

Single Audit Report

Agri-Source Fuels, LLC

December 31, 2010

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December 31, 2010**

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**SUMLIN
EGSTAD
&
COMPANY,
LLP**

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Independent Auditor's Report

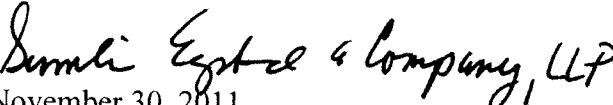
To The Members
Agri-Source Fuels, LLC
Pensacola, Florida

We have audited the accompanying schedule of expenditures of state financial assistance for the Florida Farm to Fuel Grants Program of Agri-Source Fuels, LLC for the year ended December 31, 2010. This financial statement is the responsibility of Agri-Source Fuels LLC's management. Our responsibility is to express an opinion on the financial statement of the program based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Florida Single Audit Act. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and 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.

As described in Note 2, this financial statement was prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the schedule of expenditures of state financial assistance referred to above presents fairly, in all material respects, the expenditures of state financial assistance under the Florida Farm to Fuel Grants Program on the basis of accounting described in note 2.


November 30, 2011

Agri-Source Fuels, LLC
Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2010

<u>State Grantor/Program Title</u>	<u>CSFA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
<u>Florida Department of Agriculture and Consumer Services</u> Florida Farm to Fuel Grants Program	42.022	014744	<u>1,050,736</u>
Total State Financial Assistance			<u>\$ 1,050,736</u>

The accompanying notes are an integral
part of this financial statement.

Agri-Source Fuels, LLC
Notes to Schedule of Expenditures
of State Financial Assistance
December 31, 2010

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state grant activity of Agri-Source Fuels, LLC under the Florida Farm to Fuel Grants Program for the year ended December 31, 2010. The information in this Schedule is presented in accordance with the requirements of the Florida Single Audit Act. Because the Schedule presents only a selected portion of the operations of Agri-Source Fuels, LLC, it is not intended to and does not present the financial position, changes in net assets or cash flows of Agri-Source Fuels, LLC.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the schedule of expenditures of state financial assistance are reported on the cash basis of accounting. Such expenditures are recognized following the budget detail and timeline as defined in the grant agreement. Pursuant to the grant agreement, the total project cost is budgeted at \$13,228,741. The total grant funds available under the grant agreement are \$2,500,000 or 18.9% of the total project cost.

Note 3 – Subrecipients

Agri-Source Fuels, LLC did not have any subrecipients for the year ended December 31, 2010.

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**Independent Auditor's Report on Compliance with Requirements
Applicable to the Florida Farm to Fuel Grants Program and on Internal
Control over Compliance in Accordance with the Florida Single Audit
Act Chapter 10.650, Rules of the Auditor General**

To the Members
Agri-Source Fuels, LLC
Pensacola, Florida

Compliance

We have audited Agri-Source Fuels, LLC's compliance with the types of compliance requirements described in the *Department of the Financial Services' State Projects Compliance Supplement*, that are applicable to its State project for the year ended December 31, 2010. The Agri-Source Fuels, LLC's State project is 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 State projects is the responsibility of Agri-Source Fuels, LLC's management. Our responsibility is to express an opinion on Agri-Source Fuels, LLC'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; the Florida Single Audit Act, and Chapter 10.650, Rules of the Auditor General. Those standards, the Florida Single Audit Act, 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 State project occurred. An audit includes examining, on a test basis, evidence about Agri-Source Fuels, LLC'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 on Agri-Source Fuels, LLC's compliance with those requirements.

In our opinion, Agri-Source Fuels, LLC's complied, in all material respects, with the requirements referred to above that are applicable to its State project for the year ended December 31, 2010.

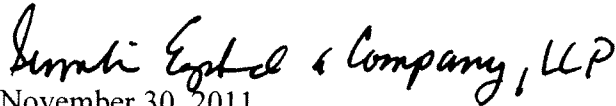
Internal Control Over Compliance

The management of Agri-Source Fuels, LLC is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to its State project. In planning and performing our audit, we considered Agri-Source Fuels, LLC's internal control over compliance with the requirements that could have a direct and material effect on a State project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 Agri-Source Fuels, LLC'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 state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project 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 management, others within Agri-Source Fuels, LLC, and State awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.


November 30, 2011

Agri-Source Fuels, LLC
Schedule of Findings and Questioned Costs –
Florida Farm to Fuel Grants Program
For the Year Ended December 31, 2010

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statement of Agri-Source Fuels, LLC.
2. No instances of noncompliance material to the financial statement of Agri-Source Fuels, LLC were disclosed during the audit.
3. The auditor's report on compliance with requirements applicable to the State project for the Agri-Source Fuels, LLC expresses an unqualified opinion.
4. Audit findings related to State projects that are required to be reported in accordance with Chapter 10.656 for nonprofit and for-profit organizations are reported in this schedule.

The projects tested included the following:

<u>State Project</u>	<u>State CSFA No.</u>	<u>Year</u>
Florida Farm to Fuel Grants Program	42-022	2010

5. The threshold for the State project was \$500,000.

B. FINDINGS – FINANCIAL STATEMENT

None.

C. FINDINGS AND QUESTIONED COSTS – STATE PROJECT

None.

D. STATE MANAGEMENT LETTER

No items related to State financial assistance were required to be reported.