

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**CATTLE ENHANCEMENT BOARD, INC.
KISSIMMEE, FLORIDA**

JUNE 30, 2018

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**CATTLE ENHANCEMENT BOARD, INC.
KISSIMMEE, FLORIDA**

JUNE 30, 2018

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Cattle Enhancement Board, Inc.
Kissimmee, Florida

We have audited the accompanying financial statements of Cattle Enhancement Board, Inc. (the Board), a nonprofit organization, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion 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 the *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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we considered internal control relevant to the Board's preparation and fair presentation of 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 Board'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Board as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309
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Board of Directors
Cattle Enhancement Board, Inc.
Kissimmee, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Matters

Report on Summarized Comparative Information

We have previously audited the Board's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 8, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures or state financial assistance, as required by Chapter 10.650, *Rules of the Auditor General*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of 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 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2019, on our consideration of the Board's internal control over financial reporting and on 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 the Board's internal control over financial reporting and compliance.


January 18, 2019
Gainesville, Florida

CATTLE ENHANCEMENT BOARD, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2017
KISSIMMEE, FLORIDA

ASSETS

	2018	2017
Current Assets		
Cash	\$ 243,885	\$ 106,796
Advances to Grantees	-	212,409
Account Receivable	2,533	-
Due from State Appropriations	105,958	-
Prepaid Promotional Expenses	-	131,121
Total Current Assets	352,376	450,326
Total Assets	352,376	450,326

LIABILITIES

Liabilities and Net Assets

Current Liabilities		
Due to Grantees	352,376	325,004
Unearned State Appropriations	-	125,322
Total Current Liabilities	352,376	450,326
Net Assets		
Unrestricted	-	-
Total Net Assets	-	-
Total Liabilities and Net Assets	\$ 352,376	\$ 450,326

See accompanying notes.

CATTLE ENHANCEMENT BOARD, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2017
KISSIMMEE, FLORIDA

	<u>2018</u>	<u>2017</u>
Revenues		
State Appropriation	\$ 1,703,256	\$ 534,668
Interest and Other Revenue	1,233	-
Total Revenues	<u>1,704,489</u>	<u>534,668</u>
Expenses		
Cattle Research Projects	1,345,127	308,586
Cattle Marketing and Promotion	184,331	188,879
Administrative Expenses	161,416	37,030
Professional Services	12,000	-
Bank Fees and Financial Charges	1,615	173
Total Expenses	<u>1,704,489</u>	<u>534,668</u>
Change in Net Assets	<u>-</u>	<u>-</u>
Net Assets, Beginning of Year	<u>-</u>	<u>-</u>
Net Assets, End of Year	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.

CATTLE ENHANCEMENT BOARD, INC.
STATEMENT OF CASH FLOWS
JUNE 30, 2018,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2017
KISSIMMEE, FLORIDA

	2018	2017
Cash Flows from Operating Activities		
Net Change in Unrestricted Net Assets	\$ -	\$ -
Adjustments to Reconcile Change in Unrestricted Net Assets to Net Cash Used in Operating Activities:		
Change in Assets - Increase (Decrease) and Liabilities - Increase (Decrease):		
Advances to Grantees	212,409	(212,409)
Account Receivable	(2,533)	-
Due from State Appropriations	(105,958)	-
Prepaid Promotional Expenses	131,121	(131,121)
Due to Grantees	27,372	325,004
Unearned State Appropriations	(125,322)	125,322
Net Cash Provided by (Used in) Operating Activities	137,089	106,796
Cash, Beginning of Year	106,796	-
Cash, End of Year	\$ 243,885	\$ 106,796

See accompanying notes.

**CATTLE ENHANCEMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
KISSIMMEE, FLORIDA**

Note 1 - Nature of Organization and Summary of Significant Accounting Policies

Reporting Entity

The University of Florida Cattle Enhancement Board, Inc. (the Board) is a direct support organization as provided for in Section 1004.28, Florida Statutes, and is considered a component unit of the University of Florida. The Board was formed as a not-for-profit organization in the State of Florida to promote the Florida cattle industry, including but not limited to production, disease prevention, forage development, and genetic research and to make contributions to and confer benefits upon the University of Florida.

Basis of Accounting

The Board's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. These financial statements are entirely those of the Board alone and, accordingly, are not intended to present the financial position or the results of operations of the University of Florida. The Board's financial statement presentation follows the recommendations contained in *Accounting Standards Codification* (ASC) Section 958, *Not-for-Profit Entities*, issued by the Financial Accounting Standards Board (FASB). Under ASC Section 958, the Board is required to report information regarding its financial position and activities according to three classes of net assets as described below.

Permanently Restricted Net Assets—Net assets subject to donor-imposed stipulations that they be maintained permanently by the Board. Generally, the donors of these assets permit the Board to use all or part of the income earned on related investments for general or specific purposes in support of the University.

Temporarily Restricted Net Assets—Net assets subject to donor-imposed stipulations that may or will be met, either by the passage of time or satisfaction of the restriction. When the restriction expires, temporarily restricted assets are reclassified to unrestricted net assets and reported in statement of activities as net assets released from restrictions.

Unrestricted Net Assets—Net assets which represent resources generated from operations or assets not subject to donor-imposed stipulations, but may be designated for specific purposes by action of the Board of Directors.

As of June 30, 2018, the Board had no permanently or temporarily restricted net assets.

Donated Services

The Board occupies office space at the Florida Cattlemen Association office and is assisted by employees of the University of Florida. The Board also receives donated services from the officers and members of the Board of Directors. Since there is no clearly measurable basis to value these contributed services and facilities, no value for such services and facilities is recorded in the accompanying financial statements.

Cash

Cash represents deposits held with financial institutions.

CATTLE ENHANCEMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
KISSIMMEE, FLORIDA
(Continued)

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (Continued)

Due from State Appropriation

Due from state appropriations consist of amounts due to the Board from the state in accordance with executed contracts with the Florida Department of Agriculture and Consumer Services Division of Administration. Amounts due represent reimbursement request for expenses incurred before June 30, 2018.

Advances to Grantees and Prepaid Promotional Expenses

Advances and prepaid items consist of amounts paid to grantees and contract vendors for expenses that were not incurred prior to June 30, 2018.

Due to Grantees

Due to Grantees consists of amounts due to grantees or contract vendors for expenses incurred as of June 30, 2018.

Capital Assets

All capital assets purchased through grant funded projects are approved by the Board and recorded by the organization conducting the research project. The Board does not include these capital assets on their statement of net position and the costs of additions incurred by the Board are expensed as incurred.

Unearned State Appropriations

Amounts received in advance of expenditures being incurred are reported as unearned state appropriations.

Revenues

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions.

Concentration of Income Sources

During 2018, the Organization received 100% of its total revenue from two contracts with the Florida Department of Agriculture and Consumer Services Division of Administration.

Income Taxes

The Board is currently exempt from state and federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision has been made for income tax liabilities or expenses. The Board's Form 990, Return of Organization Exempt from Income Tax, is subject to examination by the IRS, generally for three years after they are filed.

Under ASC Subtopic 740-10, *Income Tax Uncertainties*, it is the policy of management to evaluate its tax positions on an ongoing basis and to disclose any such positions it believes would have a material impact on the financial statements and related notes. Management also believes that no such required disclosures currently exist.

CATTLE ENHANCEMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
KISSIMMEE, FLORIDA
(Concluded)

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (Concluded)

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles 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 reported period. Actual results could differ from those estimates.

Prior Period Information

The financial statements include certain prior year summarized comparative information in total but not by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Future Accounting Pronouncements

Accounting Standards Update (ASU) No. 2016-14: Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14) was issued in a prior year. The main provisions of ASC 2016-14, which amend the requirements for financial statements and notes in ASC Topic 958, *Not-for-Profit Entities*, require a not-for-profit entity to change the reporting of net asset classes, expense, and liquidity in their financial statements. This ASU is effective for the Board fiscal year ending June 30, 2019. Management is currently evaluating the future impact of the ASU on the Board's financial statements.

Note 2 - Cash and Deposits

The carrying amount of deposits with the bank was \$243,885, and the related bank balance was \$243,885 as of June 30, 2018.

Note 3 - Related Party Transactions

Both the University of Florida and the Board share a common focus on improving the Florida cattle industry. The University of Florida provides certain administrative services to the Board and is also the recipient of funding for various cattle related research projects. In 2018, the Board incurred \$161,416 in administrative expenses and \$1,182,607 in research project expenses payable to the University of Florida. At June 30, 2018, the Board reported accounts payable to the University of Florida of \$326,093.

Note 4 - Subsequent Events

In preparing these financial statements, the Board has evaluated events and transactions for potential recognition or disclosure through January 18, 2019, the date the financial statements were available to be issued.

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,
ISSUED BY THE COMPTROLLER GENERAL OF
THE UNITED STATES; AND CHAPTER 10.650, *RULES OF
THE AUDITOR GENERAL OF THE STATE OF FLORIDA***

**INDEPENDENT AUDITORS' 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***

Board of Directors
Cattle Enhancement Board, Inc.
Kissimmee, Florida

We have audited, in accordance with the 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 Cattle Enhancement Board, Inc. (the Board), a nonprofit organization, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 18, 2019.

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) to determine the 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. 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 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 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 Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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*.

Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309
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Board of Directors
Cattle Enhancement Board, Inc.
Kissimmee, Florida

**INDEPENDENT AUDITORS' 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*
(Concluded)**

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 Board'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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



January 18, 2019
Gainesville, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

Board of Directors
Cattle Enhancement Board, Inc.
Kissimmee, Florida

Report on Compliance for Each Major State Project

We have audited Cattle Enhancement Board, Inc.'s (the Board) compliance with the types of compliance requirements described in the Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the Board's major State projects for the year ended June 30, 2018. The Board's major State project is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of State Statutes, and the terms and conditions of its state projects applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Board's major State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits obtained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, *Rules of the Auditor General*. Those standards and Chapter 10.650, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State project occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State project. However, our audit does not provide a legal determination of the Board's compliance.

Opinion on Each Major State Project

In our opinion, the Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State projects identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2018.

Certified Public Accountants

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Board of Directors
Cattle Enhancement Board, Inc.
Kissimmee, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY CHAPTER 10.650, RULES OF THE AUDITOR GENERAL
(Concluded)**

Report on Internal Control Over Compliance

Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board's internal control over compliance with the types of requirements that could have a direct and material effect on each major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State project and to test and report on internal control over compliance in accordance with Chapter 10.650, *Rules of the Auditor*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.


January 18, 2019
Gainesville, Florida

CATTLE ENHANCEMENT BOARD, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2018

	<u>CFSA Number</u>	<u>Contract</u>	<u>Program or Award Amount</u>	<u>Expenditures</u>
State Financial Assistance				
Florida Department of Agriculture and Consumer Services				
Beef Promotion and Research	42.053	24122	\$ 1,980,435	\$ 1,352,113
Beef Promotion and Research	42.053	25006	<u>749,765</u>	<u>352,376</u>
Total Florida Department of Agriculture and Consumer Services			<u>\$ 2,730,200</u>	<u>\$ 1,704,489</u>

**CATTLE ENHANCEMENT BOARD, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2018
GAINESVILLE, FLORIDA**

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of State Financial Assistance (the Schedule) includes the State grant activity of the Cattle Enhancement Board, Inc. (the Board) and is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The accompany Schedule includes State award activity of the Board. The information in the Schedule is presented in accordance with the requirements of Section 215.97, Florida Statutes. Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Board.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting.

**CATTLE ENHANCEMENT BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2018
GAINESVILLE, FLORIDA**

Section 1. Summary of Auditors' Results

Financial Statements

Type of Auditors' Report Issued:	Unmodified	
Internal Control over Financial Reporting:	Material Weakness(es) identified?	No
	Significant Deficiency(ies) identified?	No
Noncompliance Material to Financial Statements Noted?		No

State Projects

Internal Control over Major Projects:	Material Weakness(es) identified?	No
	Significant Deficiency(ies) identified?	No

Type of Auditors' Report Issued on Compliance for Major Projects:	Unmodified
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Any Audit Findings Disclosed that are Required to be Reported in Accordance with Department of Financial Services' <i>State Projects Compliance Supplement</i>	No
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- Identification Major State Projects:
- State Projects:
 - Florida Department of Agriculture and Consumer Services:
 - Beef Promotion and Research (42.053)

Dollar Threshold Used to Distinguish Between Type A and Type B State Programs:	\$300,000
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Section 2. Financial Statement Findings

None

Section 3. State Financial Assistance Findings and Questioned Costs

None