

**CITRUS RESEARCH AND EDUCATION
FOUNDATION, INC.**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

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FOUNDATION, INC.**

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CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

ALSO WITH OFFICES IN
TAMPA, FLORIDA

**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, 2016 and 2015, 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, 2016 and 2015, 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, which is the responsibility of management, is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we do not express an opinion or provided 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 22, 2016, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Citrus Research and Education Foundation, Inc.'s internal control over financial reporting and compliance.

Roger A
Ingley
Jr

Digitally signed by
Roger A Ingley Jr
DN: cn=Roger A Ingley
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Ingley LLP, ou,
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Lake Wales, Florida
September 22, 2016

CITRUS RESEARCH AND EDUCATION FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Cash	\$ 371,717	\$ 501,294
Certificate of deposit	392,075	387,971
Accounts receivable - net of allowance for doubtful accounts of \$36,844 and \$0	23,555	68,600
Funds deposited in State spending account	33,574	21,289
Fruit pools receivable	-	20,387
Inventory	1,291	1,586
Fruit retainage certificates and stock in cooperatives	34,155	33,995
Equipment - net of accumulated depreciation of \$56,852 and \$72,548	<u>16,812</u>	<u>23,855</u>
Total assets	<u>\$ 873,179</u>	<u>\$ 1,058,977</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and deposits	\$ 35,915	\$ 38,491
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Net Assets

Unrestricted	<u>837,264</u>	<u>1,020,486</u>
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Total liabilities and net assets	<u>\$ 873,179</u>	<u>\$ 1,058,977</u>
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The accompanying notes to financial statements should be read in conjunction with this statement.

CITRUS RESEARCH AND EDUCATION FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>Support and Revenue</u>		
Fruit sales	\$ 236,492	\$ 387,454
Grove use	196,632	183,973
Pilot plant, laboratory fees, and facility fees	208,540	220,476
Workshops	4,798	7,200
Donations and sponsorships	5,446	1,749
Interest	4,241	4,230
Book sales and miscellaneous	<u>224</u>	<u>2,525</u>
 Total revenue and support	 <u>656,373</u>	 <u>807,607</u>
<u>Expenses and Supporting Services</u>		
Agricultural operations	711,957	1,060,314
Workshops	6,800	6,057
Business operations	13,599	12,534
CREC support	106,452	77,848
Publications	295	321
Employee and student events	<u>492</u>	<u>1,322</u>
 Total expenses and supporting services	 <u>839,595</u>	 <u>1,158,396</u>
 Decrease in net assets	 (183,222)	 (350,789)
 Net assets - beginning of year	 <u>1,020,486</u>	 <u>1,371,275</u>
 Net assets - end of year	 <u>\$ 837,264</u>	 <u>\$1,020,486</u>

The accompanying notes to financial statements should be read in conjunction with this statement.

CITRUS RESEARCH AND EDUCATION FOUNDATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016

	<u>Agricultural</u>	<u>Workshops/</u>	<u>Business</u>	<u>CREC</u>	<u>Publications</u>	<u>Employee</u>	<u>Total</u>
	<u>Operations</u>	<u>Seminars</u>	<u>Operations</u>	<u>Support</u>		<u>Events</u>	
Fertilizer	\$ 137,570	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137,570
Pest management	112,777	-	-	-	-	-	112,777
Repairs	94,574	-	-	18,300	-	-	112,874
Allocated payroll	122,617	-	-	32,664	-	-	155,281
Supplies	18,865	-	-	3,724	295	189	23,073
Weed management	61,570	-	-	-	-	-	61,570
Irrigation	44,991	-	-	-	-	-	44,991
Propagation	2,053	-	-	-	-	-	2,053
Other operating costs	880	270	132	3,041	-	-	4,323
Legal and accounting	-	-	13,000	-	-	-	13,000
Plant removal	45,848	-	-	-	-	-	45,848
Allowance for uncollectible accounts	36,844	-	-	-	-	-	36,844
Development expense	4,194	-	-	-	-	-	4,194
Regulatory compliance	150	-	-	-	-	-	150
Depreciation of equipment	7,043	-	-	-	-	-	7,043
Utilities	19,226	-	-	-	-	-	19,226
Food and beverages	171	4,414	467	1,402	-	303	6,757
Lab supplies and services	-	-	-	34,459	-	-	34,459
Travel costs	-	2,116	-	4,712	-	-	6,828
Insurance	2,584	-	-	-	-	-	2,584
Direct support - equipment purchase	-	-	-	8,150	-	-	8,150
Total functional expenses	<u>\$ 711,957</u>	<u>\$ 6,800</u>	<u>\$ 13,599</u>	<u>\$ 106,452</u>	<u>\$ 295</u>	<u>\$ 492</u>	<u>\$ 839,595</u>

The accompanying notes to financial statements should be read in conjunction with this statement.

CITRUS RESEARCH AND EDUCATION FOUNDATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES - CONTINUED

YEAR ENDED JUNE 30, 2015

	<u>Agricultural</u>	<u>Workshops/</u>	<u>Business</u>	<u>CREC</u>	<u>Publications</u>	<u>Employee</u>	<u>Total</u>
	<u>Operations</u>	<u>Seminars</u>	<u>Operations</u>	<u>Support</u>		<u>Events</u>	
Fertilizer	\$ 244,426	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 244,426
Pest management	143,620	-	-	-	-	-	143,620
Repairs	87,166	-	-	27,244	-	-	114,410
Allocated payroll	160,069	-	-	-	-	-	160,069
Supplies	81,691	450	118	999	321	1,087	84,666
Weed management	69,395	-	-	-	-	-	69,395
Irrigation	115,269	-	-	-	-	-	115,269
Propagation	10,526	-	-	-	-	-	10,526
Other operating costs	4,103	250	105	509	-	-	4,967
Legal and accounting	-	-	11,700	-	-	-	11,700
Plant removal	78,291	-	-	-	-	-	78,291
Other expenses	-	-	-	85	-	-	85
Development expense	35,396	-	-	-	-	-	35,396
Regulatory compliance	620	-	-	-	-	-	620
Depreciation of equipment	7,179	-	-	-	-	-	7,179
Utilities	16,780	-	-	-	-	-	16,780
Food and beverages	1,669	2,190	611	1,388	-	235	6,093
Participant support	-	2,786	-	-	-	-	2,786
Travel costs	35	381	-	2,623	-	-	3,039
Insurance	4,079	-	-	-	-	-	4,079
Direct support	-	-	-	45,000	-	-	45,000
Total functional expenses	<u>\$ 1,060,314</u>	<u>\$ 6,057</u>	<u>\$ 12,534</u>	<u>\$ 77,848</u>	<u>\$ 321</u>	<u>\$ 1,322</u>	<u>\$1,158,396</u>

The accompanying notes to financial statements should be read in conjunction with this statement.

CITRUS RESEARCH AND EDUCATION FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>Operating Activities</u>		
Decrease in net assets	\$ (183,222)	(350,789)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Interest reinvested in certificates of deposit	(4,104)	(4,089)
Equity retains issued by fruit cooperative	(160)	-
Depreciation	7,043	7,179
Allowance for uncollectible accounts	36,844	-
Decrease (increase) in:		
Accounts receivable	8,201	(15,963)
Funds deposited in state spending account	(12,282)	124,267
Fruit pools receivable	20,387	19,435
Inventory	292	(13)
Increase (decrease) in accounts payable and deposits	(2,576)	9,965
Net cash used by operating activities	<u>(129,577)</u>	<u>(210,008)</u>
<u>Investing Activities</u>		
Redemption of retainage certificates	-	2,166
Net cash provided by investing activities	-	2,166
Net decrease in cash	(129,577)	(207,842)
Cash - beginning of year	<u>501,294</u>	<u>709,136</u>
Cash - end of year	<u>\$ 371,717</u>	<u>\$ 501,294</u>

**The accompanying notes to financial
statements should be read in con-
junction with this statement.**