IDAHO PEA AND LENTIL COMMISSION

FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

IDAHO PEA AND LENTIL COMMISSION

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	3
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)	6
BASIC FINANCIAL STATEMENTS	
COMMISSION-WIDE STATEMENTS	
Statements of Net Position	12
Statements of Activities	13
FUND STATEMENTS	
Balance Sheets – Governmental Fund	14
Statements of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	16
NOTES TO FINANCIAL STATEMENTS	18
REQUIRED SUPPLEMENTARY INFORMATION (RSI)	
Budgetary Comparison Schedule – 2024	25
Budgetary Comparison Schedule – 2023	26
SUPPLEMENTARY INFORMATION	
Independent Auditor's Report – *Government Auditing Standards*	28
Schedule of Findings and Responses – 2024	30

PRESNELL GAGE, PLLC
ACCOUNTING AND CONSULTING

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Idaho Pea and Lentil Commission
Moscow, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Idaho Pea and Lentil Commission, as of, and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

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 the Idaho Pea and Lentil Commission, as of June 30, 2024 and 2023, and the respective changes in financial position, thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Idaho Pea and Lentil Commission 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 opinions.

Responsibility 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.

Lewiston Office: 1216 Idaho Street, Lewiston, Idaho 83501, (208) 746-8281
Moscow Office: 609 South Washington, Suite 202, Moscow, Idaho 83843, (208) 882-2211
Grangeville Office: 109 South Mill Street, Grangeville, Idaho 83530, (208) 983-1254
Orofino Office: P.O. Box 632, 216 Johnson Avenue, Orofino, Idaho 83544, (208) 476-3012
Pullman Office: 1230 SE Bishop Blvd., Pullman, Washington 99163, (509) 332-6541
Eagle Office: 1159 E Iron Eagle Drive, Suite 100, Eagle, Idaho 83616, (208) 319-2929

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 Idaho Pea and Lentil Commission'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 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 audits.

- 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 audits 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 Commission'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 Commission'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 audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 6 through 11, and the budgetary comparison information, on pages 25 and 26, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 13, 2024, on our consideration of the Idaho Pea and Lentil Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the 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 Idaho Pea and Lentil Commission's internal control over financial reporting and compliance.

Presnell Gage, PLLC

November 13, 2024
Lewiston, Idaho

The Management's Discussion and Analysis for the Idaho Pea and Lentil Commission's financial performance provides an overview of the Commission's financial activities, for the fiscal year ended June 30, 2024 and 2023.

Overview of the Commission

The Idaho Legislature created the Idaho Pea and Lentil Commission (the "Commission") in 1965 to provide market development, production research, new product development, and the promotion of dry peas, lentils, and chickpeas grown in Idaho. *Idaho Code* Title 22, Chapter 35, governs the Commission. The Commission's office is located in Moscow, Idaho. The Commission consists of six voting members appointed by the Governor who submit nominating petitions to the Governor. The six voting members are made up of five producers and one processor or dealer. By statute, the Commission also has a seventh ex-officio member, the University of Idaho's Dean of Agriculture, representing the University of Idaho.

The Commission is a self-governing state agency that receives the majority of its revenue through pea, lentil, and chickpea grower assessments. The Commission collects between one percent and two percent of the net receipts of dry peas, lentils, and chickpeas (north of the Salmon River), sold or contracted in the state of Idaho. The *Idaho Code* gives the Commission's board the discretion to set the assessment rate not less than one percent nor to exceed two percent of the net receipts at the first point of sale. The board can also set the length of time for the rate to be in effect. Generally, the Commission determines that rate for the next fiscal year prior to the beginning of the fiscal year in June. For fiscal year 2023-2024, the Commission set the rate at one percent.

The Commission uses funds and account groups to report on its financial position and the results of its operations. The Commission's financial statements consist of a general fund. The general fund follows the modified accrual basis of accounting.

Financial Highlights

During the fiscal year ended June 30, 2024, the Commission collected $440,620 of revenue of which $423,727 was from dry pea, lentil, and chickpea assessments. Total revenue of $440,620 is $138,063 more than the revenue collected in the fiscal year ended June 30, 2023 (revenue $302,557 for 2023 and $435,201 for 2022).

Total expenditures for the Commission during the fiscal years ended June 30, 2024, 2023, and 2022 totaled $316,317, $288,423, and $280,596 respectively. The Commission's expenditures are divided into six major areas: administration, international market development, domestic market development, information/education activities, APA/PCHI, and research. The Commission's expenditures increased 10 percent in 2024, compared to an increase of 3 percent in 2023, and a increase in 6 percent in 2022.

The primary expense to the Commission is the USADPLC contract, which provides the Commission with programming support throughout the year.

Table 1 shows the change in income and expenditures from fiscal years 2024, 2023, and 2022.

Table 1

Revenue and Expenditures

	2024	2023	2022	2024 vs. 2023
Revenues				
Assessments	$ 423,727	$ 293,084	$ 434,561	$ 130,643
Interest and miscellaneous income	16,893	9,473	630	7,420
Cookbook sales, net of cost			10	
Total	440,620	302,557	435,201	138,063
Expenditures				
Administration	47,691	45,377	43,362	2,314
International market development	25,487	28,843	27,605	(3,356)
Domestic market development	73,814	63,765	65,393	10,049
Information/education activities	40,906	36,048	38,204	4,858
Research - production, crop management, and use	81,143	68,373	54,066	12,770
Other income and expenses	15,000	15,000	15,000	
APA/PHI	32,276	31,017	36,966	1,259
Total	316,317	288,423	280,596	27,894
Changes in fund balance	$ 124,303	$ 14,134	$ 154,605	$ 110,169

Using the Basic Financial Statements

The annual report consists of two distinct series of financial statements: The Commission-wide and the fund financial statements. The Commission-wide statements are designed to show the Commission's overall economic activity. The statement of net position and statement of activities provide information about the governmental-type activities of the whole Commission presenting both an aggregate view of Commission finances and a long-term view of those finances.

Fund financial statements provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what remains for future spending.

Reporting the Commission as a Whole

The statement of net position and the statement of activities, on pages 12 and 13, reflect the overall financial health of the Commission and report what the Commission owns and how much it owes. They also assess the Commission's present financial status and future outlook. The statements include all assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies.

Governmental Funds

Most of the Commission's activities are reported in governmental funds, which focus on how money flows into and out of those funds, and the balances left at year-end available for spending in future periods. These funds are reported on the "modified accrual" basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Commission's general government operations and the basic services it provides.

Financial Analysis of the Commission as a Whole

Table 2 provides a summary of the Commission's net position for the fiscal year 2024, compared to 2023, and 2022.

Table 2

Summary of the Commission's Net Position

	All Governmental Activites			
	2024	2023	2022	2024 vs. 2023
Current assets	$ 692,368	$ 566,370	$ 531,973	$ 125,998
Total assets	692,368	566,370	531,973	125,998
Total liabilities	24,917	23,222	2,959	1,695
Net position				
Unrestricted	667,451	543,148	529,014	124,303
Total net position	$ 667,451	$ 543,148	$ 529,014	$ 124,303

Table 3 shows the changes in net position for fiscal year 2024, compared to 2023, and 2022.

Table 3

Statement of Activities

	All Governmental Activites			
	2024	2023	2022	2024 vs. 2023
Revenues				
Assessments	$ 423,727	$ 293,084	$ 434,561	$ 130,643
Interest and miscellaneous income	16,893	9,473	630	7,420
Cookbook sales, net of cost	0	0	10	
Total revenues	440,620	302,557	435,201	138,063
Expenses				
Administration	47,691	45,377	43,362	2,314
International market development	25,487	28,843	27,605	(3,356)
Domestic market development	73,814	63,765	65,393	10,049
Information/education activities	40,906	36,048	38,204	4,858
Research - production, crop management, and use	81,143	68,373	54,066	12,770
Other income and expenses	15,000	15,000	15,000	0
APA/PHI	32,276	31,017	36,966	1,259
Total expenses	316,317	288,423	280,596	27,894
Change in net position	$ 124,303	$ 14,134	$ 154,605	$ 110,169

Budget Analysis

The Commission approves an income and expenditure budget every July at the beginning of the fiscal year. The expense budget is established based on collections from the previous calendar year (January through December 2023). The assessment income is budgeted in July, based on the USA Dry Pea and Lentil Council's pulse crop seeded acreage report, yield estimates, and price estimates for the upcoming fiscal year. In the fiscal year ended June 30, 2024, the Commission approved an expense budget of $327,739.

After the pulse crop harvest is completed, the USA Dry Pea and Lentil Council publishes a pulse crop production report. When the Commission receives the report, they re-evaluate their production and price estimates used in developing an income budget. In the fiscal year ended June 30, 2024, the Commission did not adjust their income budget of $420,716.

Table 4 shows the fiscal year 2023-2024 budget, compared to the actual income and expenses.

Table 4

Fiscal Year 2023-2024 Budget Compared to the Actual Income and Expenses

	Final Budget	Actual	% of Budget
Income			
Assessments	$ 419,216	$ 423,727	101.08%
Interest and miscellaneous income	1,500	16,893	1126.20%
Total income	420,716	440,620	104.73%
Expenses			
Administration	32,820	32,820	100.00%
Office operations	18,855	14,871	78.87%
International market development	25,487	25,487	100.00%
Domestic marketing	73,814	73,814	100.00%
Research	81,143	81,143	100.00%
Info/Gov	37,844	37,844	100.00%
APA/PHI	32,276	32,276	100.00%
Outreach and education	10,500	3,062	29.16%
Other expenses	15,000	15,000	100.00%
Total expenses	327,739	316,317	96.51%
Change in net position	$ 92,977	$ 124,303	

Over 95 percent of the Commission's expenditures are on a contractual basis with the USA Dry Pea and Lentil Council, Inc. This year, production increases across all commodities provided 104.73 percent of revenue projections. This increase in revenue coupled with only a slight increase to expenditures allowed the Commission to return $124,303 to reserves, in fiscal year 2023-2024.

Capital Assets

At the end of fiscal year 2024, the Commission had $0 of capital assets in governmental activities that was fully depreciated, reflecting net capital assets of $0.

Contacting the Commission's Financial Management

This financial report is designed to provide our members, patrons, and management with a general overview of the Commission's finances and to reflect the Commission's accountability for the monies it receives. Questions about this report or additional financial information should be directed to: Tim McGreevy, CEO, the Idaho Pea and Lentil Commission, 2780 West Pullman Road, Moscow, Idaho, 83843, at (208) 882-3023.

(THIS PAGE INTENTIONALLY BLANK)

IDAHO PEA AND LENTIL COMMISSION

STATEMENTS OF NET POSITION
June 30, 2024 and 2023

	Governmental Activities	
	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	**$ 357,691**	$ 231,416
Investments	**328,906**	312,073
Assessments receivable	**5,039**	22,881
Accounts receivables - related parties	**732**	
Total current assets	**692,368**	566,370
Capital assets	**0**	0
Total assets	**692,368**	566,370
LIABILITIES		
Current liabilities		
Accounts payable - related parties	**24,917**	23,111
Total current liabilities	**24,917**	23,111
NET POSITION		
Unrestricted net position	**667,451**	543,148
Total net position	**$ 667,451**	$ 543,148

See accompanying notes

IDAHO PEA AND LENTIL COMMISSION

STATEMENTS OF ACTIVITIES
Years Ended June 30, 2024 and 2023

	2024			2023		
	Expenses	**Program Revenue Operating Grants and Contributions**	**Net (Expense) Revenue and Change in Net Position Governmental Activities**	Expenses	Program Revenue Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Position Governmental Activities
FUNCTIONS/PROGRAMS						
Governmental activities						
Administration	**$ 47,691**		**$ (47,691)**	$ 45,377		$ (45,377)
International market development	**25,487**		**(25,487)**	28,843		(28,843)
Domestic market development	**73,814**		**(73,814)**	63,765		(63,765)
Information/education activities	**40,906**		**(40,906)**	36,048		(36,048)
APA/PHI	**32,276**		**(32,276)**	31,017		(31,017)
Research - production, crop management, and use	**81,143**		**(81,143)**	68,373		(68,373)
Other income and expenses	**15,000**		**(15,000)**	15,000		(15,000)
Total governmental activities	**$ 316,317**	**$ 0**	**(316,317)**	$ 288,423	$ 0	(288,423)
General revenues						
Assessments collected on settlement			**423,727**			293,084
Interest and miscellaneous income			**16,893**			9,473
Total general revenues			**440,620**			302,557
Change in net position			**124,303**			14,134
Net position, beginning			**543,148**			529,014
Net position, ending			**$ 667,451**			$ 543,148

See accompanying notes

IDAHO PEA AND LENTIL COMMISSION

BALANCE SHEETS - GOVERNMENTAL FUND
June 30, 2024 and 2023

	General Fund	
	2024	2023
ASSETS		
Cash and cash equivalents	**$ 357,691**	$ 231,416
Investments	**328,906**	312,073
Assessments receivable	**5,039**	22,881
Accounts receivables - related parties	**732**	
Total assets	**$ 692,368**	$ 566,370
LIABILITIES		
Accounts payable - related parties	**$ 24,917**	$ 2,959
Total liabilities	**24,917**	23,222
FUND BALANCE		
Assigned by the board as reserves	**100,000**	100,000
Unassigned	**567,451**	443,148
Total fund balance	**667,451**	543,148
TOTAL LIABILITIES AND FUND BALANCE	**$ 692,368**	$ 566,370

See accompanying notes

IDAHO PEA AND LENTIL COMMISSION

RECONCILIATION OF THE STATEMENTS OF NET POSITION TO THE
BALANCE SHEETS - GOVERNMENTAL FUND
June 30, 2024 and 2023

	2024	2023
TOTAL FUND BALANCE - GOVERNMENTAL FUNDS	**$ 667,451**	$ 543,148
Amounts reported for governmental activities in the statements of net position reflect no differences.		
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	**$ 667,451**	$ 543,148

See accompanying notes

IDAHO PEA AND LENTIL COMMISSION

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
Years Ended June 30, 2024 and 2023

	2024	2023
REVENUES		
Assessments	**$ 423,727**	$ 293,084
Interest and miscellaneous income	**16,893**	9,473
Total revenues	**440,620**	302,557
EXPENDITURES		
Administration	**47,691**	45,377
International market development	**25,487**	28,843
Domestic market development	**73,814**	63,765
Information/educational ativities	**40,906**	36,048
Research - production, crop management, and use	**81,143**	68,373
APA/PHI	**32,276**	31,017
Other income and expenses	**15,000**	15,000
Total expenditures	**316,317**	288,423
CHANGES IN FUND BALANCE	**124,303**	14,134
FUND BALANCE, beginning of year	**543,148**	529,014
FUND BALANCE, end of year	**$ 667,451**	$ 543,148

See accompanying notes

IDAHO PEA AND LENTIL COMMISSION

RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
TO THE STATEMENTS OF ACTIVITIES
Years Ended June 30, 2024 and 2023

	2024	2023
NET CHANGES IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	**$ 124,303**	$ 14,134
Amounts reported for governmental activities in the statements of activities reflect no differences.		
TOTAL CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	**$ 124,303**	$ 14,134

See accompanying notes

1. SIGNIFICANT ACCOUNTING POLICIES

The Idaho Pea and Lentil Commission is organized under Title 22, Chapter 35 of the *Idaho Code,* and is not liable for state or federal income taxes. The Commission was formed as a means for the development of markets, production research, new product development, and promotion of dry peas and lentils.

The Commission is composed of six members. Five members are producers/growers and one processors or dealers. Members are appointed to the Commission by the Governor through nomination petitions from growers and processors or dealers. By statute, the Commission also has a seventh ex-officio member, the University of Idaho's Dean of Agriculture, representing the University of Idaho.

The financial statements of the Idaho Pea and Lentil Commission have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB), is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The more significant of the Commission's accounting policies are described below.

Reporting Entity. The Idaho Pea and Lentil Commission is the basic level of government, which has financial accountability and control over all activities related to the Commission. The Commission receives funding from local growers in the State of Idaho. However, the Commission is not included in any other governmental "reporting entity" as defined by GASB pronouncements, since Commission members have decision-making authority, the power to designate management, the ability to significantly influence operations, and have primary financial accountability for fiscal matters. In addition, there are no component units as defined by the Governmental Accounting Standards Board, which are included in the Commission's reporting entity.

Measurement Focus and Basis of Accounting. The financial statements of the Idaho Pea and Lentil Commission have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units. The GASB is the accepted standards setting board for establishing governmental accounting and financial reporting principles. The Commission uses the following two bases of accounting in these financial statements:

Economic Resources Measurement Focus and Accrual Basis of Accounting

The Commission-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 at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, including assessments, are recognized on an accrual basis.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued).

Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Commission considers all revenues reported in the governmental fund to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as expenditures in governmental funds.

Restricted Resources. Program expenses are allocated to restricted program revenue first and then to the next highest level of restricted net position/fund balances when both restricted and unrestricted resources are available.

Governmental Accounting Standards Board Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions* defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

Nonspendable. Includes amounts that cannot be spent because they are either (1) not in spendable form or, (2) legally or contractually required to be maintained intact.

Restricted. Includes amounts that can be spent only for the specific purpose stipulated by external resource providers, constitutional provisions, or enabling legislation.

Committed. Includes amounts that can only be used for the specific purposes determined by a formal action of the government’s highest level of decision-making authority (Board of Directors).

Assigned. Includes amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned. Residual classification of fund balance that includes all spendable amounts that have not been restricted, committed, or assigned.

Commission-wide Statements. The statement of net position and the statement of activities display information about the financial activities of the overall Commission. Only governmental-type activities are shown since there are no "business-type activities" with the Commission.

The statement of activities presents a comparison between direct expenses and program revenues for each different function of the Commission's governmental activities.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Commission-wide Statements (Continued).

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses – expenses of the Commission related to the administration and support of the Commission's programs, such as personnel and accounting, are not allocated to programs.

- Program revenues include (a) charges paid by the recipient of goods or services offered by the programs and, (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including assessments, are presented as general revenues. The Commission has no program revenues.

Fund Statements. The fund statements provide information about the Commission's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on the major governmental fund.

The Commission reports the following major governmental fund:

- General Fund. This is the Commission's primary operating fund. It accounts for all financial resources.

Use of Estimates. Management of the Commission uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that management uses.

Budgetary Data. The Commission prepares its annual operating budget on the accrual basis of accounting.

Cash and Investments. Cash includes amounts in demand deposits and short-term certificates of deposit. State statute and board investment policy authorizes the Commission to invest in obligations of the U.S. Treasury, the State of Idaho, county, city, or other taxing districts of the State of Idaho. For purposes of the financial statements, the Commission considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable. Amounts in accounts receivable are assessments receivable from the processors. No allowance for doubtful accounts is recorded since all accounts receivable are deemed collectible.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets. Capital assets are long-lived assets of the Commission as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The Commission records all capital assets at their original cost.

The Commission capitalizes equipment with an original unit cost of $5,000 or more, and an expected life of more than one year. Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of Commission equipment range from 5 to 10 years.

Encumbrances. The Commission does not follow the practice of encumbering funds at year-end.

Reclassification. Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the current year.

2. REVENUES

The Idaho legislature has authorized the Commission to levy an assessment on the sale of peas and lentils grown throughout the state, and chickpeas grown north of the Salmon River. The assessment is 1 percent (1 percent for 2023) of the net sales and is paid by the growers at the time the product is sold. The first purchaser of the product withholds the assessment from the grower and remits it to the Commission on a monthly basis.

Nearly all of the Commission's revenue is dependent upon pea, lentil, and chickpea crops in northern Idaho.

3. RELATED PARTY TRANSACTIONS

The Idaho Pea and Lentil Commission has an administrative and programming service contract with the USA Dry Pea and Lentil Council to provide bill paying services and marketing services. As of June 30, 2024, the Commission's expenses for administrative and programming services were $32,820, and $265,564, respectively ($32,820 and $242,180 for 2023, respectively).

As of June 30, 2024, the Commission had $24,917 in accounts payable to related parties, and $732 in accounts receivable from related parties ($23,111 and $0, for 2023, respectively).

4. MAJOR CUSTOMERS

Three processors submitted amounts greater than 10 percent of total assessment revenue, as follows:

Number of Processors	Revenue	Percent of Total Revenue
1	$ 165,766	39%
1	118,091	28%
1	44,317	11%
1	42,005	10%
	$ 370,179	88%

5. CONCENTRATION OF CREDIT RISK

The Commission maintains cash in a single bank account, with Wells Fargo bank. At times, the balance may exceed the limits insured by the Federal Deposit Insurance Corporation. This exposes the Commission to potential risk of loss. As of June 30, 2024, balances exceeded this limit by $131,898 ($ in 2023).

Investments. Details of investments at June 30, are as follows:

	2024 Governmental Funds	2023 Governmental Funds
State Treasurer's Local Government Investment Pool	$ 328,906	$ 312,073

Deposits in the State Treasurer's Local Government Investment Pool are stated at cost, which approximates market. The State Treasurer combines deposits from all governmental entities in the state, which participate in the pool, and purchases the following types of investments:

Local Certificates of Deposit
U.S. Government Securities

The entities participating in the pool own a percentage of each investment held. This percentage is calculated by dividing the individual entity's deposits by the total deposits held in the pool. The purpose of this is to:

Increase the overall rate of return.
Reduce the risk of default.
Place each entity under the FDIC and SLIC limits.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will reduce the value of the Commission’s investments. The Commission does not have a policy regarding interest rate risk.

Custodial Risk. Custodial risk is the risk that, in the event of the failure of the investment custodian, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of the custodian. The Commission owns a percentage of each investment held by the Idaho State Treasurer’s Local Government Investment Pool, and all investments are held in the name of the pool.

Credit Risk. Credit risk is the risk that a borrower will fail to repay principal and interest in a timely manner. The Commission owns a percentage of each investment held by the Idaho State Treasurer’s Local Government Investment Pool and the Pool diversifies investments to minimize credit risk to any individual government. The Commission’s investments with the Idaho State Treasurer’s Local Government Investment Pool have not been issued an external credit quality rating.

Concentration of Credit Risk. The Commission has no policy on the amount they may invest in any one issuer.

6. RISK MANAGEMENT

The Commission is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Commission carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

7. BOARD ASSIGNED AS RESERVES

The Commission has designated $100,000 of their unrestricted reserves as reserves that are not available for budgeting purposes. These reserves are to protect the Commission against not receiving budgeted assessment income due to crop disasters, and/or lower than budgeted crop prices.

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 13, 2024, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

IDAHO PEA AND LENTIL COMMISSION

BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2024

	Original Budgeted	Final Budgeted	Actual	Variance With Budget
REVENUES				
Green pea assessments	$ 77,350	$ 77,350	$ 23,400	$ (53,950)
Yellow pea assessments	6,188	6,188	958	(5,230)
Lentil assessments	79,856	79,856	68,155	(11,701)
Austrian winter pea assessments	8,772	8,772	8,958	186
Chickpea assessments	247,050	247,050	322,256	75,206
Other income				
Interest and miscellaneous income	1,500	1,500	16,893	15,393
Total revenues	420,716	420,716	440,620	19,904
Less cost of retail sales				
Gross profit	420,716	420,716	440,620	19,904
EXPENDITURES				
USADPLC Programming Services				
Research	81,143	81,143	81,143	
Domestic marketing	73,814	73,814	73,814	
International marketing	25,487	25,487	25,487	
Info/Government	37,844	37,844	37,844	
APA/PHI	32,276	32,276	32,276	
USADPLC Administrative Services	32,820	32,820	32,820	
Outreach and education	10,500	10,500	3,062	7,438
Administrative office operations	18,855	18,855	14,871	3,984
Other expense	15,000	15,000	15,000	
Total expenditures	327,739	327,739	316,317	11,422
EXCESS OF REVENUES OVER EXPENDITURES	$ 92,977	$ 92,977	$ 124,303	$ 31,326

See accompanying notes

IDAHO PEA AND LENTIL COMMISSION

BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2023

	Original Budgeted	Final Budgeted	Actual	Variance With Budget
REVENUES				
Green pea assessments	$ 99,008	$ 99,008	$ 41,520	$ (57,488)
Yellow pea assessments	6,188	6,188	741	(5,447)
Lentil assessments	69,440	69,440	28,895	(40,545)
Austrian winter pea assessments	8,772	8,772	918	(7,854)
Chickpea assessments	204,393	204,393	221,010	16,617
Interest and miscellaneous income	1,473	1,473	9,473	8,000
Total revenues	389,274	389,274	302,557	(86,717)
Less cost of retail sales				
Gross profit	389,274	389,274	302,557	(86,717)
EXPENDITURES				
USADPLC programming services				
Research	68,373	68,373	68,373	
Domestic marketing	63,765	63,765	63,765	
International marketing	28,843	28,843	28,843	
Info/Government	35,182	35,182	35,182	
APA/PHI	31,017	31,017	31,017	
USADPLC administrative services	32,820	32,820	32,820	
Administrative office operations	26,040	26,040	13,423	12,617
Contingency fund	2,325	2,325		2,325
Other expense	15,000	15,000	15,000	
Total expenditures	303,365	303,365	288,423	14,942
EXCESS OF REVENUES OVER EXPENDITURES	$ 85,909	$ 85,909	$ 14,134	$ (71,775)

See accompanying notes

SUPPLEMENTARY INFORMATION

PRESNELL GAGE, PLLC
ACCOUNTING AND CONSULTING

INDEPENDENT AUDITOR'S REPORT - *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Idaho Pea and Lentil Commission
Moscow, Idaho

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Idaho Pea and Lentil Commission, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Idaho Pea and Lentil Commission's basic financial statements, and have issued our report thereon dated November 13, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Idaho Pea and Lentil Commission'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 the Idaho Pea and Lentil Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Idaho Pea and Lentil Commission's internal control.

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

Our consideration of internal control 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency (finding 2024-001).

Lewiston Office: 1216 Idaho Street, Lewiston, Idaho 83501, (208) 746-8281
Moscow Office: 609 South Washington, Suite 202, Moscow, Idaho 83843, (208) 882-2211
Grangeville Office: 109 South Mill Street, Grangeville, Idaho 83530, (208) 983-1254
Orofino Office: P.O. Box 632, 216 Johnson Avenue, Orofino, Idaho 83544, (208) 476-3012
Pullman Office: 1230 SE Bishop Blvd., Pullman, Washington 99163, (509) 332-6541
Eagle Office: 1159 E Iron Eagle Drive, Suite 100, Eagle, Idaho 83616, (208) 319-2929

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Idaho Pea and Lentil Commission'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.*

The Idaho Pea and Lentil Commission's Response to Findings

The Idaho Pea and Lentil Commission's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Idaho Pea and Lentil Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Presnell Gage, PLLC

November 13, 2024
Lewiston, Idaho

SIGNIFICANT DEFICIENCY

Finding #2024-001

Criteria: Internal control systems generally attempt to divide up accounting tasks among multiple individuals (segregation of duties), to improve the ability of the organization to identify errors within the accounting system.

Condition: The Commission has concentrated many accounting duties with their contracted accounting firm such that the desired segregation of duties is not possible. Even though the staff at the accounting firm does not make management decisions, they do record all accounting transactions, reconcile all bank accounts, and have an individual that is a signer on the checking account. Oversight by management and the Board of Commissioners assists in mitigating the risk; however, there are a limited number of personnel available to provide for the desired "segregation of duties."

Effect: Many accounting duties are performed by a single individual with limited oversight available within the Commission.

Response: The Commission's management and board believe that the cost of hiring additional accounting staff outweighs the benefits that segregation of duties would provide.

Recommendation: We concur with the Commission's response.