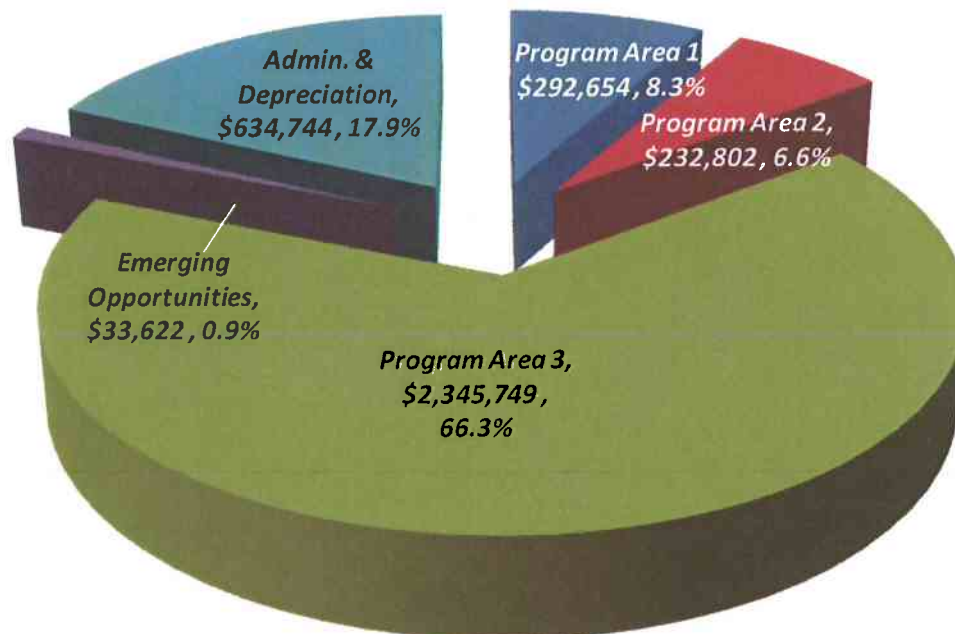


The National Honey Board Treasurer's Report – 2011 (Calendar Year 2010 Activity)

	Budget	Actual	Explanatory Comments
Cash in bank, beginning of year	\$ 827,560	\$ 827,560	
Receipts:			
Assessments - domestic honey	1,100,000	1,310,444	35% of assessments received
Assessments - imported honey	2,250,000	2,459,213	65% of assessments received
Market Access Program	120,593	120,570	NHB terminated its participation in the MAP program 12/31/09; amount shown is residual from 2009 activity.
Merchandise sales	29,900	35,408	
Investment income	700	620	
Total receipts	3,501,193	3,926,255	
Disbursements:			
Marketing:			
General consumer	810,820	765,932	
Hispanic consumer	384,543	374,605	
Minor League Baseball	250,000	249,975	
Food service	222,550	207,588	
Baking & ingredient industry	231,146	179,916	
In-house public relations programs	125,000	112,038	
Export promotion (Market Access Program)	67,136	67,126	Amount is a carryover from 2009 activity.
Other	46,622	45,916	
Total marketing disbursements	2,137,817	2,003,096	
Research:			
Other research	209,472	87,915	
Production research - 2010	167,500	59,564	5% of assessments was budgeted & committed; unspent balance for 2009 & 2010 will be disbursed in subsequent years as projects are completed..
Production research - 2009	95,614	56,431	
Market research & data collection	55,250	30,386	
Scientific & technical consulting	20,447	15,472	
Other	2,500	1,482	
Total research disbursements	550,783	251,250	
Industry Services:			
Fulfillment material	91,600	76,417	
Fulfillment shipping	18,100	17,433	
Crisis communication	20,000	11,709	
Industry meetings	5,000	3,472	
Total industry services disbursements	134,700	109,031	
Emerging Opportunities	50,000	33,622	
Other:			
Personnel	747,500	742,823	
Office expenses	91,100	77,660	
Facilities expense	97,800	92,899	
Professional services	18,500	20,397	
Travel	28,100	20,644	
Board meetings	67,300	41,528	
Federal fees	132,900	141,137	
Producer reserve	58,753	58,753	
Equipment purchases	13,500	9,257	
Total other disbursements	1,255,453	1,205,098	
Total disbursements	4,128,753	3,602,097	Incomplete projects from 2010 were carried over into 2011. The 2011 budget includes \$262,300 of funds committed to completion of these projects.
Cash in bank, end of year	\$ 200,000	\$ 1,151,718	Fully collateralized in accordance with USDA requirements

**The National Honey Board
Treasurer's Report – 2011
(Calendar Year 2010 Activity)**

2010 Expenses by Program Area
(Amounts include indirect costs)



Program Area 1: RESEARCH

- Develop comprehensive knowledge of the composition, functional properties and health-related applications of honey.
- Advance scientific interest in honey research and applications.
- Conduct market research and/or collect relevant marketing data and/or consumption and trends data.
- Support the honey industry in efforts to maintain honey quality.
- Guided by market-driven and/or science-based research, pursue product development for the purpose of finding or creating new and increased uses of honey.
- Conduct research dealing with honey bee colony management to help producers maintain colony health while allowing for the production of quality honey.

Program Area 2: INDUSTRY SERVICES

- Provide practical methods and tools that help honey industry members capitalize on NHB research and promotional programs.
- Inform and educate the honey industry about National Honey Board programs and activities and changes in the regulatory environment affecting the honey industry.
- Foster industry relationships and development.
- Anticipate potential threats, create and implement programs to protect honey's pure, natural image.

Program Area 3: MARKETING AND PROMOTION

- Increase consumption and purchase frequency of honey using food and non-food strategies.
- Increase the use of honey in foodservice operations.
- Maintain and increase U.S. honey's market share in key export markets.
- Increase honey's usage as an ingredient with food, beverage and non-food manufacturers.

Emerging Opportunities

- Provide a flexible source of funds for use at the discretion of the Chief Executive Officer to respond to issues unanticipated in the annual budget which arise during the course of the year.

Administration & Depreciation

- Office administrative payroll and payroll overhead
- Office administrative expenses (supplies, postage, insurance, rent and utilities, financial audit, legal)
- Board Meetings
- Federal oversight fees, U.S. Customs collection fee, Office of General Counsel fee.
- Depreciation

The National Honey Board
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To ensure accurate and reliable reporting of the National Honey Board's financial results, an annual independent audit is conducted by a certified public accounting firm chosen by the Board. The audit is conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the United States Comptroller General.

The audit of the 2010 financial statements was completed in February, 2011 and was presented by the auditor to the Board at their February meeting. The audit resulted in an unqualified audit opinion, as well as audit assurance that the Board is in compliance with investment guidelines established by the Agricultural Marketing Service of the USDA. Copies of the audit report and complete financial statements are available from the National Honey Board office. Call (800) 553-7162 to request a copy.

The Balance Sheet (Exhibit A) and the Statement of Revenue, Expenses and Changes in Fund Balance (Exhibit B) from the audited financial statements are included in this report.

To ensure that the members of the National Honey Board are aware of the Board's most current financial results, monthly financial reports and budget variance reports are prepared by the Board's staff. This information is regularly reviewed by staff project managers and Board members.

Submitted by Nancy Gamber Olcott, Secretary/Treasurer



Nancy Gamber Olcott

March 23, 2011

Date

NATIONAL HONEY BOARD

BALANCE SHEET - MODIFIED CASH BASIS

	December 31,	
	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT ASSETS		
Cash on hand and in banks (Note 2)	\$ 1,152,018	\$ 827,860
MAP reimbursements due (Note 4)	-	120,592
Prepaid expenses	16,792	6,652
Fulfillment inventory	56,692	50,689
Deposits on leases	9,489	9,489
	<u>1,234,991</u>	<u>1,015,282</u>
PROPERTY AND EQUIPMENT		
Computer equipment	10,248	6,996
Office machines and equipment	11,409	5,404
Images portfolio	50,000	50,000
	<u>71,657</u>	<u>62,400</u>
Less accumulated depreciation	(31,676)	(17,578)
Net property and equipment	<u>39,981</u>	<u>44,822</u>
	<u>\$ 1,274,972</u>	<u>\$ 1,060,104</u>
TOTAL ASSETS		
LIABILITIES AND FUND BALANCE		
CURRENT LIABILITIES		
Payroll liabilities	\$ 10,001	\$ 8,497
	<u>10,001</u>	<u>8,497</u>
COMMITMENTS AND CONTINGENCIES (Notes 3, 4, 5, 8, and 9)		
FUND BALANCE		
Unrestricted	1,064,971	792,854
Restricted - producer reserve	-	58,753
Restricted - budgetary reserve	200,000	200,000
	<u>1,264,971</u>	<u>1,051,607</u>
FUND BALANCE (Exhibit B)	<u>1,264,971</u>	<u>1,051,607</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,274,972</u>	<u>\$ 1,060,104</u>

NATIONAL HONEY BOARD

STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS

	December 31,	
	2010	2009
REVENUES		
Assessments	\$ 3,769,657	\$ 3,345,543
Market Access Program revenue	-	239,232
Investment income	620	1,366
Other (merchandise sales, donations)	35,408	31,100
Total revenues	<u>3,805,685</u>	<u>3,617,241</u>
EXPENSES		
Administrative expenses -		
Administrative (Office)	437,981	405,971
Administrative (Board)	41,528	56,938
Administrative (Federal)	141,137	98,391
Total administrative expenses (Schedule 2)	<u>620,646</u>	<u>561,300</u>
Program expenses		
Advertising, public relations, and research	2,638,403	3,348,718
Industry service and support	232,802	236,857
Emerging opportunities	33,622	9,316
Total program expenses (Schedule 3)	<u>2,904,827</u>	<u>3,594,891</u>
Provision for depreciation and amortization	14,098	15,241
Write off of prepaid supplies	-	5,085
Total expenses	<u>3,539,571</u>	<u>4,176,517</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	266,114	(559,276)
FUND BALANCE, as previously reported	-	1,632,245
Prior period adjustment (Note 10)	-	(2,165)
FUND BALANCE, beginning of year	<u>1,051,607</u>	<u>1,630,080</u>
Refunds charged to reserve	-	(290)
Charges to producer reserve	(58,753)	-
Change in inventory included in industry services	6,003	(18,907)
FUND BALANCE, end of year (Exhibit A)	<u>\$ 1,264,971</u>	<u>\$ 1,051,607</u>