

MAINE STATE LEGISLATURE

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Wild Blueberry Commission OF MAINE

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September 11, 2018

Senator Paul Davis
Representative Michelle Dunphy
Committee on Agriculture, Conservation and Forestry
c/o Legislative Information
100 State House Station
Augusta, ME 04333-0100

RE: Wild Blueberry Commission of Maine Audited Financial Report

Dear Senate and House Chairs:

Please find the enclosed financial audit of fiscal year ending December 31, 2017 for the Wild Blueberry Commission of Maine. The Commission has an audit provision included in the Wild Blueberry Commission statute requiring that the Legislature be provided a copy of the audit.

The Commission takes a fiscally conservative approach to budgeting, in that revenues received in one crop year fund the following year's budget. This traditionally has resulted in a relatively large net asset balance at the end of the fiscal year.

If you have any questions, please do not hesitate to call me at 581-1475.

Sincerely,

Nancy McBrady
Executive Director

WILD BLUEBERRY COMMISSION OF MAINE

FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

LG&H

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

To the Commissioners of the
Wild Blueberry Commission of Maine

We have audited the accompanying financial statements of the governmental activities and the major fund of Wild Blueberry Commission of Maine, a public instrumentality of the State of Maine, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Wild Blueberry Commission of Maine, as of December 31, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters


Required Supplementary Information

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

Other Information

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

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



Loiselle, Goodwin & Hinds

August 17, 2018
Bangor, Maine

**WILD BLUEBERRY COMMISSION OF MAINE
GOVERNMENTAL FUND BALANCE SHEET / STATEMENT OF NET POSITION
DECEMBER 31, 2017**

	<u>Balance Sheet</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,819,388	-	\$ 1,819,388
Certificates of Deposit	1,006,933	-	1,006,933
Accounts Receivable	33,521	-	33,521
Prepaid Expenses	6,816	-	6,816
Inventory	3,159	-	3,159
Capital Assets, Net of Accumulated Depreciation	<u>-</u>	<u>\$ 25,560</u>	<u>25,560</u>
Total Assets	<u>\$ 2,869,817</u>	<u>25,560</u>	<u>2,895,377</u>
LIABILITIES			
Accounts Payable	\$ 55,719	-	55,719
Payroll Tax Withholdings and Benefits Payable	<u>5,678</u>	-	<u>5,678</u>
Total Liabilities	<u>61,397</u>	<u>-</u>	<u>61,397</u>
FUND BALANCES / NET ASSETS			
<i>Fund Balances:</i>			
Nonspendable	3,159	(3,159)	
Restricted	216,057	(216,057)	
Unassigned	<u>2,589,204</u>	<u>(2,589,204)</u>	
Total Fund Balances	<u>2,808,420</u>	<u>(2,808,420)</u>	
Total Liabilities and Fund Balances	<u>\$ 2,869,817</u>		
<i>Net Position:</i>			
Invested in Capital Assets		25,560	25,560
Restricted		216,057	216,057
Unrestricted		<u>2,592,363</u>	<u>2,592,363</u>
Total Net Position		<u>\$ 2,833,980</u>	<u>\$ 2,833,980</u>

**WILD BLUEBERRY COMMISSION OF MAINE
STATEMENT OF GOVERNMENTAL FUND REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES / STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Statement of Revenue, Expenditures, and Changes in <u>Fund Balances</u>	<u>Adjustments</u>	Statement of <u>Activities</u>
REVENUE			
Intergovernmental - Wild Blueberry Tax	\$ 1,137,492	-	\$ 1,137,492
Specialty Crop Block Grant	141,093	-	141,093
Eastern States Exposition Sales	126,130	-	126,130
Wild Blueberry Association of North America Contract for Administrative Services	95,000	-	95,000
Pick Wild Trade Program DACF Grant	2,740	-	2,740
Major Metro Program Grant	25,075	-	25,075
School Food Service Grant	50,000	-	50,000
Interest Income	7,106	-	7,106
T-Shirt Sales	1,475	-	1,475
Trade Show Income	2,250	-	2,250
Miscellaneous	<u>186</u>	-	<u>186</u>
Total Revenue	<u>1,588,547</u>	<u>-</u>	<u>1,588,547</u>
EXPENDITURES / EXPENSES			
<i>Current:</i>			
Promotion	1,572,321	-	1,572,321
Research and Technology	189,513	-	189,513
Education and Other Programs	99,983	-	99,983
Commission Operations	<u>300,045</u>	<u>\$ 3,350</u>	<u>303,395</u>
Total Current Expenditures/Expenses	<u>2,161,862</u>	<u>3,350</u>	<u>2,165,212</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(573,315)	573,315	-
CHANGE IN NET POSITION	-	(576,665)	(576,665)
FUND BALANCE / NET POSITION - January 1, 2017	<u>3,381,735</u>	<u>-</u>	<u>3,410,645</u>
FUND BALANCE / NET POSITION - December 31, 2017	<u>\$ 2,808,420</u>	<u>\$ -</u>	<u>\$ 2,833,980</u>
The Adjustment for Commission Operations consists of the following:			
Depreciation		\$ 4,063	
Change in Accrued Vacation		<u>(713)</u>	
Total		<u>\$ 3,350</u>	

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

1.) Inventory

Inventories are valued at cost using the first-in/first-out (FIFO) method, which approximates market value. The inventory consists of apparel that is recorded as expenditures when sold rather than when purchased.

2.) Capital Assets

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

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

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

3.) Net Position

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

As of December 31, 2017, \$216,057 of net position is restricted by enabling legislation.

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

4.) Fund Balances

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

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

General Fund includes inventory.

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

General Fund may include grant and research funds and money collected for other parties. It also includes money legally restricted to support the University of Maine System.

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

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

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

5.) Revenues

Revenue is recognized when it becomes measurable and available. Available revenue includes those receivables expected to be collected within 60 days after year end.

6.) Expenditures

Expenditures are recognized when the related fund liability is incurred.

7.) Budget

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

2. CUSTODIAL CREDIT RISK – DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission's policy is to deposit available funds in accounts that have the

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

highest possible rate, in conformity with the State of Maine's guidelines for deposits of municipal revenues, while avoiding unreasonable risk. As of December 31, 2017, \$1,179 of the Commission's bank balances were exposed to custodial credit risk.

3. RECONCILIATION OF BUDGET REVENUE WITH GAAP REVENUE

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

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

The following schedule reconciles GAAP revenue with budgeted revenue:

Revenue (GAAP Basis)	\$1,588,547
ADD: Balance Forward	<u>1,906,410</u>
Revenue (Budget Basis)	<u>\$3,494,957</u>

4. CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance <u>Jan. 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>Dec. 31, 2017</u>
Governmental Activities				
<i>Capital assets being depreciated:</i>				
Furniture and Fixtures	\$ 86,103	-	-	\$ 86,103
Equipment	<u>16,469</u>	-	-	<u>16,469</u>
Total Capital Assets Being Depreciated	102,572	-	-	102,572
<i>Less accumulated depreciation for:</i>				
Furniture and Fixtures	(57,304)	\$(3,783)	-	(61,087)
Equipment	<u>(15,645)</u>	<u>(280)</u>	-	<u>(15,925)</u>
Total Accumulated Depreciation	<u>(72,949)</u>	<u>(4,063)</u>	-	<u>(77,012)</u>
<i>Net Capital Assets Being Depreciated</i>	<u>\$ 29,623</u>	<u>\$(4,063)</u>	<u>\$ -</u>	<u>\$ 25,560</u>

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

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

The following summarizes the fund balances as of December 31, 2017:

Nonspendable:	
Inventory	\$ 3,159
Restricted:	
University of Maine System's Research and Extension Programs	216,057
Unassigned	<u>2,589,204</u>
Total Fund Balances	<u>\$2,808,420</u>

6. SIMPLE IRA

As of January 1, 2015, the Commission has adopted a SIMPLE IRA plan for its employee. The Commission will match 100% of the employee's allowable contribution up to 3% of the employee's salary. The Commission paid \$2,864 for the SIMPLE IRA during 2017.

7. RELATED PARTY TRANSACTIONS

Wild Blueberry Commission of Maine and Wild Blueberry Association of North America (WBANA) share board members. During the year ended December 31, 2017, the Commission paid WBANA \$1,269,767 for advertising and promotion and the Commission received \$95,000 from WBANA for administrative services.

SUPPLEMENTARY
INFORMATION

WILD BLUEBERRY COMMISSION OF MAINE
SCHEDULE OF REVENUE OVER EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

REVENUE	BUDGET		ACTUAL (BUDGET BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
<i>Revenue:</i>				
Balance Forward	\$ 1,591,158	\$ 1,591,158	\$ 1,906,410	\$ 315,252
Intergovernmental - Wild Blueberry Tax	1,904,650	1,904,650	1,137,492	(767,158)
Specialty Crop Block Grant	223,897	223,897	141,093	(82,804)
Eastern States Exposition Sales	110,000	110,000	126,130	16,130
Wild Blueberry Association of North America Contract	95,000	95,000	95,000	-
Pick Wild Trade Program DACF Grant	2,740	2,740	2,740	-
Major Metro Program Grant	26,000	26,000	25,075	(925)
School Foodservice Program Grant	50,000	50,000	50,000	-
Interest Income	5,100	5,100	7,106	2,006
T-Shirt Sales	500	500	1,475	975
Trade Show Income	1,500	1,500	2,250	750
Miscellaneous	-	-	186	186
Total Revenue	4,010,545	4,010,545	3,494,957	(515,588)
EXPENDITURES				
<i>Promotion:</i>				
Eastern States Exposition:				
Fair Management	12,500	12,500	12,500	-
Food Service Booth	62,000	62,000	60,763	1,237
Information Booth	19,000	19,000	17,084	1,916
Grants to Wild Blueberry Association of North America	1,269,767	1,269,767	1,269,767	-
Pick Wild Trade Program DACF	5,064	5,064	7,804	(2,740)
Major Metro Program	37,508	37,508	25,125	12,383
School Nutrition Trade Show	200,000	200,000	176,786	23,214
Promotional Supplies	2,500	2,500	-	2,500
T-Shirt Expense	3,000	3,000	2,492	508
Total Promotion	1,611,339	1,611,339	1,572,321	39,018
<i>Research and Technology Transfer:</i>				
University of Maine Research & Extension	281,738	281,738	48,420	233,318
Diagnostic Lab Reserve	50,000	50,000	-	50,000
Specialty Crop Block Grants	223,897	223,897	141,093	82,804
Total Research and Technology Transfer	555,635	555,635	189,513	366,122
<i>Commission Programs:</i>				
Issues Response	26,700	26,700	-	26,700
Public Education and Communications	60,000	60,000	37,520	22,480
Consultants	45,500	45,500	54,463	(8,963)
Total Commission Programs	132,200	132,200	91,983	40,217
<i>Program Grants:</i>				
Maine Environthon	1,000	1,000	1,000	-
Minor Crop Farmer Alliance	6,000	6,000	6,000	-
National Berry Crop Initiative	8,500	8,500	500	8,000
Food Quality Protection Act - IWG	500	500	500	-
Miscellaneous Grants	300	300	-	300
Total Program Grants	16,300	16,300	8,000	8,300
<i>Commission Operations:</i>				
Salaries	204,000	204,000	213,866	(9,866)
Related Payroll Costs	53,000	53,000	51,828	1,172
Professional Fees	8,000	8,000	5,889	2,111
Insurance	800	800	797	3
Communications	8,000	8,000	4,273	3,727
Memberships and Dues	1,400	1,400	1,350	50
Travel and Entertainment	25,000	25,000	11,411	13,589
Staff Training	2,500	2,500	-	2,500
Office Equipment	5,000	5,000	1,825	3,175
Office Supplies	6,000	6,000	4,266	1,734
Meeting Expense	1,800	1,800	2,192	(392)
Trade Show Expense	2,500	2,500	2,248	252
Miscellaneous	800	800	100	700
Total Commission Operations	318,800	318,800	300,045	18,755
Total Expenditures	2,634,274	2,634,274	2,161,862	472,412
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FUNDS AVAILABLE OVER EXPENDITURES	\$ 1,376,271	\$ 1,376,271	\$ 1,333,095	\$ (43,176)