



**National Peanut Board™**

# FISCAL YEAR 15 ANNUAL REPORT

## **National Peanut Board Fiscal Year 15 Program Accomplishment & Highlights**

The National Peanut Board continued its focus in fiscal year 15 (Nov. 1, 2014 to Oct. 31, 2015) on showcasing the nutrition, affordability and the versatility of USA-grown peanuts. Building on momentum from the 2014 launch of the Board's brand platform, "The Perfectly Powerful Peanut," in fiscal year 15 NPB's marketing efforts leveraged paid advertising, public relations and education to drive awareness and increase demand and consumption of peanut products

### **Consumers Outreach**

The Perfectly Powerful Peanut national advertising campaign, featuring distinctive artwork of actual peanuts and photographs showing consumers incorporating peanuts in their everyday lives, laid the foundation for effectively communicating the nutritional benefits of peanuts.

During fiscal year 15, NPB generated more than 82 million impressions through national consumer print advertising, while NPB's online advertising generated close to 10 million consumer impressions. Consumers saw advertising in publications such as Better Homes and Gardens, Family Circle, and Men's Health.



*Print advertising*

The Board also engaged consumers in person through a series of Perfectly Powerful Peanut Pop-Up events throughout the U.S. In total, the Pop-Up campaign reached thousands of consumers, while bringing together the peanut industry with the message of #PeanutPower. New York, Chicago, Washington, D.C., Atlanta, Los Angeles and Lake Tahoe all received a visit from America's peanut farmers and enjoyed samples from Hampton Farms, Planters, Jif and Skippy brands. And while Americans were reminded of the power of peanut protein and nutrition, they were also shown the humanitarian power of peanut butter in their communities and beyond.



*Perfectly Powerful Peanut Pop-Up event in New York City*

Coinciding with The Perfectly Powerful Peanut Pop-Up in New York City, advertising

ran on NYC transit and generated more than 92 million consumer impressions. National consumer radio advertising ran in the top 100 markets for three months reaching more than 37 million listeners (97.3 percent of the U.S. for adults ages 18 and over).

NPB continued coordination with industry partners and state peanut producer organizations to leverage the brand platform to create a more cohesive consumer message for peanuts, peanut butter and other peanut products.

The Perfectly Powerful Peanut brand will continue to be the centerpiece of NPB messaging for fiscal year 16 (Nov. 1, 2015 to Oct. 31, 2016) when NPB will launch a new all-digital consumer marketing campaign targeting millennials.

### **Trade and Influencer Outreach**



*Winter Fancy Food Show*

NPB continued a focused business-building program to reach influencers who decide which foods make their way to restaurant menus and retail shelves through trade shows and conference, targeted trade advertising, and culinary immersions. The Board also helped drive retail product innovation by showcasing new products and flavor profiles that meet consumer demands.

### **Food Allergy Research and Education**

From 2013 through 2015, the Board maintained its most comprehensive consumer and influencer education program to address food allergy concerns. NPB worked to disseminate factual information through a proactive reputation management initiative using management of misinformation and evidence-based information to educate media, consumers, health professionals and school foodservice decision makers.

NPB's 2015 Physician and Dietitian Study conducted by the Bantam Group provided evidence the Board's allergy education efforts are making a

difference. The study found that dietitians and physicians report a



*Online public service campaign in partnership with FAACT*

greater understanding of the latest food allergy research and a greater awareness of the American Academy of Pediatrics allergy recommendations than they did five years ago.

The results of the landmark LEAP study (partially funded by NPB) showed a more than 80 percent reduction in the prevalence of peanut allergy with the early introduction of peanuts to infants at risk for developing peanut allergy. Positive news coverage of the study continues to help raise awareness about peanut allergy prevention among health professionals and consumers. The Board continues to fund research aimed at understanding what causes peanut and food allergies.

NATIONAL PEANUT BOARD  
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS  
(MODIFIED CASH BASIS)  
OCTOBER 31, 2015

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ASSETS

Current assets:	
Cash and cash equivalents	\$ 10,522,009
Accounts receivable	48
Total current assets	<u>10,522,057</u>
Property and equipment:	
Furniture, fixtures and equipment	23,636
Accumulated depreciation	<u>(23,636)</u>
Property and equipment, net	<u>-</u>
Other assets:	
Deposit	<u>7,802</u>
Total other assets	<u>7,802</u>
 Total assets	 <u><u>\$ 10,529,859</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Payroll tax withholdings and credit card payable	\$ <u>47,936</u>
Total liabilities	<u>47,936</u>
Commitments and contingencies	
Net assets - unrestricted:	
Designated	5,587,685
Other	<u>4,894,238</u>
Total net assets - unrestricted	<u>10,481,923</u>
Total liabilities and net assets	<u><u>\$ 10,529,859</u></u>

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

NATIONAL PEANUT BOARD  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS  
(MODIFIED CASH BASIS)  
FOR THE YEAR ENDED OCTOBER 31, 2015

	Current Budget Year	All Other Budget Years	Total
Revenues:			
Assessments	\$ 8,811,444	\$ 667,054	\$ 9,478,498
Interest income	21,173	-	21,173
Other income	5,505	-	5,505
Total unrestricted revenues	<u>8,838,122</u>	<u>667,054</u>	<u>9,505,176</u>
Expenditures:			
Program:			
Promotion and market development:			
Domestic promotion	4,198,121	235,953	4,434,074
Export promotion development	331,634	(4,343)	327,291
Grower communications	319,009	18,455	337,464
Allergy research	25,000	153,165	178,165
Total promotion and market development	<u>4,873,764</u>	<u>403,230</u>	<u>5,276,994</u>
Production research	<u>123,204</u>	<u>1,306,240</u>	<u>1,429,444</u>
Total program expenditures	<u>4,996,968</u>	<u>1,709,470</u>	<u>6,706,438</u>
Administrative:			
Administrative - office	529,464	172,724	702,188
Administrative - board	130,984	(714)	130,270
Total administrative	<u>660,448</u>	<u>172,010</u>	<u>832,458</u>
Other expenditures:			
Agricultural Marketing			
Service (AMS) - USDA	114,837	13,094	127,931
Other expenditures	21,788	-	21,788
Total other expenditures	<u>136,625</u>	<u>13,094</u>	<u>149,719</u>
Total expenditures	<u>5,794,041</u>	<u>1,894,574</u>	<u>7,688,615</u>
Increase (decrease) in net assets	\$ <u>3,044,081</u>	\$ <u>(1,227,520)</u>	1,816,561
Net assets at beginning of year			<u>8,665,362</u>
Net assets at end of year			\$ <u><u>10,481,923</u></u>

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

NATIONAL PEANUT BOARD  
STATEMENT OF CASH FLOWS  
(MODIFIED CASH BASIS)  
FOR THE YEAR ENDED OCTOBER 31, 2015

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Cash flows from operating activities:	
Increase in net assets	\$ <u>1,816,561</u>
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	999
Increase (decrease) in:	
Payroll tax withholdings and credit card payable	<u>11,158</u>
Total adjustments	<u>12,157</u>
Net cash provided by (used in) operating activities	<u>1,828,718</u>
Net increase in cash and cash equivalents	1,828,718
Cash and cash equivalents, beginning of year	<u>8,693,291</u>
Cash and cash equivalents, end of year	<u><u>\$ 10,522,009</u></u>

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

# BROOKS, MCGINNIS & COMPANY, LLC

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## INDEPENDENT AUDITOR'S REPORT

To the Governing Board  
of the National Peanut Board:

### Report on the Financial Statements

We have audited the accompanying financial statements of National Peanut Board which comprise the statement of assets, liabilities, and net assets (modified cash basis) as of October 31, 2015, and the related statements of revenues, expenditures, and changes in net assets (modified cash basis), and cash flows (modified cash basis), for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the National Peanut Board as of October 31, 2015, and its revenues, expenditures, and changes in net assets for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

## **Basis of Accounting**

We draw attention to Note 1 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.

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

In accordance with *Government Auditing Standards* and the standards of the Agricultural Marketing Service Agency of the United States of Agriculture, we have also issued our report dated December 16, 2015, on our consideration of the National Peanut 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the standards of the Agricultural Marketing Service Agency of the United States Department of Agriculture in considering the National Peanut Board's internal control over financial reporting and compliance.

*Brooks, McInnis & Company, LLC*

Atlanta, Georgia  
December 16, 2015