



**KANSAS GRAIN SORGHUM COMMISSION  
TESTIMONY & ANNUAL REPORT**

*Presented to:*

**Kansas State Legislature  
House & Senate Committees on Agriculture & Natural Resources  
Topeka, KS**

**Wednesday, January 17, 2024**

*Presented by:*

**Brant Peterson, Chairman  
Johnson, KS**

## **Introduction**

Mr. Chairman and members of the committee, it is an honor to provide you with comments from the Kansas Grain Sorghum Commission and inform you about the state of our industry going into 2024. In addition to copies of my written testimony, we have presented to you our 2023 Annual Report and our annual financial audit completed by Kientz & Penick CPAs, LLC of Manhattan, Kansas.

My name is Brant Peterson and I am a fifth-generation farmer from Johnson, the county seat of Stanton County, where I grow sorghum, corn, and wheat in rotation on both irrigated and dryland acres. I have served on many state and local boards and I am passionate about Kansas, sorghum, and water. I am also serving my first year as Chairman of the Kansas Grain Sorghum Commission<sup>1</sup>. The Kansas Grain Sorghum Commission is a farmer-led board elected by sorghum growers within the nine crop reporting districts of Kansas. We are committed to sorghum promotion, research, and information designed to strengthen, expand and develop new foreign and domestic markets for sorghum.

Joining me today are staff for the Kansas Grain Sorghum Commission, Adam York and Maddy Meier, as well as our colleague Sarah Sexton-Bowser with the Center for Sorghum Improvement, housed at Kansas State University, under the Collaborative Sorghum Investment Program (CSIP).

## **Collaborative Sorghum Investment Program (CSIP)**

CSIP is a collaboratively funded ten-year initiative by the Kansas Grain Sorghum Commission, United Sorghum Checkoff Program, K-State, and the Kansas Department of Agriculture.<sup>2</sup> CSIP aims to streamline the evaluation and transfer of crop breeding tools and genetic markers for the rapid incorporation of high-value traits into mainstream sorghum varieties. Additionally, CSIP dedicates resources to the creation of innovative feed grain sorghum varieties that possess highly demanded traits from the livestock sector such as high protein and starch content.

## **United Sorghum Checkoff Program (USCP)**

The United Sorghum Checkoff Program (USCP) is the national-level research and promotion board regulated by the U.S. Department of Agriculture and collects assessments of six-tenths of one percent the market value of a bushel of grain sorghum at first point of sale (the sorghum checkoff). Established in 2008 by order of the USDA, USCP just marked its 15th year. The Kansas Grain Sorghum Commission receives passback funding from USCP annually to invest sorghum checkoff resources within our state. Additionally, as a national checkoff, USCP does invest in projects in Kansas, including sustainability programming to quantify the ecosystem service impacts of sorghum-based rotations<sup>3 4</sup>.

The Kansas Grain Sorghum Commission caucus together with other Qualified State Organizations (QSO) representing Kansas sorghum growers annually to provide nominees from

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<sup>1</sup> Kansas Grain Sorghum Commission. "[Commission Leadership](#)." 2023.

<sup>2</sup> Center for Sorghum Improvement. "[Founding Investment](#)." 2024.

<sup>3</sup> United Sorghum Checkoff Program. "[Sustainability Analysis - 2021 On-Farm Practices Report](#)." 2023.

<sup>4</sup> United Sorghum Checkoff Program. "[Sustainability Analysis - 2022 On-Farm Practices Report](#)." 2023.

our state for the U.S. Secretary of Agriculture to name appointees to USCP's Board of Directors. Today, five USCP board seats are reserved for Kansas producers as the largest sorghum-producing state in the nation.<sup>5</sup> Those five seats constitute a plurality of USCP's 13-member, farmer-led board. These Kansans are:

- *Kendall Hodgson, Little River - Chairman*
- *Kim Baldwin, Inman - Treasurer*
- *Jeffry Zortman, Fowler*
- *Macey Mueller, Halstead*
- *David Schemm, Sharon Springs*

### **State of the Industry**

Of the 28 sorghum-producing states, Kansas ranks first in sorghum production followed by Texas, Oklahoma, and Colorado. According to estimates prepared by the Kansas Department of Agriculture, our state's sorghum industry has a direct output of \$1.48 billion and creates 3,192 jobs in the state.<sup>6</sup>

According to USDA's National Agricultural Statistics Service, sorghum acreage planted and harvested in Kansas held steady at 3.3 million acres in 2023. With an average of 56 bushels per acre, Kansas farmers produced 185 million bushels of grain sorghum.

### **Economic Impact**

As mentioned above, Kansas leads U.S. sorghum production nationally, which contributes to the state's economy with a direct output of \$1.48 billion and over 9,400 jobs. The Kansas Grain Sorghum Commission, in collaboration with partners, focuses on leadership development, educational initiatives, and global trade missions. We work in tandem with international trade cooperators, including the U.S. Grains Council, and we welcomed the largest trade team of sorghum purchasers from China since 2020 this past summer on Vice Chairman Kevin Kniebel's farm near White City. We are also supportive of global sorghum research and we recognize K-State for recently launching the Global Collaboration for Sorghum and Millet in June 2023.<sup>7</sup>

### **Commission Investments in 2023**

The Kansas Grain Sorghum Commission approved several targeted investments last year with an opportunity to continue the momentum on many of these projects in the year ahead. These projects include:

- *CSIP* - In its seventh year of the decadal program, CSIP made three new investments in traits: root traits, chinch bug tolerance, and gene flow mitigation to support regulatory approval for new fitness improvement traits in sorghum;

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<sup>5</sup> United Sorghum Checkoff Program. "[Board of Directors](#)." 2024.

<sup>6</sup> Kansas Department of Agriculture. "[Sorghum](#)." Kansas Ag Summit. 2023

<sup>7</sup> Kansas State University. College of Agriculture. "[Global Collaboration on Sorghum & Millet](#)."

- *Novel weed management* - made advancements in protocols to develop transformation methods for Palmer amaranth;
- *Aqua culture* - Sorghum-based aquatic feed for shrimp and tilapia were found to be equal to wheat-based aquatic feed in animal performance/growth with some indication that overall process energy consumption for the former was also lower;
- *High-value starches* - developed a quick method to identify waxy sorghums, and methods to isolate pure sorghum starches for high value markets;
- *Seed trait technology* - Felderhoff lab advanced several emerging traits in the 2023 field season - early season chilling, a new mechanism for Sugarcane Aphid (SCA) tolerance which may enhance current industry tolerance, limited transpiration to shift respiration water use from early season to grain fill period and develop staygreen markers for the multiple staygreen genes utilized in product development. The K-State Molecular Breeding lab has enabled seed trait development in three public and six private sorghum breeding programs for key traits.

### **Water Conservation**

Kansas has invested substantially in water conservation initiatives and has been investing in sorghum drought tolerance trait technology for many years. Sustainable water conservation is not only good for our natural resources, but also for the long-term economic outlook of our rural communities, especially those in Western Kansas. Sorghum is not typically grown under irrigation because it is well-adapted to producing yields on dryland acres globally and across the nation and especially here in Kansas.<sup>8</sup> However, the crop can be one of the keys to unlock the solution to sustaining our water when used in rotation under pivots and we continue to seek new markets in the ethanol and consumer-food packaged goods (CPGs) sectors to add value and increase adoption of sorghum across the state.<sup>9</sup>

### **Conclusion**

I truly believe sorghum has entered a new era and I am proud to lead the sorghum industry as its Commission Chairman. Just as Kansas leads the nation in sorghum production, the Kansas Grain Sorghum Commission stands ready to help lead our agricultural economy forward and advance the livelihoods of the Kansas sorghum farmers we represent.

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

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<sup>8</sup> Kansas State University. "[Grain Sorghum](#)." Department of Agronomy.

<sup>9</sup> United Sorghum Checkoff Program. "[Sorghum & Water Conservation](#)" Youtube. May 2023.



# 2023

KANSAS GRAIN SORGHUM COMMISSION  
**ANNUAL REPORT**

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## Chairman's Letter: A New Era

From the challenging year of 2022 to the challenging year of 2023, Kansas farmers have had to make on-the-fly changes to work through many issues. Nevertheless, a new era within the sorghum industry has risen. Despite all doubts, sorghum acres were up 13% from last year. With this excitement and faith surrounding the sorghum crop, we knew a successful year was waiting for us. As a native of western Kansas and a fifth-generation farmer, I know how vital this crop is to our state.

One of the goals of the Kansas Grain Sorghum Commission is to cultivate relationships with overseas partners and stakeholders. This June, along with the Sorghum Checkoff and U.S. Grains Council, we assisted in the successful execution of Export Sorghum, a summit focused on connecting buyers and merchants from multiple countries, including China, a leader in U.S. sorghum exports. Nearly 30 attendees visited the operations of sorghum leaders and were able to have a firsthand glimpse of Kansas agriculture, and it was clear they were very excited about sorghum. This was the largest delegation in several years.

Team Sorghum is at the forefront of the conservation and sustainability movement. Kansas sorghum is the poster child for sustainability, with

its power to sip water and withstand even one of history's scorching droughts. The Sorghum Checkoff presented a video series this year that further highlights sorghum's abilities in the areas of water usage, soil health, and more.

As always, the Kansas Grain Sorghum Commission continues to partner with the Center for Sorghum Improvement in order to assist in the center's goals of increasing the yield, demand, and value of sorghum. We would like to congratulate the CSIP team on the grant they received earlier this fall so they can continue to provide innovative ways to allow for breakthroughs within the sorghum industry.

A few months back, I mentioned on the Sorghum State Podcast how it is such an exciting time to be involved with sorghum and how the wind is at our backs and the sun is in our eyes. I am excited for my new role as chairman and the opportunity to lead the commission forward to continuing to promote sorghum's success in and out of the field.



Sincerely,

**Brant Peterson**  
Chairman & Farmer  
Johnson, Kansas

# 2023 Kansas Sorghum at a Glance

**3.3**  
million acres

3.3 million acres were harvested

**185**  
million acres

185 million bushels of grain sorghum were produced

**56**  
bu per acre

Farmers harvested an average of 56 bushels per acre

**\$1.48 B**

The Kansas Department of Agriculture's 2023 Growth Sector document indicates the Kansas sorghum industry has created over **3,100 job opportunities** + creates an approximate **direct output of \$1.48 billion**

## Market Usage



- 109 MBU Exports
- 60 MBU Feed + Residual
- 42 MBU Food, Seed + Industrial



Exports represent **58 percent** of U.S. sorghum production during 2017-2024

Kansas growers gave **\$4,273,226** in assessments to the Sorghum Checkoff

Kansas received **\$1,046,887** in passback funds from the Sorghum Checkoff



## KGSC Board of Directors

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.

- Brant Peterson, *Chairman*, Johnson
- Jon Berning, Scott City
- Kevin Kniebel, *Vice Chair*, White City
- Matt Benoit, Damar
- Kevin Harris, *Secretary/Treasurer*, Abilene
- Max Tjaden, Clearwater
- Nathan Larson, Riley
- Clark Bibb, Coldwater
- Evan Lesser, Palco
- Blake Connelly, Offerle

## Sorghum Checkoff Board of Directors

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
- David Schemm, Sharon Springs

## Leadership Sorghum

Three Kansans are members of Leadership Sorghum Class VI:

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



## 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](https://KSGrainSorghum.org/Subscribe).

## Top 5 Sorghum Exporters by Bushels + Value



1

China

34 MBU  
\$708,003,537



2

Mexico

3.2 MBU  
\$60,507,230



3

Sudan

1.9 MBU  
\$41,202,150



4

Eritrea

1 MBU  
\$18,423,000



5

Djibouti

894,628 BU  
\$18,936,322

**\$1.1 B**

The value of sorghum exports from Kansas was **\$1.1 billion**



### KGSC WIN: Chinese Trade Team

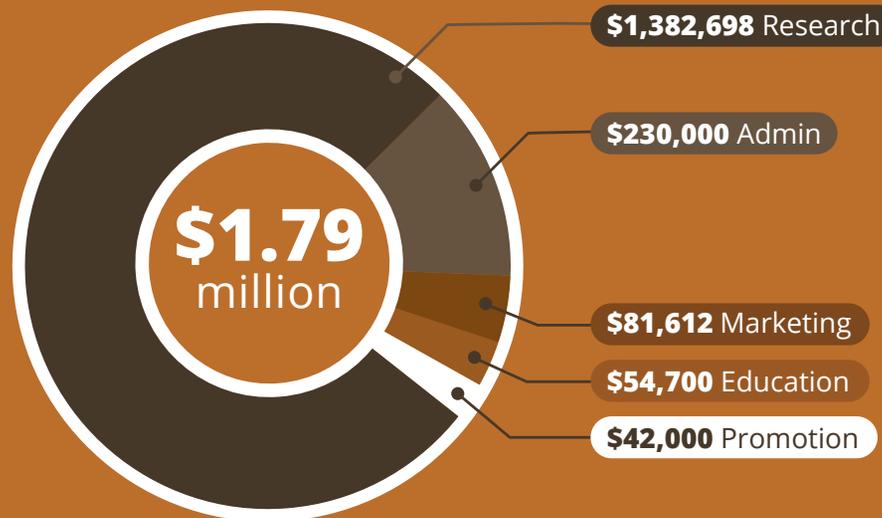
In June, in partnership with the U.S. Grains Council and the United Sorghum Checkoff Program (USCP), the Kansas Grain Sorghum Commission hosted a trade team from China—the largest since 2020. Here, they are pictured with KGSC Vice Chairman Kevin Kniebel on his operation in White City.



### KGSC WIN: Supporting Youth AG Education

The Commission strives to enhance agricultural education opportunities for students across the state through the support of programs such as the Kansas FFA Foundation and the Kansas Foundation for Ag in the Classroom.

## 2023 KGSC Budget



### Kansas Sorghum Investments

In 2023, the Kansas Grain Sorghum Commission board invested in the following research and projects to help Kansas farmers gain more value.

- Optimization of in-vitro regeneration to create sustainable sorghum weed management and controlling traits, led by Jugulam and Trick.
- The Felderhoff lab has developed a sorghum (sugarcane) aphid tolerance marker, which will be found in over 60 percent of new U.S. sorghum hybrid seeds that will be in production this year.
- Research conducted by Shi develops markets for waxy sorghum with high-pasting viscosity.
- Studies on sorghum-based feed for shrimp and tilapia in comparison to wheat-based feeds, which in turn, have adopted sorghum as an ingredient in feeds for larger aquaculture industries such as in Norway.

# GROWERS WORKING TOGETHER



**FOR MORE INFO:**

620.640.5388

[KSGRAINSORGHUM.ORG](http://KSGRAINSORGHUM.ORG)





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

January 11, 2024

We have audited the financial statements of Kansas Grain Sorghum Commission (the Commission) as of and for the year ended September 30, 2023, and have issued our report thereon dated January 11, 2024. 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 September 18, 2023. 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 the year ended September 30, 2023. 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 January 11, 2024.

**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.

**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, 2023 and 2022  
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 11, 2024

## 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, 2023 and 2022, 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, 2023 and 2022, 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.

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Eric Kientz  
CPA, CMA, CNAP  
Senior Audit Partner  
(785) 477-9053  
[Eric@KPMHK.CPA](mailto:Eric@KPMHK.CPA)

PO Box 754  
Manhattan, KS 66505  
[KPMHK.CPA](http://KPMHK.CPA)

Taylor Penick  
CPA, CNAP  
Managing Partner  
(785) 817-7716  
[Taylor@KPMHK.CPA](mailto:Taylor@KPMHK.CPA)

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>2023</u>	<u>2022</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,438,236	\$ 765,459
Certificates of deposit	805,455	400,000
Due from Kansas Grain Sorghum Producer's Association	-	4,778
<b>Total Assets</b>	<u>\$ 2,243,691</u>	<u>\$ 1,170,237</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities (Each is Current)</b>		
Unearned revenue	\$ 3,500	\$ 3,500
<b>Net Assets</b>		
Without donor restrictions	<u>2,240,191</u>	<u>1,166,737</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 2,243,691</u>	<u>\$ 1,170,237</u>

	<u>2023</u>	<u>2022</u>
<b>Revenues</b>		
United Sorghum Check-off Program collections	\$ 1,966,518	\$ 1,371,601
Interest income	5,455	-
Miscellaneous income	1,341	7,397
<b>Total Revenues</b>	<u>1,973,314</u>	<u>1,378,998</u>
<b>Expenses</b>		
Program services	846,203	685,697
Supporting services	53,657	56,658
<b>Total Expenses</b>	<u>899,860</u>	<u>742,355</u>
<b>Total Changes in Net Assets</b>	1,073,454	636,643
<b>Net Assets – Beginning</b>	<u>1,166,737</u>	<u>530,094</u>
<b>Net Assets – Ending</b>	<u>\$ 2,240,191</u>	<u>\$ 1,166,737</u>

	2023			2022		
	Program Services	Supporting Services	Total Expenses	Program Services	Supporting Services	Total Expenses
Payroll expense	* \$ 81,388	\$ 27,129	\$ 108,517	\$ 74,170	\$ 24,723	\$ 98,893
Grants and scholarships	683,348	-	683,348	538,874	-	538,874
Conferences and meetings	-	6,238	6,238	-	7,028	7,028
Meals	* 1,933	840	2,773	1,415	2,131	3,546
Travel	* 19,409	9,095	28,504	14,631	8,654	23,285
Professional services	-	3,954	3,954	-	4,100	4,100
Training	-	255	255	-	-	-
Insurance	-	724	724	-	4,070	4,070
Office expense	* 1,144	5,211	6,355	2,102	5,718	7,820
Miscellaneous expense	-	211	211	-	234	234
Advertising and promotion	58,981	-	58,981	54,505	-	54,505
<b>Total Expenses</b>	<b>\$ 846,203</b>	<b>\$ 53,657</b>	<b>\$ 899,860</b>	<b>\$ 685,697</b>	<b>\$ 56,658</b>	<b>\$ 742,355</b>

\* Each of these expense lines contains costs that are attributed to more than one program or support function and these joint costs have been allocated on the basis of estimates of time and effort.

\*\* Supporting services are entirely composed of management and general activities.

	<u>2023</u>	<u>2022</u>
<b>Cash Flows from Operating Activities</b>		
Total changes in net assets	\$ 1,073,454	\$ 636,643
<b>Adjustments to Reconcile to Net Operating Cash Flow</b>		
Decrease in due from Kansas Grain Sorghum Producer's Association	<u>4,788</u>	<u>5,822</u>
<b>Net Cash Provided by Operating Activities</b>	<u>1,078,242</u>	<u>642,465</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of certificate of deposit	<u>(405,455)</u>	<u>(400,000)</u>
<b>Net Change in Cash and Cash Equivalents</b>	672,787	242,465
<b>Cash and Cash Equivalents – Beginning</b>	<u>765,459</u>	<u>522,994</u>
<b>Cash and Cash Equivalents – Ending</b>	<u>\$ 1,438,246</u>	<u>\$ 765,459</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, 2023 and 2022, 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 – United Sorghum Checkoff Program**

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.

**Advertising and Promotion Expense**

The Association's advertising costs are expensed as incurred and are separately reported on the statement of activities as advertising and promotion expense.

**Note 1: Summary of Significant Accounting Policies (Continued)****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 11, 2024 which is the date the financial statements were available to be issued.

**Note 2: Liquidity and Availability**

Financial assets as of September 30, 2023 which are available for general expenditure, that is, without donor or other restrictions limiting their use, during the year ended September 30, 2024:

	<u>Liquid</u>	<u>Not Available</u>	<u>Liquid and Available</u>
Cash and cash equivalents	\$ 1,438,236	\$ -	\$ 1,438,236
Certificates of deposit	805,455	-	805,455
	<u>\$ 2,243,691</u>	<u>\$ -</u>	<u>\$ 2,243,691</u>

As part of the Commission's liquidity management plan, cash in excess of daily requirements is maintained in an interest bearing account and certificates of deposit.

**Note 3: Concentration of Support**

For each of the years ended September 30, 2023 and 2022, 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, 2023 and 2022.

**Cash Reserve Limitations**

In accordance with K.S.A. 2-3005, the Commission reports the following excess cash reserve information:

As of September 30, 2023, the cash balance was \$1,438,236 or 165% of the five-year average disbursements of \$870,544. The balance exceeding the 125% reporting threshold is \$350,056.

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

**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, 2023, the carrying amount of the Commission's banking deposits was \$2,243,691 and the bank balance was \$2,259,974. The bank balance was held at one bank, resulting in a concentration of risk. Of the bank balance, \$250,000 was secured by FDIC insurance and the remaining \$2,009,974 was secured by pledged securities held by an independent third-party bank in the Commission's name.

**Note 4: Stewardship, Compliance, and Accountability (Continued)****Depository Security Coverage (Continued)**

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. The bank balance was held at one bank, resulting in a concentration of risk. 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.

**Note 5: Kansas Grain Sorghum Producer's Association**

The Commission shares management and 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 Statements of Functional Expense as payroll expense.