

**CHRISTMAS TREE PROMOTION BOARD**  
**FINANCIAL STATEMENTS**  
**For the Years Ended July 31, 2024 and 2023**

# CHRISTMAS TREE PROMOTION BOARD

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## INDEPENDENT AUDITOR'S REPORT

To the Board of  
Christmas Tree Promotion Board

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Christmas Tree Promotion Board (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets – modified cash basis as of July 31, 2024 and 2023, and the related statements of revenue and expenses – modified cash basis, functional expenses – modified cash basis and cash flows – modified cash basis for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the assets, liabilities, and net assets of Christmas Tree Promotion Board as of July 31, 2024 and 2023, and the changes in net assets and its cash flows for the years then ended in accordance with the modified cash basis of accounting as described in Note 2.

#### ***Basis for Opinion***

We conducted our audit 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 Christmas Tree Promotion Board and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Basis of Accounting***

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 2; and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 Christmas Tree Promotion Board's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***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 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 Christmas Tree Promotion Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Christmas Tree Promotion Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of revenue and expenditures – actual compared to budget, schedule of expenditures – actual compared to budget, and schedule of cash receipts and disbursements, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and, except for the portion marked "unaudited," was derived from and relates 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 respects, in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2024, on our consideration of Christmas Tree Promotion Board'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 solely 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 effectiveness of Christmas Tree Promotion Board's 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 Christmas Tree Promotion Board's internal control over financial reporting and compliance.

### **Other Reporting Required by the United States Department of Agriculture**

In connection with our audits of the years ended July 31, 2024 and 2023, nothing came to our attention, insofar as it relates to financial and accounting matters, that causes us to believe that the Christmas Tree Promotion Board:

- Failed to comply with laws and regulations and U.S. Department of Agriculture Agricultural Marketing Service ("USDA AMS") Guidelines for AMS Oversight of Commodity Research and Promotion Programs applicable to the Board;
- Failed to comply with Section 1214.47(b) of the Christmas Tree Promotion, Research and Information Order, relating to the use of assessment funds for the purpose of influencing legislation or governmental action or policy;
- Expended assessment funds for purposes other than those authorized by the Commodity Promotion, Research and Information Act of 1996 and the Christmas Tree Promotion, Research and Information Order;
- Expended or obligated assessment funds on any projects prior to the fiscal year in which those funds were authorized to be expended by the Christmas Tree Promotion Board's approved Budget and Marketing Plan;
- Did not adhere to the original or amended Budget and Marketing Plan for the years ended July 31, 2024 and 2023;
- Did not obtain a written contract or agreement with any person or entity providing goods or services to the Christmas Tree Promotion Board;
- Failed to comply with USDA AMS Directive 2210.2, relating to the limitations on the types of investments which may be purchased by the Christmas Tree Promotion Board and the insurance or collateral that must be obtained for all of the Christmas Tree Promotion Board's deposits and investments;
- Failed to comply with disclosure requirements for lease commitments (when applicable);
- Failed to comply with standards established relating to contracts and USDA approval letters (if necessary); or
- Failed to comply with the Christmas Tree Promotion Board's by-laws or any other policy of the Christmas Tree Promotion Board, specifically as they relate to all financial matters, including time and attendance, and travel.

However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

*Proff Christenson Caniglia LLP*

October 4, 2024  
Roseville, California

CHRISTMAS TREE PROMOTION BOARD

STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS  
July 31, 2024 and 2023

	ASSETS	
	<u>2024</u>	<u>2023</u>
Current assets:		
Cash		
Operating	\$ 1,460,477	\$ 1,656,466
Reserves	<u>204,669</u>	<u>204,668</u>
Total assets	<u>\$ 1,665,146</u>	<u>\$ 1,861,134</u>
	LIABILITIES AND NET ASSETS	
Current liabilities:		
Accrued expenses	\$ 251,834	\$ 390,509
Net assets without donor restrictions:		
Designated by the Board for cash reserves:		
Reserve for future projects	87,318	87,318
Reserve for research	117,351	117,350
Undesignated	<u>1,208,643</u>	<u>1,265,957</u>
Total net assets	<u>1,413,312</u>	<u>1,470,625</u>
Total liabilities and net assets	<u>\$ 1,665,146</u>	<u>\$ 1,861,134</u>

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

CHRISTMAS TREE PROMOTION BOARD

STATEMENTS OF REVENUE AND EXPENSES - MODIFIED CASH BASIS

For the Years Ended July 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenue:		
Assessments	\$ 1,544,754	\$ 1,573,091
Donations	1,393	2,760
Interest income	<u>19,283</u>	<u>16,660</u>
Total revenue	<u>1,565,430</u>	<u>1,592,511</u>
Expenses:		
Program services	1,476,040	1,546,361
Management and general	<u>146,703</u>	<u>149,610</u>
Total expenses	<u>1,622,743</u>	<u>1,695,971</u>
Change in net assets without donor restrictions	(57,313)	(103,460)
Net assets without donor restrictions, beginning of year	<u>1,470,625</u>	<u>1,574,085</u>
Net assets without donor restrictions, end of year	<u><u>\$ 1,413,312</u></u>	<u><u>\$ 1,470,625</u></u>

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

CHRISTMAS TREE PROMOTION BOARD

STATEMENTS OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

For the Years Ended July 31, 2024 and 2023

	Program Services	Management and General	2024 Total
Promotion committee	\$ 917,722	\$ -	\$ 917,722
Research committee	235,000	-	235,000
Industry relations committee	29,835	-	29,835
Professional services	155,660	86,338	241,998
Education	7,000	-	7,000
Board meetings	34,804	-	34,804
Compliance auditing	-	45,040	45,040
Bank fees	-	3,741	3,741
Insurance	-	4,000	4,000
Office expenses	-	4,594	4,594
Other administrative costs	-	2,990	2,990
USDA fees	96,019	-	96,019
	<u>\$ 1,476,040</u>	<u>\$ 146,703</u>	<u>\$ 1,622,743</u>
Total expenses			
	<u>\$ 1,476,040</u>	<u>\$ 146,703</u>	<u>\$ 1,622,743</u>
	Program Services	Management and General	2023 Total
Promotion committee	\$ 950,733	\$ -	\$ 950,733
Research committee	292,716	-	292,716
Industry relations committee	27,716	-	27,716
Special projects	36,000	-	36,000
Professional services	144,625	86,121	230,746
Education	7,000	-	7,000
Board meetings	19,151	-	19,151
Compliance auditing	-	46,780	46,780
Bank fees	-	5,027	5,027
Insurance	-	2,116	2,116
Office expenses	-	4,023	4,023
Other administrative costs	-	5,543	5,543
USDA fees	68,420	-	68,420
	<u>\$ 1,546,361</u>	<u>\$ 149,610</u>	<u>\$ 1,695,971</u>
Total expenses			
	<u>\$ 1,546,361</u>	<u>\$ 149,610</u>	<u>\$ 1,695,971</u>

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



CHRISTMAS TREE PROMOTION BOARD

STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS

For the Years Ended July 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Cash received for assessments	\$ 1,544,754	\$ 1,573,091
Cash paid to vendors and employees	(1,761,418)	(1,668,284)
Cash received from donations	1,393	2,760
Interest received	19,283	16,660
	<u>(195,988)</u>	<u>(75,773)</u>
Net cash used in operating activities		
	(195,988)	(75,773)
Net decrease in cash		
	1,861,134	1,936,907
Cash and reserves, beginning of year		
	<u>\$ 1,665,146</u>	<u>\$ 1,861,134</u>
Cash and reserves, end of year		
Reconciliation of change in net assets to net cash used in operating activities:		
Change in net assets	\$ (57,313)	\$ (103,460)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Change in operating assets and liabilities:		
Accrued expenses	<u>(138,675)</u>	<u>27,687</u>
Net cash used in operating activities	<u>\$ (195,988)</u>	<u>\$ (75,773)</u>
Ending cash and reserves includes the following accounts:		
Cash	\$ 1,460,477	\$ 1,656,466
Reserves includes the following accounts:		
Reserve for future projects	87,318	87,318
Reserve for research	<u>117,351</u>	<u>117,350</u>
Ending cash and reserves	<u>\$ 1,665,146</u>	<u>\$ 1,861,134</u>

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

# CHRISTMAS TREE PROMOTION BOARD

## NOTES TO FINANCIAL STATEMENTS

July 31, 2024 and 2023

### NOTE 1: NATURE OF ORGANIZATION

The Christmas Tree Promotion Board (the "Board") is a national research and promotion program covering domestic and imported Christmas trees that was formed on January 15, 2015. The program is authorized by the Commodity Promotion, Research and Information Act of 1996 (the "Act"). In November 2011, the Christmas Tree Promotion, Research, and Information Order (the "Order") was issued, establishing the Christmas Tree Promotion Board. The effective date of the order, however, was delayed until April 8, 2014. The program is administered by the Agricultural Marketing Service Division ("AMS") of the U.S. Department of Agriculture ("USDA"). The Board is considered an instrumentality of the USDA which conducts administrative oversight of the Board's activities.

The purpose of the Board is to expand the market and uses of fresh-cut Christmas trees. As required by the Act, the Board must conduct an independent evaluation every five years of the effectiveness of the Order and programs conducted by the Board pursuant to the Act.

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

The financial statements have been prepared on the modified cash basis of accounting. This basis of accounting differs from generally accepted accounting principles primarily because the Board recognizes revenues when received rather than when pledged or earned, and expenses are generally recognized when cash is paid rather than when the obligation is incurred. Certain expenses may be accrued for significant obligations incurred by the Board that relate to the current fiscal period's operating budget. Subsequent modifications to these obligations are recognized in the period the modification is made. In addition, certain long-term assets may be capitalized and corresponding amortization and depreciation expense recognized when applicable.

#### Basis of Presentation

The Board presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), Subtopic 210 (FASB ASC 958-210), Presentation of Financial Statements of Not-for-Profit Entities. Under FASB ASC 958-210, the Board is required to report information regarding its financial position and activities according to the following two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to donor or grantor stipulations;

Net assets with donor restrictions - Net assets that are subject to donor or grantor stipulations that will be met by actions or the passage of time.

Revenues and gains and losses from assessments and operations are reported as changes in net assets without donor restrictions. Expenses are reported as changes in net assets without donor restrictions. In accordance with 7 CFR 1214.50(f), the Board may accept voluntary contributions from donors; however, these contributions may only be used to pay the expenses incurred in the conduct of programs, plans, and projects approved by the Secretary of the USDA. Accordingly, these contributions must be free of any encumbrances or stipulation by the donor, and as such, they are reported as changes in net assets without donor restrictions. Grants with grantor restrictions are reported as revenues which increase net assets with donor restrictions. Expirations of donor restrictions on net assets are reported as reclassifications between the applicable classes of net assets. As of July 31, 2024 and 2023, the Board had no net assets with donor restrictions.

CHRISTMAS TREE PROMOTION BOARD

NOTES TO FINANCIAL STATEMENTS

July 31, 2024 and 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Cash and Cash Reserves

For purposes of the statement of cash flows, the Board considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

In order to comply with the AMS' investment policy, the Board is responsible for investing its funds only in interest-bearing accounts that are risk-free and short-term. During the years ended July 31, 2024 and 2023, the Board held their funds in a sweep account, which is fully FDIC insured.

Investments

The Board is required to follow the AMS investment policy. Accordingly, the Board is authorized to invest in securities consisting of obligations issued or fully insured or guaranteed by the U.S. or any U.S. government agency, including obligations of government-sponsored corporations, and must mature within one year or less from the date of purchase. No investments were held by the Board at July 31, 2024 and 2023, and all cash deposits were maintained in the sweep account in accordance with the AMS' investment policy as discussed above.

Assessments

Domestic producers and importers of Christmas trees are assessed based upon the number of trees cut and sold or imported into the United States. Assessments are collected directly by the Board and assessment revenues are recognized when received.

Functional Expenses

The costs of providing program services have been summarized on a functional basis in the statements of functional expenses. Costs specifically identified with programs or fundraising are directly allocated to those functions. All costs not identifiable with a specific program or fundraising activity, but indispensable to the conduct of such programs and activities and to the Board's existence, are included as management and general expenses. Expenses that benefit more than one function of the Board are allocated among the functions based generally on the amount of time and effort spent by personnel on each function.

Program Expenses

The Board incurs advertising, promotion, and research expenses in its mission to expand the market and uses of fresh-cut Christmas trees. Program costs are generally expensed when paid. Certain expenses may be accrued for significant obligations incurred by the Board that relate to the current fiscal period's operating budget.

Lobbying Expenses

The Board is prohibited from using assessment funds in activities influencing legislation, governmental action or policy, other than recommending to the Secretary amendments to the Order. Accordingly, the Board incurred no lobbying expenses.

Leases

Effective July 1, 2022, the Board adopted the provisions of FASB ASC 842 as revised by Accounting Standards Update (ASU) 2016-02, Leases. The impact of adopting the amended guidance primarily relates to the recognition of lease assets and lease liabilities on the statement of assets, liabilities, and net assets – modified cash basis for all leases previously classified as operating leases. Leases with an initial term of 12 months or less are not recorded on statement of assets, liabilities, and net assets – modified cash basis. The accounting treatment for financing leases, which were formerly referred to as capital leases, remains substantially unchanged. For the years ended July 31, 2024 and 2023, the Board was not obligated under any lease arrangements.

CHRISTMAS TREE PROMOTION BOARD

NOTES TO FINANCIAL STATEMENTS

July 31, 2024 and 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Board is considered an instrumentality of the USDA. As such, the Office of Chief Counsel of the Internal Revenue Service has ruled that organizations such as the Board are not subject to federal income taxation and are generally exempt from other forms of taxation such as state income taxes, personal and real property taxes, and sales taxes.

Estimates

The presentation of financial statements in conformity with the modified cash basis of accounting 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Current Expected Credit Losses

On August 1, 2023, the Board adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses*, and all related subsequent amendments. The guidance significantly changed how the Board will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing the Board's exposure to credit risk and the measurement of credit losses. Financial assets held by the Board that are subject to this guidance were trade accounts receivables.

The Board adopted the standard effective August 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new or enhanced disclosures.

The Board adopted the standard using a modified retrospective method for all financial assets measured at amortized cost and off-balance-sheet credit exposures. Results for reporting periods beginning after August 1, 2023, are presented under the standard, while prior period amounts continue to be reported in accordance with previously applicable GAAP.

Subsequent Events

Events and transactions have been evaluated for potential recognition or disclosure through October 4, 2024, the date that the financial statements were available to be issued.

NOTE 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Board's working capital and cash flows are consistent throughout the year as assessment fees are collected at various dates in the year. Monthly cash outflows vary each year based on the specific requirements of promotional and marketing campaigns.

CHRISTMAS TREE PROMOTION BOARD

NOTES TO FINANCIAL STATEMENTS  
July 31, 2024 and 2023

NOTE 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

The Board's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	<u>2024</u>	<u>2023</u>
Operating cash	\$ 1,460,477	\$ 1,656,466
Reserve cash	<u>204,669</u>	<u>204,668</u>
Financial assets	1,665,146	1,861,134
Board designations:		
Amounts set aside for reserves	<u>(204,669)</u>	<u>(204,668)</u>
Financial assets available for general expenditures within one year	<u>\$ 1,460,477</u>	<u>\$ 1,656,466</u>

SUPPLEMENTARY INFORMATION

CHRISTMAS TREE PROMOTION BOARD

SCHEDULES OF REVENUE AND EXPENDITURES  
 ACTUAL COMPARED TO BUDGET  
 For the Years Ended July 31, 2024 and 2023

	2024		
	Actual	Budget (Unaudited)	Actual Over (Under) Budget
Revenue:			
Assessments	\$ 1,544,754	\$ 1,570,000	\$ (25,246)
Donations	1,393	4,000	(2,607)
Interest income	19,283	16,000	3,283
Total revenue	<u>1,565,430</u>	<u>1,590,000</u>	<u>(24,570)</u>
Expenditures:			
Program services	1,476,040	1,470,161	5,879
Management and general	146,703	155,403	(8,700)
Total expenditures	<u>1,622,743</u>	<u>1,625,564</u>	<u>(2,821)</u>
Deficit of revenue over expenditures	<u>\$ (57,313)</u>	<u>\$ (35,564)</u>	<u>\$ (21,749)</u>
	2023		
	Actual	Budget (Unaudited)	Actual Over (Under) Budget
Revenue:			
Assessments	\$ 1,573,091	\$ 1,735,000	\$ (161,909)
Donations	2,760	4,000	(1,240)
Interest income	16,660	2,500	14,160
Total revenue	<u>1,592,511</u>	<u>1,741,500</u>	<u>(148,989)</u>
Expenditures:			
Program services	1,546,361	1,600,325	(53,964)
Management and general	149,610	170,975	(21,365)
Total expenditures	<u>1,695,971</u>	<u>1,771,300</u>	<u>(75,329)</u>
Deficit of revenue over expenditures	<u>\$ (103,460)</u>	<u>\$ (29,800)</u>	<u>\$ (73,660)</u>

See independent auditor's report.

CHRISTMAS TREE PROMOTION BOARD

SCHEDULES OF EXPENDITURES  
 ACTUAL COMPARED TO BUDGET  
 For the Years Ended July 31, 2024 and 2023

	2024		
	Actual	Budget (Unaudited)	Actual Over (Under) Budget
Program services:			
Promotion committee - current campaign	\$ 882,722	\$ 882,000	\$ 722
Promotion committee - campaign planning	35,000	35,000	-
Research committee	200,000	200,000	-
Research committee - market development	35,000	35,000	-
Industry relations committee	29,835	30,000	(165)
Education	7,000	7,000	-
Board meetings	34,804	35,500	(696)
Professional fees - Executive Director	155,660	155,661	(1)
User fee	96,019	90,000	6,019
Total program	<u>1,476,040</u>	<u>1,470,161</u>	<u>5,879</u>
Management and general:			
Assessments	1,588	3,500	(1,912)
Compliance auditing	45,040	52,000	(6,960)
Bank fees	3,741	4,000	(259)
Insurance	4,000	3,064	936
Office expenses	4,594	5,000	(406)
Miscellaneous	1,402	1,500	(98)
Professional fees - Executive Director	78,188	78,189	(1)
Professional fees - Other	8,150	8,150	-
Total operating	<u>146,703</u>	<u>155,403</u>	<u>(8,700)</u>
Total expenditures	<u>\$ 1,622,743</u>	<u>\$ 1,625,564</u>	<u>\$ (2,821)</u>

See independent auditor's report.



CHRISTMAS TREE PROMOTION BOARD

SCHEDULES OF EXPENDITURES  
 ACTUAL COMPARED TO BUDGET (CONTINUED)  
 For the Years Ended July 31, 2024 and 2023

	2023		
	Actual	Budget (Unaudited)	Actual Over (Under) Budget
Program services:			
Promotion committee - current campaign	\$ 909,233	\$ 925,000	\$ (15,767)
Promotion committee - campaign planning	41,500	45,000	(3,500)
Research committee	257,716	276,200	(18,484)
Research committee - market development	35,000	35,000	-
Industry relations committee	27,716	27,500	216
Education	7,000	7,000	-
Board meetings	19,151	27,000	(7,849)
Professional fees - Executive Director	144,625	144,625	-
User fee	68,420	77,000	(8,580)
Special projects	36,000	36,000	-
Total program	<u>1,546,361</u>	<u>1,600,325</u>	<u>(53,964)</u>
Management and general:			
Assessments	4,078	9,500	(5,422)
Compliance auditing	46,780	58,800	(12,020)
Bank fees	5,027	4,000	1,027
Insurance	2,116	1,800	316
Office expenses	4,023	4,500	(477)
Miscellaneous	1,465	2,500	(1,035)
Professional fees - Executive Director	77,875	77,875	-
Professional fees - Other	8,246	12,000	(3,754)
Total operating	<u>149,610</u>	<u>170,975</u>	<u>(21,365)</u>
Total expenditures	<u>\$ 1,695,971</u>	<u>\$ 1,771,300</u>	<u>\$ (75,329)</u>

See independent auditor's report.

CHRISTMAS TREE PROMOTION BOARD

SCHEDULES OF CASH RECEIPTS AND DISBURSEMENTS  
For the Years Ended July 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Receipts:		
Assessments	\$ 1,544,754	\$ 1,573,091
Donations	1,393	2,760
Interest income	<u>19,283</u>	<u>16,660</u>
Total receipts	<u>1,565,430</u>	<u>1,592,511</u>
Disbursements:		
Promotion committee	917,722	950,733
Research committee	360,675	283,529
Industry relations committee	29,835	27,716
Special projects	16,000	20,000
Professional services	241,998	230,746
Education	7,000	7,000
Board meetings	34,804	19,151
General and administrative	57,365	60,989
USDA fees	<u>96,019</u>	<u>68,420</u>
Total disbursements	<u>1,761,418</u>	<u>1,668,284</u>
Deficit of receipts over disbursements	(195,988)	(75,773)
Cash and reserves, beginning of year	<u>1,861,134</u>	<u>1,936,907</u>
Cash and reserves, end of year	<u>\$ 1,665,146</u>	<u>\$ 1,861,134</u>

See independent auditor's report.

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 Board of  
Christmas Tree Promotion 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 Christmas Tree Promotion Board (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of July 31, 2024, and the related statements of revenue and expenses – modified cash basis, functional expenses – modified cash basis and cash flows – modified cash basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 4, 2024.

#### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Christmas Tree Promotion Board's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Christmas Tree Promotion Board's internal control. Accordingly, we do not express an opinion on the effectiveness of Christmas Tree Promotion Board's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Christmas Tree Promotion Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **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 Christmas Tree Promotion Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Christmas Tree Promotion Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Propp Christenson Caniglia LLP*

October 4, 2024  
Roseville, California