CITRUS RESEARCH AND EDUCATION FOUNDATION, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017
# CITRUS RESEARCH AND EDUCATION FOUNDATION, INC.

## FINANCIAL STATEMENTS

### YEARS ENDED JUNE 30, 2018 AND 2017

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</tr>
<tr>
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<td>16-17</td>
</tr>
</tbody>
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Independent Auditor’s Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Citrus Research and Education 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, functional expenses, 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 to 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 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 financial position of Citrus Research and Education 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of the Board of Directors presented on pages 16-17, is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management. The supplementary information has not been subjected to the auditing procedures applied in the audit of the financial statements. Accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 10, 2018, on our consideration of Citrus Research and Education 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 solely 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 effectiveness of Citrus Research and Education Foundation, Inc.’s 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 Education Foundation, Inc.’s internal control over financial reporting and compliance.

Lake Wales, Florida
September 10, 2018
CITRUS RESEARCH AND EDUCATION FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 632,911</td>
<td>$ 684,816</td>
</tr>
<tr>
<td>Certificate of deposit</td>
<td>400,392</td>
<td>396,212</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>18,635</td>
<td>31,056</td>
</tr>
<tr>
<td>Funds deposited in State spending account</td>
<td>2,746</td>
<td>16,718</td>
</tr>
<tr>
<td>Inventory</td>
<td>844</td>
<td>953</td>
</tr>
<tr>
<td>Fruit retainage certificates and stock in cooperatives</td>
<td>32,803</td>
<td>33,172</td>
</tr>
<tr>
<td>Equipment - net of accumulated depreciation of $62,478 and $57,644</td>
<td>5,529</td>
<td>10,343</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$ 1,093,860</td>
<td>$ 1,173,270</td>
</tr>
</tbody>
</table>

|                                |         |         |
| **LIABILITIES AND NET ASSETS** |         |         |
| **Liabilities**                |         |         |
| Accounts payable and deposits  | $ 34,773 | $ 11,127 |
| **Net Assets**                 |         |         |
| Unrestricted                   | 1,059,087 | 1,162,143 |
| **Total liabilities and net assets** | $ 1,093,860 | $ 1,173,270 |

See accompanying notes to financial statements.
CITRUS RESEARCH AND EDUCATION FOUNDATION, INC.

STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2018 AND 2017

<table>
<thead>
<tr>
<th>Support and Revenue</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fruit sales</td>
<td>$194,999</td>
<td>$383,632</td>
</tr>
<tr>
<td>Grove use</td>
<td>123,499</td>
<td>184,990</td>
</tr>
<tr>
<td>Pilot, plant, laboratory fees, and facility</td>
<td>161,281</td>
<td>168,286</td>
</tr>
<tr>
<td>Workshops</td>
<td>2,380</td>
<td>9,442</td>
</tr>
<tr>
<td>Donations and sponsorships</td>
<td>3,360</td>
<td>3,895</td>
</tr>
<tr>
<td>Interest</td>
<td>4,312</td>
<td>4,268</td>
</tr>
<tr>
<td>Book sales and miscellaneous</td>
<td>36,592</td>
<td>178</td>
</tr>
<tr>
<td><strong>Total support and revenue</strong></td>
<td>526,423</td>
<td>754,691</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses and Supporting Services</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural operations</td>
<td>488,957</td>
<td>349,206</td>
</tr>
<tr>
<td>Workshops</td>
<td>2,183</td>
<td>11,666</td>
</tr>
<tr>
<td>Business operations</td>
<td>698</td>
<td>485</td>
</tr>
<tr>
<td>CREC support</td>
<td>136,218</td>
<td>66,693</td>
</tr>
<tr>
<td>Publications</td>
<td>-</td>
<td>1,297</td>
</tr>
<tr>
<td>Employee and student events</td>
<td>1,423</td>
<td>465</td>
</tr>
<tr>
<td><strong>Total expenses and supporting services</strong></td>
<td>629,479</td>
<td>429,812</td>
</tr>
</tbody>
</table>

(Decrease) increase in net assets             
Net assets, beginning of year                 
Net assets, end of year                       

See accompanying notes to financial statements.
CITRUS RESEARCH AND EDUCATION FOUNDATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

<table>
<thead>
<tr>
<th>Agricultural Operations</th>
<th>Workshops/ Seminars</th>
<th>Business Operations</th>
<th>CREC Support</th>
<th>Publications</th>
<th>Employee Events</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repairs</td>
<td>$ 86,484</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 60,112</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Fertilizer</td>
<td>100,662</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Allocated payroll</td>
<td>61,230</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Pest management</td>
<td>62,366</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Lab supplies</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>48,011</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Weed management</td>
<td>29,625</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Irrigation</td>
<td>54,613</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Utilities</td>
<td>18,270</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
</tr>
<tr>
<td>Supplies</td>
<td>21,966</td>
<td>-</td>
<td>4</td>
<td>12,046</td>
<td>-</td>
<td>392</td>
</tr>
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<td>Legal and accounting</td>
<td>15,000</td>
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<td>-</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>Food and beverages</td>
<td>-</td>
<td>1,894</td>
<td>523</td>
<td>216</td>
<td>-</td>
<td>822</td>
</tr>
<tr>
<td>Depreciation of equipment</td>
<td>4,814</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Travel costs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>382</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other expenses</td>
<td>-</td>
<td>-</td>
<td>61</td>
<td>15,369</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Insurance</td>
<td>2,615</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Plant removal</td>
<td>12,562</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Other operating cost</td>
<td>-</td>
<td>189</td>
<td>23</td>
<td>82</td>
<td>-</td>
<td>209</td>
</tr>
<tr>
<td>Regulatory compliance</td>
<td>4,869</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Entertainment</td>
<td>-</td>
<td>100</td>
<td>87</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Seminar expense</td>
<td>472</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Development expense</td>
<td>13,409</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total functional expenses</strong></td>
<td><strong>$ 488,957</strong></td>
<td><strong>$ 2,183</strong></td>
<td><strong>$ 698</strong></td>
<td><strong>$ 136,218</strong></td>
<td><strong>$ -</strong></td>
<td><strong>$ 1,423</strong></td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
<table>
<thead>
<tr>
<th></th>
<th>Agricultural Operations</th>
<th>Workshops/ Seminars</th>
<th>Business Operations</th>
<th>CREC Support</th>
<th>Publications</th>
<th>Employee Events</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repairs</td>
<td>$ 56,038</td>
<td>$</td>
<td>$</td>
<td>$ 17,416</td>
<td>$</td>
<td>$</td>
<td>$ 73,454</td>
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<tr>
<td>Fertilizer</td>
<td>64,781</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>64,781</td>
</tr>
<tr>
<td>Allocated payroll</td>
<td>48,746</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>48,746</td>
</tr>
<tr>
<td>Pest management</td>
<td>35,591</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>35,591</td>
</tr>
<tr>
<td>Lab supplies</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>33,364</td>
<td>-</td>
<td>-</td>
<td>33,364</td>
</tr>
<tr>
<td>Propagation</td>
<td>28,682</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>28,682</td>
</tr>
<tr>
<td>Weed management</td>
<td>27,768</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>27,768</td>
</tr>
<tr>
<td>Irrigation</td>
<td>25,819</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>25,819</td>
</tr>
<tr>
<td>Utilities</td>
<td>22,118</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>22,118</td>
</tr>
<tr>
<td>Supplies</td>
<td>13,988</td>
<td>144</td>
<td>30</td>
<td>193</td>
<td>-</td>
<td>28</td>
<td>14,383</td>
</tr>
<tr>
<td>Legal and accounting</td>
<td>14,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14,000</td>
</tr>
<tr>
<td>Equipment purchase</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>12,532</td>
<td>-</td>
<td>-</td>
<td>12,532</td>
</tr>
<tr>
<td>Food and beverages</td>
<td>5</td>
<td>6,708</td>
<td>367</td>
<td>386</td>
<td>860</td>
<td>437</td>
<td>8,763</td>
</tr>
<tr>
<td>Depreciation of equipment</td>
<td>6,469</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6,469</td>
</tr>
<tr>
<td>Travel costs</td>
<td>-</td>
<td>4,668</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,668</td>
</tr>
<tr>
<td>Other expenses</td>
<td>-</td>
<td>-</td>
<td>58</td>
<td>2,802</td>
<td>-</td>
<td>-</td>
<td>2,860</td>
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<tr>
<td>Insurance</td>
<td>2,607</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,607</td>
</tr>
<tr>
<td>Plant removal</td>
<td>1,433</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,433</td>
</tr>
<tr>
<td>Other operating cost</td>
<td>751</td>
<td>57</td>
<td>30</td>
<td>-</td>
<td>293</td>
<td>-</td>
<td>1,131</td>
</tr>
<tr>
<td>Regulatory compliance</td>
<td>400</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>400</td>
</tr>
<tr>
<td>Entertainment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>144</td>
<td>-</td>
<td>-</td>
<td>144</td>
</tr>
<tr>
<td>Seminar expense</td>
<td>-</td>
<td>89</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>89</td>
</tr>
<tr>
<td>Development expense</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10</td>
</tr>
</tbody>
</table>

Total functional expenses $ 349,206 $ 11,666 $ 485 $ 66,693 $ 1,297 $ 465 $ 429,812

See accompanying notes to financial statements.
CITRUS RESEARCH AND EDUCATION FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Decrease) increase in net assets</td>
<td>$ (103,056)</td>
<td>$ 324,879</td>
</tr>
<tr>
<td>Adjustments to reconcile (decrease) increase in net assets to net cash provided (used) by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest reinvested in certificates of deposit</td>
<td>(4,180)</td>
<td>(4,137)</td>
</tr>
<tr>
<td>Equity retains issued by fruit cooperative</td>
<td>(395)</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>4,814</td>
<td>6,469</td>
</tr>
<tr>
<td>Change in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>12,421</td>
<td>(7,501)</td>
</tr>
<tr>
<td>Funds deposited in state spending account</td>
<td>13,972</td>
<td>16,856</td>
</tr>
<tr>
<td>Inventory</td>
<td>109</td>
<td>338</td>
</tr>
<tr>
<td>Accounts payable and deposits</td>
<td>23,646</td>
<td>(24,788)</td>
</tr>
<tr>
<td>Net cash (used) provided by operating activities</td>
<td>(52,669)</td>
<td>312,116</td>
</tr>
<tr>
<td><strong>Investing Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Redemption of retainage certificates</td>
<td>764</td>
<td>983</td>
</tr>
<tr>
<td>Net cash provided by investing activities</td>
<td>764</td>
<td>983</td>
</tr>
<tr>
<td>Net (decrease) increase in cash</td>
<td>(51,905)</td>
<td>313,099</td>
</tr>
<tr>
<td>Cash, beginning of year</td>
<td>684,816</td>
<td>371,717</td>
</tr>
<tr>
<td>Cash, end of year</td>
<td>$ 632,911</td>
<td>$ 684,816</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
Note A - Organization and Summary of Significant Accounting Policies

Organization

The Citrus Research and Education Foundation, Inc. (the Foundation) is a not-for-profit organization in the State of Florida and has been certified as a direct support organization of the University of Florida by the University of Florida Board of Trustees. The Foundation was incorporated January 20, 1999.

The Foundation supports the mission of the Citrus Research and Education Center (CREC) and the Institute of Food and Agricultural Sciences through support of research, extension, and teaching.

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. At June 30, 2018 and 2017, all net assets are unrestricted.

Accounts Receivables

Accounts receivables are stated at their estimated net realizable value. Management provides an allowance for doubtful accounts, equal to the estimated uncollectible amount, based on historical collection experience and review of the current status of individual accounts. Balances outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. It is reasonably possible that the estimate of the allowance for doubtful accounts will change. No allowance for doubtful allowance was provided for at June 30, 2018 or 2017.

Inventory

Inventory consists of publications held for resale and is valued at cost or, in the case of donated items, at fair value at date of donation.

Fruit Retainage Certificates and Cooperative Stock

These investments are recorded at cost and consist of stock and allocated surplus of an agriculture cooperative and an electric cooperative.
Note A - Organization and Summary of Significant Accounting Policies - Continued

**Equipment**

Equipment is stated at cost. Depreciation is computed over the estimated useful lives of the assets using straight-line methods. The Foundation capitalizes grove equipment costing greater than $5,000. Equipment purchases below this amount are expensed as incurred.

Equipment at June 30, 2018 and 2017, consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tractor and mowers</td>
<td>$24,378</td>
<td>$24,378</td>
</tr>
<tr>
<td>Grove equipment</td>
<td>22,346</td>
<td>22,346</td>
</tr>
<tr>
<td>Sprayers</td>
<td>21,283</td>
<td>21,283</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>68,007</td>
<td>68,007</td>
</tr>
<tr>
<td>Less: accumulated depreciation</td>
<td>(62,478)</td>
<td>(57,664)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$5,529</td>
<td>$10,343</td>
</tr>
</tbody>
</table>

**Impairment of Long-Lived Assets**

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amounts of an asset to future net cash flows expected to be generated by the asset. If an asset is considered to be impaired, the impairment loss to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value.

**Revenue Recognition**

The Foundation recognizes fruit income when received or when credited to their account at the fruit processor, or, in the case of fruit pools maintained by the fruit processor, when a reasonable estimate of value has been made. Because of uncertainties in measurement, no recognition is made of the value of growing or unharvested fruit on trees.

Revenue from workshops and seminars as well as other revenue is recognized when received or credited.
**Note A - Organization and Summary of Significant Accounting Policies - Continued**

**Donated Goods and Services**

The Foundation occupies office space at the University of Florida and is assisted by employees of the University at no charge to the Foundation. Additionally, the Foundation receives donated research and education services from the officers and members of the Board of Directors. No amounts have been recognized in the accompanying Statements of Activities because the criteria for recognition has not been satisfied.

**Functional Allocation Expenses**

The costs of providing the Foundation's various programs and activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Tax Status and Positions**

The Foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not subject to federal and state income taxes on exempt income. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Although organizations exempt under Section 501(c)(3) pay no tax on their exempt function income, they can be liable for business tax on income they earn 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.

The Foundation follows Accounting Standards Codification 740-10 as it relates to uncertain tax positions. When applicable, any interest and penalties recognized as associated with a tax position are classified as current in the Foundation's financial statements.

Management has evaluated its tax positions taken for all open tax years. Currently, the 2015-2018 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 provisions 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 September 10, 2018, which is the date the financial statements were available to be issued.
Note B - Certificate of Deposit

The Foundation has a certificate of deposit with a local bank which has a maturity date of July 14, 2023.

Note C - Leases

The Foundation leases citrus groves from governmental entities and a private individual. The Foundation pays all expenses of caretaking for these groves and uses revenues generated by fruit sales in furtherance of its mission. In addition to generating income, these groves are used for applied research purposes. The leases contain nominal fees in their lease agreements. Fees are routinely waived by the entities or individuals leasing groves to the Foundation.

Groves operated under lease include the following:

Four leases with the University of Florida, a related party, totaling 467 acres of lands located in Polk and Hillsborough Counties. Approximately 207 acres are planted in citrus, 72 are unplanted, and the remainder are utilized by the Citrus Research and Education Center for other purposes. The leases have various terms and nominal payments that are waived each year by the University.

A 196 acre grove in Highlands County, Florida leased for 37 years from the Florida Fish and Wildlife Conservation Commission.

A 20 acre grove in Polk County, Florida, leased from an individual. This is an annual lease where the Foundation has agreed to pay an amount equal to the yearly ad valorem taxes assessed.

Four groves totaling 103 acres in Polk County, Florida leased from Eagle Ridge Properties, Inc., a corporation wholly-owned by the University of Florida Foundation, Inc., a related party. This lease has a 41 year lease term.

Note D - Related Parties

The Board of Directors of the Foundation includes members of the agricultural industry. These members and their affiliated organizations may be included among the customers purchasing the Foundation's products or benefiting from research sponsored by it.
Note D - Related Parties - Continued

The Foundation maintains a spending account at the University of Florida so that payment of common expenses of the Foundation and the University are centralized. Activity during the years ended June 30, 2018 and 2017 was as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance - beginning of year</td>
<td>$16,718</td>
<td>$33,574</td>
</tr>
<tr>
<td>Transferred in</td>
<td>110,000</td>
<td>66,000</td>
</tr>
<tr>
<td>Transferred out</td>
<td>(123,972)</td>
<td>(82,856)</td>
</tr>
<tr>
<td>Balance - end of year</td>
<td>$2,746</td>
<td>$16,718</td>
</tr>
</tbody>
</table>

Substantially all of the revenue derived from grove use, the pilot plant, and laboratory fees are attributable to services provided to the Institute of Food and Agricultural Sciences of the University of Florida.

Note E - Fair Value of Financial Instruments

The Foundation estimates that the fair value of all financial instruments at June 30, 2018 and 2017, does not differ materially from the aggregate carrying values of its instruments recorded in the accompanying Statements of Financial Position.

Note F - Investments in Fruit and Electric Cooperatives

Investment in fruit cooperatives consist of stock and equity retain certificates in Haines City Citrus Growers Association (Association) and its related cannery. These investments are stated at cost. Equity retains represent earnings that have been withheld, or retained, by the Association for capital needs. They are redeemed, without interest, at the option of the Association.

Investment activity involving cooperative stock and retains for the years ended June 30, 2018 and 2017, are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>$30,172</td>
<td>$31,155</td>
</tr>
<tr>
<td>Retains issued (redeemed), net</td>
<td>(915)</td>
<td>(983)</td>
</tr>
<tr>
<td>Ending balance</td>
<td>$29,257</td>
<td>$30,172</td>
</tr>
</tbody>
</table>

The Foundation has $3,000 on deposit with the Glades Electric Cooperative for electrical service to one of the citrus groves. This membership capital deposit is combined on the Statements of Financial Position with the above fruit cooperative stock under the caption "Fruit retainingage certificates and stock in cooperatives".
Note G - Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash balances at banks and receivables and fruit pools which are due from the Foundation's fruit processors and brokers. Management reviews the fruit accounts regularly and believes that its credit risk exposure is limited. It has been determined that the Foundation's cash balances qualify as public deposits that are fully collateralized at the depository institutions as reported by the Florida Department of Financial Services.
The Board of Directors
Citrus Research and Education 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 Education Foundation, Inc. (the Foundation), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 10, 2018.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Foundation’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 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.

Lake Wales, Florida
September 10, 2018
SUPPLEMENTARY INFORMATION
CITRUS RESEARCH AND EDUCATION FOUNDATION, INC.

BOARD OF DIRECTORS

JUNE 30, 2018

CATEGORY I

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Dr. Nick Place  
Dean for Extension  
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Email: nplace@ufl.edu

CATEGORY II

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Executive Director  
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Institute of Food and Agricultural Sciences  
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Email: mrgrs@ufl.edu

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Email: ehunt@hbcoop.com
CITRUS RESEARCH AND EDUCATION FOUNDATION, INC.

BOARD OF DIRECTORS - CONTINUED

JUNE 30, 2018

CATEGORY III - CONTINUED

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Betty Shinn
140 N. Pennsylvania Ave.
Lake Alfred, FL 33850
Phone: 863-956-3175
Fax: 863-6956-4192
Email: Betty.Shinn28@gmail.com
To the Board of Directors  
Citrus Research and Education Foundation, Inc.  
700 Experiment Station Road  
Lake Alfred, Florida 33850

We have audited the financial statements of Citrus Research and Education Foundation, Inc., for the years ended June 30, 2018 and 2017, and have issued our report thereon dated September 10, 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 28, 2018, 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 estimated balance of fruit pools receivable held by processors and harvesters. We evaluated the key factors and assumptions used to develop the estimated balance of fruit pools receivable 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 disclosure affecting the Foundation’s financial statements is the balance of cash contained in bank accounts. The balance of cash on deposit at June 30, 2018 with CenterState Bank was $532,033 and the balance on deposit with Wells Fargo Bank was $504,927. Ordinarily these balances would include amounts in excess of the amount FDIC would guarantee in the event of bank failure. FDIC coverage limits are $250,000 in 2018. However, we determined that these funds qualify as government deposits and are fully collateralized by the depository institutions and there is no loss exposure.

**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 the Citrus Research & Education Center accounting department.

**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 September 10, 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.

Lake Wales, Florida
September 10, 2018
This representation letter is provided in connection with your audits of the financial statements of Citrus Research and Education Foundation, Inc., which comprise statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and 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 presented 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 September 10, 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 28, 2018, 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.

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. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

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.

Information Provided

12. We have provided you with:

   a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.

   b. Additional information that you have requested from us for the purpose of the audit.

   c. Unrestricted access to persons within the entity 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.
13. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

14. 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.

15. 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.

16. We have no knowledge of any allegations of fraud or suspected fraud affecting the Foundation's financial statements communicated by employees, former employees, grantors, regulators, or others.

17. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

18. We have disclosed to you all known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the financial statements.

19. 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.

20. 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.

21. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.

22. Citrus Research and Education 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.

23. We acknowledge our responsibility for presenting the schedules of Board of Directors in accordance with U.S. GAAP, and we believe the schedule, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the schedule 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.

24. In regard to the tax return preparation services performed by you, we have:

   a. Assumed all management responsibilities.

   b. Designated an individual (within senior management) with suitable skill, knowledge, or experience to oversee the services.

   c. Evaluated the adequacy and results of the services performed.

   d. Accepted responsibility for the results of the services.

CITRUS RESEARCH AND EDUCATION FOUNDATION, INC.

Dr. Michael E. Rogers, Executive Director
We are pleased to confirm our understanding of the services we are to provide for Citrus Research and Education Foundation, Inc. for the years ended June 30, 2018 and 2017.

We will audit the financial statements of Citrus Research and Education Foundation, Inc., which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements (the financial statements). Also, the following information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor’s report will not provide an opinion or any assurance on that information:

1. Board of Directors

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. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of Citrus Research and Education Foundation, Inc.’s financial statements. Our report will be addressed to the Board of Directors of Citrus Research and Education, 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 opinion is 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.
We will also provide a report (which does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by Government Auditing Standards. The report on internal control 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 entity's internal control on compliance and (2) the report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Citrus Research and Education Foundation, Inc.'s internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that Citrus Research and Education Foundation, Inc. is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U. S. generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards may not satisfy the relevant legal, regulatory, or contractual requirements.

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 Citrus Research and Education Foundation, Inc. or to acts by management or employees acting on behalf of Citrus Research and Education Foundation, Inc. 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 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. However, we will inform the appropriate level of management of any material errors, 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. 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 assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from Citrus Research and Education Foundation, Inc.’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; 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 Citrus Research and Education Foundation, Inc. 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.

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 and Government Auditing Standards.

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 Education Foundation, Inc.’s compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit 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.

Other Services

We will prepare Citrus Research and Education Foundation, Inc.’s federal and state information returns for the year ended June 30, 2018, based on information provided by you. We will also assist in preparing the financial statements and related notes of Citrus Research and Education Foundation, Inc. in conformity with U.S. generally accepted accounting principles 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) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities and helping to ensure that appropriate goals and objectives are met; (2) following laws and regulations; and (3) ensuring that management is reliable 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; for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

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) additional information that we may request for the purpose of the audit, and (3) 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 for confirming to us in the 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 taken 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 Citrus Research and Education Foundation, Inc. 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 Citrus Research and Education Foundation, Inc. received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that Citrus Research and Education Foundation, Inc. complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

Your responsibilities include acknowledging to us in the written 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 relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other engagements or studies. Citrus Research and Education Foundation, Inc. is 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, 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 the preparation of the financial statements 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, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to assume all management responsibilities for the tax services, financial statement preparation services, and any other nonattest services we provide; 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.

**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 our designee once it has been sent.
Engagement Administration, Fees, and Other

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

We will provide copies of our reports to Citrus Research and Education Foundation, Inc.; however, management is responsible for the 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’s and constitute 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 Generals’ office. If we are aware that a federal awarding agency or auditee is contesting the audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

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, 2018 or such earlier date as may be required by the University of Florida Business office in connection with the University’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 1st. The IRS form 990 has a filing date of November 15th. We will make every effort to make these submission deadlines, however this 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.
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 fee will not exceed $15,000 for the audit and the tax return preparation. The above fee quote is 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.

Government Auditing Standard requires 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.

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 Citrus Research and Education Foundation, Inc. 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.

Very truly yours,

[Signature]

Certified Public Accountants

RESPONSE:

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

[Signature]

Executive Director

07/09/2018
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.

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.

[Signature]
Gregory, Sharer & Stuart, P.A.
September 2, 2015