

CON·FI·DENCE: NOUN. A TRUSTING RELATIONSHIP; THE BELIEF THAT ONE WILL ACT IN A RIGHT, PROPER OR EFFECTIVE MANNER.

ALSO SEE; VIAFIELD

VIAFIELD: THE DEFINITION OF A PROGESSIVE, CUSTOMERFOCUSED AG COOPERATIVE.

WE PROMISE TO PROVIDE INNOVATIVE PRODUCTS AND DEPENDABLE SERVICE TO HELP OUR CUSTOMERS EXCEED THEIR POTENTIAL.

2013 SNAPSHOT





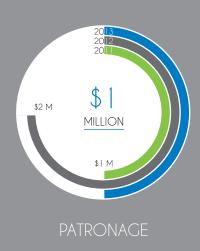


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EX·PE·RI·ENCE: NOUN.



WISDOM GAINED FROM
WHAT ONE HAS OBSERVED,
ENCOUNTERED, OR
UNDERGONE.

ALSO SEE;
THE VIAFIELD LEADERSHIP
TEAM



RICK MATT

BRAD BROHINELL

STEVE FULLERTON

MIKE STAUD

JIM JORGENSON

RICK REX

VIAFIELD'S LEADERSHIP TEAM AND
BOARD OF DIRECTORS IS RESPONSIBLE
FOR STEWARDSHIP OF THE COMPANY;
SUPERVISING THE MANAGEMENT
OF BUSINESS AND AFFAIRS OF THE
ORGANIZATION; AND PROVIDING
LEADERSHIP TO THE COMPANY BY
PRACTICING RESPONSIBLE, SUSTAINABLE
AND ETHICAL DECISION MAKING.



RODNEY SHAFFER

IIM TRAINER

JERRY JELLINGS

KARL BENJEGERDES

DENNIS MEYER

RON BALEK

SENIOR LEADERSHIP TEAM

KENT APPLER





STEVE BODENSTEINER CFO



MIKE HARDEN



MIKE KUBOUSHEK ENERGY TEAM LEADER



BILL HAYES FEED TEAM LEADER



BRAD FOSTER



MARK WILBUR SALES TEAM LEADER



KEVIN DAVIS SAFETY TEAM LEADER



RICK DAVIS OPERATIONS TEAM LEADER

DI·VER·SI·TY: NOUN.



THE STATE OR QUALITY OF BEING DIFFERENT FROM THOSE AROUND YOU, VARIED.

ALSO SEE; THE CEO'S MESSAGE

MESSAGE FROM THE CEO

When I was growing up on the farm in Southern lowa, we always had dairy cows, pigs, and steers while raising corn, soybeans and alfalfa. We were a typical family farm. My dad always told me that there will be years when one part of our family farm would lose money. Hopefully at the same time the other parts of the farm would make enough to keep us in business or simply put... "don't put all of your eggs in one basket." This was my first introduction to diversity of business.

As Viafield continues to grow, we have maintained diversity in the cooperatives business to serve all parts of our customers/owners business. While others specialize in only petroleum or just grain and agronomy, your board of directors chose to serve all facets of your farming operation; agronomy, grain, energy, feed, crop insurance, farm merchandise, trucking, financing, etc.

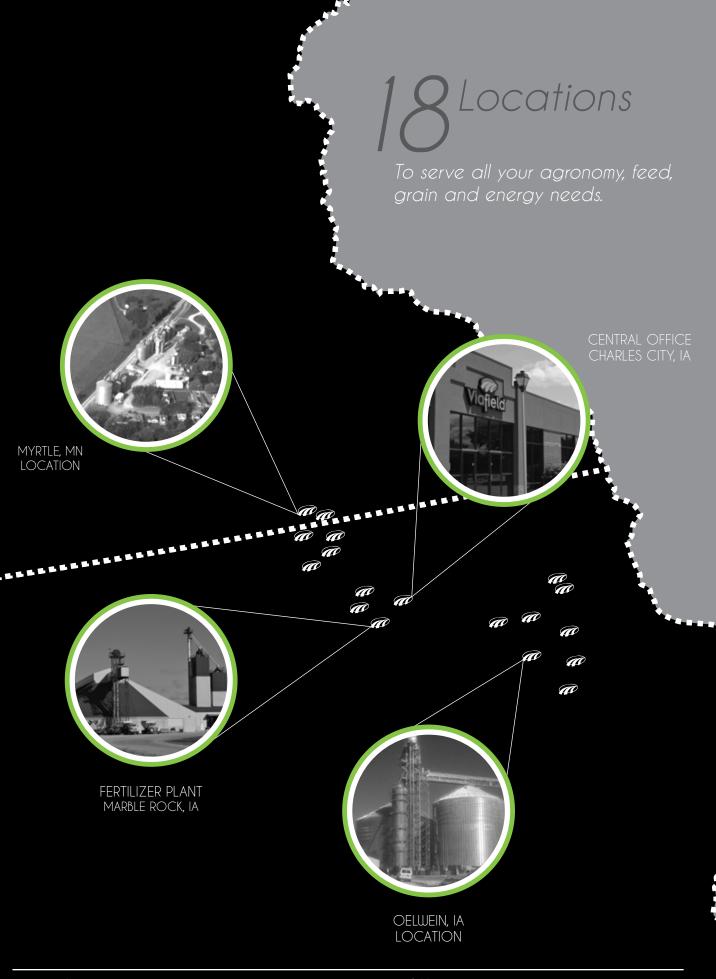
Another area of diversity is the footprint size that your cooperative services today. By being in 18 communities, your cooperative has reduced the potential risk of adverse weather. A perfect example was last year when we were in a drought weather pattern. The western side of our territory was in an area that was hardest hit and caused yields to be 50% of normal at best, while the eastern side was blessed with two timely rains allowing crop yields to remain at normal or above.

As most producers know, if you haven't diversified it's only a matter of time before the weather, markets, or some other circumstance can negatively impact your operation. At Viafield, we plan for future risks and manage the business with that in mind, so we can be here in the long run to serve our customer/owners.

This year, as you will see in the annual report, your cooperative, even with the weather issues last year, still made over \$3 million. In addition, we were able to pay off our operational line to \$0 and decrease our long term debt by \$6.5 million. This may not have been our best year, but I believe that this year reflects our use of risk management, diversification, and our promise to continue to serve all of our customers' needs to the best of our abilities.

Thank you for another good year.





2013 Annual Report 9 Viafield

OP.POR.TU.NI.TY: NOUN. PLURAL; -TIES.



A GOOD POSITION, CHANCE, OR PROSPECT, AS FOR ADVANCEMENT OR SUCCESS

ALSO SEE; VIAFIELD COMMUNITY INVOLVEMENT

COMMUNITY INVOLVEMENT

Over the past three years, your cooperative has given almost \$100,000 in contributions to over 200 educational and charitable organizations. But we believe simply giving money doesn't build the type of long-lasting relationships that allow communities to grow with opportunity. Our team members want to be part of an organization that cares about them and their professional development. But they also want to be part of an organization that cares about the communities in which we all live. Giving makes us better people. And better people make us a better company. Which is why our team members donate hundreds of hours to volunteerism each and every year.

At Viafield, we focus our giving in two key areas, both monetarily and through donation of our time:

- Agricultural Based Youth & Education Programs From providing scholarship opportunities for our young members to supporting 4-H and FAA youth programs, Viafield is committed to education and youth development.
- <u>Community Involvement and Local Giving</u> Serving our local neighbors with donations, supporting those in need and taking care of the people who take care of our communities, our team is committed to serving beyond the coop doors.

Helping people is an important part of our culture at Viafield. Our charitable giving is based on a simple philosophy: by targeting our contributions toward entities with the greatest impact on our team members, customers, stakeholders and businesses, we are able to make the greatest difference and continue to help our communities grow with opportunity.

OVER

\$34,000

DONATED

IN 2013

SIX

\$1,000

SCHOLARSHIPS

AWARDED







DONATED TO

15

LOCAL SCHOOL

BOOSTER CLUBS

DONATED OVER

\$5,000

TO FFA & 4-H

GROUPS

PER·SE·VER·ANCE: NOUN.



Agronomy

14

COURSE OF ACTION,
A PURPOSE, A STATE, ETC.,
ESPECIALLY IN SPITE OF
DIFFICULTIES OR
OBSTACLES.

<u>ALSO SEE;</u> VIAFIELD AGRONOMY

AGRONOMY

To say that 2013 was an agronomical challenge would be a huge understatement. But the agronomy team at your cooperative persevered and found innovative ways to help our customers get the best possible yield from every acre.

The Viafield Precision Ag department had a busy year with increased soil sampling, VRT mapping and creating custom fertility programs for our customers. The department also invested in a mobile precision ag trailer, fully equipped with all the instruments and tools needed to provide planter metering and on-site repairs whenever and wherever they are needed.

Your cooperative is pushing ahead to better serve your needs when it comes to nutrient application. We expanded our NH₃ facilities at Marble Rock and Randalia to fill tanks faster and safer. Additionally, we are updating the liquid fertilizer plant in Randalia with more capacity to better serve our customers in the region.

While the challenging growing conditions of the previous year may cause some companies to think minute-to-minute, your cooperative plans for the future. We are working with our suppliers to create innovative new products that better stabilize nitrogen when it's put into the ground. Not only will this provide more nutrition to your plants when they need it, but it's also environmentally friendly. That's deinitely a unin-unin

Viafield is your partner in the field. We are dedicated to providing you the latest in seed, fertilizer and technology, all designed to help you weather the storm (or drought) and persevere when conditions are less than ideal.

OVER

380,000

ACRES OF NUTRIENTS

APPLIED IN 2013

OVER

59,000

TONS OF NUTRIENTS

APPLIED IN 2013







OVER

30,000

PREVENTATIVE ACRES

SEEDED IN 2013

HELPED EDUCATE



AGRONOMY INTERNS

IN 2013

FLEX·I·BIL·I·TY: NOUN.



CHARACTERIZED BY A READY CAPABILITY TO ADAPT TO NEW, DIFFERENT, OR CHANGING REQUIREMENTS

ALSO SEE; VIAFIELD ENERGY

The Viafield Energy Team is all about flexibility. We are committed to doing whatever it takes to be the most efficient, responsive, and dynamic energy supplier you can find. We adapt to new ideas, continually upgrade our delivery equipment and above all, strive to employ the highest quality group of team members to best serve your needs.

One of the largest energy programs we have ever put into place showed tremendous benefits in 2013. The Automated Fuel Delivery (AFD) System began last December in a partnership with CHS, our fuel supplier. The system utilizes an electronic monitor placed within your diesel and gasoline storage tank. When the fuel level gets low, the monitor sends a signal to our fuel distribution center and the nearest delivery truck is routed to fill your tank. You no longer have to worry about running out or ordering fuel, we take care of it all for you. And the best part, there are no additional fees.

Our propane department is the very definition of flexible. Our customerfocused team is there for you when you need to place an order.
They can also create a specialized delivery schedule that will ensure
you never run out of fuel. Our propane specialists keep track of your
regulators and notify you when they are old and in need of being
replaced. They are all CETP (Certified Employee Training Program)
certified and are dedicated to providing you reliable service with the
highest quality products.

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 satisfying sandwiches. We know that you have choices when it comes to where to shop and we do our best every day to provide you with the best products and service.

OVER

\$10.9 M

GALLONS SOLD

IN 2013

OVER

\$6.7 M

GALLONS DELIVERED

IN 2013







OVER

\$3.4 M

GAL. OF PROPANE

SOLD IN 2013

OVER

2000

TANKS SERVICED

BY AFD IN 2013

QUAL·I·TY: NOUN.



22 Feed

CHARACTER WITH RESPECT TO FINENESS; A GRADING OF EXCELLENCE.

ALSO SEE; VIAFIELD FEED FEED

Quality is at the heart of everything we do. This year, the feed division worked hard to meet the demands for customized feed and provide the highest quality products meeting all feed safety standards. We increased our delivery efficiency, and improved the expertise of our feed team

As part of our ongoing commitment to produce safe, high-quality feed products for our customers, Viafield has now obtained HACCP compliance for all three of our mills — Elgin, Rudd and Maynard. HACCP (Hazard Analysis Critical Control Point) is a systematic, preventive approach to food safety that has long been recognized internationally as a tool for adapting traditional inspection methods to a modern, science-based, food safety system.

Your cooperative introduced several new products this year including Purina Wind and Rain cattle minerals with STORM Technology, AMPLICalf Cool Weather Starter and the UltraCare line of pig starters. These additions reinforce our commitment to provide you with the most innovative products on the market today.

The Feed operations team is more efficient in servicing you, after purchasing a 25-ton feed trailer and two 18-ton feed trucks, to replace outdated equipment and expand our fleet to meet the increasing demand.

Our nutritionists attend a number of training events every year to stay informed about the latest research into feed nutrition and herd management. This year, Beef Production Specialist Mike Kirby made Purina Animal Nutrition's Summit Club, recognizing the top-selling salespeople in the country. Mike was also selected as one of Purina's top 20 beef feedlot consultants. We're proud of Mike's achievements and the high quality services that he provides to our members.

SOLD

199,692

TONS

IN 2013

MFG.

179,195

TONS

IN 2013







SAW A

8%

INCREASE IN SALES

IN 2013

INVESTED IN

3

NEW DELIVERY

VEHICLES

FO·CUS:



Grai

A CENTRAL POINT, AS OF ATTRACTION, ATTENTION, OR ACTIVITY

ALSO SEE; VIAFIELD GRAIN

GRAIN

The Viafield Grain Team remains focused through the tough market conditions of the past year.

Grain sales volumes for the fiscal year were above projected budget of 25 million bushels of corn and 6.2 million bushels of soybeans. The impact of last year's drought is evident when we compare sales volumes from one year ago. And while all these factors might deter other companies from moving forward, your cooperative continues to concentrate on the future.

Viafield's new grain facility northwest of Oelwein is nearing completion. This highly automated, state-of-the-art facility will add an additional 2.9 million bushels of storage and will give your cooperative the ability to receive and load grain at rates other cooperatives can only dream about. The facility is equipped with two truck scales; one inbound and one outbound, two receiving pits, and two grain legs; one rated at 20,000 bushels per hour and one rated at 40,000 bushels per hour. When it comes time to ship, the facility utilizes a bulk weighing system, accurately filling a rail car (3500 bushels) in just under 8 minutes. The entire location is specifically designed to maximize efficiency and expedite traffic flow for smooth operations.

Our goal is to be your partner in all aspects of your operation. We know that no matter what the markets or mother nature comes up with, our focus is on you, our valued customers and how we can partner for success.

OVER

\$33 M

BUSHELS SOLD

IN 2013

OVER

30 M

BUSHELS

OF STORAGE





\$1.46 M STORAGE INCOME

IN 2013

\$880,000

DRYING INCOME
IN 2013

PRO•GRES•SIVE: ADJECTIVE.



30

FAVORING OR ADVOCATING CHANGE OR IMPROVEMENT; AS OPPOSED TO MAINTAINING THINGS AS THEY ARE.

ALSO SEE;
VIAFIELD STATEMENT OF
SAVINGS

STATEMENT OF SAVINGS

| Statement of Savings | <u>2013</u> | <u>2012</u> |
|---|---|---|
| Sales Cost of Goods Sold Gross Savings on Sales Other Revenue Total Gross Revenue Operating Expenses, Including Interest Savings before Income Taxes Income Taxes | \$412,837,468 400,064,503 12,772,965 17,615,499 29,651,515 27,248,277 3,176,949 | \$442,952,922 424,519,894 18,433,028 15,832,483 34,265,511 27,416,833 6,848,678 |
| Current Deferred Net Savings | 284,495 (228,107) \$3,120,561 | 443,681 99,170 \$6,305,827 |
| Distribution of Net Savings | | |
| Patronage Devidends Cash Deferred - Current Deferred - Non-Qualified Retained Savings Net Savings | \$0 0 1,000,000 2,120,561 \$3,120,561 | \$523,028 523,028 1,000,000 4,259,771 \$6,305,827 |
| Patronage Allocation | | |
| Savings Retained Cash Portion of Allocation Deferred - Qualified Deferred - Non-Qualified Patonage Rates | 2,120,651 0 0 1,000,000 | 4,259,77 l 523,028 523,028 1,000,000 |
| Grain Merchandise & Services Agronomy Petroleum | 2% | 1.52 Cents/Bu 7.68% 1.71% 4.50 Cents/Gal |
| Feed | 1.4% | 1.34% |

\$412 M

TOTAL SALES

IN 2013

\$3.1 M

TOTAL PROFIT

IN 2013







170

TEAM MEMBERS
IN 2013

STA·BIL·TY: NOUN.



Balance She

IN A GOOD STATE OR CONDITION THAT IS NOT EASILY CHANGED OR LIKELY TO CHANGE.

ALSO SEE; VIAFIELD BALANCE SHEET

Assets

| Current Assets | 2013 | 2012 |
|---|--|---|
| Cash | \$740,173 | \$357,968 |
| Receivables Notes & Contracts Trade-Net of Allowance for Doubtful Accts of 2013 & 2012 Grain in Transit Other Margin Deposits | 7,986 11,331,215 1,979,885 409,864 368,823 | 12,460 11,473,505 1,865,682 498,670 19,895,016 |
| Inventories Grain Merchandise Petroleum Prepaid Commodities Prepaid Expenses Deferred Income Taxes Total Current Assests Working Capital Available Term Revolver Adjusted Working Capital | 4,956,525 14,238,817 870,627 5,498,910 25,686 144,644 40,573,155 14,270,066 6,927646 \$21,197,646 | 22,304,203 12,692,688 1,463,062 5,694,512 0 154,356 77,151,132 22,167,442 0 \$22,167,442 |
| Property, Plant & Equipment | | |
| Land Buildings and Equipment Total Land, Buildings and Equipment Accumulated Depreciation Undepreciated Cost Construction in Process Net Property, Plant and Equipment | \$670,437 54,484,942 55,165,379 (27,222,444) 27,942,935 11,214,891 39,157,826 | \$670,438 51,422,529 52,092,967 (23,960,972) 28,131,995 129,499 28,261,494 |
| Other Assets | | |
| Long-Term Notes & Contracts Total Other Assets | \$286,858 286,858 | \$339,591 339,591 |
| Investments | | |
| Marketable Securities Equity in Other Organizations | \$1,831,188 19,152,151 | \$1,623,259 18,384,119 |
| Total Assets | \$101,001,178 | \$125,015,806 |

Liabilities & Member Equity

| Current Liabilities | 2013 | 2012 |
|---|--|--|
| Checks Written in Excess of Bank Balance Current Maturities of Long-Term Debt Notes Payable-Operating Demand Notes | \$1,361,891 28,038 0 2,119,684 | \$1,638,990 1,831,725 27,491,566 1,913,013 |
| Payables Trade Customer Credit Balances and Prepaid Sales Unpaid Grain Other | 5,124,870 4,567,605 10,607,505 0 | 4,854,432 4,003,558 10,135,318 0 |
| Accrued Expenses Interest Payroll Property Taxes Income Taxes Other | 131,322 1,245,148 1,065,762 0 51,264 | 187,439 1,321,190 1,001,971 0 76,681 |
| Patronage Dividends Total Current Liabilities | \$26,303,089 | 523,028 \$54,239,90 1 |
| Long-Term Liabilities - Net of Current Maturities | | |
| Notes Payable Accrued Pension Costs Deferred Income Taxes Member's Equity Capital Stock | \$16,160,482 2,829,746 1,633,084 | \$14,252,541 2,085,901 1,790,101 |
| Class A Class B Subscriptions Local Preferred Regional Preferred Allocated Patronage Dividends Non-Qualified Deferred Equity | 344,200 166,400 49,059 6,881,972 8,836,030 0 1,657,716 | 336,800 165,800 50,644 6,280,682 8,919,952 1,523,028 651,395 |
| Paid In Capital Accumulated Other Comprehensive Income (Loss) Equity from Acquisition Retained Earnings Total Member's Equity | 192,703 (7,136,377) 18,254,816 25,028,258 \$54,074,777 | 192,703 (5,656,724) 18,254,816 21,928,266 \$52,647,362 |
| Total Liabilities and Member's Equity | \$101,001,178 | \$125,015,806 |

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