

CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD

Financial Statements

September 30, 2023 and 2022

(With Independent Auditors' Report Thereon)



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**CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD
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SEPTEMBER 30, 2023 AND 2022**

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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 September 30, 2023 and 2022, 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, 2023 and 2022, 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.

In preparing the financial statements, management is required to evaluate whether 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 within one year after the date that the financial statements are available to be issued.

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 7, 2023, 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

CliftonLarsonAllen LLP

Denver, Colorado
December 7, 2023

CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD

Statement of Assets, Liabilities, and Net Assets

(Modified Cash Basis, Note 2)

September 30, 2023 and 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents (Note 3)	\$11,710,004	\$13,097,236
Short-Term Investments (Note 3)	9,974,887	4,998,465
Long-Term Investments (Note 3)	1,979,904	4,954,791
Capital Assets, net of accumulated depreciation of \$48,252 and \$51,644, respectively	9,226	11,817
Other	<u>4,848</u>	-
 Total Assets	 <u>\$23,678,869</u>	 <u>\$23,062,309</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Due to State Beef Councils and Other	\$ 9,169	\$ 10,363
Total Liabilities	9,169	10,363
 Net Assets - Without Donor Restriction (Note 6):		
Designated for future expenses	14,159,777	14,646,977
Designated - Board reserve	4,350,000	4,350,000
Undesignated	<u>5,159,923</u>	<u>4,054,969</u>
Total Net Assets	<u>23,669,700</u>	<u>23,051,946</u>
 Total Liabilities and Net Assets	 <u>\$23,678,869</u>	 <u>\$23,062,309</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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
REVENUES:		
Assessments	\$42,191,411	\$43,635,971
Interest	764,383	122,200
Other	<u>26,791</u>	<u>44,939</u>
Total revenues	<u>42,982,585</u>	<u>43,803,110</u>
EXPENSES:		
Program Expenses -		
Promotion	9,235,954	11,894,520
Research	9,216,590	7,889,334
Consumer Information	7,782,624	8,075,733
Industry Information	2,588,998	3,225,694
Foreign Marketing	8,120,483	9,183,342
Checkoff Communications	188,212	192,655
Producer Communications	1,930,081	1,717,915
Program Evaluation	230,593	178,560
Program Development	<u>566,369</u>	<u>449,455</u>
Total program expenses	39,859,904	42,807,208
Supporting Services –		
State Services	141,786	-
USDA Oversight	611,456	477,930
Supporting Services & Litigation	105,350	133,800
Administration (Note 5)	<u>1,646,335</u>	<u>1,653,536</u>
Total expenses	<u>42,364,831</u>	<u>45,072,474</u>
Change in net assets	617,754	(1,269,364)
Beginning Net Assets Without Donor Restriction	<u>23,051,946</u>	<u>24,321,310</u>
Ending Net Assets Without Donor Restriction	<u>\$23,669,700</u>	<u>\$23,051,946</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, 2023

	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	\$ 6,244,124	\$ 5,874,737	\$ 4,129,609	\$ 629,946	\$ 6,136,652	\$ -	\$ -	\$ -	\$ -	\$ 23,015,068	
Professional and Other Contract											
Service Fees - Implementation	2,991,830	3,341,853	3,653,015	1,959,052	1,983,831	-	-	-	-	13,929,581	
Salaries and Wages	-	-	-	-	-	70,708	113,343	81,482	200,322	465,855	
Payroll Taxes and Employee Benefits	-	-	-	-	-	21,782	34,918	25,102	61,670	143,472	
USDA Oversight Fees	-	-	-	-	-	-	-	-	-	-	
Professional and Other Contract											
Service Fees	-	-	-	-	-	44,169	1,701,410	83,161	62,887	1,891,627	
Travel and Transportation	-	-	-	-	-	7,778	18,659	16,851	183,655	226,943	
Office Rent	-	-	-	-	-	10,610	11,033	8,268	18,227	48,138	
Insurance	-	-	-	-	-	2,166	2,253	1,688	3,722	9,829	
Equipment Rental	-	-	-	-	-	555	577	3,932	18,839	23,903	
Other	-	-	-	-	-	30,444	47,888	10,109	17,047	105,488	
Total Expenses	\$ 9,235,954	\$ 9,216,590	\$ 7,782,624	\$ 2,588,998	\$ 8,120,483	\$ 188,212	\$ 1,930,081	\$ 230,593	\$ 566,369	\$ 39,859,904	

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, 2023

	Supporting Services				Total Expenses
	State Services	USDA Oversight	Supporting Services & Litigation	Administration	
Professional and Other Contract					
Service Fees - Direct	\$ -	\$ -	\$ -	\$ -	23,015,068
Professional and Other Contract					
Service Fees - Implementation	- -	- -	- -	- -	13,929,581
Salaries and Wages	82,053	- -	53,879	708,971	1,310,758
Payroll Taxes and Employee Benefits	19,722	- -	16,598	223,520	403,312
USDA Oversight Fees	- -	611,456	- -	- -	611,456
Professional and Other Contract					
Service Fees	15,940	- -	25,739	207,380	2,140,686
Travel and Transportation	9,294	- -	- -	372,880	609,117
Office Rent	8,163	- -	5,159	56,351	117,811
Insurance	1,667	- -	1,053	11,792	24,341
Equipment Rental	427	- -	270	18,260	42,860
Other	4,520	- -	2,652	47,181	159,841
Total Expenses	<u>\$ 141,786</u>	<u>\$ 611,456</u>	<u>\$ 105,350</u>	<u>\$ 1,646,335</u>	<u>\$ 42,364,831</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	54,985	108,030	59,999	170,569	14,007,729	
Salaries and Wages	-	-	-	-	-	-	-	-	-	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	
Total Expenses	\$ 11,894,520	\$ 7,889,334	\$ 8,075,733	\$ 3,225,694	\$ 9,183,342	\$ 192,655	\$ 1,717,915	\$ 178,560	\$ 449,455	\$ 42,807,208	

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
	State Services	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
Total Expenses	\$ -	\$ 477,930	\$ 133,800	\$ 1,653,536	\$ 45,072,474	

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, 2023 and 2022

(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 2023 and 2022, the Board reimbursed the following industry organizations for program expenses incurred on approved projects:

<u>Name of Contractor</u>	<u>2023</u>	<u>2022</u>
Meat Importers Council of America	\$ 554,468	\$ 493,818
National American Meat Institute	1,067,740	1,154,499
National Cattlemen's Beef Association (NCBA)	26,016,012	28,287,755
American Farm Bureau Foundation	1,056,789	834,226
United States Cattlemen's Association	59,157	200,800
United States Meat Export Federation	8,120,483	9,183,342
National Institute for Animal Agriculture	70,000	114,183

CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD

Notes to Financial Statements (Modified Cash Basis)

September 30, 2023 and 2022

(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, 2023 and 2022, there were assessment receivables of approximately \$7,400,000 and \$7,000,000, accrued compensated absences of approximately \$89,000 and \$93,000 and accounts payable of approximately \$8,200,000 and \$8,400,000, 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.

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, 2023 and 2022

(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, 2023 and 2022, by investment type, are as follows:

	<u>Cash and Cash Equivalents</u>	<u>Short-Term Investments</u>	<u>Long-Term Investments</u>	<u>Total Carrying Value</u>
September 30, 2023:				
Demand Deposit Account	\$ 250,033	\$ -	\$ -	\$ 250,033
Money Market Accounts	11,504,576	-	-	11,504,576
Certificates of Deposit	-	7,000,000	-	7,000,000
US Treasuries	-	2,974,887	1,979,904	4,954,791
Less – Outstanding Checks	<u>(44,605)</u>	<u>-</u>	<u>-</u>	<u>(44,605)</u>
Totals for 2023	<u>\$ 11,710,004</u>	<u>\$ 9,974,887</u>	<u>\$ 1,979,904</u>	<u>\$ 23,664,795</u>

CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD
Notes to Financial Statements (Modified Cash Basis)

September 30, 2023 and 2022

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

	<u>Cash and Cash Equivalents</u>	<u>Short-Term Investments</u>	<u>Long-Term Investments</u>	<u>Total Carrying Value</u>
September 30, 2022:				
Demand Deposit Account	\$ 250,025	\$ -	\$ -	\$ 250,025
Money Market Accounts	12,884,014	-	-	12,884,014
Certificates of Deposit	-	3,000,000	-	3,000,000
US Treasuries	-	1,998,465	4,954,791	6,953,256
Less – Outstanding Checks	<u>(36,803)</u>	<u>-</u>	<u>-</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>

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, 2023, the Board has \$21,684,891 of financial assets available to meet cash needs for general expenditures within one year of the balance sheet date consisting of demand deposit of \$205,428, money market of \$11,504,576, and short-term investments of \$9,974,887. At September 30, 2022, the Board had \$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. 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 \$41,897,000 for 2023 and \$41,832,000 for 2022. Accordingly, the administrative expenses incurred by the Board were limited to \$2,094,850 in 2023 and \$2,091,600 in 2022. 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 \$1,646,335 (3.93% of projected revenues) in 2023 and \$1,653,536 (3.95% of projected revenues) in 2022. Expressed as a percentage of actual revenues, the Board's administrative expenses were 3.83% in 2023 and 3.77% in 2022.

CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD

Notes to Financial Statements (Modified Cash Basis)

September 30, 2023 and 2022

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 2023 and 2022, respectively, the Board paid NCBA approximately \$55,000 and \$64,000 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 \$125,000 during 2023 and \$108,000 during 2022. Future annual payments related to the leases are approximately \$108,000 in 2024, \$108,000 in 2025, \$106,000 in 2026 and \$116,000 in 2027.

(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, 2023, and 2022, \$5,159,923 and \$4,054,969, 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, \$9,226 and \$11,817 represent net assets invested in capital assets as of September 30, 2023, and 2022, 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 \$131,000 and \$122,000 in 2023 and 2022, respectively.

(9) SUBSEQUENT EVENTS

The Board has evaluated subsequent events from the statement of financial position date through December 7, 2023, 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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSESSMENT REVENUES:		
Qualified State Beef Councils-		
Alabama	\$ 367,322	\$ 346,344
Arizona	336,665	325,966
Arkansas	444,084	443,833
California	1,786,744	1,856,836
Colorado	1,377,556	1,610,623
Delaware	3,822	3,584
Florida	343,064	338,999
Georgia	299,210	282,825
Hawaii	17,508	17,235
Idaho	785,861	1,032,875
Illinois	306,126	315,514
Indiana	224,529	197,836
Iowa	1,709,710	1,671,692
Kansas	3,973,870	4,031,588
Kentucky	669,867	631,475
Louisiana	160,255	152,834
Maryland	11,113	41,189
Michigan	277,530	278,517
Minnesota	737,768	735,532
Mississippi	261,079	313,446
Missouri	1,446,468	1,365,878
Montana	783,839	1,012,731
Nebraska	3,654,501	3,698,344
Nevada	132,609	127,465
New Jersey	3,089	3,495
New Mexico	587,676	569,744
New York	303,054	311,582
North Carolina	155,492	155,333
North Dakota	512,114	572,034

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSESSMENT REVENUES: (Continued)		
Qualified State Beef Councils-		
Ohio	\$ 338,361	\$ 352,411
Oklahoma	1,829,701	1,873,448
Oregon	445,219	489,382
Pennsylvania	333,886	325,163
South Carolina	73,364	60,735
South Dakota	1,414,590	1,674,402
Tennessee	399,765	397,203
Texas	5,301,689	5,495,427
Utah	306,170	346,153
Vermont	34,794	36,517
Virginia	351,859	401,412
Washington	557,489	526,815
West Virginia	86,637	62,049
Wisconsin	707,891	680,556
Wyoming	<u>480,636</u>	<u>524,403</u>
Total Qualified State Beef Councils	<u>34,334,576</u>	<u>35,691,425</u>
States Without Qualified State Beef Councils-		
Alaska	92	125
Connecticut	12,176	11,741
Massachusetts	15,213	17,562
Maine	19,397	21,220
Maryland	54,840	-
New Hampshire	6,949	7,244
Rhode Island	<u>291</u>	<u>651</u>
Total States Without Qualified State Beef Councils	<u>108,958</u>	<u>58,543</u>
Importers	<u>7,747,877</u>	<u>7,886,003</u>
Total Assessment Revenues	<u>\$42,191,411</u>	<u>\$43,635,971</u>

See the accompanying independent auditors' report.



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