

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

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

**JUNE 30, 2019**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR’S REPORT**

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

**JUNE 30, 2019**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the business-type activities of Cattle Enhancement Board, Inc. (the Board), a component unit of the University of Florida, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on 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 Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Certified Public Accountants**

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

## INDEPENDENT AUDITOR'S REPORT

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board as of June 30, 2019, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited the Board's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 18, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 and 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance, as required by Chapter 10.550, *Rules of the Auditor General*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

## INDEPENDENT AUDITOR'S REPORT

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2020, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



January 24, 2020  
Gainesville, Florida

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INTRODUCTION**

The University of Florida Cattle Enhancement Board, Inc. (the Board) management discussion and analysis is designed to assist the reader in providing an overview of the financial activities, identifying changes in financial position, and any material deviations from the financial plan. Since the Management's Discussion and Analysis is intended to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the financial statements attached.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements include the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, which provide information about the activities of the Board and present a long-range view of the Board's financial position. The Statement of Cash Flows provides information regarding sources and uses of cash from the activities of the Board.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. Since these notes are an integral part of the financial statements, they should be read in conjunction with the financial statements in order for the reader to have a clear understanding of the Board's activities and performance.

### **FINANCIAL ANALYSIS**

#### **THE STATEMENT OF NET POSITION**

The Statement of Net Position reflects the assets and liabilities of the Board, using the accrual basis of accounting, and presents the financial position of the Board at a specified time. Net position, the difference between total assets and total liabilities, is one indicator of the Board's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the Board's financial condition. The following summarizes the Board's assets, liabilities, and net position at June 30:

	<b>Net Position</b>	
	<b>2019</b>	<b>2018</b>
Total Assets	\$ 485,902	\$ 352,376
Total Liabilities	485,567	352,376
<b>Net Position</b>	<b>\$ 335</b>	<b>\$ -</b>

Total assets increased by \$133,526, the biggest component of this change was due to increase in due from State Appropriations in the amount of \$284,270. In addition, cash and cash equivalents decreased by \$150,744 due to cash used in operating activities.

#### **STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

The Statements of Revenues, Expenses, and Changes in Net Position present the revenues earned and expenses incurred during each year. The revenues and expenses are related to providing services related to Cattle Research projects.

	<b>Change in Net Position</b>	
	<b>2019</b>	<b>2018</b>
Revenues	\$ 998,687	\$ 1,704,489
Expenses	998,352	1,704,489
Change in Net Position	<b>\$ 335</b>	<b>\$ -</b>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The revenue decreased by \$705,802 due to reduction in state appropriations funding in grant year 2017/2018 and 2018/2019. The expenses decreased by \$706,137 proportionally due to funding decrease. Decrease is related to Cattle Research projects, cattle marketing and promotion, administrative expenses, and professional services.

### **SUMMARY OF CASH FLOWS**

The decrease in cash flow in the current year is due to impact of reduced state appropriations funding for Cattle Research projects.

### **CONTACTING MANAGEMENT**

This financial narrative is designed to provide you with a general overview of Board's finances and to show accountability for the various revenues received. If you have questions about this report or need additional financial information, please contact the Board's office at (863)287-8591.

**CATTLE ENHANCEMENT BOARD, INC.**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019,**  
**WITH COMPARATIVE TOTALS FOR JUNE 30, 2018**  
**KISSIMMEE, FLORIDA**

**ASSETS**

	<b>2019</b>	<b>2018</b>
<b>Current Assets</b>		
Cash	\$ 93,141	\$ 243,885
Account Receivable	-	2,533
Due from State Appropriations	392,761	105,958
<b>Total Current Assets</b>	<b>485,902</b>	<b>352,376</b>
 <b>Total Assets</b>	 <b>485,902</b>	 <b>352,376</b>

**LIABILITIES AND NET POSITION**

**Liabilities and Net Position**

**Current Liabilities**

Due to Grantees	485,567	352,376
<b>Total Current Liabilities</b>	<b>485,567</b>	<b>352,376</b>

**Net Position**

Unrestricted	335	-
<b>Total Net Position</b>	<b>335</b>	<b>-</b>

<b>Total Liabilities and Net Position</b>	<b>\$ 485,902</b>	<b>\$ 352,376</b>
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See accompanying notes.

**CATTLE ENHANCEMENT BOARD, INC.**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2019,**  
**WITH COMPARATIVE TOTALS FOR JUNE 30, 2018**  
**KISSIMMEE, FLORIDA**

	<u>2019</u>	<u>2018</u>
<b>Operating Revenues</b>		
State Appropriations	\$ 998,352	\$ 1,703,256
<b>Total Operating Revenues</b>	<u>998,352</u>	<u>1,703,256</u>
<b>Operating Expenses</b>		
Cattle Research Projects	783,449	1,345,127
Cattle Marketing and Promotion	104,635	184,331
Administrative Expenses	94,014	161,416
Professional Services	16,254	12,000
Bank Fees and Financial Charges	-	1,615
<b>Total Operating Expenses</b>	<u>998,352</u>	<u>1,704,489</u>
<b>Net Operating Income</b>	<u>-</u>	<u>(1,233)</u>
<b>Non-Operating Revenues</b>		
Interest and Other Revenue	<u>335</u>	<u>1,233</u>
<b>Total Non-Operating Revenues</b>		
<b>Change in Net Position</b>	<u>335</u>	<u>-</u>
<b>Net Position, Beginning of Year</b>	<u>-</u>	<u>-</u>
<b>Net Position, End of Year</b>	<u>\$ 335</u>	<u>\$ -</u>

See accompanying notes.

**CATTLE ENHANCEMENT BOARD, INC.**  
**STATEMENT OF CASH FLOWS**  
**JUNE 30, 2019,**  
**WITH COMPARATIVE TOTALS FOR JUNE 30, 2018**  
**KISSIMMEE, FLORIDA**

	<b>2019</b>	<b>2018</b>
<b>Cash Flows from Operating Activities</b>		
Cash Receipts from Grantors	\$ 714,082	\$ 1,681,852
Cash Payments to Suppliers	(865,161)	(1,545,996)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(151,079)</b>	<b>135,856</b>
<b>Cash Flows from Investing Activities</b>		
Interest Received	335	1,233
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>335</b>	<b>1,233</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(150,744)	137,089
<b>Cash and Cash Equivalents, Beginning of Year</b>	243,885	106,796
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 93,141</b>	<b>\$ 243,885</b>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u></b>		
Operating Income	\$ -	\$ (1,233)
Adjustments to Reconcile Change in Unrestricted Net Assets to Net Cash Used in Operating Activities:		
Change in Assets - Increase (Decrease) and Liabilities - Increase (Decrease):		
Advances to Grantees	-	212,409
Account Receivable	2,533	(2,533)
Due from State Appropriations	(286,803)	(105,958)
Prepaid Promotional Expenses	-	131,121
Due to Grantees	133,191	27,372
Unearned State Appropriations	-	(125,322)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ (151,079)</b>	<b>\$ 135,856</b>

See accompanying notes.

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

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

**Reporting Entity**

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

**Basis of Accounting**

The Board's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. These financial statements are entirely those of the Board alone and, accordingly, are not intended to present the financial position or the results of operations of the University of Florida. Pursuant to Florida Senate Bill 4, the Board's financial statement presentation follows the recommendations contained under guidance provided by the Governmental Accounting Standards Board (GASB) Statement No. 29.

Under GASB Statement No. 35, for financial reporting purposes, the Board is considered a special purpose government engaged only in business-type activities

**Classification of Revenues**

The Board classifies its revenues as operating or non-operating according to the following criteria:

- **Operating Revenues**  
Include activities that have the characteristics of exchange transactions, such as grant revenue.
- **Non-Operating Revenues**  
Include activities that have characteristics of non-exchange transactions, such as investment income.

**Net Position**

The Board's net position is classified as follows:

- **Unrestricted**  
Represents net position that is not restricted for any purpose and available for current operations. All of the Board's net position is unrestricted.

**Donated Services**

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

**Cash**

Cash represents deposits held with financial institutions.

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

**Due from State Appropriation**

Due from state appropriations consist of amounts due to the Board from the state in accordance with executed contracts with the Florida Department of Agriculture and Consumer Services Division of Administration. Amounts due represent reimbursement request for expenses incurred before June 30, 2019.

**Due to Grantees**

Due to Grantees consists of amounts due to grantees or contract vendors for expenses incurred as of June 30, 2019.

**Capital Assets**

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

**Revenues**

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

**Concentration of Income Sources**

During 2019, the organization received 100% of its total revenue from two contracts with the Florida Department of Agriculture and Consumer Services Division of Administration.

**Income Taxes**

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

It is the policy of management to evaluate its tax positions on an ongoing basis and to disclose any such positions it believes would have a material impact on the financial statements and related notes. Management also believes that no such required disclosures currently exist.

The Board is subject to U.S. federal or state income tax examinations for the previous three years. If applicable, the Board would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expense.

**Use of Estimates in the Preparation of Financial Statements**

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

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

**Prior Year Comparative Totals**

The financial statements include certain prior year summarized comparative information in total, but not by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Board's financial statements and notes for the year ended June 30, 2018, from which summarized information was derived.

**Note 2 - Cash and Deposits**

The carrying amount of deposits with the bank was \$93,141, and the related bank balance was \$93,141 as of June 30, 2019.

**Note 3 - Related-Party Transactions**

Both the University of Florida and the Board share a common focus on improving the Florida cattle industry. The University of Florida provides certain administrative services to the Board and is also the recipient of funding for various cattle related research projects. In 2019, the Board incurred \$86,093 in administrative expenses and \$771,053 in research project expenses payable to the University of Florida. At June 30, 2019, the Board reported due to grantee to the University of Florida of \$465,729.

**Note 4 - Subsequent Events**

In preparing these financial statements, the Board has evaluated events and transactions for potential recognition or disclosure through January 24, 2020, the date the financial statements were available to be issued.

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,  
ISSUED BY THE COMPTROLLER GENERAL OF  
THE UNITED STATES; AND CHAPTER 10.550, *RULES OF  
THE AUDITOR GENERAL OF THE STATE OF 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**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Cattle Enhancement Board, Inc. (the Board), a non-profit organization, which comprise the statement of net position as of June 30, 2019, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 24, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Certified Public Accountants**

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 non-compliance 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 Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



January 24, 2020  
Gainesville, Florida

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR  
STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

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

**Report on Compliance for Each Major State Project**

We have audited Cattle Enhancement Board, Inc.’s (the Board) compliance with the types of compliance requirements described in the Department of Financial Services’ *State Projects Compliance Supplement* that could have a direct and material effect on each of the Board’s major State projects for the year ended June 30, 2019. The Board’s major State project is 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 the requirements of State Statutes, and the terms and conditions of its state projects applicable to its state programs.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the Board’s major State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits obtained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*. Those standards and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State project occurred. An audit includes examining, on a test basis, evidence about the Board’s compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

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

**Opinion on Each Major State Project**

In our opinion, the Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State projects identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2019.

**Certified Public Accountants**

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

**Report on Internal Control Over Compliance**

Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board's internal control over compliance with the types of requirements that could have a direct and material effect on each major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State project and to test and report on internal control over compliance in accordance with Chapter 10.550, *Rules of the Auditor*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.



January 24, 2020  
Gainesville, Florida

**CATTLE ENHANCEMENT BOARD, INC.**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>CFSA</u> <u>Number</u>	<u>Fiscal Year</u>	<u>Contract</u>	<u>Program or</u> <u>Award</u> <u>Amount</u>	<u>Expenditures</u>
<b>State Financial Assistance</b>					
<b>Florida Department of Agriculture and Consumer Services</b>					
Beef Promotion and Research	42.053	2017/2018	25006	\$ 749,765	\$ 355,591
Beef Promotion and Research	42.053	2018/2019	25006	<u>750,000</u>	<u>642,761</u>
<b>Total Florida Department of Agriculture and Consumer Services</b>				<u>\$ 1,499,765</u>	<u>\$ 998,352</u>

See accompanying notes.

**CATTLE ENHANCEMENT BOARD, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2019  
GAINESVILLE, FLORIDA**

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of State Financial Assistance (the Schedule) includes the State grant activity of the Cattle Enhancement Board, Inc. (the Board) and is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Chapter 10.550, *Rules of the Auditor General*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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

**Note 2 - Summary of Significant Accounting Policies**

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

**CATTLE ENHANCEMENT BOARD, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2019  
GAINESVILLE, FLORIDA**

**Section 1. Summary of Auditor's Results**

**Financial Statements**

Type of Auditor's Report Issued:	Unmodified	
Internal Control over Financial Reporting:	Material Weakness(es) identified?	No
	Significant Deficiency(ies) identified?	No
Non-Compliance Material to Financial Statements Noted?		No

**State Projects**

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

Type of Auditor's Report Issued on Compliance for Major Projects: Unmodified

Any Audit Findings Disclosed that are Required to be Reported in Accordance with Department of Financial Services' *State Projects Compliance Supplement* No

- Identification Major State Projects:
- State Projects:
- Florida Department of Agriculture and Consumer Services:
    - Beef Promotion and Research (42.053)

Dollar Threshold Used to Distinguish Between Type A and Type B State Programs: \$300,000

**Section 2. Financial Statement Findings**

None

**Section 3. State Financial Assistance Findings and Questioned Costs**

None