



# KANSAS WHEAT

*Rediscover Wheat*

**Kansas Wheat Commission Annual Report  
Presented to the Senate Committee on Agriculture and Natural Resources  
Wednesday, January 17, 2024  
By Doug Keesling, Chase, Kansas  
Kansas Wheat Commission Past Chairman**

Chairman Peck and Members of the Committee, thank you for the opportunity to provide an annual report from the Kansas Wheat Commission. My name is Doug Keesling; I am a Past Chairman of the Kansas Wheat Commission, and I farm in central Kansas in Rice County.

The Kansas Wheat Commission was established by the Kansas legislature in 1957 to represent the state's wheat producers in the areas of research, domestic and international marketing, education and communication. It is funded by the wheat assessment, which collects two cents per bushel of wheat at the first point of sale. The Kansas farmers who grow wheat are our stakeholders, and our nine-member commission represents these farmers.

In addition to copies of this testimony, we have presented you with a copy of our 2023 Annual Report and our FY 2023 annual audit.

Winter wheat production for 2023 is estimated at 201.25 million bushels, the lowest since 1966, down 17.5 percent from the previous year's crop and down 45 percent from the year before, due to devastating drought conditions which have plagued the last several growing seasons. Area for grain, at 5.75 million harvested acres, was down slightly from the previous year due to abandonment of 29% of planted acres, the highest since 1951. Planted acres were up at 8.1 million acres. Yield was 35 bushels per acre, 7 bushels below the 10-year average.

Most of the state received needed precipitation during May, improving the state-wide moisture rating. The crop remained behind average most of the month. Harvest began mid-June and was 46% complete by July 2, compared to 80% last year and 63% for the 5-year average. Rains during harvest, coupled with hailstorms and weed pressure, pushed harvest into the final days of July before it was 95% complete.

With low production, Certified seed was in short supply as planting began in September. However, planting in the fall of 2023 left farmers cautiously optimistic as areas received some moisture at planting, more so than the past several growing seasons. By December 31, USDA NASS reports Kansas winter wheat condition rated 21% poor to very poor, 36% fair and 43% good to excellent, an improvement over the last year.

While input costs have remained at record high levels, price per bushel has dipped back to average levels seen before the high levels of 2021 and 2022. This year's crop is looking better than the past four or five years. Export markets are more important now than ever.

Each year Kansas farmers export roughly half of the Kansas wheat crop, making export promotion through U.S. Wheat Associates essential. U.S. Wheat Associates is an organization of 17 state wheat commissions that leverages farmer and federal foreign market development dollars to promote wheat exports.

Overall, wheat exports were down 4% this marketing year (June 1, 2022 – May 31, 2023). Hard red winter wheat exports were down 32% from last year at 188 million bushels this year. Top customers included #1 Mexico, #2 Japan and #3 Nigeria, who continue to be steady buyers of hard red winter wheat.

With the Russian invasion of Ukraine in February 2022, basic supply and demand, in addition to numerous other factors, put the commodity markets into unprecedented instability. That volatility has continued in the market and has had an impact on world supplies.

We work very closely with the IGP Institute of K-State's Grain Science and Industry Department to provide educational opportunities for domestic and international milling groups, grain buyers and farmers. The proximity of our building to the IGP Institute headquarters – we are just across the driveway – lends itself to even greater cooperation in the future.

Because of the importance of exports, trade issues have been on the forefront of our efforts over the past year. We believe it is in the best interests of wheat farmers to renegotiate trade agreements and maintain relationships with our international customers. Kansans serve in trade policy leadership positions with U.S. Wheat Associates and the National Association of Wheat Growers.

In addition, nutrition education continues to be an important focus for the Kansas Wheat Commission. Our Kansas Wheat Innovation Center is equipped with a test kitchen, and we have a full-time nutrition educator on staff. We are one of the few state wheat commissions to continue to make nutrition education a priority; this is vital as we continue to battle fad diets such as the low carb and gluten-free trends. We have taken advantage of our test kitchen to video tape baking demonstration videos to share with consumers and give tips on home baking. Fortunately, the gluten-free trend is falling in popularity.

The Kansas Wheat Commission belongs to two national consumer-education organizations: the Wheat Foods Council and the Home Baking Association, both of which have remained vigilant on these diet topics and have been instrumental in disseminating accurate nutrition information regarding wheat and wheat foods. The Wheat Foods Council's research shows that consumers are looking toward Personal Trainers for diet information, even though many have no nutrition education. Their program plan focuses on influencing the influencers through Personal Trainers.

Kansas Wheat Commission continues to be a top supporter of Kansas Foundation for Agriculture in the Classroom, which shares our ag messages with students aged Kindergarten through 12<sup>th</sup> grade. The KFAC office is located in our Kansas Wheat Innovation Center in Manhattan.

Board and staff members from Kansas Wheat continue to serve in leadership positions for many of these national and state organizations.

Research also shows consumers are more interested in learning about where their food comes from than ever before. While they are interested in the farm-to-fork story, studies have shown that shared values are 3-5 times more important to consumers than facts. We are leveraging this information to share farming practices with our consumers online through a campaign called EatWheat, where we are showcasing the story of the American wheat farmer.

All of our efforts to improve the productivity and profitability of Kansas wheat farmers continue to center around research. In December 2022, we celebrated our tenth year in the Kansas Wheat Innovation Center, located in Manhattan, just north of Bill Snyder Family Stadium on ground owned by Kansas State University. This center, paid for by farmers through the wheat assessment, is designed from the ground up to be the nation's home for wheat-based collaboration and innovation, including conducting cutting-edge research in wheat variety development. It has 37,000 square-feet of laboratory and greenhouse space, and a dozen full- and part-time plant scientists are working to create wheat "doubled haploids," speeding up the time it takes to create new wheat varieties from 12 years to 6 years. We also celebrated the conclusion of a \$4 million Fields Forward campaign for private investment in wheat research with the debut of a virtual tour of the innovation center.

Kansas State University is emerging as the world's foremost location for global food systems and bio-security innovations — and as a premier economic driver for the state of Kansas. The Kansas Wheat Commission and Kansas Association of Wheat Growers have pledged \$1.5 million dollars over the next five years to support this plan for signature research and innovation partnership centers. With these private commitments, Kansas State University was able to qualify for an additional state 3:1 funding match, which will diversify Kansas' value-added food and agricultural economy, expand growth in the state's top economic sectors, and support key pillars of K-State's Economic Prosperity Plan by attracting businesses to the state throughout the entire value-added food chain. Kansas wheat farmers are very supportive of these efforts to modernize facilities at Kansas State University.

The Kansas Wheat Innovation Center represents the single largest investment by wheat producers in this nation, but it is not the only way in which wheat farmers invest in wheat research. Each year, the Kansas Wheat Commission hears from more than two dozen researchers from Kansas State University, USDA and other key entities about a variety of research proposals that help wheat farmers increase yields and improve profitability, plus ensure the quality and integrity of Kansas-grown wheat to end-users and consumers. Again, as in past years, the Kansas Wheat Commission has invested near \$2 million in these research proposals.

Included in these research proposals is funding toward K-State's wheat breeding programs in Manhattan and Hays. Other Kansas Wheat-funded research projects are leading the way toward identifying genes that improve resistance to viruses, engineering resistance to pests, and phenotyping wild wheat ancestors for drought, disease resistance and other traits.

Kansas Wheat Rx is a partnership between Kansas Wheat and K-State Research and Extension to disseminate the latest research recommendations for high-yielding and high-quality wheat to Kansas wheat farmers. This effort is a combination of suggested management practices for economical and sustainable production of high-quality winter wheat in Kansas. Wheat Rx is a series of Extension publications and other educational outreach designed to address key management areas of hard winter wheat. These publications contain recent data based on novel research funded in part by wheat farmers through the Kansas Wheat check-off. In February 2022, we held the first of these farmer meetings, with excellent attendance.

These are just a few examples of how the Kansas Wheat Commission is working on behalf of farmers to spur innovation and make a positive difference in our industry. If you haven't had a chance to visit the Kansas Wheat Innovation Center, we invite you to visit Manhattan for a tour of the facility.

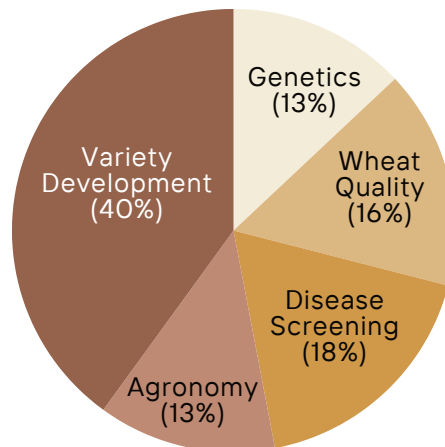
This concludes my report. Thank you once again for your support, this opportunity to share with you our efforts and your leadership in the future as we continue to work together. I'd be glad to answer any questions the committee may have.



# KANSAS WHEAT INNOVATION CENTER

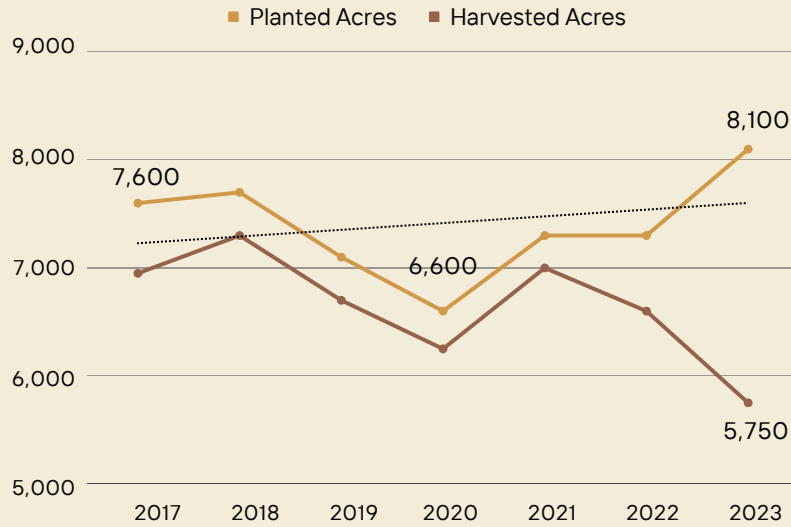
The Kansas Wheat Innovation Center was built by the Kansas Wheat Commission, through the Kansas wheat checkoff, in partnership with Kansas State University and the state of Kansas to get improved wheat varieties into the hands of farmers faster. It represents the single largest research investment by Kansas wheat farmers in history. The Center was built on land owned by Kansas State University; the Kansas Wheat Commission has a 50-year lease on the property. Construction on the \$15 million Kansas Wheat Innovation Center began in October 2011 and the facility was completed in November 2012. An additional four greenhouse bays were completed in spring 2018.

## *Research Funding Areas*



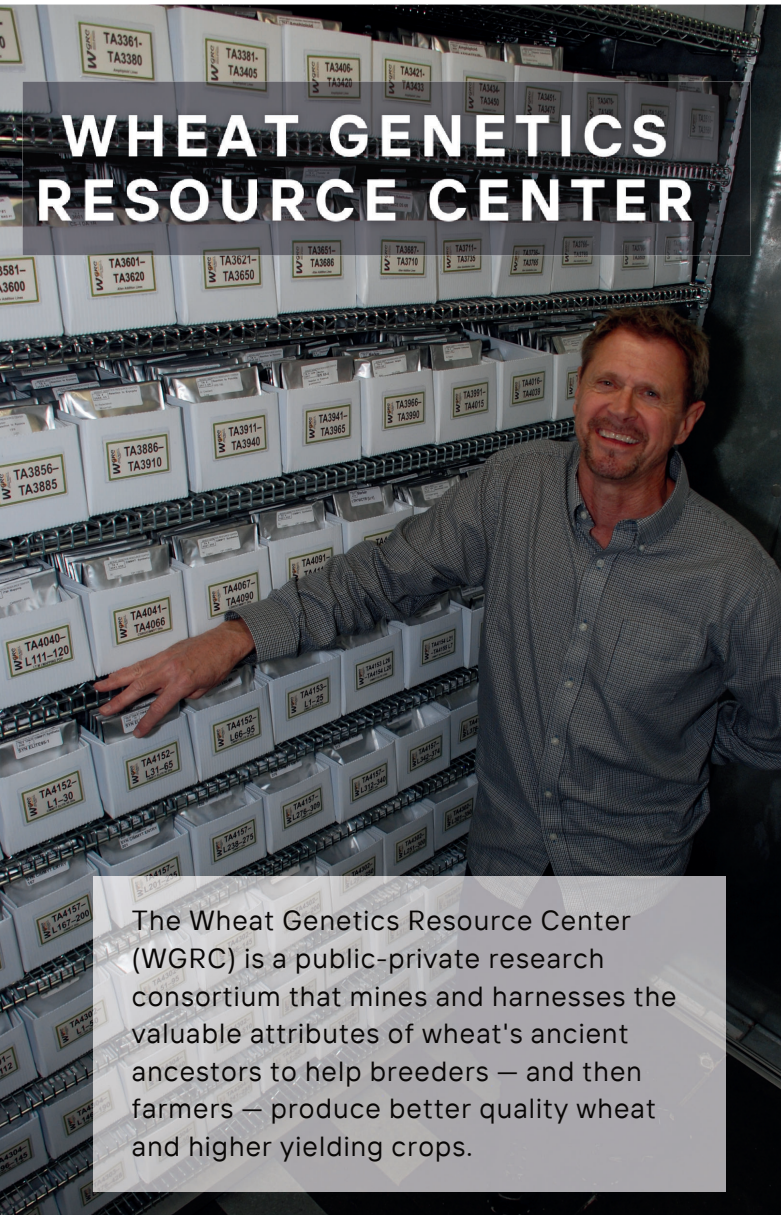
Each year, farmers invest nearly \$2 million in funding for research projects, such as genetics (13%), wheat quality (16%), disease screening (18%), agronomy (13%) and variety development (40%).

# KANSAS WHEAT PLANTED AND HARVESTED ACRES



Kansas Wheat planted acres have increased 1.5 million acres over the past three seasons.

The 2023 harvested acres were impacted by severe drought conditions, resulting in a multi-decade high abandonment of 29% of the planted acres.



## WHEAT GENETICS RESOURCE CENTER

The Wheat Genetics Resource Center (WGRC) is a public-private research consortium that mines and harnesses the valuable attributes of wheat's ancient ancestors to help breeders – and then farmers – produce better quality wheat and higher yielding crops.



Wheat Rx is a combination of suggested management practices for economical and sustainable production of high-quality winter wheat in Kansas.

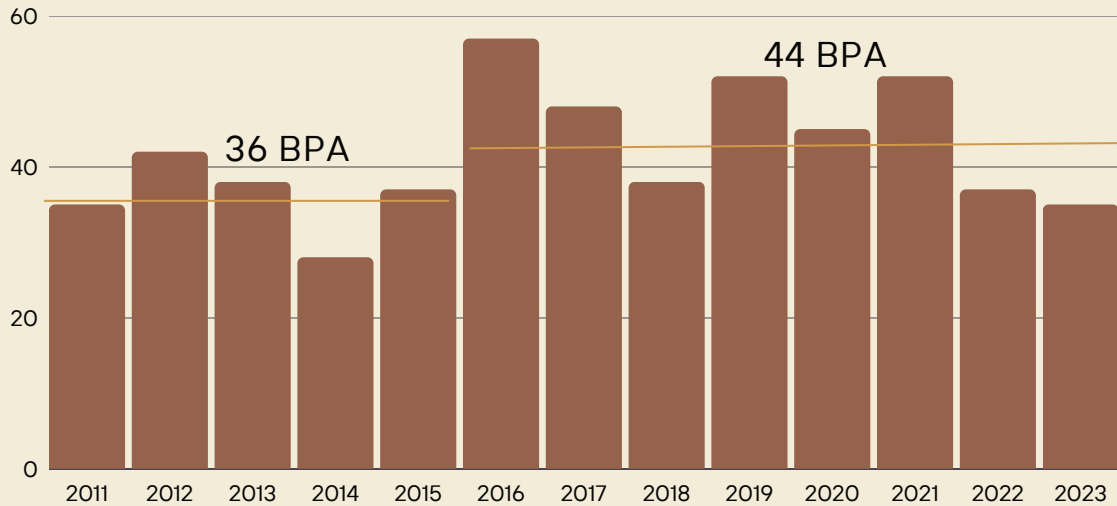
### *About Wheat Rx*

Wheat Rx is partnership between Kansas Wheat and K-State Research and Extension to disseminate the latest research recommendations for high-yielding and high-quality wheat to Kansas wheat farmers.

Wheat Rx is a series of Extension publications and other educational outreach designed to address key management areas of hard winter wheat. These publications contain recent data based on novel research funded in part by wheat farmers through the Kansas Wheat check-off.

# KANSAS: WHEAT YIELDS AND STABILITY HAVE IMPROVED

Kansas Wheat Yield per Bushel  
2011-2015 vs. 2016-2023



Kansas wheat farmers invest in the KSU wheat breeding and germplasm programs, creating noticeable increases in average yield and yield stability, even in environmentally-stressed years.

We work to tell the story of Kansas wheat farmers to people all over the world.





# GULF-EXPORTABLE HARD RED WINTER CROP HIGHLIGHTS 2023

*Kansas Wheat has supported extensive work through USW ensuring the quality of HRW meets the need of the milling and baking industries.*

- The average **grade** is U.S. No. 2 HRW with 84% of the crop grading No. 2 or better.
- **Test weights** trended lower this year with an overall average of 59.7 lb/bu (78.6 kg/hl).
- **Kernel data** indicate uniform and dense kernels with 69% exhibiting large size, a much higher level than in previous years.
- **Protein** content average is 12.9% (12% mb), with 63% of Gulf samples 12.5% or higher.
- **Alveograph W** average value of 260 (10-4 J) is exceptionally high for dough strength and an L value of 110 (mm) indicates very good extensibility.
- **Farinograph peak and stability** averages of 4.9 and 8.9 minutes, respectively, are well within industry target ranges.
- Average bake **absorption** is 64.6%, significantly higher than the 5-year average.
- Average **loaf volume** is 936 cc, comparable to last year and indicative of excellent baking quality.in average yield and yield stability.

## 12.9%

Protein Content

## 8.9 minutes

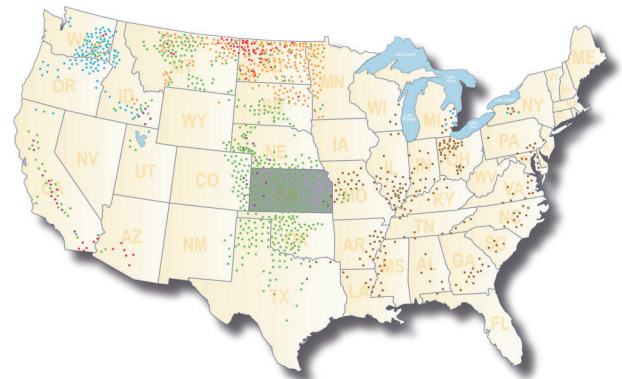
Farinograph Stability

## 64.6%

Bake Absorption

## *Kansas Wheat Commission*

- Created by state legislature, governed by farmers
- Mission of wheat promotion, market development, research & education



## *Kansas Association of Wheat Growers*

- Non-profit agricultural organization
- Funded by dues-paying farmer and associate members
- A strong voice for wheat producers in policy matters

  
KANSAS  
WHEAT®

*Rediscover Wheat*

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Manhattan, KS 66502  
(785) 539-0255  
kswheat.com



November 28, 2023

Kansas Wheat Commission  
1990 Kimball Ave., Suite A  
Manhattan, KS 66502

We have audited the financial statements of Kansas Wheat Commission as of and for the year ended June 30, 2023, and have issued our report thereon dated November 28, 2023. Professional standards require that we advise you of the following matters relating to our audit.

#### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated May 17, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of Kansas Wheat Commission solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

#### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

#### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

#### **Qualitative Aspects of the Entity's Significant Accounting Practices**

##### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Kansas Wheat Commission is included in Note 1 to the financial statements. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

## **Qualitative Aspects of the Entity's Significant Accounting Practices (Continued)**

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments. We did not identify any such estimates.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Kansas Wheat Commission's financial statements relate to: (1) the accounting for the equity method investment in Note 6, (2) the compliance with state statutes as disclosed in Note 7, and (3) the related party transactions as disclosed in Note 8.

## **Significant Unusual Transactions**

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. We did not identify any significant unusual transactions.

## **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management has corrected all identified misstatements. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. See attached Schedule B summarizing the uncorrected misstatement identified.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The Schedule A summarizes the material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Kansas Wheat Commission's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

## **Representations Requested from Management**

We have requested certain written representations from management, which are included in a separate letter dated the same as this letter.

November 28, 2023  
Kansas Wheat Commission  
Page three

**Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

**Other Significant Matters, Findings or Issues**

In the normal course of our professional association with Kansas Wheat Commission, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as auditors.

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

*Varney & Associates, CPAs, LLC*

Certified Public Accountants  
Manhattan, Kansas

**Kansas Wheat Commission**  
**Schedule A**  
**6/30/2023**

Account	Description	Debit	Credit
<b>Adjusting Journal Entries</b>			
<b>Adjusting Journal Entries JE # 3</b>			
To record deferred comp balance.			
5627	Payroll Expenses:Exec Incentive	27,810.00	
2150	Deferred Comp		27,810.00
5915	Gain (Loss) on investment		
<b>Total</b>		<b><u>27,810.00</u></b>	<b><u>27,810.00</u></b>
<b>Adjusting Journal Entries JE # 4</b>			
To roll forward net assets.			
3000	Retained Earnings	49.00	
4060	Miscellaneous Income		49.00
<b>Total</b>		<b><u>49.00</u></b>	<b><u>49.00</u></b>
<b>Adjusting Journal Entries JE # 5</b>			
To adjust accumulated depreciation balances for items not properly depreciated during the year.			
5900	Depreciation Expense	5,369.00	
1350	Accumulated Depreciation:Accum Depreciation - Office Eqp		643.00
1355	Accumulated Depreciation:Accum Depr - Lab Equip		1,588.00
1370	Accumulated Depreciation:Accum Depr - Building		3,138.00
<b>Total</b>		<b><u>5,369.00</u></b>	<b><u>5,369.00</u></b>
<b>Adjusting Journal Entries JE # 6</b>			
To adjust Trust Company assets in fair market value.			
1010	Trust Company Money Market	902.00	
5915	Gain (Loss) on investment	50,153.00	
1103	Trust Company Investments - ST		51,055.00
<b>Total</b>		<b><u>51,055.00</u></b>	<b><u>51,055.00</u></b>
	<b>Total Adjusting Journal Entries</b>	<b><u>84,283.00</u></b>	<b><u>84,283.00</u></b>
	<b>Total All Journal Entries</b>	<b><u>84,283.00</u></b>	<b><u>84,283.00</u></b>

Schedule B

Kansas Wheat Commission  
Schedule B  
June 30, 2023

Account	Description	Debit	Credit
<b>Passed Journal Entries JE # 7</b>			
The Commission signed a nonconditional pledge with K-State Foundation. Management chose to NOT book the expense and related liability required by			
5616	Contribution Expenses	1,500,000.00	
2001	Unconditional Pledges Payable		1,500,000.00
<b>Total</b>		<b><u>1,500,000.00</u></b>	<b><u>1,500,000.00</u></b>



**KANSAS WHEAT COMMISSION**

Manhattan, Kansas

**FINANCIAL STATEMENTS**

**WITH**

**INDEPENDENT AUDITOR'S REPORT**

June 30, 2023 and 2022





November 28, 2023

To the Commissioners  
Kansas Wheat Commission  
Manhattan, Kansas

## **INDEPENDENT AUDITOR'S REPORT**

### **Opinion**

We have audited the business-type activities of Kansas Wheat Commission (the Commission), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements.

In our opinion, except for the effects on the financial statements of not implementing the ASC 842 lease standard as described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the Commission as of June 30, 2023 and 2022, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

The Commission has not included in its financial statements the right of use assets and liabilities for leased assets. Accounting principles generally accepted in the United States of America (GAAP) require these assets and liabilities to be presented for each lease. The effects of this departure from accounting principles generally accepted in the United States of America on the accompanying financial statements could not be determined. In addition, the Commission has not booked an unconditional pledge that is required to be recorded by GAAP.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 audit. 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 these financial statements in accordance with the cash basis of accounting, 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, that raise substantial doubt about the Commission's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

November 28, 2023  
Kansas Wheat Commission  
(Continued)

### **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 opinions. 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 GAAS 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 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 GAAS, 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.

*Vayney & Associates, CPAs, LLC*

Certified Public Accountants  
Manhattan, Kansas

**KANSAS WHEAT COMMISSION**  
 Manhattan, Kansas  
**STATEMENTS OF FINANCIAL POSITION**  
 As of June 30,

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,551,599	\$ 3,207,008
Other receivables	64,689	6,201
Prepaid expenses	64,545	58,787
<b>Total Current Assets</b>	<b>\$ 1,680,833</b>	<b>\$ 3,271,996</b>
<b>Non-Current Assets</b>		
Property, Plant, and Equipment		
Office equipment	\$ 380,591	\$ 337,370
Lab equipment	1,203,240	1,144,893
Vehicles	112,415	112,415
Furniture and fixtures	388,342	388,342
Building	14,978,964	14,978,964
Accumulated depreciation	(8,360,315)	(7,543,002)
<b>Total Property, Plant, and Equipment</b>	<b>\$ 8,703,237</b>	<b>\$ 9,418,982</b>
Investments		
Investments - Related to Deferred Compensation	\$ 166,943	\$ 118,286
Investment in marketable securities	4,948,945	4,000,000
Investment in HPI	16,621	146,777
<b>Total Investments</b>	<b>\$ 5,132,509</b>	<b>\$ 4,265,063</b>
<b>Total Non-Current Assets</b>	<b>\$ 13,835,746</b>	<b>\$ 13,684,045</b>
<b>TOTAL ASSETS</b>	<b>\$ 15,516,579</b>	<b>\$ 16,956,041</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 19,063	\$ 32,417
Payroll payable	29,969	28,715
<b>Total Current Liabilities</b>	<b>\$ 49,032</b>	<b>\$ 61,132</b>
<b>Non-Current Liabilities</b>		
Compensated absences payable	\$ 121,417	\$ 105,471
Accrued liabilities	27,500	47,490
Deferred compensation	75,124	47,314
<b>Total Non-Current Assets</b>	<b>\$ 224,041</b>	<b>\$ 200,275</b>
<b>Total Liabilities</b>	<b>\$ 273,073</b>	<b>\$ 261,407</b>
<b>Net Assets</b>		
Without Donor Restrictions	<b>\$ 15,243,506</b>	<b>\$ 16,694,634</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 15,516,579</b>	<b>\$ 16,956,041</b>

**KANSAS WHEAT COMMISSION**  
Manhattan, Kansas  
**STATEMENTS OF ACTIVITIES**  
For Each of the Years Ended June 30,

	<b>2023</b>	<b>2022</b>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
<b>REVENUE</b>		
Wheat assessments	\$ 4,478,025	\$ 7,062,991
Refunds of wheat assessments	(181,000)	(390,256)
<b>Net Wheat Assessments</b>	<b>\$ 4,297,025</b>	<b>\$ 6,672,735</b>
Grant income	-	1,398
HPI licensing agreement	240,000	240,000
KAWG cooperative agreement	70,000	70,000
Sponsorships	19,610	2,535
Building related income	186,739	214,122
Interest	179,774	34,741
Miscellaneous	13,088	32
<b>Total Revenues</b>	<b>\$ 5,006,236</b>	<b>\$ 7,235,563</b>
<b>EXPENSES</b>		
Program Services		
Special projects	\$ 5,000	\$ 5,000
Public issues	398,761	375,225
Research	1,654,066	2,606,748
International marketing	1,817,364	1,684,473
Domestic marketing	1,498,090	1,447,580
<b>Total Program Services</b>	<b>\$ 5,373,281</b>	<b>\$ 6,119,026</b>
General and administrative	\$ 692,430	\$ 673,159
<b>Total Expenses</b>	<b>\$ 6,065,711</b>	<b>\$ 6,792,185</b>
<b>OTHER CHANGES IN NET ASSETS</b>		
Net investment return (loss)	\$ (391,653)	\$ (487,398)
<b>CHANGE IN NET ASSETS</b>	<b>\$ (1,451,128)</b>	<b>\$ (44,020)</b>
<b>NET ASSETS - BEGINNING</b>	<b>16,694,634</b>	<b>16,738,654</b>
<b>NET ASSETS - ENDING</b>	<b>\$ 15,243,506</b>	<b>\$ 16,694,634</b>

**KANSAS WHEAT COMMISSION**  
Manhattan, Kansas  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2023

	<b>Program Services</b>					<b>Total</b>	<b>Supporting Services</b>	<b>Total</b>
	<b>Special Projects</b>	<b>Public Issues</b>	<b>Research</b>	<b>International Marketing</b>	<b>Domestic Marketing</b>		<b>Management &amp; General</b>	
Grants and other assistance to domestic organizations	\$ 5,000	\$ 7,044	\$ 1,272,459	\$ 17,245	\$ 78,259	\$ 1,380,007	\$ -	\$ 1,380,007
Membership contracts	-	-	-	1,348,129	497,269	1,845,398	(9,490)	1,835,908
Board expense *	-	4,782	4,753	5,358	8,967	23,860	8,537	32,397
Salary and wages *	-	141,599	140,735	158,675	265,545	706,554	252,786	959,340
Retirement benefit *	-	6,081	6,044	6,814	11,404	30,343	10,856	41,199
Other employee benefits *	-	13,021	12,942	14,592	24,419	64,974	23,246	88,220
Fees for Services *	-	2,878	2,861	3,226	5,398	14,363	5,139	19,502
Advertising and promotion	-	500	-	-	151,134	151,634	-	151,634
Supplies and office expense *	-	7,430	7,385	8,327	13,935	37,077	13,265	50,342
Information technology *	-	6,643	6,603	7,444	12,458	33,148	11,860	45,008
Occupancy *	-	72,938	72,493	81,734	136,783	363,948	130,211	494,159
Travel	-	7,319	50	21,795	20,708	49,872	-	49,872
Conferences and meetings *	-	-	-	-	30,075	30,075	158	30,233
Depreciation *	-	120,635	119,900	135,184	226,232	601,951	215,362	817,313
Insurance *	-	7,891	7,841	8,841	14,797	39,370	14,086	53,456
Other expenses *	-	-	-	-	707	707	16,414	17,121
	<u>\$ 5,000</u>	<u>\$ 398,761</u>	<u>\$ 1,654,066</u>	<u>\$ 1,817,364</u>	<u>\$ 1,498,090</u>	<u>\$ 5,373,281</u>	<u>\$ 692,430</u>	<u>\$ 6,065,711</u>

\* This expense line contains joint 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.

**KANSAS WHEAT COMMISSION**  
 Manhattan, Kansas  
**STATEMENT OF FUNCTIONAL EXPENSES**  
 For the Year Ended June 30, 2022

	<b>Program Services</b>					<b>Total</b>	<b>Supporting Services</b>	<b>Total</b>
	<b>Special Projects</b>	<b>Public Issues</b>	<b>Research</b>	<b>International Marketing</b>	<b>Domestic Marketing</b>		<b>Management &amp; General</b>	
Grants and other assistance to domestic organizations	\$ 5,000	\$ 6,994	\$ 2,245,053	\$ 37,245	\$ 46,225	\$ 2,340,517	\$ -	\$ 2,340,517
Membership contracts	-	-	-	1,241,149	543,711	1,784,860	22,999	1,807,859
Board expense *	-	4,297	4,271	4,815	8,058	21,441	7,671	29,112
Salary and wages *	-	132,538	131,729	148,521	248,553	661,341	236,610	897,951
Retirement benefit *	-	7,840	7,792	8,785	14,703	39,120	13,996	53,116
Other employee benefits *	-	10,209	10,147	11,441	19,146	50,943	18,226	69,169
Fees for services *	-	3,330	3,310	3,732	6,245	16,617	5,945	22,562
Advertising and promotion	-	-	-	63	142,806	142,869	423	143,292
Supplies and office expense *	-	7,390	7,345	8,281	13,859	36,875	13,193	50,068
Information technology *	-	4,958	4,926	5,554	9,295	24,733	8,849	33,582
Occupancy *	-	60,617	60,248	67,927	113,678	302,470	108,216	410,686
Travel	-	8,138	3,796	2,496	8,871	23,301	-	23,301
Conferences and meetings *	-	-	-	-	29,962	29,962	563	30,525
Depreciation *	-	121,269	120,530	135,894	227,421	605,114	216,493	821,607
Insurance *	-	7,645	7,601	8,570	14,342	38,160	13,652	51,812
Other expenses *	-	-	-	-	705	705	6,323	7,028
	<u>\$ 5,000</u>	<u>\$ 375,225</u>	<u>\$ 2,606,748</u>	<u>\$ 1,684,473</u>	<u>\$ 1,447,580</u>	<u>\$ 6,119,028</u>	<u>\$ 673,159</u>	<u>\$ 6,792,187</u>

\* This expense line contains joint 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.

**KANSAS WHEAT COMMISSION**  
 Manhattan, Kansas  
**STATEMENTS OF CASH FLOWS**  
 For Each of the Years Ended June 30,

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	<u>\$ (1,451,128)</u>	<u>\$ (44,020)</u>
Adjustments to reconcile change in unrestricted net assets to net cash provided (used) by operations		
Depreciation expense	\$ 817,313	\$ 821,606
(Gain) loss on investments	3,372,554	(3,514,421)
Changes in operating assets and liabilities		
Grants receivable	(15,876)	(264)
Other receivables	(42,612)	122,353
Prepaid expenses	(5,758)	(38,345)
Accounts payable	(13,354)	32,417
Payroll payable	1,254	(13,598)
Compensated absences	15,946	(12,059)
Accrued liabilities	(19,990)	(2,510)
Deferred compensation	27,810	1,820
<b>Total Adjustments</b>	<u>\$ 4,137,287</u>	<u>\$ (2,603,001)</u>
<b>Cash Provided by Operating Activities</b>	<u>\$ 2,686,159</u>	<u>\$ (2,647,021)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Change in HPI investment	\$ (240,000)	\$ (240,000)
Purchase of The Trust Company investment	(4,000,000)	-
Cash paid for purchases of property and equipment	<u>(101,568)</u>	<u>(117,769)</u>
<b>Cash Used in Investing Activities</b>	<u>\$ (4,341,568)</u>	<u>\$ (357,769)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	\$ (1,655,409)	\$ (3,004,790)
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<u>3,207,008</u>	<u>6,211,798</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u><u>\$ 1,551,599</u></u>	<u><u>\$ 3,207,008</u></u>

**KANSAS WHEAT COMMISSION**  
Manhattan, Kansas  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023 and 2022

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

**Organization**

The Kansas Wheat Commission (the Commission) is organized as a commission of the State of Kansas to conduct a campaign of wheat promotion and market development through research, education, and information. The Commission receives an assessment that is levied on wheat marketed through commercial channels in the State of Kansas. Each wheat producer may obtain a refund of assessments paid 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 accrual basis of accounting and the financial reporting provisions prescribed by the Financial Accounting Standards Board. This basis of accounting is commonly known as generally accepted accounting principles (GAAP).

**Cash and Cash Equivalents**

Cash includes all deposits in the bank and highly liquid investments with original maturities of three months or less. The carrying value of these deposits approximates fair value because of the short maturities of those financial instruments.

**Sponsorships Receivable and Revenue Recognition**

Sponsorships receivable consist of amounts due from third party supporters and promoters of events operated by the Commission. Revenues are recognized when the sponsor has committed to a contribution amount and the Commission has completed the event.

**Grants Receivable and Revenue Recognition**

Grants receivable consist of amounts due from third party grantors for reimbursement of qualifying grant award costs. Revenues are recognized when qualifying reimbursable costs are incurred.

**Other Receivables and Allowance**

Other receivables consist of amounts due from other third parties that are not considered sponsorships or grants receivable. These receivables are stated at unpaid balances, less an allowance for doubtful accounts. The Commission provides for losses on other receivables using the allowance method. The allowance is based on historical experience, third-party contracts, and other circumstances, which may affect the ability of the third party to meet their obligation. It is the Commission's policy to charge off uncollectible receivables when management determines the receivable will not be collected. The allowance for doubtful accounts at June 30, 2023 and 2022 is estimated at \$0, indicating management's expectation that all accounts are fully collectible.

**Wheat Assessment Revenue Recognition**

The Commission records wheat assessment revenues when monies have been collected by the State of Kansas and have been distributed to the Commission's banking accounts. Refunds of assessments are tracked separately and are reported as a reduction of the gross amounts of wheat assessment revenues.

**Leases**

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, Leases) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.



**KANSAS WHEAT COMMISSION**  
 Manhattan, Kansas  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
 June 30, 2023 and 2022

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

**Leases (Continued)**

The Commission evaluated the leases existing at, or entered into after, July 1, 2022 and determined adopting ASC 842 would have an immaterial impact on the financial statements as a whole and as such, elected not to recognize right-of-use assets and lease obligation liabilities.

The Commission leases one copier and determined if the arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, operating current liabilities, and operating long-term lease liabilities on the balance sheet. Finance leases are included in financing lease ROU assets, financing current liabilities, and financing long-term liabilities on the balance sheet. There were no financing leases during 2023.

The accounting applied by lessors under Topic 842 is largely unchanged from previous GAAP. Some changes to the lessor accounting guidance were made to align both of the following: i) the lessor accounting guidance with certain changes made to the lessee accounting guidance and ii) key aspects of the lessor accounting model with revenue recognition guidance. The Commission adopted the standard effective July 1, 2022.

**Property, Plant, and Equipment**

The cost of property and equipment purchases are capitalized at historical cost. The cost of major renewals and betterments that extend the lives of property and equipment are also capitalized. When assets are retired or otherwise disposed of, the assets and related accumulated depreciation are reduced and any resulting gain or loss is recognized as a change in the net assets in the period of disposal. The cost of maintenance and repairs is expensed as incurred.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<b>Property Classification</b>	<b>(Years)</b>
Office equipment	3 - 10
Lab equipment	5 - 10
Vehicles	5
Furniture and fixtures	7 - 10
Building	25

**Investment in HPI**

The investment in HPI is reported using the equity method of investment accounting. The Commission reports its ownership portion of the equity of Heartland Plant Innovations (HPI) as of each reporting date.

**Net Assets**

The Commission reports the changes in its financial position according to one class of net assets as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

**Advertising**

The Commission's advertising costs are expensed as incurred and are separately reported on the statements of activities as domestic and international marketing.

**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.

**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.

**KANSAS WHEAT COMMISSION**  
 Manhattan, Kansas  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
 June 30, 2023 and 2022

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

**Functional Allocation of Expense**

The costs of program and supporting services 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.

**Fair Value Measurements**

ASC Topic 820, Fair Value Measurements and Disclosures, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect assumptions that market participants would use in pricing an asset or liability. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

See note 2 for further disclosure of the fair value of financial investments.

**Note 2: Fair Value Measurements**

The following table provides the hierarchy and fair value for each major category of assets measured at fair value at June 30, 2023 and 2022:

	<b>2023</b>	
	<b>Fair Value Level</b>	<b>Amount</b>
Investments in marketable securities		
Cash and cash equivalents	Level 1	\$ 101,428
Fixed income	Level 1	5,014,460
		<u>\$ 5,115,888</u>
	<b>2022</b>	
	<b>Fair Value Level</b>	<b>Amount</b>
Investments in marketable securities		
Cash and cash equivalents	Level 1	\$ 12,735
Fixed income	Level 1	4,105,551
		<u>\$ 4,118,286</u>

Cash and cash equivalents include insured cash account funds which are valued at the closing price reported by the fund sponsor from an actively traded exchange (Level 1). Investments in fixed income corporate bonds and are valued using market prices on active markets (Level 1).

**KANSAS WHEAT COMMISSION**  
 Manhattan, Kansas  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
 June 30, 2023 and 2022

**Note 3: Cash and Certificates of Deposit**

Cash and certificates of deposit are maintained at KS State Bank located in Manhattan, Kansas and UMB Bank located in Kansas City, Missouri.

The bank balance at June 30, 2023 in checking accounts totaled \$1,488,179. Of that balance, \$288,584 was covered by FDIC insurance and the remaining balance was covered by a letter of credit.

The bank balance at June 30, 2022 in checking accounts totaled \$3,260,850. Of that balance, \$300,502 was covered by FDIC insurance and the remaining balance was covered by three letters of credit.

For June 30, 2023, the balances were secured as follows:

	<b>KS</b>		<b>UMB Bank</b>		<b>Total</b>
	<b>State Bank</b>				
FDIC insurance	\$ 250,000		\$ 38,584		\$ 288,584
Collateralized by Federal Home Loan Bank letter of credit	1,199,595		-		1,199,595
<b>Total</b>	<u>\$ 1,449,595</u>		<u>\$ 38,584</u>		<u>\$ 1,488,179</u>

For June 30, 2022, the balances were secured as follows:

	<b>KS</b>		<b>UMB Bank</b>		<b>Total</b>
	<b>State Bank</b>				
FDIC insurance	\$ 250,000		\$ 50,502		\$ 300,502
Collateralized by Federal Home Loan Bank letter of credit	2,960,348		-		2,960,348
<b>Total</b>	<u>\$ 3,210,348</u>		<u>\$ 50,502</u>		<u>\$ 3,260,850</u>

Funds on deposit at UMB Bank are swept nightly when target balances are reached, invested in repurchase agreements, and swept back when required for payment of checks to transfer funds to KS State Bank.

**Note 4: Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<b>2023</b>
Cash and cash equivalents	\$ 1,551,599
Other receivables	64,689
	<u>\$ 1,616,288</u>

As part of the Commission's liquidity management plan, they invest cash in excess of daily requirements in an interest bearing account.

**KANSAS WHEAT COMMISSION**  
 Manhattan, Kansas  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
 June 30, 2023 and 2022

**Note 5: Property, Plant, and Equipment**

Changes in property, plant, and equipment for the year ended June 30, 2023 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Construction in progress	\$ -	\$ -	\$ -	\$ -
Office equipment	337,370	43,221	-	380,591
Lab equipment	1,144,893	58,347	-	1,203,240
Vehicles	112,415	-	-	112,415
Furniture and fixtures	388,342	-	-	388,342
Building	14,978,964	-	-	14,978,964
Accumulated depreciation	(7,543,002)	(817,313)	-	(8,360,315)
<b>Net Book Value</b>	<u>\$ 9,418,982</u>	<u>\$ (715,745)</u>	<u>\$ -</u>	<u>\$ 8,703,237</u>

Changes in property, plant, and equipment for the year ended June 30, 2022 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Construction in progress	\$ 30,240	\$ -	\$ 30,240	\$ -
Office equipment	329,362	40,790	32,782	337,370
Lab equipment	1,113,126	31,767	-	1,144,893
Vehicles	108,488	35,500	31,573	112,415
Furniture and fixtures	388,342	-	-	388,342
Building	14,939,012	39,952	-	14,978,964
Accumulated depreciation	(6,785,751)	(821,606)	(64,355)	(7,543,002)
<b>Net Book Value</b>	<u>\$ 10,122,819</u>	<u>\$ (673,597)</u>	<u>\$ 30,240</u>	<u>\$ 9,418,982</u>

**Note 6: Investment in HPI**

The Commission owns shares of stock issued by Heartland Plant Innovations (HPI), a related party as the board chairman is also the CEO of the Commission. This stock was acquired through a facilities lease agreement, effective for both 2023 and 2022, whereby the Commission provides the use of its facilities to HPI in exchange for \$240,000 of HPI stock each year.

As discussed in Note 1, the Commission accounts for this investment using the equity method of investment accounting. The Commission's ownership percentage of HPI as of June 30, 2023 and 2022 is 62.54% and 59.36%, respectively. The Commission's equity basis in this investment at June 30, 2023 and 2022 is \$17,470 and \$146,777. The Commission recorded a gain/(loss) on investment in HPI of (\$369,307) and (\$490,130) for the years ended June 30, 2023 and 2022, respectively. The Commission's cost basis in this investment at June 30, 2023 and 2022 is \$1,920,000 and \$1,680,000, respectively.

Refer to Note 13 for additional detail on related party transactions between the Commission and HPI.

**Note 7: 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 June 30, 2023 and 2022.

**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 June 30, 2023, the five-year average of annual disbursements was \$6,213,872 and the cash balance was \$1,551,599. As of June 30, 2022, the five-year average annual disbursements was \$6,211,502 and the cash balance was \$3,207,008.

**KANSAS WHEAT COMMISSION**  
Manhattan, Kansas  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2023 and 2022

**Note 7: Stewardship, Compliance, and Accountability (Continued)**

**Refund Recordkeeping**

In accordance with K.S.A. 2-3007(b), the Commission maintains complete records of all refunds of wheat assessments paid to wheat producers for a period of time not less than two years.

**Note 8: Related Party Transactions**

**Kansas Association of Wheat Growers**

The Kansas Association of Wheat Growers (the Association) is a separate legal entity that has the same internal management as the Commission. The Commission provides certain administration and management services for the Association under the terms of a cooperative agreement. The Commission received \$70,000 under this agreement for both of the years ended June 30, 2023 and 2022.

The Commission contracts with the Association for program services. The amounts paid under these contracts in the years ended June 30, 2023 and 2022 were \$262,333 and \$324,000, respectively.

**Kansas Wheat Commission Research Foundation**

The Kansas Wheat Commission Research Foundation (the Foundation) was established during the year ended June 30, 2011. The Foundation is legally separate from the Commission but was organized primarily for its benefit.

The Commission provided a donation to the Foundation. The amounts paid in the years ended June 30, 2023 and 2022 were \$0 and \$1,000,000, respectively.

**Note 9: Deferred Compensation**

The Commission entered into an Executive Incentive Agreement with the CEO to provide a long term retention benefit. The investment account is funded by both employer and employee contributions. The funds contributed to this account are invested in marketable securities. The terms of the agreement allow for the participant to contribute up to \$10,000 per year with a 2 to 1 match from the Commission. The employee becomes vested based on the terms of the agreement along an agreed upon vesting schedule. The amount of the employee's vested balance is shown as a deferred compensation liability, while the remaining unvested portion is reported as investments related to deferred compensation.

**Note 10: Compensated Absences Payable**

The Commission's policy allows employees to accumulate annual and sick leave as follows:

*Annual Time:*

- 0 - 5 years of service accrue 2 weeks per year
- 6 - 15 years of service accrue 3 weeks per year
- 15 or more years of service accrue 4 weeks per year
- Employees can accumulate 90 days maximum
- Employees can only carryover 1/2 of what is accrued each year
- Maximum payout is 30 days when an employee terminates employment or at retirement

*Sick Leave:*

- Employees initially accumulate 7 days per year
- Once an employee has accumulated 12 days of sick leave or has 3 years of continuous employment, whichever comes first, the employee accrues 14 days per year
- Maximum accumulation is 150 days
- Sick leave is paid at the employee's base rate of pay
- Maximum payout is 2 weeks upon termination of employment or 4 weeks upon retirement

Compensated absences have been accrued for the balances due upon termination, \$67,459 in annual time and \$53,956 in sick leave for a total of \$121,417 for the year ended June 30, 2023 and \$61,715 in annual time and \$43,757 in sick leave for a total of \$105,472 for the year ended June 30, 2022.

**KANSAS WHEAT COMMISSION**  
Manhattan, Kansas  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2023 and 2022

**Note 11: Pension Plan Expense**

On January 1, 2008, the Commission established a Section 457 plan and a section 401(a) plan. The plan allows employees to contribute an amount from their wages to the plan. The maximum amount is established by the Internal Revenue Service. The Commission contributes a matching amount for each employee participating in the plan up to 7% of the employee's gross wages.

The Commission's expense for the years ended June 30, 2023 and 2022 was \$36,437 and \$49,352, respectively.

**Note 12: Concentration of Support**

For the years ended June 30, 2023 and 2022, the Commission received 86% and 92%, respectively, of its total revenues from wheat assessments.

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

**Note 13: Related Party Transactions**

**Heartland Plant Innovations**

Heartland Plant Innovations (HPI) is an incorporated for-profit subsidiary of the Commission. The President of the Commission is on the Board of Directors of HPI.

The Commission leases the use of laboratory equipment to HPI under an agreement with HPI. The Commission received utilities and license agreement payments of \$240,000 for each of the years ended June 30, 2023 and 2022.

The Commission provides research funding to HPI. The Commission issued total research grants to HPI of \$60,000 and \$50,000, for the years ended June 30, 2023 and 2022, respectively.

Refer to Note 6 for further details regarding the investment in HPI.

**Note 14: Line of Credit**

Effective October 12, 2016, the Commission entered into an operating line of credit agreement with KS State Bank with a maximum available principal of \$2,500,000. The line of credit is due on demand and has a variable interest rate equal to 0.050 percentage points under the Prime Rate with a floor of 3.45%. The interest rate was 8.45% and 4.70% as of June 30, 2023 and June 30, 2022, respectively. The Commission must pay quarterly payments of all accrued unpaid interest due as of each payment date beginning January 12, 2017. The line of credit is secured by the Kansas Wheat Innovation Center. The Commission has not drawn on the line of credit. The balance outstanding as of June 30, 2023 and 2022 is \$0.

**KANSAS WHEAT COMMISSION**  
 Manhattan, Kansas  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
 June 30, 2023 and 2022

**Note 15: Leases**

The Commission leases a copier and accounts for this lease as an operating lease. The following is a schedule by years of the future minimum payments due on non-cancelable operating leases as of June 30, 2023 for the five succeeding fiscal years:

<b>Year</b>		
2024	\$	7,131
2025		7,131
2026		7,131
2027		-
2028		-
Thereafter		-
<b>Total</b>	<b>\$</b>	<b><u>21,393</u></b>

The Commission leases the greenhouse, lab, seed, and other rooms to an unrelated party and treats the lease as operating income which includes base rent plus reimbursement for common services such as the postage machine and copier. The following is a schedule by years of the future minimum receipts due on non-cancelable operating leases, excluding common services as of June 30, 2023 for the five succeeding fiscal years:

<b>Year</b>		
2024	\$	60,000
2025		60,000
2026		60,000
2027		60,000
2028		30,000
Thereafter		-
<b>Total</b>	<b>\$</b>	<b><u>270,000</u></b>

**Note 16: Subsequent Events**

The Commission's activities subsequent to June 30, 2023 have been evaluated through November 28, 2023, which is the date the financial statements were available to be issued.

## **SUPPLEMENTAL INFORMATION**



**KANSAS WHEAT COMMISSION**  
 Manhattan, Kansas  
**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE -**  
**ACTUAL AND BUDGET**  
 For the Year Ended June 30, 2023

	<u>Actual</u>	<u>Budget</u>	<u>(Over)/Under Variance</u>
<b>RECEIPTS</b>			
Wheat assessments	\$ 4,478,025	\$ 5,500,000	\$ 1,021,975
Wheat assessment refunds	(181,000)	(330,000)	(149,000)
KAWG cooperative agreement	70,000	70,000	-
Sponsorships	19,610	30,000	10,390
Building related	186,739	47,242	(139,497)
Interest	179,774	18,757	(161,017)
Miscellaneous	13,088	500	(12,588)
<b>Total Receipts</b>	<u>\$ 4,766,236</u>	<u>\$ 5,336,499</u>	<u>\$ 570,263</u>
<b>DISBURSEMENTS</b>			
Special projects	\$ (4,490)	\$ 5,000	\$ 9,490
Public issues	7,544	290,915	283,371
Research	1,272,509	1,787,687	515,178
Administrative	6,673	505,712	499,039
Domestic marketing	778,150	1,401,867	623,717
International marketing	1,394,488	1,806,716	412,228
Facility support	704,764	729,250	24,486
Payroll	1,088,760	1,026,850	(61,910)
<b>Total Disbursements</b>	<u>\$ 5,248,398</u>	<u>\$ 7,553,997</u>	<u>\$ 2,305,599</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	\$ (482,162)	<u>\$ (2,217,498)</u>	<u>\$ (1,735,336)</u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<u>3,207,008</u>		
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u>\$ 2,724,846</u>		