Mr. Retterath's motions for a new trial and to reconsider the Iowa Court's prior ruling. Mr. Retterath filed an appeal of the Iowa Court's decision. In February 2020, the Iowa Supreme Court ruled that the repurchase agreement is valid and enforceable. In April 2020, we closed the repurchase transaction. Now that the first part of the case is resolved, the additional matters Mr. Retterath added to the case in 2016 will be resolved by the court.

GS Cleantech Patent Litigation

On August 9, 2013, GS Cleantech Corporation ("GS Cleantech"), a subsidiary of Greenshift Corporation, filed a complaint in the United States District for the Northern District of Iowa against the Company. The Company is one of more than twenty ethanol manufacturers that were sued by GS Cleantech. The complaint alleges that the Company's operation of a corn oil extraction process infringes patent rights claimed by GS Cleantech. GS Cleantech seeks royalties, damages and potentially triple damages associated with the alleged infringement, as well as attorney's fees. The complaint was transferred to the United States District Court for the Southern District of Indiana due to a finding that the action involves questions of fact common to several other lawsuits which were joined in a multi-district litigation ("MDL"). The MDL Court developed two tracks of defendants in this litigation. The first track includes defendants which were originally sued by GS Cleantech in 2010 and a second track of defendants sued in 2013 which includes the Company. On October 23, 2014, the MDL Court granted summary judgment in favor of the first track defendants and found that the GS Cleantech patents which the Company is alleged to have infringed are invalid. Further, in a January 16, 2015 decision, the MDL ruled in favor of a stipulated motion for partial summary judgment finding that all of the GS Cleantech patents in the suit were invalid and, therefore, not infringed. GS Cleantech appealed these decisions. The federal appeals court recently rejected GS Cleantech's appeal and the Supreme Court recently denied GS Cleantech's request for an additional appeal.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Outstanding Equity

As of March 11, 2021, we had 64,560 units outstanding and approximately 1,240 total members.

Unit Trading

There is no established public trading market for our units. However, on February 5, 2008, we established the Unit Trading Bulletin Board, which is a private online matching service, in order to facilitate trading among our members. The Unit Trading Bulletin Board consists of an electronic bulletin board on our website that provides a list of interested buyers and a list of interested sellers, along with their non-firm price quotes. The Unit Trading Bulletin Board does not automatically effect matches between potential sellers and buyers and it is the sole responsibility of sellers and buyers to contact each other to negotiate an agreement to transfer units. We do not become involved in any purchase or sale negotiations arising from our Unit Trading Bulletin Board and have no role in effecting transactions beyond approval, as required under our operating agreement, and the issuance of new certificates. We do not give advice regarding the merits or shortcomings of any particular transaction. We do not receive, transfer or hold funds or securities as an incident of operating the Unit Trading Bulletin Board. We do not receive any compensation for creating or maintaining the Unit Trading Bulletin Board. In advertising our Unit Trading Bulletin Board, we do not characterize Homeland Energy Solutions as being a broker or dealer or an exchange. We do not use the Unit

Trading Bulletin Board to offer to buy or sell securities other than in compliance with the securities laws, including any applicable registration requirements.

There are detailed time lines that must be followed under the Unit Trading Bulletin Board rules and procedures with respect to offers and sales of membership units, with which all transactions must comply. In addition, all transactions must comply with our operating agreement, and are subject to approval by our board of directors.

The following table contains historical information by quarter for the past two years regarding the actual unit transactions that were completed by our unit-holders during the periods specified. Some of these transfers were made without consideration and as such no price information is included. We believe this most accurately represents the current trading value of our units. The information was compiled by reviewing the completed unit transfers that occurred on the Unit Trading Bulletin Board or through private transfers during the quarters indicated.

Quarter	Low Price	High Price	Average Price	Number of Units Traded
First Quarter 2019	$ 2,750	$ 3,000	$ 3,000	10
Second Quarter 2019	$ 2,750	$ 2,800	$ 2,773	54
Third Quarter 2019	$ 2,500	$ 2,800	$ 2,571	35
Fourth Quarter 2019	$ —	$ —	$ —	—
First Quarter 2020	$ 2,200	$ 2,300	$ 2,222	112
Second Quarter 2020	$ 2,000	$ 2,600	$ 2,265	292
Third Quarter 2020	$ 2,000	$ 2,500	$ 2,289	73
Fourth Quarter 2020	$ 2,200	$ 2,500	$ 2,365	189

The following tables contain the bid and asked prices that were posted on the Unit Trading Bulletin Board and includes some transactions that were not completed. We believe the table above more accurately describes the trading value of our units as the bid and asked prices below include some offers that never resulted in completed transactions. The information was compiled by reviewing postings that were made on the Unit Trading Bulletin Board.

Sellers' Quarter	Low Price	High Price	Average Price	Number of Units Listed
First Quarter 2019	$ 2,750	$ 3,000	$ 2,857	70
Second Quarter 2019	$ 2,750	$ 2,850	$ 2,783	30
Third Quarter 2019	$ 2,650	$ 2,750	$ 2,716	107
Fourth Quarter 2019	$ —	$ —	$ —	—
First Quarter 2020	$ 2,300	$ 3,300	$ 2,500	175
Second Quarter 2020	$ —	$ —	$ —	—
Third Quarter 2020	$ —	$ —	$ —	—
Fourth Quarter 2020	$ 2,500	$ 2,500	$ 2,500	25

Buyers' Quarter	Low Price	High Price	Average Price	Number of Units Listed
First Quarter 2019	$ —	$ —	$ —	—
Second Quarter 2019	$ 2,000	$ 2,000	$ 2,000	50
Third Quarter 2019	$ —	$ —	$ —	—
Fourth Quarter 2019	$ 2,200	$ 2,200	$ 2,200	10
First Quarter 2020	$ 2,000	$ 2,200	$ 2,075	65
Second Quarter 2020	$ —	$ —	$ —	—
Third Quarter 2020	$ 2,200	$ 2,300	$ 2,233	30
Fourth Quarter 2020	$ 2,000	$ 2,400	$ 2,057	140

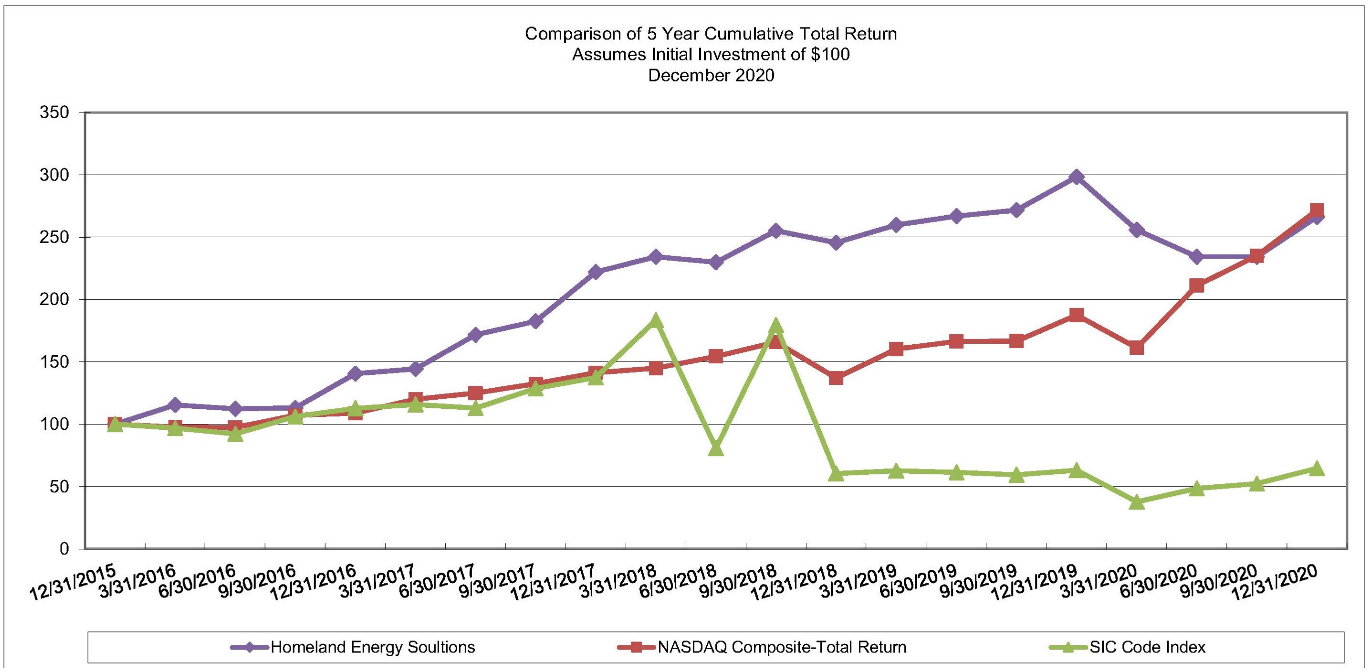
As a limited liability company, we are required to restrict the transfers of our membership units in order to preserve our partnership tax status. Our membership units may not be traded on any established securities market or readily traded on a secondary market (or the substantial equivalent thereof). All transfers are subject to a determination that the transfer will not cause us to be deemed a publicly traded partnership.

Distributions

Our board of directors has discretion over the timing and amount of distributions to our unit holders subject to certain financial covenants required by our senior credit facility and restrictions under Iowa law. Our expectations with respect to our ability to make future distributions are discussed in greater detail in "**Item 7 - Management's Discussion And Analysis Of Financial Condition And Results Of Operations.**"

Performance Graph

The following graph shows a comparison of cumulative total member return since December 31, 2015, calculated on a dividend reinvested basis, for the Company, the NASDAQ Composite Index (the "NASDAQ Market Index") and an index of other companies that have the same SIC code as the Company (the "SIC Code Index"). The graph assumes $100 was invested in each of our units, the NASDAQ Market Index, and the SIC Code Index on December 31, 2015. Data points on the graph are quarterly. Note that historic unit price performance is not necessarily indicative of future unit price performance. The data for this performance graph was compiled for us by Zacks Investment Research, Inc.



Pursuant to the rules and regulations of the Securities and Exchange Commission, the performance graph and the information set forth therein shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934, and shall not be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

ITEM 6. SELECTED FINANCIAL DATA

The following table presents selected financial and operating data as of the dates and for the periods indicated. The selected balance sheet financial data as of December 31, 2018, 2017 and 2016 and the selected income statement data and other financial data for the years ended December 31, 2017 and 2016 have been derived from our audited financial statements that are not included in this Form 10-K. The selected balance sheet financial data as of December 31, 2020 and 2019 and the selected income statement data and other financial data for each of the years in the three year period ended December 31, 2020 have been derived from the audited financial statements included elsewhere in this Form 10-K. You should read the following table in conjunction with "**Item 7. Management Discussion and Analysis of Financial Condition and Results of Operations**" and the financial statements and the accompanying notes included elsewhere in this Form 10-K. Among other things, those financial statements include more detailed information regarding the basis of presentation for the following financial data.

	2020	2019	2018	2017	2016
Total Revenue	$ 281,386,439	$ 329,774,685	$ 307,400,097	$ 256,525,281	$ 272,938,079
Net Income	6,075,000	19,476,753	19,766,205	16,832,350	34,484,463
Net Income Per Unit	94.10	301.68	306.09	260.62	533.94
Distributions Declared Per Unit	150.00	350.00	220.00	255.00	499.00
Total Assets	175,539,220	222,959,992	225,593,652	225,298,068	198,784,899
Long-term Liabilities	1,479,063	15,081,767	17,950,754	23,936,683	123,190
Members' Equity	150,366,555	153,975,555	157,094,802	151,600,547	151,237,372

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Comparison of Fiscal Years Ended December 31, 2020 and 2019

	2020		2019	
Income Statement Data	**Amount**	**%**	**Amount**	**%**
Revenue	$ 281,386,439	100.0	$ 329,774,685	100.0
Cost of goods sold	273,607,219	97.2	307,650,836	93.3
Gross profit	7,779,220	2.8	22,123,849	6.7
Selling, general and administrative expenses	3,719,110	1.3	3,885,532	1.2
Operating income	4,060,110	1.4	18,238,317	5.5
Other income	2,014,890	0.7	1,238,436	0.4
Net income	$ 6,075,000	2.2	$ 19,476,753	5.9

<u>Revenue</u>

Our total revenue for our 2020 fiscal year was approximately 15% less than our total revenue for our 2019 fiscal year. Management attributes this decrease in revenue primarily with decreased total production at the ethanol plant which resulted in decreased sales during our 2020 fiscal year along with lower average ethanol prices, partially offset by increased average distiller grains prices during our 2020 fiscal year. Our revenue is presented in our financial statements net of the shipping costs that are incurred in transporting our products to the end customer. These shipping charges are deducted by our marketers from the amounts realized on the sale of our ethanol, distiller grains and corn oil.

For our 2020 fiscal year, our total ethanol revenue decreased by approximately 18% compared to our 2019 fiscal year due to decreased production which was a result of poor market conditions, partially attributable to the COVID-19 pandemic along with a decrease in the average price we received for the ethanol we sold during our 2020 fiscal year. The gallons of ethanol we sold during our 2020 fiscal year decreased by approximately 9% compared to our 2019 fiscal year. This decrease in ethanol sales resulted from decreased ethanol production at the ethanol plant. The average price we received for our ethanol during our 2020 fiscal year was approximately 9% less than during our 2019 fiscal year. Management attributes this decrease in ethanol prices to decreased gasoline prices and demand during our 2020 fiscal year. During much of our 2020 fiscal year, gasoline demand was lower due to the COVID-19 pandemic. Many states instituted travel restrictions and other social distancing measures which resulted in significantly lower gasoline demand. COVID-19 impacted travel throughout the world which also impacted ethanol exports during our 2020 fiscal year. Since ethanol is primarily blended with gasoline, when gasoline demand is lower it has a corresponding impact on ethanol demand. While gasoline demand rebounded during the summer of 2020, gasoline demand has remained lower for our entire 2020 fiscal year. Management expects that gasoline demand will remain lower during the first two quarters of our 2021 fiscal year due to the continuing impact of the COVID-19 pandemic. However, management believes that as COVID-19 vaccines are distributed, it may result in an easing of travel restrictions and social distancing measures which may result in increased gasoline demand. Increased gasoline demand is expected to have a positive impact on ethanol demand and prices.

Our total distiller grains revenue was approximately 5% less during our 2020 fiscal year compared to the same period of 2019 primarily due to decreased distiller grains production during our 2020 fiscal year, partially offset by increased distiller grains average prices during our 2020 fiscal year. We sold approximately 10% less tons of distiller grains during our 2020 fiscal year compared to the same period of 2019 due to our decreased overall production. The average prices we received for our distiller grains were greater during our 2020 fiscal year compared to the same period of 2019 due primarily to increased distiller grains demand and decreased market supply of distiller grains. We primarily sell our distiller grains in the dried form based on market conditions which favor this product, however we still sell a small portion of our distillers grains in the modified form. The average price we received per ton of dried distiller grains sold increased by approximately 4% during our 2020 fiscal year compared to the same period of 2019. The average price we received per ton of modified distiller grains sold increased by approximately 61% during our 2020 fiscal year compared to the same period of 2019. Since distiller grains are primarily used as an animal feed substitute for corn and soybean meal, the price of distiller grains is impacted by these competing products. Management anticipates relatively stable distiller grains prices during our 2021 fiscal year unless corn and soybean production is lower or export demand for these products increases, especially if export issues between China and the United States are resolved. If China reenters the market for United States agricultural products, it could quickly result in higher corn, soybean and distiller grains prices.

Our revenue from corn oil sales was approximately 8% greater during our 2020 fiscal year compared to the same period of 2019, due to increased corn oil production and prices for the corn oil we sold during our 2020 fiscal year. The average price we received for our corn oil during our 2020 fiscal year was approximately 2% greater than the average price we received during the same period of 2019. Management attributes this increase in corn oil prices with decreased corn oil supply during 2020. Recently the biodiesel blenders' tax credit was renewed for prior years and until December 31, 2022. Management expects that added certainty in the biodiesel blenders' credit will support current corn oil prices.

We sold approximately 6% more pounds of corn oil during our 2020 fiscal year compared to the same period of 2019. Management attributes this increase in corn oil sales to increased corn oil produced per bushel of corn used and increased operating time for our corn oil extraction equipment. Management expects corn oil production to be comparable during our 2021 fiscal year compared to our 2020 fiscal year.

Cost of Goods Sold

Our two primary costs of producing ethanol, distiller grains and corn oil are corn costs and natural gas costs. Our total cost of goods sold was lower during our 2020 fiscal year compared to our 2019 fiscal year due to decreased consumption of corn and natural gas, along with lower average corn costs per bushel during our 2020 fiscal year compared to our 2019 fiscal year.

The average price we paid per bushel of corn was approximately 8% less during our 2020 fiscal year compared to our 2019 fiscal year. Management attributes this decrease in the average price we paid per bushel of corn with lower corn demand during our 2020 fiscal year due to reduced ethanol production which is a major source of corn demand. Towards the end of our 2020 fiscal year, our average corn costs per bushel were higher due to increased ethanol production along with localized decreased corn production in our local market. Management anticipates that corn prices will remain at current levels during our 2021 fiscal year, unless Chinese export demand increases significantly which could result in higher corn prices and demand. During our 2020 fiscal year we had combined realized and unrealized losses on our corn and natural gas risk management positions of approximately $5.5 million, which increased our cost of goods sold during our 2020 fiscal year. During our 2019 fiscal year, we experienced a combined realized and unrealized gain on our risk management positions of approximately $4.5 million which reduced our cost of goods sold during our 2019 fiscal year.

We purchased approximately 6% fewer bushels of corn during our 2020 fiscal year compared to our 2019 fiscal year. Management attributes this decrease in corn consumption with decreased production during our 2020 fiscal year due to reduced run rates in the ethanol plant during early in the 2020 fiscal year. Management anticipates that our corn consumption will be higher during our 2021 fiscal year compared to our 2020 fiscal year because we currently anticipate increased production during our 2021 fiscal year.

During our 2020 fiscal year, the average price we paid per MMBtu of natural gas was approximately 1% less compared to our 2019 fiscal year. Management attributes this decrease in natural gas prices to lower market energy prices and demand which impacted natural gas prices. In addition, we entered into natural gas price lock agreements for most of 2020 which helped avoid natural gas price spikes. Management expects relatively stable natural gas prices during our 2021 fiscal year because we anticipate securing price lock agreements for a percentage of our 2021 anticipated usage. We consumed approximately 4% less natural gas during our 2020 fiscal year compared to the same period of 2019, primarily due to decreased production at the ethanol plant. We expect our natural gas consumption to be higher during our 2021 fiscal year as we anticipate increased production at the ethanol plant during our 2021 fiscal year.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses were less during our 2020 fiscal year compared to our 2019 fiscal year due primarily to decreased dues and subscriptions, and decreased employee related expenses, partially offset by increased legal expense, insurance costs and property taxes.

Other Income (Expense)

We had less interest expense during our 2020 fiscal year compared to our 2019 fiscal year due to decreasing principal amounts outstanding on our loans as scheduled principal payments are paid and the pay off of the term debt in 2020. We had more interest income during our 2020 fiscal year compared to the same period of 2019 due to having more cash on hand for portions of the 2020 period. We had more other income during our 2020 fiscal year compared to the same period of 2019 primarily due to Small Business Administration Payroll Protection Program funds as well as Iowa Economic relief funds.

Comparison of Fiscal Years Ended December 31, 2019 and 2018

	2019		2018	
Income Statement Data	**Amount**	**%**	**Amount**	**%**
Revenue	$ 329,774,685	100.0	$ 307,400,097	100.0
Cost of goods sold	307,650,836	93.3	283,549,201	92.2
Gross profit	22,123,849	6.7	23,850,896	7.8
Selling, general and administrative expenses	3,885,532	1.2	3,658,156	1.2
Operating income	18,238,317	5.5	20,192,740	6.6
Other income (expense)	1,238,436	0.4	(426,535)	(0.1)
Net income	$ 19,476,753	5.9	$ 19,766,205	6.4

Revenue

Our total revenue for our 2019 fiscal year was approximately 7% greater than our total revenue for our 2018 fiscal year. Management attributes this increase in revenue primarily with increased total production at the ethanol plant which resulted in increased sales during our 2019 fiscal year, partially offset by decreased average distiller grains prices. Our revenue is presented in our financial statements net of the shipping costs that are incurred in transporting our products to the end customer. These shipping charges are deducted by our marketers from the amounts realized on the sale of our ethanol, distiller grains and corn oil.

For our 2019 fiscal year, our total ethanol revenue increased by approximately 10% compared to our 2018 fiscal year due to increased production due to increased efficiency operating our expanded ethanol plant along with a slight increase in the average price we received for the ethanol we sold during our 2019 fiscal year. The gallons of ethanol we sold during our 2019 fiscal year increased by approximately 5% compared to our 2018 fiscal year. This increase in ethanol sales resulted from increased ethanol production at the ethanol plant. The average price we received for our ethanol during our 2019 fiscal year was approximately 4% greater than during our 2018 fiscal year. Management attributes this increase in ethanol prices to increased corn prices along with a decreased market supply of ethanol due to unfavorable operating conditions in the ethanol industry which resulted in some ethanol producers decreasing production or ceasing operation altogether. Ethanol demand was significantly impacted by EPA's small refinery exemption waivers from the ethanol blending requirements in the Renewable Fuels Standard.

Our total distiller grains revenue was approximately 4% less during our 2019 fiscal year compared to the same period of 2018 primarily due to decreased average distiller grains prices, partially offset by increased distiller grains production during our 2019 fiscal year. We sold approximately 3% more tons of distiller grains during our 2019 fiscal year compared to the same period of 2018 due to our increased overall production. The average prices we received for our distiller grains was less during our 2019 fiscal year compared to the same period of 2018 due primarily to decreased distiller grains demand. We primarily sell our distiller grains in the dried form based on market conditions which favor this product, however we still sell a small portion of our distillers grains in the modified form. The average price we received per ton of dried distiller grains sold decreased by approximately 6% during our 2019 fiscal year compared to the same period of 2018. The average price we received per ton of modified distiller grains sold decreased by approximately 31% during our 2019 fiscal year compared to the same period of 2018.

Our revenue from corn oil sales was approximately 12% greater during our 2019 fiscal year compared to the same period of 2018, due to increased corn oil production and prices for the corn oil we sold during our 2019 fiscal year. The average price we received for our corn oil during our 2019 fiscal year was approximately 4% greater than the average price we received during the same period of 2018. Management attributes this increase in corn oil prices with decreased corn oil supply during 2019. Recently the biodiesel blenders' tax credit was renewed for prior years and until December 31, 2022. Management expects that added certainty in the biodiesel blenders' credit will result in higher corn oil prices.

We sold approximately 7% more pounds of corn oil during our 2019 fiscal year compared to the same period of 2018. Management attributes this increase in corn oil sales with increased production by the ethanol plant, generally.

Cost of Goods Sold

Our total cost of goods sold was higher during our 2019 fiscal year compared to our 2018 fiscal year due to increased consumption of corn and natural gas, along with higher average corn costs per bushel during our 2019 fiscal year compared to our 2018 fiscal year.

The average price we paid per bushel of corn was approximately 5% greater during our 2019 fiscal year compared to our 2018 fiscal year. Management attributes this increase in the average price we paid per bushel of corn with late planting and a late harvest in 2019 which led to uncertainty about the size and quality of the 2019 corn crop. In addition, the amount of corn harvested in the fall of 2019 was less than in previous years which impacted corn prices later in the year. During our 2019 fiscal year we have realized and unrealized gains on our corn and natural gas risk management positions of approximately $4.5 million, which decreased our cost of goods sold during our 2019 fiscal year. During our 2018 fiscal year, we experienced a combined realized and unrealized gain on our risk management positions of approximately $2.9 million which reduced our cost of goods sold during our 2018 fiscal year.

We purchased approximately 7% more bushels of corn during our 2019 fiscal year compared to our 2018 fiscal year. Management attributes this increase in corn consumption with increased production during our 2019 fiscal year due to improved operation of the ethanol plant during our 2019 fiscal year.

During our 2019 fiscal year, the average price we paid per MMBtu of natural gas was approximately 9% less compared to our 2018 fiscal year. Management attributes this decrease in natural gas prices to lower market prices of natural gas due additional natural gas supply in the market. In addition, we entered into natural gas price lock agreements for most of 2019 which helped avoid natural gas price spikes. We consumed approximately 5% more natural gas during our 2019 fiscal year compared to the same period of 2018, primarily due to increased production at the ethanol plant along with our steam turbine which converts steam to electricity.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses were greater during our 2019 fiscal year compared to our 2018 fiscal year due primarily to increased insurance expense, increased property taxes and additional employee related expenses partially offset by lower business promotion and legal expenses.

Other Income (Expense)

We had less interest expense during our 2019 fiscal year compared to our 2018 fiscal year due to decreasing principal amounts outstanding on our loans as scheduled principal payments are paid. We had more interest income during our 2019 fiscal year compared to the same period of 2018 due to having more cash on hand during the 2019 period. We had more other income during our 2019 fiscal year compared to the same period of 2018 primarily due to having more net earnings on trading securities.

Changes in Financial Condition for the Fiscal Years Ended December 31, 2020 and 2019

Balance Sheet Data		December 31, 2020		December 31, 2019
Total current assets	$	39,328,153	$	87,173,152
Total property and equipment		128,534,219		126,554,986
Total other assets		7,676,848		9,231,854
Total Assets	$	175,539,220	$	222,959,992
Total current liabilities		23,693,602	$	53,902,670
Total long-term liabilities		1,479,063		15,081,767
Total members' equity		150,366,555		153,975,555
Total Liabilities and Members' Equity	$	175,539,220	$	222,959,992

We had less cash on hand at December 31, 2020 compared to December 31, 2019 due to cash used to pay off term debt in 2020. We had no marketable trading securities at December 31, 2020 compared to approximately $42.5 million at December 31, 2019. A portion of our marketable trading securities during the 2019 period were being held to complete the Retterath unit repurchase, which was completed in April 2020. The value of our accounts receivable was less at December 31, 2020 compared to December 31, 2019 due to the timing of our product shipments compared to the end of our fiscal year as we were awaiting payment for less of our finished products at the end of our 2020 fiscal year compared to the end of our 2019 fiscal year. The value of our inventory was higher at December 31, 2020 compared to December 31, 2019 due primarily to increased corn inventory and finished goods inventory at December 31, 2020 compared to December 31, 2019. We had more prepaid and other assets at December 31, 2020 compared to December 31, 2019 due primarily to increases in prepaid insurance.

The value of our plant equipment and buildings was more at December 31, 2020 compared to December 31, 2019 primarily due to capital projects which were completed or in progress during our 2020 fiscal year, partially offset by regular depreciation of our assets. We had approximately $621,000 in construction in progress at December 31, 2020.

Our other assets were lower because of the reduction of our right of use asset related to our leases as the lease terms expire. This decrease was partially offset by an increase in undistributed income from our investment in RPMG, LLC, an affiliate of our ethanol and corn oil marketer. In addition, we continue to amortize certain utility rights associated with construction of the ethanol plant.

Current liabilities decreased due to a decrease in amounts due to a former member at December 31, 2020 compared to December 31, 2019. We had a $30 million liability as of 2019 related to the membership unit repurchase agreement that was paid out in 2020. Our accrued expenses, primarily related to year-end bonus accruals, were comparable at December 31, 2020 and December 31, 2019.

We had less long-term liabilities at December 31, 2020 compared to December 31, 2019 due to payments we made on the term debt we incurred related to our expansion project.

Liquidity and Capital Resources

Our primary sources of liquidity are cash from our operations and our $50 million long-term revolving loan. Our credit facilities are described in greater detail below under "***Short-Term and Long-Term Debt Sources.***" As of December 31, 2020, we had $50 million available pursuant to our revolving loan and approximately $5.1 million in cash. Based on financial forecasts performed by our management, we anticipate that we will have sufficient cash from our revolving loans and cash from our operations to continue to operate the ethanol plant at capacity for the next 12 months and beyond. We do not anticipate seeking additional equity or debt financing in the next 12 months to continue our operations. However, should we experience unfavorable operating conditions in the future, we may have to secure additional debt or equity financing for working capital or other purposes.

Comparison of Cash Flows for fiscal years ended December 31, 2020 and 2019.

The following table shows cash flows for the fiscal years ended December 31, 2020 and 2019:

	2020	2019
Net cash provided by operating activities	$ 19,415,067	$ 35,290,146
Net cash provided by (used in) investing activities	25,158,782	(18,171,437)
Net cash (used in) financing activities	(56,776,325)	(28,596,000)
Cash at beginning of period	17,274,703	28,751,994
Cash at end of period	$ 5,072,227	$ 17,274,703

Cash Flow From Operations

Our operations generated less cash during our 2020 fiscal year compared to the same period of 2019 primarily due to lower net income and increased inventory in the 2020 fiscal year which resulted in less cash during the 2020 period.

Cash Flow From Investing Activities

We used more cash for capital expenditures during our 2020 fiscal year compared to our 2019 fiscal year. Our primary capital projects during our 2020 fiscal year were additional grain storage, additional distillation, installation of industrial grade alcohol production process and some other operating upgrades. We received more cash during our 2020 fiscal year compared to our 2019 fiscal year for sales of trading securities that were used for the member repurchase agreement.

Cash Flow From Financing Activities

We used less cash for distributions to our members during our 2020 fiscal year compared to our 2019 fiscal year. This decrease is offset by the payment to a former member and more payments on long term borrowings during our 2020 fiscal year compared to our 2019 fiscal year, resulting in more cash used in financing activities in 2020 fiscal year compared to our 2019 fiscal year.

Comparison of Cash Flows for fiscal years ended December 31, 2019 and 2018.

The following table shows cash flows for the fiscal years ended December 31, 2019 and 2018:

	2019	2018
Net cash provided by operating activities	$ 35,290,146	$ 30,742,309
Net cash (used in) investing activities	(18,171,437)	(11,286,592)
Net cash (used in) financing activities	(28,596,000)	(20,271,950)
Cash at beginning of period	28,751,994	29,568,227
Cash at end of period	$ 17,274,703	$ 28,751,994

Cash Flow From Operations

Our operations generated more cash during our 2019 fiscal year compared to the same period of 2018 primarily due to changes in our accounts payable and accrued expenses during the 2019 fiscal year which resulted in additional cash during the 2019 period.

Cash Flow From Investing Activities

We used less cash for capital expenditures during our 2019 fiscal year compared to our 2018 fiscal year. Our primary capital projects during our 2019 fiscal year were a yeast propagation project, a stack heat recovery project and some other operating upgrades. We used more cash during our 2019 fiscal year compared to our 2018 fiscal year for purchases of trading securities.

Cash Flow From Financing Activities

Our financing activities used more cash during our 2019 fiscal year due to more distributions to our members compared to our 2018 fiscal year.

Short-Term and Long-Term Debt Sources

Master Loan Agreement with Home Federal Savings Bank

On November 30, 2007, we entered into a Master Loan Agreement with Home Federal Savings Bank ("Home Federal") establishing a senior credit facility with Home Federal. In return, we executed a mortgage and a security agreement in favor of Home Federal creating a senior lien on substantially all of our assets.

On June 29, 2017, we entered into a new $30 million term loan (the "Term Loan") and increased and extended our existing revolving loan (the "Revolving Loan") with Home Federal. Each loan is described below. The Term Loan was paid in full in September, 2020.

Revolving Loan

We have a $50 million term revolving loan which has a maturity date of November 6, 2025. Interest on the Revolving Loan accrues at 60 basis points below Prime Rate, 2.65% as of December 31, 2020. We are required to make monthly payments of interest until the maturity date on November 6, 2025, on which date the unpaid principal balance of the Revolving Loan becomes due. We agreed to pay a fee of 30 basis points on a per annum basis on the unused portion of the Revolving Loan payable on a quarterly basis. As of December 31, 2020, we had $0 outstanding on our term revolving loan and $50 million available to be drawn.

Covenants

In connection with the Master Loan Agreement, we are required to comply with certain debt covenants and financial ratios. We agreed to a debt service coverage ratio of 1:15 to 1:00 and minimum working capital covenant of $30 million. We are permitted to pay distributions to our members up to 100% of our net income for the year in which the distributions are paid provided that immediately prior to the distribution and after giving effect to the distribution, no default exists and we are in compliance with all of our loan covenants including compliance with the financial covenants. Further, during 2018 our maximum capital expenditure covenant was increased from $10 million to $12 million for 2018 and $15 million per year going forward. In 2020, the maximum capital expenditure covenant was increased to $17.5 million, unless certain working capital covenants are met, then capital expenditure is unlimited. As of December 31, 2020, we were in compliance with all of our debt covenants and financial ratios.

Management anticipates that we will be in compliance with all of our debt covenants and financial ratios for at least the next 12 months.

Should we default on any of our obligations pursuant to the Home Federal loan, Home Federal may terminate its commitment to provide us funds and declare the entire unpaid principal balance of the loan, plus accrued interest, immediately due and payable. Events of default include the failure to make payments when due, our insolvency, any material adverse change in our financial condition or the breach of any of the covenants, representations or warranties we have made in the loan agreements.

Paycheck Protection Program Debt

We entered into a loan agreement with the Small Business Administration (SBA) through Home Federal Savings Bank on April 7, 2020 for approximately $908,000 as part of the Paycheck Protection Program under Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The loan was to mature in April 2022 and had an interest rate of 1%. Proceeds of the loan are restricted for use towards payroll costs and other allowable uses such as covered utilities for a 24 week period following the loan under the Paycheck Protection Program Rules. Provisions of the agreement allow for a portion of the loan to be forgiven if certain qualifications are met. In November 2020, we received notification from the SBA that all loan proceeds were forgiven.

Contractual Cash Obligations

In addition to our long-term debt obligations, we have certain other contractual cash obligations and commitments. The following table provides information regarding our contractual obligations and approximate commitments as of December 31, 2020:

	Payment Due By Period				
Contractual Cash Obligations	**Total**	**Less than One Year**	**One to Three Years**	**Three to Five Years**	**After Five Years**
Operating Lease Obligations	$ 3,297,000	$ 1,752,000	$ 1,455,000	$ 90,000	$ —
Purchase Obligations	33,680,000	33,680,000	—	—	—
Total Contractual Cash Obligations	$ 36,977,000	$ 35,432,000	$ 1,455,000	$ 90,000	$ —

Application of Critical Accounting Policies

Management uses estimates and assumptions in preparing our financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Of the significant accounting policies described in the notes to our financial statements, we believe that the following are the most critical:

Revenue recognition

In the first quarter of 2018, the Company adopted Accounting Standards Update (ASU) 2014-9, Revenue from Contracts with Customers (Topic 606). Under the ASU, revenue from the sale of the Company's products is recognized at the time control transfers to the customers. This generally occurs upon shipment, loading of the goods or when the customer picks up the goods. The Company believes for its contracts with customers, control is transferred at a point in time, typically upon delivery to the customers. When the Company performs shipping and handling activities after the transfer of control to the customers (e.g. when control transfers prior to delivery), they are considered as fulfillment activities, and accordingly, the costs are accrued for when the related revenue is recognized. Interest income is recognized as earned. Shipping costs incurred by the Company in the sale of ethanol, distiller grains and corn oil are not specifically identifiable and as a result, revenue from the sale of ethanol, distiller grains and corn oil is recorded based on the net selling price reported to the Company from the marketer.

Derivative Instruments

The Company evaluates its contracts to determine whether the contracts are derivative instruments. Certain contracts that literally meet the definition of a derivative may be exempted from derivative accounting as normal purchases or normal sales. Normal purchases and normal sales are contracts that provide for the purchase or sale of something other than a financial instrument or derivative instrument that will be delivered in quantities expected to be used or sold over a reasonable period in the normal course of business. Contracts that meet the requirements of normal purchases or sales are documented as normal and exempted from the accounting and reporting requirements of derivative accounting.

The Company enters into short-term cash, option and futures contracts as a means of securing purchases of corn, natural gas and sales of ethanol for the plant and managing exposure to changes in commodity and energy prices. All of the Company's derivatives are designated as non-hedge derivatives for accounting purposes, with changes in fair value recognized in net income. Although the contracts are economic hedges of specified risks, they are not designated as and accounted for as hedging instruments.

As part of its trading activity, the Company uses futures and option contracts through regulated commodity exchanges to manage its risk related to pricing of inventories. To reduce that risk, the Company generally takes positions using cash and futures contracts and options.

Realized and unrealized gains and losses related to derivative contracts related to corn and natural gas are included as a component of cost of goods sold and derivative contracts related to ethanol are included as a component of revenues in the accompanying financial statements. The fair values of contracts entered through commodity exchanges are presented on the accompanying balance sheet as derivative instruments.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to the impact of market fluctuations associated with commodity prices as discussed below. We have no exposure to foreign currency risk as all of our business is conducted in U.S. Dollars and we had no amounts outstanding on variable interest debt as of December 31, 2020. We use derivative financial instruments as part of an overall strategy to manage market risk. We use cash, futures and option contracts to hedge changes to the commodity prices of corn, natural gas and ethanol. We do not enter into these derivative financial instruments for trading or speculative purposes, nor do we designate these contracts as hedges for accounting purposes.

Commodity Price Risk

We seek to minimize the risks from fluctuations in the prices of raw material inputs, such as corn and natural gas, and finished products, such as ethanol and distiller grains, through the use of hedging instruments. In practice, as markets move, we actively manage our risk and adjust hedging strategies as appropriate. Although we believe our hedge positions accomplish an economic hedge against our future purchases and sales, management has chosen not to use hedge accounting, which would match the gain or loss on our hedge positions to the specific commodity purchase being hedged. We are using fair value accounting for our hedge positions, which means as the current market price of our hedge positions changes, the realized or unrealized gains and losses are immediately recognized in our cost of goods sold or as an offset to revenues. The immediate recognition of hedging gains and losses under fair value accounting can cause net income to be volatile from quarter to quarter due to the timing of the change in value of the derivative instruments relative to the cost and use of the commodity being hedged.

As of December 31, 2020, we had price protection in place for approximately 12% of our anticipated corn needs, 10% of our natural gas needs and none of our ethanol sales for the next 12 months. A sensitivity analysis has been prepared to estimate our exposure to ethanol, corn and natural gas price risk. Market risk related to these factors is estimated as the potential change in income resulting from a hypothetical 10% adverse change in the average cost of our corn and natural gas prices and average ethanol price as of December 31, 2020, net of the forward and future contracts used to hedge our market risk for corn and natural gas usage requirements. The volumes are based on our expected use and sale of these commodities for a one year period from December 31, 2020. The results of this analysis, which may differ from actual results, are as follows:

	Estimated Volume Requirements for the next 12 months (net of forward and futures contracts)	Unit of Measure	Hypothetical Adverse Change in Price	Approximate Adverse Change to Income
Natural Gas	4,510,000	MMBTU	10%	$ 1,398,100
Ethanol	195,000,000	Gallons	10%	27,300,000
Corn	57,000,000	Bushels	10%	27,075,000

For comparison purposes, our sensitivity analysis for our 2019 fiscal year is set forth below.

	Estimated Volume Requirements for the next 12 months (net of forward and futures contracts)	Unit of Measure	Hypothetical Adverse Change in Price	Approximate Adverse Change to Income
Natural Gas	1,121,000	MMBTU	10%	$ 246,620
Ethanol	192,235,000	Gallons	10%	26,912,900
Corn	60,759,000	Bushels	10%	24,303,600

Liability Risk

We participate, along with other plants in the industry, in a group captive insurance company (Captive). The Captive insures losses related to workman's compensation, commercial property and general liability. The Captive reinsures catastrophic losses for all participants, including the Company, in excess of predetermined amounts. Our premiums are accrued by a charge to income for the period to which the premium relates and is remitted by our insurer to the captive reinsurer. These premiums are structured such that we have made a prepaid collateral deposit estimated for losses related to the above coverage. The Captive insurer has estimated and collected an amount in excess of the estimated losses but less than the catastrophic loss limit insured by the Captive. We cannot be assessed over the amount in the collateral fund.

ITEM 8. FINANCIAL STATEMENTS

RSM

RSM US LLP

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members and the Board of Directors of Homeland Energy Solutions, LLC

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Homeland Energy Solutions, LLC (the Company) as of December 31, 2020 and 2019, the related statements of operations, members' equity and cash flows for each of the three years in the period ended December 31, 2020, and the related notes to the financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ RSM US LLP

We have served as the Company's auditor since 2010.

Des Moines, Iowa
March 11, 2021

Homeland Energy Solutions, LLC
Balance Sheets

	December 31, 2020	December 31, 2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 5,072,227	$ 17,274,703
Trading securities	—	42,508,451
Accounts receivable	4,121,778	7,159,632
Derivative instruments	840,857	799,484
Inventory	24,459,408	15,311,396
Prepaid and other	4,833,883	4,119,486
Total current assets	39,328,153	87,173,152
PROPERTY AND EQUIPMENT		
Land and improvements	23,260,902	23,181,342
Buildings	8,777,302	8,777,302
Equipment	240,429,826	222,979,738
Construction in progress	620,832	722,507
	273,088,862	255,660,889
Less accumulated depreciation	144,554,643	129,105,903
Total property and equipment	128,534,219	126,554,986
OTHER ASSETS		
Right of use asset operating leases, net	3,116,941	4,678,365
Utility rights, net of accumulated amortization of $1,864,769 and $1,728,386	443,260	579,643
Other assets	4,116,647	3,973,846
Total other assets	7,676,848	9,231,854
TOTAL ASSETS	$ 175,539,220	$ 222,959,992

See Notes to Financial Statements.

Homeland Energy Solutions, LLC
Balance Sheets (continued)

		December 31, 2020		December 31, 2019
LIABILITIES AND MEMBERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable	$	20,836,019	$	14,834,053
Due to former member		—		30,000,000
Accrued expenses		1,219,705		1,507,195
Current maturities of long term debt		—		6,000,000
Current portion operating lease liability		1,637,878		1,561,422
Total current liabilities		23,693,602		53,902,670
COMMITMENTS AND CONTINGENCIES (Note 5)				
LONG-TERM LIABILITIES				
Term revolving loan		—		11,964,824
Operating lease liability		1,479,063		3,116,943
Total long-term liabilities		1,479,063		15,081,767
MEMBERS' EQUITY (64,560 units issued and outstanding)		150,366,555		153,975,555
TOTAL LIABILITIES AND MEMBERS' EQUITY	$	175,539,220	$	222,959,992

See Notes to Financial Statements.

Homeland Energy Solutions, LLC
Statements of Operations
For the Years Ended December 31, 2020, 2019, and 2018

	2020	2019	2018
Revenue	$ 281,386,439	$ 329,774,685	$ 307,400,097
Costs of goods sold	273,607,219	307,650,836	283,549,201
Gross profit	7,779,220	22,123,849	23,850,896
Selling, general and administrative expenses	3,719,110	3,885,532	3,658,156
Operating income	4,060,110	18,238,317	20,192,740
Other income (expense)			
Interest expense	(591,614)	(902,101)	(1,314,324)
Interest income	64,724	53,375	14,516
Other income	1,634,105	2,087,162	873,273
Gain on debt extinguishment	907,675	—	—
Total other income (expense)	2,014,890	1,238,436	(426,535)
Net Income	$ 6,075,000	$ 19,476,753	$ 19,766,205
Basic & diluted net income per capital unit	$ 94	$ 302	$ 306
Distribution per capital unit	$ 150	$ 350	$ 220
Weighted average number of units outstanding for the calculation of basic & diluted net income per capital unit	64,560	64,560	64,576

See Notes to Financial Statements.

Homeland Energy Solutions, LLC
Statement of Members' Equity
For the Years ended December 31, 2020, 2019 and 2018

		Members' Equity
Balance, December 31, 2017	$	151,600,547
Redemption of 25 Membership Units		(65,000)
Distributions		(14,206,950)
Net Income		19,766,205
Balance, December 31, 2018		157,094,802
Distributions		(22,596,000)
Net Income		19,476,753
Balance, December 31, 2019		153,975,555
Distributions		(9,684,000)
Net Income		6,075,000
Balance, December 31, 2020	$	150,366,555

See Notes to Financial Statements.

Homeland Energy Solutions, LLC
Statements of Cash Flows
For the Years Ended December 31, 2020, 2019, and 2018

	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 6,075,000	$ 19,476,753	$ 19,766,205
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	15,975,566	15,693,009	15,169,546
Unrealized (gain) loss on risk management activities	(41,373)	129,900	(174,163)
Realized and unrealized (gain) loss on trading securities	28,058	(1,954,630)	(351,156)
(Gain) loss on disposal of property and equipment	101,347	(550)	—
(Gain) on debt extinguishment	(907,675)	—	—
Change in working capital components:			
Accounts receivable	3,037,854	72,089	(5,971,285)
Inventory	(9,148,012)	(561,197)	1,233,735
Prepaid expenses and other	(565,306)	(965,629)	(470,208)
Accounts payable, accrued expenses	4,859,608	3,400,401	1,539,635
Net cash provided by operating activities	19,415,067	35,290,146	30,742,309
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of trading securities	—	(30,000,000)	—
Sale of trading securities	42,480,393	20,000,000	—
Payments for property and equipment	(17,061,719)	(8,508,858)	(10,524,217)
Proceeds from sale of equipment	32,000	550	—
Decrease (increase) in other assets	(291,892)	336,871	(762,375)
Net cash provided by (used in) investing activities	25,158,782	(18,171,437)	(11,286,592)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution to members	(9,684,000)	(22,596,000)	(14,206,950)
Advances on term revolving loan	15,000,000	—	—
Payments on term revolving loan	(15,000,000)	—	—
Repurchase of member units	—	—	(65,000)
Payment to former member	(30,000,000)	—	—
Proceeds from long-term borrowings	907,675	—	—
Payments on long-term borrowings	(18,000,000)	(6,000,000)	(6,000,000)
Net cash (used in) financing activities	(56,776,325)	(28,596,000)	(20,271,950)
Net (decrease) in cash and cash equivalents	(12,202,476)	(11,477,291)	(816,233)
Cash and Cash Equivalents - Beginning	17,274,703	28,751,994	29,568,227
Cash and Cash Equivalents - Ending	$ 5,072,227	$ 17,274,703	$ 28,751,994
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid for interest, net of capitalized interest of 2020 $55,776 and 2019 $203,690 and 2018 $74,077	$ 556,438	$ 888,031	$ 1,423,995
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES			
Establishment of lease liability and right-of-use asset	$ —	$ 6,320,411	$ —
Accounts payable related to property and equipment	$ 1,043,698	$ 188,830	$ 1,796,079

See Notes to Financial Statements.

1. Nature of Business and Significant Accounting Policies

Nature of Business
Homeland Energy Solutions, LLC (an Iowa Limited Liability Company) is located near Lawler, Iowa and was organized to pool investors for a 100 million gallon ethanol plant with distribution throughout the United States. The Company has capacity to produce in excess of 190 million gallons annually and sells distillers dried grains and corn oil as byproducts of ethanol production.

Organization
Homeland Energy Solutions, LLC is organized as an Iowa limited liability company. The members' liability is limited as specified in Homeland Energy Solutions' operating agreement and pursuant to the Iowa Revised Uniform Limited Liability Company Act.

Significant Accounting Policies:

Accounting Estimates
Management uses estimates and assumptions in preparing these financial statements in accordance with United States Generally Accepted Accounting Principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents
The Company maintains its accounts primarily at one financial institution. At various times, the Company's cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation. The Company has not experienced any losses in such accounts. Also included in cash and equivalents are highly liquid investments that are readily convertible into known amounts of cash, which are subject to an insignificant risk of change in value due to interest rate, quoted price or penalty on withdrawal and have a maturity of three months or less.

Trading Securities
Investments bought and held principally for the purpose of selling them in the near term are classified as trading securities. Trading securities are measured at fair value using prices obtained from pricing services. Any interest, dividends, and unrealized or realized gains and losses on the trading securities are recorded as part of other income (expense).

At December 31, 2020, the Company held no trading securities. At December 31, 2019, trading securities consisted of corporate bonds and short term bond mutual funds with an approximate cost of $42,370,000 and fair value of $42,508,000. For the fiscal years ended December 31, 2020, 2019, and 2018 the Company recorded realized and unrealized gains and (losses) from these investments of approximately $(28,000), $1,955,000, and $351,000 respectively.

The Board of Directors voted to set aside up to $30 million in trading securities to be used by the Company for the repurchase of 25,860 membership units held by Steve Retterath per the terms of an agreement with Mr. Retterath entered into on June 13, 2013 with the Company. These trading securities were used in April 2020 to repurchase the 25,860 membership units from Mr. Retterath.

Receivables
Credit sales are made primarily to two customers and no collateral is required. The Company carries these accounts receivable at face amount with no allowance for doubtful accounts due to the historical collection rates on these accounts.

Investments
The Company has a less than 20% investment interest in Renewable Products Marketing Group, LLC (RPMG). This investment is being accounted for under the equity method of accounting under which the Company's share of net income is recognized as income in the Company's income statement and added to the investment account. The investment balance is included in other assets and the income recognized as other income. The investment is evaluated for indications of impairment on a regular basis, a loss would be recognized when the fair value is determined to be less than the carrying value.

Inventories
Inventories are generally valued at the lower of cost (first-in, first-out) or net realizable value. In the valuation of inventories and purchase commitments, net realizable value is defined as estimated selling price in the ordinary course of business less reasonably predictable costs of completion, disposal, and transportation.

Property and Equipment
Property and equipment are stated at cost. Significant additions and betterments are capitalized, while expenditures for maintenance and repairs are charged to operations when incurred. The Company uses the straight-line method of computing depreciation over the estimated useful lives as follows:

	Estimated Useful Life in Years	
	Minimum	Maximum
Land Improvements	20	40
Buildings	10	40
Equipment	7	40

The Company reviews its property and equipment for impairment whenever events indicate that the carrying amount of the asset group may not be recoverable. If circumstances require a long-lived asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by an asset group to the carrying value of the asset group. If the carrying value of the long-lived asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values, and third-party independent appraisals, as considered necessary. The Company has concluded that no impairment is necessary as of December 31, 2020 and 2019.

Derivative Instruments
The Company evaluates its contracts to determine whether the contracts are derivative instruments. Certain contracts that literally meet the definition of a derivative may be exempted from derivative accounting as normal purchases or normal sales. Normal purchases and normal sales are contracts that provide for the purchase or sale of something other than a financial instrument or derivative instrument that will be delivered in quantities expected to be used or sold over a reasonable period in the normal course of business. Contracts that meet the requirements of normal purchases or sales are documented as normal and exempted from the accounting and reporting requirements of derivative accounting.

The Company enters into short-term cash, option and futures contracts as a means of securing purchases of corn, natural gas and sales of ethanol for the plant and managing exposure to changes in commodity and energy prices. All of the Company's derivatives are designated as non-hedge derivatives for accounting purposes, with changes in fair value recognized in net income. Although the contracts are economic hedges of specified risks, they are not designated or accounted for as hedging instruments.

As part of its trading activity, the Company uses futures and option contracts through regulated commodity exchanges to manage its risk related to pricing of inventories. To reduce that risk, the Company generally takes positions using cash and futures contracts and options.

Realized and unrealized gains and losses related to derivative contracts related to corn and natural gas are included as a component of cost of goods sold and derivative contracts related to ethanol are included as a component of revenues in the accompanying financial statements. The fair values of all contracts with the same counter party are presented net on the accompanying balance sheet as derivative instruments net of cash due from/to broker.

Utility Rights
Utility rights consist of payments to electric and natural gas companies for construction in aid of electric and gas lines to the facility but the Company retains no ownership rights to the assets. The utility rights are amortized on a straight-line basis over 15 years based on the estimate normal usage of such infrastructure.

At December 31, 2020, the Company anticipates the following amortization of utility rights for the years ended December 31:

2021		136,000
2022		136,000
2023		136,000
2024		35,000
Total amortization	$	443,000

Revenue and Cost Recognition
In the first quarter of 2018, the Company adopted Accounting Standards Update (ASU) 2014-9, Revenue from Contracts with Customers (Topic 606). Under the ASU, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company applied the five-step method outlined in the ASU to all contracts with customers and elected the modified retrospective implementation method. The Company generally has a single performance obligation in its arrangements with customers. The Company believes for its contracts with customers, control is transferred at a point in time, typically upon delivery to the customers. When the Company performs shipping and handling activities after the transfer of control to the customers (e.g., when control transfers prior to delivery), they are considered as fulfillment activities, and accordingly, the costs are accrued for when the related revenue is recognized. The Company generally expenses sales commissions when incurred because the amortization period would have been less than one year.

The following is a description of principal activities from which we generate revenue. Revenues from contracts with customers are recognized when control of the promised goods or services are transferred to our customers, in an amount that reflects the consideration that we expect to receive in exchange for those goods or services.

- sales of ethanol;
- sales of distiller grains; and
- sales of corn oil;

All revenue recognized in the statement of operations is considered to be revenue from contracts with customers. The disaggregation of revenue according to product line, along with accounts receivable from contracts with customers, is as disclosed in Note 5.

Shipping costs incurred by the Company in the sale of ethanol and distiller grains are not specifically identifiable and as a result, revenue from the sale of ethanol and distiller grains is recorded based on the net selling price reported to the Company from the marketer. Rail car lease costs incurred by the Company in the sale and shipment of distiller grain products are included in the cost of goods sold.

Income Taxes
The Company was formed under sections of the federal and state income tax laws which provide that, in lieu of corporate income taxes, the members separately account for their share of the Company's items of income, deductions, losses and credits. As a result of this election, no income taxes have been recognized in the accompanying financial statements.

Management has evaluated the Company's tax positions under the Financial Accounting Standards Board issued guidance on accounting for uncertainty in income taxes and concluded that the Company had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Committed Shares to be Redeemed
On June 13, 2013, the Company entered into an agreement with Steve Retterath, the Company's largest member, to repurchase and retire all of the membership units owned by Mr. Retterath. The Company agreed to close on this repurchase on, or before, August 1, 2013. The Company agreed to repurchase and retire 25,860 membership units owned by Mr. Retterath in exchange for $30 million, to be paid in two equal installments, payable at closing and on July 1, 2014. The transaction failed to close by the scheduled date due to objections by Mr. Retterath. Due to all conditions of the agreement being met prior to, or on, August 1, 2013, the Company believes that it has a binding agreement with Mr. Retterath; as such the commitment to repurchase and retire the membership units is reflected in the financial statements as a liability as these shares became mandatorily redeemable on June 13, 2013. No distributions have been paid to Mr. Retterath since the time of the original expected closing date of August 1, 2013. In April 2020, the Company closed the repurchase of the membership units and therefore does not show a liability for the repurchase as of December 31, 2020. See Notes 4 and 10 for additional information.

Net Income per Unit
Basic and diluted net income per unit is computed by dividing net income by the weighted average number of members' units and members' unit equivalents outstanding during the period. There were no member unit equivalents outstanding during the periods presented; accordingly, the Company's basic and diluted net income per unit are the same.

Operating Segment
The Company uses the "management approach" for reporting information about segments in annual and interim financial statements. The management approach is based on the way the chief operating decision-maker organizes segments within a company for making operating decisions and assessing performance. Reportable segments are based on products and services, geography, legal structure, management structure and any other manner in which management disaggregates a company. Based on the "management approach" model, the Company has determined that its business is comprised of a single operating segment.

Environmental Liabilities
The Company's operations are subject to environmental laws and regulations adopted by various governmental authorities in the jurisdiction in which it operates. These laws require the Company to investigate and remediate the effects of the release or disposal of materials at its locations. Accordingly, the Company has adopted policies, practices and procedures in the areas of pollution control, occupational health and the production, handling, storage and use of hazardous materials to prevent material environmental or other damage, and to limit the financial liability which could result from such events. Environmental liabilities are recorded when the Company's liability is probable and the costs can be reasonably estimated. No expense or liability, including asset retirement obligations, for environmental liabilities has been recorded for the years ended December 31, 2020, 2019, or 2018.

Fair Value
Financial instruments include cash and equivalents, trading securities, accounts receivable, derivative instruments, accounts payable, accrued expenses and long-term debt. The fair value of trading securities and derivative financial instruments is based on quoted market prices (see Note 9). The fair value of other current financial instruments is estimated to approximate carrying value due to the short-term nature of these instruments (Level 3). The fair value of long-term debt is estimated to approximate carrying value due to the short period of time held and the fixed rate approximating available market rates as of year-end (Level 3).

Risks and Uncertainties
The Company has certain risks and uncertainties that it will experience during volatile market conditions, which can have a severe impact on operations. The Company's revenues are derived from the sale and distribution of ethanol, distiller grains and corn oil to customers primarily located in the United States. Corn for the production process is supplied to the plant primarily from local agricultural producers and from purchases on the open market. For the year ended December 31, 2020, ethanol sales averaged approximately 75% of total revenues, while approximately 20% of revenues were generated from the sale of distiller grains and 5% of revenues were generated from the sale of corn oil. For the year ended December 31, 2020, corn costs averaged approximately 40% of cost of goods sold.

The Company's operating and financial performance is largely driven by the prices at which it sells ethanol and the net expense of corn. The price of ethanol is influenced by factors such as 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. The Company's largest cost of production is corn. The cost of corn is generally impacted by factors such as supply and demand, weather, and government policies and programs. The Company's risk management program is used to protect against the price volatility of these commodities.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a pandemic. The impact of COVID-19 has negatively impacted the Company's operations, suppliers or other vendors, and customer base. Any future quarantines, labor shortages or other disruptions to the Company's operations, or those of their customers, may adversely impact the Company's revenues, ability to provide its services and operating results. In addition, a significant outbreak of epidemic, pandemic or contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, including the geographical area in which the Company operates, resulting in an economic downturn that could affect demand for its goods and services. The extent to which the coronavirus continues to impact the Company's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

2. INVENTORY

Inventory consisted of the following as of December 31, 2020 and 2019.

	2020	2019
Raw Materials	$ 15,909,576	$ 10,757,505
Work in Process	2,923,041	2,617,916
Finished Goods	5,626,791	1,935,975
Totals	$ 24,459,408	$ 15,311,396

3. DEBT

Master Loan Agreement with Home Federal Savings Bank
On June 29, 2017, the Company amended and restated the Master Loan Agreement with Home Federal Savings Bank ("Home Federal"), amending the term revolving loan to provide funding to operate the plant and establishing a term loan to help fund the Company's $42 million expansion project. In return, the Company entered into agreements providing Home Federal a security interest in substantially all personal property located on Company property. The Company currently has one loan with Home Federal, a term revolving loan.

Term Revolving Loan
Under the terms of the Second Amended and Restated Second Supplement to the Master Loan Agreement, dated November 6, 2020, the Company has a $50 million term revolving loan which has a maturity date of November 6, 2025. Interest on the term revolving loan is due monthly and accrues at a rate equal to the Prime Rate less 60 basis points, 2.65% at December 31, 2020. There was no balance outstanding on the term revolving loan and $50 million available to be drawn as of December 31, 2020.

Term Loan
Under the terms of the Fourth Supplement to the Master Loan Agreement, dated June 29, 2017, the Company had a $30 million term loan which has a maturity date of December 31, 2022. The Company has no outstanding borrowings on the term loan at December 31, 2020. Interest on the term loan was at a fixed rate of 4.79%. The Company was required to make monthly interest payments beginning July 1, 2017 and bi-annual principal payments of $3 million beginning on June 30, 2018. The long-term portion of the outstanding debt was presented net of unamortized debt issuance costs of $35,176 as of December 31, 2019.

Paycheck Protection Program Debt
The Company entered into a loan agreement with the Small Business Administration (SBA) through Home Federal Savings Bank on April 7, 2020 for approximately $908,000 as part of the Paycheck Protection Program under Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The loan was to mature in April 2022 and has an interest rate of 0.01%. Proceeds of the loan are restricted for use towards payroll costs and other allowable uses such as covered utilities for a 24 week period following the loan under the Paycheck Protection Program Rules. Provisions of the agreement allow for a portion of the loan to be forgiven if certain qualifications are met. In November 2020, the Company received notification from the SBA that all loan proceeds received by the Company were forgiven. As the Company was legally released as the primary obligor, the Company recorded a gain on debt extinguishment in the statements of operations for approximately $908,000.

Covenants
During the term of the loan, the Company is subject to certain financial covenants at various times calculated monthly, quarterly or annually, including restriction of the payment of dividends and capital expenditures and maintenance of certain financial ratios including minimum working capital and a fixed charge ratio as defined by the Master Loan Agreement. Failure to comply with the protective loan covenants or maintain the required financial ratios may cause acceleration of the outstanding principal balances on the loans and/or the imposition of fees, charges or penalties. The Company is in compliance with all debt covenants as of December 31, 2020.

4. RELATED PARTY TRANSACTIONS

Due to Former Member
On June 13, 2013, the Company entered into an agreement with Steve Retterath, the Company's largest member, to repurchase and retire all of the units owned by Mr. Retterath. The Company agreed to close on this repurchase on or before August 1, 2013. The Company agreed to repurchase and retire 25,860 memberships units owned by Mr. Retterath in exchange for $30 million, to be paid in two equal installments payable at closing and on July 1, 2014. The transaction failed to close by the scheduled date due to objections by Mr. Retterath. The Company believes that it has a binding agreement with Mr. Retterath. On August 14, 2013, the Company filed a lawsuit against Mr. Retterath in Iowa state court to enforce the terms of the repurchase agreements. The Company asked the Iowa court to require Mr. Retterath to complete the repurchase agreement pursuant to its terms. In February 2020, the Iowa Supreme Court ruled that the repurchase agreement was valid and enforceable and ordered Mr. Retterath to close on the unit repurchase.

Mr. Retterath's contention was that he was not bound by the agreement. The Company's position is as of the closing date, Mr. Retterath was no longer the equitable owner of any membership units in the Company. As a result, the Company recorded a $30 million current liability related to the amount the Company agreed to pay Mr. Retterath to repurchase his membership units and has correspondingly reduced members' equity on its balance sheet. In April 2020, Mr. Retterath agreed to complete the repurchase and $30 million was paid to Mr. Retterath.

Other Matters
The Company purchases corn and materials from members of its Board of Directors who own or manage elevators or are local producers of corn. Purchases during the years ended December 31, 2020, and 2019 from these companies and individuals totaled approximately $2,282,000, and $3,113,000, respectively. Amounts due to those members was $28,078 and $3,540, as of December 31, 2020 and 2019, respectively.

5. COMMITMENTS, CONTINGENCIES AND AGREEMENTS

Ethanol, corn oil, and distiller grains marketing agreements and major customers
The Company has entered into a marketing agreement with RPMG, a related party, to sell all ethanol produced at the plant at a mutually agreed on price, less commission and transportation charges. As of December 31, 2020, the Company had no commitments to sell any of its produced gallons of ethanol at fixed prices.

The Company has also entered into a marketing agreement with RPMG to sell all corn oil produced at the plant at a mutually agreed on price, less marketing fees and transportation charges. As of December 31, 2020, the Company had commitments to sell approximately 5.0 million pounds of corn oil at various fixed and basis price levels indexed against exchanges for delivery throughout the first quarter of 2021.

The Company also has an investment in RPMG, LLC, included in other assets, totaling approximately $2,527,000 and $2,422,000 as of December 31, 2020 and 2019.

The Company has entered into a marketing agreement to sell all distiller grains produced at the plant to CHS, an unrelated party, at a mutually agreed on price, less commission and transportation charges. The agreement calls for automatic renewal for successive one-year terms unless 90-day prior written notice is given before the current term expires in April, 2021; no such written notice has been given. As of December 31, 2020, the Company had approximately 58,000 tons of distiller grains commitments for delivery through March 2021 at various fixed prices.

All above sales commitments are accounted for as normal sales, and accordingly, have not been marked to market.

Sales and marketing fees related to the agreements in place for the years ended December 31, 2020, 2019 and 2018 were as follows:

	2020	2019	2018
Sales ethanol - RPMG	$ 205,900,000	$ 257,312,000	$ 234,222,000
Sales distiller grains	55,669,000	58,555,000	61,034,000
Sales corn oil - RPMG	14,698,000	13,607,000	12,103,000
Marketing fees ethanol - RPMG	$ 206,000	$ 243,000	$ 254,000
Marketing fees distiller grains	817,000	879,000	852,000
Marketing fees corn oil - RPMG	101,000	104,000	76,000

	2020	2019
Amount due from RPMG	$ 1,451,000	$ 4,712,000
Amount due from CHS	2,635,000	2,388,000

At December 31, 2020, the Company had approximately $20,489,000 in outstanding corn purchase commitments for bushels at various prices and approximately 3,244,000 bushels of unpriced corn purchase commitments through September 2022. Additionally, the Company had locked in place approximately 540,000 decatherms of natural gas at fixed prices through February 28, 2021. These contracts are accounted for under the normal purchase exclusion.

As of December 31, 2020, the Company had approximately 2,884,000 bushels with approximate market value of $11,208,000 of deferred corn. As of December 31, 2019, the Company had approximately 1,017,000 bushels with approximate market value of $3,821,000 of deferred corn.

The Company has commitments for minimum purchases of various utilities such as natural gas and electricity through December, 2021, accounted for under the normal purchase exclusion, which approximated $1,983,000.

6. LEASE OBLIGATIONS

Effective January 1, 2019, the Company adopted ASU 2016-02, Leases (Topic 842). The Company elected the option to apply the transition provisions at the adoption date instead of the earliest comparative period presented in the financial statements. The Company elected the short-term lease exception provided for in the standard and therefore only recognized right-of-use assets and lease liabilities for leases with a term greater than one year. The Company elected the package of practical expedients to not re-evaluate existing contracts as containing a lease or the lease classification unless it was not previously assessed against the lease criteria. In addition, the Company did not reassess initial direct costs for any existing leases.

A lease exists when a contract conveys to a party the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration. The Company recognized a lease liability at the lease commencement date, as the present value of future lease payments, using an estimated rate of interest that the Company would pay to borrow equivalent funds on a collateralized basis. A lease asset is recognized based on the lease liability value and adjusted for any prepaid lease payments, initial direct costs, or lease incentive amounts. The lease term at the commencement date includes any renewal options or termination options when it is reasonably certain that the Company will exercise or not exercise those options, respectively.

The Company leases rail cars and rail moving equipment with original terms up to seven years. The Company is obligated to pay costs of insurance, taxes, repairs and maintenance pursuant to terms of the leases. Rent expense incurred for the operating leases during the years ended December 31, 2020, 2019 and 2018 was approximately $1,772,000, $1,734,000 and $1,676,000. The lease agreements have maturity dates ranging from March 2022 to October 2025. The weighted average remaining life of the lease term for these leases was 1.89 years as of December 31, 2020.

The discount rate used in determining the lease liability for each individual lease was the Company's estimated incremental borrowing rate of 4.79%. The right-of-use asset operating lease, included in other assets, and operating lease liability, included in current and long term liabilities was $3,116,941 and $4,678,365 as of December 31, 2020 and 2019, respectively.

At December 31, 2020, the Company had the following approximate minimum rental commitments under non-cancelable operating leases for the years ended December 31:

2021		1,752,000
2022		1,046,000
2023		300,000
2024		109,000
2025		90,000
Total lease commitments	$	3,297,000

A reconciliation of the undiscounted future payments in the schedule above and the lease liability recognized in the balance sheet as of December 31, 2020, is shown below.

Undiscounted future payments	$	3,297,000
Discount effect		(180,059)
	$	3,116,941

7. EMPLOYEE BENEFIT PLANS

On January 1, 2016, the Company adopted a 401k retirement plan which provides retirement savings options for all eligible employees. Previously, the Company utilized a Simple IRA Adoption Agreement to provide retirement savings options for all eligible employees. Employees meeting certain eligibility requirements can participate in the plan. The Company makes a matching contribution based on the participants' eligible wages. For the years ended December 31, 2020, 2019 and 2018, the Company made matching contributions of approximately $183,000, $185,000 and $174,000, respectively.

8. DERIVATIVE INSTRUMENTS

The Company's activities expose it to a variety of market risks, including the effects of changes in commodity prices. These financial exposures are monitored and managed by the Company as an integral part of its overall risk-management program. The Company's risk management program focuses on the unpredictability of financial and commodities markets and seeks to reduce the potentially adverse effects that the volatility of these markets may have on its operating results.

To reduce price risk caused by market fluctuations, the Company generally follows a policy of using exchange traded futures and options contracts to reduce its net position of merchandisable agricultural commodity inventories and forward cash purchase and sales contracts and uses exchange traded futures and options contracts to reduce price risk. Exchange-traded futures contracts are valued at market price. Changes in market price of exchange traded futures and options contracts related to corn and natural gas are recorded in costs of goods sold and changes in market prices of contracts related to the sale of ethanol, if applicable, are recorded in revenues.

The Company uses futures or options contracts to fix the purchase price of anticipated volumes of corn to be purchased and processed in a future month. The Company's plant will grind approximately 65 million bushels of corn per year. During the previous period and over the next 12 months, the Company has hedged and anticipates hedging between 5% and 60% of its anticipated monthly grind. At December 31, 2020, the Company has hedged portions of its anticipated monthly purchases for corn averaging approximately 12% of its anticipated monthly grind over the next twelve months.

Unrealized gains and losses on non-exchange traded forward contracts are deemed "normal purchases or sales" under authoritative accounting guidance, as amended and, therefore, are not marked to market in the Company's financial statements. The following table represents the approximate amount of realized and unrealized gains (losses) and changes in fair value recognized in earnings on commodity contracts for years ended December 31, 2020, 2019, and 2018 and the fair value of derivatives as of December 31, 2020 and 2019:

	Income Statement Classification	Realized Gain (Loss)	Change In Unrealized Gain (Loss)	Total Gain (Loss)
Derivatives not designated as hedging instruments: Commodity contracts for the year ended December 31, 2020.				
	Revenue	$ (1,177,000)	$ —	$ (1,177,000)
	Cost of Goods Sold	$ 1,783,000	$ (7,325,000)	$ (5,542,000)
	Total	$ 606,000	$ (7,325,000)	$ (6,719,000)
Derivatives not designated as hedging instruments: Commodity contracts for the year ended December 31, 2019.				
	Cost of Goods Sold	$ 3,530,000	$ 927,000	$ 4,457,000
	Total	$ 3,530,000	$ 927,000	$ 4,457,000
Derivatives not designated as hedging instruments: Commodity contracts for the year ended December 31, 2018.				
	Cost of Goods Sold	$ 2,957,000	$ (48,000)	$ 2,909,000
	Total	$ 2,957,000	$ (48,000)	$ 2,909,000

	Balance Sheet Classification	December 31, 2020	December 31, 2019
Futures and option contracts			
In gain position		$ —	$ 1,126,000
In loss position		(6,233,000)	(37,000)
Cash held by (due to) broker		7,074,000	(290,000)
	Current Asset	$ 841,000	$ 799,000

9. FAIR VALUE MEASUREMENTS

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Valuations for assets and liabilities traded in active markets from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

Level 3: Valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

A description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy, is set forth below:

Trading securities: Trading securities consisting of corporate bonds and short term bond mutual funds are reported at fair value utilizing Level 1 inputs. Trading securities are measured at fair value using prices obtained from pricing services.

Derivative financial instruments: Commodity futures and exchange-traded commodity options contracts are reported at fair value utilizing Level 1 inputs. For these contracts, the Company obtains fair value measurements from an independent pricing service. The fair value measurements consider observable data that may include dealer quotes and live trading levels from the CBOT and NYMEX markets.

The following table summarizes financial assets and financial liabilities measured at fair value on a recurring basis as of December 31, 2020 and December 31, 2019, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	Total	Level 1	Level 2	Level 3
Trading Securities				
December 31, 2020				
Assets	$ —	$ —	$ —	$ —
December 31, 2019				
Assets	$ 42,508,000	$ 42,508,000	$ —	$ —
Derivative financial instruments				
December 31, 2020				
Liabilities	$ (6,233,000)	$ (6,233,000)	$ —	$ —
December 31, 2019				
Assets	$ 1,126,000	$ 1,126,000	$ —	$ —
Liabilities	(37,000)	(37,000)	—	—

10. LITIGATION MATTERS

Retterath

In relation to the repurchase agreement discussed in Note 4, on August 1, 2013 Mr. Retterath filed a lawsuit against the Company along with several directors, the Company's former CEO, CFO, COO, a former director and the Company's outside legal counsel in Florida state court. In August 2016, this lawsuit was voluntarily dismissed without prejudice by the Retteraths. On August 14, 2013, the Company filed a lawsuit in Iowa state court to enforce the repurchase agreement the Company entered into with Mr. Retterath. No distributions have been paid to Mr. Retterath since the time of the original expected closing date of August 1, 2013. On June 15, 2017, the Iowa Court ruled in favor of Homeland that the repurchase agreement was valid and directed Mr. Retterath to perform his obligations under the repurchase agreement by August 1, 2017. Mr. Retterath subsequently filed various motions with the Iowa Court and was granted a stay regarding his obligation to perform the repurchase agreement while the court considered his post trial motions. The Iowa Court overruled Mr. Retterath's post trial motions and Mr. Retterath filed an appeal. In February 2020, the Iowa Supreme Court ruled that the repurchase agreement was valid and enforceable. The repurchase closed in April 2020. Now that the first part of the case is resolved, the additional matters Mr. Retterath added to the case in 2016 will be resolved by the court.

GS Cleantech Corporation
On August 9, 2013, GS Cleantech Corporation (GS Cleantech), a subsidiary of Greenshift Corporation, filed a complaint against the Company alleging that the Company's operation of a corn oil extraction process licensed by the Company infringes patent rights claimed by GS Cleantech. GS Cleantech seeks royalties, damages and potentially triple damages associated with the alleged infringement, as well as attorney's fees from the Company. The Company filed a motion for summary judgment which was granted by the Court. GS Cleantech has appealed this decision. The Company has filed an answer and counterclaims claiming invalidity of the patents, noninfringement, and inequitable conduct. The federal appeals court recently rejected GS Cleantech's appeal and the Supreme Court rejected GS Cleantech's request for a further appeal.

11. QUARTERLY FINANCIAL DATA (UNAUDITED)

Summary quarterly results for the years ended December 31, 2020, 2019 and 2018 are as follows:

2020	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Total Revenues	$ 65,037,238	$ 63,862,205	$ 73,396,939	$ 79,090,057
Gross Profit (Loss)	(3,927,585)	4,577,977	8,128,255	(999,427)
Operating Income (Loss)	(4,932,598)	3,746,721	7,150,515	(1,904,528)
Net Income (Loss)	(5,248,565)	3,961,822	7,256,014	105,729
Basic & diluted earnings (Loss) per unit	$ (81)	$ 61	$ 112	$ 2

2019	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Total Revenues	$ 82,074,397	$ 84,860,557	$ 76,896,475	$ 85,628,405
Gross Profit	5,567,871	4,600,109	4,527,443	7,428,426
Operating Income	4,402,367	3,621,216	3,801,180	6,413,554
Net Income	4,719,055	4,259,845	3,990,592	6,507,261
Basic & diluted earnings per unit	$ 73	$ 66	$ 62	$ 101

2018	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Total Revenues	$ 76,622,447	$ 84,188,461	$ 77,391,884	$ 69,197,305
Gross Profit	5,926,327	12,090,427	7,436,293	(1,602,151)
Operating Income (Loss)	5,181,254	10,987,670	6,540,911	(2,517,095)
Net Income (Loss)	5,072,754	10,700,036	6,404,067	(2,410,652)
Basic & diluted earnings (loss) per unit	$ 79	$ 166	$ 99	$ (38)

12. GROUP INSURANCE

The Company participates, along with other plants in the industry, in a group captive insurance company (Captive). The Captive insures losses related to workman's compensation, commercial property and general liability. The Captive reinsures catastrophic losses for all participants, including the Company, in excess of predetermined amounts. The Company's premiums are accrued by a charge to income for the period to which the premium relates and is remitted by the Company's insurer to the captive reinsurer. These premiums are structured such that the Company has made a prepaid collateral deposit estimated for losses related to the above coverage. The Captive insurer has estimated and collected an amount in excess of the estimated losses but less than the catastrophic loss limit insured by the Captive. The Company cannot be assessed over the amount in the collateral fund.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

Management of Homeland Energy is responsible for maintaining disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 (the "Exchange Act") are recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. In addition, the disclosure controls and procedures must ensure that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required financial and other required disclosures.

As of the end of the period covered by this report, an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13(a)-15(e) and 15(d)-15(e) of the Exchange Act) was carried out under the supervision and with the participation of our Chief Executive Officer (the principal executive officer), James Broghammer, and our Chief Financial Officer (the principal financial and accounting officer), Beth Eiler. Based on their evaluation of our disclosure controls and procedures, they have concluded that such disclosure controls and procedures were effective as of December 31, 2020 to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act are recorded, processed, summarized and reported within the time periods required by the forms and rules of the Securities and Exchange Commission; and to ensure that the information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to our management including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Internal Control Over Financial Reporting

Inherent Limitations Over Internal Controls

Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our internal controls will prevent or detect all errors and all fraud. The effectiveness of controls in future periods is subject to the risk that those internal controls may become inadequate because of changes in business conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended). Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the criteria set forth in the 2013 Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this evaluation, management has concluded that our internal control over financial reporting was effective as of December 31, 2020.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. As we are a non-accelerated filer, management's report is not subject to attestation by our registered public accounting firm.

This report shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of that section , and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Changes in Internal Controls

There were no changes in our internal control over financial reporting during the fourth quarter of our 2020 fiscal year, which were identified in connection with management's evaluation required by paragraph (d) of rules 13a-15 and 15d-15 under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item is incorporated by reference in the definitive proxy statement from our 2021 annual meeting of members to be filed with the Securities and Exchange Commission within 120 days after our 2020 fiscal year end on December 31, 2020. This proxy statement is referred to in this report as the 2021 Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this Item is incorporated by reference to the 2021 Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information required by this Item is incorporated by reference to the 2021 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required by this Item is incorporated by reference to the 2021 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information required by this Item is incorporated by reference to the 2021 Proxy Statement.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

Exhibits Filed as Part of this Report and Exhibits Incorporated by Reference.

The following exhibits and financial statements are filed as part of, or are incorporated by reference into, this report:

(1) **Financial Statements**

The financial statements appear beginning at page 31 of this report.

(2) **Financial Statement Schedules**

All supplemental schedules are omitted as the required information is inapplicable or the information is presented in the financial statements or related notes.

(3) **Exhibits**

Exhibit No.	Exhibit	Filed Herewith	Incorporated by Reference
3.1	Articles of Organization of the registrant.		Exhibit 3.1 to the registrant's registration statement on Form SB-2 (Commission File 333-135967).
3.2	Certificate of Name Change and Corresponding Amendment to Articles of Organization.		Exhibit 3.2 to the registrant's registration statement on Form SB-2 (Commission File 333-135967).
3.3	Operating Agreement of the registrant.		Exhibit 3.3 to the registrant's registration statement on Form SB-2 (Commission File 333-135967).
3.4	First Amendment to Operating Agreement of the registrant dated November 14, 2006.		Exhibit 3.4 to Pre-Effective Amendment No. 3 to the registrant's registration statement on Form SB-2 (Commission File 333-135967).
3.5	Amended and Restated Operating Agreement dated April 4, 2013.		Exhibit 3.1 to the registrant's Form 10-Q filed with the Commission on May 15, 2013.
3.6	First Amendment to Amended and Restated Operating Agreement dated December 19, 2013.		Exhibit 3.6 to the registrant's Form 10-K filed with the Commission on February 27, 2014.
3.7	Third Amendment to Amended and Restated Operating Agreement		Exhibit 3.1 to the Registrant's Form 10-Q filed with the Commission on May 16, 2018.
4.1	Form of Membership Unit Certificate.		Exhibit 4.2 to the registrant's registration statement on Form SB-2 (Commission File 333-135967).
10.1	License Agreement dated August 1, 2007 between Homeland Energy Solutions and ICM, Inc.		Exhibit 10.26 to the registrant's Form 10-QSB filed with the Commission on August 11, 2007.
10.2	Master Loan Agreement dated November 30, 2007 between Homeland Energy Solutions, LLC and Home Federal Savings Bank.		Exhibit 10.30 to the registrant's Form 10-KSB filed with the Commission on February 22, 2008.

10.3	First Supplement to the Master Loan Agreement dated November 30, 2007 between Homeland Energy Solutions, LLC and Home Federal Savings Bank.	Exhibit 10.31 to the registrant's Form 10-KSB filed with the Commission on February 22, 2008.
10.4	Second Supplement to the Master Loan Agreement dated November 30, 2007 between Homeland Energy Solutions, LLC and Home Federal Savings Bank.	Exhibit 10.32 to the registrant's Form 10-KSB filed with the Commission on February 22, 2008.
10.5	Third Supplement to the Master Loan Agreement dated November 30, 2007 between Homeland Energy Solutions, LLC and Home Federal Savings Bank.	Exhibit 10.33 to the registrant's Form 10-KSB filed with the Commission on February 22, 2008.
10.6	Construction Note dated November 30, 2007 between Homeland Energy Solutions, LLC and Home Federal Savings Bank.	Exhibit 10.34 to the registrant's Form 10-KSB filed with the Commission on February 22, 2008.
10.7	Term Revolving Note dated November 30, 2007 between Homeland Energy Solutions, LLC and Home Federal Savings Bank.	Exhibit 10.35 to the registrant's Form 10-KSB filed with the Commission on February 22, 2008.
10.8	Revolving Line of Credit Note dated November 30, 2007 between Homeland Energy Solutions, LLC and Home Federal Savings Bank.	Exhibit 10.36 to the registrant's Form 10-KSB filed with the Commission on February 22, 2008.
10.9	Mortgage dated November 30, 2007 between Homeland Energy Solutions, LLC and Home Federal Savings Bank.	Exhibit 10.37 to the registrant's Form 10-KSB filed with the Commission on February 22, 2008.
10.10	Security Agreement dated November 30, 2007 between Homeland Energy Solutions, LLC and Home Federal Savings Bank.	Exhibit 10.38 to the registrant's Form 10-KSB filed with the Commission on February 22, 2008.
10.11	Disbursing Agreement dated November 30, 2007 between Homeland Energy Solutions, LLC and Home Federal Savings Bank.	Exhibit 10.39 to the registrant's Form 10-KSB filed with the Commission on February 22, 2008.
10.12	Second Amendment to the Lump Sum Design-Build Agreement dated July 6, 2007 between Homeland Energy Solutions and Fagen, Inc.	Exhibit 10.40 to the registrant's Form 10-KSB filed with the Commission on February 22, 2008.
10.13	Agreement for Private Development between Homeland Energy Solutions, LLC and Chickasaw County, Iowa dated December 18, 2007.	Exhibit 10.42 to the registrant's Form 10-KSB/A filed with the Commission on May 15, 2008.
10.14	Iowa Department of Transportation Application Form for RISE: Immediate Opportunity Project Funding for Homeland Energy Solutions, LLC dated August 20, 2007.	Exhibit 10.44 to the registrant's Form 10-KSB/A filed with the Commission on May 15, 2008.
10.15	Engineering, Procurement, and Construction Agreement between Homeland Energy Solutions, LLC and Cornerstone Energy, LLC d/b/a Constellation New Energy - CEI, LLC dated December 4, 2007. +	Exhibit 10.45 to the registrant's Form 10-KSB/A filed with the Commission on May 15, 2008.

10.16	Master Natural Gas Agreement and Base Agreement between Homeland Energy Solutions, LLC and Cornerstone Energy, LLC d/b/a Constellation NewEnergy - Gas Division CEI, LLC dated December 4, 2007. +	Exhibit 10.46 to the registrant's Form 10-KSB/A filed with the Commission on May 15, 2008.
10.17	Distillers Grain Marketing Agreement with CHS, Inc. dated August 8, 2008.	Exhibit 10.2 to the registrant's Form 10-Q filed with the Commission on August 14, 2008.
10.18	Rail Facilities Agreement with R & R Contracting dated July 24, 2008.	Exhibit 10.3 to the registrant's Form 10-Q filed with the Commission on August 14, 2008.
10.19	Customer Agreement with ADM Investor Services, Inc. dated July 29, 2008.	Exhibit 10.4 to the registrant's Form 10-Q filed with the Commission on August 14, 2008.
10.20	Management Services Agreement dated December 15, 2008 with Golden Grain Energy, LLC.	Exhibit 10.1 to the registrant's Form 10-K filed with the Commission on February 26, 2009.
10.21	Electrical Services Agreement dated March 6, 2009 with Hawkeye REC. +	Exhibit 10.1 to the registrant's Form 10-Q filed with the Commission on May 15, 2009.
10.22	U.S. Energy Agreement dated July 10, 2009.	Exhibit 10.1 to the registrant's Form 10-Q filed with the Commission on August 14, 2009.
10.23	Third Amendment to the Master Loan Agreement between Homeland Energy Solutions, LLC and Home Federal Savings Bank dated September 10, 2010.	Exhibit 10.1 to the registrant's Form 10-Q filed with the Commission on November 12, 2010.
10.24	Member Ethanol Fuel Marketing Agreement dated March 1, 2011 between Homeland Energy Solutions, LLC and RPMG, Inc. +	Exhibit 10.1 to the registrant's Form 10-Q filed with the Commission on May 16, 2011.
10.25	Corn Oil Marketing Agreement between RPMG, Inc. and Homeland Energy Solutions, LLC dated July 28, 2011. +	Exhibit 10.1 to the registrant's Form 10-Q filed with the Commission on August 12, 2011.
10.26	Third Amended Management Services Agreement between Homeland Energy Solutions, LLC and Golden Grain Energy, LLC dated December 15, 2011.	Exhibit 10.26 to the registrant's Form 10-K filed with the Commission on February 21, 2012.
10.27	Member Amended and Restated Marketing Agreement between RPMG, Inc. and Homeland Energy Solutions, LLC dated August 27, 2012. *+	Exhibit 10.1 to the registrant's Form 10-Q filed with the Commission on November 9, 2012.
10.28	Change in Control Agreement between David Finke and Homeland Energy Solutions, LLC dated January 1, 2013.	Exhibit 10.1 to the registrant's Form 10-Q filed with the Commission on May 15, 2013.
10.29	Change in Control Agreement between Stan Wubbena and Homeland Energy Solutions, LLC dated January 1, 2013.	Exhibit 10.2 to the registrant's Form 10-Q filed with the Commission on May 15, 2013.
10.30	Change in Control Agreement between Kevin Howes and Homeland Energy Solutions, LLC dated January 1, 2013.	Exhibit 10.3 to the registrant's Form 10-Q filed with the Commission on May 15, 2013.
10.31	Membership Unit Repurchase Agreement between Homeland Energy Solutions, LLC and Steven Retterath dated June 13, 2013.	Exhibit 10.1 to the registrant's Form 10-Q filed with the Commission on August 14, 2013.

10.32	Seventh Amendment to the Master Loan Agreement between Homeland Energy Solutions, LLC and Home Federal Savings Bank dated November 29, 2013.	Exhibit 10.32 to the registrant's Form 10-K filed with the Commission on February 27, 2014.
10.33	First Amendment to Second Supplement to Master Loan Agreement between Homeland Energy Solutions, LLC and Home Federal Savings Bank dated November 29, 2013.	Exhibit 10.33 to the registrant's Form 10-K filed with the Commission on February 27, 2014.
10.34	Eighth Amendment to the Master Loan Agreement between Homeland Energy Solutions, LLC and Home Federal Savings Bank dated February 24, 2014.	Exhibit 10.34 to the registrant's Form 10-K filed with the Commission on February 27, 2014.
10.35	Fourth Supplement to Master Loan Agreement between Homeland Energy Solutions, LLC and Home Federal Savings Bank dated February 24, 2014.	Exhibit 10.35 to the registrant's Form 10-K filed with the Commission on February 27, 2014.
10.36	$15 Million Term Note between Homeland Energy Solutions, LLC and Home Federal Savings Bank dated February 24, 2014.	Exhibit 10.36 to the registrant's Form 10-K filed with the Commission on February 27, 2014.
10.37	Termination Agreement between Golden Grain Energy, LLC and Homeland Energy Solutions, LLC dated May 16, 2014	Exhibit 99.1 to the registrant's Form 8-K filed with the Commission on May 16, 2014
10.38	Independent Contractor Agreement between Walter Wendland and Homeland Energy Solutions, LLC dated May 12, 2014.	Exhibit 10.1 to the registrant's Form 10-K filed with the Commission on August 12, 2014
10.39	2015 Annual Cash Bonus Plan.	Exhibit 10.1 to the registrant's Form 10-Q filed with the Commission on May 15, 2015
10.40	Consulting Agreement between Homeland Energy Solutions, LLC and Cornerstone Resources LLC dated December 1, 2015.	Exhibit 10.40 to the registrant's Form 10-K filed with the Commission on February 25, 2016.
10.41	Twelfth Amendment to Master Loan Agreement between Homeland Energy Solutions, LLC and Home Federal Savings Bank dated December 7, 2015.	Exhibit 10.41 to the registrant's Form 10-K filed with the Commission on February 25, 2016.
10.42	Amended and Restated Consulting Agreement between Homeland Energy Solutions, LLC and Cornerstone Resources, LLC dated effective June 1, 2016.	Exhibit 10.1 to the registrant's Form 10-Q filed with the Commission on November 14, 2016.
10.43	Equipment Purchase and Installation Agreement between ICM, Inc. and Homeland Energy Solutions, LLC dated December 29, 2016.	Exhibit 10.43 to the registrant's Form 10-K filed with the Commission on March 3, 2017.
10.44	Amended and Restated Master Loan Agreement between Home Federal Savings Bank and Homeland Energy Solutions, LLC dated June 29, 2017	Exhibit 10.1 to the registrant's Form 10-Q filed with the Commission on August 14, 2017.
10.45	Amended and Restated Second Supplement to MLA between Home Federal Savings Bank and Homeland Energy Solutions, LLC dated June 29, 2017	Exhibit 10.2 to the registrant's Form 10-Q filed with the Commission on August 14, 2017.
10.46	Amended and Restated Term Revolving Note between Home Federal Savings Bank and Homeland Energy Solutions, LLC dated June 29, 2017	Exhibit 10.3 to the registrant's Form 10-Q filed with the Commission on August 14, 2017.
10.47	Amended and Restated Fourth Supplement to MLA between Home Federal Savings Bank and Homeland Energy Solutions, LLC dated June 29, 2017	Exhibit 10.4 to the registrant's Form 10-Q filed with the Commission on August 14, 2017.

10.48	Term Note between Home Federal Savings Bank and Homeland Energy Solutions, LLC dated June 29, 2017		Exhibit 10.5 to the Registrant's Form 10-Q filed with the Commission on August 14, 2017.
10.49	Second Amended and Restated Consulting Agreement between Homeland Energy Solutions, LLC and Cornerstone Resources LLC dated January 1, 2018.		Exhibit 10.49 to the Registrant's Form 10-K filed with the Commission on March 2, 2018.
10.50	Third Amended and Restated Consulting Agreement between Homeland Energy Solutions, LLC and Cornerstone Resources LLC dated January 1, 2019		Exhibit 10.50 to the Registrant's Form 10-K filed with the Commission on February 22, 2019.
10.51	Member Alcohol Marketing Agreement between RPMG and Homeland Energy Solutions, LLC dated December 1, 2020 (Redacted)**	X	
14.1	Code of Ethics.		Exhibit 14.1 to the registrant's Form 10-K filed with the Commission on February 26, 2009.
31.1	Certificate Pursuant to 17 CFR 240.13a-14(a)	X	
31.2	Certificate Pursuant to 17 CFR 240.13a-14(a)	X	
32.1	Certificate Pursuant to 18 U.S.C. Section 1350	X	
32.2	Certificate Pursuant to 18 U.S.C. Section 1350	X	
101	The following financial information from Homeland Energy Solutions, LLC's Annual Report on Form 10-K for the fiscal year ended December 31, 2020, formatted in XBRL (eXtensible Business Reporting Language): (i) Balance Sheets as of December 31, 2020 and 2019, (ii) Statements of Operations for the fiscal years ended December 31, 2020, 2019 and 2018, (iii) Statements of Cash Flows for the fiscal years ended December 31, 2020, 2019 and 2018, (iv) Statement of Changes in Members' Equity, and (v) the Notes to Financial Statements.**		

(+) Confidential Treatment Requested.
(**) Furnished herewith.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HOMELAND ENERGY SOLUTIONS, LLC

Date: March 11, 2021	/s/ James Broghammer James Broghammer President and Chief Executive Officer (Principal Executive Officer)
Date: March 11, 2021	/s/ Beth Eiler Beth Eiler Chief Financial Officer (Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: March 11, 2021	/s/ Nick Bowdish Nick Bowdish, Director
Date: March 11, 2021	/s/ Patrick Boyle Patrick Boyle, Vice Chairman and Director
Date: March 11, 2021	/s/ Randy Bruess Randy Bruess, Director
Date: March 11, 2021	/s/ Steven Core Steven Core, Director
Date: March 11, 2021	/s/ Mathew Driscoll Mathew Driscoll, Secretary and Director
Date: March 11, 2021	/s/ Leslie Hansen Leslie Hansen, Director
Date: March 11, 2021	/s/ Maurice Hyde Maurice Hyde, Chairman and Director
Date: March 11, 2021	/s/ Chad Kuhlers Chad Kuhlers, Director
Date: March 11, 2021	/s/ Christine Marchand Christine Marchand, Director