

VIAFIELD

ANNUAL REPORT



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ABO

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.

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.

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.

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.

US

21 LOCATIONS

To serve all your Agronomy, Energy,
Feed & Grain needs

ARLINGTON, IA
CARPENTER, IA
CHARLES CITY, IA
CLERMONT, IA
ELGIN, IA
GRAFTON, IA
LAMONT, IA

LONDON, MN
MANLY, IA
MARBLE ROCK, IA
MAYNARD, IA
MYRTLE, MN
NAPA - GREENE, IA
NORTHWOOD, IA

OELWEIN, IA
RANDALIA, IA
ROCKFORD, IA
RUDD, IA
SUMNER, IA
VALLEY C-STORE, CLERMONT, IA
WINTHROP, IA

SENIOR LEADERSHIP TEAM

STEVE BODENSTEINER
• CFO

RICK DAVIS
• EASTERN OPERATIONS TEAM LEADER

DARWIN TABBERT
• WESTERN OPERATIONS TEAM LEADER

KEVIN DAVIS
• SAFETY TEAM LEADER

BOB CAMP
• AGRONOMY TEAM LEADER

MIKE KUBOUSHEK
• ENERGY TEAM LEADER

BILL HAYES
• FEED TEAM LEADER

L e a d e r s h i p

As we close on Viafield's fifth year of business it is important to spend time reflecting on our past activities, yet more critical to embrace what the future holds for your cooperative.

This year we invested \$1.9 million dollars in the Manly facility with a new dump pit and leg, increasing the speed to 40,000 bushels per hour. We also added 1,000,000 bushels of storage, along with a wet bin and a 4,750 bushel/hour dryer in Elgin. We continue to upgrade rolling stock as needed, along with increasing liquid propane storage at Arlington, Elgin and Rockford by 90,000 gallons. We will continue to improve our equipment and facilities in the future to ensure a high level of service to our customers.

This past year was met with both challenge and change. The board invested considerable time with Five Star Co-op to reveal our company strengths and areas for improvement. The board spent much time listening to our members and we will continue to listen.

Currently, your Board of Directors is extremely involved in the search for Viafield's next CEO. The role of this new leader is to make Viafield as successful as it can be, developing our employee team, improving service, and increasing customer satisfaction. Viafield has excellent facilities, a strong balance sheet and a dedicated team that are ready to meet the needs of our members.

Based on the financial results for this past year, the Board of Directors authorized an allocation of \$1,500,000 in non-qualified patronage. Viafield will also pass through Section 199 deductions not utilized to our members.

On behalf of your Board of Directors, thank you for your support and your business. Thank you for your open dialogue and for challenging us to be better than we are today. We are Viafield ...and we are moving forward.

VIAFIELD BOARD OF DIRECTORS

KARL BENJERDES

BRAD BROWNELL

MARK CHAMBERS

STEVE FULLERTON

DENNIS MEYER

RODNEY SHAFFER

MIKE STAUDT

JIM TRAINER

RICK MATT
VIAFIELD BOARD CHAIRMAN



Statement of Savings

STATEMENT OF SAVINGS

	2015	2014
Sales	\$245,254,138	\$294,098,338
Cost of Goods Sold	229,629,324	278,530,057
Gross Savings on Sales	15,624,814	15,568,281
Other Revenue	16,988,237	17,350,069
Total Gross Revenue	32,613,051	32,918,350
Operating Expenses, Including Interest	30,081,734	28,775,708
Savings before Income Taxes	2,531,317	4,142,642
Income Taxes		
Current	219,302	488,525
Deferred	(796,210)	(328,107)
Net Savings	\$3,108,225	\$3,982,224

DISTRIBUTION OF NET SAVINGS

Patronage Dividends		
Cash	\$0	\$500,000
Deferred - Current	0	0
Deferred - Non-Qualified	1,500,000	2,500,000
Retained Savings	1,608,225	982,224
Net Savings	\$3,108,225	\$3,982,224

PATRONAGE ALLOCATION

Savings Retained	\$1,608,225	\$982,224
Cash Portion of Allocation	0	500,000
Deferred - Qualified	0	0
Deferred - Non-Qualified	1,500,000	2,500,000
Patronage Rates		
Grain	1.1 Cents/BU	2.40 Cents/Bu
Merchandise & Services	6.32%	12.42%
Agronomy	1.54%	2.77%
Petroleum	3.19 Cents/Gal	5.71 Cents/Gal
Feed	1.19%	2.30%

Balance Sheet

ASSETS

CURRENT ASSETS

	2015	2014
Cash	\$150,314	\$1,012,160
Receivables		
Notes & Contracts	79,616	14,108
Trade-Net of Allowance for Doubtful Accts of '13 & '14	7,200,433	9,482,444
Grain in Transit	1,133,112	2,069,543
Other	312,156	411,440
Marketable Equity Securities	1,175,142	1,723,865
Inventories		
Grain	6,332,194	1,793,920
Merchandise	16,892,709	15,171,156
Petroleum	763,075	864,599
Prepaid Commodities	1,436,510	2,675,452
Prepaid Expenses	26,985	24,104
Deferred Income Taxes	99,831	148,693
Total Current Assets	35,602,077	33,667,619
Working Capital	16,522,206	13,225,063
Available Term Revolver	2,605,494	10,650,000
Adjusted Working Capital	\$19,127,700	\$23,875,063

PROPERTY, PLANT & EQUIPMENT

Land	\$1,339,676	1,339,675
Buildings and Equipment	75,639,778	69,292,439
Total Land, Buildings and Equipment	76,979,454	70,632,114
Accumulated Depreciation	(36,893,583)	(31,718,443)
Undepreciated Cost	40,085,871	38,913,671
Construction in Process	6,809,153	3,000,514
Net Property, Plant and Equipment	46,895,024	41,914,185

OTHER ASSETS

Long-Term Notes & Contracts	\$279,241	\$236,202
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INVESTMENTS

Equity in Other Organizations	\$20,237,847	\$19,687,875
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TOTAL ASSETS

\$103,144,189	\$97,229,746
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Balance Sheet

LIABILITIES & MEMBER EQUITY

CURRENT LIABILITIES

	<u>2015</u>	<u>2014</u>
Checks Written in Excess of Bank Balance	\$1,127,719	\$0
Current Maturities of Long-Term Debt	214,000	219,405
Current Maturities of Capital Lease	1,156,843	1,089,756
Notes Payable-Operating	0	0
Demand Notes Payables	2,516,440	2,606,474
Trade	3,012,216	3,468,076
Customer Credit Balances and Prepaid Sales	1,565,139	3,225,782
Unpaid Grain	6,288,638	7,837,126
Margin Account	550,640	701,017
Accrued Expenses		
Interest	105,177	86,917
Payroll	1,469,010	1,320,302
Property Taxes	1,025,001	1,025,001
Income Taxes	0	0
Other	49,048	86,565
Patronage Dividends Payable	0	500,000
Total Current Liabilities	\$19,079,871	\$22,166,421

LONG-TERM LIABILITIES- NET OF CURRENT MATURITIES

Notes Payable	\$10,901,278	\$1,720,772
Capital Lease Payable	12,065,284	13,239,544
Total Long-Term Liabilities	22,966,562	14,960,316
Accrued Pension Costs	3,248,238	393,508
Deferred Income Taxes	784,969	1,268,706

MEMBER'S EQUITY CAPITAL STOCK

Class A & B Subscriptions	508,800	510,800
Local Preferred	47,782	48,699
Regional Preferred	6,407,235	6,605,487
Allocated Patronage Dividends	8,585,988	8,753,040
Non-Qualified Deferred Equity	1,500,000	2,500,000
Paid in Capital	3,655,402	1,658,241
Accumulated Other Comprehensive Income (Loss)	191,688	192,703
Equity from Acquisition	(8,794,853)	(5,186,625)
Retained Earnings	18,254,816	18,254,816
Total Member's Equity	26,707,691	25,103,634
	\$57,064,549	\$58,440,795

TOTAL LIABILITIES AND MEMBER'S EQUITY

\$103,144,189 **\$97,229,746**



OUR AGRONOMISTS BRING
VALUE TO OUR MEMBERS EVERYDAY

More. If there is one word that captures the direction of the Viafield agronomy team moving forward, that is it. Our experienced and knowledgeable team is dedicated to providing more products, more features, more face-to-face visits, more value. We are your partner in the field, and our desire to assist each and every customer to be as profitable as they can be drives every decision we make. Let's take a look at four key areas where your cooperative can help.

THE PROOF IS IN THE...SOIL!

Seed: Knowing what hybrid/variety to plant on every acre to produce the best result for your operation is the foundation for your success. What's in the bag? What chemicals can I use with it? Do I have any insect control? Will this hybrid produce under high/low populations? Nitrogen response? Light soil, sand, heavy or poorly

drained soil impacts. By working with a knowledgeable Viafield seed specialist and your agronomy account relationship manager you can eliminate these variables and maximize every acre.

Fertilizer: Just selling tons does not work in today's market. Grid sampling can offer an advantage to the producer by putting the right product on every acre. By performing a detailed evaluation of each field's fertility, we can use a prescription to ensure nutrients are in the right place. Or based on your results, a simple blanket spread may be the best option. These recommendations can change to match your needs. This is where your Viafield agronomy account relationship manager comes in. They have the training and expertise to provide sound advice and direction for your farm operation.

Crop Protection: Simply put, this is the chemical part of our business. Pests come in many forms, including weeds, bugs, diseases, or any other limiting factor that can be managed by using chemicals. Much of this would be done in a good chemical program planned before we plant the crop. However, these programs must be frequently evaluated as the growing season progresses. Working with a Viafield agronomy account relationship manager can help in adapting to changing field conditions as the season progresses.

Technology: Grid soil sampling and VRT applications have been around for a while. Your cooperative strives to continually improve our system. The investment made in Precision Planting has brought nice growth. This year we introduced the UAV's to broaden our offerings. These exciting aerial tools offer another level of visual data to our customers. It will be interesting to see where the UAV's lead us in the future. Coming soon will be an Ag Leader dealership to round out this section of our department, which will cover planting, fertilizer, scouting and harvesting.

"I enjoy the relationships built with our local growers. Our partnerships thrive because we have a team who goes the extra mile and cares about who they serve."

- JOHN JULSETH
AGRONOMY ACCOUNT RELATIONSHIP MANAGER • NORTHWOOD, IA





At Viafield Energy, we are committed to have the best team members in place to serve your energy needs. Over the past five years our restructured energy staff is there to better serve you, the customer. The Viafield Energy team provides full time energy sales specialists, CETP certified propane service and delivery specialists, and an energy coordinator to exceed your energy expectations.

ALL THE ENERGY YOU NEED...AND THEN SOME.

Viafield is one of the only cooperatives in the area with full time energy sales specialists serving our customers. They are available to meet with you at your farm or business to answer all of your energy questions. They provide market information to help you make the most informed decision when considering the best time to

contract fuel and propane. Our energy sales specialists can walk you through the benefits of having a monitor in your fuel tank, and how a monitor eliminates frequently checking your fuel level and the need to call in for fuel. The fuel will be in your tank before you even realize you need it. They will also explain the many billing options we offer with Viafield's AFD Refined Fuels program.

We have eight CETP certified propane service and delivery specialists. Our team will keep your propane tank filled on our Scheduled Delivery program. This program allows us to estimate your propane usage and fill your tank on a routine basis. Thereby eliminating the need for you to watch the gauge and call in for propane. Viafield's propane service and delivery specialists also make sure your propane system is safe, and the regulators are up to date. They perform periodic leak checks on your system to assure the safety of you and your family.

We have a full time energy coordinator on staff to help manage our energy accounts; issuing energy prices, assuring accurate billing, and placing fuel orders. The energy coordinator inputs all fuel tank information and orders to make sure your deliveries are received accurately and efficiently. Working with the energy sales specialists, the coordinator ensures all monitored fuel tanks are performing properly to exceed your refined fuel needs.

Viafield owns the Valley C-store in Clermont, IA to serve your energy needs while traveling too. Our friendly staff is there to provide you with a noon special every day, as well as pizza and chicken. We also offer a variety of grocery and merchandise items. The Valley C-store has gasoline and diesel pumps to fill your vehicle with top quality fuel. Beginning this fall, we will offer Top Tier Gasoline at the pumps.

On behalf of the entire energy team at Viafield, we thank you for the opportunity to service your energy needs this past year and look forward to exceeding your energy expectations in the years to come.

"Viafield is a huge part of each community we do business in and I enjoy being a part of it."

- MASON KLEITSCH
ENERGY SALES SPECIALIST • EAST REGION





DEDICATED TO CREATING THE
BEST NUTRITION PRODUCTS POSSIBLE

The Viafield feed department provides trusted animal feeds and customized nutrition solutions to help you maximize the performance of your operation. With state-of-the-art facilities and efficient large load delivery trucks, our team has the capability to tackle the ever changing needs of producers.

THE VIAFIELD FEED TEAM HAS A VISION.

We will be the feed company known as best in class. We will be the feed company that others aspire to be.

That says a lot. How do we go about being the best in class feed company? It revolves around our team members and their dedication to delivering the highest quality and safest product in each and every load.

Your cooperative has six nutritionists to serve you, two swine production specialists, two dairy production specialists, and two beef production specialists. Our team of nutritionists attend a number of training events each year. At these events they learn about the latest research into feed nutrition and production management. They are some of the most knowledgeable and experienced in the industry.

The Viafield feed department has been HACCP certified for four years. HACCP (Hazard Analysis and Critical Control Points) is a systematic, preventative approach to food safety. This is a program that has long been recognized internationally as a tool for adapting traditional inspection methods to a science based food safety system. Our operations team receives extensive, ongoing training in HACCP requirements every year.

Our operations team efficiently manufactures the feed and delivers it every day. Safe, quality feed, made right, delivered to the correct place. Every day, this is the main role of the feed operations team. No matter how many tons need to be manufactured and delivered in a day, they get the job done.

The feed office team is the hub of our customer service, taking feed orders and entering them correctly into the system, and billing with accuracy. They keep up with feed budgets and ration changes, with the knowledge that it is their responsibility to make sure our customer's needs are being met everyday.

Thank you for partnering with the Viafield feed team. We pride ourselves on producing only the highest performing feed products to the most stringent standards with an unwavering focus on consistent quality.

"I love the fact that I can help our customers raise healthy animals in a profitable way."

- MIKE KIRBY

BEEF PRODUCTION SPECIALIST • ARLINGTON, IA





The Viafield grain team strives to be your partner in all aspects of your grain marketing plan. Our knowledgeable and experienced grain merchandisers and relationship managers provide sound advice and guidance to maximize your grains potential in the market.

STORAGE CAPACITY + TRANSPORTATION = A WINNING COMBINATION.

Grain sales volumes for the fiscal year 2014-2015 were 21,000,000 bushels of corn, similar to last year and 7,000,000 bushels of soybeans, up significantly over last year. Corn margins continue to improve even with the competition for grain in the end user markets.

Storage income was over \$1,776,000, a 28% increase over the previous year.

Drying income came in at over \$2,280,000 and was dramatically ahead of our projected budget.

Viafield has been working to improve speed and space at our locations. This past year we upgraded our facilities at both the Manly and Elgin locations.

At Manly, we focused on increasing speed by adding a new 20,000 bushel per hour leg, dump pit and conveyors. This will push receiving capacity to over 40,000 bushels per hour.

In Elgin, we increased our storage and drying capacity, as well as the speed of receiving. We constructed two new storage bins adding over 1,000,000 bushels of capacity. Combined with a new 15,000 bushel per hour receiving leg and a 4,750 bushel per hour high efficiency dryer, this location now has the speed and space to handle both our customers needs and the production requirements of our on-site feed mill.

With a volatile grain market, it is 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.

"Producers have a tremendous responsibility to help feed the world and I enjoy assisting them with that challenge everyday."

- JERRY KELEHER
GRAIN MARKETING RELATIONSHIP MANAGER • EAST REGION





STRENGTHENING THE VALUE OF AGRICULTURE
THROUGH EDUCATION & STEWARDSHIP

We firmly believe that your cooperative is a powerful vehicle through which we channel our time, talent, and energy in pursuit of the fundamental goal of serving others. Through our collective action, we greatly magnify the impact of our individual efforts to provide extraordinary service to our member/owners, help each other improve, support our communities, and increase the value of our company.

BEING MEMBER OWNED MEANS EVERYTHING TO US.

The Viafield spirit of giving back to our communities is as alive today as it was when our first elevator opened over 100 years ago.

We believe we should generously share our time, talents and financial resources in support of worthwhile community endeavors.

In addition, we encourage others to do the same, so that collectively we can sustain and improve the quality of life in our communities.

We contributed a portion of the company's operating income every year as Viafield since our inception. During 2015, our contributions, totaling over \$43,000, were distributed to more than 110 organizations in 20 Iowa and Minnesota counties. These contributions were distributed within the communities we serve based on two key areas:

- 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.
- Community Involvement and Local Giving - 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.

Moving communities forward 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.

"Being part of an organization that gives back and helps to build strong communities gives me a great sense of pride."

- DANIELLE VANCE
ACCOUNTING SPECIALIST • CHARLES CITY, IA





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