

**CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD**

**Financial Statements**

**September 30, 2022 and 2021**

**(With Independent Auditors' Report Thereon)**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Cattlemen's Beef Promotion and Research Board  
Denver, Colorado

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Cattlemen's Beef Promotion and Research Board (the Board), which comprise the statements of assets, liabilities, and net assets – modified cash basis as of as of September 30, 2022 and 2021, and the related statements of revenues, expenses, and changes in net assets without donor restriction – modified cash basis, the statements of functional expenses – modified cash basis for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets – modified cash basis of Cattlemen's Beef Promotion and Research Board, as of September 30, 2022 and 2021, and its revenues, expenses, and changes in net assets without donor restriction – modified cash basis, and the statements of functional expenses – modified cash basis for the years then ended, in accordance with the basis of accounting as described in Note 2.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cattlemen's Beef Promotion and Research Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Basis of Accounting***

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

#### ***Other Matters***

In connection with our audits, nothing came to our attention that caused us to believe the Board failed to comply with the provisions of the Beef Promotion and Research Act of 1985 (the Act) and the Beef Promotion and Research Order (the Order) related to the use of funds collected by the Board insofar as they relate to accounting matters. Further, in connection with our audits, nothing came to our attention that caused us to believe the Board was not in compliance with the terms of Section 1260.149(f) of the Order, or with the terms of the Agricultural Marketing Service (AMS) Investment Policy as revised by the AMS on April 6, 2015, which describe the type of instruments in which the Board may invest, insofar

as they relate to accounting matters. Further, in connection with our audits, nothing came to our attention that caused us to believe that the Board failed to comply with Section 5D of the United States Department of Agriculture (USDA) Guidelines for Agricultural Marketing Service Oversight of Commodity Research and Promotion Programs (Guidelines), dated January 2020, insofar as they relate to the following:

- Monetary funds used for the purpose of influencing governmental policy or action
- Adherence to the Agricultural Marketing Service investment policy
- Monetary funds used only for projects and other expenses authorized in a budget approved by the USDA
- Monetary funds used in accordance with the Guidelines referenced above.

However, our audits were not directed primarily towards obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Board's noncompliance with the above referenced Act, Order, AMS Investment Policy, and Section 5D of the USDA Guidelines insofar as they relate to accounting matters.

The report is intended solely for the information and use of the members of the Board and its management, the Audit Committee, and the United States Department of Agriculture and is not intended to be, and should not be, used by anyone other than these specific parties.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

opinion on the effectiveness of Cattlemen's Beef Promotion and Research Board's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cattlemen's Beef Promotion and Research Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming opinion on the financial statements as a whole. The accompanying supplementary statements of assessment revenues by state – modified cash basis are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary statements of assessment revenues by state – modified cash basis are fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022, on our consideration of Cattlemen's Beef Promotion and Research Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Cattlemen's Beef Promotion and Research Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cattlemen's Beef Promotion and Research Board's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Denver, Colorado  
December 20, 2022

# CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD

## Statement of Assets, Liabilities, and Net Assets

(Modified Cash Basis, Note 2)

September 30, 2022 and 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents (Note 3)	\$13,097,236	\$ 21,812,035
Short-Term Investments (Note 3)	4,998,465	2,500,000
Long-Term Investments (Note 3)	4,954,791	-
Capital Assets, net of accumulated depreciation of \$51,644 and \$42,746, respectively	11,817	17,523
Other	-	<u>1,471</u>
Total Assets	<u>\$23,062,309</u>	<u>\$24,331,029</u>
 <u>LIABILITIES AND NET ASSETS</u>  		
Due to State Beef Councils and Other	\$ 10,363	\$ 9,719
Total Liabilities	10,363	9,719
Net Assets - Without Donor Restriction (Note 6):		
Designated for future expenses	14,646,977	17,978,063
Designated - Board reserve	4,350,000	4,350,000
Undesignated	<u>4,054,969</u>	<u>1,993,247</u>
Total Net Assets	<u>23,051,946</u>	<u>24,321,310</u>
Total Liabilities and Net Assets	<u>\$23,062,309</u>	<u>\$24,331,029</u>

The accompanying notes to financial statements are an integral part of these statements.

## CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD

### Statement of Revenues, Expenses, and Changes in Net Assets Without Donor Restriction

(Modified Cash Basis, Note 2)

For The Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>REVENUES:</b>		
Assessments	\$43,635,971	\$42,627,123
Interest	122,200	98,086
Other	<u>44,939</u>	<u>86,921</u>
Total revenues	<u>43,803,110</u>	<u>42,812,130</u>
<b>EXPENSES:</b>		
Program Expenses -		
Promotion	11,894,520	8,641,332
Research	7,889,334	8,838,176
Consumer Information	8,075,733	8,160,511
Industry Information	3,225,694	3,138,923
Foreign Marketing	9,183,342	8,479,193
Checkoff Communications	192,655	171,679
Producer Communications	1,717,915	1,568,937
Program Evaluation	178,560	263,087
Program Development	<u>449,455</u>	<u>316,474</u>
Total program expenses	42,807,208	39,578,312
Supporting Services -		
USDA Oversight	477,930	598,924
Supporting Services & Litigation	133,800	96,710
Administration (Note 5)	<u>1,653,536</u>	<u>1,502,147</u>
Total expenses	<u>45,072,474</u>	<u>41,776,093</u>
Change in net assets	(1,269,364)	1,036,037
Beginning Net Assets Without Donor Restriction	<u>24,321,310</u>	<u>23,285,273</u>
Ending Net Assets Without Donor Restriction	<u>\$23,051,946</u>	<u>\$24,321,310</u>

The accompanying notes to financial statements are an integral part of these statements.

**CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD**

**Statement of Functional Expenses**

**(Modified Cash Basis, Note 2)**

**For The Year Ended September 30, 2022**

	Program Expenses									Total Program Expenses
	Promotion	Research	Consumer Information	Industry Information	Foreign Marketing	Checkoff Communications	Producer Communications	Program Evaluation	Program Development	
Professional and Other Contract Service Fees - Direct	\$ 9,511,371	\$ 4,835,511	\$ 4,520,262	\$ 1,159,768	\$ 6,233,982	\$ -	\$ -	\$ -	\$ -	\$ 26,260,894
Professional and Other Contract Service Fees - Implementation	2,383,149	3,053,823	3,555,471	2,065,926	2,949,360	-	-	-	-	14,007,729
Salaries and Wages	-	-	-	-	-	54,985	108,030	59,999	170,569	393,583
Payroll Taxes and Employee Benefits	-	-	-	-	-	16,903	33,210	18,445	52,411	120,969
USDA Oversight Fees	-	-	-	-	-	-	-	-	-	-
Professional and Other Contract Service Fees	-	-	-	-	-	66,315	1,497,885	74,823	43,330	1,682,353
Travel and Transportation	-	-	-	-	-	7,845	14,384	5,827	140,472	168,528
Office Rent	-	-	-	-	-	6,246	10,787	6,056	14,290	37,379
Insurance	-	-	-	-	-	1,727	2,983	1,675	3,952	10,337
Equipment Rental	-	-	-	-	-	381	659	1,690	11,970	14,700
Other	-	-	-	-	-	38,253	49,977	10,045	12,461	110,736
<b>Total Expenses</b>	<b>\$ 11,894,520</b>	<b>\$ 7,889,334</b>	<b>\$ 8,075,733</b>	<b>\$ 3,225,694</b>	<b>\$ 9,183,342</b>	<b>\$ 192,655</b>	<b>\$ 1,717,915</b>	<b>\$ 178,560</b>	<b>\$ 449,455</b>	<b>\$ 42,807,208</b>

The accompanying notes to financial statements are an integral part of these statements.



**CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD**

**Statement of Functional Expenses (continued)**

**(Modified Cash Basis, Note 2)**

**For The Year Ended September 30, 2022**

	Supporting Services			Total Expenses
	USDA Oversight	Supporting Services & Litigation	Administration	
Professional and Other Contract				
Service Fees - Direct	\$ -	\$ -	\$ -	26,260,894
Professional and Other Contract				
Service Fees - Implementation	-	-	-	14,007,729
Salaries and Wages	-	57,421	768,767	1,219,771
Payroll Taxes and Employee				
Benefits	-	17,286	242,616	380,871
USDA Oversight Fees	477,930	-	-	477,930
Professional and Other Contract				
Service Fees	-	49,272	183,396	1,915,021
Travel and Transportation	-	1,061	322,315	491,904
Office Rent	-	4,405	60,147	101,931
Insurance	-	1,218	16,699	28,254
Equipment Rental	-	269	11,882	26,851
Other	-	2,868	47,714	161,318
<b>Total Expenses</b>	<b>\$ 477,930</b>	<b>\$ 133,800</b>	<b>\$ 1,653,536</b>	<b>\$ 45,072,474</b>

The accompanying notes to financial statements are an integral part of these statements.

**CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD**

**Statement of Functional Expenses**

**(Modified Cash Basis, Note 2)**

**For The Year Ended September 30, 2021**

	Program Expenses										Total Program Expenses
	Promotion	Research	Consumer Information	Industry Information	Foreign Marketing	Checkoff Communications	Producer Communications	Program Evaluation	Program Development		
Professional and Other Contract											
Service Fees - Direct	\$ 6,520,635	\$ 5,024,740	\$ 4,630,911	\$ 1,145,963	\$ 6,324,942	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,647,191
Professional and Other Contract											
Service Fees - Implementation	2,120,697	3,813,436	3,529,600	1,992,960	2,154,251	-	-	-	-	-	13,610,944
Salaries and Wages	-	-	-	-	-	78,840	85,991	78,472	115,034	-	358,337
Payroll Taxes and Employee											
Benefits	-	-	-	-	-	24,872	27,128	24,755	36,290	-	113,045
USDA Oversight Fees	-	-	-	-	-	-	-	-	-	-	-
Professional and Other Contract											
Service Fees	-	-	-	-	-	41,898	1,401,374	133,210	26,023	-	1,602,505
Travel and Transportation	-	-	-	-	-	4,015	7,810	3,500	100,419	-	115,744
Office Rent	-	-	-	-	-	11,018	9,836	8,189	12,888	-	41,931
Insurance	-	-	-	-	-	1,782	1,591	1,325	2,085	-	6,783
Equipment Rental	-	-	-	-	-	875	9,713	3,708	10,263	-	24,559
Other	-	-	-	-	-	8,379	25,494	9,928	13,472	-	57,273
<b>Total Expenses</b>	<b>\$ 8,641,332</b>	<b>\$ 8,838,176</b>	<b>\$ 8,160,511</b>	<b>\$ 3,138,923</b>	<b>\$ 8,479,193</b>	<b>\$ 171,679</b>	<b>\$ 1,568,937</b>	<b>\$ 263,087</b>	<b>\$ 316,474</b>	<b>\$ -</b>	<b>\$ 39,578,312</b>

The accompanying notes to financial statements are an integral part of these statements

**CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD**

**Statement of Functional Expenses (continued)**

**(Modified Cash Basis, Note 2)**

**For The Year Ended September 30, 2021**

	Supporting Services			Total Expenses
	USDA Oversight	Supporting Services & Litigation	Administration	
Professional and Other Contract Service Fees - Direct	\$ -	\$ -	\$ -	\$ 23,647,191
Professional and Other Contract Service Fees - Implementation	-	-	-	13,610,944
Salaries and Wages	-	40,687	813,551	1,212,575
Payroll Taxes and Employee Benefits	-	12,703	242,221	367,969
USDA Oversight Fees	598,924	-	-	598,924
Professional and Other Contract Service Fees	-	36,359	148,826	1,787,690
Travel and Transportation	-	-	160,503	276,247
Office Rent	-	4,027	60,786	106,744
Insurance	-	651	9,833	17,267
Equipment Rental	-	229	15,777	40,565
Other	-	2,054	50,650	109,977
<b>Total Expenses</b>	<b>\$ 598,924</b>	<b>\$ 96,710</b>	<b>\$ 1,502,147</b>	<b>\$ 41,776,093</b>

The accompanying notes to financial statements are an integral part of these statements

# CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD

## Notes to Financial Statements (Modified Cash Basis)

September 30, 2022 and 2021

### (1) ORGANIZATION AND OPERATIONS

The Beef Promotion and Research Act of 1985 (the Act), approved on December 23, 1985, by the United States Congress, established a coordinated program of promotion and research designed to strengthen the beef industry's position in the marketplace, as well as to maintain and expand domestic and foreign markets and uses for beef and beef products. As provided in the Act, the Secretary of the United States Department of Agriculture (the Secretary) issued the Beef Promotion and Research Order (the Order), effective July 18, 1986, which provides the terms and conditions for the Act's administration. The Cattlemen's Beef Promotion and Research Board (the Board), which was created and approved by the Secretary to administer the Act, consists of 101 members who are representatives of the cattle industry in the United States, including importers. Board members are appointed by the Secretary.

The program is financed by a \$1 per head assessment on domestic sales of cattle and on imported cattle, beef, and beef products. The Board, as part of its responsibilities under the Act and Order, may certify no more than one Qualified State Beef Council (Council) in each state and authorize that Council to collect such assessments. The assessments are remitted to the Councils or the Board. The Board receives one-half of assessment monies from states with Councils and the Councils retain the remainder. The Board receives all assessment revenues from states without Councils and from imported cattle, beef, and beef products.

Pursuant to the Act, the Board's expenses for administration are limited to 5% or less of projected revenues. All remaining revenues are expended on programs related to promotion, research, and information for the beef industry. The Board contracts with established national cattle- or beef-industry-governed nonprofit organizations for the implementation and conduct of these programs. Under the terms of these contracts, the entities, which receive Board contracts, are subject to annual audits and reviews.

During fiscal years 2022 and 2021, the Board reimbursed the following industry organizations for program expenses incurred on approved projects:

<u>Name of Contractor</u>	<u>2022</u>	<u>2021</u>
Meat Importers Council of America	\$ 493,818	\$ 458,351
National American Meat Institute	1,154,499	1,402,577
National Cattlemen's Beef Association (NCBA)	28,287,755	29,564,023
American Farm Bureau Foundation	834,226	947,645
United States Cattlemen's Association	200,800	153,506
United States Meat Export Federation	9,183,342	4,677,591
National Institute for Animal Agriculture	114,183	54,442

The program expenses incurred by NCBA during fiscal years 2022 and 2021 included reimbursements for costs incurred under subcontracts with the U.S. Meat Export Federation of \$0 and \$3,801,601, respectively.

# CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD

## Notes to Financial Statements (Modified Cash Basis)

September 30, 2022 and 2021

### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of Accounting*

The accompanying financial statements have been prepared on the modified cash basis of accounting. Under this method, certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when incurred. At September 30, 2022 and 2021, there were assessment receivables of approximately \$7,000,000 and \$7,200,000, accrued compensated absences of approximately \$93,000 and \$86,000 and accounts payable of approximately \$8,400,000 and \$9,200,000, respectively, which are not reflected in the accompanying financial statements. Accounts payable relate to appropriated expenditures and are included in the net assets designated for future expenses in the accompanying statements of assets, liabilities, and net assets (Note 6).

As discussed in Note 1, the Board receives one-half of the assessment monies collected by the Councils and the remainder is retained by the Councils. The accompanying financial statements include only the Board's share of assessment monies and do not include amounts related to either revenues or expenses of the individual Councils.

#### *Reclassification of Prior Year Presentation*

Certain prior year amounts have been reclassified for consistency with the current year presentation.

#### *Cash, Cash Equivalents, and Investments*

For purposes of classifying investments, the Board considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents and investments are recorded at cost.

#### *Depreciation*

Capital assets, which include equipment and leasehold improvements, are recorded at cost. The Board capitalizes all capital asset purchases greater than \$1,000. Depreciation is computed using the straight-line method over the estimated useful lives of three to ten years.

#### *Use of Estimates*

The preparation of financial statements require management to make estimates and assumptions that affect certain reported amounts and disclosures, primarily those estimates included in the Basis of Accounting disclosure above. Accordingly, actual results could differ from those estimates.

## CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD

### Notes to Financial Statements (Modified Cash Basis)

September 30, 2022 and 2021

#### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *Functional Allocation of Expenses*

The cost of providing the various programs and supporting services has been summarized on a functional basis on the statement of revenues, expenses, and changes in net assets without donor restriction. Costs applied to programs include expenses associated with research and the promotion of beef in domestic and international markets. The costs are applied to the programs based upon the project codes for the approved programs. Overhead costs are allocated proportionately based on the number of hours recorded for approved checkoff programs.

#### (3) CASH, CASH EQUIVALENTS, AND INVESTMENTS

The Secretary has provided that excess cash may be invested, on a short-term basis, in certificates of deposit insured by the Federal Deposit Insurance Corporation or obligations of the United States, U.S. Government agencies, or U.S. Government-sponsored corporations. In April 2015, the Secretary granted an exemption to the Board allowing the Board to extend investment maturities to five years for investments not to exceed \$7 million in the aggregate. Cash, cash equivalents and investments at September 30, 2022 and 2021, by investment type, are as follows:

	<b>Cash and Cash Equivalents</b>	<b>Short-Term Investments</b>	<b>Long-Term Investments</b>	<b>Total Carrying Value</b>	<b>Total Fair Value</b>
September 30, 2022:					
Demand Deposit Account	\$ 250,025	\$ -	\$ -	\$ 250,025	\$ 250,025
Money Market Accounts	12,884,014	-	-	12,884,014	12,884,014
Certificates of Deposit	-	3,000,000	-	3,000,000	3,000,000
US Treasuries	-	1,998,465	4,954,791	6,953,256	6,953,256
Less – Outstanding Checks	<u>(36,803)</u>	<u>-</u>	<u>-</u>	<u>(36,803)</u>	<u>(36,803)</u>
Totals for 2022	<u>\$ 13,097,236</u>	<u>\$ 4,998,465</u>	<u>\$ 4,954,791</u>	<u>\$ 23,050,492</u>	<u>\$ 23,050,492</u>
	<b>Cash and Cash Equivalents</b>	<b>Short-Term Investments</b>	<b>Long-Term Investments</b>	<b>Total Carrying Value</b>	<b>Total Fair Value</b>
September 30, 2021:					
Demand Deposit Account	\$ 256,317	\$ -	\$ -	\$ 256,317	\$ 256,317
Money Market Accounts	21,668,478	-	-	21,668,478	21,668,478
Certificates of Deposit	-	2,500,000	-	2,500,000	2,500,000
Less – Outstanding Checks	<u>(112,760)</u>	<u>-</u>	<u>-</u>	<u>(112,760)</u>	<u>(112,760)</u>
Totals for 2021	<u>\$ 21,812,035</u>	<u>\$ 2,500,000</u>	<u>\$ -</u>	<u>\$ 24,312,035</u>	<u>\$ 24,312,035</u>

## CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD

### Notes to Financial Statements (Modified Cash Basis)

September 30, 2022 and 2021

#### (3) CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

In accordance with the Board's policy, the demand deposit accounts, the money market accounts, and the certificates of deposit are insured by the Federal Deposit Insurance Corporation and/or fully collateralized by U.S. Government securities held at the Federal Reserve Bank in the Board's name.

#### (4) LIQUIDITY

At September 30, 2022, the Board has \$18,095,701 of financial assets available to meet cash needs for general expenditures within one year of the balance sheet date consisting of demand deposit of \$213,222, money market of \$12,884,014, and short-term investments of \$4,998,465. At September 30, 2021, the Board had \$24,312,035 of financial assets available to meet cash needs for general expenditures within one year of the balance sheet date consisting of demand deposit of \$143,557, money market of \$21,668,478, and short-term investments of \$2,500,000. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure, within one year of the balance sheet date. As part of its liquidity management, the Board invests cash in excess of daily requirements in short-term investments consisting of certificates of deposits to meet future unexpended program appropriations. The Board has also established a reserve in the amount of \$4,350,000 to be used, as the Board may deem necessary, with the approval of the Secretary (Note 6).

#### (5) ADMINISTRATION EXPENSE

The Act limits expenses for the administration of the program to 5% or less of projected revenues. Projected revenues were \$41,832,000 for 2022 and \$42,268,000 for 2021. Accordingly, the administrative expenses incurred by the Board were limited to \$2,091,600 in 2022 and \$2,113,400 in 2021. Administrative expenses incurred by the Board on the modified cash basis amounts reflected in the accompanying statements of revenues, expenses, and changes in net assets without donor restriction were approximately \$1,653,536 (3.95% of projected revenues) in 2022 and \$1,502,147 (3.55% of projected revenues) in 2021. Expressed as a percentage of actual revenues, the Board's administrative expenses were 3.77% in 2022 and 3.51% in 2021.

The Board has entered into an Administrative Services Agreement with NCBA whereby NCBA agreed to provide certain administrative services to the Board in return for reimbursement of all direct and indirect costs related to the provided services. During 2022 and 2021, respectively, the Board paid NCBA approximately \$64,000 and \$58,000 related to this agreement.

The Board leases office facilities and equipment from outside third parties under operating leases. Payments required under the leases were approximately \$108,000 during 2022 and \$113,000 during 2021. Future annual payments related to the leases are approximately \$106,000 in 2023, \$108,000 in 2024, \$108,000 in 2025, \$106,000 in 2026 and \$116,000 thereafter.

## CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD

### Notes to Financial Statements (Modified Cash Basis)

September 30, 2022 and 2021

#### (6) NET ASSETS WITHOUT DONOR RESTRICTIONS

Net Assets Without Donor Restrictions represent amounts currently available for the use in the Board's operation in accordance with the Act and those resources invested in capital assets. Designated net asset balances represent tentative plans of the Board for future use of financial resources, as follows:

##### *Designated for Future Expenses*

This balance relates to unexpended program appropriations.

##### *Designated - Board Reserve*

On October 6, 2010, the Board has approved the establishment of a reserve in the amount of \$4,350,000 to be used, as the Board may deem necessary, with the approval of the Secretary.

##### *Undesignated*

As of September 30, 2022, and 2021, \$4,043,152 and \$1,993,247, respectively, of the net assets had not been designated by the Board and is available for budgeting to the various program areas. Of these amounts, \$11,817 and \$17,523 represent net assets invested in capital assets as of September 30, 2022, and 2021, respectively.

#### (7) INCOME TAX STATUS

The Board has received a ruling from the Internal Revenue Service stating that it is classified as a tax-exempt entity that engages in activities under the aegis of the United States Department of Agriculture.

#### (8) PENSION PLAN

The Board provides a defined contribution plan for all its employees under which annual contributions are provided based on a percentage of each employee's salary. Contributions required and funded by the Board were approximately \$122,000 and \$120,000 in 2022 and 2021, respectively.

#### (9) SUBSEQUENT EVENTS

The Board has evaluated subsequent events from the statement of financial position date through December 20, 2022, the date at which the financial statements were available to be issued.



# CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD

## Supplementary Statement of Assessment Revenues by State

(Modified Cash Basis)

For the Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>ASSESSMENT REVENUES:</b>		
Qualified State Beef Councils-		
Alabama	\$ 346,344	\$ 338,191
Arizona	325,966	361,959
Arkansas	443,833	427,695
California	1,856,836	1,854,538
Colorado	1,610,623	1,591,426
Delaware	3,584	3,440
Florida	338,999	312,993
Georgia	282,825	275,766
Hawaii	17,235	13,671
Idaho	1,032,875	880,301
Illinois	315,514	301,767
Indiana	197,836	211,654
Iowa	1,671,692	1,672,474
Kansas	4,031,588	4,020,915
Kentucky	631,475	632,845
Louisiana	152,834	152,592
Maryland	41,189	38,373
Michigan	278,517	266,979
Minnesota	735,532	739,326
Mississippi	313,446	282,835
Missouri	1,365,878	1,299,552
Montana	1,012,731	998,654
Nebraska	3,698,344	3,564,063
Nevada	127,465	142,766
New Jersey	3,495	3,259
New Mexico	569,744	622,141
New York	311,582	325,998
North Carolina	155,333	147,326
North Dakota	572,034	636,926

See the accompanying independent auditors' report.

**CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD**

**Supplementary Statement of Assessment Revenues by State**

**(Modified Cash Basis)**

**For the Years Ended September 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSESSMENT REVENUES: (Continued)</b>		
Qualified State Beef Councils-		
Ohio	\$ 352,411	\$ 332,299
Oklahoma	1,873,448	1,866,006
Oregon	489,382	455,852
Pennsylvania	325,163	331,748
South Carolina	60,735	69,420
South Dakota	1,674,402	1,573,338
Tennessee	397,203	387,115
Texas	5,495,427	5,260,853
Utah	346,153	311,503
Vermont	36,517	40,015
Virginia	401,412	377,710
Washington	526,815	584,136
West Virginia	62,049	74,477
Wisconsin	680,556	688,691
Wyoming	<u>524,403</u>	<u>554,182</u>
Total Qualified State Beef Councils	<u>35,691,425</u>	<u>35,027,770</u>
States Without Qualified State Beef Councils-		
Alaska	125	292
Connecticut	11,741	9,804
Massachusetts	17,562	19,561
Maine	21,220	18,292
New Hampshire	7,244	7,900
Rhode Island	<u>651</u>	<u>532</u>
Total States Without Qualified State Beef Councils	<u>58,543</u>	<u>56,381</u>
Importers	<u>7,886,003</u>	<u>7,542,972</u>
Total Assessment Revenues	<u>\$43,635,971</u>	<u>\$42,627,123</u>

See the accompanying independent auditors' report.



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