



# FINANCIAL STATEMENTS

Years Ended December 31, 2019 and 2018



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## Independent Auditors' Report

National Honey Board  
Frederick, Colorado

We have audited the accompanying balance sheet – modified accrual basis, statement of revenue, expenses and changes in fund balance – modified accrual basis and the statement of cash flows – modified accrual basis of the National Honey Board as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Board’s basic financial statements as listed in the table of contents.

### **Management’s Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified accrual basis of accounting the Board uses; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the statements applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the National Honey Board as of December 31, 2019 and 2018, 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 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.

**Other Matters**

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of revenues, expenses and changes in fund balance-budget to actual on pages 13-16 are presented for purposes of additional analysis and is not a required part of the basic financial statements of the Board. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The Board has not presented the management discussion and analysis that accounting principles generally accepted in the United States 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, 2020 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 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 National Honey Board's internal control over financial reporting and compliance.

*Anderson & Whitney, P.C.*

March 31, 2020

# NATIONAL HONEY BOARD

## BALANCE SHEETS - MODIFIED ACCRUAL BASIS

December 31	2019	2018
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and cash equivalents	\$ 2,198,041	\$ 2,155,774
Accounts receivable	-	914
Fulfillment inventory	-	42,862
Prepaid items	13,071	13,338
Total Current Assets	2,211,112	2,212,888
Other Assets:		
Lease deposits	6,589	4,789
Capital Assets:		
Computer equipment	24,770	30,413
Office equipment & furniture	31,255	29,906
Images portfolio	50,000	50,000
	106,025	110,319
Less: Accumulated depreciation	(86,137)	(89,022)
Total Capital Assets	19,888	21,297
<b>TOTAL ASSETS</b>	<b>\$ 2,237,589</b>	<b>\$ 2,238,974</b>
<b><u>LIABILITIES</u></b>		
Current Liabilities:		
Accounts payable	\$ 296,705	\$ 230,734
Accrued expenses	5,060	6,027
Total Liabilities	301,765	236,761
<b><u>FUND BALANCE</u></b>		
Unrestricted	685,824	752,213
Assigned for reserves	1,250,000	1,250,000
Total Fund Balance	1,935,824	2,002,213
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 2,237,589</b>	<b>\$ 2,238,974</b>

See Accompanying Notes to Financial Statements.

# NATIONAL HONEY BOARD

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

Years Ended December 31	2019	2018
Operating Revenue:		
Assessments	\$ 7,782,682	\$ 7,642,488
Assessment refunds	(664,321)	(528,021)
Net assessments	7,118,361	7,114,467
Merchandise sales and donations	18,092	13,864
Interest income	966	530
Total Operating Revenue	7,137,419	7,128,861
Program Expenses:		
Research	1,086,554	936,147
Marketing and promotion	5,456,888	5,484,993
Total Program Expenses	6,543,442	6,421,140
Administrative expenses:		
Office	483,767	531,147
Board	72,103	80,851
Federal	104,496	58,366
Total Administrative Expenses	660,366	670,364
Total Expenses	7,203,808	7,091,504
Revenue Over (Under) Expenses	(66,389)	37,357
Fund Balance, Beginning of Year	2,002,213	1,964,856
Fund Balance, End of Year	\$ 1,935,824	\$ 2,002,213

See Accompanying Notes to Financial Statements.

# NATIONAL HONEY BOARD

## STATEMENTS OF CASH FLOWS - MODIFIED ACCRUAL BASIS

Years Ended December 31	2019	2018
Cash Flows from Operating Activities:		
Cash received:		
From producers and importers	\$ 7,138,332	\$ 7,188,588
Cash payments:		
To suppliers for goods and services	(6,193,844)	(6,594,144)
To employees	(893,984)	(870,929)
Net Cash Provided (Used) by Operating Activities	50,504	(276,485)
Cash Flows from Capital and Related Financing Activities:		
Acquisition of equipment	(8,237)	(11,358)
Net Cash Used by Capital and Related Financing Activities	(8,237)	(11,358)
Cash Flows from Investing Activities:	-	-
Net Increase (Decrease) in Cash	42,267	(287,843)
Cash, beginning of year	2,155,774	2,443,617
Cash, end of year	\$ 2,198,041	\$ 2,155,774
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Revenue Over (Under) Expenses	\$ (66,389)	\$ 37,357
Depreciation	9,646	10,324
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	914	59,727
Prepaid items	267	(5,159)
Fulfillment inventory	42,863	(5,769)
Deposits	(1,799)	(4,264)
Increase (decrease) in:		
Accounts payable	65,971	(368,015)
Accrued liabilities	(969)	(686)
Net Cash Provided (Used) by Operating Activities	\$ 50,504	\$ (276,485)

See Accompanying Notes to Financial Statements.

# NATIONAL HONEY BOARD

## NOTES TO FINANCIAL STATEMENTS

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### 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.

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#### 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.

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#### 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

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### 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.

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#### 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.

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#### 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, 2019 and 2018.

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#### Inventories:

In 2019 the cost of the fulfillment inventory was written off as the materials are being made available for free online primarily. Previously, inventories were stated at the lower of cost or net realizable value computed on a first-in, first-out (FIFO) basis. Inventories consisted of promotional materials.

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# NATIONAL HONEY BOARD

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - Summary of Significant Accounting Policies - Continued:

#### 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.

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#### 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, 2019 and 2018. 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.

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#### Budget:

All annual appropriations are at the total net position level and lapse at year-end. The budget for 2019 and all amendments thereto were approved by the Governing Board and the Agricultural Marketing Service of the USDA.

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#### 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.

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#### Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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# NATIONAL HONEY BOARD

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - Summary of Significant Accounting Policies - Continued:

#### 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.

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### 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, 2019, the carrying value of cash consisted of the following:

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Demand deposit accounts at U.S. Bank	\$ 2,489,281
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For the year ended December 31, 2019, the bank balance of the Board's operating cash deposits was covered by federal depository insurance of \$250,000 and by eligible collateral of \$5,314,000.

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### NOTE 3 - Changes in Capital Assets:

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	Balance, 01/01/19	Additions	Deletions	Balance, 12/31/19
Computer equipment	\$ 30,413	\$ 7,051	\$ 12,694	\$ 24,770
Office furniture	29,906	1,349	--	31,255
Images portfolio	50,000	--	--	50,000
Total Cost	110,319	8,400	12,694	106,025
Less Accumulated Depreciation:				
Computer equipment	20,849	6,211	12,531	14,529
Office equipment	18,173	3,435	--	21,608
Images portfolio	50,000	--	--	50,000
Total Accumulated Depreciation	89,022	9,646	12,531	86,137
Capital Assets, Net	\$ 21,297	\$ (1,246)	\$ 163	\$ 19,888

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# NATIONAL HONEY BOARD

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3 – Changes in Capital Assets – Continued:

	Balance, 01/01/18	Additions	Deletions	Balance, 12/31/18
Computer equipment	\$ 26,306	\$ 6,087	\$ 1,980	\$ 30,413
Office furniture	24,635	5,271	--	29,906
Images portfolio	50,000	--	--	50,000
Total Cost	100,941	11,358	1,980	110,319
Less Accumulated Depreciation:				
Computer equipment	16,686	6,143	1,980	20,849
Office equipment	13,992	4,181	--	18,173
Images portfolio	50,000	--	--	50,000
Total Accumulated Depreciation	80,678	10,324	1,980	89,022
Capital Assets, Net	\$ 20,263	\$ 1,034	\$ --	\$ 21,297

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### NOTE 4 – 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 \$53,596 and \$55,225 for the years ended December 31, 2019 and 2018, 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 \$84,757 and \$80,352 for the years ended December 31, 2019 and 2018, respectively.

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### NOTE 5 – Commitments and Contingencies:

#### Funding Agreements:

The Board has entered into various funding agreements and contracts with various contractors and vendors during the year ended December 31, 2019, in order to carry out the Board's activities.

# NATIONAL HONEY BOARD

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 5 – Commitments and Contingencies – Continued:

#### 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.

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### NOTE 6 – Related Party Transactions:

As of December 31, 2019 and 2018, the National Honey Board has received domestic and import assessments that had been paid by Board members' companies.

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### NOTE 7 – Operating Lease:

The Board leases office space through May 31, 2021. Lease expense in 2019 was \$58,413. Future minimum rental payments required under the above non-cancellable operating lease as of December 31, 2019 are as follows:

Year Ending December 31	Amount
2020	\$ 60,064
2021	25,317
Total	\$ 85,381

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## NATIONAL HONEY BOARD

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

Year Ended December 31, 2019	Actual	Original Budget	Final Budget	Variance from Final
<b>Revenue:</b>				
Carryover balances	\$ 2,155,774	\$ 1,250,000	\$ 2,155,774	\$ -
Assessments - net	7,118,361	6,940,000	6,940,000	178,361
Merchandise sales and donations	18,092	25,000	25,000	(6,908)
Interest	966	650	650	316
<b>Net Operating Revenue</b>	<b>9,293,193</b>	<b>8,215,650</b>	<b>9,121,424</b>	<b>171,769</b>
<b>Expenses:</b>				
<b>Administrative:</b>				
Office	483,767	517,328	523,174	39,407
Board	72,103	85,500	100,000	27,897
Federal	104,496	120,000	120,000	15,504
<b>Total Administrative Expenses</b>	<b>660,366</b>	<b>722,828</b>	<b>743,174</b>	<b>82,808</b>
<b>Program expenses:</b>				
Advertising, public relations, research	6,529,179	6,162,822	7,048,250	519,071
Emerging opportunities	14,263	100,000	100,000	85,737
<b>Total Program Expenses</b>	<b>6,543,442</b>	<b>6,262,822</b>	<b>7,148,250</b>	<b>604,808</b>
<b>Total Expenses</b>	<b>7,203,808</b>	<b>6,985,650</b>	<b>7,891,424</b>	<b>687,616</b>
<b>Excess of Operating Revenue over Expenses</b>	<b>2,089,385</b>	<b>1,230,000</b>	<b>1,230,000</b>	<b>(515,847)</b>
<b>Nonoperating Revenue and Reserves:</b>				
Operating cash reserves	(1,030,000)	(1,030,000)	(1,030,000)	-
Board reserve	(200,000)	(200,000)	(200,000)	-
<b>Total Nonoperating Revenue and Reserves</b>	<b>(1,230,000)</b>	<b>(1,230,000)</b>	<b>(1,230,000)</b>	<b>-</b>
<b>Excess of Revenue over Expenses and Reserves, Non-GAAP Budget Basis</b>	<b>\$ 859,385</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 859,385</b>
<b>Reconciliation of Revenue Over Expenses To Changes in Net Position:</b>				
Carryover balance	(2,155,774)			
Reserves	1,230,000			
<b>Net Excess, Modified Accrual Basis</b>	<b>\$ 66,389</b>			

## NATIONAL HONEY BOARD

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

Year Ended December 31, 2019	Actual	Original Budget	Final Budget	Variance from Final
Expenses:				
Administrative (Office):				
Salaries and wages	\$ 240,686	\$ 237,200	\$ 237,600	\$ (3,086)
Payroll taxes and workers compensation	15,930	18,221	18,327	2,397
Employee insurance and benefits	21,935	23,070	23,070	1,135
Employee pension plan	14,441	14,229	14,254	(187)
Program office expense	88,139	109,473	112,856	24,717
Facilities expense	59,392	63,000	63,000	3,608
Professional services	27,733	36,750	36,750	9,017
Travel	15,511	15,385	17,317	1,806
Total Administrative (office)	483,767	517,328	523,174	39,407
Board expenses:				
Board of Directors	72,103	85,500	100,000	27,897
Federal expenses:				
USDA User fee	104,496	120,000	120,000	15,504
Total General and Administrative Expenses	\$ 660,366	\$ 722,828	\$ 743,174	\$ 82,808

## NATIONAL HONEY BOARD

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

Year Ended December 31, 2019	Actual	Original Budget	Final Budget	Variance from Final
Program expenses:				
Advertising, Public Relations and Research:				
Focus Area 1: Research	\$ 1,086,554	\$ 977,465	\$ 1,199,102	\$ 112,548
Focus Area 2: Marketing and Promotion	4,674,540	4,405,000	4,900,000	225,460
Prior year carry-over	-	-	160,447	160,447
Salaries and wages	596,283	594,308	598,927	2,644
Payroll taxes and workers compensation	42,100	48,153	48,434	6,334
Employee insurance and benefits	59,095	60,971	60,971	1,876
Employee pension plan	35,778	35,658	35,936	158
Program office expense	34,829	41,267	44,433	9,604
Total Advertising, Public Relations and Research	<u>6,529,179</u>	<u>6,162,822</u>	<u>7,048,250</u>	<u>519,071</u>
Emerging opportunities:				
Contract fees and expenses	<u>14,263</u>	<u>100,000</u>	<u>100,000</u>	<u>85,737</u>
Total Emerging Opportunities	<u>14,263</u>	<u>100,000</u>	<u>100,000</u>	<u>85,737</u>
Total Program Expenses	<u>\$ 6,543,442</u>	<u>\$ 6,262,822</u>	<u>\$ 7,148,250</u>	<u>\$ 604,808</u>

**NATIONAL HONEY BOARD**

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

Year Ended December 31, 2019	Focus Area			Subtotal	Administrative				Subtotal	Total
	1 - Research	2 - Marketing & Promotion	3 - Emerging Opportunities		Office	Board	Federal			
Program expenses	\$ 1,018,133	\$ 4,674,540	\$ 14,263	\$ 5,706,936	\$ -	\$ -	\$ -	\$ -	\$ 5,706,936	
Salaries and wages	57,016	596,283	-	653,299	240,686	-	-	240,686	893,985	
Payroll taxes and worker comp	2,655	42,100	-	44,755	15,930	-	-	15,930	60,685	
Employee insurance and benefits	3,727	59,095	-	62,822	21,935	-	-	21,935	84,757	
Employee pension plan	3,378	35,778	-	39,156	14,441	-	-	14,441	53,597	
Office expenses	1,645	34,829	-	36,474	88,139	-	-	88,139	124,613	
Subtotal	68,421	768,085	-	836,506	381,131	-	-	381,131	1,217,637	
Facilities expense	-	-	-	-	59,392	-	-	59,392	59,392	
Professional services	-	-	-	-	27,733	-	-	27,733	27,733	
Administrative travel	-	-	-	-	15,511	-	-	15,511	15,511	
Board expenses	-	-	-	-	-	72,103	-	72,103	72,103	
Federal fees and expenses	-	-	-	-	-	-	104,496	104,496	104,496	
Total functional expenses	\$ 1,086,554	\$ 5,442,625	\$ 14,263	\$ 6,543,442	\$ 483,767	\$ 72,103	\$ 104,496	\$ 660,366	\$ 7,203,808	



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  
Frederick, 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, 2019 and 2018, and have issued our report thereon dated March 31, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting.

*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 determination of financial statement amounts. 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, 2020