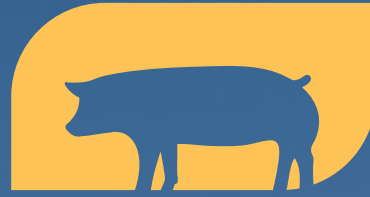


NATIONAL
PORK INDUSTRY



Forum

2025 RESOLUTIONS & ADVISEMENTS

FINANCES & PRIORITIES

pork
checkoff®

2025 ADVISEMENT

KEY RESULT AREA: Swine Health

ADVISEMENT NUMBER: 2025– A1

SUBMITTED BY: Iowa Pork Producers Association

SUBJECT MATTER: PRRS

MOTION: The National Pork Board in collaboration with Iowa Pork Producers Association and colleges of veterinarian medicine will work to develop actionable plans and strategies for when a PRRS outbreak takes place and to develop an evidence based protocol for producers to use on the farm.

Rationale:

PRRS has had significant negative economic impact on pork producers in Iowa. Extensive research and education has been conducted regarding PRRS and the movement from farm to farm.

2025 ADVISEMENT

KEY RESULT AREA: Swine Health

ADVISEMENT NUMBER: 2025– A2

SUBMITTED BY: Iowa Pork Producers Association

SUBJECT MATTER: U.S. Swine Health Improvement Program (US SHIP)

MOTION: The National Pork Board in collaboration with National Pork Producers Council will continue to promote and engage pork producers in the U.S. Swine Health Improvement Plan.

Rationale:

The need for on farm preparedness for African Swine Fever (ASF) and Classical Swine Fever (CSF) is critical to the Iowa and U.S. pork industry. US SHIP has been developed to assist pork producers in on-farm disease prevention and provides monitored certification of ASF/CSF free status for U.S. pork production sites and slaughter facilities. US SHIP certified ASF/CSF free status will support continuing U.S. pig production and domestic/international marketing of pork during an ASF/CSF outbreak and recovery period. It is important the US SHIP be guided by pork producers, veterinarians, and industry representatives.

PRIORITIES AND FINANCES

JAN. 1-DEC. 31, 2024*

I. Executive Summary

A. The National Pork Board – The Business

The National Pork Board (NPB), established by the Pork Promotion, Research and Consumer Information Act of 1985 (Pork Act), is responsible for collecting and investing the Pork Checkoff. In accordance with the Pork Act, an assessment is to be paid by producers on the sale of each live hog at a rate of 35 cents per \$100 of value. Importers of live hogs and pork products are also subject to Checkoff assessments. NPB invests these funds on behalf of the U.S. pork industry in promotion, research and consumer information programs.

A 15-member Board of Directors (BOD) oversees NPB and the Pork Checkoff funds. Each year, Pork Act Delegates, appointed by the U.S. Secretary of Agriculture, have the responsibility of nominating members to the Board, setting the Checkoff assessment rate and establishing the return-to-state rate, which provides funding to the designated state pork associations. The Chief Executive Officer reports to the Board and is responsible for NPB's project and program implementation and staff in four working areas: 1) Communications, Producer and State Engagement; 2) Demand Enhancement; 3) Swine Health, Production and Sustainability; and 4) Administration.

**All financial numbers are pending final audit report.*



II. 2024 in Review

NATIONAL PORK BOARD Comparative Income Statement For the Period Ending Dec. 31, 2024

	2024 ORIGINAL BUDGET	2024 ADJUSTED BUDGET	2024 YEAR-END	VARIANCE
REVENUE				
Checkoff	\$73,000,000	\$84,000,000	\$83,602,934	\$(397,066)
Interest Income	\$1,000,000	\$2,500,000	\$2,876,604	\$376,604
Other	\$1,000,000	\$2,000,000	\$1,832,780	\$(167,220)
Climate-Smart Grants	-		\$1,935,817	\$1,935,817
TOTAL REVENUE	\$75,000,000	\$88,641,772	\$90,248,136	\$1,748,136
PROJECTS				
We Care®	\$5,380,000	\$7,030,000	\$6,332,047	\$(697,953)
Foreign Animal Disease	\$8,400,000	\$8,087,964	\$5,613,766	\$(2,474,198)
Real Pork Thought Leadership	\$8,615,000	\$7,408,559	\$6,250,065	\$(1,158,494)
Human Nutrition	\$7,000,000	\$4,116,608	\$3,888,296	\$(228,312)
Domestic Market Development	\$7,755,000	\$12,260,000	\$12,675,119	\$415,119
International Market Development	\$9,555,000	\$9,515,000	\$9,301,482	\$(213,518)
Operational Excellence	\$825,000	\$857,315	\$737,253	\$(120,062)
TOTAL PROJECTS	\$47,525,000	\$49,275,446	\$44,798,026	\$(4,477,420)
PROGRAM EXPENSES				
Programs	\$9,457,500	\$10,465,892	\$9,526,118	\$(939,774)
Operations	\$3,222,500	\$3,151,917	\$2,517,345	\$(634,572)
FIXED – OVERHEAD EXPENSES				
People	\$16,500,000	\$16,500,000	\$14,956,676	\$(1,543,324)
Overhead	\$3,604,000	\$4,800,000	\$4,800,431	\$431
TOTAL NATIONAL SPENDING	\$80,309,000	\$84,193,256	\$76,598,596	\$(7,594,660)
SUPPLEMENTALS	-	\$8,000,000	\$927,139	\$(7,072,861)
RETURN TO STATES	\$13,870,000	\$15,960,000	\$15,311,369	\$(648,631)
TOTAL OPERATING EXPENSES	\$94,179,000	\$108,153,256	\$92,837,103	\$(15,316,153)
IMPACT TO RESERVES	\$(19,179,000)	\$(19,653,256)	\$(2,588,967)	\$17,064,289
RESERVES				
Impact to Reserves	\$(19,179,000)	\$(19,653,256)	\$(2,588,967)	\$17,064,289
Designated Reserves	\$14,837,776	\$14,837,776	\$19,417,776	\$4,580,000
Undesignated Reserves	\$53,680,375	\$63,812,001	\$63,812,001	-
ENDING BALANCE	\$49,339,151	\$58,996,521	\$80,640,810	\$21,644,289

A. Designated Reserves Being Deployed for Strategic Industry Projects

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

Released From Designation and Deployed in 2024

Swine Health Information Center (SHIC) – \$2.5M

Producer Communications – \$825K

Real Pork Trust and Image – \$3.9M

B. Designated for Future Deployment as of Dec. 31, 2024

Swine Health Information Center – \$5M

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

Real Pork Trust and Image – \$6.9M

As the Real Pork Trust Consortium begins to sunset in 2025, its in-progress research, graduate student support and training projects will be utilized to provide additional perspective and credibility for thought leaders on topics related to producer freedom to operate. The Real Pork Scholars program will continue to build understanding and excitement about the industry with three cohorts of emerging agricultural leaders representing various animal science and food industry-related fields of study.

Soil Health Research – \$438K

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

Domestic Market Development – \$7.08M

Checkoff funds will be utilized to increase demand for pork in the U.S. NPB will launch a new consumer marketing campaign in early 2025 to boost sales across the pork portfolio and maximize the value of the whole hog. This holistic consumer strategy is actionable through NPB *Consumer Connect*, a business and marketing tool focused on engaging younger consumers.

C. Working Capital, Designated Funds and Reserves

Working capital: Measure of an organization's liquidity and short-term financial health. Working capital is the net amount between current liquid assets and current short-term liabilities. It is the funds readily available to pay liabilities and continue operating without divesting long-term, capitalized assets.

Reserves ensure NPB can adequately respond to industry needs as they arise. NPB maintains reserves in accordance with the Board policy to be able to execute on new or emerging strategic priorities or respond to an industry crisis, such as the 2020 COVID-related supply chain issues or a potential foreign animal disease (FAD) outbreak, such as African swine fever. NPB classifies its reserves as Designated or Undesignated.

Designated Reserves: Funds approved by the board for a specific future purpose or project aligning with industry priorities.

Designating funds prioritizes projects but does not create a financial obligation at that time. When taking action to release funds from designation, the Board decides whether to budget the funds for use or simply release them back into undesignated reserves for other potential use.

Undesignated Reserves: The balance of reserves not set aside for a specific purpose. These funds may be approved to address future emerging needs and priorities.

The Board has set two reserve minimums: 1) an emergency reserve of three months of operating expenses required unless a crisis is in place, and 2) an opportunity reserve of three additional months of operating expenses that can be used in the event of an opportunity not previously budgeted to support the pork industry.

Working Capital Balance as of Dec. 31, 2024	\$52,003,783	Working Capital Balance	\$52,003,783
Domestic Consumer Marketing Campaign	\$(7,080,000)		
Real Pork Trust and Image	\$(6,900,000)		
SHIC	\$(5,000,000)	Designated Reserves	\$19,417,776
Soil Health Research	\$(437,776)		
Designated Reserves Total	\$(19,417,776)		
Undesignated Working Capital	\$32,586,007	Undesignated Working Capital	\$32,586,007

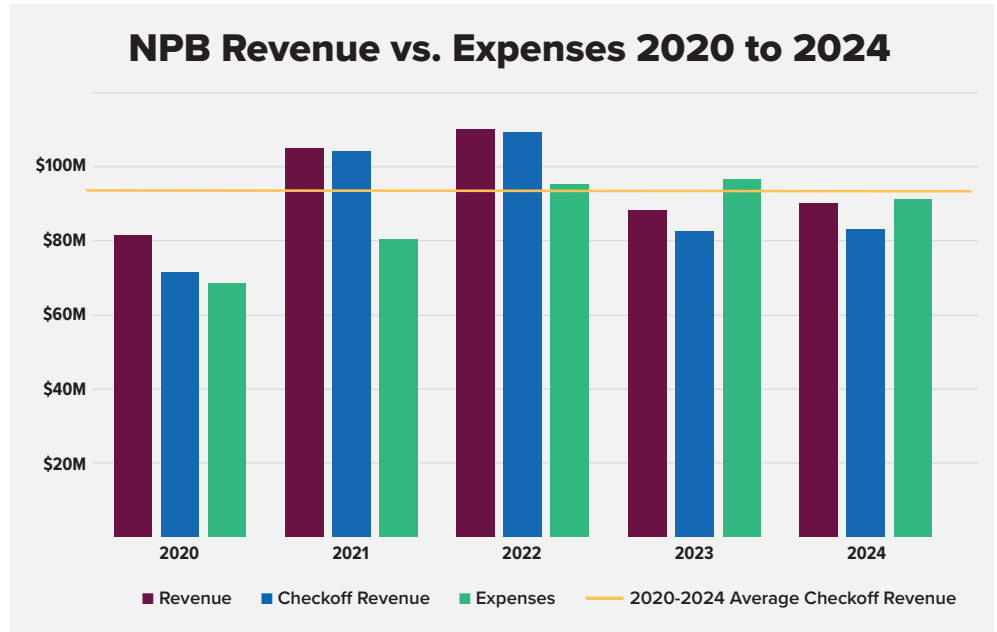
Adjusted Working Capital Reserve Calculations (Table WC.1):	
2024 NPB Current Assets	\$ 92.7M
Less: 2024 NPB Current Liabilities	\$ (40.7M)
2024 NPB Working Capital	\$ 52.0M
Less: 2025 Designated Reserves (as listed above)	\$ (19.4M)
Less: Emergency Reserve (as set by the Board)	\$ (14.3M)
2024 Ending Working Capital Above Reserve Target	\$ 32.6M

Explanation for Table WC.1:

NPB's Undesignated Working Capital balance of \$52M is \$37.7M above the emergency reserve target of \$14.3M, as set by the Board. NPB is strategically deploying available resources above the emergency reserve floor to continue to add value for, and build trust in, the U.S. pork industry.

D. Addressing Industry Needs with NPB's Reserves

The average revenue from 2020 to 2024 was \$94.8M, illustrated by the solid line in the graphic. NPB's reserves ensure funds are readily available to deploy in the uncertainty of a crisis, like an FAD outbreak and its impact on the U.S. pork industry.



III. Programming Resource Availability

NPB programming is funded from Pork Checkoff assessments, the sale of live pigs at a current rate of 35 cents per \$100 value. Two variables affect annual Checkoff revenue — total weight of the national live hog marketing (which is a function of total pigs marketed throughout the year and average live weights) and the market price. Pork Checkoff revenue is not guaranteed but variable and a reflection of the market. Accurate forecasting analyzes pig numbers, average weights and market prices to ensure programming costs align with available funds.

A. Checkoff Assessment and Investment Revenue

NPB's staff and Board utilize the USDA Hogs and Pigs Reports, industry relationships and economic statistics to analyze and forecast production and revenue. The 2025 industry forecast used for budgeting suggests 123.5 million hogs (from 124.3 million in 2024) will be marketed at a carcass weight average of 216 pounds. Market prices are expected to range from \$83.00 to \$86.00 per cwt. Total national and import Checkoff assessments are forecasted from \$82.7M to \$85.4M in 2025. NPB is budgeting below the forecast analysis in anticipation of additional budget requests throughout the year. The Board conservatively adopted \$84M in budgeted Checkoff assessment revenue, \$79M domestically and \$4M from imports, and an additional \$1M in short-term investment revenue.

B. Utilization of Reserves

In 2025, \$11.2M of reserves is budgeted to be deployed to maintain budget stability while meeting industry needs and priorities.

C. Funds Availability

The total funds availability for the 2025 budget is \$95.2M. NPB and the Board monitor revenue forecasts throughout the year and may amend the budget as appropriate to deploy funds to support the industry through the Next On process.

D. Budget Process and Inputs

The 2025 Budget and Operating Plan is aligned with the strategic vision and the input received from producers during the annual planning cycle. The annual producer planning and prioritization process is based on active input and direction from the following segments:

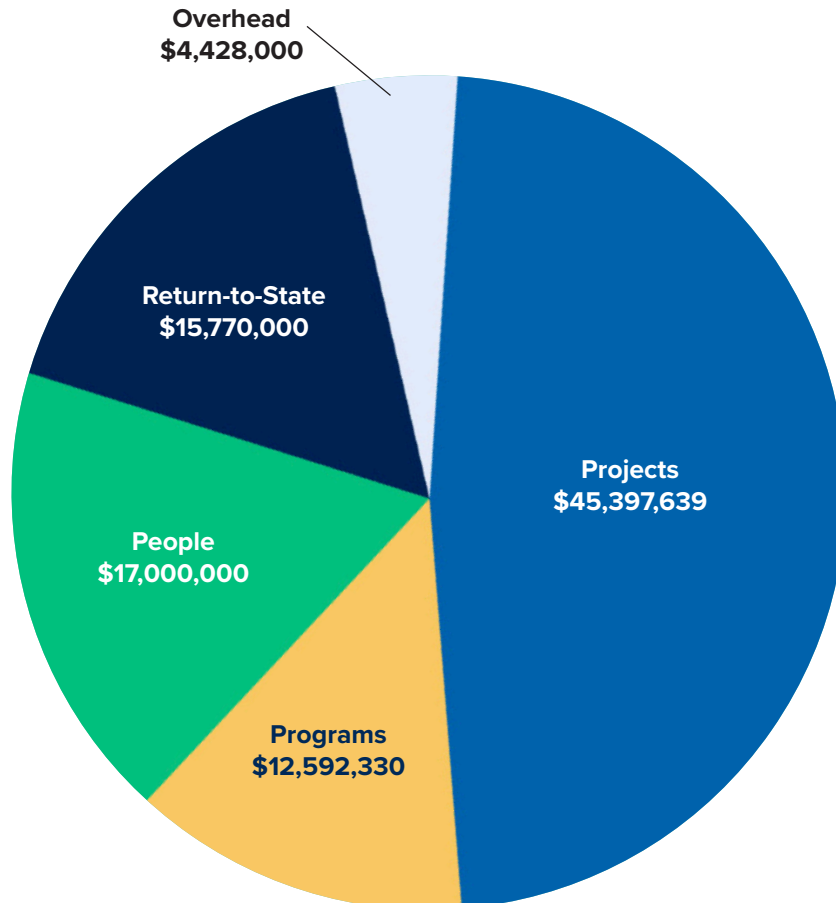
Independent Producers	Contract Growers	Land-Grant Universities
Integrated Producer-Packagers	Niche and Specialty Producers	Ag Economists
Producers With Packer Commitments	Show Pig Producers and Youth	Foodservice
State Pork Associations	Processors	Retail Grocery
NPB Board of Directors	Allied Industry	

IV. Budget Overview

2025 Budget Report

	2024 ADJUSTED FORECAST	2025 BUDGET	VARIANCE
Checkoff Revenue	\$84,000,000	\$83,000,000	\$(1,000,000)
Other Income	\$4,641,772	\$1,000,000	\$(3,641,772)
TOTAL REVENUE	\$88,641,772	\$84,000,000	\$(4,641,772)
National Spending	\$84,193,256	\$79,417,969	\$(4,775,287)
Supplemental Spending	\$8,000,000	-	\$(8,000,000)
Return-to-State	\$15,960,000	\$15,770,000	\$(190,000)
TOTAL EXPENSES	\$108,153,256	\$95,187,969	\$(12,965,287)
Impact to Reserves	\$(19,653,256)	\$(11,187,969)	\$8,465,287
Designated Reserves	\$14,837,776	\$9,237,776	\$(5,600,000)
Undesignated Reserves	\$63,812,001	\$47,385,093	\$(16,426,908)
ENDING RESERVE BALANCE	\$58,996,521	\$45,434,900	\$(13,561,621)

2025 Overall Proposed Spending



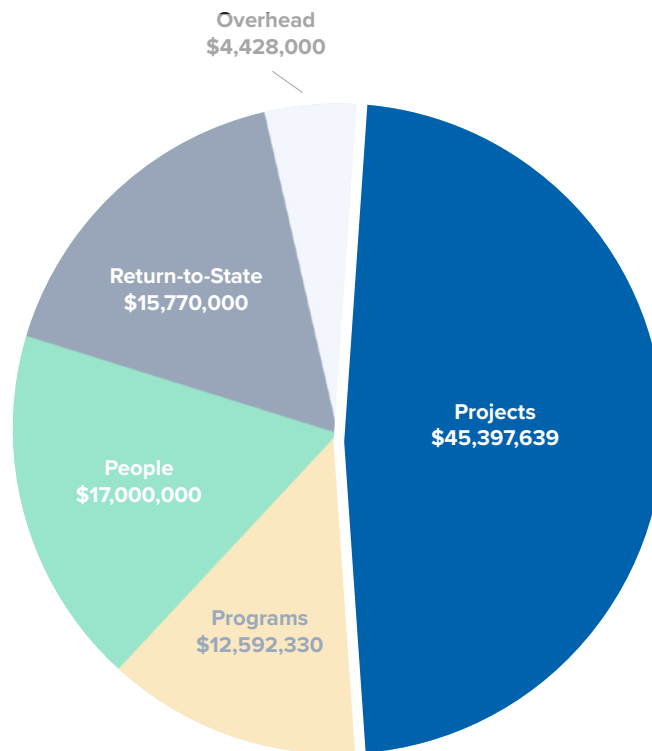
V. NATIONAL PROJECTS AND PROGRAMS

Building on current year success, NPB is planning many value-adding initiatives to address the priorities and needs of our producers and state pork associations in 2025. The Board continues to budget conservatively and focus producer dollars on high-priority areas recommended by the industry through the annual planning cycle.

Projects – Objective-based items determined and prioritized through the annual planning process to support the industry, commonly single-year focused, such as specifically supporting FAD preparedness, sustainability metrics or market development.

Programs – Recurring items that help support the industry, such as Pork Quality Assurance® Plus (PQA Plus®)/Transport Quality Assurance® (TQA®), state supplemental support, national meetings and task forces.

Project Spending



A. Projects

Based on the Board’s adopted strategy and the input and direction of producer and industry leaders, Checkoff dollars are applied to projects and objectives based on priorities, as well as ensuring a positive return on investment of producers’ dollars.

The Checkoff allocates \$45.4M to a comprehensive set of projects within seven objectives, the scope and value of which are outlined on the following page.

Every project budgeted over \$200K has specific, measurable and relevant ROI metrics that will be reported on throughout the year and at project completion. The evaluation of a project’s ROI helps determine future investment levels and demonstrates the value of producers’ Checkoff assessments.

Throughout the year, opportunities to fund additional projects may present themselves. NPB uses a Next On process to evaluate such opportunities. Management maintains a list of prospective projects to be proposed to the Board for budget consideration should the need or opportunity arise. Next On proposals are not part of the adopted budget and must follow policy for approval of a budget revision.

Project spending is organized by key objectives.

As part of the budget process, funding for two specific projects will be released from designated reserves: SHIC (\$2.5M) and Real Pork Trust and Image (\$3.1M).

2025 PRIORITY SCOPE OF WORK AND BUSINESS VALUE

Real Pork Thought Leadership \$3,100,000

- Gene Editing
- We Care® — At Risk Consumer and Industry Engagement
- Real Pork Scholars - 2025 Cohort
- ProteinPACT (People, Animals, Climate of Tomorrow)
- Overcoming Barriers to Consumption
- Thought Leadership and Reputation Management
- Real Pork Trust and Image Thought Leadership

Sustainability/ We Care® \$2,925,000

- Sustainability Production and We Care®
- Promoting Public Health and Worker Wellbeing
- Animal Welfare Research and Support
- Climate Smart Commodity Grants - 2025
- NAMI Foundation Research Partnership
- Grant Communications
- Sustainable Environmental Consultants Support for Sustainability
- Environmental Support for the Swine Industry
- Environmental Industry Initiatives

International Market Development \$7,750,000

- IMD Communications Initiatives
- USMEF
- International Marketing – Sustainability
- International Market Producer Activation
- American Pork Export Trading Company (APEX)
- Acquire Economic Analysis and Market Insights

Swine Health \$4,975,000

- Swine Health Information Center (SHIC)
- On-Farm Preparedness
- Swine Health & Production Research
- Convene & Gather Industry Input on Endemic Disease Control Options
- U.S. Swine Health Improvement Plan (U.S. SHIP)
- AgView Maintenance and Development
- Support for FAD Preparedness Exercises

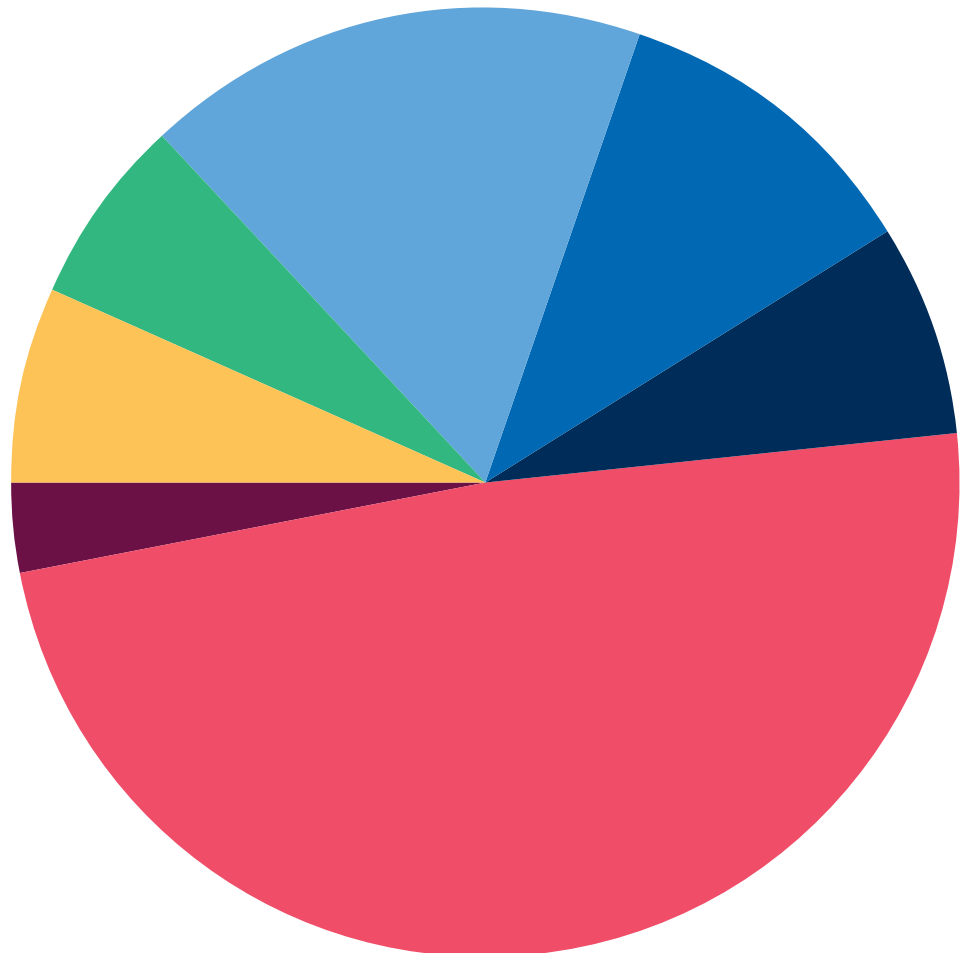
Communications \$3,195,000

Domestic Market Development \$22,077,672

- Consumer Segmentation
- Research and Data Insight Patterns
- Food Chain Outreach and Engagement
- Multicultural

Operational Excellence \$1,374,967

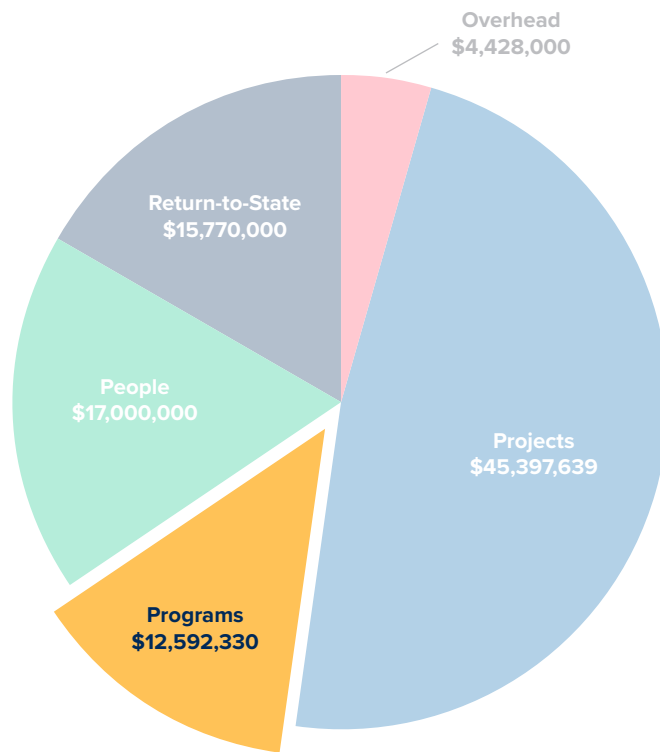
- LMS to Salesforce
- Sponsorships & Memberships
- Risk Management
- Dues & Subscriptions



B. Programs

The budget for 2025 programs is \$12.6M, which is allocated across key program areas that support the industry.

Program Spending



State Supplemental Support: Funds available to state pork associations through applications to support local programs and operations.

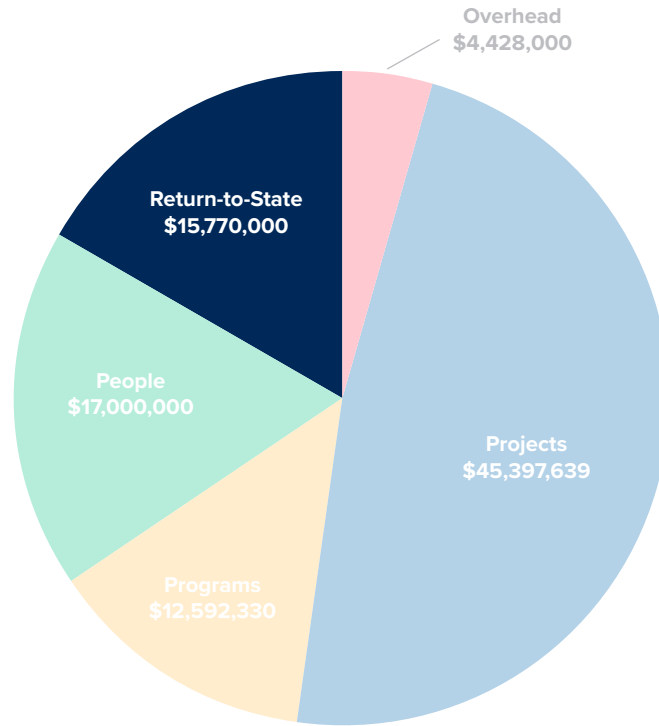
PASLWOCO (Pigs Across State Lines Without a Change in Ownership): Program funds available for those state pork associations determined to have lost return-to-state funding because of pigs being moved across state lines for finishing without change of ownership or assessments collected.

PQA (Pork Quality Assurance®) Plus/TQA (Transport Quality Assurance®): Programs designed to ensure producers, handlers and transporters are certified in leading practices in the pork industry.

Operations: Costs of organization operation include supporting the annual Pork Act Delegate meeting, Board meetings, task forces, state administrative support, legal, intellectual property, economic and market forecasting, leadership development, anticipatory issues management, IT, finance, audit, risk management, meeting and travel coordination, and human resources.

VI. RETURN-TO-STATE

Return-to-State Spending



A. Allocation, Distribution and Use of Return-to-State

Annually, the Pork Act Delegate Body approves the formula to determine each state's allocation of collected assessments. This ranges from 16.5% for large production states to 39% for smaller production states, based on the number of pigs marketed.

A percentage of the national Checkoff assessment collections from each state are returned each month to the respective state pork association to support local Checkoff programming. Each state pork association shall use its Return-to-State funds for promotion, research and consumer information programs in accordance with the Pork Act. On average, approximately 19% of the national assessments are returned to state pork associations.

An established function of the Pork Act,

this disbursement of funds is driven by production, markets and official action of the Delegate Body. As National Checkoff Assessment revenue increases/decreases, so does the distribution of the portion of that revenue returned to state pork associations. For 2025, the Return-to-State allocation funding is budgeted at \$15.7M, which is 19% of \$83M in Checkoff assessments.

Each month, Return-to-State funding is sent to the respective state based on processing of the previous month's volume. Thus, as additional Checkoff dollars are received above the budgeted amount, they are sent directly to the respective state based on their allocated percentage each month. This enables each state to adjust their budget as it is received.

VII. SUPPORT COSTS

People and Overhead

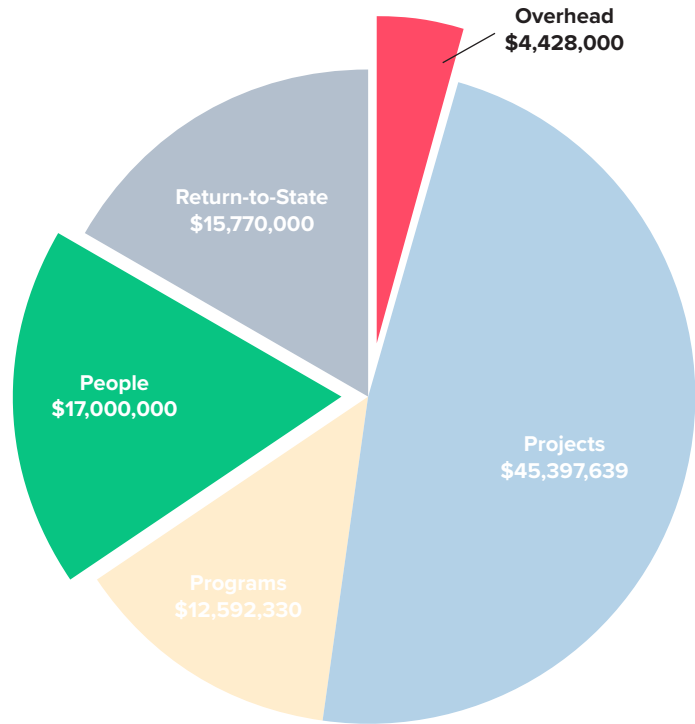
A. Support Costs

Support costs are not direct programs or projects but are necessary functions of NPB to execute them, as well as maintain operations.

People and Overhead costs are budgeted for \$17M and \$4.4M, respectively.

People – People costs include salaries, taxes and benefits.

Overhead – Overhead consists of expenses such as office rent, utilities, insurance, building equipment, grounds maintenance and telecommunications.



Total People and Overhead

	2024	2025	VARIANCE
People	16,500,000	17,000,000	500,000
Depreciation	1,645,000	2,400,000	755,000
Leasing	25,000	28,000	3,000
Office Rent	541,050	550,000	8,950
Office Supplies	20,000	20,000	-
Overhead-IT	748,400	750,000	1,600
Maintenance	410,000	410,000	-
Property and Casualty Insurance	125,000	125,000	-
Utilities	68,425	70,000	1,575
Voice and Data	70,000	75,000	5,000
TOTAL PEOPLE AND OVERHEAD	\$20,152,875	\$21,428,000	\$1,275,125

