

Audit Committee Charter

Non-SEC Regulated Charter

Organization

The Audit Committee of the Board of Directors shall be comprised of at least three directors, consisting entirely of “independent” members of the Board, with one exception. A member's sale of sugarbeets to the company and the receipt of sale proceeds from the Company in connection with these sales, while it may preclude a member from being termed “independent” as defined below, it shall not disqualify a member from serving on the Audit Committee. Members of the Audit Committee shall be members of the Board of Directors and should include Directors with financial or accounting backgrounds if available. The Treasurer of the Board of Directors shall be designated the Audit Committee Chair. All Committee members serve on a year-to-year basis and are appointed by the Board of Directors. The Audit Committee Chair and the Chief Financial Officer will establish the meeting agenda, in accordance with this Charter. The Chief Financial Officer or Controller of the Cooperative will record Committee activities.

Statement of Policy

The Audit Committee shall provide assistance to the directors in fulfilling their responsibility to the shareholders relating to corporate accounting and reporting practices of the Cooperative; the quality and integrity of financial reports of the Cooperative; the financial reporting process; the systems of internal accounting and financial controls; the performance of the Cooperative's independent auditors; the independent auditor's qualifications and independence; and the Cooperative's compliance with ethics policies and legal and regulatory requirements. In so doing, it is the responsibility of the Audit Committee to maintain free and open communication between the directors, the independent auditors and management of the Cooperative.

Responsibilities

In carrying out its responsibilities, the Audit Committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and to ensure to the directors and shareholders that the corporate accounting and reporting practices of the Cooperative are in accordance with all requirements and are of the highest quality. In carrying out these responsibilities, the Audit Committee will strive to:

Audit Committee Charter Points

REVISED NUMBER	Charter Point	March	October
GENERAL			
1.	Obtain the full Board of Directors' approval of this charter & review and reassess this Charter as conditions dictate (at least annually).	•	
2.	The Audit Committee delegates authority to Management to engage in and compensate up to \$10,000 of non-attest services with a third party per fiscal year. This would include, for example, analysis and review fees for non-audit related activities for special projects pertaining to taxes, regulatory or business case analysis costs. Management will report and detail all expenditures covered under this motion on a quarterly basis. [motion required by Audit Committee]	•	•
3.	Have the authority to create policies and procedures, as it deems necessary or appropriate.	•	•
4.	Submit the minutes of all meetings of the Audit Committee to, or review the matters discussed at each Audit Committee meeting with, the Board of Directors.	•	•
OVERSIGHT OF INDEPENDENT AUDITORS			
5.	Oversee the appointment, engagement, compensation, retention and/or replacement of the independent auditors to attest to the financial statements of the Cooperative and its subsidiaries.	•	
6.	Discuss Fiscal-Year-End audit planning with independent auditors.	•	
7.	Approve all attest services to be performed by the independent auditor.	•	
8.	Ensure that the independent auditor is not engaged to perform non-audit services, including: Bookkeeping and other services related to the Cooperative's accounting records or financial statements; Financial information systems design and implementation; Appraisal or valuation services, fairness opinions and contribution-in-kind reports; Actuarial services; Internal audit outsourcing services; Management functions and human resources;	•	
9.	Have the authority to retain and compensate outside advisors without seeking Board approval.	•	•

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10.	Adopt and implement policies to govern approval of services to be performed by the independent auditor. The committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any Audit Committee member to whom pre-approval authority is delegated shall be presented to the full Audit Committee at its next scheduled meeting.	•	
11.	Have a clear understanding with the independent auditors that they are ultimately accountable to the Board of Directors and the Audit Committee. The Board of Directors and the Audit Committee serve as the shareholders' representatives, who have the ultimate authority in deciding to engage, evaluate and if appropriate, terminate their services.	•	
12.	On an annual basis, obtain from the independent auditors a written communication delineating all their relationships and professional services as required by AU Section 150.02. . The auditor must maintain independence in mental attitude in all matters relating to the audit.	•	
13.	Provide sufficient opportunity for the independent auditors to meet with the members of the Audit Committee without members of Management present. The Cooperative's legal counsel shall hold separate minutes of these discussions.	•	•
14.	Have the authority to conduct Audit Committee Meetings via telephonic conference if deemed necessary.	•	•
15.	Discuss with the CFO and the independent auditor the matters required to be discussed by AU-Section 380, Communication with Audit Committees.		•
INTERNAL CONTROLS			
16.	Obtain the annual certification by the CEO and CFO that they have disclosed to the auditors and the Audit Committee all significant deficiencies and material weaknesses in the design or operation of internal controls, and any fraud, whether or not material, that involves Management or other employees who have a significant role in the Cooperative's internal controls.		•
17.	Review Management's assertion on its assessment of the effectiveness of internal controls as of the end of the most recent fiscal year and the independent auditors' report on Management's assertion.		•

18.	Receive, on a quarterly and annual basis, if so required, any disclosures by Management, as provided by the Disclosure Committee Report regarding: All significant deficiencies in the design or operation of internal controls that could adversely affect the Cooperative's ability to accurately record, process, summarize and report financial data; and Any fraud, whether or not material, that involves Management or other	•	•
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19.	Discuss significant accounting estimates and new developments in accounting and financial standards with the Cooperative's Management and independent auditors on an annual basis.	•	•
20.	Review quarterly the code of ethics for the Cooperative's senior financial officers, determine their adherence to the same and discuss current ethics related subjects.	•	
21.	Establish/review procedures for Whistle-blower Policy:	•	
22.	Review Whistle-blower Policy and reports on a quarterly basis. Receipt, retention and treatment of complaints received by the Cooperative regarding accounting controls or auditing matters; and The confidential, anonymous submission by employees of the Cooperative of concerns regarding questionable accounting or auditing matters.	•	•
23.	Investigate any matter brought to its attention within the scope of its duties, with the power to retain outside counsel for this purpose if, in its judgment, that is appropriate.	•	•
24.	Review reports received from regulators and other legal and regulatory matters that may have a material effect on the financial statements or related Cooperative compliance policies. Conduct an annual review with the Cooperative's General Counsel on legal matters that may have a material impact on the financial statements and obtain comments from General Counsel in such matters.	•	•
25.	Receive the Cooperative attorneys' reports of evidence of a material violation of securities laws or breaches of fiduciary duty.	•	•
26.	Inquire of Management and the independent auditors about significant financial risks or exposures and assess the steps Management has taken to minimize such risks to the Cooperative.	•	•
FINANCIAL STATEMENT MATTERS			
27.	Review the interim financial statements with Management and independent auditors, as necessary.	•	•

28.	Review with financial Management and the independent auditors the results of their timely analysis of significant financial reporting issues and practices, including changes in, or adoptions of, accounting principles and disclosure practices, off-balance sheet structures and discuss any other matters required to be communicated to the Audit Committee by	•	•
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29.	Report the results of the annual audit to the Board of Directors. If requested by the Board, invite the independent auditors to attend the full Board of Directors meeting to assist in reporting the results of the annual audit or to answer other directors' questions (alternatively, the other directors may be invited to attend the Audit Committee meeting during which the results of the annual audit are reviewed).		•
30.	Review the report of the Audit Committee in the annual report to shareholders disclosing whether or not the Audit Committee had reviewed and discussed with Management and the independent auditors, as well as discussed within the Audit Committee (without Management or the independent auditors present), the financial statements and the quality of accounting principles and significant judgments affecting the financial statements.		•
31.	Review an analysis prepared by Management (the Management Representation Letter) and the independent auditor of significant financial reporting issues and judgments made in connection with the preparation of the Cooperative's financial statements, including an analysis of the effect of alternative GAAP methods on the Cooperative's financial statements and a description of any transactions as to which Management obtained AU-Section 625, Reports on the Application of Accounting Principles.		•
32.	Review and evaluate any related party transactions and make appropriate recommendations to the Board of Directors.	•	•
33.	Review and discuss on a quarterly basis the Disclosure Committee Report.	•	•

The Audit Committee has oversight responsibilities and powers set forth in this charter. It is not the duty of the Audit Committee to plan or conduct audits or to determine that the Cooperative's financial statements are complete and accurate, in compliance with laws and regulations, and are in accordance with Generally Accepted Accounting Principles ("GAAP"). Those are the responsibilities of Management and the independent auditor.

Audit Committee Chairman

Date