NOTICE TO APPLICANTS: The following instructions and guidelines for financial statement preparation have been developed from the requirements set forth in the Missouri Grain Warehouse Law (Chapter 411, RSMo) and the Missouri Grain Dealer Law (Sections 276.401 - 276.582, RSMo), and the rules promulgated pursuant to these laws. The instructions are very important and should be read thoroughly by the applicant and the applicant’s accountant. The instructions set forth what financial statements are required with an application and who may prepare the financial statements. FAILURE TO SUBMIT REQUIRED FINANCIAL STATEMENTS MAY RESULT IN OUR REJECTION OF THE ENTIRE APPLICATION.

THESE DEFINITIONS SHALL APPLY:

1. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) - the conventions, rules and procedures necessary to define accepted accounting practice, which include broad guidelines of general application as well as detailed practices and procedures generally accepted by the accounting profession, and which have substantial authoritative support from the American Institute of Certified Public Accountants;

2. BALANCE SHEET - a statement of assets, liabilities and net worth at a specified date;

3. INCOME STATEMENT - a statement of income, expenses and net profit for a specified period of time;

4. CERTIFIED PUBLIC ACCOUNTANT - Any person licensed as such under chapter 326, RSMo.

5. QUALIFIED APPRAISAL - an appraisal that is submitted in accordance with the Code of State Regulations, Title 2, Division 60, Chapters 4 and 5, relating to the acceptance of appraisal values for licensing purposes. The appraiser must use specific appraisal forms supplied by the Missouri Department of Agriculture.

1. STATEMENTS REQUIRED: A BALANCE SHEET as of the last fiscal year and an INCOME STATEMENT for the last fiscal year must be submitted by all applicants. The statements must be audited or reviewed by a Certified Public Accountant, applicant, officer, shareholder, or partner of the applicant may not prepare the financial statements. These items are to be submitted also. The applicant, employee of the corporation, or partnership owns a controlling interest in all of the businesses, submit a copy of the combined financial statements for the group of related business entities. If the parent company, or consolidated financial statements are used for the licensing of a subsidiary, a parent guarantee is required.

2. SUPPLEMENTAL STATEMENTS: The applicant must submit copies of any financial statements submitted within the last year to the applicant’s bonding company, or submitted to Commodity Credit Corporation in support of a Uniform Grain and Rice Storage Agreement, or submitted to the United States Department of Agriculture in support of a federal warehouse license, if such financial statements are prepared as of a different date, or for a different period of time, or otherwise show different amounts than those submitted with this application.

3. CURRENT MARKET VALUES: If a proprietor, partnership or corporation desires to submit estimated market values for licensing purposes they may do so by submitting a qualified appraisal, as defined by these instructions. If a qualified appraisal is
accepted by the Department, the financial statements submitted must be prepared in accordance with these guidelines. Any 
adjustments to the net worth, to reflect an appraisal will be made by our office prior to computation of licensing requirements.

4. **NET WORTH REQUIREMENTS:** All classes of grain dealers are required to maintain a minimum net worth of 5% of annual Missouri grain purchases. Class I grain dealers must maintain a minimum $50,000 net worth.

5. **WORKING CAPITAL REQUIREMENTS:** All classes of grain dealers are required to maintain a positive working capital, or a current ratio of at least 1:1.

6. **REPORTING OF ANNUAL GRAIN PURCHASES:** The financial statements submitted must state the annual Missouri grain purchases. The CPA may state the Missouri Grain purchases in the notes to the financial statement, or in a separate statement on the CPA=s letterhead.

7. **BONDING REQUIREMENTS** are the same for all classes of dealers: the greater of $50,000 or 2% of annual Missouri grain purchases.

**BELOW ARE THE CLASSIFICATIONS OF GRAIN DEALERS AND REQUIREMENTS (NOT ALL INCLUSIVE) FOR THE CLASSIFICATION AND THE ACTIVITIES THEY MAY CONDUCT.**

**CLASS I**

The Class I grain dealer is the ONLY class that may offer minimum price contracts or credit sales contracts, including delayed price and deferred payment contracts. This class of dealer may also be licensed as a warehouseman under the Missouri Grain Warehouse Law or the United States Warehouse Act. A class I grain dealer is required to maintain a minimum net worth equal to the greater of $50,000 or five percent (5%) of Missouri grain purchases. These dealers may issue delayed price, deferred payment, minimum price or other types of credit sales contracts. When an account is entered on a formal settlement sheet within thirty (30) days of delivery by the Class I dealer, payment is to be made to the seller at the earlier of the seller=s demand or 180 days, unless a deferred payment contract is completed. This dealer is required to be open for business at least six hours between 8:00 a.m. and 6:00 p.m., unless notification is posted as to where sellers of grain may receive payment for their grain.

**CLASS II**

Dealers that are also licensed as a warehouseman under the Missouri Grain Warehouse Law or the United States Warehouse Act that are not a Class I dealer. These dealers may NOT issue minimum price contracts or any type of credit sales contract, including delayed price and deferred payment contracts. When an account is entered on a formal settlement sheet within thirty (30) days of delivery by the Class II dealer, payment is to be made to the seller at the earlier of the seller=s demand or 180 days. This dealer is required to be open for business at least six hours between 8:00 a.m. and 6:00 p.m., unless notification is posted as to where sellers of grain may receive payment for their grain.

**CLASS III**

Class III dealers are dealers that use physical facilities in which bulk grain may be held in the operation of their dealer business and NOT licensed as a warehouseman. Class III dealers are required to make payment to the seller within thirty (30) days of delivery, or upon demand of the seller, whichever occurs first. These dealers may NOT issue minimum price contracts or any type of credit sales contract, including delayed price and deferred payment contracts. This dealer is required to be open for business at least six hours between 8:00 a.m. and 6:00 p.m., unless notification is posted as to where sellers of grain may receive payment for their grain.

**CLASS IV**

Class IV dealers are dealers primarily engaged in the trucking or transportation business, who incidental to or as a part of their business, buys or sells grain. Class IV dealers are required to make payment to the seller within thirty (30) days of delivery, or upon demand of the seller, whichever occurs first. These dealers may NOT issue minimum price contracts or any type of credit sales contract, including delayed price and deferred payment contracts.

**CLASS V**

This class of dealer is one whose grain transactions are only comprised of sales of grain from their own farming operations. These dealers may NOT purchase grain from others.

**CLASS VI**

All dealers who are not Class I, II, III, IV or V dealers are Class VI dealers. Class VI dealers are required to make payment to the seller within thirty (30) days of delivery, or upon demand of the seller, whichever occurs first. These dealers may NOT issue minimum price contracts or any type of credit sales contract, including delayed price and deferred payment contracts.