

CITRUS ADMINISTRATIVE COMMITTEE
FEDERAL CITRUS MARKETING ORDER #905, AS AMENDED
FINANCIAL STATEMENTS
YEARS ENDED JULY 31, 2016 AND 2015
TOGETHER WITH INDEPENDENT AUDITORS' REPORT



The Committee Members and Alternates
Citrus Administrative Committee
Lakeland, Florida

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Citrus Administrative Committee, a nonprofit organization, which comprise the statements of financial position as of July 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Citrus Administrative Committee as of July 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2016, on our consideration of Citrus Administrative Committee'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 Administrative Committee's internal control over financial reporting and compliance.

Dearolf & Mereness LLP

Tampa, Florida
September 14, 2016

**CITRUS ADMINISTRATIVE COMMITTEE
STATEMENTS OF FINANCIAL POSITION
JULY 31, 2016 AND 2015**

ASSETS	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 151,581	\$ 166,423
Assessments receivable	1,676	4,642
Prepaid expenses	<u>6,734</u>	<u>8,296</u>
TOTAL CURRENT ASSETS	159,991	179,361
FURNITURE AND EQUIPMENT		
Furniture and equipment, net of accumulated depreciation of \$6,162 and \$7,049 for 2016 and 2015, respectively	<u>572</u>	<u>815</u>
TOTAL ASSETS	<u><u>\$ 160,563</u></u>	<u><u>\$ 180,176</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 9,474	\$ 9,401
Assessment refunds payable	<u>-</u>	<u>90,277</u>
TOTAL CURRENT LIABILITIES	9,474	99,678
NET ASSETS		
Unrestricted	<u>151,089</u>	<u>80,498</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 160,563</u></u>	<u><u>\$ 180,176</u></u>

**CITRUS ADMINISTRATIVE COMMITTEE
STATEMENTS OF ACTIVITIES
YEARS ENDED JULY 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
REVENUES		
Assessments from handlers	\$ 141,612	\$ 182,154
Other income	<u>16</u>	<u>16</u>
TOTAL REVENUES	<u>141,628</u>	<u>182,170</u>
EXPENSES		
Program services	139,964	139,673
Management and general	<u>21,350</u>	<u>21,324</u>
TOTAL EXPENSES	<u>161,314</u>	<u>160,997</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(19,686)	21,173
OTHER CHANGES IN NET ASSETS		
(Increase) decrease in assessments to be refunded to shippers	<u>90,277</u>	<u>(29,721)</u>
CHANGE IN NET ASSETS	70,591	(8,548)
NET ASSETS - BEGINNING OF YEAR	<u>80,498</u>	<u>89,046</u>
NET ASSETS - END OF YEAR	<u><u>\$ 151,089</u></u>	<u><u>\$ 80,498</u></u>

**CITRUS ADMINISTRATIVE COMMITTEE
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JULY 31, 2016 AND 2015**

	2 0 1 6		
	Total	Program Services	Management and General
EXPENSES			
Salaries	\$ 92,400	\$ 86,280	\$ 6,120
Information and statistical services - Florida			
Dept. of Agriculture and Consumer Services	25,527	25,527	-
Accounting and auditing	9,950	-	9,950
Payroll taxes	7,168	6,693	475
Travel	5,569	5,569	-
Communications	5,374	4,031	1,343
Insurance and bonds	4,218	3,164	1,054
Office rental	3,296	2,472	824
Office supplies	2,510	1,883	627
Repairs and maintenance	2,061	1,546	515
Committee - travel and meetings	1,297	1,297	-
Miscellaneous	1,174	881	293
Postage	352	264	88
Depreciation	243	182	61
Statistical service and subscriptions	175	175	-
TOTAL EXPENSES	\$ 161,314	\$ 139,964	\$ 21,350

2015		
Total	Program Services	Management and General
\$ 92,400	\$ 86,280	\$ 6,120
25,000	25,000	-
9,900	-	9,900
7,151	6,677	474
6,797	6,797	-
4,921	3,691	1,230
6,787	5,090	1,697
3,296	2,472	824
969	727	242
1,530	1,148	382
275	275	-
1,325	994	331
253	190	63
243	182	61
150	150	-
<u>\$ 160,997</u>	<u>\$ 139,673</u>	<u>\$ 21,324</u>

**CITRUS ADMINISTRATIVE COMMITTEE
STATEMENTS OF CASH FLOWS
YEARS ENDED JULY 31, 2016 AND 2015**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets from operations	\$ (19,686)	\$ 21,173
Adjustments to reconcile change in net assets to net cash flows from operations:		
Depreciation	243	243
Changes in assets and liabilities:		
(Increase) decrease in receivables	2,966	(2,934)
Decrease in prepaid expenses	1,562	3
Increase in accounts payable	73	184
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	(14,842)	18,669
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	166,423	147,754
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 151,581	\$ 166,423

CITRUS ADMINISTRATIVE COMMITTEE
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2016 AND 2015

Note 1 - Organization

The Citrus Administrative Committee (the Committee) was formed on February 22, 1939, by Federal Marketing Order 905, as amended. Federal Order 905 is administered by the United States Department of Agriculture. All decisions on marketing agreements and order actions are made by the Secretary of Agriculture based upon recommendations from Committee members.

The principal purpose and activity of the Committee is to regulate the handling of interstate shipments of fresh oranges, grapefruits, temples, tangerines, tangelos, and murcotts produced in the Interior, Gulf, and Indian River Districts of Florida.

Note 2 - Date of Management's Review

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through September 14, 2016, the date the financial statements were available to be issued.

Note 3 - Summary of Significant Accounting Policies

Use of Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition - The Committee derives operating revenue principally from a per box assessment on grower members' fruit which is paid by the handlers. The assessment was \$.009 per equivalent 4/5 bushel box for the years ended July 31, 2016 and 2015.

Cash and Cash Equivalents - For purposes of cash flows, the Committee considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable - Accounts receivable are recorded net of an allowance for doubtful accounts. The allowance is based on prior bad debt experience and a review of the existing receivables. Based on these procedures, no allowance for doubtful accounts was provided at July 31, 2016 and 2015. Receivables are classified as past due if they are uncollected 30 days after the assessment date. These receivables are charged off against the allowance for doubtful accounts when management determines collection efforts have been exhausted. No late payment charges are assessed on delinquent accounts.

Fixed Assets and Depreciation - Furniture and equipment purchases with a cost exceeding \$500 are capitalized and carried at cost. The Committee provides for depreciation on straight-line and accelerated methods using estimated useful lives of five to seven years.

Income Taxes - The Committee is exempt from federal and state income taxes.

CITRUS ADMINISTRATIVE COMMITTEE
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2016 AND 2015

Note 4 - Concentration of Credit Risk

The Committee derives all of its assessment revenue from citrus shippers located within Florida.

The Committee maintains cash accounts at one institution in central Florida. The institution is insured by the Federal Deposit Insurance Corporation up to statutory limits (\$250,000 at July 31, 2016). At July 31, 2016 and 2015, the Committee had no uninsured cash balances.

Note 5 - Net Assets

The Marketing Order provides for the accumulation of funds from the excess of revenues over expenses as incurred each fiscal year for the purpose of meeting future operating expenses as well as the expense of liquidation in the event of termination of the Order. The total accumulation of the net assets cannot exceed two fiscal periods' expenses (50% of one year's expenses in 2015).

In the event any excess of revenue over expense is distributed at the end of any given fund year, each handler is entitled to receive his proportionate share of such excess as a credit to his account or in cash. Such a distribution of the excess to each handler is determined on the basis of the quantity of fruit shipped by all handlers during the same period.