

CATTLE ENHANCEMENT BOARD, INC.

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

CATTLE ENHANCEMENT BOARD, INC.
TABLE OF CONTENTS
JUNE 30, 2024 AND 2023

| | <u>Page(s)</u> |
|--|----------------|
| Independent Auditors' Report | 1 – 3 |
| Required Supplementary Information | |
| Management's Discussion and Analysis | 4 – 5 |
| Basic Financial Statements | |
| Statements of Net Position | 6 |
| Statements of Revenues, Expenses, and Changes in Net Position | 7 |
| Statements of Cash Flows | 8 |
| Notes to Financial Statements | 9 – 11 |
| Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 12 – 13 |
| Independent Auditors' Report on Compliance for Each Major State Project and on Internal Control Over Compliance Required by Chapter 10.650, Rules of the Florida Auditor General | 14 – 16 |
| Schedule of Expenditures of State Financial Assistance | 17 |
| Schedule of Findings and Questioned Costs | 18 |

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Cattle Enhancement Board, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cattle Enhancement Board, Inc. (the Board), a component unit of the University of Florida, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as of June 30, 2024, and the changes in its financial 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board 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 opinion.

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 the Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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 GAAS and GAS 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 GAAS and GAS, 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 the Board'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 the Board'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.

Other Matters

The financial statements of the Cattle Enhancement Board, Inc. for the year ended June 30, 2023, were audited by another auditor who expressed an unmodified opinion on those statements on February 12, 2024.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic 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 inquiries 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Board's basic financial statements. The Schedule of Expenditures of State Financial Assistance, as required by Chapter 10.650, Rules of the Florida Auditor General, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of State Financial Assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 State Financial Assistance is fairly stated in all material respects in relation to the basic 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 February 19, 2025, on our consideration of the Board'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 the Board'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 the Board's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Gainesville, Florida
February 19, 2025

CATTLE ENHANCEMENT BOARD, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024 AND 2023

Introduction

Management’s Discussion and Analysis (MD&A) provides a financial performance review that is designed to focus on the financial activities, resulting changes, and currently known facts for the fiscal years ended on June 30, 2024, 2023, and 2022, of the University of Florida Cattle Enhancement Board, Inc. (the Board). The MD&A should be read in conjunction with the accompanying presented financial statements.

Overview of the Financial Statements and Financial Analysis

The financial section of this report consists of three parts: MD&A (this section), the financial statements, and notes to the financial statements.

The Board’s financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as applied to an enterprise fund using an accrual basis of accounting. Under this basis, revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred.

Included in the financial statements are the statements of net position, the statements of revenues, expenses, and changes in net position, the statements of cash flows, and the related notes.

Since the notes are an integral part of the financial statements, they should be read in conjunction with the financial statements in order for the reader to have a clear understanding of the Board’s activities and performance.

Financial Analysis

Statement of Net Position

The statement of net position reflects the assets, liabilities, and the financial position of the Board at a specified time. Assets less liabilities equal net position, which is one indicator of the Board’s current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the Board’s financial condition. The Board’s increase in total assets from 2023 to 2024 of \$671,960 is primarily related to increases in state appropriations and the related receivable. The increase in liabilities of \$655,786 from 2023 to 2024 is related to the increase in state appropriations and related project costs. From 2022 to 2023 total assets increased by \$158,431 and liabilities by \$151,488, respectively, for the same reasons.

The following schedule summarizes the Board’s statement of net position as of June 30, 2024, 2023, and 2022:

| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|--------------------|--------------------|------------------|------------------|
| Total assets | \$ 1,223,304 | \$ 551,344 | \$ 392,913 |
| Total liabilities | <u>(1,199,464)</u> | <u>(543,678)</u> | <u>(392,190)</u> |
| Total net position | <u>\$ 23,840</u> | <u>\$ 7,666</u> | <u>\$ 723</u> |

CATTLE ENHANCEMENT BOARD, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024 AND 2023
(Continued)

Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position presents the revenue and expense activity for each year. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid. The Board functions as a single enterprise fund. Revenues and expenses are primarily attributed to providing services related to cattle research projects. Revenues increased by \$1,066,942 from 2023 to 2024 mainly due to increases in state appropriations funding. Expenses increased in relative proportion and included cattle research projects, cattle marketing, and promotion, administrative, and professional services. Revenues and expenses increased by \$219,309 and \$212,674, respectively, from 2022 to 2023 for the same reasons.

The following summarizes the Board's activities for the fiscal years ended June 30, 2024, 2023, and 2022:

| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|-------------------------------------|--------------------|------------------|------------------|
| Revenues | \$ 1,931,049 | \$ 854,953 | \$ 635,644 |
| Expenses | <u>(1,914,875)</u> | <u>(848,010)</u> | <u>(635,336)</u> |
| Increase (decrease) in net position | <u>\$ 16,174</u> | <u>\$ 6,943</u> | <u>\$ 308</u> |

Statement of Cash Flows

The statement of cash flows provides information about the Board's financial results by reporting the major sources and uses of cash.

The following summarizes the Board's cash flows for the fiscal years ended June 30, 2024, 2023, and 2022:

| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|--|------------------|------------------|-----------------|
| Cash flows from: | | | |
| Operating activities | (9,705) | \$ 71,174 | \$ 6,854 |
| Investing activities | <u>16,270</u> | <u>7,116</u> | <u>981</u> |
| Net increase (decrease) in cash and cash equivalents | 6,565 | 78,290 | 7,835 |
| Cash and cash equivalents, beginning of year | <u>86,540</u> | <u>8,250</u> | <u>415</u> |
| Cash and cash equivalents, end of year | <u>\$ 93,105</u> | <u>\$ 86,540</u> | <u>\$ 8,250</u> |

Economic Outlook

Through increased state appropriations from the Florida Legislature for operations, the Board has been able to continue to promote the Florida cattle industry; however, there are no guarantees such funding will continue in the future.

Requests for Information

This financial narrative is designed to provide you with a general overview of the Board's finances and to show accountability for the various revenues we receive. If you have any questions about this report or need additional information, please contact the Board's office at (863) 287-8591.

CATTLE ENHANCEMENT BOARD, INC.
STATEMENTS OF NET POSITION
JUNE 30, 2024 AND 2023

| | 2024 | 2023 |
|--|--------------|-------------|
| <u>ASSETS</u> | | |
| Current assets | | |
| Cash | \$ 93,105 | \$ 86,540 |
| Due from state appropriations | 1,130,199 | 464,804 |
| Total current assets | 1,223,304 | 551,344 |
| Total assets | \$ 1,223,304 | \$ 551,344 |
| <u>LIABILITIES AND NET POSITION</u> | | |
| Current liabilities | | |
| Due to grantees | 1,199,464 | 543,678 |
| Total current liabilities | 1,199,464 | 543,678 |
| Net position | | |
| Unrestricted | 23,840 | 7,666 |
| Total net position | 23,840 | 7,666 |
| Total liabilities and net position | \$ 1,223,304 | \$ 551,344 |

The accompanying notes to financial statements
are an integral part of these statements.

CATTLE ENHANCEMENT BOARD, INC.
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

| | 2024 | 2023 |
|---|--------------|-------------|
| Operating revenues | | |
| State appropriations | \$ 1,914,779 | \$ 847,837 |
| Total operating revenues | 1,914,779 | 847,837 |
| Operating expenses | | |
| Cattle research projects | 1,451,848 | 594,600 |
| Cattle marketing and promotion | 249,843 | 155,385 |
| Administrative expenses | 174,221 | 71,352 |
| Professional services | 38,866 | 26,500 |
| Bank fees and finance charges | 97 | 173 |
| Total operating expenses | 1,914,875 | 848,010 |
| Operating income (loss) | (96) | (173) |
| Nonoperating revenues (expenses) | | |
| Interest and other income | 16,270 | 7,116 |
| Total nonoperating revenues (expenses), net | 16,270 | 7,116 |
| Increase in net position | 16,174 | 6,943 |
| Net position , beginning of year | 7,666 | 723 |
| Net position , end of year | \$ 23,840 | \$ 7,666 |

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

CATTLE ENHANCEMENT BOARD, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

| | 2024 | 2023 |
|---|--------------------------|-------------------------|
| Cash flows from operating activities | | |
| Receipts from grantor | \$ 1,249,384 | \$ 767,696 |
| Payments to suppliers for goods and services | <u>(1,259,089)</u> | <u>(696,522)</u> |
| Net cash provided by (used in) operating activities | <u>(9,705)</u> | <u>71,174</u> |
| Cash flows from investing activities | | |
| Interest received | <u>16,270</u> | <u>7,116</u> |
| Net cash provided by investing activities | <u>16,270</u> | <u>7,116</u> |
| Net increase in cash | <u>6,565</u> | <u>78,290</u> |
| Cash, beginning of year | 86,540 | 8,250 |
| Cash, end of year | <u><u>\$ 93,105</u></u> | <u><u>\$ 86,540</u></u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities | | |
| Operating income (loss) | \$ (96) | \$ (173) |
| Adjustments to reconcile operating income to net cash provided by (used in) operating activities: | | |
| Changes in assets and liabilities: | | |
| Due from state appropriations | (665,395) | (80,141) |
| Due to grantees | <u>655,786</u> | <u>151,488</u> |
| Net cash provided by (used in) operating activities | <u><u>\$ (9,705)</u></u> | <u><u>\$ 71,174</u></u> |

The accompanying notes to financial statements
are an integral part of these statements.

CATTLE ENHANCEMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(1) **Nature of the Organization and Summary of Significant Accounting Policies:**

(a) **Reporting entity**—The University of Florida Cattle Enhancement Board, Inc. (the Board) is a not-for-profit entity organized in the State of Florida to promote the Florida cattle industry, including but not limited to production, disease prevention, forage development, genetic research, and to make contributions to and confer benefits upon the University of Florida (the University). The Board is a direct support organization as provided for in Section 1004.28, Florida Statutes, and is considered a component unit (for accounting purposes) of the University.

The Board is reported as a special-purpose entity engaged only in business-type activities.

(b) **Measurement focus, basis of accounting, and financial statement presentation**—The financial statements of the Board 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”). Under these methods, revenues are recorded when earned and expenses are recognized when they are incurred.

The Board distinguishes operating revenues and expenses from non-operating and other items. Operating revenues are those revenues that are generated from the primary operations of the Board such as grant revenue. All other revenues are reported as nonoperating or other revenues, such as investment income. Operating expenses are those expenses that are essential to the primary operations of the Board. All other expenses, if any, are reported as nonoperating or other expenses.

To help ensure observance of limitations and restrictions placed on the use of resources, the accounts of the Board are maintained in accordance with the principles of fund accounting. Accordingly, the net position of the Board is reported as follows:

- (i) Net investment in capital assets—Represents capital assets, net of accumulated depreciation, reduced by the outstanding balance on any bonds, annuity obligations, mortgages, notes, or other borrowings attributable to the acquisition, construction, or improvement of the capital assets. There were no capital assets at June 30, 2024 or 2023.
 - (ii) Restricted—Restricted net position represents net position that is restricted by constraints placed on the use of resources externally imposed by either creditors, grantors, contributors, or laws. There were no restricted funds at June 30, 2024 or 2023.
 - (iii) Unrestricted—Represents funds that are available without restriction for carrying out the Board’s objectives. All of the Board’s net position is unrestricted.
- (c) **Cash and cash equivalents**—The Board considers all short-term, highly liquid investments that are readily convertible to known amounts of cash with an original maturity of three months or less at the date of acquisition to be cash equivalents. Cash represents deposits held with financial institutions.
- (d) **Due from state appropriation**—Consists of amounts due to the Board from the State in accordance with executed contracts with the Florida Department of Agriculture and Consumer Services (FDACS). Amounts due represent reimbursement requests incurred on or before June 30, 2024.
- (e) **Capital assets**—All capital assets purchased through grant funded projects are approved by the Board and recorded by the organization conducting the research project. The Board does not include these capital assets on their statement of net position and costs of additions incurred by the Board are expensed as incurred.

CATTLE ENHANCEMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(1) **Nature of the Organization and Summary of Significant Accounting Policies: (Continued)**

(f) **Due to grantees**—Represents amounts due to grantees or contract vendors for expenses incurred but not yet paid as of June 30, 2024 and 2023.

(g) **Revenues**—Revenues are reported as increases in unrestricted net assets unless use of the related funds is limited by donor-imposed restrictions.

For the years ended June 30, 2024 and 2023, the Board received 100% of its total operating revenues from contracts with FDACS, which are renewed annually. In the event funding is discontinued, the Board's ability to continue as a going concern would be greatly diminished. During the 2024 and 2023 fiscal years, the Board received \$2 million and \$1 million awards from FDACS, respectively.

(h) **Income taxes**—The Board is a not-for-profit corporation established under the laws of the State of Florida and is generally exempt from income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made.

The Board files informational tax returns under the U.S. federal jurisdiction. The Board has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Board. The Board's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

(i) **Use of estimates**—The preparation of the 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(j) **Donated services**—The Board occupies office space at the Florida Cattleman Association's office and is assisted by employees of the University. The Board also receives donated services from the officers and members of its board of directors. No value for these is recorded in the accompanying financial statements.

(2) **Cash and Deposits:**

At June 30, 2024 and 2023, the aggregate bank balances were \$93,105 and \$86,540, respectively. Deposits are maintained with a commercial bank which is organized under the laws of the United States and is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for all accounts.

(a) **Custodial credit risk**—Custodial credit risk represents the potential loss of the Board's deposits in the event of a bank failure. At June 30, 2024 and 2023, all deposits were held by qualified public depositories. The State of Florida maintains control over the collateral requirements and authorizes certain financial institutions to act as depositories for governmental units. The Board does not have a policy for custodial credit risk.

CATTLE ENHANCEMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(3) Related Party Transactions:

Both the University and the Board share a common focus of improving the Florida cattle industry. The University provides certain administrative services to the Board and is also the recipient of funding for various cattle-related research projects. In 2024 and 2023, the Board incurred \$174,221 and \$71,352, respectively, in administrative expenses and \$1,451,848 and \$594,600, respectively, in research project expenses rendered to it by the University. At June 30, 2024 and 2023, the portion of the due to grantee liability associated with the University totaled \$949,621 and \$ 393,678, respectively.

(4) Recent Accounting Pronouncements:

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the Board's financial statements:

(a) GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. GASB 102 requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. The provisions for GASB 102 are effective for fiscal years beginning after June 15, 2024.

(b) GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. GASB 103 aims to enhance the effectiveness of the financial reporting model by improving key components to provide essential information for decision-making and assessing a government's accountability. The provisions for GASB 103 are effective for fiscal years beginning after June 15, 2025.

**INDEPENDENT AUDITORS' 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**

To the Board of Directors,
Cattle Enhancement Board, Inc.:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of Cattle Enhancement Board, Inc. (the Board), a component unit of the University of Florida, as of and for the year ended June 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated February 19, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) as a basis for designing 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 Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Board'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.

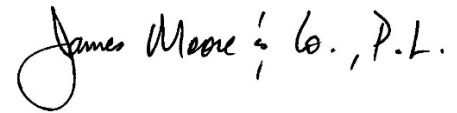
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board'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 financial statements. 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 Board'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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Gainesville, Florida
February 19, 2025



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY CHAPTER 10.650, RULES OF THE FLORIDA AUDITOR GENERAL**

To the Board of Directors,
Cattle Enhancement Board, Inc.:

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited the Cattle Enhancement Board, Inc.'s (the Board), a component unit of the University of Florida, compliance with the types of compliance requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the Board's major state projects for the year ended June 30, 2024. The Board's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Board complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended June 30, 2024.

Basis for Opinion on Each Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and Chapter 10.650, Rules of the Auditor General. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Board 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 state project. Our audit does not provide a legal determination of the Board'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 the Board's state projects.

Auditors' 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 the Board'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 GAAS, *Government Auditing Standards*, and Chapter 10.650, 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 the Board's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.650, 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 the Board'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 the Board'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 Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Board'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.

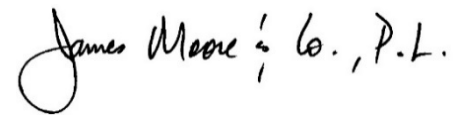
Report on Internal Control over Compliance

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 state project 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 state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or as combination of deficiencies, in internal control over compliance with the type of compliance requirement of a state project 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 Auditors' 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 results of that testing based on the requirements of Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Gainesville, Florida
February 19, 2025

CATTLE ENHANCEMENT BOARD, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2024

| <u>Grantor/Project Title</u> | <u>State CSFA Number</u> | <u>Fiscal Year</u> | <u>Contract Number</u> | <u>Program or Award Amount</u> | <u>Expenditures</u> |
|---|--------------------------|--------------------|------------------------|--------------------------------|---------------------|
| State Agency Name: | | | | | |
| Direct Project: | | | | | |
| State of Florida, | | | | | |
| Department of Agriculture and Consumer Services | | | | | |
| Beef Promotion and Research | 42.053 | 2022/2023 | 29176 | \$ 1,000,000 | \$ 119,580 |
| Beef Promotion and Research | 42.053 | 2023/2024 | 30587 | 2,000,000 | 1,795,199 |
| Total state financial assistance | | | | <u>\$ 3,000,000</u> | <u>\$ 1,914,779</u> |

Notes to Schedule of Expenditures of State Financial Assistance:

(1) **Basis of Presentation and Summary of Significant Accounting Policies:**

The accompanying Schedule of Expenditures of State Financial Assistance (the "Schedule") includes the state project activity of the Cattle Enhancement Board, Inc. (the "Board") under projects of the state government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Section 215.97, Florida Statutes and Chapter 10.650, Rules of the Florida Auditor General. Because the Schedule presents only a selected portion of the operations of the Board it is not intended to and does not present the net position, changes in net position, or cash flows of the Board. Expenditures reported on the Schedule are reported on the accrual basis of accounting. No grant awards for the year ended June 30, 2024, have been passed through to subrecipients.

(2) **Contingency:**

Project expenditures are subject to audit and adjustment by the grantor agencies. If any expenditures were to be disallowed by the grantor agency as a result of such an audit, any claim for reimbursement to the grantor agency would become a liability of the Board. In the opinion of management, all program expenditures included on the accompanying Schedule are in compliance with the terms of the grant agreements and applicable laws and regulations.

(3) **Interest:**

No funds, including interest earned on such funds, are due back to the state government.

**CATTLE ENHANCEMENT BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Section I. Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued: Unmodified Opinion

Internal control over financial reporting:

- Material weakness(es) identified _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

State Projects

Internal control over major state projects:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditors' report issued on compliance for major state projects: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, *Rules of the Auditor General* _____ Yes X No

Identification of major state projects: **State of Florida**
CSFA No: 42.053
Department of Agriculture and Consumer Services
Beef Promotion and Research

Dollar threshold used to distinguish between the type A and type B projects: \$574,434

Section II. Financial Statement Findings None reported

Section III. State Project Findings and Questions Costs None reported