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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Cattle Enhancement Board, Inc. (the Board), a nonprofit organization, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Board’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Board as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Certified Public Accountants
P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS
INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Reporting Required by Government Auditing Standards
In accordance with Government Auditing Standards, we have also issued our report dated December 8, 2017, 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.

December 8, 2017
Gainesville, Florida
## ASSETS

<table>
<thead>
<tr>
<th>Asset</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 106,796</td>
</tr>
<tr>
<td>Advances to Grantees</td>
<td>212,409</td>
</tr>
<tr>
<td>Prepaid Promotional Expenses</td>
<td>131,121</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>450,326</strong></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>450,326</strong></td>
</tr>
</tbody>
</table>

## LIABILITIES

<table>
<thead>
<tr>
<th>Liability</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liabilities and Net Assets</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Due to Grantees</td>
<td>325,004</td>
</tr>
<tr>
<td>Unearned State Appropriations</td>
<td>125,322</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td><strong>450,326</strong></td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td><strong>-</strong></td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td>$ 450,326</td>
</tr>
</tbody>
</table>
CATTLE ENHANCEMENT BOARD, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017
KISSIMMEE, FLORIDA

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td></td>
</tr>
<tr>
<td>State Appropriation</td>
<td>$ 534,668</td>
</tr>
<tr>
<td>Interest and Other Revenue</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$ 534,668</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
</tr>
<tr>
<td>Cattle Research Projects</td>
<td>308,586</td>
</tr>
<tr>
<td>Cattle Marketing and Promotion</td>
<td>188,879</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>37,030</td>
</tr>
<tr>
<td>Bank Fees and Financial Charges</td>
<td>173</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$ 534,668</td>
</tr>
<tr>
<td>Change in Net Assets</td>
<td>-</td>
</tr>
<tr>
<td>Net Assets, Beginning of Year</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Assets, End of Year</strong></td>
<td>$ -</td>
</tr>
</tbody>
</table>

See accompanying notes.
<table>
<thead>
<tr>
<th>Change in:</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advances to Grantees</td>
<td>(212,409)</td>
</tr>
<tr>
<td>Prepaid Promotional Expenses</td>
<td>(131,121)</td>
</tr>
<tr>
<td>Due to Grantees</td>
<td>325,004</td>
</tr>
<tr>
<td>Unearned State Appropriations</td>
<td>125,322</td>
</tr>
<tr>
<td><strong>Net Cash Provided by (Used in) Operating Activities</strong></td>
<td>106,796</td>
</tr>
<tr>
<td><strong>Cash, Beginning of Year</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Cash, End of Year</strong></td>
<td>$ 106,796</td>
</tr>
</tbody>
</table>

See accompanying notes.
Note 1 - Nature of Organization and Summary of Significant Accounting Policies

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

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

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

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

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

As of June 30, 2017, the Board had no permanently or temporarily restricted net assets.

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

**Cash**
Cash represents deposits held with financial institutions.
Note 1 - Summary of Significant Accounting Policies (Concluded)

Advances to Grantees and Prepaid Promotional Expenses
Advances and prepaid items consist of amounts paid to grantees and contract vendors for expenses that were not incurred prior to June 30, 2017.

Due to Grantees
Due to Grantees consists of amounts due to grantees or contract vendors for expenses incurred as of June 30, 2017.

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

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

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

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

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

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.

Note 2 - Deposits and Investments
The carrying amount of deposits with the bank was $106,796, and the related bank balance was $131,623 as of June 30, 2017.
Note 3 - **Unearned State Appropriations**

Unearned State Appropriations consist of funds received for specific purposes for which the related expense has not yet been incurred. These amounts are State appropriations that are passed on as grants or contracts for research and promotion of the cattle industry.

The accounts comprising unearned revenues as of June 30, 2017, were as follows:

| State Appropriations – Florida Department of Agriculture and Consumer Services | $125,322 |

Note 4 - **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 2017, the Board incurred $37,030 in administrative expenses and $290,182 in research project expenses payable to the University of Florida.
INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Cattle Enhancement Board, Inc. (the Board), a nonprofit organization, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 8, 2017.

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.
INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Concluded)

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

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.

December 8, 2017
Gainesville, Florida