

**SOUTHWEST FLORIDA RESEARCH AND
EDUCATION FOUNDATION, INC.**

Annual Financial Report

June 30, 2017

SOUTHWEST FLORIDA RESEARCH AND
EDUCATION FOUNDATION, INC.

June 30, 2017

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BOY, MILLER, KISKER & PERRY, P.A.

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INDEPENDENT AUDITOR'S REPORT

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
Southwest Florida Research and
Education Foundation, Inc.
Immokalee, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Southwest Florida Research and Education Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities 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.

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 respective financial position of Southwest Florida Research and Education Foundation, Inc., as of June 30, 2017, 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 20, 2017, on our consideration of Southwest Florida Research and Education 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 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 in considering the Foundation's internal control over financial reporting and compliance.

Boyd, Miller, Kisker & Perry, PA

LaBelle, Florida
September 20, 2017

SOUTHWEST FLORIDA RESEARCH AND
EDUCATION FOUNDATION, INC.
Statement of Financial Position
June 30, 2017

ASSETS

Current assets		
Cash and cash equivalents	\$ 117,922	
Accounts receivable	<u>75</u>	
Total current assets		\$117,997
Fixed assets		
Screenhouses	164,340	
Model grove and windbreak	17,069	
Sign	850	
Equipment	<u>25,176</u>	
	207,435	
Less accumulated depreciation	<u>176,793</u>	
Total fixed assets		<u>30,642</u>
Total assets		<u>\$148,639</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable		\$ 2,094
Net assets		
Unrestricted		<u>146,545</u>
Total liabilities and net assets		<u>\$148,639</u>

See accompanying notes and independent auditor's report.

SOUTHWEST FLORIDA RESEARCH AND
EDUCATION FOUNDATION, INC.
Statement of Activities
For the Year Ended June 30, 2017

Changes in unrestricted net assets	
Unrestricted revenues	
Seed and fruit sales	\$ 68,245
In-kind grove care	17,270
Contributions	5,100
Membership dues	<u>1,625</u>
Total unrestricted revenues	<u>92,240</u>
Unrestricted expenses	
Program services	
Seed supply and extraction	25,828
Grove caretaking - in-kind	17,270
Depreciation	12,868
Repairs and maintenance	7,634
Fertilizer and chemicals	5,448
Supporting services	
Professional services	1,525
Insurance	300
State report	<u>61</u>
Total unrestricted expenses	<u>70,934</u>
Increase in net assets	21,306
Net assets - beginning of year	<u>125,239</u>
Net assets - end of year	<u>\$ 146,545</u>

See accompanying notes and independent auditor's report.

SOUTHWEST FLORIDA RESEARCH AND
EDUCATION FOUNDATION, INC.
Statement of Cash Flows
For the Year Ended June 30, 2017

Cash flows from operating activities:	
Increase in net assets	\$ 21,306
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	12,868
(Increase) decrease in operating assets	
Accounts receivable	(75)
Increase (decrease) in operating liabilities	
Accounts payable	<u>1,014</u>
Net cash provided by operating activities	35,113
Cash flows from investing activities:	
Payments for equipment	<u>(5,961)</u>
Net cash used by investing activities	(5,961)
Net increase (decrease) in cash and cash equivalents	29,152
Cash - beginning of year	<u>88,770</u>
Cash - end of year	<u><u>\$117,922</u></u>

Supplemental disclosure:

The Foundation received \$17,270 for in-kind grove care during the year. This is an item not affecting cash flow.

See accompanying notes and independent auditor's report.

SOUTHWEST FLORIDA RESEARCH AND
EDUCATION FOUNDATION, INC.
Notes to Financial Statements
June 30, 2017

NOTE 1 - NATURE AND PURPOSE OF THE FOUNDATION

Southwest Florida Research and Education Foundation, Inc. (the Foundation) was organized in 1991 as a Florida non-profit corporation without capital stock under the provisions of Chapter 617 of the Florida Statutes. The Foundation has been certified as a direct support organization of the University of Florida.

The Foundation provides support for citrus research and educational activities to a state university as well as the Southwest Florida Research and Education Center.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies followed by the Foundation are described in the following paragraphs to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets as described below.

Net Asset Classifications

Unrestricted Net Assets - Unrestricted net assets represent funds which are fully available to be utilized in any Foundation program or for supporting services, and those resources invested in equipment and furnishings.

Temporarily Restricted Net Assets - Temporarily restricted net assets are comprised of funds which are restricted by donors for specific purposes. The restrictions are satisfied either by the passage of time or by actions of the Foundation.

Permanently Restricted Net Assets - Permanently restricted net assets include resources with permanent donor-imposed restrictions, which require the assets to be maintained in perpetuity but permit the Foundation to expend all or part of the income derived from the donated assets.

As of June 30, 2017, the Foundation had no temporarily or permanently restricted net assets.

SOUTHWEST FLORIDA RESEARCH AND
EDUCATION FOUNDATION, INC.
Notes to Financial Statements
June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed Assets

Fixed assets are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation on the components of the greenhouse is computed using the straight-line method at rates based on the following estimated useful lives.

	<u>Years</u>
Plastic roof	3
Screen	5
Sign	7
Equipment	7
Model grove and windbreak	10
Curtain	10
Irrigation system	15
Structure	20

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Foundation's Forms 990, Return of Organization Exempt from Income Tax, for the fiscal years ended 2014, 2015, 2016, and 2017 are subject to examination by the IRS, generally for three years after they were filed.

SOUTHWEST FLORIDA RESEARCH AND
EDUCATION FOUNDATION, INC.
Notes to Financial Statements
June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates which could differ from actual costs or actual results.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 30, 2017, the date the financial statements were available to be issued.

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of a noninterest-bearing checking account in a financial institution that qualifies as a public depository.

As of June 30, 2017, the carrying amount of the Foundation's noninterest-bearing checking account and bank balance was \$117,922.

The Foundation's use of a noninterest-bearing bank account in a financial institution that is covered by federal depository insurance makes credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk nominal or nonexistent in regards to this account.

At no time during the year did the cash balance with the financial institution exceed FDIC limits.

NOTE 4 - IN-KIND GROVE CARE

The Foundation receives donated chemicals, fertilizer, and grove caretaking services from members of the citrus industry. The value of the donated services and supplies was estimated to be \$17,270 for the year, and is reported as in-kind grove care in the Statement of Activities.

NOTE 5 - LEASE

The Foundation conducts its operations on approximately 100 acres of land under a sub-lease agreement with the University of Florida, Board of Trustees. The sub-lease is for a period of ten years with automatic renewals for successive ten year periods up to a maximum of fifty years. The rent for the use of the property is ten dollars per ten year period.

The Foundation must limit its use of the property to those activities relating to or incidental to the development and provision of quality propagation material for the Florida citrus industry and to the provision of research and educational program support of the Southwest Florida Research and Education Center. The lease may be terminated by either party with 180 days written notice.

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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

To the Board of Directors
Southwest Florida Research and
Education Foundation, Inc.
Immokalee, Florida

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, the financial statements of Southwest Florida Research and Education Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 20, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Southwest Florida Research and Education Foundation, Inc.'s 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 Southwest Florida Research and Education Foundation, Inc.'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 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 Southwest Florida Research and Education Foundation, Inc.'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bray Miller, Kistler & Perry, PA

LaBelle, Florida
September 20, 2017

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INDEPENDENT ACCOUNTANT'S REPORT ON
COMPLIANCE WITH THE REQUIREMENTS
OF SECTION 218.415, FLORIDA STATUTES

To the Board of Directors
Southwest Florida Research and
Education Foundation, Inc.
Immokalee, Florida

We have examined Southwest Florida Research and Education Foundation, Inc.'s compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended June 30, 2017, as required by Section 10.556(10)(a), Rules of the Auditor General of the State of Florida. Management is responsible for Southwest Florida Research and Education Foundation, Inc.'s compliance with those requirements. Our responsibility is to express an opinion on Southwest Florida Research and Education Foundation, Inc.'s compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Southwest Florida Research and Education Foundation, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Southwest Florida Research and Education Foundation, Inc.'s compliance with specified requirements.

In our opinion, Southwest Florida Research and Education Foundation, Inc. complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2017.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, management, and the Board of Supervisors of Southwest Florida Research and Education Foundation, Inc., and is not intended to be and should not be used by anyone other than these specified parties.

Boy, Miller, Kisker & Perry, PA

LaBelle, Florida
September 20, 2017

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MANAGEMENT LETTER IN ACCORDANCE WITH
THE RULES OF THE AUDITOR GENERAL OF THE
STATE OF FLORIDA

To the Board of Directors
Southwest Florida Research and
Education Foundation, Inc.
Immokalee, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Southwest Florida Research and Education Foundation, Inc., as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated September 20, 2017.

Auditors' Responsibility

We conducted our audit 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 and Chapter 10.550, Rules of the Auditor General.

Other Reports

We have issued our 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; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures (if any) in those reports and schedules, which are dated September 20, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Such disclosure is included in the notes to the financial statements.

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether or not Southwest Florida Research and Education Foundation, Inc. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that Southwest Florida Research and Education Foundation, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor Southwest Florida Research and Education Foundation, Inc.'s financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Florida Auditor General, state granting agencies, and applicable management of Southwest Florida Research and Education Foundation, Inc., and is not intended to be and should not be used by anyone other than these specified parties.



LaBelle, Florida
September 20, 2017



Southwest Florida Research and Education Foundation, Inc.

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September 26, 2017

Sherrill Norman
Auditor General
Local Government Audits/342
Claude Pepper Building, Room 401
111 West Madison Street
Tallahassee, FL 32399-1450

RE: Auditor's Response in Auditor's Reports and Management Letter

Dear Ms. Norman:

There were no deficiencies cited in the current year auditor's reports or management letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Joby Sherrod". The signature is written in a cursive, flowing style.

Joby Sherrod
President