OMB NO. 2502-0265

A.
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT

SETTLEMENT STATEMENT

B. TY OF LOAN:
1. [ ] FHA 2. [ ] FmHA 3. [X] CONV. UNINS. 4. [ ] VA 5. [ ] CONV. INS.

6. FILE NUMBER: 13-25403
7. LOAN NUMBER:
8. MORTGAGE INS CASE NUMBER:

C. NOTE: *This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "[POC]" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.*

D. NAME AND ADDRESS OF BORROWER:
Anastasia Talsma
2574 CR 211
Hico, Texas 76457

E. NAME AND ADDRESS OF SELLER:
Klaas Talsma
2574 CR 211
Hico, Texas 76457

F. NAME AND ADDRESS OF LENDER:
AgTexas, PCA
1197 South Loop
Stephenville, TX 76401

G. PROPERTY LOCATION:
Tarrant County
Lot 1R, Block 20, Ellis MG
Addition, Tarrant County,
Texas

H. SETTLEMENT AGENT: 75-2802334
King Abstract Company

PLACE OF SETTLEMENT
159 S. Graham St.
Stephenville, Texas 76401

I. SETTLEMENT DATE:
June 6, 2013

J. SUMMARY OF BORROWER'S TRANSACTION

100. GROSS AMOUNT DUE FROM BORROWER:	
101. Contract Sales Price	480,000.00
102. Personal Property	
103. Settlement Charges to Borrower (Line 1400)	7,396.00
104.	
105.	
Adjustments For Items Paid By Seller in advance	
106. All Taxes to	
107. County Taxes to	
108. Assessments to	
109.	
110.	
111.	
112.	
120. GROSS AMOUNT DUE FROM BORROWER	487,396.00
200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER:	
201. Deposit or earnest money	
202. Principal Amount of New Loan(s)	251,000.00
203. Existing loan(s) taken subject to	
204.	
205.	
206.	
207.	
208. Purchase Money Note	229,673.97
209.	
Adjustments For Items Unpaid By Seller	
210. All Taxes 01/01/13 to 06/07/13	6,722.03
211. County Taxes to	
212. Assessments to	
213.	
214.	
215.	
216.	
217.	
218.	
219.	
220. TOTAL PAID BY/FOR BORROWER	487,396.00
300. CASH AT SETTLEMENT FROM/TO BORROWER:	
301. Gross Amount Due From Borrower (Line 120)	487,396.00
302. Less Amount Paid By/For Borrower (Line 220)	(487,396.00)
303. CASH (FROM) (TO) BORROWER	0.00

K. SUMMARY OF SELLER'S TRANSACTION

400. GROSS AMOUNT DUE TO SELLER:	
401. Contract Sales Price	480,000.00
402. Personal Property	
403.	
404.	
405.	
Adjustments For Items Paid By Seller In advance	
406. All Taxes to	
407. County Taxes to	
408. Assessments to	
409.	
410.	
411.	
412.	
420. GROSS AMOUNT DUE TO SELLER	480,000.00
500. REDUCTIONS IN AMOUNT DUE TO SELLER:	
501. Excess Deposit (See Instructions)	
502. Settlement Charges to Seller (Line 1400)	3,610.20
503. Existing loan(s) taken subject to	
504. Payoff First Mortgage to Wells Fargo Bank/01442120	250,000.00
505. Payoff Second Mortgage	
506.	
507.	
508. Purchase Money Note	229,673.97
509.	
Adjustments For Items Unpaid By Seller	
510. All Taxes 01/01/13 to 06/07/13	6,722.03
511. County Taxes to	
512. Assessments to	
513.	
514.	
515.	
516.	
517.	
518.	
519.	
520. TOTAL REDUCTION AMOUNT DUE SELLER	490,006.20
600. CASH AT SETTLEMENT TO/FROM SELLER:	
601. Gross Amount Due To Seller (Line 420)	480,000.00
602. Less Reductions Due Seller (Line 520)	(490,006.20)
603. CASH (TO) (X FROM) SELLER	10,006.20

The undersigned hereby acknowledge receipt of a completed copy of pages 1&2 of this statement & any attachments referred to herein.

Borrower
Anastasia Talsma

Seller
Klaas Talsma

L. SETTLEMENT CHARGES

	PAID FROM BORROWER'S FUNDS AT SETTLEMENT	PAID FROM SELLER'S FUNDS AT SETTLEMENT
700. TOTAL COMMISSION Based on Price $ @ %		
Division of Commission (line 700) as Follows:		
701. $ to		
702. $ to		
703. Commission Paid at Settlement		
704. to		
800. ITEMS PAYABLE IN CONNECTION WITH LOAN		
801. Loan Origination Fee 0.3984 % to AgTexas, PCA	1,000.00	
802. Loan Discount % to		
803. Appraisal Fee to AgTexas, PCA	4,500.00	
804. Credit Report to		
805. Flood Determination Fee to AgTexas, PCA	15.00	
806. Mortgage Ins. App. Fee to		
807. Assumption Fee to		
808. Stock Purchase to AgTexas, PCA	1,000.00	
809. Document Preparation to AgTexas, PCA	175.00	
810.		
811.		
900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE		
901. Interest From 06/06/13 to 07/01/13 @ $ /day (25 days %)		
902. Mortgage Insurance Premium for months to		
903. Hazard Insurance Premium for years to		
904.		
905.		
1000. RESERVES DEPOSITED WITH LENDER		
1001. Hazard Insurance months @ $ per month		
1002. Mortgage Insurance months @ $ per month		
1003. All Taxes months @ $ per month		
1004. County Taxes months @ $ per month		
1005. Assessments months @ $ per month		
1006. months @ $ per month		
1007. months @ $ per month		
1008. months @ $ per month		
1100. TITLE CHARGES		
1101. Settlement or Closing Fee to		
1102. Abstract or Title Search to		
1103. Title Examination to		
1104. Title Insurance Binder to		
1105. Document Preparation to Oxford Law Office	350.00	275.00
1106. Overnight Delivery Fees to Rattikin Title Company		15.46
1107. Guaranty Policy Fee to King Abstract Company	2.00	2.00
(includes above item numbers:)		
1108. Title Insurance to King Abstract Company	100.00	2,980.00
(includes above item numbers:)		
1109. Lender's Coverage $ 251,000.00 100.00		
1110. Owner's Coverage $ 480,000.00 2,980.00		
1111. Escrow Fee to King Abstract Company	150.00	150.00
1112. Tax Certificate to Rattikin Title Company		92.74
1113. Wire Fee to First Financial Bank		15.00
1200. GOVERNMENT RECORDING AND TRANSFER CHARGES		
1201. Recording Fees: Deed $ 20.00; Mortgage $ 84.00; Releases $ 40.00	104.00	40.00
1202. City/County Tax/Stamps: Deed ; Mortgage		
1203. State Tax/Stamps: Deed ; Mortgage		
1204. Recording of HS and AFF to Tarrant County Clerk		40.00
1205.		
1300. ADDITIONAL SETTLEMENT CHARGES		
1301. Survey to		
1302. Pest Inspection to		
1303.		
1304.		
1305.		
1400. TOTAL SETTLEMENT CHARGES (Enter on Lines 103, Section J and 502, Section K)	7,396.00	3,610.20

By signing page 1 of this statement, the signatories acknowledge receipt of a completed copy of page 2 of this two page statement.

Amy Hunter

King Abstract Company
Settlement Agent

ACKNOWLEDGMENT OF RECEIPT OF SETTLEMENT STATEMENT

Borrower: Anastasia Talsma
Seller: Klaas Talsma
Lender: AgTexas, PCA
Settlement Agent: King Abstract Company
(254)965-5095
Place of Settlement: 159 S. Graham St.
Stephenville, Texas 76401
Settlement Date: June 6, 2013
Property Location:
Tarrant County
Lot 1R, Block 20, Ellis MG
Addition, Tarrant County,
Texas

I have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the HUD-1 Settlement Statement.

Anastasia Talsma

Klaas Talsma

WARNING: It is a crime to knowingly make false statements to the United States on this or any similar form. Penalties upon conviction can include a fine and imprisonment. For details see: Title 18 U.S. Code Section 1001 and Section 1010.

REAL ESTATE LIEN NOTE

GF# 13-C-25403

DATE: June 6, 2013

MAKER: Anastasia Talsma

MAKER'S MAILING ADDRESS: 2574 CR 211, Hico, Texas 76457

PAYEE: Klaas Talsma

PLACE FOR PAYMENT: 1197 South Loop, Stephenville, TX 76401

PRINCIPAL AMOUNT: Two Hundred Twenty Nine Thousand Six Hundred Seventy Three and 97/100 Dollars ($229,673.97)

ANNUAL INTEREST RATE ON UNPAID PRINCIPAL FROM DATE: 5.0 % per annum

ANNUAL INTEREST RATE ON MATURED, UNPAID AMOUNTS: 18.0% per annum

TERMS OF PAYMENT:

Interest only in the amount of $956.97 is due and payable monthly as it accrues on the 6th day of each month beginning July 6, 2013 until June 6, 2014, thereafter this note is due and payable in monthly installments of $3,500.00, or more each, beginning June 6, 2014 and continuing regularly until June 6, 2019, at that time the entire amount of principal and interest remaining unpaid will be payable. Interest will be calculated on the unpaid principal to the date of each installment paid. Payments will be credited first to the accrued interest and then to reduction of principal. Maker may prepay this note in any amount at any time before maturity without penalty. Partial prepayments shall be credited to principal, and installments shall continue as scheduled.

THIS LOAN IS PAYABLE IN FULL AT THE END OF SIX (6) YEARS AT MATURITY, YOU MUST REPAY THE ENTIRE PRINCIPAL BALANCE OF THE LOAN AND THE UNPAID INTEREST THEN DUE. THE LENDER IS UNDER NO OBLIGATION TO REFINANCE THE LOAN AT THAT TIME. YOU WILL THEREFORE BE REQUIRED TO MAKE PAYMENT OUT OF OTHER ASSETS YOU MAY OWN, OR YOU WILL HAVE TO FIND A LENDER WILLING TO LEND YOU THE MONEY AT PREVAILING MARKET RATES, WHICH MAY BE CONSIDERABLY HIGHER THAN THE INTEREST RATE ON THIS LOAN.

SECURITY FOR PAYMENT: A Deed of Trust executed by the Makers hereof upon the hereinafter described real property to William H. Oxford, Trustee, to-wit:

Lot 1 R, Block 20, M.G. ELLIS ADDITION, an Addition to the City of Fort Worth, Tarrant County, Texas, according to plat recorded in Cabinet A, Slide 12441, Deed Records of Tarrant County, Texas.

Maker promises to pay to the order of Payee at the place for payment and according to the terms of payment the principal amount plus interest at the rates stated above. All unpaid amounts shall be due by the final scheduled payment date.

If Maker defaults in the payment of this note or in the performance of any obligation in any instrument securing or collateral to it, and the default continues after Payee gives Maker notice of the default and the time within which it must be cured, as may be required by law or by written agreement, then Payee may declare the unpaid principal balance and earned interest on this note immediately due. Maker and each surety, endorser, and guarantor waive all demands for payment, presentations for payment, notices of intention to accelerate maturity, notices of acceleration of maturity, protests, and notices of protest, to the extent permitted by law.

If this note or any instrument securing or collateral to it is given to an attorney for collection or enforcement, or if suit is brought for collection or enforcement, or if it is collected or enforced through probate, bankruptcy, or other judicial proceeding, then Maker shall pay Payee all costs of collection and enforcement, including reasonable attorney's fees and court costs, in addition to other amounts due. Reasonable attorney's fees shall be 10% of all amounts due unless either party pleads otherwise.

Interest on the debt evidenced by this note shall not exceed the maximum amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law; any interest in excess of that maximum amount shall be credited on the principal of the debt or, if that has been paid, refunded. On any acceleration or required or permitted prepayment, any such excess shall be canceled automatically as of the acceleration or prepayment or, if already paid, credited on the principal of the debt or, if the principal of the debt has been paid, refunded. This provision overrides other provisions in this and all other instruments concerning the debt.

Each Maker is responsible for all obligations represented by this note.

When the context requires, singular nouns and pronouns include the plural.

Anastasia Talsma

ANASTASIA TALSMA

PREPARED IN THE LAW OFFICE OF:
William H. Oxford
159 South Graham
Stephenville, Texas 76401

13-25403/Note/al

Klaas Talsma - Other Investments

December 31, 2013

ACCOUNTANTS' COMPILATION REPORT

To the Owner
Klaas Talsma - Other Investments
7469 County Road 209, Hico, Texas

We have compiled the accompanying balance sheet of Klaas Talsma - Other Investments (a sole proprietorship) as of December 31, 2013, and the related income statement and the statement of cash flows for the twelve months ended December 31, 2013. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

During our compilation, we did become aware of a departure from accounting principles generally accepted in the United States of America that is described in the following paragraphs.

Accounting principles generally accepted in the United States of America require the statement of cash flows be presented for each period presented in the statement of income. The statement of cash flows for the twelve months ended December 31, 2012 and 2011 have been omitted which is a departure from accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures required by the accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, expenses and cash flows.. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Stephenville, Texas
March 31, 2014

Boucher Morgan & Young

Klaas Talsma - Other Investments
Balance Sheet
As of December 31, 2013

ASSETS

CURRENT ASSETS	
Cash on hand	$ 43,238.13
Note receivable - M Muniz	87,300.31
Note Rec - M Muniz - 2nd	16,116.79
Note Receivable - A Talsma	229,673.97
Total current assets	376,329.20
DAIRY HERD	
Dairy herd, net	0.00
FACILITIES AND EQUIPMENT	
Facilities and equipment, net	0.00
OTHER ASSETS	
Federal Land Bank stock	8,490.00
Loan and settlement costs	23,324.00
Accumulated amortization	(13,217.00)
Due from Two Sisters Dairy LLC	673,424.08
Due from Frisia West LLC	8,322,860.50
Total other assets	9,014,881.58
TOTAL ASSETS	$ 9,391,210.78

See accountants' compilation report.

Klaas Talsma - Other Investments
Balance Sheet
As of December 31, 2013

LIABILITIES AND EQUITY

LIABILITIES	
Note payable - LSLB 844969 - Frisia West	$ 352,683.28
Note payable - LSLB 832179 - Frisia West	3,575,489.72
Note payable - LSLB 853997 - Frisia West	625,316.70
Note payable - LSLB 477711 - Frisia West	3,769,370.80
Note payable - LSLB 476978 - Two Sisters	500,779.86
Note payable - LSLB 476979 - Two Sisters	342,644.22
Note payable - LSLB 899265	134,192.64
Note payable - GMAC - M Muniz	87,300.31
Total liabilities	9,387,777.53
EQUITY	
Capital at beginning of the year	264,124.73
Current year-member (distributions)/contributions	(98,672.85)
Current year net income(loss)	(162,018.63)
Total equity	3,433.25
TOTAL LIABILITIES AND EQUITY	$ 9,391,210.78

See accountants' compilation report.

Klaas Talsma - Other Investments
Income Statement
For the Twelve Months Ended December 31, 2013

	12 Months Ended Dec. 31, 2013	Pct	CWT
Revenue			
Net milk revenue	0.00	0.00	0.00
Direct costs			
Total feed costs	0.00	0.00	0.00
Total labor costs	0.00	0.00	0.00
Total direct costs	0.00	0.00	0.00
Operating expenses			
Utilities - Isis Theatre	146.61	0.00	0.00
Taxes - Isis Theatre	5,765.06	0.00	0.00
Amortization - Two Sisters Dairy	1,554.00	0.00	0.00
Total operating exp	7,465.67	0.00	0.00
Total expenses	7,465.67	0.00	0.00
Total operating income	(7,465.67)	0.00	0.00
Other income			
Interest income - Hartley	510,883.70	0.00	0.00
Interest income - Two Sisters	56,900.86	0.00	0.00
Interest income - M Muniz	5,271.80	0.00	0.00
Oil and gas - Klaas Talsma	161,755.46	0.00	0.00
Gain(loss) on sale of assets	(298,183.96)	0.00	0.00
Total other income	436,627.86	0.00	0.00
Other expense			
Interest expense - LSLB 899265	17,072.39	0.00	0.00
Interest expense - Frisia West Dairy	510,883.70	0.00	0.00
Interest expense - Two Sisters Dairy	56,900.86	0.00	0.00
Interest expense - M Muniz	6,323.87	0.00	0.00
Total other expense	591,180.82	0.00	0.00
Net income (loss)	$ (162,018.63)	0.00	0.00

See accountants' compilation report.

Klaas Talsma - Other Investments
Statement of Cash Flows
For the Twelve Months Ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$	(162,018.63)
Noncash items included in net income		
Depreciation and amortization		1,554.00
(Gain) loss on sale of other assets		298,183.96
(Increase) decrease in current assets:		
Accounts receivable-other		0.00
Increase(decrease) in current liabilities:		
Accounts payable-other		0.00
Net cash provided by (used in) operating activities		**137,719.33**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of other assets		476,389.80
Payments from Two Sisters Dairy LLC		102,240.12
Paymetns from Frisia West LLC		632,899.08
Payments from M Muniz		20,229.00
Loan made to A Talsma		(229,673.97)
Net cash provided by (used in) investing activities		**1,002,084.03**
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term debt reduction		(1,014,422.85)
Capital contributions(withdrawls)		(98,672.85)
Net cash provided by (used in) financing activities		**(1,113,095.70)**
NET INCREASE (DECREASE) IN CASH		26,707.66
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		16,530.47
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$	43,238.13

See accountants' compilation report.

Two Sisters Dairy LLC

December 31, 2013

Boucher, Morgan and Young, a P.C.

ACCOUNTANTS' COMPILATION REPORT

To the Member
Two Sisters Dairy LLC
7469 CR 209, Hico, Texas

We have compiled the accompanying balance sheets of Two Sisters Dairy LLC (a single-member limited liability company) as of December 31, 2013, 2012 and 2011, and the related income statements for the twelve months then ended and the statement of cash flows for the twelve months ended December 31, 2013. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

During our compilation, we did become aware of a departure from accounting principles generally accepted in the United States of America that is described in the following paragraphs.

Accounting principles generally accepted in the United States of America require the statement of cash flows be presented for each period presented in the statement of income. The statement of cash flows for the twelve months ended December 31, 2012 and 2011 have been omitted which is a departure from accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures required by the accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, expenses and cash flows.. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The supplementary information contained in Schedules I through IV are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

Stephenville, Texas
April 24, 2014

Boucher Morgan & Young

3020 Northwest Loop, Stephenville, TX 76401 T:254-965-7321 F:254-965-4245 www.bmy-cpa.com
Members of American Institute of Certified Public Accountants / Members of Private Companies Practice Section

Two Sisters Dairy LLC
Balance Sheets
As of December 31, 2013, 2012 and 2011

ASSETS	2013	2012	2011
CURRENT ASSETS			
Cash in bank - Texas Bank	$ 17,952.30	$ 580.70	$ 14,979.30
Account receivable - Co-op	298,479.82	242,135.53	254,009.77
Prepaid expenses-Talsma Dairy	247,000.00	191,930.00	210,799.30
Total current assets	563,432.12	434,646.23	479,788.37
DAIRY HERD			
Dairy herd, net	0.00	0.00	0.00
FACILITIES AND EQUIPMENT			
Land	529,500.00	529,500.00	529,500.00
Barns and buildings	714,396.00	714,396.00	714,396.00
Machinery and equipment	851,214.39	749,354.39	523,772.45
Total	2,095,110.39	1,993,250.39	1,767,668.45
Less: Accumulated depreciation	(414,153.34)	(318,937.34)	(233,274.34)
Facilities and equipment, net	1,680,957.05	1,674,313.05	1,534,394.11
OTHER ASSETS			
Dairy permit	40,095.16	40,095.16	40,095.16
Less accum amortization	(28,734.00)	(20,715.00)	(12,696.00)
Co-op capital retains	26,056.52	26,056.52	24,823.59
Equity - Co-op	50.21	50.21	69.55
Total other assets	37,467.89	45,486.89	52,292.30
TOTAL ASSETS	$ 2,281,857.06	$ 2,154,446.17	$ 2,066,474.78

Two Sisters Dairy LLC
Balance Sheets
As of December 31, 2013, 2012 and 2011

LIABILITIES AND EQUITY	2013	2012	2011
CURRENT LIABILITIES			
Current portion of long term debt	$ 209,084.00	$ 98,128.00	$ 36,700.00
Accounts payable	28,553.22	8,120.21	1,007.11
Total current liabilities	237,637.22	106,248.21	37,707.11
LONG-TERM LIABILITIES			
NP - Klaas Talsma	673,424.08	775,664.20	874,283.07
NP - Kubota 32916942	43,687.89	56,794.29	0.00
NP - John Deere 498664	6,355.98	25,013.52	42,939.62
NP - John Deere 627363	68,765.52	112,287.91	0.00
NP - John Deere 432074	14,299.41	33,228.82	51,984.54
NP - Kubota 37466984	65,559.49	0.00	0.00
Less current maturities	(209,084.00)	(98,128.00)	(36,700.00)
Total long-term liabilities, net	663,008.37	904,860.74	932,507.23
Total liabilities	900,645.59	1,011,108.95	970,214.34
EQUITY			
Capital at beginning of the year	1,143,337.22	1,096,260.44	62,346.37
Current year-member (distributions)/contributions	(111,062.81)	(205,672.88)	(2,349.00)
Current year net income(loss)	348,937.06	252,749.66	1,036,263.07
Total equity	1,381,211.47	1,143,337.22	1,096,260.44
TOTAL LIABILITIES AND EQUITY	$ 2,281,857.06	$ 2,154,446.17	$ 2,066,474.78

See accountants' compilation report.

Two Sisters Dairy LLC
Income Statements
For the Twelve Months Ended December 31, 2013, 2012 and 2011

	12 Months Ended Dec. 31, 2013	Pct	CWT	12 Months Ended Dec. 31, 2012	Pct	CWT	12 Months Ended Dec. 31, 2011	Pct	CWT
Revenue									
Milk sales - co-op	$ 5,188,733.15	100.00	22.96	$ 4,493,949.15	100.00	21.60	$ 4,687,381.78	100.00	24.13
Milk sales - other	0.00	0.00	0.00	0.00	0.00	0.00	2,022.00	0.04	0.01
Hauling	(203,370.72)	(3.92)	(0.90)	(186,809.00)	(4.16)	(0.90)	(161,380.28)	(3.44)	(0.83)
Promotion	(33,892.71)	(0.65)	(0.15)	(31,214.05)	(0.69)	(0.15)	(29,154.77)	(0.62)	(0.15)
Per unit retains	0.00	0.00	0.00	0.00	0.00	0.00	(693.48)	(0.01)	0.00
Cost of operations	(11,297.57)	(0.22)	(0.05)	(10,404.68)	(0.23)	(0.05)	(114,886.17)	(2.45)	(0.59)
Net milk revenue	4,940,172.15	95.21	21.86	4,265,521.42	94.92	20.50	4,383,289.08	93.51	22.57
Direct costs									
Feed and hay	3,546,718.80	68.35	15.70	2,946,884.20	65.57	14.16	2,333,550.56	49.78	12.01
Total feed costs	3,546,718.80	68.35	15.70	2,946,884.20	65.57	14.16	2,333,550.56	49.78	12.01
Labor	162,000.00	3.12	0.72	144,000.00	3.20	0.69	141,751.00	3.02	0.73
Contract labor	0.00	0.00	0.00	0.00	0.00	0.00	2,200.00	0.05	0.01
Total labor costs	162,000.00	3.12	0.72	144,000.00	3.20	0.69	143,951.00	3.07	0.74
Total direct costs	3,708,718.80	71.48	16.41	3,090,884.20	68.78	14.85	2,477,501.56	52.85	12.75
Operating expenses									
Utilities	38,229.09	0.74	0.17	53,818.88	1.20	0.26	51,398.15	1.10	0.26
Veterinary fees, medicine	61,995.61	1.19	0.27	138,272.38	3.08	0.66	125,527.39	2.68	0.65
Breeding fees	1,750.00	0.03	0.01	0.00	0.00	0.00	0.00	0.00	0.00
Supplies	52,711.73	1.02	0.23	49,961.84	1.11	0.24	28,853.94	0.62	0.15
Repairs	109,456.83	2.11	0.48	40,790.03	0.91	0.20	64,689.59	1.38	0.33
Milk testing	11,070.21	0.21	0.05	8,740.00	0.19	0.04	10,363.04	0.22	0.05
Cattle lease	354,502.00	6.83	1.57	345,619.00	7.69	1.66	346,706.00	7.40	1.78
Pasture lease	76,000.00	1.46	0.34	72,000.00	1.60	0.35	0.00	0.00	0.00
Machine lease	9,954.03	0.19	0.04	6,773.15	0.15	0.03	6,583.15	0.14	0.03
Gas, deisel, oil	23,002.86	0.44	0.10	26,670.30	0.59	0.13	8,033.60	0.17	0.04
Insurance	3,883.00	0.07	0.02	3,064.00	0.07	0.01	2,838.00	0.06	0.01
Taxes-property	8,062.75	0.16	0.04	17,834.69	0.40	0.09	20,097.62	0.43	0.10
Taxes-franchise	5,176.05	0.10	0.02	0.00	0.00	0.00	0.00	0.00	0.00
Management fees	0.00	0.00	0.00	0.00	0.00	0.00	40,000.00	0.85	0.21
Legal and accounting fees	4,675.80	0.09	0.02	10,777.75	0.24	0.05	71,744.78	1.53	0.37
Enviromental fees	8,445.00	0.16	0.04	8,797.62	0.20	0.04	0.00	0.00	0.00
Bank charges	180.00	0.00	0.00	490.00	0.01	0.00	240.00	0.01	0.00
Licenses and tags	1,250.00	0.02	0.01	200.00	0.00	0.00	827.19	0.02	0.00
Advertising and promotion	123.95	0.00	0.00	0.00	0.00	0.00	3,800.00	0.08	0.02
Dues and subscriptions	15.00	0.00	0.00	2,540.00	0.06	0.01	1,280.00	0.03	0.01
Travel	782.83	0.02	0.00	0.00	0.00	0.00	1,091.89	0.02	0.01

See accountants' compilation report.

Two Sisters Dairy LLC
Income Statements
For the Twelve Months Ended December 31, 2013, 2012 and 2011

	12 Months Ended Dec. 31, 2013	Pct	CWT	12 Months Ended Dec. 31, 2012	Pct	CWT	12 Months Ended Dec. 31, 2011	Pct	CWT
Miscellaneous	551.00	0.01	0.00	0.00	0.00	0.00	749.70	0.02	0.00
Amortization	8,019.00	0.15	0.04	8,019.00	0.18	0.04	8,018.00	0.17	0.04
Depreciation - other assets	95,216.00	1.84	0.42	85,663.00	1.91	0.41	63,441.00	1.35	0.33
Total operating exp	875,052.74	16.86	3.87	880,031.64	19.58	4.23	856,283.04	18.27	4.41
Total expenses	4,583,771.54	88.34	20.29	3,970,915.84	88.36	19.08	3,333,784.60	71.12	17.16
Total operating income	356,400.61	6.87	1.58	294,605.58	6.56	1.42	1,049,504.48	22.39	5.40
Other income									
Patronage dividend	0.00	0.00	0.00	0.00	0.00	0.00	29.75	0.00	0.00
Per unit retains	0.00	0.00	0.00	1,213.59	0.03	0.01	0.00	0.00	0.00
ASCS payments	60,251.70	1.16	0.27	16,852.85	0.38	0.08	21,025.80	0.45	0.11
Miscellaneous income	0.00	0.00	0.00	0.00	0.00	0.00	16,687.42	0.36	0.09
Gain(loss) on sale of assets	0.00	0.00	0.00	0.00	0.00	0.00	15,666.66	0.33	0.08
Total other income	60,251.70	1.16	0.27	18,066.44	0.40	0.09	53,409.63	1.14	0.27
Other expense									
Interest expense - other	59,432.25	(1.15)	(0.26)	59,922.36	(1.33)	(0.29)	66,651.04	(1.42)	(0.34)
Penalties and fines	8,283.00	(0.16)	(0.04)	0.00	0.00	0.00	0.00	0.00	0.00
Total other expense	67,715.25	1.31	0.30	59,922.36	1.33	0.29	66,651.04	1.42	0.34
Gain(loss) from hedging									
Total hedging gain(loss)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income (loss)	$ 348,937.06	6.72	1.54	$ 252,749.66	5.62	1.21	$ 1,036,263.07	22.11	5.33

See accountants' compilation report.

Two Sisters Dairy LLC
Statement of Cash Flows
For the Twelve Months Ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income (loss)	$ 348,937.06
Noncash items included in net income	
Depreciation and amortization	103,235.00
(Increase) decrease in current assets:	
Accounts receivable-milk	(56,344.29)
Prepaid expenses-related party	(55,070.00)
Increase(decrease) in current liabilities:	
Accounts payable-feed	20,433.01
Net cash provided by (used in) operating activities	**361,190.78**
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of machinery and equipment	(101,860.00)
Net cash provided by (used in) investing activities	**(101,860.00)**
CASH FLOWS FROM FINANCING ACTIVITIES	
Long term borrowings	69,010.00
Long term debt reduction	(199,906.37)
Capital contributions(withdrawls)	(111,062.81)
Net cash provided by (used in) financing activities	**(241,959.18)**
NET INCREASE (DECREASE) IN CASH	17,371.60
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	580.70
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 17,952.30

See accountants' compilation report.

SUPPLEMENTARY INFORMATION

Two Sisters Dairy LLC
Schedule of Taxable Income
For the Twelve Months Ended December 31, 2013

Sch F - Revenue	
Milk sales - co-op	$ 5,188,733.15
ASCS payments	60,251.70
Adjust for rec-milk	(56,344.29)
Sch F - gross income	5,192,640.56
Sch F - Expenses	
Feed and hay	3,546,718.80
Adjust for prepaid exp	55,070.00
Adjust for payables	(20,433.01)
Total feed costs	3,581,355.79
Labor	162,000.00
Utilities	38,229.09
Veterinary fees, medicine	61,995.61
Breeding fees	1,750.00
Supplies	52,711.73
Repairs	109,456.83
Milk testing	11,070.21
Cattle lease	354,502.00
Pasture lease	76,000.00
Machine lease	9,954.03
Gas, deisel, oil	23,002.86
Insurance	3,883.00
Taxes-property	8,062.75
Taxes-franchise	5,176.05
Legal and accounting fees	4,675.80
Enviromental fees	8,445.00
Bank charges	180.00
Licenses and tags	1,250.00
Advertising and promotion	123.95
Dues and subscriptions	15.00
Travel	782.83
Miscellaneous	551.00
Tax depreciation	92,907.00
Hauling	203,370.72
Promotion	33,892.71
Cost of operations	11,297.57
Interest expense - other	59,432.25
Sch F - expenses	4,916,073.78
Net Sch F income(loss)	276,566.78
Other income	
Total other income	0.00
Net taxableincome (loss)	$ 276,566.78

See accountants' compilation report.

Two Sisters Dairy LLC
Schedule of Capital Distributions
For the Twelve Months ended December 31, 2013

Schedule of current year (distributions)/contributions:		
Draw - Anastasia Thiele	$	(72,091.88)
Draw - Thiele (grazing fees)		(23,000.00)
Member's income taxes		(15,679.00)
Member's health insurance		(291.93)
Total (distributions)/contributions	$	(111,062.81)

Schedule III

Two Sisters Dairy LLC
Schedule of Income and Expenses
For each of the Five Quarters Ended December 31, 2013

	3 Months Ended Dec. 31, 2012	Pct	CWT	3 Months Ended Mar. 31, 2013	Pct	CWT	3 Months Ended Jun. 30, 2013	Pct	CWT	3 Months Ended Sep. 30, 2013	Pct	CWT	3 Months Ended Dec. 31, 2013	Pct	CWT
Revenue															
Milk sales - co-op	$ 1,332,528.91	100.00	23.79	$ 1,325,511.59	100.00	22.91	$ 1,314,075.73	100.00	22.77	$ 1,166,480.58	100.00	21.91	$ 1,382,665.25	100.00	24.19
Hauling	(49,931.84)	(3.75)	(0.89)	(52,071.95)	(3.93)	(0.90)	(51,931.37)	(3.95)	(0.90)	(47,935.03)	(4.11)	(0.90)	(51,432.37)	(3.72)	(0.90)
Promotion	(8,401.18)	(0.63)	(0.15)	(8,678.66)	(0.65)	(0.15)	(8,655.23)	(0.66)	(0.15)	(7,986.76)	(0.68)	(0.15)	(8,572.06)	(0.62)	(0.15)
Cost of operations	(2,800.39)	(0.21)	(0.05)	(2,892.89)	(0.22)	(0.05)	(2,885.08)	(0.22)	(0.05)	(2,662.25)	(0.23)	(0.05)	(2,857.35)	(0.21)	(0.05)
Total milk revenue	1,271,395.50	95.41	22.70	1,261,868.09	95.20	21.81	1,250,604.05	95.17	21.67	1,107,896.54	94.98	20.81	1,319,803.47	95.45	23.09
Direct costs															
Feed and hay	716,865.50	53.80	12.80	774,770.10	58.45	13.39	1,152,851.16	87.73	19.98	760,349.90	65.18	14.28	858,747.64	62.11	15.03
Total feed costs	716,865.50	53.80	12.80	774,770.10	58.45	13.39	1,152,851.16	87.73	19.98	760,349.90	65.18	14.28	858,747.64	62.11	15.03
Labor	36,000.00	2.70	0.64	36,000.00	2.72	0.62	36,000.00	2.74	0.62	45,000.00	3.86	0.85	45,000.00	3.25	0.79
Total labor costs	36,000.00	2.70	0.64	36,000.00	2.72	0.62	36,000.00	2.74	0.62	45,000.00	3.86	0.85	45,000.00	3.25	0.79
Total direct costs	752,865.50	56.50	13.44	810,770.10	61.17	14.01	1,188,851.16	90.47	20.60	805,349.90	69.04	15.13	903,747.64	65.36	15.81

See accountants' compilation report.

Schedule III

Two Sisters Dairy LLC
Schedule of Income and Expenses
For each of the Five Quarters Ended December 31, 2013

	3 Months Ended Dec. 31, 2012	Pct	CWT	3 Months Ended Mar. 31, 2013	Pct	CWT	3 Months Ended Jun. 30, 2013	Pct	CWT	3 Months Ended Sep. 30, 2013	Pct	CWT	3 Months Ended Dec. 31, 2013	Pct	CWT
Operating expenses															
Utilities	13,470.00	1.01	0.24	11,791.20	0.89	0.20	14,612.72	1.11	0.25	7,513.78	0.64	0.14	4,311.39	0.31	0.08
Veterinary fees, medicine	36,677.27	2.75	0.65	9,307.39	0.70	0.16	5,551.83	0.42	0.10	17,699.68	1.52	0.33	29,436.71	2.13	0.52
Breeding fees	0.00	0.00	0.00	1,750.00	0.13	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Supplies	17,147.89	1.29	0.31	7,366.20	0.56	0.13	17,406.36	1.32	0.30	12,007.85	1.03	0.23	15,931.32	1.15	0.28
Repairs	10,733.06	0.81	0.19	48,606.69	3.67	0.84	39,431.90	3.00	0.68	3,934.41	0.34	0.07	17,483.83	1.26	0.31
Milk testing	2,040.00	0.15	0.04	2,270.00	0.17	0.04	3,571.85	0.27	0.06	2,430.76	0.21	0.05	2,797.60	0.20	0.05
Cattle lease	85,415.00	6.41	1.53	85,693.00	6.46	1.48	88,518.00	6.74	1.53	89,573.00	7.68	1.68	90,718.00	6.56	1.59
Pasture lease	30,000.00	2.25	0.54	22,000.00	1.66	0.38	18,000.00	1.37	0.31	6,000.00	0.51	0.11	30,000.00	2.17	0.52
Machine lease	1,847.95	0.14	0.03	1,849.95	0.14	0.03	2,466.60	0.19	0.04	5,637.48	0.48	0.11	0.00	0.00	0.00
Gas, deisel, oil	8,480.67	0.64	0.15	5,247.47	0.40	0.09	4,723.96	0.36	0.08	4,096.47	0.35	0.08	8,934.96	0.65	0.16
Insurance	0.00	0.00	0.00	0.00	0.00	0.00	3,227.00	0.25	0.06	656.00	0.06	0.01	0.00	0.00	0.00
Taxes-property	2,486.61	0.19	0.04	2,820.53	0.21	0.05	2,475.00	0.19	0.04	2,475.00	0.21	0.05	292.22	0.02	0.01
Taxes-franchise	0.00	0.00	0.00	0.00	0.00	0.00	4,658.45	0.35	0.08	517.60	0.04	0.01	0.00	0.00	0.00
Legal and accounting fees	2,950.00	0.22	0.05	125.00	0.01	0.00	2,392.50	0.18	0.04	375.50	0.03	0.01	1,782.80	0.13	0.03
Enviromental fees	1,290.00	0.10	0.02	1,500.00	0.11	0.03	2,040.00	0.16	0.04	3,905.00	0.33	0.07	1,000.00	0.07	0.02
Bank charges	80.00	0.01	0.00	120.00	0.01	0.00	60.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Licenses and tags	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,250.00	0.09	0.02
Advertising and promotio	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	123.95	0.01	0.00	0.00	0.00	0.00
Dues and subscriptions	2,500.00	0.19	0.04	0.00	0.00	0.00	0.00	0.00	0.00	15.00	0.00	0.00	0.00	0.00	0.00
Travel	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	382.83	0.03	0.01	400.00	0.03	0.01
Miscellaneous	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	551.00	0.05	0.01	0.00	0.00	0.00
Amortization	2,006.00	0.15	0.04	2,005.00	0.15	0.03	2,004.00	0.15	0.03	2,005.00	0.17	0.04	2,005.00	0.15	0.04
Depreciation - other assets	21,416.00	1.61	0.38	23,329.00	1.76	0.40	23,328.00	1.78	0.40	25,120.00	2.15	0.47	23,439.00	1.70	0.41
Total operating expenses	238,540.45	17.90	4.26	225,781.43	17.03	3.90	234,468.17	17.84	4.06	185,020.31	15.86	3.47	229,782.83	16.62	4.02

See accountants' compilation report.

Schedule III

Two Sisters Dairy LLC
Schedule of Income and Expenses
For each of the Five Quarters Ended December 31, 2013

	3 Months Ended Dec. 31, 2012	Pct	CWT	3 Months Ended Mar. 31, 2013	Pct	CWT	3 Months Ended Jun. 30, 2013	Pct	CWT
Total expenses	991,405.95	74.40	17.70	1,036,551.53	78.20	17.92	1,423,319.33	108.31	24.67
Total operating income	279,989.55	21.01	5.00	225,316.56	17.00	3.89	(172,715.28)	(13.14)	(2.99)
Other income									
ASCS payments	0.00	0.00	0.00	0.00	0.00	0.00	38,298.56	2.91	0.66
Total other income	0.00	0.00	0.00	0.00	0.00	0.00	38,298.56	2.91	0.66
Other expenses									
Interest expense - other	15,993.84	(1.20)	(0.29)	15,296.57	(1.15)	(0.26)	10,269.45	(0.78)	(0.18)
Penalties and fines	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total other expense	15,993.84	1.20	0.29	15,296.57	1.15	0.26	10,269.45	0.78	0.18
Gain(loss) from hedging									
Total hedging gain(loss)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income (loss)	$ 263,995.71	19.81	4.71	$ 210,019.99	15.84	3.63	$ (144,686.17)	(11.01)	(2.51)

	3 Months Ended Sep. 30, 2013	Pct	CWT	3 Months Ended Dec. 31, 2013	Pct	CWT
Total expenses	990,370.21	84.90	18.60	1,133,530.47	81.98	19.84
Total operating income	117,526.33	10.08	2.21	186,273.00	13.47	3.26
Other income						
ASCS payments	0.00	0.00	0.00	21,953.14	1.59	0.38
Total other income	0.00	0.00	0.00	21,953.14	1.59	0.38
Other expenses						
Interest expense - other	19,149.60	(1.64)	(0.36)	14,716.63	(1.06)	(0.26)
Penalties and fines	0.00	0.00	0.00	8,283.00	(0.60)	(0.14)
Total other expense	19,149.60	1.64	0.36	22,999.63	1.66	0.40
Gain(loss) from hedging						
Total hedging gain(loss)	0.00	0.00	0.00	0.00	0.00	0.00
Net income (loss)	$ 98,376.73	8.43	1.85	$ 185,226.51	13.40	3.24

See accountants' compilation report.

Schedule IV

Two Sisters Dairy LLC
Schedule of Financial Highlights
For each of the Five Quarters Ended December 31, 2013

	3 Months Ended Dec. 31, 2012	3 Months Ended Mar. 31, 2013	3 Months Ended Jun. 30, 2013	3 Months Ended Sep. 30, 2013	3 Months Ended Dec. 31, 2013	12 Months Ended Dec. 31, 2013
Milk production statistics						
Pounds of whole milk produced	5,600,783	5,785,772	5,770,152	5,324,506	5,714,708	22,595,138
Average butterfat test	4.07	4.19	4.09	3.86	4.18	4.08
Average protein test	3.45	3.50	3.37	3.24	3.44	3.39
Average somatic cell count	289,193	290,274	246,305	262,947	296,817	274,086
Avg daily pounds per milking cow	66	67	65	59	63	64
Dairy herd statistics						
Average herd size:						
Milking cows	928	953	973	974	987	972
Dry cows	0	0	0	0	0	0
Bulls	0	0	0	0	0	0
Cattle purchased:						
Number of head	0	0	0	0	0	0
Total amount paid	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Average price per head	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Raised heifers in barn	0	0	0	0	0	0
Cattle sold:						
Number of head	0	0	0	0	0	0
Total amount received	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Average price per head	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Number of dead cows	0	0	0	0	0	0
Herd turnover rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Product price						
Average price received per cwt. of milk shipped	$ 23.79	$ 22.91	$ 22.77	$ 21.91	$ 24.19	$ 22.96
Breakeven price						
Average milk price required for dairy to break even	$ 19.08	$ 19.28	$ 25.28	$ 20.06	$ 20.95	$ 21.42
Net income (loss) per CWT	$ 4.71	$ 3.63	$ (2.51)	$ 1.85	$ 3.24	$ 1.54

See accountants' compilation report.

Klaas Talsma dba Frisia Farms

December 31, 2013

BMY
Boucher, Morgan and Young, a P.C.

ACCOUNTANTS' COMPILATION REPORT

To the Owner
Klaas Talsma dba Frisia Farms
7469 CR 209, Hico, Texas

We have compiled the accompanying balance sheets of Klaas Talsma dba Frisia Farms (a sole proprietorship) as of December 31, 2013, 2012 and 2011, and the related income statements for the twelve months then ended and the statement of cash flows for the twelve months ended December 31, 2013. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

During our compilation, we did become aware of a departure from accounting principles generally accepted in the United States of America that is described in the following paragraphs.

Accounting principles generally accepted in the United States of America require the statement of cash flows be presented for each period presented in the statement of income. The statement of cash flows for the twelve months ended December 31, 2012 and 2011 have been omitted which is a departure from accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures required by the accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, expenses and cash flows.. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The supplementary information contained in Schedules I through IV are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

Stephenville, Texas
June 18, 2014

Boucher Morgan & Young

Klaas Talsma dba Frisia Farms
Balance Sheets
As of December 31, 2013, 2012 and 2011

ASSETS	2013	2012	2011
CURRENT ASSETS			
Cash on hand	$ 0.00	$ 600.00	$ 0.00
Cash in bank-Texas Bank	287,223.01	14,419.22	40,953.39
Cash in bank-Wells Fargo	105,242.10	124,815.33	11,071.15
Cash in bank-Wells Fargo	200.00	0.00	0.00
Employee advances	0.00	5,308.46	3,678.85
Account receivable - Co-op	474,483.99	355,310.96	405,324.31
Due from XO Angus	115,350.00	9,960.00	0.00
Due from Frisia West LLC	2,147,472.97	1,944,046.19	2,075,185.70
Due from Frisia Farm Inc	0.00	3,864,379.62	4,761,496.08
Due from Frisia Hartley-tractor	115,000.00	0.00	1,101.86
Inventory-hay,silage & commodities	486,486.45	163,620.00	206,750.00
Prepaid feed expenses	252,934.52	198,000.00	0.00
Investment in growing crops	80,000.00	0.00	0.00
Prepaid legal retainers	175,000.00	0.00	0.00
Total current assets	4,239,393.04	6,680,459.78	7,505,561.34
DAIRY HERD			
Purchased dairy cattle	2,172,928.10	0.00	0.00
Self-raised dairy cows	1,982,640.00	0.00	0.00
Self-raised dairy heifers	1,335,792.46	0.00	0.00
Total	5,491,360.56	0.00	0.00
Less: Accumulated depreciation	(1,688,637.00)	0.00	0.00
Dairy herd, net	3,802,723.56	0.00	0.00
FACILITIES AND EQUIPMENT			
Land	566,945.02	566,945.02	566,945.02
Barns and buildings	1,449,052.03	1,449,052.03	1,449,052.03
Machinery and equipment	2,325,774.63	2,313,958.29	2,340,962.88
Total	4,341,771.68	4,329,955.34	4,356,959.93
Less: Accumulated depreciation	(3,030,464.00)	(2,852,670.00)	(2,708,401.00)
Facilities and equipment, net	1,311,307.68	1,477,285.34	1,648,558.93
OTHER ASSETS			
AgTexas and LSLB stock	4,920.00	4,920.00	4,920.00
Settlement charges	67,679.75	67,679.75	67,679.75
Less accum. amortization	(64,680.00)	(58,680.00)	(52,680.00)
Capital retains	205,654.92	296,821.96	238,286.10
Equity - Co-op	(7,247.47)	24,334.68	11,983.14
Personal residence	325,755.28	325,755.28	325,755.28
Total other assets	532,082.48	660,831.67	595,944.27
TOTAL ASSETS	$ 9,885,506.76	$ 8,818,576.79	$ 9,750,064.54

See accountants' compilation report.

Klaas Talsma dba Frisia Farms
Balance Sheets
As of December 31, 2013, 2012 and 2011

LIABILITIES AND EQUITY	2013	2012	2011
CURRENT LIABILITIES			
Current portion of long term debt	$ 190,916.00	$ 178,848.00	$ 183,381.00
Accounts payable	92,570.96	298,892.65	223,841.90
Accounts payable-C24	105,904.18	160,435.27	282,229.85
Accounts payable-503b9	0.00	0.00	94,178.80
Accounts payable-other	105,921.45	0.00	0.00
Property taxes payable	16,483.79	0.00	0.00
Accrued interest	10,229.00	773.00	642.00
Accrued wages	44,194.20	0.00	38,216.38
FICA payable	(360.64)	(2,122.08)	(906.18)
Futa and suta payable	0.00	635.95	355.28
Due to Frisia Hartley - cattle	1,978,222.00	786,422.00	786,422.00
Due to Frisia Hartley - feed	231,551.85	0.00	0.00
Prepaid expenses-Two Sisters Dairy	247,000.00	191,930.00	210,799.30
NP - Wells Fargo LOC 26	1,263,951.62	1,926,016.95	2,416,016.95
Total current liabilities	4,286,584.41	3,541,831.74	4,235,177.28
LONG-TERM LIABILITIES			
NP - Lone Star LB 461693	36,460.30	42,673.18	48,569.26
NP - Lone Star LB 455059	160,577.85	277,197.56	349,322.42
NP - Lone Star LB 457866	277,825.11	352,091.07	422,566.83
NP - JD 015045	0.00	0.00	22,816.02
NP - JD 339135	39,134.70	53,699.14	71,916.16
NP - Lone Star LB 460092	69,265.70	74,903.90	80,189.54
Less current maturities	(190,916.00)	(178,848.00)	(183,381.00)
Total long-term liabilities, net	392,347.66	621,716.85	811,999.23
Total liabilities	4,678,932.07	4,163,548.59	5,047,176.51
EQUITY			
Capital at beginning of the year	4,655,028.20	4,702,888.03	5,076,846.67
Current year-member (distributions)/contributions	(591,885.46)	222,399.92	(147,529.17)
Current year net income(loss)	1,143,431.95	(270,259.75)	(226,429.47)
Total equity	5,206,574.69	4,655,028.20	4,702,888.03
TOTAL LIABILITIES AND EQUITY	$ 9,885,506.76	$ 8,818,576.79	$ 9,750,064.54

See accountants' compilation report.

Klaas Talsma dba Frisia Farms
Income Statements
For the Twelve Months Ended December 31, 2013, 2012 and 2011

	12 Months Ended Dec. 31, 2013	Pct	CWT	12 Months Ended Dec. 31, 2012	Pct	CWT	12 Months Ended Dec. 31, 2011	Pct	CWT
Revenue									
Milk sales	$ 8,275,425.70	100.00	23.10	$ 7,266,407.53	100.00	21.22	$ 7,784,658.25	100.00	23.54
Milk sales - other	1,600.00	0.02	0.00	0.00	0.00	0.00	12,958.81	0.17	0.04
Hauling	(322,472.44)	(3.90)	(0.90)	(307,349.19)	(4.23)	(0.90)	(272,633.46)	(3.50)	(0.82)
Promotion	(53,745.41)	(0.65)	(0.15)	(51,371.55)	(0.71)	(0.15)	(49,597.15)	(0.64)	(0.15)
Per unit retains	0.00	0.00	0.00	0.00	0.00	0.00	(5,525.36)	(0.07)	(0.02)
Cost of operations	(17,915.14)	(0.22)	(0.05)	(17,123.85)	(0.24)	(0.05)	(190,588.64)	(2.45)	(0.58)
Net milk revenue	7,882,892.71	95.26	22.00	6,890,562.94	94.83	20.12	7,279,272.45	93.51	22.02
Direct costs									
Feed and hay	4,353,949.54	52.61	12.15	3,985,449.23	54.85	11.64	3,925,141.72	50.42	11.87
Less cost to feed heifers	(621,889.00)	(7.51)	(1.74)	0.00	0.00	0.00	0.00	0.00	0.00
Custom hire	40,400.31	0.49	0.11	3,908.00	0.05	0.01	3,077.75	0.04	0.01
Seed	9,295.20	0.11	0.03	0.00	0.00	0.00	13,600.00	0.17	0.04
Fertilizer	60,939.75	0.74	0.17	38,037.50	0.52	0.11	30,042.60	0.39	0.09
Total feed costs	3,842,695.80	46.44	10.72	4,027,394.73	55.42	11.76	3,971,862.07	51.02	12.01
Salaries	1,024,612.85	12.38	2.86	943,834.20	12.99	2.76	937,683.29	12.05	2.84
Labor reimbursed	(162,000.00)	(1.96)	(0.45)	(144,000.00)	(1.98)	(0.42)	(141,751.00)	(1.82)	(0.43)
Payroll taxes	73,367.55	0.89	0.20	75,517.26	1.04	0.22	70,441.89	0.90	0.21
Employee medical benefits	3,404.78	0.04	0.01	0.00	0.00	0.00	0.00	0.00	0.00
Contract labor	11,379.23	0.14	0.03	51,549.18	0.71	0.15	54,503.67	0.70	0.16
Total labor costs	950,764.41	11.49	2.65	926,900.64	12.76	2.71	920,877.85	11.83	2.79
Total direct costs	4,793,460.21	57.92	13.38	4,954,295.37	68.18	14.47	4,892,739.92	62.85	14.80
Operating expenses									
Utilities	152,722.47	1.85	0.43	149,646.34	2.06	0.44	160,891.42	2.07	0.49
Veterinary fees, medicine	165,787.22	2.00	0.46	334,566.61	4.60	0.98	278,198.70	3.57	0.84
Breeding fees	27,418.00	0.33	0.08	29,332.50	0.40	0.09	33,142.20	0.43	0.10
Supplies	117,275.52	1.42	0.33	105,112.28	1.45	0.31	134,797.92	1.73	0.41
Repairs	466,963.55	5.64	1.30	298,921.44	4.11	0.87	339,438.71	4.36	1.03
Milk testing	10,818.29	0.13	0.03	10,070.00	0.14	0.03	12,623.95	0.16	0.04
Other testing	0.00	0.00	0.00	98.00	0.00	0.00	1,207.10	0.02	0.00
Cattle lease	0.00	0.00	0.00	596,924.00	8.21	1.74	598,129.00	7.68	1.81
Pasture lease	0.00	0.00	0.00	28,000.00	0.39	0.08	29,310.00	0.38	0.09
Machine lease	787.75	0.01	0.00	5,642.24	0.08	0.02	3,304.26	0.04	0.01
Gas, deisel, oil	215,057.91	2.60	0.60	219,210.56	3.02	0.64	202,435.34	2.60	0.61
Trucking	3,942.75	0.05	0.01	22,700.00	0.31	0.07	24,888.00	0.32	0.08
Insurance	49,819.44	0.60	0.14	56,196.55	0.77	0.16	46,662.22	0.60	0.14
Lagoon expense	108,167.54	1.31	0.30	0.00	0.00	0.00	0.00	0.00	0.00

See accountants' compilation report.

Klaas Talsma dba Frisia Farms
Income Statements
For the Twelve Months Ended December 31, 2013, 2012 and 2011

	12 Months Ended Dec. 31, 2013	Pct	CWT	12 Months Ended Dec. 31, 2012	Pct	CWT	12 Months Ended Dec. 31, 2011	Pct	CWT
Taxes	17,064.42	0.21	0.05	29,908.69	0.41	0.09	20,420.40	0.26	0.06
Telephone	14,946.64	0.18	0.04	16,293.49	0.22	0.05	13,773.12	0.18	0.04
Professional fees	197,231.65	2.38	0.55	77,874.18	1.07	0.23	357,331.78	4.59	1.08
Enviromental services	14,477.80	0.17	0.04	6,543.29	0.09	0.02	13,588.00	0.17	0.04
Bank charges	3,309.79	0.04	0.01	2,347.58	0.03	0.01	938.00	0.01	0.00
Licenses and permits	2,020.75	0.02	0.01	6,475.13	0.09	0.02	1,830.81	0.02	0.01
Dues and subscriptions	3,378.33	0.04	0.01	2,775.25	0.04	0.01	2,901.39	0.04	0.01
Travel	4,011.67	0.05	0.01	1,687.61	0.02	0.00	5,372.48	0.07	0.02
Advertising and business pr	2,400.00	0.03	0.01	2,900.00	0.04	0.01	2,996.00	0.04	0.01
Miscellaneous	1,185.19	0.01	0.00	6,217.69	0.09	0.02	21,138.12	0.27	0.06
Amortization	6,000.00	0.07	0.02	6,000.00	0.08	0.02	6,000.00	0.08	0.02
Depreciation - cattle	444,521.00	5.37	1.24	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation - other assets	177,794.00	2.15	0.50	180,759.00	2.49	0.53	174,313.00	2.24	0.53
Depreciation - raised cows	563,121.00	6.80	1.57	0.00	0.00	0.00	0.00	0.00	0.00
Total operating exp	2,770,222.68	33.48	7.73	2,196,202.43	30.22	6.41	2,485,631.92	31.93	7.52
Total expenses	7,563,682.89	91.40	21.11	7,150,497.80	98.40	20.88	7,378,371.84	94.78	22.31
Total operating income	319,209.82	3.86	0.89	(259,934.86)	(3.58)	(0.76)	(99,099.39)	(1.27)	(0.30)
Other income									
Calf sales	319,069.15	3.86	0.89	92,056.22	1.27	0.27	4,048.52	0.05	0.01
Capitalized cost of calves	102,600.00	1.24	0.29	0.00	0.00	0.00	0.00	0.00	0.00
Patronage dividend	3,116.64	0.04	0.01	29,543.89	0.41	0.09	0.00	0.00	0.00
Per unit retains	0.00	0.00	0.00	58,535.86	0.81	0.17	0.00	0.00	0.00
Agricultural payments	138,556.33	1.67	0.39	11,472.25	0.16	0.03	32,628.58	0.42	0.10
Loss on co-op investment	(78,863.70)	(0.95)	(0.22)	0.00	0.00	0.00	0.00	0.00	0.00
Interest income	963.42	0.01	0.00	1,387.55	0.02	0.00	970.41	0.01	0.00
Equipment rent	12,000.00	0.15	0.03	0.00	0.00	0.00	0.00	0.00	0.00
Rental house	2,500.00	0.03	0.01	250.00	0.00	0.00	4,741.30	0.06	0.01
Cattle lease	354,502.00	4.28	0.99	0.00	0.00	0.00	0.00	0.00	0.00
Mangagement fees	0.00	0.00	0.00	0.00	0.00	0.00	40,000.00	0.51	0.12
Miscellaneous income	0.00	0.00	0.00	1,174.47	0.02	0.00	3,719.03	0.05	0.01
Misc income - void checks/	1,979.00	0.02	0.01	0.00	0.00	0.00	0.00	0.00	0.00
Gain(loss) on sale of cattle	151,737.24	1.83	0.42	0.00	0.00	0.00	0.00	0.00	0.00
Gain(loss) on sale of assets	0.00	0.00	0.00	(11,571.00)	(0.16)	(0.03)	0.00	0.00	0.00
Total other income	1,008,160.08	12.18	2.81	182,849.24	2.52	0.53	86,107.84	1.11	0.26

See accountants' compilation report.

Klaas Talsma dba Frisia Farms
Income Statements
For the Twelve Months Ended December 31, 2013, 2012 and 2011

	12 Months Ended Dec. 31, 2013	Pct	CWT	12 Months Ended Dec. 31, 2012	Pct	CWT	12 Months Ended Dec. 31, 2011	Pct	CWT
Other expense									
Interest expense - other	163,428.11	(1.97)	(0.46)	175,357.91	(2.41)	(0.51)	212,028.33	(2.72)	(0.64)
Penalties and fines	20,509.84	(0.25)	(0.06)	17,816.22	(0.25)	(0.05)	1,409.59	(0.02)	0.00
Total other expense	183,937.95	2.22	0.51	193,174.13	2.66	0.56	213,437.92	2.74	0.65
Gain(loss) from hedging									
Total hedging gain(loss)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income (loss)	$ 1,143,431.95	13.82	3.19	$ (270,259.75)	(3.72)	(0.79)	$ (226,429.47)	(2.91)	(0.68)

See accountants' compilation report.

Klaas Talsma dba Frisia Farms
Statement of Cash Flows
For the Twelve Months Ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income (loss)	$ 1,143,431.95
Noncash items included in net income	
Depreciation and amortization	1,191,436.00
(Gain) loss on sale of cattle	(151,737.24)
(Increase) decrease in current assets:	
Accounts receivable-milk	(119,173.03)
Accounts receivable-other	5,308.46
Inventories	(402,866.45)
Prepaid expenses	(229,934.52)
Due from related parties	(357,301.38)
Increase(decrease) in current liabilities:	
Accounts payable-feed	(154,931.33)
Accrued liabilities	71,259.48
Due to related parties	1,478,421.85
Net cash provided by (used in) operating activities	**2,473,913.79**
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of cattle	549,261.24
Purchase of machinery and equipment	(11,816.34)
Purchase of dairy cattle	(658,574.88)
Purchase of dairy heifers	(26,961.46)
Increase in self raised heifers	(724,489.00)
Increase in co-op retainage and equity	122,749.19
Net cash provided by (used in) investing activities	**(749,831.25)**
CASH FLOWS FROM FINANCING ACTIVITIES	
Increase(decrease) in short term debt	(662,065.33)
Long term borrowings	9,816.34
Long term debt reduction	(227,117.53)
Capital contributions(withdrawls)	(591,885.46)
Net cash provided by (used in) financing activities	**(1,471,251.98)**
NET INCREASE (DECREASE) IN CASH	252,830.56
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	139,834.55
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 392,665.11

See accountants' compilation report.

SUPPLEMENTARY INFORMATION

Klaas Talsma dba Frisia Farms
Schedule of Taxable Income
For the Twelve Months Ended December 31, 2013

Sch F - Revenue	
Milk sales	$ 8,275,425.70
Milk sales - other	1,600.00
Calf sales	319,069.15
Patronage dividend	3,116.64
Agricultural payments	138,556.33
Loss on co-op investment	(78,863.70)
Equipment rent	12,000.00
Rental house	2,500.00
Cattle lease	354,502.00
Misc income - void checks/payables	1,979.00
Adjust for rec-milk	(119,173.03)
Adjust for rec-other	5,308.46
Sch F - gross income	8,916,020.55
Sch F - Expenses	
Feed and hay	4,353,949.54
Adjust for inventory	402,866.45
Adjust for prepaid exp	54,934.52
Adjust for payables	154,931.33
Adjust for related party	(1,121,120.47)
Total feed costs	3,845,561.37
Salaries	1,024,612.85
Labor reimbursed	(162,000.00)
Payroll taxes	73,367.55
Employee medical benefits	3,404.78
Contract labor	11,379.23
Utilities	152,722.47
Veterinary fees, medicine	165,787.22
Breeding fees	27,418.00
Supplies	117,275.52
Repairs	466,963.55
Milk testing	10,818.29
Machine lease	787.75
Custom hire	40,400.31
Gas, deisel, oil	215,057.91
Seed	9,295.20
Fertilizer	60,939.75
Trucking	3,942.75
Insurance	49,819.44
Lagoon expense	108,167.54
Taxes	17,064.42
Telephone	14,946.64
Professional fees	197,231.65

See accountants' compilation report.

Schedule I

Klaas Talsma dba Frisia Farms
Schedule of Taxable Income
For the Twelve Months Ended December 31, 2013

Enviromental services	14,477.80
Bank charges	3,309.79
Licenses and permits	2,020.75
Dues and subscriptions	3,378.33
Travel	4,011.67
Advertising and business promotion	2,400.00
Miscellaneous	1,185.19
Tax depreciation	903,139.00
Hauling	322,472.44
Promotion	53,745.41
Cost of operations	17,915.14
Interest expense - other	163,428.11
Adjust for prepaid legal	175,000.00
Adjust for payroll taxes	(1,125.49)
Adjust for property tax	(16,483.79)
Adjust for interest	(9,456.00)
Sch F - expenses	8,094,382.54
Net Sch F income(loss)	821,638.01
Other income	
Interest income	963.42
Gain(loss) on sale of cattle	(1,385,854.00)
Total other income	(1,384,890.58)
Net taxableincome (loss)	$ (563,252.57)

See accountants' compilation report.

Klaas Talsma dba Frisia Farms
Schedule of Capital Contributions/(Distributions)
and Non-dairy/business items
For the Twelve Months ended December 31, 2013

Schedule of current year capital increase/(decrease):		
Draw - Klaas Talsma	$	(70,000.00)
Estate settlement - Wilma DeBoer		(69,575.00)
Loan payments for employees		(46,442.79)
Owner's health insurance		(8,597.60)
Owner's life insurance		(4,282.88)
Capital - Oil Lease income		135,047.80
Investment - M Muniz		14,947.93
Investment - LSLB 899265		(219,095.28)
Investment - Frisia West & Hartley		(73,031.76)
Investment - Isis Theatre Fort Worth		240,804.16
Investment - Frisia Farms Inc		(491,660.04)
Total (distributions)/contributions	$	(591,885.46)

See accountants' compilation report.

Schedule III

Klaas Talsma dba Frisia Farms
Schedule of Income and Expenses
For each of the Five Quarters Ended December 31, 2013

	3 Months Ended Dec. 31, 2012	Pct	CWT	3 Months Ended Mar. 31, 2013	Pct	CWT	3 Months Ended Jun. 30, 2013	Pct	CWT	3 Months Ended Sep. 30, 2013	Pct	CWT	3 Months Ended Dec. 31, 2013	Pct	CWT
Revenue															
Milk sales	$ 2,156,974.69	100.00	22.96	$ 2,238,952.87	100.00	23.02	$ 2,113,016.89	100.00	23.00	$ 1,814,725.20	100.00	21.91	$ 2,108,730.74	100.00	24.43
Milk sales - other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,600.00	0.08	0.02
Hauling	(83,656.85)	(3.88)	(0.89)	(87,517.84)	(3.91)	(0.90)	(82,695.79)	(3.91)	(0.90)	(74,560.64)	(4.11)	(0.90)	(77,698.17)	(3.68)	(0.90)
Promotion	(14,089.49)	(0.65)	(0.15)	(14,586.31)	(0.65)	(0.15)	(13,782.62)	(0.65)	(0.15)	(12,426.78)	(0.68)	(0.15)	(12,949.70)	(0.61)	(0.15)
Cost of operations	(4,696.50)	(0.22)	(0.05)	(4,862.10)	(0.22)	(0.05)	(4,594.21)	(0.22)	(0.05)	(4,142.26)	(0.23)	(0.05)	(4,316.57)	(0.20)	(0.05)
Total milk revenue	2,054,531.85	95.25	21.87	2,131,986.62	95.22	21.92	2,011,944.27	95.22	21.90	1,723,595.52	94.98	20.81	2,015,366.30	95.57	23.34
Direct costs															
Feed and hay	1,161,612.99	53.85	12.37	1,437,024.18	64.18	14.78	877,421.96	41.52	9.55	1,064,708.70	58.67	12.85	974,794.70	46.23	11.29
Less cost to feed heifers	0.00	0.00	0.00	(152,248.00)	(6.80)	(1.57)	(140,741.00)	(6.66)	(1.53)	(158,585.00)	(8.74)	(1.91)	(170,315.00)	(8.08)	(1.97)
Custom hire	0.00	0.00	0.00	0.00	0.00	0.00	2,775.00	0.13	0.03	8,635.50	0.48	0.10	28,989.81	1.37	0.34
Seed	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,295.20	0.44	0.11
Fertilizer	15,912.00	0.74	0.17	0.00	0.00	0.00	60,939.75	2.88	0.66	0.00	0.00	0.00	0.00	0.00	0.00
Total feed costs	1,177,524.99	54.59	12.54	1,284,776.18	57.38	13.21	800,395.71	37.88	8.71	914,759.20	50.41	11.04	842,764.71	39.97	9.76
Salaries	242,847.39	11.26	2.59	224,987.01	10.05	2.31	249,883.36	11.83	2.72	249,169.08	13.73	3.01	300,573.40	14.25	3.48
Labor reimbursed	(36,000.00)	(1.67)	(0.38)	(36,000.00)	(1.61)	(0.37)	(36,000.00)	(1.70)	(0.39)	(45,000.00)	(2.48)	(0.54)	(45,000.00)	(2.13)	(0.52)
Payroll taxes	20,690.38	0.96	0.22	16,946.71	0.76	0.17	20,193.18	0.96	0.22	17,706.88	0.98	0.21	18,520.78	0.88	0.21
Employee medical benefit	0.00	0.00	0.00	3,389.78	0.15	0.03	15.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Contract labor	6,983.27	0.32	0.07	974.20	0.04	0.01	1,944.00	0.09	0.02	4,583.75	0.25	0.06	3,877.28	0.18	0.04
Total labor costs	234,521.04	10.87	2.50	210,297.70	9.39	2.16	236,035.54	11.17	2.57	226,459.71	12.48	2.73	277,971.46	13.18	3.22
Total direct costs	1,412,046.03	65.46	15.03	1,495,073.88	66.78	15.37	1,036,431.25	49.05	11.28	1,141,218.91	62.89	13.78	1,120,736.17	53.15	12.98

See accountants' compilation report.

Schedule III

Klaas Talsma dba Frisia Farms
Schedule of Income and Expenses
For each of the Five Quarters Ended December 31, 2013

	3 Months Ended Dec. 31, 2012	Pct	CWT	3 Months Ended Mar. 31, 2013	Pct	CWT	3 Months Ended Jun. 30, 2013	Pct	CWT
Operating expenses									
Utilities	35,020.27	1.62	0.37	31,279.56	1.40	0.32	34,208.92	1.62	0.37
Veterinary fees, medicine	114,305.41	5.30	1.22	11,586.50	0.52	0.12	358.59	0.02	0.00
Breeding fees	13,800.00	0.64	0.15	5,597.00	0.25	0.06	4,665.00	0.22	0.05
Supplies	38,122.11	1.77	0.41	27,867.92	1.24	0.29	41,181.61	1.95	0.45
Repairs	65,531.21	3.04	0.70	122,529.01	5.47	1.26	118,575.46	5.61	1.29
Milk testing	2,370.00	0.11	0.03	2,370.00	0.11	0.02	3,878.89	0.18	0.04
Cattle lease	161,789.00	7.50	1.72	0.00	0.00	0.00	0.00	0.00	0.00
Machine lease	0.00	0.00	0.00	57.50	0.00	0.00	0.00	0.00	0.00
Gas, deisel, oil	50,867.69	2.36	0.54	54,276.12	2.42	0.56	52,177.22	2.47	0.57
Trucking	420.00	0.02	0.00	390.00	0.02	0.00	3,312.75	0.16	0.04
Insurance	13,459.33	0.62	0.14	23,567.16	1.05	0.24	7,971.88	0.38	0.09
Lagoon expense	0.00	0.00	0.00	108,167.54	4.83	1.11	0.00	0.00	0.00
Taxes	14,027.94	0.65	0.15	6,971.63	0.31	0.07	8,046.19	0.38	0.09
Telephone	4,473.72	0.21	0.05	4,136.36	0.18	0.04	3,940.07	0.19	0.04
Professional fees	40,129.58	1.86	0.43	11,469.64	0.51	0.12	83,510.55	3.95	0.91
Enviromental services	3,303.29	0.15	0.04	1,407.80	0.06	0.01	1,715.00	0.08	0.02
Bank charges	354.00	0.02	0.00	500.00	0.02	0.01	547.86	0.03	0.01
Licenses and permits	3,312.00	0.15	0.04	0.00	0.00	0.00	770.75	0.04	0.01
Dues and subscriptions	604.60	0.03	0.01	501.66	0.02	0.01	794.60	0.04	0.01
Travel	81.82	0.00	0.00	311.97	0.01	0.00	0.00	0.00	0.00
Advertising and business	0.00	0.00	0.00	2,400.00	0.11	0.02	0.00	0.00	0.00
Miscellaneous	2,482.50	0.12	0.03	0.00	0.00	0.00	235.89	0.01	0.00
Amortization	1,500.00	0.07	0.02	1,500.00	0.07	0.02	1,500.00	0.07	0.02
Depreciation - cattle	0.00	0.00	0.00	97,226.00	4.34	1.00	119,442.00	5.65	1.30
Depreciation - other assets	45,192.00	2.10	0.48	43,958.00	1.96	0.45	44,940.00	2.13	0.49
Depreciation - raised cow	0.00	0.00	0.00	140,153.00	6.26	1.44	146,633.00	6.94	1.60
Total operating expenses	611,146.47	28.33	6.51	698,224.37	31.19	7.18	678,406.23	32.11	7.38

	3 Months Ended Sep. 30, 2013	Pct	CWT	3 Months Ended Dec. 31, 2013	Pct	CWT
Operating expenses						
Utilities	46,012.26	2.54	0.56	41,221.73	1.95	0.48
Veterinary fees, medicine	88,645.90	4.88	1.07	65,196.23	3.09	0.76
Breeding fees	5,750.00	0.32	0.07	11,406.00	0.54	0.13
Supplies	23,495.72	1.29	0.28	24,730.27	1.17	0.29
Repairs	110,299.03	6.08	1.33	115,560.05	5.48	1.34
Milk testing	3,779.40	0.21	0.05	790.00	0.04	0.01
Cattle lease	0.00	0.00	0.00	0.00	0.00	0.00
Machine lease	667.25	0.04	0.01	63.00	0.00	0.00
Gas, deisel, oil	52,404.78	2.89	0.63	56,199.79	2.67	0.65
Trucking	240.00	0.01	0.00	0.00	0.00	0.00
Insurance	9,810.07	0.54	0.12	8,470.33	0.40	0.10
Lagoon expense	0.00	0.00	0.00	0.00	0.00	0.00
Taxes	7,587.37	0.42	0.09	(5,540.77)	(0.26)	(0.06)
Telephone	4,488.49	0.25	0.05	2,381.72	0.11	0.03
Professional fees	(24,404.33)	(1.34)	(0.29)	126,655.79	6.01	1.47
Enviromental services	8,900.00	0.49	0.11	2,455.00	0.12	0.03
Bank charges	1,361.87	0.08	0.02	900.06	0.04	0.01
Licenses and permits	0.00	0.00	0.00	1,250.00	0.06	0.01
Dues and subscriptions	1,828.57	0.10	0.02	253.50	0.01	0.00
Travel	935.95	0.05	0.01	2,763.75	0.13	0.03
Advertising and business	0.00	0.00	0.00	0.00	0.00	0.00
Miscellaneous	949.30	0.05	0.01	0.00	0.00	0.00
Amortization	1,500.00	0.08	0.02	1,500.00	0.07	0.02
Depreciation - cattle	110,585.00	6.09	1.33	117,268.00	5.56	1.36
Depreciation - other assets	44,448.00	2.45	0.54	44,448.00	2.11	0.51
Depreciation - raised cow	139,630.00	7.69	1.69	136,705.00	6.48	1.58
Total operating expenses	638,914.63	35.21	7.71	754,677.45	35.79	8.74

See accountants' compilation report.

Schedule III

Klaas Talsma dba Frisia Farms
Schedule of Income and Expenses
For each of the Five Quarters Ended December 31, 2013

	3 Months Ended Dec. 31, 2012	Pct	CWT	3 Months Ended Mar. 31, 2013	Pct	CWT	3 Months Ended Jun. 30, 2013	Pct	CWT	3 Months Ended Sep. 30, 2013	Pct	CWT	3 Months Ended Dec. 31, 2013	Pct	CWT
Total expenses	2,023,192.50	93.80	21.54	2,193,298.25	97.96	22.56	1,714,837.48	81.16	18.66	1,780,133.54	98.09	21.49	1,875,413.62	88.94	21.72
Total operating income	31,339.35	1.45	0.33	(61,311.63)	(2.74)	(0.63)	297,106.79	14.06	3.23	(56,538.02)	(3.12)	(0.68)	139,952.68	6.64	1.62
Other income															
Calf sales	75,474.13	3.50	0.80	18,931.20	0.85	0.19	6,965.78	0.33	0.08	106,641.03	5.88	1.29	186,531.14	8.85	2.16
Capitalized cost of calves	0.00	0.00	0.00	10,800.00	0.48	0.11	18,300.00	0.87	0.20	57,300.00	3.16	0.69	16,200.00	0.77	0.19
Patronage dividend	15,155.24	0.70	0.16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,116.64	0.15	0.04
Agricultural payments	548.00	0.03	0.01	0.00	0.00	0.00	116,032.71	5.49	1.26	0.00	0.00	0.00	22,523.62	1.07	0.26
Loss on co-op investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(78,863.70)	(3.74)	(0.91)
Interest income	502.12	0.02	0.01	282.08	0.01	0.00	560.45	0.03	0.01	110.62	0.01	0.00	10.27	0.00	0.00
Equipment rent	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12,000.00	0.57	0.14
Rental house	0.00	0.00	0.00	500.00	0.02	0.01	1,000.00	0.05	0.01	1,000.00	0.06	0.01	0.00	0.00	0.00
Cattle lease	0.00	0.00	0.00	85,693.00	3.83	0.88	88,518.00	4.19	0.96	89,573.00	4.94	1.08	90,718.00	4.30	1.05
Misc income - void check	0.00	0.00	0.00	1,979.00	0.09	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gain(loss) sale of cattle	0.00	0.00	0.00	96,055.92	4.29	0.99	30,028.92	1.42	0.33	26,336.95	1.45	0.32	(684.55)	(0.03)	(0.01)
Gain(loss) sale of other	(11,571.00)	(0.54)	(0.12)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total other income	80,108.49	3.71	0.85	214,241.20	9.57	2.20	261,405.86	12.37	2.84	280,961.60	15.48	3.39	251,551.42	11.93	2.91
Other expenses															
Interest expense - other	46,755.97	(2.17)	(0.50)	37,346.20	(1.67)	(0.38)	46,862.26	(2.22)	(0.51)	41,834.26	(2.31)	(0.50)	37,385.39	(1.77)	(0.43)
Penalties and fines	7,874.11	(0.37)	(0.08)	9,936.00	(0.44)	(0.10)	10,573.84	(0.50)	(0.12)	0.00	0.00	0.00	0.00	0.00	0.00
Total other expense	54,630.08	2.53	0.58	47,282.20	2.11	0.49	57,436.10	2.72	0.63	41,834.26	2.31	0.50	37,385.39	1.77	0.43
Gain(loss) from hedging															
Total hedging gain(loss)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income (loss)	$ 56,817.76	2.63	0.60	$ 105,647.37	4.72	1.09	$ 501,076.55	23.71	5.45	$ 182,589.32	10.06	2.20	$ 354,118.71	16.79	4.10

See accountants' compilation report.

Schedule IV

Klaas Talsma dba Frisia Farms
Schedule of Financial Highlights
For each of the Five Quarters Ended December 31, 2013

	3 Months Ended Dec. 31, 2012	3 Months Ended Mar. 31, 2013	3 Months Ended Jun. 30, 2013	3 Months Ended Sep. 30, 2013	3 Months Ended Dec. 31, 2013	12 Months Ended Dec. 31, 2013
Milk production statistics						
Pounds of whole milk produced	9,392,986	9,724,205	9,188,420	8,284,515	8,633,130	35,830,270
Average butterfat test	4.08	4.21	4.14	3.96	4.33	4.16
Average protein test	3.45	3.45	3.39	3.28	3.48	3.40
Average somatic cell count	283,064	276,606	287,022	345,880	357,542	316,762
Avg daily pounds per milking cow	58	63	60	55	58	59
Dairy herd statistics						
Average herd size:						
Milking cows	1,759	1,718	1,675	1,628	1,613	1,659
Dry cows	0	486	626	742	659	628
Bulls	0	11	11	4	4	8
Cattle purchased:						
Number of head	0	67	332	27	186	612
Total amount paid	$ 0	$ 77,505	$ 326,941	$ 32,425	$ 221,704	$ 658,575
Average price per head	$ 0	$ 1,157	$ 985	$ 1,201	$ 1,192	$ 1,076
Raised heifers in barn	0	162	136	48	-48	298
Cattle sold:						
Number of head	0	244	125	165	184	718
Total amount received	$ 0	$ 237,456	$ 97,702	$ 125,588	$ 88,515	$ 549,261
Average price per head	$ 0	$ 973	$ 782	$ 761	$ 481	$ 765
Number of dead cows	0	26	15	57	39	137
Herd turnover rate	0.0%	49.0%	24.3%	37.5%	39.3%	37.4%
Product price						
Average price received per cwt. of milk shipped	$ 22.96	$ 23.02	$ 23.00	$ 21.91	$ 24.43	$ 23.10
Breakeven price						
Average milk price required for dairy to break even	$ 22.36	$ 21.94	$ 17.54	$ 19.70	$ 20.32	$ 19.90
Net income (loss) per CWT	$ 0.60	$ 1.08	$ 5.46	$ 2.21	$ 4.11	$ 3.20

See accountants' compilation report.

Frisia Hartley LLC

December 31, 2013

Boucher, Morgan and Young, a P.C.

ACCOUNTANTS' COMPILATION REPORT

To the Owner
Frisia Hartley LLC
7469 County Road 209, Hico, Texas

We have compiled the accompanying balance sheets of Frisia Hartley LLC (a single-member limited liability company) as of December 31, 2013, 2012 and 2011, and the related income statements for the twelve months then ended and the statement of cash flows for the twelve months ended December 31, 2013. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

During our compilation, we did become aware of a departure from accounting principles generally accepted in the United States of America that is described in the following paragraphs.

Accounting principles generally accepted in the United States of America require the statement of cash flows be presented for each period presented in the statement of income. The statement of cash flows for the twelve months ended December 31, 2012 and 2011 have been omitted which is a departure from accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures required by the accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, expenses and cash flows.. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The supplementary information contained in Schedules I through IV are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

Stephenville, Texas
March 31, 2014

Boucher Morgan & Young

Frisia Hartley LLC
Balance Sheets
As of December 31, 2013, 2012 and 2011

ASSETS	2013	2012	2011
CURRENT ASSETS			
Cash in bank - Wells Fargo	$ (13,085.45)	$ 505,501.06	$ (19,985.01)
Cash in bank - Wells Fargo	0.00	0.00	119.74
Cash in bank - Wells Fargo	200.00	0.00	0.00
Cash in bank - Wells Fargo	0.00	10,345.91	0.00
Cash in bank - First Natl Bank (CD)	9,396.51	9,283.22	9,168.00
Employee loans	0.00	(1,800.00)	20,889.38
Note recievable - A. Jarimillo	0.00	0.00	43,767.44
Note receivable - R. Santiago	41,832.12	43,851.76	44,867.06
Note receivable - R. Santiago	7,740.27	8,675.17	0.00
Note receivable - Cuellar	0.00	0.00	17,165.16
Note receivable - S. Coston	0.00	2,900.00	0.00
Accounts receivable-Hillmar Cheese	916,917.14	819,720.37	664,749.11
Accounts receivable-XO Angus	117,375.00	27,720.00	0.00
Due from Frisia Farm Inc	0.00	1,191,800.00	960,700.00
Due from Talsma Dairy - cattle	1,978,222.00	786,422.00	786,422.00
Due from Talsma Dairy - feed	231,551.85	0.00	0.00
Inventory-hay,silage & commodities	1,657,020.00	1,862,471.00	3,349,600.00
Prepaid feed	455,000.00	232,500.00	0.00
Investment in growing crops	56,250.00	180,000.00	0.00
Total current assets	5,458,419.44	5,679,390.49	5,877,462.88
DAIRY HERD			
Purchased dairy cattle	1,217,038.60	11,193.60	11,900.00
Self-raised dairy cows	4,233,682.00	6,155,002.00	7,129,099.00
Self-raised dairy heifers	137,813.00	461,177.00	2,300,157.00
Total	5,588,533.60	6,627,372.60	9,441,156.00
Less: Accumulated depreciation	(1,985,708.00)	(1,730,388.00)	(1,523,132.00)
Dairy herd, net	3,602,825.60	4,896,984.60	7,918,024.00
FACILITIES AND EQUIPMENT			
Machinery and equipment	2,977,779.03	2,838,625.09	2,953,783.72
Total	2,977,779.03	2,838,625.09	2,953,783.72
Less: Accumulated depreciation	(1,646,228.00)	(1,398,377.00)	(1,268,448.00)
Facilities and equipment, net	1,331,551.03	1,440,248.09	1,685,335.72
OTHER ASSETS			
Cooperative equity - FFP	33,464.25	33,464.25	0.00
Total other assets	33,464.25	33,464.25	0.00
TOTAL ASSETS	$ 10,426,260.32	$ 12,050,087.43	$ 15,480,822.60

See accountants' compilation report.

Frisia Hartley LLC
Balance Sheets
As of December 31, 2013, 2012 and 2011

LIABILITIES AND EQUITY	2013	2012	2011
CURRENT LIABILITIES			
Current portion of long-term debt	$ 443,171.00	$ 384,368.00	$ 396,903.00
Accounts payable	(8,358.00)	274,561.69	1,012,559.96
Accounts payable - C24	1,054,374.39	1,442,960.61	1,719,850.47
Accounts payalbe - 503b9	0.00	0.00	205,313.30
Accounts payable - other	0.00	23,721.67	0.00
Accrued interest	18,666.00	2,261.00	1,810.00
Accrued wages	0.00	0.00	56,568.47
Payroll taxes payable	(786.92)	(1,093.78)	(6,096.90)
Unemployment taxes payable	1,134.09	677.90	470.64
Due to Frisia Feeders	0.00	0.00	3,091,406.24
Due to Talsma Dairy - tractor	115,000.00	0.00	1,101.86
Due to Frisia West LLC	9,289,063.95	7,078,309.39	5,339,584.97
N/P - Wells Fargo Bank #26	6,481,774.85	9,273,625.16	10,642,030.16
Total current liabilities	17,394,039.36	18,479,391.64	22,461,502.17
LONG-TERM LIABILITIES			
N/P - Bank of America	0.00	0.00	24,654.49
N/P - Commercial Equip Lease 002	0.00	0.00	13,153.12
N/P - DFS&L 01 084325 00	0.00	0.00	44,352.38
N/P - DFS&L 01 084824 02	0.00	0.00	17,785.38
N/P - CNH Capital 6003	59,491.99	111,852.89	171,165.04
N/P - DFS&L 01 084871 03	41,832.12	43,851.76	45,414.74
N/P - DFS&L 01 084945 06	66,519.50	69,050.84	71,434.18
N/P - Caterpillar	32,432.80	41,540.68	59,756.44
N/P - Caterpillar 13531685	100,224.09	130,109.49	189,880.29
N/P - Lone Star 259100617	331,719.90	607,666.79	861,956.57
Less current portion	(443,171.00)	(384,368.00)	(396,903.00)
Total long-term liabilities, net	189,049.40	619,704.45	1,102,649.63
Total liabilities	17,583,088.76	19,099,096.09	23,564,151.80
EQUITY			
Capital at beginning of the year	(7,049,008.66)	(8,083,329.20)	(7,820,077.02)
Current year-member (distributions)/contributions	(120,650.00)	3,216,408.90	(14,864.60)
Current year net income(loss)	12,830.22	(2,182,088.36)	(248,387.58)
Total equity	(7,156,828.44)	(7,049,008.66)	(8,083,329.20)
TOTAL LIABILITIES AND EQUITY	$ 10,426,260.32	$ 12,050,087.43	$ 15,480,822.60

See accountants' compilation report.

Frisia Hartley LLC
Income Statements
For the Twelve Months Ended December 31, 2013, 2012 and 2011

	12 Months Ended Dec. 31, 2013	Pct	CWT	12 Months Ended Dec. 31, 2012	Pct	CWT	12 Months Ended Dec. 31, 2011	Pct	CWT
Revenue									
Milk sales	$ 17,967,673.10	100.00	21.01	$ 16,704,535.53	100.00	20.00	$ 20,119,227.99	100.00	22.17
Milk sales-other	28,381.94	0.16	0.03	27,924.31	0.17	0.03	0.00	0.00	0.00
Milk freight & hauling	(283,545.00)	(1.58)	(0.33)	(299,835.40)	(1.79)	(0.36)	(296,807.79)	(1.48)	(0.33)
National dairy promotion	(128,282.75)	(0.71)	(0.15)	(125,298.87)	(0.75)	(0.15)	(136,130.81)	(0.68)	(0.15)
Net milk revenue	17,584,227.29	97.87	20.56	16,307,325.57	97.62	19.52	19,686,289.39	97.85	21.69
Direct costs									
Feed and hay expense	9,875,910.07	54.96	11.55	11,210,404.25	67.11	13.42	14,384,601.53	71.50	15.85
Custom feeding & calf raisi	0.00	0.00	0.00	262,775.54	1.57	0.31	508,526.64	2.53	0.56
BST supplies	9,398.00	0.05	0.01	376,537.00	2.25	0.45	469,349.22	2.33	0.52
Less cost to feed heifers	(115,216.00)	(0.64)	(0.13)	(1,268,424.00)	(7.59)	(1.52)	(2,263,504.00)	(11.25)	(2.49)
Less cost of growing crops	0.00	0.00	0.00	(180,000.00)	(1.08)	(0.22)	0.00	0.00	0.00
Custom hire - farming	437,600.39	2.44	0.51	147,107.50	0.88	0.18	10,350.00	0.05	0.01
Seeds & plants	29,005.61	0.16	0.03	79,108.88	0.47	0.09	13,841.44	0.07	0.02
Fertilizer, lime & chemicals	114,094.69	0.63	0.13	(6,400.00)	(0.04)	(0.01)	30,372.50	0.15	0.03
Total feed costs	10,350,792.76	57.61	12.10	10,621,109.17	63.58	12.71	13,153,537.33	65.38	14.49
Salaries and wages	1,424,250.66	7.93	1.67	1,399,879.28	8.38	1.68	1,397,734.81	6.95	1.54
Payroll taxes	107,393.02	0.60	0.13	111,014.68	0.66	0.13	104,346.44	0.52	0.11
Employee benefits	506.30	0.00	0.00	7,473.17	0.04	0.01	199.00	0.00	0.00
Contract labor	13,317.94	0.07	0.02	53,349.58	0.32	0.06	24,959.17	0.12	0.03
Total labor costs	1,545,467.92	8.60	1.81	1,571,716.71	9.41	1.88	1,527,239.42	7.59	1.68
Total direct costs	11,896,260.68	66.21	13.91	12,192,825.88	72.99	14.60	14,680,776.75	72.97	16.18
Operating expenses									
Guaranteed pmts - VanDijk	0.00	0.00	0.00	49,075.00	0.29	0.06	66,250.00	0.33	0.07
Utilities	450,168.99	2.51	0.53	262,129.75	1.57	0.31	247,304.10	1.23	0.27
Veterinary fees & medicine	340,436.57	1.89	0.40	124,616.78	0.75	0.15	138,387.63	0.69	0.15
Breeding fees	22,918.00	0.13	0.03	44,806.13	0.27	0.05	52,322.46	0.26	0.06
Office supplies & expense	14,409.16	0.08	0.02	7,609.50	0.05	0.01	12,684.02	0.06	0.01
Supplies expense	252,376.51	1.40	0.30	578,990.16	3.47	0.69	986,755.12	4.90	1.09
Sand	9,856.50	0.05	0.01	0.00	0.00	0.00	0.00	0.00	0.00
Repairs and maintenance	527,661.61	2.94	0.62	400,317.47	2.40	0.48	370,730.83	1.84	0.41
Pest control	0.00	0.00	0.00	7,010.00	0.04	0.01	11,654.77	0.06	0.01
Testing & weighing	58,015.18	0.32	0.07	80,283.50	0.48	0.10	49,261.54	0.24	0.05
Feed testing	0.00	0.00	0.00	0.00	0.00	0.00	2,634.39	0.01	0.00
Land and barn lease	1,706,984.70	9.50	2.00	1,828,000.00	10.94	2.19	576,250.00	2.86	0.63
Equipment lease	9,466.60	0.05	0.01	38,925.91	0.23	0.05	5,021.00	0.02	0.01
Gasoline, fuel & oil	244,314.61	1.36	0.29	279,909.82	1.68	0.34	264,291.49	1.31	0.29

See accountants' compilation report.

Frisia Hartley LLC
Income Statements
For the Twelve Months Ended December 31, 2013, 2012 and 2011

	12 Months Ended Dec. 31, 2013	Pct	CWT	12 Months Ended Dec. 31, 2012	Pct	CWT	12 Months Ended Dec. 31, 2011	Pct	CWT
Cattle freight & hauling	32,548.18	0.18	0.04	0.00	0.00	0.00	3,377.60	0.02	0.00
Insurance	151,334.08	0.84	0.18	169,410.45	1.01	0.20	153,446.24	0.76	0.17
Property taxes	2,576.85	0.01	0.00	9,280.48	0.06	0.01	4,263.23	0.02	0.00
Telephone	11,858.61	0.07	0.01	19,250.61	0.12	0.02	14,411.15	0.07	0.02
Legal & accounting	59,405.82	0.33	0.07	49,958.13	0.30	0.06	299,311.79	1.49	0.33
Other professional services	9,005.00	0.05	0.01	13,110.00	0.08	0.02	16,901.50	0.08	0.02
Bank charges	3,771.09	0.02	0.00	5,154.09	0.03	0.01	2,163.83	0.01	0.00
Permits & license	1,073.00	0.01	0.00	1,127.50	0.01	0.00	1,157.38	0.01	0.00
Dues & subscriptions	377.35	0.00	0.00	(120.00)	0.00	0.00	120.00	0.00	0.00
Travel & meetings	4,602.45	0.03	0.01	9,097.06	0.05	0.01	2,766.84	0.01	0.00
Advertising & business pro	0.00	0.00	0.00	300.00	0.00	0.00	629.44	0.00	0.00
Miscellaneous expense	0.00	0.00	0.00	208.00	0.00	0.00	0.00	0.00	0.00
Depreciation expense-cattle	140,919.00	0.78	0.16	2,416.00	0.01	0.00	9,817.00	0.05	0.01
Depreciation expense-other	247,851.00	1.38	0.29	268,624.00	1.61	0.32	272,108.00	1.35	0.30
Depreciation expense-raise	1,257,375.00	7.00	1.47	1,527,796.00	9.15	1.83	1,798,604.00	8.94	1.98
Total operating exp	5,559,305.86	30.94	6.50	5,777,286.34	34.59	6.92	5,362,625.35	26.65	5.91
Total expenses	17,455,566.54	97.15	20.41	17,970,112.22	107.58	21.51	20,043,402.10	99.62	22.09
Total operating income	128,660.75	0.72	0.15	(1,662,786.65)	(9.95)	(1.99)	(357,112.71)	(1.77)	(0.39)
Other income									
Manure sales	21,876.00	0.12	0.03	0.00	0.00	0.00	0.00	0.00	0.00
Agricultural program paym	57,844.40	0.32	0.07	118,201.48	0.71	0.14	0.00	0.00	0.00
Interest income	3,421.99	0.02	0.00	7,100.12	0.04	0.01	9,259.90	0.05	0.01
Rent - employee housing	14,420.00	0.08	0.02	24,480.00	0.15	0.03	23,335.00	0.12	0.03
Miscellaneous income	20,594.36	0.11	0.02	7,779.25	0.05	0.01	75,542.67	0.38	0.08
Misc income - void checks/	103,476.06	0.58	0.12	0.00	0.00	0.00	306.20	0.00	0.00
Gain(loss) on sale of calves	68,425.00	0.38	0.08	(8,001.26)	(0.05)	(0.01)	698,562.28	3.47	0.77
Gain(loss) on sale of cattle	(17,904.56)	(0.10)	(0.02)	(64,605.73)	(0.39)	(0.08)	40,490.79	0.20	0.04
Gain(loss) on sale of assets	0.00	0.00	0.00	(41,840.00)	(0.25)	(0.05)	8,413.25	0.04	0.01
Total other income	272,153.25	1.51	0.32	43,113.86	0.26	0.05	855,910.09	4.25	0.94
Other expense									
Interest expense	387,983.78	(2.16)	(0.45)	562,415.57	(3.37)	(0.67)	747,184.96	(3.71)	(0.82)
Total other expense	387,983.78	2.16	0.45	562,415.57	3.37	0.67	747,184.96	3.71	0.82
Net income (loss)	$ 12,830.22	0.07	0.02	$ (2,182,088.36)	(13.06)	(2.61)	$ (248,387.58)	(1.23)	(0.27)

See accountants' compilation report.

Frisia Hartley LLC
Statement of Cash Flows
For the Twelve Months Ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income (loss)	$ 12,830.22
Noncash items included in net income	
Depreciation and amortization	1,646,145.00
(Gain) loss on sale of cattle	17,904.56
(Increase) decrease in current assets:	
Accounts receivable-milk	(97,196.77)
Accounts receivable-other	4,054.54
Inventories	329,201.00
Prepaid expenses	(222,500.00)
Due from related parties	(321,206.85)
Increase(decrease) in current liabilities:	
Accounts payable	(695,227.58)
Accrued liabilities	17,168.05
Due to related parties	2,325,754.56
Net cash provided by (used in) operating activities	**3,016,926.73**
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of cattle	961,949.44
Purchase of machinery and equipment	(139,153.94)
Purchase of dairy cattle	(1,222,673.00)
(Increase)/decrease in self raised heifers	138,684.00
Net cash provided by (used in) investing activities	**(261,193.50)**
CASH FLOWS FROM FINANCING ACTIVITIES	
Increase(decrease) in short term debt	(2,791,850.31)
Long term debt reduction	(371,852.05)
Capital contributions(withdrawls)	(120,650.00)
Net cash provided by (used in) financing activities	**(3,284,352.36)**
NET INCREASE (DECREASE) IN CASH	(528,619.13)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	525,130.19
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ (3,488.94)

See accountants' compilation report.

SUPPLEMENTARY INFORMATION

Schedule I

Frisia Hartley LLC
Schedule of Taxable Income
For the Twelve Months Ended December 31, 2013

Sch F - Revenue	
Milk sales	$ 17,967,673.10
Milk sales-other	28,381.94
Calf sales	322,325.00
Manure sales	21,876.00
Agricultural program payments	57,844.40
Rent - employee housing	14,420.00
Miscellaneous income	20,594.36
Misc income - void checks/payables	103,476.06
Adjust for rec-milk	(97,196.77)
Adjust for rec-other	4,054.54
Sch F - gross income	18,443,448.63
Sch F - Expenses	
Feed and hay expense	9,875,910.07
BST supplies	9,398.00
Adjust for inventory	(329,201.00)
Adjust for prepaid exp	222,500.00
Adjust for payables	695,227.58
Adjust for related party	(2,004,547.71)
Total feed costs	8,469,286.94
Salaries and wages	1,424,250.66
Payroll taxes	107,393.02
Employee benefits	506.30
Contract labor	13,317.94
Utilities	450,168.99
Veterinary fees & medicine	340,436.57
Breeding fees	22,918.00
Office supplies & expense	14,409.16
Supplies expense	252,376.51
Sand	9,856.50
Repairs and maintenance	527,661.61
Testing & weighing	58,015.18
Land and barn lease	1,706,984.70
Equipment lease	9,466.60
Custom hire - farming	437,600.39
Gasoline, fuel & oil	244,314.61
Seeds & plants	29,005.61
Fertilizer, lime & chemicals	114,094.69
Cattle freight & hauling	32,548.18
Insurance	151,334.08
Property taxes	2,576.85
Telephone	11,858.61
Legal & accounting	59,405.82

Frisia Hartley LLC
Schedule of Taxable Income
For the Twelve Months Ended December 31, 2013

Other professional services	9,005.00
Bank charges	3,771.09
Permits & license	1,073.00
Dues & subscriptions	377.35
Travel & meetings	4,602.45
Tax depreciation	857,464.00
Milk freight & hauling	283,545.00
National dairy promotion	128,282.75
Interest expense	387,983.78
Adjust for payroll taxes	(763.05)
Adjust for interest	(16,405.00)
Sch F - expenses	16,148,723.89
Net Sch F income(loss)	2,294,724.74
Other income	
Interest income	3,421.99
Gain(loss) on sale of cattle	(990,023.00)
Total other income	(986,601.01)
Net taxableincome (loss)	$ 1,308,123.73

See accountants' compilation report.

Schedule II

Frisia Hartley LLC
Schedule of Capital Contributions/(Distributions)
and Non-dairy/business items
For the Twelve Months ended December 31, 2013

Schedule of current year capital increase/(decrease):		
K. Talsma, drawing - general	$	(110,000.00)
Loan payments for employees		(10,650.00)
Total (distributions)/contributions	$	(120,650.00)

See accountants' compilation report.

Schedule III

Frisia Hartley LLC
Schedule of Income and Expenses
For each of the Five Quarters Ended December 31, 2013

	3 Months Ended Dec. 31, 2012	Pct	CWT	3 Months Ended Mar. 31, 2013	Pct	CWT	3 Months Ended Jun. 30, 2013	Pct	CWT	3 Months Ended Sep. 30, 2013	Pct	CWT	3 Months Ended Dec. 31, 2013	Pct	CWT
Revenue															
Milk sales	$ 4,498,237.48	100.00	24.16	$ 4,197,585.45	100.00	20.66	$ 4,430,492.67	100.00	20.27	$ 4,335,313.44	100.00	20.13	$ 5,004,281.54	100.00	22.94
Milk sales-other	5,390.52	0.12	0.03	3,599.30	0.09	0.02	4,618.61	0.10	0.02	4,327.03	0.10	0.02	15,837.00	0.32	0.07
Milk freight & hauling	(88,820.22)	(1.97)	(0.48)	(68,349.28)	(1.63)	(0.34)	(72,395.21)	(1.63)	(0.33)	(70,903.33)	(1.64)	(0.33)	(71,897.18)	(1.44)	(0.33)
National dairy promotion	(27,927.34)	(0.62)	(0.15)	(30,473.48)	(0.73)	(0.15)	(32,784.18)	(0.74)	(0.15)	(32,299.35)	(0.75)	(0.15)	(32,725.74)	(0.65)	(0.15)
Total milk revenue	4,386,880.44	97.52	23.56	4,102,361.99	97.73	20.19	4,329,931.89	97.73	19.81	4,236,437.79	97.72	19.67	4,915,495.62	98.23	22.53
Direct costs															
Feed and hay expense	2,485,824.58	55.26	13.35	2,098,678.52	50.00	10.33	2,988,130.37	67.44	13.67	2,054,715.03	47.39	9.54	2,734,386.15	54.64	12.53
BST supplies	29,305.00	0.65	0.16	6,270.00	0.15	0.03	3,128.00	0.07	0.01	0.00	0.00	0.00	0.00	0.00	0.00
Less cost to feed heifers	(92,270.00)	(2.05)	(0.50)	(61,927.00)	(1.48)	(0.30)	(53,289.00)	(1.20)	(0.24)	0.00	0.00	0.00	0.00	0.00	0.00
Less cost of growing crop	(180,000.00)	(4.00)	(0.97)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Custom hire - farming	144,137.50	3.20	0.77	3,750.00	0.09	0.02	186,702.41	4.21	0.85	31,419.89	0.72	0.15	215,728.09	4.31	0.99
Seeds & plants	44,792.52	1.00	0.24	0.00	0.00	0.00	0.00	0.00	0.00	14,001.57	0.32	0.07	15,004.04	0.30	0.07
Fertilizer, lime & chemical	0.00	0.00	0.00	86,598.05	2.06	0.43	7,056.00	0.16	0.03	20,440.64	0.47	0.09	0.00	0.00	0.00
Total feed costs	2,431,789.60	54.06	13.06	2,133,369.57	50.82	10.50	3,131,727.78	70.69	14.33	2,120,577.13	48.91	9.85	2,965,118.28	59.25	13.59
Salaries and wages	362,396.23	8.06	1.95	313,075.29	7.46	1.54	357,633.79	8.07	1.64	376,650.70	8.69	1.75	376,890.88	7.53	1.73
Payroll taxes	31,236.61	0.69	0.17	22,254.85	0.53	0.11	28,462.33	0.64	0.13	28,086.50	0.65	0.13	28,589.34	0.57	0.13
Employee benefits	0.00	0.00	0.00	506.30	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Contract labor	13,869.85	0.31	0.07	9,950.00	0.24	0.05	3,367.94	0.08	0.02	0.00	0.00	0.00	0.00	0.00	0.00
Total labor costs	407,502.69	9.06	2.19	345,786.44	8.24	1.70	389,464.06	8.79	1.78	404,737.20	9.34	1.88	405,480.22	8.10	1.86
Total direct costs	2,839,292.29	63.12	15.25	2,479,156.01	59.06	12.20	3,521,191.84	79.48	16.11	2,525,314.33	58.25	11.73	3,370,598.50	67.35	15.45

See accountants' compilation report.

Schedule III

Frisia Hartley LLC
Schedule of Income and Expenses
For each of the Five Quarters Ended December 31, 2013

	3 Months Ended Dec. 31, 2012	Pct	CWT	3 Months Ended Mar. 31, 2013	Pct	CWT	3 Months Ended Jun. 30, 2013	Pct	CWT	3 Months Ended Sep. 30, 2013	Pct	CWT	3 Months Ended Dec. 31, 2013	Pct	CWT
Operating expenses															
Utilities	83,907.46	1.87	0.45	88,097.29	2.10	0.43	139,127.89	3.14	0.64	136,720.79	3.15	0.63	86,223.02	1.72	0.40
Veterinary fees & medicin	28,880.07	0.64	0.16	26,043.93	0.62	0.13	101,123.75	2.28	0.46	127,085.17	2.93	0.59	86,183.72	1.72	0.40
Breeding fees	7,875.00	0.18	0.04	8,003.00	0.19	0.04	3,850.00	0.09	0.02	5,775.00	0.13	0.03	5,290.00	0.11	0.02
Office supplies & expense	1,217.47	0.03	0.01	6,133.67	0.15	0.03	5,724.80	0.13	0.03	730.51	0.02	0.00	1,820.18	0.04	0.01
Supplies expense	145,516.98	3.23	0.78	103,952.43	2.48	0.51	34,057.50	0.77	0.16	67,693.95	1.56	0.31	46,672.63	0.93	0.21
Sand	0.00	0.00	0.00	5,000.00	0.12	0.02	4,856.50	0.11	0.02	0.00	0.00	0.00	0.00	0.00	0.00
Repairs and maintenance	146,467.32	3.26	0.79	113,528.56	2.70	0.56	77,225.82	1.74	0.35	175,698.57	4.05	0.82	161,208.66	3.22	0.74
Testing & weighing	16,600.12	0.37	0.09	22,994.24	0.55	0.11	20,633.34	0.47	0.09	14,387.60	0.33	0.07	0.00	0.00	0.00
Land and barn lease	538,000.00	11.96	2.89	486,000.00	11.58	2.39	473,134.43	10.68	2.16	370,925.14	8.56	1.72	376,925.13	7.53	1.73
Equipment lease	(26,696.35)	(0.59)	(0.14)	7,503.10	0.18	0.04	0.00	0.00	0.00	1,963.50	0.05	0.01	0.00	0.00	0.00
Gasoline, fuel & oil	90,295.10	2.01	0.48	23,346.08	0.56	0.11	77,103.71	1.74	0.35	101,200.20	2.33	0.47	42,664.62	0.85	0.20
Cattle freight & hauling	0.00	0.00	0.00	23,665.60	0.56	0.12	0.00	0.00	0.00	6,880.58	0.16	0.03	2,002.00	0.04	0.01
Insurance	17,827.10	0.40	0.10	61,756.48	1.47	0.30	59,561.16	1.34	0.27	30,453.44	0.70	0.14	(437.00)	(0.01)	0.00
Property taxes	5,323.19	0.12	0.03	584.43	0.01	0.00	779.24	0.02	0.00	823.56	0.02	0.00	389.62	0.01	0.00
Telephone	5,845.27	0.13	0.03	3,784.32	0.09	0.02	2,227.23	0.05	0.01	3,607.53	0.08	0.02	2,239.53	0.04	0.01
Legal & accounting	18,544.95	0.41	0.10	7,661.14	0.18	0.04	39,914.59	0.90	0.18	5,970.09	0.14	0.03	5,860.00	0.12	0.03
Other professional service	4,706.25	0.10	0.03	2,281.25	0.05	0.01	0.00	0.00	0.00	5,086.25	0.12	0.02	1,637.50	0.03	0.01
Bank charges	1,460.67	0.03	0.01	688.50	0.02	0.00	921.01	0.02	0.00	1,090.96	0.03	0.01	1,070.62	0.02	0.00
Permits & license	930.75	0.02	0.00	67.00	0.00	0.00	206.00	0.00	0.00	0.00	0.00	0.00	800.00	0.02	0.00
Dues & subscriptions	(120.00)	0.00	0.00	57.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	319.40	0.01	0.00
Travel & meetings	5,498.51	0.12	0.03	1,357.88	0.03	0.01	2,322.48	0.05	0.01	331.32	0.01	0.00	590.77	0.01	0.00
Advertising & business pr	300.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Miscellaneous expense	208.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation expense-cattl	641.00	0.01	0.00	12,888.00	0.31	0.06	33,740.00	0.76	0.15	47,778.00	1.10	0.22	46,513.00	0.93	0.21
Depreciation expense-othe	65,398.00	1.45	0.35	59,401.00	1.42	0.29	64,525.00	1.46	0.30	61,962.00	1.43	0.29	61,963.00	1.24	0.28
Depreciation expense-rais	394,363.00	8.77	2.12	337,441.00	8.04	1.66	307,991.00	6.95	1.41	297,599.00	6.86	1.38	314,344.00	6.28	1.44
Total operating expenses	1,552,989.86	34.52	8.34	1,402,236.85	33.41	6.90	1,449,025.45	32.71	6.63	1,463,763.16	33.76	6.80	1,244,280.40	24.86	5.70

See accountants' compilation report.

Schedule III

Frisia Hartley LLC
Schedule of Income and Expenses
For each of the Five Quarters Ended December 31, 2013

	3 Months Ended Dec. 31, 2012	Pct	CWT	3 Months Ended Mar. 31, 2013	Pct	CWT	3 Months Ended Jun. 30, 2013	Pct	CWT
Total expenses	4,392,282.15	97.64	23.59	3,881,392.86	92.47	19.11	4,970,217.29	112.18	22.74
Total operating income	(5,401.71)	(0.12)	(0.03)	220,969.13	5.26	1.09	(640,285.40)	(14.45)	(2.93)
Other income									
Manure sales	0.00	0.00	0.00	18,258.00	0.43	0.09	3,618.00	0.08	0.02
Agricultural program pay	80,713.00	1.79	0.43	0.00	0.00	0.00	0.00	0.00	0.00
Interest income	1,678.81	0.04	0.01	958.97	0.02	0.00	430.57	0.01	0.00
Rent - employee housing	7,915.00	0.18	0.04	6,345.00	0.15	0.03	3,155.00	0.07	0.01
Miscellaneous income	899.25	0.02	0.00	10,620.97	0.25	0.05	316.00	0.01	0.00
Misc income - void check	0.00	0.00	0.00	102,041.06	2.43	0.50	1,435.00	0.03	0.01
Gain(loss) sale of calves	(23,430.00)	(0.52)	(0.13)	103,085.00	2.46	0.51	34,415.00	0.78	0.16
Gain(loss) sale of cattle	(9,240.72)	(0.21)	(0.05)	4,636.52	0.11	0.02	15,386.64	0.35	0.07
Total other income	58,535.34	1.30	0.31	245,945.52	5.86	1.21	58,756.21	1.33	0.27
Other expenses									
Interest expense	130,080.34	(2.89)	(0.70)	115,185.38	(2.74)	(0.57)	124,879.07	(2.82)	(0.57)
Total other expense	130,080.34	2.89	0.70	115,185.38	2.74	0.57	124,879.07	2.82	0.57
Gain(loss) from hedging									
Total hedging gain(loss)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income (loss)	$ (76,946.71)	(1.71)	(0.41)	$ 351,729.27	8.38	1.73	$ (706,408.26)	(15.94)	(3.23)

	3 Months Ended Sep. 30, 2013	Pct	CWT	3 Months Ended Dec. 31, 2013	Pct	CWT
Total expenses	3,989,077.49	92.01	18.53	4,614,878.90	92.22	21.15
Total operating income	247,360.30	5.71	1.15	300,616.72	6.01	1.38
Other income						
Manure sales	0.00	0.00	0.00	0.00	0.00	0.00
Agricultural program pay	0.00	0.00	0.00	57,844.40	1.16	0.27
Interest income	491.70	0.01	0.00	1,540.75	0.03	0.01
Rent - employee housing	4,045.00	0.09	0.02	875.00	0.02	0.00
Miscellaneous income	914.59	0.02	0.00	8,742.80	0.17	0.04
Misc income - void check	0.00	0.00	0.00	0.00	0.00	0.00
Gain(loss) sale of calves	75,520.00	1.74	0.35	(144,595.00)	(2.89)	(0.66)
Gain(loss) sale of cattle	(33,480.51)	(0.77)	(0.16)	(4,447.21)	(0.09)	(0.02)
Total other income	47,490.78	1.10	0.22	(80,039.26)	(1.60)	(0.37)
Other expenses						
Interest expense	80,014.28	(1.85)	(0.37)	67,905.05	(1.36)	(0.31)
Total other expense	80,014.28	1.85	0.37	67,905.05	1.36	0.31
Gain(loss) from hedging						
Total hedging gain(loss)	0.00	0.00	0.00	0.00	0.00	0.00
Net income (loss)	$ 214,836.80	4.96	1.00	$ 152,672.41	3.05	0.70

See accountants' compilation report.

Schedule IV

Frisia Hartley LLC
Schedule of Financial Highlights
For each of the Five Quarters Ended December 31, 2013

		3 Months Ended Dec. 31, 2012		3 Months Ended Mar. 31, 2013		3 Months Ended Jun. 30, 2013		3 Months Ended Sep. 30, 2013		3 Months Ended Dec. 31, 2013		12 Months Ended Dec. 31, 2013
Milk production statistics												
Pounds of whole milk produced		18,618,232		20,315,650		21,856,120		21,532,893		21,817,158		85,521,821
Average butterfat test		4.37		4.29		4.05		4.02		4.30		4.16
Average protein test		3.57		3.45		3.37		3.31		3.52		3.41
Average somatic cell count		221,348		204,552		194,840		200,000		195,700		198,773
Avg daily pounds per milking cow		52		58		62		61		61		60
Dairy herd statistics												
Average herd size:												
Milking cows		3,913		3,922		3,892		3,824		3,864		3,875
Dry cows		827		801		764		564		407		634
Bulls		10		20		17		3		3		11
Cattle purchased:												
Number of head		8		240		218		251		245		954
Total amount paid	$	0	$	0	$	0	$	0	$	0	$	0
Average price per head	$	0	$	0	$	0	$	0	$	0	$	0
Raised heifers in barn		457		152		0		0		0		152
Cattle sold:												
Number of head		270		358		339		363		306		1,366
Total amount received	$	215,868	$	290,851	$	250,927	$	219,741	$	200,431	$	961,949
Average price per head	$	800	$	812	$	740	$	605	$	655	$	704
Number of dead cows		40		60		33		60		56		209
Herd turnover rate		26.2%		35.4%		32.0%		38.6%		33.9%		34.9%
Product price												
Average price received per cwt. of milk shipped	$	24.16	$	20.66	$	20.27	$	20.13	$	22.94	$	21.01
Breakeven price												
Average milk price required for dairy to break even	$	24.57	$	18.93	$	23.50	$	19.14	$	22.24	$	20.99
Net income (loss) per CWT	$	(0.41)	$	1.73	$	(3.23)	$	0.99	$	0.70	$	0.02

See accountants' compilation report.

Frisia West, LLC

December 31, 2013

ACCOUNTANTS' COMPILATION REPORT

To the Member
Frisia West, LLC
7469 CR 209, Hico, Texas

We have compiled the accompanying balance sheets of Frisia West, LLC (a single-member limited liability company) as of December 31, 2013, 2012 and 2011, and the related income statements for the twelve months then ended and the statement of cash flows for the twelve months ended December 31, 2013. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

During our compilation, we did become aware of a departure from accounting principles generally accepted in the United States of America that is described in the following paragraphs.

Accounting principles generally accepted in the United States of America require the statement of cash flows be presented for each period presented in the statement of income. The statement of cash flows for the twelve months ended December 31, 2012 and 2011 have been omitted which is a departure from accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures required by the accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, expenses and cash flows.. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The supplementary information contained in Schedules I is presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

Stephenville, Texas
June 18, 2014

Frisia West, LLC
Balance Sheets
As of December 31, 2013, 2012 and 2011

ASSETS	2013	2012	2011
CURRENT ASSETS			
Cash on hand	$ 0.00	$ 5,276.39	$ 0.00
Cash - Texas Bank	364.08	104,567.79	0.00
Cash - Chase Bank	0.00	18,150.32	234.73
Note rec - A Talsma	425,000.00	0.00	0.00
Accrued interest receivable	10,329.78	0.00	0.00
Due from Frisia Feeders Producers	0.00	0.00	866,653.69
Due from Frisia Hartley LLC	9,289,063.95	7,078,309.39	5,339,584.97
Total current assets	9,724,757.81	7,206,303.89	6,206,473.39
DAIRY HERD			
Dairy herd, net	0.00	0.00	0.00
FACILITIES AND EQUIPMENT			
Land	5,677,225.24	11,726,428.24	14,670,122.37
Machinery and equipment	10,769,699.24	11,579,551.24	12,024,551.24
Total	16,446,924.48	23,305,979.48	26,694,673.61
Less: Accumulated depreciation	(7,240,205.84)	(7,093,034.84)	(6,574,612.00)
Facilities and equipment, net	9,206,718.64	16,212,944.64	20,120,061.61
OTHER ASSETS			
Finance costs	62,198.82	211,001.82	211,001.82
Less accumulated amortization	(37,255.00)	(75,880.00)	(61,412.00)
Cooperative retains	612,050.09	643,151.62	615,771.26
Cooperative equity	58,191.24	65,982.06	65,982.06
Total other assets	695,185.15	844,255.50	831,343.14
TOTAL ASSETS	$ 19,626,661.60	$ 24,263,504.03	$ 27,157,878.14

See accountants' compilation report.

Frisia West, LLC
Balance Sheets
As of December 31, 2013, 2012 and 2011

LIABILITIES AND EQUITY	2013	2012	2011
CURRENT LIABILITIES			
Current portion	$ 672,075.00	$ 247,948.00	$ 337,750.00
Accrued interest	0.00	0.00	2,700.00
N/P - Klaas Talsma	2,147,472.97	1,944,046.09	2,075,185.70
Due to Frisia Farms Inc	0.00	766,614.01	766,614.01
Total current liabilities	2,819,547.97	2,958,608.10	3,182,249.71
LONG-TERM LIABILITIES			
N/P - Klaas Talsma	8,322,860.50	8,955,759.58	10,072,203.14
N/P - Mary Watson Lacewell	0.00	0.00	360,811.28
N/P - McFinney Agri-Access	0.00	3,270,447.41	4,318,428.55
N/P - McFinney Agri-Access	0.00	0.00	40,000.00
Less current portion	(672,075.00)	(247,948.00)	(337,750.00)
Total long-term liabilities, net	7,650,785.50	11,978,258.99	14,453,692.97
Total liabilities	10,470,333.47	14,936,867.09	17,635,942.68
EQUITY			
Capital at beginning of the year	9,326,636.94	8,933,095.53	9,469,743.65
Current year-member (distributions)/contributions	0.00	(404,898.07)	723,001.96
Current year net income(loss)	(170,308.81)	798,439.48	(670,810.15)
Total equity	9,156,328.13	9,326,636.94	9,521,935.46
TOTAL LIABILITIES AND EQUITY	$ 19,626,661.60	$ 24,263,504.03	$ 27,157,878.14

See accountants' compilation report.

Frisia West, LLC
Income Statements
For the Twelve Months Ended December 31, 2013, 2012 and 2011

	12 Months Ended Dec. 31, 2013	Pct	CWT	12 Months Ended Dec. 31, 2012	Pct	CWT	12 Months Ended Dec. 31, 2011	Pct	CWT
Revenue									
Net milk revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Direct costs									
Total feed costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total labor costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total direct costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating expenses									
Supplies expense	183.93	0.00	0.00	57.65	0.00	0.00	116.09	0.00	0.00
Repairs and maintenance	0.00	0.00	0.00	0.00	0.00	0.00	14,101.18	0.00	0.00
Equipment lease	45,468.05	0.00	0.00	21,682.00	0.00	0.00	21,682.00	0.00	0.00
Gasoline, fuel & oil	0.00	0.00	0.00	0.00	0.00	0.00	9,598.95	0.00	0.00
Insurance	(1,117.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Property taxes	53,633.18	0.00	0.00	79,935.46	0.00	0.00	90,668.67	0.00	0.00
Legal & accounting	5,206.53	0.00	0.00	25,421.00	0.00	0.00	167,511.09	0.00	0.00
Bank charges	10.00	0.00	0.00	100.00	0.00	0.00	33.50	0.00	0.00
Amortization expense	6,652.00	0.00	0.00	14,468.00	0.00	0.00	14,468.00	0.00	0.00
Depreciation expense-other	363,132.00	0.00	0.00	625,152.00	0.00	0.00	696,662.00	0.00	0.00
Total operating exp	473,168.69	0.00	0.00	766,816.11	0.00	0.00	1,014,841.48	0.00	0.00
Total expenses	473,168.69	0.00	0.00	766,816.11	0.00	0.00	1,014,841.48	0.00	0.00
Total operating income	(473,168.69)	0.00	0.00	(766,816.11)	0.00	0.00	(1,014,841.48)	0.00	0.00
Other income									
Patronage dividends	0.00	0.00	0.00	27,380.36	0.00	0.00	9,598.95	0.00	0.00
Loss on coop allocations	(3,721.07)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Agricultural program paym	43,769.04	0.00	0.00	85,944.00	0.00	0.00	66,313.00	0.00	0.00
AgProgram - CCC repayme	(23,444.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest income	10,329.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Crop insurance proceeds	218,657.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Land and barn rental incom	1,634,984.59	0.00	0.00	1,811,200.00	0.00	0.00	674,700.00	0.00	0.00
Miscellaneous income	49.00	0.00	0.00	0.00	0.00	0.00	12,428.32	0.00	0.00
Oil and gas revenues	50,181.03	0.00	0.00	72,105.85	0.00	0.00	6,151.94	0.00	0.00
Gain(loss) on sale of assets	(1,056,616.50)	0.00	0.00	309,792.73	0.00	0.00	0.00	0.00	0.00
Total other income	874,188.87	0.00	0.00	2,306,422.94	0.00	0.00	769,192.21	0.00	0.00
Other expense									
Interest expense	571,328.99	0.00	0.00	741,167.35	0.00	0.00	425,160.88	0.00	0.00
Total other expense	571,328.99	0.00	0.00	741,167.35	0.00	0.00	425,160.88	0.00	0.00

See accountants' compilation report.

Frisia West, LLC
Income Statements
For the Twelve Months Ended December 31, 2013, 2012 and 2011

	12 Months Ended Dec. 31, 2013	Pct	CWT	12 Months Ended Dec. 31, 2012	Pct	CWT	12 Months Ended Dec. 31, 2011	Pct	CWT
Net income (loss)	$ 972,349.17	0.00	0.00	$ 2,280,774.18	0.00	0.00	$ 179,511.61	0.00	0.00

See accountants' compilation report.

Frisia West, LLC
Statement of Cash Flows
For the Twelve Months Ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income (loss)	$ (170,308.81)
Noncash items included in net income	
Depreciation and amortization	369,784.00
(Gain) loss on sale of other assets	1,056,616.50
(Increase) decrease in current assets:	
Accounts receivable-other	(10,329.78)
Payments from Frisia Hartley LLC	(2,210,754.56)
Increase(decrease) in current liabilities:	
Accounts payable	0.00
Net cash provided by (used in) operating activities	**(964,992.65)**
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of other assets	5,690,003.50
Loans made to A Talsma	(425,000.00)
Increase in co-op retainage and equity	38,892.35
Net cash provided by (used in) investing activities	**5,303,895.85**
CASH FLOWS FROM FINANCING ACTIVITIES	
Increase(decrease) in short term debt	(563,187.13)
Long term debt reduction	(3,903,346.49)
Net cash provided by (used in) financing activities	**(4,466,533.62)**
NET INCREASE (DECREASE) IN CASH	(127,630.42)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	127,994.50
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 364.08

See accountants' compilation report.

SUPPLEMENTARY INFORMATION

Schedule I

Frisia West, LLC
Schedule of Taxable Income
For the Twelve Months Ended December 31, 2013

Sch F - Revenue	
Loss on coop allocations	$ (3,721.07)
Agricultural program payments	43,769.04
AgProgram - CCC repayments	(23,444.00)
Crop insurance proceeds	218,657.00
Land and barn rental income	1,634,984.59
Miscellaneous income	49.00
Adjust for FH receivable	(2,210,754.56)
Sch F - gross income	(340,460.00)
Sch F - Expenses	
Total feed costs	0.00
Supplies expense	183.93
Equipment lease	45,468.05
Insurance	(1,117.00)
Property taxes	53,633.18
Legal & accounting	5,206.53
Bank charges	10.00
Tax depreciation	210,332.00
Interest expense	571,328.99
Sch F - expenses	885,045.68
Net Sch F income(loss)	(1,225,505.68)
Other income	
Interest income	10,329.78
Oil and gas revenues	50,181.03
Adjust for rec-other	(10,329.78)
Gain(loss) on sale of assets	1,475,122.50
Total other income	1,525,303.53
Net taxableincome (loss)	$ 299,797.85

See accountants' compilation report.