

R VIAFIELD NUN CULA P ORT

2014

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TABLE OF CONTENTS

About Us	2
Leadership	4
CEO's Message	6
Statement of Savings	8
Balance Sheet	10
Agronomy	12
Energy	14
Feed	16
Grain	18
Community	20





ABOUT US

Viafield is a member-owned ag cooperative in northern Iowa and southern Minnesota with over a century of rich tradition. A team oriented organization, we understand what it takes to be successful and we believe growth for our organization and our members leads to opportunities. Our team has the knowledge and experience required to meet the needs of our customer's businesses and provide expert advice on products, services and trends within Agronomy, Energy, Feed and Grain. As a local business, Viafield employs over 170 individuals who are rooted in their cooperative and community.

At Viafield, we make a promise to each member, customer and team member. That promise is to provide **innovative products and dependable service** to help you exceed your potential. With a strong foundation built on trust and honesty, we achieve this promise through our core vision composed of four key pillars.

CUSTOMERS

Our customers are the reason for our existence. We will listen to what our customers have to say and then help them reach their goals through a genuine partnership. We strive to provide services that exceed their expectations everyday.

TEAM MEMBERS

Our team members are vital to our success. We will provide a safe work environment, professional growth opportunities and will encourage open communication with mutual respect.

FINANCIALS

Our financial success provides our customers and team members with stability and a reliable foundation for future growth. We will be an entity that embraces proper accounting standards.

COOPERATIVE

Our cooperative was designed and organized to serve the needs of our customers. We will be a viable business able to compete in the marketplace while continuing our promise to grow.

BOARD OF DIRECTORS



Karl Benjegerdes



Brad Brownell



Mark Chambers



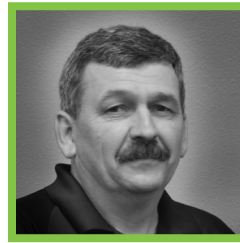
Steve Fullerton



Dennis Meyer



Rick Rex



Rodney Shaffer



Jim Trainer

CHAIRMAN'S MESSAGE

The end of another year! Where did the summer go? As I write this we are anticipating the start of harvest and what appears to be a bumper crop. This should be a nice change from the last two years with a drought in 2012 and then a large amount of preventative planting in 2013. The coop has definitely seen a few challenges to say the least. Thanks to our geographical locations, it lessened the blow somewhat with better yields in other locations.

This spring, the board did something a little different, paying out \$1,000,000 in non-qualified patronage. We have utilized non-qualified patronage since 2009. The board feels this allocation represents the business that members are currently doing with Viafield. By allocating as non-qualified patronage, it allows us to put your name on additional profits, while we pay the taxes until it is revolved.

Where else does the money go? It's reinvested within your cooperative. Safety is always a priority at Viafield and requires a good chunk of capital. Regulations often dictate what we can and cannot do. Fall protection is now installed company wide, with final completion at the Northwood and Grafton sites this past year. Bin sweeps are another area we continue to upgrade, installing new sweeps in older bins to stay compliant with OSHA's Zero Entry regulations.

The Oelwein project was finished this year with the completion of the second 1.1 million bushel grain bin. The ability to access rail has been a tremendous improvement

in our eastern territory and the speed of Oelwein has reduced the pressure on several other Viafield facilities.

This summer, your cooperative entered into a consolidation study with Five Star Coop. As directors, it is our duty to explore any and every avenue to keep your coop profitable, and to remain competitive in the marketplace. The board felt a possible consolidation could lead to tremendous savings in transportation and grain arbitrage. Viafield team members, as well as Five Star employees, completed the study in conjunction with a facilitator. Who better to get a real hands-on feel for the consolidation than the team members at ground level who provide you the best possible service on a day-to-day basis? The study used a deliberate process to address every aspect of the business. At this writing, the study is complete. Every single team member involved in the study recommended moving forward with the consolidation. The board is now performing their due diligence before making a decision whether or not to move forward.



Rick Matt
Board Chairman

Lastly, I would like to thank you for your business this past year. Due to your support, our cooperative continues to be a strong organization, providing valuable jobs and resources for our local agricultural communities.



Kent Appler
CEO



Steve Bodensteiner
CFO



Mike Harden
Agronomy Team Leader



Mike Kuboushek
Energy Team Leader



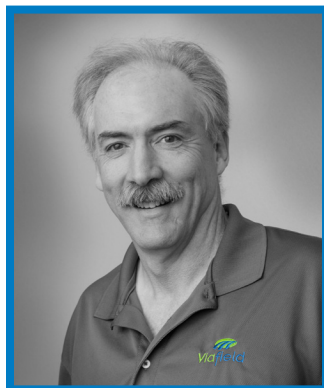
Bill Hayes
Feed Team Leader



Brad Foster
Grain Team Leader



Mark Wilbur
Sales Team Leader



Kevin Davis
Safety Team Leader



Rick Davis
Operations Team Leader



Darwin Tabbert
Operations Team Leader



TOTAL PROFIT



TOTAL SALES



PATRONAGE

CEO'S MESSAGE

First and foremost, I would like to say thank you to all of our member owners for doing business with Viafield this past year. Without your support, it would be difficult to continue bringing products and services your successful farming operation requires.

This past year our member owners saw a large amount of preventative plant acres, grain that was higher in moisture than normal and a very cold and long winter. On the other hand, Mother Nature gave us a favorable growing season with above average yields in the fall. Just like our member owners, your cooperative sustained the same ups and downs this past year. Preventative planting doubled the effect on your cooperative, with less bushels of grain available for harvest and less fertilizer applied in the spring. While we were working through these challenges, our feed division continued to hit record tonnage volumes thru the mills. Our petroleum division likewise, gained market share and profitability increased with our AFD program.

Our financial performance also experienced fluctuations. Earnings from local operations increased \$2,311,001 over last fiscal year. Even with a decrease in regional patronage, your cooperative was able to show an overall profit of \$4,142,642 up \$965,693 over last year. The board of directors recognizes that as

the cooperative becomes more profitable, they want to share the profits with you, our members owners. This year, your directors allocated \$3,000,000 dollars in patronage to be distributed to our membership with \$500,000 in cash and \$2,500,000 in non-qualified patronage. They also allocated an additional \$500,000 cash revolvment of deferred non-qualified patronage from fiscal year 2013. When you include the spring distribution, your board has sent over \$2,000,000 in cash back to the membership in 2014. As a good crop is harvested this fall, your cooperative anticipates a strong financial position in the coming year.

With instabilities in the marketplace and changing weather patterns, I have been asked several times, "How does the cooperative cope with the challenges it faces?" The answer is easy; it starts with our team members. We are incredibly fortunate at Viafield to have great team members. We have an extremely tireless group of individuals who do a fantastic job of servicing our member owners. Without such dedicated folks, the challenges we face each day would be hard to overcome.

Once again, thank you for your business. We work exceptionally hard to earn it at each encounter, every day.



STATEMENT OF SAVINGS

STATEMENT OF SAVINGS

	2014	2013
Sales	\$294,098,338	\$412,837,468
Cost of Goods Sold	278,530,057	400,064,503
Gross Savings on Sales	15,568,281	12,772,965
Other Revenue	17,350,069	17,652,261
Total Gross Revenue	32,918,350	30,425,226
Operating Expenses, Including Interest	28,775,708	27,248,277
Savings before Income Taxes	4,142,642	3,176,949
Income Taxes		
Current	316,218	284,495
Deferred	(155,800)	(328,107)
Net Savings	\$3,982,224	\$3,220,561

DISTRIBUTION OF NET SAVINGS

Patronage Dividends		
Cash	\$500,000	\$0
Deferred - Current	0	0
Deferred - Non-Qualified	2,500,000	1,000,000
Retained Savings	982,224	2,220,561
Net Savings	\$3,982,224	\$3,220,561

PATRONAGE ALLOCATION

Savings Retained	982,224	2,220,561
Cash Portion of Allocation	500,000	0
Deferred - Qualified	0	0
Deferred - Non-Qualified	2,500,000	1,000,000
Patronage Rates		
Grain	2.40 Cents/Bu	
Merchandise & Services	12.42%	2%
Agronomy	2.77%	
Petroleum	5.71 Cents/Gal	1.4 Cents/Gal
Feed	2.30%	



BALANCE SHEET

ASSETS

CURRENT ASSETS

	2014	2013
Cash	\$1,012,160	\$740,173
Receivables		
Notes & Contracts	14,108	7,986
Trade-Net of Allowance for Doubtful Accts of 2013 & 2014	9,482,444	11,331,215
Grain in Transit	2,069,543	1,979,885
Other	411,440	409,864
Margin Deposits	0	368,823
Inventories		
Grain	1,793,920	4,956,525
Merchandise	15,171,156	14,238,817
Petroleum	864,599	870,627
Prepaid Commodities	2,675,452	5,498,910
Prepaid Expenses	24,104	25,686
Deferred Income Taxes	148,693	144,644
Total Current Assets	33,667,619	40,573,155
Working Capital	11,501,198	14,270,066
Available Term Revolver	10,650,000	6,927,880
Adjusted Working Capital	\$22,151,198	\$21,197,646

PROPERTY, PLANT AND EQUIPMENT

Land	\$1,339,675	\$680,437
Buildings and Equipment	69,292,439	54,484,942
Total Land, Buildings and Equipment	70,632,114	55,165,379
Accumulated Depreciation	(31,718,443)	(27,222,444)
Undepreciated Cost	38,913,671	27,942,935
Construction in Process	3,000,514	11,214,891
Net Property, Plant and Equipment	41,914,185	39,157,826

OTHER ASSETS

Long-Term Notes & Contracts	\$236,202	\$286,858
Total Other Assets	236,202	286,858

INVESTMENTS

Marketplace Securities	\$1,723,865	\$1,831,188
Equit in Other Organizations	19,687,875	19,152,151

Total Assets	\$97,229,746	\$101,001,178
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BALANCE SHEET

LIABILITIES AND MEMBER EQUITY

CURRENT LIABILITIES

	2014	2013
Checks Written in Excess of Bank Balance	\$0	\$1,361,891
Current Maturities of Long-Term Debt	219,405	28,038
Current Maturities of Capital Lease	1,089,756	0
Notes Payable-Operating	0	0
Demand Notes	2,606,474	2,119,684
Payables		
Trade	3,468,076	5,124,870
Customer Credit Balances and Prepaid Sales	3,225,782	4,567,605
Unpaid Grain	7,837,126	10,607,505
Margin Account	701,017	0
Accrued Expenses		
Interest	86,917	131,322
Payroll	1,320,302	1,245,148
Property Taxes	1,025,001	1,065,762
Income Taxes	0	0
Other	86,565	51,264
Patronage Dividends Payable	500,000	0
Total Current Liabilities	\$22,166,421	\$26,303,089

LONG-TERM LIABILITIES - NET OF CURRENT MATURITIES

Notes Payable	\$1,720,772	\$16,160,482
Capital Lease Payable	13,239,544	0
Accrued Pension Costs	393,508	2,829,746
Deferred Income Taxes	1,268,706	1,533,084
Member's Equity		
Capital Stock		
Class A	347,400	344,200
Class B	163,400	166,400
Subscriptions	48,699	49,059
Local Preferred	6,605,487	6,881,972
Regional Preferred	8,753,040	8,836,030
Allocated Patronage Dividends	2,500,000	1,000,000
Non-Qualified Deferred Equity	1,658,241	1,657,716
Paid in Capital	192,703	192,703
Accumulated Other Comprehensive Income (Loss)	(5,186,625)	(7,136,377)
Equity from Acquisition	18,254,816	18,254,816
Retained Earnings	25,103,634	24,128,258
Total Member's Equity	\$58,440,795	\$54,174,777
Total Liabilities and Member's Equity	\$97,229,746	\$101,001,178



TOTAL ACRES
MAPPEDTONS OF
NUTRIENTS
APPLIEDINTERNS
EDUCATED

AGRONOMY

As we close another chapter in the agronomy department, your cooperative continues to build on the success of the previous year.

The Viafield Precision Ag department has expanded with additional team members, equipment and programs to make sure you have the data you need to stay ahead of mother nature. We know that in the age of technological agriculture, being able to bring all your information together in a reliable and sensible manner goes a long way to making the best decisions for your operation. We feel that our highly experienced and educated team will be the only source you need to get the job done, whether that's through soil sampling, meter testing or precision spraying.

Your cooperative is dedicated to providing each and every member owner with industry leading service. That's why we're continuing to expand and update our liquid and dry fertilizer plants. These facilities are essential to the long-term success of the agronomy division and keeping them in excellent working order will allow us to deliver more tons to the country faster. On the flip side of that coin is transportation. Again this year, we invested in new equipment increasing our ability to provide product to the field more safely and efficiently.

Viafield knows that keeping your eye on the ball is a priority, but in order to win the game, long-term strategic

planning is a requirement. That's why we take great pride in our efforts to help educate our future generation.

Your cooperative provided internships again this year to 8 students from colleges in our area. We believe that the hands-on experience each student receives provides them the tools needed to grow and prosper in the agriculture career they choose to pursue.

Your cooperative is once again looking forward to another planting season and growing year. We're constantly exploring additional ways to bring value to your farming operation. Whether through advancements in equipment or nutrients, we know that more bushels out of your fields is a must and we strive to build lasting partnerships with each of you for years to come.

WATCH THE AGRONOMY
RECAP VIDEO BY SCANNING
THIS QR CODE



Learn how to download a QR code app for your phone or tablet on page 22



GALLONS SOLD



GALLONS OF LP
SOLD



AFD MONITORS
INSTALLED

ENERGY

This past year was definitely one filled with supply concerns and price volatility. We had a large corn drying season followed by one of the coldest, and what seemed like the longest, winters in recent history. The Midwest went into fall drying season with below normal propane inventories coupled with a huge demand for dryer gas. This put the entire industry in a situation to start out winter heating season with extremely low inventory levels. Needless to say, there were times throughout the fall and winter when we didn't know how long before the pipeline would be empty and our trucks would have to wait. Through the hard work and dedication of your Viafield Energy Team, whether transporting product to our facilities or out to your tanks, we kept everyone supplied with propane during the difficult season.

In preparation for what is likely to be another year of tight propane supply, your cooperative has taken the proactive approach and added propane storage. We installed a 30,000 gallon tank at the Arlington facility, a 30,000 gallon tank at the Elgin facility, and a 30,000 gallon tank at the Rockford facility. In doing so, we increased our storage by more than 70% to help insure that we have product available when you need it. We have also hired another transport driver dedicated to hauling propane from the terminal into our storage tanks. Our goal is, and always will be, to do what it takes to meet your energy needs.

In the Refined Fuels area, we are just completing our 2nd year of the AFD Program, and things keep getting better. Customers like the idea of not having to order fuel when

they start to get low. The monitor on the tank lets us know every day what your level is, and when it starts to get low, we just fill it up. It's sort of like us having your fuel gauge in our office. The best part is that you aren't invoiced until you use the fuel, so a full tank doesn't mean a big fuel bill. We think this is the way all on-site fuel will be handled in the future, and know that once you start using the system, you'll love it just as much as our current customers do.

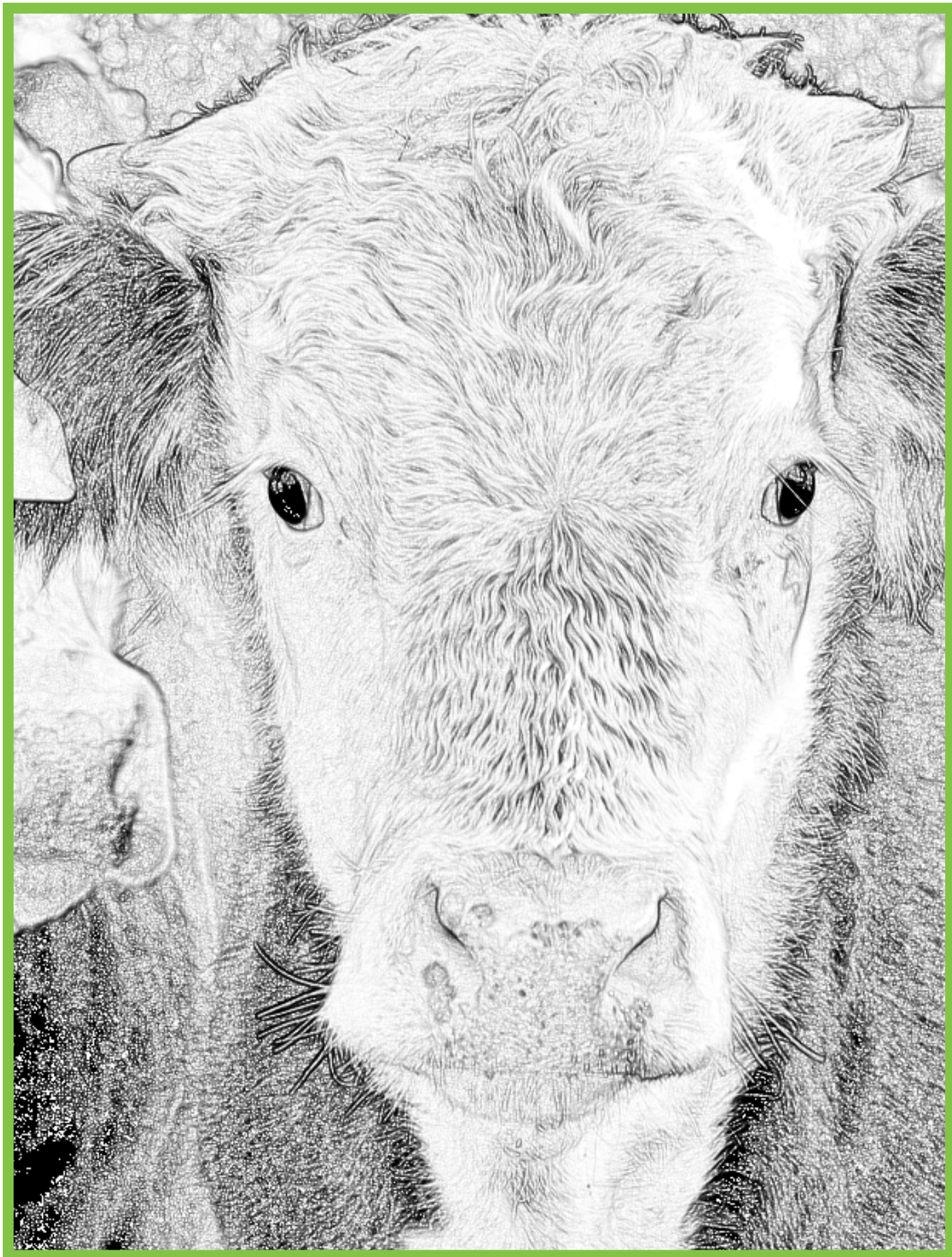
Your energy team has also made some changes to our bulk oil delivery procedure in an effort to be more efficient and keep costs down. We have partnered with SunRise Ag to deliver our oil and lube products straight to your farm. With this partnership, we now have a route truck covering the entire territory every 2 weeks. This will allow us to fill your bulk oil before you need it.

Our Valley C-Store in Clermont continues to be a great place to shop. We provide the highest quality gasoline and diesel fuel, as well as delicious pizza, always hot chicken, and savory sandwiches. We know that you have choices when it comes to where you shop, so we do our best every day to provide you with the best products and service.

WATCH THE ENERGY RECAP
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TOTAL TONS
MANUFACTURED

FEED

Your Viafield Feed Team has one mission: ***We will be the feed company known as best in class. We will be the feed company that others aspire to be.*** And while a best in class feed company must have efficient processes and high functioning facilities, they must also have the best in class team. And Viafield does.

Our five feed nutritionists are some of the most knowledgeable and experienced in the industry. This year, Swine Production Specialists Steve Woods and Jerry Cole made Purina Animal Nutrition's Summit Club, joining our existing Summit Club member, Beef Specialist Mike Kirby. Through hard work and dedication, they have earned their way into the ranks of the top-selling salespeople in the United States.

Our feed sales team is supported by a dedicated group of people who ensure every order is filled correctly, arrives on time, meets quality standards, and is billed correctly.

- Our office team goes beyond simply taking feed orders and sending bills. They are our first line of customer care consultants who know their primary responsibility is to make sure customer's needs are being met.
- Viafield's mill operators are tasked with manufacturing the feed when customers need it. Safe, quality feed, made right, every day is their main role.

- Feed truck drivers deliver the feed when customers need it, no matter how many tons need to be delivered in a day. As the inscription reads on a New York postal office: "Neither snow nor rain nor heat nor gloom of night..." very little keeps our drivers from delivering our customers their feed.
- Our feed safety and quality specialist ensures all feed team members are trained and meeting HACCP (Hazard Analysis and Critical Control Point) standards. Viafield was recently recertified with a score of 996 out of a possible 1000 points, the highest score ever seen by this year's auditor. While maintaining HACCP certification is a team effort, it's the feed safety and quality specialist who keeps us all on track.

These are the people who make up "the feed company that others aspire to be." They are the team who attained an 8% increase in manufactured feed, growing from 179,195 manufactured tons last year to 194,250 tons this year. So while it is important to demonstrate the value in upgrading our facilities and equipment, it is just as important to showcase our successful, talented team.

WATCH THE FEED RECAP
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2014 SNAPSHOT



BUSHELs SOLD



BUSHELs IN
STORAGE



STORAGE
INCOME

GRAIN

Grain sales volumes for the fiscal year 2013-2014 were 21,000,000 bushels of corn and 5,600,000 bushels of soybeans. The negative impact of over 100,000 preventative planted acres in our northwest region is evident when we compare sales volumes from a year ago of 26,700,000 bushels of corn and 6,409,000 bushels of soybeans. The lower production also had a negative impact on margins due to the competition for grain in the end user markets.

Storage income was over \$1,360,000 which is a little below our previous year.

Drying income came in at over \$2,400,000 which was well ahead of our projected budget.

Viafields new grain facility 2.5 miles northwest of Oelwein became operational this past fall and we turned it 1.5 times just this year. Your cooperative uses the latest technology in grain storage facility automation at this 2,900,000 bushel site. Currently we have one 105 foot bin and two 132 foot bins with accommodations to add two additional 132 foot bins. Two truck scales, one inbound and one outbound, expedite traffic flow at an incredible rate and two receiving pits, connected to one 20,000 bushel per hour leg and one 40,000 bushel per hour leg, make dumping grain at this facility quick and easy. The facility also utilizes a 4,700 bushel per hour dryer, with accommodations for an additional unit to be installed. We have loaded several trains with certified origin weights utilizing a bulk weighing

system, allowing your cooperative to load rail cars at 40,000 bushels per hour with enough track to load 25 cars at a time.

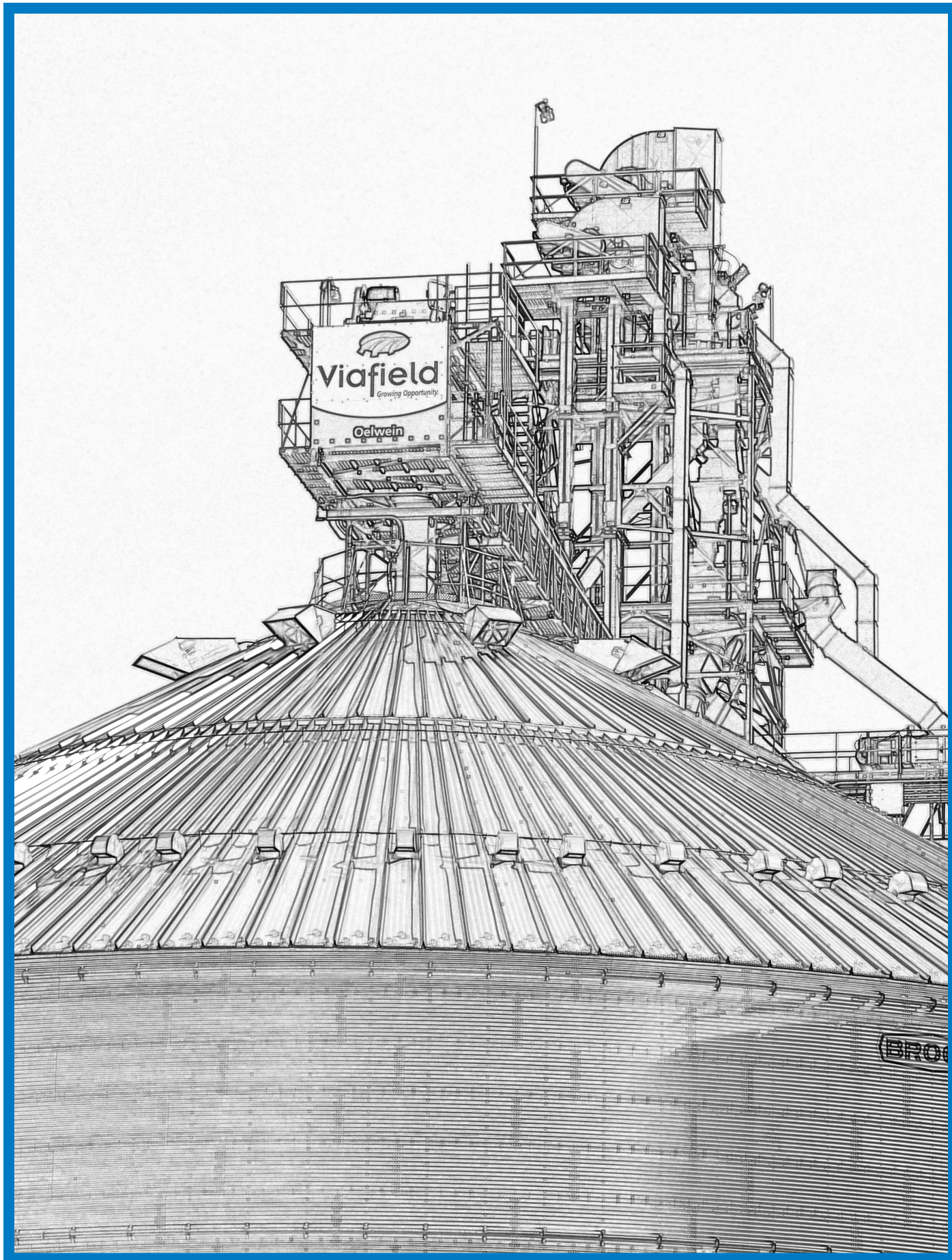
Now, more than ever, it's crucial to be diligent in mitigating risk. Your cooperative provides risk management products to help meet your goal for the near term and more importantly for the long term.

Your cooperative is fortunate to have a strong relationship with the Iowa Northern Railway giving us access to local markets, as well as the export market by connecting with class 1 railroads. With the destinations the railroad provides we can operate more efficiently to move the volume needed, not only to meet your current logistical requirements, but the demands of the future.

We strive to be your partner in all aspects of your operation; we are a full service cooperative and have the expertise to add value, and provide the customer service needed to exceed your expectations.

WATCH THE GRAIN RECAP
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TOTAL DOLLARS
DONATED



NUMBER
OF SCHOOLS
DONATED TO



DONATIONS TO
FFA AND 4-H
GROUPS

COMMUNITY

To us, giving means more than writing a check. It means combining team members' skill, passion and time with our charitable donations to make a measurable difference in our communities. In 2013, the Viafield team invested over 3,000 volunteer hours and more than \$38,000 dollars into our communities.

Your cooperative constantly strives to be a respected and admired member of every community we operate in. Charitable giving is one of the ways in which we work to achieve this status. We want our activities in this area to be purposeful, fully embraced by our team, and reflect well on Viafield.

Our community relations and corporate giving mission statement is: "To combine the resources of the company with the energy of our team members to be a positive force in the communities where we live and do business."

We believe:

- Giving back is an important core belief, and our team is committed to taking actions that reflect that belief.
- Viafield can and should be a positive force in all of the communities where we live and do business.

- It is just as important to give our time as our money.
- In creating and growing lasting relationships, as well as supporting organizations in our communities where we have a presence.

Viafield has taken a two-pronged approach to achieving these goals. First, we actively support agricultural based youth and educational programs. Second, we enthusiastically support community growth, charitable and volunteer organizations that have a presence in the communities where we do business. By integrating these approaches into our strategic planning and budgeting process, we are proactive, committed, and accountable for excelling on this important measurement of our success.

We are very fortunate to have a great legacy of business success! As we continue to build on this success, we will make sure that along the way we are doing our part to help our communities become a better place to live, work and play.

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