

**CITRUS ADMINISTRATIVE COMMITTEE**  
**FEDERAL CITRUS MARKETING ORDER #905, AS AMENDED**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JULY 31, 2014 AND 2013**  
**TOGETHER WITH INDEPENDENT AUDITORS' REPORT**



The Committee Members and Alternates  
Citrus Administrative Committee  
Lakeland, Florida

## **INDEPENDENT AUDITORS' REPORT**

### **Report on the Financial Statements**

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, 2014 and 2013, and the related statements of activities, functional expenses, 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 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, 2014 and 2013, and the changes in its net assets and its cash flows for the year 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 16, 2014, 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 16, 2014

**CITRUS ADMINISTRATIVE COMMITTEE  
STATEMENTS OF FINANCIAL POSITION  
JULY 31, 2014 AND 2013**

<b>ASSETS</b>	<b><u>2014</u></b>	<b><u>2013</u></b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 147,754	\$ 119,931
Assessments receivable	1,708	3,928
Prepaid expenses	<u>8,299</u>	<u>8,289</u>
TOTAL CURRENT ASSETS	157,761	132,148
<b>FURNITURE AND EQUIPMENT</b>		
Furniture and equipment, net of accumulated depreciation of \$6,806 and \$8,026 for 2014 and 2013, respectively	<u>1,058</u>	<u>1,006</u>
TOTAL ASSETS	<u><u>\$ 158,819</u></u>	<u><u>\$ 133,154</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 9,217	\$ 9,515
Assessment refunds payable	<u>60,556</u>	<u>10,880</u>
TOTAL CURRENT LIABILITIES	69,773	20,395
<b>NET ASSETS</b>		
Unrestricted	<u>89,046</u>	<u>112,759</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 158,819</u></u>	<u><u>\$ 133,154</u></u>

**CITRUS ADMINISTRATIVE COMMITTEE  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JULY 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>REVENUES</b>		
Assessments from handlers	\$ 203,672	\$ 207,099
Other income	<u>381</u>	<u>73</u>
TOTAL REVENUES	<u>204,053</u>	<u>207,172</u>
<b>EXPENSES</b>		
Program services	154,957	192,396
Management and general	<u>23,133</u>	<u>33,127</u>
TOTAL EXPENSES	<u>178,090</u>	<u>225,523</u>
CHANGE IN NET ASSETS FROM OPERATIONS	25,963	(18,351)
<b>OTHER CHANGES IN NET ASSETS</b>		
(Increase) decrease in assessments to be refunded to shippers	<u>(49,676)</u>	<u>19,556</u>
CHANGE IN NET ASSETS	(23,713)	1,205
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>112,759</u>	<u>111,554</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 89,046</u></u>	<u><u>\$ 112,759</u></u>

**CITRUS ADMINISTRATIVE COMMITTEE  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED JULY 31, 2014 AND 2013**

	<b>2 0 1 4</b>		
	<b>Total</b>	<b>Program Services</b>	<b>Management and General</b>
<b>EXPENSES</b>			
Salaries	\$ 92,400	\$ 86,280	\$ 6,120
Information and statistical services - Florida			
Dept. of Agriculture and Consumer Services	25,000	25,000	-
Retirement plan	12,820	11,971	849
Accounting and auditing	9,615	-	9,615
Insurance and bonds	8,520	6,390	2,130
Payroll taxes	7,272	6,790	482
Travel	5,679	5,679	-
Telephone	5,289	3,967	1,322
Office rental	3,296	2,472	824
Miscellaneous	2,255	1,691	564
Repairs and maintenance	2,199	1,649	550
Office supplies	1,771	1,328	443
Committee - travel and meetings	888	888	-
Postage	476	357	119
Depreciation	460	345	115
Statistical service and subscriptions	150	150	-
<b>TOTAL EXPENSES</b>	<b>\$ 178,090</b>	<b>\$ 154,957</b>	<b>\$ 23,133</b>

<b>2013</b>		
<b>Total</b>	<b>Program Services</b>	<b>Management and General</b>
\$ 116,200	\$ 105,410	\$ 10,790
25,000	25,000	-
17,930	16,265	1,665
9,904	-	9,904
14,546	10,910	3,636
9,221	8,365	856
6,225	6,225	-
5,367	4,025	1,342
8,649	6,487	2,162
3,486	2,615	871
2,136	1,602	534
3,491	2,618	873
1,242	1,242	-
1,308	981	327
668	501	167
150	150	-
<u>\$ 225,523</u>	<u>\$ 192,396</u>	<u>\$ 33,127</u>

**CITRUS ADMINISTRATIVE COMMITTEE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JULY 31, 2014 AND 2013**

	<b>2014</b>	<b>2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (23,713)	\$ 1,205
Adjustments to reconcile change in net assets to net cash flows from operations:		
Depreciation	460	668
Loss on disposal of asset	237	-
Changes in assets and liabilities:		
Decrease in receivables	2,220	930
(Increase) decrease in prepaid expenses	(10)	2,135
Increase (decrease) in accounts payable	(298)	1,115
Increase (decrease) in assessment refunds payable	49,676	(19,555)
	<b>28,572</b>	<b>(13,502)</b>
<b>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(749)	-
	<b>27,823</b>	<b>(13,502)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>		
	<b>119,931</b>	<b>133,433</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>		
	<b>\$ 147,754</b>	<b>\$ 119,931</b>



**CITRUS ADMINISTRATIVE COMMITTEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2014 AND 2013**

**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 16, 2014, 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 and \$.008 per equivalent 4/5 bushel box for the years ended July 31, 2014 and 2013, respectively.

**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, 2014 and 2013. 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, 2014 AND 2013**

**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, 2014). At July 31, 2014 and 2013, 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 50% of one year's expenses.

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.

**Note 6 - Retirement Plan**

The Committee has a defined contribution pension plan covering all full-time employees who have been employed by the Committee for one continuous year. The minimum age to qualify under the Plan is 21 and the normal retirement date is at age 65. With consent of the Committee, a participant may postpone retirement to age 72.

The Committee contributed \$12,360 and \$17,430 to the retirement plan for the years ended July 31, 2014 and 2013, respectively. Additionally, the Committee paid administrative fees of \$460 and \$500 in 2014 and 2013, respectively.