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

FORM 10-Q

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

For the quarterly period ended June 30, 2020

OR

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

For the transition period from to .

COMMISSION FILE NUMBER 000-52033

RED TRAIL ENERGY, LLC

(Exact name of registrant as specified in its charter)

North Dakota	**76-0742311**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3682 Highway 8 South, P.O. Box 11, Richardton, ND 58652
(Address of principal executive offices)

(701) 974-3308
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

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

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	☐
		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 is a shell company (as defined in Rule 12b-2 of the Exchange Act).
☐ Yes ☒ No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

As of August 14, 2020, there were 40,148,160 Class A Membership Units outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

RED TRAIL ENERGY, LLC
Condensed Balance Sheets

ASSETS	June 30, 2020	September 30, 2019
	(Unaudited)	
Current Assets		
Cash and equivalents	$ 8,065,941	$ 8,565,038
Restricted cash - margin account	1,611,192	1,957,031
Accounts receivable, net, primarily related party	3,140,974	3,910,384
Commodities derivative instruments, at fair value (see note 3)	30,841	—
Inventory	8,188,526	6,962,825
Prepaid expenses	553,071	109,500
Total current assets	21,590,545	21,504,778
Property, Plant and Equipment		
Land	1,333,681	1,333,681
Land improvements	4,465,311	4,465,311
Buildings	8,111,074	8,111,074
Plant and equipment	88,094,455	88,038,476
Construction in progress	6,485,343	455,825
	108,489,864	102,404,367
Less accumulated depreciation	66,660,329	63,092,175
Net property, plant and equipment	41,829,535	39,312,192
Other Assets		
Right of use operating lease assets, net	1,102,453	—
Investment in RPMG	605,000	605,000
Patronage equity	4,119,151	4,119,151
Deposits	40,000	40,000
Total other assets	5,866,604	4,764,151
Total Assets	$ 69,286,684	$ 65,581,121

Notes to Unaudited Condensed Financial Statements are an integral part of this Statement.

RED TRAIL ENERGY, LLC
Condensed Balance Sheets

LIABILITIES AND MEMBERS' EQUITY	**June 30, 2020**	**September 30, 2019**
	(Unaudited)	
Current Liabilities		
Accounts payable	$ 1,581,863	$ 4,331,521
Accrued expenses	7,405,008	598,209
Commodities derivative instruments, at fair value (see note 3)	—	8,875
Accrued loss on firm purchase commitments (see notes 4 and 8)	13,000	68,000
Current maturities of notes payable	388,571	252
Current portion of operating lease liabilities	379,317	—
Total current liabilities	9,767,759	5,006,857
Long-Term Liabilities		
Notes payable	504,868	—
Long-term operating lease liabilities	723,136	—
Total long-term liabilities	1,228,004	—
Commitments and Contingencies (Notes 4, 5, 7 and 8)		
Members' Equity 40,148,160 Class A Membership Units issued and outstanding	58,290,921	60,574,264
Total Liabilities and Members' Equity	$ 69,286,684	$ 65,581,121

Notes to Unaudited Condensed Financial Statements are an integral part of this Statement.

RED TRAIL ENERGY, LLC
Condensed Statements of Operations (Unaudited)

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Nine Months Ended June 30, 2020	Nine Months Ended June 30, 2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues, primarily related party	$ 22,670,742	$ 26,302,894	$ 72,649,799	$ 78,443,830
Cost of Goods Sold				
Cost of goods sold	19,220,909	24,475,143	71,726,947	76,585,250
Lower of cost or net realizable value adjustment	—	74,170	241,294	74,170
Loss on firm purchase commitments	—	87,000	100,000	92,000
Total Cost of Goods Sold	19,220,909	24,636,313	72,068,241	76,751,420
Gross Profit	3,449,833	1,666,581	581,558	1,692,410
General and Administrative Expenses	1,272,698	891,302	3,096,666	2,222,067
Operating Income (Loss)	2,177,135	775,279	(2,515,108)	(529,657)
Other Income (Expense)				
Interest income	18,369	31,785	86,758	66,547
Other income, net	9,099	10,924	145,178	260,643
Interest expense	(39)	(2)	(171)	(11)
Total other income, net	27,429	42,707	231,765	327,179
Net Income (Loss)	$ 2,204,564	$ 817,986	$ (2,283,343)	$ (202,478)
Weighted Average Units Outstanding				
Basic	40,148,160	40,148,160	40,148,160	40,148,160
Diluted	40,148,160	40,148,160	40,148,160	40,148,160
Net Income (Loss) Per Unit				
Basic	$ 0.05	$ 0.02	$ (0.06)	$ (0.01)
Diluted	$ 0.05	$ 0.02	$ (0.06)	$ (0.01)

Notes to Unaudited Condensed Financial Statements are an integral part of this Statement.

RED TRAIL ENERGY, LLC
Condensed Statements of Cash Flows (Unaudited)

	Nine Months Ended June 30, 2020	Nine Months Ended June 30, 2019
Cash Flows from Operating Activities		
Net income (loss)	$ (2,283,343)	$ (202,478)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	3,568,154	3,572,737
Loss (gain) on disposal of fixed assets	(8,212)	3,659
Change in fair value of derivative instruments	(39,716)	(3,042,788)
Lower of cost of net realizable value adjustment	241,294	74,170
Loss on firm purchase commitments	100,000	92,000
Changes in operating assets and liabilities:		
Accounts receivable, net, primarily related party	769,411	(709,509)
Inventory	(1,566,996)	2,145,592
Prepaid expenses	(443,571)	(92,951)
Accounts payable	(2,749,658)	(1,589,867)
Accrued expenses	6,806,799	(233,919)
Accrued loss on firm purchase commitments	(55,000)	(106,000)
Net cash provided by (used in) operating activities	4,339,162	(89,354)
Cash Flows from Investing Activities		
Proceeds from disposal of fixed assets	8,212	18,295
Capital expenditures	(6,062,324)	(587,151)
Net cash used in investing activities	(6,054,112)	(568,856)
Cash Flows from Financing Activities		
Dividends paid	—	(1,782)
Proceeds from notes payable	873,400	—
Debt repayments	(3,386)	(1,976)
Net cash provided by (used in) financing activities	870,014	(3,758)
Net Decrease in Cash, Cash Equivalents and Restricted Cash	(844,936)	(661,968)
Cash, Cash Equivalents and Restricted Cash - Beginning of Period	10,522,069	10,873,339
Cash, Cash Equivalents and Restricted Cash - End of Period	$ 9,677,133	$ 10,211,371
Reconciliation of Cash, Cash Equivalents and Restricted Cash		
Cash and cash equivalents	$ 8,065,941	$ 9,367,657
Restricted cash	1,611,192	843,714
Total Cash, Cash Equivalents and Restricted Cash	$ 9,677,133	$ 10,211,371
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ 12	$ 11
Noncash Investing and Financing Activities		
Finance lease asset acquired	23,173	—
Operating lease asset acquired	$ 168,300	$ —
Capital expenditures in accounts payable	$ 8,891	$ —

Notes to Unaudited Condensed Financial Statements are an integral part of this Statement.

RED TRAIL ENERGY, LLC
NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2020

The accompanying condensed unaudited financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted as permitted by such rules and regulations. These financial statements and related notes should be read in conjunction with the financial statements and notes thereto included in the Company's audited financial statements for the fiscal year ended September 30, 2019, contained in the Company's Annual Report on Form 10-K.

In the opinion of management, the interim condensed unaudited financial statements reflect all adjustments considered necessary for fair presentation. The adjustments made to these statements consist only of normal recurring adjustments. Operating results for the periods presented are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 2020.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Red Trail Energy, LLC, a North Dakota limited liability company (the "Company"), owns and operates a 50 million gallon annual name-plate production ethanol plant near Richardton, North Dakota (the "Plant").

Accounting Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with 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. Significant items subject to such estimates and assumptions include the useful lives of property, plant and equipment, inventory and allowance for doubtful accounts. Actual results could differ from those estimates.

Net Income Per Unit

Net income per unit is calculated on a basic and fully diluted basis using the weighted average units outstanding during the period.

Recently Issued Accounting Pronouncements

Revenue from Contracts with Customers

In May 2014, the FASB issued ASC 606, "Revenue from Contracts with Customers" which supersedes the guidance in "Revenue Recognition (Topic 605)" and requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. ASC 606 is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period and is to be applied retrospectively, with early application not permitted. Effective October 1, 2018, the Company adopted ASC 606 for all of its contracts using the modified retrospective approach. See note 2.

Statement of Cash Flows; Restricted Cash

In November 2016, the FASB issued ASU No. 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash" which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU No. 2016-18 is effective for annal periods beginning after December 15, 2017, and interim periods within those annual periods. Effective October 1, 2018 the Company retrospectively adopted ASU No. 2016-18.

Lease Accounting Standards

In February 2016, the FASB issued ASU No. 2016-02, "Leases (topic 842)" which requires a lessee to recognize a right to use asset and a lease liability on its balance sheet for all leases with terms of twelve months or greater. This guidance is effective for fiscal years beginning after December 15, 2018, included interim periods within those years with early adoption permitted. Effective October 1, 2019 the Company adopted ASU No. 2016-02 using the modified retrospective approach. See note 7 for current operating and financing lease commitments.

2. REVENUE

Adoption of ASC 606

Effective October 1, 2018, the Company adopted ASC 606 using the modified retrospective approach for all of its contracts. Following the adoption of ASC 606, the Company continues to recognize revenue at a point-in-time when control of goods transfers to the customer. This is consistent with the Company's previous revenue recognition accounting policy under which the Company recognized revenue when title and risk of loss pass to the customer and collectability was reasonably assured. ASC 606 did not impact the Company's presentation of revenue on a gross or net basis. The Company recognizes revenue primarily from sales of ethanol and its related co-products.

Revenue Recognition

The Company recognizes revenue from sales of ethanol and co-products at the point in time when the performance obligations in the contract are met, which is when the customer obtains control of such products and typically occurs upon shipment depending on the terms of the underlying contracts. Revenue is measured as the amount of consideration expected to be received in exchange for transferring goods or providing services. In some instances, the Company enters into contracts with customers that contain multiple performance obligations to deliver volumes of co-products over a contractual period of less than 12 months. The Company allocates the transaction price to each performance obligation identified in the contract based on relative standalone selling prices and recognizes the related revenue as control of each individual product is transferred to the customer in satisfaction of the corresponding performance obligation.

Revenue by Source

The following table disaggregates revenue by major source for the three and nine months ended June 30, 2020 and 2019.

Revenues	For the three months ended June 30, 2020 (unaudited)	For the three months ended June 30, 2019 (unaudited)	For the nine months ended June 30, 2020 (unaudited)	For the nine months ended June 30, 2019 (unaudited)
Ethanol, E85 and Industrial Ethanol	$ 17,529,809	$ 20,862,325	$ 55,630,844	$ 60,517,057
Distillers Grains	4,176,444	4,797,738	13,906,736	15,706,453
Syrup	59,274	73,563	253,344	267,573
Corn Oil	868,578	505,587	2,726,614	1,798,732
Other	36,637	63,681	132,261	154,015
Total revenue from contracts with customers	$ 22,670,742	$ 26,302,894	$ 72,649,799	$ 78,443,830

Shipping and Handling Costs

We account for shipping and handling activities related to contracts with customers as costs to fulfill our promise to transfer the associated products. Accordingly, we record customer payments associated with shipping and handling costs as a component of revenue, and classify such costs as a component of cost of goods sold.

3. DERIVATIVE INSTRUMENTS

Commodity Contracts

As part of its hedging strategy, the Company may enter into ethanol, soybean, soybean oil, natural gas and corn commodity-based derivatives in order to protect cash flows from fluctuations caused by volatility in commodity prices in order to protect gross profit margins from potentially adverse effects of market and price volatility on ethanol sales, corn oil sales, and corn purchase commitments where the prices are set at a future date. These derivatives are not designated as effective hedges for accounting

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purposes. For derivative instruments that are not accounted for as hedges, or for the ineffective portions of qualifying hedges, the change in fair value is recorded through earnings in the period of change. Ethanol derivative fair market value gains or losses are included in the results of operations and are classified as revenue and corn derivative changes in fair market value are included in cost of goods sold.

As of:	June 30, 2020 (unaudited)				September 30, 2019			
Contract Type	# of Contracts	Notional Amount (Qty)		Fair Value	# of Contracts	Notional Amount (Qty)		Fair Value
Corn futures	130	650,000	bushels	$ (5,812)	—	—	bushels	$ —
Corn options	120	600,000	bushels	$ (120,750)	30	150,000	bushels	$ (8,875)
Ethanol futures	35	1,470,000	gal	$ 157,403	—	—	gal	$ —
Total fair value				$ 30,841				$ (8,875)
Amounts are combined on the balance sheet - negative numbers represent liabilities								

The following tables provide details regarding the Company's derivative financial instruments at June 30, 2020 and September 30, 2019:

Derivatives not designated as hedging instruments:

Balance Sheet - as of June 30, 2020 (unaudited)	Asset	Liability
Commodity derivative instruments, at fair value	$ 30,841	
Total derivatives not designated as hedging instruments for accounting purposes	$ 30,841	

Balance Sheet - as of September 30, 2019	Asset	Liability
Commodity derivative instruments, at fair value	$ —	$ 8,875
Total derivatives not designated as hedging instruments for accounting purposes	$ —	$ 8,875

Statement of Operations Income/ (Expense)	Location of gain (loss) in fair value recognized in income	Amount of gain (loss) recognized in income during the three months ended June 30, 2020 (unaudited)	Amount of gain (loss) recognized in income during the three months ended June 30, 2019 (unaudited)	Amount of gain (loss) recognized in income during the nine months ended June 30, 2020 (unaudited)	Amount of gain (loss) recognized in income during the nine months ended June 30, 2019 (unaudited)
Corn derivative instruments	Cost of Goods Sold	$ (270,925)	$ 3,225,402	$ (539,099)	$ 4,107,834
Ethanol derivative instruments	Revenue	233,372	—	258,836	—
Natural gas derivative instruments	Cost of Goods Sold	—	(550)	—	(550)
Total		$ (37,553)	$ 3,224,852	$ (280,263)	$ 4,107,284

RED TRAIL ENERGY, LLC
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4. INVENTORY

Inventory is valued at the lower of cost or net realizable value. Inventory values as of June 30, 2020 and September 30, 2019 were as follows:

As of	June 30, 2020 (unaudited)	September 30, 2019
Raw materials, including corn, chemicals and supplies	$ 4,083,757	$ 2,679,126
Work in process	737,672	956,509
Finished goods, including ethanol and distillers grains	1,940,398	1,459,561
Spare parts	1,426,699	1,867,629
Total inventory	$ 8,188,526	$ 6,962,825

Lower of cost or net realizable value adjustments for the three and nine months ended June 30, 2020 and 2019 were as follows:

	For the three months ended June 30, 2020 (unaudited)	For the three months ended June 30, 2019 (unaudited)	For the nine months ended June 30, 2020 (unaudited)	For the nine months ended June 30, 2019 (unaudited)
Loss on firm purchase commitments	$ —	$ 87,000	$ 100,000	$ 92,000
Loss on lower of cost or net realizable value adjustment for inventory on hand	$ —	$ 74,170	$ 241,294	$ 74,170
Total loss on lower of cost or net realizable value adjustments	$ —	$ 161,170	$ 341,294	$ 166,170

The Company has entered into forward corn purchase contracts under which it is required to take delivery at the contract price. At the time the contracts were created, the price of the contract approximated market price. Subsequent changes in market conditions could cause the contract prices to become higher or lower than market prices. As of June 30, 2020, the average price of corn purchased under certain fixed price contracts, that had not yet been delivered, was greater than approximated market price. Based on this information, the Company has a $100,000 estimated loss on firm purchase commitments for the nine months ended June 30, 2020. The loss is recorded in “Loss on firm purchase commitments” on the statement of operations. The amount of the potential loss was determined by applying a methodology similar to that used in the impairment valuation with respect to inventory. Given the uncertainty of future ethanol prices, further losses on the outstanding purchase commitments could be recorded in future periods.

5. BANK FINANCING

On October 1, 2019, we terminated our $7 million Revolving Loan with U.S. Bank National Association ("U.S. Bank"). The maturity date of the Revolving Loan was May 31, 2020. Our ability to draw funds on the Revolving Loan was subject to a borrowing base calculation as set forth in the Credit Agreement.

On January 22, 2020 we entered into a new $10 million revolving loan (the "Revolving Loan") with Cornerstone Bank ("Cornerstone"). The Revolving Loan replaced a similar revolving loan we had with U.S. Bank National Association. The maturity date of the Revolving Loan is January 21, 2021. At March 31, 2020, we had $10 million available on the Revolving Loan. The variable interest rate on June 30, 2020 was 3.00%.

On January 22, 2020, we entered into a new $7 million construction loan (the "Construction Loan") with Cornerstone. The maturity date of the Construction Loan is June 1, 2021. At March 31, 2020, we had $7 million available on the Construction Loan. The variable interest rate on June 30, 2020 was 2.05%.

On April 16, 2020, the Company received a Paycheck Protection Program Loan (the "PPP Loan") for $873,400 with Cornerstone. The maturity date of the PPP Loan is April 16, 2022. The fixed interest rate on June 30, 2020 was 1.00%. Under the terms of the loan, the Company may apply for forgiveness under the PPP regulations if the Company uses the proceeds of the loan for its payroll costs and other expenses in accordance with the requirements of the Paycheck Protection Program. The Company intends to use the entire PPP Loan amount for qualifying expenses, but we can provide no assurance that we will be able to gain forgiveness for all or any portion of the loan. The Paycheck Protection Program Flexibility Act was signed into law on June 5, 2020 and allows for the amendment of the maturity date on existing loans from two years to five years.

The Company's loans are secured by a lien on substantially all of the assets of the Company.

6. FAIR VALUE MEASUREMENTS

The following table provides information on those liabilities that are measured at fair value on a recurring basis as of June 30, 2020 and September 30, 2019, respectively.

	Carrying Amount as of June 30, 2020 (unaudited)	Fair Value as of June 30, 2020 (unaudited)	Fair Value Measurement Using		
			Level 1	Level 2	Level 3
Assets					
Commodities derivative instruments	$ 30,841	$ 30,841	$ 30,841	$ —	$ —
Total	$ 30,841	$ 30,841	$ 30,841	$ —	$ —

	Carrying Amount as of September 30, 2019	Fair Value as of September 30, 2019	Fair Value Measurement Using		
			Level 1	Level 2	Level 3
Liabilities					
Commodities derivative instruments	$ 8,875	$ 8,875	$ 8,875	$ —	$ —
Total	$ 8,875	$ 8,875	$ 8,875	$ —	$ —

The fair value of the corn, ethanol, soybean oil and natural gas derivative instruments is based on quoted market prices in an active market.

7. LEASES

Effective October 1, 2019, the Company adopted the provisions of ASU No. 2016-02, "Leases (topic 842)" using the modified retrospective approach which applies the provisions of ASU No. 2016-02 upon adoption, with no change to prior periods. This adoption resulted in the Company recognizing initial right of use assets and lease liabilities of $1,418,000. The adoption did not have a significant impact on the Company's statement of operations.

Upon the initial adoption of ASU No. 2016-02, the Company elected the following practical expedients allowable under the guidance: not to reassess whether any expired or existing contracts are or contain leases; not to reassess the lease classification for any expired or existing leases; not to reassess initial direct costs for any existing leases; not to separately identify lease and nonlease components; and not to evaluate historical land easements. Additionally, the Company elected the short-term lease exemption policy, applying the requirements of ASU No. 2016-02 to only long-term (greater than 1 year) leases.

The Company leases railcar and plant equipment. Operating lease right of use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Company uses its estimated incremental borrowing rate, unless an implicit rate is readily determinable, as the discount rate for each lease in determining the present value of lease payments. For the nine months ended June 30, 2020, the Company's estimated discount rate was 3.55%. Operating lease expense is recognized on a straight-line basis over the lease term.

The Company determines if an arrangement is a lease or contains a lease at inception. The Company's leases have remaining lease terms of approximately 1 year to 4 years, which may include options to extend the lease when it is reasonably certain the Company will exercise those options. At June 30, 2020 the weighted average remaining lease term is 3 years. The Company does not have lease arrangements with residual value guarantees, sale leaseback terms or material restrictive covenants. The Company does not have any sublease agreements.

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The Company is generally responsible for maintenance, taxes, and utilities for leased equipment. Rent expense for operating leases was approximately $188,000 and $138,000 for the three months ended June 30, 2020 and 2019, respectively, and $570,000 and $455,000 for the nine months ended June 30, 2020 and 2019, respectively.

Equipment under financing leases consists of office equipment and plant equipment. Equipment under financing leases is as follows at:

As of	June 30, 2020	September 30, 2019
Equipment	$ 493,414	$ 483,488
Less accumulated amortization	(167,085)	(162,940)
Net equipment under financing lease	$ 326,329	$ 320,548

At June 30, 2020, the Company had the following minimum commitments, which at inception had non-cancellable terms of more than one year. Amounts shown below are for the 12 month periods ending June 30:

	Operating Leases	Financing Leases
2020	$ 379,317	$ 4,500
2021	321,144	4,534
2022	300,225	4,568
2023	101,767	4,602
2024		1,835
Thereafter		
Total minimum lease commitments	$ 1,102,453	20,039
Less amount representing interest		—
Present value of minimum lease commitments included in notes payable on the balance sheet		$ 20,039

At June 30, 2019, the Company had the following minimum commitments for the 12 month period ending June 30:

	Operating Leases	Financing Leases
2019	$ 444,505	$ 945
2020	365,663	—
2021	296,640	—
2022	202,290	—
2023		
Thereafter		
Total minimum lease commitments	$ 1,309,098	945
Less amount representing interest		—
Present value of minimum lease commitments included in notes payable on the balance sheet		$ 945

8. COMMITMENTS AND CONTINGENCIES

Firm Purchase Commitments for Corn

To ensure an adequate supply of corn to operate the Plant, the Company enters into contracts to purchase corn from local farmers and elevators. At June 30, 2020, the Company had various fixed price contracts for the purchase of approximately 1.7 million bushels of corn. Using the stated contract price for the fixed price contracts, the Company had commitments of approximately $5.3 million related to the 1.7 million bushels under contract.

Water

To meet the plant's water requirements, we entered into a ten-year contract with Southwest Water Authority to purchase raw water. Our contract requires us to purchase a minimum of 160 million gallons of water per year. The minimum estimated liability for this contract is $424,000 per year.

Profit and Cost Sharing Agreement

The Company has entered into a Profit and Cost Sharing Agreement with Bismarck Land Company, LLC which became effective on November 1, 2016. The Profit and Cost Sharing Agreement provides that the Company will share 70% of the net revenue generated by the Company from business activities which are brought to the Company by Bismarck Land Company, LLC and conducted on the real estate purchased from the Bismarck Land Company, LLC. The real estate was initially purchased in exchange for 2 million membership units at $1.66 per unit. This obligation will terminate ten years after the real estate closing date of October 11, 2016 or after Bismarck Land Company, LLC receives $10 million in proceeds from the agreement. In addition, the Company will pay Bismarck Land Company, LLC 70% of any net proceeds received by the Company from the sale of the subject real estate if a sale were to occur in the future, subject to the $10 million cap and the 10 year termination of this obligation. The Company has paid Bismarck Land Company, LLC $28,315 as of June 30, 2020.

Carbon Capture and Storage Project

The Company has entered into a research agreement with the University of North Dakota Energy and Environmental Research Center to explore the feasibility of injecting CO2 from the fermentation process into a saline formation to lower the carbon intensity value of our ethanol. The Company has committed to fund up to $950,000 for this research. The Company has incurred $949,631 as of June 30, 2020.

9. RELATED PARTY TRANSACTIONS

The Company has balances and transactions in the normal course of business with various related parties for the purchase of corn, sale of distillers grains and sale of ethanol. The related parties include unit holders, members of the board of governors of the Company, and RPMG, Inc. ("RPMG"). Significant related party activity affecting the financial statements is as follows:

	June 30, 2020 (unaudited)	September 30, 2019
Balance Sheet		
Accounts receivable	$ 2,549,332	$ 3,695,462
Accounts payable	486	298,638
Accrued expenses	5,241,314	41,643

	For the three months ended June 30, 2020 (unaudited)	For the three months ended June 30, 2019 (unaudited)	For the nine months ended June 30, 2020 (unaudited)	For the nine months ended June 30, 2019 (unaudited)
Statement of Operations				
Revenues	$ 19,128,595	$ 24,642,959	$ 64,823,447	$ 72,619,534
Cost of goods sold	260,158	—	1,551,865	537,987
General and administrative	30,286	523,883	105,444	159,691
Other income	119,825	73,097	239,650	267,111
Inventory Purchases	$ 6,449,514	$ 4,176,647	$ 14,852,088	$ 11,125,096

RED TRAIL ENERGY, LLC
NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2020

10. UNCERTAINTIES IMPACTING THE ETHANOL INDUSTRY AND OUR FUTURE OPERATIONS

The Company has certain risks and uncertainties that it experiences 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 and distillers grains 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. The Company's operating and financial performance is largely driven by prices at which the Company sells ethanol and distillers grains and by the cost at which it is able to purchase corn for operations. 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, although since 2005 the prices of ethanol and gasoline began a divergence with ethanol selling for less than gasoline at the wholesale level. 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, government policies and programs. The Company's risk management program is used to protect against the price volatility of these commodities.

The Company's financial performance is highly dependent on the Federal Renewable Fuels Standard ("RFS") which requires that a certain amount of renewable fuels must be used each year in the United States. Corn based ethanol, such as the ethanol the Company produces, can be used to meet a portion of the RFS requirement. In November 2013, the EPA issued a proposed rule which would reduce the RFS for 2014, including the RFS requirement related to corn based ethanol. The EPA proposed rule was subject to a comment period which expired in January 2014. On November 30, 2015, the EPA released its final ethanol use requirements for 2014, 2015 and 2016 which were lower than the statutory requirements in the RFS. However, the final RFS for 2017 equaled the statutory requirement which was also the case for the 2018, 2019 and 2020 RFS final rules.

The Company anticipates that the results of operations during the remainder of fiscal year 2020 will continue to be affected by volatility in the commodity markets. The volatility is due to various factors, including uncertainty with respect to the availability and supply of corn, increased demand for grain from global and national markets, speculation in the commodity markets, demand for corn from the ethanol industry and decreased ethanol demand due to travel restrictions during the COVID-19 pandemic.

11. MEMBER'S EQUITY

Changes in member's equity for the nine months ended June 30, 2020 and 2019.

	Class A Member Units	Additional Paid in Capital	Accumulated Deficit/ Retained Earnings	Treasury Units	Total Member Equity
Balances - September 30, 2019	$ 39,044,595	$ 75,541	$ 21,613,668	$ (159,540)	$ 60,574,264
Net income (loss)	—	—	(1,251,913)	—	(1,251,913)
Balances December 31, 2019	39,044,595	75,541	20,361,755	(159,540)	59,322,351
Distribution	—	—	—	—	—
Net income (loss)	—	—	(3,235,994)	—	(3,235,994)
Balances - March 31, 2020	$ 39,044,595	$ 75,541	$ 17,125,761	$ (159,540)	$ 56,086,357
Net income (loss)			2,204,564		2,204,564
Balances - June 30, 2020	$ 39,044,595	$ 75,541	$ 19,330,325	$ (159,540)	$ 58,290,921

RED TRAIL ENERGY, LLC
NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2020

	Class A Member Units	Additional Paid in Capital	Accumulated Deficit/ Retained Earnings	Treasury Units	Total Member Equity
Balances - September 30, 2018	$ 39,044,595	$ 75,541	$ 25,358,139	$ (159,540)	$ 64,318,735
Net income (loss)	—	—	402,844	—	402,844
Balances - December 31, 2018	39,044,595	75,541	25,760,983	(159,540)	64,721,579
Distribution	—	—	(1,782)	—	(1,782)
Net income (loss)	—	—	(1,423,308)	—	(1,423,308)
Balances - March 31, 2019	$ 39,044,595	$ 75,541	$ 24,335,893	$ (159,540)	$ 63,296,489
Net income (loss)	—	—	817,986	—	817,986
Balances - June 30, 2019	$ 39,044,595	$ 75,541	$ 25,153,879	$ (159,540)	$ 64,114,475

12. SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States has resulted in decreased fuel grade ethanol demand and prices due to travel restrictions which resulted in significantly lower fuel demand. While the disruption is currently expected to be temporary, management anticipates that fuel grade ethanol demand and prices will remain low for the foreseeable future as we continue to face market disruptions. The Company expects this matter to negatively impact its operating results however, the related financial impact and duration cannot be reasonably estimated at this time. The Company has taken steps to mitigate the negative impact of lower fuel grade ethanol demand and price by selling industrial grade ethanol. The Company began selling industrial grade ethanol in April 2020.

On July 13, 2020 the Company received a loan through the Bank of North Dakota Ethanol Recovery Program and Cornerstone Bank for $5.41 million. The maturity date of the Loan is July 13, 2025. The fixed interest rate on June 30, 2020 was 3.75%.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

We prepared the following discussion and analysis to help you better understand our financial condition, changes in our financial condition, and results of operations for the three and nine month periods ended June 30, 2020, compared to the same periods of the prior fiscal year. This discussion should be read in conjunction with the financial statements, notes and information contained in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2019. Unless otherwise stated, references in this report to particular years, quarters, months, or periods refer to our fiscal years ended in September and the associated quarters, months, or periods of those fiscal years.

Forward Looking Statements

This report contains forward-looking statements that involve future events, our future performance and our future operations and actions. In some cases you can identify forward-looking statements by the use of words such as "may," "should," "anticipate," "believe," "expect," "plan," "future," "intend," "could," "estimate," "predict," "hope," "potential," "continue," or the negative of these terms or other similar expressions. These forward-looking statements are only our predictions 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 following factors:

- Reductions in the corn-based ethanol use requirement in the Federal Renewable Fuels Standard;
- Small refinery exemptions from the RFS granted by the EPA;
- Reduced gasoline demand due to the COVID-19 pandemic;
- Lower oil prices which result in lower ethanol prices;
- Negative operating margins which result from lower ethanol prices;
- Lower distillers grains prices which result from the Chinese anti-dumping and countervailing duty tariffs;
- Lower ethanol prices due to the Chinese ethanol tariff and the Brazilian ethanol tariff;
- Logistics difficulties preventing us from delivering our products to our customers;
- Fluctuations in the price and market for ethanol, distillers grains and corn oil;
- Availability and costs of products and raw materials, particularly corn and natural gas;
- Changes in the environmental regulations that apply to our plant operations and our ability to comply with such regulations;
- Ethanol supply exceeding demand and corresponding ethanol price reductions impacting our ability to operate profitably and maintain a positive spread between the selling price of our products and our raw material costs;
- Our ability to generate and maintain sufficient liquidity to fund our operations and meet our necessary capital expenditures;
- Our ability to continue to meet our loan covenants;
- Limitations and restrictions contained in the instruments and agreements governing our indebtedness;
- Results of our hedging transactions and other risk management strategies;
- Changes and advances in ethanol production technology; and
- Competition from alternative fuels and alternative fuel additives.

Overview

Red Trail Energy, LLC, a North Dakota limited liability company (the "Company," "Red Trail," or "we," "our," or "us"), owns and operates a 50 million gallon annual name-plate production ethanol plant near Richardton, North Dakota. Our revenues are derived from the sale and distribution of our ethanol, distillers grains and corn oil primarily in the continental United States. Corn is our largest cost component and our profitability is highly dependent on the spread between the price of corn and the price of ethanol.

On January 22, 2020 we entered into two loans with Cornerstone Bank ("Cornerstone"). We entered into a $10,000,000 revolving line of credit (the "Revolving Loan") and a $7,000,000 construction line of credit (the "Construction Loan") for our carbon dioxide capture and storage project. The details of these loans are described in more detail below in the section entitled "**Capital Resources**."

Results of Operations for the Three Months Ended June 30, 2020 and 2019

The following table shows the results of our operations and the percentages of revenues, cost of goods sold, general and administrative expenses and other items to total revenues in our unaudited statements of operations for the three months ended June 30, 2020 and 2019:

	Three Months Ended June 30, 2020 (Unaudited)		Three Months Ended June 30, 2019 (Unaudited)	
Statement of Operations Data	**Amount**	**%**	**Amount**	**%**
Revenues	$ 22,670,742	100.00	$ 26,302,894	100.00
Cost of Goods Sold	19,220,909	84.78	24,636,313	93.66
Gross Profit	3,449,833	15.22	1,666,581	6.34
General and Administrative Expenses	1,272,698	5.61	891,302	3.39
Operating Income	2,177,135	9.60	775,279	2.95
Other Income, net	27,429	0.12	42,707	0.16
Net Income	$ 2,204,564	9.72	$ 817,986	3.11

The following table shows additional data regarding production and price levels for our primary inputs and products for the three months ended June 30, 2020 and 2019.

	Three Months Ended June 30, 2020 (unaudited)	Three Months Ended June 30, 2019 (unaudited)
Production:		
Ethanol sold (gallons)	11,885,715	15,761,481
Industrial ethanol sold (gallons)	1,094,855	—
Dried distillers grains sold (tons)	22,073	23,797
Modified distillers grains sold (tons)	20,160	27,730
Corn oil sold (pounds)	3,723,500	2,153,040
Revenues:		
Fuel grade ethanol average price per gallon (net of hedging)	$ 1.17	$ 1.32
Industrial ethanol average price per gallon	3.28	—
Dried distillers grains average price per ton	135.76	135.97
Modified distillers grains average price per ton	58.52	56.33
Corn oil average price per pound	0.23	0.23
Primary Inputs:		
Corn ground (bushels)	4,726,840	5,361,333
Natural gas (MMBtu)	319,470	390,031
Costs of Primary Inputs:		
Corn average price per bushel (net of hedging)	$ 2.78	$ 3.79
Natural gas average price per MMBtu (net of hedging)	1.84	2.01
Other Costs (per gallon of ethanol sold):		
Chemical and additive costs	$ 0.081	$ 0.065
Denaturant cost	0.028	0.035
Electricity cost	0.055	0.048
Direct labor cost	0.077	0.065

Revenue

Our revenue was less in the third quarter of our 2020 fiscal year compared to the same period of our 2019 fiscal year primarily due to decreased ethanol and distiller grains sales and lower average ethanol prices, partially offset by increased corn oil sales sales during the 2020 period. During the third quarter of our 2020 fiscal year, approximately 77.3% of our total revenue was derived from ethanol sales, approximately 18.4% was from distillers grains sales and approximately 3.8% was from corn oil sales. During the third quarter of our 2019 fiscal year, approximately 79.3% of our total revenue was derived from ethanol sales, approximately 18.2% was from distillers grains sales and approximately 1.9% was from corn oil sales.

Ethanol

The average price we received for our ethanol was lower during the third quarter of our 2020 fiscal year compared to the third quarter of our 2019 fiscal year. Management attributes the decrease in the price we received for our ethanol during the third quarter of our 2020 fiscal year to decreased gasoline prices which impacted ethanol prices, along with decreased ethanol demand due to travel restrictions from the COVID-19 pandemic which resulted in significantly lower fuel demand. Towards the end of the third quarter of our 2020 fiscal year, gasoline prices and demand rebounded which positively impacted our average ethanol prices. In addition, we sold some of our ethanol as industrial alcohol during the third quarter of our 2020 fiscal year which resulted in higher ethanol sales prices. Management anticipates that ethanol prices will continue to recover during the final quarter of our 2020 fiscal year and into our 2021 fiscal year. However, it is possible that we could again experience decreased gasoline demand if the continuing COVID-19 pandemic impacts gasoline demand in the future. Due to the unpredictable nature of the COVID-19 pandemic, management is not able to anticipate future demand for ethanol based on traditional market forces.

We sold fewer gallons of ethanol during the third quarter of our 2020 fiscal year compared to the third quarter of our 2019 fiscal year due to decreased production at the ethanol plant during the 2020 period. Management attributes this decreased production to market conditions which favored operating the ethanol plant at reduced rates during the third quarter of our 2020 fiscal year. Management anticipates continued volatility and unpredictable demand during the remaining quarter of our 2020 fiscal year and into our 2021 fiscal year as a result of the COVID-19 pandemic. Management believes that if travel restrictions are implemented in the United States and abroad to the level experienced earlier in 2020, it could significantly impact ethanol demand. We anticipate focusing on operating the ethanol plant as efficiently as possible to maximize our ethanol production per bushel of corn used during our 2020 fiscal year.

From time to time we enter into forward sales contracts for our products. At June 30, 2020, we had open ethanol futures contracts for approximately 1.5 million gallons of ethanol with a fair value of approximately $157,000. We had no ethanol futures contracts for the third quarter of our 2019 fiscal year.

Distillers Grains

During the third quarter of our 2020 fiscal year, we sold a larger percentage of our distillers grains in the dried form compared to the same period of 2019 due to market conditions which favored the dried distillers grains. In addition, the total volume of distillers grains we sold was less during the third quarter of our 2020 fiscal year compared to the same period of 2019 due to decreased overall production at the ethanol plant during the third quarter of our 2020 fiscal year along with increased production of corn oil. The corn oil we produce is removed from our distillers grains, so when the total pounds of corn oil we produce is increased, it results in less distillers grains produced for sale. The average price we received for our modified distillers grains was higher during the third quarter of our 2020 fiscal year compared to the third quarter of our 2019 fiscal year due to demand for modified distillers grains. The average price we received for our dried distillers grains were comparable during the third quarter of our 2020 fiscal year compared to the third quarter of our 2019 fiscal year. The price we received for our distillers grains remained strong despite decreases in the price of corn during the same periods. Management believes that this was due to a decreased supply of distillers grains in the market due to decreased ethanol production along with the fact that distillers grains have become an important part of the feed rations for our customers. Management anticipates distillers grains prices will remain steady during the rest of our 2020 fiscal year and into our 2021 fiscal year. Management anticipates relatively consistent distillers grains production going forward provided we can maintain favorable operating margins.

Corn Oil

The total pounds of corn oil we sold was significantly greater during the third quarter of our 2020 fiscal year compared to the third quarter of our 2019 fiscal year due to improved corn oil yields which increased the amount of corn oil we have available to sell. Management anticipates that our corn oil production will remain at current levels for the remaining quarter of our 2020 fiscal year and into our 2021 fiscal year provided market conditions allow us to continue to operate the ethanol plant at capacity. The average price we received for our corn oil during the third quarter of our 2020 fiscal year was comparable to the average price we received during the third quarter of our 2019 fiscal year. Recently, the biodiesel blenders' tax credit was renewed retroactively from January 1, 2018 through December 31, 2022. This extension of the tax credit has created greater certainty in the biodiesel industry which has resulted in increased demand for corn oil which is frequently used as a feedstock to produce biodiesel.

Cost of Goods Sold

Our cost of goods sold is primarily made up of corn and natural gas expenses. Our cost of goods sold was less for the third quarter of our 2020 fiscal year as compared to the third quarter of our 2019 fiscal year due primarily to lower corn and natural gas costs and use during the 2020 period.

Corn Costs

Our cost of goods sold related to corn was less for the third quarter of our 2020 fiscal year compared to the third quarter of our 2019 fiscal year due to lower average corn costs per bushel, without taking derivative instrument positions into account along with decreased bushels of corn used to produce ethanol. For the third quarter of our 2020 fiscal year, we used approximately 11.8% fewer bushels of corn compared to the third quarter of our 2019 fiscal year due to decreased ethanol production during the 2020 period. The average price we paid per bushel of corn, without taking into account our derivative instruments, was approximately 26.6% less for the third quarter of our 2020 fiscal year compared to the third quarter of our 2019 fiscal year due to lower market corn prices during the 2020 period. In addition, during the third quarter of our 2020 fiscal year, we had a realized loss of approximately $271,000 for our corn derivative instruments which increased our cost of goods sold related to corn. For the third quarter of our 2019 fiscal year, we had a realized gain of approximately $3.2 million for our corn derivative instruments which decreased our cost of goods sold related to corn during that period. Management anticipates lower corn prices during the rest of our 2020 fiscal year due to reduced ethanol and feed demand along with strong corn supplies and favorable growing conditions which management expects will result in a large corn crop for 2020.

Natural Gas Costs

We consumed approximately 18.1% fewer MMBtu of natural gas during the third quarter of our 2020 fiscal year compared to the third quarter of our 2019 fiscal year, due to decreased production of dried distillers grains during the 2020 period along with improved efficiency operating the ethanol plant. Our average cost per MMBtu of natural gas was approximately 8.5% less during the third quarter of our 2020 fiscal year compared to the third quarter of our 2019 fiscal year due to plentiful natural gas supply and reduced energy demand during the 2020 period. Management anticipates natural gas supplies and prices will remain favorable during the remaining quarter of our 2020 fiscal year into our 2021 fiscal year. We anticipate ordinary natural gas price premiums during the winter months due to increased natural gas demand for heating purposes.

General and Administrative Expenses

Our general and administrative expenses were greater for the third quarter of our 2020 fiscal year compared to the third quarter of our 2019 fiscal year primarily due to increased labor and consulting costs related to the carbon capture and storage project during the 2020 period.

Other Income/Expense

We had less interest income during the third quarter of our 2020 fiscal year compared to the third quarter of our 2019 fiscal year due to having less cash on hand during our 2020 fiscal year. Our other income was less during the third quarter of our 2020 fiscal year compared to the third quarter of our 2019 fiscal year due to a lower capital account distribution from RPMG.

Results of Operations for the Nine Months Ended June 30, 2020 and 2019

The following table shows the results of our operations and the percentages of revenues, cost of goods sold, general and administrative expenses and other items to total revenues in our unaudited statements of operations for the nine months ended June 30, 2020 and 2019:

	Nine Months Ended June 30, 2020 (Unaudited)		Nine Months Ended June 30, 2019 (Unaudited)	
Statement of Operations Data	**Amount**	**%**	**Amount**	**%**
Revenues	$ 72,649,799	100.00	$ 78,443,830	100.00
Cost of Goods Sold	72,068,241	99.20	76,751,420	97.84
Gross Profit	581,558	0.80	1,692,410	2.16
General and Administrative Expenses	3,096,666	4.26	2,222,067	2.83
Operating Loss	(2,515,108)	(3.46)	(529,657)	(0.68)
Other Income, net	231,765	0.32	327,179	0.42
Net Loss	$ (2,283,343)	(3.14)	$ (202,478)	(0.26)

The following table shows additional data regarding production and price levels for our primary inputs and products for the nine months ended June 30, 2020 and 2019.

	Nine Months Ended June 30, 2020 (unaudited)	Nine Months Ended June 30, 2019 (unaudited)
Production:		
Ethanol sold (gallons)	43,925,605	48,225,293
Industrial ethanol sold (gallons)	1,094,855	—
Dried distillers grains sold (tons)	62,173	71,219
Modified distillers grains sold (tons)	90,723	108,414
Corn oil sold (pounds)	11,512,650	7,707,320
Revenues:		
Fuel grade ethanol average price per gallon (net of hedging)	$ 1.18	$ 1.25
Industrial ethanol average price per gallon	3.28	—
Dried distillers grains average price per ton	134.11	139.85
Modified distillers grains average price per ton	61.38	53.01
Corn oil average price per pound	0.24	0.23
Primary Inputs:		
Corn ground (bushels)	16,020,466	17,312,371
Natural gas (MMBtu)	1,045,796	1,243,916
Costs of Primary Inputs:		
Corn average price per bushel (net of hedging)	$ 3.13	$ 3.42
Natural gas average price per MMBtu (net of hedging)	2.13	2.58
Other Costs (per gallon of ethanol sold):		
Chemical and additive costs	$ 0.077	$ 0.083
Denaturant cost	0.033	0.034
Electricity cost	0.049	0.047
Direct labor cost	0.068	0.062

Revenue

Our revenue was less for the nine months ended June 30, 2020 compared to the same period of our 2019 fiscal year primarily due to decreased sales of our ethanol and distillers grains along with lower prices we received for our ethanol during the 2020 period. During the nine months ended June 30, 2020, approximately 76.6% of our total revenue was derived from ethanol sales, approximately 19.1% was from distillers grains sales and approximately 3.8% was from corn oil sales. During the nine months ended June 30, 2019, approximately 77.1% of our total revenue was derived from ethanol sales, approximately 20.0% was from distillers grains sales and approximately 2.3% was from corn oil sales.

Ethanol

The average price we received for our ethanol was less during the nine months ended June 30, 2020 compared to the nine months ended June 30, 2019 due to lower gasoline prices and decreased ethanol demand. In addition, we sold fewer gallons of ethanol during the nine months ended June 30, 2020 compared to the nine months ended June 30, 2019 due to decreased production during the 2020 period. Management attributes this decreased production to slower production rates during the beginning of our 2020 fiscal year due to lower new crop corn availability from our producers along with decreased ethanol demand due to the COVID-19 pandemic.

For the nine months ended June 30, 2020 we had a realized gain of approximately $259,000 for our ethanol derivative instruments. We had no gain or loss on ethanol derivative instruments during the nine months ended June 30, 2019.

Distillers Grains

We produced fewer total tons of distillers grains during the nine months ended June 30, 2020 compared to the nine months ended June 30, 2019 due to decreased overall production at the ethanol plant along with increased corn oil production during the 2020 period, which reduces the amount of distillers grains we have to sell. The average price we received for our dried distillers grains was lower during the nine months ended June 30, 2020 compared to the nine months ended June 30, 2019 due to weaker export demand and lower corn prices. The average price we received for our modified distillers grains during the nine months ended June 30, 2020 was greater compared to the nine months ended June 30, 2019 due to stronger local demand for modified distillers grains.

Corn Oil

The total pounds of corn oil we sold was significantly greater during the nine months ended June 30, 2020 compared to the nine months ended June 30, 2019 due to improved corn oil yields which increased the amount of corn oil we have available to sell. The average price we received for our corn oil during the nine months ended June 30, 2020 was approximately 4.3% greater compared to the nine months ended June 30, 2019 due to increased biodiesel demand.

Cost of Goods Sold

Our cost of goods sold is primarily made up of corn and natural gas expenses. Our cost of goods sold was less for the nine months ended June 30, 2020 compared to the nine months ended June 30, 2019 due primarily to decreased corn and natural gas costs during the 2020 period.

Corn Costs

Our cost of goods sold related to corn was less for the nine months ended June 30, 2020 compared to the nine months ended June 30, 2019 due to using less corn during the 2020 period, partially offset by greater corn costs per bushel, without taking derivative instrument positions into account. We also had an adjustment to our cost of goods sold based on forward purchase contracts we had in place during the 2020 period and an adjustment of the value of our corn inventory based on current market conditions which were greater compared to the 2019 period. These adjustments increased our cost of goods sold for the 2020 period. For the nine months ended June 30, 2020, we used approximately 7.5% fewer bushels of corn compared to the nine months ended June 30, 2019 due to decreased production at the plant. The average price we paid per bushel of corn, without taking into account our derivative instruments, was approximately 8.5% less for the nine months ended June 30, 2020 compared to the nine months ended June 30, 2019 due to lower market corn prices and demand during the 2020 period. In addition, during the nine months ended June 30, 2020, we had a realized loss of approximately $539,000 for our corn derivative instruments which increased our cost of goods sold related to corn. For the nine months ended June 30, 2019, we had a realized gain of approximately $4,100,000 for our corn derivative instruments which decreased our cost of goods sold related to corn. We had a lower of cost or net realizable value adjustment of approximately $241,000 which increased our cost of goods sold during the 2020 period along with a loss on our firm purchase commitments of $100,000 which also increased our cost of goods sold during the 2020 period. During the nine months ended June 30, 2019, we had a lower of cost or net realizable value adjustment of approximately $74,000 which increased our cost of goods sold during the 2019 period along with a loss on our firm purchase commitments of $92,000 which also increased our cost of goods sold during the 2019 period.

Natural Gas Costs

We consumed approximately 15.9% less MMBtu of natural gas during the nine months ended June 30, 2020 compared to the nine months ended June 30, 2019, due to decreased production during the 2020 period. Our average cost per MMBtu of natural gas was approximately 17.4% less during the nine months ended June 30, 2020 compared to the nine months ended June 30, 2019 due to plentiful natural gas supply and lower energy prices during the 2020 period.

General and Administrative Expenses

Our general and administrative expenses were greater for the nine months ended June 30, 2020 compared to the nine months ended June 30, 2019 due to increased labor and consulting costs related to the carbon capture and storage project during the 2020 period.

Other Income/Expense

We had more interest income during the nine months ended June 30, 2020 compared to the nine months ended June 30, 2019 due to having more cash on hand during our 2020 fiscal year. We also had less other income during the nine months ended June 30, 2020 compared to the nine months ended June 30, 2019 due to a lower capital account distribution from RPMG.

Changes in Financial Condition for the Nine Months Ended June 30, 2020

Current Assets. We had less cash and equivalents at June 30, 2020 compared to September 30, 2019 primarily due to decreased profitability during the 2020 period. We had less restricted cash at June 30, 2020 compared to September 30, 2019 because we had less cash in our margin account associated with our hedging transactions. Due to the timing of payments from our marketers and the decrease in market price of our products, we had less accounts receivable at June 30, 2020 compared to September 30, 2019. We had more inventory on hand at June 30, 2020 compared to September 30, 2019 due primarily to having more corn inventory at June 30, 2020 along with increased finished goods inventory. Our prepaid expenses were greater at June 30, 2020 compared to September 30, 2019 due to a deposit to hold our natural gas contracts.

Property, Plant and Equipment. The value of our property, plant and equipment was greater at June 30, 2020 compared to September 30, 2019 due to construction of our carbon capture project partially offset by regular depreciation of our assets during our first nine months of 2020.

Other Assets. Our other assets were greater at June 30, 2020 compared to September 30, 2019 due to an accounting standard change which we implemented which requires us to account for leases differently from past periods. As a result, we had a right of use asset related to our operating leases of approximately $1.1 million.

Current Liabilities. Our accounts payable were lower at June 30, 2020 compared to September 30, 2019 due to having fewer deferred corn payments at June 30, 2020. Our accrued expenses were higher at June 30, 2020 compared to September 30, 2019 due to deferred payments for corn deliveries at June 30, 2020 compared to September 30, 2019. Our current liabilities were higher by approximately $878,000 due to amounts outstanding on our Paycheck Protection Plan loan. We included the current portion of our operating leases as a current liability at June 30, 2020 due to the new lease accounting standard we implemented.

Long-Term Liabilities. We had a long-term liability for our operating leases at June 30, 2020 due to the new lease accounting standard we implemented.

Liquidity and Capital Resources

Based on financial forecasts performed by our management, we anticipate that we will have sufficient cash from our current credit facilities and cash from our operations to continue to operate the ethanol plant for the next 12 months. Should we experience unfavorable operating conditions in the future, we may have to secure additional debt or equity sources for working capital or other purposes.

The following table shows cash flows for the nine months ended June 30, 2020 and 2019:

	June 30, 2020 (unaudited)		June 30, 2019 (unaudited)	
Net cash provided by (used in) operating activities	$	4,339,162	$	(89,354)
Net cash (used in) investing activities		(6,054,112)		(568,856)
Net cash provided by (used in) financing activities		870,014		(3,758)
Net (decrease) in cash	$	(844,936)	$	(661,968)
Cash, cash equivalents and restricted cash, end of period	$	9,677,133	$	10,211,371

Cash Flow from Operations

Our operations provided more cash during the nine months ended June 30, 2020 compared to the same period of our 2019 fiscal year due to the net effect of lower net income during the 2020 period offset by increased accrued expenses due to deferred corn payments during the 2020 period.

Cash Flow From Investing Activities

We used more cash for capital expenditures during the nine months ended June 30, 2020 compared to the same period of our 2019 fiscal year. During the 2020 period, our primary capital expenditures were for our carbon capture and storage project research.

Cash Flow from Financing Activities

Our financing activities provided more cash during the nine months ended June 30, 2020 due to proceeds we received from the Paycheck Protection Program.

Our liquidity, results of operations and financial performance will be impacted by many variables, including the market price for commodities such as, but not limited to, corn, ethanol and other energy commodities, as well as the market price for any co-products generated by the facility and the cost of labor and other operating costs. Assuming future relative price levels for corn, ethanol and distillers grains remain consistent, we expect operations to generate adequate cash flows to maintain operations.

Capital Expenditures

The Company had approximately $6.5 million in construction in progress as of June 30, 2020 primarily relating to the carbon capture and storage project research.

Capital Resources

Revolving Loan

On January 22, 2020, we entered into a new $10 million revolving loan (the "Revolving Loan") with Cornerstone Bank ("Cornerstone"). Interest accrues on any outstanding balance on the Revolving Loan at a rate of 1.2% less than the prime rate as published by the Wall Street Journal, adjusted monthly. The Revolving Loan has a minimum interest rate of 3.0%. The maturity date of the Revolving Loan is January 21, 2021. The Revolving Loan is secured by a lien on all of our assets. At June 30, 2020, we had $10 million available on the Revolving Loan. The variable interest rate on June 30, 2020 was 3.00%.

Construction Loan

On January 22, 2020, we entered into a new $7 million construction loan (the "Construction Loan") with Cornerstone to finance our carbon capture and storage project. Interest accrues on any outstanding balance on the Construction Loan at a rate of 1.2% less than the prime rate as published by the Wall Street Journal, adjusted monthly. The maturity date of the Construction Loan is June 1, 2021. The Construction Loan is secured by a lien on all of our assets. At June 30, 2020, we had $7 million available on the Construction Loan. The variable interest rate on June 30, 2020 was 2.05%.

Paycheck Protection Program Loan

On April 16, 2020, we entered into a new $873,400 Paycheck Protection Program Loan (the "PPP Loan') with Cornerstone Bank. Interest accrues on any outstanding balance on the PPP Loan at a rate of 1.0%. The maturity date of the PPP Loan is April 16, 2022. Under the terms of the loan, the Company may apply for forgiveness for all or a portion of the loan as designated under the PPP regulations. While we may apply for forgiveness of the PPP Loan in accordance with the requirements and limitations under the CARES Act and the SBA regulations and requirements, no assurance can be given that any portion of the PPP Loan will be forgiven. The Company intends to use the entire PPP Loan amount for qualifying expenses and must apply for forgiveness by October 31, 2020.

Significant Accounting Policies and Estimates

We describe our significant accounting policies in Note 1, *Summary of Significant Accounting Policies*, of the Notes to Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2019. We discuss our critical accounting estimates in Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, in our Annual Report on Form 10-K for the fiscal year ended September 30, 2019. There has been no significant change in our critical accounting estimates since the end of our 2019 fiscal year. Effective October 1, 2019 the Company adopted ASU No. 2016-02 using the modified retrospective approach (see note 7). Effective October 1, 2018, the Company has adopted ASC 606 using the modified retrospective approach for all of its contracts (see note 2). The Company also retrospectively adopted ASU No. 2016-18 on October 1, 2018.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to the impact of market fluctuations associated with commodity prices as discussed below. 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 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 pursuant to the requirements of Generally Accepted Accounting Principles ("GAAP").

Commodity Price Risk

We expect to be 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 and the sale of ethanol.

We enter into fixed price contracts for corn purchases on a regular basis. It is our intent that, as we enter into these contracts, we will use various hedging instruments (puts, calls and futures) to maintain a near even market position. For example, if we have 1 million bushels of corn under fixed price contracts we would generally expect to enter into a short hedge position to offset our price risk relative to those bushels we have under fixed price contracts. Because our ethanol marketing company (RPMG) is selling substantially all of the gallons it markets on a spot basis we also include the corn bushel equivalent of the ethanol we have produced that is inventory but not yet priced as bushels that need to be hedged.

Although we believe our hedge positions will accomplish an economic hedge against our future purchases, they are not designated as hedges for accounting purposes, which would match the gain or loss on our hedge positions to the specific commodity purchase being hedged. We use fair value accounting for our hedge positions, which means as the current market price of our hedge positions changes, the gains and losses are immediately recognized in our cost of sales. The immediate recognition of hedging gains and losses under fair value accounting can cause net income to be volatile from quarter to quarter and year to year due to the timing of the change in value of derivative instruments relative to the cost of the commodity being hedged. However, it is likely that commodity cash prices will have the greatest impact on the derivatives instruments with delivery dates nearest the current cash price.

As of June 30, 2020, we had fixed corn purchase contracts for approximately 650,000 bushels of corn and we had corn futures and option contracts for approximately 600,000 bushels of corn. As of June 30, 2020 we had an unrealized loss of approximately $127,000 related to our corn futures and option contracts.

It is the current position of our ethanol marketing company, RPMG, that under current market conditions, selling ethanol in the spot market will yield the best price for our ethanol. RPMG will, from time to time, contract a portion of the gallons they market with fixed price contracts. At June 30, 2020, we had fixed ethanol sales contracts for 1,470,000 gallons. We had an unrealized gain of approximately $157,000.

We estimate that our corn usage will be between 21 million and 23 million bushels per calendar year for the production of approximately 59 million to 64 million gallons of ethanol. As corn prices move in reaction to market trends and information, our income statement will be affected depending on the impact such market movements have on the value of our derivative instruments.

A sensitivity analysis has been prepared to estimate our exposure to corn, natural gas and ethanol price risk. Market risk related to our corn, natural gas and ethanol prices 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, and our average ethanol sales price as of June 30, 2020, net of the forward and future contracts used to hedge our market risk for corn, natural gas and ethanol. The volumes are based on our expected use and sale of these commodities for a one year period from June 30, 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
Ethanol	63,900,000	Gallons	10%	$ (8,740,000)
Corn	22,821,000	Bushels	10%	$ (5,520,000)
Natural gas	1,664,000	MMBtu	10%	$ (262,000)

Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit pursuant to the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosures.

Our management, including our President and Chief Executive Officer (the principal executive officer), Gerald Bachmeier, along with our Chief Financial Officer, (the principal financial officer), Jodi Johnson, have reviewed and evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2020. Based on this review and evaluation, these officers believe that our disclosure controls and procedures are effective in ensuring that material information related to us is recorded, processed, summarized and reported within the time periods required by the forms and rules of the Securities and Exchange Commission.

For the fiscal quarter ended June 30, 2020, there has been no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time in the ordinary course of business, we may be named as a defendant in legal proceedings related to various issues, including without limitation, workers' compensation claims, tort claims, or contractual disputes. We are not currently involved in any material legal proceedings.

Item 1A. Risk Factors

The following risk factors are provided due to material changes from the risk factors previously disclosed in our annual report on Form 10-K for the fiscal year ended September 30, 2019. The risk factors set forth below should be read in conjunction with the risk factors section and the Management's Discussion and Analysis section included in our annual report on Form 10-K for the fiscal year ended September 30, 2019.

We are subject to global and regional economic downturns and related risks.

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 the United States. For example, in December 2019, a novel strain of coronavirus surfaced in Wuhan, China ("COVID-19"). In just a few months, the spread of COVID-19 has resulted in businesses suspending or terminating global operations and travel, self-imposed or government-mandated quarantines, and an overall slowdown of economic activity in some areas. Cases have been confirmed worldwide. To the extent that such economic conditions negatively impact consumer and business confidence, travel and consumption patterns or volumes for our products, our business and results of operations could be significantly and adversely affected.

COVID-19 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. In addition, if our suppliers cannot deliver the supplies we need to operate our business, including corn and chemicals for our operations, we may be forced to shutdown operations or reduce production. In addition, if we are unable to ship our products because of trucking or rail shipping disruptions, it could also result in a forced shutdown or reduction of production. If we are unable to operate the ethanol plant at capacity, it may result in unfavorable operating results, especially since we will continue to pay our fixed costs of maintaining the facility. Any shutdown or reduction of production, especially for an extended period of time, could reduce or eliminate the value of our units.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information

None.

Item 6. Exhibits.

(a) The following exhibits are filed as part of this report.

Exhibit No.	Exhibits
31.1	Certificate Pursuant to 17 CFR 240.13a-14(a)*
31.2	Certificate Pursuant to 17 CFR 240.13a-14(a)*
32.1	Certificate Pursuant to 18 U.S.C. Section 1350*
32.2	Certificate Pursuant to 18 U.S.C. Section 1350*
101	The following financial information from Red Trail Energy, LLC's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Balance Sheets as of June 30, 2020 and September 30, 2019, (ii) Statements of Operations for the three and nine months ended June 30, 2020 and 2019, (iii) Statements of Cash Flows for the three and nine months ended June 30, 2020 and 2019, and (iv) the Notes to Unaudited Condensed Financial Statements.**

(*) Filed herewith.
(**) Furnished herewith.

SIGNATURES

Pursuant to the requirements 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.

RED TRAIL ENERGY, LLC

Date:	August 14, 2020	/s/ Gerald Bachmeier
		Gerald Bachmeier
		President and Chief Executive Officer
		(Principal Executive Officer)
Date:	August 14, 2020	/s/ Jodi Johnson
		Jodi Johnson
		Chief Financial Officer
		(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report on Form 10-Q of Red Trail Energy, LLC (the "Company") for the fiscal quarter ended June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gerald Bachmeier, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated:	August 14, 2020	/s/ Gerald Bachmeier
		Gerald Bachmeier
		Chief Executive Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of Red Trail Energy, LLC (the "Company") for the fiscal quarter ended June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jodi Johnson, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated:	August 14, 2020	/s/ Jodi Johnson
		Jodi Johnson
		Chief Financial Officer

CERTIFICATION PURSUANT TO 17 CFR 240.15(d)-14(a)
(SECTION 302 CERTIFICATION)

I, Gerald Bachmeier, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Red Trail Energy, LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant, as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2020

/s/ Gerald Bachmeier
Gerald Bachmeier
Chief Executive Officer

CERTIFICATION PURSUANT TO 17 CFR 240.15(d)-14(a)
(SECTION 302 CERTIFICATION)

I, Jodi Johnson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Red Trail Energy, LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant, as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2020

/s/ Jodi Johnson

Jodi Johnson
Chief Financial Officer