



March 18, 2014

To the Board of Directors
California Beef Council
4640 Northgate Blvd., Suite 115
Sacramento, California 95834

We have audited the financial statements of California Beef Council for the year ended December 31, 2013, and have issued our report thereon dated March 18, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 15, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by California Beef Council are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2013. We noted no transactions entered into by the Council 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.

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.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was cash deposits and investments. The financial statement disclosures are neutral, consistent, and clear.

2856 Arden Way, Suite 200
Sacramento, CA 95825-1379
Tel (916) 481-2856
Fax (916) 488-4428
<http://www.dhscpa.com>

Difficulties Encountered in Performing the Audit

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

Corrected and 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 has corrected all such misstatements. The journal entries proposed during our audit to the following accounts are considered to be material individually and to the financial statements taken as a whole:

- Revenue
- Payroll
- Accounts Receivable

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 auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 17, 2014.

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 Council's financial statements or a determination of the type of auditor's 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.

Other Audit Findings or Issues

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

Internal Control Communications

We considered the California Beef Council's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control. However, during our audit we became aware of certain matters and control deficiencies that are an opportunity for strengthening internal controls and operating efficiency. We will review the status of these comments during our next audit engagement. The memorandum that accompanies this letter summarizes the resolution of the matters.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with modified cash basis of accounting, the method of preparing it has not changed from the prior period, 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.

This information is intended solely for the use of Board of Directors and management of the California Beef Council and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,



DAMORE, HAMRIC & SCHNEIDER, INC.
Certified Public Accountants

MANAGEMENT ADVISORY COMMENTS

Approval of Invoice:

During our testing of expenses, we noted three instances in which invoices were paid without documentation of approval. Although management approval is assumed by the signing of checks, the Council does not receive check copies with bank statements. For this reason, approval on invoices is important documentation of the control procedures.

We recommend reviewing all invoices for written approval before payment is made.

Management's Response:

Management will verify that all invoices have been approved with a signature prior to their submission to the accountant.