



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

North Dakota Corn Utilization Council

Audit Report for the Two-Year Period Ended June 30, 2024

Client Code 614

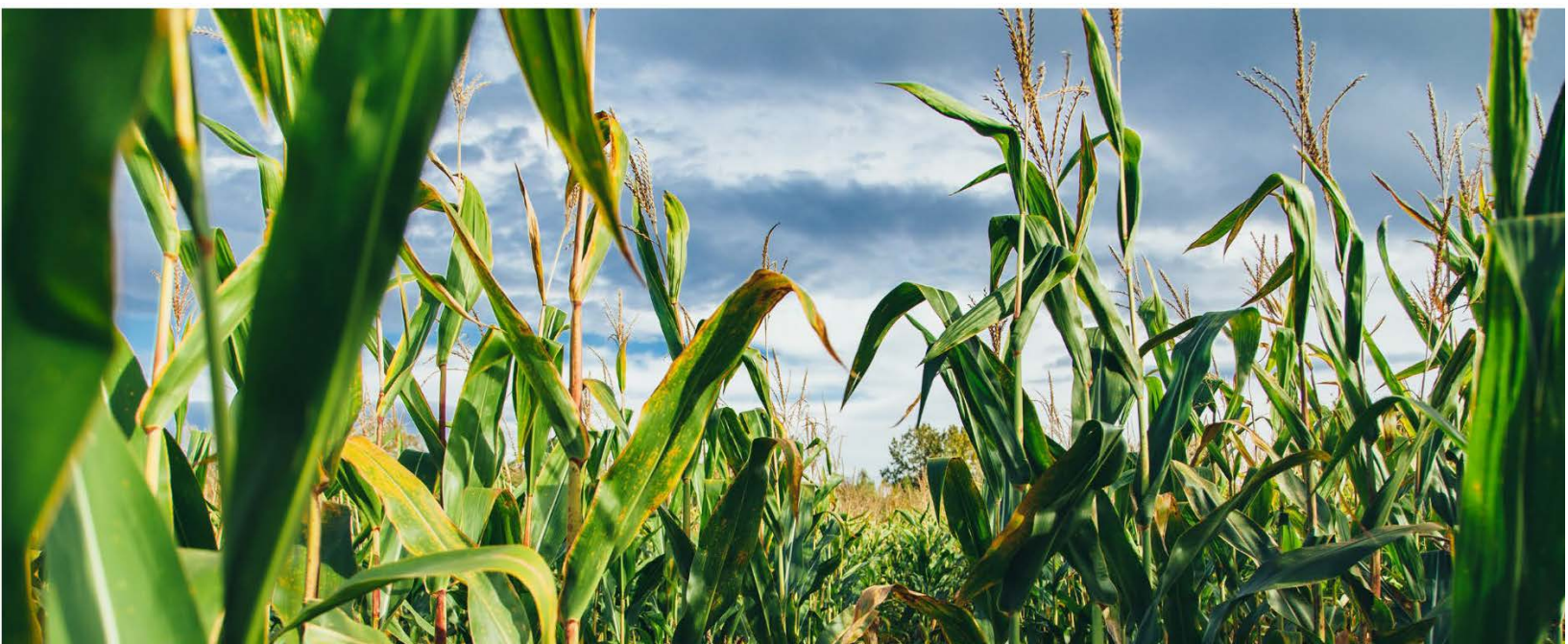


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Independent Auditor's Report

Members of the Legislative Assembly

Members of the North Dakota Corn Utilization Council

Molly Fern, North Dakota Corn Utilization Council Finance and Research Director

Report on the Audit of the Financial Statement

Opinion

We have audited the accompanying Comparative Statement of Revenues and Expenditures of the North Dakota Corn Utilization Council Fund, for the two years ended June 30, 2024, and the related notes to the financial statement, as listed in the table of contents.

In our opinion, the accompanying financial statement referred to above present fairly, in all material respects, the revenues and expenditures for the North Dakota Corn Utilization Council Fund, for the two-year period ended June 30, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Statement section of our report. We are required to be independent of the North Dakota Corn Utilization Council 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 opinion.

Emphasis of Matter

As discussed in Note 1, the financial statement presents only the North Dakota Corn Utilization Council Fund's revenues and expenditures, and does not purport to, and does not present fairly

the financial position of the state of North Dakota as of June 30, 2024 and 2023, for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1, the financial statement is presented and audited in accordance with North Dakota Century Code 4.1-44-04. This financial statement is not intended to be a complete presentation of the North Dakota Corn Utilization Council Fund's assets and liabilities. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement 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 the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 GAAS 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 judgement made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS 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 statement, 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 statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the North Dakota Corn Utilization Council'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 statement.

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.

Other Reporting Required by the Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2024 on our consideration of the North Dakota Corn Utilization 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 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 the North Dakota Corn Utilization Council’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 the North Dakota Corn Utilization Council’s internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor
Bismarck, North Dakota
October 11, 2024

Comparative Statement of Revenues and Expenditures

For the Years Ended June 30, 2024 and 2023

REVENUES:	June 30, 2024	June 30, 2023
Corn Assessments (net of refunds \$203,385 and \$218,224)	\$ 4,906,677	\$ 5,476,062
Interest	122,164	42,310
Miscellaneous Revenue	790	13,692
Total Revenues	\$ 5,029,631	\$ 5,532,064
EXPENDITURES:		
Grants	\$ 4,394,032	\$ 3,897,019
Professional Development	461,222	319,212
Salaries	300,097	216,555
Fringe Benefits	117,609	82,446
Travel	59,060	75,576
Building Rentals/Leases	57,262	52,344
Operating Fees and Services	55,185	380,170
Printing	18,190	15,206
Miscellaneous Supplies	12,545	12,737
IT Contract Services & Repairs	11,079	4,211
Postage	10,673	6,358
IT Software	5,577	8,803
IT Communications	3,071	5,062
Utilities	3,014	5,232
Office Supplies	1,239	6,205
Office Equipment and Furniture under \$5,000	899	121,089
Insurance	717	915
Building, Grounds, and Vehicle Supplies	571	(41,070)
Food and Clothing	532	712
Equipment Rentals/Leases	527	80
Professional Services	376	9,975
Repairs	150	
IT Equipment/Software over \$5,000		10,687
IT Equipment under \$5,000		9,403
Other Equipment under \$5,000		500
Professional Supplies		354
IT Data Processing		253
Total Expenditures	\$ 5,513,627	\$ 5,200,034
Revenues Over (Under) Expenditures	\$ (483,996)	\$ 332,030

Notes to the Financial Statement

NOTE 1 | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The responsibility for the financial statement, the internal control structure, and compliance with laws and regulations belongs to management of the North Dakota Corn Utilization Council (Council). A summary of the significant accounting policies follows:

A. REPORTING ENTITY

For financial reporting purposes, the Council includes all funds, programs, and activities over which it is financially accountable. The Council does not have any component units as defined by the Government Accounting Standards Board. The Council is part of the state of North Dakota as a reporting entity.

The Council was established with the authority to contract and cooperate with any person for market maintenance and expansion, utilization research, corn policy development, promotion, transportation, and education; accept donations of funds, property, services or other assistance from any source; and provide educational and informational materials. This is accomplished through the levying of an assessment on all varieties of corn grown in the state, except sweet corn and popcorn, sold to a designated handler. The amount of the levy is one-quarter of one percent of the value of a bushel.

The Council has a close working relationship with the North Dakota Corn Growers Association (Association). This relationship is further explained in Note 2 to the financial statement. The comparative statement of revenues and expenditures includes only activities of the Council, which is one department that has one division. The Council is responsible for and is funded under a continuing appropriation.

B. REPORTING STRUCTURE

The financial statement includes all activities of the reporting entity as defined above. These activities are funded from fund 270, the Corn Council Fund. The comparative statement of revenues and expenditures is a combined statement to give the users an overview of the agency's activity.

C. BASIS OF PRESENTATION

North Dakota Century Code 4.1-44-04 requires certain commodity promotion groups to prepare a report for the legislative assembly. As part of this report the applicable commodity groups are required to prepare a single-page uniform statement of revenues and expenditures.

Revenues and expenditures on the comparative statement of revenues and expenditures are reported on the modified accrual basis of accounting which is generally accepted accounting principles (GAAP) for governmental fund types.

Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e. measurable and available). Measurable means the amount can be determined, available means due and collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered available if they are collected within a year after fiscal year end. Expenditures are recorded when goods or services are received. Exceptions include: principal and interest expenditures which are recorded when due and compensated absences which are recorded when paid.

D. GAAP REPORTING DIFFERENCES

GAAP financial statements would include a balance sheet. GAAP financial statements would also provide additional note disclosures.

NOTE 2 | RELATED PARTIES

The North Dakota Corn Growers Association (Association) is a related party of the Council. For fiscal years 2024 and 2023, the Council paid the Association \$1,500,750 and \$330,767, respectively, for advertising contracts, leadership education and training contracts, sponsorships, and to enhance the knowledge of corn production, corn uses, and corn markets, with public, state, and federal officials.

As noted in Note 1, the Council is an agency of the state of North Dakota; as such other agencies of the state and their respective related parties are considered related parties of the Council. This includes North Dakota State University, North Dakota State University Foundation, University of North Dakota, the North Dakota Soybean Council, the North Dakota Ethanol Utilization Council, and Northern Crops Institute. For fiscal years 2024 and 2023, the Council made payments to North Dakota State University for corn research project contracts of \$398,164 and \$641,719, respectively. For fiscal years 2024 and 2023, the Council made payments to North Dakota State University Foundation for sponsorships of \$1,001,000 and \$1,000,250, respectively. For fiscal years 2024 and 2023, the Council made payments to University of North Dakota for corn research project contracts of \$92,604 and \$163,601, respectively. For fiscal years 2024 and 2023, the Council made payments to the North Dakota Soybean Council for shared expenditures of \$1,646 and \$64,095, respectively. For fiscal years 2024 and 2023, the Council made payments to the North Dakota Ethanol Utilization Council for corn promotion of \$5,000 and \$17,500, respectively. For fiscal years 2024 and 2023, the Council made payments to Northern Crops Institute for sponsorships of \$22,500 and \$19,500, respectively.

The Council also has a particularly close working relationship with the U.S. Grains Council, the North Dakota Livestock Alliance, and the U.S. Meat Export Federation. For fiscal years 2024 and 2023, the Council paid the U.S. Grains Council for promotional, marketing and development

contracts of \$523,835 and \$887,546, respectively. For fiscal years 2024 and 2023, the Council paid the North Dakota Livestock Alliance for corn promotion of \$85,500 and \$74,500, respectively. For fiscal years 2024 and 2023, the Council paid the U.S. Meat Export Federation for corn promotion of \$158,600 and \$123,600, respectively.

NOTE 3 | OTHER SIGNIFICANT ITEMS

Council has cash and investment reserves of \$6,396,131 and \$6,866,805 at June 30, 2024 and June 30, 2023, respectively. Based on the average monthly expenditures for fiscal years 2024 and 2023, this amount represents approximately 14 and 16 months of expenditures, respectively.



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**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**

Independent Auditor's Report

Members of the Legislative Assembly

Members of the North Dakota Corn Utilization Council

Molly Fern, North Dakota Corn Utilization Council Finance and Research Director

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 Comparative Statement of Revenues and Expenditures of the North Dakota Corn Utilization Council, for the two-year period ended June 30, 2024, and the related notes to the financial statement and have issued our report thereon dated October 11, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered North Dakota Corn Utilization Council'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 statement, but not for the purpose of expressing an opinion on the effectiveness of the North Dakota Corn Utilization Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the North Dakota Corn Utilization Council'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 statement 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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the North Dakota Corn Utilization Council's financial statement is free of 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 statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

/S/

Joshua C. Gallion
State Auditor
Bismarck, ND
October 11, 2024



NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION


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