

**CITRUS RESEARCH AND DEVELOPMENT  
FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**AND SUPPLEMENTAL INFORMATION**

**YEARS ENDED JUNE 30, 2018 AND 2017**

**CITRUS RESEARCH AND DEVELOPMENT  
FOUNDATION, INC.**

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**AND SUPPLEMENTAL INFORMATION**

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# Bunting, Tripp & Ingley, LLP

CERTIFIED PUBLIC ACCOUNTANTS

A Tradition of Excellence Since 1926



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ALSO WITH OFFICES IN  
TAMPA, FLORIDA

## Independent Auditor's Report

The Board of Directors  
Citrus Research and Development Foundation, Inc.  
Lake Alfred, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of Citrus Research and Development Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable of financial audits contained in *Government Audit 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 from 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 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 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies 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 financial position of Citrus Research and Development Foundation, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

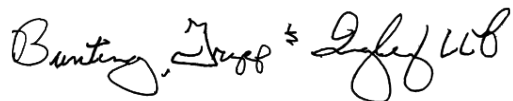
## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of administrative support is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Programs and State Projects, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and *Chapter 10.650 Rules of the Auditor General* is presented for purposes of additional analysis and is also 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 the auditing procedures applied in the audit of the 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 August 30, 2018, on our consideration of Citrus Research and Development Foundation, Inc.'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 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 Citrus Research and Development Foundation, Inc.'s internal control over financial reporting and compliance.



Lake Wales, Florida  
August 30, 2018

**CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b><u>ASSETS</u></b>		
Cash	\$ 1,348,843	\$ 1,749,087
Funds deposited in State spending account	31,238	13,848
Investments	2,690,859	2,657,554
Contract payments receivable	200,439	1,438,487
Total assets	<u>\$ 4,271,379</u>	<u>\$ 5,858,976</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Liabilities</u></b>		
Accounts payable	<u>\$ 71,725</u>	<u>\$ 1,124,975</u>
Total liabilities	<u>71,725</u>	<u>1,124,975</u>
<b><u>Net Assets</u></b>		
Temporarily restricted net assets	<u>4,199,654</u>	<u>4,734,001</u>
Total liabilities and net assets	<u>\$ 4,271,379</u>	<u>\$ 5,858,976</u>

See notes to accompanying financial statements.

**CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.**

**STATEMENTS OF ACTIVITIES**

**YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b><u>Support and Revenue</u></b>		
Research contract funding:		
Special State Legislature Appropriation	\$ 8,000,000	\$ 8,000,000
Florida Department of Agriculture and Consumer Services	1,139,167	1,115,940
U.S. Department of Agriculture	2,409,205	1,561,342
Refund of overpayments on research contracts	10,530	173,390
Contributions	914,481	575,984
Investment earnings	62,565	33,190
	<u>12,535,948</u>	<u>11,459,846</u>
<b><u>Expenses and Supporting Services</u></b>		
Research project contracts	5,533,784	4,657,302
Research delivery contracts	6,381,795	5,834,829
Administrative support	1,154,716	1,280,182
	<u>13,070,295</u>	<u>11,772,313</u>
Total revenue and support	<u>12,535,948</u>	<u>11,459,846</u>
Total expenses and supporting services	<u>13,070,295</u>	<u>11,772,313</u>
Decrease in net assets	(534,347)	(312,467)
Net assets - beginning of year	<u>4,734,001</u>	<u>5,046,468</u>
Net assets - end of year	<u>\$ 4,199,654</u>	<u>\$ 4,734,001</u>

See notes to accompanying financial statements.

**CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED JUNE 30, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b><u>Operating Activities</u></b>		
Decrease in net assets	\$ (534,347)	\$ (312,467)
Adjustments to reconcile decrease in net assets to net cash provided (used) by operating activities:		
Unrealized loss on investments	14,526	19,741
(Increase) decrease in:		
State spending account	(17,390)	17,865
Contract payments receivable	1,238,048	336,980
Increase (decrease) in:		
Accounts payable	(1,053,250)	6,580
Net cash (used) provided by operating activities	(352,413)	68,699
<b><u>Investing Activities</u></b>		
Proceeds from sale of investments	-	51,183
Purchase of investments	(47,831)	(52,057)
Net cash used by investing activities	(47,831)	(874)
Net (decrease) increase in cash	(400,244)	67,825
Cash, beginning of year	1,749,087	1,681,262
Cash, end of year	\$ 1,348,843	\$ 1,749,087

See notes to accompanying financial statements.

**CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2018 AND 2017**

**Note A - Summary of Significant Accounting Policies**

**Organizational Activities**

The Citrus Research and Development Foundation, Inc. (the Foundation) is a Florida nonprofit organization which has been certified as a direct support organization of the University of Florida by its Board of Trustees. The Foundation was incorporated April 23, 2009.

The Foundation supports research in citrus propagation, citrus disease prevention and treatment, and economic development within the Florida citrus industry. The Foundation coordinates and monitors research projects funded by the Florida Department of Agriculture and Consumer Services (FDACS), and other organizations.

**Use of Estimates**

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 certain reported amounts and disclosures. Actual results could differ from those estimates.

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting. Net assets, revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

**Unrestricted Net Assets** - Net assets that are not subject to donor-imposed restrictions.

**Temporarily Restricted Net Assets** - Net assets subject to donor-imposed restrictions that will be met either by actions of the Foundation or the passage of time.

**Permanently Restricted Net Assets** - Net assets subject to donor-imposed restrictions that they be maintained permanently by the Foundation.

For the years ended June 30, 2018 and 2017, all of the Foundation's net assets are considered temporarily restricted.

**Contract Payments Receivable**

Contract payments receivable are stated at their estimated net realizable value.

**Investments**

Investments are stated at estimated fair value. See Note E for fair value measurements.



**CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**YEARS ENDED JUNE 30, 2018 AND 2017**

**Note A - Summary of Significant Accounting Policies - Continued**

**Revenue Recognition**

The Foundation recognizes grant revenue when all of the preconditions to receipt of the funds have been met. Contributions, including unconditional pledges to give, are recognized as revenue in the period received. Investment income is recognized when received or credited to the investment account.

**Donated Goods and Services**

The Foundation occupies office space at the University of Florida at no charge to the Foundation. Additionally, the Foundation receives donated services from officers and members of the Board of Directors who assist the Foundation in research and development programs. No amounts are recognized in the accompanying Statements of Activities because criteria for recognition has not been satisfied.

**Tax Status and Positions**

The Foundation is a corporation chartered under the Florida nonprofit corporation statutes. It is also recognized as a tax-exempt charity by the U.S. Department of Treasury under Internal Revenue Code section 501(c)(3).

Although nonprofit organizations pay no tax on their exempt function income, they can be liable for taxes on income earned from activities not related to their exempt purpose. For the years ended June 30, 2018 and 2017, management believes the Foundation engaged in no activities that were not related to their exempt purpose.

Management has evaluated its tax positions taken for all open tax years. Currently, the 2015 - 2017 tax years are open and subject to examination by the Internal Revenue Service. The Foundation is not currently under audit, nor has it been contacted by this jurisdiction. Based on the evaluation of the Foundation's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended June 30, 2018 and 2017.

**Date of Management Review**

Subsequent events were evaluated through August 30, 2018, which is the date the financial statements were available to be issued.

**CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**YEARS ENDED JUNE 30, 2018 AND 2017**

**Note B - Research Contract Funding**

During the years ended June 30, 2018 and 2017, the Foundation received contract funding from the following sources:

<u>Funding Agency</u>	<u>Contract Funds Received</u> <u>Year Ended June 30,</u>		<u>Purpose</u>
	<u>2018</u>	<u>2017</u>	
Florida Dept. of Agriculture and Consumer Services (FDACS)	\$ 589,167	\$ 565,940	Research projects
Florida Dept. of Agriculture and Consumer Services (FDACS)	550,000	550,000	Administrative costs
FDACS - Special State Legislature Appropriation	7,271,080	7,217,080	Research projects
FADCS - Special State Legislature Appropriation	728,920	782,920	Administrative costs
U.S. Dept. of Agriculture	2,391,326	1,561,342	Research projects
U.S. Dept. of Agriculture	17,879	-	Administrative costs
Total contract funding	<u>\$ 11,548,372</u>	<u>\$ 10,677,282</u>	

**Note C - Related Parties**

The Board of Directors of the Foundation includes several individuals appointed or employed by the Florida Department of Agriculture and Consumer Services, the Florida Department of Citrus, Florida Citrus Mutual, and the University of Florida. Board Members are appointed to the Foundation as follows:

- 5 by Florida Department of Citrus
- 5 by Florida Citrus Mutual
- 1 by FDACS
- 2 by University of Florida

The Florida Department of Agriculture and Consumer Services are the primary providers of funding to the Foundation for its research projects. The University of Florida provides administrative support, legal services, development activities and office space, and the University researchers and extension personnel conduct research and educational activities under contract to the Foundation.

**Note D - Investments**

At June 30, 2018 and 2017, the Foundation's investments are held within the Florida State Special Purpose Investment Account (SPIA), known as the Treasury Investment Pool. The Treasury Investment Pool holds a collection of securities, which are primarily government obligations.

**CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**YEARS ENDED JUNE 30, 2018 AND 2017**

**Note D - Investments - Continued**

The Florida Division of Treasury considers the following to be required disclosures:

**Credit Risk Disclosure** - The Treasury Investment Pool is rated by Standard and Poors. The current rating is A+f.

**Interest Rate Risk Disclosure** - The effective rate of the Treasury Investment Pool at June 30, 2018 and 2017 is .9872% and 1.01% , respectively. The effective duration of the Florida Treasury Investment Pool as of June 30, 2018, was 3 years.

**Securities Lending Disclosure** - Since the Foundation owns a share of the Treasury Investment Pool and not the underlying securities, the securities lending disclosure can be found in Note 2 of the State of Florida Comprehensive Annual Financial Report (CAFR).

Investment activity during the years ended June 30, 2018 and 2017, was as follows:

	<u>2018</u>	<u>2017</u>
Investments, beginning of year	\$ 2,657,554	\$ 2,676,421
Purchases (withdrawals) - net	(29,260)	(52,057)
Investment earnings including unrealized gain	62,565	33,190
Investments, end of year	<u>\$ 2,690,859</u>	<u>\$ 2,657,554</u>

**Note E - Fair Value Measurements**

The Foundation's investments are stated at fair value based on the following hierarchy of fair value measurement inputs:

- Level 2 Financial assets and liabilities whose values are based on quoted prices in markets that are not actively traded, dealer quotations, or valuations provided by alternative pricing sources supported by observable inputs.

**CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**YEARS ENDED JUNE 30, 2018 AND 2017**

**Note E - Fair Value Measurements - Continued**

At June 30, 2018, the Foundation's investments are categorized as follows:

	<u>Fair Value</u>	<u>Level 2</u>
Treasury Investment Pool	<u>\$ 2,690,859</u>	<u>\$ 2,690,859</u>

At June 30, 2017, the Foundation's investments are categorized as follows:

	<u>Fair Value</u>	<u>Level 2</u>
Treasury Investment Pool	<u>\$ 2,657,554</u>	<u>\$ 2,657,554</u>

**Note F - Concentration of Credit Risk**

The carrying amount of the Foundation's cash deposits are \$1,348,843 and \$1,749,087 for the year ended June 30, 2018 and 2017. The bank balances were \$1,377,912 and \$1,823,077 at June 30, 2018 and 2017. Deposits are placed in banks that qualify as public depositories pursuant to the provisions of Chapter 280, Florida Statutes. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes.

# Bunting, Tripp & Ingley, LLP

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TAMPA, FLORIDA

**Independent Auditor's 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**

The Board of Directors  
Citrus Research and Development Foundation, Inc.  
Lake Alfred, Florida

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 Citrus Research and Development Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated August 30, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Citrus Research and Development Foundation Inc.'s (the Foundation) 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 Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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.

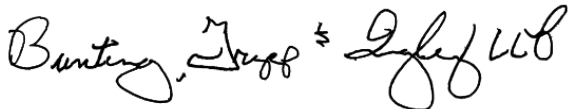
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. **Given these limitations, during our audit we did not 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 Foundation's financial statements are free from 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*.

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

A handwritten signature in cursive script that reads "Bentley Jones" followed by a stylized flourish.

Lake Wales, Florida  
August 30, 2018

# Bunting, Tripp & Ingley, LLP

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TAMPA, FLORIDA

## **Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control over Compliance Required by The Uniform Guidance and Chapter 10.650, Rules of the Auditor General**

The Board of Directors  
Citrus Research and Development Foundation, Inc.  
Lake Alfred, Florida

### **Report on Compliance for Each Major Federal Program and State Project**

We have audited Citrus Research and Development Foundation, Inc.'s (the Foundation) compliance with the types of compliance requirements in the *OMB Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the Foundation's major Federal programs and State projects for the years ended June 30, 2018 and 2017. The Foundation's major Federal programs and State projects are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

### **Management's Responsibility**

Management is responsible for compliance with Federal and State statutes, regulations, and the terms and conditions of its Federal programs and State projects applicable to its Federal programs and State projects.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Foundation's major Federal programs and 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 contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 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) and Chapter 10.650, Rules of the Auditor General. Those standards, the Uniform Guidance, 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 Federal program or State project occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audits provide a reasonable basis for our opinion on compliance for each major Federal program and State project. However, our audits do not provide a legal determination of the Foundation's compliance.

## Opinion on Each Major Federal Program and State Project

In our opinion, Citrus Research and Development Foundation, Inc., 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 Federal programs and State projects for the years ended June 30, 2018 and 2017.

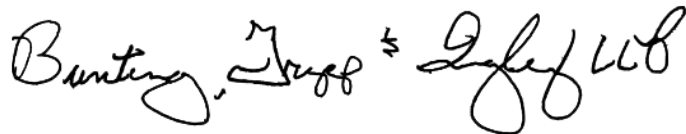
## Report on Internal Control over Compliance

Management of the Foundation 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 Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program and 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 Federal program and State projects and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, Rules of the Auditor General, 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 Foundation'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 Federal program or 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 Federal program or 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 Federal program or 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 the Uniform Guidance and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Bunting, Jeff" followed by a stylized mark resembling a checkmark or the number "118".

Lake Wales, Florida  
August 30, 2018



**CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL PROGRAMS AND  
STATE PROJECTS**

**YEAR ENDED JUNE 30, 2018**

<b><u>Federal Grantor - U.S. Department of Agriculture:</u></b>	<b><u>Federal CFDA No.</u></b>		<b><u>Federal Expenditures</u></b>
NIFA Contract Agreement 2012-51181-20086	10.309		\$ 2,326,841
APHIS Contract Agreement 14-8130-0372-CA	10.025		27,301
APHIS Contract Agreement 15-8130-0506-CA	10.025		<u>55,063</u>
Total expenditures of federal awards			<u>\$ 2,409,205</u>
<b><u>State Agency/Pass-through Entity</u></b>	<b><u>CSFA No.</u></b>	<b><u>Contract No.</u></b>	<b><u>State Expenditures</u></b>
Florida Department of Agriculture and Consumer Services:			
Research contracts	42.023	24352	\$ 911,304
	42.023	24363	8,000,000
	42.023	23542	<u>228,940</u>
Total expenditures of state financial assistance			<u>\$ 9,140,244</u>

See accompanying notes to schedule of expenditures  
of Federal programs and State projects.

**CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL PROGRAMS  
AND STATE PROJECTS**

**YEAR ENDED JUNE 30, 2018**

**Note A - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Programs and State projects (the Schedule) includes the Federal and State grant activity of Citrus Research and Development Foundation, Inc. The schedule is prepared on the accrual basis of accounting. Expenditures are recognized when paid. The amounts presented include required matching amounts, where applicable. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations for Federal Awards* (Uniform Guidance) and the Florida Single Audit Act. Because the schedule presents only a selected portion of the activities of the Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation in accordance with accounting principles generally accepted in the United States of America.

**Note B - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and Florida Single Audit Act, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note C - Indirect Cost Rate**

Citrus Research And Development Foundation, Inc. has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FEDERAL PROGRAMS AND STATE PROJECTS**

YEAR ENDED JUNE 30, 2018

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:

**Unqualified opinion**

Internal control over financial reporting:

- Material weakness identified?
- Significant deficiency identified?

\_\_\_\_\_ Yes  X  No  
\_\_\_\_\_ Yes  X  No  
\_\_\_\_\_ Yes  X  No

Noncompliance material to financial statements noted?

**Federal and Florida Awards**

Internal control over major federal and state programs:

- Material weakness identified?
- Significant deficiency identified?

\_\_\_\_\_ Yes  X  No  
\_\_\_\_\_ Yes  X  No

Type of auditor's report issued on compliance  
for major federal and state programs:

**Unqualified opinion**

Any audit findings disclosed that are required to be reported  
in the management letter pursuant to OMB Circular A-133  
or Section 10.654(1)(e), Rules of the Auditor General?

\_\_\_\_\_ Yes  X  No

Identification of major programs:

**Federal Agency**

U.S. Department of Agriculture:

Agricultural research

CFDA No. 10.309  
Agreement 2012-51181-20086

Agricultural research

CFDA No. 10.025  
Agreements 14-8130-0372,0506

**State Agency:**

Florida Department of Agriculture and Consumer Services:

Agricultural research

CSFA No. 42.023  
Agreements 024352, 024363

Dollar threshold used to distinguish between  
Type A and Type B programs:

\$ 300,000

“Summary Schedule of Prior Audit Findings and Questioned  
Costs - State Projects” attached? (No prior audit findings  
or questioned costs.)

\_\_\_\_\_ Yes  X  No

“Corrective Action Plan” attached? (No findings required  
to be reported under the Florida Single Audit Act.)

\_\_\_\_\_ Yes  X  No

**CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FEDERAL PROGRAMS AND STATE PROJECTS - CONTINUED**

**YEAR ENDED JUNE 30, 2018**

**Section II - Financial Statement Findings**

No matters were reported.

**Section III - State Projects Findings and Questioned Costs**

No matters were reported.

**SUPPLEMENTAL INFORMATION**

**CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.**

**SUPPLEMENTAL SCHEDULES OF ADMINISTRATIVE SUPPORT**

**YEARS ENDED JUNE 30, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
Salaries and benefits	\$ 881,143	\$ 686,084
Research and delivery operations	79,991	270,598
Industry sponsorship	21,000	114,166
Consultants and professional fees	39,501	20,000
Communications and newsletter	68,440	74,006
Travel	27,769	63,892
Technical review	-	833
Financial services fees	4,384	3,279
Office expense	18,867	12,131
Meetings/workshops	8,427	28,265
Equipment/software	5,194	6,928
	<hr/>	<hr/>
Total administrative support	<b><u>\$ 1,154,716</u></b>	<b><u>\$ 1,280,182</u></b>



To the Board of Directors  
Citrus Research and Development Foundation, Inc.  
700 Experiment Station Road  
Lake Alfred, Florida 33850

We have audited the financial statements of Citrus Research and Development Foundation, Inc., for the years ended June 30, 2018 and 2017, and have issued our report thereon dated August 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Such information is communicated in our engagement letter dated June 6, 2016, a copy of which is enclosed. 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 the Foundation are described in Note A to the financial statements. We noted no transactions entered into by the Foundation 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. The most sensitive estimates affecting the Foundation's financial statements is the fair market value of the Foundation's investments. We evaluated the key factors and assumptions used to develop the estimated value of investments and determined that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Foundation's financial statements are the amounts recorded as contract funding from various government agencies and the amounts expended on research projects. We performed confirmation procedures on statistically significant samples of contract funding and research expenditures. The results of these confirmations in combination with other testing procedures supported the reported amounts of receipts and expenditures and we concluded that they were properly recorded.

*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 known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We found **no material misstatements** in the accounting records maintained for the Foundation by staff.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as 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 August 30, 2018 a copy of which is enclosed.

*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 Foundation'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 Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

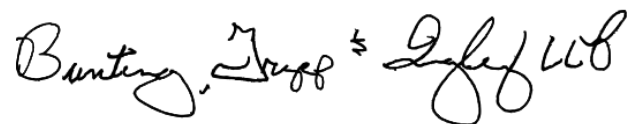
*Other Matters*

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 U.S. generally accepted accounting principles, 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 the Board of Directors, management, the University of Florida and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to serve as your independent auditors. We are available to you and the Foundation administration throughout the year to answer any questions you may have or to assist you in any way.

A handwritten signature in cursive script that reads "Bentley, Joseph" followed by a stylized flourish.

Lake Wales, Florida  
August 30, 2017

# Bunting, Tripp & Ingley, LLP

CERTIFIED PUBLIC ACCOUNTANTS

A Tradition of Excellence Since 1926



ROGER A. INGLEY, CPA  
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L. A. WHEELER, III, CPA  
PAUL T. SWYGERT, CPA  
SALVATORE D. TROPEA, CPA  
SUZANNE B. FLETCHER, CPA  
CYNTHIA D. BAKER, CPA

June 6, 2016

ALSO WITH OFFICES IN  
TAMPA, FLORIDA

Mr. Hugh Thompson, Finance and Audit Committee Chairman  
Citrus Research and Development Foundation, Inc.  
700 Experiment Station Road  
Lake Alfred, FL 33850-2299

We are pleased to confirm our understanding of the services we are to provide for Citrus Research and Development Foundation, Inc. for the years ended June 30, 2016, June 30, 2017, and June 30, 2018.

We will audit the financial statements of Citrus Research and Development Foundation, Inc., which comprise the statements of financial position as of June 30, 2016, June 30, 2017, and June 30, 2018 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements (the financial statements). Also, the following supplementary information accompanying the financial statements will be subjected to the auditing procedures applied in our audit of the 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, in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

1. Schedule of expenditures of federal awards and state financial assistance.
2. Schedules of administrative support

## Audit Objectives

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such an opinion. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Board of Directors of Citrus Research and Development Foundation, Inc. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinions are other than unmodified, we will discuss the reasons with management in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or issue reports, or we may withdraw from this engagement.

### **Audit Procedures - General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Foundation or to acts by management or employees acting on behalf of the Foundation. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any

material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from the Foundation's attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

#### **Audit Procedures - Internal Control**

Our audit will include obtaining an understanding of the Foundation and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

### **Audit Procedures - Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Citrus Research and Development Foundation, Inc.'s compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the Foundation's major programs. The purpose of these procedures will be to express an opinion on Citrus Research and Development Foundation, Inc.'s compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

### **Other Services**

We will prepare the Foundation's federal information returns for the years ended June 30, 2016, June 30, 2017, June 30, 2018, based on information provided by you. We will also assist in preparing the financial statements, schedule of expenditures of federal awards and state financial assistance, and related notes of the Foundation in conformity with U.S. generally accepted accounting principles and the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.

We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. The other services are limited to the financial statement and tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to tax positions taken in the preparation of the tax return, but management must make all decisions with regard to those matters.

### **Management Responsibilities**

Management is responsible for (1) establishing and maintaining effective internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity

with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all financial records and related information available to us, and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documents, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the organization from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Foundation involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Foundation received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Foundation complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards and state financial assistance in any document that contains and indicates that we reported on the schedule of expenditures of federal awards and state financial assistance. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards and state financial assistance that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards and state financial assistance in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards and state financial assistance, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those

used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards and state financial assistance.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relating to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the tax services, financial statements, schedule of expenditures of federal awards, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter the tax services provided and our assistance with preparation of the financial statements, the schedule of expenditures of federal awards, and related notes and that you have evaluated the adequacy of our services and have reviewed and approved the results of the services, the financial statements, the schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

#### **Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

We will provide copies of our reports to the Foundation; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Bunting, Tripp & Ingley, LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the State of Florida Auditor General's office or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Bunting, Tripp & Ingley, LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the State of Florida Auditor General's office. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2015 peer review accompanies this letter.

Roger Ingley is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Lee A. Wheeler, III is the audit manager who will be conducting the fieldwork and preparing the reports. He will be assisted by firm staff members as needed. We expect to begin our audit at a mutually agreeable time and to complete your information returns and issue our report no later than November 15, 2016, or such earlier date as may be required by the University of Florida Business office in connection with the Foundation's external audit.



It is recognized that certain reports have submission deadlines. The component unit reports and the audit report have submission deadlines by September 1<sup>st</sup>. The IRS form 990 has a filing date of November 15<sup>th</sup>. Meeting these deadlines will require that we receive financial reports and documents needed for the audit in a timely manner. We will have a pre-audit meeting with your personnel to go over the reports we will need and the timing of their receipt in order to insure that these submission dates can be met. In the event that these deadlines cannot be met this agreement may be renegotiated or terminated by either party.

Our fees for these services will be based on the actual time spent at our standard hourly rates, plus any out-of-pocket costs. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our fees will not exceed \$20,000 for the audit and the tax return preparation for the year ended June 30, 2016. For the audit and tax preparation for the year ending June 30, 2017, the fees will not exceed \$21,000, for the tax year ending June 30, 2018, the fees will not exceed \$22,000. These fees may be amended should there be a significant increase or reduction in CRDF financial scope affecting the audit. The above fee quotes are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. If for some reason the complexity of the audit changes, we will consider a lower fee.

#### **Working Papers, Correspondence and Other Documents**

Bunting, Tripp & Ingley, LLP considers e-mail to be an important business tool, and our partners and staff endeavor to make appropriate use of this facility in dealings with clients. However, there are certain risks associated with e-mail communication and, as a result, its use is subject to the following protocol:

- We will use e-mail, where appropriate, to help accelerate the process of exchanging information, including confidential information, between the Company and any outside specialists or other entities engaged by Bunting, Tripp & Ingley, LLP.
- Each party will treat e-mail with the same priority as communications sent by post or fax, but each understands that there may be delays in receiving e-mails over which the addressees have no control;
- Any instructions given in an e-mail or attachment thereto that may affect the scope of our work must be confirmed promptly by a hard copy;
- No party shall send any other party information that might be considered obscene, defamatory or in any other way in breach of any laws or regulations in any relevant jurisdiction.

The Company acknowledges that e-mail travels over the public internet, which is not a secure means of communication and, thus confidentiality of the transmitted information could be compromised through no fault of Bunting, Tripp & Ingley, LLP. All sensitive data (tax returns, financial statements, etc.) between Bunting, Tripp & Ingley, LLP and you should be transmitted through our encrypted portal using **SHAREFILE** technology by Citrix™. We will assist you in using this tool to protect the sensitive nature of information sent between us. Please see our Website for further information regarding this encryption tool. Bunting, Tripp & Ingley, LLP takes no responsibility for the subsequent use of any information that may be provided to you or your designee once it has been sent.

If any dispute, controversy, or claim arises, either party may, upon written notice to the other party, request that the matter be mediated. Such mediation will be conducted by a mediator appointed by and pursuant to the Rules of the American Arbitration Association or such other neutral facilitator acceptable to both parties. Both parties will exert their best efforts to discuss with each other in good faith their respective positions in an attempt to finally resolve such dispute or controversy.

Each party may disclose any facts to the other or to the mediator which it, in good faith, considers necessary to resolve the matter. All such discussions, however, will be for the purpose of assisting in settlement efforts and will not be admissible in any subsequent litigation against the disclosing party. Except as agreed by both parties, the mediator may not act as witness for either party in any subsequent arbitration between the parties.

The mediation proceedings will conclude within sixty days from receipt of the written notice unless extended or terminated sooner by mutual consent. Each party will be responsible for its own expenses. The fees and expenses of the mediator, if any, will be borne equally by the parties.

If any dispute, controversy, or claim cannot be resolved by mediation, then the dispute, controversy, or claim will be settled by arbitration in accordance with the Rules of the American Arbitration Association (AAA) for the Resolution of Accounting Firm Disputes. No prehearing discovery will be permitted unless specifically authorized by the arbitration panel. The arbitration hearings will take place in the city closest to the place where this agreement was performed in which the AAA maintains an office, unless the parties agree to a different locale.

The award issued by the arbitration panel may be confirmed in a judgment by any federal or state court of competent jurisdiction. All reasonable costs of both parties, as determined by the arbitrators, including (1) the fees and expenses of the AAA and the arbitrators and (2) the costs, including reasonable attorneys' fees, necessary to confirm the award in court, will be borne entirely by the non-prevailing party (to be designated by the arbitration panel in the award) and may not be allocated between the parties by the arbitration panel.

Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that in the event of a dispute over fees charged by the accountant, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.

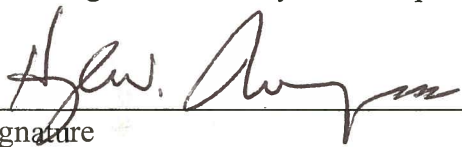
We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us. We suggest that the original be kept with your permanent records. This letter will continue in effect until canceled by either party.

Very truly yours,

  
Certified Public Accountants

RESPONSE:

This letter correctly sets forth the understanding of Citrus Research and Development Foundation, Inc., and we agree to abide by all of its provisions.

  
\_\_\_\_\_  
Signature

Treasurer  
\_\_\_\_\_  
Title

6/8/16  
\_\_\_\_\_  
Date



# Gregory, Sharer & Stuart, P.A.

Certified Public Accountants and Business Consultants

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## System Review Report

To the Partners of Bunting, Tripp & Ingley, LLP  
And the Peer Review Committee of the Florida Institute of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Bunting, Tripp & Ingley, LLP (the firm) in effect for the year ended March 31, 2015. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Bunting, Tripp & Ingley, LLP Bunting, Tripp & Ingley, LLP in effect for the year ended March 31, 2015, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency (ies)* or *fail*. Bunting, Tripp & Ingley, LLP has received a peer review rating of *pass*.

Gregory, Sharer & Stuart, P.A.  
September 2, 2015



Citrus Research and  
Development Foundation, Inc.

August 30, 2018

Bunting, Tripp & Ingley, LLP  
Certified Public Accountants  
230 East Tillman Avenue  
Lake Wales, FL 33853

Gentlemen:

This representation letter is provided in connection with your audit of the financial statements of Citrus Research and Development Foundation, Inc., which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and statements of cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are present fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

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. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of August 30, 2018, the following representations made to you during your audit.

#### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 6, 2016, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
3. We acknowledge 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.



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4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
8. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
11. Guarantees, whether written or oral, under which the Foundation is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
12. The Foundation have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net asset balances.
13. As part of your audit, you assisted with preparation of the financial statements and related notes, and the schedule of expenditures of Federal awards and State financial assistance programs. We acknowledge our responsibility as it relates to those nonattest/nonaudit services, including that we assume all management responsibilities; oversee the services by designating management-level individuals who possess suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for the financial statements and related notes, and the schedule of expenditures of Federal awards and State financial assistance programs.

#### **Information Provided**

14. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the presentation and fair presentation of the financial statements, such as records, documentation, and other matters, and all audit or relevant monitoring reports, if any, received from funding sources.
  - b. Additional information that you have requested from us for the purpose of the audit.



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- c. Unrestricted access to persons within the Foundation from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
15. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of Federal awards and State financial assistance programs.
16. 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.
17. We have no knowledge of any fraud or suspected fraud that affects the Foundation and involves:
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the financial statements.
18. We have no knowledge of any allegations of fraud or suspected fraud affecting the financial statements communicated by employees, former employees, grantors, regulators, or others.
19. We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse whose effects should be considered when preparing financial statements.
20. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
21. We have disclosed to you the identity of the Foundation's related parties and all the related party relationships and transactions of which we are aware.
22. The Foundation 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, except as made known to you and disclosed in the financial statements.
23. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
24. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have



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a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

25. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
26. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
27. Citrus Research and Development Foundation, Inc. is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Foundation's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
28. We acknowledge our responsibility for presenting the supplementary information in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. 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.
29. With respect to federal and state award programs:
  - a. We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), relating to preparation of the schedule of expenditures of federal awards.
  - b. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards and state financial assistance (SEFASFA) and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFASFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFASFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFASFA.
  - c. If the SEFASFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFASFA no later than the date we issue the SEFASFA and the auditor's report thereon.





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- d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFASFA, expenditures made during the audit period for all awards provided by federal and state agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e. We are responsible for understanding and complying with the requirements of federal and state statutes, regulations, and the terms and conditions of federal awards and state financial assistance related to each of our federal and state programs and have identified and disclosed to you the requirements of federal and state statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal and state programs that provides reasonable assurance that we are managing our federal awards and state financial assistance in compliance with federal and state statutes, regulations, and the terms and conditions of federal awards and state financial assistance that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended.
- g. We have made available to you all federal awards (including amendments, if any) and state financial assistance and any other correspondence with federal and state agencies or pass-through entities relevant to federal and state programs and related activities.
- h. We have received no requests from a federal or state agency to audit one or more specific programs as a major program.
- j. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement, relating to federal awards and state financial assistance* and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards and state financial assistance.
- j. We have disclosed any communications from federal and state awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E) and OMB



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*Circular A-122, Cost Principles for Nonprofit Organizations, and Subpart C, Cost Sharing and Matching, of OMB Circular A-110, Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations.*

- m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
  - n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.
  - o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
  - p. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
  - q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance subsequent to the period covered by the auditor's report.
  - r. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
  - s. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
  - t. We have charged costs to federal awards in accordance with applicable cost principles.
  - u. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
  - v. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
  - w. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
30. 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.
31. With regards to the information return preparation services to be performed by you for the Foundation, i.e. Form 990, we will:



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- a. Make all management decisions and perform all management functions.
- b. Designate management-level individuals with suitable skill, knowledge, and experience to oversee the services.
- c. Evaluate the adequacy and results of the services performed.
- d. Accept responsibility for the results of the services.

**CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.**

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Mr. Jonathan Ned Hancock, Finance and Audit Committee Chairman

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Dr. John Arthington, Interim Chief Operations Officer