

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

**Maine Dairy and Nutrition Council
Financial Statements
And Supplementary Information
For the Year Ended
December 31, 2014**



AUSTIN ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS



AUSTIN ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

March 11, 2015

To the Board of Directors
Maine Dairy and Nutrition Council

We have audited the financial statements of Maine Dairy and Nutrition Council for the year ended December 31, 2014, and have issued our report thereon dated March 11, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 11, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Maine Dairy and Nutrition Council are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no significant estimates affecting the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 11, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Maine Dairy and Nutrition Council and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Austin Associates, P.A.
Certified Public Accountants



AUSTIN ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

**Maine Dairy and Nutrition Council
Financial Statements
And Supplementary Information
For the Year Ended December 31, 2014**

Contents

	<u>Page</u>
Independent Auditor's Report	
Management's Discussion and Analysis	1 – 2
Financial Statements	
Statement of Net Position	3
Statement of Revenues, Expenses and Changes in Net Position	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 – 9
Supplementary Information	
Statement of Revenues, Expenses and Changes in Net Position--Budget and Actual	10 – 11
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	i – ii
Response to Questions Posed by the USDA Dairy Division	iii





AUSTIN ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

March 11, 2015

To the Board of Directors
Maine Dairy and Nutrition Council

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Maine Dairy and Nutrition Council as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Council'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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 auditors' 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 auditors consider 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 business-type activities of the Council, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information included herewith be presented to supplement the basic financial statements. Such information, although not 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries to management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The supplementary information listed in the table of contents 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 supplementary information listed in the table of contents is fairly stated, in all material respects, in relation to the basic 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 March 11, 2015 on our consideration of the Council'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 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 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 the Council's internal control over financial reporting and compliance.



AUSTIN ASSOCIATES, P.A.
Certified Public Accountants



AUSTIN ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Management's Discussion and Analysis

The discussion and analysis of Maine Dairy and Nutrition Council's (the Council) financial performance provides an overall review of the Council's financial activities for the year ended December 31, 2014. The intent of this discussion and analysis is to provide citizens, taxpayers, and other interested parties with an overview of our financial performance, from management's viewpoint. The detail and more in-depth analysis are provided in the auditor's reports and financial statements. The readers should also review the basic financial statements and notes to enhance their understanding of the Council's financial position.

Financial Highlights

The Council's net position as of December 31, 2014 was \$105,547, a decrease of \$33,450 over last year as a result of this year's operations.

Milk tax revenues were \$193,112 or 99.8% of all revenues.

The Council does not have any long-term liabilities.

Overview of the Basic Financial Statements

This section of the annual report consists of the basic financial statements and the notes to the financial statements.

Basic Financial Statements

The statement of net position presents the Council's assets and liabilities, with the difference between the two reported as net position. The statement of net position provides information about the nature and amount of investments in resources (assets), and the obligations to creditors and others (liabilities). Net position increases when revenues exceed expenses. The statement of revenues, expenses and changes in net position reports the revenues and expenses during the period indicated. The statement of cash flows provides information about the Council's cash receipts and payments from operations, as well as funds provided and used in investing and financing activities.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the figures provided in the basic financial statements.



Financial Analysis

Assets

Current assets decreased by \$31,545. This was primarily due to a decrease in cash of \$31,040. The Certificate of Deposit increased by \$113, accounts receivable decreased by \$618. The due to/from Maine Dairy Promotion Board totals were combined and resulted in a payable for the Council as of December 31, 2014.

Cash decreased by \$31,040. The decrease was primarily due to the operating deficit for the year. Milk tax revenues decreased slightly from 2013 amounts.

Non-current assets remained consistent with 2013.

Liabilities

Current liabilities increased by \$1,905. This increase was due to a \$465 decrease in accounts payable, a \$515 increase in accrued payroll, a \$1,522 increase in accrued vacation time, and a \$333 increase in amount due to Maine Dairy Promotion Board.

Maine Dairy and Nutrition Council has no long-term debt.

Net Position

Net investment in capital assets remained consistent with 2013.

Unrestricted net position items are available to finance day-to-day operations without constraints

established by debt covenants or other legal requirements. In 2014, unrestricted net position decreased by \$33,450 due to loss from operations.

Operating Revenue

Operating revenues decreased from \$202,666 in 2013 to \$193,112 in 2014. This decrease is attributed to a decrease in milk production. The revenue from this activity decreased by \$9,554 during the year ended December 31, 2014. Revenue transferred from Maine Dairy Promotion Board decreased in the amount of \$6,242.

Operating Expenses

Operating expenses went from \$193,411 in 2013 to \$226,952 in 2014. This increase of \$33,541 was primarily due to increases in the national program expenses for the year. The overall budget for expenses was increased in 2014 from 2013 due to expected implementation of national programs. However, expenses were \$30,262 below budget due to the spending conservation and the timing and initiation of programs.

Contacting Maine Dairy and Nutrition Council's Financial Management

This financial report is designed to provide citizens and taxpayers with a general overview of the Dairy Council's finances and to reflect on the Council's accountability for the monies it receives. Questions about this report or requests for additional information should be directed to Maine Dairy and Nutrition Council, 333 Cony Road, Augusta, Maine 04330. The Council can also be reached by phone at (207) 287-3621.



Maine Dairy and Nutrition Council
Statement of Net Position
December 31, 2014

ASSETS

Current Assets

Cash	\$ 95,744
Certificate of Deposit	37,599
Accounts receivable	7,549
Total current assets	<u>140,892</u>

Non-Current Assets

Equipment	21,599
Less - Accumulated depreciation	<u>21,599</u>
Total non-current assets	<u>-</u>

Total Assets	<u>\$ 140,892</u>
---------------------	--------------------------

LIABILITIES AND NET POSITION

Current Liabilities

Accounts payable	\$ 1,624
Accrued payroll	3,288
Accrued vacation	28,674
Due to Maine Dairy Promotion Board	<u>1,759</u>
Total liabilities	35,345

Net Position - Unrestricted	<u>105,547</u>
------------------------------------	----------------

Total net position	<u>105,547</u>
--------------------	----------------

Total Liabilities and Net Position	<u>\$ 140,892</u>
---	--------------------------



Maine Dairy and Nutrition Council
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2014

Operating Revenue	
Milk tax	\$ 193,112
Other income	390
Total revenues	<u>193,502</u>
Operating Expenses	
Salaries	106,104
Payroll taxes and employee benefits	49,053
Educational programs and supplies	55,365
Professional fees	7,286
Travel expenses	5,700
Communications	1,393
Equipment rent	299
Educational seminars and training	629
Office supplies	945
Insurance	178
Total operating expenses	<u>226,952</u>
Change in Net Position	(33,450)
Total Net Position, January 1, 2014	<u>138,997</u>
Total Net Position, December 31, 2014	<u>\$ 105,547</u>



Maine Dairy and Nutrition Council
Statement of Cash Flows
For the Year Ended December 31, 2014

Cash Flows from Operating Activities	
Cash received from milk tax	\$ 203,462
Cash received from other operating revenue	137
Cash received from interest income	253
Cash payments to suppliers for goods and services	(121,313)
Cash payments to employees and professional contractors for services	<u>(113,466)</u>
Net cash used in operating activities	(30,927)
Cash Flows from Investing Activities	
Reinvestment in Certificate of Deposit	<u>(113)</u>
Net cash used in investing activities	<u>(113)</u>
Net Decrease in Cash and Cash Equivalents	(31,040)
Cash and Cash Equivalents, January 1, 2014	<u>126,784</u>
Cash and Cash Equivalents, December 31, 2014	<u>\$ 95,744</u>
Reconciliation of Change in Net Position to Net Cash Used in Operating Activities	
Change in net position	\$ (33,450)
Adjustment to reconcile change in net position to net cash used in operating activities	
Decrease in accounts receivable	618
Increase in amounts due to Maine Dairy Promotion Board	333
Decrease in accounts payable	(465)
Increase in accrued vacation	1,522
Increase in accrued payroll	515
Total adjustments	<u>2,523</u>
Net Cash Used in Operating Activities	<u>\$ (30,927)</u>



NOTE 1: Reporting Entity

Maine Dairy and Nutrition Council (the Council) was established by Maine State Legislature as of July 1, 1996 as a public body, corporate and political, and a public instrumentality of the state of Maine. Prior to that time, the Council operated as an agency within the State of Maine Department of Agriculture. The mission of the Council is to promote the prosperity and welfare of the Maine dairy industry by sponsoring promotion, education, advertising and research programs.

The Council is charged with the responsibility of providing guidance in nutrition and nutrition education based on the concept of a balanced diet, including milk and its products in accordance with scientific recommendations, and to protect the interests of all the people of the state by strengthening and preserving the dairy industry.

Operations of the Council are funded by milk assessments collected from dealers and producer-dealers of fluid milk.

NOTE 2: Summary of Significant Accounting Policies**Basis of Presentation**

The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, requires that governments' proprietary activities apply all applicable GASB pronouncements as well as the Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins. The primary objective of this statement is to incorporate

applicable guidance from those FASB and AICPA pronouncements into the state and local government accounting and financial reporting standards. The Council follows the provisions of GASB Statement No. 34.

Fund Accounting

All activities of the Council are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The transactions of the Council are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included in the statement of net position.

Revenues are recognized in the accounting period when they are earned and expenses are recognized when the related liability is incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and/or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.



Assessments

The Council derives the majority of its revenue from two sources. The Council receives two cents of the 10-cent assessment per hundredweight of all fluid milk produced in Maine received by Maine Dairy Promotion Board (see Note 5). In addition, the Council receives a 1.5 cent assessment per hundredweight from all dealers and producer dealers on all milk purchased from Maine producers or purchased from producers outside the state and sold within the state.

Budget Practices

An annual budget is prepared by management and approved by the Council's Board of Directors. The budget is prepared according to generally accepted accounting principles (GAAP), except that the funding for capital acquisitions are considered to be expenses and depreciation is excluded from expenses.

Deposits and Investments

Cash and cash equivalents include demand deposits, savings accounts, and money market accounts. The Council considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments, if any, are reported at fair value, except that investments with a remaining maturity at time of purchase of one year or less are reported at amortized cost.

Property and Equipment

Purchased equipment is recorded at cost. Depreciation of fixed assets is calculated using the straight-line method over the estimated lives of the equipment, which is estimated at 5 years.

Net Position

Net position comprises the various net earnings from operations, non-operating revenues, expenses and contributions of capital. Net position is generally classified in the following components:

Investment in capital assets, net of related debt:
Consists of all capital assets, net of accumulated

depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Net investment in capital assets amounted to \$-0- as of December 31, 2014.

Unrestricted: Consists of all other net position items that are not included in the other categories previously mentioned.

Income Taxes

The Council is a not-for profit organization exempt from income taxes under Section 501(C) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and, therefore, no provision for income taxes has been made. The Council does not believe it has done anything during the past year that would jeopardize its tax exempt status at either the state or federal level. The Council reports its activities to the IRS in an annual information return. These filings are subject to review by the tax authorities and the federal income tax returns for 2012, 2013 and 2014 are subject to examination by the IRS, generally for three years after they were filed.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3: Cash and Cash Equivalents

The Council's cash is categorized to give an indication of the level of risk assumed by the Council at year-end. These categories are defined as follows:

Category 1: Insured or collateralized with securities held by the Council or by its agent in the Council's name.



Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the Council's name.

Category 3: Uninsured and uncollateralized. This also includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the Council's name.

The Council's entire cash balances at Key Bank were insured (Category 1) as of December 31, 2014 under the FDIC.

NOTE 4: Milk Tax Receivable

At December 31, 2014, the Council has receivable balances for dairy assessments totaling \$9,732. Council management believes that all accounts receivable are collectible and, therefore, has not established an allowance for doubtful accounts.

At December 31, 2014, the Council had a payable of \$11,156 to Maine Dairy Promotion Board for its share of payroll costs. The net of milk tax receivable and payable resulted in a payable of \$1,759 to the Maine Dairy Promotion Board.

NOTE 5: Related Party

The Maine State Legislature established Maine Dairy Promotion Board as a quasi-governmental agency at the same time as Maine Dairy and Nutrition Council. Maine Dairy Promotion Board was created to promote the prosperity and welfare of the dairy industry of the state by fostering promotional, educational, advertising and research programs.

Because of the closely related missions of both Maine Dairy and Nutrition Council and Maine Dairy Promotion Board, the two entities share staff, equipment and office space. Separate records are maintained for the two entities. However, Maine Dairy and Nutrition Council reimburses Maine Dairy Promotion Board for its share of payroll costs. The Council has payable balances for payroll totaling

\$11,491. In addition, Maine Dairy and Nutrition Council is funded, in part, with two-cents per hundredweight of milk produced in Maine that is transferred monthly from the Maine Dairy Promotion Board (see Note 2). During the year, the Maine Dairy Promotion Board incurred revenue of \$598,390 from the 10-cent assessment per hundredweight of milk produced in Maine. During the year, \$118,795 was transferred to Maine Dairy and Nutrition Council from these assessments.

At December 31, 2014, the Council owed a net amount of \$1,759 to the Maine Dairy Promotion Board.

NOTE 6: Operating Leases

Maine Dairy and Nutrition Council and Maine Dairy Promotion Board share office space that is leased on a month-to-month basis from the Maine Department of Agriculture. The rent is \$1,083 per month. Maine Dairy Promotion Board budgets for and expends the entire amount for rent on this lease, thus no amount is shown in the Council's financial statements for rent expense related to this lease.

NOTE 7: Pension Plan

As defined in the legislation that established Maine Dairy and Nutrition Council as a public instrumentality, all current and future employees have full rights and benefits under the Maine Public Employees Retirement System (MainePERS). Employees contribute to MainePERS, an agent multiple-employer public retirement system that acts as a common investment and administrative agent for public school teachers, state employees and political subdivisions. Employees are required to contribute 7.65% of their annual salary to the system. The Council contributes 18.43% to fund the employees' retirement accounts. During the year ended December 31, 2014, the Council contributed \$21,548 into the plan.



The MainePERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing the Maine Public Employees Retirement System, 46 State House Station, and Augusta, Maine 04333-0046.

NOTE 8: Contingencies and Commitments

Insurance

The Council is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Council contracts with an insurance company for coverage

of the above-mentioned exposures. Settled claims have not exceeded commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

NOTE 9: Subsequent Events

The Council has evaluated events, if any, that have occurred subsequent to December 31, 2014 through March 11, 2015, the date the financial statements were available to be issued, and included information in the notes to the financial statements related to any identifiable events, if necessary.



Maine Dairy and Nutrition Council
Statement of Revenues, Expenses and Changes in Net Position--Budget and Actual
For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	Variance/ Favorable <u>(Unfavorable)</u>
Operating Revenue			
Milk tax - 20% from Maine Dairy			
Promotion Board	\$ 118,795	\$ 119,400	\$ (605)
Milk tax - Other	74,317	75,000	(683)
Material sales and other income	137	150	(13)
Interest income	<u>253</u>	<u>280</u>	<u>(27)</u>
Total revenues	193,502	194,830	(1,328)
Operating Expenses			
Fuel Up to Play 60			
Grants/Contributions	16,000	16,000	-
Integrated Communications	8,929	10,000	1,071
Industry Image and Relations			
Board relations	5,911	6,800	889
Producer relations	1,048	2,000	952
Issues management	-	500	500
Crisis preparedness	-	2,000	2,000
Dairy farmer image	2,826	2,500	(326)
Nutrition Affairs			
Plans to Advance H&W Goal	1,464	6,350	-
Source of Info/Dairy Value	3,326	6,800	3,474
Optimiza Dairy	409	6,500	6,091
Dairy H&W Marketing	5,386	7,350	1,964
Build & Maintain Valued Brand	8,623	19,000	10,377
Thought leader education	7,142	11,000	3,858
Personnel			
Dental insurance	630	650	20
Health insurance	18,633	18,700	67
Life insurance	788	770	(18)
Medicare tax	1,013	1,045	32
Professional dues and memberships	295	325	30

(Continued on Next Page)



Maine Dairy and Nutrition Council
Statement of Revenues, Expenses and Changes in Net Position--Budget and Actual
For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	Variance/ Favorable <u>(Unfavorable)</u>
Operating Expenses (Continued)			
Personnel (Continued):			
Retiree health insurance	\$ 5,693	\$ 5,700	\$ 7
Retirement contributions	21,548	21,220	(328)
Salaries	106,104	104,100	(2,004)
Staff development	164	300	136
Training and seminars	170	250	80
Workers' Compensation	748	800	52
Administrative and General			
Communications	1,393	1,700	307
Office supplies	694	1,050	356
Postage and shipping	247	250	3
Sales tax	5	10	5
Travel	-	50	50
Equipment leasing	299	300	1
Repairs and maintenance	-	50	50
Computer tech support	647	850	203
Liability insurance	178	200	22
Professional services	6,639	6,980	341
Total operating expenses	<u>226,952</u>	<u>262,100</u>	<u>30,262</u>
Change in Net Position	(33,450)	(67,270)	33,820
Total Net Position, January 1, 2014	<u>138,997</u>	<u>138,997</u>	<u>-</u>
Total Net Position, December 31, 2014	<u><u>\$ 105,547</u></u>	<u><u>\$ 71,727</u></u>	<u><u>\$ 33,820</u></u>





AUSTIN ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

March 11, 2015

To the Board of Directors
Maine Dairy and Nutrition Council

Independent Auditor's Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of Maine Dairy and Nutrition Council, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated March 11, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Maine Dairy and Nutrition Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Maine Dairy and Nutrition Council's internal control. Accordingly, we do not express an opinion on the effectiveness of Maine Dairy and Nutrition Council's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Maine Dairy and Nutrition Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Austin Associates, PA

AUSTIN ASSOCIATES, P.A.
Certified Public Accountants





AUSTIN ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

March 11, 2015

To the Board of Directors
Maine Dairy and Nutrition Council

Additional information has been requested in connection with our audit, for the year ended December 31, 2014, of the Maine Dairy and Nutrition Council.

Our responses to the questions posed by the USDA Dairy Division are as follows:

1. Is the Organization engaged in dairy product promotion, research or nutrition education? **YES**
2. Are the Organization's activities financed primarily (more than 50%) by dairy producers, either individually or through cooperative association? **YES**
3. Does the Organization use a brand name or trade name in its advertising and promotion of dairy products? **NO**
4. Does the Organization use funds for the purpose of influencing the governmental policy or actions? **NO**
5. Does the Organization have in place internal controls that provide reasonable assurance that funds, property and other assets are safeguarded against fraud, waste and unauthorized use? **YES**

Please contact us if we can be of further assistance in this matter.

Austin Associates, PA

AUSTIN ASSOCIATES, P.A.
Certified Public Accountants