

**HARDEE COUNTY  
EDUCATION FOUNDATION, INC.  
(A Component Unit of the School District of  
Hardee County, Florida)**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

**HARDEE COUNTY EDUCATION FOUNDATION, INC.**  
**(A Component Unit of the School District of Hardee County, Florida)**

**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the Hardee County Education Foundation, Inc. (the "Foundation"), a component unit of the School District of Hardee County, Florida, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Foundation as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2023, on our consideration of the Foundation'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
October 12, 2023

**HARDEE COUNTY EDUCATION FOUNDATION, INC.**  
**(A Component Unit of the School District of Hardee County, Florida)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**INTRODUCTION**

As management of the Hardee County Education Foundation, Inc. (the "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, 2023. 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 1 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.

**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.

**HARDEE COUNTY EDUCATION FOUNDATION, INC.**  
**(A Component Unit of the School District of Hardee County, Florida)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**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, 2023 by \$9,116,087. The Foundation's net position reflects cash and investments restricted for scholarships and other programs. The Foundation has an endowment with a historical value of \$8,000,000. The market value of the endowment at June 30, 2023 is \$8,829,282.

The following table presents the Foundation's net position as of June 30, 2023 compared to net position as of June 30, 2022:

**Statement of Net Position**

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Current and other assets	<u>\$ 9,148,082</u>	<u>\$ 8,962,141</u>	<u>\$ 185,941</u>
Total assets	<u>\$ 9,148,082</u>	<u>\$ 8,962,141</u>	<u>\$ 185,941</u>
Current liabilities	<u>\$ 31,995</u>	<u>\$ 147,198</u>	<u>\$ (115,203)</u>
Total liabilities	<u>\$ 31,995</u>	<u>\$ 147,198</u>	<u>\$ (115,203)</u>
Restricted	<u>\$ 9,116,087</u>	<u>\$ 8,814,943</u>	<u>\$ 301,144</u>
Total net position	<u>\$ 9,116,087</u>	<u>\$ 8,814,943</u>	<u>\$ 301,144</u>

Assets increased by \$185,941 which was primarily due to the increase in the market value of the overall endowment investments.



**HARDEE COUNTY EDUCATION FOUNDATION, INC.**  
**(A Component Unit of the School District of Hardee County, Florida)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS (CONTINUED)**

The following summarizes the Foundation's changes in net position for the fiscal year ended June 30, 2023, compared to the fiscal year ended June 30, 2022:

**Statement of Activities**

	<u>2023</u>	<u>2022</u>	<u>Change</u>
<b>Revenues:</b>			
Contributions and fundraisers	\$ 714,061	\$ 133,518	\$ 580,543
Investment income (loss)	397,021	(639,132)	1,036,153
Miscellaneous revenue	71,724	82,965	(11,241)
Total revenues	<u>1,182,806</u>	<u>(422,649)</u>	<u>1,605,455</u>
<b>Expenses</b>			
Current:			
Scholarships	78,500	53,500	25,000
Program	607,492	82,977	524,515
Special events	51,522	32,544	18,978
Endowment advisory	43,025	34,746	8,279
General administrative	101,123	106,380	(5,257)
Total expenses	<u>881,662</u>	<u>310,147</u>	<u>571,515</u>
Change in net position	301,144	(732,796)	1,033,940
Beginning net position	8,814,943	9,547,739	(732,796)
Ending net position	<u>\$ 9,116,087</u>	<u>\$ 8,814,943</u>	<u>\$ 301,144</u>

The Foundation's total revenues increased by \$1,605,034 and expenses increased by \$571,515 when compared with the prior year. Key element of the changes are as follows:

Increase in contributions was primarily due to the receipt of a large contribution from the State of Florida in 2022/2023 fiscal year. Current year investment performance was much stronger in 2023 vs 2022. Overall expenses were higher due to increased contributions resulting in greater program services to the Hardee County School Board.

**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 as of year-end.

**HARDEE COUNTY EDUCATION FOUNDATION, INC.**  
**(A Component Unit of the School District of Hardee County, Florida)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**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 Sherri Albritton, Executive Director, at P.O. Box 1678, Wauchula, Florida 33873. Sherri can also be reached at [educationfoundationhardee@gmail.com](mailto:educationfoundationhardee@gmail.com).

**HARDEE COUNTY EDUCATION FOUNDATION, INC.**  
**(A Component Unit of the School District of Hardee County, Florida)**

**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

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**Assets**

Cash and cash equivalents	\$ 228,421
Investments	<u>8,919,661</u>
Total assets	<u>9,148,082</u>

**Liabilities**

Accounts payable	<u>31,995</u>
Total liabilities	<u>31,995</u>

**Net Position**

Restricted for scholarships and other educational programs	<u>9,116,087</u>
Total net position	<u><u>\$ 9,116,087</u></u>

**See accompanying notes to the basic 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**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**Operating Revenues**

Contributions and grants	\$ 678,307
Fundraising activities	35,754
Miscellaneous	<u>71,724</u>
Total operating revenues	<u>785,785</u>

**Operating Expenses**

Special events	51,522
Scholarships	78,500
Outdoor classroom	17,000
General and administrative	101,123
Emergency services	375,825
Other programs	<u>214,667</u>
Total operating expenses	<u>838,637</u>

Operating loss (52,852)

**Nonoperating Income (Expenses)**

Investment income	397,021
Endowment advisory expense	<u>(43,025)</u>
Total nonoperating income, net	<u>353,996</u>

Change in net position 301,144

**Net Position**

Beginning of the year	<u>8,814,943</u>
End of the year	<u><u>\$ 9,116,087</u></u>

See accompanying notes to the basic financial statements.

**HARDEE COUNTY EDUCATION FOUNDATION, INC.**  
**(A Component Unit of the School District of Hardee County, Florida)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

<b>Cash Flows From Operating Activities</b>	
Receipts from contributions, grants and fees	\$ 673,895
Payments for scholarships	(78,500)
Payments for program expenses and special events	(649,913)
Payments for administrative expenses and to employees	(101,123)
Net cash used in operating activities	<u>(155,641)</u>
<b>Cash Flows From Investing Activities</b>	
Purchases of investments	(258,947)
Interest income on investments	290,047
Net cash provided by investing activities	<u>31,100</u>
Net decrease in cash and cash equivalents	(124,541)
Cash and cash equivalents	
Beginning	<u>352,962</u>
Ending	<u>\$ 228,421</u>
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>	
Operating loss	\$ (52,852)
Adjustments to reconcile operating loss to net cash used in operating activities	
Changes in assets and liabilities:	
Decrease in accounts receivable	12,414
Increase in accounts payable	9,101
Decrease in unearned revenue	(124,304)
Net cash used in operating activities	<u>\$ (155,641)</u>
<b>Noncash Investing, Capital and Financing Activities</b>	
Unrealized gain on investments	<u>\$ 63,949</u>
Net noncash investing, capital and financing activities	<u>\$ 63,949</u>

The accompanying notes are an integral part of these financial statements.

**HARDEE COUNTY EDUCATION FOUNDATION, INC.**  
**(A Component Unit of the School District of Hardee County, Florida)**

**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities:**

The Hardee County Education Foundation, Inc. (the "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 12th 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.

**Significant Accounting Policies:**

**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/or 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.

**HARDEE COUNTY EDUCATION FOUNDATION, INC.**  
**(A Component Unit of the School District of Hardee County, Florida)**

**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Significant Accounting Policies (Continued):**

**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.

The Foundation distinguishes operating revenues and expenses from non-operating 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.

As of June 30, 2023, the carrying amount of the Foundation's cash deposits was \$228,421 and the bank balance was \$404,993. The Foundation's bank balance is collateralized pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution, a qualified public depository, all participating institutions are obligated to reimburse the governmental entity for the loss. To mitigate custodial credit risk, the Foundation's deposits are held with reputable financial institutions.

**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).

**HARDEE COUNTY EDUCATION FOUNDATION, INC.**  
**(A Component Unit of the School District of Hardee County, Florida)**

**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Significant Accounting Policies (Continued):**

**Endowment Fund**

As established on July 10, 2018, pursuant to the Local Development Agreement for Ona Mine between the Mosaic Company and Hardee County, \$8,000,000 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. The principal amount for the endowment fund shall be maintained at \$8,000,000, initially, and will be adjusted for inflation thereafter.

The endowment is fully funded and 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 a formal investment policy (amended October 22, 2019). The investment policy establishes responsibilities of individuals managing the fund, establishes target account objectives, sets asset allocation percentages and manager guidelines, rules for rebalancing, and defines prohibited securities/transactions, in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA). By Florida Statute, UPMIFA governs the investment of and spending from true endowment funds.

The Foundation has interpreted this act as requiring the preservation of the historical value of the original endowment as of the endowment establishment date. Under this interpretation, if the market value of an endowment drops below its historical value, the endowment is considered to be underwater. At June 30, 2023, the market value exceeds the historical value.

**Fair Value of Financial Instruments**

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).



**HARDEE COUNTY EDUCATION FOUNDATION, INC.**  
**(A Component Unit of the School District of Hardee County, Florida)**

**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Significant Accounting Policies (Continued):**

**Fair Value of Financial Instruments (Continued)**

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.

An 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 maximize the use of observable inputs and minimize the use of unobservable inputs.

**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**

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**

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.

**HARDEE COUNTY EDUCATION FOUNDATION, INC.**  
**(A Component Unit of the School District of Hardee County, Florida)**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Significant Accounting Policies (Continued):**

**Subsequent Events**

The Foundation has evaluated subsequent events through October 12, 2023 the date which the financial statements were available to be issued and has determined that no material transactions have occurred that would warrant additional disclosure in the financial statements.

**NOTE 2. DEPOSITS AND INVESTMENTS**

**Investments**

The Foundation has a written investment policy that was amended on October 22, 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, 2023, the Foundation's investments were distributed as follows:

<u>Asset Class</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>	<u>Actual</u>	
				<u>Asset Total</u>	<u>Allocation</u>
Growth investments	44%	47%	50%	\$ 3,735,879	42%
Risk reduction assets	38%	41%	44%	4,195,262	47%
Inflation protection	5%	12%	15%	988,520	11%
Total				<u>\$ 8,919,661</u>	<u>100%</u>

The Foundation's investment policy allows for a period of rebalancing the account's holdings should actual market values drift 20-25% away from target percentages.

**Concentrations**

The Foundation's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific asset class.

**Custodial Credit Risk**

This is the risk that in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Foundation will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Foundation does not have a custodial credit risk policy for investments.

**HARDEE COUNTY EDUCATION FOUNDATION, INC.**  
**(A Component Unit of the School District of Hardee County, Florida)**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)**

**Interest Rate Risk**

This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

**NOTE 3. FAIR VALUE MEASUREMENT**

Information related to the Foundation's assets measured at fair value on a recurring basis is as follows on June 30, 2023:

<u>Asset Class</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Bank sweep	\$ 47,889	\$ 47,889	\$ -	\$ -
Exchange traded funds	7,793,294	7,793,294	-	-
Mutual funds - equity	622,937	622,937	-	-
Annuity investments	88,060	-	88,060	-
Arden credit fund	182,764	-	-	182,764
Altus realty income fund	182,820	-	-	182,820
Certificates of deposit	1,897	-	1,897	-
Total investments measured at fair value	<u>\$ 8,919,661</u>	<u>\$ 8,464,120</u>	<u>\$ 89,957</u>	<u>\$ 365,584</u>

**NOTE 4. RESTRICTED NET POSITION**

As of June 30, 2023, the net position restricted for senior classes, scholarships, and other projects is as follows:

Class of 2027	\$ 18,841
Class of 2029	307
No senior class designation, permanent endowment trust	<u>9,096,939</u>
Total	<u>\$ 9,116,087</u>

**HARDEE COUNTY EDUCATION FOUNDATION, INC.**  
**(A Component Unit of the School District of Hardee County, Florida)**

**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 5. RELATED PARTY TRANSACTIONS**

The Foundation records expenses for payments to the Hardee County District School Board. These expenses were for programs and projects overseen by the School Board and to reimburse them for extra duty salary expense of personnel paid by the School Board. Total expenses paid to the School Board for the year ended June 30, 2023 were \$147,360.

**NOTE 6. RISK MANAGEMENT**

The Foundation is exposed to the risk of loss related to theft of assets and errors and omissions. The Foundation was not insured during the year ended June 30, 2023 for any of these risks and therefore retains the risk of loss.

**OTHER INDEPENDENT AUDITOR'S REPORTS**



**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**

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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. (the "Foundation"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated October 12, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) 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 Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 or significant deficiencies may exist that were not identified.

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## Report on 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 financial statements. 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 black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Bradenton, Florida  
October 12, 2023



## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

### Report on the Financial Statements

We have audited the financial statements of the Hardee County Education Foundation, Inc. (the "Foundation"), as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated October 12, 2023.

### Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.650, Rules of the Auditor General.

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated October 12, 2023, should be considered in conjunction with this management letter.

### Additional Matters

Section 10.654(1)(e), Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or state project amounts that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

### Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Mauldin &amp; Jenkins, LLC". The signature is written in a cursive, flowing style.

Bradenton, Florida  
October 12, 2023