

Growing Relationships to Maximize Success!®



2019 Annual Report



A Message from the CEO - Rick Vaughan

Thank You all customers and members for your valued business and continued support this past year. Thank You all IAS employees and Pine Lake employees for your hard work and dedication this past year. The spring of 2019 was late and wet. The spring workload was increased from the lack of work completed in the fall of 2018 due to the wet conditions. This combined for a long spring for our customers and our employees working in the crop input business. Our employees' dedication in all areas combined with their families' flexibility and patience are very important for our service model to succeed. This commitment enables Innovative Ag Services to provide the levels of service we do for our customers' farming operations.

(\$000's omitted)	FY 2019	FY 2018	FY 2017
Sales	\$597,371	\$649,966	\$615,317
IAS Local Earnings	\$12,500	\$10,101	\$8,067
Pine Lake Earnings	(\$6,460)	(\$3,652)	\$2,200
Regional Patronage	\$2,879	\$1,734	\$2,517
Gain on Involuntary Conversion	\$408	\$0	\$4,908
Investment Income	<u>\$356</u>	<u>\$310</u>	<u>\$328</u>
Pre-tax Income	\$9,683	\$8,493	\$18,020
IAS Capital Expenditures	\$7,225	\$10,314	\$17,058
Pine Lake Cap Expenditures	<u>\$1,001</u>	<u>\$7,332</u>	<u>\$43,353</u>
Total Capital Expenditures	\$8,226	\$17,646	\$60,411
Allocated Patronage	\$5,782	\$3,924	\$7,063
Cash Patronage	\$2,891	\$1,962	\$3,531
Revolverment of Deferred Equity	<u>\$2,507</u>	<u>\$2,874</u>	<u>\$2,289</u>
Total Cash Back to Members	\$5,398	\$4,836	\$5,820
Effective Cash Yield	93.4%	123.2%	82.4%

The local earnings are derived from our grain, agronomy, feed, energy, transportation, lumber and maintenance business units. I am pleased with our local earnings growth over the last three years. At \$12.5 million of local earnings, we are producing good cash flow. This cash flow is necessary to invest and reinvest in the business assets including: our people, to return cash to our members, to improve our balance sheet strength and to support our bank covenants. We still have work to do to produce better financial performance balance across the local business units, but we have made good progress over the last three fiscal years. We had improvement in certain business units that were necessary and had important consistency in the other business units. We remain committed to our ongoing journey of improvements with our customer offerings, employee development, asset improvements, supplier relationships and financial progress.

Our ethanol subsidiary, Pine Lake Corn Processors had a loss of \$6.5 million in FY 2019. Our three-year trend is not one we anticipated when we increased ethanol production capacity nor one we take lightly. The ethanol year can be

flat domestic demand and uncertainty surrounding the small refinery exemptions issued by the EPA. Exports were down slightly from FY 2018 and are suffering from the tariff challenges that are affecting a wide array of US manufacturing. FY 2020 is off to an improved start and we are budgeting improvement in this business unit for FY 2020.

Regional cooperative earnings were up in FY 2019. These earnings are primarily CoBank, Land O'Lakes and AGP. Overall, we had pre-tax improvement compared to FY 2018.

Capital expenditures are down over the last three years excluding the onetime ethanol expansion amount. The primary area of decrease in our local business units is grain. We have invested a lot of capital in grain storage and handling over the last eight years. We still have improvement work in this area that we want and plan to do and are currently vetting projects. Our other local business units invested an expected amount of capital assets in FY 2019. An annual amount of \$10 million in our local business units and \$2.5 million at Pine Lake would be a more consistent and necessary amount to maintain long term productivity.

Total allocated earnings to members are up near \$2 million in FY 2019. Cash patronage payments are up near \$1 million and deferred equity payments were down slightly for an overall increase in cash paid to members of \$562 thousand. Additional business unit information is highlighted in this publication.

Patronage rates for FY 2019 are also included in this publication. The cash portion of total dividends will be 50% again this year. IAS will pass through the Domestic Production Activities Deduction (Section 199A) equivalent of \$.096/bushel on all member grain sold to and bought from IAS during our FY 2019. 2019 patronage checks will be mailed near Thanksgiving. We are pleased and proud to be able to return these levels of profits to our owners.

It is our mission each year to strive to be better, producing excellent service with adequate financial results for our customers/members and our employees and their families. Our IAS Purpose Statement demands that we balance our core values and strategies as we work each day to improve our company. One area we are working to add capacity to is our onboarding and continuous training processes. New people come on board today with less familiarity in agriculture and the high levels of service demand than prior generations did. There are numerous aspects to the business that every employee can positively affect. Helping new and existing people understand the spectrum that our individual customers manage every day on their farm is requiring additional training and education. We are working to improve our training, communication and testing to shorten the time frame of understanding for our people. This level of agricultural understanding was traditionally filled by each candidate's background of growing up on or very near the farm. Today that void must be supplemented. There are various electronic tools that can help us with that mission, but there is no substitute for the face to face learning environments. This is where the daily business time constraints provide challenges and where we are working to add capacity. It is very important that IAS provide the necessary nurturing environment to improve our people's understanding of our customer's demands and how our company can add value.

I would like to take some extra time this year to thank our employees and their families. Our local business units are all built around a high service model. These high service levels take additional work load hours at various times of the

Thank You



Message from the Board President—Randy Blake

As always, I would like to begin with a big thank you to all of the IAS and PLCP employees. A long, cold wet spring presented huge challenges for our cooperative and its employees. Their hard work and dedication to our customers allowed IAS to meet their needs in as timely manner as possible. The board is thankful we have such an outstanding group of individuals; your efforts are very much appreciated.

One of the board's highest priorities at the board meetings is to focus on vision and strategy. Every month a portion of our meeting is dedicated to these topics. Our customers are growing larger and more technically advanced every year. IAS is committed to staying abreast of all the latest technologies and providing the ones that we feel will bring the greatest value to our customers. One example of this is that the board traveled to the Commodity Classic this past year. We attended seminars on not only ag technology but also economics, sustainability and nutrient stewardship. This year we have been investing in an improved agronomy software program which will allow our employees to process work orders, track the progress of our agronomy application equipment and electronically notify customers of completed fields. Some of the directors also attended continuing education meetings this past year hosted by the Iowa Institute for Cooperatives, CHS and Land O'Lakes.

We are currently in our second year of an Associate Board Director Program. Associates are appointed to the board for a one-year term. They have all the responsibilities of an elected board member except for the right to vote. The intent of this program was to introduce members to the interworking of the IAS Board and hopefully provide a continuous source of qualified people to run for board positions. One of our original associate board members is currently serving as a duly elected board member, so we feel this program is being successful. We have two associate board members at this time, and we will be appointing more in the future. If any of our members are interested in the Associate Board Program, please contact me or any of the board members. Members do not have to serve as an associate to run for a board position, but with the ever-increasing difficulty of finding board candidates, this is one tool we are using to provide IAS membership with a dedicated, talented group of individuals who can serve as your board members in the coming years.

On behalf of the entire board, I would like to thank all our members and customers for their business. Thanks to your support, your cooperative has had another profitable year. Today's agricultural producers are facing a rapidly changing and challenging environment. Our goal at IAS is to continue to meet your needs with competitively priced products and the best service possible. We want to be your preferred business partner.



Innovative Ag Services, Co. Annual Meeting Minutes

December 10, 2018

The fourteenth annual meeting of Innovative Ag Services Co. was held at the Comfort Suites Hotel in Cedar Falls on Monday, December 10, 2018. The meeting was called to order at 1:00 p.m. by Chairman Randy Blake.

Minutes of the 2017 Annual Meeting were read. It was moved and seconded to approve the minutes. Motion carried.

Ballots were mailed out to all of the company's members. The ballots contained one item of business; that being the election of new directors for the company - Candidates include Tim Burrack, Jeff Lindsay, Ryan Collins, Don Elsbernd, and Adam Hill.

Two IAS members, Brenton Greif and Norm Zimmerman tallied the ballots and provided a signed affidavit of the election results. The results reported that Tim Burrack, Ryan Collins, and Adam Hill were each elected to three year terms.

It was moved and seconded to accept the results of the election and destroy the ballots. Motion carried.

Randy Blake reported that the board of directors reviewed the auditors' report issued by Meriwether Wilson and Company at a previous meeting and approved its statements of operations for the fiscal year ending on August 31, 2018. The content of the auditors' report is on record and a summary of it was recently sent out to the patrons in the annual report.

Dividend payments approved by the board were recently mailed.

There was no other old business.

There was also no new business brought from the floor.

The meeting was adjourned at 1:10 p.m.

Submitted by,

Loren Manternach, Secretary

IAS Board of Directors



Randy Blake
President
Bellevue, IA



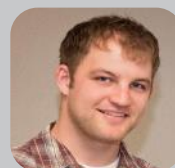
Paul Cook
1st Vice President
Hubbard, IA



Steve Perry
2nd Vice President
New Providence, IA



Loren Manternach
Secretary
Cascade, IA



Ryan Collins
Harpers Ferry, IA



Tim Burrack
Arlington, IA



Adam Hill
Ellsworth, IA



Stan Norman
New Providence, IA



Joe Thraenert
Elma, IA

Associate Directors

Allen Jaspers

Jeff Lindsay

Financials



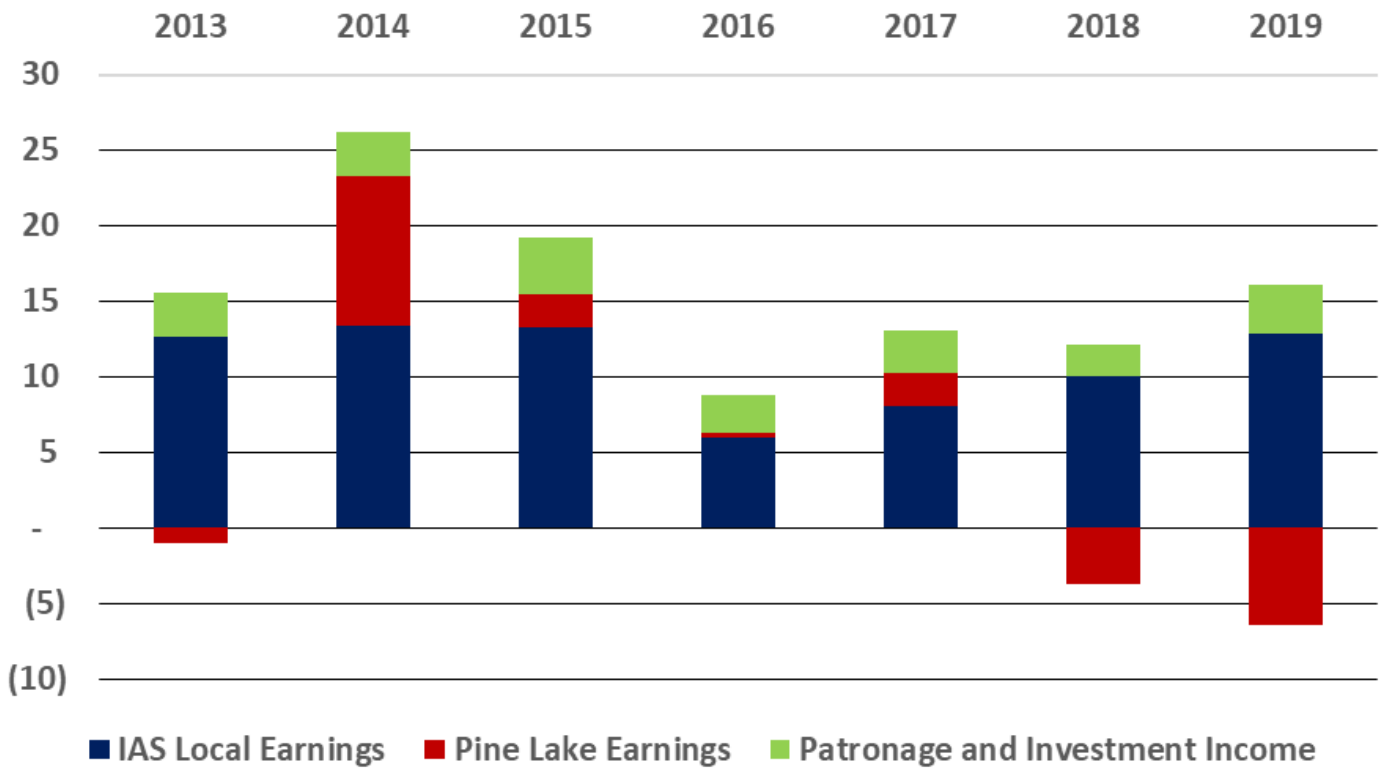
Income Statement	FY 2019	FY 2018
Grain Sales	\$ 292,471,468	\$ 353,654,226
Merchandise Sales	<u>304,899,344</u>	<u>296,311,959</u>
Total Sales	597,370,812	649,966,185
Cost of Sales	<u>543,332,136</u>	<u>597,418,395</u>
Gross Commodity Savings	54,038,676	52,547,790
Other Income	<u>24,074,798</u>	<u>26,932,370</u>
Gross Operating Revenues	78,113,474	79,480,160
Operating Expenses	<u>72,073,421</u>	<u>73,031,475</u>
Local Income	6,040,053	6,448,685
Patronage Income and Investment Income	3,235,141	2,044,637
Gain on Involuntary Conversion	<u>407,510</u>	<u>-</u>
Net Savings Before Taxes	9,682,704	8,493,322
Income Taxes	<u>258,296</u>	<u>(2,910,101)</u>
Net Savings	<u><u>\$ 9,424,408</u></u>	<u><u>\$ 11,403,423</u></u>

Balance Sheet as of 8/31

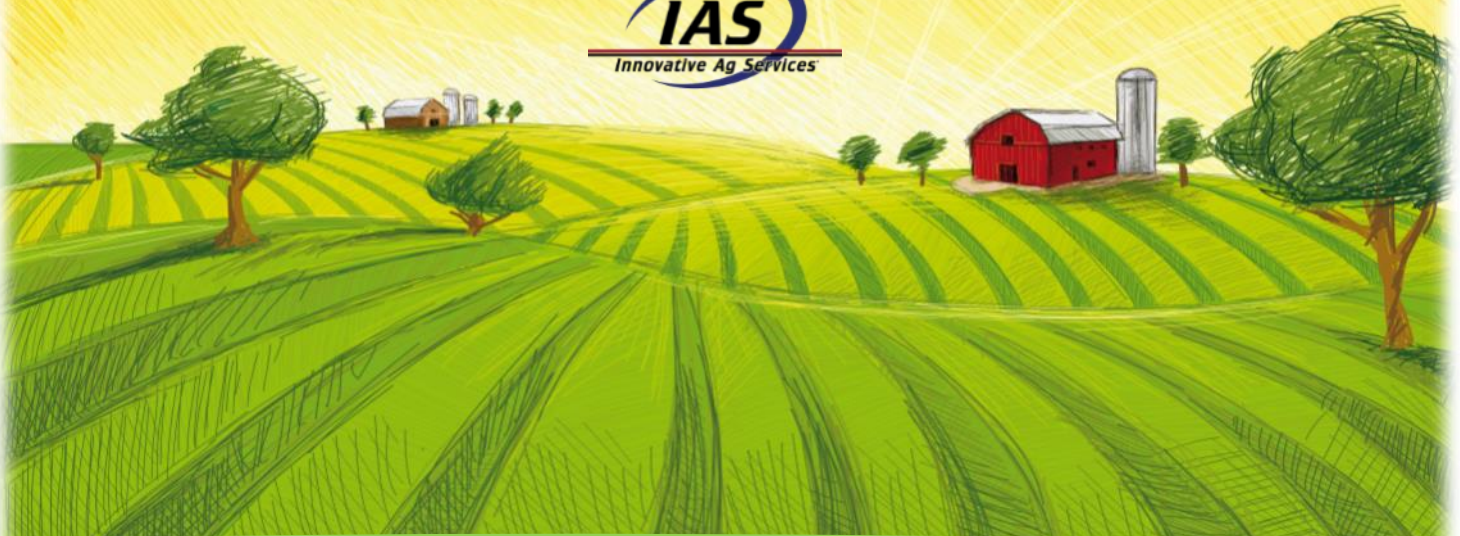
Assets	FY 2019	FY 2018
Current Assets		
Cash	\$ 1,747,518	\$ 2,249,587
AR Net	18,128,750	17,351,162
Margin Deposits & Derivatives	6,935,981	80,551
Inventory	107,240,774	90,811,815
Prepaid Expenses and Other Current Assets	5,417,789	8,669,074
Total Current Assets	139,470,812	119,162,189
Investments	24,913,177	25,093,585
Fixed Assets		
Property & Equipment	278,484,687	271,640,241
Accumulated Depr	(145,981,764)	(128,428,175)
Net Property, Plant & Equipment	132,502,923	143,212,066
Other Assets	1,761,096	1,931,440
Total Assets	\$ 298,648,008	\$ 289,399,280

Liabilities and Member Equity	FY 2019	FY 2018
Current Liabilities		
Operating Note	\$ 20,209,766	\$ 995,384
Current Portion LT Debt & Capital Leases	6,156,198	6,137,083
Accounts Payable	34,309,050	38,308,101
Accrued Expenses	6,065,783	5,281,891
Margin Liability on Hedges	7,361,439	11,466,991
Allocated Patronage Refunds	2,890,937	1,962,101
Total Current Liabilities	76,993,173	64,151,551
Long Term Liabilities		
LT Deferred Liabilities	20,431,958	14,797,092
LT Debt & Capital Leases	43,674,344	49,830,542
Total Long Term Liabilities	64,106,302	64,627,634
Member Equity		
Memberships and Subscriptions	1,410,021	1,385,157
Allocated Earnings	36,936,164	37,502,236
Allocated Patronage Refunds	2,890,937	1,962,101
Cooperative Education	62,012	42,309
Retained Earnings	131,766,970	128,124,860
Accum and Other Comp Inc/Loss	(15,517,571)	(8,396,568)
Total Member Equity	157,548,533	160,620,095
Total Liabilities & Member Equity	\$ 298,648,008	\$ 289,399,280

Historical Pre-Tax Income in Millions

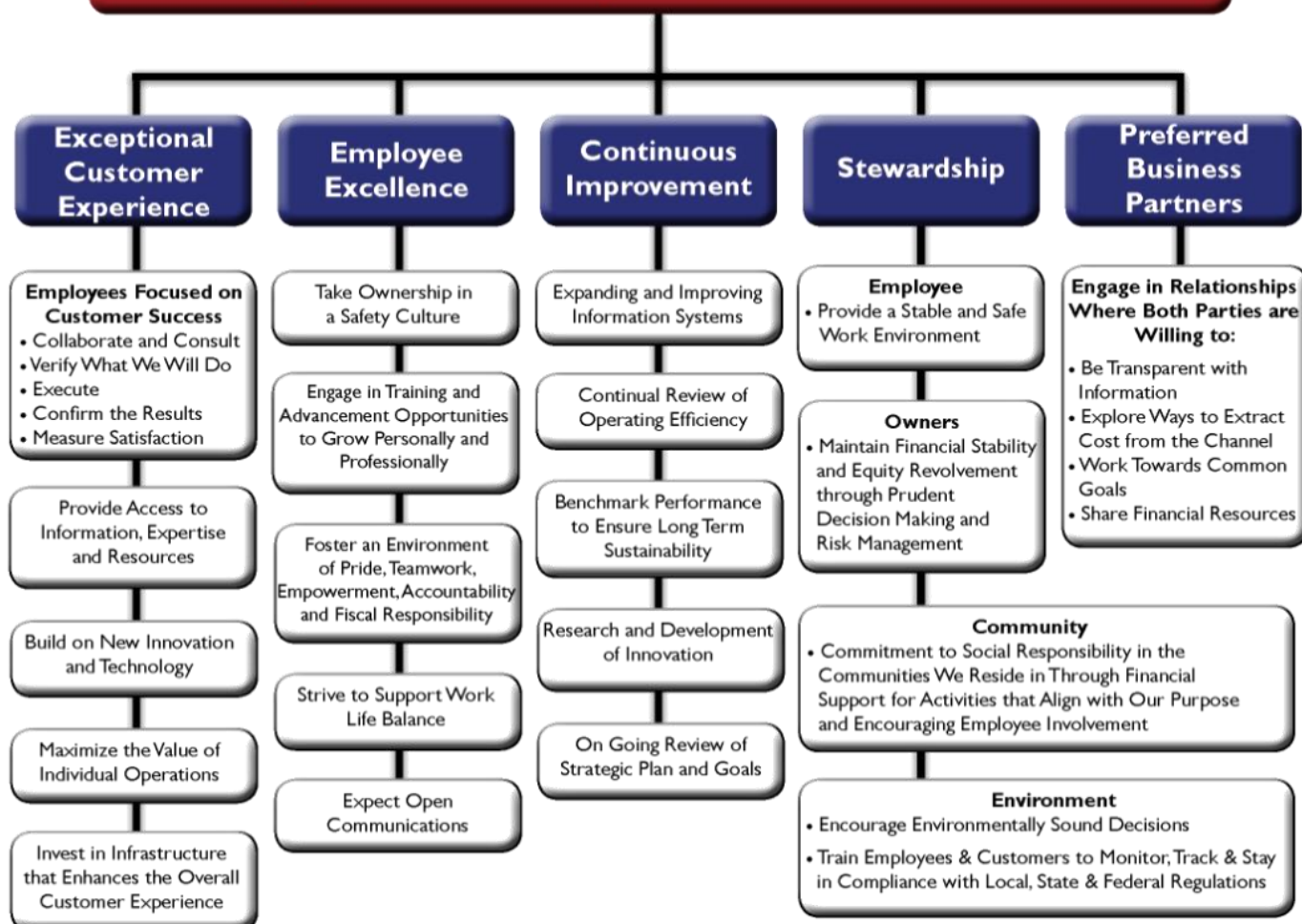


Thank you for being a valued business partner



Distribution of Net Income	FY 2019	FY 2018
Patronage Dividend		
Cash Patronage Dividend (50%)	2,890,937	1,962,101
Deferred Patronage Dividend (50%)	2,890,937	1,962,101
Addition to Retained Earnings	<u>3,642,534</u>	<u>7,479,221</u>
Net Savings	\$ 9,424,408	\$ 11,403,423
Patronage Distribution Rates & DPAD Deduction	FY 2019	FY 2018
Grain Purchased and Sold Bushels	1.09 ¢	- ¢
DPAD Deduction Passed through to Members per bushel	9.60 ¢	6.90 ¢
Grain Services	7.50 %	3.96 %
Agronomy Sales & Service	3.00 %	2.33 %
Feed & Feed Services	3.00 %	2.33 %
Refined Fuels Gallons	7.50 ¢	7.35 ¢
Propane Gallons	7.50 ¢	8.34 ¢

Growing Relationships to Maximize Success!



Energy Division - Randy Swenson

The energy business has been and will always be a very interesting and volatile business. This describes the entire sector of agriculture. Farmer producers must deal with prices out of their control, as they continue to grow the best yields in the country. Along with uncertain costs, Mother Nature tries to drown their spirits. Energy, being one of these costs, has always been a very volatile commodity and will always be.

After experiencing the challenges of logistics and supply of propane over the past few years, IAS has invested in more LP storage tanks and have placed them in areas of growth. This will give us the ability to better service customers in those areas. Along with the storage, we have set up lifting rights at new and other LP terminals to alleviate being caught in line at our current terminals. Logistics and lines at terminals will always be a problem, but this gives us more options. Refined fuel has the same issues, so we have decided to purchase another refined fuel transport trailer at a location that gives us the option to pull out of multiple terminals without increasing freight costs. These additions and changes should help accommodate customers with quicker service.

This past spring and summer, we experienced what many companies have dealt with; retiring employees and the headaches of finding quality people to replace those employees. The agriculture sector in America is a very fast paced and “get it done now” environment. It took us some time, but we have those positions filled and we couldn’t ask for better employees. We certainly have employees that will give 100% effort towards satisfying and servicing our customers. Thank you very much to those that have retired. We appreciate your past service and look forward to working with those new employees. With tremendous drivers and employees, we strive to continue the value-added service to our customers.

When you look at the overall temperatures of FY 19 heating season, degree days were up 6% from the previous year with most of the increase between January 13 – March 6. The degree days we compiled between those days were the highest I’ve ever seen in my career. Remember, the higher degree days, the colder it was. This cold weather increased our winter season gallons, but overall, we were slightly down with the slow fall corn dryer season. We continue to add new customer gallons to our sales, so thank you to those new accounts and of course, our current customers.

Diesel fuel had a slight decrease of 1.4% in sales and gasoline had a slight decrease of 1.2%. With larger and more efficient equipment in the fields, it’s tough to keep our diesel sales gallons in the positive range. Gasoline sales compete with new convenience stores and customer opportunities like HyVee’s Fuel Saver Card. That will continue to be a struggle, but we will carry on analyzing our cardtrolls on their current state to keep them open. That continues to be an ongoing process.

Predictions for 2020 fuel crude oil prices seem to be on the bearish side if things stay settled in the Middle East. The U.S. is a net exporter of crude oil, but we all know that it just takes one event in the Middle East and our costs soar.

Propane prices continue to hang steady. Inventory levels have put a lot of pressure on these prices and heavy exports can deplete supply very fast. The current corn dryer season can hit those inventories hard in the Midwest and a normal or colder winter will certainly drive prices upward. Time will tell.

Energy price forecasts are highly uncertain and with any predictions, prices could differ significantly from the forecast levels.

Innovative Ag Services has been committed to growing our energy business in its current market as well as increasing our footprint into more of the IAS territory. With that commitment, the energy team will continue to analyze what areas we can establish new storage facilities and routes to service our customer’s needs.

IAS values its customers who continue to share their experience with their friends and neighbors about our great service and competitive prices. It is because of these dedicated customers that we can offer these services. Our team is proud of our success this year and look forward to continuing to grow our energy business!

Feed Division - Mike Duncomb

The IAS Feed Division closed the 2019 fiscal year with respectable results despite a very challenging year. The U.S. producer continues to improve efficiency and increase production of meat, milk, and eggs at or near record levels. Demand for our products including exports has remained strong but we continue to work through plentiful product inventories keeping pressure on pricing and profitability. Our livestock producers are very much a part of a global industry that is not only dealing with supply and demand challenges but have become immersed in consumer trends and lifestyle changes, social, environment, and political influences, trade agreements and disagreements, and let's not forget climate and weather patterns and changes. The livestock and feed business are not for the faint of heart. We are thankful and appreciative for the fresh, wholesome and safe products our producers provide for a growing world.

Looking at the overall IAS feed business, our total volumes were down 5.3% compared to 2018. Local earnings were also down. Department revenues were down 3.4%, but still provided a respectable return to our members business. Our feed team continues to work to earn our members and customers business and would like to thank you for your business this past year.

Our swine feed business is very focused on our local independent producers who in a few cases continue to grow, but we have also seen a significant number of producers transition their operations to a larger integrated swine business. Low or negative margins have increased that transition. The swine team works closely with our customers to source and place pigs and keep area finishing sites filled along with providing nutritional, production, and business management support on farm. Our team is also working with several market programs that continue to evolve with a changing consumer – Paylean, Beta-Agonist free, antibiotic free, and others.

Our total dairy feed business is down slightly from the previous year. We have seen several producers exit the dairy business, others have remained very steady, and still others have increased their number of cow's and production. Fortunately, cash flows have improved in the dairy sector, but profitability still has been marginal with more profitability and time needed to replace the equity that has been lost in the dairy business over the past few years. The dairy team continues to work with producers to provide tailored solutions to each producer's individual dairy operation. Our team works to bring products and programs for the young animal all the way through the milking string.

Our beef team is committed to growth and is continuing to build momentum growing our beef business volume and market share. Feedlot numbers have remained strong within the IAS trade area even with the current pressure on prices and margins. IAS remains very committed to working with producers on feedlot records increasing the use of data management systems and benchmarking capabilities for our customers. We have also added additional resources to grow and bring new technologies to our cow/calf business as well.

From the feed manufacturing and distribution teams, we continue to work on improving efficiency and lowering costs across the distribution area. Our mill and delivery teams are very committed to meeting your on-farm expectations and making sure we are meeting all compliance expectations of the food and feed business. Our consulting team brings a wealth of experience along with an energetic approach to meeting your business needs. As we begin the 2020 fiscal year, we very much look forward to growing our business and meeting your business needs and expectations.

Grain Division - Rick Vaughan

The Innovative Ag Services' Grain Division had an improved fiscal year in 2019. We were fortunate to have an excellent harvest across most of our geography during the fall of 2018. The 2018/2019 crop year markets provided better carry opportunities than the past several years have.

Our corn and bean volumes were both down slightly as carry opportunity in the market provided incentives to hold grain. Grain margins were higher, reflecting that carry in the market. Drying revenues were down significantly reflecting a drier 2018 fall harvest. Storage revenues were down reflecting the additional fall purchase volumes. Overall, total grain revenues were flat. Total expenses were down including decreased payroll and benefits expense, utilities and dryer fuel expense and a host of other variable expenses. The grain division performed well and is in the range of our expectations. We still have work to do to achieve our long-term expectations. These long-term expectations are tied to our long-term cash flow needs based on our expected service models, capital needs, equity redemptions and bank expectations.

Our objective to add value for our members, improve revenue streams and become more efficient in our daily grain handling processes continue. The grain business is dependent on these various incremental improvements. We have invested a considerable amount of capital in the grain storage and handling area. We still have more work to do in this area including work to determine which locations should serve as the proper investment when you plan these twenty-year investments. We are fortunate to have the levels of local corn consumption that we do. It provides opportunity for our customers. It also necessitates that we properly analyze where we invest the company's valuable capital.

Robin Sampson joined IAS in August of 2019 and will lead the IAS Grain Division. Robin comes to IAS with a diverse background in commodity management, production agriculture, livestock production and a host of other varied business interests. Robin enjoys working with customers, developing and leading people, commodity management, logistics and growing business. She has come up to speed quickly and is actively involved in our day to day processes. I look forward to Robin leading our grain division and contributing to the overall success of Innovative Ag Services. You will hear from her in upcoming IAS publications.

The diversity in the IAS grain market provides opportunity for IAS and brings value to our member owners. The varied markets combined with IAS services, IAS patronage, and tax savings members can realize by marketing through IAS provide additional value to members not always afforded in the day to day marketplace alternatives. The Innovative Ag Services' grain division continues to be an industry leader and strives to offer you the best in facilities and market access. Our experienced staff of merchandisers can help you with a diverse set of contracting options to help you market your grain throughout the year. Thank You for your business this past year and for your support of your cooperative.

Agromony Division - Tim Krausman

In FY 2019 we enjoyed a year with ample rainfall. Unfortunately, the ample rainfall delayed our fall applications, which also delayed our spring applications. The dynamics of logistics were impacted greatly from the rainfall with our main river sources flooded. Typical river open is from mid-March through mid-April and this year it was late June, or early July in some cases, for us to be able to get crop nutrients up the river. The abundance of rain caused late planting on many acres and some even prevented planting acres. Fortunately, we were able to navigate through these obstacles and have a good year economically in the IAS agromony division. Even with the changes to grower plans, buying product from other sources and terminals when we had product purchased off of the river, and condensed planting windows due to wet fields, we were able to hold volumes and margins on fertilizer. We had reduced chemical sales and application this past year due to the inability to access as many acres as needed in the short windows that were offered due to the rain. It took a lot of hard work and discipline, but we can look back now and see that these efforts made it possible to call Fiscal Year 2019 another success. Without the commitment from our growers and members we wouldn't have been

able to make this year a success. With this financial success it allows us to be able to serve our members now and in the future.

Our strategy for our communication with our growers is focusing on the highest profit for them on each individual acre. This is our greatest opportunity to share what we have learned over the last few years in our efforts to mitigate stress and reduce risk. Reducing fertility inputs incorrectly will ultimately lead to lower yields. We continue to use Sustain and the Truterra engine, Field Forecasting tool, R7, and have added SOILMAPS to our portfolio to help us deliver a more predictable and successful outcome on every acre.

Pine Lake Corn Processors - James Broghammer

With great certainty the ethanol industry has made more headlines in the Des Moines Register and the national political agenda than any other year in history. We hear about SRE's, RIN's, EPA and President Trump more than anyone could have ever expected.

It is important to remember that ethanol is by far the most environmentally friendly motor fuel produced in the world and American ethanol remains the lowest cost, and highest-octane fuel. These two facts continue to drive the economic viability of ethanol today.

Despite all the national headlines, at Pine Lake we continue to focus on the things that we can directly affect to make the plant the most cost efficient and profitable plant possible.

When we compare the cost structure from two years ago, before the expansion to today, we have lowered our cost structure \$0.12 a gallon or \$9 million dollars annually.

We continue to optimize the corn oil yield and the ethanol yield while improving our cost structure in the areas of chemicals, labor, maintenance, general administration, natural gas and electricity.

Some key highlights for the year:

- No OSHA recordable injuries (always the best accomplishment)
- Lowest natural gas usage/gallon - 6% reduction from 2018
- Lowest electrical usage/gallon – 10% reduction from 2018
- All-time lowest chemical cost/gallon
- Record low dryer downtime
- 75M gal production (new record) versus 69M gal in 2018

Our operations group has remained consistent with: Keith Halfwassen (Maintenance Manager), Remington Ringena (Operations Manager), Wendy Clikeman (Lab Manager), Ryan Rolph (Operations Support Manager) and Jason Stephens (Safety and Environmental Manager).

Mike Miller celebrated his 5th year anniversary as the Financial Controller. Scott Zabler completed his 13th year as General Manger, overseeing all the ethanol and DDG sales and coordinating those sales with the purchasing of corn, natural gas and chemicals.

From Pine Lake Corn Processors, we would like to thank all of our corn suppliers for their patience through our long expansion project and grain dump addition.

All these accomplishments were made possible by our 36 employees that have demonstrated great skill, commitment, patience and hard work to the success of Pine Lake.

HR Shared Services - Carla Elliott

Despite a challenging year of low unemployment rates Innovative Ag Services (IAS) is recruiting at a steady pace in this very competitive market. No matter the size of the company we are all experiencing the same challenges. The landscape of what the candidate looks like has changed dramatically. This means these people will impact our current culture and push us to look at how we need to run the business differently.

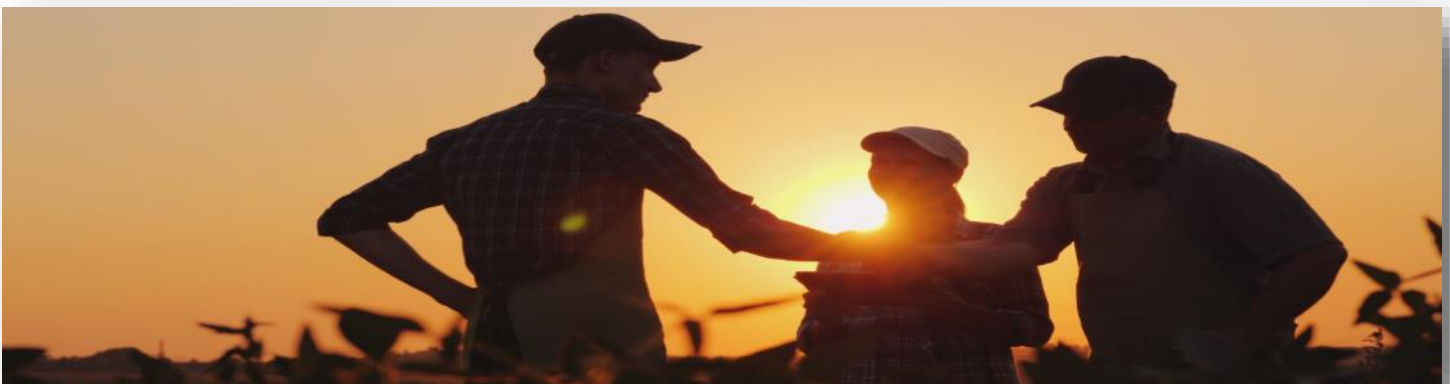
The days of taking a job and it was your only job is long over. According to the Bureau of Labor Statistics the average worker currently holds ten different jobs before age forty and that is expected to grow. The top two drivers on whether an employee comes to work for you now is more money and work life balance. Do you remember when you used to look for a job that had good benefits? Applicants now expect benefits, so this has had an impact on the value of selling applicants on our benefits when recruiting.

IAS has done a good job of managing where we should be with a competitive wage and benefit package, but it will continue to be a subject to manage as employee resources are lean and competition remains. I do ask the question is work life balance possible in agriculture? Some of you may say no but I believe the answer is yes with the understanding that we as a company need to make sure our potential candidates understand our culture prior to hire and more importantly believe in our culture to ensure our definitions of work life balance aligns. You must understand the culture of agriculture and the expectations of working in it and the demands the seasons can bring.

As we move into this new fiscal year, we need to be more cognizant than ever of the culture we are creating at IAS. Though IAS is a solid, good company to work for, the culture we continue to build will set us apart from the competition not for only who will consider joining our company as an employee but who will come and do business with us. Culture is the values and beliefs, language, communication, and practices that are shared by a group of people. We call that at IAS our purpose statement. Creating a good culture is a social responsibility that IAS takes seriously but it's a complex subject because people and business are complex. We at IAS are on a continuous journey to do one more thing to improve our culture and our business.

HR as you know through previous articles has had numerous technology improvements and that is always a priority to ensure we are relevant, but we truly are focused on a culture of stability in FY 2020. An Employee Engagement Survey will be developed this year to gather data from our employees on a variety of topics. IAS will learn, respond, grow and implement change where necessary from the response.

In closing, we appreciate your business and support of our employees who are working every day to deliver an exceptional experience for you our customer. If you have feedback for the HR Shared Services group, please feel free to



Committed to Social & Environmental Responsibility – All IAS Employees

Innovative Ag Services (IAS) prides itself in giving support to the communities we reside in. We feel fortunate to have an opportunity to give back to the communities where customers and employees live.

We reach out to these local areas and organizations in a variety of ways. We give support through monetary donations, our employees donate their time to work local events, and we participate in educational opportunities to share knowledge with those people who are interested in agriculture.

We continue to utilize the Land O' Lakes Matching Funds Program as well as utilize a matching program through our bank, CoBank. This has been a great partnership to support our efforts to continue the tradition of giving back each year. This past fiscal year we have given to a variety of programs. Each year the list changes. There are many great causes. Our primary focus is giving back to our local communities and to agriculture related organizations. IAS is also very active in the Sustain

Nutrient Management Strategy. It allows growers to optimize their use of crop nutrients while helping them significantly invest in their land and their future. As consumer demand and government regulations begin to require all members of the food supply chain to comply with environmentally sustainable agriculture practices, Sustain growers will be recognized as adding value to their industry while maintaining or increasing yield.

IAS is already working on fiscal 2020 initiatives and we look forward to serving and supporting our local communities during this new year.



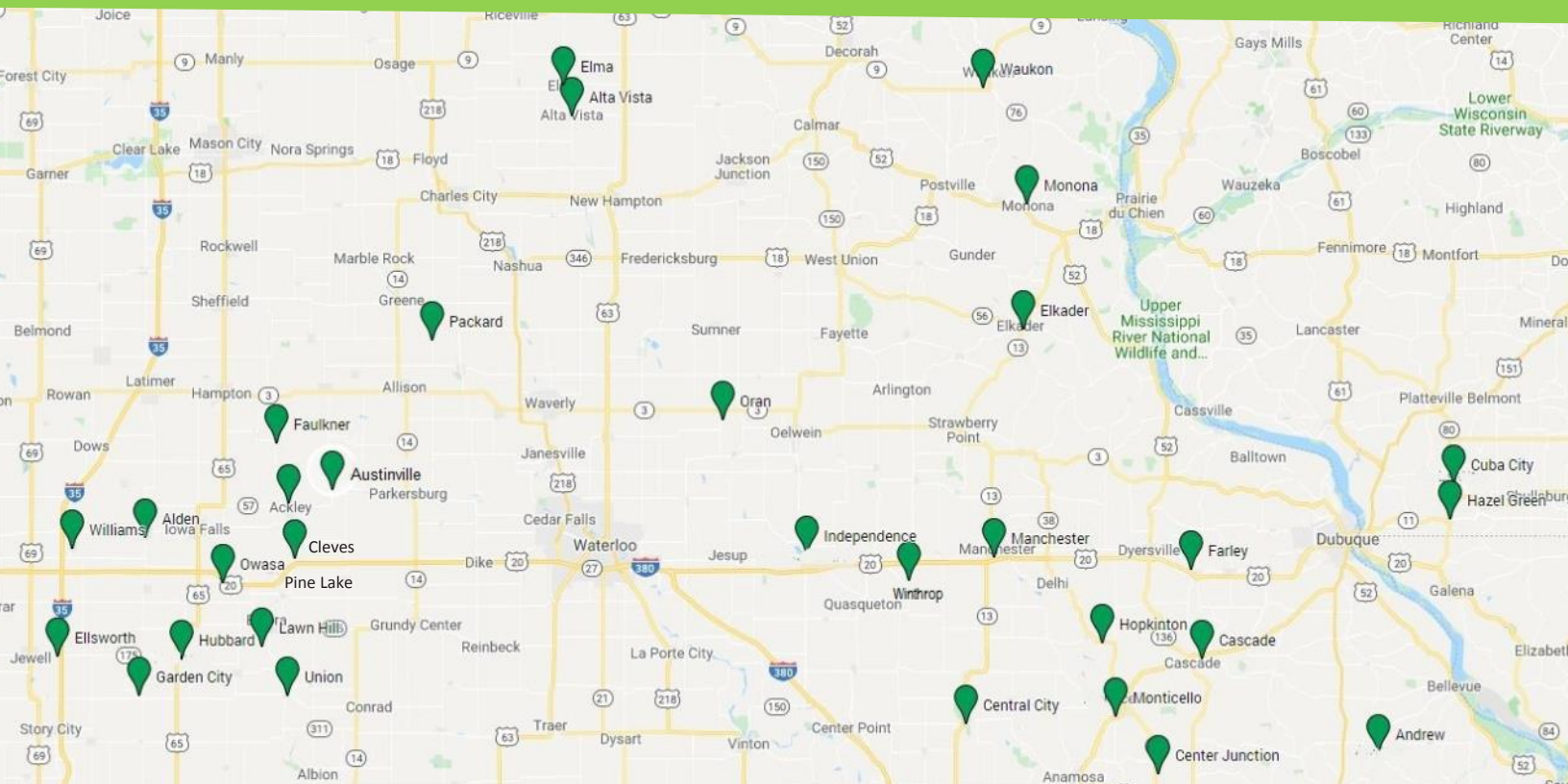
Continued Emphasis on Safety & Compliance - Brian Kramer

Safety and Compliance is a comprehensive system that works only with cooperation between management, employees, and regulatory entities. We at IAS have been working more vigorously toward the end goal of safety for all within IAS and being able to serve our customers more safely. Taking ownership and developing a healthy safety environment and culture is one of our strategies for IAS.

It is often healthy to step back and review what we currently have in play regarding training our employees. In evaluating once again what is required by OSHA, we were able to tweak our training to better comply with its standards in areas such as monthly safety meeting topics, requirements with our on-line training platform when bringing on a new employee, and the annual re-occurring requirements that are necessary. We also adjusted the timing of annual required training to better offset our busier seasons to insure the training is more meaningful and better received and understood when administrated.

An example of an improvement was around forklift training. A more comprehensive training process and license program was implemented to insure safer operation, meeting regulatory requirements along with propensity to lessen incidents and/or equipment damage.

When incidents do occur, taking the time to evaluate what happened and get to the root cause is always crucial. We recently evaluated our existing process and made some adjustments that challenge us to drill down tighter in determining a root cause analysis. With this improved information we can better educate and lessen or eliminate future similar incidents through process improvement.



Iowa Locations

Ackley	Ellsworth	Monona
Alden	Elma	Monticello
Alta Vista	Farley	Oran
Andrew	Faulkner	Owasa
Austinville	Garden City	Packard
Cascade	Hopkinton	Steamboat Rock (Pine Lake)
Center Junction	Hubbard	Union
Central City	Independence	Waukon
Cleves	Lawn Hill	Williams
Elkader	Manchester	Winthrop

Wisconsin Locations

Cuba City
Hazel Green



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