



March 16, 2011

**Legislative Report of the Kansas Sunflower Commission  
To the House Committee on Agriculture and Natural Resources**

Chairman Powell and members of the Committee, my name is Karl Esping; I am from Lindsborg, Kansas and currently serve as the Chairman of the Kansas Sunflower Commission. Thank you for the opportunity to share some thoughts about the sunflower industry in Kansas and the Commission's use of check-off dollars authorized by the Legislature.

In fiscal year 2010 (10/1/2009 to 09/30/2010) the Kansas Sunflower Commission collected \$81,044.20 in check-off dollars from Kansas sunflower growers. That is approximately a 9 percent decrease from the previous year's collection. During the year we received refund requests for \$1,873.04 (2.3%) which means we received gross check-off dollars of \$79,171.16. The net decrease in check-off dollars this year is a reflection of increased commodity prices for other crops and the number of sunflower acres planted. The increase in the percent of check-off dollars refunded is likely a reflection of the overall economic situation in the State.

As of March 15, 2010, the Commission has assets totaling \$140,509.04. Nearly \$66,000 of that balance are being held in a money market account as investment funds to ensure operations and investments in research can continue during a year when assessment dollars are low. As required by KSA 2-3005(k), attached to my testimony you will find our annual audit report. Again this year there were no irregularities found in KSC financial statements.

Under the agreement the KSC has used since its inception in 2002, one-half of the check-off dollars collected in Kansas are sent to the National Sunflower Association in Mandan, North Dakota for funding of research specific to sunflowers. This year we sent \$40,522.10 to NSA for research. The Commission also funded the second year of three-year study in Kansas for work on Sunflower planting dates in various parts of Kansas. This funding was provided to a K-State Extension specialist in southeast Kansas, but test plots were spread out across the State. The intention of this study is to provide evidence to the Risk Management Association to push the last planting date for sunflowers back 7-14 days. Accomplishing this has been one to the goals of the Commission since its inception.

KSC has agreed to partially fund a study, in cooperation with the National Sunflower Association, examining alternative chemicals for broadleaf weed control in sunflowers. This work will be performed using facilities and staff at the K-State research station in

*Supporter of the Kansas Sunflower Industry through  
[www.kssunflower.com](http://www.kssunflower.com)*

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Hays. This will be a multi-year study and should provide additional tools for producers. My point in sharing these efforts with you is to demonstrate that the Commission is using check-off dollars to directly benefit Kansas sunflower growers.

I would also like to share that the NSA and others sources within the industry have allocated \$271,392 funding 6 projects that will have a direct effect on sunflower production in Kansas. This includes the above mentioned broadleaf weed project. This is an unprecedented amount of money dedicated to research in Kansas.

One other noteworthy item for the committee is the change the Commission implemented beginning on September 1, 2010. At that point, the check-off amount was changed from 3 cents per hundred weight of sunflowers to 5 cents per hundred. The check-off amount had remained at 3 cents since the inception of the Commission in 2002. As specified in K.S.A. 2-3007, the Kansas Sunflower Commission is authorized to assess up to 6 cents per hundred weight. However, the Commission chose to raise the assessment only to 5 cents at this time.

Raising the assessment was not an easy decision for the Commission and several hours of discussion and financial analysis took place before the decision was reached. The research I described above was the motivation for raising the assessment. Sunflower growers need additional tools and information in order to be competitive with the other commodities. This can only come through research, and more importantly, Kansas specific research. The agronomic and pest issues for growers in Kansas are far different than they are for growers in the northern plains where sunflower is a more prominent crop. I assure you this Commission will use the additional funds to benefit Kansas growers.

Last week I traveled with the NSA Executive Committee to Washington, DC, we visited with 18 members of the House and Senate the Deputy Administrator, the Budget Director and the National Program Leader of Oil Seeds, within the Agriculture Research Service. Our message to these officials was that although budget times are tough, we still need to carry forward with some crop research to advance productivity and resistivity in sunflowers. We also shared with them that between Kansas, NSA, and the other state affiliates, \$900,000 is contributed annually to the ARS centers throughout the Midwest.

Mr. Chairman the Kansas Sunflower Commission continues to look for opportunities to promote the sunflower, increase acres planted in our State and provide valuable crop research. We want to thank the Legislature for its continued support of our efforts and thanks for your time today. I would be happy to answer any questions you may have at the appropriate time.

**KANSAS SUNFLOWER COMMISSION**

Rossville, Kansas

**FINANCIAL STATEMENTS**

**WITH**

**INDEPENDENT AUDITORS' REPORT**

August 31, 2010 and 2009



January 12, 2011

Board of Directors  
Kansas Sunflower Commission  
Rossville, Kansas

### Independent Auditors' Report

We have audited the accompanying statements of assets, liabilities and net assets - cash basis of Kansas Sunflower Commission (the Commission), a quasi-municipal entity, as of August 31, 2010 and 2009, and the related statements of revenues, expenses, and changes in net assets - cash basis for the years 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 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 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 audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and net assets of Kansas Sunflower Commission as of August 31, 2010 and 2009, and its revenues, expenses and changes in net assets for the years then ended on the basis of accounting described in Note 1.

*Varney & Associates*  
Certified Public Accountants  
Manhattan, Kansas

**KANSAS SUNFLOWER COMMISSION**  
 Rossville, Kansas  
**STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS**  
 August 31,

**Financial Statements**

	2010	2009
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash in checking	\$ 113,134	\$ 57,720
<b>Noncurrent Assets</b>		
Investments	-	63,000
<b>TOTAL ASSETS</b>	\$ 113,134	\$ 120,720
<b>NET ASSETS</b>		
<b>Net Assets</b>	\$ 113,134	\$ 120,720
<b>TOTAL NET ASSETS</b>	\$ 113,134	\$ 120,720

**KANSAS SUNFLOWER COMMISSION**

Rossville, Kansas

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - CASH BASIS**

For the Years Ended August 31,

*Financial Statements*

	<u>2010</u>	<u>2009</u>
<b>REVENUE</b>		
Check-off collections	\$ 81,425	\$ 89,827
Interest	2,707	2,775
Refunds	(1,873)	(677)
Reimbursements	1,125	-
<b>Total Revenue</b>	<u>\$ 83,384</u>	<u>\$ 91,925</u>
<b>EXPENSES</b>		
Administrative		
Dues	\$ 45,454	\$ 41,393
Commissioner travel	4,488	6,753
Contract labor	18,760	15,784
Office expense	1,399	1,368
Audit fees	5,545	3,917
Marketing position support	10,527	16,872
Miscellaneous	147	89
Program		
National Sunflower Association	-	4,500
Sponsorships	4,650	600
<b>Total Expenses</b>	<u>\$ 90,970</u>	<u>\$ 91,276</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	\$ (7,586)	\$ 649
<b>NET ASSETS - BEGINNING</b>	<u>120,720</u>	<u>120,071</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 113,134</u>	<u>\$ 120,720</u>

**KANSAS SUNFLOWER COMMISSION**  
Rossville, Kansas  
**NOTES TO FINANCIAL STATEMENTS**  
August 31, 2010 and 2009

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

***Organization***

The Kansas Sunflower Commission (the Commission) is organized as an instrumentality of the state to conduct a campaign of sunflower promotion and market development through research, education and information. The Commission receives an assessment that is levied on sunflowers marketed through commercial channels in the State of Kansas. The grower may obtain a refund of the assessment upon proper submission of documentation within one year of sale as long as the refund requested is \$5 or more.

***Method of Accounting***

The financial statements are prepared using the cash basis of accounting, which differs from generally accepted accounting principles in that revenues are recorded when received rather than when earned and expenses are recorded when paid rather than when the obligation is incurred.

***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.

***Use of Estimates***

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

***Cash Equivalents***

Cash equivalents include all cash and investments with an original maturity of three months or less.

***Investments***

Investments consist of certificates of deposit whose fair value is equal to the cost and have an original maturity of more than three months.

**Note 2: Cash and investments**

At August 31, 2010, the carrying amount of the Commission's deposits was \$113,134. The bank balance was \$113,134 and was held by two different banks. All \$113,134 was secured by FDIC insurance.

At August 31, 2009, the carrying amount of the Commission's deposits was \$120,720. The bank balance was \$120,970 and was held by two different banks. All \$120,970 was secured by FDIC insurance.