

<div data-bbox="115 134 708 428" style="border: 1px solid black; padding: 5px;"> <div style="display: flex; justify-content: space-between; font-weight: bold;"> <span>GRANITE FALLS</span> <span>HANLEY FALLS ■ COTTONWOOD ■ TAUNTON</span> <span>MINNESOTA FALLS</span> </div> <div style="text-align: center;">  <p><b>Farmers Cooperative Elevator Co.</b></p> </div> <div style="display: flex; justify-content: space-between; font-weight: bold;"> <span>MONTEVIDEO ■ ECHO ■ MINNEOTA ■ GHENT</span> </div> </div>	<h2 style="margin: 0;">FARMERS COOPERATIVE ELEVATOR CO.</h2> <p style="margin: 0;">1972 510th Street Hanley Falls, MN 56245</p> <p style="margin: 0;">E-Mail: <a href="mailto:fce@mvtvwireless.com">fce@mvtvwireless.com</a> Website: <a href="http://www.farmerscoopelevator.com">www.farmerscoopelevator.com</a></p> <p style="margin: 0;"><b>APRIL 2014</b></p>	<p><b>Hanley Falls:</b> 507-768-3448 800-626-2510</p> <p><b>Hanley Falls South Elevator:</b> 507-768-3602</p> <p><b>Hanley Falls Uptown Elevator:</b> 507-768-3484</p> <p><b>Minnesota Falls East:</b> 320-564-3835 320-765-4100</p> <p><b>Minnesota Falls West:</b> 320-564-3834</p> <p><b>Montevideo:</b> 320-269-6531</p>	<p><b>Cottonwood:</b> Mill Office: 507-423-6235 507-423-6230</p> <p><b>Cottonwood Elevator:</b> 507-423-6489</p> <p><b>Hardware Store:</b> 507-423-6231</p> <p><b>Echo:</b> 507-925-4126</p> <p><b>Taunton:</b> 507-872-6161</p> <p><b>Minneota:</b> 507-872-6134</p>
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## From the manager... 2013 was a great year, congratulations

FCE had a great 2013! We had sales of \$311,275,610, local earnings of \$3,222,523, and a net margin of \$4,105,259. This is the highest local earnings that FCE has ever had. Congratulations to you, our Patron/Owners, for helping FCE have a successful 2013!



By  
Scott Dubbelde

The Board of Directors lowered the equity retirement age to 68. So if you turned 68 before March 31, 2014, you should've received the payout of all of your FCE equi-

ty. Please contact us if this is not the case. This year the cash portion of the dividend and the equity retirement checks totaled just under \$2.3 million. It is so nice to be able to pay almost everyone's equity to them while they are living.

At the Annual Meeting we shared about how we are going to shore up the Taunton and Minneota concrete elevators and we talked about Minneota's progress on the new bins and new dump pit. Mark Vandelanotte, FCE's Board President, announced the 2014 construction projects of new corn dryers and wet holding bins at both Taunton and Montevideo. Stop in at any of these locations or the Hanley Falls office for further details.

Balance and Value are a couple of ideals that all of us must keep in proper perspective in our lives. Balance and Value are very important to FCE when we are analyzing Your Cooperative's operations, and the business relationship that we have with You, our Patron/Owners. We think that the Balance and Value discussion at FCE must include: proper service, competitive pricing, and thus overall success for FCE and its Owners. We also handed out copies of our FCE Mission Statement at the Annual

Meeting. If you would like to look at this, there is a link on our website or stop in at the Hanley Falls Office. I'd like to conclude with a poem, that I borrowed from a friend, to share with you entitled,

### *"Just a Farmer".*

"Just a farmer," you said and I laughed  
 cause I knew  
 all the things that farmers must be able to do.  
 They must study the land then watch the sky  
 and figure just when is the right time and why...  
 to sow and to plant to buy and to sell  
 to go to the market with cattle and, well...  
 you know the books that farmers must keep  
 to pay all those taxes and be able to sleep.  
 And you know the fixin that farmers must do  
 when machines like mad monsters blow a  
 gasket or two.  
 I guess when God needed folks to care for  
 His earth  
 He chose "just farmers" cause He knew their  
 true worth.

On behalf of the Farmers Co-operative Elevator Company Team, thanks for your business, and especially thanks for being, "Just a Farmer"!



## 2014 Board of Directors announced

The Board of Directors of the Farmers Co-op Elevator company are, left to right, Jon Thostenson, Brad Sunderland, Todd Lecy, Steve Doom, Alan Enevoldsen, Stan Knutson, Dan Stevens, Mark Vandelanotte and Tim Gossen.

# Growing interest in animal agriculture

Diversification is a key to helping all departments remain successful.

2013 was also a challenging year for livestock with poor returns, and extreme weather reduced cattle numbers and in swine, PEDV. This reduction in livestock numbers trickled down to the feed mill as well, decreasing feed production volume by 25% compared to 2012.

However, we are seeing growing interest in animal agriculture for 2014. Livestock production is profitable again

and producers are seeing renewed opportunity in the business. FCE remains steadfast and will continue to find new opportunities to meet and serve its customers ever changing needs. We have an excellent team of people to support the goals and mission of FCE and animal agriculture, that is, to provide the best service and information to our customers, cultivate success, and continue to look with hope toward the future of the producers we serve.

By  
Gene  
Goldenstein  
*Feed  
Department  
Manager*



FCE appreciates each customer and we thank you for your business.

# 2013 was bountiful and rewarding

Welcome, it is always a pleasure to be standing before you all at your local coops annual meeting after what panned out to be another successful year. I am sure I don't need to re-hash the details of 2013 given the resulting financial and operations reports from feed, seed, grain, and hardware.

Though 2013 was bountiful and rewarding it came with many challenges from tight corn and bean stocks nationally, causing commodity inverses upwards of \$1.80/bu in corn and \$2.20/bu in beans, silo blow-outs, a long fall full of many man-hours of drying corn day and night even when down a dryer, keeping 5 grain dryers operating through a "propane shortage", piling 5 million bushels of grain, and just the overall logistics of 40 some million bushels of grain handled. Many of these challenges we have not seen the end of and many we have only begun to see the toughest of. Regardless of the challenges we face your local coop will keep its #1 priority front and center, servicing you our patron/owner as best possible given what we are dealt.

Now lets change gears to what is next? What is to come in the next 12 months?

Let's look to 2014 and what is next? We have a crop in the bin, we have carries again in the Chicago Board of Trade, rail logistic challenges continue,

By  
Ben Hedtke  
*Grain  
Merchant*



your local co-op continues to modernize and build and re-build when and where needed at its 7 locations, and remains competitive price-wise on corn, beans and wheat.

So what is next? For FCE that is. A large part of your coops board of directors and management teams time is spent looking out 5, 10, 15, 30 years from today. What is next they ask? Where does FCE need to be? What do we need to be part of? How do we get there? What is the local coops role in agriculture in the next century? Do we continue with what we know and are doing or do we look to new horizons? What changes are required of FCE to serve its patron/owners in the next 30 years? Sir Winston Churchill said it best when he said, "To improve is to change; to be perfect is to change often."

What is the answer to all these abstract and deep questions? Really, the answer is clear when you think about it. We simply look to what our patron/owners need. Just as your fathers farming practices are not the

same today as yours. Yours will not be the same as your children's. Your local coop is not the same today as it was in your fathers time. Therefore, it cannot be the same when your children are farming. Your coop needs to change with its patron/owners needs. After all, if we always do what we have always done we will always get what we have always got.

There are many questions looking into the future here at your local coop. And certainly more questions than answers. Yet one thing is for certain in the years to come FCE will persevere and forge new opportunities in search of what its patron/owners need from their local coop. The question "what is next" will never really be answered because once it is answered we need to ask the question again, and again, and then again. Remember, to be perfect is to change often.

With that I would like to give a special thanks to all the employees at FCE for their dedication. For their diligence. For their hard work and sweat. All of which makes and keeps FCE great today and for what is next. From the guy cleaning the boot-pit to the gal cutting checks, I thank you. And let us not forget our patron/owner, thank you for your years of business and for the years to come. Let's make each one better than the last.

# Reward programs

Co-ops, the original frequent flyer program.

FCE is a leader. Although we can measure our stature by financial performance, it would be good to have a little fun with the cooperative business model. Do you know what FCE is? It's the original frequent flyer program. It's the mother of all reward cards. It's the buy five coffees and get the sixth one free. It's the Delta American Express card, the Menards Big Card, or the Discover Card.

Think about the basis for all of today's rewards programs. You use Company A's product or service, and they keep track of how much business you do, and then they offer you discounts, freebies, or better yet, cash

back! They get repeat business because they cultivate that relationship with the customer, and the customer wants to keep doing business with them because he gets something extra. If you study the cooperative business model, that is exactly what FCE had been doing since its inception over 100 years ago. Corporate America found out that if you offer your customer fairly priced products and services, and reward them for doing business, they are willing to continue that relationship. And it means that your company doesn't always have the best of the best to offer, but over time there is no doubt you are a leader in your field.

FCE strives to be that co-op. We

By  
Bill Doyscher  
Assistant  
Manager



want our patron's business, and we reward our patrons well for the business they do with us. This business model takes a lot of time and management to find the fine line between upfront value and back end rewards. Your board and employee team work hard to make FCE a success. We hope you see that success in the rewards you get.

## FCE Marketing Meetings Mon., April 7

**Montevideo:** 9:30-10:30 at Community Center  
**Granite Falls:** 12:30-1:30 at Kilowatt Comm Center  
**Cottonwood:** 3:00-4:00 at Community Center  
**Minneota:** 6:00-7:00 at Community Center

**It's A Good Idea  
To Take A Good**

# LOOK

**At The Grain  
Stored On Your Farm  
Once A Week**

# Several opportunities in the grain market

By  
John Brandts  
Grain  
Merchandiser



2013 was a very good year. 2013 offered several opportunities in the grain market. A year ago corn carryout was estimated to be 750 million bushels and bean carryout at 125 million. The futures market was inverted and people were concerned about having enough grain until the next crop. The corn and bean basis improved approximately 50 cents each month from January to April of last year. The key was to be hedged in the right month. We were fortunate to have

rolled to the July futures early to take advantage of this market.

What we can expect in 2014. This may be a challenging year. Corn carryover is expected to be 1.5 billion bushels. This is double that of last year and will limit any big basis moves. The March to July corn spread is only 11 cents. Export demand on the west coast is poor forcing more corn into the domestic markets. We also expect a bigger farm movement this summer. I look for bigger carryout numbers, smaller basis moves, and a weakening basis as the year goes on.

The biggest challenges this year may be managing the freight. Currently car costs range from \$3000/ car nearby to \$7500/ car for July. This is in addition to the normal freight cost.

Fortunately FCE has purchased all our shuttle trains early at a much cheaper level.

People have asked why we piled beans in the Hanley Falls bunker. We had 3 trains sold for bean harvest. Early on it was evident the trains would not arrive in time. We negotiated with Louis Dreyfus to move the shipments to January. This allowed us to sell the high priced harvest delivery cars and buy back January freight at a much lower cost.

We are accepting free price later grain at all locations including Granite Falls Energy as space allows.

In conclusion we thank you for your support and look forward to 2014.

# Happenings at the Hardware Hank store

We had another great year at Cottonwood Hardware Hank. Once again profits, sales and gross margin all improved.

We have made a few minor changes this year. We turned a storage room into a lawn and garden room. We have been updating our light bulb selection due to the ever changing laws and our electrical selection due to ever changing technology.

Our paint room will also be updated this spring with new racks and color options. Paint sales have continued to be very good to us. We were once again in the top 100 stores in the company for paint sales. The front of our store will also be getting a facelift with a new coat of Valspar paint this spring.

We had our second annual Customer Appreciation Days this past year and once again it was a huge success. We have such a good time as employees getting to celebrate the community that does such a wonderful job of supporting us day in and day out.

Sundays have continued to be a busy day for us so we will be open year round on Sundays if it continues to be profitable.

We partnered with the Lakeview Booster Club and a number of other local businesses on a rewards card that both give back to our school and our customers. We also continue to implement our Hank's Heroes program that rewards Lakeview students for random acts of helpfulness.

We had a great time at Cottonwood's 125th celebration. We put together a float complete with a smoking paint can and a miniature Hardware Hank throwing candy. We won best business float and received a cool trophy.

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By  
**Jessica Laleman**  
*Hardware  
Store Manager*



We also took part in Cottonwood's new farmers' market. We passed out hot apple cider and dip samples on a cool late summer evening. Our mini Hardware Hank was also there to have a meet and greet with the community. The farmer's market is a fantastic addition to the community.

We have a few fun events in our future including a Paint Open House, Ladies' Night and of course our Customer Appreciation Days celebration. We are also putting our greenhouse order in and begin-

ning to pull out all of our new spring decorations, lawn mowers, grills and patio furniture. Spring planting is just around the corner and we are all very excited.

I continue to have such a wonderful time working at Hardware Hank. We live in a community of smart, creative, inventive and resourceful people and it has been an honor to get to know them. They have been very generous with their knowledge and I have learned so much over the past few years and know I have so much more to learn. And I always really hope that they are not busing me because I pass those pearls of wisdom on to the next guy. My coworkers are also a wonderful resource and I am blessed to work with them on a daily basis.

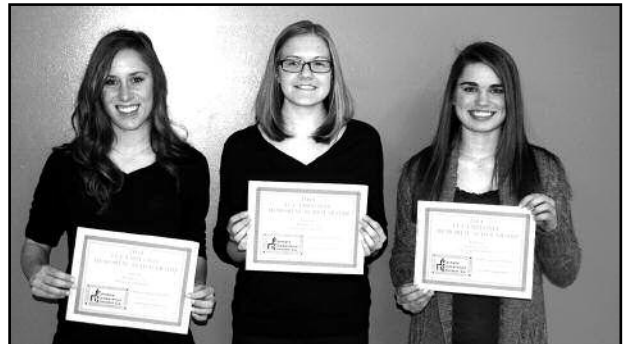
Thank you all for your continued support and we look forward to serving you.

## Scholarships awarded

We once again had excellent scholarship applications and the Scholarship Selection Committee had a tough job narrowing it down to three individuals. The process includes whiting out the names, towns, and schools so the Committee has a generic look at all applications. The Members of the 2014 Scholarship Committee were Tim Gossen, Karen Huso, Ron Hodges, Wyatt Brusven, and their Leader-Kristi Selzler. The 2014 FCE Employee Memorial Scholarship Awards are presented to:

• Haily Citrowske from Canby, Canby High School

- Erin Devereaux from Cottonwood, Lakeview High School
- Caitlin Louwagie from Cottonwood, Lakeview High School



Haily Citrowske, Erin Devereaux and Caitlin Louwagie

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Elevator Company**

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