



**Office of the Washington State Auditor  
Pat McCarthy**

April 14, 2025

Board of Commissioners  
Washington Pulse Crops Commission  
Moscow, Washington

**Contracted CPA Firm's Audit Report on Financial Statements**

We have reviewed the audit report issued by a certified public accounting (CPA) firm on the financial statements of the Washington Pulse Crops Commission for the fiscal year ended June 30, 2024. The Commission contracted with the CPA firm for this audit and requested that we accept it in lieu of performing our own audit.

Based on this review, we have accepted this report in lieu of the audit required by RCW 43.09.260. The Office of the Washington State Auditor did not audit the accompanying financial statements and, accordingly, we do not express an opinion on those financial statements.

This report is being published on the Office of the Washington State Auditor website as a matter of public record.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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**WASHINGTON PULSE CROPS COMMISSION**

**FINANCIAL STATEMENTS**

Years Ended June 30, 2024 and 2023

# WASHINGTON PULSE CROPS COMMISSION

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Washington Pulse Crops 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 Washington Pulse Crops 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 Washington Pulse Crops 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 Washington Pulse Crops 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.

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 Washington Pulse Crops 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 10, and the budgetary comparison information, on pages 24 and 25, 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 Washington Pulse Crops 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 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 Washington Pulse Crops Commission's internal control over financial reporting and compliance.

PRESNELL GAGE PLLC

November 13, 2024  
Lewiston, Idaho

## WASHINGTON PULSE CROPS COMMISSION

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Management's Discussion and Analysis for the Washington Pulse Crops Commission's, formerly the Washington Dry Pea and Lentil Commission, financial performance provides an overview of the Commission's financial activities, for the fiscal years ended June 30, 2024 and 2023.

#### **Overview of the Commission**

The Washington Legislature created the Washington Pulse Crops Commission (the "Commission") under WAC 16-536, in 1965 to enable producers of dry peas, lentils, and/or chickpeas—re-defined in 2016 as producers of "pulse crops," which include dry peas, lentils, chickpeas, faba beans, and lupine—to help themselves establish orderly, fair, sound, efficient, and unhampered marketing and grading standardization of pulse crops. The Commission's office is located in Moscow, Idaho.

The Commission is a self-governing state agency that receives the majority of its revenue through pulse crop grower assessments. The Commission collects one percent of the net receipts of all pulse crops sold or contracted in the state of Washington. The Commission consists of ten voting members all of whom are appointed by the Washington State Director of Agriculture. Eight members are affected producers nominated by their peers, one member is an affected handler nominated by other Washington handlers, and one member who is neither an affected producer nor handler is appointed to represent the Washington State Department of Agriculture. The producer board members represent four districts within the state of Washington and one producer position (currently vacant) represents Washington State wrinkled seed producers upon approval by referendum of affected wrinkled seed producers.

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 \$731,333 of non-grant revenue of which \$707,059, or 97 percent of the non-grant revenue was from dry pea, lentil, and chickpea assessments. The unrealized loss on investments of \$8,343 caused the decrease in the total amount of revenue. The \$731,333 in non-grant revenue decreased by \$42,704 from fiscal year ended June 30, 2023 (increased by \$364,351 for 2023 to 2022). The decrease in revenue from the prior year is due to fluctuations of yields and prices on pulse crops during the fiscal year ended June 30, 2024.

Total non-grant expenditures for the Commission during the fiscal year ended June 30, 2024, totaled \$592,677, compared to \$585,209 for fiscal year ended 2023 and \$589,695 for 2022. The Commission's non-grant expenditures are divided into six major areas: administration, international market development, domestic market development, information/education activities, APA/PHI, and research. The Commission budgeted \$607,249 in non-grant expenditures in fiscal year ended June 30, 2024.

WASHINGTON PULSE CROPS COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Table 1

Revenue and Expenditures

	2024	2023	2022	2024 vs. 2023
Revenues				
Assessments	\$ 707,059	\$ 760,724	\$ 413,981	\$ (53,665)
Interest and other income	32,617	2,622		29,995
Unrealized gain (loss)	(8,343)	10,691	(4,305)	(19,034)
Cookbook sales, net of cost			10	-
Total	<u>731,333</u>	<u>774,037</u>	<u>409,686</u>	<u>(42,704)</u>
Expenditures				
Administration	55,672	49,889	50,500	5,783
International market development	50,860	63,481	64,756	(12,621)
Domestic market development	147,295	140,339	146,684	6,956
Information/education activities	77,523	77,754	89,793	(231)
Research - production, crop management, and use	161,921	150,482	110,276	11,439
Other income and expenses	35,000	35,000	35,000	0
American Pulse Association/Pulse Health Initiative (APA/PHI)	64,406	68,264	92,686	(3,858)
Total	<u>592,677</u>	<u>585,209</u>	<u>589,695</u>	<u>7,468</u>
Changes in fund balance	<u>\$ 138,656</u>	<u>\$ 188,828</u>	<u>\$ (180,009)</u>	<u>\$ (50,172)</u>

**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 longer-term view of those finances.

Fund financial statements provide the next level of detail. For governmental funds, these statements tell 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 outlook. The statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies.



# WASHINGTON PULSE CROPS COMMISSION

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### **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 fiscal year 2024, compared to 2023 and 2022.

Table 2

Summary of the Commission's Net Position  
All Governmental  
Activities

	2024	2023	2022	2024 vs. 2023
Current assets	\$ 1,061,935	\$ 921,513	\$ 734,092	\$ 140,422
Total assets	1,061,935	921,513	734,092	140,422
Total liabilities	50,610	48,844	50,251	1,766
Net position				
Board designated	100,000	100,000	100,000	0
Unrestricted	911,325	772,669	583,841	138,656
Total net position	\$ 1,011,325	\$ 872,669	\$ 683,841	\$ 138,656

# WASHINGTON PULSE CROPS COMMISSION

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Table 3**

### Changes in Net Position

	All Governmental Activities			2024 vs. 2023
	2024	2023	2022	
Revenues				
Assessments	\$ 707,059	\$ 760,724	\$ 413,981	\$ (53,665)
Cookbook sales, net of cost			10	
Interest and other income	32,617	2,622	(4,305)	29,995
Unrealized gain (loss)	(8,343)	10,691		(19,034)
Total revenues	<u>731,333</u>	<u>774,037</u>	<u>409,686</u>	<u>(42,704)</u>
Expenses				
Administration	55,672	49,889	50,500	5,783
International market development	50,860	63,481	64,756	(12,621)
Domestic market development	147,295	140,339	146,684	6,956
Information/education activities	77,523	77,754	89,793	(231)
Research - production, crop management, and use	161,921	150,482	110,276	11,439
Other income and expenses	35,000	35,000	35,000	0
American Pulse Association/Pulse Health Initiative (APA/PHI)	64,406	68,264	92,686	(3,858)
Total expenses	<u>592,677</u>	<u>585,209</u>	<u>589,695</u>	<u>7,468</u>
Change in net position	<u>\$ 138,656</u>	<u>\$ 188,828</u>	<u>\$ (180,009)</u>	<u>\$ (50,172)</u>

### **Budget Analysis**

The Commission approves an income and expenditure budget every July at the beginning of every fiscal year. The expense budget for the upcoming fiscal year (FY 2023-24) is based on actual collections from January 1 through December 31 of the previous year (CY 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 \$607,249.

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 after the release of the USA Dry Pea and Lentil Council's pulse crop production report.

## WASHINGTON PULSE CROPS COMMISSION

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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Table 4 below shows the budget compared to actual income and expenditures.

Table 4

Fiscal Year 2023/2024 Budget Compared to Actual Income and Expenses

	Final Budget	Actual	% of Budget
Income			
Assessments	\$ 657,084	\$ 707,059	107.61%
Interest and other income	502	24,274	4835.46%
Total income	<u>657,586</u>	<u>731,333</u>	111.21%
Expenses			
Administration	36,800	36,800	100.00%
International market development	50,860	50,860	100.00%
Domestic marketing	147,295	147,295	100.00%
Research	161,921	161,921	100.00%
Info/Gov	75,518	75,518	100.00%
APA/PHI	64,406	64,406	100.00%
Office operations	25,449	18,872	74.16%
Outreach and education	10,000	2,005	20.05%
Other expenses	35,000	35,000	100.00%
Total expenses	<u>607,249</u>	<u>592,677</u>	97.60%
Change in net position	<u>\$ 50,337</u>	<u>\$ 138,656</u>	

The Commission met 7 of the budgeted expenditure categories because over 96 percent of the Commission's expenditures are on a contracted basis with the USA Dry Pea and Lentil Council. Income for fiscal year 2023-2024 is much higher compared to the budgeted amount. This can be attributed to better than expected production across all pulse crops. Actual expenses totaled 97.60 percent of the budgeted level in fiscal year 2023-2024. The Commission contributed \$0 to its 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, Washington Pulse Crops Commission, 2780 West Pullman Road, Moscow, Idaho, 83843 at 208-882-3023.

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# WASHINGTON PULSE CROPS COMMISSION

## STATEMENTS OF NET POSITION

June 30, 2024 and 2023

	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	<b>538,066</b>	\$ 380,506
Investments - Certificate of deposits	<b>498,283</b>	493,945
Assessments receivable	<b>25,586</b>	47,062
Total current assets	<u><b>1,061,935</b></u>	<u>921,513</u>
Capital assets	<u><b>0</b></u>	<u>0</u>
Total assets	<u><b>1,061,935</b></u>	<u>921,513</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	<b>2,160</b>	1,000
Accounts payable - related parties	<b>48,450</b>	47,844
Total current liabilities	<u><b>50,610</b></u>	<u>48,844</u>
<b>NET POSITION</b>		
Unrestricted net position	<u><b>1,011,325</b></u>	<u>872,669</u>
Total net position	<u><b>\$ 1,011,325</b></u>	<u><b>\$ 872,669</b></u>

See accompanying notes

**WASHINGTON PULSE CROPS COMMISSION**

STATEMENTS OF ACTIVITIES  
Years Ended June 30, 2024 and 2023

	2024			2023		
	Expenses	Program Revenue Operating Grants and Contributions	Net (Expense)	Expenses	Program Revenue Operating Grants and Contributions	Net (Expense)
			Revenue and			Revenue and
			Change in Net Position			Change in Net Position
FUNCTIONS/PROGRAMS			Governmental Activities			Governmental Activities
Governmental Activities						
Administration	\$ 55,672		\$ (55,672)	\$ 49,889		\$ (49,889)
International market development	50,860		(50,860)	63,481		(63,481)
Domestic market development	147,295		(147,295)	140,339		(140,339)
Information/education activities	77,523		(77,523)	77,754		(77,754)
Research - production, crop management, and use	161,921		(161,921)	150,482		(150,482)
American Pulse Association/Pulse Health Initiative (APA/PHI)	64,406		(64,406)	68,264		(68,264)
Other income and expenses	35,000		(35,000)	35,000		(35,000)
Total governmental activities	<u>\$ 592,677</u>	<u>\$ 0</u>	<u>(592,677)</u>	<u>\$ 585,209</u>	<u>\$ 0</u>	<u>(585,209)</u>
General Revenues						
Assessments			707,059			760,724
Interest and other income			32,617			2,622
Unrealized gain (loss)			(8,343)			10,691
Total general revenues			<u>731,333</u>			<u>774,037</u>
Change in net position			138,656			188,828
Net position, beginning			<u>872,669</u>			<u>683,841</u>
Net position, ending			<u>\$ 1,011,325</u>			<u>\$ 872,669</u>

See accompanying notes

# WASHINGTON PULSE CROPS COMMISSION

## BALANCE SHEETS - GOVERNMENTAL FUND

June 30, 2024 and 2023

	General Fund	
	2024	2023
<b>ASSETS</b>		
Cash and cash equivalents	\$ 538,066	\$ 380,506
Investments - certificate of deposits	498,283	493,945
Assessments receivable	25,586	47,062
Total assets	<u>\$ 1,061,935</u>	<u>\$ 921,513</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 2,160	\$ 1,000
Accounts payable - related parties	48,450	47,844
Total liabilities	<u>50,610</u>	<u>48,844</u>
<b>FUND BALANCE</b>		
Assigned by Board as reserves	100,000	100,000
Unassigned	911,325	772,669
Total fund balance	<u>1,011,325</u>	<u>872,669</u>
Total liabilities and fund balance	<u>\$ 1,061,935</u>	<u>\$ 921,513</u>

See accompanying notes

**WASHINGTON PULSE CROPS COMMISSION**

**RECONCILIATION OF THE STATEMENTS OF NET POSITION TO THE  
BALANCE SHEETS - GOVERNMENTAL FUND**

June 30, 2024 and 2023

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	<u>2024</u>	<u>2023</u>
<b>Total Fund Balance - Governmental Fund</b>	<b><u>\$ 1,011,325</u></b>	<b><u>\$ 872,669</u></b>
Amounts reported for governmental activities in the statements of net position reflect no differences.		
<b>Total Net Position - Governmental Activities</b>	<b><u>\$ 1,011,325</u></b>	<b><u>\$ 872,669</u></b>



# WASHINGTON PULSE CROPS COMMISSION

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

	<b>2024</b>	<b>2023</b>
REVENUES		
Assessments	\$ 707,059	\$ 760,724
Interest and other income	32,617	2,622
Unrealized gain (loss)	(8,343)	10,691
Total revenues	<u>731,333</u>	<u>774,037</u>
EXPENDITURES		
Administration	55,672	49,889
International market development	50,860	63,481
Domestic market development	147,295	140,339
Information/education activities	77,523	77,754
Research - production, crop management, and use	161,921	150,482
APA/PHI	64,406	68,264
Other income and expenses	35,000	35,000
Total expenditures	<u>592,677</u>	<u>585,209</u>
CHANGES IN FUND BALANCE	138,656	188,828
FUND BALANCE, beginning	<u>872,669</u>	<u>683,841</u>
FUND BALANCE, end of year	<u><u>\$ 1,011,325</u></u>	<u><u>\$ 872,669</u></u>

See accompanying notes

**WASHINGTON PULSE CROPS COMMISSION**

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

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	<u>2024</u>	<u>2023</u>
<b>Net Changes in Fund Balance - Total Government Fund</b>	<b><u>\$ 138,656</u></b>	<b><u>\$ 188,828</u></b>
Amounts reported for governmental activities in the statements of activities reflect no differences.		
<b>Total Change in Net Position - Governmental Activities</b>	<b><u>\$ 138,656</u></b>	<b><u>\$ 188,828</u></b>

See accompanying notes

# WASHINGTON PULSE CROPS COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### 1. SIGNIFICANT ACCOUNTING POLICIES

The Washington Pulse Crops Commission was created under authority of the Washington State *Enabling Act of 1961*. A marketing order issued by the Director of Agriculture defined the Commission's purpose, its board membership and obligations, and assessments. The Commission is not liable for federal or state income taxes.

The Commission is composed of ten members. Eight members are producers elected from their respective districts. One member is elected by dealer processors, and one member is appointed by the director of the Washington State Department of Agriculture to represent the department and the public.

The financial statements of the Washington Pulse Crops 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 Washington Pulse Crops 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 Washington. 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 in Governmental Accounting Standards Board Statement No. 14, which are included in the Commission's reporting entity.

**Measurement Focus and Basis of Accounting.** The financial statements of the Washington Pulse Crops 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 government's accounting policies are described below:

**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.

# WASHINGTON PULSE CROPS COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### 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. 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 statements of net position and the statements 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 statements of activities present a comparison between direct expenses and program revenues for each different function of the Commission's governmental activities.

- ! 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.

# WASHINGTON PULSE CROPS COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Commission-wide Statements (Continued).***

- ! 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.

***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 Washington or county, city, or other taxing districts of the state of Washington. 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 primarily for assessments receivable from the processors. No allowance for doubtful accounts is recorded, as all accounts receivable are deemed collectible.

***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 5-10 years.

# WASHINGTON PULSE CROPS COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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 Washington legislature has authorized the Commission to levy an assessment on the sale of dry peas and lentils grown in the state of Washington. The assessment is 1.0 percent of the net sales price and is paid by the growers at the time the product is sold.

Substantially, all of the Commission's revenue is dependent upon pea, chickpea, and lentil crops in eastern Washington.

### 3. RELATED PARTY TRANSACTIONS

The Washington Pulse Crops 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 \$36,800 and \$535,000, respectively, (\$36,800 and \$499,999, for 2023, respectively).

As of June 30, 2024, the Commission had \$48,450 in accounts payable to related parties and \$0 in accounts receivable from related parties (\$47,844 and \$48,324 in 2023, respectively).

### 4. MAJOR CUSTOMERS

For 2024, assessment revenue totaled \$707,059 (\$760,724 in 2023). Three processors submitted amounts greater than 10 percent of total assessment revenue as follows:

<u>Number of Processors</u>	<u>Revenue</u>	<u>Percent of Total Revenue</u>
1	\$ 211,790	30%
1	163,360	23%
1	86,198	12%
1	71,430	10%
	<u>\$ 532,778</u>	<u>75%</u>

### 5. CONCENTRATION OF CREDIT RISK

**Cash.** The Commission maintains a bank account with Wells Fargo Bank and time deposits at various other financial institutions of which at times the deposits may exceed the amounts covered by insurance provided by the Federal Deposit Insurance Commission (FDIC). As of June 30, 2024, there was \$340,496 in excess of the FDIC insured limit (\$117,826 in 2023).

# WASHINGTON PULSE CROPS COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### 5. CONCENTRATION OF CREDIT RISK (CONTINUED)

**Investments.** Details of investment accounts at June 30, 2024, are as follows:

	Governmental Funds
Wells Fargo Bank – 4.90% APR, matures 12/26/2024	\$ 249,285
Flag Star Bank – 4.80% APR, matures 12/23/2025	<u>248,998</u>
Total investments	<u>\$ 498,283</u>

Details of certificate of deposit investments at June 30, 2023, are as follows:

	Governmental Funds
Goldman Sachs Bank – 2.50% APR, matures 12/01/2023	\$ 247,060
BMO Harris Bank – 2.50% APR, matures 12/11/2023	<u>246,885</u>
Total investments	<u>\$ 493,945</u>

### 6. RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and material disasters to 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 assigned \$100,000 of their unrestricted reserves as reserves that are not available for budgeting purposes. These reserves would serve to protect the Commission in the event budgeted assessment income was not received due to crop disasters 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.

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## REQUIRED SUPPLEMENTARY INFORMATION

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# WASHINGTON PULSE CROPS COMMISSION

## BUDGETARY COMPARISON SCHEDULE Year Ended June 30, 2024

	Original Budgeted	Final Budgeted	Actual	Variance With Budget
REVENUES				
Green pea assessments	\$ 198,016	\$ 198,016	\$ 69,610	\$ (128,406)
Yellow pea assessments	13,600	13,600	1,309	(12,291)
Lentil assessments	96,720	96,720	156,413	59,693
Austrian winter pea assessments	5,848	5,848	17,854	12,006
Chickpea assessments	342,900	342,900	461,873	118,973
Interest and other income	502	502	24,274	23,772
Total revenues	<u>657,586</u>	<u>657,586</u>	<u>731,333</u>	<u>73,747</u>
EXPENDITURES				
USADPLC Administrative Services	36,800	36,800	36,800	
USADPLC Programming Services				
International marketing	50,860	50,860	50,860	
Domestic marketing	147,295	147,295	147,295	
Info/Government	75,518	75,518	75,518	
Research	161,921	161,921	161,921	
APA/PHI	64,406	64,406	64,406	
Administrative office operations	25,449	25,449	18,872	6,577
Outreach and education	10,000	10,000	2,005	7,995
Other expense	35,000	35,000	35,000	
Total expenditures	<u>607,249</u>	<u>607,249</u>	<u>592,677</u>	<u>14,572</u>
CHANGES IN FUND BALANCE	<u>\$ 50,337</u>	<u>\$ 50,337</u>	<u>\$ 138,656</u>	<u>\$ 88,319</u>

See accompanying notes

# WASHINGTON PULSE CROPS COMMISSION

## BUDGETARY COMPARISON SCHEDULE Year Ended June 30, 2023

	Original Budgeted	Final Budgeted	Actual	Variance With Budget
REVENUES				
Green pea assessments	\$ 185,640	\$ 185,640	\$ 165,173	\$ (20,467)
Yellow pea assessments	6,800	6,800	5,170	(1,630)
Lentil assessments	149,760	149,760	146,841	(2,919)
Austrian winter pea assessments	5,848	5,848	10,041	4,193
Chickpea assessments	362,760	362,760	433,499	70,739
Interest and other income	2,940	2,940	13,313	10,373
Total revenues	<u>713,748</u>	<u>713,748</u>	<u>774,037</u>	<u>60,289</u>
EXPENDITURES				
USADPLC Administrative Services	36,800	36,800	36,800	
USADPLC Programming Services				
International marketing	63,481	63,481	63,481	
Domestic marketing	140,339	140,339	140,339	
Info/Government	77,433	77,433	77,433	
Research	150,482	150,482	150,482	
APA/PHI	68,264	68,264	68,264	
Administrative office operations	25,450	25,450	13,089	12,361
Outreach and education	9,720	9,720	321	9,399
Other expense	35,000	35,000	35,000	
Miscellaneous	5,348	5,348		5,348
Total expenditures	<u>612,317</u>	<u>612,317</u>	<u>585,209</u>	<u>27,108</u>
CHANGES IN FUND BALANCE	<u>\$ 101,431</u>	<u>\$ 101,431</u>	<u>\$ 188,828</u>	<u>\$ 87,397</u>

See accompanying notes

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## SUPPLEMENTARY INFORMATION

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## **INDEPENDENT AUDITOR'S REPORT - GOVERNMENT AUDITING STANDARDS**

Board of Commissioners  
Washington Pulse Crops 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 Washington Pulse Crops Commission, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Washington Pulse Crops 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 Washington Pulse Crops 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 Washington Pulse Crops Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. 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).

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

As part of obtaining reasonable assurance about whether the Washington Pulse Crops Commission's basic 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*.

## **Washington Pulse Crops Commission's Response to the Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Washington Pulse Crops Commission's response to the findings identified in our audit as described in the accompanying schedule of findings and responses. Washington Pulse Crops 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

# WASHINGTON PULSE CROPS COMMISSION

## SCHEDULE OF FINDINGS AND RESPONSES Year Ended June 30, 2024

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### 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.