



ATTACHMENT B – 2016 ADDITIONAL INSTRUCTIONS FOR FORM DA-15-CG

PURPOSE: The Dairy Promotion and Research Order (Dairy Order) provides that dairy farmers can receive a credit up to 10 cents, against the 15-cent per hundredweight national assessment, and dairy importers can receive up to 2.5 cents against the 7.5 cent per hundredweight or equivalent thereof, for contributions to Qualified State, Regional or Importer Organizations that Conduct Dairy Product Promotion, Research, or Nutrition Education Programs (Qualified Programs). Qualified Programs must apply for continued qualification on an annual basis in order to utilize these funds and for dairy producers and dairy importers to continue to receive the credit. The objective of the application process for Qualified Program Certification is program integrity and compliance with the Dairy Act, Dairy Order, State and other applicable regulations.

DA-15-CG INSTRUCTIONS:

Please complete and return Form DA-15-CG (Attachment A) and supporting documents by **April 30, 2016**. A fillable Form DA-15-CG is available for download at <http://www.ams.usda.gov/resources/da15-cg>.

Programs may deliver certification packages and supporting documents via email to john.galbraith@ams.usda.gov or by postal delivery.

Agriculture Marketing Service – Dairy Program
Promotion, Research & Planning Division
1400 Independence Avenue, SW
Room 2958, Stop 0233
Washington, D.C. 20250-0233

ITEMS 1-7: Items 1-7 must be completed as noted on the form. For Item 7, if a Qualified Program (QP) does not operate under a State law, please respond with Not Applicable or N/A.

ITEMS 8-10: If line items equal zero, use a - 0 - in the appropriate space. Insert numbers for all line items.

ITEM 8 – SOURCES OF TOTAL ANNUAL INCOME INCLUDES:

- Carryover from Previous Year. The amount reported for the line item "Carryover from Previous Year" should agree with the amount reported as last year's (2014) "TOTAL FUNDS AVAILABLE FOR FUTURE YEAR PROGRAMS." This line item consists of unused, available and/or uncommitted funds as a combined total. If this amount does not match provide a written explanation.



- **Current Year Income.** List separate sources and amounts of income in an attached Schedule of Income. A list of individual producers/importers is not requested. Funds received directly from cooperative associations, other organizations, or producers/importers should be listed separately.
- **Add: Payments Received from other QPs.** All funds received from other QPs should be listed separately in an attached schedule. This schedule should identify the QP and the total funds received.
- **Add: Payments Received from Unified Marketing Plan Equalization Fund (UMPEF).** All funds received from the UMPEF should be listed separately in unified marketing plan receipts and expenditures reports.
- **Less: Payments Transferred to other QPs.** All funding transferred to other QPs should be listed separately in an attached schedule. This schedule should identify the QP and the total funds transferred.
- **Add: Payments Transferred to UMPEF.** All funding transferred to the UMPEF should be listed separately in unified marketing plan receipts and expenditures reports.
- **Other Income Sources.** Examples include total interest earned, sales of supplies and materials, refunds from overpaid expenditures, contributions from various organizations, gains on sale of property and equipment, and miscellaneous items. These items should be listed separately in an attached Schedule of Other Income.
- **Total Adjusted Annual Income.** This line item equals the total of all Sources of Total Annual Income minus Payments Transferred to Other QPs/UMPEF.

ITEM 8 – EXPENDITURES:

For QPs participating in the Unified Marketing Plan (UMP), all UMP expenditures should be provided in the line entitled Unified Marketing Plan. Local expenditures outside the UMP must be provided and listed accordingly. Expenditures should also include any purchases of materials from other QPs. A separate Schedule of Expenditures by each project and corresponding project description(s) and their related costs should be included. This item includes expenditures in the categories of:

- **Advertising, Promotion, and Sales (APS).** List expenditures with appropriate schedules for each subcategory (Fluid Milk, Cheese, Butter, Frozen Dairy Products, Other AP&S Expenditures) on which your organization expended income. Schedules should provide, if possible, a breakout of the type of media used. Include a description of each activity and examples of locally produced items. Please identify if you utilize advertisements or other materials created by Dairy Management Inc. (DMI), or other promotion organizations.



- Other AP&S Expenditures. List other promotional expenses not categorized by individual product categories and includes such things as calcium, nonfat dry milk, "Real Seal," holiday, and multi-product advertising and promotion programs.
- Nutrition Education, Nutrition Research, Dairy Product Research, Market and Economic Research, Public and Industry Communications, and Administrative. List expenditures for each category, along with their appropriate Schedule of Expenditures. Include individual project titles and descriptions for research expenditures.
- Unified Marketing Plan. QPs participating in the unified marketing plan may attach DMI unified marketing plan expenditure reports and supplemental information.
- Other Expenditures. All other expenditure items not included in the specific expenditure category line items should be placed in this category on the form and identified. This category consists of capital expenses, purchase of miscellaneous materials, etc.
- Total Annual Expenditures. This line item is the sum of all expenditure categories and subcategories.
- United Dairy Industry Association (UDIA) Dues. List only UDIA membership dues. All other monies paid to UDIA over the membership dues should be included in the appropriate line item expenditures described above.
- Total Annual Expenditures and UDIA Dues. This line item is the sum of "TOTAL ANNUAL EXPENDITURES" and "UDIA DUES."
- Total Funds Available for Future Year Programs. This line item is obtained by subtracting "TOTAL ANNUAL EXPENDITURES AND UDIA PAYMENTS" from "TOTAL ADJUSTED ANNUAL INCOME." This calculation should be done on a calendar year basis.

ITEMS 9, 10 and 11 - Required Copies of Annual Audit, Financial Statements and Auditor's Letter of Comments.

These items need to be done annually. The audit and annual report may correspond to your organization's fiscal year (identify FY) and does not need to be for calendar year 2015. If your program does not have an annual report, indicate this in the submitted materials.

The auditing firm must address the following five items in a letter to USDA or in their audit report:

- A. Is the organization engaged in dairy product promotion, research, or nutrition education?



- B.** Are the organization's activities financed primarily (more than 50 percent) by dairy producers, either individually or through cooperative associations; or except for importer programs, be financed primarily by importers.
- C.** Does the organization use a brand name or trade name in its advertising and promotion of dairy products?
- D.** Does the organization use funds for the purpose of influencing governmental policy or actions?
- E.** Does the organization have in place internal controls that provide reasonable assurance funds, property, and other assets are safeguarded against fraud, waste, and unauthorized use?

QPs which are State Governmental Agencies should have their Audit and Compliance Department address the five items in a letter to USDA or in their audit report.

The audit must be prepared according to either the generally accepted audit standards issued by the American Institute of Certified Public Accountants OR the Government Auditing Standards ("Yellow Book") issued by the Comptroller General of the United States.

Promotion, Research and Education Material Examples: All advertising, promotion, research and education materials must be developed in accordance with the Dairy Act, Dairy Order and USDA policies and guidelines including USDA's MyPlate, the U.S. Dietary Guidelines for Americans, the Nutritional Labeling and Education Act, and Federal Trade Commission's policies and regulations.

If you have any questions regarding the 2016 application package, please contact John Galbraith (john.galbraith@ams.usda.gov) of the Promotion, Research, and Planning Division at (202) 720-6909, or by fax at (202) 720-0285, or by mail:

Agriculture Marketing Service – Dairy Program
Promotion, Research & Planning Division
1400 Independence Avenue, SW
Room 2958, Stop 0233
Washington, D.C. 20250-0233