2013
Annual Report

Focused On Our Future

Photo courtesy of Perry Rust, Fargo

HIGHLIGHTS	*Year Ended Dec. 31, 2013*	Year Ended Dec. 31, 2012	Year Ended Dec. 31, 2011
Total Members' Equity	*$38,416,000*	$42,744,000	$46,576,000
Income from ProGold LLC	*$5,746,000*	$6,596,000	$6,157,000
Net Income	*$4,797,000*	$5,649,000	$5,338,000
Earnings per Unit	*$0.31*	$0.36	$0.34

Financial Review

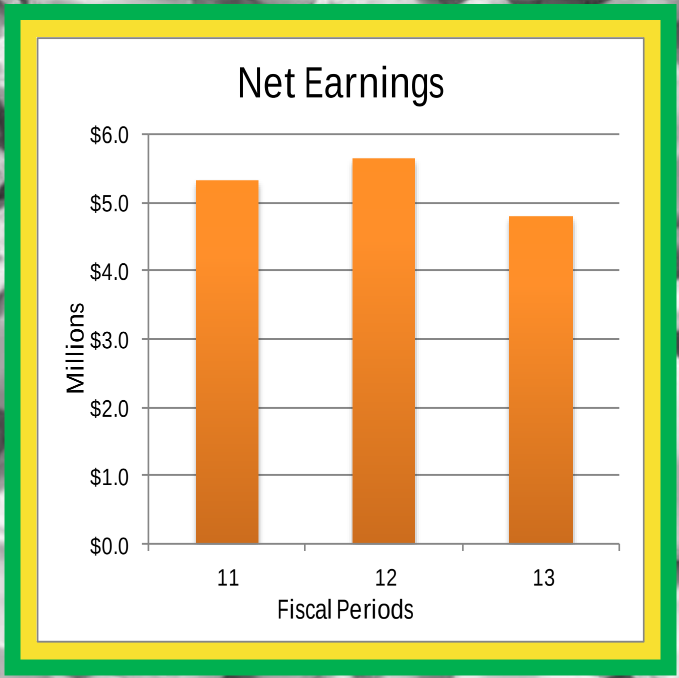
Golden Growers Cooperative is an agricultural cooperative owned by 1585 members who reside primarily in Minnesota, North Dakota, and South Dakota. The co-operative was created in 1994 to own a 49 percent interest in ProGold Limited Liability Company. Golden Growers has one partner in ProGold. American Crystal Sugar Company of Moorhead, Minnesota owns 51%.

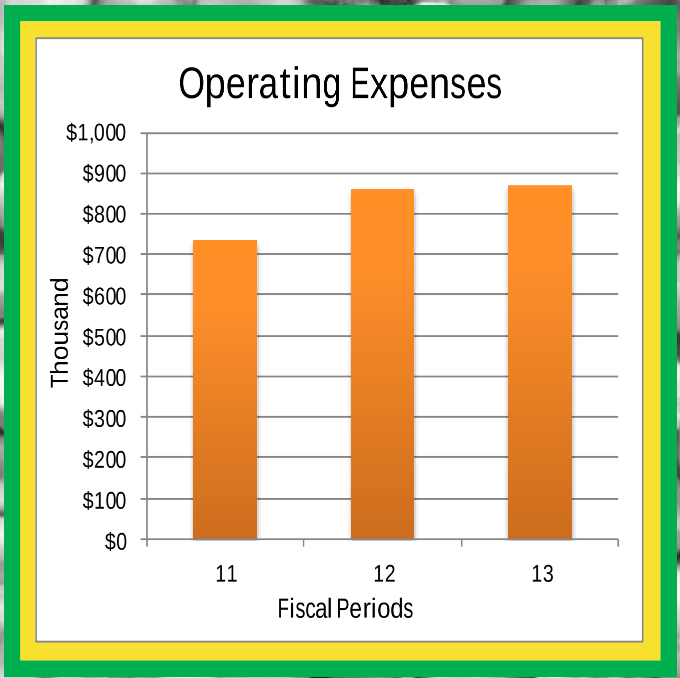
On January 1, 2008, ProGold LLC entered into a second ten-year lease agreement with Cargill, Inc., to operate the ProGold corn wet-milling facility near Wahpeton, North Dakota. That lease expires December 31, 2017, although the lease could be extended for a limited period under certain circumstances. Under this agreement, ProGold retains ownership of the facility and will receive rent averaging $21.9 million annually over the life of the lease. ProGold is essentially debt free.

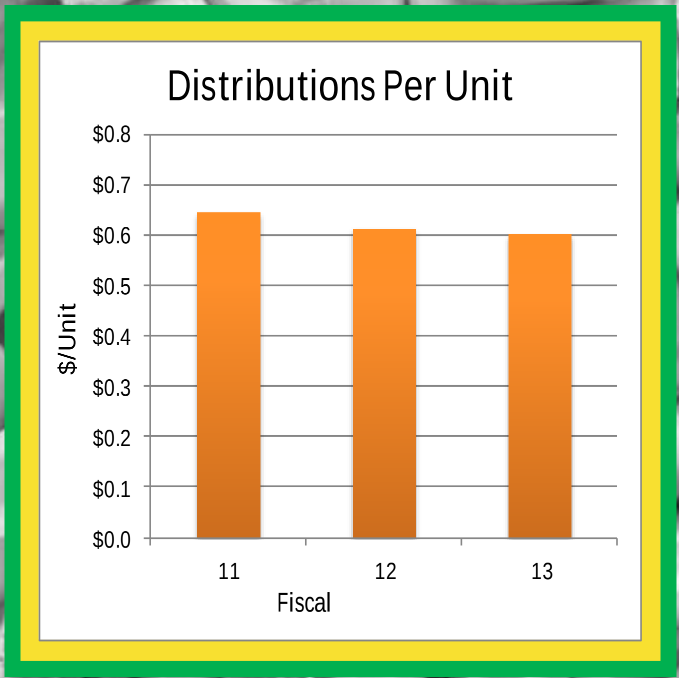
On September 1, 2009, Golden Growers converted from a North Dakota cooperative to a Minnesota cooperative governed by Minnesota statute 308B. The financial reports presented in this document reflect audited financial reports for the periods ending December 31, 2013, 2012, and 2011.

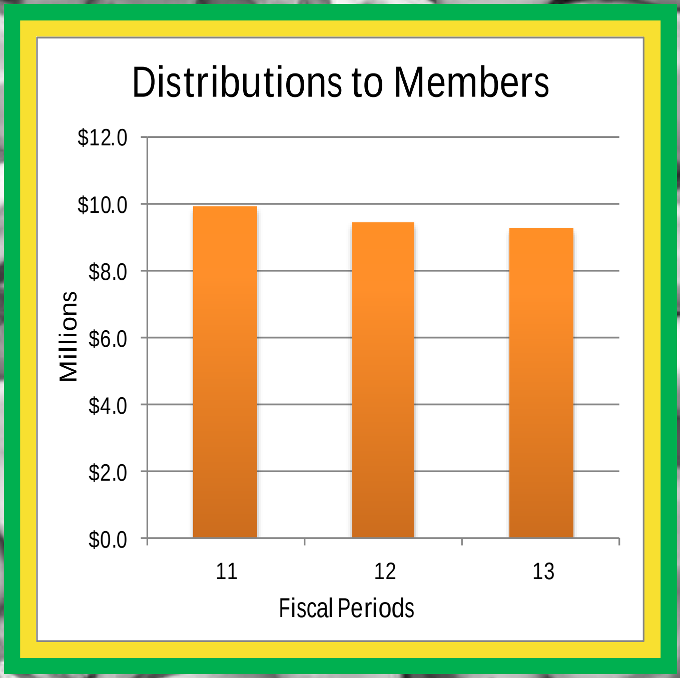
For the year ended December 31, 2013, Golden Growers had net income of $4,797,000, compared with a net income of $5,649,000 for 2012, and $5,338,000 for 2011.

ProGold's fiscal year ends on August 31st. Adjusted for the calendar year, ProGold's net income for the twelve months ending December 31 of 2013 was $11,726,000 compared to $13,461,000 for calendar year 2012, and $12,565,000 for calendar year 2011.

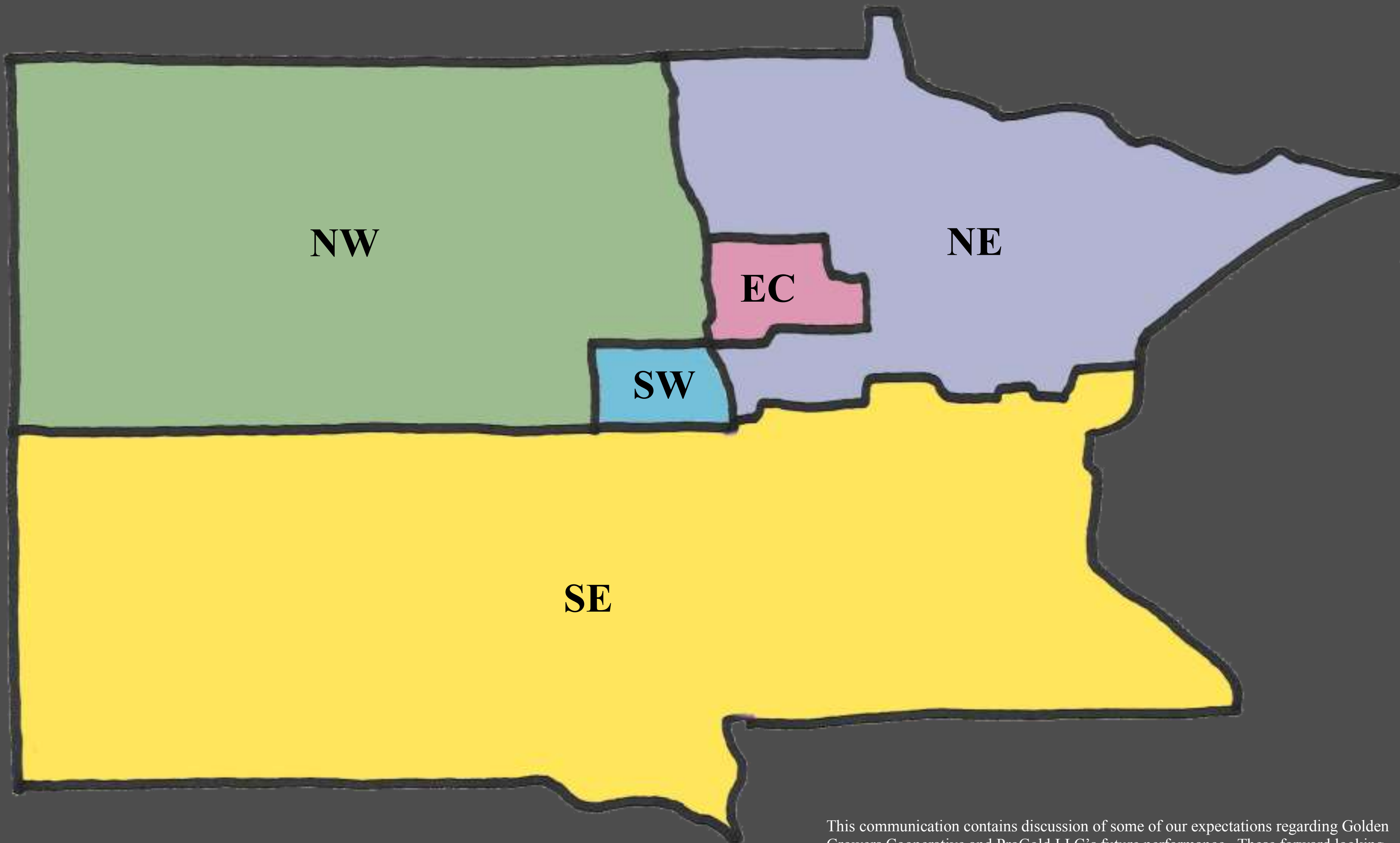

Net Earnings
Millions
$6.0
$5.0
$4.0
$3.0
$2.0
$1.0
$0.0
11
12
13
Fiscal Periods


Operating Expenses
Thousand
$1,000
$900
$800
$700
$600
$500
$400
$300
$200
$100
$0
11
12
13
Fiscal Periods


Distributions Per Unit
$/Unit
$0.8
$0.7
$0.6
$0.5
$0.4
$0.3
$0.2
$0.1
$0.0
11
12
13
Fiscal


Distributions to Members
Millions
$12.0
$10.0
$8.0
$6.0
$4.0
$2.0
$0.0
11
12
13
Fiscal Periods

Member Districts



This communication contains discussion of some of our expectations regarding Golden Growers Cooperative and ProGold LLC's future performance. These forward looking statements are based on our current views and assumptions. Actual results could differ materially from these current expectations and forecasts, and from historical performance. Members should consider such risks and uncertainties when evaluating any forward-looking statement and not put undue reliance on any forward-looking statements. Golden Growers Cooperative undertakes no obligation to update any forward-looking statements in this presentation to reflect future events or developments.

Board of Directors & Staff

Front Row: Byron Koehl (SE), Bruce Speich (SW), Bernie DeCock (SE), Brett Johnson (SW), Shaun Beauclair (NE), Jason Medhaug (SE), David Benedict (EC)

Back Row: Chris Johnson (SW), Gary 'Butch' Jirak (NE), Glenn Johnson (NW), Matt Hasbargen (NE), Melissa Kava (Administrative Assistant), Nicolas Pyle (NW), Mark Harless (EC), Leslie Nesvig (SE), Paul Borgen (EC), Scott Stofferahn (Executive Vice President)

<u>Executive Committee</u>

Chairperson
Jason Medhaug
First Vice Chair
Paul Borgen
Second Vice Chair
Mark Harless
Secretary
Nicolas Pyle
Treasurer
Leslie Nesvig

Focused on our Future

This past year was one of transition for Golden Growers. For the most part, however, Golden Growers' administrative changes have been successful and activities necessary for its day to day functions have occurred seamlessly.

In the world around Golden Growers, there continues to be a fair amount of transition taking place as well.

For instance, refined domestic sugar prices have declined nearly 60% from record highs set in the fall of 2010. Increased sugar production, primarily in Brazil, Mexico, and China, combined with declining imports to India and the European Union set the stage for a 40% stocks to use ratio in 2012-13. Higher production in NAFTA countries was driven by record beet and cane production in the US for 2012 (primarily due to good weather) and a nearly 40% increase in Mexican production (good weather, increased acres and cane plant replacement).

Because nearly all of the excess Mexican production headed north into an already saturated market, US producers asked the Mexican industry to reduce US exports and/or concentrate exports to non-NAFTA countries. Initially, officials of the Mexican soft drink industry indicated that they would make a substantial shift from HFCS to sugar. It remains unclear whether Mexico will follow through on stated efforts to export outside the NAFTA region.

Late in 2013, the Mexican government approved a tax on sugary drinks and 'junk' food in an attempt to discourage added sugar consumption for a population leading the world in rates of obesity. While it is unclear how the 'obesity tax' will impact sugar consumption in Mexico, it did appear that the Mexican soft drink industry angled back toward less expensive HFCS to reduce the tax's impact on their customers.

Cheap sugar and the lower price of corn applied pressure to corn sweetener markets. In the United States, 2014 contracts sagged 5-6¢ / lb. below 2013 levels.

In the midst of all of this excess market turmoil, HFCS consumption through carbonated soft drinks continued a modest decline that measures over 18% since 2008. And food activists continue to suggest that HFCS use is bad for consumer health despite a lack of credible scientific evidence directly establishing a connection.

Ethanol manufacturers are fighting back against a proposal by the Environmental Protection Agency to curb the renewable fuel standard (RFS) and actually lower the amount of ethanol required to be blended to 13 billion gallons, 800 million gallons less than required in 2013. The EPA decision was, in part, a response to a massive campaign by the petroleum industry against higher blend levels such as E15 because of the so-called "blend wall". The petroleum industry and its allies have fueled public concern that higher blends of ethanol would be harmful to car engines, raise gas prices, and decrease food availability (food vs. fuel).

An impressive campaign against EPA's proposal has been mounted by the renewable fuel industry. At this time, it is unknown how the agency will respond in a final rule.

So in the midst of all of this news, what does the future for corn milling and, more specifically, the ProGold plant look like?

Seeking answers to this question has been a focus of attention for your Board and Management. The truth is, we don't really know. But what we do know doesn't paint so dismal a picture. In fact, there are many reasons to believe the long term outlook is positive.

First of all, despite a retreat in HFCS prices, corn refining remains profitable. As corn prices have declined, some of that reduced cost has been passed along to consumers. Domestic consumption could rise enough to offset reductions of exports to Mexico.

Idled corn milling capacity (primarily in the ethanol industry) has substantially come back on line. Lower corn prices, a competitive price advantage to gasoline, and promising exports appear to have returned the ethanol industry to solid profitability. And despite efforts to change the RFS, the industry anticipates gradual acceptance of E15 blends if for no other reason than the clear economic advantage.

A strong ethanol market is important because it provides corn wet milling plants, with both HFCS and ethanol production capability, the opportunity to fully utilize plant capacity.

In the longer term, we are seeing companies invest heavily in research and scaling up of processes to make renewable bio-based chemicals and oils. Corn starches and sweeteners are likely to play a role as a feedstock for these products.

When it comes to public perception, there is a growing consensus in the nutrition community that efforts to blame HFCS exclusively are misguided. In fact, a recent study published in the Nutrition Journal does an exceptional job of debunking that theory. Quoting directly from research conclusions:

> *These data suggest that total fructose availability in the US did not increase between 1970 and 2009 and, thus, was unlikely to have been a unique casual factor in the increased obesity prevalence. We conclude that increased total energy intake, due to increased availability of foods providing glucose (primarily as starch in grains) and fat, to be a significant contributor to increased obesity in the US.*

Source **- Carden and Carr, Nutrition Journal 2013**

We know that there are those who are resistant to hearing the message above. However, the results of the research follow a line of logic that we knew from the start. Obesity comes from consuming too many calories and leading less active lives.

In closing, your board and management continue to be 'Focused on the Future' of your membership interest in Golden Growers and ProGold, LLC. We intend to continue this emphasis as stewards of your cooperative's assets.

Jason Medhaug, Chairman | **Scott B Stofferahn, Executive Vice President**

Widmer Roel PC
Certified Public Accountants & Business Advisors
PRIDE IN SERVICE – PRIDE IN PEOPLE

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Golden Growers Cooperative
Fargo, North Dakota

We have audited the accompanying balance sheets of **Golden Growers Cooperative** as of December 31, 2013 and 2012, and the related statements of operations, comprehensive income, changes in members' equity and cash flows for the years then ended December 31, 2013, 2012, and 2011. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Golden Growers Cooperative**, as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years ended December 31, 2013, 2012, and 2011, in conformity with accounting principles generally accepted in the United States of America.

Widmer Roel PC

Widmer Roel, PC
Fargo, ND
February 28, 2014

Golden Growers Cooperative

MANAGEMENT'S DISCUSSION OF FINANCIAL RESPONSIBILITY

The management of Golden Growers Cooperative is responsible for the preparation, integrity and objectivity of the accompanying financial statements and related information contained in this annual report. The accompanying financial statements have been prepared in conformity with generally accepted accounting principles. Where appropriate, management has included estimates and judgments it believes are reasonable under the circumstances.

As a means of fulfilling its responsibility for the integrity of financial information included in this annual report, management has established a system of internal controls to obtain reasonable assurance that assets are safeguarded and transactions are properly recorded. Although no system of internal controls can detect and prevent all errors and irregularities, management believes the established system provides reasonable assurance that material errors and irregularities will be detected. The Board of Directors has also engaged independent certified accountants to review and assess the effectiveness of the internal accounting control system and to audit the cooperative's financial statements.

The Board of Directors has formed a finance committee to meet on a regular basis to review accounting, internal control, auditing and financial reporting matters. In addition, the finance committee meets with independent certified public accountants to discuss the planning and results of their audits.

Scott B. Stofferahn
Executive Vice President

Balance Sheets

Golden Growers Cooperative
December 31, 2013 And 2012 (In Thousands)

	December 31, 2012	December 31, 2013
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 2,698	$ 3,154
Short-Term Investments	218	218
Prepaid Expenses	1	10
Total Current Assets	2,917	3,382
Furniture and Equipment, Net	8	6
Investment in ProGold Limited Liability Company	40,070	35,032
Total Assets	$ 42,995	$ 38,420
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities:		
Accounts Payable	$ 67	$ -
Accrued Liabilities	5	4
Total Current Liabilities	72	4
Non-Current Liabilities	179	-
Members' Equity:		
Members' Equity	42,923	38,416
Membership Units, Authorized 60,000,000 Units, Issued and Outstanding 15,490,480 as of December 31, 2013 and December 31, 2012		
Accumulated Other Comprehensive Income	(179)	-
Total Members' Equity	42,744	38,416
Total Liabilities and Members' Equity	$ 42,995	$ 38,420

See Notes to Financial Statements

Statement of Operations
Golden Growers Cooperative
For The Years Ended December 31, 2013, 2012, And 2011
(In Thousands, Except Share Amounts)

	December 31, 2011	December 31, 2012	December 31, 2013
OPERATIONS			
Corn Revenue	$ 79,376	$ 92,838	$ 82,925
Corn Expense	(79,478)	(92,935)	(83,016)
Net Income from ProGold Limited Liability Company	6,157	6,596	5,746
General & Administrative Expenses	(733)	(861)	(869)
Net Income from Operations	5,322	5,638	4,786
Interest Income	16	11	11
Net Income Before Income Tax	5,338	5,649	4,797
Income Tax Provision	-	-	-
Net Income	$ 5,338	$ 5,649	$ 4,797
Weighted Average Shares/Units Outstanding	15,490,480	15,490,480	15,490,480
Earnings per Share/Membership Unit			
Primary and Fully Diluted	$ 0.34	$ 0.36	$ 0.31

See Notes to Financial Statements

Statements of Comprehensive Income and Changes in Members' Equity

Golden Growers Cooperative
For The Years Ended December 31, 2013, 2012, And 2011
(In Thousands)

	December 31, 2011	December 31, 2012	December 31, 2013
Net Income Attrubuted to the Cooperative	$ 5,338	$ 5,649	$ 4,797
Other Comprehensive Income			
Defined benefit pension plans			
Pension liability adjustment	(4)	(31)	179
Comprehensive Income	$ 5,334	$ 5,618	$ 4,976

	Class A Stock	Class B Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Members' Equity	Total Members' Equity
BALANCE, DECEMBER 31, 2010	-	-	-	-	(144)	51,331	51,187
Net income	-	-	-	-	-	5,338	5,338
Member distributions	-	-	-	-	-	(9,945)	(9,945)
Pension liability adjustment	-	-	-	-	(4)	-	(4)
BALANCE, DECEMBER 31, 2011	-	-	-	-	(148)	46,724	46,576
Net income	-	-	-	-	-	5,649	5,649
Member distributions	-	-	-	-	-	(9,450)	(9,450)
Pension liability adjustment	-	-	-	-	(31)	-	(31)
BALANCE, DECEMBER 31, 2012	-	-	-	-	$ (179)	$ 42,923	$ 42,744
Net income	-	-	-	-	-	4,797	4,797
Member distributions	-	-	-	-	-	(9,304)	(9,304)
Pension liability adjustment	-	-	-	-	179	-	179
BALANCE, DECEMBER 31, 2013	-	-	-	-	-	$ 38,416	$ 38,416

See Notes to Financial Statements

Statement of Cash Flows
Golden Growers Cooperative
For The Years Ended December 31, 2013, 2012, And 2011
(In Thousands)

	December 31, 2011	December 31, 2012	December 31, 2013
Cash Flows from Operating Activities			
Net Income	$ 5,338	$ 5,649	$ 4,797
Net (Income) from ProGold Limited Liability Company	(6,157)	(6,596)	(5,746)
Depreciation	4	2	2
Changes in Assets and Liabilities			
Prepaid Expenses	-	-	(9)
Accounts Payable	(30)	43	(67)
Accrued Liabilities	(202)	2	(1)
Net Cash Used in Operating Activities	(1,047)	(900)	(1,024)
Cash Flows from Investing Activities			
(Purchase of) Proceeds from available for sale	(2)	(1)	-
Purchase of equipment	-	(6)	-
Distribution received from ProGold LLC	10,902	10,852	10,784
Net Cash Provided by Investing Activities	10,900	10,845	10,784
Cash Flows from Financing Activities			
Member distributions paid	(9,945)	(9,450)	(9,304)
Net Cash Used by Financing Activities	(9,945)	(9,450)	(9,304)
Increase (Decrease) in Cash and Cash Equivalents	(92)	495	456
Cash and Cash Equivalents, Beginning of Period	2,295	2,203	2,698
Cash and Cash Equivalents, End of Period	$ 2,203	$ 2,698	$ 3,154

See Notes to Financial Statements

Notes to Financial Statements

Golden Growers Cooperative
December 31, 2013, 2012, And 2011

NOTE 1 – NATURE OF OPERATIONS

Organization - Golden Growers Cooperative was initially organized as a North Dakota member-owned cooperative incorporated on January 19, 1994 ("GG-ND"). GG-ND and two other partners, one of whom was American Crystal Sugar Company ("ACSC") entered into a joint venture that formed ProGold Limited Liability Company, a Minnesota limited liability company ("ProGold") which designed and constructed a corn wet-milling facility in Wahpeton, North Dakota (the "Facility"). Under the joint venture, GG-ND (and indirectly its members) had the right and obligation to deliver corn to be processed at the Facility. After it was constructed and operated briefly by its members, the Facility was leased to Cargill Incorporated ("Cargill") who continues to operate the Facility under a lease that runs through December 31, 2017. Golden Growers Cooperative and ACSC are the current members of ProGold, with Golden Growers Cooperative holding a 49% interest and ACSC holding the remaining 51% interest.

On July 29, 2009 GG-ND formed a wholly owned cooperative subsidiary in the state of Minnesota (GG-MN), organized under Minnesota Statutes chapter 308A, solely for the purpose of reincorporating into the state of Minnesota. On September 1, 2009, GG-ND merged into GG-MN and reincorporated into the state of Minnesota. Immediately after the merger, GG-MN statutorily converted into a cooperative association governed under Minnesota Statutes 308B. As a result of its reincorporation and reorganization Golden Growers – North Dakota, a North Dakota cooperative association historically taxed as a tax-exempt cooperative under Subchapter T of the Internal Revenue Code, became Golden Growers Cooperative, a Minnesota cooperative association governed by Minnesota Statutes chapter 308B as a cooperative for state law purposes but taxed as a partnership under Subchapter K of the Internal Revenue Code for tax purposes. Golden Growers Cooperative succeeded to the business of Golden Growers – North Dakota and except for changes to the structure and operations as a result of the reincorporation and statutory conversion, continues to operate the business of Golden Growers – North Dakota.

As part of the Conversion, GG-ND's members exchanged their shares of Class A Common Voting Membership Stock and Class B Non-Voting Equity Stock for identical and equal shares of such stock in GG-MN. Each member's single share of Class A Common Voting Membership Stock was redeemed for $150 and each member received membership units in GG-MN equal to the number of shares of Class B Non-Voting Equity Stock each member held in GG-ND prior to the Merger.

Prior to September 1, 2009, ownership of membership stock, which signified membership in the Cooperative, was restricted to producers of agricultural products. The ownership of equity stock was restricted to members of the Cooperative. Preferred stock could be held by persons who were not members of the Cooperative. At August 31, 2009 and 2008, the Cooperative had 10,000 shares of non-voting, $1,000 par-value preferred stock authorized, of which none were issued or outstanding. Equity requirements, as determined by the board of directors, could be retained from amounts due to patrons and credited to members' equity in the form of unit retains or allocated patronage.

The Cooperative reserved the right to acquire any of its stock offered for sale and the right to recall the stock of any member. In the event this right was exercised, the consideration paid for such stock was 25% of its book value.

Beginning September 1, 2009, ownership of membership units is available to any person or entity residing in the Unites States of America. Net proceeds or losses will be allocated to members on the basis of their patronage of the Cooperative.

In connection with the Conversion, the Cooperative changed its fiscal year end to December 31

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments – The Cooperative's investment securities are held to maturity and recorded at amortized cost. The Cooperative's investment in ProGold is recorded at historical cost plus its pro-rata share of ProGold's net income and additional paid-in capital less distributions received from ProGold. Unrealized gains or losses are recorded in accumulated other comprehensive income within members' equity. Gains and losses are determined using the specific identification method.

Cash and Cash Equivalents – The Cooperative considers all demand accounts to be cash equivalents and overnight sweep accounts. Cash equivalents do not include money market accounts maintained by the Cooperative's investment managers. Cash equivalents do not include any investment with a stated maturity date, regardless of the term to maturity.

Income Taxes – Beginning September 1, 2009, Golden Growers Cooperative is taxed as a limited liability company under Subchapter K of the Internal Revenue Code. As such, the Cooperative will generally not be subject to income taxes. Instead, net income will be reported by its members who will be responsible for any income taxes which may be due. Prior to September 1, 2009, Golden Growers Cooperative was an exempt cooperative for federal income tax purposes. As such, the cooperative was generally not subject to income taxes. Instead, net proceeds were allocated to the Cooperative's patrons who were responsible for any income taxes which may have been due.

Property and Equipment – Property and equipment are stated at cost. Depreciation on assets placed in service is provided using the straight-line method over estimated useful lives ranging from 5 to 10 years.

Accounting Estimates – The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition – The Cooperative's members are contractually obligated to annually deliver corn to the Cooperative by either Method A or Method B or a combination of both. Under Method A, a member is required to physically deliver corn to the cooperative and under Method B a member appoints the cooperative as its agent to arrange for the acquisition and delivery of corn on the member's behalf. For an annual fee of $92,000 paid quarterly, the Cooperative contractually appoints Cargill as its agent to arrange for the delivery of the corn by its members who elect to deliver corn using Method A and to acquire corn on its behalf for its members who elect to deliver corn using Method B. The price per bushel paid to the member who elects to deliver corn using Method B is equal to the price per bushel paid by Cargill to acquire the corn as the Cooperative's agent. Members who deliver corn under Method A are paid the market price or contracted price for their corn at the time of delivery. The Cooperative pays members who deliver corn under Method A an incentive payment of $.05 per bushel while members who elect Method B to deliver corn pay the Cooperative a $.02 per bushel agency fee for the cost of having the Cooperative deliver corn on their behalf. The board has the discretion to change the incentive fee and the agency fee based on the Cooperative's corn delivery needs. The incentive fee and agency fee are a component of Corn Expense.

With respect to all Method A corn that is delivered, Cargill pays the aggregate purchase price for corn purchased from the Cooperative's members to the Cooperative and then, on the Cooperative's behalf, makes individual payments for corn directly to its members. If a Method A member fails to fully satisfy the corn delivery requirement, Cargill purchases replacement corn for which the Cooperative reimburses Cargill the amount by which the underlying contracted corn price is less than the price of buying the replacement corn that was due on the delivery date. The Method A member who fails to deliver corn is then invoiced by the Cooperative for the price of the corn.

Based on what is to be delivered by its members using Method A, Cargill then purchases the remainder of the corn to be delivered by the Cooperative on behalf of its Method B delivering members. Because Cargill purchases the corn on the Cooperative's behalf of Method B delivering members, the purchase price for the corn that would be paid to the Cooperative's members if they actually delivered the corn offsets against the payment to be made by the Cooperative to Cargill for the cost to purchase the corn, thus no payment is made from Cargill to the Cooperative for corn delivered using Method B. The Cooperative has determined Corn Expense for Method B deliveries based on the average quarterly cost per bushel paid by Cargill to the Cooperative's members for Method A quarterly deliveries.

Concentrations - Several times during the year, the Cooperative maintained a cash balance in excess of the Federal Deposit Insurance Corporation ("FDIC") limits. At December 31, 2013, the Cooperative's cash balance exceeded the FDIC insurance limits by approximately $2.8 million.

Fair Value Measurements - The Cooperative has determined the fair value of certain assets and liabilities in accordance with the provisions of Accounting Standards Codification ("ASC") 820-10, which provides a framework for measuring fair value under generally accepted accounting principles.

ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820-10 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity 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 related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

NOTE 3 – PROGOLD LIMITED LIABILITY COMPANY

The Cooperative has a 49% ownership interest in ProGold Limited Liability Company. Following is summary financial information for ProGold Limited Liability Company:

(In Thousands)	December 31, 2013	December 31, 2012	December 31, 2011
Current Assets	$ 151	$ 111	$ 126
Long-Term Assets	72,947	83,669	92,743
Total Assets	$ 73,098	$ 83,780	$ 92,869
Current Liabilities	$ 405	$ 405	$ 406
Long-Term Liabilities	1,200	1,600	2,000
Total Liabilities	1,605	2,005	2,406
Members' Equity	71,493	81,775	90,463
Total Liabilities and Members' Equity	$ 73,098	$ 83,780	$ 92,869
Rent Revenue on Operating Lease	$ 23,674	$ 25,223	$ 24,063
Expenses	11,948	11,762	11,498
Net Income	$ 11,726	$ 13,461	$ 12,565

NOTE 4 – INVESTMENTS

The Cooperative has determined fair value of its investments held to maturity based on Level 1 inputs.
The Cooperative's investments held to maturity are as follows as of December 31, 2013 and 2012 (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2013:				
Money Market & CD's	$ 218	$ -	$ -	$ 218
December 31, 2012:				
Money Market & CD's	$ 218	$ -	$ -	$ 218

NOTE 5 – INCOME TAXES

The Cooperative follows the provisions of ASC 740-10 related to accounting for uncertainty in income taxes.

The Cooperative had no unrecognized tax benefits on December 31, 2013 and 2012. No interest or penalties are recognized in the statements of operations or in the balance sheets. The Cooperative is no longer subject to U.S. Federal and State income tax examinations by tax authorities for fiscal years 2009 and earlier.

The Cooperative recognized no income tax expense for the years ended December 31, 2013, 2012 and 2011.

NOTE 6 – EMPLOYEE BENEFIT PLANS

Pension Plan – In December 2012, the Cooperative approved a change to freeze the Cooperative's defined benefit pension plan. As a result, no additional benefits will accrue to participants in the plan and no new employees are eligible for the plan. During the year ended December 31, 2013, 2012 and 2011, the pension expenses were $141,000, $75,500, and $42,000, respectively.

As of December 31, 2013, the pension plans were funded as required by the funding standards set forth by the Employee Retirement Income Security Act (ERISA).

The Cooperative's Compensation Committee has the responsibility of managing the operations and administration of the Cooperative's retirement plans. The Cooperative has an investment policy that establishes target asset allocations to reduce the risk of large losses. Asset classes are diversified to reduce risk, and equity exposure is limited to 75% of the total portfolio value. The stated goal is for each component of the plan to earn a rate of return greater than its corresponding benchmark. The return objective of the plan is to achieve a minimum average total rate of return of four percentage points (4.0%) above the rate of inflation as measured by the Consumer Price Index. The real rate of return goal assumes a real rate of return for equities of 10.0% and a real rate of return for fixed income of 4.0%.

The assumptions used in the measurement of the Cooperative's benefit obligations are shown below:

	2013	2012
Discount Rate	6.00%	6.00%
Expected Return on Plan Assets	8.00%	8.00%
Rate of Compensation Increase	4.73%	4.73%

The following schedule reflects the expected pension benefit payments during each of the next five years and the aggregate for the following five years (in thousands):

	Expected Benefit Payments
2014	$ 54
2015	54
2016	54
2017	54
2018	54
2019-2023	269
Total	$ 539

The Cooperative expects to make contributions of approximately $48,000 to the defined benefit pension plan during the next fiscal year.

The following schedules provide the components of the Net Periodic Pension Costs for the periods ended December 31, 2013, 2012 and 2011 (in thousands):

	December 31, 2013	December 31, 2012	December 31, 2011
Service Cost	$ -	$	$ 36
Interest Cost	40	42	36
Expected Return on Plan Assets	(59)	(47)	(31)
Amortization of Net (Gain) Loss	76	10	9
Net Periodic Pension Cost	$ (19)	$ 71	$ 51

The following schedules set forth a reconciliation of the changes in the plan's benefit obligation and fair value of assets for the periods ending December 31, 2013 and 2012 and a statement of the funded status and amounts recognized in the Balance Sheets and Accumulated Other Comprehensive Income as of December 31, 2013 and 2012 and (in thousands):

	December 31, 2013	December 31, 2012
Change in Benefit Obligation		
Obligation at the Beginning of the Period	$ 703	$ 515
Service Cost	-	36
Interest Cost	42	37
Actuarial (Gain) Loss	(24)	115
Benefits Paid	(25)	-
Obligation at the End of the Period	$ 696	$ 703
Change in Plan Assets		
Fair Value at the Beginning of the Period	$ 524	$ 367
Actual Returns on Plan Assets	73	81
Employer Contributions	141	76
Benefits Paid	(25)	-
Fair Value at the End of the Period	$ 713	$ 524
Funded Status		
Funded Status as of Period Ended	$ 17	$ (179)
Net Amount Recognized	$ -	$ (179)

	December 31, 2013	December 31, 2012
Amounts Recognized in the Balance Sheets		
Noncurrent Assets	$ -	$ -
Current Liabilities	-	-
Noncurrent Liabilities	-	(179)
Net Amount Recognized	$ -	$ (179)
Accumulated Gain (Loss) Recognized in Accumulated Other Comprehensive Income		
Accumulated Gain (Loss) Beginning of the Period	$ (179)	$ (148)
Recognized in Periodic Cost	71	51
Amount Arising During the Period	108	(82)
Accumulated Gain (Loss) End of the Period	$ -	$ (179)

The accumulated pension benefit obligation was $0 and $179,000 as of December 31, 2013 and 2012, respectively.

401(k) Plan – The Cooperative has a 401(k) plan that covers employees that meet eligibility requirements. The Cooperative's contributions to the plan totaled $5,168, $8,000 and $7,442 for the years ended December 31, 2013, 2012 and 2011, respectively.

NOTE 7– COMMITMENTS AND CONTINGENCIES

The Cooperative contracted with Cargill, Incorporated in connection with the procurement of corn which includes payments of $92,000 annually and terminates December 31, 2017.

On July 10, 2012, the Cooperative entered into a Services Agreement with Mark C. Dillon (the “Agreement”), the Cooperative’s former Executive Vice President and Chief Executive Officer. The Agreement was entered into in anticipation of Mr. Dillon’s retirement effective September 30, 2012. Pursuant to the Agreement, Mr. Dillon agreed to provide enumerated transitional consulting services to the Cooperative until March 31, 2013. In exchange for such services, Mr. Dillon was paid $37,250 per month. During the years ended December 31, 2013 and 2012 , the Cooperative incurred $111,750 and $111,750 expense in connection with the Services Agreement. At December 31, 2012, the Cooperative had an account payable to Mr. Dillon totaling $37,250 in connection with the agreement.

NOTE 8- SUBSEQUENT EVENTS

In February of 2014, the Cooperative declared a distribution of $3,098,053, or $0.20 per outstanding membership unit.

Management has reviewed subsequent events through February 28, 2014 the date to which the financial statements were available to be issued.

Photo courtesy of Perry Rust, Fargo

Golden Growers Cooperative

Auditors
Widmer Roel, PC
Fargo, ND

Fiscal Year
January 1 through December 31

Annual Meeting
March 26, 2014
Courtyard by Marriott, Moorhead, MN

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