

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

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

BOARD ACTION

10/13/16

Approved

**HARDEE COUNTY EDUCATION FOUNDATION, INC.  
(A COMPONENT UNIT OF THE SCHOOL  
DISTRICT OF HARDEE COUNTY, FLORIDA)  
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## INDEPENDENT AUDITORS' REPORT

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

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

We have audited the accompanying financial statements of the Hardee County Education Foundation, Inc., (a nonprofit organization), a component unit of the School District of Hardee County, Florida, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the component unit'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.

### ***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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the component unit as of June 30, 2016, and the changes in its financial position 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 5 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 component unit's 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 September 20, 2016, on our consideration of 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 result 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 Hardee County Education Foundation, Inc.'s internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Sebring, Florida  
September 20, 2016

**HARDEE COUNTY EDUCATION FOUNDATION, INC.**  
**(A COMPONENT UNIT OF THE SCHOOL**  
**DISTRICT OF HARDEE COUNTY, FLORIDA)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

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, 2016. Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the Foundation's financial statements.

**Overview of the Financial Statements**

The Foundation meets the criteria in Governmental Accounting Standards Board (GASB) Statement 14 for being reported as a component unit of the Hardee County District School Board. As explained in Note 1 of the Notes to the Financial Statements, the Foundation is a not-for-profit organization of the School Board 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:

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.

The *Statement of Revenues, Expenses and Changes in Net Position* 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.

The *Statement of Cash Flows* presents all increases and decrease 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.

The *Notes to the Financial Statements* provides 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, 2016 by \$195,557. The largest portion of the Foundation's net position (58%) reflects cash and investments restricted for senior class scholarships and other programs. Approximately 42% of the Foundation's net position is unrestricted and may be used to meet the Foundation's obligations.

**HARDEE COUNTY EDUCATION FOUNDATION, INC.**  
**(A COMPONENT UNIT OF THE SCHOOL**  
**DISTRICT OF HARDEE COUNTY, FLORIDA)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

**Financial Analysis (Continued)**

The following is a summary of the Foundation's net position as of June 30, 2016, compared to net position as of June 30, 2015:

Net Position, End of Year			
	June 30, 2016	June 30, 2015	Increase (Decrease)
Assets	\$ 235,857	\$ 229,214	\$ 6,643
Liabilities	\$ 40,300	\$ 35,331	\$ 4,969
Net Position:			
Restricted	\$ 113,937	\$ 110,424	\$ 3,513
Unrestricted	81,620	83,459	(1,839)
Total Net Position	\$ 195,557	\$ 193,883	\$ 1,674

Assets increased by \$6,643, which was primarily due to the timing of scholarship payments.

The following is a summary of the Foundation's changes in net position for the fiscal year ended June 30, 2016, compared to the fiscal year ended June 30, 2015:

Changes in Net Position			
	Fiscal Year 2015-2016	Fiscal Year 2014-2015	Increase (Decrease)
Revenues:			
Contributions	\$ 150,913	\$ 162,027	\$ (11,114)
Investment Income, Net	46	93	(47)
Intergovernmental Revenue	474	471	3
Total Revenues	151,433	162,591	(11,158)
Expenses:			
Scholarships	45,871	56,850	(10,979)
Program	81,409	56,657	24,752
Special Events	15,266	21,468	(6,202)
General Administrative	7,213	6,856	357
Total Expenses	149,759	141,831	7,928
Change in Net Position	1,674	20,760	(19,086)
Net Position, Beginning	193,883	173,123	20,760
Net Position, Ending	\$ 195,557	\$ 193,883	\$ 1,674

**HARDEE COUNTY EDUCATION FOUNDATION, INC.  
(A COMPONENT UNIT OF THE SCHOOL  
DISTRICT OF HARDEE COUNTY, FLORIDA)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**Financial Analysis (Continued)**

The Foundation's total revenues decreased by \$11,158 and expenses increased by \$7,928 when compared with the prior fiscal year. Key elements of the changes are as follows:

- Contributions decreased because the hot air balloon ride had lower participation and raised less than \$4,000 in 2015-16; in the previous year, it raised over \$21,000.
- Program expenses increased because the Foundation donated \$25,000 to the Hardee County School Board for student technology devices.
- Scholarship expenses decreased because a donor authorized additional scholarships and a new STEM scholarship in 2014-15.

**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 an interest in the Foundation's finances. Questions concerning any of the information provided in this report should be addressed to the Hardee County District School Board Finance Office, 1009 N. 6<sup>th</sup> Avenue, Wauchula, Florida 33873.

**HARDEE COUNTY EDUCATION FOUNDATION, INC.**  
**(A COMPONENT UNIT OF THE SCHOOL**  
**DISTRICT OF HARDEE COUNTY, FLORIDA)**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

**ASSETS**

Cash and Cash Equivalents	\$	212,801
Investments		21,056
Scholarship Payments Receivable		<u>2,000</u>
Total Assets	\$	<u><u>235,857</u></u>

**LIABILITIES AND NET POSITION**

**LIABILITIES**

Scholarships Payable	\$	40,300
Total Liabilities		<u>40,300</u>

**NET POSITION**

Restricted for Scholarships and Other Projects		113,937
Unrestricted		<u>81,620</u>
Total Net Position		<u><u>195,557</u></u>
Total Liabilities and Net Position	\$	<u><u>235,857</u></u>

*See accompanying Notes to Financial Statements.*



**HARDEE COUNTY EDUCATION FOUNDATION, INC.**  
**(A COMPONENT UNIT OF THE SCHOOL**  
**DISTRICT OF HARDEE COUNTY, FLORIDA)**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2016**

<b>OPERATING REVENUES</b>	
Contributions and Grants	\$ 150,913
Intergovernmental	474
Total Operating Revenues	151,387
 <b>OPERATING EXPENSES</b>	
Program Expenses:	
Scholarships	45,871
Programs	81,409
Special Events	15,266
Total Program Expenses	142,546
General and Administrative	7,213
Total Operating Expenses	149,759
Operating Income	1,628
 <b>NONOPERATING REVENUE</b>	
Investment Income - Net	46
Total Nonoperating Revenue	46
<b>CHANGE IN NET POSITION</b>	1,674
Total Net Position - Beginning	193,883
<b>TOTAL NET POSITION - ENDING</b>	\$ 195,557

See accompanying Notes to 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, 2016**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Contributions, Grants, and Fees	\$ 150,387
Payments to Scholarship Recipients	(40,901)
Payments for Program Expenses and Special Events	(96,675)
Payments for Administrative Expenses	(7,213)
Net Cash Provided by Operating Activities	5,598

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of Investments	(17,352)
Maturity and Sale of Investments	11,874
Net Cash Used by Investing Activities	(5,478)

**NET CHANGE IN CASH AND CASH EQUIVALENTS**

120

Cash and Cash Equivalents - Beginning

212,681

**CASH AND CASH EQUIVALENTS - ENDING**

\$ 212,801

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Income	\$ 1,628
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Increase in Scholarships Payments Receivable	(1,000)
Increase in Scholarships Payable	4,970
Total Adjustments	3,970
Net Cash Provided by Operating Activities	\$ 5,598

*See accompanying Notes to Financial Statements.*

**HARDEE COUNTY EDUCATION FOUNDATION, INC.**  
**(A COMPONENT UNIT OF THE SCHOOL**  
**DISTRICT OF HARDEE COUNTY, FLORIDA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The Hardee County Education Foundation, Inc. (Foundation), a not-for-profit 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 not-for-profit corporation, established by order of the Hardee County District School Board (District) 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 non-profit 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 District 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 District can unilaterally dissolve it, the Foundation is considered a Component Unit of the District.

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, being a component unit of a local government, 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 reported 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 revenues, expenses, and changes in net position; and a statement of cash flows. The Foundation consists of only one fund.

HARDEE COUNTY EDUCATION FOUNDATION, INC.  
(A COMPONENT UNIT OF THE SCHOOL  
DISTRICT OF HARDEE COUNTY, FLORIDA)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 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 and 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, which are comprised of certificates of deposit and a nonparticipating interest-earning investment contract, are recorded using a cost-based measure.

**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.

**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. Accordingly, actual results could differ from those estimates.

**Income Tax Status**

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code 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.

**HARDEE COUNTY EDUCATION FOUNDATION, INC.**  
**(A COMPONENT UNIT OF THE SCHOOL**  
**DISTRICT OF HARDEE COUNTY, FLORIDA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 2 DEPOSITS AND INVESTMENTS**

**Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. As of June 30, 2016, the carrying amount of the Foundation's bank deposits was \$218,857, of which \$212,801 is in demand deposits and the remaining is in certificates of deposit. The entire bank balance was insured through the Federal Depository Insurance Corporation (FDIC).

**Investments**

Currently, the Foundation does not have a written investment policy. During the year the Foundation invested in nonnegotiable certificates of deposit and a nonparticipating interest-earning investment contract. Investments are designated to certain graduating classes. The carrying amount of certificates of deposit and the nonparticipating interest-earning investment contract at June 30, 2016 was \$6,056 and \$15,000 respectively.

**NOTE 3 RESTRICTED NET POSITION**

The net position restricted for senior classes, scholarships, and other projects is as follows:

Class of 2016	\$	4,254
Class of 2018		296
Class of 2027		16,506
No Senior Class Designation, Scholarships and Other Projects		92,881
	<u>\$</u>	<u>113,937</u>

**NOTE 4 PRIMARY GOVERNMENT TRANSACTIONS**

The Foundation has recorded expenses for payments to the Hardee County School District. These expenses were for programs and projects overseen by the District and for reimbursement of salary expense of personnel paid by the District. Total expenses paid to the District for the year ended June 30, 2016 were \$66,557.

**NOTE 5 RELATED PARTY TRANSACTIONS**

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 \$71,500.

**HARDEE COUNTY EDUCATION FOUNDATION, INC.**  
**(A COMPONENT UNIT OF THE SCHOOL**  
**DISTRICT OF HARDEE COUNTY, FLORIDA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 6 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 7 ECONOMIC DEPENDENCY**

Approximately 41% of the Foundation's total support was provided by The Mosaic Company.

**NOTE 8 COMMITMENTS AND CONTINGENCIES**

The Foundation received correspondence from the Internal Revenue Service related to late filing of the tax returns for the years 2012, 2014 and 2015. The Foundation responded to the notices and requested that the penalties and interest be waived. Should the Foundation's request be denied, the liability for penalties and interest would be approximately \$11,500. The Foundation believes it is probable that the penalties and interest will be waived, and has not recorded a liability for these amounts in the financial statements.



**INDEPENDENT AUDITORS' 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**

Board of Directors  
Hardee County Education Foundation, Inc.  
Wauchula, 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 the Hardee County Education Foundation, Inc., (a nonprofit organization), a component unit of the School District of Hardee County, Florida, as of the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated September 20, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Hardee County 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 the Hardee County Education Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Hardee County Education Foundation, Inc.'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 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.

Board of Directors  
Hardee County Education Foundation, Inc.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Hardee County 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 result 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.



**CliftonLarsonAllen LLP**

Sebring, Florida  
September 20, 2016





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

We have audited the financial statements of Hardee County Education Foundation, Inc., (Foundation) (a nonprofit organization), a component unit of the School District of Hardee County, Florida, for the year ended June 30, 2016, and have issued our report thereon dated September 20, 2016. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant audit findings**

#### ***Qualitative aspects of accounting practices***

##### *Accounting policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Hardee County Education Foundation, Inc. are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2016.

We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

##### *Accounting estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

##### *Financial statement disclosures*

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

- The disclosure of a potential liability related to late filing of the Foundation's annual Form 990 in Note 8 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

***Difficulties encountered in performing the audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has determined that the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following summarizes uncorrected misstatements of the financial statements:

- Scholarships awarded but not paid as of June 30, 2016 of \$2,400 were not recorded. As a result, scholarships payable and expenses were understated.

***Corrected misstatements***

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

***Disagreements with management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

***Management representations***

We have requested certain representations from management that are included in the management representation letter dated September 20, 2016.

***Management consultations with other independent accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Significant issues discussed with management prior to engagement***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

**Other information in documents containing audited financial statements**

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

\* \* \* \* \*

This communication is intended solely for the information and use of the board of directors and management of Hardee County Education Foundation, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Sebring, Florida  
September 20, 2016



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Management  
Hardee County Education Foundation, Inc.  
Wauchula, Florida

In planning and performing our audit of the financial statements of Hardee County Education Foundation, Inc. (Foundation) as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we considered the entity's internal control over financial reporting (internal control) as a basis for designing 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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

However, during our audit we became aware of other matters that are opportunities to strengthen your internal control. Our comments and suggestions regarding those matters are summarized below. A separate communication dated September 20, 2016, contains our written communication of significant deficiencies and material weaknesses in the entity's internal control. This letter does not affect our communication dated September 20, 2016.

#### **Review of Journal Entries**

The Foundation does not have a process to document preparation and review of journal entries. As a result, inappropriate journal entries may be posted to the accounting system. We recommend documenting each journal entry in a logical manner with supporting documentation. The documentation should include the reason for the entry, the date the entry was posted, signature of the preparer, and signature of the reviewer.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various entity personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the entity, and is not intended to be, and should not be, used by anyone other than these specified parties.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Sebring, Florida  
September 20, 2016