

**LAMB PROMOTION, RESEARCH, AND INFORMATION  
BOARD, DBA AMERICAN LAMB BOARD**

Financial Statements As Of September 30, 2023  
(With Summarized Financial Information For  
The Year Ended September 30, 2022)

Together With Independent Auditors' Report

**JDS** professional  
group  
certified public accountants, consultants and advisors

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of the  
Lamb Promotion, Research, and Information Board, dba American Lamb Board:

**Opinion**

We have audited the accompanying financial statements of the Lamb Promotion, Research, and Information Board, dba American Lamb Board (the "Board"), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lamb Promotion, Research, and Information Board, dba American Lamb Board as of September 30, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management 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, 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 Board's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditors' Report (Continued)

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate to 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.

## Independent Auditors' Report (Continued)

### **Other Matters**

In connection with our audit, nothing came to our attention that caused us to believe that the Board failed to comply with the provisions of Section 5D of the United States Department of Agriculture (the USDA) *USDA Guidelines for AMS Oversight of Commodity Research and Promotion Programs* dated January 2020, insofar as they relate to accounting matters and the following: (1) monetary funds used for the purpose of influencing governmental policy or action; (2) adherence to the Agricultural Marketing Service Investment Policy; (3) internal controls over funds met auditing standards; (4) monetary funds used only for projects and other expenses authorized in a budget approved by the USDA; (5) monetary funds used in accordance with the *USDA Guidelines for AMS Oversight of Commodity Research and Promotion Programs* dated January 2020. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Board's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of revenues, expenses and changes in net assets - budget and actual is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material aspects, in relation to the financial statements as a whole.

### **Reporting on Summarized Comparative Information**

We have previously audited the Board's September 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 2, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Independent Auditors' Report (Continued)

**Restricted Use Relating To The Other Matters**

The purpose of the communication related to compliance with the aforementioned provisions of Section 5D of the USDA described in the other matters paragraph is solely to describe the scope of our testing of compliance and the results of that testing. This communication is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Board's compliance. Accordingly, this communication is not suitable for any other purpose.

*JDS Professional Group*

January 3, 2024

**LAMB PROMOTION, RESEARCH, AND INFORMATION BOARD, DBA  
AMERICAN LAMB BOARD**

Statement Of Financial Position

As Of September 30, 2023

(With Summarized Financial Information As Of September 30, 2022)

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	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,020,938	\$ 1,493,520
Investments	225,000	225,000
Accounts receivable	389,252	313,517
Grants receivable	28,446	
Prepaid expenses	<u>6,175</u>	<u>8,293</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,669,811</u>	<u>\$ 2,040,330</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	<u>\$ 357,459</u>	<u>\$ 147,937</u>
Total Liabilities	<u>357,459</u>	<u>147,937</u>
Net Assets:		
Without donor restrictions:		
Undesignated	2,087,352	1,667,393
Designated	225,000	225,000
Total Net Assets Without Donor Restrictions	<u>2,312,352</u>	<u>1,892,393</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 2,669,811</u>	<u>\$ 2,040,330</u>

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

**LAMB PROMOTION, RESEARCH, AND INFORMATION BOARD, DBA  
AMERICAN LAMB BOARD**

Statement Of Activities

For The Year Ended September 30, 2023

(With Summarized Financial Information As Of September 30, 2022)

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	<u>2023</u>	<u>2022</u>
<b>Revenue:</b>		
Assessments	\$ 3,140,047	\$ 2,296,873
Government grants	28,446	
Interest income	7,070	1,326
Other	14,375	19,630
Total Revenue	<u>3,189,938</u>	<u>2,317,829</u>
<b>Expenses:</b>		
Program Services -		
Communications	348,282	356,864
Promotion	1,865,622	1,102,740
Research	240,697	188,967
Total Program Services	<u>2,454,601</u>	<u>1,648,571</u>
Support Services -		
Administration	173,133	166,296
USDA	142,245	138,201
Total Supporting Services	<u>315,378</u>	<u>304,497</u>
Total Expenses	<u>2,769,979</u>	<u>1,953,068</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	419,959	364,761
Net Assets, Beginning Of Year	<u>1,892,393</u>	<u>1,527,632</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 2,312,352</u>	<u>\$ 1,892,393</u>

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

**LAMB PROMOTION, RESEARCH, AND INFORMATION BOARD, DBA  
AMERICAN LAMB BOARD**

Statement Of Functional Expenses

For The Year Ended September 30, 2023

(With Summarized Financial Information As Of September 30, 2022)

	Program Services				Supporting Services			2022 Total
	Communications	Promotion	Research	Total	Administration	USDA	2023 Total	
Promotion	\$	\$ 1,559,006	\$	\$ 1,559,006	\$	\$	\$ 1,559,006	\$ 816,269
Communications	198,251			198,251			198,251	220,205
Research			240,697	240,697			240,697	188,967
USDA						142,245	142,245	138,201
Travel	9,417	22,887		32,304	47,143		79,447	72,842
Accounting and compliance					43,411		43,411	38,416
Professional services	2,809	7,303		10,112	10,503		20,615	22,510
Occupancy	10,549	27,427		37,976	4,220		42,196	38,700
Postage and shipping	31,683			31,683	2,193		33,876	29,458
Phone	2,147	5,583		7,730	859		8,589	8,759
Office supplies and equipment	2,268	5,898		8,166	907		9,073	10,847
Bank and credit card fees		510		510	7,180		7,690	7,999
Program management								
and other administration	91,158	237,008		328,166	56,717		384,883	359,895
<b>TOTAL EXPENSES</b>	<b>\$ 348,282</b>	<b>\$ 1,865,622</b>	<b>\$ 240,697</b>	<b>\$ 2,454,601</b>	<b>\$ 173,133</b>	<b>\$ 142,245</b>	<b>\$ 2,769,979</b>	<b>\$ 1,953,068</b>
<b>% OF TOTAL EXPENSES</b>				<b>88.6%</b>	<b>6.3%</b>	<b>5.1%</b>	<b>100%</b>	

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



**LAMB PROMOTION, RESEARCH, AND INFORMATION BOARD, DBA  
AMERICAN LAMB BOARD**

Statement Of Cash Flows

For The Years Ended September 30, 2023

(With Summarized Financial Information As Of September 30, 2022)

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	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets from operations	\$ 419,959	\$ 364,761
Adjustments to reconcile change in net assets from operations to net cash provided by operating activities:		
Changes in operating assets and liabilities -		
(Increase) in accounts receivable	(75,735)	(121,777)
(Increase) in grants receivable	(28,446)	
Decrease in prepaid expenses	2,118	76
Increase (decrease) in accounts payable and accrued expenses	<u>209,522</u>	<u>(21,116)</u>
Net cash provided by operating activities	<u>527,418</u>	<u>221,944</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	527,418	221,944
Cash And Cash Equivalents, Beginning Of Year	<u>1,493,520</u>	<u>1,271,576</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 2,020,938</u></u>	<u><u>\$ 1,493,520</u></u>

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

**LAMB PROMOTION, RESEARCH, AND INFORMATION BOARD, DBA  
AMERICAN LAMB BOARD**

Notes To Financial Statements  
For The Years Ended September 30, 2023

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(1) **Nature Of Organization**

The American Lamb Board (the “Board”) is a not-for-profit organization consisting of a 13-member board comprised of producers, feeders, seed stock producers and first handlers appointed by the Secretary of Agriculture to administer the activities of the American Lamb Check-Off Program initiated in 2002. The enabling legislation for the Board is to increase market share for American Lamb while maintaining profitability for all segments of the lamb industry. The Board accomplishes its goals through such initiatives as advertising, marketing partnerships with complementary products, public relations using trained chefs and through education for consumers on preparing, storing and handling lamb.

As of July 1, 2002, all sheep or lambs (ovines) of any age, including ewes and rams, are subject to the National Lamb Check-Off Assessment. General operation of the Check-Off program is to have the buyer collect a \$0.007 per pound assessment of the weight of live ovines from the seller. The seller can be a producer, feeder, seed stock producer, direct marketer, individual dealer, trader or auction market. The assessment is carried forward with each owner contributing his or her share of the assessment, based upon weight added by the owner, if any. The assessment is collected and ultimately remitted to the Board by the owner at the time of slaughter or export. The owner at the time of slaughter is also known as the “first handler” and can be a producer, packer, processor, ethnic slaughter facility, slaughter house, direct marketer, feeder, individual, seed stocker producer, etc. The first handler is also responsible for remitting \$0.42 per head for each ovine slaughtered. The owner at the time of export is known as the “exporter” and is responsible for collecting and remitting only the \$0.007 per pound of live ovines collected from the seller, including any weight added by the exporter, to the Board.

(2) **Summary Of Significant Accounting Policies**

**Method Of Accounting**

The financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

**Basis Of Presentation**

The Board reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and with donor restrictions as follows:

**LAMB, PROMOTION, RESEARCH AND INFORMATION BOARD, DBA  
AMERICAN LAMB BOARD**

Notes To Financial Statements (Continued)

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**Net assets without donor restrictions:** Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

**Net assets with donor restrictions:** Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Recently Adopted Accounting Standards

In 2022, the Board adopted Accounting Standards Update (ASU) No. 2016-02, *Leases*, which required lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Board elected not to restate the comparative period (2021). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. The adoption did not result in a significant effect on amounts reported on the statement of activities for the year ended September 30, 2023.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates, and those differences could be material.

Cash And Cash Equivalents

The Board considers all checking, savings, certificates of deposit and money market accounts with original maturities of ninety days or less to be cash and cash equivalents.

The Board's cash demand deposits are held at financial institutions at which deposits are insured up to \$250,000 by the FDIC. As of September 30, 2023, approximately \$1,827,000 was at risk. However, this excess is fully collateralized by the financial institution under a separate pledge agreement.

**LAMB, PROMOTION, RESEARCH AND INFORMATION BOARD, DBA  
AMERICAN LAMB BOARD**

Notes To Financial Statements (Continued)

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Accounts Receivable

Accounts receivable consist of remittances due from lamb producers for the National Lamb Check-Off Assessment for ovines that are subject to the assessment before September 30, 2023. Accounts receivable are recorded at the amount of the calculated assessment per ovine as determined by the American Lamb Check-Off Program. Management has determined an allowance for doubtful accounts to be unnecessary as accounts are considered fully collectible based on the legal requirements of the National Lamb Check-Off Assessment and the collection history.

Equipment

Equipment is stated at historical cost less accumulated depreciation. Depreciation is computed over the estimated useful life of the asset using the straight-line method. The Board follows the policy of capitalizing all expenditures for equipment in excess of \$2,500. Useful lives for equipment are three to five years.

Leases

The Board determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities on the balance sheets. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Board does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Methods Used For Allocation Of Expenses From Management And General Activities

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include travel, professional services, occupancy, phone, office supplies and equipment, and program management and other administration which are allocated on a basis of estimates of time and effort and as agreed upon by the USDA.

Comparative Financial Information

Certain prior-year comparative information has been reclassified to conform to the current year presentation. In addition the financial statements include certain prior-year summarized comparative information in total for the statement of functional expenses. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Board's financial statements for the year ended September 30, 2022, from which the summarized information was derived.

Measure Of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consists of those items attributable to the Board's ongoing program services and investment earnings. Nonoperating activities are limited to activities considered to be of a more unusual or nonrecurring nature.

Revenue And Revenue Recognition

Assessments revenue consists of assessments imposed through the American Lamb Check-Off Program on the first handler and exporter of live ovines. The Board recognizes revenue from assessments during the period in which the performance obligations are met. The performance obligations consist of promotional and marketing efforts undertaken by the Board to increase market share of American Lamb and are satisfied as work is performed or deliverables are met over time. Payments are due to the Board either upon receipt or within 15 days of the subsequent month after the assessment was imposed.

Other revenue consists of direct sales of promotional items and merchandise and is recognized when a sale occurs. The performance obligation consists of delivering the goods to the customer. Revenue is recognized as the services are met.

The Board recognizes contributions when cash, securities or other assets, or an unconditional promise to give is received. Unconditional promises to give are recorded at net realizable value if expected to be collected in one year and at net present value if expected to be collected in more than one year. As of September 30, 2023, the Board had no promises to give. Conditional promises to give with a measurable performance or other barrier and a right of return/right of release are not recognized until the conditions on which they depend have been met. As of September 30, 2023 the Board had no conditional promises to give.

**LAMB, PROMOTION, RESEARCH AND INFORMATION BOARD, DBA  
AMERICAN LAMB BOARD**

Notes To Financial Statements (Continued)

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Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. As of September 30, 2023, the Board had no net assets with donor restrictions.

A portion of the Board's revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Board has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Board was awarded cost-reimbursable grants of \$4,963,126 that have not been recognized as of September 30, 2023, because qualifying expenditures have not yet been incurred.

Advertising Costs

The Board expenses the production costs of advertising the first time the advertising takes place. Advertising expense consists primarily of online and magazine advertisements. Total advertising expense of \$180,601 for 2023, is included in promotion and communication expense.

Subsequent Events

The Board has performed an evaluation of subsequent events through January 3, 2024, which is the date the financial statements were available to be issued, and has considered any relevant matters in the preparation of the financial statements and footnotes.

(3) Income Taxes

The Board is organized as a not-for-profit corporation formed under Internal Revenue Code Section 501(c)(5), which engages in activities under the aegis of the United States Department of Agriculture (the USDA); accordingly, no provision for income taxes is included in the accompanying financial statements. The Board is not a private foundation.

**LAMB, PROMOTION, RESEARCH AND INFORMATION BOARD, DBA  
AMERICAN LAMB BOARD**

Notes To Financial Statements (Continued)

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Management believes that the Board has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Board would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

The Board is no longer subject to U.S. federal income tax audits on its Form 990 by taxing authorities for years prior to 2020. The years subsequent to these years contain matters that could be subject to differing interpretations of applicable tax laws and regulations as it relates to the amount and/or timing of income, deductions, and tax credits. Although the outcome of tax audits is uncertain, the Board believes no issues would arise.

(4) **Concentration Of Revenue Source**

The Board is dependant upon the purchase and sale of American Lambs and, as such, is limited in its prosperity by the performance of the American sheep industry.

The Board receives approximately 41% of the collected revenues from five suppliers. As such, the Board's revenues are dependant on the financial health of these five suppliers.

(5) **Liquidity And Availability Of Financial Assets**

The following represents the Board's financial assets for the year ended September 30, 2023:

Financial assets, at year end	
Cash and cash equivalents	\$ 2,020,938
Investments	225,000
Accounts receivable	389,252
Grants receivable	28,446
Total Financial Assets	<u>2,663,636</u>
Less amounts not available to be used within one year:	
Designated net assets	<u>(225,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,438,636</u>

The Board seeks to manage its liquidity by leaving a sufficient portion of its assets in liquid cash and investment accounts in order to meet near-term obligations.

**LAMB, PROMOTION, RESEARCH AND INFORMATION BOARD, DBA  
AMERICAN LAMB BOARD**

Notes To Financial Statements (Continued)

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(6) **Board-Designated Net Assets**

The Board of Directors has internally designated certain funds held in an investment reserve and classified as investments and designated net assets on the statements of financial position, to cover any unforeseen cash flow requirements. There was no activity in the designated net assets during the period. The Board maintains the investment reserve in the amount of \$225,000. This reserve consists of the original \$75,000 that was set aside when the American Lamb Check-Off Program was established to cover the costs of phasing out operations at the Board if the American Lamb Check-Off Program was voted down. Subsequently, the Board added an additional \$150,000 to this reserve in order to cover any unforeseen cash flow requirements.

(7) **Office Lease**

In June of 2016, the Board entered into a five-year operating lease, ending November 30, 2021, with Alphapage, LLC. The lease contains two options to extend for a period of three years each, for a total of six additional years at the fair market rate. During the year ended September 30, 2023, the Board elected to terminate the existing lease with Alphapage, LLC. Subsequent to year-end, the Board entered into a new lease agreement for office space with a commencement and possession date of November 1, 2023 with a term ending December 31, 2028.

The Board paid \$42,196 for office space and storage rental during the year ended September 30, 2023.



**LAMB PROMOTION, RESEARCH, AND INFORMATION BOARD, DBA  
AMERICAN LAMB BOARD**

Supplemental Schedule of Revenues, Expenses, And Changes in Net Assets - Budget and Actual  
For The Year Ended September 30, 2023

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>				
Assessments	\$ 2,100,000	\$ 2,100,000	\$ 3,140,047	\$ 1,040,047
Government grants			28,446	28,446
Interest income	1,500	1,500	7,070	5,570
Miscellaneous revenue - promo items	15,000	15,000	14,375	(625)
<b>Total Revenues</b>	<u>2,116,500</u>	<u>2,116,500</u>	<u>3,189,938</u>	<u>1,073,438</u>
<b>Expenses:</b>				
Communications	325,310	350,310	348,282	2,028
Promotion	1,502,040	2,006,540	1,865,622	140,918
Research	191,000	351,000	240,697	110,303
Administration	184,500	184,500	173,133	11,367
USDA annual oversight	138,650	138,650	142,245	(3,595)
<b>Total Expenses</b>	<u>2,341,500</u>	<u>3,031,000</u>	<u>2,769,979</u>	<u>261,021</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenses</b>	<u>\$ (225,000)</u>	<u>\$ (914,500)</u>	419,959	<u>\$ 1,334,459</u>
Net Assets - Beginning Of Year			<u>1,892,393</u>	
Net Assets - End Of Year			<u>\$ 2,312,352</u>	

**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**

To the Board of Directors of the  
Lamb, Research, and Information Board, dba American Lamb Board:

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 Lamb, Research, and Information Board, dba American Lamb Board (the "Board"), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 3, 2024.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Board'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

*Members:*

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Independent Auditors' Report (Continued)

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 the 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 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 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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*JDS Professional Group*

January 3, 2024

## **INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS REPORT ON COMPLIANCE**

To the Board of Directors of the

Lamb Promotion, Research, and Information Board, dba American Lamb Board:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the compliance with the provisions of Section 5D of the United States Department of Agriculture (the USDA) *USDA Guidelines for AMS Oversight of Commodity Research and Promotion Programs* dated January 2020, insofar as they relate to accounting matters by the Lamb Promotion, Research, and Information Board, dba American Lamb Board (the "Board") during the year ended September 30, 2023, and have issued our report thereon dated January 3, 2024.

### **Management's Responsibility for Compliance**

Management is responsible to ensure the compliance of all provisions of Section 5D of the USDA.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the compliance of provisions of Section 5D of the USDA by the Board 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 Board is compliant in accordance with provisions of Section 5D of the USDA.

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

### **Opinion**

In our opinion, during the course of the audit, nothing came to our attention that caused us to believe that the Board had failed to comply with Section 1280.213 of the Lamb Promotion, Research and Information Order nor Section 5D of the United States Department of Agriculture *USDA Guidelines for AMS Oversight of Commodity Research and Promotion Programs* dated January 2020, which describe the type of instruments in which the Board may invest and the requirements of annual financial audits. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

*Members:*

*American Institute of Certified Public Accountants • Colorado Society of Certified Public Accountants*

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### **Other Matters**

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Lamb Promotion, Research, and Information Board, dba American Lamb Board, as of and for the year ended September 30, 2023, and our report thereon January 3, 2024, expressed as an unmodified opinion on those financial statements.

### **Purpose of Report**

This report is intended solely for the information and use of the Board of Directors, and management of the Lamb Promotion, Research, and Information Board, dba American Lamb Board, and for use of its various funding sources and is not intended to be and should not be used by anyone other than these specified parties.

*JDS Professional Group*

January 3, 2024