

HARBOR BRANCH OCEANOGRAPHIC INSTITUTE FOUNDATION, INC
5600 U.S. 1 North
Fort Pierce, Florida 34946

September XX, 2015

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
600 Citrus Avenue, Suite 200
Fort Pierce, Florida 34950

This representation letter is provided in connection with your audit of the statement of financial position of Harbor Branch Oceanographic Institute Foundation, Inc. as of June 30, 2015 and the related statements of activities, cash flows and functional expenses for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the statements of assets and net assets, support and expenses and changes in net assets, changes in cash and functional expenses of Harbor Branch Oceanographic Institute Foundation, Inc., in accordance with the cash basis of accounting.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, as of June 30, 2015:

Financial Statements

1. We have fulfilled our responsibility, as set out in the terms of the audit engagement dated January 12, 2015, for the preparation and fair presentation of the financial statements, in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosures have been adjusted or disclosed.
7. The effects of unadjusted misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole.

Page 2

8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
9. The following have been properly recorded and/or disclosed in the financial statements:
 - Guarantees, whether written or oral, under which the Foundation is contingently liable.
 - Amounts of contractual obligations for plant construction and/or purchase of real property, equipment, other assets, and intangibles.
 - All significant estimates known to management that are required to be disclosed in accordance with the FAS ASC 275, *Risks and Uncertainties*. Significant estimates are estimates at the balance sheet date that could change materially within the next year.
 - Assets and liabilities measured at fair value in accordance with FAS ASC 820, *Fair Value Measurements and Disclosures*.

Information Provided

10. We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and related data.
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - Minutes of the meetings of directors, and committees of directors, and summaries of actions of recent meetings for which minutes have not yet been prepared.
11. All transactions have been recorded in the accounting records and are reflected in the financial statements.
12. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
13. We have no knowledge of allegations of fraud or suspected fraud, affecting the Foundation involving:
 - a. Management or employees who have significant roles in the internal control, or any former employees.
 - b. Others where the fraud could have a material effect on the financial statements.
14. We have no knowledge of any allegations of fraud or suspected fraud affecting the Foundation's financial statements received in communications from employees, former employees, or others.

Page 3

15. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
16. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
17. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.
18. We are not aware of any significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Foundation's ability to record, process, summarize, and report financial data.
19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
20. Other than discussed with you, Harbor Branch Oceanographic Institute Foundation, Inc. has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities or net asset balances.
21. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and my assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
 - a. To reduce receivables to their estimated net collectible amounts.
22. There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that *near term* means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the Foundation vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.
23. There are no:
 - a. Violations or possible violations of laws, regulations or provisions of contracts and grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by FAS ASC 450, *Contingencies*.
24. Harbor Branch Oceanographic Institute Foundation, Inc. has satisfactory title to all owned assets.

Page 4

25. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Supplementary Information

26. With respects to supplementary information presented in relation to the financial statements as a whole:
 1. We acknowledge our responsibility for the presentation of such information.
 2. We believe such information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States (US GAAP).

Compliance Considerations

In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm that :

27. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.
28. We have identified and disclosed to the auditor all instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
29. We have identified and disclosed to the auditor all instances, that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
30. We have identified and disclosed to the auditor all instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
31. We have taken timely and appropriate steps to remedy fraud; noncompliance with provisions of laws, regulations, contracts, and grant agreements; or abuse that the auditor reports.
32. We have a process to track the status of audit findings and recommendations.
33. We have identified for the auditor previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

34. Has provided views on the auditor's reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report.
35. Acknowledges its responsibilities as it relates to non audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

In connection with your audit of state projects conducted in accordance with the State of Florida's Chapter 10.650, *Rules of the Auditor General*, we confirm that:

36. We are responsible for complying, and have complied, with the requirements of Chapter 10.650.
37. We are responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of its state projects.
38. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for state projects that provides reasonable assurance that the auditee is managing state projects in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on its state projects.
39. We have prepared the schedule of expenditures of state projects in accordance with Chapter 10.650 and have included expenditures made during the period being audited for all awards provided by state agencies in the form of grants, state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.
40. We have identified and disclosed to the auditor the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major state project.
41. We have made available all contracts and grant agreements (including amendments, if any) and any other correspondence relevant to state projects and related activities that have taken place with state agencies or pass-through entities.
42. We have identified and disclosed to the auditor all amounts questioned and all known noncompliance with the direct and material compliance requirements of state projects.
43. Management believes that the auditee has complied with the direct and material compliance requirements (except for noncompliance it has disclosed to the auditor).

44. We have made available all documentation related to compliance with the direct and material compliance requirements, including information related to state projects financial reports and claims for advances and reimbursements.
45. We have provided to the auditor its interpretations of any compliance requirements that are subject to varying interpretations.
46. We have disclosed to the auditor any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
47. We have disclosed to the auditor the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
48. We are responsible for taking corrective action on audit findings of the compliance audit.
49. We have provided the auditor with all information on the status of the follow-up on prior audit findings by state awarding agencies and pass-through entities, including all management decisions.
50. We have disclosed the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.
51. We have disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report or stating that there were no such known instances.
52. We have disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the date as of which compliance is audited.
53. State project financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
54. The copies of state projects financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the state agency or pass-through entity, as applicable.

55. We have charged costs to state projects in accordance with applicable cost principles.

56. We are responsible for, and have accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by Chapter 10.650.

57. We have accurately completed the appropriate sections of the data collection form.

Katha Kissman, President & CEO
Harbor Branch Oceanographic Institute Foundation, Inc.

Colleen Brennan, Director of Operations
Harbor Branch Oceanographic Institute Foundation, Inc.