



FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020



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Independent Auditor's Report

Board of Directors
National Honey Board
Frederick, 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, 2021 and 2020, 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, 2021 and 2020, 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). 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 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, 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

Accounting principles generally accepted in the United States of America require that the Schedules of Revenue, Expenses, and Changes in Fund Balance – Budget to Actual – Non-GAAP Basis on pages 14-16 along with the Schedule of Functional Expenses – Non-GAAP Basis on page 17, 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 accounting principles generally accepted in the United States of America has determined it 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, 2022 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, 2022

NATIONAL HONEY BOARD

BALANCE SHEETS - MODIFIED ACCRUAL BASIS

December 31	2021	2020
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 4,289,115	\$ 2,872,864
Prepaid items	15,810	11,614
Total Current Assets	<u>4,304,925</u>	<u>2,884,478</u>
Other Assets:		
Lease deposits	<u>8,700</u>	<u>6,589</u>
Capital Assets:		
Computer equipment	24,038	25,391
Office equipment & furniture	34,269	31,255
Images portfolio	<u>50,000</u>	<u>50,000</u>
	108,307	106,646
Less: Accumulated depreciation	<u>(94,523)</u>	<u>(92,482)</u>
Total Capital Assets	<u>13,784</u>	<u>14,164</u>
TOTAL ASSETS	<u>\$ 4,327,409</u>	<u>\$ 2,905,231</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	\$ 411,778	\$ 273,806
Accrued expenses	<u>5,923</u>	<u>4,745</u>
Total Liabilities	<u>417,701</u>	<u>278,551</u>
<u>FUND BALANCE</u>		
Unrestricted	2,909,708	1,626,680
Assigned for reserves	<u>1,000,000</u>	<u>1,000,000</u>
Total Fund Balance	<u>3,909,708</u>	<u>2,626,680</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 4,327,409</u>	<u>\$ 2,905,231</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	2021	2020
Operating Revenue:		
Assessments	\$ 9,590,961	\$ 8,772,706
Assessment refunds	(1,081,341)	(1,130,501)
Net assessments	8,509,620	7,642,205
Merchandise sales and donations	5,083	4,718
Interest income	190	301
Total Operating Revenue	8,514,893	7,647,224
Program Expenses:		
Research	620,513	970,705
Marketing and promotion	5,998,211	5,404,920
Total Program Expenses	6,618,724	6,375,625
Administrative expenses:		
Office	509,362	482,572
Board	9,975	5,417
Federal	93,804	92,754
Total Administrative Expenses	613,141	580,743
Total Expenses	7,231,865	6,956,368
Revenue Over (Under) Expenses	1,283,028	690,856
Fund Balance, Beginning of Year	2,626,680	1,935,824
Fund Balance, End of Year	\$ 3,909,708	\$ 2,626,680

See Accompanying Notes to Financial Statements.

NATIONAL HONEY BOARD

STATEMENTS OF CASH FLOWS - MODIFIED ACCRUAL BASIS

Years Ended December 31	2021	2020
Cash Flows from Operating Activities:		
Cash received:		
From producers and importers	\$ 8,515,070	\$ 7,647,224
Cash payments:		
To suppliers for goods and services	(6,117,767)	(6,043,291)
To employees	(973,716)	(925,656)
Net Cash Provided (Used) by Operating Activities	<u>1,423,587</u>	<u>678,277</u>
Cash Flows from Capital and Related Financing Activities:		
Disposal of equipment	660	-
Acquisition of equipment	(7,996)	(3,454)
Net Cash Used by Capital and Related Financing Activities	<u>(7,336)</u>	<u>(3,454)</u>
Cash Flows from Investing Activities	-	-
Net Increase in Cash	1,416,251	674,823
Cash, beginning of year	2,872,864	2,198,041
Cash, end of year	<u>\$ 4,289,115</u>	<u>\$ 2,872,864</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Revenue Over Expenses	\$ 1,283,028	\$ 690,856
Depreciation	7,716	9,177
Change in assets and liabilities:		
(Increase) decrease in:		
Prepaid items	(4,196)	1,457
Deposits	(2,111)	-
Increase (decrease) in:		
Accounts payable	137,972	(22,899)
Accrued liabilities	1,178	(314)
Net Cash Provided by Operating Activities	<u>\$ 1,423,587</u>	<u>\$ 678,277</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, 2021 and 2020.

NATIONAL HONEY BOARD

NOTES TO FINANCIAL STATEMENTS

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.

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, 2021 and 2020. 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 2021 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 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.

NATIONAL HONEY BOARD

NOTES TO FINANCIAL STATEMENTS

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.

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, 2021 and 2020, the carrying value of cash consisted of the following:

	2021	2020
Demand deposit accounts at U.S. Bank	\$ 4,289,115	\$ 2,872,864

For the years ended December 31, 2021 and 2020, the bank balance of the Board's operating cash deposits was covered by federal depository insurance of \$250,000 and by eligible collateral of \$5,398,356 and 5,448,647, respectively.

NOTE 3 - Changes in Capital Assets:

	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 furniture	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 3 – Changes in Capital Assets – Continued:

	Balance, 01/01/20	Additions	Deletions	Balance, 12/31/20
Computer equipment	\$ 24,770	\$ 3,455	\$ 2,834	\$ 25,391
Office furniture	31,255	--	--	31,255
Images portfolio	50,000	--	--	50,000
Total Cost	106,025	3,455	2,834	106,646
Less Accumulated Depreciation:				
Computer equipment	14,529	6,075	2,834	17,770
Office equipment	21,608	3,104	--	24,712
Images portfolio	50,000	--	--	50,000
Total Accumulated Depreciation	86,137	9,179	2,834	92,482
Capital Assets, Net	\$ 19,888	\$ (5,724)	\$ --	\$ 14,164

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 \$58,036 and \$55,513 for the years ended December 31, 2021 and 2020, 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 \$102,853 and \$92,999 for the years ended December 31, 2021 and 2020, respectively.

NATIONAL HONEY BOARD

NOTES TO FINANCIAL STATEMENTS

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, 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 6 – Related Party Transactions:

As of December 31, 2021, and 2020, the National Honey Board has received domestic and import assessments that had been paid by Board members' companies.

NOTE 7 – Operating Lease:

The Board leases office space through October 2026. Lease expense in 2021 and 2020 was \$75,580 and \$60,064, respectively. Future minimum rental payments required under the above non-cancellable operating lease as of December 31, 2021 are as follows:

Year Ending December 31	Amount
2022	\$ 66,299
2023	67,626
2024	68,981
2025	70,364
2026	59,615
Total	\$ 332,885

NATIONAL HONEY BOARD

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

Year Ended December 31, 2021	Actual	Original Budget	Final Budget	Variance from Final
Revenue:				
Carryover balances	\$ 2,872,864	\$ 2,400,000	\$ 2,873,761	\$ (897)
Assessments - net	8,509,620	7,000,000	7,000,000	1,509,620
Merchandise sales and donations	5,083	6,700	6,700	(1,617)
Interest	190	300	300	(110)
Net Operating Revenue	<u>11,387,757</u>	<u>9,407,000</u>	<u>9,880,761</u>	<u>1,506,996</u>
Expenses:				
Administrative:				
Office	509,362	515,504	516,085	6,723
Board	9,975	50,000	50,000	40,025
Federal	93,804	120,000	120,000	26,196
Total Administrative Expenses	<u>613,141</u>	<u>685,504</u>	<u>686,085</u>	<u>72,944</u>
Program expenses:				
Advertising, public relations, research	6,618,724	7,611,496	8,084,676	1,465,952
Emerging opportunities	-	100,000	100,000	100,000
Total Program Expenses	<u>6,618,724</u>	<u>7,711,496</u>	<u>8,184,676</u>	<u>1,565,952</u>
Total Expenses	<u>7,231,865</u>	<u>8,397,000</u>	<u>8,870,761</u>	<u>1,638,896</u>
Excess of Operating Revenue over Expenses	<u>4,155,892</u>	<u>1,010,000</u>	<u>1,010,000</u>	<u>3,145,892</u>
Nonoperating Revenue and Reserves:				
Operating cash reserves	-	(800,000)	(800,000)	800,000
Board reserve	-	(210,000)	(210,000)	210,000
Total Nonoperating Revenue and Reserves	<u>-</u>	<u>(1,010,000)</u>	<u>(1,010,000)</u>	<u>1,010,000</u>
Excess of Revenue over Expenses and Reserves, Non-GAAP Budget Basis	<u>\$ 4,155,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,155,892</u>
Reconciliation of Revenue Over				
Expenses To Changes in Fund Balance:				
Carryover balances	<u>(2,872,864)</u>			
Net Excess, Modified Accrual Basis	<u>\$ 1,283,028</u>			

NATIONAL HONEY BOARD

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

Year Ended December 31, 2021	Actual	Original Budget	Final Budget	Variance from Final
Program expenses:				
Advertising, Public Relations and Research:				
Focus Area 1: Research	\$ 620,513	\$ 966,204	\$ 783,586	\$ 163,073
Focus Area 2: Marketing and Promotion	5,120,139	5,775,050	6,156,650	1,036,511
Prior year carry-over	-	-	271,986	271,986
Salaries and wages	668,161	657,411	657,411	(10,750)
Payroll taxes and workers compensation	45,921	52,549	52,549	6,628
Employee insurance and benefits	71,213	73,337	71,883	670
Employee pension plan	39,850	39,445	39,445	(405)
Program office expense	52,927	47,500	51,166	(1,761)
Total Advertising, Public Relations and Research	6,618,724	7,611,496	8,084,676	1,465,952
Emerging opportunities:				
Contract fees and expenses	-	100,000	100,000	100,000
Total Emerging Opportunities	-	100,000	100,000	100,000
Total Program Expenses	\$ 6,618,724	\$ 7,711,496	\$ 8,184,676	\$ 1,565,952

NATIONAL HONEY BOARD

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

Year Ended December 31, 2021	Actual	Original Budget	Final Budget	Variance from Final
Expenses:				
Administrative (Office):				
Salaries and wages	\$ 238,012	\$ 238,046	\$ 238,046	\$ 34
Payroll taxes and workers compensation	16,379	18,767	18,767	2,388
Employee insurance and benefits	26,553	26,192	25,672	(881)
Employee pension plan	14,259	14,283	14,283	24
Program office expense	106,676	108,050	120,437	13,761
Facilities expense	66,549	53,550	58,750	(7,799)
Professional services	39,063	48,850	37,850	(1,213)
Travel	1,871	7,766	2,280	409
Total Administrative (office)	509,362	515,504	516,085	6,723
Board expenses:				
Board of Directors	9,975	50,000	50,000	40,025
Federal expenses:				
USDA User fee	93,804	120,000	120,000	26,196
Total General and Administrative Expenses	\$ 613,141	\$ 685,504	\$ 686,085	\$ 72,944

NATIONAL HONEY BOARD

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

Year Ended December 31, 2021	Focus Area			Administrative			Total		
	1 - Research	2 - Marketing & Promotion	3 - Emerging Opportunities	Subtotal	Office	Board		Federal	Subtotal
Program expenses	\$ 539,659	\$ 5,120,139	\$ -	\$ 5,659,798	\$ -	\$ -	\$ -	\$ -	\$ 5,659,798
Salaries and wages	66,193	668,161	-	734,354	238,012	-	-	238,012	972,366
Payroll taxes and worker comp	3,276	45,921	-	49,197	16,379	-	-	16,379	65,576
Employee insurance and benefits	5,087	71,213	-	76,300	26,553	-	-	26,553	102,853
Employee pension plan	3,927	39,850	-	43,777	14,259	-	-	14,259	58,036
Office expenses	2,371	52,927	-	55,298	106,676	-	-	106,676	161,974
Subtotal	80,854	878,072	-	958,926	401,879	-	-	401,879	1,360,805
Facilities expense	-	-	-	-	66,549	-	-	66,549	66,549
Professional services	-	-	-	-	39,063	-	-	39,063	39,063
Administrative travel	-	-	-	-	1,871	-	-	1,871	1,871
Board expenses	-	-	-	-	-	9,975	-	9,975	9,975
Federal fees and expenses	-	-	-	-	-	-	93,804	93,804	93,804
Total functional expenses	\$ 620,513	\$ 5,998,211	\$ -	\$ 6,618,724	\$ 509,362	\$ 9,975	\$ 93,804	\$ 613,141	\$ 7,231,865



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, 2021 and 2020, and have issued our report thereon dated March 31, 2022.

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, 2022