

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

**BASIC FINANCIAL STATEMENTS
TOGETHER WITH THE REPORTS OF
INDEPENDENT AUDITOR**

**YEARS ENDED
June 30, 2021 and 2020**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)	i-v
<u>Basic Financial Statements</u>	
Statements of Net Position.....	4
Statements of Revenues, Expenses and Changes in Net Position.....	5
Statements of Cash Flows.....	6
Notes to the Financial Statements.....	7-17
<u>Additional Reports of Independent Auditor</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	18-19
Independent Auditor's Report to Management.....	20-21
Management's Response to the Independent Auditor's Report to Management.....	Exhibit

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Southwest Florida Research and
Education Foundation, Inc.
2685 SR 29 North
Immokalee, Florida 34142

Report on the Financial Statements

We have audited the accompanying basic financial statements of Southwest Florida Research and Education Foundation, Inc. (the "Foundation") (a not-for-profit corporation) a direct support organization and component unit of the University of Florida (the "University"), as of June 30, 2021, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the Table of Contents.

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 Governmental Auditing Standards, issued by the Comptroller General of the United States of America. 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 Foundation'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

INTEGRITY SERVICE EXPERIENCE

opinion on the effectiveness of the Foundation'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 basic financial statements referred to above present fairly, in all material respects, the net position of Southwest Florida Research and Education Foundation, Inc. as of June 30, 2021, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The basic financial statements of the Southwest Florida Research and Education Foundation, Inc. as of June 30, 2020, were audited by other auditors whose report dated October 30, 2020, expressed an unmodified opinion on those financial statements.

Emphasis of Matter

Basis of Presentation

During the fiscal year ended June 30, 2021, the basis of presentation for the Foundation was changed from a governmental activity to a business-type activity. As a result, these financial statements are presented on a comparative basis and no longer include the Government-Wide Financial Statements, reconciliations from the Government-Wide Financial Statements to the Governmental Fund Financial Statement, and the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.

A special purpose government entity engaged only business-type activities (BTA) presents proprietary (enterprise) fund financial statements which include the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows.

As part of this change in presentation, the measurement focus and basis of accounting was changed from the financial resources measurement focus and modified accrual basis of accounting to the economic resources measurement focus and the accrual basis of accounting.

There was no effect on the beginning net position balance or the change in net position as a result of this change in presentation.

Other Matters

Required Supplementary Information

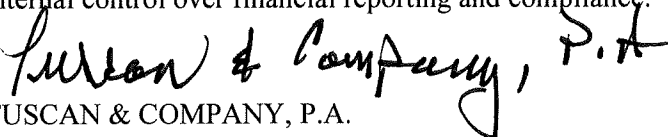
Accounting principles generally accepted in the United States of America require that the supplementary information - management's discussion and analysis on pages i-v be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Foundation's basic financial statements. The Exhibit – Management's Response to the Independent Auditor's Report to Management is not a required part of the basic financial statements but is required by Government Auditing Standards. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated October 4, 2021, 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, grants 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 Southwest Florida Research and Education Foundation, Inc.'s internal control over financial reporting and compliance.


TUSCAN & COMPANY, P.A.

Fort Myers, Florida

October 4, 2021

**SOUTHWEST FLORIDA RESEARCH AND
EDUCATION FOUNDATION, INC.
STATEMENTS OF NET POSITION
June 30, 2021 and 2020**

Page 4 of 21

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 85,763	\$ 57,351
Prepaid rent	-	1,900
Security deposits	<u>-</u>	<u>2,000</u>
TOTAL CURRENT ASSETS	85,763	61,251
CAPITAL ASSETS, NET	<u>3,436</u>	<u>10,346</u>
TOTAL ASSETS	<u>\$ 89,199</u>	<u>\$ 71,597</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 905	\$ 210
Due to University of Florida	<u>25,167</u>	<u>8,333</u>
TOTAL CURRENT LIABILITIES	<u>26,072</u>	<u>8,543</u>
NET POSITION		
Net investment in capital assets	3,436	10,346
Restricted	-	-
Unrestricted	<u>59,691</u>	<u>52,708</u>
TOTAL NET POSITION	<u>63,127</u>	<u>63,054</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 89,199</u>	<u>\$ 71,597</u>

The accompanying notes are an integral part of this statement.

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

Page 5 of 21

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Seed sales	\$ 8,850	\$ 16,250
Grove caretaking - in-kind	-	13,145
Fruit and vegetable sales	25,575	12,662
House rent	2,250	10,130
Dormitory contributions	25,166	8,433
Other contributions	3,000	141
Membership dues	1,126	650
TOTAL OPERATING REVENUES	<u>65,967</u>	<u>61,411</u>
OPERATING EXPENSES		
Leased housing	1,900	20,900
Repairs and maintenance	6,739	19,483
Grove caretaking - in-kind	-	13,145
Fertilizer, chemicals, and compost	1,820	11,181
Seed supply and extraction	6,978	3,600
Professional services	2,046	2,535
Utilities	-	1,753
Office	-	149
Licenses and taxes	-	61
TOTAL OPERATING EXPENSES		
PRIOR TO DEPRECIATION	19,483	72,807
Depreciation	5,191	5,690
TOTAL OPERATING EXPENSES	<u>24,674</u>	<u>78,497</u>
OPERATING PROFIT (LOSS)	<u>41,293</u>	<u>(17,086)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income	-	-
Gain (loss) on disposition of capital assets	(1,719)	-
Transfers to University of Florida	(39,501)	(8,333)
NET NON-OPERATING EXPENSES	<u>(41,220)</u>	<u>(8,333)</u>
INCREASE (DECREASE) IN NET POSITION	73	(25,419)
NET POSITION - Beginning of the year	<u>63,054</u>	<u>88,473</u>
NET POSITION - End of the year	<u>\$ 63,127</u>	<u>\$ 63,054</u>

The accompanying notes are an integral part of this statement.

**SOUTHWEST FLORIDA RESEARCH AND
EDUCATION FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES:		
Cash received from customers and donors	\$ 63,117	\$ 48,266
Cash payments to suppliers	(12,038)	(62,855)
Cash payments to University of Florida	<u>(22,667)</u>	<u>-</u>
NET CASH PROVIDED BY		
OPERATING ACTIVITIES	<u>28,412</u>	<u>(14,589)</u>
CASH FLOWS FROM (USED IN)		
NON CAPITAL FINANCING:	<u>-</u>	<u>-</u>
CASH FLOWS FROM (USED IN) CAPITAL AND		
RELATED FINANCING ACTIVITIES:		
Proceeds from sale of capital assets (gain)	<u>-</u>	<u>-</u>
NET CASH PROVIDED BY		
(USED IN) CAPITAL AND		
RELATED FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
CASH FLOWS FROM (USED IN)		
INVESTING ACTIVITIES:		
Interest earned on investments	<u>-</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN)		
INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN		
CASH AND CASH EQUIVALENTS	28,412	(14,589)
CASH AND CASH EQUIVALENTS-		
BEGINNING OF YEAR	<u>57,351</u>	<u>71,940</u>
CASH AND CASH EQUIVALENTS-		
END OF YEAR	<u>\$ 85,763</u>	<u>\$ 57,351</u>

The accompanying notes are an integral part of this statement.

	<u>2021</u>	<u>2020</u>
RECONCILIATION OF OPERATING PROFIT TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
OPERATING PROFIT (LOSS)	<u>\$ 73</u>	<u>\$ (25,419)</u>
Adjustments to reconcile operating profit to net cash provided by operating activities:		
Depreciation (non cash)	5,191	5,690
Loss on disposition of capital assets	1,719	-
(Increase) decrease in prepaid expenses	1,900	(1,900)
(Increase) decrease in security deposits	2,000	-
Increase (decrease) in accounts payable	695	(1,293)
Increase (decrease) in Due to University of Florida	<u>16,834</u>	<u>8,333</u>
 TOTAL ADJUSTMENTS	 <u>28,339</u>	 <u>10,830</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>\$ 28,412</u>	 <u>\$ (14,589)</u>

NON-CASH TRANSACTIONS

Non-cash donated services (revenue and expense) in the amount of \$2,850 and \$13,145 for fiscal years ended June 30, 2021 and 2020, respectively have been eliminated from the statements of cash flows.

**SOUTHWEST FLORIDA RESEARCH AND
EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021 and 2020**

Page 7 of 21

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES**

Organization and nature of activities

Southwest Florida Research and Education Foundation, Inc. (the Foundation) is a direct support organization (DSO) of the University of Florida formed pursuant to the authority of Section 1004.28, Florida Statutes, and is considered a component unit of the University of Florida (the University) (State of Florida Auditor General Rule 10.700). The Foundation was formed on June 17, 1991 as a not-for-profit organization in the State of Florida under the provisions of Section 617, Florida Statutes, to receive, hold, invest and administer property and to make expenditures for the benefit of the University. Specifically, the Foundation promotes the educational, research and service missions and purposes of the University by providing research and educational support to the University and the Southwest Florida Research and Education Center, Inc.

The Foundation is governed by a Board of eleven (11) Directors who are members of the Foundation. Nine (9) of the Directors are elected annually, one (1) Director is appointed by the Chair of the University of Florida Board of Trustees, and one (1) Director is appointed by the President of the University of Florida or his or her designee.

The Board has the responsibility for:

- Setting prices and dues.
- Approving budgets.
- Controlling the use of funds generated by the Foundation.
- Exercising control over facilities and properties.
- Approving the hiring and firing of key personnel.

Reporting entity

These financial statements are entirely those of the Foundation and, accordingly, are not intended to present the financial position or the results of operations of the University of Florida or the Southwest Florida Research and Education Center, Inc. (Center). Both the University and the Center are considered related parties. No entities are required to be or are included as component units of the Foundation.

**SOUTHWEST FLORIDA RESEARCH AND
EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021 and 2020**

Page 8 of 21

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Basis of presentation

The Foundation's financial statement presentation follows the recommendations contained under guidance provided by the Governmental Accounting Standards Board (GASB) Statements No. 29, No. 34, No. 35 and No. 38. Under GASB Statement No. 35, for financial reporting purposes, the Foundation is considered a special purpose government engaged only in business-type activities (BTA). The Foundation adheres to the recommendations of the National Association of College and University Business Officers (NACUBO). NACUBO's recommendations are prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board (FASB) and the GASB. The Foundation reporting model under GASB Statement No. 35 is considered a special-purpose government entity engaged only in business-type activities.

GASB Statements No. 34 and 35 provide that a special-purpose government entity engaged only in business-type activities is to present entity-wide reporting including the following:

- Management's Discussion and Analysis (MD&A)
- Proprietary (enterprise) fund financial statements:
 - 1) Statement of Net Position
 - 2) Statement of Revenues, Expenses and Changes in Net Position
 - 3) Statement of Cash Flows
- Notes to the financial statements

No budget versus actual statement is presented, as the Foundation is not required to adopt a legal budget.

Measurement Focus

The proprietary fund type is presented using the economic resources measurement focus.

Basis of Accounting

The Foundation's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recorded in the period earned and expenses are recorded in the period the liability is incurred.

**SOUTHWEST FLORIDA RESEARCH AND
EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021 and 2020**

Page 9 of 21

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Cash and Investments

For financial reporting purposes, the Foundation considers cash and cash equivalents to be cash on hand, cash in banks, certificates of deposit, regardless of maturity, and short-term investments with maturities less than three months when acquired.

Foundation investments with a maturity of one year or less when purchased are stated at cost or amortized cost. Foundation investments with a maturity greater than one year are stated at fair value in accordance with GASB Statement No. 31.

The Foundation does not have an adopted investment policy since it follows Florida Statute 218.45 for investment decisions. Florida Statutes authorize investments that include money market accounts, savings accounts and certificates of deposit at banks certified as qualified public depositories by the State of Florida, repurchase agreements, obligations of the U.S. Government, and certain bond mutual funds.

The Foundation follows State Statutes for allowable investments. However, State Statutes do not specifically address the risks disclosed in GASB No. 40. No policy exists for the following risks: credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

Deposits consist of a noninterest-bearing bank account at a financial institution that qualifies as a public depository. These funds are insured by the Federal Deposit Insurance Corporation or by collateral pursuant to the Florida Securities for Public Deposits Act (Florida Statutes 280). There are no amounts that are considered investments as of June 30, 2021 or 2020.

Concentration of Credit

Throughout the year, the Foundation may have cash balances on deposit with financial institutions in excess of FDIC insurance limits of \$250,000. Such amounts in excess of FDIC limits are not insured. Management does not believe the Foundation is exposed to undue credit risk. The Foundation has incurred no losses due to exposure to credit risk.

**SOUTHWEST FLORIDA RESEARCH AND
EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021 and 2020**

Page 10 of 21

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Receivables

All receivables are reported at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital Assets

Capital assets purchased or acquired by proprietary funds are reported at historical cost or estimated historical cost if historical cost is not available. Donated assets are reported at estimated fair market value as of the date received. Assets acquired with a cost or fair value of \$750 or more and a useful life of 1 year or more are capitalized. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The capital assets are depreciated using the straight-line method of depreciation over the following useful lives:

<u>Asset</u>	<u>Years</u>
Grove and windbreak	30
Machinery and equipment	7
Buildings and components	3 to 10
Rental home furniture and appliances	7

Revenue Recognition

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**SOUTHWEST FLORIDA RESEARCH AND
EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021 and 2020**

Page 11 of 21

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Fair Value of Assets

Due to the short term nature of the Foundation's current assets and liabilities no use of leveling is deemed necessary.

Donated services

A number of volunteers, including the Board of Directors, have donated significant amounts of their time and expertise to the Foundation's programs and supporting services. No amount has been reflected in the financial statements for these donated services, inasmuch as no objective basis is available to measure the value of such services. Although, donated or bartered professional services have been recorded as offsetting revenues and expenses.

Income taxes

No provision for income tax expense has been made in the accompanying financial statements since the Foundation is exempt from income taxes under Internal Revenue Code Section 501(c)(3). In addition, the Foundation is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. Management believes the Foundation met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax. The Foundation's income tax returns for the past three years are open and subject to examination by tax authorities, and may change upon examination. The Foundation reports no unrelated business taxable income; however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities.

The Financial Accounting Standards Board has issued guidance on accounting for uncertainty in income taxes and the Foundation has adopted this guidance. The Foundation has evaluated its tax positions and any estimates utilized in its tax returns, and concluded that it has taken no uncertain tax positions that require adjustments to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax positions will be recognized in income tax expense, if required.

**SOUTHWEST FLORIDA RESEARCH AND
EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021 and 2020**

Page 12 of 21

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Classification of revenues

The Foundation classifies its revenues as operating or non-operating according to the following criteria:

Operating revenues - include activities that have the characteristics of exchange transactions, such as grant revenue and sales.

Non-operating revenues - include activities that have characteristics of non-exchange transactions, such as investment income.

Net Position

The Foundation's net position is classified as follows:

Net investment in capital assets - consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt that is attributable to those assets.

Unrestricted - represents net position that is not restricted for any purpose and available for all current operations.

Reclassifications

Certain amounts in the financial statements have been reclassified to conform with the current year presentation. These reclassifications had no effect on the results of operations or net assets.

Subsequent Events

Subsequent events have been evaluated through October 4, 2021, which is the date the financial statements were available to be issued.

**SOUTHWEST FLORIDA RESEARCH AND
EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021 and 2020**

Page 13 of 21

NOTE B - CASH

Cash and cash equivalents consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Depository accounts	<u>\$ 85,763</u>	<u>\$ 57,351</u>

The Foundation held restricted cash for balances due the University, of \$25,167 and \$8,333 as of June 30, 2021 and 2020, respectively.

Concentration of credit risk

The Foundation maintains its cash and cash equivalent balances at a financial institution which at times may exceed federally insured limits. The cash and cash equivalents are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The bank balances were fully insured as of June 30, 2021 and 2020.

The Foundation has not experienced any economic losses on such account. The Foundation believes it is not exposed to any significant credit risk regarding its cash balances.

**SOUTHWEST FLORIDA RESEARCH AND
EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021 and 2020**

Page 14 of 21

NOTE C - CAPITAL ASSET ACTIVITY

The following is a summary of changes in capital asset activity for the years ended June 30:

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021
<u>2021</u>				
Capital Assets				
Being Depreciated:				
Grove and windbreak	\$ 17,069	\$ -	\$ -	\$ 17,069
Buildings and components	164,340	-	-	164,340
Machinery and equipment	26,026	-	-	26,026
Student housing furniture and appliances	<u>2,957</u>	<u>-</u>	<u>(2,832)</u>	<u>125</u>
Total Capital Assets Being Depreciated	<u>210,392</u>	<u>-</u>	<u>(2,832)</u>	<u>207,560</u>
Less Accumulated Depreciation:				
Grove and windbreak	(17,069)	-	-	(17,069)
Buildings and components	(158,252)	(3,479)	-	(161,731)
Machinery and equipment	(23,985)	(1,290)	-	(25,275)
Student housing furniture and appliances	<u>(740)</u>	<u>(422)</u>	<u>1,113</u>	<u>(49)</u>
Total Accumulated Depreciation	<u>(200,046)</u>	<u>(5,191)</u>	<u>1,113</u>	<u>(204,124)</u>
	<u>\$ 10,346</u>	<u>\$ (5,191)</u>	<u>\$ (1,719)</u>	<u>\$ 3,436</u>
	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020
<u>2020</u>				
Grove and windbreak	\$ 17,069	\$ -	\$ -	\$ 17,069
Buildings and components	164,340	-	-	164,340
Machinery and equipment	26,026	-	-	26,026
Student housing furniture and appliances	<u>2,957</u>	<u>-</u>	<u>-</u>	<u>2,957</u>
	<u>210,392</u>	<u>-</u>	<u>-</u>	<u>210,392</u>
Less Accumulated Depreciation:	<u>194,356</u>	<u>5,690</u>	<u>-</u>	<u>200,046</u>
	<u>\$ 16,036</u>	<u>\$ 5,690</u>	<u>\$ -</u>	<u>\$ 10,346</u>

**SOUTHWEST FLORIDA RESEARCH AND
EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021 and 2020**

Page 15 of 21

NOTE D - REALTED PARTY TRANSACTIONS

Land and occupancy

The Foundation conducts its operations on approximately 100 acres of land under a sub-lease agreement with the Board of Regents of the State of Florida on behalf of the University of Florida. The sub-lease commenced on September 9, 1992 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 University's Southwest Florida Research and Education Center, Inc. The lease may be terminated by either party with 180 days written notice.

The Foundation, also, utilizes space and office amenities provided by the University of Florida for meetings and other administrative functions. No in-kind rent and office amenities has been recorded in these financial statements for the years ended June 30, 2021 and 2020 as it is shared space with no defined boundaries and, therefore, there is no clearly measurable basis to value the contributed facilities.

Rental house

The Foundation leased a residential home under the terms of a renewable one year lease ending July 31, 2020. The home was used as temporary rental housing for students while the University of Florida constructed an additional dormitory. The original lease called for monthly rental payments of \$1,900 and expired July 31, 2019. The lease was extended for one year through July 31, 2020. Rent expense for the fiscal years ended June 30, 2021 and 2020 was \$1,900 and 20,900, respectively.

Dormitory donations

During the fiscal year ended June 30, 2020, the University of Florida began construction of a student dormitory. The Foundation received donations from its members and the community and remitted those amounts to the University for this project. In addition, the Foundation's Board of Directors committed \$43,000 to be donated for this project to be paid in three (3) equal installments of \$14,333 for fiscal years 2020 through 2022.

**SOUTHWEST FLORIDA RESEARCH AND
EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021 and 2020**

Page 16 of 21

NOTE D - REALTED PARTY TRANSACTIONS, CONTINUED

Transfers to the University of Florida, a related party, include amounts from donors and Foundation contributions in the amount of \$39,501 and \$8,333 for fiscal years ended June 30, 2021 and 2020, respectively. At June 30, 2021 and 2020, the Foundation has amounts payable to the University of Florida recorded in the amounts of \$25,167 and \$8,333, respectively.

NOTE E - COMMITMENT

The Foundation resolved, on July 14, 2020, to donate \$43,000 over three years to the University for local dorms at \$14,333 per year starting with the year June 30, 2021. During the year ended June 30, 2021 the Foundation contributed \$14,333 to the University for this project.

NOTE F - COVID 19

In early March 2020, the World Health Organization classified the coronavirus outbreak "COVID-19" as a global pandemic, and it, unfortunately, continues to spread. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, have been severely impacted, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. On April 1, 2020, Florida Governor, Ron DeSantis ordered all Floridians to stay home, to lock down the State against the Coronavirus. Fundraising events were halted throughout the community.

The Foundation has adapted its fundraising and development efforts as well as its operations to accommodate the current environment. However, the full impact of the COVID-19 outbreak continues to evolve as of the date of this report. This pandemic has adversely affected global economic activity and greatly contributed to instability in financial markets. Management is actively monitoring the local situation on its financial condition, liquidity, operations, donors, industry, and workforce. Given the daily evolution of COVID-19 and the global and local responses to curb its spread, the Organization is not able to estimate the future effects of COVID-19 on its results of operation, financial condition, or liquidity for fiscal year 2021-22.

**SOUTHWEST FLORIDA RESEARCH AND
EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021 and 2020**

Page 17 of 21

NOTE G - CHANGE IN PRESENTATION

The Foundation historically reported as a governmental activity and more specifically as a general fund using the financial resources measurement focus and the modified accrual basis of accounting. During the year ended June 30, 2021, the Foundation's presentation was changed to that of business type activity - enterprise fund using the economic resources measurement focus and accrual basis of accounting. The change was implemented retroactively as of and for the year ended June 30, 2020. Since the financial statements are prepared on a comparative basis. There was no effect on the net position or the changes in net position for either year presented.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF BASIC
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Southwest Florida Research and
Education Foundation, Inc.
26885 SR 29 North
Immokalee, Florida 34142

We have audited, 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 of America, the basic financial statements which comprise the statement of net position as of June 30, 2021 and the related statements of revenue, expenses and changes in net position and cash flows of Southwest Florida Research and Education Foundation, Inc. (the "Foundation") for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise the Foundation's basic financial statements as listed in the table of contents and have issued our report thereon dated October 4, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation'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 the Foundation'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.

INTEGRITY SERVICE EXPERIENCE

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 Southwest Florida Research and Education Foundation, Inc.'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.

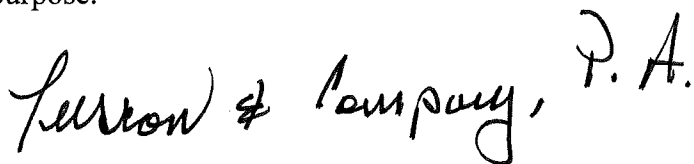
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify any deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined previously. 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 basic 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 basic 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 internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "TUSCAN & COMPANY, P.A." in a cursive, stylized font.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
October 4, 2021

INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT

Board of Directors
Southwest Florida Research and
Education Foundation, Inc.
26885 SR 29 North
Immokalee, Florida 34142

In planning and performing our audit of the financial statements of the Southwest Florida Research and Education Foundation, Inc. (the "Foundation"), as of and for the year ended June 30, 2021, we considered the Southwest Florida Research and Education Foundation, Inc.'s internal controls over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion of the effectiveness of the Foundation'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

In connection with our audit, we are submitting the following comments and recommendations in accordance with Government Auditing Standards. These comments and recommendations are submitted for your review and consideration, items noted during the audit and recommendations are designed to help the Foundation make improvements and achieve operational efficiencies. Our comments reflect our desire to be of continuing assistance to the Southwest Florida Research and Education Foundation, Inc.

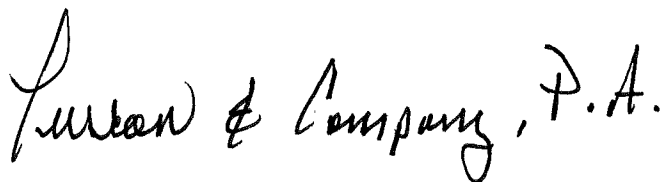
PRIOR YEAR COMMENTS THAT CONTINUE TO APPLY:

None – There were no financially significant prior year comments.

CURRENT YEAR COMMENTS:

None – There were no financially significant comments noted.

This report is intended solely for the information and use of the Board of Directors, management, the Auditor General of the State of Florida, and other Federal and State agencies. This report is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Tuscan & Company, P.A." in a cursive, flowing script.

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

October 4, 2021

EXHIBIT

Southwest Florida Research and Education Foundation, Inc.

2685 SR 29, North
Immokalee, Florida 34142

October 11, 2021

Ms. Sherrill F. Norman, CPA
Auditor General
State of Florida
111 W. Madison Street
Claude Denson Pepper Building
Tallahassee, FL 32399-1450

Re: Fiscal Year 2020-2021

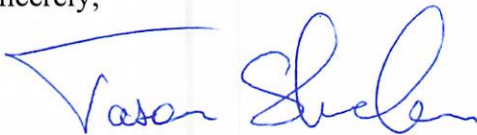
Dear Ms. Norman:

The Rules of the Auditor General require the audit report to include a written statement of explanation, including corrective action to be taken, or a rebuttal regarding any deficiencies cited by the auditor in the annual financial report.

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

If you need additional information, please contact our office.

Sincerely,

A handwritten signature in blue ink, appearing to read "Vason Shuler". The signature is fluid and cursive, with a large initial "V" and a stylized "S".

Southwest Florida Research and
Education Foundation, Inc.