

# 2023 FINANCIAL SUMMARY

## NATIONAL PORK BOARD — INCOME STATEMENT BY PROJECT

For the Period Ending December 31, 2023

	ADOPTED BUDGET	ADJUSTED BUDGET	2023 YEAR END	VARIANCE
<b>REVENUE</b>				
Checkoff	\$76,000,000	\$80,000,000	\$82,382,565	\$2,382,565
Interest Income	400,000	2,500,000	2,775,051	275,051
Other	100,000	2,500,000	1,585,966	(914,034)
Climate Smart Grants	-	-	1,429,358	1,429,358
<b>TOTAL REVENUE</b>	<b>\$76,500,000</b>	<b>\$85,000,000</b>	<b>\$88,172,939</b>	<b>\$3,172,939</b>
<b>PROJECTS</b>				
We Care & Sustainability	\$6,950,000	\$7,005,000	\$7,189,162	\$184,162
Foreign Animal Disease	10,450,000	9,918,985	7,113,803	(2,805,182)
Real Pork Thought Leadership	7,642,000	7,386,750	5,570,581	(1,816,169)
Human Nutrition	1,500,000	8,145,500	7,642,590	(502,910)
Domestic Market Development	4,000,000	6,311,735	5,735,723	(576,012)
International Market Development	9,650,000	10,866,000	10,825,804	(40,196)
Operational Excellence	800,000	565,000	405,052	(159,948)
<b>TOTAL PROJECTS</b>	<b>\$40,992,000</b>	<b>\$50,198,970</b>	<b>\$44,482,714</b>	<b>\$(5,716,256)</b>
<b>PROGRAM EXPENSES</b>				
Programs	\$7,222,000	\$7,267,913	\$7,458,710	\$190,797
Operations	3,125,000	3,444,500	3,361,657	(82,843)
<b>TOTAL PROGRAMS</b>	<b>\$10,347,000</b>	<b>\$10,712,413</b>	<b>\$10,820,367</b>	<b>\$107,954</b>
<b>FIXED - OVERHEAD EXPENSES</b>				
People	\$16,000,000	\$15,619,014	\$14,391,105	\$(1,227,909)
Overhead	3,604,000	4,500,000	4,790,028	290,028
<b>TOTAL</b>	<b>\$19,604,000</b>	<b>\$20,119,014</b>	<b>\$19,181,133</b>	<b>\$(937,881)</b>
<b>TOTAL NATIONAL SPENDING</b>	<b>\$70,943,000</b>	<b>\$81,030,397</b>	<b>\$74,484,214</b>	<b>\$(6,546,183)</b>
<b>SUPPLEMENTALS</b>				
Multicultural Strategy	-	\$4,250,000	4,223,737	(26,263)
Consumer Segmentation	-	1,122,570	1,128,341	5,771
Loin Complex	-	497,430	200,604	(296,826)
Pollination LCA & Whitepaper	-	795,000	795,000	-
Sustainability Performance of Pork Production-Exports	-	636,264	636,264	-
<b>TOTAL SUPPLEMENTALS</b>	<b>\$-</b>	<b>\$7,301,264</b>	<b>\$6,983,946</b>	<b>\$(317,318)</b>
Return to States Funding	\$14,000,000	\$14,800,000	\$15,145,429	\$345,429
<b>TOTAL EXPENSES</b>	<b>\$84,943,000</b>	<b>\$103,131,661</b>	<b>\$96,613,589</b>	<b>\$(6,518,072)</b>
<b>IMPACT TO RESERVES</b>	<b>\$(8,443,000)</b>	<b>\$(18,131,661)</b>	<b>\$(8,440,650)</b>	<b>\$9,691,011</b>
<b>RESERVES</b>				
Impact To Reserves	(8,443,000)	\$(18,131,661)	(8,440,650)	9,691,011
Designated Reserves	18,000,000	27,262,776	27,262,776	-
Undesignated Reserves	50,083,705	64,379,784	64,379,784	-
<b>ENDING RESERVE BALANCE</b>	<b>\$59,640,705</b>	<b>\$72,224,258</b>	<b>\$81,915,269</b>	<b>\$9,691,011</b>

## DESIGNATED RESERVES BEING DEPLOYED FOR STRATEGIC INDUSTRY PROJECTS

NPB is strategically designating significant funds for future deployment to meet industry needs.

### RELEASED FROM DESIGNATION AND DEPLOYED IN 2023

Swine Health Information Center (SHIC) – \$2,500,000

Real Pork Trust and Image – \$895,000

Soil Health – \$1,062,224

Human Nutrition – \$6,750,000

### DESIGNATED AS OF DEC. 31, 2023 FOR FUTURE DEPLOYMENT

#### SHIC – \$7,500,000

Checkoff funds will support the Swine Health Information Center (SHIC) for six years based on a series of milestones starting Dec. 31, 2021, for a total commitment of \$15M.

#### REAL PORK TRUST AND IMAGE – \$10,000,000

The five-year initiative will use third-party communication and specialized research to enhance the industry’s freedom to operate, address barriers around the topics environment and public health, and address misinformation widely circulated among influencers and decision makers.

#### SOIL HEALTH RESEARCH – \$437,776

A five-year, multi-state study will measure health and structure changes in soil after manure application. The metrics include quantification of soil erosion, organic matter and water holding capacity.

#### HUMAN NUTRITION – \$8,500,000

Changing beliefs is accomplished through three long-term pillars: science, the story and endorsements. NPB is grounded in research and facts about the good news of pork. This translates to the story and how NPB, and the industry, can connect with people to share values and beliefs of a nutritious product surrounded by friends, family and laughter. The endorsement develops community around the product. NPB protects pork’s place on the plate by meeting with health professionals, understanding their beliefs and arming third-party advocates with data.

#### PRODUCER COMMUNICATIONS – \$825,000

NPB works to build trust in and add value to the pork industry on behalf of nationwide pig farmers. These funds will be used to strategically distribute information about results of the producer-developed industry priorities.

### Adjusted Working Capital Reserve Calculations (Table WC.1):

2023 NPB Current Assets	\$ 82.4M
Less: 2023 NPB Current Liabilities	\$ (28.8M)
2023 NPB Working Capital	\$ 53.6M
Less: 2024 Designated Reserves (as listed above)	\$ (27.3M)
Less: Emergency Reserve (as set by Board of Directors)	\$ (14.6M)
<b>2023 Ending Working Capital above Reserve Target</b>	<b>\$ 11.8M</b>

#### EXPLANATION FOR TABLE WC.1:

NPB’s Undesignated Working Capital balance of \$26.4M is \$11.8M above the emergency reserve target of \$14.6M, as set by the Board. NPB is strategically deploying available resources above the emergency reserve floor to continue to add value for, and build trust in, the U.S. pork industry.

## BUDGET PROCESS AND INPUTS

The 2024 Budget and Operating Plan is aligned with the strategic vision and the input received from producers during the annual planning cycle. The annual producer planning and prioritization process is based on active input and direction from the following segments:

Independent Producers	Contract Growers	Land-Grant Universities
Integrated Producer-Packagers	Niche and Specialty Producers	Ag Economists
Producers with Packer Commitments	Show Pig Producers and Youth	Food Service
State Pork Associations	Processors	Retail Grocery
NPB Board of Directors	Allied Industry	

### 2024 OVERALL PROPOSED SPENDING

**\$94,179,000**

### 2024 PROJECT SPENDING BY OBJECTIVES

**\$47,525,000**

