



# 2012 Legislative Report

## Introductions

- Clayton Short
  - Chairman of the Kansas Grain Sorghum Commission (KGSC)
  - From Assaria, KS, Saline County, District 5, Central Kansas
- Jill Barnhardt
  - Kansas Grain Sorghum Commission, Administrator, Lebo, KS

Today's KGSC report includes copies of:

- 2012 Commission Annual Report
- Current Independent Audit report from Varney & Associates of Manhattan, KS.

## Checkoff Program:

- Kansas sorghum is currently participating in the National Sorghum Checkoff Program.
- Current rate is 0.6 cents per farm gate value.
- The State checkoff was officially suspended on July 1, 2008.
- The Kansas Commission has received over \$2.5 million in passback dollars in the first 3 years of the USCP Program.
- This past year the commission voted to hold \$400,000 in reserve in fear of a continued drought. This will enable us to continue to fund continuing projects next year.
- USCP has paid over \$1.1 million to Kansas State University since the beginning of USCP.
- Examples of the some the great things that have come from the national program are
  - Larger pool of dollars for larger projects.
  - Unified voice in sorghum promotion.
  - Elimination of state duplication in sorghum research.
  - Most importantly, KGSC works together with USCP to put resources towards sorghum research.
- After three years of the national checkoff it is required to hold a referendum. The referendum is an opportunity for sorghum growers to decide if the checkoff should continue or not.
- Sorghum producers had the opportunity to vote in the month of February 2011. A total 400 Kansans exercised their right to vote for the sorghum checkoff and 57 percent voted in favor of the checkoff program. In total 76 percent of United States sorghum farmers voted to continue the USCP.
- United Sorghum Checkoff program has a 13 member board. Five members are from Kansas. (KGSC Members Jeff Casten & Bill Greving. Kansas Grain Sorghum Producers Association Members Earl Roemer & Greg Shelor and Adam Baldwin.

Kansas Research:

- The commission has funded over \$1.65 million dollars' worth of research with Kansas State University in 3 years.
- Some important areas to producers are:
  - Increasing Yield
  - Cold & Drought Tolerance
  - Weed Control
  - Sorghum in double cropping.
  - Develop germplasm with drought tolerance.
  - Planting dates, maturities, row spacing, and seeding rates.
  - Sorghum breeding for high production.
- KGSC Funded research to Huskie labeled for sorghum. Rec'd label approval 07/01/11.

Kansas Statistics:

- Kansas ranks 1<sup>st</sup> in the United States for sorghum production, producing over 50% of total sorghum.
- Kansas farmers produced 110 million bushels in 2011, down from 171 million in 2010 due to the drought in Kansas.

US Grain Council (USGC):

- KGSC is a member of the USGC.
- USGC brings sorghum buyers from other countries to International Grains Program (IGP) to learn how to buy and use sorghum.

Future of Grain Sorghum in Kansas:

- Increase in yields and gain in acres.
  - Capturing acres that have limited irrigation or water restricted areas-sorghum is the water sipping crop.
- |          | <b>Rain for first bushel</b> | <b>Bushels per inch after first inch</b> |
|----------|------------------------------|--|
| Sorghum  | 7 inches                     | 9 bushels/inch                           |
| Soybeans | 9.5 inches                   | 5.25 bushels/inch                        |
| Corn     | 10.5 inches                  | 11 bushels/inch                          |
- So using this information, Sorghum is more productive than soybeans in areas with less than 24 inches of rain (two to one price difference) and Sorghum is more productive than corn in areas with less than 27 inches of rain or irrigation.
  - The Conservation Reserve Program (CRP) – there acres coming out contracts are usually marginal soils and not irrigated. Sorghum has to be ready to take acres with herbicides, hybrids, and a plan to make this land/acres profitable.

Conclusion:

- The Kansas Grain Sorghum Commission plays a vital role in the future of grain sorghum production in Kansas by providing the sorghum producer with information and education. The commission also provides the seed and chemical industry with vital traits and technology that will be made available to the sorghum growers. Farmers need to have the confidence that the grain sorghum they plant will be both productive and profitable on their farms.

Questions:

**KANSAS GRAIN SORGHUM COMMISSION**

Lebo, Kansas

**FINANCIAL STATEMENTS**

**WITH**

**INDEPENDENT AUDITORS' REPORT**

September 30, 2011 and 2010



January 4, 2012

To the Commissioners  
Kansas Grain Sorghum Commission  
Lebo, Kansas

### Independent Auditors' Report

We have audited the accompanying statements of net assets of Kansas Grain Sorghum Commission (the Commission), a quasi municipal entity, as of September 30, 2011 and 2010, and the related statements of activities and cash flows for the year and fifteen months then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of Kansas Grain Sorghum Commission as of September 30, 2011 and 2010, and the changes in its net assets and cash flows for the year and fifteen months then ended in conformity with accounting principles generally accepted in the United States of America.

*Varney & Associates, CPAs, LLC*  
Certified Public Accountants  
Manhattan, Kansas

*Independent Auditors' Report*

House Ag. & Natural Resources  
March 7, 2012

Attachment 3-3

KANSAS GRAIN SORGHUM COMMISSION  
 Lebo, Kansas  
 STATEMENTS OF NET ASSETS  
 September 30,

	2011	2010
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash in checking	\$ 241,597	\$ 303,315
<b>TOTAL ASSETS</b>	<b>\$ 241,597</b>	<b>\$ 303,315</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>	\$ -	\$ -
<b>Net Assets</b>	241,597	303,315
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 241,597</b>	<b>\$ 303,315</b>

Financial Statements

House Ag. & Natural Resources  
 March 7, 2012  
 Attachment 3-4

The accompanying notes are an integral part of these financial statements.  
 See Independent Auditors' Report.

**KANSAS GRAIN SORGHUM COMMISSION**  
 Lebo, Kansas  
**STATEMENTS OF ACTIVITIES**  
 For the Year and Fifteen Months Ended September 30,

	2011	2010
<b>CHANGES IN NET ASSETS</b>		
<b>REVENUE</b>		
United Sorghum Check-off Program	\$ 795,945	\$ 445,683
Contract with United Sorghum Check-off Program for Research, Promotion & Marketing	849	110,000
Interest income	35	129
<b>Total Revenues</b>	\$ 796,829	\$ 555,812
 <b>EXPENSES</b>		
Programs Investment		
Foreign market development	\$ 31,000	\$ 26,000
KSU research	692,092	229,819
KSU Sorghum Improvement Center	50,000	50,000
Production research	-	6,000
Education	7,500	-
USDA	9,273	-
Administrative Expenses		
Promotion	8,781	4,250
Special projects	579	10,466
Administration	36,022	19,700
Commissioner travel	6,531	18,312
Contractor travel	7,811	1,659
Legal and accounting fees	2,900	2,600
Meeting expense	3,466	1,599
Postage and delivery	1,251	1,485
Bank fees	1,341	1,244
<b>Total Expenses</b>	\$ 858,547	\$ 373,134
 <b>INCREASE (DECREASE) IN NET ASSETS</b>	\$ (61,718)	\$ 182,678
 <b>NET ASSETS - BEGINNING OF FISCAL YEAR</b>	303,315	120,637
 <b>NET ASSETS - END OF FISCAL YEAR</b>	\$ 241,597	\$ 303,315

Financial Statements

House Ag. & Natural Resources  
 March 7, 2012  
 Attachment 3-5

**KANSAS GRAIN SORGHUM COMMISSION**  
 Lebo, Kansas  
**STATEMENTS OF CASH FLOWS**  
 For the Year and Fifteen Months Ended September 30,

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	\$ (61,718)	\$ 182,678
Change in net assets		
Adjustments to reconcile changes in net assets to net cash used by operating activities		
Increase (decrease) in accounts payable	\$ -	\$ (118,566)
<b>Total Adjustments</b>	<b>\$ -</b>	<b>\$ (118,566)</b>
 <b>NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	 <b>\$ (61,718)</b>	 <b>\$ 64,112</b>
 <b>NET INCREASE (DECREASE) IN CASH</b>	 <b>\$ (61,718)</b>	 <b>\$ 64,112</b>
 <b>CASH BALANCE - BEGINNING OF FISCAL YEAR</b>	 <b>303,315</b>	 <b>239,203</b>
 <b>CASH BALANCE - END OF FISCAL YEAR</b>	 <b>\$ 241,597</b>	 <b>\$ 303,315</b>

Financial Statements

The accompanying notes are an integral part of these financial statements.  
 See Independent Auditors' Report.

**KANSAS GRAIN SORGHUM COMMISSION**  
Lebo, Kansas  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2011 and 2010

**Note 1: Summary of Significant Accounting Policies**

**Organization**

The Kansas Grain Sorghum Commission (the Commission) is organized as an instrumentality of the state to conduct a campaign of grain sorghum promotion and market development through research, education and information. The Commission receives a passback from the United Sorghum Check-off Program (USCP). The passback accounted for all but \$35 and \$129 of the Commission's income for the year ended September 30, 2011 and the fifteen month period ended September 30, 2010, respectively.

**Method of Accounting**

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Income Taxes**

The Commission is a quasi municipal entity that is not subject to income tax and, accordingly, no provision has been made for income taxes.

**Pension Plan**

There is no formal pension plan.

**Cash and Cash Equivalents**

For the statement of cash flows, the Commission considers all short-term investments with a maturity of three months or less to be cash equivalents.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent Events**

Subsequent events were evaluated through January 4, 2012, which is the date the financial statements were available to be issued.

**Note 2: Cash**

At September 30, 2011, the carrying amount of the Commission's cash accounts was \$241,597 and the bank balance was \$247,153. The difference is outstanding checks. Of the bank balance, \$247,153 was covered by the Federal Deposit Insurance Corporation (FDIC).

At September 30, 2010, the carrying amount of the Commission's cash accounts was \$303,315 and the bank balance was \$306,213. The difference is outstanding checks. Of the bank balance, \$250,000 was covered by the FDIC.

**Note 3: Research Contracts**

The final payment on research contracts is due when the report is received. As no reports had been received as of September 30, 2011 and 2010, no payments have been accrued as of September 30, 2011 and 2010. The Commission paid \$101,197.25 on November 14, 2011 as final payment for open research contracts.