

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

**(A COMPONENT UNIT OF
THE UNIVERSITY OF FLORIDA)**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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Bunting, Tripp & Ingley, LLP

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Independent Auditor's Report

ALSO WITH OFFICES IN
TAMPA, FLORIDA

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Citrus Research and Development Foundation, Inc. (a component unit of the University of Florida), which comprise the statement of financial position as of June 30, 2023, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Citrus Research and Development Foundation, Inc. as of June 30, 2023, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Citrus Research and Development Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Citrus Research and Development Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Citrus Research and Development Foundation, Inc's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Citrus Research and Development Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Florida Chapter 10.650, *Rules of the Florida Auditor General*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2023, on our consideration of Citrus Research and Development Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Development 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 Development Foundation, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Brentley Joseph".

Lake Wales, Florida
August 7, 2023

CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

Introduction

Citrus Research and Development Foundation, Inc. (CRDF) is a direct support organization of the University of Florida (the University). In 2009, CRDF was formed to coordinate citrus research funding in the face of huanglongbing (HLB, also known as “citrus greening”). While it addresses the full array of citrus research needs, CRDF has focused on HLB because it represents an existential threat to the Florida citrus industry.

This section of CRDF’s annual financial report presents CRDF’s analysis of its financial performance as of and for the year ended June 30, 2023 with comparative information as of and for the years ended June 30, 2022 and June 30, 2021. This discussion has been prepared by management and should be read in conjunction with the financial statements and related note disclosures.

Overview of the Financial Statements

Along with management’s discussion and analysis, the annual financial report includes the independent auditor’s report and the financial statements of CRDF. The financial statements also include notes that explain in more detail some of the information in the financial statements. By referring to the accompanying notes to the financial statements, a broader understanding of issues impacting financial performance can be realized.

The annual financial report also includes the independent auditor’s report on Internal Control Over Financial Reporting, as well as Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Also included is the independent auditor's report on Compliance for Each Major Federal Program and State Financial Assistance; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards and State Financial Assistance Required by Uniform Guidance, Florida Chapter 10.650, Rules of the Auditor General. There is a Schedule of Expenditures of Federal Awards and State Financial Assistance and notes thereto together with a Schedule of Findings and Questioned Costs.

CRDF recognizes revenues and expenses on the statement of revenues, expenses, and changes in net position as grant funds are awarded by granting agencies and expenses as the obligation to expend those grant funds is determined for approved research projects. Because CRDF selects which research projects to fund, grant funds are not treated as agency fund pass-through amounts.

Statement of Net Position

The Statement of Net Position presents the assets, liabilities and net position of CRDF as of the end of the fiscal year. A Statement of Net Position is a point-in-time financial statement. Its purpose is to present to the readers of the financial statements the current financial condition of CRDF. Assets and liabilities are generally measured using current values. The net position is one indicator of the current financial condition of CRDF, while the changes in net position is an indicator of whether the overall financial condition of the Foundation has improved or worsened over a period of time.

CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

YEAR ENDED JUNE 30, 2023

The following table presents CRDF's condensed statements of net position as of June 30, 2023, 2022 and 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Assets			
Cash and investments	\$1,978,769	\$4,641,516	\$4,062,546
Receivables	<u>1,724,035</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$3,702,804</u>	<u>\$4,641,516</u>	<u>\$4,062,546</u>
Liabilities			
Payables	<u>\$1,386,252</u>	<u>\$2,372,619</u>	<u>\$ 308,825</u>
Net Position			
Restricted	<u>\$2,316,552</u>	<u>\$2,268,897</u>	<u>\$3,753,721</u>

The decrease in cash during 2023 is due mainly to cash flow issues as there was a receivable outstanding at year end. Once the money is received cash will be replenished.

Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position presents the Foundation's revenue and expense activity, categorized as operating and nonoperating. Operating revenues consist of federal and state grants and refunds of overpayments on research contracts. Nonoperating revenues consist of contributions, investment earnings, and other miscellaneous revenues.

The following summarizes the Foundation's activity for the fiscal years ended June 30, 2023, 2022, and 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating revenues	\$ 13,959,307	\$ 14,373,294	\$ 14,235,367
Operating expenses	<u>13,973,785</u>	<u>15,882,281</u>	<u>14,722,637</u>
Operating loss	(14,478)	(1,508,987)	(487,270)
Nonoperating revenues	<u>62,135</u>	<u>24,163</u>	<u>62,305</u>
Increase (decrease) in net position	<u>\$ 47,657</u>	<u>\$ (1,484,824)</u>	<u>\$ (424,965)</u>

CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

YEAR ENDED JUNE 30, 2023

Statement of Cash Flows

The statement of cash flows provides information about the Foundation's financial results by reporting the major sources and uses of cash. This information will assist in evaluating the foundation's ability to generate net cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash provided (used) by the operating activities of the Foundation. Cash flows from investing activities include the cash provided by and cash used by the sale or purchase of investments.

The following summarizes the Foundation's cash flows for the fiscal years ended June 30, 2023, 2022, and 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net cash flows (used) provided by:			
Operating activities	\$ (2,720,737)	\$ 592,034	\$ 31,997
Investing activities	<u>2,620,000</u>	<u>(1,050,000)</u>	<u>-</u>
Net (decrease) increase in cash	(100,737)	(457,966)	31,997
Cash beginning of year	<u>202,325</u>	<u>660,291</u>	<u>628,294</u>
Cash end of year	<u>\$ 101,588</u>	<u>\$ 202,325</u>	<u>\$ 660,291</u>

Economic Outlook

During the year ended June 30, 2023, the Foundation received funding from federal sources from the United States Department of Agriculture National Institute of Food and Agriculture and state sources from the Florida Department of Agriculture and Consumer Services and Special State Legislature Appropriation. Federal and State funding is dependent on legislative actions which are never certain. The critical importance of containing the spread of HLB and developing resistant varieties makes the mission of CRDF important to the future of Florida citrus agriculture.

As noted earlier, CRDF is a direct support organization to the University of Florida. CRDF also benefits from administrative assistance from the University as well as no-cost occupancy in the Citrus Research and Education Center which is also owned and operated by the University of Florida. The University has been a significant recipient of research grant funding from CRDF, which is to be expected since CRDF is a direct support organization of the University of Florida and the University of Florida is the state's primary land grant university.

CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

YEAR ENDED JUNE 30, 2023

Contacting the Foundation's Financial Management

If you have any questions or need additional information, contact the Foundation's management at:

Citrus Research and Development Foundation, Inc.
700 Experiment Station Road
Lake Alfred, FL 33850

Tel: (863) 956-5894

Or visit the website: www.citrusrdf.org

CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.

STATEMENT OF NET POSITION

JUNE 30, 2023

ASSETS

Cash	\$ 101,588
Funds deposited in State spending account	34,513
Investments	1,842,668
Contract payments receivable	<u>1,724,035</u>
Total assets	<u>\$ 3,702,804</u>

LIABILITIES AND NET POSITION

Liabilities

Accounts payable	<u>\$ 1,386,252</u>
Total liabilities	<u>1,386,252</u>

Net Position

Net assets restricted by grantor as to purpose	<u>2,316,552</u>
Total net position	<u>2,316,552</u>
Total liabilities and net position	<u>\$ 3,702,804</u>

See notes to accompanying financial statements.

CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2023

Support and Revenues

Research contract funding:	
Special State Legislature Appropriation	\$ 8,000,000
Florida Department of Agriculture and Consumer Services	1,165,816
United States Department of Agriculture National Institute of Food and Agriculture	4,791,014
Interest	10,531
Investment earnings	51,604
Other revenue	2,477
	<hr/>
Total revenue and support	14,021,442

Operating Expenses and Supporting Services

Research project contracts	13,259,967
Administrative support	713,820
	<hr/>
Total expenses and supporting services	13,973,787
	<hr/>
Increase in net position	47,655
	<hr/>
Net position, beginning of year	2,268,897
	<hr/>
Net position, end of year	\$ 2,316,552

See notes to accompanying financial statements.

CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2023

Operating Activities

Increase in net position	\$ 47,655
Adjustments to reconcile decrease in net position to net cash provided by operating activities:	
State spending account	(10,269)
Reinvestment of investment earnings, net of fees	(47,721)
Increase in contract payments receivable	(1,724,035)
Decrease in accounts payable	(986,367)
	<u>(2,720,737)</u>
Net cash used by operating activities	<u>(2,720,737)</u>

Investing Activities

Proceeds from Florida investment pool	<u>2,620,000</u>
Net cash provided by investing activities	<u>2,620,000</u>
Net decrease in cash	(100,737)
Cash, beginning of year	<u>202,325</u>
Cash, end of year	<u>\$ 101,588</u>

See notes to accompanying financial statements.

CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

Note A - Summary of Significant Accounting Policies

Organizational Activities

The Citrus Research and Development Foundation, Inc. (the Foundation) is a Florida nonprofit organization which has been certified as a direct support organization of the University of Florida by its Board of Trustees. The Foundation was incorporated April 23, 2009.

The Foundation supports research in citrus propagation, citrus disease prevention and treatment, and economic development within the Florida citrus industry. The Foundation coordinates and monitors research projects funded by the Florida Department of Agriculture and Consumer Services (FDACS), and other organizations.

Basis of Accounting and Presentation

The Foundation's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for business-type activities, as prescribed by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when incurred. Voluntary non-exchange transactions are recognized as revenue as soon as all eligibility requirements have been met.

Use of 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.

Net Position

Without Donor or Grantor Restrictions - available for use in general operations and not subject to donor (or certain grantor) restrictions.

With Donor or Grantor Restrictions - subject to donor or grantor imposed restrictions. Some donor or grantor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other donor or grantor-imposed restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity. Donor or grantor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

For the year ended June 30, 2023, \$2,316,552 of net position was subject to restrictions imposed by grantor agencies or donors. Those funds are designated for research contracts.

CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED JUNE 30, 2023

Note A - Summary of Significant Accounting Policies - Continued

Investments

Investments are stated at estimated fair value. See Note E for fair value measurements.

Revenue Recognition

The Foundation recognizes grant revenue when all of the preconditions to receipt of the funds have been met. Investment income is recognized when received or credited to the investment account.

Donated Goods and Services

The Foundation occupies office space at the University of Florida at no charge to the Foundation. Additionally, the Foundation receives donated services from officers and members of the Board of Directors who assist the Foundation in research and development programs. No amounts are recognized in the accompanying Statements of Activities because criteria for recognition has not been satisfied.

Tax Status and Positions

The Foundation is a corporation chartered under the Florida nonprofit corporation statutes. It is also recognized as a tax-exempt charity by the U.S. Department of Treasury under Internal Revenue Code section 501(c)(3).

Although nonprofit organizations pay no tax on their exempt function income, they can be liable for taxes on income earned from activities not related to their exempt purpose. For the year ended June 30, 2023, management believes the Foundation engaged in no activities that were not related to their exempt purpose.

Management has evaluated its tax positions taken for all open tax years. Currently, the 2020 - 2022 tax years are open and subject to examination by the Internal Revenue Service. The Foundation is not currently under audit, nor has it been contacted by this jurisdiction. Based on the evaluation of the Foundation's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the year ended June 30, 2023.

Date of Management Review

Subsequent events were evaluated through August 7, 2023, which is the date the financial statements were available to be issued.

CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED JUNE 30, 2023

Note B - Research Contract Funding

During the year ended June 30, 2023, the Foundation received contract funding from the following sources:

<u>Funding Agency</u>	<u>Contract Funds</u>	<u>Purpose</u>
United States Dept. of Agriculture National Institute of Food and Ag	\$ 4,791,014	Research projects
Florida Dept. of Agriculture and Consumer Services (FDACS)	7,700,000	Research projects
Florida Dept. of Agriculture and Consumer Services (FDACS)	300,000	Administrative support and other costs
FDACS - Special State Legislature Appropriation	735,816	Research projects
FDACS - Special State Legislature Appropriation	430,000	Administrative support and other costs
Total contract funding	<u>\$ 13,956,830</u>	

For the year ended June 30, 2023, the Foundation expended \$713,818 of the \$730,000 in support received for administrative costs.

Note C - Related Parties

The Board of Directors of the Foundation includes several individuals appointed or employed by the Florida Department of Agriculture and Consumer Services, the Florida Department of Citrus, Florida Citrus Mutual, and the University of Florida. Board Members are appointed to the Foundation as follows:

- 5 by Florida Department of Citrus
- 5 by Florida Citrus Mutual
- 1 by FDACS
- 2 by University of Florida

The Florida Department of Agriculture and Consumer Services are the primary providers of funding to the Foundation for its research projects. The University of Florida provides administrative support, legal services, development activities and office space, and the University researchers and extension personnel conduct research and educational activities under contract to the Foundation.

CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED JUNE 30, 2023

Note D - Investments

At June 30, 2023, the Foundation's investments are held within the Florida State Special Purpose Investment Account (SPIA), known as the Treasury Investment Pool. The Treasury Investment Pool holds a collection of securities, which are primarily government obligations.

The Florida Division of Treasury considers the following to be required disclosures:

Credit Risk Disclosure - The Treasury Investment Pool is rated by Standard and Poor's. The current rating is AA-f.

Interest Rate Risk Disclosure - At June 30, 2023, the effective rate of the Treasury Investment Pool, was 2.2827% and the effective duration was 2.76 years.

Securities Lending Disclosure - Since the Foundation owns a share of the Treasury Investment Pool and not the underlying securities, the securities lending disclosure can be found in Note 2 of the State of Florida Comprehensive Annual Financial Report (CAFR).

Investment activity during the year ended June 30, 2023, was as follows:

Investments, beginning of year	\$ 4,414,947
Withdrawals	(2,620,000)
Investment earnings excluding unrealized gains/losses	51,604
Investment fees	<u>(3,883)</u>
Investments, end of year	<u>\$ 1,842,668</u>

CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED JUNE 30, 2023

Note E - Fair Value Measurements

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

Level 3 Inputs that are unobservable for the investments (e.g. information about assumptions, including risk, market participants would use in pricing a security).

At June 30, 2022, the Foundation's investments are categorized as follows:

	<u>Fair Value</u>	<u>Level 3</u>
Treasury Investment Pool	\$ 1,842,668	\$ 1,842,668

Management determines the fair value measurement valuation policies and procedures, including those for Level 3 recurring and nonrecurring measurements. The Organization's Board of Directors assesses and approves these policies and procedures. At least annually, Management (1) determines if the current valuation techniques used in fair value measurements are still appropriate, and (2) evaluated and adjusts the unobservable inputs used in the fair value measurement based on current market conditions and third-part information.

The Organization recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

The table below present information about recurring fair value measurements that use significant unobservable inputs (Level 3 measurements):

	Treasury Investment Pool
July 1, 2022	\$ 4,414,947
Transfer out	(2,620,000)
Interest income	51,604
Administrative fee	(3,883)
	<hr/>
June 30, 2023	\$ 1,842,668

Note F - Concentration of Credit Risk

The carrying amount of the Foundation's cash deposits are \$101,588 at June 30, 2023. The bank balances were \$101,588 at June 30, 2023. Deposits are placed in banks that qualify as public depositories pursuant to the provisions of Chapter 280, Florida Statutes. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes.

Bunting, Tripp & Ingley, LLP

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**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

ALSO WITH OFFICES IN
TAMPA, FLORIDA

The Board of Directors
Citrus Research and Development 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 Development Foundation, Inc. (a direct support organization of the University of Florida), which comprise the statement of net position as of June 30, 2023, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 7, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Citrus Research and Development Foundation Inc.'s (the Foundation) 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.

Report on 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
August 7, 2023

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Independent Auditor's Report on Compliance
for each Major Program and on
Internal Control Over Compliance
Required by the Uniform Guidance

ALSO WITH OFFICES IN
TAMPA, FLORIDA

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Citrus Research and Development Foundation, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and Florida Chapter 10.650, *Rules of the Auditor General* that could have a direct and material effect on each of Citrus Research and Development Foundation, Inc.'s major federal and state programs for the year ended June 30, 2023. Citrus Research and Development Foundation, Inc.'s major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Citrus Research and Development Foundation, Inc.'s complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal and State Program

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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Citrus Research and Development Foundation, Inc.'s and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Citrus Research and Development Foundation, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Citrus Research and Development Foundation, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Citrus Research and Development Foundation, Inc's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and *Rules of the Auditor General* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Citrus Research and Development Foundation, Inc's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance and *Rules of the Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Citrus Research and Development Foundation, Inc's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Citrus Research and Development Foundation, Inc's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Citrus Research and Development Foundation, Inc's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Citrus Research and Development Foundation, Inc's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Citrus Research and Development Foundation, Inc's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Lake Wales, Florida
August 7, 2023

CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2023

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal ALN No.</u>	<u>Contract No.</u>	<u>Total Federal Expenditures</u>
<u>Federal Grantor:</u>			
<i>United States Department of Agriculture:</i>			
National Institute of Food and Agriculture			
Research contracts	10.309	33196	\$ 4,791,014
Total expenditures of federal awards			<u>\$ 4,791,014</u>
	<u>State CSFA No.</u>	<u>Contract No.</u>	<u>State Expenditures</u>
<u>Florida Grantor:</u>			
<i>Florida Department of Agriculture and Consumer Services:</i>			
Research contracts	42.023	27042	\$ 1,149,634
	42.023	28834	<u>8,000,000</u>
Total expenditures of state financial assistance programs			<u>\$ 9,149,634</u>

See accompanying Notes to Schedule of Expenditures
of Federal Awards and State Financial Assistance.

CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2023

Note A - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State financial assistance (the Schedule) includes the Federal and State grant activity of Citrus Research and Development Foundation, Inc. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements for Federal Awards, Cost Principles, and Audit Requirements for federal Awards* (Uniform Guidance) and Florida Chapter 10.650, *Rules of the Auditor General*. Because the schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and Florida Chapter 10.650, *Rules of the Auditor General* and policies in the Florida Single Audit Act, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C - Indirect Cost Rate

Citrus Research and Development Foundation, Inc. has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: **Unmodified opinion**

Internal control over financial reporting:

- Material weakness identified? Yes No
- Significant deficiency identified? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards and State Financial Assistance

Internal control over major state programs:

- Material weakness identified? Yes No
- Significant deficiency identified? Yes No

Type of auditor's report issued on compliance for major programs: **Unmodified opinion**

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a) and Florida Section 10.654(1)(e), *Rules of the Auditor General*? Yes No

Identification of major programs:

Federal Agency:

United States Department of Agriculture:
National Institute of Food and Agriculture
Agricultural research

ALN No. 10.309

State Agency:

Florida Department of Agriculture and Consumer Services
Agricultural research

CSFA No. 42.023

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Citrus Research and Development Foundation, Inc. qualified as low-risk auditee? Yes No

“Schedule of Prior Audit Findings and Questioned Costs attached? Yes No

CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditor's Results - Continued

“Corrective Action Plan” attached? (No findings required
to be reported under the Florida Single Audit Act.)

_____ Yes X No

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

No matters were reported.

CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2022

There were no findings or questioned costs.