

Kansas Grain Sorghum Commission

**Financial Statements
As of September 30, 2021 and 2020
and For the Years Then Ended**

With Report by Independent Auditors



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To the Commissioners
Kansas Grain Sorghum Commission
Colwich, Kansas

January 17, 2022

Independent Auditor's Report

We have audited the accompanying financial statements of Kansas Grain Sorghum Commission (the Commission), a Commission of the State of Kansas, which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of September 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Year Financial Statements Audited by Other Auditors

The financial statements of the Commission as of and for the year ended September 30, 2020 were audited by other auditors who issued an unmodified opinion in their report dated January 19, 2021.

Kientz & Penick, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

	<u>2021</u>	<u>2020</u>
Current Assets		
Cash and cash equivalents	\$ 522,994	\$ 399,464
Due from others	10,600	-
Total Current Assets	<u>533,594</u>	<u>399,464</u>
 Total Assets	 <u>\$ 533,594</u>	 <u>\$ 399,464</u>
 Current Liabilities		
Accrued liabilities	\$ -	\$ 3,446
Escrow	3,500	3,500
Total Current Liabilities	<u>3,500</u>	<u>6,946</u>
 Net Assets		
Without donor restrictions	<u>530,094</u>	<u>392,518</u>
 Total Liabilities and Net Assets	 <u>\$ 533,594</u>	 <u>\$ 399,464</u>

	<u>2021</u>	<u>2020</u>
Revenues		
United Sorghum Check-off Program	\$ 863,177	\$ 851,226
Reimbursements	7,384	49,680
Miscellaneous income	600	5,570
Total Revenue	<u>871,161</u>	<u>906,476</u>
Expenses		
Program	683,598	920,897
Administrative	49,987	68,994
Total Expenses	<u>733,585</u>	<u>989,891</u>
Changes in Net Assets	<u>137,576</u>	<u>(83,415)</u>
Net Assets, Beginning	<u>392,518</u>	<u>475,933</u>
Net Assets, Ending	<u>\$ 530,094</u>	<u>\$ 392,518</u>

	2021			2020		
	Program	Management	Total	Program	Management	Total
Foreign market development	\$ 19,344	\$ -	\$ 19,344	\$ 45,655	\$ -	\$ 45,655
Domestic market development	238,050	-	238,050	1,500	-	1,500
KSU research	201,000	-	201,000	384,340	-	384,340
KSU Sorghum Improvement Center	16,500	-	16,500	201,000	-	201,000
Promotion	54,501	-	54,501	41,411	-	41,411
Education	16,240	-	16,240	16,650	-	16,650
USDA	25,650	-	25,650	31,950	-	31,950
Heart Plant Innovation	12,500	-	12,500	49,500	-	49,500
Administration	-	12,608	12,608	-	15,934	15,934
Commissioner travel	* 1,538	171	1,709	3,958	440	4,398
Field staff	* 2,921	324	3,245	3,131	348	3,479
Professional fees	-	4,750	4,750	-	4,535	4,535
Executive director	* 3,671	1,573	5,244	4,934	2,115	7,049
Payroll expense	* 91,683	30,561	122,244	136,868	45,622	182,490
Total	<u>\$ 683,598</u>	<u>\$ 49,987</u>	<u>\$ 733,585</u>	<u>\$ 920,897</u>	<u>\$ 68,994</u>	<u>\$ 989,891</u>

*The costs of administrative overhead have been allocated to the functions based on management's estimate of time and effort.

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 137,576	\$ (83,415)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
(Increase) decrease in due from others	(10,600)	-
Increase (decrease) in escrow account	(3,446)	-
Increase (decrease) in accrued liabilities	-	(1,339)
Total Adjustments	<u>(14,046)</u>	<u>(1,339)</u>
Net Cash Provided by (Used In) Operating Activities	<u>(14,046)</u>	<u>(84,754)</u>
Net Change in Cash, Cash Equivalents and Restricted Cash	123,530	(84,754)
Cash, Cash Equivalents, and Restricted Cash – Beginning	399,464	484,218
Cash, Cash Equivalents, and Restricted Cash – Ending	<u>\$ 522,994</u>	<u>\$ 399,464</u>

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

The Kansas Grain Sorghum Commission (the Commission) is organized as a commission of the State of Kansas to conduct a campaign of grain sorghum promotion and market development through research, education and information.

Basis of Accounting and Financial Reporting

The Commission's policy is to prepare its financial statements on the accrual basis of accounting in accordance with financial reporting provisions prescribed by the Financial Accounting Standards Board. This basis of accounting is commonly known as U.S. Generally Accepted Accounting Principles (U.S. GAAP).

Cash and Cash Equivalents

The Commission considers all cash and highly liquid financial instruments with original maturities of three months or less, to be cash and cash equivalents.

Financial Institution Risk

The Commission manages deposit concentration risk by placing banking deposits with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Commission has not experienced losses related to this type of risk.

Net Assets

Net Assets With Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Revenue Recognition – Checkoff Passback

Check-off passback revenues are recognized in the period appropriated by the United Sorghum Checkoff Program.

Functional Allocation of Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of these financial statements in conformity with generally accepted accounting principles requires the Commission to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates, and those differences could be material.

Income Taxes

The Commission is an entity created by the State of Kansas, action of which is codified in K.S.A. 2-3002. The Commission is not subject to income tax and, accordingly, no provision has been made for income taxes.

Subsequent Events

The Commission has evaluated subsequent events through January 17, 2022 which is the date the financial statements were available to be issued.

Note 1: Summary of Significant Accounting Policies (Continued)**Reclassifications**

Certain reclassifications have been made to the previously reported 2020 financial information which is currently presented as comparative information in these financial statements. These reclassifications were made to conform the presentation used for 2021 and had no effect on the total change in net assets reported for 2020.

Note 2: Cash

At September 30, 2021, the carrying amount of the Commission's cash accounts was \$522,994 and the bank balance was \$534,570. Of the bank balance, \$328,051 was secured by FDIC insurance and the remaining \$206,519 was unsecured.

At September 30, 2020, the carrying amount of the Commission's cash accounts was \$399,464 and the bank balance was \$410,243. Of the bank balance, \$250,000 was secured by FDIC insurance and the remaining \$160,243 was secured by the bank's pledge of marketable securities having a fair market value of \$ 583,756.

Note 3: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, during 2022:

	<u>Liquid</u>	<u>Not Available</u>	<u>Liquid and Available</u>
Cash and cash equivalents	\$ 522,994	\$ -	\$ 522,994
Due from others	10,600	-	10,600
	<u>\$ 533,594</u>	<u>\$ -</u>	<u>\$ 533,594</u>

As part of the Commission's liquidity management plan, cash in excess of daily requirements is maintained in interest bearing accounts.

Note 4: Concentration of Support

For each of the years ended September 30, 2021 and 2020, the Commission received substantially all of its support from passback revenues from the United Sorghum Check-off Program.

The amount of passback revenues received by the Commission is dependent upon the amount of grain sorghum produced and sold in Kansas. The Commission may be adversely affected if the production and sale of grain sorghum drops significantly. The Commission's management feels that the likelihood of this occurring is remote.

Note 5: Stewardship, Compliance, and Accountability**Budget**

In accordance with K.S.A. 2-3005, the Commission approved and maintained an operating budget for each of the years ended September 30, 2021 and 2020.

Reserve

In accordance with K.S.A. 2-3005, the Commission maintains a reserve of cash which does not exceed 125% of the previous five-year average for annual disbursements.

As of September 30, 2021, the cash balance was \$522,994 or 53% of the five year average disbursements of \$992,665. As of September 30, 2010, the cash balance was \$399,464 or 38% of the five year average disbursements of \$1,053,449.

Note 5: Stewardship, Compliance, and Accountability (Continued)

Depository Security Coverage

In accordance with K.S.A. 2-3008(b), the Commission is required to maintain depository security coverage for its banking deposits as explained in detail in Note 2 of these financial statements.