

Chairman Belz, House Ag Committee members;

I'm Frank Tomac, a Sioux County Rancher, I'm opposed to SB 2139.

First of all, senate testimony from the proponents of 2139 claim our brand recording fees are the least expensive. That's correct. BUT, what they fail to tell you is the examples provided in comparison to other states for brand renewal, such as Arizona, California, Nevada, Idaho, Nebraska, etc is, all of those are ran by the State Gov't. And the whole reason the ND Stockmen's have the Brand Program is they can do it cheaper than the State Gov't. So that's not a fair comparison, it's not comparing apples to apples.

What I have presented before you are the Audit reports from 2020-2023, the 4 years which also take in part the previous renewal period. I do not have the 2024 Audit, because audits are only done every 2 years.

The brand renewal is on a 5-year cycle, and everyone's brands come due at the same time. So, there's an influx of money and an influx of expenses the first year. And actually, the first 2 years, because some producers don't get their renewals in on time and everyone is given a one-year grace period.

So, looking at the 'brand recording' part of the income and expense sheets, you'll see the totals for the 4 years are actually net-positive. And in 2024, if the brand recording loss is equivalent to the amounts from the previous 2 years, there would still be a net gain. A net gain of \$104,351 over 4 years, and the previous 2 years were a net loss of about \$92,000 each. So that would still be a net gain over 5 years of about \$12,000.

BUT!!

What we really need to look at, is the 'BRAND PROGRAM'.

The Brand Program consists of Brand Inspection, Brand Recording and Estray.

Now, if you look at your audit reports I handed out, there's a net gain of \$1,155,356 for brand inspection, \$104,351 for brand recording and \$522,235 for estrays for a GRAND TOTAL NET GAIN of \$1,781,942!!!

So, the ND Stockmen's are not losing any money on the Brand Program, in fact they are becoming millionaires and taking advantage of all producers throughout the state.

I urge you to vote a DO NOT PASS recommendation to the full House on SB 2139.

| Brand Inspection | income | expenses | Net Gain |
|------------------------------|-----------|-----------|-------------------------|
| 2020 | 1,983,701 | 1,802,771 | |
| 2021 | 2,500,675 | 1,861,229 | |
| 2022 | 1,878,169 | 1,869,762 | |
| 2023 | 2,180,977 | 1,854,404 | |
| Totals | 8,543,522 | 7,388,166 | 1,155,356 |
| Brand Recording | | | |
| 2020 | 486,438 | 149,048 | |
| 2021 | 87,741 | 139,059 | |
| 2022 | 21,450 | 112,310 | |
| 2023 | 18,256 | 109,117 | |
| | 613,885 | 509,534 | 104,351 |
| Estray | | | |
| 2020 | 175,664 | 84,659 | |
| 2021 | 413,701 | 262,871 | |
| 2022 | 868,596 | 197,838 | |
| 2023 | 194,515 | 584,873 | |
| | 1,652,476 | 1,130,241 | 522,235 |
| Brand Program Total Net Gain | | | <u>1,781,942</u> |

NORTH DAKOTA STOCKMEN'S ASSOCIATION
Statements of Activities
For the Years Ended December 31, 2021 and 2020

| | 2021 | 2020 |
|---|---------------------|---------------------|
| Changes in net assets without donor restrictions: | | |
| Revenues: | | |
| Association | \$ 403,059 | \$ 319,479 |
| Brand Inspection | 2,500,675 | 1,983,701 |
| Brand Recording | 87,741 | 486,438 |
| Environmental | 164,467 | 585,668 |
| Magazine | 308,974 | 250,603 |
| Total Revenues | <u>3,464,916</u> | <u>3,625,889</u> |
| Expenses: | | |
| Association | 348,226 | 292,146 |
| Brand Inspection | 1,861,229 | 1,802,771 |
| Brand Recording | 139,059 | 149,048 |
| Environmental | 140,450 | 585,395 |
| Magazine | 260,538 | 228,369 |
| Total Expenses | <u>2,749,502</u> | <u>3,057,729</u> |
| Excess of Revenues Over (Under) Expenses | | |
| Before Depreciation Expense | 715,414 | 568,160 |
| Less Depreciation Expense | (54,027) | (57,023) |
| Gain (Loss) on Disposal of Assets | <u>-</u> | <u>6,982</u> |
| Excess of Revenues Over (Under) Expenses | 661,387 | 518,119 |
| Other Sources/(Uses): | | |
| Estray: | | |
| Estray Income | 409,869 | 164,879 |
| Estray Interest Income | 3,832 | 10,785 |
| Estray Expenses | (262,871) | (84,659) |
| Total Other Sources/(Uses) | <u>150,830</u> | <u>91,005</u> |
| Unrealized Gain/(Loss) on Investments | <u>16,386</u> | <u>25,483</u> |
| Increase in net assets without donor restrictions | 828,603 | 634,607 |
| Net Assets, Beginning of Year | <u>3,666,333</u> | <u>3,031,726</u> |
| Net Assets, End of Year | <u>\$ 4,494,936</u> | <u>\$ 3,666,333</u> |

NORTH DAKOTA STOCKMEN'S ASSOCIATION
Statements of Activities
For the Years Ended December 31, 2023 and 2022

| | 2023 | 2022 |
|--|---------------------|---------------------|
| Changes in net assets without donor restrictions: | | |
| Revenues: | | |
| Association | \$ 496,941 | \$ 516,424 |
| Brand Inspection | 2,180,977 | 1,878,169 |
| Brand Recording | 18,256 | 21,450 |
| Environmental | 479,859 | 354,410 |
| Magazine | 318,397 | 338,856 |
| Total Revenues | <u>3,494,430</u> | <u>3,109,309</u> |
| Net Assets Released from Restrictions | <u>194,495</u> | <u>-</u> |
| Total Unrestricted Revenues and Other Support | 3,688,925 | 3,109,309 |
| Expenses: | | |
| Association | 419,519 | 429,420 |
| Brand Inspection | 1,854,404 | 1,869,762 |
| Brand Recording | 109,117 | 112,310 |
| Environmental | 482,120 | 346,897 |
| Magazine | 347,471 | 283,454 |
| Total Expenses | <u>3,212,631</u> | <u>3,041,843</u> |
| Excess of Revenues Over (Under) Expenses | | |
| Before Depreciation Expense | 476,294 | 67,466 |
| Less Depreciation Expense | (52,012) | (53,109) |
| Gain (Loss) on Disposal of Assets | <u>605,246</u> | <u>-</u> |
| Excess of Revenues Over (Under) Expenses | 1,029,528 | 14,357 |
| Other Sources/(Uses): | | |
| Estray: | | |
| Estray Income | 172,333 | 864,334 |
| Estray Interest Income | 22,182 | 4,262 |
| Estray Expenses | <u>(584,873)</u> | <u>(197,838)</u> |
| Total Other Sources/(Uses) | <u>(390,358)</u> | <u>670,758</u> |
| Realized Gain/(Loss) on Investments | 8,443 | - |
| Unrealized Gain/(Loss) on Investments | <u>16,753</u> | <u>(69,483)</u> |
| Increase (decrease) in net assets without donor restrictions | 664,366 | 615,632 |
| Changes in net assets with donor restrictions: | | |
| Contributions | 164,982 | 30,021 |
| Net Assets Released from Restrictions | <u>(194,495)</u> | <u>-</u> |
| Increase (decrease) in net assets with donor restrictions | <u>(29,513)</u> | <u>30,021</u> |
| Total Change in Net Assets | 634,853 | 645,653 |
| Net Assets, Beginning of Year | <u>5,140,589</u> | <u>4,494,936</u> |
| Net Assets, End of Year | <u>\$ 5,775,442</u> | <u>\$ 5,140,589</u> |