



March 19, 2013

**Legislative Report of the Kansas Sunflower Commission
Senate Agriculture Committee**

Chairman Love and members of the Committee, I apologize I cannot appear in person today, however the Kansas Sunflower Commission understands how important providing a report to this body is on an annual basis. We will make every effort to appear in person next year and subsequent years. I am providing this short overview of activities and research concerning the sunflower industry in Kansas and the Commission's use of check-off dollars authorized by the Legislature.

In fiscal year 2012 (10/1/2011 to 09/30/2012) the Kansas Sunflower Commission collected \$94,154.54 in check-off dollars from Kansas sunflower growers. That is approximately a 22 percent decrease from the previous year's collection. This year we received refund requests for \$1,317.11 which means the Commission received gross check-off dollars of \$92,837.43. The percent of refunds requested for the past fiscal year was 1.4%, a decrease of 0.7%. As of March 15, 2013, the Commission has assets totaling \$93,378.79. In accordance with KSA 2-3005(k), attached to this report is the annual financial audit report. Again this year there were no irregularities found in KSC financial statements.

The net decrease in check-off dollars this year reflects the drought that occurred and continues to persist across the state. Despite the documented heat tolerance and lower water requirements for sunflowers, the 2012 crop was impacted negatively like all other commodities during the hot dry summer. The collection of check-off dollars was similarly impacted. Our expectation is that with better growing conditions check-off receipts will increase making more dollars available for research and promotion.

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 promotion and research specific to sunflowers. This year KSC sent \$47,077.27 to NSA for research. Money contributed by Kansas sunflower growers is leveraged many times to produce critical, weed, insect, genetic and agronomic research through NSA. A great deal of that research takes place in Kansas at K-State research stations. For your information I have attached a list of those projects to my testimony. Projects on this list total over \$85,000 directly coming back to Kansas researchers for sunflower work from the NSA.

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Insect control and resistance is one of the areas of research important to growers across the county. Head moth and stem weevil reduce production across the Midwest annually. If control of these two pests can be improved, sunflower production, and the economics of sunflower production will improve dramatically. Dr. Rob Aiken in Colby is conducting greenhouse trials assessing lines of sunflowers and crossing those lines looking for greater resistance to these pests. Success of these experiments has the potential to benefit all sunflower growers.

Additional research being performed in Kansas in partnership with the National Sunflower Association is taking place at the K-State research station in Hays. Dr. Phil Stahlman is conducting field trials looking at alternatives for *Palmer amaranth* (pigweed) control in sunflowers. Weed control is one of the greatest challenges for sunflower growers in Kansas, and pigweed is particularly difficult to manage. This multi-year study will look at herbicides traditionally used on other crops and their effectiveness on pigweed in sunflowers. If this study can identify more effective methods for weed control, then sunflower may begin to once again compete as a major crop in Kansas.

For the first time at this year's Kanas State Fair, the Kansas Sunflower Commission will be sponsoring a sunflower growing contest. Although the contest has been in existence for a while, this is the first year KSC will be a sponsor. We hope by getting behind these kinds of efforts producers and the general public will become more aware of the sunflower industry.

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. If you have any questions please feel free to contact me directly. Thank you.

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Kansas Sunflower Research Projects 2012/13

Evaluation of Sunflower for Resistance to Seed- and Stem-Infesting Insect Pests in the Great Plains

Investigator: Rob Aiken KSU Colby

Description: Evaluate accessions, interspecific crosses, and breeding lines in nurseries for resistance sunflower moth and sunflower stem weevil (Kansas) and collect data on agronomic suitability of testcross hybrids. (2) Review experimental design, sampling protocols, and sample scoring to permit more efficient or accurate assessment of resistance using pooled sub-samples. (3) Assess physical and chemical traits likely to contribute resistance to one or more of the primary insect pests of sunflower; quantitative or qualitative traits include pericarp toughness, presence of phytomelanin layer, and sesquiterpene lactone (terpenoid) content.

Funded Amount: \$44,369

Mitigating the Threat of Palmer Amaranth to Sunflower Production

Investigator: Phil Stahlman, KSU

Description: Evaluate experimental compounds and herbicides labeled for use in other crops that might have potential for use in sunflower. (2) Investigate ways to improve the performance of labeled herbicides and perform cost/benefit ratio analysis for economic comparisons of treatments. (3) Determine if Express-Sun™ or Clearfield™ sunflowers double cropped after winter wheat offer any protection against soil residues of sulfonylurea or imidazalinone (principally imazamox) herbicides applied to wheat.

Funded Amount: \$14,000

Sunflower Tolerance to Pyroxasulfone Applied PRE and Early-POST

Investigator: Phil Stahlman, KSU; Curtis Thompson, KSU

Description: To determine residual weed control and sunflower response from Pyroxasulfone applied PRE and EPOST. This data will be used to support IR-4 registration of Pyroxasulfone in sunflower.

Funded Amount: \$20,000

Managing Deficit Sprinkler Irrigation for Sunflower Production

Investigator: Freddie Lamm, KSU

Description: Examine the effects of 12 different irrigation management regimes (Initial sprinkler capacity limited to 25 mm every 4, 8, or 12 days with irrigation season starting dates of July 1 or July 15 and with and without preseason irrigation input of 127 mm. (2) Determine the effect of three sunflower populations (44,500, 56,800 and 69,200 plants/ha) as affected by irrigation regime on canopy formation, components of seed yield, water use and water use efficiency. (3) Compare the economics of the 36 different sunflower production systems using a partial budgeting approach to evaluate differential costs and returns.

Funded Amount: \$1,641

Row Spacing and Population Effects on Double-Cropped Sunflower Productivity

Investigator: Rob Aiken KSU Colby

Description: Determine effects of row spacing, population and hybrid on sunflower development and productivity, when double-cropped after wheat.

Funded Amount: \$6,000

KANSAS SUNFLOWER COMMISSION

Rossville, Kansas

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITOR'S REPORT

August 31, 2012 and 2011

VARNEY & ASSOCIATES, CPAs, LLC
Manhattan, Kansas

Supporter of the Kansas Sunflower Industry through Farmer Check-off Dollars
www.kssunflower.com



January 9, 2013

Board of Directors
Kansas Sunflower Commission
Rossville, Kansas

Independent Auditor's 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, 2012 and 2011, and the related statements of revenue, expenses, and changes in net assets — cash basis for the years then ended. These financial statements are the responsibility of the Organization'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 that 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 above present fairly, in all material respects, the assets, liabilities, and net assets of Kansas Sunflower Commission as of August 31, 2012 and 2011, and its revenue, and expenses for the years then ended, on the basis of accounting described in Note 1.

Varney & Associates
Certified Public Accountants
Manhattan, Kansas

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Independent Auditor's Report

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

		<u>2012</u>	<u>2011</u>
	ASSETS		
Current Assets			
Cash		\$ 134,784	\$ 148,976
TOTAL ASSETS		<u>\$ 134,784</u>	<u>\$ 148,976</u>
	NET ASSETS		
Net Assets		\$ 134,784	\$ 148,976
TOTAL NET ASSETS		<u>\$ 134,784</u>	<u>\$ 148,976</u>

Financial Statements

See Independent Auditor's Report.
 The accompanying notes are an integral part of these financial statements.

KANSAS SUNFLOWER COMMISSION
 Rossville, Kansas
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - CASH BASIS
 For the Years Ended August 31,

	<u>2012</u>	<u>2011</u>
REVENUE		
Check-off collections	\$ 94,104	\$ 120,877
Interest	957	2,505
Refunds	(1,317)	(2,849)
Reimbursements	256	-
Total Revenue	<u>\$ 94,000</u>	<u>\$ 120,533</u>
EXPENSES		
Administrative		
Dues	\$ 60,019	\$ 40,522
Commissioner travel	3,156	4,035
Contract labor	17,687	19,249
Office expense	1,091	1,770
Audit fees	5,324	6,624
Marketing position support	3,254	6,239
Miscellaneous	2,036	125
Program		
National Sunflower Association	15,000	-
Sponsorships	625	6,127
Total Expenses	<u>\$ 108,192</u>	<u>\$ 84,691</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ (14,192)</u>	<u>\$ 35,842</u>
NET ASSETS - BEGINNING	<u>148,976</u>	<u>113,134</u>
NET ASSETS - ENDING	<u>\$ 134,784</u>	<u>\$ 148,976</u>

Financial Statements

See Independent Auditor's Report.
 The accompanying notes are an integral part of these financial statements.

KANSAS SUNFLOWER COMMISSION
Rossville, Kansas
NOTES TO FINANCIAL STATEMENTS
August 31, 2012 and 2011

Notes To Financial Statements

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.

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. As these are cash basis financial statements, no estimates were made.

Cash Equivalents

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

Note 2: Cash Deposits

At August 31, 2012, the carrying amount of the Commission's deposits was \$134,784. The bank balance was \$133,218 and was held by two different banks. All \$133,218 was secured by FDIC insurance.

At August 31, 2011, the carrying amount of the Commission's deposits was \$148,976. The bank balance was \$148,976 and was held by two different banks. All \$148,976 was secured by FDIC insurance.

Note 3: Subsequent Events

Management has evaluated subsequent events through January 9, 2013 which is the date the financial statements were available for issuance.