

AUDIT REPORT
AND
FINANCIAL STATEMENTS

MINNESOTA DAIRY RESEARCH AND PROMOTION COUNCIL
ST. PAUL, MINNESOTA

DECEMBER 31, 1981

AUDIT SERVICES DIVISION
MINNESOTA DEPARTMENT OF AGRICULTURE
ST. PAUL, MINNESOTA

<u>CONTENTS</u>	<u>PAGE</u>
Accountants' Report	2
Board of Directors	3
Statement of Financial Position	4
Statement of Operations	5
Statement of Operations (Cont.)	6
Investment Schedule	7
Investment Income	8
Investment Income (Cont.)	9
Bank Reconciliation	10
Notes to Financial Statements	11



LAND OF QUALITY FOODS

STATE OF MINNESOTA

DEPARTMENT OF AGRICULTURE

90 WEST PLATO BOULEVARD

SAINT PAUL, MINN. 55107

TELEPHONE: (612) 296-2841

February 12, 1982

Minnesota Dairy Research and Promotion Council
2015 Rice Street
St. Paul, Minnesota 55113

Gentlemen:

We have examined the records including the balance sheet and the related statement of income of the Minnesota Dairy Research and Promotion Council for the year ending December 31, 1981. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above, present fairly the financial position of the Minnesota Dairy Research and Promotion Council at December 31, 1981, as a non-profit organization keeping its books of account on a cash basis, on a consistent basis.

Sincerely,

MINNESOTA DEPARTMENT OF AGRICULTURE

Robert F. Thimmes, Director
Audit Services Division

RFT:jfd



ENJOY THE HIGH QUALITY AND INFINITE VARIETY OF MINNESOTA FOODS

EQUAL OPPORTUNITY EMPLOYER

MINNESOTA DAIRY RESEARCH AND PROMOTION COUNCIL
2015 RICE STREET
ST. PAUL, MINNESOTA 55113

"BOARD OF DIRECTORS"

TERM EXPIRES JUNE 30, 1982

Howard Neumann (District 1)
Route 1
Ada, MN 56510

Kenneth Peterson (District 2)
Route 1, Box 66
Tamarack, MN 55787

Jake Van Eps (District 3)
Route 1
Hancock, MN 56244

Elmer Rosenow (District 4)
Route 1
Grey Eagle, MN 56336

Lowell Richards (District 5)
Route 2
Buffalo Lake, MN 55314

George Rydeen (District 6)
10708 Arcola Trail North
Stillwater, MN 55082

Robert Griebel (District 7)
Route 4, Box 88
New Ulm, MN 56073

Burton Peterson (District 8)
Route 1, Box 66
Northfield, MN 55057

Leslie Winters (District 9)
Route 1, Box 118
Bingham Lake, MN 56118

Donald Glamm (District 10)
Route 3, Box 41
Janesville, MN 56048

Russell Church (District 11)
Route 1
Minnesota City, MN 55959

"BOARD OF DIRECTORS"

TERM EXPIRES JUNE 30, 1983

Lloyd Seter, Jr. (District 1)
Route 2, Box 205
Glyndon, MN 56547

Russell Martinson, Jr. (District 2)
Route 1, Box 236
Pine City, MN 55063

Allen H. Schroeder (District 3)
Route 3
Fergus Falls, MN 56537

Ervin Silvers (District 4)
Route 1
Albany, MN 56307

Marvin Mackenthun (District 5)
Route 2
Glencoe, MN 55336

Rudolph Sand (District 6)
Route 1
Cokato, MN 55321

Donald Hoesel (District 7)
Box 217
Mayer, MN 55360

Ronald Huseh (District 8)
Route 1
Dennison, MN 55018

Earl Rose (District 9)
Route 1, Box 35
Worthington, MN 56187

Lyle Tjosas (District 10)
Route 1
Kasson, MN 55944

Glen Schroeder (District 11)
Route 1, Box 53
Caledonia, MN 55921

MINNESOTA DAIRY RESEARCH AND PROMOTION COUNCIL
2015 RICE STREET
ST. PAUL, MINNESOTA 55113

"STATEMENT OF FINANCIAL POSITION"

DECEMBER 31, 1981

ASSETS

CURRENT ASSETS:

St. Anthony Park State Bank (General Account)	\$ (23,190.79) ✓
St. Anthony Park State Bank (Refund Account)	88,050.39 ✓
General Investments	1,700,000.00
Contingency Fund Investments	222,962.08
Refund Investments	100,000.00
Accounts Receivable:	
Current Portion of Building Loan - 1982	<u>17,438.97</u> ✓

Total Current Assets: \$2,105,260.65

LONG TERM ASSETS:

Building Loan Principal	\$ 417,751.95
-------------------------	---------------

Total Long Term Assets: \$ 417,751.95

TOTAL ASSETS: \$2,523,012.60

LIABILITIES AND FUND BALANCE

LIABILITIES:

Accounts Payable	\$ -0-
------------------	--------

Total Liabilities: \$ -0-

FUNDS:

Revolving Fund:	
Prior Year Balance	\$1,713,729.41
Current Year Increase	<u>809,283.19</u>

TOTAL LIABILITIES AND FUND BALANCE: \$2,523,012.60

The accompanying notes are an integral part of the financial statements.

MINNESOTA DAIRY RESEARCH AND PROMOTION COUNCIL
2015 RICE STREET
ST. PAUL, MINNESOTA 55113

"STATEMENT OF OPERATIONS"

JANUARY 1, 1981 THROUGH DECEMBER 31, 1981

REVENUE:

Dairy Check-Off Receipts	\$6,744,071.05	
Less: Refunds Paid	<u>1,591,378.56</u>	
Net Check-Off Receipts:		\$5,152,692.49
Interest Earned:		
Interest on General Checking Account	\$ 30,438.27	
Interest on General Investment Account	245,534.76	
Interest on Contingency Fund Investments	33,700.10	
Interest on Refund Checking Account	<u>6,640.31</u>	
Subtotal:		\$ 316,313.44
Miscellaneous		7,500.60
Interest on Building Loan		<u>32,512.92</u>
TOTAL REVENUE NET OF REFUNDS		\$5,509,019.45

The accompanying notes are an integral part of the financial statements.

MINNESOTA DAIRY RESEARCH AND PROMOTION COUNCIL
2015 RICE STREET
ST. PAUL, MINNESOTA 55113

"STATEMENT OF OPERATIONS" (Continued)

JANUARY 1, 1981 THROUGH DECEMBER 31, 1981

Balance Brought Forward \$5,509,019.45

DISBURSEMENTS:

Administration:

Interest-St. Anthony Bank	\$ 94.44
MN Department of Agriculture	48,000.00
Insurance and Bonds	682.10
Audit Fee	1,500.00
Board of Directors-PerDiem	7,050.00
Board of Directors-Expense	21,963.17
Board of Directors-Meeting	6,167.99
Board of Directors-Other	3,699.30
Nominating Committee	337.53
ADA-Administration	134,547.60
Miscellaneous	<u>991.21</u>

Total Administration: \$ 225,033.34

Payments to American Dairy Ass'n:

Merchandise and Member Relations	\$ 263,364.36
Consumer and Public Relations	112,459.92
Dairy Food Publicity	<u>62,342.28</u>

Total American Dairy Association Payments: \$ 438,166.56

Other Disbursements:

DFNC of Minnesota	\$ 308,270.04
In-State Promotion	1,300,680.85
National Promotion	1,480,617.54
Research	2,000.00
County and Regional Payback	77,488.00
State Fair Booth	5,939.93
UDIA Basic Program	<u>861,540.00</u>

Total Other Disbursements: \$4,036,536.36

TOTAL DISBURSEMENTS: \$4,699,736.26

EXCESS REVENUE OVER DISBURSEMENTS: \$ 809,283.19

The accompanying notes are an integral part of the financial statements.

MINNESOTA DAIRY RESEARCH AND PROMOTION COUNCIL
2015 RICE STREET
ST. PAUL, MINNESOTA 55113

"INVESTMENT SCHEDULE"

DECEMBER 31, 1981

	<u>Maturity Date</u>	<u>Rate of Interest</u>	<u>Amount</u>	<u>Total</u>
Minnesota Federal				
St. Paul, Minnesota				
Cert. #19-9502105	2/16/82	12.500%	\$200,000.00	
Cert. #19-9502106	2/16/82	12.500%	<u>222,962.08</u>	
Subtotal				\$ 422,962.08
Midwest Federal				
Minneapolis, Minnesota				
Cert. #12-117602-9	1/29/82	17.375%	<u>\$100,000.00</u>	
Subtotal				\$ 100,000.00
St. Anthony State Bank				
St. Paul, Minnesota				
Cert. #13308	2/1/82	14.000%	\$300,000.00	
Cert. #13684	2/4/82	13.440%	100,000.00	
Cert. #13685	2/4/82	13.440%	100,000.00	
Cert. #13744	3/23/82	11.400%	500,000.00	
Cert. #13745	3/1/82	11.400%	<u>500,000.00</u>	
Subtotal				<u>\$1,500,000.00</u>
TOTAL INVESTMENTS				<u>\$2,022,962.08</u>

The accompanying notes are an integral part of the financial statements.

MINNESOTA DAIRY RESEARCH AND PROMOTION COUNCIL
2015 RICE STREET
ST. PAUL, MINNESOTA 55113

"INVESTMENT INCOME"

JANUARY 1, 1981 THROUGH DECEMBER 31, 1981

	<u>INTEREST RATE</u>	<u>IDENTIFICATION NUMBER</u>	<u>AMOUNT</u>	<u>TOTAL</u>
Midwest Federal	13.75	11810420	\$ 1,092.47	
801 Nicollet Mall	12.534	11810412	2,043.22	
Minneapolis, MN 55402	16.25	11860882	4,006.85	
	15.875	11893019	3,978.56	
	17.375	1176029	<u>7,432.64</u>	
Subtotal				\$18,553.74
First Federal Savings & Loan Association	8.75	387004375	\$ 336.62	
77 South 7th Street	12.534	077004596	2,043.23	
Minneapolis, MN 55402	12.534	387002371	<u>938.34</u>	
Subtotal				\$ 3,318.19
Twin City Federal Savings & Loan Association	12.534	087019503	\$ 2,043.23	
2100 Snelling Avenue N.	12.534	70195024	2,317.95	
Roseville, MN 55113	16.300	70392073	8,258.88	
	12.534	70195023	<u>776.26</u>	
Subtotal				\$13,396.32
Minnesota Federal	8.25	39517285	\$ 4,205.44	
Minnesota at Fifth Sts.	17.8775	19950281	9,937.71	
St. Paul, MN 55101	17.00	199502093	11,473.24	
	17.00	199502094	10,291.65	
	12.50	199502106	1,161.26	
	12.50	199502105	<u>1,041.66</u>	
Subtotal				<u>\$38,110.96</u>
Balance Forward				\$73,379.21

The accompanying notes are an integral part of the financial statements.

MINNESOTA DAIRY RESEARCH AND PROMOTION COUNCIL
2015 RICE STREET
ST. PAUL, MINNESOTA 55113

"INVESTMENT INCOME" (Continued)

JANUARY 1, 1981 THROUGH DECEMBER 31, 1981

Balance Brought Forward				\$ 73,379.21
St. Anthony Park Bank	17.50	12372	\$ 8,753.42	
2250 Como Avenue	16.50	12437	7,006.84	
St. Paul, Minnesota 55108	19.25	12381	3,164.38	
	15.91	12485	13,076.70	
	11.968	12233	2,967.40	
	16.15	12506	2,654.79	
	13.30	12915	10,931.49	
	14.85	12935	18,308.21	
	14.447	12950	3,562.27	
	17.81	13007	13,174.52	
	17.60	13138	1,446.57	
	16.48	13058	20,317.77	
	16.50	13072	20,342.43	
	16.75	13132	20,880.13	
	17.24	13407	2,833.97	
	15.09	13589	12,402.74	
	14.25	13590	2,381.51	
	16.43	13459	20,537.50	
	17.125	13456	21,113.01	
Subtotal				\$205,855.65
Interest on Building Loan				<u>\$ 32,512.92</u>
TOTAL INVESTMENT INCOME				<u><u>\$311,747.78</u></u>

The accompanying notes are an integral part of the financial statements.

MINNESOTA DAIRY RESEARCH AND PROMOTION COUNCIL
2015 RICE STREET
ST. PAUL, MINNESOTA 55113

ST. ANTHONY PARK STATE BANK
"BANK RECONCILIATION"

DECEMBER 31, 1981

General Checking Account:

Balance Per Bank Statement	\$1,184,720.77	
Less: Outstanding Checks	<u>1,207,911.56</u>	
Balance Per Books 12/31/81		\$(23,190.79)

Refund Checking Account:

Balance Per Bank Statement	\$ 153,395.87	
Less: Outstanding Checks	<u>65,345.48</u>	
Balance Per Books 12/31/81		<u>\$ 88,050.39</u>

TOTAL ST. ANTHONY CHECKING		<u><u>\$ 64,859.60</u></u>
----------------------------	--	----------------------------

The accompanying notes are an integral part of the financial statements.

MINNESOTA DAIRY RESEARCH AND PROMOTION COUNCIL
2015 RICE STREET
ST. PAUL, MINNESOTA 55113

"NOTES TO FINANCIAL STATEMENTS"

1. Summary of Significant Accounting Policies

BUSINESS DESCRIPTION:

The Minnesota Dairy Research and Promotion Council is a quasi-state organization dedicated to product development, marketing, and promotion of milk and milk products in Minnesota.

BASIS OF ACCOUNTING:

The council maintains its books on a modified cash basis. Revenues and disbursements are recognized when received or paid rather than when earned or when an obligation is incurred. The exception to this is the recognition of an accrual for the receivable-current portion of building loan principal.