



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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Auditor of State

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**NEWS RELEASE**

Contact: Ernest Ruben  
515/281-5834

**FOR RELEASE**

**September 1, 2023**

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Auditor of State Rob Sand today released an audit report on the Iowa Egg Council for the years ended June 30, 2021 and 2020.

The Iowa Egg Council is responsible for promoting market development for eggs, advancing public relations for the egg industry, and administering the assessment on eggs produced in Iowa imposed in Iowa Code Chapter 184.

**FINANCIAL HIGHLIGHTS:**

The Council had revenues of \$979,650 and expenses of \$793,649 for the year ended June 30, 2021. This represents a 10.7% decrease in revenues and a 19.1% decrease in expenses from the year ended June 30, 2020. The significant decrease in revenues was primarily due to the impact of the COVID-19 pandemic on the food service business and the bird flock. The significant decrease in expenses was primarily due to the Council providing less promotions and sponsorships in the current year.

**AUDIT FINDINGS:**

Consistent with the prior year, Sand reported no findings pertaining to the Iowa Egg Council.

A copy of the audit report is available for review on the Auditor of State's website at [Audit Reports – Auditor of State](#).

# # #

**IOWA EGG COUNCIL**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**SCHEDULE OF FINDINGS**  
**JUNE 30, 2021 AND 2020**

**Iowa Egg Council**



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August 24, 2023

Iowa Egg Council  
Urbandale, Iowa

To the Members of the Iowa Egg Council:

I am pleased to submit to you the financial and compliance audit report for the Iowa Egg Council for the years ended June 30, 2021 and 2020. The audit was performed pursuant to Chapter 184.14 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of the Iowa Egg Council throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand  
Auditor of State

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**Iowa Egg Council**

**Officials**

Name

Title

**State**

Honorable Kim Reynolds  
Kraig Paulsen  
Tim McDermott

Governor  
Director, Department of Management  
Director, Legislative Services Agency

**Council**

Bruce Dooyema  
Evan Blom  
Blair Van Zetten (Deceased Jan 2021)  
Brad Hodges (Appointed Feb 2021)  
Tom Olson  
Rich Hall  
Andrew Kaldenberg  
Brandon Gibson

Chairperson  
Vice-Chairperson  
Treasurer  
Treasurer  
Secretary  
Member  
Member  
Member

**Ex Officio Members**

Honorable Mike Naig  
Dr. Richard Gates  
Brad Frisvold

Iowa Department of Agriculture and  
Land Stewardship – Secretary of Agriculture  
Egg Industry Center  
International Marketing Manager,  
Iowa Economic Development Authority

**Agency**

Kevin Stiles

Executive Director



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Independent Auditor's Report

To the Members of the Iowa Egg Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the Iowa Egg Council as of and for the years ended June 30, 2021 and 2020, and the related Notes to Financial Statements, which collectively comprise the Iowa Egg Council's basic financial statements 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 U.S. generally accepted accounting principles. 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Iowa Egg Council'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 Iowa Egg Council'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.

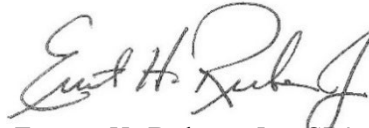
We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Iowa Egg Council at June 30, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 24, 2023 on our consideration of the Iowa Egg Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 Iowa Egg Council's internal control over financial reporting and compliance.



Ernest H. Ruben, Jr., CPA  
Deputy Auditor of State

August 24, 2023



**Iowa Egg Council**

## **Basic Financial Statements**

**Iowa Egg Council**

Iowa Egg Council  
 Statements of Net Assets  
 June 30, 2021 and 2020

	2021	2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,505,177	1,372,909
Accounts receivable	200,271	208,139
Prepaid expenses	8,285	14,590
Total current assets	1,713,733	1,595,638
Property and equipment, net	15,750	20,250
<b>Total assets</b>	<b>\$ 1,729,483</b>	<b>1,615,888</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 124,146	197,773
Compensated absences	10,807	9,586
Total liabilities	134,953	207,359
Net assets - unrestricted	1,594,530	1,408,529
<b>Total liabilities and net assets</b>	<b>\$ 1,729,483</b>	<b>1,615,888</b>

See notes to financial statements.

## Iowa Egg Council

Statements of Revenues, Expenses and Changes  
in Net Assets

Years ended June 30, 2021 and 2020

	2021	2020
Operating revenues:		
Assessments	\$ 926,080	1,066,956
American Egg Board funding	41,316	18,000
Miscellaneous	8,000	7,505
Total revenues	<u>975,396</u>	<u>1,092,461</u>
Operating expenses:		
Salaries	229,886	224,142
Travel and subsistence	5,277	12,412
Office supplies	1,948	1,759
Advertising	112,238	112,507
Other promotional supplies	28,229	23,714
Equipment and maintenance	2,807	1,817
Telephone	5,514	5,916
Rent	35,176	35,112
Insurance	1,727	3,221
Professional services for research activities	7,173	7,788
Fall Manure Project	67,532	84,454
Poultry Teaching and Research Facility	150,000	187,408
Vet and Diagnostic Fund	40,000	-
Vet Diagnostic Laboratory Building Fund	16,000	-
Consumer education	24,610	13,956
Depreciation	4,500	2,250
Promotions	30,447	118,939
Contributions/sponsorships	30,550	145,000
Miscellaneous	35	1,150
Total expenses	<u>793,649</u>	<u>981,545</u>
Operating gain	181,747	110,916
Non-operating revenues:		
Interest income	4,254	4,064
Changes in net assets	186,001	114,980
Net assets beginning of year	<u>1,408,529</u>	<u>1,293,549</u>
Net assets end of year	<u>\$ 1,594,530</u>	<u>1,408,529</u>

See notes to financial statements.

Iowa Egg Council  
 Statements of Cash Flows  
 Years ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Cash received from assessments	\$ 933,948	1,009,459
Cash paid to suppliers	(476,562)	(477,752)
Cash paid to employees for services	(228,665)	(223,266)
Cash paid to the Poultry Teaching and Research Facility	(150,000)	(187,408)
Other operating revenues	49,293	25,505
Net cash provided by operating activities	128,014	146,538
Cash flows from capital and related financing activities:		
Acquisition of property and equipment	-	(22,500)
Cash flows from investing activities:		
Interest received	4,254	4,064
Net increase in cash and cash equivalents	132,268	128,102
Cash and cash equivalents beginning of year	1,372,909	1,244,807
Cash and cash equivalents end of year	\$ 1,505,177	1,372,909
<b>Reconciliation of operating gain to net cash provided by operating activities:</b>		
Operating gain	\$ 181,747	110,916
Adjustments to reconcile operating gain to net cash provided by operating activities:		
Depreciation	4,500	2,250
Changes in assets and liabilities:		
Accounts receivable	7,868	(57,498)
Prepaid expenses	6,305	(7,178)
Accounts payable	(73,627)	114,854
Deferred inflows of resources	-	(17,683)
Compensated absences	1,221	877
Total adjustments	(53,733)	35,622
Net cash provided by operating activities	\$ 128,014	146,538

See notes to financial statements.

Iowa Egg Council

Notes to Financial Statements

June 30, 2021 and 2020

**(1) Summary of Significant Accounting Policies**

The purpose of the Iowa Egg Council is to promote the increased utilization of eggs and egg products and provide for market development. Statutory authority for the Iowa Egg Council is established under Chapter 184 of the Code of Iowa. Funding is provided by an assessment imposed on producers for eggs sold. The assessment rate is two and one-half cents per thirty dozen eggs (one case).

- A. Reporting Entity – For financial reporting purposes, the Iowa Egg Council has included all funds, organizations, agencies, boards, commissions and authorities.

The Council's financial statements are prepared in accordance with U.S. generally accepted accounting principles as prescribed by the Financial Accounting Standards Board for non-profit organizations.

- B. Basis of Accounting – The financial statements of the Council are prepared on the accrual basis.

- C. Budgetary Control – Budgetary control is exercised over the Council by the governing body of the Council, which approves, reviews and revises the budget.

- D. Cash and Cash Equivalents – For purposes of the Statements of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

- E. Property and Equipment – Property and equipment are capitalized at cost. Expenses for repair and maintenance are charged against operations. The estimated lives for property and equipment range from three to seven years.

- F. Depreciation – Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets.

- G. Income Taxes – The Council is exempt from taxation under Section 501(c) of the Internal Revenue Code.

- H. Compensated Absences – Council employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. The liability recorded for earned, but unused vacation hours has been computed based on rates of pay in effect at the end of the fiscal year.

**(2) Deposits**

The Council's deposits in banks at June 30, 2021 and 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The Council's deposits at June 30, 2021 and 2020 consist of cash in bank of \$1,505,177 and \$1,372,909, respectively.

**(3) Related Party Transactions**

The Council has contracted with the Iowa Poultry Association (Association) to develop, prepare and distribute educational and promotional material relating to eggs, egg products and egg production, develop and implement public relations, advertising or marketing campaigns designed to maintain/increase the use of eggs or egg products, secure consumer confidence and promote the safe handling of eggs and egg products, encourage exchange of information, ideas and technology between various parties involved in the egg industry and participate in trade missions, fairs, trade shows and conferences which are beneficial to the industry. The contract provides for the Council to make monthly payments to the Association for these services totaling \$779,000 and \$718,364 for the years ended June 30, 2021 and 2020, respectively.

In addition, certain administrative expenses are also paid by the Association for the Council under a contractual agreement. The contract provides for the Council to make payments to the Association totaling \$341,000 and \$399,391 for the years ended June 30, 2021 and 2020, respectively.

Both contracts contain provisions which state, in part, “The contract payments may be modified as necessary to meet the obligations incurred in the performance of this agreement. Such payments shall not exceed the actual amount required to cover the actual services performed...” Actual expenses under the above contracts totaled \$793,649 and \$981,545 for the years ended June 30, 2021 and 2020, respectively. The amounts paid to the Association are distributed to the appropriate expense classifications in Exhibit B of the financial statements.

**(4) Property and Equipment**

Property and equipment activity for the year ended June 30, 2021 is as follows:

	Year Ended June 30, 2021			
	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Equipment	\$ 22,500	-	-	22,500
Less accumulated depreciation	(2,250)	(4,500)	-	(6,750)
Property and equipment, net	\$ 20,250	(4,500)	-	15,750

**(5) Risk Management**

The Council is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The Council assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(6) SIMPLE IRA Plan**

The Council participates in a SIMPLE IRA plan which covers most employees. The Council matches an employee’s contributions up to a maximum of 3% of the employee’s wages. Total expenses under this plan for the years ended June 30, 2021 and 2020 were \$2,101 and \$4,707, respectively.



**(7) Gift Commitments**

In June 2016, the Council made a gift commitment to establish a Poultry Teaching and Research Facility at Iowa State University. The Council pledged \$1,500,000 to the Poultry Teaching and Research Facility with the pledge to be completed in annual installments equal to the lesser of \$150,000 or 15% of annual check-off fee revenue over ten years beginning no earlier than July 2017. In June 2017, the Council approved to move up the first payment earlier than July 2017 in support of the planning process for the project. As a result, the first payment of \$150,000 was made to Iowa State University in June 2017 for this gift commitment. In August 2020, the Council increased its existing \$1,500,000 gift commitment by \$150,000 to \$1,650,000 and extended the Council's original gift commitment by one year with the final payment of \$150,000 to be received by June 30, 2027. Total gifts to the Poultry Teaching and Research Facility for the year ended June 30, 2021 were \$150,000. The total cumulative amount paid as of June 30, 2021 is \$832,408.

In January 2019, the Council made a two-year gift commitment to help fund a fall manure project at Iowa State University of Science and Technology. The Council pledged \$67,563 each year to Iowa State University to be paid in quarterly installments of \$16,891. The remaining portion of this gift commitment totaling \$33,782 was paid in fiscal year 2021. Also, in January 2021, the Council made an additional one-year gift commitment of \$67,500 to help fund the fall manure project to be paid in three installments. \$33,750 was paid upon execution of the agreement and payments of \$16,875 each are to be made on July 1, 2021 and October 2, 2021. Total gifts to the fall manure project for the year ended June 30, 2021 were \$67,532.

In August 2020, the Council made a gift commitment of \$80,000 to help fund the construction of the new Veterinary Diagnostic Laboratory Building at Iowa State University of Science and Technology to be paid in 5 annual installments of \$16,000 with the first payment being made in February 2021.

The Council considers these gift commitments to be conditional pledges. The Council approves the payment amount as part of the annual budget, which is contingent upon the availability of future revenues.

**Iowa Egg Council**



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Independent Auditor's 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 Members of the Iowa Egg Council:

We have audited in accordance with U.S. generally accepted auditing standards 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 Iowa Egg Council as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, and have issued our report thereon dated August 24, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Iowa Egg Council's internal control over financial reporting to determine the audit procedures 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 Iowa Egg Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Iowa Egg Council's internal control.

A deficiency in internal control exists when the design or operation of the 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 a material misstatement of the Iowa Egg Council'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 which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

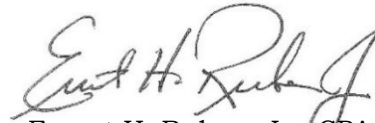
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Iowa Egg Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters which 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 Iowa Egg Council'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 Iowa Egg Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Iowa Egg Council during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



Ernest H. Ruben, Jr., CPA  
Deputy Auditor of State

August 24, 2023

Iowa Egg Council  
Schedule of Findings  
Year ended June 30, 2021

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCY:**

No material weaknesses in internal control over financial reporting were noted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**Other Findings Related to Required Statutory Reporting:**

No matters were noted.

Iowa Egg Council

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Deputy  
Suzanne R. Dahlstrom, CPA, Manager  
Brandon L. Weddell, Staff Auditor  
Kari L. Middleton, Staff Auditor