

# MAINE STATE LEGISLATURE

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WILD BLUEBERRY COMMISSION OF MAINE

FINANCIAL STATEMENTS

For the Year Ended December 31, 2016

## TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1 & 2
BASIC FINANCIAL STATEMENTS:	
Governmental Fund Balance Sheet / Statement of Net Position	3
Statement of Governmental Fund Revenue, Expenditures, and Changes in Fund Balances / Statement of Activities	4
Notes to Financial Statements	5 – 9
OTHER SUPPLEMENTARY INFORMATION:	
Schedule of Revenue Over Expenditures – Budget and Actual	11

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## Independent Auditors' Report

To the Commissioners of the  
Wild Blueberry Commission of Maine

We have audited the accompanying financial statements of the governmental activities and the major fund of Wild Blueberry Commission of Maine, a public instrumentality of the State of Maine, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Wild Blueberry Commission of Maine, as of December 31, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wild Blueberry Commission of Maine's basic financial statements. The schedule of revenue over expenditures – budget and actual is presented for the purpose of additional analysis and is not a required part of the financial statements.

The schedule of revenue over expenditures – budget and actual is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Loiselle, Goodwin & Hinds

June 29, 2017  
Bangor, Maine

**WILD BLUEBERRY COMMISSION OF MAINE  
GOVERNMENTAL FUND BALANCE SHEET / STATEMENT OF NET POSITION  
DECEMBER 31, 2016**

	<u>Balance Sheet</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 782,183	-	\$ 782,183
Certificates of Deposit	2,643,963	-	2,643,963
Accounts Receivable	22,798	-	22,798
Prepaid Expenses	7,955	-	7,955
Inventory	4,088	-	4,088
Capital Assets, Net of Accumulated Depreciation	<u>-</u>	<u>\$ 29,623</u>	<u>29,623</u>
Total Assets	<u>\$ 3,460,987</u>	<u>29,623</u>	<u>3,490,610</u>
 <b>LIABILITIES</b>			
Accounts Payable	\$ 51,516	-	51,516
Payroll Tax Withholdings and Benefits Payable	17,687	-	17,687
Accrued Vacation	<u>-</u>	<u>713</u>	<u>713</u>
Total Liabilities	<u>69,203</u>	<u>713</u>	<u>69,916</u>
 <b>FUND BALANCES / NET ASSETS</b>			
<i>Fund Balances:</i>			
Nonspendable	4,088	(4,088)	
Restricted	189,477	(189,477)	
Unassigned	<u>3,198,219</u>	<u>(3,198,219)</u>	
Total Fund Balances	<u>3,391,784</u>	<u>(3,391,784)</u>	
Total Liabilities and Fund Balances	<u>\$ 3,460,987</u>		
 <i>Net Position:</i>			
Invested in Capital Assets		29,623	29,623
Restricted		189,477	189,477
Unrestricted		<u>3,201,594</u>	<u>3,201,594</u>
Total Net Position		<u>\$ 3,420,694</u>	<u>\$ 3,420,694</u>

**WILD BLUEBERRY COMMISSION OF MAINE  
STATEMENT OF GOVERNMENTAL FUND REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES / STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Statement of Revenue, Expenditures, and Changes in <u>Fund Balances</u>	<u>Adjustments</u>	Statement of <u>Activities</u>
<b>REVENUE</b>			
Intergovernmental - Wild Blueberry Tax	\$ 1,906,437	-	\$ 1,906,437
Specialty Crop Block Grant	170,815	-	170,815
Eastern States Exposition Sales	118,776	-	118,776
Wild Blueberry Association of North America Contract for Administrative Services	86,000	-	86,000
Pick Wild Trade Program DACF Grant	47,260	-	47,260
Major Metro Program Grant	24,000	-	24,000
Interest Income	5,883	-	5,883
T-Shirt Sales	289	-	289
Trade Show Income	3,100	-	3,100
Miscellaneous	<u>127</u>	<u>-</u>	<u>127</u>
 Total Revenue	 <u>2,362,687</u>	 <u>-</u>	 <u>2,362,687</u>
<b>EXPENDITURES / EXPENSES</b>			
<i>Current:</i>			
Promotion	1,365,804	-	1,365,804
Research and Technology	243,561	-	243,561
Education and Other Programs	87,394	-	87,394
Commission Operations	<u>301,352</u>	<u>\$ 3,196</u>	<u>304,548</u>
Total Current Expenditures/Expenses	<u>1,998,111</u>	<u>3,196</u>	<u>2,001,307</u>
 <b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	 364,576	 (364,576)	 -
 <b>CHANGE IN NET POSITION</b>	 -	 361,380	 361,380
 <b>FUND BALANCE / NET POSITION - January 1, 2016</b>	 <u>3,017,208</u>	 <u>-</u>	 <u>3,049,314</u>
 <b>FUND BALANCE / NET POSITION - December 31, 2016</b>	 <u>\$ 3,381,784</u>	 <u>\$ -</u>	 <u>\$ 3,410,694</u>

**The Adjustment for Commission Operations consists of the following:**

Depreciation	\$ 4,560
Change in Accrued Vacation	<u>(1,364)</u>
Total	<u>\$ 3,196</u>

**WILD BLUEBERRY COMMISSION OF MAINE  
NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

The Wild Blueberry Commission of Maine was created by legislation enacted on June 12, 1997, effective July 1, 1997, entitled "An Act to Improve the Effectiveness of the Maine Blueberry Commission." It is a body corporate and politic and is a public instrumentality of the State of Maine; for financial reporting purposes it is a component unit of the State of Maine. The Wild Blueberry Commission is authorized to conserve and promote the prosperity and welfare of the wild blueberry industry of Maine by fostering research and extension programs and by supporting the development of promotional opportunities and other activities related to the wild blueberry industry.

The State of Maine imposes a tax on all fresh wild blueberries grown, purchased, sold, handled or processed within Maine. The taxes levied are transferred to the Wild Blueberry Commission of Maine to be used in its programs and activities to promote and advertise wild blueberries. A portion of the funds collected each year, at least \$85,000, must be dedicated to the University of Maine System for the purpose of supplementing its research and extension programs related to improved methods of growing, harvesting, processing, product development and marketing of wild blueberries.

The Commission's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Commission is discussed below.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the activities of the Commission.

The fund financial statements (i.e., balance sheet and statement of revenue, expenditures, and changes in fund balances) are accounted for with a separate set of self-balancing accounts that measure the sources, uses, and balance of current financial resources. The Commission uses only governmental funds.

On Pages 3 and 4, both types are presented together with an adjustment column to reconcile the differences between them.

**C. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are generally recorded as soon as they are both measurable and available. Revenues are considered to be



**WILD BLUEBERRY COMMISSION OF MAINE  
NOTES TO FINANCIAL STATEMENTS**

available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are to be collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Governmental funds are used to account for the acquisition, use, and balances of the Commission's expendable financial resources and related liabilities. The Commission has only one governmental fund. The revenues associated with the current fiscal period and susceptible to accrual are grant income and T-shirt revenue. All other governmental fund revenues are considered measurable and available only when the Commission receives cash.

**D. Assets, Liabilities, Equity, Revenues, and Expenditures**

**1.) Capital Assets**

Assets purchased or acquired after January 1, 2004, with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received if over \$1,000. Additions, improvements, and other capital outlays over \$1,000 that significantly extend the useful life of an asset are capitalized. Other costs (e.g., repairs and maintenance) are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Equipment	5 - 10 years
Furniture and Fixtures	5 - 10 years

**2.) Net Position**

Equity in government-wide financial statements is classified as net position. Net position is further classified as invested in capital assets, restricted, and unrestricted. Capital assets are assets that are associated with governmental activities and arise from expenditures of governmental fund resources. Restricted net position consists of equity with constraints placed upon its use either by (1) external groups such as creditors or the laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation. The Commission utilizes restricted resources first to finance qualifying activities.

As of December 31, 2016, \$179,477 of net position is restricted by enabling legislation.

**3.) Fund Balances**

Governmental fund equity is classified as fund balances. The fund balances are further classified as either nonspendable, restricted, committed, assigned, or unassigned. The following is a description of the fund balances of the Commission:

**WILD BLUEBERRY COMMISSION OF MAINE  
NOTES TO FINANCIAL STATEMENTS**

- a) **Nonspendable Fund Balance** – The nonspendable fund balance consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally required to remain intact.

**General Fund** includes inventory.

- b) **Restricted Fund Balance** – The restricted fund balance consists of amounts that are legally restricted by external parties or laws to be used for a specific purpose.

**General Fund** may include grant and research funds and money collected for other parties.

- c) **Unassigned Fund Balance** – The unassigned fund balance consists of amounts that have not been restricted to a specific purpose within the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Commission considers restricted funds to have been spent first.

The Commission's policy is to use restricted resources first when expenditures are made for a purpose for which amounts are available in more than one fund balance classification.

#### **4.) Budget**

Under GASB No. 34, budgetary comparison information is required to be presented for the general fund with a legally adopted budget. The Commission is not legally required to adopt an annual budget for the general fund. However, the Commission has included budget comparison information as other supplementary information.

#### **5.) Expenditures**

Expenditures are recognized when the related fund liability is incurred.

## **2. CUSTODIAL CREDIT RISK – DEPOSITS**

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission's policy is to deposit available funds in accounts that have the highest possible rate, in conformity with the State of Maine's guidelines for deposits of municipal revenues, while avoiding unreasonable risk. As of December 31, 2016, \$68 of the Commission's bank balances were exposed to custodial credit risk.

## **3. RECONCILIATION OF BUDGET REVENUE WITH GAAP REVENUE**

Revenue on the Statement of Revenue, Expenditures, and Changes in Fund Balances has been measured on a generally accepted accounting principles (GAAP) basis, while revenue on the Schedule of Revenue over Expenditures – Budget and Actual has been measured on a budget basis.

**WILD BLUEBERRY COMMISSION OF MAINE  
NOTES TO FINANCIAL STATEMENTS**

Revenue for purposes of the Budget and Actual schedules includes a "Balance Forward" amount, which is an appropriation made from the beginning-of-year fund balance. For GAAP purposes, the "Balance Forward" is not reflected as revenue.

The following schedule reconciles GAAP revenue with budgeted revenue:

Revenue (GAAP Basis)	\$2,362,687
ADD: Balance Forward	<u>1,694,870</u>
Revenue (Budget Basis)	<u>\$4,057,557</u>

**4. CAPITAL ASSETS**

A summary of changes in capital assets follows:

	<u>Balance Jan. 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance Dec. 31, 2016</u>
<b>Governmental Activities</b>				
<i>Capital assets being depreciated:</i>				
Furniture and Fixtures	\$ 86,103	-	-	\$ 86,103
Equipment	<u>21,405</u>	-	<u>4,936</u>	<u>16,469</u>
Total Capital Assets Being Depreciated	107,508	-	4,936	102,572
 <i>Less accumulated depreciation for:</i>				
Furniture and Fixtures	(53,199)	\$4,105	-	(57,304)
Equipment	<u>(20,126)</u>	<u>455</u>	<u>4,936</u>	<u>(15,645)</u>
Total Accumulated Depreciation	<u>(73,325)</u>	<u>4,560</u>	<u>4,936</u>	<u>(72,949)</u>
 <i>Net Capital Assets Being Depreciated</i>	<u>\$ 34,183</u>	<u>\$4,560</u>	<u>\$ -</u>	<u>\$ 29,623</u>

**5. NONSPENDABLE, RESTRICTED, COMMITTED, AND UNASSIGNED FUND BALANCES**

The following summarizes the fund balances as of December 31, 2016:

Nonspendable:	
Inventory	\$ 4,088
Restricted:	
University of Maine System's Research and Extension Programs	179,477
NABREW	10,000
Unassigned	<u>3,198,219</u>
Total Fund Balances	<u>\$3,391,784</u>

**6. SIMPLE IRA**

As of January 1, 2015, the Commission has adopted a SIMPLE IRA plan for its employee. The Commission will match 100% of the employee's allowable contribution up to 3% of the employee's salary.

**WILD BLUEBERRY COMMISSION OF MAINE  
NOTES TO FINANCIAL STATEMENTS**

**7. RELATED PARTY TRANSACTIONS**

Wild Blueberry Commission of Maine and Wild Blueberry Association of North America (WBANA) share board members. During the year ended December 31, 2016, the Commission paid WBANA \$1,130,000 for advertising and promotion and the Commission received \$86,000 from WBANA.

SUPPLEMENTARY  
INFORMATION

**WILD BLUEBERRY COMMISSION OF MAINE**  
**SCHEDULE OF REVENUE OVER EXPENDITURES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	BUDGET		ACTUAL (BUDGET BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
<b>REVENUE</b>				
<i>Revenue:</i>				
Balance Forward	\$ 1,419,380	\$ 1,419,380	\$ 1,694,870	\$ 275,490
Intergovernmental - Wild Blueberry Tax	1,694,720	1,694,720	1,906,437	211,717
Specialty Crop Block Grant	243,644	243,644	170,815	(72,829)
Eastern States Exposition Sales	100,000	100,000	118,776	18,776
Wild Blueberry Association of North America Contract	86,000	86,000	86,000	-
Pick Wild Trade Program DACF Grant	50,000	50,000	47,260	(2,740)
Major Metro Program Grant	50,000	50,000	24,000	(26,000)
Interest Income	5,000	5,000	5,883	883
T-Shirt Sales	1,000	1,000	289	(711)
Trade Show Income	1,500	1,500	3,100	1,600
Miscellaneous	-	-	127	127
Total Revenue	<u>3,651,244</u>	<u>3,651,244</u>	<u>4,057,557</u>	<u>406,313</u>
<b>EXPENDITURES</b>				
<i>Promotion:</i>				
Eastern States Exposition:				
Fair Management	10,000	10,000	12,500	(2,500)
Food Service Booth	62,000	62,000	58,773	3,227
Information Booth	19,000	19,000	14,805	4,195
Grants to Wild Blueberry Association of North America	1,130,000	1,130,000	1,130,000	-
Pick Wild Trade Program DACF	26,692	26,692	59,589	(32,897)
Major Metro Program	50,000	50,000	62,492	(12,492)
School Nutrition Trade Show	25,000	25,000	25,000	-
Promotional Supplies	2,500	2,500	-	2,500
T-Shirt Expense	3,000	3,000	2,645	355
Total Promotion	<u>1,328,192</u>	<u>1,328,192</u>	<u>1,365,804</u>	<u>(37,612)</u>
<i>Research and Technology Transfer:</i>				
University of Maine Research & Extension	253,223	253,223	72,746	180,477
Diagnostic Lab Reserve	50,000	50,000	-	50,000
Specialty Crop Block Grants	243,644	243,644	170,815	72,829
Total Research and Technology Transfer	<u>546,867</u>	<u>546,867</u>	<u>243,561</u>	<u>303,306</u>
<i>Commission Programs:</i>				
Issues Response	30,000	30,000	3,000	27,000
Public Education and Communications	60,000	60,000	37,730	22,270
Consultants	35,000	35,000	30,664	4,336
Total Commission Programs	<u>125,000</u>	<u>125,000</u>	<u>71,394</u>	<u>53,606</u>
<i>Program Grants:</i>				
Maine Environthon	1,000	1,000	1,000	-
Minor Crop Farmer Alliance	6,000	6,000	6,000	-
National Berry Crop Initiative	8,500	10,000	8,500	1,500
Food Quality Protection Act - IWG	500	500	500	-
Miscellaneous Grants	300	300	-	300
Total Program Grants	<u>16,300</u>	<u>17,800</u>	<u>16,000</u>	<u>1,800</u>
<i>Commission Operations:</i>				
Salaries	200,000	200,000	210,524	(10,524)
Related Payroll Costs	55,000	55,000	49,471	5,529
Professional Fees	10,000	10,000	6,962	3,038
Insurance	800	800	790	10
Communications	8,000	8,000	3,392	4,608
Memberships and Dues	1,400	1,400	1,175	225
Travel and Entertainment	25,000	25,000	20,858	4,142
Staff Training	2,500	2,500	-	2,500
Office Equipment	5,000	5,000	1,604	3,396
Office Supplies	6,000	6,000	2,443	3,557
Meeting Expense	1,600	1,600	2,094	(494)
Trade Show Expense	1,500	1,500	1,889	(389)
Miscellaneous	800	800	150	650
Total Commission Operations	<u>317,600</u>	<u>317,600</u>	<u>301,352</u>	<u>16,248</u>
Total Expenditures	<u>2,333,959</u>	<u>2,335,459</u>	<u>1,998,111</u>	<u>337,348</u>
<b>EXCESS (DEFICIENCY) OF REVENUE AND OTHER FUNDS AVAILABLE OVER EXPENDITURES</b>	<u>\$ 1,317,285</u>	<u>\$ 1,315,785</u>	<u>\$ 2,059,446</u>	<u>\$ 743,661</u>

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