

CITRUS ADMINISTRATIVE COMMITTEE
FEDERAL CITRUS MARKETING ORDER #905, AS AMENDED
FINANCIAL STATEMENTS
YEARS ENDED JULY 31, 2012 AND 2011
TOGETHER WITH INDEPENDENT AUDITORS' REPORT



The Committee Members and Alternates
Citrus Administrative Committee
Lakeland, Florida

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statements of financial position of the Citrus Administrative Committee, a nonprofit organization, as of July 31, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Committee's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Citrus Administrative Committee at July 31, 2012 and 2011, and the changes in net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2012, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Dearolf & Mereness LLP

Tampa, Florida
October 2, 2012

**CITRUS ADMINISTRATIVE COMMITTEE
STATEMENTS OF FINANCIAL POSITION
JULY 31, 2012 AND 2011**

ASSETS	<u>2012</u>	<u>2011</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 133,433	\$ 152,479
Assessments receivable	4,858	10,560
Prepaid expenses	<u>10,424</u>	<u>10,424</u>
TOTAL CURRENT ASSETS	148,715	173,463
FURNITURE AND EQUIPMENT		
Furniture and equipment, net of accumulated depreciation of \$10,193 and \$10,797 for 2012 and 2011, respectively	<u>1,674</u>	<u>2,374</u>
TOTAL ASSETS	<u><u>\$ 150,389</u></u>	<u><u>\$ 175,837</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 8,400	\$ 8,100
Assessment refunds payable	30,435	56,880
Payroll taxes payable	<u>-</u>	<u>112</u>
TOTAL CURRENT LIABILITIES	38,835	65,092
NET ASSETS		
Unrestricted	<u>111,554</u>	<u>110,745</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 150,389</u></u>	<u><u>\$ 175,837</u></u>

**CITRUS ADMINISTRATIVE COMMITTEE
STATEMENTS OF ACTIVITIES
YEARS ENDED JULY 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
REVENUES		
Assessments from handlers net of uncollectible assessments of \$1,773 in 2011	\$ 197,293	\$ 203,565
Other income	<u>180</u>	<u>152</u>
TOTAL REVENUES	<u>197,473</u>	<u>203,717</u>
EXPENSES		
Program services	191,254	193,081
Management and general	<u>31,855</u>	<u>28,406</u>
TOTAL EXPENSES	<u>223,109</u>	<u>221,487</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(25,636)	(17,770)
OTHER CHANGES IN NET ASSETS		
Decrease in assessments to be refunded to shippers	<u>26,445</u>	<u>16,864</u>
CHANGE IN NET ASSETS	809	(906)
NET ASSETS - BEGINNING OF YEAR	<u>110,745</u>	<u>111,651</u>
NET ASSETS - END OF YEAR	<u><u>\$ 111,554</u></u>	<u><u>\$ 110,745</u></u>

**CITRUS ADMINISTRATIVE COMMITTEE
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JULY 31, 2012 AND 2011**

	2 0 1 2		
	Total	Program Services	Management and General
EXPENSES			
Salaries	\$ 116,200	\$ 105,410	\$ 10,790
Information and statistical services - Florida			
Dept. of Agriculture and Consumer Services	25,000	25,000	-
Retirement plan	17,960	16,292	1,668
Insurance and bonds	14,063	10,547	3,516
Payroll taxes	9,271	8,410	861
Office rental	9,136	6,852	2,284
Accounting and auditing	8,904	-	8,904
Telephone	5,820	4,365	1,455
Travel	5,742	5,742	-
Office supplies	3,981	2,986	995
Repairs and maintenance	1,992	1,494	498
Miscellaneous	1,431	1,073	358
Postage	1,406	1,055	351
Committee - travel and meetings	1,349	1,349	-
Depreciation	700	525	175
Statistical service and subscriptions	154	154	-
TOTAL EXPENSES	\$ 223,109	\$ 191,254	\$ 31,855

2 0 1 1

<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>
\$ 112,000	\$ 108,000	\$ 4,000
25,000	25,000	-
17,480	16,856	624
14,378	10,784	3,594
8,842	8,526	316
9,136	6,852	2,284
14,530	-	14,530
6,046	4,535	1,511
5,866	5,866	-
2,465	1,849	616
1,285	964	321
602	452	150
1,159	869	290
1,774	1,774	-
680	510	170
244	244	-
<u>\$ 221,487</u>	<u>\$ 193,081</u>	<u>\$ 28,406</u>

**CITRUS ADMINISTRATIVE COMMITTEE
STATEMENTS OF CASH FLOWS
YEARS ENDED JULY 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 809	\$ (906)
Adjustments to reconcile change in net assets to net cash flows from operations:		
Depreciation	700	680
Changes in assets and liabilities:		
(Increase) decrease in receivables	5,702	(505)
(Increase) in prepaid expenses	-	(377)
Increase (decrease) in accounts payable	300	(418)
(Decrease) in assessment refunds payable	(26,445)	(16,864)
(Decrease) in payroll taxes payable	(112)	(2,424)
	<u> </u>	<u> </u>
CASH FLOWS USED BY OPERATING ACTIVITIES	(19,046)	(20,814)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	<u> -</u>	<u> (653)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(19,046)	(21,467)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>152,479</u>	<u>173,946</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 133,433</u></u>	<u><u>\$ 152,479</u></u>

CITRUS ADMINISTRATIVE COMMITTEE
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2012 AND 2011

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 October 2, 2012, 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 \$.0072 per equivalent 4/5 bushel box for the years ended July 31, 2012 and 2011.

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, 2012 and 2011. 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, 2012 AND 2011

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, 2012). At July 31, 2012 and 2011, 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 \$17,430 and \$16,800 to the retirement plan for the years ended July 31, 2012 and 2011, respectively. Additionally, the Committee paid administrative fees of \$530 and \$680 in 2012 and 2011, respectively.