CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.

FINANCIAL STATEMENTS

AND SUPPLEMENTAL INFORMATION

YEAR ENDED JUNE 30, 2012
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September 24, 2012

Independent Auditor's Report

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

We have audited the accompanying Statement of Financial Position of Citrus Research and Development Foundation, Inc. (a not-for-profit organization) as of June 30, 2012, and the related Statement of Activities and Cash Flows for the year then ended. These financial statements are the responsibility of the management of Citrus Research and Development Foundation, Inc. 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 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 24, 2012, 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 and should be considered in assessing the results of our audit.

1
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.650, Rules of the Auditor General, 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 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 Schedule of Expenditures of Federal Awards and State Financial Assistance is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying Supplemental Schedule of Administrative Support is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Lake Wales, Florida

Bunting, Tripp, and Ingle, LLP
CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2012

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$4,721,612</td>
<td></td>
</tr>
<tr>
<td>Funds deposited in state spending account</td>
<td>6,039</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable and pledges</td>
<td>2,681,394</td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>1,122,718</td>
<td></td>
</tr>
<tr>
<td>Contract payments receivable</td>
<td>977,281</td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>$9,509,044</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred grant revenue</td>
<td>$5,791,057</td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>1,102,910</td>
<td></td>
</tr>
<tr>
<td>Total liabilities</td>
<td>6,893,967</td>
<td></td>
</tr>
<tr>
<td>Net Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>179,166</td>
<td></td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>2,435,911</td>
<td></td>
</tr>
<tr>
<td>Total net assets</td>
<td>2,615,077</td>
<td></td>
</tr>
<tr>
<td>Total liabilities and net assets</td>
<td>$9,509,044</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes to financial statements should be read in conjunction with this statement.
CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2012

<table>
<thead>
<tr>
<th>Revenue and Support</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Grant funding:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Florida Department of Agriculture and Consumer Services</td>
<td>$</td>
<td>- $ 1,774,171</td>
<td>$ 1,774,171</td>
</tr>
<tr>
<td>Florida Department of Citrus</td>
<td>737,601</td>
<td>8,206,155</td>
<td>8,943,756</td>
</tr>
<tr>
<td>U.S. Department of Agriculture</td>
<td>-</td>
<td>312,188</td>
<td>312,188</td>
</tr>
<tr>
<td>Donations</td>
<td>-</td>
<td>750,000</td>
<td>750,000</td>
</tr>
<tr>
<td>Investment earnings</td>
<td>24,379</td>
<td>-</td>
<td>24,379</td>
</tr>
<tr>
<td>Restrictions satisfied by payments</td>
<td>11,512,853</td>
<td>(11,512,853)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total revenue and support</strong></td>
<td>12,274,833</td>
<td>(470,339)</td>
<td>11,804,494</td>
</tr>
</tbody>
</table>

| Expenses and Supporting Services        |              |                        |          |
| Research project grants                 | 11,512,853   | -                      | 11,512,853 |
| Administrative support                  | 728,127      | -                      | 728,127  |
| **Total expenses and supporting services** | 12,240,980   | -                      | 12,240,980 |
| Increase (decrease) in net assets       | 33,853       | (470,339)              | (436,486) |

| Net assets - beginning of year          | 126,563      | 2,925,000              | 3,051,563 |
| Net assets - end of year                | $ 160,416    | $ 2,454,661            | $ 2,615,077 |

The accompanying notes to financial statements should be read in conjunction with this statement.
Operating Activities
Decrease in net assets $ (436,486)

Adjustments to reconcile decrease in net assets to net cash provided by operating activities:
- Reinvested earnings in bank account (26,210)
- Unrealized loss on investments 1,831
- Decrease in state spending account 95,733
- (Increase) in grant payments receivable (937,281)
- (Decrease) in pledges receivable 243,606
- Increase in accounts payable 320,470
- Decrease in accrued investment earnings 2,083
- Increase in deferred grant revenue 2,779,186

Total adjustments 2,479,418

Net cash provided by operating activities 2,042,932

Investing Activities
Cash used for investment in Florida Treasury Investment Pool (1,322)

Net cash used for investing activities (1,322)

Net increase in cash 2,041,610

Cash, beginning of year 2,680,002

Cash, end of year $ 4,721,612

The accompanying notes to financial statements should be read in conjunction with this statement.
Note A - Summary of Significant Accounting Policies

Organizational Activities

The Citrus Research and Development Foundation, Inc. (the Foundation) is a Florida not-for-profit 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 Citrus (FDOC), the Florida Department of Agriculture and Consumer Services (FDACS), and other entities.

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. Generally, the donors of such assets permit the Foundation to use all or part of the income earned on the assets.

For the year ended June 30, 2012, the Foundation had no permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the Statement of Financial Position and the Statement of Cash Flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Contract Payments Receivables

Contract payments receivable are stated at their estimated net realizable value.
Note A - Summary of Significant Accounting Policies - Continued

Investments

Investments are recorded at fair value, which is amortized cost, and consist of funds invested with the Florida Treasury Investment Pool.

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 revenue 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 Statement of Activities because criteria for recognition has not been satisfied.

Tax Status and Positions

The Foundation is a corporation chartered under the Florida not-for-profit 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 not-for-profit 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 year ended June 30, 2012, 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 2008 to 2011 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 year ended June 30, 2012.

Any interest and penalties recognized associated with a tax position are classified as current in the Foundation's financial statements.
Note A - Summary of Significant Accounting Policies - Continued

Date of Management Review

Subsequent events were evaluated through September 24, 2012, which is the date the financial statements were available to be issued.

Note B - Grant Funding

During the year ended June 30, 2012, the Foundation received the following grants:

<table>
<thead>
<tr>
<th>Funding Agency</th>
<th>Grant Number</th>
<th>Grant Date</th>
<th>Recognized Revenue</th>
<th>Deferred Revenue</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>FDACS</td>
<td>017187</td>
<td>7-1-11</td>
<td>$1,774,171</td>
<td>$886,685</td>
<td>Research projects</td>
</tr>
<tr>
<td>FDOC</td>
<td>11-11</td>
<td>7-1-11</td>
<td>8,206,155</td>
<td>204,689</td>
<td>Research projects</td>
</tr>
<tr>
<td>USDA</td>
<td></td>
<td></td>
<td>312,188</td>
<td>1,687,812</td>
<td>Research projects</td>
</tr>
<tr>
<td>FDOC</td>
<td>11-11</td>
<td>7-1-11</td>
<td>257,601</td>
<td>-</td>
<td>Scientific/legal review</td>
</tr>
<tr>
<td>FDOC</td>
<td>11-11</td>
<td>7-1-11</td>
<td>480,000</td>
<td>-</td>
<td>Operational expenses</td>
</tr>
</tbody>
</table>

Total grant funding  

$11,030,115 $2,779,186

Grant revenue for operational expenses is recognized as received. Grant revenue for research projects is recognized after the research project has been approved and funds are disbursed.

Note C - Pledges Receivable

The Foundation has received written pledges of funding for research from the Coca-Cola Company and Cutrale Citrus Juices USA, Inc. Each company has pledged $1,500,000. Each pledge agreement provided for an annual $500,000 payment on or before each January 31st beginning in 2011. The University of Florida Foundation, Inc. (UFF) is collecting these funds as agent for the Foundation. UFF charges a 2.5% fee for acting as agent. Through June 30, 2012, $2,000,000 of these pledges have been collected and UFF has retained a $50,000 agency fee. The pledges are recorded at $975,000 which is the gross amount net of the fees charged by UFF.

Note D - 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
Note D - Related Parties - Continued

The Florida Department of Citrus and Florida Department of Agriculture and Consumer Services provide 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. Further, one of the Foundation’s officers/directors is President of Cutrale Citrus Juices USA, Inc. This company made a pledge of $1,500,000 to the Foundation as described in Note C.

Note E - Investments

At June 30, 2012, investments consist of a Florida State Special Purpose Investment Account (SPIA), known as the Treasury Investment Pool. The pool invests in a collection of securities, primarily government obligations. 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 Af.

Interest Rate Risk Disclosure - The effective duration of the Treasury Investment Pool at June 30, 2012 is 2.13 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 year ended June 30, 2012, was as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments, beginning of year</td>
<td>$1,096,765</td>
</tr>
<tr>
<td>Purchases - net</td>
<td>-</td>
</tr>
<tr>
<td>Investment earnings</td>
<td>25,953</td>
</tr>
<tr>
<td>Investments, end of year</td>
<td>$1,122,718</td>
</tr>
</tbody>
</table>

Note F - Fair Value Measurements

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

Level 1  Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market.

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.
Note F - Fair Value Measurements - Continued

Level 3  Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

At June 30, 2012, the Foundation's investments are categorized as follows:

<table>
<thead>
<tr>
<th></th>
<th>Fair Value</th>
<th>Level 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Florida Treasury Investment Pool</td>
<td>$ 1,122,718</td>
<td>$ 1,122,718</td>
</tr>
</tbody>
</table>

Note G - Concentration of Credit Risk

The Foundation's bank accounts are classified as public deposits by the Florida Department of Financial Services. These accounts are secured by securities held by the depository bank and approved by the Department. Accordingly, credit risk associated with these deposits is low even though the balance in the accounts exceeds FDIC coverage limits.
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 the financial statements of Citrus Research and Development Foundation, Inc. (a not-for-profit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated September 24, 2012. 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 Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Citrus Research and Development Foundation, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Foundation's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board of Directors, management, the University of Florida, Federal and State awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Lake Wales, Florida

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

Compliance

We have audited Citrus Research and Development Foundation, Inc.'s (the Foundation) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and Florida Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on each major Federal program and state financial assistance program for the year ended June 30, 2012. The Foundation's major Federal and state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state financial assistance programs is the responsibility of the Foundation's management. Our responsibility is to express an opinion on the Foundation's compliance based on our audit.

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; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and Chapter 10.650, Rules of the Auditor General. Those standards, OMB Circular A-133, 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 or state financial assistance program 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 audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Foundation's compliance with those requirements.

In our opinion, Citrus Research and Development Foundation, Inc., complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2012.
Management of Citrus Research and Development Foundation, Inc., is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal and State programs. In planning and performing our audit, we considered the Foundation’s internal control over compliance with the requirements that could have a direct and material effect on major Federal and State programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 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 or state program 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 or state program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, the University of Florida, Federal and State awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Lake Wales, Florida
CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2012

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Research Agreement 58-6618-1-043</td>
<td>10.001</td>
<td>$312,188</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State Agency/Pass-through Entity</th>
<th>Florida CSFA No.</th>
<th>Contract No.</th>
<th>Florida Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Florida Department of Agriculture and Consumer Services:</td>
<td>42.023</td>
<td>017187</td>
<td>$1,774,171</td>
</tr>
<tr>
<td>Box tax receipts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Florida Department of Citrus:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management fees</td>
<td>*</td>
<td>11-11</td>
<td>480,000</td>
</tr>
<tr>
<td>Scientific and legal review</td>
<td>*</td>
<td>11-11</td>
<td>257,601</td>
</tr>
<tr>
<td>Research grants</td>
<td>*</td>
<td>11-11</td>
<td>8,206,155</td>
</tr>
</tbody>
</table>

Total expenditures of state financial assistance $10,717,927

* No CSFA number assigned.

The accompanying notes to schedule of expenditures of federal awards and state financial assistance should be read in conjunction with this schedule.
Note A - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the Federal and the State of Florida grant activity of Citrus Research and Development Foundation, Inc. The schedule is prepared on the cash 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the Florida Single Audit Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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.
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? Yes X No
- Significant deficiency identified? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal and Florida Awards
Internal control over major federal and state programs:
- Material weakness identified? Yes X No
- Significant deficiency identified? Yes X None reported

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. 10.001 Agreement 58-6618-1-043

State Agency:
Florida Department of Agriculture and Consumer Services:
Agricultural research CSFA No. 42.023 Contract No. 11-11
Florida Department of Citrus

Dollar threshold used to distinguish between Type A and Type B programs: $ 300,000

“Summary Schedule of Prior Audit Findings and Questioned Costs - State Financial Assistance” 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
Section II - Financial Statement Findings
No matters were reported.

Section III - State Financial Assistance Findings and Questioned Costs
No matters were reported.
SUPPLEMENTAL INFORMATION
<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultants and professional fees</td>
<td>$260,609</td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>$234,924</td>
</tr>
<tr>
<td>Commercial development</td>
<td>$66,435</td>
</tr>
<tr>
<td>Travel</td>
<td>$52,929</td>
</tr>
<tr>
<td>Technical review</td>
<td>$37,000</td>
</tr>
<tr>
<td>Communications and newsletter</td>
<td>$25,596</td>
</tr>
<tr>
<td>UF Foundation fees</td>
<td>$18,750</td>
</tr>
<tr>
<td>Promotion/advertising</td>
<td>$15,500</td>
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<tr>
<td>Office expense</td>
<td>$12,926</td>
</tr>
<tr>
<td>Equipment/software</td>
<td>$3,458</td>
</tr>
<tr>
<td><strong>Total administrative support</strong></td>
<td><strong>$728,127</strong></td>
</tr>
</tbody>
</table>