



CoMark Grain Marketing, L.L.C.
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As I write this, Wheat harvest is approximately a month away and a lot of the fall crops are in the ground. We are hoping for rain and expect an average wheat crop at this point with the exception of places east of I-35. If we don't get the moisture, it will probably be a lower than average wheat crop over the trade territory. As far as space for harvest goes, we expect to be ready to go and have space at all locations. We have sales on for a good portion of what we will need to move during harvest to keep the doors open. Fall crops are also in need of a drink, so let's hope that happens shortly.

I am going to start presenting facts about CGM in this newsletter so you can understand CGM better and how it can provide value to you and your local coop. Overall, we have heard a lot of confusion over how money flows from CGM back to your local coop. Following are the three sources of income your coop receives from CGM:

- Handling – CGM pays your Coop 10 c/bu on each inbound bushel. So if your coop unloads 1 million bushels at harvest, CGM pays your Coop \$100,000. This is paid throughout the year.
- Storage – CGM pays your Coop their storage % from the storage pool. If the storage pool dollars for the month is \$500,000 and your coop has 10% of the storage pool, your coop is paid \$50,000. This money is also paid throughout the year.
- Earnings – Net Earnings are paid throughout the year with final payment after audit. The amount of earnings paid to the local coops in cash is voted on by the board members of CGM. For example, if CGM makes \$1 million dollars the board may decide to hold \$50,000 as member's equity to build the balance sheet while \$950,000 goes back to the local coops in the form of cash. So if your coop owns 10% of CGM, they get 10% of the 1 million, however only 10% of the \$950,000 goes back to your local Coop in cash, so your Coop would get \$100,000 total and \$95,000 in cash. The \$5,000 is retained in CGM as member's equity and will show up as an asset on your local Coop's balance sheet. Over the last two years, CGM has paid out about 95% of earnings the last two years in the form of cash to the local Coops, and has retained about 5% within CGM as members equity.

CGM now has a new website. Please check it out at www.cgmlc.coop. We have tried to put some useful information on the website for producers under Producer Reports. Under Producer Marketing Tools you can learn how to do a marketing plan, put your marketing plan on paper through an Excel spreadsheet that will automatically figure your expected profit among other important calculations, and do a crop budget. You can also learn about what contracts and contract tools are available to you through CGM. All of these components are important steps to becoming a successful grain marketer. Weekly and monthly USDA reports for grain and cattle are also posted as well as a Trade Calendar that lets you know when important USDA reports are coming up.

From all of us at CGM, we wish you and your families a safe and prosperous wheat harvest, good growing conditions for your fall crops, and a great summer.

Ryan McCoy