

August 10, 2011

Bill Bullard, CEO
R-CALF United Stockgrowers of America
P.O. Box 30715
Billings, MT 59107

Dear Mr. Bullard:

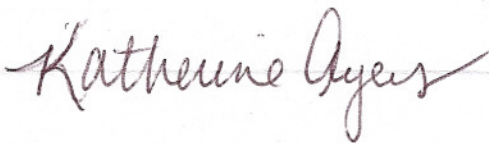
In response to your letter dated February 3, 2011 in which you expressed concerns regarding the source of the funding for specific activities of the National Cattlemen's Beef Association (NCBA), CBB performed review procedures related to a portion of the list of historical dates and locations contained in Attachment 1 of your letter. The contract between the Beef Promotion Operating Committee (BPOC) and National Cattlemen's Beef Association (NCBA) requires records be maintained for three years, which limited CBB's ability to research every event listed in your letter. Therefore, we were able to access and review NCBA records related to nine of the events listed in your letter with dates beginning on August 28, 2008.

For the nine events examined, we requested and reviewed NCBA staff time records and expense reports as well as supporting documentation for any expenses for meeting rooms or other related items. Our procedures identified two items improperly coded which totaled less than \$400 which was a small portion of the total expenses related to the nine events examined. NCBA has agreed to reclassify these expenses to the NCBA Policy Division. Therefore, based on our review procedures, we did not identify any significant misuse of checkoff funds.

Thank you for sharing your concerns with us. We take our oversight responsibilities very seriously for all of our contractors and work hard to ensure monies from the beef checkoff program are spent in compliance with the Beef Promotion and Research Act and Order.

If you have any further questions or concerns, please let me know.

Sincerely,



Katherine Ayers
Chief Financial Officer

cc: Craig Morris, USDA/AMS
Craig Shackelford, USDA/AMS
Polly Ruhland, CBB, Interim CEO
Wayne Watkinson, McLeod, Watkinson & Miller

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