

**HARDEE COUNTY EDUCATION FOUNDATION, INC.  
(A COMPONENT UNIT OF THE SCHOOL  
DISTRICT OF HARDEE COUNTY, FLORIDA)**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**HARDEE COUNTY EDUCATION FOUNDATION, INC.  
(A COMPONENT UNIT OF THE SCHOOL  
DISTRICT OF HARDEE COUNTY, FLORIDA)**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

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# Bunting, Tripp & Ingley, LLP

CERTIFIED PUBLIC ACCOUNTANTS

A Tradition of Excellence Since 1926



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## Independent Auditor's Report

ALSO WITH OFFICES IN  
TAMPA, FLORIDA

The Board of Directors  
Hardee County Education Foundation, Inc.  
Wauchula, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of Hardee County Education Foundation, Inc. (a nonprofit organization), a component unit of the School District of Hardee County, Florida, which comprise the statement of net position as of June 30, 2019, 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.

### 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 of 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 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 the Hardee County Education Foundation, Inc. as of June 30, 2019, 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 Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the 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 inquires 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2020, on our consideration of the Hardee County 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 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 Hardee County Education Foundation, Inc.'s internal control over financial reporting and compliance.



Lake Wales, Florida

January 13, 2020

**HARDEE COUNTY EDUCATION FOUNDATION, INC.  
(A COMPONENT UNIT OF THE SCHOOL  
DISTRICT OF HARDEE COUNTY, FLORIDA)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2019**

***Introduction***

As management of the Hardee County Education Foundation, Inc. (Foundation), we offer the readers of the Foundation's financial statements this narrative overview and analysis of the financial activities of the Foundation for the fiscal year ended June 30, 2019. The information contained in the Management's Discussion and Analysis (MD &A) is intended to highlight significant transactions, events, and conditions and should be considered in conjunction with the Foundation's financial statements and the notes to the financial statements.

***Overview of the Financial Statements***

The Foundation meets Governmental Accounting Standards Board (GASB) criteria for being reported as a component unit of the Hardee County District School Board. As explained in Note A of the Notes to the Financial Statements, the Foundation is a nonprofit organization and uses enterprise fund accounting and financial reporting for the purposes of complying with the requirements of GASB Statement 34. Required financial statements for the Foundation are described below:

***Statement of Net Position***

The statement of net position presents information on all assets, liabilities and net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial condition of the Foundation is improving or deteriorating.

***Statement of Activities***

The statement of activities presents revenue and expense information showing how the Foundation's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the event occurs, regardless of the timing of related cash flows.

***Statement of Cash Flows***

The statement of cash flows presents all increases and decreases in cash and cash equivalents during the fiscal year. The statement also includes a reconciliation of operating income (or loss) to net cash provided (or used) by operating activities.

**HARDEE COUNTY EDUCATION FOUNDATION, INC.  
(A COMPONENT UNIT OF THE SCHOOL  
DISTRICT OF HARDEE COUNTY, FLORIDA)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

**YEAR ENDED JUNE 30, 2019**

*Notes to the Financial Statements*

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the Foundation's financial statements.

*Financial Analysis*

As noted above, net position may serve over time as a useful indicator of a government's financial position. The assets of the Foundation exceeded its liabilities at June 30, 2019 by \$6,274,441. The largest portion of the Foundation's net position (98%) reflects cash and investments restricted for scholarships and other programs. Approximately 2% of the Foundation's net position is unrestricted and may be used to meet the Foundation's obligations.

The following table presents the Foundation's net position as of June 30, 2019, compared to net position as of June 30, 2018:

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
Assets	<u>\$ 6,342,986</u>	<u>\$ 228,716</u>	<u>\$ 6,114,270</u>
Liabilities	<u>\$ 71,545</u>	<u>\$ 7,700</u>	<u>\$ 63,845</u>
Net position:			
Restricted	<u>\$ 6,102,214</u>	<u>\$ 110,978</u>	<u>\$ 5,991,236</u>
Unrestricted	<u>169,227</u>	<u>110,038</u>	<u>59,189</u>
Total net position	<u>\$ 6,271,441</u>	<u>\$ 221,016</u>	<u>\$ 6,050,425</u>

Assets increased by \$6,114,270, which was primarily due to the receipt of endowment contributions.

**HARDEE COUNTY EDUCATION FOUNDATION, INC.  
(A COMPONENT UNIT OF THE SCHOOL  
DISTRICT OF HARDEE COUNTY, FLORIDA)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

**YEAR ENDED JUNE 30, 2019**

***Financial Analysis - Continued***

The following summarizes the Foundation's changes in net position for the fiscal year ended June 30, 2019, compared to the fiscal year ended June 30, 2018:

	<b>Fiscal Year 2018-2019</b>	<b>Fiscal Year 2017-2018</b>	<b>Increase (Decrease)</b>
Revenues:			
Contributions and fundraisers	\$ 6,176,008	\$ 163,901	\$ 6,012,107
Investment income, net	72,476	486	71,990
Intergovernmental revenue	-	331	(331)
Miscellaneous revenue	412	-	412
Total revenues	<u>6,248,896</u>	<u>164,718</u>	<u>6,018,276</u>
Expenses:			
Scholarships	44,000	35,600	8,400
Program	40,689	82,701	(42,012)
Special events	53,608	22,390	31,218
Endowment advisory	52,110	-	52,110
General administrative	8,064	7,043	1,021
Total expenses	<u>198,471</u>	<u>147,734</u>	<u>50,737</u>
Change in net position	6,050,425	16,984	6,033,441
Net position, beginning of year	<u>221,016</u>	<u>204,032</u>	<u>16,984</u>
Net position, ending of year	<u>\$ 6,271,441</u>	<u>\$ 221,016</u>	<u>\$ 6,050,425</u>

The Foundation's total revenues increased by \$6,018,276 and expenses increased by \$50,737 when compared with the prior year. Key element of the changes are as follows:

- Increase in contributions was primarily due to amounts transferred from Hardee County Economic Development Council and Hardee Industrial Development Authority. Overall expenses were higher due to endowment advisory expenses and increased special events.

***Other Matters***

The Foundation is not required to legally adopt a budget; therefore, no budgetary information is included. The Foundation has no capital assets, infrastructure assets, or long-term debt.

***Requests for Information***

This financial statement is designed to provide a general overview of the Foundation's finances for all those with interest in the Foundation's finances. Questions concerning any of the information provided in this report should be addressed to Greg Harrelson in the Hardee County District School Board Finance Office, 1009 N. 6<sup>th</sup> Avenue, Wauchula, Florida 33873. Greg can also be reached at [gharrelson@hardee.k12.fl.us](mailto:gharrelson@hardee.k12.fl.us).

**HARDEE COUNTY EDUCATION FOUNDATION, INC.  
(A COMPONENT UNIT OF THE SCHOOL  
DISTRICT OF HARDEE COUNTY, FLORIDA)**

**STATEMENT OF NET POSITION**

**JUNE 30, 2019**

**ASSETS**

Cash and cash equivalents	\$ 107,602
Investments	6,200,783
Endowment contribution receivable	33,601
Scholarship payments receivable	<u>1,000</u>
Total assets	<u>\$ 6,342,986</u>

**LIABILITIES AND NET POSITION**

**Liabilities**

Accounts payable	64,045
Scholarships payable	<u>\$ 7,500</u>
Total liabilities	<u>71,545</u>

**Net Position**

Restricted for scholarships and other programs	6,102,214
Unrestricted	<u>169,227</u>
Total net position	<u>6,271,441</u>
Total liabilities and net position	<u>\$ 6,342,986</u>



**HARDEE COUNTY EDUCATION FOUNDATION, INC.**  
**(A COMPONENT UNIT OF THE SCHOOL**  
**DISTRICT OF HARDEE COUNTY, FLORIDA)**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2019**

**Operating Revenue**

Contributions and grants	\$ 6,131,223
Fundraising activities	44,785
Miscellaneous	412
	<hr/>
Total operating revenues	6,176,420

**Operating Expenses**

Special events	53,608
Scholarships	44,000
Outdoor classroom	23,508
Technology 4 all	10,601
General and administrative	8,064
Teacher to Teacher	5,000
Other programs	1,580
	<hr/>
Total operating expenses	146,361

Operating income 6,030,059

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**Nonoperating Revenues and (Expenses)**

Investment income - net	43,898
Unrealized gain on investments	28,578
Endowment advisory expense	(52,110)
	<hr/>
Total nonoperating revenues and expenses	20,366

Change in net position 6,050,425

Net position - beginning of year 221,016

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Net position - end of year \$ 6,271,441

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See notes to accompanying financial statements.

**HARDEE COUNTY EDUCATION FOUNDATION, INC.**  
**(A COMPONENT UNIT OF THE SCHOOL**  
**DISTRICT OF HARDEE COUNTY, FLORIDA)**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED JUNE 30, 2019**

**Cash Flows from Operating Activities**

Contributions, grants and fees	\$ 6,143,311
Payments to scholarship recipients	(43,800)
Payments for program expenses and special events	(30,652)
Payments for administrative expenses	(8,064)
	<hr/>
Net provided by operating activities	6,060,795

**Cash Flows from Investing Activities**

Purchase of investments	(6,249,986)
Proceeds from sale of investments	204,425
Payments for endowment advisory expenses	(52,110)
	<hr/>
Net cash used by investing activities	(6,097,671)

Net decrease in cash (36,876)

Cash and cash equivalents, beginning of year 

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144,478

Cash and cash equivalents, end of year 

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\$ 107,602

**Reconciliation of Net Operating Income**  
**to Net Cash Used by Operating Activities**

Operating income	\$ 6,030,059
Adjustments to reconcile operating income to net cash used by operating activities	
(Increase) decrease in:	
Endowment contribution receivable	(33,601)
Scholarship payments receivable	492
Increase (decrease) in:	
Accounts payable	64,045
Scholarships payable	(200)
	<hr/>
Net cash provided by operating activities	<hr/> <hr/> \$ 6,060,795

See notes to accompanying financial statements.

**HARDEE COUNTY EDUCATION FOUNDATION, INC.**  
**(A COMPONENT UNIT OF THE SCHOOL**  
**DISTRICT OF HARDEE COUNTY, FLORIDA)**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**Note A - Summary of Significant Accounting Policies**

**Nature of Activities**

The Hardee County Education Foundation, Inc. (Foundation), a nonprofit corporation, was established in July 1989. Its purpose is to focus the private sector upon enhancing the quality of and support for public education.

**Reporting Entity**

The Foundation, a nonprofit corporation, established by order of the Hardee County District School Board (School Board) in July 1989 is a direct-support organization (DSO) of the District. As defined by Section 1001.453 of Florida Statutes, a DSO is an organization which is approved by the district school board, is a nonprofit Florida corporation, and is organized and operated exclusively to receive, hold, invest, and administer property and to make expenditures to or for the benefit of public kindergarten through 12<sup>th</sup> grade education and adult career and community education programs.

According to the Foundation's By-Laws, the School Board must approve the Foundation's board of directors and has the irrevocable power and authority by majority vote to unilaterally cause the dissolution of the Foundation. Due to these provisions, the Foundation is considered a governmental entity and applies Governmental Accounting Standards Board (GASB) accounting and reporting standards. Also, because the Foundation's exclusive purpose is to benefit public kindergarten through post-secondary education and the School Board can unilaterally dissolve it, the Foundation is considered a Component Unit of the School Board. In evaluating the Foundation as a reporting entity, there were no component units identified for which the Foundation is considered financially accountable.

**Basis of Presentation**

The Foundation complies with accounting standards established by the GASB. The Foundation has implemented GASB Statement No. 34 as amended, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. In accordance with the provisions of GASB 34, the Foundation uses enterprise fund accounting and financial reporting. For financial reporting purposes, the Foundation is presented as a stand-alone enterprise fund.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The financial statements of the Foundation are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time the liability is incurred.

The basic financial statements required for enterprise funds by GASB 34 are: a statement of net position or a balance sheet; a statement of activities; and a statement of cash flows. The Foundation maintains only one fund.

**HARDEE COUNTY EDUCATION FOUNDATION, INC.  
(A COMPONENT UNIT OF THE SCHOOL  
DISTRICT OF HARDEE COUNTY, FLORIDA)**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**YEAR ENDED JUNE 30, 2019**

**Note A - Summary of Significant Accounting Policies - Continued**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued**

The Foundation distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with the Foundation's principal ongoing operations. The principal operating revenues of the Foundation are contributions. Operating expenses are those costs incurred in connection with Foundation programs. All revenues and expenses not meeting the above criteria are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Foundation's policy to use restricted resources first then unrestricted resources as they are needed.

**Cash and Cash Equivalents**

For the purpose of this statement, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Investments**

Investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in current transaction between willing parties. Investment return consists of interest and dividend income, capital gain distributions, realized gains (losses) and unrealized gains (losses).

**Endowment Fund**

As established on July 10, 2018, pursuant to the Local Development Agreement for Ona Mine between the Mosaic Company and Hardee County, \$8 million of economic mitigation payments were dedicated to a permanent endowment trust to provide education opportunities to Hardee County residents. The endowment fund is administered by Hardee County Education Foundation, Inc. During the year ended June 30, 2019, \$6,000,000 was transferred from the Hardee Industrial Development Authority and the Hardee County Economic Development Council. The remaining \$2,000,000 is expected in the coming year. The principal amount for the endowment fund shall be maintained at \$8,000,000 initially, and adjusted for inflation thereafter.

**HARDEE COUNTY EDUCATION FOUNDATION, INC.  
(A COMPONENT UNIT OF THE SCHOOL  
DISTRICT OF HARDEE COUNTY, FLORIDA)**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**YEAR ENDED JUNE 30, 2019**

**Note A - Summary of Significant Accounting Policies - Continued**

**Endowment Fund - Continued**

After the endowment is fully funded it will make forgivable student loans to Hardee County residents to pursue higher educational or skilled training programs. The loans will be considered forgivable at 20% per year if the student maintains residency in Hardee County for a period of five years following the completion of a degree or skilled trade certification. The Hardee County Education Foundation may also use surplus earnings from the endowment to fund improvements to vocational education within the K-12 education system in Hardee County.

On March 25, 2019, the Hardee County Education Foundation adopted an investment policy that establishes responsibilities of individuals managing the fund, target account objectives, asset allocation percentages, manager guidelines, rules for rebalancing, and prohibited securities/transactions.

**Fair Value of Financial Instruments**

Governmental Accounting Standards Board (GASB) Statement Number 72, *Fair Value Measurements and Application*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

*Level 1* - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

*Level 2* - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means;
- if the asset or liability has a specified term, the level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* - Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**HARDEE COUNTY EDUCATION FOUNDATION, INC.  
(A COMPONENT UNIT OF THE SCHOOL  
DISTRICT OF HARDEE COUNTY, FLORIDA)**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**YEAR ENDED JUNE 30, 2019**

**Note A - Summary of Significant Accounting Policies - Continued**

**Restricted Net Position**

Restricted net position is made up of cash and investments awarded to students as part of their class's fundraisers, contributions for designated senior classes or programs, and scholarships that have not yet been awarded.

**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 certain reported amounts and disclosures. Actual results could differ from those estimates.

**Tax Status and Positions**

The Foundation is exempt from federal income taxes under Internal Revenue Code section 501(c)(3) and, as such, the Foundation will be recognized as a public charity not subject to the limitations of a private foundation. Therefore, no provision for federal or state income tax is included in these financial statements.

Management has evaluated its tax positions taken for all open tax years. Currently, the 2016 - 2018 tax years are open and subject to examination by the Internal Revenue Service. The Foundation is not currently under audit, nor has it been contacted by this jurisdiction. Based on the evaluation of the Foundation's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the year ended June 30, 2019.

**Date of Management Review**

Subsequent events were evaluated through January 13, 2020, which is the date the financial statements were available to be issued.

**Note B - Deposits and Investments**

**Custodial Credit Risk**

As of June 30, 2019, the carrying amount of the Foundation's cash deposits was \$109,455 and the bank balance was \$149,328. The entire bank balance was insured through the Federal Deposit Insurance Corporation (FDIC). To mitigate custodial credit risk the Foundation's deposits are held with reputable institutions.

**HARDEE COUNTY EDUCATION FOUNDATION, INC.  
(A COMPONENT UNIT OF THE SCHOOL  
DISTRICT OF HARDEE COUNTY, FLORIDA)**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**YEAR ENDED JUNE 30, 2019**

**Note B - Deposits and Investments - Continued**

**Investments**

The Foundation has a written investment policy that was adopted on March 25, 2019. During the year the Foundation had investments in securities, limited partnership interests, and nonnegotiable certificates of deposit. The majority of these investments are restricted to a permanent endowment trust to provide educational opportunities to Hardee County residents through a forgivable student loan program.

As of June 30, 2019, the Foundation's investments consisted of the following:

	<b>Fair Value</b>
Bank sweep	\$ 73,792
Government money market funds	300,000
Exchange traded funds	4,335,497
Mutual funds - equity	905,841
Mutual funds - bond	251,279
Annuity investments	82,523
Arden credit fund	250,000
Certificates of deposit	1,851
 Total	 \$ 6,200,783

**Note C - Fair Value Measurement**

Information related to the Foundation's assets measured at fair value on a recurring basis is as follows on June 30, 2019:

	<b>2019</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Bank sweep	\$ 73,792	\$ 73,792	\$ -	\$ -
Government money market funds	300,000	300,000	-	-
Exchange traded funds	4,335,497	4,335,497	-	-
Mutual funds - equity	905,841	905,841	-	-
Mutual funds - bond	251,279	251,279	-	-
Annuity investments	82,523	-	82,523	-
Arden credit fund	250,000	-	-	250,000
Certificates of deposit	1,851	-	1,851	-
 Total investments measured at fair value	 \$6,200,783	\$ 5,866,409	\$ 84,374	\$ 250,000

**HARDEE COUNTY EDUCATION FOUNDATION, INC.  
(A COMPONENT UNIT OF THE SCHOOL  
DISTRICT OF HARDEE COUNTY, FLORIDA)**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**YEAR ENDED JUNE 30, 2019**

**Note D - Restricted Net Position**

As of June 30, 2019, the net position restricted for senior classes, scholarships, and other projects is as follows:

Class of 2020	\$ 20
Class of 2027	17,437
Class of 2029	500
No Senior class designation, permanent endowment trust	<u>6,084,257</u>
Total	<u>\$ 6,102,214</u>

**Note E - Related Party Transactions**

The Foundation has recorded expenses for payments to the Hardee County District School Board. These expenses were for programs and projects overseen by the School Board and for reimbursement of extra duty salary expense of personnel paid by the School Board. Total expenses paid to the School Board for the year ended June 30, 2019 were \$72,337.

The Foundation incurred transactions with parties related to various board members. The related parties provided donations for scholarships, special programs, and special events. Total revenues received from parties related to board members during the year were \$50,750.

**Note F - Risk Management**

The Foundation is exposed to the risk of loss related to the theft of assets and errors and omissions. The Foundation was not insured for any of these risks and retains the risk of loss.

**Note G - Economic Dependency**

Approximately 97% of the Foundation's total support was provided by the Hardee County Economic Development Council and the Hardee Industrial Development Authority.



# Bunting, Tripp & Ingley, LLP

CERTIFIED PUBLIC ACCOUNTANTS

A Tradition of Excellence Since 1926



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ALSO WITH OFFICES IN  
TAMPA, FLORIDA

## **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**

The Board of Directors  
Hardee County Educational Foundation, Inc.  
Wauchula, Florida

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, the financial statements of Hardee County Educational Foundation, Inc. (a nonprofit organization), a component unit of the School District of Hardee County, Florida, which comprise the statement of net position as of June 30, 2019, and the related statements 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 January 13, 2020.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Hardee County Educational Foundation Inc.'s (the Foundation) 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. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that 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.

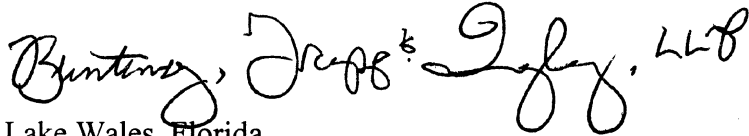
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 the Foundation'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 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 cursive script that reads "Brentney, Drapp & Jeffrey, LLC". The signature is written in black ink and is positioned above the typed name and date.

Lake Wales, Florida  
January 13, 2020

# Bunting, Tripp & Ingley, LLP

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ALSO WITH OFFICES IN  
TAMPA, FLORIDA

To the Board of Directors  
Hardee Education Foundation, Inc.  
Wauchula, Florida

In planning and performing our audit of the financial statements of Hardee Education Foundation, Inc. (Foundation) as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing auditing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be a material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A *significant deficiency* is a deficiency, or 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. We consider the following deficiencies in the Foundation's internal control to be significant deficiencies:

Internal controls are a critical element in maintenance of accounting records that, in reasonable detail, accurately and fairly reflect the transactions of the Foundation. We had to prepare several adjusting entries that Foundation personnel need to know how to prepare. The following is our recommended summary of procedures that should be implemented:

## Chart of Accounts

In the fiscal year ended June 30, 2019, the Foundation's investment portfolio was increased significantly by the receipt of \$6,000,000 in endowment funds to provide educational opportunities for Hardee County residents. Some of the endowment funds were invested in some non-traditional investment vehicles such as private placements and the chart of accounts did not have the proper accounts to record these investments. The chart also included some accounts that are obsolete under current accounting standards. We recommend you modify the chart of accounts to add accounts needed to properly record all investments.

## Investment Accounting

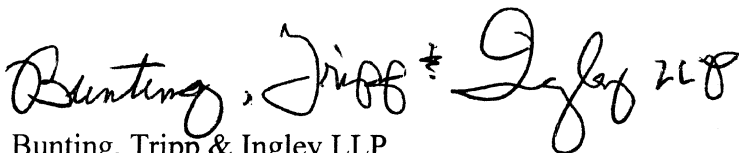
The Foundation invested in private placements that were not properly recorded in the accounts. These private placements totaled \$250,000. Additionally, the Foundation had a liability for future capital calls in the amount of \$64,045 that was not recorded. Also, \$28,578 of unrealized gains were not recorded in revenues. All of the above transactions were recorded as a total in an account called "Other Comprehensive Income". This is a term no longer used in not for profit accounting.

## Investment Policy

The investment policy adopted by the Foundation board on March 25, 2019 addresses a "Standard of Care" that states that investment decisions must be in compliance with Florida's UPMIFA statutes found in section 617.2104, Florida statutes. The Board of Directors are ultimately responsible for determining the investments and for monitoring investment managers and consultants to ensure that the endowment fund maintains assets sufficient to carry out the purposes for which the endowment fund was created. There are certain types of investments in which the investment managers are not allowed to invest without the prior written approval of the Board of directors.

We noted that during the year the Foundation invested in certain private placements. We are not in a position to judge whether or not these investments comply with the guidelines of the Florida UPMIFA. We recommend that the investment committee evaluate whether these investments comply with Florida Statutes and with the board adopted investment policy.

This communication is intended solely for the use of the Board of Trustees, management, the School Board of Hardee County, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

Handwritten signature in cursive script, appearing to read "Bunting, Tripp & Ingley 2/18".

Bunting, Tripp & Ingley LLP  
January 13, 2020