



Financial Results for Fiscal Year Ending April 30, 2015 - NWGG had another great financial year with net income before taxes of \$4,471,000. Carries in the market, low interest rates, a high volume sales year at the seed plant, and good soft white wheat protein segregation allowed us to make additional margins. Member business income totaled \$3,482,000 and a 60% cash distribution of \$2,089,000 will be mailed out the first week of July. The 40% reserve balance of \$1.39 million will be paid out in the future at the discretion of the board of directors. Allocations by department will be as follows: Marketing will refund \$0.11 per bushel sold; Handling and Storage charges will be refunded at a rate of 50%; Seed purchases will be refunded at a rate of \$1.52 per bushel.

Changing to Delivered “Coast” Pricing – NWGG has been quoting grain prices to members as a “local” price delivered to Walla Walla. On the settlement we added a freight premium if the grain was delivered to a rail elevator or river terminal. Starting July 1, 2015 we will start quoting grain prices delivered “coast”. All grain contracts and settlements will be done at “coast” price. On your grain settlement, the off coast pricing for each location, as shown below, will be deducted. This off coast calculation includes all fixed transportation, handling and inspection costs. Delivery premiums are also included in this calculation. NWGG has decided to make this change for several reasons. First, Tidewater barge lines has re-based their barge rates (increased based rate) while decreasing their fuel surcharge several times over the 2 years. These changes make it difficult for NWGG to keep our rates consistent with Tidewater’s current rates. Second, the majority of other grain companies in the PNW are quoting their prices in the “coast” format. Lastly, it will make our pricing more straight forward than quoting a country elevator price and adding back in freight premiums.

2015 Off-Coast by Location				
Location	Off-Coast		Location	Off-Coast
Athena	\$ 0.58		Prescott	\$ 0.56
Coppie	\$ 0.62		Reser	\$ 0.62
Dixie	\$ 0.62		Rulo	\$ 0.62
Dry Creek	\$ 0.62		Sapolil	\$ 0.62
Harsha	\$ 0.62		Spofford	\$ 0.56
Miller	\$ 0.62		Spring Valley	\$ 0.62
Port Kelley	\$ 0.43		Tracy	\$ 0.62
Port Wallula	\$ 0.43		Valley Grove	\$ 0.62
Port Sheffler	\$ 0.45		Waitsburg	\$ 0.62
*Off-coast prices include handling \$.10/bu.				
*Off-coast prices do not include fuel surcharges				
*Current barge fuel surcharge - \$.01/bu. (negative means you get a credit back)				
*Current truck/rail fuel surcharge \$.02/bu.				

Fuel Surcharge – We have put a cap on Barge and Truck/Rail surcharges for the last couple of years. The fuel surcharge cap will be 10% for barge and 25% for trucks/rail. By hedging most of our fuel needs in June and July, we have been able to cap the fuel surcharge to our members. If the price of fuel goes down, the surcharge will go down along with it; however, if fuel goes back up, our surcharge rates will not go above the cap until next July. NWGG does not cap Along Side the Field trucking fuel surcharges. The current barge fuel surcharge is negative, meaning you will receive a credit back to you on your settlement.

Athena Ground Pile – Our new ground pile was a great addition to our network of elevators last year. Thanks to our new members, Athena was our 6th highest volume elevator last year and helped offset the smaller crop we handled over our traditional draw area. We have added a second pile to accommodate more volume and segregation capabilities.

Donations/Scholarships – The excellent profits the company has generated from non-member business over the last few years have allowed us to support our local community college, two regional universities, as well as many local charities. This year we have donated \$7,500 to Walla Walla Community College and \$67,500 among many local charities. NWGG also awarded the Robert Abbey Memorial scholarship, which supports an annual award of four \$1,000 scholarships to qualified recipients. Each scholarship is renewable for four years as long as the recipient remains eligible. The scholarship program is administered by the Blue Mountain Community Foundation with details and application forms available on our website.

Harvest Pool – NWGG will not offer a marketing pool for 2015. Soft white wheat prices are still historically high and we do not feel like there are necessary hedging tools to protect the price if it starts to go down.

Warehouse Operations - The trucking program and rate schedule for alongside the field and farm storage will remain unchanged this year. Remember if you use your own trucks and would like us to bill your landlords we are essentially your agent. For us to provide this service you must sign a trucking contract and carry a minimum of \$2 million in liability insurance, we must have the contract and proof of insurance naming NWGG as additional insured in our office before we can do so. We are in the final stages of fine tuning logistical planning for crop delivery this harvest. A list of each individual elevator and varieties that it will be able to receive will be posted on our web site as soon as planning is complete. Please call the office if you have any questions.

Peas/Garbs – Federal warehouse auditors directed us to change the way we receive peas and garbanzo beans two years ago. Crops will be received in the processor's name that you are growing them for with producer information listed under the comment section on the weight sheet. Please be aware of what your contract says with your processor and when you pass title. NWGG will no longer be able to process crop splits or provide production records. That information will need to be provided by your processor.

Seed Plant – NWGG is in the process of installing a Buhler color sorter in addition to our regular cleaning equipment at the seed plant at a cost of \$500,000. The seed industry as a whole has been fighting contamination issues in cleaned certified seed, everything from rye to contrasting classes. After sending some samples to Buhler and having Mike spend some time with their technicians, we feel that we can clean out rye and goat grass contamination at roughly 90% in addition to cleaning out contrasting classes and shrunken and broken kernels. The color sorter will be used in addition to all of our normal certified seed growing/cleaning requirements. To our knowledge there is no other commercial seed plant using this technology to help clean seed, however we feel this gives NWGG the best opportunity to provide the highest quality seed in the nation.

Thank you for your continued support,

Chris Peha
General Manager