

Chairman Kevin Kniebel Commission Testimony

—to—

Kansas State Legislature
House & Senate Agriculture Committees

Wednesday, January 18, 2023

Comments from Kevin Kniebel, Chairman, Kansas Grain Sorghum Commission

Annual Report to the Kansas Legislature

January 18, 2023

Mr. Chairman and members of the committee, it is an honor to stand before you today and offer comments from the Kansas Grain Sorghum Commission. In addition to copies of my written testimony, we have presented to you our 2022 Annual Report and our annual financial audit completed by Pennick and Associates of Manhattan, Kansas.

My name is Kevin Kniebel and I farm near White City with my family. We are a farm and ranch operation and I am proud to be involved in the sorghum industry. I serve as Chairman of the Kansas Grain Sorghum Commission and represent USDA Crop District 8 of East-Central Kansas. I am encouraged when sorghum growers work together to invest our resources in order to continue moving the crop forward.



Here with me today is Jesse McCurry, executive director of the Kansas Grain Sorghum Commission, Maddy Meier, program director, and Sarah Sexton-Bowser with the Center for Sorghum Improvement, housed at Kansas State University. We have also brought on a new Collegiate Fellow, Adelaide Easter, who is a sophomore at Kansas State University studying Agricultural Economics from Salina.

The sorghum industry continues to command opportunities for profitability in our region as a result of sound investment, market demand, and resource limitations. It is important to note there is no state checkoff for sorghum in Kansas as it was voluntarily suspended to help create the United Sorghum Checkoff Program (Sorghum Checkoff) in 2008, which oversees a national sorghum assessment of 0.6 percent of a bushel of sorghum's market value at first point of sale. However, the Kansas Grain Sorghum Commission is the largest state recipient of "passback" funding from the Sorghum Checkoff as Kansas continues to lead the nation in total sorghum production. Together with the Sorghum Checkoff, the Kansas Grain Sorghum Commission serves sorghum farmers in our state by leading strong efforts in market development, research, and promotion.

Our Commission budget for varies but is focused as you will see in the additional materials.

Kansas also continues to have a great delegation guiding the Sorghum Checkoff as five Kansas sorghum farmers, all nominated by the Kansas Grain Sorghum Commission and appointed by the U.S. Secretary of Agriculture, serve as a plurality of its 13-member Board of Directors:

- Kendall Hodgson, Vice Chairman, Little River
- Jeffrey Zortman, Treasurer, Fowler
- Shayne Suppes, Scott City
- Macy Mueller, Halstead
- Kim Baldwin, Inman

In light of resource limitations facing our region, I want to emphasize that sorghum is becoming recognized as *the* Resource-Conserving Crop™.¹ Sorghum is a hardy and high residue crop that efficiently uses soil moisture, reduces irrigation water needs, and is heat and drought tolerant.² Simply speaking, sorghum adds flexibility into farmers' rotation systems across the High Plains.

Kansas sorghum farmers are also early adopters of sustainable agricultural practices such as conservation tillage, diversified crop rotations, and minimizing water footprints.³ Telling sorghum's sustainability story and benchmarking our positive impact upon ecosystems and landscapes is a key strategy in our mission of helping farmers maintain profitability with fewer inputs, building lasting consumer awareness, and meeting rising consumer demand for sustainable and responsibly sourced agricultural products grown here in our nation's heartland.

¹ High Plains Journal. "[Sorghum-A Sustainable and Resource-Conserving Crop](#)." October 25, 2022.

² 7 CFR Part 1470.3 "Resource-Conserving Crop, Subpart 4", <https://www.ecfr.gov/current/title-7/subtitle-B/chapter-XIV/subchapter-B/part-1470>

³ United Sorghum Checkoff Program. "[Sustainability Analysis - 2020 On-Farm Practices Report](#)". 2022.



2022 was a year of exceptional drought throughout the Central U.S. Unfortunately, Kansas was the epicenter of one of the nation's most intense droughts in decades.⁴ Crops across the board, including sorghum, suffered as a result. Generally speaking, however, sorghum can produce a yield where other crops cannot. It is especially important in areas wherever low and sporadic rainfall and high temperatures limit the production of other summer crops, not just in the U.S.—which is the top sorghum producing nation—but globally, as well. Farmers rely on sorghum as a resource-conserving crop primarily in dryland crop rotation systems across the High Plains to decrease their inputs, manage production risks, and maintain profitability.

In Kansas, sorghum begins to produce grain once six to seven inches of water has been used by the plant compared to other grains, which may require 10 to 11 inches of water to begin producing grain. In 2022, parts of the state that usually receive 15-20 inches of annual rainfall only observed little more than seven to eight inches of rain the entire year. Sorghum is not typically grown under irrigation because it is well-adapted to producing yields on dryland acres across the nation, especially here in Kansas.⁵ However, when grown under irrigation, sorghum can really turn heads and save farmers on irrigation costs. In fact, my fellow Kansas Grain Sorghum Commissioner, Brant Peterson, representing USDA Crop District 3 of Southwest Kansas, produced 245.8 bushels of sorghum with just five inches of rain and 10 inches of supplemental irrigation in Stanton County in 2022.⁶

We are now at the cusp of a promising 2023 and sorghum is encouraged by several factors:

First, the development of better hybrids means more competition.

Second, demand diversification is a major priority of our organizations. The Kansas Grain Sorghum Commission wants to support information and education around needed infrastructure needs, for example.

Finally, I want to remind the legislature of the existence and growth of the Center for Sorghum Improvement at Kansas State University. The Collaborative Sorghum Investment Program (CSIP) is the industry's premier platform for moving sorghum forward in Kansas and throughout the country through maximized strategic investment. The Kansas Grain Sorghum Commission now funds CSIP's efforts in a major way. As major investors, we sit on the board of CSIP and increasingly mobilize Commission investments and strategy around what CSIP is doing. We only expect this to continue and accelerate. Because we can match funds there and go after other funding opportunities, that state can see a better return. I would be remiss if I didn't mention that the State of Kansas can step up their investment in sorghum. Not only in the Water Vision but also in direct investment into CSIP.

Included in our packet is an Annual Report document, our audit, and other informational materials. It is our pleasure to provide this report and we look forward to your questions.

⁴ Kansas State University. "[Drought Progression In Kansas during the 2022 Growing Season](#)." Department of Agronomy. October 6, 2022.

⁵ Kansas State University. "[Grain Sorghum](#)." Department of Agronomy.

⁶ Progressive Farmer. "[Southwest Kansas Growers Earn Bin Buster Award With 245.8 BPA Sorghum](#)". December 21, 2022





Kansas Grain Sorghum Commission
ANNUAL REPORT



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Chairman's Letter: A Producer's Perspective of 2022

I would like to share with you a producer's perspective of the past year in the Kansas sorghum industry, and the promising future I see. The weather challenges have shown even more the sustainability that sorghum brings to the table. How do I define sustainability? Actually, stewardship and sustainability are terms I find hard to separate, so I will expound on both.

Sorghum offers water management opportunities that enable both dryland and irrigated operations options for conservative water usage. The 2022 national sorghum yield winner is a producer from the extreme drought area of western Kansas and achieved 245 bushel per acre with only 5 inches of rainfall and 10 inches of irrigation. This shows one of the reasons the state and the Center for Sorghum Improvement (CSIP)'s investment through Drop XL and the state water program, is so important.

Adding sorghum into a crop rotation not only increases biodiversity for wildlife habitat but also soil health. It provides taller residue above ground and root structure below ground to decrease wind and water erosion, while increasing snowfall retention for an improved soil moisture profile. Sorghum is a hardy resource-conserving and enhancing crop.

Because of water management concerns, one of the many items of interest has been gaining more

interest from dairies and feedlots in both grain sorghum and forage sorghum. The demand from dairies is only going to be increasing with the new milk processing facilities in southwest Kansas.

Because of the amount and quality of sorghum residue, cattle producers use it for economical grazing during the winter. This decreases cow feed costs and is a huge benefit to their bottom line. Ethanol continues to be an important market for grain sorghum as well as demand for distillers by-products for feeding. Ethanol is also another step forward to increased energy security.

We very much appreciate a partnership with Kansas State University as a key stakeholder with Kansas Sorghum. CSIP resides there and together with K-State and others, great research is being conducted for the benefit of the sorghum industry.

We thank you, Kansas leaders, for your continued interest and support of the Kansas sorghum industry and look ahead to a productive alliance.



Sincerely,

Kevin W. Kniebel

Kevin Kniebel
Chairman & Farmer
White City, Kansas

2022 Kansas Sorghum at a Glance



3.1 million acres were harvested, down 9%



124 million bushels of grain sorghum were produced, down 53%



Farmers harvested an average of **40 bushels per acre**, down 38 bushels



- 82** MBU Exports
- 23** MBU Livestock Feed
- 20** MBU Ethanol
- 14** MBU Carryover

\$1.8
BILLION

The 2022 Kansas crop was valued at **\$1.8 billion**

Kansas growers **gave \$8.4 million** in assessments to the Sorghum Checkoff in 2022

Kansas **received \$2.1** in passback dollars to invest in research, market development & education

Kansas Grain Sorghum Commission Board



Board members help prepare the 2023 fiscal year budget in Great Bend

The Kansas Grain Sorghum Commission Board is committed to sorghum promotion, research, and information designed to strengthen, expand and develop new foreign and domestic markets for sorghum.

- Kevin Kniebel, *Chairman*, White City
- Brant Peterson, *Vice Chair*, Johnson
- Kevin Harris, *Secretary/Treasurer*, Abilene
- Nathan Larson, Riley
- Jon Berning, Scott City
- Clark Bibb, Coldwater
- Evan Lesser, Palco
- Mike Rosebrook, Beverly
- Max Tjaden, Clearwater

Stay in the Know

Hear our monthly industry Sorghum State Podcast on Apple Podcasts, Spotify, Amazon Music, or any other platform you choose to listen.

Subscribe to our free monthly e-newsletter, the Kansas Sorghum Leader, at KSGrainSorghum.org/Subscribe.



Sorghum Checkoff Board

Five Kansans currently serve on the Sorghum Checkoff Board of Directors:

- Kendall Hodgson, Vice Chairman, Little River
- Jeff Zortman, Treasurer, Fowler
- Macey Mueller, Halstead
- Kim Baldwin, Inman
- Shayne Suppes, Scott City

Leadership Sorghum

Three Kansans are members of Leadership Sorghum Class VI:

- Jeremiah Nicholson, Dodge City
- Clint France, Scott City
- Brad Haynes, Hays

Top 5 Exporters by Bushels + Value

U.S. SORGHUM 2021/2022 MARKETING YEAR



1

104 MBU
\$2,261,634,833



4

1.9 MBU
\$44,226,354



2

5.7 MBU
\$98,040,478



5

1.5 MBU
\$28,205,732



3

2.2 MBU
\$44,604,185

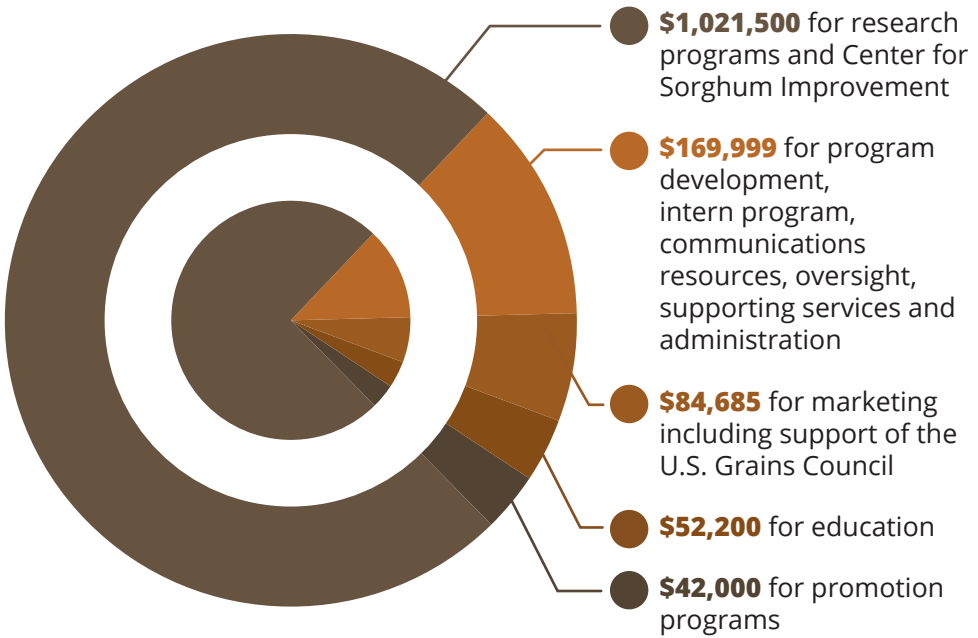
\$869 MILLION

The value of sorghum exports from Kansas was **\$869 million**



This year defined sorghum as the sustainable crop. With many of the acres of the USDA's 2022 \$65 million grant being located in Kansas, the opportunities to improve production practices are nearly sky high. As a result of the generous funding, KGSC took the initiative to fund two-year research projects conducted by the Center for Sorghum Improvement that focus on genetic advancement, improving sorghum water-sipping qualities, and more.

2022 KGSC BUDGET



Kansas Sorghum Investments

In 2022, the Kansas Grain Sorghum Commission board invested in the following research and projects to help Kansas farmers gain more value.

- Center for Sorghum Improvement: **\$200,000**
- Rapid advancement of sorghum traits with genomics-assisted breeding: **\$110,000**
- Sorghum improvement for enhanced productivity, nutritional attributes and resilience: **\$100,000**
- Developing value-added food ingredients from waxy sorghum: **\$90,500**
- Match fund for selected federal grants and joint projects: **\$300,000**
- Application of biotechnology technology for the management of Palmer amaranth in grain sorghum: **\$90,000**

GROWERS WORKING TOGETHER



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To the Board of Commissioners
Kansas Grain Sorghum Commission
PO Box 618
Colwich, KS 67030

January 9, 2023

We have audited the financial statements of Kansas Grain Sorghum Commission (the Commission) as of and for the year ended September 30, 2022, and have issued our report thereon dated January 9, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 1, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Significant Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Commission are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2022. We noted no transactions entered into by the Commission during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We did not identify any significant estimates.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Managements

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated 1/9/2023.

Significant Audit Matters (Continued)*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Commission's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Management Consultations with Us

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Commission's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Audit Findings or Issues

During our testing of reimbursements from the Commission to the Kansas Grain Sorghum Producer's Association (the Association), it was noted that several payments were made from the Commission directly for payroll related items. All withholdings and payroll related expenses should be paid by the Association as the payroll is processed by this entity and the employees are all employed by the Association. Reimbursements then can be made from the Commission to the Association.

Limitation on the Use of This Report

This information is intended solely for the use of the Board of Commissioners and management of the Commission and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants
Manhattan, Kansas

Kansas Grain Sorghum Commission

**Financial Statements
As of September 30, 2022 and 2021
and For the Years Then Ended**

With Report by Independent Auditors



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To the Commissioners
Kansas Grain Sorghum Commission
P.O. Box 618
Colwich, KS 67030

January 9, 2023

Independent Auditor's Report

Opinion

We have audited the accompanying financial statements of the Kansas Grain Sorghum Commission (the Commission), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the Commission's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial

likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Kientz & Penick, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 765,459	\$ 522,994
Certificate of deposit	400,000	-
Due from Kansas Grain Producer's Association	4,778	10,600
Total Assets	<u>\$ 1,170,237</u>	<u>\$ 533,594</u>
Liabilities and Net Assets		
Liabilities (Each is Current)		
Escrow	\$ 3,500	\$ 3,500
Net Assets		
Without donor restrictions	<u>1,166,737</u>	<u>530,094</u>
Total Liabilities and Net Assets	<u>\$ 1,170,237</u>	<u>\$ 533,594</u>

	<u>2022</u>	<u>2021</u>
Revenues		
United Sorghum Check-off Program	\$ 1,371,601	\$ 863,177
Reimbursements	-	7,384
Miscellaneous income	7,397	600
Total Revenues	<u>1,378,998</u>	<u>871,161</u>
Expenses		
Program services	707,115	683,598
Supporting services	35,240	49,987
Total Expenses	<u>742,355</u>	<u>733,585</u>
Total Changes in Net Assets	636,643	137,576
Net Assets - Beginning	<u>530,094</u>	<u>392,518</u>
Net Assets - Ending	<u>\$ 1,166,737</u>	<u>\$ 530,094</u>

	2022			2021		
	Program Services	Supporting Services	Total Expenses	Program Services	Supporting Services	Total Expenses
Foreign market development	\$ 66,440	\$ -	\$ 66,440	\$ 19,344	\$ -	\$ 19,344
Domestic market development	26,500	-	26,500	16,500	-	16,500
KSU research	215,517	-	215,517	238,050	-	238,050
KSU Sorghum Improvement Center	201,000	-	201,000	201,000	-	201,000
Promotion	54,505	-	54,505	54,501	-	54,501
Education	21,917	-	21,917	16,240	-	16,240
USDA	7,500	-	7,500	25,650	-	25,650
Heartland Plant Innovation	-	-	-	12,500	-	12,500
Administration	16,309	-	16,309	-	12,608	12,608
Commissioner travel	* 6,439	715	7,154	1,538	171	1,709
Field staff	* 4,747	528	5,275	2,921	324	3,245
Professional fees	-	4,100	4,100	-	4,750	4,750
Executive director	* 12,071	5,174	17,245	3,671	1,573	5,244
Payroll expense	* 74,170	24,723	98,893	91,683	30,561	122,244
Total Expenses	\$ 707,115	\$ 35,240	\$ 742,355	\$ 683,598	\$ 49,987	\$ 733,585

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

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Total changes in net assets	\$ 636,643	\$ 137,576
Adjustments to Reconcile to Net Operating Cash Flow		
(Increase) decrease in due from others	5,822	(10,600)
Increase (decrease) in accrued liabilities	<u>-</u>	<u>(3,446)</u>
Net Cash Provided by Operating Activities	<u>642,465</u>	<u>123,530</u>
Cash Flows from Investing Activities		
Purchase of certificate of deposit	<u>(400,000)</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	242,465	123,530
Cash and Cash Equivalents – Beginning	<u>522,994</u>	<u>399,464</u>
Cash and Cash Equivalents – Ending	<u>\$ 765,459</u>	<u>\$ 522,994</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. The Commission is governed by a 10 member board of commissioners.

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. During the years ended September 30, 2022 and 2021, 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.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition – Checkoff Passback

Revenue related to check-off passback is recognized in the year which the United Sorghum Checkoff Program recognizes the revenue and passes through the funds.

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.

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

The Commission has evaluated subsequent events through January 9, 2023 which is the date the financial statements were available to be issued.

Note 2: Liquidity and Availability

Financial assets as of September 30, 2022 which are available for general expenditure, that is, without donor or other restrictions limiting their use, during the year ended September 30, 2023:

	Liquid	Not Available	Liquid and Available
Cash and cash equivalents	\$ 765,459	\$ -	\$ 765,459
Certificate of deposit	400,000	-	400,000
Due from others	4,778	-	4,778
	<u>\$ 1,170,237</u>	<u>\$ -</u>	<u>\$ 1,170,237</u>

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

Note 3: Concentration of Support

For each of the years ended September 30, 2022 and 2021, 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 4: Stewardship, Compliance, and Accountability**Approved Operating 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, 2022 and 2021.

Cash Reserve Limitations

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, 2022, the cash balance was \$765,459 or 85% of the five year average disbursements of \$904,665. As of September 30, 2021, the cash balance was \$522,994 or 53% of the five year average disbursements of \$992,665.

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.

At September 30, 2022, the carrying amount of the Commission's banking deposits was \$1,165,459 and the bank balance was \$1,168,274. Of the bank balance, \$250,000 was secured by FDIC insurance and the remaining \$918,274 was secured by pledged securities held by an independent third-party bank in the Commission's name.

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.

Note 5: Kansas Grain Sorghum Producer's Association

The Commission shares employees with the Kansas Grain Sorghum Producer's Association (The Association). The Association is responsible for all payroll processing and reporting. The Commission reimburses the Association for its share of the expense, which is based on time and effort of the employee. The amount of this reimbursement is shown on the Statement of Functional Expense as payroll expense.

Kansas Grain Sorghum Commission Audit - 2022 Adjustments

Adjustment 1

(A) - Reclassify transactions recorded in payroll liability account to appropriate accounts.

Account	Debits	Credits
5190 - Payroll Expenses	37,670.00	-
1500 - Accounts Receivable	4,808.00	-
5160 - Life Insurance Policy	16.00	-
2010 - Payroll Liabilities	-	42,494.00
Totals	42,494.00	42,494.00

Adjustment 2

(A) - Roll forward net assets. (record revenue from deleted outstanding checks)

Account	Debits	Credits
3005 - Retained Earnings	3,104.00	-
4000 - Misc Income	-	3,104.00
Totals	3,104.00	3,104.00