



First Cooperative Association

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MANAGER'S CORNER

By Jim Carlson

General Manager

jcarlson@firstcoop.com

On behalf of the Board of Directors, Staff and all of the FCA Employees, I want to take this opportunity to thank all of the members who were able to attend one of the two Annual Meeting presentations held in November.

It was indeed a pleasure to see so many of you there to share the evening, to enjoy a nice meal together and the opportunity to visit with so many members, and to present you with the financial report and full details about your cooperative's performance in the 2010/11 fiscal year of operations that ended August 31, 2011.

As I have noted in the past, there are a great many facts and figures included in the financial reports presented at the Annual Meetings, thus I can only provide some of the highlights in the limited space available in the newsletter.

Among them are the **New Record** that was set of **\$379,743,998 in Total Sales**, another very positive year in FCA's **Local Savings** at **\$5,393,303**, and a strong **Net Savings** for this past year of **\$6,502,671**.

I would also like to mention the continued strength of your cooperative's balance sheet, since with the most recent additions that have been made to your assets in property, plant and equipment resulting from the on-going commitment of the Board and

*Best Wishes For The Holiday Season
To Our Customers Their Families*

MERRY CHRISTMAS

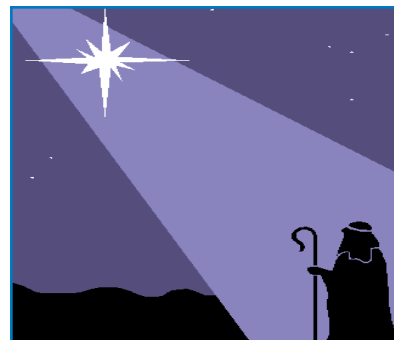
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HAPPY NEW YEAR

From All Of Us At FCA

Board Of Directors

Employees & Families



Management to expand, enhance and increase the grain receiving, drying, storage and handling facilities to better serve you, along with a number of other significant investments in the agronomy and petroleum capabilities of FCA, **you now own in excess of \$81 million in land, buildings and equipment.**

Moreover, **your total cooperative assets at FCA now stand at over \$171 million.**

As always, the continued and steady growth of the farming operations that FCA provides products and services to is the driving force that makes growth not only possible, but also a necessity in these times of rapid, dramatic and constant change.

This past year, for example, FCA handled a **new record volume of corn, with over 42.7 million bushels crossing the scales** of the facilities which have been upgraded over the course of past several years to enable FCA to serve you in the most timely and efficient manner at harvest as you deliver those volumes.

Additionally, we handled some **10.5 million bushels of your soybeans, also a new record volume** for FCA, and again, without your on-going support, business and bushels to generate the revenues needed to commit resources to upgrade so many of FCA's grain facilities, it is difficult to imagine how we could have handled such volumes for you.

For fiscal year 2010/11 FCA also handled record volumes of fertilizer with sales that increased by 7,500 tons or 13% from the previous year, along with new record volumes of lime that were up 30,600 tons and seed sales that increased over \$160,000 compared to the previous year.

Feed sales for this past year also increased, by over \$6.6 million, and FCA's fuel sales also recorded a 400,000 gallon increase.

Of course the increases in both of these departments were positively impacted by the five months of operations that FCA had following the acquisition of Galva-Holstein Ag, and as we move forward into the new year providing the full range of services to those customers in the now expanded southern portion of the FCA trade area, we are optimistic that we can continue to build upon these totals.

This past year the Board of Directors approved a **Total Patronage** allocation to the members of **\$3,564,748**, of which **30% or \$1,069,424 was paid In Cash**. This year's patronage was allocated at the following rates:

Grain	5 Cents/Bu.
Agronomy	2.50%
Petroleum	2.00%
Feed	1.95%
Services	5.00%

In addition, FCA allocated a portion

CORNER

Continued On Page 4

**AGRONOMY
NEWS
By
Mark
Braunschweig**
mbraunschweig
@
firstcoop.com



I want to thank everyone for the tremendous cooperation I've had in making this transition to my new duties at the main offices of FCA.

The entire staff has been very supportive and helpful, and a special thanks and recognition goes to Jim Compton for the time he has been taking and all the help he has give to make this a smooth process.

As December arrives all of you are also making a big transition on your farms, having harvested a good crop this fall to put the finishing touches on the 2011 crop, and getting a very good head start on the 2012 crop with a big run on fall crop nutrient applications.

Thanks to a nearly 2 month uninterrupted stretch of "mostly" favorable weather, our area farmers and the FCA Agronomy Team have been able to get a lot of acres of lime applied, plus we have had a very good run on the fall P & K application orders.

I emphasized the word "mostly" above because we probably would have been able to get more NH-3 applied if the soil conditions would have been more favorable.

It has been an extremely dry period for our region of the state, and while we did have a strong fall NH-3 season, I know there are many of you who would have taken care of more acres if Mother Nature would have given us improved soil conditions along with such moderate fall weather.

As I mentioned above, there has been a lot of lime spread throughout FCA Country this fall, and that has allowed our farmers to get caught up on lime work that may have been carried over in previous years when we have faced delays in securing lime supplies, or when time ran out as winter arrived to close us out of the fields.

It's much the same story with P & K applications this fall, since while we were still spreading some acres as I was putting this article together the last day of November, the locations are pretty much up to date on whatever orders they have on the schedule and, of course, as long as the fields are open we can and will continue spread-

ing for those who need P & K applied.

Seed Sales have also been going very strong over the course of the past month or so as farmers get the yield and performance results to evaluate and compare from their own farms, from seed plots and from the data supplied by the major seed companies.

One thing to keep in mind is that many seed production fields in the country, particularly those in the southwestern region, were subjected to some serious weather extremes ranging from massive flooding to severe drought-like weather.

As a result, the seed companies have been advising us that some seed sizes as well as some particular numbers could become very limited as the orders are filled, so if you have any particular seed size specification and/or particular hybrid or variety numbers you want to be assured a supply of, **Order Them Right Away** to lock in those choices before the supplies are exhausted.

One of the major focuses of attention as December arrives, other than the fast approaching holiday season, is to get 2012 crop input expenses on the books prior to December 30th for tax considerations.

In responses to the questions that are starting to come in about when we will have pre-pay prices available for crop protection products, I am confident they should be established by the time you are reading this, which I anticipate will be around mid-December, in ample time for you to get together with your FCA

Agronomist to discuss your needs, your crop plans for next year, and to pencil in some orders for herbicides, fungicides and insecticides.

Pre-pay prices will be good for payments made prior to December 30th to help you put input expense on the books for tax considerations, and if you choose to pay right after the start of the new year you can still place your orders and receive the same low pre-pay prices and discounts before the rates change.

**FEED
FOCUS
By
Marc
Hinners**
mhinners
@
firstcoop.com



I am looking forward to working with all of the FCA customers and with the entire FCA Feed Team in what will now be a new role for me since being appointed to this position as Feed Division Manager for FCA.

Change has been and continues to be both a major part and a constant part of livestock production, and as we get ready to begin the new year of 2012 there will continue to be changes taking place on and in your livestock operations.

That means there will also be changes taking place with the FCA

FEED FOCUS
Continued On Page 3

**Best Wishes In Retirement & Many Thanks To Jim Compton
For His Years Of Dedicated Service To FCA And Its Customers**

Jim Compton began his career of cooperative service at the Aurelia Cooperative, where he worked in a variety of positions to start with until taking on the duties of Agronomy Department Manager, which he held at that company for 26 years until 1997 when the merger of several area cooperatives created FCA.

From 1997 until 2000 Jim served as the Alta Region Agronomy Manager, and in 2000 he relocated to Cherokee and the FCA main office as he accepted the duties and responsibilities as the overall Agronomy Division Manager for your company. When asked for some comments as he begins retirement at the end of 2011, Jim says:

"I want to take this opportunity to extend my personal thanks to all of the members of FCA for their continued support and business, and to also thank all of the employees of FCA I have had the pleasure to work with over the years, especially those in the Agronomy Division with whom I have worked to help FCA keep pace with the tremendously fast and dramatic changes that have taken place in crop production and on the farms of the customers over the past 15 years.

"I also want to thank the Board of Directors, past and present, for their leadership and the decisions they have made to grow FCA so it can continue to have the very best in people, equipment and facilities to meet the ever-changing challenges of crop production as FCA continues to grow for the future."



THE PETROLEUM REPORT

By
Jim Bieber
jbieber
@
firstcoop.com



EMPLOYEE NEWS: I am very pleased to announce that FCA has hired **Bob Brown** to be our new **Certified Energy Specialist**, and I sincerely hope all of our fuel/energy customers will welcome Bob as he stops by to their farms, homes and businesses to present information about the products, programs and services offered by your FCA Fuel/Energy Team.

Bob is from the Cherokee area and he has a good understanding of our trade area and knows many of the customers we serve.

Bob will be contacting customers to discuss the fuel and lubrication products we handle, the outstanding warranty programs which accompany many of those products, and of course he will be there to assist you in utilizing the contracting programs and other customer services we provide.

PRE-PAY PRICING AVAILABLE: December brings us the fun and excitement of the holiday season we all enjoy, but tagging right along with it is the arrival of another season we don't relish nearly as much, the **Tax Planning & Preparation Season**.

As you begin that process in the weeks ahead, please keep in mind that FCA has established pre-pay pricing for fuel and LP so you can put some of your 2012 input expenses on the books prior to December 30th for 2011 tax consideration purposes.

Our **Pre-Paid LP Contracts** are always a very good option to consider at this time, one that allows you to start layering in your needs for the 2012/13 heating and grain drying season that will arrive next fall.

Our **Pre-Paid Spring Diesel Contracts** have also been very popular and widely used in the past for much the same reasons, giving cus-

Say Hello To
**BOB
BROWN**
FCA'S
CERTIFIED
ENERGY
SPECIALIST



REMINDER - IMPORTANT TAX INFORMATION

In November a letter was mailed to FCA members regarding the decision made by the FCA Board of Directors to pass through to the membership the Domestic Production Activities Deduction (IRC Section 199).

This deduction is the equivalent of approximately 3.6 cents per bushel for each bushel of grain the member sold to FCA, and a letter notifying each member of his/her deduction amount should have been included in the patronage dividend checks that were mailed to you.

Please be sure you take that letter OR the 1099PATR Form you will receive in January to your tax professional for the proper use of this tax deduction.

tomers the opportunity to put 2012 input expenses on the books prior to the end of 2011 so those expenses can be utilized when there are tax benefits for doing so, plus giving them a good head start on layering in their spring diesel fuel needs in advance.

Both of these **Contracting Opportunities** have saved FCA fuel and energy customers many dollars over the years, and we are pleased to offer them to you once again as the tax planning season arrives, so be sure to contact us for pre-paid contract pricing as you start planning for 2012.

SPCC DEADLINE CHANGED: In previous newsletter articles and elsewhere we have presented our fuel/energy customers with information about the **EPA's Oil Spill Prevention, Control & Compliance (SPCC) Regulations** and the **November 10, 2011 Deadline** date EPA had established for anyone with over 1,320 gallons of above-ground fuel storage to have a formal SPCC Plan established.

In the October 19th update notice from the Petroleum Marketers & Convenience Stores of Iowa (PMCI) of which FCA is a member, it was announced: **"EPA Extends SPCC Compliance Deadline For Farm Facilities To May 10, 2013"**.

CLOSING THOUGHTS: On behalf of the entire FCA Fuel/Energy Team I thank all of you for your continued support and business, and I extend our **Very Best Wishes To All For A Joyous Holiday Season**.

FEED FOCUS

Continued From Page 2

Feed Team so we can keep pace with your livestock's nutritional needs, as well as with your expectations for the

highest quality and the very best in customer service.

The Galva Feed Mill will be designated as the mill to manufacture the grind and mix cattle rations as well as your beef creep feeds.

Swine feeds will come out of the Holstein and Larrabee feed mills.

All of the liquid and dry cattle supplement products and all meal supplies will be pulled from the central plant locations of those products.

There will also be some changes in the feed lines we handle to serve you so we can be more efficient, more consistent, and therefore provide you with the most competitive prices as well as outstanding quality and service.

We recognize the large area we serve has many outstanding livestock producers and operations, and while they may have many similar needs to those of their neighbors, they also have many that are dissimilar, therefore we have re-sharpened our focus and re-dedicated the FCA Feed Team's commitment to be a stronger, more positive force in the retail feed segment of the industry.

With those objectives in mind, we have hired a second full-time person to focus on beef feed sales and services, and I hope you will welcome Cody Newgard to FCA and to your beef operations as you have the opportunity to meet him when he calls on you.

A NEW FCA WEB SITE IS COMING
A New-Fresh-Cleaner Look

More Information

Better Communications

Enhanced Features Allow You
To Receive E-Mail/Text Messages

Watch For Additional Information

HOLIDAY BUSINESS HOURS AT FCA

All Locations Will Be Closed The Following Dates

CHRISTMAS HOLIDAY

SATURDAY THRU MONDAY - DECEMBER 24-25-26

NEW YEAR'S HOLIDAY

SATURDAY THRU MONDAY - DECEMBER 31 - JANUARY 1 & 2

Please Plan All Supply-Service Business Needs In Advance So Your Employees Can Serve You Promptly And Therefore Have More Quality Time With Their Families To Enjoy All Of The Holiday Activities & Festivities



HEDGERS' HOTLINE

By
**Randy
Dunn**

rdunn
@
firstcoop.com



First Cooperative Association
P.O. Box 60
Cherokee, Iowa 51012

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ADDRESS SERVICE REQUESTED

November was a rough month for grain prices. Corn lost more than 60 cents per bushel and beans lost about \$1.40 as both went from the high to the lows, and with very little actual grain news to go on this time of year, markets tend to drift sideways to lower with the reduced interest from traders.

Outside markets have been the main influence on daily grain price direction.

One day it is the European economic situation, the next day it's our own troubles and the direction of the stock market and/or oil prices pushing and pulling at grain prices.

The one bit of grain news we do get every week is the export sales report, however lately we might be better off if we didn't have this information, as both corn and bean exports are running well behind 2010.

High prices over the last year have caused livestock feeders in the U.S. and abroad to find other feed sources such as wheat and ethanol by-products for their rations.

More evidence of demand destruction is seen by the fact that Japan, which has traditionally purchased most all of their grain needs from the United States, has recently been buying wheat and corn from the Ukraine.

The next market mover may be the January Crop Report giving us the final 2011 crop production figures. Many observers believe the later harvested crops were disappointing, and if true this could lead to a reduced final crop size.

Another factor could eventually be crop problems in South America. At this time, Brazil and Argentina are making good planting progress, but some dry areas are developing.

Several weather experts are expecting production problems to materialize in South America due to La Nina conditions and the dry weather pattern they expect to develop over their bean growing regions.

If I had to take a guess today, I

would expect sideways trading for corn and beans until we get closer to the spring planting time.

I also feel that without a weather concern at some point in the growing season it will be extremely hard to reach last year's price levels.

Last winter we were afraid we were going to run out of grain before the 2011 new crop got here, but we got by and with a few bushels to spare, so this year we probably won't have the same level of fear that there won't be enough grain to go around.

On another note concerning grain markets, First Co-op has recently been certified to be a **"First Gathering Point"** for corn used to produce ethanol for export to Europe and Brazil.

A lot of paperwork and record keeping may take place behind the scenes, but it doesn't change anything about how we will buy or sell corn.

The benefit is that this opens up more markets to sell ethanol to, and it should help keep local ethanol plants running at full capacity.

U.S. ethanol plants are currently producing all the ethanol that is needed to blend into gasoline at the 10% level, so new markets are essential to keep corn usage for ethanol at current levels.

In the near future, many of you will be contacted and asked to sign a self declaration letter for **International Sustainability & Carbon Certification**.

If you are currently in the USDA farm program, corn that you deliver to FCA is eligible to be processed for ethanol exports.

We hope you will **"Help Yourself"** and participate in this program as we try to maintain the best markets we can for your grain.

For more information or if you have any questions, please call me at 712-225-5400 or 877-753-5400.

CORNER

Continued From Page 1

of its Section 199 deduction to members that can be utilized as a tax deduction as they file their 2011 tax returns.

Copies of the booklets containing the statement of savings, balance sheet, sales and other information are available upon request from any office for those who were unable to attend this year's Annual Meeting.

In other business conducted at this year's Annual Meeting, we reported the results of this year's Board of Director election to the membership.

Incumbent Directors **Doyle Anderson** (East); **Mason Goodenow** (South); **Robert Parker** (Central) and **Charles Specketer** (North) were all re-elected to serve for three-year terms of office, as was newly elected Director **Tom Lehnoff** (West).

At their re-organizational meeting your Directors re-elected the following to serve as officers for the 2011-12 fiscal year:

Charles Specketer, President
David Dean, Vice-President
Randy Sennert, Secretary
Mark Johnson, Treasurer.

On behalf of the entire Board, the Management and all FCA Employees I extend our **Very Best Wishes** to each and every one of you and to the members of your family for a **Safe, Enjoyable And Most Joyous Holiday Season.**