

Ag Biz

Summer 2023

Growing Relationships to Maximize Success!®

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Summer Update - Rick Vaughan, CEO

Greetings everyone.

I begin drafting this edition while the IAS geography is receiving needed rain. The crops in general look good across all our IAS areas, but I know most of those same areas have been short of moisture. I am optimistic we can still have a very nice crop. It will be important to continue to feed this crop, especially after it has been through its June stress. The fungicide season has started and will once again be an important tool to protect your investment.

Our employees are productive with our various summer duties across all our divisions. They are doing a great job and these processes are moving along nicely. We are also planning for our fiscal year-end, budgeting for next year, and preparing for fall. The IAS fiscal year has progressed nicely this year. All IAS retail divisions are having financial success this year that meets or exceeds last year. Pine Lake will have a good year this year, but not the tremendous year we had last year. I feel good about where I think IAS in total will end up, given the price pressures in the marketplace. Looking forward to the next fiscal year, we see more difficulty. The retail ag supply businesses are suffering large increases in property casualty insurance costs due to the now-known future risk of a derecho event and the significantly increasing asset costs to insure. Additionally, our deductibles are doubling and tripling. Insurance and interest costs will be our largest percentage increases headed into next year. I know I am not telling our members anything they do not already know. But the fact that our members are facing these pressures, and we are too, makes the solutions more difficult. With the proactive decisions of our employees, board of directors, customers, partners, and some good luck along the way, we will adjust to the market conditions and continue our journey with our members.

The IAS board election process is near. There will be three board elections this fall. Randy Blake, Paul Cook, and Stan Norman will be up for election. We will need to complete the slate of candidates by October. The nominating committee members are Steve Perry, Loren Manternach, and Joe Thraenert. The nominating committee will consider members who live in the general geography of the incumbent board members. If you have interest and have questions, you are welcome to call Chairman Randy Blake, any of the IAS nominating committee members, other board members, or myself. Your location staff can also help to get you started. IAS welcomes and encourages members to consider running for the board.

I announced my retirement at the May board meeting to the IAS board of directors, that afternoon to the employees, and now to you, the IAS members. My plans are to work through the upcoming months assisting with the transition and to formally retire in April of 2024. The board has started the process of replacing my position. They began with internal candidates who expressed interest in the position and the board felt were qualified. The first round of interviews was conducted in late June. The board will have conducted a second round of interviews by the time you receive this publication and will have determined what their next steps will be. We will keep the membership up to date as timely as we can as the board works through the process. I am hopeful an internal candidate is ultimately selected, that they can then replace themselves within a few months, and be available to begin transitioning to CEO duties in November. I will plan business as usual for myself for as long as I need to, then work to transition the new CEO as efficiently as possible into and through the winter months.

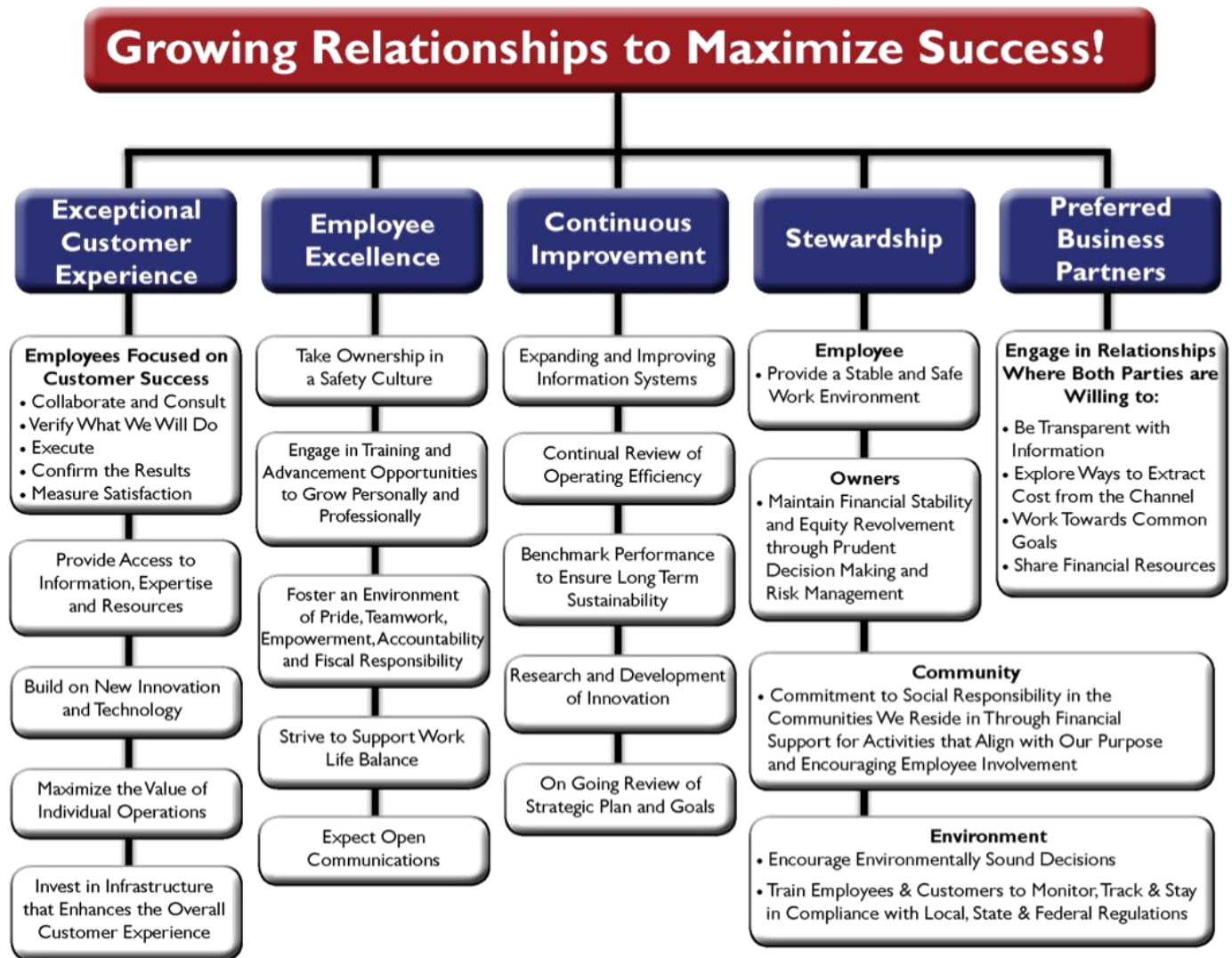
I have really enjoyed my time in the cooperative system. Working in agriculture has been a wonderful experience.

- Rick Vaughan



I have really enjoyed my time in the cooperative system. Working in agriculture has been a wonderful experience. I have written before that I enjoy participating in the cycle of planting crops, nurturing them with inputs, harvesting them, marketing them, using them for animal agriculture and ethanol, then preparing and planning for the next cycle. Additionally, working for and with the people who work in and close to agriculture has been very fulfilling. I must thank my wife and family. I must thank the managers I have worked for, the original remaining Prairie Land Cooperative Board of Directors who took a chance on a 35-year-old “kid”, the IAS Board of Directors for the same leap of faith, the employees I have worked with over the years, the many customers and members whom I have had the pleasure to work for, and the many vendors along the way who were great partners to the organizations I have worked for. I have been blessed to work with and know a lot of fantastic people. THANK YOU, everyone!! You will hear from me again once or twice as we progress through the next several months.

Thank you for your business. Enjoy the balance of your summer. Stay safe.



Grain Update

Charlie White, VP of Grain

Since the spring printing of the Ag Biz Briefs, we have seen explosive action in both the corn and soybean markets due to the lack of precipitation throughout the IAS territory on into Illinois and the eastern corn belt. The pattern shifted, rain fell in areas that desperately needed them, and with it, corn values have seen nearly a \$1.50 range since June 21st. Many of you took advantage of working offers with IAS to sell cash or HTA's during the June rally. Offer contracts have proved to continue to be an effective way to take emotion out of marketing by setting targets ahead of time, and then not needing to monitor the markets 24/7.

IAS Average price contracts that were rolled out this spring with a floor price have also worked well as a marketing tool. By establishing a price that you didn't want to sell below, the contract didn't price bushels until we rallied and then caught up with marketing bushels at or above the floor price. These, and other risk management tools, are ways that IAS is here to partner with you for your grain marketing needs.

The June Stocks and Acreage report provided some fireworks to the marketplace in swings in planted acres. Corn acres came in at 94.1 million acres versus March's intentions of 92.0 million acres. These corn acres added came at the expense of bean acres. USDA pegged soybean acres planted at 83.5 million acres versus intended plantings in the March prospective planting report of 87.5 million acres. Yields in the July WASDE report saw a reduction in corn yield due to the dryness discussed earlier from 181.5 bushel/acre down to 177.5 bushel/acre. Soybean yields were left unchanged at 52.0 bushel/acre.

Other notable changes in the WASDE report showed corn demand for ethanol down 25 million bushels, export demand down 75 million bushels, while feed and residual usage was up 150 million bushels for a net change to our carry-out being lowered by 50 million bushels to 1,402 billion bushels. This carry-out leads us to a Stock/Usage ratio of 10.2% which is less tight than the previous two years. The new crop corn balance sheet is also projected to grow ending stocks to 2,262 billion bushels, or 15.6% stocks/usage. We have seen a fundamental shift in the world export trade with Brazil being a much larger player that will need to be carefully watched over the next few years as the US competes for market share of exports. Brazilian corn acreage has seen consistent growth over the past few years while other corn-producing countries have seen additional corn acres stall out.

For soybeans, usage, and exports were trimmed for both old crop and new crop balance sheets. Carry-out ratios remain tighter for soybeans than corn at 5.9% for old crops and 7.0% for new crop soybeans.

Fall harvest will be here before we all know it. Our IAS team is working diligently this summer to make repairs, maintain equipment, and improve our handling processes to take care of your grain handling needs.

Thank you for your business with Innovative Ag Services! Have a great summer!



Feed Update

Mike Bachman, VP of Feed

Where has the summer gone? We started out with little rain but seem to have rebounded nicely with timely rainfall and the crops looking promising. The markets have reflected the rollercoaster and seem to have stabilized. With the end of fiscal 2023 upon us the feed department looks to have a positive year. Our feed team continues to strengthen our relationships with our partners to help grow our business and explore new opportunities.

It's been a very busy summer as we have made some transitions in a couple locations. I'm happy to introduce Brent Kuper as our new location manager in our Hubbard location. Brent comes to us with over 20 years in the swine business and brings a lot of knowledge to our feed business in our Hubbard location. Another new face in Hubbard is Cheyanne Neely. Cheyanne is our new customer service person in Hubbard and is excited to join our team. I would also like to introduce Abby Meyer as our new customer service person in our Cuba City location. Abby has a background in the dairy business and will be a great addition to our Cuba City feed team.

Currently, we are working on next year's budget and capital needs. Every year has new challenges, and our team is looking forward to working with our producers to maximize profitability. Internally we have been working on our fall booking programs as well as promoting our feed contracting programs. We have outlined our contract programs in John's article below as well as our annual burn-down days are scheduled for the end of August. Please reach out to one of our team members for assistance and knowledge in these areas. I appreciate your business and continued success with our IAS feed team.

Contract and Direct Ship Feed Programs

Innovative Ag Services offers several ingredient contracting options for ingredients mixed through our feed mills. Soybean meal and Amino Plus can be contracted for future months to be mixed in feeds through our mills. Contracting must be done during the Chicago Board of Trade's trading hours. Both ingredients are based on the CBOT's soybean meal contract months. Corn Gluten Pellets are another ingredient that can be forward contracted for use in feed mixes. We also handle whole cottonseed at our Cuba City Feed Mill which also can be contracted for mixing in rations. Corn can be contracted for monthly use through our feed mills and is handled through our Grain Department.

IAS also offers a Direct Ship Feed Program. We have access to multiple suppliers where we can ship commodities such as wet and dry corn gluten feed, distillers' grains, cottonseed, soybean hulls, and several other commodities and by-products direct to the farm. These products are shipped on hopper, auger, and belt trucks and delivered directly to the producer's feedlot, dairy, or feed mill. Many of these products can also be contracted for future delivery. Contracting times and options differ slightly with each individual product. Questions on contacting or direct shipping of products can be directed towards me and I will be happy to answer any questions and walk you through these processes.

John Hammel
Feed Sales & Marketing Manager
(641) 330-7220



Energy Update

Randy Swenson, VP of Energy

Hello from your man with gas!

A recent poll of crude analysts shows a decline in their projected prices this year. For 2023, the average price projected by 32 analysts on June 30 was \$78.38. The highest average price for the year was \$95 and the lowest was \$72.27. Crude has averaged \$74.69 so far this year, so we are not worried about a \$95 average for the year happening. However, their bias is that crude is going to at least maintain its current average or have a higher average by the end of the year.

As of this writing, crude has risen \$5/barrel in eight days. This has to do with tight supplies and the weakening of the dollar. US crude producers have been reducing the number of drilling rigs despite production running below the peak, thus putting pressure on inventories, and creating upward prices. Also, in August, the U.S. government will flip from transferring crude from the Strategic Petroleum Reserve (SPR) into the commercial market to filling the SPR, which will put it in competition with commercial markets for available supply. In August and September, it will purchase around 3 million barrels per month for the SPR, and it is expected to keep those purchases going through the end of the year. Since March, the government has transferred a total of 24.42 million barrels of crude from the SPR to commercial markets as mandated by the FAST Act. The transfers will end this month when a total of 26 million barrels have been sold.

The fact of the matter is, now would be a good time to fill your ag diesel tanks for pre-fall. Prices are cheaper than we have seen for quite some time. Diesel basis is negative at the time being and once demand picks up, we all know the basis will turn positive, so that gives you extra savings.

Propane summer fill has begun, so expect your tanks to be filled this summer. If you haven't received a fill before August 31, be sure and call your local location to set one up. Next season's propane contracts will be sent out this month, so please don't set it aside. Prices are significantly cheaper this season than this past year.

I'm pleased to welcome Steve Welch to the Williams area as our propane delivery person. Steve has 10 years of propane delivery experience for us at our Alden location, so his experience will be a welcome addition to William's customers. Please take the time and read the propane safety info below.

What to do if you smell gas

If you think you smell propane in your home, camper, RV, or the area around any gas equipment, or if a gas alarm signals the presence of propane, you should IMMEDIATELY follow these suggestions:

- Extinguish all smoking materials and any other open flames or sources of ignition. Everyone should vacate the building, vehicle, or area.
- Move away without using any electric switches, appliances, thermostats, or telephones.
- Close the gas shutoff valve on the propane tank or cylinder.
- Call your propane supplier and/or your local fire department from a cellular telephone or a neighbor's telephone.
- Even if you do not continue to smell propane, do not open or turn on the propane supply valve. Do not re-enter the building, vehicle, or area. Let a qualified propane service technician and/or emergency personnel check for escaped propane. **Please call 800-944-6865 for an emergency.**
- Have a properly trained propane service technician repair the leak. The propane service technician or emergency responder needs to determine that the leak situation has been fully resolved. The propane service technician should check all of your gas appliances and re-light any appliance pilots.
- Return to the building, camper, RV, or area only when the service or emergency technician indicates it is safe to do so.

Thank you to all our customers for your business! Have a great Summer!

Agronomy Update

Tim Krausman, VP of Agronomy

The tassels are popping, and we are finally getting some rain just in time for key corn development. The crops have endured some stress, however, most of our geography looks pretty good. It is that time when the planes and helicopters start to keep the sky entertaining.

As I look at the fertilizer landscape many of the costs per ton have come down. We will be coming out soon with retail pricing. Expected pricing would say fertilizer is a good value, compared to the price of corn. I know costs have gone up on everything which is reducing the net profit on the acre, but fertilizer will be worth the investment.

Unfortunately, the lack of rain earlier in the season made weed control challenging. Broadleaves have been difficult to control across all of Iowa. Fungicides have been very valuable for net profit for several years and it appears this year will be no different. Please make sure you get your applications going early to beat the onset of diseases such as Tar Spot.

We continue to find value in our sustainability program. We have and will continue to enhance our sustainability team to bring value to growers.

Dozens of growers took advantage of programs our partners at Truterra were offering IAS customers this spring. One program available was free soil sampling and assessment of six factors of soil health in each field. The other programs included payments for conservation efforts, including reduced tillage (strip-till, no-till, less intensive tillage passes, etc.) and cover crops. These programs will be available for crop year 2024 starting late this year. If you are planning to reduce your tillage and/or add a cover crop this fall, please reach out to Kayla Bergman, our Sustainability Lead, at (641) 858-7614, to learn more about how to enroll.

We are involved in the Cedar River Watershed project. The City of Cedar Rapids coordinates those efforts and has received funding from USDA for growers in that watershed that are implementing cover crops, reduced tillage, and structural practices like bioreactors and wetlands. This funding will be distributed through county USDA Natural Resources Conservation Service offices and can be combined with Truterra program funding. We are assisting IAS customers through the inquiry and application process. If you are upstream of Cedar Rapids on the Cedar River or other tributaries, you will qualify for this funding. If you are interested or want to learn whether you are in the eligible area, please reach out to Kayla Bergman at the phone number listed above.

Thanks for all your business so far, this growing season. Please have a wonderful rest of the summer and enjoy the time before the busy harvest begins.



Business Operations Update

Tyler Farnham, VP of Business Operations

We have pretty much transitioned into fall preparation mode, as the post-spraying ground application is ending. We continue to push fungicide sales and have deliveries being made to airports, as aerial application has started. The receiving of fertilizer products has started with just about all facilities receiving Anhydrous Ammonia. MAP, Potash, and UAN will also be coming soon if you haven't already started seeing them arrive. As products come, we continue to get dry fertilizer sheds ready for fall. There has also been a lot of emphasis put on getting equipment "field ready" for fall. I know a lot of our NH₃ nurse tanks have been gone through, VPT tested, and some of them have even been painted. Now our agronomy focus will transition to ammonia bars and other application equipment.

On the grain side of the business, our focus continues to get to empty houses as quickly as we can due to the inverse we are facing. I must say that we are getting work done, however, I would like to see our trucks be able to position themselves to be more productive and gain the ability to get one more load a day by, structuring their days based on being preloaded and to the processors early in the morning. We continue to be busy vaccing and cleaning grain bins, I want to thank everyone for their hard work in accomplishing this task. As we compare our inventories to last year, we are ahead of last year's pace on getting empty before fall begins. This has and will continue to be an area of emphasis for the next 60 days. This has helped to put us into a better financial position due to the inverse we are facing.

As for an employee update, we continue to look for quality employees, we have also started the process of bringing in more H2A employees for the upcoming year. The H2A program has been a huge help to us as we prepare for fall. We are looking forward to this program growing next year. The additional help has put us in a better position moving forward to better serve our members. We are working on an offer today to get out to an applicant for our last open Location Manager position in our western geography. Thank you to all involved in the hiring process and please welcome all the new faces within the organization.

Project update on the new Elma dry fertilizer plant. All the demo has been completed (June 9th), and shortly after that excavation started on June 12th. When we got that completed, we started pouring concrete on June 26th, and had the footings and floor to loadout pad poured and finished in 3 days. They will continue to pour concrete and have a plan to start the erection of the building around July 19th.

As we are winding down to the end of the fiscal year, we have started working on capital expenditures for the next fiscal year. We will have that list completed by July 28th, we will see many improvements to your facilities and rolling stock to better serve our customer base. This will help position us for growth in the future as well as bring value to our customers farming operation today.

I hope you enjoy your summer, and we look forward to working for and with you this fall.



Customer Appreciation Events

We Appreciate Your Business!

We are excited to continue our Customer Appreciation Events this year. We rotate locations having them every couple of years. Below is this years schedule. Please rsvp to your local location when you receive your invite. Thank you to all our customers for your patronage.

Locations	Date of Event	Address of Event
Central City	8/2/2023	Linn County Fairgrounds 201 Central City Rd. Central City, IA 52214
Cascade/Farley	8/3/2023	Knights of Columbus 100 Thomas St SE, Cascade, IA 52033
Faulkner/Cleves	8/8/2023	Timbers Edge 19493 Co Hwy S56, Steamboat Rock, IA 50672
Hubbard/Garden City/	8/16/2023	Hubbard Golf Course 21251 Co Hwy D55, Hubbard, IA 50122
Andrew	8/24/2023	Jackson County Fairgrounds - Boyer Hall - 1212 E Quarry St.
Union	8/31/2023	Union Golf Course 601 Chapin St. Union, IA 50258



Work for IAS

Innovative Ag Services is hiring for full-time employment at multiple locations! We also will be opening up applications for seasonal work for the fall harvest season very soon. Please share our contact information if you know someone who may be interested. You can contact us at (319) 465-2022 ext. 1069, email us at hr.dept@ias.coop or any one can apply on our website at innovativeag.com/careers



Safety Update

Bill Vetter, Safety & Compliance Director

We ask all our customers, employees, and family members to be safe over the summer months. Consider the environment you are in, and the potential hazards associated with your activity no matter if you're working outside or participating in a recreational activity. Having a good plan and selecting appropriate personal protective items for the activity is important.

The simplest of tasks around the home/farm: climbing ladders, working on roofs, mowing/weed eating, and baying hay. Recreational activities with boats, pools, swimming, fishing, campfires, and ATVs/UTVs all come with risks. Age-appropriate usage of equipment needs to be considered and ensuring proper supervision of children to protect them from mishaps is paramount.

Remember that most heat-related illnesses can be prevented by taking appropriate precautions. Please take some time to reinforce awareness of heat stress, its causes and symptoms, and steps for the prevention of heat-related illnesses. Let's not forget to protect ourselves from sun exposure by:

- Wearing sunscreen that has high UV protection, and wearing long sleeve shirts and pants along with hats will protect the skin from burns and long-time exposure to skin cancer.
- Avoid overexposure to the sun rays especially between 11 a.m. and 2 p.m., Prevention of heat stress this time of the year is important by drinking plenty of water, taking breaks during rigorous activities, wearing lightweight and light-colored clothing, and avoiding alcohol/cafeinated drinks.
- Know the symptoms of heat stress: headache, nausea, dizziness, weakness, irritability, profuse sweating which can lead to heat exhaustion or heat stroke if you do not react to what your body is telling you. The body can normally regulate its core temperature through sweat until it has been exposed to more heat than it can regulate. Heat exhaustion and heat stroke can rapidly escalate.

Whether you're at work, home, or recreational activities please look out for each other and know/look for the symptoms of any heat-related illnesses. Seek medical attention immediately if body temperature is over 103 or fainting/passing out occurs as heat stroke or exhaustion has occurred. Move the person to shade and have them drink small amounts of water.

Don't forget about our furry friends during the hot summer days as most animals cannot sweat, watch for animals bunching together, panting, and drooling are all signs of animals overheating. Shade is the simplest and easiest way to alleviate heat stress on animals, fans, and air movement of 4-6 MPH to push stagnant air out from the animals and plenty of fresh cool water for them to drink is a must.

If you have a swimming pool or if your child will be near one, it is crucial to put multiple safety measures in place to keep kids safe. Each year, more than 830 children, ages 14 and under, die because of accidental drowning.

Use caution when doing yard work. Never allow children to ride on lawnmowers or to play near motorized lawn equipment. It is recommended that children under age 12 should not operate push mowers. In addition to lawnmowers, children should be supervised around, and on an ATV/UTV. UTVs/ATVs are responsible for approximately 74 deaths and 37,000 injuries in the U.S. each year.

The infographic is a vertical poster divided into two main color-coded sections: yellow for Heat Exhaustion and red for Heat Stroke. A central figure of a person is split vertically, with the left side yellow and the right side red. Various icons (thermometer, sun, lightning bolt, etc.) are placed around the figure to represent different symptoms. At the bottom, there are two columns of text providing immediate actions to take. The right side of the infographic has a red background with white text, including a large 'CALL 9-1-1'.

HEAT EXHAUSTION	OR	HEAT STROKE
Faint or dizzy		Throbbing headache
Excessive sweating		No sweating
Cool, pale, clammy skin		Body temperature above 103° Red, hot, dry skin
Nausea or vomiting		Nausea or vomiting
Rapid, weak pulse		Rapid, strong pulse
Muscle cramps		May lose consciousness
Get to a cooler, air conditioned place		CALL 9-1-1
Drink water if fully conscious		Take immediate action to cool the person until help arrives
Take a cool shower or use cold compresses		

Weather.gov/socialmedia
Weather.gov/heat

@SacramentoOES
SacramentoReady.org

A positive safety culture is when all employees think of safety as an important thing and behave in a way that prioritizes their safety as well as the safety of those around them. This includes using proper personal equipment, following the safety directives and just generally being conscious of safe practices. Safety issues often increase when people become comfortable in their work environment and develop a false sense of security, feeling that they know the dangers and how to deal with them. Add the common pressure of needing to get the task completed as soon as possible and you have an environment where safety concerns can be missed. The solution to such trends is to build a culture of safety in which managers, supervisors, employees, and producers understand that safety is a priority. Innovative Ag Services believes in a positive safety culture as an investment rather than a cost.

We at IAS are committed to continuous improvement in health and safety. Whether you are working or participating in recreational activities, please look out for each other and prevent any injuries. Enjoy your summer and thank you very much for your business.

Congratulations to All Our Scholarship Winners! We awarded 6 ag scholarships, 2 employee dependent scholarships and 1 Jack Friedman scholarship, all for \$1,000 each. We are proud to support our future leaders in our community.

Name	College Attending	Area of Study	Hometown
Leah Their	Iowa State	Communications & English	Worthington, IA
Laura Rollinger	University of Iowa	Business Management	Cascade, IA
Lauren Cherne	Iowa State	Food Science	Colesburg, IA
Josie Boyle	University of Iowa	Communications & English	Peosta, IA
Keeley, Kehrli	Simpson College	Agriculture Business Mgmt.	Winthrop, IA
Peyton Gaul	Iowa State University	Agricultural Studies	Strawberry Point, IA
Adam Knepper	Iowa State University	Agricultural Engineering	Cascade, IA
Ryan Walters	Northern Missouri State	Agricultural Business	Eldora, IA
Nathan Miller	Iowa State University	Agricultural Engineering	New Providence, IA



Intern Wrap Up - Thank you for joining our IAS family this summer!

Innovative Ag Services offers multiple internships to fit the growing needs of our cooperative as well as the needs of talented agricultural students within the area.

One of the most rewarding outcomes about our internship program is that it helps apply what the interns are already learning in textbooks to real-life scenarios. We have a great group of interns this year and look forward to continuing the internship program as we head into the fall recruitment season.

In a few short weeks, we will be wrapping up our summer 2023 internship program with a celebration at a Cedar Rapids Kernels baseball game! We will be sad to see this group go but know they will do amazing things with what they learned. Thank you to Lane Stender, Caleigh Hewitt, Kirby Cook and Austin Strayer for spending your summer with IAS. Also a big thank you to all our IAS employees who host, teach, coach, work and learn along side these students each year. This program would not be successful without you!

Innovative Ag Services
2010 S. Main St.
Monticello, IA 52310



Growing Relationships to Maximize Success!®

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