

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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November 5, 2020

Board of Directors
United Sorghum Checkoff Program
Lubbock, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America 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 governmental activities and governmental fund of United Sorghum Checkoff Program (USCP) as of and for the year ended September 30, 2020, and the related notes to the basic financial statements, which collectively comprise USCP's basic financial statements, and have issued our report thereon dated November 5, 2020.

In connection with our audit, nothing came to our attention that caused us to believe that USCP failed to comply with Sections 1221.111 and 1221.115 of the Federal Register Volume 73, Number 88, Rules and Regulations, relating to the use of checkoff assessment funds collected or received by USCP for the purpose of influencing any action or policy of the United States Government, any foreign or state government, or any political subdivision thereof, and the limitations on the types of investments which may be purchased with checkoff assessment funds insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This information is intended solely for the use of the Board of Directors, management of USCP, and the U.S. Department of Agriculture and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

UNITED SORGHUM CHECKOFF PROGRAM

LUBBOCK, TEXAS

BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

LUBBOCK, TEXAS

UNITED SORGHUM CHECKOFF PROGRAM

LUBBOCK, TEXAS

BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

**UNITED SORGHUM CHECKOFF PROGRAM
LUBBOCK, TEXAS**

**BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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Independent Auditor's Report

Board of Directors
United Sorghum Checkoff Program
Lubbock, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the governmental fund of the United Sorghum Checkoff Program (USCP), as of and for the year ended September 30, 2020, and the related notes to the basic financial statements, which collectively comprise USCP'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 accounting principles generally accepted in the United States of America; 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes 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 to 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund of the United Sorghum Checkoff Program as of September 30, 2020, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information on page 11 be presented to supplement the basic financial statements. Such 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. 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise USCP's basic financial statements. The Supplementary Statement of Assessment Revenues by State is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary Statement of Assessment Revenues by State is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 5, 2020, on our consideration of the USCP'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 solely 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 USCP's 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 USCP's internal control over financial reporting and compliance.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

November 5, 2020

UNITED SORGHUM CHECKOFF PROGRAM

EXHIBIT A

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2020

	Major Fund General Fund	Adjustments (Note 2)	Statement of Net Position
ASSETS			
Cash and Cash Equivalents	\$ 8,170,255	\$	\$ 8,170,255
Temporary Cash Investments	4,413,000		4,413,000
Interest Receivable		1,833	1,833
Total Assets	<u>\$ 12,583,255</u>	<u>\$ 1,833</u>	<u>\$ 12,585,088</u>
LIABILITIES			
Accounts Payable - General	\$ 254,371	\$	\$ 254,371
Accounts Payable - Passback	1,741,521		1,741,521
Long-Term Commitments		2,473,903	2,473,903
Total Liabilities	<u>\$ 1,995,892</u>	<u>\$ 2,473,903</u>	<u>\$ 4,469,795</u>
FUND BALANCE/NET POSITION			
Fund Balance:			
Committed for Managerial Reserve	\$ 2,500,000	\$ (2,500,000)	\$ 0
Committed for Projects	2,473,903	(2,473,903)	0
Unassigned	<u>5,613,460</u>	<u>(5,613,460)</u>	<u>0</u>
Total Fund Balance	<u>\$ 10,587,363</u>	<u>\$ (10,587,363)</u>	<u>\$ 0</u>
Total Liabilities and Fund Balance	<u>\$ 12,583,255</u>		
Net Position:			
Unrestricted		\$ 8,115,293	\$ 8,115,293
Total Net Position		<u>\$ 8,115,293</u>	<u>\$ 8,115,293</u>

See accompanying notes to the financial statements.

UNITED SORGHUM CHECKOFF PROGRAM

EXHIBIT B

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Major Fund		
	General Fund	Adjustments (Note 2)	Statement of Activities
REVENUES			
Assessments	\$ 6,478,841	\$	\$ 6,478,841
Refund of Duplicate Payments	(2,888)		(2,888)
Closed Contract Funds Returned	91,626		91,626
Investment Income	134,328	(8,726)	125,602
Sponsorship Income	7,000		7,000
Other Income	1,335		1,335
Total Revenues	\$ 6,710,242	\$ (8,726)	\$ 6,701,516
EXPENDITURES/EXPENSES			
Administrative	\$ 503,970	\$ 15,000	\$ 518,970
USDA Oversight and Reserves	176,297		176,297
Crop Improvement	1,485,181	(677,186)	807,995
Market Development	1,425,976	(85,760)	1,340,216
Renewables	491,440		491,440
Collaborative Sorghum Investment Program	200,000	(200,000)	
Regionalization	151,379	92,453	243,832
State Funding Passback	1,492,101		1,492,101
Total Expenditures/Expenses	\$ 5,926,344	\$ (855,493)	\$ 5,070,851
Excess (Deficit) Revenues Over (Under) Expenditures	\$ 783,898	\$ (783,898)	\$ 0
Change in Net Position		1,630,665	1,630,665
Fund Balance/Net Position:			
Beginning of the Year	9,803,465	(3,318,837)	6,484,628
End of the Year	\$ 10,587,363	\$ (2,472,070)	\$ 8,115,293

See accompanying notes to the financial statements.

UNITED SORGHUM CHECKOFF PROGRAM

NOTES TO BASIC FINANCIAL STATEMENTS

1. Nature of Operations

The United Sorghum Checkoff Program (USCP) was created by the Sorghum Promotion, Research, and Information Order (the Order) approved on May 6, 2008 and became effective on July 1, 2008. The Order was implemented under the authority of the Commodity Promotion, Research, and Information Act of 1996. The Order established an industry-funded promotion, research, and information program for sorghum designed to strengthen the sorghum industry's position in the marketplace, as well as to maintain and expand markets and uses for sorghum.

USCP is financed by producers and importers of sorghum who pay assessments based on the value of the sorghum they produce or import. Grain sorghum is assessed at a rate of 0.60% of market value received by the producer and forage sorghum is assessed at a rate of 0.35% of the market value received by the producer. Total net assessments collected for the year ended September 30, 2020 totaled \$6,475,953.

2. Summary of Significant Accounting Policies

A. Basis of Accounting and Presentation

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the government-wide entity as a whole. These statements report information on all of the nonfiduciary activities of USCP. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. USCP currently does not have business-type activities.

These government-wide financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. USCP does not have any program revenues.

Fund Financial Statements

USCP follows GASB Statement No. 54, which redefines how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable fund balance – amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

UNITED SORGHUM CHECKOFF PROGRAM

NOTES TO FINANCIAL STATEMENTS

Committed fund balance – amounts constrained to specific purposes by USCP itself, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless USCP takes the same highest level action to remove or change the constraint.

Assigned fund balance – amounts USCP intends to use for a specific purpose. Intent can be expressed by an official or body to which USCP delegates authority.

Unassigned fund balance – amounts that are available for any purpose.

For the fiscal year ended September 30, 2020, USCP only has committed and unassigned fund balances. USCP has committed fund balance in the amount of \$2,500,000 to set up a managerial reserve, and \$2,473,903 to fund long-term commitments disclosed in Note 6. This managerial reserve account is equal to 45% of the prior year's budget.

Fund Accounting

Separate financial statements are provided for the governmental fund. Major governmental funds are reported as separate columns in the fund financial statements. USCP has only a single general governmental fund.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, USCP considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

USCP reports the following major governmental fund:

General Fund - Accounts for financial resources in use for general types of operations. This is a budgeted fund and fund balances are considered as resources available for use.

UNITED SORGHUM CHECKOFF PROGRAM

NOTES TO FINANCIAL STATEMENTS

Explanation of Differences between the Governmental Fund Balance Sheet and the Statement of Net Position:

Fund Balance - September 30, 2020	\$ 10,587,363
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Interest receivable on investments is not recorded in the fund financial statements.	1,833
Long-term commitments are not due and payable in the current period and therefore are not reported in the fund financial statements.	(2,473,903)
Net Position of Governmental Activities	<u>\$ 8,115,293</u>

Explanation of Differences between the Governmental Fund Operating Statement and the Statement of Activities:

Change in Fund Balance - Year Ended September 30, 2020	\$ 783,898
Amounts reported for governmental activities in the Statement of Activities (SOA) are different because:	
The change in accrued interest income on investments is reflected only in the SOA.	(8,726)
The change in long-term commitments is reflected only in the SOA.	855,493
Change in Net Position of Governmental Activities	<u>\$ 1,630,665</u>

B. Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Cash and Cash Equivalents

For purposes of classifying investments, USCP considers all highly-liquid investments with a purchased maturity of three months or less to be cash equivalents. Cash equivalents are recorded at cost.

D. Net Position

Unrestricted net position represent amounts currently available for the use in USCP's operations. For the fiscal year ended September 30, 2020, USCP has unrestricted net position of \$8,115,293.

UNITED SORGHUM CHECKOFF PROGRAM

NOTES TO FINANCIAL STATEMENTS

E. "Pass Back"

Under the Order, as described in Note 1, USCP is required to "pass back" a percentage of the assessments collected to the state from which the amount was collected. USCP agreed to pass back 25% of the collections to the states which amounted to \$1,492,101 for the year ended September 30, 2020.

3. Cash and Investments

A. Cash

On September 30, 2020, the bank balances of USCP's deposits was \$8,170,255. As of September 30, 2020, USCP's bank balances were not exposed to custodial credit risk because they were secured and collateralized by securities held by the pledging financial institutions' trust departments.

B. Investments

USCP's investments are categorized based on criteria specified by GASB as follows:

- 1) Insured or registered, with securities held by the entity or its agent in the entity's name.
- 2) Uninsured and unregistered, with securities held by the counter party's trust department or agent in the entity's name.
- 3) Uninsured and unregistered, with securities held by the counter party or by the counter party's trust department or agent, but not in the entity's name.

At September 30, 2020, USCP had investments totaling \$4,413,000, all of which were held in certificates of deposit at numerous separate financial institutions. These investments are considered "insured or registered" as they are secured and collateralized by securities held by the pledging financial institutions' trust departments.

4. Management Fee

USCP has entered into a management contract with National Sorghum Producers to provide day-to-day management of the operations of USCP and to facilitate a coordinated program of research, promotion, and information. These day-to-day operations will include assessment collection and coordination, compliance, and program oversight. For the year ended September 30, 2020, payments under this agreement totaled \$1,435,538.

5. Income Tax Status

USCP is classified as a tax-exempt entity that engages in activities under the aegis of the USDA.

UNITED SORGHUM CHECKOFF PROGRAM

NOTES TO FINANCIAL STATEMENTS

6. Commitments and Contingencies

As of September 30, 2020, there were no claims or assessments nor any litigation pending against USCP.

Long-term commitments are recognized in the Government-Wide financial statements. Current year activity and the September 30, 2020 liabilities for these commitments are as follows:

Program	Beginning Balance 10/1/2019	Contracts Added	Payments/ Adjustments	Ending Balance 9/30/2020
Administrative	\$	\$ 60,000	\$ 45,000	\$ 15,000
Crop Improvement	1,342,150	73,400	740,800	674,750
Market Development	435,514	712,000	797,760	349,754
Renewables	80,000	34,475	34,475	80,000
ICE Shared	90,128	50,000	59,786	80,342
Collaborative Sorghum Investment Program	1,200,000		200,000	1,000,000
Regionalization	181,604	211,246	118,793	274,057
	<u>\$ 3,329,396</u>	<u>\$ 1,141,121</u>	<u>\$ 1,996,614</u>	<u>\$ 2,473,903</u>

REQUIRED SUPPLEMENTARY INFORMATION

UNITED SORGHUM CHECKOFF PROGRAM

RSI

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	(Unaudited) Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Assessments	\$ 5,750,000	\$ 6,478,841	\$ 728,841
Refund of Duplicate Payments		(2,888)	(2,888)
Closed Contract Funds Returned		91,626	91,626
Investment Income		134,328	134,328
Sponsorship Income		7,000	7,000
Other Income		1,335	1,335
Total Revenues	\$ 5,750,000	\$ 6,710,242	\$ 960,242
EXPENDITURES			
Administrative	\$ 590,000	\$ 503,970	\$ 86,030
USDA Oversight and Reserves	200,000	176,297	23,703
Crop Improvement	1,025,000	1,485,181	(460,181)
Market Development	930,000	1,425,976	(495,976)
Renewables	580,000	491,440	88,560
Collaborative Sorghum Investment Program	787,000	200,000	587,000
Regionalization	200,000	151,379	48,621
State Funding Passback	1,438,000	1,492,101	(54,101)
Total Expenditures	\$ 5,750,000	\$ 5,926,344	\$ (176,344)
Excess of Revenues Over Expenditures	\$ 0	\$ 783,898	\$ 783,898
FUND BALANCE			
Beginning of Year - October 1, 2019		9,803,465	
End of Year - September 30, 2020		\$ 10,587,363	

SUPPLEMENTAL INFORMATION

UNITED SORGHUM CHECKOFF PROGRAM

SCHEDULE 1

SUPPLEMENTARY STATEMENT
OF ASSESSMENT REVENUES BY STATE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Assessment Revenues:

Qualified State Sorghum Producer Organizations	
Kansas	\$ 3,546,935
Texas	1,999,312
Nebraska	141,156
Oklahoma	209,154
Louisiana	12,398
Arkansas	19,274
New Mexico	14,468
Colorado	160,223
Kentucky	7,006
Total Qualified State Sorghum Producer Organizations	<u>\$ 6,109,926</u>
States Without Qualified State Sorghum Producer Organizations	
Illinois	\$ 24,323
Missouri	50,617
Arizona	1,427
South Dakota	193,283
North Dakota	8
Pennsylvania	945
Florida	71
Mississippi	1,737
Idaho	22
Tennessee	1,122
Alaska	42
Connecticut	5
Wisconsin	25
New Jersey	1,098
New York	214
Maryland	12,311
Iowa	1,616
Georgia	6,015
Utah	38
Oregon	11
Hawaii	41
South Carolina	3,184
North Carolina	26,872
Virginia	660
Alabama	286
Nevada	76
Indiana	20,363
Minnesota	1,448
Michigan	194
California	860
Delaware	1,605
Montana	9
Washington	306
Wyoming	20
Total States Without Qualified State Sorghum Producer Organizations	<u>\$ 350,854</u>
Imports	<u>\$ 11,526</u>
Late Fees	<u>\$ 3,647</u>
Total Assessment Revenues	<u><u>\$ 6,475,953</u></u>

INTERNAL CONTROL AND COMPLIANCE SECTION

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

Board of Directors
United Sorghum Checkoff Program
Lubbock, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America 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 governmental activities and governmental fund of the United Sorghum Checkoff Program (USCP), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise USCP's basic financial statements, and have issued our report thereon dated November 5, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered USCP's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of USCP'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 USCP's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, including: 1) whether funds were discovered to be used for influencing government policy or action, 2) whether the board adhered to the Agriculture Marketing Service (AMS) investment policy or, alternatively, the exception to the Investment Policy as approved by AMS on July 12, 2017, 3) consideration of internal controls related to AMS guidelines, 4) whether funds were used only for projects and other expenses authorized in a budget approved by the USDA, and 5) whether funds were used in accordance with the Guidelines for AMS Oversight of Commodity Research and Promotion Programs, 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 or other matters 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.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

November 5, 2020