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Audit Committee and Board of Directors
Cattlemen's Beef Promotion and Research Board
Centennial, Colorado

We have audited the financial statements of Cattlemen's Beef Promotion and Research Board (the Board) as of and for the year ended September 30, 2018, and have issued our report thereon dated December 13, 2018. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Accounting Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Board are described in Note 2 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2018. As described in Note 2, the financial statements were prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

We noted no transactions entered into by the Board during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period in accordance with the modified cash basis of accounting.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent and clear.

Difficulties encountered in performing the audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the attached Exhibit A.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the Board's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other information in documents containing audited financial statements

With respect to the supplementary statement of assessment revenues by state – modified cash basis accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated December 13, 2018.

Our auditors' opinion, the audited financial statements and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

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This information is intended solely for the use of the members of the Board, the Audit Committee of the Board, management and the United States Department of Agriculture and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
December 13, 2018

December 13, 2018

CliftonLarsonAllen LLP
8390 E. Crescent Parkway, Suite 300
Greenwood Village, Colorado 80111

This representation letter is provided in connection with your audit of the financial statements of Cattlemen's Beef Promotion and Research Board (the Board), which comprise the statements of assets, liabilities, and net assets – modified cash basis as of September 30, 2018 and 2017, and the related statements of revenues, expenses, and changes in unrestricted net assets – modified cash basis for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with the modified cash basis of accounting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of December 13, 2018 the following representations made to you during your audit:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 11, 2018, for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.
- We acknowledge and have fulfilled our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- The financial statements referred to above are fairly presented in conformity with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The financial statements include all properly classified net assets under the Board's control.
- We have identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions used in making those estimates, and we believe the estimates (including those measured at fair value) and the significant assumptions used in making those accounting estimates are reasonable.



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- Related party relationships and transactions, including, but not limited to, revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed.
- Material concentrations, as applicable, have been properly disclosed. Concentrations refer to individual or group concentrations of contributors, grantors, clients, customers, suppliers, lenders, products, services, fund-raising events, sources of labor or materials, licenses or other rights, or operating areas or markets for which events could occur that would significantly disrupt normal finances within the next year.
- No events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
- We have not identified or been notified of any uncorrected financial statement misstatements.
- We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be disclosed in the financial statements.
- The Board has been recognized as exempt from federal income taxes under Rev. Rul. 87-2 by a determination letter dated March 4, 1993, a copy of which has been furnished to you. Since the date of our determination letter, no changes have occurred in the organization or operation of the Board that would affect our tax exempt status. Based on our determination letter, we have been classified as a trust fund that is an integral part of the Department of Agriculture under Rev. Rul. 87-2 and since the date of our determination letter, no changes have occurred in the organization or its operations that could change this classification. Provision has been made, where applicable, for any federal, state or local income, excise, employment, property, sales and use, or other tax liability.
- Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements have been properly disclosed.
- We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- Designations of net assets, or reclassifications of net assets, have been properly authorized, approved, and reflected in the financial statements.
- The cost allocation methods used to allocate the entity's expenses to the appropriate functional classification as program services and supporting services (including Administration) are properly supported by the entity's books and records. The cost allocation methods used are rational, systematic, and consistently applied. The basis used for allocation of functional expenses are reasonable.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
 - Additional information that you have requested from us for the purpose of the audit.
 - Unrestricted access to persons within the Board from whom you determined it necessary to obtain audit evidence.
 - Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - Audit or monitoring reports, if any, received from the U.S. Department of Agriculture or other sources.
- We have followed applicable laws and regulations in adopting, approving, and amending budgets.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have maintained an adequate system of internal control over the receipt and recording of assessments during the year.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others when the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, grantors, regulators, or others.
- We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations and provisions of contracts and grant agreements, or abuse whose effects should be considered when preparing financial statements.
- We are responsible for the Board's compliance with laws and regulations applicable to it; and we have identified, and disclosed to you, all laws and regulations that have a direct and material

effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

- There are no material liabilities or gain or loss contingencies that the Board should consider disclosing, as the Board reports on a modified cash basis.
- We have disclosed to you the identity of the Board's related parties and all the related party relationships and transactions of which we are aware.
- The Board has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
- We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the Board; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting that could have a material effect on the financial statements.
- We have complied with all restrictions on resources and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance.
- We acknowledge our responsibility for presenting the supplementary information accompanying the financial statements in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America and we believe the supplementary information, including its form and content, is fairly presented in accordance with the modified cash basis of accounting. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditors' report thereon.
- The Board has complied with terms, covenants, and provisions of the Beef Promotion and Research Act of 1985 and the Beef Promotion and Research Order. The Board has complied with the provisions of the Agriculture Marketing Service (AMS) Investment Policy dated May 1, 1998, and the related amended AMS Policy exemption dated April 6, 2015.
- The Board has confirmed with the U.S. Department of Agriculture that revenues received are not considered federal grants and that the Board is not subject to the reporting and audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

- The Board was subject to an audit by the USDA's Agriculture Marketing Service in fiscal year 2016. There were no findings as a result of this audit that would materially impact the financial statements.
- We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

Signature: Scott Stuart Title: CEO

Signature: Don S. Hansen Title: CFO

Signature: Cheryl Conry Title: Chief Accountant