

HANDOUT 3

To: The Joint Senate & House Agriculture Committees

8/22/14

My name is John Alter a 5th generation farmer in Arkansas County. In the interest of total disclosure I have not incurred any loss as a result of the Turner Grain default, however I have several friends who have had huge losses through no fault of their own. The farmers that have been damaged are hard working good farmers and business men. Without some form of relief, this event has the potential of erasing generations of work. Not only that will this even have devastating impact on the affected farm families but will deliver a crushing blow to the entire economy in Arkansas as the economic impact ripples out.

Possible solutions

I am confident that the committees have entertained bonding of such companies in the future.

Building contingency funds for the future is another option. Several states have such funds and could be used as models. In order to execute such a program we here in Arkansas need a strong Department of Agriculture. We have a very competent and impartial secretary of agriculture in Mr. Butch Calhoun. Mr. Calhoun and his top flight staff have the ability to build a proper set of safe guards to prevent such tragedies in the future. However The Arkansas Department of Agriculture has to have **sufficient funding and authority**. Many states build indemnity funds through a grain assessment or a general tax. In Arkansas rice check-off farmers are already paying a relatively high rate. Therefore possibly a small portion of the existing assessment could be used to build such a fund. A good first step would be to move the check-off programs out of an insurance company into the department of agriculture. The rice check-off program is administrated by the Rice Research and Promotion Board which has had several questionable expenditures in the past. This board also provides no oversight over the promotion part of their budget. Having a strong department of agriculture is how all of the other states do it and it's high time we here in Arkansas have a true department of agriculture.

Immediate relief

There are funds sitting in the various commodities state check-off programs. Some of these funds have been in those accounts or CDs for years. These millions of dollars are not in state accounts, the TRQ funds are currently in the Rice Federation Foundation accounts. I have no idea if these funds can be used to give some relief to the impacted farm families. I understand that there probably isn't sufficient funds to make all of these farmers whole but possibly enough to allow them to survive.

Attached here is a current financial statement of the rice check-off program and a statement of the TRQ funds that are in CDs.

Thank You

John B. Alter

THE RICE FOUNDATION
Statement of Financial Position
May 31, 2014 and 2013

	2014	2013
ASSETS		
Current Assets:		
Cash and cash equivalents:		
Unrestricted - Operating Account	\$ 212,449	\$ 94,019
Unrestricted - National Research Account	183,708	274,712
Restricted - Arkansas Discretionary	<u>2,135,022</u> ^{/1}	<u>101,094</u>
	\$ 2,531,179	\$ 469,825
Certificates of Deposit		
Unrestricted - Operating Account	\$ 300,039	\$ 647,074
Unrestricted - National Research Account	580,000	739,000
Restricted - Arkansas Discretionary	<u>5,033,753</u> ^{/1}	<u>2,256,767</u>
	5,913,792	3,642,841
Other current assets		
Accounts receivable	\$ 75,000 ^{/2}	\$ 4,103
Missouri National Research funds	<u>3,084</u> ^{/3}	<u>2,195</u>
	<u>78,084</u>	<u>6,298</u>
TOTAL ASSETS	<u>\$ 8,523,055</u>	<u>\$4,118,964</u>
 LIABILITIES & NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 1,019 ^{/4}	\$ 56,073
Grants payable - EU-TRQ National Research	30,000 ^{/5}	180,606
Arkansas EU-TRQ & COL-TRQ funds payable	<u>7,168,775</u> ^{/6}	<u>2,357,861</u>
Total Liabilities	\$ 7,199,794	\$2,594,540
Net Assets:		
Unrestricted - beginning of year	\$ 882,283 ^{/7}	\$1,009,048
Temporarily restricted - beginning of year	<u>554,854</u> ^{/8}	<u>782,580</u>
	1,437,137	1,791,628
Current year change in net assets	<u>(113,876)</u>	<u>(267,204)</u>
Total Net Assets	<u>\$ 1,323,261</u>	<u>\$1,524,424</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 8,523,055</u>	<u>\$4,118,964</u>

Please refer to the accompanying narrative for additional information.

The Rice Foundation
 TRQ-EU Arkansas Discretionary Research Funds
 TRQ-COL Arkansas Discretionary Research Funds
 May 31, 2014

Date	EUROPE TRQ			COLOMBIA TRQ			Grand Total Balance	* Total Interest Income Allocated
	TRQ Arkansas Research funding from AARQ/EU TRQ	Research Projects Committed	Balance	Arkansas Research funding from ColRice - Colombia TRQ	Research Projects Committed	Balance		
Beginning balance 3/99								
Accrued interest on CDs		44.31	910,705.59		300.80	6,182,074.96	345.11	
Interest received		10.07	910,715.66		68.33	6,182,143.29	78.40	
2014 EU-TRQ	75,177.73		985,893.39			6,182,143.29		
Accrued interest on CDs		(10.89)	985,882.50		(73.91)	6,182,069.38	(94.80)	
Interest received		62.78	985,945.28		393.68	6,182,463.06	456.46	
Accrued interest on CDs		7.04	985,952.32		44.12	6,182,507.18	51.16	
Interest received		43.33	985,995.65		271.71	6,182,778.89	315.04	
Year-to-date balance	5,806,985.36	643,351.29	985,995.65	6,702,188.29	7,580.60	6,182,778.89	7,168,774.54	