

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

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

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2021**

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

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2021**

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# Bunting, Tripp & Ingley, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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ROGER A. INGLEY, CPA  
MICHELLE G. HURST, CPA  
DAVID W. ALLEN, CPA  
WILLIAM M. JACOBS, CPA  
SUZANNE B. FLETCHER, CPA

230 EAST TILLMAN AVENUE  
P. O. BOX 990  
LAKE WALES, FLORIDA 33859-0990  
863/676-7981  
FAX 863/676-8899  
e-mail: [info@bticpa.com](mailto:info@bticpa.com)  
[www.bticpa.com](http://www.bticpa.com)

ALSO WITH OFFICES IN  
TAMPA, FLORIDA

DWIGHT L. REEVES, CPA (of Counsel)  
PAUL T. SWYGERT, CPA  
SALVATORE D. TROPEA, CPA  
SARAH E. CLEMONS, CPA  
TOM LEE, CPA

## Independent Auditor's Report

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

### Report on the Financial Statements

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 net position as of June 30, 2021, 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.

### 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable of 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 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 Development Foundation, Inc. as of June 30, 2021, 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.

## Other Matters

### ***Required Supplementary Information***

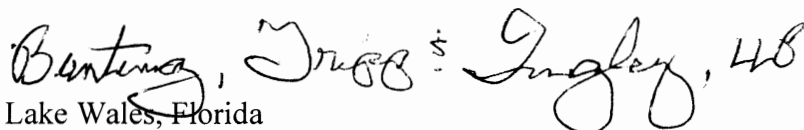
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other 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 and State Programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650, *Rules of the Florida Auditor General* is presented for purposes of additional analysis and is also 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 Programs 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 17, 2021, 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 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 Development Foundation, Inc.'s internal control over financial reporting and compliance.



Lake Wales, Florida

August 17, 2021

# CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

### *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, 2021 with comparative information as of and for the years ended June 30, 2020 and June 30, 2019. 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 Independent Auditor's Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards and State Programs Required by Uniform Guidance, Chapter 10.650 Rules of the Auditor General . There is a Schedule of Expenditures of Federal Awards and State Programs 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, 2021**

The following table presents CRDF's condensed statements of net position as of June 30, 2021, 2020 and 2019:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Assets</b>			
Cash and investments	\$4,062,546	\$3,977,761	\$4,023,515
Receivables	<u>-</u>	<u>2,213,752</u>	<u>20,000</u>
Total assets	<u>\$4,062,546</u>	<u>\$6,191,513</u>	<u>\$4,043,515</u>
<b>Liabilities</b>			
Payables	<u>\$ 308,825</u>	<u>\$2,012,827</u>	<u>\$ 138,463</u>
<b>Net Position</b>			
Restricted	<u>\$3,753,721</u>	<u>\$4,178,686</u>	<u>\$3,905,052</u>

The decrease in payables and receivables in 2021 is due to the timely receipt of required documentation from researchers. Repayments to researchers cannot be completed until they have submitted all required reports.

***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, 2021, 2020, and 2019:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating revenues	\$ 14,235,367	\$ 10,439,024	\$ 9,859,637
Operating expenses	<u>14,722,637</u>	<u>10,296,214</u>	<u>(10,298,201)</u>
Operating (loss) income	(487,270)	142,810	(438,564)
Nonoperating revenues	<u>62,305</u>	<u>130,824</u>	<u>112,934</u>
(Decrease) increase in net position	<u>\$ (424,965)</u>	<u>\$ 273,634</u>	<u>\$ (325,630)</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

**YEAR ENDED JUNE 30, 2021**

***Statement of Cash Flows***

The statement of cash flows provide 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 in) the operating activities of the Foundation. Cash flows from investing activities include the cash provided by and cash used in the sale or purchase of investments.

The following summarizes the Foundation's cash flows for the fiscal years ended June 30, 2021, 2020, and 2019:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cash flows from:			
Operating activities	\$ 31,997	\$ (507,124)	\$ (143,987)
Investing activities	<u>-</u>	<u>(9,200)</u>	<u>(60,238)</u>
Net increase (decrease) in cash	31,997	(516,324)	(204,225)
Cash beginning of year	<u>628,294</u>	<u>1,144,618</u>	<u>1,348,843</u>
Cash end of year	<u>\$ 660,291</u>	<u>\$ 628,294</u>	<u>\$ 1,144,618</u>

***Economic Outlook***

During the year ended June 30, 2021, the Foundation received \$4,187,143 in funding from federal sources from the United States Department of Agriculture National Institute of Food and Agriculture. Funding is dependent on legislative actions which are never certain. The critical importance of containing the spread of huanglongbing (Citrus Greening) 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, 2021**

***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](http://www.citrusrdf.org)



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

**STATEMENT OF NET POSITION**

**JUNE 30, 2021**

**2021**

**ASSETS**

Cash	\$ 660,291
Funds deposited in State spending account	57,686
Investments	<u>3,344,569</u>
Total assets	<u>\$ 4,062,546</u>

**LIABILITIES AND NET POSITION**

**Liabilities**

Accounts payable	<u>\$ 308,825</u>
Total liabilities	<u>308,825</u>

**Net Position**

Net assets without grantor restrictions	-
Net asset restricted by grantor as to purpose	<u>3,753,721</u>
Total net position	<u>3,753,721</u>
Total liabilities and net position	<u>\$ 4,062,546</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, 2021**

	<u>2021</u>
<b><u>Support and Revenues</u></b>	
Research contract funding:	
Special State Legislature Appropriation	\$ 8,336,921
Florida Department of Agriculture and Consumer Services	1,189,419
United States Department of Agriculture National Institute of Food and Agriculture	4,187,143
Other operating revenues	521,884
Refund of overpayments on research contracts	2,508
Interest	578
Investment earnings	59,219
	<hr/>
Total revenue and support	14,297,672
	<hr/>
<b><u>Operating Expenses and Supporting Services</u></b>	
Research project contracts	7,349,464
Research delivery contracts	6,672,132
Administrative support	701,041
	<hr/>
Total expenses and supporting services	14,722,637
	<hr/>
Decrease in net position	(424,965)
Net position, beginning of year	4,178,686
	<hr/>
Net position, end of year	\$ 3,753,721
	<hr/> <hr/>

See notes to accompanying financial statements.

CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021

	<u>2021</u>
<b><u>Operating Activities</u></b>	
Decrease in net position	\$ (424,965)
Adjustments to reconcile decrease in net position to net cash provided by operating activities:	
State spending account	2,532
Contract payments receivable	2,213,752
Reinvestment of investment earnings	(55,320)
Increase (decrease) in:	
Accounts payable	<u>(1,704,002)</u>
Net cash provided by operating activities	<u>31,997</u>
Net increase in cash	31,997
Cash, beginning of year	<u>628,294</u>
Cash, end of year	<u><u>\$ 660,291</u></u>

See notes to accompanying financial statements.

# CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

### 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 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, 2021, \$3,753,721 of net position were subject to restrictions imposed by grantor agencies or donors. Those funds are designated for research contracts.

#### Contract Payments Receivable

Contract payments receivable are stated at their estimated net realizable value.

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**YEAR ENDED JUNE 30, 2021**

**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, 2021, 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 2018 - 2020 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, 2021.

**Date of Management Review**

Subsequent events were evaluated through August 17, 2021, 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, 2021**

**Note B - Research Contract Funding**

During the year ended June 30, 2021, the Foundation received contract funding from the following sources:

<u>Funding Agency</u>	<u>Contract Funds Year Ended 2021</u>	<u>Purpose</u>
United States Dept. of Agriculture National Institute of Food and Ag	\$ 4,187,143	Research projects
Florida Dept. of Agriculture and Consumer Services (FDACS)	796,098	Research projects
Florida Dept. of Agriculture and Consumer Services (FDACS)	393,321	Administrative support and other costs
FDACS - Special State Legislature Appropriation	8,030,518	Research projects
FDACS - Special State Legislature Appropriation	306,403	Administrative support and other costs
Total contract funding	<u>\$ 13,713,483</u>	

Even though this chart implies that \$699,724 (\$393,321 + \$306,403) was spent by the Foundation on administrative support the actual amount spent was \$701,041 for the year ended June 30, 2021. The additional funds were expended from reserves.

**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, 2021

Note D - Investments

At June 30, 2021, 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 Poors. The current rating is AA-f.

**Interest Rate Risk Disclosure** - At June 30, 2021 the effective rate of the Treasury Investment Pool, was 1.08% and the effective duration was 2.60 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, 2021, was as follows:

	<u>2021</u>
Investments, beginning of year	\$ 3,289,249
Investment earnings excluding unrealized gains/losses	59,225
Investment fees	<u>(3,905)</u>
Investments, end of year	<u>\$ 3,344,569</u>

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**YEAR ENDED JUNE 30, 2021**

**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, 2021, the Foundation's investments are categorized as follows:

	<u>Fair Value</u>	<u>Level 3</u>
Treasury Investment Pool	<u>\$ 3,344,569</u>	<u>\$ 3,344,569</u>

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):

	<b>Treasury Investment Pool</b>
July 1, 2020	\$ -
Transfer in from Level 2	3,289,249
Interest income	59,219
Admin fee	(3,899)
June 30, 2021	<u>\$ 3,344,569</u>

**Note F - Concentration of Credit Risk**

The carrying amount of the Foundation's cash deposits are \$660,291 for the year ended June 30, 2021. The bank balances were \$696,653 at June 30, 2021. 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

CERTIFIED PUBLIC ACCOUNTANTS

A Tradition of Excellence Since 1926



ROGER A. INGLEY, CPA  
MICHELLE G. HURST, CPA  
DAVID W. ALLEN, CPA  
WILLIAM M. JACOBS, CPA  
SUZANNE B. FLETCHER, CPA

230 EAST TILLMAN AVENUE  
P. O. BOX 990  
LAKE WALES, FLORIDA 33859-0990  
863/676-7981  
FAX 863/676-8899  
e-mail: info@bticpa.com  
www.bticpa.com

DWIGHT L. REEVES, CPA (of Counsel)  
PAUL T. SWYGERT, CPA  
SALVATORE D. TROPEA, CPA  
SARAH E. CLEMONS, CPA  
TOM LEE, CPA

**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, 2021, 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 17, 2021.

## **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.

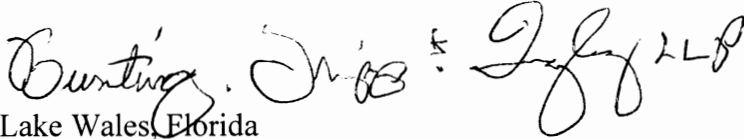
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **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 17, 2021

# Bunting, Tripp & Ingley, LLP

CERTIFIED PUBLIC ACCOUNTANTS

A Tradition of Excellence Since 1926



ROGER A. INGLEY, CPA  
MICHELLE G. HURST, CPA  
DAVID W. ALLEN, CPA  
WILLIAM M. JACOBS, CPA  
SUZANNE B. FLETCHER, CPA

230 EAST TILLMAN AVENUE  
P. O. BOX 990  
LAKE WALES, FLORIDA 33859-0990  
863/676-7981  
FAX 863/676-8899  
e-mail: info@bticpa.com  
www.bticpa.com

DWIGHT L. REEVES, CPA (of Counsel)  
PAUL T. SWYGERT, CPA  
SALVATORE D. TROPEA, CPA  
SARAH E. CLEMONS, CPA  
TOM LEE, CPA

ALSO WITH OFFICES IN  
TAMPA, FLORIDA

**Independent Auditor's Report on Compliance for Each  
Major Federal and State Program; Report on Internal Control Over Compliance; and  
Report on the Schedule of Expenditures of Federal Awards and State Programs Required  
by the Uniform Guidance and Chapter 10.650, Rules of the Florida Auditor General**

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

## **Report on Compliance for Each Major Federal and State Programs**

We have audited Citrus Research and Development Foundation, Inc. compliance with the types of compliance requirements described in the *OMB Compliance Supplement*; Chapter 10.650, *Rules of the Auditor General*; that could have a direct and material effect on each of the Foundation's major Federal and State programs for the year ended June 30, 2021. The Foundation'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.

## **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal and State programs.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Foundation's major Federal and State programs based on our audit of the types of compliance requirements referred to above. 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 audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General of Florida*. Those standards, Uniform Guidance 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 major Federal or State program occurred. An audit includes examining, on a test basis, evidence about the Foundation'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 on compliance for each major Federal and State program. However, our audit does not provide a legal determination of the Foundation's compliance.

## **Opinion on Each Major Federal and State Program**

In our opinion, the Foundation 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, 2021.

## **Report on Internal Control over Compliance**

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal and State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal and State program and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, 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 the Foundation's internal control over compliance.

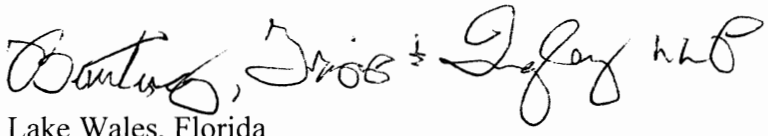
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal or State program 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 Federal or State 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal or State 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies.

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 and Chapter 10.650 *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited financial statements of the Foundation as of and for the year ended June 30, 2021, and have issued our report thereon dated August 17, 2021, which contained an unmodified opinion on those financial statements. 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 is presented for purposes of additional analysis as required by the Uniform Guidance 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 expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink, appearing to read "Brent J. Probst". The signature is written in a cursive style with a large, stylized "B" and "P".

Lake Wales, Florida  
August 17, 2021

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE PROGRAMS**

**YEAR ENDED JUNE 30, 2021**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA No.</u>	<u>Contract No.</u>	<u>Total Federal Expenditures</u>
<b><u>Federal Grantor:</u></b>			
<i>United States Department of Agriculture:</i>			
National Institute of Food and Agriculture			
Research contracts	10.309	33196	<u>\$ 4,187,143</u>
Total expenditures of Federal Awards			<u>\$ 4,187,143</u>
	<u>State CSFA No.</u>	<u>Contract No.</u>	<u>State Expenditures</u>
<b><u>Florida Grantor:</u></b>			
<i>Florida Department of Agriculture and Consumer Services:</i>			
Research contracts	42.023	26382	\$ 336,921
	42.023	24352	13,936
	42.023	27041	8,000,000
	42.023	27042	<u>1,175,483</u>
Total expenditures of Florida financial assistance programs			<u>\$ 9,526,340</u>
See accompanying Notes to Schedule of Expenditures of Federal Awards and State Programs.			

CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE PROGRAMS**

**YEAR ENDED JUNE 30, 2021**

**Note A - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards and State programs (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 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 accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and 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 - Summary of Significant Accounting Policies**

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, 2021

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?
- Significant deficiency identified?

\_\_\_\_\_ Yes   X   No

\_\_\_\_\_ Yes   X   No

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes   X   No

Federal and Florida Awards

Internal control over major state programs:

- Material weakness identified?
- Significant deficiency identified?

\_\_\_\_\_ Yes   X   No

\_\_\_\_\_ Yes   X   No

Type of auditor's report issued on compliance  
for major state programs:

Unmodified opinion

Any audit findings disclosed that are required to be reported  
in accordance with Section 2 CFR 200.516(a) and  
Section 10.654(1)(e), Rules of the Auditor General?

\_\_\_\_\_ Yes   X   No

Identification of major programs:

Federal Agency:

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

CFDA 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   X   No

“Summary Schedule of Prior Audit Findings and Questioned  
Costs - Federal Awards Program” attached?

\_\_\_\_\_ Yes   X   No



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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**- CONTINUED**

**YEAR ENDED JUNE 30, 2021**

“Summary Schedule of Prior Audit Findings and Questioned Costs - Florida Financial Assistance Programs” attached?        X   Yes             No

“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 Findings and Questioned Costs**

No matters were reported.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**  
**- STATE FINANCIAL ASSISTANCE PROGRAMS**

**FOR THE YEAR ENDED JUNE 30, 2020**

There were no findings or questioned costs.