

Farmers UNION COOPERATIVE

Calmar - Fort Atkinson - Ossian - Waucoma - West Union

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The Co-operator

April 2011

Manager's Report

by Dave Hemesath

Financials through the first eight months of the fiscal year are showing strong sales increases in many areas. Feed sales remain strong, especially in the dairy and beef areas, we had record fertilizer sales for the fall, fuel volumes are up and grain purchases and sales are running far ahead of year ago numbers. Many grain customers are finding value in marketing through the co-op. We have multiple delivery points and many times can substitute the delivery location based on your needs. Doing your HTA contracts through us also gives the added benefit of multiple basis locations to work with versus one. We also have been able to pool bushels to enhance your basis opportunities.

Grain Comments

Grain markets continue to be volatile. Current grain prices for corn is about \$6.90 and soybean prices around \$12.70. You need to look at these levels very seriously when deciding how much longer to keep your remaining 2010 crop. Basis levels are poor on corn and beans both, primarily because of larger than normal early sales this year. At some point basis will have to improve enough to pull stock piles out of storage, but it may be June or July before this happens. If you have flat price grain to sell, it may be wise to capitalize on current prices instead of worrying about basis levels.

The March crop report showed 92.178 mil ac corn and 76.61 mil ac beans. These were both within trade estimates but we will need above trend yields just to maintain 2012 carryout. The stocks report was bullish with corn and bean stocks both below estimates. This tells us that rationing has not happened at current prices and the market needs to raise prices to do so. So expect prices to be higher and more volatile

through June. Any planting delays or weather threats could send prices to new highs.

Accounts Receivable

Talking about accounts receivable makes me feel like a priest in church asking for money. Its not pleasant to do but is a part of the job. Agriculture has changed dramatically in the past several years and with it the ability of your co-operative to carry accounts receivable as it has in the past. Your cooperatives accounts receivable is at an unacceptable level and puts your company at extreme risk. This has resulted in an unacceptable level of bad debt write offs which we cannot afford. I have compared how our credit policies have been administrated and our past due accounts receivable levels with companies around us and ours is by far the most lenient.

Our policy states that any account that is more than 60 days past due is cash only. In the past this policy has been loosely followed, but from this point on it needs to be strictly enforced. If your statement shows that you have a balance that is in the over 90 days column, your account is cash only and will be flagged as cash only in our system. You will need to bring your account up to date, pay cash for purchases or make suitable arrangements with us on a repayment plan. We have sent letters out to past due accounts informing them of their status. I expect we may lose some business with this stricter policy, but I believe that any customer that goes elsewhere will find themselves in the same position 60 days later. I realize that not all accounts can be corrected immediately, so we are more than willing to work with our customers as they pay their accounts down, please contact myself or Kevin Moore to make arrange-

(Continued on page 4)

Words to live by: "Though no one can go back and make a brand new start, anyone can start from now and make a brand new ending."

Agronomy Notes from the Farmers Union Agronomy Team

With spring in the air, the Agronomy team has been busy preparing equipment and bringing in products to meet your demands for the busy season ahead. The cooperative has updated a few pieces of equipment to better serve our patrons. First we updated the fertilizer spreader truck at the Fort Atkinson location with a new Case/IH Floater, equipped with a New Leader spreader box and Raven Viper Controller. This unit will give us increased efficiency, along with additional options to variable rate spread fertilizer and lime, and reliable service. The Terragator that was at the Fort location had been in operation for over 10 years and was traded in during the purchase process. Two new 8 ton fertilizer spreader buggies were added at the Ossian location. A new 28% nitrogen side dress unit was also added to be shared throughout the cooperative locations as need to meet patron demand. It is a 16/12 row combination unit set on 30 inch spaces. This unit will help us grow as we see more farmers growing and adding bigger planters to their operations as we move forward into the future.

Fertilizer prices have had marginal increases over the past couple of months, but have been much less volatile than the grain markets. As we see grain prices move higher and look to maintain these levels due to the low carry out stocks, this will support fertilizers at the current prices giving us little to no down side pressure. However current prices are at or in most cases are lower on a per acre basis when looked at as a percent of cost, if you look at historical averages. Current prices also allow for potential record profits and need to be used to maximize productivity of all crops grown in your operation. Don't get caught up on the up front cost of fertilizer dollars (sticker shock), but look at the complete cash flow cost to grow a crop. It is very easy to use recommend rates to maintain soil fertility and still take home a good profit. Cheating on the fertilizer will only mine your soils and perhaps lower yields. Lower yields only lead to less bushels to sell in the fall and less profit per acre.

MAPS, MAPS, MAPS. Please bring in maps of your farms for all custom applications of fertilizer and custom spraying. For spraying the state requires a copy of each field sprayed to be kept in the files along

with the application record of the job done. If you cannot get copies of your fields to turn in, then arrange to meet with the Agronomy personnel at your preferred site of business and we will work with you to obtain maps and download them from a internet site for you. But we must have maps that are filled out and properly marked to assure accurate application of products to your fields.

Seed. Farmers Union Cooperative is the first stop for all your seed needs. With our many seed partners we have or can get most any seed you may need on your operation. At the coop we have a good supply of seed corn, soybean seed, alfalfa, and seed oats on hand to help you in your planting needs. When you get to the field and have questions on hybrids or trait combinations, give us a call to help you get products position correctly on every acre. Roundup Ready Alfalfa has been reapproved for sale and is once again available to order if it is need on your farm. Talk to one of the companies sales staff for more information on varieties, management and trait fees.

GREENLAWN **Lawn Care Service**

Matt Dietzenbach, has been hired to run and take care of the Lawn Care division for Farmers Union Coop. Matt, comes to us with a degree in business from the University of Northern Iowa. He grew up on a local farm outside of St. Lucas and is glad to be back in the area and is looking forward to meet and serve our patrons as we move forward. To book a lawn care application with Matt, he can be reached at (563-419-0673).

1st application—fertilizer and control of crabgrass to be done in April though the first part of May.

2nd application—broadleaf weed and dandelion control with fertilizer to be applied in May to June.

3rd application—mid summer fertilization to help fight off the heat and drought of summer.

4th application—fall application of broadleaf and fertilizer for winter survival and fast spring green up.

Thank You for the Business.

Farmers Union Feed Department

Creep Feed Season Fiber Creeps

With the high price of corn currently, fiber creeps are appearing to be a lower cost alternative for creep feeds this year. So, I would like to touch briefly on how to make the most of your calves potential during the upcoming year.

Creep Pasture Gest 14 B68 is a LandOakes/ Purina Feeds formula that we manufacture locally that can enhance just this type of performance.

Local proofs that have been done have ranged from 2.2 to 2.75 lbs rate of gain while on Creep Feeds and are proven to give an extra 70– 80 lbs or more weaning weight.

Typically the creep duration is around 75– 100 days and they should consume between 2.2 lbs to 8.25 lbs/ head/ day.

How Creep Gest works is it provides a highly digestible blend of fibers along with a balanced mineral/ vitamin profile, salt and protein to maximize growth along side of your pasture or hay.

Rumen microbes will shift in population to digest fiber or starch. So during the season on pasture with milk from the cow, we want to capitalize on this fiber digesting bug population in the gut.

Even with the high cost of feed stuffs, especially corn, there still is a benefit and a good return on investment this year with the current feeder calf price.

Managing Creep Programs

Creep feeding should start around 6– 8 weeks of age and run 75 days or until the cap of 8 lbs/ Hd/ day.

Never pull an empty feeder into the pasture as the calves will check it and ignore it later. Never let a feeder run empty and restart the calves as this may

Words to live by: “The tendency of an event to occur varies inversely with one’s preparation for it.”
(you make your own luck)

cause upset digestive tracts. Maintain feed troughs so there isn’t build up of fines or caked up feed after it rains. To aid in the control of intakes, move the feeder away from water and spots where the cows congregate as the calves intakes increase.

If you have the corn and are going to feed it regardless, then the Accuration 33 Range Supplement will help control intakes to around 5– 6 lbs a day and make your grains more efficient. If you have oats on the farm, these can be blended at not more than 10% of the mix. The Accuration has a 30% inclusion rate with your grains.

Making the most of your feeds

The **BioMax** inoculants and **Kemin** brand acids benefits include: pH reduction at a faster pace, properly balanced lactic to acetic acid ratios, nutrient and dry matter retention, and aerobic stability. Also, an added benefit will be the inhibitive traits for molds and yeasts during harvest. Available for inoculants: BioMax **A** for Haylage, **5** for Corn Silage. Acids available are **Fresh Cut** for dry hay and **Silage Savor** that can be used on forages and small grain silage and HMSC.

Did You Know !!

Farmers Union Co-op provides dairy nutrition consulting to several of the top twenty herds in Iowa !!

Farmers Union Co-op is *THE* Dairy Nutrition Center

Our dairy nutrition team of Jeff Kennon, Brent Roelofs, Lee Johansen and Ryan Royer DVM work together to help you achieve all of your herd goals. Their team nutritional approach assures you that someone is always available for you.

Call them today!!

Farmers Union Co-op
1913 Co Road B 32
Ossian, IA 52161
Return Service Requested

Standard Mail
U.S. Postage
Paid
Fort Atkinson, IA
Permit No. 3

Accounting Sense

by Kevin Moore

Following on Dave Hemesath's comments regarding cash discounts, I want to elaborate on the ACH payments that he mentioned. With your authorization, we can withdraw your monthly balance directly from your bank account, net of the cash discount. So your cash discount is guaranteed, as long as your bank balance covers the net payment due on the 15th of the month. Similar to our direct ACH settlement of grain transactions, all we need to start this is your agreement and a canceled check or deposit ticket.

The accounting department is also focused on making better use of our perpetual inventory system which will eventually allow us to know exactly how much of each product we have on hand at any location. Our inventory software will already accommodate universal product codes for counting, pricing and selling inventories. We just have to implement it, which is a long term project. All of this should contribute to a better and more convenient experience for all of our members when purchasing product at any of our locations.

Contact Numbers

		Fax
Calmar Oil:	562-3502	562-3320
Fort Atkinson:	534-7216	534-7616
Ossian:	532-9381	532-9839, 888-211-8910
Ossian Mill:	532-9378	
Pioneer:	532-4000	
Co-op 1 Stop:	532-9363	
Fertilizer Plant:	532-9380	
Waucoma:	776-7755	776-7341
West Union:	422-3333	422-8863, 866-303-3330

Employee Phone Numbers

David Hemesath - 563-419-1543
Keith Steinlage - 563-419-4705
Kory Jacobsen - 563-419-4595
Brent Roelofs - 563-419-4759
Jeff Kennon - 641-220-2481
Lee Johansen - 563-380-0872
Duane Holthaus - 563-419-0488
Randy Huinker - 563-419-0292
David Schneiter - 563-419-7963
Matt Dietzenbach - 563-419-0673

(Continued from page 1)

ments. I appreciate your understanding with this difficult situation.

Cash Discounts and Finance Charges

Accounts which are current may have a cash discount available if paid by the 15th of the month. If you pay us after the 15th you will not get the discount. Finance charges get applied to past due accounts on the 25th of the month. If you pay your bill after the 25th, you still owe the finance charge. Paying by the 25th already gives you an average of *6 weeks of free credit*. In the past this policy has also been loosely followed but I hope you understand that we have over 1100 customers and need to keep our policies uniform across all locations in order for them to be affective. We do accept ACH payments if you are interested.