

**OKLAHOMA SORGHUM COMMISSION
LUBBOCK, TEXAS**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
LUBBOCK, TEXAS

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BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

Independent Auditor's Report

Board of Directors
Oklahoma Sorghum Commission
Lubbock, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and governmental fund of the Oklahoma Sorghum Commission as of June 30, 2023, and the related notes to the financial statements, which collectively comprise the Oklahoma Sorghum Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and governmental fund of the Oklahoma Sorghum Commission as of June 30, 2023, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Oklahoma Sorghum Commission (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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 generally accepted auditing standards and *Government 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 9 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2023, on our consideration of the Oklahoma Sorghum Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

July 25, 2023

OKLAHOMA SORGHUM COMMISSION

Exhibit A

STATEMENT OF NET POSITION AND GOVERNMENTAL
FUND BALANCE SHEET
JUNE 30, 2023

ASSETS	Major Fund <u>General Fund</u>	<u>Adjustments</u>	Statement of Net Position
Cash in Bank	\$ 83,403	\$	\$ 83,403
Accounts Receivable (Net of \$0 Allowance)	<u>153,560</u>	<u></u>	<u>153,560</u>
Total Assets	<u>\$ 236,963</u>	<u>\$ 0</u>	<u>\$ 236,963</u>
 LIABILITIES			
Total Liabilities	<u>\$ 14,116</u>	<u>\$ 0</u>	<u>\$ 14,116</u>
 FUND BALANCE / NET POSITION			
Fund Balance			
Assigned	\$ 30,000	\$ (30,000)	\$
Unassigned	<u>192,847</u>	<u>(192,847)</u>	<u></u>
Total Fund Balances	<u>\$ 222,847</u>	<u>\$ (222,847)</u>	<u>\$ 0</u>
Total Liabilities and Fund Balance	<u>\$ 236,963</u>		
Net Position			
Unrestricted		<u>\$ 222,847</u>	<u>\$ 222,847</u>
Total Net Position		<u>\$ 222,847</u>	<u>\$ 222,847</u>

See accompanying notes to financial statements.

OKLAHOMA SORGHUM COMMISSION

Exhibit B

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2023

	Major Fund General Fund	Adjustments	Statement of Activities
REVENUE			
Passback from USCP	\$ 153,560	\$	\$ 153,560
Interest	103		103
Total Revenue	\$ 153,663	\$ 0	\$ 153,663
EXPENDITURES / EXPENSES			
Administration	\$ 2,684	\$	\$ 2,684
Education and Promotion	2,322		2,322
Research	47,125		47,125
Other Costs	27,500		27,500
Total Expenditures / Expenses	\$ 79,631	\$ 0	\$ 79,631
EXCESS OF REVENUE OVER EXPENDITURES	\$ 74,032	\$ (74,032)	\$
Change in Net Position		74,032	74,032
FUND BALANCE / NET POSITION			
BEGINNING OF YEAR	148,815		148,815
END OF YEAR	\$ 222,847	\$ 0	\$ 222,847

See accompanying notes to financial statements.

OKLAHOMA SORGHUM COMMISSION

NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations

Organization

The Oklahoma Sorghum Commission (the Commission) was organized as a state agency in accordance with the Oklahoma Sorghum Resources Act. Revenue is provided by assessments to the first handler of Sorghum. Producers may request a refund of the assessment within 60 days of collection. On July 1, 2008, the Commission set its assessment rate at zero as the United Sorghum Checkoff Program (USCP) began operations. A provision of the order will allow for a 15% to 25% passback of funds to the Commission for state programs for assessments collected from the State of Oklahoma. The Commission will manage these funds.

2. Summary of Significant Accounting Policies

The accounting policies of the Commission conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The following is a summary of the more significant policies.

Basis of Accounting and Presentation

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the government-wide entity as a whole. These statements report information on all the nonfiduciary activity of the Commission. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Commission currently does not have business-type activities.

These governmental-wide financial statements were prepared using the economic resource measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with the specific function. Program revenue includes charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. The Commission does not have any program revenue.

The Commission reports all expenses in the Statement of Activities. Direct expenses are those that are clearly identifiable with the function of appraisal and collection. Indirect expenses of the other functions are not allocated to those functions but reported separately in the Statement of Activities.

OKLAHOMA SORGHUM COMMISSION

NOTES TO FINANCIAL STATEMENTS

Fund Balance

The Commission has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints.

Nonspendable fund balance – amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts constrained to specific purposes by the Commission itself, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the Commission takes the same highest level action to remove or change the constraint.

Assigned fund balance – amounts the Commission intends to use for a specific purpose. Intent can be expressed by an official or body to which the Commission delegates authority.

Unassigned fund balance – amounts that are available for any purpose.

For the fiscal year ended June 30, 2023, the Commission's fund balance consisted of \$30,000 assigned for managerial reserve and the remaining fund balance of \$192,847 is unassigned.

Fund Financial Statements

Financial statements are provided for the governmental fund. Major governmental funds are reported as separate columns in the financial statements. However, the Commission only maintains one fund.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are measurable and available.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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OKLAHOMA SORGHUM COMMISSION
NOTES TO FINANCIAL STATEMENTS

The Commission reports the following major governmental fund:

Operating Fund (General Fund) – Accounts for financial resources in use for general types of operations. This is a budgeted fund and fund balances are considered as resources available for use.

3. Cash

Cash and cash equivalents at June 30, 2023, was comprised of the following:

Cash in Bank	\$ <u>83,403</u>
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Deposits

Cash deposits are subject to custodial risk. Custodial risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned. The Commission's deposits during the year and at year end were entirely covered by federal depository insurance.

4. Contingent Liabilities

There are no contingent liabilities or pending litigation against the Commission that would have a material effect on the financial statements.

OKLAHOMA SORGHUM COMMISSION

RSI

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY
COMPARISON SCHEDULE - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget (Unaudited)	Actual	Variance Positive (Negative)
REVENUE			
Passback from USCP	\$ 60,000	\$ 153,560	\$ 93,560
Interest Income	<u>20</u>	<u>103</u>	<u>83</u>
Total Revenue	\$ <u>60,020</u>	\$ <u>153,663</u>	\$ <u>93,643</u>
EXPENDITURES			
Administration			
Audit	\$ 3,000	\$ 3,141	\$ (141)
Insurance			
Directors' Liability	650	(457)	1,107
Directors' Travel Policy	125		125
Legal Fees	500		500
Supplies, Printing, Postage, and Election Expense	<u>1,000</u>		<u>1,000</u>
Total Administration	\$ <u>5,275</u>	\$ <u>2,684</u>	\$ <u>2,591</u>
Education and Promotion			
Board Meetings	\$ 5,000	\$ 81	\$ 4,919
Other Meetings	<u>7,500</u>	<u>2,241</u>	<u>5,259</u>
Total Education and Promotion	\$ <u>12,500</u>	\$ <u>2,322</u>	\$ <u>10,178</u>
Research			
Other Research	\$ <u>18,000</u>	\$ <u>47,125</u>	\$ <u>(29,125)</u>
Other Costs			
Oklahoma Ag Leadership Program	\$ 2,000	\$	\$ 2,000
Administrative Contract (Transfers to Operating)	4,000	2,000	2,000
Staffing (Transfers to Operating)	<u>17,500</u>	<u>25,500</u>	<u>(8,000)</u>
Total Other Costs	\$ <u>23,500</u>	\$ <u>27,500</u>	\$ <u>(4,000)</u>
Total Expenditures	\$ <u>59,275</u>	\$ <u>79,631</u>	\$ <u>(20,356)</u>
Excess of Revenue Over Expenditures	\$ <u>745</u>	\$ 74,032	\$ <u>73,287</u>
Fund Balance - Beginning of Year		<u>148,815</u>	
Fund Balance - End of Year		<u><u>222,847</u></u>	

Notes to RSI:

No budget amendments were made during the year.

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

Board of Directors
Oklahoma Sorghum Commission
Lubbock, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Oklahoma Sorghum Commission as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Oklahoma Sorghum Commission's basis financial statements, and have issued our report thereon dated July 25, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Oklahoma Sorghum Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Oklahoma Sorghum Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Oklahoma Sorghum Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Oklahoma Sorghum Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bolinger, Segars, Gilbert & Moss L.P.

Certified Public Accountants

Lubbock, Texas

July 25, 2023