

GCC's 103rd Annual Stockholders Meeting

DECEMBER 6TH, 2022 - 2 PM

CLARION INN & CONFERENCE CENTER

1911 EAST KANSAS AVE.

GARDEN CITY, KS



Agenda

Invocation

TYLER HANDS

Call To Order

TYLER HANDS

- Welcome
- Declaration of Quorum
- Proof of Notice
- Approval of Minutes
- Intro of Past Board Members
- Intro of Previous GMs

Introduction of Guests

JEFF BOYD

Audit Report

KELLY DREES

Chairman Report

TYLER HANDS

Management Report

JEFF BOYD

Nominating Committee Report

JOANNA SCHMEECKLE

Election of Directors

CLAYTON MADDUX

New/Old Business

TYLER HANDS

Employee/Retiree Recognition

BOYD/HANDS

Question & Answer Session

Redemption Giveaways

GORDON DREES

Director Election Results

Adjournment

Annual Report



You can find this and previous years annual reports by visiting:

<https://www.gccoop.com/about/#annual-reports>

or open your smartphone's camera and hold it over (don't take a picture) this code and follow the link that pops up.



2022-2023 Otis & Mary Lee Molz Cooperative Scholarship Recipients

Taylin Ansel

Art major - Deerfield

Adison George

Production Agriculture & Agribusiness major - Holcomb

Rilee McGraw

Animal Science major - Garden City

Brady Schmeckle

Agribusiness major - Ingalls

Jaycee Stewart

Biology major - Garden City

Our Giving Policy



Minutes

UNAPPROVED

Garden City Co-op, Inc Annual Stockholders Meeting December 7, 2021

The Annual Meeting of the Stockholders of the Garden City Co-op, Inc. (GCC) met Tuesday, December 7, 2021, at the Clarion Inn and Convention Center, Garden City, Kansas. This meeting represents Fiscal Year Sept 2020 thru August 2021.

At 2:00 p.m., Tyler Hands, Board Chairman, called the 102nd annual meeting to order. Directors in attendance were Gordon Drees, Chris Fullmer, Clayton Maddux, Joanna Schmeeckle, Lynn Teeter, and Max Engler. Associate Directors in attendance were Keith Miller, Kyle Deaver, and Dylan Linenberger.

Tyler Hands advised that there were 183 voting members present, thus making a quorum. Tyler further advised that on November 16, 2021, 1,475 notices were mailed, and certified by the U.S. Post Office. Tyler asked for any corrections to the minutes from the 2020 annual meeting. With no corrections, minutes were approved as provided.

Tyler Hands welcomed members and expressed the Board of Directors' appreciation for their attendance. He also recognized past board members.

Jeff Boyd introduced special guests Kendall Poland with Sublette Co-op, Michael Kempke from Cooperative Grain and Supply, Nick Meuting with Lindberg Vogel Pierce Faris, Charlie Saurwein, Elias Vargas, and Adam Watson of Windriver Grain, Scott Anderson and Lee Gleason from Pro Value Insurance, Stan Stark and Kyle Eberle with Alliance Ag and Grain, and Jonathan Lightner and Rich Harp of Commerce Bank.

Kelly Drees, CFO, described the items in the registration packet. Kelly then discussed the financial statement of operations, Sept 1, 2020, thru August 31, 2021. Kelly discussed patronage and equity and the PPP Loan redemption. The wheat crop was stronger and larger than the previous year and fall crops were down. Grain gross margins saw a decrease, attributed to less storage and handling income. Property tax increases also affected grain margins. The energy sector saw the Scott City terminal continuing to have shortages. We were able to provide fuel to patrons because of our storage at Lowe. Agronomy had a 5% margin increase. We had increased working capital and were able to pay down 2.4 million in debt. Kelly also discussed patronage allocation and the DPAD. Nick Meuting with Lindberg Vogel Pierce Faris was invited forward to give his audit opinion, which was favorable toward the Garden City Co-op.

The following financial information was reviewed:

Sales: \$256,406,730.79
Gross Margins: \$22,923,172.78
Gross Income from Local Operations: \$30,817,526.34
Total Assets: \$191,061,039.93
Total Current Liability: \$79,649,878.87
Total Long-Term Liabilities: \$12,120,596.49
Total Members' Equity: \$99,290,564.57
Retained Savings: \$2,400,631.70
Total Patronage Dividends: \$1,084,771.70

Nick Mueting of Lindburg Vogel Pierce Faris stated that he had submitted an unmodified or clean opinion on the August 31, 2021, financial statements. There were no questions or comments regarding the financial report.

Tyler then introduced the current Board of Directors and their spouses. During the 2020–2021 year, Kyle Deaver completed his term as an associate. Kyle gave his associate's speech, stating he had a great experience as an associate and thanked everyone for allowing him to serve. Tyler introduced new associates

Dylan Linenberger and Zion Roth.

Tyler gave the chairman report, discussing K-State's 16 goals for success and how they relate to the mission and vision of the Garden City Co-op.

There were nine regular meetings and one emergency Zoom meeting. There were three monthly meetings which did not have full attendance.

Jeff Boyd gave the General Manager's Report. He thanked everyone for attending the meeting and spoke about community, volunteerism, and financial giving. Jeff also mentioned the REACH committee, various organizations we support, and the MOLZ scholarship. Jeff commented on the vaccine mandate and labor shortages, and how GCC has had to adjust work environments and pay structures to battle the labor market. Onboarding, reboarding, and project management will be the focus of the co-op moving forward. Through all these challenges, we will continue to make sure farmers have what they need when they need it, from ag inputs and petroleum to grain storage solutions. Jeff talked of plans to build a grain shuttle loader. After numerous studies, it was determined the financial return will be profitable, and should not interfere with our relationship with Windriver. This project allows us to offer additional marketing options and have more logistical control to maximize efficiency and storage for our locations. Jeff shared renderings of the project and the new site that is near Tyson. The site would be named River Valley, in honor of Herb Clutter.

A video was shown highlighting the 7th Cooperative Principle of Community. It was created by GCC Communications Director Trevor Hands.

Tyler then introduced Tom Mulville with the nominating committee report. The nominating committee consists of Tom Mulville and Tim Miller. Nominees are Tyler Hands, Gordon Drees, and Kyle Deaver. Clayton Maddux asked for two selections to be made. There were no nominations from the floor. Tyler Hands and Gordon Drees were reelected to the board of directors. Nick Meuting oversaw the vote.

Years of Service Recognition: 5 Years-Gilberto Cruz, Chris Cruz, Brady Eakes, Norman Hensley, Matthew Jones, Felix Oronia and Darroch Perkins; 10 Years-Dustyn Arde and Jesse Ming; 15 Year-Ryan Kennedy and Cindy Kotara; 35 Year-Kevin Dickson and Ann Jackson; 40 Year-Chris Murphy; Retirement: Deb Lee.

Tyler asked for new business. There was no new or old business.

A Question-and-Answer session was then opened.

1. Will we own 100 % of the River Valley Terminal? Yes, it will be owned by GCC and our members.
2. Start Date of the Construction? Hoping for the spring of 2022 with a projected 14 months to build.
3. What is the cost of the project? We are approved up to 30 million.
4. How is the reaction from Windriver/Cargill? There will be discussion with Windriver on how we can work and evolve together.
5. Why will the facility be built from concrete rather than steel? Concrete is less expensive and lasts much longer.

Tyler issued a reminder that the Molz Scholarship is available for immediate family of members and employees and that patronage checks would be distributed the following week.

Early redemptions of stock up to \$1,000 were given to David Skipper, Monte Miller, Crait Tuttle, Josh Beaten, and Peter Kueker.

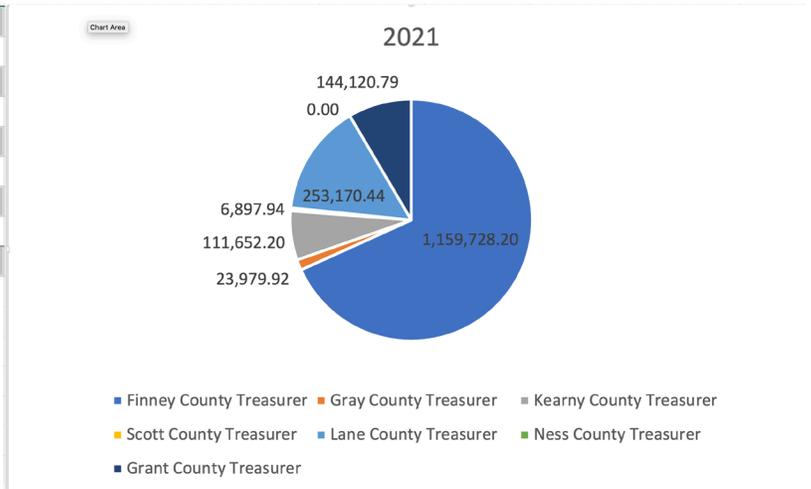
It was moved and seconded that the meeting be adjourned.

Chairman

Secretary/Treasurer

GCC GIVES BACK

	2021
Finney County Treasurer	1,159,728.20
Gray County Treasurer	23,979.92
Kearny County Treasurer	111,652.20
Scott County Treasurer	6,897.94
Lane County Treasurer	253,170.44
Ness County Treasurer	0.00
Grant County Treasurer	144,120.79
Total	1,699,549.49



FY 2021 GCC Property Tax Paid By County

Our Community R.E.A.C.H. Focus

Region: Preserve and increase access to the region's unique assets

Education: Support educational endeavors for youth and those pursuing continuing education

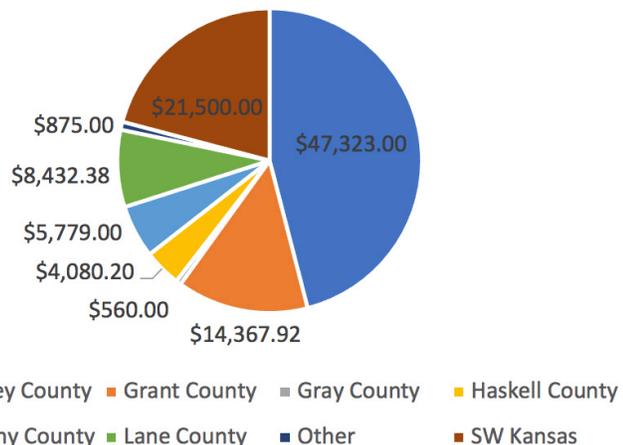
Agriculture: Promote agricultural programs in the community

Children: Improve children's physical, mental, emotional and overall wellbeing and sense of self by supporting various youth focused programs, including civic service, leadership and sports initiatives.

Hunger Relief: Support hunger relief initiatives, specifically food insecurity in school children.

Finney County	\$ 47,323.00
Grant County	\$ 14,367.92
Gray County	\$ 560.00
Haskell County	\$ 4,080.20
Kearny County	\$ 5,779.00
Lane County	\$ 8,432.38
Other	\$ 875.00
SW Kansas	\$ 21,500.00
Total	\$ 102,917.50

FY 2021-2022 CONTRIBUTIONS



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Nominated Members



Chris Fullmer*

Christopher Fullmer farms in southern Gove County where he raises dryland wheat and milo. He attended Kansas State University where he majored in Math and Psychology.

Christopher became an Associate Director of the Garden City Co-op in January 2014 and was elected to the Board of Directors December 2016.



Zion Roth*

Zion is a fourth generation farmer that grew up north of Holcomb and attended Holcomb High School. After graduating, he attended Fort Hays State University where he majored in Agronomy. After receiving his degree, he returned to the family farm located in the Garden city area. It is an irrigated and dry land operation that raises corn, milo, wheat, and sunflowers. He and his wife, Hannah, have one daughter, Nina.

Shane Browning graduated from Deerfield High School. He moved to Garden City and attended Garden City Community College where he studied Science and business management.

Shane is married to Kay Lynn Browning and they have two children: Parker and Hailee.

Shane is a first generation farmer who moved his family to Ulysses in 2008 to help his father-in-law on their fourth Generation farm. They farm dryland and irrigated acres of wheat, corn and milo and run a cow/calf herd.

Shane enjoys spending time with his family, hunting, camping and fishing.



Shane Browning

Kyle Deaver was raised in the Plymell area just south of Garden City. He attended Garden City High School and then furthered his education at Garden City Community College where he earned a certificate in agriculture in 2015. Kyle has been very active in agriculture since a young age, being involved in 4-H, FFA, Farm Bureau and is currently serving on the Finney Co. Fair board and has been an associate director on the GCC Board of Directors since 2018. He is the third generation to serve on the Garden City Coop Board, following in the footsteps of his grandfather (Harvey Richards; 1984-1995) and his father (Mike Deaver; 2004-2015).

Kyle is a third generation farmer on his family's farm south of Garden City, where he farms alongside his dad. Together they raise both irrigated and dryland wheat, corn, soybeans, milo, triticale and alfalfa in Finney, Gray and Haskell counties.

Kyle married Aleasha (Krehbiel) in June of 2015. They have two children together, Harper (4) and Jace (2).

* Incumbent

Your Management

The Garden City Co-op
Management Team



JEFF BOYD

General Manager/CEO



KELLY DREES

Chief Financial Officer



MICHAEL WISNER

Vice President - Grain



TREVOR WITT

Vice President - Agronomy



JEREMY PEEBLES

Vice President - Petroleum



HOLLY COWAN

Human Resources/Admin Services



MICHAEL DAVIS

IT Manager / Programmer



GRANT GEYER

Safety Director

Your Board

The Garden City Co-op Board of
Directors for 2022



TYLER HANDS

Chairman

Area Represented: Plymell / Deerfield
Term Expires: 2024
Served Since: 2012



GORDON DREES

Vice Chairman

Area Represented: Garden City
Term Expires: 2024
Served Since: 2015



CLAYTON MADDUX

Secretary / Treasurer

Area Represented: Deerfield
Term Expires: 2023
Served Since: 2017



CHRIS FULLMER

Asst Secretary / Treasurer

Area Represented: Dighton
Term Expires: 2022
Served Since: 2016



LYNN TEETER

Director

Area Represented: Ulysses
Term Expires: 2022
Served Since: 2013



MAX ENGLER

Director

Area Represented: Deerfield
Term Expires: 2023
Served Since: 2017



JOANNA SCHMEECKLE

Director

Area Represented: Plymell
Term Expires: 2023
Served Since: 2020



DYLAN LINENBERGER

Associate Director

Area Represented: Dighton
Term Expires: 2023
Served Since: 2020



KEITH MILLER

Associate Director

Area Represented: Garden City
Term Expires: 2022
Served Since: 2019



ZION ROTH

Associate Director

Area Represented: Dighton
Term Expires: 2024
Served Since: 2021



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Garden City, KS 67846
(620) 275-6161
www.gccoop.com

FORWARD SERVICE REQUESTED

THE GARDEN CITY CO-OP, INC.
Garden City, Kansas

CONSOLIDATED BALANCE SHEETS
August 31, 2022 and 2021

ASSETS		
	2022	2021
CURRENT ASSETS		
Cash	\$ 306,147.93	\$ 559,583.60
Accounts receivable - trade	6,801,108.63	4,736,378.13
Allowance for doubtful accounts	(50,000.00)	(73,750.00)
Grains receivable - trade	6,517,255.32	21,240,726.21
Grain storage receivable	1,229,362.62	940,531.75
Contracts to market	4,454,561.93	2,077,866.21
Margin deposits and derivative assets	5,983,436.84	5,409,464.33
Other receivables	1,635,655.49	2,123,140.60
Inventories	67,144,461.76	59,422,887.81
Prepaid commodities and expenses	4,624,020.35	2,043,671.81
TOTAL CURRENT ASSETS	98,646,010.87	98,480,500.45
INVESTMENTS AND OTHER ASSETS		
Corporate stock and equity	51,705,666.13	52,997,761.46
Limited liability companies	2,993,320.44	2,744,513.14
Deferred income taxes	390,942.63	0.00
Other assets	3,050,347.22	87,469.95
TOTAL INVESTMENTS AND OTHER ASSETS	58,140,276.42	55,829,744.55
PROPERTY, PLANT, AND EQUIPMENT		
Cost	104,982,316.74	98,590,986.88
Accumulated depreciation	(64,548,965.39)	(61,752,722.00)
NET PROPERTY, PLANT, AND EQUIPMENT	40,433,351.35	36,838,264.88
TOTAL ASSETS	\$ 197,219,638.64	\$ 191,148,509.88
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts, expenses, and taxes payable	\$ 12,763,791.26	\$ 11,817,721.55
Grain contracts payable	12,354,822.71	16,126,510.23
Collections received in advance	1,627,933.45	1,445,549.28
Current maturities of notes payable	44,491,639.27	42,391,545.72
Current maturities of capital lease obligations	693,405.15	505,450.93
Current maturities of patron notes payable	5,600,000.00	5,600,000.00
Patronage dividends payable	1,832,685.58	990,383.83
Equity retirements payable	0.00	500,000.00
Income taxes payable	892,973.26	272,717.33
TOTAL CURRENT LIABILITIES	80,257,250.68	79,649,878.87
LONG-TERM LIABILITIES, excluding current maturities		
Notes payable	8,150,007.00	6,423,339.00
Capital lease obligations	1,615,528.72	2,017,847.91
Grain contracts payable	1,491,604.26	3,639,404.54
Deferred income taxes	0.00	127,474.99
TOTAL LONG-TERM LIABILITIES	11,257,139.98	12,208,066.44
MEMBERS' EQUITY		
Common stock	28,735,018.18	30,831,439.57
Participating stock	8,883,533.12	7,921,572.61
Nonqualified notices of allocation	3,735,765.46	990,383.82
Equity retirements payable	0.00	(500,000.00)
Retained savings	61,300,584.00	59,959,698.62
Accumulated other comprehensive income	3,050,347.22	87,469.95
TOTAL MEMBERS' EQUITY	105,705,247.98	99,290,564.57
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 197,219,638.64	\$ 191,148,509.88

See accompanying notes.

THE GARDEN CITY CO-OP, INC.
Garden City, Kansas

CONSOLIDATED STATEMENTS OF OPERATIONS
For Years Ended August 31, 2022 and 2021

	2022	2021
SALES		
Grain	\$ 186,810,921.94	\$ 177,855,357.36
Supply	58,038,000.77	39,659,868.99
Commercial and wholesale	56,800,561.22	38,891,504.44
TOTAL SALES	301,649,483.93	256,406,730.79
COST OF SALES	273,903,982.24	233,483,558.01
GROSS MARGINS ON SALES	27,745,501.69	22,923,172.78
OTHER INCOME		
Storage and handling	2,306,982.14	1,919,723.59
Drying income	1,153.05	204,728.48
Service income	1,468,611.31	819,526.92
Freight income	504,347.83	785,872.38
Gain on disposal of property, plant, and equipment	365,205.73	233,916.95
Interest income and finance charges	102,493.23	64,324.14
Patronage dividends	941,691.65	1,084,771.70
Investment income and dividends on stock	1,125,658.93	994,273.68
Extinguishment of debt	0.00	1,707,565.82
Miscellaneous income	53,737.63	79,649.90
TOTAL OTHER INCOME	6,869,881.50	7,894,353.56
GROSS SAVINGS	34,615,383.19	30,817,526.34
EXPENSES		
Personnel costs	12,817,864.96	11,976,601.90
Fixed expenses	9,333,507.49	9,112,603.42
Other expenses	6,171,528.00	5,552,708.54
TOTAL EXPENSES	28,322,900.45	26,641,913.86
SAVINGS BEFORE INCOME TAXES	6,292,482.74	4,175,612.48
INCOME TAXES	(370,417.31)	205,786.87
NET SAVINGS	\$ 5,922,065.43	\$ 4,381,399.35
DISTRIBUTION OF NET SAVINGS		
Patronage dividends	\$ 4,581,713.96	\$ 1,980,767.65
Retained savings	1,340,351.47	2,400,631.70
TOTAL	\$ 5,922,065.43	\$ 4,381,399.35

See accompanying notes.