

MINNESOTA DEPARTMENT OF AGRICULTURE
DIVISION OF FIELD ACCOUNTING AND STATISTICS

ST. PAUL, MINNESOTA 55155

February 5, 1979

Minnesota Dairy Research and
Promotion Council
2239 Carter Avenue
St. Paul, Minnesota 55108

Gentlemen:

We have examined the records of the Minnesota Dairy Research and Promotion Council for the period ending December 31, 1978. Our examination was made in accordance with generally accepted auditing standards and accordingly included tests of accounting records and other auditing procedures.

In our opinion, the State of Operations presents fairly the position of the Minnesota Dairy Research and Promotion Council for the period ended December 31, 1978 on the basis of cash receipts and disbursements.

Sincerely,

MINNESOTA DEPARTMENT OF AGRICULTURE

E. J. Mathieson

Everett J. Mathieson, Senior Auditor
Fred A. Spannaus, Director
Division of Field Accounting & Statistics

EJM:jl

MINNESOTA DAIRY RESEARCH AND PROMOTION COUNCIL
2239 CARTER AVENUE
ST. PAUL, MINNESOTA 55108

BOARD OF DIRECTORS

TERM EXPIRES 1978:

Howard Neuman (Dist. 1)
Route #1
Ada, Minnesota 56510
218-784-4518

Kenneth Peterson (Dist. 2)
Route #2, Box 66
Tamarack, Minnesota 55787
218-325-3493

Jake Van Eps (Dist. 3)
Route #1
Hancock, Minnesota 56244
612-392-5871

Elmer Rosenow (Dist. 4)
Route #1
Grey Eagle, Minnesota 56336
612-732-2363

Lowell Richards (Dist. 5)
Route #2
Buffalo Lake, Minn. 55314
612-833-5978

George Rydeen (Dist. 6)
10708 Arcola Trail No.
Stillwater, Minn. 55082
612-439-4727

Robert Griebel (Dist. 7)
Route #4, Box 88
New Ulm, Minnesota 56073
507-675-4239

Burton Peterson (Dist. 8)
Route #1
Northfield, Minn. 55057
507-645-4606

Leslie Winters (Dist. 9)
Route 1, Box 118
Bingham Lake, Minn. 56118
507-678-2311

Donald Glamm (Dist. 10)
Route #3
Janesville, Minn. 56048
507-245-3943

Russell Church (Dist. 11)
Minnesota City, Minn. 55959
507-689-2041

TERM EXPIRES 1979:

Lloyd Seter, Jr. (Dist. 1)
Route #1, Box 205
Glyndon, Minn. 56547
218-498-4536

Russell Martinson, Jr. (Dist. 2)
Route #1, Box 236
Pine City, Minn. 55063
612-629-2834

Allen H. Schroeder (Dist. 3)
Route #3
Fergus Falls, Minn. 56537
218-739-9545

Ervin Silvers (Dist. 4)
Route #1
Albany, Minn. 56307
612-548-3921

Rudolph Sand (Dist. 6)
Route #1
Cokato, Minn. 55321
612-286-2860

Fred Feltman, Jr. (Dist. 7)
Norwood, Minn. 55368
612-467-3085

Ronald Huseth (Dist. 8)
Route #1
Dennison, Minn. 55018
507-789-6783

Earl Rose (Dist. 9)
Route #1, Box 25
Worthington, Minn. 56187
507-376-6945

BOARD OF DIRECTORS-Continued

Marvin Mackenthun (Dist. 5)
Route #2
Glencoe, Minnesota 55336
612-864-4286

Charles Walker (Dist. 10)
Route #2, Box 126
Grand Meadow, Minn. 55936
507-754-5742

Lyle L. Lampham (Dist. 11)
Route #1
Caledonia, Minn. 55921
507-495-3165

Department of Agriculture:

Dr. Rollin M. Dennistoun
420 State Office Building
St. Paul, Minn. 55155
612-296-2856

Carl Aldean
540 State Office Building
St. Paul, Minn. 55155
612-296-6883

American Dairy Association:

Cliff Markuson, Executive Director
2239 Carter Avenue
St. Paul, Minn. 55108
612-646-1893

CONTRACT COMMENTS

The Minnesota Dairy Research and Promotion Council entered into four contracts for services, two with American Dairy Association, St. Paul, one with the United Dairy Industry Association and one with the Dairy, Food and Nutrition Council of Minnesota. Each contract provides that 90 days before the end of each year a budget for each contractor shall be submitted to the Council who shall submit to each of the contractors within 60 days prior to the end of the year, the amount of funds payable to each contractor by the Council. Any of the contracts may be terminated during the budget year upon 60 days notice.

Following are the budgeted amounts allotted to each contractor, for the fiscal year ending December 31, 1978:

1. United Dairy Industry Assn. Total budgeted is \$856,805 payable in 12 monthly payments as detailed below:

	<u>National</u>	<u>Percent of Total</u>	<u>Minnesota Allotment</u>
Advertising & Sales Promotion:			
Dairy Dept. Management Training	\$ 3,420,000	41.21%	\$ 353,089
Nutrition Research & Education	1,790,000	21.57	184,812
Product & Processing Development	700,000	8.43	72,228
Communications	725,000	8.74	74,885
Marketing & Economic Research	600,000	7.23	61,947
Program Support/Unit Series	275,000	3.31	28,360
Administration	695,000	8.37	71,716
Directors Expense	95,000	1.14	9,768
	<u>\$ 8,300,000</u>	<u>100.00%</u>	<u>\$ 856,805</u>

2. Dairy, Food and Nutrition Council of Minnesota - Amount of budget shall be \$236,380 payable in 12 installments.
3. American Dairy Association - Amount of \$124,200 is budgeted for all administrative services.
4. American Dairy Association - Amount of \$204,190 is budgeted payable in 12 equal installments to provide: (a) All public & member relations
(b) All dairy food publicity.

It appears from a review of the records now audited, that the terms of all four contracts have been met with the exception that no monthly reports from the Dairy, Food & Nutrition Council of Minnesota have been submitted to the Minnesota Dairy Research & Promotion Council as set forth in their contract with the Council.

MINNESOTA DAIRY RESEARCH AND PROMOTION COUNCIL
2239 CARTER AVENUE
ST. PAUL, MINNESOTA 55108

BALANCE SHEET

DECEMBER 31, 1978

ASSETS

CURRENT:

St. Anthony Park State Bank (General Account)	\$ 24,545.47
St. Anthony Park State Bank (Refund Account)	110,834.71
General Investments	725,000.00
Contingency Fund Investments	222,962.08
Refund Account Investment	<u>100,000.00</u>

\$ 1,183,342.26

LIABILITIES

FUNDS:

Revolving Fund:

Prior Year Balance	\$ 1,119,218.35
Current Year Addition	<u>64,123.91</u>

\$ 1,183,342.26

MINNESOTA DAIRY RESEARCH AND PROMOTION COUNCIL
2239 CARTER AVENUE
ST. PAUL, MINNESOTA 55108

STATEMENT OF OPERATIONS

JANUARY 1, 1978 THRU DECEMBER 31, 1978

REVENUE:

Dairy Check-Off Receipts \$ 4,425,124.93
Less: Refunds Given 1,092,891.95

\$ 3,332,232.98

Interest Earned:

General Account:

Daily Interest Active Account \$ 23,503.68
General Investment Account 22,891.46

\$ 46,395.14

Contingency Fund:

Certificates and Savings 13,070.38

Refund Account:

Daily Interest Active Account \$ 8,946.62
General Investment Account 5,267.26

14,213.88

73,679.40

\$ 3,405,912.38

DISBURSEMENTS:

Administration:

Board of Directors-Per Diem \$ 8,850.00
" " Expenses 15,400.31
Meeting Expense 6,148.80
Minnesota Department of Agriculture 33,555.87
Insurance and Bonds 754.10
Legal Fees 18,915.38
Audit 480.26
Bank Charges 492.40
Miscellaneous 345.76
ADA-Administration 124,200.00

209,142.88

Payments to American Dairy Association:

Merchandise & Industrial Relations \$ 78,770.00
Consumer & Public Relations 95,770.00
Dairy Food Publicity 29,650.00

204,190.00

United Dairy Industry Assn. & Promotion

856,804.80

Minnesota Dairy, Food & Nutrition Council

269,160.25

In State Promotion

887,034.32

National Promotion

854,878.22

County & Region Payback

60,578.00

3,341,788.47

\$ 64,123.91

Fund Balance January 1, 1978

1,119,218.35

Fund Balance December 31, 1978

\$ 1,183,342.26

RECONCILIATION-ST. ANTHONY PARK STATE BANK
2250 COMO AVENUE-ST. PAUL, MINNESOTA
DECEMBER 31, 1978

General Account No. 1100011:

Checking Account Balance

\$ 452,280.31

Deposit in Transit

1,323.29

\$ 453,603.60

Less: Checks Outstanding:

<u>No.</u>	<u>Amount</u>	<u>No.</u>	<u>Amount</u>
2576	\$ 97,505.72	2601	\$ 536.83
2577	926.20	2602	114.30
2578	100.90	2604	110,433.72
2584	61.70	2605	150.06
2591	152.24	2606	26,031.00
2596	71,400.40	2607	71,400.40
2599	112.00	2608	959.60
2600	136.00	2613	<u>71,251.05</u>

451,272.12

\$ 2,331.48

Savings Account No. 1100011:

Balance January 1, 1978

\$ 307,430.12

Interest Earned

23,503.68

\$ 330,933.80

Savings Deposits

2,013,880.19

\$ 2,344,813.99

Transfers to Checking

\$ 2,022,600.00

Transfers to C. D.

300,000.00

2,322,600.00

22,213.99

\$ 24,545.47

RECONCILIATION-ST. ANTHONY PARK STATE BANK
2250 COMO AVE., ST. PAUL, MINNESOTA
DECEMBER 31, 1978

Refunds Account No. 1100021:

Checking Account Balance

\$ 19,250.47

Less: Checks Outstanding per
list in company office

19,770.55

(\$ 520.08)

Savings Account No. 1100021:

Balance January 1, 1978

\$ 185,744.28

Interest

8,946.62

Savings Deposits

\$ 194,690.90

433,218.12

\$ 627,909.02

Transfers to Checking

\$ 416,554.23

Transfers to C. D.

100,000.00

516,554.23

111,354.79

\$ 110,834.71

INVESTMENTS

DECEMBER 31, 1978

	Date	Interest	Amount	Totals
Twin City Federal Savings and Loan Assn., Mpls., Minn.				
Savings Account #081-060476	3/12/76	5 $\frac{1}{4}$ %	\$ 50,000.00	
081-061629	6/7/76	5 $\frac{1}{4}$ %	<u>75,000.00</u>	
				\$ 125,000.00
First Federal Savings and Loan Assn., 77 S. 7th St., Mpls., Minn.				
Savings Acct. #071-004950	6/21/76	5 $\frac{1}{4}$ %	50,000.00	
075-001553	3/17/76	6 $\frac{1}{2}$ %	<u>50,000.00</u>	
				100,000.00
Home Federal Savings & Loan Assn., 2365 N. McKnight Rd., North St. Paul, Minn.				
Savings Acct. #8091002372	6/4/76	5 $\frac{1}{4}$ %		50,000.00
1563 White Bear Ave., St. Paul, Minn.				
Savings Acct. #8184000241	4/27/76	5 $\frac{3}{4}$ %	\$ 22,962.08	
180015310	6/4/76	5 $\frac{1}{4}$ %	<u>50,000.00</u>	
				72,962.08
Minnesota Federal Savings & Loan Assn., 1717 Lexington Ave., Roseville, Minn.				
Savings Acct. #03-3-508667	6/21/77	5 $\frac{1}{4}$ %	\$ 100,000.00	
03-9-511397	3/8/76	6 $\frac{1}{2}$ %	<u>50,000.00</u>	
				150,000.00
Midwest Federal, 801 Nicollet Mall, Mpls., Minn.				
Savings Account Nos.				
01-119754	4/2/76	5 $\frac{1}{4}$ %	\$ 50,000.00	
01-12330-2	7/7/76	5 $\frac{1}{4}$ %	<u>100,000.00</u>	
				150,000.00
St. Anthony Park State Bank, St. Paul, Minnesota				
Certificates of Deposit:				
Nos. 9206	11/10/78	10 $\frac{1}{4}$ %	\$ 100,000.00	
9207	12/10/78	10 $\frac{1}{4}$ %	200,000.00	
9208	12/10/78	10 $\frac{1}{4}$ %	<u>100,000.00</u>	
				400,000.00
				<u>\$ 1,047,962.08</u>
Summary:				
General Investments			\$ 625,000.00	
Contingency Fund			222,962.08	
Refund Account			<u>200,000.00</u>	
				<u>\$ 1,047,962.08</u>

Note: Contingency fund represents monies received over the
1975 budget less 25% for fund reserve.

SUMMARY OF CHECK-OFFS AND REFUNDS

JANUARY 1, 1978 THRU DECEMBER 31, 1978

Month	Check-Off Received	Refunds Given
January	\$ 333,222.49	\$ 79,891.85
February	308,599.94	92,716.59
March	429,294.77	81,756.68
April	380,385.58	114,854.26
May	440,692.27	78,926.51
June	398,884.24	57,215.89
July	420,412.80	111,844.12
August	383,826.92	126,585.46
September	367,697.93	101,557.08
October	367,060.89	83,426.24
November	338,182.23	63,901.74
December	256,864.87	100,215.53
	<u>\$ 4,425,124.93</u>	<u>\$ 1,092,891.95</u>

INTEREST INCOME

JANUARY 1, 1978 THRU DECEMBER 31, 1978

	<u>No.</u>	<u>Amounts</u>	
Minnesota Federal Savings & Loan	39511397	\$ 3,250.00	
	33508667	<u>5,250.00</u>	
			\$ 3,500.00
Twin City Federal Savings & Loan	081-060476	\$ 2,625.07	
	081-061629	<u>3,937.63</u>	
			6,562.70
1st Federal Savings & Loan	5001553	\$ 3,250.00	
	1004950	<u>2,642.19</u>	
			5,892.19
Midwest Federal Savings & Loan	119754	\$ 2,624.99	
	123300-2	<u>5,250.00</u>	
			7,874.99
Home Federal Savings & Loan	09-1002372	\$ 2,625.07	
	18-0015310	2,625.07	
	18-4000241	<u>1,320.32</u>	
			6,570.46
St. Anthony Park State Bank	CD-9206	\$ 708.90	
	9207	2,876.71	
	9234	780.82	
	9208	<u>1,462.33</u>	
			<u>5,828.76</u>
			<u>\$ 41,229.10</u>
Distribution:			
Contingency Fund		\$ 13,070.38	
General Investment		22,891.46	
Refund Investment		<u>5,267.26</u>	
			<u>\$ 41,229.10</u>

SUMMARY OF INTEREST EARNED

General Fund - St. Anthony Park State Bank	\$ 23,503.68
Refund Account - St. Anthony Park State Bank	8,946.62
Other Accounts (Above)	<u>41,229.10</u>
Total Interest Earned	<u>\$ 73,679.40</u>

RECONCILIATION OF RECEIPTS AND DISBURSEMENTS

JANUARY 1, 1978 THRU DECEMBER 31, 1978

	<u>Total</u>	<u>Checking Accounts</u>	<u>Savings Accounts</u>	<u>Certificates</u>
Dairy Check-Off Receipts for Period (Page 7)	\$ 4,425,124.93	\$ 4,425,124.93		
Interest Earned (Page 8)	73,679.40		\$ 67,850.64	\$ 5,828.76
	\$ 4,498,804.33	\$ 4,425,124.93	\$ 67,850.64	\$ 5,828.76
Transfers from Savings (Pages 4, 5)		2,439,154.23	(2,839,154.23)	400,000.00
Interest Transferred to Checking		41,229.10	(35,400.34)	(5,828.76)
Transfers to Savings (Pages 4, 5)		(2,447,098.31)	2,447,098.31	
	\$ 4,498,804.33	\$ 4,458,409.95	(\$ 359,605.62)	\$ 400,000.00
Refunds Given (Page 7)	1,092,891.95	1,092,891.95		
	\$ 3,405,912.38	\$ 3,365,518.00	(\$ 359,605.62)	\$ 400,000.00
Disbursements (Page 3)	3,341,788.47	3,341,788.47		
	\$ 64,123.91	\$ 23,729.53	(\$ 359,605.62)	\$ 400,000.00
Current Year Operations				
Prior Year Balance Forward	1,119,218.35	(21,918.13)	1,141,136.48	
	\$ 1,183,342.26	\$ 1,811.40	\$ 781,530.86	\$ 400,000.00
Total Fund Balance				