



UNITED STATES

US-IDF Membership Meeting August 15, 2019 Minutes

Board Members:

Mitch Bowling, Abbott	Dan Meyer, ADPI	Anand Rao, Agropur
Juan Romero, CDR	Andy Novakovic, Cornell	Chris Allen, DFA
Greg Miller, DMI	Allen Saylor, EAS Consulting	John Allan, IDFA
Nate Banner, Neogen	Shawna Morris, NMPF	Jackie Page, Page & Pedersen
Chris Thompson, USDA	Nick Gardner, USDEC	Adam Brock, DFW

Members:

Britney Geter, Coca Cola	Tammy Anderson-Wise, DCC	Amy Boileau, DMI
Bill Graves, DMI	Ying Wang, DMI	Michelle Slimko, DMI
Jamie Jonker, NMPF	Torben Pedersen, Page & Pedersen	
Anne Bigalke, Qualitru Sampling Systems		John Kelly, USDA
Wendy Warren, USDA	Pat Clark, USDA	Danielle Quist, USDA
Eddy Fetzger, USDEC		

Others:

Jay Mattison, ReQuest Debra Wendorf Boyke, US-IDF

I. Call to Order/Review of Agenda

Chair Shawna Morris called the meeting to order at 8:30 a.m. The agenda was reviewed.

II. Approval of April 4, 2019 Minutes

- Mitch Bowling, Jamie Jonker m/s/c to accept minutes as circulated.

III. Chair's Report, Shawna Morris

- Shawna thanked all members for their commitment at all levels to US-IDF/IDF.
- She highlighted the key work items and issues since our spring call

IV. National Secretary Report, Debra Wendorf Boyke

- Report attached

V. Bylaws and Conflict of Interest Statement – Jay Mattison

Jay introduced attorney John Giftos, who is working with the Bylaws Review Committee. John provided an overview of the intent and review process of modernizing the US-IDF bylaws and Conflict of Interest statement to be signed by Board members. Nick Gardner also recommended that we add an Antitrust Statement to open each of our meetings.

VI. Financial Report – Dan Meyer and Jay Mattison (copy attached)

- 2018 Revised year end financials were reviewed.
Mitch Bowling, Jackie Page m/s/c to approve 2018 revised financials.
- 2019 Year to date (7/3/19) financials were reviewed
 - IDF dues paid in February with a favorable conversion rate resulting in \$1917 less than budget.
 - US-IDF dues renewals at 91%, with 100% anticipated by year end.
 - Balance statement = \$352,591 (2.6 times operating expense in reserves)
 - **Allen Saylor, Mitch Bowling m/s/c to approve YTD2019 financials and put them on file for CPA review.**
- Dan Meyer and Jay Mattison met with the CPA firm to go over 2018 financial review; CPA letter circulated to Board. **Nick Gardner/Greg Miller m/s/c to accept letter as presented.**

- 2020 Budget
 - Expecting a 3% increase in US-IDF dues to IDF Brussels
 - US-IDF executive committee is recommending NO US-IDF dues increase for 2020 but shared a proposal with members for future dues increases. Discussion followed including ideas such as tiered dues, increase membership, consider other revenue sources such as hosting meetings, etc. A Membership task force was set up: Allen Saylor and Chris Allen, co-chairs; Anand Rao, Jackie Page, Jamie Jonker and John Kelly to look at dues structure; membership recruitment; other revenue ideas. To report back at spring meeting.
 - **Jackie Page/Greg Miller m/s/c to approve 2020 proposed US-IDF budget**

VII. US-IDF Business

- ISO TAG – Chris Thompson

Chris explained that USDA has approved funding to set up a dairy ISO TAG. (info sheet attached). It would work along side IDF analytical group, hoping for synergies and another platform for putting US dairy interests forward. **Dan Meyer/Nick Gardner m/s/c to support the ISO-TAG.**
- IDF Updates:
 - SPCC: Jamie Jonker, Andy Novakovic and Ying Wang: May meeting focused on prioritization. Currently 150 projects. Each Standing committee asked to review and prioritize its work. A revised New Work Item form will be reviewed in Istanbul. Caroline Emond, IDF Director General, is looking at all processes, communications, etc. A new Sustainability Task Force has been established to overview all work in this arena.
 - In Istanbul, there will be a training session for IDF Codex delegates.
 - Codex is becoming more political, driven by UN. IDF has a strong technical relationship with Codex, but may need to move into an advocacy role too.
- Program of work
 - Environmental Sustainability, Ying Wang: Two new Bulletins on wastewater and solid waste management; potential NWI on plastics; work on Dairy Declaration measurement and FAO LEAP3 continues. Carbon sequestration is the topic we're monitoring to ensure that all types of management styles and feeding systems are included. GDP is doing a lit review on global warming and methane. IDF is working closely with GDP on the report, which can then be shared with governments.
 - Standards, John Allan: working on questionnaire related to use of dairy terms; Codex labeling focus in spring will be on defining biofortification; One concern: WHO is circulating staff driven documents close to meetings without any member input/consensus; NWI on allergen labeling; work on high end sugars has been put on hold/postponed waiting on more work from nutrition area.
 - Codex Commission meeting/July 2019: need more dairy reps there. Discussing role of science in decision-making process (as part of Codex strategic review process). We need to ensure that
 - Codex avoids opening up the process to consumer preferences, animal welfare groups, etc. IMPORTANT for IDF to continue to monitor.
 - Food Additives, Allen Saylor: monitor work on nitrates; Note 161 – it was agreed to discuss and find a solution; GFSA alignment work is moving forward.
 - Micro Hygiene, Allen Saylor: working on paper for unpasteurized milk; also one on principles for safe use of water in processing. Anand requested that we make sure the use of chlorates is allowed; also working on paper related to guidance on how to manage pathological outbreaks
 - Analytical Methods for Additives & Contaminants. Nate Banner: discussing work related to emerging chemical contaminants from the farm; SC Residues has referred work on methods for dioxin and PCPs to this SC. Melamine work being finalized with ISO; ISO/IDF/AOAC joint panel in September 2019 during AOAC meeting; evaluating rapid methods for vet meds and the process, to be published as technical specifications
 - Statistics & Automation, Torben Pedersen: working on guidelines for inline infrared spectrometry; the existing conversion methods related to bacteria count are based on sound science and offer a good foundation; also looking at possibility of allowing automated microscopy, infrared and inline, for SCC. Need a method affordable for everyone.
 - Processing Aids & Indicators, Jackie Page: Bulletin being published on automated method for alkaline phosphatase for testing proper pasteurization; considering new work on food fraud from a methods standpoint
 - Harmonization, Jackie Page: process of environmental monitoring related to feed; prep of samples for microbiological testing

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- Composition: one of most active standing committees; organizing 3 collaborative studies on skim, cream and whole milk using Rose Gottlieb method for fat- **there is a need for US participants**
- Nutrition, Tammy Anderson Wise and Michelle Slimko: shared IDF response to EAT Lancet report including focusing on the positives of report, asking for more investigation into review process, and a rebuttal process for future reports; TF on Plant Based beverages – developing communications framework; School Milk Program – data being analyzed with preliminary report being shared in Istanbul and executive summary by end of October; working towards establishing a Task Force on Dietary guidelines to ensure dairy is included/not reduced.
- JEMNU (Nitrogen conversion factor), Juan Romero: at the meeting, dairy argued that prosthetic groups of amino acids are important to dairy's value, but the committee may not reference it. Work is ongoing. Waiting for final report.
- Post Summit call – will send out survey monkey to determine date. Will focus on updates on those priority areas for the US and where US engagement is needed going forward.
- US-IDF Nominating Committee: Cary Frye, chair; Bill Graves, Dan Meyer
- Education Session committee: John Allen, chair; Ying Wang, Bill Graves, Jamie Jonker, Andy Novakovic, Nick Gardner

VIII. Future Dates

- World Dairy Summit Report – Out call: Survey Monkey will be sent out to determine date
- Spring 2019 Annual Meeting Conference Call: March 20, 2020
- Fall 2019 Education Session/Membership Meeting: August 12-13* tentative

IV. Adjourn

Meeting adjourned at 2:00 p.m.

Respectfully submitted,

Debra Wendorf Boyke
National Secretary



Financial Report Year End 2018 July 8, 2019 (revised)

Balance Sheet Narrative

Assets

- The assets reflect the Business Checking and Money Market account held by US-IDF through December 31, 2019.
 - The Money Market interest rate was 0.15%.
 - The CD interest rates were 3 CDs for \$25,000 each for 12 months due at 2.35% APY and 3 CDs for \$40,000 each for 19 months due at 2.60% APY.
 - The Ameritrade account principle is listed as the investment in stock. This principle reflects current market conditions.

Liabilities and Equity

- There was a net Ordinary Margin of (\$20,890) for the year.
- The Year End Balance Statement for 2018 was \$349,240.
- At \$349,240 assets, US-IDF continues to remain strong at 2.6 times yearly operating expenses in assets.

Operating Income Narrative

Membership Dues Update

- The total FY 2018 dues income was \$119,050, which was on budget.
- One member, Advanced Instruments (corporate), did not renew in 2018.
- One member, Neogen, did not pay 2018 dues in the FY 2018. A check was received in January 2019. This report reflects the Neogen 2018 membership dues payment credited in 2018 as per CPA review and recommendation.
- Two new members joined at the corporate level in 2018. These members are Coca-Cola Company and QualiTru Sampling Systems.
- 2019 membership invoices were sent at the end of December 2018.

Subscriptions and Publications

- The Subscription/Publication income of \$3,242 for 2018 was \$742 more than budget. This is slightly more than 2017.

Interest

- The Money Market interest in 2018 was \$75, with the CDs invested in November 2018 providing a return of another \$1,884. The total interest is \$1,958, which is about \$1,500 more than 2017 interest. This is due to the three 12 month CDs and three 19 month CDs invested in 2018.

Dividends

- The 2018 dividends received were \$1,014 from the TD Ameritrade account. This amount has remained stable over the last six years. This is a fixed distribution amount.

Investment

- Unrealized Gain on investments is a paper accounting of the TD Ameritrade account. This reflects the change in the account market value during the time period. For 2018 there was a paper loss of \$520 compared to a budget of an \$800 gain. This is a total difference of (\$1,320) from budget. The TD Ameritrade account has overall been a stable investment over the last thirteen years, but we should continue to watch trends.

Total Income Summary

- Income was above budget for 2018 by \$894 which resulted in 101% of budget being achieved. \$742 was due to an increase in Subscription/Publication revenue and (\$1,320) was due to unrealized gain on investments.

Expense Narrative

IDF Dues

- This was the amount US-IDF paid to IDF in Brussels for 2018 dues. In 2018 there was an unfavorable exchange of Dollars to Euros resulting in the IDF dues expense being \$4,493 more than budget.

Other

- The Subscription/Publication expenses were \$2,510 more than budgeted. Subscription expenses for 2018 were paid in 2018 and a late 2017 Invoice was received and paid in 2018. Subscription/Publication expenses will be invoiced by IDF Brussels in June and December going forward and paid in the same year as incurred.
- Bank charge fees were \$400 more than budgeted. This is due to more members paying membership dues via credit card.
- Office supplies was \$204 more than budget. In 2018 checks were ordered at a cost of \$229. This amount of checks will last US-IDF for about 5 years. This check order amount put office supplies over the budgeted amount.

- Telephone/Fax was \$1,264 more compared to budget. We have dropped using All-Conferencing for conference calls and now use Zoom for conference calls. This should allow a better service and price for conference calls for US IDF.
- The Board/Membership Meetings includes the US-IDF reception in South Korea.
- Educational Seminars was more than budget by \$2,583. The fall membership meeting was not able to be held at the DMI offices, thus the meeting expenses were higher due to being at a hotel location.
- Staff Travel was \$1,133 less than budget. The items in this category are travel expenses for the National Secretary and staff.
- Other expenses were under or close to budget.
- The total operational expense was 107.7% compared to budget or \$10,391 more than budget. This is mainly due to unfavorable exchange rate for IDF Brussels dues, higher than expected Subscriptions/Publications expenses (including the 2017 invoice received in 2018), more conference call expenses, and higher expense for the US IDF fall educational and membership meeting due to DMI meeting space not being available.

Margin for 2018

- Year end operational results of 100.7% of income and 107.7% of expense compared to budget of (\$11,393) resulted in the operating margin for FY2018 of (\$20,890) for a difference of (\$9,497). This resulted in a (\$20,890) change in cash position of US-IDF.
- US-IDF assets continue to remain strong at 2.6 times yearly operating expenses with a year end balance of \$349,240.

US-IDF
Balance Sheet
As of December 31, 2018

	Dec 31, 18
ASSETS	
Current Assets	
Checking/Savings	
1025 - Business Checking-Park Bank	60,429.99
1026 - Money Market Acct-Park Bank	76,990.17
1350 - Investments-CD	195,000.00
Total Checking/Savings	332,420.16
Accounts Receivable	
1200 - Accounts Receivable	3,300.00
Total Accounts Receivable	3,300.00
Total Current Assets	335,720.16
Other Assets	
1300 - Investments-Stock	13,520.00
Total Other Assets	13,520.00
TOTAL ASSETS	349,240.16
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2300 - Deferred Income	19,800.00
Total Other Current Liabilities	19,800.00
Total Current Liabilities	19,800.00
Total Liabilities	19,800.00
Equity	
3900 - Unrestricted	350,329.87
Net Income	-20,889.71
Total Equity	329,440.16
TOTAL LIABILITIES & EQUITY	349,240.16

Financial Standing Budget vs. Actual

January through December 2018

	<u>Jan - Dec 18</u>	<u>Budget</u>	<u>Actual Minus Budget</u>	<u>Budget % of Budget</u>
Ordinary Income/Expense				
Income				
4000 · Membership Dues	119,050.00	119,050.00	0.00	100.0%
4100 · Subscription/Publications	3,242.00	2,500.00	742.00	129.68%
4200 · Interest/Dividend	2,972.11	1,300.00	1,672.11	228.62%
4400 · Misc	0.00	200.00	-200.00	0.0%
4500 · Unrealized gain on investments	-520.00	800.00	-1,320.00	-65.0%
Total Income	<u>124,744.11</u>	<u>123,850.00</u>	<u>894.11</u>	<u>100.72%</u>
Expense				
5010 · IDF Dues	56,965.56	52,473.00	4,492.56	108.56%
5020 · Subscriptions/Publications	4,260.42	1,750.00	2,510.42	243.45%
5030 · Memberships	775.00	450.00	325.00	172.22%
5040 · Professional Fees	2,230.00	2,000.00	230.00	111.5%
5050 · Postage	166.09	200.00	-33.91	83.05%
5060 · Printing and Copies	247.47	300.00	-52.53	82.49%
5100 · Office Supplies	703.71	500.00	203.71	140.74%
5200 · Rent/Utilities	2,124.54	2,125.00	-0.46	99.98%
5400 · Telephone/Fax	4,013.85	2,750.00	1,263.85	145.96%
5500 · Internet Services	2,386.08	2,000.00	386.08	119.3%
5600 · Bank Charges/Tax/Fees	1,099.66	700.00	399.66	157.09%
5700 · Insurance	2,043.83	2,495.00	-451.17	81.92%
5800 · Board/Membership Mtgs	2,230.07	2,000.00	230.07	111.5%
5810 · Educational Seminars	4,583.31	2,000.00	2,583.31	229.17%
5900 · Staff Travel	8,867.42	10,000.00	-1,132.58	88.67%
5930 · Activity Support	2,936.77	3,500.00	-563.23	83.91%
6115 · Contracted Management Services	50,000.04	50,000.00	0.04	100.0%
Total Expense	<u>145,633.82</u>	<u>135,243.00</u>	<u>10,390.82</u>	<u>107.68%</u>
Net Ordinary Margin	<u>-20,889.71</u>	<u>-11,393.00</u>	<u>-9,496.71</u>	
Net Margin	<u><u>-20,889.71</u></u>	<u><u>-11,393.00</u></u>	<u><u>-9,496.71</u></u>	



UNITED STATES

Financial Report Year-to-Date 2019 July 3, 2019

Balance Sheet Narrative

Assets

- The assets reflect the business checking and money market accounts held by US-IDF.
 - The TD Ameritrade account principle is listed as the investment in stock.
- The Balance Statement through July 3, 2019, is \$352,591.
- At \$352,591 assets US-IDF continues to remain strong at 2.6 times yearly operating expenses in assets.

Income Narrative

Membership Dues Update

- \$108,100 of dues income has been received as of July 3, 2019, which is 91% of budget.
- Two institutional members and one corporate member still owe dues totaling \$6,200. These members have been contacted regarding payment of 2019 membership dues.
- US-IDF will work to achieve the membership dues budget with follow up to members about their 2019 dues. Potential new member prospects will be contacted regarding US-IDF membership and activities in a recruitment effort.

Interest

- Interest for the money market, short-term CDs, and dividends is \$3,366 as of July 3, 2019. Three (3) higher yield short-term CDs were obtained in 2018.

<u>Long Term CDs</u>	<u>Matures</u>	<u>Amt/CD</u>	<u>Amt Total</u>	<u>Interest Rate</u>
3 @ 12 months	Nov 2019	\$25,000	\$75,000	2.35%
3 @ 19 months	Jul 2020	\$40,000	\$120,000	2.60%

Investment

- The TD Ameritrade account balance is available through July 3, 2019. The account has increased in value by \$1,846, which is 738% of budget.

Income Summary

- Income is for the first 6 months plus of FY 2019.
- Subscription income is \$1,244 more than budget as of July 3, 2019. The costs for these subscriptions will be reflected in the 2019 expenses when they are billed from IDF. Interest/Dividend income is on track to meet budget.
- The paper gain on investments is currently \$1,846, which is \$1,596 ahead of the budgeted amount of \$250 for the year.

Expense Narrative

IDF Dues

- IDF Brussel dues were paid in February with the conversion resulting in \$1,917 less than budget.

Subscription/Publications

- In 2019 the expenses for the Subscription/Publications has not been invoiced by IDF to US-IDF at this time.

Professional Fees

- In 2019 there are projected to be legal expenses of \$5,250 for Bylaw and Conflict of Interest (COI) updates in 2019.

Other

- There are 6 months plus of reporting in Year-To-Date 2019. At this point, most expenses are on budget and projected to be close to budget with most of the meeting and travel expenses occurring in the second half of the year.

Projection for 2019

- The Net Margin is currently \$23,151 through July 3, 2019.
- At this point in the year it is projected the income to be close to budget with an increase in Subscriptions/ Publications income and Unrealized Gain on Investments being much higher than budget in the first half of the year. The difference of membership mix and numbers will result in reduced membership income.
- The expenses will be over budget. The IDF Brussels dues were less than budgeted, but the legal fees for updating the Bylaws and COI affected the expenses by \$5,250. The projected Year End margin on operations is (\$15,198) which is \$3,000 more than budgeted.
- The projected US-IDF assets of \$340,000 at the end of FY2019 is 2.4 times yearly operating expenses for a strong balance sheet.

US-IDF
Balance Sheet
As of July 3, 2019

	<u>Jul 3, 19</u>
ASSETS	
Current Assets	
Checking/Savings	
1025 - Business Checking-Park Bank	62,376.26
1026 - Money Market Acct-Park Bank	77,046.82
1350 - Investments-CD	197,801.94
Total Checking/Savings	<u>337,225.02</u>
Total Current Assets	337,225.02
Other Assets	
1300 - Investments-Stock	15,366.00
Total Other Assets	<u>15,366.00</u>
TOTAL ASSETS	<u><u>352,591.02</u></u>
LIABILITIES & EQUITY	
Equity	
3900 - Unrestricted	329,440.16
Net Income	23,150.86
Total Equity	<u>352,591.02</u>
TOTAL LIABILITIES & EQUITY	<u><u>352,591.02</u></u>

US-IDF
Financial Standing Budget vs. Actual
 January 1 through July 3, 2019

	<u>Jan 1 - Jul 3, 19</u>	<u>Budget</u>	<u>Actual Minus Budget</u>	<u>Budget % of Budget</u>
Ordinary Income/Expense				
Income				
4000 · Membership Dues	108,100.00	119,050.00	-10,950.00	90.8%
4100 · Subscription/Publications	3,744.00	2,500.00	1,244.00	149.76%
4200 · Interest/Dividend	3,365.59	1,300.00	2,065.59	258.89%
4400 · Misc	0.00	200.00	-200.00	0.0%
4500 · Unrealized gain on investments	1,846.00	250.00	1,596.00	738.4%
Total Income	<u>117,055.59</u>	<u>123,300.00</u>	<u>-6,244.41</u>	<u>94.94%</u>
Expense				
5010 · IDF Dues	53,543.30	55,460.00	-1,916.70	96.54%
5020 · Subscriptions/Publications	0.00	1,750.00	-1,750.00	0.0%
5030 · Memberships	0.00	450.00	-450.00	0.0%
5040 · Professional Fees	0.00	2,000.00	-2,000.00	0.0%
5050 · Postage	102.10	200.00	-97.90	51.05%
5060 · Printing and Copies	113.22	300.00	-186.78	37.74%
5100 · Office Supplies	107.37	500.00	-392.63	21.47%
5200 · Rent/Utilities	1,274.56	2,185.00	-910.44	58.33%
5400 · Telephone/Fax	870.89	1,900.00	-1,029.11	45.84%
5500 · Internet Services	1,050.00	2,000.00	-950.00	52.5%
5600 · Bank Charges/Tax/Fees	366.57	700.00	-333.43	52.37%
5700 · Insurance	0.00	2,620.00	-2,620.00	0.0%
5800 · Board/Membership Mtgs	0.00	2,000.00	-2,000.00	0.0%
5810 · Educational Seminars	0.00	2,000.00	-2,000.00	0.0%
5900 · Staff Travel	3,247.16	10,000.00	-6,752.84	32.47%
6115 · Contracted Management Services	33,229.56	51,500.00	-18,270.44	64.52%
Total Expense	<u>93,904.73</u>	<u>135,565.00</u>	<u>-41,660.27</u>	<u>69.27%</u>
Net Ordinary Margin	<u>23,150.86</u>	<u>-12,265.00</u>	<u>35,415.86</u>	
Net Margin	<u><u>23,150.86</u></u>	<u><u>-12,265.00</u></u>	<u><u>35,415.86</u></u>	

US-IDF

Discussion Points for 2020 Budget

July 30, 2019

Version 1.2

Income

Organization Financial Standing

US-IDF has a solid reserve position of 2.5 times the annual operating budget. The established threshold is a 24 month (2.0 times) operating budget reserve which would be about \$270,000 in 2020.

FY 2020 Dues Income Projections

The current US-IDF Membership Dues structure was adopted by the US-IDF Board in September 2017 per membership class.

FY 2020 US-IDF Membership Dues Income projection for FY 2020 with a 0% increase based on FY 2019 actual member numbers per class:

Membership Class	Proposed 2020 Dues	Number	Amount
Sustaining	\$6,600	8	\$52,800
Corporate	\$3,300	16	\$52,800
Institutional	\$1,450	6	\$8,700
Total		30	\$114,300

Other income notes

Interest income has increased with short term CDs as the investment vehicle. The rates have made modest increases and currently are in the 2.35% to 2.60% range depending on length of investment.

Money Market rates are currently very low, so the money market account is used for short-term cash flow and has an interest rate 0.25%.

Interest and dividend income is estimated at \$4,800 for FY 2019 with the expectation to achieve the same level of income in 2020.

Investment notes

Current stock investments will be a gain (on paper) based on current market projections. This has to be included in the operating income, but is not readily available income.

Total Revenue

Total revenue for FY 2020 will be a small difference from the actual in FY 2019.

Expenses (most expenses stable from 2018 and 2019 amounts)

2020 IDF Dues

IDF dues to Brussels for 2020 will be set during September at the World Dairy Summit meeting in Turkey.

IDF-Brussels dues assumptions:

€47,000 (based on 2019) 3% increase = €48,400

€48,400 X 1.18 exchange rate = \$57,125 expense for FY 2020

FY 2019 actual dues cost was \$53,543. FY 2020 IDF dues are estimated as an increase of \$3,582 based on a 3% increase and exchange rate for a total of \$57,125.

Subscriptions and Publications

Publication sales, other than the one large order in 2016, have been very small for the last four years. There are orders with a small margin to US-IDF, but this is basically even on income and expenses. Getting timely billing from IDF Brussels will be pursued.

Internet Services

There is a proposed increase of \$4,500 for an update and improved functionality of the US-IDF web site was last done in 2008-2009.

Insurance

Coverage was reviewed for Director's and Officer's (D and O) and Employee Practices Liability Insurance (EPLI) policies at \$1 million with no deductible. There is a projected 5% increase to \$2,750 for 2020.

Staff Travel

FY 2020 estimates include registration fees, lodging and airfare for the 2020 World Dairy Summit to be held in South Africa, a yearly IDF National Secretaries' mid-year meeting (additional meeting started in 2013 and continuing) plus travel to US-IDF Fall meeting and Educational Session.

Management Fee

Proposing \$53,000 for FY 2020 through the budgeting process by the Executive Committee. This would result in an increase of 2.9% or \$1,500 for the year.

Overall Results

Overall Results of the Proposed FY 2020

The overall results of the Proposed FY 2020 US-IDF Budget are a margin of a negative \$20,860.

US-IDF Financial Standing 20 Budget - 19 Projection
Proposed FY 2020 Budget 0% Dues Increase
July 30, 2019

	<u>19 Budget</u>	<u>19 Proj</u>	<u>20 Budget</u>	<u>20 Budget minus 19 Proj</u>	<u>20 Budget vs 19 Proj as %</u>
Ordinary Income/Expense					
Income					
4000 · Membership Dues	119,050	114,300	114,300	0	100.0%
4100 · Subscription/Publications	2,500	3,800	3,500	-300	92.1%
4200 · Interest/Dividend	1,300	4,800	4,800	0	100.0%
4400 · Misc	200	0	200	200	0.0%
4500 · Unrealized gain on investments	250	1,800	1,000	-800	55.6%
Total Income	<u>123,300</u>	<u>124,700</u>	<u>123,800</u>	<u>-900</u>	<u>101.1%</u>
Expense					
5010 · IDF Dues	55,460	53,543	57,125	3,582	106.7%
5020 · Subscriptions/Publications	1,750	3,300	2,500	-800	75.8%
5030 · Memberships	450	450	450	0	100.0%
5040 · Professional Fees	2,000	7,250	3,000	-4,250	41.4%
5050 · Postage	200	150	200	50	133.3%
5060 · Printing and Copies	300	300	300	0	100.0%
5100 · Office Supplies	500	400	500	100	125.0%
5200 · Rent/Utilities	2,185	2,185	2,185	0	100.0%
5400 · Telephone/Fax	1,900	1,700	1,450	-250	85.3%
5500 · Internet Services	2,000	2,000	6,500	4,500	325.0%
5600 · Bank Charges/Tax/Fees	700	500	700	200	140.0%
5700 · Insurance	2,620	2,620	2,750	130	105.0%
5800 · Board/Membership Mtgs	2,000	2,000	2,000	0	100.0%
5810 · Educational Seminars	2,000	2,000	2,000	0	100.0%
5900 · Travel	10,000	10,000	12,000	2,000	120.0%
6115 · Contracted Management Services	51,500	51,500	53,000	1,500	102.9%
Total Expense	<u>135,565</u>	<u>139,898</u>	<u>146,660</u>	<u>6,762</u>	<u>104.8%</u>
Net Ordinary Margin	<u>-12,265</u>	<u>-15,198</u>	<u>-22,860</u>		
Net Margin	<u><u>-12,265</u></u>	<u><u>-15,198</u></u>	<u><u>-22,860</u></u>		

US-IDF

Overview Discussion Points for Budget Years 2020-2023

July 30, 2019

Overview

Organization Financial Standing

US-IDF has a very solid cash position of 2.5 times (30 months) the annual operating budget in reserve. The Executive Committee in 2016 established a threshold of 24 months (2.0 times) operating budget in reserves as a minimum which currently would be about \$270,000 (\$135,000 per year). This is a benchmark level for a minimum and monitored on the balance sheet. Best or Good management practice goals for smaller non-profit associations is 6 months of operating funds in reserve with 12 months as a best practice. Thus the 24-month operating expenses level established by US-IDF is a very good reserve amount on the balance sheet.

The generation of the US-IDF reserves has been almost entirely through hosting and management of IDF level meetings since the 2005 World Dairy Summit which was co-hosted with Canada, the 2012 Cheese Ripening Symposium and the 2017 IDF-ISO Analytical Week. The US-IDF operating budgets have been break even or deficit over the period and thus have not contributed to the US-IDF reserve level.

The annual operating income minus expenses generating negative annual margins is not a good or best practice operating plan that US-IDF should deploy for an extended period. It is not a best practice to operate annually with deficits until the 24-month (2.0 ratio) level of operating expenses in reserve is reached before updating membership dues.

Monitoring the annual US-IDF membership dues and covering annual operating expenses with revenue in a balanced manner is the objective and process for fiduciary responsibility. Currently the annual operating expenses are about \$135,000 and the membership revenue is \$115,000 with \$5,000 in other income. This creates a spread of a realized deficit of \$15,000 and \$20,000 between membership revenue and operating expenses.

There has been interpretation and discussion that annual US-IDF membership dues could remain at the same level until the reserves reach 24 months operating budget in reserve. When this level is approached, a change in US-IDF dues would be proposed for implementation by reviewing the mix and level of dues required to cover the operating expenses

Key areas to address in dues revenue are the current \$15,000 to \$20,000 annual operating deficit, and the \$20,000 spread between the membership revenue and the operating expenses. This demonstrates about a 15% spread between the total revenue and total operating expenses and a 20% spread between membership revenue and operating expenses. This implies a 15% to 20% increase in membership dues would be required to meet an annual break-even budget for US-IDF.

Following are some membership and revenue trends for US-IDF.

Membership Trends

The US-IDF Membership trends are as follows:

Membership Class	2013	2014	2015	2016	2017	2018	2019
Sustaining	11	10	10	10	9	8	8
Corporate	15	14*	12	14	15	17	16
Institutional	7	6	6	6	7	7	6
Total Members	33	30	28	30	31	32	30

* One member ½ year Corporate

Dues Trends

The US-IDF Membership Dues trends are as follows:

Membership Class	2005-2013 9 years	% Change	2013- 2017 5 years	% Change	2018 to Present year
Sustaining	\$6,000	5%	\$6,300	5%	\$6,600
Corporate	\$3,000	5%	\$3,150	5%	\$3,300
Institutional	\$1,250	8%	\$1,350	7.5%	\$1,450
Individual ^a	N/A		N/A		N/A

^a This category was eliminated in 2015.

Note: The dues increase was ± 5% each increase or 0.5% per year for the first period and 1.25% per year for the second period.

Membership Revenue Trends

The US-IDF Membership Revenue trends are as follows:

Membership Class	2013	2014	2015	2016	2017	2018	2019
Sustaining	\$66,000	\$63,000	\$63,000	\$63,000	\$56,700	\$52,800	\$52,800
Corporate	\$45,000	\$42,525*	\$37,800	\$44,100	\$47,250	\$56,100	\$52,800
Institutional	\$8,750	\$8,100	\$8,100	\$8,200	\$9,450	\$9,450	\$8,700
Total Revenue	\$119,750	\$113,625	\$108,900	\$115,200	\$113,400	\$119,050	\$114,300
Total Members	33	30	28	30	31	32	30

* One member ½ year Corporate

Discussion Points

The number of Sustaining members was 11 in 2013, 10 in 2016 and 8 in 2019. This Sustaining member trend has resulted in a loss of \$13,200 revenue from the member class per year, while the Corporate class saw an increase of \$7,800 per year. The Corporate and Institutional membership classes have been steady (different

organizations in and out) at 15/16 Corporate and 6/7 Institutional. The overall membership had a high of 32 and is currently at 30.

The FY 2018, 2019 and 2020 Budgets have operating expenses ranging from \$135,000 to \$140,000. The largest expense line items are IDF Brussels Dues (most variable at ±10% which is why the range) and the Management Fee. When added together, they total about \$110,000 or 80% of operating expenses. Other operating expenses are an additional \$25,000 or 20% of budget. The expense items have been reviewed and are at minimal levels for US-IDF operations.

This indicates there would need to be \$15,000 to \$20,000 more in membership revenue per year to make the US-IDF budget closer to a balanced budget on a cash flow basis. This equals a range of \$500 to \$675 average per member per year with 28 to 30 members. This doesn't consider the fee spread levels across membership categories.

Starting with the assumption that membership revenue and operating expenses come into better alignment for the cash flow, \$15,000 to \$20,000 (20%) increase in membership revenue per year should be considered. To be determined is the period of time (1, 2, or 3 years) that the increase would be spread over, and the starting year that a membership dues increase would be implemented.

Looking at the fee spread and starting at the Institutional Level, the proposed dues increase would be \$300 (20%) total per Institutional member over the chosen period. This generates an additional \$1,800 total Institutional revenue per year at the end of the increase period, which seems plausible.

<i>Institutional</i> Membership Class	1 Year per member	2 Year per member	3 Year per member
Year 1	\$300	\$150	\$100
Year 2		\$150	\$100
Year 3			\$100
Total	\$300	\$300	\$300

The next step is looking at the total increase amount to reach the operating expenses amount which would be about \$19,200 to be divided between the Sustaining and Corporate membership classes. Those classes are basically even in membership revenue at this time.

This 1-, 2-, or 3-year consideration of a stepwise dues per year would be dividing the \$19,200 by 2 (Sustaining and Corporate) = \$9,600 revenue generated per year from each of the Sustaining (8 members) and Corporate (16 members) membership classes at the end of the increase period.

The Corporate dues increase would be \$600, from the current \$3,300 to \$3,900 at the end of the dues increases which equals the total amount of \$9,600 for Corporate class membership dues.

Corporate Membership Class	1 Year per member	2 Year per member	3 Year per member
Year 1	\$600	\$300	\$200
Year 2		\$300	\$200
Year 3			\$200
Total	\$9,600	\$9,600	\$9,600

The Sustaining class dues increase would be a \$1,200 increase from the current \$6,600 to \$7,800. At the end of the dues increases this would equal the total amount of \$9,600 for Sustaining membership class dues.

Sustaining Membership Class	1 Year per member	2 Year per member	3 Year per member
Year 1	\$1,200	\$600	\$400
Year 2		\$600	\$400
Year 3			\$400
Total	\$9,600	\$9,600	\$9,600

Summary

This is a proposed planned increase in membership revenue over a determined period which will address the cash flow and balance the membership revenue and operating expenses with a strong reserve level remaining. Additional operating resources and fine tuning of the percent US-IDF dues increase to address IDF Brussels dues increases and changes to the scope of the management services for US-IDF may need to be factored in future budgets. The intent of the reserves is to be available for special projects, calls for funding from IDF Brussels and possibly meet potential occasional annual operating deficits.

The US-IDF Budget for 2020 is proposed to have no increase in the membership dues in each membership class.

Discussion of a proposed dues increase starting in FY 2021 with a period of time of 1, 2, or 3 years at the determined amount of increase to balance the operating expenses and membership revenue for US-IDF is the proposal for consideration. This will allow for planning and budgeting by US-IDF member organizations and continuity in the US-IDF activities and delivery of benefits to the members and their efforts in the dairy sector.



National Secretary Report – April to July 2019

1. IDF surveys/questionnaires
 - a. Marketing Trends survey (DMI)
 - b. Survey on IDF values
 - c. Five (5) Questionnaires
 - d. CFS Voluntary Guidelines on Food Systems/Nutrition Survey
 - e. ICAR survey on animal welfare scoring
2. Standing Committee work
 - a. Protection of Dairy Terms (John Kelly, USDA)
 - b. Dairy Sustainability Outlook article/Jamie and Lisa Watson
 - c. Dairy Declaration Measuring and reporting (Board feedback)
 - d. Nutrition rebuttal – EAT Lancet
 - e. Request for experts for SCRCC Farms through Processing AT/found 2 members
3. Global work
 - a. Codex CAC strategic planning comments (Nick, Jamie, Board)
 - b. LEAP draft guidelines review
 - c. JEMNU nominations
 - d. WTO 3 Sisters Fact Sheet
 - e. Codex/FL – High In descriptors
 - f. FAO LEAP Steering Committee review of Draft guidelines Biodiversity + Feed Additives
4. IDF administrative
 - a. IDF elections -Circular and Extended circular/Board feedback
 - b. Input on IDF flyer
 - c. NS meeting in Paris
 - d. IDF Dairy Farmers roundtable follow up
 - e. Multiple Observer reports circulated
 - f. Preparations for Summit meetings in Istanbul
5. US-IDF
 - a. Webinar on Analytical Methods/prep for analytical week (22 participants)
 - b. SC list updates
 - c. Initial outline of ideas for website redesign/update
 - d. Preparations for Exec committee meeting and membership meeting
 - e. Work with education session committee
 - f. Multiple member requests for information
 - g. Multiple requests for IDF SC nominations/follow up
 - h. Monthly touch point calls with Chair

First Ever U.S. TAG for ISO TC 34/SC 5 Milk and Milk Products

Introduction:

The mission of the United States Department of Agriculture (USDA) Agricultural Marketing Service (AMS) Dairy Program is to facilitate the efficient marketing of milk and dairy products. Important aspects of this mission are providing the U.S. dairy industry access to international programs and services and allowing marketing and acceptance of U.S. products worldwide.

Consistent with fulfilling its mission, the USDA AMS Dairy Program is interested in securing accreditation through the American National Standards Institute (ANSI) as the U.S. Technical Advisory Group (U.S. TAG/Delegation) Administrator for the International Organization for Standardization (ISO) Technical Committee 34 Food Products/Subcommittee 5 Milk and Milk Products (TC 34/SC 5).

What is ISO TC/34 SC5?

The scope of TC-34 SC5 is standardization of methods of analysis and sampling for milk and milk products, covering the dairy supply chain from primary production to consumption. The Committee comprises 67 national member bodies, and liaisons with AOAC International (AOAC), the Codex Alimentarius Commission (CAC), the International Commission for Food Industries (CIIA), the European Commission (EC), the International Dairy Federation (IDF), International Union of Microbiological Societies (IUMS), the United States Pharmacopeia (USP) and other ISO committees. It has published 186 dairy standards and has 17 under development. These standards are current, applicable and widely used throughout the world making it important that U.S. dairy stakeholders have a national member through which to engage with the Committee.

Why Form a U.S. TAG?

The U.S. TAG formulates the U.S. position and has voting rights to determine ISO's position. A new U.S. delegation to SC 5 will permit the U.S. dairy industry and interested stakeholders to directly participate in and drive ISO technical committee proceedings for the development and standardization of methods of analysis and sampling for milk and milk products. Currently, there is no representation by the U.S. in this committee and access is only possible through TAG administration with ANSI, the U.S. member of ISO.

How would the TAG be Administered?

In support of the U.S. dairy industry and as the U.S. TAG Administrator for ISO TC 34/SC 5, USDA AMS will provide necessary resources and ensure compliance with ANSI requirements, including accreditation with ANSI and impartial administration of the TAG. USDA AMS will also serve as convener and secretary for TAG meetings, overseeing distribution of documents, online access and unbiased communications. Any TAG member can volunteer to host TAG meetings, but USDA AMS can provide meeting space as necessary. As the U.S. TAG Administrator, USDA AMS will provide the important function of representing and expressing the interests of the entire U.S. dairy industry at ISO in discussing, developing, establishing,

First Ever U.S. TAG for ISO TC 34/SC 5 Milk and Milk Products

revising and maintaining international standards for milk and milk products including ISO/IDF standards. Members of the U.S. TAG may accompany USDA AMS at ISO proceedings to serve in an advisory role and as technical experts.

As an immediate first step, USDA AMS will issue an open call for U.S. TAG expert members representing government, industry and academics to ensure balanced representation and to secure the expertise necessary for success. This process will be far reaching to facilitate widespread awareness of the opportunity among U.S. dairy stakeholders. All applicants meeting ISO expert criteria will be considered for TAG membership.

Why is the TAG Needed Now?

Many dairy analytical methods were developed years ago. Dairy products that are manufactured today contain many new and novel ingredients, have defined wholesomeness attributes and require increasingly complex health and safety analyses. The legacy test methods are not always enough to measure milk and milk products composition and quality accurately.

ISO, IDF, Codex and AOAC have since begun collaborating and cooperating to permit the best methods and technologies to be used internationally. Stakeholders from the U.S. have participated in this process through various channels, including IDF and AOAC, but the U.S. has not directly participated in this effort since it has taken place internationally in ISO/IDF/AOAC analytical forums that required access to ISO. A key driver for AMS becoming the SC 5 U.S. TAG Administrator is to secure further U.S. dairy stakeholder participation in the process and ensure directly engagement in these global discussions and collaborations.

Conclusion:

USDA AMS believes that becoming the ANSI approved U.S TAG Administrator for TC 34/SC 5 will support its mission and strategic vision for the entire U.S. dairy industry in the global marketplace. It will also enhance U.S. dairy stakeholder engagement in the ISO process by heightening awareness of and contributions to the ISO work.