



Ludlow Coop Elevator Co.

September 2017

Fiscal year results for 7-1-16 thru 6-30-17

Ludlow Coop Board of Directors voted:

- To redeem 44.89% of the 2009 equity, which calculated to \$260,000 (last fiscal year 33.7% of the 2009 was redeemed)
- Pay dividends on 1st Preferred at 8%, 2nd Preferred at 6% and 3rd Preferred at 4%
- No patronage based off 2016 crop year purchase settlements
- DPAD pass through to patrons of \$457,500 (info to be included in 1099's mailed after 1/1/18)

CORN CORN CORN

Unless you notify us otherwise, corn will be placed into storage 7 days after the first day of delivery

STORAGE CHARGES:

12 cents day of delivery plus \$.001 per bushel per day (3 cents per month) through 8/31/18

DELAYED PRICING RATE:

9 cents day of delivery plus \$.001 per bushel per day (3 cents per month) through 10/15/18

**ALL DISCOUNTS ARE ON A PER LOAD BASIS -
NO AVERAGING**

CORN SHRINK: ("MO" on Delivery Sheet)

1.4 each 1% (applied as 0.14% each 1/10% moisture) Over 15.0%
15.0% For Contract/Delayed Price/Sold within 7 days of first day of delivery

14.0% For Open Storage/Warehouse Receipt

DRYING: ("DR" on Delivery Sheet) assessed on wet bushels

1.50 cents each 1/2% moisture (or 3.0 cents each point) over 15.0% TO 25.0%.
1.25 cents each 1/2% moisture (or 2.50 cents each point) 25.1% and higher

TEST WEIGHT: ("TW" on Delivery Sheet)

53.0 - 53.9	1 cent
52.0 - 52.9	2 cents
51.0 - 51.9	4 cents
50.0 - 50.9	6 cents

Below 50.0 subject to market scales

FOREIGN MATERIAL: ("FM" on Delivery Sheet)

3.1 - 4.0	2 cents
4.1 - 5.0	4 cents
5.1 - 6.0	7 cents
6.1 - 7.0	10 cents

Subject to rejection over 7.0% 4 cents each 1% over 7.0%. Maximum FM accepted 10.0%

DAMAGE: ("DM" on Delivery Sheet)

5.1 - 6.0	2 cents
6.1 - 7.0	4 cents
7.1 - 8.0	6 cents
8.1 - 9.0	8 cents
9.1 - 10.0	10 cents

Subject to rejection over 10.0%

HEAT DAMAGE: ("HT" on Delivery Sheet)

0.3 - 1.0	2 cents
1.1 - 2.0	4 cents
2.1 - 3.0	6 cents
3.1 - 4.0	8 cents

4 cents each 1% over 4.0% - max 8.0%

MUSTY: ("MU" on Delivery Sheet) - 7 cents

SOUR: ("SR" on Delivery Sheet) - 10 cents

HOT/HEATING: ("HE" on Delivery Sheet) - 10 cents

WEEVEL: ("WV" on Delivery Sheet) - 10 cents

COFO: ("CO" on Delivery Sheet) - 10 cents

BEANS BEANS BEANS

Unless you notify us otherwise, beans will be placed into storage 7 days after the first day of delivery

STORAGE CHARGES:

12 cents day of delivery plus \$.001 per bushel per day (3 cents per month) through 8/31/18

DELAYED PRICING RATE:

9 cents day of delivery plus \$.001 per bushel per day (3 cents per month) through 10/15/18

**ALL DISCOUNTS ARE ON A PER LOAD BASIS -
NO AVERAGING**

MOISTURE: Soybeans are shrunk to 13.0%

BEAN SHRINK: ("MO" on Delivery Sheet)

1.25% each 1/2 % moisture 13.1% to 15.0%
2.0% each 1/2 % moisture over 15.0%

TEST WEIGHT: ("TW" on Delivery Sheet)

53.0 - 53.9	1 cent
52.0 - 52.9	2 cents
51.0 - 51.9	3 cents
50.0 - 50.9	4 cents

Below 50.0 subject to market scales

FOREIGN MATERIAL: ("FM" on Delivery Sheet)

All Foreign Material in excess of 1% will be docked from gross weight.

DAMAGE: ("DM" on Delivery Sheet)

2.1 - 3.0	1 1/2 cents
3.1 - 4.0	3 cents
4.1 - 5.0	4 1/2 cents

1 1/2 cents each additional 1/2% over 5.0%

HEAT DAMAGE: ("HT" on Delivery Sheet)

0.3 - 0.5	2 cents
0.6 - 1.0	4 cents

MUSTY: ("MU" on Delivery Sheet) - 5 cents

SOUR: ("SR" on Delivery Sheet) - 10 cents

HOT/HEATING: ("HE" on Delivery Sheet) - 10 cents

WEEVEL: ("WV" on Delivery Sheet) - 5 cents

COFO: ("CO" on Delivery Sheet) - 10 cents

**Corn & Soybeans remaining in Storage as of 9/1/2018
will be assessed the new**

2018-2019 minimum plus daily storage rate and any applicable carryover charges in effect at that time. Any accumulated and unpaid storage charges as of that date are payable and due by September 25, 2018.

**Corn & Soybeans remaining on Delayed Pricing as of
10/16/2018 will be assessed the new**

2018-2019 minimum plus daily storage rate and any applicable carryover charges in effect at that time. Any accumulated and unpaid storage charges as of that date are payable and due by November 25, 2018.

EXPLANATION OF YOUR CUSTOMER ACKNOWLEDGMENT
*** YOUR Statement enclosed was printed as of 8/28/17 ***

Ludlow Co-op
ELEVATOR COMPANY

EXAMPLE

Customer Acknowledgment

Position Date: DATE STATEMENT
Customer: PATRON ACCT #

POSITION DATE:
As of Accounting date statement was processed

To: PATRON NAME

PATRON PHONE NUMBER

DELIVERED BALANCE:
Grain bushels delivered by location & disposition

Subject: Open purchase contracts and grain in elevator today.

THESE ARE NET BUSHELS!

Delivered Balance:

Commodity	Loc	Open Storage	Warehouse Receipt	Grain Bank	Hold	DP	Unpaid
CORN	300 BU	0.00	0.00	0.00	0.00	17,770.22	0.00
CORN	300 BU	0.00	0.00	0.00	0.00	14,490.85	0.00
SOYBEANS	300 BU	0.00	0.00	0.00	0.00	4,274.68	0.00
SOYBEANS	900 BU	0.00	0.00	0.00	0.00	1,767.00	0.00

UNPAID:
Bushels either sold for defer pay OR bushels placed on basis contract (unpriced or priced)

OPEN PURCHASE CONTRACTS:
Forward contracts for future delivery or undelivered grain

Open Purchase Contracts:

Commodity	Loc	Contract	Delivery Date	Due Date	Remaining Quantity	Price
SOYBEANS	300	0067369 - 01	1/1/2018	1/31/2018	1,000.00 BU	10.26000
SOYBEANS	900	0067315 - 01	1/1/2018	1/31/2018	3,000.00 BU	10.00000
SOYBEANS	900	0067343 - 01	1/1/2018	1/31/2018	3,000.00 BU	10.03000
SOYBEANS	900	0067368 - 01	1/1/2018	1/31/2018	1,767.00 BU	10.23000
SOYBEANS	900	0067390 - 01	1/1/2018	1/31/2018	1,000.00 BU	10.23000

Thank you for your business

LOC:
location grain hauled into-
100 Ludlow
300 Perdue
400 Buckley
500 Loda
600 DelRey
610 Danforth
630 Lahogue
640 Piper City
900 Paxton

CONTRACT:
Purchase Contract number
We had to sign as Confirmation of sale.

DELIVERY DATE & DUE DATE:
Beginning delivery period (for harvest we use a beginning date of 10/1/17 and ending date of 11/30/17 so we all are aware it is harvest delivery and not a possible quick ship contract or delivery time that is different than the usual "harvest".

REMAINING QUANTITY:
Bushels unapplied as of "Position Date" of the statement.

PRICE:
Price per bushel by sale per location bid

Understanding DPAD - Heidi Brown, Controller

Domestic Production Activities Deduction (DPAD) is a special federal income tax provision allowing a cooperative to allocate to its members a tax deduction generated by "qualified production activities." Grain payments the cooperative makes to its members are considered qualified production activities by the cooperative, making the cooperative and its members eligible for the tax deduction. For fiscal year 2017, the board of Ludlow Coop approved a DPAD pass-through to its patrons in the amount of \$457,500. Similar to patronage, this deduction will be shared by members based on the amount of grain business each member does with the cooperative, at approximately 2.28 cents/bushel. The deduction will be reported to members on Form 1099, Box 6, which will be mailed to you in January. Members will be allowed to utilize this deduction on their income tax return and should report it on Form 8903. This is another benefit that separates your cooperative from other competition.

The views in this article are not intended to replace the advice of your tax professional. We encourage you to address questions to your tax professional.



GRAIN IN THE ELEVATOR AND OPEN CONTRACTS. When you look at your grain statements the bushels in storage or on delayed pricing are NOT reduced by any existing contracts for future delivery periods. We cannot apply grain sold for a future delivery period until the 1st day of that delivery period. For example, if you put 4274.68 bushels beans in Delayed Pricing this harvest at location #300 (Perdueville) and have 1,000.00 bu sold for JANUARY 2018 (at Perdueville) at a price of 10.26 your statement as of today will show 4274.68 bushels Delayed Pricing and an open 1,000.00 bushel JANUARY 2018 contract.

Please look over the statements and if you find any errors please contact one of our settlement locations: Buckley/Ludlow/Danforth/Piper City immediately! Please do not wait until a later date.

Buckley Office 217-394-2331
Danforth Office 815-269-2390
Piper City Office 815-686-2297
Ludlow Office 217-396-4111

Fiscal Year 2016-2017 in Review & What is New from Paul Seaman, GM

There may be some questions as to why the Board of Directors chose not to pay patronage the last two years even though the Coop made money. The Board contemplated these decisions quite extensively before choosing not to pay patronage. In the end, it comes down to what level of service do you want your coop to provide you?

Since we are a grain elevator company that owns and operates nine different facilities, the maintenance and upgrading of these assets is one of our main priorities. If we can't dump and store your grain in a speedy and efficient manner when you are in the middle of harvesting your crops, any other services we provide you don't matter as much. We need to be able to dump your grain fast enough that keeps your farming operation moving at the pace you require. The reality is that you have grown your farming operations and equipment at a faster rate than we have been able to keep up with. If we can't afford to continue to invest dollars to upgrade our facilities, you will not get the service you demand.

The Board is committed to improving our facilities and in the last two years alone have invested over \$7 million in needed improvements at Piper City and Paxton along with smaller repairs at most of the other locations. Unfortunately, as our facilities continue to age, many more improvements will be needed and everything comes down to money and what we can afford.

Much of our income will need to go back into the facilities. Without adequate facilities, the bushels go away. Without bushels, we lose drying, storage and merchandising revenue. Without adequate income, we will have no way of paying patronage while maintaining facilities. If we can get to a place where our facilities can handle the volume of bushels at the locations you deliver to, it will go a long way towards us being able to generate more profitability on a consistent basis. When that happens, we will be in a better position to pay patronage on excess income. With only so many dollars to go around, we need to make facility improvements one of our top priorities and the Board is trying to work toward that goal.

This is not to say that we will no longer be paying patronage, only that we need to make facility improvements a priority as well.

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Stay updated on the markets & Harvest hours sign up for text messaging on our website or email mdietz@ludlowcoop.com for questions or to get signed up!

Inbox

Have the closing bids, market information & company updates emailed to you - email tjohnson@ludlowcoop.com or jkprahl@ludlowcoop.com with your name and we will add you!