# UNITED STATES DEPARTMENT OF AGRICULTURE AGRICULTURE MARKETING SERVICE DAIRY PROGRAMS

2015 APPLICATION FOR INITIAL OR CONTINUED
QUALIFICATION OF DAIRY PRODUCT
PROMOTION, RESEARCH, OR NUTRITION
EDUCATION PROGRAM

#### **Application Contents:**

- I. Deputy Administrator's Letter
- II. Attachment A Form DA-15-CG (Also available at Qualified Program webpage)
- III. Attachment B Additional Instructions for Form DA-15-CG
- IV. Attachment C Sur-TAMU-15
- V. Attachment D Instructions for Completing Sur-TAMU-15



#### FOR OFFICIAL USE ONLY

TO: Organizations That Conduct Dairy Product

Promotion, Research, or Nutrition Education Programs

FROM: Dana Coale

Deputy Administrator

Agriculture Marketing Service – Dairy Programs

SUBJECT: Application for Initial or Continued Qualification of Dairy Product Promotion,

Research, or Nutrition Education Program as provided by the Dairy Promotion

and Research Order (7 CFR 1150.101 et seq.)

Enclosed is an Application Package for Initial or Continued Qualification of Dairy Product Promotion, Research, or Nutrition Education Program (Form DA-15-CG) for submission of program information and financial data for calendar year 2014. Please complete and return Form DA-15-CG (Attachment A), the Sur-TAMU-15 (Attachment C), and required enclosures by April 30, 2015 to:

USDA, AMS, DAIRY PROGRAMS PROMOTION, RESEARCH, AND PLANNING DIVISION STOP 0233, ROOM 2958-S 1400 INDEPENDENCE AVENUE, SW. WASHINGTON, D.C. 20250-0233

Form DA-15-CG, Attachments A, B, C and D are also available for download or printing online at the <u>Dairy – Qualified Programs</u> web page.

In order for your program to continue its qualified status under the Dairy Promotion and Research Order, Qualified Program submissions should include annual reports, CPA audits, financial statements, and other supporting materials when completing the application. While we migrate to a new online submission system, programs may deliver certification packages and supporting documents via email to <a href="mailto:john.galbraith@ams.usda.gov">john.galbraith@ams.usda.gov</a> or by postal delivery.

The information you provide will be aggregated with information from other qualified programs and included in Department of Agriculture's "Annual Report to Congress on the National Dairy Promotion and Research Program and the National Fluid Milk Processor Promotion Program." Information from individual qualified programs will be kept confidential to the extent allowable under the Freedom of Information Act.

It is the view of the Agricultural Marketing Service, which has the oversight responsibility for all commodity research and promotion programs, that the administrative expenses for such programs should be held to the lowest level necessary for the efficient and effective operation of



the program. Also, it is essential that your organization have in place internal controls which assure that funds, property, and other assets are safeguarded against fraud, waste, and unauthorized use.

Please note that Form DA-15-CG continues to account for income and expenditures associated with the Unified Marketing Plan (UMP) coordinated through Dairy Management Inc. Only those qualified programs participating in the UMP need to include the requested information as noted on the form and described in the additional instructions.

If you have any questions regarding the attachments or their completion, 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.

Sincerely,

Dana H. Coale

Deputy Administrator

Dairy Programs

Enclosures: Form DA-15-CG (Attachment A),

Additional Instructions for Form DA-15-CG (Attachment B),

Sur-TAMU-15 (Attachment C),

Instructions for Completing Sur-TAMU-15 (Attachment D)

# UNITED STATES DEPARTMENT OF AGRICULTURE AGRICULTURAL MARKETING SERVICE DAIRY PROGRAMS

APPLICATION FOR INITIAL OR CONTINUED QUALIFICATION OF DAIRY PRODUCT PROMOTION, RESEARCH, OR NUTRITION EDUCATION PROGRAM

(Under Dairy Production Stabilization Act of 1983)

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0561-0093. The time required to complete this information collection is estimated to average 3 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the bases of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.)

USDA, AMS, DAIRY PROGRAMS PROMOTION, RESEARCH AND PLANNING DIVISION STOP 0233, ROOM 2958-S 1400 INDEPENDENCE AVENUE, SW WASHINGTON, D.C. 20250-0233 Information is collected in order to determine initial or continued qualification of dairy product promotion, research or nutrition education programs (7 CFR 1150.153). Application is voluntary but qualification necessary to receive a benefit. Information from organizations is held confidential in the manner set forth in 7 CFR 1150.173, except for any release required under the Freedom of Information Act.

The Dairy Promotion and Research Order (7 CFR 1150.101 <u>et seq.</u>) provides in \$1150.153 that any organization that conducts a dairy product promotion, research, or nutrition education program may request qualification of its program from the Secretary of Agriculture. Producers or importers contributing to a qualified program (QP) may receive credit for contributions to such program pursuant to \$1150.152 of the Order. To be eligible for initial or continued qualification, the program must:

- Be engaged in dairy product promotion, research, or nutrition education activities that are intended to increase consumption of milk and dairy products generally.
- b. Except for programs operated under the laws of the United States or any State, and except for importer programs, have been active and ongoing before November 29, 1983.
- Be financed primarily by producers, either individually or through cooperative associations, or for importer programs, be financed primarily by importers.
- d. Not use a brand or trade name in its advertising and promotion of dairy products unless approved by the National Dairy Promotion and Research Board and the Secretary.
- e. Certify to the Secretary that any requests from producers or importers for refunds under its programs will be honored by forwarding to the Board or to the qualified program designated by the producer or importer that portion of the refund equal to the amount of the credit given to the producer or importer because of his/her participation in the program. The amount of such credit may not exceed 10 cents per hundredweight for a producer and 2.5 cents per hundredweight or equivalent thereof, for an importer.
- f. Not use program funds for the purpose of influencing governmental policy or action.

If additional space is required, provide an additional attachment identified by item number.

The following information is to be submitted by each organization requesting initial or continued qualification of its dairy product promotion, research, or nutrition education program(s).

1.	CURRENT NAME AND ADDRESS OF ORGANIZATION (Complete Mailing Address)						
Name:			Telephone No.:				
Address:		Fax Number:					
Address:			Email Address:				
City:				Zip:			
2.	DOES YOUR ORGANIZATION CONDUCT OR FUND A DAIRY PRODUCT: (Answer All A. Promotion Program? B. Research Program?	That Ap		acation Program?			
3.	IS YOUR ORGANIZATION PRIMARILY FINANCED (50% OR MORE) DIRECTLY BY PRODUCERS, COOPERATIVE ASSOCIATIONS AND/OR IMPORTERS?  Yes No			ONS BY PRODUCERS OR IMPORTERS SUCH PRODUCERS OR IMPORTERS?  Yes No			
5.	DOES YOUR PROGRAM UTILIZE A BRAND OR TRADE NAME IN ITS ADVERTISING AND PROMOTION OF DAIRY PRODUCTS? $\begin{tabular}{ll} \hline Yes & \hline \\ No \\ \hline \end{tabular}$						
6.	DOES YOUR ORGANIZATION USE PROGRAM FUNDS FOR THE PURPOSE OF INFLUENCING GOVERNMENTAL POLICY OR ACTION? $\qed$ Yes $\qed$ No						
7.	IF YOUR PROGRAM OPERATES UNDER STATE LAW, WHAT IS THE MANDATORY A PROGRAM?	SSESSN	MENT RATE PER HI	UNDREDWEIGHT UNDER THAT			
	PLEASE LIST THE AMOUNT OF THE STATE ASSESSMENT OR N/A (NOT APPLICABLE) and the state assessment of the state as the s	E)	C	ENTS PER HUNDREDWEIGHT			

8. PROVIDE THE FOLLOWING INFORMATION ON ANNUAL INCOME AND EXPENI (SEE ACCOMPANYING ADDITIONAL INSTRUCTIONS FOR FORM)		(YEAR)
SOURCES OF TOTAL ANNUAL INCOME:		
Carryover from Previous Year (This should be the same as last year's rep		
Available for Future Year Programs.")		\$
Producer Remittances		
Add: Payments Received from Other QPs		+
Add: Payments Received from Unified Marketing Plan Equalizati		+
Less: Payments Transferred to Other QPs		(-)
Less: Payments Transferred to Unified Marketing Plan Equalization	on Fund	(-)
Other Income Sources 8.2/		
<b>EXPENDITURES</b> : 8.4/ (Provide total expenditures spent directly by your Advertising, Promotion, and Sales (AP&S)	r organization for each line item)	
Fluid Milk		
Cheese		
Butter		
Frozen Dairy Products Other AP&S Expenditures 8.5/	<u> </u>	
Subtotal for AP&S	······	
Nutrition Education		
Nutrition Research		
Dairy Product Research		
Market and Economic Research		
Public and Industry Communications		
Administrative 8.17		
Other Expenditures 8.8/		
TOTAL ANNUAL EXPENDITURES		
UDIA DUES 8.9/		
TOTAL ANNUAL EXPENDITURES AND UDIA DUES		
TOTAL FUNDS AVAILABLE FOR FUTURE YEAR PROGRAMS	8.10/	\$
8.1/ Please provide a schedule of income for all sources of current year income. Li individual producers or importers. List funds received from and/or transferred		
8.2/ Examples of Other Income Sources include: total interest earned by your orga overpaid expenditures; contributions from various organizations; gains on the separately on the attached schedule of income.		
8.3/ Total Adjusted Annual Income equals the total of all Sources of Income minus	Payments Transferred to Other QPs and/or the Unified M	Marketing Plan Equalization Fund.
8.4/ For each line item expenditure, enclose a schedule of expenses by project or pr line item, indicate zero (-0-).		-
8.5/ Examples of Other AP&S Expenditures include calcium, nonfat dry milk, holic	day, and multi-product advertising and promotion program	ns.
8.6/ Please enclose a copy of your unified marketing plan expenditure reports and s	upplemental documentation.	
8.7/ Section 1150.151 (a) of the Order states that the administrative expenses incurr fiscal year. In this regard, we urge you to keep the administrative expenses of		nt of the projected revenue of that
8.8/ Examples of Other Expenditures include capital expenses, contributions to uni	-	of expenditures.
8.9/ Report only UDIA membership dues.	,	
8.10/ Total Funds Available for Future Year Programs equals Total Annual Expendi	tures and UDIA dues subtracted from Total Adjusted An	nual Income.
9. PROVIDE YOUR ANNUAL AUDIT, INCLUDING THE AUDITOR'S LETTER OF CO OF THE ACCOMPANYING ADDITIONAL INSTRUCTIONS FOR FORM DA-15-CO		A (ITEMS A-E) FOUND ON PAGE 3
10. PROVIDE A COPY OF YOUR MOST RECENT ANNUAL REPORT AND SUPPORT	ING DOCUMENTS.	
I hereby certify that the information provided above is true, complete, and correct to the contributions, I also certify that the producer's or importer's refund requests will be han records, files, and facilities to verify any of the information submitted and may procure	dled in accordance with the Order. The Secretary of	Agriculture may examine our books
I agree to notify AMS, Dairy Programs of any changes in our organizational structure, in continued qualification (see items 2 through 6); or if our program is discontinued.	ncluding merger or other types of consolidation; char	ges that may affect our program's
NAME	TITLE	
SIGNATURE	DATE	



#### ATTACHMENT B – 2015 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 importer programs to receive up to 2.5 cents against the 7.5 cent per hundredweight or equivalent thereof, for contributions to 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 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 <u>Form DA-15-CG</u> (Attachment A), the <u>Sur-TAMU-15</u> (Attachment C), and supporting documents by **April 30, 2015**.

During migration to a new online submission system, programs may deliver certification packages and supporting documents via email to <a href="mailto:john.galbraith@ams.usda.gov">john.galbraith@ams.usda.gov</a> or by postal delivery.

USDA, AMS, Dairy Programs Promotion, Research, and Planning Division Stop 0233, Room 2958-S 1400 Independence Avenue, SW. Washington, D.C. 20250-0233

**ITEMS 1-7:** Items 1-7 must be completed as noted on form. For Item 7, if 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. Use 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 written explanation.
- ✓ Current Year Income. List separately sources and amounts of income in an attached Schedule of Income by name of each remitter (responsible person) and include total producer/importer remittances. 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 and 10 - 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 2014. If your program does not have an annual report, indicate this in the submitted materials.

The auditing firm must address the following items 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 that funds, property, and other assets are safeguarded against fraud, waste, and unauthorized use?

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 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 at:

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

Office: (202) 720-6909

2015 Program Note: The United States Government Accountability Office (GAO) issued its revised Standards for Internal Control, also known as the "Green Book," in September 2014: <a href="https://www.gao.gov/greenbook">www.gao.gov/greenbook</a>. The Green Book reflects the American Accounting Association (AAA), the American Institute of Certified Public Accountants (AICPA), Financial Executives International (FEI), The Institute of Internal Auditors (IIA), and the Institute of Management Accountants (IMA) joint comprehensive internal control standards update. State, local, and quasi-governmental entities, as well as not-for-profit organizations, may adopt the new Green Book standards as a framework for an internal control system.



ATTACHMENT C - 2015 SURVEY

**Sur-TAMU-15** 

## Qualified Dairy Product Promotion Program 2014 Expenditures on Dairy Products for the Annual Report to Congress on the National Dairy Promotion and Research Program

Please provide quarterly expenditures spent directly by yo		Organization Name:							
extent possible. Indirect costs such as compensation cost research costs should not be included.	_		•						
Advertising expenditures for television, print, and radio should be combined, and any production costs should be included.									
Non-advertising demand enhancement expenditures n	Non-advertising demand enhancement expenditures mean non-media based strategies aimed at selling more dairy								
products, such as public relations, retail and food service should be reported based on when the events/activities oc consumers were exposed to the promotion activity.	•				•				
National Implementation Fund should reflect the annual application towards the Unified Marketing Plan (UMP) to your organization's quarterly expenditures  2014 Expenditures	. UMP do	ollars spent lo							
Qu	arter 1	Quarter 2	Quarter 3	Quarter 4	Total				
Fluid Milk									
-Advertising									
-Non-advertising demand enhancing expenditures									
A. Total Fluid Milk									
Cheese									
-Advertising									
-Non-advertising demand enhancing expenditures									
B. Total Cheese									
Three-A-Day Program									
-Advertising									
-Non-advertising demand enhancing expenditures									
C. Total									
C. Total									
C. Total  All Other Dairy Products									
C. Total  All Other Dairy Products  -Advertising									
C. Total  All Other Dairy Products									

 $\ensuremath{\text{n.a.}}$  : If Quarterly expenditures are not applicable. Please provide annual total.

Questions should be addressed to Dr. Oral Capps, at 979-845-8492 or ocapps@tamu.edu.

Total Expenditures (A+B+C+D)

E. National Implementation Fund

Completed forms should be returned to: USDA, AMS, Dairy Programs; Promotion, Research, and Planning Division; Stop 0233, Room 2958-S, 1400 Independence Avenue, SW., Washington, D.C. 20250-0233 or by email: <a href="mailto:john.galbraith@ams.usda.gov">john.galbraith@ams.usda.gov</a>.

Sur-TAMU-15



#### Information and Instructions for the 2015 Survey of Qualified Program Expenditures on Dairy Product Promotion for the Annual Report to Congress on the National Dairy Promotion and Research Program

The Dairy Production Stabilization Act of 1983, as amended, which authorized the National Dairy Promotion and Research Program and established the criteria for qualifying dairy product promotion programs to receive up to 10 cents of the 15-cent per hundredweight assessment, and importer programs to receive up to 2.5 cents per hundredweight or equivalent thereof, directs the Secretary of Agriculture to provide to Congress annually an independent analysis of the effectiveness of the program. Over the past few years, the Cornell Commodity Promotion and Research Program conducted these annual independent analyses. Texas A&M University is now conducting the analyses.

Due to lack of historical data, most of the previous work has focused primarily on the evaluation of the national dairy advertising programs for fluid milk and cheese. Quarterly advertising expenditures at the national level were used to reflect major marketing activities for the total dairy promotion program.

To better account for all demand-enhancing activities, we are requesting certain information and expenditure data on both advertising and non-advertising promotion financed by the producer promotion program.

The enclosed survey form Sur-TAMU-15 (Attachment C) asks for expenditure information from your qualified program directed to the promotion of dairy products. The survey form is similar to previous years and is broken out by fluid milk, cheese, and all other dairy product categories and requests quarterly expenditure data on advertising and non-advertising promotion activities. For multi-product marketing, please put them in the "all other dairy products" category.

Advertising expenditures for television, print, and radio should be combined, and any production costs should be included. Non-advertising demand-enhancing expenditures mean non-media based strategies aimed at selling more dairy products, such as public relations, retail and food service promotions, and nutritional education programs. Expenditures should be reported based on when the events/activities occurred rather than when payment was made to reflect when consumers were exposed to the promotion activity.

Please fill out the survey to the fullest extent possible. If some lines are combined, please indicate. From an analytical perspective, the more detail we can acquire—the better we will be able to estimate the benefits of those activities.

The information that you provide will be kept confidential and will be incorporated with national level data provided by Dairy Management Inc., for analytical purposes. Your State or regional program is an important part of the total national effort and affects demand and price levels both locally and nationally. Incorporating specific State and national level promotion activities are important to evaluate the total benefits these programs have for the nation's dairy producers. Also, separating promotion into its advertising and non-advertising activities will give program managers better information as to the value of those activities.

Please complete and return the Sur-TAMU-15 (Attachment C) by April 30, 2015.

ATTACHMENT D

Sur-TAMU-15 INSTRUCTIONS