

MAINE STATE LEGISLATURE

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Audited Financial Statements and
Other Financial Information

Maine Dairy Promotion Board

December 31, 2024



Proven Expertise & Integrity

MAINE DAIRY PROMOTION BOARD

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DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Maine Dairy Promotion Board
Augusta, Maine

Report on the Audit of the Financial Statements

Qualified Opinions

We have audited the financial statements of the business-type activities of the Maine Dairy Promotion Board as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the Maine Dairy Promotion Board's basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matters described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Maine Dairy Promotion Board as of December 31, 2024 and the 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.

Basis for Qualified and Unmodified Opinions

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Maine Dairy Promotion 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 opinions.

Matter Giving Rise to the Qualified Opinion

Management has not included the full required disclosures for the pension and OPEB plans in which the Board participates. These disclosures are expressed in Governmental Accounting Standards Board Statement No. 68, *Account and Financial Reporting for Pensions* and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. These statements require that the

deferred outflows of resources, deferred inflows of resources, net pension liability and net OPEB liability related to the pension and OPEB plans be included in the financial statements. This departure has omitted the deferred outflows of resources of \$18,343, the deferred inflows of resources of \$24,817, the net pension liability of \$108,155 and the net OPEB liability of \$8,450. The net effect of these omissions has overstated net position by \$123,079.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 the Maine Dairy Promotion Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 auditor's report that includes our opinions. 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 misstatements 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 controls 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 the Maine Dairy Promotion 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 doubt about the Maine Dairy Promotion 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 9 and 31 be presented to supplement the basic financial statements. Such 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. 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 of 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Maine Dairy Promotion Board's basic financial statements. The Schedule of Revenues, Expenses and Changes in Net Position - Program Services and Management and General is presented for purposes of additional analysis and is not a required part of 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 Schedule of Revenues, Expenses and Changes in Net Position - Program Services and Management and General 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 June 6, 2025, on our consideration of the Maine Dairy Promotion Board internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to solely 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 the effectiveness of the Maine Dairy Promotion Board's 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 Maine Dairy Promotion Board's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
June 6, 2025

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

The following management's discussion and analysis of Maine Dairy Promotion Board financial performance provides an overview of the Board's financial activities for the year ended December 31, 2024. Please read it in conjunction with the Board's financial statements.

Financial Statement Overview

The Maine Dairy Promotion Board's basic financial statements include the following components: 1) government-wide financial statements and 2) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule and other supplementary information which includes a program services and management and general schedule.

Basic Financial Statements

The basic financial statements include financial information in the government-wide financial statements. There are no fund financial statements as the Board only has one fund. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Board's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Board's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The Board's financial statements include the following three statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The Statement of Cash Flows - this statement presents information on the effects changes in assets, deferred outflows of resources, liabilities, deferred inflows of resources and operations have on cash during the course of the fiscal year.

The above mentioned financial statements have been presented for the Board's type of activity:

- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Board include all funds.

Fund financial statements are not presented as all activity for the Board are proprietary in nature. The activity of the Board is presented for the following:

Proprietary Funds: The Board maintains one major proprietary fund. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide Statements. The Notes to Financial Statements can be found following the Statement of Cash Flows.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Operations Fund.

Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Board's business-type activities. The Board's total net position increased by \$10,903 from \$283,227 to \$294,130.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased to a balance of \$294,130 at the end of this year.

Table 1
Maine Dairy Promotion Board
Net Position
December 31,

	2024	2023 (Restated)
Assets:		
Current Assets	\$ 321,747	\$ 314,578
Capital Assets	4,995	19,980
Total Assets	326,742	334,558
Liabilities:		
Current Liabilities	16,673	30,984
Noncurrent Liabilities	15,939	20,347
Total Liabilities	32,612	51,331
Net Position:		
Unrestricted	294,130	283,227
Total Net Position	\$ 294,130	\$ 283,227

Revenues and Expenses

Revenues decreased by 0.05% and expenses increased by 3.35%. The decrease in revenues was due to less milk tax collected. The increase in expenses was primarily due to an increase in payroll taxes and employee benefits.

Table 2
Maine Dairy Promotion Board
Changes in Net Position
For the Years Ended December 31,

	<u>2024</u>	<u>2023</u>
Revenues		
Milk Tax	\$ 431,019	\$ 431,299
Supplemental funding	135,200	135,200
Other income	295	302
Total Revenues	<u>566,514</u>	<u>566,801</u>
Expenses		
Advertising and communications	207,357	210,467
Registration fees and dues	125,000	125,000
Salaries	118,404	126,464
Payroll taxes and employee benefits	72,062	45,207
Board of directors expenses	6,383	-
Rent	571	3,723
Amortization expense for right of use asset	14,985	289
Telephone and internet	1,952	14,985
Office supplies	498	2,032
Computer tech support	376	499
Equipment purchase and repair	747	567
Educational seminars	91	119
Postage	194	-
Payroll processing fee	720	151
Insurance	221	308
Professional services	6,050	6,603
Interest	-	1,185
Total Expenses	<u>555,611</u>	<u>537,599</u>
Change in Net Position	10,903	29,202
Net Position - January 1, Restated	<u>283,227</u>	<u>254,025</u>
Net Position - December 31	<u>\$ 294,130</u>	<u>\$ 283,227</u>

Budgetary Highlights

There were no differences between the original and final budget for the general operations fund.

The general operations fund actual revenues were over budget by \$2,347 due to milk tax - 20% from Maine Dairy. Expenses were under budget by \$31,054 due to all

expense categories being within or under budgeted amounts with the exception of program expenses - national program funding, board relations and payroll processing fee.

Capital Asset and Debt Administration

Capital Assets

As of December 31, 2024, the net value of a right of use lease decreased by \$14,985 when compared to the prior year. The decrease was a result of the current year amortization.

**Table 3
Maine Dairy Promotion Board
Capital Assets (Net of Amortization)
December 31,**

	<u>2024</u>	<u>2023</u>
Right of use lease (office space)	\$ 44,955	\$ 44,955
Less: accumulated amortization	<u>(39,960)</u>	<u>(24,975)</u>
Total	<u>\$ 4,995</u>	<u>\$ 19,980</u>

Debt

At December 31, 2024, the Board had \$5,415 in a lease liability versus \$21,065 in the prior year.

Currently Known Facts, Decisions or Conditions

Contacting The Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board's Executive Director at 337 State Street, Suite 2, Augusta, Maine 04330.

MAINE DAIRY PROMOTION BOARD

STATEMENT OF NET POSITION
DECEMBER 31, 2024

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 264,127
Accounts receivable (net of allowance for uncollectibles)	56,333
Prepaid item	1,287
Total current assets	<u>321,747</u>
Noncurrent assets:-Capital Assets	
Right of use asset	44,955
Total right of use asset	<u>44,955</u>
Less: accumulated amortization	<u>(39,960)</u>
Net capital assets	<u>4,995</u>
TOTAL ASSETS	<u><u>\$ 326,742</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 7,161
Accrued payroll	3,258
Accrued compensated absences	839
Lease liability - current portion	5,415
Total current liabilities	<u>16,673</u>
Noncurrent liabilities:	
Accrued compensated absences	15,939
Total noncurrent liabilities	<u>15,939</u>
TOTAL LIABILITIES	<u>32,612</u>
NET POSITION	
Unrestricted	294,130
TOTAL NET POSITION	<u>294,130</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 326,742</u></u>

See accompanying independent auditor's report and notes to financial statements.

MAINE DAIRY PROMOTION BOARD

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2024

OPERATING REVENUES	
Milk Tax	\$ 431,019
Supplemental funding	135,200
Other income	153
TOTAL OPERATING REVENUES	<u>566,372</u>
OPERATING EXPENSES	
Advertising and communications	207,357
Registration fees and dues	125,000
Salaries	118,404
Payroll taxes and employee benefits	72,062
Board of directors expenses	6,383
Rent	571
Amortization expense for right of use asset	14,985
Telephone and internet	1,952
Office supplies	498
Computer tech support	376
Equipment purchase and repair	747
Educational seminars	91
Postage	194
Payroll processing fee	720
Insurance	221
Professional services	6,050
TOTAL OPERATING EXPENSES	<u>555,611</u>
OPERATING INCOME	<u>10,761</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	142
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>142</u>
NET INCOME	10,903
NET POSITION - JANUARY 1, RESTATED	<u>283,227</u>
NET POSITION - DECEMBER 31	<u>\$ 294,130</u>

See accompanying independent auditor's report and notes to financial statements.

MAINE DAIRY PROMOTION BOARD

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from milk tax	\$ 429,237
Other receipts	135,353
Cash payments to suppliers for goods and services	(351,877)
Cash payments to employees	(191,818)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>20,895</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>142</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>142</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on capital debt	<u>(15,650)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(15,650)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,387
CASH AND CASH EQUIVALENTS - JANUARY 1	<u>258,740</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31	<u>\$ 264,127</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 10,761
Adjustments to reconcile operating income to net cash provided by operating activities:	
Amortization expense	14,985
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	(1,782)
Increase (decrease) in accounts payable	(1,717)
Increase (decrease) in accrued payroll	(2,412)
Increase (decrease) in accrued compensated absences	1,060
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 20,895</u>

See accompanying independent auditor's report and notes to financial statements.

MAINE DAIRY PROMOTION BOARD

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Maine Milk Committee was established in 1953 operating as an agency with the Maine Department of Agriculture, later becoming the Maine Dairy Promotion Board (the Board). As of July 1, 1996, the Maine State Legislature made the Board a public body, corporate and political and a public instrumentality of the State of Maine. This designation requires the Board to be reported as a governmental entity, even though it has been recognized as a non-profit by the Internal Revenue Code. The mission of the Board is to promote the prosperity and welfare of the Maine dairy industry by sponsoring promotion, education, advertising and research programs. It is organized as a non-profit corporation under Section 501(c)(6) of the Internal Revenue Code and therefore, is exempt from federal income tax.

The Board is charged with the responsibility of promoting milk and other dairy products and the consumption of milk and other dairy products to Maine consumers. The Board is engaged in dairy product promotion and nutrition education through various advertising and promotion programs, school nutrition education programs, school food service programs and retail marketing programs. The board does not use a brand name or trade name in its advertising and promotion programs, nor does it use funds for the purpose of influencing governmental policy or actions.

Operations of the Board are funded entirely with self-generated revenues, financed by Maine dairy producers from assessments collected by dealers and/or processors who buy milk directly from producers through cooperative associations.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Board's 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. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by the provider have been met. The Board follows the governmental model as defined by Governmental Accounting Standards Board (GASB) for accounting and financial reporting.

Implementation of New Accounting Standards

During the year ended December 31, 2024, the following statements of financial accounting standards issued by the Financial Accounting Standards Board became effective:

MAINE DAIRY PROMOTION BOARD

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 100 “Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62”. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 101 “Compensated Absences”. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

The Board’s basic financial statements include government-wide statements (reporting The Board as a whole).

The government-wide financial statements categorize primary activities as business-type.

In the government-wide Statement of Net Position, the business-type activities columns are (a) presented on a consolidated basis by column and (b) reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Board's net position is reported in one-part, unrestricted net position.

Measurement Focus - Basic Financial Statements

1. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary

MAINE DAIRY PROMOTION BOARD

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or 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.

1. Accrual

Business-type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Budget

The Board's policy is to adopt an annual budget for operations. The budget is presented on the accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year the Board prepares a budget for the fiscal year beginning January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board of Directors was called for the purpose of adopting the proposed budget after notice of the meeting was given.
3. The budget was adopted subsequent to passage by the Board of Directors.

MAINE DAIRY PROMOTION BOARD

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits and Investments

The Board's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Board's policy to value investments at fair value. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. None of the Board's investments are reported at amortized cost. The Board's Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

Receivables

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of December 31, 2024. Accounts receivable netted with allowances for uncollectible accounts were \$56,333 for the year ended December 31, 2024.

Long-term Obligations

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of a lease liability and accrued compensated absences.

MAINE DAIRY PROMOTION BOARD

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided; operating or capital grants and contributions, including special assessments).

Operating/Nonoperating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Board does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of The Board's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

MAINE DAIRY PROMOTION BOARD

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 - DEPOSITS AND INVESTMENTS

The Board's investment policies, which follow state statutes, authorize The Board to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These investment policies apply to all Board funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Board will not be able to recover its deposits. The Board does not have a policy covering custodial credit risk for deposits. However, the Board maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At December 31, 2024, the Board's cash and cash equivalents amounting to \$264,127 were comprised of deposits of \$294,971. \$250,000 in deposits were insured by federal depository insurance and \$44,971 were not insured and therefore exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	<u>\$ 294,971</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Board does not have a policy for custodial credit risk for investments.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

At December 31, 2024, the Board has \$0 in investments.

Credit risk - Statutes for the State of Maine authorize the Board to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an

MAINE DAIRY PROMOTION BOARD

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Board does not have an investment policy on credit risk. Generally, the Board invests excess funds in various certificates of deposit.

NOTE 3 - LONG-TERM DEBT

A summary of changes in the long-term debt for the year ended December 31, 2024 is as follows:

	<u>Balance, 1/1/24</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, 12/31/24</u>	<u>Due within one year</u>
Lease liability	<u>\$ 21,065</u>	<u>\$ -</u>	<u>\$ (15,650)</u>	<u>\$ 5,415</u>	<u>\$ 5,415</u>

The following is a summary of the outstanding bond payable for the Board as of December 31, 2024:

Lease Liability

On May 1, 2022 the Board entered into a 3 year lease. ending on April 30, 2025, with Pine State Trading Co. for office space. Monthly payments range between \$1,287 and \$1,449 per month. Please see Note 6 for further details.

\$ 5,415

The following is a summary of the outstanding lease liability principal and interest requirements for the following fiscal years ending December 31:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	<u>\$ 5,415</u>	<u>\$ 46</u>	<u>\$ 5,461</u>

MAINE DAIRY PROMOTION BOARD

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in the other long-term obligations for the year ended December 31, 2024:

	Balance, 1/1/24	Additions	Deletions	Balance, 12/31/24	Due within one year
Accrued compensated absences	\$ 15,718	\$ 1,060	\$ -	\$ 16,778	\$ 839

Refer to Note 5 for more detailed information regarding the other long-term obligation.

NOTE 5 - ACCRUED COMPENSATED ABSENCES

The Board's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as a long-term obligation in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of December 31, 2024, The Board's liability for compensated absences is \$16,778.

NOTE 6 - LEASES

Maine Dairy Promotion Board and Maine Dairy and Nutrition Council shared office space that was leased on a month-to-month basis from the Maine Department of Agriculture through May 2023. As of January 1, 2016, the Maine Dairy Promotion Board took over the rent expense. The lease was \$1,083 per month. Beginning on May 1, 2023, Maine Dairy Promotion Board, Maine Dairy and Nutrition Council and an unrelated third party entered into a three-year lease agreement for shared office space with an option to renew for an additional two years. Per the agreement, Maine Dairy Promotion Board and Maine Dairy and Nutrition Council are responsible for 54% of the total lease expense, of which Maine Dairy Promotion Board agrees to pay on behalf of both entities. During the first year of the lease, the lease calls for monthly payments of \$2,383 of which Maine Dairy Promotion Board pays \$1,287, during year two, the lease calls for monthly payments of \$2,455, of which Maine Dairy Promotion Board will pay \$1,326, and during year three, the lease calls for monthly payments of \$2,528, of which Maine Dairy Promotion Board will pay \$1,365. The Maine Dairy Promotion Board budgets for and expends the entire amount related to the lease. The amounts related to the right-of-use asset, lease liability or related expenses are shown in the Board's financial statements.

MAINE DAIRY PROMOTION BOARD

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 - LEASES (CONTINUED)

The Council could be liable in the event of default. At December 31, 2024, in accordance with GASB 87 - *Leases*, recorded on the Maine Dairy Promotion Board's financial statements is a right-of-use asset, net of amortization related to the lease of \$4,995 and a lease liability totaling \$5,415.

NOTE 7 - DEFINED BENEFIT PENSION PLAN - FOR INFORMATIONAL PURPOSES ONLY

MAINE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Board contributes to the Maine Public Employees Retirement System (MainePERS), as part of the State Employee and Teacher (SET) Plan which is a multi-employer cost-sharing defined benefit plan. The Plan was established as the administrator of a public employee retirement system under the laws of the State of Maine. All full time employees of the Board are eligible to participate in the Plan. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (207) 512-3100.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for State employees and teachers). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and

MAINE DAIRY PROMOTION BOARD

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 7 - DEFINED BENEFIT PENSION PLAN - FOR INFORMATIONAL PURPOSES ONLY (CONTINUED)

death benefits which are established by statute for State employee and teacher members. As of June 30, 2024, there were 241 employers, including the State of Maine, participating in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 3.88%.

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Board's plan members are required to contribute 7.65% of their compensation to the retirement system. The Unit's payroll for employees covered by this program was approximately \$119,757 for the year ended December 31, 2024. Title 5 of the Maine Revised Statutes Annotated requires the Board to contribute at an actuarially determined normal cost rate of 3.84%, which totaled \$25,278 for 2024.

Pension Liabilities

At December 31, 2024, the Board's liability for its net pension liability is \$108,155, but was not disclosed on the statement of net position.

The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating school units and the State actuarially determined. At June 30, 2024, the Board's proportion was 0.249%, which was a decrease of 0.00390% from its proportion measured as of June 30, 2023.

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2024, using the following methods and assumptions applied to all periods included in the measurement:

MAINE DAIRY PROMOTION BOARD

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 7 - DEFINED BENEFIT PENSION PLAN - FOR INFORMATIONAL PURPOSES ONLY (CONTINUED)

Actuarial Cost Method

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., actual decreases or increases in liabilities and/or in assets which differ from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

The actuarial valuation employs a technique for determining the actuarial value of assets which reduces the impact of short-term volatility in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

Amortization

The net pension liability of the State Employee and Teacher Retirement Plan is amortized on a level percentage of payroll over the amortization period then in effect under statutory and constitutional requirements.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2024 are as follows:

Investment Rate of Return - 6.50% per annum for the year ended June 30, 2024 and 2023, compounded annually.

Salary Increases, Merit and Inflation - state employees, 3.26% - 9.43%; teachers, 2.80% - 13.03%

MAINE DAIRY PROMOTION BOARD

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 7 - DEFINED BENEFIT PENSION PLAN - FOR INFORMATIONAL PURPOSES ONLY (CONTINUED)

Mortality Rates - For the plan, the rates are based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

Cost of Living Benefit Increases - 2.20% per annum for the year ended December 31, 2024.

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2024 are summarized in the following table.

Asset Class	SET Plan	
	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	5.6%
US Government	7.5%	2.2%
Private equity	15.0%	7.2%
Real assets:		
Real estate	10.0%	5.8%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.1%
Traditional Credit	7.5%	2.7%
Alternative Credit	5.0%	6.4%
Diversifiers	10.0%	4.8%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.50% for 2024. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net

MAINE DAIRY PROMOTION BOARD

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 7 - DEFINED BENEFIT PENSION PLAN - FOR INFORMATIONAL PURPOSES ONLY (CONTINUED)

position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability as of June 30, 2024 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.50% for the PLD Consolidated Plan.

	1% Decrease	Discount Rate	1% Increase
<u>SET Plan:</u>			
Discount rate	5.50%	6.50%	7.50%
Boards's proportionate share of the net pension liability	\$ 198,677	\$ 108,155	\$ 32,200

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2024 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended December 31, 2024 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resource. For 2017 through 2024, this was three years for the SET Plan.

Differences between Expected and Actual Investment Earnings

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period.

MAINE DAIRY PROMOTION BOARD

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 7 - DEFINED BENEFIT PENSION PLAN - FOR INFORMATIONAL PURPOSES
ONLY (CONTINUED)

The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2024 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Please refer to the Actuarial Methods and Assumptions section for information relating to the use of assumptions.

Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2024 Annual Comprehensive Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

The Board has chosen not to include the deferred inflows, deferred outflows or net pension liability related to the pension in the financial statements. This omission is the reason for the independent auditor's report qualified opinion on the financial statements.

MAINE DAIRY PROMOTION BOARD

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 8 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE
PLAN - FOR INFORMATIONAL PURPOSES ONLY

MAINE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

STATE EMPLOYEE AND TEACHER PLAN

Plan Description

State employees participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The program is a multi-employer cost-sharing plan established by the Maine State Legislature. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State Legislature. As of June 30, 2024, there were 237 employers, including the State of Maine, participating in the plan. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (800) 451-9800.

Benefits Provided

The Group Life Insurance Plan (the Plan) provides basic group life insurance benefits, during retirement, to retirees who participated in the Plan prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits). The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

OPEB Liabilities and OPEB Expense

At June 30, 2024, the Board's liability for the net OPEB liability reflected a reduction for State OPEB support provided to the Board. The total portion of the net OPEB liability that was associated with the Board is \$8,450.

The Board has chosen not to include the deferred inflows, deferred outflows or net OPEB liability related to OPEB in the financial statements. This omission is the reason for the independent auditor's report qualified opinion on the financial statements.

MAINE DAIRY PROMOTION BOARD

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 9 - RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Board carries commercial insurance.

Based on the coverage provided by the commercial insurance purchased, The Board is not aware of any material actual or potential claim liabilities which should be recorded at December 31, 2024. There were no significant reductions in insurance coverage from that of the prior year. Settled claims have not exceeded insurance coverage for any of the past four years.

NOTE 10 - 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 Promotion Board and Maine Dairy and Nutrition Council, 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. 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 collected revenue of \$538,369 from the 10-cent assessment per hundredweight of milk produced in Maine. During the year, \$107,350 was transferred to Maine Dairy and Nutrition Council from these assessments.

NOTE 11 - INCOME TAXES

The Board is a not-for profit organization exempt from income taxes under Section 501(c)(6) 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 Board 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 Board 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 2022, 2023 and 2024 are subject to examination by the IRS, generally for three years after they were filed.

MAINE DAIRY PROMOTION BOARD

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 12 - SUBSEQUENT EVENTS

The Board has evaluated events, if any, that have occurred subsequent to December 31, 2024 through June 6, 2025, 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.

NOTE 13 - RESTATEMENT

The financial statements as of January 1, 2024 have been restated to remove all pension and OPEB assets and liabilities. The beginning net position was restated by an increase of \$125,672 from \$157,555 to \$283,227. This restatement has caused the independent auditor's report to issue a qualified opinion because of these omissions.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Operations Fund

MAINE DAIRY PROMOTION BOARD

**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL OPERATIONS FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Milk tax-20% from Maine Dairy	\$ 428,800	\$ 428,800	\$ 431,019	\$ 2,219
Supplemental funding	135,200	135,200	135,200	-
Miscellaneous income	25	25	153	128
TOTAL OPERATING REVENUES	<u>564,025</u>	<u>564,025</u>	<u>566,372</u>	<u>2,347</u>
OPERATING EXPENSES				
Program Expenses				
Black Bear	5,750	5,750	5,750	-
UDIA dues	125,000	125,000	125,000	-
National program funding	134,000	134,000	135,628	(1,628)
Consumer communications	8,400	8,400	5,882	2,518
Farmer and dairy industry	10,500	10,500	8,652	1,848
Nutrition Affairs	17,300	17,300	9,890	7,410
Youth Wellness	42,725	42,725	41,555	1,170
Board relations	5,500	5,500	6,383	(883)
Personnel				
Dental Insurance	701	701	581	120
Health Insurance	36,393	36,393	27,310	9,083
Life Insurance	1,441	1,441	1,288	153
Medicare insurance	1,762	1,762	1,628	134
Unemployment insurance	1,680	1,680	1,680	-
Retiree health insurance	10,837	10,837	10,376	461
Retirement contributions	28,650	28,650	28,527	123
Salaries	124,405	124,405	118,404	6,001
Professional dues and memberships	200	200	170	30
Staff development	400	400	91	309
Workers compensation	625	625	502	123
Administrative and General				
Communications	2,300	2,300	1,952	348
Office expense	550	550	498	52
Postage and shipping	300	300	194	106
Amortization expense on right of use asset	14,985	14,985	14,985	-
Rent	1,236	1,236	571	665
Bank service charges	25	25	-	25
Computer tech support	750	750	376	374
Computer equipment	1,000	1,000	590	410
Payroll processing fee	650	650	720	(70)
Insurance	300	300	221	79
Equipment leasing	300	300	157	143
Professional services	8,000	8,000	6,050	1,950
TOTAL OPERATING EXPENSES	<u>586,665</u>	<u>586,665</u>	<u>555,611</u>	<u>31,054</u>
OPERATING INCOME (LOSS)	<u>(22,640)</u>	<u>(22,640)</u>	<u>10,761</u>	<u>33,401</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	125	125	142	17
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>125</u>	<u>125</u>	<u>142</u>	<u>17</u>
NET INCOME (LOSS)	<u>(22,515)</u>	<u>(22,515)</u>	<u>10,903</u>	<u>33,418</u>
NET POSITION - JANUARY 1, RESTATED			<u>283,227</u>	
NET POSITION - DECEMBER 31			<u>\$ 294,130</u>	

See accompanying independent auditor's report and notes to financial statements.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Schedule of Revenues, Expenditures and Changes in Net Position - Program Services and Management and General

MAINE DAIRY PROMOTION BOARD

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION PROGRAM
SERVICES AND MANAGEMENT AND GENERAL
FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services	Management and General	Totals
OPERATING REVENUES			
Milk Tax	\$ 431,019	\$ -	\$ 431,019
Supplemental funding	135,200	-	135,200
Other income	153	-	153
TOTAL OPERATING REVENUES	<u>566,372</u>	<u>-</u>	<u>566,372</u>
OPERATING EXPENSES			
Advertising and Communications	207,357	-	207,357
Registration fees and dues	125,000	-	125,000
Salaries	88,803	29,601	118,404
Payroll taxes and employee benefits	54,115	18,038	72,153
Board of directors expenses	4,787	1,596	6,383
Rent	428	143	571
Amortization expense for right of use asset	11,239	3,746	14,985
Telephone and internet	1,464	488	1,952
Office supplies	373	125	498
Equipment purchase and repair	425	142	567
Educational seminars	68	23	91
Postage	145	49	194
Insurance	166	55	221
Professional services	4,537	1,513	6,050
Miscellaneous	889	296	1,185
TOTAL OPERATING EXPENSES	<u>499,796</u>	<u>55,815</u>	<u>555,611</u>
OPERATING INCOME (LOSS)	<u>66,576</u>	<u>(55,815)</u>	<u>10,761</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	142	-	142
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>142</u>	<u>-</u>	<u>142</u>
NET INCOME (LOSS)	66,718	(55,815)	10,903
NET POSITION - JANUARY 1, RESTATED			<u>283,227</u>
NET POSITION - DECEMBER 31			<u>\$ 294,130</u>

See accompanying independent auditor's report and notes to financial statements.



INDEPENDENT AUDITORS 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

Board of Directors
Maine Dairy Promotion Board
Augusta, Maine

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, each major fund and the aggregate remaining fund information of Maine Dairy Promotion Board as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the Maine Dairy Promotion Board's basic financial statements and have issued our report thereon dated June 6, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Maine Dairy Promotion Board's internal control over financial reporting (internal control) as a basis for designing 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 Promotion Board's internal control. Accordingly, we do not express an opinion on the effectiveness of Maine Dairy Promotion Board'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 combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the organization'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.

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Our consideration of internal control over financial reporting 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Maine Dairy Promotion Board'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 financial statements. 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*. We noted certain other matters that we reported to management of the Maine Dairy Promotion Board in a separate letter dated June 6, 2025.

Purpose of the 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "RHR Smith & Company". The signature is written in a cursive, flowing style.

Buxton, Maine
June 6, 2025