



FINANCIAL STATEMENTS

Years Ended December 31, 2022 and 2021



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Independent Auditor's Report

Board of Directors
National Honey Board
Erie, Colorado

Opinion

We have audited the financial statements of the National Honey Board (the Board), which comprise the balance sheets – modified accrual basis as of December 31, 2022 and 2021, and the related statements of revenue, expenses, and changes in fund balance- modified accrual basis and cash flows – modified accrual basis for the years then ended, and the related notes to the financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as of December 31, 2022 and 2021, and the results of its operations and cash flows for the years then ended in accordance with the modified accrual basis of accounting as described in Note 1.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Board adopted new guidance as it relates to Statement No. 87, *Leases*, of the Governmental Accounting Standards Board as of January 1, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified accrual basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified accrual basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplementary Information

The modified accrual basis of accounting requires that the Schedules of Revenue, Expenses, and Changes in Fund Balance – Budget to Actual – Non-GAAP Basis on pages 16-18 along with the Schedule of Functional Expenses – Non-GAAP Basis on page 19, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matter

The Board has not presented the management discussion and analysis that the modified accrual basis of accounting has determined is necessary to supplement, although not required to be part of, the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2023 on our consideration of the National Honey Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering the National Honey Board's internal control over financial reporting and compliance.

Anderson & Whitney, P.C.

March 31, 2023

NATIONAL HONEY BOARD

BALANCE SHEETS - MODIFIED ACCRUAL BASIS

December 31	2022	2021
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 3,719,895	\$ 4,289,115
Prepaid items	16,358	15,810
Total Current Assets	<u>3,736,253</u>	<u>4,304,925</u>
Other Assets:		
Lease deposits	<u>8,700</u>	<u>8,700</u>
Capital Assets:		
Computer equipment	21,802	24,038
Office equipment & furniture	33,137	34,269
Images portfolio	50,000	50,000
Lease asset - office space	304,386	-
	<u>409,325</u>	<u>108,307</u>
Less: Accumulated depreciation and amortization	<u>(153,824)</u>	<u>(94,523)</u>
Total Capital Assets	<u>255,501</u>	<u>13,784</u>
TOTAL ASSETS	<u>\$ 4,000,454</u>	<u>\$ 4,327,409</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	\$ 356,803	\$ 411,778
Accrued expenses	4,538	5,923
Current portion lease liability	56,819	-
Total Current Liabilities	<u>418,160</u>	<u>417,701</u>
Long-term Liabilities:		
Lease liability - long-term	<u>185,037</u>	<u>-</u>
Total Liabilities	<u>603,197</u>	<u>417,701</u>
<u>FUND BALANCE</u>		
Unrestricted	2,397,257	2,909,708
Assigned for reserves	1,000,000	1,000,000
Total Fund Balance	<u>3,397,257</u>	<u>3,909,708</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 4,000,454</u>	<u>\$ 4,327,409</u>

See Accompanying Notes to Financial Statements.

NATIONAL HONEY BOARD

STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN FUND BALANCE - MODIFIED ACCRUAL BASIS

Years Ended December 31	2022	2021
Operating Revenue:		
Assessments	\$ 8,036,449	\$ 9,590,961
Assessment refunds	(591,964)	(1,081,341)
Net assessments	7,444,485	8,509,620
Merchandise sales and donations	7,696	5,083
Interest income	531	190
Total Operating Revenue	7,452,712	8,514,893
Program Expenses:		
Research	1,026,397	620,513
Marketing and promotion	6,243,955	5,998,211
Total Program Expenses	7,270,352	6,618,724
Administrative expenses:		
Office	514,172	509,362
Board	91,632	9,975
Federal	89,007	93,804
Total Administrative Expenses	694,811	613,141
Total Expenses	7,965,163	7,231,865
Revenue Over (Under) Expenses	(512,451)	1,283,028
Fund Balance, Beginning of Year	3,909,708	2,626,680
Fund Balance, End of Year	\$ 3,397,257	\$ 3,909,708

See Accompanying Notes to Financial Statements.

NATIONAL HONEY BOARD

STATEMENTS OF CASH FLOWS - MODIFIED ACCRUAL BASIS

Years Ended December 31	2022	2021
Cash Flows from Operating Activities:		
Cash received:		
From producers and importers	\$ 7,452,712	\$ 8,515,070
Cash payments:		
To suppliers for goods and services	(6,929,361)	(6,117,767)
To employees	(1,025,369)	(973,716)
Net Cash Provided (Used) by Operating Activities	<u>(502,018)</u>	<u>1,423,587</u>
Cash Flows from Capital and Related Financing Activities:		
Disposal of equipment	173	660
Acquisition of equipment	(14,993)	(7,996)
Reduction in lease liability	(52,382)	-
Net Cash Used by Capital and Related Financing Activities	<u>(67,202)</u>	<u>(7,336)</u>
Cash Flows from Investing Activities	-	-
Net Increase (Decrease) in Cash	(569,220)	1,416,251
Cash, beginning of year	4,289,115	2,872,864
Cash, end of year	<u>\$ 3,719,895</u>	<u>\$ 4,289,115</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Revenue Over (Under) Expenses	\$ (512,451)	\$ 1,283,028
Depreciation and amortization	67,341	7,716
Change in assets and liabilities:		
(Increase) decrease in:		
Prepaid items	(548)	(4,196)
Deposits	-	(2,111)
Increase (decrease) in:		
Accounts payable	(54,975)	137,972
Accrued liabilities	(1,385)	1,178
Net Cash Provided (Used) by Operating Activities	<u>\$ (502,018)</u>	<u>\$ 1,423,587</u>

See Accompanying Notes to Financial Statements.

NATIONAL HONEY BOARD

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies:

The accounting and reporting policies of the National Honey Board (the Board) conform to the modified accrual basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following summary of significant accounting policies is presented to assist the reader in evaluating the Board's financial statements.

Organization:

In 2008, the United States Department of Agriculture conducted a referendum to determine if eligible first handlers and importers of honey or honey products favored the implementation of a new order that would cover those packers and importers who handled more than 250,000 pounds of honey annually. The referendum received a favorable vote and, accordingly a new Honey Packers and Importers Research, Promotion, Consumer Education, and Industry Information Order (the Order) was established on May 21, 2008. Official operations began on October 1, 2008.

The purpose of the National Honey Board is to establish an effective coordination program of research, promotion and consumer education designed to strengthen the position of the honey industry in the marketplace and maintain, develop and expand markets for honey and honey products. For financial reporting purposes, the Board is considered a quasi-governmental agency of the United States government. The Board is exempt from income taxes under the Internal Revenue Code.

As stipulated by the Order, the Secretary of Agriculture must conduct a referendum every seven years to determine if first handlers and importers of honey or honey products favor the continuation, suspension or termination of the Order.

The National Honey Board is governed by the Agricultural Marketing Service (AMS) of the United States Department of Agriculture (USDA). In September 2015, as revised in January 2020, AMS issued *Guidelines for AMS Oversight of Commodity Research and Promotion Programs*, which is applicable to all research and promotion boards governed by AMS under the Specialty Crops Program. These financial statements are prepared in accordance with those guidelines.

Basis of Presentation:

Activities of the Board are accounted for as an individual enterprise fund. Enterprise funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises.

NATIONAL HONEY BOARD

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Basis of Presentation – Continued:

Enterprise funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheet. Enterprise fund operating statements present increases (revenue) and decreases (expenses) in net total position.

Enterprise funds distinguish *operating* revenues from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Board are assessments for providing support services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

Basis of Accounting:

These financial statements are prepared on the modified accrual basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified accrual basis, revenues are recognized when they are both measurable and available. Expenditures are recorded on a full accrual basis because they are always measurable when they are incurred. Consequently, the financial statements do not include amounts due from first handlers or importers.

Accounts Receivable:

Accounts receivables are reported net of an allowance for uncollectible accounts. The allowance for uncollectible accounts netted against accounts receivable was \$0 at December 31, 2022 and 2021.

Property and Equipment:

Property and equipment are recorded at acquisition cost or at fair value if contributed. Depreciation is computed using the straight-line method over the estimated useful lives of three to seven years. Expenditures for maintenance and repairs are charged to expense as incurred whereas major property replacements and betterments which extend the useful life of the asset are capitalized and subsequently depreciated. It is the Board's policy to capitalize all capital expenditures over \$1,000. The Board has no infrastructure assets.

NATIONAL HONEY BOARD

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Assessment Revenue:

Assessment revenue is generated by a mandatory assessment of \$.015 per pound of honey and honey products domestically produced or imported into the United States for the years ended December 31, 2022 and 2021. The first handler is responsible for paying the assessment to the Board. The assessment on imported honey and honey products is paid by the importer at the time of entry into the United States and is remitted to the Board by the United States Customs Service. A first handler who handles less than 250,000 pounds of honey or honey products per calendar year, a first handler who operates under an approved National Organic Program (7 CFR part 205) system plan, or an importer who imports less than 250,000 pounds of honey or honey products per calendar year is exempt from paying assessments. The Order includes provisions for the granting of exemptions and refunds of assessments where deemed appropriate by the Board.

Budget:

All annual appropriations are at the total net position level and lapse at year-end. The budget for 2022 and all amendments thereto were approved by the Governing Board and the Agricultural Marketing Service of the USDA.

Statement of Cash Flows:

For purposes of the statements of cash flows, the Board considers all highly liquid investments purchased with a maturity of three months or less, if any, to be cash equivalents.

Use of Estimates:

The preparation of financial statements in conformity with the modified accrual basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NATIONAL HONEY BOARD

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Leases:

Effective January 1, 2022, the Board implemented *Statement No. 87 of the Governmental Accounting Standards Board, Leases*. The Board determines if an arrangement is a lease at inception. Leases are included in capital assets and lease liabilities.

Lease assets represent the Board's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payment made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the Board's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the Board will exercise that option.

The Board has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses are incurred, and these leases are not included as lease liabilities or lease assets on the balance sheet. For individual lease contracts where the information about the discount rate implicit in the lease is not included, the Board has elected to use the incremental borrowing rate to calculate the present value of expected lease payments. As of December 31, 2022, that rate is 5%.

Program Expenses:

Program expenses include payments to subcontractors in conjunction with the Board's research, promotion, and consumer education projects. Additionally, a portion of the Board's expenses for salaries and wages, payroll taxes and workers compensation, employee insurance and benefits, employee pension plan contributions and office expenses are recorded as program expenses.

NATIONAL HONEY BOARD

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - Cash and Investments:

The board is required to follow the Agricultural Marketing Service (AMS) investment policy. Accordingly, the Board is authorized to invest in securities consisting of obligations issued or fully insured or guaranteed by the U.S. or any U.S. government agency, including obligations of government-sponsored corporations. Investment securities, if any, are carried at fair value.

At December 31, 2022 and 2021, the carrying value of cash consisted of the following:

	2022	2021
Demand deposit accounts at U.S. Bank	\$ 3,719,895	\$ 4,289,115

For the years ended December 31, 2022 and 2021, the bank balance of the Board's operating cash deposits was covered by federal depository insurance of \$250,000 and by eligible collateral of \$5,367,510 and 5,398,356, respectively.

NOTE 3 – Benefit Plans:

In 2017 the Board established a 401(k) plan for its employees, administered by CUNA Mutual. The Board contributes 6% of an eligible employee's annual earning to the employee's 401(k) account. An employee must be at least 21 years of age and have completed six months of service. Participation entry date will be the first day of the month following the date the employee satisfies the eligibility requirements. The Board's 401(k) contribution was \$62,264 and \$58,036 for the years ended December 31, 2022 and 2021, respectively.

On January 1, 1992, the predecessor Board adopted a qualified cafeteria plan pursuant to Internal Revenue Code Section 125, which provides employee health care insurance, group term life insurance, dependent care assistance, dental insurance, and/or medical reimbursements to substantially all employees. This plan was transferred to the new Board on October 1, 2008. The Board's cost for health insurance and other employee benefits was \$103,984 and \$102,853 for the years ended December 31, 2022 and 2021, respectively.

NATIONAL HONEY BOARD

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – Changes in Capital Assets:

	Balance, 01/01/22	Additions	Deletions	Balance, 12/31/22
Lease asset – office space	\$ 304,386	\$ --	\$ --	\$ 304,386
Computer equipment	24,038	10,780	13,016	21,802
Office furniture	34,269	4,213	5,345	33,137
Images portfolio	50,000	--	--	50,000
Total Cost	412,693	14,993	18,361	409,325
Less Accumulated Depreciation:				
Lease asset – office space	10,148	60,877	--	71,025
Computer equipment	19,508	4,150	13,018	10,640
Office furniture	25,015	2,314	5,170	22,159
Images portfolio	50,000	--	--	50,000
Total Accumulated Depreciation	104,671	67,341	18,188	153,824
Capital Assets, Net	\$ 308,022	\$ (52,348)	\$ 173	\$ 255,501

As a result of implementation of GASB Statement No. 87, *Leases*, the Board added \$304,386 in lease assets for lease of office space to the beginning balance presented above. As the adjustment to the beginning balance for these assets is offset by an equal amount of liability, the Board does not report a restatement of beginning fund balance for the implementation of GASB Statement No. 87. A restatement of the 2021 financial statements would not be material to the financial statements.

	Balance, 01/01/21	Additions	Deletions	Balance, 12/31/21
Computer equipment	\$ 25,391	\$ 2,882	\$ 4,235	\$ 24,038
Office furniture	31,255	5,114	2,100	34,269
Images portfolio	50,000	--	--	50,000
Total Cost	106,646	7,996	6,335	108,307
Less Accumulated Depreciation:				
Computer equipment	17,770	5,313	3,575	19,508
Office equipment	24,712	2,403	2,100	25,015
Images portfolio	50,000	--	--	50,000
Total Accumulated Depreciation	92,482	7,716	5,675	94,523
Capital Assets, Net	\$ 14,164	\$ 280	\$ 660	\$ 13,784

NATIONAL HONEY BOARD

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – Lease:

The Board entered into a five-year office lease in November 2021. The lease required monthly payments of \$5,507 in 2022 and increased to \$5,617 in November 2022. The lease terms state that monthly payments will increase 2% per year. The lease term expires in October 2026 and the two possible lease extensions of five years are not considered likely to be exercised. Prior to this, the Board leased another space which expired in 2021.

For the years ended December 31, 2022 and 2021, total lease cost including common area maintenance, was \$92,070 and \$75,580, respectively.

The following schedule represents the Board's requirements to maturity for outstanding lease liabilities at December 31, 2022:

Year Ending December 31	Principal	Interest	Total
2023	\$ 56,819	\$ 10,807	\$ 67,626
2024	61,112	7,869	68,981
2025	65,654	4,710	70,364
2026	58,271	1,344	59,615
Total Lease Payments	\$241,856	\$ 24,730	\$266,586

NOTE 6 – Commitments and Contingencies:

Funding Agreements:

The Board has entered into various funding agreements and contracts with various contractors and vendors during the years ended December 31, 2022 and 2021, in order to carry out the Board's activities.

Compensated Absences:

Beginning on the first day of the first full month of employment, each employee scheduled to work 30 or more hours per pay period will receive their paid time off (PTO) balance for their appropriate level based on their length of service as defined in the employee handbook. PTO balances do not carry over from year to year. Employees who leave the Board during the year will have their remaining PTO balance paid to them.

NOTE 7 – Related Party Transactions:

As of December 31, 2022 and 2021, the National Honey Board has received domestic and import assessments that had been paid by Board members' companies.

NATIONAL HONEY BOARD

SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN FUND BALANCE-BUDGET TO ACTUAL - NON-GAAP BASIS

Year Ended December 31, 2022	Actual	Original Budget	Final Budget	Variance from Final
Revenue:				
Carryover balances	\$ 4,289,115	\$ 2,400,000	\$ 4,290,801	\$ (1,686)
Assessments - net	7,444,485	5,700,000	5,900,000	1,544,485
Merchandise sales and donations	7,696	7,100	7,100	596
Interest	531	200	200	331
Net Operating Revenue	<u>11,741,827</u>	<u>8,107,300</u>	<u>10,198,101</u>	<u>1,543,726</u>
Expenses:				
Administrative:				
Office	514,172	534,010	555,627	41,455
Board	91,632	100,000	110,000	18,368
Federal	89,007	120,000	120,000	30,993
Total Administrative Expenses	<u>694,811</u>	<u>754,010</u>	<u>785,627</u>	<u>90,816</u>
Program expenses:				
Research	1,026,397	779,540	1,073,638	47,241
Marketing and Promotion	6,243,955	5,532,250	7,297,336	1,053,381
Emerging opportunities	-	25,000	25,000	25,000
Total Program Expenses	<u>7,270,352</u>	<u>6,336,790</u>	<u>8,395,974</u>	<u>1,125,622</u>
Total Expenses	<u>7,965,163</u>	<u>7,090,800</u>	<u>9,181,601</u>	<u>1,216,438</u>
Excess of Operating Revenue over Expenses	<u>3,776,664</u>	<u>1,016,500</u>	<u>1,016,500</u>	<u>2,760,164</u>
Nonoperating Revenue and Reserves:				
Operating cash reserves	-	(800,000)	(800,000)	800,000
Board reserve	-	(216,500)	(216,500)	216,500
Total Nonoperating Revenue and Reserves	<u>-</u>	<u>(1,016,500)</u>	<u>(1,016,500)</u>	<u>1,016,500</u>
Excess of Revenue over Expenses and Reserves, Non-GAAP Budget Basis	<u>\$ 3,776,664</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,776,664</u>
Reconciliation of Revenue Over Expenses To Changes in Fund Balance:				
Carryover balances	<u>(4,289,115)</u>			
Net Excess, Modified Accrual Basis	<u>\$ (512,451)</u>			

NATIONAL HONEY BOARD

SCHEDULE OF PROGRAM EXPENSES- BUDGET TO ACTUAL - NON-GAAP BASIS

Year Ended December 31, 2022	Actual	Original Budget	Final Budget	Variance from Final
Program expenses:				
Advertising, Public Relations and Research:				
Focus Area 1: Research				
Prior year carryover	\$ -	\$ -	\$ 27,362	\$ 27,362
Research - production and other	943,656	696,500	961,500	17,844
Salaries, wages, and payroll taxes	71,254	71,305	72,503	1,249
Employee insurance and benefits	9,310	9,735	9,606	296
Program office expense	2,177	2,000	2,667	490
Total Research Focus Area	1,026,397	779,540	1,073,638	47,241
Focus Area 2: Marketing and Promotion:				
Prior year carryover	-	-	384,416	384,416
Marketing and promotion	5,318,201	4,630,600	5,972,230	654,029
Salaries, wages and payroll taxes	743,132	722,874	755,575	12,443
Employee insurance and benefits	117,849	119,776	118,898	1,049
Program office expense	64,773	59,000	66,217	1,444
Total Marketing and Promotion	6,243,955	5,532,250	7,297,336	1,053,381
Emerging opportunities:				
Contract fees and expenses	-	25,000	25,000	25,000
Total Emerging Opportunities	-	25,000	25,000	25,000
Total Program Expenses	\$ 7,270,352	\$ 6,336,790	\$ 8,395,974	\$ 1,125,622

NATIONAL HONEY BOARD

SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES- BUDGET TO ACTUAL - NON-GAAP BASIS

Year Ended December 31, 2022	Actual	Original Budget	Final Budget	Variance from Final
Expenses:				
Administrative (Office):				
Salaries, wages, and payroll taxes	\$ 277,579	\$ 261,474	\$ 283,422	\$ 5,843
Employee insurance and benefits	42,267	42,977	43,279	1,012
Office expenses	157,335	169,999	168,366	11,031
Professional services	28,793	51,350	52,350	23,557
Travel	8,198	8,210	8,210	12
Total Administrative (office)	<u>514,172</u>	<u>534,010</u>	<u>555,627</u>	<u>41,455</u>
Board expenses:				
Board of Directors	<u>91,632</u>	<u>100,000</u>	<u>110,000</u>	<u>18,368</u>
Federal expenses:				
USDA User fee	<u>89,007</u>	<u>120,000</u>	<u>120,000</u>	<u>30,993</u>
Total General and Administrative Expenses	<u>\$ 694,811</u>	<u>\$ 754,010</u>	<u>\$ 785,627</u>	<u>\$ 90,816</u>

NATIONAL HONEY BOARD

**SCHEDULE OF FUNCTIONAL EXPENSES-
BUDGET TO ACTUAL - NON-GAAP BASIS**

Year Ended December 31, 2022	Focus Area			Administrative			Total
	1 - Research	2 - Marketing & Promotion	3 - Emerging Opportunities	Subtotal	Office	Board	
Program Expenses	\$ 943,656	\$ 5,318,201		\$ 6,261,857	\$ -	\$ -	\$ -
Salaries, wages, and payroll taxes	71,254	743,132	-	814,386	277,579	-	277,579
Employee insurance and benefits	9,310	117,849	-	127,159	42,267	-	42,267
Office expenses	2,177	64,773	-	64,773	157,335	-	157,335
Subtotal	82,741	925,754	-	1,008,495	477,181	-	477,181
Professional services	-	-	-	-	28,793	-	28,793
Administrative travel	-	-	-	-	8,198	-	8,198
Board expenses	-	-	-	-	-	91,632	91,632
Federal fees and expenses	-	-	-	-	-	-	89,007
Total functional expenses	\$ 1,026,397	\$ 6,243,955	\$ -	\$ 7,270,352	\$ 514,172	\$ 91,632	\$ 89,007
						\$ 694,811	\$ 7,965,163



Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

National Honey Board
Erie, Colorado

We have audited in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the National Honey Board, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as of and for the years ended December 31, 2022 and 2021, and have issued our report thereon dated March 31, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the National Honey Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anderson & Whitney, P.C.

March 31, 2023