UNITED WISCONSIN GRAIN PRODUCERS LLC

Condensed Financial Statements

FRIESLAND, WISCONSIN
9/30/2014

UNITED WISCONSIN GRAIN PRODUCERS LLC

Contents

Condensed Financial Statements

UNITED WISCONSIN GRAIN PRODUCERS, LLC

Balance Sheets

ASSETS		September 30, 2014 (Unaudited)	December 31, 2013
Current Assets			
Cash	$	30,274,345	$ 21,601,736
Restricted cash - commodity margin account		-	1,003,521
Commodity derivative instruments		7,206,931	819,450
Short term investments		6,000,000	7,500,000
Accounts receivable, net of allowance for doubtful accounts of $34,000		3,523,610	5,814,620
Prepaid expenses and other current assets		330,750	440,637
Inventory		2,529,232	4,387,707
Total current assets		49,864,868	41,567,671
Property, Plant, and Equipment, net		23,315,600	25,524,842
Total Assets	$	73,180,468	$ 67,092,513
LIABILITIES AND MEMBERS' EQUITY			
Current Liabilities			
Commodity derivative instruments	$	-	$ 278,481
Accounts payable		1,469,407	5,019,561
Accrued liabilities		934,401	628,873
Total current liabilities		2,403,808	5,926,915
Members' Equity, 28,346 multiple class units authorized, issued, and outstanding		70,776,660	61,165,598
Total Liabilities and Members' Equity	$	73,180,468	$ 67,092,513

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

UNITED WISCONSIN GRAIN PRODUCERS, LLC

Condensed Statements of Operations
(Unaudited)

	Quarter Ended September 30, 2014	Quarter Ended September 30, 2013
Revenues	$ 38,747,724	$ 42,404,627
Cost of Goods Sold	24,339,456	38,371,592
Gross Margin	14,408,268	4,033,035
Operating Expenses	848,900	714,303
Operating Income	13,559,368	3,318,732
Other Income, Net	99,803	50,195
Net Income	$ 13,659,171	$ 3,368,927
Weighted Average Units Outstanding - Basic and Diluted (Class A, B, C)	28,346	28,346
Net Income Per Unit - Basic and Diluted (Class A, B, C)	$ 481.87	$ 118.85
Distributions Per Unit (Class A, B, C)	$ 250.00	$ 200.00

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

UNITED WISCONSIN GRAIN PRODUCERS, LLC

Condensed Statements of Operations
(Unaudited)

	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
Revenues	$ 109,992,701	$ 126,108,210
Cost of Goods Sold	81,195,065	116,665,139
Gross Margin	28,797,636	9,443,071
Operating Expenses	2,447,954	2,095,532
Operating Income	26,349,682	7,347,539
Other Income, Net	268,980	114,032
Net Income	$ 26,618,662	$ 7,461,571
Weighted Average Units Outstanding - Basic and Diluted (Class A, B, C)	28,346	28,346
Net Income Per Unit - Basic and Diluted (Class A, B, C)	$ 939.06	$ 263.23
Distributions Per Unit - Basic and Diluted (Class A, B, C)	$ 600.00	$ 450.00

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

UNITED WISCONSIN GRAIN PRODUCERS, LLC

Condensed Statements of Cash Flows
(Unaudited)

	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
Cash Flows from Operating Activities		
Net income	$ 26,618,662	$ 7,461,571
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,547,747	5,435,716
Change in fair value of commodity derivative instruments	3,043,910	1,939,964
Changes in operating assets and liabilities:		
Restricted cash - commodity margin account	1,003,521	(1,132,524)
Commodity derivative instruments	(9,709,872)	(4,146,069)
Accounts receivable	2,291,010	1,782,685
Inventory	1,858,475	(554,492)
Prepaid expenses and other current assets	109,887	116,006
Accounts payable	(3,550,154)	(2,207,640)
Accrued liabilities	305,528	288,649
Net cash (used in) provided by operating activities	24,518,714	8,983,866
Cash Flows from Investing Activities		
Capital expenditures	(320,915)	(1,216,654)
Payments for construction in process	(17,590)	(548,665)
Proceeds from (purchases of) short term investments	1,500,000	(9,000,000)
Net cash provided by (used in) investing activities	1,161,495	(10,765,319)
Cash Flows from Financing Activities		
Payment of member distribution	(17,007,600)	(12,755,700)
Net cash used in financing activities	(17,007,600)	(12,755,700)
Net Increase (Decrease) in Cash	8,672,609	(14,537,153)
Cash – Beginning of Period	21,601,736	25,802,042
Cash – End of Period	$ 30,274,345	$ 11,264,889
Supplemental Cash Flow Information		
Cash paid for:		
Interest	$ 18,750	$ 21,250

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying condensed balance sheet as of December 31, 2013 is derived from audited financial statements. The unaudited interim condensed financial statements of United Wisconsin Grain Producers, LLC (the "Company") reflect all adjustments consisting only of normal recurring adjustments that are, in the opinion of management, necessary for a fair presentation of their financial position and results of operations and cash flows. The results for the three month and nine month periods ended September 30, 2014 are not necessarily indicative of the results that may be expected for a full fiscal year. Certain information and note disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") are condensed or omitted, although the Company believes that the disclosures made are adequate to make the information not misleading. These condensed financial statements should be read in conjunction with the Company's audited financial statements and notes thereto included in its annual report for the year ended December 31, 2013.

Nature of Business

United Wisconsin Grain Producers LLC, (the "Company") is a Wisconsin limited liability company currently operating a 60 million gallon per year ethanol plant located near the town of Friesland in the township of Randolph, Wisconsin. The Company is currently producing fuel-grade ethanol, distillers grains, and crude corn oil and sells these products both domestically and internationally.

Accounting Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. The Company uses estimates and assumptions in accounting for the following significant matters, among others: allowances for doubtful accounts, useful lives of property, plant, and equipment, the assumptions used in the impairment analysis of long-lived assets, the valuation of commodity derivatives, inventory costing, the valuation of inventory purchase commitments, and legal contingencies. Actual results may differ from previously estimated amounts, and such differences may be material to our financial statements. The Company periodically reviews estimates and assumptions, and the effects of revisions are reflected in the period in which the revision is made.

Revenue Recognition

Revenues from the production of ethanol and the related products are recorded when the customer has taken title and has assumed the risks and rewards of ownership, prices are fixed or determinable and collectability is reasonably assured. Title is generally assumed by the buyer at the end of the Company's shipping point. Shipping costs incurred by the Company in the sale of ethanol and ethanol related products (distillers grains and crude corn oil) are included in cost of goods sold. The Company believes there are no ethanol sales during any given month which should be considered contingent and recorded as deferred revenue. Interest income is recognized as earned.

Derivative Instruments

From time to time the Company enters into derivative transactions to hedge its exposures to commodity price fluctuations. The Company is required to record these derivatives in the balance sheet at fair value.

In order for a derivative to qualify as a hedge, specific criteria must be met and appropriate documentation maintained. Gains and losses from derivatives that do not qualify as hedges, or are undesignated, must be recognized immediately in earnings. If the derivative does qualify as a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will be either offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. Changes in the fair value of undesignated derivatives are recorded in revenue or cost of goods sold based on the commodity being hedged.

Additionally, the Company is required to evaluate its contracts to determine whether the contracts are derivatives. Certain contracts that literally meet the definition of a derivative may be exempted as "normal purchases or normal sales." Normal purchases and normal sales are contracts that provide for the purchase or sale of something other than a financial instrument or derivative instrument that will be delivered in quantities expected to be used or sold over a reasonable period in the normal course of business. Certain corn and distillers grains contracts that meet the requirements of normal purchases or sales are documented as normal and exempted from the accounting and reporting requirements and therefore, are not marked to market in the financial statements.

Fair Value of Financial Instruments
The Company's accounting for fair value measurements of assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring or nonrecurring basis adhere to the Financial Accounting Standards Board (FASB) fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

- Level 3 inputs are unobservable inputs for the asset or liability

The carrying value of cash, restricted cash, accounts receivable, accounts payable and accrued liabilities approximates fair value due to the short maturity of these instruments. The Company obtains fair value measurements from an independent pricing service for corn and ethanol contracts. The fair value measurements consider observable data that may include dealer quotes and live trading levels from the Chicago Board of Trade and New York Mercantile Exchange markets.

Except for those assets and liabilities which are required by authoritative accounting guidance to be recorded at fair value on our balance sheets, the Company has elected not to record any other assets or liabilities at fair value. No events occurred during the three or nine month periods ended September 30, 2014 or the year ended December 31, 2013 that required adjustment to the recognized balances of assets or liabilities, which are recorded at fair value on a nonrecurring basis.

Subsequent Events
The Company has evaluated subsequent events through October 24, 2014 the date the financial statements were available to be issued.

2. RISKS AND UNCERTAINTIES

The Company has certain risks and uncertainties that it experiences during volatile market conditions. These volatilities can have a severe impact on operations. The Company's revenues are derived from the sale and distribution of ethanol and distillers grains to customers primarily located in the United States. Corn for the production process is supplied to our plant primarily from local agricultural producers and from purchases on the open market. Ethanol sales average approximately 79% of total revenues and corn costs average approximately 84% of cost of goods sold.

The Company's operating and financial performance is largely driven by the prices at which it sells ethanol and the net expense of corn. The price of ethanol is influenced by factors such as supply and demand, the weather, government policies and programs, and unleaded gasoline prices and the petroleum markets as a whole. Excess ethanol supply in the market, in particular, puts downward pressure on the price of ethanol. The cost of corn is generally impacted by factors such as supply and demand, the weather, government policies and programs, and the Company's risk management program used to protect against the price volatility of these commodities.

3. INVENTORY

Inventory consists of the following:

	September 30, 2014 (Unaudited)	December 31, 2013*
Raw materials	$ 556,442	$ 2,069,409
Spare parts	898,156	787,369
Work in process	251,011	442,325
Finished goods	823,623	1,088,604
Total	$ 2,529,232	$ 4,387,707

*Derived from audited financial statements.

4. DERIVATIVE INSTRUMENTS

The Company from time-to-time enters into ethanol and corn derivative instruments, which are required to be recorded as either assets or liabilities at fair value in the balance sheet. Derivatives qualify for treatment as hedges when there is a high correlation between the change in fair value of the derivative instrument and the related change in value of the underlying hedged item and when the Company formally documents, designates, and assesses the effectiveness of transactions that receive hedge accounting initially and on an on-going basis. The Company must designate the hedging instruments based upon the exposure being hedged as a fair value hedge or a cash flow hedge. While the Company does not typically designate the derivative instruments that it enters into as hedging instruments because of the administrative costs associated with the related accounting, the Company believes that the derivative instruments represent an economic hedge. The Company does not enter into financial instruments for trading or speculative purposes.

In order to reduce the risk caused by market fluctuations, the Company occasionally hedges its anticipated corn purchases and ethanol sales by entering into options and futures contracts. These contracts are used with the intention to fix the purchase price of anticipated requirements of corn in the Company's ethanol production activities and the related sales price of ethanol. The fair value of these contracts is based on quoted prices in active exchange-traded or over-the-counter markets. Although the Company believes its commodity derivative positions are economic hedges, none have been formally designated as a hedge for accounting purposes and derivative positions are recorded on the balance sheet at their fair market value, with changes in fair value recognized in current period earnings or losses. Gains and losses from ethanol related derivative instruments, including unrealized changes in the fair value of these positions, are included in the results of operations and are classified as a component of revenue. Gains and losses from corn derivative instruments, including unrealized changes in the fair value of these positions, are included in the results of operations and are classified as a component of costs of goods sold. The Company records withdrawals and payments against the trade equity of derivative instruments as a reduction or increase in the value of the derivative instruments.

As of September 30, 2014, the total notional amount of the Company's outstanding ethanol derivative instruments was approximately 8.61 million gallons that were entered into to hedge forecasted ethanol sales through December 2014. As of September 30, 2014, the total notional amount of the Company's outstanding corn derivative instruments was approximately 4.03 million bushels that were entered into to hedge forecasted corn purchases through July 2016. As of December 31, 2013, the total notional amount of the Company's outstanding ethanol derivative instruments was approximately 3.57 million gallons that were entered into to hedge forecasted ethanol sales through February 2014. As of December 31, 2013, the total notional amount of the Company's outstanding corn derivative instruments was approximately 3.3 million bushels that were entered into to hedge forecasted corn purchases through December 2015. There may be offsetting positions that are not shown on a net basis that could lower the notional amount of positions outstanding as disclosed above.

The following tables provide details regarding the Company's derivative instruments at September 30, 2014, none of which are designated as hedging instruments:

	Balance Sheet Location	**Assets**	**Liabilities**
Corn Contracts	Derivative Instruments	$ 4,980,700	$ -
Ethanol Contracts	Derivative Instruments	2,226,231	-
Totals		$ 7,206,931	$ -

In addition, as of September 30, 2014, the Company did not have any restricted cash related to margin requirements for the Company's commodity derivative instrument positions.

The following tables provide details regarding the Company's derivative instruments at December 31, 2013, none of which are designated as hedging instruments:

	Balance Sheet Location	**Assets**	**Liabilities**
Corn Contracts	Derivative Instruments	$ 819,450	$ -
Ethanol Contracts	Derivative Instruments	-	278,481
Totals		$ 819,450	$ 278,481

The following tables provide details regarding the gains and (losses) from Company's commodity derivative instruments in statements of operations, none of which are designated as hedging instruments:

	Statement of Operations Location	**Three Months Ended September 30, 2014**	**Three Months Ended September 30, 2013**	**Nine Months Ended September 30, 2014**	**Nine Months Ended September 30, 2013**
Ethanol Contracts	Revenue	$ 1,055,653	$ 1,026,254	$ (8,237,649)	$ (2,653,999)
Corn Contracts	Cost of goods sold	3,903,544	351,333	5,193,739	714,035
Total Gain (Loss), net		$ 4,959,197	$ 1,377,587	$ (3,043,910)	$ (1,939,964)

5. FAIR VALUE MEASUREMENTS

The Company obtains fair value measurements from an independent pricing service for ethanol and corn contracts. The fair value measurements consider observable data that may include dealer quotes and live trading levels from the Chicago Board of Trade ("CBOT") and New York Mercantile Exchange markets.

The following table provides information on those derivative instruments measured at fair value on a recurring basis:

	Carrying Amount in Balance Sheet September 30, 2014	**Fair Value September 30, 2014**	**Fair Value Measurement Using**		
			Level 1	**Level 2**	**Level 3**
Financial Assets: Commodity Derivative Instruments - Corn	$ 4,980,700	$ 4,980,700	$ 4,980,700	-	-
Financial Assets: Commodity Derivative Instruments - Ethanol	$ 2,226,231	$ 2,226,231	$ 2,226,231	-	-

The following table provides information on those commodity derivative instruments measured at fair value on a recurring basis at December 31, 2013:

	Carrying Amount in Balance Sheet December 31, 2013	Fair Value December 31, 2013	Fair Value Measurement Using		
			Level 1	Level 2	Level 3
Financial Assets: Commodity Derivative Instruments - Corn	$ 819,450	$ 819,450	$ 819,450	-	-
Financial Liabilities: Commodity Derivative Instruments - Ethanol	$ (278,481)	$ (278,481)	$ (278,481)	-	-

6. BANK FINANCING

Revolving Line of Credit

The Company renewed its Revolving and Term Credit Agreement with a bank effective April 1, 2013 for a revolving line of credit with a maximum availability of $10,000,000. The interest rate on amounts the Company borrows under the line of credit is a variable rate equal to 0.5% over the highest US prime Rate as published in the Wall Street Journal "Money Table" which was 3.75% at September 30, 2014 compared to 4.25% on September 30, 2013. The interest rate adjusts as and when the index rate changes. Interest is due monthly on this revolving credit facility. No prepayment fees exist on the revolving credit facility; however, the Company is required to pay a commitment fee equal to .25% per year of the average daily unused portion of the line of credit. The maturity date of the line of credit is April 1, 2015. At September 30, 2014 and December 31, 2013, the Company had no borrowings on the revolving line of credit.

Borrowing under our revolving line of credit is secured by substantially all of the assets of the Company. The revolving credit facility is subject to restrictive covenants including, but not limited to, requiring minimum financial ratios and limitations on capital expenditures, investments and distributions. As of the three and nine month periods ended September 30, 2014 and year ended December 31, 2013, the Company was in compliance with these covenants.

7. MEMBERS' EQUITY

Membership Units

The Company currently has three classes of membership units. There are 17,593 Class A units issued and outstanding, 6,760 Class B units issued and outstanding and 3,993 Class C units issued and outstanding. The voting rights of Class A units do not have any voting restrictions. The voting rights of Class B units are restricted to the election of directors and dissolution of the Company. The voting rights of Class C members are restricted to voting only on dissolution. Income, losses and distributions are allocated to all members based upon their respective percentage units held regardless of the unit classification. The total units issued and outstanding were 28,346 at both September 30, 2014 and December 31, 2013. The Company is authorized to issue an aggregate of 28,346 units subject to certain transfer restrictions as specified in the operating agreement and pursuant to applicable tax and securities laws.

Membership Distributions

In February 2014, the Board of Directors declared a cash distribution of $350 per membership unit for all classes for a total distribution of $9,921,100 to its unit holders of record on January 10, 2014. The distribution was paid to members on January 23, 2014.

In July 2014 the Board of Directors declared a cash distribution of $250 per membership unit for all classes for a total distribution of $7,086,500 to its unit holders of record on July 11, 2014. The distribution was paid to members on July 28, 2014.

8. COMMITMENTS AND CONTINGENCIES

Ethanol Contracts

At September 30, 2014, the Company had forward futures contracts (swaps) to sell 8.61 million gallons of ethanol for various delivery periods from October 2014 through December 2014. The prices on these contracts range from $1.77 to $1.92 per gallon.

At September 30, 2014, the Company had forward ethanol sales contracts totaling 14.3 million gallons for various delivery periods from October 2014 to December 2014. The prices on these contracts have a basis level established by the Oil Price Information Service ("OPIS") Chicago ethanol market between -$0.01 and -$0.06.

Distillers Grains Contracts

At September 30, 2014, the Company had forward dry distillers grains sales contracts totaling 43,926 tons for various delivery periods from October 2014 to June 2015 with a price range of $80 to $202 per ton. At September 30, 2014 the Company had forward modified wet distillers grains sales contracts totaling 10,405 tons for various delivery periods from October 2014 to March 2015 with a price range of $38 to $90 per ton.

Corn Oil Contracts

At September 30, 2014 the Company had forward crude corn oil sales contracts totaling 2.41 million pounds for various delivery periods for October 2014 through December 2014 with an average price of $0.33 per pound.

Corn Natural Gas and Denaturant Contracts

At September 30, 2014, the Company had forward corn purchase contracts with grain producers and dealers totaling 13.3 million bushels for various delivery periods from October 2014 to July 2016. The prices on these contracts range from $3.39 to $5.73 per bushel or have a basis level established by the CBOT futures between $0.10 and $-0.30

At September 30, 2014, the Company had forward contracts to purchase approximately 805,000 mmbtu of natural gas during the months of October 2014 to September 2016 at an average price of approximately $4.50 per mmbtu.

At September 30, 2014, the Company had forward contracts to purchase approximately 594,000 gallons of denaturant during the months of October 2014 to March 2015 at an average price of approximately $2.41 per gallon.

9. LEGAL PROCEEDINGS

From time to time in the ordinary course of business, the Company may be named as a defendant in legal proceedings related to various issues, including without limitation, workers' compensation claims, tort claims, or contractual disputes.

Patent Infringement

A Complaint for Patent Infringement was filed against the Company and certain other parties on May 3, 2010 by GS CleanTech Corporation. The suit will be heard at Federal Court in Indianapolis, Indiana. The complaint seeks an award of damages representing a portion of the revenue the Company generated while allegedly infringing on its patent related to a method of corn oil production. The Company has acquired opinions from its legal counsel attesting to their beliefs that none of the claims of the patent are valid. The Company has continued to produce corn oil at the plant and management expects that the matter will be resolved prior to the end of the 2015 calendar year. The Company is unable to determine at this time if the suit will have a material adverse effect on the Company.