UNITED STATES MEAT EXPORT FEDERATION, INC.

Financial Statements
As Of September 30, 2020 and 2019

Together With Independent Auditors' Report

JDS professional group

certified public accountants, consultants and advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
United States Meat Export Federation, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of United States Meat Export Federation, Inc. ("USMEF"), which comprise the statements of financial position as of September 30, 2020 and 2019, the related statements of activities, functional expenses and cash flows for the years ended September 30, 2020 and 2019, 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 accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 auditors' 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.

Independent Auditors' Report (Continued)

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 financial position of USMEF as of September 30, 2020 and 2019, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of revenue and expenses by source is presented for purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

JDS Professional Group

November 9, 2020

UNITED STATES MEAT EXPORT FEDERATION, INC.

Statements of Financial Position
As of September 30, 2020 and 2019

ASSETS	2020	2019
Current Assets:		
Cash and Cash Equivalents	$ 6,299,877	$ 6,019,122
Accounts Receivable	9,343,046	10,292,213
Federal Grants Receivable	1,365,789	2,665,297
Other Current Assets	1,322,672	1,088,921
Total Current Assets	18,331,384	20,065,553
Property and Equipment:		
Furniture, Equipment and Capital Projects	1,428,809	970,844
Leasehold Improvements	57,330	57,330
	1,486,139	1,028,174
Less: Accumulated Depreciation and Amortization	(640,667)	(535,943)
Net Property And Equipment	845,472	492,231
Deposits	276,104	266,268
TOTAL ASSETS	$ 19,452,960	$ 20,824,052
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	$ 6,347,675	$ 7,966,700
Deferred Revenue	1,357,741	1,901,175
Refundable Advances	457,860	457,860
Other Current Liabilities	979,462	1,083,401
Total Current Liabilities	9,142,738	11,409,136
Net Assets:		
Without Donor Restrictions	10,310,222	9,414,916
Total Net Assets Without Donor Restrictions	10,310,222	9,414,916
TOTAL LIABILITIES AND NET ASSETS	$ 19,452,960	$ 20,824,052

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

UNITED STATES MEAT EXPORT FEDERATION, INC.

Statements of Activities
For the Years Ended September 30, 2020 and 2019

	2020	2019
Revenue:		
USDA Programs	$ 21,685,320	$ 17,678,630
Private Funding Projects	19,703,926	20,072,384
Contributions	1,879,786	1,775,784
Membership Dues	1,551,880	1,595,699
Private Funding Implementation	4,823,118	5,431,555
Board Meeting Fees	107,271	218,630
Other Revenue	10,984	34,538
Total Revenue	49,762,285	46,807,220
Expenses:		
Program Services -		
International Program Activities	44,439,200	42,014,473
Stewardship and Issue Management	444,163	445,370
Packer Services and Government Affairs	86,778	132,976
Market Access Support	7,993	11,754
Information Reporting	838,663	670,365
Total Program Services	45,816,797	43,274,938
Supporting Services -		
Management and General	2,067,497	1,709,269
Board Activities	723,530	994,921
Governance Activities	13,286	12,005
Fundraising and Membership Relations	245,869	242,634
Total Supporting Services	3,050,182	2,958,829
Total Expenses	48,866,979	46,233,767
CHANGE IN NET ASSETS FROM OPERATIONS	895,306	573,453
Net Assets, Beginning of Year	9,414,916	8,841,463
NET ASSETS, END OF YEAR	$ 10,310,222	$ 9,414,916

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

UNITED STATES MEAT EXPORT FEDERATION, INC.

Statement of Functional Expenses
For the Year Ended September 30, 2020

		USMEF Program Activities						Supporting Services				
	Total	Total Program Services	International Program Activities	Stewardship & Issue Management	Packer Services & Government Affairs	Market Access Support	Information Reporting	Total Supporting Services	Management and General	Board Activities	Governance Activities	Fund Raising & Membership Relations
Project Expenses-												
Promotions	$ 18,047,936	$ 18,047,936	$ 18,047,936	$	$	$	$	$	$	$	$	$
Consumer	6,764,914	6,764,914	6,764,914									
Education & Seminars	3,355,664	3,355,664	3,355,664									
Shows	1,809,639	1,809,639	1,809,639									
Teams	523,004	523,004	523,004									
Trade Servicing	851,676	851,676	851,676									
Industry Funded	3,201,018	3,201,018	3,201,018									
Market Access	91,481	91,481	91,481									
Denver Implementation and International Overhead Expenses-												
Salaries and Benefits	9,813,973	7,471,526	6,323,913	365,519	73,941	1,446	706,707	2,342,447	1,707,936	422,009	11,618	200,884
Rent	1,214,283	1,066,339	997,592	25,439	3,910	42	39,356	147,944	114,616	23,851	511	8,966
Travel	547,453	448,151	428,585	4,987	1,514	37	13,028	99,302	21,382	58,707	190	19,023
Contractual	1,570,705	1,507,936	1,479,166	9,286	1,427	15	18,042	62,769	41,837	17,472	187	3,273
Professional	170,495	140,217	129,016	4,145	637	7	6,412	30,278	24,848	3,886	83	1,461
Telephone and Internet	47,096	24,005	13,321	3,953	608	7	6,116	23,091	17,812	3,807	79	1,393
Depreciation and Amortization	108,558	55,449	30,770	9,132	1,404	15	14,128	53,109	41,145	8,562	183	3,219
Equipment Rental, Maintenance, and Repairs	62,293	48,738	43,838	1,813	279	3	2,805	13,555	8,170	4,710	36	639
Insurance	38,413	22,197	14,661	2,788	429	5	4,314	16,216	12,563	2,614	56	983
Meetings and Conferences	211,144	35,377	23,764	4,297	661	7	6,648	175,767	19,361	154,805	86	1,515
Dues and Subscriptions	95,573	65,421	46,209	5,185	797	5,009	8,221	30,152	23,360	4,861	104	1,827
Office Supplies, Postage, and Shipping	242,166	225,344	219,079	2,278	350	4	3,633	16,822	10,263	5,710	46	803
Printing and Publications	11,040	3,758	2,380	510	78	1	789	7,282	2,296	4,796	10	180
Trade Shows and Promotional Items	30,833	16,233	8,459	2,510	386	4	4,874	14,600	11,311	2,354	50	885
Taxes, Interest, Bank Fees	57,622	40,774	33,115	2,321	357	1,391	3,590	16,848	10,597	5,386	47	818
Total Expenses	$ 48,866,979	$ 45,816,797	$ 44,439,200	$ 444,163	$ 86,778	$ 7,993	$ 838,663	$ 3,050,182	$ 2,067,497	$ 723,530	$ 13,286	$ 245,869

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

UNITED STATES MEAT EXPORT FEDERATION, INC.

Statement of Functional Expenses
For the Year Ended September 30, 2019

		USMEF Program Activities						Supporting Services				
	Total	Total Program Services	International Program Activities	Stewardship & Issue Management	Packer Services & Government Affairs	Market Access Support	Information Reporting	Total Supporting Services	Management and General	Board Activities	Governance Activities	Fund Raising & Membership Relations
Project Expenses-												
Promotions	$ 15,589,819	$ 15,589,819	$ 15,589,819	$	$	$	$	$	$	$	$	$
Consumer	6,201,888	6,201,888	6,201,888									
Education & Seminars	4,040,639	4,040,639	4,040,639									
Shows	3,192,269	3,192,269	3,192,269									
Teams	1,545,276	1,545,276	1,545,276									
Trade Servicing	933,073	933,073	933,073									
Industry Funded	570,961	570,961	570,961									
Market Access	201,156	201,156	201,156									
Denver Implementation and International Overhead Expenses-												
Salaries and Benefits	9,763,123	7,688,079	6,675,731	363,796	107,780	3,051	537,721	2,075,044	1,389,580	482,502	10,581	192,381
Rent	1,233,156	1,088,096	1,019,529	25,745	5,846	110	36,866	145,060	104,190	30,676	435	9,759
Travel	665,336	525,192	483,157	10,355	9,023	1,260	21,397	140,144	25,038	91,628	222	23,256
Contractual	1,009,373	955,177	927,404	7,583	1,722	32	18,436	54,196	30,689	20,504	128	2,875
Professional	132,804	109,526	101,467	3,026	687	13	4,333	23,278	18,474	3,606	51	1,147
Telephone and Internet	54,791	27,104	16,642	3,928	892	17	5,625	27,687	15,898	10,234	66	1,489
Depreciation and Amortization	102,555	56,369	34,535	8,197	1,863	35	11,739	46,186	33,174	9,768	137	3,107
Equipment Rental, Maintenance, and Repairs	90,148	74,843	70,313	1,701	386	7	2,436	15,305	6,885	7,746	29	645
Insurance	37,902	23,033	16,005	2,639	599	11	3,779	14,869	10,680	3,144	45	1,000
Meetings and Conferences	393,937	59,404	42,603	6,308	1,432	27	9,034	334,533	25,530	306,505	107	2,391
Dues and Subscriptions	68,770	48,404	33,494	3,615	821	5,115	5,359	20,366	14,628	4,307	61	1,370
Office Supplies, Postage, and Shipping	281,195	266,131	260,702	2,038	463	9	2,919	15,064	8,248	6,009	34	773
Printing and Publications	11,630	4,485	2,748	652	148	3	934	7,145	2,640	4,247	11	247
Trade Shows and Promotional Items	33,053	18,842	10,625	2,522	573	10	5,112	14,211	10,207	3,005	43	956
Taxes, Interest, Bank Fees	80,913	55,172	44,437	3,265	741	2,054	4,675	25,741	13,408	11,040	55	1,238
Total Expenses	$ 46,233,767	$ 43,274,938	$ 42,014,473	$ 445,370	$ 132,976	$ 11,754	$ 670,365	$ 2,958,829	$ 1,709,269	$ 994,921	$ 12,005	$ 242,634

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

UNITED STATES MEAT EXPORT FEDERATION, INC.

Statements of Cash Flows
For the Years Ended September 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets from operations	$ 895,306	$ 573,453
Adjustments to reconcile changes in net assets from operations to net cash provided by (used in) operating activities from -		
Depreciation and amortization	108,558	102,555
Loss on disposal of property and equipment	96	
Changes in operating assets and liabilities -		
Decrease in accounts receivable	949,167	574,603
Decrease (increase) in federal grants receivable	1,299,508	(2,386,046)
(Increase) in other current assets	(233,751)	(324,077)
(Increase) in deposits	(9,836)	(532)
Increase (decrease) in accounts payable	(1,619,025)	2,514,461
Increase (decrease) in deferred revenue	(543,434)	1,203,023
(Decrease) in refundable advances		(2,885,560)
(Decrease) in other current liabilities	(103,939)	(352,487)
Net cash provided by (used in) operating activities	742,650	(980,607)
Cash flows from investing activities:		
Acquisitions of property and equipment	(461,895)	(167,483)
Net cash (used in) investing activities	(461,895)	(167,483)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	280,755	(1,148,090)
Cash and Cash Equivalents, Beginning of Year	6,019,122	7,167,212
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 6,299,877	$ 6,019,122

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

(1) Nature of the Organization

The United States Meat Export Federation, Inc. ("USMEF") is a Washington, D.C. nonprofit corporation chartered in 1975. Its purpose is to support and enhance the worldwide export of red meat products. USMEF solicits funding from several groups, including the U.S. Department of Agriculture through its Foreign Agriculture Service, and national, statewide and industry red meat and grain organizations. USMEF currently operates offices in Tokyo, Hong Kong, Beijing, Seoul, Taipei, Singapore, Shanghai, Mexico City, and Monterrey. USMEF also maintains a year-round presence in the Middle East, the Caribbean, South and Central America, Africa, the Philippines, Vietnam, Europe and Russia.

USMEF has entered into agreements under the Market Access Program ("MAP"), the Foreign Market Development Program ("FMD"), the Agricultural Trade Promotion Program ("ATP") and Section 108 of the Agriculture Trade Development and Assistance Act of 1954 (Section 108), all of which are administered by the USDA. MAP, FMD, ATP and Section 108 funding in the amount of $21,685,320 and $17,678,630 was earned during fiscal years ended September 30, 2020 and 2019, respectively, by USMEF for specifically budgeted activities.

In addition, USMEF has received funding under contracts with the National Cattlemen's Beef Association ("NCBA"), the National Pork Board ("NPB"), the American Lamb Board, the United Soybean Board ("USB"), and various state beef, pork, soybean, and corn boards (checkoff funds). These funds originate from assessments on beef, pork, soybean, and corn sales in the United States, as established in the Beef Promotion and Research Act of 1985, the Pork Promotion, Research and Consumer Information Act of 1985, the Soybean Promotion, Research and Consumer Information Act, and various state beef and corn check-off programs.

(2) Summary of Significant Accounting Policies

Method of Accounting

USMEF's financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

Basis of Presentation

Financial statement presentation follows the recommendations of *Financial Statements for Not-for-Profit Organizations*. Under this standard, the Organization is required to report information regarding financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of USMEF's management and/or its board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of USMEF or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds must be maintained in perpetuity. As of September 30, 2020 and 2019, USMEF did not have net assets with donor restrictions.

Measure of Operations

USMEF's Statements of Activities report all changes in net assets, including changes in net assets from operating and non operating activities. Operating activities consists of those items attributable to USMEF's ongoing program services. Nonoperating activities are limited to activities considered to be of a more unusual or nonrecurring nature.

Statement of Cash Flows

For purposes of the Statements of Cash Flows, USMEF considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. As of September 30, 2020 and 2019, USMEF did not have any investments with a maturity in excess of three months.

Fair Value Measurements

The carrying amount reported in the Statements of Financial Position for cash and cash equivalents, accounts receivable, federal grants receivable, other current assets, accounts payable, deferred revenue, refundable advances and other current liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

Accounts Receivable

Accounts receivable are due according to contractual terms and are stated at the amounts due from funding sources. Amounts outstanding longer than the contractual terms are considered past due. USMEF writes-off accounts receivable when they are determined to be uncollectible or when collection appears unlikely. Payments received on receivables that were previously written off are recognized as revenue in the current period. As of September 30, 2020 and 2019, management believes that all receivables are fully collectible. Accordingly, no allowance for uncollectible receivables has been established.

Property and Equipment

All property and equipment is stated at cost, or fair value if donated. Depreciation of office furniture, equipment and capital projects is computed using the straight-line method over the estimated useful lives of the respective asset, which range from two to seven years. Leasehold improvements are capitalized and amortized using the straight-line method over the lesser of the remaining lease term or the estimated useful life of the asset. Software development costs are not depreciated until the asset is placed into service. Depreciation and amortization expense totaled $108,558 and $102,555 for the years ended September 30, 2020 and 2019, respectively.

Expenditures for maintenance, repairs, and minor replacements are charged to operations as incurred. Individual expenditures for major replacements and betterments of $350 or greater are capitalized.

Certain equipment whose title is vested in the U.S. Government is not recorded in the Statements of Financial Position. Purchases of such equipment are expensed when incurred in the Statements of Activities. The accumulated total of such purchases as of September 30, 2020 and 2019, was approximately $978,094 and $915,704, respectively. USMEF has the responsibility of maintaining property records and reporting balances to the respective government agency.

Revenue And Revenue Recognition

Private funding and implementation consists of revenue from private funding agencies for services performed by USMEF. USMEF recognizes revenue from contracts during the period in which the performance obligations are met. The performance obligations consist of completing deliverables or providing services and are satisfied as work is performed or deliverables are met over time. Payments are due to USMEF either upon receipt or within 15, 30, or 45 days once invoiced for satisfied performance obligations (depending on the terms of the contract). Transaction prices for each deliverable are written in the contracts. Payments received prior to performance obligations being met are recorded as deferred revenue.

Membership dues revenue is recognized over the membership period as this revenue only has an exchange element based on the value of benefits provided. Board meeting revenue is recognized at the time the meeting occurs.

USMEF recognizes contributions when cash or a contribution receivable is received. Contribution receivables are recorded at net realizable value if expected to be collected in one year and at net present value if expected to be collected in more than one year. As of September 30, 2020 and 2019, USMEF had no contributions receivable.

Conditional contributions receivable with a measurable performance or other barrier and a right of return/right of release are not recognized until the conditions on which they depend have been met. As of September 30, 2020, USMEF had conditional contributions receivable of $762,800 that have not been recognized as of September 30, 2020.

A portion of USMEF's revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when USMEF has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. USMEF was awarded cost-reimbursable grants of $25,048,922 that have not been recognized as of September 30, 2020, because qualifying expenditures have not yet been incurred.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Methods Used for Allocation of Expenses from Management and General Activities

The costs of providing program and other activities have been summarized on a functional basis in the Statements of Functional Expenses. Costs directly related to each functional activity have been classified accordingly. In addition, supporting costs, such as salaries and wages, rent, contract services, office supplies, travel expenses, staff education and other related expenses are allocated among programs and functional activities based on actual timekeeping records (i.e. time spent by USMEF staff and representatives in support of such programs and activities).

Adoption of New Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers: Topic 606*, to supercede nearly all existing revenue recognition guidance relative to exchange transactions under U.S. GAAP. USMEF adopted the provisions of this guidance on October 1, 2019, using the modified retrospective approach and applied the standard to contracts as of the date of adoption. The adoption did not have a material impact revenue recognition.

In June 2018, FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made,* which clarifies how entities determine whether to account for a transfer of assets as an exchange transaction

or contribution. The distinction is important because contributions are accounted for under Accounting Standards Codification (ASC) 958-605, *Not-for-Profit Entities -Revenue Recognition,* which exchange transactions are accounted for under other guidance such as ASC 606, *Revenue from Contracts with Customers*. The guidance also clarified how entities determine whether a contribution is conditional or unconditional. USMEF adopted the provisions of this guidance on October 1, 2019, using the prospective approach. The adoption did not have a material impact on USMEF's revenue recognition.

Evaluation of Subsequent Events

USMEF has evaluated subsequent events through November 9, 2020, the date which the financial statements were available to be issued.

(3) Income Taxes

USMEF is an Organization as described under Internal Revenue Code Section 501(c)(6) and is exempt from federal and state income taxes except for amounts representing unrelated business income and proxy taxes as defined in the Internal Revenue Code and regulations. During the years ended September 30, 2020 and 2019, USMEF paid taxes of $1,387 and $19,247, respectively.

USMEF follows *Accounting for Uncertainty in Income Taxes*, which requires USMEF to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information. During the years ended September 30, 2020 and 2019, USMEF's management evaluated its tax position and determined that no uncertainties existed that would require recognition or that could negatively impact its tax-exempt status.

USMEF is no longer subject to U.S. federal tax audits on its Form 990 and 990-T by taxing authorities for the fiscal years ending prior to September 30, 2017. USMEF is no longer subject to state tax audits on its Form 112 state tax return by taxing authorities for fiscal years ending prior to September 30, 2016. The years subsequent to these years contain matters that could be subject to differing interpretation of applicable tax laws and regulations as it relates to the amount and/or timing of income, deductions and tax credits. Although the outcome of the tax audits is uncertain, USMEF believes no issues would arise.

(4) Accounts Receivable and Federal Grants Receivable

As of September 30, 2020 and 2019, accounts receivable and federal grants receivable consisted of billed and unbilled receivables as follows:

2020	Billed	Unbilled	Total
Private funding sources	$ 1,813,382	$ 7,169,763	$ 8,983,145
Other	359,901		359,901
Total Accounts Receivable	2,173,283	7,169,763	9,343,046
Federal grants receivable		1,365,789	1,365,789
Total	$ 2,173,283	$ 8,535,552	$ 10,708,835

2019			
Private funding sources	$ 2,368,003	$ 7,631,377	$ 9,999,380
Other	292,833		292,833
Total Accounts Receivable	2,660,836	7,631,377	10,292,213
Federal grants receivable	2,500	2,662,797	2,665,297
Total	$ 2,663,336	$ 10,294,174	$ 12,957,510

(5) Deferred Revenue

Deferred revenue consists of the following as of September 30, 2020 and 2019:

	2020	2019
Membership dues	$ 49,472	$ 47,403
Section 108	21,027	21,027
Board meeting fees		35,760
Private funding projects	1,287,242	1,796,985
	$ 1,357,741	$ 1,901,175

The following table provides information about significant changes in deferred revenue on contract fees for the year ended September:

	2020	2019
Deferred revenue, beginning of year	$ 1,901,175	$ 698,152
Revenue recognized that was included in deferred revenue at the beginning of the year	(1,791,548)	(698,152)
Increase in deferred revenue due to cash received during the period	1,248,114	1,901,175
	$ 1,357,741	$ 1,901,175

During the years ended September 30, 2020 and 2019, the amount of services that were recognized over time amounted to $26,078,924 and $27,099,638, respectively. No amounts were recognized at a point of time in 2020 or 2019.

(6) Profit Sharing/401(k) Plan and Trust

USMEF has adopted a defined contribution 401(k) plan covering all employees meeting length of service and age requirements. Those employees participating in the plan may contribute up to a maximum provided by law. USMEF provides bi-weekly safe harbor contributions equal to 3% of each eligible employee's gross compensation for the period, which vest immediately. In addition, USMEF provides for a discretionary annual profit-sharing contribution that is subject to a five-year incremental vesting period. Profit-sharing contributions made during the fiscal years ended September 30, 2020 and 2019 equaled 4% of each eligible employees' annual compensation. An additional 4% profit-sharing contribution is made on employee compensation amounts in excess of the annual Social Security wage base for the respective period. Employer contributions for the years ended September 30, 2020 and 2019, totaled $277,267 and $269,551, respectively.

(7) Commitments and Contingencies

Lease Commitments

USMEF leases various facilities and equipment under operating leases. Future minimum commitments as of September 30, 2020, were as follows:

Year Ended September 30,	
2021	$ 1,105,576
2022	857,583
2023	620,135
2024	361,122
2025	362,099
Thereafter	525,753
	$ 3,832,268

Rent expense was $1,229,577 and $1,239,726, for the years ended September 30, 2020 and 2019, respectively, which includes USMEF's proportionate share of annual common area maintenance costs.

Government Contracts

USMEF receives revenues from governmental agencies. The disbursements of funds received under these contacts generally requires compliance with terms and conditions specified in the contracts and is subject to audit by the contracting agencies. The amount of charges to these contracts incurred during the current period that may be disallowed, if any, by such audits cannot presently be determined and no provision for any liability that may result has been made in the financial statements. However management believes USMEF is in compliance with its requirements, and no material liability has arisen in the past or is currently expected.

(8) Concentrations of Credit Risk

USMEF's cash demand deposits held at U.S. financial institutions are insured by the FDIC through the FDIC's Transaction Account Guarantee Program. As of September 30, 2020, cash deposits exceeded the FDIC limits by $5,021,981. USMEF also has demand deposit accounts held at financial institutions at various international countries. USMEF's management believes that the financial strength of such financial institutions mitigates the risk of excess exposure over the prescribed insurance limits.

USMEF enters into contracts with various segments of the meat industry to fund specific projects aimed at foreign market development. These contracts provide for a stated objective, such as product promotion or market research, and various approved activities designed to achieve those objectives.

USMEF administers the activities and applies for reimbursement under the contracts. The contracts also generally provide for the reimbursement of USMEF's implementation costs associated with such activities.

The following summarizes revenue earned from significant funding sources under those contracts for the years ended September 30, 2020 and 2019:

	2020		2019	
Funding Source	Revenue Earned	Percent of Total Revenue	Revenue Earned	Percent of Total Revenue
United States Department of Agriculture	$21,685,320	44%	$17,678,630	38%
Cattlemen's Beef Board and NCBA's Federation of State Beef Councils	$ 9,436,489	19%	$ 8,833,493	19%
National Pork Board	$ 6,407,338	13%	$ 7,473,113	16%

The following summarizes accounts receivable due from significant funding sources as of September 30, 2020 and 2019:

	2020		2019	
Funding Source	Accounts Receivable	Percent of Total Receivables	Accounts Receivable	Percent of of Total Receivables
Cattlemen's Beef Board and NCBA's Federation of State Beef Councils	$ 3,806,157	36%	$ 3,132,478	24%
National Pork Board	$ 1,799,833	17%	$ 3,067,848	24%

(9) Foreign Currency

A significant portion of USMEF's expenses incurred are denominated in various foreign currencies. To meet these obligations, USMEF routinely purchases foreign currency. Some of these purchases are made through commitments to purchase foreign currency at an agreed-upon rate at a date or period in the future. Gains or losses attributed to each transaction are allocated directly to the specific expenses funded by the currency purchased in that transaction. As such, any gains or losses on transactions during 2020 and 2019 are included in each years' project expenses. During 2020 and 2019, USMEF recognized net losses of ($32,808) and net gains of $10,680 respectively, on purchases of foreign currencies.

(10) Liquidity and Availability of Financial Assets

The following reflects USMEF's financial assets as of September 30, 2020:

Financial assets	$ 17,008,712
Less those unavailable for general expenditures within one year, due to:	
USDA advance funding	(239,000)
Financial assets available to meet cash needs for general expenditures within one year	$ 16,769,712

USMEF's goal is to maintain sufficient financial assets on hand to meet at least three months of operating expenses. As part of its liquidity management program, USMEF has established a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

(11) New Accounting Pronouncements

In December of 2018, FASB issued ASU No. 2018-20, *Leases*. ASU No. 2018-20 requires an entity to include all of its leased assets on its Statement of Financial Position with corresponding liabilities being established for outstanding lease obligations. Entities will also be required to present additional disclosure as to the nature and extent of the entity's leasing activities. The requirements of this statement are effective for USMEF's year ended September 30, 2023. USMEF has not yet evaluated the impact due to the timing of implementation of this standard.

UNITED STATES MEAT EXPORT FEDERATION, INC.

Supplemental Schedule Of Revenue And Expenses By Source
For The Year Ended September 30, 2020

	Total	Indirect Overhead Pool	Multi-Species Funded by USDA	Checkoff Programs			Noncheckoff Program
				Beef	Pork	Lamb	Other
Revenue:							
MAP project revenue	$ 13,284,762	$	$ 5,335,529	$ 4,560,445	$ 3,201,489	$ 187,299	$
FMD project revenue	1,334,540		1,334,540				
ATP project revenue	7,066,018		861	1,718,831	5,346,326		
Private project revenue	20,875,657			11,794,078	8,844,385	33,164	204,030
Membership dues	1,551,880			296,098	260,666	10,836	984,280
Other program funding	708,055			449,851	252,204		6,000
Implementation fees	4,823,118			2,612,620	2,210,498		
Board meeting	107,271			50,096	40,088	1,196	15,891
Other	10,984			4,530	3,625	108	2,721
Total Revenue	49,762,285		6,670,930	21,486,549	20,159,281	232,603	1,212,922
Operating Expenses							
Project expenses	42,313,278		6,410,714	18,073,354	17,392,200	232,980	204,030
Implementation and overhead expenses -							
Salaries and benefits	5,254,358	4,048,307		585,991	509,647	11,813	98,600
Rent	302,409	302,409					
Travel	179,543	100,177		22,415	19,030	56	37,865
Contractual	126,365	116,026		550	1,200		8,589
Professional	57,210	53,744					3,466
Meetings and conferences	211,144	165,335			507		45,302
Other operating expenses -							
Telephone and Internet	47,097	46,965					132
Depreciation and amortization	108,558	108,558					
Equipment rental, maintenance, and repairs	26,314	24,849					1,465
Insurance	33,146	33,141					5
Dues and subscriptions	89,900	82,998		133	270		6,499
Office supplies, postage, and shipping	44,610	33,375		75	383	13	10,764
Printing and publications	11,040	10,377		487	176		
Trade shows, promotional items	30,833	13,284		9,557	22		7,970
Taxes, interest, bank fees	31,174	28,792					2,382
Other							
Allocation of indirect expenses		(5,168,337)		2,793,987	2,235,846	66,684	71,820
Total implementation and overhead expenses	6,553,701			3,413,195	2,767,081	78,566	294,859
Total Operating Expenses	48,866,979		6,410,714	21,486,549	20,159,281	311,546	498,889
Changes in Net Assets from Operations	$ 895,306	$	$ 260,216	$	$	$ (78,943)	$ 714,033