

# GRAIN WAREHOUSE KEEPERS - FINANCIAL STATEMENT INFORMATION

A licensed grain warehouse keeper is required to file an annual financial statement with the department during each license year, if the grain warehouse keeper operates grain warehouses with a combined grain storage capacity of more than 300,000 bushels.

An audited financial statement is required, if you are a warehouse keeper and operate grain warehouses with a combined total capacity of more than 1.5 million bushels.

The annual financial statement must be for the licensee. You may not file, in lieu of the licensee's financial statement, the financial statement of the licensee's parent organization, subsidiary, predecessor, or successor.

If you are not required to file an annual financial statement for either license, you may voluntarily file an annual financial statement. Your annual Agricultural Producer Security Fund assessment may be lower based on the current ratio and debt to equity ratio from the financial statement, than it would be without a financial statement.

The financial statement must be filed with the department by the 15th day of the 4th month following the close of your fiscal year. However, the department may extend the filing deadline for up to 30 days if you, or the independent certified public accountant reviewing or auditing the financial statement, files a written extension request at least 10 days before the filing deadline.

If a financial statement is required but not filed on or before the filing deadline, you must pay a \$100 license surcharge for each license that requires a financial statement. Also, failure to file a required financial statement may result in disqualification from the producer security fund.

**Reviewed financial statement** means a financial statement, other than an audited financial statement, if all of the following apply.

- » The grain dealer attests in writing, under oath, that the financial statement is complete and accurate. An affidavit is enclosed for this purpose.
- » The financial statement is reviewed by an independent certified public accountant licensed or certified under chapter 442 of the Wisconsin Statutes.

**Audited financial statement** means a financial statement on which an independent certified public accountant licensed or certified under chapter 442, Wis. Stats., has done all of the following:

- » Conducted an audit according to generally accepted auditing standards.
- » Stated that the financial statement presents fairly, in all material respects, the financial position of the grain warehouse keeper or grain dealer as of a specific date or for a specific period, according to one of the following:
  - Generally accepted accounting principles.
  - The historical cost basis method of accounting, if the financial statement is a sole proprietor's personal financial statement and the financial statement is prepared on a historical cost basis.

The financial statement must conform to the requirements of section 126.28 of the Wisconsin Statutes, as follows:

- An annual financial statement must consist of a balance sheet, income statement, equity statement, statement of cash flows, notes to those statements, and any other information required by the department. [126.28(6)(a)].
- If the licensee is a sole proprietor, he or she must file his or her business and personal financial statements. [126.28(6)(a)].
- Calculations of the current ratio and the debt to equity ratio must be included in the financial statement, or in an attachment to the financial statement. [126.28(6)(c)]. NOTE: Certain assets are required to be excluded from the calculations under 126.28 (7).

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**Chapter ATCP 99 of the Wisconsin Administrative Code requires other information, as follows:**

» A detailed description of all notes, mortgages and other long-term liabilities not due or payable within one year, including the nature of the liability, the due date and payment terms. The description must be included in the notes to the financial statements or in an attachment to the financial statements.<sup>1</sup> [ATCP 99.24(2)].

**Notes payable without a specific due date must be classified as a current liability. [ATCP 99.24(3)].**

» All of the following must be identified and explained in the notes to the financial statements or in an attachment; [ATCP 99.24(4)(a)] (These assets are required to be excluded from the calculations under 126.28 (7).):

- Non-trade notes or accounts receivable from an officer, director, employee, partner, or stockholder, or from a member of the family of any of those individuals.
- Accounts receivable from a parent organization, a subsidiary, or an affiliate other than an employee.
- Notes and accounts that have been receivable for more than one year, unless there is an offsetting reserve for uncollectible notes and accounts receivable.

» The method used to account for doubtful or uncollectible receivables. If the licensee does not maintain an allowance for doubtful or uncollectible receivables, the financial statement must contain an aging summary of all notes and accounts receivable. Please age them to less than 1 month old, more than 1 month but less than 6 months old, more than 6 months but less than 1 year old, and more than 1 year old. [ATCP 99.24(4)(b)].

An attachment to a financial statement must be prepared by, and on the letterhead of the certified public accountant that reviewed or audited the financial statement. The certified public accountant that reviewed or audited the financial statement must certify, in the attachment, whether the attachment is reviewed or audited. [ATCP 99.24(7)].

» The information shown below in the sample format, which, when used, will provide all of the required information. When the amount in any category is zero, that must be disclosed also. The format may be used in the notes (or an attachment) to the financial statements, or some (all) of the required information may be disclosed in the text of a note to the financial statements. [ATCP 99.24(5)].

Sample Format		
TYPES OF GRAIN		
(a)	Total Bushels in warehouse keeper's licensed grain warehouses	_____
(b)	Total Bushels Forwarded (to other licensed warehouse keepers)	_____
(c)	TOTAL (a+b)	_____
OBLIGATIONS TO DEPOSITORS (bushels)		
(d)	Negotiable Warehouse Receipts	_____
(e)	Non-negotiable Warehouse Receipts	_____
(f)	Open Storage / Hold	_____
(g)	Grain Bank (do not include negative balances )	_____
(g)	TOTAL OBLIGATIONS (d+e+f)	_____
(h)	Total Owned by warehouse keeper (c-g)	_____
(i)	Collateral Warehouse Receipts (included in d)	_____
(j)	Net Position - Long & Short (+/-)	_____

The net position indicates the number of bushels of each kind of grain for which the warehouse keeper is at price risk, due to price fluctuation. If the warehouse keeper does not have any open forward or futures contracts (or delayed price contracts), it's possible that the "net position" is the same as the company owned position. If that is the case, it must be disclosed.