

**St. Lucie County  
Education Foundation, Inc.**

**ANNUAL FINANCIAL REPORT**

**June 30, 2016**

**St. Lucie County Education Foundation, Inc.**

**ANNUAL FINANCIAL REPORT**

**June 30, 2016**

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors  
St. Lucie County Education Foundation, Inc.  
St. Lucie County, Florida

### Report on the Financial Statements

We have audited the accompanying basic financial statements of St. Lucie County Education Foundation, Inc. as of and for the year ended June 30, 2016, and the related notes to 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 audits. We conducted our audits in accordance with auditing standards generally accepted in 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 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.

Fort Pierce / Stuart

To the Board of Supervisors  
St. Lucie County Education Foundation, Inc.

### Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of St. Lucie County Education Foundation, Inc. as of June 30, 2016, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### Other Matters

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 5, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. 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 St. Lucie Education Foundation, Inc.'s internal control over financial reporting and compliance.

*Berger Toombs Elam  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

May 5, 2017

**St. Lucie County Education Foundation, Inc.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2016**

Our discussion and analysis of St. Lucie County Education Foundation, Inc.'s (the "Foundation") financial performance provides an overview of the Foundation's financial activities for the fiscal year ended June 30, 2016. The overview provides summary information for the Foundation and should be read in conjunction with the Foundation's basic financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Foundation's basic financial statements comprise three components; 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to financial statements*. The *Government-wide financial statements* present an overall picture of the Foundation's financial position and results of operations. The *Fund financial statements* present financial information for the Foundation's major funds. The *Notes to financial statements* provide additional information concerning the Foundation's finances.

The *Government-wide financial statements* are the **statement of net position** and the **statement of activities**. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and the change in net position. Governmental activities are primarily supported by contributions.

The **statement of net position** presents information on all assets and liabilities of the Foundation, with the difference between assets and liabilities reported as net position. Net position is reported in three categories; 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Assets, liabilities, and net position are reported for all Governmental activities.

The **statement of activities** presents information on all revenues and expenses of the Foundation and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the Foundation. To assist in understanding the Foundation's operations, expenses have been reported as governmental activities. Governmental activities financed by the Foundation include community service, instructional related services and general administration.

*Fund financial statements* present financial information for governmental funds. These statements provide financial information for the major funds of the Foundation. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources.

*Fund financial statements* include a **balance sheet** and a **statement of revenues, expenditures and changes in fund balances** for all governmental funds. A **statement of revenues, expenditures, and changes in fund balances – budget and actual** is provided for the Foundation's General Fund. *Fund financial statements* provide more detailed information about the Foundation's activities.

**St. Lucie County Education Foundation, Inc.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2016**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

*Notes to financial statements* provide additional detail concerning the financial activities and financial balances of the Foundation. Additional information about the accounting practices of the Foundation and detail of net asset restrictions are some of the items included in the *notes to financial statements*.

**Financial Highlights**

The following are the highlights of financial activity for the year ended June 30, 2016.

- ◆ Net position increased \$36,783.
- ◆ Total cost of all programs was \$380,810 in 2016 compared to \$552,709 in 2015.

**Financial Analysis of the Foundation**

The following schedule provides a summary of the assets, liabilities and net position of the Foundation and is presented by category for comparison purposes.

	<b><u>Net Position</u></b>	
	<b><u>Governmental Activities</u></b>	
	<b><u>2016</u></b>	<b><u>2015</u></b>
Current assets	\$ 146,714	\$ 116,881
Non-current assets	1,842	3,142
<b>Total Assets</b>	<b>148,556</b>	<b>120,023</b>
<b>Liabilities</b>		
Accounts payable	11,048	2,795
Unearned revenues	-	16,503
<b>Net Position</b>		
Net investment in capital assets	1,842	3,142
Restricted	103,567	70,959
Unrestricted	32,099	26,624
<b>Total Net Position</b>	<b>\$ 137,508</b>	<b>\$ 100,725</b>

Net position of the Foundation's governmental activities increased by approximately 36 percent. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints - increased from \$26,624 at June 30, 2015 to \$32,099 at the end of 2016. Restricted net position increased from \$70,959 at June 30, 2015 to \$103,567 at the end of 2016. The overall increase in net position is attributable to the excess of revenues over expenditures.

**St. Lucie County Education Foundation, Inc.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2016**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the Foundation (Continued)**

The following schedule provides a summary of the changes in net position of the Foundation and is presented by category for comparison purposes.

**Changes in Net Position**

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015</b>
Revenues		
Program Revenues		
Community service	\$ 183,276	\$ 206,633
Instructional related services	98,261	259,037
General administration	88,420	23,171
General Revenues		
Miscellaneous contributions	41,721	33,095
State shared revenues	5,865	-
Interest and investment earnings	50	76
Total Revenues	<u>417,593</u>	<u>522,012</u>
Expenses		
Program Expenses		
Community service	188,667	232,696
Instructional related services	101,128	291,732
General administration	91,015	26,081
Total Expenses	<u>380,810</u>	<u>550,509</u>
Change in Net Position	<u>\$ 36,783</u>	<u>\$ (28,497)</u>

The Foundation's total revenues decreased by approximately 20 percent (\$104,419). The total cost of all programs decreased by approximately 31 percent (\$169,699). The decrease in program revenues is attributable to decreases in grants and donations received. The decrease in program expenses is attributable to decreases in grants and scholarships awarded.

**St. Lucie County Education Foundation, Inc.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2016**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**General Fund Budgetary Highlights**

The June 30, 2016 actual expenditures incurred exceeded the original budgeted expenditures. The budget was amended to address the increase in expenditures resulting from an increase in grant expenditures in the current year.

**Economic Factors and Next Year's Budget**

The Foundation anticipates increased revenues in fiscal year 2017 and has therefore budgeted an increase in revenue and expenditures.

**Request for Information**

This financial report is designed to provide our citizens and members with a general overview of the Foundation's finances and to show the Foundation's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional financial information, should be addressed to the St. Lucie County Education Foundation, Inc., 4204 Okeechobee Road, Suite 205, Fort Pierce, Florida 34947.



**St. Lucie County Education Foundation, Inc.**  
**STATEMENT OF NET POSITION**  
**June 30, 2016**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash	\$ 146,714
Total Current Assets	146,714
<b>Non-Current Assets</b>	
Intangible assets	6,500
Less: accumulated amortization	(4,658)
Total Non-Current Assets	1,842
Total Assets	\$ 148,556
<b>LIABILITIES AND NET POSITION</b>	
<b>Liabilities</b>	
Accounts payable	11,048
<b>Net Position</b>	
Net investment in capital assets	1,842
Restricted	103,567
Unrestricted	32,099
Total Net Position	\$ 137,508

See accompanying notes to financial statements.

**St. Lucie County Education Foundation, Inc.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2016**

		<u>Program Revenues</u>	<u>Net (Expenses) Revenues and Changes in Net Assets</u>
Functions / Programs	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities			
Community service	\$ (188,667)	\$ 183,276	\$ (5,391)
Instructional related services	(101,128)	98,261	(2,867)
General administration	(91,015)	88,420	(2,595)
Total Governmental Activities	<u>\$ (380,810)</u>	<u>\$ 369,957</u>	<u>(10,853)</u>
General Revenues			
			41,721
			5,865
			50
			<u>47,636</u>
			36,783
			<u>100,725</u>
			<u>\$ 137,508</u>

See accompanying notes to financial statements.

**St. Lucie County Education Foundation, Inc.**  
**BALANCE SHEET - GENERAL FUND**  
**June 30, 2016**

<b>Assets</b>	
Cash	<u>\$ 146,714</u>
<b>Liabilities</b>	
Accounts payable	<u>\$ 11,048</u>
<b>Fund Balances</b>	
Restricted:	
Scholarships	77,675
Programs	25,892
Unassigned	<u>32,099</u>
Total Fund Balances	<u>135,666</u>
Total Liabilities and Fund Balances	<u>\$ 146,714</u>

See accompanying notes to financial statements.

**St. Lucie County Education Foundation, Inc.**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**June 30, 2016**

Total Governmental Fund Balances \$ 135,666

Amounts reported for governmental activities in the Statement of Net Position  
are different because:

Intangible assets (\$6,500), net of accumulated amortization ((\$4,658)) used in  
governmental activities are not financial resources and; therefore, are not  
reported at the governmental fund level. 1,842

Net Position of Governmental Activities \$ 137,508

See accompanying notes to financial statements.

**St. Lucie County Education Foundation, Inc.**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GENERAL FUND**  
**For the Year Ended June 30, 2016**

<b>Revenues</b>	
Contributions	\$ 369,957
State program revenues	5,865
Miscellaneous income	41,721
Interest and investment earnings	50
Total Revenues	<u>417,593</u>
<b>Expenditures</b>	
Current	
General government	91,015
Community services	187,367
Instructional related services	101,128
Total Expenditures	<u>379,510</u>
Excess of Revenues over Expenditures	38,083
Fund Balances - July 1, 2015	<u>97,583</u>
Fund Balances - June 30, 2016	<u>\$ 135,666</u>

See accompanying notes to financial statements.

**St. Lucie County Education Foundation, Inc.**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2016**

Net Change in Fund Balances -Total Governmental Funds \$ 38,083

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as amortization. This is amortization in the current period.

(1,300)

Change in Net Position of Governmental Activities

\$ 36,783

See accompanying notes to financial statements.

**St. Lucie County Education Foundation, Inc.**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Contributions	\$ 160,500	\$ 326,785	\$369,957	\$ 43,172
State program revenues	5,000	5,000	5,865	865
Miscellaneous income	53,725	53,725	41,721	(12,004)
Interest and investments earnings	50	50	50	-
<b>Total Revenues</b>	<u>219,275</u>	<u>385,560</u>	<u>417,593</u>	<u>32,033</u>
<b>Expenditures</b>				
<b>Current</b>				
General administration	82,375	91,015	91,015	-
Community services	81,250	187,367	187,367	-
Instructional related services	49,600	101,128	101,128	-
<b>Total Expenditures</b>	<u>213,225</u>	<u>379,510</u>	<u>379,510</u>	<u>-</u>
<b>Excess of Revenues Over Expenditures</b>	6,050	6,050	38,083	32,033
<b>Fund Balances - July 1, 2015</b>	<u>-</u>	<u>-</u>	<u>97,583</u>	<u>97,583</u>
<b>Fund Balances - June 30, 2016</b>	<u>\$ 6,050</u>	<u>\$ 6,050</u>	<u>\$135,666</u>	<u>\$ 129,616</u>

See accompanying notes to financial statements.

**St. Lucie County Education Foundation, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the St. Lucie County Education Foundation, Inc. (the "Foundation"), have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Foundation's more significant accounting policies are described below.

**1. Reporting Entity**

The Foundation is a direct-support organization of the St. Lucie County District School Board and the Board of Directors is approved by the District's Board. The St. Lucie County Education Foundation, Inc. is a nonprofit corporation. The Foundation's purpose, as stated in its bylaws, is to broaden educational opportunity, encourage creativity in the school system, and reward initiative exercised for the benefit of public school students in St. Lucie County.

The Foundation's financial accounts are administered by the Community Outreach Department of the St. Lucie County District School Board. The Foundation was organized as a direct-support organization under the provisions of Section 1001.453, Florida Statutes. The financial statements herein present only the transactions of the Foundation and do not represent any other activity of the District School Board.

In accordance with Section 1001.453, Florida Statutes, the District School Board authorizes the use of its property, facilities, and personnel to administer the program.

The fiscal year of the St. Lucie County Education Foundation, Inc. is from July 1 to June 30, as established by the articles of incorporation. The statement of net position and the statement of activities display information about the Foundation, a component unit of the St. Lucie County District School Board as a whole.

**2. Measurement Focus and Basis of Accounting**

The basic financial statements of the Foundation are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements



**St. Lucie County Education Foundation, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**a. Government-wide Financial Statements**

Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include all the governmental activities of the primary government.

Governmental activities are supported by donations and interest. Program revenues include donations. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as other financing sources.

Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

**b. Fund Financial Statements**

The underlying accounting system of the Foundation is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually.

**Governmental Funds**

The Foundation classifies fund balance according to Governmental Accounting Standards Board Statement 54 – Fund Balance Reporting and Governmental Fund Type Definitions. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

**St. Lucie County Education Foundation, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

The Foundation has various policies governing the fund balance classifications.

*Nonspendable Fund Balance* – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

*Restricted Fund Balance* – This classification consists of amounts that are restricted to a specific purpose. The restriction is externally imposed by creditors, grantors, contributors, or laws or regulations.

*Assigned Fund Balance* – This classification consists of the Board of Supervisors' intent to be used for specific purposes, but are neither restricted nor committed.

*Unassigned Fund Balance* – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance is considered to be utilized first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

When both restricted and unrestricted resources are combined in a fund, qualified expenses are considered to be paid first from restricted resources, and then from unrestricted resources. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the Foundation considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

**St. Lucie County Education Foundation, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources are expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability.

**3. Basis of Presentation**

**a. Governmental Major Funds**

General Fund - The General Fund is the Foundation's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**b. Non-current Governmental Assets/Liabilities**

GASB Statement 34 requires that non-current governmental assets, such as land and improvements, and non-current governmental liabilities, such as general obligation bonds and due to developer be reported in the governmental activities column in the government-wide Statement of Net Position.

**St. Lucie County Education Foundation, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. Assets, Liabilities, and Net Position or Equity**

**a. Cash and Investments**

For financial reporting purposes the Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, the Foundation's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments, which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

**b. Restricted Net Position**

Certain net positions of the Foundation are classified as restricted assets on the statement of net position because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors. In a fund with both restricted and unrestricted net position, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.

**c. Capital Assets**

Capital assets, which include intangible assets, are reported in the governmental activities column.

The Foundation defines capital assets as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. The valuation basis for all assets is historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Amortization of software is computed and recorded by utilizing the straight-line method. The estimated useful life of the intangible capital asset is 5 years.

**St. Lucie County Education Foundation, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position**

“Total fund balances” of the Foundation’s governmental funds (\$ 135,666) differs from “net position” of governmental activities (\$137,508) reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund balance sheet. The effect of the differences is illustrated below.

**Capital related items**

When capital assets (land, buildings and improvements and infrastructure that are to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the Statement of Net Position included those capital assets among the assets of the Foundation as a whole.

Intangible assets	\$	6,500
Less: accumulated amortization		(4,658)
Total		1,842

**2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities**

The “net change in fund balances” for government funds (\$38,083) differs from the “change in net position” for governmental activities (\$36,783) reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated on the next page.

**St. Lucie County Education Foundation, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities (Continued)**

**Capital related items**

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives and reported as amortization. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decrease by the amount of amortization charged for the year.

Amortization	\$ <u>(1,300)</u>
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**NOTE C – CASH AND INVESTMENTS**

Deposits (cash and money market) are carried at cost, which approximates fair value.

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned. The Foundation's investment policy does not specifically address custodial credit risk; however, they follow the provisions of Chapter 280, Florida Statutes, regarding deposits and investments. As of June 30, 2016, the Foundation's total bank balance was \$150,862 and the carrying value was \$146,714. Exposure to custodial credit risk was as follows. The Foundation maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

**St. Lucie County Education Foundation, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE D – CAPITAL ASSETS**

Capital asset activity for the year-ended June 30, 2016 was as follows:

<u>Governmental Activities</u>	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Balance June 30, 2016</u>
Capital assets, being amortized:			
Intangibles	\$ 6,500	\$ -	\$ 6,500
Less accumulated amortization for:			
Intangibles	(3,358)	(1,300)	(4,658)
Governmental Activities Capital Assets	<u>\$ 3,142</u>	<u>\$ (1,300)</u>	<u>\$ 1,842</u>

Amortization was charged to general administration.

**NOTE E – RESTRICTED NET POSITION**

Net Position is restricted as follows:

Scholarships	\$ 77,675
Programs	<u>25,892</u>
	<u>\$ 103,567</u>



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

To the Board of Directors  
St. Lucie County Education Foundation, Inc.  
Fort Pierce, Florida

We have audited the financial statements of St. Lucie County Education Foundation, Inc. as of and for the year ended June 30, 2016, and have issued our report thereon dated May 5, 2017. 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.

**Internal Control Over Financial Reporting**

Management of St. Lucie County Education Foundation, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered St. Lucie County Education Foundation, Inc.'s internal control over financial reporting 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 on the effectiveness of St. Lucie County Education Foundation, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of St. Lucie County Education Foundation, Inc.'s internal control over financial reporting.

*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.



To the Board of Supervisors  
St. Lucie County Education Foundation, Inc.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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.

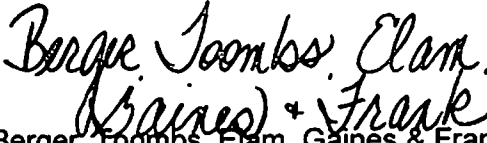
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether St. Lucie County Education Foundation, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

  
Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants  
Fort Pierce, Florida

May 5, 2017