

ANNUAL REPORT

RESULTS

2018

## Local Growth

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 **\$1.5 MILLION**  
INCREASE IN **GROSS REVENUE**

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 **27% INCREASE**  
IN **CORN RECEIPTS**

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 **20% INCREASE**  
IN **DRY FERTILIZER SALES**

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**\$1 MILLION**  
BACK TO MEMBERSHIP



**\$1.2 MILLION** ISSUED TO  
MEMBERS  
IN **ALLOCATED PATRONAGE**

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# Succeeding Together, Stronger Together

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Thank you for your business and support this past year. Through your partnership with us, Viafield is striving to be a premier local Iowa cooperative offering benefits to owners and communities alike. The Viafield Team is committed to realizing our vision to be your trusted advisor achieving producer success. Our commitment has generated exciting growth in 2018 by connecting members to expert advice and innovation. Our owners' success is like a high tide raising the prosperity of your cooperative, members and community.

Success comes with responsibility. Our number one priority at Viafield is the safety of our hard working team members. This year Viafield reduced the rate of incidents by establishing key safety metrics and collaboration among team members. We thank all our team members for putting safety first and developing a strong culture we can all be proud of.

Our success in 2018 brought measurable value:

- Sales and gross savings increased 12% and 10% respectively, as we worked to deliver exceptional value and grow our membership.
- Corn volume increased 27% by leveraging members' volume in the local processor market and the launch of new innovative risk management products.
- Viafield Market Flex and Coop Pro, the first professionally managed pricing contract developed exclusively for Viafield owners, attracted new volume.
- Tremendous growth in dry fertilizer increased volume by 21% leveraging recent investments in high speed handling equipment and the deep knowledge of our local sales agronomists.
- The Energy department achieved a 35% increase in propane shipments due to increased grain drying and a colder than normal winter.

We also faced some challenges in 2018. Declining patronage from regional cooperatives, trade tariffs, and rising fuel and interest rates impacted final results. Viafield also invested in a preventive maintenance program to improve asset health and reduce downtime in our critical fall and spring seasons. While a positive change that will yield substantial long term savings, the initial cost impacted our bottom line. Margins in agronomy also declined due to market conditions. Overall, our net savings for the year are \$1.2 million vs. \$2.5 million in 2017.

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Our cooperative's financial position is strong. Building Viafield's financial strength is a key priority of the board and management. In 2018 Viafield retired \$3.6 million in long term debt, invested \$2.2 million in facilities and equipment, while maintaining our excellent working capital position. We continue our stance of stability required to grow and serve the needs of owners now and into the future.

Your membership in Viafield has measurable benefits. Viafield's strong cash flow has rewarded owners with faster revolvment of non-qualified equity (current through 2013). In 2018, the board approved the return of another \$1 million in cash, retiring a portion of 2014 non-qualified equity. Viafield will also issue \$1.2 million in non-qualified patronage to members and pass back \$1.9 million in section 199 tax benefits to owners for 2018.

We recently discovered the 1974 annual report of Clermont Cooperative, one of our legacy cooperatives. The report references their "Creed for Cooperative Members", which underscores the importance of local ownership and long term value to loyal members. The creed calls out a founding tenet of cooperatives, "because in volume there is strength." This is still important today as suppliers have consolidated into just a handful of very large corporations. Your continued loyalty with Viafield provides owners strength in a compressed and challenging marketplace. By working together we can all achieve more and realize the vision of our founders to pass the benefits to owners. If you would like to read the cooperative creed from Clermont Coop visit [www.viafield.com/creed](http://www.viafield.com/creed)

2018 was a year of continued growth of your cooperative, we appreciate your business and loyalty. Looking forward to 2019, we will again strive to be your provider of choice through our promise to enhance farmer success.

When we succeed together, we are stronger together.



**RICK MATT**

Board Chairman



**CHRIS LUDWIG**

Chief Executive Officer

# Statement of Savings

## STATEMENT OF SAVINGS

	2018	2017
Sales	\$250,887,788	\$224,096,469
Cost of Goods Sold	232,611,545	207,495,730
Gross Savings on Sales	18,276,243	16,600,739
Other Revenue	14,040,902	14,201,477
Total Gross Revenue	32,317,145	30,802,216
Operating Expenses, Including Interest	31,276,640	28,433,057
Savings before Income Taxes	1,040,505	2,369,159
Income Taxes		
Current	(155,198)	262,152
Deferred	6,866	(376,979)
Net Savings	<b>\$1,188,837</b>	<b>\$2,483,986</b>

## DISTRIBUTION OF NET SAVINGS

Patronage Dividends		
Deferred - Non-Qualified	1,223,597	2,500,000
Retained Savings	(34,760)	(16,014)
Net Savings	<b>\$1,188,837</b>	<b>\$2,483,986</b>

## PATRONAGE ALLOCATION

Cash	0	500,000
Deferred - Non-Qualified	1,223,597	2,000,000
Patronage Rates		
Grain	1.13 Cents/BU	2.54 Cents/BU
Merchandise & Services	5.61%	11.95%
Agronomy	1.40%	2.78%
Petroleum	2.01 Cents/Gal	5.08 Cents/Gal
Feed	0.94%	2.24%

# Balance Sheet

## CURRENT ASSETS

	2018	2017
Cash	\$311,906	\$35,678
Receivables		
Notes & Contracts	11,291	16,449
Trade-Net of Allowance for Doubtful Accts	6,676,002	7,373,056
Grain in Transit	1,683,288	878,131
Other	2,227,453	2,935,897
Margin Deposits	0	0
Inventories		
Grain	19,758,091	9,737,087
Merchandise	10,386,417	8,847,735
Petroleum	589,743	591,574
Prepaid Commodities	2,463,900	897,546
Prepaid Expenses	897,702	909,885
Deferred Income Taxes	41,317	65,332
Total Current Assets	<u>46,549,943</u>	<u>32,288,370</u>
Working Capital	19,015,477	15,303,329
Available Term Revolver	0	3,960,957
Adjusted Working Capital	\$19,015,477	\$19,264,286

## PROPERTY, PLANT    EQUIPMENT

Land	\$1,538,727	\$1,538,727
Buildings and Equipment	89,316,033	81,143,007
Total Land, Buildings and Equipment	90,854,760	82,681,734
Accumulated Depreciation	(47,294,602)	(42,852,564)
Undepreciated Cost	43,560,158	39,829,170
Construction in Process	276,290	6,533,812
Net Property, Plant and Equipment	43,836,448	46,362,982

## OTHER ASSETS

Long-Term Notes & Contracts	\$24,335	\$33,614
Deferred Income Taxes	50,017	0

## INVESTMENTS

Equity in Other Organizations	\$21,004,049	\$20,749,071
<b>TOTAL ASSETS</b>	<b>\$111,464,792</b>	<b>\$99,434,037</b>

# Balance Sheet

## CURRENT LIABILITIES

	2018	2017
Checks Written in Excess of Bank Bal.	\$1,679,818	\$708,915
Current Maturities of Long-Term Debt	2,000,000	600,000
Current Maturities of Capital Lease	1,719,693	1,262,977
Notes Payable-Operating	3,936,205	0
Demand Notes Payables	2,159,718	2,444,491
Trade	5,492,587	4,300,441
Customer Credit Bal. & Prepaid Sales	1,555,508	1,532,844
Unpaid Grain	4,703,944	3,410,285
Margin Account	2,075,241	7,613
Accrued Expenses		
Interest	156,444	129,108
Payroll	1,022,987	1,084,159
Property Taxes	991,572	900,569
Income Taxes	0	74,347
Other	40,749	29,292
Patronage Dividends Payable	0	500,000
Total Current Liabilities	\$27,534,466	\$16,985,041

## LONG TERM LIABILITIES - NET OF CURRENT MATURITIES

Notes Payable	\$6,000,000	\$9,164,924
Capital Lease Payable	13,073,428	9,593,562
Total Long-Term Liabilities	19,073,428	18,758,486
Accrued Pension Costs	2,416,983	1,812,528
Deferred Income Taxes	0	239,301

## MEMBER'S EQUITY - CAPITAL STOCK

Class A & B	509,000	502,000
Subscriptions	45,916	46,885
Local Preferred	6,059,998	6,158,130
Regional Preferred	8,234,886	8,377,995
Allocated Patronage Dividends	1,223,597	2,000,000
Non-Qualified Deferred Equity	7,919,093	6,409,006
Paid in Capital	191,688	191,688
Accumulated Other		
Comprehensive Income (Loss)	(6,165,573)	(6,519,671)
Equity from Acquisition	18,254,816	18,254,816
Retained Earnings	26,166,494	26,217,832
Total Member's Equity	\$62,439,915	\$61,638,681

<b>TOTAL LIABILITIES &amp; MEMBER'S EQUITY</b>	<b>\$111,464,792</b>	<b>\$99,434,037</b>
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## OUR VISION

Serve as the trusted advisor for the customer of the future through our talented team by delivering products, services, technology and innovation ensuring their profitability and ours.

## OUR MISSION

Committed to be the full-service provider of choice, enhancing the success of our customers, team and communities.

## OUR VALUES

**ETHICAL** - We embrace honesty & integrity in everything we do.

**KNOWLEDGE** - We seek out new information and ideas to deliver solutions to customers.

**SERVICE-ORIENTED** - We are committed to responding to others needs in a timely and accurate manner.

**TEAMWORK** - We are respectful and supportive while communicating openly and engaging others.

**LEADERSHIP** - We are positive and professional while acting strategically and embracing change.

**RESULTS** - We are accountable and efficiently execute to build sustainable growth and profitability.

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